

Deutsche Bank Aktiengesellschaft, Bangkok Branch
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Deutsche Bank Aktiengesellschaft, Bangkok Branch

Opinion

I have audited the accompanying financial statements of Deutsche Bank Aktiengesellschaft, Bangkok Branch ("the Bank"), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in equity of head office and other branches under the same entity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deutsche Bank Aktiengesellschaft, Bangkok Branch as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 29 April 2024

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of financial position

As at 31 December 2023 and 2022

		(Unit: Thousand Baht)	
	Note	31 December 2023	31 December 2022
Assets			
Cash		16,377	20,665
Interbank and money market items - net	7	3,592,013	2,287,339
Financial assets measured at fair value through profit or loss	8	26,491,485	36,808,202
Derivative assets	9	30,889,777	25,533,958
Investments - net	10	24,846,465	21,168,854
Loans to customers and accrued interest receivables - net	11	12,677,123	14,749,208
Leasehold improvement and equipment - net	12	41,439	50,322
Right-of-use assets - net	13	49,153	18,471
Deferred tax assets	14	262,819	219,972
Trading securities receivables		1,704,806	230,257
Collateral receivables under the Credit Support Annex agreements		-	8,250
Other assets	15	407,066	311,978
Total assets		<u>100,978,523</u>	<u>101,407,476</u>

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of financial position (continued)

As at 31 December 2023 and 2022

(Unit: Thousand Baht)

	Note	31 December 2023	31 December 2022
Liabilities and equity of head office and other branches under the same entity			
Liabilities			
Deposits	16	44,945,693	51,968,843
Interbank and money market items	17	1,200,772	1,112,876
Liabilities payable on demand		535,613	837,583
Financial liabilities measured at fair value through profit or loss	18	678,982	289,131
Derivative liabilities	9	30,038,218	24,627,761
Lease liabilities	19	49,180	18,860
Provisions	20	93,870	97,166
Trading securities payables		1,894,341	154,887
Collateral payables under the Credit Support Annex agreements		92,091	-
Other liabilities	21	1,280,716	1,055,709
Total liabilities		80,809,476	80,162,816
Equity of head office and other branches under the same entity			
Funds remitted into Thailand for maintaining assets under section 32 of the Act on Undertaking of Banking business B.E. 2551		17,800,000	17,800,000
Net balance of inter-office accounts with head office and other branches under the same entity		2,071,002	3,494,919
Other components of head office and other branches under the same entity	23	(191,867)	(46,273)
Retained earnings (loss)		489,912	(3,986)
Total equity of head office and other branches under the same entity		20,169,047	21,244,660
Total liabilities and equity of head office and other branches under the same entity		100,978,523	101,407,476

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



(Ms. Pimolpa Simaroj)

Chief Country Officer/General Manager



(Ms. Aomjai Bumrungkorn)

Head of Finance

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of comprehensive income

For the years ended 31 December 2023 and 2022

(Unit: Thousand Baht)

	Note	2023	2022
Profit or loss:			
Interest income	24	1,594,582	753,838
Interest expenses	25	1,240,840	512,877
Net interest income		353,742	240,961
Fees and service income		229,155	323,348
Fees and service expenses		90,205	158,903
Net fees and service income	26	138,950	164,445
Net gain on financial instruments measured at fair value through profit or loss	27	1,332,792	746,172
Net gain (loss) on investments	28	82,732	(4,801)
Other operating income		171,799	127,963
Total operating income		2,080,015	1,274,740
Operating expenses			
Employee expenses		364,955	351,001
Premises and equipment expenses		79,911	75,925
Taxes and duties		34,279	23,066
Expenses allocated from head office		909,257	751,620
Other expenses		133,259	185,138
Total operating expenses		1,521,661	1,386,750
Reversal of expected credit loss	29	(57,441)	(56,642)
Profit (loss) before income tax expenses		615,795	(55,368)
Income tax expenses	14.2	123,421	12,304
Profit (loss) for the year		492,374	(67,672)

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch
 Statements of comprehensive income (continued)
 For the years ended 31 December 2023 and 2022

(Unit: Thousand Baht)

Note	2023	2022
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
Loss on valuation of investments in debt securities measured at fair value through other comprehensive income	(181,993)	(57,470)
Income tax effect	36,399	11,494
Items to be reclassified to profit or loss in subsequent periods - net of income tax (loss)	(145,594)	(45,976)
<i>Items not to be reclassified to profit or loss in subsequent periods</i>		
Actuarial gain	1,905	9,541
Income tax effect	(381)	(1,908)
Items not to be reclassified to profit or loss in subsequent periods - net of income tax	1,524	7,633
Other comprehensive income for the year (loss)	(144,070)	(38,343)
Total comprehensive income for the year (loss)	348,304	(106,015)

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of changes in equity of head office and other branches under the same entity

For the years ended 31 December 2023 and 2022

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balance of inter-office accounts with head office and other branches under the same entity	Other components of head office and other branches under the same entity - Revaluation deficit on investments	Retained earnings (loss)	Total
Balance as at 1 January 2022	17,800,000	5,000,365	(297)	56,053	22,856,121
Decrease in net balance of inter-office accounts with head office and other branches under the same entity	-	(1,505,446)	-	-	(1,505,446)
Loss for the year	-	-	-	(67,672)	(67,672)
Other comprehensive income for the year (loss)	-	-	(45,976)	7,633	(38,343)
Total comprehensive income for the year (loss)	-	-	(45,976)	(60,039)	(106,015)
Balance as at 31 December 2022	17,800,000	3,494,919	(46,273)	(3,986)	21,244,660
Balance as at 1 January 2023	17,800,000	3,494,919	(46,273)	(3,986)	21,244,660
Decrease in net balance of inter-office accounts with head office and other branches under the same entity	-	(1,423,917)	-	-	(1,423,917)
Profit for the year	-	-	-	492,374	492,374
Other comprehensive income for the year (loss)	-	-	(145,594)	1,524	(144,070)
Total comprehensive income for the year (loss)	-	-	(145,594)	493,898	348,304
Balance as at 31 December 2023	17,800,000	2,071,002	(191,867)	489,912	20,169,047

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of cash flows

For the years ended 31 December 2023 and 2022

(Unit: Thousand Baht)

	2023	2022
Cash flows from operating activities		
Profit (loss) from operations before income tax	615,795	(55,368)
Adjustments to reconcile profit (loss) from operations before income tax to net cash provided by (used in) operating activities		
Depreciation	31,067	31,338
Reversal of expected credit loss	(57,441)	(56,642)
Unrealised (gain) loss on financial instruments measured at fair value through profit or loss	(5,471)	21,706
Loss on write-off of equipment	477	-
Long-term employee benefit expenses	10,335	12,097
(Gain) loss on disposal of investments measured at fair value through other comprehensive income	(82,732)	4,800
Net unrealised loss on exchange and financial derivatives contracts	54,638	161,654
Net interest income	(353,742)	(240,961)
Cash received on interest income	1,275,035	655,368
Cash paid on interest expenses	(1,138,987)	(591,680)
Cash paid on income tax	(130,332)	(21,457)
Profit (loss) from operations before changes in operating assets and liabilities	218,642	(79,145)
Decrease (increase) in operating assets		
Interbank and money market items	(1,309,285)	650,889
Financial assets measured at fair value through profit or loss	10,342,349	(10,751,670)
Loans to customers	2,128,927	5,361,270
Trade securities receivables	(1,474,549)	1,981,020
Collateral receivables under the Credit Support Annex agreements	8,250	(8,250)
Other assets	71,846	(111,940)

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of cash flows (continued)

For the years ended 31 December 2023 and 2022

(Unit: Thousand Baht)

	2023	2022
Increase (decrease) in operating liabilities		
Deposits	(7,023,150)	8,444,731
Interbank and money market items	87,896	(427,437)
Liabilities payable on demand	(301,970)	114,199
Financial liabilities measured at fair value through profit or loss	369,690	235,890
Provisions for long-term employee benefits	(7,645)	(7,355)
Provisions - others	-	(4,921)
Trade securities payables	1,739,454	(3,485,611)
Collateral payables under the Credit Support Annex agreements	92,091	(144,131)
Other liabilities	123,337	(235,928)
Net cash from operating activities	5,065,883	1,531,611
Cash flows from investing activities		
Cash paid for purchases of debt securities measured at fair value through other comprehensive income	(116,590,082)	(92,630,141)
Proceeds from sales of debt securities measured at fair value through other comprehensive income	104,241,035	83,857,190
Proceeds from maturities of debt securities measured at fair value through other comprehensive income	8,726,000	8,794,000
Cash paid for purchases of equipment	(6,393)	(24,332)
Net cash used in investing activities	(3,629,440)	(3,283)
Cash flows from financing activities		
Cash paid on lease contracts	(16,814)	(17,710)
Net decrease in balance of inter-office accounts with head office and other branches under the same entity	(1,423,917)	(1,505,446)
Net cash used in financing activities	(1,440,731)	(1,523,156)
Net increase (decrease) in cash and cash equivalents	(4,288)	5,172
Cash and cash equivalents as at 1 January	20,665	15,493
Cash and cash equivalents as at 31 December	16,377	20,665

Supplemental cash flows information

Non-cash transactions:

Right-of-use assets	46,950	5,436
---------------------	--------	-------

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Table of notes to the financial statements

For the years ended 31 December 2023 and 2022

Note	Contents	Page
1.	General information	1
2.	Basis of financial statements preparation.....	1
3.	New financial reporting standards.....	2
4.	Summary of significant accounting policies.....	3
5.	Significant accounting judgements and estimates.....	15
6.	Classification of financial assets and financial liabilities	17
7.	Interbank and money market items (assets)	19
8.	Financial assets measured at fair value through profit or loss	19
9.	Derivative assets/liabilities	20
10.	Investments	21
11.	Loans to customers and accrued interest receivables.....	21
12.	Leasehold improvement and equipment	25
13.	Right-of-use assets.....	26
14.	Deferred tax assets/liabilities and income tax expenses	27
15.	Other assets	29
16.	Deposits	29
17.	Interbank and money market items (liabilities)	29
18.	Financial liabilities measured at fair value through profit or loss.....	30
19.	Lease liabilities	30
20.	Provisions.....	30
21.	Other liabilities	34
22.	Capital funds and liquidity reserve	34
23.	Other components of head office and other branches under the same entity.....	35
24.	Interest income	35
25.	Interest expenses	36
26.	Net fees and service income.....	36
27.	Net gain on financial instruments measured at fair value through profit or loss.....	36
28.	Net gain (loss) on investments.....	37
29.	Expected credit loss (reversal).....	37
30.	Commitments and contingent liabilities	37
31.	Provident funds.....	38
32.	Related party transactions	38
33.	Segment information.....	44
34.	Risk management.....	44
35.	Fair value of financial assets and liabilities	57
36.	Approval of financial statements	59

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Notes to the financial statements

For the years ended 31 December 2023 and 2022

1. General information

Deutsche Bank Aktiengesellschaft, Bangkok Branch ("the Bank") was granted a license by the Ministry of Finance to carry out domestic banking business in Thailand under the Commercial Banking Act B.E. 2505. The Bank was granted a license to undertake its commercial banking business in October 1988.

