

Report of the Auditors

To the Minister of Finance

We have audited the Balance Sheet as of December 31, 2009 and 2008, the Profit and Loss Account, and the Statements of Changes in Capital and Cash Flows for each year then ended of the Bank of Thailand. These financial statements are the responsibility of the Bank of Thailand's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position as of December 31, 2009 and 2008, the results of operations, the changes in equity, and the cash flows for each year then ended of the Bank of Thailand, in accordance with generally accepted accounting principles.

(signed)

(Lakhana Bunyamanonukul)

Director Of Audit Office

(signed)

(Klinpaka Susagiem)

Auditor In-charge

Office of the Auditor General

March 15, 2010

Bank of Thailand

Balance Sheet

As of December 31, 2009 and 2008

Unit : Baht

	Notes	2009	2008
ASSETS			
Cash and Deposits	3	571,669,121,206	668,693,548,510
Reserve Tranche and Holdings of Special Drawing Rights	4	62,837,294,715	12,007,211,849
Investments	5	2,441,770,144,318	1,705,087,380,738
Loans	6	17,743,984,500	22,395,686,500
Premises and Equipment, net	7	5,724,219,427	5,940,585,480
Other Assets	8	<u>118,066,558,539</u>	<u>74,083,800,984</u>
Total Assets		<u>3,217,811,322,705</u>	<u>2,488,208,214,061</u>
LIABILITIES AND EQUITY			
Deposits	9	229,985,786,963	135,103,222,145
Allocations of Special Drawing Rights	10	50,741,604,559	4,553,894,128
Securities Sold under Repurchase Agreements	11	380,100,000,000	332,291,497,374
Debt Securities Issued by the Bank of Thailand	12	2,531,360,086,303	1,956,484,137,541
Other Liabilities	13	<u>107,381,947,944</u>	<u>66,697,273,728</u>
Total Liabilities		<u>3,299,569,425,769</u>	<u>2,495,130,024,916</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Balance Sheet (Continued)
As of December 31, 2009 and 2008

Unit : Baht

	Notes	2009	2008
LIABILITIES AND EQUITY (Continued)			
Equity			
Initial Capital		20,000,000	20,000,000
Statutory Appropriation	14	27,307,931,128	27,307,931,128
Reserve for Stabilization of Profit Payable			
to the Government	15	624,075,747	624,075,747
Assets and Liabilities Revaluation Reserve	16	(27,613,881,688)	39,560,898,740
Accumulated Losses	17	(74,434,716,470)	(105,076,704,420)
Net Profit (Loss) for the Year		<u>(7,661,511,781)</u>	<u>30,641,987,950</u>
Total Equity		<u>(81,758,103,064)</u>	<u>(6,921,810,855)</u>
Total Liabilities and Equity		<u>3,217,811,322,705</u>	<u>2,488,208,214,061</u>

The accompanying notes form part of these financial statements.

(Mrs. Tarisa Watanagase)

Governor

(Mrs. Sarida Sangchant)

Director, Accounting Department

Bank of Thailand
Profit and Loss Account
For the Year Ended December 31, 2009 and 2008

	Notes	2009	Unit : Baht 2008
Revenues			
Interest Income		38,099,131,150	68,270,885,539
Commission		677,314,845	466,306,797
Net Gains on Foreign Exchange		-	38,657,099,048
Others	18	<u>27,861,694,119</u>	<u>7,491,993,710</u>
Total Revenues		<u>66,638,140,114</u>	<u>114,886,285,094</u>
Expenses			
Interest Expense		50,200,673,388	76,262,853,674
Net Losses on Foreign Exchange		18,874,293,226	-
Personnel Expenses		3,401,896,637	3,264,403,293
Others	19	<u>1,822,788,644</u>	<u>4,717,040,177</u>
Total Expenses		<u>74,299,651,895</u>	<u>84,244,297,144</u>
Net Profit (Loss)		<u><u>(7,661,511,781)</u></u>	<u><u>30,641,987,950</u></u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Changes in Equity
For the Year Ended December 31, 2009 and 2008

