

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

Interim Financial statements  
for the six-month period ended  
31 March 2018  
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

#### *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 2018, 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 2018 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  
13 June 2018

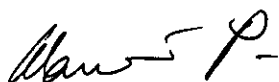
**ANZ Bank (Thai) Public Company Limited**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	31 March 2018	30 September 2017
		<i>(in thousand Baht)</i>	
Cash		2,349	709
Interbank and money market items, net	7, 22	9,886,537	24,080,728
Derivative assets	8, 22	1,757,024	703,237
Investments, net	9	5,731,593	5,297,626
Loans to customers and accrued interest receivables, net	10		
Loans to customers		12,461,280	10,692,454
Accrued interest receivables		53,121	29,941
Total loans to customers and accrued interest receivables		<u>12,514,401</u>	<u>10,722,395</u>
<i>Less</i> deferred revenue		(238)	(16)
<i>Less</i> allowance for doubtful accounts	11	<u>(124,610)</u>	<u>(106,924)</u>
Total loans to customers and accrued interest receivables, net		<u>12,389,553</u>	<u>10,615,455</u>
Leasehold building improvements and equipment, net	12	42,091	55,812
Deferred tax assets, net	13	66,090	90,288
Trading securities receivable		39,904	2,564,967
Other assets	14, 22	82,931	98,004
<b>Total assets</b>		<b><u>29,998,072</u></b>	<b><u>43,506,826</u></b>

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

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

<b>Liabilities and equity</b>	<i>Note</i>	31 March 2018	30 September 2017
		<i>(in thousand Baht)</i>	
<i>Liabilities</i>			
Deposits	15	2,356,157	3,179,749
Interbank and money market items	16, 22	5,559,260	18,352,591
Liabilities payable on demand		9,990	3,820
Derivative liabilities	8, 22	1,893,941	662,422
Trading securities payable		-	1,525,800
Provisions for employee benefits		28,516	24,222
Other liabilities	17, 22	420,138	136,257
<b>Total liabilities</b>		<u>10,268,002</u>	<u>23,884,861</u>
<i>Equity</i>			
Share capital	18		
Authorised share capital		<u>20,000,000</u>	<u>20,000,000</u>
Issued and paid-up share capital		20,000,000	20,000,000
Other reserves		24,648	21,774
Deficit		(294,578)	(399,809)
<b>Total equity</b>		<u>19,730,070</u>	<u>19,621,965</u>
<b>Total liabilities and equity</b>		<u>29,998,072</u>	<u>43,506,826</u>



(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**  
**Statement of profit or loss and other comprehensive income**

		For the six-month period ended	
		31 March	
	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
Interest income	22, 24	369,857	261,490
Interest expenses	22, 25	115,658	32,544
<b>Net interest income</b>		<b>254,199</b>	<b>228,946</b>
Fees and service income	26	11,397	24,983
Fees and service expenses	26	6,971	3,643
<b>Net fees and service income</b>		<b>4,426</b>	<b>21,340</b>
Gains on trading and foreign exchange transactions, net	27	9,268	26,755
Net gain on investments	28	1,466	4,784
<b>Total operating income</b>		<b>269,359</b>	<b>281,825</b>
<b>Other operating expenses</b>			
Employees expenses	22, 29	153,026	134,273
Directors' remuneration		2,400	2,400
Premises and equipment expenses	30	33,753	35,457
Taxes and duties		15,571	8,368
Others	22, 31	23,036	19,930
<b>Total operating expenses</b>		<b>227,786</b>	<b>200,428</b>
Bad debts, (reversal) allowance for doubtful accounts and impairment loss	32	(87,138)	47,766
<b>Profit from operations before income tax expense</b>		<b>128,711</b>	<b>33,631</b>
Income tax expense	33	23,480	6,798
<b>Net profit for the period</b>		<b>105,231</b>	<b>26,833</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gains (losses) on remeasuring available-for-sale investments		3,592	(3,944)
Income tax relating to items that will be reclassified	33	(718)	789
Total items that will be reclassified subsequently to profit or loss, net of tax		2,874	(3,155)
<b>Total comprehensive income for the period</b>		<b>108,105</b>	<b>23,678</b>
<b>Earnings per share</b>			
Basic earnings per share <i>(in Baht)</i>	34	0.05	0.01



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Chief Financial Officer



(Panadda Manoleehakul)  
President and Chief Executive Officer

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

	<i>Note</i>	Issued and paid-up share capital	Other reserves <i>(in thousand Baht)</i>	Deficit	Total equity
<b>For the six-month period ended 31 March 2017</b>					
Balance at 1 October 2016	18	20,000,000	6,554	(424,323)	19,582,231
Comprehensive income (loss) for the period					
Profit for the period		-	-	26,833	26,833
Other comprehensive income (loss)					
Available-for-sale investments					
Net change in fair value recognised in equity, net of tax		-	(3,155)	-	(3,155)
<b>Total comprehensive income (loss) for the period</b>		-	(3,155)	26,833	23,678
<b>Balance as at 31 March 2017</b>		<b>20,000,000</b>	<b>3,399</b>	<b>(397,490)</b>	<b>19,605,909</b>

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

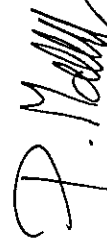


**ANZ Bank (Thai) Public Company Limited**  
**Statement of changes in equity**

	Note	Issued and paid-up share capital	Other reserves <i>(in thousand Baht)</i>	Deficit	Total equity
<b>For the six-month period ended 31 March 2018</b>					
<b>Balance at 1 October 2017</b>	18	20,000,000	21,774	(399,809)	19,621,965
Comprehensive income for the period		-	-	105,231	105,231
Profit for the period		-	-	-	-
Other comprehensive income		-	2,874	-	2,874
Available-for-sale investments		-	2,874	105,231	108,105
Net change in fair value recognised in equity, net of tax		-	2,874	105,231	108,105
<b>Total comprehensive income for the period</b>		-	2,874	105,231	108,105
<b>Balance as at 31 March 2018</b>		<b>20,000,000</b>	<b>24,648</b>	<b>(294,578)</b>	<b>19,730,070</b>



