

# **Deutsche Bank Aktiengesellschaft, Bangkok Branch**

Financial statements for the year ended  
31 December 2014  
and  
Independent Auditor's Report



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## Independent Auditor's Report

### To the Management of Deutsche Bank Aktiengesellschaft, Bangkok Branch

I have audited the accompanying financial statements of Deutsche Bank Aktiengesellschaft, Bangkok Branch (the "Branch") which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in accounts with head office and other branches of the same juristic person and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The Branch is a part of Deutsche Bank Aktiengesellschaft and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.


#### *Management's Responsibility for the Financial Statements*

Management of the Branch is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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



*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the assets used in, and liabilities arising out of, the Branch's operations in Thailand as at 31 December 2014, and its financial performance and cash flows in Thailand for the year then ended in accordance with Thai Financial Reporting Standards.

*Piyapong S.*

(Piyapong Sangpattarachai)  
Certified Public Accountant  
Registration No. 10289

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 April 2015

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statement of financial position**

| Assets   | Note     | 31 December           |                        |
|--|----------|-----------------------|------------------------|
|  |          | 2014                  | 2013                   |
|  |          | <i>(in Baht)</i>      |                        |
| Cash   |          | 45,414,872            | 33,589,426             |
| Interbank and money market items, net                          | 7        | 22,798,852,139        | 27,048,377,757         |
| Derivative assets  | 8        | 27,945,312,751        | 35,273,463,874         |
| Investments, net   | 9        | 25,446,670,729        | 28,620,841,978         |
| Loans to customers and accrued interest receivables, net       | 10       |                       |                        |
| Loans to customers   |          | 19,971,490,628        | 16,029,274,442         |
| Accrued interest receivables                                   |          | 12,925,617            | 16,612,782             |
| Total loans to customers and accrued interest receivables      |          | 19,984,416,245        | 16,045,887,224         |
| Less allowance for doubtful accounts                           | 10.4, 11 | (309,753,726)         | (269,989,250)          |
| Total loans to customers and accrued interest receivables, net |          | 19,674,662,519        | 15,775,897,974         |
| Leasehold building improvements and equipment, net             | 12       | 143,105,348           | 177,510,187            |
| Deferred tax assets, net                                       | 13       | 154,919,382           | 142,783,305            |
| Trading securities receivable                                  |          | 1,040,841,459         | 315,836,818            |
| Collateral per Credit Support Annex                            |          | 715,414,000           | 726,561,000            |
| Other assets   | 14       | 186,799,146           | 145,839,699            |
| <b>Total assets</b>  |          | <b>98,151,992,345</b> | <b>108,260,702,018</b> |

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statement of financial position**

|   | Note  | 31 December           |                        |
|---|-------|-----------------------|------------------------|
|   |       | 2014                  | 2013                   |
| <b>Liabilities and accounts with head office and other branches of the same juristic person</b>       |       | <i>(in Baht)</i>      |                        |
| <b><i>Liabilities</i></b>   |       |                       |                        |
| Deposits  | 16    | 29,942,431,000        | 33,738,049,318         |
| Interbank and money market items  | 17    | 8,937,014,820         | 7,923,277,732          |
| Liabilities payable on demand   |       | 2,221,607,823         | 2,362,852,055          |
| Liabilities to deliver security   |       | -                     | 86,072,952             |
| Derivative liabilities  | 8     | 30,709,716,084        | 33,547,559,884         |
| Debt issued and borrowings  | 18    | 677,639,430           | 654,153,800            |
| Provisions against derivative products  | 19    | 91,105,527            | 262,198,335            |
| Employee benefit obligations  |       | 63,124,436            | 61,635,019             |
| Trading securities payable  |       | 275,323,312           | 10,102,268             |
| Other liabilities   | 20    | 781,817,968           | 988,388,529            |
| <b>Total liabilities</b>  |       | <b>73,699,780,400</b> | <b>79,634,289,892</b>  |
| <b><i>Accounts with head office and other branches of the same juristic person</i></b>                |       |                       |                        |
| Funds brought in to maintain assets under the Act   | 6, 22 | 17,800,000,000        | 17,800,000,000         |
| Balance of inter-office accounts with head office and other branches of the same juristic person, net | 6, 22 | 6,097,789,600         | 10,221,384,682         |
| Retained earnings   |       | 554,422,345           | 605,027,444            |
| <b>Total accounts with head office and other branches of the same juristic person</b>                 |       | <b>24,452,211,945</b> | <b>28,626,412,126</b>  |
| <b>Total liabilities and accounts with head office and other branches of the same juristic person</b> |       | <b>98,151,992,345</b> | <b>108,260,702,018</b> |

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Statement of comprehensive income

|   | Note   | Year ended 31 December |                      |
|---|--------|------------------------|----------------------|
|   |        | 2014                   | 2013                 |
|   |        | <i>(in Baht)</i>       |                      |
| Interest income   | 22, 24 | 1,622,916,747          | 2,457,105,666        |
| Interest expense  | 22, 25 | 691,980,761            | 1,234,552,920        |
| <b>Net interest income</b>  |        | <b>930,935,986</b>     | <b>1,222,552,746</b> |
| Fees and service income   |        | 348,173,091            | 350,798,045          |
| Fees and service expenses   |        | 139,800,971            | 134,305,512          |
| <b>Net fees and service income</b>  | 26     | <b>208,372,120</b>     | <b>216,492,533</b>   |
| Net gains on trading and foreign exchange transactions                    | 27     | 347,781,291            | 346,572,878          |
| Other operating income  |        | 244,809,291            | 139,375,637          |
| <b>Total operating income</b>   |        | <b>1,731,898,688</b>   | <b>1,924,993,794</b> |
| Other operating expenses  |        |                        |                      |
| Employee expenses   | 22, 29 | 527,172,894            | 472,696,110          |
| Premises and equipment expenses   |        | 154,804,240            | 163,570,328          |
| Taxes and duties  |        | 28,657,305             | 27,679,942           |
| Expenses allocated from head office                                       | 22     | 615,073,287            | 704,996,043          |
| Other expenses  |        | 92,278,375             | 125,080,093          |
| <b>Total other operating expenses</b>                                     |        | <b>1,417,986,101</b>   | <b>1,494,022,516</b> |
| Bad debts, allowance for doubtful accounts and impairment loss (reversal) | 28     | 31,974,776             | (49,698,663)         |
| <b>Operating profit before income tax expense</b>                         |        | <b>281,937,811</b>     | <b>480,669,941</b>   |
| Income tax  | 30     | (17,457,090)           | 95,473,686           |
| <b>Net profit</b>   |        | <b>299,394,901</b>     | <b>385,196,255</b>   |
| <b>Total comprehensive income</b>   |        | <b>299,394,901</b>     | <b>385,196,255</b>   |

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Statement of changes in accounts with head office and other branches of the same juristic person

|  | Note | Funds brought<br>in to maintain<br>assets under<br>the Act | Balance of inter-<br>office accounts with<br>head office and other<br>branches of the same<br>juristic person, net<br><i>(in Baht)</i> | Retained earnings  | Total                 |
|--|------|--|--|--------------------|-----------------------|
| <b>Year ended 31 December 2013</b>   |      |  |  |                    |                       |
| <b>Balance at 1 January 2013</b>   |      | 17,800,000,000   | 7,148,220,980  | 1,119,831,189      | 26,068,052,169        |
| <b>Comprehensive income for the year</b>   |      |  |  |                    |                       |
| Net profit   |      | -  | -  | 385,196,255        | 385,196,255           |
| Total comprehensive income   |      | -  | -  | 385,196,255        | 385,196,255           |
| Balance of inter-office accounts with head office<br>and other branches of the same juristic person, net |      | -  | 3,073,163,702  | -                  | 3,073,163,702         |
| Profit remitted to head office   | 22   | -  | -  | (810,000,000)      | (810,000,000)         |
| Income tax on remitted profits   |      | -  | -  | (90,000,000)       | (90,000,000)          |
| <b>Balance at 31 December 2013</b>   |      | <b>17,800,000,000</b>                                      | <b>10,221,384,682</b>  | <b>605,027,444</b> | <b>28,626,412,126</b> |
| <b>Year ended 31 December 2014</b>   |      |  |  |                    |                       |
| <b>Balance at 1 January 2014</b>   |      | 17,800,000,000   | 10,221,384,682   | 605,027,444        | 28,626,412,126        |
| <b>Comprehensive income for the year</b>   |      |  |  |                    |                       |
| Net profit   |      | -  | -  | 299,394,901        | 299,394,901           |
| Total comprehensive income   |      | -  | -  | 299,394,901        | 299,394,901           |
| Balance of inter-office accounts with head office<br>and other branches of the same juristic person, net |      | -  | (4,123,595,082)  | -                  | (4,123,595,082)       |
| Profit remitted to head office   | 22   | -  | -  | (315,000,000)      | (315,000,000)         |
| Income tax on remitted profits   |      | -  | -  | (35,000,000)       | (35,000,000)          |
| <b>Balance at 31 December 2014</b>   |      | <b>17,800,000,000</b>                                      | <b>6,097,789,600</b>   | <b>554,422,345</b> | <b>24,452,211,945</b> |

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statement of cash flows**

|   | Year ended 31 December |                        |
|---|------------------------|------------------------|
|   | 2014                   | 2013                   |
|   | <i>(in Baht)</i>       |                        |
| <i>Cash flows from operating activities</i>                                       |                        |                        |
| Operating profit before income tax expenses                                       | 281,937,812            | 480,669,941            |
| <i>Adjustments for</i>  |                        |                        |
| Depreciation  | 38,661,815             | 46,787,004             |
| Bad debt and doubtful accounts expense (reversal)                                 | 32,219,538             | (46,123,897)           |
| Gains on revaluation of securities  | (2,727,254)            | (16,891,925)           |
| Losses (gains) on disposal of equipment   | 2,209,363              | (197,196)              |
| Losses from write-off of equipment  | -                      | 4,319                  |
| Unrealised losses (gains) on forward and derivative contracts, net                | 4,490,307,323          | (5,433,997,931)        |
| (Decrease) increase in provision against derivative products                      | (171,092,808)          | 76,604,174             |
| Decrease in other provisions  | (2,797,836)            | (9,255,339)            |
| Decrease in liquidity provision for investments                                   | (1,133,838)            | (219,558)              |
| Net interest income   | (930,935,987)          | (1,222,552,746)        |
| Proceeds from interest received   | 1,629,085,158          | 2,585,512,827          |
| Interest paid   | (684,048,704)          | (1,229,153,035)        |
| Income tax paid   | (30,206,089)           | (152,376,061)          |
| <b>Operating profit (loss) before changes in operating assets and liabilities</b> | <b>4,651,478,493</b>   | <b>(4,921,189,423)</b> |
| <i>Decrease (increase) in operating assets</i>                                    |                        |                        |
| Interbank and money market items  | 4,272,158,264          | 19,813,837,883         |
| Investment in securities for trading  | 3,176,898,504          | 1,089,583,601          |
| Loans to customers  | (3,942,216,186)        | (4,428,929,585)        |
| Trading securities receivable   | (725,004,641)          | 1,334,001,551          |
| Collateral per Credit Support Annex   | 11,147,000             | (726,561,000)          |
| Other assets  | (58,528,400)           | (4,264,156)            |
| <i>Increase (decrease) in operating liabilities</i>                               |                        |                        |
| Deposits  | (3,795,618,318)        | (11,466,374,080)       |
| Interbank and money market items  | 1,013,737,088          | (1,921,072,548)        |
| Liabilities payable on demand   | (141,244,232)          | 119,224,908            |
| Liabilities to deliver security   | (86,072,952)           | (14,212,949)           |
| Employee benefit obligations  | 1,489,416              | (1,289,329)            |
| Trading securities payable  | 265,221,043            | (1,277,729,138)        |
| Other liabilities   | (151,558,211)          | 228,388,768            |
| <b>Net cash provided by (used in) operating activities</b>                        | <b>4,491,886,868</b>   | <b>(2,176,585,497)</b> |

