

ANZ Bank (Thai) Public Company Limited

Interim financial statements
for the six-month period ended
31 March 2016
and
Independent Auditor's Report



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Independent Auditor's Report

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

I have audited the accompanying interim financial statements of ANZ Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2016, 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.

Management's Responsibility for the interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Thai Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these interim financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the interim financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2016, and the financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

P. Gulbanding

(Pantip Gulsantihamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
22 June 2016

ANZ Bank (Thai) Public Company Limited
Statement of financial position

Assets	<i>Note</i>	31 March 2016	30 September 2015
		<i>(in thousand Baht)</i>	
Cash		105	7
Interbank and money market items, net	<i>8, 24</i>	4,455,213	6,546,290
Derivative assets	<i>9, 24</i>	38,451	2,593
Investments, net	<i>10</i>	9,359,272	9,615,143
Loans to customers and accrued interest receivables, net	<i>11</i>		
Loans to customers		7,988,000	3,648,000
Accrued interest receivables		10,298	4,020
Total loans to customers and accrued interest receivables		<u>7,998,298</u>	<u>3,652,020</u>
<i>Less</i> allowance for doubtful accounts	<i>12</i>	<u>(79,880)</u>	<u>(36,480)</u>
Total loans to customers and accrued interest receivables, net		<u>7,918,418</u>	<u>3,615,540</u>
Leasehold building improvements and equipment, net	<i>13</i>	86,728	82,557
Intangible assets, net	<i>14</i>	159,029	183,509
Deferred tax assets	<i>15</i>	45,958	42,796
Receivables from investments		2,682,971	-
Other assets	<i>16, 24</i>	30,395	22,144
Total assets		<u>24,776,540</u>	<u>20,110,579</u>

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

ANZ Bank (Thai) Public Company Limited
Statement of financial position

Liabilities and equity	<i>Note</i>	31 March 2016	30 September 2015
		<i>(in thousand Baht)</i>	
Liabilities			
Deposits	<i>17</i>	584,651	328
Interbank and money market items	<i>18, 24</i>	2,087,488	-
Liabilities payable on demand		269	4,863
Derivative liabilities	<i>9, 24</i>	23,417	129,590
Payables from investments		2,104,351	-
Other liabilities	<i>19, 24</i>	160,666	147,123
Total liabilities		<u>4,960,842</u>	<u>281,904</u>
Equity			
Share capital	<i>20</i>		
Authorised share capital		20,000,000	20,000,000
Issued and paid-up share capital		20,000,000	20,000,000
Other reserves		25,676	(3,442)
Deficit		(209,978)	(167,883)
Total equity		<u>19,815,698</u>	<u>19,828,675</u>
Total liabilities and equity		<u>24,776,540</u>	<u>20,110,579</u>



(Warin Paaopanchon)
 Chief Financial Officer



(Panadda Manoleehakul)
 President and Chief Executive Officer

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

		For the period ended 31 March	
	Note	2016	2015
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Interest income		176,767	533
Interest expense		4,122	-
Net interest income	26	172,645	533
Fees and service income		4,517	-
Fees and service expenses		1,600	-
Net fees and service income	27	2,917	-
Net trading income	28	8,754	-
Total operating income		184,316	533
Other operating expenses			
Employee expenses	29	136,678	2,152
Directors' remuneration		2,670	667
Premises and equipment expenses	30	30,426	1,942
Taxes and duties		1,868	-
Others	31	49,668	13,919
Total operating expenses		221,310	18,680
Impairment provision on loans	32	15,543	-
Loss from operations before income tax expense		(52,537)	(18,147)
Income tax	33	(10,442)	-
Net loss for the period		(42,095)	(18,147)
Other comprehensive income			
Gains on remeasuring available-for-sale investments		36,398	-
Income tax on other comprehensive income	33	(7,280)	-
Total other comprehensive income, net of income tax		29,118	-
Total comprehensive income (loss) for the period		(12,977)	(18,147)
Loss per share			
Basic loss per share <i>(in Baht)</i>	34	(0.02)	(0.36)



(Warin Paaopanchon)
Chief Financial Officer



(Panadda Manolechakul)
President and Chief Executive Officer

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ANZ Bank (Thai) Public Company Limited
Statement of changes in equity (Unaudited)

	Note	Issued and paid-up share capital	Other reserves <i>(in thousand Baht)</i>	Deficit	Total equity
For the period from 27 November 2014 to 31 March 2015					
Issue of shares on incorporation 27 November 2014	20	500,000	-	-	500,000
Comprehensive income (loss) for the period					
Loss for the period		-	-	(18,147)	(18,147)
Total comprehensive income (loss) for the period		-	-	(18,147)	(18,147)
Balance as at 31 March 2015		500,000	-	(18,147)	481,853

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

ANZ Bank (Thai) Public Company Limited
Statement of changes in equity

For the six-month period ended 31 March 2016
 Balance at 1 October 2015

	Note	Issued and paid-up share capital	Other reserves (in thousand Baht)	Deficit	Total equity
Comprehensive income (loss) for the period					
Loss for the period		-	-	(42,095)	(42,095)
Other comprehensive income					
Available-for-sale investments					
Net change in fair value recognised in equity, net of tax		-	29,118	-	29,118
Total comprehensive income (loss) for the period		-	29,118	(42,095)	(12,977)
Balance as at 31 March 2016		20,000,000	25,676	(209,978)	19,815,698
	20	20,000,000	(3,442)	(167,883)	19,828,675



