

Mizuho Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2022

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 2022, 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 2022, 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.

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: 19 July 2022

Mizuho Bank, Ltd. Bangkok Branch

Statement of financial position

As at 31 March 2022

(Unit: Thousand Baht)

	Note	31 March 2022	31 March 2021
Assets			
Cash		-	2,556
Interbank and money market items - net	9	80,472,163	53,497,660
Derivatives assets	10	10,583,403	13,373,729
Investments - net	11	126,739,402	114,424,185
Loans to customers and accrued interest receivables - net	12	277,155,879	265,935,231
Leasehold improvements and equipment - net	14	290,172	362,025
Right-of-use assets - net	15.1	192,194	489,898
Intangible assets - net	16	350,513	309,592
Accrued interest receivables		153,052	292,683
Deferred tax assets	28.1	307,039	352,895
Other assets - net	17	88,821	86,386
Total assets		496,332,638	449,126,840

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 2022

(Unit: Thousand Baht)

	Note	31 March 2022	31 March 2021
Liabilities and equity of head office and other branches under the same entity			
Liabilities			
Deposits	18	227,382,071	193,092,711
Interbank and money market items	19	4,905,778	830,718
Liabilities payable on demand		1,298,754	1,079,079
Derivatives liabilities	10	8,179,881	8,087,481
Lease liabilities	15.2	147,503	428,234
Provisions for liabilities	20	455,101	425,722
Accrued interest payables		110,719	133,859
Income tax payable		556,232	679,215
Deferred tax liabilities	28.1	52,887	132,793
Other liabilities	21	925,170	630,431
Total liabilities		244,014,096	205,520,243
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	22	98,138,111	99,298,289
Net balances of inter-office accounts with head office and other branches under the same entity - net	22	120,793,583	114,068,841
Other component of head office and other branches under the same entity			
Revaluation deficit on investments in debt securities measured at fair value through other comprehensive income - net of income taxes		27,888	165,716
Retained earnings		33,358,960	30,073,751
Total equity of head office and other branches under the same entity		252,318,542	243,606,597
Total liabilities and equity of head office and other branches under the same entity		496,332,638	449,126,840

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 2022

(Unit: Thousand Baht)

	Note	2022	2021
Profit or loss:			
Interest income	23	5,095,193	6,130,709
Interest expenses	24	1,455,003	2,106,256
Net interest income		3,640,190	4,024,453
Fees and service income		456,541	428,922
Fees and service expenses		57,728	56,794
Net fees and service income	25	398,813	372,128
Net gains on financial instruments measured at fair value through profit or loss	26	2,653,764	1,138,065
Other operating income		3,854	667
Total operating income		6,696,621	5,535,313
Other operating expenses			
Employee's expenses		945,642	913,341
Premises and equipment expenses		359,794	406,681
Taxes and duties		293,903	374,245
Expenses allocated from head office	31.1	462,613	415,267
Other expenses		210,157	144,667
Total other operating expenses		2,272,109	2,254,201
Expected credit losses (Reversal)	27	181,518	(2,255,520)
Profits before income tax expenses		4,242,994	5,536,632
Income tax expenses	28.2	966,035	1,195,656
Profits for the years		3,276,959	4,340,976

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 2022

(Unit: Thousand Baht)

	2022	2021
Other comprehensive income:		
Items to be subsequently recognised in profit or loss:		
Gain (loss) on revaluation of investments in debt instruments measured at fair value through other comprehensive income	(163,399)	703,097
Income tax benefits (expenses)	25,571	(133,510)
Items to be subsequently recognised in profit or loss		
- net of income taxes	(137,828)	569,587
Items not to be subsequently recognised in profit or loss:		
Actuarial gains on the defined benefit plans	10,313	-
Income tax expenses	(2,063)	-
Items not to be subsequently recognised in profit or loss		
- net of income taxes	8,250	-
Other comprehensive income (loss) for the years	(129,578)	569,587
Total comprehensive income for the years	3,147,381	4,910,563

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 2022

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balances of inter-office accounts		Other component of head office and other branches		Retained earnings	Total
		with head office and other branches under the same entity - net	under the same entity - net	under the same entity - Revaluation surplus (deficit) on investments	- net of income taxes		
Balance as at 1 April 2020	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 for the year	-	-	569,587	-	569,587		
Foreign exchange translation adjustments	(1,991,691)	-	-	4,340,976	4,910,563		
Balance as at 31 March 2021	99,298,289	114,068,841	165,716	30,073,751	243,606,597		
Balance as at 1 April 2021	99,298,289	114,068,841	165,716	30,073,751	243,606,597		
Net decrease in funds remitted into Thailand	(6,562,045)	-	-	-	(6,562,045)		
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	6,724,742	-	-	6,724,742		
Profit for the year	-	-	-	3,276,959	3,276,959		
Other comprehensive income (loss) for the year	-	-	(137,628)	8,250	(129,578)		
Total comprehensive income (loss) for the year	-	-	(137,628)	3,285,209	3,147,381		
Foreign exchange translation adjustments	5,401,867	-	-	-	5,401,867		
Balance as at 31 March 2022	98,136,111	120,793,583	27,888	33,358,960	252,318,542		

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 2022

	(Unit: Thousand Baht)	
	2022	2021
Cash flows from operating activities		
Profits before income tax expenses	4,242,994	5,536,632
Adjustments to reconcile profits before income tax expenses to net cash received (paid) from operating activities		
Depreciation and amortisation	214,001	267,704
Expected credit losses (reversal)	181,518	(2,255,520)
Provision for contingent liabilities in respect of off-balance commitments (reversal)	5,431	(595)
Provision for long-term employee benefits	27,482	26,364
Loss on disposal of leasehold improvements and equipment	28,160	-
Loss on write off of right-of-use assets	8,576	-
Gain on reversal of demolition cost	(2,165)	-
Unrealised (gains) losses on exchange and financial derivatives contracts	4,843,385	(1,240,639)
Net interest income	(3,640,190)	(4,024,453)
Cash received on interest income	5,075,192	5,860,216
Cash paid on interest expenses	(1,225,646)	(1,957,724)
Cash paid on income taxes	(1,099,474)	(981,686)
Profit from operating activities before changes in operating assets and liabilities	8,659,264	1,230,299
(Increase) decrease in operating assets		
Interbank and money market items	(27,205,735)	8,096,755
Derivatives assets	7,655,789	7,071,522
Loans to customers	(11,337,518)	15,546,315
Other assets	9,178	221,960
Increase (decrease) in operating liabilities		
Deposits	34,289,360	(68,318,866)
Interbank and money market items	4,075,060	(3,135,839)
Liabilities payable on demand	219,675	281,343
Derivatives liabilities	(4,903,067)	(5,936,621)
Other liabilities	335,677	250,506
Net cash provided by (used in) operating activities	11,797,683	(44,692,626)

