

Mizuho Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2023

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 2023, 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 2023, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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: 21 July 2023

Mizuho Bank, Ltd. Bangkok Branch

Statement of financial position

As at 31 March 2023

(Unit: Thousand Baht)

	Note	31 March 2023	31 March 2022
Assets			
Interbank and money market items - net	10	131,084,274	80,472,163
Derivatives assets	11	15,710,276	10,583,403
Investments - net	12	114,723,582	126,739,402
Loans to customers and accrued interest receivables - net	13	247,709,142	277,155,879
Leasehold improvements and equipment - net	15	238,502	290,172
Right-of-use assets - net	16.1	124,510	192,194
Intangible assets - net	17	356,967	350,513
Accrued interest receivables		569,269	153,052
Deferred tax assets	18.1	307,330	307,039
Other assets - net	19	188,849	88,821
Total assets		511,012,701	496,332,638

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 2023

(Unit: Thousand Baht)

	Note	31 March 2023	31 March 2022
Liabilities and equity of head office and other branches under the same entity			
Liabilities			
Deposits	20	279,741,645	227,382,071
Interbank and money market items	21	3,433,106	4,905,778
Liabilities payable on demand		775,683	1,298,754
Derivatives liabilities	11	12,180,284	8,179,881
Lease liabilities	16.2	87,168	147,503
Provisions for liabilities	22	455,023	455,101
Accrued interest payables		594,585	110,719
Income tax payable		550,637	556,232
Deferred tax liabilities	18.1	35,056	52,887
Other liabilities	23	944,031	925,170
Total liabilities		298,797,218	244,014,096
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	26	98,137,800	98,138,111
Net balances of inter-office accounts with head office and other branches under the same entity	26	76,735,357	120,793,583
Other component of head office and other branches under the same entity			
Revaluation surplus (deficit) on investments in debt securities measured at fair value through other comprehensive income - net of income taxes		(37,000)	27,888
Retained earnings		37,379,326	33,358,960
Total equity of head office and other branches under the same entity		212,215,483	252,318,542
Total liabilities and equity of head office and other branches under the same entity		511,012,701	496,332,638

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 2023

(Unit: Thousand Baht)

	Note	2023	2022
Profit or loss:			
Interest income	31	8,737,998	5,095,193
Interest expenses	32	4,486,337	1,455,003
Net interest income		4,251,661	3,640,190
Fees and service income		493,527	456,541
Fees and service expenses		76,497	57,728
Net fees and service income	33	417,030	398,813
Net gains on financial instruments measured at fair value			
through profit or loss	34	3,566,911	2,653,764
Other operating income		695	3,854
Total operating income		8,236,297	6,696,621
Other operating expenses			
Employee's expenses		960,206	945,642
Premises and equipment expenses		361,839	359,794
Taxes and duties		675,331	293,903
Expenses allocated from head office	28.1	490,610	462,613
Other expenses		182,049	210,157
Total other operating expenses		2,670,035	2,272,109
Expected credit losses	35	466,483	181,518
Profits before income tax expenses		5,099,779	4,242,994
Income tax expenses	18.2	1,079,413	966,035
Profits for the years		4,020,366	3,276,959

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 2023

(Unit: Thousand Baht)

	2023	2022
Other comprehensive income:		
Items to be subsequently recognised in profit or loss:		
Loss on revaluation of investments in debt instruments measured at fair value through other comprehensive income	(81,110)	(163,399)
Income tax benefits	16,222	25,571
Items to be subsequently recognised in profit or loss - net of income taxes	(64,888)	(137,828)
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 loss for the years	(64,888)	(129,578)
Total comprehensive income for the years	3,955,478	3,147,381

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 2023

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balances of inter-office accounts with head office and other branches under the same entity	Other component of head office and other branches under the same entity -		Retained earnings	Total
			Revaluation surplus (deficit) on investments	- net of income taxes		
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	3,276,959
Other comprehensive income (loss) for the year	-	-	(137,828)	8,250	8,250	(129,578)
Total comprehensive income (loss) for the year	-	-	(137,828)	3,285,209	3,285,209	3,147,381
Foreign exchange translation adjustments	5,401,867	-	-	-	-	5,401,867
Balance as at 31 March 2022	98,138,111	120,793,583	27,888	33,358,960	33,358,960	252,318,542
Balance as at 1 April 2022	98,138,111	120,793,583	27,888	33,358,960	33,358,960	252,318,542
Net increase in funds remitted into Thailand	1,955,601	-	-	-	-	1,955,601
Decrease in balance of inter-office accounts with head office and other branches under the same entity	-	(44,058,226)	-	-	-	(44,058,226)
Profit for the year	-	-	-	4,020,366	4,020,366	4,020,366
Other comprehensive loss for the year	-	-	(64,888)	-	-	(64,888)
Total comprehensive income (loss) for the year	-	-	(64,888)	4,020,366	4,020,366	3,955,478
Foreign exchange translation adjustments	(1,955,912)	-	-	-	-	(1,955,912)
Balance as at 31 March 2023	98,137,800	76,735,357	(37,000)	37,379,326	37,379,326	212,215,483

