

ANZ BANK (THAI) PUBLIC COMPANY LIMITED
2019 ANNUAL REPORT

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1. WHO WE ARE AND HOW WE OPERATE

Founded in 1835 and headquartered in Melbourne Australia, Australia and New Zealand Banking Group (ANZ) has a proud heritage of more than 180 years providing banking and financial products and services to individual and businesses customers. We operate in and across 33 markets, spanning Australia, New Zealand, Asia, Pacific, Europe, America and Middle East.

ANZ is one of the 5 largest listed companies in Australia and number one bank in New Zealand with total assets of AUD 981.1 billion as of 30 September 2019.

ANZ in Thailand

ANZ has a long history in Thailand having opened a Representative Office in Bangkok in 1986. In May 2014, ANZ was one of the two banks who received approval from the Ministry of Finance to apply, through the Bank of Thailand, for a license to operate a subsidiary bank. On 15 June 2015, a license to operate a subsidiary bank was granted to **ANZ Bank (Thai) Public Company Limited** by the Ministry of Finance. It is owned by ANZ Group.

ANZ Bank (Thai) PCL. began its first day of operation on 29 June 2015 serving banking needs to corporate and institutional clients from a single office in Bangkok with a total of 41 staff (as at end September 2019)

General Information:

Registered name:	ANZ Bank (Thai) Public Company Limited
Registered address:	63 Athenee Tower, 8th Floor, Unit 801-806, Wireless Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok 10330
Tel:	+66 (0) 2263 9700
Fax:	+66 (0) 2168 8780
Homepage:	anz.com/Thailand
Registered capital:	THB 20,000 million, fully paid up.
Financial year:	1st Oct – 30th Sep
Auditor:	KPMG Phoomchai Audit Ltd.

Structure of Shareholders : As of 30 September 2019

	Name of Shareholder*	Number of shares held (par value of THB10)	% of paid up shares
1.	ANZ Funds Pty Ltd	1,999,999,986	100%
2.	Jikk Pty Ltd	1	
3.	Esanda Finance Corporation Limited	1	
4.	ANZ Capel Court Limited	1	
5.	Votraint No. 1103 Pty Ltd	1	
6.	ANZ Global Services and Operations Pty Ltd	1	
7.	ANZ Rewards No. 2 Pty Ltd	1	
8.	ANZ Leasing (Vic) Pty Ltd	1	
9.	ANZ Properties (Australia) Pty Ltd	1	
10.	E S & A Holdings Pty Ltd	1	
11.	Looking Together Pty Ltd	1	
12.	ANZ Fiduciary Services Pty Lt	1	
13.	ANZ Underwriting Limited	1	
14.	ANZ Securities (Holdings) Pty Ltd	1	
15.	ANZ Securities Limited	1	
		2,000,000,000	100%

* Each company is ultimately a 100% wholly owned subsidiary of Australia and New Zealand Banking Group Limited.

2. BUSINESS OPERATIONS

ANZ Bank (Thai) provides a broad range of banking and financial products and services to corporate and institutional customers in Thailand and abroad. As the only Australian bank with both local and foreign currency capabilities, ANZ Bank (Thai) is well-positioned to support increasing financial needs and growing business opportunities for companies doing business in Thailand and cross borders.

With in-depth local knowledge and global expertise, ANZ Bank (Thai) also gives clients access to ANZ's extensive capabilities in natural resources, food & beverages, agriculture and infrastructure to help them harness the growing trade and investment opportunities across Australia, Asia and the Pacific, as well as support their domestic requirements.

Segments and Products

Customer Segments; Corporate & Institutional Banking

- Large Local Corporations
- Global Subsidiary Group (Multinational Companies)
- Financial Institutions

Products

Lending

- Working Capital Financing
- Short/Long term Financing
- Receivables Financing (Long Term)

Global Markets

- FX Spot/Forwards
- FX Options
- FX Swaps
- Bonds
- REPO
- Forward Rate Agreement
- Interest Rate Swaps / Cross Currency Swaps
- Interest Rate Options
- Commodities Derivatives

Transaction Banking

Trade

- Trade Finance Loan
- Documentary Credit Issuance
- Documentary Collections
- Documentary Credits
Advising/Confirmation
- Bills Negotiated Under LC and Not Under LC
- Guarantees: Bid/ Performance /
Advanced Payment/ Retention Bonds
- Guarantees: Standby LCs (SBLCs)
- Guarantees: Shipping Guarantees

Cash Management

- Deposits
- Account Services
- Payable and Receivable
Solutions
- Overdraft

Results of Operations

2019 marks the fourth full year of operation for ANZ Bank (Thai). We continue to make good progress on building and strengthening customer portfolio. Client acquisition was largely targeted at MNC supporting network connectivity whilst Large Corporate was focused on deep dive with existing relationship. With the greater connectivity and multi-level approach on relationships we have witnessed relationship further deepening and improved quality of revenue. Significant effort was achieved in driving simplification and

efficiencies whilst adhering to local regulatory requirements. This allows us to continue focusing on portfolio growth whilst maintaining a well-managed portfolio.

We remain compliant with all key risk metrics. Operations and system capabilities, including BCP Tests have been fully launched and implemented with satisfactory outcome.

In 2019 TRIS Rating (a strategic partner with S&P Global Ratings) affirms the company rating on ANZ Thai at “AAA/Stable”. The strong rating reflects ANZ Thai’s strategic subsidiary of ANZ Group as well as strong stand-alone credit profile (solid capital, strong liquidity and asset quality). The rating enables additional opportunities across FIG and Corporates.

On the financial front, the bank delivered revenue of THB 850 million and incurred expenses of THB 436 million. Net Profit After Tax (NPAT) at year end stood at THB 290 million.

Financial Highlights for the year ended 30 September, 2019

	Units in THB’Mil
Loan to Customers	18,178
Revenue	850
Expense	436
Profit from Operation	364
Net Profit	290
Total Comprehensive income	308
Capital Adequacy Ratio	80.6%

Dividend pay-out policy:

2019 Net Profit of THB 290 million can eliminate accumulated losses of THB 230 million and, therefore, contributes to a net profit. However, under the Bank of Thailand’s regulation, the dividend should be paid from current year profit and should not include unrealized gains in the base for dividend payment. Since the Net Profit after Legal Reserve is less than unrealized gain, no dividend payment shall be made for this year.

3. RELATED PARTIES TRANSACTIONS

Loans and obligations to/from major shareholders and related parties with potential conflict of interest (as at 30 September 2019) are disclosed fully in detail under the Independent Auditor’s Report, Notes to Financial Statements no. 23 attached to this report.

4. CORPORATE GOVERNANCE

4.1 Board Committees

4.1.1 Board of Directors

The Board of Directors is responsible to shareholders for the governance of the Bank, defining the strategy, ensuring effective control and overseeing its operations and financial performance.

As of 30 September 2019 the Board of directors comprises 7 Board members: three Independent Directors, two Executive Directors, and two Non-Executive Directors, as follows.

- | | |
|--|--|
| 1. Mr. Richard Robert Stewart Dawson * | Chairman |
| 2. Dr. Bandid Nijathaworn | Vice Chairman and Independent Director |
| 3. Mr. Padungdej Indralak | Independent Director |
| 4. Mr. James Wise | Independent Director |
| 5. Ms. Panadda Manoleehakul | Executive Director |
| 6. Mr. Chatri Sotangkur ** | Executive Director |
| 7. Ms. Carli Renzi | Director |
| Ms. Nisarat Chamikorn | Company Secretary |

* Appointed as Director and chairman of the Board of Director with effective on 26 April 2019

** Appointed as Director with effective on 1 February 2019

In 2019 there were six meetings of the Board of Directors.

4.1.2 Audit Committee

The Audit Committee is established by the Board of Directors to assist it in performing its oversight responsibilities and also to oversee and assess the efficiency and appropriateness of implementation of risk management process of ANZ Thai. The committee members are;

- | | |
|---------------------------|-----------------------------------|
| 1. Mr. Padungdej Indralak | Chairman, Independent Director |
| 2. Mr. Bandid Nijathaworn | Independent Director |
| 3. Mr. James Joseph Wise | Independent Director |
| Ms. Wiwan Chanakot | Head of Internal Audit, Secretary |

The Audit Committee held four meetings during year 2019.

4.1.3 Nomination and Remuneration Committee (NRC)

The NRC is established by the Board of Directors to:

- assist it in the selection and nomination/ appointment of individuals qualified to become members of the Board and Subcommittees and also persons with management authority;
- endorse performance management and remuneration review outcomes of such Board members and persons with management authority; and
- endorse remuneration and benefit policies

The committee members are;

- | | |
|--------------------------------------|---------------------------------------|
| 1. Mr. Bandid Nijathaworn | Chairman, Independent Director |
| 2. Mr. Richard Robert Stewart Dawson | Director |
| 3. Mr. Padungdej Indralak | Independent Director |
| Ms. Tani Michelle Cruz | Head of Talent and Culture, Secretary |

The NRC held six meetings during year 2019.

