ANZ Bank (Thai) Public Company Limited

Interim Financial statements
for the six-month period ended
31 March 2021
and
Independent Auditor's Report

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Independent Auditor's Report

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

Opinion

I have audited the interim financial statements of ANZ Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended; and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2021 and the financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

KPMG

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
25 May 2021

ANZ Bank (Thai) Public Company Limited

Statement of financial position

Assets	Note	31 March 2021	30 September 2020
		(in thousand Baht)	
Cash		721	612
Interbank and money market items, net	*9, 25*	16,817,303	12,122,160
Financial assets measured at fair value through profit or loss	*10*	272,269	-
Derivative assets	*11, 25*	4,159,723	4,021,851
Investments	*12*	6,769,949	7,977,176
Loans to customers and accrued interest receivables, net	*13*		
Loans to customers		19,132,495	21,045,153
Accrued interest receivables		65,274	46,156
Total loans to customers and accrued interest receivables		19,197,769	21,091,309
Less deferred revenue		(6,772)	(8,329)
Less allowance for expected credit losses / allowance for doubtful accounts	*14*	(189,729)	(210,451)
Total loans to customers and accrued interest receivables, net		19,001,268	20,872,529
Leasehold building improvements and equipment, net	*15*	22,006	26,692
Deferred tax assets	*35*	22,881	26,603
Trading securities receivable		187,736	50,816
Other assets	*16, 25*	84,675	190,924
Total assets		**47,338,531**	**45,289,363**

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

ANZ Bank (Thai) Public Company Limited

Statement of financial position

Liabilities and equity	*Note*	31 March 2021	30 September 2020
		(in thousand Baht)	
Liabilities			
Deposits	*17*	13,212,943	11,057,263
Interbank and money market items	*18, 25*	9,622,155	9,401,089
Liabilities payable on demand		9,447	7,910
Derivative liabilities	*11, 25*	3,440,743	4,030,534
Lease liabilities		13,194	15,527
Trading securities payable		215,502	28,420
Provisions for employee benefits		72,695	69,111
Other liabilities	*19, 25*	366,829	380,091
Total liabilities		**26,953,508**	**24,989,945**
Equity			
Share capital			
Authorised share capital			
(2,000,000 ordinary shares, par value at Baht 10 per share)		20,000,000	20,000,000
Issued and paid-up share capital			
(2,000,000 ordinary shares, par value at Baht 10 per share)		20,000,000	20,000,000
Other reserves		31,309	34,484
Retained earnings			
Appropriated			
Legal reserve	*22*	13,246	13,246
Unappropriated		340,468	251,688
Total equity		**20,385,023**	**20,299,418**
Total liabilities and equity		**47,338,531**	**45,289,363**

(Warin Paaopanchon)
Chief Financial Officer

(Panadda Manoleehakul)
President and Chief Executive Officer

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

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

	Note	For the six-month period ended 31 March 2021	2020
		(in thousand Baht)	
Interest income	*25, 26*	294,780	322,950
Interest expenses	*25, 27*	33,370	76,166
Net interest income		**261,410**	**246,784**
Fees and service income		9,400	13,541
Fees and service expenses		4,936	5,473
Net fees and service income	*28*	**4,464**	**8,068**
Net gains on financial instruments measured at fair value through profit or loss	*29*	40,956	-
Net gains on trading and foreign exchange transactions	*29*	-	126,872
Net Gains on investments	*30*	-	645
Other operating income	*25*	3,639	12,514
Total operating income		**310,469**	**394,883**
Other operating expenses			
Employee expenses	*25, 31*	136,028	147,777
Directors' remuneration		2,300	2,339
Premises and equipment expenses	*32*	22,575	31,699
Taxes and duties		8,689	13,948
Others	*25, 33*	31,941	31,502
Total other operating expenses		**201,533**	**227,265**
Reversal of expected credit losses	*34*	(2,172)	-
Bad debts, allowance for doubtful accounts and impairment loss	*34*	-	13,033
Profit from operations before income tax expense		**111,108**	**154,585**
Income tax expense	*35*	22,328	31,754
Profit for the period		**88,780**	**122,831**
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income		(14,308)	-
Gains on remeasuring available-for-sale investments		-	21,806
Income tax relating to items that will be reclassified	*35*	2,862	(4,361)
Total items that will be reclassified subsequently to profit or loss, net of tax		(11,446)	17,445
Total comprehensive income for the period		**77,334**	**140,276**
Earnings per share			
Basic earnings per share *(in Baht)*	*36*	0.04	0.06

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ANZ Bank (Thai) Public Company Limited

Statement of changes in equity

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

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

ANZ Bank (Thai) Public Company Limited

Statement of changes in equity

			Other reserves				Retained earnings		
	Notes	Issued and paid-up share capital	Gains (losses) on measuring investments in debt instruments measured at fair value through other comprehensive income	Gains on remeasuring available-for-sale investments	Acturial losses on defined benefit plans	Total Other reserves	Legal reserve	Unappropriated	Total equity
					(in thousand Baht)				
For the six-month period ended 31 March 2021									
Balance at 1 October 2020		20,000,000	-	37,070	(2,586)	34,484	13,246	251,688	20,333,902
Impact of changes in accounting policies	*3*	-	45,341	(37,070)	-	8,271	-	-	16,542
Balance at 1 Octobebr 2020 - restated		20,000,000	45,341	-	(2,586)	42,755	13,246	251,688	20,307,689
Comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	88,780	88,780
Other comprehensive income		-	(11,446)	-	-	(11,446)	-	-	(11,446)
Total comprehensive income for the period		-	(11,446)	-	-	(11,446)	-	88,780	77,334
Balance as at 31 March 2021		20,000,000	33,895	-	(2,586)	31,309	13,246	340,468	20,385,023

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(Panadda Manoleehakul)
President and Chief Executive Officer

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ANZ Bank (Thai) Public Company Limited

Statement of cash flows

	For the six-month period ended 31 March	
	2021	2020
	(in thousand Baht)	
Cash flows from operating activities		
Profit from operations before income tax expense	111,108	154,585
Adjustments to reconcile profit from operations before income tax expense to cash receipts (payments)		
Depreciation and amortisation	4,740	10,691
Expected credit losses	(2,172)	-
Bad debts, allowance for doubtful accounts and impairment loss	-	13,033
Net gains on financial instruments measured at fair value through profit or loss	(40,956)	-
Net gains on trading and foreign exchange transactions	-	(126,872)
Net Gains on sale of investment	-	(645)
Write-off of withholding tax	-	3,549
Provision made	3,584	4,574
Net interest income	(261,410)	(246,784)
Proceeds from interest	297,651	310,808
Interest paid	(38,055)	(72,064)
Income tax paid	(23,933)	(33,288)
Profit from operations before changes in operating assets and liabilities	50,557	17,587
Decrease (increase) in operating assets		
Interbank and money market items	(4,688,502)	(1,687,869)
Derivative assets	(85,090)	(973,399)
Financial assets measured at fair value through profit or loss	190,882	-
Investment in trading securities	-	611,714
Loans to customers	1,911,101	(1,171,415)
Trading securities receivable	(136,920)	(129,515)
Other assets	104,496	144,315
Increase (decrease) in operating liabilities		
Deposits	2,155,680	818,138
Interbank and money market items	221,066	4,654,316
Liabilities payable on demand	1,537	(38,142)
Derivative liabilities	(589,791)	1,177,403
Trading securities payable	187,082	148,309
Other liabilities	(19,468)	261,768
Net cash (used in) from operating activities	**(697,370)**	**3,833,210**
Cash flows from investing activities		
Purchases of available-for-sale investments	-	(4,883,987)
Proceeds of investments in debt instruments measured at fair value through other comprehensive income	700,000	-
Proceeds from available-for-sale investments	-	1,058,000
Purchases of leasehold building improvements and equipment	(54)	(4,925)
Net cash from (used in) investing activities	**699,946**	**(3,830,912)**
Cash flows from financing activities		
Payment of lease liabilities	(2,467)	(2,446)
Net cash used in financing activities	**(2,467)**	**(2,446)**
Net increase (decrease) in cash	**109**	**(148)**
Cash as at 1 October	612	1,017
Cash as at 31 March	**721**	**869**
Supplementary disclosures of cash flow information		
Significant non-cash items		
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(14,898)	21,806

(Warin Paaopanchon)
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(Panadda Manoleehakul)
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The accompanying notes are an integral part of these interim financial statements.

