

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

Financial statements for the year ended
31 March 2021
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

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

Opinion

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2021, and its financial performance and cash flows for the year then ended 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 Financial Statements* section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

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

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

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

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



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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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



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

A handwritten signature in blue ink, reading 'P. Gulsantithamrong' with a checkmark at the end.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
28 June 2021

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of financial position

Assets	Note	31 March	
		2021	2020
		(in thousand Baht)	
Cash		29	30
Interbank and money market items, net	10, 25	24,091,372	14,431,820
Derivative assets	11	792,397	1,202,223
Investments, net	12	12,203,920	10,567,807
Loans to customers and accrued interest receivables, net	13	52,191,947	54,315,041
Leasehold building improvements and equipment, net	15, 26	80,356	59,627
Intangible assets, net		21,094	27,515
Deferred tax assets, net	16	16,698	14,684
Other assets	25	68,472	13,084
Total assets		89,466,285	80,631,831
Liabilities and equity			
Liabilities			
Deposits	17	31,733,116	19,715,567
Interbank and money market items	18, 25	37,203,762	39,639,221
Derivative liabilities	11	278,273	417,960
Provisions	19	49,410	12,963
Other liabilities	20, 25, 26	251,648	1,079,522
Total liabilities		69,516,209	60,865,233
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	23	(12,171)	16,404
Deficit		(37,753)	(249,806)
Total equity		19,950,076	19,766,598
Total liabilities and equity		89,466,285	80,631,831



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 Mr. Toshiyuki Hayashi
 Executive Vice President
 in charge of Finance Department

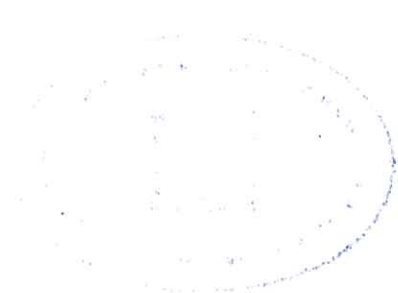
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 (Mr. Hidenari Kawashita)
 Chief Executive Officer

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statements of profit or loss and other comprehensive income

		For the years ended	
		31 March	
	Note	2021	2020
(in thousand Baht)			
Interest income	25, 28	1,033,033	1,527,304
Interest expenses	25, 29	387,767	1,011,770
Net interest income		645,266	515,534
Fees and service income	25	7,855	4,875
Fees and service expenses	25	5,705	8,429
Net fees and service income (expenses)	30	2,150	(3,554)
Net gains on financial instruments measured at fair value through profit or loss	31	5,425	-
Net gains on trading and foreign exchange transactions	32	-	164,505
Other operating income	25	17,372	3,545
Total operating income		670,213	680,030
Other operating expenses			
Employee expenses	25, 33	190,685	195,623
Directors' remuneration		2,992	2,944
Premises and equipment expenses		66,752	92,630
Taxes and duties		37,339	46,610
Others	25	74,409	79,258
Total other operating expenses		372,177	417,065
Expected credit loss	34	39,420	-
Reversal of bad debts, doubtful accounts and impairment loss	34	-	(54,752)
Profit from operations before income tax		258,616	317,717
Income tax	35	46,726	79,043
Profit for the year		211,890	238,674



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

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

		For the years ended	
		31 March	
	Note	2021	2020
		(in thousand Baht)	
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Losses on investments in debt instruments			
at fair value through other comprehensive income		(53,163)	-
Gains on remeasuring available-for-sale investments		-	21,681
Income tax relating to items that will be reclassified			
subsequently to profit or loss	35	<u>10,632</u>	<u>(4,336)</u>
		<u>(42,531)</u>	<u>17,345</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Losses on remeasurements of defined benefit obligations		(455)	(2,607)
Income tax relating to items that will not be reclassified			
subsequently to profit or loss	35	<u>91</u>	<u>521</u>
		<u>(364)</u>	<u>(2,086)</u>
Other comprehensive income (loss) for the year, net of income tax		<u>(42,895)</u>	<u>15,259</u>
Total comprehensive income (loss) for the year		<u>168,995</u>	<u>253,933</u>
Basic earnings per share (in Baht)	36	10.59	11.93

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 Mr. Toshiyuki Hayashi
 Executive Vice President
 in charge of Finance Department





 Mr. Hidenari Kawashita
 Chief Executive Officer

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

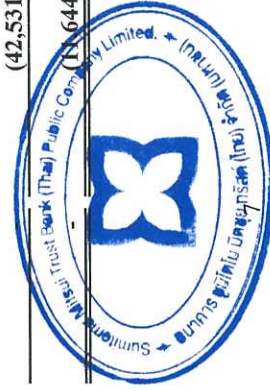
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Statement of changes in equity

Other reserves									
			Revaluation surplus (deficit) on investments in debt instruments at fair value through other comprehensive income	Remeasurement of post-employment benefits <i>(in thousand Baht)</i>	Total other reserves	Deficit	Total equity		
	Issued and paid-up share capital	Note	Revaluation (deficit) surplus on available-for-sale investments, net						
Year ended 31 March 2020									
Balance as at 1 April 2019	20,000,000		(941)	-	(941)	(486,394)	19,512,665		
Comprehensive income (loss) for the year									
Profit for the year	-		-	-	-	238,674	238,674		
Other comprehensive income (loss)	-		17,345	-	17,345	(2,086)	15,259		
Total comprehensive income (loss) for the year	-		17,345	-	17,345	236,588	253,933		
Balance as at 31 March 2020	20,000,000		16,404	-	16,404	(249,806)	19,766,598		
Year ended 31 March 2021									
Balance as at 31 March 2020 - as reported	20,000,000		16,404	-	16,404	(249,806)	19,766,598		
Impact of reclassification of accounts	-		-	-	(163)	163	-		
Impact of changes in accounting policies	-	3	(16,404)	30,887	14,483	-	14,483		
Balance as at 1 April 2020 - restated	20,000,000		-	30,887	30,724	(249,643)	19,781,081		
Comprehensive income (loss) for the year									
Profit for the year	-		-	-	-	211,890	211,890		
Other comprehensive income (loss)	-		-	(42,531)	(42,895)	-	(42,895)		
Total comprehensive income (loss) for the year	-		-	(42,531)	(42,895)	211,890	168,995		
Balance as at 31 March 2021	20,000,000		-	(527)	(12,171)	(37,753)	19,950,076		

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The accompanying notes are an integral part of these financial statements.
Mr. Toshiyuki Hayashi
Executive Vice President

In charge of Finance Department



(Mr. Hidenari Kawashita)
Chief Executive Officer

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of cash flows

For the years ended
31 March

2021 2020
(in thousand Baht)

Cash flows from operating activities

Profit from operations before income tax 258,616 317,717

Adjustment to reconcile profit from operations before income tax to net cash provided by (used in) operating activities

Depreciation and amortisation 33,767 43,928

Expected credit loss 39,420 -

Reversal of bad debts, doubtful accounts and impairment loss - (54,752)

Losses on write-off of equipment - 4

Unrealised losses (gains) on revaluation of derivative contracts 383,471 (1,020,591)

Provisions for post-employment benefit 3,695 3,466

Net interest income (645,266) (515,534)

Interest received 948,075 1,437,138

Interest paid (428,165) (957,124)

Income tax paid (20,419) -

Profit (loss) from operations before changes in operating assets and liabilities 573,194 (745,748)

Decrease (increase) in operating assets

Interbank and money-market items (9,664,724) 2,017,540

Loans to customers 2,020,652 (1,603,945)

Other assets (30,884) 118,977

Increase (decrease) in operating liabilities

Deposits 12,017,549 (827,640)

Interbank and money market items (2,435,459) 4,509,448

Other liabilities (845,153) 334,098

Provisions for post-employment benefits paid (1,425) -

Net cash provided by operating activities 1,633,750 3,802,730

Cash flows from investing activities

Purchase of investments measured at fair value through other comprehensive income (16,145,265) -

Proceeds from investments measured at fair value through other comprehensive income 14,523,000 -

Purchase of available-for-sale investments - (15,032,809)

Proceeds from available-for-sale investments - 11,239,000

Purchase of leasehold building improvements and equipment (1,259) (8,821)

Purchase of intangible assets (524) (98)

Payment of lease liabilities (9,703) -

Net cash used in investing activities (1,633,751) (3,802,728)

Net (decrease) increase in cash (1) 2

Cash at beginning of the year 30 28

Cash at end of the year 29 30

Supplementary disclosures of cash flow information

Non-cash transactions:

Increase in payables on purchase of investment - 498,142

Increase in payables on purchase of leasehold building improvements and equipment 96 -

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

Mr. Toshiyuki Hayashi 林俊行 8
Executive Vice President
in charge of Finance Department




(Mr. Hidenari Kawashita)
Chief Executive Officer

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 March 2021

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 March 2021

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes and prepared in The Thai language. These English language financial statement have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors of the Bank on 28 June 2021.

