

Deutsche Bank Aktiengesellschaft, Bangkok Branch  
Report and financial statements  
31 December 2021

## **Independent Auditor's Report**

To the Shareholders of Deutsche Bank Aktiengesellschaft, Bangkok Branch

### **Opinion**

I have audited the accompanying financial statements of Deutsche Bank Aktiengesellschaft, Bangkok Branch (“the Bank”), which comprise the statement of financial position as at 31 December 2021, and the related statements of comprehensive income, changes in equity of head office and other branches under the same entity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deutsche Bank Aktiengesellschaft, Bangkok Branch as at 31 December 2021, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand’s regulations.

### **Basis for Opinion**

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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



Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

EY Office Limited  
Bangkok: 26 April 2022



Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of financial position

As at 31 December 2021 and 2020

(Unit: Thousand Baht)

		31 December	31 December
	Note	2021	2020
<b>Assets</b>			
Cash		15,493	19,548
Interbank and money market items - net	6	2,932,930	1,351,902
Financial assets measured at fair value through profit or loss	7	26,080,536	21,814,444
Derivative assets	8	14,458,767	19,027,800
Investments - net	9	21,173,586	20,479,321
Loans to customers and accrued interest receivables - net	10	20,049,229	19,352,927
Leasehold improvement and equipment - net	11	40,224	44,015
Right-of-use assets - net	12	30,139	79,478
Deferred tax assets	13	63,612	13,686
Trading securities receivables		2,253,605	1,054,539
Other assets	14	124,539	97,925
<b>Total assets</b>		<b>87,222,660</b>	<b>83,335,585</b>

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of financial position (continued)

As at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	31 December 2021	31 December 2020
<b>Liabilities and equity of head office and other branches under the same entity</b>			
<b>Liabilities</b>			
Deposits	15	43,524,112	36,199,905
Interbank and money market items	16	1,540,313	1,558,506
Liabilities payable on demand		723,384	803,046
Financial liabilities measured at fair value through profit or loss	17	55,539	83,626
Derivative liabilities	8	13,390,916	17,626,013
Lease liabilities	18	30,612	79,718
Provisions for liabilities	19	105,150	123,926
Trading securities payables		3,640,498	1,046,241
Collateral payables under the Credit Support Annex agreements		144,131	-
Other liabilities	20	1,370,962	1,106,425
<b>Total liabilities</b>		<b>64,525,617</b>	<b>58,627,406</b>
<b>Equity of head office and other branches under the same entity</b>			
Funds remitted into Thailand for maintaining assets under section 32 of the Act on Undertaking of Banking business B.E. 2551		17,800,000	17,800,000
Net balances of inter-office accounts with head office and other branches under the same entity		5,000,365	6,614,134
Other components of head office and other branches under the same entity	22	(297)	60,344
Retained earnings (losses)		(103,025)	233,701
<b>Total equity of head office and other branches under the same entity</b>		<b>22,697,043</b>	<b>24,708,179</b>
<b>Total liabilities and equity of head office and other branches under the same entity</b>		<b>87,222,660</b>	<b>83,335,585</b>

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of comprehensive income

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	2021	2020
<b>Profit or loss:</b>			
Interest income	23	523,452	672,947
Interest expenses	24	377,148	531,791
<b>Net interest income</b>		146,304	141,156
Fees and service income		255,434	218,451
Fees and service expenses		74,973	81,203
<b>Net fees and service income</b>	25	180,461	137,248
Net gain on financial instruments measured at fair value			
through profit or loss	26	775,781	989,044
Net gain on investments	27	24,319	111,424
Other operating income		154,606	151,301
<b>Total operating income</b>		1,281,471	1,530,173
<b>Operating expenses</b>			
Employee expenses		347,771	339,728
Premises and equipment expenses		76,697	67,247
Taxes and duties		20,727	23,941
Expenses allocated from head office		984,523	756,877
Other expenses		177,544	145,640
<b>Total operating expenses</b>		1,607,262	1,333,433
Reversal of expected credit loss	28	(54,638)	(57,938)
<b>Profit (loss) before income tax expenses</b>		(271,153)	254,678
Income tax expenses (revenues)	13.2	(30,406)	59,439
<b>Profit (loss) for the years</b>		(240,747)	195,239

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of comprehensive income (continued)

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	2021	2020
<b>Other comprehensive income (loss):</b>			
Items to be reclassified to profit or loss in subsequent periods			
Gain (loss) on valuation of investments in debt securities			
measured at fair value through other comprehensive income		(75,801)	75,430
Income tax effect	13.3	15,160	(15,086)
Items to be reclassified to profit or loss			
in subsequent periods - net of income tax (loss)		(60,641)	60,344
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gain (loss)		2,051	(3,150)
Income tax effect	13.3	(410)	630
Items not to be reclassified to profit or loss			
in subsequent periods - net of income tax (loss)		1,641	(2,520)
<b>Other comprehensive income (loss) for the years</b>		<b>(59,000)</b>	<b>57,824</b>
<b>Total comprehensive income (loss) for the years</b>		<b>(299,747)</b>	<b>253,063</b>

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

Deutsche Bank Aktiengesellschaft, Bangkok Branch

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

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Funds remitted into Thailand for maintaining assets	Net balances of inter - office accounts with head office and other branches under the same entity	Other components of head office and other branches under the same entity - Revaluation surplus (deficit) on investments	Retained earnings (losses)	Total
<b>Balance as at 1 January 2020</b>	17,800,000	3,358,804	-	432,209	21,591,013
Increase in net balance of inter - office accounts with head office and other branches under the same entity	-	3,255,330	-	-	3,255,330
Profit for the year	-	-	-	195,239	195,239
Other comprehensive income (loss) for the year	-	-	60,344	(2,520)	57,824
Total comprehensive income for the year	-	-	60,344	192,719	253,063
Profit remitted to head office (Note 31)	-	-	-	(352,104)	(352,104)
Income tax on remitted profit	-	-	-	(39,123)	(39,123)
<b>Balance as at 31 December 2020</b>	17,800,000	6,614,134	60,344	233,701	24,708,179
<b>Balance as at 1 January 2021</b>	17,800,000	6,614,134	60,344	233,701	24,708,179
Decrease in net balance of inter - office accounts with head office and other branches under the same entity	-	(1,613,769)	-	-	(1,613,769)
Loss for the year	-	-	-	(240,747)	(240,747)
Other comprehensive income (loss) for the year	-	-	(60,641)	1,641	(59,000)
Total comprehensive income (loss) for the year	-	-	(60,641)	(239,106)	(299,747)
Profit remitted to head office (Note 31)	-	-	-	(87,858)	(87,858)
Income tax on remitted profit	-	-	-	(9,762)	(9,762)
<b>Balance as at 31 December 2021</b>	17,800,000	5,000,365	(297)	(103,025)	22,697,043

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



Deutsche Bank Aktiengesellschaft, Bangkok Branch

Statements of cash flows

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	2021	2020
<b>Cash flows from operating activities</b>		
Profit (loss) from operations before income tax	(271,153)	254,678
Adjustments to reconcile profit (loss) from operations before income tax to net cash provided by (used in) operating activities		
Depreciation and amortisation	28,130	45,908
Reversal of expected credit loss	(54,638)	(57,938)
Unrealised (gain) loss on financial instruments measured at fair value through profit or loss	12,387	(33,006)
Net gain on disposal of equipment	-	(38)
Loss on write-off of equipment	12	27
Long-term employee benefit expenses	9,724	10,089
Gain on disposal of investments measured at fair value through other comprehensive income	(24,319)	(111,424)
Net unrealised loss on exchange and financial derivatives contracts	333,935	43,994
Net interest income	(146,304)	(141,156)
Cash received on interest income	555,210	714,461
Cash paid on interest expenses	(275,811)	(684,191)
Cash paid on income tax	(53,996)	(65,770)
<b>Profit (loss) from operation before changes in operating assets and liabilities</b>	113,177	(24,366)
Decrease (increase) in operating assets		
Interbank and money market items	(1,581,151)	11,143,884
Financial assets measured at fair value through profit or loss	(4,277,383)	(17,160,060)
Loans to customers	(658,227)	6,206,498
Trade securities receivables	(1,199,065)	(831,532)
Collateral receivables under the Credit Support Annex agreements	-	207,507
Other assets	(17,751)	(15,479)

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**

**Statements of cash flows (continued)**

**For the years ended 31 December 2021 and 2020**

(Unit: Thousand Baht)

