

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**

Annual financial statements  
and  
Audit Report of Certified Public Accountant

For the years ended  
31 December 2009 and 2008





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## **Audit Report of Certified Public Accountant**

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

I have audited the accompanying balance sheet of Deutsche Bank Aktiengesellschaft, Bangkok Branch as at 31 December 2009, the related statements of income, changes in equity of head office and other branches of the same juristic person and cash flows for the year then ended. The Bangkok Branch is a segment of Deutsche Bank Aktiengesellschaft and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Bangkok Branch and reflect only transactions recorded locally. The Bangkok Branch's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended 31 December 2008 of Deutsche Bank Aktiengesellschaft, Bangkok Branch were audited by another auditor whose reports dated 20 April 2009, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets used in, and liabilities arising out of, Deutsche Bank Aktiengesellschaft, Bangkok Branch's operations in Thailand as at 31 December 2009, the results of its operations and its cash flows in Thailand for the year then ended in accordance with generally accepted accounting principles, on the basis discussed in Note 2 to the financial statements.

*Waiyawat K.*

(Waiyawat Kosamarnchaiyakij)  
Certified Public Accountant  
Registration No. 6333

KPMG Phoomchai Audit Ltd.  
Bangkok  
9 April 2010



# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Balance sheets

As at 31 December 2009 and 2008

Assets	Note	2009	2008
		(in Baht)	
Cash		41,706,073	52,180,589
<i>Interbank and money market items</i>	4.1		
<i>Domestic items</i>			
Interest bearing		62,692,687,752	10,931,310,806
Non-interest bearing		897,436,212	333,085,109
<i>Foreign items</i>			
Interest bearing		-	6,020,664,103
Non-interest bearing		38,832,781	41,788,393
<b>Total interbank and money market items</b>		<b>63,628,956,745</b>	<b>17,326,848,411</b>
<i>Investments in securities</i>	4.2		
Current investments - net		30,697,253,050	29,573,417,857
Long-term investments - net		10,230,391	6,567,294
<b>Total investments in securities - net</b>		<b>30,707,483,441</b>	<b>29,579,985,151</b>
<i>Loans and accrued interest receivable</i>			
Loans	4.3, 4.4, 4.5	14,629,301,016	14,555,060,090
Accrued interest receivable		18,257,869	44,566,836
Total loans and accrued interest receivable		14,647,558,885	14,599,626,926
Less: allowance for doubtful accounts	4.6	(196,462,170)	(200,055,185)
<b>Total loans and accrued interest receivable - net</b>		<b>14,451,096,715</b>	<b>14,399,571,741</b>
<b>Customers' liabilities under collateral</b>		<b>17,410,001,630</b>	<b>-</b>
Leasehold improvements and equipment - net	4.7	338,503,176	290,256,741
Deferred tax assets - net	4.18	703,031,625	646,679,420
Unrealised gains on forward and derivative contracts	5	30,374,114,820	52,216,861,500
Trading securities receivable	4.8	3,669,553,466	5,178,859,972
Other assets	4.9	229,292,538	177,723,288
<b>Total assets</b>		<b>161,553,740,229</b>	<b>119,868,966,813</b>

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Balance sheets

As at 31 December 2009 and 2008

Liabilities and equity of head office and other branches of the same juristic person	Note	2009	2008
		(in Baht)	
<b>Liabilities</b>			
<i>Deposits</i>			
Deposits in Baht	4.10	21,114,567,386	20,063,009,740
Deposits in foreign currencies		3,912,348,336	4,683,640,883
<b>Total deposits</b>		<b>25,026,915,722</b>	<b>24,746,650,623</b>
<i>Interbank and money market items</i>			
<i>Domestic items</i>			
Interest bearing		8,476,954,243	6,707,626,029
Non-interest bearing		124,945,793	123,919,596
<i>Foreign items</i>			
Interest bearing		98,411	109,498
Non-interest bearing		86,053,318	81,907,132
<b>Total interbank and money market items</b>		<b>8,688,051,765</b>	<b>6,913,562,255</b>
<b>Liabilities payable on demand</b>		<b>1,421,865,213</b>	<b>1,335,315,867</b>
<b>Borrowings</b>			
Short-term borrowings	4.12	40,926,563,377	8,274,477,655
Long-term borrowings		3,420,089,312	3,658,136,381
<b>Total borrowings</b>		<b>44,346,652,689</b>	<b>11,932,614,036</b>
<b>Liabilities under collateral delivered</b>	4.13	26,677,894,560	-
<b>Provision against derivative products</b>	4.14	1,664,848,799	1,920,671,532
<b>Unrealised losses on forward and derivative contracts</b>		25,103,982,861	40,880,158,805
<b>Accrued interest payable</b>		196,161,932	172,586,491
<b>Trading securities payable</b>	4.15	3,673,124,153	4,978,794,500
<b>Other liabilities</b>	4.16	647,998,147	1,414,685,117
<b>Total liabilities</b>		<b>137,447,495,841</b>	<b>94,295,039,226</b>
<b>Equity of head office and other branches of the same juristic person</b>			
Funds remitted into Thailand and reserve for maintenance of assets under section 32 of the Financial Institutions Business Act, B.E. 2551	4.17	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	4.17, 5	5,433,791,043	4,922,847,880
Revaluation surplus on investments	4.2	4,483,964	1,919,795
Retained earnings		867,969,381	2,849,159,912
<b>Total equity of head office and other branches of the same juristic person</b>		<b>24,106,244,388</b>	<b>25,573,927,587</b>
<b>Total liabilities and equity of head office and other branches of the same juristic person</b>		<b>161,553,740,229</b>	<b>119,868,966,813</b>
<b>Off balance sheet items - contingencies</b>			
Avals to bills and guarantees of loans	4.21	191,841,668	99,210,044
Unmatured import bills		214,705,754	281,007,724
Letters of credit		1,872,513,824	257,691,214
Others		1,545,647,712,471	1,641,388,057,732

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

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Statements of income

For the years ended 31 December 2009 and 2008

	Note	2009	2008
		(in Baht)	
<b>Interest and dividend income</b>			
	5		
Loans		353,103,169	570,884,191
Interbank and money market items		711,360,574	709,034,621
Investments		435,206,902	1,285,092,093
<b>Total interest and dividend income</b>		<b>1,499,670,645</b>	<b>2,565,010,905</b>
<b>Interest expense</b>			
	5		
Deposits		96,841,049	537,006,743
Interbank and money market items		759,428,384	637,575,708
Borrowings			
Short-term borrowings		118,327,195	435,832,500
Long-term borrowings		150,950,822	92,813,635
<b>Total interest expense</b>		<b>1,125,547,450</b>	<b>1,703,228,586</b>
Net interest and dividend income		374,123,195	861,782,319
Bad debt and doubtful accounts		7,744,392	1,866,362
<b>Net interest and dividend income after bad debt and doubtful accounts</b>		<b>381,867,587</b>	<b>863,648,681</b>
<b>Non - interest income</b>			
Gains on trading in securities		99,497,077	399,612,917
Fee and commission income			
Acceptances, avals and guarantees		49,888,854	49,940,984
Others		187,778,760	222,803,154
Gains on exchange		-	1,047,392,702
Gains from trading derivatives		522,393,500	1,309,826,621
Other income		239,350,984	316,519,680
<b>Total non - interest income</b>		<b>1,098,909,175</b>	<b>3,346,096,058</b>
<b>Non - interest expenses</b>			
Personnel expenses		465,568,245	488,653,171
Premises and equipment expenses		166,719,744	142,411,826
Taxes and duties		20,753,669	34,415,455
Fees and service expenses		95,823,479	96,989,702
Expenses allocated from head office	5	444,908,948	469,551,900
Payments to the Financial Institutions Development Fund and Deposit Protection Agency		104,266,773	126,304,879
Loss on exchanges		284,702,691	-
Other expenses		141,032,800	121,722,500
<b>Total non - interest expenses</b>		<b>1,723,776,349</b>	<b>1,480,049,433</b>
<b>Profit (loss) before income tax</b>		<b>(242,999,587)</b>	<b>2,729,695,306</b>
Income tax (income) expense	4.18	(61,809,056)	778,821,487
<b>Net profit (loss)</b>		<b>(181,190,531)</b>	<b>1,950,873,819</b>