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

2. Basis of financial statements preparation

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

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, with reference to the principles stipulated by the Bank of Thailand ("BoT"), and their presentation has been made in compliance with the BoT's Notification No. Sor Nor Sor. 21/2561 dated 31 October 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in notes to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from such financial statements in Thai language.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year 2023, the Bank has adopted the revised financial reporting standards which are effective for fiscal year beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Bank believes that adoption of these amendments will not have any significant impact on the Bank's financial statements.

3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions has announced Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the BoT. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BoT makes changes.

Under this accounting guidance, the Bank may elect to adopt accounting treatments consistent with the circular of the BoT No. BOT.RPD2.C. 802/2564 dated 3 September 2021 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)". The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

- For debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts, the Bank may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions. (Assistance type 1)
- For debt restructuring involving only a payment timeline extension, the Bank is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. (Assistance type 2)

During the years 2023 and 2022, the Bank did not provide financial assistance to debtors in accordance with guideline under this accounting guidance. Therefore, this accounting guidance does not have any significant impact on the Bank's financial statements. As a result, the termination of this accounting guidance on 31 December 2023 does not have any significant impact on the Bank's financial statements.

4. Summary of significant accounting policies

Significant accounting policies adopted by the Bank can be summarised as follows.

4.1 Revenue recognition

(a) Interest income on loans to customers

The Bank has recognised interest income on loans to customers on an accrual basis, using the effective interest method, applied to the outstanding principal amount. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of loans to customers. The Bank has calculated interest income using effective interest method and carrying value of loans to customers. For loans to customers that are later assessed as credit-impaired, the Bank recognises interest income using the effective interest method applied to the net carrying value (the outstanding amount net of allowance for expected credit loss) of the receivable. If the receivable is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

(b) Interest income on deposits/investments

Interest income on deposits/investments is recognised as income on an accrual basis.

(c) Fees and service income

Fees and service income is recognised as income on an accrual basis.

- (d) Gain (loss) from financial instruments measured at fair value through profit or loss

Gain (loss) from financial instruments measured at fair value through profit or loss consists of gain (loss) on trading and foreign exchange transactions, gain (loss) from changes in fair value of derivatives and financial assets measured at fair value through profit or loss, and gain (loss) from sales of financial assets measured at fair value through profit or loss and derivatives. The Bank recognises them as income or expenses on the transaction date.

- (e) Gain (loss) on investments

Gain (loss) on investments measured at fair value through other comprehensive income is recognised as income or expenses on the transaction date.

4.2 Expense recognition

- (a) Interest expenses

Interest expenses are recognised on an accrual basis using the effective interest method.

- (b) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

4.3 Cash

Cash represents cash in hand and cash on collection.

4.4 Securities purchased under resale agreements

The Bank has securities purchased under resale agreements according to private repurchase transactions at certain dates, times and at fixed price. Amounts paid for the securities purchased under resale agreement are presented under the caption of "Financial assets measured at fair value through profit or loss" in the statements of financial position. Securities under resale agreement are treated as collaterals.

4.5 Financial assets - Investments

The Bank classifies its investments as debt or equity securities financial assets as follows:

Financial assets - debt securities

The Bank classifies its investments in debt securities as financial assets subsequently measured at amortised cost or fair value in accordance with the Bank's business model in managing the financial assets and according to the contractual cash flows characteristics of the financial assets, based on the facts and circumstances as of the date these financial reporting standards were initially adopted or at the acquisition date, as follows:

(a) Financial assets measured at fair value through profit or loss

Investments in debt instruments held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss from changes in fair value is recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

(b) Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss from changes in fair value is presented as a separate item in other comprehensive income. The expected credit loss and interest income calculated using the effective interest method are recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position at fair value.

Financial assets - equity securities

The Bank classifies investments in equity securities as financial assets designated to be measured at fair value through other comprehensive income, which could not be subsequently reclassified. Unrealised gain or loss arising from changes in fair value is recognised in other comprehensive income and not subsequently recycled to profit or loss when disposed, instead, it is transferred to retained earnings.

At the end of reporting period, investments in equity instruments designated to be measured at fair value through other comprehensive income are presented in the statement of financial position at fair value.

Fair value

The fair value of government bonds, state enterprise securities and private sector debt securities is determined using the formula specified by the BoT and the yield rates quoted by the Thai Bond Market Association.

The fair value of marketable equity instruments is determined based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

Income on investments and disposals of investments

Interest income on investments is recognised in profit or loss.

Gain or loss on disposals of investments is recognised in profit or loss on the transaction date, except for investments in equity securities designated to be measured at fair value through other comprehensive income which will be recognised in retained earnings. The weighted average method is used for computation of the cost of investments.

Recognition

The Bank recognises investments on the trade date, which is the date that the Bank is actually committed to purchase and sell the investments.

4.6 Classification and measurement of financial liabilities

Except for financial liabilities that are measured at fair value through profit or loss and derivative liabilities that are measured at fair value through profit or loss, the Bank classifies and recognises its financial liabilities at amortised cost.

4.7 Loans to customers

Loans to customers are presented at the outstanding principal amount, except for bank overdrafts which are presented inclusive of accrued interest receivables. Bills purchased at discount are stated at the face value of the bill, net of deferred revenue.

4.8 Allowance for expected credit loss on financial assets

The Bank recognises allowance for expected credit loss for all financial assets that are debt securities i.e. interbank and money market items (assets), loans to customers, trade securities receivables and investments in debt securities together with loan commitments and financial guarantee contracts, which are classified at amortised cost or at fair value through other comprehensive income, based on the General Approach. The Bank classifies its financial assets into three groups based on the changes in credit risk since initial recognition as follows:

Group 1: Financial assets with no significant increase in credit risk (Performing)

For financial assets with no significant increase in credit risk since the initial recognition date, the Bank recognises allowance for expected credit loss at an amount equal to 12-month expected credit loss. For financial assets with maturity of less than 12 months, the Bank uses a probability of default that corresponds to remaining terms of the contract.

Group 2: Financial assets with significant increase in credit risk (Under-Performing)

For financial assets with significant increase in credit risk since the initial recognition date but that are not credit-impaired, the Bank recognises allowance for expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

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

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of those assets have occurred. The Bank recognises allowance for expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

At the end of reporting period, the Bank assesses whether there has been a significant increase in credit risk of financial assets since the initial recognition by comparing the risk of expected default on the financial assets as at the reporting date with the risk of default as at the initial recognition date. In determining whether credit risk has increased significantly since initial recognition, the Bank uses internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, loans under the Watch list, loans in performance monitoring period (Forbearance flag) and changes of internal credit rating of the borrower since initial recognition, etc.

The Bank assesses whether the credit risk has increased significantly from the date of initial recognition on an individual basis.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty or distressed restructuring.

In subsequent periods, if the credit quality of financial assets improves and it is assessed that there is no longer significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Bank will change from recognising expected credit loss over the expected lifetime to recognising the 12-month expected credit loss.

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be a financial asset with significant increase in credit risk or that is credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Expected credit loss is the probability estimate of expected credit loss over the lifetime of a financial instrument, taking into account the present value of all cash flows that are expected not to be recoverable. This is determined with reference to historical loss experience data grouped by asset on the basis of shared credit risk characteristics and adjusted for current observable data, as well as forward-looking information that is supportable and reasonable. It also involves the appropriate exercise of judgement to estimate the amount of expected credit loss, using current macroeconomic data and macroeconomic forecasts, and also determines probability-weights for each scenario (base scenario, upturn scenario and downturn scenario) for the purpose of calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant macroeconomic changes affect expected credit loss. The Bank has established a process to review and monitor the methodologies, assumptions, and forward-looking macroeconomic scenarios on an annual basis.

The measurement of expected credit loss on loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. The measurement of expected credit loss on financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Increase (decrease) in allowance for expected credit loss is recognised as expenses in profit or loss during the year.

Debts that are determined to be irrecoverable are written off in the year in which the decision is taken. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

4.9 Leasehold improvement and equipment

Leasehold improvement and equipment are measured at cost less accumulated depreciation and allowance for impairment loss (if any).

The Bank initially recognises leasehold improvement and equipment at its acquisition cost. 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.

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

Depreciation is calculated by reference to costs on a straight-line basis over the following estimated useful lives of the assets.

Leasehold improvement	-	10 years or remaining lease term
Furniture, fixtures and office equipment	-	3 - 20 years

The Bank derecognises leasehold improvement and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Right-of-use assets/Lease liabilities

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

The Bank applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the commencement date of the lease, the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and allowance for impairment loss (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

Building and building improvement - 3 years

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and leases of low-value assets

Payments under leases that have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

4.11 Derivatives

Derivatives 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 trading instruments.

Derivatives are initially recognised at fair value on the contract date and classified as trading. Attributable transaction costs are recognised in profit or loss. Subsequent to initial recognition, they are remeasured at fair value. The subsequent changes are recognised as net gain (loss) from financial instruments measured at fair value through profit or loss.

The fair value of interest rate swaps is based on broker quotes 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 not available, 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 Bank 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 the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separated embedded derivatives are recorded on the basis of the type of derivative, and they are presented in the statements of financial position together with the host contract.

4.12 Impairment of non-financial assets

The carrying amounts of the Bank's assets are reviewed at each reporting date to determine whether there are any indications of impairment. If any indications exist, 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 recoverable amount of 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.

The impairment loss is recognised in profit or loss.

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.