	2021	2020
Increase (decrease) in operating liabilities		
Deposits	7,324,207	(3,478,633)
Interbank and money market items	(18,193)	(656,291)
Liabilities payable on demand	(79,662)	(106,160)
Financial liabilities measured at fair value through profit or loss	(28,047)	83,626
Employee benefit obligations	(16,574)	(12,393)
Other provision	(1,039)	11,501
Trade securities payables	2,594,257	608,041
Collateral payables under the Credit Support Annex agreements	144,131	-
Other liabilities	184,525	(215,048)
<b>Net cash provided by (used in) operating activities</b>	<b>2,483,205</b>	<b>(4,238,905)</b>
<b>Cash flows from investing activities</b>		
Cash paid for purchases of debt securities measured at fair value through other comprehensive income	(86,415,086)	(82,663,946)
Proceeds from sales of debt securities measured at fair value through other comprehensive income	70,585,177	79,442,994
Proceeds from debt securities measured at fair value through other comprehensive income which were held to maturity	15,079,000	4,604,000
Cash paid for purchase of equipment	(6,446)	(9,668)
Proceeds from disposals of equipment	-	38
<b>Net cash provided by (used in) investing activities</b>	<b>(757,355)</b>	<b>1,373,418</b>
<b>Cash flows from financing activities</b>		
Cash paid on lease contracts	(18,516)	(17,160)
Profit remitted to head office	(87,858)	(352,104)
Income tax paid on profit remitted to head office	(9,762)	(39,123)
Net (increase) decrease in balance of inter - office accounts with head office and other branches under the same entity	(1,613,769)	3,255,331
<b>Net cash provided by (used in) financing activities</b>	<b>(1,729,905)</b>	<b>2,846,944</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,055)</b>	<b>(18,543)</b>
Cash and cash equivalents as at 1 January	19,548	38,091
<b>Cash and cash equivalents as at 31 December</b>	<b>15,493</b>	<b>19,548</b>

**Supplemental cash flows information**

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

**Deutsche Bank Aktiengesellschaft, Bangkok Branch**

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**For the years ended 31 December 2021 and 2020**

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

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

**For the years ended 31 December 2021 and 2020**

#### **1. General information**

##### **1.1 Corporate information**

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

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

##### **1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic has been resulting in an economic slowdown and impacting most businesses and industries both directly and indirectly. This situation may bring uncertainties and may have an impact on the environment in which the Bank is operating. The Bank's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

#### **2. Basis of financial statements preparation**

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

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

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

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

### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year 2021, the Bank has adopted the revised financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

#### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Bank is currently evaluating the impact of these standards on the financial statements in the years when they are adopted.

#### **3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective for fiscal year beginning on or after 1 January 2022**

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors specified in the circular of the BoT No. BOT.RPD2.C. 802/2564 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)" or any other measures announced by the BoT. Such entities include credit card business, business providing loans secured against vehicle registrations, personal loan business under the supervision of the BoT and certain entities not under the supervision of the BoT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses.



The accounting guidance is effective for entities that provide assistance to debtors impacted by COVID-19 during the period from 1 January 2022 to 31 December 2023 or until the BoT makes changes with which the entities are to comply. The guidance applies to the staging assessment and setting aside of provisions for qualified debtors, and covers all types of debtors, namely large debtors, small- and medium-sized debtors and retail debtors.

However, the Bank expects not to apply this Accounting Guidance in its preparation of its financial statements in case the Bank provides assistance to debtors.

#### **4. Summary of significant accounting policies**

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

##### **4.1 Revenue recognition**

###### **(a) Interest income on loans to customers**

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

###### **(b) Interest income on deposits/investments**

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

###### **(c) Fees and service income**

Fees and service income is recognised as income on an accrual basis over the service rendering periods.

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

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

- (e) Gain (loss) on investments

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

#### **4.2 Expense recognition**

- (a) Interest expenses

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

- (b) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis over the service rendering periods.

#### **4.3 Cash**

Cash represents cash in hand and cash on collection.

#### **4.4 Securities purchased under resale agreements**

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

#### **4.5 Financial assets - Investments**

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

##### Financial assets - debt securities

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

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

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

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

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

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

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

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

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

Financial assets - equity securities

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

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

Fair value

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

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

### Income on investments and disposals of investments

Interest income on investments is recognised in profit or loss.

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

### Recognition

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

## **4.6 Classification and measurement of financial liabilities**

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

## **4.7 Loans to customers**

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

## **4.8 Allowance for expected credit loss on financial assets**

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

### Group 1: Financial assets where there has not been a significant increase in credit risk (Performing)

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

Group 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

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

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

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

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

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

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

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

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



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

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

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

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

#### **4.9 Leasehold improvement and equipment**

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

The Bank initially recognises leasehold improvement and equipment at its acquisition cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation is determined on their costs on a straight-line basis over the following estimated useful lives.

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

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

#### **4.10 Right-of-use assets/Lease liabilities**

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

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

##### ***Right-of-use assets***

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

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

Building and building improvement	-	1 - 6 years
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### ***Lease liabilities***

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

### ***Short-term leases and leases of low-value assets***

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

## **4.11 Derivatives**

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

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

The fair value of interest rate swaps is based on broker quotes at the reporting date.

The fair value of forward exchange contracts is based on their listed market price at the reporting date, if available. If not available, 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 Bank accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separated embedded derivatives are recorded on the basis of the type of derivative, and they are presented in the statements of financial position together with the host contract.

#### **4.12 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).

#### **4.13 Provisions**

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

#### **4.14 Impairment of non-financial assets**

The carrying amounts of the Bank's assets are reviewed at each reporting date to determine whether there are any indications of impairment. If any indications exist, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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

The impairment loss is recognised in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 4.15 Employee benefits

### ***Short-term employee benefits***

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

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

### ***Post-employment benefits and other long-term employee benefits***

#### Defined contribution plans

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

#### Defined benefit plans and other long-term benefits

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

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

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

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

#### Termination benefits

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



#### **4.16 Foreign currency translation**

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

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

Foreign currency differences are recognised in profit or loss.

#### **4.17 Share-based payments**

Increases in the fair value of the amounts payable to employees in cash as a result of share price are recognised as an expense, with a corresponding increase in liabilities, over the period in which employees are unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

#### **4.18 Income tax**

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

##### Current income tax

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

##### Deferred income tax

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

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

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

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

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

#### **4.19 Fair value measurement**

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

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

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

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

#### **4.20 Offsetting of financial assets and financial liabilities**

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

#### **4.21 Derecognition of financial assets and financial liabilities**

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

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

#### **4.22 Related party transactions**

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

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

#### **4.23 Significant accounting judgements and estimates**

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

##### **Recognition and derecognition of assets and liabilities**

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

##### **Allowance for expected credit loss**

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

**Fair value of financial instruments**

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

**Leasehold improvement and equipment and depreciation**

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

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

**Lease**

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

**Deferred tax assets**

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

**Post-employment benefits**

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

## 5. Classification of financial assets and financial liabilities

(Unit: Thousand Baht)

	31 December 2021			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial assets</u></b>				
Cash	-	-	15,493	15,493
Interbank and money market items	-	-	2,932,930	2,932,930
Financial assets measured at fair value through profit and loss	26,080,536	-	-	26,080,536
Derivatives assets	14,458,767	-	-	14,458,767
Investments	-	21,173,586	-	21,173,586
Loans to customers and accrued interest receivables	-	-	20,049,229	20,049,229
Trading securities receivables	-	-	2,253,605	2,253,605
Other assets - interest receivables	-	-	41,279	41,279
<b><u>Financial liabilities</u></b>				
Deposits	-	-	43,524,112	43,524,112
Interbank and money market items	-	-	1,540,313	1,540,313
Liabilities payable on demand	-	-	723,384	723,384
Financial liabilities measured at fair value through profit or loss	55,539	-	-	55,539
Derivatives liabilities	13,390,916	-	-	13,390,916
Lease liabilities	-	-	30,612	30,612
Trading securities payables	-	-	3,640,498	3,640,498
Collateral payables under the Credit Support Annex agreements	-	-	144,131	144,131
Other liabilities - interest payables	-	-	988,100	988,100
Net balances of inter-office accounts with head office and other branches under the same entity	-	-	5,000,365	5,000,365

31 December 2020

	Financial instruments			
	Financial instruments measured at fair value through profit or loss	measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial assets</u></b>				
Cash	-	-	19,548	19,548
Interbank and money market items	-	-	1,351,902	1,351,902
Financial assets measured at fair value through profit and loss	21,814,444	-	-	21,814,444
Derivatives assets	19,027,800	-	-	19,027,800
Investments	-	20,479,321	-	20,479,321
Loans to customers and accrued interest receivables	-	-	19,352,927	19,352,927
Trading securities receivables	-	-	1,054,539	1,054,539
Other assets - interest receivables	-	-	61,164	61,164
<b><u>Financial liabilities</u></b>				
Deposits	-	-	36,199,905	36,199,905
Interbank and money market items	-	-	1,558,506	1,558,506
Liabilities payable on demand	-	-	803,046	803,046
Financial liabilities measured at fair value through profit or loss	83,626	-	-	83,626
Derivatives liabilities	17,626,013	-	-	17,626,013
Lease liabilities	-	-	79,718	79,718
Trading securities payables	-	-	1,046,241	1,046,241
Other liabilities - interest payables	-	-	889,001	889,001
Net balances of inter-office accounts with head office and other branches under the same entity	-	-	6,614,134	6,614,134

## 6. Interbank and money market items (assets)

As at 31 December 2021 and 2020, interbank and money market items (assets) are as follows:

	31 December 2021			31 December 2020		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic</b>						
Bank of Thailand	468,870	-	468,870	516,797	-	516,797
Commercial banks	1,600,866	741,231	2,342,097	1,192	746,868	748,060
Total	2,069,736	741,231	2,810,967	517,989	746,868	1,264,857
Add: Interest receivables	-	236	236	-	267	267
Less: Allowance for expected credit loss	-	(110)	(110)	-	(19)	(19)
Total domestic items	2,069,736	741,357	2,811,093	517,989	747,116	1,265,105
<b>Foreign</b>						
US Dollar	864	73,719	74,583	41	21,672	21,713
Other currencies	47,254	-	47,254	65,084	-	65,084
Total foreign items	48,118	73,719	121,837	65,125	21,672	86,797
Total domestic and foreign items	2,117,854	815,076	2,932,930	583,114	768,788	1,351,902