	Initial Capital	Statutory Appropriation	Reserve for Stabilization of Profit Payable to the Government	Assets and Liabilities Revaluation Reserve	Revaluation Surplus (Deficit) on Investments	Accumulated Losses	Net Profit (Loss) for the Year	Unit : Baht Total
Balance as of January 1, 2008	20,000,000	27,307,931,128	624,075,747	-	9,762,526,050	(94,599,867,094)	(10,476,837,326)	(67,362,171,495)
Changes during the Year								
Net Loss transferred to Accumulated Losses	-	-	-	-	-	(10,476,837,326)	10,476,837,326	-
Revaluation Surplus on Investments transferred to Assets and Liabilities Revaluation Reserve	-	-	-	9,762,526,050	(9,762,526,050)	-	-	-
Unrealized Gains on Assets and Liabilities Revaluation	-	-	-	29,798,372,690	-	-	-	29,798,372,690
Net Profit for the Year	-	-	-	-	-	-	30,641,987,950	30,641,987,950
Balance as of December 31, 2008	20,000,000	27,307,931,128	624,075,747	39,560,898,740	-	(105,076,704,420)	30,641,987,950	(6,921,810,855)
Changes during the Year								
Net Profit transferred to compensate the Accumulated Losses	-	-	-	-	-	30,641,987,950	(30,641,987,950)	-
Unrealized losses on Assets and Liabilities Revaluation	-	-	-	(67,174,780,428)	-	-	-	(67,174,780,428)
Net Loss for the Year	-	-	-	-	-	-	(7,661,511,781)	(7,661,511,781)
Balance as of December 31, 2009	20,000,000	27,307,931,128	624,075,747	(27,613,881,688)	-	(74,434,716,470)	(7,661,511,781)	(81,758,103,064)

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows

For the Year Ended December 31, 2009 and 2008

	Notes	2009	2008
Unit : Baht			
Cash Flow from Operating Activities			
Net Profit (Loss)		(7,661,511,781)	30,641,987,950
Adjustments to Reconcile Net Profit (Loss) to Net Cash Flow			
from Operating Activities:			
Depreciation and Amortization Expenses		516,720,785	521,315,886
Gain on Disposal of Premises and Equipment		(2,746,854)	(29,220,797)
(Gain) Loss from Net Asset Value Changes of			
Investments Managed by External Fund Managers		(6,828,711,590)	6,298,569,757
Interest Income		(38,099,131,150)	(68,270,885,539)
Interest Expense		50,200,673,388	76,262,853,674
(Gain) Loss from Non-cash Foreign Assets and Liabilities			
Cost Averaging		29,534,297,206	(9,693,642,802)
Gain from Decreasing in Provision for Contingent Losses			
on Forward Contracts under Resale Agreements		(178,960,585)	(200,027,745)
Net (Increase) Decrease in Accrued Revenues		(233,174,502)	54,426,104
Net Increase (Decrease) in Accrued Expenses		(9,584,957)	3,970,460
Net Increase in Prepaid Expenses		(1,702,627)	-
Cash Received from Operation		27,236,167,333	35,589,346,948
Cash Received from Interest Income		44,377,229,739	67,901,882,034
Cash Paid on Interest Expense		<u>(35,579,660,219)</u>	<u>(47,198,041,162)</u>
Net Profit from Operation before Changing in			
Operating Assets/Liabilities		36,033,736,853	56,293,187,820
(Increase) Decrease in Operating Assets			
Foreign Deposits		114,637,318,999	(215,892,196,102)
Reserve Tranche and Holdings of Special Drawing Rights		(46,146,084,320)	(4,385,548,327)
Securities Purchased under Resale Agreements		-	201,196,782,110
Loans		4,651,702,000	45,964,522,420
Other Assets		(38,554,261,710)	(1,194,395,715)

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows
For the Year Ended December 31, 2009 and 2008

