

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

Financial statements for the period
1 January 2016 to 31 March 2016
and
Independent Auditor's Report



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Independent Auditor's Report

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

I have audited the accompanying financial statements of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period 1 January 2016 to 31 March 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2016, and the financial performance and cash flows for the period 1 January 2016 to 31 March 2016 in accordance with Thai Financial Reporting Standards.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
20 June 2016

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of financial position

		31 March	31 December
Assets	Note	2016	2015
		(in thousand Baht)	
Cash		42	10
Interbank and money market items, net	7, 18	2,417,725	1,352,403
Investments, net	8	10,492,229	16,166,302
Loans to customers and accrued interest receivable, net	9		
Loans to customers		11,665,440	3,481,000
Accrued interest receivable		5,797	301
Total loans to customers and accrued interest receivable		11,671,237	3,481,301
Less allowance for doubtful accounts	9, 4, 10	(116,712)	(34,813)
Total loans to customers and accrued interest receivable, net		11,554,525	3,446,488
Leasehold building improvements and equipment, net	11	172,397	192,170
Intangible assets, net		51,313	38,069
Deferred tax assets	12	61,980	24,913
Other assets, net	18	37,874	19,888
Total assets		24,788,085	21,240,243

Liabilities and Equity


Liabilities

Deposits	13	5,114,439	1,319,153
Employee benefit obligations		3,930	3,272
Other liabilities	14, 18	70,546	206,588
Total liabilities		5,188,915	1,529,013

Equity

Share capital			
Authorised share capital	15	20,000,000	20,000,000
Issued and paid-up share capital		20,000,000	20,000,000
Other reserves	16	(35)	(769)
Deficit		(400,795)	(288,001)
Total equity		19,599,170	19,711,230

Total liabilities and equity		24,788,085	21,240,243
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 (Mr. Oi Akashi)
 Deputy Chief Executive Officer
 and Division Head of Internal Control





 (Mr. Manabu Inoue)
 Chief Executive Officer

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

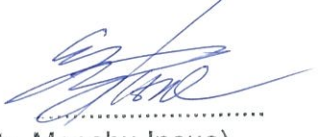
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statements of profit or loss and other comprehensive income

		For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	Note		
		(in thousand Baht)	
Interest income	21	87,381	309,857
Interest expenses	22	22,256	5,623
Net interest income		65,125	304,234
Fee and service income	18	211	1
Fee and service expenses	18	6,312	1,734
Net fee and service income		(6,101)	(1,733)
Gain (loss) on foreign exchange transaction, net		(14,107)	84
Loss on investments, net		-	(2)
Other operating income		204	5,947
Total operating income		45,121	308,530
Other operating expenses			
Employee expenses	18, 23	25,553	97,829
Directors' remuneration		741	1,880
Premises and equipment expenses		36,684	47,559
Taxes and duties		14,236	4,296
Professional services expense		7,360	159,992
Others	18	40,693	126,999
Total other operating expenses		125,267	438,555
Impairment loss of loans	24	69,898	46,814
Loss from operations before income tax benefit		(150,044)	(176,839)
Income tax benefit	25	(37,250)	(24,701)
Loss for the period/year		(112,794)	(152,138)
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Gain on remeasuring available-for-sale investments		917	1,559
Income tax relating to other comprehensive income		(183)	(312)
Other comprehensive income for the period/year, net of income tax	8, 25	734	1,247
Total comprehensive income for the period/year		(112,060)	(150,891)
Basic loss per share (in Baht)	26	(5.64)	(8.04)


 (Mr. Oi Akashi)
 Chief Executive Officer,
 in Head of Internal Control




 (Mr. Manabu Inoue)
 Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Other reserves Fair value change in available-for-sale investments	Deficit	Total equity
			(in thousand Baht)		
Year ended 31 December 2015					
Balance as at 1 January 2015		10,000,000	(2,016)	(135,863)	9,862,121
Transaction with owners, recorded directly in equity					
Contributions by owners of the Bank					
Issue of ordinary shares	15, 18	10,000,000	-	-	10,000,000
Total contributions by owners of the Bank		10,000,000	-	-	10,000,000
Total transactions with shareholders, recorded directly in equity		10,000,000	-	-	10,000,000
Comprehensive income for the year					
Loss for the year		-	-	(152,138)	(152,138)
Other comprehensive income					
Available-for-sale investments					
Net change in fair value of available-for-sale investments, net of income tax	8.2	-	1,247	-	1,247
Total comprehensive income for the year		-	1,247	(152,138)	(150,891)
Balance as at 31 December 2015		20,000,000	(769)	(288,001)	19,711,230

