

ANZ Bank (Thai) Public Company Limited

Financial statements for the year ended
30 September 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders ANZ Bank (Thai) Public Company Limited

Opinion

I have audited the financial statements of ANZ Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 30 September 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended; and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 30 September 2020 and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.



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
12 January 2021

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

Assets	<i>Note</i>	30 September	
		2020	2019
		<i>(in thousand Baht)</i>	
Cash		612	1,017
Interbank and money market items, net	9, 23	12,122,160	3,247,930
Derivative assets	10, 23	4,021,851	2,827,551
Investments, net	11	7,977,176	7,145,748
Loans to customers and accrued interest receivables, net	12		
Loans to customers		21,045,153	18,306,147
Accrued interest receivables		46,156	58,086
Total loans to customers and accrued interest receivables		21,091,309	18,364,233
Less allowance for doubtful accounts	13	(210,451)	(186,177)
Total loans to customers and accrued interest receivables, net		20,880,858	18,178,056
Leasehold building improvements and equipment, net	14	12,469	15,250
Right-of-use assets	32	14,223	-
Deferred tax assets, net	34	26,603	31,140
Trading securities receivable		50,816	20,669
Other assets	15, 23	190,924	314,739
Total assets		45,297,692	31,782,100

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	
		2020	2019
		<i>(in thousand Baht)</i>	
Liabilities			
Deposits	16	11,057,263	5,970,605
Interbank and money market items	17, 23	9,401,089	2,492,204
Liabilities payable on demand		7,910	39,454
Derivative liabilities	10, 23	4,030,534	2,758,133
Lease liabilities	32	15,527	-
Trading securities payable		28,420	87,286
Provisions for employee benefits		69,111	61,047
Other liabilities	18, 23	388,420	295,140
Total liabilities		24,998,274	11,703,869
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		34,484	18,584
Retained earnings			
Authorised			
Legal reserve	20	13,246	2,982
Unappropriated		251,688	56,665
Total equity		20,299,418	20,078,231
Total liabilities and equity		45,297,692	31,782,100



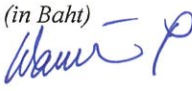

(Warin Paaopanchon)
Chief Financial Officer



(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>	2020	2019
		<i>(in thousand Baht)</i>	
Interest income	23, 24	646,839	705,178
Interest expenses	23, 25	122,055	290,502
Net interest income		524,784	414,676
Fees and service income		22,389	25,664
Fees and service expenses		11,740	14,402
Net fees and service income	26	10,649	11,262
Gains on trading and foreign exchange transactions, net	27	186,264	361,347
Net gain on investments	28	1,668	2,947
Other operating income	23	13,470	59,517
Total operating income		736,835	849,749
Other operating expenses			
Employee expenses	23,29	272,767	294,294
Directors' remuneration		4,639	4,800
Premises and equipment expenses	30	64,599	59,328
Taxes and duties		24,149	23,521
Others	23, 31	91,014	54,055
Total operating expenses		457,168	435,998
Bad debts, allowance for doubtful accounts and impairment loss	33	21,762	49,273
Profit from operations before income tax expense		257,905	364,478
Income tax expense	34	52,618	74,616
Net profit for the year		205,287	289,862
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains on remeasuring available-for-sale investments		23,107	22,690
Income tax relating to items that will be reclassified	34	(4,621)	(4,538)
Total items that will be reclassified subsequently to profit or loss, net of tax		18,486	18,152
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial losses on defined benefit plans		(3,233)	-
Income tax relating to items that will not be reclassified	34	647	-
Total items that will not be reclassified subsequently to profit or loss, net of tax		(2,586)	-
Total comprehensive income for the year		221,187	308,014
Earnings per share			
Basic earnings per share <i>(in Baht)</i>		0.10	0.14
			
	(Warin Paaopanchon)	(Panadda Manoleehakul)	
	Chief Financial Officer	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

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

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

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

	Note	Issued and paid-up share capital	Other reserves	Retained earnings			Total equity
				Legal reserve	Unappropriated		
For the year ended 30 September 2020							
Balance at 1 October 2019		20,000,000	18,584	2,982	56,665	20,078,231	
Comprehensive income for the year		-	-	-	205,287	205,287	
Profit for the year		-	-	-	-	-	
Other comprehensive income		-	-	-	-	-	
Available-for-sale investments		-	18,486	-	-	18,486	
Net change in fair value recognised in equity, net of tax		-	18,486	-	-	18,486	
Defined benefit plans		-	(2,586)	-	-	(2,586)	
Actuarial losses on defined benefit plans, net of tax		-	(2,586)	-	-	(2,586)	
Total comprehensive income for the year		15,900	15,900	-	205,287	221,187	
Transfer to legal reserve	20	-	-	10,264	(10,264)	-	
Balance as at 30 September 2020		20,000,000	34,484	13,246	251,688	20,299,418	



(Warin Paoopanchon)
 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 cash flows

