

BNP PARIBAS BANGKOK BRANCH

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2010

AUDITOR'S REPORT

To the Board of Directors of BNP Paribas

I have audited the accompanying balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in Head Office's equity and balances with other branches under the same entity and cash flows for the years then ended of BNP Paribas - Bangkok Branch. The Bank's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2010 and 2009, and the results of its operations and cash flows for the years then ended of BNP Paribas - Bangkok Branch in accordance with generally accepted accounting principles.



Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
PricewaterhouseCoopers ABAS Limited

Bangkok
25 April 2011

1 General information

BNP Paribas was incorporated in France. The address of BNP Paribas' registration in Thailand, as a branch, is as follows:

29th Floor Abdulrahim Place, 990 Rama IV Road, Bangkok

BNP Paribas operates a Bangkok Branch. The Bank was granted a banking license by the Bank of Thailand on the 6th November 1996.

These financial statements have been approved by the management on 25 April 2011.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Bank's financial statements of the Bank are set out below:

2.1 Basis of preparation

Bangkok Branch is a segment of BNP Paribas which is incorporated in France ("the Head office") and is not separately incorporated legal entity. The financial statements have been prepared from the records of the Thailand operations and only reflect transactions recorded locally.

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 designated as applicable to non-public companies and the financial reporting requirements of the Bank of Thailand.

The Bank has chosen not to apply Thai Accounting Standard No. 107 "Financial Instruments: Presentation and disclosure" (formerly TAS 48). The application of this standard is not mandatory for non-public companies.

The financial statements have been prepared under the historical cost convention except for some investments and derivative financial instruments as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Summary of significant accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards, accounting framework and termination of standard

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Bank has not early adopted them:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

2 Summary of significant accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards, accounting framework and termination of standard (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes Changes in the Tax Status of an Entity or its Shareholders

The Bank's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented, except TFRS 2 Share-based Payment and TAS 19 Employee Benefits which are under the assessment of their impacts.

TFRS 2 is deal with accounting for transactions in which the Bank receives goods or services as consideration for either:

- Equity instruments of the Head office (equity-settled) which is recognised as equity; or
- Cash or other assets, which the amount is based on the price or value of the Head office's share (cash-settled) which is recognised as liability

The measurement of the transaction is based on the fair value of the goods or service received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to re-measured at each date of the statement of financial position and at the date of settlement, with change in fair value recognised in profit or loss. In addition, the standard requires extensive disclosure. The group will apply this standard from 1 January 2011.

TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). The Bank can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Bank will apply this standard from 1 January 2011.

2.3 Recognition of interest income

Interest income is recognised on accrual basis. Such income recognition is discontinued when reasonable doubt exists as to the timely collection or if payment of principal or interest is contractually over three months past due. Then the interest income is recognised when payment is received.

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

2 Summary of significant accounting policies (Cont'd)

2.4 Recognition of interest expenses

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

2.5 Investment in securities

Basis of investment classification

The Bank classifies its investments into the following categories: trading, available-for-sale, held-to-maturity and general investment. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. Investment in non-marketable equity securities are classified as general investment. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Carrying value of investments

Trading securities are carried at fair value, with differences between the carrying values and fair values being presented as unrealised gains or losses in the statement of income.

Available-for-sale securities are carried at fair values, less allowance for impairment in value (if any). Differences between carrying values and fair values are presented as unrealised gains or losses in the Head Office's equity section.

Held-to-maturity debt securities are carried at amortised cost, less allowance for impairment in value (if any).

Investments in non-marketable equity securities are classified as general securities and carried at cost less allowance for impairment in value (if any).

Fair values of debt securities, which are classified as trading and available-for-sale securities are calculated with reference to the last quoted bid prices at the close of business on the balance sheet date. Fair values of marketable equity securities are calculated with reference to the quoted bid prices of the Stock Exchange of Thailand at the close of business on the balance sheet date.

A test for impairment is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, the impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of a particular investment in debt or equity securities, the carrying amount of the disposed part is based on the First-In, First-Out carrying amount of the total holding of the investment.

2 Summary of significant accounting policies (Cont'd)

2.6 Loans and allowance for doubtful accounts

Loans are generally stated at the principal amounts outstanding. The allowance for doubtful accounts is provided for risks of losses incurred on loans. The allowance is increased by provisions charged to expense and decreased by write-offs, net off recoveries.

