

Mizuho Bank, Ltd. Bangkok Branch  
Report and financial statements  
31 March 2015



Building a better  
working world

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## Independent Auditor's Report

To the Head Office of Mizuho Bank, Ltd. Bangkok Branch

I have audited the accompanying financial statements of Mizuho Bank, Ltd. Bangkok Branch, which comprise the statement of financial position as at 31 March 2015, and the related statements of comprehensive income, changes in equity of head office account and other branches under the same entity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mizuho Bank, Ltd. Bangkok Branch as at 31 March 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 13 July 2015

Mizuho Bank, Ltd. Bangkok Branch

Statements of financial position

As at 31 March 2015

(Unit: Thousand Baht)

	Note	31 March 2015	31 March 2014
<b>Assets</b>			
Cash		7,850	5,094
Interbank and money market items	6	51,977,930	54,323,601
Derivatives assets	7	10,069,925	10,646,551
Investments	8	114,058,247	115,819,009
Loans to customers and accrued interest receivables	9		
Loans to customers		225,988,665	197,216,096
Accrued interest receivables		501,021	452,795
Total loans to customers and accrued interest receivables		226,489,686	197,668,891
<u>Less</u> Deferred revenues		(1,991)	(3,714)
Allowances for doubtful accounts	10	(2,615,937)	(2,329,323)
Loans to customers and accrued interest receivables - net		223,871,758	195,335,854
Leasehold improvements and equipment - net	11	75,671	45,272
Intangible assets - net	12	87,682	66,143
Accrued interest receivables		577,586	643,844
Deferred tax assets	24.1	104,362	46,294
Other assets - net	13	102,671	32,057
<b>Total assets</b>		<b>400,933,682</b>	<b>376,963,719</b>

The accompanying notes are an integral part of the financial statements.

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Mizuho Bank, Ltd. Bangkok Branch  
 Statements of financial position (continued)  
 As at 31 March 2015

(Unit: Thousand Baht)

	Note	31 March 2015	31 March 2014
<b>Liabilities and equity of head office account and other branches under the same entity</b>			
<b>Liabilities</b>			
Deposits	14	163,515,714	130,668,228
Interbank and money market items	15	7,239,733	7,578,788
Liability payable on demand		1,294,860	757,148
Derivatives liabilities	7	4,783,042	4,543,698
Provisions	16	84,578	60,079
Accrued interest payables		441,674	440,660
Income tax payable		296,963	428,981
Deferred tax liabilities	24.1	159,181	154,186
Other liabilities	17	285,200	261,780
<b>Total liabilities</b>		<b>178,100,945</b>	<b>144,893,548</b>
<b>Equity of head office account and other branches under the same entity</b>			
Funds remitted into Thailand for maintaining assets under section 32 of the Act on Undertaking of Banking business B.E. 2551	18	74,391,850	73,584,812
Net balance of inter-office accounts with head office and other branches under the same entity	18	134,688,546	147,548,018
Other component of head office account and other branches under the same entity			
Revaluation surplus on available-for-sale investments - net	8.2	304,315	499,950
Retained earnings		13,448,026	10,437,391
<b>Total equity of head office account and other branches under the same entity</b>		<b>222,832,737</b>	<b>232,070,171</b>
<b>Total liabilities and equity of head office account and other branches under the same entity</b>		<b>400,933,682</b>	<b>376,963,719</b>

The accompanying notes are an integral part of the financial statements.



General Manager of Bangkok Branch

Mizuho Bank, Ltd. Bangkok Branch  
 Statements of comprehensive income  
 For the year ended 31 March 2015

(Unit: Thousand Baht)

	Note	2015	2014
<b>Profit or loss:</b>			
Interest income	19	7,126,110	7,105,422
Interest expenses	20	3,975,017	3,951,943
<b>Net interest income</b>		3,151,093	3,153,479
Fees and service income		553,557	483,952
Fees and service expenses		32,254	54,234
<b>Net fees and service income</b>	21	521,303	429,718
Net gains on trading and foreign exchange transactions	22	1,856,842	2,555,725
Other operating income		649	108
<b>Total operating income</b>		5,529,887	6,139,030
<b>Other operating expenses</b>			
Employee's expenses		613,029	540,821
Premises and equipment expenses		184,452	191,155
Taxes and duties		244,917	238,919
Expenses allocated from head office	28	463,162	511,927
Other expenses		99,432	82,307
<b>Total other operating expenses</b>		1,604,992	1,565,129
<b>Bad debts and doubtful accounts</b>	23	281,942	597,480
<b>Profits before income tax expenses</b>		3,642,953	3,976,421
Income tax expenses	24.2	632,318	775,517
<b>Profits for the years</b>		3,010,635	3,200,904
<b>Other comprehensive income (loss):</b>			
Gains (losses) on revaluation of available-for-sale investments	25	(244,544)	167,488
Income taxes relating to component of other comprehensive (income) loss		48,909	(33,497)
<b>Other comprehensive income (loss) for the years</b>		(195,635)	133,991
<b>Total comprehensive income for the years</b>		2,815,000	3,334,895

The accompanying notes are an integral part of the financial statements.

General Manager of Bangkok Branch

Mizuho Bank, Ltd. Bangkok Branch

Statements of change in equity of head office account and other branches under the same entity

For the year ended 31 March 2015

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balance of inter-office accounts with head office and other branches under the same entity	Other component of head office and other branches under the same entity - Revaluation surplus on available-for-sale investments	Retained earnings	Total
<b>Balance as at 1 April 2013</b>	49,154,534	121,955,707	365,959	7,236,487	178,712,687
Net increase in funds remitted into Thailand	19,772,426	-	-	-	19,772,426
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	25,592,311	-	-	25,592,311
Total comprehensive income for the year	-	-	133,991	3,200,904	3,334,895
Foreign exchange translation adjustments	4,657,852	-	-	-	4,657,852
<b>Balance as at 31 March 2014</b>	<b>73,584,812</b>	<b>147,548,018</b>	<b>499,950</b>	<b>10,437,391</b>	<b>232,070,171</b>
<b>Balance as at 1 April 2014</b>	<b>73,584,812</b>	<b>147,548,018</b>	<b>499,950</b>	<b>10,437,391</b>	<b>232,070,171</b>
Net increase in funds remitted into Thailand	1,039,104	-	-	-	1,039,104
Decrease in balance of inter-office accounts with head office and other branches under the same entity	-	(12,859,472)	-	-	(12,859,472)
Total comprehensive income (loss) for the year	-	-	(195,635)	3,010,635	2,815,000
Foreign exchange translation adjustments	(232,066)	-	-	-	(232,066)
<b>Balance as at 31 March 2015</b>	<b>74,391,850</b>	<b>134,688,546</b>	<b>304,315</b>	<b>13,448,026</b>	<b>222,832,737</b>

The accompanying notes are an integral part of the financial statements.

Mizuho Bank, Ltd. Bangkok Branch

Statements of cash flows

For the year ended 31 March 2015

(Unit: Thousand Baht)

	2015	2014
<b>Cash flows from operating activities</b>		
Profits before income tax expenses	3,642,953	3,976,421
Adjustments to reconcile profits before income tax expenses to net cash received (paid) from operating activities		
Depreciation and amortisation	36,868	53,094
Bad debts and doubtful accounts	281,942	597,480
Provision for contingent liabilities in respect of off-balance commitments	7,077	-
Provision for long-term employee benefits	8,542	17,838
Provision for decommissioning costs	9,000	-
Gain on disposal of equipment	(4)	(25)
Unrealised gains on exchange and financial derivative contracts	(1,753,661)	(4,782,838)
Net interest income	(3,151,093)	(3,153,479)
Cash received on interest income	7,058,010	7,058,422
Cash paid for interest expenses	(3,710,573)	(3,782,863)
Cash paid for income taxes	(768,502)	(619,497)
<b>Profit (loss) from operating activities before changes in operating assets and liabilities</b>	<b>1,660,559</b>	<b>(635,447)</b>
(Increase) decrease in operating assets		
Interbank and money market items	2,940,232	6,235,676
Derivatives assets	4,830,298	2,449,661
Loans to customers	(28,772,570)	(38,203,602)
Other assets	(69,671)	(24,804)
Increase (decrease) in operating liabilities		
Deposits	32,847,486	28,480,809
Interbank and money market items	(339,055)	(3,727,492)
Liability payable on demand	537,712	(36,094)
Derivatives liabilities	(2,127,105)	(5,309,552)
Other liabilities	(74,066)	141,115
<b>Net cash provided by (used in) operating activities</b>	<b>11,433,820</b>	<b>(10,629,730)</b>

The accompanying notes are an integral part of the financial statements.

