

ANZ Bank (Thai) Public Company Limited

Interim Financial statements
for the six-month period ended
31 March 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors ANZ Bank (Thai) Public Company Limited

Opinion

I have audited the interim financial statements of ANZ Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended; and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2020 and the financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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



Responsibilities of Management and Those Charged with Governance for the Interim Financial Statements

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

In preparing the interim 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Financial Statements

My objectives are to obtain reasonable assurance about whether the interim 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 TSAs 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 interim financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the interim 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 interim 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 interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ✓



I communicate with those charged with governance 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.

A handwritten signature in black ink, appearing to read 'P. Gulsantithamrong'.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
27 May 2020

ANZ Bank (Thai) Public Company Limited

Statement of financial position

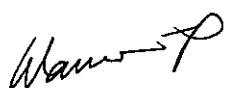
Assets	Note	31 March	30 September
		2020	2019
<i>(in thousand Baht)</i>			
Cash		869	1,017
Interbank and money market items, net	8, 23	4,935,791	3,247,930
Derivative assets	9, 23	3,902,238	2,827,551
Investments, net	10	10,401,092	7,145,748
Loans to customers and accrued interest receivables, net	11		
Loans to customers		19,477,561	18,306,147
Accrued interest receivables		71,548	58,086
Total loans to customers and accrued interest receivables		19,549,109	18,364,233
Less deferred revenue		-	-
Less allowance for doubtful accounts	12	(196,982)	(186,177)
Total loans to customers and accrued interest receivables, net		19,352,127	18,178,056
Leasehold building improvements and equipment, net	13	12,582	15,250
Right-of-use assets	13	21,225	-
Deferred tax assets, net	34	23,162	31,140
Trading securities receivable		150,184	20,669
Other assets	14, 23	170,298	314,739
Total assets		38,969,568	31,782,100

The accompanying notes are an integral part of these interim financial statements.

ANZ Bank (Thai) Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 March 2020	30 September 2019
		<i>(in thousand Baht)</i>	
<i>Liabilities</i>			
Deposits	15	6,788,743	5,970,605
Interbank and money market items	16, 23	7,146,520	2,492,204
Liabilities payable on demand		1,312	39,454
Derivative liabilities	9, 23	3,935,536	2,758,133
Lease liabilities		23,334	-
Trading securities payable		235,595	87,286
Provisions for employee benefits		65,621	61,047
Other liabilities	17, 23	554,400	295,140
Total liabilities		18,751,061	11,703,869
<i>Equity</i>			
Share capital	19		
Authorised share capital		20,000,000	20,000,000
Issued and paid-up share capital		20,000,000	20,000,000
Other reserves		36,029	18,584
Retained earnings			
Authorised			
Legal reserve	20	2,982	2,982
Unappropriated		179,496	56,665
Total equity		20,218,507	20,078,231
Total liabilities and equity		38,969,568	31,782,100





(Warin Paaopanchon)
Chief Financial Officer



(Panadda Manoleehakul)
President and Chief Executive Officer

The accompanying notes are an integral part of these interim financial statements.

ANZ Bank (Thai) Public Company Limited
Statement of profit or loss and other comprehensive income

	Note	For the six-month period ended	
		31 March	
		2020	2019
		<i>(in thousand Baht)</i>	
Interest income	23, 24	322,950	331,432
Interest expenses	23, 25, 32	76,166	153,047
Net interest income		246,784	178,385
Fees and service income		13,541	13,862
Fees and service expenses		5,473	8,004
Net fees and service income	26	8,068	5,858
Gains on trading and foreign exchange transactions, net	27	126,872	246,061
Net gain on investments	28	645	2,947
Other operating income	23	12,514	46,558
Total operating income		394,883	479,809
Other operating expenses			
Employee expenses	23, 29	147,777	152,408
Directors' remuneration		2,339	2,400
Premises and equipment expenses	30	31,699	31,915
Taxes and duties		13,948	11,364
Others	23, 31	31,502	24,421
Total operating expenses		227,265	222,508
Bad debts allowance for doubtful accounts and impairment loss	33	13,033	53,598
Profit from operations before income tax expense		154,585	203,703
Income tax expense	34	31,754	41,594
Net profit for the period		122,831	162,109
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains on remeasuring available-for-sale investments		21,806	764
Income tax relating to items that will be reclassified	34	(4,361)	(153)
Total items that will be reclassified subsequently to profit or loss, net of tax		17,445	611
Total comprehensive income for the period		140,276	162,720
Earnings per share			
Basic earnings per share <i>(in Baht)</i>	35	0.06	0.08
			
(Warin Paaopanchon) Chief Financial Officer	(Panadda Manoleehakul) President and Chief Executive Officer		

The accompanying notes are an integral part of these interim financial statements.

ANZ Bank (Thai) Public Company Limited

Statement of changes in equity

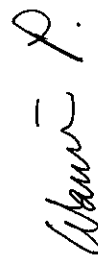
	Issued and paid-up share capital	Other reserves	Legal reserve <i>(in thousand Baht)</i>	Unappropriated (deficit)	Total equity
For the six-month period ended 31 March 2019					
Balance at 1 October 2018	20,000,000	432	-	(230,215)	19,770,217
Comprehensive income for the period					
Profit for the period	-	-	-	162,109	162,109
Other comprehensive income					
Available-for-sale investments					
Net change in fair value recognised in equity, net of tax	-	611	-	-	611
Total comprehensive income for the period	-	611	-	162,109	162,720
Balance as at 31 March 2019	<u>20,000,000</u>	<u>1,043</u>	<u>-</u>	<u>(68,106)</u>	<u>19,932,937</u>

The accompanying notes are an integral part of these interim financial statements.

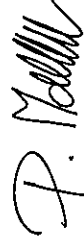
ANZ Bank (Thai) Public Company Limited

Statement of changes in equity

	Issued and paid-up share capital	Other reserves	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Total equity
For the six-month period ended 31 March 2020					
Balance at 1 October 2019	20,000,000	18,584	2,982	56,665	20,078,231
Comprehensive income for the period					
Profit for the period	-	-	-	122,831	122,831
Other comprehensive income					
Available-for-sale investments					
Net change in fair value recognised in equity, net of tax	-	17,445	-	-	17,445
Total comprehensive income for the period	-	17,445	-	122,831	140,276
Balance as at 31 March 2020	20,000,000	36,029	2,982	179,496	20,218,507



(Warin Paoapanchon)
Chief Financial Officer



(Panadda Manoleehakul)
President and Chief Executive Officer

The accompanying notes are an integral part of these interim financial statements.