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statements of changes in equity of head office and other branches of the same juristic person**  
**For the years ended 31 December 2009 and 2008**

	Fund remitted into Thailand and reserved for maintaining assets	Balance of inter-office accounts with head office and other branches of the same juristic person	Revaluation surplus on investments	Retained earnings	Total	
	Note		(in Baht)			
Balance as at 1 January 2008		17,800,000,000	1,929,456,345	19,993,543	1,616,186,093	21,365,635,981
Revaluation deficit on investments	4.2	-	(18,073,748)	-	-	(18,073,748)
Net income (expense) recognised in head office's equity		-	(18,073,748)	-	-	(18,073,748)
Net profit		-	-	1,950,873,819	1,950,873,819	1,950,873,819
Total recognised income (expense) during the year		-	(18,073,748)	1,950,873,819	1,950,873,819	1,932,800,071
Balance of inter-office accounts with head office and other branches of the same juristic person - net		2,993,391,535	-	-	-	2,993,391,535
Profit remitted to head office		-	-	(717,900,000)	(717,900,000)	(717,900,000)
Balance as at 31 December 2008		17,800,000,000	4,922,847,880	1,919,795	2,849,159,912	25,573,927,587
Revaluation surplus on investments	4.2	-	2,564,169	-	-	2,564,169
Net income (expense) recognised in head office's equity		-	2,564,169	-	-	2,564,169
Net loss		-	-	(181,190,531)	(181,190,531)	(181,190,531)
Total recognised income (expense) during the year		-	2,564,169	(181,190,531)	(181,190,531)	(178,626,362)
Balance of inter-office accounts with head office and other branches of the same juristic person - net		510,943,163	-	-	-	510,943,163
Profit remitted to head office		-	-	(1,800,000,000)	(1,800,000,000)	(1,800,000,000)
Balance as at 31 December 2009		17,800,000,000	5,433,791,043	4,483,964	867,969,381	24,106,244,388

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



# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Statements of cash flows

For the years ended 31 December 2009 and 2008

	Note	2009	2008
		(in Baht)	
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax		(242,999,587)	2,729,695,306
<i>Adjustments to reconcile profit (loss) before income tax to net cash provided by (used in) operating activities</i>			
Depreciation	4.7	49,017,805	29,118,906
Reversal of bad debt and doubtful accounts		(19,923,317)	(4,330,429)
Unrealised losses (gains) on revaluation of trading securities		84,753,331	(103,463,576)
Amortisation of premium arising on acquisition of securities		-	100,156,391
(Gains) losses on disposal of equipment		(398,768)	184,346
Unrealised losses (gains) on forward and derivative contracts - net		6,066,570,736	(3,717,278,719)
(Decrease) increase in provision against derivative products		(255,822,733)	263,954,203
Loss on impairment of investments in securities		21,754,295	43,252,185
Interest income		(1,499,670,645)	(2,565,010,905)
Interest expenses		1,125,547,450	1,703,228,586
Increase in other provisions		11,740,647	5,046,980
Increase (decrease) in liquidity provision for investments		22,302,230	(1,041,382)
<b>Net gain (loss) from operations before changes in operating assets and liabilities</b>		<b>5,362,871,444</b>	<b>(1,516,488,108)</b>
<i>(Increase) decrease in operating assets</i>			
Interbank and money market items		(45,574,417,457)	4,016,578,328
Securities for trading		(1,230,342,819)	2,682,488,715
Loans		(74,240,925)	(1,079,915,274)
Trading securities receivable		1,509,306,505	1,639,450,718
Other assets		(738,429,157)	12,240,061
<i>Increase (decrease) in operating liabilities</i>			
Deposits		280,265,099	(316,242,569)
Interbank and money market items		1,774,489,509	(3,527,786,676)
Securities sold under repurchase agreements		-	(400,000,000)
Short-term borrowings		32,652,085,722	(15,326,512,421)
Long-term borrowings		(238,047,069)	(123,020,000)
Liabilities payable on demand		86,549,346	(1,452,445,617)
Securities short sell		9,267,892,930	-
Trading securities payable		(1,305,670,347)	3,950,100,841
Other liabilities		395,664,370	(596,119,524)
Interest received		1,501,478,943	2,420,594,204
Interest paid		(1,101,972,009)	(1,869,264,434)
Income tax paid		(1,012,036,292)	(285,228,320)
<b>Net cash provided by (used in) operating activities</b>		<b>1,555,447,793</b>	<b>(11,771,570,076)</b>

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Statements of cash flows**  
**For the years ended 31 December 2009 and 2008**

	<i>Note</i>	2009	2008
		<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>			
Decrease in available for sale securities		-	9,856,485,655
Purchases of equipment	4.7	(97,927,751)	(279,396,813)
Proceeds from sales of equipment		<u>1,062,279</u>	<u>31,934</u>
<b>Net cash (used in) provided by investing activities</b>		<u><b>(96,865,472)</b></u>	<u><b>9,577,120,776</b></u>
<i>Cash flows from financing activities</i>			
Increase in inter - office accounts		510,943,163	2,993,391,535
Profit remitted to head office		(1,800,000,000)	(717,900,000)
Income tax paid on profit remitted to head office		<u>(180,000,000)</u>	<u>(71,790,000)</u>
<b>Net cash (used in) provided by financing activities</b>		<u><b>(1,469,056,837)</b></u>	<u><b>2,203,701,535</b></u>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(10,474,516)</b>	<b>9,252,235</b>
Cash and cash equivalents at 1 January		<u>52,180,589</u>	<u>42,928,354</u>
<b>Cash and cash equivalents at 31 December</b>		<u><b>41,706,073</b></u>	<u><b>52,180,589</b></u>

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Supplementary information
5	Related party transactions and balances
6	Thai Accounting Standards (TAS) not yet adopted
7	Reclassification of accounts

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the management on 9 April 2010.

**1 General information**

Deutsche Bank Aktiengesellschaft ("the Bank") was granted a licence by the Ministry of Finance to carry out domestic banking business in Thailand through the Deutsche Bank Aktiengesellschaft, Bangkok Branch under the Commercial Banking Act. The Bank was granted a licence to undertake its commercial banking business in April 1988 and granted a certificate of private fund management on 12 May 2008 and has its registered office at 63 Athenee Tower, Wireless Road, Lumpini, Phatumwan, Bangkok.

**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and in accordance with generally accepted accounting principles in Thailand and prescribed under the announcement of the Bank of Thailand ("BOT") dated 3 August 2008.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Bank has adopted the following revised TAS/TFRS and framework and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

The adoption of these revised TAS/TFRS and framework and accounting guidance does not have any material impact on the Bank's financial statements.

The FAP has issued during 2009 a revised TAS which is not currently effective and has not been adopted in the preparation of these financial statements. The revised TAS is disclosed in note 6.

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

The financial statements are presented in Thai Baht and rounded in the notes to the financial statements to the nearest thousand Baht, unless otherwise stated. They are prepared on the historical cost basis except as disclosed in other notes.

The preparation of financial statements in conformity with TAS and 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 4.2	Investments in securities
Note 4.6	Allowance for doubtful accounts
Note 4.13	Provisions against derivative products
Note 4.15	Other liabilities
Note 4.18	Commitments
Note 4.20	Financial instruments

### **3 Significant accounting policies**

#### **3.1 Interest income recognition**

Interest income on performing loans is recognised on an accruals basis. 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 for more than three months from overdue, regardless of whether it is covered by collateral, is reversed from the statement of income.

