

**Sumitomo Mitsui Trust Bank (Thai)
Public Company Limited**

Interim financial statements
for the six-month period ended
30 September 2016
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

I have audited the accompanying interim financial statements of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 30 September 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Thai Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these interim financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

✓



Opinion

In my opinion, the interim financial statements present fairly, in all material respects, the financial position of the Bank as at 30 September 2016, and the financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'J. Gulsantithamrong'.


(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
25 November 2016

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of financial position

| Assets | Note | 30 September | 31 March |
|---|---------|--------------------|------------|
| | | 2016 | 2016 |
| | | (in thousand Baht) | |
| Cash | | 69 | 42 |
| Interbank and money market items, net | 7, 19 | 3,371,706 | 2,417,725 |
| Investments, net | 8 | 7,190,782 | 10,492,229 |
| Loans to customers and accrued interest receivable, net | 9 | | |
| Loans to customers | | 20,091,728 | 11,665,440 |
| Accrued interest receivable | | 27,491 | 5,797 |
| Total loans to customers and accrued interest receivable | | 20,119,219 | 11,671,237 |
| Less deferred revenue | | (12,444) | - |
| Less allowance for doubtful accounts | 9.4, 10 | (201,192) | (116,712) |
| Total loans to customers and accrued interest receivable, net | | 19,905,583 | 11,554,525 |
| Leasehold building improvements and equipment, net | 11 | 156,890 | 172,397 |
| Intangible assets, net | | 45,879 | 51,313 |
| Deferred tax assets | 12 | 94,656 | 61,980 |
| Other assets, net | 19 | 16,000 | 37,874 |
| Total assets | | 30,781,565 | 24,788,085 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Deposits | 13 | 10,371,817 | 5,114,439 |
| Interbank and money market items | 14, 19 | 815,448 | - |
| Employee benefit obligations | | 5,324 | 3,930 |
| Other liabilities | 15, 19 | 89,673 | 70,546 |
| Total liabilities | | 11,282,262 | 5,188,915 |
| Equity | | | |
| Share capital | | | |
| Authorised share capital | 16 | 20,000,000 | 20,000,000 |
| Issued and paid-up share capital | | 20,000,000 | 20,000,000 |
| Other reserves | 17 | (218) | (35) |
| Deficit | | (500,479) | (400,795) |
| Total equity | | 19,499,303 | 19,599,170 |
| Total liabilities and equity | | 30,781,565 | 24,788,085 |


 (Mr. Nobuo Takei)
 Deputy Chief Executive Officer
 and Division Head of Internal Control



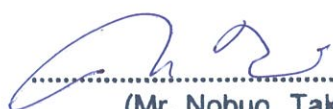

 (Mr. Manabu Inoue)
 Chief Executive Officer

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statements of profit or loss and other comprehensive income

| | | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|--|---------|---|--|
| | Note | | |
| | | <i>(in thousand Baht)</i> | |
| Interest income | 19, 22 | 257,718 | 87,381 |
| Interest expenses | 19, 23 | 115,547 | 22,256 |
| Net interest income | | 142,171 | 65,125 |
| Fee and service income | 19 | 82 | 211 |
| Fee and service expenses | 19 | 10,942 | 6,312 |
| Net fee and service income (expense) | | (10,860) | (6,101) |
| Gain (loss) on foreign exchange transaction, net | | 5,322 | (14,107) |
| Other operating income | | 211 | 204 |
| Total operating income | | 136,844 | 45,121 |
| Other operating expenses | | | |
| Employee expenses | 19, 24 | 77,805 | 25,553 |
| Directors' remuneration | | 1,364 | 741 |
| Premises and equipment expenses | | 46,888 | 36,684 |
| Taxes and duties | | 12,250 | 14,236 |
| Professional services expense | | 3,659 | 7,360 |
| Others | 19 | 42,712 | 40,693 |
| Total other operating expenses | | 184,678 | 125,267 |
| Impairment loss of loans | 25 | 84,480 | 69,898 |
| Loss from operations before income tax | | (132,314) | (150,044) |
| Income tax benefit | 26 | (32,630) | (37,250) |
| Loss for the period | | (99,684) | (112,794) |
| Other comprehensive income | | | |
| <i>Items that are or may be reclassified to profit or loss</i> | | | |
| Gain on remeasuring available-for-sale investments | | (229) | 917 |
| Income tax relating to other comprehensive income | | 46 | (183) |
| Other comprehensive income for the period, | | | |
| net of income tax | 8.2, 26 | (183) | 734 |
| Total comprehensive income (loss) for the period | | (99,867) | (112,060) |
| Basic loss per share (in Baht) | 27 | (4.98) | (5.64) |



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and Division Head of Internal Control






(Mr. Manabu Inoue)
Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of changes in equity

| | Note | Issued and paid-up share capital | Other reserves Fair value change in available-for-sale investments (in thousand Baht) | Deficit | Total equity |
|--|------|--|---|-----------|--------------|
| For the period from 1 January 2016 to 31 March 2016 | | | | | |
| Balance as at 1 January 2016 | | 20,000,000 | (769) | (288,001) | 19,711,230 |
| Comprehensive income (loss) for the period | | | | | |
| Loss for the period | | - | - | (112,794) | (112,794) |
| Other comprehensive income (loss) | | | | | |
| Available-for-sale investments | | | | | |
| Net change in fair value of available-for-sale investments, net of income tax | 8.2 | - | 734 | - | 734 |
| Total comprehensive income (loss) for the period | | | 734 | (112,794) | (112,060) |
| Balance as at 31 March 2016 | | 20,000,000 | (35) | (400,795) | 19,599,170 |
| For the six-month period ended 30 September 2016 | | | | | |
| Balance as at 1 April 2016 | | 20,000,000 | (35) | (400,795) | 19,599,170 |
| Comprehensive income (loss) for the period | | | | | |
| Loss for the period | | - | - | (99,684) | (99,684) |
| Other comprehensive income (loss) | | | | | |
| Available-for-sale investments | | | | | |
| Net change in fair value of available-for-sale investments, net of income tax | 8.2 | - | (183) | - | (183) |
| Total comprehensive income (loss) for the period | | | (183) | (99,684) | (99,867) |
| Balance as at 30 September 2016 | | 20,000,000 | (218) | (500,479) | 19,499,303 |


 (Mr. Nobuo Takei)
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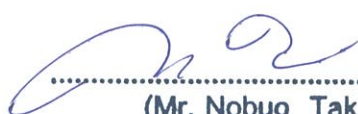

 (Mr. Manabu Inoue)
 Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of cash flows

