

Mizuho Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2021

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 2021, 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 2021, and its financial performance and cash flows for the year then ended, in accordance with the Bank of Thailand's regulations and 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.

Emphasis of Matters

I draw attention to Notes 6.1 to the financial statements. The Bank has adopted a new accounting policies regarding the financial instruments which is in accordance with a set of Thai Financial Reporting Standards related to financial instruments in preparing the financial statements for the current year. My opinion is not modified in respect of this matter.

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.
- 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.



Saranya Pludsri

Certified Public Accountant (Thailand) No. 6768

EY Office Limited

Bangkok: 16 July 2021

Mizuho Bank, Ltd. Bangkok Branch**Statement of financial position****As at 31 March 2021**

(Unit: Thousand Baht)

	Note	31 March 2021	31 March 2020
Assets			
Cash		2,556	12,928
Interbank and money market items	10	53,497,660	62,005,099
Derivatives assets	11	13,373,729	16,201,211
Investments - net	12	114,424,185	122,043,935
Loans to customers and accrued interest receivables - net	13	265,935,231	279,538,649
Leasehold improvements and equipment - net	15	362,025	502,871
Right-of-use assets - net	16	489,898	-
Intangible assets - net	17	309,592	275,814
Accrued interest receivables		292,683	722,438
Deferred tax assets	29.1	352,895	422,354
Other assets - net	18	86,386	209,097
Total assets		449,126,840	481,934,396

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 2021

(Unit: Thousand Baht)

	Note	31 March 2021	31 March 2020
Liabilities and equity of head office and other branches under the same entity			
Liabilities			
Deposits	19	193,092,711	261,411,576
Interbank and money market items	20	830,718	3,966,558
Liabilities payable on demand		1,079,079	797,736
Derivatives liabilities	11	8,087,481	9,831,468
Debts issued and borrowings		-	16,336
Lease liabilities	16	428,234	-
Provisions for liabilities	21	425,722	347,273
Accrued interest payables		133,859	621,859
Income tax payable		679,215	466,420
Deferred tax liabilities	29.1	132,793	85,217
Payable on purchase of securities		-	1,953,538
Other liabilities	22	630,431	856,188
Total liabilities		205,520,243	280,354,169
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	23	99,298,289	104,351,623
Net balances of inter-office accounts with head office and other branches under the same entity - net	23	114,068,841	71,829,097
Other component of head office and other branches under the same entity			
Revaluation deficit on available-for-sale investments - net of income taxes		165,716	(403,871)
Retained earnings		30,073,751	25,803,378
Total equity of head office and other branches under the same entity		243,606,597	201,580,227
Total liabilities and equity of head office and other branches under the same entity		449,126,840	481,934,396

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



General Manager of Bangkok Branch

Mizuho Bank, Ltd. Bangkok Branch
Statement of comprehensive income
For the year ended 31 March 2021

(Unit: Thousand Baht)

	Note	2021	2020
Profit or loss:			
Interest income	24	6,130,709	10,402,603
Interest expenses	25	2,106,256	6,497,909
Net interest income		4,024,453	3,904,694
Fees and service income		428,922	585,242
Fees and service expenses		56,794	50,566
Net fees and service income	26	372,128	534,676
Net gains on trading and foreign exchange transactions	27	1,138,065	2,392,303
Other operating income		667	707
Total operating income		5,535,313	6,832,380
Other operating expenses			
Employee's expenses		913,341	950,451
Premises and equipment expenses		406,681	301,800
Taxes and duties		374,245	743,306
Expenses allocated from head office	32.1	415,267	450,314
Other expenses		144,667	182,050
Total other operating expenses		2,254,201	2,627,921
Expected credit losses/bad debts, doubtful accounts and impairment losses (Reversal)			
	28	(2,255,520)	463,408
Profits before income tax expenses		5,536,632	3,741,051
Income tax expenses	29.2	1,195,656	677,800
Profits for the years		4,340,976	3,063,251

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 2021

(Unit: Thousand Baht)

	2021	2020
Other comprehensive income:		
<i>Items to be subsequently recognised in profit or loss:</i>		
Gain on revaluation of investments in debt instruments measured at fair value through other comprehensive income	703,097	-
Loss on revaluation of available-for-sale investments	-	(299,984)
Benefits (expenses) income tax	(133,510)	59,997
<i>Items to be subsequently recognised in profit or loss - net of income taxes</i>	569,587	(239,987)
Other comprehensive income (loss) for the years	569,587	(239,987)
Total comprehensive income for the years	4,910,563	2,823,264

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



General Manager of Bangkok Branch

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 2021

(Unit: Thousand Baht)

Note	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 investments - net of income taxes	Retained earnings	Total
Balance as at 1 April 2019	104,665,179	48,313,582	(163,884)	22,740,127	175,555,004
Net decrease in funds remitted into Thailand	(2,857,428)	-	-	-	(2,857,428)
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	23,515,515	-	-	23,515,515
Profit for the year	-	-	-	3,063,251	3,063,251
Other comprehensive loss for the year	-	-	(239,987)	-	(239,987)
Total comprehensive income (loss) for the year	-	-	(239,987)	3,063,251	2,823,264
Foreign exchange translation adjustments	2,543,872	-	-	-	2,543,872
Balance as at 31 March 2020	104,351,623	71,829,097	(403,871)	25,803,378	201,580,227
Balance as at 1 April 2020	104,351,623	71,829,097	(403,871)	25,803,378	201,580,227
Cumulative effect of the change in accounting policies due to the adoption of new financial reporting standards	-	-	-	(70,603)	(70,603)
Balance as at 1 April 2020 - as restated	104,351,623	71,829,097	(403,871)	25,732,775	201,509,624
Net decrease in funds remitted into Thailand	(3,061,643)	-	-	-	(3,061,643)
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	42,239,744	-	-	42,239,744
Profit for the year	-	-	-	4,340,976	4,340,976
Other comprehensive income for the year	-	-	569,587	-	569,587
Total comprehensive income (loss) for the year	-	-	569,587	4,340,976	4,910,563
Foreign exchange translation adjustments	(1,991,691)	-	-	-	(1,991,691)
Balance as at 31 March 2021	99,298,289	114,068,841	165,716	30,073,751	243,606,597

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 2021**

(Unit: Thousand Baht)

	2021	2020
Cash flows from operating activities		
Profits before income tax expenses	5,536,632	3,741,051
Adjustments to reconcile profits before income tax expenses to net cash received (paid) from operating activities		
Depreciation and amortisation	267,704	181,907
Expected credit losses/bad debts and doubtful accounts (reversal)	(2,255,520)	463,408
Provision for contingent liabilities in respect of off-balance commitments	(595)	(9,743)
Provision for long-term employee benefits	26,364	26,563
Unrealised gains on exchange and financial derivatives contracts	(1,240,639)	2,444,576
Net interest income	(4,024,453)	(3,904,694)
Cash received on interest income	5,860,216	10,295,885
Cash paid on interest expenses	(1,957,724)	(6,657,588)
Cash paid on income taxes	(981,686)	(682,304)
Profit from operating activities before changes in operating assets and liabilities	1,230,299	5,899,061
(Increase) decrease in operating assets		
Interbank and money market items	8,096,755	1,173,323
Derivatives assets	7,071,522	(5,236,245)
Loans to customers	15,546,315	115,355
Other assets	221,960	(43,848)
Increase (decrease) in operating liabilities		
Deposits	(68,318,866)	(22,831,659)
Interbank and money market items	(3,135,839)	1,040,521
Liabilities payable on demand	281,343	(712,513)
Derivatives liabilities	(5,936,621)	(2,025,121)
Other liabilities	250,506	216,206
Net cash used in operating activities	(44,692,626)	(22,404,920)

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 2021

(Unit: Thousand Baht)

	2021	2020
Cash flows from investing activities		
Cash paid for investments	(100,283,292)	(137,898,857)
Cash received on investments	105,482,050	140,534,704
Cash paid for purchases of equipment	(34,934)	(18,431)
Cash paid for purchases of intangible assets	(105,173)	(89,941)
Net cash provided by investing activities	5,058,651	2,527,475
Cash flows from financing activities		
Cash paid on debts issued and borrowings	(16,258)	(31,558)
Cash received on debts issued and borrowings	-	45,938
Cash paid on lease liabilities	(82,194)	-
Net decrease in funds remitted into Thailand	(3,061,643)	(2,857,429)
Net increase in net balances of inter-office accounts with head office and other branches under the same entity	42,239,744	23,515,515
Net cash provided by financing activities	39,079,649	20,672,466
Net increase (decrease) in cash and cash equivalents	(554,326)	795,021
Cash and cash equivalents at beginning of the years	5,677,419	4,882,398
Cash and cash equivalents at end of the years (Note 31)	5,123,093	5,677,419

Supplemental cash flows information

Non-cash transactions:

Right-of-use assets	18,281	-
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The accompanying notes are an integral part of the financial statements.

Mizuho Bank, Ltd. Bangkok Branch

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Mizuho Bank, Ltd. Bangkok Branch

Notes to financial statements

For the year ended 31 March 2021

1. General information

1.1 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.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, impacting various businesses and industries both directly and indirectly and resulting in an economic slowdown and fluctuations in the money market and the capital market. This situation could create uncertainties and affect the Bank's business activities, and this may impact the operating results and cash flows at present, and is expected to do so in the future. The impact cannot be reasonably estimated at this stage. The Bank's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, including the cash flow management of the Bank and has used estimates and judgement in respect of various issues in order to continuously assessed the impact as the situation has evolved.

2. Basis for preparation of financial statements

The financial statements for the year ended 31 March 2021 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 their presentation has been made in compliance with the Notification of the Bank of Thailand ("BOT") No. SOR NOR SOR. 21/2561 dated 31 October 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BOT's Notifications.

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 has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements. However, the new standard involves changes to key principles, which are summarised below.

(a) Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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

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.