4.13 Provisions against derivative products

Certain provisions have been established against the Bank's derivative products in order to reflect an economic assessment of their value to the Bank. 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 Bank 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 provisions; the other provisions have been established in order to cover any market risk under normal market conditions (Value at Risk) and potential defaults under contractual agreements (Default risk).

4.14 Provisions

Provisions are recognised when the Bank has a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Employee benefits

Short-term employee benefits

The Bank records salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Bank and its employees have jointly established a provident fund. The fund is monthly contributed by the employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term benefits

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Bank treats these payments as a defined benefit plan for employees. In addition, the Bank provides other long-term employee benefits plan, naming long service awards.

The obligation under the defined benefit plan and other long-term employee benefits plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from defined benefit plan is recognised immediately in other comprehensive income, while actuarial gain and loss from other long-term benefits is recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting changes in benefits that relate to past service or gain or loss on curtailment are recognised immediately in profit or loss.

Termination benefits

Termination benefits are recognised as expenses at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognises costs for a restructuring. If termination benefits are not expected to be settled within 12 months from the end of the reporting period, cash flows on which are discounted.

4.16 Foreign currency translation

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

Items denominated in foreign currencies are translated into Thai Baht at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities are translated by using the reference exchange rates of the BoT as at the reporting date.

Foreign currency differences are recognised in profit or loss.

4.17 Share-based payments

Increases in the fair value of the amounts payable to employees in cash as a result of share price are recognised as an expense, with a corresponding increase in liabilities, over the period in which employees are 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.

4.18 Income tax

Income tax consisted of current income tax and deferred income tax.

Current income tax

Current income tax are the expected tax to be paid to tax authorities determined based on the taxable profits in accordance with tax laws.

Deferred income tax

Deferred income tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of each reporting period, using the tax rate enacted at the end of the reporting period.

The Bank recognises deductible temporary differences as deferred tax assets if it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised. The Bank recognises all taxable temporary differences as deferred tax liabilities.

The Bank records deferred tax directly to equity of head office and other branches under the same entity if the tax relates to items that are recorded directly to equity of head office and other branches under the same entity.

At each reporting date, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the recognised amounts on a net basis.

4.20 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of ownership. If the Bank neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Bank continues to recognise the financial assets to the extent of its continuing involvement.

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

4.21 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Bank, whether directly or indirectly, or which are under common control with the Bank.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors, and officers with authority in the planning and direction of the Bank's operations.

4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when there is no active market of an identical asset or liability or when a quoted market price is not available, the Bank measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Allowance for expected credit loss

The management is required to use judgement in determining the allowance for expected credit loss. The calculation of allowance for expected credit loss of the Bank is based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit loss model with a series of underlying assumptions, including the choice of the forecasted macroeconomic variables used in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.3 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (of both the Bank and its counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value in the statement of financial position and disclosures of fair value hierarchy.

5.4 Leasehold improvement and equipment and depreciation

In determining depreciation of leasehold improvement and equipment, the management is required to make estimates of the useful lives and salvage value of the leasehold improvement and equipment, and to review these estimated useful lives and salvage value when there are any changes.

In addition, the management is required to assess whether there are indicators of the impairment of leasehold improvement and equipment on a periodical basis, and record impairment loss when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgement in terms of forecasting future revenues and expenses relating to the assets subject to the review.

5.5 Leases

In determination of the lease term, the management needs to exercise judgement in assessing whether the Bank is reasonably certain or not to exercise the right to extend the period of the lease or cancel the lease, taking into account all relevant facts and circumstances that create economic incentives for the Bank to exercise that right.

In addition, the management is required to exercise judgement in estimating the incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.7 Post-employment benefits

Obligations under the defined benefit plan and other long-term employee benefits are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate, staff turnover rate, etc.

6. Classification of financial assets and financial liabilities

(Unit: Thousand Baht)

	31 December 2023			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	16,377	16,377
Interbank and money market items	-	-	3,592,013	3,592,013
Financial assets measured at fair value through profit and loss	26,491,485	-	-	26,491,485
Derivative assets	30,889,777	-	-	30,889,777
Investments	-	24,846,465	-	24,846,465
Loans to customers and accrued interest receivables	-	-	12,677,123	12,677,123
Trading securities receivables	-	-	1,704,806	1,704,806
Other assets - accrued interest receivables	-	-	219,843	219,843
<u>Financial liabilities</u>				
Deposits	-	-	44,945,693	44,945,693
Interbank and money market items	-	-	1,200,772	1,200,772
Liabilities payable on demand	-	-	535,613	535,613
Financial liabilities measured at fair value through profit or loss	678,982	-	-	678,982
Derivative liabilities	30,038,218	-	-	30,038,218
Lease liabilities	-	-	49,180	49,180
Trading securities payables	-	-	1,894,341	1,894,341
Collateral payables under the Credit Support Annex agreements	-	-	92,091	92,091
Other liabilities - accrued interest payables	-	-	1,010,444	1,010,444
Net balance of inter-office accounts with head office and other branches under the same entity	-	-	2,071,002	2,071,002

(Unit: Thousand Baht)

31 December 2022

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	20,665	20,665
Interbank and money market items	-	-	2,287,339	2,287,339
Financial assets measured at fair value through profit and loss	36,808,202	-	-	36,808,202
Derivative assets	25,533,958	-	-	25,533,958
Investments	-	21,168,854	-	21,168,854
Loans to customers and accrued interest receivables	-	-	14,749,208	14,749,208
Trading securities receivables	-	-	230,257	230,257
Collateral receivables under the Credit Support Annex agreements	-	-	8,250	8,250
Other assets - accrued interest receivables	-	-	52,993	52,993
<u>Financial liabilities</u>				
Deposits	-	-	51,968,843	51,968,843
Interbank and money market items	-	-	1,112,876	1,112,876
Liabilities payable on demand	-	-	837,583	837,583
Financial liabilities measured at fair value through profit or loss	289,131	-	-	289,131
Derivative liabilities	24,627,761	-	-	24,627,761
Lease liabilities	-	-	18,860	18,860
Trading securities payables	-	-	154,887	154,887
Other liabilities - accrued interest payables	-	-	908,775	908,775
Net balance of inter-office accounts with head office and other branches under the same entity	-	-	3,494,919	3,494,919

7. Interbank and money market items (assets)

As at 31 December 2023 and 2022, interbank and money market items (assets) are as follows:

	(Unit: Thousand Baht)					
	31 December 2023			31 December 2022		
	On demand	Term	Total	On demand	Term	Total
Domestic						
Bank of Thailand	508,748	-	508,748	489,042	-	489,042
Commercial banks	3,000,626	-	3,000,626	500,766	1,218,039	1,718,805
Total	3,509,374	-	3,509,374	989,808	1,218,039	2,207,847
Add: Accrued interest receivables	819	-	819	-	5,520	5,520
Less: Allowance for expected credit loss	(6)	-	(6)	-	(96)	(96)
Total domestic items	3,510,187	-	3,510,187	989,808	1,223,463	2,213,271
Foreign						
US Dollars	6,984	-	6,984	18,061	-	18,061
Other currencies	74,842	-	74,842	56,007	-	56,007
Total foreign items	81,826	-	81,826	74,068	-	74,068
Total domestic and foreign items	3,592,013	-	3,592,013	1,063,876	1,223,463	2,287,339

8. Financial assets measured at fair value through profit or loss

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Financial assets held for trading		
Government and state enterprises securities	9,437,915	5,715,438
Securities purchased under resale agreements	17,053,570	31,092,764
Total financial assets measured at fair value through profit or loss	26,491,485	36,808,202

As at 31 December 2023 and 2022, the Bank has securities purchased under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Commercial banks	17,049,000	31,092,000

Fair value of securities received as collateral is as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Commercial banks	17,223,466	31,447,761

9. Derivative assets/liabilities

As at 31 December 2023 and 2022, fair value and notional amount, classified by types of risks, are as follows:

(Unit: Thousand Baht)					
31 December 2023					
Type of risks	Fair value		Notional amount		
	Assets	Liabilities	Up to 1 year	Over 1 year	Total
Foreign exchange forward and currency swap contracts	24,858,775	23,904,783	1,323,934,914	136,399,381	1,460,334,295
Interest rate forward and interest rate swap contracts	6,031,002	6,054,304	1,177,917,301	859,982,990	2,037,900,291
Add: Provision against derivative products	-	79,131	-	-	-
Total	30,889,777	30,038,218	2,501,852,215	996,382,371	3,498,234,586

(Unit: Thousand Baht)					
31 December 2022					
Type of risks	Fair value		Notional amount		
	Assets	Liabilities	Up to 1 year	Over 1 year	Total
Foreign exchange forward and currency swap contracts	22,122,010	21,133,676	960,268,335	113,505,111	1,073,773,446
Interest rate forward and interest rate swap contracts	3,411,948	3,393,961	384,429,163	374,493,499	758,922,662
Add: Provision against derivative products	-	100,124	-	-	-
Total	25,533,958	24,627,761	1,344,697,498	487,998,610	1,832,696,108

The Bank provides services as a party to enter into contracts with customers using off-balance sheet financial instruments to meet the financing needs of its customers and to reduce its own risk exposures from entering into forward transactions in interest rates and foreign exchange rates. These financial instruments include foreign exchange forward and other derivative contracts.

