

(TRANSLATION)



Report of the Auditors

To the Minister of Finance

The Office of the Auditor General of Thailand has audited the accompanying financial statements of the Bank of Thailand, which comprise the statement of financial position as at December 31, 2015 and the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

Office of the Auditor General of Thailand

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion.

Opinion

In the Office of the Auditor General of Thailand's opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the Bank of Thailand as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand Act.

(signed)

(Miss Pongchomnad Jariyajinda)
Deputy Auditor General
for Auditor General

(signed)

(Miss Khamanat Jitraviriyakul)
Director of Financial Audit Office No. 3

Office of the Auditor General of Thailand

March 23, 2016

Bank of Thailand
Statement of Financial Position
As at December 31, 2015

			Unit : Baht
	Notes	2015	2014
ASSETS			
Cash and Deposits	4	608,691,723,435	607,943,908,900
Reserve Tranche and Holdings of Special Drawing Rights	5	69,604,061,053	70,208,301,231
Investment in Securities	6	2,918,048,601,425	2,601,115,563,286
Loans	7	136,594,860,330	167,558,982,163
Premises and Equipment	8	6,452,977,033	5,959,017,072
Other Assets	9	100,965,307,202	74,503,413,001
Total Assets		<u>3,840,357,530,478</u>	<u>3,527,289,185,653</u>
LIABILITIES AND EQUITY			
Deposits	10	551,263,461,277	337,023,468,495
Allocations of Special Drawing Rights	11	48,506,509,104	46,338,537,775
Securities Sold under Repurchase Agreements	12	350,590,000,000	271,360,000,000
Debt Securities Issued by the Bank of Thailand	13	3,426,338,072,694	3,494,273,987,795
Other Liabilities	14	69,889,209,551	78,787,279,424
Total Liabilities		<u>4,446,587,252,626</u>	<u>4,227,783,273,489</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Financial Position (Continued)
As at December 31, 2015

	Notes	2015	Unit : Baht 2014
LIABILITIES AND EQUITY (Continued)			
Equity			
Initial Capital		20,000,000	20,000,000
Statutory Appropriation	15	27,307,931,128	27,307,931,128
Reserve for Stabilization of Profit Payable to the Government	16	624,075,747	624,075,747
Assets and Liabilities Revaluation Reserve	17	90,205,916,464	(93,975,284,695)
Accumulated Losses	18	(635,250,812,326)	(572,901,331,397)
Net Loss for the Year		(89,136,833,161)	(61,569,478,619)
Total Equity		(606,229,722,148)	(700,494,087,836)
Total Liabilities and Equity		3,840,357,530,478	3,527,289,185,653

The accompanying notes form part of these financial statements.

(Mr. Veerathai Santiprabhob)
Governor

(Miss Preyanuch Chuengprasert)
Senior Director, Finance and Accounting Department

Bank of Thailand
Statement of Income
For the Year Ended December 31, 2015

			Unit : Baht
	Notes	2015	2014
Income			
Interest Income		47,026,729,520	47,024,409,987
Commission		931,958,395	930,162,544
Net Gains on Foreign Exchange		-	9,442,625,391
Others	19	<u>4,905,292,685</u>	<u>2,444,663,742</u>
Total Income		<u>52,863,980,600</u>	<u>59,841,861,664</u>
Expenses			
Interest Expense		91,861,122,339	109,575,584,306
Net Losses on Foreign Exchange		38,137,953,569	-
Personnel Expenses		5,052,007,451	4,264,615,938
Others		<u>6,949,730,402</u>	<u>7,571,140,039</u>
Total Expenses		<u>142,000,813,761</u>	<u>121,411,340,283</u>
Net Loss		<u>(89,136,833,161)</u>	<u>(61,569,478,619)</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Comprehensive Income
For the Year Ended December 31, 2015

	Notes	2015	Unit : Baht 2014
Net Loss		(89,136,833,161)	(61,569,478,619)
Other Comprehensive Income (Loss)			
Items that might be reclassified subsequently to Profit or Loss			
Change in Assets and Liabilities Revaluation Reserve		184,181,201,159	(211,655,309,553)
Items that will not be reclassified subsequently to Profit or Loss			
Actuarial Loss		(780,002,310)	(767,432,102)
Total Other Comprehensive Income (Loss)		<u>183,401,198,849</u>	<u>(212,422,741,655)</u>
Total Comprehensive Income (Loss)		<u><u>94,264,365,688</u></u>	<u><u>(273,992,220,274)</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, 2015