(Warin Paoapanchon)  
 Chief Financial Officer



(Panadda Manolechakul)  
 President and Chief Executive Officer

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

# ANZ Bank (Thai) Public Company Limited

## Statement of cash flows

For the six-month period ended  
31 March  
2018 2017

(in thousand Baht)

### Cash flows from operating activities

Profit from operations before income tax expense	128,711	33,631
<i>Adjustments to reconcile profit from operations before income tax expense to cash receipts (payments)</i>		
Depreciation and amortisation	13,733	10,948
Bad debts, (reversal) allowance for doubtful accounts and impairment loss	(87,138)	47,766
Losses (gain) on trading and foreign exchange transactions	(9,268)	(26,755)
Gain on sale of investment, net	(1,466)	(4,784)
Provision made	4,294	4,834
Net interest income	(254,199)	(228,946)
Proceeds from interest	347,177	262,019
Interest paid	(117,611)	(36,934)
Income tax paid	(526)	(850)
Profit from operations before changes in operating assets and liabilities	<u>23,707</u>	<u>60,929</u>

### Decrease (increase) in operating assets

Interbank and money market items	14,299,900	(10,240,619)
Derivative assets	(1,047,713)	(185,860)
Investment in securities for trading	(1,532,993)	(235,351)
Loans to customers	(1,771,663)	(2,876,568)
Trading securities receivable	2,525,064	(415,770)
Other assets	27,864	(8,207)

### Decrease (increase) in operating liabilities

Deposits	(823,592)	338,389
Interbank and money market items	(12,793,331)	11,559,015
Liabilities payable on demand	6,170	106,892
Derivative liabilities	1,231,519	329,456
Trading securities payable	(1,525,800)	172,234
Other liabilities	285,834	(81,356)
Net cash used in operating activities	<u>(1,095,034)</u>	<u>(1,476,816)</u>

### Cash flows from investing activities

Purchases of available-for-sale investments	(403,315)	(3,521,297)
Proceeds from available-for-sale investments	1,500,000	5,000,000
Purchases of leasehold building improvements and equipment	(11)	(2,018)
Net cash from investing activities	<u>1,096,674</u>	<u>1,476,685</u>

### Net increase (decrease) in cash

Net increase (decrease) in cash	1,640	(131)
Cash as at 1 October	709	689
Cash as at 31 March	<u>2,349</u>	<u>558</u>

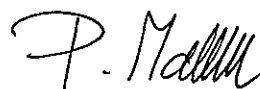
### Supplementary disclosures of cash flow information

#### Significant non-cash items

Gains (loss) on remeasuring available-for-sale investments	3,592	(3,944)
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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**  
**For the six-month period ended 31 March 2018**

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**ANZ Bank (Thai) Public Company Limited**  
**Notes to the interim financial statements**  
**For the six-month period ended 31 March 2018**

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 13 June 2018.

**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, 8<sup>th</sup> 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, whilst the Bank through its notification requirement under the banking license, has commenced its legal day-1 on Monday 29 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 (revised 2016) *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 2017. The initial application of these new and revised TFRS has resulted in change in certain of the Bank’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised 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 2018/ 1 January 2019 and have not been adopted in the preparation of these interim financial statements.

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

**ANZ Bank (Thai) Public Company Limited**  
**Notes to the interim financial statements**  
**For the six-month period ended 31 March 2018**

**(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
Net defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (j)

**(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 interim financial statements to the nearest thousand unless otherwise stated.

**(d) Use of judgements 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 the 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 assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognised in the interim financial statements is included in the following notes:

Note 5	Fair value of assets and liabilities
Note 8	Derivatives
Note 11	Allowance for doubtful accounts
Note 13	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used

*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 5.

**ANZ Bank (Thai) Public Company Limited**  
**Notes to the interim financial statements**  
**For the six-month period ended 31 March 2018**

**3 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.

*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.

**ANZ Bank (Thai) Public Company Limited**  
**Notes to the interim financial statements**  
**For the six-month period ended 31 March 2018**

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.

**(f) 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.

# ANZ Bank (Thai) Public Company Limited

## Notes to the interim financial statements

For the six-month period ended 31 March 2018

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, 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**  
**For the six-month period ended 31 March 2018**

*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.

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

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### (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.

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.

At this stage, the Bank enters into derivative transactions for trading purpose only.

### (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 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.

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.

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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 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) *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) *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.

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*(n) Recognition of expenses*

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 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 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 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 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.

*(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.

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**(g) 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.

**4 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:

**4.1 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 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.

**4.2 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").

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**4.3 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 2018 and 30 September 2017 are as follows:

	31 March 2018			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
		<i>(in thousand Baht)</i>		
<b>Financial assets</b>				
Cash	-	-	2,349	2,349
Interbank and money market items*	102	9,349,174	559,752	9,909,028
Investments, net	-	5,731,593	-	5,731,593
Loans to customers and accrued interest receivable**	65,714	12,395,328	53,121	12,514,163
Trading securities receivable	-	-	39,904	39,904
<b>Total financial assets</b>	<b>65,816</b>	<b>27,476,095</b>	<b>655,126</b>	<b>28,197,037</b>
<b>Financial liabilities</b>				
Deposits	-	2,008,845	347,312	2,356,157
Interbank and money market items	-	5,559,260	-	5,559,260
<b>Total financial liabilities</b>	<b>-</b>	<b>7,568,105</b>	<b>347,312</b>	<b>7,915,417</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 22 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 125 million

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	Floating interest rate	30 September 2017 Fixed interest rate (in thousand Baht)	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	709	709
Interbank and money market items*	1,249	22,831,540	1,375,254	24,208,043
Investments, net	-	5,297,626	-	5,297,626
Loans to customers and accrued interest receivable**	803,059	9,889,379	29,941	10,722,379
Trading securities receivable	-	-	2,564,967	2,564,967
<b>Total financial assets</b>	<b>804,308</b>	<b>38,018,545</b>	<b>3,970,871</b>	<b>42,793,724</b>
<b>Financial liabilities</b>				
Deposits	-	2,376,207	803,542	3,179,749
Interbank and money market items	-	18,352,591	-	18,352,591
Trading securities payable	-	-	1,525,800	1,525,800
<b>Total financial liabilities</b>	<b>-</b>	<b>20,728,798</b>	<b>2,329,342</b>	<b>23,058,140</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 127 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 107 million