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|--|---|--|
| | <i>(in thousand Baht)</i> | |
| Cash flows from operating activities | | |
| Loss from operations before income tax benefit | (132,314) | (150,044) |
| Adjustment to reconcile loss from operations before income tax benefit to net cash provided by (used in) operating activities | | |
| Depreciation and amortisation | 20,297 | 21,776 |
| Loss on equipment write-off | 24 | - |
| Impairment loss of loans | 84,480 | 69,898 |
| Employee benefit obligations made | 1,394 | 658 |
| Net interest income | (142,171) | (65,125) |
| Interest received | 180,863 | 47,420 |
| Interest paid | (99,282) | (15,435) |
| Loss from operations before changes in operating assets and liabilities | (86,709) | (90,852) |
| Decrease (increase) in operating assets | | |
| Interbank and money market items | (953,944) | (1,053,355) |
| Loans to customers | (8,413,837) | (8,184,440) |
| Other assets | 21,874 | (31,806) |
| Increase (decrease) in operating liabilities | | |
| Deposits | 5,257,378 | 3,795,286 |
| Interbank and money market items | 815,448 | - |
| Other liabilities | 4,996 | (157,024) |
| Net cash used in operating activities | (3,354,794) | (5,722,191) |
| Cash flows from investing activities | | |
| Purchase of available-for-sale investments | (41,457,664) | (23,856,692) |
| Proceeds from available-for-sale investments | 44,814,000 | 29,580,000 |
| Purchase of leasehold building improvements and equipment | (1,494) | (924) |
| Purchase of intangible assets | (21) | (161) |
| Net cash provided by investing activities | 3,354,821 | 5,722,223 |
| Net increase in cash | 27 | 32 |
| Cash at beginning of the period | 42 | 10 |
| Cash at end of the period | 69 | 42 |
| Supplementary disclosures of cash flow information | | |
| Non-cash transactions | | |
| Gain (loss) on remeasuring available-for-sale investments | (229) | 917 |
| Payable for purchase of leasehold building improvements and equipment | 654 | 13,089 |
| Payable for purchase of intangible assets | (2,789) | 1,072 |



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and Division Head of Internal Control




(Mr. Manabu Inoue)
Chief Executive Officer

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

| Note | Contents |
|-------------|--|
| 1 | General information |
| 2 | Basis of preparation of the interim financial statements |
| 3 | Significant accounting policies |
| 4 | Financial risk management |
| 5 | Fair value of financial assets and liabilities |
| 6 | Maintenance of capital fund |
| 7 | Interbank and money market items, net (assets) |
| 8 | Investments, net |
| 9 | Loans to customers and accrued interest receivable, net |
| 10 | Allowance for doubtful accounts |
| 11 | Leasehold building improvements and equipment, net |
| 12 | Deferred tax |
| 13 | Deposits |
| 14 | Interbank and money market items (liabilities) |
| 15 | Other liabilities |
| 16 | Share capital |
| 17 | Other reserves |
| 18 | Assets pledged as collateral |
| 19 | Related parties |
| 20 | Non-cancellable operating lease agreements |
| 21 | Financial position and results of operations classified by domestic and foreign business |
| 22 | Interest income |
| 23 | Interest expenses |
| 24 | Employee expenses |
| 25 | Impairment loss of loans |
| 26 | Income tax benefit |
| 27 | Basic loss per share |
| 28 | Thai Financial Reporting Standards (TFRS) not yet adopted |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors of the Bank on 25 November 2016.

1 General information

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the “Bank”), is incorporated in Thailand and has its registered office at 98, 32nd Floor, Sathorn Square Office Tower, North Sathorn Road, Silom, Bangrak, Bangkok 10500.

The ultimate parent Company during the period was Sumitomo Mitsui Trust Holding, Inc. and the immediate parent Company during the period was Sumitomo Mitsui Trust Bank, Limited (99.99% shareholding). Both companies were incorporated in Japan.

The formation of the Bank was registered with Department of Business Development, Ministry of Commerce on 7 July 2014.

The Bank obtained its banking license on 14 August 2015, and commenced operating as a commercial bank business on 28 October 2015.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Bank’s operations are disclosed in note 28.

During prior period, to align the Company’s accounting period with the ultimate parent company, the Board of Directors approved to change the Bank’s accounting period end date from 31 December to 31 March.

Due to the change of the accounting period end date of the Bank to 31 March in prior period, the Bank had prepared the financial statements for the first accounting period which was the financial statements for the period 1 January 2016 to 31 March 2016 and therefore the accounts presented in the interim financial statements are not entirely comparable.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

(b) *Basis of measurement*

The interim financial statements have been prepared on the historical cost basis except for the following material item in the statements of financial position:

| <i>Item</i> | <i>Measurement basis</i> |
|-------------------------------------|--------------------------|
| Available-for-sale financial assets | Fair value |

(c) *Functional and presentation currency*

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

(d) *Use of judgements and estimates*

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty that have a significant risk of resulting in a material adjustments to the amounts recognised in the interim financial statements is included in the following notes:

| | |
|---------|--|
| Note 5 | Fair value of financial assets and liabilities |
| Note 10 | Allowance for doubtful accounts |

Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

Further information about the assumptions made in measuring fair values is included in Note 5 Fair value of financial assets and liabilities.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements as applicable.

(a) Foreign currencies

Foreign currency transactions

Transaction in foreign currencies are translated to the functional currency at exchange rates at the date 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 differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the date of transaction.

(b) Cash

Cash comprises cash on hand and cash on collection.

(c) Investments

Investments in debt securities

Debt securities 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 financial instruments classified as available-for-sale is determined as the quoted price at the reporting date.

Initial recognition

The Bank recognises and derecognises such items in these financial statements on the trade date.

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 the profit or loss.

If the Bank disposes of 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.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

(d) Loans to customers

Loans to customers are generally presented at the principal balances. Loans to customers from purchases or transfers that are intended to be held to collect the contractual cash flows, are initially recognised at fair value of the consideration at the purchased or transferred date. Subsequent to initial recognition, loans to customers from purchases or transfers are stated at amortised cost. Unearned discounts received in advance of loans are presented as deferred revenue which is a deduction from the loans.

(e) Allowance for doubtful accounts

The Bank provides allowance for doubtful accounts in accordance with the BoT guidelines, using the minimum rates stipulated by the BoT. The Bank sets provision for “pass” loans (including restructured receivables) and “special-mention” loans at minimum rates of 1% and 2%, respectively, of the loan balances, calculated in accordance with the BoT’s guidelines. For non-performing loans, the Bank sets provision at a rate of 100% of the loans balance remaining after deducting the present value of expected future cash flows from loans collection or from collateral disposal, discounted over the year is expected to be able to dispose the collateral as stipulated in the BoT’s notifications.

Apart from the specific provisioning, the Bank may consider additional provision by considering the factors that may lead to insufficient specific provision or from the unexpected deterioration of the undue provision amount, the debtor industry, the overall economic conditions and other factors.

Allowance for doubtful accounts made in the period is recognised as bad debts and doubtful account expense in profit or loss.