Interest income on deposits and investments in securities is recognised on an accruals basis.

#### **3.2 Interest expense recognition**

Interest expenses are recognised on an accruals basis.

#### **3.3 Investments in securities**

The Bank classifies investments in securities as trading or available-for-sale securities.

Debt securities and marketable equity securities held for trading are stated at fair value, with any resultant gain or loss recognised in the statement of income.

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

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

**For the years ended 31 December 2009 and 2008**

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 head office's equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in a separate component of head office's equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

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

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

#### *Disposal of investments*

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in a separate component of head office's equity is recognised in the statement of income.

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

#### **3.4 Loans**

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

#### **3.5 Allowance for doubtful accounts**

The Bank 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 Bank has set up the allowance for doubtful accounts according to the BOT regulations.

With reference to the BOT's directive, the Bank 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 is 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's criteria.

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

The allowance for doubtful accounts is charged as an expense in each accounting year. Bad debts written off or recovered are recorded as charges or credits, respectively, to the allowance for doubtful accounts.

**3.6 *Troubled debt restructuring***

Losses on troubled debt restructuring resulting from the reduction of principal and accrued interest and other restructuring concessions including modification of terms, asset transfer, debts to equity swap, etc. are recognised as expenses in the statement of income.

In case the troubled debt restructuring modifies the terms of payment, the Bank complies with the BoT's criteria requiring the Bank to choose between the collateral method by which a loss amount is to be estimated and/or the net present value method which represents expected cash flow in the future and applying the interest rate on the restructuring date for discounting purposes. Losses from such debt restructuring are recognised in the statement of income.

Subsequent to the troubled debt restructuring, the Bank recalculates fair value of restructuring debt based on aforementioned discount rates as of the last date of the financial statements and makes an adjustment of the valuation on the debt restructuring, if the fair value has changed. The recalculation made to the financial statements is in accordance with the aforementioned BoT's criteria. The adjustment in the valuation of restructuring debt shall not cause the book value of restructuring debt to exceed the investment value of restructuring debt.

Restructured loans are classified as performing when the restructured loan agreements have been completed and when there is appropriate evidence that the restructured terms can be met.

**3.7 *Leasehold improvements and equipment***

*Owned assets*

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

*Depreciation and amortisation*

Depreciation and amortisation are charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of assets. The estimated useful lives are as follows:

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**3.8 Impairment**

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

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

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

*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. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in head office's equity.

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 the would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**3.9 Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.



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**3.10 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.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequently to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3.11).

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, 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 (based on government bonds).

**3.11 Hedging**

*Fair value hedges*

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

*Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in head office's equity.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated cumulative gains or losses that were recognised directly in head office's equity are recognised in the statement of income in the same period or periods during which the asset acquired or liability assumed affects the statement of income.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gains or losses that were recognised directly in head office's equity are removed from head office's equity and recognised in the statement of income in the same period or periods during which the asset acquired or liability assumed affects the statement of income.

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For cash flow hedges other than those noted in the preceding two paragraphs, the associated cumulative gains or losses that were recognised directly in head office's equity are removed from head office's equity and recognised in the statement of income in the same period or periods during which the hedged forecast transaction affects the statement of income.

### *Discontinuing hedge accounting*

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in head office's equity is retained in head office's equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in head office's equity is recognised in the statement of income immediately.

### **3.12 Embedded derivatives**

Derivatives may be embedded in another contractual arrangement (a "host contract"). The Bank accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of 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 balance sheet together with the host contract.

### **3.13 Provisions against derivative products**

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

- Liquidity provision - The liquidity provision has been established in order to cover any potential costs that would be incurred if the Bank had to close out the portfolio.
- Funding cost provision - The funding cost provision has been established to reflect the cost of obtaining domestic funding from the onshore swap market.
- Other 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).

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**3.14 *Provident fund***

The Bank 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 Bank at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

The Bank's contributions are expensed in the income statement as incurred.

**3.15 *Provisions***

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

***Share based payments***

The share option programme allows the Bank's employees to acquire shares of Deutsche Bank. The fair value of options granted is recognised as an employee expense in the statement of income and a provision on the balance sheet. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options. At each reporting date, the Bank revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expenses and in corresponding adjustments to provisions over the remaining vesting period.

**3.16 *Income tax***

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in a separate component of head office's equity.

***Current tax***

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

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### *Deferred tax*

Deferred tax is provided, using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

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.

### **3.17 Cash and cash equivalents**

Cash and cash equivalents are those amounts included in the balance sheet under the caption of cash, which consists of cash on hand and cash on collection.

### **3.18 Customers' liabilities under collateral and liabilities under collateral delivered**

The Bank records Customers' liabilities under collateral and Liabilities under collateral delivered on the balance sheet as assets and liabilities respectively, according to the BOT's guidance.

### **3.19 Offsetting**

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

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**4 Supplementary information**

**4.1 Interbank and money market items (assets)**

	At call	2009 Term	Total (in thousand Baht)	At call	2008 Term	Total
<b>Domestic</b>						
The Bank of Thailand	837,113	-	837,113	171,668	9,200,000	9,371,668
Commercial banks	60,323	62,680,000	62,740,323	161,417	1,744,482	1,905,899
<b>Total</b>	<b>897,436</b>	<b>62,680,000</b>	<b>63,577,436</b>	<b>333,085</b>	<b>10,944,482</b>	<b>11,277,567</b>
Add: accrued interest receivable	-	13,802	13,802	-	4,274	4,274
Less: allowance for doubtful accounts	-	(1,115)	(1,115)	-	(17,445)	(17,445)
<b>Total domestic – net</b>	<b>897,436</b>	<b>62,692,687</b>	<b>63,590,123</b>	<b>333,085</b>	<b>10,931,311</b>	<b>11,264,396</b>
<b>Foreign</b>						
Euro	-	-	-	-	6,020,330	6,020,330
Other currencies	38,833	-	38,833	41,788	-	41,788
<b>Total</b>	<b>38,833</b>	<b>-</b>	<b>38,833</b>	<b>41,788</b>	<b>6,020,330</b>	<b>6,062,118</b>
Add: accrued interest receivable	-	-	-	-	334	334
<b>Total foreign</b>	<b>38,833</b>	<b>-</b>	<b>38,833</b>	<b>41,788</b>	<b>6,020,664</b>	<b>6,062,452</b>
<b>Total interbank and money market items - net</b>	<b>936,269</b>	<b>62,692,687</b>	<b>63,628,956</b>	<b>374,873</b>	<b>16,951,975</b>	<b>17,326,848</b>

As at 31 December 2009 and 2008 all of the Bank's term interbank and money market items had residual maturities within 3 months.

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**4.2 Investments in securities**

**1 Cost and market value**

	2009		2008	
	Cost/book value	Market value	Cost/book value	Market value
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
<i>Securities held for trading</i>				
Government and state enterprise securities	30,765,554	30,697,253	29,535,212	29,573,418
Add (less): allowance for revaluation of investments	(68,301)	-	38,206	-
<b>Total securities held for trading - net</b>	<b>30,697,253</b>	<b>30,697,253</b>	<b>29,573,418</b>	<b>29,573,418</b>
<b>Total current investments - net</b>	<b>30,697,253</b>	<b>30,697,253</b>	<b>29,573,418</b>	<b>29,573,418</b>
<b>Long-term investments</b>				
<i>Available-for-sale</i>				
Investments in marketable securities	7,394	10,230	7,394	6,567
Add: allowance for revaluation of investments	6,405	-	2,742	-
Less: allowance for impairment	(3,569)	-	(3,569)	-
<b>Total available-for-sale - net</b>	<b>10,230</b>	<b>10,230</b>	<b>6,567</b>	<b>6,567</b>
<b>Total long-term investments - net</b>	<b>10,230</b>	<b>10,230</b>	<b>6,567</b>	<b>6,567</b>
<b>Total investments in securities - net</b>	<b>30,707,483</b>	<b>30,707,483</b>	<b>29,579,985</b>	<b>29,579,985</b>