	Initial Capital	Statutory Appropriation	Reserve for Stabilization of Profit Payable to the Government	Assets and Liabilities Revaluation Reserve	Accumulated Losses	Net Profit (Loss) for the Year	Unit : Baht Total
Balance as at January 1, 2014	20,000,000	27,307,931,128	624,075,747	117,680,024,858	(442,656,329,363)	(129,477,569,932)	(426,501,867,562)
Changes during the Year							
Net Loss transferred to Accumulated Losses	-	-	-	-	(129,477,569,932)	129,477,569,932	-
Total Comprehensive Income (Loss)	-	-	-	(211,655,309,553)	(767,432,102)	(61,569,478,619)	(273,992,220,274)
Balance as at December 31, 2014	<u>20,000,000</u>	<u>27,307,931,128</u>	<u>624,075,747</u>	<u>(93,975,284,695)</u>	<u>(572,901,331,397)</u>	<u>(61,569,478,619)</u>	<u>(700,494,087,836)</u>
Balance as at January 1, 2015	20,000,000	27,307,931,128	624,075,747	(93,975,284,695)	(572,901,331,397)	(61,569,478,619)	(700,494,087,836)
Changes during the Year							
Net Loss transferred to Accumulated Losses	-	-	-	-	(61,569,478,619)	61,569,478,619	-
Total Comprehensive Income (Loss)	-	-	-	184,181,201,159	(780,002,310)	(89,136,833,161)	94,264,365,688
Balance as at December 31, 2015	<u>20,000,000</u>	<u>27,307,931,128</u>	<u>624,075,747</u>	<u>90,205,916,464</u>	<u>(635,250,812,326)</u>	<u>(89,136,833,161)</u>	<u>(606,229,722,148)</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows
For the Year Ended December 31, 2015

	Notes	2015	Unit : Baht 2014
Cash Flow from Operating Activities			
Net Loss		(89,136,833,161)	(61,569,478,619)
Adjustments to Reconcile Net Loss to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation and Amortization Expenses		548,579,480	529,378,995
Gain on Disposal of Premises and Equipment		(4,342,373)	(2,453,316)
Write Off of Work in Progress		5,542,491	646,858
Gain on Disposal of Investments		(4,148,489,034)	(1,848,412,896)
Interest Income		(47,026,729,520)	(47,024,409,987)
Interest Expense		91,861,122,338	109,575,584,306
(Gain) Loss from Non-cash Foreign Assets and Liabilities			
Cost Averaging		27,264,989,481	(14,946,380,447)
Gain from Decreasing in Provision for Contingent Losses on Forward Contracts under Resale Agreements		(54,790,053)	(59,522,140)
Net Decrease in Accrued Revenues		498,315	1,447,407
Net Increase in Accrued Expenses		130,792,326	60,020,272
Net Decrease in Prepaid Expenses		492,264,621	1,258,528,735
Cash Paid on Operation		(20,067,395,089)	(14,025,050,832)
Cash Received on Interest Income		63,993,616,053	47,814,236,660
Cash Paid on Interest Expense		(70,626,805,005)	(79,167,064,495)
Loss from Operation before Changing in Operating Assets and Liabilities		(26,700,584,041)	(45,377,878,667)

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2015

	Notes	2015	Unit : Baht 2014
(Increase) Decrease in Operating Assets			
Foreign Deposits		128,748,299,999	(64,214,450,810)
Reserve Tranche and Holdings of Special Drawing Rights		3,651,835,771	(835,316,516)
Loans		31,031,579,217	32,813,628,745
Other Assets		(7,553,028,029)	(2,621,205,876)
Increase (Decrease) in Operating Liabilities			
Deposits		214,238,616,297	(111,336,903,080)
Securities Sold under Repurchase Agreements		79,230,000,000	13,570,000,000
Debt Securities Issued by the Bank of Thailand		(95,221,197,871)	(8,378,881,952)
Other Liabilities		4,988,881,684	(795,256,846)
Net Cash Flow from Operating Activities		332,414,403,027	(187,176,265,002)
Cash Flow from Investing Activities			
Purchase of Domestic Securities		(66,785,357,828)	(24,258,713,498)
Proceeds from disposal of Domestic Securities		30,756,000,000	50,831,000,000
Purchase of Foreign Securities		(13,056,793,712,267)	(12,148,401,090,603)
Proceeds from disposal of Foreign Securities		12,880,227,329,539	12,365,059,621,998
Purchase of Premises and Equipment		(1,004,383,230)	(995,563,165)
Proceeds from disposal of Premises and Equipment		7,268,922	3,164,244
Net Cash Flow from Investing Activities		(213,592,854,864)	242,238,418,976
Assets and Liabilities Revaluation Reserve on Cash		(2,636,904,703)	794,836,111
Net Increase in Cash and Cash Equivalents		116,184,643,460	55,856,990,085
Cash and Cash Equivalents at the Beginning of the Year		196,581,370,503	140,724,380,418
Cash and Cash Equivalents at the End of the Year	4	312,766,013,963	196,581,370,503

The accompanying notes form part of these financial statements.