The Bank's average interest bearing financial assets and financial liabilities, together with the average interest rates as at 31 March 2018 and 31 September 2017 are as follows:

	31 March 2018		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
<b>Financial assets</b>			
Interbank and money market items	20,333,980	149,526	1.47
Investments	5,151,552	46,470	1.80
Loans to customers	12,119,658	126,543	2.09
<b>Total</b>	<b>37,605,190</b>	<b>322,539</b>	<b>1.72</b>
<b>Financial liabilities</b>			
Deposits	1,816,127	8,695	0.96
Interbank and money market items	15,871,485	106,626	1.34
<b>Total</b>	<b>17,687,612</b>	<b>115,321</b>	<b>1.30</b>
<b>30 September 2017</b>			
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
<b>Financial assets</b>			
Interbank and money market items	13,359,939	198,833	1.49
Investments	7,633,815	116,157	1.52
Loans to customers	10,811,372	262,182	2.43
<b>Total</b>	<b>31,805,126</b>	<b>577,172</b>	<b>1.81</b>
<b>Financial liabilities</b>			
Deposits	1,103,870	9,156	0.83
Interbank and money market items	11,104,343	118,378	1.07
<b>Total</b>	<b>12,208,213</b>	<b>127,534</b>	<b>1.04</b>

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Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 March 2018 and 30 September 2017 are as follows:

	31 March 2018						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>							
<b>Financial assets</b>							
Cash	-	-	-	-	-	2,349	2,349
Interbank and money market items*	102	9,349,174	-	-	-	559,752	9,909,028
Investments, net	-	1,677,924	-	4,053,669	-	-	5,731,593
Loans to customers and accrued interest receivable**	550,000	3,882,697	5,628,345	2,400,000	-	53,121	12,514,163
Trading securities receivable	-	-	-	-	-	39,904	39,904
<b>Total financial assets</b>	<b>550,102</b>	<b>14,909,795</b>	<b>5,628,345</b>	<b>6,453,669</b>	<b>-</b>	<b>655,126</b>	<b>28,197,037</b>
<b>Financial liabilities</b>							
Deposits	603,464	1,404,181	1,200	-	-	347,312	2,356,157
Interbank and money market items	-	5,559,260	-	-	-	-	5,559,260
<b>Total financial liabilities</b>	<b>603,464</b>	<b>6,963,441</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>347,312</b>	<b>7,915,417</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 22 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 125 million

	30 September 2017						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>							
<b>Financial assets</b>							
Cash	-	-	-	-	-	709	709
Interbank and money market items*	1,249	22,831,540	-	-	-	1,375,254	24,208,043
Investments, net	-	1,641,126	-	3,656,500	-	-	5,297,626
Loans to customers and accrued interest receivable**	-	5,475,113	5,217,325	-	-	29,941	10,722,379
Trading securities receivable	-	-	-	-	-	2,564,967	2,564,967
<b>Total financial assets</b>	<b>1,249</b>	<b>29,947,779</b>	<b>5,217,325</b>	<b>3,656,500</b>	<b>-</b>	<b>3,970,871</b>	<b>42,793,724</b>
<b>Financial liabilities</b>							
Deposits	289,476	2,086,731	-	-	-	803,542	3,179,749
Interbank and money market items	-	18,352,591	-	-	-	-	18,352,591
Trading securities payable	-	-	-	-	-	1,525,800	1,525,800
<b>Total financial liabilities</b>	<b>289,476</b>	<b>20,439,322</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,329,342</b>	<b>23,058,140</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 127 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 107 million



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**(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 2018 and 30 September 2017, net open position assets (liabilities) denominated in various currencies, are as follows:

	31 March 2018	30 September 2017
	<i>(in thousand US Dollar)</i>	
<b>Net foreign currency exposure</b>		
USD	4,625	(8,599)
AUD (*)	309	(281)
SGD (*)	78	108
GBP (*)	57	14
JPY (*)	27	(23)
Others (*)	37	(5)

(\*) Balance is stated in USD equivalent.

**4.4 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.

The remaining periods to maturity of significant financial assets and financial liabilities as at 31 March 2018 and 30 September 2017 based on contractual maturity are as follows:

	31 March 2018						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>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	2,349	2,349
Interbank and money market items*	558,655	9,350,373	-	-	-	-	9,909,028
Investments, net	-	1,677,924	-	4,053,669	-	-	5,731,593
Loans to customers and accrued interest receivable**	-	4,387,027	5,659,268	2,467,868	-	-	12,514,163
Trading securities receivable	-	-	-	-	-	39,904	39,904
<b>Total financial assets</b>	<u>558,655</u>	<u>15,415,324</u>	<u>5,659,268</u>	<u>6,521,537</u>	<u>-</u>	<u>42,253</u>	<u>28,197,037</u>

\* Before deducting allowance for doubtful accounts amounting to Baht 22 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 125 million