The adoption of these standards on the Bank's financial statements had an impact as described below.

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Bank classifies debt instruments as financial assets measured at amortised cost or fair value in accordance with the Bank's business model in managing the financial assets and according to the contractual cash flows characteristics of the financial assets as follows:

- A financial assets measured at amortised cost only if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date.
- A financial assets measured at fair value through other comprehensive income only if both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date.
- A financial assets measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date.

Financial liabilities

The Bank classifies financial liabilities measured at amortised cost or fair value through profit or loss when they are held for trading or the fair value designation is applied.

Impairment of financial assets

TFRS 9 requires entities to estimate allowance for expected credit losses in place of the incurred losses recognised under the previous accounting policy. It requires entities to recognise impairment based on expected credit loss model (“ECL”) and management overlay for the factors which are not captured by the model. It requires the Bank to recognise an allowance for expected credit losses for all financial assets that are investments in debt instruments not measured at fair value through profit or loss, including undrawn commitments and financial guarantees, and it is not necessary for a credit-impaired event to have occurred. The Bank applies the General Approach to calculate expected credit losses of financial assets such as loans to customers, Interbank and money market items (assets) and investments in debt instruments.

Transition

The Bank adopted a set of financial reporting standards related to financial instruments by recognising the cumulative effect of the first-time adoption of this set of financial reporting standards as an adjustment to the retained earnings or other components of shareholders' equity as at 1 April 2020. The comparative information was not restated; therefore, the presentation of the year ended 31 March 2020 was not comparable with the presentation of the year ended 31 March 2021.

The cumulative effect of the change is described in Note 6.1 to the financial statements.

(b) TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting 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.

The Bank adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings (if any) as at 1 April 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 6.2 to the financial statements.

(c) Accounting guidance

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand's measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, this Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply. The guidance applies to large debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020.
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by economic conditions.

An entity, who provide assistance to affected debtors may apply the followings in accordance with the BOT's guideline.

- For the provision of assistance to loans that are not yet non-performing (Non-NPL), the Bank may classify them as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of Bank of Thailand No. BOT.PRD.(01)C.380/2563 and the classification of the debtor remains at the same stage as before.
- For the provision of assistance to non-performing loans (NPL), the Bank may classify them as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- The guidelines specified in the appendix of the circular if the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
- A newly calculated effective interest rate is applied to determine the present value of loans that have been restricted in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, provided that the provision of assistance is in compliance with the circular of the Bank of Thailand No. BOT.PRD.(1)C.380/2563, the Bank recognises interest income on the basis of this new effective interest rate during the grace period, or in compliance with the circular of the Bank of Thailand's new guidelines if there are changes.

- Consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is sent in determining expected credit losses.

However, the Bank did not apply this Accounting Guidance in its preparation of its financial statements for the year ended 31 March 2021.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 April 2020 and 31 March 2021.

However, the Bank did not apply this Accounting Guidance in its preparation of its financial statements for the year ended 31 March 2021.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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.

The Bank's management is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Interest and discounts on loans to customers

Since 1 April 2020

The Bank has recognised interest on loans on an accrual basis, using the effective interest method, applied to the outstanding principal amount, without ceasing revenue recognition. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. If loans to customers are later credit-impaired, the Bank recognises interest income using the effective interest method applied to the net carrying value of the loan (the loan amount minus allowance for expected credit losses). If the financial asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

Before 1 April 2020

Interest income on loans to customers, discounts on loans to customers and other income are recognised on an accrual basis, except for interest income on loans overdue for more than three months and interest on loans where the borrowers' ability to pay is uncertain. In accordance with the BOT's regulations, interest in arrears for more than three months from the due date, regardless of whether it is covered by collateral, is reversed from profit or loss. Subsequent interest receipts are recognised on a cash basis.

(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.

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 Net gains (losses) from financial instruments measured at fair value through profit or loss

Net gains (losses) from financial instruments measured at fair value through profit or loss consist of gains (losses) on trading and foreign exchange transactions, gains (losses) from changes in fair value of derivatives and financial assets designated at fair value through profit or loss, gains (losses) from sales of financial assets measured at fair value through profit or loss and derivatives, and gains (losses) from hedge accounting. The Bank recognises them as revenues or expenses on the measurement or transaction dates.

4.4 Net gains (losses) on investments

The Bank recognises gains (losses) on disposals or derecognition of financial assets on the transaction dates.

4.5 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.

4.6 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.

4.7 Investments

Since 1 April 2020

The Bank classifies its investments as debt instruments financial assets as follows:

Financial assets - debt instruments

The Bank classifies its investment in debt instruments as financial assets subsequently measured at amortised cost or fair value in accordance with the Bank's business model in managing the financial assets and according to the contractual cash flows characteristics of the financial assets as follows:

(a) Financial assets measured at fair value through profit or loss

It is classified as a financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. Unrealised gains or losses from change in fair value is recognised in profit or loss.

(b) Financial assets measured at fair value through other comprehensive income

It is classified as a financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. The unrealised gains or losses from change in fair value are recognised in other comprehensive income. Upon derecognition or disposal, the cumulative fair value change is recognised in other comprehensive income is recycled to profit or loss. The expected credit losses, and interest income calculated using the effective interest rate method are recognised in profit or loss.

At the end of the reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statements of financial position net of allowance for expected credit losses (if any).

Fair value

Fair values of government and state enterprises bonds is calculated based on the average latest bidding price posted on the Thai Bond Market Association.

Gains or losses on disposals of investments

Gains or losses on disposals of investments (excluding investments in equity securities classified as financial assets designated to be measured at fair value through other comprehensive income) are recognised in profit or loss on the transaction dates. The weighted average method is used for computation of the cost of investments.

Initial recognition

The Bank initially recognises investments on the trade date, which is the date the Bank has actually committed to purchase and sell the investment.

Changes in classification of investments in debt instruments

When there are changes in the Bank's business model for management of financial assets, the Bank has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income depending on the classification of the reclassified investment.

Before 1 April 2020

The Bank classified and measured investments in debt securities as follows:

Marketable debt and equity securities held for trading were classified as trading investments and were stated at fair value, with any resultant gains or losses recognised in profit or loss.

Marketable debt securities other than those held for trading were classified as available-for-sale investments. Available-for-sale investments were, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, were recognised directly in equity. Impairment losses and foreign exchange differences were recognised in profit or loss. When these investments were derecognised, the cumulative gains or losses previously recognised directly in equity were recognised in profit or loss. Where these investments were interest-bearing, interest calculated using the effective interest method was recognised in profit or loss.

The fair value of financial instruments classified as held-for-trading and available-for-sale was determined using the bid price quoted on the reporting date.

4.8 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 revenue and discounts on loans are deducted from the loan balances.

4.9 Allowance for expected credit losses on financial assets

Since 1 April 2020

The Bank recognises an allowance for expected credit losses for all financial debt instruments, which are interbank and money market (assets), loans to customers and investments in debt securities, including loan commitments and financial guarantee contracts, measured at amortised cost or fair value through other comprehensive income using the General Approach. The Bank classifies its financial assets into three stages based on the changes in credit risk since initial recognition as follows:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Bank recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Bank will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting date, the Bank assesses whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default over the expected lifetime at the reporting date with the credit risk at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank uses internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, loans under the watchlist (Early warning sign), loans that are classified as in the high risk group, changes of internal credit rating of the borrower since initial recognition, and issuer credit rating as either 'under investment grade' or 'no rating' for investments, etc.

The Bank assesses whether the credit risk has increased significantly from the date of initial recognition on an individual basis.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Bank considers its historical loss experience, adjusted by current observable data and plus on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. The Bank determines both current and future economic scenario, and probability-weighted in each scenario (base scenario, upturn scenario and downturn scenario) for calculating expected credit losses. Use of forward-looking data increases the degree of judgement required in evaluating how relevant macroeconomic changes affect expected credit loss. The Bank has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on an annual basis.

In the case of investments in debt securities measured at fair value through other comprehensive income, the Bank recognises impairment charge in profit and loss as expected credit losses and the allowance for expected credit losses with the corresponding amount in other comprehensive income, whereas the carrying amount of the investments in debt securities in the statement of financial position still present at fair value.

The measurement of expected credit losses on loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Increase (decrease) in an allowance for expected credit losses is recognised as an increase (decrease) to expenses in profit or loss during the year.

Before 1 April 2020

The Bank's allowance for doubtful accounts was established to recognise impairment losses either on specific loan assets or within a portfolio of loans to customers. Specific provisions were made where the repayment of identified loans to customer is in doubt and reflects expected losses. The amount of specific provision was the excess of the carrying value over the present value of estimated future cash flows, discounted at the loan's effective interest rate. A portfolio provision was established to cover the inherent risk of losses that, although not specifically identified, were known from experience to have been incurred and present in any loan portfolio. The amount of the portfolio provision was computed primarily based on historical experience and adjusted for current trends, economic conditions and management consideration. To the extent that the above policy did not meet the minimum provisioning guidelines established by the BOT, the Bank raised additional provisions to meet such requirements.

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral for which there may not be a readily accessible market. Actual losses identified could differ significantly from the impairment provisions reported as a result of uncertainties arising from the economic environment.

Any allowances for doubtful accounts established during the year were recorded as bad debts, doubtful accounts and impairment loss. The Bank wrote off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered were presented net of bad debts, doubtful account and impairment loss in profit or loss.

4.10 Financial assets with modifications of terms/Debt restructuring

Since 1 April 2020

When a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or existing financial asset is replaced with a new financial asset because the debtor is having financial problem, the Bank assesses whether to derecognise the financial asset and measure allowance for expected credit losses as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Bank calculates the gross carrying value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises gain or loss on contract modification of terms in profit or loss, less any impairment loss on the financial asset.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset on the date of derecognition. The difference between the carrying amount of the asset and the sum of the consideration received from the financial asset is recognised in profit or loss.