Note	**Contents**
1	General information
2	Basis of preparation of the interim financial statements
3	Change in accounting policy
4	Significant accounting policies
5	Impact of COVID-19 pandemic
6	Financial risk management
7	Fair value of financial assets and liabilities
8	Maintenance of capital fund
9	Interbank and money market items, net (assets)
10	Financial assets measured at fair value through profit or loss
11	Derivatives
12	Investments
13	Loans to customers and accrued interest receivables, net
14	Allowance for expected credit losses / allowance for doubtful accounts
15	Leasehold building improvements and equipment, net
16	Other assets
17	Deposits
18	Interbank and money market items (liabilities)
19	Other liabilities
20	Advance received from electronic payment
21	Offsetting of financial assets and financial liabilities
22	Reserves
23	Assets pledged as collateral
24	Contingent liabilities
25	Related parties
26	Interest income
27	Interest expenses
28	Net fees and service income
29	Net gain (losses) on financial instruments measured at fair value through profit or loss / Net gains on trading and foreign exchange transactions
30	Net gain on investments
31	Employees expenses
32	Premises and equipment expenses
33	Other expenses
34	Expected credit losses
35	Income tax
36	Basic earnings per share
37	Reclassification of accounts

These notes form an integral part of interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 May 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 interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standards ("TAS") No. 34 *Interim Financial Reporting;* guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand ("BoT") Notification number Sor Nor Sor 21/2561, directive dated 31 October 2018, regarding to "Preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a financial group"

The Bank has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and disclosed impact from changes to significant accounting policies in note 3. Other new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2020, except for TFRS 16 *Lease*, the Bank has early adopted before effective date, 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.

2.2 Functional and presentation currency

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

2.3 Use of judgements and estimates

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

(i) 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 (f)	Establishing the criteria for determination whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL;

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 March 2021 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 14	Impairment of financial instruments: determinination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

3 Change in accounting policy

From 1 October 2020, the Bank has initially applied TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

The Bank has adopted TFRS - Financial instruments standards using the cumulative effect, taking into account the effect of initially applying these standards only to financial instruments that were not derecognised before 1 October 2020 as an adjustment to retained earnings or other reserves at 1 October 2020, except for the excess allowance, the Bank has opted to recognise as expense through profit or loss on straight-line basis over 5 years. Therefore, the Bank did not adjust the information presented for comparative period. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

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. The details of accounting policies are disclosed in note 4(f), 4(g) and 4(l). The impact from adoption of TFRS – Financial instruments standards are as follows:

(a.1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Bank may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

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. Previously, the Bank recognised interest income and interest expenses at the rate specified in the contract.

The following table shows classification and measurement categories under TAS 105 and TFRS 9.

Classification under TAS 105 at 30 September 2020		Classification under TFRS 9 at 1 October 2020		
	Carrying amounts	FVTPL	FVOCI	Total
		(in thousand Baht)		
Current investments				
Debt securities held for trading	480,779	480,779	-	480,779
Debt securities available for sale	7,496,397	-	7,496,397	7,496,397
	7,977,176	480,779	7,496,397	7,977,176
Derivative assets	4,021,851	4,021,851	-	4,021,851
Derivative liabilities	4,030,534	4,030,534	-	4,030,534

(a.2) Impairment - Financial assets and contract assets

TFRS 9 introduces lifetime expected credit loss (ECL) model whereas previously the Bank estimates allowance for doubtful account by analysing payment histories, future expectation of customer payment and compliance with the minimum allowance for doubtful accounts required based on the BoT's guideline. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets that are not measured at FVTPL consisted with financial assets that are debt instrument, financial guarantee and loan commitment issued.

The Bank has determined that the application of TFRS 9's impairment requirements at 1 October 2020 results in a change in the allowance for expected credit losses as follows:

	Allowance for expected credit losses as at 30 September 2020	Remeasured	Allowance for expected credit losses as at 1 October 2020
		(in thousand Baht)	
Interbank and money market items, net	8,191	(6,107)	2,084
Investment*	-	10,339	10,339
Loans to customers and accrued interest receivables, net	210,451	(71,606)	138,845
Credit facilities and financial guarantee contracts	-	18,563	18,563

*Allowance for expected credit losses for investment in debt instruments measured at fair value through other comprehensive income presents in other reserve

The Bank has excess reserve on the date of adoption of financial instruments standards as the allowance for doubtful accounts as at 30 September 2020 exceeded the allowance for expected credit loss calculated according to the financial instruments standards. The Bank will amortise the excess reserve using the straight-line method over 5 years in accordance with BoT Circular number Thor Por Tor. For Nor Sor. (23) Wor. 1603/2562, directive dated 6 November 2019, regarding *"The Clarification of Management of Excess Reserve"*.

As at 1 October 2020, The Bank has excess allowance for expected credit losses amounting to Baht 48.81 million from loan to customers and accrued interest receivables which are disclosed in note 14

The impact of the adjustment transactions to equity are as the following:

	(in thousand Baht)
Equity – Other reserve as at 30 September 2020	37,070
ECL for investment in debt instrument measured at FVOCI	10,339
Related tax	(2,068)
Equity – Other reserves as at 1 October 2020	45,341

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) 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.

(d) 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.

(e) Impairment of non - financial assets

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.

Calculation of recoverable amount

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

Reversals of impairment

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.

(f) Financial instruments

Accounting policies applicable from 1 October 2020

Recognition and initial measurement

The Bank initially recognises loans to customer and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement of financial asset

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset, which are not equity instrument, that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principle and interest (SPPI)

For the purposes of this assessment,
'Principal' is defined as the fair value of the financial asset on initial recognition.
'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Modifications of financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall financial instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new financial asset.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, which are not equity instrument designated at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Classification and subsequent measurement of Financial liabilities

Financial liabilities are debts issued that have contractual obligation to pay principal or interest before liquidation.

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL

Modifications of financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

Derecognition of financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Impairment

Measurement of Expected Credit Loss

The measurement of ECL reflects an unbiased, probability weighted prediction which evaluates a range of scenarios and takes into account the time value of money, past events, current conditions and forecasts of future economic conditions.

ECL is calculated as the product of the following credit risk factors at a facility level, discounted to incorporate the time value of money:

- Probability of default (PD) - the estimate of the likelihood that a borrower will default over a given period;
- Exposure at default (EAD) - the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest; and
- Loss given default (LGD) - the expected loss in the event of the borrower defaulting, expressed as a percentage of the facility's EAD, taking into account direct and indirect recovery costs.

These credit risk factors are adjusted for current and forward-looking information through the use of macro-economic variables.

For ECL recognition, financial assets are classified in any of the 3 stages at each reporting date. A financial asset can move between stages during its lifetime. ECL are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

- Stage 1: At the origination of a financial asset, and where there has not been a Significant Increase in Credit Risk (SICR) since origination, an allowance for expected credit losses equivalent to 12 months ECL is recognised reflecting the expected credit losses resulting from default events that are possible within the next 12 months from the reporting date. For instruments with a remaining maturity of less than 12 months, ECL are estimated based on default events that are possible over the remaining time to maturity.

- Stage 2: Where there has been a SICR since origination, an allowance equivalent to lifetime ECL is recognised reflecting expected credit losses resulting from all possible default events over the expected life of a financial instrument. If credit risk were to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the financial instrument returns to a Stage 1 classification and a 12 month ECL applies.

- Stage 3: Financial assets that are credit-impaired or in default, an allowance equivalent to lifetime ECL is recognized. For impaired financial assets that have not been subject to restructuring, a transfer to stage 2 or stage 1 is permitted only where the asset is no longer considered to be impaired. An financial instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For the Bank, ECL are estimated on a collective basis for exposures in Stage 1 and Stage 2, and on an individual basis when transferred to Stage 3.