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 year was Sumitomo Mitsui Trust Holding, Inc. and the immediate parent company during the year 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 financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standard (“TFRS”) and the regulations of the Bank of Thailand (“BoT”); guidelines promulgated by the Federation of Accounting Professions 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”* as well as other related regulations of the Bank of Thailand.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank’s accounting policies.

The Bank has initially applied TFRS 9 *Financial Instruments* (“TFRS 9”) and its relevant financial instruments financial reporting standards including TFRS 16 *Leases* (“TFRS 16”) and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Bank has not early adopted a number of new and revised TFRSs, which are not yet effective for the current period in preparing these financial statements. The Bank has assessed the potential initial impact on the financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Functional and presentation currency

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 March 2021

(c) Use of judgements and estimates

The preparation of 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.

Judgements

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

- | | |
|---------|---|
| Note 5 | Impact of COVID-19 outbreak |
| Note 9 | Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding; |
| Note 14 | Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss ("ECL") and selection and approval of models used to measure ECL; |
| Note 26 | Leases <ul style="list-style-type: none">• whether an arrangement contains a lease;• whether the Bank is reasonably certain to exercise extension options or not to exercise terminate options;• whether the Bank has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees; and |

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 March 2021 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- | | |
|---------|--|
| Note 5 | Impact of COVID-19 outbreak; |
| Note 7 | Measurement of the fair value of financial instruments with significant unobservable inputs |
| Note 14 | Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; and |
| Note 16 | Recognition of deferred tax assets |

In addition, on 1 April 2020, the Bank has changed its estimated useful life of leasehold improvements according to new estimated useful life. This change in estimate has been applied prospectively to the financial statements from the date of the change in estimate. The Bank has completed assessment of the impact on the financial statements and there was no material impact.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3 Changes in accounting policies

From 1 April 2020, the Bank has initially applied TFRSs Financial Instruments standards which comprise TFRS 9 *Financial Instruments* ("TFRS 9") and relevant standards and interpretations, and TFRS 16 *Leases* ("TFRS 16"). Impact of changes in accounting policies on shareholders' equity are as follows:

	Note	Other reserves (in thousand Baht)	Deficit
At 31 March 2020 - as reported		16,404	(249,806)
(Decrease) increase due to:			
Impact of reclassification of accounts		(163)	163
Adoption of TFRSs - Financial instruments standards	a		
Remeasurement on financial assets		18,104	-
Related tax		(3,621)	-
At 1 April 2020 - restated		<u>30,724</u>	<u>(249,643)</u>

(a) TFRS - Financial instruments standards

The Bank has adopted TFRS 9 and its relevant financial instruments standards using the cumulative effect, taking into account the effect of initially applying these standards only to financial instruments that were not derecognised before 1 April 2020 as an adjustment to other reserves or deficit at 1 April 2020. Therefore, the Bank has not restated the information presented for comparative year. The disclosure requirements of TFRSs for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4.

1. Classification and measurement of financial assets and financial liabilities

Under TFRS 9, financial assets are classified and measured into three categories: financial assets subsequently 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 of the Bank in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest method. Previously, the Bank recognised interest income and interest expenses at the rate specified in the contract.

2. Impairment

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 March 2021

The Bank has the excess reserve on the date of adoption of financial instruments standards 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 will amortise the excess reserve using the straight-line method over 5 years in accordance with BoT Circular number Thor Por Tor. For Nor Sor. (23) Wor. 1603/2562, directive dated 6 November 2019, regarding “*The Clarification on Management of Excess Reserve*” (see note 14).

The reconciliation of allowance for expected credit loss at 1 April 2020 was as follows:

	Allowance for doubtful accounts at 31 March 2020	Remeasurement (in thousand Baht)	Allowance for expected credit loss at 1 April 2020
Interbank and money market items	17,466	(14,468)	2,998
Investment in debt instruments	-	18,104	18,104
Loan to customers and accrued interest receivables	546,082	(37,479)	508,603
Undrawn loan commitments and financial guarantee contracts	-	33,843	33,843
Total	563,548	-	563,548

3. Derivatives and hedge accounting

Under TFRS 9, all derivatives are measured at fair value in the statement of financial position.

The Bank designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. The Bank documents the relationship between the hedging instruments and hedged items, including the risk management objective, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment of the effectiveness, both at inception of the hedge relationship and on an ongoing basis.

These hedging relationships are fair value hedges.

Previously, TFRS were silent on the requirements of hedge accounting and derivatives held for risk management purposes. For the year ended 31 March 2020, the Bank accounted these transactions as described in accounting policies in note 4.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 31 March 2021

The following table shows the original classification and measurement categories under TAS 105 and BoT regulations and the new classification and measurement categories under TFRS 9 as at 1 April 2020.

<i>Assets</i>	Original classification at 31 March 2020	New classification under TFRS 9	At 31 March 2020	Reclassification	Remeasurement (in thousand Baht)	Allowance for expected credit loss	At 1 April 2020
Cash	Amortised cost	Amortised cost	30	-	-	-	30
Interbank and money market items, net	Amortised cost	Amortised cost	14,431,820	-	-	14,468	14,446,288
Derivative assets							
Foreign currency swap contracts	Fair value	FVTPL	1,202,223	-	-	-	1,202,223
Investments, net							
Government securities	Available-for-sale	FVOCI	10,567,807	-	18,104	(18,104)	10,567,807
Loans to customers and accrued interest receivables, net	Amortised cost Amortised cost ⁽¹⁾	Amortised cost Amortised cost ⁽¹⁾	37,853,052 16,461,989	- -	- -	37,479 -	37,890,531 16,461,989
Leasehold building improvements and equipment, net	-	-	59,627	-	-	-	59,627
Intangible assets, net	-	-	27,515	-	-	-	27,515
Deferred tax assets	-	-	14,684	-	(3,621)	10,390	21,453
Other assets	-	-	13,084	-	-	-	13,084
Total assets			80,631,831	-	14,483	44,233	80,690,547

⁽¹⁾ Loans to customers and accrued interest receivables, net measured at amortised cost with fair value hedge.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements
For the year ended 31 March 2021

	Original classification at 31 March 2020	New classification under TFRS 9	At 31 March 2020	Reclassification	Remeasurement (in thousand Baht)	Allowance for expected credit loss	At 1 April 2020
Liabilities							
Deposits	Amortised cost	Amortised cost	19,715,567	-	-	-	19,715,567
Interbank and money market items	Amortised cost	Amortised cost	39,639,221	-	-	-	39,639,221
Derivative liabilities							
Foreign currency swap contracts	Fair value	FVTPL	28,643	-	-	-	28,643
Interest rate swap contracts	Fair value	FVTPL	389,317	-	-	-	389,317
Provisions	-	-	12,963	-	-	33,843	46,806
Other liabilities	-	-	1,079,522	-	-	10,390	1,089,912
Total liabilities			60,865,233	-	-	44,233	60,909,466
Equity							
Issued and paid-up share capital	-	-	20,000,000	-	-	-	20,000,000
Other reserves	-	-	16,404	(163)	14,483	-	30,724
Deficit	-	-	(249,806)	163	-	-	(249,643)
Total equity			19,766,598	-	14,483	-	19,781,081
Total liabilities and equity			80,631,831	-	14,483	44,233	80,690,547

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(b) TFRS 16 Leases

From 1 April 2020, the Bank has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* ("TAS 17") using the modified retrospective approach.