	For the year ended	
	30 September	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	257,905	364,478
<i>Adjustments to reconcile profit from operations before income tax expense to cash receipts (payments)</i>		
Depreciation and amortisation	21,412	16,715
Bad debts, allowance for doubtful accounts and impairment loss	21,762	49,273
Gain from sale of leasehold building improvements and equipment	(67)	-
Net gains on trading and foreign exchange transactions	(186,264)	(361,347)
Gain on sale of investment, net	(1,668)	(2,947)
Provision made	4,831	5,288
Net interest income	(524,784)	(414,676)
Proceeds from interest	674,561	729,939
Interest paid	(121,206)	(291,483)
Income tax paid	(58,769)	(1,275)
Profit (loss) from operations before changes in operating assets and liabilities	<u>87,713</u>	<u>93,965</u>
<i>Decrease (increase) in operating assets</i>		
Interbank and money market items	(8,871,052)	10,567,164
Derivative assets	(1,043,919)	(1,419,797)
Investment in securities for trading	315,359	794,558
Loans to customers	(2,739,007)	(3,878,450)
Trading securities receivable	(30,147)	63,351
Other assets	127,469	(255,227)
<i>Increase (decrease) in operating liabilities</i>		
Deposits	5,086,658	1,705,995
Interbank and money market items	6,908,885	(5,559,771)
Liabilities payable on demand	(31,544)	35,198
Derivative liabilities	1,272,401	1,554,188
Trading securities payable	(58,866)	87,286
Other liabilities	104,153	60,062
Net cash from operating activities	<u>1,128,103</u>	<u>3,848,522</u>

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

ANZ Bank (Thai) Public Company Limited

Statement of cash flows

	For the year ended 30 September	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Purchases of available-for-sale investments	(6,667,788)	(8,547,879)
Proceeds from available-for-sale investments	5,558,000	4,700,000
Purchases of leasehold building improvements and equipment	(12,713)	(198)
Proceeds from sale of leasehold building improvements and equipment	231	-
Net cash used in investing activities	(1,122,270)	(3,848,077)
<i>Cash flows from financing activities</i>		
Payment of lease liabilities	(6,238)	-
Net cash used in financing activities	(6,238)	-
Net increase (decrease) in cash	(405)	445
Cash as at 1 October	1,017	572
Cash as at 30 September	612	1,017
Supplementary disclosures of cash flow information		
Significant non-cash items		
Gains on remeasuring available-for-sale investments	23,107	22,690



(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 2020

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ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

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 12 January 2021.

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 801-804, Wireless Road, Lumpini, Pathumwan, Bangkok. The Bank does not have any other branches.

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

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

2 Basis of preparation of the financial statements

2.1 Statement of compliance

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

New and revised TFRS effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in change in certain of the Bank’s accounting policies. There is no material impact on the Bank’s financial statements.

The Bank has early initially applied before effective date for TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

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

2.2 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.

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

2.3 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 the Bank's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

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

Note 4 (n) Revenue recognition:

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

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 September 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial period is included in the following notes:

Note 7 Fair value of financial assets and liabilities
Note 10 Derivatives
Note 13 Allowance for doubtful accounts

3 Change in accounting policy

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

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

Impact from the adoption of TFRS 16

(in thousand Baht)

At 1 October 2019

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

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

Measurement of lease liability

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

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Except for the change in accounting policy as disclosed in note 3.

(a) Foreign currencies

Foreign currency transactions

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

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

(b) Cash

Cash comprises cash in hand and cash in collection.

(c) Investments

Investments in debt securities

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

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

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

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

Initial recognition

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

Disposal of investments

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

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

(d) *Loans to customers*

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

(e) *Allowance for doubtful accounts*

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

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

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

The allowance for doubtful accounts established during the 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.

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

(f) Leasehold building improvements and equipment

Leasehold building improvements and equipment

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on assets under construction.

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

ANZ Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 30 September 2020

(g) Intangible assets

Software licenses

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

Subsequent expenditure

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

Amortisation

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

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

(h) Impairment

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

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.

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Reversals of impairment

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

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

(i) Financial instruments

Derivatives

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

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.

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(j) Employee benefits

Defined contribution plans

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

Defined benefit plans

The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, 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 period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

Short-term employee benefits

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

(k) Share-based payments

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

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

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(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) Measurement of fair values

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.

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

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

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

The Bank recognised transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

(n) Income

Interest income on loans to customers

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

Interest income on investments

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

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Fees and service income

Accounting policy for fees and service income applicable from 1 October 2019

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

Accounting policy for fees and service income applicable before 1 October 2019

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

(o) Expense

Interest expense is recognised on an accrual basis.

(p) 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.

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.

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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.

(q) 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.

(r) 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.

(s) Related parties

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

(t) Leases

Accounting policies applicable from 1 October 2019

At inception of a contract, the Bank as a lessee assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in TFRS 16.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Bank is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property and lease liabilities in the statement of financial position.

Accounting policies applicable before 1 October 2019

As a lessee, leases in terms of which the Bank substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the lease liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Bank determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Bank the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Bank separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Bank concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Bank incremental borrowing rate.

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5 Impact of COVID-19

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand, BoT has issued a series of measures, covering payment moratoriums, government guarantees as well as a loan payment holiday to get bank help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. In relation to financial reporting, key concerns are on the application of forward-looking information. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year period of 2020 and 2021, in particular:

- Non-NPL modified loans (pre-emptive restructures) can be classified as Pass immediately once they are identified via well screening process for likely to pay borrowers, or else they remain at the stage before entering into relief programs;
- NPL modified loans (trouble debt restructures) can be classified as Pass only if they adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer;

In addition, BoT announced to temporarily reduce the rate of contribution from financial institutions to the FIDF submission rate from 0.46% to 0.23% per year which is effective from 1 January 2020 to 31 December 2021. The reduced rate has been reflected in the financial statements with effect from 1 January 2020.