## 7. Financial assets measured at fair value through profit or loss

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Financial assets held for trading		
Government and state enterprises securities	9,518,636	4,413,762
Securities purchased under resale agreements	16,561,900	17,400,682
Total financial assets measured at fair value through profit or loss	26,080,536	21,814,444

As at 31 December 2021 and 2020, the Bank entered into securities purchased under resale agreements according to private repurchase transaction. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Commercial banks	16,561,700	17,400,000



Fair value of securities received as collateral is as follow:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Commercial banks	16,702,923	17,572,300

## 8. Derivative assets/liabilities

As at 31 December 2021 and 2020, the fair value and notional amounts, classified by type of risks, were as follows:

(Unit: Thousand Baht)					
31 December 2021					
Type of risk	Fair value		Notional amount		
	Assets	Liabilities	Up to 1 year	Over 1 year	Total
Foreign exchange forward and currency swap contracts	11,323,512	10,086,909	816,610,479	76,464,136	893,074,615
Interest rate swap and forward rate contracts	3,135,255	3,243,568	208,270,435	256,262,335	464,532,770
Add: Provision against of derivative products	-	60,439	-	-	-
Total	14,458,767	13,390,916	1,024,880,914	332,726,471	1,357,607,385
(Unit: Thousand Baht)					
31 December 2020					
Type of risk	Fair value		Notional amount		
	Assets	Liabilities	Up to 1 year	Over 1 year	Total
Foreign exchange forward and currency swap contracts	11,512,925	9,857,309	489,026,295	66,965,131	555,991,426
Interest rate swap and forward rate contracts	7,514,875	7,685,378	275,154,174	398,052,946	673,207,120
Add: Provision against of derivative products	-	83,326	-	-	-
Total	19,027,800	17,626,013	764,180,469	465,018,077	1,229,198,546

The Bank was a party to enter into contracts with customers to meet the financing needs of its customers and to reduce its own exposure by entering into forward 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 2021 and 2020, proportions of the notional amount of derivative transactions, classified by counterparties, consist of:

Counterparties	(Unit: Percentage)	
	31 December 2021	31 December 2020
Financial institutions	93	93
Third parties	7	7
Total	100	100

## 9. Investments

### 9.1 Classified by types of investments

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
	Fair value	Fair value
<b>Investments in debt securities measured at fair value through other comprehensive income</b>		
Government and state enterprises securities	21,173,586	20,479,321
Allowance for expected credit loss	6,839	3,372

## 10. Loans to customers and accrued interest receivables

### 10.1 Classified by loan types

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Overdrafts	1,099,174	842,056
Loans	19,153,368	18,752,259
Loans to customers	20,252,542	19,594,315
Add: Interest receivables	22,273	33,557
Loans to customers and interest receivables	20,274,815	19,627,872
Less: Allowance for expected credit loss	(225,586)	(274,945)
Loans to customers and accrued interest receivables - net	20,049,229	19,352,927

## 10.2 Classified by currencies and residence of debtors

	(Unit: Thousand Baht)		
	31 December 2021		
	Domestic	Foreign	Total
Baht	19,657,672	-	19,657,672
US Dollar	594,870	-	594,870
Euro	-	-	-
Total loans to customers	20,252,542	-	20,252,542

## 10.3 Classified by loan classification

	(Unit: Thousand Baht)	
	31 December 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets where there has not been a significant increase in credit risk (Performing)	20,220,063	2,795
Financial assets where there has been a significant increase in credit risk (Under-Performing)	-	-
Financial assets that are credit-impaired (Non-Performing)	54,752	54,752
Excess allowance	-	168,039
Total	20,274,815	225,586

  

	(Unit: Thousand Baht)	
	31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets where there has not been a significant increase in credit risk (Performing)	19,495,325	1,616
Financial assets where there has been a significant increase in credit risk (Under-Performing)	83,337	4
Financial assets that are credit-impaired (Non-Performing)	49,210	49,210
Excess allowance	-	224,115
Total	19,627,872	274,945

Due to the first-time adoption of TFRS 9, on 1 January 2020 the Bank had an excess allowance of Baht 280 million, which was the difference between the allowance for doubtful accounts determined based on former accounting policy and the allowance for expected credit loss determined under TFRS 9. The Bank already notified to the BoT in its letter dated 4 December 2019 that the Bank plans to reduce such excess allowance on a straight-line basis over the 5-years period, which is in line with the BoT's regulation. During the year ended 31 December 2021, the Bank reduced the excess allowance by Baht 56 million and recognised in profit or loss. Therefore, as at 31 December 2021, the outstanding balance of the excess allowance was Baht 168 million.

#### 10.4 Non-performing loans

As at 31 December 2021 and 2020, the Bank had non-performing loans ("NPLs Gross") on accrual basis (including loans to financial institutions which are classified as interbank and money market) based on the BoT's notification as follows:

	31 December 2021	31 December 2020
NPLs, gross ( <i>Thousand Baht</i> )	54,752	49,210
Total loans used for NPLs ratio calculation ( <i>Thousand Baht</i> )	22,667,492	20,362,855
Percentage of total loans	0.24	0.24

## 10.5 Allowance for expected credit loss

(Unit: Thousand Baht)

For the year ended 31 December 2021

	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit-impaired	The impact due to the adoption of TFRS related to financial instruments - Excess allowance	Total
<b>Interbank and money market items (assets)</b>					
Beginning balance	19	-	-	-	19
New financial assets purchased or acquired	110	-	-	-	110
Repayment	(19)	-	-	-	(19)
Ending balance	110	-	-	-	110
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Beginning balance	3,372	-	-	-	3,372
Changes due to revaluation of allowance for credit loss	30	-	-	-	30
New financial assets purchased or acquired	5,586	-	-	-	5,586
Repayment	(2,149)	-	-	-	(2,149)
Ending balance	6,839	-	-	-	6,839
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	1,616	4	49,210	224,115	274,945
Changes due to remeasurement of allowance	(289)	-	5,542	-	5,253
New financial assets purchased or acquired	2,674	-	-	-	2,674
Repayment	(1,206)	(4)	-	-	(1,210)
Amortisation of allowance for expected credit loss	-	-	-	(56,076)	(56,076)
Ending balance	2,795	-	54,752	168,039	225,586

(Unit: Thousand Baht)

For the year ended 31 December 2020

	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit-impaired	The impact due to the adoption of TFRS related to financial instruments - Excess allowance	Total
<b>Interbank and money market items</b>					
<b>(assets)</b>					
Beginning balance	3	-	-	-	3
New financial assets purchased or acquired	19	-	-	-	19
Repayment	(3)	-	-	-	(3)
Ending balance	19	-	-	-	19
<b>Investments in debt securities</b>					
<b>measured at fair value through other comprehensive income</b>					
Beginning balance	-	-	-	-	-
New financial assets purchased or acquired	3,372	-	-	-	3,372
Ending balance	3,372	-	-	-	3,372
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	10,860	-	49,599	280,384	340,843
Changes due to changes in staging	(3)	3	-	-	-
Changes due to remeasurement of allowance	150	-	(389)	-	(239)
New financial assets purchased or acquired	1,508	1	-	-	1,509
Repayment	(10,899)	-	-	-	(10,899)
Amortisation of allowance for expected credit loss	-	-	-	(56,269)	(56,269)
Ending balance	1,616	4	49,210	224,115	274,945

## 11. Leasehold improvement and equipment

(Unit: Thousand Baht)

	Leasehold improvement	Furniture, fixtures and equipment	Total
<b>Cost</b>			
1 January 2020	157,085	193,928	351,013
Acquisitions	-	9,608	9,608
Disposals and write-off	(3,562)	(20,979)	(24,541)
31 December 2020	153,523	182,557	336,080
Acquisitions	-	6,431	6,431
Disposals and write-off	-	(19,451)	(19,451)
31 December 2021	153,523	169,537	323,060
<b>Accumulated depreciation</b>			
1 January 2020	127,598	178,443	306,041
Depreciation charged for the year	4,507	6,031	10,538
Disposals and write-off	(3,562)	(20,952)	(24,514)
31 December 2020	128,543	163,522	292,065
Depreciation charged for the year	4,484	5,726	10,210
Disposals and write-off	-	(19,439)	(19,439)
31 December 2021	133,027	149,809	282,836
<b>Net book value</b>			
31 December 2020	24,980	19,035	44,015
31 December 2021	20,496	19,728	40,224
<b>Depreciation for the years ended 31 December</b>			
2020			10,538
2021			10,210

As at 31 December 2021 and 2020, certain premises and equipment were fully depreciated but are still in use. The original costs, before deducting depreciation, of those assets amounted Baht 257 million and Baht 273 million, respectively.



## 12. Right-of-use assets

	(Unit: Thousand Baht)
	Building and building improvement
<b>Cost</b>	
1 January 2020	35,410
Additions	79,438
31 December 2020	114,848
Modification of lease terms	(31,419)
31 December 2021	83,429
<b>Accumulated depreciation</b>	
1 January 2020	-
Depreciation charged during the year	35,370
31 December 2020	35,370
Depreciation charged during the year	17,920
31 December 2021	53,290
<b>Net book value</b>	
31 December 2020	79,478
31 December 2021	30,139

### 13. Deferred tax assets/liabilities and income tax expenses

#### 13.1 Deferred tax assets/liabilities

Deferred tax assets/liabilities as at 31 December 2021 and 2020 consisted of the following components.