**2 Unrealised gains on revaluation of investments in available-for-sale securities**

	2009	2008
	<i>(in thousand Baht)</i>	
<i>Equity securities</i>		
Unrealised gains on revaluation of investments in equity securities	6,405	2,742
<b>Unrealised gains on revaluation of investment in equity securities</b>	<b>6,405</b>	<b>2,742</b>
Deferred tax charged on net unrealised gains on revaluation of investments in securities	(1,921)	(823)
<b>Total unrealised gains on revaluation of securities - net</b>	<b>4,484</b>	<b>1,919</b>

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**4.3 Loans and accrued interest receivables**

**1 Classified by type of credit**

	2009	2008
	<i>(in thousand Baht)</i>	
Overdrafts	90,634	128,449
Loans	14,538,667	14,426,611
<b>Total</b>	<u>14,629,301</u>	<u>14,555,060</u>
Add: accrued interest receivable	18,257	44,567
Less: allowance for doubtful accounts	(196,462)	(200,055)
<b>Total</b>	<u>14,451,096</u>	<u>14,399,572</u>

**2 Classified by residual maturity of credit contracts**

	2009	2008
	<i>(in thousand Baht)</i>	
Within 1 year	13,956,688	13,540,080
Over 1 year	672,613	1,014,980
<b>Total</b>	<u>14,629,301</u>	<u>14,555,060</u>

**3 Classified by currency and residency of debtors**

	2009		
	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>		
Baht	13,122,533	-	13,122,533
US Dollar	706,513	761,666	1,468,179
Other currencies	-	38,589	38,589
<b>Total</b>	<u>13,829,046</u>	<u>800,255</u>	<u>14,629,301</u>
	2008		
	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>		
Baht	12,910,215	-	12,910,215
US Dollar	1,110,433	411,247	1,521,680
Other currencies	123,165	-	123,165
<b>Total</b>	<u>14,143,813</u>	<u>411,247</u>	<u>14,555,060</u>





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5 Classified by loan grade

	2009				
	Loan and accrued interest receivable	Debt after collateral/ NPV of cash flow from debtors or sale of collateral (in thousand Baht)	% allowance set up by BoT	Provision as per BoT	Actual provision
Pass	14,499,901	8,293,961	1	82,940	113,805
Special mention	-	-	2	-	-
Substandard	35,000	-	100	-	-
Doubtful	55,000	25,000	100	25,000	25,000
Doubtful of loss	57,657	57,657	100	57,657	57,657
	<u>14,647,558</u>	<u>8,376,618</u>		<u>165,597</u>	<u>196,462</u>

	2008				
	Loan and accrued interest receivable	Debt after collateral/ NPV of cash flow from debtors or sale of collateral (in thousand Baht)	% allowance set up by BoT	Provision as per BoT	Actual provision
Pass	14,506,525	9,266,254	1	92,662	106,953
Special mention	-	-	2	-	-
Substandard	10,445	10,445	100	10,445	10,445
Doubtful	25,000	25,000	100	25,000	25,000
Doubtful of loss	57,657	57,657	100	57,657	57,657
	<u>14,599,627</u>	<u>9,359,356</u>		<u>185,764</u>	<u>200,055</u>

\* Debt after collateral refers to the present value of future cash flows expected to be received, or the expected proceeds from the disposal of collateral, as applicable.

**Non-performing loans**

According to the Bank of Thailand's regulations, commercial banks are required to report additional information on non-performing loans (NPL), which includes:

- NPL net and the ratio of NPL net to the total loan after allowances for doubtful accounts; and
- NPL gross and the ratio of NPL gross to the total loans after allowance for doubtful accounts.

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As of 31 December 2009 and 2008 non-performing loans (NPL net) (including financial institutions) based on the above directive can be summarised as follows:

	2009	2008
	<i>(in thousand Baht)</i>	
Non-performing loans, net	65,000	-
Total loans used for NPL net ratio calculation <sup>(1)</sup>	77,226,644	25,406,440
Ratio of total loans	0.08	-

<sup>(1)</sup> Total loans used for NPL ratio calculation are loans to customers as presented in the balance sheet and loans to financial institutions as included in inter-bank and money market items net to total loans after allowances for doubtful accounts.

As of 31 December 2009 and 2008 the Bank has non-accrual loans (including financial institutions) as follows:

	2009	2008
	<i>(in thousand Baht)</i>	
Non-performing loans, gross	147,657	93,102
Total loans used for ratio calculation <sup>(1)</sup>	77,309,301	25,499,542
Percentage of total loans	0.19	0.37

<sup>(1)</sup> Total loans used for NPL ratio calculation are loans to customers as presented in the balance sheet and loans to financial institutions as included in inter-bank and money market items.

#### 4.4 Classified assets

As of 31 December 2009 and 2008, assets of the Bank, classified as investments, loans and accrued interest receivable (including financial institutions), properties foreclosed and other assets, 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:

	2009				Total
	Investments	Loans and accrued interest receivable	Properties foreclosed	Other assets	
	<i>(in thousand Baht)</i>				
Pass	-	77,193,704	-	-	77,193,704
Special mention	-	-	-	-	-
Sub-standard	-	35,000	-	-	35,000
Doubtful	-	55,000	-	-	55,000
Doubtful of loss	142,653	57,657	-	-	200,310
<b>Total</b>	<b>142,653</b>	<b>77,341,361</b>	<b>-</b>	<b>-</b>	<b>77,484,014</b>

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	2008				Total
	Investments	Loans and accrued interest receivable	Properties foreclosed	Other assets	
			<i>(in thousand Baht)</i>		
Pass	-	25,455,281	-	-	25,455,281
Special mention	-	-	-	-	-
Sub-standard	-	10,445	-	-	10,445
Doubtful	-	25,000	-	-	25,000
Doubtful of loss	230,797	57,657	-	-	288,454
<b>Total</b>	<b>230,797</b>	<b>25,548,383</b>	<b>-</b>	<b>-</b>	<b>25,779,180</b>

**4.5 Troubled debts restructuring**

As at 31 December 2009, the Bank had a total of 146 customers (2008: 155 customers) with gross outstanding balances of Baht 14,629 million (2008: Baht 14,555 million) of which Baht 25.0 million (2008: Baht 25.0 million) were restructured debts.

For the year ended 31 December 2009 and 2008, no losses were incurred on debt restructuring.

The Bank recognised interest income from such restructured debts totaling Baht 1.5 million for the year ended 31 December 2009 (2008: Baht 2.0 million).

**4.6 Allowance for doubtful accounts**

	2009					Excess of allowance over minimum requirement	Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss		
				<i>(in thousand baht)</i>			
Balance at beginning of the year	92,662	-	10,445	25,000	57,657	14,291	200,055
Doubtful accounts	(9,722)	-	-	-	-	16,574	6,852
Recovery	-	-	(10,445)	-	-	-	(10,445)
Bad debts written off	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>82,940</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>57,657</b>	<b>30,865</b>	<b>196,462</b>

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	2008						
	Pass	Special mention	Sub standard	Doubtful <i>(in thousand baht)</i>	Doubtful of loss	Excess of allowance over minimum requirement	Total
<b>Balance at beginning of the year</b>	51,158	-	-	42,500	116,231	9,238	219,127
Doubtful accounts	41,504	-	10,445	25,000	-	5,053	82,002
Recovery	-	-	-	(42,500)	(1,526)	-	(44,026)
Bad debts written off	-	-	-	-	(58,041)	-	(58,041)
Others	-	-	-	-	993	-	993
<b>Balance at the end of the year</b>	<b>92,662</b>	<b>-</b>	<b>10,445</b>	<b>25,000</b>	<b>57,657</b>	<b>14,291</b>	<b>200,055</b>

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#### 4.7 Leasehold improvements and equipment