Bank of Thailand
Notes to Financial Statements
For the Year Ended December 31, 2015

1. General Information

The Bank of Thailand (the BOT) was established in accordance with the Bank of Thailand Act, B.E. 2485 as amended (the BOT Act). The BOT's objectives are to carry on such tasks as pertain to central banking in order to maintain monetary stability, financial institutions system stability and payment systems stability.

2. Basis of Preparation of the Financial Statements

The financial statements of the BOT have been prepared in accordance with Section 54 of the BOT Act, 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 the account of the BOT, not including the Currency Reserve, the Note Issuance Business and the Financial Institutions Development Fund (FIDF), and have been prepared under the historical cost basis unless otherwise disclosed in Note 3 (Summary of Significant Accounting Policies).

For the financial statements for the year ended December 31, 2015, the BOT has adopted the new or revised Thai Financial Reporting Standards, effective in the accounting period which have the following impacts:

2.1 Thai Accounting Standard No. 1 (Revised 2014) - Presentation of Financial Statements: the BOT classifies items in the statement of comprehensive income into groups of items that might be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit or loss.

2.2 Thai Accounting Standard No. 19 (Revised 2014) - Employee Benefits: the BOT recognizes past service cost from amendment of defined benefit plans as expense in the statement of income.

2.3 Thai Financial Reporting Standard No. 13 - Fair Value Measurement: the BOT discloses information and details of methodology and techniques used in fair value measurement in Note 23.

3. Summary of Significant Accounting Policies

3.1 Revenue and Expenses Recognition

Interest revenue and expense are recognized on a time proportion basis and the effective yield unless otherwise disclosed. Other revenue and expenses are recognized on an accrual basis.

3.2 Assets and Liabilities Revaluation Recognition

Unrealized gains or losses from revaluation of assets and liabilities of the BOT are presented in the Assets and Liabilities Revaluation Reserve under the equity section as prescribed under Section 16 of the BOT Act.

3.3 Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into baht at the exchange rates prevailing at the dates of the transactions. At year-end, assets and liabilities denominated in foreign currencies are revalued into baht at the exchange rates prevailing on the reporting date, in accordance with the BOT's guideline. Unrealized gains or losses from revaluation of foreign assets and liabilities are presented in the Assets and Liabilities Revaluation Reserve under the equity section.

Gains or losses from foreign currency transactions are recognized in the statement of income when the position of each foreign currency is decreased. Whenever the position of any foreign currency increases during the day, the cost of such foreign currency is calculated by using the weighted average cost (WAC) method. The WAC is also used as the cost of the same foreign currency sold on the same day. The accounting policy is consistent with the practices of other central banks, and is prescribed by the BOT Board by virtue of the BOT Act.

3.4 Forward Contracts

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

3.5 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. The outstanding obligations are presented at fair value and the changes in the fair value are presented in the Assets and Liabilities Revaluation Reserve under the equity section.

3.6 Foreign Exchange Swap Contracts

Foreign exchange swap contracts are used for the purpose of liquidity management. Foreign exchange swap is an agreement to simultaneously exchange one currency against another with two different value dates. The outstanding of claims and obligations are revalued to baht at the exchange rates prevailing on the reporting date and net value changes are presented in the statement of financial position. Unrealized gains or losses from revaluation of the outstanding obligations are presented in the Assets and Liabilities Revaluation Reserve under the equity section. The difference between the spot and forward exchange rates shall be treated as interest income or interest expense on a time proportion basis.

3.7 Futures Contracts

Futures contracts are used to enhance the efficiency of international reserve management and to hedge risk arising from the interest rate or bond price fluctuation, and are presented at fair value. Unrealized gains or losses from changes in the fair value are presented in the Assets and Liabilities Revaluation Reserve under the equity section and are recognized in the statement of income when the settlement of the variation margin takes place.

3.8 Gold

To preserve the value of international reserves, gold is held for the purpose of risk diversification of the reserve management and is presented at fair value. Unrealized gains or losses from revaluation are presented in the Assets and Liabilities Revaluation Reserve under the equity section, and are recognized in the statement of income on disposal.