		(Unit: Thousand Baht)	
		Changes in deferred tax assets/liabilities for the	
	31 December	31 December	years ended 31 December
	2021	2020	2021 2020
<b>Deferred tax assets</b>			
Leasehold improvement and equipment, and right-of-use assets	5,971	5,925	46 5,498
Loans to customers and accrued interest receivables	1,026	1,026	- -
Other assets	1,557	1,557	- (749)
Provisions against derivative products	12,088	16,665	(4,577) 106
Employee benefit obligations	18,858	21,955	(3,097) 2,469
Tax loss carried forward	42,184	-	42,184 -
Other liabilities	1,129	2,067	(938) (5,339)
Total	82,813	49,195	
<b>Deferred tax liabilities</b>			
Investments	19,201	35,509	16,308 (22,385)
Total	19,201	35,509	
Net	63,612	13,686	49,926 (20,400)
Recognised as income tax (expenses) revenues:			
Recognised in profit or loss			35,176 (5,944)
Recognised in other comprehensive income			14,750 (14,456)
Total			49,926 (20,400)

## 13.2 Income tax expenses

Income tax expenses for the years ended 31 December 2021 and 2020 were summarised as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Current income tax</b>		
Current income tax charge for the years	-	56,270
Adjustments in respect of corporate income tax of previous year	4,770	(2,775)
<b>Deferred income tax</b>		
Income tax relating to origination and reversal of temporary differences	(35,176)	5,944
Income tax expenses (revenues) reported in profit or loss	(30,406)	59,439

Reconciliation between income tax expenses and the product of accounting profits for the years ended 31 December 2021 and 2020 multiplied by the applicable tax rate were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Accounting profits (loss) before income tax expenses	(271,153)	254,678
Applicable tax rate	20%	20%
Accounting profits (loss) before income tax expenses multiplied by applicable tax rate	(54,231)	50,936
Tax effects from:		
Adjustments in respect of corporate income tax of previous year	4,770	(2,775)
Net tax effect of tax-exempted revenues and non-tax deductible expenses	19,055	11,278
Income tax expenses (revenues) reported in profit or loss	(30,406)	59,439
Weighted average tax rate (percent)	(11.21)	23.34

**13.3** The amount of income tax recognised in other comprehensive income for the years ended 31 December 2021 and 2020 were summarised below:

		(Unit: Thousand Baht)	
		For the years ended 31 December	
		2021	2020
Related deferred tax on:			
Gain (loss) on valuation of investment in debt securities			
measured at fair value through other comprehensive income		15,160	(15,086)
Actuarial gain (loss)		(410)	630
Total		14,750	(14,456)

#### **14. Other assets**

		(Unit: Thousand Baht)	
		31 December 2021	31 December 2020
Accrued interest receivables		41,279	61,164
Withholding tax receivables		28,747	-
Others		54,513	36,761
Total		124,539	97,925

#### **15. Deposits**

##### **15.1 Classified by type of deposits**

		(Unit: Thousand Baht)	
		31 December 2021	31 December 2020
Current accounts		23,350,622	17,785,492
Savings accounts		17,183,142	14,393,703
Terms			
- Less than 6 months		1,306,213	2,515,801
- 6 months but less than 1 year		1,600	1,600
- 1 year and over		1,682,535	1,503,309
Total deposits		43,524,112	36,199,905

## 15.2 Classified by currency and residence of depositors

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	36,664,333	241,087	36,905,420	30,009,689	212,690	30,222,379
US Dollar	3,110,681	57,716	3,168,397	2,764,238	30,544	2,794,782
Others	2,124,108	1,326,187	3,450,295	1,891,911	1,290,833	3,182,744
Total deposits	41,899,122	1,624,990	43,524,112	34,665,838	1,534,067	36,199,905

## 16. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
Bank of Thailand	-	79,800	79,800	-	79,800	79,800
Other financial institutions	30,945	1,401,402	1,432,347	700	1,421,407	1,422,107
Total domestic items	30,945	1,481,202	1,512,147	700	1,501,207	1,501,907
<b>Foreign items</b>						
Baht	28,166	-	28,166	56,599	-	56,599
Total foreign items	28,166	-	28,166	56,599	-	56,599
Total domestic and foreign items	59,111	1,481,202	1,540,313	57,299	1,501,207	1,558,506

## 17. Financial liabilities measured at fair value through profit or loss

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Financial assets held for trading		
Provision for returning securities	55,539	83,626
Total financial liabilities measured at fair value through profit or loss	55,539	83,626

## 18. Lease liabilities

The Bank has entered into lease agreements to lease buildings and building improvements for the Bank's operations, whereby the terms of the agreements are generally 1 - 6 years.

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

(Unit: Thousand Baht)			
31 December 2021			
	Less than 1 year	1 - 3 years	Total
Undiscounted lease payments	16,326	14,905	31,231
Less: Deferred interest expenses	(477)	(142)	(619)
Total	15,849	14,763	30,612

  

(Unit: Thousand Baht)			
31 December 2020			
	Less than 1 year	1 - 6 years	Total
Undiscounted lease payments	17,160	67,379	84,539
Less: Deferred interest expenses	(1,562)	(3,259)	(4,821)
Total	15,598	64,120	79,718

The Bank has total cash outflow for leases during for the years ended 31 December 2021 and 2020 of Baht 18.5 million and Baht 17.2 million, respectively and expenses related to lease agreements which were recognised in the statements of comprehensive income for the years ended 31 December 2021 and 2020 by Baht 0.9 million and Baht 1.5 million, respectively.

## 19. Provisions for liabilities

(Unit: Thousand Baht)		
	31 December 2021	31 December 2020
Provision for long-term employee benefits	89,371	98,272
Provision for other liabilities:		
Allowance for expected credit loss of loan commitments		
and financial guarantee contracts	3,074	6,368
Provision for restoration cost	7,784	7,784
Provision for termination benefits	4,921	11,502
Total provision for liabilities	105,150	123,926

## 19.1 Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Provisions for defined post employee benefits		
at beginning of the year	89,309	85,179
Recognised in profit or loss		
Current service cost	8,453	7,938
Interest cost	797	1,075
Recognised in other comprehensive income		
Actuarial (gain) loss arising from		
Financial assumption changes	(2,051)	3,150
Employee benefits paid during the year	(13,257)	(8,033)
Provisions for defined post employee benefits at end of the year	83,251	89,309
Other provision for long-term benefits	6,120	8,963
Total provisions for long-term employee benefits	89,371	98,272

Long-term employee benefit expenses included in profit or loss for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Current service cost	9,002	8,588
Interest cost	868	1,222
Actuarial (gain) loss for other long-term employee benefits	(146)	279
Total	9,724	10,089

As at 31 December 2021, the Bank expects to pay long-term employee benefits during the next year of Baht 6 million (2020: Baht 11 million).

As at 31 December 2021, the weighted average duration of the liabilities of the long-term employee benefits is 6 years (2020: 6 years).



The principal assumptions used in determining provision for long-term employee benefits can be summarised as follows:

	(Unit: Percentage per year)	
	31 December 2021	31 December 2020
Future salary incremental rates (depending on age)	3 - 8%	3 - 8%
Turnover rates (depending on age)	0 - 20%	0 - 20%
Average discount rate	1.33%	0.97%

Sensitivity analysis for principal assumptions that affected provision for long-term employee benefits as at 31 December 2021 and 2020 were summarised below:

	(Unit: Thousand Baht)	
	Increase (decrease) in provision for long-term employee benefits	
Key assumptions	31 December 2021	31 December 2020
Salary incremental rates increased by 1.00%	5,643	6,199
Salary incremental rates decreased by 1.00%	(5,345)	(5,578)
Average discount rates increased by 1.00%	(5,445)	(5,676)
Average discount rates decreased by 1.00%	5,770	6,442

**19.2** As 31 December 2021, allowance for expected credit loss on loans commitments and financial guarantee contracts classified by loans classification were as follows:

	(Unit: Thousand Baht)	
	31 December 2021	
	Loans commitments and financial guarantee contracts	Allowance for expected credit loss
Financial assets where there has not been a significant increase in credit risk (Performing)	21,337,114	2,609
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,521,524	465
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	22,858,638	3,074

	(Unit: Thousand Baht)	
	31 December 2020	
	Loans commitments and financial guarantee contracts	Allowance for expected credit loss
Financial assets where there has not been a significant increase in credit risk (Performing)	18,697,416	5,969
Financial assets where there has been a significant increase in credit risk (Under-Performing)	258,354	399
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	18,955,770	6,368

The changes in the allowance for expected credit loss on loans commitments and financial guarantee contracts were as follows:

(Unit: Thousand Baht)

	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit-impaired	Total
Beginning balances	5,969	399	-	6,368
Changes due to changes in staging	(1,612)	1,612	-	-
Changes due to remeasurement of allowance for expected credit loss	(1,965)	(1,881)	-	(3,846)
Obligations to grant new credit limits and financial guarantee	217	335	-	552
Ending balance	2,609	465	-	3,074