Expected Life of financial instrument

When estimating ECL in Stage 2 and 3, the Bank considers the expected lifetime over which it is exposed to credit risk. For non-revolving credit facilities, the Bank uses the maximum contractual period as the expected lifetime of financial instrument. For revolving credit facilities, the expected life reflects the Bank's contractual right to withdraw a facility as part of a contractually agreed annual review, after taking into account the applicable notice period.

Definition of default, credit impaired and write-offs

The definition of default used in measuring expected credit losses is aligned to the definition used for internal credit risk management purposes across all portfolios. This definition is also in line with the regulatory definition of default. Default occurs when there are indicators that a debtor is unlikely to fully satisfy contractual credit obligations to the Bank, or the exposure is 90 days past due.

Financial assets, including those that are well secured, are considered credit impaired for financial reporting purposes when they default.

When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Bank's internal processes and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are credited to credit impairment charge in the profit or loss.

Accounting policies applicable before 1 October 2020

Investments

Investments in debt securities

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

Debt securities, other than those securities held for trading are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. The fair value of investments in debt securities traded in Thai established market are calculated based on the Thai Bond Market Association yield curve at the reporting date, or at the latest trading date prior to the reporting date if there is no trading on that date.

Initial recognition

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

Disposal of investments

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

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.

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.

Impairment of financial assets

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.

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.

Allowance for doubtful accounts

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

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

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

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

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

(g) 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.

(h) 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 recognised 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.

(i) 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.

(j) 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.

(k) 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.

(l) Interest

Accounting Policy applicable from 1 October 2020

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Accounting Policy applicable before 1 October 2020

The Bank recognises interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 3 months at the date of the statement of financial position and interest from receivables under troubled debt restructuring agreements where the borrowers' ability to pay is uncertain. Such interest is recognised when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis. Interest on interbank and money market items and investments is recognised on an accrual basis.

Interest income on restructured loans of the Bank are recognised on the same accrual basis as used for loans mentioned above, except for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank recognise interest income on a cash basis until the borrowers have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

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.

Interest expenses

Interest expenses are recognised in profit or loss on an accrual basis.

(m) Fees and service income

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.

(n) 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 periods.

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

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

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

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

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

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

(o) Earnings per share

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

(p) Offsetting

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

(q) 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.

(r) Leases

At inception of a contract, the Bank as a leasee 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.

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 reconised 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.

5 Impact of COVID-19

COVID-19 pandemic is still on going, while vaccines for COVID-19 are being rolled out during 2021. Due to uncertainty of the situation, the Bank applied accounting guidance of temporary relaxation measure for entities which provide relief measures to debtors who are adversely affected by the Thai economy in preparing the interim financial statements for the six-month period ended 31 March 2021. The accounting guidelines has issued guideline to provide relief measures to debtors from 1 January 2020 to 31 December 2021. The debtors entitled to the relief measures under this guideline must have potential to continue their business or repay their debt in the future either directly or indirectly adversely affected by the situation. Regarding the impacts on the Bank's performance, the Bank's ECL still reflect fair position through closely monitoring. This can ensure that in times of downturn, credit risk development is captured and buffered with prudence

However, as at 31 March 2021, none of the Bank's borrower came to use the relief as mentioned above.

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.

6 Financial risk management

Risk management framework

The use of financial instruments is fundamental to the Bank's businesses of providing banking and other financial services to our customers. The associated financial risks (primarily credit, market, and liquidity risks) are a significant portion of the Bank's key material risks. The Board of Directors is responsible for establishing and overseeing the Bank's risk management framework that is adopted from and aligned to the ANZ Banking Group Limited's risk management framework and relevant regulatory requirements. The Board of Directors has delegated authority to the Risk Management Committee ("RMC") to develop and monitor compliance with the Bank's risk management policies.

The Bank, through its training and management standards and procedures, aims to maintain a disciplined and robust control environment in which all employees understand their roles and obligations.

The notes below detail the Bank's financial risk management policies, processes and quantitative disclosures in relation to the key financial risks.

6.1 Operational risk

Operational risk is the risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and/or systems, or from external events. This definition includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.

The Bank operates a three-lines-of-defence model to manage Operational Risk, with each line of defence having defined roles, responsibilities and escalation paths to support effective communication and effective management of our operational risk. The Bank also has ongoing review mechanisms to ensure Operational Risk and Compliance Framework continues to meet organisational needs and regulatory requirements.

The Board has approved the ANZ Thai Operational Risk Management Policy. This policy is an addendum to the ANZ Banking Group Limited's Operational Risk and Compliance Framework and aligns to relevant Bank of Thailand policy requirements. The Risk Management Committee assists the Board in the effective discharge of its responsibilities for operational risk management and for the management of the related compliance obligations. The committee also assists the Board by providing an objective oversight of the implementation by management of the Bank's risks 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 resulting from a counterparty failing to fulfil its obligations; or a decrease in credit quality of a counterparty resulting in a financial loss. Credit Risk incorporates the risks associated with the Bank lending to customers who could be impacted by climate change or by changes to laws, regulations, or other policies adopted by governments or regulatory authorities, including carbon pricing and climate change adaptation or mitigation policies.

Credit Risk framework is top down, being defined by credit principles and policies. Credit policies, requirements and procedures cover all aspects of the credit life cycle – for example: transaction structuring, risk grading, initial approval, ongoing management and problem debt management.

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's Risk Management Committee.

Credit risk overview, management and control responsibilities

Granting credit facilities to customers is one of the Bank's major sources of income. As this activity is also a principal risk, the Bank dedicates considerable resources to its management. The Bank assumes credit risk from traditional lending to customers as well as from interbank, treasury, trade finance and capital markets.

Credit risk management framework ensures that approach has consistently apply across the Bank when the Bank measures, monitors and manages the credit risk appetite set by the Board of Directors. The Board is assisted and advised by the Risk Management Committee and the Credit Committee in discharging its duty to oversee credit risk. The Risk Management Committee reviews and proposes the credit risk appetite and credit strategies while the Credit Committee approves credit transactions beyond the discretion of executive management.

The Bank quantifies credit risk through an internal credit rating system (masterscales) to ensure consistency across exposure types and to provide a consistent framework for reporting and analysis. The system uses models and other tools to measure the following for customer exposures:

Probability of Default (PD)	Expressed by a Customer Credit Rating (CCR), reflecting the Bank's assessment of a customer's ability to service and repay debt.
Exposure at Default (EAD)	The expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest at the time of default.
Loss Given Default (LGD)	Expressed by a Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which the Bank can realise if a customer defaults. The A-G scale is supplemented by a range of other SIs which cover factors such as cash cover and sovereign backing.

The Bank's specialist credit risk teams develop and validate the Bank's PD and LGD rating models. The outputs from these models drive our day-to-day credit risk management decisions including origination, pricing, approval levels, regulatory capital adequacy, economic capital allocation, credit provisioning and credit monitoring.

All customers with whom the Bank has a credit relationship are assigned a CCR at origination using the approach for the Large and More Complex Lending rating model that provides a consistent and structured assessment, with judgement required around the use of out-of-model factors. The Bank handle credit approval on a dual approval basis, jointly with the business writer and an independent credit officer.

Credit review

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. An annual Credit Review, as required by the Bank of Thailand, is carried out by the qualified independent unit under Australia and New Zealand Banking Group Limited (ANZBGL). The review exercise is to ensure that the credit process and account administration are effectively conduct in compliance with policies and procedures, and in compliance with the regulatory requirements.

Credit quality analysis

The following tables set out information about the credit quality as at 31 March 2021 of financial assets measured at amortised cost and investments in debt instruments measured at FVOCI without taking into account collateral or other credit enhancement. The description of stage 1-3 are disclosed in note 4.