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Mizuho Bank, Ltd. Bangkok Branch  
 Statements of cash flows (continued)  
 For the year ended 31 March 2015

(Unit: Thousand Baht)

	2015	2014
<b>Cash flows from investing activities</b>		
Cash paid for investments	(46,969,630)	(50,922,744)
Cash received on disposals of investments	48,065,381	16,532,555
Cash paid for purchases of equipment	(45,410)	(11,715)
Cash paid for purchases of intangible assets	(43,396)	(20,059)
Cash received on disposal of equipment	4	25
<b>Net cash provided by (used in) investing activities</b>	<b>1,006,949</b>	<b>(34,421,938)</b>
<b>Cash flows from financing activities</b>		
Net increase in funds remitted into Thailand	1,039,104	19,772,426
Increase (decrease) in net balance of inter-office accounts with head office and other branches under the same entity	(12,859,472)	25,592,311
<b>Net cash provided by (used in) financing activities</b>	<b>(11,820,368)</b>	<b>45,364,737</b>
<b>Net increase in cash and cash equivalents</b>	<b>620,401</b>	<b>313,069</b>
<b>Cash and cash equivalents at beginning of the years</b>	<b>3,380,511</b>	<b>3,067,442</b>
<b>Cash and cash equivalents at end of the years (Note 27)</b>	<b>4,000,912</b>	<b>3,380,511</b>

The accompanying notes are an integral part of the financial statements.

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## **Mizuho Bank, Ltd. Bangkok Branch**

### **Notes to financial statements**

**For the year ended 31 March 2015**

#### **1. The Bank's information**

The Ministry of Finance granted Mizuho Bank, Ltd. Bangkok Branch ("the Bank") a license to carry out domestic banking business through Mizuho Bank, Ltd. Bangkok Branch under the Commercial Banking Act B.E. 2505. The Bank's registered address is at No. 48, 18th Floor of Tisco Tower, North Sathorn Road, Silom Sub-district, Bangrak District, Bangkok.

Starting from 1 July 2013, the Bank has changed the name from "Mizuho Corporate Bank, Ltd. Bangkok Branch" to "Mizuho Bank, Ltd. Bangkok Branch." as a result of the merger of business of its head office in Japan. However, apart from changing of its name, no other operation would be affected.

During the current year, the Bank expanded another branch, which is Eastern Seaboard Branch, for supporting the clients in that surrounding area.

#### **2. Basis for preparation of financial statements**

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand ("BOT") and the presentation of the financial statements has been made in compliance with the BOT's Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 3 December 2010.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

### **3. New and revised financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current accounting year**

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

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

#### Financial Reporting Standard Interpretations:

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

#### Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their contents with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidances to users of the accounting standards. The Bank's management already assessed such financial reporting standards and believes that they do not have an impact on these financial statements.

### **3.2 Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of new and revised financial reporting standards that are effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were amended primarily to align their contents with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidances to users of the accounting standards. The Bank's management assessed the effect of these financial reporting standards and believes that they will not have any significant impact on the financial statements for the year when they are initially applied. However, some of these financial reporting standards, which involve changes to key principles and are relevant to the Bank's businesses and preparation of financial statements, can be summarised as below:

## **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

At present, the management of the Bank is evaluating the impact to the financial statements in the year when this standard is adopted.

## **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income or loss while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income or loss, or to recognise them gradually in profit or loss and against retained earnings.

At present, the Bank immediately recognises actuarial gains and losses in profit or loss in the year in which they occur. The Bank's management already assessed and believe that when the revised standard is applied on 1 April 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income or loss, there will not have any significant impact to the Bank's financial statements.

## **4. Summary of significant accounting policies**

### **4.1 Revenue recognition**

#### **(a) Interest and discounts on loans to customers**

Interest on loans to customers is recognised as revenue on an accrual basis and is based on the amount of principal outstanding. The Bank ceases accruing interest income for loans to customers on which principal or interest payments have been defaulted for more than three months and reverses accrued interest income previously recognised as revenue from the Bank's accounts. Interest is then recognised as revenue on a cash basis.

Interest or discounts, which are already included in the face values of notes receivable or loans to customers, are recorded as deferred revenues and taken up as revenues evenly throughout the terms of the notes or loans to customers or proportionately according to the collected amounts.

- (b) Interest on investments

Interest on investments is recognised as revenue on an accrual basis.

- (c) Fees and service income

Fees and service income is recognised as revenue on an accrual basis.

- (d) Gains on securities and derivatives trading

Gains (losses) on securities and derivatives trading are recognised as revenues or expenses on the transaction dates.

#### **4.2 Expenses recognition**

- (a) Interest expenses

Interest expenses are charged as expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest expenses and amortised to expenses evenly throughout the term of the notes.

- (b) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents in statements of cash flows consist of cash and deposits at banks with an original maturity period of three months or less, excluded cash and deposits at banks that are placed as collateral.

#### **4.4 Investments**

Available-for-sale investments are presented at fair value. Changes in fair value of these investments are recorded in other comprehensive income or loss, and will be recognised in profit or loss when the investments are sold.

Premiums/discounts on debt securities are amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

The fair value of government and state enterprise securities and foreign debt securities are determined in accordance with the BOT's regulations, which is based on market prices or the yield rates quoted in the market.

The Bank recognises losses on impairment (if any) of investments in profit or loss.

The Bank records purchase and sale transactions on debt securities on settlement dates and uses the weighted average method for computation of the cost of investments when the investments are sold.

#### **4.5 Securities purchased under resale agreements**

The Bank enters into agreements to purchase securities, whereby there are agreements to resell those securities at certain dates, time and at a fixed price in the future. Amounts paid for securities purchased under resale agreements are presented as assets under the caption of "Interbank and money market items" or "Loan", depending on the types of counterparties and the underlying securities are treated as collateral to such receivables.

#### **4.6 Loans**

The Bank presents loans at principal balances, excluding accrued interest receivables. Unrecognised deferred revenues and discounts on loans are deducted from the loan balances.

#### **4.7 Allowances for doubtful accounts**

- (a) The Bank provides allowances for doubtful accounts in accordance with the Notifications of the BOT and adjusts these allowances by the additional amounts which are expected not to be collectible, based on analysis and evaluation of the current status of the debtors, taking into consideration the recovery risk, the value of collateral, and current economic conditions which could affect the debtor's ability to repay loans. Increase (decrease) in allowances for doubtful accounts is recognised as an addition or (a deduction) to expense during the years.

The Bank sets allowances for doubtful accounts for normal loans and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) net of collateral value as determined in accordance with the BOT's guidelines.

For non-performing loans, which are classified as substandard, doubtful and doubtful of loss, the Bank records allowances for doubtful accounts at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash from debt collection or the present value of expected cash from collateral disposal. The present values are determined using the discount rates and expected times required on collateral disposals in accordance with the BOT's guidelines.

- (b) Amounts written off as bad debts and amounts of bad debt recovered are deductions against or additions to allowances for doubtful accounts.

#### **4.8 Leasehold improvements and equipment and depreciation**

Leasehold improvements and equipment are stated at cost less accumulated depreciation and less allowance for impairment losses (if any). Depreciation is calculated with reference to their costs on a straight-line basis over an estimated useful life of 5 years.

Depreciation is recognised as expenses in profit or loss.

An item of leasehold improvement and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised as revenue or expenses in profit or loss when the asset is derecognised.

#### **4.9 Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation and allowance for impairment losses (if any).

The Bank amortises intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expenses and loss on impairment are recognised as expenses in profit or loss.

The Bank's intangible assets with finite useful lives are computer softwares, which have an estimated useful life of approximately 5 years.

No amortisation for computer softwares under development.

#### **4.10 Impairment of assets**

The Bank assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Bank realises loss on impairment when the asset's recoverable amount is less than the carrying value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.