	For the year ended 31 December 2009							Book value ending balance		
	Beginning balance	Changes in cost during the year	Transfer in(out)	Ending balance	Beginning balance	Changes in accumulated depreciation during the year	Ending balance			
	Additions	(Disposals)			Depreciation	(Disposals)				
Leasehold improvements	40,919	-	(37,109)	205,843	209,653	38,613	20,714	(37,109)	22,218	187,435
Furniture, fixture and equipment	121,472	8,667	(42,997)	152,187	239,329	102,290	28,304	(42,334)	88,260	151,068
Vehicles	4,853	-	(3,630)	-	1,223	4,853	-	(3,630)	1,223	-
Work in process	268,769	89,261	-	(358,030)	-	-	-	-	-	-
<b>Total</b>	<b>436,013</b>	<b>97,928</b>	<b>(83,736)</b>	<b>-</b>	<b>450,205</b>	<b>145,756</b>	<b>49,018</b>	<b>(83,073)</b>	<b>111,701</b>	<b>338,503</b>

(in thousand Baht)

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	Changes in cost during the year				Changes in accumulated depreciation during the year			Book value ending balance	
	Beginning balance	Additions	(Disposals)	Transfer In (out)	Ending balance	Beginning balance	Depreciation (Disposals)		Ending balance
Leasehold improvements	40,919	-	-	-	40,919	33,135	5,478	38,613	2,306
Furniture, fixture and equipment	125,249	10,628	(14,405)	-	121,472	93,201	23,278	102,290	19,182
Vehicles	4,853	-	-	-	4,853	4,490	363	4,853	-
Work in process	-	268,769	-	-	268,769	-	-	-	268,769
<b>Total</b>	<b>171,021</b>	<b>279,397</b>	<b>(14,405)</b>	<b>-</b>	<b>436,013</b>	<b>130,826</b>	<b>29,119</b>	<b>145,756</b>	<b>290,257</b>

(in thousand Baht)

Depreciation for the year ended 31 December 2009 of Baht 49 million was included in the statement of income (2008: Baht 29.1 million).

As at 31 December 2009, equipment with original cost of Baht 75.3 million which was fully depreciated was still in use (2008: Baht 83.3 million).

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**4.8 Trading securities receivable**

Trading securities receivable arise as a result of Bank accounting for these transactions at the trade date while the settlement date occurs in the following period. These accounts receivable occur in normal course of the Bank's businesses.

**4.9 Other assets**

	2009 <i>(in thousand Baht)</i>	2008 <i>(in thousand Baht)</i>
Accrued interest receivable	110,548	95,576
Others	118,746	82,147
<b>Total</b>	<b><u>229,294</u></b>	<b><u>177,723</u></b>

**4.10 Deposits**

1 Classified by type of deposits

	2009 <i>(in thousand Baht)</i>	2008 <i>(in thousand Baht)</i>
Current	2,545,690	1,598,933
Saving	20,496,416	18,380,382
Term		
Less than 6 months	1,897,894	4,562,829
6 months but less than 1 year	62,362	71,180
1 year and over	24,554	133,327
<b>Total</b>	<b><u>25,026,916</u></b>	<b><u>24,746,651</u></b>

2 Classified by residual maturity of deposit contracts

	2009 <i>(in thousand Baht)</i>	2008 <i>(in thousand Baht)</i>
Not over 1 year	25,026,916	24,613,324
Over 1 year	-	133,327
<b>Total</b>	<b><u>25,026,916</u></b>	<b><u>24,746,651</u></b>

3 Classified by currency and residency of depositors

	2009			2008		
	Resident	Non resident	Total	Resident	Non resident	Total
	<i>(in thousand Baht)</i>					
Baht	20,881,991	232,576	21,114,567	19,751,282	311,728	20,063,010
US Dollar	2,812,907	122,827	2,935,734	4,263,094	15,442	4,278,536
Other currencies	961,390	15,225	976,615	386,590	18,515	405,105
<b>Total</b>	<b><u>24,656,288</u></b>	<b><u>370,628</u></b>	<b><u>25,026,916</u></b>	<b><u>24,400,966</u></b>	<b><u>345,685</u></b>	<b><u>24,746,651</u></b>

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

	At call	2009 Term	Total (in thousand Baht)	At call	2008 Term	Total
<b>Domestic</b>						
Commercial banks	101,540	2,093,136	2,194,676	123,166	93,136	216,302
Finance, securities and credit foncier companies	291	-	291	680	200,000	200,680
Other financial institutions	24,315	6,382,618	6,406,933	14,381	6,400,182	6,414,563
<b>Total domestic</b>	<b>126,146</b>	<b>8,475,754</b>	<b>8,601,900</b>	<b>138,227</b>	<b>6,693,318</b>	<b>6,831,545</b>
<b>Foreign</b>						
Other currencies	86,152	-	86,152	82,017	-	82,017
<b>Total foreign</b>	<b>86,152</b>	<b>-</b>	<b>86,152</b>	<b>82,017</b>	<b>-</b>	<b>82,017</b>
<b>Total interbank and money market items</b>	<b>212,298</b>	<b>8,475,754</b>	<b>8,688,052</b>	<b>220,244</b>	<b>6,693,318</b>	<b>6,913,562</b>

**4.12 Borrowings**

	2009 (in thousand Baht)	2008
<b>Domestic</b>		
<b>Short-term borrowings</b>		
Bonds	12,049,258	1,544,000
Bills of exchange	11,467,304	6,730,478
Securities purchased under resale agreement	17,410,002	-
<b>Total short-term borrowings</b>	<b>40,926,564</b>	<b>8,274,478</b>
<b>Long-term borrowings</b>		
Bonds	3,123,136	3,533,136
Bills of exchange	296,953	125,000
<b>Total long-term borrowings</b>	<b>3,420,089</b>	<b>3,658,136</b>
<b>Total borrowings</b>	<b>44,346,653</b>	<b>11,932,614</b>

At 31 December 2009, short-term borrowings of Baht 40,927 million (2008: Baht 8,274 million) are bonds and bills of exchange issued by the Bank in Thai Baht and securities purchased under resale agreement with residual maturities within 1 year and interest rates between 0.40%-1.79% (2008: 1.15% - 4.03%).

At 31 December 2009, long-term borrowings of Baht 3,420 million (2008: Baht 3,658 million) are bonds and bills of exchange issued by the Bank in Thai Baht with interest rates between 1.05%-6.05% (2008: 2.60% - 4.06%).



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**4.13 Liabilities under collateral delivered**

	2009 <i>(in thousand Baht)</i>	2008
Securities sold under repurchased agreements	17,410,001	-
Securities short sell	9,267,893	-
<b>Total</b>	<b><u>26,677,894</u></b>	<b><u>-</u></b>

**4.14 Provision against derivative products**

	Liquidity provision	Other provision <i>(in thousand Baht)</i>	Total
At 1 January 2008	162,162	1,494,555	1,656,717
Provision made	178,264	1,285,068	1,463,332
Provision used	(132,718)	(139,169)	(271,887)
Provision reversed	(7,122)	(920,369)	(927,491)
<b>At 31 December 2008 and 1 January 2009</b>	<b><u>200,586</u></b>	<b><u>1,720,085</u></b>	<b><u>1,920,671</u></b>
Provision made	61,177	133,112	194,289
Provision used	(87,611)	(357,747)	(445,358)
Provision reversed	(4,754)	-	(4,754)
<b>At 31 December 2009</b>	<b><u>169,398</u></b>	<b><u>1,495,450</u></b>	<b><u>1,664,848</u></b>

**4.15 Trading securities payable**

Trading securities payable arise as a result of the Bank accounting for these transactions at the trade date while the settlement date occurs in the following period. These accounts payable occur in the normal course of the Bank's business.

