

Mizuho Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2019



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Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of Mizuho Bank, Ltd. Bangkok Branch (the Bank), which comprise the statement of financial position as at 31 March 2019, and the related statements of comprehensive income, changes in equity of head office and other branches under the same entity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2019, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 19 July 2019

Mizuho Bank, Ltd. Bangkok Branch

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	Note	31 March 2019	31 March 2018
Assets			
Cash		5,715	3,616
Interbank and money market items	7	62,445,570	93,721,109
Derivatives assets	8	8,077,897	13,844,371
Investments - net	9	122,324,066	108,182,992
Loans to customers and accrued interest receivables	10		
Loans to customers		282,590,090	244,270,486
Accrued interest receivables		939,513	694,400
Total loans to customers and accrued interest receivables		283,529,603	244,964,886
<u>Less</u> Deferred revenues		(9,746)	(11,232)
Allowances for doubtful accounts	11	(3,004,140)	(2,572,198)
Loans to customers and accrued interest receivables - net		280,515,717	242,381,456
Leasehold improvements and equipment - net	12	605,267	717,436
Intangible assets - net	13	246,953	204,777
Accrued interest receivables		814,062	553,309
Deferred tax assets	25.1	248,329	122,787
Other assets - net	14	146,256	58,237
Total assets		475,429,832	459,790,090

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

Mizuho Bank, Ltd. Bangkok Branch

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

	Note	31 March 2019	31 March 2018
Liabilities and equity of head office and other branches under the same entity			
Liabilities			
Deposits	15	284,243,235	229,762,160
Interbank and money market items	16	2,926,037	2,069,037
Liabilities payable on demand		1,510,250	937,022
Derivatives liabilities	8	8,829,894	16,912,206
Provisions for liabilities	17	343,503	254,820
Accrued interest payables		807,909	497,141
Income tax payable		415,180	264,916
Deferred tax liabilities	25.1	26,933	56,228
Other liabilities	18	771,887	669,607
Total liabilities		299,874,828	251,423,137
Equity of head office and other branches under the same entity			
Funds remitted into Thailand for maintaining assets under section 32 of the Act on Undertaking of Banking business B.E. 2551	19	104,665,179	92,502,731
Net balances of inter-office accounts with head office and other branches under the same entity - net	19	48,313,582	95,988,314
Other component of head office and other branches under the same entity			
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	9.2	(163,884)	139,646
Retained earnings		22,740,127	19,736,262
Total equity of head office and other branches under the same entity		175,555,004	208,366,953
Total liabilities and equity of head office and other branches under the same entity		475,429,832	459,790,090

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

Mizuho Bank, Ltd.
Bangkok Branch



General Manager of Bangkok Branch

Yasuhiro Kubota
General Manager

Mizuho Bank, Ltd. Bangkok Branch
Statement of comprehensive income
For the year ended 31 March 2019

(Unit: Thousand Baht)

	Note	2019	2018
Profit or loss:			
Interest income	20	10,967,711	8,908,778
Interest expenses	21	6,800,819	5,383,886
Net interest income		4,166,892	3,524,892
Fees and service income		635,874	553,173
Fees and service expenses		50,038	56,707
Net fees and service income	22	585,836	496,466
Net gains on trading and foreign exchange transactions	23	2,152,242	530,134
Other operating income		844	747
Total operating income		6,905,814	4,552,239
Other operating expenses			
Employee's expenses		885,319	814,314
Premises and equipment expenses		342,657	328,206
Taxes and duties		803,689	530,841
Expenses allocated from head office	28.1	547,764	520,553
Other expenses		190,181	198,740
Total other operating expenses		2,769,610	2,392,654
Bad debts and doubtful accounts (reversal)	24	375,560	(193,105)
Profits before income tax expenses		3,760,644	2,352,690
Income tax expenses	25.2	738,588	439,730
Profits for the years		3,022,056	1,912,960

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

Mizuho Bank, Ltd. Bangkok Branch
Statement of comprehensive income (continued)
For the year ended 31 March 2019

(Unit: Thousand Baht)

	2019	2018
Other comprehensive income:		
<i>Items to be subsequently recognised in profit or loss:</i>		
Loss on revaluation of available-for-sale investments	(379,413)	(81,643)
Income taxes	75,883	16,328
Items to be subsequently recognised in profit or loss - net of income taxes	(303,530)	(65,315)
<i>Items not to be subsequently recognised in profit or loss:</i>		
Actuarial loss	(22,739)	-
Income taxes	4,548	-
Items not to be subsequently recognised in profit or loss - net of income taxes	(18,191)	-
Other comprehensive loss for the years	(321,721)	(65,315)
Total comprehensive income for the years	2,700,335	1,847,645

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

General Manager of Bangkok Branch

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Mizuho Bank, Ltd. Bangkok Branch

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

For the year ended 31 March 2019

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balances 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 (deficit) on available-for-sale investments - net of income taxes	Retained earnings	Total
Balance as at 1 April 2017	90,914,219	38,080,131	204,961	17,823,302	147,022,613
Net increase in funds remitted into Thailand	9,537,328	-	-	-	9,537,328
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	57,908,183	-	-	57,908,183
Profit for the year	-	-	-	1,912,960	1,912,960
Other comprehensive loss for the year	-	-	(65,315)	-	(65,315)
Total comprehensive income (loss) for the year	-	-	(65,315)	1,912,960	1,847,645
Foreign exchange translation adjustments	(7,948,816)	-	-	-	(7,948,816)
Balance as at 31 March 2018	92,502,731	95,988,314	139,646	19,736,262	208,366,953
Balance as at 1 April 2018	92,502,731	95,988,314	139,646	19,736,262	208,366,953
Net increase in funds remitted into Thailand	10,601,866	-	-	-	10,601,866
Decrease in balance of inter-office accounts with head office and other branches under the same entity	-	(47,674,732)	-	-	(47,674,732)
Profit for the year	-	-	-	3,022,056	3,022,056
Other comprehensive loss for the year	-	-	(303,530)	(18,191)	(321,721)
Total comprehensive income (loss) for the year	-	-	(303,530)	3,003,865	2,700,335
Foreign exchange translation adjustments	1,560,582	-	-	-	1,560,582
Balance as at 31 March 2019	104,665,179	48,313,582	(163,884)	22,740,127	175,555,004

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

Mizuho Bank, Ltd. Bangkok Branch**Statement of cash flows****For the year ended 31 March 2019**