	Notes	2009	Unit : Baht 2008
Increase (Decrease) in Operating Liabilities			
Deposits		94,884,083,761	13,042,987,151
Securities Sold under Repurchase Agreements		47,858,477,019	(157,830,121,282)
Debt Securities Issued by the Bank of Thailand		560,504,867,975	557,725,848,758
Other Liabilities		<u>33,724,328,990</u>	<u>(13,822,223,156)</u>
Net Cash Flow from Operating Activities		<u>807,594,169,567</u>	<u>481,098,843,677</u>
Cash Flow from Investing Activities			
Net Increase in Investments in Domestic Securities		(43,321,688,218)	(12,494,729,999)
Net Increase in Investments in Foreign Securities		(776,904,341,864)	(466,664,316,648)
Net Increase in Premises and Equipment		<u>(180,930,619)</u>	<u>(198,074,991)</u>
Net Cash Flow used in Investing Activities		<u>(820,406,960,701)</u>	<u>(479,357,121,638)</u>
Cash Flow from Financing Activities			
Net Increase in Allocations of Special Drawing Rights		<u>45,992,486,540</u>	<u>-</u>
Net Cash Flow from Financing Activities		<u>45,992,486,540</u>	<u>-</u>
Assets and Liabilities Revaluation Reserve on Cash		<u>472,376,771</u>	<u>(892,867,350)</u>
Net Increase in Cash and Cash Equivalents		33,652,072,177	848,854,689
Cash and Cash Equivalents at the Beginning of the Year		<u>49,498,131,379</u>	<u>48,649,276,690</u>
Cash and Cash Equivalents at the End of the Year	3	<u><u>83,150,203,556</u></u>	<u><u>49,498,131,379</u></u>

The accompanying notes form part of these financial statements.

BANK OF THAILAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

1. Basis of Preparation of the Financial Statements

The financial statements of the Bank of Thailand (BOT) have been prepared in accordance with Section 54 of Chapter 9 of the Bank of Thailand Act, B.E. 2485 amended by the Bank of Thailand Act (No.4), B.E. 2551, stipulating that the accounting of the BOT shall be in compliance with the generally accepted accounting principles except for a particular matter which the BOT Board has prescribed to be in conjunction with general practices of other central banks.

The financial statements are specific to the account of the BOT, not including the accounts of the Currency Reserve, the notes issuance business and the Financial Institutions Development Fund (FIDF), and have been prepared under the historical cost unless otherwise disclosed in Note 2, Summary of Significant Accounting Policies.

2. Summary of Significant Accounting Policies

2.1 Revenues Recognition

Interest revenue is recognized on a time proportion basis that takes into account the effective yield on the asset. Other revenues are accounted for on an accrual basis.

2.2 Expenses Recognition

Expenses are accounted for on an accrual basis.

2.3 Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into baht at the exchange rates prevailing at the date of transaction or at the preceding day-end reference exchange rates.

At the year end, assets and liabilities denominated in foreign currencies are revalued into baht at the exchange rates prevailing on the balance sheet date. Unrealized gains and losses from revaluation of foreign assets and liabilities are calculated from the difference between exchange rates prevailing on the balance sheet date and the weighted average rate of each foreign currency, and presented in the Assets and Liabilities Revaluation Reserve under the equity section.

Gain or loss from foreign currency transactions is recognized in the Profit and Loss Account when the position of each foreign currency is decreased. The cost of foreign currencies sold during the year is calculated based on the weighted average cost basis.

2.4 Investments

Domestic securities are held for the purpose of monetary policy implementation and are stated at cost after amortization of premiums or discounts.

Foreign securities are held for the purpose of the international reserve management and are stated at fair value. Unrealized gains and losses from revaluation are presented in the Assets and Liabilities Revaluation Reserve under the equity section, and are recognized in the Profit and Loss Account on disposal. Except for the assets managed by external fund managers, gain or loss from change in net asset value is recognized in the Profit and Loss Account.

The cost of securities sold during the year is calculated based on the weighted average cost basis.

2.5 Loans

Loans are stated at carrying balances of principals and the accrued interests are included in "Other Assets".

2.6 Premises and Equipment

Land is stated at cost. Buildings and equipment are stated at cost after depreciation.

Buildings and equipment are capitalized when their useful lives are over one year. The depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets, as follows:

Buildings	20	years
Temporary Buildings and Improvements	5	years
Equipment	3 –15	years

The cost of fixed assets jointly used by the BOT, the Currency Reserve, the notes issuance business and the FIDF is allocated to each unit according to an asset usage proportion basis.

2.7 Intangible Assets

Intangible assets are stated at cost after amortization. The amortization is allocated by the straight-line method over five years.

2.8 Derivatives

2.8.1 Forward contracts

Forward contracts are used to hedge risk arising from the exchange rate fluctuation and are presented at fair value. Unrealized gains and losses derived from changes in the fair value are presented in the Assets and Liabilities Revaluation Reserve under the equity section. Gains and losses on forward contracts are recognized in the Profit and Loss Account on the settlement date.