4.1.4 Directors' Meeting

The number of Board and Board Committee meetings held during the year and each Director's attendance at those meetings are set out below:

Name	Board	Audit Committee	Nomination and Remuneration
Mr. Richard Robert Stewart Dawson	4/4		4/4
Dr. Bandid Nijathaworn	5/6	4/4	5/6
Mr. Padungdej Indralak	6/6	4/4	6/6
Mr. James Wise	5/6	4/4	
Ms. Panadda Manoleehakul	6/6		
Mr. Chatri Sotangkur	5/5		
Ms. Carli Renzi	6/6		

4.2 Other Committees

4.2.1 Executive Committee

1. Ms. Panadda Manoleehakul	President and Chief Executive Officer, Chairman
2. Mr. Maya Lim	EVP - Chief Risk Officer
3. Ms. Warin Paaopanchon	EVP - Chief Financial Officer
4. Mr. Chatri Sotangkur	EVP - Head of Markets
5. Mr. Vijay Tangirala	EVP - Head of Coverage
6. Ms. Tani Michelle Cruz	SVP - Head of Talent and Culture
7. Mr. Praveen Katiyar	SVP - Chief Operating Officer
8. Ms. Pornpimol Rutthapichairak	SVP - Head of Compliance
9. Mr. Surapon Ploypairao	SVP - Head of Financial Institutions Group
Ms. Nisarath Chamikorn	Business Manager, Secretary

4.2.2 Risk Management Committee

1. Mr. Maya Lim	EVP - Chief Risk Officer, Chairman
2. Ms. Panadda Manoleehakul	President and Chief Executive Officer
3. Mr. Chatri Sotangkur	EVP - Head of Markets
4. Ms. Warin Paaopanchon	EVP - Chief Financial Officer
5. Mr. Vijay Tangirala	EVP - Head of Coverage
6. Mr. Surapon Ploypairao	SVP - Head of Financial Institutions Group
7. Mr. Praveen Katiyar	SVP - Chief Operating Officer
8. Ms. Pornpimol Rutthapichairak	SVP - Head of Compliance
9. Mr. Gaurav Mathur	SVP - Head of Research and Analysis
Mr. Nithin Fernandez	Head of Business Risk Assurance & Governance, Secretary

4.2.3 Credit Committee

1. Mr. Maya Lim	EVP - Chief Risk Officer, Chairman
2. Ms. Panadda Manoleehakul	President and Chief Executive Officer
3. Mr. Vijay Tangirala	EVP - Head of Coverage
4. Mr. Surapon Ploypairao	SVP - Financial Institutions Group
5. Mr. Gaurav Mathur	SVP - Head of Research and Analysis, Secretary
6. Ms. Voravan Vinichbutr	SVP - Local Corporates
7. Ms. Bhimchanok Dhubthien	VP - Research and Analysis

4.3 Selection of Directors and Senior Executives

Selection of Directors

The Nomination and Remuneration Committee reviewed and endorsed the Recruitment and On-boarding policies, and the Remuneration Principles and Structure Policy together with the ANZ Thai Salary ranges; the latter is reviewed and updated prior to the annual Performance and Remuneration Review cycle. These were approved by the resolution of the Board of Directors' Meeting No. 2/2015 on 17 March 2015. The recruitment and on-boarding policies involve hiring rigour procedures to ensure that qualified candidates are appropriately assessed based on suitable and relevant educational background and work experience. The Committee members will make their best efforts in selecting suitable candidates and submit proposed nominations to the Board of Directors for their review and approval. Other than the general qualifications, the key selection criteria involve the compliance of the candidates' qualifications with the applicable commercial banking laws such as the Public Limited Companies Act, the Financial Institutions Businesses Act, etc.

In every Annual General Meeting of Shareholders, one-third of the directors will retire by rotation. The Bank arranges for the shareholders to elect each director to replace the outgoing directors one by one. In voting for election of directors, each shareholder shall have votes equal to the number of shares held by him/her multiplied by the number of directors to be elected. Each shareholder may cast all of his/her votes to elect a person or persons as directors. In the case of election of persons as directors, he/she may split as many votes to any persons. The persons obtaining the highest number of votes in descending order shall be elected as directors according to the number of directors electable in that election. The retiring directors, in addition, may be re-elected.

Selection of Senior Executives

For senior executives from the level of Senior Vice President and above, who are functional heads and directly reporting to President and CEO, the selection criteria are focused on the relevant individual competencies and experience. In addition to the professional qualifications required by the role, it is also expected that the senior executives from the level of Senior Vice President and above, whatever the name of the position, have a good understanding of the ANZ business strategy and the required ANZ competencies for the role. More so, the candidates must comply with the Fit and Proper requirements according to the applicable commercial banking laws such as the Public Limited Companies Act, the Financial Institutions Business Act, etc.

Remuneration

Monetary Payment

The remuneration of the Directors and Senior Executives from the level of Senior Vice President and above, who are functional heads and directly reporting to President and CEO are as follows:

The three Independent Directors received remuneration totalling to THB 4.8 million in 2019.

Name of Directors	Board Fee	Nomination & Remuneration Com Chairman Fee	Units in THB	
			Audit Com Chairman Fee	Total
Period Cover (2019)	Oct – Sep	Oct – Sep	Oct - Sep	
1. Mr. Bandid Nijathaworn	1,200,000	600,000		1,800,000
2. Mr. Padungdej Indralak	1,200,000		600,000	1,800,000
3. Mr. James Wise	1,200,000			1,200,000

The four remaining Non-Executive Directors and Executive Directors did not receive remuneration from the Bank in 2019, as prescribed by the ANZ Group policy:

- | | |
|--------------------------------------|-----------------------------------|
| 1. Mr. Richard Robert Stewart Dawson | Chairman / Non-Executive Director |
| 2. Ms. Panadda Manoleehakul | Executive Director |
| 3. Mr. Chatri Sotangkur | Executive Director |
| 4. Mrs. Carli Anne Renzi | Non-Executive Director |

Resigned Non-Executive Director The Honourable Warwick Leslie Smith and Executive Director Mrs. Pratamaporn Svasti-Xuto, whose effective end dates were 1 March 2019 and 1 February 2019 respectively, did not receive remuneration from the Bank until their resignation date.

Mr. Richard Robert Stewart Dawson replaced The Honourable Warwick Leslie Smith as per resolution of the Board of Directors' Meeting No. 2/2019 on 04 April 2019. Mr. Chatri Sotangkur replaced Mrs. Pratamaporn Svasti-Xuto as per resolution of the Board of Directors' Meeting No. 1/2019 on 16 January 2019.

For financial year 2019, the amount of remuneration paid to the 11 senior executives from the level of Senior Vice President and above totalled to THB 95.3 million.

Other remuneration

The Bank has accrued for the statutory severance pay of the eligible ten senior executives (out of the 11 senior executive roles) as per actuarial calculations, in the amount of THB 5.1 million for 2019 and THB 40.3 million for 2018 (the adjustment year with the expanded in-scope senior executives).