The estimated losses are based on collection experience and management's evaluation of the adequacy of the allowance for doubtful accounts, which evaluation encompasses consideration of the current status of individual debtors as well as debtors in general.

2.7 Troubled debt restructurings

The Bank records assets or equities received in settlement of debts at the lower of the fair value of the assets or equities, less estimated selling expenses (if any), or the amount of investment in receivables (including accrued interest income).

When the troubled debt restructuring involves modification of terms of receivables, the fair value of the investment in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by the Minimum Lending Rates (MLR) prevailing at the restructuring date.

Losses arising from restructuring, less recorded allowance for doubtful accounts, are recognised in the statement of income when incurred.

Legal fees and other direct costs incurred to effect the troubled debt restructuring are expensed when incurred.

2.8 Equipment and depreciation

Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset less its residual value over the estimated useful life as follows:

Leasehold improvements	5 years
Furniture and office	3 - 5 years
Motor vehicles	5 years

Estimated useful life of equipment is revised in every reporting balance sheet date.

If the carrying amount of an asset is higher than its estimated recoverable amount, it is reduced immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

2 Summary of significant accounting policies (Cont'd)

2.9 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise. The Bank's financial assets and liabilities comprise of cash, interbank and money market items (assets and liabilities), investment in securities, loans, deposits, borrowings and certain balances of other assets and liabilities.

2.10 Derivatives financial instruments

Derivatives financial instruments for trading purpose are recognised at fair values and net amount reported in the balance sheet as assets or liabilities by the same counterparty and when the contracts have the same maturity date. Changes in fair values are posted to the statement of income.

Derivatives financial instruments for hedging are used for the purpose to manage the Bank's exposures to market price movement using of derivatives. Gain or loss resulting from the changes in fair values of contracts are recognised in accordance with the accounting treatment on hedge items. If hedged items are carried on an accrual basis, then hedging instruments carry the accrual consistently.

Hybrid Instrument includes a non-derivative host contract and an embedded derivative. The Bank records the host contract applied accounting standards as the classification of the host contract. An embedded derivative is separated from the host contract and measured at fair value, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are non-closely related.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The hybrid instrument is not recognised at fair value through the statement of income.

If an embedded derivative is not separated or in case the reliable fair value of embedded derivative, the Bank will record the hybrid instrument, applied accounting standards as the classification of the host contract.

Starting from 1 January 2010 onwards, the Bank has applied fair value option method for deposits and borrowings with embedded derivatives. The fair value changes are recognised in the statement of income.

2.11 Operating leases - for lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

2.12 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash on hand, interbank and money market items and net balance of inter-office accounts with Head Office and other branches under the same entity with initial maturity of three months or less.

2 Summary of significant accounting policies (Cont'd)

2.13 Foreign currency translation

Foreign currency assets and liabilities are translated into Baht using the reference average exchange rates of exchange of the Bank of Thailand ruling at the balance sheet date. Transactions during the year are translated into Baht using the reference average rates of exchange of the Bank of Thailand ruling at the transaction dates. Gains and losses resulting from translation are included in the results of operations.

2.14 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.15 Provident fund

The Bank operates a provident fund that is defined contribution plan. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Bank. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

3 Additional information

3.1 Critical accounting estimates, assumptions and judgments

Estimates assumptions and judgments are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgment by using a variety of valuation techniques. The input parameters to the models used are taken from observable markets, and includes consideration of maturity, interest rate correlation and volatility, etc.

Impairment of loans and commitment and contingent liabilities

The Bank maintains an allowance for doubtful accounts and provision for contingent liabilities to reflect impairment of loans and off-balance sheet items. They relate to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts and provision for contingent liabilities are significantly impacted by the Bank's assessment of collaterals and/or future cash inflows. Such assessment being based on consideration of historical collection experience, financial position and performance, known identified instances of default and consideration of economics.

3.2 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 maximising the returns to shareholders, the benefits of other stakeholders and complying with the Bank of Thailand rules of the capital fund.