ANZ Bank (Thai) Public Company Limited

Statement of cash flows

For the six-month period ended

31 March

2020

2019

(in thousand Baht)

Cash flows from operating activities

Profit from operations before income tax expense	154,585	203,703
<i>Adjustments to reconcile profit from operations before income tax expense to cash receipts (payments)</i>		
Depreciation and amortisation	10,691	8,663
Bad debts allowance for doubtful accounts and impairment loss	13,033	53,598
Gains on trading and foreign exchange transactions	(126,872)	(246,061)
Gain on sale of investment, net	(645)	(2,947)
Write-off of withholding tax	3,549	-
Provision made	4,574	1,572
Net interest income	(246,784)	(178,385)
Proceeds from interest	310,808	310,477
Interest paid	(72,064)	(82,050)
Income tax paid	(33,288)	(627)
Profit from operations before changes in operating assets and liabilities	<u>17,587</u>	<u>67,943</u>

Decrease (increase) in operating assets

Interbank and money market items	(1,687,869)	(9,893,724)
Derivative assets	(973,399)	(378,064)
Investment in securities for trading	611,714	910,408
Loans to customers	(1,171,415)	(4,139,934)
Trading securities receivable	(129,515)	84,020
Other assets	144,315	(288,869)

Increase (decrease) in operating liabilities

Deposits	818,138	7,159,490
Interbank and money market items	4,654,316	7,376,507
Liabilities payable on demand	(38,142)	16,908
Derivative liabilities	1,177,403	554,620
Trading securities payable	148,309	-
Other liabilities	261,768	25,465
Net cash from operating activities	<u>3,833,210</u>	<u>1,494,770</u>

Cash flows from investing activities

Purchases of available-for-sale investments	(4,883,987)	(3,494,496)
Proceeds from available-for-sale investments	1,058,000	2,000,000
Purchases of leasehold building improvements and equipment	(4,925)	(82)
Net cash used in investing activities	<u>(3,830,912)</u>	<u>(1,494,578)</u>

Cash flows from financing activities

Payment of lease liabilities	(2,446)	-
Net cash used in financing activities	<u>(2,446)</u>	<u>-</u>

Net decrease (increase) in cash

Cash as at 1 October	1,017	572
Cash as at 31 March	<u>869</u>	<u>764</u>

Supplementary disclosures of cash flow information

Significant non-cash items

Gains on remeasuring available-for-sale investments	21,806	764
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(Warin Paaopanchon)
Chief Financial Officer



(Panadda Manoleehakul)
President and Chief Executive Officer

The accompanying notes are an integral part of these interim financial statements.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

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ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

These notes form an integral part of interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 May 2020.

1 General information

ANZ Bank (Thai) Public Company Limited (the “Bank”) was registered and incorporated as a juristic person in Thailand under the Public Limited Company Act B.E. 2535. The Bank’s head office is located at 63 Athenee Tower, 8th Floor, Unit 801-806, Wireless Road, Lumpini, Pathumwan, Bangkok. The Bank does not have any other branches.

The Bank, incorporated as a commercial bank in Thailand, was given the banking license by The Ministry of Finance on 15 June 2015.

The immediate and ultimate parent companies during the financial period are ANZ Funds Pty. Ltd. and ANZ Banking Group Limited. Both are incorporated in Australia.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) No. 34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (“BoT”) Notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

New and revised TFRS effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in change in certain of the Bank’s accounting policies.

The Bank has early initially applied before effective date for TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 4.

In addition, except for above new an TFRS, the Bank has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Bank operations are disclosed in note 36.

(b) Functional and presentation currency

The interim financial statements are prepared and presented in Thai Baht, which is the Bank’s functional currency. All financial information presented in Thai Baht and has been rounded in the notes to the interim financial statements to the nearest thousand unless otherwise stated.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
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(c) Use of judgements and estimates

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Bank's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4 (m) Revenue recognition:

- Fee and services income whether the Bank has the right to set price or fee and service income and whether revenue is recognised over time or at a point in time

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial period is included in the following notes:

Note 6 Fair value of assets and liabilities
Note 9 Derivatives
Note 12 Allowance for doubtful accounts

3 Change in accounting policy

From 1 October 2019, the Bank has early initially adopted before effective date for TFRS 16 on contracts previously identified as leases according to TAS 17 Leases and TFRIC 4 Determining whether an arrangement contains a lease using the modified retrospective approach.

Previously, the Bank, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Bank assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 October 2019, the Bank recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Bank recognised depreciation of right-of-use assets and interest expense on lease liabilities.

Impact from the adoption of TFRS 16

(in thousand Baht)

At 1 October 2019

Increase in right-of-use assets	24,322
Increase in lease liabilities	23,827

ANZ Bank (Thai) Public Company Limited
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Measurement of lease liability

	<i>(in thousand Baht)</i>
Operating lease commitment as disclosed at 30 September 2019	13,525
Increase in lease term for extension options at 1 October 2019	17,816
Recognition exemption for short-term leases	(58)
Recognition exemption for service component	(6,911)
Other-lease premiums prepaid	(495)
Discounted at a weighted average incremental borrowing rate	(1,014)
Leasehold building improvements provision	964
Lease liabilities recognised at 1 October 2019	23,827
Weighted-average incremental borrowing rate (% per annum)	1.70

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign exchange difference arising from translation is recognised in profit or loss.

(b) Cash

Cash comprises cash in hand and cash in collection.

(c) Investments

Investments in debt securities

Debt securities held for trading are classified as trading securities and stated at fair value, with any resultant gain or loss recognised in profit or loss.

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

The fair value of investments in debt securities traded in Thai established market are calculated based on the Thai Bond Market Association yield curve at the reporting date, or at the latest trading date prior to the reporting date if there is no trading on that date.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

Initial recognition

Purchases and sales of investment are initially recognised on trade date which is the date that the Bank commits to purchase or sell the investments.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank disposes part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(d) Loans to customers

Loans to customers are stated at the outstanding principal amount, except for Bank overdrafts which include accrued interest receivable. Bill purchased at a discount is stated at the face value of the bills, net of deferred revenue.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is based on management's review and assessment of the status of individual debtors and the Bank's classification of loans as prescribed by the BoT's regulations. Such assessment takes into consideration various factors including the risk involved, value of the collateral and the current status of individual debtors.

The BoT has guidelines for establishing a minimum level of allowance for doubtful accounts, which is primarily determined by applying specified percentages to the different classifications of financing in conjunction with the consideration of collateral valuation. Financing classification is based principally on the period that a financing is past due. The Bank has set up the minimum allowance for doubtful accounts according to the BoT regulations.

Based on the BoT's regulations, the Bank has classified its loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowance on these accounts will be set at 100 percent of the difference between the outstanding book value of the debt and the present value of future cash flows expected to be received, or the expected proceeds from the disposal of collateral, in accordance with the BoT's regulations.

The allowance for doubtful accounts established during the period is charged as an expense in profit or loss.

Bad debts written-off are recorded as charges to the allowance for doubtful accounts. All bad debts recovered are recognised as revenue in profit or loss from operations.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

(f) Leasehold building improvements, equipment and right-of-use assets

Leasehold building improvements and equipment

Recognition and measurement

Owned assets

Leasehold building improvements and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold building improvements and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold building improvements and equipment.

Any gains and losses on disposal of an item of leasehold building improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold building improvements and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of leasehold building improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold building improvements and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount of leasehold building improvements and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of leasehold building improvements and equipment. The estimated useful lives are as follows:

Leasehold building improvements	10 years (or remaining of lease contract)
Furniture, fixtures and office equipment	5 years
Computer equipment	3 years
Vehicles	5 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

Right-of-use assets

Recognition and measurement

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest implicit in the lease or, if that rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Depreciation

Depreciation is charged to profit or loss using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives are as follow:

Leasehold building improvements	1-4 years
Office equipment	4 years

Depreciation methods, useful lives is reviewed at each the end of the lease term and adjusted if appropriate.