#### **4.11 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits and other long-term benefits**

###### *Defined contribution plan*

The Bank and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

###### *Defined benefit plan and other long-term benefit plan*

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other long-term benefit plan. The Bank treats its severance payment obligation as a defined benefit plan.

The obligations under the defined benefit plan and other long-term benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from the defined benefit plan and other long-term benefit plan are recognised in profit or loss.

#### **4.12 Provisions**

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

#### **4.13 Foreign currencies**

Foreign currency transactions have been translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the financial reporting periods.

Gains and losses on translation of foreign currencies transactions are recognised in profit or loss.

#### **4.14 Financial derivatives**

The Bank has entered into financial derivatives transactions in order to respond to customers' needs and manages the risk of the Bank.

Forward foreign currency contracts, which are originated for trading purposes, are recorded as off-balance items. Gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss. Fair value is determined based on an average rate of buying and selling rates for the remaining period of each contract.

Interest rate swap contracts, cross currency and interest rate swap contracts, interest rate option contracts and currency option contracts, which are originated in response to customers' needs, are recorded as off-balance items. Gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss. Fair value is determined using the discounted cash flows technique.

Forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts, which are not originated for trading purposes, are recorded as off-balance items whereby the foreign currency components are measured at the exchange rates ruling at the end of financial reporting periods and the interest components are recognised on an accrual basis in the same way as those recognised for the underlying hedged assets or liabilities.

#### **4.15 Operating leases**

Long-term leases of assets which do not transfer a significant portion of the risks and rewards of ownership of such assets to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised on a straight-line basis over the lease period in profit or loss.

#### **4.16 Income taxes**

Income tax expenses represent the sum of corporate income tax currently payable and deferred taxes.

##### **Current income taxes**

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **Deferred taxes**

Deferred taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting periods.

The Bank recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred tax assets to be utilised.

The Bank records deferred taxes directly to equity of head office account and other branches under the same entity if the taxes relate to items that are recorded directly to equity of head office account and other branches under the same entity.

### **4.17 Related party transactions**

Related parties comprise enterprises and individuals that control or are controlled by the Bank, whether directly or indirectly, or which are under common control with the Bank.

They also included individuals which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors or officers with authority in the planning and direction of the Bank's operations.

## **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgments and estimates are as follows:

### **5.1 Recognition and derecognition of assets and liabilities**

When considering the recognition and derecognition of assets or liabilities, the management is required to use judgment on whether risk and rewards of those assets and liabilities have been transferred, based on their best knowledge of current events and arrangements.

## **5.2 Allowances for doubtful accounts on loans to customers**

Allowances for doubtful accounts on loans to customers are intended to adjust the value of loans for probable credit losses. The management uses the BOT's regulation regarding allowances for doubtful accounts and also judgments to estimate losses to be incurred on loans to customers when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for doubtful accounts are determined through a combination of credit reviews of each borrower, probability of default, value of collateral and current economic conditions.

## **5.3 Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques. The input to the models used is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

## **5.4 Leasehold improvements, equipment and depreciation**

In determining depreciation of leasehold improvements and equipment, the management is required to make estimates of the useful lives and salvage values of the leasehold improvements and equipment and to review estimate useful lives and salvage values when circumstance changes.

In addition, the Bank sets up an allowance for impairment losses on leasehold improvements and equipment when the management determines that there is the indication of impairment exists on these assets and record impairment losses in the period when it is determined that their recoverable amounts are lower than the carrying values. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

## **5.5 Finance lease/Operating lease**

In determining whether a lease is to be classified as an operating lease or a finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred to the Bank for being as the lessee to the leased asset, taking into consideration terms and conditions of the arrangement.

## 5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## 5.7 Provisions for long-term employee benefits

The obligations under the defined benefit plan and other long-term benefit plan are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate, inflation rate, and staff turnover rate, based on their best knowledge at current situation.

## 6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 March 2015			31 March 2014		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	1,741,929	100,000	1,841,929	2,409,481	780,000	3,189,481
Commercial banks	1,249,565	44,294,285	45,543,850	2,276,468	46,255,120	48,531,588
Specialised financial institutions	10	-	10	10	-	10
Other financial institutions	550,000	722,393	1,272,393	200,000	947,118	1,147,118
<b>Total</b>	<b>3,541,504</b>	<b>45,116,678</b>	<b>48,658,182</b>	<b>4,885,959</b>	<b>47,982,238</b>	<b>52,868,197</b>
<u>Add</u> Accrued interest receivables	-	14,664	14,664	-	41,347	41,347
<u>Less</u> Allowances for doubtful accounts	-	(153,200)	(153,200)	-	(163,102)	(163,102)
<b>Total domestic items</b>	<b>3,541,504</b>	<b>44,978,142</b>	<b>48,519,646</b>	<b>4,885,959</b>	<b>47,860,483</b>	<b>52,746,442</b>
<b>Foreign</b>						
US dollars	478,134	1,316,787	1,794,921	247,701	724,871	972,572
Euro	1,376,718	-	1,376,718	98,232	-	98,232
Australian dollars	52,905	-	52,905	327,636	-	327,636
Hong Kong dollars	856	-	856	141,547	-	141,547
Other currencies	192,946	54,664	247,610	24,342	21,252	45,594
<b>Total</b>	<b>2,101,559</b>	<b>1,371,451</b>	<b>3,473,010</b>	<b>839,458</b>	<b>746,123</b>	<b>1,585,581</b>
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
<u>Less</u> Deferred revenues	-	(1,022)	(1,022)	-	(961)	(961)
Allowances for doubtful accounts	-	(13,704)	(13,704)	-	(7,461)	(7,461)
<b>Total foreign items</b>	<b>2,101,559</b>	<b>1,356,725</b>	<b>3,458,284</b>	<b>839,458</b>	<b>737,701</b>	<b>1,577,159</b>
<b>Total domestic and foreign items</b>	<b>5,643,063</b>	<b>46,334,867</b>	<b>51,977,930</b>	<b>5,725,417</b>	<b>48,598,184</b>	<b>54,323,601</b>

As at 31 March 2015, the Bank had loans to interbank and money market amounting to Baht 48,038 million and allowances for doubtful accounts provided in accordance with the BOT's guidelines amounting to Baht 167 million. All of the loans were classified as normal (31 March 2014: Loans amounted to Baht 50,298 million and allowances for doubtful accounts amounted to Baht 171 million. All of the loans were classified as normal.).

## 7. Derivatives

As at 31 March 2015 and 2014, the notional amounts, the fair values of derivatives held for trading, and the adjustments made on an accrual basis of derivatives held for hedging (banking book) were classified by types of risk as follow.

(Unit: Thousand Baht)

	31 March 2015			31 March 2014		
	Fair values/Adjustments made on an accrual basis		Notional Amount <sup>(1)</sup>	Fair values/Adjustments made on an accrual basis		Notional Amount <sup>(1)</sup>
	Assets	Liabilities		Assets	Liabilities	
<b>Types of risk:</b>						
<b>Foreign exchange rate</b>						
Derivatives for trading	6,474,461	2,537,036	373,346,065	6,154,859	3,240,651	320,138,914
Derivatives for banking book	1,860,370	269,346	47,718,873	3,791,613	278,447	72,889,338
<b>Interest rate</b>						
Derivatives for trading	1,735,094	1,976,660	204,568,737	700,079	1,024,600	127,237,695
Derivatives for banking book	-	-	2,738,699	-	-	6,248,733
<b>Total</b>	<b>10,069,925</b>	<b>4,783,042</b>	<b>628,372,374</b>	<b>10,646,551</b>	<b>4,543,698</b>	<b>526,514,680</b>

<sup>(1)</sup> Disclosed only in case that the Bank has an obligation to pay

Derivatives held for hedging (banking book) are obligations under forward contracts, which are not held for trading, and are measured on an accrual basis. For foreign currency components, gains or losses on exchange at the end of the reporting periods are presented under derivatives assets or derivatives liabilities. For interest components, they are presented as a part of accrued interest receivables or accrued interest payables.

Fair values and the adjustments made on an accrual basis for derivatives made with counterparties, who are head office and other branches under the same entity, are presented under inter-office accounts with head office and other branches under the same entity.

