

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

Financial statements for the year ended  
31 March 2020  
and  
Independent Auditor's Report



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## Independent Auditor's Report

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

#### *Opinion*

I have audited the financial statements of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2020, 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 2020, and its financial performance and cash flows for the year then ended then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *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 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, appearing to read 'P. Gulsantithamrong'.

(Pantip Gulsantithamrong)  
Certified Public Accountant  
Registration No. 4208

KPMG Phoomchai Audit Ltd.  
Bangkok  
29 June 2020

# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Statement of financial position

Assets	Note	31 March	
		2020	2019
		(in thousand Baht)	
Cash		30	28
Interbank and money market items, net	7, 19	14,431,820	16,467,491
Derivative assets	8	1,202,223	167,326
Investments, net	9	10,567,807	6,145,852
Loans to customers and accrued interest receivables, net	10		
Loans to customers		54,783,285	52,866,033
Accrued interest receivables		115,383	128,381
Total loans to customers and accrued interest receivables		54,898,668	52,994,414
Less deferred revenue		(37,545)	(33,051)
Less allowance for doubtful accounts	10.4, 11	(546,082)	(618,300)
Total loans to customers and accrued interest receivables, net		54,315,041	52,343,063
Leasehold building improvements and equipment, net	12	59,627	80,484
Intangible assets, net		27,515	41,671
Deferred tax assets, net	13	14,684	97,542
Other assets		13,084	132,061
<b>Total assets</b>		<b>80,631,831</b>	<b>75,475,518</b>

## Liabilities and equity

### Liabilities

Deposits	14	19,715,567	20,543,207
Interbank and money market items	15, 19	39,639,221	35,129,773
Derivative liabilities	8	417,960	90,347
Provision for post-employment benefits		12,963	8,446
Other liabilities	16, 19	1,079,522	191,080
<b>Total liabilities</b>		<b>60,865,233</b>	<b>55,962,853</b>

### 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	9.2, 17	16,404	(941)
Deficit		(249,806)	(486,394)
<b>Total equity</b>		<b>19,766,598</b>	<b>19,512,665</b>
<b>Total liabilities and equity</b>		<b>80,631,831</b>	<b>75,475,518</b>



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

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

(Mr. Manabu Inoue)  
Chief Executive Officer

# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Statements of profit or loss and other comprehensive income

		For the years ended	
		31 March	
	Note	2020	2019
(in thousand Baht)			
Interest income	22	1,527,304	1,248,113
Interest expenses	19, 23	1,011,770	838,941
<b>Net interest income</b>		<b>515,534</b>	<b>409,172</b>
Fee and service income		4,875	419
Fee and service expenses	19	8,429	1,292
<b>Net fee and service expenses</b>	24	<b>(3,554)</b>	<b>(873)</b>
Net gains on trading and foreign exchange transactions	25	164,505	224,657
Other operating income	19	3,545	8,264
<b>Total operating income</b>		<b>680,030</b>	<b>641,220</b>
<b>Other operating expenses</b>			
Employee expenses	19, 26	195,623	189,629
Directors' remuneration		2,944	2,973
Premises and equipment expenses		92,630	95,955
Taxes and duties		46,610	36,235
Others	19	79,258	70,216
<b>Total other operating expenses</b>		<b>417,065</b>	<b>395,008</b>
(Reversal of) bad debts, doubtful accounts and impairment loss	27	(54,752)	194,014
<b>Profit from operations before income tax</b>		<b>317,717</b>	<b>52,198</b>
Income tax expense (benefit)	28	79,043	(18,059)
<b>Profit for the year</b>		<b>238,674</b>	<b>70,257</b>
<b>Other comprehensive income (loss)</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on remeasuring available-for-sale investments		21,681	(2,311)
Income tax relating to items that will be reclassified subsequently to profit or loss	28	(4,336)	462
		<b>17,345</b>	<b>(1,849)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Losses on remeasurements of defined benefit obligations		(2,607)	(357)
Income tax relating to items that will not be reclassified subsequently to profit or loss	28	521	72
		<b>(2,086)</b>	<b>(285)</b>
<b>Other comprehensive income (loss) for the year,</b>			
<b>net of income tax</b>		<b>15,259</b>	<b>(2,134)</b>
<b>Total comprehensive income for the year</b>		<b>253,933</b>	<b>68,123</b>
<b>Basic earnings per share (in Baht)</b>	29	<b>11.93</b>	<b>3.51</b>

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

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



(Mr. Manabu Inoue)  
Chief Executive Officer

# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Statement of changes in equity

	Issued and paid-up share capital	Other reserves Revaluation surplus (decifit) on available-for-sale investments, net	Deficit	Total equity
		<i>(in thousand Baht)</i>		
<b>For the year ended 31 March 2019</b>				
Balance as at 1 April 2018	20,000,000	908	(556,366)	19,444,542
Comprehensive income (loss) for the year				
Profit for the year	-	-	70,257	70,257
Other comprehensive income (loss)	-	(1,849)	(285)	(2,134)
Total comprehensive income (loss) for the year	-	(1,849)	69,972	68,123
Balance as at 31 March 2019	20,000,000	(941)	(486,394)	19,512,665
<b>For the year ended 31 March 2020</b>				
Balance as at 1 April 2019	20,000,000	(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	(2,086)	15,259
Total comprehensive income for the year	-	17,345	236,588	253,933
Balance as at 31 March 2020	20,000,000	16,404	(249,806)	19,766,598



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

Mr. Toshiyuki Hayashi

Executive Vice President

in charge of Finance Department

(Mr. Manabu Inoue)

