

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

Interim financial statements
for the six-month period ended
30 September 2025
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the 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 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Bank as at 30 September 2025, and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

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

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



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

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

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

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

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

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



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

A handwritten signature in blue ink, appearing to read 'Orawan C.'.

(Orawan Chotiwiwiyakul)
Certified Public Accountant
Registration No. 10566

KPMG Phoomchai Audit Ltd.
Bangkok
27 November 2025

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Statement of financial position

		30 September 2025	31 March 2025
Assets	<i>Note</i>		
		<i>(in thousand Baht)</i>	
Cash		14	10
Interbank and money market items, net	8, 23	15,645,612	11,865,966
Derivative assets	9	135,743	154,018
Investments, net	10	15,647,987	16,613,178
Loans to customers and accrued interest receivables, net	11	78,292,925	82,201,447
Leasehold building improvements and equipment, net	13	58,214	42,585
Intangible assets, net		17,341	20,389
Other assets	14, 23	558,369	680,361
Total assets		110,356,205	111,577,954
Liabilities and equity			
Liabilities			
Deposits	15	47,980,438	44,369,303
Interbank and money market items	16, 23	39,714,026	44,033,359
Derivative liabilities	9	422,035	814,187
Provisions	17	48,807	43,486
Deferred tax liabilities		33,171	7,071
Other liabilities	18, 23	524,301	926,751
Total liabilities		88,722,778	90,194,157
Equity			
Share capital			
Authorised share capital			
20,000,000 ordinary shares of Baht 1,000 each		20,000,000	20,000,000
Issued and paid-up share capital			
20,000,000 ordinary shares of Baht 1,000 each		20,000,000	20,000,000
Other reserves		173,702	73,038
Retained earnings			
Appropriated			
Legal reserve		72,518	72,518
Unappropriated		1,387,207	1,238,241
Total equity		21,633,427	21,383,797
Total liabilities and equity		110,356,205	111,577,954



林 俊行

(Mr. Toshiyuki Hayashi)
Deputy Chief Executive Officer
in charge of Finance Department

(Signature)

(Mr. Kenichi Satoh)
Chief Executive Officer

The accompanying notes form an integral part of the interim financial statements.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statements of profit or loss and other comprehensive income

	<i>Note</i>	Six-month periods ended	
		30 September	
		2025	2024
		<i>(in thousand Baht)</i>	
Interest income	23, 26	1,540,821	1,840,258
Interest expenses	23, 27	<u>(1,211,264)</u>	<u>(1,362,059)</u>
Net interest income		<u>329,557</u>	<u>478,199</u>
Fees and service income		643	636
Fees and service expenses	23	<u>(3,993)</u>	<u>(22,911)</u>
Net fees and service expenses	28	<u>(3,350)</u>	<u>(22,275)</u>
Net gains (losses) on financial instruments measured at fair value			
through profit or loss	29	226,751	(65,428)
Other operating income	23	<u>7,444</u>	<u>4,162</u>
Total operating income		<u>560,402</u>	<u>394,658</u>
Other operating expenses			
Employee expenses	23, 30	106,096	111,692
Directors' remuneration		1,399	1,464
Premises and equipment expenses		29,111	30,799
Taxes and duties		43,383	51,142
Others	23	<u>45,458</u>	<u>49,378</u>
Total other operating expenses		<u>225,447</u>	<u>244,475</u>
Expected credit loss	31	<u>39,696</u>	<u>278,575</u>
Profit (Loss) from operations before income tax		<u>295,259</u>	<u>(128,392)</u>
Tax expenses (income)	32	<u>59,093</u>	<u>(25,627)</u>
Profit (Loss) for the period		<u>236,166</u>	<u>(102,765)</u>

The accompanying notes form an integral part of the interim financial statements.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Statements of profit or loss and other comprehensive income

		Six-month periods ended 30 September	
	Note	2025	2024
		<i>(in thousand Baht)</i>	
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Change in fair value of hedging derivatives		(135,660)	216,464
Hedging reserve reclassified		134,059	(91,613)
Gains on investments in debt instruments at fair value through other comprehensive income		130,841	56,388
Income tax relating to items that will be reclassified subsequently to profit or loss	32	(25,848)	(36,248)
		<u>103,392</u>	<u>144,991</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		(3,410)	1,711
Income tax relating to items that will not be reclassified subsequently to profit or loss	32	682	(342)
		<u>(2,728)</u>	<u>1,369</u>
Other comprehensive income for the period, net		<u>100,664</u>	<u>146,360</u>
Total comprehensive income for the period		<u>336,830</u>	<u>43,595</u>
Basic (loss) earnings per share <i>(in Baht)</i>		<u>11.81</u>	<u>(5.14)</u>



林 俊行

(Mr. Toshiyuki Hayashi)
Deputy Chief Executive Officer
in charge of Finance Department

Kenichi Satoh

(Mr. Kenichi Satoh)
Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of changes in equity

	Other reserves					Retained earnings		
		Revaluation surpluses (deficit) on investments in debt instruments at fair value through other comprehensive income	Revaluation surpluses (deficit) on investments in equity instruments designated at fair value through comprehensive income	Remeasurement of post-employment benefits	Hedging reserves	Total other reserves	Legal reserve	Unappropriated
	Issued and paid-up share capital							Total equity
<i>(in thousand Baht)</i>								
Six-month period ended 30 September 2024								
Balance as at 1 April 2024	20,000,000	(79,238)	(8,761)	1,164	(21,389)	(108,224)	61,600	1,170,395
Distributions to owners of the Bank								
Dividend paid	-	-	-	-	-	-	-	(139,600)
Total distributions to owners of the Bank	-	-	-	-	-	-	-	(139,600)
Comprehensive income (loss) for the period								
Loss for the period	-	-	-	-	-	-	-	(102,765)
Other comprehensive income	-	45,110	1,369	-	99,881	146,360	-	146,360
Total comprehensive income (loss) for the period	-	45,110	1,369	-	99,881	146,360	-	43,595
Balance as at 30 September 2024	20,000,000	(34,128)	(7,392)	1,164	78,492	38,136	61,600	928,030
								21,027,766

The accompanying notes form an integral part of the interim financial statements.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of changes in equity

		Other reserves					Retained earnings			
			Revaluation surpluses on investments in debt instruments at fair value through other comprehensive income	Revaluation deficit on investments in equity instruments designated at fair value through comprehensive income	Remeasurement of post-employment benefits	Hedging reserves	Total other reserves	Legal reserve	Unappropriated	Total equity
	Note	Issued and paid-up share capital								
(in thousand Baht)										
Six-month period ended 30 September 2025										
Balance as at 1 April 2025		20,000,000	78,366	(7,697)	328	2,041	73,038	72,518	1,238,241	21,383,797
Distributions to owners of the Bank										
Dividend paid	33	-	-	-	-	-	-	-	(87,200)	(87,200)
Total distributions to owners of the Bank		-	-	-	-	-	-	-	(87,200)	(87,200)
Comprehensive income (loss) for the period										
Profit for the period		-	-	-	-	-	-	-	236,166	236,166
Other comprehensive income (loss)		-	104,673	(2,728)	-	(1,281)	100,664	-	-	100,664
Total comprehensive income (loss) for the period		-	104,673	(2,728)	-	(1,281)	100,664	-	236,166	336,830
Balance as at 30 September 2025		20,000,000	183,039	(10,425)	328	760	173,702	72,518	1,387,207	21,633,427

林 俊行
(Mr. Toshiyuki Hayashi)
Deputy Chief Executive Officer
in charge of Finance Department



(Mr. Kenichi Satoh)
Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of cash flows