(Unit: Thousand Baht)

	31 December 2020			
	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit-impaired	Total
Beginning balances	1,124	864	-	1,988
Changes due to changes in staging	(44)	44	-	-
Changes due to remeasurement of allowance for expected credit loss	(479)	(554)	-	(1,033)
Obligations to grant new credit limits and financial guarantee	5,368	45	-	5,413
Ending balance	5,969	399	-	6,368

## 20. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Accrued interest payables	988,100	889,001
Suspense creditors	261,685	30,735
Accrued employee expenses	51,559	55,528
Accrued Deposit Protection Agency and Bank of Thailand fees	36,479	34,241
Income tax payable	600	21,079
Other tax payables	7,036	47,740
Others	25,503	28,101
Total	1,370,962	1,106,425

## 21. Capital funds and liquidity reserve

The Bank maintains capital funds in accordance with Section 32 of the Financial Institution Business Act. B.E. 2551, whereby capital funds are to be maintained at a percentage of risk-weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BoT. As at 31 December 2021 and 2020, these can be summarised as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Thailand Government bonds	3,551,526	6,259,783
Bank of Thailand bonds	14,511,808	11,874,444
Total	18,063,334	18,134,227

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b>Sum of net capital funds for maintenance of assets under Section 32 and net balance of inter-office accounts</b>		
Net funds brought into maintenance assets under Section 32	17,800,000	17,800,000
Net balance of inter-office accounts which the branch is the debtor (creditor) to the head office and other branches of the same entity, the parent and subsidiaries of the head office	5,000,365	6,614,134
Total	22,800,365	24,414,134

Capital funds (Thousand Baht)	17,800,000	17,800,000
Capital Adequacy Ratio (%)	28.25	24.39
Capital Adequacy Ratio (%) per BoT's notification	11.00	11.00

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

As at 31 December 2021 and 2020, the Bank has no add-ons arising from the Single Lending Limit.

As at 31 December 2021 and 2020, the Bank 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 BoT and in accordance with the BoT's notification.

In accordance with the BoT's Notification No. Sor Nor Sor. 4/2556, Re: "The Public Disclosure of Capital Maintenance for Commercial Banks", dated 2 May 2013 and No. Sor Nor Sor. 14/2562 dated 4 July 2019, the Bank has to disclose capital maintenance information within 4 months after year-end date through the Bank's website at "www.db.com/thailand".

#### Capital management

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

## **22. Other components of head office and other branches under the same entity**

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Revaluation surplus (deficit) on investments measured at fair value through other comprehensive income		
Debt securities	(371)	75,430
Total	(371)	75,430
Add (less): income tax	74	(15,086)
Other components of head office and other branches under the same entity - net of income tax	(297)	60,344

## 23. Interest income

(Unit: Thousand Baht)

For the years ended 31 December	
2021	2020
Interbank and money market items	33,136
Investments and trading transactions	230,238
Loans to customers	260,078
Total interest income	523,452

## 24. Interest expenses

(Unit: Thousand Baht)

For the years ended 31 December	
2021	2020
Deposits	17,610
Interbank and money market items	287,278
Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund	72,260
Total interest expenses	377,148

## 25. Net fees and service income

(Unit: Thousand Baht)

For the years ended 31 December	
2021	2020
Fees and service income	
- Acceptances and guarantees	72,799
- Transaction fees	53,511
- Custody fees	29,492
- Others	99,632
Total fees and service income	255,434
Fees and service expenses	
- Transfer fees between financial institutions	31,672
- Others	43,301
Total fees and service expenses	74,973
Net fees and service income	180,461

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Foreign currencies and foreign currencies related derivatives	702,002	624,314
Interest rate related derivatives	(6,447)	135,561
Debt securities	80,226	229,169
Total	775,781	989,044

**27. Net gain on investments**

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Gain from derecognition of investments in debt securities measured at fair value through other comprehensive income	24,319	111,424
Net gain on investments	24,319	111,424

**28. Expected credit loss**

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Interbank and money market items	91	16
Investments in debt securities measured at fair value through other comprehensive income	3,467	3,372
Loans to customers	1,174	(9,437)
Amortised amount of the impact from the adoption of TFRS 9 of loans to customers	(56,076)	(56,269)
Loan commitments	(3,294)	4,380
Total expected credit loss (reversal)	(54,638)	(57,938)

## 29. Commitments and contingent liabilities

### 29.1 Contingent liabilities

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Guarantees of loans	21,762,643	17,253,923
Letters of credit	134,361	703,716
Unmatured import bills	14,842	31,316
Other commitments		
- Undrawn overdraft amount	7,104,488	3,974,883
- Committed line	946,792	966,815
Total commitments	29,963,126	22,930,653

### 29.2 Commitment on lease and service agreements

As at 31 December 2021 and 2020, the Bank had commitments under lease and service agreements for which the terms range from 1 - 3 years, which yet not recognised as right-of-use assets. Under the terms of the above agreements and service agreements, the Bank has future minimum payment required under agreements as follows:

	(Unit: Thousand Baht)	
Payment within	31 December 2021	31 December 2020
1 year	17,091	17,646
1 year to 5 years	15,678	32,037
	32,769	49,683

### 29.3 Other commitments

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Business Continuity Facility agreement	1,830	9,149
Facility Management Solution agreement	1,670	1,600
Total	3,500	10,749

## 30. Provident fund

The Bank and employees have established contributory provident funds. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 15% of their basic salaries and by the Bank at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed fund manager.



## 31. Related party transactions

### 31.1 Related parties

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

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

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Various nationalities	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank's key management personnel consisted of: <ul style="list-style-type: none"> <li>- Chief Country Officer and General Manager</li> <li>- Country Chief Operating Officer</li> <li>- Head of Finance</li> <li>- Head of Global Transaction Banking Thailand and Head of Corporate Cash Management</li> <li>- Head of Global Markets</li> <li>- Head of Compliance/Anti-Financial Crime</li> <li>- Thailand Chief Operating Office</li> <li>- Head of Human Resources</li> <li>- Country Treasurer of Thailand</li> </ul>
<b>Head Office and other Branches</b>		
Deutsche Bank AG, Frankfurt Branch	Germany	Head Office
Deutsche Bank AG, Asia Pacific Head Office	Singapore	Asia Pacific Head Office
Deutsche Bank AG, Wien Branch	Austria	Other Branch
Deutsche Bank AG, Brüssel Branch	Belgium	Other Branch
Deutsche Bank AG, Paris Branch	France	Other Branch
Deutsche Bank AG, Hong Kong Branch	Hong Kong	Other Branch
Deutsche Bank AG, Ungarn Branch	Hungary	Other Branch
Deutsche Bank AG, Bangalore Branch	India	Other Branch

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Deutsche Bank AG, Mumbai Branch	India	Other Branch
Deutsche Bank AG, Jakarta Branch	Indonesia	Other Branch
Deutsche Bank AG, Tokyo Branch	Japan	Other Branch
Deutsche Bank AG, Amsterdam Branch	Netherlands	Other Branch
Deutsche Bank AG, Karachi Branch	Pakistan	Other Branch
Deutsche Bank AG, Manila Branch	Philippines	Other Branch
Deutsche Bank AG, Portugal Branch	Portugal	Other Branch
Deutsche Bank AG, Taipei Branch	Taiwan	Other Branch
Deutsche Bank AG, Johannesburg Branch	South Africa	Other Branch
Deutsche Bank AG, Singapore Branch	Singapore	Other Branch
Deutsche Bank AG, Seoul Branch	South Korea	Other Branch
Deutsche Bank AG, Colombo Branch	Sri Lanka	Other Branch
Deutsche Bank AG, Zürich Branch	Switzerland	Other Branch
Deutsche Bank AG, Abu Dhabi Branch	U.A.E	Other Branch
Deutsche Bank AG, Dubai (DIFC) Branch	U.A.E	Other Branch
Deutsche Bank AG, London Branch	United Kingdom	Other Branch
Deutsche Bank AG, New York Branch	United States	Other Branch
Deutsche Bank AG, Ho Chi Minh Branch	Vietnam	Other Branch
<b><i>Other Group entities</i></b>		
Deutsche Group Services Pty Limited	Australia	Other Group entity
Deutsche Bank S.A.- Banco Alemão	Brazil	Other Group entity
Deutsche Bank (China) Co., Ltd., Beijing Branch	China	Other Group entity
Deutsche Bank (China) Co., Ltd., Shanghai Branch	China	Other Group entity
Deutsche Bank Privat- und Geschäftskunden AG	Germany	Other Group entity
DWS Holding & Service GmbH	Germany	Other Group entity
Deutsche Securities Asia Limited	Hong Kong	Other Group entity
DBOI Global Services Private Limited	India	Other Group entity
DBOI Global Services Private Limited, Bangalore Branch	India	Other Group entity
Deutsche Centre Private Limited	India	Other Group entity
DBOI Global Services Private Limited, Jaipur Branch	India	Other Group entity
DBOI Global Services Private Limited, Pune Branch	India	Other Group entity