However, as at 30 September 2020, non of the Bank's borrower came to use the relief as mentioned above.

6 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:

6.1 Operational risk

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

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

6.2 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").

6.3 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 2020 and 2019 are as follows:

	2020			Total
	Floating interest rate	Fixed interest rate <i>(in thousand Baht)</i>	Non-interest bearing	
Financial assets				
Cash	-	-	612	612
Interbank and money market items*	4,584	11,599,077	526,690	12,130,351
Investments, net	-	7,977,176	-	7,977,176
Loans to customers and accrued interest receivables**	8,257,362	12,787,791	46,156	21,091,309
Trading securities receivable	-	-	50,816	50,816
Total financial assets	8,261,946	32,364,044	624,274	41,250,264
Financial liabilities				
Deposits	-	10,378,827	678,436	11,057,263
Interbank and money market items	-	9,180,792	220,297	9,401,089
Trading securities payable	-	-	28,420	28,420
Total financial liabilities	-	19,559,619	927,153	20,486,772

* Before deducting allowance for doubtful accounts amounting to Baht 8 million

** Before deducting allowance for doubtful accounts amounting to Baht 210 million

	2019			Total
	Floating interest rate	Fixed interest rate <i>(in thousand Baht)</i>	Non-interest bearing	
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 and accrued interest receivables**	3,342,757	14,963,391	58,085	18,364,233
Trading securities receivable	-	-	20,669	20,669
Total financial assets	3,343,012	24,579,402	867,886	28,790,300
Financial liabilities				
Deposits	-	5,119,408	851,197	5,970,605
Interbank and money market items	-	2,272,022	220,182	2,492,204
Trading securities payable	-	-	87,286	87,286
Total financial liabilities	-	7,391,430	1,158,665	8,550,095

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

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

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

	2020		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	3,925,753	35,124	0.89
Investments	8,650,871	125,795	1.45
Loans to customers	22,317,240	485,920	2.18
Total	34,893,864	646,839	1.85
Financial liabilities			
Deposits	8,804,963	93,911	1.07
Interbank and money market items	4,895,372	27,740	0.57
Total	13,700,335	121,651	0.89
2019			
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Financial assets			
Interbank and money market items	5,809,165	106,990	1.84
Investments	5,907,866	104,400	1.77
Loans to customers	20,744,856	493,788	2.38
Total	32,461,887	705,178	2.17
Financial liabilities			
Deposits	9,130,670	209,359	2.29
Interbank and money market items	3,675,405	81,143	2.21
Total	12,806,075	290,502	2.27

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

	2020						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
Financial assets							
Cash	-	-	-	-	-	612	612
Interbank and money market items*	4,584	11,599,077	-	-	-	526,690	12,130,351
Investments, net	-	480,779	1,745,518	5,750,879	-	-	7,977,176
Loans to customers and accrued interest receivables**	-	16,430,598	2,816,936	1,797,619	-	46,156	21,091,309
Trading securities receivable	-	-	-	-	-	50,816	50,816
Total financial assets	4,584	28,510,454	4,562,454	7,548,498	-	624,274	41,250,264

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	2020						Total
	At call	3 months	Reprice within 3 - 12 months	1-5 years	Reprice over 5 years	Non interest bearing	
<i>(in thousand Baht)</i>							
Financial liabilities							
Deposits	3,356,969	6,705,279	316,579	-	-	678,436	11,057,263
Interbank and money market items	-	9,180,792	-	-	-	220,297	9,401,089
Trading securities payable	-	-	-	-	-	28,420	28,420
Total financial liabilities	3,356,969	15,886,071	316,579	-	-	927,153	20,486,772

* Before deducting allowance for doubtful accounts amounting to Baht 8 million

** Before deducting allowance for doubtful accounts amounting to Baht 210 million

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

Financial liabilities							
Deposits	1,668,436	3,328,196	122,776	-	-	851,197	5,970,605
Interbank and money market items	-	2,272,022	-	-	-	220,182	2,492,204
Trading securities payable	-	-	-	-	-	87,286	87,286
Total financial liabilities	1,668,436	5,600,218	122,776	-	-	1,158,665	8,550,095

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

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

(b) Currency exchange rate risk

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

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

	2020	2019
	<i>(in thousand US Dollar)</i>	
Net foreign currency exposure		
USD	6,429	6,239
EUR ^(*)	391	39
AUD ^(*)	45	74
CNY ^(*)	85	83
JPY ^(*)	57	197
Others ^(*)	239	120

^(*) Balance is stated in USD equivalent

6.4 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 2020 in the Bank's website, www.anz.com/thailand/en/auxiliary/resource-centre/, under Financial Report section, within January 2021.