(f) Leasehold building improvements and equipment

Recognition and measurement

Owned assets

Leasehold building improvements and equipment are stated 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.

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 net within other income 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.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

Depreciation

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

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

| | |
|--|----------|
| Leasehold improvement and system structure | 10 years |
| Furniture and office equipment | 5 years |
| Vehicle | 5 years |

No depreciation is provided on assets under construction or installation.

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

(g) Intangible assets

Intangible assets 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 based on the cost of the asset, or other amount substituted for cost, less its residual value.

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 lives for the current and comparative periods are as follows:

| | |
|-------------------|----------|
| Software licenses | 10 years |
|-------------------|----------|

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

(h) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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

Reversals of impairment

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

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

(i) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are employee expenses as the related service is provided.

Defined benefit plan

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

The calculation of defined benefit obligations is performed by a qualified actuary using projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Bank determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as the result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

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.

Other long-term employee benefits

The Bank's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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.

(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 obligations.

A provision for contingent liabilities is recognised when the transactions relate to credit facilities (e.g. letter of credit and guarantee) that are classified as substandard, doubtful and doubtful of loss. The provision has been determined by using the same rate as the allowance for doubtful accounts on each of those loans to customers and after management's estimate of the likelihood of these contingent liabilities being realised.

(k) Income

Interest income on loans to customers, discounts on loans to customers, and other income are recognised on an accrual basis, except for interest income on loans overdue for more than three months and interest on loans where the borrowers' ability to pay is uncertain. In accordance with the BoT's regulations, interest in arrears for more than three months from the due date, regardless of whether it is covered by collateral, is reversed from profit or loss. Subsequent interest receipts are recognised on a cash basis.

Fees and service income is recognised when the services are rendered.

(l) Expenses

Interest expenses and non-interest expenses are recognised on an accrual basis.

(m) Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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 period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Loss per share

The Bank presents basic loss per share for its ordinary shares which is calculated by dividing the loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

(o) Offsetting

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

4 Financial risk management

Financial risk management policies

The Bank is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties, lack of funding.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

4.1 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risk arise from the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and innovation. In all cases, the Bank's policy requires compliance with all applicable legal and regulatory requirements. The board of directors has delegated responsibility for operational risk to Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of the Bank's rule and policy for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development; and
- Risk mitigation, including insurance where this is cost effective.

Compliance with the Bank's policy is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are submitted to the Audit Committee and senior management of the Bank.

4.2 Credit risk

Credit risk is the risk of financial loss of the Bank when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, and securities. Credit risk is the most basic financial risk related to a credit creating function. The Bank continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

(1) Risk management policy on credit risk

The basic policy of the Bank on credit risk management calls for "Risk Management Policy".

The Bank manages credit exposures of each customer based on limited credit amount, and periodically reviews impacts of identified risks to large and particular creditors and concentration in industry sectors, including the measurement of the credit risk.

The Bank manages individual credits through processes such as internal credit ratings. Credit ratings indicate the credit status of creditor and the possibility of default on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. The Bank evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flow, and earning capacity.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

(2) Risk management framework for credit risk

The Bank's board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and capital plan, and approves asset classification policy, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department of parent company provides prior consultation to Credit Department. Furthermore, the Research Department of parent company also provide consultation to evaluate credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis.

4.3 Market risk

Market risk is the risk of financial loss of the Bank through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates and exchange rates.

(1) Risk management policy on market risk

In managing market risk, the Bank ensures the soundness of its business by appropriately controlling risks, and strives to secure reasonable profits which correspond to strategic goals, the scale and nature of its operations, and risk profiles through an advanced risk management framework.

(2) Risk management framework for market risk

The Bank's board of directors resolves ALM plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets and liabilities.

The Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits or losses and monitoring the status of market risks managed under ALM plans and status of compliance with risk limits. The Department reports its findings to the members of the ALM Committee on a daily basis, and to ALM Committee as well as the board of directors periodically.

(3) Market risk management approach

The Bank uses sensitivity analysis to measure market risk for both foreign exchange rate risk and interest rate risk.

(a) Interest rate risk

Interest rate risk in the statements of financial position arises from the potential for a change in interest rates to have an effect on the interest income of the Bank in the current reporting period and future years. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity, and in the mismatch in repricing dates of its assets and liabilities.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

As at 30 September 2016 and 31 March 2016, significant financial assets and financial liabilities classified by types of interest rate are as follows:

| | 30 September 2016 | | | |
|--|---------------------------|--|-----------------------------|-------------------|
| | Floating interest rate | Fixed interest rate (in thousand Baht) | Non- interest bearing | Total |
| Financial assets | | | | |
| Cash | - | - | 69 | 69 |
| Interbank and money market items | - | 3,219,400 | 152,306 | 3,371,706 |
| Investments, net | - | 7,190,782 | - | 7,190,782 |
| Loans to customers net of deferred revenue | 10,235,564 | 9,843,720 | - | 20,079,284 |
| Accrued interest receivables | - | - | 27,491 | 27,491 |
| Total financial assets | 10,235,564 | 20,253,902 | 179,866 | 30,669,332 |
| Financial liabilities | | | | |
| Deposits | 127,500 | 10,228,032 | 16,285 | 10,371,817 |
| Interbank and money market items | - | 815,448 | - | 815,448 |
| Other liabilities | - | - | 12,911 | 12,911 |
| Total financial liabilities | 127,500 | 11,043,480 | 29,196 | 11,200,176 |

| | 31 March 2016 | | | |
|--|---------------------------|--|-----------------------------|-------------------|
| | Floating interest rate | Fixed interest rate (in thousand Baht) | Non- interest bearing | Total |
| Financial assets | | | | |
| Cash | - | - | 42 | 42 |
| Interbank and money market items | - | 2,221,913 | 195,812 | 2,417,725 |
| Investments, net | - | 10,492,229 | - | 10,492,229 |
| Loans to customers net of deferred revenue | 5,235,600 | 6,429,840 | - | 11,665,440 |
| Accrued interest receivables | - | - | 5,797 | 5,797 |
| Total financial assets | 5,235,600 | 19,143,982 | 201,651 | 24,581,233 |
| Financial liabilities | | | | |
| Deposits | 367,500 | 4,720,034 | 26,905 | 5,114,439 |
| Other liabilities | - | - | 4,741 | 4,741 |
| Total financial liabilities | 367,500 | 4,720,034 | 31,646 | 5,119,180 |