In cases where debt restructuring does not result in derecognition, a debtor is classified in the stage where there has been a significant increase in credit risk (Stage 2) or that is credit-impaired (Stage 3) until the repayment is made in compliance with the new debt restructuring agreement for not less than 12 months from the restructuring date. The financial asset is therefore classified in the stage where there has not been a significant increase in credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

Before 1 April 2020

Where the troubled debt restructuring of loans involved modification of the terms and conditions of the remaining loan balances, the fair value of the investment in loans after restructuring was calculated based on the expected future cash flows discounted by the market rate of interest as per the Bank's risk criteria applicable to such loans as at the restructuring date.

The Bank recorded transferred assets from customers at the lower of the fair value of the assets or the carrying value of the loans to customers as at the restructuring date.

Losses on troubled debt restructuring were recognised in profit or loss but gains would not be recognised.

4.11 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.

4.12 Right-of-use assets/Lease liabilities

At inception of contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank as a lessee

Since 1 April 2020

The Bank applied a single recognition and measurement approach for all leases. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	3 - 9	years
Motor vehicles	1 - 4	years
Office equipment	5	years

If ownership of the leased asset is transferred to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Bank's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

Before 1 April 2020

Leases of premises and equipment, which do not transfer substantially all the risks and rewards of ownership were classified as operating leases. Operating lease payments were recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.13 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.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Bank performs impairment reviews in respect of the property, plant and equipment right-of-use asset and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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 determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of ownership. If the Bank neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Bank continues to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

4.22 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.23 Financial instruments

Since 1 April 2020

Recognition of financial instruments

The Bank recognises financial assets or financial liabilities when the Bank become a party to the contractual provisions of the financial instrument.

Classification and measurement

Financial assets - debt securities

The Bank classifies its financial assets - debt instruments as financial assets subsequently measured at amortised cost or fair value in accordance with the Bank's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- A financial asset measured at amortised cost

A financial asset shall be classified as a financial asset measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).

- A financial asset measured at fair value through other comprehensive income

A financial asset shall be classified as a financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. The unrealised gains or losses from change in fair value are recognised in other comprehensive income. Upon derecognition and disposal, the cumulative fair value change is recognised in other comprehensive income. The gains or losses on foreign exchange, expected credit losses, and interest income calculated using the effective interest method are recognised in profit or loss.

- A financial asset measured at fair value through profit or loss

A financial asset shall be classified as a financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. Unrealised gains or losses from change in fair value, and gains and losses on disposals of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Financial liabilities

The Bank classifies and measures financial liabilities at amortised cost. They are initially recognised at fair value and subsequently measured at amortised cost. The Bank may classify financial liabilities as financial liabilities measured at fair value through profit or loss when they are held for trading or designated to be measured at fair value.

Modifications of financial instruments not measured at fair value

Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified financial asset are different from the original financial asset significantly. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognised in profit or loss as a part of impairment loss.

If the cash flows of the modified financial asset are not substantially different, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss, which is presented as a part of impairment losses.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Bank adjusts the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses.

Derecognition of financial instruments

The Bank derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Bank, are recognised separately as an asset or a liability.

A financial liability is derecognised from the statements of financial position when the Bank has discharged its obligation, or the contract is cancelled or expires.

Write-off

Debts that are determined to be irrecoverable are written off (either partially or in full) in the period in which the decision is taken. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's procedures for recovery of the amount due.

Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.24 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 Allowance for expected credit losses

The management is required to use judgement in estimation in determining the allowance for expected credit losses. The calculation of allowance for expected credit losses of the Bank is based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit losses model with a series of underlying assumptions, including the choice of the forecasted macroeconomic variables used in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

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 Lease

Determination of the term of lease with the option to extend or cancel the lease - as a lessee

In determination of the lease term, the management needs to exercise judgement in assessing whether the Bank is reasonably certain or not to exercise the right to extend the period of the lease or cancel the lease, taking into account all relevant facts and circumstances that create economic incentives for the Bank to exercise that right.

Estimating the incremental borrowing rate - The Bank as a lessee

The Bank cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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. Cumulative effect of the change in accounting policies due to the adoption of new financial reporting standards

6.1 Recognition of cumulative effect of changes in accounting policies through adjustment to retained earnings as at 1 April 2020

As described in Note 3.1 to the financial statements, the Bank initially adopted a set of Thai Financial Reporting Standards (TFRS) related to financial instruments and TFRS 16 on 1 April 2020. The Bank chose to recognise the cumulative effect of the change in such accounting policies as an adjustment to retained earnings as at 1 April 2020 and the comparative information would not be restated.

However, the adoption of TFRS 16 has no impact on retained earnings as at 1 April 2020.

The amounts of the adjustments made due to the changes in the accounting policies as a result of adopting these financial reporting standards, which affect the statement of financial position as at 1 April 2020, are as follows:

(Unit: Thousand Baht)

	31 March 2020	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	1 April 2020
Statement of financial position				
Assets				
Interbank and money market				
items	62,005,099	(14,707)	-	61,990,392
Derivatives assets	16,201,211	118,584	-	16,319,795
Investments - net	122,043,935	(223,155)	-	121,820,780
Loans to customers and accrued				
interest receivables - net	279,538,649	697,695	-	280,236,344
Right-of-use assets - net	-	-	492,147	492,147
Accrued interest receivables	722,438	(260,692)	-	461,746
Deferred tax assets	422,354	17,651	-	440,005
Other assets - net	209,097	(613)	-	208,484
Liabilities and shareholder's equity				
Liabilities				
Derivatives liabilities	9,831,468	130,668	-	9,962,136
Lease liabilities	-	-	492,147	492,147
Provisions for liabilities	347,273	459,220	-	806,493
Accrued interest payables	621,859	(184,522)	-	437,337
Shareholder's equity				
Retained earnings - unappropriated	25,803,378	(70,603)	-	25,732,775

6.2 Financial instruments

The impacts due to the first-time adoption of a set of TFRSs related to financial instruments were presented as follows:

	(Unit: Thousand Baht)
	<u>1 April 2020</u>
Impact as result of reclassification and measurement	
Fair value measurement of derivatives measured at fair value through profit or loss	(88,254)
Relevant deferred tax assets	17,651
The impact to retained earnings as at 1 April 2020	<u>(70,603)</u>

As at 1 April 2020, the classification and measurement of financial assets and financial liabilities in accordance with TFRS 9 comparing with the former classification and measurement are as follow:

		(Unit: Thousand Baht)			
	Value according to former accounting policy	<u>The classification and measurement in accordance with TFRS 9</u>			
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	<u>Total</u>
Financial assets					
Cash	12,928	-	-	12,928	12,928
Interbank and money market items	62,005,099	-	-	61,990,392	61,990,392
Derivatives assets	16,201,211	16,319,795	-	-	16,319,795
Investments - net	122,043,935	-	121,820,780	-	121,820,780
Loans to customers and accrued interest receivables - net	279,538,649	-	-	280,236,344	280,236,344
Accrued interest receivables	722,438	-	-	461,746	461,746
Other assets - net	209,097	-	-	208,484	208,484
Total financial assets	<u>480,733,357</u>	<u>16,319,795</u>	<u>121,820,780</u>	<u>342,909,894</u>	<u>481,050,469</u>

(Unit: Thousand Baht)

	Value according to former accounting policy	The classification and measurement in accordance with TFRS 9			
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial liabilities					
Deposits	261,411,576	-	-	261,411,576	261,411,576
Interbank and money market items	3,966,558	-	-	3,966,558	3,966,558
Liabilities payable on demand	797,736	-	-	797,736	797,736
Derivatives liabilities	9,831,468	9,962,136	-	-	9,962,136
Debts issued and borrowings	16,336	-	-	16,336	16,336
Provisions for other liabilities	347,273	-	-	806,493	806,493
Accrued interest payables	621,859	-	-	437,337	437,337
Income tax payable	466,420	-	-	466,420	466,420
Payable on purchase of securities	1,953,538	-	-	1,953,538	1,953,538
Other liabilities	856,188	-	-	856,188	856,188
Total financial liabilities	280,268,952	9,962,136	-	270,712,182	280,674,318

The following table showed a reconciliation of (a) the closing balance of allowance for impairment as at 31 March 2020, recognised in accordance with the BOT regulations and TAS 105 Accounting for Investments in Debt and Equity Securities and the provisions for contingent liabilities, recognised in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets, and (b) the opening balance of allowance for expected credit losses as at 1 April 2020, determined in accordance with TFRS 9 whereby the differences arose as a result of remeasurement of allowance for expected credit losses under the requirement of TFRS 9.

(Unit: Thousand Baht)

	31 March 2020	Remeasurement under TFRS 9	1 April 2020
Allowance for expected credit losses			
- Interbank and money market items (assets)	134,335	14,707	149,042
- Investments in debt securities measured at fair value through other comprehensive income	-	223,155	223,155
- Loans to customers and interest receivables	3,466,142	(697,695)	2,768,447
- Other assets	11	613	624
- Loan commitments and financial guarantee contracts	-	459,220	459,220
Total	3,600,488	-	3,600,488

6.3 Leases

Upon an initial application of TFRS 16, the Bank recognised lease liabilities that were previously classified as operating leases at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate at 1 April 2020 of 0.9500% to 1.1583% per annum.