2.8.2 Futures contracts

Futures contracts are used to hedge risk arising from the interest rate or bond price fluctuation and are presented at fair values. Changes in the fair value of the contracts are recognized in the Profit and Loss Account when the price revaluation and the settlement of the variation margin take place.

2.9 Provision for Contingent Losses on Forward Contracts under Resale Agreements

The BOT has undertaken commitments with the government agencies and the state enterprises to resell foreign currencies in the future at the specific rates. At the year end, until 2007, the contracts were valued by comparing the year-end exchange rates with the contracted rates. The provision was fully provided for the contracts resulted in contingent loss.

From the year 2008, the outstanding of such provision will be reduced when an individual contract is due. The non-settlement contracts are currently presented at fair values and the changes in the fair value are presented in the Assets and Liabilities Revaluation Reserve under the equity section.

2.10 Debt Securities Borrowing

The BOT borrowed debt securities from specialized financial institutions and/or juristic persons, as prescribed by the BOT, and issued BOT debt securities as collateral. The BOT has conducted debt securities borrowing transactions to enhance the efficiency of monetary policy implementation as well as to foster the development of money market and debt securities markets in Thailand. The debt securities borrowing fee is recognized in the Profit and Loss Account. The amount of borrowed debt securities are disclosed in "Commitments and Contingencies".

When the BOT sold the borrowed debt securities under repurchase agreement, the amount of Claim on Debt Securities under Repurchase Agreement are presented in "Other Assets" (Note 8) and the amount of Obligations to return Debt securities are presented in "Other Liabilities" (Note 13).

2.11 Pension Fund and Provident Fund

2.11.1 Pension Fund

The BOT's Rules and Regulations for Pension Fund B.E. 2539 including the amendments state that the employees who joined the BOT before December 1, 1996 and are not the members of the "Provident Fund" have the rights to receive pension according to the stipulated conditions and calculation basis.

The BOT has maintained provision in accordance with these rules and regulations. Such provision is provided annually and charged as the expense in the Profit and Loss Account.

2.11.2 Provident Fund

The BOT's Rules and Regulations for Provident Fund B.E. 2539 state that the BOT and the employees who are the members of the Provident Fund have to make contributions to the Provident Fund according to the stipulated conditions. This Provident Fund has already been registered under the Provident Fund Act B.E. 2530.

The contributions paid to the Provident Fund, made by the BOT, are charged to the Profit and Loss Account.

3. Cash and Deposits

	Unit : Million baht	
	2009	2008
Cash and Cash Equivalents		
Cash	48,600.6	30,517.7
Domestic Deposits	17.3	10.7
Foreign Deposits (Demand Deposits)	<u>34,532.3</u>	<u>18,969.7</u>
Total Cash and Cash Equivalents	83,150.2	49,498.1
Foreign Deposits (Time Deposits and Special Deposits)	<u>488,518.9</u>	<u>619,195.4</u>
Total	<u>571,669.1</u>	<u>668,639.5</u>

Foreign Deposits (Time Deposits) are held for the purpose of international reserve management rather than for the purpose of meeting short-term cash commitments.

4. Reserve Tranche and Holdings of Special Drawing Rights

	Unit : Million baht	
	2009	2008
Quota Subscribed to International Monetary Fund (IMF)	56,579.6	58,201.3
<u>Less:</u> IMF Current Account No.1	(20,065.9)	(25,324.6)
Non-Negotiable with Non-Interest Bearing		
Promissory Notes Payable to IMF	<u>(24,481.7)</u>	<u>(25,454.4)</u>
Reserve Tranche	12,032.0	7,422.3
Holdings of Special Drawing Rights	<u>50,805.3</u>	<u>4,584.9</u>
Total	<u>62,837.3</u>	<u>12,007.2</u>

Reserve Tranche is classified as the international reserves, calculated from the Quota Subscribed to IMF after deduction of the baht balances existing in the form of IMF Current Account No.1, and Non-Negotiable with Non-Interest Bearing Promissory Notes Payable to IMF.

“Quota Subscribed to IMF-Baht” is presented in Note 8, Other Assets. The aforementioned IMF Current Account No. 1, and Non-Negotiable with Non-Interest Bearing Promissory Notes, and IMF Current Account No. 2 for administrative expenses are stated under Note 13, Other Liabilities.

Holdings of Special Drawing Rights are also classified as the international reserves.