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



**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statement of cash flows**

|   | Year ended 31 December          |                                 |
|---|---------------------------------|---------------------------------|
|   | 2014                            | 2013                            |
|   | <i>(in Baht)</i>                |                                 |
| <i>Cash flows from investing activities</i>   |                                 |                                 |
| Purchase of equipment   | (6,511,199)                     | (9,373,453)                     |
| Proceeds from sale of equipment   | 44,860                          | 200,467                         |
| <b>Net cash provided by (used in) investing activities</b>  | <b><u>(6,466,339)</u></b>       | <b><u>(9,172,986)</u></b>       |
| <i>Cash flows from financing activities</i>   |                                 |                                 |
| Profit remitted to head office  | (315,000,000)                   | (810,000,000)                   |
| Income tax paid on profit remitted to head office   | (35,000,000)                    | (90,000,000)                    |
| Increase in balance of inter-office<br>accounts with head office and other branches<br>of the same juristic person, net | <u>(4,123,595,083)</u>          | <u>3,073,163,703</u>            |
| <b>Net cash provided by (used in) financing activities</b>  | <b><u>(4,473,595,083)</u></b>   | <b><u>2,173,163,703</u></b>     |
| <b>Net increase (decrease) in cash</b>  | <b>11,825,446</b>               | <b>(12,594,780)</b>             |
| Cash at 1 January   | <u>33,589,426</u>               | <u>46,184,206</u>               |
| <b>Cash at 31 December</b>  | <b><u><u>45,414,872</u></u></b> | <b><u><u>33,589,426</u></u></b> |

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

# **Deutsche Bank Aktiengesellschaft, Bangkok Branch**

## **Notes to the financial statements**

| <b>Note</b> | <b>Contents</b>  |
|-------------|--|
| 1           | General information  |
| 2           | Basis of preparation of the financial statements   |
| 3           | Significant accounting policies  |
| 4           | Financial risk management  |
| 5           | Fair value of financial instruments  |
| 6           | Maintenance of capital fund  |
| 7           | Interbank and money market items, net (assets)   |
| 8           | Derivatives  |
| 9           | Investments, net   |
| 10          | Loans to customers and accrued interest receivables, net                                     |
| 11          | Allowance for doubtful accounts  |
| 12          | Leasehold building improvements and equipment, net   |
| 13          | Deferred tax assets, net   |
| 14          | Other assets, net  |
| 15          | Classified assets  |
| 16          | Deposits   |
| 17          | Interbank and money market items (liabilities)   |
| 18          | Debt issued and borrowings   |
| 19          | Provisions against derivative products   |
| 20          | Other liabilities  |
| 21          | Commitments and contingent liabilities   |
| 22          | Related parties  |
| 23          | The financial position and results of operations classified by domestic and foreign business |
| 24          | Interest income  |
| 25          | Interest expenses  |
| 26          | Net fees and service income  |
| 27          | Net gains on trading and foreign exchange transactions                                       |
| 28          | Bad debts, allowance for doubtful accounts and impairment loss                               |
| 29          | Employee expenses  |
| 30          | Income tax   |
| 31          | Thai Financial Reporting Standards (TFRS) not yet adopted                                    |

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both English and Thai language financial statements were approved and authorised for issue by the management of Deutsche Bank Aktiengesellschaft, Bangkok Branch (“the Branch”) on 24 April 2015.

### 1 General information

The Branch was granted a license by the Ministry of Finance to carry out domestic banking business in Thailand under the Commercial Banking Act. The Branch was granted a license to undertake its commercial banking business in October 1988.

The Branch has its registered office at 63 Athenee Tower, Wireless Road, Lumpini, Phatumwan, Bangkok.

### 2 Basis of preparation of the financial statements

The Branch is a part of Deutsche Bank Aktiengesellschaft and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

#### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with the Bank of Thailand (“BoT”) notification number Sor Nor Sor 11/2553, dated 3 December 2010, regarding the “The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services”, any other supplementary BoT notification.

The FAP has issued the following new and revised TFRS relevant to the Branch’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

| TFRS                  | Topic  | Year effective |
|-----------------------|--|----------------|
| TAS 1 (revised 2012)  | Presentation of financial statements   | 2014           |
| TAS 7 (revised 2012)  | Statement of Cash Flows  | 2014           |
| TAS 12 (revised 2012) | Income Taxes   | 2014           |
| TAS 17 (revised 2012) | Leases   | 2014           |
| TAS 18 (revised 2012) | Revenue Recognition  | 2014           |
| TAS 19 (revised 2012) | Employee Benefits  | 2014           |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates                             | 2014           |
| TAS 24 (revised 2012) | Related Party Disclosures  | 2014           |
| TAS 36 (revised 2012) | Impairment of Assets   | 2014           |
| TAS 38 (revised 2012) | Intangible Assets  | 2014           |
| TFRS 2 (revised 2012) | Share-based Payment  | 2014           |
| TFRS 5 (revised 2012) | Non-current Assets held for Sale and Discontinued Operations                 | 2014           |
| TIC 27                | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 2014           |

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

The initial application of these new and revised TFRS has resulted in changes in certain of the Branch's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Branch's operations are disclosed in note 31.

### (b) *Basis of measurement*

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

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- trading and available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligation.

### (c) *Functional and presentation currency*

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

### (d) *Use of estimates and judgements*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

|         |                                 |
|---------|---------------------------------|
| 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 currency*

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency (Thai Baht) at exchange rates at the dates of the transactions.

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

## **Deutsche Bank Aktiengesellschaft, Bangkok Branch**

### **Notes to the financial statements**

#### **(b) Cash**

Cash comprise cash on hand and cash on collection.

#### **(c) Investments**

##### *Investments in debt securities and equity securities*

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

Debt securities and marketable equity securities, other than those securities held for trading, are classified as being 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 the accounts with head office and other branches of the same juristic person. 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 the accounts with head office and other branches of the same juristic person 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.

Equity securities which are not marketable are stated at cost less any impairment losses.

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

##### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in the accounts with head office and other branches of the same juristic person is recognised in profit or loss.

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

#### **(d) Loans to customers**

Loans to customers are presented using the outstanding principal amount, except for overdrafts which include accrued interest receivable. Bills purchased at a discount are stated at the face value of the bills, net of unearned discount.

#### **(e) Allowance for doubtful accounts**

The Branch provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of loans and receivables. The estimated losses are based on historical collection experience and a review of the current status of the loans and receivables.

The BoT has guidelines for establishing a minimum level of allowance for doubtful accounts, which is primarily determined by applying specified percentages to the different classifications of financing in conjunction with the consideration of collateral valuation. Financing classifications are based principally on the period that a financing is past due. The Branch has set up, at a minimum, the allowance for doubtful accounts according to the BoT regulations.

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

With reference to the BoT's directive, the Branch has classified its loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowance on these accounts will be set at 100 percent of the difference between the outstanding book value of the debt and the present value of future cashflows expected to be received or the expected proceeds from the disposal of collateral, in accordance with BoT criteria.

The allowance for doubtful accounts established during the year is charged as an expense in profit or loss.

Bad debts written off or recovered are recorded as charges or credit, respectively, to the allowance for doubtful accounts.

#### (f) *Leasehold building improvements and equipment*

##### *Recognition and measurement*

##### *Owned assets*

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

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

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

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

##### *Subsequent costs*

The cost of replacing a part of an item of leasehold building improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch, 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 replacement 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 assets. The estimated useful lives are as follows:

|  |                                    |
|--|------------------------------------|
| Leasehold building improvements          | 10 years (or remaining lease term) |
| Furniture, fixtures and office equipment | 4-20 years                         |
| Vehicles                                 | 5 years                            |

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

No depreciation is provided on assets under construction.

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

#### (g) *Impairment*

The carrying amounts of the Branch'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 revaluation credited to account with the accounts with head office and other branches of the same juristic person, in case of impairment which case it is charged to the accounts with head office and other branches of the same juristic person.

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

#### *Calculation of recoverable amount*

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

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

#### *Reversals of impairment*

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

Impairment losses recognised in prior periods in respect of 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.

## **Deutsche Bank Aktiengesellschaft, Bangkok Branch**

### **Notes to the financial statements**

#### ***(h) Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price at the reporting date, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate such as government bonds.

#### **Embedded derivatives**

Derivatives may be embedded in another contractual arrangement (a “host contract”). The Branch accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in statements of financial position together with the host contract.

#### ***(i) Provisions against derivative products***

Certain provisions have been established against the Branch’s derivative products in order to reflect an economic assessment of their value to the Branch. The most significant provisions are as follows:

- Liquidity provision; the liquidity provision has been established in order to cover any potential costs that would be incurred if the Branch had to close out the portfolio.
- Funding cost provision; the funding cost provision has been established to reflect the cost of obtaining domestic funding from the onshore swap market.
- Other provision; the other provision has been established in order to cover any market risk under normal market conditions (value at risk) and potential defaults under contractual agreements (default risk).

#### ***(j) Employee benefits***

##### *Post-employment benefits*

The Branch operates a number of employees’ benefit plans as follows:



## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

#### *Defined contribution plan*

A defined contribution plan is a post-employment benefit plan where the Branch pays fixed contributions to a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Branch's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Branch's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an actuary using the projected unit credit method.

The Branch recognises all actuarial gains and losses in profit or loss.

#### - Severance payment

The severance payment plan covers on the requirement of Thai Labour Protection Act B.E. 2541 (1998).

#### - Other long-term employee benefits

##### *Long service award*

The Branch provides other long-term benefits to the eligible employees in return for their long-serving.

##### *Share based payment*

Fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Branch 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 Branch 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 obligation.

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

### (l) *Interest income recognition*

The Branch recognises interest income on loans to customer as income on an accruals basis, except for interest income on non-performing loans, including accounts where principal or interest payments are more than three months overdue, is recognised when received. In accordance with the BoT's regulations, interest in arrears more than three months overdue, regardless of whether it is covered by collateral is reversed from profit or loss.

Interest income on deposits and investments is recognised on an accruals basis. Discounts received on the purchase of debt securities are recognised on a straight-line basis over the period to maturity.

### (m) *Interest expense recognition*

The Branch recognises interest expenses on an accruals basis.

### (n) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in the accounts with head office and other branches of the same juristic person or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; 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; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Branch 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 Branch takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Branch 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 judgments about future events. New information may become available that causes the Branch to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

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

### (o) *Claims on security and liabilities to deliver security*

The Branch records “Claims on security” and “Liabilities to deliver security” in the statements of financial position as assets and liabilities respectively, according to the BoT’s guidance.

### (p) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Branch 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 Branch uses a comprehensive range of quantitative tools for monitoring and managing its major risks. Some of these tools are common to a number of risk factors, while others are tailored to the particular features of specific risk categories. These quantitative tools generate information to quantify the susceptibility of the market value of single positions or portfolios to changes in market parameters (sensitivity analysis), measure aggregate risk using statistical techniques, and capture exposure to risks from extreme movements in market prices through scenario analysis.

The most important risks the Branch is exposed to are credit risk, market risk and liquidity risk. These 3 categories of risks are further described below:

### 4.1 Credit risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower or obligor (which refer to collectively as “counterparties”) exist. These transactions are typically part of traditional non-traded lending activities (such as loans and contingent liabilities), or direct trading activity with clients (such as OTC derivatives, FX forwards and Forward Rate Agreements). Some are related to positions in traded credit products (such as bonds). “Traded Default Risk” is managed using both credit and market risk parameters. Credit risk can be categorised into three types as follow:

- Default risk is the risk that counterparties fail to meet contractual payment obligations.
- Country risk is the risk that the Branch may suffer a loss, in any given country, due to any of the following reasons: a possible deterioration of economic conditions, political and social upheaval, nationalisation and expropriation of assets, government repudiation of indebtedness, exchange controls and disruptive currency depreciation or devaluation. Country risk includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to nonresidents due to direct sovereign intervention.
- Settlement risk is the risk that the settlement or clearance of transactions will fail. It arises whenever the exchange of cash, securities and/or other assets is not simultaneous.

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

Off-financial reporting of financial instruments classified by types of instruments at regulatory credit equivalent as at 31 December 2014 and 2013 were as follow:

|   | 2014                     | 2013                 |
|---|--------------------------|----------------------|
|   | <i>(in million Baht)</i> |                      |
| Foreign exchange forward and currency swap contracts                          | 19,487                   | 19,370               |
| Interest rate swap, forward rate agreement and interest rate option contracts | 5,956                    | 6,774                |
| Commodity forward contracts   | -                        | 216                  |
| <b>Total</b>  | <b><u>25,443</u></b>     | <b><u>26,360</u></b> |

The Branch measures and manages credit risk by following philosophy and principles:

- The key principle of credit risk management is client due diligence, which is aligned with country and industry portfolio strategies. Prudent client selection is achieved in collaboration with business line counterparts as a first line of defense. In the Group, consistent standards are applied in the respective credit decision processes.
- The Branch actively aims to prevent undue concentration and long tail-risks (large unexpected losses) by ensuring a diversified and marketable credit portfolio, effectively protecting the Branch's capital in all market conditions. Client, industry, country and product-specific concentrations are actively assessed and managed against the Branch's risk appetite.
- The Branch aims to avoid large directional credit risk on a counterparty and portfolio level by applying stringent underwriting standards combined with a pro-active hedging and distribution model and collateralization of existing portfolio where feasible.
- The Branch is selective in taking outright cash risk positions unless secured, guaranteed and/or adequately hedged. Exceptions to this general principle are lower risk, short-term transactions and facilities supporting specific trade finance requests as well as low risk businesses where the margin allows for adequate loss coverage.
- The Branch aims to secure derivative portfolio through collateral agreements and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. The Branch assigns credit approval authorities to individuals according to their qualifications, experience and training, and the Branch reviews these periodically.