(Unit: Thousand Baht)

Operating lease commitments disclosed as at 31 March 2020	506,321
Less: Contracts reassessed as service agreements	(14,174)
Increase in lease liabilities due to the first-time adoption of TFRS 16	492,147
Liabilities under finance lease agreements as at 31 March 2020	-
Lease liabilities as at 1 April 2020	492,147
Weighted average incremental borrowing rate (percent per annum)	0.9689

The adjustments of right-of-use assets due to the first-time adoption of TFRS 16 as at 1 April 2020 were summarised below:

(Unit: Thousand Baht)

Buildings	456,207
Equipment	4,747
Motor vehicles	31,193
Total right-of-use assets as at 1 April 2020	492,147

7. Risk Management

7.1 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.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of other comprehensive income, the maximum exposure to credit risk equals their carrying values.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees are called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 March 2021 and 2020, the maximum exposures to credit risk were as follows:

	(Unit: Million Baht)	
	31 March 2021	31 March 2020
Interbank and money market items (asset)	53,618	62,141
Investments in debt securities measured at fair value through other comprehensive income/ available-for-sale investments in debt securities	114,001	122,218
Loans to customers and accrued interest receivables - net	267,426	283,012
Accrued interest receivables	276	343
Total financial assets	<u>435,321</u>	<u>467,714</u>
Loan commitments	49,561	49,254
Financial guarantees	33,740	33,849
Total	<u>83,301</u>	<u>83,103</u>
Total credit risk exposures	<u>518,622</u>	<u>550,817</u>

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The detail about the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amounts (before allowance for expected credit losses).

Explanation of 12-months expected credit loss, lifetime expected credit loss and credit impaired are included in Note 4.9.

The following table below shows the credit quality of loans to customers and accrued interest receivables as at 31 March 2021.

(Unit: Million Baht)

	31 March 2021					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where simplified approach calculated expected credit losses (Lifetime ECL - simplified approach)	Excess allowance	Total
Loans to customers and accrued interest receivables - net						
Overdue 0 day	254,763	12,200	148	-	-	267,111
Overdue 1 - 30 day	-	-	-	-	-	-
Overdue 31 - 60 day	-	-	-	-	-	-
Overdue 61 - 90 day	-	-	-	-	-	-
More than 90 day onwards	-	-	-	-	-	-
Total	254,763	12,200	148	-	-	267,111
Less Allowance for expected credit losses	(181)	(57)	(50)	-	(888)	(1,176)
Net Book Value	254,582	12,143	98	-	(888)	265,935

Investments

As at 31 March 2021, the investments in government bonds of the Bank amounting to Baht 114,424 million (31 March 2020: Baht 122,044 million) which considered as low-risk financial assets (borrowers have a good capacity to meet financial obligations) as a result of “investment grade” investment policies.

Loan commitments and Financial guarantee contracts

As at 31 March 2021, the loan commitments and financial guarantee contracts of the Bank which considering credit risk based on loans to customers and accrued interest receivables are mostly classified as financial assets where there has not been a significant increase in credit risk.

Collateral and any arrangements to increase creditability

The Bank has held collateral and any arrangement to increase creditability of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets were as follows:

	Exposure to credit risk with collateral		Type of collateral
	31 March 2021	31 March 2020	
Interbank and money market items (assets)	35,501	45,001	Bonds
Loans to customers and accrued			
interest receivables - net	805	4,824	Deposits
Loan commitments	1,085	1,450	Deposits
Financial guarantee	3	8	Deposits

(Unit: Million Baht)

7.2 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.

- Interest rate risk

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rates which affect the value of all assets, liabilities and off-statement of financial position items which are rate sensitive items which may affect to net interest income, economic value, trading accounts and other income and expenses that relate to the interest rate.

The Bank manage risks from changes in interest rates by entering into interest rate swap contracts to hedge against risk associated with loans that are subject to fixed interest rates.

As at 31 March 2021 and 2020, financial assets and liabilities classified by type of interest rate were as follows:

(Unit: Million Baht)

Transactions	31 March 2021			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	3	3
Interbank and money market items	4,602	43,756	5,118	53,476
Investments - net	23,573	90,851	-	114,424
Loans to customers and accrued interest receivables - net	250,811	16,113	-	266,924
<u>Financial liabilities</u>				
Deposits	95,800	90,657	6,636	193,093
Interbank and money market items	4	698	129	831
Liabilities payable on demand	-	-	1,079	1,079
Lease liabilities	-	428	-	428
Funds remitted into Thailand - borrowings from other branches under the same entity	88,627	-	-	88,627
Net balance of inter-office accounts with head office and other branches under the same entity	1,060	113,998	(989)	114,069

(Unit: Million Baht)

Transactions	31 March 2020			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
Financial assets				
Cash	-	-	13	13
Interbank and money market items	3,936	52,518	5,662	62,116
Investments - net	28,855	93,694	-	122,549
Loans to customers and accrued interest receivables - net	270,955	11,513	-	282,468
Financial liabilities				
Deposits	100,680	153,596	7,136	261,412
Interbank and money market items	88	3,754	125	3,967
Liabilities payable on demand	-	-	798	798
Debt issued and borrowings	-	16	-	16
Funds remitted into Thailand - borrowings from other branches under the same entity	93,681	-	-	93,681
Net balance of inter-office accounts with head office and other branches under the same entity	58,216	13,555	58	71,829

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 2021				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets						
Interbank and money market items	37,461	759	5,536	-	43,756	1.10
Investments - net	24,854	41,709	24,288	-	90,851	1.06
Loans to customers and accrued interest receivables - net	14,647	1,466	-	-	16,113	2.80
Financial liabilities						
Deposits	70,005	20,627	25	-	90,657	0.36
Interbank and money market items	448	250	-	-	698	0.30
Lease liabilities	20	61	295	52	428	0.93
Net balance of inter-office accounts with head office and other branches under the same entity	106,477	7,521	-	-	113,998	0.36

(Unit: Million Baht)

31 March 2020

	Repricing or maturity dates				Total	Weighted average interest rate (%)
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets						
Interbank and money market items	46,535	1,654	3,022	1,307	52,518	1.19
Investments - net	18,162	50,592	24,940	-	93,694	1.46
Loans to customers and accrued interest receivables - net	10,665	848	-	-	11,513	3.28
Financial liabilities						
Deposits	130,409	22,487	700	-	153,596	1.17
Interbank and money market items	3,754	-	-	-	3,754	0.60
Debt issued and borrowings	16	-	-	-	16	1.69
Net balance of inter-office accounts with head office and other branches under the same entity	9,961	3,594	-	-	13,555	0.99

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 2021 and 2020 can be summarized as follows:

(Unit: Million Baht)

For the years ended 31 March

	2021		Average rate (Percent per annum)	2020		Average rate (Percent per annum)
	Average balances	Interest		Average balances	Interest	
Interest bearing financial assets						
Interbank and money market items and inter-office accounts with head office and other branches under the same entity	63,409	518	0.82	73,940	1,194	1.61
Investments - net	116,566	1,233	1.06	125,524	2,326	1.85
Loans to customers and accrued interest receivables - net	286,739	4,377	1.53	278,537	6,878	2.47
Interest bearing financial liabilities						
Deposits	225,478	846	0.38	263,833	3,258	1.23
Debt issued and borrowings	16	-	0.42	20	-	1.03
Interbank and money market items and borrowings and inter-office accounts with head office and other branches under the same entity	199,673	848	0.42	174,395	2,476	1.42

Analysis of sensitivity to changes in interest rates

Analysis of sensitivity to changes in interest rates shows the potential change in interest rates on the income statement and the equity of the bank by setting constant to other variables.

The sensitivity of the income statement is the effect of changing interest rates on profit or loss for the year. For financial assets and financial liabilities at the end of the reporting period, sensitivity of equity is calculated by measuring fair value as at 31 March of financial assets measured at fair value through other comprehensive income with a new fixed rate, including the effect of hedging cash flow risk by assuming change in interest rate. The methods used in sensitivity analysis does not change from the previous period.

The Bank monitors interest rate risk on a regular basis. In addition, we prepare an interest rate risk gap report to monitor interest rate risk and assess on income and capital sensitivity.

- Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility gives the adverse impact on income or capital due to foreign currency transactions or having assets or liabilities in foreign currency, when converting all items on the Bank's financial statements to local currency, the book values decrease including decline of income or loss incurred from foreign exchange trading.

The status of the Bank's foreign currency balances as at 31 March 2021 and 2020 are as follows:

(Unit: Million Baht)

	31 March 2021				31 March 2020			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	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	7,383	1,081	-	194	7,995	2,625	-	317
Investments - net	9,872	-	-	-	20,093	-	-	-
Loans to customers and accrued interest receivables - net	57,349	12,002	19,051	13	72,891	6,957	20,315	32
<u>Financial liabilities</u>								
Deposits	30,271	923	3,112	128	68,871	2,674	2,705	279
Interbank and money market items	3	-	-	-	660	-	-	-
Liabilities payable on demand	754	-	68	-	383	-	107	-
Debt issued and borrowings	-	-	-	-	16	-	-	-
Funds remitted into Thailand - borrowings from other branches under the same entity	81,545	-	7,082	-	86,154	-	7,527	-
Net balance of inter-office accounts with head office and other branches under the same entity	85,381	10,356	11,042	6,934	53,254	4,838	15,627	666

(Unit: Million Baht)

	31 March 2021				31 March 2020			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	Dollar	Euro	Yen	Others
<u>Foreign currency position of obligations</u>								
Liability under unmatured import bills	90	6	-	-	70	20	-	-
Guarantees	8,503	2,039	3,749	2,351	4,375	126	4,849	4,946
Letters of credit	1,974	11	63	4	2,047	80	235	18
Foreign exchange contracts								
- Bought	200,992	11,112	22,503	8,617	144,052	9,486	27,692	2,022
- Sold	84,882	19,563	21,092	8,650	77,394	16,324	26,404	2,103
Cross currency and interest rate swap contracts								
swap contracts								
- Bought	131,333	1,101	49,224	13	179,818	1,079	57,876	173
- Sold	97,556	1,101	48,128	13	120,295	1,079	56,195	173
Interest rate swap contracts								
- Bought	176,186	-	5,952	-	313,845	-	15,230	-
- Sold	176,190	-	5,952	-	313,849	-	15,230	-
Currency option contracts								
- Bought	496	-	-	-	348	-	-	-
- Sold	496	-	-	-	348	-	-	-

Foreign exchange rate sensitivity analysis

Analysis of sensitivity to changes in foreign exchange rate shows the potential change in interest rates on the income statement and the equity of the bank by setting constant to other variables. Risks and methods used in sensitivity analysis does not change from the previous period.