	31 March 2021			
	Stage 1	Stage 2	Excess reserve	Total
	(in thousand Baht)			
Interbank and money market items (asset)				
Investment grades	16,817,304	-	-	16,817,304
Gross carrying amount	16,817,304	-	-	16,817,304
Less allowance for expected credit loss	(1)	-	-	(1)
Net carrying amount	**16,817,303**	-	-	**16,817,303**
Loans to customers and accrued interest receivables				
Investment grades	8,141,206	-	-	8,141,206
Speculative grades	10,534,294	515,497	-	11,049,791
Gross carrying amount	18,675,500	515,497	-	19,190,997
Less allowance for expected credit loss	(108,851)	(36,948)	(43,930)	(189,729)
Net carrying amount	**18,566,649**	**478,549**	**(43,930)**	**19,001,268**
Investments in debt instruments measured at FVOCI				
Investment grades	6,769,949	-	-	6,769,949
Gross carrying amount	6,769,949	-	-	6,769,949
Allowance for expected credit loss	(10,929)	-	-	(10,929)
Undrawn loan commitments and financial guarantee contracts				
Committed unused credit line	2,009,034	-	-	2,009,034
Financial guarantee	1,928,386	188,609	-	2,116,995

Collateral held and other credit enhancements

The Bank uses collateral for on and off-balance sheet exposures to mitigate credit risk if a counterparty cannot meet its repayment obligations. Where there is sufficient collateral, an expected credit loss is not recognised. This is largely the case for certain lending products that are secured by corresponding investment for which the margin loans are utilised and for reverse repurchase agreements. For some products, the collateral provided by customers is fundamental to the product's structuring, so it is not strictly the secondary source of repayment - for example, lending secured by trade receivables is typically repaid by the collection of those receivables. In case there is no collateral or the collateral does not cover exposures, the Bank holds collateral and other credit enhancements against certain of its credit exposures such as letter of guarantee to mitigate the risk of credit exposures.

Information related to ECL

Significant increase in credit risk (SICR)

In determining what constitutes a SICR, the Bank considers both qualitative and quantitative information:

i. Internal credit rating grade
For the Bank's portfolio, a SICR is determined by comparing the Customer Credit Rating (CCR) applicable to a facility at reporting date to the CCR at origination of that facility. A CCR is assigned to each borrower which reflects the probability of default of the borrower and incorporates both borrower and non-borrower specific information, including forward-looking information. CCRs are subject to review at least annually or more frequently when an event occurs which could affect the credit risk of the customer.

ii. Backstop criteria
The Bank uses 30 days past due arrears as a backstop criteria.

iii. COVID-19
As disclosed in Note 5 for facilities subject to the COVID-19 repayment deferral arrangements.

Forward-looking information

Forward-looking information is incorporated into both our assessment of whether a financial asset has experienced a SICR since its initial recognition and in our estimate of ECL. In applying forward-looking information for estimating ECL, the Bank considers four probability-weighted forecast economic scenarios.

The four scenarios are described in terms of macro-economic variables used in the PD, LGD and EAD models (collectively the ECL models) depending on the portfolio and country of the borrower. Examples of the variables include unemployment rates, GDP growth rates, house price indices, commercial property price indices and consumer price indices. Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario, as well as specific portfolio considerations where required.

Management overlay

The Bank calculated the ECL based on the model, management overlay was considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the Bank at the reporting date as post-model adjustments.

Concentrations of credit risk

The Bank monitors its credit portfolio to manage risk concentration and rebalance the portfolio. The Bank also applies single customer counterparty limits to protect against unacceptably large exposures to one single customer by sector. Composition of financial instruments that give rise to credit risk by industry sector are presented below.

	31 March 2021				
	Interbank and money market items (asset)	Investments in debt instruments	Loans to customers and accrued interest receivables	Credit facilities	Financial guarantee
		(in thousand Baht)			
Gross carrying amount	16,817,304	6,769,949	19,190,997	-	-
Credit facilities	-	-	-	2,009,034	2,116,995
Concentrations by sector					
Corporate customers					
Manufacturing and commerce	-	-	8,597,045	-	-
Real estate and construction	-	-	4,525,214	-	-
Infrastructure and services	-	-	891,135	-	-
Others	-	-	5,177,603	-	-
Financial institutions					
Government	456,715	6,769,949	-	-	-
Commercial banks	16,360,589	-	-	-	-

6.3 Market risk

Market risk is the risk to the Bank's earnings arising from changes in any interest rates, foreign exchange rates, credit spreads, volatility and correlations; or fluctuation in bond, commodity or equity prices.

The Bank's risk management and control framework for Market Risk involves quantifying the magnitude of market risk within trading and balance sheet portfolios through independent risk measurement. This identifies the range of possible outcomes, the likely timeframe, and the likelihood of the outcome occurring. Then we allocate an appropriate amount of capital to support these activities.

Market risk overview, management and control responsibilities

Market risk stems from the Bank's trading and balance sheet management activities and the impact of changes and correlation between interest rates, foreign exchange rates, credit spreads and volatility in bond, commodity or equity prices. The Board delegates responsibility for day-to-day management of both market risks and compliance with market risk policies to the Risk Management Committee (RMC) and the Asset & Liability Management Committee (ALCO).

Within overall strategies and policies established by the Board, business units and risk management have joint responsibility for the control of market risk. The Market Risk team (a specialist risk management unit independent of the business) allocates market risk limits at various levels and monitors and reports on them daily. This detailed framework allocates individual limits to manage and control exposures using risk factors and profit and loss limits.

Management, measurement and reporting of market risk is undertaken in two broad categories:

- Trade Market Risk: Risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions.
- Non-Traded Market Risk: Risk of loss associated with the management of non-traded interest rate risk, liquidity risk and foreign exchange exposures. This includes interest rate risk in the banking book. This risk of loss arises from adverse changes in the overall and relative level of interest rates for different tenors, differences in the actual versus expected net interest margin, and the potential valuation risk associated with embedded options in financial instruments and bank products

Measurement of market risk

We primarily manage and control market risk using Value at Risk (VaR), sensitivity analysis and stress testing. VaR gauges the Group's possible daily loss based on historical market movements. The Bank's VaR approach for both traded and non-traded risk is historical simulation. We use historical changes in market rates, prices and volatilities over the previous 500 business days using one-day holding period. Back testing is used to ensure our VaR models remain accurate.

The Bank measures VaR at a 99% confidence interval which means there is a 99% chance that a loss will not exceed the VaR for the relevant holding period.

(a) Interest rate risk

Interest rate risk is the potential loss from changes in market interest rates or their implied volatilities.

As at 31 March 2021 and 30 September 2020, financial assets and liabilities classified by types of interest rates were as follows:

	31 March 2021			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		(in thousand Baht)		
Financial assets				
Cash	-	-	721	721
Interbank and money market items*	4,520	16,206,016	606,768	16,817,304
Financial assets measured at fair value through profit or loss	-	272,269	-	272,269
Investments	-	6,769,949	-	6,769,949
Loans to customers and accrued interest receivables*	7,030,839	12,101,656	58,502	19,190,997
Trading securities receivable	-	-	187,736	187,736
Total financial assets	**7,035,359**	**35,349,890**	**853,727**	**43,238,976**
Financial liabilities				
Deposits	-	12,334,592	878,351	13,212,943
Interbank and money market items	-	9,401,804	220,351	9,622,155
Trading securities payable	-	-	215,502	215,502
Total financial liabilities	**-**	**21,736,396**	**1,314,204**	**23,050,600**

*Before deducting allowance for expected credit losses

	30 September 2020			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		(in thousand Baht)		
Financial assets				
Cash	-	-	612	612
Interbank and money market items*	4,584	11,599,077	526,690	12,130,351
Investments	-	7,977,176	-	7,977,176
Loans to customers and accrued interest receivables*	8,257,362	12,787,791	37,827	21,082,980
Trading securities receivable	-	-	50,816	50,816
Total financial assets	**8,261,946**	**32,364,044**	**615,945**	**41,241,935**
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

The Bank's average interest bearing financial assets and financial liabilities, together with the average interest rates as at 31 March 2021 and 30 September 2020 and are as follows:

	31 March 2021		
	Average balance	Interest	Average interest rate
	(in thousand Baht)		(% per annum)
Financial assets			
Interbank and money market items	9,159,071	23,398	0.51
Investments	8,056,440	44,042	1.09
Loans to customers	24,018,802	227,340	1.89
Total	**41,234,313**	**294,780**	**1.43**
Financial liabilities			
Deposits	11,355,270	27,978	0.49
Interbank and money market items	8,831,541	5,258	0.12
Total	**20,186,811**	**33,236**	**0.33**

	30 September 2020		
	Average balance	Interest	Average interest rate
	(in thousand Baht)		(% 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**

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 March 2021 and 30 September 2020 are as follows:

	31 March 2021						
		Reprice within			Reprice	Non	
	Immediate Repricing	3 months	3 - 12 months	1-5 years	over 5 years	interest bearing	Total
	(in thousand Baht)						
Financial assets							
Cash	-	-	-	-	-	721	721
Interbank and money market items*	4,520	16,206,016	-	-	-	606,768	16,817,304
Financial assets measured at fair value through profit or loss	-	272,269	-	-	-	-	272,269
Investments	-	739,536	2,423,250	3,607,163	-	-	6,769,949
Loans to customers and accrued interest receivables*	-	13,349,977	3,917,514	1,865,004	-	58,502	19,190,997
Trading securities receivable	-	-	-	-	-	187,736	187,736
Total financial assets	**4,520**	**30,567,798**	**6,340,764**	**5,472,167**	**-**	**853,727**	**43,238,976**
Financial liabilities							
Deposits	4,126,537	5,781,825	2,426,230	-	-	878,351	13,212,943
Interbank and money market items	-	9,401,804	-	-	-	220,351	9,622,155
Trading securities payable	-	-	-	-	-	215,502	215,502
Total financial liabilities	**4,126,537**	**15,183,629**	**2,426,230**	**-**	**-**	**1,314,204**	**23,050,600**

*Before deducting allowance for doubtful accounts

	30 September 2020						
		Reprice within			Reprice	Non	
	Immediate Repricing	3 months	3 - 12 months	1-5 years	over 5 years	interest bearing	Total
	(in thousand Baht)						
Financial assets							
Cash	-	-	-	-	-	612	612
Interbank and money market items*	4,584	11,599,077	-	-	-	526,690	12,130,351
Investments	-	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	-	37,827	21,082,980
Trading securities receivable	-	-	-	-	-	50,816	50,816
Total financial assets	**4,584**	**28,510,454**	**4,562,454**	**7,548,498**	**-**	**615,945**	**41,241,935**
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

Sensitivity analysis

The table below shows the impact on earnings for the next 12 months by assuming an increase in interest rate by 100bps:

	31 March 2021 Total effect on net profit *(in thousand Baht)*
Baht	189,887
US Dollar	(127,837)
Euro	43,256
Total effect of interest rates change	**105,306**

(b) Currency exchange rate risk

Currency risk is the potential loss arising from changes in foreign exchange rates or their implied volatilities.

As at 31 March 2021 and 30 September 2020, net open position assets (liabilities) denominated in various currencies, are as follows:

	31 March 2021	30 September 2020
	(in thousand US Dollar)	
Net foreign currency exposure		
USD	11,168	6,429
EUR (*)	384	391
AUD (*)	90	45
Others (*)	348	381

(*) Balance is stated in USD equivalent

6.4 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet payment obligations as they fall due, including repaying depositors or maturing wholesale debt; or the Bank having insufficient capacity to fund increases in assets.

Key principles in managing the Bank Liquidity and Funding Risk include maintain the Bank's ability to meeting liquidity 'survival horizons' under a range of stress scenarios to meet cash flow obligations over a short-to-medium term horizon; maintaining a strong structural funding profile; and maintaining a portfolio of high-quality liquid assets to act as a source of liquidity in times of stress.

Liquidity risk overview, management and control responsibilities

Management of liquidity and funding risks are overseen by ALCO. The Bank's liquidity and funding risks are governed by a set of principles approved by the Board.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 March 2021 in the Bank's website, www.anz.com/thailand/en/auxiliary/resource-centre/, under Financial Report section, within July 2021.

The remaining periods to maturity of significant financial assets and financial liabilities as at 31 March 2021 and 30 September 2020 based on contractual maturity are as follows:

	31 March 2021						
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	Total
	(in thousand Baht)						
Financial assets							
Cash	-	-	-	-	-	721	721
Interbank and money market items*	4,520	16,206,016	-	-	-	606,768	16,817,304
Financial assets measured at fair value through profit or loss	-	272,269	-	-	-	-	272,269
Investments	-	739,536	2,423,250	3,607,163	-	-	6,769,949
Loans to customers and accrued interest receivables*	-	6,416,471	4,209,514	8,506,510	-	58,502	19,190,997
Trading securities receivable	-	-	-	-	-	187,736	187,736
Total financial assets	**4,520**	**23,634,292**	**6,632,764**	**12,113,673**	**-**	**853,727**	**43,238,976**
Financial liabilities							
Deposits	5,004,888	5,781,825	2,426,230	-	-	-	13,212,943
Interbank and money market items	220,351	9,401,804	-	-	-	-	9,622,155
Trading securities payable	-	-	-	-	-	215,502	215,502
Total financial liabilities	**5,225,239**	**15,183,629**	**2,426,230**	**-**	**-**	**215,502**	**23,050,600**
Net liquidity gap	**(5,220,719)**	**8,450,663**	**4,206,534**	**12,113,673**	**-**	**638,225**	**20,188,376**

* Before deducting allowance for expected credit losses

	30 September 2020						
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	Total
	(in thousand Baht)						
Financial assets							
Cash	-	-	-	-	-	612	612
Interbank and money market items*	4,584	11,599,077	-	-	-	526,690	12,130,351
Investments	-	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	-	37,827	21,082,980
Trading securities receivable	-	-	-	-	-	50,816	50,816
Total financial assets	**4,584**	**21,350,425**	**4,854,454**	**14,416,527**	**-**	**615,945**	**41,241,935**
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**	**-**	**587,525**	**20,755,163**

* Before deducting allowance for expected credit losses

Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 March 2021 and 30 September 2020 are as follows:

	31 March 2021 Notional amount			
	Less than 1 year	Within 1-5 years	More than 5 years	Total
	(in thousand Baht)			
Foreign currency related				
Forward exchange contracts	53,823,201	3,346,265	-	57,169,466
Currency swap contracts	20,906,729	17,059,810	9,959	37,976,498
Interest rate related				
Interest rate swap	74,412,648	134,551,271	9,831,180	218,795,099

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

7 Fair value of financial assets and liabilities

7.1 Financial assets, liabilities and derivatives measures at fair value

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

	Fair value			
	Level 1	Level 2	Level 3	Total
	(in thousand Baht)			
31 March 2021				
Financial assets				
Financial assets measured at fair value through profit or loss	-	272,269	-	272,269
Derivative assets				
- Foreign exchange rate	-	2,037,047	-	2,037,047
- Interest rate	-	2,122,676	-	2,122,676
Investments in debt instruments at fair value through other comprehensive income	-	6,769,949	-	6,769,949
Financial liabilities				
Derivative liabilities				
- Foreign exchange rate	-	1,330,722	-	1,330,722
- Interest rate	-	2,110,021	-	2,110,021

	Fair value			
	Level 1	Level 2	Level 3	Total
		(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

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the period ended 31 March 2021.

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 fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA") as of the reporting date.

7.2 Financial assets, liabilities and derivatives not measures at fair value

Fair values hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as of 31 March 2021 and 30 September 2020 are as follows:

	Carrying amount	Fair value Level 3
	(in thousand Baht)	
31 March 2021		
Financial assets		
Loans to customers and accrued interest receivables	19,190,997	19,231,808
Financial liabilities		
Deposits	13,212,943	13,215,223

	Carrying amount	Fair value Level 3
	(in thousand Baht)	
30 September 2020		
Financial assets		
Loans to customers and accrued interest receivables	21,082,980	21,105,563
Financial liabilities		
Deposits	11,057,263	11,062,538

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.

8 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 March 2021 and 30 September 2020 were calculated from the financial statements of the Bank. The Bank has chosen to adopt the Standardised Approach (SA) for credit risk and market risk weight assets calculation, and Basic Indicator Approach (BIA) for operational risk weight assets calculation which is consistent with BoT requirements.