As at 31 March 2015 and 2014, proportions of derivatives transactions classified by types of counterparties, determined based on the notional amount, are as follows.

Counterparties	(Unit: Percent)	
	31 March 2015	31 March 2014
Financial institutions	66	63
Companies within the Group <sup>(1)</sup>	10	8
Third parties	24	29
Total	100	100

<sup>(1)</sup> Head office or other branches under the same entity

## 8. Investments

### 8.1 Classified by type of investment

	(Unit: Thousand Baht)			
	31 March 2015		31 March 2014	
	Cost	Fair value	Cost	Fair value
<b><u>Available-for-sale investments</u></b>				
Government and state enterprise securities	81,832,849	82,656,233	85,280,330	85,936,991
Foreign debt securities	31,845,005	31,402,014	29,913,742	29,882,018
Total	113,677,854	114,058,247	115,194,072	115,819,009
<u>Add</u> Revaluation allowance	380,393		624,937	
Total investments	114,058,247		115,819,009	

### 8.2 Revaluation surplus on available-for-sale investments

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Revaluation surplus on investments in debt securities	882,865	770,932
Revaluation deficit on investments in debt securities	(502,472)	(145,995)
Revaluation surplus on available-for-sale investments	380,393	624,937
<u>Less</u> Income taxes	(76,078)	(124,987)
Revaluation surplus on available-for-sale investments - net	304,315	499,950

### 8.3 Investments subject to obligation

As at 31 March 2015, investments in government and state enterprise securities and foreign debt securities totalling Baht 72,029 million (31 March 2014: Baht 69,840 million) are maintained as assets under Section 32.

## 9. Loans to customers and accrued interest receivables

### 9.1 Classified by loan type

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Overdrafts	5,062	11,783
Loans	222,193,813	194,030,129
Discounted bills	3,789,790	3,174,184
<u>Less</u> Deferred revenues	(1,991)	(3,714)
Total loans to customers net from deferred revenue	225,986,674	197,212,382
<u>Add</u> Accrued interest receivable	501,021	452,795
Total loans to customers net from deferred revenues and accrued interest receivables	226,487,695	197,665,177
<u>Less</u> Allowance for doubtful accounts - Provision at BOT's minimum required rates	(2,615,937)	(2,329,323)
Loans to customers and accrued interest receivables - net	223,871,758	195,335,854

### 9.2 Classified by currency and borrowers' residency

	(Unit: Thousand Baht)					
	31 March 2015			31 March 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	121,278,078	-	121,278,078	111,426,917	-	111,426,917
US Dollars	100,850,138	2,578,878	103,429,016	82,521,272	1,759,395	84,280,667
Yen	1,197,681	-	1,197,681	1,405,540	-	1,405,540
Other currencies	81,899	-	81,899	99,258	-	99,258
Total loans to customers net from deferred revenues	223,407,796	2,578,878	225,986,674	195,452,987	1,759,395	197,212,382

### 9.3 Classified by business type and loan classification

	(Unit: Thousand Baht)					
	31 March 2015					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	8,789,877	20,000	-	-	-	8,809,877
Manufacturing and commerce	101,775,700	6,247,285	280,000	8,500	5,326	108,316,811
Real estate and construction	958,846	29,000	-	-	-	987,846
Public utilities and service	33,059,820	179,200	-	-	-	33,239,020
Others	74,633,120	-	-	-	-	74,633,120
Total loans to customers net from deferred revenues	219,217,363	6,475,485	280,000	8,500	5,326	225,986,674



(Unit: Thousand Baht)

	31 March 2014					Total
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	
Agricultural and mining	8,954,323	20,000	-	-	-	8,974,323
Manufacturing and commerce	96,289,676	4,593,754	236,087	38,651	33,105	101,191,273
Real estate and construction	844,756	29,000	-	-	-	873,756
Public utilities and service	23,525,635	276,200	-	-	-	23,801,835
Others	62,371,195	-	-	-	-	62,371,195
Total loans to customers net from deferred revenues	<u>191,985,585</u>	<u>4,918,954</u>	<u>236,087</u>	<u>38,651</u>	<u>33,105</u>	<u>197,212,382</u>

#### 9.4 Non-performing loans

As at 31 March 2015 and 2014, the Bank had non-performing loans classified in accordance with the BOT's guidelines (including loans classified as sub-standard, doubtful and doubtful of loss, but excluding accrued interest receivables) as follows:

(Unit: Thousand Baht)

	31 March 2015	31 March 2014
Non-performing loans before allowances for doubtful accounts	293,826	307,843

As at 31 March 2015 and 2014, the Bank did not have loans to customers classified as "Normal" and "Special mention" on which interest income recognition under an accrual basis has been discontinued.

#### 9.5 Classified by loan classification

As at 31 March 2015 and 2014, the Bank's loans and allowances for doubtful accounts, classified in accordance with the BOT's guidelines, are as below.

(Unit: Thousand Baht)

	31 March 2015			
	Loans to customers and accrued interest receivables <sup>(1)</sup>	Net balance used in setting up allowance for doubtful accounts <sup>(2)</sup>	Minimum percentage required by BOT	Allowances for doubtful accounts
			(%)	
Normal	219,703,650	219,217,363	1	2,192,174
Special mention	6,489,792	6,475,485	2	129,510
Sub-standard	280,393	280,393	100	280,393
Doubtful	8,534	8,534	100	8,534
Doubtful of loss	5,326	5,326	100	5,326
Total	<u>226,487,695</u>	<u>225,987,101</u>		<u>2,615,937</u>

(Unit: Thousand Baht)

31 March 2014

	Net balance used		Minimum percentage required by BOT	Allowances for doubtful accounts
	Loans to customers and accrued interest receivables <sup>(1)</sup>	in setting up allowances for doubtful accounts <sup>(2)</sup>		
			(%)	
Normal	192,421,721	191,894,299	1	1,918,943
Special mention	4,931,455	4,918,954	2	98,379
Sub-standard	240,235	240,235	100	240,235
Doubtful	38,661	38,661	100	38,661
Doubtful of loss	33,105	33,105	100	33,105
<b>Total</b>	<b>197,665,177</b>	<b>197,125,254</b>		<b>2,329,323</b>

(1) Loans to customers net from deferred revenues plus accrued interest receivables.

(2) The net balance used in setting allowances for doubtful accounts for loans classified as "Normal" and "Special mention" is the principal balance net from deferred revenues, excluding accrued interest receivables, and after deducting collateral values, while loans classified as "Sub-standard", "Doubtful" and "Doubtful of loss", it is the principal balance net from deferred revenues plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

## 10. Allowances for doubtful accounts

(Unit: Thousand Baht)

For the year ended 31 March 2015

	Special				Doubtful of loss	Total
	Normal	mention	Substandard	Doubtful		
Balance - beginning of the year	1,918,943	98,379	240,235	38,661	33,105	2,329,323
Increase (decrease) during the year	272,164	31,267	40,158	(30,127)	(27,779)	285,683
Foreign exchange translation	1,067	(136)	-	-	-	931
<b>Balance - end of the year</b>	<b>2,192,174</b>	<b>129,510</b>	<b>280,393</b>	<b>8,534</b>	<b>5,326</b>	<b>2,615,937</b>

(Unit: Thousand Baht)

For the year ended 31 March 2014

	Special				Doubtful of loss	Total
	Normal	mention	Substandard	Doubtful		
Balance - beginning of the year	1,463,086	86,312	200,298	4,142	-	1,753,838
Increase during the year	396,258	11,293	39,937	34,519	33,105	515,112
Foreign exchange translation	59,599	774	-	-	-	60,373
<b>Balance - end of the year</b>	<b>1,918,943</b>	<b>98,379</b>	<b>240,235</b>	<b>38,661</b>	<b>33,105</b>	<b>2,329,323</b>

## 11. Leasehold improvements and equipment

(Unit: Thousand Baht)

	Leasehold improvements	Office equipment	Computer equipment	Total
<b>Cost</b>				
1 April 2013	244,376	50,767	133,306	428,449
Additions	-	9,281	2,434	11,715
Disposal/Write-off	-	(5,122)	(1,086)	(6,208)
31 March 2014	244,376	54,926	134,654	433,956
Additions	10,771	15,443	19,196	45,410
Disposals/Write-off	-	(104)	-	(104)
31 March 2015	255,147	70,265	153,850	479,262
<b>Accumulated depreciation</b>				
1 April 2013	199,287	44,798	118,689	362,774
Depreciation charged for the year	20,971	3,023	8,124	32,118
Accumulated depreciation on disposals/write-off	-	(5,122)	(1,086)	(6,208)
31 March 2014	220,258	42,699	125,727	388,684
Depreciation charged for the year	6,495	2,966	5,550	15,011
Accumulated depreciation on disposals/write-off	-	(104)	-	(104)
31 March 2015	226,753	45,561	131,277	403,591
<b>Net book value</b>				
31 March 2014	24,118	12,227	8,927	45,272
31 March 2015	28,394	24,704	22,573	75,671

### Depreciation charged in profit or loss for the years ended

31 March 2014	32,118
31 March 2015	15,011

As at 31 March 2015, the Bank has certain items of leasehold improvements and equipment, which have been fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 378 million (31 March 2014: Baht 346 million).