(g) *Intangible assets*

Software licenses

Software licenses that are acquired by the Bank and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the software licenses is 3 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) *Impairment*

The carrying amounts of the Bank's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 31 March 2020

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) *Financial instruments*

Derivatives

Derivative financial instruments are used to manage exposure to interest and foreign exchange rates and arising from operational, financing and investment activities. Derivative financial instruments that do not qualify for hedge accounting are accounted for as trading instruments.

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Derivatives are recognised initially at fair value from the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value. The gain or loss on remeasurement is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss on remeasurement depends on the nature of the item being hedged.

All derivatives are carried as assets when fair value is positive as “Derivatives assets” and as liabilities when fair value is negative as “Derivatives liabilities” in the statements of financial position.

The fair value of forward exchange agreements is their market price at the reporting date, being the present value of the quoted forward price.

The fair value of interest rate swaps is calculated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Hedging

Fair value hedge

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised commitment, an identified portion of such asset, liability or commitment, any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Discontinuing hedge accounting

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on hedging instrument is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

(j) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed in profit or loss during the period as the related service is provided.

Defined benefit plans

The Bank’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Bank determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

(l) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Income

Interest income on loans to customers

Interest income on loans to customers is recognised on an accrual basis, except for interest on loans to customers classified as overdue in excess of three months where, regardless of whether the loans to customers are covered by collateral, the interest is recognised on a cash basis in accordance with the BoT's regulations. The accrued interest income from loans to customers is reversed against interest income when interest income on loans overdue for more than three months or being downgraded to classified assets.

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Interest income on investments

Interest income on investments is recognised on an accrual basis. Discounts received on purchase of debt securities are recognised on effective interest method over the period to maturity.

Fees and service income

Accounting policy for fees and service income in 2020

Fees and service income are recognised as revenue when a customer obtains control of the services in an amount that reflects the consideration to which the Bank expects to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

Accounting policy for fees and service income in 2019

Fees and service income are recognised when the related services are performed.

(n) Expense

Interest expense is recognised on an accrual basis.

(o) Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per share

The Bank presents basic earnings per share for its ordinary shares which is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the number of ordinary shares issued during the period.

(q) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(r) Related parties

A related party is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the Bank; a person or entity that are under common control or under the same significant influence as the Bank; or the Bank has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

5 Financial risk management

Risk management policies

Financial instruments are fundamental to the Bank's business, constituting the core element of its operations. Accordingly, the risks associated with financial instruments are a significant component of the risks for monitoring and managing. The Board of Directors is responsible for Bank strategies and policies relating to risk management that are adopted from ANZ Banking Group Limited and compliance with regulatory requirement.

The important risks for the Bank are operational risk, credit risk, market risk and liquidity risk that are further described below:

5.1 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.

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The Board of Directors has approved the ANZ Operational Risk Measurement and Management Policy. This policy is an addendum to the ANZ Global Operational Risk Measurement and Management Policy under ANZ Operational Risk Framework and outlines specific Bank of Thailand policy requirements not specifically addressed in the ANZ Operational Risk Framework. The Risk Management Committee assists the Board in the effective discharge of its responsibilities for operational risk management and for the management of the relative compliance obligations. The committee also assists the Board by providing an objective oversight of the implementation by management the Bank risk management framework and its related operation and by enabling an institution-wide view of current and future risk position relative to its risk appetite and capital strength.

5.2 Credit risk

Credit risk is the risk of financial loss from counterparties being unable to fulfil their contractual loan or other credit obligations. The credit risks arise not only from traditional lending to customers, but also from inter-bank, treasury, and international trade.

The Bank has a comprehensive framework to manage Credit Risk. The framework is top down, being defined by credit principles and policies. Credit policies, requirements and procedures cover all aspects of the credit life cycle such as transaction structuring, risk grading, initial approval, ongoing management and problem debt management. The effectiveness of the credit risk management framework is assessed through various compliance and monitoring processes. These, together with portfolio selection, define and guide the credit process, organisation and staff.

Responsibility for the strategies and policies relating to the management of credit risk lies with the Board of Directors. Responsibility for day to day management of credit risk is delegated by the Board of Directors to the Bank Risk Management Committee (“RMC”).

5.3 Market risk

Market risk is the risk to the Bank’s earnings arising from changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities, including financial derivatives. Market risk is generated through both trading and banking book activities.

The Bank conducts trading operations in interest rates, foreign exchange, and government securities.

The Bank has a detailed risk management and control framework to support its trading and banking book activities. The framework incorporates a risk measurement approach to quantify the magnitude of market risk within trading and banking book portfolios. This approach and related analysis identifies the range of possible outcomes that can be expected over a given period of time, establishes the relative likelihood of those outcomes and allocates an appropriate amount of capital to support these activities.

Responsibility for the strategies and policies and comprehensive limit relating to the management of market risk lies with the Board of Directors. Responsibility for day to day management of both market risk and compliance with market risk policy is delegated by the Board of Directors to the RMC and the Assets & Liabilities Management Committee.

Market risk management is supported by a comprehensive limit and policy framework to control the amount of risk that the Bank will accept. Market risk limits are allocated to trading book and banking book and are reported and monitored by Market Risk on a daily basis. The detailed limit framework allocates individual limits to manage and control asset classes (e.g. interest rates, currency), risk factors and profit and loss limits (to monitor and manage the performance of the trading portfolio).

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(a) Interest rate risk

Interest rate risk is the potential loss arising from the change in the value of a financial instrument due to changes in market interest rates or their implied volatilities.

Significant financial assets and liabilities classified by types of interest rate as at 31 March 2020 and 30 September 2019 are as follows:

	31 March 2020			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	869	869
Interbank and money market items*	901	3,993,134	954,687	4,948,722
Investments, net	-	10,401,092	-	10,401,092
Loans to customers net of deferred revenue and accrued interest receivables**	6,378,354	13,099,207	71,548	19,549,109
Trading securities receivable	-	-	150,184	150,184
Total financial assets	6,379,255	27,493,433	1,177,288	35,049,976
Financial liabilities				
Deposits	-	5,570,748	1,217,995	6,788,743
Interbank and money market items	-	6,926,284	220,236	7,146,520
Trading securities payable	-	-	235,595	235,595
Total financial liabilities	-	12,497,032	1,673,826	14,170,858

* Before deducting allowance for doubtful accounts amounting to Baht 13 million

** Before deducting allowance for doubtful accounts amounting to Baht 197 million

	30 September 2019			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	1,017	1,017
Interbank and money market items*	255	2,470,263	788,115	3,258,633
Investments, net	-	7,145,748	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivables**	3,342,757	14,963,391	58,085	18,364,233
Trading securities receivable	-	-	20,669	20,669
Total financial assets	3,343,012	24,579,402	867,886	28,790,300
Financial liabilities				
Deposits	-	5,119,408	851,197	5,970,605
Interbank and money market items	-	2,272,022	220,182	2,492,204
Trading securities payable	-	-	87,286	87,286
Total financial liabilities	-	7,391,430	1,158,665	8,550,095