	31 March 2021	30 September 2020
	(in thousand Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Legal reserve	13,246	13,246
Retained earnings after appropriation	56,665	56,665
Other reserves	31,309	34,484
Less Capital deduction items on CET1	(22,881)	(26,603)
Total Tier 1 Capital Base	**20,078,339**	**20,077,792**
Tier 2 capital		
Provision for normal classified assets	172,540	218,642
Total Tier 2 Capital Base	**172,540**	**218,642**
Total Capital Base	**20,250,879**	**20,296,434**
Total Risk-Weighted Assets	**26,237,236**	**28,826,879**

	The BoT's regulatory minimum requirement	31 March 2021	The BoT's regulatory minimum requirement	30 September 2020
			(%)	
Capital Adequacy Ratio	11.00	77.18	11.00	70.41
Tier-1 Capital ratio	8.50	76.53	8.50	69.65
Tier-1 Common Equity ratio	7.00	76.53	7.00	69.65
Tier-2 Capital ratio	-	0.66	-	0.76

According to Bank of Thailand notification number For Gor Gor (12) Wor 1030/2562 dated 10 July 2019, the Bank is required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective dated 15 July 2019. As at 31 March 2021 and 30 September 2020, the Bank has no add-on arising from Single Lending Limit.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 14/2562 dated 28 June 2019, Re: "The Disclosure of Capital Requirements of Commercial Banks (No. 2)", the Bank intends to disclose Capital Maintenance information as of 31 March 2021 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.

9 Interbank and money market items, net (assets)

	31 March 2021			30 September 2020		
	At call	Term	Total	At call	Term	Total
			(in thousand Baht)			
Domestic						
Bank of Thailand	456,715	-	456,715	417,098	-	417,098
Commercial banks	4,574	16,200,000	16,204,574	4,694	11,585,946	11,590,640
Total	**461,289**	**16,200,000**	**16,661,289**	**421,792**	**11,585,946**	**12,007,738**
Add accrued interest receivables and undue interest income	-	888	888	-	2,437	2,437
Less allowance for expected credit losses / allowance for doubtful accounts	-	-	-	-	(8,060)	(8,060)
Total domestic, net	**461,289**	**16,200,888**	**16,662,177**	**421,792**	**11,580,323**	**12,002,115**
Foreign						
USD	30,836	6,021	36,857	9,420	13,160	22,580
EUR	46,996	-	46,996	47,276	-	47,276
JPY	23,361	-	23,361	771	-	771
AUD	38,794	-	38,794	39,046	-	39,046
Others	9,125	-	9,125	10,532	-	10,532
Total	**149,112**	**6,021**	**155,133**	**107,045**	**13,160**	**120,205**
Less deferred revenue	-	(6)	(6)	-	(29)	(29)
Less allowance for expected credit losses/ allowance for doubtful accounts	-	(1)	(1)	-	(131)	(131)
Total foreign, net	**149,112**	**6,014**	**155,126**	**107,045**	**13,000**	**120,045**
Total domestic and foreign, net	**610,401**	**16,206,902**	**16,817,303**	**528,837**	**11,593,323**	**12,122,160**

10 Financial assets measured at fair value through profit or loss

As at 31 March 2021, trading financial assets consist of

	Fair value
	(in thousand Baht)
Government bonds	272,269
Total	**272,269**

11 Derivatives

Derivatives held for trading

As at 31 March 2021 and 30 September 2020, the fair value and notional amount of derivatives classified by type of risks are as follows:

	31 March 2021			30 September 2020		
	Fair value		Notional	Fair value		Notional
Type of risks	Assets	Liabilities	amount	Assets	Liabilities	amount
			(in thousand Baht)			
Foreign exchange rate	2,037,047	1,330,722	95,145,964	1,235,845	1,211,907	89,936,152
Interest rate	2,122,676	2,110,021	218,795,099	2,786,006	2,818,627	214,570,719
Total	**4,159,723**	**3,440,743**	**313,941,063**	**4,021,851**	**4,030,534**	**304,506,871**

As at 31 March 2021 and 30 September 2020, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	31 March 2021	30 September 2020
Counterparties	*(%)*	
Financial institutions	30.00	30.88
Related parties	58.68	59.55
Other parties	11.32	9.57
Total	**100.00**	**100.00**

12 Investments

12.1 Classification of investments in securities

As at 31 March 2021 and 30 September 2020, the Bank classifies investment types as follows:

	31 March 2021 Fair value *(in thousand Baht)*
Investments in debt instruments at FVOCI	
Government bonds	6,769,949
Total	**6,769,949**
Allowance for expected credit losses	**10,929**

	30 September 2020 Fair value *(in thousand Baht)*
Trading securities	
Government bonds	480,779
Total	**480,779**
Available-for-sale securities	
Government bonds	7,496,397
Total	**7,496,397**
Total investments, net	**7,977,176**

12.2 Unrealised gains (losses) on investments

As at 31 March 2021 and 30 September 2020, unrealised gains (losses) on investments were as follows:

	Government bonds
	(in thousand Baht)
Fair value through other comprehensive income	
31 March 2021	
Amortised cost	6,738,510
Unrealised gains	34,691
Unrealised losses	(3,252)
Fair value	**6,769,949**
Allowance for expected credit losses	(10,929)
Total investments, net	**6,759,020**

	Government bonds
	(in thousand Baht)
Available-for-sale securities	
30 September 2020	
Amortised cost	7,450,060
Unrealised gains	50,317
Unrealised losses	(3,980)
Total investments, net	**7,496,397**

13 Loans to customers and accrued interest receivables, net

13.1 Classified by type of loans

	31 March 2021	30 September 2020
	(in thousand Baht)	
Loans to customers	19,132,495	21,045,153
Less deferred revenue	(6,772)	(8,329)
Loans to customers net deferred revenue	19,125,723	21,036,824
Add accrued interest receivables and undue interest income	65,274	46,156
Total loans to customers and accrued interest receivables	19,190,997	21,082,980
Less allowance for expected credit losses / allowance for doubtful accounts	(189,729)	(210,451)
Total loans to customers and accrued interest receivables, net	**19,001,268**	**20,872,529**

13.2 Classified by currency and residence of debtors

As at 31 March 2021 and 30 September 2020, the Bank's loans are to Thai resident customer only.

	31 March 2021	30 September 2020
	(in thousand Baht)	
THB	11,416,082	13,231,422
USD	3,249,701	3,269,434
EUR	4,525,214	4,582,124
Total	**19,190,997**	**21,082,980**

13.3 Classified by account status

	Loans to customers and accrued interest receivables	Allowance for expected credit losses
	(in thousand Baht)	
Loans to customers and accrued interest receivables		
At 31 March 2021		
Stage1 - Performing	18,675,500	108,851
Stage2 - Under-performing	515,497	36,948
Excess reserve	-	43,930
Total*	**19,190,997**	**189,729**

	Loans to customers and accrued interest receivables	Net amount used to set the allowance for doubtful accounts	Rate used for setting the allowance for doubtful accounts	Allowance for doubtful accounts
	(in thousand Baht)		*(%)*	*(in thousand Baht)*
At 30 September 2020				
Minimum allowance as per BoT' Regulations				
Pass	21,082,980	21,045,153	1	210,451
Total*	**21,082,980**	**21,045,153**		**210,451**

*Loans to customers including accrued interest receivables

14 Allowance for expected credit losses

Movements of allowance for expected credit losses for the period ended 31 March 2021 and 30 September 2020 are as follows.