Chief Executive Officer



# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Statement of cash flows

	For the years ended 31 March	
	2020	2019
	(in thousand Baht)	
<b>Cash flows from operating activities</b>		
Profit from operations before income tax	317,717	52,198
<b>Adjustment to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</b>		
Depreciation and amortisation	43,928	47,233
(Reversal of) bad debts, doubtful accounts and impairment loss	(54,752)	194,014
Losses on write-off of equipment	4	24
Unrealised gains on revaluation of derivative contracts	(1,020,591)	(248,929)
Provision for post-employment benefits	3,466	2,389
Net interest income	(515,534)	(409,172)
Interest received	1,437,138	1,120,642
Interest paid	(957,124)	(713,929)
<b>(Loss) profit from operations before changes in operating assets and liabilities</b>	<b>(745,748)</b>	<b>44,470</b>
<b>Decrease (increase) in operating assets</b>		
Interbank and money market items	2,017,540	(14,451,219)
Loans to customers	(1,603,945)	(11,463,420)
Other assets	118,977	(53,107)
<b>Increase (decrease) in operating liabilities</b>		
Deposits	(827,640)	9,730,884
Interbank and money market items	4,509,448	17,495,766
Other liabilities	334,098	(64,765)
<b>Net cash provided by operating activities</b>	<b>3,802,730</b>	<b>1,238,609</b>
<b>Cash flows from investing activities</b>		
Purchase of available-for-sale investments	(15,032,809)	(13,897,021)
Proceeds from available-for-sale investments	11,239,000	12,671,000
Purchase of leasehold building improvements and equipment	(8,821)	(1,827)
Purchase of intangible assets	(98)	(10,753)
<b>Net cash used in investing activities</b>	<b>(3,802,728)</b>	<b>(1,238,601)</b>
<b>Net increase in cash</b>	<b>2</b>	<b>8</b>
Cash at beginning of the year	28	20
<b>Cash at end of the year</b>	<b>30</b>	<b>28</b>

### Supplementary disclosures of cash flow information

#### Non-cash transactions:

Increase in payable on purchase of investments

498,142

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

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



498,142  
  
(Mr. Manabu Inoue)  
Chief Executive Officer



# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Notes to the financial statements

For the year ended 31 March 2020

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**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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 29 June 2020.

**1 General information**

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the “Bank”), is incorporated in Thailand and has its registered office at 98, 32<sup>nd</sup> 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); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor. 21/2558, directive 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of group of companies offering financial services”.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank’s accounting policies. There is no material impact on the Bank’s financial statements. The Bank has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3 (m).

In addition, the Bank has not early adopted a number of new TFRSs which are not yet effective for the current period in preparing these financial statements. Those new TFRSs that are relevant to the Bank’s operations are disclosed in note 31.

**(b) Functional and presentation currency**

The financial statements are prepared in Thai Baht, which is the Bank’s functional currency.

**(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.

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

*Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties as at 31 March 2020 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	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 11	Allowance for doubtful accounts

**3 Significant accounting policies**

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

**(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.

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 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.



**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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.

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

**(e) Allowance for doubtful accounts**

The Bank provides allowance for doubtful accounts in accordance with the BoT'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.

**(f) 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.

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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	10 years
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.

**(g) *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.

*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.

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

**(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 allowance for impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity investments carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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 investments that are debt securities, the reversal is recognised in profit or loss.

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.



**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

**(i) Financial instruments**

*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.

*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.

**(j) 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 periods, 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.

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**For the year ended 31 March 2020**

*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.

**(k) 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.

**(l) Measurement of fair values**

The Bank has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

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## Notes to the financial statements

For the year ended 31 March 2020

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.

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.

### *(m) Income*

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.

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.

### *(n) Expenses*

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

### *(o) Lease payments*

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.



# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Notes to the financial statements

For the year ended 31 March 2020

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 period, 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. 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.

#### **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.

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.

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
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**For the year ended 31 March 2020**

**(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 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 earnings capacity.

**(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 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.

**(3) Market risk management approach**

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

# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Notes to the financial statements

For the year ended 31 March 2020

### (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.

As at 31 March 2020 and 2019, significant financial assets and financial liabilities classified by types of interest rate are as follows:

	2020			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in thousand Baht)			
<b>Financial assets</b>				
Cash	-	-	30	30
Interbank and money market items*	-	9,746,264	4,703,022	14,449,286
Investments, net	-	10,567,807	-	10,567,807
Loans to customers net of deferred revenue**	27,956,784	26,399,639	-	54,356,423
Accrued interest receivables	-	-	115,383	115,383
Other assets	-	-	47	47
<b>Total financial assets</b>	<b>27,956,784</b>	<b>46,713,710</b>	<b>4,818,482</b>	<b>79,488,976</b>
<b>Financial liabilities</b>				
Deposits	-	19,668,588	46,979	19,715,567
Interbank and money market items	14,393,428	25,245,793	-	39,639,221
Other liabilities	403,247	-	94,371	497,618
<b>Total financial liabilities</b>	<b>14,796,675</b>	<b>44,914,381</b>	<b>141,350</b>	<b>59,852,406</b>
<b>Effect of derivatives held for risk management***</b>	<b>16,014,218</b>	<b>(16,014,218)</b>	<b>-</b>	<b>-</b>

\* Before deducting allowance for doubtful accounts

\*\* Exclude fair value adjustment in loans to customers

\*\*\* Risk management for loans to customers

	2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in thousand Baht)			
<b>Financial assets</b>				
Cash	-	-	28	28
Interbank and money market items	-	10,400,000	6,067,491	16,467,491
Investments, net	-	6,145,852	-	6,145,852
Loans to customers net of deferred revenue*	26,325,791	26,431,181	-	52,756,972
Accrued interest receivables	-	-	128,381	128,381
Other assets	120,386	-	180	120,566
<b>Total financial assets</b>	<b>26,446,177</b>	<b>42,977,033</b>	<b>6,196,080</b>	<b>75,619,290</b>
<b>Financial liabilities</b>				
Deposits	-	20,523,748	19,459	20,543,207
Interbank and money market items	12,263,523	22,866,250	-	35,129,773
Other liabilities	-	-	125,025	125,025
<b>Total financial liabilities</b>	<b>12,263,523</b>	<b>43,389,998</b>	<b>144,484</b>	<b>55,798,005</b>
<b>Effect of derivatives held for risk management**</b>	<b>17,098,060</b>	<b>(17,098,060)</b>	<b>-</b>	<b>-</b>

\* Exclude fair value adjustment in loans to customers

\*\* Risk management for loans to customers

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
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**For the year ended 31 March 2020**

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

	2020			2019		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
<b><i>Financial assets</i></b>						
Interbank and money market items	11,571,145	148,795	1.286	6,679,918	103,648	1.552
Investments	7,227,308	108,323	1.499	5,691,436	79,020	1.388
Loans to customers	53,830,602	1,270,186	2.360	46,992,087	1,065,445	2.267
<b>Total</b>	<b><u>72,629,055</u></b>	<b><u>1,527,304</u></b>		<b><u>59,363,441</u></b>	<b><u>1,248,113</u></b>	
<b><i>Financial liabilities</i></b>						
Deposits	17,652,754	297,978	1.688	17,371,070	280,821	1.617
Interbank and money market items	40,354,447	713,792	1.769	27,009,081	558,120	2.066
<b>Total</b>	<b><u>58,007,201</u></b>	<b><u>1,011,770</u></b>		<b><u>44,380,151</u></b>	<b><u>838,941</u></b>	