Previously, the Bank, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Bank assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 April 2020, the Bank recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Bank recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Bank also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

Impact from the adoption of TFRS 16

(in thousand Baht)

At 1 April 2020

Increase in leasehold building improvements and equipment, net	42,566
Increase in other liabilities	42,566

Measurement of lease liability

Operating lease commitment as disclosed at 31 March 2020	49,156
Less recognition exemption for short-term leases	(26,685)
Add extension options reasonably certain to be exercised	22,143
	<u>44,614</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2020	<u>42,566</u>
Lease liabilities recognised at 1 April 2020	<u>42,566</u>
Weighted-average incremental borrowing rate (% per annum)	<u>1.88</u>

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign exchange differences are generally recognised in profit or loss.

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

(b) Cash

Cash comprises cash on hand and cash on collection.

(c) Financial instruments

Accounting policies applicable from 1 April 2020

(1) Recognition and initial measurement

The Bank initially recognises financial assets or financial liabilities (including regular way purchase or sale of financial assets) in its statement of financial position 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 or financial liabilities not measured at fair value through profit or loss are initially measured at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(2) Classification and subsequent measurement of financial assets and financial liabilities

Classification and subsequent measurement of financial assets

On the date of initial recognition, a financial asset is classified as subsequent measurement at: amortised cost, FVOCI or 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.

All other financial assets are classified as measured at FVTPL.

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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 revenue, 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 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 year, 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).

Reclassifications

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

Modifications of financial assets

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

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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.

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.

Derecognition of financial assets

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

On derecognition of a financial asset, 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.

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 and sale-and-repurchase transactions.

Classification and subsequent measurement of financial liabilities

The Bank classifies and measures its financial liabilities other than loan commitments and financial guarantee contracts subsequently at amortised cost or FVTPL.

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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.

Derecognition of financial liabilities

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

(3) Impairment of financial assets

Significant estimates and judgements

The Bank's expected credit loss 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

Expected credit losses 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.

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

- financial assets that are not credit-impaired at the reporting date: 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);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- 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 the loss given default (“LGD”) with the expected exposure at the time of default (“EAD”).

Forward-looking macro economic 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.

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.

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

When financial assets have a SICR since initial recognition, expected credit losses 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 30 or more days 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 and behavior scoring deterioration. 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 at least 90 days 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.

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 with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

Financial assets that are credit impaired require a lifetime provision.

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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 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 TDR customers, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for 3 consecutive months or 3 consecutive periods, whichever is longer. 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 TDR customers, 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 periods, whichever is longer.

Financial assets with stage 3 will transfer to stage 2 when consider and found that there is no credit-impaired.

Write-off of credit impaired instruments and reversal of excepted credit loss

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the allowance for expected loss. 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.

If, in a subsequent period, the amount of the allowance for expected loss decreases, the previously recognised excepted credit loss is reversed in profit or loss.

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.

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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 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”.

(4) Derivative held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Bank designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both on inception of the hedge relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective hedge in offsetting the changes in the fair value of the respective hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within a specific range.

Fair value hedge

When a derivative is designated as the hedging instrument in the change in fair value of a recognised asset or liability that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

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Accounting policies applicable before 1 April 2020

(1) Initial recognition

The Bank initially recognises the purchase and sale of investments in debt securities on the trade date. All other financial instruments, including loans to customers and deposits are initially recognised on the date at which the Bank become a party to the contractual provisions of the instrument.

(2) Investments in debt securities

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

Debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

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

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

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(3) *Loans to customers*

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

(4) *Allowance for doubtful accounts*

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

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

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

(5) *Derivatives*

Derivatives are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently remeasured at their fair values. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivative is a designated hedge instrument in a cash flow hedge relationship. All derivatives are carried as assets when the fair value is positive as "Derivative assets" and as liabilities when the fair value is negative as "Derivative liabilities" in the statement of financial position.

(6) *Hedging*

Fair value hedge

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised commitment, an identified portion of such asset, liability or commitment, any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Discontinuing hedge accounting

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on hedging instrument is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

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(d) *Leasehold building improvements and equipment*

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on assets under construction or installation.

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

(e) *Intangible assets*

Intangible assets that are acquired by the Bank and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

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Subsequent expenditure

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

Amortisation

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

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

Software licenses	5 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) *Impairment of non-financial assets*

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

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

Reversals of impairment

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

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(g) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed 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 separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using 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 year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Other long-term employee benefits

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

(h) 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.

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(i) *Financial guarantee and loan commitments*

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

The Bank has not issued loan commitments that are measured at FVTPL.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

(j) *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's has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short 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 on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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.

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

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

(k) Interest

Accounting Policy applicable from 1 April 2020

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 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 expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. 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 have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis of assets.

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Accounting Policy applicable before 1 April 2020

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

(l) Fees and service income

Fees and service income are recognised when a customer obtains control of the services 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.

(m) Net gains on financial instruments measured at FVTPL

Net gains 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.

(n) 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.

(o) Leases

Accounting policies applicable from 1 April 2020

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank applies TFRS 15 to allocate the consideration in the contract.

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 assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Right-of-use assets are presented as parts in leasehold building improvements and equipment in statements of financial position. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the expected lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of leasehold building improvements and equipment.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate and subsequently at amortised cost using the incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Bank is reasonably certain to exercise option.

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

Accounting policies applicable before 1 April 2020

Assets held under leases classified as operating leases were not recognised in the Bank's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(p) Income tax

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

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

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

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

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

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

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

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

(q) Earnings per share

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

(r) Related parties

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

(s) Offsetting

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

5 Impact of COVID-19 outbreak

Since the beginning of 2020, there was the COVID-19 outbreak. Many countries, including Thailand, have enacted several protective measures against the outbreak. This has significantly affected daily life, production, supply chain and economic conditions.

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand (“BoT”) has issued a series of measures, covering payment moratoriums, government guarantee as well as a loan repayment holiday to get the Bank help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end.

In relation to financial reporting, key concerns are on the application of forward-looking information and pro-cyclicality effect from applying TFRS 9 ECL provisioning concept. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year period of 2020 and 2021, highlighted:

- Non-NPL modified loans (pre-emptive restructures) can be classified as stage 1 (performing) immediately once they are identified via well screening process for likely to repay borrowers, or else they remain at the stage before entering into restructuring;
- NPL modified loans (troubled debt restructures) can be classified as stage 1 (performing) only if they can repay 3 consecutive months or 3 consecutive dues, whichever is longer;
- Revision of effective interest rate at the date of modification; and

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- As a result of unprecedented circumstance, forward-looking information can be put less weight than historical information in ECL provisioning.

Regarding the impacts on the Bank's performance under both macroeconomic and microeconomic uncertainties, the Bank's ECL still reflects fair position through closely monitoring together with management overlay.

Moreover, the BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum which is effective from 1 January 2020 to 31 December 2021.

Subsequent to 31 March 2021, the COVID-19 outbreak still continues as increasingly affected cases were found and spread all over Thailand. The management is closely monitoring the situation to ensure the safety of the Bank's staff and to manage the negative impact on the business as much as possible.

6 Risk management

Risk management policies

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

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

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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.

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

	2021			
	Stage 1	Stage 2	Excess reserve	Total
	(in thousand Baht)			
<i>Interbank and money market items (asset)</i>				
Low risk	24,114,124	-	-	24,114,124
Gross carrying amount	24,114,124	-	-	24,114,124
Less allowance for expected credit loss	(22,752)	-	-	(22,752)
Net carrying amount	<u>24,091,372</u>	<u>-</u>	<u>-</u>	<u>24,091,372</u>
<i>Loans to customers and accrued interest receivables and undue interest receivables</i>				
Low risk	51,753,114	148,561	-	51,901,675
Normal risk	680,149	141,006	-	821,155
Gross carrying amount	52,433,263	289,567	-	52,722,830
Less allowance for expected credit loss	(246,349)	(14,814)	(269,720)	(530,883)
Net carrying amount	<u>52,186,914</u>	<u>274,753</u>	<u>(269,720)</u>	<u>52,191,947</u>
<i>Investments in debt instruments measured at FVOCI</i>				
Low risk	12,234,086	-	-	12,234,086
Gross carrying amount	<u>12,234,086</u>	<u>-</u>	<u>-</u>	<u>12,234,086</u>
Allowance for expected credit loss	(15,611)	-	-	(15,611)
Carrying amount - fair value	12,203,920	-	-	12,203,920
<i>Undrawn loan commitments and financial guarantee contracts</i>				
Committed unused credit line	3,701,533	-	-	3,701,533

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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.