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 2022

(Unit: Thousand Baht)

	2022	2021
Cash flows from investing activities		
Cash paid for investments	(131,471,963)	(100,283,292)
Cash received on investments	119,554,000	105,482,050
Cash paid for purchases of equipment	(26,200)	(34,934)
Proceeds from sales of leasehold improvements	10,244	-
Cash paid for purchases of intangible assets	(120,463)	(105,173)
Net cash provided by (used in) investing activities	(12,054,382)	5,058,651
Cash flows from financing activities		
Cash paid on debts issued and borrowings	-	(16,258)
Cash paid on lease liabilities	(57,007)	(82,194)
Net decrease in funds remitted into Thailand	(6,562,045)	(3,061,643)
Net increase in net balances of inter-office accounts with head office and other branches under the same entity	6,724,742	42,239,744
Net cash provided by financing activities	105,690	39,079,649
Net decrease in cash and cash equivalents	(151,009)	(554,326)
Cash and cash equivalents at beginning of the years	5,123,093	5,677,419
Cash and cash equivalents at end of the years (Note 30)	4,972,084	5,123,093
Supplemental cash flows information		
Non-cash transactions:		
Increase in right-of-use assets	5,088	18,281

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 2022

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 adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Bank is operating. 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, and has used their best estimates and judgement in respect of various issues as the situation has evolved.

2. Basis for preparation of financial statements

The financial statements for the year ended 31 March 2022 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 and new 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 adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

3.3 Accounting Guidance on the guidelines in relation to the provision of assistance to debtors affected by the COVID-19 that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions announced the Accounting Guidance on the guidelines in relation to the provision of assistance to debtors affected by the COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors as specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 "Guidelines regarding the provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)" or any other measures additionally announced by the Bank of Thailand. Such entities include those engaging in credit card businesses, businesses providing loans secured by vehicle registrations, 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.

This Accounting Guidance becomes effective for entities that provide assistance to debtors impacted by the COVID-19 during the period from 1 January 2022 to 31 December 2023 or until further change is made by the Bank of Thailand requiring entities to comply. The guidance applies to the staging assessment and provisioning for qualified debtors, which cover all types of debts, namely large corporate loans, small- and-medium-sized (SME) loans and retail loans as follows:

- a) In cases of debt restructuring for the purpose of reducing the debt burden of debtors that involve more than just extending the repayment schedules, the applicable procedures are as follows:
 - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1) without restructuring terms compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtors are assessed that they are able to comply with the debt restructuring agreement.
 - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
 - Additional loans provided to a debtor for its use as additional working capital or liquidity enhancement to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the Bank considers that the debtor is able to comply with repayment conditions under the new debt restructuring agreement.
 - Loans are classified as loans that there has been a significant increase in credit risk (Under-performing or Stage 2) when principal or interest payments are more than 30 days or 1 month past due.
 - A new effective interest rate can be applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
- b) In cases of the debt restructuring involving only a repayment schedule extension, the applicable procedures are as follows:
 - The staging assessment and provisioning are to be made in accordance with relevant financial reporting standards.

- The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 "Guidelines in relation to provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)" relating to assessment of whether there has been a significant increase in credit risk are to be applied for preliminary assessment as to whether or not a debtor is to move to under-performing stage or Stage 2.
- c) Expected credit losses are determined based on the outstanding balance of the drawn down portion only. No expected credit loss is calculated for unused credit lines.
- d) For retail and SME loans, which are in process of debt restructuring but unable to complete the process by 31 December 2021 in accordance with guidelines specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 594/2564 "Guidelines in relation to debt restructuring to assist debtors affected by the COVID-19", such loans can continue to be remained at the same stage no longer than 31 March 2022 or until future changes are made by the Bank of Thailand requiring the entities to comply.

For debts restructured between 1 January 2021 and 31 December 2021 in accordance with a) and b) as mentioned above, the entities can apply the staging and provisioning criteria as mentioned in this guidelines during 1 January 2022 to 31 December 2023. Whereby the entities have to apply the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy during 2021.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Interest and discounts on loans to customers

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.

- (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 using effective interest rate method. 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 and gains (losses) from sales of financial assets measured at fair value through profit or loss and derivatives. 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

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.

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

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.

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

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.
- 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) until 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, or that debtor is classified as 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).

4.11 Leasehold improvements and equipment and depreciation

Leasehold improvements and equipment are stated at cost less accumulated depreciation and less allowance for impairment losses (if any). The cost includes items directly incurred for assets to be in place and ready for use and the estimated removal and restoration costs as a result of obligations arising from the use of assets.

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

Depreciation is recognised as expenses in profit or loss.

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

No depreciation is provided for construction in progress.

4.12 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

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 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.

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 assets and right-of-use asset 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 valuation adjustments on derivatives

The Bank adjusts fair value of credit risk on derivatives (Credit Valuation Adjustment or CVA) taking into accounts credit risk of its counterparty and its own credit risk. 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

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.

Offsetting of financial instruments

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.

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 (Trade date) 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 - The Bank 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. Risk Management

6.1 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 2022 and 2021, the maximum exposures to credit risk were as follows:

	(Unit: Million Baht)	
	<u>31 March 2022</u>	<u>31 March 2021</u>
Interbank and money market items (asset)	80,581	53,618
Investments in debt securities measured at fair value through other comprehensive income	126,630	114,001
Loans to customers and accrued interest receivables	278,757	267,426
Accrued interest receivables	147	276
Total financial assets	<u>486,115</u>	<u>435,321</u>
Loan commitments	35,523	49,561
Financial guarantees	35,684	33,740
Total	<u>71,207</u>	<u>83,301</u>
Total credit risk exposures	<u>557,322</u>	<u>518,622</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 2022 and 2021.