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

	2020						
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
	<i>(in thousand Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	612	612
Interbank and money market items*	4,584	11,599,077	-	-	-	526,690	12,130,351
Investments, net	-	480,779	1,745,518	5,750,879	-	-	7,977,176
Loans to customers and accrued interest receivables**	-	9,270,569	3,108,936	8,665,648	-	46,156	21,091,309
Trading securities receivable	-	-	-	-	-	50,816	50,816
Total financial assets	4,584	21,350,425	4,854,454	14,416,527	-	624,274	41,250,264

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	2020						Total
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
<i>(in thousand Baht)</i>							
Financial liabilities							
Deposits	4,035,405	6,705,279	316,579	-	-	-	11,057,263
Interbank and money market items	220,297	9,180,792	-	-	-	-	9,401,089
Trading securities payable	-	-	-	-	-	28,420	28,420
Total financial liabilities	4,255,702	15,886,071	316,579	-	-	28,420	20,486,772
Net liquidity gap	(4,251,118)	5,464,354	4,537,875	14,416,527	-	595,854	20,763,492

* Before deducting allowance for doubtful accounts amounting to Baht 8 million

** Before deducting allowance for doubtful accounts amounting to Baht 210 million

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

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

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

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Derivatives

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

	2020			Total
	Less than 1 year	Within 1-5 years	More than 5 years	
	Notional amount (in thousand Baht)			
<i>Foreign currency related</i>				
Forward exchange contracts	58,969,717	2,860,202	-	61,829,919
Currency swap contracts	7,938,987	20,167,246	-	28,106,233
<i>Interest rate related</i>				
Interest rate swap	38,917,850	164,987,869	10,665,000	214,570,719
	2019			
	Notional amount (in thousand Baht)			
	Less than 1 year	Within 1-5 years	More than 5 years	Total
<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

7 Fair value of financial assets and liabilities

7.1 Financial instruments carried at fair value

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

	Fair value			Total
	Level 1	Level 2	Level 3	
	(in thousand Baht)			
30 September 2020				
Financial assets				
Derivative assets				
- Foreign exchange rate	-	1,235,845	-	1,235,845
- Interest rate	-	2,786,006	-	2,786,006
Trading securities	-	480,779	-	480,779
Available-for-sale securities	-	7,496,397	-	7,496,397
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	1,211,907	-	1,211,907
- Interest rate	-	2,818,627	-	2,818,627

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	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

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 September 2020.

Type	Valuation technique
Forward exchange contracts	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Interest rate swaps	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate to a credit risk adjustment for the Bank and counter parties that reflected based on credit spreads derived from current credit spreads derived from current credit default swap or bond prices.
Investments in government bonds	The Bond Market Association Government Bond Yield Curve as of the reporting date.

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7.2 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 2020 and 2019 are as follows:

	Carrying amount	Fair value Level 3
	<i>(in thousand Baht)</i>	
30 September 2020		
Financial assets		
Loans to customers and accrued interest receivables	21,091,309	21,113,892
Financial liabilities		
Deposits	11,057,263	11,062,538
30 September 2019		
Financial assets		
Loans to customers and accrued interest receivables	18,364,233	18,454,275
Financial liabilities		
Deposits	5,970,605	5,971,294

Type	Valuation technique
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.
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.

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8 Maintenance of capital fund

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

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Legal reserve	13,246	2,982
Retained earnings after appropriation	56,665	(230,215)
Other reserves	34,484	18,584
Less Capital deduction items on CET1	(26,603)	(31,140)
Total Tier 1 Capital Base	20,077,792	19,760,211
<i>Tier 2 capital</i>		
Provision for normal classified assets	218,642	196,880
Total Tier 2 Capital Base	218,642	196,880
Total Capital Base	20,296,434	19,957,091
Total Risk-Weighted Assets	28,826,879	24,758,809

	The BoT's regulatory minimum requirement	2020	The BoT's regulatory minimum requirement (%)	2019
Capital Adequacy Ratio	11.000	70.41	11.000	80.61
Tier-1 Capital ratio	8.500	69.65	8.500	79.81
Tier-1 Common Equity ratio	7.000	69.65	7.000	79.81
Tier-2 Capital ratio	-	0.76	-	0.80

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

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: "Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 30 September 2020 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.anz.com/thailand/en/auxiliary/resource-centre/

Capital management

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

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9 Interbank and money market items, net (assets)

	2020		2019			
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Bank of Thailand	417,098	-	417,098	96,098	-	96,098
Commercial banks	4,694	11,585,946	11,590,640	362	2,462,101	2,462,463
Total	421,792	11,585,946	12,007,738	96,460	2,462,101	2,558,561
Add accrued interest receivables	-	2,437	2,437	-	1,771	1,771
Less allowance for doubtful accounts	-	(8,060)	(8,060)	-	(10,621)	(10,621)
Total domestic, net	421,792	11,580,323	12,002,115	96,460	2,453,251	2,549,711
Foreign						
USD	9,420	13,160	22,580	34,990	8,209	43,199
EUR	47,276	-	47,276	92,361	-	92,361
JPY	771	-	771	523,051	-	523,051
AUD	39,046	-	39,046	12,833	-	12,833
Others	10,532	-	10,532	26,904	-	26,904
Total	107,045	13,160	120,205	690,139	8,209	698,348
Less deferred revenue	-	(29)	(29)	-	(47)	(47)
Less allowance for doubtful accounts	-	(131)	(131)	-	(82)	(82)
Total foreign, net	107,045	13,000	120,045	690,139	8,080	698,219
Total domestic and foreign, net	528,837	11,593,323	12,122,160	786,599	2,461,331	3,247,930