**4.16 Other liabilities**

	2009	2008
	<i>(in thousand Baht)</i>	
Accrued staff bonus	163,508	126,283
Income tax payable	600	1,016,994
Provision for off balance sheet items	28,076	16,335
Provision for reinstatement of leasehold premises	2,275	16,692
Margin call	210,223	-
Others	243,316	238,381
<b>Total</b>	<b><u>647,998</u></b>	<b><u>1,414,685</u></b>

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**4.17 Assets maintained in Thailand and Capital Fund**

The assets maintained in Thailand under section 32 of the Financial Institution Business Act, B.E. 2551.

	2009	2008
	<i>(in thousand Baht)</i>	
Thai Government bonds	-	2,993,624
Bank of Thailand's bonds	<u>18,401,418</u>	<u>15,557,718</u>
<b>Total</b>	<b><u>18,401,418</u></b>	<b><u>18,551,342</u></b>

**Capital Fund**

As at 31 December 2009 and 2008, the capital structure according to Section 32 of the Financial Institutions Business Act, B.E. 2551 can be summarised as follows:

	2009	2008
	<i>(in thousand Baht)</i>	
Capital Fund	17,800,000	17,800,000
Net balance of inter-office accounts receivable (payable) with head office and other branches of the same juristic person	<u>5,433,791</u>	<u>4,922,848</u>
<b>Total</b>	<b><u>23,233,791</u></b>	<b><u>22,722,848</u></b>
<b>Capital Fund</b>	<b>17,800,000</b>	<b>17,800,000</b>
<b>Capital Adequacy Ratio (%)</b>	<b>17.73</b>	<b>14.19</b>

As at 31 December 2009 and 2008, the Bank has applied the calculation for minimum credit risk capital under the Standard Approach (SA), as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification.

As at 31 December 2009 and 2008, the Bank met the minimum capital ratio requirements set down by the Bank of Thailand for total capital of 7.5%.

In accordance with the Bank of Thailand Notification No. Sor.Nor.Sor. 25/2552 dated 14 December 2009, Re: "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank intends to disclose Capital maintenance information as of 31 December 2009 within April 2010 as indicated in the notification through the Bank's website [www.db.com/thailand](http://www.db.com/thailand).

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**4.18 Income tax and deferred tax**

*Income tax*

	2009 <i>(in thousand Baht)</i>	2008 <i>(in thousand Baht)</i>
<b>Current tax expense</b>		
Current year	(4,358)	1,072,554
	<u>(4,358)</u>	<u>1,072,554</u>
<b>Deferred tax expense</b>		
Movements in temporary differences	161,948	(293,733)
Benefit of tax losses recognised	(219,399)	-
	<u>(57,451)</u>	<u>(293,733)</u>
<b>Total income tax (income) expense</b>	<u>(61,809)</u>	<u>778,821</u>

*Reconciliation of effective tax rate*

	2009		2008	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
(Loss) profit before tax		(243,000)		2,729,695
Income tax using the Thai corporation tax rate	(30)	(72,900)	30	818,909
Expenses not deductible for tax purposes	(85.72)	(208,308)	0.03	914
Utilisation of previously unrecognised tax losses	-	-	(1.50)	(41,002)
Loss carry forward	90.29	219,399	-	-
<b>Total</b>	<u>(25.43)</u>	<u>(61,809)</u>	<u>28.53</u>	<u>778,821</u>

*Deferred tax*

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

	2009 <i>(in thousand Baht)</i>	2008 <i>(in thousand Baht)</i>
Deferred tax assets	704,953	647,502
Deferred tax liabilities	(1,922)	(823)
<b>Net</b>	<u>703,031</u>	<u>646,679</u>

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Movements in deferred tax assets and liabilities, prior to offsetting of balances, during the year are as follows:

	At 1 January 2009	<i>Charged/(credited) to</i>		At 31 December 2009
		Statement of income	Equity	
<i>(in thousand Baht)</i>				
<b><i>Deferred tax assets</i></b>				
Equipment	4,250	2,195	-	6,445
Provisions	16,665	(8,129)	-	8,536
Loss carry forward	-	219,399	-	219,399
Other provision	626,587	(156,014)	-	470,573
<b>Total</b>	<b>647,502</b>	<b>57,451</b>	<b>-</b>	<b>704,953</b>
<b><i>Deferred tax liabilities</i></b>				
Other items	(823)	-	(1,099)	(1,922)
<b>Total</b>	<b>(823)</b>	<b>-</b>	<b>(1,099)</b>	<b>(1,922)</b>
<b>Net</b>	<b>646,679</b>	<b>57,451</b>	<b>(1,099)</b>	<b>703,031</b>
	At 1 January 2008	<i>Charged/(credited) to</i>		At 31 December 2008
		Statement of income	Equity	
<i>(in thousand Baht)</i>				
<b><i>Deferred tax assets</i></b>				
Equipment	1,557	2,693	-	4,250
Provisions	14,584	2,081	-	16,665
Other provision	337,628	288,959	-	626,587
<b>Total</b>	<b>353,769</b>	<b>293,733</b>	<b>-</b>	<b>647,502</b>
<b><i>Deferred tax liabilities</i></b>				
Other items	(8,569)	-	7,746	(823)
<b>Total</b>	<b>(8,569)</b>	<b>-</b>	<b>7,746</b>	<b>(823)</b>
<b>Net</b>	<b>345,200</b>	<b>293,733</b>	<b>7,746</b>	<b>646,679</b>

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**4.19 Commitments**

*Lease and service agreement*

At 31 December 2009 the Bank had a 12-year lease and service agreement in respect of office premises and utilities. Under the terms of the above lease, the Bank has commitments to pay rental and service fees as follows:

	Lease expense (in thousand Baht)
2010	37,081
2011	37,081
2012	37,081
2013	37,081
2014	37,081
2015	37,081
2016	37,081
2017	37,081
2018	37,081
2019	37,081
2020	<u>26,352</u>
<b>Total</b>	<b><u>397,162</u></b>

*Operating leases*

	2009	2008
	(in thousand Baht)	
<i>Non- cancellable operating lease commitments</i>		
Within one year	1,568	883
After one year but within five years	<u>1,280</u>	<u>406</u>
<b>Total</b>	<b><u>2,848</u></b>	<b><u>1,289</u></b>

*Other commitments*

	2009	2008
	(in thousand baht)	
<i>Other commitments</i>		
Business Continuity Facility Charge agreement	<u>99,320</u>	<u>-</u>
<b>Total</b>	<b><u>99,320</u></b>	<b><u>-</u></b>

**4.20 Results of operations classified by domestic and overseas business**

As at 31 December 2009 and 2008, the Bank has not engaged in overseas business. The results of the bank's operations were derived from only domestic business.

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**4.21 Financial instruments**

**1. Contingencies and credit commitments**

The Bank was a party to financial instruments with off-balance sheet 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 commitments to extend credit, letters of credit, financial guarantees, and forward foreign exchange and other derivative contracts.