* Before deducting allowance for doubtful accounts amounting to Baht 11 million

** Before deducting allowance for doubtful accounts amounting to Baht 186 million

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The Bank's average interest bearing financial assets and financial liabilities, together with the average interest rates as at 31 March 2020 and 30 September 2019 and are as follows:

	31 March 2020		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	1,855,600	15,315	1.65
Investments	8,538,214	70,139	1.64
Loans to customers	20,344,027	237,496	2.33
Total	30,737,841	322,950	2.12
Financial liabilities			
Deposits	6,483,540	54,010	1.67
Interbank and money market items	3,470,654	21,938	1.26
Total	9,954,194	75,948	1.53
30 September 2019			
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	5,809,165	106,990	1.84
Investments	5,907,866	104,400	1.77
Loans to customers	20,744,856	493,788	2.38
Total	32,461,887	705,178	2.17
Financial liabilities			
Deposits	9,130,670	209,359	2.29
Interbank and money market items	3,675,405	81,143	2.21
Total	12,806,075	290,502	2.27

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 March 2020 and 30 September 2019 are as follows:

	31 March 2020						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	869	869
Interbank and money market items*	901	3,440,231	552,903	-	-	954,687	4,948,722
Investments, net	-	2,979,900	2,291,566	5,129,626	-	-	10,401,092
Loans to customers net of deferred revenue and accrued interest receivables**	-	12,965,369	4,508,193	2,003,999	-	71,548	19,549,109
Trading securities receivable	-	-	-	-	-	150,184	150,184
Total financial assets	901	19,385,500	7,352,662	7,133,625	-	1,177,288	35,049,976

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	31 March 2020						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
<i>(in thousand Baht)</i>							
Financial liabilities							
Deposits	988,933	4,580,615	1,200	-	-	1,217,995	6,788,743
Interbank and money market items	-	6,926,284	-	-	-	220,236	7,146,520
Trading securities payable	-	-	-	-	-	235,595	235,595
Total financial liabilities	988,933	11,506,899	1,200	-	-	1,673,826	14,170,858

* Before deducting allowance for doubtful accounts amounting to Baht 13 million

** Before deducting allowance for doubtful accounts amounting to Baht 197 million

	30 September 2019						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	1,017	1,017
Interbank and money market items*	255	1,681,037	789,226	-	-	788,115	3,258,633
Investments, net	-	768,121	5,029,247	1,348,380	-	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivables**	85,000	8,214,295	5,543,900	4,462,953	-	58,085	18,364,233
Trading securities receivable	-	-	-	-	-	20,669	20,669
Total financial assets	85,255	10,663,453	11,362,373	5,811,333	-	867,886	28,790,300
Financial liabilities							
Deposits	1,668,436	3,328,196	122,776	-	-	851,197	5,970,605
Interbank and money market items	-	2,272,022	-	-	-	220,182	2,492,204
Trading securities payable	-	-	-	-	-	87,286	87,286
Total financial liabilities	1,668,436	5,600,218	122,776	-	-	1,158,665	8,550,095

* Before deducting allowance for doubtful accounts amounting to Baht 11 million

** Before deducting allowance for doubtful accounts amounting to Baht 186 million

(b) Currency exchange rate risk

Currency risk is the potential loss arising from the decline in the value of a financial instrument due to changes in foreign exchange rates or their implied volatilities.

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As at 31 March 2020 and 30 September 2019, net open position assets (liabilities) denominated in various currencies, are as follows:

	31 March 2020	30 September 2019
	<i>(in thousand US Dollar)</i>	
Net foreign currency exposure		
USD	(3,343)	6,239
AUD ^(*)	150	74
EUR ^(*)	342	39
CNY ^(*)	82	83
JPY ^(*)	178	197
Others ^(*)	120	120

^(*) Balance is stated in USD equivalent

5.4 Liquidity risk

Liquidity Risk is the risk that the Bank is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Bank has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored.

The Bank's liquidity risk is governed by a set of principles which are approved by the Board of Directors. In response to the impact of the global financial crisis, the framework has been reviewed and updated regularly.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 March 2020 in the Bank's website, www.anz.com/thailand/en/auxiliary/resource-centre/, under Financial Report section, within July 2020.

The remaining periods to maturity of significant financial assets and financial liabilities as at 31 March 2020 and 30 September 2019 based on contractual maturity are as follows:

	31 March 2020					No maturity	Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years		
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	869	869
Interbank and money market items*	901	3,440,231	552,903	-	-	954,687	4,948,722
Investments, net	-	2,979,900	2,291,566	5,129,626	-	-	10,401,092
Loans to customers net of deferred revenue and accrued interest receivables**	-	6,684,349	4,800,193	7,993,019	-	71,548	19,549,109
Trading securities receivable	-	-	-	-	-	150,184	150,184
Total financial assets	901	13,104,480	7,644,662	13,122,645	-	1,177,288	35,049,976

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	31 March 2020						Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
<i>(in thousand Baht)</i>							
Financial liabilities							
Deposits	2,206,928	4,580,615	1,200	-	-	-	6,788,743
Interbank and money market items	220,236	6,926,284	-	-	-	-	7,146,520
Trading securities payable	-	-	-	-	-	235,595	235,595
Total financial liabilities	2,427,164	11,506,899	1,200	-	-	235,595	14,170,858
Net liquidity gap	(2,426,263)	1,597,581	7,643,462	13,122,645	-	941,693	20,879,118

* Before deducting allowance for doubtful accounts amounting to Baht 13 million

** Before deducting allowance for doubtful accounts amounting to Baht 197 million

	30 September 2019						Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	1,017	1,017
Interbank and money market items*	786,599	1,681,037	789,226	-	-	1,771	3,258,633
Investments, net	-	768,121	5,029,247	1,348,380	-	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivables**	-	5,085,109	5,543,900	7,677,139	-	58,085	18,364,233
Trading securities receivable	-	-	-	-	-	20,669	20,669
Total financial assets	786,599	7,534,267	11,362,373	9,025,519	-	81,542	28,790,300
Financial liabilities							
Deposits	2,519,633	3,328,196	122,776	-	-	-	5,970,605
Interbank and money market items	220,182	2,272,022	-	-	-	-	2,492,204
Trading securities payable	-	-	-	-	-	87,286	87,286
Total financial liabilities	2,739,815	5,600,218	122,776	-	-	87,286	8,550,095
Net liquidity gap	(1,953,216)	1,934,049	11,239,597	9,025,519	-	(5,744)	20,240,205

* Before deducting allowance for doubtful accounts amounting to Baht 11 million

** Before deducting allowance for doubtful accounts amounting to Baht 186 million

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 March 2020 and 30 September 2019 are as follows:

	31 March 2020 Notional amount			Total
	Less than 1 year	Within 1-5 years	More than 5 years	
	<i>(in thousand Baht)</i>			
<i>Foreign currency related</i>				
Forward exchange contracts	47,377,439	867,559	-	48,244,998
Currency swap contracts	3,489,248	21,778,133	-	25,267,381
<i>Interest rate related</i>				
Interest rate swap	45,336,016	170,273,009	10,172,000	225,781,025
		30 September 2019 Notional amount		
	Less than 1 year	Within 1-5 years	More than 5 years	Total
	<i>(in thousand Baht)</i>			
<i>Foreign currency related</i>				
Forward exchange contracts	56,009,409	1,548,339	-	57,557,748
Currency swap contracts	4,274,892	17,970,559	-	22,245,451
<i>Interest rate related</i>				
Interest rate swap	79,144,525	141,867,279	10,172,000	231,183,804

6 Fair value of assets and liabilities

The Bank has an established control framework with respect to the measurement of fair values. This includes a valuation team in Group level that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports through to the Chief Financial Officer.