**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
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**For the year ended 31 March 2020**

As at 31 March 2020 and 2019, significant financial assets and financial liabilities classified by earlier of maturity or interest repricing are as follows:

	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)			
<i>Financial assets</i>						
Cash	-	-	-	-	-	30
Interbank and money market items*	-	9,746,264	-	-	-	14,449,286
Investments, net	-	999,509	9,568,298	-	-	10,567,807
Loans to customers net of deferred revenue**	12,867,200	11,918,284	9,832,036	19,383,903	355,000	54,356,423
Accrued interest receivables	-	-	-	-	-	115,383
Other assets	-	-	-	-	-	47
Total financial assets	12,867,200	22,664,057	19,400,334	19,383,903	355,000	79,488,976
<i>Financial liabilities</i>						
Deposits	345,621	18,359,224	963,743	-	-	19,715,567
Interbank and money market items	-	39,639,221	-	-	-	39,639,221
Other 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***	16,014,218	-	(5,200,000)	(10,814,218)	-	-

\* Before deducting allowance for doubtful accounts

\*\* Exclude fair value adjustment in loans to customers

\*\*\* Risk management for loans to customers

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	2019					Non-interest bearing	Non-performing assets	Total
	Repricing periods							
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in thousand Baht)	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	28	-	28
Interbank and money market items	-	10,400,000	-	-	-	6,067,491	-	16,467,491
Investments, net	-	996,038	5,149,814	-	-	-	-	6,145,852
Loans to customers net of deferred revenue*	16,207,500	9,800,791	3,387,000	22,673,621	598,060	-	90,000	52,756,972
Accrued interest receivables	-	-	-	-	-	128,381	-	128,381
Other assets	120,386	-	-	-	-	180	-	120,566
<b>Total financial assets</b>	<b>16,327,886</b>	<b>21,196,829</b>	<b>8,536,814</b>	<b>22,673,621</b>	<b>598,060</b>	<b>6,196,080</b>	<b>90,000</b>	<b>75,619,290</b>
<b>Financial liabilities</b>								
Deposits	387,444	18,660,200	1,476,074	30	-	19,459	-	20,543,207
Interbank and money market items	-	35,129,773	-	-	-	-	-	35,129,773
Other liabilities	-	-	-	-	-	125,025	-	125,025
<b>Total financial liabilities</b>	<b>387,444</b>	<b>53,789,973</b>	<b>1,476,074</b>	<b>30</b>	<b>-</b>	<b>144,484</b>	<b>-</b>	<b>55,798,005</b>
<b>Effect of derivatives held for risk management**</b>	<b>17,098,060</b>	<b>-</b>	<b>-</b>	<b>(16,500,000)</b>	<b>(598,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Exclude fair value adjustment in loans to customers

\*\* Risk management for loans to customers

# Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

## Notes to the financial statements

For the year ended 31 March 2020

### (b) Currency exchange rate risk

Currency exchange rate risk in the statements of financial position arises from the potential unfavourable fluctuation in currency exchange rates which causes a loss in the 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 2020 and 2019, the Bank has net open position assets (liabilities) denominated in the various currencies as follows:

	2020			2019		
	US Dollar	Japanese Yen	Euro	US Dollar	Japanese Yen	Euro
			(in thousand Baht)			
Spot	(28,367,256)	(14,468)	4,897	(25,506,698)	(14,957)	-
Forward	28,358,558	-	-	25,512,983	-	-
Net position	(8,698)	(14,468)	4,897	6,285	(14,957)	-

### 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 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.

In accordance with the BoT notification number Sor Nor Sor. 2/2561, dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards" the Bank intends to disclose Liquidity Coverage Ratio (LCR) as at 31 March 2020 within 4 months after the year end date, as indicated in the notification, through the Bank's website [www.smtb.jp/smtbthai/](http://www.smtb.jp/smtbthai/)

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

As at 31 March 2020 and 2019, the remaining period to maturity of significant financial assets and financial liabilities based on contractual maturity is as follows:

	At call	Within 3 months	Over 3 months to 1 year	2020 Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	-	-	-	-	-	30	30
Interbank and money market items*	4,702,618	9,746,668	-	-	-	-	14,449,286
Derivative assets	-	1,202,223	-	-	-	-	1,202,223
Investments, net	-	999,509	9,568,298	-	-	-	10,567,807
Loans to customers net of deferred revenue**	12,867,200	1,252,351	10,683,930	24,175,486	5,377,456	-	54,356,423
Accrued interest receivables	397	86,964	28,022	-	-	-	115,383
Other assets	47	-	-	-	-	-	47
<b>Total financial assets</b>	<b>17,570,262</b>	<b>13,287,715</b>	<b>20,280,250</b>	<b>24,175,486</b>	<b>5,377,456</b>	<b>30</b>	<b>80,691,199</b>
<i>Financial liabilities</i>							
Deposits	392,600	18,359,224	963,743	-	-	-	19,715,567
Interbank and money market items	-	25,546,872	-	14,092,349	-	-	39,639,221
Derivatives liabilities	-	28,642	32,962	356,356	-	-	417,960
Other liabilities	403,669	75,353	13,837	4,759	-	-	497,618
<b>Total financial liabilities</b>	<b>796,269</b>	<b>44,010,091</b>	<b>1,010,542</b>	<b>14,453,464</b>	<b>-</b>	<b>-</b>	<b>60,270,366</b>
<b>Net liquidity gap</b>	<b>16,773,993</b>	<b>(30,722,376)</b>	<b>19,269,708</b>	<b>9,722,022</b>	<b>5,377,456</b>	<b>30</b>	<b>20,420,833</b>

\* Before deducting allowance for doubtful accounts

\*\* Exclude fair value adjustment in loans to customers

**Sumitomo Mitsui Trust Bank (Thai) Public Company Limited**  
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**For the year ended 31 March 2020**