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

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

	Note	Issued and paid-up share capital	Other reserves Fair value change in available-for-sale investments (in thousand Baht)	Deficit	Total equity
For the period 1 January 2016 to 31 March 2016					
Balance as at 1 January 2016		20,000,000	(769)	(288,001)	19,711,230
Comprehensive income for the period					
Loss for the period		-	-	(112,794)	(112,794)
Other comprehensive income					
Available-for-sale investments					
Net change in fair value of available-for-sale investments, net of income tax	8.2	-	734	-	734
Total comprehensive income for the period			734	(112,794)	(112,060)
Balance as at 31 March 2016		20,000,000	(35)	(400,795)	19,599,170



 (Mr. Oi Akashi)
 Deputy Chief Executive Officer
 and Division Head of Internal Control





 (Mr. Manabu Inoue)
 Chief Executive Officer

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Statement of cash flows

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	(in thousand Baht)	
Cash flows from operating activities		
Loss from operations before income tax benefit	(150,044)	(176,839)
Adjustment to reconcile loss from operations before income tax benefit to net cash provided by (used in) operating activities		
Depreciation and amortisation	21,776	22,711
Loss on investments	-	2
Impairment loss of loans	69,898	46,814
Net interest income	(65,125)	(304,234)
Interest received	47,420	27,010
Interest paid	(15,435)	(2,386)
Loss from operations before changes in operating assets and liabilities	(91,510)	(386,922)
Decrease (increase) in operating assets		
Interbank and money market items	(1,053,355)	325,767
Loans to customers	(8,184,440)	(3,481,000)
Other assets	(31,806)	(11,850)
Increase (decrease) in operating liabilities		
Deposits	3,795,286	1,319,153
Employee benefit obligations	658	3,272
Other liabilities	(157,024)	(71,103)
Net cash used in operating activities	(5,722,191)	(2,302,683)
Cash flows from investing activities		
Purchase of available-for-sale investments	(23,856,692)	(108,042,348)
Proceeds from available-for-sale investments	29,580,000	100,367,908
Purchase of leasehold building improvements and equipment	(924)	(15,851)
Purchase of intangible assets	(161)	(7,045)
Net cash provided by (used in) investing activities	5,722,223	(7,697,336)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	10,000,000
Net cash provided by financing activities	-	10,000,000
Net increase (decrease) in cash	32	(19)
Cash at beginning of the period/year	10	29
Cash at end of the period/year	42	10

Supplementary disclosures of cash flow information

Non-cash transactions

Gain (loss) on remeasuring available-for-sale investments	917	1,559
Payable for purchase of leasehold building improvements and equipment	13,089	123,435
Payable for purchase of intangible assets	1,072	32,069

明 石 英

(Mr. Oi Akashi)

Deputy Chief Executive Officer
and Division Head of Internal Control



(Mr. Manabu Inoue)
Chief Executive Officer

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

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Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors of the Bank on 20 June 2016.

1 General information

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

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

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

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

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

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

In order to align the Bank’s accounting period with the ultimate parent company, at the meeting of the Board of Directors of the Bank held on 21 September 2015, the Board of Directors approved to change the Bank’s accounting period end date from 31 December to 31 March. The change in accounting period end date has been approved by Bank of Thailand on 2 October 2015 and by Revenue Department on 3 February 2016.

Due to the change of the accounting period end date of the Bank to 31 March, the Bank has prepared the financial statements for the first accounting period which was the financial statements for the period 1 January 2016 to 31 March 2016.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

(b) *Basis of measurement*

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

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

(c) *Functional and presentation currency*

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

(d) *Use of judgements and estimates*

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

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

Assumptions and estimation uncertainties

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

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

Measurement of fair values

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

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

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

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

3 Significant accounting policies

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

(a) *Foreign currencies*

Foreign currency transactions

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

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

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

(b) *Cash*

Cash comprises cash on hand and cash on collection.