The “notional amount” is a measure of volume, which is used for examining changes in derivative activities over time. The notional amount is the face value of the contract. Unlike financial instruments recognised on the statement of financial position, 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 2023 and 2022, proportions of the notional amount of derivative transactions, classified by types of counterparties, are as follows:

Counterparties	(Unit: Percentage)	
	31 December 2023	31 December 2022
Financial institutions	92	92
Third parties	8	8
Total	100	100

10. Investments

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
	Fair value	Fair value
Investments in debt securities measured at fair value through other comprehensive income		
Government and state enterprises securities	24,846,465	21,168,854
Allowance for expected credit loss	8,076	5,657

11. Loans to customers and accrued interest receivables

11.1 Classified by loan types

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Overdrafts	1,897,103	1,310,354
Loans	10,810,490	13,526,166
Loans to customers	12,707,593	14,836,520
Add: Accrued interest receivables	27,493	26,340
Loans to customers and accrued interest receivables	12,735,086	14,862,860
Less: Allowance for expected credit loss	(57,963)	(113,652)
Loans to customers and accrued interest receivables - net	12,677,123	14,749,208

11.2 Classified by currencies and residence of debtors

	(Unit: Thousand Baht)					
	31 December 2023			31 December 2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	11,340,183	-	11,340,183	14,053,143	-	14,053,143
US Dollars	1,367,410	-	1,367,410	783,377	-	783,377
Total loans to customers	12,707,593	-	12,707,593	14,836,520	-	14,836,520

11.3 Classified by loan classification

	(Unit: Thousand Baht)	
	31 December 2023	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	11,710,667	1,666
Financial assets with significant increase in credit risk (Under-Performing)	1,024,419	412
Financial assets that are credit-impaired (Non-Performing)	-	-
Excess allowance	-	55,885
Total	12,735,086	57,963

	(Unit: Thousand Baht)	
	31 December 2022	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	13,970,623	1,425
Financial assets with significant increase in credit risk (Under-Performing)	892,237	264
Financial assets that are credit-impaired (Non-Performing)	-	-
Excess allowance	-	111,963
Total	14,862,860	113,652

Due to the first-time adoption of TFRS 9, on 1 January 2020 the Bank had an excess allowance of Baht 280 million, which was the difference between the allowance for doubtful accounts determined based on former accounting policy and the allowance for expected credit loss determined under TFRS 9. The Bank notified the BoT in its letter dated 4 December 2019 that the Bank planned to reduce such excess allowance on a straight-line basis over the 5-year period, which was in line with the BoT's regulation. During the year ended 31 December 2023, the Bank reduced the excess allowance by Baht 56 million and recognised it in profit or loss. Therefore, as at 31 December 2023, the remaining outstanding balance of the excess allowance was Baht 56 million.

11.4 Non-performing loans

As at 31 December 2023 and 2022, the Bank has non-performing loans ("NPLs Gross") on accrual basis (including loans to financial institutions which are classified as interbank and money market items) based on the BoT's notification as follows:

	31 December 2023	31 December 2022
NPLs, gross (<i>Thousand Baht</i>)	-	-
Total loans used for NPLs ratio calculation (<i>Thousand Baht</i>)	15,707,593	16,554,559
Percentage to total loans	-	-

11.5 Allowance for expected credit loss

(Unit: Thousand Baht)

	For the year ended 31 December 2023				Total
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	The impact due to the adoption of TFRS related to financial instruments - Excess allowance	
Interbank and money market items (assets)					
Beginning balance	96	-	-	-	96
New financial assets purchased or acquired	6	-	-	-	6
Repayment	(96)	-	-	-	(96)
Ending balance	6	-	-	-	6
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	5,657	-	-	-	5,657
Changes from revaluation of allowance for credit loss	(262)	-	-	-	(262)
New financial assets purchased or acquired	7,992	-	-	-	7,992
Repayment	(5,311)	-	-	-	(5,311)
Ending balance	8,076	-	-	-	8,076
Loans to customers and accrued interest receivables					
Beginning balance	1,425	264	-	111,963	113,652
Changes from transfers among stages	20	(20)	-	-	-
Changes from revaluation of allowance for credit loss	565	117	-	-	682
New financial assets purchased or acquired	954	295	-	-	1,249
Repayment	(1,298)	(244)	-	-	(1,542)
Amortisation of allowance for expected credit loss	-	-	-	(56,078)	(56,078)
Ending balance	1,666	412	-	55,885	57,963

(Unit: Thousand Baht)

For the year ended 31 December 2022

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	The impact due to the adoption of TFRS related to financial instruments - Excess allowance	Total
Interbank and money market items (assets)					
Beginning balance	110	-	-	-	110
New financial assets purchased or acquired	96	-	-	-	96
Repayment	(110)	-	-	-	(110)
Ending balance	96	-	-	-	96
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	6,839	-	-	-	6,839
Changes from revaluation of allowance for credit loss	(119)	-	-	-	(119)
New financial assets purchased or acquired	5,481	-	-	-	5,481
Repayment	(6,544)	-	-	-	(6,544)
Ending balance	5,657	-	-	-	5,657
Loans to customers and accrued interest receivables					
Beginning balance	2,795	-	54,752	168,039	225,586
Changes from transfers among stages	(14)	14	-	-	-
Changes from revaluation of allowance for credit loss	(72)	6	-	-	(66)
New financial assets purchased or acquired	1,366	244	-	-	1,610
Repayment	(2,650)	-	-	-	(2,650)
Bad debt written-off	-	-	(54,752)	-	(54,752)
Amortisation of allowance for expected credit loss	-	-	-	(56,076)	(56,076)
Ending balance	1,425	264	-	111,963	113,652

12. Leasehold improvement and equipment

(Unit: Thousand Baht)

	Leasehold improvement	Furniture, fixtures and equipment	Total
Cost			
1 January 2022	153,523	169,537	323,060
Acquisitions	12,904	11,428	24,332
Disposals and write-off	-	(552)	(552)
31 December 2022	166,427	180,413	346,840
Acquisitions	2,357	4,036	6,393
Disposals and write-off	-	(10,109)	(10,109)
31 December 2023	168,784	174,340	343,124
Accumulated depreciation			
1 January 2022	133,027	149,809	282,836
Depreciation charged for the year	7,200	7,034	14,234
Disposals and write-off	-	(552)	(552)
31 December 2022	140,227	156,291	296,518
Depreciation charged for the year	8,202	6,597	14,799
Disposals and write-off	-	(9,632)	(9,632)
31 December 2023	148,429	153,256	301,685
Net book value			
31 December 2022	26,200	24,122	50,322
31 December 2023	20,355	21,084	41,439
Depreciation for the years ended 31 December			
2022			14,234
2023			14,799

As at 31 December 2023 and 2022, certain leasehold improvement and equipment are fully depreciated but are still in use. The original costs, before deducting depreciation, of these assets amount to Baht 262 million and Baht 259 million, respectively.

13. Right-of-use assets

	(Unit: Thousand Baht)
	Building and building improvement
Cost	
1 January 2022	83,429
Additions	5,436
Contract termination	(8,700)
31 December 2022	80,165
Additions	46,950
31 December 2023	127,115
Accumulated depreciation	
1 January 2022	53,290
Depreciation charged during the year	17,104
Contract termination	(8,700)
31 December 2022	61,694
Depreciation charged during the year	16,268
31 December 2023	77,962
Net book value	
31 December 2022	18,471
31 December 2023	49,153

14. Deferred tax assets/liabilities and income tax expenses

14.1 Deferred tax assets/liabilities

Deferred tax assets/liabilities as at 31 December 2023 and 2022 consist of the following components.

	(Unit: Thousand Baht)			
			Changes in deferred tax assets/liabilities for the years	
	31 December 2023	31 December 2022	ended 31 December	
	2023	2022	2023	2022
Deferred tax assets				
Leasehold improvement and equipment, and right-of-use assets	380	99	281	(5,872)
Loans to customers and accrued interest receivables	1,026	1,026	-	-
Investments	28,024	-	28,024	-
Accrued interest payables	195,435	176,767	18,668	17,689
Provisions against derivative products	15,826	20,025	(4,199)	7,937
Employee benefit obligations	17,072	16,915	157	(1,943)
Tax loss carried forward	-	7,007	(7,007)	(35,177)
Other liabilities	5,056	3,491	1,565	805
Total	262,819	225,330		
Deferred tax liabilities				
Investments	-	5,358	5,358	13,843
Total	-	5,358		
Net	262,819	219,972	42,847	(2,718)
Recognised as income tax (expenses) revenues:				
Recognised in profit or loss			6,829	(12,304)
Recognised in other comprehensive income			36,018	9,586
Total			42,847	(2,718)

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2023 and 2022 are summarised as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Current income tax		
Current income tax charge for the year	130,250	-
Deferred income tax		
Income tax relating to origination and reversal of temporary differences	(6,829)	12,304
Income tax expenses reported in profit or loss	<u>123,421</u>	<u>12,304</u>

A reconciliation between income tax expenses and the product of accounting profits for the years ended 31 December 2023 and 2022 multiplied by the applicable tax rate is as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Accounting profit (loss) before income tax expenses	615,795	(55,368)
Applicable tax rate	20%	20%
Accounting profit (loss) before income tax expenses multiplied by applicable tax rate	123,159	(11,073)
Tax effect of tax-exempted revenues and non-deductible expenses and other adjustments	262	23,377
Income tax expenses reported in profit or loss	<u>123,421</u>	<u>12,304</u>
Weighted average tax rate (percent)	20.04	(22.22)

14.3 The amount of income tax recognised in other comprehensive income for the years ended 31 December 2023 and 2022 is summarised below:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Deferred income tax relating to:		
Loss on valuation of investments in debt securities measured at fair value through other comprehensive income	36,399	11,494
Actuarial gain	(381)	(1,908)
Total	<u>36,018</u>	<u>9,586</u>

15. Other assets

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Accrued interest receivables	219,843	52,993
Withholding tax receivables	50,287	50,204
Others	136,936	208,781
Total	407,066	311,978

16. Deposits

16.1 Classified by types of deposits

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Current accounts	19,561,772	18,250,373
Savings accounts	17,690,844	16,685,262
Terms		
- Less than 6 months	6,363,581	15,746,193
- 6 months but less than 1 year	1,329,496	1,287,015
Total deposits	44,945,693	51,968,843

16.2 Classified by currencies and residence of depositors

	(Unit: Thousand Baht)					
	31 December 2023			31 December 2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	32,182,116	68,770	32,250,886	33,153,093	85,266	33,238,359
US Dollars	7,167,359	356,103	7,523,462	15,100,896	272,351	15,373,247
Others	3,839,476	1,331,869	5,171,345	2,071,173	1,286,064	3,357,237
Total deposits	43,188,951	1,756,742	44,945,693	50,325,162	1,643,681	51,968,843

17. Interbank and money market items (liabilities)

	(Unit: Thousand Baht)					
	31 December 2023			31 December 2022		
	On demand	Term	Total	On demand	Term	Total
Domestic						
Bank of Thailand	-	-	-	-	-	-
Other financial institutions	116,508	1,000,000	1,116,508	77,743	1,000,000	1,077,743
Total domestic items	116,508	1,000,000	1,116,508	77,743	1,000,000	1,077,743
Foreign						
Baht	36,439	-	36,439	35,133	-	35,133
Others	47,825	-	47,825	-	-	-
Total foreign items	84,264	-	84,264	35,133	-	35,133
Total domestic and foreign items	200,772	1,000,000	1,200,772	112,876	1,000,000	1,112,876

18. Financial liabilities measured at fair value through profit or loss

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Financial assets held for trading		
Provision for returning securities	678,982	289,131
Total financial liabilities measured at fair value through profit or loss	<u>678,982</u>	<u>289,131</u>

19. Lease liabilities

The Bank has entered into lease agreements to lease buildings and building improvements for the Bank's operations, whereby the terms of the agreements are 3 years.