(Warin Paoapanchon)
 Chief Financial Officer



(Panadda Manoleehakul)
 President and Chief Executive Officer

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ANZ Bank (Thai) Public Company Limited
Statement of cash flows

For the period ended 31 March
2016 2015
(Unaudited)
(in thousand Baht)

Cash flows from operating activities

Loss before income tax expense	(52,537)	(18,147)
<i>Adjustments for</i>		
Depreciation and amortisation	41,365	-
Impairment provision on loans	15,543	-
Loss on sales of Leasehold building improvements and equipment	1,110	-
Net trading income	(8,754)	-
	<u>(3,273)</u>	<u>(18,147)</u>
Net interest income	(172,645)	(533)
Proceeds from interest	181,410	132
Interest paid	(4,064)	-
Income tax paid	(539)	-
Loss from operations before changes in operating assets and liabilities	889	(18,548)
<i>(Increase) decrease in operating assets</i>		
Interbank and money market items	2,119,910	(404,510)
Derivative assets	(35,608)	-
Investment in securities for trading	(3,324)	-
Loans to customers	(4,340,000)	-
Receivables from investments	(2,682,971)	-
Other assets	(6,560)	-
<i>Increase (decrease) in operating liabilities</i>		
Deposits	584,323	-
Interbank and money market items	2,087,488	-
Liabilities payable on demand	(4,594)	-
Derivative liabilities	(106,173)	-
Payables from investments	2,104,351	-
Other liabilities	13,484	3,293
Net cash used in operating activities	<u>(268,785)</u>	<u>(419,765)</u>

Cash flows from investing activities

Purchases of available-for-sale investments	(11,034,951)	-
Proceeds from available-for-sale investments	11,326,000	-
Purchases of leasehold building improvements and equipment	(16,040)	(63,077)
Proceeds from sales of Leasehold building improvements and equipment	1,636	-
Purchases of intangible assets	(7,762)	(17,158)
Net cash from (used in) investing activities	<u>268,883</u>	<u>(80,235)</u>

Cash flows from financing activities

Proceeds from issuance of ordinary shares	-	500,000
Net cash from financing activities	<u>-</u>	<u>500,000</u>

Net increase in cash

Cash as at 1 October 2015 and 27 November 2014

Cash as at 31 March

	98	-
	7	-
	<u><u>105</u></u>	<u><u>-</u></u>

Supplementary disclosures of cash flow information

Significant non-cash items

Gains on remeasuring available-for-sale investments	36,398	-
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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 financial statements.

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements

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34	Basic loss per share
35	Thai Financial Reporting Standards (TFRS) not yet adopted

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

These notes form an integral part of the 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 22 June 2016.

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 on 27 November 2014 with the start-up capital of THB 500 million. The Bank was 95% held by ANZ Funds Pty. Ltd., a wholly owned subsidiary of ANZ Banking Group Limited.

The Bank increased its registered capital (which was fully paid up) by another THB 19,500 million on 11 June 2015 to meet the minimum capital requirement of a banking license, which enlarged the shareholding by ANZ Funds Pty. Ltd. to 99.875%.

The Bank, incorporated as a commercial bank in Thailand, was given the banking license by The Ministry of Finance on 15 June 2015, whilst the Bank through its notification requirement under the banking license, has commenced its legal day-1 on Monday 29 June 2015.

The Bank's head office is located at 63 Athenee Tower, 8th Floor, Unit 801-807, Wireless Road, Lumpini, Pathumwan, Bangkok. The Bank does not have any other branches.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2014) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions ("FAP"); 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".

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in change in certain of the Bank's accounting policies. The effects of this change, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition to the above new TFRS, The FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank's operations are disclosed in note 35.

(b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Trading securities	Fair value
Available-for-sale securities	Fair value

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

(c) *Functional and presentation currency*

The interim financial statements are 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 financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgments and estimates*

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements is included in the following notes:

Note 9	Derivatives
Note 12	Allowance for doubtful accounts

Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Details of the methods and assumptions over the measurement of fair values are provided in notes 6.

3 Change in accounting policy

(a) *Overview*

From 1 November 2015, consequent to the adoption of new TFRS as set out in note 2, the Bank has adopted the following new TFRS that has a material impact on the financial statements:

- TFRS 13 *Fair Value Measurement*

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 3(b) below.

(b) *Fair value measurement*

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Accordingly, the Bank has included additional disclosures in this regard (See notes 6).

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Notes to the interim financial statements

In accordance with the transitional provisions of TFRS 13, the Bank has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policy.

(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 are 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 or intended to be held to maturity, 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.

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.

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Notes to the interim financial statements

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. Bills purchased at a discount are 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.

(f) Leasehold building improvements and equipment

Recognition and measurement

Owned assets

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

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

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.

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 net within other income 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, 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.

(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.