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	31 March 2018						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>						
<b>Financial liabilities</b>							
Deposits	950,776	1,404,181	1,200	-	-	-	2,356,157
Interbank and money market items	-	5,559,260	-	-	-	-	5,559,260
<b>Total financial liabilities</b>	<b>950,776</b>	<b>6,963,441</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,915,417</b>
<b>Net liquidity gap</b>	<b>(392,121)</b>	<b>8,451,883</b>	<b>5,658,068</b>	<b>6,521,537</b>	<b>-</b>	<b>42,253</b>	<b>20,281,620</b>
	30 September 2017						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>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	709	709
Interbank and money market items*	1,373,130	22,834,913	-	-	-	-	24,208,043
Investments, net	-	1,641,126	-	3,656,500	-	-	5,297,626
Loans to customers and accrued interest receivable**	-	5,192,842	5,226,245	303,292	-	-	10,722,379
Trading securities receivable	-	-	-	-	-	2,564,967	2,564,967
<b>Total financial assets</b>	<b>1,373,130</b>	<b>29,668,881</b>	<b>5,226,245</b>	<b>3,959,792</b>	<b>-</b>	<b>2,565,676</b>	<b>42,793,724</b>
<b>Financial liabilities</b>							
Deposits	1,093,018	2,086,731	-	-	-	-	3,179,749
Interbank and money market items	-	18,352,591	-	-	-	-	18,352,591
Trading securities payable	-	-	-	-	-	1,525,800	1,525,800
<b>Total financial liabilities</b>	<b>1,093,018</b>	<b>20,439,322</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,525,800</b>	<b>23,058,140</b>
<b>Net liquidity gap</b>	<b>280,112</b>	<b>9,229,559</b>	<b>5,226,245</b>	<b>3,959,792</b>	<b>-</b>	<b>1,039,876</b>	<b>19,735,584</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 127 million

\*\* Before deducting allowance for doubtful accounts amounting to Baht 107 million

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*Derivatives*

The remaining periods to maturity of the notional amount of derivatives as at 31 March 2018 and 30 September 2017 are as follows:

	31 March 2018 Notional amount			Total
	Less than 1 year	Within 1-5 years <i>(in thousand Baht)</i>	More than 5 years	
<i>Foreign currency related</i>				
Forward exchange contracts	117,464,536	397,493	-	117,862,029
Currency swap contracts	-	4,201,017	-	4,201,017
<i>Interest rate related</i>				
Interest rate swap	84,347,360	112,506,709	5,082,425	201,936,494
	30 September 2017 Notional amount			Total
	Less than 1 year	Within 1-5 years <i>(in thousand Baht)</i>	More than 5 years	
<i>Foreign currency related</i>				
Forward exchange contracts	62,350,132	1,041,694	-	63,391,826
Currency swap contracts	-	4,231,102	-	4,231,102
<i>Interest rate related</i>				
Interest rate swap	41,859,000	117,579,505	5,866,425	165,304,930

**5 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 (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).

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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 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 2018.

**5.1 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 <i>(in thousand Baht)</i>	Level 3	
<b>31 March 2018</b>				
<b>Financial assets</b>				
Derivative assets				
- Foreign exchange rate	-	1,262,952	-	1,262,952
- Interest rate	-	494,072	-	494,072
Trading securities	-	1,677,924	-	1,677,924
Available-for-sale securities	-	4,053,669	-	4,053,669

**Financial liabilities**

Derivative liabilities				
- Foreign exchange rate	-	1,393,463	-	1,393,463
- Interest rate	-	500,478	-	500,478

	Fair value			Total
	Level 1	Level 2 <i>(in thousand Baht)</i>	Level 3	
<b>30 September 2017</b>				
<b>Financial assets</b>				
Derivative assets				
- Foreign exchange rate	-	337,393	-	337,393
- Interest rate	-	365,844	-	365,844
Trading securities	-	144,903	-	144,903
Available-for-sale securities	-	5,152,723	-	5,152,723

**Financial liabilities**

Derivative liabilities				
- Foreign exchange rate	-	305,813	-	305,813
- Interest rate	-	356,609	-	356,609

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.

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5.2 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 2018 and 30 September 2017 are as follows:

	Carrying amount <i>(in thousand Baht)</i>	Fair value Level 3 <i>(in thousand Baht)</i>
<b>31 March 2018</b>		
<b>Financial assets</b>		
Loans to customers and accrued interest receivable	12,514,163	12,830,198
<b>Financial liabilities</b>		
Deposits	2,356,157	2,356,020
	Carrying amount <i>(in thousand Baht)</i>	Fair value Level 3 <i>(in thousand Baht)</i>
<b>30 September 2017</b>		
<b>Financial assets</b>		
Loans to customers and accrued interest receivable	10,722,379	10,723,532
<b>Financial liabilities</b>		
Deposits	3,179,749	3,181,597

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 3 (i).
Investments:	Fair value of investments as described in Note 3 (c).
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.

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**6 Maintenance of capital fund**

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 March 2018 and 30 September 2017 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 2018	30 September 2017		
	<i>(in thousand Baht)</i>			
<b><i>Tier 1 capital</i></b>				
Common Equity Tier 1 (CET1)				
Issued and paid-up share capital	20,000,000	20,000,000		
Deficit	(399,809)	(424,323)		
Other reserves	24,648	17,419		
Less Capital deduction items on CET1	(65,093)	(92,608)		
<b>Total Tier 1 Capital Base</b>	<b>19,558,746</b>	<b>19,500,488</b>		
<b><i>Tier 2 capital</i></b>				
Provision for normal classified assets	147,102	190,941		
<b>Total Tier 2 Capital Base</b>	<b>147,102</b>	<b>190,941</b>		
<b>Total Capital Base</b>	<b>19,705,848</b>	<b>19,691,429</b>		
<b>Total Risk-Weighted Assets</b>	<b>17,991,106</b>	<b>17,333,476</b>		
	The BoT's regulatory minimum requirement	31 March 2018	The BoT's regulatory minimum requirement	30 September 2017
	(%)		(%)	
Capital Adequacy Ratio	10.375	109.53	9.750	113.60
Tier-1 Capital ratio	7.875	108.71	7.250	112.50
Tier-1 Common Equity ratio	6.375	108.71	5.750	112.50
Tier-2 Capital ratio	-	0.82	-	1.10

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 March 2018 and 30 September 2017, 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 2018 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).

