



(TRANSLATION)
AUDITOR'S REPORT

To the Bank of Thailand Board

Opinion

The State Audit Office of the Kingdom of Thailand has audited the financial statements of the Bank of Thailand (the Bank), which comprise the statement of financial position as at December 31, 2019, the statement of income and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand Act.

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing (TSAs). The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Bank in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Thailand Federation of Accounting Professions's Code of Ethics for Professional Accountants that are relevant to the audit of the financial statements, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draws attention to Note 3.2 to the financial statements regarding Assets and Liabilities Revaluation Recognition, which describes unrealized gains or losses from revaluation of assets and liabilities of the Bank of Thailand in the equity section. Note 3.3 regarding Foreign Currency Transactions, which describes gains or losses from foreign currency transactions in the statement of income, and Note 24.1.2 regarding Financial Risk Management of International Reserves. The Bank of Thailand has disclosed information to be in conformity with specific practices for central bank business. As a result, the financial statements are suitable for the specific purpose of The Bank. However, the State Audit Office of the Kingdom of Thailand's opinion is not qualified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report in the annual report. Management will provide the annual report to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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 the Bank of Thailand Act, and for such internal control as management determines is necessary to

enable the preparation of the 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 matters related to going concern as applicable, and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The State Audit Office of the Kingdom of Thailand's 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 the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and TSAs 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 the State Audit Standards and TSAs, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.
- Obtains 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.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluates 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.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if the State Audit Office of the Kingdom of Thailand identifies during the audit.

(Signed)

(Mr. Prajuck Boonyoung)

Auditor General

(Signed)

(Mr. Satawat Boonkoy)

Auditor, Senior Professional Level Acting

Director of Financial and Procurement Audit Office No. 5

Bank of Thailand
Statement of Financial Position
As at December 31, 2019

			Unit : THB
	Note	2019	2018
ASSETS			
Cash and Deposits	6	450,322,072,959	540,283,724,301
Reserve Tranche and Special Drawing Right Holdings	7	66,948,623,946	72,037,893,030
Investment in Securities	8	4,088,396,717,200	3,914,953,603,942
Premises and Equipment	9	6,029,744,026	6,521,534,736
Other Assets	10	408,026,033,451	301,584,262,637
Total Assets		<u>5,019,723,191,582</u>	<u>4,835,381,018,646</u>
LIABILITIES AND EQUITY			
Deposits	11	494,872,734,055	555,623,352,580
Special Drawing Rights Allocations	12	40,498,638,655	43,744,692,234
Securities Sold under Repurchase Agreements	13	551,855,000,000	578,910,000,000
Debt Securities Issued by the Bank of Thailand	14	5,022,215,126,931	4,537,253,830,824
Other Liabilities	15	381,556,402,826	290,269,832,756
Total Liabilities		<u>6,490,997,902,467</u>	<u>6,005,801,708,394</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Financial Position (Continued)
As at December 31, 2019

			Unit : THB
	Note	2019	2018
LIABILITIES AND EQUITY (Continued)			
Equity			
Initial Capital		20,000,000	20,000,000
Statutory Appropriation	16	27,307,931,128	27,307,931,128
Reserve for Stabilization of Profit Payable to the Government	17	624,075,747	624,075,747
Assets and Liabilities Revaluation Reserve	18	(429,860,471,164)	(241,093,823,236)
Accumulated Losses	19	<u>(1,069,366,246,596)</u>	<u>(957,278,873,387)</u>
Total Equity		<u>(1,471,274,710,885)</u>	<u>(1,170,420,689,748)</u>
Total Liabilities and Equity		<u><u>5,019,723,191,582</u></u>	<u><u>4,835,381,018,646</u></u>

The accompanying notes form part of these financial statements.

(Mr. Veerathai Santiprabhob)
Governor

(Mrs. Rinwalai Pattarathienchai)
Director, Finance and Accounting Department

Bank of Thailand
Statement of Income
For the Year Ended December 31, 2019

			Unit : THB
	Note	2019	2018
Income			
Interest Income		106,733,700,749	108,535,549,485
Net Gains on Sale of Investments		30,636,778,504	-
Fee Income		576,140,514	560,814,711
Other Income		4,081,795,730	922,501,705
Total Income		<u>142,028,415,497</u>	<u>110,018,865,901</u>
Expenses			
Interest Expense		92,196,956,659	89,759,297,823
Net Losses on Foreign Exchange		152,542,376,496	65,619,342,175
Net Losses on Sale of Investments		-	17,933,784,372
Personnel Expenses		5,304,657,689	5,152,640,978
Other Expenses	20	3,826,923,764	8,611,975,932
Total Expenses		<u>253,870,914,608</u>	<u>187,077,041,280</u>
Net Loss		<u>(111,842,499,111)</u>	<u>(77,058,175,379)</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Comprehensive Income
For the Year Ended December 31, 2019