#### 4.2 Market risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, foreign exchange rates, equity prices and commodity price), the correlations among them and their levels of volatility.

Risk management objectives, policies and processes for managing the risk

Deutsche Bank Global Group entities, including the Group and the Branch use a combination of risk sensitivities, Value at Risk (VaR), stress testing and economic capital metrics to manage market risks and establish limits. Steered by the Group Risk Committee, the Market Risk Management team, which is part of independent risk management function, is responsible for managing the market risk of the Branch. Limits set appropriate to the risk appetite in terms of VaR are communicated to the appropriate personnel through the limits policy and current limit structure for each business division.

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

The majority of the interest rate and foreign exchange risks arising from non-trading assets and liability positions has been transferred through internal hedges to Global Markets team and is thus managed on the basis of value-at-risk as reflected in trading value-at-risk numbers. For the remaining risks that have not been transferred through those hedges, such as foreign exchange risk, it is mitigated by matching the funding of investment in the same currency.

#### (a) Interest rate risk

Interest rate risk refers to the risk that arises from the change in interest rates which may affect the value of the Branch's financial instruments or may cause volatility in the Branch's earnings or fluctuation in the value of the Branch's financial assets and liabilities both in the current reporting period, and in future years. Interest rate risk also arises from the structure and characteristics of the Branch's assets, liabilities and the accounts with head office and other branches of the same juristic person.

Significant financial assets and liabilities classified by types of interest rate are as follows:

|   | 2014                      |   |                           | Total                     |
|---|---------------------------|---|---------------------------|---------------------------|
|   | Floating<br>interest rate | Fixed<br>interest rate<br><i>(in thousand Baht)</i> | Non interest<br>bearing   |                           |
| <b>Financial assets</b>                               |                           |   |                           |                           |
| Cash  | -                         | -   | 45,415                    | 45,415                    |
| Interbank and money market items*                     | 51,857                    | 22,294,833  | 460,393                   | 22,807,083                |
| Investments, net                                      | 999,176                   | 24,447,495  | -                         | 25,446,671                |
| Loans to customers and accrued interest receivables** | 482,394                   | 17,209,734  | 2,292,288                 | 19,984,416                |
| Trading securities receivable                         | -                         | -   | 1,040,841                 | 1,040,841                 |
| Collateral per Credit Support Annex                   | 715,414                   | -   | -                         | 715,414                   |
| Other assets, net                                     | -                         | -   | 82,410                    | 82,410                    |
| <b>Total financial assets</b>                         | <b><u>2,248,841</u></b>   | <b><u>63,952,062</u></b>                            | <b><u>3,921,347</u></b>   | <b><u>70,122,250</u></b>  |
| <b>Financial liabilities</b>                          |                           |   |                           |                           |
| Deposits  | 21,666,475                | 964,255   | 7,311,701                 | 29,942,431                |
| Interbank and money market items                      | 4,412,533                 | 4,419,631   | 104,851                   | 8,937,015                 |
| Liabilities payable on demand                         | -                         | -   | 2,221,608                 | 2,221,608                 |
| Debt issued and borrowings                            | 260,000                   | 417,639   | -                         | 677,639                   |
| Trading securities payable                            | -                         | -   | 275,323                   | 275,323                   |
| Other liabilities                                     | 109,176                   | -   | 254,425                   | 363,601                   |
| <b>Total financial liabilities</b>                    | <b><u>26,448,184</u></b>  | <b><u>5,801,525</u></b>                             | <b><u>10,167,908</u></b>  | <b><u>42,417,617</u></b>  |
| <b>Effect of derivatives held for risk management</b> | <b><u>125,875,572</u></b> | <b><u>(125,875,572)</u></b>                         | <b><u>(2,585,711)</u></b> | <b><u>(2,585,711)</u></b> |

\* Before deducting allowance for doubtful accounts amounting to Baht 8.23 million

\*\* Including non-performing loans

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

|   | 2013                      |   |                          | Total                    |
|---|---------------------------|---|--------------------------|--------------------------|
|   | Floating<br>interest rate | Fixed<br>interest rate<br><i>(in thousand Baht)</i> | Non interest<br>bearing  |                          |
| <b><i>Financial assets</i></b>                        |                           |   |                          |                          |
| Cash  | -                         | -   | 33,589                   | 33,589                   |
| Interbank and money market items*                     | 59,573                    | 26,511,644  | 492,936                  | 27,064,153               |
| Investments, net                                      | 1,603,394                 | 27,017,448  | -                        | 28,620,842               |
| Loans to customers and accrued interest receivables** | 768,107                   | 12,610,756  | 2,667,024                | 16,045,887               |
| Trading securities receivable                         | -                         | -   | 315,837                  | 315,837                  |
| Collateral per Credit Support Annex                   | 726,561                   | -   | -                        | 726,561                  |
| Other assets, net                                     | -                         | -   | 99,979                   | 99,979                   |
| <b>Total financial assets</b>                         | <b><u>3,157,635</u></b>   | <b><u>66,139,848</u></b>                            | <b><u>3,609,365</u></b>  | <b><u>72,906,848</u></b> |
| <b><i>Financial liabilities</i></b>                   |                           |   |                          |                          |
| Deposits  | 20,225,578                | 4,349,644   | 9,162,827                | 33,738,049               |
| Interbank and money market items                      | 6,478,560                 | 1,296,952   | 147,766                  | 7,923,278                |
| Liabilities payable on demand                         | -                         | -   | 2,362,852                | 2,362,852                |
| Liabilities to deliver security                       | -                         | 86,073  | -                        | 86,073                   |
| Debt issued and borrowings                            | 260,000                   | 394,154   | -                        | 654,154                  |
| Trading securities payable                            | -                         | -   | 10,102                   | 10,102                   |
| Other liabilities                                     | -                         | -   | 222,753                  | 222,753                  |
| <b>Total financial liabilities</b>                    | <b><u>26,964,138</u></b>  | <b><u>6,126,823</u></b>                             | <b><u>11,906,300</u></b> | <b><u>44,997,261</u></b> |
| <b>Effect of derivatives held for risk management</b> | <b><u>235,875,560</u></b> | <b><u>(235,875,560)</u></b>                         | <b><u>477,676</u></b>    | <b><u>477,676</u></b>    |

\* Before deducting allowance for doubtful accounts amounting to Baht 15.8 million

\*\* Including non-performing loans

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

Details of interest rate risk based on the period to the earlier of the contractual repricing date or maturity at 31 December 2014 and 2013 were as follows:

|   | 2014                      |                    |                    |                     |                    |                      | Non-accrual loans  | Total | Average interest rate (% per annum) |
|---|---------------------------|--------------------|--------------------|---------------------|--------------------|----------------------|--------------------|-------|-------------------------------------|
|   | On demand                 | Less than 3 months | 3 months to 1 year | 1 to 5 years        | Over 5 years       | Non-interest bearing |                    |       |                                     |
|   | <i>(in thousand Baht)</i> |                    |                    |                     |                    |                      |                    |       |                                     |
| <b>Financial assets</b>                               |                           |                    |                    |                     |                    |                      |                    |       |                                     |
| Cash  | -                         | -                  | -                  | -                   | -                  | 45,415               | 45,415             | -     |                                     |
| Interbank and money market items*                     | 51,857                    | 22,230,287         | 64,546             | -                   | -                  | 460,393              | 22,807,083         | 1.80  |                                     |
| Investments, net                                      | -                         | 6,799,240          | 13,381,386         | 3,696,833           | 1,569,212          | -                    | 25,446,671         | 2.56  |                                     |
| Loans to customers and accrued interest receivables** | 2,631,564                 | 14,656,029         | 301,588            | 102,947             | -                  | 2,180,986            | 19,984,416         | 3.63  |                                     |
| Trading securities receivable                         | -                         | -                  | -                  | -                   | -                  | 1,040,841            | 1,040,841          | -     |                                     |
| Collateral per Credit Support Annex                   | 715,414                   | -                  | -                  | -                   | -                  | -                    | 715,414            | 1.95  |                                     |
| Other assets, net                                     | -                         | -                  | -                  | -                   | -                  | 82,410               | 82,410             | -     |                                     |
| <b>Total financial assets</b>                         | <b>3,398,835</b>          | <b>43,685,556</b>  | <b>13,747,520</b>  | <b>3,799,780</b>    | <b>1,569,212</b>   | <b>3,810,045</b>     | <b>70,122,250</b>  |       |                                     |
| <b>Financial liabilities</b>                          |                           |                    |                    |                     |                    |                      |                    |       |                                     |
| Deposits  | 21,666,475                | 918,994            | 39,321             | 5,940               | -                  | 7,311,701            | 29,942,431         | 0.45  |                                     |
| Interbank and money market items                      | 174,950                   | 7,862,835          | 94,379             | -                   | 700,000            | 104,851              | 8,937,015          | 1.15  |                                     |
| Liabilities payable on demand                         | -                         | -                  | -                  | -                   | -                  | 2,221,608            | 2,221,608          | -     |                                     |
| Debt issued and borrowings                            | -                         | 260,000            | -                  | 417,639             | -                  | -                    | 677,639            | 3.50  |                                     |
| Trading securities payable                            | -                         | -                  | -                  | -                   | -                  | 275,323              | 275,323            | -     |                                     |
| Other liabilities                                     | 109,176                   | -                  | -                  | -                   | -                  | 254,425              | 363,601            | 1.95  |                                     |
| <b>Total financial liabilities</b>                    | <b>21,950,601</b>         | <b>9,041,829</b>   | <b>133,700</b>     | <b>423,579</b>      | <b>700,000</b>     | <b>10,167,908</b>    | <b>42,417,617</b>  |       |                                     |
| <b>Effect of derivatives held for risk management</b> | <b>-</b>                  | <b>6,586,137</b>   | <b>53,014,345</b>  | <b>(53,087,852)</b> | <b>(6,512,630)</b> | <b>(2,585,711)</b>   | <b>(2,585,711)</b> |       |                                     |

\* Before deducting allowance for doubtful accounts amounting to Baht 8.23 million

\*\* Including non-performing loans

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

|   | 2013              |                       |                       |                   |  | Average<br>interest rate<br>(% per annum) |                          |
|---|-------------------|-----------------------|-----------------------|-------------------|--|---|--------------------------|
|   | On demand         | Less than<br>3 months | 3 months<br>to 1 year | 1 to 5<br>years   | Over<br>5 years<br><i>(in thousand Baht)</i> |   | Non-<br>accrual<br>loans |
| <b>Financial assets</b>                               |                   |                       |                       |                   |  |   |                          |
| Cash  | -                 | -                     | -                     | -                 | -  | 33,589                                    | 33,589                   |
| Interbank and money market items*                     | 59,573            | 26,436,886            | 74,758                | -                 | -  | 492,936                                   | 27,064,153               |
| Investments, net                                      | -                 | 19,498,278            | 6,239,500             | 1,729,393         | 1,153,671                                    | -   | 28,620,842               |
| Loans to customers and accrued interest receivables** | 1,642,276         | 10,951,667            | 723,830               | 61,090            | -  | 2,555,967                                 | 16,045,887               |
| Trading securities receivable                         | -                 | -                     | -                     | -                 | -  | 315,837                                   | 315,837                  |
| Collateral per Credit Support Annex                   | 726,561           | -                     | -                     | -                 | -  | -   | 726,561                  |
| Other assets, net                                     | -                 | -                     | -                     | -                 | -  | 99,979                                    | 99,979                   |
| <b>Total financial assets</b>                         | <b>2,428,410</b>  | <b>56,886,831</b>     | <b>7,038,088</b>      | <b>1,790,483</b>  | <b>1,153,671</b>                             | <b>3,498,308</b>                          | <b>72,906,848</b>        |
| <b>Financial liabilities</b>                          |                   |                       |                       |                   |  |   |                          |
| Deposits  | 20,225,578        | 4,261,346             | 49,377                | 38,921            | -  | 9,162,827                                 | 33,738,049               |
| Interbank and money market items                      | 425,810           | 6,554,702             | 95,000                | -                 | 700,000                                      | 147,766                                   | 7,923,278                |
| Liabilities payable on demand                         | -                 | -                     | -                     | -                 | -  | 2,362,852                                 | 2,362,852                |
| Liabilities to deliver security                       | -                 | -                     | -                     | -                 | 86,073                                       | -   | 86,073                   |
| Debt issued and borrowings                            | -                 | -                     | 260,000               | 394,154           | -  | -   | 654,154                  |
| Trading securities payable                            | -                 | -                     | -                     | -                 | -  | 10,102                                    | 10,102                   |
| Other liabilities                                     | -                 | -                     | -                     | -                 | -  | 222,753                                   | 222,753                  |
| <b>Total financial liabilities</b>                    | <b>20,651,388</b> | <b>10,816,048</b>     | <b>404,377</b>        | <b>433,075</b>    | <b>786,073</b>                               | <b>11,906,300</b>                         | <b>44,997,261</b>        |
| <b>Effect of derivatives held for risk management</b> | <b>-</b>          | <b>(25,689,593)</b>   | <b>14,135,698</b>     | <b>19,137,321</b> | <b>(7,583,426)</b>                           | <b>477,676</b>                            | <b>477,676</b>           |

\* Before deducting allowance for doubtful accounts amounting to Baht 15.8 million

\*\* Including non-performing loans



## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

#### (b) Foreign currency risk

The Branch is exposed to foreign currency risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at the reporting date.