	(Unit: Thousand Baht)	
	2019	2018
Cash flows from operating activities		
Profits before income tax expenses	3,760,644	2,352,690
Adjustments to reconcile profits before income tax expenses to net cash received (paid) from operating activities		
Depreciation and amortisation	173,663	164,236
Bad debts and doubtful accounts (reversal)	375,560	(193,105)
Provision for contingent liabilities in respect of off-balance commitments	3,916	12,664
Provision for long-term employee benefits	62,747	16,419
Loss on equipment written off	14	-
Unrealised gains (losses) on exchange and financial derivatives contracts	1,039,167	(187,171)
Net interest income	(4,166,892)	(3,524,892)
Cash received on interest income	10,009,545	8,604,446
Cash paid on interest expenses	(6,130,156)	(5,900,079)
Cash paid on income taxes	(662,731)	(482,299)
Profit from operating activities before changes in operating assets and liabilities	4,465,477	862,909
(Increase) decrease in operating assets		
Interbank and money market items	32,610,923	(34,121,071)
Derivatives assets	6,962,066	7,136,468
Loans to customers	(38,319,604)	3,998,536
Other assets	(274,467)	(153,006)
Increase (decrease) in operating liabilities		
Deposits	54,481,075	(41,559,937)
Interbank and money market items	857,000	846,684
Liabilities payable on demand	573,227	(101,777)
Derivatives liabilities	(9,263,478)	(5,555,251)
Other liabilities	(46,224)	(744,785)
Net cash provided by (used in) operating activities	52,045,995	(69,391,230)

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

Mizuho Bank, Ltd. Bangkok Branch
Statement of cash flows (continued)
For the year ended 31 March 2019

	(Unit: Thousand Baht)	
	2019	2018
Cash flows from investing activities		
Cash paid for investments	(106,766,950)	(104,457,283)
Cash received on investments	93,186,980	107,614,921
Cash paid for purchases of equipment	(9,403)	(10,769)
Cash paid for purchases of intangible assets	(94,281)	(64,378)
Net cash provided by (used in) investing activities	(13,683,654)	3,082,491
Cash flows from financing activities		
Net increase in funds remitted into Thailand	10,601,866	9,537,327
Net increase (decrease) in net balances of inter-office accounts with head office and other branches under the same entity	(47,674,732)	57,908,183
Net cash provided by (used in) financing activities	(37,072,866)	67,445,510
Net increase in cash and cash equivalents	1,289,475	1,136,771
Cash and cash equivalents at beginning of the years	3,592,923	2,456,152
Cash and cash equivalents at end of the years (Note 27)	4,882,398	3,592,923

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

Mizuho Bank, Ltd. Bangkok Branch

Notes to financial statements

For the year ended 31 March 2019

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 98 Sathorn Square Office Tower, 32nd - 35th Floors, North Sathorn Road, Silom Sub-district, Bangrak District, Bangkok. The Bank has another branch, which is Eastern Seaboard Branch.

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 with reference to 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. 21/2558 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 4 December 2015.

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.

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.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Bank adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019.

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

Most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard that involves changes to key principles is summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following of accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Bank is currently evaluating the impact of this standard to the financial statements for the year when it is adopted.

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020.

The Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The set of these TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Bank's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the set of these TFRSs becomes effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Bank is currently evaluating the impact of the set of these TFRSs to the financial statements for the year when they are adopted.

3.4 TFRS 16 Leases that will become effective for fiscal years beginning on or after 1 January 2020

TFRS 16 leases supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Bank is currently evaluating the impact of this standard on the financial statements for the year when it is adopted.

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 trade 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, except for overdraft which are presented at the principal balances plus 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 on loans that 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 year.

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 flows from debt collection or the present value of expected cash flows 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). The cost includes items directly incurred for assets to be in place and ready for use and the estimated removal and restoration costs as a result of obligations arising from the use of assets.

Depreciation is calculated with reference to their costs on a straight-line basis over their estimated useful lives or lease periods of 5 - 12 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.

No depreciation is provided for construction in progress.

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 in profit or loss 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.

4.11 Employee benefits

(a) Short-term employee benefits

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

(b) 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 are recognised immediately in other comprehensive income and from other long-term benefit plan are recognised immediately in profit or loss.

4.12 Provisions for liabilities

Provisions for liabilities 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

The financial statements are presented in Baht, which is also the Bank's functional currency.

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 Credit and debit valuation adjustments on derivatives

The Bank adjusts fair value of credit risk on derivatives taking into accounts credit risk of its counterparty (Credit Valuation Adjustment or CVA) and debit risk on derivatives taking into accounts its own credit risk (Debit Valuation Adjustment or DVA). Determination of such fair value reflects probability of default and loss given default of each counterparty. Change in fair value of credit risk on derivatives for both counterparties will be recognised in profit or loss.

4.16 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.

4.17 Income taxes

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

(a) 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.

(b) 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.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Bank measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.19 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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 judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgements 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 judgement 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 judgements 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 recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques. The input to the models used is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

5.4 Fair value of credit risk on derivatives

In determining fair value of credit risk on derivatives for both counterparties, the management exercises judgement, using techniques and models. In valuation, the variables used may be derived from classification of customers and benchmarking with variables available in the market, taking into consideration credit risk of counterparty, terms of cashflows, probability of default, etc. The change in assumptions used to derive those variables may affect fair value as presented in the financial statements.

5.5 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.6 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 judgement 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.

5.7 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.

5.8 Provision 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. Regulatory rule related to capital fund and Liquidity Coverage Ratio (LCR) Disclosure Standards

6.1 Regulatory rule related to capital fund

According to the BOT's Notification Sor Nor Sor 4/2556 Re: Disclosure Requirement on Capital Adequacy for Commercial Banks, commercial banks are required to disclose certain additional capital information for their position. The Bank will disclose such information as at 31 March 2019 in its website (www.mizuhobank.com/thailand/service) by the end of July 2019. The Bank already disclosed such information as at 30 September 2018 on 28 December 2018.

6.2 Regulatory rule related to Liquidity Coverage Ratio (LCR) Disclosure Standards

According to the BOT's Notification Sor Nor Sor 2/2561, commercial banks are required to disclose certain information for Liquidity Coverage Ratio (LCR). The Bank will disclose such information for the second-half period ended 31 March 2019 in its website (www.mizuhobank.com/thailand/service) by the end of July 2019.

7. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 March 2019			31 March 2018		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	1,715,682	-	1,715,682	1,749,437	-	1,749,437
Commercial banks	545,477	34,572,135	35,117,612	1,942,500	54,396,438	56,338,938
Specialised financial institutions	10	19,000,000	19,000,010	10	30,105,000	30,105,010
Other financial institutions	-	500,000	500,000	-	500,000	500,000
Total	2,261,169	54,072,135	56,333,304	3,691,947	85,001,438	88,693,385
<u>Add</u> Accrued interest receivables	75	14,410	14,485	1,986	15,895	17,881
<u>Less</u> Allowances for doubtful accounts	(5,000)	(57,668)	(62,668)	(19,000)	(83,583)	(102,583)
Total domestic items	2,256,244	54,028,877	56,285,121	3,674,933	84,933,750	88,608,683
Foreign						
US dollars	633,382	3,025,547	3,658,929	300,562	3,336,160	3,636,722
Euro	2,155,355	-	2,155,355	533,248	-	533,248
Australian dollars	110,126	-	110,126	636,293	-	636,293
Hong Kong dollars	69,232	-	69,232	112,476	-	112,476
Other currencies	147,419	28,993	176,412	214,781	-	214,781
Total	3,115,514	3,054,540	6,170,054	1,797,360	3,336,160	5,133,520
<u>Add</u> Accrued interest receivables	-	21,591	21,591	-	13,166	13,166
<u>Less</u> Deferred revenues	-	(657)	(657)	-	(907)	(907)
Allowances for doubtful accounts	-	(30,539)	(30,539)	-	(33,353)	(33,353)
Total foreign items	3,115,514	3,044,935	6,160,449	1,797,360	3,315,066	5,112,426
Total domestic and foreign items	5,371,758	57,073,812	62,445,570	5,472,293	88,248,816	93,721,109

As at 31 March 2019, the Bank had loans to interbank and money market amounting to Baht 57,627 million and allowances for doubtful accounts provided in accordance with the BOT's guidelines amounting to Baht 93 million. All of the loans were classified as "Normal" (31 March 2018: Loans amounted to Baht 90,238 million and allowances for doubtful accounts amounted to Baht 136 million. All of the loans were classified as "Normal".).

8. Derivatives

As at 31 March 2019 and 2018, 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 2019			31 March 2018		
	Fair values/Adjustments made on an accrual basis		Notional Amount ⁽¹⁾	Fair values/Adjustments made on an accrual basis		Notional Amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Types of risk:						
Foreign exchange rate						
Derivatives for trading	6,359,178	5,323,142	580,403,798	12,197,401	11,433,536	795,140,395
Derivatives for banking book	191,593	2,058,614	37,821,437	85,411	3,275,476	17,382,357
Interest rate						
Derivatives for trading	1,527,126	1,448,138	820,111,659	1,561,559	2,203,194	662,351,243
Derivatives for banking book	-	-	21,600,000	-	-	27,000,000
Total	8,077,897	8,829,894	1,459,936,894	13,844,371	16,912,206	1,501,873,995

⁽¹⁾ 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" in the statements of financial position.

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 2019 and 2018, proportions of derivatives transactions classified by types of counterparties, determined based on the notional amount, are as follows.

(Unit: Percent)

Counterparties	31 March 2019	31 March 2018
Financial institutions	58	65
Companies within the Group ⁽¹⁾	27	19
Third parties	15	16
Total	100	100

⁽¹⁾ Head office or other branches under the same entity

9. Investments

9.1 Classified by type of investment

	(Unit: Thousand Baht)			
	31 March 2019		31 March 2018	
	Cost	Fair value	Cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	97,874,853	97,888,451	81,617,563	81,781,159
Foreign debt securities	24,654,068	24,435,615	26,390,871	26,401,833
Total	122,528,921	122,324,066	108,008,434	108,182,992
<u>Add/(Less) Revaluation allowance</u>	<u>(204,855)</u>	<u>-</u>	<u>174,558</u>	<u>-</u>
Investments - net	<u>122,324,066</u>	<u>122,324,066</u>	<u>108,182,992</u>	<u>108,182,992</u>

9.2 Revaluation surplus (deficit) on available-for-sale investments

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Revaluation surplus on investments in debt securities	52,905	196,331
Revaluation deficit on investments in debt securities	(257,760)	(21,773)
Revaluation surplus (deficit) on available-for-sale investments	(204,855)	174,558
<u>Add/(Less) Income taxes</u>	<u>40,971</u>	<u>(34,912)</u>
Revaluation surplus (deficit) on available-for-sale investments - net	<u>(163,884)</u>	<u>139,646</u>

9.3 Investments subject to obligation

As at 31 March 2019 and 2018, investments in government and state enterprise securities and foreign debt securities totalling Baht 100,189 million and Baht 90,550 million, respectively, were maintained as assets under Section 32 of the Act on Undertaking of Banking Business B.E. 2551.

As at 31 March 2019, investments in government and state enterprise securities totaling Baht 1,000 million were placed as collateral against repurchase transactions (31 March 2018: Nil).

10. Loans to customers and accrued interest receivables

10.1 Classified by loan type

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Overdrafts	-	2,714
Loans	275,525,586	237,481,222
Discounted bills	7,064,504	6,786,550
Total loans to customers	282,590,090	244,270,486
<u>Less</u> Deferred revenues	(9,746)	(11,232)
Total loans to customers net from deferred revenue	282,580,344	244,259,254
<u>Add</u> Accrued interest receivable	939,513	694,400
Total loans to customers net from deferred revenues and accrued interest receivables	283,519,857	244,953,654
<u>Less</u> Allowances for doubtful accounts - Provision at BOT's minimum required rates	(3,004,140)	(2,572,198)
Loans to customers and accrued interest receivables - net	280,515,717	242,381,456

10.2 Classified by currency and borrowers' residency

	31 March 2019			31 March 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	177,194,226	-	177,194,226	135,031,671	-	135,031,671
US Dollar	79,382,089	2,340,864	81,722,953	90,281,426	812,027	91,093,453
Yen	18,154,221	-	18,154,221	10,289,788	-	10,289,788
Other currencies	5,508,944	-	5,508,944	7,844,342	-	7,844,342
Total loans to customers net from deferred revenues	280,239,480	2,340,864	282,580,344	243,447,227	812,027	244,259,254

10.3 Classified by business type and loan classification

(Unit: Thousand Baht)

	31 March 2019					Total
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	
Agricultural and mining	4,781,755	-	-	-	-	4,781,755
Manufacturing and commerce	120,144,309	4,973,023	-	73,000	-	125,190,332
Real estate and construction	8,890,088	1,942,113	-	68,000	-	10,900,201
Public utilities and service	64,338,889	619,525	-	-	-	64,958,414
Others	75,441,772	1,307,870	-	-	-	76,749,642
Total loans to customers net						
from deferred revenues	273,596,813	8,842,531	-	141,000	-	282,580,344

(Unit: Thousand Baht)

	31 March 2018					Total
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	
Agricultural and mining	4,304,373	-	-	-	-	4,304,373
Manufacturing and commerce	108,681,857	5,743,681	-	-	-	114,425,538
Real estate and construction	7,602,497	-	-	94,000	-	7,696,497
Public utilities and service	54,541,117	4,922,550	-	-	-	59,463,667
Others	56,909,786	1,459,393	-	-	-	58,369,179
Total loans to customers net						
from deferred revenues	232,039,630	12,125,624	-	94,000	-	244,259,254

10.4 Non-performing loans

As at 31 March 2019 and 2018, 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 2019	31 March 2018
Non-performing loans before allowances for doubtful accounts	141,000	94,000

As at 31 March 2019 and 2018, 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.