	Unit : THB	
	2019	2018
Net Loss	(111,842,499,111)	(77,058,175,379)
Other Comprehensive Loss		
Items that might be reclassified subsequently		
to Profit or Loss		
Change in Assets and Liabilities Revaluation Reserve	(188,766,647,928)	(76,110,095,947)
Items that will not be reclassified subsequently		
to Profit or Loss		
Actuarial Loss	(244,874,098)	(800,982,528)
Total Other Comprehensive Loss	<u>(189,011,522,026)</u>	<u>(76,911,078,475)</u>
Total Comprehensive Loss	<u><u>(300,854,021,137)</u></u>	<u><u>(153,969,253,854)</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, 2019

	Initial Capital	Statutory Appropriation	Reserve for Stabilization of Profit Payable to the Government	Assets and Liabilities Revaluation Reserve	Accumulated Losses	Unit : THB Total
Balance as at January 1, 2018	20,000,000	27,307,931,128	624,075,747	(164,983,727,289)	(879,419,715,480)	(1,016,451,435,894)
Net Loss	-	-	-	-	(77,058,175,379)	(77,058,175,379)
Other Comprehensive Loss	-	-	-	(76,110,095,947)	(800,982,528)	(76,911,078,475)
Balance as at December 31, 2018	<u>20,000,000</u>	<u>27,307,931,128</u>	<u>624,075,747</u>	<u>(241,093,823,236)</u>	<u>(957,278,873,387)</u>	<u>(1,170,420,689,748)</u>
Balance as at January 1, 2019	20,000,000	27,307,931,128	624,075,747	(241,093,823,236)	(957,278,873,387)	(1,170,420,689,748)
Net Loss	-	-	-	-	(111,842,499,111)	(111,842,499,111)
Other Comprehensive Loss	-	-	-	(188,766,647,928)	(244,874,098)	(189,011,522,026)
Balance as at December 31, 2019	<u>20,000,000</u>	<u>27,307,931,128</u>	<u>624,075,747</u>	<u>(429,860,471,164)</u>	<u>(1,069,366,246,596)</u>	<u>(1,471,274,710,885)</u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
		Unit : THB
Cash Flows from Operating Activities		
Net Loss	(111,842,499,111)	(77,058,175,379)
Adjustments to Reconcile Net Loss to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization Expenses	739,790,718	751,959,535
(Gain) Loss on Disposal of Premises and Equipment	1,327,183	(4,919,034)
Write Off of Work in Progress	3,171,406	13,865,480
(Gain) Loss on Sale of Investments	(30,636,778,504)	17,933,784,372
Interest Income	(106,733,700,749)	(108,535,549,485)
Interest Expense	92,196,956,659	89,759,297,823
(Gain) Loss from Non-cash Foreign Assets and Liabilities Cost Averaging	(132,460,363,412)	1,280,745,190
Gain on Forward Contracts under Resale Agreements	(9,558,832)	(26,327,335)
Net Increase in Accrued Revenues	(661,799,049)	(34,245,461)
Net Increase (Decrease) in Accrued Expenses	62,799,574	(121,385,098)
Net Decrease in Prepaid Expenses	22,320,328	5,751,057
	<u>(289,318,333,789)</u>	<u>(76,035,198,335)</u>
Cash Received on Interest Income	98,077,294,780	104,536,887,014
Cash Paid on Interest Expense	<u>(57,236,997,146)</u>	<u>(63,869,735,756)</u>
Loss from Operation before Changing in Operating Assets and Liabilities	(248,478,036,155)	(35,368,047,077)

The accompanying notes form part of these financial statements.