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Deutsche Equities India Private Limited	India	Other Group entity
Deutsche Investments India Private Limited	India	Other Group entity
Deutsche Investor Services Private Limited	India	Other Group entity
DB Service Centre Limited	Ireland	Other Group entity
Deutsche International Corporate Service (Ireland) Limited	Ireland	Other Group entity
DB Consorzio S. Cons. A r. l.	Italy	Other Group entity
Deutsche Bank Società per Azioni	Italy	Other Group entity
Deutsche Securities Inc.	Japan	Other Group entity
Deutsche Bank Luxembourg S.A.	Luxembourg	Other Group entity
Deutsche Bank (Malaysia) Berhad	Malaysia	Other Group entity
Deutsche Bank Nederland N.V.	Netherlands	Other Group entity
Deutsche Knowledge Services Pte. Ltd., Manila Branch	Philippines	Other Group entity
Deutsche Bank Polska Spółka Akcyjna	Poland	Other Group entity
Deutsche Bank Securities Asia Limited, Taipei Branch	Taiwan	Other Group entity
DB Global Technology SRL	Romania	Other Group entity
Deutsche Bank OOO	Russia	Other Group entity
Deutsche Bank TechCentre OOO	Russia	Other Group entity
DB International (Asia) Limited	Singapore	Other Group entity
Deutsche Securities Korea Co.	South Korea	Other Group entity
Deutsche Bank, Sociedad Anónima Española	Spain	Other Group entity
Deutsche Bank (Suisse) SA	Switzerland	Other Group entity
Deutsche Bank A.S.	Turkey	Other Group entity
Deutsche Asset Management Group Limited	United Kingdom	Other Group entity
DB Group Services (EURO)	United Kingdom	Other Group entity
DB UK Bank Limited	United Kingdom	Other Group entity
DBOI Global Services (UK) Limited	United Kingdom	Other Group entity
DB Global Technology, Inc.	United States	Other Group entity
DB Services New Jersey, Inc.	United States	Other Group entity
Deutsche Bank National Trust Company	United States	Other Group entity
Deutsche Bank Securities Inc.	United States	Other Group entity
Deutsche Bank Trust Company Americas	United States	Other Group entity
Thai Asset Enforcement and Recovery Asset Management Company Limited	Thailand	Other Group entity

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

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

Significant transactions for the years ended 31 December 2021 and 2020 with key management personnel, individuals or related parties were as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b><i>Head Office and other Branches</i></b>		
Interest income	9,860	38,729
Interest expenses	145,882	220,407
Fees and service income	32,644	22,183
Fees and service expenses	103	2
Other operating income from head office	150,423	141,927
Employee expenses	245	5
Expenses allocated from head office	915,196	694,616
Other expenses	81,373	46,036
Profit remitted to head office (net of related tax)	87,858	352,104
<b><i>Other Group entities</i></b>		
Interest income	-	1,390
Fees and service income	1,870	2,883
Other operating income	2,923	1,551
Expenses allocated	69,327	62,261

Significant balances as at 31 December 2021 and 2020 with related parties were as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b>Deposits</b>		
Thai Asset Enforcement and Recovery Asset Management Company Limited	4,566	5,814
<b>Funds brought into Thailand for maintaining assets under the Act</b>		
Deutsche Bank AG, Frankfurt Branch	17,800,000	17,800,000
<b>Balance of inter-office accounts with head office and other branches of the same entity, net</b>		
<b>Debts issued and borrowings</b>		
Deutsche Bank AG, Singapore Branch	7,200,012	-
Deutsche Bank AG, Frankfurt Branch	2,105,454	13,378,998
Total	9,305,466	13,378,998
<b>Accrued interest payable</b>		
Deutsche Bank AG, Singapore Branch	(458)	-
Deutsche Bank AG, Frankfurt Branch	22,239	20,891
Total	21,781	20,891
<b>Interbranch accounts</b>	(4,326,882)	(6,785,755)
<b>Total</b>	5,000,365	6,614,134
<b>Derivatives - Foreign currency related (notional amount)</b>		
Head office and other branches	209,560,752	205,343,140
<b>Derivatives - Interest rate related (notional amount)</b>		
Head office and other branches	167,400,562	167,000,929

As at 31 December 2021, debt issued and borrowings from related parties have maturity dates between 4 January 2022 and 23 June 2023 and carry interest at rates from 0.13% - 0.95% per annum (2020: maturity between 4 January 2021 and 23 June 2022 and carried interest at rates from 0.01% - 0.97% per annum). Interest will be paid at the maturity dates and the principal amounts may be rolled over.

### 31.2 Remunerations to directors and senior management

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Short-term employee benefits	92,727	86,432
Post-employment benefits	34,630	41,024
Share-based payments	9,066	8,046
Total	136,423	135,502

### 32. Segment information

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

### 33. Risk Management

#### *Financial risk management policies*

The Bank uses a comprehensive range of quantitative tools for monitoring and managing its major risks. Some of these tools are applicable to a number of risk factors, while others are tailored to the particular features of specific risk categories. These quantitative tools generate information to quantify the susceptibility of the market value of single positions or portfolios to changes in market parameters (Sensitivity analysis), 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 3 categories of risks are further described below:

### 33.1 Credit risk

Credit risk arises from all transactions where there are actual, contingent or potential claims against any counterparty, borrower or obligor exist (which refer to collectively as “counterparties”). These transactions are typically part of traditional non-traded lending activities (such as loans to customers and contingent liabilities), or direct trading activities with clients (such as over-the-counter derivatives, foreign exchange forwards and forward interest rate agreements). Some are related to positions in traded credit products (such as bonds). “Traded Default Risk” is managed using both credit and market risk parameters.

Credit risk can be categorised into three types as follows:

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

Credit risk can be measured and managed as follows:

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

- The Bank is selective in taking outright cash risk positions unless secured, guaranteed and/or adequately hedged. Exceptions to this general principle are lower risk, short-term transactions and facilities supporting specific trade finance requests as well as low risk business where the margin allows for adequate loss coverage.
- The Bank aims to secure its derivatives portfolio through collateral agreements if it considers necessary and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. The Bank assigns credit approval authorities to individuals according to their qualifications, experience and training, and the Bank reviews these periodically.

### **The maximum exposure to credit risk**

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

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

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

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



As at 31 December 2021 and 2020, the maximum exposures to credit risk were as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Interbank and money market items (asset)	2,933,040	1,351,921
Financial assets measured at fair value through profit or loss	26,080,536	21,814,444
Derivative assets	14,458,767	19,027,800
Investments	21,173,586	20,479,321
Loans to customers and accrued interest receivables	20,274,815	19,627,872
Trade securities receivables	2,253,605	1,054,539
Other assets - accrued interest receivables	41,279	61,164
Total financial assets	87,215,628	83,417,061
Loan commitments - committed line	946,792	966,815
Financial guarantees (loans, letters of credit, unmatured import bills)	21,911,846	17,988,955
Total	22,858,638	18,955,770
Total credit risk exposures	110,074,266	102,372,831

### Collateral and any arrangements to increase creditability

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

	(Unit: Thousand Baht)	
	Exposure to credit risk with collateral as at 31 December	
	2021	2020
Financial assets measured at fair value through profit or loss	16,561,900	17,400,682
Loans to customers and accrued interest receivables	-	79,295
		Type of collateral
		Debt securities
		Lease contracts

## Credit quality analysis

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

(Unit: Thousand Baht)

	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit- impaired	Total
<b>Interbank and money market items (assets)</b>				
Investment grade	518,090	-	-	518,090
Not overdue	2,414,950	-	-	2,414,950
Total	2,933,040	-	-	2,933,040
Less: Allowance for expected credit loss	(110)	-	-	(110)
Net book value	2,932,930	-	-	2,932,930
<b>Investments in debt securities measured at fair value through other comprehensive income</b>				
Investment grade	21,173,586	-	-	21,173,586
Total	21,173,586	-	-	21,173,586
Allowance for expected credit loss	6,839	-	-	6,839
<b>Loans to customers and accrued interest receivables</b>				
Not overdue	20,220,063	-	-	20,220,063
More than 90 days overdue	-	-	54,752	54,752
Total	20,220,063	-	54,752	20,274,815
Less: Allowance for expected credit loss	(2,795)	-	(54,752)	(57,547)
Net book value	20,217,268	-	-	20,217,268
Less: Excess allowance				(168,039)
Net book value				20,049,229
<b>Loan commitments</b>				
Not overdue	901,634	45,158	-	946,792
Total	901,634	45,158	-	946,792
Less: Allowance for expected credit loss	(177)	-	-	(177)
Net book value	901,457	45,158	-	946,615
<b>Financial guarantee contracts</b>				
Not overdue	20,435,480	1,476,366	-	21,911,846
Total	20,435,480	1,476,366	-	21,911,846
Less: Allowance for expected credit loss	(2,432)	(465)	-	(2,897)
Net book value	20,433,048	1,475,901	-	21,908,949

(Unit: Thousand Baht)