The valuation team in Group level regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Bank uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are based on unobservable input.

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If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognised transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six-month period ended 31 March 2020.

6.1 Financial instruments carried at fair value

The fair values of financial instruments carried at fair value in the statement of financial position are as follows:

	Fair value			Total
	Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>				
31 March 2020				
Financial assets				
Derivative assets				
- Foreign exchange rate	-	1,320,182	-	1,320,182
- Interest rate	-	2,582,056	-	2,582,056
Trading securities	-	179,067	-	179,067
Available-for-sale securities	-	10,222,025	-	10,222,025
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	1,289,918	-	1,289,918
- Interest rate	-	2,645,618	-	2,645,618
Fair value				
<i>(in thousand Baht)</i>				
30 September 2019				
Financial assets				
Derivative assets				
- Foreign exchange rate	-	1,308,285	-	1,308,285
- Interest rate	-	1,519,266	-	1,519,266
Trading securities	-	768,121	-	768,121
Available-for-sale securities	-	6,377,627	-	6,377,627
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	1,192,464	-	1,192,464
- Interest rate	-	1,565,669	-	1,565,669

The Bank determines Level 2 fair values for debt securities using quoted market prices from Thai BMA for identical or similar instruments in inactive markets or other inputs that are observable market data.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and counterparty when appropriate.

Level 3 fair values for loans to customers is estimated using discounted cash flow analysis and using risk-adjusted current interest rates.

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6.2 Financial instruments not carried at fair value

Fair values hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as of 31 March 2020 and 30 September 2019 are as follows:

	Carrying amount <i>(in thousand Baht)</i>	Fair value Level 3
31 March 2020		
Financial assets		
Loans to customers and accrued interest receivables	19,549,109	19,623,874
Financial liabilities		
Deposits	6,788,743	6,790,804
	Carrying amount <i>(in thousand Baht)</i>	Fair value Level 3
30 September 2019		
Financial assets		
Loans to customers and accrued interest receivables	18,364,233	18,454,275
Financial liabilities		
Deposits	5,970,605	5,971,294

The following methods and assumptions were used by the Bank in estimating the fair value of financial instruments as disclosed herein.

Interbank and money market items (assets and liabilities) and Deposits:	Fair value of Interbank and money market items calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	Fair value of the derivative assets and liabilities as described in Note 4 (i).
Investments:	Fair value of investments as described in Note 4 (c).
Loans to customers and accrued interest receivables:	Fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date approximates the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar terms to borrowers of similar credit quality.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.

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7 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 March 2020 and 30 September 2019 were calculated from the financial statements of the Bank. The Bank has chosen to adopt the Standardised Approach (SA) for credit risk and market risk weight assets calculation, and Basic Indicator Approach (BIA) for operational risk weight assets calculation which is consistent with BoT requirements.

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Legal reserve	2,982	2,982
Retained earnings after appropriation	56,665	(230,215)
Other reserves	36,029	18,584
Less Capital deduction items on CET1	<u>(23,162)</u>	<u>(31,140)</u>
Total Tier 1 Capital Base	<u>20,072,514</u>	<u>19,760,211</u>
Tier 2 capital		
Provision for normal classified assets	<u>205,501</u>	<u>196,880</u>
Total Tier 2 Capital Base	<u>205,501</u>	<u>196,880</u>
Total Capital Base	<u>20,278,015</u>	<u>19,957,091</u>
Total Risk-Weighted Assets	<u>26,767,888</u>	<u>24,758,809</u>

	The BoT's regulatory minimum requirement	31 March 2020	The BoT's regulatory minimum requirement (%)	30 September 2019
Capital Adequacy Ratio	11.000	75.76	11.000	80.61
Tier-1 Capital ratio	8.500	74.99	8.500	79.81
Tier-1 Common Equity ratio	7.000	74.99	7.000	79.81
Tier-2 Capital ratio	-	0.77	-	0.80

According to Bank of Thailand notification number For Gor Gor (12) Wor 1030/2562 dated 10 July 2019, the Bank is required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective dated 15 July 2019. As at 31 March 2020 and 30 September 2019, the Bank has no add-on arising from Single Lending Limit.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: "Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 31 March 2020 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.anz.com/thailand/en/auxiliary/resource-centre/

Capital management

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements.

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8 Interbank and money market items, net (assets)

	31 March 2020			30 September 2019		
	At call	Term	Total (in thousand Baht)	At call	Term	Total
Domestic						
Bank of Thailand	623,624	-	623,624	96,098	-	96,098
Commercial banks	991	3,937,905	3,938,896	362	2,462,101	2,462,463
Total	624,615	3,937,905	4,562,520	96,460	2,462,101	2,558,561
Add accrued interest receivables	-	3,992	3,992	-	1,771	1,771
Less allowance for doubtful accounts	-	(12,379)	(12,379)	-	(10,621)	(10,621)
Total domestic, net	624,615	3,929,518	4,554,133	96,460	2,453,251	2,549,711
Foreign						
USD	10,343	55,457	65,800	34,990	8,209	43,199
EUR	280,788	-	280,788	92,361	-	92,361
JPY	3,819	-	3,819	523,051	-	523,051
AUD	23,200	-	23,200	12,833	-	12,833
Others	8,831	-	8,831	26,904	-	26,904
Total	326,981	55,457	382,438	690,139	8,209	698,348
Less deferred revenue	-	(228)	(228)	-	(47)	(47)
Less allowance for doubtful accounts	-	(552)	(552)	-	(82)	(82)
Total foreign, net	326,981	54,677	381,658	690,139	8,080	698,219
Total domestic and foreign, net	951,596	3,984,195	4,935,791	786,599	2,461,331	3,247,930

9 Derivatives

Derivatives held for trading

As at 31 March 2020 and 30 September 2019, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	31 March 2020			30 September 2019		
	Fair value		Notional amount (in thousand Baht)	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related	1,320,182	1,289,918	73,512,379	1,308,285	1,192,464	79,803,199
Interest rate related	2,582,056	2,645,618	225,781,025	1,519,266	1,565,669	231,183,804
Total	3,902,238	3,935,536	299,293,404	2,827,551	2,758,133	310,987,003

As at 31 March 2020 and 30 September 2019, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	31 March 2020	30 September 2019
	(%)	
Financial institutions	28.13	29.54
Related parties	63.37	65.66
Other parties	8.50	4.80
Total	100.00	100.00