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

3.9 Investment in Securities

Domestic securities are held for the purpose of monetary policy implementation and are stated at amortized cost.

Foreign securities are held for the purpose of international reserve management and are mainly stated at fair value, while held-to-maturity securities are stated at amortized cost. Unrealized gains or losses from revaluation are presented in the Assets and Liabilities Revaluation Reserve under the equity section, and are recognized in the statement of income on disposal.

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

3.10 Loans

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

3.11 Premises and Equipment

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation.

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

<u>Type of Asset</u>	<u>Useful Life</u>
Buildings, Temporary Buildings and Improvements	5-20 years
Equipment	3-15 years

3.12 Intangible Assets

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

3.13 Heritage Assets

The BOT has held antiques that are considered heritage assets, such as antique textiles, coins and banknotes, which have been acquired by purchase and donation. They are held and maintained for the purpose of preservation and exhibition at the BOT's museum, not for central bank's function. Prior to 2005, those antiques purchased were accounted as expense. After that, they are recorded as assets at acquisition prices and presented under "Other Assets". The BOT does not record the antiques received from donation as assets. Register containing detail of all the items held at the museum is used for controlling purpose.

3.14 Debt Securities Borrowing

The BOT borrowed debt securities from specialized financial institutions and/or juristic persons, as prescribed by the BOT, and issued the 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 market in Thailand.

The debt securities borrowing fee is recognized in the statement of income. The borrowing amount is 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 is presented in "Other Assets" and the amount of obligations to return debt securities is presented in "Other Liabilities".

3.15 Post-employment Benefits

3.15.1 Defined Contribution Plans

The BOT's Rules and Regulations for Provident Fund 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 as expense in the statement of income.

3.15.2 Defined Benefit Plans

Defined benefit plans include pension plan, as prescribed by the BOT's Rules and Regulations for Pension Fund, and post-employment medical plan, as prescribed by the Rules and Regulations for Medical Care.

The obligations under defined benefit plans are calculated by using actuarial valuation method, the Projected Unit Credit Method, and are presented at present value as employee benefit obligations. The BOT recognized all related expenses in the statement of income and all actuarial gains and losses in the statement of comprehensive income in the period occurred.

4. Cash and Deposits

	Unit: Million baht	
	2015	2014
Cash and Cash Equivalents		
Cash	119,637	105,806
Domestic Deposits (Demand Deposits)	8	11
Foreign Deposits (Demand Deposits)	<u>193,121</u>	<u>90,764</u>
Total Cash and Cash Equivalents	312,766	196,581
Foreign Deposits (Time Deposits and Special Deposits)	<u>295,926</u>	<u>411,363</u>
Total	<u>608,692</u>	<u>607,944</u>

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

5. Reserve Tranche and Holdings of Special Drawing Rights

	Unit: Million baht	
	2015	2014
Quota Subscribed to International Monetary Fund (IMF)	72,015	68,796
<u>Less:</u> IMF Current Account No. 1	(13,785)	(8,194)
Non-negotiable with Non-interest Bearing		
Promissory Notes Payable to IMF	<u>(37,358)</u>	<u>(36,939)</u>
Reserve Tranche	20,872	23,663
Holdings of Special Drawing Rights	<u>48,732</u>	<u>46,545</u>
Total	<u>69,604</u>	<u>70,208</u>

6. Investment in Securities

	Unit: Million baht	
	2015	2014
Domestic Securities		
Stated at amortized cost	<u>240,268</u>	<u>205,530</u>
Total Domestic Securities	<u>240,268</u>	<u>205,530</u>
Foreign Securities		
Stated at amortized cost	-	51,130
Stated at fair value		
Cost	2,701,497	2,323,808
<u>Plus:</u> Unrealized gains (losses) from price and foreign exchange rate revaluation of investments	<u>(23,716)</u>	<u>20,647</u>
Total Foreign Securities	<u>2,677,781</u>	<u>2,344,455</u>
Total Foreign Securities	<u>2,677,781</u>	<u>2,395,585</u>
Total	<u>2,918,049</u>	<u>2,601,115</u>

7. Loans

	Unit: Million baht	
	2015	2014
Loans to financial institutions for person damaged by flood	134,945	165,604
Contribution to the IMF under the NAB	<u>1,650</u>	<u>1,955</u>
Total	<u>136,595</u>	<u>167,559</u>

The loans to financial institutions for person damaged by flood have been provided in accordance with the Emergency Decree on Financial Aids for Person Damaged by Flood, B.E. 2555.