4 Interbank and money market items - assets

a) Domestic items

	2010		
	On demand Baht	Term Baht	Total Baht
The Bank of Thailand	56,804,698	9,350,000,000	9,406,804,698
Commercial banks	1,006,132	-	1,006,132
Total	57,810,830	9,350,000,000	9,407,810,830
<u>Add</u> Accrued interest receivables	-	768,494	768,494
Total	57,810,830	9,350,768,494	9,408,579,324
	2009		
	On demand Baht	Term Baht	Total Baht
The Bank of Thailand	10,272,722	9,250,000,000	9,260,272,722
Commercial banks	523,656	1,080,000,000	1,080,523,656
Total	10,796,378	10,330,000,000	10,340,796,378
<u>Add</u> Accrued interest receivables	-	116,712	116,712
<u>Less</u> Allowance for doubtful account	-	(10,800,000)	(10,800,000)
Total	10,796,378	10,319,316,712	10,330,113,090

b) Foreign items

	2010		
	On demand Baht	Term Baht	Total Baht
Singapore Dollars	44,234,970	-	44,234,970
Swedish Kroners	21,059,318	-	21,059,318
Danish Kroners	385,586	-	385,586
Australian Dollars	6,269,917	-	6,269,917
Total	71,949,791	-	71,949,791
<u>Add</u> Accrued interest receivables	-	-	-
Total	71,949,791	-	71,949,791
	2009		
	On demand Baht	Term Baht	Total Baht
Singapore Dollars	2,929,567	-	2,929,567
Swedish Kroners	4,577,254	-	4,577,254
Danish Kroners	87,150	-	87,150
Australian Dollars	6,375,161	-	6,375,161
Total	13,969,132	-	13,969,132
<u>Add</u> Accrued interest receivables	-	-	-
Total	13,969,132	-	13,969,132

5 Investment in securities

Investments in securities as at 31 December 2010 and 2009 comprised the following:

	2010		2009	
	Cost/ Book value Baht	Fair value Baht	Cost/ Book value Baht	Fair value Baht
Short-term investment in securities				
Trading securities				
Government securities and securities guaranteed by the Ministry of Finance (Note 23)	6,506,913,918	6,478,695,620	9,143,835,349	9,128,368,211
<u>Less</u> Mark to market adjustment	(28,218,298)	-	(15,467,138)	-
Total trading securities, net	<u>6,478,695,620</u>	<u>6,478,695,620</u>	<u>9,128,368,211</u>	<u>9,128,368,211</u>
Available-for-sale securities				
Government securities and securities guaranteed by the Ministry of Finance	4,295,534,735	4,290,905,695	3,194,318,488	3,195,833,319
<u>Add(Less)</u> Mark to market adjustment	(4,629,040)	-	1,514,831	-
Total available-for-sale securities, net	<u>4,290,905,695</u>	<u>4,290,905,695</u>	<u>3,195,833,319</u>	<u>3,195,833,319</u>
Held to maturity debt securities				
Government securities and securities guaranteed by the Ministry of Finance	249,002,242		195,636,905	
Total held to maturity debt securities, net	<u>249,002,242</u>		<u>195,636,905</u>	
Total short-term investment, net	<u>11,018,603,557</u>		<u>12,519,838,435</u>	
	2010		2009	
	Cost/ Book value Baht	Fair value Baht	Cost/ Book value Baht	Fair value Baht
Long-term investments in securities				
Available-for-sale securities				
Government securities and securities guaranteed by the Ministry of Finance	4,195,869,257	4,379,431,253	4,907,249,821	5,088,457,077
<u>Add</u> Mark to market adjustment	183,561,996	-	181,207,256	-
Total available-for-sale securities, net	<u>4,379,431,253</u>	<u>4,379,431,253</u>	<u>5,088,457,077</u>	<u>5,088,457,077</u>
Held to maturity debt securities				
Government securities and securities guaranteed by the Ministry of Finance	-		249,104,550	
Total held to maturity debt securities, net	<u>-</u>		<u>249,104,550</u>	
General investments				
Non-marketable equity securities	40,026		43,972	
<u>Less</u> Allowance for impairment	(34,906)		(38,852)	
Total general investments, net	<u>5,120</u>		<u>5,120</u>	
Total long-term investment, net	<u>4,379,436,373</u>		<u>5,337,566,747</u>	
Total investments in securities, net	<u>15,398,039,930</u>		<u>17,857,405,182</u>	