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

| | 30 September 2016 | | | 31 March 2016 | | |
|-------------------------------------|--|----------------|---|--|---------------|---|
| | Average balance (in thousand Baht) | Interest | Average interest rate (% per annum) | Average balance (in thousand Baht) | Interest | Average interest rate (% per annum) |
| Financial assets | | | | | | |
| Interbank and market items | 7,002,422 | 48,548 | 1.387 | 5,627,797 | 18,941 | 1.346 |
| Investments | 9,061,941 | 59,081 | 1.304 | 14,621,450 | 49,248 | 1.347 |
| Loans to customers | 16,178,478 | 150,089 | 1.855 | 4,766,912 | 19,192 | 1.610 |
| Total | 32,242,841 | 257,718 | | 25,016,159 | 87,381 | |
| Financial liabilities | | | | | | |
| Deposits | 12,253,553 | 87,277 | 1.425 | 4,889,696 | 16,857 | 1.379 |
| Interbank and money market items | 42,903 | 219 | 1.023 | 31,587 | 83 | 1.051 |
| Total | 12,296,456 | 87,496 | | 4,921,283 | 16,940 | |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 September 2016 and 31 March 2016 are as follows:

| | Immediate repricing | Within 3 months | 30 September 2016 3 - 12 months (in thousand Baht) | Non-interest bearing | Total |
|--|------------------------|--------------------|---|-------------------------|-------------------|
| <i>Financial assets</i> | | | | | |
| Cash | - | - | - | 69 | 69 |
| Interbank and money market items | - | 3,219,400 | - | 152,306 | 3,371,706 |
| Investments, net | - | 4,702,510 | 2,488,272 | - | 7,190,782 |
| Loans to customers net of deferred revenue | 7,203,100 | 2,398,984 | 10,477,200 | - | 20,079,284 |
| Accrued interest receivables | - | - | - | 27,491 | 27,491 |
| Total financial assets | 7,203,100 | 10,320,894 | 12,965,472 | 179,866 | 30,669,332 |
| <i>Financial liabilities</i> | | | | | |
| Deposits | 168,845 | 9,510,328 | 676,329 | 16,285 | 10,371,817 |
| Interbank and money market items | - | 815,448 | - | - | 815,448 |
| Other liabilities | - | - | - | 12,911 | 12,911 |
| Total financial liabilities | 168,845 | 10,325,776 | 676,329 | 29,196 | 11,200,176 |
| | | | 31 March 2016 | | |
| | | | 3 - 12 months (in thousand Baht) | Non-interest bearing | Total |
| <i>Financial assets</i> | | | | | |
| Cash | - | - | - | 42 | 42 |
| Interbank and money market items | - | 2,221,977 | - | 195,748 | 2,417,725 |
| Investments, net | - | 10,492,229 | - | - | 10,492,229 |
| Loans to customers net of deferred revenue | 5,235,600 | 649,840 | 5,780,000 | - | 11,665,440 |
| Accrued interest receivables | - | - | - | 5,797 | 5,797 |
| Total financial assets | 5,235,600 | 13,364,046 | 5,780,000 | 201,587 | 24,581,233 |
| <i>Financial liabilities</i> | | | | | |
| Deposits | 282,822 | 4,126,212 | 678,500 | 26,905 | 5,114,439 |
| Other liabilities | - | - | - | 4,741 | 4,741 |
| Total financial liabilities | 282,822 | 4,126,212 | 678,500 | 31,646 | 5,119,180 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

(b) Currency exchange rate risk

Currency exchange rate risk in the statements of financial position arises from the potential for an unfavourable fluctuation in currency exchange rates which causes a result to lose value of an asset or liability denominated in a foreign currency.

The Bank uses sensitivity analysis to measure and manage market risk for foreign exchange rate risk.

As at 30 September 2016 and 31 March 2016, the Bank has net open position assets (liabilities) denominated in the various currencies as follows:

| | 30 September 2016 | 31 March 2016 |
|--------------------------------------|---------------------------|------------------|
| | <i>(in thousand Baht)</i> | |
| Net foreign currency exposure | | |
| US Dollar | 2,851 | 1,246 |
| Japanese Yen | (12,792) | (2,260) |

4.4 Liquidity risk

Liquidity risk is the risk of financial loss to the Bank when the Bank fails to raise necessary funds or is forced to raise funds at significantly higher interest rates.

(1) Risk management policy of liquidity risk

With regard to liquidity risk, the Bank designs and implements a policy to build up a risk management framework for liquidity risk, recognising that financial difficulties due to exposure to such risk could possibly lead the Bank directly to bankruptcy under certain circumstances.

(2) Risk management framework and approaches for liquidity risk

Risk management departments determine the extent of the Bank's cash crunch appropriately in cooperation with the treasury departments, while gathering and analysing information related to both the internal environment, such as the Bank's risk profiles, and external environment, such as economic circumstances or market conditions, based on the risk management plan approved by the board of directors.

To reduce liquidity risk, treasury departments manage cash flow within the predetermined appropriate limits, and monitor its compliance.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

The remaining period to maturity of significant financial liabilities as at 30 September 2016 and 31 March 2016 based on contractual maturity is as follows:

| 30 September 2016 | | | | | | | |
|--|------------------|--------------------|------------------|--|-----------------------|-------------|-------------------|
| | At call | Within 3 months | 3 - 12 months | 1-5 years (in thousand Baht) | Maturity Over 5 Years | No maturity | Total |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 69 | 69 |
| Interbank and money market items | 152,205 | 3,219,501 | - | - | - | - | 3,371,706 |
| Investments, net | - | 4,702,510 | 2,488,272 | - | - | - | 7,190,782 |
| Loans to customers net of deferred revenue | 7,203,100 | 94,720 | 437,520 | 9,511,480 | 2,832,464 | - | 20,079,284 |
| Accrued interest receivables | 347 | 4,886 | 22,258 | - | - | - | 27,491 |
| Total financial assets | 7,355,652 | 8,021,617 | 2,948,050 | 9,511,480 | 2,832,464 | 69 | 30,669,332 |
| Financial liabilities | | | | | | | |
| Deposits | 185,130 | 9,510,328 | 676,329 | 30 | - | - | 10,371,817 |
| Interbank and money market items | - | 815,448 | - | - | - | - | 815,448 |
| Other liabilities | 262 | 10,080 | 2,569 | - | - | - | 12,911 |
| Total financial liabilities | 185,392 | 10,335,856 | 678,898 | 30 | - | - | 11,200,176 |
| Net liquidity gap | 7,170,260 | (2,314,239) | 2,269,152 | 9,511,450 | 2,832,464 | 69 | 19,469,156 |
| | | | | | | | |
| | At call | Within 3 months | 3 - 12 months | 31 March 2016 1-5 years (in thousand Baht) | Maturity Over 5 Years | No maturity | Total |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 42 | 42 |
| Interbank and money market items | 195,748 | 2,221,977 | - | - | - | - | 2,417,725 |
| Investments, net | - | 10,492,229 | - | - | - | - | 10,492,229 |
| Loans to customers net of deferred revenue | 5,235,600 | 47,220 | 295,020 | 6,087,600 | - | - | 11,665,440 |
| Accrued interest receivables | 228 | 163 | 5,406 | - | - | - | 5,797 |
| Total financial assets | 5,431,576 | 12,761,589 | 300,426 | 6,087,600 | - | 42 | 24,581,233 |
| Financial liabilities | | | | | | | |
| Deposits | 309,727 | 4,126,212 | 678,500 | - | - | - | 5,114,439 |
| Other liabilities | 93 | 3,516 | 1,132 | - | - | - | 4,741 |
| Total financial liabilities | 309,820 | 4,129,728 | 679,632 | - | - | - | 5,119,180 |
| Net liquidity gap | 5,121,756 | 8,631,861 | (379,206) | 6,087,600 | - | 42 | 19,462,053 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

5 Fair value of financial assets and liabilities

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank uses market observable data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.
- 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 not based on observable market data.