5. Investments

	Unit : Million baht	
	2009	2008
Domestic Securities		
Cost after amortization of premiums or discounts	340,036.8	298,209.8
Foreign Securities		
Cost after amortization of premiums or discounts	2,087,830.3	1,363,530.0
<u>Plus</u> : Unrealized gain from price and foreign exchange		
rate revaluation of investments	<u>13,903.0</u>	<u>43,347.6</u>
	<u>2,101,733.3</u>	<u>1,406,877.6</u>
Total	<u>2,441,770.1</u>	<u>1,705,087.4</u>

6. Loans

	Unit : Million baht	
	2009	2008
Programs guaranteed by the Ministry of Finance	2,546.1	2,530.3
Programs collateralized with entrepreneur promissory notes endorsed for the BOT by financial institutions	<u>15,197.9</u>	<u>19,865.4</u>
Total	<u>17,744.0</u>	<u>22,395.7</u>

As of December 31, 2009, the BOT has one lending program financing to economic sectors through financial institutions guaranteed by the Ministry of Finance and four lending programs collateralized with entrepreneur promissory notes endorsed for the BOT by financial institutions.

7. Premises and Equipment, net

	Unit : Million baht			
	Balance	Changing in Book Value		Balance
	Dec 31, 2008	Increase	Decrease	Dec 31, 2009
Land	2,464.8	-	-	2,464.8
Buildings	3,505.7	24.4	0.3	3,529.8
Temporary Buildings and Improvements	227.7	7.3	-	235.0
Equipment	2,082.4	103.2	12.6	2,173.0
Assets under Construction	<u>113.6</u>	<u>251.3</u>	<u>200.9</u>	<u>164.0</u>
Total	<u>8,394.2</u>	<u>386.2</u>	<u>213.8</u>	<u>8,566.6</u>
<u>Less:</u> Accumulated Depreciation				
Buildings	(1,398.7)	(140.7)	0.3	(1,539.1)
Temporary Buildings and Improvements	(184.3)	(27.2)	-	(211.5)
Equipment	<u>(870.6)</u>	<u>(232.1)</u>	<u>10.9</u>	<u>(1,091.8)</u>
Total	<u>(2,453.6)</u>	<u>(400.0)</u>	<u>11.2</u>	<u>(2,842.4)</u>
Premises and Equipment, net	<u>5,940.6</u>	<u>(13.8)</u>	<u>202.6</u>	<u>5,724.2</u>
Depreciation for the year	412.9			400.0

The new head office building is constructed according to the BOT's Master Plan which aimed to develop the overall land and buildings utilization. The Master Plan, with the total budget of B2,751.4 million, was scheduled for completion on August 31, 2010. As of December 31,

2009, B2,589.8 million or 94.1 percent of the total budget was spent. Depreciation of the assets available for use is determined by the specific rule.

As the opening of new head office building, the BOT lessens the usage of the Surawongse Office. Besides, the Securities and Exchange Commission (SEC) had requested for permission from the BOT to utilize the office space of the Surawongse Office as its temporary office. Consequently, the BOT permitted the SEC to use some parts of such building as requested. On June 1, 2009, the BOT signed the Memorandum of Understanding (MOU) with the SEC on the utilization of office space of the Surawongse building for 10 years from the initial date given by the BOT in writing. The SEC will be responsible for expenses arising from renovating and utilizing, and will pay for the building depreciation. In case of emergency, the BOT has the right to access the reserved areas immediately. However, in case where the BOT needs to use the building during the period of this MOU, the BOT reserves the right to terminate this MOU before the effective date of termination. As the building is under renovation by the SEC, the BOT has not yet informed the initial date.

8. Other Assets

	Unit : Million baht	
	2009	2008
Quota Subscribed to IMF – Baht	44,547.6	50,779.0
Assets from Derivatives Revaluation	16,895.5	4,685.0
Claim on Debt Securities under Repurchase Agreement	37,940.7	-
Investment in Other Organizations	1,718.9	1,768.0
Staff Loans	2,783.0	2,724.5
Intangible Assets	176.8	214.4
Accrued Income	11,672.7	12,002.8
Others	<u>2,331.4</u>	<u>1,910.1</u>
Total	<u>118,066.6</u>	<u>74,083.8</u>

Intangible assets of the BOT are computer software and systems as shown below.