4.4 Directorship in other companies by the Board and senior executives

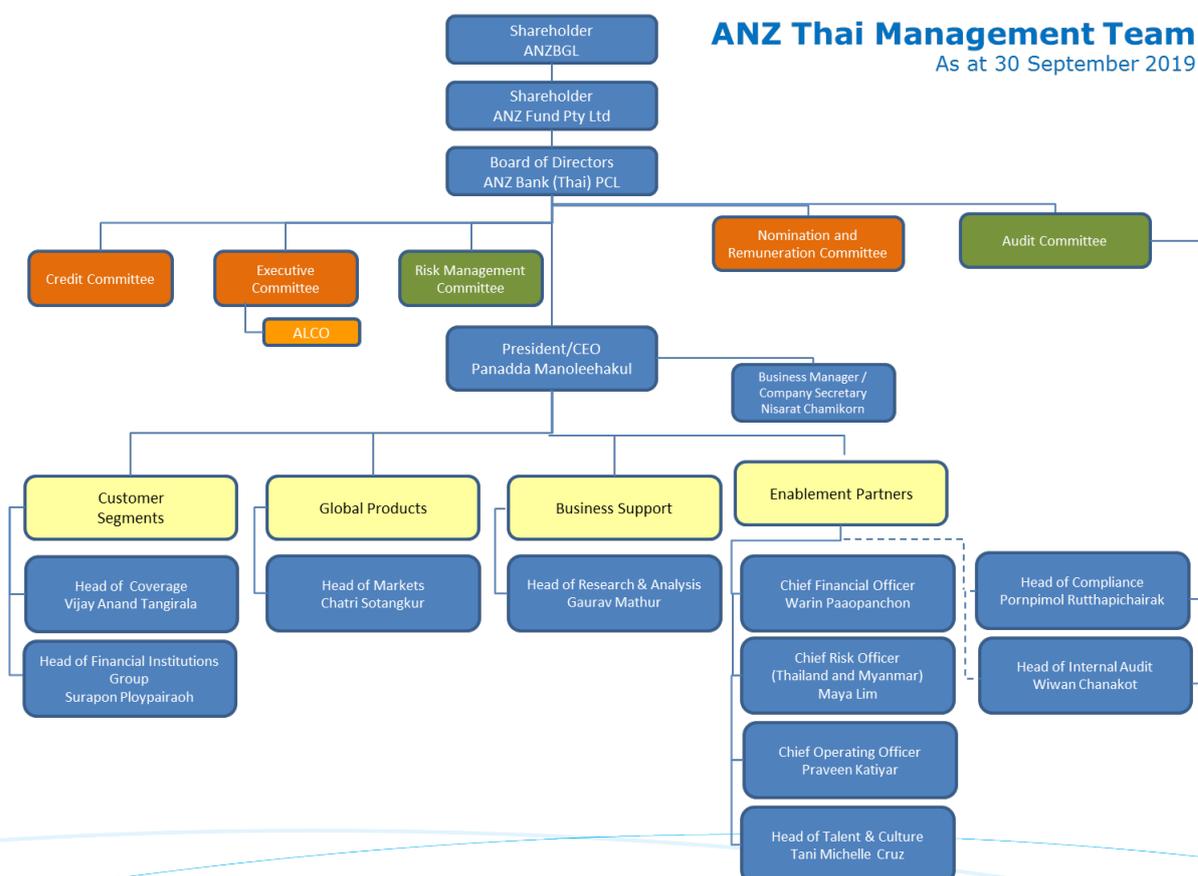
4.4.1 Board of Directors

Name of Directors	Directorship in other companies
Mr. Richard Robert Stewart Dawson	-
Mr. Bandid Nijathaworn	<ul style="list-style-type: none">• Director, Thailand Development Research Institute (TDRI)
Mr. Padungdej Indralak	<ul style="list-style-type: none">• Independent Director, and member of Audit Committee, Southeast Insurance Co., Ltd.• Independent Director, and member of Audit Committee, Southeast Life Insurance Co., Ltd.• Independent Director, and member of Audit Committee, Southeast Capital Co., Ltd.• Independent Director, and member of Audit Committee, Thai Group Holding Public Company Limited• Independent Director, and Chairman of Audit Committee, Sappe Public Company Limited
Mr. James Joseph Wise	-
Ms. Panadda Manoleehakul	-
Mr. Chatri Sotangkur	-
Mrs. Carli Anne Renzi	-

4.4.2 Senior Executives

Name of Executives	Directorship in other companies
Ms. Panadda Manoleehakul	-
Mr. Maya Lim	-
Ms. Warin Paaopanchon	<ul style="list-style-type: none"> • Authorised Director, Square Shop Co., Ltd. • Authorised Director, Ataya Pattana Co., Ltd.
Mr. Chatri Sotangkur	-
Mr. Vijay Tangirala	<ul style="list-style-type: none"> • Director, Ishva Realty Private Limited (India)
Mr. Praveen Katiyar	-
Ms. Tani Michelle Cruz	-
Ms. Pornpimol Rutthapichairak	-
Mr. Surapon Ploypairaoh	<ul style="list-style-type: none"> • Authorised Director, Royal Siam Food Co., Ltd.
Mr. Gaurav Mathur	-
Ms. Wiwan Chanakot	<ul style="list-style-type: none"> • Authorised Director, Srangdee Development Co., Ltd • Authorised Director, A Plus Con Architect Co., Ltd

4.5 Organisation chart :



5. AUDIT COMMITTEE REPORT

Audit Committee Report

The Audit Committee of ANZ Bank (Thai) Public Company Limited comprises three Independent Directors with Ms. Wiwan Chanakot (Head of Internal Audit) serving as secretary to the Audit Committee.

The Audit Committee Members are listed as below:

- | | |
|---------------------------|---|
| 1) Mr. Padungdej Indralak | Independent Director / Chair of Audit Committee |
| 2) Dr. Bandid Nijathaworn | Independent Director |
| 3) Mr. James Joseph Wise | Independent Director |

The Audit Committee held 4 meetings in calendar year 2019. Minutes and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives on issues and the Board may see fit.

The Audit Committee performed its duties in accordance with the scope of responsibilities as follows:

- 1) Review and endorse the Annual Financial Statement and Independent Auditor's report as at 30 September 2018, the statements of comprehensive income, changes in equity and cash flows for the period ended 30 September 2018 and notes, comprising a summary of significant accounting policies and other explanatory information to ensure conformity with acceptable accounting principles and adequate disclosure before submitting to the Board of Directors' Meetings for approval;
- 2) Approved the Country Audit Plan for 2019 and review the activities, staffing and organisational structure of the internal audit function to ensure its independence. Also, followed up, queried, commented and provided guidance for corrective actions of issues, the result of the corrective actions and to acknowledge irregularities, operational mistakes, their causes and preventive;
- 3) Acknowledged on Non-Compliance and Concerned Issues, followed up, queried, commented to ensure compliance with related regulations;
- 4) Made recommendations to the Board of Directors regarding the nomination of the Bank's Independent Auditor and its remuneration;
- 5) Endorsed the Credit Review Plan for 2019;
- 6) Acknowledged the risk issues discussed at the Risk Management Committee.

The Audit Committee performed its duties as assigned by the Board of Directors. Its performance adhered to integrity, prudence, transparency, independence, and to the ultimate benefit of the Bank.

The Audit Committee consistently reviewed the Bank's financial reports, internal controls and also monitored performance of the Bank to ensure its compliance with all regulatory requirements. The Audit Committee is satisfied that the information contained therein is adequate, transparent and in line with good corporate governance practices.



Mr. Padungdej Indralak
Chair of Audit Committee

6. NOMINATION AND REMUNERATION COMMITTEE REPORT

Nomination and Remuneration Committee Letter to the Shareholders

To the Shareholders

The Nomination and Remuneration Committee is comprised of three Directors. The Chairman of the Nomination and Remuneration Committee is an Independent Director and appointed by the Board of Directors. The Committee members are listed as below:

- | | |
|--------------------------------------|----------|
| 1) Dr. Bandid Nijathaworn | Chairman |
| 2) Mr. Richard Robert Stewart Dawson | Member |
| 3) Mr. Padungdej Indralak | Member |

During 2019, there has been a change in the Nomination and Remuneration Committee membership with the resignation of Non-Executive Director The Honourable Warwick Leslie Smith effective 1 March 2019. Mr. Richard Robert Stewart Dawson was appointed as the new member to the Nomination and Remuneration Committee as per resolution of the Board of Directors' Meeting No. 2/2019 on 04 April 2019.

The Nomination and Remuneration Committee conducted six meetings in 2019.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. It has the responsibility of selecting and proposing names of qualified candidates for directorship in the Board of Directors, members of subcommittees whose authorities, duties and responsibilities are assigned directly by the Board of Directors, and senior executives/persons with management authority who are occupying roles in the country Leadership Team from the level of Senior Vice President and above. The Nomination and Remuneration Committee is responsible for proposing the remuneration and benefits provided for the Board of Directors and senior executives/persons with management authority who are occupying roles in the country Leadership Team from the level of Senior Vice President and above, for consideration by the Board of Directors.

The Nomination and Remuneration Committee has obtained approval from the Board of Directors for the policies, criteria and methodology, which provide the framework for the Committee in carrying out its duties. These are as follows:

- In the selection and nomination of the Board of Directors, members of subcommittees and senior executives/persons with management authority who are occupying roles in the country Leadership Team from the level of Senior Vice President and above, the Nomination and Remuneration Committee takes into consideration the relevant qualifications, knowledge, abilities, skills and experience of each individual as well as their leadership competency, vision and commitment to the organization, with the view that such qualities would be valuable and beneficial to the Bank's operations. In selecting members of the Board of Directors, the Nomination and Remuneration Committee also takes into consideration the appropriate size, structure, composition of the Board of Directors as well as individual suitability to the needs of the Bank. This is to ensure that good corporate governance is in place to support an effective and efficient management in order to comply with regulatory requirements and be in a position to address dynamic changes in the banking and business environment.