## 12. Intangible assets

(Unit: Thousand Baht)

	Computer softwares	Computer softwares under development	Total
<b>Cost</b>			
1 April 2013	153,186	7,044	160,230
Additions	3,072	16,987	20,059
Transfers in/(Transfers out)	13,995	(13,995)	-
31 March 2014	170,253	10,036	180,289
Additions	18,813	24,583	43,396
Transfers in/(Transfers out)	9,718	(9,718)	-
31 March 2015	198,784	24,901	223,685
<b>Accumulated amortisation</b>			
1 April 2013	93,170	-	93,170
Amortisation for the year	20,976	-	20,976
31 March 2014	114,146	-	114,146
Amortisation for the year	21,857	-	21,857
31 March 2015	136,003	-	136,003
<b>Net book value</b>			
31 March 2014	56,107	10,036	66,143
31 March 2015	62,781	24,901	87,682
<b>Amortisation expenses included in profit or loss for the years ended</b>			
31 March 2014			20,976
31 March 2015			21,857

As at 31 March 2015 and 2014, computer softwares have remaining amortisation periods of 0 - 5 years.

As at 31 March 2015, the Bank has computer softwares, which have been fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to approximately Baht 82 million (31 March 2014: Baht 59 million).

### 13. Other assets

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Deposits	35,553	17,525
Accrued fees receivable	43,151	13,582
Prepaid rental expenses	22,005	-
Others	2,185	950
Total	102,894	32,057
<u>Less</u> Allowance for impairment	(223)	-
Other assets - net	102,671	32,057

### 14. Deposits

#### 14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Demand deposits	6,706,405	4,342,654
Saving deposits	52,655,723	52,073,542
Term deposits	104,153,586	74,252,032
Total deposits	163,515,714	130,668,228

#### 14.2 Classified by currency and depositors' residency

	31 March 2015			31 March 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	150,104,748	28	150,104,776	120,894,684	25	120,894,709
US dollars	9,326,668	168	9,326,836	6,562,648	-	6,562,648
Yen	1,675,156	209	1,675,365	2,666,887	367	2,667,254
Other currencies	1,352,203	1,056,534	2,408,737	543,617	-	543,617
Total deposits	162,458,775	1,056,939	163,515,714	130,667,836	392	130,668,228

## 15. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 March 2015			31 March 2014		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Commercial banks	5,550,141	1,627,755	7,177,896	50,091	6,472,418	6,522,509
Other financial institutions	57,247	-	57,247	1,009,139	-	1,009,139
Total domestic items	5,607,388	1,627,755	7,235,143	1,059,230	6,472,418	7,531,648
<b>Foreign</b>						
Baht	4,590	-	4,590	47,140	-	47,140
Total foreign items	4,590	-	4,590	47,140	-	47,140
Total domestic and foreign items	5,611,978	1,627,755	7,239,733	1,106,370	6,472,418	7,578,788

## 16. Provisions

(Unit: Thousand Baht)

	For the year ended 31 March 2015			
	Provision for long-term employee benefits	Provision for contingent liabilities in respect of off-balance commitments	Other	Total
Balance as at 1 April 2014	51,999	8,080	-	60,079
Increase during the year	8,542	7,077	9,000	24,619
Paid during the year	(120)	-	-	(120)
Balance as at 31 March 2015	60,421	15,157	9,000	84,578

(Unit: Thousand Baht)

	For the year ended 31 March 2014		
	Provision for long-term employee benefits	Provision for contingent liabilities in respect of off-balance commitments	Total
Balance as at 1 April 2013	34,161	8,080	42,241
Increase during the year	20,539	-	20,539
Paid during the year	(2,701)	-	(2,701)
Balance as at 31 March 2014	51,999	8,080	60,079

### Provision for long-term employee benefits

Provision for long-term employee benefits is obligations on compensations on employees upon retirement and other long-term benefit plan, the movements of which can be summarised as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Defined benefit obligations at beginning of the years	51,999	34,161
Current service cost	6,415	3,970
Interest cost	2,127	1,376
Actuarial losses	-	15,193
Benefits paid during the years	(120)	(2,701)
Defined benefit obligations at end of the years	<u>60,421</u>	<u>51,999</u>

Long-term employee benefit expenses included in profit or loss are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Current service cost	6,415	3,970
Interest cost	2,127	1,376
Actuarial losses	-	15,193
Total long-term employee benefit expenses recognised in profit or loss	<u>8,542</u>	<u>20,539</u>

Amounts of defined benefit obligations at the end of the current year and previous years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation at the end of the years	Experience adjustments on the obligations during the years
2015	60,421	-
2014	51,999	(9,141)
2013	34,161	-
2012	30,028	-

Principal actuarial assumptions at the valuation dates are as follows:

	2015	2014
	(% per annum)	(% per annum)
Discount rate	4.10	4.10
Future salary incremental rates	5.00 - 10.00	5.00 - 10.00
Staff turnover rate (depend on employee's age)	0.00 - 25.00	0.00 - 25.00

## 17. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Revenue received in advance	13,890	15,892
Contribution payables to the Deposit Protection Agency and the Bank of Thailand	174,500	144,300
Accrued expenses	96,810	101,588
Total other liabilities	285,200	261,780

## 18. Capital funds

The primary objective of the Bank's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 March 2015 and 2014, funds remitted into Thailand for maintaining assets under Section 32 of the Act on Undertaking of Banking business B.E. 2551 are as follows:

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	63,721,050	62,914,012
Total	74,391,850	73,584,812



As at 31 March 2015 and 2014, the Bank's capital adequacy ratios in accordance with the Act on undertaking of Banking business B.E. 2551 are as follows:

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
1. Assets required to be maintained under Section 32	72,029,262	69,839,508
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	207,078,405	219,101,042
2.1 Net capital for maintenance of assets under Section 32	72,389,859	71,553,024
2.2 Net balance of inter-office accounts which are debtor (creditor) balances to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	134,688,546	147,548,018
3. Total regulatory capital (3.1 - 3.2)	71,941,580	69,773,365
3.1 Total regulatory capital before deduction items (the lowest amount among item 1, item 2 and item 2.1)	72,029,262	69,839,508
3.2 Deduction items	(87,682)	(66,143)

## 19. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Interest income incurred on:		
Interbank and money market items	1,003,214	1,206,986
Investments in debt securities	2,195,595	1,852,147
Loans to customers	3,912,290	4,045,260
Others	15,011	1,029
Total interest income	7,126,110	7,105,422

## 20. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Interest expenses incurred on:		
Deposits	1,693,435	1,562,858
Interbank and money market items	1,667,935	1,867,885
Contribution fees to the Deposit Protection Agency and the Bank of Thailand	613,647	521,200
Total interest expenses	3,975,017	3,951,943

## 21. Net fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Fees and service income on:		
Acceptance, aval and guarantees	73,958	65,764
Management fees	320,099	280,635
Others	159,500	137,553
Total fees and service income	553,557	483,952
Total fees and service expenses	(32,254)	(54,234)
Fees and service income - net	521,303	429,718

## 22. Net gains on trading and foreign exchange transactions

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2015	2014
Foreign currencies and derivatives relating to foreign exchange	2,730,009	2,860,083
Derivatives relating to interest rate	(873,167)	(304,358)
Total	1,856,842	2,555,725