31 December 2020

	Financial assets where there has not been a significant increase in credit risk	Financial assets where there has been a significant increase in credit risk	Financial assets that are credit- impaired	Total
<b>Interbank and money market items (assets)</b>				
Investment grade	583,381	-	-	583,381
Not overdue	768,540	-	-	768,540
Total	1,351,921	-	-	1,351,921
Less: Allowance for expected credit loss	(19)	-	-	(19)
Net book value	1,351,902	-	-	1,351,902
<b>Investments in debt securities measured at fair value through other comprehensive income</b>				
Investment grade	20,479,321	-	-	20,479,321
Total	20,479,321	-	-	20,479,321
Allowance for expected credit loss	3,372	-	-	3,372
<b>Loans to customers and accrued interest receivables</b>				
Not overdue	19,495,325	83,337	-	19,578,662
More than 90 days overdue	-	-	49,210	49,210
Total	19,495,325	83,337	49,210	19,627,872
Less: Allowance for expected credit loss	(1,616)	(4)	(49,210)	(50,830)
Net book value	19,493,709	83,333	-	19,577,042
Less: Excess allowance				(224,115)
Net book value				19,352,927
<b>Loan commitments</b>				
Not overdue	923,131	43,684	-	966,815
Total	923,131	43,684	-	966,815
Less: Allowance for expected credit loss	(390)	-	-	(390)
Net book value	922,741	43,684	-	966,425
<b>Financial guarantee contracts</b>				
Not overdue	17,774,285	214,670	-	17,988,955
Total	17,774,285	214,670	-	17,988,955
Less: Allowance for expected credit loss	(5,579)	(399)	-	(5,978)
Net book value	17,768,706	214,271	-	17,982,977

### **33.2 Market Risk**

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

#### **Risk management**

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

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

#### **(a) Interest rate risk**

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

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate were as follows:

(Unit: Thousand Baht)

	31 December 2021			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	15,493	15,493
Interbank and money market items <sup>(1)</sup>	48,984	2,415,213	469,107	2,933,304
Financial assets measured at fair value through profit or loss	2,933,988	23,146,548	-	26,080,536
Derivative assets	-	-	14,458,767	14,458,767
Investments	6,476,251	14,697,335	-	21,173,586
Loans to customers and accrued interest receivables <sup>(1)</sup>	47,077	17,846,153	2,390,169	20,283,399
Trading securities receivables	-	-	2,253,605	2,253,605
Other assets - accrued interest receivables	-	-	41,279	41,279
<b>Total financial assets</b>	<b>9,506,300</b>	<b>58,105,249</b>	<b>19,628,420</b>	<b>87,239,969</b>
<b>Financial liabilities</b>				
Deposits	32,143,174	2,990,348	8,390,590	43,524,112
Interbank and money market items	200	1,481,201	58,912	1,540,313
Liabilities payable on demand	-	-	723,384	723,384
Financial liabilities measured at fair value through profit or loss	-	-	55,539	55,539
Derivative liabilities	-	-	13,390,916	13,390,916
Lease liabilities	-	30,612	-	30,612
Trading securities payables	-	-	3,640,498	3,640,498
Collateral payable under the credit Support Annex agreements	144,131	-	-	144,131
Other liabilities - accrued interest payables	-	-	988,100	988,100
Net balances of inter-office accounts with head office and other branches under the same entity	729,772,539	1,389,166	(726,161,340)	5,000,365
<b>Total financial liabilities</b>	<b>762,060,044</b>	<b>5,891,327</b>	<b>(698,913,401)</b>	<b>69,037,970</b>

(1) Balance before deducting deferred interest.

(Unit: Thousand Baht)

31 December 2020				
	Floating		Non-interest	
	interest rate	Fixed interest rate	bearing	Total
<b>Financial assets</b>				
Cash	-	-	19,548	19,548
Interbank and money market items <sup>(1)</sup>	66,242	768,629	517,139	1,352,010
Financial assets measured at fair value				
through profit or loss	-	21,814,444	-	21,814,444
Derivative assets	-	-	19,027,800	19,027,800
Investments	-	20,479,321	-	20,479,321
Loans to customers and accrued interest				
receivables <sup>(1)</sup>	51,225	17,706,932	1,876,951	19,635,108
Trading securities receivables	-	-	1,054,539	1,054,539
Other assets - accrued interest receivables	-	-	61,164	61,164
<b>Total financial assets</b>	<b>117,467</b>	<b>60,769,326</b>	<b>22,557,141</b>	<b>83,443,934</b>
<b>Financial liabilities</b>				
Deposits	26,269,647	4,020,710	5,909,548	36,199,905
Interbank and money market items	700	1,501,207	56,599	1,558,506
Liabilities payable on demand	-	-	803,046	803,046
Financial liabilities measured at fair value				
through profit or loss	-	-	83,626	83,626
Derivative liabilities	-	-	17,626,013	17,626,013
Lease liabilities	-	79,718	-	79,718
Trading securities payable	-	-	1,046,241	1,046,241
Other liabilities - accrued interest payables	-	-	889,001	889,001
Net balances of inter-office accounts with head				
office and other branches under the same				
entity	-	9,939,538	(3,325,404)	6,614,134
<b>Total financial liabilities</b>	<b>26,270,347</b>	<b>15,541,173</b>	<b>23,088,670</b>	<b>64,900,190</b>

(1) Balance before deducting deferred interest.

Details of interest rate risk based on the period to the earlier of the contractual repricing date or maturity date at 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	31 December 2021						Average return rate (% annum)
	On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total	
<b>Financial assets</b>							
Interbank and money market items <sup>(1)</sup>	-	2,264,798	150,415	-	-	2,415,213	0.48
Financial assets measured at fair value through profit or loss	200	16,562,122	849,431	4,567,338	1,167,457	23,146,548	0.92
Investments	-	3,472,584	10,716,697	508,054	-	14,697,335	0.94
Loans to customers and accrued interest receivables <sup>(1)</sup>	1,552,097	8,467,911	7,747,198	78,947	-	17,846,153	1.41
<b>Total financial assets</b>	<u>1,552,297</u>	<u>30,767,415</u>	<u>19,463,741</u>	<u>5,154,339</u>	<u>1,167,457</u>	<u>58,105,249</u>	
<b>Financial liabilities</b>							
Deposits	-	1,246,213	61,600	1,682,535	-	2,990,348	0.06
Interbank and money market items	-	-	481,201	200,000	800,000	1,481,201	5.10
Lease liabilities	-	4,493	11,356	14,763	-	30,612	2.21
Net balances of inter-office accounts with head office and other branches under the same entity	(2,823,232)	210,714	4,001,684	-	-	1,389,166	0.06
<b>Total financial liabilities</b>	<u>(2,823,232)</u>	<u>1,461,420</u>	<u>4,555,841</u>	<u>1,897,298</u>	<u>800,000</u>	<u>5,891,327</u>	

(1) Balance before deducting deferred interest.

(Unit: Thousand Baht)

	31 December 2020						Average return rate (% annum)
	On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total	
<b>Financial assets</b>							
Interbank and money market items <sup>(1)</sup>	-	21,761	746,868	-	-	768,629	0.75
Financial assets measured at fair value through profit or loss	-	17,400,682	1,192,134	2,247,399	974,229	21,814,444	0.69
Investments	-	3,465,925	12,933,233	4,080,163	-	20,479,321	1.47
Loans to customers and accrued interest receivables <sup>(1)</sup>	1,319,725	11,565,308	4,646,309	175,590	-	17,706,932	1.63
<b>Total financial assets</b>	<u>1,319,725</u>	<u>32,453,676</u>	<u>19,518,544</u>	<u>6,503,152</u>	<u>974,229</u>	<u>60,769,326</u>	
<b>Financial liabilities</b>							
Deposits	-	2,245,467	271,934	1,503,309	-	4,020,710	0.10
Interbank and money market items	-	-	-	501,207	1,000,000	1,501,207	5.09
Lease liabilities	-	3,867	11,731	54,197	9,923	79,718	2.23
Net balances of inter-office accounts with head office and other branches under the same entity	25,428	3,827,476	6,086,634	-	-	9,939,538	0.32
<b>Total financial liabilities</b>	<u>25,428</u>	<u>6,076,810</u>	<u>6,370,299</u>	<u>2,058,713</u>	<u>1,009,923</u>	<u>15,541,173</u>	

(1) Balance before deducting deferred interest.

## (b) Foreign exchange rate risk

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

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

As at 31 December 2021 and 2020, the Bank's net foreign currency asset (liabilities) was as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b>Net foreign currency exposure - Assets (Liabilities)</b>		
US Dollar	(176,279)	(348,462)
Euro	(82,049)	(71,755)
Others	34,233	(68,074)

## 33.3 Liquidity Risk

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

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

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

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

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



The BoT's Notification No.Sor Nor Sor 2/2561, dated 25 January 2018, requires the Bank to disclose its Liquidity Coverage Ratio (LCR) on the Bank's website. The Bank has disclosed the LCR of the Bank as at 30 June 2021 at [www.db.com/thailand](http://www.db.com/thailand).

