

ANZ Bank (Thai) Public Company Limited

Pillar III

Capital and Liquidity Coverage Ratio Disclosures

As at 31st March 2022



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1. Scope of Application

ANZ Bank (Thai) Public Company Limited (“ANZ Thai” or “the Bank”) incorporated as a commercial bank in Thailand, was given the banking license by The Ministry of Finance on 15 June 2015, whilst the Bank through its notification requirement under the banking license, has commenced its legal day-1 on Monday 29 June 2015.

The Bank hereby discloses the capital maintenance information for the position as at 31 March 2022 as specified in Bank of Thailand Notification No. SorNorSor 4/2556 dated 2 May 2013 Re: Disclosure of Capital Maintenance Information for Commercial Banks and SorNorSor 14/2562 dated 7 May 2019 Re: Capital Disclosure Requirements for Commercial Banks (No.2) including SorNorSor 2/2561 Re: Liquidity Coverage Ratio Disclosure Standards dated 25 January 2018.

2. Key Prudential Metrics

The key prudential metrics disclose quantitative metrics in respect of both capital and liquidity. For capital, bank shall disclose information on capital that reflects the entire impact from Thai Financial Reporting Standard No.9 (TFRS9) implementation which effective on the Bank’s accounting periods beginning from 1st October 2020.

Table 1: Key Prudential Metrics

Item		31-Mar-22	30-Sep-21
Available capital (unit: million baht)			
1	Common Equity Tier 1 (CET1)	19,909	20,066
1A	Fully loaded ECL ^{1/} CET1	19,909	20,066
2	Tier 1	19,909	20,066
2A	Fully loaded ECL tier 1	19,909	20,066
3	Total capital	20,105	20,208
3A	Fully loaded ECL total capital	20,105	20,208
Risk-weighted assets (unit: million baht)			
4	Total risk-weighted assets (RWA)	35,167	32,790
Risk-based capital ratios as a percentage of RWA (%)			
5	Common Equity Tier 1 (CET1)	56.61%	61.20%
5A	Fully loaded ECL CET1 ratio	56.61%	61.20%
6	Tier 1 ratio	56.61%	61.20%
6A	Fully loaded ECL tier 1 ratio	56.61%	61.20%
7	Total capital ratio	57.17%	61.63%
7A	Fully loaded ECL total capital ratio	57.17%	61.63%
Capital buffer ratios a percentage of RWA (%)			
8	Conservation buffer ratio	2.5%	2.5%
9	Countercyclical buffer ratio	-	-
10	Higher loss absorbency ratio	-	-
11	Total capital buffer ratio (the sum of item 8 to item 10)	2.5%	2.5%
12	Available CET1 Ratio after meeting the minimum capital requirements ^{2/}	48.11%	52.70%
Liquidity coverage ratio (LCR)^{3/}			
13	Total high-quality liquid assets (Total HQLA) (unit: million baht)	17,000	19,852
14	Total net cash outflows (within a 30-day period) (unit: million baht)	9,345	8,743
15	LCR ratio (%)	192%	227%

^{1/} Expected credit losses according to the Thai Financial Reporting Standard No.9 - Financial Instruments

^{2/} Available CET1 ratio after meeting the minimum capital requirements is not necessarily equal to the difference between the CET1 ratio (Item 5) and the minimum CET1 ratio requirement of 4.5% since the CET1 ratio may be attributable to the minimum Tier 1 ratio requirement of 6% and/or the minimum total capital ratio requirement of 8.5%.

^{3/} To comply with BOT's Notification no. SorNorSor 2/2561 dated January 25, 2018, the Bank disclose Liquidity Coverage Ratio (LCR) on the Bank's website refer to below link.

<https://www.anz.com/corporate/global/thailand/en/financial-reports/>

3. Capital

3.1 Capital Structure

The table below presents the Bank capital structure as at 31 March 2022 and 30 September 2021.

Table 2: Capital Structure

Unit : Million Baht		
Items	31-Mar-22	30-Sep-21
1. Tier 1 capital	19,909	20,066
1.1 Common equity tier 1 (CET1)	19,909	20,066
- Paid-up capital (common stock)	20,000	20,000
- Legal reserves	23	23
- Net profits (losses)	57	57
- Other comprehensive income	(7)	18
- Deduct items from CET1*	(164)	(32)
1.2 Additional tier 1	-	-
2. Tier 2 capital	196	142
General provision for performing loans	196	142
3. Total regulatory capital (1+2)	20,105	20,208

* Intangible assets, and deferred tax asset (DTA)

3.2 Capital Adequacy

According to the Bank of Thailand's guideline for capital maintenance, commercial banks are required to meet the minimum capital adequacy ratio at 11.00%.