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

5.1 Financial assets measured at fair value

The following table analyses financial assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

| | Level 1 | Fair value (in thousand Baht) | | Total |
|------------------------------------|---------|----------------------------------|---------|------------|
| | | Level 2 | Level 3 | |
| 30 September 2016 | | | | |
| <i>Financial assets</i> | | | | |
| Debt securities available-for-sale | - | 7,190,782 | - | 7,190,782 |
| 31 March 2016 | | | | |
| <i>Financial assets</i> | | | | |
| Debt securities available-for-sale | - | 10,492,229 | - | 10,492,229 |

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the period 1 April 2016 to 30 September 2016.

5.2 Financial assets and liabilities not measured at fair value

The carrying value of significant financial assets and liabilities not measured at fair value approximates the fair value.

The following methods and assumptions were used by the Bank in estimating the fair value of financial instruments.

Interbank and money market items (assets)

The fair value of interbank and money market items (assets) which bear variable rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

Loans to customers

For floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar credit quality.

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of floating-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits repricing within 1 year approximate their market value at the reporting date. The fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on deposits to a schedule of aggregate expected monthly maturities on time deposits.

6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E.2008 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT notification dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III.

As at 30 September 2016 and 31 March 2016, the Bank's total capital funds and capital ratio can be categorised as follows:

| | | 30 September 2016 | 31 March 2016 |
|---|---|-----------------------|-------------------|
| | | (in thousand Baht) | |
| Tier 1 capital | | | |
| Common Equity Tier 1 (CET1) | | | |
| Issued and paid-up share capital, share premium | | 20,000,000 | 20,000,000 |
| Other comprehensive income | | (218) | (35) |
| Less capital deduction items on CET1 | | (497,644) | (370,718) |
| Total Tier 1 Capital Base | | 19,502,138 | 19,629,247 |
| Total Risk-Weighted Assets | | 20,884,672 | 10,397,645 |
| | The BoT's regulation minimum requirement* | 30 September 2016 (%) | 31 March 2016 |
| Capital Adequacy Ratio | 9.125 | 93.38 | 188.79 |
| Tier-1 Capital ratio | 6.625 | 93.38 | 188.79 |
| Tier-1 Common Equity ratio | 5.125 | 93.38 | 188.79 |

*Includes capital conservation buffer as required by the BOT commencing 1 January 2016.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 30 September 2016, the Bank has no add-on arising from Single Lending Limit.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the interim financial statements

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: “Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks”, the Bank intends to disclose Capital Maintenance information as of 30 September 2016 within 4 months after the period end date, as indicated in the notification, through the Bank’s website www.smtb.jp/smtbthai/

Capital management

The Management’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Management monitors the return on capital, which the Bank defines as result from operating activities divided by total equity, and the level of dividends to ordinary shareholders.

7 Interbank and money market items, net (assets)

| | 30 September 2016 | | | 31 March 2016 | | |
|--|--------------------|------------------|------------------|--------------------|------------------|------------------|
| | At call | Term | Total | At call | Term | Total |
| | (in thousand Baht) | | | (in thousand Baht) | | |
| Domestic | | | | | | |
| Bank of Thailand | 135,754 | 3,150,000 | 3,285,754 | 70,216 | 1,940,000 | 2,010,216 |
| Commercial banks | 8,653 | - | 8,653 | 124,052 | - | 124,052 |
| Total | 144,407 | 3,150,000 | 3,294,407 | 194,268 | 1,940,000 | 2,134,268 |
| Add accrued interest receivable | - | 86 | 86 | - | 53 | 53 |
| Total domestic, net | 144,407 | 3,150,086 | 3,294,493 | 194,268 | 1,940,053 | 2,134,321 |
| Foreign | | | | | | |
| US Dollar | 7,694 | 69,400 | 77,094 | 1,466 | 281,913 | 283,379 |
| Japanese Yen | 104 | - | 104 | 14 | - | 14 |
| Total | 7,798 | 69,400 | 77,198 | 1,480 | 281,913 | 283,393 |
| Add accrued interest receivable | - | 15 | 15 | - | 11 | 11 |
| Total foreign, net | 7,798 | 69,415 | 77,213 | 1,480 | 281,924 | 283,404 |
| Total domestic and foreign, net | 152,205 | 3,219,501 | 3,371,706 | 195,748 | 2,221,977 | 2,417,725 |

8 Investments, net

8.1 As at 30 September 2016 and 31 March 2016, the Bank classifies investment types, as follow:

| | 30 September 2016 | 31 March 2016 |
|---------------------------------------|--------------------|-------------------|
| | (in thousand Baht) | |
| Available-for-sale investments | | |
| Government bonds | 7,190,782 | 10,492,229 |
| Total investment, net | 7,190,782 | 10,492,229 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

8.2 Fair value changes in available-for-sale investments consisted of:

| | 30 September 2016 | 31 March 2016 |
|---|---------------------------|---------------|
| | <i>(in thousand Baht)</i> | |
| <i>Fair value changes in available-for-sale investments</i> | | |
| Debt securities | (229) | 917 |
| Less deferred tax | 46 | (183) |
| Net | (183) | 734 |

9 Loans to customers and accrued interest receivables, net

9.1 Classified by type of loans

| | 30 September 2016 | 31 March 2016 |
|---|---------------------------|-------------------|
| | <i>(in thousand Baht)</i> | |
| Loans | 20,091,728 | 11,665,440 |
| Add accrued interest receivables | 27,491 | 5,797 |
| Total loans and accrued interest receivables | 20,119,219 | 11,671,237 |
| Less deferred revenue | (12,444) | - |
| Less allowance for doubtful accounts | | |
| - BoT's minimum requirement - Individual approach | (200,917) | (116,654) |
| - Allowance in excess | (275) | (58) |
| Total loans to customers and accrued interest receivables, net | 19,905,583 | 11,554,525 |

9.2 Classified by currencies and residence of debtors

| | 30 September 2016 | | 31 March 2016 | |
|--------------|---------------------------|-------------------|-------------------|-------------------|
| | Domestic | Total | Domestic | Total |
| | <i>(in thousand Baht)</i> | | | |
| Thai Baht | 19,246,820 | 19,246,820 | 11,665,440 | 11,665,440 |
| US Dollar | 844,908 | 844,908 | - | - |
| Total | 20,091,728 | 20,091,728 | 11,665,440 | 11,665,440 |