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 2023**

	(Unit: Thousand Baht)	
	2023	2022
Cash flows from operating activities		
Profits before income tax expenses	5,099,779	4,242,994
Adjustments to reconcile profits before income tax expenses to net cash received (paid) from operating activities		
Depreciation and amortisation	238,496	214,001
Expected credit losses	466,483	181,518
Provision for contingent liabilities in respect of off-balance commitments	(11,673)	5,431
Provision for long-term employee benefits	26,948	27,482
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	(1,393,551)	4,843,385
Net interest income	(4,251,661)	(3,640,190)
Cash received on interest income	8,037,685	5,075,192
Cash paid on interest expenses	(3,713,783)	(1,225,646)
Cash paid on income taxes	(1,086,852)	(1,099,474)
Profit from operating activities before changes in operating assets and liabilities	3,411,871	8,659,264
(Increase) decrease in operating assets		
Interbank and money market items	(49,239,691)	(27,205,735)
Derivatives assets	6,573,226	7,655,789
Loans to customers	29,194,844	(11,337,518)
Other assets	(97,842)	9,178
Increase (decrease) in operating liabilities		
Deposits	52,359,574	34,289,360
Interbank and money market items	(1,472,672)	4,075,060
Liabilities payable on demand	(523,071)	219,675
Derivatives liabilities	(8,534,203)	(4,903,067)
Other liabilities	(164,788)	335,677
Net cash provided by operating activities	31,507,248	11,797,683

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 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from investing activities		
Cash paid for investments	(131,102,901)	(131,471,963)
Cash received on investments	143,285,418	119,554,000
Cash paid for purchases of equipment	(4,940)	(26,200)
Proceeds from sales of leasehold improvements	-	10,244
Cash paid for purchases of intangible assets	(107,629)	(120,463)
Net cash provided by (used in) investing activities	12,069,948	(12,054,382)
Cash flows from financing activities		
Cash paid on lease liabilities	(74,271)	(57,007)
Net increase (decrease) in funds remitted into Thailand	1,955,601	(6,562,045)
Net increase (decrease) in net balances of inter-office accounts with head office and other branches under the same entity	(44,058,226)	6,724,742
Net cash provided by (used in) financing activities	(42,176,896)	105,690
Net increase (decrease) in cash and cash equivalents	1,400,300	(151,009)
Cash and cash equivalents at beginning of the years	4,972,084	5,123,093
Cash and cash equivalents at end of the years (Note 9)	6,372,384	4,972,084

Supplemental cash flows information

Non-cash transactions:

Increase in right-of-use assets	13,027	5,088
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The accompanying notes are an integral part of the financial statements.

Mizuho Bank, Ltd. Bangkok Branch

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Mizuho Bank, Ltd. Bangkok Branch

Notes to financial statements

For the year ended 31 March 2023

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 at 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 operates. 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 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 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 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 2023

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 2023. 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 management of the Bank believes that adoption of these amendments will not have any significant impact on the Bank's financial statements.

3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions has announced Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the Bank of Thailand. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the Bank of Thailand makes changes.

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.

Under this accounting guidance, the Group may elect to adopt accounting treatments consistent with the circular of the Bank of Thailand No. BOT.RPD2.C.802/2564 dated 3 September 2021 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)”. The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

- For debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension, the Group may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions. (Assistance type 1)
- For debt restructuring involving only a payment timeline extension, the Group is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. (Assistance type 2)

The Bank chose not to adopt this Accounting Guidance.

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.

4.7 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 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 consisted of current income tax and deferred income 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 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 iff 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 categories 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 becomes 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 from these estimates. Significant 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 2023 and 2022, the maximum exposures to credit risk were as follows:

	(Unit: Million Baht)	
	31 March 2023	31 March 2022
Interbank and money market items (asset)	131,223	80,581
Investments in debt securities measured at fair value through other comprehensive income	114,715	126,630
Loans to customers and accrued interest receivables	249,717	278,757
Accrued interest receivables on non - loans	568	147
Total financial assets	<u>496,223</u>	<u>486,115</u>
Loan commitments	30,079	35,523
Financial guarantees	39,382	35,684
Total	<u>69,461</u>	<u>71,207</u>
Total credit risk exposures	<u><u>565,684</u></u>	<u><u>557,322</u></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 2023 and 2022.

(Unit: Million Baht)

	31 March 2023				
	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	212,931	35,674	195	-	248,800
Overdue 1 - 30 days	-	-	-	-	-
Overdue 31 - 60 days	-	-	-	-	-
Overdue 61 - 90 days	-	-	-	-	-
More than 90 days onwards	-	-	694	-	694
Total	212,931	35,674	889	-	249,494
Less: Allowance for expected credit losses	(143)	(166)	(697)	(779)	(1,785)
Net Book Value	212,788	35,508	192	(779)	247,709

(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

Investments

As at 31 March 2023, the investments in government and state enterprise securities and foreign debt securities of the Bank amounting to Baht 114,724 million (31 March 2022: Baht 126,739 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 2023 and 2022, 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 2023	31 March 2022	
Interbank and money market items (assets)	106,471	60,301	Bonds
Loans to customers and accrued			
interest receivables	10,754	4,390	Deposits
Loan commitments	58	667	Deposits
Financial guarantee	4	5	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 2023 and 2022, financial assets and liabilities classified by type of interest rate were as follows:

(Unit: Million Baht)

Transactions	31 March 2023			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
<u>Financial assets</u>				
Interbank and money market items	8,005	116,788	6,367	131,160
Investments	100,518	14,206	-	114,724
Loans to customers	227,064	21,991	-	249,055
<u>Financial liabilities</u>				
Deposits	99,094	172,829	7,819	279,742
Interbank and money market items	1,287	1,040	1,106	3,433
Liabilities payable on demand	-	-	776	776
Lease liabilities	-	87	-	87
Net balance of inter-office accounts with head office and other branches under the same entity	998	76,069	(332)	76,735

(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	69,111	4,967	80,533
Investments	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

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 2023				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	110,274	6,514	-	-	116,788	2.01
Investments	4,069	4,725	5,412	-	14,206	1.16
Loans to customers	20,210	1,754	27	-	21,991	2.98
<u>Financial liabilities</u>						
Deposits	149,776	22,203	850	-	172,829	2.44
Interbank and money market items	640	400	-	-	1,040	1.17
Lease liabilities	18	52	17	-	87	1.37
Net balance of inter-office accounts with head office and other branches under the same entity	70,499	5,570	-	-	76,069	4.45