10 Derivatives

Derivatives held for trading

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

Type of risks	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
<i>(in thousand Baht)</i>						
Foreign currency related	1,235,845	1,211,907	89,936,152	1,308,285	1,192,464	79,803,199
Interest rate related	2,786,006	2,818,627	214,570,719	1,519,266	1,565,669	231,183,804
Total	4,021,851	4,030,534	304,506,871	2,827,551	2,758,133	310,987,003

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

Counterparties	2020		2019	
	(%)			
Financial institutions	30.88		29.54	
Related parties	59.55		65.66	
Other parties	9.57		4.80	
Total	100.00		100.00	

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11 Investments, net

11.1 Classification of investments in securities

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

	2020	2019
	Fair value (in thousand Baht)	
Trading securities		
Government bonds	480,779	768,121
Total	<u>480,779</u>	<u>768,121</u>
Available-for-sale securities		
Government bonds	7,496,397	6,377,627
Total	<u>7,496,397</u>	<u>6,377,627</u>
Total investments, net	<u>7,977,176</u>	<u>7,145,748</u>

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

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

<i>Available-for-sale securities</i>	Amortised cost	2020		Fair value
		Unrealised gains (in thousand Baht)	Unrealised losses	
Government bonds	7,450,060	50,317	(3,980)	7,496,397
Total investments, net	<u>7,450,060</u>	<u>50,317</u>	<u>(3,980)</u>	<u>7,496,397</u>
<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	<u>6,354,397</u>	<u>23,259</u>	<u>(29)</u>	<u>6,377,627</u>

12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	2020	2019
	(in thousand Baht)	
Loans	21,045,153	18,306,147
<i>Add</i> accrued interest receivables	46,156	58,086
Total loans to customers and accrued interest receivables	21,091,309	18,364,233
<i>Less</i> Allowance for doubtful accounts		
- BoT's minimum requirement - Individual approach	(210,451)	(186,177)
Total loans to customers and accrued interest receivables, net	<u>20,880,858</u>	<u>18,178,056</u>

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12.2 Classified by currency and residence of debtors

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

	2020	2019
	<i>(in thousand Baht)</i>	
Thai Baht	13,214,348	13,057,823
USD	3,260,764	3,242,737
EUR	4,570,041	2,005,587
Total	<u>21,045,153</u>	<u>18,306,147</u>

12.3 Classified by industry and loan classification

	Pass	2020 Special mention	Total
	<i>(in thousand Baht)</i>		
Manufacturing and commerce	12,706,495	-	12,706,495
Infrastructure and services	1,068,617	-	1,068,617
Real Estate and Infrastructure	4,570,041	-	4,570,041
Others	2,700,000	-	2,700,000
Total	<u>21,045,153</u>	<u>-</u>	<u>21,045,153</u>

	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
Real Estate and Infrastructure	2,005,587	-	2,005,587
Others	4,570,000	-	4,570,000
Total	<u>17,994,567</u>	<u>311,580</u>	<u>18,306,147</u>

12.4 Classified by loan classification

	Loans to customers and accrued interest receivables	Net amount used to set the allowance for doubtful accounts	2020 Rate used for setting the allowance for doubtful accounts	Allowance for doubtful accounts
	<i>(in thousand Baht)</i>		(%)	<i>(in thousand Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	21,091,309	21,045,153	1	210,451
Total	<u>21,091,309</u>	<u>21,045,153</u>		<u>210,451</u>

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	2019			
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Rate used for setting the allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum allowance as per BoT' Regulations				
Pass	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

13 Allowance for doubtful accounts

	Pass	2020 Special mention <i>(in thousand Baht)</i>	Total
Beginning balance	179,946	6,231	186,177
Doubtful accounts	30,505	(6,231)	24,274
Ending balance	210,451	-	210,451

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

14 Leasehold building improvements and equipment, net

As at 30 September 2020 and 2019, changes in leasehold building improvements and equipment are as follows:

	Beginning balance	Purchases	2020 Cost Transfer in	Disposals	Transfer out	Ending balance
			<i>(in thousand Baht)</i>			
Leasehold building improvements	37,457	1,656	-	(10,395)	-	28,718
Furniture, fixtures and office equipment	14,653	69	-	(6,939)	-	7,783
Computer equipment	43,928	10,988	-	(3,318)	-	51,598
Vehicle	5,409	-	-	-	-	5,409
Total	101,447	12,713	-	(20,652)	-	93,508

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	2020						Net book value
	Beginning balance	Depreciation	Accumulated depreciation		Transfer out	Ending balance	
			Transfer in	Disposals (in thousand Baht)			
Leasehold building improvements	27,265	10,239	-	(10,394)	-	27,110	1,608
Furniture, fixtures and office equipment	11,698	2,327	-	(6,774)	-	7,251	532
Computer equipment	42,938	1,680	-	(3,318)	-	41,300	10,298
Vehicle	4,296	1,082	-	-	-	5,378	31
Total	86,197	15,328	-	(20,486)	-	81,039	12,469