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, in principle, a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations, without recourse by the Bank to act such as realising security (if any is held), to the Bank in full;
- the borrower is more than 90 days 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; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

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 largely aligns with that applied by the Bank for regulatory capital purposes.

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.

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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, 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

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by type of sector and borrower as well as by credit risk grading. 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.

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.

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Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from interbank and money market items (asset), investments in debt instruments, loans to customers and accrued interest receivables and undue interest receivables, undrawn loan commitments, and financial guarantee contracts is shown below.

	Interbank and money market items (asset)	Investments in debt instruments	2021 Loans to customers and accrued interest receivables and undue interest receivables (in thousand Baht)	Undrawn loan commitments	Financial guarantee contracts
Gross carrying amount	24,114,124	12,234,086	52,722,830	-	-
Undrawn loan commitments and financial guarantee contracts	-	-	-	3,557,649	143,884
<i>Concentrations by sector</i>					
Corporate customers					
Manufacturing and commerce	-	-	11,683,144	1,061,509	-
Real estate and construction	-	-	2,588,822	1,097,339	143,884
Infrastructure and services	-	-	4,516,455	-	-
Financial service activities	-	-	29,227,482	-	-
Others	-	-	4,706,927	1,398,801	-
Financial institutions					
Government and state enterprises	10,763,592	12,234,086	-	-	-
Commercial banks	13,350,532	-	-	-	-

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6.2 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 of liquidity risk

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

Risk management framework and approaches for liquidity risk

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

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

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

Location of disclosure	The Bank' website at www.smtb.jp/smtbthai/
Disclosure period requirement	Within 4 months after the year end date, as indicated in the BoT's notification
Lasted information as at	30 September 2020

The disclosure for the year ended 31 March 2021 will be provided on or before 31 July 2021 on the Bank's website as noted above.

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As at 31 March 2021 and 2020, the remaining period to maturity of significant financial assets and financial liabilities based on contractual maturity is as follows:

		2021			
	At call	Within 1 year	Over 1 year to 5 years (in thousand Baht)	No maturity	Total
Financial assets					
Cash	-	-	-	29	29
Interbank and money market items ⁽¹⁾	12,193,724	11,920,400	-	-	24,114,124
Derivative assets	-	792,397	-	-	792,397
Investments, net	-	5,492,648	6,711,272	-	12,203,920
Loans to customers ^{(1), (2)}	13,598,140	10,193,754	24,679,786	-	52,335,880
Accrued interest receivables and undue interest receivables	331	110,634	-	-	110,965
Other financial assets	23,380	31,244	-	-	54,624
Total financial assets	25,815,575	28,541,077	31,391,058	29	89,611,939
Financial liabilities					
Deposits	521,830	31,211,256	30	-	31,733,116
Interbank and money market items	-	31,513,890	5,689,872	-	37,203,762
Derivatives liabilities	-	42,736	235,537	-	278,273
Other financial liabilities	87,726	53,398	-	-	141,124
Total financial liabilities	609,556	62,821,280	5,925,439	-	69,356,275
Net liquidity gap	25,206,019	(34,280,203)	25,465,619	29	20,255,664
Financial guarantee contracts	-	143,884	-	-	143,884

⁽¹⁾ Before deducting allowance for expected credit loss

⁽²⁾ Exclude fair value adjustment in loans to customers

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		2020				
	At call	Within 1 year	Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	30	30
Interbank and money market items ⁽¹⁾	4,702,618	9,746,668	-	-	-	14,449,286
Derivative assets	-	1,202,223	-	-	-	1,202,223
Investments, net	-	10,567,807	-	-	-	10,567,807
Loans to customers net of deferred revenue ^{(1), (2)}	12,867,200	11,936,281	24,175,486	5,377,456	-	54,356,423
Accrued interest receivables	397	114,986	-	-	-	115,383
Other financial assets	47	-	-	-	-	47
Total financial assets	17,570,262	33,567,965	24,175,486	5,377,456	30	80,691,199
Financial liabilities						
Deposits	392,600	19,322,967	-	-	-	19,715,567
Interbank and money market items	-	25,546,872	14,092,349	-	-	39,639,221
Derivatives liabilities	-	61,604	356,356	-	-	417,960
Other financial liabilities	403,669	89,190	4,759	-	-	497,618
Total financial liabilities	796,269	45,020,633	14,453,464	-	-	60,270,366
Net liquidity gap	16,773,993	(11,452,668)	9,722,022	5,377,456	30	20,420,833

⁽¹⁾ Before deducting allowance for doubtful accounts

⁽²⁾ Exclude fair value adjustment in loans to customers

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Derivatives

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

	Within 1 year	2021 Over 1 year to 5 years (in thousand Baht)	Total
Foreign currency related			
Foreign currency swap contracts	26,013,714	-	26,013,714
Interest rate related			
Interest rate swap contracts	3,800,000	6,989,180	10,789,180
Total	29,813,714	6,989,180	36,802,894
	Within 1 year	2020 Over 1 year to 5 years (in thousand Baht)	Total
Foreign currency related			
Foreign currency swap contracts	28,606,859	-	28,606,859
Interest rate related			
Interest rate swap contracts	5,200,000	10,814,218	16,014,218
Total	33,806,859	10,814,218	44,621,077

6.3 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 31 March 2021 and 2020, the Bank has net open position assets (liabilities) denominated in the various currencies as follows:

	US Dollar	2021 Japanese Yen	Euro (in thousand Baht)	US Dollar	2020 Japanese Yen	Euro
Spot	(25,592,695)	13,183	19,614	(28,367,256)	(14,468)	4,897
Forward	25,583,242	(12,387)	-	28,358,558	-	-
Net position	<u>(9,453)</u>	<u>796</u>	<u>19,614</u>	<u>(8,698)</u>	<u>(14,468)</u>	<u>4,897</u>

(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 year and future years. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity, and in the mismatch in repricing dates of its assets and liabilities.

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

	Average balance (in thousand Baht)	2021 Interest (% per annum)	Average interest rate (% per annum)	Average balance (in thousand Baht)	2020 Interest (% per annum)	Average interest rate (% per annum)
Financial assets						
Interbank and money market items	12,720,036	67,334	0.529	11,571,145	148,795	1.286
Investments	10,615,054	89,153	0.840	7,227,308	108,323	1.499
Loans to customers	54,459,372	876,546	1.610	53,830,602	1,270,186	2.360
Total	<u>77,794,462</u>	<u>1,033,033</u>		<u>72,629,055</u>	<u>1,527,304</u>	
Financial liabilities						
Deposits	24,277,370	199,962	0.824	17,652,754	297,978	1.688
Interbank and money market items	38,003,249	187,805	0.494	40,354,447	713,792	1.769
Total	<u>62,280,619</u>	<u>387,767</u>		<u>58,007,201</u>	<u>1,011,770</u>	

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As at 31 March 2021 and 2020, significant financial assets and financial liabilities classified by earlier of maturity or interest repricing are as follows:

	2021					Total
	Repricing periods				Non-interest bearing	
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years		
			(in thousand Baht)			
Financial assets						
Cash	-	-	-	-	-	29
Interbank and money market items ⁽¹⁾	-	11,919,882	-	-	-	12,194,242
Investments, net	-	1,499,824	3,992,824	6,711,272	-	-
Loans to customers ^{(1), (2)}	13,598,140	14,442,090	6,559,255	17,464,695	271,700	-
Accrued interest receivables and undue interest receivables	-	-	-	-	-	110,965
Other financial assets	23,300	-	-	-	-	31,324
Total financial assets	13,621,440	27,861,796	10,552,079	24,175,967	271,700	88,819,542
Financial liabilities						
Deposits	477,902	26,090,963	5,120,292	30	-	43,929
Interbank and money market items	-	37,203,762	-	-	-	-
Other financial liabilities	87,024	-	-	-	-	54,100
Total financial liabilities	564,926	63,294,725	5,120,292	30	-	98,029
Effect of derivatives held for risk management ⁽³⁾	10,789,180	(500,000)	(3,300,000)	(6,989,180)	-	-