5 Investment in securities (Cont'd)

Debt securities as at 31 December are classified according to their maturity as follows:

	2010			Total Baht
	Up to 1 year Baht	1 - 5 years Baht	> 5 years Baht	
Available-for-sale securities				
Ministry of Finance	1,194,870,661	3,382,844,881	-	4,577,715,542
Bank of Thailand	3,100,664,074	463,038,273	-	3,563,702,347
Government Housing Bank	-	349,986,103	-	349,986,103
Total	4,295,534,735	4,195,869,257	-	8,491,403,992
<u>Add(Less)</u> Mark to market adjustment	(4,629,040)	183,561,996	-	178,932,956
	4,290,905,695	4,379,431,253	-	8,670,336,948
Held-to-maturity securities				
Bank of Thailand	249,002,242	-	-	249,002,242
Total	249,002,242	-	-	249,002,242
Total debt securities	4,539,907,937	4,379,431,253	-	8,919,339,190
	2009			
	Up to 1 year Baht	1 - 5 years Baht	> 5 years Baht	Total Baht
Available-for-sale securities				
Ministry of Finance	593,574,974	3,941,691,553	-	4,535,266,527
Bank of Thailand	2,600,743,514	615,575,666	-	3,216,319,180
Government Housing Bank	-	349,982,602	-	349,982,602
Total	3,194,318,488	4,907,249,821	-	8,101,568,309
<u>Add</u> Mark to market adjustment	1,514,831	181,207,256	-	182,722,087
	3,195,833,319	5,088,457,077	-	8,284,290,396
Held-to-maturity securities				
Bank of Thailand	170,609,841	249,104,550	-	419,714,391
Export-Import Bank	25,027,064	-	-	25,027,064
Total	195,636,905	249,104,550	-	444,741,455
Total debt securities	3,391,470,224	5,337,561,627	-	8,729,031,851

6 Loans and accrued interest receivables

a) Grouped by type of contracts

	2010	2009
	Baht	Baht
Overdrafts	4,383	2,362,194
Loans	1,914,114,802	2,575,121,719
Staff loans	16,614,269	17,910,801
Total loans	1,930,733,454	2,595,394,714
<u>Add</u> Accrued interest receivables	10,099,278	11,806,955
<u>Less</u> Allowance for doubtful accounts	(448,821,576)	(629,514,665)
<u>Less</u> Revaluation allowance for debt restructuring	-	(25,557,509)
Loans and accrued interest receivables, net	<u>1,492,011,156</u>	<u>1,952,129,495</u>

b) Grouped by the residual maturity of the contracts

	2010	2009
	Baht	Baht
Not over 1 year*	1,038,966,759	1,429,133,344
Over 1 year	891,766,695	1,166,261,370
Total loans and accrued interest receivables	<u>1,930,733,454</u>	<u>2,595,394,714</u>

* Includes contracts already matured.

c) Grouped by business sector

	2010					
	Normal	Special	Sub-	Doubtful	Loss	
	Baht	Mention	Standard	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	Baht
Manufacturing and commerce	562,094,408	398,378,428	-	-	190,998,061	1,151,470,897
Real estate and construction	51,000,000	-	-	-	-	51,000,000
Utilities and services	659,934,305	-	-	-	-	659,934,305
Housing loans	8,888,818	-	-	-	-	8,888,818
Others	59,439,434	-	-	-	-	59,439,434
Total	<u>1,341,356,965</u>	<u>398,378,428</u>	<u>-</u>	<u>-</u>	<u>190,998,061</u>	<u>1,930,733,454</u>
	2009					
	Normal	Special	Sub-	Doubtful	Loss	Total
	Baht	Mention	Standard	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	Baht
Manufacturing and commerce	849,643,058	-	59,200,000	621,171,383	139,037,059	1,669,051,500
Real estate and construction	101,000,000	-	-	-	-	101,000,000
Utilities and services	754,214,081	-	-	-	-	754,214,081
Housing loans	13,707,540	-	-	-	-	13,707,540
Others	40,904,635	-	-	16,516,958	-	57,421,593
Total	<u>1,759,469,314</u>	<u>-</u>	<u>59,200,000</u>	<u>637,688,341</u>	<u>139,037,059</u>	<u>2,595,394,714</u>