10.5 Classified by loan classification

As at 31 March 2019 and 2018, 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 2019				
	Net balance used		Minimum	Allowances for
	Loans to	in setting up	percentage	doubtful accounts
	customers and	allowance	required by BOT	
	accrued interest	for doubtful		
	receivables ⁽¹⁾	accounts ⁽²⁾	(%)	
Normal	274,518,553	268,514,813	1	2,685,148
Special mention	8,859,163	8,842,530	2	176,851
Sub-standard	-	-	100	-
Doubtful	142,141	142,141	100	142,141
Doubtful of loss	-	-	100	-
Total	283,519,857	277,499,484		3,004,140

(Unit: Thousand Baht)

31 March 2018				
	Net balance used		Minimum	Allowances for
	Loans to	in setting up	percentage	doubtful accounts
	customers and	allowance	required by BOT	
	accrued interest	for doubtful		
	receivables ⁽¹⁾	accounts ⁽²⁾	(%)	
Normal	232,676,473	232,039,630	1	2,320,396
Special mention	12,182,892	7,875,625	2	157,513
Sub-standard	-	-	100	-
Doubtful	94,289	94,289	100	94,289
Doubtful of loss	-	-	100	-
Total	244,953,654	240,009,544		2,572,198

⁽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 "Substandard", "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.

11. Allowances for doubtful accounts

(Unit: Thousand Baht)

For the year ended 31 March 2019

	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	2,320,396	157,513	-	94,289	-	2,572,198
Increase during the year	352,026	19,578	-	47,852	-	419,456
Foreign exchange translation	12,726	(240)	-	-	-	12,486
Balance - end of the year	<u>2,685,148</u>	<u>176,851</u>	<u>-</u>	<u>142,141</u>	<u>-</u>	<u>3,004,140</u>

(Unit: Thousand Baht)

For the year ended 31 March 2018

	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	2,397,600	163,097	-	347,329	-	2,908,026
Increase (decrease) during the year	33,934	(4,511)	-	(253,040)	-	(223,617)
Foreign exchange translation	(111,138)	(1,073)	-	-	-	(112,211)
Balance - end of the year	<u>2,320,396</u>	<u>157,513</u>	<u>-</u>	<u>94,289</u>	<u>-</u>	<u>2,572,198</u>

12. Leasehold improvements and equipment

(Unit: Thousand Baht)

	Leasehold improvements	Office equipment	Computer equipment	Total
Cost				
1 April 2017	648,124	135,072	254,739	1,037,935
Additions	-	3,260	7,509	10,769
Disposals/Write-off	-	(173)	-	(173)
31 March 2018	648,124	138,159	262,248	1,048,531
Additions	-	3,791	5,612	9,403
Disposals/Write-off	-	(130)	(8,678)	(8,808)
31 March 2019	648,124	141,820	259,182	1,049,126
Accumulated depreciation				
1 April 2017	68,169	36,032	104,171	208,372
Depreciation charged for the year	56,967	26,460	39,469	122,896
Accumulated depreciation on disposals/ write-off	-	(173)	-	(173)
31 March 2018	125,136	62,319	143,640	331,095
Depreciation charged for the year	53,824	27,072	40,662	121,558
Accumulated depreciation on disposals/ write-off	-	(130)	(8,664)	(8,794)
31 March 2019	178,960	89,261	175,638	443,859
Net book value				
31 March 2018	522,988	75,840	118,608	717,436
31 March 2019	469,164	52,559	83,544	605,267
Depreciation charged in profit or loss for the years ended				
31 March 2018				122,896
31 March 2019				121,558

As at 31 March 2019 and 2018, the Bank had certain items of leasehold improvements and equipment, which were fully depreciated but were still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 83 million and Baht 81 million, respectively.

13. Intangible assets

(Unit: Thousand Baht)

	Computer softwares	Computer softwares under development	Total
Cost			
1 April 2017	340,846	41,551	382,397
Additions	37,378	27,000	64,378
Transfers in/(Transfers out)	28,507	(28,507)	-
31 March 2018	406,731	40,044	446,775
Additions	49,570	44,711	94,281
Transfers in/(Transfers out)	12,316	(12,316)	-
31 March 2019	468,617	72,439	541,056
Accumulated amortisation			
1 April 2017	200,658	-	200,658
Amortisation for the year	41,340	-	41,340
31 March 2018	241,998	-	241,998
Amortisation for the year	52,105	-	52,105
31 March 2019	294,103	-	294,103
Net book value			
31 March 2018	164,733	40,044	204,777
31 March 2019	174,514	72,439	246,953
Amortisation expenses included in profit or loss for the years ended			
31 March 2018			41,340
31 March 2019			52,105

As at 31 March 2019 and 2018, computer softwares had remaining amortisation periods of 0 - 5 years.

As at 31 March 2019 and 2018, the Bank had computer softwares, which were fully amortised but were still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to approximately Baht 170 million and Baht 153 million, respectively.

14. Other assets

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Deposits	26,929	27,565
Fees income receivable	19,084	28,512
Others	100,247	2,163
Total	146,260	58,240
<u>Less</u> Allowance for impairment	(4)	(3)
Other assets - net	146,256	58,237

15. Deposits

15.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Demand deposits	5,646,990	5,973,953
Saving deposits	88,686,879	85,584,734
Term deposits	189,909,366	138,203,473
Total deposits	284,243,235	229,762,160

15.2 Classified by currency and depositors' residency

	31 March 2019			31 March 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	188,549,285	48,744	188,598,029	162,746,751	15,083	162,761,834
US dollar	87,838,275	1,839,281	89,677,556	59,290,170	3,007,211	62,297,381
Yen	3,734,666	-	3,734,666	3,364,956	79	3,365,035
Other currencies	2,232,984	-	2,232,984	1,337,910	-	1,337,910
Total deposits	282,355,210	1,888,025	284,243,235	226,739,787	3,022,373	229,762,160

16. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 March 2019			31 March 2018		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	225	1,000,000	1,000,225	1,600,225	-	1,600,225
Specialised financial institutions	1,632,000	-	1,632,000	284,000	-	284,000
Other financial institutions	171,491	10,000	181,491	82,279	15,000	97,279
Total domestic items	1,803,716	1,010,000	2,813,716	1,966,504	15,000	1,981,504
Foreign						
Baht	111,453	-	111,453	87,533	-	87,533
Us dollar	868	-	868	-	-	-
Total foreign items	112,321	-	112,321	87,533	-	87,533
Total domestic and foreign items	1,916,037	1,010,000	2,926,037	2,054,037	15,000	2,069,037

17. Provisions for liabilities

(Unit: Thousand Baht)

	For the year ended 31 March 2019			
	Provision for long-term employee benefits	Provision for liabilities in respect of off-balance commitments	Provision for removal and restoration costs	Total
Balance as at 1 April 2018	133,156	12,664	109,000	254,820
Increase during the year	85,485	7,150	-	92,635
Decrease during the year	-	(3,234)	-	(3,234)
Paid during the year	(718)	-	-	(718)
Balance as at 31 March 2019	217,923	16,580	109,000	343,503