Bank of Thailand
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

	Note	2019	2018
			Unit : THB
(Increase) Decrease in Operating Assets			
Foreign Currency Deposits		96,255,557,699	265,750,943,080
Reserve Tranche and Special Drawing Rights Holdings		(141,255,806)	(8,347,892,309)
Other Assets		8,071,735,527	27,010,914,915
Increase (Decrease) in Operating Liabilities			
Deposits		(60,739,149,191)	199,512,263,834
Securities Sold under Repurchase Agreements		(27,055,000,000)	19,651,000,000
Debt Securities Issued by the Bank of Thailand		389,852,890,661	(12,484,275,651)
Other Liabilities		(10,863,709,527)	(11,562,051,559)
Net Cash Flows from Operating Activities		<u>146,903,033,208</u>	<u>444,162,855,233</u>
Cash Flow from Investing Activities			
Purchase of Securities in Thai Baht		(37,649,559,502)	(84,426,928,892)
Proceeds from Disposal of Securities in Thai Baht		80,180,000,000	25,451,000,000
Purchase of Foreign Currency Securities		(5,179,001,213,502)	(9,708,901,139,220)
Proceeds from Disposal of Foreign Currency Securities		4,987,271,469,129	9,090,749,211,344
Purchase of Premises and Equipment		(464,436,259)	(293,419,091)
Proceeds from Disposal of Premises and Equipment		818,383	4,930,912
Net Cash Flows from Investing Activities		<u>(149,662,921,751)</u>	<u>(677,416,344,947)</u>
Assets and Liabilities Revaluation Reserve on Cash		<u>(2,685,550,467)</u>	<u>8,213,341,239</u>
Net Decrease in Cash and Cash Equivalents		(5,445,439,010)	(225,040,148,475)
Cash and Cash Equivalents at the Beginning of the Year		<u>323,311,127,090</u>	<u>548,351,275,565</u>
Cash and Cash Equivalents at the End of the Year	6	<u><u>317,865,688,080</u></u>	<u><u>323,311,127,090</u></u>

The accompanying notes form part of these financial statements.

Bank of Thailand
Notes to Financial Statements
For the Year Ended December 31, 2019

1. General Information

The Bank of Thailand (the BOT) was established by the Bank of Thailand Act, B.E. 2485 as amended (the BOT Act). The BOT's objectives are to carry out central banking functions 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 accounts of the BOT shall comply with generally accepted accounting principles, except for matters which the BOT Board deems necessary and appropriate to follow generally accepted practices of other central banks. Generally accepted accounting principles refer to Thai Financial Reporting Standards under the Accounting Professions Act B.E. 2547, including guidelines promulgated by the Thailand Federation of Accounting Professions.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the BOT Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, thus actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

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

3. Summary of Significant Accounting Policies

3.1 Revenue and Expenses Recognition

3.1.1 Interest revenue are recognized on a time proportion basis using effective yield method unless otherwise disclosed. Other revenue are recognized on an accrual basis.

3.1.2 Interest expenses are recognized on a time proportion basis using effective yield method and other expenses are recognized on an accrual basis. The expense caused by negative interest rates on foreign currency deposits is presented as a part of interest expense.

3.2 Assets and Liabilities Revaluation Recognition

Unrealized gains or losses from revaluation of assets and liabilities of the BOT as at the end of period 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 Thai 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 Thai 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 currency 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. When the foreign currency is sold, WAC will be used as the cost of the transaction. This 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 Derivatives

Derivatives are used to manage international reserves and hedge risks arising from fluctuation of bond price, exchange rate, or interest rate. All derivatives are presented at fair value, and are revalued to Thai Baht at the exchange rates prevailing on the reporting date. 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 contracts are early terminated, right exercised, contracts expired, or cash margin are settled.

3.5 Foreign Exchange Swap Contracts

Foreign exchange swap contracts are used for the purpose of liquidity management. Foreign exchange swap is an agreement to simultaneously purchase and sale of one currency against another with two different value dates. The outstanding claims and obligations are revalued to Thai 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. Differences between the spot and forward exchange rates are treated as interest income or interest expense on a time proportion basis.

Foreign exchange swap contracts, which are used for the purpose of international reserves management, are treated as derivatives according to accounting policy in Note 3.4

3.6 Investment in Securities

Securities in Thai Baht are held to maturity for the purpose of monetary policy implementation and are stated at amortized cost.

Foreign currency securities, including those managed by external fund managers, are held for the purpose of international reserve management and are stated 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.

3.6 Investment in Securities (continued)

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

3.7 Premises and Equipment

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

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

Depreciation methods, useful lives and residual values of the assets are reviewed at each financial year-end.

3.8 Intangible Assets

Intangible assets are stated at cost less accumulated amortization. The amortization is allocated by using the straight-line method, based on the estimated useful lives between 5-10 years.

3.9 Heritage Assets

The BOT holds some antique objects which are considered heritage assets, such as antique coins, banknotes, and textiles which have been acquired through purchase or donation. They are held and maintained for the purpose of preservation and exhibition at the BOT's museum, not for central bank's function. Since 2005, purchased antiques have been recorded as assets at acquisition costs and presented under "Other Assets". The BOT does not record the antiques received from donation as assets. However, a registry containing detail of all the items held at the museum is used for control purposes.

3.10 Securities Borrowing Facility

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 securities borrowing facility 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 securities borrowing facility 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".

3.11 Post-employment Benefits

3.11.1 Defined Contribution Plans

The BOT's Rules and Regulations for Provident Fund stipulated that the BOT and employees who are members of the provident fund make contributions to the provident fund in accordance with the prescribed conditions. This provident fund is 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.