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**7 Interbank and money market items, net (assets)**

	31 March 2018			30 September 2017		
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
<b>Domestic</b>						
Bank of Thailand	171,392	-	171,392	667,291	-	667,291
Commercial banks	281	9,000,000	9,000,281	1,281	21,100,000	21,101,281
Other financial institutions	-	310,000	310,000	-	-	-
<b>Total</b>	<b>171,673</b>	<b>9,310,000</b>	<b>9,481,673</b>	<b>668,572</b>	<b>21,100,000</b>	<b>21,768,572</b>
Add accrued interest receivable	-	1,200	1,200	-	3,373	3,373
Less allowance for doubtful accounts	-	(22,100)	(22,100)	-	(127,315)	(127,315)
<b>Total domestic, net</b>	<b>171,673</b>	<b>9,289,100</b>	<b>9,460,773</b>	<b>668,572</b>	<b>20,976,058</b>	<b>21,644,630</b>
<b>Foreign</b>						
USD	56,153	39,275	95,428	24,129	1,732,906	1,757,035
EUR	306,815	-	306,815	646,342	-	646,342
JPY	7,593	-	7,593	1,739	-	1,739
AUD	7,328	-	7,328	6,576	-	6,576
Others	9,093	-	9,093	25,772	-	25,772
<b>Total</b>	<b>386,982</b>	<b>39,275</b>	<b>426,257</b>	<b>704,558</b>	<b>1,732,906</b>	<b>2,437,464</b>
Add accrued interest receivable	-	-	-	-	-	-
Less deferred revenue	-	(102)	(102)	-	(1,366)	(1,366)
Less allowance for doubtful accounts	-	(391)	(391)	-	-	-
<b>Total foreign, net</b>	<b>386,982</b>	<b>38,782</b>	<b>425,764</b>	<b>704,558</b>	<b>1,731,540</b>	<b>2,436,098</b>
<b>Total domestic and foreign, net</b>	<b>558,655</b>	<b>9,327,882</b>	<b>9,886,537</b>	<b>1,373,130</b>	<b>22,707,598</b>	<b>24,080,728</b>

**8 Derivatives**

**Derivatives held for trading**

As at 31 March 2018 and 30 September 2017, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	31 March 2018			30 September 2017		
	Fair value Assets	Fair value Liabilities	Notional amount	Fair value Assets	Fair value Liabilities	Notional amount
	<i>(in thousand Baht)</i>					
Foreign currency related	1,262,952	1,393,463	122,063,046	337,393	305,813	67,622,928
Interest rate related	494,072	500,478	201,936,494	365,844	356,609	165,304,930
<b>Total</b>	<b>1,757,024</b>	<b>1,893,941</b>	<b>323,999,540</b>	<b>703,237</b>	<b>662,422</b>	<b>232,927,858</b>

As at 31 March 2018 and 30 September 2017, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	31 March 2018	30 September 2017
<b>Counterparties</b>	(%)	
Financial institutions	35.63	24.69
Related parties	60.09	72.99
Other parties	4.28	2.32
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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**9 Investments, net**

**9.1 Classification of investments in securities**

As at 31 March 2018 and 30 September 2017, the Bank classifies investment types as follows:

	31 March 2018	30 September 2017
	Fair value (in thousand Baht)	
<b>Trading securities</b>		
Government bonds	1,677,924	144,903
<b>Total</b>	<u>1,677,924</u>	<u>144,903</u>
<b>Available-for-sale securities</b>		
Government bonds	4,053,669	5,152,723
<b>Total</b>	<u>4,053,669</u>	<u>5,152,723</u>
<b>Total investments, net</b>	<u>5,731,593</u>	<u>5,297,626</u>

**9.2 Unrealised gains (losses) on available-for-sale securities**

As at 31 March 2018 and 30 September 2017, unrealised gains (losses) on available-for-sale securities were as follows:

<i>Available-for-sale securities</i>	Amortised cost	31 March 2018		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	4,022,859	30,810	-	4,053,669
<b>Total investments, net</b>	<u>4,022,859</u>	<u>30,810</u>	<u>-</u>	<u>4,053,669</u>
<i>Available-for-sale securities</i>	Amortised cost	30 September 2017		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	5,125,505	27,218	-	5,152,723
<b>Total investments, net</b>	<u>5,125,505</u>	<u>27,218</u>	<u>-</u>	<u>5,152,723</u>

**10 Loans to customers and accrued interest receivables, net**

**10.1 Classified by type of loans**

	31 March 2018	30 September 2017
	(in thousand Baht)	
Loans	12,461,280	10,692,454
<i>Less</i> deferred revenue	(238)	(16)
Loans to customers net of deferred revenue	<u>12,461,042</u>	<u>10,692,438</u>
<i>Add</i> accrued interest receivable	53,121	29,941
Total loan to customers net of deferred revenue and accrued interest receivables	12,514,163	10,722,379
<i>Less</i> allowance for doubtful accounts		
- BoT's minimum requirement - Individual approach	(124,610)	(106,924)
<b>Total loans to customers and accrued interest receivable, net</b>	<u>12,389,553</u>	<u>10,615,455</u>



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**10.2 Classified by currency and residence of debtors**

As at 31 March 2018 and 30 September 2017, the Bank's loans are to Thai resident customer only.

	30 March 2018	30 September 2017
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Thai Baht	12,139,588	10,182,399
AUD	258,990	-
USD	62,464	510,039
<b>Total</b>	<b><u>12,461,042</u></b>	<b><u>10,692,438</u></b>

**10.3 Classified by industry and loan classification**

	30 March 2018	30 September 2017
	Pass	
	<i>(in thousand Baht)</i>	
Manufacturing and commerce	8,595,328	6,351,010
Infrastructure and services	365,714	841,428
Others	3,500,000	3,500,000
<b>Total</b>	<b><u>12,461,042</u></b>	<b><u>10,692,438</u></b>

**10.4 Classified by loan classification**

	31 March 2018			
	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's Regulations				
Pass	<u>12,514,163</u>	<u>12,461,042</u>	1	<u>124,610</u>
<b>Total</b>	<b><u>12,514,163</u></b>	<b><u>12,461,042</u></b>		<b><u>124,610</u></b>

\* The outstanding debt excludes accrued interest receivables and net of deferred revenue.

	30 September 2017			
	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's Regulations				
Pass	<u>10,722,379</u>	<u>10,692,438</u>	1	<u>106,924</u>
<b>Total</b>	<b><u>10,722,379</u></b>	<b><u>10,692,438</u></b>		<b><u>106,924</u></b>

\* The outstanding debt excludes accrued interest receivables and net of deferred revenue.