The Bank managing foreign exchange rate risk by using Value at Risk method (VaR).

- **Securities price risk**

Securities price risk is the risk that changes in the market prices of securities will results 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.

7.3 Liquidity risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting income and capital funds at present and in the future.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 2/2018 dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards", the Bank intends to disclose Liquidity coverage ratio as of 31 March 2021 within 4 months after the period end date, as indicated in the notification, through the Bank's website.

As at 31 March 2021 and 2020, the loans to deposits ratios of the Bank were 137.72% and 106.93% respectively, and the liquidity coverage ratios of the Bank were 149.75% and 110.82%, respectively, against the regulatory requirement of 100%.

As at 31 March 2021 and 2020, the periods to maturity, counting from the financial position date, of financial instruments were as follows:

(Unit: Million Baht)

Transactions	31 March 2021					Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Cash	3	-	-	-	-	3
Interbank and money market items	10,421	36,761	758	5,536	-	53,476
Derivative assets	-	4,467	2,485	5,027	1,395	13,374
Investments - net	-	24,854	50,475	39,095	-	114,424
Loans to customers and accrued interest receivables - net	68	15,608	91,920	124,731	34,597	266,924
<u>Financial liabilities</u>						
Deposits	102,436	70,005	20,627	25	-	193,093
Interbank and money market items	581	100	150	-	-	831
Liabilities payable on demand	1,079	-	-	-	-	1,079
Derivative liabilities	-	1,516	2,085	3,883	603	8,087
Lease liabilities	-	20	61	295	52	428
Funds remitted into Thailand - borrowings from other branches under the same entity	-	-	10,342	78,285	-	88,627
Net balance of inter-office accounts with head office and other branches under the same entity	(640)	11,268	23,714	79,179	548	114,069
<u>Off-balance items - obligations</u>						
Liabilities under unmatured import bills	-	90	6	-	-	96
Letters of credit	212	2,317	118	9	-	2,656
Other obligations	520,824	14,817	10,565	4,778	9	550,993

(Unit: Million Baht)

31 March 2020

Transactions	Less than					Total
	At call	3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Cash	13	-	-	-	-	13
Interbank and money market items	8,664	45,835	1,981	4,329	1,307	62,116
Derivative assets	-	4,941	4,168	2,648	4,444	16,201
Investments - net	-	18,162	60,393	43,994	-	122,549
Loans to customers and accrued interest receivables - net	182	9,560	108,973	131,325	32,428	282,468
<u>Financial liabilities</u>						
Deposits	107,815	130,409	22,488	700	-	261,412
Interbank and money market items	3,313	654	-	-	-	3,967
Liabilities payable on demand	798	-	-	-	-	798
Derivative liabilities	-	2,024	3,228	2,187	2,392	9,831
Debt issued and borrowings	-	16	-	-	-	16
Funds remitted into Thailand - borrowings from other branches under the same entity	-	12,579	8,331	72,771	-	93,681
Net balance of inter-office accounts with head office and other branches under the same entity	67	26,494	29,809	14,378	1,081	71,829
<u>Off-balance items - obligations</u>						
Liabilities under unmatured import bills	-	70	20	-	-	90
Letters of credit	86	2,048	248	-	-	2,382
Other obligations	497,410	6,377	16,492	7,307	13	527,599

7.4 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 2021 and 2020, the Bank's financial derivatives can be classified by period to maturity as follows:

	(Unit: Million Baht)					
	31 March 2021			31 March 2020		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
Bought	322,247	6,547	328,794	250,590	4,603	255,193
Sold	318,026	6,555	324,581	248,085	4,592	252,677
Cross currency and interest rate swap contracts						
Bought	138,783	141,849	280,632	181,423	176,925	358,348
Sold	139,004	141,934	280,938	179,547	176,515	356,062
Interest rate swap contracts						
Bought	113,254	249,450	362,704	290,115	326,384	616,499
Sold	113,258	249,450	362,708	290,115	326,388	616,503
Currency option contracts						
Bought	496	-	496	348	-	348
Sold	496	-	496	348	-	348

8. Classification of financial assets and liabilities

(Unit: Thousand Baht)

	31 March 2021			
	Financial instruments measured at fair value through profit and loss	Investments in debt securities measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	2,556	2,556
Interbank and money market items - net	-	-	53,497,660	53,497,660
Derivatives assets	13,373,729	-	-	13,373,729
Investments - net	-	114,424,185	-	114,424,185
Loans to customers and accrued interest receivables - net	-	-	265,935,231	265,935,231
Accrued interest receivables	-	-	292,683	292,683
Other assets - net	-	-	86,386	86,386
Total financial assets	13,373,729	114,424,185	319,814,516	447,612,430
<u>Financial liabilities</u>				
Deposits	-	-	193,092,711	193,092,711
Interbank and money market items	-	-	830,718	830,718
Liabilities payable on demand	-	-	1,079,079	1,079,079
Derivatives liabilities	8,087,481	-	-	8,087,481
Lease liabilities	-	-	428,234	428,234
Provisions for liabilities	-	-	425,722	425,722
Interest payable	-	-	133,859	133,859
Income tax payable	-	-	679,215	679,215
Other liabilities	-	-	630,431	630,431
Total financial liabilities	8,087,481	-	197,299,969	205,387,450

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

9.1 Regulatory rule related to capital fund

According to the BOT's Notification Sor Nor Sor 4/2556, Sor Nor Sor 5/2556, Sor Nor Sor 14/2562 and Sor Nor Sor 15/2562, commercial banks are required to disclose certain additional capital information for their position. The Bank will disclose such information as at 31 March 2021 in its website (www.mizuhobank.com/thailand/service) by the end of July 2021. The Bank already disclosed such information as at 30 September 2020 on 20 January 2021.

9.2 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 2021 in its website (www.mizuhobank.com/thailand/service) by the end of July 2021. The Bank already disclosed such information as at 30 September 2020 on 20 January 2021.

10. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 March 2021			31 March 2020		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	3,197,866	-	3,197,866	2,163,362	-	2,163,362
Commercial banks	740,214	25,248,064	25,988,278	881,706	35,443,062	36,324,768
Specialised financial institutions	1	11,000,000	11,000,001	11	12,000,000	12,000,011
Other financial institutions	4,600,000	-	4,600,000	2,200,000	100,000	2,300,000
Total	8,538,081	36,248,064	44,786,145	5,245,079	47,543,062	52,788,141
<u>Add</u> Accrued interest receivables	737	19,844	20,581	1,778	4,804	6,582
<u>Less</u> Deferred revenue	-	-	-	-	(502)	(502)
Allowances for doubtful account	-	-	-	(8,000)	(67,232)	(75,232)
Allowance for expected credit losses	(2,905)	(8,016)	(10,921)	-	-	-
Total domestic items	8,535,913	36,259,892	44,795,805	5,238,857	47,480,132	52,718,989
Foreign						
US dollars	607,389	6,776,157	7,383,546	478,192	5,884,517	6,362,709
Euro	1,081,551	-	1,081,551	2,624,599	-	2,624,599
Australian dollars	80,785	-	80,785	233,444	-	233,444
Hong Kong dollars	11,469	-	11,469	21,847	-	21,847
Other currencies	101,262	32,376	133,638	61,331	25,773	87,104
Total	1,882,456	6,808,533	8,690,989	3,419,413	5,910,290	9,329,703
<u>Add</u> Accrued interest receivables	33	14,784	14,817	-	16,702	16,702
<u>Less</u> Deferred revenue	-	(863)	(863)	-	(1,192)	(1,192)
Allowance for doubtful accounts	-	-	-	-	(59,103)	(59,103)
Allowance for expected credit losses	(2,134)	(954)	(3,088)	-	-	-
Total foreign items	1,880,355	6,821,500	8,701,855	3,419,413	5,866,697	9,286,110
Total domestic and foreign items	10,416,268	43,081,392	53,497,660	8,658,270	53,346,829	62,005,099

As at 31 March 2021, the Bank had loans to interbank and money market amounting to Baht 48,462 million and allowance for expected credit losses amounting to Baht 14 million. All of the loans were classified as "Financial assets where there has not been a significant increase in credit risk" (31 March 2020: Loans amounted to Baht 56,453 million and allowance for doubtful accounts amounted to Baht 134 million. All of the loans were classified as "Normal").

11. Derivatives assets/liabilities

Derivatives held for trading

As at 31 March 2021 and 2020, 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 2021			31 March 2020		
	Fair values		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	10,133,042	5,411,302	606,015,397	6,646,169	6,039,849	553,328,781
Derivatives for banking book	-	-	-	4,858,565	163,550	55,758,324
Interest rate						
Derivatives for trading	3,240,687	2,676,179	362,707,837	4,696,477	3,628,069	599,602,748
Derivatives for banking book	-	-	-	-	-	16,900,000
Total	13,373,729	8,087,481	968,723,234	16,201,211	9,831,468	1,225,589,853

⁽¹⁾ Disclosed only in case that the Bank has an obligation to pay

As at 31 March 2021 and 2020, proportions of derivatives transactions classified by types of counterparties, determined based on the notional amount, are as follows.