3.11.2 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 recognizes 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. New Thai Financial Reporting Standards (TFRSs) to be adopted in 2020

TFRSs relevant to the BOT which will be adopted for the financial statements starting from January 1, 2020 are as follows:

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases
TAS 32	Financial Instruments: Presentation

The adoption of these TFRSs will not have material impact on the financial statements of the BOT in the year 2020.

5. Changes in Accounting Policies

In 2019, the BOT changed its accounting policies to better reflect its financial position as a central bank. The changes are:

5.1 The recognition of investment in securities was changed from settlement date accounting to trade date accounting.

5.2 The accounting treatment of foreign exchange swap contracts for international reserve management purpose was changed from a simultaneous purchase and sale of one currency against another with two different value dates (with differences between the spot and forward exchange rates being recognized as interest income or interest expense) to that of Derivatives. Derivatives 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 contracts are settled.

5. Changes in Accounting Policies (continued)

It is impracticable to adjust accumulated impact of changes in these accounting policies due to limitations in calculating the weighted average costs of many foreign currency transactions including all related transactions during the year. The BOT therefore has applied the prospective approach which complies with the Thai Accounting Standard number 8 (revised volume 2018): Accounting Policies, Changes in Accounting Estimates and Errors.

6. Cash and Deposits

	Unit : Million THB	
	2019	2018
Cash and Cash Equivalents		
Cash	49,946	75,332
Demand Deposits	14	3
Foreign Currency Demand Deposits	<u>267,906</u>	<u>247,976</u>
Total Cash and Cash Equivalents	317,866	323,311
Foreign Currency Time and Special Deposits	<u>132,456</u>	<u>216,973</u>
Total	<u>450,322</u>	<u>540,284</u>

Foreign Currency Time Deposits as at December 31, 2019 amounting to THB132,191 million are held for international reserve management purposes rather than for the short-term cash commitment purpose.

7. Reserve Tranche and Special Drawing Right Holdings

	Unit : Million THB	
	2019	2018
Reserve Tranche		
Quota Subscribed in International Monetary Fund (IMF)	134,064	144,809
<u>Less: IMF Current Account No. 1</u>	(4,875)	(14,007)
Promissory Notes Payable to IMF	<u>(103,489)</u>	<u>(103,042)</u>
	25,700	27,760
Special Drawing Right Holdings	<u>41,249</u>	<u>44,278</u>
Total	<u>66,949</u>	<u>72,038</u>

8. Investment in Securities

	Unit : Million THB	
	2019	2018
Securities in Thai Baht - Stated at amortized cost		
Government and State Enterprise Bonds	<u>361,002</u>	<u>405,561</u>
Total Securities-in Thai Baht	<u>361,002</u>	<u>405,561</u>
Foreign Currency Securities - Stated at fair value		
Treasury Bills and Short-term Debt Securities	374,035	603,265
Treasury Bonds and Long-term Debt Securities	3,057,836	2,831,775
Other Investments	<u>295,524</u>	<u>74,353</u>
Total Foreign Currency Securities	<u>3,727,395</u>	<u>3,509,393</u>
Total	<u>4,088,397</u>	<u>3,914,954</u>

9. Premises and Equipment

Unit : Million THB

	2019								
	Cost				Accumulated Depreciation				Net
	Opening Balance	Increases	Decreases	Closing Balance	Opening Balance	Increases	Decreases	Closing Balance	
Land	2,193	-	-	2,193	-	-	-	-	2,193
Buildings	5,561	32	38	5,555	3,429	201	36	3,594	1,961
Equipment	4,959	203	206	4,956	2,951	435	205	3,181	1,775
Work in Progress	<u>189</u>	<u>445</u>	<u>533</u>	<u>101</u>	-	-	-	-	<u>101</u>
Total	<u>12,902</u>	<u>680</u>	<u>777</u>	<u>12,805</u>	<u>6,380</u>	<u>636</u>	<u>241</u>	<u>6,775</u>	<u>6,030</u>

Unit : Million THB

	2018								
	Cost				Accumulated Depreciation				Net
	Opening Balance	Increases	Decreases	Closing Balance	Opening Balance	Increases	Decreases	Closing Balance	
Land	2,193	-	-	2,193	-	-	-	-	2,193
Buildings	5,236	325	-	5,561	3,218	211	-	3,429	2,132
Equipment	4,641	366	48	4,959	2,561	437	47	2,951	2,008
Work in Progress	<u>671</u>	<u>272</u>	<u>754</u>	<u>189</u>	-	-	-	-	<u>189</u>
Total	<u>12,741</u>	<u>963</u>	<u>802</u>	<u>12,902</u>	<u>5,779</u>	<u>648</u>	<u>47</u>	<u>6,380</u>	<u>6,522</u>

Depreciation expenses for the year 2019 and 2018 were THB636 million and THB648 million, respectively.