6 Loans and accrued interest receivables (Cont'd)

d) Grouped by classifications:

Classifications	2010			
	Loans and accrued interest receivables Baht	Loans net of collateral Baht	Allowance for doubtful accounts	
			Minimum % required according to BoT guidelines	Total allowance recorded Baht
Normal	1,351,456,242	1,351,456,242	1	13,514,562
Special mention	398,378,428	398,378,428	2/40	159,365,517
Substandard	-	-	100	-
Doubtful loss	-	-	100	-
Loss	190,998,062	190,998,062	100	190,998,062
Total	1,940,832,732	1,940,832,732		363,878,141
Additional allowance				84,943,435
Total allowance for doubtful accounts				448,821,576

Classifications	2009			
	Loans and accrued interest receivables Baht	Loans net of collateral Baht	Allowance for doubtful accounts	
			Minimum % required according to BoT guidelines	Total allowance recorded Baht
Normal	1,771,276,269	1,771,276,269	1	17,712,763
Special mention	-	-	2	-
Substandard	59,200,000	59,200,000	100	59,200,000
Doubtful loss	637,688,341	637,688,341	50/100	327,102,649
Loss	139,037,059	139,037,059	100	139,037,059
Total	2,607,201,669	2,607,201,669		543,052,471
Additional allowance				86,462,194
Total allowance for doubtful accounts				629,514,665

In December 2009, a syndicated loan classified as doubtful loss had been restructured with modification of the terms and condition. As at 31 December 2009, the Bank had provided allowance for doubtful account at 50% of the loan outstanding balance which was the agreed rate within the group of creditors. The management's view was that, it was too early to consider a reclassification and a reversal of allowance for doubtful account of such loan.

7 Allowance for doubtful accounts

	2010					
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Loss Baht	Total Baht
Balance at beginning of year	87,657,997	-	59,200,000	343,619,608	139,037,060	629,514,665
Add Additional (reversal) allowance during year	10,800,000	160,961,019	(59,200,000)	(343,619,608)	52,347,834	(178,710,755)
Translation adjustment	-	(1,595,502)	-	-	(386,832)	(1,982,334)
Balance at end of year	98,457,997	159,365,517	-	-	190,998,062	448,821,576

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7 Allowance for doubtful accounts (Cont'd)

	2009					Total Baht
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Loss Baht	
Balance at beginning of year	98,457,997	-	-	66,067,832	139,319,217	303,845,046
Add Additional (reversal) allowance during year	(10,800,000)	-	59,200,000	325,132,430	-	373,532,430
Less Recovery of bad debts	-	-	-	(33,033,917)	-	(33,033,917)
Translation adjustment	-	-	-	(14,546,737)	(282,157)	(14,828,894)
Balance at end of year	<u>87,657,997</u>	<u>-</u>	<u>59,200,000</u>	<u>343,619,608</u>	<u>139,037,060</u>	<u>629,514,665</u>

8 Equipment, net

	Leasehold improvements Baht	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
As at 31 December 2009				
At cost	16,132,260	77,901,923	4,761,000	98,795,183
Less Accumulated depreciation	(13,191,300)	(65,732,976)	(2,344,532)	(81,268,808)
Net book value	<u>2,940,960</u>	<u>12,168,947</u>	<u>2,416,468</u>	<u>17,526,375</u>
For the year ended 31 December 2009				
Opening net book value	2,940,960	12,168,947	2,416,468	17,526,375
Purchases	95,230	4,268,705	-	4,363,935
Disposal	-	(5)	-	(5)
Depreciation charge	(1,026,118)	(5,514,950)	(952,200)	(7,493,268)
Closing net book value	<u>2,010,072</u>	<u>10,922,697</u>	<u>1,464,268</u>	<u>14,397,037</u>
As at 31 December 2009				
At cost	16,227,490	80,771,994	4,761,000	101,760,484
Less Accumulated depreciation	(14,217,418)	(69,849,297)	(3,296,732)	(87,363,447)
Net book value	<u>2,010,072</u>	<u>10,922,697</u>	<u>1,464,268</u>	<u>14,397,037</u>
For the year ended 31 December 2010				
Opening net book value	2,010,072	10,922,697	1,464,268	14,397,037
Purchases	767,308	7,971,026	-	8,738,334
Disposal	-	(112,067)	-	(112,067)
Write off	(80,174)	-	-	(80,174)
Depreciation charge	(619,076)	(4,843,271)	(802,854)	(6,265,201)
Closing net book value	<u>2,078,130</u>	<u>13,938,385</u>	<u>661,414</u>	<u>16,677,929</u>
As at 31 December 2010				
At cost	6,864,905	46,661,776	4,761,000	58,287,681
Less Accumulated depreciation	(4,786,775)	(32,723,391)	(4,099,586)	(41,609,752)
Net book value	<u>2,078,130</u>	<u>13,938,385</u>	<u>661,414</u>	<u>16,677,929</u>