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10 Investments, net

10.1 Classification of investments in securities

As at 31 March 2020 and 30 September 2019, the Bank classifies investment types as follows:

	31 March 2020	30 September 2019
	Fair value (in thousand Baht)	
Trading securities		
Government bonds	179,067	768,121
Total	<u>179,067</u>	<u>768,121</u>
Available-for-sale securities		
Government bonds	10,222,025	6,377,627
Total	<u>10,222,025</u>	<u>6,377,627</u>
Total investments, net	<u>10,401,092</u>	<u>7,145,748</u>

10.2 Unrealised gains (losses) on available-for-sale securities

As at 31 March 2020 and 30 September 2019, unrealised gains (losses) on available-for-sale securities were as follows:

<i>Available-for-sale securities</i>	Amortised cost	31 March 2020		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	10,176,989	46,649	(1,613)	10,222,025
Total investments, net	<u>10,176,989</u>	<u>46,649</u>	<u>(1,613)</u>	<u>10,222,025</u>
<i>Available-for-sale securities</i>	Amortised cost	30 September 2019		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	6,354,397	23,259	(29)	6,377,627
Total investments, net	<u>6,354,397</u>	<u>23,259</u>	<u>(29)</u>	<u>6,377,627</u>

11 Loans to customers and accrued interest receivables, net

11.1 Classified by type of loans

	31 March 2020	30 September 2019
	(in thousand Baht)	
Loans	19,477,561	18,306,147
<i>Add</i> accrued interest receivables	71,548	58,086
Total loans to customers and accrued interest receivables	19,549,109	18,364,233
<i>Less</i> Allowance for doubtful accounts		
- BoT's minimum requirement - Individual approach	(196,982)	(186,177)
Total loans to customers and accrued interest receivables, net	<u>19,352,127</u>	<u>18,178,056</u>

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11.2 Classified by currency and residence of debtors

As at 31 March 2020 and 30 September 2019, the Bank's loans are to Thai resident customer only.

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Thai Baht	14,935,664	13,057,823
USD	3,463,142	3,242,737
EUR	1,078,755	2,005,587
Total	<u>19,477,561</u>	<u>18,306,147</u>

11.3 Classified by industry and loan classification

	31 March 2020		
	Pass	Special mention	Total
	<i>(in thousand Baht)</i>		
Agriculture	-	-	-
Manufacturing and commerce	12,552,692	220,641	12,773,333
Infrastructure and services	1,975,472	-	1,975,472
Others	4,728,756	-	4,728,756
Total	<u>19,256,920</u>	<u>220,641</u>	<u>19,477,561</u>

	30 September 2019		
	Pass	Special mention	Total
	<i>(in thousand Baht)</i>		
Agriculture	85,000	-	85,000
Manufacturing and commerce	10,441,966	311,580	10,753,546
Infrastructure and services	892,014	-	892,014
Others	6,575,587	-	6,575,587
Total	<u>17,994,567</u>	<u>311,580</u>	<u>18,306,147</u>

11.4 Classified by loan classification

	31 March 2020			
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Rate used for setting the allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum allowance as per BoT' Regulations				
Pass	19,326,883	19,256,920	1	192,569
Special mention	222,226	220,641	2	4,413
Total	<u>19,549,109</u>	<u>19,477,561</u>		<u>196,982</u>

*Loans to customers including accrued interest receivables

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	30 September 2019			Allowance for doubtful accounts (in thousand Baht)
	Loans to customers and accrued interest receivables (in thousand Baht)	Net amount used to set the allowance for doubtful accounts	Rate used for setting the allowance for doubtful accounts (%)	
Minimum allowance as per BoT' Regulations				
Pass	18,050,040	17,994,567	1	179,946
Special mention	314,193	311,580	2	6,231
Total*	18,364,233	18,306,147		186,177

*Loans to customers including accrued interest receivables

12 Allowance for doubtful accounts

	31 March 2020		
	Pass	Special mention (in thousand Baht)	Total
Beginning balance	179,946	6,231	186,177
Doubtful accounts	12,623	(1,818)	10,805
Ending balance	192,569	4,413	196,982

	30 September 2019		
	Pass	Special mention (in thousand Baht)	Total
Beginning balance	144,329	-	144,329
Doubtful accounts	35,617	6,231	41,848
Ending balance	179,946	6,231	186,177

13 Leasehold building improvements, equipment and right-of -use assets, net

As at 31 March 2020 and 30 September 2019, changes in leasehold building improvements equipment and right-of -use assets are as follows:

	Beginning balance	Purchases	31 March 2020 Cost		Transfer out	Ending balance
			Transfer in (in thousand Baht)	Disposals		
Leasehold building improvements	37,457	-	-	-	-	37,457
Furniture, fixtures and office equipment	14,653	13	-	-	-	14,666
Computer equipment	43,928	585	-	-	-	44,513
Vehicle	5,409	-	-	-	-	5,409
Assets under construction and installation	-	4,327	-	-	-	4,327
Total	101,447	4,925	-	-	-	106,372

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	31 March 2020						Net book value
	Beginning balance	Depreciation	Accumulated depreciation			Ending balance	
			Transfer in	Disposals	Transfer out		
			<i>(in thousand Baht)</i>				
Leasehold building improvements	27,265	5,096	-	-	-	32,361	5,096
Furniture, fixtures and office equipment	11,698	1,465	-	-	-	13,163	1,503
Computer equipment	42,938	491	-	-	-	43,429	1,084
Vehicle	4,296	541	-	-	-	4,837	572
Assets under construction and installation	-	-	-	-	-	-	4,327
Total	86,197	7,593	-	-	-	93,790	12,582

	30 September 2019					Ending balance
	Beginning balance	Purchases	Cost		Transfer out	
			Transfer in	Disposals		
			<i>(in thousand Baht)</i>			
Leasehold building improvements	37,457	-	-	-	-	37,457
Furniture, fixtures and office equipment	14,455	198	-	-	-	14,653
Computer equipment	43,928	-	-	-	-	43,928
Vehicle	5,409	-	-	-	-	5,409
Total	101,249	198	-	-	-	101,447

	30 September 2019						Net book value
	Beginning balance	Depreciation	Accumulated depreciation			Ending balance	
			Transfer in	Disposals	Transfer out		
			<i>(in thousand Baht)</i>				
Leasehold building improvements	17,072	10,193	-	-	-	27,265	10,192
Furniture, fixtures and office equipment	8,786	2,912	-	-	-	11,698	2,955
Computer equipment	40,409	2,529	-	-	-	42,938	990
Vehicle	3,215	1,081	-	-	-	4,296	1,113
Total	69,482	16,715	-	-	-	86,197	15,250

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Movement of right-of-use assets recognised as leasehold building improvements and equipment during the period ended 31 March 2020 is as follows:

<i>Right-of-use assets</i>	31 March 2020	
	Leasehold building improvements	Office equipment
	<i>(in thousand Baht)</i>	
At 1 October 2019	23,772	550
Additions	-	-
Less depreciation	(3,027)	(70)
At 31 March 2020	<u>20,745</u>	<u>480</u>