		Six-month periods ended	
		30 September	
	Note	2025	2024
		(in thousand Baht)	
Cash flows from operating activities			
Profit (loss) from operations before income tax		295,259	(128,392)
Adjustment to reconcile profit (loss) from operations before income tax to cash provided by (used in) operating activities			
Depreciation and amortisation		13,055	13,782
Expected credit loss		39,696	278,575
Unrealised (gain) loss on revaluation of derivative contracts		(375,478)	5,400,163
Provisions for post-employment benefits		2,788	2,661
Gain on sale of equipment		-	(60)
Net interest income		(329,557)	(478,199)
Interest received		1,604,438	1,902,641
Interest paid		(1,635,157)	(875,883)
Income tax paid		(38,281)	(41,472)
(Loss) Profit from operations before changes in operating assets and liabilities		(423,237)	6,073,816
(Increase) decrease in operating assets			
Interbank and money market items		(3,779,187)	(10,740,759)
Loans to customers		3,855,225	4,400,697
Other assets		141,600	(2,654,939)
Increase (decrease) in operating liabilities			
Deposits		3,611,135	12,154,734
Interbank and money market items		(4,319,333)	(9,779,827)
Other liabilities		(15,326)	(680,972)
Provision for post-employment benefits paid		(155)	(53)
Net cash used in operating activities		(929,278)	(1,227,303)
Cash flows from investing activities			
Purchase of investments measured at fair value through other comprehensive income		(5,259,771)	(1,120,078)
Proceeds from investments measured at fair value through other comprehensive income		6,285,000	2,504,000
Purchase of leasehold building improvements and equipment		(3,502)	(10,589)
Proceeds from sale of equipment		-	60
Purchase of intangible assets		-	(1,213)
Net cash provided by investing activities		1,021,727	1,372,180
Cash flows from financing activities			
Payment of lease liabilities		(5,245)	(5,271)
Dividend paid	33	(87,200)	(139,600)
Net cash used in financing activities		(92,445)	(144,871)
Net increase in cash		4	6
Cash at 1 April		10	20
Cash at 30 September		14	26
Supplementary disclosures of cash flow information			
Non-cash transactions:			
Gain on investments in debt instruments at fair value through other comprehensive income		130,841	56,388
(Loss) gain on investments in equity instruments designated at fair value through other comprehensive income		(3,410)	1,711
Increase in payables on purchase of leasehold building improvements and equipment		760	3,137

The accompanying notes form an integral part of the interim financial statements.

林 俊行

(Mr. Toshiyuki Hayashi)
Deputy Chief Executive Officer
in charge of Finance Department

9

Kenichi Satoh

(Mr. Kenichi Satoh)
Chief Executive Officer



Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 September 2025

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Notes to the interim financial statements
For the six-month period ended 30 September 2025

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 Thai language. These English language financial statement 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 27 November 2025.

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 Group, 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 in Thailand 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

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No.34 *“Interim Financial Reporting”* on a complete basis, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Bank of Thailand (“BoT”); and presented as prescribed by the BoT notification number Sor Nor Sor. 21/2561, directive dated 31 October 2018, regarding *“The Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company which is the Parent Company of a Financial Group”*. The interim financial statements are presented in Thai Baht, which is the Bank’s functional currency. The accounting policies set out in note 3 have been applied consistently to all periods presented in these financial statements.

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

3 Material accounting policies

(a) Foreign currencies

Transactions in foreign currencies including non-monetary assets and liabilities denominated 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 at the exchange rate at the reporting date.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 September 2025

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- investments in equity instruments designated as at fair value through other comprehensive income (FVOCI)
- qualifying cash flow hedge to the extent the hedge is effective.

(b) Cash

Cash comprises cash on hand and cash on collection.

(c) Financial instruments

(1) Initial recognition and measurement

The Bank initially recognises financial assets or financial liabilities (including regular way purchase and sale of financial assets) on the transaction date, which is the date on which the Bank becomes the party to the contractual provisions of the instrument, except for investments in debt instruments which are recognised and derecognised on the trade date.

Financial assets and financial liabilities not measured at fair value through profit or loss are initially measured at its fair value plus or minus transaction costs that are directly attributable to its acquisition or issue of the financial assets or financial liabilities.

(2) Classification and subsequent measurement

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

A financial asset which is not designated as at FVTPL is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument which is not designated as at FVTPL is measured at FVOCI only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 September 2025

All other financial assets are classified as measured at FVTPL.

On initial recognition of an investment in an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis.

On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the financial assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the way in which those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or on contractual cash flows collected); and
- frequency, value and timing of sales in prior period, the reasons for those sales and expectations about future sales activity. However, information about sales is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessment of whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

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

In assessing whether the contractual cash flows are solely payment of principal and interest on the principal amount outstanding, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 September 2025

Subsequent measurement and gains and losses of financial assets

Financial assets measured at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, including any interest are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss, gain or loss on derecognition are recognised in profit or loss.
Investment in debt instruments measured at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Investment in equity instruments designated at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss on the date on which the Bank's right to receive payment is established. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

Modifications of financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 September 2025

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial guarantee contracts held

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring expected credit losses ("ECL").

If the Bank determines that the guarantee is not an integral element of the financial asset, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in "other assets". The Bank presents gains or losses on a compensation right in profit or loss in the line item "expected credit loss".

Classification, measurement and gains and losses of financial liabilities

On initial recognition, financial liabilities, except undrawn loan commitments and financial guarantee contracts, are classified and measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Modifications of financial liabilities

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

If the modification of a financial liability is not accounted for derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

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(3) Derecognition and offsetting

Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending or sale under sale-and-repurchase agreements.

Derecognition of financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Bank also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the Bank intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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(4) Securities purchased under reverse sale-and-repurchase agreements/ Securities sold under sale-and-repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of “Interbank and money market items, net (assets)” or “Loans to customers”, depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of “Interbank and money market items (liabilities)” or “Debt issued and borrowings”, depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral. The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

(5) Derivatives

Derivative are recognised at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(6) Hedging

At inception of designated hedging relationships, the Bank documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion that is recognised in OCI is limited to the cumulative change in fair value of the hedge item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

The Bank designates cashflow hedge of forecast settlement of the foreign currency liability. To hedge risk from change in spot exchange rate by using forward exchange contracts as the hedging instrument in hedging relationships. The change in fair value of forward exchange contracts (forward points) is recognised in other reserves within equity.

The amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

(d) Leasehold building improvements and equipment

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

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

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Differences between the proceeds from disposal and the carrying amount of leasehold building improvements and equipment are recognised in profit or loss.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on assets under installation.

The estimated useful lives are as follows:

Leasehold improvement and system structure	Over the lease term
Furniture and office equipment	5 years
Vehicles	5 years

(e) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement of a contract, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

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

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Right-of-use assets are presented as parts of leasehold building improvements and equipment in the statement of financial position. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Bank uses the Bank's incremental borrowing rate to discount the lease payments to the present value. The Bank determines its incremental borrowing rate by obtaining the interest rates from internal source which reflect the term of the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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(f) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. No amortisation is provided on assets under development.

The estimated useful lives are as follows:

Software licenses	5 - 10 years
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(g) Impairment of financial assets

Significant estimates and judgements

The Bank's expected credit loss ("ECL") calculations are based on complex models with a series of underlying assumptions. The significant judgements and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. The calculation of expected credit loss also involves expert credit judgement to be applied by management based upon counterparty information they receive from various internal and external. Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the model under a "management overlay" framework, such as identified model deficiencies, debtors' risk concentration and other factors including industry risks.

Measurement of ECL

ECLs are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECLs are probability-weighted estimated of credit losses. They are measured as follows:

- financial assets: as the present value of all cash shortfalls (i.e. the difference between the contractual cash flows and the cash flows that the Bank expects to receive);
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is drawn down; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with percentage of the loss given default ("LGD") with the expected exposure at the time of default ("EAD").

Forward-looking macroeconomic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP growth rates. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

Multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios both in terms of determining the PD, LGD and EAD, where relevant, and in determining the overall expected credit loss amounts.

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The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank is exposed to credit risk.

Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date by being assessed on individual basis. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- *Stage 1: Financial assets that have not had a significant increase in credit risk (Performing)*

Financial assets that have not had a significant increase in credit risk (“SICR”) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (“POCI”) assets. The allowance for ECL is 12-month ECL. 12-month ECL is the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

- *Stage 2: Financial assets that have a SICR (Under-performing)*

When financial assets have a SICR since initial recognition, ECLs are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are more than 30 days or 1 month past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the PD since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers’ ability to repay. Qualitative indicators includes operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to Stage 1 in case they have proven that their ability to repay are back to normal.

- *Stage 3: Financial assets that are credit-impaired (Non-performing)*

Financial assets that are credit-impaired or in default represent those that are more than 90 days or 3 months past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Evidence that financial assets are credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract or a past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; or
- Purchase or origination of a financial asset at a significant discount that reflects incurred credit losses.

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Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted at the financial assets' effective interest rate, and the gross carrying amount of the financial assets prior to any credit impairments.

Financial assets that are credit impaired require a lifetime provision.