	At call	Within 3 months	Over 3 months to 1 year	2019 Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	-	-	-	-	-	28	28
Interbank and money market items	6,066,422	10,401,069	-	-	-	-	16,467,491
Derivative assets	-	154,111	3,282	9,933	-	-	167,326
Investments, net	-	996,038	5,149,814	-	-	-	6,145,852
Loans to customers net of deferred revenue*	16,297,500	742,709	3,513,241	28,019,869	4,183,653	-	52,756,972
Accrued interest receivables	2,635	98,935	26,811	-	-	-	128,381
Other assets	120,566	-	-	-	-	-	120,566
<b>Total financial assets</b>	<b>22,487,123</b>	<b>12,392,862</b>	<b>8,693,148</b>	<b>28,029,802</b>	<b>4,183,653</b>	<b>28</b>	<b>75,786,616</b>
<i>Financial liabilities</i>							
Deposits	406,903	18,660,200	1,476,074	30	-	-	20,543,207
Interbank and money market items	-	22,866,250	-	12,263,523	-	-	35,129,773
Derivatives liabilities	-	1,122	-	78,287	10,938	-	90,347
Other liabilities	496	86,268	28,867	9,394	-	-	125,025
<b>Total financial liabilities</b>	<b>407,399</b>	<b>41,613,840</b>	<b>1,504,941</b>	<b>12,351,234</b>	<b>10,938</b>	<b>-</b>	<b>55,888,352</b>
<b>Net liquidity gap</b>	<b>22,079,724</b>	<b>(29,220,978)</b>	<b>7,188,207</b>	<b>15,678,568</b>	<b>4,172,715</b>	<b>28</b>	<b>19,898,264</b>

\* 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 2020 and 2019 are as follows:

	Within 3 months	Over 3 months to 1 year	2020 Over 1 year to 5 years (in thousand Baht)	Over 5 years	Total
<b>Foreign currency related</b>					
Foreign exchange swap contracts	28,606,859	-	-	-	28,606,859
<b>Interest rate related</b>					
Interest rate swap contracts	-	5,200,000	10,814,218	-	16,014,218
<b>Total</b>	<b>28,606,859</b>	<b>5,200,000</b>	<b>10,814,218</b>	<b>-</b>	<b>44,621,077</b>
	Within 3 months	Over 3 months to 1 year	2019 Over 1 year to 5 years (in thousand Baht)	Over 5 years	Total
<b>Foreign currency related</b>					
Foreign exchange swap contracts	25,792,926	-	-	-	25,792,926
<b>Interest rate related</b>					
Interest rate swap contracts	-	1,100,000	15,400,000	598,060	17,098,060
<b>Total</b>	<b>25,792,926</b>	<b>1,100,000</b>	<b>15,400,000</b>	<b>598,060</b>	<b>42,890,986</b>

**5 Fair value of financial assets and liabilities**

**5.1 Financial assets and liabilities measured at fair value**

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

	Fair value			Total
	Level 1	Level 2	Level 3	
	(in thousand Baht)			
<b>31 March 2020</b>				
<b>Financial assets</b>				
Investments				
- Available-for-sale investments	-	10,567,807	-	10,567,807
Derivatives				
- Foreign exchange swap contracts	-	1,202,223	-	1,202,223
Loans to customers	-	-	389,317	389,317
<b>Financial liabilities</b>				
Derivatives				
- Foreign exchange swap contracts	-	28,643	-	28,643
- Interest rate swap contracts	-	389,317	-	389,317

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For the year ended 31 March 2020

	Fair value			Total
	Level 1	Level 2 (in thousand Baht)	Level 3	
<b>31 March 2019</b>				
<b>Financial assets</b>				
Investments				
- Available-for-sale investments	-	6,145,852	-	6,145,852
Derivatives				
- Foreign exchange swap contracts	-	154,111	-	154,111
- Interest rate swap contracts	-	13,215	-	13,215
Loans to customers	-	-	76,010	76,010
<b>Financial liabilities</b>				
Derivatives				
- Foreign exchange swap contracts	-	1,122	-	1,122
- Interest rate swap contracts	-	89,225	-	89,225

The Bank determines Level 2 fair values for debt securities using price quoted on the Thai Bond Market Association ("ThaiBMA").

Level 2 fair values for simple over-the-counter derivatives are based on inputs which are observable from independent and reliable market data sources. Those 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 the credit risk of the counterparty when appropriate.

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 March 2020 and 2019.

### 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	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 opening balances to the closing balances for Level 3 fair values of loans to customers.

For the years ended 31 March	Note	2020 (in thousand Baht)	2019
Beginning balance		76,010	10,586
Gains recognised in profit or loss		313,307	65,424
Ending balance	8.2, 10.1	<u>389,317</u>	<u>76,010</u>

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**5.2 Financial assets and liabilities not measured at fair value**

The following table shows financial asset not measured at fair value at the reporting date. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying value is reasonable approximation of fair value.

	Carrying value	Fair value			Total
		Level 1	Level 2 (in thousand Baht)	Level 3	
<b>31 March 2020</b>					
<i>Financial assets</i>					
Loans to customers	19,295,418	-	-	20,107,555	20,107,555
<b>31 March 2019</b>					
<i>Financial assets</i>					
Loans to customers	22,670,550	-	-	23,097,001	23,097,001

The following methods and assumptions were used by the Bank in estimating the fair value of financial assets and liabilities not measured at fair value 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.

*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.

**6 Maintenance of capital fund**

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E.2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT notification number Sor Nor Sor. 12/2555, dated 8 November 2012, Re: Regulations on Supervision of Capital for Commercial Banks and Sor Nor Sor. 7/2558, dated 8 May 2015, Re: Regulations on Components of Capital for Locally-incorporated Banks, the Bank is required to calculate its Capital Fund in accordance with Basel III.

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As at 31 March 2020 and 2019, the Bank's total capital funds and capital ratio can be categorised as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>Tier 1 capital</i></b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,000,000	20,000,000
Net profits after appropriated	(412,610)	(479,638)
Other comprehensive income	16,404	(941)
Less capital deduction items on CET1	(46,260)	(145,930)
<b>Total Tier 1 Capital Base</b>	<b>19,557,534</b>	<b>19,373,491</b>
<b>Total Risk-Weighted Assets</b>	<b>53,752,021</b>	<b>49,182,565</b>

	The BoT's regulation minimum requirement*	2020	The BoT's regulation minimum requirement*	2019
		(%)		
Capital Adequacy Ratio	11.000	36.38	11.000	39.39
Tier-1 Capital ratio	8.500	36.38	8.500	39.39
Tier-1 Common Equity ratio	7.000	36.38	7.000	39.39

\* 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 2020 and 2019, the Bank had no add-on arising from Single Lending Limit.