The maturity analysis of lease liabilities of the Bank is presented below:

	(Unit: Thousand Baht)		
	31 December 2023		
	Not over 1 year	Over 1 - 3 years	Total
Undiscounted lease payments	18,350	32,645	50,995
Less: Deferred interest expenses	(1,032)	(783)	(1,815)
Total	<u>17,318</u>	<u>31,862</u>	<u>49,180</u>

	(Unit: Thousand Baht)		
	31 December 2022		
	Not over 1 year	Over 1 - 3 years	Total
Undiscounted lease payments	16,751	2,308	19,059
Less: Deferred interest expenses	(182)	(17)	(199)
Total	<u>16,569</u>	<u>2,291</u>	<u>18,860</u>

The Bank has total cash outflow for leases during the years ended 31 December 2023 and 2022 of Baht 16.8 million and Baht 17.7 million, respectively, and has expenses related to lease agreements recognised in the statements of comprehensive income for the years ended 31 December 2023 and 2022 of Baht 16.5 million and Baht 17.6 million, respectively.

20. Provisions

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Provisions for long-term employee benefits	85,357	84,572
Provisions - others:		
Allowance for expected credit loss on loan commitments and financial guarantee contracts	729	4,810
Provisions for restoration cost	7,784	7,784
Total provisions	<u>93,870</u>	<u>97,166</u>

20.1 Provisions for long-term employee benefits

Changes in provisions for long-term employee benefits are summarised as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Provisions for defined post-employment benefits		
at beginning of the year	76,869	83,251
Recognised in profit or loss		
Current service cost	7,829	8,108
Interest cost	1,848	1,080
Recognised in other comprehensive income		
Actuarial gain arising from		
Financial assumption changes	(1,905)	(6,982)
Experience adjustments	-	(2,559)
Employee benefits paid during the year	(7,457)	(6,029)
Provisions for defined post-employment benefits		
at end of the year	77,184	76,869
Other provisions for long-term benefits	8,173	7,703
Total provisions for long-term employee benefits	<u>85,357</u>	<u>84,572</u>

Long-term employee benefit expenses included in profit or loss for the years ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Current service cost	8,336	8,627
Interest cost	2,038	1,155
Actuarial (gain) loss on other long-term employee benefits	(39)	2,315
Total	<u>10,335</u>	<u>12,097</u>

As at 31 December 2023, the Bank expects to pay long-term employee benefits during the next year of Baht 12 million (2022: Baht 7 million).

As at 31 December 2023, the weighted average duration of the liabilities of the long-term employee benefits is 7 years (2022: 7 years).

Principal assumptions used in determining provisions for long-term employee benefits can be summarised as follows:

	(Unit: Percentage per year)	
	31 December 2023	31 December 2022
Future salary incremental rates (depending on age)	3 - 8%	3 - 8%
Turnover rates (depending on age)	0 - 20%	0 - 20%
Average discount rate	2.85%	2.49%

Sensitivity analysis for principal assumptions affecting provisions for long-term employee benefits as at 31 December 2023 and 2022 is summarised below:

Key assumptions	(Unit: Thousand Baht)	
	Increase (decrease) in provisions for long-term employee benefits	
	31 December 2023	31 December 2022
Salary incremental rates increased by 0.50%	2,847	2,829
Salary incremental rates decreased by 0.50%	(2,814)	(2,796)
Average discount rates increased by 0.50%	(2,814)	(2,794)
Average discount rates decreased by 0.50%	2,914	2,893

20.2 As 31 December 2023 and 2022, allowance for expected credit loss on loan commitments and financial guarantee contracts can be classified by loan classification as follows:

	(Unit: Thousand Baht)	
	31 December 2023	
	Loan commitments and financial guarantee contracts	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	14,982,161	400
Financial assets with significant increase in credit risk (Under-Performing)	1,441,691	329
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	<u>16,423,852</u>	<u>729</u>

	(Unit: Thousand Baht)	
	31 December 2022	
	Loan commitments and financial guarantee contracts	Allowance for expected credit loss
Financial assets with significant increase in credit risk (Performing)	22,093,311	4,463
Financial assets with no significant increase in credit risk (Under-Performing)	552,960	347
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	<u>22,646,271</u>	<u>4,810</u>

Changes in allowance for expected credit loss on loan commitments and financial guarantee contracts are as follows:

(Unit: Thousand Baht)

	31 December 2023			
	Financial assets	Financial assets	Financial assets	Total
	with no significant	with significant	that are	
	increase in	increase in	credit-impaired	
credit risk	credit risk	credit-impaired		
Beginning balance	4,463	347	-	4,810
Changes from transfers among stages	15	(15)	-	-
Changes from revaluation of allowance for expected credit loss	(444)	97	-	(347)
Newly issued loan commitments and financial guarantees	148	79	-	227
Derecognition	(3,782)	(179)	-	(3,961)
Ending balance	400	329	-	729

(Unit: Thousand Baht)

	31 December 2022			
	Financial assets	Financial assets	Financial assets	Total
	with no significant	with significant	that are	
	increase in	increase in	credit-impaired	
credit risk	credit risk	credit-impaired		
Beginning balance	2,609	465	-	3,074
Changes from transfers among stages	20	(20)	-	-
Changes from revaluation of allowance for expected credit loss	1,275	3	-	1,278
Newly issued loan commitments and financial guarantees	700	112	-	812
Derecognition	(141)	(213)	-	(354)
Ending balance	4,463	347	-	4,810

21. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Accrued interest payables	1,010,444	908,775
Suspense creditors	41,805	19,601
Accrued employee expenses	72,996	56,866
Accrued Deposit Protection Agency and Bank of Thailand fees	72,701	36,773
Corporate income tax payables	42,073	-
Other tax payables	13,057	8,372
Others	27,640	25,322
Total	<u>1,280,716</u>	<u>1,055,709</u>

22. Capital funds and liquidity reserve

The Bank maintains capital funds in accordance with Section 32 of the Financial Institution Business Act, B.E. 2551, whereby capital funds are to be maintained at a percentage of risk-weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BoT. As at 31 December 2023 and 2022, these can be summarised as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Thai government bonds	4,127,208	5,596,456
Bank of Thailand bonds	13,856,434	12,396,361
Total	<u>17,983,642</u>	<u>17,992,817</u>

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Sum of net capital funds for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net funds for maintenance of assets under Section 32	17,800,000	17,800,000
Net balance of inter-office accounts which the branch is the debtor (creditor) of the head office and other branches under the same entity, the parent and subsidiaries of the head office	2,071,002	3,494,919
Total	<u>19,871,002</u>	<u>21,294,919</u>

Capital funds (Thousand Baht)	17,800,000	17,800,000
Capital Adequacy Ratio (%)	28.50	25.92
Capital Adequacy Ratio (%) per BoT's notification	11.00	11.00

According to the BoT's notification no. For Kor Kor. (12) Wor. 1030/2562 dated 10 July 2019, the Bank is required to disclose its capital funds and capital adequacy ratio after deducting the capital add-ons arising from the Single Lending Limit.

As at 31 December 2023 and 2022, the Bank has no add-ons arising from the Single Lending Limit.

As at 31 December 2023 and 2022, the Bank has applied the calculation for credit risk capital and market risk capital under "the Standardised Approach (SA)" and operational risk capital under "Basic Indicator Approach (BIA)" in accordance with the BoT's notification.

In accordance with the BoT's Notifications No. Sor Nor Sor. 4/2556 dated 2 May 2013 and No. Sor Nor Sor. 14/2562 dated 4 July 2019 regarding "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank will disclose its capital maintenance information as at 31 December 2023 via its website at www.db.com/thailand within 4 months after year-end date.

Capital management

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain credit ratings.

23. Other components of head office and other branches under the same entity

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Revaluation deficit on investments measured at fair value through other comprehensive income		
Debt securities	(239,834)	(57,841)
Total	(239,834)	(57,841)
Add: Income tax	47,967	11,568
Other components of head office and other branches under the same entity - net of income tax	(191,867)	(46,273)

24. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Interbank and money market items	181,143	67,892
Investments and trading transactions	1,052,384	393,292
Loans to customers	361,055	292,654
Total interest income	1,594,582	753,838

25. Interest expenses

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Deposits	274,751	44,177
Interbank and money market items	822,164	390,988
Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund	143,741	77,190
Others	184	522
Total interest expenses	<u>1,240,840</u>	<u>512,877</u>

26. Net fees and service income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Fees and service income		
- Acceptances and guarantees	55,224	86,056
- Transaction fees	63,953	65,914
- Custody fees	32,177	29,552
- Others	77,801	141,826
Total fees and service income	<u>229,155</u>	<u>323,348</u>
Fees and service expenses		
- Transfer fees between financial institutions	18,130	26,418
- Others	72,075	132,485
Total fees and service expenses	<u>90,205</u>	<u>158,903</u>
Net fees and service income	<u>138,950</u>	<u>164,445</u>

27. Net gain on financial instruments measured at fair value through profit or loss

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Foreign currencies and foreign currency-related derivatives	1,108,287	482,925
Interest rate-related derivatives	222,439	252,092
Debt securities	2,066	11,155
Total	<u>1,332,792</u>	<u>746,172</u>

28. Net gain (loss) on investments

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Gain (loss) from derecognition of investments in debt securities measured at fair value through other comprehensive income	82,732	(4,801)
Net gain (loss) on investments	82,732	(4,801)

29. Expected credit loss (reversal)

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Interbank and money market items	(90)	(14)
Investments in debt securities measured at fair value through other comprehensive income	2,419	(1,182)
Loans to customers	389	(1,106)
Amortised amount of the impact from the adoption of TFRS 9 of loans to customers	(56,078)	(56,076)
Loan commitments and financial guarantee contracts	(4,081)	1,736
Total expected credit loss (reversal)	(57,441)	(56,642)

30. Commitments and contingent liabilities

30.1 Contingent liabilities

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Guarantees of loans	15,533,805	20,398,718
Letters of credit	54,203	1,254,203
Unmatured import bills	-	826
Other commitments		
- Undrawn overdraft amount	6,552,571	7,254,708
- Committed line	835,844	992,524
Total commitments	22,976,423	29,900,979

30.2 Commitments under lease and service agreements

As at 31 December 2023 and 2022, the Bank has commitments under lease and service agreements for which the terms range from 1 - 5 years, which are not recognised as right-of-use assets. Under the terms of the above lease and service agreements, the Bank has future minimum payment required under the agreements as follows:

	(Unit: Thousand Baht)	
Payment within	31 December 2023	31 December 2022
Not over 1 year	17,998	16,498
Over 1 year to 5 years	36,100	3,282
	54,098	19,780

30.3 Other commitments

As at 31 December 2023 and 2022, the Bank has other commitments under "Business Continuity Facility" service agreement and "Facility Management Solution" service agreement. The Bank has future minimum payment required under the agreements as follows:

	(Unit: Thousand Baht)	
Payment within	31 December 2023	31 December 2022
Not over 1 year	3,627	3,180
Over 1 year to 5 years	294	2,063
	3,921	5,243

31. Provident funds

The Bank and its employees have established contributory provident funds. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 15% of their basic salaries, and by the Bank at 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.