10. Other Assets

	Unit : Million THB	
	2019	2018
Receivables for Unsettled Sales of Securities	127,271	-
Claim on Debt Securities under Repurchase Agreement	114,589	139,331
Quota Subscribed in the IMF - THB	108,364	117,049
Others	<u>57,802</u>	<u>45,204</u>
Total	<u>408,026</u>	<u>301,584</u>

The item “Others” as at December 31, 2019 and 2018 amounted to THB57,802 million and THB45,204 million, respectively. They included the net balances of intangible assets (computer software and systems) of THB433 million and THB217 million, respectively. The beginning balance in 2019 amounted to THB1,729 million; during the year there was addition of THB320 million, and deduction for accumulated amortization of THB1,616 million. Amortization expenses for the year 2019 were THB104 million. “Others” item also included land with book value of THB273 million located in Surat Thani, Nakhon Ratchasima, and Rayong. The three pieces of land are no longer utilized and have been approved for sale by the BOT Board.

11. Deposits

	Unit : Million THB	
	2019	2018
Non Interest-Bearing Deposits		
Government	338,847	382,454
Financial Institutions	135,154	141,915
Others	<u>3,447</u>	<u>7,780</u>
Total Non Interest-Bearing Deposits	477,448	532,149
Interest-Bearing Deposits	<u>17,425</u>	<u>23,474</u>
Total	<u>494,873</u>	<u>555,623</u>

The interest-bearing deposits facility is an instrument to facilitate end-of-day liquidity adjustment of financial institutions, and serves to ensure appropriate money market interest rate for the transmission of monetary policy, as well as for the development of the money market.

12. Special Drawing Right Allocations

The IMF’s member countries are allocated Special Drawing Right in proportion to their subscriptions in the IMF. As at December 31, 2019 and 2018, the BOT was allocated the balance of SDR970 million, which was equivalent to THB40,499 million and THB43,745 million, respectively.

13. Securities Sold under Repurchase Agreements

The outstanding balances of the securities sold under repurchase agreements in the domestic market as at December 31, 2019 and 2018 were THB551,855 million and THB578,910 million, respectively.

14. Debt Securities Issued by the Bank of Thailand

	Unit : Million THB	
	2019	2018
Bank of Thailand Bonds		
Remaining Maturity:		
- 1 year or less	2,867,098	2,457,494
- over 1 year	902,017	1,010,073
<u>Less: Held by the BOT</u>	<u>(83,500)</u>	<u>(65,333)</u>
Total Bank of Thailand Bonds	3,685,615	3,402,234
Other BOT Debt Securities	<u>1,336,600</u>	<u>1,135,020</u>
(Remaining maturity less than 1 year)		
Total	<u>5,022,215</u>	<u>4,537,254</u>

The BOT has issued BOT bonds and other 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 2019, the interest paid on BOT bonds and other BOT debt securities amounted to THB60,589 million and THB20,687 million, respectively. The interest paid is 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.

15. Other Liabilities

	Unit : Million THB	
	2019	2018
IMF Current Accounts No. 1 and 2	4,875	14,007
Promissory Notes Payable to the IMF	103,489	103,042
Payables for Unsettled Purchases of Securities	118,138	-
Obligations to Return Debt Securities	114,589	139,331
Net Liabilities from Foreign Exchange Swaps	15,473	12,882
Employee Benefit Obligations	7,778	7,832
Others	<u>17,214</u>	<u>13,176</u>
Total	<u>381,556</u>	<u>290,270</u>

15. Other Liabilities (continued)

Employee Benefit Obligations as at December 31, 2019 included the obligation from pension plan amounted to THB5,151 million and the obligation from post-employment medical plan amounted to THB2,627 million. Changes in the present value of the employee benefit obligations are presented as follows:

	Unit : Million THB	
	2019	2018
Employee Benefit Obligations as at January 1	7,832	7,290
Current service cost	126	138
Interest cost	174	135
Benefit paid and transferred during the year	(599)	(532)
Actuarial loss	<u>245</u>	<u>801</u>
Employee Benefit Obligations as at December 31	<u>7,778</u>	<u>7,832</u>

The Significant Actuarial Assumptions

	2019	2018
Discount rate	2.40% - 7.41%	1.86% - 5.77%
Average rate of increase in salaries	6.50%	6.50%
Medical cost trend growth rate	2.00%	2.00%
Mortality	Thai Mortality Table 2017	Thai Mortality Table 2017

Sensitivity analysis of significant actuarial assumption affected changes in the present value of employee benefit obligations as at December 31, 2019 and 2018 are as follows:

	Unit : Million THB	
	2019	2018
Discount rate		
Increase of 1%	(740)	(783)
Decrease of 1%	868	925

The maturity analysis of benefit payments are calculated based on the defined benefit plans expected to be paid in the future on an undiscounted basis.