	2019						Ending balance
	Beginning balance	Purchases	Cost		Transfer out	Ending balance	
			Transfer in	Disposals (in thousand Baht)			
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	

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

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15 Other assets

	<i>Note</i>	2020 <i>(in thousand Baht)</i>	2019
Collateral per Credit Support Annex		139,928	258,195
Accrued interest receivables		22,934	15,733
Advance to intercompany	23	14,531	25,191
Guarantee deposits		5,641	5,391
Prepaid fees		6,230	5,286
Others		1,660	4,943
Total		<u>190,924</u>	<u>314,739</u>

16 Deposits

16.1 Classified by type of deposits

	2020 <i>(in thousand Baht)</i>	2019
Current	4,035,405	2,519,633
Fixed		
- Less than 6 months	1,977,522	3,326,996
- More than 6 months but not over 1 year	5,044,336	123,976
Total	<u>11,057,263</u>	<u>5,970,605</u>

16.2 Classified by currency and residence of depositors

	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Thai Baht	3,598,959	9,195	3,608,154	2,829,101	2,476	2,831,577
USD	7,430,284	-	7,430,284	3,021,484	-	3,021,484
GBP	229	-	229	19,718	-	19,718
EUR	7,102	-	7,102	90,056	-	90,056
JPY	124	-	124	-	-	-
AUD	11,370	-	11,370	7,770	-	7,770
Total	<u>11,048,068</u>	<u>9,195</u>	<u>11,057,263</u>	<u>5,968,129</u>	<u>2,476</u>	<u>5,970,605</u>

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17 Interbank and money market items (liabilities)

	At call	2020 Term	Total (in thousand Baht)	At call	2019 Term	Total
Domestic						
Commercial banks	-	-	-	-	100,000	100,000
Other financial institutions	220,297	-	220,297	220,182	-	220,182
Total domestic items	220,297	-	220,297	220,182	100,000	320,182
Foreign						
USD	-	9,180,792	9,180,792	-	2,172,022	2,172,022
Total foreign items	-	9,180,792	9,180,792	-	2,172,022	2,172,022
Total domestic and foreign items	220,297	9,180,792	9,401,089	220,182	2,272,022	2,492,204

18 Other liabilities

	Note	2020 (in thousand Baht)	2019
Due from intercompany	23	68,503	29,137
Accrued expenses		47,930	76,931
Collateral per Credit Support Annex		222,872	132,463
Income tax payable		24,224	34,487
Withholding tax payable		297	7,468
Interest payable		10,094	9,207
Others		14,500	5,447
Total		388,420	295,140

19 Share capital

	Par value per share (in Baht)	2020		2019	
		Number	Amount (in thousand shares / thousand Baht)	Number	Amount
Authorised		2,000,000	20,000,000	2,000,000	20,000,000
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>
Issued and paid-up					
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.

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On 12 January 2021, the Board of Directors meeting No. 1/2021 resolved to approve the appropriation after deducting brought forward accumulated deficit, which is net of the effect from capital reduction of Baht 10.26 million for an additional legal reserve from profit for the year 2020. As at 30 September 2020, the Bank has legal reserve amounting to Baht 13.25 million.

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.

Remeasurements of defined benefit plans

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI and presented as a part of other components of equity.

21 Assets pledged as collateral

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

	2020	2019
	<i>(in thousand Baht)</i>	
Government bonds		
- Pledged for liquidity management with the BoT	1,687	8,959
Total	<u>1,687</u>	<u>8,959</u>

22 Contingent liabilities

	2020	2019
	<i>(in thousand Baht)</i>	
Guarantees of loans	701,729	376,004
Letters of credit	18,996	79,140
Other contingencies	2,705,865	2,380,409
Total	<u>3,426,590</u>	<u>2,835,553</u>

Litigation

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

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23 Related parties

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

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

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

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

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

	2020	2019
	<i>(in thousand Baht)</i>	
Interest income	1,744	8,003
Other operating income	13,404	59,517
Interest expense	15,276	42,869
Technology service expenses charged by ANZ Banking Group	66,532	31,141

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	2020	2019
	<i>(in thousand Baht)</i>	
Key management personnel		
Short-term employee benefits	96,434	95,332
Post-employment benefit	5,319	5,291
Total key management personnel compensation	<u>101,753</u>	<u>100,623</u>
 Significant balances and business transactions with other related parties		
	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items (assets)		
Australia and New Zealand Banking Group Limited	37,907	12,584
Australia and New Zealand Banking Group Limited New Zealand	835	764
PT Bank ANZ Indonesia	13,131	8,162
	<u>51,873</u>	<u>21,510</u>
 Derivative assets		
Australia and New Zealand Banking Group Limited	2,460,431	1,729,361
Australia and New Zealand Banking Group Limited Hong Kong	1,671	15,788
Australia and New Zealand Banking Group Limited Japan	3,015	11,845
	<u>2,465,117</u>	<u>1,756,994</u>
 Other assets		
Australia and New Zealand Banking Group Limited	<u>14,531</u>	<u>25,191</u>
 Interbank and money market items (liabilities)		
Australia and New Zealand Banking Group Limited Singapore	<u>9,180,792</u>	<u>2,172,022</u>
 Derivative liabilities		
Australia and New Zealand Banking Group Limited	2,754,248	1,387,176
Australia and New Zealand Banking Group Limited Hong Kong	-	2,471
	<u>2,754,248</u>	<u>1,389,647</u>
 Other liabilities		
Australia and New Zealand Banking Group Limited	68,105	28,931
Australia and New Zealand Banking Group Limited Singapore	28	115
ANZ Support Services India Private Limited	174	-
ANZ Global Services and Operations (Manila), Inc.	196	91
	<u>68,503</u>	<u>29,137</u>
 Other guarantees		
Australia and New Zealand Banking Group Limited	52,811	45,038
Australia and New Zealand Banking Group Limited United Kingdom	416,547	647,017
Australia and New Zealand Banking Group Limited Singapore	979,267	946,734
Australia and New Zealand Banking Group Limited Frankfurt	297,242	267,415
Australia and New Zealand Banking Group Limited New York	-	300
Australia and New Zealand Banking Group Limited New Zealand	15,829	15,296
	<u>1,761,696</u>	<u>1,921,800</u>