- In determining the remuneration and benefits provided for members of the Board of Directors and senior executives/persons with management authority who are occupying roles in the country Leadership Team from the level of Senior Vice President and above, the Nomination and Remuneration Committee takes into consideration that such remuneration and benefits are commensurate with the duties and responsibilities assigned, the individual's performance, the market rate of the Thai banking industry, the Bank's overall performance, the current business environment and factors that may affect the Bank's operations or the economy as a whole.

The remuneration and benefit provided for Directors and senior executives in financial Year 2019 is presented in the Annual Report in the section entitled "Selection of Directors and Senior Executives". The Nomination and Remuneration Committee is of the opinion that such remuneration and benefits are appropriate and commensurate with the assigned duties and responsibilities and comply with the policy and criteria established by the Nomination and Remuneration Committee. The said remuneration and benefits have been considered and approved by the Board of Directors.



Dr. Bandid Nijathaworn

Chairman of the Nomination and Remuneration Committee

7. AUDITOR’S REPORT & AUDITED FINANCIAL STATEMENTS

ANZ Bank (Thai) Public Company Limited

Financial statements for the year ended
30 September 2019
and
Independent Auditor's Report



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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ✓



I communicate with 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 blue ink, reading 'P. Gulsantithamrong'.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
14 January 2020

ANZ Bank (Thai) Public Company Limited

Statement of financial position

Assets	Note	30 September	
		2019	2018
		<i>(in thousand Baht)</i>	
Cash		1,017	572
Interbank and money market items, net	7, 23	3,247,930	13,825,876
Derivative assets	8, 23	2,827,551	1,112,297
Investments, net	9	7,145,748	4,039,654
Loans to customers and accrued interest receivables, net	10		
Loans to customers		18,306,147	14,427,843
Accrued interest receivables		58,086	48,983
Total loans to customers and accrued interest receivables		18,364,233	14,476,826
Less deferred revenue		-	(146)
Less allowance for doubtful accounts	11	(186,177)	(144,329)
Total loans to customers and accrued interest receivables, net		18,178,056	14,332,351
Leasehold building improvements and equipment, net	12	15,250	31,767
Deferred tax assets, net	13	31,140	55,057
Trading securities receivable		20,669	84,020
Other assets	14, 23	314,739	49,989
Total assets		31,782,100	33,531,583

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

ANZ Bank (Thai) Public Company Limited

Statement of financial position

Liabilities and equity	Note	30 September	
		2019	2018
		<i>(in thousand Baht)</i>	
Liabilities			
Deposits	15	5,970,605	4,264,610
Interbank and money market items	16, 23	2,492,204	8,051,975
Liabilities payable on demand		39,454	4,256
Derivative liabilities	8, 23	2,758,133	1,203,946
Trading securities payable		87,286	-
Provisions for employee benefits		61,047	55,759
Other liabilities	17, 23	295,140	180,820
Total liabilities		11,703,869	13,761,366
Equity			
Share capital	19		
Authorised share capital		20,000,000	20,000,000
Issued and paid-up share capital		20,000,000	20,000,000
Other reserves		18,584	432
Retained earnings (Deficit)			
Authorised			
Legal reserve	20	2,982	-
Unappropriated		56,665	(230,215)
Total equity		20,078,231	19,770,217
Total liabilities and equity		31,782,100	33,531,583



(Warin Paaopanchon)
Chief Financial Officer

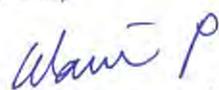


(Panadda Manoleehakul)
President and Chief Executive Officer

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 year ended 30 September	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Interest income	23, 25	705,178	679,991
Interest expenses	23, 26	290,502	289,468
Net interest income		414,676	390,523
Fees and service income		25,664	19,487
Fees and service expenses		14,402	13,598
Net fees and service income	27	11,262	5,889
Gains on trading and foreign exchange transactions, net	28	361,347	198,011
Net gain on investments	29	2,947	1,053
Other operating income	23	59,517	-
Total operating income		849,749	595,476
Other operating expenses			
Employee expenses	23,30	294,294	322,966
Directors' remuneration		4,800	4,800
Premises and equipment expenses	31	59,328	64,407
Taxes and duties		23,521	33,524
Others	23, 32	54,055	46,251
Total operating expenses		435,998	471,948
Bad debts, (reversal) allowance for doubtful accounts and impairment loss	33	49,273	(86,633)
Profit from operations before income tax expense		364,478	210,161
Income tax expense	34	74,616	40,567
Net profit for the year		289,862	169,594
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (loss) on remeasuring available-for-sale investments		22,690	(26,678)
Income tax relating to items that will be reclassified	34	(4,538)	5,336
Total items that will be reclassified subsequently to profit or loss, net of tax		18,152	(21,342)
Total comprehensive income for the year		308,014	148,252
Earnings per share			
Basic earnings per share <i>(in Baht)</i>	35	0.14	0.08



(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 changes in equity

	Issued and paid-up share capital	Other reserves	Deficit		Total equity
			Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>					
For the year ended 30 September 2018					
Balance at 1 October 2017	20,000,000	21,774	-	(399,809)	19,621,965
Comprehensive income for the year					
Profit for the year	-	-	-	169,594	169,594
Other comprehensive income					
Available-for-sale investments					
Net change in fair value recognised in equity, net of tax	-	(21,342)	-	-	(21,342)
Total comprehensive income for the year	-	(21,342)	-	169,594	148,252
Balance as at 30 September 2018	20,000,000	432	-	(230,215)	19,770,217

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

ANZ Bank (Thai) Public Company Limited

Statement of changes in equity

			<u>Retained earnings</u>			
	<i>Note</i>	Issued and paid-up share capital	Other reserves	Legal reserve	Unappropriated	Total equity
For the year ended 30 September 2019						
Balance at 1 October 2018		20,000,000	432	-	(230,215)	19,770,217
Comprehensive income for the year						
Profit for the year		-	-	-	289,862	289,862
Other comprehensive income						
Available-for-sale investments						
Net change in fair value recognised in equity, net of tax		-	18,152	-	-	18,152
Total comprehensive income for the year		-	18,152	-	289,862	308,014
Transfer to legal reserve	20	-	-	2,982	(2,982)	-
Balance as at 30 September 2019		20,000,000	18,584	2,982	56,665	20,078,231



(Warin Paaopanchon)
Chief Financial Officer



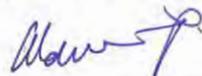
(Panadda Manoleehakul)
President and Chief Executive Officer

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ANZ Bank (Thai) Public Company Limited

Statement of cash flows

	For the year ended 30 September	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	364,478	210,161
<i>Adjustments to reconcile profit from operations before income tax expense to cash receipts (payments)</i>		
Depreciation and amortisation	16,715	25,241
Bad debts, (reversal) allowance for doubtful accounts and impairment loss	49,273	(86,633)
Losses (gains) on trading and foreign exchange transactions	(361,347)	(198,011)
Gain on sale of investment, net	(2,947)	(1,053)
Provision made	5,288	31,537
Net interest income	(414,676)	(390,523)
Proceeds from interest	729,939	679,416
Interest paid	(291,483)	(282,462)
Income tax paid	(1,275)	(493)
Profit (loss) from operations before changes in operating assets and liabilities	93,965	(12,820)
<i>Decrease (increase) in operating assets</i>		
Interbank and money market items	10,567,164	10,380,644
Derivative assets	(1,419,797)	(355,104)
Investment in securities for trading	794,558	(1,398,429)
Loans to customers	(3,878,450)	(3,735,258)
Trading securities receivable	63,351	2,480,947
Other assets	(255,227)	206,358
<i>Increase (decrease) in operating liabilities</i>		
Deposits	1,705,995	1,084,861
Interbank and money market items	(5,559,771)	(10,300,616)
Liabilities payable on demand	35,198	436
Derivative liabilities	1,554,188	541,524
Trading securities payable	87,286	(1,525,800)
Other liabilities	60,062	37,558
Net cash from (used in) operating activities	3,848,522	(2,595,699)
<i>Cash flows from investing activities</i>		
Purchases of available-for-sale investments	(8,547,879)	(403,243)
Proceeds from available-for-sale investments	4,700,000	3,000,000
Purchases of leasehold building improvements and equipment	(198)	(1,195)
Net cash (used in) from investing activities	(3,848,077)	2,595,562
Net increase (decrease) in cash	445	(137)
Cash as at 1 October	572	709
Cash as at 30 September	1,017	572
Supplementary disclosures of cash flow information		
Significant non-cash items		
Gains (losses) on remeasuring available-for-sale investments	22,690	(26,678)



(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 financial statements

For the year ended 30 September 2019

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These notes form an integral part of financial statements.