	Unit : Million THB	
	2019	2018
Amount expected to be paid within 1 year	515	487
Amount expected to be paid between 1 to 5 years	2,343	2,190
Amount expected to be paid between 5 to 10 years	3,477	3,296

16. 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 deducting the accumulated losses of THB27,308 million was presented as Statutory Appropriation. Since 2002, there has been no movement in this account.

17. Reserve for Stabilization of Profit Payable to the Government

As at December 31, 2019, 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.

18. Assets and Liabilities Revaluation Reserve

	Unit : Million THB	
	2019	2018
Unrealized Losses from Foreign Exchange Revaluation of Assets and Liabilities	(515,017)	(256,078)
Unrealized Gains from Price Revaluation of Investments	78,335	15,924
Unrealized Gains (Losses) from Revaluation of Derivatives	6,822	(931)
Unrealized Losses from Revaluation of Forward Contracts under Resale Agreements	<u>(1)</u>	<u>(9)</u>
Total	<u>(429,861)</u>	<u>(241,094)</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.

19. Accumulated Losses

As at December 31, 2019 and 2018, the outstanding balances of Accumulated Losses were THB1,069,366 million and THB957,279 million, respectively. Changes to the Accumulated Losses are set out in the statement of change in equity.

For the year 2019, the losses were due to foreign exchange losses and interest payments on liquidity-absorption monetary policy operations which were conducted in accordance with the roles and responsibilities of the BOT to maintain economic stability. The accumulated loss has no impact on the continued operation of the BOT.

20. Other Expenses

	Unit : Million THB	
	2019	2018
Losses from Derivatives	605	5,419
Depreciation and Amortization	740	752
External Fund Manager Management Fees	821	848
Others	<u>1,661</u>	<u>1,593</u>
Total	<u>3,827</u>	<u>8,612</u>

Losses from derivatives were mainly from futures contracts which were used to enhance the efficiency of international reserve management and to reduce the interest rate and bond price risks.

21. 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 2019 and 2018, total remuneration paid to key management personnel were THB65 million and THB62 million, respectively.

22. Commitments

As at December 31, 2019, the outstanding commitments of the BOT were as follows:

22.1 Foreign Exchange Forward Contracts

The BOT had net outstanding obligations to buy foreign currencies equivalent to USD3,814 million and to sell foreign currencies equivalent to USD3,847 million, which will be due in 2020.

The fair values of such forward contracts are presented in Note 10 (Other Assets) or Note 15 (Other Liabilities).

22.2 Foreign Exchange Swap Contracts

The BOT had net outstanding obligations under foreign exchange swap contracts to buy foreign currencies equivalent to USD60,545 million and to sell foreign currencies equivalent to USD28,149 million, which will be due in 2020-2021.

The net outstanding of foreign exchange swap contracts used for the purpose of domestic liquidity management is presented in Note 15 (Other Liabilities). The fair values of Foreign exchange swap contracts used for international reserves management (treated as derivative assets and liabilities) are presented in Note 10 (Other Assets) and Note 15 (Other Liabilities) respectively.

22.3 Foreign Exchange Option Contracts

The BOT had net outstanding obligations under foreign exchange option contracts to buy foreign currencies equivalent to USD479 million and to sell foreign currencies equivalent to USD464 million, which will be due in 2020.

22.4 Futures Contracts

The BOT had outstanding obligations to buy and sell securities and index futures, which will be due in 2020, amounting to USD271 million and USD249 million, respectively. The outstanding obligation to sell interest rate futures, falling due over 2020 – 2022, amounted to USD1 million.

22.5 Mortgage Backed Securities (To Be Announced - TBA)

The BOT had net outstanding obligations to buy mortgage backed securities (TBA) equivalent to USD215 million, which will be due in 2020.

22.6 Securities Borrowing Facility

The BOT had outstanding obligations to return the borrowed debt securities amounting to THB114,633 million, which will be due in 2020 - 2032. Borrowed debt securities sold under repurchase agreements are presented in Note 10 (Other Assets) and Note 15 (Other Liabilities).

22.7 Other Agreements with Central Banks

21.7.1 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 2019, the BOT renewed the ASA for two years, which will remain in effect until November 16, 2021. In 2019, neither the BOT nor its counterparties activated the arrangement.

22.7.2 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, or USD22,760 million. In 2019, neither the BOT nor its counterparties activated the agreement.