As at 31 December 2014 and 2013, the Branch has financial assets and liabilities denominated in various currencies, in Baht equivalent, as follows:

|                                       | 2014                      | 2013          |
|---------------------------------------|---------------------------|---------------|
|                                       | <i>(in thousand Baht)</i> |               |
| <b>Net foreign currency exposure*</b> |                           |               |
| US Dollar                             | 669,637,936               | (159,047,017) |
| Euro                                  | (466,576,476)             | (66,130,571)  |
| Others                                | 65,915,674                | (289,202,610) |

\* Including long-term borrowing from office to maintain assets under Act amounting to Baht 17,800 million (2013: Baht 17,800 million) and including non-performing loans amounting to Baht 54.00 million (2013: Baht 53.76 million).

#### 4.3 Liquidity risk

Liquidity risk management safeguards ability to meet all payment obligations when they come due.

In Thailand, the Branch manages its liquidity position under the Bank of Thailand's liquidity reserve regulations and other applicable regulations. Treasury function is responsible for the management of liquidity and funding risk of Deutsche Bank globally as defined in the liquidity risk strategy. The liquidity risk management framework is designed to identify, measure and manage the liquidity risk position of the Group. Liquidity risk management is discussed at the Asset and Liability Committee "ALCO" meeting in Thailand.

Liquidity risk management approach starts at the intraday level (operational liquidity) by managing the daily payments queue, forecasting cash flows and factoring in our access to central Banks. It then covers tactical liquidity risk management dealing with access to secure and unsecure funding sources. Finally, the strategic perspective comprises the maturity profile of all assets and liabilities and the Branch's issuance strategy.

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

The Branch's cash-flow based reporting system provides daily liquidity risk information for global and regional management.

Stress testing and scenario analysis play a central role in the liquidity risk management framework. This also incorporates an assessment of asset liquidity i.e. the characteristics of asset, under various stress scenarios as well as contingent funding requirements from commitments.

A maturity analysis for financial assets and liabilities as at 31 December 2014 and 2013 were as follows:

|   | At call                   | Less than 3 months | 3 months to 1 year | 2014<br>1 to 5 years | over 5 years     | No maturity   | Total             |
|---|---------------------------|--------------------|--------------------|----------------------|------------------|---------------|-------------------|
|   | <i>(in thousand Baht)</i> |                    |                    |                      |                  |               |                   |
| <b>Financial assets</b>                               |                           |                    |                    |                      |                  |               |                   |
| Cash  | -                         | -                  | -                  | -                    | -                | 45,415        | 45,415            |
| Interbank and money market items*                     | 487,261                   | 22,255,276         | 64,546             | -                    | -                | -             | 22,807,083        |
| Derivative assets                                     | -                         | 3,555,815          | 5,851,098          | 12,803,090           | 5,735,310        | -             | 27,945,313        |
| Investments, net                                      | -                         | 6,799,240          | 13,381,386         | 3,696,833            | 1,569,212        | -             | 25,446,671        |
| Loans to customers and accrued interest receivables** | 2,631,869                 | 16,947,009         | 302,429            | 103,109              | -                | -             | 19,984,416        |
| Trading securities receivable                         | -                         | 1,040,841          | -                  | -                    | -                | -             | 1,040,841         |
| Collateral per Credit Support Annex                   | 715,414                   | -                  | -                  | -                    | -                | -             | 715,414           |
| Other assets, net                                     | -                         | 16,467             | 33,484             | 25,826               | 6,633            | -             | 82,410            |
| <b>Total financial assets</b>                         | <b>3,834,544</b>          | <b>50,614,648</b>  | <b>19,632,943</b>  | <b>16,628,858</b>    | <b>7,311,155</b> | <b>45,415</b> | <b>98,067,563</b> |
| <b>Financial liabilities</b>                          |                           |                    |                    |                      |                  |               |                   |
| Deposits  | 28,978,176                | 918,994            | 39,321             | 5,940                | -                | -             | 29,942,431        |
| Interbank and money market items                      | 279,800                   | 3,719,631          | -                  | 1,030,000            | 3,907,584        | -             | 8,937,015         |
| Liabilities payable on demand                         | 2,221,608                 | -                  | -                  | -                    | -                | -             | 2,221,608         |
| Derivative liabilities                                | -                         | 4,935,447          | 6,624,292          | 14,462,806           | 4,687,171        | -             | 30,709,716        |
| Debt issued and borrowings                            | -                         | 260,000            | -                  | 417,639              | -                | -             | 677,639           |
| Trading securities payable                            | -                         | 275,323            | -                  | -                    | -                | -             | 275,323           |
| Other liabilities                                     | 109,176                   | 226,459            | 27,947             | 19                   | -                | -             | 363,601           |
| <b>Total financial liabilities</b>                    | <b>31,588,760</b>         | <b>10,335,854</b>  | <b>6,691,560</b>   | <b>15,916,404</b>    | <b>8,594,755</b> | <b>-</b>      | <b>73,127,333</b> |

\* Before deducting allowance for doubtful accounts amounting to Baht 8.23 million

\*\* Including non-performing loans

|   | At call                   | Less than 3 months | 3 months to 1 year | 2013<br>1 to 5 years | over 5 years     | No maturity   | Total              |
|---|---------------------------|--------------------|--------------------|----------------------|------------------|---------------|--------------------|
|   | <i>(in thousand Baht)</i> |                    |                    |                      |                  |               |                    |
| <b>Financial assets</b>                               |                           |                    |                    |                      |                  |               |                    |
| Cash  | -                         | -                  | -                  | -                    | -                | 33,589        | 33,589             |
| Interbank and money market items*                     | 542,607                   | 26,521,546         | -                  | -                    | -                | -             | 27,064,153         |
| Derivative assets                                     | -                         | 5,896,379          | 11,492,181         | 13,378,889           | 4,506,015        | -             | 35,273,464         |
| Investments, net                                      | -                         | 19,498,278         | 6,239,500          | 1,729,393            | 1,153,671        | -             | 28,620,842         |
| Loans to customers and accrued interest receivables** | 1,699,574                 | 13,559,026         | 726,011            | 61,276               | -                | -             | 16,045,887         |
| Trading securities receivable                         | -                         | 315,837            | -                  | -                    | -                | -             | 315,837            |
| Collateral per Credit Support Annex                   | 726,561                   | -                  | -                  | -                    | -                | -             | 726,561            |
| Other assets, net                                     | -                         | 60,647             | 22,909             | 10,060               | 6,363            | -             | 99,979             |
| <b>Total financial assets</b>                         | <b>2,968,742</b>          | <b>65,851,713</b>  | <b>18,480,601</b>  | <b>15,179,618</b>    | <b>5,666,049</b> | <b>33,589</b> | <b>108,180,312</b> |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

|                                    | At call           | Less than 3 months | 3 months to 1 year | 2013<br>1 to 5 years<br>(in thousand Baht) | over 5 years     | No maturity | Total             |
|------------------------------------|-------------------|--------------------|--------------------|--|------------------|-------------|-------------------|
| <b>Financial liabilities</b>       |                   |                    |                    |  |                  |             |                   |
| Deposits                           | 29,388,405        | 4,261,346          | 49,377             | 38,921                                     | -                | -           | 33,738,049        |
| Interbank and money market items   | 573,576           | 2,296,952          | -                  | 910,000                                    | 4,142,750        | -           | 7,923,278         |
| Liabilities payable on demand      | 2,362,852         | -                  | -                  | -  | -                | -           | 2,362,852         |
| Liabilities to deliver security    | -                 | -                  | -                  | -  | 86,073           | -           | 86,073            |
| Derivative liabilities             | -                 | 7,456,685          | 6,703,131          | 16,792,741                                 | 2,595,003        | -           | 33,547,560        |
| Debt issued and borrowings         | -                 | -                  | -                  | 654,154                                    | -                | -           | 654,154           |
| Trading securities payable         | -                 | 10,102             | -                  | -  | -                | -           | 10,102            |
| Other liabilities                  | -                 | 199,269            | 23,063             | 421  | -                | -           | 222,753           |
| <b>Total financial liabilities</b> | <b>32,324,833</b> | <b>14,224,354</b>  | <b>6,775,571</b>   | <b>18,396,237</b>                          | <b>6,823,826</b> | <b>-</b>    | <b>78,544,821</b> |

\* Before deducting allowance for doubtful accounts amounting to Baht 15.8 million

\*\* Including non-performing loans

## 5 Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Branch takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The fair values of financial instruments have been estimated by the Branch using available market information and appropriate valuation methodologies. Hence, estimated fair values from different technique may vary significantly.

The carrying value and estimated fair values of financial instruments as at 31 December 2014 and 2013 were as follows:

|   | 2014               |                   | 2013               |                    |
|---|--------------------|-------------------|--------------------|--------------------|
|   | Carrying value     | Fair value        | Carrying value     | Fair value         |
|   | (in thousand Baht) |                   |                    |                    |
| <b>Financial assets</b>                       |                    |                   |                    |                    |
| Cash  | 45,415             | 45,415            | 33,589             | 33,589             |
| Interbank and money market items*             | 22,807,083         | 22,807,083        | 27,064,153         | 27,064,153         |
| Derivative asset                              | 27,945,313         | 27,945,313        | 35,273,464         | 35,273,464         |
| Investments, net                              | 25,446,671         | 25,446,671        | 28,620,842         | 28,620,842         |
| Loans and accrued interest receivables, net** | 19,674,662         | 19,674,662        | 15,775,898         | 15,775,898         |
| <b>Total financial assets</b>                 | <b>95,919,144</b>  | <b>95,919,144</b> | <b>106,767,946</b> | <b>106,767,946</b> |
| <b>Financial liabilities</b>                  |                    |                   |                    |                    |
| Deposits                                      | 29,942,431         | 29,942,431        | 33,738,049         | 33,738,049         |
| Interbank and money market items              | 8,937,015          | 8,937,015         | 7,923,278          | 7,923,278          |
| Liabilities payable on demand                 | 2,221,608          | 2,221,608         | 2,362,852          | 2,362,852          |
| Liabilities to deliver security               | -                  | -                 | 86,073             | 86,073             |
| Derivative liabilities                        | 30,709,716         | 30,709,716        | 33,547,560         | 33,547,560         |
| Debt issued and borrowings                    | 677,639            | 676,882           | 654,154            | 647,650            |
| <b>Total financial Liabilities</b>            | <b>72,488,409</b>  | <b>72,487,652</b> | <b>78,311,966</b>  | <b>78,305,462</b>  |

\* Before deducting allowance for doubtful accounts amounting to Baht 8.23 million (2013: 15.8 million)