In accordance with the BoT notification number 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 2020 within 4 months after the year end date, as indicated in the notification, through the Bank's website [www.smtb.jp/smtbthai/](http://www.smtb.jp/smtbthai/)

***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.

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**7 Interbank and money market items, net (assets)**

	At call	2020 Term	Total (in thousand Baht)	At call	2019 Term	Total
<b>Domestic</b>						
Bank of Thailand	252,442	8,000,000	8,252,442	414,730	10,400,000	10,814,730
Commercial banks	30,230	-	30,230	38,290	-	38,290
Specialised financial institution	-	1,746,264	1,746,264	-	-	-
<b>Total</b>	<b>282,672</b>	<b>9,746,264</b>	<b>10,028,936</b>	<b>453,020</b>	<b>10,400,000</b>	<b>10,853,020</b>
Add accrued interest receivables	-	404	404	-	1,069	1,069
Less allowance for doubtful accounts	-	(17,466)	(17,466)	-	-	-
<b>Total domestic</b>	<b>282,672</b>	<b>9,729,202</b>	<b>10,011,874</b>	<b>453,020</b>	<b>10,401,069</b>	<b>10,854,089</b>
<b>Foreign</b>						
US Dollar	188,034	-	188,034	21,723	-	21,723
Japanese Yen	4,228,359	-	4,228,359	5,591,679	-	5,591,679
Euro	3,553	-	3,553	-	-	-
<b>Total foreign</b>	<b>4,419,946</b>	<b>-</b>	<b>4,419,946</b>	<b>5,613,402</b>	<b>-</b>	<b>5,613,402</b>
<b>Total domestic and foreign</b>	<b>4,702,618</b>	<b>9,729,202</b>	<b>14,431,820</b>	<b>6,066,422</b>	<b>10,401,069</b>	<b>16,467,491</b>

**8 Derivatives**

**8.1 Derivatives held for trading**

As at 31 March 2020 and 2019, the fair value and notional amount of derivatives classified by type of risks were as follows:

Type of risks	2020		Notional amount (in thousand Baht)	2019		Notional amount
	Fair value Assets	Fair value Liabilities		Fair value Assets	Fair value Liabilities	
Foreign currency related	34,014	28,643	5,083,631	154,111	1,122	25,792,926
<b>Total</b>	<b>34,014</b>	<b>28,643</b>	<b>5,083,631</b>	<b>154,111</b>	<b>1,122</b>	<b>25,792,926</b>

As at 31 March 2020 and 2019, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	2020	2019
	( $\%$ )	
<b>Counterparties</b>		
Financial institutions	98	99
Third party	2	1
<b>Total</b>	<b>100</b>	<b>100</b>



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### 8.2 Derivatives held for hedging

#### *Fair value hedges*

Type of risks	2020			2019		
	Fair value Assets	Liabilities	Notional amount (in thousand Baht)	Fair value Assets	Liabilities	Notional amount
Foreign currency related	1,168,209	-	23,523,228	-	-	-
Interest rate related	-	389,317	16,014,218	13,215	89,225	17,098,060
<b>Total</b>	<b>1,168,209</b>	<b>389,317</b>	<b>39,537,446</b>	<b>13,215</b>	<b>89,225</b>	<b>17,098,060</b>

The Bank has entered into foreign currency swaps by exchanging foreign currency on funding to match the currency of loans to customers.

The Bank has entered into interest rate swaps by exchanging fixed interest rates received on assets to match floating interest rates paid on funding.

For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognised in profit or loss. For the years ended 31 March 2020 and 2019, the Bank had no gain or loss on fair value hedges in profit or loss.

## 9 Investments, net

### 9.1 Classification of investment

As at 31 March 2020 and 2019, the Bank classified investment types, as follow:

	2020	2019
	(in thousand Baht)	
<i>Available-for-sale investments - Fair value</i>		
Government securities	10,567,807	6,145,852
<b>Total investment</b>	<b>10,567,807</b>	<b>6,145,852</b>

As at 31 March 2020 and 2019, the Bank had no investments in securities pledged as collateral or under restriction.

As at 31 March 2020 and 2019, 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.

### 9.2 Revaluation surplus (deficit) on available-for-sale investments

As at 31 March 2020 and 2019, revaluation surplus (deficit) on investments is summarised as follows:

	2020	2019
	(in thousand Baht)	
<i>Debt securities</i>		
Revaluation surplus on investments	20,505	-
Revaluation deficit on investments	-	(1,176)
<b>Net revaluation surplus (deficit) on investments</b>	<b>20,505</b>	<b>(1,176)</b>
(Less)/add deferred tax	(4,101)	235
<b>Net</b>	<b>16,404</b>	<b>(941)</b>

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**9.3 Classified by the remaining period to maturity of the debt securities**

	2020 Remaining period Within 1 year (in thousand Baht)	2019 Remaining period Within 1 year (in thousand Baht)
<i>Available-for-sale investments</i>		
Government securities	10,547,302	6,147,028
Add/(less) allowance for revaluation	20,505	(1,176)
<b>Total</b>	<b>10,567,807</b>	<b>6,145,852</b>

**10 Loans to customers and accrued interest receivables, net**

**10.1 Classified by type of loans**

	2020 (in thousand Baht)	2019 (in thousand Baht)
Loans	54,393,968	52,790,023
Less deferred revenue	(37,545)	(33,051)
Loans to customers net of deferred revenue	54,356,423	52,756,972
Add fair value adjustment in loans to customers	389,317	76,010
Add accrued interest receivables	115,383	128,381
<b>Total loans to customers net of deferred revenue and accrued interest receivables</b>	<b>54,861,123</b>	<b>52,961,363</b>
Less allowance for doubtful accounts		
- BoT's minimum requirement - Individual approach	(544,928)	(617,000)
- Allowance in excess	(1,154)	(1,300)
<b>Total loans to customers and accrued interest receivables, net</b>	<b>54,315,041</b>	<b>52,343,063</b>

**10.2 Classified by currencies and residence of debtors**

	2020			2019		
	Foreign	Domestic	Total	Foreign	Domestic	Total
	(in thousand Baht)					
Thai Baht	-	48,889,205	48,889,205	-	48,641,160	48,641,160
US Dollar	1,337,268	3,413,420	4,750,688	703,478	3,412,334	4,115,812
Euro	716,530	-	716,530	-	-	-
<b>Total*</b>	<b>2,053,798</b>	<b>52,302,625</b>	<b>54,356,423</b>	<b>703,478</b>	<b>52,053,494</b>	<b>52,756,972</b>

