

**ANZ Bank (Thai) Public Company Limited**

**Pillar III**

**Disclosure of  
Capital and Liquidity Coverage Ratio  
Information**

As at 31<sup>st</sup> March 2020



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## 1. Scope of Application

ANZ Bank (Thai) Public Company Limited (“ANZ Thai” or “the Bank”) incorporated as a commercial bank in Thailand, was given the banking license by The Ministry of Finance on 15 June 2015, whilst the Bank through its notification requirement under the banking license, has commenced its legal day-1 on Monday 29 June 2015.

The Bank hereby discloses the capital maintenance information for the position as at 31 March 2020 as specified in Bank of Thailand Notification No. SorNorSor 4/2556 dated 2 May 2013 Re: Disclosure of Capital Maintenance Information for Commercial Banks including the Liquidity Coverage Ratio as specified in Bank of Thailand Notification No. SorNorSor 2/2561 Re: Liquidity Coverage Ratio Disclosure Standards dated 25 January 2018.

## 2. Capital

### 2.1 Capital Structure

The table below presents the Bank capital structure as at 31 March 2020 and 30 September 2019.

**Table 1 : Capital Structure**

Unit : Million Baht

| Item                                     | 31-Mar-20     | 30-Sep-19     |
|--|---------------|---------------|
| <b>1. Tier 1 capital</b>                 | <b>20,073</b> | <b>19,760</b> |
| <b>1.1 Common equity tier 1 (CET1)</b>   | 20,073        | 19,760        |
| Paid-up capital (common stock)           | 20,000        | 20,000        |
| Legal reserves                           | 3             | 3             |
| Net profits (losses)                     | 57            | -230          |
| Other comprehensive income               | 36            | 19            |
| Deduct items from CET1*                  | -23           | -31           |
| <b>1.2 Additional tier 1</b>             | -             | -             |
| <b>2. Tier 2 capital</b>                 | <b>206</b>    | <b>197</b>    |
| General provision for performing loans   | 206           | 197           |
| <b>3. Total regulatory capital (1+2)</b> | <b>20,278</b> | <b>19,957</b> |

\* Intangible assets, and deferred tax asset (DTA)

## 2.2 Capital Adequacy

According to the Bank of Thailand's guideline for capital maintenance, commercial banks are required to meet the minimum capital adequacy ratio at 11.00%.

The approach applies to assess each risk for the capital adequacy as follows:

- Credit Risk                      Standardised Approach (SA)
- Market Risk                      Standardised Approach (SA)
- Operational Risk                Basic Indicator Approach (BIA)

The following tables represent capital adequacy ratio and minimum capital requirement for credit risk, market risk and operational risk of the Bank as at 31 March 2020 and 30 September 2019

**Table 2 : Capital Adequacy Ratio**

| Ratio   | Unit : %                  |  |                           |  |
|---|---------------------------|--|---------------------------|--|
|   | 31-Mar-20                 |  | 30-Sep-19                 |  |
|   | Capital ratio of the bank | Minimum capital ratio according to the BOT regulations | Capital ratio of the bank | Minimum capital ratio according to the BOT regulations |
| 1. Total capital to risk-weighted assets        | <b>75.76</b>              | <b>11.00</b>   | <b>80.61</b>              | <b>11.00</b>   |
| 2. Tier 1 capital to risk-weighted assets       | 74.99                     | 8.50   | 79.81                     | 8.50   |
| 3. Common equity tier 1 to risk-weighted assets | 74.99                     | 7.00   | 79.81                     | 7.00   |

**Table 3: Minimum capital requirement for Credit risk (SA)**

| Minimum capital requirement for credit risk classified by type of assets under the SA   | Unit : Million Baht |              |
|---|---------------------|--------------|
|   | 31-Mar-20           | 30-Sep-19    |
| <b>Performing claims</b>  |                     |              |
| 1. Claims on sovereigns and central banks, multilateral development banks (MDBs), Provincial Organization, Government Organization and State Owned Enterprise (PSEs) which have the same risk weight as Sovereigns. | -                   | -            |
| 2. Claims on financial institutions , Provincial Organization, Government Organization and State Owned Enterprise (PSEs) which have the same risk weight as Financial Institutions                                  | 256                 | 227          |
| 3. Claims on corporates , Provincial Organization, Government Organizations and State Owned Enterprises (PSEs) which have the same risk weight as Corporates  | 2,426               | 2,240        |
| 4. Other assets   | 15                  | 7            |
| <b>Non-performing claims</b>  | -                   | -            |
| <b>Total minimum capital requirement for credit risk</b>  | <b>2,697</b>        | <b>2,474</b> |