As at 31 December 2010, certain items of equipment have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 75.13 million (2009: Baht 69.10 million).

9 Other assets

	2010 Baht	2009 Baht
Accrued interest income (Note 23)	83,354,818	85,237,732
Deposits	5,621,798	5,325,798
Others	24,459,852	29,113,808
	<u>113,436,468</u>	<u>119,677,338</u>

10 Deposits

10.1 Grouped by types

	2010 Baht	2009 Baht
On demand	202,515,241	219,074,656
Savings	550,889,733	626,746,054
Term	3,064,154,726	2,130,654,726
Total deposits	<u>3,817,559,700</u>	<u>2,976,475,436</u>

10.2 Grouped by currency

	2010 Baht	2009 Baht
US Dollar	62,061,563	92,595,357
Thai Baht	3,753,961,790	2,880,154,067
Other currencies	1,536,347	3,726,012
Total deposits	<u>3,817,559,700</u>	<u>2,976,475,436</u>

11 Interbank and money market items - liabilities

	2010		
	On demand Baht	Term Baht	Total Baht
Financial institutions	1,234,462,418	-	1,234,462,418
	2009		
	On demand Baht	Term Baht	Total Baht
Financial institutions	1,002,873,570	-	1,002,873,570

12 Borrowings

	2010		
	Short-term Baht	Long-term Baht	Total Baht
Bills of exchange	455,396,792	851,559,206	1,306,955,998
Bills of exchange with embedded derivatives	-	2,446,000,000	2,446,000,000

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Total	455,396,792	3,297,559,206	3,752,955,998
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12 Borrowings (Cont'd)

	2009		
	Short-term Baht	Long-term Baht	Total Baht
Bills of exchange	1,301,036,876	799,951,431	2,100,988,307
Bills of exchange with embedded derivatives	-	2,928,000,000	2,928,000,000
Total	1,301,036,876	3,727,951,431	5,028,988,307

The Bills of exchange carry a fixed rate of interest and are unsecured. The Bills of exchange with embedded derivatives carry an interest rate which refer to the fluctuation of the exchange rates between Thai Baht and US Dollars or to the Thai Baht rates of interest. The Bank also has the right to early redeem the Bills on exchange with embedded derivatives on specific dates or conditions which are stated in the agreements.

13 Other liabilities

	2010 Baht	2009 Baht
Customer's accounts under process	-	33,497,165
Income tax payable	9,553,723	198,858,096
Accrued expenses	139,876,510	165,496,083
Other liabilities	410,102,330	105,644,925
Total other liabilities	559,532,563	503,496,269

14 Capital fund

Capital fund and assets maintained in Thailand under section 32 of the Financial Institution Act B.E. 2551 as at 31 December 2010 and 2009 comprise of the following:

	2010 Baht	2009 Baht
Total assets maintained in Thailand	5,991,751,955	5,992,408,109
Total funds and capital loans remitted into Thailand for maintaining assets	5,316,643,000	5,473,355,137
Net receivables balance of inter-office accounts with head office and balances with other branches under the same entity	12,080,594,692	15,805,663,451
Total funds and capital loans remitted into Thailand for maintaining assets	17,397,237,692	21,279,018,588
Total capital funds	5,433,825,137	5,514,261,387
	2010	2009
Total capital funds to risk assets ratio (%)	14.93	26.19

The Bank will disclose capital maintenance information as at 31 December 2010 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its web site at www.bnpparibas.co.th in April 2011.