\*\* Including non-performing loan

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

The following methods and assumptions are used by the Branch in estimating fair values of financial assets and liabilities as disclosed herein:

|  |   |
|--|---|
| Cash:  | The carrying amount present in statements of financial position is approximates at fair value.  |
| Interbank and money market items (assets):                   | Fair value of interbank and money market items approximate the carrying value at which they are stated on the statement of financial position.  |
| Derivatives:   | The fair value of derivative assets and liabilities are stated according to the Branch's accounting policy mentioned in Note 3.   |
| Investments:   | The fair value of investments are stated according to the Branch's accounting policy mentioned in Note 3.   |
| Loans to customers and accrued interest receivables:         | The fair value of loans to customers and accrued interest receivable are considered to be materially consistent with carrying values and allowance for doubtful accounts are considered to materially reflect the credit risk inherent in the portfolio at the statement of financial position date.                    |
| Deposits and Interbank and money market items (liabilities): | Fair value of deposits and interbank and money market items (liabilities) approximate the carrying value at which they are stated on the statement of financial position.   |
| Liabilities payable on demand:                               | The fair value of liabilities payable on demand approximates the carrying value at which they are stated on the statement of financial position.  |
| Debt issued and borrowings:                                  | The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values.<br><br>Fair values of other debt issued and borrowings are estimated using discounted cash flow analyses based on the Branch's current borrowing rates for similar type of debt issued and borrowing arrangements. |

## 6 Maintenance of capital fund

The Branch maintains its capital funds in accordance with Section 32 of the Financial Institution Business Act. B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand as at 31 December 2014 and 2013 can be summarised as follows:

|                          | 2014                      | 2013              |
|--------------------------|---------------------------|-------------------|
|                          | <i>(in thousand Baht)</i> |                   |
| Thai Government bonds    | 6,830,840                 | 2,605,865         |
| Bank of Thailand's bonds | 12,125,384                | 16,204,606        |
| <b>Total</b>             | <b>18,956,224</b>         | <b>18,810,471</b> |

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

As at 31 December 2014 and 2013, the Branch's capital fund can be summarised as follows:

|  | 2014                      | 2013              |
|--|---------------------------|-------------------|
|  | <i>(in thousand Baht)</i> |                   |
| <b>Assets maintained under Section 32</b>  | <b>18,956,224</b>         | <b>18,810,471</b> |
| <b>Sum of net capital fund for maintenance of assets under Section 32 and net balance of inter-office accounts</b>   |                           |                   |
| Net fund brought in to maintenance assets under Section 32   | 17,800,000                | 17,800,000        |
| Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches of the same juristic person, the parent company and subsidiaries of the head office | 6,097,790                 | 10,221,385        |
| <b>Total</b>   | <b>23,897,790</b>         | <b>28,021,385</b> |
| <b>Capital Fund (in thousand Baht)</b>   | <b>17,800,000</b>         | <b>17,800,000</b> |
| <b>Capital Adequacy Ratio (%)</b>  | <b>18.55</b>              | <b>15.29</b>      |

As at 31 December 2014 and 2013, the Branch has applied the calculation for credit risk capital and market risk capital under "the Standard Approach (SA)" and operational risk capital under "Basic Indicator Approach (BIA)" as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification.

As at 31 December 2014 and 2013, the Branch met the minimum Capital Adequacy Ratio requirements set down by the Bank of Thailand, which is in compliance with the Basel III, for total capital at minimum of 8.5%.

In accordance with the Bank of Thailand Notification No. Sor.Nor.Sor. 4/2556 dated 2 May 2013, Re: "The Public Disclosure of Capital Maintenance for Commercial Banks", the Branch intends to disclose Capital maintenance information as of 31 December 2014 within 4 months after year end date as indicated in the notification through the Branch's website "www.db.com/thailand".

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

|                                      | 2014                      |                   |                   | 2013           |                   |                   |
|--------------------------------------|---------------------------|-------------------|-------------------|----------------|-------------------|-------------------|
|                                      | At call                   | Term              | Total             | At call        | Term              | Total             |
|                                      | <i>(in thousand Baht)</i> |                   |                   |                |                   |                   |
| <b>Domestic</b>                      |                           |                   |                   |                |                   |                   |
| The Bank of Thailand                 | 435,403                   | -                 | 435,403           | 483,035        | -                 | 483,035           |
| Commercial banks                     | 23,421                    | 17,734,140        | 17,757,561        | 23,689         | 12,936,344        | 12,960,033        |
| Specialised financial institutions * | -                         | 4,000,000         | 4,000,000         | -              | 10,000,000        | 10,000,000        |
| Other financial institutions **      | -                         | -                 | -                 | -              | 3,000,000         | 3,000,000         |
| <b>Total</b>                         | <b>458,824</b>            | <b>21,734,140</b> | <b>22,192,964</b> | <b>506,724</b> | <b>25,936,344</b> | <b>26,443,068</b> |
| Add accrued interest receivable      | -                         | 24,583            | 24,583            | -              | 9,255             | 9,255             |
| Less allowance for doubtful accounts | -                         | (2,624)           | (2,624)           | -              | (10,023)          | (10,023)          |
| <b>Total domestic</b>                | <b>458,824</b>            | <b>21,756,099</b> | <b>22,214,923</b> | <b>506,724</b> | <b>25,935,576</b> | <b>26,442,300</b> |

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

|                                      | 2014           |                   | Total<br>(in thousand Baht) | 2013           |                   | Total             |
|--------------------------------------|----------------|-------------------|-----------------------------|----------------|-------------------|-------------------|
|                                      | At call        | Term              |                             | At call        | Term              |                   |
| <b>Foreign</b>                       |                |                   |                             |                |                   |                   |
| US Dollar                            | -              | 560,693           | 560,693                     | -              | 575,300           | 575,300           |
| Other currencies                     | 28,437         | -                 | 28,437                      | 35,884         | -                 | 35,884            |
| <b>Total</b>                         | <b>28,437</b>  | <b>560,693</b>    | <b>589,130</b>              | <b>35,884</b>  | <b>575,300</b>    | <b>611,184</b>    |
| Add accrued interest receivables     | -              | 406               | 406                         | -              | 647               | 647               |
| Less allowance for doubtful accounts | -              | (5,607)           | (5,607)                     | -              | (5,753)           | (5,753)           |
| <b>Total foreign</b>                 | <b>28,437</b>  | <b>555,492</b>    | <b>583,929</b>              | <b>35,884</b>  | <b>570,194</b>    | <b>606,078</b>    |
| <b>Total domestic and foreign</b>    | <b>487,261</b> | <b>22,311,591</b> | <b>22,798,852</b>           | <b>542,608</b> | <b>26,505,770</b> | <b>27,048,378</b> |

\* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

\*\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

## 8 Derivatives

### 8.1 Derivatives held for trading

As at 31 December 2014 and 2013, the fair value and notional amount classified by type of risks are as follows:

| Type of risk  | Fair value        |                   | 2014                 |                      | Total                |
|---|-------------------|-------------------|----------------------|----------------------|----------------------|
|   | Assets            | Liabilities       | Notional amount      |                      |                      |
|   |                   |                   | Up to 1 year         | Over 1 year          |                      |
| Foreign exchange forward and currency swap contracts                                    | 16,114,345        | 16,095,861        | 826,295,603          | 217,407,181          | 1,043,702,784        |
| Interest rate swap, forward rate agreement contracts and interest rate option contracts | 11,830,968        | 14,613,855        | 1,262,032,307        | 1,019,383,111        | 2,281,415,418        |
| <b>Total</b>  | <b>27,945,313</b> | <b>30,709,716</b> | <b>2,088,327,910</b> | <b>1,236,790,292</b> | <b>3,325,118,202</b> |

| Type of risk  | Fair value        |                   | 2013                 |                      | Total                |
|---|-------------------|-------------------|----------------------|----------------------|----------------------|
|   | Assets            | Liabilities       | Notional amount      |                      |                      |
|   |                   |                   | Up to 1 year         | Over 1 year          |                      |
| Foreign exchange forward and currency swap contracts                                    | 25,411,164        | 22,100,604        | 664,347,102          | 245,461,601          | 909,808,703          |
| Interest rate swap, forward rate agreement contracts and interest rate option contracts | 9,857,297         | 11,446,098        | 580,716,862          | 1,131,729,073        | 1,712,445,935        |
| Commodity forward contracts   | 5,003             | 858               | 2,160,972            | -                    | 2,160,972            |
| <b>Total</b>  | <b>35,273,464</b> | <b>33,547,560</b> | <b>1,247,224,936</b> | <b>1,377,190,674</b> | <b>2,624,415,610</b> |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

The Branch was a party to financial instruments with off-financial reporting credit risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to transactions in interest rates and foreign exchange rates. These financial instruments included foreign exchange forward and other derivative contracts.

The “notional amount” is a measure of volume, which may be used for examining changes in derivative activities over time. The notional amount is the face value of the contract. Unlike on-financial reporting financial instruments, the notional amount of a derivative does not necessarily reflect the amount at risk, which is generally only a small fraction of this value.

As at 31 December 2014 and 2013, proportions of the notional amount of derivative transactions, classified by counterparties, consist of:

|                        | 2014       | 2013       |
|------------------------|------------|------------|
|                        | (%)        |            |
| <b>Counterparties</b>  |            |            |
| Financial institutions | 97         | 93         |
| Third parties          | 3          | 7          |
| <b>Total</b>           | <u>100</u> | <u>100</u> |

**9 Investments, net**

As at 31 December 2014 and 2013, the Branch classifies by investment type, as follow:

|  | 2014               | 2013              |
|--|--------------------|-------------------|
|  | Fair value         | Fair value        |
|  | (in thousand Baht) |                   |
| <b>Trading investments</b>                 |                    |                   |
| Government and state enterprise securities | 25,446,671         | 28,620,842        |
| <b>Total investments, net</b>              | <u>25,446,671</u>  | <u>28,620,842</u> |

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

**10.1 Classified by type of loans**

|   | 2014               | 2013              |
|---|--------------------|-------------------|
|   | (in thousand Baht) |                   |
| Overdrafts  | 2,637,381          | 1,648,092         |
| Loans   | 17,334,110         | 14,381,182        |
| Total loans   | 19,971,491         | 16,029,274        |
| <i>Add</i> accrued interest receivables                               | 12,925             | 16,613            |
| Total loans and accrued interest receivables                          | 19,984,416         | 16,045,887        |
| <i>Less</i> allowance for doubtful accounts                           |                    |                   |
| - BoT's minimum requirement - individual approach                     | (309,754)          | (269,989)         |
| <b>Total loans to customers and accrued interest receivables, net</b> | <u>19,674,662</u>  | <u>15,775,898</u> |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**10.2 Classified by currency and residency of customers**

|              | 2014                      |                |                   | 2013              |               |                   |
|--------------|---------------------------|----------------|-------------------|-------------------|---------------|-------------------|
|              | Domestic                  | Foreign        | Total             | Domestic          | Foreign       | Total             |
|              | <i>(in thousand Baht)</i> |                |                   |                   |               |                   |
| Baht         | 19,501,605                | -              | 19,501,605        | 15,622,220        | -             | 15,622,220        |
| US Dollar    | 296,093                   | 165,782        | 461,875           | 235,990           | 35,999        | 271,989           |
| EURO         | 8,011                     | -              | 8,011             | 135,065           | -             | 135,065           |
| <b>Total</b> | <b>19,805,709</b>         | <b>165,782</b> | <b>19,971,491</b> | <b>15,993,275</b> | <b>35,999</b> | <b>16,029,274</b> |

**10.3 Classified by type of business and loan classification**

|                                       | 2014                      |                  | Total             |
|---------------------------------------|---------------------------|------------------|-------------------|
|                                       | Pass                      | Doubtful of loss |                   |
|                                       | <i>(in thousand Baht)</i> |                  |                   |
| Agriculture and mining                | -                         | 54,003           | 54,003            |
| Manufacturing and commerce            | 15,367,628                | 57,299           | 15,424,927        |
| Property development and construction | 293,467                   | -                | 293,467           |
| Infrastructure and services           | 369,898                   | -                | 369,898           |
| Others                                | 3,829,196                 | -                | 3,829,196         |
| <b>Total</b>                          | <b>19,860,189</b>         | <b>111,302</b>   | <b>19,971,491</b> |

|                                       | 2013                      |                  | Total             |
|---------------------------------------|---------------------------|------------------|-------------------|
|                                       | Pass                      | Doubtful of loss |                   |
|                                       | <i>(in thousand Baht)</i> |                  |                   |
| Agriculture and mining                | -                         | 53,758           | 53,758            |
| Manufacturing and commerce            | 10,152,205                | 57,299           | 10,209,504        |
| Property development and construction | 293,451                   | -                | 293,451           |
| Infrastructure and services           | 870,183                   | -                | 870,183           |
| Others                                | 4,602,378                 | -                | 4,602,378         |
| <b>Total</b>                          | <b>15,918,217</b>         | <b>111,057</b>   | <b>16,029,274</b> |