32. Related party transactions

32.1 Related parties

For the purpose of the preparation of these financial statements, related parties are individuals or enterprises that control, or are controlled by, the Bank, whether directly or indirectly, or that are significantly influenced by the Bank in making financial and operating decisions, or vice versa, or that are subject to common control or have significant influences in common with the Bank.

Relationships with key management, related persons and parties are as follows:

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Various nationalities	Persons having authority and responsibility for planning, directing, and controlling the activities of the Bank, directly or indirectly, consisting of: <ul style="list-style-type: none"> - Chief Country Officer and General Manager - Country Chief Operating Officer - Head of Finance - Head of Global Transaction Banking Thailand and Head of Corporate Cash Management - Head of Global Markets - Head of Compliance/Anti-Financial Crime - Thailand Chief Operating Office - Head of Human Resources - Country Treasurer of Thailand
<i>Head Office and Other Branches</i>		
Deutsche Bank AG, Frankfurt Branch	Germany	Head Office
Deutsche Bank AG, Asia Pacific Head Office	Singapore	Asia Pacific Head Office
Deutsche Bank AG, Wien Branch	Austria	Other Branch
Deutsche Bank AG, Brüssel Branch	Belgium	Other Branch
Deutsche Bank AG, Cayman Islands Branch	Cayman Islands	Other Branch
Deutsche Bank AG, Paris Branch	France	Other Branch
Deutsche Bank AG, Hong Kong Branch	Hong Kong	Other Branch
Deutsche Bank AG, Bangalore Branch	India	Other Branch
Deutsche Bank AG, Mumbai Branch	India	Other Branch
Deutsche Bank AG, Jakarta Branch	Indonesia	Other Branch
Deutsche Bank AG, Tokyo Branch	Japan	Other Branch
Deutsche Bank AG, Amsterdam Branch	Netherlands	Other Branch
Deutsche Bank AG, Karachi Branch	Pakistan	Other Branch
Deutsche Bank AG, Lahore Branch	Pakistan	Other Branch
Deutsche Bank AG, Manila Branch	Philippines	Other Branch

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationship
Deutsche Bank AG, Taipei Branch	Taiwan	Other Branch
Deutsche Bank AG, Singapore Branch	Singapore	Other Branch
Deutsche Bank AG, Seoul Branch	South Korea	Other Branch
Deutsche Bank AG, Madrid Branch	Spain	Other Branch
Deutsche Bank AG, Colombo Branch	Sri Lanka	Other Branch
Deutsche Bank AG, Stockholm Branch	Sweden	Other Branch
Deutsche Bank AG, Zürich Branch	Switzerland	Other Branch
Deutsche Bank AG, Dubai Branch	United Arab Emirates	Other Branch
Deutsche Bank AG, London Branch	United Kingdom	Other Branch
Deutsche Bank AG, New York Branch	United States	Other Branch
Deutsche Bank AG, Ho Chi Minh Branch	Vietnam	Other Branch
Other Group entities		
Deutsche Group Services Pty Limited	Australia	Other Group entity
Deutsche Bank S.A. - Banco Alemão	Brazil	Other Group entity
Deutsche Bank (China) Co., Ltd., Beijing Branch	China	Other Group entity
Deutsche Bank (China) Co., Ltd., Shanghai Branch	China	Other Group entity
BHW Bauspar AG FFM (B902)	Germany	Other Group entity
Deutsche Securities Asia Limited	Hong Kong	Other Group entity
DBOI Global Services Private Limited	India	Other Group entity
DBOI Global Services Private Limited, Bangalore Branch	India	Other Group entity
Deutsche Centre Private Limited	India	Other Group entity
DBOI Global Services Private Limited, Jaipur Branch	India	Other Group entity
DBOI Global Services Private Limited, Pune Branch	India	Other Group entity
Deutsche Investor Services Private Limited	India	Other Group entity
Deutsche Equities India Private Limited	India	Other Group entity
DB Service Centre Limited	Ireland	Other Group entity
Deutsche Bank Società per Azioni	Italy	Other Group entity
Deutsche Securities Inc.	Japan	Other Group entity
Deutsche Bank (Malaysia) Berhad	Malaysia	Other Group entity
Deutsche Bank Nederland N.V.	Netherlands	Other Group entity
Deutsche Knowledge Services Pte. Ltd., Manila Branch	Philippines	Other Group entity

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationship
Deutsche Bank Polska S.A.	Poland	Other Group entity
DB Global Technology SRL	Romania	Other Group entity
Deutsche Bank OOO	Russia	Other Group entity
Deutsche Bank TechCentre OOO	Russia	Other Group entity
Deutsche Securities Korea Co.	South Korea	Other Group entity
Deutsche Bank, Sociedad Anónima Española	Spain	Other Group entity
Deutsche Bank (Suisse) SA	Switzerland	Other Group entity
Deutsche Bank A.S. Turkey	Turkey	Other Group entity
DB Group Services (EURO)	United Kingdom	Other Group entity
DBOI Global Services (UK) Limited	United Kingdom	Other Group entity
Deutsche Bank National Trust Company	United States	Other Group entity
Deutsche Bank Securities Inc.	United States	Other Group entity
Deutsche Bank Trust Company Americas	United States	Other Group entity
DB USA Core Corporation	United States	Other Group entity

The pricing policies for particular types of transactions are described below:

Transactions	Pricing policies
Interest income	Market rate
Interest expenses	Market rate
Fees and service income	Contractual agreed price
Fees and service expenses	Contractual agreed price
Derivatives trading	Market rate
Other operating income from head office	Contractual agreed price
Employee expenses	Contractual agreed price
Expenses allocated	Contractual agreed price
Other expenses	Contractual agreed price

Significant transactions for the years ended 31 December 2023 and 2022 with key management personnel, individuals or related parties are summarised as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
<i>Head Office and Other Branches</i>		
Interest income	70,965	20,824
Interest expenses	584,893	228,982
Fees and service income	41,012	38,366
Fees and service expenses	920	36,562
Other operating income from head office	162,479	114,048
Employee expenses	324	7
Expenses allocated from head office	849,304	681,296
Other expenses	47,113	98,696
<i>Other Group entities</i>		
Fees and service income	2,667	2,730
Fees and service expenses	-	25,882
Other operating income	7,576	1,776
Expenses allocated	59,953	70,324

Significant balances as at 31 December 2023 and 2022 with related parties are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Deposits		
Thai Asset Enforcement and Recovery Asset Management Company Limited	2,592	3,653
Net funds brought into Thailand for maintaining assets under the Act		
Deutsche Bank AG, Frankfurt Branch	17,800,000	17,800,000
Net balance of inter-office accounts with head office and other branches under the same entity		
Loans		
Deutsche Bank AG, Singapore Branch	(486,359)	-
Deutsche Bank AG, Frankfurt Branch	(1,026,699)	(7,503,684)
Accrued interest receivables		
Deutsche Bank AG, Singapore Branch	(680)	-
Deutsche Bank AG, Frankfurt Branch	(2,199)	(15,688)
Debts issued and borrowings		
Deutsche Bank AG, Singapore Branch	-	5,524,103
Deutsche Bank AG, Frankfurt Branch	3,803,335	4,373,983
Accrued interest payables		
Deutsche Bank AG, Singapore Branch	-	2,891
Deutsche Bank AG, Frankfurt Branch	76,032	48,432
Interbranch accounts	(292,428)	1,064,882
Total	2,071,002	3,494,919
Derivatives - Foreign currency related (notional amount)		
Head office and other branches	230,865,305	158,493,932
Derivatives - Interest rate related (notional amount)		
Head office and other branches	1,434,693,148	272,680,926

As at 31 December 2023, debts issued and borrowings from related parties have maturity during 11 January 2024 - 31 December 2024 and carry interest at rates of 2.66% - 4.42% per annum (2022: maturity during 4 January 2023 - 15 January 2024 and carry interest at rates of 0.13% - 4.40% per annum). Interest will be paid at the maturity dates and the principal amounts might be rolled over.

32.2 Remunerations to directors and senior management

The Bank did not provide additional benefits to the directors and management other than the benefits normally provided such as salaries, bonuses, post-employment benefits and share-based payments, as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	92,483	90,484
Post-employment benefits	26,996	24,510
Share-based payments	7,253	11,723
Total	126,732	126,717

33. Segment information

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

34. Risk management

Financial risk management policies

The Bank uses a comprehensive range of quantitative tools for monitoring and managing its major risks. Some of these tools are applicable 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). In addition, these quantitative tools can measure aggregate risk using statistical techniques, and capture exposure to risks from movements in market prices through scenario analysis.

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

34.1 Credit risk

Credit risk arises from all transactions in which there are actual, contingent or potential claims against any counterparty, borrower or obligor (collectively referred to as “counterparties”). These transactions are typically part of traditional non-traded lending activities (such as loans to customers and contingent liabilities), or direct trading activities with clients (such as over-the-counter derivatives, foreign exchange forwards and forward interest 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 follows:

- Default risk is the risk that counterparties fail to meet contractual payment obligations.
- Country risk is the risk of incurring 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, foreign 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.