As at 31 December 2009 and 2008 contingencies were as follows:

	Local currency	2009 Foreign currency	Total <i>(in thousand Baht)</i>	Local currency	2008 Foreign currency	Total
Avals to bills and guarantees of loans	100,112	91,729	191,841	3,200	96,010	99,210
Other guarantees	14,417,247	3,941,306	18,358,553	10,399,277	4,470,394	14,869,671
Letters of credit	4,229	1,868,285	1,872,514	54,601	203,090	257,691
Unmatured import bills	7,137	207,569	214,706	27,784	253,224	281,008
<b>Other commitments</b>						
<i>Forward exchange contracts</i>						
Bought contracts	126,753,590	190,165,607	316,919,197	182,810,542	274,352,266	457,162,808
Sold contracts	(144,288,177)	(174,142,562)	(318,430,739)	(206,371,059)	(246,018,434)	(452,389,493)
<i>Forward interest rate contracts</i>						
Bought contracts	829,478,228	220,378,570	1,049,856,798	780,461,831	224,856,794	1,005,318,625
Sold contracts	(819,467,603)	(230,389,195)	(1,049,856,798)	(762,125,681)	(243,192,944)	(1,005,318,625)
<i>Currency swap contracts</i>						
Bought contracts	63,700,977	92,065,381	155,766,358	70,036,440	83,199,949	153,236,389
Sold contracts	(71,225,015)	(82,417,820)	(153,642,835)	(54,158,835)	(96,312,607)	(150,471,442)
<i>Option contracts</i>						
<i>Call option contracts</i>						
Bought contracts	-	919,884	919,884	-	4,601,474	4,601,474
Sold contracts	-	-	-	-	-	-
<i>Put option contracts</i>						
Bought contracts	100,166	-	100,166	2,456,138	-	2,456,138
Sold contracts	-	-	-	-	-	-
<i>Interest rate cross currency</i>						
<i>Swaps</i>						
Bought contracts	-	-	-	203,320	-	203,320
Sold contracts	-	-	-	-	(214,155)	(214,155)
<i>Forward rate agreements</i>						
Bought contracts	2,000,000	-	2,000,000	-	-	-
Sold contracts	(2,000,000)	-	(2,000,000)	-	-	-

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	Local currency	2009 Foreign currency	Total <i>(in thousand Baht)</i>	Local currency	2008 Foreign currency	Total
<i>Index related contracts</i>						
Bought contracts	725,669	-	725,669	2,415,669	-	2,415,669
Sold contracts	(725,669)	-	(725,669)	(2,415,669)	-	(2,415,669)
<i>Credit related contracts</i>						
Bought contracts	-	-	-	1,123,965	-	1,123,965
Sold contracts	-	-	-	(1,123,965)	-	(1,123,965)
<i>Option contracts</i>						
Bought contracts	1,001,088	-	1,001,088	-	-	-
Sold contracts	(1,001,088)	-	(1,001,088)	-	-	-

The following terms are used to describe the Bank's exposure to off balance sheet financial instruments.

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-balance-sheet 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.

The "regulatory credit equivalent" is calculated for capital adequacy purposes in accordance with the Bank of Thailand's guidelines. Credit equivalent amounts are calculated based on a credit conversion factor (calculated as a percentage of the notional amount).

The Bank's maximum exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract or notional amount of those instruments. However, some commitments to extend credit can be cancelled or revoked at any time at the Bank's option. Furthermore, the notional amounts do not necessarily reflect future cash requirements as facilities may expire without being drawn upon.

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Details of the Bank's contingencies and commitments as at 31 December 2009 and 2008 compared with regulatory credit equivalent amounts determined in accordance with the Bank of Thailand's risk weighted capital adequacy guidelines were as follows:

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	2009					
	Local currency		Foreign currency		Total	
	Notional amount	Credit equivalent	Notional amount <i>(in thousand Baht)</i>	Credit equivalent	Notional amount	Credit equivalent
Other guarantees	14,417,247	7,208,624	3,941,306	1,970,310	18,358,553	9,178,934
Avals to bills and guarantees of loans	100,112	100,112	91,729	91,729	191,841	191,841
Letters of credit	4,229	846	1,868,285	373,657	1,872,514	374,503
Unmatured import bills	7,137	1,427	207,569	41,514	214,706	42,941
<b>Total</b>	<b>14,528,725</b>	<b>7,311,009</b>	<b>6,108,889</b>	<b>2,477,210</b>	<b>20,637,614</b>	<b>9,788,219</b>

  

	2008					
	Local currency		Foreign currency		Total	
	Notional amount	Credit equivalent	Notional amount <i>(in thousand Baht)</i>	Credit equivalent	Notional amount	Credit equivalent
Other guarantees	10,399,277	5,252,518	4,470,394	2,177,721	14,869,671	7,430,239
Avals to bills and guarantees of loans	3,200	3,200	96,010	96,010	99,210	99,210
Letters of credit	54,601	10,920	203,090	40,618	257,691	51,538
Unmatured import bills	27,784	5,557	253,224	50,645	281,008	56,202
<b>Total</b>	<b>10,484,862</b>	<b>5,272,195</b>	<b>5,022,718</b>	<b>2,364,994</b>	<b>15,507,580</b>	<b>7,637,189</b>

Details of the Bank's outstanding derivative contracts as at 31 December 2009 and 2008 are set out below:

	Notional amount	2009	Fair value
		Credit equivalent <i>(in thousand Baht)</i>	
<b>Foreign exchange rate related contracts</b>			
Forward contracts	316,919,197	2,818,254	(1,414,039)
Cross currency swaps	155,766,358	8,071,860	3,611,516
Interest rate cross currency swaps	-	-	-
Options			
Call	919,884	12,305	29,048
Put	100,166	1,013	(36)
<b>Total foreign exchange rate related contracts</b>	<b>473,705,605</b>	<b>10,903,432</b>	<b>2,226,489</b>
<b>Equity/index related contracts</b>			
Index related contracts	725,669	7,012	8,851
<b>Total equity/index related contracts</b>	<b>725,669</b>	<b>7,012</b>	<b>8,851</b>
<b>Interest rate related contracts</b>			
Interest rate swaps	1,049,856,798	5,198,016	2,584,873
Forward rate agreements	2,000,000	-	10,236
<b>Total interest rate related contracts</b>	<b>1,051,856,798</b>	<b>5,198,016</b>	<b>2,595,109</b>
<b>Credit related contracts</b>			
Credit derivative swaps	1,001,088	-	(9,019)
<b>Total credit related contracts</b>	<b>1,001,088</b>	<b>-</b>	<b>(9,019)</b>
<b>Total</b>	<b>1,527,289,160</b>	<b>16,108,460</b>	<b>4,821,430</b>



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	Notional amount	2008 Credit equivalent <i>(in thousand Baht)</i>	Fair value
<i>Foreign exchange rate related contracts</i>			
Forward contracts	457,162,808	3,733,076	4,762,381
Cross currency swaps	153,236,389	7,598,560	5,268,713
Interest rate cross currency swaps	203,320	2,142	(7,766)
Options			
Call	4,601,474	56,483	342,189
Put	2,456,138	23,575	11,598
<b>Total foreign exchange rate related contracts</b>	<b>617,660,129</b>	<b>11,413,836</b>	<b>10,377,115</b>
<i>Equity/index related contracts</i>			
Index related contracts	2,415,669	25,439	5,009
<b>Total equity/index related contracts</b>	<b>2,415,669</b>	<b>25,439</b>	<b>5,009</b>
<i>Interest rate related contracts</i>			
Interest rate swaps	1,005,318,625	6,169,439	2,870,865
Forward rate agreements	-	-	-
<b>Total interest rate related contracts</b>	<b>1,005,318,625</b>	<b>6,169,439</b>	<b>2,870,865</b>
<i>Credit related contracts</i>			
Credit derivative swaps	1,123,965	56,198	4,562
<b>Total credit related contracts</b>	<b>1,123,965</b>	<b>56,198</b>	<b>4,562</b>
<b>Total</b>	<b>1,626,518,388</b>	<b>17,664,912</b>	<b>13,257,551</b>

Note: In accordance with industry practice, notional amounts disclosed for foreign exchange contracts represent the buy leg only and for swaps the receivable leg only.