	Unit : Million baht			
	Balance	Changing in Book Value		Balance
	Dec 31, 2008	Increase	Decrease	Dec 31, 2009
Computer Software and Systems	678.1	79.0	-	757.1
<u>Less: Accumulated Amortization</u>	<u>(463.7)</u>	<u>(116.6)</u>	<u>-</u>	<u>(580.3)</u>
Net Intangible Assets	<u>214.4</u>	<u>(37.6)</u>	<u>-</u>	<u>176.8</u>
Amortization for the year	108.4			116.6

9. Deposits

	Unit : Million baht	
	2009	2008
Government	167,179.3	65,865.3
Financial Institutions	54,947.6	63,097.6
Others	<u>7,858.9</u>	<u>6,140.3</u>
Total	<u>229,985.8</u>	<u>135,103.2</u>

10. Allocations of Special Drawing Rights

The IMF's member countries are allocated Special Drawing Rights in proportion to their subscriptions to the IMF. In 2009, the BOT accepted new allocation of SDR885.6 million. Consequently, as of December 31, 2009, the BOT was allocated the balance of SDR970.3 million, an equivalent of B50,741.6 million.

11. Securities Sold under Repurchase Agreements

The outstanding balance as of December 31, 2009 and 2008 was B380,100.0 million and B332,291.5 million, respectively, which was totally the securities sold under repurchase agreements in the domestic market.

12. Debt Securities Issued by the Bank of Thailand

	Unit : Million baht	
	2009	2008
Bank of Thailand Bonds		
Remaining maturity:		
- 1 year or less	1,167,543.9	979,327.3
- over 1 year	618,470.6	406,887.6
<u>Less: Held by the BOT</u>	<u>(2,582.4)</u>	<u>(12,614.3)</u>
	1,783,432.1	1,373,600.6
Other BOT Debt Securities (Remaining maturity less than 1 year)	<u>747,928.0</u>	<u>582,883.5</u>
Total	<u>2,531,360.1</u>	<u>1,956,484.1</u>

The BOT has issued the BOT bonds and the BOT debt securities to be used as monetary instruments as well as to foster the development of money market and debt securities market in Thailand. In 2009, the interest paid presented as a part of Interest Expense, amount of B34,813.1 million was paid on the BOT bonds and B10,861.8 million was paid on the BOT debt securities.

In addition, the BOT bonds held by the BOT were a result of the BOT bonds buyback operations, which were undertaken to enhance the efficiency of the BOT's liquidity management in the money market.

13. Other Liabilities

	Unit : Million baht	
	2009	2008
IMF Current Accounts No. 1 and 2	20,066.2	25,324.9
Promissory Notes Payable to IMF	24,481.7	25,454.4
Liabilities from Derivatives Revaluation	14,589.8	5,564.8
Obligations to return Borrowed Debt Securities	37,940.7	-
Liabilities from Forward Contracts under Resale		
Agreements	1,875.0	2,295.5
Accrued Expenses	7,449.3	7,210.5
Others	<u>979.2</u>	<u>847.1</u>
Total	<u>107,381.9</u>	<u>66,697.2</u>

Others includes B13.6 million of obligations from labor lawsuit compensation, which was paid on January 25, 2010.

14. Statutory Appropriation

In 2002, B165,000.0 million was transferred from the Special Reserve Account of the Currency Reserve to the BOT in accordance with the Emergency Decree on the Partial Transfer of Assets from the Special Reserve Account, B.E. 2545 in order to compensate for the accumulated losses and to enhance the stability of the BOT. The residual amount, after deducted by the accumulated losses, of B27,307.9 million was presented as Statutory Appropriation.

15. Reserve for Stabilization of Profit Payable to the Government

Reserve for Stabilization of Profit Payable to the Government was accumulated from net profit after appropriated for the year 1990 – 1996 in order to maintain the profit payable to the government. This profit appropriation rule was consented by the Ministry of Finance and the balance of this account could be transferred as additional public revenue on demand of the Ministry of Finance. Since 2002, no profit appropriation has been made to this account.