\* Loans to customers net of deferred revenue and exclude fair value adjustment in loans to customers

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For the year ended 31 March 2020

### 10.3 Classified by industry and loan classification

	2020			
	Pass	Special mention (in thousand Baht)	Doubtful	Total
Manufacturing and commerce	12,729,764	141,000	-	12,870,764
Real estate and construction	1,787,500	-	-	1,787,500
Infrastructure and services	4,528,811	-	-	4,528,811
Financial service activities	28,470,080	-	-	28,470,080
Others	6,699,268	-	-	6,699,268
<b>Total *</b>	<b>54,215,423</b>	<b>141,000</b>	<b>-</b>	<b>54,356,423</b>

  

	2019			
	Pass	Special mention (in thousand Baht)	Doubtful	Total
Manufacturing and commerce	9,913,031	-	90,000	10,003,031
Real estate and construction	1,025,000	-	-	1,025,000
Infrastructure and services	6,001,047	-	-	6,001,047
Financial service activities	29,947,250	-	-	29,947,250
Others	5,780,644	-	-	5,780,644
<b>Total *</b>	<b>52,666,972</b>	<b>-</b>	<b>90,000</b>	<b>52,756,972</b>

\* Loans to customers net of deferred revenue and exclude fair value adjustment in loans to customers

### 10.4 Classified by loan classification

	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	54,210,837	1	542,108
- Special mention	141,007	141,000	2	2,820
<b>Total *</b>	<b>54,471,806</b>	<b>54,351,837</b>		<b>544,928</b>
Excess allowance				1,154
<b>Total</b>				<b>546,082</b>

  

	2019			
	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	52,795,336	52,700,023	1	527,000
- Doubtful	90,017	90,000	100	90,000
<b>Total *</b>	<b>52,885,353</b>	<b>52,790,023</b>		<b>617,000</b>
Excess allowance				1,300
<b>Total</b>				<b>618,300</b>

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

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**11 Allowance for doubtful accounts**

Movements in allowance for doubtful accounts for loans to customers during the years ended 31 March 2020 and 2019 consisted of:

	2020				
	Minimum allowance as per BoT's regulations				
	Pass	Special mention	Doubtful	Excess allowance	Total
		(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	542,108	2,820	-	1,154	546,082

  

	2019				
	Minimum allowance as per BoT's regulations				
	Pass	Special mention	Doubtful	Excess allowance	Total
		(in thousand Baht)			
Beginning balance	403,076	20,380	-	830	424,286
Allowance for doubtful accounts (reversal)	123,924	(20,380)	90,000	470	194,014
Ending balance	527,000	-	90,000	1,300	618,300

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**12 Leasehold building improvements and equipment, net**

As at 31 March 2020 and 2019, changes in leasehold building improvements and equipment were as follows:

	Net book value as of 1 April 2019	2020					Net book value as of 31 March 2020			
		Cost				Accumulated depreciation				
		Beginning balance	Purchases and transfers in	Write-off/ transfers out	Ending balance (in thousand Baht)					
Leasehold improvement and system structure	50,336	117,629	3,610	(5)	121,234	67,293	13,987	(1)	81,279	39,955
Furniture and office equipment	29,809	109,499	9,323	-	118,822	79,690	19,603	-	99,293	19,529
Vehicles	339	980	-	-	980	641	196	-	837	143
Total	80,484	228,108	12,933	(5)	241,036	147,624	33,786	(1)	181,409	59,627
2019										
	Net book value as of 1 April 2018	Cost				Accumulated depreciation	Disposals/ write-off	Ending Balance	Net book value as of 31 March 2019	
		Beginning balance	Purchases and transfers in	Disposals/ write-off	Ending balance (in thousand Baht)					
		Leasehold improvement and system structure	66,251	117,588	41	-	117,629	51,337	15,956	-
Furniture and office equipment	48,802	107,038	2,845	(384)	109,499	58,236	21,655	(201)	79,690	29,809
Vehicles	535	980	-	-	980	445	196	-	641	339
Total	115,588	225,606	2,886	(384)	228,108	110,018	37,807	(201)	147,624	80,484

The gross amount of the Bank's fully depreciated leasehold building improvements and equipment that were still in use as at 31 March 2020 amounted to Baht 115.47 million (2019: the Bank had no fully depreciated leasehold building improvements and equipment that were still in use)

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**13 Deferred tax assets, net**

Deferred tax assets and liabilities as at 31 March 2020 and 2019 were as follows:

	2020 (in thousand Baht)	2019 (in thousand Baht)
Deferred tax assets	25,845	100,605
Deferred tax liabilities	(11,161)	(3,063)
<b>Net</b>	<b>14,684</b>	<b>97,542</b>

Movements in deferred tax assets and liabilities during the years ended 31 March 2020 and 2019 were as follows:

	At 1 April 2019	(Charge)/Credited to : Profit or loss Other comprehensive income (Note 28) (in thousand Baht)		At 31 March 2020
<b>Deferred tax assets</b>				
Allowance for doubtful account	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
<b>Total</b>	<b>100,605</b>	<b>(75,281)</b>	<b>521</b>	<b>25,845</b>
<b>Deferred tax liabilities</b>				
Investments	(3,063)	(3,762)	(4,336)	(11,161)
<b>Total</b>	<b>(3,063)</b>	<b>(3,762)</b>	<b>(4,336)</b>	<b>(11,161)</b>
<b>Net</b>	<b>97,542</b>	<b>(79,043)</b>	<b>(3,815)</b>	<b>14,684</b>
	At 1 April 2018	(Charge)/Credited to : Profit or loss Other comprehensive income (Note 28) (in thousand Baht)		At 31 March 2019
<b>Deferred tax assets</b>				
Allowance for doubtful account	166	94	-	260
Provision for post-employment benefits	1,140	477	72	1,689
Deferred revenue	8,107	(161)	-	7,946
Loss carry forward	71,743	18,967	-	90,710
<b>Total</b>	<b>81,156</b>	<b>19,377</b>	<b>72</b>	<b>100,605</b>
<b>Deferred tax liabilities</b>				
Investments	(2,207)	(1,318)	462	(3,063)
<b>Total</b>	<b>(2,207)</b>	<b>(1,318)</b>	<b>462</b>	<b>(3,063)</b>
<b>Net</b>	<b>78,949</b>	<b>18,059</b>	<b>534</b>	<b>97,542</b>

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As at 31 March 2020, the Bank had the benefit from tax losses of Baht 16.1 million (2019: Baht 97.4 million). Management estimated the future taxable profits and recognised the deferred tax assets of Baht 16.1 million (2019: Baht 90.7 million) on the loss carry forward because management considered it is probable that future taxable profits would be available against which such loss can be utilised. Accordingly, the Bank had no unrecognised deferred tax asset (2019: Baht 6.7 million) for loss carry forward in the financial statements as at 31 March 2020.