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

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 lives 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.

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.

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

(i) *Financial instruments*

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently re-measured at their fair values. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The Bank enters into derivative transactions for trading purposes, for which the realised and unrealised gain or loss is recognised in profit or loss.

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

(j) *Employee benefits*

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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) *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.

(l) *Recognition of income*

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.

Interest income on interbank and money market items and 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 is recognised on an accrual basis.

(m) *Recognition of expenses*

Interest expense is recognised on an accrual basis.

ANZ Bank (Thai) Public Company Limited

Notes to the interim financial statements

(n) 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 period.

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 and jointly-controlled entities 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 expect, at the end of the reporting period, 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 believe 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 judgment 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.

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. 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.

(o) Loss per share

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

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(p) *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.

(q) *Trade date – Settlement date policy*

The Bank recognises investments in debt securities, interbank and money market items and derivatives on trade date.

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.

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 assist 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 assist 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.

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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).

(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 2016 and 30 September 2015 are as follows:

	31 March 2016			Total
	Floating interest rate	Fixed Interest rate	Non-interest bearing	
		<i>(in thousand Baht)</i>		
Financial assets				
Cash	-	-	105	105
Interbank and money market items*	144	3,713,539	778,665	4,492,348
Investments, net	-	9,359,272	-	9,359,272
Loans to customers and accrued interest receivable**	-	7,988,000	10,298	7,998,298
Receivables from investments	-	-	2,682,971	2,682,971
Total financial assets	144	21,060,811	3,472,039	24,532,994

* Before deducting allowance for doubtful accounts amounting to Baht 37 million

** Before deducting allowance for doubtful accounts amounting to Baht 80 million

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	31 March 2016			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial liabilities				
Deposits	-	353,171	231,480	584,651
Interbank and money market items	-	2,087,488	-	2,087,488
Payables from investments	-	-	2,104,351	2,104,351
Total financial liabilities	-	2,440,659	2,335,831	4,776,490
	30 September 2015			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<i>(in thousand Baht)</i>				
Financial assets				
Cash	-	-	7	7
Interbank and money market items*	515	6,499,248	111,519	6,611,282
Investments, net	-	9,615,143	-	9,615,143
Loans to customers and accrued interest receivable**	-	3,648,000	4,020	3,652,020
Total financial assets	515	19,762,391	115,546	19,878,452
Financial liabilities				
Deposits	-	-	328	328
Total financial liabilities	-	-	328	328

* Before deducting allowance for doubtful accounts amounting to Baht 65 million

** Before deducting allowance for doubtful accounts amounting to Baht 36 million

The Bank's average interest bearing financial assets and financial liabilities, together with the average interest rates are as follows:

	31 March 2016		
	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>
Financial assets			
Interbank and money market items	3,147,203	30,033	1.90
Investments	8,665,407	66,216	1.52
Loans to customers	4,590,335	46,384	2.02
Total	16,402,945	142,633	1.73
Financial liabilities			
Deposits	256,192	90	0.07
Interbank and money market items	668,893	2,747	0.82
Total	925,085	2,837	0.61

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	30 September 2015		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	11,538,742	36,642	1.03
Investments	7,940,659	29,593	1.49
Loans to customers	2,115,231	9,913	1.88
Total	21,594,632	76,148	1.41
Financial liabilities			
Interbank and money market items	169,353	672	1.59
Total	169,353	672	1.59

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 March 2016 and 30 September 2015 are as follows:

	31 March 2016						
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Maturity Over 5 years	Non interest bearing	Total
	(in thousand Baht)						
Financial assets							
Cash	-	-	-	-	-	105	105
Interbank and money market items*	144	3,713,539	-	-	-	778,665	4,492,348
Investments, net	-	2,989,688	3,969,556	2,388,801	11,227	-	9,359,272
Loans to customers and accrued interest receivable**	1,000,000	3,690,000	2,718,000	580,000	-	10,298	7,998,298
Receivables from investments	-	-	-	-	-	2,682,971	2,682,971
Total financial assets	1,000,144	10,393,227	6,687,556	2,968,801	11,227	3,472,039	24,532,994
Financial liabilities							
Deposits	48,171	305,000	-	-	-	231,480	584,651
Interbank and money market items	-	2,087,488	-	-	-	-	2,087,488
Payables from investments	-	-	-	-	-	2,104,351	2,104,351
Total financial liabilities	48,171	2,392,488	-	-	-	2,335,831	4,776,490

* Before deducting allowance for doubtful accounts amounting to Baht 37 million

** Before deducting allowance for doubtful accounts amounting to Baht 80 million

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	30 September 2015					Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Non interest bearing	
<i>(in thousand Baht)</i>						
Financial assets						
Cash	-	-	-	-	7	7
Interbank and money market items*	515	5,408,160	1,091,088	-	111,519	6,611,282
Investments, net	-	3,490,144	4,966,181	1,158,818	-	9,615,143
Loans to customers and accrued interest receivable**	500,000	1,000,000	1,548,000	600,000	4,020	3,652,020
Total financial assets	500,515	9,898,304	7,605,269	1,758,818	115,546	19,878,452
Financial liabilities						
Deposits	-	-	-	-	328	328
Total financial liabilities	-	-	-	-	328	328

* Before deducting allowance for doubtful accounts amounting to Baht 65 million

** Before deducting allowance for doubtful accounts amounting to Baht 36 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.