Modifications of financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within ECL in profit or loss with a corresponding decrease in the gross carrying amount of the asset.

ECLs for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, whether if there is a SICR. These assets are assessed to determine that there has been a SICR subsequent to the modification.

Loans renegotiated or modified of contractual cash flows, the Bank might consider them as financial assets that have a SICR except there is an evidence that the risk of not receiving contractual cash flows significantly reduces and there is no indicator of the impairment. The Bank then considers the aforementioned financial assets as the ones that does not have a SICR.

Improvement in credit risk

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets that are credit-impaired (stage 3), and no debt restructured will transfer to stage 2 or stage 1 if it is considered that there is no more qualification as a financial asset with credit-impaired.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk. Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes actions to be resolved before loans are reclassified to stage 1.

For debt restructuring receivables, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for a longer of 3 consecutive months or 3 consecutive payments. A further 9 months monitoring is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance in the account and the customer is expected to repay its all remaining debts.

For debt restructuring receivables, exposures under stage 2 that were not previously credit impaired can transfer to stage 1 when the customer performs under the revised terms of the contract for 3 consecutive months or 3 consecutive payments, whichever is longer.

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Write-offs of credit-impaired instruments and reverse of ECL

To the extent a financial instrument is considered irrecoverable, the applicable portion of the gross carrying amount is written off against the related allowance for ECL. Such financial instruments are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of ECL in the profit or loss.

If, in a subsequent period, the amount of the allowance for ECL decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, the previously recognised ECL is reversed by adjusting the allowance for ECL. The amount of the reversal is recognised in the profit or loss.

(h) *Impairment of non-financial assets*

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

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount 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.

Impairment losses of assets recognised in prior periods 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 the Bank's provident funds are recognised as employee expenses in profit or loss as the related service is provided.

Defined benefit plans

The Bank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

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

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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 services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised 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 recognises 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.

Allowance for expected credit losses on obligation having credit risk exposures

The Bank provides allowance for expected credit losses on undrawn loan commitments and financial guarantee contracts by the same methods applied to allowance for expected credit losses as described in note 3 (g).

(k) Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value of a financial instrument on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value, adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the financial instrument or until the fair value level is transferred or the transaction is closed out.

(l) Interest

Effective interest rate

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

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

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

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any allowance for expected credit loss.

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

Calculation of interest income and interest expense

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

However, for financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis of assets.

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(m) Fees and service income

Fees and service income are recognised when a customer obtains control of the service in an amount that reflects the consideration to which the Bank expects to be entitled, excluding those amounts collected on behalf of third parties and value added tax. Judgement is required in determining the timing of the transfer of control for revenue recognition at a point in time or over time. The related costs are recognised in profit or loss when they are incurred.

(n) Net gains (losses) on financial instruments measured at FVTPL

Net gains (losses) on financial instruments measured at FVTPL comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

(o) Contributions to the Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

(p) Income tax

Income tax expense for the period comprises current and deferred tax, which is recognised in profit or loss except to the extent that items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of 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 previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the 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 period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

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.

(q) Earnings per share

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period.

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4 Risk management

Risk management policies

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

4.1 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 investments. 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.

Credit risk policy

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 debtors 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 debtor 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 revenue-generating capacity.

Credit risk management framework

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 the parent company provides prior consultation to Credit Department. Furthermore, the Research Department of the parent company also provides consultation to evaluate internal credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis.

Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

The Bank has contingent liabilities by issuing letters of credit for its customers. Such contingent transaction activities require assessment on financial condition of customers and also makes a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

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Credit review

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) team performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

Credit quality analysis

The following tables set out information about the credit quality as at 30 September 2025 and 31 March 2025 without taking into account collateral or other credit enhancement.

	Stage 1	30 September 2025 Stage 2 (in thousand Baht)	Total
<i>Interbank and money market items (asset)</i>			
Low risk	15,657,470	-	15,657,470
Total	15,657,470	-	15,657,470
Less allowance for expected credit loss	(11,858)	-	(11,858)
Net	15,645,612	-	15,645,612
<i>Investments in debt instruments measured at FVOCI</i>			
Low risk	15,425,969	-	15,425,969
Gross carrying amount	15,425,969	-	15,425,969
Carrying amount - fair value	15,641,080	-	15,641,080
Allowance for expected credit loss	(13,689)	-	(13,689)
<i>Loans to customers and accrued interest receivables and undue interest receivables</i>			
Low risk	73,183,384	270,014	73,453,398
Medium risk	327,304	5,181,464	5,508,768
Total	73,510,688	5,451,478	78,962,166
Less allowance for expected credit loss	(226,786)	(442,455)	(669,241)
Net	73,283,902	5,009,023	78,292,925
<i>Undrawn loan commitments and financial guarantee contracts</i>			
Committed unused credit line	8,279,246	3,200,000	11,479,246
Financial guarantee contracts	221,541	-	221,541
Allowance for expected credit loss	(12,089)	(3,999)	(16,088)

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	Stage 1	31 March 2025 Stage 2 (in thousand Baht)	Total
<i>Interbank and money market items (asset)</i>			
Low risk	11,878,049	-	11,878,049
Total	11,878,049	-	11,878,049
Less allowance for expected credit loss	(12,083)	-	(12,083)
Net	11,865,966	-	11,865,966
<i>Investments in debt instruments measured at FVOCI</i>			
Low risk	16,518,940	-	16,518,940
Gross carrying amount	16,518,940	-	16,518,940
Carrying amount - fair value	16,602,861	-	16,602,861
Allowance for expected credit loss	(14,038)	-	(14,038)
<i>Loans to customers and accrued interest receivables and undue interest receivables</i>			
Low risk	76,943,941	160,011	77,103,952
Medium risk	408,283	5,320,871	5,729,154
Total	77,352,224	5,480,882	82,833,106
Less allowance for expected credit loss	(264,301)	(367,358)	(631,659)
Net	77,087,923	5,113,524	82,201,447
<i>Undrawn loan commitments and financial guarantee contracts</i>			
Committed unused credit line	7,833,897	2,000,000	9,833,897
Financial guarantee contracts	198,192	-	198,192
Allowance for expected credit loss	(10,146)	(3,254)	(13,400)

Collateral held and other credit enhancements

The Bank holds collateral and other credit enhancements against certain of its credit exposures. Upon granting credit decision, the Bank assesses the loss given default, which is dependent on loan to value (LTV) ratio. The collateral value used for deriving LTV ratio is weighted by the expected loss from execution and public auction, which varies based on risk of each collateral type. The appraisal value of collateral is reviewed in accordance to risk of each collateral type to ensure that the value is the most up-to-date. In addition, in case there is no collateral or the collateral does not cover exposures, the Bank still has other credit enhancements such as letter of guarantee to mitigate the risk of credit exposures.

Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk as at 30 September 2025 and 31 March 2025 is shown below.

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			30 September 2025		
	Interbank and money market items (asset)	Investments in debt instruments*	Loans to customers and accrued interest receivables and undue interest receivables (in thousand Baht)	Undrawn loan commitments	Financial guarantee contracts
Concentrations by sector					
Corporate customers					
Manufacturing and commerce	-	-	17,062,666	3,934,489	-
Real estate and construction	-	-	3,288,375	2,162,031	221,541
Infrastructure and services	-	-	11,415,470	1,607,726	-
Financial service activities	-	-	42,814,366	1,775,000	-
Others	-	-	4,381,289	2,000,000	-
Financial institutions					
Government and state enterprises	5,263,593	15,425,969	-	-	-
Commercial banks	10,393,877	-	-	-	-
Total	15,657,470	15,425,969	78,962,166	11,479,246	221,541

* Gross carrying amount

			31 March 2025		
	Interbank and money market items (asset)	Investments in debt instruments*	Loans to customers and accrued interest receivables and undue interest receivables (in thousand Baht)	Undrawn loan commitments	Financial guarantee contracts
Concentrations by sector					
Corporate customers					
Manufacturing and commerce	-	-	18,763,971	3,608,897	-
Real estate and construction	-	-	2,591,675	1,700,000	198,192
Infrastructure and services	-	-	12,490,478	1,300,000	-
Financial service activities	-	-	44,605,812	1,225,000	-
Others	-	-	4,381,170	2,000,000	-
Financial institutions					
Government and state enterprises	5,218,713	16,518,940	-	-	-
Commercial banks	6,659,336	-	-	-	-
Total	11,878,049	16,518,940	82,833,106	9,833,897	198,192

* Gross carrying amount

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Information related to ECL

Significant increase in credit risk (SICR)

When determining whether the probability of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

Definition of default

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held).