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**11 Allowance for doubtful accounts**

	31 March 2018	30 September 2017
	Pass (in thousand Baht)	
Beginning balance	106,924	76,930
Doubtful accounts	17,686	29,994
<b>Ending balance</b>	<b><u>124,610</u></b>	<b><u>106,924</u></b>

**12 Leasehold building improvements and equipment, net**

As at 31 March 2018 and 30 September 2017, changes in leasehold building improvements and equipment are as follows:

	Beginning balance	Purchases	31 March 2018 Cost		Transfer out	Ending balance
			Transfer in	Disposals		
Leasehold building improvements	37,457	-	-	-	-	37,457
Furniture, fixtures and office equipment	14,406	-	-	-	-	14,406
Computer equipment	42,781	-	318	-	(306)	42,793
Vehicle	5,409	-	-	-	-	5,409
<b>Total</b>	<b><u>100,053</u></b>	<b><u>-</u></b>	<b><u>318</u></b>	<b><u>-</u></b>	<b><u>(306)</u></b>	<b><u>100,065</u></b>

	Beginning balance	Depreciation	31 March 2018 Accumulated depreciation			Ending balance	Net book value
			Transfer in	Disposals	Transfer out		
Leasehold building improvements	7,430	4,545	-	-	-	11,975	25,482
Furniture, fixtures and office equipment	5,893	1,448	-	-	-	7,341	7,065
Computer equipment	28,785	7,200	-	-	-	35,985	6,808
Vehicle	2,133	540	-	-	-	2,673	2,736
<b>Total</b>	<b><u>44,241</u></b>	<b><u>13,733</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>57,974</u></b>	<b><u>42,091</u></b>

	Beginning balance	Purchases	30 September 2017 Cost		Transfer out	Ending balance
			Transfer in	Disposals		
Leasehold building improvements	38,654	1,934	-	(3,131)	-	37,457
Furniture, fixtures and office equipment	16,266	62	-	(1,922)	-	14,406
Computer equipment	40,409	2,372	-	-	-	42,781
Vehicle	5,409	-	-	-	-	5,409
<b>Total</b>	<b><u>100,738</u></b>	<b><u>4,368</u></b>	<b><u>-</u></b>	<b><u>(5,053)</u></b>	<b><u>-</u></b>	<b><u>100,053</u></b>

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	Beginning balance	Depreciation	30 September 2017			Ending balance	Net book value
			Transfer in	Accumulated depreciation Disposals (in thousand Baht)	Transfer out		
Leasehold building improvements	4,158	6,403	-	(3,131)	-	7,430	30,027
Furniture, fixtures and office equipment	3,416	4,399	-	(1,922)	-	5,893	8,513
Computer equipment	14,863	13,922	-	-	-	28,785	13,996
Vehicle	1,051	1,082	-	-	-	2,133	3,276
<b>Total</b>	<b>23,488</b>	<b>25,806</b>	<b>-</b>	<b>(5,053)</b>	<b>-</b>	<b>44,241</b>	<b>55,812</b>

### 13 Deferred tax

Deferred tax assets and liabilities as of 31 March 2018 and 30 September 2017 are as follows:

	31 March 2018	30 September 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	71,954	95,438
Deferred tax liabilities	(5,864)	(5,150)
<b>Total</b>	<b>66,090</b>	<b>90,288</b>

Movements in total deferred tax assets during the period ended 31 March 2018 and during the year ended 30 September 2017 are as follows:

	At 1 October 2017	(Charged) / Credited to:		At 31 March 2018
		Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Intangible assets	17,834	(4,037)	-	13,797
Tax losses	56,390	(14,238)	-	42,152
Other assets	761	559	-	1,320
Other liabilities	20,453	(5,768)	-	14,685
<b>Total</b>	<b>95,438</b>	<b>(23,484)</b>	<b>-</b>	<b>71,954</b>
<b>Deferred tax liabilities</b>				
Investments	5,150	(4)	718	5,864
<b>Total</b>	<b>5,150</b>	<b>(4)</b>	<b>718</b>	<b>5,864</b>
<b>Net</b>	<b>90,288</b>	<b>(23,480)</b>	<b>(718)</b>	<b>66,090</b>

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	At 1 October 2016	(Charged) / Credited to:		At 30 September 2017
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	33,961	(16,127)	-	17,834
Tax losses	51,700	4,690	-	56,390
Other assets	-	761	-	761
Other liabilities	16,386	4,067	-	20,453
<b>Total</b>	<b>102,047</b>	<b>(6,609)</b>	<b>-</b>	<b>95,438</b>
<i>Deferred tax liabilities</i>				
Investments	1,662	(317)	3,805	5,150
<b>Total</b>	<b>1,662</b>	<b>(317)</b>	<b>3,805</b>	<b>5,150</b>
<b>Net</b>	<b>100,385</b>	<b>(6,292)</b>	<b>(3,805)</b>	<b>90,288</b>

**14 Other assets**

	<i>Note</i>	31 March 2018	30 September 2017
<i>(in thousand Baht)</i>			
Collateral per Credit Support Annex		30,920	62,399
Accrued interest receivable		29,979	17,712
Advance to intercompany	22	7,976	17
Guarantee deposits		5,341	5,827
Prepaid fees		4,409	5,195
Others		4,306	6,854
<b>Total</b>		<b>82,931</b>	<b>98,004</b>

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**15 Deposits**

**15.1 Classified by type of deposits**

	31 March 2018	30 September 2017
	<i>(in thousand Baht)</i>	
Current	950,776	1,093,018
Fixed		
- Less than 6 months	1,404,181	2,085,531
- More than 6 months but not over 1 year	1,200	1,200
<b>Total</b>	<b><u>2,356,157</u></b>	<b><u>3,179,749</u></b>