22.7.3 The BOT and the Bank of Japan (the BOJ), acting as agent for the Ministry of Finance of Japan, signed the Amendment and Restatement Agreement of the fourth Bilateral Swap Arrangement (BSA) on July 23, 2019. This BSA aims to provide financial support when a country experiences actual or potential financial difficulties. This BSA would also strengthen bilateral cooperation by reinforcing the stability of financial markets and further facilitate growing economic and trade relations between the two countries. Under this BSA, the BOT and the BOJ can make swap transactions in their local currencies (i.e. Thai Baht and Japanese Yen, respectively) against US dollars. This amendment additionally enables the BOT to swap its local currency against the Japanese Yen. The size of the facility is up to USD3,000 million for the period of three years. In 2019, neither the BOT nor the counterparty activated the arrangement.

22.7 Other Agreements with Central Banks (continued)

22.7.4 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 bilateral trade and direct investment settlement between the two countries. The BSA will make available a swap line with an amount of CNY70,000 million, or equivalent to THB370,000 million, and will be effective for three years from December 22, 2017. In 2019, neither the BOT nor the counterparty activated the arrangement and none of the financial institutions in Thailand has applied for the swap line usage.

22.8 Commitments with the International Monetary Fund (IMF)

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

22.8.1 New Arrangements to Borrow (NAB) amounted up to SDR340 million equivalent to USD470 million, which will expire on November 16, 2022.

22.8.2 The Note Purchase Agreement (NPA) under the 2016 Borrowing Agreements, amounted up to USD4,000 million, which will expire on December 31, 2020 per the BOT's consent on one-year extension as allowed in the terms and conditions of the Agreement.

23. Contingent Liabilities

As at December 31, 2019, the BOT was involved in certain legal actions and claims arising from the ordinary course of business amounting to THB686 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.

24. Risk Management at the Bank of Thailand

Since October 1, 2019, the BOT has restructured the risk management function from department level to group level as a result of increasing challenges of enterprise risk management. Consequently, two Departments were established under the new Group: the Financial Risk Management Department (FRMD) and the Enterprise Risk Management Department (ERMD) tasked with Governance, Risk and Compliance.

Risk management process at the BOT follows appropriate governance structure comprised of a number of committees. The Risk Management Committee (RMC) and the Financial Risk Management Sub-Committee (FRMC) are executive governing bodies that supervise internal risk management processes. At the Board level, the Risk Oversight Committee (ROC) is a non-executive governing body appointed by the BOT Board to oversee the BOT's overall risk management policy. Its members are drawn from non-executive directors of the BOT Board as well as external experts. The ROC assists the BOT Board in overseeing key risks that may have significant impact on the BOT.

24.1 Financial Risk Management

24.1.1 The BOT's Financial Risks

The key financial risks for the BOT are as follows:

24.1.1.1 The BOT's assets are exposed to foreign exchange rate risk as they are mostly denominated in foreign currencies as a result of monetary and exchange rate policy implementation to ensure a stable economic and financial environment. The BOT's liabilities, on the other hand, are mostly denominated in Thai Baht.

24.1.1.2 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.

24.1.2 Financial Risk Management of International Reserves

Management of international reserves takes into consideration safety, 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 that such risks are well diversified.

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

24.1.2.1 Market risk is the risk of loss due to changes in the market value of assets or currencies. Risk factors that lead to market risk are interest rate risk, incurred from investment in fixed-income securities, foreign exchange rate risk, incurred from investment in foreign currencies, and equity price risk, incurred from investment in equities.

The BOT manages market risk by setting the benchmark investment portfolio, in which asset and currency allocations are set in accordance with optimal risk/return trade-off, according to each portfolio's objectives, and within the BOT Board's risk tolerance limit. In addition, limits, such as tracking error limits, are set to ensure that risks from active management are within an acceptable level.

The benchmark investment portfolio is constructed by standard methodology, 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.

24.1.2.2 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 downgrade of issue or of credit rating of issuer.

24.1 Financial Risk Management (continued)

24.1.2 Financial Risk Management of International Reserves (continued)

The BOT controls credit risk by setting minimum credit rating and exposure limits, including:

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

(2) Aggregate Credit Exposure Limits, which are set for counterparties and issuers in the form of deposit-equivalent exposure in aggregate.

(3) Individual Credit Exposure Limit, which is 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 also used as constraints in portfolio benchmark construction.

24.1.2.3 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 needs, and the cost-benefit comparisons between the returns from liquidity premiums and the costs of liquidation.