In assessing whether a borrower is in default, the Bank considers indicators that are:

- quantitative e.g., the borrower is more than 90 days or 3 months past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; and
- qualitative e.g., it is becoming probable that the borrower will enter into debt restructure as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default applied by the Bank largely aligns with the BoT criteria.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Information obtained during periodic review of customer files - e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, financial performance in most recent years quality of management, senior management changes
- Data from credit reference agencies, press articles, changes in external credit ratings
- Quoted bond and credit default swap (CDS) prices for the borrower where available
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

Probability of default

Credit risk grades are a primary input into the determination of the probability of default. The Bank has collected repayment performance data of each receivable. For some portfolios, information purchased from external credit reference agencies might be also used.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures. Then, the Bank uses the PD to estimate ECL.

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Incorporation of forward-looking information

The Bank applies forward-looking factor into the calculation of allowance for expected credit loss.

Periodically, the Bank carries out stress testing to calibrate its determination of the significant upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios.

The Bank has considered key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk, and credit losses.

The key driver for credit risk is GDP growth.

Management Overlay

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

4.2 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.

Risk management policy on 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.

Risk management framework and approaches for liquidity risk

Risk management department determines the extent of the Bank's liquidity deficiency appropriately in cooperation with the treasury department, 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 ALM plan approved by the board of directors.

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

The Bank will disclose the Liquidity Coverage Ratio (LCR) information the BoT notification number Sor Nor Sor 2/2561 dated 25 January 2018, regarding to *Liquidity coverage ratio disclosure standards* as follows:

Location of disclosure	The Bank's website at www.smtb.jp/smtbthai/
Disclosure period requirement	Within 4 months after the period/year end date, as indicated in the BoT's notification
Lastest information as at	31 March 2025

The disclosure for the six-month period ended 30 September 2025 will be provided within 31 January 2026 on the Bank's website as noted above.

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As at 30 September 2025 and 31 March 2025, the remaining period to maturity of significant financial assets and financial liabilities based on contractual maturity is as follows:

	At call	Within 1 year	30 September 2025 Over 1 year to 5 years Over 5 years (in thousand Baht)		No maturity	Total
<i>Financial assets</i>						
Cash	-	-	-	-	14	14
Interbank and money market items ⁽¹⁾	1,540,816	14,116,654	-	-	-	15,657,470
Derivative assets	-	121,044	14,699	-	-	135,743
Investments, net	-	3,065,889	12,575,191	-	6,907	15,647,987
Loans to customers ⁽¹⁾	12,323,900	20,351,969	42,762,744	3,219,710	-	78,658,323
Accrued interest receivables and undue interest receivables	736	303,107	-	-	-	303,843
Other financial assets	431,712	105,370	-	-	-	537,082
Total financial assets	14,297,164	38,064,033	55,352,634	3,219,710	6,921	110,940,462
<i>Financial liabilities</i>						
Deposits	369,281	47,611,157	-	-	-	47,980,438
Interbank and money market items	3,874	20,931,536	18,778,616	-	-	39,714,026
Derivatives liabilities	-	190,853	231,182	-	-	422,035
Other financial liabilities	861	362,840	-	-	-	363,701
Total financial liabilities	374,016	69,096,386	19,009,798	-	-	88,480,200
Net liquidity gap	13,923,148	(31,032,353)	36,342,836	3,219,710	6,921	22,460,262
Financial guarantee contracts	-	216,741	4,800	-	-	221,541

⁽¹⁾ Before deducting allowance for expected credit loss

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			31 March 2025			
	At call	Within 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
			<i>(in thousand Baht)</i>			
<i>Financial assets</i>						
Cash	-	-	-	-	10	10
Interbank and money market items ⁽¹⁾	1,677,506	10,200,543	-	-	-	11,878,049
Derivative assets	-	142,661	11,357	-	-	154,018
Investments, net	-	8,650,613	7,952,248	-	10,317	16,613,178
Loans to customers ⁽¹⁾	16,057,222	19,918,442	42,878,246	3,679,873	-	82,533,783
Accrued interest receivables and undue interest receivables	1,179	298,144	-	-	-	299,323
Other financial assets	573,076	85,762	-	-	-	658,838
Total financial assets	18,308,983	39,296,165	50,841,851	3,679,873	10,327	112,137,199
<i>Financial liabilities</i>						
Deposits	580,250	43,789,053	-	-	-	44,369,303
Interbank and money market items	12,465	19,774,755	24,246,139	-	-	44,033,359
Derivatives liabilities	-	806,038	8,149	-	-	814,187
Other financial liabilities	498	796,987	-	-	-	797,485
Total financial liabilities	593,213	65,166,833	24,254,288	-	-	90,014,334
Net liquidity gap	17,715,770	(25,870,668)	26,587,563	3,679,873	10,327	22,122,865
Financial guarantee contracts	-	198,192	-	-	-	198,192

⁽¹⁾ Before deducting allowance for expected credit loss

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 30 September 2025 and 31 March 2025 are as follows:

	Within 1 year	30 September 2025 Over 1 year to 5 years (in thousand Baht)	Total
<i>Foreign currency related</i>			
Foreign currency swap contracts	32,288,655	3,452,500	35,741,155
<i>Interest rate related</i>			
Interest rate swap contracts	-	2,430,000	2,430,000
Total	32,288,655	5,882,500	38,171,155
	Within 1 year	31 March 2025 Over 1 year to 5 years (in thousand Baht)	Total
<i>Foreign currency related</i>			
Foreign currency swap contracts	40,850,487	-	40,850,487
<i>Interest rate related</i>			
Interest rate swap contracts	-	2,700,000	2,700,000
Total	40,850,487	2,700,000	43,550,487

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 foreign exchange rates.

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.

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 bank-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 Risk Management 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.

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Market risk management approach

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

(1) Foreign exchange rate risk

Foreign exchange rate risk in the statements of financial position arises from the potential unfavourable fluctuation in foreign exchange rates which causes a loss in the value of an asset or a 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 2025 and 31 March 2025, the Bank has net open position assets (liabilities) denominated in the various foreign currencies as follows:

	30 September 2025			31 March 2025		
	US Dollar	Japanese Yen	Euro	US Dollar	Japanese Yen	Euro
			(in thousand Baht)			
Spot	(27,231,809)	(1,780,125)	2,766,256	(31,620,551)	(5,167,673)	1,294,305
Forward	27,242,272	1,765,168	(2,772,115)	31,625,011	5,166,680	(1,289,303)
Net position	10,463	(14,957)	(5,859)	4,460	(993)	5,002

(2) 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 periods. 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.

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

	30 September 2025			31 March 2025		
	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate
	(in thousand Baht)		(% per annum)	(in thousand Baht)		(% per annum)
Financial assets						
Interbank and money						
market items	12,907,516	120,850	1.873	16,063,405	419,653	2.612
Investments	15,230,351	133,925	1.759	15,477,689	240,049	1.551
Loans to customers	82,116,346	1,286,046	3.132	82,452,751	2,900,293	3.518
Total	110,254,213	1,540,821		113,993,845	3,559,995	
Financial liabilities						
Deposits	46,598,334	494,596	2.123	35,114,343	898,904	2.560
Interbank and money						
market items	42,761,049	716,668	3.352	58,077,397	1,799,107	3.098
Total	89,359,383	1,211,264		93,191,740	2,698,011	

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As at 30 September 2025 and 31 March 2025, significant financial assets and financial liabilities classified by earlier of maturity or interest repricing are as follows:

	30 September 2025					Non-interest bearing	Total
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years		
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	14	14
Interbank and money market items ⁽¹⁾	-	14,116,654	-	-	-	1,540,816	15,657,470
Investments, net	-	2,060,247	518,556	12,575,191	-	493,993	15,647,987
Loans to customers ⁽¹⁾	12,323,900	28,088,736	9,885,301	28,360,386	-	-	78,658,323
Accrued interest receivables and undue interest							
Receivables	-	-	-	-	-	303,843	303,843
Other financial assets	430,942	-	-	-	-	106,140	537,082
Total financial assets	12,754,842	44,265,637	10,403,857	40,935,577	-	2,444,806	110,804,719
<i>Financial liabilities</i>							
Deposits	369,281	38,383,451	9,227,706	-	-	-	47,980,438
Interbank and money market items	3,874	27,705,397	12,004,755	-	-	-	39,714,026
Other financial liabilities	297	-	-	-	-	363,404	363,701
Total financial liabilities	373,452	66,088,848	21,232,461	-	-	363,404	88,058,165