The 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 14 January 2020.

1 General information

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

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

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (“BoT”) Notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

New and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. 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, a number of new and revised TFRS are not yet effective for current periods. The Bank has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Bank operations are disclosed in note 36.

ANZ Bank (Thai) Public Company Limited

Notes to the financial statements

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(b) *Basis of measurement*

The 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>
Derivatives	Fair value
Trading securities	Fair value
Available-for-sale securities	Fair value
Loans with hedging instruments	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 financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht and has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, 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 adjustments to the carrying amounts of assets and liabilities within the year ending 30 September 2020 is included in the following notes:

Note 5	Fair value of assets and liabilities
Note 8	Derivatives
Note 11	Allowance for doubtful accounts

Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Details of the methods and assumptions over the measurement of fair values are provided in note 5.

ANZ Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 30 September 2019

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 financial statements

For the year ended 30 September 2019

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 year 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 financial statements
For the year ended 30 September 2019

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 financial statements
For the year ended 30 September 2019

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 financial statements
For the year ended 30 September 2019

(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.

Hedging

Fair value hedge

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

Discontinuing hedge accounting

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

(j) Employee benefits

Defined contribution plans

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

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2019

Defined benefit plans

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

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

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 year 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 year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

Short-term employee benefits

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

(k) *Share-based payments*

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

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the year 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.

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2019

(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.

(n) Recognition of expense

Interest expense is recognised on an accrual basis.

(o) Income tax

Income tax expense for the year 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 year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
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In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per share

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

(q) Offsetting

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

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.

ANZ Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 30 September 2019

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”).

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).

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(a) Interest rate risk

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

Significant financial assets and liabilities classified by types of interest rate as at 30 September 2019 and 2018 are as follows:

	2019			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
		<i>(in thousand Baht)</i>		
Financial assets				
Cash	-	-	1,017	1,017
Interbank and money market items*	255	2,470,263	788,115	3,258,633
Investments, net	-	7,145,748	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivable**	3,342,757	14,963,391	58,085	18,364,233
Trading securities receivable	-	-	20,669	20,669
Total financial assets	3,343,012	24,579,402	867,886	28,790,300
Financial liabilities				
Deposits	-	5,119,408	851,197	5,970,605
Interbank and money market items	-	2,272,022	220,182	2,492,204
Total financial liabilities	-	7,391,430	1,071,379	8,462,809

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

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

	2018			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
		<i>(in thousand Baht)</i>		
Financial assets				
Cash	-	-	572	572
Interbank and money market items*	60	13,127,764	701,330	13,829,154
Investments, net	-	4,039,654	-	4,039,654
Loans to customers net of deferred revenue and accrued interest receivable**	60,000	14,372,899	48,983	14,481,882
Trading securities receivable	-	-	84,020	84,020
Total financial assets	60,060	31,540,317	834,905	32,435,282
Financial liabilities				
Deposits	-	3,620,675	643,935	4,264,610
Interbank and money market items	-	7,831,891	220,084	8,051,975
Total financial liabilities	-	11,452,566	864,019	12,316,585

* Before deducting allowance for doubtful accounts amounting to Baht 3 million

** Before deducting allowance for doubtful accounts amounting to Baht 144 million and excluding fair value adjustment in loans

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The Bank's average interest bearing financial assets and financial liabilities, together with the average interest rates as at 30 September 2019 and 2018 and are as follows:

	2019		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	5,809,165	106,990	1.84
Investments	5,907,866	104,400	1.77
Loans to customers	20,744,856	493,788	2.38
Total	32,461,887	705,178	2.17
Financial liabilities			
Deposits	9,130,670	209,359	2.29
Interbank and money market items	3,675,405	81,143	2.21
Total	12,806,075	290,502	2.27
2018			
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	19,853,854	293,824	1.48
Investments	4,923,276	85,502	1.74
Loans to customers	13,597,863	300,665	2.21
Total	38,374,993	679,991	1.77
Financial liabilities			
Deposits	3,008,157	42,702	1.42
Interbank and money market items	15,139,010	246,766	1.63
Total	18,147,167	289,468	1.60

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 September 2019 and 2018 are as follows:

	2019						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
Financial assets							
Cash	-	-	-	-	-	1,017	1,017
Interbank and money market items*	255	1,681,037	789,226	-	-	788,115	3,258,633
Investments, net	-	768,121	5,029,247	1,348,380	-	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivable**	85,000	8,214,295	5,543,900	4,462,953	-	58,085	18,364,233
Trading securities receivable	-	-	-	-	-	20,669	20,669
Total financial assets	85,255	10,663,453	11,362,373	5,811,333	-	867,886	28,790,300

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	2019						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
	<i>(in thousand Baht)</i>						
Financial liabilities							
Deposits	1,668,436	3,328,196	122,776	-	-	851,197	5,970,605
Interbank and money market items	-	2,272,022	-	-	-	220,182	2,492,204
Total financial liabilities	1,668,436	5,600,218	122,776	-	-	1,071,379	8,462,809

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

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

	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>						
Financial assets							
Cash	-	-	-	-	-	572	572
Interbank and money market items*	60	13,127,764	-	-	-	701,330	13,829,154
Investments, net	-	1,524,067	1,707,655	807,932	-	-	4,039,654
Loans to customers net of deferred revenue and accrued interest receivable**	185,000	7,937,038	2,035,860	4,275,001	-	48,983	14,481,882
Trading securities receivable	-	-	-	-	-	84,020	84,020
Total financial assets	185,060	22,588,869	3,743,515	5,082,933	-	834,905	32,435,282
Financial liabilities							
Deposits	699,343	2,921,332	-	-	-	643,935	4,264,610
Interbank and money market items	-	7,831,891	-	-	-	220,084	8,051,975
Total financial liabilities	699,343	10,753,223	-	-	-	864,019	12,316,585

* Before deducting allowance for doubtful accounts amounting to Baht 3 million

** Before deducting allowance for doubtful accounts amounting to Baht 144 million and excluding fair value adjustment in loans

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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 30 September 2019 and 2018, net open position assets (liabilities) denominated in various currencies, are as follows:

	2019	2018
	<i>(in thousand US Dollar)</i>	
Net foreign currency exposure		
USD	6,239	4,135
AUD ^(*)	74	(1,575)
EUR ^(*)	39	(88)
CNY ^(*)	83	28
JPY ^(*)	197	(11)
Others ^(*)	120	119

^(*) 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.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 30 September 2019 in the Bank's website, www.anz.com/thailand/en/auxiliary/resource-centre/, under Financial Report section, within January 2020.

The remaining periods to maturity of significant financial assets and financial liabilities as at 30 September 2019 and 2018 based on contractual maturity are as follows:

	Maturity on demand	2019			Maturity over 5 years	No maturity	Total
		3 months	Maturity within 3 - 12 months	1 - 5 years			
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	1,017	1,017
Interbank and money market items*	786,599	1,681,037	789,226	-	-	1,771	3,258,633
Investments, net	-	768,121	5,029,247	1,348,380	-	-	7,145,748
Loans to customers net of deferred revenue and accrued interest receivable**	-	5,085,109	5,543,900	7,677,139	-	58,085	18,364,233
Trading securities receivable	-	-	-	-	-	20,669	20,669
Total financial assets	<u>786,599</u>	<u>7,534,267</u>	<u>11,362,373</u>	<u>9,025,519</u>	<u>-</u>	<u>81,542</u>	<u>28,790,300</u>

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	2019						Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in thousand Baht)</i>						
Financial liabilities							
Deposits	2,519,633	3,328,196	122,776	-	-	-	5,970,605
Interbank and money market items	220,182	2,272,022	-	-	-	-	2,492,204
Total financial liabilities	2,739,815	5,600,218	122,776	-	-	-	8,462,809
Net liquidity gap	(1,953,216)	1,934,049	11,239,597	9,025,519	-	81,542	20,327,491

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

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

	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>						
Financial assets							
Cash	-	-	-	-	-	572	572
Interbank and money market items*	696,263	13,132,891	-	-	-	-	13,829,154
Investments, net	-	1,524,067	1,707,655	807,932	-	-	4,039,654
Loans to customers net of deferred revenue and accrued interest receivable**	-	7,616,202	2,246,700	4,618,980	-	-	14,481,882
Trading securities receivable	-	-	-	-	-	84,020	84,020
Total financial assets	696,263	22,273,160	3,954,355	5,426,912	-	84,592	32,435,282
Financial liabilities							
Deposits	1,343,278	2,921,332	-	-	-	-	4,264,610
Interbank and money market items	220,084	7,831,891	-	-	-	-	8,051,975
Total financial liabilities	1,563,362	10,753,223	-	-	-	-	12,316,585
Net liquidity gap	(867,099)	11,519,937	3,954,355	5,426,912	-	84,592	20,118,697