(c) *Investments*

Investments in debt securities

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

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

Initial recognition

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

Disposal of investments

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

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

(d) *Loans to customers*

Loans to customers are presented at the principal balances, excluding accrued interest receivables.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

(e) *Allowance for doubtful accounts*

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

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

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

(f) *Leasehold building improvements and equipment*

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

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.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

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

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

No depreciation is provided on assets under construction.

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

(g) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

(h) Impairment

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

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

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

(i) Employee benefits

Defined contribution plans

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

Defined benefit plan

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

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

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

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.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

Other long-term employee benefits

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

Termination benefits

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(j) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligations.

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

(k) Income

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

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

(l) Expenses

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

(m) Income tax

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

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

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.

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

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

(n) Loss per share

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

(o) Offsetting

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

4 Financial risk management

Financial risk management policies

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

4.1 Operational risks

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

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

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

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

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

4.2 Credit risk

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

(1) Risk management policy on credit risk

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

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

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

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Notes to the financial statements

(2) Risk management framework for credit risk

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

4.3 Market risk

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

(1) Risk management policy on market risk

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

(2) Risk management framework for market risk

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

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

(3) Market risk management approach

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

(a) *Interest rate risk*

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

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Notes to the financial statements

As at 31 March 2016 and 31 December 2015, significant financial assets and financial liabilities classified by types of interest rate are as follows:

	31 March 2016			Total
	Floating interest rate	Fixed interest rate (in thousand Baht)	Non- interest bearing	
Financial assets				
Cash	-	-	42	42
Interbank and money market items	-	2,221,977	195,748	2,417,725
Investments, net	-	10,492,229	-	10,492,229
Loans to customers and accrued interest Receivables	5,235,828	6,435,409	-	11,671,237
Total financial assets	5,235,828	19,149,615	195,790	24,581,233
Financial liabilities				
Deposits	367,500	4,720,034	26,905	5,114,439
Other liabilities	-	-	4,741	4,741
Total financial liabilities	367,500	4,720,034	31,646	5,119,180

	31 December 2015			Total
	Floating interest rate	Fixed interest rate (in thousand Baht)	Non- interest bearing	
Financial assets				
Cash	-	-	10	10
Interbank and money market items	-	1,200,124	164,280	1,364,404
Investments, net	-	16,166,302	-	16,166,302
Loans to customers and accrued interest receivables	3,481,301	-	-	3,481,301
Other assets	-	-	13,821	13,821
Total financial assets	3,481,301	17,366,426	178,111	21,025,838
Financial liabilities				
Deposits	1,297,500	11,103	10,550	1,319,153
Other liabilities	-	-	1,849	1,849
Total financial liabilities	1,297,500	11,103	12,399	1,321,002

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

	31 March 2016			31 December 2015		
	Average balance (in thousand Baht)	Interest (in thousand Baht)	Average interest rate (% per annum)	Average balance (in thousand Baht)	Interest (in thousand Baht)	Average interest rate (% per annum)
Financial assets						
Interbank and market items	5,627,797	18,941	1.346	1,570,718	25,146	1.601
Investments	14,621,450	49,248	1.347	17,987,982	284,211	1.580
Loans to customers	4,766,912	19,192	1.610	3,481,000	500	1.579
Total	25,016,159	87,381		23,039,700	309,857	
Financial liabilities						
Deposits	4,889,696	16,857	1.379	1,209,664	4,232	1.456
Interbank and money market items	31,587	83	1.051	100,000	4	1.520
Total	4,921,283	16,940		1,309,664	4,236	

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Notes to the financial statements

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016			
	Immediate repricing	Within 3 months	3 - 12 months (in thousand Baht)	Non - interest bearing Total
Financial assets				
Cash	-	-	-	42
Interbank and money market items	-	2,221,977	-	2,417,725
Investments, net	-	10,492,229	-	10,492,229
Loans to customers and accrued interest receivables	5,235,828	650,003	5,785,406	11,671,237
Total financial assets	5,235,828	13,364,209	5,785,406	24,581,233
Financial liabilities				
Deposits	282,822	4,126,212	678,500	5,114,439
Other liabilities	-	-	-	4,741
Total financial liabilities	282,822	4,126,212	678,500	5,119,180
	31 December 2015			
	Immediate repricing	Within 3 months	3 - 12 months (in thousand Baht)	Non - interest bearing Total
Financial assets				
Cash	-	-	-	10
Interbank and money market items	-	1,200,124	-	1,364,404
Investments, net	-	16,166,302	-	16,166,302
Loans to customers and accrued interest receivables	3,481,301	-	-	3,481,301
Other assets	-	-	-	13,821
Total financial assets	3,481,301	17,366,426	-	21,025,838
Financial liabilities				
Deposits	11,103	1,070,000	227,500	1,319,153
Other liabilities	-	-	-	1,849
Total financial liabilities	11,103	1,070,000	227,500	1,321,002