9.3 Classified by industry and loan classification

| | 30 September 2016 | | 31 March 2016 | |
|-----------------------------|---------------------------|-------------------|-------------------|-------------------|
| | Pass | Total | Pass | Total |
| | <i>(in thousand Baht)</i> | | | |
| Manufacturing and commerce | 4,561,800 | 4,561,800 | 4,917,600 | 4,917,600 |
| Infrastructure and services | 3,449,908 | 3,449,908 | - | - |
| Leasing business | 7,237,020 | 7,237,020 | 6,517,840 | 6,517,840 |
| Others | 4,843,000 | 4,843,000 | 230,000 | 230,000 |
| Total | 20,091,728 | 20,091,728 | 11,665,440 | 11,665,440 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

9.4 Classified by loan classification

| 30 September 2016 | | | | |
|--|---|---|---|---|
| | Loans to customers and accrued interest receivables (in thousand Baht) | Net amount used to set the allowance for doubtful account | Rate used for setting the allowance for doubtful accounts (%) | Allowance for doubtful accounts (in thousand Baht) |
| Minimum allowance as per BoT's regulations | | | | |
| - Pass | 20,119,219 | 20,091,728 | 1 | 200,917 |
| Total | 20,119,219 | 20,091,728 | | 200,917 |
| Excess allowance | | | | 275 |
| Total | | | | 201,192 |

| 31 March 2016 | | | | |
|--|---|---|---|---|
| | Loans to customers and accrued interest receivables (in thousand Baht) | Net amount used to set the allowance for doubtful account | Rate used for setting the allowance for doubtful accounts (%) | Allowance for doubtful accounts (in thousand Baht) |
| Minimum allowance as per BoT's regulations | | | | |
| - Pass | 11,671,237 | 11,665,440 | 1 | 116,654 |
| Total | 11,671,237 | 11,665,440 | | 116,654 |
| Excess allowance | | | | 58 |
| Total | | | | 116,712 |

10 Allowance for doubtful accounts

Movements in allowance for doubtful accounts for loans to customers during the six-month period ended 30 September 2016 and for the period ended 31 March 2016 consisted of:

| 30 September 2016 | | | |
|---------------------------------|----------------|--|----------------|
| | Pass | Excess allowance (in thousand Baht) | Total |
| Beginning balance | 116,654 | 58 | 116,712 |
| Allowance for doubtful accounts | 84,263 | 217 | 84,480 |
| Ending balance | 200,917 | 275 | 201,192 |

| 31 March 2016 | | | |
|---------------------------------|----------------|--|----------------|
| | Pass | Excess allowance (in thousand Baht) | Total |
| Beginning balance | 34,810 | 3 | 34,813 |
| Allowance for doubtful accounts | 81,844 | 55 | 81,899 |
| Ending balance | 116,654 | 58 | 116,712 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

11 Leasehold building improvements and equipment, net

As at 30 September 2016 and 31 March 2016, changes in leasehold building improvements and equipment are as follows:

| | Net book value as of 1 April 2016 | Cost | | | 30 September 2016 | | Accumulated depreciation | | Net book Value as of 30 September 2016 |
|---|--|----------------------|----------------------------------|-----------------------------------|---|----------------------|--------------------------|------------|---|
| | | Beginning balance | Purchases and transfers in | Disposals and transfers out | Ending balance (in thousand Baht) | Beginning balance | Depreciation | Disposal | |
| Leasehold improvement and system structure | 99,347 | 119,079 | - | (2,817) | 116,262 | 19,732 | 7,804 | - | 88,726 |
| Office furniture and equipment | 72,123 | 90,962 | 4,766 | (30) | 95,698 | 18,839 | 9,730 | (6) | 67,135 |
| Vehicles | 927 | 980 | - | - | 980 | 53 | 98 | - | 829 |
| Asset in progress | - | - | 200 | - | 200 | - | - | - | 200 |
| Total | 172,397 | 211,021 | 4,966 | (2,847) | 213,140 | 38,624 | 17,632 | (6) | 156,890 |

| | Net book value as of 1 January 2016 | Cost | | | 31 March 2016 | | Accumulated depreciation | | Net book Value as of 31 March 2016 |
|---|--|----------------------|----------------------------------|-----------------------------------|---|----------------------|--------------------------|----------|---|
| | | Beginning balance | Purchases and transfers in | Disposals and transfers out | Ending balance (in thousand Baht) | Beginning balance | Depreciation | Disposal | |
| Leasehold improvement and system structure | 180,308 | 199,893 | - | (80,814) | 119,079 | 19,585 | 147 | - | 99,347 |
| Office furniture and equipment | 10,887 | 13,052 | 79,435 | (1,525) | 90,962 | 2,165 | 16,674 | - | 72,123 |
| Vehicles | 975 | 980 | - | - | 980 | 5 | 48 | - | 927 |
| Total | 192,170 | 213,925 | 79,435 | (82,339) | 211,021 | 21,755 | 16,869 | - | 172,397 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

12 Deferred tax

Deferred tax assets as at 30 September 2016 and 31 March 2016 were as follows:

| | 30 September 2016 | 31 March 2016 |
|---------------------|---------------------------|------------------|
| | <i>(in thousand Baht)</i> | |
| Deferred tax assets | <u>94,656</u> | <u>61,980</u> |

Movements in deferred tax assets during the period were as follows:

| | At 1 April 2016 | <u>(Charge)/Credited to :</u> | | At 30 September 2016 |
|-----------------------------|-----------------------|--------------------------------|----------------------------------|----------------------------|
| | | Profit or loss (Note 26) | Other comprehensive income | |
| | | <i>(in thousand Baht)</i> | | |
| <i>Deferred tax assets</i> | | | | |
| Investments | (4,382) | 1,978 | 46 | (2,358) |
| Employee benefit obligation | 786 | 279 | - | 1,065 |
| Deferred revenue | - | 6,783 | - | 6,783 |
| Loss carry forward | 65,576 | 23,590 | - | 89,166 |
| Total | <u>61,980</u> | <u>32,630</u> | <u>46</u> | <u>94,656</u> |

| | At 1 January 2016 | <u>Credited to :</u> | | At 31 March 2016 |
|-----------------------------|-------------------------|--------------------------------|----------------------------------|------------------------|
| | | Profit or loss (Note 26) | Other comprehensive income | |
| | | <i>(in thousand Baht)</i> | | |
| <i>Deferred tax assets</i> | | | | |
| Investments | (4,512) | 313 | (183) | (4,382) |
| Employee benefit obligation | 654 | 132 | - | 786 |
| Loss carry forward | 28,771 | 36,805 | - | 65,576 |
| Total | <u>24,913</u> | <u>37,250</u> | <u>(183)</u> | <u>61,980</u> |