As at 31 March 2016 and 30 September 2015, net open position assets (liabilities) denominated in various currencies, are as follows:

	31 March 2016	30 September 2015
<i>(in thousand US Dollar)</i>		
Net foreign currency exposure		
US Dollar	4,611	178,938
AUD (*)	(54)	(16)
EUR (*)	17,015	-
JPY (*)	4,493	-
Others (*)	35	-

(*) 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.

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The remaining periods to maturity of significant financial assets and financial liabilities as at 31 March 2016 and 30 September 2015 based on contractual maturity are as follows:

	31 March 2016						Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
<i>Financial assets</i>							
Cash	-	-	-	-	-	105	105
Interbank and money market items*	776,251	3,716,097	-	-	-	-	4,492,348
Investments, net	-	2,989,688	3,969,556	2,388,801	11,227	-	9,359,272
Loans to customers and accrued interest receivable**	1,000,000	3,698,396	2,719,902	580,000	-	-	7,998,298
Receivables from investment	-	2,682,971	-	-	-	-	2,682,971
Total financial assets	1,776,251	13,087,152	6,689,458	2,968,801	11,227	105	24,532,994
<i>Financial liabilities</i>							
Deposits	279,651	305,000	-	-	-	-	584,651
Interbank and money market items	-	2,087,488	-	-	-	-	2,087,488
Payables from investments	-	2,104,351	-	-	-	-	2,104,351
Total financial liabilities	279,651	4,496,839	-	-	-	-	4,776,490
Net liquidity gap	1,496,600	8,590,313	6,689,458	2,968,801	11,227	105	19,756,504

* Before deducting allowance for doubtful accounts amounting to Baht 37 million

** Before deducting allowance for doubtful accounts amounting to Baht 80 million

	30 September 2015					Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	No maturity	
<i>Financial assets</i>						
Cash	-	-	-	-	7	7
Interbank and money market items*	110,452	5,409,732	1,091,098	-	-	6,611,282
Investments, net	-	3,490,144	4,966,181	1,158,818	-	9,615,143
Loans to customers and accrued interest receivable**	500,731	1,000,384	1,550,905	600,000	-	3,652,020
Total financial assets	611,183	9,900,260	7,608,184	1,758,818	7	19,878,452
<i>Financial liabilities</i>						
Deposits	328	-	-	-	-	328
Total financial liabilities	328	-	-	-	-	328
Net liquidity gap	610,855	9,900,260	7,608,184	1,758,818	7	19,878,124

* Before deducting allowance for doubtful accounts amounting to Baht 65 million

** Before deducting allowance for doubtful accounts amounting to Baht 36 million

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 March 2016 and 30 September 2015 are as follows:

	31 March 2016	30 September 2015
	Within 1 year (in thousand Baht)	
<i>Foreign currency related</i>		
Forward exchange contracts	11,454,718	9,515,713
<i>Interest rate related</i>		
Interest rate swap	1,761,958	-

6 Fair value of financial instruments

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 CFO.

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 (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or 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 period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the period ended 31 March 2016.

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6.1 Financial instruments carried at fair value

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

	Fair value Level 2 <i>(in thousand Baht)</i>
31 March 2016	
Financial assets	
Derivative assets	
- Foreign exchange rate	38,160
- Interest rate	291
Trading securities	11,215
Available-for-sale securities	9,348,057
Financial liabilities	
Derivative liabilities	
- Foreign exchange rate	23,417

The Bank determines Level 2 fair values for debt securities using quoted market prices 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.

6.2 Financial instruments not carried at fair value

Fair value 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 2016 are as follows:

	Carrying amount	Fair value Level 3 <i>(in thousand Baht)</i>
31 March 2016		
Financial assets		
Loans to customers and accrued interest receivable	7,998,298	8,003,897

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 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).

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Loans to customers and accrued interest receivable:	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.

7 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 March 2016 and 30 September 2015 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 2016	30 September 2015
	<i>(in thousand Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Deficit	(167,883)	-
Other reserves	15,405	(1,377)
Less Capital deduction items on CET1	(183,470)	(284,083)
Total Tier 1 Capital Base	<u>19,664,052</u>	<u>19,714,540</u>
<i>Tier 2 capital</i>		
Provision for normal classified assets	117,016	66,911
Total Tier 2 Capital Base	<u>117,016</u>	<u>66,911</u>
Total Capital Base	<u>19,781,068</u>	<u>19,781,451</u>
Total Risk-Weighted Assets	<u>12,371,370</u>	<u>6,036,061</u>
	The BoT's regulation minimum requirement	
	31 March 2016	30 September 2015
	(%)	
Capital Adequacy Ratio	8.50	159.89
Tier-1 Capital ratio	6.00	327.72
Tier-1 Common Equity ratio	4.50	326.61
Tier-2 Capital ratio	-	158.95
		326.61
		0.95
		1.11

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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 2016 within 4 months after the period end date, as indicated in the notification, through the Bank's website <http://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 (nil credit ratings).