⁽¹⁾ Before deducting allowance for expected credit loss

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	31 March 2025						
	Repricing periods						
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	10	10
Interbank and money market items ⁽¹⁾	-	10,200,543	-	-	-	1,677,506	11,878,049
Investments, net	-	6,273,325	2,079,988	7,952,248	-	307,617	16,613,178
Loans to customers ⁽¹⁾	16,057,222	27,955,141	10,060,876	28,457,419	3,125	-	82,533,783
Accrued interest receivables and undue interest							
Receivables	-	-	-	-	-	299,323	299,323
Other financial assets	572,356	-	-	-	-	86,482	658,838
Total financial assets	16,629,578	44,429,009	12,140,864	36,409,667	3,125	2,370,938	111,983,181
<i>Financial liabilities</i>							
Deposits	580,250	40,499,209	3,289,844	-	-	-	44,369,303
Interbank and money market items	12,465	33,142,959	10,877,935	-	-	-	44,033,359
Other financial liabilities	-	-	-	-	-	797,485	797,485
Total financial liabilities	592,715	73,642,168	14,167,779	-	-	797,485	89,200,147

⁽¹⁾ Before deducting allowance for expected credit loss

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Sensitivity analysis

The Bank uses re-pricing gap analysis to provide an estimated measure of the Banking book sensitivity to interest rates change by distributing interest-rate sensitive assets, liabilities and off-balance sheet positions into time bands based on re-pricing schedule.

The result of interest rate to net interest income (expenses) within 1 year by applying the increasing of 100 bps is as follows:

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Baht	(41,108)	(90,352)
US Dollar	(16,506)	(25,685)
Japanese Yen	(9,568)	(21,013)
Total effect on net interest income (expenses)	<u>(67,182)</u>	<u>(137,050)</u>

4.4 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 arises 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 transaction;
- 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.

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5 Fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	<i>Note</i>	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		<i>(in thousand Baht)</i>							
30 September 2025									
<i>Financial assets</i>									
Derivatives assets	9								
- Foreign currency related		121,044	-	-	121,044	-	121,044	-	121,044
- Interest rate related		14,699	-	-	14,699	-	14,699	-	14,699
Investments	10								
- Debt instruments		-	15,641,080	-	15,641,080	-	15,641,080	-	15,641,080
- Equity instruments		-	6,907	-	6,907	-	-	6,907	6,907
Loans to customers and accrued interest receivables and undue interest receivables	11.1								
- without fair value hedge		-	-	78,292,925	78,292,925	-	37,553,802	41,992,299	79,546,101
<i>Financial liabilities</i>									
Derivatives liabilities	9								
- Foreign currency related		409,591	-	-	409,591	-	409,591	-	409,591
- Interest rate related		12,444	-	-	12,444	-	12,444	-	12,444

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		Carrying amount				Fair value			
	<i>Note</i>	FVTPL	FVOCI	Amortised Cost	Total <i>(in thousand Baht)</i>	Level 1	Level 2	Level 3	Total
31 March 2025									
<i>Financial assets</i>									
Derivatives assets	9								
- Foreign currency related		142,661	-	-	142,661	-	142,661	-	142,661
- Interest rate related		11,357	-	-	11,357	-	11,357	-	11,357
Investments	10								
- Debt instruments		-	16,602,861	-	16,602,861	-	16,602,861	-	16,602,861
- Equity instruments		-	10,317	-	10,317	-	-	10,317	10,317
Loans to customers and accrued interest receivables and undue interest receivables	11.1								
- without fair value hedge		-	-	82,201,447	82,201,447	-	42,781,889	40,542,413	83,324,302
<i>Financial liabilities</i>									
Derivatives liabilities	9								
- Foreign currency related		806,038	-	-	806,038	-	806,038	-	806,038
- Interest rate related		8,149	-	-	8,149	-	8,149	-	8,149

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There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six-month period 30 September 2025 and during the year 31 March 2025.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques as well as the significant unobservable inputs used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial positions.

Financial instruments measured at fair value	Valuation technique	Significant unobservable inputs
Investments in equity instruments	Discounted cash flow	Expected future cash flow and discount rate
Loan to customers and accrued interest receivables and undue interest receivables with fair value hedge	Discounted cash flow	Risk-adjusted discount rate

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 fair values of financial instruments.

	Six-month period ended 30 September 2025 (in thousand Baht)	Year ended 31 March 2025
<i>Investments in equity instruments</i>		
Beginning balances	10,317	8,987
(Losses) gains recognised in other comprehensive income	(3,410)	1,330
Ending balances	6,907	10,317
	Six-month period ended 30 September 2025 (in thousand Baht)	Year ended 31 March 2025
<i>Loans to customers with fair value hedge</i>		
Beginning balances	-	666,300
Derecognised	-	(685,543)
Exchange rate adjustment	-	-
Gains recognised in profit or loss	-	19,243
Ending balances	-	-

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

Interbank and money market items (assets and liabilities)

The fair value of interbank and money market items (assets and liabilities) which bear floating 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.

Derivatives

The fair value of over-the-counter derivatives is based on inputs which are observable from independent and reliable market data sources. These inputs are tested for reasonableness. The fair value is calculated by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of derivative assets reflect the credit risk of the instrument and include adjustments to take into account of credit risk of the counter party when appropriate.

Investments in debt instruments

The fair value of investments in debt instruments is referenced from price quoted on the Thai Bond Market Association (“ThaiBMA”).

Investments in equity instruments

Fair values of domestic non-marketable equity instruments are calculated by discounted cash flow method with unobservable inputs.

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 is equal to the carrying value of such deposits. The fair value of floating-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits and floating rate deposit repricing within 1 year from reporting date approximate their carrying amount. 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.

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6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E.2551 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 number Sor Nor Sor. 12/2555, dated 8 November 2012, Re: *Regulations on Supervision of Capital for Commercial Banks* and Sor Nor Sor. 7/2562, dated 7 May 2019, Re: *Regulations on Components of Capital for Locally-incorporated Banks*, the Bank is required to calculate its Capital Fund in accordance with Basel III.

As at 30 September 2025 and 31 March 2025, the Bank's total capital funds and capital ratio can be categorised as follows:

	30 September 2025 <i>(in thousand Baht)</i>	31 March 2025	
<i>Tier 1 capital</i>			
Common Equity Tier 1 (CET1)			
Issued and paid-up share capital	20,000,000	20,000,000	
Legal reserves	72,518	61,600	
Net profits after appropriated	1,048,601	1,031,959	
Other reserves	162,424	61,481	
Less capital deduction items on CET1	(232,028)	(308,874)	
Total Tier 1 Capital	21,051,515	20,846,166	
<i>Tier 2 capital</i>			
General provision	204,433	174,529	
Total Tier 2 Capital	204,433	174,529	
Total Capital funds	21,255,948	21,020,695	
Total Risk-Weighted Assets	76,974,082	76,826,223	
	The BoT's regulation minimum requirement	30 September 2025 (%)	31 March 2025
Capital Adequacy Ratio	11.00	27.61	27.36
Tier-1 Capital ratio	8.50	27.35	27.13
Tier-1 Common Equity ratio	7.00	27.35	27.13

As at 30 September 2025 and 31 March 2025, the Bank had no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the BoT notification number Sor Nor Sor 4/2556, dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Commercial Bank* and the BoT notification number Sor Nor Sor 14/2562, dated 7 May 2019, regarding to *Disclosure requirement on Capital Adequacy for a Commercial Bank (Volume 2)*, were as follows:

Location of disclosure	The Bank's website at www.smtb.jp/smtbthai/
Disclosure period requirement	Within 4 months after the period/year end date as indicated in the BoT's notification
Latest information	31 March 2025

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The disclosure for the six-month ended 30 September 2025 will be provided within 31 January 2026 on the Bank's website as noted above.