* Before deducting allowance for doubtful accounts amounting to Baht 3 million

** Before deducting allowance for doubtful accounts amounting to Baht 144 million and excluding fair value adjustment in loans

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 30 September 2019 and 2018 are as follows:

	2019			Total
	Less than 1 year	Within 1-5 years	More than 5 years	
		Notional amount		
		<i>(in thousand Baht)</i>		
<i>Foreign currency related</i>				
Forward exchange contracts	56,009,409	1,548,339	-	57,557,748
Currency swap contracts	4,274,892	17,970,559	-	22,245,451
<i>Interest rate related</i>				
Interest rate swap	79,144,525	141,867,279	10,172,000	231,183,804
		2018		
		Notional amount		
		<i>(in thousand Baht)</i>		
<i>Foreign currency related</i>				
Forward exchange contracts	58,014,444	2,379,439	-	60,393,883
Currency swap contracts	2,425,000	4,739,025	-	7,164,025
<i>Interest rate related</i>				
Interest rate swap	89,219,536	123,648,572	9,316,818	222,184,926

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 year ended 30 September 2019.

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	
30 September 2019				
Financial assets				
Derivative assets				
- Foreign exchange rate	-	1,308,285	-	1,308,285
- Interest rate	-	1,519,266	-	1,519,266
Trading securities	-	768,121	-	768,121
Available-for-sale securities	-	6,377,627	-	6,377,627
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	1,192,464	-	1,192,464
- Interest rate	-	1,565,669	-	1,565,669
30 September 2018				
Financial assets				
Derivative assets				
- Foreign exchange rate	-	603,969	-	603,969
- Interest rate	-	508,328	-	508,328
Trading securities	-	1,524,067	-	1,524,067
Available-for-sale securities	-	2,515,587	-	2,515,587
Loans to customers	-	-	1,744,798	1,744,798
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	679,809	-	679,809
- Interest rate	-	524,137	-	524,137

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

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

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

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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 30 September 2019 and 2018 are as follows:

	Carrying amount (in thousand Baht)	Fair value Level 3 (in thousand Baht)
30 September 2019		
Financial assets		
Loans to customers and accrued interest receivable	18,364,233	18,454,275
Financial liabilities		
Deposits	5,970,605	5,971,294
	Carrying amount (in thousand Baht)	Fair value Level 3 (in thousand Baht)
30 September 2018		
Financial assets		
Loans to customers and accrued interest receivable	12,726,680	12,714,878
Financial liabilities		
Deposits	4,264,610	4,264,718

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 receivables:	Fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date approximates the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar terms to borrowers of similar credit quality.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.

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6 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 30 September 2019 and 2018 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.

	2019	2018
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Legal reserve	2,982	-
Retained earnings after appropriation	(230,215)	(399,809)
Other reserves	18,584	432
Less Capital deduction items on CET1	(31,140)	(55,057)
Total Tier 1 Capital Base	19,760,211	19,545,566
Tier 2 capital		
Provision for normal classified assets	196,880	147,607
Total Tier 2 Capital Base	196,880	147,607
Total Capital Base	19,957,091	19,693,173
Total Risk-Weighted Assets	24,758,809	19,242,249
	The BoT's regulatory minimum requirement	The BoT's regulatory minimum requirement (%)
	2019	2018
Capital Adequacy Ratio	11.000	80.61
Tier-1 Capital ratio	8.500	79.81
Tier-1 Common Equity ratio	7.000	79.81
Tier-2 Capital ratio	-	0.80
		10.375
		7.875
		6.375
		-
		102.34
		101.58
		101.58
		0.77

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 30 September 2019 and 2018, 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 30 September 2019 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.anz.com/thailand/en/auxiliary/resource-centre/

Capital management

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

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7 Interbank and money market items, net (assets)

	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Bank of Thailand	96,098	-	96,098	306,398	-	306,398
Commercial banks	362	2,462,101	2,462,463	205	12,800,000	12,800,205
Other financial institutions	-	-	-	-	310,000	310,000
Total	96,460	2,462,101	2,558,561	306,603	13,110,000	13,416,603
Add accrued interest receivable	-	1,771	1,771	-	5,128	5,128
Less allowance for doubtful accounts	-	(10,621)	(10,621)	-	(3,100)	(3,100)
Total domestic, net	96,460	2,453,251	2,549,711	306,603	13,112,028	13,418,631
Foreign						
USD	34,990	8,209	43,199	60,444	17,812	78,256
EUR	92,361	-	92,361	299,870	-	299,870
JPY	523,051	-	523,051	1,904	-	1,904
AUD	12,833	-	12,833	17,469	-	17,469
Others	26,904	-	26,904	9,973	-	9,973
Total	690,139	8,209	698,348	389,660	17,812	407,472
Less deferred revenue	-	(47)	(47)	-	(50)	(50)
Less allowance for doubtful accounts	-	(82)	(82)	-	(177)	(177)
Total foreign, net	690,139	8,080	698,219	389,660	17,585	407,245
Total domestic and foreign, net	786,599	2,461,331	3,247,930	696,263	13,129,613	13,825,876

8 Derivatives

8.1 Derivatives held for trading

As at 30 September 2019 and 2018, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	2019			2018		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
	<i>(in thousand Baht)</i>					
Foreign currency related	1,308,285	1,192,464	79,803,199	603,969	679,809	67,557,908
Interest rate related	1,519,266	1,565,669	231,183,804	503,683	521,178	220,434,926
Total	2,827,551	2,758,133	310,987,003	1,107,652	1,200,987	287,992,834

As at 30 September 2019 and 2018, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	2019	2018
	(%)	
Financial institutions	29.54	21.32
Related parties	65.66	75.32
Other parties	4.80	3.36
Total	100.00	100.00

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8.2 Derivatives held for hedging

Fair value hedges

As at 30 September 2019 and 2018, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	2019		Notional amount (in thousand Baht)	2018		Notional amount
	Fair value Assets	Fair value Liabilities		Fair value Assets	Fair value Liabilities	
Interest rate related	-	-	-	4,645	2,959	1,750,000
Total	-	-	-	4,645	2,959	1,750,000

9 Investments, net

9.1 Classification of investments in securities

As at 30 September 2019 and 2018, the Bank classifies investment types as follows:

	2019	2018
	Fair value (in thousand Baht)	
Trading securities		
Government bonds	768,121	1,524,067
Total	768,121	1,524,067
Available-for-sale securities		
Government bonds	6,377,627	2,515,587
Total	6,377,627	2,515,587
Total investments, net	7,145,748	4,039,654

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

As at 30 September 2019 and 2018, unrealised gains (losses) on available-for-sale securities were as follows:

<i>Available-for-sale securities</i>	Amortised cost	2019		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	6,354,397	23,259	(29)	6,377,627
Total investments, net	6,354,397	23,259	(29)	6,377,627
<i>Available-for-sale securities</i>	Amortised cost	2018		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	2,515,047	540	-	2,515,587
Total investments, net	2,515,047	540	-	2,515,587

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10 Loans to customers and accrued interest receivables, net

10.1 Classified by type of loans

	2019	2018
	<i>(in thousand Baht)</i>	
Loans	18,306,147	14,433,045
Less deferred revenue	-	(146)
Loans to customers net of deferred revenue	<u>18,306,147</u>	<u>14,432,899</u>
<i>(Less)/add</i> fair value adjustment in loans	-	(5,202)
<i>Add</i> accrued interest receivable	<u>58,086</u>	<u>48,983</u>
Total loan to customers net of deferred revenue and accrued interest receivables	18,364,233	14,476,680
<i>Less allowance for doubtful accounts</i>		
- BoT's minimum requirement - Individual approach	<u>(186,177)</u>	<u>(144,329)</u>
Total loans to customers and accrued interest receivable, net	<u>18,178,056</u>	<u>14,332,351</u>

10.2 Classified by currency and residence of debtors

As at 30 September 2019 and 2018, the Bank's loans are to Thai resident customer only.

	2019	2018
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Thai Baht	13,057,823	11,611,017
AUD	-	417,703
USD	3,242,737	129,626
EUR	2,005,587	2,274,553
Total*	<u>18,306,147</u>	<u>14,432,899</u>

*Loans to customers net of deferred revenue and excluding fair value adjustment in loans.

