Thailand
Capital Market Report
2011

Prepared for the 17th Asia Securities Forum
22nd – 24th November 2012
Mumbai, India
Contents

• Overview of Thai Capital Market
• Performance of Securities Industry
Thai Economy grew 0.1% in 2011, hit by the worst flood crisis in 50 years.
The severe impact from the flood resulted in a major reduction in domestic demand, while exports declined due to the economic slowdown of major trading partners.

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<thead>
<tr>
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<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012f</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (%)</td>
<td>-2.3</td>
<td>7.8</td>
<td>0.1</td>
<td>5.5-6.0</td>
</tr>
<tr>
<td>Investment (%)</td>
<td>-9.2</td>
<td>9.4</td>
<td>3.3</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Private (%)</td>
<td>-13.1</td>
<td>13.8</td>
<td>7.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Public (%)</td>
<td>2.7</td>
<td>-2.2</td>
<td>-8.7</td>
<td>8.1</td>
</tr>
<tr>
<td>Consumption (%)</td>
<td>0.1</td>
<td>4.8</td>
<td>1.3</td>
<td>4.7</td>
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<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Private (%)</td>
<td>-1.1</td>
<td>4.8</td>
<td>1.3</td>
<td>4.8</td>
</tr>
<tr>
<td>Public (%)</td>
<td>7.5</td>
<td>6.4</td>
<td>1.1</td>
<td>3.8</td>
</tr>
<tr>
<td>Export volume of goods &amp; services (%)</td>
<td>-12.5</td>
<td>14.7</td>
<td>9.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Export value of goods (%)</td>
<td>-14.0</td>
<td>28.4</td>
<td>16.4</td>
<td>7.3</td>
</tr>
<tr>
<td>Import volume of goods &amp; services (%)</td>
<td>-21.5</td>
<td>21.5</td>
<td>13.7</td>
<td>10.5</td>
</tr>
<tr>
<td>Import value of goods (%)</td>
<td>-25.2</td>
<td>37.0</td>
<td>24.7</td>
<td>13.5</td>
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<tr>
<td>Trade balance (Bil. USD)</td>
<td>32.6</td>
<td>31.8</td>
<td>23.5</td>
<td>12.6</td>
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<tr>
<td>Current Account balance (Bil. USD)</td>
<td>21.9</td>
<td>13.2</td>
<td>11.9</td>
<td>0.3</td>
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<tr>
<td>Current Account to GDP (%)</td>
<td>8.3</td>
<td>4.1</td>
<td>3.4</td>
<td>0.1</td>
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<tr>
<td>CPI (%)</td>
<td>-0.9</td>
<td>3.3</td>
<td>3.8</td>
<td>2.9-3.4</td>
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</tbody>
</table>
Major Fiscal measures in 2011

The Democrat government

• The 2-year 0% interest rate for first-time house lending program with a limit of THB2.5 billion. Buyers would also be able to get an exemption from the 1% mortgage fee and 1% transfer fee.

• The debt refinancing program for those who owe to loan sharks, by mobilizing six state-owned banks to provide credit. The interest rate charged by the state-owned banks must not exceed 12% per annum.

The Pheu Thai government

• The first-time car buyer tax scheme to offer tax rebates of up to THB100,000 to first-time auto buyers.

• The tax incentives for first-time home buyers, who are eligible for a tax deduction of up to 10 percent of property prices, but not exceeding THB500,000.

• Tax measures to enhance the country’s competitiveness and to prepare it for the Asian Economic Community through reduction of corporate income tax.
Major Fiscal measures in 2011

The Pheu Thai government had worked out a package of flood rehabilitation in 2011 including:

- **Tax deductions of up to THB100,000 for repairing homes damaged by floods and tax deductions of up to THB30,000 on auto repairs.**
- **Tax exemption on compensation received from the public sector and from claims received from insurance.**
- **The upfront payment of THB5,000 to each household living in a property that has been flooded for at least seven days**
- **The 2nd lot of compensation amount for up to THB10,000 for a partially damaged house and up to THB20,000 for flooded house that has substantial damage.**
- **More than THB53 billion in the FY2012 budget to promote integrated water management and water resources management. In addition, the 4 emergency decrees had been approved by the cabinet in January, which would allow government to borrow more to stimulus the economy, as well as establishing a government flood insurance fund, allow the Finance Ministry to borrow THB350 billion to carry out flood prevention projects. The fourth decree is to authorize the BoT to provide soft loans to flood-damaged businesses.**
Major Monetary measures in 2011

• Adjustment of the policy interest rate by the Monetary Policy Committee by 1.25% in 2011, from 2.0% in December 2010 to 3.25% in December 2010 (the rate was raised for 6 times and was cut in October). For the first half of 2011, the policy rate was cut by 0.25% in January and remained at 3.00%.