Capital management

The Management's policy is to maintain a strong capital base in order 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 Classification of financial assets and financial liabilities

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	30 September 2025 Investments in equity instruments designated at FVOCI (in thousand Baht)	Financial instruments measured at amortised cost	Total
<i>Financial assets</i>					
Cash	-	-	-	14	14
Interbank and money market items, net	-	-	-	15,645,612	15,645,612
Derivative assets	135,743	-	-	-	135,743
Investments, net					
Government and state enterprise securities	-	15,641,080	-	-	15,641,080
Domestic non-marketable equity securities	-	-	6,907	-	6,907
Loans to customers and accrued interest receivables, net	-	-	-	78,292,925	78,292,925
Other financial assets	-	-	-	537,082	537,082
Total	135,743	15,641,080	6,907	94,475,633	110,259,363
<i>Financial liabilities</i>					
Deposits	-	-	-	47,980,438	47,980,438
Interbank and money market items	-	-	-	39,714,026	39,714,026
Derivative liabilities	422,035	-	-	-	422,035
Other financial liabilities	-	-	-	363,701	363,701
Total	422,035	-	-	88,058,165	88,480,200

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			31 March 2025		
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
			(in thousand Baht)		
Financial assets					
Cash	-	-	-	10	10
Interbank and money market items, net	-	-	-	11,865,966	11,865,966
Derivative assets	154,018	-	-	-	154,018
Investments, net					
Government and state enterprise securities	-	16,602,861	-	-	16,602,861
Domestic non-marketable equity securities	-	-	10,317	-	10,317
Loans to customers and accrued interest receivables, net	-	-	-	82,201,447	82,201,447
Other financial assets	-	-	-	658,838	658,838
Total	154,018	16,602,861	10,317	94,726,261	111,493,457
Financial liabilities					
Deposits	-	-	-	44,369,303	44,369,303
Interbank and money market items	-	-	-	44,033,359	44,033,359
Derivative liabilities	814,187	-	-	-	814,187
Other financial liabilities	-	-	-	797,485	797,485
Total	814,187	-	-	89,200,147	90,014,334

8 Interbank and money market items, net (assets)

	Note	30 September 2025	31 March 2025
		(in thousand Baht)	
Domestic			
Bank of Thailand		613,403	518,461
Commercial banks		8,423,841	5,522,434
Specialised financial institutions		4,650,000	4,700,000
Total		13,687,244	10,740,895
Add accrued interest receivables and undue interest receivables		533	543
Less allowance for expected credit loss		(11,858)	(12,083)
Total domestic		13,675,919	10,729,355
Foreign			
US Dollar	23	1,146,905	242,185
Japanese Yen	23	821,843	887,692
Euro	23	701	6,734
Total		1,969,449	1,136,611
Add accrued interest receivables		244	-
Total foreign		1,969,693	1,136,611
Total domestic and foreign		15,645,612	11,865,966

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9 Derivatives

9.1 Derivatives held for trading

As at 30 September 2025 and 31 March 2025, the fair value and notional amount of derivatives classified by type of risks were as follows:

Type of risks	30 September 2025			31 March 2025		
	Fair value		Notional amount (in thousand Baht)	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related	96,707	357,078	21,353,290	127,727	439,768	32,056,874
Interest rate related	14,699	12,444	2,430,000	11,357	8,149	2,700,000
Total	111,406	369,522	23,783,290	139,084	447,917	34,756,874

9.2 Derivatives held for hedging

Cash flow hedges

Type of risks	30 September 2025			31 March 2025		
	Fair value		Notional amount (in thousand Baht)	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related	24,337	52,513	14,387,865	14,934	366,270	8,793,613

- (1) The Bank uses spot element of foreign currency swaps to hedge its foreign currency risk exposure arising from foreign exchange translation of borrowings in foreign currency to functional currency.

Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

The Bank establishes a hedge ratio by aligning the par amount of a hedged item and a hedging instrument. The Bank applies the hedge ratio of 1:1.

As at 30 September 2025 and 31 March 2025, there were no sources of ineffectiveness in these hedging relationships.

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10 Investments, net

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
<i>Investments in debt instruments measured at FVOCI</i>		
Government and state enterprise securities	15,641,080	16,602,861
Total	15,641,080	16,602,861
Allowance for expected credit loss	(13,689)	(14,038)
<i>Investments in equity instruments designated at FVOCI</i>		
Domestic non-marketable equity securities	6,907	10,317
Total	6,907	10,317
Total investment, net	15,647,987	16,613,178

As at 30 September 2025 and 31 March 2025, the Bank had some investments in securities pledged as collateral or under restriction as disclosed in note 21.

11 Loans to customers and accrued interest receivables, net

11.1 Classified by type of loans

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Loans	61,472,348	61,314,940
Bills	17,185,975	21,218,843
Total loans to customers	78,658,323	82,533,783
Add accrued interest receivables and undue interest receivables	303,843	299,323
Total loans to customers and accrued interest receivables and undue interest receivables	78,962,166	82,833,106
Less allowance for expected credit loss	(669,241)	(631,659)
Loan to customers and accrued interest receivables, net	78,292,925	82,201,447

11.2 Classified by residence of debtors

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Domestic	78,445,978	82,276,905
Foreign	212,345	256,878
Total	78,658,323	82,533,783

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11.3 Classified by stage

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Loans to customers and accrued interest receivables and undue interest receivables		
Financial assets that have not had a significant increase in credit risk (Performing)	73,510,688	77,352,224
Financial assets that have a significant increase in credit risk (Under-performing)	5,451,478	5,480,882
Total	78,962,166	82,833,106

12 Allowance for expected credit loss

	30 September 2025			
	Financial assets that have not had a significant increase in credit risk	Financial assets that have a significant increase in credit risk	Excess reserve	Total
		<i>(in thousand Baht)</i>		
Interbank and money market items (assets)	11,858	-	-	11,858
Investments in debt instruments	13,689	-	-	13,689
Loans to customers and accrued interest receivables and undue interest receivables	226,786	442,455	-	669,241
Undrawn loan commitments and financial guarantee contracts	12,089	3,999	-	16,088
Total	264,422	446,454	-	710,876

	31 March 2025			
	Financial assets that have not had a significant increase in credit risk	Financial assets that have a significant increase in credit risk	Excess reserve	Total
		<i>(in thousand Baht)</i>		
Interbank and money market items (assets)	12,083	-	-	12,083
Investments in debt instruments	14,038	-	-	14,038
Loans to customers and accrued interest receivables and undue interest receivables	264,301	367,358	-	631,659
Undrawn loan commitments and financial guarantee contracts	10,146	3,254	-	13,400
Total	300,568	370,612	-	671,180

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Movements in allowance for expected credit loss during the six-month period ended 30 September 2025 and during the year ended 31 March 2025 consisted of:

	Financial assets that have not had a significant increase in credit risk	Financial assets that have a significant increase in credit risk <i>(in thousand Baht)</i>	Excess reserve *	Total
<i>Interbank and money market items (assets)</i>				
At 1 April 2024	8,560	-	-	8,560
Purchased or acquired	12,083	-	-	12,083
Derecognised	(8,560)	-	-	(8,560)
At 31 March 2025 and 1 April 2025	12,083	-	-	12,083
Purchased or acquired	11,858	-	-	11,858
Derecognised	(12,083)	-	-	(12,083)
At 30 September 2025	11,858	-	-	11,858
<i>Investments in debt instruments</i>				
At 1 April 2024	16,667	-	-	16,667
Change from remeasurement of ECL	(2,144)	-	-	(2,144)
Purchased or acquired	2,800	-	-	2,800
Derecognised	(3,285)	-	-	(3,285)
At 31 March 2025 and 1 April 2025	14,038	-	-	14,038
Change from remeasurement of ECL	324	-	-	324
Purchased or acquired	4,655	-	-	4,655
Derecognised	(5,328)	-	-	(5,328)
At 30 September 2025	13,689	-	-	13,689
<i>Loans to customers and accrued interest receivables and undue interest receivables</i>				
At 1 April 2024	285,806	9,557	67,430	362,793
Change from stage reclassification	(6,268)	6,268	-	-
Change from remeasurement of ECL	(35,281)	36,923	-	1,642
Purchased or acquired	184,712	324,167	-	508,879
Derecognised	(164,668)	(9,557)	-	(174,225)
Excess reserve amortisation	-	-	(67,430)	(67,430)
At 31 March 2025 and 1 April 2025	264,301	367,358	-	631,659
Change from stage reclassification	4,070	(4,070)	-	-
Change from remeasurement of ECL	(25,541)	13,693	-	(11,848)
Purchased or acquired	66,166	77,050	-	143,216
Derecognised	(82,210)	(11,576)	-	(93,786)
At 30 September 2025	226,786	442,455	-	669,241