8 Interbank and money market items, net (assets)

	31 March 2016			30 September 2015		
	At call	Term	Total (in thousand Baht)	At call	Term	Total
Domestic						
Bank of Thailand	10,579	-	10,579	9,474	-	9,474
Commercial banks	174	1,250,000	1,250,174	550	-	550
Total	10,753	1,250,000	1,260,753	10,024	-	10,024
Add accrued interest receivable	-	51	51	-	-	-
Less allowance for doubtful accounts	-	(12,500)	(12,500)	-	-	-
Total domestic, net	10,753	1,237,551	1,248,304	10,024	-	10,024
Foreign						
USD	7,512	2,361,023	2,368,535	6,198	6,499,248	6,505,446
EUR	597,088	-	597,088	-	-	-
JPY	157,436	-	157,436	-	-	-
AUD	2,222	102,516	104,738	94,230	-	94,230
Others	1,240	-	1,240	-	-	-
Total	765,498	2,463,539	3,229,037	100,428	6,499,248	6,599,676
Add accrued interest receivable	-	2,507	2,507	-	1,582	1,582
Less allowance for doubtful accounts	-	(24,635)	(24,635)	-	(64,992)	(64,992)
Total foreign, net	765,498	2,441,411	3,206,909	100,428	6,435,838	6,536,266
Total domestic and foreign, net	776,251	3,678,962	4,455,213	110,452	6,435,838	6,546,290

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9 Derivatives

Derivatives held for trading

As at 31 March 2016 and 30 September 2015, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	31 March 2016			30 September 2015		
	Fair value		Notional amount <i>(in thousand Baht)</i>	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Foreign currency related	38,160	23,417	11,454,718	2,593	129,590	9,515,713
Interest rate related	291	-	1,761,958	-	-	-
Total	38,451	23,417	13,216,676	2,593	129,590	9,515,713

As at 31 March 2016 and 30 September 2015, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	31 March	30 September
	2016	2015
		(%)
Financial institutions	75.03	87.39
Related parties	24.80	12.61
Other parties	0.17	-
Total	100.00	100.00

10 Investments, net

10.1 Classification of investments in securities

As at 31 March 2016 and 30 September 2015, the Bank classifies investment types as follows:

	31 March	30 September
	2016	2015
	Fair value <i>(in thousand Baht)</i>	
Trading securities		
Government bonds	11,215	-
Total	11,215	-
Available-for-sale securities		
Government bonds	9,348,057	9,615,143
Total	9,348,057	9,615,143
Total investments, net	9,359,272	9,615,143

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

As at 31 March 2016 and 30 September 2015, unrealised gains (losses) on available-for-sale securities and were as follows:

	Amortised cost	31 March 2016 (in thousand Baht)		Fair value
		Unrealised gains	Unrealised losses	
<i>Available-for-sale securities</i>				
Government bonds	9,315,962	32,095	-	9,348,057
Total investments, net	9,315,962	32,095	-	9,348,057

	Amortised cost	30 September 2015 (in thousand Baht)		Fair value
		Unrealised gains	Unrealised losses	
<i>Available-for-sale securities</i>				
Government bonds	9,619,446	140	(4,443)	9,615,143
Total investments, net	9,619,446	140	(4,443)	9,615,143

11 Loans to customers and accrued interest receivable, net

11.1 Classified by type of loans

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Loans	7,988,000	3,648,000
Total	7,988,000	3,648,000
<i>Add</i> accrued interest receivable	10,298	4,020
Total loans and accrued interest receivable	7,998,298	3,652,020
<i>Less</i> allowance for doubtful accounts		
- Minimum allowance as BoT's regulations - Individual approach	(79,880)	(36,480)
Total loans to customers and accrued interest receivable, net	7,918,418	3,615,540

11.2 Classified by currency and residence of debtors

As at 31 March 2016 and 30 September 2015, the Bank's loans are to Thai resident customer and denominated entirely in Baht.

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11.3 Classified by industry and loan classification

	31 March 2016	30 September 2015
	Pass (in thousand Baht)	
Manufacturing and commerce	4,788,000	1,898,000
Infrastructure and services	700,000	500,000
Others	2,500,000	1,250,000
Total	<u>7,988,000</u>	<u>3,648,000</u>

11.4 Classified by loan classification

	31 March 2016			
	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 (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	<u>7,998,298</u>	<u>7,988,000</u>	1	<u>79,880</u>
Total	<u>7,998,298</u>	<u>7,988,000</u>		<u>79,880</u>
	30 September 2015			
	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 (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	<u>3,652,020</u>	<u>3,648,000</u>	1	<u>36,480</u>
Total	<u>3,652,020</u>	<u>3,648,000</u>		<u>36,480</u>

* the outstanding debt excludes accrued interest receivables.