⁽¹⁾ Before deducting allowance for expected credit loss

⁽²⁾ Exclude fair value adjustment in loans to customers

⁽³⁾ Risk management for loans to customers

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	2020					Total
	Repricing periods					
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	
			(in thousand Baht)			
Financial assets						
Cash	-	-	-	-	-	30
Interbank and money market items ⁽¹⁾	-	9,746,264	-	-	-	14,449,286
Investments, net	-	999,509	9,568,298	-	-	10,567,807
Loans to customers net of deferred revenue ^{(1), (2)}	12,867,200	11,918,284	9,832,036	19,383,903	355,000	54,356,423
Accrued interest receivables	-	-	-	-	-	115,383
Other financial assets	-	-	-	-	-	47
Total financial assets	12,867,200	22,664,057	19,400,334	19,383,903	355,000	79,488,976
Financial liabilities						
Deposits	345,621	18,359,224	963,743	-	-	19,715,567
Interbank and money market items	-	39,639,221	-	-	-	39,639,221
Other financial liabilities	403,247	-	-	-	-	497,618
Total financial liabilities	748,868	57,998,445	963,743	-	-	59,852,406
Effect of derivatives held for risk management ⁽³⁾	16,014,218	-	(5,200,000)	(10,814,218)	-	-

⁽¹⁾ Before deducting allowance for doubtful accounts

⁽²⁾ Exclude fair value adjustment in loans to customers

⁽³⁾ Risk management for loans to customers

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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 earnings within 1 year by applying the increasing of 100 bps is as follows:

	2021
	Total effect on net profit (in thousand Baht)
Baht	(52,829)
US Dollar	(628)
Japanese Yen	(33,011)
Euro	122
Total effect of interest rates change	(86,346)

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Thailand, London Interbank Offered Rate (LIBOR) is not only referenced in financial transactions, but USD LIBOR is also a component in the calculation of Thai Baht Interest Rate Fixing (THBFIX), which is widely utilised in financial transactions, and the transition from THBFIX to the Fallback Rate (THBFIX) and Thai Overnight Repurchase Rate ("THOR") is also ongoing.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 March 2021. IBOR and THBFIX continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for the reference rates. Therefore, as at 31 March 2021, the Bank believes the current market structure supports the continuation of hedge accounting.

The IBOR abolition date is on 30 June 2023 and THBFIX will be officially discontinued on 1 July 2023. The BoT, as the THBFIX administrator, has established and announced the fallback rate THBFIX as a replacement of THBFIX to use as reference rate only on the legacy contracts temporarily effective on 1 July 2023 until the end of 2025. In this regard, the Bank may consider to apply other alternative reference rate including THOR which was publicly announced by BoT since 1 April 2020 for new derivative transactions on or after 31 March 2021.

As at 31 March 2021, notional values of interest rate swap contracts which qualified for hedge accounting and utilise USD LIBOR and THBFIX as reference rates and for which the maturity dates are after the IBOR abolition date, were Baht 2,389.18 million. The maturity dates of the contracts are in October 2023 and January 2025.

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6.4 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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7 Fair value of financial instruments

Carrying amounts and fair values

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 not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note	FVTPL	FVOCI	Carrying amount		Fair value			
			Amortised Cost	Total (in thousand Baht)	Level 1	Level 2	Level 3	Total
2021								
Financial assets								
Derivatives assets								
- Foreign currency related	11	792,397	-	792,397	-	792,397	-	792,397
Investments	12							
- Debt instruments		- 12,203,920	-	12,203,920	-	12,203,920	-	12,203,920
Loans to customers and accrued interest receivables and undue interest receivables	13.1							
- with fair value hedge		-	11,106,815 ⁽¹⁾	11,106,815	-	-	11,106,815	11,106,815
- without fair value hedge		-	41,616,015 ⁽¹⁾	41,616,015	-	28,696,210	13,226,684	41,922,894
Financial liabilities								
Derivatives liabilities	11							
- Foreign currency related		2,288	-	2,288	-	2,288	-	2,288
- Interest rate related		275,985	-	275,985	-	275,985	-	275,985

⁽¹⁾ Gross carrying amount

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	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			(in thousand Baht)		
2020					
Financial assets					
Derivatives					
- Foreign currency related	1,202,223	-	1,202,223	-	1,202,223
Investments					
- Available-for-sale investments	10,567,807	-	10,567,807	-	10,567,807
Loans to customers and accrued interest receivables					
- with fair value hedge	16,461,989	-	-	16,461,989	16,461,989
- without fair value hedge	38,399,134	-	27,992,373	10,733,536	38,725,909
Financial liabilities					
Derivatives					
- Foreign currency related	28,643	-	28,643	-	28,643
- Interest rate related	389,317	-	389,317	-	389,317

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 March 2021 and 2020.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
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 for Level 3 fair values of loans to customers and accrued interest receivables and undue interest receivables with fair value hedge.

	Years ended 31 March	
	2021	2020
	(in thousand Baht)	
Loans to customers with fair value hedge - beginning balance	16,402,941	17,170,999
Derecognised	(5,199,405)	(1,097,523)
Exchange rate adjustment	(25,039)	16,158
(Losses) gains recognised in profit or loss	(113,332)	313,307
Loans to customers with fair value hedge - ending balance	11,065,165	16,402,941
Add accrued interest receivables and undue interest receivables	41,650	59,048
Loans to customers and accrued interest receivables and undue interest receivables with fair value hedge - ending balance	11,106,815	16,461,989

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

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 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 account of credit risk of the counter party when appropriate.

Investments

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

Loans to customers

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

Deposits

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

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8 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 31 March 2021 and 2020, the Bank's total capital funds and capital ratio can be categorised as follows:

	2021 (in thousand Baht)	2020
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Net profits after appropriated	(103,673)	(412,610)
Other reserves	(24,133)	16,404
Less capital deduction items on CET1	(34,749)	(46,260)
Total Tier 1 Capital Base	19,837,445	19,557,534
Total Risk-Weighted Assets	53,346,176	53,752,021
	The BoT's regulation minimum requirement*	
	2021 (%)	2020
Capital Adequacy Ratio	11.00	37.19
Tier-1 Capital ratio	8.50	37.19
Tier-1 Common Equity ratio	7.00	37.19

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

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

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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*, 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 year end date as indicated in the BoT's notification
Latest information	30 September 2020

The disclosure for the year ended 31 March 2021 will be provided within 31 July 2021 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.

9 Classification of financial assets and financial liabilities

	2021			
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total
	(in thousand Baht)			
Financial assets				
Cash	-	-	29	29
Interbank and money market items, net	-	-	24,091,372	24,091,372
Derivative assets	792,397	-	-	792,397
Investments, net				
Government and state enterprise securities	-	12,203,920	-	12,203,920
Loans to customers and accrued interest receivables, net				
with fair value hedge	-	-	11,098,515 ⁽¹⁾	11,098,515 ⁽¹⁾
without fair value hedge	-	-	41,363,152 ⁽¹⁾	41,363,152 ⁽¹⁾
Other financial assets	-	-	54,624	54,624
Total	792,397	12,203,920	76,607,692	89,604,009
Financial liabilities				
Deposits	-	-	31,733,116	31,733,116
Interbank and money market items	-	-	37,203,762	37,203,762
Derivative liabilities	278,273	-	-	278,273
Other financial liabilities	-	-	141,124	141,124
Total	278,273	-	69,078,002	69,356,275

⁽¹⁾ Exclude excess reserve

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10 Interbank and money market items, net (assets)