The contribution to the IMF under the New Arrangements to Borrow (NAB) is the commitment with the IMF as mentioned in Note 21.5.1.

8. Premises and Equipment

	2015								
	Value at Cost			Accumulated Depreciation				Net	
	Opening Balance	Increase	Decrease	Closing Balance	Opening Balance	Increase	Decrease	Closing Balance	
Land	2,473	-	-	2,473	-	-	-	-	2,473
Buildings	4,298	498	5	4,791	2,596	191	1	2,786	2,005
Equipment	2,727	1,017	133	3,611	1,943	235	130	2,048	1,563
Work in progress	<u>1,000</u>	<u>930</u>	<u>1,518</u>	<u>412</u>	-	-	-	-	<u>412</u>
Total	<u>10,498</u>	<u>2,445</u>	<u>1,656</u>	<u>11,287</u>	<u>4,539</u>	<u>426</u>	<u>131</u>	<u>4,834</u>	<u>6,453</u>

	2014								
	Value at Cost			Accumulated Depreciation				Net	
	Opening Balance	Increase	Decrease	Closing Balance	Opening Balance	Increase	Decrease	Closing Balance	
Land	2,473	-	-	2,473	-	-	-	-	2,473
Buildings	4,247	52	1	4,298	2,399	197	-	2,596	1,702
Equipment	2,684	82	39	2,727	1,754	228	39	1,943	784
Work in progress	<u>168</u>	<u>954</u>	<u>122</u>	<u>1,000</u>	-	-	-	-	<u>1,000</u>
Total	<u>9,572</u>	<u>1,088</u>	<u>162</u>	<u>10,498</u>	<u>4,153</u>	<u>425</u>	<u>39</u>	<u>4,539</u>	<u>5,959</u>

Depreciation expenses for the year 2015 and 2014 were THB426 million and THB413 million, respectively.

9. Other Assets

	Unit: Million baht	
	2015	2014
Quota Subscribed to the IMF - baht	51,143	45,133
Net Assets from Foreign Exchange Swaps	14,584	-
Accrued Income	19,252	16,445
Investments in Other Organizations	1,648	1,575
Others	<u>14,338</u>	<u>11,350</u>
Total	<u>100,965</u>	<u>74,503</u>

Other assets - others as at December 31, 2015 and 2014 amounted to THB14,338 million and THB11,350 million, respectively, included the net balances of intangible assets (computer software and systems), amounting to THB232 million and THB290 million, respectively. Amortization expenses for the year 2015 and 2014 were THB122 million and THB116 million, respectively. The balance also included the heritage assets such as antique textiles, coins, and banknotes, mentioned in Note 3.13, amounting to THB5 million and THB5 million, respectively.

10. Deposits

	Unit: Million baht	
	2015	2014
Non Interest-Bearing Deposits		
Government	391,096	184,751
Financial Institutions	108,706	105,058
Others	<u>19,694</u>	<u>12,066</u>
	519,496	301,875
Interest-Bearing Deposits	<u>31,767</u>	<u>35,148</u>
Total	<u>551,263</u>	<u>337,023</u>

The interest-bearing deposits facility is used to maintain market interest rates within the interest rate corridors and to facilitate liquidity adjustment of money market participants. This is expected to enhance the transmission of monetary policy and financial markets development.

11. Allocations of Special Drawing Rights

The IMF's member countries are allocated special drawing rights in proportion to their subscriptions in the IMF. As at December 31, 2015 and 2014, the BOT was allocated the balance of SDR970 million, which was equivalent to THB48,507 million and THB46,339 million, respectively.

12. Securities Sold under Repurchase Agreements

The outstanding balances of the securities sold under repurchase agreements in the domestic market as at December 31, 2015 and 2014 were THB350,590 million and THB271,360 million, respectively.

13. Debt Securities Issued by the Bank of Thailand

	Unit: Million baht	
	2015	2014
Bank of Thailand Bonds		
Remaining Maturity:		
- 1 year or less	2,193,062	1,925,421
- over 1 year	625,923	810,843
<u>Less: Held by the BOT</u>	<u>(160,757)</u>	<u>(54,310)</u>
	2,658,228	2,681,954
Other BOT Debt Securities	<u>768,110</u>	<u>812,320</u>
(Remaining maturity less than 1 year)		
Total	<u>3,426,338</u>	<u>3,494,274</u>

The BOT has issued BOT bonds and BOT debt securities to be used as monetary policy instruments as well as to foster the development of money market and debt securities market in Thailand. In 2015, the interest paid on BOT bonds and BOT debt securities amounted to THB58,224 million and THB16,491 million, respectively. The interest paid was presented as part of interest expense.