(Unit: Million Baht)

	31 March 2022				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	62,777	784	5,550	-	69,111	0.87
Investments	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

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 2023 and 2022 can be summarized as follows:

(Unit: Million Baht)

	For the years ended 31 March					
	2023			2022		
	Average	Average	Average	Average	Average	Average
	rate	rate	rate	rate	rate	rate
	(Percent	(Percent	(Percent	(Percent	(Percent	(Percent
	per	per	per	per	per	per
	annum)	annum)	annum)	annum)	annum)	annum)
	Average	Average	Average	Average	Average	Average
	balances	balances	balances	balances	balances	balances
	Interest	Interest	Interest	Interest	Interest	Interest
<u>Interest bearing financial assets</u>						
Interbank and money market items and inter-office accounts with head office and other branches under the same entity	89,278	1,351	1.51	58,308	604	1.04
Investments	119,971	1,230	1.02	119,079	720	0.60
Loans to customers	273,536	6,155	2.25	279,437	3,771	1.35
<u>Interest bearing financial liabilities</u>						
Deposits	238,915	1,687	0.71	197,165	379	0.19
Interbank and money market items and borrowings and inter-office accounts with head office and other branches under the same entity	156,040	2,216	1.42	217,142	687	0.32

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 2023 and 2022 are as follows:

	31 March 2023				31 March 2022			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	Dollar	Euro	Yen	Others	Dollar	Euro	Yen	Others
Foreign currency position in								
<u>the statement of financial position</u>								
Financial assets								
Interbank and money market items	8,294	41	-	485	8,335	591	-	161
Investments	6,658	-	-	-	10,513	-	-	-
Loans to customers and accrued interest receivables	38,174	10,870	11,857	812	59,414	12,072	13,886	100
Financial liabilities								
Deposits	72,168	1,219	5,683	739	31,937	857	3,277	169
Interbank and money market items	34	-	1,282	-	4	-	-	-
Liabilities payable on demand	319	-	147	1	726	-	196	-
Funds remitted into Thailand - borrowings from other branches under the same entity	-	-	-	-	80,646	-	6,821	-
Net balance of inter-office accounts with head office and other branches under the same entity	72,174	(706)	3,914	(25)	116,342	-	4,649	(98)

(Unit: Million Baht)

	31 March 2023				31 March 2022			
	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	757	150	-	-	635	56	-	-
Guarantees	5,619	1,795	439	3,715	10,980	2,097	566	1,329
Letters of credit	1,093	140	510	-	1,905	6	174	-
Foreign exchange contracts								
- Bought	257,702	8,101	14,987	6,947	233,358	5,241	27,000	6,809
- Sold	87,154	20,341	17,866	7,483	91,056	16,996	29,418	6,957
Cross currency and interest rate swap contracts								
swap contracts								
- Bought	113,658	2,974	38,572	780	112,948	1,115	45,292	-
- Sold	179,898	1,115	36,390	780	92,381	1,115	41,528	-
Interest rate swap contracts								
- Bought	130,347	-	-	-	164,329	-	273	-
- Sold	130,347	-	-	-	164,329	-	273	-
Currency option contracts								
- Bought	1,111	-	-	-	1,163	-	-	-
- Sold	1,111	-	-	-	1,163	-	-	-

Foreign exchange rate sensitivity analysis

Analysis of sensitivity to changes in foreign exchange rate shows the potential change in foreign exchange 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 2023 within 4 months after the period end date, as indicated in the notification, through the Bank's website.

As at 31 March 2023 and 2022, the loans to deposits ratios of the Bank were 88.55% and 121.89% respectively, and the liquidity coverage ratios (LCR) of the Bank were 164.54% and 169.03%, respectively, against the regulatory requirement of 100%.

As at 31 March 2023 and 2022, the periods to maturity, counting from the financial position date, of financial instruments were as follows:

(Unit: Million Baht)

Transactions	31 March 2023					Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Interbank and money market items	13,472	109,441	1,313	4,888	2,046	131,160
Derivative assets	-	4,135	6,500	4,397	678	15,710
Investments	-	25,995	63,577	25,152	-	114,724
Loans to customers	81	8,753	103,608	113,484	23,129	249,055
<u>Financial liabilities</u>						
Deposits	106,913	149,776	22,203	850	-	279,742
Interbank and money market items	2,633	400	400	-	-	3,433
Liabilities payable on demand	776	-	-	-	-	776
Derivative liabilities	-	4,624	2,845	3,858	853	12,180
Lease liabilities	-	18	52	17	-	87
Net balance of inter-office accounts with head office and other branches under the same entity	(1,108)	15,863	38,989	22,177	814	76,735
<u>Off-balance items - obligations</u>						
Liabilities under unmatured import bills	-	11,549	143	-	-	11,692
Letters of credit	84	1,019	216	428	-	1,747
Other obligations	557,433	6,814	13,450	3,194	4	580,895

(Unit: Million Baht)

31 March 2022

Transactions	At call	Less				Total
		than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<u>Financial assets</u>						
Interbank and money market items	11,473	62,576	934	5,550	-	80,533
Derivative assets	-	2,540	1,022	6,158	863	10,583
Investments	-	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 unmatured 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

6.4 Financial derivatives

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

As at 31 March 2023 and 2022, the Bank's financial derivatives can be classified by period to maturity as follows:

(Unit: Million Baht)

	31 March 2023			31 March 2022		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Foreign exchange contracts						
Bought	360,611	15,769	376,380	343,759	16,553	360,312
Sold	359,470	15,679	375,149	342,268	16,409	358,677
Cross currency and interest rate swap contracts						
Bought	238,212	98,492	336,704	91,147	158,313	249,460
Sold	235,418	98,630	334,048	91,035	157,751	248,786
Interest rate swap contracts						
Bought	83,001	216,861	299,862	75,723	216,829	292,552
Sold	83,001	216,861	299,862	75,723	216,829	292,552
Currency option contracts						
Bought	1,111	-	1,111	1,163	-	1,163
Sold	1,111	-	1,111	1,163	-	1,163

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

7.1 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 2023 in its website (www.mizuhobank.com/thailand/service) by the July 2023. The Bank already disclosed such information as at 30 September 2022 on 30 December 2022

7.2 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 2023 in its website (www.mizuhobank.com/thailand/service) by the end of July 2023. The Bank already disclosed such information as at 30 September 2022 on 30 December 2022.