(Unit: Thousand Baht)

For the year ended 31 March 2018

	Provision for long-term employee benefits	Provision for contingent liabilities in respect of off-balance commitments	Provision for removal and restoration costs	Total
Balance as at 1 April 2017	123,049	-	109,000	232,049
Increase during the year	16,419	15,720	-	32,139
Decrease during the year	-	(3,056)	-	(3,056)
Paid during the year	(6,312)	-	-	(6,312)
Balance as at 31 March 2018	133,156	12,664	109,000	254,820

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

	2019	2018
Provision for long-term employee benefits at beginning of the years	133,156	123,049
Included in profit or loss:		
Current service cost	13,244	12,745
Interest cost	4,072	3,674
Past service costs	45,260	-
Actuarial loss arising from		
- Financial assumptions changes	36	-
- Demographic assumptions changes	62	-
- Experience adjustments	72	-
Included in other comprehensive income:		
Actuarial loss arising from		
- Financial assumptions changes	3,329	-
- Demographic assumptions changes	14,938	-
- Experience adjustments	4,472	-
Benefits paid during the years	(718)	(6,312)
Provision for long-term employee benefits at end of the years	217,923	133,156

As at 31 March 2019 and 2018, the Bank expected to pay Baht 14.2 million and Baht 0.7 million on long-term employee benefits during the next one-year period.

Principal actuarial assumptions at the valuation dates were as follows:

	31 March 2019	31 March 2018
	(% per annum)	(% per annum)
Average discount rate	1.70 - 3.61	3.0625
Future salary incremental rates	6.00 - 9.00	6.00 - 9.00
Staff turnover rate (depend on employee's age)	0.00 - 20.00	0.00 - 25.00

The result of sensitivity analysis on principal assumptions to the present value of employee benefit obligations as at 31 March 2019 and 2018 were summarised below:

(Unit: Thousand Baht)

Principal assumptions	Increase (decrease) in provision for long-term employee benefits as at	
	31 March 2019	31 March 2018
	Average discount rate increased by 1%	(18,672)
Average discount rate decreased by 1%	21,334	12,432
Future salary incremental rates increased by 1%	20,373	13,232
Future salary incremental rates decreased by 1%	(18,239)	(11,803)
Staff turnover rate increased by 20%	(9,689)	(9,023)
Staff turnover rate decreased by 20%	10,768	10,353

As at 31 March 2019 and 2018, the weighted average duration of employee benefit obligations were 11.8 years and 10.7 years, respectively.

On 5 April 2019, the Labour Protection Act (No.7) B.E.2562 was announced in the Royal Gazette. This act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Bank has additional provision for long-term employee benefits of Baht 45 million. The Bank recorded the effect of the change by recognising past services costs as expenses in the statement of comprehensive income for the current period.

18. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Revenue received in advance	386,230	329,850
Contribution payables to the Deposit Protection Agency and the Bank of Thailand	220,700	192,600
Accrued expenses	164,957	147,157
Total other liabilities	<u>771,887</u>	<u>669,607</u>

19. 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 2019 and 2018, funds remitted into Thailand for maintaining assets under Section 32 of the Act on Undertaking of Banking business B.E. 2551 were as follows:

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	93,994,379	81,831,931
Total	<u>104,665,179</u>	<u>92,502,731</u>

As at 31 March 2019 and 2018, the Bank's capital adequacy ratios in accordance with the Act on Undertaking of Banking business B.E. 2551 were as follows:

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
1. Assets required to be maintained under Section 32 (Note 9.3)	100,189,235	90,549,809
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	150,778,816	186,136,684
2.1 Net capital for maintenance of assets under Section 32	102,465,234	90,148,370
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	48,313,582	95,988,314
3. Total regulatory capital (3.1 - 3.2)	99,942,282	89,943,593
3.1 Total regulatory capital before deduction items (the lowest amount among item 1, item 2 and item 2.1)	100,189,235	90,148,370
3.2 Deduction items	(246,953)	(204,777)

20. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Interest income incurred on:		
Interbank and money market items	1,628,521	1,156,264
Investments in debt securities	2,288,448	1,960,388
Loans to customers	7,049,452	5,789,406
Others	1,290	2,720
Total interest income	10,967,711	8,908,778

21. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Interest expenses incurred on:		
Deposits	2,787,506	2,211,716
Interbank and money market items	3,198,590	2,302,520
Contribution fees to the Deposit Protection Agency and the Bank of Thailand	814,723	869,650
Total interest expenses	6,800,819	5,383,886

22. Net fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Fees and service income on:		
Acceptance, aval and guarantees	90,466	72,353
Management fees	284,234	214,590
Others	261,174	266,230
Total fees and service income	635,874	553,173
Total fees and service expenses	(50,038)	(56,707)
Fees and service income - net	585,836	496,466

23. Net gains on trading and foreign exchange transactions

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Gain on foreign currencies and derivatives relating to foreign exchange	2,239,183	1,172,370
Loss on derivatives relating to interest rate	(155,530)	(591,572)
Unrealised gains (losses) on credit/debit value adjustments	68,589	(50,664)
Total	2,152,242	530,134

24. Bad debts and doubtful accounts (reversal)

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Bad debts and doubtful accounts (reversal) on:		
Interbank and money market items	(43,898)	30,576
Loans to customers	419,456	(223,617)
Other receivables	2	(64)
Total	375,560	(193,105)

25. Deferred tax assets and liabilities/Income tax expenses

25.1 Deferred tax assets and liabilities

As at 31 March 2019 and 2018, deferred tax assets and liabilities comprise:

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Deferred tax assets	248,329	122,787
Deferred tax liabilities	26,933	56,228
Deferred tax assets - net	221,396	66,559

(Unit: Thousand Baht)

For the year ended 31 March 2019

	Beginning balances	Recognised in profit or loss	Recognised in other comprehensive income	Ending balances
Deferred tax assets arose from:				
Credit/debit valuation adjustments				
on derivatives	28,755	(13,718)	-	15,037
Available-for-sale investments	4,353	-	47,198	51,551
Intangible assets and leasehold improvements and equipment	25,198	(1,774)	-	23,424
Provisions for liabilities	50,964	13,189	4,548	68,701
Others	14,723	74,893	-	89,616
Total deferred tax assets	123,993	72,590	51,746	248,329
Deferred tax liabilities arose from:				
Available-for-sale investments	39,266	-	(28,685)	10,581
Amortisation of removal and restoration costs	18,168	(1,816)	-	16,352
Total deferred tax liabilities	57,434	(1,816)	(28,685)	26,933
Net	66,559	74,406	80,431	221,396

(Unit: Thousand Baht)