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	2020	2019
	<i>(in thousand Baht)</i>	
<i>Derivatives - Foreign currency related</i>		
Australia and New Zealand Banking Group Limited	19,163,060	14,794,760
Australia and New Zealand Banking Group Limited Japan	54,920	182,963
Australia and New Zealand Banking Group Limited Hong Kong	53,557	530,416
	<u>19,271,537</u>	<u>15,508,139</u>
<i>Derivatives - Interest rate related</i>		
Australia and New Zealand Banking Group Limited	<u>162,065,401</u>	<u>188,670,261</u>

Significant agreements with related parties

Outsourcing Services

As a wholly owned subsidiary of ANZBGL, the Bank, upon its commencement date of the banking business, has entered into the outsourcing participation agreement, agreeing to terms and conditions of the Global Master Service Agreement and the Global Head Terms, in obtaining certain non-strategic services including technology from ANZBGL as well as its 3 hubs, namely ANZ Global Services and Operations (Chengdu) Company Limited, ANZ Global Services and Operations (Manila) Inc., and ANZ Support Services India Private Limited. Fees payable are based upon the terms of each participation agreement which include actual costs incurred plus a margin, in accordance with the terms in the agreements. During the year, the Bank has incurred an expense amounting to AUD 2.76 Million (2019: AUD 1.22 million).

24 Interest income

	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	35,124	106,990
Investments in debt securities	125,795	104,400
Loans to customers	485,920	493,788
Total	<u>646,839</u>	<u>705,178</u>

25 Interest expenses

	2020	2019
	<i>(in thousand Baht)</i>	
Deposits	82,660	193,347
Interbank and money market items	27,740	81,143
Contribution to Deposit Protection Agency	11,251	16,012
Interest on lease liabilities	404	-
Total	<u>122,055</u>	<u>290,502</u>

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26 Net fees and service income

	2020	2019
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptance, avals and guarantees	11,931	12,148
- Others	10,458	13,516
	<u>22,389</u>	<u>25,664</u>
Fees and service expenses	<u>(11,740)</u>	<u>(14,402)</u>
Net	<u>10,649</u>	<u>11,262</u>

27 Gains on trading and foreign exchange transactions, net

	2020	2019
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	147,912	274,344
- Interest rate related derivatives	2,597	43,795
- Debt securities	35,755	43,208
Net	<u>186,264</u>	<u>361,347</u>

28 Net gain on investments

	2020	2019
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale securities	1,668	2,947
Total	<u>1,668</u>	<u>2,947</u>

29 Employees expenses

	2020	2019
	<i>(in thousand Baht)</i>	
Salary and bonus	203,056	222,869
Employee defined benefit plans	4,832	15,450
Others	64,879	55,975
Total	<u>272,767</u>	<u>294,294</u>

30 Premises and equipment expenses

	2020	2019
	<i>(in thousand Baht)</i>	
Rental and service expenses	10,382	16,142
Depreciation	21,412	16,715
Data communication cost	5,391	560
Telephone expense	2,341	3,749
Information service fee	4,109	2,814
Renovation cost of premises	-	964
Others	20,964	18,384
Total	<u>64,599</u>	<u>59,328</u>

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31 Other expenses

	2020	2019
	<i>(in thousand Baht)</i>	
Consultant and professional fee	12,810	13,381
Advertising expenses	149	150
Information service subscription	7,655	6,005
License fee	29	34
Head Office allocation charges	62,621	27,829
Others	7,750	6,656
Total	<u>91,014</u>	<u>54,055</u>

32 Leases

Movement of right-of-use assets recognised as leasehold building improvements and equipment during the year ended 30 September 2020 is as follows:

Right-of-use assets

	Leasehold building improvements	2020 Office equipment <i>(in thousand Baht)</i>	Total
At 1 October 2019	23,772	550	24,322
Disposal	(4,015)	-	(4,015)
Less depreciation	(5,945)	(139)	(6,084)
At 30 September 2020	<u>13,812</u>	<u>411</u>	<u>14,223</u>

Lease liabilities

	2020 <i>(in thousand Baht)</i>
<i>Maturity analysis - contractual undiscounted cash flows</i>	
Less than 1 year	4,858
1-5 years	11,167
Total undiscounted lease liabilities	<u>16,025</u>
Lease liabilities included in the statement of financial position	<u>15,527</u>

	<i>Note</i>	2020 <i>(in thousand Baht)</i>
<i>Recognised in profit or loss</i>		
Interest on lease liabilities	25	404
Expenses relating to leases of low-value assets		37

Total cash outflow for leases presented in the statement of cash flows for the year ended 30 September 2020 were Baht 6.24 million.