The approach applies to assess each risk for the capital adequacy as follows:

- Credit Risk : Standardised Approach (SA)
- Market Risk: Standardised Approach (SA)
- Operational Risk : Basic Indicator Approach (BIA)

The following tables represent capital adequacy ratio and minimum capital requirement for credit risk, market risk and operational risk of the Bank as at 31 March 2022 and 30 September 2021

Table 3 : Capital Adequacy Ratio

Unit : %

Ratio	31-Mar-22		30-Sep-21	
	Capital ratio of the bank	Minimum capital ratio according to the BOT regulations	Capital ratio of the bank	Minimum capital ratio according to the BOT regulations
1. Total capital to risk-weighted assets	57.17	11.00	61.63	11.00
2. Tier 1 capital to risk-weighted assets	56.61	8.50	61.20	8.50
3. Common equity tier 1 to risk-weighted assets	56.61	7.00	61.20	7.00

Table 4: Minimum capital requirement for Credit risk (SA)

Unit : Million Baht

Minimum capital requirement for credit risk classified by type of assets under the SA	31-Mar-22	30-Sep-21
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), Provincial Organization, Government Organization and State Owned Enterprise (PSEs) which have the same risk weight as Sovereigns.	-	-
2. Claims on financial institutions , Provincial Organization, Government Organization and State Owned Enterprise (PSEs) which have the same risk weight as Financial Institutions	358	502
3. Claims on corporates , Provincial Organization, Government Organizations and State Owned Enterprises (PSEs) which have the same risk weight as Corporates	3,036	2,547
4. Other assets	60	28
Non-performing claims	-	-
Total minimum capital requirement for credit risk	3,455	3,078

Table 5: Minimum capital requirement for Market risk (SA)

Unit : Million Baht

Minimum capital requirements for market risk under the Standardized Approach	31-Mar-22	30-Sep-21
Interest rate risk	175	207
Foreign exchange rate risk	109	181
Total minimum capital requirements for market risk	284	388

Table 6: Minimum capital requirement for operational risk(BIA)

Unit : Million Baht

Minimum capital requirement for operational risk	31-Mar-22	30-Sep-21
Basic Indicator Approach	130	141
Total minimum capital requirement for operational risk	130	141

4. Liquidity Coverage Ratio (LCR)

The Bank's financial year ending on 30 September therefore the bank will use the data at the end of March for disclosure of the first-half data (Quarter 2), and use the data at the end of September for disclosure of the second-half data (Quarter 4).

Commercial banks are required to maintain the liquidity coverage ratio in accordance with the guideline as specified by the Bank of Thailand ("BOT"). This guideline aims to ensure that each bank has adequate liquidity to support short-term severe liquidity stress scenario. The minimum LCR, which is the ratio of High Quality Liquid Asset (HQLA) to total net cash outflow (Net COF) within the 30-day time horizon, of 60% was introduced on 1 January 2016 (B.E 2559) and increased by 10% each year until it reaches 100% in 2020 (B.E. 2563).

The LCR calculation is as follow.

$$\text{LCR} = \frac{\text{High Quality Liquid Asset (HQLA)}}{\text{Total Net Cash Outflows over the next 30 days}}$$

HQLA refers to unencumbered highly liquid assets with low risk and low volatility that can be easily monetized without any significant changes to their value, even in times of liquidity stress. All high quality liquid assets must also meet the minimum standards as stipulated by BOT. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by BOT.

Net COF is equal to total expected cash outflows within the 30-day time horizon subtracted Cash inflow within the 30-day time horizon under liquidity stress scenario. The total expected cash inflow cannot exceed 75% of the total expected cash outflow. Each types of Cash inflows and cash outflows are subjected to inflow rate and run-off rate as specified by BOT.

The Bank's quarterly LCR which is an average of month-end value in each quarter and comparison of average LCR for the first quarter and the second quarter of 2021 with those of 2020 are shown below:

Table 7: Liquidity Coverage Ratio (LCR)

Unit: Million Baht

Items	Quarter 2 – 2022 (Average)	Quarter 2 – 2021 (Average)
(1) Total high-quality liquid assets (HQLA)	17,000	21,302
(2) Total net cash outflows within the 30-day time horizon	9,345	12,526
(3) LCR* (%)	192%	172%
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	100%	100%

* LCR in Item (3) is not necessarily equal to the total high-quality liquid assets Item (1) divided by the total net cash outflows within the 30-day time horizon Item (2)

Table 8: Comparison of Liquidity Coverage Ratio

Unit: %

Average LCR	2022 Average □	2021 Average □
1st quarter (October-December)	213%	194%
2nd quarter (January-March)	192%	172%

For the second quarter of 2022 (end of March 2022), the average LCR was 192%, well above the regulatory minimum requirement of 100%.

The average HQLA was 17,000 million Baht which is the average of HQLA as at the end of January – March 2022, all HQLA are level 1 liquid assets comprised of cash, deposit and reserve at central bank, and debt securities issued or guaranteed by the government, central bank.

The average Net COF was 9,345 million Baht, which is the average of net cash outflows within 30-day time horizon as at the end of January – March 2022. The main contributors to net cash outflows were modelled outflows associated with the deposit and Interbank/Intra group borrowing offset by cash inflows from loans and Interbank/Intragroup lending. While cash outflows associated with derivatives are material, these are largely offset by derivatives cash inflows.

The Bank assesses and monitors LCR and risk metrics on a daily basis. Key liquidity risk metrics involve a combination of prudential requirements and internally-developed stress scenarios of varying severity in order to provide greater confidence that Bank 's balance sheet can withstand a range of different liquidity stress events.