10.3 Classified by industry and loan classification

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

*Loans to customers net of deferred revenue

	Pass	2018 Special mention	Total
	<i>(in thousand Baht)</i>		
Agriculture	167,000	-	167,000
Manufacturing and commerce	9,520,143	-	9,520,143
Infrastructure and services	3,028,052	-	3,028,052
Others	1,717,704	-	1,717,704
Total*	<u>14,432,899</u>	<u>-</u>	<u>14,432,899</u>

*Loans to customers net of deferred revenue and excluding fair value adjustment in loans.

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10.4 Classified by loan classification

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

*Loans to customers net of deferred revenue including accrued interest receivables

	2018			
	Loans to customers and accrued interest receivables (in thousand Baht)	Net amount used to set the allowance for doubtful accounts	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	14,481,882	14,432,899	1	144,329
Total	14,481,882	14,432,899		144,329

*Loans to customers net of deferred revenue including accrued interest receivables, excluding fair value adjustment in loans

11 Allowance for doubtful accounts

	2019		
	Pass	Special mention	Total
	(in thousand Baht)		
Beginning balance	144,329	-	144,329
Doubtful accounts	35,617	6,231	41,848
Ending balance	179,946	6,231	186,177
	2018		
	Pass	Special mention	Total
	(in thousand Baht)		
Beginning balance	106,924	-	106,924
Doubtful accounts	37,405	-	37,405
Ending balance	144,329	-	144,329

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12 Leasehold building improvements and equipment, net

As at 30 September 2019 and 2018, changes in leasehold building improvements and equipment are as follows:

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

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

	Beginning balance	Purchases	2018 Cost		Transfer out	Ending balance
			Transfer in	Disposals		
	<i>(in thousand Baht)</i>					
Leasehold building improvements	37,457	-	-	-	-	37,457
Furniture, fixtures and office equipment	14,406	-	49	-	-	14,455
Computer equipment	42,781	1,183	318	-	(354)	43,928
Vehicle	5,409	-	-	-	-	5,409
Total	100,053	1,183	367	-	(354)	101,249

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	Beginning balance	Depreciation	2018 Accumulated depreciation			Ending balance	Net book value
			Transfer in	Disposals (in thousand Baht)	Transfer out		
Leasehold building improvements	7,430	9,642	-	-	-	17,072	20,385
Furniture, fixtures and office equipment	5,893	2,893	-	-	-	8,786	5,669
Computer equipment	28,785	11,624	-	-	-	40,409	3,519
Vehicle	2,133	1,082	-	-	-	3,215	2,194
Total	44,241	25,241	-	-	-	69,482	31,767

13 Deferred tax

Deferred tax assets and liabilities as of 30 September 2019 and 2018 are as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Deferred tax assets	35,879	55,356
Deferred tax liabilities	(4,739)	(299)
Total	31,140	55,057

Movements in total deferred tax assets during the year ended 30 September 2019 and 2018 are as follows:

	At 1 October 2018	(Charged) / Credited to:		At 30 September 2019
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	8,674	(2,885)	-	5,789
Tax losses	16,232	(16,232)	-	-
Other assets	1,978	1,290	-	3,268
Other liabilities	28,472	(1,650)	-	26,822
Total	55,356	(19,477)	-	35,879
<i>Deferred tax liabilities</i>				
Investments	299	(98)	4,538	4,739
Total	299	(98)	4,538	4,739
Net	55,057	(19,379)	(4,538)	31,140

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	At 1 October 2017	(Charged) / Credited to:		At 30 September 2018
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	17,834	(9,160)	-	8,674
Tax losses	56,390	(40,158)	-	16,232
Other assets	761	1,217	-	1,978
Other liabilities	20,453	8,019	-	28,472
Total	95,438	(40,082)	-	55,356
<i>Deferred tax liabilities</i>				
Investments	5,150	485	(5,336)	299
Total	5,150	485	(5,336)	299
Net	90,288	(40,567)	5,336	55,057

14 Other assets

	Note	2019 <i>(in thousand Baht)</i>	2018
Collateral per Credit Support Annex		258,195	10,484
Accrued interest receivable		15,733	19,575
Advance to intercompany	23	25,191	5,592
Guarantee deposits		5,391	5,341
Prepaid fees		5,286	3,940
Others		4,943	5,057
Total		314,739	49,989

15 Deposits

15.1 Classified by type of deposits

	2019 <i>(in thousand Baht)</i>	2018
Current	2,519,633	1,343,278
Fixed		
- Less than 6 months	3,326,996	2,921,332
- More than 6 months but not over 1 year	123,976	-
Total	5,970,605	4,264,610

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15.2 Classified by currency and residence of depositors

	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Thai Baht	2,829,101	2,476	2,831,577	1,713,076	3,018	1,716,094
USD	3,021,484	-	3,021,484	2,543,693	-	2,543,693
GBP	19,718	-	19,718	337	-	337
EUR	90,056	-	90,056	-	-	-
AUD	7,770	-	7,770	4,486	-	4,486
Total	5,968,129	2,476	5,970,605	4,261,592	3,018	4,264,610

16 Interbank and money market items (liabilities)

	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Commercial banks	-	100,000	100,000	-	-	-
Other financial institutions	220,182	-	220,182	220,084	-	220,084
Total domestic items	220,182	100,000	320,182	220,084	-	220,084
Foreign						
USD	-	2,172,022	2,172,022	-	7,831,891	7,831,891
Total foreign items	-	2,172,022	2,172,022	-	7,831,891	7,831,891
Total domestic and foreign items	220,182	2,272,022	2,492,204	220,084	7,831,891	8,051,975

17 Other liabilities

	Note	2019	2018
		<i>(in thousand Baht)</i>	
Due from intercompany	23	29,137	17,698
Accrued expenses		76,931	103,803
Collateral per Credit Support Annex		132,463	24,629
Income tax payable		34,487	-
Withholding tax payable		7,468	9,413
Interest payable		9,207	8,531
Others		5,447	16,746
Total		295,140	180,820

18 Advance received from electronic payment

The Bank of Thailand (BoT) notification number Sor Nor Chor 7/2561, directive dated 16 April 2018, regarding “Regulations on Service Business relating to Electronic Money (E-Money)” and Sor Nor Chor 8/2561 directive dated 16 April 2018 regarding “Regulations on Service Business relating to Electronic Fund Transfer (EFT)” require the Bank to disclose advances from E-Money and advance received from EFT. As at 30 September 2019, the Bank held an amount of money Baht 0.46 million in this regard (2018: 6.40 million).

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19 Share capital

		2019		2018	
	Par value per share (in Baht)	Number (in thousand shares)	Amount (in thousand Baht)	Number (in thousand shares)	Amount (in thousand Baht)
<i>Authorised</i>					
At the beginning of the 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 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 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 year					
- ordinary shares	10	<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>

20 Reserves

Legal reserve

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

On 14 January 2020, the Board of Directors meeting No. 1/2020 resolved to approve the appropriation after deducting brought forward accumulated deficit, which is net of the effect from capital reduction of Baht 2.98 million to a legal reserve from profit for the year 2019.

Other components of equity

Fair value changes in available-for-sale investments

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

21 Assets pledged as collateral

Assets pledged as collateral as at 30 September 2019 and 2018 consist of:

	2019	2018
	(in thousand Baht)	
Government bonds		
- Pledged for liquidity management with the BoT	<u>8,959</u>	<u>4,679</u>
Total	<u>8,959</u>	<u>4,679</u>

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22 Contingent liabilities

	2019	2018
	<i>(in thousand Baht)</i>	
Guarantees of loans	376,004	549,658
Letters of credit	79,140	106,372
Other contingencies	2,380,409	2,867,074
Total	<u>2,835,553</u>	<u>3,523,104</u>

Litigation

As at 30 September 2019 and 2018, there is no litigation case outstanding against the Bank.