(Unit: Million Baht)

	31 March 2022				
	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)	Excess allowance	Total
Loans to customers and accrued interest receivables - net					
Overdue 0 day	251,518	26,685	263	-	278,466
Overdue 1 - 30 days	-	-	-	-	-
Overdue 31 - 60 days	-	-	-	-	-
Overdue 61 - 90 days	-	-	-	-	-
More than 90 days onwards	-	-	-	-	-
Total	251,518	26,685	263	-	278,466
Less: Allowance for expected credit losses	(226)	(233)	(68)	(783)	(1,310)
Net Book Value	251,292	26,452	195	(783)	277,156

(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 credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Excess allowance	Total
Loans to customers and accrued interest receivables - net					
Overdue 0 day	254,763	12,200	148	-	267,111
Overdue 1 - 30 days	-	-	-	-	-
Overdue 31 - 60 days	-	-	-	-	-
Overdue 61 - 90 days	-	-	-	-	-
More than 90 days 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 2022, the investments in government and state enterprise securities and foreign debt securities of the Bank amounting to Baht 126,739 million (31 March 2021: Baht 114,424 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 2022 and 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:

(Unit: Million Baht)

	Exposure to credit risk with collateral		Type of collateral
	31 March 2022	31 March 2021	
Interbank and money market items (assets)	60,301	35,501	Bonds
Loans to customers and accrued			
interest receivables	4,390	805	Deposits
Loan commitments	667	1,085	Deposits
Financial guarantee	5	3	Deposits

6.2 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 2022 and 2021, financial assets and liabilities classified by type of interest rate were as follows:

(Unit: Million Baht)

Transactions	31 March 2022			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
<u>Financial assets</u>				
Interbank and money market items	6,455	69,029	4,967	80,451
Investments - net	41,449	85,290	-	126,739
Loans to customers	261,101	17,150	-	278,251
<u>Financial liabilities</u>				
Deposits	105,237	114,825	7,320	227,382
Interbank and money market items	12	3,827	1,067	4,906
Liabilities payable on demand	-	-	1,299	1,299
Lease liabilities	-	148	-	148
Funds remitted into Thailand - borrowings from other branches under the same entity	87,467	-	-	87,467
Net balance of inter-office accounts with head office and other branches under the same entity	(86,626)	208,591	(1,171)	120,794

(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	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

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 2022					Weighted average interest rate (%)
	Repricing or maturity dates				Total	
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	62,777	784	5,468	-	69,029	0.87
Investments - net	23,861	48,244	13,185	-	85,290	0.54
Loans to customers	15,555	1,593	2	-	17,150	2.22
<u>Financial liabilities</u>						
Deposits	79,097	35,728	-	-	114,825	0.33
Interbank and money market items	3,827	-	-	-	3,827	0.33
Lease liabilities	18	54	76	-	148	0.90
Net balance of inter-office accounts with head office and other branches under the same entity	201,376	7,215	-	-	208,591	0.57

(Unit: Million Baht)

	31 March 2021					Weighted average interest rate (%)
	Repricing or maturity dates				Total	
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
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	14,647	1,466	-	-	16,113	2.80
<u>Financial liabilities</u>						
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

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 2022 and 2021 can be summarized as follows:

(Unit: Million Baht)

	For the years ended 31 March					
	2022			2021		
	Average	Average	Average	Average	Average	Average
	balances	Interest	rate	balances	Interest	rate
			(Percent			(Percent
			per			per
			annum)			annum)
<u>Interest bearing financial assets</u>						
Interbank and money market items and inter-office accounts with head office and other branches under the same entity	58,308	604	1.04	63,409	518	0.82
Investments	119,079	720	0.60	116,566	1,233	1.06
Loans to customers	279,437	3,771	1.35	286,739	4,377	1.53
<u>Interest bearing financial liabilities</u>						
Deposits	197,165	379	0.19	225,478	846	0.38
Debt issued and borrowings	-	-	-	16	-	0.42
Interbank and money market items and borrowings and inter-office accounts with head office and other branches under the same entity	217,142	687	0.32	199,673	848	0.42

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 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 2022 and 2021 are as follows:

(Unit: Million Baht)

	31 March 2022				31 March 2021			
	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	8,327	591	-	161	7,395	1,081	-	194
Investments - net	10,513	-	-	-	9,911	-	-	-
Loans to customers - net	59,134	12,015	13,619	100	57,076	11,954	18,846	13
<u>Financial liabilities</u>								
Deposits	31,937	857	3,277	169	30,271	923	3,112	128
Interbank and money market items	4	-	-	-	3	-	-	-
Liabilities payable on demand	726	-	196	-	754	-	68	-
Funds remitted into Thailand -								
borrowings from other branches								
under the same entity	80,646	-	6,821	-	81,545	-	7,082	-
Net balance of inter-office accounts								
with head office and other								
branches under the same entity	116,342	-	4,649	(98)	98,659	3,673	10,923	8

(Unit: Million Baht)

	31 March 2022				31 March 2021			
	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	635	56	-	-	90	6	-	-
Guarantees	10,980	2,097	566	1,329	8,503	2,039	3,749	2,351
Letters of credit	1,905	6	174	-	1,974	11	63	4
Foreign exchange contracts								
- Bought	233,358	5,241	27,000	6,809	200,992	11,112	22,503	8,617
- Sold	91,056	16,996	29,418	6,957	84,882	19,563	21,092	8,650
Cross currency and interest rate swap contracts								
swap contracts								
- Bought	112,948	1,115	45,292	-	131,333	1,101	49,224	13
- Sold	92,381	1,115	41,528	-	97,556	1,101	48,128	13
Interest rate swap contracts								
- Bought	164,329	-	273	-	176,186	-	5,952	-
- Sold	164,329	-	273	-	176,190	-	5,952	-
Currency option contracts								
- Bought	1,163	-	-	-	496	-	-	-
- Sold	1,163	-	-	-	496	-	-	-

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.

6.3 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 2/2561 dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards", the Bank intends to disclose Liquidity coverage ratio as of 31 March 2022 within 4 months after the period end date, as indicated in the notification, through the Bank's website.

As at 31 March 2022 and 2021, the loans to deposits ratios of the Bank were 121.89% and 137.72% respectively, and the liquidity coverage ratios (LCR) of the Bank were 169.03% and 149.75%, respectively, against the regulatory requirement of 100%.