12 Allowance for doubtful accounts

	31 March 2016	30 September 2015
	Pass (in thousand Baht)	
Beginning balance	36,480	-
Doubtful accounts	43,400	36,480
Ending balance	<u>79,880</u>	<u>36,480</u>

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13 Leasehold building improvements and equipment, net

As at 31 March 2016 and 30 September 2015, changes in leasehold building improvements and equipment are as follows:

	Cost			31 March 2016		Accumulated depreciation			Net book value
	Beginning balance	Purchases	Disposals	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	
	<i>(in thousand Baht)</i>								
Leasehold building improvements	30,776	23	(133)	30,666	776	1,538	(9)	2,305	28,361
Furniture, fixtures and office equipment	12,683	620	(1,079)	12,224	634	1,302	(159)	1,777	10,447
Computer equipment	34,246	972	-	35,218	2,601	5,769	-	8,370	26,848
Vehicle	1,900	5,409	(1,900)	5,409	96	514	(129)	481	4,928
Assets under construction	7,059	9,085	-	16,144	-	-	-	-	16,144
Total	86,664	16,109	(3,112)	99,661	4,107	9,123	(297)	12,933	86,728

	Cost		30 September 2015		Net book value
	Purchases	Ending balance	Depreciation	Ending balance	
	<i>(in thousand Baht)</i>				
Leasehold building improvements	30,776	30,776	776	776	30,000
Furniture, fixtures and office equipment	12,683	12,683	634	634	12,049
Computer equipment	34,246	34,246	2,601	2,601	31,645
Vehicle	1,900	1,900	96	96	1,804
Assets under construction	7,059	7,059	-	-	7,059
Total	86,664	86,664	4,107	4,107	82,557

14 Intangible assets, net

As at 31 March 2016 and 30 September 2015, the changes in intangible assets are as follows:

	Cost			31 March 2016		Net book value
	Beginning balance	Purchases	Ending balance	Beginning balance	Amortisation	
	<i>(in thousand Baht)</i>					
Software licenses	192,939	3	192,942	16,208	32,242	144,492
Work in progress	6,778	7,759	14,537	-	-	14,537
Total	199,717	7,762	207,479	16,208	32,242	159,029

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Notes to the interim financial statements

	Cost		30 September 2015 Accumulated amortisation		Net book value
	Purchases	Ending balance	Amortisation (in thousand Baht)	Ending balance	
Software licenses	192,939	192,939	16,208	16,208	176,731
Work in progress	6,778	6,778	-	-	6,778
Total	199,717	199,717	16,208	16,208	183,509

15 Deferred tax

Deferred tax assets are as follows:

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	45,958	42,796
Total	45,958	42,796

Movements in total deferred tax assets during the period ended 31 March 2016 and 30 September 2015 are as follows:

	At 1 October 2015	(Charged) / Credited to:		At 31 March 2016
		Profit or loss (note 33)	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>				
Investments	860	-	(7,280)	(6,420)
Leasehold building improvements and equipment, net	-	195	-	195
Intangible assets	9,812	(503)	-	9,309
Tax losses	25,975	11,209	-	37,184
Other assets	31	(31)	-	-
Other liabilities	6,118	(428)	-	5,690
Total	42,796	10,442	(7,280)	45,958

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	(Charged) / Credited to:		At
	Profit or loss	Other comprehensive income	30 September 2015
	<i>(note 33)</i>		
	<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>			
Investments	-	860	860
Intangible assets	9,812	-	9,812
Tax losses	25,975	-	25,975
Other assets	31	-	31
Other liabilities	6,118	-	6,118
Total	41,936	860	42,796

16 Other assets

	<i>Note</i>	31 March 2016	30 September 2015
		<i>(in thousand Baht)</i>	
Accrued interest receivable		15,028	13,877
Advance to intercompany	24	7,620	554
Guarantee deposits		5,522	5,530
Others		2,225	2,183
Total		30,395	22,144

17 Deposits

17.1 Classified by type of deposits

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Current	279,651	328
Fixed		
- Less than 6 months	305,000	-
Total	584,651	328

17.2 Classified by currency and residence of depositors

	31 March 2016	30 September 2015
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Baht	363,946	328
US Dollar	220,705	-
Total	584,651	328

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18 Interbank and money market items (liabilities)

	31 March 2016	30 September 2015
	Term (in thousand Baht)	
<i>Domestic</i>		
Commercial banks	100,000	-
Total domestic, net	100,000	-
<i>Foreign</i>		
USD	1,987,488	-
Total foreign, net	1,987,488	-
Total domestic and foreign, net	2,087,488	-

19 Other liabilities

	<i>Note</i>	31 March 2016	30 September 2015
		(in thousand Baht)	
Due from intercompany	24	107,001	95,863
Accrued expenses		34,838	40,466
VAT payable		6,768	6,594
Withholding tax payable		5,069	4,200
Others		6,990	-
Total		160,666	147,123

20 Share capital

	Par value per share (in Baht)	31 March 2016		30 September 2015	
		Number	Amount (in thousand shares / thousand Baht)	Number	Amount
<i>Authorised</i>					
At beginning period - ordinary shares	10	2,000,000	20,000,000	50,000	500,000
Increase of new shares	10	-	-	1,950,000	19,500,000
At ending period - ordinary shares	10	2,000,000	20,000,000	2,000,000	20,000,000
<i>Issued and paid-up</i>					
At beginning period - ordinary shares	10	2,000,000	20,000,000	50,000	500,000
Increase of new shares	10	-	-	1,950,000	19,500,000
At ending period - ordinary shares	10	2,000,000	20,000,000	2,000,000	20,000,000

On 21 April 2015, the extraordinary meeting of the shareholders approved to increase the Bank's authorised share capital by Baht 19,500 million from Baht 500 million to Baht 20,000 million by issuing 1,950 million new ordinary shares with par value of Baht 10 each called up at 100%. The new issued and paid-up share capital was registered with the Ministry of Commerce on 11 June 2015.