As at 31 December 2021 and 2020, the Bank's financial assets and liabilities were classified by remaining periods to maturity as follows:

(Unit: Thousand Baht)

	31 December 2021						Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
<b>Financial assets</b>							
Cash	-	-	-	-	-	15,493	15,493
Interbank and money market items <sup>(1)</sup>	517,854	2,264,983	150,467	-	-	-	2,933,304
Financial assets measured at fair value through profit or loss	-	16,562,322	3,349,684	5,001,073	1,167,457	-	26,080,536
Derivatives assets	-	6,535,607	2,984,429	3,397,715	1,541,016	-	14,458,767
Investments	-	3,747,601	16,917,931	508,054	-	-	21,173,586
Loans to customers and interest receivables <sup>(1)</sup>	500,000	10,788,976	7,761,074	79,375	-	1,153,974	20,283,399
Trading securities receivables	-	2,253,605	-	-	-	-	2,253,605
Other assets - accrued interest receivables	-	14,148	27,131	-	-	-	41,279
<b>Total financial assets</b>	<b>1,017,854</b>	<b>42,167,242</b>	<b>31,190,716</b>	<b>8,986,217</b>	<b>2,708,473</b>	<b>1,169,467</b>	<b>87,239,969</b>
<b>Financial liabilities</b>							
Deposits	40,533,764	1,246,213	61,600	1,682,535	-	-	43,524,112
Interbank and money market items	59,112	-	481,201	200,000	800,000	-	1,540,313
Liabilities payable on demand	723,384	-	-	-	-	-	723,384
Financial liabilities measured at fair value through profit or loss	-	55,539	-	-	-	-	55,539
Derivatives liabilities <sup>(2)</sup>	-	5,535,406	3,056,199	3,572,736	1,166,136	-	13,330,477
Lease liabilities	-	4,493	11,356	14,763	-	-	30,612
Trading securities payables	-	3,640,498	-	-	-	-	3,640,498
Collateral payable under Credit Support Annex	144,131	-	-	-	-	-	144,131
Other liabilities - accrued interest payables	-	2,793	185,204	4,712	795,391	-	988,100
Net balances of inter-office accounts with head office and other branches under the same entity	770,732	234,083	-	3,995,550 <sup>(3)</sup>	-	-	5,000,365
<b>Total financial liabilities</b>	<b>42,231,123</b>	<b>10,719,025</b>	<b>3,795,560</b>	<b>9,470,296</b>	<b>2,761,527</b>	<b>-</b>	<b>68,977,531</b>
<b>Net liquidity gap</b>	<b>(41,213,269)</b>	<b>31,448,217</b>	<b>27,395,156</b>	<b>(484,079)</b>	<b>(53,054)</b>	<b>1,169,467</b>	<b>18,262,438</b>
Loans commitments	508,506	4,559,897	2,897,143	4,190,502	9,866,646	7,940,432	29,963,126

(1) Balance before deducting deferred interest.

(2) Derivative liabilities presented the amount before including provision against of derivative products.

(3) Maturity date of loan contracts is over 1 year but lender has an option to call before maturity by notifying the Bank at least 1 year in advance.

(Unit: Thousand Baht)

31 December 2020

	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
<b>Financial assets</b>							
Cash	-	-	-	-	-	19,548	19,548
Interbank and money market items <sup>(1)</sup>	583,381	21,761	746,868	-	-	-	1,352,010
Financial assets measured at fair value through profit or loss	-	17,400,682	1,192,134	2,247,399	974,229	-	21,814,444
Derivatives assets	-	4,519,900	5,064,581	7,175,760	2,267,559	-	19,027,800
Investments	-	3,465,925	12,933,233	4,080,163	-	-	20,479,321
Loans to customers and accrued interest receivables <sup>(1)</sup>	528,894	13,378,529	4,660,067	176,305	-	891,313	19,635,108
Trading securities receivables	-	1,054,539	-	-	-	-	1,054,539
Other assets - accrued interest receivables	-	26,954	34,210	-	-	-	61,164
<b>Total financial assets</b>	<u>1,112,275</u>	<u>39,868,290</u>	<u>24,631,093</u>	<u>13,679,627</u>	<u>3,241,788</u>	<u>910,861</u>	<u>83,443,934</u>
<b>Financial liabilities</b>							
Deposits	32,179,195	2,245,467	271,934	1,503,309	-	-	36,199,905
Interbank and money market items	57,299	-	-	501,207	1,000,000	-	1,558,506
Liabilities payable on demand	803,046	-	-	-	-	-	803,046
Financial liabilities measured at fair value through profit or loss	-	83,626	-	-	-	-	83,626
Derivatives liabilities <sup>(2)</sup>	-	4,765,246	4,152,039	7,050,540	1,574,862	-	17,542,687
Lease liabilities	-	3,867	11,731	54,197	9,923	-	79,718
Trading securities payables	-	1,046,241	-	-	-	-	1,046,241
Other liabilities - accrued interest payables	630	2,798	36	169,313	716,224	-	889,001
Net balances of inter-office accounts with head office and other branches under the same entity	(3,299,976)	3,827,476	-	6,086,634 <sup>(3)</sup>	-	-	6,614,134
<b>Total financial liabilities</b>	<u>29,740,194</u>	<u>11,974,721</u>	<u>4,435,740</u>	<u>15,365,200</u>	<u>3,301,009</u>	<u>-</u>	<u>64,816,864</u>
<b>Net liquidity gap</b>	<u>(28,627,919)</u>	<u>27,893,569</u>	<u>20,195,353</u>	<u>(1,685,573)</u>	<u>(59,221)</u>	<u>910,861</u>	<u>18,627,070</u>
Loans commitments	-	7,483,851	3,639,715	3,750,120	1,342,058	6,714,909	22,930,653

(1) Balance before deducting deferred interest.

(2) Derivative liabilities presented the amount before including provision against of derivative products.

(3) Maturity date of loan contracts is over 1 year but lender has an option to call before maturity by notifying the Bank at least 1 year in advance.

### 34. Fair value of financial assets and liabilities

As at 31 December 2021 and 2020, the Bank had financial assets and liabilities measured at fair value or measured at amortised cost which fair value were disclosed, using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2021				
	Fair value				Carrying
	Level 1	Level 2	Level 3	Total	value
<b><u>Financial assets measured at fair value</u></b>					
Financial assets measured at fair value through profit and loss	-	26,080,536	-	26,080,536	26,080,536
Derivatives assets	-	14,458,767	-	14,458,767	14,458,767
Investments	-	21,173,586	-	21,173,586	21,173,586
<b><u>Financial liabilities measured at fair value</u></b>					
Financial liabilities measured at fair value through profit and loss	-	55,539	-	55,539	55,539
Derivatives liabilities	-	13,390,916	-	13,390,916	13,390,916
<b><u>Financial assets measured at amortised cost which fair value were disclosed</u></b>					
Cash	15,493	-	-	15,493	15,493
Interbank and money market items	-	-	2,932,930	2,932,930	2,932,930
Loans to customers and accrued interest receivables	-	-	20,049,229	20,049,229	20,049,229
Trading securities receivables	-	2,253,605	-	2,253,605	2,253,605
Other assets - accrued interest receivables	-	-	41,279	41,279	41,279
<b><u>Financial liabilities measured at amortised cost which fair value were disclosed</u></b>					
Deposits	-	-	43,524,112	43,524,112	43,524,112
Interbank and money market items	-	-	1,540,313	1,540,313	1,540,313
Liabilities payable on demand	-	723,384	-	723,384	723,384
Trading securities payables	-	3,640,498	-	3,640,498	3,640,498
Collateral payables under the Credit Support Annex agreements	-	144,131	-	144,131	144,131
Other liabilities - accrued interest payables	-	-	988,100	988,100	988,100
Net balances of inter-office accounts with head office and other branches under the same entity	-	-	5,000,365	5,000,365	5,000,365

(Unit: Thousand Baht)

31 December 2020

	Fair value				Carrying
	Level 1	Level 2	Level 3	Total	value
<b><u>Financial assets measured at fair value</u></b>					
Financial assets measured at fair value through					
profit or loss	-	21,814,444	-	21,814,444	21,814,444
Derivatives assets	-	19,027,800	-	19,027,800	19,027,800
Investments	-	20,479,321	-	20,479,321	20,479,321
<b><u>Financial liabilities measured at fair value</u></b>					
Financial liabilities measured at fair value					
through profit or loss	-	83,626	-	83,626	83,626
Derivatives liabilities	-	17,626,013	-	17,626,013	17,626,013
<b><u>Financial assets measured at amortised</u></b>					
<b><u>cost which fair value were disclosed</u></b>					
Cash	19,548	-	-	19,548	19,548
Interbank and money market items	-	-	1,351,902	1,351,902	1,351,902
Loans to customers and accrued interest					
receivables	-	-	19,352,927	19,352,927	19,352,927
Trading securities receivables	-	1,054,539	-	1,054,539	1,054,539
Other assets - accrued interest receivables	-	-	61,164	61,164	61,164
<b><u>Financial liabilities measured at amortised</u></b>					
<b><u>cost which fair value were disclosed</u></b>					
Deposits	-	-	36,199,905	36,199,905	36,199,905
Interbank and money market items	-	-	1,558,506	1,558,506	1,558,506
Liabilities payable on demand	-	803,046	-	803,046	803,046
Trading securities payables	-	1,046,241	-	1,046,241	1,046,241
Other liabilities - accrued interest payables	-	-	889,001	889,001	889,001
Net balances of inter-office accounts with head					
office and other branches under the same					
entity	-	-	6,614,134	6,614,134	6,614,134

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

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

- (b) Loans to customers

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

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

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

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

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

- (e) Derivative assets/liabilities

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

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

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

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

### 35. Reclassification

Certain amounts in the financial statements have been reclassified to conform to the current year's classification as follows:

(Unit: Thousand Baht)		
31 December 2020		
	As reclassified	As previously reported
Interbank and money market items	1,351,902	1,351,991
Loans to customers and accrued interim receivables	19,352,927	19,360,163
Other liabilities	1,106,425	1,113,750

This reclassification does not have impact on profits or shareholders' equity as reported.

### 36. Approval of financial statements

These financial statements were authorised for issue by the management of the Bank on 26 April 2022.