## 14 Deposits

### 14.1 Classified by type of deposits

	2020	2019
	<i>(in thousand Baht)</i>	
Current	46,979	19,459
Savings	345,621	387,444
Term	19,322,967	20,136,304
<b>Total</b>	<b>19,715,567</b>	<b>20,543,207</b>

### 14.2 Classified by currencies and residence of depositors

	2020	2019
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Thai Baht	19,650,222	20,480,440
US Dollar	65,345	62,767
<b>Total</b>	<b>19,715,567</b>	<b>20,543,207</b>

## 15 Interbank and money market items (liabilities)

	2020	2019
	Term	Term
	<i>(in thousand Baht)</i>	
<b>Foreign</b>		
US Dollar	33,187,354	29,514,896
Japanese Yen	5,735,574	5,614,877
Euro	716,293	-
<b>Total</b>	<b>39,639,221</b>	<b>35,129,773</b>

## 16 Other liabilities

	Note	2020	2019
		<i>(in thousand Baht)</i>	
Payable on purchase of investment		498,142	-
Collateral on derivative transactions		403,247	-
Payable to related party	19	64,926	79,463
Other payables		3,108	7,225
Accrued expenses		60,744	38,962
Accrued interest payables		24,524	28,271
Deferred revenue		3,654	6,457
Payable to Deposit Protection Agency		10,255	21,933
Others		10,922	8,769
<b>Total</b>		<b>1,079,522</b>	<b>191,080</b>



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**17 Other reserves**

*Other component of equity*

**Fair value changes in available-for-sale investments**

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

**18 Contingent liabilities**

	2020	2019
	<i>(in thousand Baht)</i>	
Other contingencies		
- Committed line	1,379,973	2,097,306
- Other letters of guarantee	98,591	54,427
<b>Total</b>	<b>1,478,564</b>	<b>2,151,733</b>

*Litigation*

As at 31 March 2020 and 2019, there was no litigation case outstanding against the Bank.

**19 Related parties**

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

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Japanese / Thai	Persons having authority and responsibility for planning, directly 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

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The pricing policies for transactions with related parties were explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Interest expenses	Contractually agreed rate
Fee and service expenses	Fee as announced
Other operating income	Contractually agreed price
Other expenses	Contractually agreed price

Significant transactions for the years ended 31 March 2020 and 2019 with related parties were as follows:

<i>For the years ended 31 March</i>	2020 (in thousand Baht)	2019
<b><i>Interest expenses</i></b>		
Immediate parent Company	781,022	554,479
Other branches of immediate parent company	(828)	-
<b><i>Fee and service expenses</i></b>		
Immediate parent Company	5,487	570
Other branches of immediate parent company	1	-
<b><i>Other operating income</i></b>		
Immediate parent Company	-	6,584
<b><i>Other expenses</i></b>		
Immediate parent Company	23,629	9,884
<b><i>Key management personnel compensation</i></b>		
Short-term and other employee benefits	47,011	38,725

Significant balances as at 31 March 2020 and 2019 with related parties were as follows:

	2020 (in thousand Baht)	2019
<b><i>Interbank and money market items (assets)</i></b>		
Immediate parent Company	4,228,359	5,591,679
Other branches of immediate parent company	3,553	-
<b><i>Interbank and money market items (liabilities)</i></b>		
Immediate parent Company	38,471,308	34,698,964
Other branches of immediate parent company	716,293	-
<b><i>Other liabilities</i></b>		
Immediate parent Company	64,926	79,463

***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.

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- (c) In 2015, the Bank entered into service agreements with the immediate parent company relating to the provision of certain advisory and other services and information technology support to the Bank and other related activities. The service fee is charged in accordance with terms in the agreement.

**20 Commitments with non-related parties**

*Operating lease*

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 (2019: periods of 1 to 5 years commencing from October 2014 and ending in September 2023).

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

*Future minimum lease payments under non-cancellable operating leases*

	2020	2019
	(in thousand Baht)	
Within 1 year	26,159	27,307
Over 1 year but within 5 years	22,997	11,608
<b>Total</b>	<b>49,156</b>	<b>38,915</b>

*Amount recognised in profit or loss*

*For the years ended 31 March*

	2020	2019
	(in thousand Baht)	
Lease expense	25,317	27,377

*Other commitments*

	2020	2019
	(in thousand Baht)	
Service agreements	58,519	64,666

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

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

**22 Interest income**

*For the years ended 31 March*

	2020	2019
	(in thousand Baht)	
Interbank and money market items	148,795	103,648
Investments in debt securities	108,323	79,020
Loans to customers	1,270,186	1,065,445
<b>Total</b>	<b>1,527,304</b>	<b>1,248,113</b>

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**23 Interest expenses**

<i>For the years ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Deposits	224,379	199,942
Interbank and money market items	713,792	558,120
Contribution to Deposit Protection Agency	73,599	80,879
<b>Total</b>	<b>1,011,770</b>	<b>838,941</b>

**24 Net fee and service expenses**

<i>For the years ended 31 March</i>	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Fees and service income</b>			
- Funds transfer services fees		208	161
- Loan guarantee		390	199
- Prepayment fee		1,926	-
- Loan agreement amendment fee		2,285	-
- Others		66	59
<b>Total</b>		<b>4,875</b>	<b>419</b>
<b>Fees and service expenses</b>			
- Funds transfer between financial institutions fees	19	(740)	(575)
- Loan registration fee		(1,442)	-
- Loan guarantee	19	-	(570)
- Legal service fee		(387)	-
- Prepayment fee	19	(5,372)	-
- Others		(488)	(147)
<b>Total</b>		<b>(8,429)</b>	<b>(1,292)</b>
<b>Net</b>		<b>(3,554)</b>	<b>(873)</b>

**25 Net gains on trading and foreign exchange transactions**

<i>For the years ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
Gains on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	164,505	224,657
<b>Total</b>	<b>164,505</b>	<b>224,657</b>

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**26 Employee expenses**

<i>For the years ended 31 March</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
		<i>(in thousand Baht)</i>	
<b>Key management</b>			
Wages, salaries and bonus		17,090	10,351
Non-monetary benefits		27,284	27,824
Post-employment benefits - defined benefit plans		416	-
Others		2,221	550
	19	<u>47,011</u>	<u>38,725</u>
<b>Other employees</b>			
Wages, salaries and bonus		117,773	119,163
Non-monetary benefits		21,391	23,634
Post-employment benefits - defined benefit plans		3,050	2,389
Others		6,398	5,718
		<u>148,612</u>	<u>150,904</u>
<b>Total</b>		<u><b>195,623</b></u>	<u><b>189,629</b></u>

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.