**10.4 Classified by loan grade**

|  | 2014   |  |  | Allowance for doubtful accounts<br><i>(in thousand Baht)</i> |
|--|--|--|--|--|
|  | Loans to customers and accrued interest receivables<br><i>(in thousand Baht)</i> | Net amount for setting allowance for doubtful accounts | Rate used for setting allowance for doubtful accounts<br>(%) |  |
| Allowance as per BoT's minimum requirement |  |  |  |  |
| - Pass                                     | 19,873,114   | 19,845,189   | 1  | 198,452  |
| - Doubtful of loss                         | 111,302  | 111,302  | 100  | 111,302  |
| <b>Total</b>                               | <b>19,984,416</b>  | <b>19,956,491</b>                                      |  | <b>309,754</b>   |



**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

|  | Loans to customers and accrued interest receivables<br>(in thousand Baht) | Net amount for setting allowance for doubtful accounts<br>(in thousand Baht) | 2013<br>Rate used for setting allowance for doubtful accounts<br>(%) | Allowance for doubtful accounts<br>(in thousand Baht) |
|--|---|--|--|---|
| Allowance as per BoT's minimum requirement |   |  |  |   |
| - Pass                                     | 15,934,830  | 15,893,217   | 1  | 158,932   |
| - Doubtful of loss                         | 111,057   | 111,057  | 100  | 111,057   |
| <b>Total</b>                               | <b>16,045,887</b>   | <b>16,004,274</b>  |  | <b>269,989</b>  |

**10.5 Non-performing loans**

As at 31 December 2014 and 2013 the Branch had non-performing loans ("NPLs Gross") on accrual basis (including financial institutions) based on the BoT notification as follows:

|   | 2014       | 2013       |
|---|------------|------------|
| NPLs, gross (in thousand Baht)  | 111,302    | 111,057    |
| Total loans used for NPLs ratio calculation <sup>(1)</sup> (in thousand Baht) | 42,266,324 | 42,540,919 |
| Percentage of total loans <sup>(2)</sup>                                      | 0.26       | 0.26       |

<sup>(1)</sup> Total loans used for NPLs ratio calculation are loans to customers as presented in the statements of financial position and loans to financial institutions as included in interbank and money market items.

<sup>(2)</sup> The ratio of NPLs gross to total loans before allowance for doubtful accounts of non-performing loans.

As at 31 December 2014 and 2013, the Branch had non-performing loans, net ("NPLs Net") (including financial institutions) based on the BoT notification as follows:

|   | 2014       | 2013       |
|---|------------|------------|
| NPLs, net (in thousand Baht)  | -          | -          |
| Total loans used for NPLs net ratio calculation <sup>(1)</sup> (in thousand Baht) | 41,948,339 | 42,429,862 |
| Percentage of total loans <sup>(2)</sup>  | -          | -          |

<sup>(1)</sup> Total loans used for NPLs ratio calculation are loans to customers as presented in the statements of financial position and loans to financial institutions as included in interbank and money market items net, after allowance for doubtful accounts.

<sup>(2)</sup> The ratio of NPLs net to total loans after allowance for doubtful accounts of non-performing loans.

As at 31 December 2014, Allowance for doubtful account of Baht 111 million (2013: Baht 111 million) have been provided against the Branch's non-performing loans being those classified as doubtful loss.

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**11 Allowance for doubtful accounts**

Movements in allowance for doubtful accounts for loans to customers during the years ended 31 December 2014 and 2013 consisted of:

|                          | 2014           |                    |  |   | Total          |
|--------------------------|----------------|--------------------|--|---|----------------|
|                          | Pass           | Special<br>Mention | Doubtful<br>of loss<br><i>(in thousand Baht)</i> | Allowance<br>established in<br>excess of<br>Bank of Thailand<br>regulations |                |
| <b>Beginning balance</b> | 158,932        | -                  | 111,057  | -   | 269,989        |
| Doubtful accounts        | 39,520         | -                  | -  | -   | 39,520         |
| Others                   | -              | -                  | 245  | -   | 245            |
| <b>Ending balance</b>    | <b>198,452</b> | <b>-</b>           | <b>111,302</b>                                   | <b>-</b>  | <b>309,754</b> |

|                          | 2013           |                    |  |   | Total          |
|--------------------------|----------------|--------------------|--|---|----------------|
|                          | Pass           | Special<br>Mention | Doubtful<br>of loss<br><i>(in thousand Baht)</i> | Allowance<br>established in<br>excess of<br>Bank of Thailand<br>regulations |                |
| <b>Beginning balance</b> | 111,078        | 7,700              | 107,483  | 91,995  | 318,256        |
| Doubtful accounts        | 47,854         | (7,700)            | -  | (91,995)  | (51,841)       |
| Others                   | -              | -                  | 3,574  | -   | 3,574          |
| <b>Ending balance</b>    | <b>158,932</b> | <b>-</b>           | <b>111,057</b>                                   | <b>-</b>  | <b>269,989</b> |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

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

Changes in leasehold building improvements and equipment during the year ended 31 December 2014 and 2013 were as follows:

|                                      | Net book value<br>At 1 January<br>2014 | Beginning<br>balance | Cost<br>Additions | Disposals      | Ending<br>balance | Beginning<br>balance<br>(in thousand Baht) | Accumulated depreciation<br>Depreciation | Disposals      | Ending<br>balance | Net book value<br>at 31 December<br>2014 |
|--------------------------------------|--|----------------------|-------------------|----------------|-------------------|--|--|----------------|-------------------|--|
| Leasehold building<br>improvement    | 105,569                                | 207,060              | -                 | (5,104)        | 201,956           | 101,491                                    | 20,534                                   | (2,849)        | 119,176           | 82,780                                   |
| Furniture, fixtures<br>and equipment | 71,941                                 | 248,782              | 6,511             | -              | 255,293           | 176,841                                    | 18,127                                   | -              | 194,968           | 60,325                                   |
| <b>Total</b>                         | <b>177,510</b>                         | <b>455,842</b>       | <b>6,511</b>      | <b>(5,104)</b> | <b>457,249</b>    | <b>278,332</b>                             | <b>38,661</b>                            | <b>(2,849)</b> | <b>314,144</b>    | <b>143,105</b>                           |

|                                      | Net book value<br>At 1 January<br>2013 | Beginning<br>balance | Cost<br>Additions | Disposals      | Ending<br>balance | Beginning<br>balance<br>(in thousand Baht) | Accumulated depreciation<br>Depreciation | Disposals      | Ending<br>balance | Net book value<br>at 31 December<br>2013 |
|--------------------------------------|--|----------------------|-------------------|----------------|-------------------|--|--|----------------|-------------------|--|
| Leasehold building<br>improvement    | 126,273                                | 207,060              | -                 | -              | 207,060           | 80,787                                     | 20,704                                   | -              | 101,491           | 105,569                                  |
| Furniture, fixtures<br>and equipment | 88,658                                 | 240,653              | 9,373             | (1,244)        | 248,782           | 151,995                                    | 26,083                                   | (1,237)        | 176,841           | 71,941                                   |
| Vehicles                             | -                                      | 1,223                | -                 | (1,223)        | -                 | 1,223                                      | -  | (1,223)        | -                 | -  |
| <b>Total</b>                         | <b>214,931</b>                         | <b>448,936</b>       | <b>9,373</b>      | <b>(2,467)</b> | <b>455,842</b>    | <b>234,005</b>                             | <b>46,787</b>                            | <b>(2,460)</b> | <b>278,332</b>    | <b>177,510</b>                           |

The gross amount of the Branch's fully depreciated leasehold building improvements and equipment that was still in use as at 31 December 2014 amounted to Baht 113.8 million (2013: Baht 61.8 million).

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**13 Deferred tax assets, net**

Deferred tax assets and liabilities determined after netting off are included in the statements of financial position as follows:

|                          | 2014                      | 2013                  |
|--------------------------|---------------------------|-----------------------|
|                          | <i>(in thousand Baht)</i> |                       |
| Deferred tax assets      | 164,673                   | 152,375               |
| Deferred tax liabilities | <u>(9,754)</u>            | <u>(9,592)</u>        |
| <b>Net</b>               | <b><u>154,919</u></b>     | <b><u>142,783</u></b> |

Movements in deferred tax assets and liabilities during the year ended 31 December 2014 and 2013 were as follows:

|   | At<br>1 January<br>2014 | <i>(Charged) /<br/>credited to</i><br>Profit<br>or loss<br><i>(Note 30)</i><br><i>(in thousand Baht)</i> | At<br>31 December<br>2014 |
|---|-------------------------|--|---------------------------|
| <b><i>Deferred tax assets</i></b>                   |                         |  |                           |
| Loss on revaluation of structured borrowing         | 83,597                  | 45,645   | 129,242                   |
| Loans to customers and accrued interest receivables | 1,026                   | -  | 1,026                     |
| Other assets  | 1,076                   | 205  | 1,281                     |
| Provisions against derivative products              | 52,440                  | (34,219)   | 18,221                    |
| Employee benefit obligations                        | 12,327                  | 1,511  | 13,838                    |
| Other liabilities                                   | 1,909                   | (844)  | 1,065                     |
| <b>Total</b>  | <b><u>152,375</u></b>   | <b><u>12,298</u></b>   | <b><u>164,673</u></b>     |
| <b><i>Deferred tax liabilities</i></b>              |                         |  |                           |
| Investments   | 3,079                   | 918  | 3,997                     |
| Leasehold building improvement and equipment        | 6,513                   | (756)  | 5,757                     |
| <b>Total</b>  | <b><u>9,592</u></b>     | <b><u>162</u></b>  | <b><u>9,754</u></b>       |
| <b>Net</b>  | <b><u>142,783</u></b>   | <b><u>12,136</u></b>   | <b><u>154,919</u></b>     |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

|   | At<br>1 January<br>2013 | <u>(Charged) /<br/>credited to</u><br>Profit<br>or loss<br>(Note 30)<br>(in thousand Baht) | At<br>31 December<br>2013 |
|---|-------------------------|--|---------------------------|
| <b>Deferred tax assets</b>                          |                         |  |                           |
| Loss on revaluation of structured borrowing         | 75,090                  | 8,507  | 83,597                    |
| Loans to customers and accrued interest receivables | 1,026                   | -  | 1,026                     |
| Allowance for doubtful accounts                     | 1,858                   | (1,858)  | -                         |
| Other assets  | 871                     | 205  | 1,076                     |
| Provisions against derivative products              | 37,119                  | 15,321   | 52,440                    |
| Employee benefit obligations                        | 12,585                  | (258)  | 12,327                    |
| Other liabilities                                   | 1,116                   | 793  | 1,909                     |
| <b>Total</b>  | <b>129,665</b>          | <b>22,710</b>  | <b>152,375</b>            |
| <b>Deferred tax liabilities</b>                     |                         |  |                           |
| Investments   | 2,647                   | 432  | 3,079                     |
| Leasehold building improvement and equipment        | 4,743                   | 1,770  | 6,513                     |
| Liabilities to deliver security                     | 11                      | (11)   | -                         |
| <b>Total</b>  | <b>7,401</b>            | <b>2,191</b>   | <b>9,592</b>              |
| <b>Net</b>  | <b>122,264</b>          | <b>20,519</b>  | <b>142,783</b>            |

**14 Other assets, net**

|                              | 2014                      | 2013           |
|------------------------------|---------------------------|----------------|
|                              | <i>(in thousand Baht)</i> |                |
| Accrued interest receivables | 82,410                    | 99,979         |
| Others                       | 104,389                   | 45,861         |
| <b>Total</b>                 | <b>186,799</b>            | <b>145,840</b> |

**15 Classified assets**

As at 31 December 2014 and 2013, classified assets of the Branch were categorised by quality in compliance with the BoT's regulations, taking into account analyses of each loan and appraisal of the financial standing of each borrower, as follows:

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

|               | 2014          |   |   |                   |
|---------------|---------------|---|---|-------------------|
|               | Investments   | Interbank<br>and money<br>market<br>items | Loans to<br>customers<br>and accrued<br>interest<br>receivables | Total             |
|               |               | <i>(in thousand Baht)</i>                 |   |                   |
| Pass          | -             | 22,319,822                                | 19,873,114  | 42,192,936        |
| Doubtful loss | 17,499        | -   | 111,302   | 128,801           |
| <b>Total</b>  | <b>17,499</b> | <b>22,319,822</b>                         | <b>19,984,416</b>   | <b>42,321,737</b> |

|               | 2013          |   |   |                   |
|---------------|---------------|---|---|-------------------|
|               | Investments   | Interbank<br>and money<br>market<br>items | Loans to<br>customers<br>and accrued<br>interest<br>receivables | Total             |
|               |               | <i>(in thousand Baht)</i>                 |   |                   |
| Pass          | -             | 26,521,546                                | 15,934,830  | 42,456,376        |
| Doubtful loss | 15,636        | -   | 111,057   | 126,693           |
| <b>Total</b>  | <b>15,636</b> | <b>26,521,546</b>                         | <b>16,045,887</b>   | <b>42,583,069</b> |

## 16 Deposits

### 16.1 Classified by type of deposits

|                                 | 2014                      | 2013              |
|---------------------------------|---------------------------|-------------------|
|                                 | <i>(in thousand Baht)</i> |                   |
| Current                         | 7,311,701                 | 9,162,827         |
| Savings                         | 21,666,475                | 20,225,578        |
| Term                            |                           |                   |
| - Less than 6 months            | 918,994                   | 4,239,832         |
| - 6 months but less than 1 year | -                         | 43,677            |
| - 1 year and over               | 45,261                    | 66,135            |
| <b>Total</b>                    | <b>29,942,431</b>         | <b>33,738,049</b> |

### 16.2 Classified by currency and residency of depositors

|              | 2014                      |                |                   | 2013              |                  |                   |
|--------------|---------------------------|----------------|-------------------|-------------------|------------------|-------------------|
|              | Domestic                  | Foreign        | Total             | Domestic          | Foreign          | Total             |
|              | <i>(in thousand Baht)</i> |                |                   |                   |                  |                   |
| Baht         | 20,737,523                | 287,408        | 21,024,931        | 26,828,378        | 224,373          | 27,052,751        |
| US Dollar    | 7,790,710                 | 168,848        | 7,959,558         | 3,271,499         | 2,411,662        | 5,683,161         |
| Others       | 956,227                   | 1,715          | 957,942           | 998,426           | 3,711            | 1,002,137         |
| <b>Total</b> | <b>29,484,460</b>         | <b>457,971</b> | <b>29,942,431</b> | <b>31,098,303</b> | <b>2,639,746</b> | <b>33,738,049</b> |

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

### 17 Interbank and money market items (liabilities)

|                                     | 2014                      |                  |                  | 2013           |                  |                  |
|-------------------------------------|---------------------------|------------------|------------------|----------------|------------------|------------------|
|                                     | At call                   | Term             | Total            | At call        | Term             | Total            |
|                                     | <i>(in thousand Baht)</i> |                  |                  |                |                  |                  |
| <b>Domestic</b>                     |                           |                  |                  |                |                  |                  |
| Commercial banks                    | 154,303                   | 2,219,631        | 2,373,934        | 388,588        | 2,296,952        | 2,685,540        |
| Specialised financial institutions* | 3,050                     | 1,500,000        | 1,503,050        | 225            | -                | 225              |
| Other financial institutions**      | 1,577                     | 4,937,584        | 4,939,161        | 9,183          | 5,052,750        | 5,061,933        |
| <b>Total domestic</b>               | <b>158,930</b>            | <b>8,657,215</b> | <b>8,816,145</b> | <b>397,996</b> | <b>7,349,702</b> | <b>7,747,698</b> |
| <b>Foreign</b>                      |                           |                  |                  |                |                  |                  |
| Baht                                | 102,342                   | -                | 102,342          | 145,054        | -                | 145,054          |
| Other currencies                    | 18,528                    | -                | 18,528           | 30,526         | -                | 30,526           |
| <b>Total foreign</b>                | <b>120,870</b>            | <b>-</b>         | <b>120,870</b>   | <b>175,580</b> | <b>-</b>         | <b>175,580</b>   |
| <b>Total domestic and foreign</b>   | <b>279,800</b>            | <b>8,657,215</b> | <b>8,937,015</b> | <b>573,576</b> | <b>7,349,702</b> | <b>7,923,278</b> |

\* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

\*\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

### 18 Debt issued and borrowings

|                   | 2014                      | 2013           |
|-------------------|---------------------------|----------------|
|                   | <i>(in thousand Baht)</i> |                |
| <b>Domestic</b>   |                           |                |
| Bills of exchange | 417,639                   | 394,154        |
| Promissory notes  | 260,000                   | 260,000        |
| <b>Total</b>      | <b>677,639</b>            | <b>654,154</b> |

As at 31 December 2014, borrowings of Baht 678 million (2013: Baht 654 million) are bills of exchange and promissory notes issued by the Branch in Thai Baht and interest rates between 5.25% - 6.55% per annum (2013: 2.85% - 6.37% per annum).

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**19 Provisions against derivative products**

|   | Liquidity<br>provision | Other<br>provision<br><i>(in thousand Baht)</i> | Total          |
|---|------------------------|---|----------------|
| At 1 January 2013                             | 64,530                 | 121,064   | 185,594        |
| Provision made                                | 142,053                | 92,172  | 234,225        |
| Provision used                                | (16,783)               | (93,568)  | (110,351)      |
| Provision reversed                            | (42,178)               | (5,092)   | (47,270)       |
| <b>At 31 December 2013 and 1 January 2014</b> | <b>147,622</b>         | <b>114,576</b>                                  | <b>262,198</b> |
| Provision made                                | 42,898                 | 4,755   | 47,653         |
| Provision used                                | (110,926)              | (80,731)  | (191,657)      |
| Provision reversed                            | (11,881)               | (15,208)  | (27,089)       |
| <b>At 31 December 2014</b>                    | <b>67,713</b>          | <b>23,392</b>                                   | <b>91,105</b>  |

**20 Other liabilities**

|                                       | 2014<br><i>(in thousand Baht)</i> | 2013           |
|---------------------------------------|-----------------------------------|----------------|
| Accrued staff bonus                   | 140,968                           | 167,520        |
| Income tax payable                    | 26,079                            | 61,606         |
| Accrued interest                      | 254,425                           | 222,753        |
| Accrued deposit protection agency fee | 56,745                            | 103,971        |
| Margin call                           | 109,176                           | 85             |
| Others                                | 194,425                           | 432,454        |
| <b>Total</b>                          | <b>781,818</b>                    | <b>988,389</b> |

**21 Commitments and contingent liabilities**

Commitments and contingent liabilities as at 31 December 2014 and 2013 were as follows:

| (a)                    | 2014<br><i>(in thousand Baht)</i> | 2013              |
|------------------------|-----------------------------------|-------------------|
| Other guarantees       | 27,397,919                        | 31,540,631        |
| Letters of credit      | 491,742                           | 6,650,791         |
| Unmatured import bills | 57,024                            | 7,358,922         |
| <b>Total</b>           | <b>27,946,685</b>                 | <b>45,550,344</b> |

**(b) Lease and service agreement**

As at 31 December 2014, the Branch had a 6 year lease and service agreement in respect of office premises and utilities. Under the terms of the above lease, the Branch has committed to pay rental and service fees as follows:

|                                      | 2014<br><i>(in thousand Baht)</i> | 2013           |
|--------------------------------------|-----------------------------------|----------------|
| Within one year                      | 39,467                            | 38,722         |
| After one year but within five years | 177,420                           | 186,785        |
| After five years                     | 33,814                            | 89,873         |
| <b>Total</b>                         | <b>250,701</b>                    | <b>315,380</b> |



**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**(c) Operating leases**

|   | 2014                      | 2013         |
|---|---------------------------|--------------|
|   | <i>(in thousand Baht)</i> |              |
| <b>Non- cancellable operating lease commitments</b> |                           |              |
| Within one year                                     | 1,252                     | 1,445        |
| After one year but within five years                | 313                       | 1,565        |
| <b>Total</b>  | <u>1,565</u>              | <u>3,010</u> |

**(d) Other commitments**

|   | 2014                      | 2013          |
|---|---------------------------|---------------|
|   | <i>(in thousand Baht)</i> |               |
| Business Continuity Facility Charge agreement | 18,516                    | 33,329        |
| Facility Management Solution agreement        | 8,456                     | 14,937        |
| <b>Total</b>                                  | <u>26,972</u>             | <u>48,266</u> |

**22 Related parties**

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

Relationships with significant key management personnel and related parties were as follows:

| Name of entities / person                  | Country of incorporation/<br>nationality | Nature of relationships   |
|--|--|---|
| Key Management Personnel                   | Various nationalities                    | Persons having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly. The Branch's key management personnel consisted of: <ul style="list-style-type: none"> <li>- Chief Country Officer and General Manager</li> <li>- Chief Operation Officer</li> <li>- Head of Global Transaction Banking</li> <li>- Chief Head of Finance</li> <li>- Head of Compliance</li> <li>- Head of Corporate Banking and Securities</li> </ul> |
| <b>Head Office and other Branches</b>      |  |   |
| Deutsche Bank AG, Zentral Frankfurt        | Germany                                  | Head Office   |
| Deutsche Bank AG, Asia Pacific Head office | Singapore                                | Asia Pacific Head Office  |
| Deutsche Bank AG, Singapore                | Singapore                                | Other Branches  |
| Deutsche Bank AG, Mumbai                   | India                                    | Other Branches  |
| Deutsche Bank AG, Hong Kong                | Hong Kong                                | Other Branches  |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

| <b>Name of entities / person</b>              | <b>Country of incorporation/<br/>nationality</b> | <b>Nature of relationships</b> |
|---|--|--------------------------------|
| Deutsche Bank AG, New York                    | U.S.A  | Other Branches                 |
| Deutsche Bank AG, London                      | U.K.   | Other Branches                 |
| Deutsche Bank AG, Amsterdam                   | Netherlands                                      | Other Branches                 |
| Deutsche Bank AG, Colombo                     | Sri Lanka  | Other Branches                 |
| Deutsche Bank AG, Jakarta                     | Indonesia  | Other Branches                 |
| Deutsche Bank AG, Taipei                      | Taiwan   | Other Branches                 |
| Deutsche Bank AG, Brussels                    | Belgium  | Other Branches                 |
| Deutsche Bank AG, Paris                       | France   | Other Branches                 |
| Deutsche Bank AG, Shanghai                    | China  | Other Branches                 |
| Deutsche Knowledge Services Pte. Ltd., Manila | Philippines                                      | Other Branches                 |
| Deutsche Bank Trust Company Americas          | U.S.A  | Other Branches                 |
| Deutsche Bank AG, Budapest                    | Hungary  | Other Branches                 |
| Deutsche Bank AG, Vienna                      | Austria  | Other Branches                 |
| Deutsche Bank AG, Manila                      | Philippines                                      | Other Branches                 |
| Deutsche Bank AG, Bangalore                   | India  | Other Branches                 |
| Deutsche Bank AG, Karachi                     | Pakistan   | Other Branches                 |
| Deutsche Bank AG, Seoul                       | South Korea                                      | Other Branches                 |
| Deutsche Bank AG, Canada                      | Canada   | Other Branches                 |
| Deutsche Bank AG, Tokyo                       | Japan  | Other Branches                 |
| Deutsche Bank AG, Ho-Chi Minh                 | Vietnam  | Other Branches                 |
| Deutsche Bank AG, Zürich                      | Switzerland                                      | Other Branches                 |
| Deutsche Bank AG, Prag                        | Czech  | Other Branches                 |
| Deutsche Bank AG, Dubai                       | U.A.E  | Other Branches                 |
| <b><i>Other Group entities</i></b>            |  |                                |
| Deutsche Bank AG, New Zealand                 | New Zealand                                      | Other Group entity             |
| Deutsche Bank AG, Banco                       | Brazil   | Other Group entity             |
| Deutsche Securities Inc.Tokyo                 | Japan  | Other Group entity             |
| DWS Holding & Service GmbH                    | Germany  | Other Group entity             |
| Deutsche Bank Securities Inc.                 | U.S.A  | Other Group entity             |
| Deutsche Group Services Pty Limited           | Australia  | Other Group entity             |
| Deutsche Bank, Madrid                         | Spain  | Other Group entity             |
| Deutsche Bank, Luxembourg S.A.                | Luxembourg                                       | Other Group entity             |
| DB Services New Jersey, Inc.                  | U.S.A  | Other Group entity             |
| DBOI Global Services Private Limited          | India  | Other Group entity             |
| DBOI Global Services (UK) Limited             | U.K.   | Other Group entity             |
| DB Group Services (EURO)                      | U.K.   | Other Group entity             |
| Deutsche Bank Moscow                          | Russia   | Other Group entity             |
| Deutsche Bank (China) Co., Ltd.               | China  | Other Group entity             |
| Deutsche Investor Service Private Limited     | India  | Other Group entity             |
| DB Service Americas, Inc.                     | U.S.A  | Other Group entity             |
| Deutsche Bank A.S.                            | Turkey   | Other Group entity             |
| DB Service Centre Limited                     | U.K.   | Other Group entity             |
| Deutsche Bank AG, Malaysia                    | Malaysia   | Other Group entity             |
| Gemini Technology Services Inc.               | U.S.A  | Other Group entity             |
| Deutsche Bank, Milan                          | Italy  | Other Group entity             |
| Deutsche Investment Management Americas Inc.  | U.S.A  | Other Group entity             |
| Deutsche IT License GmbH                      | Germany  | Other Group entity             |
| Deutsche Bank (Suisse) S.A.                   | Switzerland                                      | Other Group entity             |
| DB UK Bank Limited                            | U.K.   | Other Group entity             |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