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

(b) *Currency exchange rate risk*

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

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

As at 31 March 2016 and 31 December 2015, the Bank has net open position assets (liabilities) denominated in the various currencies as follows:

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Net foreign currency exposure		
US Dollar	1,246	489
Japanese Yen	(2,260)	76

4.4 **Liquidity risk**

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

(1) Risk management policy of liquidity risk

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

(2) Risk management framework and approaches for liquidity risk

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

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

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Notes to the financial statements

The remaining period to maturity of significant financial assets and financial liabilities as at 31 March 2016 and 31 December 2015 based on contractual maturity is as follows:

31 March 2016					
	At call	Within 3 months	3 - 12 months (in thousand Baht)	1-5 years	No maturity
					Total
Financial assets					
Cash	-	-	-	-	42
Interbank and money market items	195,748	2,221,977	-	-	2,417,725
Investments, net	-	10,492,229	-	-	10,492,229
Loans to customers	5,235,828	47,383	300,426	6,087,600	11,671,237
Total financial assets	5,431,576	12,761,589	300,426	6,087,600	24,581,233
Financial liabilities					
Deposits	309,727	4,126,212	678,500	-	5,114,439
Other liabilities	93	3,516	1,132	-	4,741
Total financial liabilities	309,820	4,129,728	679,632	-	5,119,180
Net liquidity gap	5,121,756	8,631,861	(379,206)	6,087,600	19,462,053
31 December 2015					
	At call	Within 3 months	3 - 12 months (in thousand Baht)	1-5 years	No maturity
					Total
Financial assets					
Cash	-	-	-	-	10
Interbank and money market items	164,280	1,200,124	-	-	1,364,404
Investments, net	-	16,166,302	-	-	16,166,302
Loans to customers	3,481,301	-	-	-	3,481,301
Other assets	-	13,821	-	-	13,821
Total financial assets	3,645,581	17,380,247	-	-	21,025,838
Financial liabilities					
Deposits	21,653	1,070,000	227,500	-	1,319,153
Other liabilities	3	1,684	162	-	1,849
Total financial liabilities	21,656	1,071,684	227,662	-	1,321,002
Net liquidity gap	3,623,925	16,308,563	(227,662)	-	19,704,836

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Notes to the financial statements

5 Fair value of financial assets and liabilities

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

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

5.1 Financial assets measured at fair value

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

	Level 1	Fair value Level 2 Level 3 (in thousand Baht)		Total
31 March 2016				
<i>Financial assets</i>				
Debt securities available-for-sale	-	10,492,229	-	10,492,229
31 December 2015				
<i>Financial assets</i>				
Debt securities available-for-sale	-	16,166,302	-	16,166,302

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the period 1 January 2016 to 31 March 2016.

5.2 Financial assets and liabilities not measured at fair value

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

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

Interbank and money market items (assets)

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

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Notes to the financial statements

Loans to customers

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

Deposits

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

6 Maintenance of capital fund

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

As at 31 March 2016 and 31 December 2015, the Bank's total capital funds and capital ratio can be categorised as follows:

		31 March 2016	31 December 2015
		(in thousand Baht)	
Tier 1 capital			
Common Equity Tier 1 (CET1)			
Issued and paid-up share capital, share premium		20,000,000	20,000,000
Other comprehensive income		(35)	(769)
Less capital deduction items on CET1		(370,718)	(207,612)
Total Tier 1 Capital Base		19,629,247	19,791,619
Total Risk-Weighted Assets		10,397,645	3,946,397
	The BoT's regulation minimum requirement*	31 March 2016 (%)	31 December 2015
Capital Adequacy Ratio	9.125	188.79	501.51
Tier-1 Capital ratio	6.625	188.79	501.51
Tier-1 Common Equity ratio	5.125	188.79	501.51

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

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 March 2016, the Bank has no add-on arising from Single Lending Limit.