16. Assets and Liabilities Revaluation Reserve

	Unit : Million baht	
	2009	2008
Unrealized Losses from Foreign Exchange Revaluation of Assets and Liabilities	(42,625.7)	(1,275.6)
Unrealized Gains from Price Revaluation of Investments	13,909.9	43,161.6
Unrealized Gains (Losses) from Revaluation of Derivatives	2,305.7	(879.8)
Unrealized Losses from Revaluation of Forward Contracts under Resale Agreements	<u>(1,203.8)</u>	<u>(1,445.3)</u>
Total	<u>(27,613.9)</u>	<u>39,560.9</u>

Subject to Section 13(2) of Chapter 3 of the Bank of Thailand Act, B.E. 2485, amended by the Bank of Thailand Act (No. 4), B.E. 2551, the Assets and Liabilities Revaluation Reserve is established to accumulate gains and losses derived from the revaluation of the BOT's assets and liabilities.

17. Accumulated Losses

In 2009, the amount of net gain B30,642.0 million was transferred to compensate the Accumulated Losses and the balance as of December 31, 2009 was B74,434.7 million. Movements of the Accumulated Losses are stated in the Statement of Changes in Equity.

18. Other Revenues

	Unit : Million baht	
	2009	2008
Gain from disposal of investments	21,232.1	6,887.8
Gain from investments managed by external fund managers	6,471.8	-
Others	<u>157.8</u>	<u>604.2</u>
Total	<u>27,861.7</u>	<u>7,492.0</u>

19. Other Expenses

	Unit : Million baht	
	2009	2008
Loss from investments managed by external fund managers	-	3,345.3
Loss from derivative instruments	461.9	-
Others	<u>1,360.9</u>	<u>1,371.7</u>
Total	<u>1,822.8</u>	<u>4,717.0</u>

20. Commitments and Contingencies

As of December 31, 2009, the outstandings of commitments and contingencies of the BOT are as follows:

20.1 Forward Contracts

20.1.1 Dollar-Baht Forward Contracts

The BOT had net position of outstanding dollar-baht forward contracts to buy USD15,670.0 million, due in 2010.

20.1.2 Cross Currency Forward Contracts

The BOT had net position of outstanding cross currency forward contracts to buy EUR4,430.1 million, GBP876.3 million, AUD1,307.9 million, CAD1,161.2 million and to sell USD380.9 million, JPY884,603.5 million, due in 2010.

20.1.3 Forward Contracts under Resale Agreements

The BOT had the obligations under Resale Agreements to sell JPY12,452.2 million, due in 2010 - 2020.

The fair values of such forward contracts are presented in Note 8, Other Assets, or Note 13, Other Liabilities.

20.2 Debt Securities Borrowing

As of December 31, 2009, the outstanding obligations to return borrowed debt securities and obligations from issuing BOT debt securities as collateral, due in 2010, was B51,801.0 million. The amount of borrowed debt securities, sold under repurchase agreements, are presented in Note 8, Other Assets, and Note 13, Other Liabilities at B37,940.7 million.

20.3 ASEAN Swap Arrangement and Bilateral Swap Arrangement

In 2009, the BOT renewed the Memorandum of Understanding on the ASEAN Swap Arrangement (ASA), which is the arrangement to provide short-term foreign exchange liquidity support in a total amount of USD2,000.0 million among the 10 ASEAN member countries. The two-year arrangement, expiring on November 16, 2011, obliges the BOT to contribute USD300.0 million and to borrow up to USD600.0 million.

The BOT also undertook a Bilateral Swap Agreement (BSA) under Chiang Mai Initiative with the Bank of Japan (BOJ). This three-year agreement, expiring on November 8, 2010, enables both countries to swap their local currencies (Thai Baht and Japanese Yen) against US dollar. Under the agreement, the BOT can borrow up to USD6,000.0 million, which is to be guaranteed by the Ministry of Finance of Thailand, whereas the BOJ as an agent of the

Ministry of Finance of Japan can borrow up to USD3,000.0 million. In addition, the BOT is currently under the negotiation to renew BSAs with the Bank of Korea and the People's Bank of China.

In 2009, neither the BOT nor its counterparties activated any of the above mentioned arrangements.

20.4 Lawsuits

As of December 31, 2009, the BOT, in the normal course of business, was taken legal actions at the amount of the claims totalling B17,400.2 million and all of which are in process of court trial. However, the forecasted amount of these claims when the final judgement is made may have no material effect on the BOT's financial position and operations.

21. Risk Management at the Bank of Thailand

21.1 Financial Risk Management

21.1.1 BOT's Balance Sheet Risk

The key financial risks that affect the BOT's balance sheet are the followings:

21.1.1.1 Foreign Exchange Rate Risk

The BOT's assets are exposed to foreign exchange rate risk as they are mainly denominated in foreign currencies, which is necessary for monetary operations in order to ensure the stable financial environments.