14 Other assets

	Note	31 March 2020	30 September 2019
		<i>(in thousand Baht)</i>	
Collateral per Credit Support Annex		122,190	258,195
Accrued interest receivables		19,155	15,733
Advance to intercompany	23	12,288	25,191
Guarantee deposits		5,441	5,391
Prepaid fees		9,238	5,286
Others		1,986	4,943
Total		<u>170,298</u>	<u>314,739</u>

15 Deposits

15.1 Classified by type of deposits

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Current	2,206,928	2,519,633
Fixed		
- Less than 6 months	4,517,839	3,326,996
- More than 6 months but not over 1 year	63,976	123,976
Total	<u>6,788,743</u>	<u>5,970,605</u>

15.2 Classified by currency and residence of depositors

	31 March 2020			30 September 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Thai Baht	2,418,422	2,234	2,420,656	2,829,101	2,476	2,831,577
USD	4,295,384	-	4,295,384	3,021,484	-	3,021,484
GBP	2,213	-	2,213	19,718	-	19,718
EUR	56,739	-	56,739	90,056	-	90,056
AUD	13,751	-	13,751	7,770	-	7,770
Total	<u>6,786,509</u>	<u>2,234</u>	<u>6,788,743</u>	<u>5,968,129</u>	<u>2,476</u>	<u>5,970,605</u>

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16 Interbank and money market items (liabilities)

	31 March 2020			30 September 2019		
	At call	Term	Total (in thousand Baht)	At call	Term	Total
Domestic						
Commercial banks	-	-	-	-	100,000	100,000
Other financial institutions	220,236	-	220,236	220,182	-	220,182
Total domestic items	220,236	-	220,236	220,182	100,000	320,182
Foreign						
USD	-	6,926,284	6,926,284	-	2,172,022	2,172,022
Total foreign items	-	6,926,284	6,926,284	-	2,172,022	2,172,022
Total domestic and foreign items	220,236	6,926,284	7,146,520	220,182	2,272,022	2,492,204

17 Other liabilities

	Note	31 March	30 September
		2020	2019
		<i>(in thousand Baht)</i>	
Due from intercompany	23	23,700	29,137
Accrued expenses		43,406	76,931
Collateral per Credit Support Annex		416,231	132,463
Income tax payable		28,084	34,487
Withholding tax payable		5,136	7,468
Interest payable		13,376	9,207
Others		24,467	5,447
Total		554,400	295,140

18 Advance received from electronic payment

The Bank of Thailand (BoT) notification number Sor Nor Chor 7/2561, directive dated 16 April 2018, regarding “Regulations on Service Business relating to Electronic Money (E-Money)” and Sor Nor Chor 8/2561 directive dated 16 April 2018 regarding “Regulations on Service Business relating to Electronic Fund Transfer (EFT)” require the Bank to disclose advances from E-Money and advance received from EFT. As at 31 March 2020, the Bank has no any amount of money in this regard (30 September 2019: 0.46 million).

19 Share capital

	Par value per share (in Baht)	31 March 2020		30 September 2019	
		Number	Amount	Number	Amount
		<i>(in thousand shares / thousand Baht)</i>			
Authorised		<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>
At the ending of the period/year					
- ordinary shares	10	<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>
Issued and paid-up		<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>
At the ending of the period/year					
- ordinary shares	10	<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>

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20 Reserves

Legal reserve

Pursuant to Section 116 of the Public Companies Act B.E. 2535, the Bank is required to allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

21 Assets pledged as collateral

Assets pledged as collateral as at 31 March 2020 and 30 September 2019 consist of:

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Government bonds		
- Pledged for liquidity management with the BoT	6,193	8,959
Total	<u>6,193</u>	<u>8,959</u>

22 Contingent liabilities

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Guarantees of loans	1,139,028	376,004
Letters of credit	56,752	79,140
Other contingencies	2,281,805	2,380,409
Total	<u>3,477,585</u>	<u>2,835,553</u>

Litigation

As at 31 March 2020 and 30 September 2019, there is no litigation case outstanding against the Bank.

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23 Related parties

Relationships with key management and other related parties are as follows:

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thai and other nationality	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly including any director (whether executive or otherwise).
Australia and New Zealand Banking Group Limited	Australia	Ultimate parent company of the Bank
ANZ Funds Pty. Ltd.	Australia	Parent company of the Bank
Australia and New Zealand Banking Group Limited Singapore	Singapore	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited United Kingdom	United Kingdom	Affiliates of ANZ Group
Australia and New Zealand Banking Company Limited China	China	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited Vietnam	Vietnam	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited Japan	Japan	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited New Zealand	New Zealand	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited Hong Kong	Hong Kong	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited India	India	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited Frankfurt	Germany	Affiliates of ANZ Group
ANZ Global Services and Operations (Manila), Inc.	Philippines	Affiliates of ANZ Group
ANZ Support Services India Private Limited	India	Affiliates of ANZ Group
Australia New Zealand Banking Group Limited New York	United States	Affiliates of ANZ Group
ANZ Global Services and Operations (Chengdu) Company Limited	China	Affiliates of ANZ Group
PT Bank ANZ Indonesia	Indonesia	Affiliates of ANZ Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest rate	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

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Significant transactions with key management and other related parties are as follows:

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Interest income	1,157	6,408
Other operating income	12,514	46,558
Interest expense	10,476	29,915
Technology service expenses charged by ANZ Banking Group	23,504	14,141
<i>Key management personnel</i>		
Short-term employee benefits	49,207	48,830
Post-employment benefit	1,691	3,407
Total key management personnel compensation	50,898	52,237

Significant balances and business transactions with other related parties

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
<i>Interbank and money market items (assets)</i>		
Australia and New Zealand Banking Group Limited	22,250	12,584
Australia and New Zealand Banking Group Limited New Zealand	785	764
PT Bank ANZ Indonesia	20,972	8,162
	44,007	21,510
<i>Derivative assets</i>		
Australia and New Zealand Banking Group Limited	2,279,889	1,729,361
Australia and New Zealand Banking Group Limited Hong Kong	350	15,788
Australia and New Zealand Banking Group Limited Japan	3,599	11,845
	2,283,838	1,756,994
<i>Other assets</i>		
Australia and New Zealand Banking Group Limited	12,288	25,191
<i>Interbank and money market items (liabilities)</i>		
Australia and New Zealand Banking Group Limited Singapore	6,926,285	2,172,022
<i>Derivative liabilities</i>		
Australia and New Zealand Banking Group Limited	2,360,553	1,387,176
Australia and New Zealand Banking Group Limited Hong Kong	216	2,471
	2,360,769	1,389,647
<i>Other liabilities</i>		
Australia and New Zealand Banking Group Limited	23,366	28,931
Australia and New Zealand Banking Group Limited Singapore	23	115
ANZ Support Services India Private Limited	193	-
ANZ Global Services and Operations (Manila), Inc.	118	91
	23,700	29,137