**15.2 Classified by currency and residence of depositors**

	31 March 2018			30 September 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	1,849,839	21,980	1,871,819	2,195,449	17,578	2,213,027
USD	479,143	-	479,143	948,406	-	948,406
GBP	2,348	-	2,348	13,068	-	13,068
AUD	2,847	-	2,847	5,248	-	5,248
<b>Total</b>	<b><u>2,334,177</u></b>	<b><u>21,980</u></b>	<b><u>2,356,157</u></b>	<b><u>3,162,171</u></b>	<b><u>17,578</u></b>	<b><u>3,179,749</u></b>

**16 Interbank and money market items (liabilities)**

	31 March 2018	30 September 2017
	<i>Term</i>	
	<i>(in thousand Baht)</i>	
<b>Domestic</b>		
Bank of Thailand	-	-
Commercial banks	936,954	-
<b>Total domestic items</b>	<b><u>936,954</u></b>	<b><u>-</u></b>
<b>Foreign</b>		
USD	4,622,306	18,352,591
<b>Total foreign items</b>	<b><u>4,622,306</u></b>	<b><u>18,352,591</u></b>
<b>Total domestic and foreign</b>	<b><u>5,559,260</u></b>	<b><u>18,352,591</u></b>

**17 Other liabilities**

	<i>Note</i>	31 March 2018	30 September 2017
		<i>(in thousand Baht)</i>	
Due from intercompany	22	2,912	13,418
Accrued expenses		74,664	84,225
Collateral per Credit Support Annex		323,561	20,355
Withholding tax payable		2,559	2,080
Others		16,442	16,179
<b>Total</b>		<b><u>420,138</u></b>	<b><u>136,257</u></b>

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**18 Share capital**

	Par value per share (in Baht)	31 March 2018		30 September 2017	
		Number	Amount (in thousand shares / thousand Baht)	Number	Amount
<i>Authorised</i>					
At the beginning 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>
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>
<i>Issued and paid-up</i>					
At the beginning 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>
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>

**19 Reserves**

The Bank has not provided for legal reserve due to deficit.

**20 Assets pledged as collateral**

Assets pledged as collateral as at 31 March 2018 and 30 September 2017 consist of:

	31 March 2018	30 September 2017
	(in thousand Baht)	
Government bonds		
- Pledged for liquidity management with the BoT	-	3,057
<b>Total</b>	<u>-</u>	<u>3,057</u>

**21 Contingent liabilities**

	31 March 2018	30 September 2017
	(in thousand Baht)	
Guarantees of loans	117,694	290,905
Letters of credit	9,580	11,041
Other contingencies	<u>2,526,404</u>	<u>2,674,181</u>
<b>Total</b>	<u>2,653,678</u>	<u>2,976,127</u>

*Litigation*

As at 31 March 2018 and 30 September 2017, there is no litigation case outstanding against the Bank.

# ANZ Bank (Thai) Public Company Limited

## Notes to the interim financial statements

For the six-month period ended 31 March 2018

### 22 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
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
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

**ANZ Bank (Thai) Public Company Limited**  
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Significant transactions with key management and other related parties are as follows:

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Interest income	216	546
Interest expense	90,575	22,372
Technology service expenses charged by ANZ Banking Group	13,465	2,921
<b><i>Key management personnel</i></b>		
Short-term employee benefits	50,020	48,012
Post-employment benefit	3,057	59
<b>Total key management personnel compensation</b>	<b><u>53,077</u></b>	<b><u>48,071</u></b>

Significant balances and business transactions with other related parties

	31 March 2018	30 September 2017
	<i>(in thousand Baht)</i>	
<b><i>Interbank and money market items (assets)</i></b>		
Australia and New Zealand Banking Group Limited	7,328	18,476
Australia and New Zealand Banking Group Limited Hong Kong	574	133
Australia and New Zealand Banking Group Limited New Zealand	316	116
PT Bank ANZ Indonesia	39,275	15,875
	<b><u>47,493</u></b>	<b><u>34,600</u></b>
<b><i>Derivative assets</i></b>		
Australia and New Zealand Banking Group Limited	507,546	387,727
Australia and New Zealand Banking Group Limited Hong Kong	4,807	5,881
Australia and New Zealand Banking Group Limited Japan	12,783	12,274
	<b><u>525,136</u></b>	<b><u>405,882</u></b>
<b><i>Other assets</i></b>		
Australia and New Zealand Banking Group Limited	7,959	17
Australia and New Zealand Banking Group Limited Singapore	17	-
	<b><u>7,976</u></b>	<b><u>17</u></b>
<b><i>Interbank and money market items (liabilities)</i></b>		
Australia and New Zealand Banking Group Limited Singapore	<b><u>4,622,306</u></b>	<b><u>18,352,591</u></b>



**ANZ Bank (Thai) Public Company Limited**  
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	31 March 2018	30 September 2017
	<i>(in thousand Baht)</i>	
<b><i>Derivative liabilities</i></b>		
Australia and New Zealand Banking Group Limited	528,877	379,769
Australia and New Zealand Banking Group Limited Hong Kong	-	109
	<u>528,877</u>	<u>379,878</u>
<b><i>Other liabilities</i></b>		
Australia and New Zealand Banking Group Limited	2,409	10,880
Australia and New Zealand Banking Group Limited Singapore	503	2,374
ANZ Support Services India Private Limited	-	163
ANZ Global Services and Operations (Manila), Inc.	-	1
	<u>2,912</u>	<u>13,418</u>
<b><i>Other guarantees</i></b>		
Australia and New Zealand Banking Group Limited	7,424	7,424
Australia and New Zealand Banking Group Limited United Kingdom	328,321	399,579
Australia and New Zealand Banking Group Limited Singapore	961,390	1,026,599
Australia and New Zealand Banking Group Limited India	12,565	13,424
Australia and New Zealand Banking Group Limited Frankfurt	976,363	1,033,452
Australia and New Zealand Banking Group Limited New York	1,452	21,177
Australia and New Zealand Banking Group Limited New Zealand	15,616	-
Australia and New Zealand Banking Group Limited Hong Kong	-	30,000
	<u>2,303,131</u>	<u>2,531,655</u>
<b><i>Derivatives - Foreign currency related</i></b>		
Australia and New Zealand Banking Group Limited	3,010,175	12,523,966
Australia and New Zealand Banking Group Limited Japan	244,018	179,569
Australia and New Zealand Banking Group Limited Hong Kong	102,462	150,615
	<u>3,356,655</u>	<u>12,854,150</u>
<b><i>Derivatives – Interest rate related</i></b>		
Australia and New Zealand Banking Group Limited	<u>191,346,494</u>	<u>157,164,930</u>

**ANZ Bank (Thai) Public Company Limited**  
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*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 462,332 (30 September 2017: AUD 463,875 and USD 60,703).