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Notes to the financial statements

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: "Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 31 March 2016 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.smtb.jp/smtbthai/

Capital management

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

7 Interbank and money market items, net (assets)

	31 March 2016			31 December 2015		
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>			<i>(in thousand Baht)</i>		
Domestic						
Bank of Thailand	70,216	1,940,000	2,010,216	37,373	-	37,373
Commercial banks	124,052	-	124,052	126,342	1,200,027	1,326,369
Total	194,268	1,940,000	2,134,268	163,715	1,200,027	1,363,742
Add accrued interest receivable	-	53	53	-	97	97
Less allowance for doubtful accounts	-	-	-	-	(12,001)	(12,001)
Total domestic, net	194,268	1,940,053	2,134,321	163,715	1,188,123	1,351,838
Foreign						
US Dollar	1,466	281,913	283,379	489	-	489
Japanese Yen	14	-	14	76	-	76
Total	1,480	281,931	283,393	565	-	565
Add accrued interest receivable	-	11	11	-	-	-
Total foreign, net	1,480	281,924	283,404	565	-	565
Total domestic and foreign, net	195,748	2,221,977	2,417,725	164,280	1,188,123	1,352,403

8 Investments, net

8.1 As at 31 March 2016 and 31 December 2015, the Bank classifies investment types, as follow:

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Available-for-sale investments		
Government bonds	10,492,229	12,668,159
Government treasury bills	-	3,498,143
Total investment, net	10,492,229	16,166,302

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Notes to the financial statements

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

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	917	1,559
Less deferred tax	(183)	(312)
Net	734	1,247

9 Loans to customers and accrued interest receivables, net

9.1 Classified by type of loans

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Loans	11,665,440	3,481,000
Add accrued interest receivables	5,797	301
Total loans and accrued interest receivables	11,671,237	3,481,301
Less allowance for doubtful accounts		
- BoT's minimum requirement - Individual approach	(116,654)	(34,810)
- Allowance in excess	(58)	(3)
Total loans to customers and accrued interest receivables, net	11,554,525	3,446,488

9.2 Classified by currencies and residence of debtors

	31 March 2016		31 December 2015	
	Domestic	Total	Domestic	Total
	<i>(in thousand Baht)</i>			
Thai Baht	11,665,440	11,665,440	3,481,000	3,481,000
Total	11,665,440	11,665,440	3,481,000	3,481,000

9.3 Classified by industry and loan classification

	31 March 2016		31 December 2015	
	Pass	Total	Pass	Total
	<i>(in thousand Baht)</i>			
Manufacturing and commerce	4,917,600	4,917,600	3,300,000	3,300,000
Leasing business	6,517,840	6,517,840	181,000	181,000
Others	230,000	230,000	-	-
Total	11,665,440	11,665,440	3,481,000	3,481,000

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Notes to the financial statements

9.4 Classified by loan classification

31 March 2016

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

31 December 2015

	Loans to customers and accrued interest receivables (in thousand Baht)	Net amount used to set the allowance for doubtful account*	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's regulations				
- Pass	3,481,301	3,481,000	1	34,810
Total	3,481,301	3,481,000		34,810
Excess allowance				3
Total				34,813

*Net amount for allowance for doubtful accounts means the outstanding debt after deducting the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral.

10 Allowance for doubtful accounts

Movements in allowance for doubtful accounts for loans to customers during the period/year ended 31 March 2016 and 31 December 2015 consisted of:

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

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

	31 December 2015		
	Pass	Excess allowance <i>(in thousand Baht)</i>	Total
Beginning balance	-	-	-
Allowance for doubtful accounts	<u>34,810</u>	<u>3</u>	<u>34,813</u>
Ending balance	<u>34,810</u>	<u>3</u>	<u>34,813</u>

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12 Deferred tax

Deferred tax assets as at 31 March 2016 and 31 December 2015 were as follows:

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	61,980	24,913

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

	At 1 January 2016	(Charge)/Credited to :		At 31 March 2016
		Profit or loss (Note 25) <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets				
Investments	(4,512)	313	(183)	(4,382)
Employee benefit obligation	654	132	-	786
Loss carry forward	28,771	36,805	-	65,576
Total	24,913	37,250	(183)	61,980

	At 1 January 2015	Credited to :		At 31 December 2015
		Profit or loss (Note 25) <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets				
Investments	504	(4,704)	(312)	(4,512)
Leasehold building improvement and equipment	20	(20)	-	-
Employee benefit obligation	-	654	-	654
Loss carry forward	-	28,771	-	28,771
Total	524	24,701	(312)	24,913

13 Deposits

13.1 Classified by type of deposits

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Current	26,905	10,550
Savings	282,821	11,103
Term - less than 6 months	4,804,713	1,297,500
Total	5,114,439	1,319,153

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Notes to the financial statements

13.2 Classified by currency and residence of depositors

	31 March 2016		31 December 2015	
	Domestic	Total	Domestic	Total
	<i>(in thousand Baht)</i>			
Thai Baht	5,114,439	5,114,439	1,319,153	1,319,153
Total	5,114,439	5,114,439	1,319,153	1,319,153

14 Other liabilities

	Note	31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>	
Payable to related party	18	2,274	171,884
Account payable		34,584	12,544
Accrued expense		20,190	12,559
Others		13,498	9,601
Total		70,546	206,588

15 Share capital

	Par value per share (in Baht)	31 March 2016		31 December 2015	
		Number	Amount	Number	Amount
			(shares / thousand Baht)		
Authorised					
At 1 January					
- ordinary shares	1,000	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
At 31 December					
- ordinary shares	1,000	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1,000	20,000,000	20,000,000	10,000,000	10,000,000
Increase of new shares	1,000	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
At 31 March					
- ordinary shares	1,000	20,000,000	20,000,000	20,000,000	20,000,000

Issue of ordinary shares

At the Board of Directors' Meeting on 3 February 2015, the resolution to approve of the allocation of ordinary shares of 10,000,000 shares of Baht 1,000 per par value amounting Baht 10,000 million offering to SMTB on 9 February 2015. The Bank received full payment and has registered with the Ministry of Commerce on 9 February 2015.

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Notes to the financial statements

16 Other Reserves

Other reserves

Fair value changes in available-for-sale investments

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

17 Assets pledged as collateral

Assets pledged as collateral as at 31 March 2016 and 31 December 2015 consisted of:

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Government bonds	10,500,000	16,800,000
Total	10,500,000	16,800,000

Pledged as liquidity management with The Bank of Thailand

18 Related parties

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

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

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Japan / Thai	Persons having authority and responsibility for planning, directly and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank
Sumitomo Mitsui Trust Holding, Inc.	Japan	Ultimate parent Company
Sumitomo Mitsui Trust Bank, Limited	Japan	Immediate parent Company, 99.99% shareholding
Sumitomo Mitsui Trust Systems & Services Co., Ltd.	Japan	Subsidiary of parent Company, 0.00000005% shareholding
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Japan	Subsidiary of parent Company, 0.00000005% shareholding
Sumitomo Mitsui Trust Investment Co., Ltd.	Japan	Subsidiary of parent Company, 0.00000005% shareholding
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Japan	Subsidiary of parent Company, 0.00000005% shareholding

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
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Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Other Branches of Sumitomo Mitsui Trust Bank, Limited	Various	Other Branches

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

Transactions	Pricing policies
Fee and service income	Contractually agreed price
Fee and service expenses	Fee as announced
Premise and equipment expenses	Contractually agreed price
Other expenses	Contractually agreed price

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

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Fee and service income	190	-
Fee and service expenses	6	13
Premise and equipment expenses	-	16,396
Other expenses	5,731	21,365
<i>Key management personnel</i>		
Short-term employee benefits	9,122	32,111
Long-term employee benefits	67	313
Total key management personnel compensation	9,189	32,424

Directors' and executives' benefits

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

Significant balances and business transactions with related parties

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<i>Interbank and money market items (assets)</i>		
Sumitomo Mitsui Trust Bank, Limited	281,928	76
<i>Other Assets</i>		
Sumitomo Mitsui Trust Bank, Limited and other branches	26,536	-
<i>Other liabilities</i>		
Sumitomo Mitsui Trust Bank, Limited	2,274	171,884
<i>Issue of ordinary shares</i>		
Sumitomo Mitsui Trust Bank, Limited	-	10,000,000