23 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

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Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
ANZ Global Services and Operations (Manila), Inc.	Philippines	Affiliates of ANZ Group
ANZ Support Services India Private Limited	India	Affiliates of ANZ Group
Australia New Zealand Banking Group Limited New York	United States	Affiliates of ANZ Group
ANZ Global Services and Operations (Chengdu) Company Limited	China	Affiliates of ANZ Group
PT Bank ANZ Indonesia	Indonesia	Affiliates of ANZ Group

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

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

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

	2019	2018
	<i>(in thousand Baht)</i>	
Interest income	8,003	1,232
Other operating income	59,517	-
Interest expense	42,869	194,129
Technology service expenses charged by ANZ Banking Group	31,141	26,657
Key management personnel		
Short-term employee benefits	95,332	100,940
Post-employment benefit	5,291	40,321
Total key management personnel compensation	100,623	141,261

Significant balances and business transactions with other related parties

	2019	2018
	<i>(in thousand Baht)</i>	
Interbank and money market items (assets)		
Australia and New Zealand Banking Group Limited	12,584	17,469
Australia and New Zealand Banking Group Limited New Zealand	764	772
PT Bank ANZ Indonesia	8,162	17,764
	21,510	36,005
Derivative assets		
Australia and New Zealand Banking Group Limited	1,729,361	551,432
Australia and New Zealand Banking Group Limited Hong Kong	15,788	-
Australia and New Zealand Banking Group Limited Japan	11,845	17,427
	1,756,994	568,859

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	2019	2018
	<i>(in thousand Baht)</i>	
<i>Other assets</i>		
Australia and New Zealand Banking Group Limited	25,191	5,575
Australia and New Zealand Banking Group Limited Singapore	-	17
	<u>25,191</u>	<u>5,592</u>
<i>Interbank and money market items (liabilities)</i>		
Australia and New Zealand Banking Group Limited Singapore	<u>2,172,022</u>	<u>7,831,891</u>
<i>Derivative liabilities</i>		
Australia and New Zealand Banking Group Limited	1,387,176	611,848
Australia and New Zealand Banking Group Limited Hong Kong	2,471	3,410
Australia and New Zealand Banking Group Limited Japan	-	-
	<u>1,389,647</u>	<u>615,258</u>
<i>Other liabilities</i>		
Australia and New Zealand Banking Group Limited	28,931	15,062
Australia and New Zealand Banking Group Limited Singapore	115	1,771
ANZ Support Services India Private Limited	-	466
ANZ Global Services and Operations (Manila), Inc.	91	399
	<u>29,137</u>	<u>17,698</u>
<i>Other guarantees</i>		
Australia and New Zealand Banking Group Limited	45,038	5,774
Australia and New Zealand Banking Group Limited United Kingdom	647,017	379,644
Australia and New Zealand Banking Group Limited Singapore	946,734	1,120,780
Australia and New Zealand Banking Group Limited Frankfurt	267,415	958,105
Australia and New Zealand Banking Group Limited New York	300	-
Australia and New Zealand Banking Group Limited New Zealand	15,296	16,203
	<u>1,921,800</u>	<u>2,480,506</u>
<i>Derivatives - Foreign currency related</i>		
Australia and New Zealand Banking Group Limited	14,794,760	12,227,953
Australia and New Zealand Banking Group Limited Japan	182,963	219,876
Australia and New Zealand Banking Group Limited Hong Kong	530,416	86,934
	<u>15,508,139</u>	<u>12,534,763</u>
<i>Derivatives - Interest rate related</i>		
Australia and New Zealand Banking Group Limited	<u>188,670,261</u>	<u>204,379,927</u>

Significant agreements with related parties

Outsourcing Services

As a wholly owned subsidiary of ANZBGL, the Bank, upon its commencement date of the banking business, has entered into the outsourcing participation agreement, agreeing to terms and conditions of the Global Master Service Agreement and the Global Head Terms, in obtaining certain non-strategic services including technology from ANZBGL as well as its 3 hubs, namely ANZ Global Services and Operations (Chengdu) Company Limited, ANZ Global Services and Operations (Manila) Inc., and ANZ Support Services India Private Limited. Fees payable are based upon the terms of each participation agreement which include actual costs incurred plus a margin, in accordance with the terms in the agreements. During the year, the Bank has incurred an expense amounting to AUD 1.22 Million (2018: AUD 0.92 million).

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24 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:

	2019	2018
	<i>(in thousand Baht)</i>	
Within one year	12,655	13,129
After one year but within four years	870	13,075
Total	<u>13,525</u>	<u>26,204</u>

25 Interest income

	2019	2018
	<i>(in thousand Baht)</i>	
Interbank and money market items	106,990	293,824
Investments in debt securities	104,400	85,502
Loans to customers	493,788	300,665
Total	<u>705,178</u>	<u>679,991</u>

26 Interest expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Deposits	193,347	31,664
Interbank and money market items	81,143	246,766
Contribution to Deposit Protection Agency	16,012	11,038
Total	<u>290,502</u>	<u>289,468</u>

27 Net fees and service income

	2019	2018
Fees and service income		
- Acceptance, avals and guarantees	12,148	6,051
- Others	13,516	13,436
	<u>25,664</u>	<u>19,487</u>
Fees and service expenses	<u>14,402</u>	<u>13,598</u>
Net	<u>11,262</u>	<u>5,889</u>

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28 Gains on trading and foreign exchange transactions, net

	2019	2018
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	274,344	222,970
- Interest rate related derivatives	43,795	(9,576)
- Debt securities	43,208	(14,826)
	<u>361,347</u>	<u>198,568</u>
Gains (losses) on hedging	-	(557)
Net	<u>361,347</u>	<u>198,011</u>

29 Net gain on investments

	2019	2018
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale securities	2,947	1,053
Total	<u>2,947</u>	<u>1,053</u>

30 Employees expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Salary and bonus	222,869	227,801
Employee defined benefit plans	15,450	32,632
Others	55,975	62,533
Total	<u>294,294</u>	<u>322,966</u>

31 Premises and equipment expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Rental and service expenses	16,007	17,152
Depreciation	16,715	25,241
Data communication cost	560	1,218
Telephone expense	3,749	6,814
Information service fee	2,814	3,048
Renovation cost of premises	964	964
Others	18,519	9,970
Total	<u>59,328</u>	<u>64,407</u>

32 Other expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Consultant and professional fee	13,381	11,428
Advertising expenses	150	104
Information service subscription	6,005	4,094
License fee	34	31
Head Office allocation charges	27,829	22,470
Others	6,656	8,124
Total	<u>54,055</u>	<u>46,251</u>

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

	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Interbank and money market items	7,425	(124,038)
Loans to customers	41,848	37,405
Total	<u>49,273</u>	<u>(86,633)</u>

34 Income tax

Income tax recognised in profit or loss

	<i>Note</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Current tax expense			
Current year		<u>55,237</u>	<u>-</u>
		<u>55,237</u>	<u>-</u>
Deferred tax expense			
Movements in temporary differences	13	<u>19,379</u>	<u>40,567</u>
Total		<u>74,616</u>	<u>40,567</u>

Income tax recognised in other comprehensive income

	2019	2018
	Before tax	Before tax
	Tax (expense)	Tax benefit
	Net of Tax	Net of Tax
	<i>(in thousand Baht)</i>	
Available-for-sale securities	<u>22,690</u>	<u>22,690</u>
	<u>(4,538)</u>	<u>(4,538)</u>
	<u>18,152</u>	<u>18,152</u>
	<u>(26,678)</u>	<u>(26,678)</u>
Total	<u>22,690</u>	<u>22,690</u>
	<u>(4,538)</u>	<u>(4,538)</u>
	<u>18,152</u>	<u>18,152</u>
	<u>(26,678)</u>	<u>(26,678)</u>
	<u>5,336</u>	<u>5,336</u>
	<u>(21,342)</u>	<u>(21,342)</u>

Reconciliation of effective tax rate

	2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>364,478</u>		<u>210,161</u>
Income tax using the Thai corporation tax rate	20.0	72,895	20.0	42,032
Expenses not deductible for tax purposes		1,635		263
Adjustment for prior years		85		(1,728)
Total	<u>20.5</u>	<u>74,616</u>	<u>19.3</u>	<u>40,567</u>

The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 30 September 2019 and 2018.

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35 Basic earnings per share

The calculations of basic earnings per share for the year ended 30 September 2019 and 2018 were based on the profit for the year attributable to equity holders of the Bank and the number of ordinary shares outstanding during the year as follows:

	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the year attributable to shareholders of the Bank (basic)	<u>289,862</u>	<u>169,594</u>
The number of ordinary shares outstanding	<u>2,000,000</u>	<u>2,000,000</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.14</u>	<u>0.08</u>

36 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Effective
TFRS 7*	<i>Financial Instruments: Disclosures</i>	2020
TFRS 9*	<i>Financial Instruments</i>	2020
TFRS 15	<i>Revenue from Contracts with Customers</i>	2019
TFRS 16	<i>Leases</i>	2020
TAS 32*	<i>Financial Instruments: Presentation</i>	2020
TFRIC 16*	<i>Hedges of a Net Investment in a Foreign Operation</i>	2020
TFRIC 19*	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

Under TFRS 15, the Bank recognises revenue when a customer obtains of the goods or services in an amount that reflects the consideration to which the Bank expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. When this TFRS becomes effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements.

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Notes to the financial statements

For the year ended 30 September 2019

(b) TFRS - Financial instruments standards

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

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

(c) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the financial statements.



(Warin Paaopanchon)
Chief Financial Officer



(Panadda Manoleehakul)
President and Chief Executive Officer