21.1.1.2 Interest Rate Risk

Interest rate risk emerges when the interest rate in domestic market, resulting from conducting monetary policies, is significantly different from the interest rate of foreign markets that the BOT invests in.

21.1.2 Financial Risk Management of the International Reserves

Investment of the international reserves in foreign assets has inherent financial risks. There are three types of financial risks: market risk, credit risk and liquidity risk. Notably, the BOT's credit risk and liquidity risk are much lower than its market risk due to the BOT's policy to invest in high credit rated securities and to impose limits on illiquid assets.

The main objectives of financial risk management of the international reserves consist of:

a. Preserving the value of the international reserves when measured in terms of stable currencies, and

b. Ensuring an acceptable level of financial risks of the international reserves as well as risk diversification.

Financial risks of the reserves are managed in accordance with the following approaches:

21.1.2.1 Market Risk

Market risk, comprising of interest rate risk and foreign exchange rate risk, is the risk of loss due to changes in the market value of assets or currencies. The BOT manages market risk through benchmarking, which involves setting asset and currency allocations in accordance with the objectives of each portfolio and the BOT's risk tolerance. The BOT performs risk analysis by carrying out stress tests to estimate potential impacts of various market scenarios on the reserves.

The BOT's compliance staff monitor and control market risk to prevent excessive risk incurred from the unapproved deviation of actual investment position from the aforementioned benchmarks. The BOT keeps these risks within acceptable levels by imposing tracking error limits.

21.1.2.2 Credit Risk

Credit risk is the risk that the BOT's counterparties or the issuers of the securities held by the BOT default or are unable to fulfil their financial obligations with the BOT. It includes the risk of deterioration in the value of securities from the credit rating downgrades of Debt Instruments or Debt Issuers.

The BOT controls credit risk by using the following approaches:

(1) Minimum Credit Rating, set for counterparties and issuers to limit the credit value-at-risk to a very low level

(2) Aggregate Credit Exposure Limit, set for counterparties and issuers in the form of deposit equivalent exposure based on the credit rating and number of counterparties

(3) Individual Credit Exposure Limit, set for counterparties based on their credit rating. However, exposure limit for some counterparties will be reduced in the case that the probability of being downgraded, indicated by a set of indicators, increases.

(4) Sovereign Credit Limit, based on country credit ratings (Sovereign credit limits are used as constraints in benchmark construction.)

21.1.2.3 Liquidity Risk

Liquidity risk is the risk of loss arising from the inability to liquidate assets at a reasonable price within the specified period.

The management of liquidity risk focuses on setting appropriate levels for illiquid assets based on the BOT's liquidity needs, and the cost-benefit comparisons between the returns from liquidity premiums and the costs of liquidation.

21.2 Operational Risk Management

21.2.1 Control Self-Assessment (CSA)

In accordance with internal guideline which stipulates that all departments are required to conduct CSA review process at least once a year from 2007 onwards; therefore in 2009, all departments have conducted CSA review process based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. In addition, operational risk management system "RMS" was implemented as a management tool to assist in the operational risk management process.

21.2.2 Business Continuity Plan (BCP)

The BOT has developed the BCP against business disruption under various scenarios including disaster, political unrest / riot and pandemic influenza. In 2009, it undertook the proper review and update of the BCP for disaster and political unrest / riot and also conducted an annual drill test. The drills include the tests for security and the staff evacuation processes as well as the test for the readiness of computer backup system. The overall result of each drill was satisfactory.

Regarding the BCP for pandemic influenza, the plan was fully completed by the end of year 2009. During the drafting process, while the pandemic (H1N1) 2009 occurred in April, the Specific Working Committee was, therefore, appointed to implement prevention measures and a response plan against the impacts of the disease on the BOT's operations. The Working Committee was the center for a correct and update communication among the employees. In addition, the BCP for pandemic influenza was properly revised and updated in accordance with experiences received from the outbreak. The work-from-home exercise via remote access for specific functions was also tested which delivered a satisfactory result.

22. Financial Restatements

Financial statements for the year ended December 31, 2008 have been restated in line with the presentation of financial statements for the year 2009 without causing any effect on the Profit and Loss Account.