For the year ended 31 March 2018

	Beginning balances	Recognised in profit or loss	Recognised in other comprehensive income	Ending balances
Deferred tax assets arose from:				
Credit/debit valuation adjustments				
on derivatives	18,622	10,133	-	28,755
Available-for-sale investments	17,260	-	(12,907)	4,353
Intangible assets and leasehold improvements and equipment	18,603	6,595	-	25,198
Provisions for liabilities	46,410	4,554	-	50,964
Others	13,986	737	-	14,723
Total deferred tax assets	114,881	22,019	(12,907)	123,993
Deferred tax liabilities arose from:				
Available-for-sale investments	68,501	-	(29,235)	39,266
Amortisation of removal and restoration costs	19,984	(1,816)	-	18,168
Total deferred tax liabilities	88,485	(1,816)	(29,235)	57,434
Net	26,396	23,835	16,328	66,559

25.2 Income tax expenses

Income tax expenses for the years ended 31 March 2019 and 2018 were made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Current income tax		
Corporate income taxes for the years	812,994	463,565
Deferred taxes		
Deferred taxes relating to origination and reversal of temporary differences	(74,406)	(23,835)
Income tax expenses recognised in profit or loss	<u>738,588</u>	<u>439,730</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 March 2019 and 2018 and the applicable tax rate were as follow:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2019	2018
Accounting profits before income tax expenses	<u>3,760,644</u>	<u>2,352,690</u>
Applicable corporate income tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	752,129	470,538
Net tax effect on income not taxable or expenses not deductible in determining taxable profits	<u>(13,541)</u>	<u>(30,808)</u>
Income tax expenses recognised in profit or loss	<u>738,588</u>	<u>439,730</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 - 15 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 2019 and 2018, the Bank contributed approximately Baht 26 million and Baht 24 million, respectively to the fund.

27. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Cash	5,715	3,616
Interbank and money market items - deposits at banks	4,876,683	3,589,307
Total cash and cash equivalents	4,882,398	3,592,923

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	
	31 March			
	2019	2018	2019	2018
Transactions with other related companies in Mizuho Financial Group				
Gains (losses) on financial derivative contracts	39,534	(110,586)	At the rates stipulated in the contracts	At the rates stipulated in the contracts
Transactions with head office and other branches under the same entity⁽¹⁾				
Interest income from lendings	391,911	80,773	At interest rates between 0.001 - 3.01 percent per annum	At interest rates between 0.01 - 1.70 percent per annum
Interest expenses on borrowings	4,546,434	2,538,271	At interest rates between 0.001 - 3.09 percent per annum	At interest rates between 0.01 - 2.65 percent per annum
Gains (losses) on financial derivative contracts	(839,035)	56,025	At the rates stipulated in the contracts	At the rates stipulated in the contracts
Expenses allocated from head office	547,764	520,553	As per invoices charged from head office	As per invoices charged from head office

⁽¹⁾ The amounts presented are net amount of all entities

28.2 Outstanding balances with related parties

As at 31 March 2019 and 2018, the outstanding balances with related parties were as follows:

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Balances with other related companies in		
Mizuho Financial Group		
Loans	21,237,295	-
Deposits	10,506,875	4,056
Off-balance items - financial derivative contracts ⁽¹⁾	45,046,717	24,247,538
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items - assets	31,358	74,718
Interbank and money market items - liabilities	111,453	87,533
Net balances of inter-office accounts with head office and other branches under the same entity⁽²⁾		
Borrowings and accrued interest payables	47,916,460	96,679,616
Deposits/inter-office balances - assets (liabilities)	(397,123)	691,302
Off-balance items - financial derivative contracts ⁽¹⁾	397,160,405	289,590,922
Funds remitted into Thailand	104,665,179	92,502,731

⁽¹⁾ Amounts presented are notional amounts.

⁽²⁾ 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 2019 and 2018 were as follows:

	(Unit: Million Baht)		
	For the year ended 31 March 2019		
	Banking business	Treasury business	Total
Net interest income	4,035	132	4,167
Net fees and service income	599	(13)	586
Net gain (loss) on trading and foreign exchange transactions	1,673	480	2,153
Total operating income	6,307	599	6,906
Total operating expenses	(2,547)	(179)	(2,726)
Profit (loss) from operation before bad debts and doubtful accounts and income tax expenses	3,760	420	4,180
Bad debt and doubtful accounts and income tax expenses			(1,123)
Profit for the year			3,057

	(Unit: Million Baht)		
	For the year ended 31 March 2018		
	Banking business	Treasury business	Total
Net interest income	3,553	(28)	3,525
Net fees and service income	509	(13)	496
Net gain (loss) on trading and foreign exchange transactions	1,456	(925)	531
Total operating income	5,518	(966)	4,552
Total operating expenses	(2,229)	(164)	(2,393)
Profit (loss) from operation before bad debts and doubtful accounts and income tax expenses	3,289	(1,130)	2,159
Bad debt and doubtful accounts and income tax expenses			(246)
Profit for the year			1,913

As at 31 March 2019 and 2018, assets classified by operating segment were as follows:

	(Unit: Million Baht)		
	Banking business	Treasury business	Total
Total assets			
As at 31 March 2019	444,271	31,159	475,430
As at 31 March 2018	428,245	31,545	459,790

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					
	2019			2018		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Total assets	466,511	8,919	475,430	456,635	3,155	459,790
Interbank and money market items						
- net	56,285	6,161	62,446	91,453	2,268	93,721
Investments - net	122,324	-	122,324	108,183	-	108,183
Loans to customers and accrued interest receivables - net	278,153	2,363	280,516	241,574	807	242,381
Total liabilities	297,538	2,337	299,875	247,701	3,722	251,423
Deposits	282,355	1,888	284,243	226,740	3,022	229,762
Interbank and money market items						
- net	2,814	112	2,926	1,981	88	2,069

30.2 Results of operations classified by type of operations

(Unit: Million Baht)

	For the years ended 31 March					
	2019			2018		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Interest income	10,274	694	10,968	8,727	182	8,909
Interest expenses	(3,560)	(3,241)	(6,801)	(2,905)	(2,479)	(5,384)
Net interest income	6,714	(2,547)	4,167	5,822	(2,297)	3,525
Net fees and service income	343	243	586	362	134	496
Other operating income	1,061	1,092	2,153	347	184	531
Other operating expenses	(2,222)	(548)	(2,770)	(1,872)	(521)	(2,393)
Bad debts and doubtful accounts	(375)	-	(375)	193	-	193
Profits from operation before income tax expenses	5,521	(1,760)	3,761	4,852	(2,500)	2,352

31. Commitments and contingent liabilities

31.1 Commitments

	(Unit: Thousand Baht)	
	31 March 2019	31 March 2018
Aval to bills and guarantees of loans	902,286	3,839,117
Liability under unmatured import bills	360,293	150,789
Letter of credits	2,906,975	3,504,403
Other obligations		
- Undrawn bank overdrafts	3,942,700	3,610,986
- Undrawn commitment	44,362,759	27,416,433
- Guarantee - others	31,004,076	31,263,522
- Undrawn credit line	390,754,673	384,862,289
Total	474,233,762	454,647,539

Furthermore, the Bank had 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 8 to the financial statements.

