

# **Deutsche Bank Aktiengesellschaft, Bangkok Branch**

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



**KPMG Phoomchai Audit Ltd.**  
50<sup>th</sup>-51<sup>st</sup> Floors, Empire Tower  
1 South Sathorn Road  
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด  
ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้  
กรุงเทพฯ 10120

Tel: +66 2677 2000  
Fax: +66 2677 2222  
www.kpmg.co.th

## Independent Auditor's Report

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

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


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

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

#### *Auditor's Responsibility*

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

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

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



*Opinion*

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

*Piyapong S.*

(Piyapong Sangpattarachai)  
Certified Public Accountant  
Registration No. 10289

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 April 2015

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Statement of financial position

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

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

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

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Statement of comprehensive income

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

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

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

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

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

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

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



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

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

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

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# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

These notes form an integral part of the financial statements.

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

### 1 General information

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

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

### 2 Basis of preparation of the financial statements

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

#### (a) Statement of compliance

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

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

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

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

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

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

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

#### **(b) *Basis of measurement***

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

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

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

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

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

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

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

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

Note 8	Derivatives
Note 11	Allowance for doubtful accounts

### **3 Significant accounting policies**

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

#### **(a) *Foreign currency***

##### *Foreign currency transactions*

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

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

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

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

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

Cash comprise cash on hand and cash on collection.

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

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

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

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

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

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

##### *Disposal of investments*

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

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

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

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

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

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

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

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

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

##### *Recognition and measurement*

##### *Owned assets*

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

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

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

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

##### *Subsequent costs*

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

##### *Depreciation*

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

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

No depreciation is provided on assets under construction.

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

#### (g) *Impairment*

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses revaluation credited to account with the accounts with head office and other branches of the same juristic person, in case of impairment which case it is charged to the accounts with head office and other branches of the same juristic person.

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

#### *Calculation of recoverable amount*

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

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

#### *Reversals of impairment*

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

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

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

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

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

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

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

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

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

#### **Embedded derivatives**

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

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

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

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

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

##### *Post-employment benefits*

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



## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

#### *Defined contribution plan*

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

#### *Defined benefit plan*

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

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

#### - Severance payment

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

#### - Other long-term employee benefits

#### *Long service award*

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

#### *Share based payment*

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

#### *Short-term employee benefits*

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

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Branch has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### **(k) Provisions**

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

### (l) *Interest income recognition*

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

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

### (m) *Interest expense recognition*

The Branch recognises interest expenses on an accruals basis.

### (n) *Income tax*

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

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

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

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

### (p) *Offsetting*

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

## 4 Financial risk management

### *Financial risk management policies*

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

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

### 4.1 Credit risk

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

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

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

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

#### 4.2 Market risk

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

Risk management objectives, policies and processes for managing the risk

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

#### (a) Interest rate risk

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

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

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

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

\*\* Including non-performing loans

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

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

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

\*\* Including non-performing loans

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

	2014					Non-accrual loans	Total	Average interest rate (% per annum)
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years (in thousand Baht)			
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	45,415	-
Interbank and money market items*	51,857	22,230,287	64,546	-	-	-	22,807,083	1.80
Investments, net	-	6,799,240	13,381,386	3,696,833	1,569,212	-	25,446,671	2.56
Loans to customers and accrued interest receivables**	2,631,564	14,656,029	301,588	102,947	-	111,302	19,984,416	3.63
Trading securities receivable	-	-	-	-	-	-	1,040,841	-
Collateral per Credit Support Annex	715,414	-	-	-	-	-	715,414	1.95
Other assets, net	-	-	-	-	-	-	82,410	-
<b>Total financial assets</b>	<b>3,398,835</b>	<b>43,685,556</b>	<b>13,747,520</b>	<b>3,799,780</b>	<b>1,569,212</b>	<b>111,302</b>	<b>70,122,250</b>	
<b>Financial liabilities</b>								
Deposits	21,666,475	918,994	39,321	5,940	-	-	29,942,431	0.45
Interbank and money market items	174,950	7,862,835	94,379	-	700,000	-	8,937,015	1.15
Liabilities payable on demand	-	-	-	-	-	-	2,221,608	-
Debt issued and borrowings	-	260,000	-	417,639	-	-	677,639	3.50
Trading securities payable	-	-	-	-	-	-	275,323	-
Other liabilities	109,176	-	-	-	-	-	363,601	1.95
<b>Total financial liabilities</b>	<b>21,950,601</b>	<b>9,041,829</b>	<b>133,700</b>	<b>423,579</b>	<b>700,000</b>	<b>-</b>	<b>42,417,617</b>	
<b>Effect of derivatives held for risk management</b>	<b>-</b>	<b>6,586,137</b>	<b>53,014,345</b>	<b>(53,087,852)</b>	<b>(6,512,630)</b>	<b>-</b>	<b>(2,585,711)</b>	