	2021 (in thousand Baht)	2020
Domestic		
Bank of Thailand	7,843,311	8,252,442
Commercial banks	9,034,316	30,230
Specialised financial institution	2,919,882	1,746,264
Total	19,797,509	10,028,936
Add accrued interest receivables and undue interest receivables	518	404
Less allowance for expected credit loss	(22,752)	-
Less allowance for doubtful accounts	-	(17,466)
Total domestic	19,775,275	10,011,874
Foreign		
US Dollar	115,953	188,034
Japanese Yen	4,193,529	4,228,359
Euro	6,615	3,553
Total foreign	4,316,097	4,419,946
Total domestic and foreign	24,091,372	14,431,820

11 Derivatives

11.1 Derivatives held for trading

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

Type of risks	2021			2020		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in thousand Baht)					
Foreign currency related	35,711	2,288	2,305,496	34,014	28,643	5,083,631
Total	35,711	2,288	2,305,496	34,014	28,643	5,083,631

11.2 Derivatives held for hedging

Fair value hedges

Type of risks	2021			2020		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in thousand Baht)					
Foreign currency related	756,686	-	23,708,218	1,168,209	-	23,523,228
Interest rate related	-	275,985	10,789,180	-	389,317	16,014,218
Total	756,686	275,985	34,497,398	1,168,209	389,317	39,537,446

- (1) The Bank uses foreign currency swaps to hedge its exposure to changes in the fair values of borrowings in foreign currency. The designated risk being hedged is the risk of changes in foreign exchange rate.
- (2) The Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate loans to customers. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to THBFIX 6M and USD LIBOR 3M.

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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 31 March 2021, there were no sources of ineffectiveness in these hedging relationships and there were no gains or losses on fair value hedges recognised in profit or loss.

12 Investments, net

12.1 Classified by type of investments

	2021 (in thousand Baht)
<i>Investments in debt instruments measured at FVOCI</i>	
Government and state enterprise securities	12,203,920
Total investments	12,203,920

Allowance for expected credit loss	15,611
------------------------------------	--------

	2020 (in thousand Baht)
<i>Available-for-sale investments - fair value</i>	
Government securities	10,567,807
Total investment	10,567,807

As at 31 March 2021 and 2020, the Bank had no investments in securities pledged as collateral or under restriction.

As at 31 March 2021 and 2020, the Bank did not have investment in any entity in which the Bank held 10% or more of the paid up share capital of the investee company.

12.2 Revaluation surplus on available-for-sale investments

As at 31 March 2020, revaluation surplus on investments is summarised as follows:

	2020 (in thousand Baht)
<i>Debt securities</i>	
Revaluation surplus on investments	20,505
Less deferred tax	(4,101)
Net	16,404

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12.3 Classified by the remaining period to maturity of the debt securities

	2020 Remaining periods within 1 year (in thousand Baht)
<i>Available-for-sale investments</i>	
Government securities	10,547,302
Add allowance for revaluation	20,505
Total	<u>10,567,807</u>

13 Loans to customers and accrued interest receivables, net

13.1 Classified by type of loans

	2021 (in thousand Baht)
Loans	52,335,880
Add fair value adjustment in loans to customers	275,985
Add accrued interest receivables and undue interest receivables	110,965
Total loans to customers and accrued interest receivables and undue interest receivables	<u>52,722,830</u>
Less allowance for expected credit loss	(530,883)
Net	<u>52,191,947</u>

	2020 (in thousand Baht)
Loans	54,393,968
Less deferred revenue	(37,545)
Loans to customers net of deferred revenue	54,356,423
Add fair value adjustment in loans to customers	389,317
Add accrued interest receivables	115,383
Total loans to customers net of deferred revenue and accrued interest receivables	<u>54,861,123</u>
Less allowance for doubtful accounts	
- BoT's minimum requirement - Individual approach	(544,928)
- Allowance in excess	(1,154)
Total loans to customers and accrued interest receivables, net	<u>54,315,041</u>

13.2 Classified by residence of debtors

	2021 (in thousand Baht)	2020
Domestic	50,205,411	52,302,625
Foreign	2,130,469	2,053,798
Total *	<u>52,335,880</u>	<u>54,356,423</u>

* Loans to customers exclude fair value adjustment in loans to customers (2020: Loans to customers net of deferred revenue and exclude fair value adjustment in loans to customers).

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13.3 Classified by stage

	2021 (in thousand Baht)
Loans to customers and accrued interest receivables and undue interest receivables*	
Financial assets that are not significant increase in credits risk (Performing)	52,157,278
Financial assets that are significant increase in credit risk (Under-performing)	289,567
Total	52,446,845

* Total loans to customers and accrued interest receivables and undue interest receivables, excluding fair value adjustment in loans to customers

	2020		
Loans to customers and accrued interest receivables (in thousand Baht)	Net amount used to set the allowance for doubtful accounts	Rates used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's regulations			
- Pass	54,330,799	1	542,108
- Special mention	141,007	2	2,820
Total*	54,471,806		544,928
Excess allowance			1,154
Total			546,082

* Loans to customers net of deferred revenue including accrued interest receivables, excluding fair value adjustment in loans to customers

14 Allowance for expected credit loss and allowance for doubtful accounts

Allowance for expected credit loss as at 31 March 2021 was as follows:

	2021			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk	Excess reserve	Total
			(in thousand Baht)	
Interbank and money market items (assets)	22,752	-	-	22,752
Investments in debt instruments	15,611	-	-	15,611
Loans to customers and accrued interest receivables and undue interest receivables	246,349	14,814	269,720	530,883
Undrawn loan commitments and financial guarantee contracts	33,722	-	-	33,722
Total	318,434	14,814	269,720	602,968

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Movements in allowance for expected credit loss during the year ended 31 March 2021 consisted of:

	2021			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk (in thousand Baht)	Excess reserve *	Total
<i>Interbank and money market items (assets)</i>				
At 1 April 2020 - adjusted (see note 3)	2,998	-	-	2,998
Purchased or acquired	22,752	-	-	22,752
Derecognised	(2,998)	-	-	(2,998)
At 31 March 2021	<u>22,752</u>	<u>-</u>	<u>-</u>	<u>22,752</u>
<i>Investments in debt instruments</i>				
At 1 April 2020 - adjusted (see note 3)	18,104	-	-	18,104
Purchased or acquired	15,611	-	-	15,611
Derecognised	(18,104)	-	-	(18,104)
At 31 March 2021	<u>15,611</u>	<u>-</u>	<u>-</u>	<u>15,611</u>
<i>Loans to customers and accrued interest receivables and undue interest receivables</i>				
At 1 April 2020 - adjusted (see note 3)	158,990	12,463	337,150	508,603
Change from remeasurement of ECL	19,474	461	-	19,935
Purchased or acquired	147,442	13,583	-	161,025
Derecognised	(79,557)	(11,693)	-	(91,250)
Excess reserve amortisation	-	-	(67,430)	(67,430)
At 31 March 2021	<u>246,349</u>	<u>14,814</u>	<u>269,720</u>	<u>530,883</u>
<i>Undrawn loan commitments and financial guarantee contracts</i>				
At 1 April 2020 - adjusted (see note 3)	33,843	-	-	33,843
Change from remeasurement of ECL	(6,622)	-	-	(6,622)
Purchased or acquired	16,992	-	-	16,992
Derecognised	(10,491)	-	-	(10,491)
At 31 March 2021	<u>33,722</u>	<u>-</u>	<u>-</u>	<u>33,722</u>

* The Bank amortises the excess reserve which arised from changes in accounting policies according to TFRSs Financial instruments standards to profit or loss using straight-line method over 5 years consecutively from 1 April 2020 according to the BoT Circular.