Credit risk can be measured and managed as follows:

- The key principle of credit risk management is client due diligence, which is aligned with investments strategies of the Bank. Prudent client selection is achieved in collaboration with business line counterparts as a first line of defense. The standards applied in credit decision processes are consistent across the Group.
- The Bank actively aims to prevent undue concentration and long tail-risks (large unexpected loss) by ensuring a diversified and marketable credit portfolio, effectively protecting the Bank’s capital in all market conditions. Client, industry, country and product-specific concentrations are actively assessed and managed against the Bank’s risk appetite.
- The Bank 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 collateralisation of existing portfolios where feasible.

- The Bank 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 business where the margin allows for adequate loss coverage.
- The Bank aims to secure its derivatives portfolio through collateral agreements if it considers necessary 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 Bank assigns credit approval authorities to individuals according to their qualifications, experience and training, and the Bank reviews these periodically.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure to credit risk is shown gross before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their carrying value.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees are called upon.

For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2023 and 2022, the exposures to credit risk are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Interbank and money market items (asset)	3,592,019	2,287,435
Investments	24,846,465	21,168,854
Loans to customers and accrued interest receivables	12,735,086	14,862,860
Trade securities receivables	1,704,806	230,257
Collateral receivables under the Credit Support Annex agreements	-	8,250
Other assets - accrued interest receivables	219,843	52,993
Total financial assets	43,098,219	38,610,649
Loan commitments - undrawn committed lines	835,844	992,524
Financial guarantees (loans, letters of credit, unmatured import bills)	15,588,008	21,653,747
Total	16,423,852	22,646,271
Total credit risk exposures	59,522,071	61,256,920

Collateral and any arrangements to increase creditability

The Bank has held collateral and any arrangements to increase creditability of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets are as follows:

	(Unit: Thousand Baht)		
	Exposure to credit risk with collateral		
	31 December 2023	31 December 2022	Type of collateral
Loans to customers and accrued interest receivables	145,645	-	Standby letters of credit

Credit quality analysis

The table below shows the credit quality of significant financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amounts (before allowance for expected credit loss). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

(Unit: Thousand Baht)

31 December 2023

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Total
Interbank and money market items (assets)				
Investment grade	591,200	-	-	591,200
Not overdue	3,000,819	-	-	3,000,819
Total	3,592,019	-	-	3,592,019
Less: Allowance for expected credit loss	(6)	-	-	(6)
Net book value	3,592,013	-	-	3,592,013
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	24,846,465	-	-	24,846,465
Total	24,846,465	-	-	24,846,465
Allowance for expected credit loss	8,076	-	-	8,076
Loans to customers and accrued interest receivables				
Not overdue	11,710,667	1,024,419	-	12,735,086
Total	11,710,667	1,024,419	-	12,735,086
Less: Allowance for expected credit loss	(1,666)	(412)	-	(2,078)
Net book value	11,709,001	1,024,007	-	12,733,008
Less: Excess allowance				(55,885)
Net book value				12,677,123
Loan commitments				
Not overdue	745,476	90,368	-	835,844
Total	745,476	90,368	-	835,844
Allowance for expected credit loss	11	32	-	43
Financial guarantee contracts				
Not overdue	14,236,685	1,351,323	-	15,588,008
Total	14,236,685	1,351,323	-	15,588,008
Allowance for expected credit loss	389	297	-	686

(Unit: Thousand Baht)

31 December 2022

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Total
Interbank and money market items (assets)				
Investment grade	569,396	-	-	569,396
Not overdue	1,718,039	-	-	1,718,039
Total	2,287,435	-	-	2,287,435
Less: Allowance for expected credit loss	(96)	-	-	(96)
Net book value	2,287,339	-	-	2,287,339
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	21,168,854	-	-	21,168,854
Total	21,168,854	-	-	21,168,854
Allowance for expected credit loss	5,657	-	-	5,657
Loans to customers and accrued interest receivables				
Not overdue	13,970,623	892,237	-	14,862,860
Total	13,970,623	892,237	-	14,862,860
Less: Allowance for expected credit loss	(1,425)	(264)	-	(1,689)
Net book value	13,969,198	891,973	-	14,861,171
Less: Excess allowance				(111,963)
Net book value				14,749,208
Loan commitments				
Not overdue	925,418	67,106	-	992,524
Total	925,418	67,106	-	992,524
Allowance for expected credit loss	162	-	-	162
Financial guarantee contracts				
Not overdue	21,167,893	485,854	-	21,653,747
Total	21,167,893	485,854	-	21,653,747
Allowance for expected credit loss	4,301	347	-	4,648

34.2 Market risk

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

Risk management

Deutsche Bank Global Group entities, including the Bank, use a combination of risk sensitivity and Value at Risk (VaR) measurement, 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 an independent risk management function, is responsible for managing the market risk of the Bank, whereby limits are set appropriate to the risk appetite in terms of Value at Risk, relevant policies are set, and these are communicated to the appropriate personnel in each business division.

Most interest rate and foreign exchange risks arise from non-trading asset and liability positions and are transferred through internal hedges to the Global Markets team who manages them together with trading transactions on the basis of Value at Risk. Remaining risks that have not been transferred through these hedges, such as foreign exchange risk, are mitigated by matching with investments in the same currency.

(a) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Bank's operations. Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding funding liability. One of the major causes of these mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are actively managed by the Bank and its Head Office as part of the overall risk management process which is conducted within internal guidelines and in conjunction with market risk.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Thousand Baht)

	31 December 2023			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial assets				
Cash	-	-	16,377	16,377
Interbank and money market items	82,453	3,000,000	509,566	3,592,019
Financial assets measured at fair value				
through profit or loss	4,361,326	22,130,159	-	26,491,485
Derivative assets	-	-	30,889,777	30,889,777
Investments	15,364,254	9,482,211	-	24,846,465
Loans to customers and accrued interest				
receivables	67,043	12,081,870	586,173	12,735,086
Trading securities receivables	-	-	1,704,806	1,704,806
Other assets - accrued interest receivables	-	-	219,843	219,843
Total financial assets	19,875,076	46,694,240	33,926,542	100,495,858
Financial liabilities				
Deposits	28,674,431	7,693,077	8,578,185	44,945,693
Interbank and money market items	3,283	1,000,000	197,489	1,200,772
Liabilities payable on demand	-	-	535,613	535,613
Financial liabilities measured at fair value				
through profit or loss	-	-	678,982	678,982
Derivative liabilities	-	-	30,038,218	30,038,218
Lease liabilities	-	49,180	-	49,180
Trading securities payables	-	-	1,894,341	1,894,341
Collateral payables under the Credit Support				
Annex agreements	92,091	-	-	92,091
Other liabilities - accrued interest payables	-	-	1,010,444	1,010,444
Net balance of inter-office accounts with				
head office and other branches under				
the same entity	816,602,967	(1,513,058)	(813,018,907)	2,071,002
Total financial liabilities	845,372,772	7,229,199	(770,085,635)	82,516,336

(Unit: Thousand Baht)

	31 December 2022			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	20,665	20,665
Interbank and money market items	74,834	1,718,039	494,562	2,287,435
Financial assets measured at fair value				
through profit or loss	3,610,296	33,197,906	-	36,808,202
Derivative assets	-	-	25,533,958	25,533,958
Investments	10,203,598	10,965,256	-	21,168,854
Loans to customers and accrued interest				
receivables	739,414	13,793,944	329,502	14,862,860
Trading securities receivables	-	-	230,257	230,257
Collateral receivables under the Credit Support				
Annex agreements	8,250	-	-	8,250
Other assets - accrued interest receivables	-	-	52,993	52,993
Total financial assets	14,636,392	59,675,145	26,661,937	100,973,474
Financial liabilities				
Deposits	27,026,864	17,033,208	7,908,771	51,968,843
Interbank and money market items	202	1,000,000	112,674	1,112,876
Liabilities payable on demand	-	-	837,583	837,583
Financial liabilities measured at fair value				
through profit or loss	-	-	289,131	289,131
Derivative liabilities	-	-	24,627,761	24,627,761
Lease liabilities	-	18,860	-	18,860
Trading securities payables	-	-	154,887	154,887
Other liabilities - accrued interest payables	-	-	908,775	908,775
Net balance of inter-office accounts with				
head office and other branches under				
the same entity	770,551,389	(1,288,333)	(765,768,137)	3,494,919
Total financial liabilities	797,578,455	16,763,735	(730,928,555)	83,413,635

Details of interest rate risk based on the period to the earlier of the contractual repricing date or maturity date at 31 December 2023 and 2022 are as follows:

(Unit: Thousand Baht)

31 December 2023							Average
On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total	Total	return rate (% per annum)
Financial assets							
Interbank and money market items	-	3,000,000	-	-	-	3,000,000	2.49
Financial assets measured at							
fair value through profit or loss	4,570	17,049,000	583,428	2,387,315	2,105,846	22,130,159	2.51
Investments	-	-	3,677,356	5,405,918	398,937	9,482,211	1.92
Loans to customers and accrued							
interest receivables	2,713,643	7,229,594	1,472,570	667,063	-	12,081,870	3.93
Total financial assets	2,718,213	27,277,594	5,733,354	8,460,296	2,504,783	46,694,240	
Financial liabilities							
Deposits	-	5,850,274	1,842,803	-	-	7,693,077	3.51
Interbank and money market items	-	-	-	1,000,000	-	1,000,000	5.55
Lease liabilities	-	4,263	13,055	31,862	-	49,180	2.61
Net balance of inter-office							
accounts with head office and other branches under the same entity	-	(1,513,058)	-	-	-	(1,513,058)	5.43
Total financial liabilities	-	4,341,479	1,855,858	1,031,862	-	7,229,199	

(Unit: Thousand Baht)

31 December 2022							Average
On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total	Total	return rate (% per annum)
Financial assets							
Interbank and money market items	-	1,718,039	-	-	-	1,718,039	1.39
Financial assets measured at							
fair value through profit or loss	764	31,092,699	587,404	641,853	875,186	33,197,906	1.25
Investments	-	5,770,151	4,193,174	1,001,931	-	10,965,256	1.23
Loans to customers and accrued							
interest receivables	570,939	9,175,544	3,864,255	183,206	-	13,793,944	2.56
Total financial assets	571,703	47,756,433	8,644,833	1,826,990	875,186	59,675,145	
Financial liabilities							
Deposits	-	15,232,886	1,800,322	-	-	17,033,208	3.25
Interbank and money market items	-	-	-	1,000,000	-	1,000,000	5.55
Lease liabilities	-	4,255	12,314	2,291	-	18,860	1.70
Net balance of inter-office							
accounts with head office and other branches under the same entity	-	(2,941)	(1,285,392)	-	-	(1,288,333)	2.73
Total financial liabilities	-	15,234,200	527,244	1,002,291	-	16,763,735	

(b) Foreign exchange rate risk

Foreign exchange rate risk is the risk to the value of financial instruments caused by the fluctuation in foreign exchange rates. It is managed in conjunction with market risk.