13 Deposits

13.1 Classified by type of deposits

| | 30 September 2016 | 31 March 2016 |
|---------------------------|---------------------------|------------------|
| | <i>(in thousand Baht)</i> | |
| Current | 16,285 | 26,905 |
| Savings | 168,845 | 282,821 |
| Term - less than 6 months | 10,186,687 | 4,804,713 |
| Total | <u>10,371,817</u> | <u>5,114,439</u> |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

13.2 Classified by currency and residence of depositors

| | 30 September 2016 | | 31 March 2016 | |
|--------------|---------------------------|-------------------|------------------|------------------|
| | Domestic | Total | Domestic | Total |
| | <i>(in thousand Baht)</i> | | | |
| Thai Baht | 10,301,924 | 10,301,924 | 5,114,439 | 5,114,439 |
| US Dollar | 69,893 | 69,893 | - | - |
| Total | 10,371,817 | 10,371,817 | 5,114,439 | 5,114,439 |

14 Interbank and money market item (liabilities)

| | 30 September 2016 | | | 31 March 2016 | | |
|-----------------------------------|---------------------------|----------------|----------------|---------------|----------|----------|
| | At call | Term | Total | At call | Term | Total |
| | <i>(in thousand Baht)</i> | | | | | |
| Foreign | - | 815,448 | 815,448 | - | - | - |
| US Dollar | - | 815,448 | 815,448 | - | - | - |
| Total domestic and foreign | - | 815,448 | 815,448 | - | - | - |

15 Other liabilities

| | Note | 30 September 2016 | 31 March 2016 |
|--------------------------|------|---------------------------|---------------|
| | | <i>(in thousand Baht)</i> | |
| Payable to related party | 19 | 10,962 | 2,274 |
| Other payable | | 2,037 | 34,584 |
| Accrued expense | | 35,703 | 20,190 |
| Accrued interest payable | | 12,911 | 4,741 |
| Deferred revenue | | 21,552 | - |
| Others | | 6,508 | 8,757 |
| Total | | 89,673 | 70,546 |

16 Share capital

| | Par value per share <i>(in Baht)</i> | 30 September 2016 | | 31 March 2016 | |
|---------------------------|---|-------------------|---|---------------|------------|
| | | Number | Amount <i>(shares / thousand Baht)</i> | Number | Amount |
| Authorised | | | | | |
| At beginning period | | | | | |
| - ordinary shares | 1,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 |
| At ending period | | | | | |
| - ordinary shares | 1,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 |
| Issued and paid-up | | | | | |
| At beginning period | | | | | |
| - ordinary shares | 1,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 |
| At ending period | | | | | |
| - ordinary shares | 1,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

17 Other Reserves

Other reserves

Fair value changes in available-for-sale investments

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

18 Assets pledged as collateral

Assets pledged as collateral as at 30 September 2016 and 31 March 2016 consisted of:

| | 30 September 2016 | 31 March 2016 |
|------------------|---------------------------|-------------------|
| | <i>(in thousand Baht)</i> | |
| Government bonds | 7,210,000 | 10,500,000 |
| Total | 7,210,000 | 10,500,000 |

Pledged as liquidity management with The Bank of Thailand

19 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

| Name of entity/Personnel | Country of incorporation/ nationality | Nature of relationship |
|--|--|--|
| Key management personnel | Japan / Thai | Persons having authority and responsibility for planning, directly and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank |
| Sumitomo Mitsui Trust Holding, Inc. | Japan | Ultimate parent Company |
| Sumitomo Mitsui Trust Bank, Limited | Japan | Immediate parent Company, 99.99% shareholding |
| Sumitomo Mitsui Trust Systems & Services Co., Ltd. | Japan | Subsidiary of ultimate parent Company |
| Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. | Japan | Subsidiary of ultimate parent Company |
| Sumitomo Mitsui Trust Investment Co., Ltd. | Japan | Subsidiary of ultimate parent Company |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

| Name of entity/Personnel | Country of incorporation/ nationality | Nature of relationship |
|---|--|---------------------------------------|
| Sumitomo Mitsui Trust Asset Management Co., Ltd. | Japan | Subsidiary of ultimate parent Company |
| Other Branches of Sumitomo Mitsui Trust Bank, Limited | Various | Other Branches |

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

| Transactions | Pricing policies |
|--------------------------|----------------------------|
| Interest income | Based on market rate |
| Interest expense | Based on market rate |
| Fee and service income | Contractually agreed price |
| Fee and service expenses | Fee as announced |
| Other expenses | Contractually agreed price |

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

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|--|--|---|
| | <i>(in thousand Baht)</i> | |
| Interest income | 287 | 127 |
| Interest expense | 81 | - |
| Fee and service income | 20 | 190 |
| Fee and service expenses | 4 | 6 |
| Other expenses | 10,717 | 5,731 |
| <i>Key management personnel</i> | | |
| Short-term employee benefits | 19,078 | 9,122 |
| Long-term employee benefits | - | 67 |
| Total key management personnel compensation | 19,078 | 9,189 |

Directors' and executives' benefits

The Bank has not paid any benefits to its directors and executives other than those in the normal course of business such as salary, executives' bonuses and directors' remuneration approved at a Shareholders' Meeting.

Significant balances and business transactions with related parties

| | 30 September 2016 | 31 March 2016 |
|---|---------------------------|------------------|
| | <i>(in thousand Baht)</i> | |
| <i>Interbank and money market items (assets)</i> | | |
| Sumitomo Mitsui Trust Bank, Limited | 69,504 | 281,928 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

| | 30 September 2016 | 31 March 2016 |
|--|----------------------|------------------|
| <i>Other assets</i> | | |
| Sumitomo Mitsui Trust Bank, Limited and other branches | 211 | 26,536 |
| <i>Interbank and money market items (liabilities)</i> | | |
| Sumitomo Mitsui Trust Bank, Limited | 815,448 | - |
| <i>Other liabilities</i> | | |
| Sumitomo Mitsui Trust Bank, Limited | 10,962 | 2,274 |

Significant agreements with related parties

- (a) In 2014, the Bank entered into a The Usage of Symbols or Trademark agreement with Sumitomo Mitsui Trust Holdings, Inc. by receiving permission to use the Bank name logo, and other mark in connection with its business in Thailand. The usage fee is charged in accordance with the term in the agreement.
- (b) In 2014, the Bank entered into 2 memorandum agreements with Sumitomo Mitsui Trust Bank, Limited relating to the provision of control and management and internal audit services. The service fee is charged in accordance with the terms in the agreement.