(Unit: Percent)

Counterparties	31 March 2021	31 March 2020
Financial institutions	49	48
Companies within the Group ⁽¹⁾	25	32
Third parties	26	20
Total	100	100

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

12. Investments

12.1 Classified by type of investment

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
	Fair value	Fair value/cost
Investments in debt securities measured at fair value through other comprehensive income		
Government and state enterprise securities	104,545,135	-
Foreign debt securities	9,914,595	-
<u>Less: Allowance for expected credit losses</u>	(35,545)	-
Investments in debt securities measured at fair value through other comprehensive income - net	<u>114,424,185</u>	<u>-</u>
Available-for-sale investments		
Government and state enterprise securities	-	102,808,683
Foreign debt securities	-	19,235,252
Total	-	122,043,935
<u>Less: Revaluation allowance</u>	-	-
Available-for-sale investments - net	<u>-</u>	<u>122,043,935</u>
Investments - net	<u>114,424,185</u>	<u>122,043,935</u>

12.2 Investments subject to obligation

As at 31 March 2021 and 2020, investments in government and state enterprise securities and foreign debt securities totalling Baht 97,061 million and Baht 96,961 million, respectively, were maintained as assets under Section 32 of the Act on Undertaking of Banking Business B.E. 2551.

As at 31 March 2021 and 2020, there is no investments placed as collateral against repurchase transactions.

13. Loans to customers and accrued interest receivables - net

13.1 Classified by loan type

(Unit: Thousand Baht)

	31 March 2021	31 March 2020
Overdrafts	-	74,885
Loans	259,970,952	275,338,661
Discounted bills	6,957,468	7,061,188
Total loans to customers	266,928,420	282,474,734
<u>Less</u> Deferred revenue	(4,014)	(6,878)
Total loans to customers net of deferred revenue	266,924,406	282,467,856
<u>Add</u> Accrued interest receivables and undue interest receivables	186,337	536,935
Total loans to customers net of deferred revenue and accrued interest receivables	267,110,743	283,004,791
<u>Less</u> Allowance for doubtful accounts - Provision at BOT's minimum required rates	-	(3,466,142)
Allowance for expected credit losses	(1,175,512)	-
Loans to customers and accrued interest receivables - net	265,935,231	279,538,649

13.2 Classified by currency and borrowers' residency

(Unit: Thousand Baht)

	31 March 2021			31 March 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	178,470,195	-	178,470,195	182,483,813	-	182,483,813
US Dollar	54,815,719	2,543,444	57,359,163	70,770,594	1,939,407	72,710,001
Yen	19,063,389	-	19,063,389	20,288,253	-	20,288,253
Other currencies	8,360,749	3,670,910	12,031,659	6,985,789	-	6,985,789
Total loans to customers net of deferred revenue	260,710,052	6,214,354	266,924,406	280,528,449	1,939,407	282,467,856

13.3 Classified by loan classification

As at 31 March 2021 and 2020, the Bank's loans and allowance for doubtful accounts, classified in accordance with the BOT's guidelines, are as below.

(Unit: Thousand Baht)

	31 March 2021	
	Loans to customers and accrued interest receivables ⁽¹⁾	Net balance used in setting up allowance for doubtful accounts
Financial assets where there has not been a significant increase in credit risk (Performing)	254,762,889	181,208
Financial assets where there has been a significant increase in credit risk (under performing)	12,199,910	56,455
Financial assets that are credit impaired (Non-performing)	147,944	49,454
Excess allowance	-	888,395
Total	267,110,743	1,175,512

(Unit: Thousand Baht)

	31 March 2020			
	Loans to customers and accrued interest receivables ⁽¹⁾	Net balance used in setting up allowance for doubtful accounts ⁽²⁾	Minimum percentage required by BOT	Allowance for doubtful accounts
			(%)	
Normal	270,955,741	265,629,533	1	2,656,295
Special mention	11,468,370	11,458,342	2	229,167
Sub-standard	489,655	489,655	100	489,655
Doubtful	91,025	91,025	100	91,025
Doubtful of loss	-	-	100	-
Total	283,004,791	277,668,555		3,466,142

⁽¹⁾ Loans to customers net of deferred revenue plus accrued interest receivables.

⁽²⁾ The net balance used in setting allowance for doubtful accounts for loans classified as "Normal" and "Special mention" is the principal balance net of deferred revenue, 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 of deferred revenue plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

14. Allowance for expected credit losses/Allowance for doubtful accounts

(Unit: Thousand Baht)

	31 March 2021				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)					
Beginning balance	-	-	-	134,335	134,335
Changes due to the first-time adoption of TFRS 9	145,041	4,001	-	(134,335)	14,707
Beginning balance - as restated	145,041	4,001	-	-	149,042
Changes due to remeasurement of allowance for expected credit losses	(12,720)	(3,082)	-	-	(15,802)
New financial assets purchased or acquired	11,058	-	-	-	11,058
Payments of financial assets	(130,289)	-	-	-	(130,289)
Ending balance	13,090	919	-	-	14,009

(Unit: Thousand Baht)

	31 March 2021				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for impairment	Total
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	-	-	-	-	-
Changes due to the first-time adoption of TFRS 9	223,155	-	-	-	223,155
Beginning balance - as restated	223,155	-	-	-	223,155
Changes due to remeasurement of allowance for expected credit losses	(66,113)	-	-	-	(66,113)
New financial assets purchased or acquired	22,098	-	-	-	22,098
Payments and derecognition of financial assets	(143,595)	-	-	-	(143,595)
Ending balance	35,545	-	-	-	35,545

(Unit: Thousand Baht)

31 March 2021

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Excess allowance	BOT's minimum requirement	Total
Loans to customers and accrued interest receivables						
Beginning balance	-	-	-	-	3,466,142	3,466,142
Changes due to the first-time adoption of TFRS 9	1,238,918	241,623	153,671	1,134,235	(3,466,142)	(697,695)
Beginning balance - as restated	1,238,918	241,623	153,671	1,134,235	-	2,768,447
Changes due to changes in staging	2,576	(7,527)	4,951	-	-	-
Changes due to remeasurement of allowance for expected credit losses	(460,794)	(24,238)	10,545	-	-	(474,487)
New financial assets purchased or acquired	97,599	35,128	23,167	-	-	155,894
Recovery	(697,091)	(188,531)	(142,880)	-	-	(1,028,502)
Amortisation of the excess allowance	-	-	-	(245,840)	-	(245,840)
Ending balance	181,208	56,455	49,454	888,395	-	1,175,512

Due to the first-time adoption of TFRS 9, on 1 April 2020 the Bank had an excess allowance of Baht 1,134 million, which was the difference between the allowance for doubtful accounts determined based on prior year's accounting policy and the allowance for expected credit losses determined under TFRS 9. The Bank already notified to the Bank of Thailand in its letter dated 24 February 2020 that the Bank determined the plan to gradually reduce such excess allowance on a straight-line basis over the 5-year period, which is in accordance with the alternatives as determined by the Bank of Thailand. During the year ended 31 March 2021, the Bank already reduced the excess allowance by Baht 246 million. Therefore, as at 31 March 2021, the outstanding balance of the excess allowance was Baht 888 million.

(Unit: Thousand Baht)

For the year ended 31 March 2020

	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	2,685,148	176,851	-	142,141	-	3,004,140
Increase (decrease) during the year	(50,956)	48,703	478,031	(51,116)	-	424,662
Foreign exchange translation	22,103	3,613	11,624	-	-	37,340
Balance - end of the year	2,656,295	229,167	489,655	91,025	-	3,466,142

15. Leasehold improvements and equipment

(Unit: Thousand Baht)

	Leasehold improvements	Office equipment	Computer equipment	Total
Cost				
1 April 2019	648,124	141,820	259,182	1,049,126
Additions	-	8,302	10,128	18,430
Disposals/Write-off	-	(7)	-	(7)
31 March 2020	648,124	150,115	269,310	1,067,549
Transfer to right-of-use assets due to TFRS16 adoption	(109,000)	-	-	(109,000)
Additions	-	3,436	31,497	34,933
31 March 2021	539,124	153,551	300,807	993,482
Accumulated depreciation				
1 April 2019	178,960	89,261	175,638	443,859
Depreciation charged for the year	53,852	26,545	40,429	120,826
Accumulated depreciation on disposals/write-off	-	(7)	-	(7)
31 March 2020	232,812	115,799	216,067	564,678
Transfer to right-of-use assets due to TFRS16 adoption	(36,319)	-	-	(36,319)
Depreciation charged for the year	42,589	24,714	35,795	103,098
31 March 2021	239,082	140,513	251,862	631,457
Net book value				
31 March 2020	415,312	34,316	53,243	502,871
31 March 2021	300,042	13,038	48,945	362,025
Depreciation charged in profit or loss for the years ended				
31 March 2020				120,826
31 March 2021				103,098

As at 31 March 2021 and 2020, 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 205 million and Baht 128 million, respectively.

16. Leases

The Bank has lease contracts for property used in its operations. Leases generally have lease terms between 1 - 9 years.

16.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 March 2021 are summarised below:

(Unit: Thousand Baht)

	31 March 2021			
	Buildings	Office equipment	Motor vehicles	Total
Cost				
1 April 2020	-	-	-	-
Adjustments of right-of-use assets due to				
TFRS 16 adoption	456,207	4,747	31,193	492,147
Transfer from building	109,000	-	-	109,000
Acquisition of assets	2,262	4,038	11,981	18,281
31 March 2021	567,469	8,785	43,174	619,428
Accumulated depreciation				
1 April 2020	-	-	-	-
Transfer from building	36,319	-	-	36,319
Depreciation charged	77,280	2,035	13,896	93,211
31 March 2021	113,599	2,035	13,896	129,530
Net book value				
31 March 2021	453,870	6,750	29,278	489,898

16.2 Lease liability

(Unit: Thousand Baht)

	31 March 2021
Lease payments	442,037
Less: Deferred interest expenses	(13,803)
Total	428,234

A maturity analysis of lease payments is disclosed in Note to financial statement under the liquidity risk.

16.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

For the year ended

31 March 2021

Depreciation expense of right-of-use assets	93,211
Interest expense on lease liabilities	5,262
Expense relating to short-term leases	40,472

The Bank had total cash outflows for leases for the year ended 31 March 2021 of Baht 87 million.