| <b>Name of entities / person</b>          | <b>Country of incorporation/<br/>nationality</b> | <b>Nature of relationships</b> |
|---|--|--------------------------------|
| Deutsche Bank Nederland N.V.              | Netherland                                       | Other Group entity             |
| Deutsche Bank Società per Azioni          | Italy  | Other Group entity             |
| Deutsche Bank National Trust Company      | U.S.A  | Other Group entity             |
| DB Energy Trading LLC                     | U.S.A  | Other Group entity             |
| DWS Investments Distributors, Inc.        | U.S.A  | Other Group entity             |
| DB Trust Company Limited Japan            | Japan  | Other Group entity             |
| DB Service Centre Limited                 | Ireland  | Other Group entity             |
| RREEF Management L.L.C.                   | U.S.A  | Other Group entity             |
| DB Investment Partners, Inc.              | U.S.A  | Other Group entity             |
| Deutsche CIB Centre Private Limited       | U.K.   | Other Group entity             |
| Deutsche Asset Management (Japan) Limited | Japan  | Other Group entity             |
| Deutsche Bank International Limited       | U.S.A  | Other Group entity             |

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

| <b>Transactions</b> | <b>Pricing policies</b>    |
|---------------------|----------------------------|
| Interest income     | Market rate                |
| Interest expense    | Market rate                |
| Expense allocated   | Contractually agreed price |

Significant transactions for the years ended 31 December 2014 and 2013 with key management and related parties were as follows:

| <i>For the year ended 31 December</i>        | 2014<br><i>(in thousand Baht)</i> | 2013<br><i>(in thousand Baht)</i> |
|--|-----------------------------------|-----------------------------------|
| <b><i>Head Office and other Branches</i></b> |                                   |                                   |
| Interest income                              | 53                                | 15                                |
| Interest expense                             | 86,887                            | 92,880                            |
| Expense allocated from head office           | 596,071                           | 681,900                           |
| Profit remitted to head office               | 315,000                           | 810,000                           |
| <b><i>Other Group entities</i></b>           |                                   |                                   |
| Expense allocated                            | 19,002                            | 23,096                            |

**Key management personnel**

The Branch's management who are members of executive committee shall not be entitled to any other benefits than the normal benefits, for instance, salaries, directors' bonuses, post employment benefits and share based payments in the group of its major shareholder as follows:

|  | 2014<br><i>(in thousand Baht)</i> | 2013<br><i>(in thousand Baht)</i> |
|--|-----------------------------------|-----------------------------------|
| <b>Key management personnel compensation</b> |                                   |                                   |
| Short-term benefits                          | 120,856                           | 105,057                           |
| Post-employment benefits                     | 8,560                             | 7,603                             |
| <b>Total</b>                                 | <b>129,416</b>                    | <b>112,660</b>                    |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

Significant balances as at 31 December 2014 and 2013 with related parties were as follows:

|   | 2014                      | 2013                      |
|---|---------------------------|---------------------------|
|   | <i>(in thousand Baht)</i> |                           |
| <b><i>Funds brought in to maintain assets under the Act</i></b> |                           |                           |
| Deutsche Bank AG, Singapore                                     | <u>17,800,000</u>         | <u>17,800,000</u>         |
| <b><i>Debts issued and borrowings</i></b>                       |                           |                           |
| Deutsche Bank AG, Singapore                                     | 5,242,785                 | 9,404,115                 |
| Deutsche Bank AG, Zentral Frankfurt                             | <u>988,890</u>            | <u>-</u>                  |
| <b><i>Accrued interest payable</i></b>                          |                           |                           |
| Deutsche Bank AG, Singapore                                     | <u>12,799</u>             | <u>10,875</u>             |
| Deutsche Bank AG, Zentral Frankfurt                             | <u>11</u>                 | <u>-</u>                  |
| <b>Unrealised gains on derivative contracts, net</b>            | <u><b>(275,552)</b></u>   | <u><b>(1,219,140)</b></u> |
| <b>Interbranch accounts</b>                                     | <u><b>128,857</b></u>     | <u><b>2,025,534</b></u>   |

As at 31 December 2014, debts issued and borrowings from related parties were due to mature from 5 January 2015 to 11 March 2015 (2013: 2 January 2014 to 6 March 2014) and carried interest between 0.20% - 0.34% per annum (2013: 0.20% - 0.29% per annum).

The Branch enters into certain treasury transactions, including swap, foreign exchange, and option contracts with other Deutsche Branch entities for hedging purposes.

**23 The financial position and results of operations classified by domestic and foreign business**

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

**24 Interest income**

|                                      | 2014                      | 2013                    |
|--------------------------------------|---------------------------|-------------------------|
|                                      | <i>(in thousand Baht)</i> |                         |
| Interbank and money market items     | 629,039                   | 1,278,652               |
| Investments and trading transactions | 577,661                   | 751,177                 |
| Loans to customers                   | 416,217                   | 427,277                 |
| <b>Total</b>                         | <u><b>1,622,917</b></u>   | <u><b>2,457,106</b></u> |

**25 Interest expenses**

|   | 2014                      | 2013                    |
|---|---------------------------|-------------------------|
|   | <i>(in thousand Baht)</i> |                         |
| Deposits                                  | 180,941                   | 425,802                 |
| Interbank and money market items          | 347,478                   | 376,937                 |
| Contribution to Deposit Protection Agency | 140,233                   | 236,574                 |
| Debt issued and borrowings                | <u>23,329</u>             | <u>195,240</u>          |
| <b>Total</b>                              | <u><b>691,981</b></u>     | <u><b>1,234,553</b></u> |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

**26 Net fees and service income**

|  | 2014                      | 2013                  |
|--|---------------------------|-----------------------|
|  | <i>(in thousand Baht)</i> |                       |
| Fees and service income                        |                           |                       |
| - Acceptance, avals and guarantees             | 77,199                    | 79,413                |
| - Fund transfer and collection services        | 101,122                   | 82,977                |
| - Others                                       | 169,852                   | 188,408               |
| <b>Total</b>                                   | <u>348,173</u>            | <u>350,798</u>        |
| Fees and service expenses                      |                           |                       |
| - Transfer fees between financial institutions | 35,840                    | 26,102                |
| - Others                                       | 103,961                   | 108,203               |
| <b>Total</b>                                   | <u>139,801</u>            | <u>134,305</u>        |
| <b>Net</b>                                     | <u><b>208,372</b></u>     | <u><b>216,493</b></u> |

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

|   | 2014                      | 2013           |
|---|---------------------------|----------------|
|   | <i>(in thousand Baht)</i> |                |
| Gain (loss) on trading and foreign exchange transactions        |                           |                |
| - Foreign currencies and foreign currencies related derivatives | (3,062,481)               | 4,482,457      |
| - Interest rate related derivatives                             | 3,206,127                 | (4,175,103)    |
| - Debt securities   | 204,135                   | 39,219         |
| <b>Total</b>  | <u>347,781</u>            | <u>346,573</u> |

**28 Bad debts, allowance for doubtful accounts and impairment loss**

|   | 2014                      | 2013            |
|---|---------------------------|-----------------|
|   | <i>(in thousand Baht)</i> |                 |
| Interbank and money market items (reversal) | (7,545)                   | 2,142           |
| Loans to customers (reversal)               | 39,520                    | (51,841)        |
| <b>Total</b>                                | <u>31,975</u>             | <u>(49,699)</u> |

**29 Employee expenses**

|                                 | 2014                      | 2013           |
|---------------------------------|---------------------------|----------------|
|                                 | <i>(in thousand Baht)</i> |                |
| Salaries, wages and bonus       | 421,985                   | 395,292        |
| Legal severance payment plan    | 21,880                    | 1,879          |
| Long service award              | 1,870                     | (3,052)        |
| Termination                     | -                         | (116)          |
| Share-based payment transaction | 24,493                    | 21,017         |
| Others                          | 56,945                    | 57,676         |
| <b>Total</b>                    | <u>527,173</u>            | <u>472,696</u> |

The Branch has established contributory provident funds for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates of 10% of their basic salaries and by the Branch at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

### 30 Income tax

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

|                                    | <i>Note</i> | 2014<br><i>(in thousand Baht)</i> | 2013                   |
|------------------------------------|-------------|-----------------------------------|------------------------|
| <b>Current tax expense</b>         |             |                                   |                        |
| Current year                       |             | 55,529                            | 121,154                |
| Adjustment for prior years over    |             | <u>(60,850)</u>                   | <u>(5,161)</u>         |
|                                    |             | <b><u>(5,321)</u></b>             | <b><u>115,993</u></b>  |
| <b>Deferred tax expense</b>        |             |                                   |                        |
| Movements in temporary differences |             | <u>(12,136)</u>                   | <u>(20,519)</u>        |
|                                    | 13          | <b><u>(12,136)</u></b>            | <b><u>(20,519)</u></b> |
| <b>Total</b>                       |             | <b><u>(17,457)</u></b>            | <b><u>95,474</u></b>   |

#### *Reconciliation of effective tax rate*

|  | 2014                |                               | 2013                |                               |
|--|---------------------|-------------------------------|---------------------|-------------------------------|
|  | <i>Rate<br/>(%)</i> | <i>(in thousand<br/>Baht)</i> | <i>Rate<br/>(%)</i> | <i>(in thousand<br/>Baht)</i> |
| Profit before income tax expense                                 |                     | <u>281,938</u>                |                     | <u>480,670</u>                |
| Income tax using Thai corporation tax rate                       | 20.0                | 56,388                        | 20.0                | 96,134                        |
| Expenses not deductible (income not taxable)<br>for tax purposes | (6.3)               | (17,859)                      | 0.0                 | 13                            |
| Over provided in prior years                                     | (21.6)              | (60,850)                      | (1.0)               | (5,161)                       |
| Adjustment for prior year - deferred                             | 1.7                 | 4,864                         | 0.9                 | 4,488                         |
| <b>Total</b>   | <b><u>(6.2)</u></b> | <b><u>(17,457)</u></b>        | <b><u>19.9</u></b>  | <b><u>95,474</u></b>          |

#### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Branch has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

### 31 Thai Financial Reporting Standards (TFRS) not yet adopted

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

| <b>TFRS</b>           | <b>Topic</b>                         | <b>Year<br/>effective</b> |
|-----------------------|--------------------------------------|---------------------------|
| TFRS 13               | Fair Value Measurement               | 2015                      |
| TAS 1 (revised 2014)  | Presentation of Financial Statements | 2015                      |
| TAS 16 (revised 2014) | Property, Plant and Equipment        | 2015                      |
| TAS 18 (revised 2014) | Revenue                              | 2015                      |

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**

| <b>TFRS</b>           | <b>Topic</b>                                     | <b>Year effective</b> |
|-----------------------|--|-----------------------|
| TAS 19 (revised 2014) | Employee Benefits                                | 2015                  |
| TAS 21 (revised 2014) | The Effects of Changes in Foreign Exchange Rates | 2015                  |

The Branch has made a preliminary assessment of the potential initial impact on the financial statements of those new and revised TFRS assessed to have the greatest potential impact on the financial statements in the period of initial application. These new and revised TFRS are as follows:

***TFRS 13 - Fair Value Measurement***

TFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value guidance that is currently dispersed throughout TFRS. Subject to limited exceptions, TFRS 13 is applied when fair measurements or disclosures are required or permitted by other TFRS. The Branch is currently reviewing its methodologies in determining fair values.