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

\*\* Including non-performing loans

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

	2013						Average interest rate (% per annum)
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years <i>(in thousand Baht)</i>	Non- accrual loans	
<b>Financial assets</b>							
Cash	-	-	-	-	-	-	33,589
Interbank and money market items*	59,573	26,436,886	74,758	-	-	-	27,064,153
Investments, net	-	19,498,278	6,239,500	1,729,393	1,153,671	-	28,620,842
Loans to customers and accrued interest receivables**	1,642,276	10,951,667	723,830	61,090	-	111,057	16,045,887
Trading securities receivable	-	-	-	-	-	-	315,837
Collateral per Credit Support Annex	726,561	-	-	-	-	-	726,561
Other assets, net	-	-	-	-	-	-	99,979
<b>Total financial assets</b>	<b>2,428,410</b>	<b>56,886,831</b>	<b>7,038,088</b>	<b>1,790,483</b>	<b>1,153,671</b>	<b>111,057</b>	<b>72,906,848</b>
<b>Financial liabilities</b>							
Deposits	20,225,578	4,261,346	49,377	38,921	-	-	33,738,049
Interbank and money market items	425,810	6,554,702	95,000	-	700,000	-	7,923,278
Liabilities payable on demand	-	-	-	-	-	-	2,362,852
Liabilities to deliver security	-	-	-	-	86,073	-	86,073
Debt issued and borrowings	-	-	260,000	394,154	-	-	654,154
Trading securities payable	-	-	-	-	-	-	10,102
Other liabilities	-	-	-	-	-	-	222,753
<b>Total financial liabilities</b>	<b>20,651,388</b>	<b>10,816,048</b>	<b>404,377</b>	<b>433,075</b>	<b>786,073</b>	<b>11,906,300</b>	<b>44,997,261</b>
<b>Effect of derivatives held for risk management</b>	<b>-</b>	<b>(25,689,593)</b>	<b>14,135,698</b>	<b>19,137,321</b>	<b>(7,583,426)</b>	<b>-</b>	<b>477,676</b>

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

\*\* Including non-performing loans



## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

#### (b) Foreign currency risk

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

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

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

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

#### 4.3 Liquidity risk

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

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

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

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

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

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

\*\* Including non-performing loans

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

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

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

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

\*\* Including non-performing loans

## 5 Fair value of financial instruments

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

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

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

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

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

\*\* Including non-performing loan

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

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

## 6 Maintenance of capital fund

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

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

## Deutsche Bank Aktiengesellschaft, Bangkok Branch

### Notes to the financial statements

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

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

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

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

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

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

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

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

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

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

## 8 Derivatives

### 8.1 Derivatives held for trading

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

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

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

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

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

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

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

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

**9 Investments, net**

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

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

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

**10.1 Classified by type of loans**

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

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**Notes to the financial statements**

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

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

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

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

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

**10.4 Classified by loan grade**

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



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

**10.5 Non-performing loans**

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

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

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

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

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

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

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

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

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

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**11 Allowance for doubtful accounts**

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

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

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

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

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

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

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

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

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

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

**13 Deferred tax assets, net**

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

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

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

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

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

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

**14 Other assets, net**

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

**15 Classified assets**

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

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

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

## 16 Deposits

### 16.1 Classified by type of deposits

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

### 16.2 Classified by currency and residency of depositors

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

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

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

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

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

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

**18 Debt issued and borrowings**

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

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

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

**19 Provisions against derivative products**

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

**20 Other liabilities**

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

**21 Commitments and contingent liabilities**

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

(a)

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

(b) *Lease and service agreement*

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

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



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

**(c) Operating leases**

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

**(d) Other commitments**

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

**22 Related parties**

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

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

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

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

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

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

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

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

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

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

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

**Key management personnel**

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

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

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

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

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

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

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

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

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

**24 Interest income**

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

**25 Interest expenses**

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

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

**26 Net fees and service income**

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

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

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

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

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

**29 Employee expenses**

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

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

### 30 Income tax

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

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

#### *Reconciliation of effective tax rate*

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

#### *Income tax reduction*

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

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

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

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

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

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

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

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

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

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