Allowance for expected credit losses	Performing	Under-performing	Total
		(in thousand Baht)	
31 March 2021			
Beginning balance	95,742	43,103	138,845
Changes on revaluation of loss allowance	4,358	(6,155)	(1,797)
New financial assets originated or purchased	8,751	-	8,751
Ending balance	**108,851**	**36,948**	**145,799**

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

Movements in excess allowance for expected credit losses which amortised on a straight-line basis over 5 years for the six-month period ended 31 March 2021 are as follow:

	As at 1 October 2020	Profit during the period	As at 31 March 2021
		(in thousand Baht)	
Excess allowance for expected credit losses	48,811	(4,881)	43,930

15 Leasehold building improvements and equipment, net

As at 31 March 2021 and 30 September 2020, changes in leasehold building improvements and equipment are as follows:

	31 March 2021 Cost		
	Beginning balance	Purchases	Ending balance
		(in thousand Baht)	
Leasehold building improvements	28,718	-	28,718
Furniture, fixtures and office equipment	7,783	-	7,783
Computer equipment	51,598	54	51,652
Vehicle	5,409	-	5,409
Right-of-use assets	20,307	-	20,307
Total	**113,815**	**54**	**113,869**

	31 March 2021 Accumulated depreciation			
	Beginning balance	Depreciation	Ending balance	Net book value
		(in thousand Baht)		
Leasehold building improvements	27,110	276	27,386	1,332
Furniture, fixtures and office equipment	7,251	256	7,507	276
Computer equipment	41,300	1,731	43,031	8,621
Vehicle	5,378	31	5,409	-
Right-of-use assets	6,084	2,446	8,530	11,777
Total	**87,123**	**4,740**	**91,863**	**22,006**

	30 September 2020 Cost			
	Beginning balance	Purchases	Disposals	Ending balance
	(in thousand Baht)			
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
Right-of-use assets	24,322	-	(4,015)	20,307
Total	**125,769**	**12,713**	**(24,667)**	**113,815**

	30 September 2020 Accumulated depreciation				
	Beginning balance	Depreciation	Disposals	Ending balance	Net book value
	(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
Right-of-use assets	-	6,084	-	6,084	14,223
Total	**86,197**	**21,412**	**(20,486)**	**87,123**	**26,692**

16 Other assets

	Note	31 March 2021	30 September 2020
		(in thousand Baht)	
Collateral per Credit Support Annex		46,069	139,928
Accrued interest receivables		19,846	22,934
Advance to intercompany	*25*	3,937	14,531
Guarantee deposits		4,951	5,641
Prepaid fees		8,755	6,230
Others		1,117	1,660
Total		**84,675**	**190,924**

17 Deposits

17.1 Classified by type of deposits

	31 March 2021	30 September 2020
	(in thousand Baht)	
Current	5,004,888	4,035,405
Fixed		
- Less than 6 months	5,165,862	1,977,522
- More than 6 months but not over 1 year	3,042,193	5,044,336
Total	**13,212,943**	**11,057,263**

17.2 Classified by currency and residence of depositors

	31 March 2021			30 September 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
			(in thousand Baht)			
THB	4,953,026	25,314	4,978,340	3,598,959	9,195	3,608,154
USD	8,158,381	-	8,158,381	7,430,284	-	7,430,284
GBP	15	-	15	229	-	229
EUR	51,043	-	51,043	7,102	-	7,102
JPY	94	-	94	124	-	124
AUD	25,070	-	25,070	11,370	-	11,370
Total	**13,187,629**	**25,314**	**13,212,943**	**11,048,068**	**9,195**	**11,057,263**

18 Interbank and money market items (liabilities)

	31 March 2021			30 September 2020		
	At call	Term	Total	At call	Term	Total
			(in thousand Baht)			
Domestic						
Other financial institutions	220,351	-	220,351	220,297	-	220,297
Total domestic items	**220,351**	**-**	**220,351**	**220,297**	**-**	**220,297**
Foreign						
USD	-	9,401,804	9,401,804	-	9,180,792	9,180,792
Total foreign items	**-**	**9,401,804**	**9,401,804**	**-**	**9,180,792**	**9,180,792**
Total domestic and foreign items	**220,351**	**9,401,804**	**9,622,155**	**220,297**	**9,180,792**	**9,401,089**

19 Other liabilities

	Note	31 March 2021	30 September 2020
		(in thousand Baht)	
Due from intercompany	*25*	24,709	68,503
Accrued expenses		33,992	47,930
Collateral per Credit Support Annex		240,686	222,872
Income tax payable		18,103	24,224
Expected credit loss for financial guarantee and other commitment		15,812	-
Withholding tax payable		348	297
Interest payable		5,391	10,094
Others		27,788	6,171
Total		**366,829**	**380,091**

20 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, Re: Regulations on Service Business relating to Electronic Money (e-Money) and Sor Nor Chor 2/2562 dated 20 December 2019, Re: Regulations on Service Business relating to Electronic Fund Transfer (EFT) require the Bank to disclose advance received from e-Money and EFT. As at 31 March 2021, the Bank has no any amount of money in this regard *(30 September 2020: nil)*.

21 Offsetting of financial assets and financial liabilities

	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position	Amount of unoffsetting in statement of financial position: Offsetting amount which is not met the accounting standard's conditions	Amount of unoffsetting in statement of financial position: Relevant financial collateral amount	Net amount	Item in statement of financial position	Note
			(in thousand Baht)					
Financial assets								
Derivative assets	4,159,723	-	4,159,723	-	(240,686)	3,919,037	Derivative assets	*11*
Total	**4,159,723**	-	**4,159,723**	-	(240,686)	**3,919,037**		
Financial liabilities								
Derivative liabilities	3,440,743	-	3,440,743	-	(46,069)	3,394,674	Derivative liabilities	*11*
Total	**3,440,743**	-	**3,440,743**	-	(46,069)	**3,394,674**		

22 Reserves

Legal reserve

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

Other components of equity

Fair value reserve after 1 October 2020

The fair value reserve comprises:
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of allowance for expected credit loss.

Fair value reserve before 1 October 2020

The fair value changes in available-for-sale investments 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.

23 Assets pledged as collateral

Assets pledged as collateral as at 31 March 2021 and 30 September 2020 consist of:

	31 March 2021	30 September 2020
	(in thousand Baht)	
Government bonds		
- Pledged for liquidity management with the BoT	-	1,687
Total	**-**	**1,687**

24 Contingent liabilities

	31 March 2021	30 September 2020
	(in thousand Baht)	
Guarantees of loans	736,016	701,729
Letters of credit	49,611	18,996
Other contingencies	1,331,368	2,705,865
Total	**2,116,995**	**3,426,590**

25 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 on 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

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Australia New Zealand Banking Group Limited New York	United States	Affiliates of ANZ Group
PT Bank ANZ Indonesia	Indonesia	Affiliates of ANZ Group

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

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

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

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Interest income	1,891	1,157
Other operating income	3,639	12,514
Interest expense	4,710	10,476
Technology service expenses charged by ANZ Banking Group	22,220	23,504
Key management personnel		
Short-term employee benefits	47,150	49,629
Post-employment benefit	917	1,691
Total key management personnel compensation	**48,067**	**51,320**

Significant balances and business transactions with other related parties

	31 March 2021	30 September 2020
	(in thousand Baht)	
Interbank and money market items (assets)		
Australia and New Zealand Banking Group Limited	38,793	37,907
Australia and New Zealand Banking Group Limited New Zealand	875	835
PT Bank ANZ Indonesia	6,015	13,131
	45,683	**51,873**
Derivative assets		
Australia and New Zealand Banking Group Limited	2,074,301	2,460,431
Australia and New Zealand Banking Group Limited Hong Kong	1,620	1,671
Australia and New Zealand Banking Group Limited Japan	3,860	3,015
	2,079,781	**2,465,117**
Other assets		
Australia and New Zealand Banking Group Limited	**3,937**	**14,531**
Interbank and money market items (liabilities)		
Australia and New Zealand Banking Group Limited Singapore	**9,401,804**	**9,180,792**
Derivative liabilities		
Australia and New Zealand Banking Group Limited	**2,119,445**	**2,754,248**