As at 31 March 2022 and 2021, the periods to maturity, counting from the financial position date, of financial instruments were as follows:

(Unit: Million Baht)

Transactions	31 March 2022					
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
<u>Financial assets</u>						
Interbank and money market items	11,473	62,576	934	5,468	-	80,451
Derivative assets	-	2,540	1,022	6,158	863	10,583
Investments - net	-	27,854	79,181	19,704	-	126,739
Loans to customers	75	20,211	116,465	116,062	25,438	278,251
<u>Financial liabilities</u>						
Deposits	112,557	79,097	35,728	-	-	227,382
Interbank and money market items	4,906	-	-	-	-	4,906
Liabilities payable on demand	1,299	-	-	-	-	1,299
Derivative liabilities	-	2,651	1,539	3,499	491	8,180
Lease liabilities	-	18	54	76	-	148
Funds remitted into Thailand - borrowings from other branches under the same entity	-	7,991	11,321	68,155	-	87,467
Net balance of inter-office accounts with head office and other branches under the same entity	(273)	16,851	43,739	60,261	216	120,794
<u>Off-balance items - obligations</u>						
Liabilities under unmaturred import bills	-	5,211	22	-	-	5,233
Letters of credit	144	1,649	271	53	-	2,117
Other obligations	507,628	11,686	12,371	4,027	3	535,715

(Unit: Million Baht)

31 March 2021

Transactions	Less					Total
	At call	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	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

6.4 Financial derivatives

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

As at 31 March 2022 and 2021, the Bank's financial derivatives can be classified by period to maturity as follows:

(Unit: Million Baht)

	31 March 2022			31 March 2021		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
Bought	343,759	16,553	360,312	322,247	6,547	328,794
Sold	342,268	16,409	358,677	318,026	6,555	324,581
Cross currency and interest rate swap contracts						
Bought	91,147	158,313	249,460	138,783	141,849	280,632
Sold	91,035	157,751	248,786	139,004	141,934	280,938
Interest rate swap contracts						
Bought	75,723	216,829	292,552	113,254	249,450	362,704
Sold	75,723	216,829	292,552	113,258	249,450	362,708
Currency option contracts						
Bought	1,163	-	1,163	496	-	496
Sold	1,163	-	1,163	496	-	496

7. Classification of financial assets and liabilities

(Unit: Thousand Baht)

	31 March 2022			
	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>				
Interbank and money market items - net	-	-	80,472,163	80,472,163
Derivatives assets	10,583,403	-	-	10,583,403
Investments - net	-	126,739,402	-	126,739,402
Loans to customers and accrued interest receivables - net	-	-	277,155,879	277,155,879
Accrued interest receivables	-	-	153,052	153,052
Other assets - net	-	-	88,821	88,821
Total financial assets	10,583,403	126,739,402	357,869,915	495,192,720
<u>Financial liabilities</u>				
Deposits	-	-	227,382,071	227,382,071
Interbank and money market items	-	-	4,905,778	4,905,778
Liabilities payable on demand	-	-	1,298,754	1,298,754
Derivatives liabilities	8,179,881	-	-	8,179,881
Lease liabilities	-	-	147,503	147,503
Provisions for liabilities	-	-	455,101	455,101
Interest payable	-	-	110,719	110,719
Income tax payable	-	-	556,232	556,232
Other liabilities	-	-	925,170	925,170
Total financial liabilities	8,179,881	-	235,781,328	243,961,209

(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

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

8.1 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 2022 in its website (www.mizuhobank.com/thailand/service) by the July 2022. The Bank already disclosed such information as at 30 September 2021 on 18 January 2022.

8.2 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 2022 in its website (www.mizuhobank.com/thailand/service) by the end of July 2022. The Bank already disclosed such information as at 30 September 2021 on 18 January 2022.

9. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 March 2022			31 March 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	2,086,531	-	2,086,531	3,197,866	-	3,197,866
Commercial banks	1,749,030	38,575,357	40,324,387	740,214	25,248,064	25,988,278
Specialised financial institutions	2	22,500,000	22,500,002	1	11,000,000	11,000,001
Other financial institutions	5,800,000	650,000	6,450,000	4,600,000	-	4,600,000
Total	9,635,563	61,725,357	71,360,920	8,538,081	36,248,064	44,786,145
Add: Accrued interest receivables	22	33,020	33,042	737	19,844	20,581
Less: Deferred revenue	-	-	-	-	-	-
Allowance for expected credit						
losses	(4,492)	(11,815)	(16,307)	(2,905)	(8,016)	(10,921)
Total domestic items	9,631,093	61,746,562	71,377,655	8,535,913	36,259,892	44,795,805
Foreign						
US dollars	1,085,509	7,238,363	8,323,872	607,389	6,776,157	7,383,546
Euro	590,806	-	590,806	1,081,551	-	1,081,551
Australian dollars	46,795	-	46,795	80,785	-	80,785
Hong Kong dollars	12,863	-	12,863	11,469	-	11,469
Other currencies	101,660	15,863	117,523	101,262	32,376	133,638
Total	1,837,633	7,254,226	9,091,859	1,882,456	6,808,533	8,690,989
Add: Accrued interest receivables	-	13,418	13,418	33	14,784	14,817
Less: Deferred revenue	-	(1,854)	(1,854)	-	(863)	(863)
Allowance for expected credit						
losses	(7,880)	(1,035)	(8,915)	(2,134)	(954)	(3,088)
Total foreign items	1,829,753	7,264,755	9,094,508	1,880,355	6,821,500	8,701,855
Total domestic and foreign items	11,460,846	69,011,317	80,472,163	10,416,268	43,081,392	53,497,660

As at 31 March 2022, the Bank had loans to interbank and money market amounting to Baht 75,562 million and allowance for expected credit losses amounting to Baht 25 million (31 March 2021: Loans amounted to Baht 48,462 million and allowance for expected credit losses amounted to Baht 14 million). All of the loans were classified as “Financial assets where there has not been a significant increase in credit risk”.

10. Derivatives assets/liabilities

Derivatives held for trading

As at 31 March 2022 and 2021, the notional amounts, the fair values of derivatives held for trading, were classified by types of risk as follow.

(Unit: Thousand Baht)

	31 March 2022			31 March 2021		
	Fair values		Notional Amount ⁽¹⁾	Fair values		Notional Amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Types of risk:						
Foreign exchange rate	9,005,119	5,982,356	608,625,665	10,133,042	5,411,302	606,015,397
Interest rate	1,578,284	2,197,525	292,552,297	3,240,687	2,676,179	362,707,837
Total	10,583,403	8,179,881	901,177,962	13,373,729	8,087,481	968,723,234

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

As at 31 March 2022 and 2021, proportions of derivatives transactions classified by types of counterparties, determined based on the notional amount, are as follows.

(Unit: Percent)

Counterparties	31 March 2022	31 March 2021
Financial institutions	49	49
Companies within the Group ⁽¹⁾	24	25
Third parties	27	26
Total	100	100

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

11. Investments

11.1 Classified by type of investment

(Unit: Thousand Baht)

	31 March 2022	31 March 2021
	Fair value	Fair value
Investments in debt securities measured at fair value through other comprehensive income		
Government and state enterprise securities	116,226,279	104,512,670
Foreign debt securities	10,513,123	9,911,515
Total	126,739,402	114,424,185
Less: Allowance for expected credit losses	(45,859)	(35,545)

11.2 Investments subject to obligation

As at 31 March 2022 and 2021, investments in government and state enterprise securities and foreign debt securities totalling Baht 97,125 million and Baht 97,061 million, respectively, were maintained as assets under Section 32 of the Act on Undertaking of Banking Business B.E. 2551.