17. Intangible assets

(Unit: Thousand Baht)

	Computer softwares	Computer softwares under development	Total
Cost			
1 April 2019	468,617	72,439	541,056
Additions	31,956	57,985	89,941
Transfers in (Transfers out)	6,410	(6,410)	-
31 March 2020	506,983	124,014	630,997
Additions	65,379	39,794	105,173
Transfers in (Transfers out)	86,014	(86,014)	-
31 March 2021	658,376	77,794	736,170
Accumulated amortisation			
1 April 2019	294,103	-	294,103
Amortisation for the year	61,080	-	61,080
31 March 2020	355,183	-	355,183
Amortisation for the year	71,395	-	71,395
31 March 2021	426,578	-	426,578
Net book value			
31 March 2020	151,800	124,014	275,814
31 March 2021	231,798	77,794	309,592
Amortisation expenses included in profit or loss for the years ended			
31 March 2020			61,080
31 March 2021			71,395

As at 31 March 2021 and 2020, computer softwares had remaining amortisation periods of 0 - 5 years.

As at 31 March 2021 and 2020, 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 237 million and Baht 199 million, respectively.

18. Other assets

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Deposits	26,656	26,884
Fees income receivable	7,622	10,261
Collateral from Credit Support Annex agreements	-	135,792
Others	52,108	36,172
Total	86,386	209,109
<u>Less</u> Allowance for impairment	-	(12)
Other assets - net	86,386	209,097

19. Deposits

19.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Demand deposits	6,635,849	7,135,629
Saving deposits	95,799,606	100,679,741
Term deposits	90,657,256	153,596,206
Total deposits	193,092,711	261,411,576

19.2 Classified by currency and depositors' residency

	(Unit: Thousand Baht)					
	31 March 2021			31 March 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	158,543,070	115,464	158,658,534	186,810,885	72,590	186,883,475
US dollar	28,967,355	1,303,981	30,271,336	67,503,485	1,367,294	68,870,779
Yen	3,111,843	-	3,111,843	2,704,615	-	2,704,615
Other currencies	1,050,744	254	1,050,998	2,952,376	331	2,952,707
Total deposits	191,673,012	1,419,699	193,092,711	259,971,361	1,440,215	261,411,576

20. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 March 2021			31 March 2020		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	224	-	224	600,225	653,423	1,253,648
Specialised financial institutions	-	-	-	1,800,000	-	1,800,000
Other financial institutions	81,855	250,000	331,855	789,477	-	789,477
Total domestic items	82,079	250,000	332,079	3,189,702	653,423	3,843,125
Foreign						
Baht	495,980	-	495,980	117,090	-	117,090
Us dollar	2,659	-	2,659	6,343	-	6,343
Total foreign items	498,639	-	498,639	123,433	-	123,433
Total domestic and foreign items	580,718	250,000	830,718	3,313,135	653,423	3,966,558

21. Provisions for liabilities

(Unit: Thousand Baht)

	For the year ended 31 March 2021				
	Allowance for expected credit losses on loan commitments and financial guarantee contracts	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 31 March 2020	-	231,436	6,837	109,000	347,273
Changes due to the first-time adoption of TFRS9	459,220	-	-	-	459,220
Balance as at 1 April 2020	459,220	231,436	6,837	109,000	806,493
Increase during the year	22,690	26,365	-	-	49,055
Decrease during the year	(416,288)	-	(595)	-	(416,883)
Paid during the year	-	(12,943)	-	-	(12,943)
Balance as at 31 March 2021	65,622	244,858	6,242	109,000	425,722

(Unit: Thousand Baht)

	For the year ended 31 March 2020			
	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 2019	217,923	16,580	109,000	343,503
Increase during the year	26,562	-	-	26,562
Decrease during the year	-	(9,743)	-	(9,743)
Paid during the year	(13,049)	-	-	(13,049)
Balance as at 31 March 2020	231,436	6,837	109,000	347,273

21.1 Allowance for expected credit losses on loan commitments and financial guarantee contracts

As at 31 March 2021, allowance for expected credit losses on loan commitments and financial guarantee contracts classified by classification are as follows:

	(Unit: Thousand Baht)	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	81,330,130	61,057
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,963,825	1,987
Financial assets that are credit-impaired (Non-Performing)	7,610	2,578
Total	83,301,565	65,622

21.2 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	
	2021	2020
Provision for long-term employee benefits at beginning		
of the years	231,436	217,923
Included in profit or loss:		
Current service cost	20,294	20,958
Interest cost	6,071	5,604
Benefits paid during the years	(12,943)	(13,049)
Provision for long-term employee benefits at end of the years	244,858	231,436

As at 31 March 2021 and 2020, the Bank expected to pay Baht 2.9 million and Baht 13.8 million on long-term employee benefits during the next one-year period.

Principal actuarial assumptions at the valuation dates were as follows:

	31 March 2021	31 March 2020
	(% per annum)	(% per annum)
Average discount rate	1.70 - 3.61	1.70 - 3.61
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 - 20.00

The result of sensitivity analysis on principal assumptions to the present value of employee benefit obligations as at 31 March 2021 and 2020 were summarised below:

	(Unit: Thousand Baht)	
	Increase (decrease) in provision	
Principal assumptions	for long-term employee benefits as at	
	31 March 2021	31 March 2020
Average discount rate increased by 1%	(19,691)	(19,226)
Average discount rate decreased by 1%	22,389	21,913
Future salary incremental rates increased by 1%	26,361	23,287
Future salary incremental rates decreased by 1%	(23,408)	(20,767)
Staff turnover rate increased by 20%	(13,316)	(11,429)
Staff turnover rate decreased by 20%	14,919	12,769

As at 31 March 2021 and 2020, the weighted average duration of employee benefit obligations were 11.8 years.

22. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Revenue received in advance	6,333	470,487
Contribution payables to the Deposit Protection Agency and the Bank of Thailand	93,769	118,890
Collateral payables under Credit Support Annex agreements	299,452	-
Accrued expenses	230,877	266,811
Total other liabilities	<u>630,431</u>	<u>856,188</u>

23. 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 2021 and 2020, 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 2021	31 March 2020
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	88,627,489	93,680,823
Total	<u>99,298,289</u>	<u>104,351,623</u>

As at 31 March 2021 and 2020, 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 2021	31 March 2020
1. Assets required to be maintained under Section 32 (Note 12.2)	97,061,443	96,960,650
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	211,041,407	174,209,630
2.1 Net capital for maintenance of assets under Section 32	96,972,566	102,380,533
2.2 Net balance of inter-office accounts which are debtor balances to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	114,068,841	71,829,097
3. Total regulatory capital (3.1 - 3.2)	96,663,103	96,699,399
3.1 Total regulatory capital before deduction items (the lowest amount among item 1, item 2 and item 2.1)	96,972,566	96,960,650
3.2 Deduction items	(309,463)	(261,251)

24. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Interest income incurred on:		
Interbank and money market items	518,412	1,193,962
Investments in debt securities	1,233,351	2,325,974
Loans to customers	4,377,119	6,878,212
Others	1,827	4,455
Total interest income	6,130,709	10,402,603

25. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Interest expenses incurred on:		
Deposits	845,546	3,258,006
Interbank and money market items	847,551	2,475,876
Contribution fees to the Deposit Protection Agency and the Bank of Thailand	413,040	763,747
Others	119	280
Total interest expenses	2,106,256	6,497,909

26. Net fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Fees and service income on:		
Acceptance, aval and guarantees	84,874	94,673
Management fees	127,173	261,138
Others	216,875	229,431
Total fees and service income	428,922	585,242
Total fees and service expenses	(56,794)	(50,566)
Fees and service income - net	372,128	534,676

27. Net gains on financial instruments measured as fair value through profit or loss/Net gains on trading and foreign exchange transactions

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Gain on foreign currencies and derivatives relating to foreign exchange	1,165,768	3,090,271
Loss on derivatives relating to interest rate	(103,438)	(637,490)
Unrealised gains (losses) on credit/debit value adjustments	75,735	(60,478)
Total	1,138,065	2,392,303

28. Expected credit losses/bad debts, doubtful accounts and impairment losses (reversal)

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Expected credit losses/Bad debts, doubtful accounts and impairment losses (reversal) on:		
Interbank and money market items	(129,858)	38,739
Investments in debt securities measured at fair value through other comprehensive income	(186,269)	-
Loans to customers and accrued interest receivables	(1,545,270)	424,662
Other receivables	(525)	7
Loan commitments and financial guarantee contracts	(393,598)	-
Total	(2,255,520)	463,408

29. Deferred tax assets and liabilities/Income tax expenses

29.1 Deferred tax assets and liabilities

As at 31 March 2021 and 2020, deferred tax assets and liabilities comprise:

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Deferred tax assets	352,895	422,354
Deferred tax liabilities	132,793	85,217
Deferred tax assets - net	220,102	337,137

(Unit: Thousand Baht)

For the year ended 31 March 2021

	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	28,642	(15,147)	-	13,495
Investments in debt securities				
measured				
at fair value through other				
comprehensive income	171,641	-	(169,371)	2,270
Leasehold improvements and				
equipment and intangible assets	26,481	6,312	-	32,793
Provisions for liabilities				
Expected credit losses	-	21,125	-	21,125
Revaluation on financial derivatives	-	(13,038)	17,651	4,613
Leases liabilities	-	85,647	-	85,647
Others	126,135	(5,203)	-	120,932
Total deferred tax assets	422,354	82,261	(151,720)	352,895
Deferred tax liabilities arose from:				
Investments in debt securities				
measured at fair value through other				
comprehensive income	70,674	-	(35,860)	34,814
Amortisation of removal and				
restoration costs	14,536	(1,816)	-	12,720
Right-of-use assets	-	85,259	-	85,259
Others	7	(7)	-	-
Total deferred tax liabilities	85,217	83,436	(35,860)	132,793
Net	337,137	(1,175)	(115,860)	220,102

(Unit: Thousand Baht)