**23 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 2018	30 September 2017
	<i>(in thousand Baht)</i>	
Within one year	12,507	13,379
After one year but within four years	18,197	24,420
<b>Total</b>	<b><u>30,704</u></b>	<b><u>37,799</u></b>

**24 Interest income**

	2018	2017
	<i>(in thousand Baht)</i>	
Interbank and money market items	149,526	55,326
Investments in debt securities	46,470	64,992
Loans to customers	126,543	134,067
Others	47,318	7,105
<b>Total</b>	<b><u>369,857</u></b>	<b><u>261,490</u></b>

**25 Interest expenses**

	2018	2017
	<i>(in thousand Baht)</i>	
Deposits	4,447	2,233
Interbank and money market items	106,626	26,508
Contribution to Deposit Protection Agency	4,248	1,287
Others	337	2,516
<b>Total</b>	<b><u>115,658</u></b>	<b><u>32,544</u></b>

**ANZ Bank (Thai) Public Company Limited**  
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**26 Net fees and service income**

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptance, avals and guarantees	1,824	4,124
- Others	9,573	20,859
	<u>11,397</u>	<u>24,983</u>
Fees and service expenses	<u>(6,971)</u>	<u>(3,643)</u>
<b>Net</b>	<b><u>4,426</u></b>	<b><u>21,340</u></b>

**27 Gains on trading and foreign exchange transactions, net**

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
Foreign currencies and foreign currency related derivatives	8,682	5,411
Interest rate related derivatives	(2,608)	24,014
Debt securities	3,194	(2,670)
<b>Total</b>	<b><u>9,268</u></b>	<b><u>26,755</u></b>

**28 Net gain on investments**

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale securities	1,466	4,784
<b>Total</b>	<b><u>1,466</u></b>	<b><u>4,784</u></b>

**29 Employees expenses**

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Salary and bonus	91,251	88,924
Employee defined benefit plans	28,516	19,389
Others	33,259	25,960
<b>Total</b>	<b><u>153,026</u></b>	<b><u>134,273</u></b>

**30 Premises and equipment expenses**

<i>For the period ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
Rental and service expenses	8,734	10,201
Depreciation	13,733	10,947
Data communication cost	327	354
Telephone expense	3,464	3,839
Information service fee	1,599	1,892
Renovation cost of premises	482	1,942
Others	5,414	6,282
<b>Total</b>	<b><u>33,753</u></b>	<b><u>35,457</u></b>

**ANZ Bank (Thai) Public Company Limited**  
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**For the six-month period ended 31 March 2018**

**31 Other expenses**

<i>For the period ended 31 March</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>(in thousand Baht)</i>	
Consultant and professional fee		4,579	5,251
Information service subscription		3,023	3,588
Hub support expenses	22	13,465	7,126
Others		1,969	3,965
<b>Total</b>		<b><u>23,036</u></b>	<b><u>19,930</u></b>

**32 Bad debts, (reversal) allowance for doubtful accounts and impairment loss**

<i>For the period ended 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>(in thousand Baht)</i>	
Interbank and money market items (reversal)	(104,824)	19,000
Loans to customers	17,686	28,766
<b>Total</b>	<b><u>(87,138)</u></b>	<b><u>47,766</u></b>

**33 Income tax**

*Income tax recognised in profit or loss*

<i>For the period ended 31 March</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>			
Current period		-	-
		<u>-</u>	<u>-</u>
<b>Deferred tax expense</b>			
Movements in temporary differences	13	23,480	6,798
<b>Total</b>		<b><u>23,480</u></b>	<b><u>6,798</u></b>

*Income tax recognised in other comprehensive income*

<i>For the period ended</i>	<i>2018</i>			<i>2017</i>		
<i>31 March</i>	<i>Before</i>	<i>Tax</i>	<i>Net of</i>	<i>Before</i>	<i>Tax</i>	<i>Net of</i>
	<i>tax</i>	<i>(expense)</i>	<i>Tax</i>	<i>tax</i>	<i>income</i>	<i>Tax</i>
	<i>(in thousand Baht)</i>					
Available-for-sale securities	3,592	(718)	2,874	(3,944)	789	(3,155)
<b>Total</b>	<b><u>3,592</u></b>	<b><u>(718)</u></b>	<b><u>2,874</u></b>	<b><u>(3,944)</u></b>	<b><u>789</u></b>	<b><u>(3,155)</u></b>

**ANZ Bank (Thai) Public Company Limited**  
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*Reconciliation of effective tax rate*

*For the period ended 31 March*

	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		<u>128,711</u>		<u>33,631</u>
Income tax using the Thai corporation tax rate	20.0	25,742	20.0	6,726
Expenses not deductible for tax purposes		73		72
Adjustment for prior years		(2,335)		-
<b>Total</b>	<b><u>18.2</u></b>	<b><u>23,480</u></b>	<b><u>20.2</u></b>	<b><u>6,798</u></b>

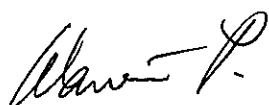
The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 March 2018 and 2017.

**34 Basic earnings per share**

The calculations of basic earnings per share for the period ended 31 March 2018 and 2017 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:

*For the period ended 31 March*

	2018	2017
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the period attributable to shareholders of the Bank (basic)	<u>105,231</u>	<u>26,833</u>
The number of ordinary shares outstanding	<u>2,000,000</u>	<u>2,000,000</u>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.05</u></b>	<b><u>0.01</u></b>



(Warin Paaopanchon)  
Chief Financial Office



(Panadda Manoleehakul)  
President and Chief Executive Officer