BOT bonds held by the BOT resulted from the repurchase of BOT bonds to facilitate liquidity management in the money market.

14. Other Liabilities

	Unit: Million baht	
	2015	2014
IMF Current Accounts No. 1 and 2	13,785	8,195
Promissory Notes Payable to the IMF	37,358	36,938
Net Liabilities from Foreign Exchange Swaps	-	8,590
Employee Benefit Obligations	5,420	4,511
Accrued Expenses	11,876	17,777
Others	<u>1,450</u>	<u>2,776</u>
Total	<u>69,889</u>	<u>78,787</u>

Employee Benefit Obligations as at December 31, 2015 included the obligation from pension plan amounted to THB3,967 million and the obligation from post-employment medical plan amounted to THB1,453 million. Changes in the present value of the employee benefit obligations are presented as follows:

	Unit: Million baht	
	2015	2014
Employee Benefit Obligations as at January 1	4,511	3,910
Past service cost	319	-
Current service cost	120	93
Interest cost	138	134
Benefit paid during the year	(441)	(407)
Net employee benefit obligations transferred	(7)	14
Actuarial loss	<u>780</u>	<u>767</u>
Employee Benefit Obligations as at December 31	<u>5,420</u>	<u>4,511</u>

The Significant Actuarial Assumptions

Average discount rates	2.53% - 5.98%
Average rate of increase in salaries	7.00%
Medical cost trend rate	5.00%
Mortality	Thai Mortality Table 2008

15. Statutory Appropriation

In 2002, THB165,000 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 THB27,308 million was presented as Statutory Appropriation. Since 2002, there has been no movement in this account.

16. Reserve for Stabilization of Profit Payable to the Government

As at December 31, 2015, the outstanding balance of the Reserve for Stabilization of Profit Payable to the Government was THB624 million. This reserve was accumulated from net profit after appropriation for the year 1990 - 1996 in order to maintain the profit payable to the government. The Ministry of Finance (MOF) gave consent to the profit appropriation rule. The balance of this account could be transferred as additional public revenue upon request by the MOF. Since 2002, no profit appropriation has been made to this account.

17. Assets and Liabilities Revaluation Reserve

	Unit: Million baht	
	2015	2014
Unrealized Gains (Losses) from Foreign Exchange		
Revaluation of Assets and Liabilities	67,830	(114,000)
Unrealized Gains from Price Revaluation of Investments	22,330	20,675
Unrealized Gains (Losses) from Revaluation of Derivatives	100	(683)
Unrealized Gains (Losses) from Revaluation of Forward		
Contracts under Resale Agreements	<u>(54)</u>	<u>33</u>
Total	<u>90,206</u>	<u>(93,975)</u>

Subject to Section 13 (2) of the BOT Act, the Assets and Liabilities Revaluation Reserve is established to accumulate gains or losses derived from the revaluation of the BOT's assets and liabilities.

18. Accumulated Losses

As at December 31, 2015 and 2014, the outstanding balances of Accumulated Losses were THB635,251 million and THB572,901 million, respectively. Changes to the Accumulated Losses are set out in the statement of change in equity.

For the year 2015, the losses were due to interest payments from liquidity-absorbing monetary policy operations.

19. Other Revenue

	Unit: Million baht	
	2015	2014
Gains from Disposal of Investments	4,148	1,848
Others	<u>757</u>	<u>597</u>
Total	<u>4,905</u>	<u>2,445</u>

20. Remuneration of Key Management Personnel

The key management personnel of the BOT refers to the Governor, Deputy Governors, and members of the Boards and committees established under the BOT Act who have responsibility for planning, directing and supervising the activities of the BOT. In 2015 and 2014, the remuneration paid to key management personnel were THB62 million and THB62 million, respectively.

21. Commitments and Contingencies

As at December 31, 2015, the outstanding of commitments and contingencies of the BOT were as follows:

21.1 Forward Contracts

The BOT had the net outstanding obligations under cross currency forward contracts to buy foreign currencies equivalent to USD460 million and to sell foreign currencies equivalent to USD459 million, which will be due in 2016.

Furthermore, the BOT had the outstanding obligations under resale agreements to sell Japanese Yen equivalent to USD28 million, which will be due in 2016 – 2020.

The fair values of such forward contracts were presented in Note 9 (Other Assets) or Note 14 (Other Liabilities).