8. Classification of financial assets and liabilities

(Unit: Thousand Baht)

	31 March 2023			Total
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	
<u>Financial assets</u>				
Interbank and money market items - net	-	-	131,084,274	131,084,274
Derivatives assets	15,710,276	-	-	15,710,276
Investments - net	-	114,723,582	-	114,723,582
Loans to customers and accrued interest receivables - net	-	-	247,709,142	247,709,142
Accrued interest receivables	-	-	569,269	569,269
Other assets - net	-	-	188,849	188,849
Total financial assets	15,710,276	114,723,582	379,551,534	509,985,392
<u>Financial liabilities</u>				
Deposits	-	-	279,741,645	279,741,645
Interbank and money market items	-	-	3,433,106	3,433,106
Liabilities payable on demand	-	-	775,683	775,683
Derivatives liabilities	12,180,284	-	-	12,180,284
Lease liabilities	-	-	87,168	87,168
Interest payable	-	-	594,585	594,585
Other liabilities	-	-	944,031	944,031
Total financial liabilities	12,180,284	-	285,576,218	297,756,502

(Unit: Thousand Baht)

31 March 2022

	Financial instruments measured at fair value through profit and loss	Financial instruments 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
Interest payable	-	-	110,719	110,719
Other liabilities	-	-	925,170	925,170
Total financial liabilities	8,179,881	-	234,769,995	242,949,876

9. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2023	31 March 2022
Interbank and money market items - deposits at banks	6,372,384	4,972,084
Total cash and cash equivalents	6,372,384	4,972,084

10. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 March 2023			31 March 2022		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	4,457,287	-	4,457,287	2,086,531	-	2,086,531
Commercial banks	1,649,968	58,044,475	59,694,443	1,749,030	38,575,357	40,324,387
Specialised financial institutions	-	50,000,000	50,000,000	2	22,500,000	22,500,002
Other financial institutions	6,500,000	1,500,000	8,000,000	5,800,000	650,000	6,450,000
Total	12,607,255	109,544,475	122,151,730	9,635,563	61,725,357	71,360,920
Add: Accrued interest receivables and						
undue interest receivables	30	20,734	20,764	22	33,020	33,042
Less: Deferred revenue	-	(2,934)	(2,934)	-	-	-
Allowance for expected credit						
losses	(6,956)	(8,657)	(15,613)	(4,492)	(11,815)	(16,307)
Total domestic items	12,600,329	109,553,618	122,153,947	9,631,093	61,746,562	71,377,655
Foreign						
US dollars	407,802	7,976,272	8,384,074	1,085,509	7,320,000	8,405,509
Euro	40,578	-	40,578	590,806	-	590,806
Australian dollars	103,134	-	103,134	46,795	-	46,795
Hong Kong dollars	10,975	-	10,975	12,863	-	12,863
Other currencies	302,640	181,277	483,917	101,660	15,863	117,523
Total	865,129	8,157,549	9,022,678	1,837,633	7,335,863	9,173,496
Add: Accrued interest receivables and						
undue interest receivables	-	(77,915)	(77,915)	-	(68,219)	(68,219)
Less: Deferred revenue	-	(11,784)	(11,784)	-	(1,854)	(1,854)
Allowance for expected credit						
losses	(1,331)	(1,321)	(2,652)	(7,880)	(1,035)	(8,915)
Total foreign items	863,798	8,066,529	8,930,327	1,829,753	7,264,755	9,094,508
Total domestic and foreign items	13,464,127	117,620,147	131,084,274	11,460,846	69,011,317	80,472,163

As at 31 March 2023, the Bank had loans to interbank and money market amounting to Baht 124,802 million and allowance for expected credit losses amounting to Baht 18 million (31 March 2022: Loans amounted to Baht 75,562 million and allowance for expected credit losses amounted to Baht 25 million). All of the loans were classified as “Financial assets where there has not been a significant increase in credit risk”.

11. Derivatives assets/liabilities

Derivatives held for trading

As at 31 March 2023 and 2022, the notional amounts, the fair values of derivatives held for trading, were classified by types of risk as follow.

(Unit: Thousand Baht)

Types of risk	31 March 2023			31 March 2022		
	Fair values		Notional Amount ⁽¹⁾	Fair values		Notional Amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	14,604,238	9,281,687	710,307,876	9,005,119	5,982,356	608,625,665
Interest rate	1,106,038	2,898,597	299,861,960	1,578,284	2,197,525	292,552,297
Total	15,710,276	12,180,284	1,010,169,836	10,583,403	8,179,881	901,177,962

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

As at 31 March 2023 and 2022, proportions of derivatives transactions classified by types of counterparties, determined based on the notional amount, are as follows.

(Unit: Percent)

Counterparties	31 March 2023	31 March 2022
Financial institutions	51	49
Companies within the Group ⁽¹⁾	26	24
Third parties	23	27
Total	100	100

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

12. Investments

12.1 Classified by type of investment

(Unit: Thousand Baht)

	31 March 2023	31 March 2022
	Fair value	Fair value
Investments in debt securities measured at fair value through other comprehensive income		
Government and state enterprise securities	108,065,337	116,226,279
Foreign debt securities	6,658,245	10,513,123
Total	114,723,582	126,739,402
Allowance for expected credit losses	(33,091)	(45,859)

12.2 Investments subject to obligation

As at 31 March 2023 and 2022, investments in government and state enterprise securities and foreign debt securities totalling Baht 96,575 million and Baht 97,125 million, respectively, were maintained as assets under Section 32 of the Act on Undertaking of Banking Business B.E. 2551.