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Significant agreements with related parties

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

19 Non-cancellable operating lease agreements

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Within one year	25,618	26,397
After one year but within five years	21,607	27,431
Total	47,225	53,828

Office lease and service agreements

- (a) On 1 October 2014, the Bank entered into the office lease and service agreements. The duration of these agreements was 3 year term from 1 October 2014 to 30 September 2017. Under the terms of agreements, there are office rental and service fees of Baht 0.15 million per month and Baht 0.9 million per month (excluding VAT). The Bank paid deposits on these agreements with the amount of Baht 0.4 million.

Equipment lease agreements

- (a) On 29 September 2014, the Bank entered into an equipment and service rental agreement for a period of 2 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.2 million (excluding VAT) per month.
- (b) On 1 October 2014, the Bank entered into an IT rental agreement for a period of 3 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.4 million (excluding VAT) per month.
- (c) On 2 March 2015, the Bank entered into an equipment and service rental agreement for a period of 3 years. Under the terms of agreement, the Bank has agreed to a fixed rental fee of Baht 0.2 million (excluding VAT) per month.

20 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.

21 Interest income

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Interbank and money market items	18,941	25,146
Investments in debt securities	49,248	284,211
Loans to customers	19,192	500
Total	87,381	309,857

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Notes to the financial statements

22 Interest expense

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Deposits	16,857	4,232
Interbank and money market items	83	4
Contribution to Deposit Protection Agency	5,316	1,387
Total	22,256	5,623

23 Employee expenses

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Key management		
Wages, salaries and bonus	3,537	13,200
Post-employment benefits - defined benefit plans	67	313
Others	5,585	18,911
	<u>9,189</u>	<u>32,424</u>
Other employees		
Wages, salaries and bonus	9,415	53,723
Post-employment benefits - defined benefit plans	612	2,959
Others	6,337	8,723
	<u>16,364</u>	<u>65,405</u>
Total	25,553	97,829

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

24 Impairment loss of loans

	For the period 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Interbank and money market items (reversal)	(12,001)	12,001
Loans to customers	81,899	34,813
Total	69,898	46,814

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25 Income tax benefit

	Note	For the period 1 January 2016 to 31 March 2016 (in thousand Baht)	For the year ended 31 December 2015
Current tax expense			
Current period/year		-	-
Deferred tax expense			
Movement in temporary difference	12	(37,250)	(24,701)
Total income tax benefit		(37,250)	(24,701)

Income tax recognised in other comprehensive income

	For the period 1 January 2016 to 31 March 2016			For the year ended 31 December 2015		
	Before tax	Tax (expense) benefit	Net of Tax (in thousand Baht)	Before tax	Tax (expense) benefit	Net of Tax
Available-for-sale investments	917	(183)	734	1,559	(312)	1,247
Total	917	(183)	734	1,559	(312)	1,247

Reconciliation of effective tax rate

	Rate (%)	For the period 1 January 2016 to 31 March 2016 (in thousand Baht)	Rate (%)	For the year ended 31 December 2015 (in thousand Baht)
Loss before income tax expense	20	(150,044)	20	(176,839)
Income tax		(30,009)		(35,368)
Expense not deductible for tax purpose		3,749		326
Recognition of previously unrecognised tax losses		(37,446)		(27,157)
Current year losses which no deferred tax asset was recognised		25,815		37,446
Under provided in prior period		641		52
Total	25	(37,250)	14	(24,701)

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015. Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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26 Basic loss per share

The calculations of basic losses per share for the period/year ended 31 March 2016 and 31 December 2015 were based on the loss for the period/year attributable to ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding during the period/year as follows:

	For the period 1 January 2016 to 31 March 2016 <i>(in thousand Baht/thousand shares)</i>	For the year ended 31 December 2015
Loss for the period/year attributable to ordinary shareholders of the Bank (basic)	<u>(112,794)</u>	<u>(152,138)</u>
Weighted average number of ordinary shares outstanding	<u>20,000</u>	<u>18,932</u>
Loss per share (Basic) (<i>Baht</i>)	<u>(5.64)</u>	<u>(8.04)</u>

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