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15 Commitments and contingent liabilities

As at 31 December 2010 and 2009, the Bank has the following commitments and contingent liabilities which were incurred in the normal course of business:

	2010			2009		
	Thai Baht'000	Foreign currency Baht'000	Total Baht'000	Thai Baht'000	Foreign currency Baht'000	Total Baht'000
Letters of credit	12,155	3,118,834	3,130,989	3,845	269,636	273,481
Guarantees on loans	-	292,250	292,250	342,400	-	342,400
Liabilities under unmatured bills	-	283,507	283,507	-	1,710	1,710
Other commitments	4,957,654	7,275,931	12,233,585	4,340,005	5,734,614	10,074,619
Spot exchange contracts - bought	10,734,767	8,494,902	19,229,669	5,942,496	2,594,520	8,537,016
Spot exchange contracts - sold	8,494,701	10,734,869	19,229,570	2,068,440	6,470,778	8,539,218
Forward exchange contracts - bought	5,808,476	23,979,415	29,787,891	8,656,701	26,503,672	35,160,373
Forward exchange contracts - sold	19,625,543	10,017,240	29,642,783	20,504,227	14,727,697	35,231,924
Currency swap contracts - bought	125,632,224	139,423,521	265,055,745	105,589,648	121,716,314	227,305,962
Currency swap contracts - sold	136,747,268	130,758,663	267,505,931	112,485,219	115,194,134	227,679,353
Interest rate swap contracts	841,893,205	151,202,923	993,096,128	737,013,613	108,037,205	845,050,818
Cross currency interest rate swap contracts - bought	107,390,304	107,608,173	214,998,477	73,631,668	99,728,726	173,360,394
Cross currency interest rate swap contracts - sold	90,393,279	122,841,469	213,234,748	71,828,278	101,698,617	173,526,895
Forward rate agreement - bought	-	6,934,799	6,934,799	1,000,000	2,002,125	3,002,125
Forward rate agreement - sold	-	-	-	-	-	-
Currency option instruments bought	1,864,934	3,264,017	5,128,951	671,240	855,956	1,527,196
Currency option instruments sold	458,264	502,157	960,421	45,000	239,468	284,468
Interest option instruments bought	2,600,000	-	2,600,000	7,000,000	-	7,000,000
Interest option instruments sold	10,100,000	-	10,100,000	16,800,000	-	16,800,000
Credit Default Swap	300,000	251,763	551,763	300,000	70,074	370,074
Forward exchange option - bought	3,328,759	1,831,308	5,160,067	28,110	1,501,594	1,529,704
Forward exchange option - sold	496,009	1,771,005	2,267,014	861,085	670,198	1,531,283
Unused overdrafts	-	904,539	904,539	320,000	201,965	521,965
Total	1,370,837,542	731,491,285	2,102,328,827	1,169,431,975	608,219,003	1,777,650,978

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

16 Provisioning policy on allowance for doubtful accounts

The Bank has credit exposures in Thailand, which have been experiencing economic problems in recent years.

By letter dated 22 December 1998, the Head Office put in place a framework risk guarantee agreement for high risk countries. Under this agreement, it is stipulated that all cross-border credit transaction in a high risk country which exceeds local powers are guaranteed by BNP Paribas Head Office. This agreement applied to all outstanding credit exposures in place as of 1 April 1998, with effect as of the date thereof. By this agreement BNP Paribas Head Office guaranties to BNP Paribas Bangkok Branch the risks as such were defined above, for a maximum of up to 80% of all amounts expected to be owed to BNP Paribas Bangkok by the borrowers at the triggering date of the guarantee.

17 Troubled debt restructurings

As at 31 December 2010 and 2009, the Bank has outstanding receivables which have been restructured as follows:

	2010		2009	
	Number of loans	Outstanding balance after TDR Million Baht	Number of loans	Outstanding balance after TDR Million Baht
At beginning of year	5	836	3	189
Restructured during the year	-	-	2	1,002
Repaid and closed during the year	(1)	(247)	-	(355)
At end of year	4	589	5	836

Restructuring methods	2009				
	No. of customers	Amount of debt before restructuring Baht'000	Type of transferred assets	Fair value of assets Baht'000	Amount of debt after restructuring Baht'000
Modification of terms and conditions	2	1,001,797	-	-	1,001,797

There is no customer whose debt has been restructured during the year ended 31 December 2010

For the year ended 31 December 2010, the Bank incurred no losses from revaluation allowance for debt restructuring (2009: Baht 25.82 million) and recognised income received from restructured customers of Baht 70.75 million. (2009: Baht 71.59 million)

As at 31 December 2010 and 2009 the Bank has a commitment to lend additional credit line for letter of credit to a restructured customer.