31.2 Commitments under operating lease agreements

As at 31 March 2019 and 2018, the Bank had 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 were as follows:

	(Unit: Thousand Baht)	
	As at 31 March	
Payable within	2019	2018
1 year	84,227	88,512
1 to 5 years	76,193	129,989

Furthermore, as at 31 March 2019 and 2018, the Bank had commitments under the car rental and services agreements totaling approximately Baht 26 million and Baht 25 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's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items, investments, loans to customers, deposits, liability payable on demand, debts issued and borrowings, funds remitted to Thailand - 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.

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 2019 and 2018, financial assets and liabilities classified by type of interest rate were as follows:

(Unit: Million Baht)

Descriptions	31 March 2019			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	6	6
Interbank and money market items	2,730	54,899	4,874	62,503
Investments	44,506	78,023	-	122,529
Loans to customers	274,561	8,019	-	282,580
<u>Financial liabilities</u>				
Deposits	88,687	189,909	5,647	284,243
Interbank and money market items	3	2,809	114	2,926
Liabilities payable on demand	-	-	1,510	1,510
Funds remitted into Thailand - borrowings from other branches under the same entity	93,994	-	-	93,944
Net balance of inter-office accounts with head office and other branches under the same entity	62,948	(15,365)	731	48,314

(Unit: Million Baht)

Descriptions	31 March 2018			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	4	4
Interbank and money market items	3,626	86,614	3,586	93,826
Investments	45,034	62,974	-	108,008
Loans to customers	235,738	8,521	-	244,259
<u>Financial liabilities</u>				
Deposits	85,585	138,203	5,974	229,762
Interbank and money market items	13	1,967	89	2,069
Liabilities payable on demand	-	-	937	937
Funds remitted into Thailand - borrowings from other branches under the same entity	81,832	-	-	81,832
Net balance of inter-office accounts with head office and other branches under the same entity	71,401	24,024	563	95,988

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) were presented below:

(Unit: Million Baht)

	31 March 2019				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	52,343	37	2,519	-	54,899	1.87
Investments	29,128	40,060	8,835	-	78,023	0.91
Loans to customers	7,636	383	-	-	8,019	3.28
<u>Financial liabilities</u>						
Deposits	173,076	15,653	1,180	-	189,909	2.00
Interbank and money market items	2,809	-	-	-	2,809	1.66
Net balance of inter-office accounts with head office and other branches under the same entity	(24,909)	9,544	-	-	(15,365)	1.75

(Unit: Million Baht)

	31 March 2018				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	83,720	2,894	-	-	86,614	1.58
Investments	14,806	44,058	4,110	-	62,974	0.81
Loans to customers	4,553	-	-	8,521	13,074	3.30
<u>Financial liabilities</u>						
Deposits	125,770	12,416	17	-	138,203	1.33
Interbank and money market items	1,967	-	-	-	1,967	1.38
Net balance of inter-office accounts with head office and other branches under the same entity	11,654	12,370	-	-	24,024	1.58

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 2019 and 2018 can be summarised as follows:

(Unit: Million Baht)

	For the years ended 31 March					
	2019			2018		
	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	Interest	Average	Average	Interest	Average
	balances	Interest	balances	balances	Interest	balances
<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						
	92,614	1,629	1.76	84,617	1,156	1.37
Investments	117,358	2,288	1.95	110,552	1,960	1.77
Loans to customers	270,738	7,049	2.60	252,495	5,789	2.29
<u>Interest bearing financial liabilities</u>						
Deposits	238,518	2,788	1.17	235,964	2,212	0.94
Interbank and money market items and						
borrowings and inter-office accounts with						
head office and other branches under						
the same entity						
	205,585	3,199	1.56	178,304	2,303	1.29

(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 2019 and 2018, the Bank's significant foreign currency positions were summarised as follows:

(Unit: Million Baht)

	31 March 2019				31 March 2018			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US Dollar	Euro	Yen	Others	US Dollar	Euro	Yen	Others
<u>Foreign currency position in</u>								
<u>the statement of financial position</u>								
<u>Financial assets</u>								
Interbank and money market items	5,885	2,155	-	327	7,603	533	-	964
Investments	24,654	-	-	-	26,391	-	-	-
Loans to customers and accrued interest receivables	82,057	4,789	18,181	728	91,327	67	10,317	7,781
<u>Financial liabilities</u>								
Deposits	89,678	2,026	3,735	207	62,297	545	3,365	793
Interbank and money market items	1	-	-	-	-	-	-	-
Liabilities payable on demand	859	-	66	-	316	2	83	13
Funds remitted into Thailand - borrowings from other branches under the same entity	86,814	-	7,180	-	81,832	-	-	-
Net balance of inter-office accounts with head office and other branches under the same entity	34,820	5,914	11,575	312	95,449	2,237	1,279	503

(Unit: Million Baht)

	31 March 2019				31 March 2018			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	Dollar	Euro	Yen	Others
Foreign currency position of obligations								
Liability under unmatured import bills	358	2	-	-	146	5	-	-
Guarantees	5,854	1,021	4,876	726	6,771	1,308	4,821	1,662
Letters of credit	2,298	113	465	3	2,917	44	467	3
Foreign exchange contracts								
- Bought	154,372	3,527	23,910	1,581	269,475	2,510	23,992	3,206
- Sold	76,200	3,558	25,793	1,617	186,740	2,563	31,778	3,205
Cross currency and interest rate swap contracts								
swap contracts								
- Bought	168,492	-	50,807	881	157,983	287	34,112	7,778
- Sold	132,386	-	49,508	881	124,503	287	32,899	7,778
Interest rate swap contracts								
- Bought	346,399	-	6,778	-	240,203	-	4,010	-
- Sold	346,399	-	6,778	-	240,203	-	4,010	-
Currency option contracts								
- Bought	857	-	-	-	689	-	-	-
- Sold	857	-	-	-	689	-	-	-

(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 2019 and 2018, the periods to maturity, counting from the financial position date, of financial instruments were as follows:

(Unit: Million Baht)

Transactions	31 March 2019					Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Cash	6	-	-	-	-	6
Interbank and money market items	5,377	52,168	213	4,745	-	62,503
Derivatives assets	-	1,140	2,140	3,841	957	8,078
Investments	-	29,128	64,280	24,349	4,772	122,529
Loans to customers	146	19,712	108,070	100,827	53,825	282,580
<u>Financial liabilities</u>						
Deposits	94,334	173,076	15,653	1,180	-	284,243
Interbank and money market items	1,916	1,010	-	-	-	2,926
Liabilities payable on demand	1,510	-	-	-	-	1,510
Derivatives liabilities	-	2,205	2,468	3,595	562	8,830
Funds remitted into Thailand - borrowings from other branches under the same entity	-	1,590	1,336	91,068	-	93,994
Net balance of inter-office accounts with head office and other branches under the same entity	717	(20,403)	35,169	32,753	78	48,314
<u>Off-balance items - obligations</u>						
Liabilities under unmatured import bills	-	359	2	-	-	361
Letters of credit	128	2,275	177	327	-	2,907
Other obligations	441,864	6,296	13,198	9,546	62	470,966