As at 31 March 2022 and 2021, the Bank had no investments placed as collateral against repurchase transactions.

12. Loans to customers and accrued interest receivables - net

12.1 Classified by loan type

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Loans	270,838,240	259,970,952
Discounted bills	7,427,698	6,957,468
Total loans to customers	278,265,938	266,928,420
Less: Deferred revenue	(15,054)	(4,014)
Total loans to customers net of deferred revenue	278,250,884	266,924,406
Add: Accrued interest receivables and undue interest receivables	214,546	186,337
Total loans to customers net of deferred revenue and accrued interest receivables	278,465,430	267,110,743
Less: Allowance for expected credit losses	(1,309,551)	(1,175,512)
Loans to customers and accrued interest receivables - net	277,155,879	265,935,231

12.2 Classified by currency and borrowers' residency

	(Unit: Thousand Baht)					
	31 March 2022			31 March 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	192,737,785	-	192,737,785	178,470,195	-	178,470,195
US Dollar	54,107,402	5,323,545	59,430,947	54,815,719	2,543,444	57,359,163
Yen	13,901,729	-	13,901,729	19,063,389	-	19,063,389
Other currencies	7,060,000	5,120,423	12,180,423	8,360,749	3,670,910	12,031,659
Total loans to customers net of deferred revenue	267,806,916	10,443,968	278,250,884	260,710,052	6,214,354	266,924,406

12.3 Classified by loan classification

As at 31 March 2022 and 2021, the Bank's loans and allowance for expected credit losses, classified in accordance with the BOT's guidelines, are as below.

	(Unit: Thousand Baht)	
	31 March 2022	
	Loans to customers and accrued interest receivables ⁽¹⁾	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	251,517,546	225,572
Financial assets where there has been a significant increase in credit risk (under performing)	26,685,132	233,122
Financial assets that are credit impaired (Non-performing)	262,752	67,642
Excess allowance	-	783,215
Total	278,465,430	1,309,551

	(Unit: Thousand Baht)	
	31 March 2021	
	Loans to customers and accrued interest receivables ⁽¹⁾	Allowance for expected credit losses
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

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

13. Allowance for expected credit losses

(Unit: Thousand Baht)

	31 March 2022				
	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)	Excess allowance	Total
Interbank and money market items (assets)					
Beginning balance	13,090	919	-	-	14,009
Changes due to remeasurement of allowance for expected credit losses	(396)	5,338	-	-	4,942
New financial assets purchased or acquired	16,874	-	-	-	16,874
Payments and derecognition of financial assets	(10,603)	-	-	-	(10,603)
Ending balance	18,965	6,257	-	-	25,222
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	35,545	-	-	-	35,545
Changes due to remeasurement of allowance for expected credit losses	2,150	-	-	-	2,150
New financial assets purchased or acquired	31,608	-	-	-	31,608
Payments and derecognition of financial assets	(23,444)	-	-	-	(23,444)
Ending balance	45,859	-	-	-	45,859
Loans to customers and accrued interest receivables					
Beginning balance	181,208	56,455	49,454	888,395	1,175,512
Changes due to changes in staging	4,796	(4,848)	52	-	-
Changes due to remeasurement of allowance for expected credit losses	10,614	42,791	3,143	-	56,548
New financial assets purchased or acquired	132,488	167,365	43,925	-	343,778
Payment of financial assets	(103,534)	(28,641)	(28,932)	-	(161,107)
Amortisation of the excess allowance	-	-	-	(105,180)	(105,180)
Ending balance	225,572	233,122	67,642	783,215	1,309,551

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)	Excess allowance	Total
Interbank and money market items (assets)					
Beginning balance	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 and derecognition of financial assets	(130,289)	-	-	-	(130,289)
Ending balance	13,090	919	-	-	14,009
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	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
Loans to customers and accrued interest receivables					
Beginning balance	1,238,918	241,623	153,671	1,134,235	2,768,447
Change 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
Payments of financial assets	(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.

The Bank notified the Bank of Thailand in its letter dated 31 March 2022 that the Bank had stopped amortising the excess allowance on a straight-line basis since December 2021 in order to maintain the remaining excess allowance as of December 2021 in the equivalent amount of Baht 794 million according to the recommendation of Banking Supervision and Risk Assessment Department of the Bank of Thailand. The Bank plan to maintain the remaining excess allowance to absorb the decreasing of credit quality during quarter and reverse the remaining excess allowance in March 2025.

14. Leasehold improvements and equipment

	(Unit: Thousand Baht)			
	Leasehold improvements	Office equipment	Computer equipment	Total
Cost				
As at 1 April 2020	539,124	150,115	269,310	958,549
Additions	-	3,436	31,497	34,933
As at 31 March 2021	539,124	153,551	300,807	993,482
Additions	-	3,789	22,411	26,200
Disposal / Write-off	(66,703)	(12,752)	-	(79,455)
As at 31 March 2022	472,421	144,588	323,218	940,227
Accumulated depreciation				
As at 1 April 2020	196,493	115,799	216,067	528,359
Depreciation charged for the year	42,589	24,714	35,795	103,098
As at 31 March 2021	239,082	140,513	251,862	631,457
Depreciation charged for the year	37,467	5,112	16,763	59,342
Accumulated depreciation on disposals / write-off	(27,992)	(12,752)	-	(40,744)
As at 31 March 2022	248,557	132,873	268,625	650,055
Net book value				
As at 31 March 2021	300,042	13,038	48,945	362,025
As at 31 March 2022	223,864	11,715	54,593	290,172
Depreciation charged in profit or loss for the years ended				
31 March 2021				103,098
31 March 2022				59,342

As at 31 March 2022 and 2021, 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 396 million and Baht 205 million, respectively.

15. Leases

The Bank has lease contracts for property and equipment used in its operations. Leases generally have lease terms between 1 - 5 years.