As at 31 March 2023 and 2022, the Bank had no investments placed as collateral against repurchase transactions.

13. Loans to customers and accrued interest receivables

13.1 Classified by loan type

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Loans	243,291,628	270,838,240
Discounted bills	5,779,466	7,427,698
Total loans to customers	249,071,094	278,265,938
Less: Deferred revenue	(16,047)	(15,054)
Total loans to customers net of deferred revenue	249,055,047	278,250,884
Add: Accrued interest receivables and undue interest receivables	439,271	214,546
Total loans to customers net of deferred revenue and accrued interest receivables	249,494,318	278,465,430
Less: Allowance for expected credit losses	(1,785,176)	(1,309,551)
Loans to customers and accrued interest receivables - net	247,709,142	277,155,879

13.2 Classified by currency and borrowers' residency

	(Unit: Thousand Baht)					
	31 March 2023			31 March 2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	187,480,985	-	187,480,985	192,737,785	-	192,737,785
US Dollar	34,581,464	3,506,129	38,087,593	54,107,402	5,323,545	59,430,947
Yen	11,866,391	-	11,866,391	13,901,729	-	13,901,729
Other currencies	5,951,743	5,668,335	11,620,078	7,060,000	5,120,423	12,180,423
Total loans to customers net of deferred revenue	239,880,583	9,174,464	249,055,047	267,806,916	10,443,968	278,250,884

13.3 Classified by loan classification

As at 31 March 2023 and 2022, 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 2023	
	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)	212,931,178	143,373
Financial assets where there has been a significant increase in credit risk (Under-performing)	35,673,807	166,403
Financial assets that are credit impaired (Non-performing)	889,333	696,634
Excess allowance	-	778,766
Total	249,494,318	1,785,176

	(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

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

14. Allowance for expected credit losses

(Unit: Thousand Baht)

	31 March 2023				
	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	18,965	6,257	-	-	25,222
Changes due to remeasurement of allowance for expected credit losses	(141)	(5,513)	-	-	(5,654)
New financial assets purchased or acquired	15,562	-	-	-	15,562
Payments and derecognition of financial assets	(16,865)	-	-	-	(16,865)
Ending balance	17,521	744	-	-	18,265
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	45,859	-	-	-	45,859
Changes due to remeasurement of allowance for expected credit losses	(1,219)	-	-	-	(1,219)
New financial assets purchased or acquired	27,235	-	-	-	27,235
Payments and derecognition of financial assets	(38,784)	-	-	-	(38,784)
Ending balance	33,091	-	-	-	33,091
Loans to customers and accrued interest receivables					
Beginning balance	225,572	233,122	67,642	783,215	1,309,551
Changes due to changes in staging	1,395	2,134	(3,529)	-	-
Changes due to remeasurement of allowance for expected credit losses	(19,278)	(30,520)	(210)	(4,449)	(54,457)
New financial assets purchased or acquired	100,434	43,673	682,211	-	826,318
Payment of financial assets	(164,750)	(82,006)	(49,480)	-	(296,236)
Ending balance	143,373	166,403	696,634	778,766	1,785,176

(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

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.

15. Leasehold improvements and equipment

(Unit: Thousand Baht)

	Leasehold improvements	Office equipment	Computer equipment	Total
Cost				
As at 1 April 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
Additions	-	253	4,687	4,940
Disposal / Write-off	-	(1,182)	(27,753)	(28,935)
As at 31 March 2023	472,421	143,659	300,152	916,232
Accumulated depreciation				
As at 1 April 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
Depreciation charged for the year	37,011	4,316	15,283	56,610
Accumulated depreciation on disposals / write-off	-	(1,182)	(27,753)	(28,935)
As at 31 March 2023	285,568	136,007	256,155	677,730
Net book value				
As at 31 March 2022	223,864	11,715	54,593	290,172
As at 31 March 2023	186,853	7,652	43,997	238,502
Depreciation charged in profit or loss for the years ended				
31 March 2022				59,342
31 March 2023				56,610

As at 31 March 2023 and 2022, 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 378 million and Baht 396 million, respectively.

16. Leases

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

16.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 March 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	Buildings	Office equipment	Motor vehicles	Total
Cost				
As at 1 April 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
Acquisition of assets	-	-	13,027	13,027
As at 31 March 2023	330,601	8,785	56,639	396,025
Accumulated depreciation				
As at 1 April 2021	113,599	2,035	13,896	129,530
Depreciation charged for the year	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
Depreciation charged for the year	66,583	1,872	12,256	80,711
As at 31 March 2023	228,577	5,779	37,159	271,515
Net book value				
As at 31 March 2022	168,607	4,878	18,709	192,194
As at 31 March 2023	102,024	3,006	19,480	124,510
Depreciation charged in profit or loss for the years ended				
31 March 2022				75,118
31 March 2023				80,711

16.2 Lease liability

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Lease payments	87,959	148,673
Less: Deferred interest expenses	(791)	(1,170)
Total	87,168	147,503

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

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

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Depreciation expense of right-of-use assets	80,711	75,118
Interest expense on lease liabilities	910	1,520
Expense relating to short-term leases	41,676	40,965

The Bank had total cash outflows for leases for the year ended 31 March 2023 of Baht 74 million (2022: Baht 70 million).