(Unit: Million Baht)

31 March 2018

Transactions	Less					Total
	At call	3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Cash	4	-	-	-	-	4
Interbank and money market items	5,489	82,025	326	5,986	-	93,826
Derivatives assets	-	2,133	4,771	5,832	1,108	13,844
Investments	-	14,805	47,182	41,336	4,685	108,008
Loans to customers	119	16,974	106,707	84,362	36,097	244,259
<u>Financial liabilities</u>						
Deposits	91,559	125,770	12,416	17	-	229,762
Interbank and money market items	2,054	15	-	-	-	2,069
Liabilities payable on demand	937	-	-	-	-	937
Derivatives liabilities	-	4,545	5,213	6,527	627	16,912
Funds remitted into Thailand - borrowings from other branches under the same entity	-	6,484	20,317	51,283	3,748	81,832
Net balance of inter-office accounts with head office and other branches under the same entity	673	16,700	43,456	35,278	(119)	95,988
<u>Off-balance items - obligations</u>						
Liabilities under unmatured import bills	-	151	-	-	-	151
Letters of credit	49	3,018	102	335	-	3,504
Other obligations	417,729	6,414	12,460	14,313	77	450,993

32.4 Fair value

As at 31 March 2019 and 2018, the Bank had financial assets and liabilities, which were presented according to the fair value hierarchy as follows:

(Unit: Million Baht)

	31 March 2019			
	Carrying value	Fair value		
		Level 1	Level 2	Total
<u>Financial assets and liabilities measured at fair value</u>				
Derivatives assets	7,886	-	7,886	7,886
Investments	122,324	-	122,324	122,324
Derivatives liabilities	6,771	-	6,771	6,771
<u>Financial assets and liabilities for which fair value were disclosed</u>				
Cash	6	6	-	6
Interbank and money market items (assets)	62,446	4,877	57,569	62,446
Derivatives assets	192	-	192	192
Loans to customers	280,516	-	280,516	280,516
Deposits	284,243	94,334	189,909	284,243
Interbank and money market items (liabilities)	2,926	117	2,809	2,926
Liabilities payable on demand	1,510	1,510	-	1,510
Derivatives liabilities	2,059	-	2,059	2,059
Funds remitted into Thailand - borrowings from other branches under the same entity	93,994	-	93,994	93,994
Net balance of inter-office accounts with head office and other branches under the same entity	48,314	-	48,314	48,314

(Unit: Million Baht)

31 March 2018

	Carrying value	Fair value		Total
		Level 1	Level 2	
<u>Financial assets and liabilities measured at fair value</u>				
Derivatives assets	13,759	-	13,759	13,759
Investments	108,183	-	108,183	108,183
Derivatives liabilities	13,637	-	13,637	13,637
<u>Financial assets and liabilities for which fair value were disclosed</u>				
Cash	4	4	-	4
Interbank and money market items (assets)	93,721	3,589	90,132	93,721
Derivatives assets	85	-	85	85
Loans to customers	242,381	-	242,381	242,381
Deposits	229,762	91,559	138,203	229,762
Interbank and money market items (liabilities)	2,069	102	1,967	2,069
Liabilities payable on demand	937	937	-	937
Derivatives liabilities	3,275	-	3,275	3,275
Funds remitted into Thailand - borrowings				
from other branches under the same entity	81,832	-	81,832	81,832
Net balance of inter-office accounts with head office and other branches under the same entity	95,988	-	95,988	95,988

Valuation techniques and inputs used for fair value measurement

Cash	Fair value is determined to approximate to its carrying value as stated in the statement of financial position.
Interbank and money market items (assets)	Fair value is determined to approximate to their carrying value as stated in statement of financial position due to having short-term maturity periods or bearing floating interest rates.
Derivatives	Fair value of derivatives is determined based on quoted market price in active markets. In case that there is no active market, the fair value is determined using valuation technique and observable market data (e.g. interest rate, foreign exchange rate) obtained from reliable sources and adjusted with counterparty credit risk and other risks when appropriate.
Investments	Investment in government market, the fair and state enterprise debt securities, the fair value is determined using government yield curves or bid prices from the Thai Bond Market Association. The fair value of investments in foreign debt securities is determined using bid prices from Bloomberg. If it is not available, indicative price from custodian is used.
Loans to customers	Fair value of floating interest rate loans is determined to approximate their carrying value as stated in the statement of financial position, net of deferred revenue and allowances for doubtful accounts. Fair value of fixed interest rate loans is determined by discount cash flow method using relevant market interest rates and the then-determined fair value does not significantly differ from the carrying value.

Deposits and Interbank and money market items (liabilities)	Fair value is determined to approximate their carrying value as stated in the statement of financial position. The majority of them carries fixed interest rate that the repricing period is less than one year.
Liabilities payable on demand	Fair value is determined to approximate their carrying value as stated in the statement of financial position due to having short-term maturity periods.
Funds remitted into Thailand - borrowings from other branches under the same entity	Fair value is determined approximate their carrying value as stated in the statement of financial position. The majority of them carries floating interest rates.
Net balance of inter-office accounts with head office and other branches under the same entity	Fair value is determined approximate their carrying value as stated in the statement of financial position. The majority of them carries floating interest rates and fixed interest rate that the repricing period is less than one year or the outstanding balance of which are inter-company transactions that are due on call.

During the current year, the Bank did not transfer any items among fair value hierarchy levels.

32.5 Financial derivatives

The Bank enters into financial derivatives as required in the normal course of its business, in order to response 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 2019 and 2018, the Bank's financial derivatives can be classified by period to maturity as follows:

(Unit: Million Baht)

	31 March 2019			31 March 2018		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Foreign exchange contracts						
Bought	256,524	2,464	258,988	474,696	2,320	477,016
Sold	256,913	2,461	259,374	475,298	2,350	477,648
Cross currency and interest rate swap contracts						
Bought	153,992	203,273	357,265	171,582	160,558	332,140
Sold	154,266	203,728	357,994	173,627	160,559	334,186
Interest rate swap contracts						
Bought	466,040	375,671	841,711	272,927	416,424	689,351
Sold	466,040	375,671	841,711	272,927	416,424	689,351
Currency option contracts						
Bought	857	-	857	689	-	689
Sold	857	-	857	689	-	689

33. Approval of financial statements

These financial statements were authorized for issue by the General Manager of Bangkok Branch on 19 July 2019.