**Table 4:** Minimum capital requirement for Market risk (SA)

Unit : Million Baht

| <b>Minimum capital requirements for market risk under the Standardized Approach</b> | <b>31-Mar-20</b> | <b>30-Sep-19</b> |
|---|------------------|------------------|
| Interest rate risk  | 69               | 111              |
| Foreign exchange rate risk  | 42               | 12               |
| <b>Total minimum capital requirements for market risk</b>                           | <b>111</b>       | <b>123</b>       |

**Table 5:** Minimum capital requirement for operational risk(BIA)

Unit : Million Baht

| <b>Minimum capital requirement for operational risk</b>       | <b>31-Mar-20</b> | <b>30-Sep-19</b> |
|---|------------------|------------------|
| Basic Indicator Approach                                      | 136              | 126              |
| <b>Total minimum capital requirement for operational risk</b> | <b>136</b>       | <b>126</b>       |

### 3. Liquidity Coverage Ratio (LCR)

The Bank's financial year ending on 30 September therefore the bank will use the data at the end of March for disclosure of the first-half data (Quarter 2), and use the data at the end of September for disclosure of the second-half data (Quarter 4).

Commercial banks are required to maintain the liquidity coverage ratio in accordance with the guideline as specified by the Bank of Thailand ("BOT"). This guideline aims to ensure that each bank has adequate liquidity to support short-term severe liquidity stress scenario. The minimum LCR, which is the ratio of High Quality Liquid Asset (HQLA) to total net cash outflow (Net COF) within the 30-day time horizon, of 60% was introduced on 1 January 2016 (B.E 2559) and increased by 10% each year until it reaches 100% in 2020 (B.E. 2563).

The LCR calculation is as follow.

$$\text{LCR} = \frac{\text{High Quality Liquid Asset (HQLA)}}{\text{Total Net Cash Outflows over the next 30 days}}$$

**HQLA** refers to unencumbered highly liquid assets with low risk and low volatility that can be easily monetized without any significant changes to their value, even in times of liquidity stress. All high quality liquid assets must also meet the minimum standards as stipulated by BOT. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by BOT.

**Net COF** is equal to total expected cash outflows within the 30-day time horizon subtracted Cash inflow within the 30-day time horizon under liquidity stress scenario. The total expected cash inflow cannot exceed 75% of the total expected cash outflow. Each types of Cash inflows and cash outflows are subjected to inflow rate and run-off rate as specified by BOT.

The Bank's quarterly LCR which is an average of month-end value in each quarter is shown below.

**Table 6 : Liquidity Coverage Ratio (LCR)**

**Unit: Million Baht**

| Items   | Quarter 2 – 2020<br>(Average) | Quarter 2 – 2019<br>(Average) |
|---|-------------------------------|-------------------------------|
| <b>(1) Total high-quality liquid assets (HQLA)</b>                | 10,764                        | 16,029                        |
| <b>(2) Total net cash outflows within the 30-day time horizon</b> | 3,911                         | 7,882                         |
| <b>(3) LCR* (%)</b>   | 372%                          | 219%                          |
| <i>Minimum LCR as specified by the Bank of Thailand (%)</i>       | 100%                          | 90%                           |

\* LCR in Item (3) is not necessarily equal to the total high-quality liquid assets Item (1) divided by the total net cash outflows within the 30-day time horizon Item (2)

The Bank's average LCR for the first quarter and the second quarter of 2020 in comparison with those of 2019 are shown below:

**Table 7 : Average LCR for comparison**

**Unit: %**

| Average LCR                                      | 2020<br>Average □ | 2019<br>Average □ |
|--|-------------------|-------------------|
| <b>1<sup>st</sup> quarter</b> (October-December) | 263%              | 164%              |
| <b>2<sup>nd</sup> quarter</b> (January-March)    | 372%              | 219%              |

For the second quarter of 2020 (end of March 2020), the average LCR was 372%, well above the regulatory minimum requirement of 100%.

The average HQLA was 10,764 million Baht which is the average of HQLA as at the end of January – March 2020, all HQLA are level 1 liquid assets comprised of cash, deposit and reserve at central bank, and debt securities issued or guaranteed by the government, central bank.

The average Net COF was 3,911 million Baht, which is the average of net cash outflows within 30-day time horizon as at the end of January – March 2020. The main contributors to net cash outflows were modelled outflows associated with the deposit and Interbank/Intra group borrowing offset by cash inflows from loans and Interbank/Intragroup lending. While cash outflows associated with derivatives are material, these are largely offset by derivatives cash inflows.

The Bank assesses and monitors LCR and risk metrics on a daily basis. Key liquidity risk metrics involve a combination of prudential requirements and internally-developed stress scenarios of varying severity in order to provide greater confidence that Bank's balance sheet can withstand a range of different liquidity stress events.