17. Intangible assets

(Unit: Thousand Baht)

	Computer softwares	Computer softwares under development	Total
Cost			
As at 1 April 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
Additions	96,782	10,847	107,629
Transfers in (Transfers out)	79,153	(79,153)	-
Disposal / Write-off	(19)	-	(19)
As at 31 March 2023	933,416	30,826	964,242
Accumulated amortisation			
As at 1 April 2021	426,578	-	426,578
Amortisation for the year	79,541	-	79,541
As at 31 March 2022	506,119	-	506,119
Amortisation for the year	101,175	-	101,175
Disposal / Write-off	(19)	-	(19)
As at 31 March 2023	607,275	-	607,275
Net book value			
As at 31 March 2022	251,381	99,132	350,513
As at 31 March 2023	326,141	30,826	356,967
Amortisation expenses included in profit or loss for the years ended			
31 March 2022			79,541
31 March 2023			101,175

As at 31 March 2023 and 2022, computer softwares had remaining amortisation periods of 0 - 5 years.

As at 31 March 2023 and 2022, 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 407 million and Baht 341 million, respectively.

18. Deferred tax assets and liabilities/Income tax expenses

18.1 Deferred tax assets and liabilities

As at 31 March 2023 and 2022, deferred tax assets and liabilities comprise:

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Deferred tax assets	307,330	307,039
Deferred tax liabilities	35,056	52,887
Deferred tax assets - net	<u>272,274</u>	<u>254,152</u>

Movement in the deferred tax assets (liabilities) during the year ended 31 March 2023 and 2022 are as follows:

	(Unit: Thousand Baht)			
	For the year ended 31 March 2023			
	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	17,493	10,031	-	27,524
Investments in debt securities				
measured at fair value through other				
comprehensive income	7,476	-	11,135	18,611
Leasehold improvements and				
equipment and intangible assets	37,270	6,566	-	43,836
Provisions for liabilities	72,562	(693)	-	71,869
Expected credit losses	29,129	(2,807)	-	26,322
Revaluation on financial derivatives	2,523	(438)	-	2,085
Leases liabilities	29,501	(12,067)	-	17,434
Others	111,085	(11,436)	-	99,649
Total deferred tax assets	<u>307,039</u>	<u>(10,844)</u>	<u>11,135</u>	<u>307,330</u>
Deferred tax liabilities arose from:				
Investments in debt securities				
measured at fair value through other				
comprehensive income	14,449	-	(5,087)	9,362
Right-of-use assets	38,438	(13,536)	-	24,902
Others	-	792	-	792
Total deferred tax liabilities	<u>52,887</u>	<u>(12,744)</u>	<u>(5,087)</u>	<u>35,056</u>
Net	<u>254,152</u>	<u>1,900</u>	<u>16,222</u>	<u>272,274</u>

(Unit: Thousand Baht)

For the year ended 31 March 2022

	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	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
Right-of-use assets	97,979	(59,541)	-	38,438
Total deferred tax liabilities	132,793	(59,541)	(20,365)	52,887
Net	220,102	10,542	23,508	254,152

18.2 Income tax expenses

Income tax expenses for the years ended 31 March 2023 and 2022 were made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Current income tax		
Corporate income taxes for the years	1,081,313	976,576
Deferred taxes		
Deferred taxes relating to origination and reversal of temporary differences	(1,900)	(10,541)
Income tax expenses recognised in profit or loss	<u>1,079,413</u>	<u>966,035</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 March 2023 and 2022 and the applicable tax rate were as follow:

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Accounting profits before income tax expenses	<u>5,099,779</u>	<u>4,242,994</u>
Applicable corporate income tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	1,019,956	848,599
Net tax effect on income or expenses not deductible in determining taxable profits	<u>59,457</u>	<u>117,436</u>
Income tax expenses recognised in profit or loss	<u>1,079,413</u>	<u>966,035</u>

19. Other assets

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Deposits	26,379	26,256
Fees income receivable	7,748	9,233
Collateral from Credit Support Annex agreements	94,600	-
Others	60,746	53,385
Total	<u>189,473</u>	<u>88,874</u>
Less: Allowance for expected credit losses	<u>(624)</u>	<u>(53)</u>
Other assets - net	<u>188,849</u>	<u>88,821</u>

20. Deposits

20.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Demand deposits	7,818,501	7,319,867
Saving deposits	99,093,938	105,236,876
Term deposits	172,829,206	114,825,328
Total deposits	<u>279,741,645</u>	<u>227,382,071</u>

20.2 Classified by currency and depositors' residency

	31 March 2023			31 March 2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	199,907,468	25,544	199,933,012	190,991,437	150,870	191,142,307
US dollar	68,811,055	3,357,017	72,168,072	30,415,766	1,521,315	31,937,081
Yen	5,683,389	-	5,683,389	3,276,564	-	3,276,564
Other currencies	1,957,172	-	1,957,172	1,025,979	140	1,026,119
Total deposits	<u>276,359,084</u>	<u>3,382,561</u>	<u>279,741,645</u>	<u>225,709,746</u>	<u>1,672,325</u>	<u>227,382,071</u>

21. Interbank and money market items (liabilities)

	31 March 2023			31 March 2022		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	1,000,229	-	1,000,229	1,000,233	-	1,000,233
Specialised financial institutions	-	-	-	2,500,000	-	2,500,000
Other financial institutions	1,442,941	800,000	2,242,941	263,688	-	263,688
Total domestic items	<u>2,443,170</u>	<u>800,000</u>	<u>3,243,170</u>	<u>3,763,921</u>	<u>-</u>	<u>3,763,921</u>
Foreign						
Baht	155,591	-	155,591	1,138,083	-	1,138,083
Us dollar	34,345	-	34,345	3,774	-	3,774
Total foreign items	<u>189,936</u>	<u>-</u>	<u>189,936</u>	<u>1,141,857</u>	<u>-</u>	<u>1,141,857</u>
Total domestic and foreign items	<u>2,633,106</u>	<u>800,000</u>	<u>3,433,106</u>	<u>4,905,778</u>	<u>-</u>	<u>4,905,778</u>