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21 Reserves

The Bank has not provided legal reserve due to net losses during the period.

22 Assets pledged as collateral

Assets pledged as collateral as at 31 March 2016 and 30 September 2015 consists of:

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Government bonds		
- Pledged for liquidity management with the BoT	-	9,474
Total	-	9,474

23 Contingent liabilities

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Guarantees of loans	418,189	-
Letters of credit	1,151,263	400,066
Other contingencies	1,500,898	603,655
Total	3,070,350	1,003,721

Litigation

As at 31 March 2016 and 30 September 2015, there is no litigation case outstanding against the Bank.

24 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

ANZ Bank (Thai) Public Company Limited
Notes to the interim financial statements

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
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 Bank (China) Company Limited	China	Affiliates of ANZ Group
ANZ Bank (Vietnam) Limited	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 Philippines	Philippines	Affiliates of ANZ Group
ANZ Bank New Zealand Limited	New Zealand	Affiliates of ANZ Group
Australia and New Zealand Banking Group Limited Hong Kong	Hong Kong	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

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

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Interest income	8,235	-
Interest expense	146	-
<i>Key management personnel</i>		
Short-term employee benefits	59,708	7,141
Total key management personnel compensation	59,708	7,141

Significant balances and business transactions with other related parties

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
<i>Interbank and money market items (assets)</i>		
Australia and New Zealand Banking Group Limited	2,222	94,230
Australia and New Zealand Banking Group Limited Singapore	2,441,411	6,500,830
ANZ Bank New Zealand Limited	118	-
	2,443,751	6,595,060

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	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
<i>Derivative assets</i>		
Australia and New Zealand Banking Group Limited	1,165	179
Australia and New Zealand Banking Group Limited Hong Kong	286	-
	<u>1,451</u>	<u>179</u>
<i>Other assets</i>		
Australia and New Zealand Banking Group Limited	-	554
Australia and New Zealand Banking Group Limited Philippines	7,620	-
	<u>7,620</u>	<u>554</u>
<i>Interbank and money market items (liabilities)</i>		
Australia and New Zealand Banking Group Limited Singapore	<u>1,987,488</u>	<u>-</u>
<i>Derivative liabilities</i>		
Australia and New Zealand Banking Group Limited	10,586	172
Australia and New Zealand Banking Group Limited Japan	116	-
	<u>10,702</u>	<u>172</u>
<i>Other liabilities</i>		
Australia and New Zealand Banking Group Limited	106,689	95,477
Australia and New Zealand Banking Group Limited Singapore	25	-
ANZ Bank (Vietnam) Limited	287	386
	<u>107,001</u>	<u>95,863</u>
<i>Other guarantees</i>		
Australia and New Zealand Banking Group Limited	3,347	-
Australia and New Zealand Banking Group Limited United Kingdom	806,650	73,655
Australia and New Zealand Banking Group Limited Singapore	131,927	-
Australia and New Zealand Bank (China) Company Limited	-	530,000
ANZ Bank (Vietnam) Limited	1,057	-
	<u>942,981</u>	<u>603,655</u>

ANZ Bank (Thai) Public Company Limited
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	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Australia and New Zealand Banking Group Limited	1,486,159	1,199,799
Australia and New Zealand Banking Group Limited Japan	15,384	-
Australia and New Zealand Banking Group Limited Hong Kong	14,045	-
	<u>1,515,588</u>	<u>1,199,799</u>
<i>Derivatives – Interest rate related</i>		
Australia and New Zealand Banking Group Limited	<u>1,761,958</u>	-

Significant agreements with related parties

(a) *Appointment Letter*

On 15 October 2014, which was prior to the incorporation of the Bank, the promoters of the Bank (“Promoters”) had appointed ANZ Banking Group Limited (“ANZBGL”) to act on behalf of the Promoters to facilitate the process of incorporation, management of operational expenses, and preparation for commencement of operations of the Bank. The Appointment Letter was then approved in the statutory meeting of the Bank on 4 November 2014. After the incorporation of the Bank, ANZBGL has been released and discharged from all its obligations and liabilities under any arrangements, performances or agreements, and would be reimbursed for all expenses ANZBGL had paid on the Bank’s behalf under the Appointment Letter. During the period, ANZBGL has not reimbursed expenses with the Bank (30 September 2015: AUD 3 million).

(b) *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 still not has expenses from this agreement.