## 23. Bad debts and doubtful accounts

(Unit: Thousand Baht)

	For the years ended 31 March	
	2015	2014
Bad debts and doubtful accounts on:		
Interbank and money market items	(3,964)	82,368
Loans to customers	285,683	515,112
Other receivables	223	-
<b>Total</b>	<b>281,942</b>	<b>597,480</b>

## 24. Deferred tax assets and liabilities/Income tax expenses

### 24.1 Deferred tax assets and liabilities

As at 31 March 2015 and 2014, deferred tax assets and liabilities comprise:

(Unit: Thousand Baht)

	31 March 2015	31 March 2014
Deferred tax assets	104,362	46,294
Deferred tax liabilities	159,181	154,186
<b>Deferred tax assets (liabilities) - net</b>	<b>(54,819)</b>	<b>(107,892)</b>

(Unit: Thousand Baht)

	31 March 2015			
	Beginning balance	Recognised in profit or loss	Recognised in other comprehensive income	Ending balance
Deferred tax assets arose from:				
Available-for-sale investments	29,199	-	71,295	100,494
Intangible assets and leasehold improvements and equipment	2,679	(535)	-	2,144
Provisions	12,016	4,900	-	16,916
Others	2,400	(200)	-	2,200
<b>Total deferred tax assets</b>	<b>46,294</b>	<b>4,165</b>	<b>71,295</b>	<b>121,754</b>
Deferred tax liabilities arose from:				
Available-for-sale investments	154,186	-	22,387	176,573
<b>Total deferred tax liabilities</b>	<b>154,186</b>	<b>-</b>	<b>22,387</b>	<b>176,573</b>
<b>Net</b>	<b>(107,892)</b>	<b>4,165</b>	<b>48,908</b>	<b>(54,819)</b>

(Unit: Thousand Baht)

31 March 2014

	Beginning balance	Recognised in profit or loss	Recognised in other	Ending balance
			comprehensive Income	
Deferred tax assets arose from:				
Available-for-sale investments	759	-	28,440	29,199
Intangible assets and leasehold improvements and equipment	2,679	-	-	2,679
Provisions	8,448	3,568	-	12,016
Others	1,200	1,200	-	2,400
<b>Total deferred tax assets</b>	<b>13,086</b>	<b>4,768</b>	<b>28,440</b>	<b>46,294</b>
Deferred tax liabilities arose from:				
Available-for-sale investments	92,249	-	61,937	154,186
<b>Total deferred tax liabilities</b>	<b>92,249</b>	<b>-</b>	<b>61,937</b>	<b>154,186</b>
<b>Net</b>	<b>(79,163)</b>	<b>4,768</b>	<b>(33,497)</b>	<b>(107,892)</b>

## 24.2 Income tax expenses

(Unit: Thousand Baht)

For the years ended 31 March

	2015	2014
	<b>Current income tax</b>	
Corporate income taxes for the years	636,483	780,285
<b>Deferred taxes</b>		
Deferred taxes relating to origination and reversal of temporary differences	(4,165)	(4,768)
<b>Income tax expenses recognised in profit or loss</b>	<b>632,318</b>	<b>775,517</b>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 March 2015 and 2014 and the applicable tax rate are as follow:

(Unit: Thousand Baht)

For the years ended 31 March

	2015	2014
	Accounting profits before income tax expenses	3,642,953
Applicable corporate income tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	728,590	795,284
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profit	(96,272)	(19,767)
<b>Income tax expenses recognised in profit or loss</b>	<b>632,318</b>	<b>775,517</b>

## 25. Components of other comprehensive income (loss)

(Unit: Thousand Baht)

	For the years ended 31 March	
	2015	2014
<b>Other comprehensive income (loss)</b>		
Gains (losses) on revaluation of available-for-sale investments during the years	(244,544)	167,488
Income tax relating to components of other comprehensive (income) loss	48,909	(33,497)
Other comprehensive income (loss) for the years	<u>(195,635)</u>	<u>133,991</u>

## 26. Provident fund

The Bank and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed by the employees at the rate of 5 percent of the employee's salary and by the Bank at a rate of 5 - 10 percent of the employees' salary. The fund will be paid to the employees upon termination of employment in accordance with the rules of the fund. During the year 2015, the Bank contributed approximately Baht 16 million to the fund (2014: Baht 12 million).

## 27. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2015	31 March 2014
Cash	7,850	5,094
Interbank and money market items - deposits at banks	3,993,062	3,375,417
Total cash and cash equivalents	<u>4,000,912</u>	<u>3,380,511</u>

## 28. Related party transactions

The Bank has had significant business transactions with its head office, other branches under the same entity and certain related companies, related by way of common shareholders and/or common directors. Such significant transactions, which have been concluded on the terms and basis as determined by the Bank and those parties, are summarised below.

## 28.1 Transactions with related parties occurred during the years

(Unit: Thousand Baht)

	For the years ended		Pricing policy for the year 2015
	31 March		
	2015	2014	
<b>Transactions with other related companies in Mizuho Financial Group</b>			
Losses on financial derivative contracts	110,932	140,898	At the rates stipulated in the contracts
<b>Transactions with head office and other branches under the same entity<sup>(1)</sup></b>			
Interest income from lendings	2,889	2,813	At interest rates between 0.135 - 2.32 percent per annum
Interest expenses on borrowings	645,552	643,616	At interest rates between 0.13 - 0.5 percent per annum
Fees and service expenses	-	21,293	As per invoices charged from head office
Gains (losses) on financial derivative contracts	(920,164)	242,286	At the rates stipulated in the contracts
Expenses allocated from head office	463,162	511,927	As per invoices charged from head office

<sup>(1)</sup> The amounts presented are net amount of all entities

## 28.2 Outstanding balances with related parties

As at 31 March 2015 and 2014, the outstanding balances with related parties are as follows:

(Unit: Thousand Baht)

	31 March 2015	31 March 2014
<b>Balances with other related companies in Mizuho Financial Group</b>		
Deposits	6,746	2,164
Off-balance items - financial derivative contracts <sup>(1)</sup>	42,856,550	9,124,040
<b>Balances with other related banks in Mizuho Financial Group</b>		
Interbank and money market items (assets)	142,175	161,561
Interbank and money market items (liabilities)	4,590	47,140
<b>Net balances of inter-office accounts with head office and other branches under the same entity<sup>(2)</sup></b>		
Borrowings and accrued interest payables	133,136,767	148,657,269
Deposits/inter-office balances - assets (liabilities)	(1,551,778)	1,109,251
Off-balance items - financial derivative contracts <sup>(1)</sup>	61,286,220	41,254,507

<sup>(1)</sup> Amounts presented are notional amounts.

<sup>(2)</sup> The amounts presented are net amount of all branches.

## 29. Operating segments

For management purposes, the Bank is organised into business units based on its products and services and has the following 2 reportable segments:

1. Banking business : Provision of financial services, in the form of loans and related services
2. Treasury business: Responsible for asset and liability management activities of the Bank.

The Bank's operations are mainly carried on in Thailand.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment.