15.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 March 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Buildings	Office equipment	Motor vehicles	Total
Cost				
As at 1 April 2020	565,207	4,747	31,193	601,147
Acquisition of assets	2,262	4,038	11,981	18,281
As at 31 March 2021	567,469	8,785	43,174	619,428
Acquisition of assets	-	-	5,088	5,088
Closed contract	(236,868)	-	(4,650)	(241,518)
As at 31 March 2022	330,601	8,785	43,612	382,998
Accumulated depreciation				
As at 31 March 2020	36,319	-	-	36,319
Depreciation charged	77,280	2,035	13,896	93,211
As at 31 March 2021	113,599	2,035	13,896	129,530
Depreciation charged	60,046	1,872	13,200	75,118
Closed contract	(11,651)	-	(2,193)	(13,844)
As at 31 March 2022	161,994	3,907	24,903	190,804
Net book value				
As at 31 March 2021	453,870	6,750	29,278	489,898
As at 31 March 2022	168,607	4,878	18,709	192,194
Depreciation charged in profit or loss for the years ended				
31 March 2021				93,211
31 March 2022				75,118

15.2 Lease liability

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Lease payments	148,673	442,037
Less: Deferred interest expenses	(1,170)	(13,803)
Total	147,503	428,234

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

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

	(Unit: Thousand Baht)	
	For the year ended 31 March	
	2022	2021
Depreciation expense of right-of-use assets	75,118	93,211
Interest expense on lease liabilities	1,520	5,262
Expense relating to short-term leases	40,965	40,472

The Bank had total cash outflows for leases for the year ended 31 March 2022 of Baht 70 million (2021: Baht 87 million).

16. Intangible assets

(Unit: Thousand Baht)

	Computer softwares	Computer softwares under development	Total
Cost			
As at 1 April 2020	506,983	124,014	630,997
Additions	65,379	39,794	105,173
Transfers in (Transfers out)	86,014	(86,014)	-
As at 31 March 2021	658,376	77,794	736,170
Additions	67,012	53,450	120,462
Transfers in (Transfers out)	32,112	(32,112)	-
As at 31 March 2022	757,500	99,132	856,632
Accumulated amortisation			
As at 1 April 2020	355,183	-	355,183
Amortisation for the year	71,395	-	71,395
As at 31 March 2021	426,578	-	426,578
Amortisation for the year	79,541	-	79,541
As at 31 March 2022	506,119	-	506,119
Net book value			
As at 31 March 2021	231,798	77,794	309,592
As at 31 March 2022	251,381	99,132	350,513
Amortisation expenses included in profit or loss for the years ended			
31 March 2021			71,395
31 March 2022			79,541

As at 31 March 2022 and 2021, computer softwares had remaining amortisation periods of 0 - 5 years.

As at 31 March 2022 and 2021, 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 341 million and Baht 237 million, respectively.

17. Other assets

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Deposits	26,256	26,656
Fees income receivable	9,233	7,622
Others	53,385	52,193
Total	88,874	86,471
Less: Allowance for impairment	(53)	(85)
Other assets - net	88,821	86,386

18. Deposits

18.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Demand deposits	7,319,867	6,635,849
Saving deposits	105,236,876	95,799,606
Term deposits	114,825,328	90,657,256
Total deposits	227,382,071	193,092,711

18.2 Classified by currency and depositors' residency

	31 March 2022			31 March 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	190,991,437	150,870	191,142,307	158,543,070	115,464	158,658,534
US dollar	30,415,766	1,521,315	31,937,081	28,967,355	1,303,981	30,271,336
Yen	3,276,564	-	3,276,564	3,111,843	-	3,111,843
Other currencies	1,025,979	140	1,026,119	1,050,744	254	1,050,998
Total deposits	225,709,746	1,672,325	227,382,071	191,673,012	1,419,699	193,092,711

19. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 March 2022			31 March 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	1,000,233	-	1,000,233	224	-	224
Specialised financial institutions	2,500,000	-	2,500,000	-	-	-
Other financial institutions	263,688	-	263,688	81,855	250,000	331,855
Total domestic items	3,763,921	-	3,763,921	82,079	250,000	332,079
Foreign						
Baht	1,138,083	-	1,138,083	495,980	-	495,980
Us dollar	3,774	-	3,774	2,659	-	2,659
Total foreign items	1,141,857	-	1,141,857	498,639	-	498,639
Total domestic and foreign items	4,905,778	-	4,905,778	580,718	250,000	830,718

20. Provisions for liabilities

(Unit: Thousand Baht)

For the year ended 31 March 2022

	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
Beginning balance	65,622	244,858	6,242	109,000	425,722
Increase during the year	49,534	37,762	5,431	-	92,727
Decrease during the year	(22,867)	(20,593)	-	(10,741)	(54,201)
Paid during the year	-	(2,736)	-	(6,411)	(9,147)
Ending balance	92,289	259,291	11,673	91,848	455,101

(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 contingent liabilities in respect of off-balance commitments	Provision for removal and restoration costs	Total
Beginning balance	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)
Ending balance	65,622	244,858	6,242	109,000	425,722

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

As at 31 March 2022 and 2021, allowance for expected credit losses on loan commitments and financial guarantee contracts classified by classification are as follows:

(Unit: Thousand Baht)

For the year ended 31 March 2022

	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)	69,206,109	80,054
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,983,200	3,437
Financial assets that are credit-impaired (Non-Performing)	18,040	8,798
Total	71,207,349	92,289

	(Unit: Thousand Baht)	
	For the year ended 31 March 2021	
	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

20.2 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	
	2022	2021
Provision for long-term employee benefits at beginning of the years	244,858	231,436
Included in profit or loss:		
Current service cost	20,783	20,294
Interest cost	6,574	6,071
Actuarial loss arising from		
- Financial assumption changes	19	-
- Demographic assumption changes	32	-
- Experience adjustments	74	-
Included in other comprehensive income		
Actuarial (gain) loss arising from		
- Financial assumption changes	(19,435)	-
- Demographic assumption changes	10,280	-
- Experience adjustments	(1,158)	-
Benefits paid during the years	(2,736)	(12,943)
Provision for long-term employee benefits at end of the years	259,291	244,858

As at 31 March 2022 and 2021, the Bank expected to pay long-term employee benefits during the next one-year amounting to Baht 19.1 million and Baht 2.9 million, respectively.

Principal actuarial assumptions at the valuation dates were as follows:

	31 March 2022	31 March 2021
	(% per annum)	(% per annum)
Average discount rate	0.53 - 3.91	1.70 - 3.61
Future salary incremental rates	5.00 - 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 2022 and 2021 were summarised below:

Principal assumptions	(Unit: Thousand Baht)	
	Increase (decrease) in provision	
	for long-term employee benefits as at	
	31 March 2022	31 March 2021
Average discount rate increased by 1%	(18,990)	(19,691)
Average discount rate decreased by 1%	21,342	22,389
Future salary incremental rates increased by 1%	20,667	26,361
Future salary incremental rates decreased by 1%	(18,687)	(23,408)
Staff turnover rate increased by 20%	(7,070)	(13,316)
Staff turnover rate decreased by 20%	7,663	14,919

As at 31 March 2022 and 2021, the weighted average duration of employee benefit obligations were 11.5 years and 13.3 years, respectively.

21. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Revenue received in advance	5,372	6,333
Contribution payables to the Deposit Protection Agency and the Bank of Thailand	98,990	93,769
Collateral payables under Credit Support Annex agreements	554,616	299,452
Accrued expenses	266,192	230,877
Total other liabilities	925,170	630,431

22. 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 2022 and 2021, 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 2022	31 March 2021
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	87,467,311	88,627,489
Total	98,138,111	99,298,289

As at 31 March 2022 and 2021, 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 2022	31 March 2021
1. Assets required to be maintained under Section 32 (Note 11.2)	97,124,687	97,061,443
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	217,127,336	211,041,407
2.1 Net capital for maintenance of assets under Section 32	96,333,753	96,972,566
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	120,793,583	114,068,841
3. Total regulatory capital (3.1 - 3.2)	95,983,240	96,663,103
3.1 Total regulatory capital before deduction items (the lowest amount among item 1, item 2 and item 2.1)	96,333,753	96,972,566
3.2 Deduction items	(350,513)	(309,463)

23. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2022	2021
Interest income incurred on:		
Interbank and money market items	603,529	518,412
Investments in debt securities	719,516	1,233,351
Loans to customers	3,771,419	4,377,119
Others	729	1,827
Total interest income	5,095,193	6,130,709

24. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2022	2021
Interest expenses incurred on:		
Deposits	379,351	845,546
Interbank and money market items	686,905	847,551
Contribution fees to the Deposit Protection Agency and the Bank of Thailand	387,273	413,040
Others	1,474	119
Total interest expenses	1,455,003	2,106,256

25. Net fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2022	2021
Fees and service income on:		
Acceptance, aval and guarantees	89,596	84,874
Management fees	106,196	127,173
Others	260,749	216,875
Total fees and service income	456,541	428,922
Total fees and service expenses	(57,728)	(56,794)
Fees and service income - net	398,813	372,128

26. Net gains on financial instruments measured at fair value through profit or loss

(Unit: Thousand Baht)

	For the years ended 31 March	
	2022	2021
Gain on foreign currencies and derivatives relating to foreign exchange	2,542,435	1,165,768
Gain (loss) on derivatives relating to interest rate	131,318	(103,438)
Unrealised gain (loss) on credit/debit value adjustments	(19,989)	75,735
Total	<u>2,653,764</u>	<u>1,138,065</u>

27. Expected credit losses (reversal)

(Unit: Thousand Baht)

	For the years ended 31 March	
	2022	2021
Expected credit losses (reversal) on:		
Interbank and money market items	11,137	(129,858)
Investments in debt securities measured at fair value through other comprehensive income	10,184	(186,269)
Loans to customers and accrued interest receivables	133,562	(1,545,270)
Other receivables	(32)	(525)
Loan commitments and financial guarantee contracts	26,667	(393,598)
Total	<u>181,518</u>	<u>(2,255,520)</u>

28. Deferred tax assets and liabilities/Income tax expenses

28.1 Deferred tax assets and liabilities

As at 31 March 2022 and 2021, deferred tax assets and liabilities comprise:

(Unit: Thousand Baht)

	31 March 2022	31 March 2021
Deferred tax assets	307,039	352,895
Deferred tax liabilities	52,887	132,793
Deferred tax assets - net	<u>254,152</u>	<u>220,102</u>

Movement in the deferred tax assets (liabilities) during the year ended 31 March 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 March 2022			Ending balances
	Beginning balances	Recognised in profit or loss	Recognised in other comprehensive income	
Deferred tax assets arose from:				
Credit/debit valuation adjustments				
on derivatives	13,495	3,998	-	17,493
Investments in debt securities				
measured at fair value through other comprehensive income	2,270	-	5,206	7,476
Leasehold improvements and equipment and intangible assets	32,793	4,477	-	37,270
Provisions for liabilities	72,020	2,605	(2,063)	72,562
Expected credit losses	21,125	8,004	-	29,129
Revaluation on financial derivatives	4,613	(2,090)	-	2,523
Leases liabilities	85,647	(56,146)	-	29,501
Others	120,932	(9,847)	-	111,085
Total deferred tax assets	352,895	(48,999)	3,143	307,039
Deferred tax liabilities arose from:				
Investments in debt securities				
measured at fair value through other comprehensive income	34,814	-	(20,365)	14,449
Amortisation of removal and restoration costs	12,720	(3,531)	-	9,189
Right-of-use assets	85,259	(56,010)	-	29,249
Total deferred tax liabilities	132,793	(59,541)	(20,365)	52,887
Net	220,102	10,542	23,508	254,152

(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				
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				
Others	7	(7)	-	-
Total deferred tax liabilities	85,217	83,436	(35,860)	132,793
Net	337,137	(1,175)	(115,860)	220,102

28.2 Income tax expenses

Income tax expenses for the years ended 31 March 2022 and 2021 were made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2022	2021
Current income tax		
Corporate income taxes for the years	976,576	1,194,481
Deferred taxes		
Deferred taxes relating to origination and reversal of temporary differences	(10,541)	1,175
Income tax expenses recognised in profit or loss	<u>966,035</u>	<u>1,195,656</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 March 2022 and 2021 and the applicable tax rate were as follow:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2022	2021
Accounting profits before income tax expenses	4,242,994	5,536,632
Applicable corporate income tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	848,599	1,107,326
Net tax effect on income or expenses not deductible in determining taxable profits	117,436	88,330
Income tax expenses recognised in profit or loss	<u>966,035</u>	<u>1,195,656</u>

29. 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 2022 and 2021, the Bank contributed approximately Baht 30 million and Baht 29 million, respectively to the fund.

30. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Cash	-	2,556
Interbank and money market items - deposits at banks	4,972,084	5,120,537
Total cash and cash equivalents	4,972,084	5,123,093

31. 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.