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Off-balance sheet financial instruments classified by maturity at 31 December 2009 and 2008 were as follows:

	Notional < 1 year	2009		Fair value
		Notional > 1 year <i>(in thousand Baht)</i>	Notional Total	
Forward exchange contracts	310,487,427	6,431,770	316,919,197	(1,414,039)
Forward interest rate contracts	279,640,665	770,216,133	1,049,856,798	2,584,873
Currency swap contracts	14,900,529	140,865,829	155,766,358	3,611,516
Option contracts				
Call option contracts	842,222	77,662	919,884	29,048
Put option contracts	100,166	-	100,166	(36)
Forward rate agreements	2,000,000	-	2,000,000	10,236
Index related contracts	305,429	420,240	725,669	8,851
Bond option contracts	1,001,088	-	1,001,088	(9,019)
	Notional < 1 year	2008		Fair value
		Notional > 1 year <i>(in thousand Baht)</i>	Notional Total	
Forward exchange contracts	451,068,668	6,094,140	457,162,807	4,762,381
Forward interest rate contracts	237,124,951	768,193,674	1,005,318,625	2,870,865
Currency swap contracts	35,143,824	118,092,565	153,236,389	5,268,713
Option contracts				
Call option contracts	4,296,114	305,360	4,601,474	342,189
Put option contracts	2,456,138	-	2,456,138	11,598
Interest rate cross currency swaps	-	203,320	203,320	(7,766)
Index related contracts	1,690,000	725,669	2,415,669	5,009
Credit related contracts	1,123,965	-	1,123,965	4,562

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**2. Risk management**

The Bank 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 Bank is exposed to are credit risk, market risk and liquidity risk. These major risks are further described below:

***Credit risk***

Credit risk is the largest component of the Bank's overall risk position. Credit risk arises when the Bank places reliance on another counterparty to perform contractual obligations that are of economic value to the Bank. The Bank has a number of core credit policies and procedures for the approval of transactions and management of exposures that result in credit risk, which include:

- The group risk board defining the Bank's appetite for risk and the group board approving these risk levels.
- Credit policies determined by the group credit policy committee, a sub-group of the group risk board.
- The group divisions implementing credit policies and applying credit strategies.
- The credit risk management assigned to the group division having primary day-to-day responsibility for:
  - assessing the credit worthiness of credit counterparties;
  - approving credit limits;
  - managing credit exposure;
  - managing credit portfolios through periodic reviews; and
  - developing and implementing tailored credit risk management infrastructure and systems.

The Bank takes collateral where it is considered necessary to support both on and off balance sheet financial instruments with credit risk. The Bank evaluates each customer's credit worthiness on a case by case basis. The amount of collateral taken, if deemed necessary, is based on management's credit evaluation of the counterparty. The collateral taken varies but may include cash deposits, real estate, plant and equipment, investments, inventory and receivables.

Credit risk on derivative contracts is minimised as the majority of counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

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### *Market risk*

The trading unit in Global Corporates and Institutions and designated units responsible for the management of interest rate risk arising from the non-trading business in Global Corporates and Institutions are authorised to assume market risks within the scope of their authority to manage assets, liabilities and liquidity. The value-at-risk approach is used to derive a quantitative measure specifically for market risk under normal market conditions. The value-at-risk measure enables a consistent and uniform measure to be applied across all the trading businesses and products. This facilitates comparisons of the risk estimate both across time and with actual daily trading results.

### *Liquidity risk*

Liquidity risk management ensures the protection of the Bank's solvency and the ability to support asset portfolios with funding of appropriate term and at reasonable cost.

The Bank monitors net cash flows by currency and location as well as globally. An internal system used for cash flow monitoring captures future expected cash flows, both by day and by currency. The monitoring process also includes the ongoing assessment of the ability to sell liquid assets, mostly trading securities.

### *Foreign currency risk*

The Bank 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 each reporting date. Details in respect of these significant exposures are described in notes 4.1, 4.3.3, 4.10.3 and 4.11.

## **3. Fair value**

The fair value represents the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable and willing parties.

Quoted market prices are used as the measure of fair value where available. Where quoted market prices are not available, fair values are based on present value estimates or other methods of valuation.

### *On-balance sheet financial instruments*

The carrying value of on balance sheet financial instruments approximates their fair value.

### *Off-balance sheet financial instruments*

Fair value of unrecognised financial assets and financial liabilities are presented in a class or classes separate from recognised items and are offset only to the extent that they meet the offsetting criteria for recognised financial assets and financial liabilities.

The net fair value of off-balance sheet financial instruments is normally determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, net of estimated transaction costs.

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**4 Interest rate risk exposure**

Details of the Bank's interest rate risk based on the period to the earlier of the contractual repricing date or maturity as at 31 December 2009 and 2008 were as follows:

	2009					Total	Average interest rate (%) p.a.
	On demand	Within 3 months	3-12 months	1-5 years	Over 5 years		
	<i>(in thousand Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	41,706	-
Interbank and money market items	-	62,692,688	-	-	-	936,269	1.21
Trading securities	-	902,440	23,089,972	6,543,235	161,606	30,697,253	1.62
Available-for-sale securities	-	-	-	-	-	10,230	-
Loans and accrued interest receivable	255,545	11,008,604	2,022,118	672,713	-	14,647,559	2.04
Trading securities receivable	-	-	-	-	-	3,669,553	-
<b>Financial liabilities</b>							
Deposits	20,496,415	1,903,243	81,567	-	-	2,545,690	0.38
Interbank and money market items	1,298	3,294,087	2,000	16,521	850,000	4,524,146	2.87
Liabilities payable on demand	-	-	-	-	-	1,421,865	-
Borrowings	-	39,533,065	2,083,588	2,000,000	730,000	44,346,653	1.29
Trading securities payable	-	-	-	-	-	3,673,124	-

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## Notes to the financial statements

For the years ended 31 December 2009 and 2008

2008

	On demand	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total	Average interest rate (%) p.a.
<i>(in thousand Baht)</i>								
<b>Financial assets</b>								
Cash	-	-	-	-	-	52,180	52,180	-
Interbank and money market items	-	16,951,975	-	-	-	374,873	17,326,848	2.44
Trading securities	-	4,493,446	5,129,080	19,118,695	832,197	-	29,573,418	2.09
Available-for-sale securities	-	-	-	-	-	6,567	6,567	-
Loans and accrued interest receivable	559,675	10,343,530	1,863,894	1,015,145	-	817,383	14,599,627	3.88
Trading securities receivable	-	-	-	-	-	5,178,860	5,178,860	-
<b>Financial liabilities</b>								
Deposits	18,380,382	4,586,402	178,934	2,000	-	1,598,933	24,746,651	1.52
Interbank and money market items	14,417	102,000	200,000	386,318	1,760,000	4,450,827	6,913,562	4.79
Liabilities payable on demand	-	-	-	-	-	1,335,316	1,335,316	-
Borrowings	-	9,004,451	1,065,027	1,053,136	810,000	-	11,932,614	3.20
Trading securities payable	-	-	-	-	-	4,978,795	4,978,795	-

# Deutsche Bank Aktiengesellschaft, Bangkok Branch

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 5 Related party transactions and balances

The Bank had transactions with its Head Office and other branches of the same juristic person. The financial statements reflect the effects of these transactions on the basis determined by the parties concerned. Transactions with related parties are conducted at prices based on market prices, or, where no market price exists, at contractually agreed prices.

As at and for the years ended 31 December 2009 and 2008 the significant account balances and transactions with its related parties were as follows:

	2009	2008
	<i>(in thousand Baht)</i>	
<b>Account balances as at 31 December</b>		
Loans from head office and other branches of the same juristic person	(21,800,228)	(23,750,963)
Unrealised gains on forward and derivative contracts - net	(297,386)	1,755,438
Interbranch accounts	(1,136,177)	(727,322)
<b>Transactions for the years ended 31 December</b>		
Interest income	323	6,399
Interest expense	187,519	222,624
Expenses allocated from head office	444,909	469,552

### 6 Thai Accounting Standards (TAS) not yet adopted

The Bank has not adopted the following revised TAS that has been issued as of the reporting date but is not yet effective. The revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2007)	Related Party Disclosures	2011

### 7 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	Before reclass	2008 Reclass.	After reclass
	<i>(in thousand baht)</i>		
<b>Balance sheet</b>			
Interbank and money market - assets	17,414,095	(87,247)	17,326,848
Interbank and money market - liabilities	7,000,808	87,247	6,913,561
		<u>-</u>	