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	Financial assets that have not had a significant increase in credit risk	Financial assets that have a significant increase in credit risk <i>(in thousand Baht)</i>	Excess reserve *	Total
<i>Undrawn loan commitments and financial guarantee contracts</i>				
At 1 April 2024	53,908	16,826	-	70,734
Change from remeasurement of ECL	(3,214)	(778)	-	(3,992)
Purchased or acquired	9	-	-	9
Derecognised	(40,557)	(12,794)	-	(53,351)
At 31 March 2025 and 1 April 2025	10,146	3,254	-	13,400
Change from stage reclassification	(17)	17	-	-
Change from remeasurement of ECL	844	728	-	1,572
Purchased or acquired	1,117	-	-	1,117
Derecognised	(1)	-	-	(1)
At 30 September 2025	12,089	3,999	-	16,088

* As at 1 April 2020, the date of adoption of financial instruments standards, the Bank had the excess reserve amounting to Baht 337 million as the allowance for doubtful accounts as at 31 March 2020 exceeded the allowance for expected credit loss calculated according to the financial instruments standards. The Bank would amortise the excess reserve using the straight-line method over 5 years in accordance with BoT Circular number Thor Por Tor. For Nor Sor. (23) Wor. 1603/2562, directive dated 6 November 2019, regarding “*The Clarification on Management of Excess Reserve*”.

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13 Leasehold building improvements and equipment, net

30 September 2025										
	Cost						Accumulated depreciation			
	Net book value as of 1 April 2025	As of 1 April 2025	Purchases and transfers in	Disposals/ transfers out	As of 30 September 2025	As of 1 April 2025	Depreciation	Disposals/ transfers out	As of 30 September 2025	Net book value as of 30 September 2025
<i>(in thousand Baht)</i>										
Leasehold improvement and system structure	2,839	122,093	661	-	122,754	119,254	499	-	119,753	3,001
Furniture and office equipment	18,515	112,698	15,445	(1,017)	127,126	94,183	4,394	(1,017)	97,560	29,566
Right-of-use assets										
Office buildings	2,386	37,731	21,375	(37,731)	21,375	35,345	3,576	(37,731)	1,190	20,185
Vehicles	6,387	14,940	-	-	14,940	8,553	1,539	-	10,092	4,848
Asset under construction	12,458	12,458	614	(12,458)	614	-	-	-	-	614
Total	42,585	299,920	38,095	(51,206)	286,809	257,335	10,008	(38,748)	228,595	58,214
31 March 2025										
	Cost						Accumulated depreciation			
	Net book value as of 1 April 2024	As of 1 April 2024	Purchases and transfers in	Disposals/ transfers out	As of 31 March 2025	As of 1 April 2024	Depreciation	Disposals/ transfers out	As of 31 March 2025	Net book value as of 31 March 2025
<i>(in thousand Baht)</i>										
Leasehold improvement and system structure	7,357	121,288	1,969	(1,164)	122,093	113,931	6,472	(1,149)	119,254	2,839
Furniture and office equipment	8,566	131,348	14,965	(33,615)	112,698	122,782	5,016	(33,615)	94,183	18,515
Vehicles	-	550	-	(550)	-	550	-	(550)	-	-
Right-of-use assets										
Office buildings	9,499	37,731	-	-	37,731	28,232	7,113	-	35,345	2,386
Vehicles	9,456	14,940	-	-	14,940	5,484	3,069	-	8,553	6,387
Asset under construction	1,219	1,219	23,440	(12,201)	12,458	-	-	-	-	12,458
Total	36,097	307,076	40,374	(47,530)	299,920	270,979	21,670	(35,314)	257,335	42,585

The gross amount of the Bank's fully depreciated leasehold building improvements and equipment that were still in use as at 30 September 2025 amounted to Baht 203 million (31 March 2025: Baht 195 million).

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14 Other assets

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Collateral per Credit Support Annex	430,942	572,356
Accrued interest receivable	95,455	80,476
Prepaid expenses	13,865	14,455
Others	18,107	13,074
Total	558,369	680,361

15 Deposits

15.1 Classified by type of deposits

	30 September 2025	31 March 2025
	<i>(in thousand Baht)</i>	
Current	17,116	19,950
Savings	352,165	560,300
Term	47,611,157	43,789,053
Total	47,980,438	44,369,303

15.2 Classified by currencies and residence of depositors

	30 September 2025	31 March 2025
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Thai Baht	44,312,365	41,767,050
US Dollar	3,668,073	2,602,253
Total	47,980,438	44,369,303

16 Interbank and money market items (liabilities)

		30 September 2025	31 March 2025
	<i>Note</i>	<i>(in thousand Baht)</i>	
Domestic			
Commercial banks		200,000	-
Other financial institutions		903,874	962,465
Total domestic		1,103,874	962,465
Foreign			
US Dollar	23	33,720,469	34,604,979
Japanese Yen	23	3,920,938	7,282,914
Euro	23	968,745	1,183,001
Total foreign		38,610,152	43,070,894
Total domestic and foreign		39,714,026	44,033,359

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17 Provisions

	Note	30 September 2025 (in thousand Baht)	31 March 2025
Employee benefit obligations			
Allowance for expected credit loss on undrawn loan commitments and financial guarantee contracts	12	32,719 16,088	30,086 13,400
Total		48,807	43,486

18 Other Liabilities

	Note	30 September 2025 (in thousand Baht)	31 March 2025
Payables to related party	23	177,672	644,315
Contribution payables to Deposit Protection Agency, Financial Institutions Development Fund and You Fight We Help Program		100,494	44,222
Accrued interest payables		93,295	116,183
Income tax payable		55,523	38,281
Accrued expenses		32,823	49,072
Lease liabilities		25,201	9,070
Other payables		5,403	8,840
Deferred revenue		3,499	85
Collateral per Credit Support Annex		297	-
Others		30,094	16,683
Total		524,301	926,751

19 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, Re: *Regulations on Service Business relating to Electronic Money (e-Money)* and Sor Nor Chor 2/2562 dated 20 December 2019, Re: *Regulations on Service Business relating to Electronic Fund Transfer (EFT)*, the Bank is required to disclose advance received from e-Money and EFT. As at 30 September 2025, the Bank didn't have any advance received from e-Money and EFT (31 March 2025: Nil).

20 Offsetting of financial assets and financial liabilities

	30 September 2025				
			Amount of unoffsetting in statement of financial position		
	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position	Offsetting amount which is not met the accounting standard's conditions	Relevant financial collateral amount
					Net amount
Financial assets					
Derivative assets	81,484	-	81,484	-	(297)
Total	81,484	-	81,484	-	(297)
Financial liabilities					
Derivative liabilities	361,729	-	361,729	-	(430,942)
Total	361,729	-	361,729	-	(430,942)

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31 March 2025					
	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position (in thousand Baht)	Amount of unoffsetting in statement of financial position	
				Offsetting amount which is not met the accounting standard's conditions	Relevant financial collateral amount
					Net amount
Financial assets					
Derivative assets	81,344	-	81,344	-	-
Total	81,344	-	81,344	-	81,344
Financial liabilities					
Derivative liabilities	592,361	-	592,361	-	(572,356)
Total	592,361	-	592,361	-	20,005

Reconciliation of net amount presented in statement of financial position with the caption in statement of financial position as follows:

30 September 2025					
Financial instrument type	Net amount presented in statement of financial position (in thousand Baht)	Caption in statement of financial position	Notes	Carrying amount presented in statement of financial position (in thousand Baht)	Carrying amount in statement of financial position not under the offsetting conditions
Financial assets					
Derivative assets	81,484	Derivative assets	9	135,743	54,259
Total	81,484			135,743	54,259
Financial liabilities					
Derivative liabilities	361,729	Derivative liabilities	9	422,035	60,306
Total	361,729			422,035	60,306

31 March 2025					
Financial instrument type	Net amount presented in statement of financial position (in thousand Baht)	Caption in statement of financial position	Notes	Carrying amount presented in statement of financial position (in thousand Baht)	Carrying amount in statement of financial position not under the offsetting conditions
Financial assets					
Derivative assets	81,344	Derivative assets	9	154,018	72,674
Total	81,344			154,018	72,674
Financial liabilities					
Derivative liabilities	592,361	Derivative liabilities	9	814,187	221,826
Total	592,361			814,187	221,826

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21 Assets pledged as collateral and under restriction

As at 30 September 2025, government and state enterprise securities amounting to Baht 317.98 million (31 March 2025: Baht 26.88 million), were pledged as collateral for other commitment with government organisation.