For the year ended 31 March 2020

	Beginning balances	Recognised in profit or loss	Recognised in other	Ending balances
			comprehensive income	
Deferred tax assets arose from:				
Credit/debit valuation adjustments				
on derivatives	15,037	13,605	-	28,642
Available-for-sale investments	51,551	-	120,090	171,641
Leasehold improvements and				
equipment and intangible assets	23,424	3,057	-	26,481
Provisions for liabilities	68,701	754	-	69,455
Others	89,616	36,519	-	126,135
Total deferred tax assets	248,329	53,935	120,090	422,354
Deferred tax liabilities arose from:				
Available-for-sale investments	10,581	-	60,093	70,674
Amortisation of removal and				
restoration costs	16,352	(1,816)	-	14,536
Others	-	7	-	7
Total deferred tax liabilities	26,933	(1,809)	60,093	85,217
Net	221,396	55,744	59,997	337,137

29.2 Income tax expenses

Income tax expenses for the years ended 31 March 2021 and 2020 were made up as follows:

(Unit: Thousand Baht)

For the years ended 31 March

	2021	2020
Current income tax		
Corporate income taxes for the years	1,194,481	733,543
Deferred taxes		
Deferred taxes relating to origination and reversal of temporary differences	1,175	(55,743)
Income tax expenses recognised in profit or loss	1,195,656	677,800

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 March 2021 and 2020 and the applicable tax rate were as follow:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2021	2020
Accounting profits before income tax expenses	5,536,632	3,741,051
Applicable corporate income tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	1,107,326	748,210
Net tax effect on income not taxable or expenses not deductible in determining taxable profits	88,330	(70,410)
Income tax expenses recognised in profit or loss	1,195,656	677,800

30. 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 2021 and 2020, the Bank contributed approximately Baht 29 million and Baht 27 million, respectively to the fund.

31. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Cash	2,556	12,928
Interbank and money market items - deposits at banks	5,120,537	5,664,491
Total cash and cash equivalents	5,123,093	5,677,419

32. 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.

32.1 Transactions with related parties occurred during the years

(Unit: Thousand Baht)

	For the years ended		Pricing policy	
	31 March			
	2021	2020	2021	2020
Transactions with other related companies in Mizuho Financial Group				
Gains (losses) on financial derivative contracts	41,030	(359,456)	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	3,109	250,270	At interest rates between 0.001 – 1.63 percent per annum	At interest rates between 0.001 - 2.08 percent per annum
Interest expenses on borrowings	958,676	3,389,999	At interest rates between 0.01 - 2.77 percent per annum	At interest rates between 0.01 - 2.77 percent per annum
Losses on financial derivative contracts	(11,496)	(1,810,185)	At the rates stipulated in the contracts	At the rates stipulated in the contracts
Expenses allocated from head office	415,267	450,314	As per invoices charged from head office	As per invoices charged from head office

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

32.2 Outstanding balances with related parties

As at 31 March 2021 and 2020, the outstanding balances with related parties were as follows:

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Balances with other related companies in		
Mizuho Financial Group		
Loans	2,266,642	473
Off-balance items - financial derivative contracts ⁽¹⁾	13,522,047	14,784,674
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items - assets	23,972	10,655
Interbank and money market items - liabilities	124,022	117,090
Net balances of inter-office accounts with head office and other branches under the same entity⁽²⁾		
Borrowings and accrued interest payables	114,081,648	70,973,145
Deposits/inter-office balances - assets (liabilities)	(29,725)	(855,952)
Off-balance items - financial derivative contracts ⁽¹⁾	237,525,779	360,834,858
Funds remitted into Thailand	99,298,289	104,351,623

⁽¹⁾ Amounts presented are notional amounts.

⁽²⁾ The amounts presented are net amount of all branches.

33. 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 2021 and 2020 were as follows:

(Unit: Million Baht)

	For the year ended 31 March 2021		
	Banking business	Treasury business	Total
Net interest income	2,757	1,267	4,024
Net fees and service income	382	(10)	372
Net gain (loss) on trading and foreign exchange transactions and other operating income	1,563	(424)	1,139
Total operating income	4,702	833	5,535
Total operating expenses	(2,111)	(143)	(2,254)
Profit from operation before expected credit losses and income tax expenses	2,591	690	3,281
Reversal of expected credit losses and income tax expenses			1,060
Profit for the year			4,341

(Unit: Million Baht)

	For the year ended 31 March 2020		
	Banking business	Treasury business	Total
Net interest income	3,892	13	3,905
Net fees and service income	545	(10)	535
Net gain (loss) on trading and foreign exchange transactions and other operating income	1,769	624	2,393
Total operating income	6,206	627	6,833
Total operating expenses	(2,448)	(180)	(2,628)
Profit from operation before bad debts and doubtful accounts and income tax expenses	3,758	447	4,205
Bad debt and doubtful accounts and income tax expenses			(1,142)
Profit for the year			3,063

As at 31 March 2021 and 2020, assets classified by operating segment were as follows:

(Unit: Million Baht)

	Banking business	Treasury business	Total
Total assets			
As at 31 March 2021	420,641	28,486	449,127
As at 31 March 2020	448,911	33,023	481,934

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

34.1 Financial position classified by type of operations

(Unit: Million Baht)

	As at 31 March					
	2021			2020		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Total assets	433,540	15,587	449,127	470,156	11,778	481,934
Interbank and money market items						
- net	44,796	8,702	53,498	52,719	9,286	62,005
Investments - net	114,424	-	114,424	122,044	-	122,044
Loans to customers and accrued interest receivables - net	259,711	6,224	265,935	277,605	1,934	279,539
Total liabilities	203,237	2,283	205,520	277,978	2,376	280,354
Deposits	191,673	1,420	193,093	259,972	1,440	261,412
Interbank and money market items						
- net	332	499	831	3,843	124	3,967

34.2 Results of operations classified by type of operations

(Unit: Million Baht)

	For the years ended 31 March					
	2021			2020		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Interest income	5,664	466	6,130	9,845	558	10,403
Interest expenses	(1,118)	(988)	(2,106)	(3,089)	(3,409)	(6,498)
Net interest income	4,546	(522)	4,024	6,756	(2,851)	3,905
Net fees and service income	333	39	372	442	93	535
Other operating income	935	204	1,139	230	2,163	2,393
Other operating expenses	(1,839)	(415)	(2,254)	(2,178)	(450)	(2,628)
Reversal of expected credit losses (Bad debts and doubtful accounts)	2,110	146	2,256	(464)	-	(464)
Profits from operation before income tax expenses	6,085	(548)	5,537	4,786	(1,045)	3,741

35. Commitments and contingent liabilities

35.1 Commitments

	(Unit: Thousand Baht)	
	31 March 2021	31 March 2020
Liability under unmatured import bills	96,227	90,237
Letter of credits	2,655,665	2,382,117
Other obligations		
- Undrawn bank overdrafts	3,677,632	3,726,715
- Undrawn commitment	49,561,276	49,254,592
- Guarantee - others	30,988,395	31,358,154
- Undrawn credit line	466,765,900	443,259,149
Total	<u>553,745,095</u>	<u>530,070,964</u>

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 11 to the financial statements.

35.2 Commitments under operating lease agreements

As at 31 March 2020, 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	2021	2020
1 year	56	65,204
1 to 5 years	-	10,989

Furthermore, as at 31 March 2021, the Bank had no commitments under the car rental and services agreements (2020: Baht 34 million).

36. Fair value of financial assets and liabilities

As at 31 March 2021 and 2020, the Bank had financial assets and liabilities, which were presented according to the fair value hierarchy as follows:

(Unit: Million Baht)

	31 March 2021			
	Carrying value	Fair value		
		Level 1	Level 2	Total
<u>Financial assets measured at fair value</u>				
Derivatives assets	13,374	-	13,374	13,374
Investments - net	114,424	-	114,424	114,424
<u>Financial liabilities measured at fair value</u>				
Derivatives liabilities	8,087	-	8,087	8,087
<u>Financial assets for which fair value were disclosed</u>				
Cash	3	3	-	3
Interbank and money market items (assets)	53,498	5,121	48,377	53,498
Loans to customers and accrued interest receivables - net	265,935	-	265,935	265,935
<u>Financial liabilities for which fair value were disclosed</u>				
Deposits	193,093	102,436	90,657	193,093
Interbank and money market items (liabilities)	831	133	698	831
Liabilities payable on demand	1,079	1,079	-	1,079
Funds remitted into Thailand - borrowings from other branches under the same entity	88,627	-	88,627	88,627
Net balance of inter-office accounts with head office and other branches under the same entity	114,069	-	114,069	114,069

(Unit: Million Baht)

31 March 2020

	Carrying value	Fair value		Total
		Level 1	Level 2	
<u>Financial assets measured at fair value</u>				
Derivatives assets	11,342	-	11,342	11,342
Investments - net	122,044	-	122,044	122,044
<u>Financial liabilities measured at fair value</u>				
Derivatives liabilities	9,668	-	9,668	9,668
<u>Financial assets for which fair value were disclosed</u>				
Cash	13	13	-	13
Interbank and money market items (assets)	62,005	5,664	56,341	62,005
Derivatives assets	4,859	-	4,977	4,977
Loans to customers and accrued interest receivables - net	279,539	-	279,539	279,539
<u>Financial liabilities for which fair value were disclosed</u>				
Deposits	261,412	107,816	153,596	261,412
Interbank and money market items (liabilities)	3,967	213	3,754	3,967
Liabilities payable on demand	798	798	-	798
Derivatives liabilities	164	-	294	294
Debt issued and borrowings	16	-	16	16
Funds remitted into Thailand - borrowings from other branches under the same entity	93,681	-	93,681	93,681
Net balance of inter-office accounts with head office and other branches under the same entity	71,829	-	71,829	71,829

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 - net	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 and accrued interest receivables - net	<p>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 allowance for doubtful accounts.</p> <p>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.</p>
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.

37. Approval of financial statements

These financial statements were authorized for issue by the General Manager of Bangkok Branch on 16 July 2021.