18 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties. Associates and individuals owning, directly or indirectly, an interest in the voting rights of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not only the legal form.

The significant related party transactions made with fellow branches, subsidiaries, associates and the Head Office of BNP Paribas are as follows:

	2010	2009
	Baht'000	Baht'000
<u>Balance sheets</u>		
Borrowings, deposits and accrued interest payable	11,329,421	15,306,830
Contingencies	363,682,655	300,077,983
Account receivables for investments	499,665	-
<u>Statement of Income</u>		
Interest income	(555)	19,269
Interest expenses	162,708	220,100
Net gain (loss) on foreign exchange	(42,017)	824
Non-interest income		
- Cost sharing from financial instruments, net	169,444	68,091
- Head Offices allocation expenses	32,502	22,305
- Technical assistant fee	35,876	47,848

Transactions between the Bank and related parties are priced at and contained similar conditions as with the Bank's general customers and conformed to normal banking practice.

The (profit) cost sharing includes the sharing of revenues and expenses between related parties, which may be cross-border, of the capital market activities. All these related parties will have a number of functions which can be categorized as trading, sales and marketing, management and support functions, involved in these capital market activities. The sharing principles of these agreements are based on Organisation for Economic Co-operation and Development (OECD) guidelines and applied arm's length remunerations of all parties.

19 Income taxes

Reconciliation of income tax expense for the years are as follows:

	2010	2009
	Baht	Baht
Income (loss) before tax	810,393,122	(76,332,427)
Income not subject to tax	(591,537,939)	(588,491,777)
Expenses not deductible for tax purposes	103,779,339	3,865,387,905
Loss carry forward	-	(2,259,901,718)
Taxable income (loss)	<u>322,634,522</u>	<u>940,661,983</u>
Tax calculated at the tax rate of 30%	<u>96,790,357</u>	<u>282,198,595</u>

22 Fair values of financial assets and liabilities

The estimated fair value of significant financial assets and liabilities as of 31 December 2010 and 2009 is as follows:

	2010		2009	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Interbank and money market items	9,481	9,481	10,344	10,344
Investments in securities	15,398	15,398	17,857	17,857
Loan, receivables and accrued interest receivable, net	1,492	1,492	1,952	1,952
Derivative financial instruments assets	29,324	29,324	21,106	21,106
Financial liabilities				
Deposits	3,818	3,818	2,976	2,976
Interbank and money market items	1,234	1,234	1,003	1,003
Borrowings	3,753	3,753	5,029	5,113
Derivative financial instruments liabilities	30,464	30,464	20,420	20,420

The following methods and assumptions are used to estimate the fair value of financial assets and liabilities:

- Fair values of interbank and money market items and deposits are approximate to the carrying value because they are highly liquid.
- Fair values of investment in securities are calculated as described in Note 2.5. Fair value of held to maturity debt securities are calculated with reference to the last quoted bid prices at the closed business on the balance sheet date.
- Loans and accrued interest receivable are based on the carrying amount net of allowance for doubtful accounts.
- The fair values of derivative financial instruments have been valued at their current market values, which are obtained from quoted market prices or other widely used calculation methods.
- Fair values of short-term borrowings are approximate to the carry value because they are highly liquid. Fair values of long-term borrowings are calculated by using the current market values, which are obtained from quoted market interest rate or other widely used calculation method.

23 Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to changes in presentation in the current year to comply with the preparation of financial statements of commercial banks. The reclassifications are as follows:

	As reclassified Baht	As previously reported Baht
Balance Sheets		
Investment in securities	17,857,405,182	17,873,015,770
Other assets	119,677,338	104,066,750
Notes to financial statements		
Government securities and securities guaranteed by the Ministry of Finance (Note 5)	9,143,835,349	9,159,445,937
Accrued Interest income (Note 9)	85,237,732	69,627,144