The operating results presented by operating segment for the years ended 31 March 2015 and 2014 are as follows:

(Unit: Million Baht)

	For the year ended 31 March 2015		
	Banking business	Treasury business	Total
Net interest income	2,808	343	3,151
Net fees and service income	531	(10)	521
Net gains on trading and foreign exchange transactions	1,654	204	1,858
Total operating income	4,993	537	5,530
Total operating expenses	(1,481)	(124)	(1,605)
Profit from operation before bad debts and doubtful accounts and income tax expenses	3,512	413	3,925
Bad debt and doubtful accounts and income tax expenses			(914)
Profit for the year			3,011

(Unit: Million Baht)

For the year ended 31 March 2014

	Banking business	Treasury business	Total
Net interest income	2,242	911	3,153
Net fees and service income	438	(8)	430
Net gains on trading and foreign exchange transactions	1,754	802	2,556
Total operating income	4,434	1,705	6,139
Total operating expenses	(1,443)	(122)	(1,565)
Profit from operation before bad debts and doubtful accounts and income tax expenses	2,991	1,583	4,574
Bad debts and doubtful accounts and income tax expenses			(1,373)
Profit for the year			3,201

As at 31 March 2015 and 2014, assets classified by operating segment are as follows:

(Unit: Million Baht)

	Banking business	Treasury business	Total
Total assets			
As at 31 March 2015	370,092	30,842	400,934
As at 31 March 2014	347,590	29,374	376,964



### 30. Financial position and results of operations classified by domestic and foreign activities

#### 30.1 Financial position classified by type of operations

(Unit: Million Baht)

	As at 31 March					
	2015			2014		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
<b>Total assets</b>	395,614	5,320	400,934	373,635	3,329	376,964
Interbank and money market items - net	48,520	3,458	51,978	52,747	1,577	54,324
Investments - net	114,058	-	114,058	115,819	-	115,819
Loans to customers and accrued interest receivables - net	221,308	2,564	223,872	193,584	1,752	195,336
<b>Total liabilities</b>	176,526	1,575	178,101	144,847	47	144,894
Deposits	162,459	1,057	163,516	130,668	-	130,668
Interbank and money market items - net	7,235	5	7,240	7,532	47	7,579

#### 30.2 Results of operations classified by type of operations

(Unit: Million Baht)

	For the years ended 31 March					
	2015			2014		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Interest income	7,086	40	7,126	7,090	15	7,105
Interest expenses	(3,329)	(646)	(3,975)	(3,308)	(644)	(3,952)
Net interest income	3,757	(606)	3,151	3,782	(629)	3,153
Net fees and service income	503	18	521	430	-	430
Other operating income	3,091	(1,233)	1,858	2,556	-	2,556
Other operating expenses	(1,142)	(463)	(1,605)	(1,032)	(533)	(1,565)
Bad debts and doubtful accounts	(282)	-	(282)	(598)	-	(598)
Profit from operation before income tax expenses	5,927	(2,284)	3,643	5,138	(1,162)	3,976

## 31. Commitments and contingent liabilities

### 31.1 Commitments

	(Unit: Thousand Baht)	
	31 March 2015	31 March 2014
Aval to bills and guarantees of loans	1,064,933	17,033
Liability under unmatured import bills	587,569	1,605,390
Letter of credits	2,390,702	2,162,710
Other obligations		
- Undrawn bank overdrafts	3,460,108	3,316,717
- Undrawn commitment	20,293,759	18,349,608
- Guarantee - others	29,697,096	28,377,927
- Undrawn credit line	287,782,206	269,521,908
Total	345,276,373	323,351,293

Furthermore, the Bank has commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and currency option contracts as mentioned in Note 7 to the financial statements.

### 31.2 Commitments under operating lease agreements

As at 31 March 2015 and 2014, the Bank has rental and related service commitments related to 1 - 5 years office lease agreements. Under the lease agreements, the Bank has an option to renew the lease period and the lessor has the right to adjust the rental fee when the lease is renewed. Future minimum lease payments required under such contracts are as follows:

	(Unit: Thousand Baht)	
	As at 31 March	
Payable within	2015	2014
1 year	91,543	30,648
1 to 5 years	162,363	72,507

Furthermore, as at 31 March 2015 and 2014, the Bank has commitments under the car rental and services agreements totalling approximately Baht 29 million and Baht 13 million, respectively.

## **32. Financial instruments**

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Bank enters into off-balance financial instruments in the normal course of its business in order to meet customer needs and to reduce its own exposure risk from fluctuations in foreign exchange rates and interest rates. The Bank's risk management accords with the head office's policy, which limits the scope of foreign exchange transactions and money market transactions.

### **32.1 Credit risk**

Credit risk is the risk that the party to a financial instrument will fail to fulfill its contractual obligations, causing the Bank to incur a financial loss. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statement of financial position, and the off-balance sheet transactions exposure arising from avals and guarantees on loans and other obligations.

The Bank manages credit risk based on analysis of the capability of debtors to make payment and their financial position. In addition, the Bank manages the concentration of its loan portfolio by grading debtors by reliability of industry, and taking into consideration risk factors to ensure the effectiveness of the Bank's capital funds.

### **32.2 Market risk**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may affect the financial position of the Bank.

#### **(a) Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates.

As at 31 March 2015 and 2014, financial assets and liabilities classified by type of interest rate are as follows:

(Unit: Million Baht)

Transactions	Outstanding balances of financial instruments as at 31 March 2015			
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	8	8
Interbank and money market items	12,687	35,471	3,973	52,131
Investments	39,390	74,288	-	113,678
Loans to customers	205,604	20,385	-	225,989
<b>Financial liabilities</b>				
Deposits	52,656	104,154	6,706	163,516
Interbank and money market items	74	7,159	7	7,240
Liability payable on demand	-	-	1,295	1,295
Funds remitted into Thailand - borrowings from other branches under the same entity	-	63,721	-	63,721
Net balance of inter-office accounts with head office and other branches under the same entity	2,993	133,072	(1,377)	134,688

(Unit: Million Baht)

Transactions	Outstanding balances of financial instruments as at 31 March 2014			
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	5	5
Interbank and money market items	12,527	38,576	3,350	54,453
Derivatives assets	-	-	10,647	10,647
Investments	40,931	74,263	-	115,194
Loans to customers	177,912	19,299	1	197,212
<b>Financial liabilities</b>				
Deposits	52,073	74,252	4,343	130,668
Interbank and money market items	58	7,472	49	7,579
Liability payable on demand	-	-	757	757
Derivatives liabilities	-	-	4,544	4,544
Funds remitted into Thailand - borrowings from other branches under the same entity	-	62,914	-	62,914
Net balance of inter-office accounts with head office and other branches under the same entity	-	148,596	(1,048)	147,548

With respect to financial instruments that carry fixed interest rates, the periods from the financial reporting date to the repricing or maturity dates (whichever is the earlier) are presented below:

(Unit: Million Baht)

	31 March 2015					Weighted average interest rate (%)
	Repricing or maturity dates				Total	
	0-3 months	3-12 months	1-5 years	Over 5 years		
<b>Financial assets</b>						
Interbank and money market items	35,471	-	-	-	35,471	1.71
Investments	6,973	27,725	39,590	-	74,288	2.98
Loans to customers	15,766	4,619	-	-	20,385	3.51
<b>Financial liabilities</b>						
Deposits	99,925	4,179	50	-	104,154	1.68
Interbank and money market items	7,159	-	-	-	7,159	1.33
Funds remitted into Thailand - borrowings from other branches under the same entity	56,364	7,357	-	-	63,721	0.34
Net balance of inter-office accounts with head office and other branches under the same entity	128,189	4,883	-	-	133,072	0.36

(Unit: Million Baht)

	31 March 2014					Weighted average interest rate (%)
	Repricing or maturity dates				Total	
	0-3 months	3-12 months	1-5 years	Over 5 years		
<b>Financial assets</b>						
Interbank and money market items	38,576	-	-	-	38,576	2.04
Investments	8,321	20,164	45,778	-	74,263	3.10
Loans to customers	15,625	3,594	80	-	19,299	3.74
<b>Financial liabilities</b>						
Deposits	73,013	1,239	-	-	74,252	1.74
Interbank and money market items	7,472	-	-	-	7,472	0.41
Funds remitted into Thailand - borrowings from other branches under the same entity	52,338	10,576	-	-	62,914	0.32
Net balance of inter-office accounts with head office and other branches under the same entity	144,216	4,380	-	-	148,596	0.29

In addition, the Bank has interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and liabilities of the Bank and the average rate of interest for the years ended 31 March 2015 and 2014 can be summarised as follows:

(Unit: Million Baht)

	For the years ended 31 March					
	2015			2014		
	Average	Average	Average	Average	Average	Average
	rate	rate	rate	rate	rate	rate
	(Percent	(Percent	(Percent	(Percent	(Percent	(Percent
	per	per	per	per	per	per
	annum)	annum)	annum)	annum)	annum)	annum)
	Average	Average	Average	Average	Average	Average
	balances	Interest	balances	Interest	balances	Interest
<u>Interest bearing financial assets</u>						
Interbank and money market items and						
inter-office accounts with head office and						
other branches under the same entity	52,827	1,003	1.90	55,347	1,207	2.18
Investments	114,457	2,196	1.92	98,452	1,852	1.88
Loans to customers	208,708	3,912	1.87	183,387	4,045	2.21
<u>Interest bearing financial liabilities</u>						
Deposits	136,516	1,693	1.24	115,936	1,563	1.35
Interbank and money market items and						
borrowings and accounts with head						
office and other branches under the						
same entity	218,393	1,668	0.76	203,416	1,868	0.92

(b) Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rates will result in changes in the values of financial instruments, fluctuations in revenues or in the values of financial assets and financial liabilities.