**27 (Reversal of) bad debts, doubtful accounts and impairment loss**

<i>For the years ended 31 March</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
		<i>(in thousand Baht)</i>	
Interbank and money market items	7	17,466	-
Loans to customers	11	<u>(72,218)</u>	<u>194,014</u>
<b>Total</b>		<u><b>(54,752)</b></u>	<u><b>194,014</b></u>

**28 Income tax expense (benefit)**

***Income tax recognised in profit or loss***

<i>For the years ended 31 March</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>			
Current year		-	-
<b>Deferred tax</b>			
Movement in temporary difference	13	<u>79,043</u>	<u>(18,059)</u>
<b>Total income tax expense (benefit)</b>		<u><b>79,043</b></u>	<u><b>(18,059)</b></u>

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*Income tax recognised in other comprehensive income*

	2020			2019		
	Before tax	Tax (expense) benefit	Net of Tax	Before tax	Tax benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Available-for-sale investments	21,681	(4,336)	17,345	(2,311)	462	(1,849)
Defined benefit plan actuarial losses	(2,607)	521	(2,086)	(357)	72	(285)
<b>Total</b>	<b>(19,074)</b>	<b>(3,815)</b>	<b>15,259</b>	<b>(2,668)</b>	<b>534</b>	<b>(2,134)</b>

*Reconciliation of effective tax rate*

	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax		317,717		52,198
Income tax using the Thai corporation tax rate	20	63,543	20	10,440
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		393		791
Recognition of previously unrecognised tax losses		-		(18,967)
Utilisation of previously unrecognised tax losses		-		(10,323)
Others		15,107		-
<b>Total</b>	<b>25</b>	<b>79,043</b>	<b>35</b>	<b>(18,059)</b>

**29 Earnings per share**

<i>For the years ended 31 March</i>	2020	2019
Profit attributable to ordinary shareholders of the Bank (basic) <i>(in thousand Baht)</i>	<u>238,674</u>	<u>70,257</u>
Number of ordinary shares outstanding (basic) <i>(in thousand shares)</i>	<u>20,000</u>	<u>20,000</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>11.93</u>	<u>3.51</u>

**30 Events after reporting period**

- 30.1 Subsequent to the financial reporting date, many countries, including Thailand, have enacted several protection measures against Coronavirus 2019 ("COVID-19") outbreak, with an adverse effect on the daily life, production, supply chain of goods and economic conditions.

The management is monitoring the situation to ensure the safety of its staff as well as to manage as much as possible any negative impact on the business.

The COVID-19 outbreak is still ongoing, resulting into estimation uncertainty on any potential impact. Therefore, these financial statements exclude factors from this situation.

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- 30.2 The BoT issued the circular No. Thor Por Tor. For Nor Sor. (23) Wor. 276/2563, directive dated 28 February 2020, regarding “Relief programs to debtors who are adversely affected by the Thai economy” and the circular no. Thor Por Tor. For Nor Sor. (01) Wor. 380/2563, directive dated 26 March 2020, regarding “Additional relief measures during COVID-19 outbreak situation”. The BoT has requested cooperation with financial institutions and other finance entities to support liquidity to debtors who have potential but are directly and indirectly affected by the Thai economy and set up additional minimum relief measures to debtors in order to make them maintain adequate cash flow in their daily lives or enable to continue their businesses during the situation.

The Bank, as a financial institution, provides relief measures to debtors by considering on a case by case basis.

### **31 Thai Financial Reporting Standards (TFRSs) not yet adopted**

New TFRSs, which are relevant to the Bank’s operations, are expected to have material impact on the Bank’s financial statements when initial adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020 are as following:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

#### **(a) TFRS - Financial instruments standards**

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. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

##### **(i) Classification - Financial assets**

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

##### **(ii) Measurement at amortised cost**

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 rate method. TFRS 9 shall replace current accounting policies of the Bank on recognition of both interest cost and interest income at the rate specified in the contract.

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## Notes to the financial statements

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### (iii) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to the following financial instruments measured at amortised cost or FVOCI, except for investments in equity instruments.

- financial assets; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)

### (iv) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

### (v) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank is required to ensure that hedge accounting relationships are aligned with the Bank's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Currently, the Bank had derivatives for foreign currency exchange rate and interest rate risks. Any gain or loss on remeasuring the fair value of hedging instrument and hedged item is recognised in profit or loss. However, TFRS 9 had an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

### Transition

The Bank expects to initially adopt these TFRSs by adjusting the impact to retained earnings or other component of equity on 1 April 2020. Therefore, the Bank will not apply the requirements of these TFRSs to comparative information.



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Management has developed a number of models to estimate the ECL allowance in accordance with TFRS 9 and the Bank of Thailand notification and guidelines. In addition, there may be uncertain events in the future that are still not reflected in the current credit models, so the management provide additional ECL as management overlay based on their assessment and judgment. Management estimate that there will be no additional allowance for expected credit loss required to be recorded by the Bank as at 1 April 2020, based on current results from the models and estimates of management overlay, compared to allowance for doubtful accounts recorded under the existing requirement as at 31 March 2020.

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Bank recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Bank will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 20. As a result, the nature of expenses related to those leases will be changed because the Bank will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

*Transition*

The Bank plans to apply TFRS 16 initially on 1 April 2020, using the modified retrospective approach.

The Bank plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 April 2020 and identified as leases accordance with TAS 17.

The Bank has made the preliminary impact assessment of initially applying TFRS 16 on the financial statements. The Bank estimates that there will be no material impact on the financial statements in the period of initial application.