20 Non-cancellable operating lease agreements

| | 30 September 2016 | 31 March 2016 |
|--------------------------------------|---------------------------|------------------|
| | <i>(in thousand Baht)</i> | |
| Within one year | 39,301 | 25,618 |
| After one year but within five years | 23,897 | 21,607 |
| Total | 63,198 | 47,225 |

Office lease and service agreements

- (a) On 1 October 2014, the Bank entered into the office lease and service agreements. The duration of these agreements was 3 year term from 1 October 2014 to 30 September 2017. Under the terms of agreements, there are office rental and service fees of Baht 0.9 million per month (excluding VAT). The Bank paid deposits on these agreements with the amount of Baht 0.4 million.

Equipment lease agreements

- (a) On 1 October 2014, the Bank entered into an IT rental agreement for a period of 3 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.4 million (excluding VAT) per month.
- (b) On 2 March 2015, the Bank entered into an equipment and service rental agreement for a period of 3 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.2 million (excluding VAT) per month.
- (c) On 1 February 2016, the Bank entered into an equipment and service rental agreement for a period of 3 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.6 million (excluding VAT) per month.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

21 Financial position and results of operations classified by domestic and foreign business

The Bank does not present the financial position and results of operations classified by domestic and foreign business in the interim financial statements since the Bank is engaged in only one domestic business in Thailand.

22 Interest income

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|----------------------------------|--|---|
| | <i>(in thousand Baht)</i> | |
| Interbank and money market items | 48,548 | 18,941 |
| Investments in debt securities | 59,081 | 49,248 |
| Loans to customers | 150,089 | 19,192 |
| Total | 257,718 | 87,381 |

23 Interest expenses

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|---|--|---|
| | <i>(in thousand Baht)</i> | |
| Deposits | 87,277 | 16,857 |
| Interbank and money market items | 219 | 83 |
| Contribution to Deposit Protection Agency | 28,051 | 5,316 |
| Total | 115,547 | 22,256 |

24 Employee expenses

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|--|--|---|
| | <i>(in thousand Baht)</i> | |
| Key management | | |
| Wages, salaries and bonus | 4,024 | 3,537 |
| Post-employment benefits - defined benefit plans | - | 67 |
| Others | 15,054 | 5,585 |
| | 19,078 | 9,189 |
| Other employees | | |
| Wages, salaries and bonus | 44,162 | 9,415 |
| Post-employment benefits - defined benefit plans | 1,394 | 612 |
| Others | 13,171 | 6,337 |
| | 58,727 | 16,364 |
| Total | 77,805 | 25,553 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

The Bank has established contributory provident fund for their employees. Membership in the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Bank at 3% to 10% of the employees' basic salaries. The provident fund are registered with the Ministry of Finance as juristic entities and are managed by licensed fund managers.

25 Impairment loss of loans

| | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|---|--|---|
| | <i>(in thousand Baht)</i> | |
| Interbank and money market items (reversal) | - | (12,001) |
| Loans to customers | 84,480 | 81,899 |
| Total | 84,480 | 69,898 |

26 Income tax benefit

| | | For the six-month period ended 30 September 2016 | For the period from 1 January 2016 to 31 March 2016 |
|----------------------------------|----|--|---|
| | | <i>(in thousand Baht)</i> | |
| Current tax expense | | | |
| Current period | | - | - |
| Deferred tax expense | | | |
| Movement in temporary difference | 12 | (32,630) | (37,250) |
| Total income tax benefit | | (32,630) | (37,250) |

Income tax recognised in other comprehensive income

| | For the six-month period ended 30 September 2016 | | | For the period from 1 January 2016 to 31 March 2016 | | |
|-----------------------------------|---|-----------|--------------|--|--------------|------------|
| | | Tax | | | Tax | |
| | Before | (expense) | Net of | Before | (expense) | Net of |
| | tax | benefit | Tax | tax | benefit | Tax |
| | <i>(in thousand Baht)</i> | | | | | |
| Available-for-sale investments | (229) | 46 | (183) | 917 | (183) | 734 |
| Total | (229) | 46 | (183) | 917 | (183) | 734 |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

Reconciliation of effective tax rate

| | For the six-month period ended 30 September 2016 | | For the period 1 January 2016 to 31 March 2016 | |
|--|--|--------------------|--|--------------------|
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Loss before income tax expense | 20 | (132,314) | 20 | (150,044) |
| Income tax | | (26,463) | | (30,009) |
| Expense not deductible for tax purpose | | 1,356 | | 3,749 |
| Recognition of previously unrecognised tax losses | | (25,815) | | (37,446) |
| Current period losses for which no deferred tax asset was recognised | | 16,067 | | 25,815 |
| Under provided in prior period | | 2,225 | | 641 |
| Total | 25 | (32,630) | 25 | (37,250) |

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

27 Basic loss per share

The calculations of basic losses per share for the six-month period ended 30 September 2016 and for the period ended 31 March 2016 were based on the loss for the period attributable to ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding during the periods as follows:

| | For the six-month period ended 30 September 2016 (in thousand Baht/thousand shares) | For the period from 1 January 2016 to 31 March 2016 |
|---|--|---|
| Loss for the period attributable to ordinary shareholders of the Bank (basic) | (99,684) | (112,794) |
| Weighted average number of ordinary shares outstanding | 20,000 | 20,000 |
| Loss per share (Basic) (Baht) | (4.98) | (5.64) |

28 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised and new TFRS have been issued but are not yet effective and have not been applied in preparing these interim financial statements. These TFRS that may be relevant to the Bank's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Bank does not plan to adopt this TFRS early.

| TFRS | Topic |
|-----------------------------|---|
| FAP Announcement No. 5/2559 | FAP Guidance on derecognition of financial assets and financial liabilities |
| TAS 7 (revised 2016) | Statement of Cash Flow |
| TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2016) | Events after the Reporting Period |
| TAS 12 (revised 2016) | Income Taxes |
| TAS 16 (revised 2016) | Property, Plant and Equipment |

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements

| TFRS | Topic |
|-------------------------|--|
| TAS 17 (revised 2016) | Leases |
| TAS 18 (revised 2016) | Revenue |
| TAS 21 (revised 2016) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2016) | Borrowing Costs |
| TAS 24 (revised 2016) | Related Party Disclosure |
| TAS 33 (revised 2016) | Earnings per share |
| TAS 36 (revised 2016) | Impairment of Assets |
| TAS 37 (revised 2016) | Provisions, Contingent Liabilities and Contingent Assets |
| TFRS 13 (revised 2016) | Fair Value Measurement |
| TSIC 15 (revised 2016) | Operating Leases - Incentives |
| TSIC 27 (revised 2016) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| TSIC 32 (revised 2016) | Intangible Assets – Web Site Costs |
| TFRIC 4 (revised 2016) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 5 (revised 2016) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |
| TFRIC 18 (revised 2016) | Transfers of Assets from Customers |
| TFRIC 21 (revised 2016) | Levies |

The Bank has made a preliminary assessment of the potential initial impact on the Bank's financial statements of this new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.