	31 March 2021	30 September 2020
	(in thousand Baht)	
Other liabilities		
Australia and New Zealand Banking Group Limited	24,417	68,105
Australia and New Zealand Banking Group Limited Singapore	24	28
ANZ Support Services India Private Limited	173	174
ANZ Global Services and Operations (Manila), Inc.	95	196
	24,709	**68,503**
Other guarantees		
Australia and New Zealand Banking Group Limited	8,846	52,811
Australia and New Zealand Banking Group Limited United Kingdom	158,849	416,547
Australia and New Zealand Banking Group Limited Singapore	483,485	979,267
Australia and New Zealand Banking Group Limited Frankfurt	264,309	297,242
Australia and New Zealand Banking Group Limited New Zealand	15,670	15,829
	931,159	**1,761,696**
Derivatives - Foreign currency related		
Australia and New Zealand Banking Group Limited	18,818,210	19,163,060
Australia and New Zealand Banking Group Limited Japan	34,909	54,920
Australia and New Zealand Banking Group Limited Hong Kong	34,281	53,557
	18,887,400	**19,271,537**
Derivatives - Interest rate related		
Australia and New Zealand Banking Group Limited	**165,349,363**	**162,065,401**

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 2 hubs, namely ANZ Global Services and Operations (Manila) Inc., and ANZ Support Services India Private Limited. Fees payable are based upon the terms of each participation agreement which include actual costs incurred plus a margin, in accordance with the terms in the agreements. During the period, the Bank has incurred an expense amounting to AUD 0.67 Million *(30 September 2020: AUD 2.76 million).*

26 Interest income

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Interbank and money market items	23,398	15,315
Investments in debt securities	44,042	70,139
Loans to customers	227,340	237,496
Total	**294,780**	**322,950**

27 Interest expenses

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Deposits	22,248	48,567
Interbank and money market items	5,258	21,938
Contribution to Deposit Protection Agency	5,730	5,443
Interest on lease liabilities	134	218
Total	**33,370**	**76,166**

28 Net fees and service income

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Fees and service income		
- Acceptance, avals and guarantees	1,655	9,055
- Others	7,745	4,486
	9,400	**13,541**
Fees and service expenses	(4,936)	(5,473)
Net	**4,464**	**8,068**

29 Net gain (losses) on financial instruments measured at fair value through profit or loss / Net gains on trading and foreign exchange transactions

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	16,479	89,534
- Interest rate related derivatives	36,303	11,882
- Debt securities	(11,826)	25,456
Net	**40,956**	**126,872**

30 Net gain on investments

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Gains on sales		
- Available-for-sale securities	-	645
Total	**-**	**645**

31 Employees expenses

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Salary and bonus	102,957	110,180
Employee defined benefit plans	3,584	4,574
Others	29,487	33,023
Total	**136,028**	**147,777**

32 Premises and equipment expenses

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Rental and service expenses	5,557	6,139
Depreciation	4,740	10,690
Data communication cost	3,166	1,484
Telephone expense	1,047	1,174
Information service fee	1,909	1,363
Others	6,156	10,849
Total	**22,575**	**31,699**

33 Other expenses

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Consultant and professional fee	3,395	2,915
Advertising expenses	-	149
Information service subscription	2,913	2,477
License fee	11	10
Head Office allocation charges	20,487	21,707
Others	5,135	4,244
Total	**31,941**	**31,502**

34 Expected credit losses

For the six-month period ended 31 March	2021
	(in thousand Baht)
Interbank and money market items	(2,083)
Investment in debt instruments measured at fair value to other comprehensive income	590
Loans to customers and accrued interest receivables	2,073
Credit facilities and financial guarantees	(2,752)
	(2,172)

For the six-month period ended 31 March *Allowance for doubtful accounts*	2020
	(in thousand Baht)
Interbank and money market items	2,228
Loans to customers and accrued interest receivables	10,805
Total	**13,033**

35 Income tax

Income tax recognised in profit or loss

For the six-month period ended 31 March	2021	2020
	(in thousand Baht)	
Current tax expense		
Current period	18,103	28,084
Prior period	(291)	53
	17,812	**28,137**
Deferred tax expense		
Movements in temporary differences	4,225	3,617
Prior period	291	-
	4,516	**3,617**
Total	**22,328**	**31,754**

Income tax recognised in other comprehensive income

For the six-month period ended 31 March	2021			2020		
	Before tax	Tax credit	Net of Tax	Before tax	Tax expense	Net of Tax
	(in thousand Baht)					
Investments in debt instruments at fair value through other comprehensive income	(14,308)	2,862	(11,446)	-	-	-
Available-for-sale securities	-	-	-	21,806	(4,361)	17,445
Total	**(14,308)**	**2,862**	**(11,446)**	**21,806**	**(4,361)**	**17,445**

Reconciliation of effective tax rate

For the six-month period ended 31 March	2021		2020	
	Rate (%)	*(in thousand Baht)*	*Rate (%)*	*(in thousand Baht)*
Profit before income tax expense		111,108		154,585
Income tax using the Thai corporation tax rate	20.0	22,222	20.0	30,917
Expenses not deductible for tax purposes		106		784
Adjustment for prior years		-		53
Total	**20.1**	**22,328**	**20.5**	**31,754**

The Bank has applied the tax rate of 20% in measuring deferred tax assets and liabilities for the period ended 31 March 2021 and 2020.

Deferred tax

Deferred tax assets and liabilities as of 31 March 2021 and 30 September 2020 are as follows:

	31 March 2021	30 September 2020
	(in thousand Baht)	
Deferred tax assets	31,282	36,113
Deferred tax liabilities	(8,401)	(9,510)
Total	**22,881**	**26,603**

Movements in total deferred tax assets during the period ended 31 March 2021 and 2020 are as follows:

	At 1 October 2020	(Charged) / Credited to: Other reserve	Profit or loss	Other comprehensive income	At 31 March 2021
			(in thousand Baht)		
Deferred tax assets					
Intangible assets	5,943	-	(467)	-	5,476
Provisions for employee benefits	647	-	-	-	647
Other assets	3,478	-	(157)	-	3,321
Other liabilities	26,045	-	(4,207)	-	21,838
Total	**36,113**	**-**	**(4,831)**	**-**	**31,282**
Deferred tax liabilities					
Investments	9,510	2,068	(315)	(2,862)	8,401
Total	**9,510**	**2,068**	**(315)**	**(2,862)**	**8,401**
Net	**26,603**	**(2,068)**	**(4,516)**	**2,862**	**22,881**

	At 1 October 2019	(Charged) / Credited to: Profit or loss	Other comprehensive income	At 31 March 2020
		(in thousand Baht)		
Deferred tax assets				
Intangible assets	5,789	154	-	5,943
Other assets	3,268	650	-	3,918
Other liabilities	26,822	(4,063)	-	22,759
Total	**35,879**	**(3,259)**	**-**	**32,620**
Deferred tax liabilities				
Investments	4,739	358	4,361	9,458
Total	**4,739**	**358**	**4,361**	**9,458**
Net	**31,140**	**(3,617)**	**(4,361)**	**23,162**

36 Basic earnings per share

The calculations of basic earnings per share for the period ended 31 March 2021 and 2020 were based on the profit for the period attributable to equity holders of the Bank and the number of ordinary shares outstanding during the period as follows:

For the six-month period ended 31 March	2021	2020
	(in thousand Baht / thousand shares)	
Profit for the period attributable to shareholders of the Bank (basic)	**88,780**	**122,831**
The number of ordinary shares outstanding	**2,000,000**	**2,000,000**
Basic earnings per share ***(in Baht)***	**0.04**	**0.06**

37 Reclassification of accounts

Certain accounts in the statement of financial position for the year ended as at 30 September 2020, which are included in the financial statements for the six-month period ended 31 March 2021 for comparative purposes, have been reclassified to conform to the presentation in the financial statements for the six-month period ended 31 March 2021 were as follow

	Before reclassification	Reclassification	After reclassification
		(in thousand Baht)	
Statement of financial position as at 30 September 2020			
Assets			
Loans to customers and accrued interest receivables, net			
Deferred revenue	-	8,329	8,329
Liabilities			
Other liabilities	388,420	(8,329)	380,091
		-	
Assets			
Leasehold building improvements and equipment, net	12,469	14,223	26,692
Right-of-use assets	14,223	(14,223)	-
		-	

(Warin Paaopanchon)
Chief Financial Officer

(Panadda Manoleehakul)
President and Chief Executive Officer