Movements in allowance for doubtful accounts for loans to customers during the year ended 31 March 2020 consisted of:

	2020				
	Minimum allowance as per BoT's regulations			Excess allowance	Total
	Pass	Special mention	Doubtful		
	(in thousand Baht)				
Beginning balance	527,000	-	90,000	1,300	618,300
Allowance for doubtful accounts (reversal)	15,108	2,820	(90,000)	(146)	(72,218)
Ending balance	<u>542,108</u>	<u>2,820</u>	<u>-</u>	<u>1,154</u>	<u>546,082</u>

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15 Leasehold building improvements and equipment, net

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

	Net book value as of 1 April 2020 - adjusted (Note 3)	Cost			2021			Accumulated depreciation			Net book value as of 31 March 2021
		As of 1 April 2020 - adjusted (Note 3)	Purchases and transfers in	Write-off/ transfers out	As of 31 March 2021	As of 1 April 2020	Depreciation	Write-off/ transfers out	As of 31 March 2021		
							(in thousand Baht)				
Leasehold improvement and system structure	39,955	121,234	-	-	121,234	81,279	8,154	-	89,433		31,801
Furniture and office equipment	19,529	118,822	1,259	-	120,081	99,293	8,540	-	107,833		12,248
Vehicles	143	980	-	-	980	837	143	-	980		-
Right-of-use assets											
Office buildings	37,433	37,433	-	-	37,433	-	7,014	-	7,014		30,419
Vehicles	5,133	5,133	3,630	(1,321)	7,442	-	2,971	(1,321)	1,650		5,792
Assets under installation	-	-	96	-	96	-	-	-	-		96
Total	102,193	283,602	4,985	(1,321)	287,266	181,409	26,822	(1,321)	206,910		80,356

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	2020			2020		
	Cost			Accumulated depreciation		
	As of 1 April 2019	Purchases and transfers in	Write-off/ transfers out	As of 31 March 2020	Write-off/ transfers out	As of 31 March 2020
Net book value as of 1 April 2019						Net book value as of 31 March 2020
Leasehold improvement and system structure	50,336	3,610	(5)	121,234	13,987	81,279
Furniture and office equipment	29,809	9,323	-	118,822	19,603	19,529
Vehicles	339	-	-	980	196	143
Total	80,484	12,933	(5)	241,036	33,786	59,627

The gross amount of the Bank's fully depreciated building improvements and equipment that were still in use as at 31 March 2021 amounted to Baht 137.72 million (2020: Baht 115.47 million).

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16 Deferred tax assets, net

Deferred tax assets and liabilities as at 31 March 2021 and 2020 were as follows:

	2021 (in thousand Baht)	2020
Deferred tax assets	16,698	25,845
Deferred tax liabilities	-	(11,161)
Net	16,698	14,684

Movements in deferred tax assets and liabilities during the years ended 31 March 2021 and 2020 were as follows:

	At 1 April 2020 (Note 3)	<u>(Charge)/Credited to :</u> Profit or loss Other comprehensive income (Note 35) (in thousand Baht)		At 31 March 2021
Deferred tax assets				
Investments in debt instruments measured at FVOCI	-	-	6,033	6,033
Undrawn loan commitments and financial guarantee contracts	6,769	(25)	-	6,744
Allowance for doubtful accounts	191	(191)	-	-
Provision for post-employment benefits	2,418	629	91	3,138
Deferred revenue	7,090	(7,090)	-	-
Loss carry forward	16,146	(16,146)	-	-
Others	-	783	-	783
Total	32,614	(22,040)	6,124	16,698
Deferred tax liabilities				
Investments in debt instruments measured at FVOCI	(11,161)	6,562	4,599	-
Total	(11,161)	6,562	4,599	-
Net	21,453	(15,478)	10,723	16,698
	At 1 April 2019	<u>(Charge)/Credited to :</u> Profit or loss Other comprehensive income (Note 35) (in thousand Baht)		At 31 March 2020
Deferred tax assets				
Allowance for doubtful accounts	260	(69)	-	191
Provision for post-employment benefits	1,689	208	521	2,418
Deferred revenue	7,946	(856)	-	7,090
Loss carry forward	90,710	(74,564)	-	16,146
Total	100,605	(75,281)	521	25,845
Deferred tax liabilities				
Investments	(3,063)	(3,762)	(4,336)	(11,161)
Total	(3,063)	(3,762)	(4,336)	(11,161)
Net	97,542	(79,043)	(3,815)	14,684

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17 Deposits

17.1 Classified by type of deposits

	2021	2020
	<i>(in thousand Baht)</i>	
Current	43,929	46,979
Savings	477,902	345,621
Term	31,211,285	19,322,967
Total	31,733,116	19,715,567

17.2 Classified by currencies and residence of depositors

	2021	2020
	<i>(in thousand Baht)</i>	
	Domestic	Domestic
Thai Baht	31,669,544	19,650,222
US Dollar	63,572	65,345
Total	31,733,116	19,715,567

18 Interbank and money market items (liabilities)

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Foreign</i>		
US Dollar	31,370,690	33,187,354
Japanese Yen	5,113,574	5,735,574
Euro	719,498	716,293
Total	37,203,762	39,639,221

19 Provisions

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Allowance for expected credit loss on undrawn loan commitments and financial guarantee contracts	14	33,722	-
Employee benefit obligations		15,688	12,963
Total		49,410	12,963

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20 Other liabilities

	<i>Note</i>	2021 <i>(in thousand Baht)</i>	2020
Payables on purchase of investment		-	498,142
Collateral on derivative transactions		87,024	403,247
Lease liabilities	26	36,493	-
Payables to related party	25	14,652	64,926
Other payables		2,230	3,108
Accrued expenses		38,892	60,744
Accrued interest payables		28,092	24,524
Deferred revenue		3,134	3,654
Payable to Deposit Protection Agency		16,496	10,255
Income tax payable		20,960	-
Others		3,675	10,922
Total		251,648	1,079,522

21 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, Re: *Regulations on Service Business relating to Electronic Money (e-Money)* and Sor Nor Chor 2/2562 dated 20 December 2019, Re: *Regulations on Service Business relating to Electronic Fund Transfer (EFT)* require the Bank to disclose advance received from e-Money and EFT. As at 31 March 2021, the Bank did not have any advance received from e-Money and EFT.

22 Offsetting of financial assets and financial liabilities

			2021			
				Amount of unoffsetting in statement of financial position		
				Offsetting		
	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position	amount which is not met the accounting standard's conditions	Relevant financial collateral amount	Net amount
						<i>(in thousand Baht)</i>
Financial assets						
Derivative assets	450,790	-	450,790	-	(87,024)	363,766
Total	450,790	-	450,790	-	(87,024)	363,766
Financial liabilities						
Derivative liabilities	278,196	-	278,196	-	(23,300)	254,896
Total	278,196	-	278,196	-	(23,300)	254,896

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

Financial instrument type	Net amount presented in statement of financial position (in thousand Baht)	Caption in Statement of financial position	Notes	2021	
				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	450,790	Derivatives	11	792,397	341,607
Total	450,790			792,397	341,607
Financial liabilities					
Derivative liabilities	278,196	Derivatives	11	278,273	77
Total	278,196			278,273	77

23 Other reserves

Other component of equity

Fair value changes of investments in debt instruments measured at FVOCI (2020: Fair value changes in available-for-sale investments)

The fair value changes of investments in debt instruments measured at FVOCI within equity comprises the cumulative net change in the fair value of investments in debt instruments measured at FVOCI and allowance for expected credit loss of investments in debt instruments measured at FVOCI until the investments are derecognised or reclassified.

Remeasurement of post-employment benefits

Remeasurement of post-employment benefits within equity comprises actuarial gains and losses.

24 Contingent liabilities

	2021 (in thousand Baht)	2020
Other contingencies		
- Committed line	12,692,701	8,647,419
- Other letters of guarantee	143,884	98,591
Total	12,836,585	8,746,010

Litigation

As at 31 March 2021 and 2020, there was no litigation case outstanding against the Bank.