21.2 Foreign Exchange Swap Contracts

The BOT had the net outstanding obligations under foreign exchange swap contracts to buy foreign currencies equivalent to USD19,950 million and to sell foreign currencies equivalent to USD8,294 million, which will be due in 2016.

The net outstanding of such foreign exchange swap contracts was presented in Note 9 (Other Assets).

21.3 Futures Contracts

The BOT had the net outstanding obligations under bond futures contracts to buy equivalent to USD9 million and to sell equivalent to USD7,401 million, which will be due in 2016.

21.4 Other Agreements with Central Banks

21.4.1 The BOT has been part of the ASEAN Swap Arrangement (ASA), which provides liquidity support among ASEAN member countries since 1977. Under the ASA, the BOT is obliged to contribute up to USD300 million and may request up to 2 times of its contribution, or USD600 million. In 2015, the BOT renewed the ASA for two years, which will remain in effect until November 16, 2017. In 2015, neither the BOT nor its counterparties activated the arrangement.

21.4.2 The BOT, together with the Ministry of Finance of Thailand, have been parties to the Chiang Mai Initiative Multilateralisation (CMIM) Agreement since March 24, 2010, which provides liquidity support to ASEAN member countries, China, Japan and South Korea. The Agreement was amended on July 17, 2014 to enhance the effectiveness of the financing mechanism. That is, should a CMIM member face potential or actual financial difficulties, the BOT is obliged to contribute up to USD9,104 million. The BOT may also request up to 2.5 times of its contribution amount, or USD22,760 million. In 2015, neither the BOT nor its counterparties activated the agreement.

21.4.3 The BOT has renewed the Chinese Yuan/Thai Baht Bilateral Currency Swap Arrangement (BSA) with the People's Bank of China (PBC) with an aim to facilitate the use of local currencies in international trade and direct investment settlement. The new BSA will make available a swap line with an amount of CNY70,000 million, equivalent to THB370,000 million, and will be effective for the next three years ending on December 22, 2017. In 2015, the BOT drew from this swap line, an amount of CNY500 million, in order to make available the CNY liquidity for financial institutions in Thailand to facilitate cross-border trade and investment settlements.

21.5 Commitments with the International Monetary Fund (IMF)

The BOT, with the consent of the Finance Minister, has commitments with the IMF as follows:

21.5.1 New Arrangements to Borrow (NAB) amounting up to SDR340 million, which will expire on November 16, 2017. The IMF made partial calls on the NAB from the BOT as presented in Note 7 (Loans).

21.5.2 The Note Purchase Agreement (NPA) under the 2012 Bilateral Borrowing Arrangements, amounting up to USD1,000 million. In 2015, the BOT gave consent to a one year extension of the agreement (due in 2016) per the agreed framework, which brings its expiration date to September 15, 2017. However, the IMF did not make request to activate the agreement in 2015.

21.6 Contingent Liabilities on Lawsuits

As at December 31, 2015, the BOT was involved in certain legal actions and claims arising from the ordinary course of business amounting to THB620 million. All cases are in process of court trial. However, the estimated amount of these claims, if the final judgment is made, will not have any material adverse effect on the BOT's financial position and operations.

22. Risk Management at the Bank of Thailand

The BOT's risk management framework adheres to the principles of good governance. The risk management processes and conducts are managed and closely monitored by a number of risk committees such as Risk Management Committee (RMC) and Financial Risk Management Sub-Committee (FRMC). In addition, the BOT Board has established Risk Oversight Committee (ROC), consisting of non-executive Board members, whose duties are to assist the Board in overseeing the BOT's overall risk management framework and processes, as well as to ensure the Board's awareness of significant risks that the BOT is facing. The Enterprise Risk Management Department is a key unit for implementing the BOT's risk management framework in accordance with the BOT's and other committees' policies.

22.1 Financial Risk Management

22.1.1 The BOT's Financial Risks

The key financial risks for the BOT's are:

22.1.1.1 The BOT's assets are exposed to foreign exchange rate risk as they are mainly denominated in foreign currencies which are necessary for the implementation of monetary and exchange rate policy to ensure a stable financial environment. The BOT's liabilities, on the other hand, are mostly denominated in baht.

22.1.1.2 Interest rate risk emerges when the interest rate in domestic market, resulting from the conduct of monetary policy, is different from the interest rate in foreign markets where the BOT invests.

22.1.2 Financial Risk Management of International Reserves

Management of international reserves takes into consideration financial security, liquidity, return, and risk management. Investment of the international reserves in foreign assets has inherent financial risks, namely market risk, credit risk, and liquidity risk.