• The BoT has launched the low-interest loans scheme (soft loans) to financial institutions in order for them to provide loans to flood-affected entrepreneurs. The soft loans, with a budget of THB300 billion, will carry 0.01% interest for commercial banks and six state-owned financial enterprises.
At the end of 2011, SET Index fell 0.72% yoy to 1,025.3 points, while Market Cap. grew to 8,485 billion Bt.
Average Daily Turnover reached a record high, while Share Turnover Velocity was the highest in the South East Asia region.
54.4% of the market turnover came from retail investors, while foreign investors, proprietary traders and local institutional traders had a share of 23.2%, 13.5% and 9% respectively.
At the end of 2011, there were 545 listed companies (472 companies in SET and 73 companies in MAI).
P/E Ratio of the SET fell to 12.1 times, while the dividend yield rose to 3.7% in 2011.
Trading Volume of derivative market reached a historic high in 2011, boosted by trading of SET50 Index Futures, gold futures, and a launch of night trading session.

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<tbody>
<tr>
<td>50 Baht Gold Futures</td>
<td>-</td>
<td>-</td>
<td>311,591</td>
<td>792,960</td>
<td>1,817,483</td>
<td>514,683</td>
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<tr>
<td>10 Baht Gold Futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>178,463</td>
<td>2,171,795</td>
<td>1,261,317</td>
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<tr>
<td>Interest Rate Futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41</td>
<td>429</td>
<td>27</td>
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<tr>
<td>Single Stock Futures</td>
<td>-</td>
<td>3,838</td>
<td>145,758</td>
<td>969,353</td>
<td>1,578,092</td>
<td>674,564</td>
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<tr>
<td>SET50 Index Futures</td>
<td>1,228,238</td>
<td>2,099,098</td>
<td>2,522,465</td>
<td>2,471,302</td>
<td>4,316,437</td>
<td>2,241,285</td>
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<tr>
<td>SET50 Index Options</td>
<td>8,646</td>
<td>45,684</td>
<td>95,504</td>
<td>107,317</td>
<td>107,993</td>
<td>35,694</td>
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<tr>
<td>Silver Futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,567</td>
<td>4,209</td>
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<tr>
<td>Brent Crude Oil Futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,320</td>
<td>66,686</td>
</tr>
<tr>
<td>USD Futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71,832</td>
</tr>
<tr>
<td><strong>Total Trading Volume</strong></td>
<td>1,236,884</td>
<td>2,148,620</td>
<td>3,075,318</td>
<td>4,519,436</td>
<td>10,027,116</td>
<td>4,870,297</td>
</tr>
</tbody>
</table>

Association of Thai Securities Companies
The outstanding value of bonds registered with the Thai Bond Market Association was THB7.33 trillion in 2011, increasing from 2010 by 5.2%.
Major Capital market measures in 2010

• Exemption of capital gain tax from selling of securities listed on exchanges in ASEAN members and traded through ASEAN Linkage.

• Revision on SEC’s regulations to allow retail investor to make overseas investment in derivatives traded on foreign derivatives exchange without limiting investment objective, providing that the investment must be made through securities company.

• The regulations on establishment and management of infrastructure funds that can help reduce state budgetary and public debt burden and Real Estate Investment Trust (REITs) to offer a new investment alternative and develop fund raising framework.
Contents

• Overview of Thai Capital Market
• Performance of Securities Industry
The total assets of the securities industry at the end of 2011 stood at 160,607 million Bt., sources of funds comprised of liabilities and shareholders equity totaling 92,660 and 67,948 million Bt.
Revenue of Securities Companies in 2011 rose to 33,461 million Bt., brokerage fees remained highest proportion of incomes.

Revenue Structure 2011
- Brokerage - Securities (equity+ derivatives), 74%
- Underwriting, 1%
- Financial Advisory, 3%
- Gains on Equity Trading, -3%
- Gains on Derivatives Trading, 8%
- Interest and Dividend, 7%
- Others, 10%

Revenue of Securities Companies
- 2004: 29,987
- 2005: 24,776
- 2006: 24,056
- 2007: 26,188
- 2008: 24,350
- 2009: 24,488
- 2010: 33,430
- 2011: 33,461
- 1H-2012: 16,410
Expenses increased to 23,473 million Bt., mostly from personnel expenses followed by premises & equipment.
In 2011, net profit fell to 6,784 million Bt., a decrease of 21% from 2010, while the industry ROE dropped to 10%
Highlight of ASCO’s recent activities

• In preparation to become a full functioned SRO, ASCO had introduced a new organizational structure by adding 2 new functions, apart from its current Business Development function, as followed;
  • **The Member Supervision function** will be responsible for ASCO’s rules making and qualification setting, along with coordinating with regulators in supervising and monitoring business conduct of members.
  • **The ASCO Training Institute (ATI)** will organize professional training courses (including refresher course) and examinations for all applicant for investor contacts.

• ASCO had issued the securities business code of ethics for ASCO members, along with several notifications as guidelines as followed;
  ✓ **Guidelines for paying compensation to investment consultants, branch managers and marketing team leaders**
  ✓ **Guidelines for organizing sales promotion activities**
  ✓ **Guidelines for securities company client suitability testing**
  ✓ **Criteria for identifying quality factors for appraisal of the performance of investment consultants**
Thank you