31.1 Transactions with related parties occurred during the years

	(Unit: Thousand Baht)			
	For the years ended		Pricing policy	
	31 March			
	2022	2021	2022	2021
Transactions with other related companies in Mizuho Financial Group				
Gains on financial derivative contracts	155,191	41,030	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	1,902	3,109	At interest rates between 0.001 - 0.35 percent per annum	At interest rates between 0.001 - 1.63 percent per annum
Interest expenses on borrowings	628,308	958,676	At interest rates between 0.001 - 2.77 percent per annum	At interest rates between 0.01 - 2.77 percent per annum
Gain (loss) on financial derivative contracts	1,451,268	(11,496)	At the rates stipulated in the contracts	At the rates stipulated in the contracts
Expenses allocated from head office	462,613	415,267	As per invoices charged from head office	As per invoices charged from head office

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

31.2 Outstanding balances with related parties

As at 31 March 2022 and 2021, the outstanding balances with related parties were as follows:

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Balances with other related companies in		
Mizuho Financial Group		
Loans	-	2,266,642
Off-balance items - financial derivative contracts ⁽¹⁾	10,536,885	13,522,047
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items - assets	182,772	23,972
Interbank and money market items - liabilities	60,971	124,022
Net balances of inter-office accounts with head office and other branches under the same entity⁽²⁾		
Borrowings and accrued interest payables	121,208,538	114,081,648
Deposits/inter-office balances - assets (liabilities)	414,956	(29,725)
Off-balance items - financial derivative contracts ⁽¹⁾	213,096,367	237,525,779
Funds remitted into Thailand	98,138,111	99,298,289

⁽¹⁾ Amounts presented are notional amounts.

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

32. 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 2022 and 2021 were as follows:

(Unit: Million Baht)

	For the year ended 31 March 2022		
	Banking business	Treasury business	Total
Net interest income	3,122	518	3,640
Net fees and service income	409	(10)	399
Net gain on financial instruments measured at fair value through profit or loss and other operating income	1,885	773	2,658
Total operating income	5,416	1,281	6,697
Total operating expenses	(2,126)	(146)	(2,272)
Profit from operation before expected credit losses and income tax expenses	3,290	1,135	4,425
Expected credit losses and income tax expenses			(1,148)
Profit for the year			3,277

(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 financial instruments measured at fair value through profit or loss 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

As at 31 March 2022 and 2021, assets classified by operating segment were as follows:

(Unit: Million Baht)

	Banking business	Treasury business	Total
Total assets			
As at 31 March 2022	464,517	31,816	496,333
As at 31 March 2021	420,641	28,486	449,127

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

33.1 Financial position classified by type of operations

(Unit: Million Baht)

	As at 31 March					
	2022			2021		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Total assets	476,541	19,792	496,333	433,540	15,587	449,127
Interbank and money market items - net	71,378	9,094	80,472	44,796	8,702	53,498
Investments - net	126,739	-	126,739	114,424	-	114,424
Loans to customers and accrued interest receivables - net	266,709	10,447	277,156	259,711	6,224	265,935
Total liabilities	240,090	3,924	244,014	203,237	2,283	205,520
Deposits	225,710	1,672	227,382	191,673	1,420	193,093
Interbank and money market items - net	3,764	1,142	4,906	332	499	831

33.2 Results of operations classified by type of operations

(Unit: Million Baht)

	For the years ended 31 March					
	2022			2021		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Interest income	4,647	448	5,095	5,664	466	6,130
Interest expenses	(825)	(630)	(1,455)	(1,118)	(988)	(2,106)
Net interest income	3,822	(182)	3,640	4,546	(522)	4,024
Net fees and service income	382	17	399	333	39	372
Other operating income	3,412	(754)	2,658	935	204	1,139
Other operating expenses	(1,810)	(462)	(2,272)	(1,839)	(415)	(2,254)
Expected credit losses	(159)	(23)	(182)	2,110	146	2,256
Profits (losses) from operation before income tax expenses	5,647	(1,404)	4,243	6,085	(548)	5,537

34. Commitments and contingent liabilities

34.1 Commitments

	(Unit: Thousand Baht)	
	31 March 2022	31 March 2021
Aval and guarantee of loans	49,946	-
Liability under unmatured import bills	5,233,187	96,227
Letter of credits	2,116,941	2,655,665
Other obligations		
- Undrawn bank overdrafts	3,199,046	3,677,632
- Undrawn commitment	35,522,956	49,561,276
- Guarantee - others	28,334,265	30,988,395
- Undrawn credit line	468,658,441	466,765,900
Total	<u>543,114,782</u>	<u>553,745,095</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 10 to the financial statements.

34.2 Commitments under operating lease agreements

As at 31 March 2022, the Bank had no rental and related service commitments related to lease agreements.

As at 31 March 2021, the Bank had rental and related service commitments related to 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 Baht 56 million.

Furthermore, as at 31 March 2022 and 2021, the Bank had no commitments under the car rental and services agreements.

35. Fair value of financial assets and liabilities

As at 31 March 2022 and 2021, the Bank had financial assets and liabilities, which were presented according to the fair value hierarchy as follows:

(Unit: Million Baht)

	31 March 2022			
	Carrying value	Fair value		Total
		Level 1	Level 2	
<u>Financial assets measured at fair value</u>				
Derivatives assets	10,583	-	10,583	10,583
Investments - net	126,739	-	126,739	126,739
<u>Financial liabilities measured at fair value</u>				
Derivatives liabilities	8,180	-	8,180	8,180
<u>Financial assets for which fair value were disclosed</u>				
Interbank and money market items - net	80,472	4,972	75,500	80,472
Loans to customers and accrued interest receivables - net	277,156	-	277,156	277,156
<u>Financial liabilities for which fair value were disclosed</u>				
Deposits	227,382	112,557	114,825	227,382
Interbank and money market items	4,906	1,079	3,827	4,906
Liabilities payable on demand	1,299	1,299	-	1,299
Funds remitted into Thailand - borrowings from other branches under the same entity	87,467	-	87,467	87,467
Net balance of inter-office accounts with head office and other branches under the same entity	120,794	-	120,794	120,794

(Unit: Million Baht)

31 March 2021

	Carrying value	Fair value		Total
		Level 1	Level 2	
<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 - net	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	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

Valuation techniques and inputs used for fair value measurement

Cash	Fair value is determined to approximate to its carrying value as stated in the statement of financial position.
Interbank and money market items (assets)	Fair value is determined to approximate to their carrying value as stated in statement of financial position due to having short-term maturity periods or bearing floating interest rates.
Derivatives	Fair value of derivatives is determined based on quoted market price in active markets. In case that there is no active market, the fair value is determined using valuation technique and observable market data (e.g. interest rate, foreign exchange rate) obtained from reliable sources and adjusted with counterparty credit risk and other risks when appropriate.
Investments	Investment in government market 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	<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.

36. Approval of financial statements

These financial statements were authorized for issue by the General Manager of Bangkok Branch on 19 July 2022.