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Notes to the financial statements

For the year ended 30 September 2020

33 Bad debts, allowance for doubtful accounts and impairment loss

	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	(2,512)	7,425
Loans to customers	24,274	41,848
Total	<u>21,762</u>	<u>49,273</u>

34 Income tax

Income tax recognised in profit or loss

	2020	2019
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	52,003	55,237
Prior year	52	-
	<u>52,055</u>	<u>55,237</u>
Deferred tax expense		
Movements in temporary differences	563	19,379
Total	<u>52,618</u>	<u>74,616</u>

Income tax recognised in other comprehensive income

	Before	2020	Net of	Before	2019	Net of
	tax	Tax	Tax	tax	Tax	Tax
		(expense)			(expense)	
	<i>(in thousand Baht)</i>					
Available-for-sale securities	23,107	(4,621)	18,486	22,690	(4,538)	18,152
Defined benefit plans	(3,233)	647	(2,586)	-	-	-
Total	<u>19,874</u>	<u>(3,974)</u>	<u>15,900</u>	<u>22,690</u>	<u>(4,538)</u>	<u>18,152</u>

Reconciliation of effective tax rate

	2020		2019	
	<i>Rate</i>	<i>(in thousand</i>	<i>Rate</i>	<i>(in thousand</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit before income tax expense		<u>257,905</u>		<u>364,478</u>
Income tax using the Thai corporation tax rate	20.0	51,581	20.0	72,896
Expenses not deductible for tax purposes		985		1,635
Adjustment for prior years		52		85
Total	<u>20.4</u>	<u>52,618</u>	<u>20.5</u>	<u>74,616</u>

The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities for the year ended 30 September 2020 and 2019.

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Deferred tax

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

	2020	2019
	<i>(in thousand Baht)</i>	
Deferred tax assets	36,113	35,879
Deferred tax liabilities	<u>(9,510)</u>	<u>(4,739)</u>
Total	<u>26,603</u>	<u>31,140</u>

Movements in total deferred tax assets during the year ended 30 September 2020 and 2019 are as follows:

	At 1 October 2019	(Charged) / Credited to:		At 30 September 2020
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Intangible assets	5,789	154	-	5,943
Provisions for employee benefits	-	-	647	647
Other assets	3,268	210	-	3,478
Other liabilities	<u>26,822</u>	<u>(777)</u>	<u>-</u>	<u>26,045</u>
Total	<u>35,879</u>	<u>(413)</u>	<u>647</u>	<u>36,113</u>
<i>Deferred tax liabilities</i>				
Investments	<u>4,739</u>	<u>150</u>	<u>4,621</u>	<u>9,510</u>
Total	<u>4,739</u>	<u>150</u>	<u>4,621</u>	<u>9,510</u>
Net	<u>31,140</u>	<u>(563)</u>	<u>(3,974)</u>	<u>26,603</u>
	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	<u>28,472</u>	<u>(1,650)</u>	<u>-</u>	<u>26,822</u>
Total	<u>55,356</u>	<u>(19,477)</u>	<u>-</u>	<u>35,879</u>
<i>Deferred tax liabilities</i>				
Investments	<u>299</u>	<u>(98)</u>	<u>4,538</u>	<u>4,739</u>
Total	<u>299</u>	<u>(98)</u>	<u>4,538</u>	<u>4,739</u>
Net	<u>55,057</u>	<u>(19,379)</u>	<u>(4,538)</u>	<u>31,140</u>

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35 Basic earnings per share

The calculations of basic earnings per share for the year ended 30 September 2020 and 2019 were based on the profit for the period attributable to equity holders of the Bank and the number of ordinary shares outstanding during the period as follows:

	2020 (in thousand Baht / thousand shares)	2019 (in thousand Baht / thousand shares)
Profit for the period attributable to shareholders of the Bank (basic)	<u>205,287</u>	<u>289,862</u>
The number of ordinary shares outstanding	<u>2,000,000</u>	<u>2,000,000</u>
Basic earnings per share (in Baht)	<u>0.10</u>	<u>0.14</u>

36 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Bank's operations, expected to have material impact on the Bank's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

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

* TFRS - Financial instruments standards

TFRS - Financial instruments standards

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

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 will be replaced by the Bank's current accounting policy which recognise interest expense by contractual interest rate.

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(iii) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments in which financial asset and loan commitment and financial guarantee contract. (Previously, the impairment was measured under TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*).

(iv) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

Transition

Based on the preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements when comparing to allowance for doubtful account as prescribed by BoT's regulation, currently as at 30 September 2020, the management expects there are no additional allowance for the Bank's expected credit loss as at 1 October 2020 from the current calculation model.



(Warin Paaopanchon)
Chief Financial Officer



(Panadda Manoleehakul)
President and Chief Executive Officer