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25 Related parties

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

Name of entity/personnel Key management personnel	Country of incorporation/ nationality Japanese/Thai	Nature of relationship 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 Holding, Inc.	Japan	Ultimate parent company
Sumitomo Mitsui Trust Bank, Limited	Japan	Immediate parent company, 99.99% shareholding
Sumitomo Mitsui Trust Systems & Services Co., Ltd.	Japan	Subsidiary of ultimate parent company
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Japan	Subsidiary of ultimate parent company
Sumitomo Mitsui Trust Investment Co., Ltd.	Japan	Subsidiary of ultimate parent company
Sumitomo Mitsui Trust 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

The pricing policies for transactions were explained further below:

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

Significant transactions for the years ended 31 March 2021 and 2020 with related parties were as follows:

For the years ended 31 March	2021	2020
	<i>(in thousand Baht)</i>	
Interest income		
Immediate parent company	3,559	-
Other branches of immediate parent company	2,755	-
Interest expenses		
Immediate parent company	180,957	781,022
Other branches of immediate parent company	-	(828)
Fee and service income		
Immediate parent company	1,182	-
Fee and service expenses		
Immediate parent company	4,404	5,487
Other branches of immediate parent company	99	1

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For the years ended 31 March

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Other operating income</i>		
Immediate parent company	14,890	-
<i>Other expenses</i>		
Immediate parent company	15,265	23,629
<i>Key management personnel compensation</i>		
Short-term and other employee benefits	55,116	47,011

Significant balances as at 31 March 2021 and 2020 with related parties were as follows:

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Interbank and money market items (assets)</i>		
Immediate parent company	4,193,529	4,228,359
Other branches of immediate parent company	6,615	3,553
<i>Other assets</i>		
Immediate parent company	37	-
Other branches of immediate parent company	90	-
<i>Interbank and money market items (liabilities)</i>		
Immediate parent company	36,059,313	38,471,308
Other branches of immediate parent company	719,498	716,293
<i>Other liabilities</i>		
Immediate parent company	14,616	64,926
Other branches of immediate parent company	36	-

Significant agreements with related parties

- (a) In 2014, the Bank entered into a 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 relating to the provision of control and management and internal audit services. The service fee is charged in accordance with the terms in the agreement.
- (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.

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26 Leases

Leases as lessee

As at 31 March 2021, the Bank has office space and vehicles lease agreements for a period from 1 to 5 years (2020: 1 to 5 years) with local companies and the Bank has extension options at the end of the contract period. Lease payment is specified in the contract.

Extension options reasonably certain to be exercised have been included to carrying amount of right-of-use assets and lease liabilities.

Right-of-use assets

	Office space	Vehicles (in thousand Baht)	Total
Cost			
At 1 April 2020	37,433	5,133	42,566
Addition	-	3,630	3,630
Disposal	-	(1,321)	(1,321)
At 31 March 2021	37,433	7,442	44,875
Accumulated depreciation			
At 1 April 2020	-	-	-
Depreciation charge for the year	(7,014)	(2,971)	(9,985)
Disposal	-	1,321	1,321
At 31 March 2021	(7,014)	(1,650)	(8,664)
Net	30,419	5,792	36,211

Lease liabilities

	2021 (in thousand Baht)
Maturity analysis - contractual undiscounted cash flows	
Within 1 year	9,413
Over 1 year but within 5 years	28,471
Total undiscounted lease liabilities	37,884
Lease liabilities included in the statements of financial position	36,493

Operating leases

As at 31 March 2020, the Bank entered into a number of operating lease agreements covering office space, office equipment, vehicles and residences for the Bank's executives with individuals and non-related companies for periods of 1 to 5 years commencing from August 2015 and ending in September 2023.

The future minimum lease payments from the dates on the statement of financial position were summarised as follows:

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Future minimum lease payments under non-cancellable leases

	2020 (in thousand Baht)
Within 1 year	26,159
Over 1 year but within 5 years	22,997
Total	49,156

For the years ended 31 March

Amount recognised in profit or loss

	2021 (in thousand Baht)	2020
Interest expense on lease liabilities	719	-
Expenses relating to short-term leases	14,597	-
Lease expense under operating leases	-	25,317

27 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 business in Thailand.

28 Interest income

<i>For the years ended 31 March</i>	<i>Note</i>	2021 (in thousand Baht)	2020
Interbank and money market items	25	67,334	148,795
Investments in debt instruments		89,153	108,323
Loans to customers		876,546	1,270,186
Total		1,033,033	1,527,304

29 Interest expenses

<i>For the years ended 31 March</i>	<i>Note</i>	2021 (in thousand Baht)	2020
Deposits		141,821	224,379
Interbank and money market items	25	187,805	713,792
Contribution to Deposit Protection Agency		58,141	73,599
Total		387,767	1,011,770

30 Net fees and service income (expenses)

<i>For the years ended 31 March</i>	<i>Note</i>	2021 (in thousand Baht)	2020
Fees and service income			
- Funds transfer services fees		183	208
- Loan guarantee		394	390
- Prepayment fee	25	1,182	1,926
- Amendment agreement fee		6,026	2,285
- Others		70	66
Total		7,855	4,875

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<i>For the years ended 31 March</i>	<i>Note</i>	<i>2021</i> <i>(in thousand Baht)</i>	<i>2020</i>
Fees and service expenses			
- Funds transfer between financial institutions fees	25	(878)	(740)
- Loan registration fee		-	(1,442)
- Legal service fee		-	(387)
- Prepayment fee	25	(4,295)	(5,372)
- Others		(532)	(488)
Total		(5,705)	(8,429)
Net		2,150	(3,554)

31 Net gains on financial instruments measured at fair value through profit or loss

<i>For the year ended 31 March</i>	<i>2021</i> <i>(in thousand Baht)</i>
Gains on trading and foreign exchange transactions	
- Foreign currencies and foreign currency related derivatives	5,425
Total	5,425

32 Net gains on trading and foreign exchange transactions

<i>For the year ended 31 March</i>	<i>2020</i> <i>(in thousand Baht)</i>
Gains on trading and foreign exchange transactions	
- Foreign currencies and foreign currency related derivatives	164,505
Total	164,505

33 Employee expenses

<i>For the years ended 31 March</i>	<i>Note</i>	<i>2021</i> <i>(in thousand Baht)</i>	<i>2020</i>
Key management			
Wages, salaries and bonus		26,005	17,090
Non-monetary benefits		27,715	27,284
Defined benefit plan and other long-term employee benefits		825	416
Others		571	2,221
	25	55,116	47,011
Other employees			
Wages, salaries and bonus		105,680	117,773
Non-monetary benefits		20,806	21,391
Defined benefit plan and other long-term employee benefits		2,870	3,050
Others		6,213	6,398
		135,569	148,612
Total		190,685	195,623

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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34 Expected credit loss and bad debts, doubtful accounts and impairment losses

For the year ended 31 March

	2021 (in thousand Baht)
Expected credit loss (reversal)	
Interbank and money market items	19,754
Investment in debt instruments measured at FVOCI	(2,493)
Loans to customers and accrued interest receivables and undue interest receivables	22,280
Undrawn loan commitments and financial guarantee contracts	(121)
Total	39,420

For the year ended 31 March

	2020 (in thousand Baht)
Bad debts, doubtful accounts and impairment losses (reversal)	
Interbank and money market items	17,466
Loans to customers	(72,218)
Total	(54,752)

35 Income tax

Income tax recognised in profit or loss

For the years ended 31 March

	Note	2021 (in thousand Baht)	2020
Current tax expense			
Current year		31,709	-
Over provided in prior years		(461)	-
Deferred tax			
Movement in temporary difference	16	15,478	79,043
Total		46,726	79,043

Income tax recognised in other comprehensive income

For the years ended 31 March

	2021			2020		
	Before tax	Tax benefit	Net of Tax	Before tax	Tax (expense) benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Investments in debt instruments measured at FVOCI	(53,163)	10,632	(42,531)	-	-	-
Available-for-sale investments	-	-	-	21,681	(4,336)	17,345
Defined benefit plan actuarial losses	(455)	91	(364)	(2,607)	521	(2,086)
Total	(53,618)	10,723	(42,895)	19,074	(3,815)	15,259

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Reconciliation of effective tax rate

For the years ended 31 March

	Rate (%)	2021 (in thousand Baht)	Rate (%)	2020 (in thousand Baht)
Profit before income tax		258,616		317,717
Income tax using the Thai corporation tax rate	20	51,723	20	63,543
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(681)		393
Reversal of deferred tax assets		191		-
Utilisation of previously unrecognised tax losses		(3,871)		-
Over provided in prior years		(461)		-
Others		(175)		15,107
Total	18	46,726	25	79,043

36 Earnings per share

For the years ended 31 March

	2021	2020
Profit attributable to ordinary shareholders of the Bank (basic) (in thousand Baht)	211,890	238,674
Number of ordinary shares outstanding (basic) (in thousand shares)	20,000	20,000
Earnings per share (basic) (in Baht)	10.59	11.93