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	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
<i>Other guarantees</i>		
Australia and New Zealand Banking Group Limited	53,831	45,038
Australia and New Zealand Banking Group Limited United Kingdom	432,946	647,017
Australia and New Zealand Banking Group Limited Singapore	1,014,771	946,734
Australia and New Zealand Banking Group Limited Frankfurt	287,672	267,415
Australia and New Zealand Banking Group Limited New York	-	300
Australia and New Zealand Banking Group Limited New Zealand	16,336	15,296
	<u>1,805,556</u>	<u>1,921,800</u>
<i>Derivatives - Foreign currency related</i>		
Australia and New Zealand Banking Group Limited	14,263,342	14,794,760
Australia and New Zealand Banking Group Limited Japan	73,180	182,963
Australia and New Zealand Banking Group Limited Hong Kong	80,408	530,416
	<u>14,416,930</u>	<u>15,508,139</u>
<i>Derivatives - Interest rate related</i>		
Australia and New Zealand Banking Group Limited	<u>175,257,149</u>	<u>188,670,261</u>

Significant agreements with related parties

Outsourcing Services

As a wholly owned subsidiary of ANZBGL, the Bank, upon its commencement date of the banking business, has entered into the outsourcing participation agreement, agreeing to terms and conditions of the Global Master Service Agreement and the Global Head Terms, in obtaining certain non-strategic services including technology from ANZBGL as well as its 3 hubs, namely ANZ Global Services and Operations (Chengdu) Company Limited, ANZ Global Services and Operations (Manila) Inc., and ANZ Support Services India Private Limited. Fees payable are based upon the terms of each participation agreement which include actual costs incurred plus a margin, in accordance with the terms in the agreements. During the period, the Bank has incurred an expense amounting to AUD 0.9 million (30 September 2019: AUD 1.22 million).

24 Interest income

	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	15,315	56,377
Investments in debt securities	70,139	49,521
Loans to customers	237,496	225,534
Total	<u>322,950</u>	<u>331,432</u>

25 Interest expenses

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Deposits		48,567	89,995
Interbank and money market items		21,938	56,966
Contribution to Deposit Protection Agency		5,443	6,086
Interest on lease liabilities	32	218	-
Total		<u>76,166</u>	<u>153,047</u>

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26 Net fees and service income

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptance, avals and guarantees	9,055	5,868
- Others	4,486	7,994
	<u>13,541</u>	<u>13,862</u>
Fees and service expenses	<u>(5,473)</u>	<u>(8,004)</u>
Net	<u>8,068</u>	<u>5,858</u>

27 Gains on trading and foreign exchange transactions, net

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	89,534	178,181
- Interest rate related derivatives	11,882	49,295
- Debt securities	25,456	18,585
	<u>126,872</u>	<u>246,061</u>
Net	<u>126,872</u>	<u>246,061</u>

28 Net gain on investments

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale securities	645	2,947
Total	<u>645</u>	<u>2,947</u>

29 Employees expenses

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Salary and bonus	110,180	110,933
Employee defined benefit plans	4,574	5,902
Others	33,023	35,573
Total	<u>147,777</u>	<u>152,408</u>

30 Premises and equipment expenses

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Rental and service expenses	6,060	8,398
Depreciation	10,690	8,663
Data communication cost	1,484	336
Telephone expense	1,174	1,246
Information service fee	1,363	1,338
Renovation cost of premises	-	482
Others	10,928	11,452
Total	<u>31,699</u>	<u>31,915</u>

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31 Other expenses

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Consultant and professional fee	2,915	5,659
Advertising expenses	149	94
Information service subscription	2,477	2,404
License fee	10	14
Head Office allocation charges	21,707	12,967
Others	4,244	3,283
Total	<u>31,502</u>	<u>24,421</u>

32 Leases

<i>For the period ended 31 March</i>	Note	2020
		<i>(in thousand Baht)</i>
<i>Recognised in profit or loss</i>		
Interest on lease liabilities	25	218
Expenses relating to leases of low-value assets		18

Total cash outflow for leases presented in the statement of cash flows for the period ended 31 March 2020 were Baht 2.45 million.

33 Bad debts allowance for doubtful accounts and impairment loss

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	2,228	12,251
Loans to customers	10,805	41,347
Total	<u>13,033</u>	<u>53,598</u>

34 Income tax

Income tax recognised in profit or loss

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Current tax expense		
Current period	28,084	21,378
Prior period	53	-
	<u>28,137</u>	<u>21,378</u>
Deferred tax expense		
Movements in temporary differences	3,617	20,216
Total	<u>31,754</u>	<u>41,594</u>

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Income tax recognised in other comprehensive income

*For the period ended
31 March*

	Before tax	2020 Tax (expense)	Net of Tax <i>(in thousand Baht)</i>	Before tax	2019 Tax (expense)	Net of Tax
Available-for-sale securities	21,806	(4,361)	17,445	764	(153)	611
Total	21,806	(4,361)	17,445	764	(153)	611

Reconciliation of effective tax rate

For the period ended 31 March

	2020		2019	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		154,585		203,703
Income tax using the Thai corporation tax rate	20.0	30,917	20.0	40,741
Expenses not deductible for tax purposes		784		71
Adjustment for prior years		53		782
Total	20.5	31,754	20.4	41,594

The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities for the period ended 31 March 2020 and 2019.

Deferred tax

Deferred tax assets and liabilities as of 31 March 2020 and 30 September 2019 are as follows:

	31 March 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Deferred tax assets	32,620	35,879
Deferred tax liabilities	(9,458)	(4,739)
Total	23,162	31,140

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Movements in total deferred tax assets during the period ended 31 March 2020 and 2019 are as follows:

	At 1 October 2019	(Charged) / Credited to:		At 31 March 2020
		Profit or loss (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	5,789	154	-	5,943
Other assets	3,268	650	-	3,918
Other liabilities	26,822	(4,063)	-	22,759
Total	35,879	(3,259)	-	32,620
<i>Deferred tax liabilities</i>				
Investments	4,739	358	4,361	9,458
Total	4,739	358	4,361	9,458
Net	31,140	(3,617)	(4,361)	23,162
	At 1 October 2018	(Charged) / Credited to:		At 31 March 2019
		Profit or loss (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	8,674	(1,910)	-	6,764
Tax losses	16,232	(16,232)	-	-
Other assets	1,978	642	-	2,620
Other liabilities	28,472	(2,925)	-	25,547
Total	55,356	(20,425)	-	34,931
<i>Deferred tax liabilities</i>				
Investments	299	(209)	153	243
Total	299	(209)	153	243
Net	55,057	(20,216)	(153)	34,688

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35 Basic earnings per share

The calculations of basic earnings per share for the period ended 31 March 2020 and 2019 were based on the profit for the period attributable to equity holders of the Bank and the number of ordinary shares outstanding during the period as follows:

<i>For the period ended 31 March</i>	2020	2019
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the period attributable to shareholders of the Bank (basic)	<u>122,831</u>	<u>162,109</u>
The number of ordinary shares outstanding	<u>2,000,000</u>	<u>2,000,000</u>
Basic earnings per share (in Baht)	<u>0.06</u>	<u>0.08</u>

36 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Bank operations are expected to have material impact on the financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020.

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

TFRS - Financial instruments standards

These TFRS – Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRS on the financial statements.



(Warin Paaopanchon)
 Chief Financial Officer



(Panadda Manoleehakul)
 President and Chief Executive Officer