22 Contingent liabilities

	30 September 2025 (in thousand Baht)	31 March 2025
Other contingencies		
- Committed line	11,479,246	9,833,897
- Financial guarantee contracts	221,541	198,192
Total	11,700,787	10,032,089

Litigation

As at 30 September 2025 and 31 March 2025, there was no litigation case outstanding against the Bank.

23 Related parties

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

Related parties that the Bank had significant transactions with during the period were as follows:

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Japanese/Thai	Persons having authority and responsibility for planning and controlling the activities of the Bank directly or indirectly, including any director of the Bank (whether executive or otherwise)
Sumitomo Mitsui Trust Group, 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 Asset Management Co., Ltd.	Japan	Subsidiary of ultimate parent company
Other Branches of Sumitomo Mitsui Trust Bank, Limited	Various	Other branches of immediate parent company

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The pricing policies for transactions were explained further below:

Transactions	Pricing policies
Interest income	Contractually agreed rate
Interest expenses	Contractually agreed rate
Fees and service income	Contractually agreed price
Fees and service expenses	Contractually agreed price/rate or fee as announced
Other operating income	Contractually agreed price
Premises and equipment expenses	Contractually agreed price
Other expenses	Contractually agreed price

Significant transactions for the six-month period ended 30 September 2025 and 2024 with related parties were as follows:

<i>For the six-month periods ended 30 September</i>	2025	2024
	<i>(in thousand Baht)</i>	
<i>Immediate parent company</i>		
Interest income	15,826	-
Interest expenses	802,575	1,282,757
Fees and service expenses	3,019	22,462
Other operating income	1,305	191
Other expenses	11,043	10,298
Dividends paid	87,200	139,600
<i>Other branches of immediate parent company</i>		
Interest expenses	25,701	32,668
Fees and service expenses	28	6
<i>Key management personnel compensation</i>		
Short-term and other employee benefits	17,906	28,536

Significant balances as at 30 September 2025 and 31 March 2025 with related parties were as follows:

	<i>Note</i>	30 September 2025	31 March 2025
		<i>(in thousand Baht)</i>	
<i>Immediate parent company</i>			
Interbank and money market items (assets)	18	1,887,964	887,692
Other assets		1,903	1,335
Interbank and money market items (liabilities)		37,641,407	41,887,893
Other liabilities		176,878	643,222
<i>Other branches of immediate parent company</i>			
Interbank and money market items (assets)		701	6,734
Interbank and money market items (liabilities)		968,745	1,183,001
Other liabilities	18	794	1,093

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As at 30 September 2025, borrowings from immediate parent company and other branches of immediate parent company were USD 1,044 million, EUR 26 million and JPY 18,050 million (*31 March 2025: USD 1,020 million, EUR 32 million and JPY 32,050 million*) due to mature from October 2025 to October 2027 (*31 March 2025: April 2025 to October 2027*) which principal repayable at maturity and interest payable quarterly. Borrowings were carried fixed interest rates between 2.09% to 4.56% per annum (*31 March 2025: 2.57% to 5.50% per annum*). Borrowings were carried floating interest rates based on SOFR plus a fixed percent per annum and TONAR plus a fixed percent per annum (*31 March 2025: SOFR plus a fixed percent per annum and TONAR plus a fixed percent per annum*).

Significant agreements with related parties

- (a) In 2014, the Bank entered into the Usage of Symbols or Trademark agreement with the ultimate parent company 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 the immediate parent company which the Bank has been served on control and management and internal audit services. The service fee is charged in accordance with the terms in the agreement.
- (c) In 2015, the Bank entered into service agreements with the immediate parent company relating to the provision of certain advisory, information technology and other services support to the Bank and other related activities. The service fee is charged in accordance with terms in the agreement.

24 Other benefits to directors and persons with managing authority

The Bank has not paid other benefits to director and executives except for the benefit that are normally paid such as directors fee, directors bonus, executives' salary and bonus.

25 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 financial statements since the Bank is engaged in only one domestic banking business in Thailand.

26 Interest income

<i>For the six-month periods ended 30 September</i>	<i>Note</i>	2025	2024
		<i>(in thousand Baht)</i>	
Interbank and money market items	23	120,850	217,556
Investments in debt instruments		133,925	119,302
Loans to customers		1,286,046	1,503,400
Total		1,540,821	1,840,258

27 Interest expenses

<i>For the six-month periods ended 30 September</i>	<i>Note</i>	2025	2024
		<i>(in thousand Baht)</i>	
Deposits		389,693	346,869
Interbank and money market items	23	716,668	935,033
Contribution to Deposit Protection Agency, Financial Institutions Development Fund and You Fight We Help Program		104,903	80,157
Total		1,211,264	1,362,059

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28 Net fees and service expenses

<i>For the six-month periods ended 30 September</i>	<i>Note</i>	2025 <i>(in thousand Baht)</i>	2024
Fees and service income			
- Fund transfer services fees		159	192
- Guarantee fee		404	330
- Others		80	114
Total		643	636
Fees and service expenses			
- Fund transfer between financial institutions fee	23	(846)	(468)
- Prepayment fee	23	(2,671)	(22,281)
- Others		(476)	(162)
Total		(3,993)	(22,911)
Net		(3,350)	(22,275)

29 Net gains (losses) on financial instruments measured at fair value through profit or loss

<i>For the six-month periods ended 30 September</i>	2025	2024
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	226,751	(65,428)
Total	226,751	(65,428)

30 Employee expenses

<i>For the six-month periods ended 30 September</i>	<i>Note</i>	2025 <i>(in thousand Baht)</i>	2024
Key management			
Salaries, wages and bonus		8,564	15,241
Non-monetary benefits		8,785	12,236
Defined benefit plans and other long-term employee benefits		227	427
Others		330	632
	23	17,906	28,536
Other employees			
Salaries, wages and bonus		67,624	65,428
Non-monetary benefits		13,535	11,295
Defined benefit plans and other long-term employee benefits		2,561	2,234
Others		4,470	4,199
		88,190	83,156
Total		106,096	111,692

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 5% to 15% of their basic salaries and by the Bank at 5% 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.

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31 Expected credit loss

<i>For the six-month periods ended 30 September</i>	2025	2024
	<i>(in thousand Baht)</i>	
Interbank and money market items	(225)	36,343
Investments in debt instruments measured at FVOCI	(349)	(1,246)
Loans to customers and accrued interest receivables and undue interest receivables	37,582	191,181
Undrawn loan commitments and financial guarantee contracts	2,688	52,297
Total	39,696	278,575

32 Income tax

Income tax recognised in profit or loss

<i>For the six-month periods ended 30 September</i>	2025	2024
	<i>(in thousand Baht)</i>	
Current tax expense		
Current period	58,159	-
Deferred tax expense		
Movement in temporary difference	934	(25,627)
Total	59,093	(25,627)

Income tax recognised in other comprehensive income

For the six-month periods ended 30 September

	Before Tax	2025 Tax benefit (expense)	Net of Tax	Before Tax	2024 Tax (expenses) benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Change in fair value of hedging derivatives	(1,601)	320	(1,281)	124,851	(24,970)	99,881
Financial assets measured at FVOCI	127,431	(25,486)	101,945	58,099	(11,620)	46,479
Total	125,830	(25,166)	100,664	182,950	(36,590)	146,360

Reconciliation of effective tax rate

For the six-month periods ended 30 September

	Rate (%)	2025 (in thousand Baht)	Rate (%)	2024 (in thousand Baht)
Profit (loss) before income tax		295,259		(128,392)
Income tax using the Thai corporation tax rate	20	59,052	20	(25,678)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable income, net		41		51
Total	20	59,093	20	(25,627)

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33 Dividends

On 29 July 2025, the Annual General Meeting of Shareholders resolved to approve the dividend payments from operations for the year ended 31 March 2025 to shareholders at the rate Baht 4.36 per share, representing a total amount of Baht 87.20 million. The Bank paid the dividend on 20 August 2025.