As at 31 March 2015 and 2014, the significant Bank's foreign currency positions are summarised as follows:

(Unit: Million Baht)

	31 March 2015				31 March 2014			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	Dollar	Euro	Yen	Others
<b>Foreign currency position in</b>								
<b><u>the statement of financial position</u></b>								
<b><u>Financial assets</u></b>								
Interbank and money market items	13,611	1,377	-	247	13,274	98	-	494
Investments	29,137	-	2,708	-	26,766	-	3,148	-
Loans to customers and accrued								
interest receivables	103,594	82	1,200	-	84,408	99	1,408	-
<b><u>Financial liabilities</u></b>								
Deposits	9,327	1,392	1,675	1,016	6,563	97	2,667	447
Interbank and money market items	1,628	-	-	-	6,472	-	-	-
Liability payable on demand	726	-	31	7	364	-	46	142
Funds remitted into Thailand -								
borrowings from other branches								
under the same entity	61,012	-	2,709	-	59,759	-	3,155	-
Net balance of inter-office accounts								
with head office and other								
branches under the same entity	150,736	770	(12,853)	(1,038)	155,740	6,154	(15,399)	821

(Unit: Million Baht)

	31 March 2015				31 March 2014			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	Dollar	Euro	Yen	Others
<b>Foreign currency position of obligations</b>								
Liability under unmatured import								
bills	588	-	-	-	1,567	1	-	-
Guarantees	9,511	1,193	1,195	1,221	10,106	173	1,254	1,449
Letters of credit	2,091	24	93	171	1,885	50	116	5
Foreign exchange contracts								
- Bought	124,463	1,530	14,879	1,589	90,507	6,353	6,867	3,581
- Sold	79,209	1,584	19,266	1,668	50,446	6,446	9,667	3,464
Cross currency and interest rate								
swap contracts								
- Bought	109,073	-	13,910	-	145,275	-	13,943	-
- Sold	84,372	-	10,328	-	78,602	-	12,139	-
Interest rate swap contracts								
- Bought	86,094	-	3,038	-	45,648	-	3,648	-
- Sold	86,094	-	3,038	-	45,648	-	3,648	-
Currency option contracts								
- Bought	-	-	-	-	76	-	-	-
- Sold	-	-	-	-	76	-	-	-

## (c) Securities price risk

Securities price risk is the risk that changes in the market prices of securities will result in fluctuations in revenues or in the values of financial assets. The maximum amount of securities price risk exposure is the carrying amount of investments as stated in the statement of financial position.



### 32.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate their financial assets or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

As at 31 March 2015 and 2014, the periods to maturity, counting from the financial position date, of financial instruments are as follows:

(Unit: Million Baht)

Transactions	31 March 2015					Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<b><u>Financial assets</u></b>						
Cash	8	-	-	-	-	8
Interbank and money market items	5,643	34,571	7,033	4,883	-	52,130
Derivatives assets	-	634	2,439	5,385	1,612	10,070
Investments	-	6,973	39,191	62,631	4,883	113,678
Loans to customers	4,729	31,398	110,293	64,803	14,764	225,987
<b><u>Financial liabilities</u></b>						
Deposits	59,362	101,512	2,592	50	-	163,516
Interbank and money market items	5,612	1,628	-	-	-	7,240
Liability payable on demand	1,295	-	-	-	-	1,295
Derivatives liabilities	-	684	1,409	2,068	622	4,783
Funds remitted into Thailand - borrowings from other branches under the same entity	-	3,039	5,860	54,822	-	63,721
Net balance of inter-office accounts with head office and other branches under the same entity	(1,296)	56,417	67,609	10,540	1,419	134,689
<b><u>Off-balance items - obligations</u></b>						
Liability under unmatured import bills	-	584	3	-	-	587
Letters of credit	-	2,094	297	-	-	2,391
Other obligations	311,536	6,685	16,782	6,430	865	342,298

(Unit: Million Baht)

31 March 2014

Transactions	At call	Less than				Total
		3 months	3 - 12 months	1 - 5 years	Over 5 years	
<b>Financial assets</b>						
Cash	5	-	-	-	-	5
Interbank and money market items	5,725	42,914	526	5,288	-	54,453
Derivatives assets	-	1,674	3,183	5,416	374	10,647
Investments	-	7,684	33,993	73,517	-	115,194
Loans to customers	69,926	5,237	42,791	71,554	7,704	197,212
<b>Financial liabilities</b>						
Deposits	56,416	73,013	1,239	-	-	130,668
Interbank and money market items	1,106	6,473	-	-	-	7,579
Liability payable on demand	757	-	-	-	-	757
Derivatives liabilities	-	676	1,397	2,033	438	4,544
Funds remitted into Thailand - borrowings from other branches under the same entity	-	-	969	60,972	973	62,914
Net balance of inter-office accounts with head office and other branches under the same entity	(2,109)	22,205	66,774	60,040	638	147,548
<b>Off-balance items - obligations</b>						
Liability under unmatured import bills	-	1,388	217	-	-	1,605
Letters of credit	478	1,582	103	-	-	2,163
Other obligations	293,110	5,345	14,031	7,056	41	319,583

### 32.4 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Bank has estimated the fair value of financial instruments as follows:

#### (a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instrument. The fair values of most financial assets, including cash, interbank and money market items, derivatives assets, and loans to customers, are approximate to their carrying values as stated in the statement of financial position. The fair values of financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, are the quoted market price.

(b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, liability payable on demand, derivatives liabilities and borrowings from other branches under the same entity and net balance of inter-office accounts with head office and other branches under the same entity, are considered to approximate their respective carrying values.

As at 31 March 2015 and 2014, the carrying value and fair value of financial assets and liabilities of the Bank are as follows.

	31 March 2015		31 March 2014	
	Carrying value	Fair value	Carrying value	Fair value
(Unit: Million Baht)				
<b><u>Financial assets</u></b>				
Cash	8	8	5	5
Interbank and money market items	51,978	51,978	54,324	54,324
Derivatives assets	10,070	10,070	10,647	10,647
Investments	114,058	114,058	115,819	115,819
Loans to customers	223,872	223,872	195,336	195,336
<b><u>Financial liabilities</u></b>				
Deposits	163,516	163,516	130,668	130,668
Interbank and money market items	7,240	7,240	7,579	7,579
Liability payable on demand	1,295	1,295	757	757
Derivatives liabilities	4,783	4,783	4,544	4,544
Fund remitted into Thailand - borrowings from other branches under the same entity	63,721	63,721	62,914	62,914
Net balance of inter-office accounts with head office and other branches under the same entity	134,689	134,689	147,548	147,548

### 32.5 Financial derivatives

The Bank enters into financial derivatives as required in the normal course of its business, in order to respond to customer needs and to manage the risk of the Bank which will be incurred from the fluctuations in exchange rates and interest rates.

As at 31 March 2015 and 2014, the Bank's financial derivatives can be classified by period to maturity as follows:

(Unit: Million Baht)

	31 March 2015			31 March 2014		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Foreign exchange contracts						
Bought	214,229	1,377	215,606	158,371	848	159,219
Sold	214,384	1,355	215,739	158,242	843	159,085
Cross currency and interest rate swap contracts						
Bought	69,714	136,950	206,664	100,151	137,757	237,908
Sold	69,381	135,945	205,326	97,904	135,963	233,867
Interest rate swap contracts						
Bought	37,498	169,809	207,307	25,277	108,209	133,486
Sold	37,498	169,809	207,307	25,277	108,209	133,486
Currency option contracts						
Bought	-	-	-	76	-	76
Sold	-	-	-	76	-	76

### 33. Approval of financial statements

These financial statements were authorised for issue by the General Manager of Bangkok Branch on 13 July 2015.