22. Provisions for liabilities

(Unit: Thousand Baht)

For the year ended 31 March 2023

	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	92,289	259,291	11,673	91,848	455,101
Increase during the year	71,169	26,948	21,250	-	119,367
Decrease during the year	(67,782)	-	(32,923)	-	(100,705)
Paid during the year	-	(18,740)	-	-	(18,740)
Ending balance	95,676	267,499	-	91,848	455,023

(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 contingent 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

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

As at 31 March 2023 and 2022, 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 2023	
	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)	67,426,222	34,500
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,963,759	5,716
Financial assets that are credit-impaired (Non-Performing)	71,280	55,460
Total	69,461,261	95,676

	(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

22.2 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	
	2023	2022
Provision for long-term employee benefits at beginning		
of the years	259,291	244,858
Included in profit or loss:		
Current service cost	21,530	20,783
Interest cost	5,418	6,574
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	(18,740)	(2,736)
Provision for long-term employee benefits at end of the years	267,499	259,291

As at 31 March 2023 and 2022, the Bank expected to pay long-term employee benefits during the next one-year amounting to Baht 33.7 million and Baht 19.1 million, respectively.

Principal actuarial assumptions at the valuation dates were as follows:

	31 March 2023	31 March 2022
	(% per annum)	(% per annum)
Average discount rate	0.53 - 3.91	0.53 - 3.91
Future salary incremental rates	5.00 - 9.00	5.00 - 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 2023 and 2022 were summarised below:

Principal assumptions	(Unit: Thousand Baht)	
	Increase (decrease) in provision for long-term employee benefits as at	
	31 March 2023	31 March 2022
Average discount rate increased by 1%	(18,931)	(18,990)
Average discount rate decreased by 1%	21,328	21,342
Future salary incremental rates increased by 1%	23,296	20,667
Future salary incremental rates decreased by 1%	(20,991)	(18,687)
Staff turnover rate increased by 20%	(8,256)	(7,070)
Staff turnover rate decreased by 20%	8,987	7,663

As at 31 March 2023 and 2022, the weighted average duration of employee benefit obligations was 11.5 years, respectively.

23. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Revenue received in advance	11,730	5,372
Contribution payables to the Deposit Protection Agency and the Bank of Thailand	240,970	98,990
Collateral payables under Credit Support Annex agreements	360,309	554,616
Accrued expenses	331,022	266,192
Total other liabilities	944,031	925,170

24. 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 2023 and 2022, the Bank contributed approximately Baht 31 million and Baht 30 million, respectively to the fund.

25. Fair value of financial assets and liabilities

As at 31 March 2023 and 2022, the Bank had financial assets and liabilities, which were presented according to the fair value hierarchy as follows:

(Unit: Million Baht)

	31 March 2023			
	Carrying value	Fair value		
		Level 1	Level 2	Total
<u>Financial assets measured at fair value</u>				
Derivatives assets	15,710	-	15,710	15,710
Investments - net	114,724	-	114,724	114,724
<u>Financial liabilities measured at fair value</u>				
Derivatives liabilities	12,180	-	12,180	12,180
<u>Financial assets for which fair value were disclosed</u>				
Interbank and money market items - net	131,084	6,372	124,712	131,084
Loans to customers and accrued interest receivables - net	247,709	-	247,709	247,709
<u>Financial liabilities for which fair value were disclosed</u>				
Deposits	279,742	106,913	172,829	279,742
Interbank and money market items	3,433	2,393	1,040	3,433
Liabilities payable on demand	776	776	-	776
Net balance of inter-office accounts with head office and other branches under the same entity	76,735	-	76,735	76,735

(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

Valuation techniques and inputs used for fair value measurement

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	<p>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.</p> <p>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.</p>
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.

26. 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 2023 and 2022, 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 2023	31 March 2022
<u>Funds remitted into Thailand</u>		
Funds from head office	98,137,800	10,670,800
Borrowings from other branches under the same entity	-	87,467,311
Total	<u>98,137,800</u>	<u>98,138,111</u>

As at 31 March 2023 and 2022, 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 2023	31 March 2022
1. Assets required to be maintained under Section 32 (Note 12.2)	96,575,057	97,124,687
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	173,282,224	217,127,336
2.1 Net capital for maintenance of assets under Section 32	96,546,867	96,333,753
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	76,735,357	120,793,583
3. Total regulatory capital (3.1 - 3.2)	96,189,900	95,983,240
3.1 Total regulatory capital before deduction items (the lowest amount among item 1, item 2 and item 2.1)	96,546,867	96,333,753
3.2 Deduction items	(356,967)	(350,513)

27. Commitments and contingent liabilities

27.1 Commitments

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Aval and guarantee of loans	44,328	49,946
Liability under unmatured import bills	11,692,492	5,233,187
Letter of credits	1,745,573	2,116,941
Other obligations		
- Undrawn bank overdrafts	2,854,058	3,199,046
- Undrawn commitment	30,078,743	35,522,956
- Guarantee - others	25,900,124	28,334,265
- Undrawn credit line	522,018,296	468,658,441
Total	594,333,614	543,114,782

Furthermore, the Bank had commitments in respect of foreign exchange contracts, cross currency interest rate swap contracts, interest rate swap contracts, and currency option contracts as mentioned in Note 11 to the financial statements.

27.2 Commitments under operating lease agreements

As at 31 March 2023 and 2022, the Bank had no rental and related service commitments related to lease agreements.

Furthermore, as at 31 March 2023 and 2022, the Bank had no commitments under the car rental and services agreements.