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

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

b. Ensuring that financial risks of the international reserves are within an acceptable level and such risks are well diversified.

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

22.1.2.1 Market risk, comprising 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 the investment, which involves setting asset and currency allocations with optimal risk/return trade-off according to each portfolio's objectives and within the BOT Board's risk tolerance limit. In addition, tracking error limits are then set to ensure that risk from active management is within an acceptable level.

Investment benchmark is constructed by methodology of international standard, to obtain optimal asset and currency compositions which yield the highest return at a given total risk level. The BOT also performs risk analysis by carrying out stress-tests to estimate potential impacts of various market scenarios on the reserves.

22.1.2.2 Credit risk is the risk that the BOT's counterparties or the issuers of the securities held by the BOT may default or may be unable to fulfill their financial obligations to the BOT. It includes the risk of deterioration in the value of securities from the downgrades of issue or issuer credit ratings.

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 low level.

(2) Aggregate Credit Exposure Limits, 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 each counterparty based on its credit rating. The limit may also be reduced based on indicators of potential credit downgrading.

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

22.1.2.3 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.

22.2 Integrated and Operational Risk Management

All departments in the BOT annually conduct Control Self-Assessment (CSA) in accordance with the BOT's Regulations, in order to improve the efficiency and effectiveness of work processes. The Risk Management System (RMS) has also been used as a supporting tool to facilitate the BOT's operational risk management. In 2015, the BOT has revised and developed further risk management tools to monitor key risks as follows:

22.2.1 Loss incident reporting process has been revised and implemented across the BOT to more effectively monitor and collect loss incident data for further analysis and development of mitigation plans.

22.2.2 Key Risk Indicators and Risk Dashboard have been regularly reported to the Risk Management Committee to monitor key risks and determine corrective or preventive actions.

As a part of Business Continuity Management, the BOT has developed Business Continuity Plans (BCP) to cover broader types of disasters and disruptions that could impact the BOT's critical functions. Currently, construction of the BOT's additional backup site outside of the Bangkok Metropolitan Area is underway to strengthen capacity to deal with severe risk scenario that could have widespread impact. In addition, the BOT conducts emergency drills on an annual basis. In 2015, the BOT implemented mobile office concept by simulating some critical operations from the temporary office outside BOT in the case that access to the main office and backup site is restricted or unavailable in order to increase the flexibility of the BCP in handling a wider range of situations.

23. Fair Value of Financial Assets and Liabilities

23.1 Fair Value Hierarchy of Financial Assets and Liabilities

As at December 31, 2015, the financial assets and liabilities measured at fair value are presented as follows:

	Unit: Million baht			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Foreign securities	1,652,148	1,025,633	-	2,677,781
Derivative assets	-	441	-	441
Total	<u>1,652,148</u>	<u>1,026,074</u>	<u>-</u>	<u>2,678,222</u>
Financial Liabilities				
Derivative liabilities	-	341	-	341
Resale liabilities	-	180	-	180
Total	<u>-</u>	<u>521</u>	<u>-</u>	<u>521</u>

23.2 Fair Value Hierarchy

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities that the BOT can access at the measurement date.

Level 2 - calculated by pricing models which were widely used in the market and inputs are observable for the asset or liability, either directly or indirectly.

Level 3 - calculated by pricing model and inputs are unobservable for the asset or liability.

23.3 Valuation Methodology and Techniques used in Fair Value Measurement

Fair value of foreign securities is based on market prices published by a widely recognized market price provider. Normally, the price providers take into account liquidity of the securities as well as liquidity of the securities markets in determining the valuation methodology. For fair value of liquid securities, providers will directly use the prices quoted by groups of designated dealers. For fair value of illiquid securities or illiquid markets, in absence of credible market quotes, providers will carry out calculation using a pricing model with market prices input from comparable assets or liabilities.

For derivatives instruments, fair values are measured by using valuation techniques such as cash flow discounting and models generally adopted in the market. Observed market data such as interest rate and exchange rate are used in the calculation.

24. Reclassification

There are items in the statement of income for the year ended December 31, 2014 which have been reclassified for consistency with the presentation of the statement of income for the year ended December 31, 2015. The reclassification had no effect on the previously reported statement of income. The reclassifications are shown as follows:

	Unit: Million baht		
	Before Reclassified	Amount Reclassified	After Reclassified
Statement of income for the year ended December 31, 2014			
Other income	2,018	427	2,445
Other expenses	7,144	427	7,571

25. Approval of the Financial Statements

On March 23, 2016, the BOT Board authorized the issuance of these financial statements.