24.2 Integrated Operational Risk Management

The ERMD is responsible for the development of operational risk management framework, tools, and procedures in line with international standards. Enterprise Risk Management Policy has been instituted to ensure that overall risk management of the BOT continues to keep pace with the fast-changing environment. Key areas of risk management policy include:

(1) Information Technology Risk Management: The BOT established IT risk management framework in order to identify, analyze, and monitor key IT risks as well as ensure compliance with IT-related regulations and standards. As part of creating readiness for the implementation of Cloud Services and Distributed Ledger Technology (DLT) in 2019, BOT has also established technology utilization standards to ensure security and appropriate use of such technologies. Also, in response to the rising cyber threats, BOT has ensured compliance with the Cybersecurity Act B.E. 2562 (2019) and continued to enhance its cyber resilience capabilities to effectively protect, detect and respond by putting in place Data Leakage Prevention System, enhancing capabilities of our Advance Threat Protection, regularly conducting Cyber Security Incident Response exercise for both operational level and executive level, as well as increasing cyber-risk awareness through regular phishing drills.

(2) Compliance Risk Management: The BOT had developed a database on BOT-related legislations for risk monitoring and assessment as well as mechanism for monitoring, testing, and surveillance of operational compliance. ERMD is developing the Data Protection Risk Management Framework to ensure effective data protection in compliance with Thailand's Personal Data Protection Act B.E. 2562 (2019) and other international standards such as GDPR and ISO 27701.

24.2 Integrated Operational Risk Management (continued)

(3) Business Continuity Management: The BOT continued to improve its business continuity management capabilities. In 2019, the BOT was certified to comply with ISO 22301: 2012 Business Continuity Management Systems for the critical payment systems operated by the BOT (BAHTNET and ICAS). In this regard, the BOT established the Business Continuity Management Policy which describes objectives and framework for Business Continuity Management System (BCMS) within the BOT. Furthermore, the BOT conducted exercises to test its Business Continuity Plan (BCP) every year. The exercises encompassed scenarios such as a major IT disruption, evacuation of staff to a backup site, a fire drill, premise blockade by street protests, and call tree exercise. These exercises help ensure the BOT's readiness in responding to any contingencies and its ability to continue operation in times of crises.

In order to effectively monitor and report key risks, BOT deploys the following risk management tools:

(1) Control Self-Assessment (CSA): The BOT requires all departments to annually conduct the CSA in order to identify and assess risks associated with their operations and initiatives. These risk assessment results, in turn, assist the departments in improving the efficiency and effectiveness of their work processes.

(2) Key Risk Indicators (KRIs): The tools are employed to monitor the BOT's material risk exposures. Key risk results together with the respective outlooks are reported to the Risk Management Committee (RMC) on a quarterly basis, in order to establish corrective or preventive controls correspondingly.

(3) Operational Risk Incident Reporting: The BOT required any department incurring the loss and the responsible departments to report a loss incident or a near-miss event through the in-house Risk Management System (RMS). The RMS serves as a database for risk events which will be used for analyzing and identifying appropriate controls to prevent future occurrences.

25. Fair Values of Financial Assets and Liabilities

25.1 Fair Values Hierarchy of Financial Assets and Liabilities

As at December 31, 2019 and 2018, the financial assets and liabilities measured at fair values are presented as follows:

	Unit : Million THB			
	2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Foreign securities	3,465,736	261,659	-	3,727,395
Derivative assets	<u>9</u>	<u>15,920</u>	<u>-</u>	<u>15,929</u>
Total	<u>3,456,745</u>	<u>277,579</u>	<u>-</u>	<u>3,743,324</u>
Financial Liabilities				
Derivative liabilities	4	9,326	-	9,330
Resale liabilities	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Total	<u>4</u>	<u>9,330</u>	<u>-</u>	<u>9,334</u>

25.1 Fair Values Hierarchy of Financial Assets and Liabilities (continued)

Unit : Million THB

	2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Foreign securities	3,244,398	264,995	-	3,509,393
Derivative assets	<u>200</u>	<u>848</u>	<u>-</u>	<u>1,048</u>
Total	<u>3,244,598</u>	<u>265,843</u>	<u>-</u>	<u>3,510,441</u>
Financial Liabilities				
Derivative liabilities	93	790	-	883
Resale liabilities	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
Total	<u>93</u>	<u>812</u>	<u>-</u>	<u>905</u>

In 2019, the BOT reviewed and adjusted the fair value hierarchy of financial assets and liabilities in line with changes in the liquidity of the securities and markets. Related items as at December 31, 2018 were adjusted for comparison and had no effect on the previously reported statement of financial position. The adjustment of fair value hierarchy did not result from changes in asset universe.

25.2 Fair Values Hierarchy

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

Level 2 - calculated by inputs which are observable for the assets or liabilities, either directly or indirectly.

Level 3 - calculated by pricing models, and inputs are unobservable for the assets or liabilities.

25.3 Valuation Methods and Techniques used in Fair Value Measurement

Fair values of foreign securities are 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 methods. For fair values of liquid securities, providers will directly use the prices quoted by groups of designated dealers. For fair values 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.

26. Approval of the Financial Statements

On March 23, 2020, the BOT Board authorized the issuance of these financial statements.