28. Related party transactions

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

28.1 Transactions with related parties occurred during the years

(Unit: Thousand Baht)

	For the years ended		Pricing policy	
	31 March		2023	2022
	2023	2022		
Transactions with other related companies in Mizuho Financial Group				
Gains on financial derivative contracts	163,434	155,191	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	215,397	1,902	At interest rates between 0.001 - 4.83 percent per annum	At interest rates between 0.001 - 0.35 percent per annum
Interest expenses on borrowings	3,624,618	628,308	At interest rates between 0.001 - 5.31 percent per annum	At interest rates between 0.001 - 2.77 percent per annum
Gain (loss) on financial derivative contracts	44,517	1,451,268	At the rates stipulated in the contracts	At the rates stipulated in the contracts
Expenses allocated from head office	490,610	462,613	As per invoices charged from head office	As per invoices charged from head office

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

28.2 Outstanding balances with related parties

As at 31 March 2023 and 2022, the outstanding balances with related parties were as follows:

	(Unit: Thousand Baht)	
	31 March 2023	31 March 2022
Balances with other related companies in		
Mizuho Financial Group		
Off-balance items - financial derivative contracts ⁽¹⁾	9,391,068	10,536,885
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items - assets	120,127	182,772
Interbank and money market items - liabilities	69,593	60,971
Net balances of inter-office accounts with head office and other branches under the same entity⁽²⁾		
Borrowings and accrued interest payables	76,494,320	121,208,538
Deposits/inter-office balances - assets (liabilities)	(239,699)	414,956
Off-balance items - financial derivative contracts ⁽¹⁾	260,532,562	213,096,367
Funds remitted into Thailand	98,137,800	98,138,111

⁽¹⁾ Amounts presented are notional amounts.

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

29. Operating segments

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

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

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

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

The operating results presented by operating segment for the years ended 31 March 2023 and 2022 were as follows:

	(Unit: Million Baht)		
	For the year ended 31 March 2023		
	Banking business	Treasury business	Total
Net interest income	4,612	(360)	4,252
Net fees and service income	430	(13)	417
Net gain on financial instruments measured at fair value through profit or loss and other operating income	2,586	981	3,567
Total operating income	7,628	608	8,236
Total operating expenses	(2,494)	(176)	(2,670)
Profit from operation before expected credit losses and income tax expenses	5,134	432	5,566
Expected credit losses and income tax expenses			(1,546)
Profit for the year			4,020

	(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

As at 31 March 2023 and 2022, assets classified by operating segment were as follows:

	(Unit: Million Baht)		
	Banking business	Treasury business	Total
Total assets			
As at 31 March 2023	477,308	33,705	511,013
As at 31 March 2022	464,517	31,816	496,333

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

30.1 Financial position classified by type of operations

(Unit: Million Baht)

	As at 31 March					
	2023			2022		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Total assets	492,727	18,286	511,013	476,541	19,792	496,333
Interbank and money market items - net	122,154	8,930	131,084	71,378	9,094	80,472
Investments - net	114,724	-	114,724	126,739	-	126,739
Loans to customers and accrued interest receivables - net	238,460	9,249	247,709	266,709	10,447	277,156
Total liabilities	293,108	5,689	298,797	240,090	3,924	244,014
Deposits	276,359	3,383	279,742	225,710	1,672	227,382
Interbank and money market items - net	3,243	190	3,433	3,764	1,142	4,906

30.2 Results of operations classified by type of operations

(Unit: Million Baht)

	For the years ended 31 March					
	2023			2022		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
Interest income	7,877	861	8,738	4,647	448	5,095
Interest expenses	(844)	(3,642)	(4,486)	(825)	(630)	(1,455)
Net interest income	7,033	(2,781)	4,252	3,822	(182)	3,640
Net fees and service income	418	(1)	417	382	17	399
Other operating income	3,063	504	3,567	3,412	(754)	2,658
Other operating expenses	(2,179)	(491)	(2,670)	(1,810)	(462)	(2,272)
Expected credit losses	(482)	16	(466)	(159)	(23)	(182)
Profits (losses) from operation before income tax expenses	7,853	(2,753)	5,100	5,647	(1,404)	4,243

31. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Interest income incurred on:		
Interbank and money market items	1,351,362	603,529
Investments in debt securities	1,229,671	719,516
Loans to customers	6,154,790	3,771,419
Others	2,175	729
Total interest income	8,737,998	5,095,193

32. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Interest expenses incurred on:		
Deposits	1,686,690	379,351
Interbank and money market items	2,215,922	686,905
Contribution fees to the Deposit Protection Agency and the Bank of Thailand	578,903	387,273
Others	4,822	1,474
Total interest expenses	4,486,337	1,455,003

33. Net fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2023	2022
Fees and service income on:		
Acceptance, aval and guarantees	90,465	89,596
Management fees	82,427	106,196
Others	320,635	260,749
Total fees and service income	493,527	456,541
Total fees and service expenses	(76,497)	(57,728)
Fees and service income - net	417,030	398,813

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

(Unit: Thousand Baht)

	For the years ended 31 March	
	2023	2022
Gain on foreign currencies and derivatives relating to foreign exchange	3,546,148	2,542,435
Gain on derivatives relating to interest rate	70,920	131,318
Unrealised loss on credit/debit value adjustments	(50,157)	(19,989)
Total	<u>3,566,911</u>	<u>2,653,764</u>

35. Expected credit losses

(Unit: Thousand Baht)

	For the years ended 31 March	
	2023	2022
Expected credit losses (reversal) on:		
Interbank and money market items	(7,008)	11,137
Investments in debt securities measured at fair value through other comprehensive income	(12,904)	10,184
Loans to customers and accrued interest receivables	482,435	133,562
Other receivables	572	(32)
Loan commitments and financial guarantee contracts	3,388	26,667
Total	<u>466,483</u>	<u>181,518</u>

36. Approval of financial statements

These financial statements were authorized for issue by the General Manager of Bangkok Branch on 21 July 2023.