The Bank manages foreign exchange rate risk within the limit which is approved by the Thailand Risk Committee. In addition, the Bank limits the net foreign currency position of each currency at 15% of the total funds of the Bank, and limits the net foreign currency in aggregate of every currency at 20% of total funds of the Bank. The ratio is complied with BoT's regulations.

As at 31 December 2023 and 2022, the Bank's net foreign currency assets (liabilities) are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Net foreign currency exposure - Assets (Liabilities)		
US Dollars	(558,614)	523,677
Euro	640,293	761,417
Others	(78,670)	(179,605)

34.3 Liquidity risk

Liquidity risk management is used by the Bank to enable the business to maintain sufficient liquidity and to make payment within the specified time frames.

The Bank, Thailand branch, manages its liquidity position under the BoT's rules and regulations related to liquidity reserves. The treasury function is responsible for the management of liquidity and funding risk in the same manner as the Deutsche Bank group globally as defined in the liquidity risk management 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 Asset and Liability Committee "ALCO" meetings in Thailand.

The liquidity risk management approach starts at the intraday level (operational liquidity) by managing the daily payments queue, forecasting cash flows and factoring in access to central banks. It also covers tactical liquidity risk management, taking into account access to secured and unsecured funding sources. Finally, a strategic perspective considers the maturity profile of all assets and liabilities and the Bank's instrument issuance strategy.

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

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

The BoT's Notification No.Sor Nor Sor. 2/2561, dated 25 January 2018, requires the Bank to disclose its Liquidity Coverage Ratio (LCR) on the Bank's website. The Bank has disclosed the LCR as at 30 June 2023 at www.db.com/thailand.

As at 31 December 2023 and 2022, the Bank's financial assets and liabilities are classified by remaining periods to maturity as follows:

(Unit: Thousand Baht)

	31 December 2023						Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
Financial assets							
Cash	16,377	-	-	-	-	-	16,377
Interbank and money market items	591,200	3,000,819	-	-	-	-	3,592,019
Financial assets measured at fair value through profit or loss	-	17,653,682	3,344,133	3,387,824	2,105,846	-	26,491,485
Derivative assets	30,022	14,428,559	7,988,431	6,390,273	2,052,492	-	30,889,777
Investments	-	5,125,094	11,315,197	8,007,237	398,937	-	24,846,465
Loans to customers and accrued interest receivables	883,582	7,801,589	1,479,965	672,670	-	1,897,280	12,735,086
Trading securities receivables	-	1,704,806	-	-	-	-	1,704,806
Other assets - accrued interest receivables	-	104,838	115,005	-	-	-	219,843
Total financial assets	1,521,181	49,819,387	24,242,731	18,458,004	4,557,275	1,897,280	100,495,858
Financial liabilities							
Deposits	37,252,616	5,623,974	2,069,103	-	-	-	44,945,693
Interbank and money market items	200,772	-	-	1,000,000	-	-	1,200,772
Liabilities payable on demand	535,613	-	-	-	-	-	535,613
Financial liabilities measured at fair value through profit or loss	-	678,982	-	-	-	-	678,982
Derivative liabilities ⁽¹⁾	28,523	11,324,432	9,905,868	6,517,163	2,183,101	-	29,959,087
Lease liabilities	-	4,263	13,055	31,862	-	-	49,180
Trading securities payables	-	1,894,341	-	-	-	-	1,894,341
Collateral payables under Credit Support Annex agreements	92,091	-	-	-	-	-	92,091
Other liabilities - accrued interest payables	-	24,752	3,807	981,885	-	-	1,010,444
Net balance of inter-office accounts with head office and other branches under the same entity	3,584,060	(1,513,058)	-	-	-	-	2,071,002
Total financial liabilities	41,693,675	18,037,686	11,991,833	8,530,910	2,183,101	-	82,437,205
Net liquidity gap	(40,172,494)	31,781,701	12,250,898	9,927,094	2,374,174	1,897,280	18,058,653
Loan commitments	-	1,034,354	3,620,801	4,743,581	688,604	12,889,083	22,976,423

(1) Derivative liabilities are presented at the amount before including provision against derivative products.

(Unit: Thousand Baht)

31 December 2022

	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	20,665	-	-	-	-	-	20,665
Interbank and money market items	563,876	1,723,559	-	-	-	-	2,287,435
Financial assets measured at fair value through profit or loss	-	32,963,482	2,327,681	641,853	875,186	-	36,808,202
Derivative assets	-	10,467,010	8,286,133	5,261,790	1,519,025	-	25,533,958
Investments	-	8,970,286	10,596,387	1,602,181	-	-	21,168,854
Loans to customers and accrued interest receivables	2,297,000	7,194,289	3,876,548	184,593	-	1,310,430	14,862,860
Trading securities receivables	-	230,257	-	-	-	-	230,257
Collateral receivables under Credit Support Annex agreements	8,250	-	-	-	-	-	8,250
Other assets - accrued interest receivables	-	27,359	25,634	-	-	-	52,993
Total financial assets	2,889,791	61,576,242	25,112,383	7,690,417	2,394,211	1,310,430	100,973,474
Financial liabilities							
Deposits	34,935,635	15,232,886	1,800,322	-	-	-	51,968,843
Interbank and money market items	112,876	-	-	1,000,000	-	-	1,112,876
Liabilities payable on demand	837,583	-	-	-	-	-	837,583
Financial liabilities measured at fair value through profit or loss	-	289,131	-	-	-	-	289,131
Derivative liabilities ⁽¹⁾	-	12,813,559	4,991,733	5,202,365	1,519,980	-	24,527,637
Lease liabilities	-	4,255	12,314	2,291	-	-	18,860
Trading securities payables	-	154,887	-	-	-	-	154,887
Other liabilities - accrued interest payables	-	20,050	169	888,556	-	-	908,775
Net balance of inter-office accounts with head office and other branches under the same entity	1,100,517	(2,941)	2,397,343	-	-	-	3,494,919
Total financial liabilities	36,986,611	28,511,827	9,201,881	7,093,212	1,519,980	-	83,313,511
Net liquidity gap	(34,096,820)	33,064,415	15,910,502	597,205	874,231	1,310,430	17,659,963
Loan commitments	-	4,680,446	12,984,559	2,373,506	813,983	9,048,485	29,900,979

(1) Derivative liabilities are presented at the amount before including provision against derivative products.

35. Fair value of financial assets and liabilities

As at 31 December 2023 and 2022, the Bank has financial assets and liabilities measured at fair value or measured at amortised cost for which fair value is disclosed, using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2023				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
<u>fair value</u>					
Financial assets measured at fair value					
through profit and loss	-	26,491,485	-	26,491,485	26,491,485
Derivative assets	-	30,889,777	-	30,889,777	30,889,777
Investments	-	24,486,465	-	24,486,465	24,486,465
<u>Financial liabilities measured at fair value</u>					
<u>fair value</u>					
Financial liabilities measured at fair value					
through profit and loss	-	678,982	-	678,982	678,982
Derivative liabilities	-	30,038,218	-	30,038,218	30,038,218

(Unit: Thousand Baht)

	31 December 2022				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
<u>fair value</u>					
Financial assets measured at fair value					
through profit and loss	-	36,808,202	-	36,808,202	36,808,202
Derivative assets	-	25,533,958	-	25,533,958	25,533,958
Investments	-	21,168,854	-	21,168,854	21,168,854
<u>Financial liabilities measured at fair value</u>					
<u>fair value</u>					
Financial liabilities measured at fair value					
through profit and loss	-	289,131	-	289,131	289,131
Derivative liabilities	-	24,627,761	-	24,627,761	24,627,761

In addition, the Bank has other financial assets and liabilities presented at amortised cost but are subject to disclosure at fair value, for which fair value is not materially different from the carrying value since the majority of the financial assets and liabilities have short-term maturities or carry interest at rates close to the market interest rates.

The Bank estimates the fair value of financial assets and liabilities based on the following criteria:

(a) Financial assets or liabilities with short-term maturities or financial assets bearing interest at rates comparable to market rates consist of cash, interbank and money market items (assets), trading securities receivables/payables, collateral receivables/payables under the Credit Support Annex agreements, other assets, liabilities payable on demand, and other liabilities. The fair value of such assets and liabilities are estimated at the book value presented in the statement of financial position.

(b) Loans to customers

The fair value of floating interest loans to customers with rates that change frequently without material impact on credit risk is measured at the carrying value as at the reporting date. For fixed interest loans to customers for which interest rate is expected to change within 1 year from the reporting date, the fair value is measured at the carrying value as at the reporting date. The fair value of other fixed interest loans to customers is measured by discounting future cash flows using the current interest rates of loans to customers with similar credit risk profiles.

(c) Deposits/Interbank and money market items (liabilities)

The fair value of deposits (including deposits and borrowings from financial institutions) which are payable on demand or with floating interest rate, and fixed-rate deposits and certificates of deposits with maturities within 1 year from the reporting date, is measured at the carrying value as at the reporting date. The fair value of other fixed interest deposits with maturities over 1 year, whose fair value cannot be determined, is measured at the carrying value.

(d) Financial assets measured at fair value through profit or loss/Investments

The fair value of debt securities is determined using the formula specified by the BoT and the yield rates quoted by the Thai Bond Market Association.

(e) Derivative assets/liabilities

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

- (f) Net balance of inter-office accounts with head office and other branches under the same entity

The fair value is determined based on the carrying value as stated in the statement of financial position, since the majority of balances have floating interest rates or fixed interest rates with repricing periods of less than one year or are balances of intercompany transactions that are due at call or due for payment within 1 year.

During the current year, there were no transfers within the fair value hierarchy.

36. Approval of financial statements

These financial statements were authorised for issue by the Bank's management on 29 April 2024.