25 Non-cancellable operating lease agreements

The Bank has entered into operating lease and service agreements of premises and office equipment for the periods ranging from 1 year to 4 years. The periods to maturity of long-term lease payments are as follows:

	31 March 2016	30 September 2015
	<i>(in thousand Baht)</i>	
Within one year	14,877	14,877
After one year but within five years	7,388	14,826
Total	<u>22,265</u>	<u>29,703</u>

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26 Net interest income

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Interest income		
- Interbank and money market items	30,033	533
- Investments in debt securities	66,216	-
- Loans to customers	46,384	-
- Others	34,134	-
	<u>176,767</u>	<u>533</u>
Interest expense		
- Deposits	(90)	-
- Interbank and money market items	(2,747)	-
- Contribution to Deposit Protection Agency	(202)	-
- Others	(1,083)	-
	<u>(4,122)</u>	<u>-</u>
Net	<u>172,645</u>	<u>533</u>

27 Net fees and service income

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptance, avals and guarantees	3,161	-
- Others	1,356	-
	<u>4,517</u>	<u>-</u>
Fees and service expenses	<u>(1,600)</u>	<u>-</u>
Net	<u>2,917</u>	<u>-</u>

28 Net trading income

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Gains on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	251	-
- Debt securities	8,503	-
Total	<u>8,754</u>	<u>-</u>

29 Employee expenses

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Salary and bonus	114,238	1,420
Others	22,440	732
Total	<u>136,678</u>	<u>2,152</u>

ANZ Bank (Thai) Public Company Limited
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30 Premises and equipment expenses

For the period ended 31 March

	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Rental and service expenses	9,194	1,425
Depreciation	9,123	-
Data communication cost	3,624	-
Telephone expense	3,412	108
Information service fee	1,878	-
Others	3,195	409
Total	<u>30,426</u>	<u>1,942</u>

31 Other expenses

For the period ended 31 March

	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Amortisation	32,242	-
Professional fee	3,464	3,250
Advertising expenses	4,666	-
Other	9,296	10,669
Total	<u>49,668</u>	<u>13,919</u>

32 Impairment provision on loans

For the period ended 31 March

	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>	
Interbank and money market items (Reversal)	(27,857)	-
Loans to customers	43,400	-
Total	<u>15,543</u>	<u>-</u>

33 Income tax expense

Income tax recognised in profit or loss

For the period ended 31 March

	<i>Note</i>	2016	2015 (Unaudited)
		<i>(in thousand Baht)</i>	
Current tax expense			
Current period		-	-
Deferred tax expense			
Movements in temporary differences	15	(10,442)	-
Total		<u>(10,442)</u>	<u>-</u>

ANZ Bank (Thai) Public Company Limited
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Income tax recognised in other comprehensive income

<i>For the period ended 31 March</i>	2016			2015 (Unaudited)		
	Before tax	Tax benefit	Net of Tax <i>(in thousand Baht)</i>	Before tax	Tax benefit	Net of Tax
Available-for-sale securities	36,398	(7,280)	29,118	-	-	-
Total	36,398	(7,280)	29,118	-	-	-

Reconciliation of effective tax rate

<i>For the period ended 31 March</i>	2016		2015 (Unaudited)	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Loss before income tax expense		(52,537)		(18,147)
Income tax using the Thai corporation tax rate	20.0	(10,507)	20.0	(3,629)
Expenses not deductible for tax purposes		65		-
Current year losses for which no deferred tax asset was recognised		-		3,629
Total	19.9	(10,442)	-	-

The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 March 2016 and 2015.

34 Basic loss per share

The calculations of basic loss per share for the period ended 31 March 2016 and 2015 were based on the loss for the period attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the period as follows:

<i>For the period ended 31 March</i>	2016	2015 (Unaudited)
	<i>(in thousand Baht / thousand shares)</i>	
Loss for the period attributable to shareholders of the Bank (basic)	<u>(42,095)</u>	<u>(18,147)</u>
Weighted average number of ordinary shares outstanding	<u>2,000,000</u>	<u>50,000</u>
Basic loss per share <i>(in Baht)</i>	<u>(0.02)</u>	<u>(0.36)</u>

35 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Bank's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Bank does not plan to adopt these TFRS early.

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TFRS	Topic	Year effective
TAS 1 (revised 2015)	Presentation of Financial Statements	2016
TAS 7 (revised 2015)	Statement of Cash Flows	2016
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors	2016
TAS 10 (revised 2015)	Events after the Reporting Period	2016
TAS 12 (revised 2015)	Income Taxes	2016
TAS 16 (revised 2015)	Property, Plant and Equipment	2016
TAS 17 (revised 2015)	Leases	2016
TAS 18 (revised 2015)	Revenue	2016
TAS 19 (revised 2015)	Employee Benefits	2016
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates	2016
TAS 24 (revised 2015)	Related Party Disclosures	2016
TAS 33 (revised 2015)	Earnings Per Share	2016
TAS 34 (revised 2015)	Interim Financial Reporting	2016
TAS 36 (revised 2015)	Impairment of Assets	2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	2016
TAS 38 (revised 2015)	Intangible Assets	2016
TFRS 13 (revised 2015)	Fair Value Measurement	2016
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment	2016

The Bank has made a preliminary assessment of the potential initial impact on financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



(Warin Paaopanchon)
 Chief Financial Officer



(Panadda Manoleehakul)
 President and Chief Executive Officer