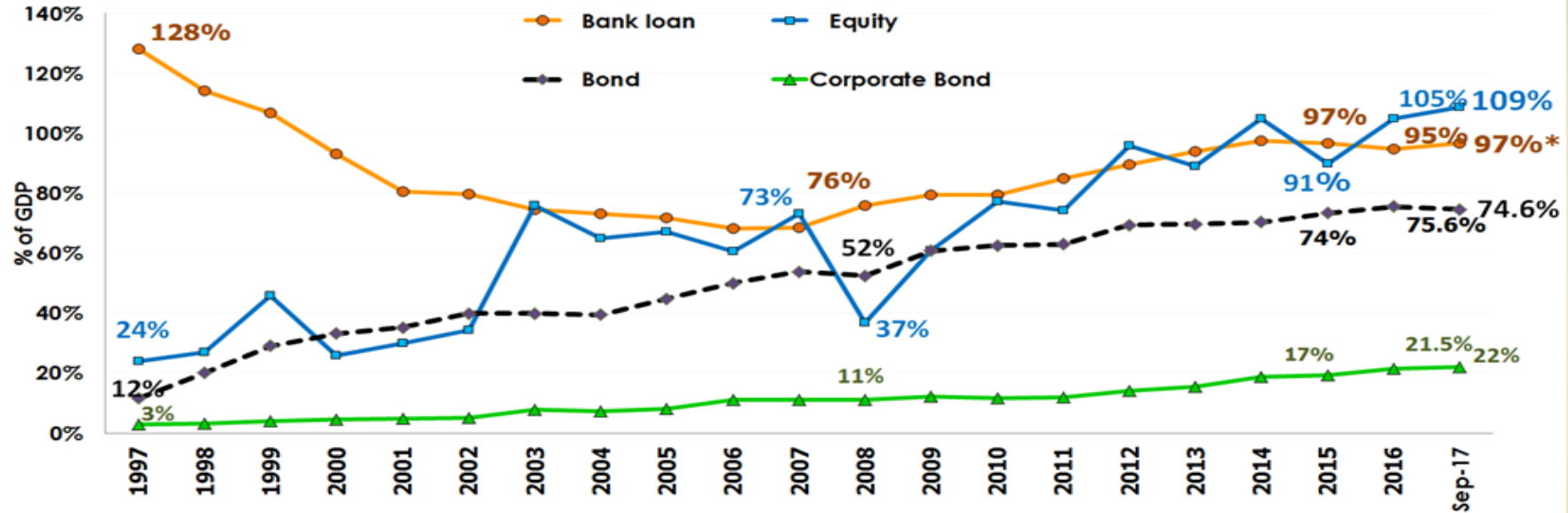


Thai Bond Market Report

Mr.Tada Phutthitada
President
Thai Bond Market Association

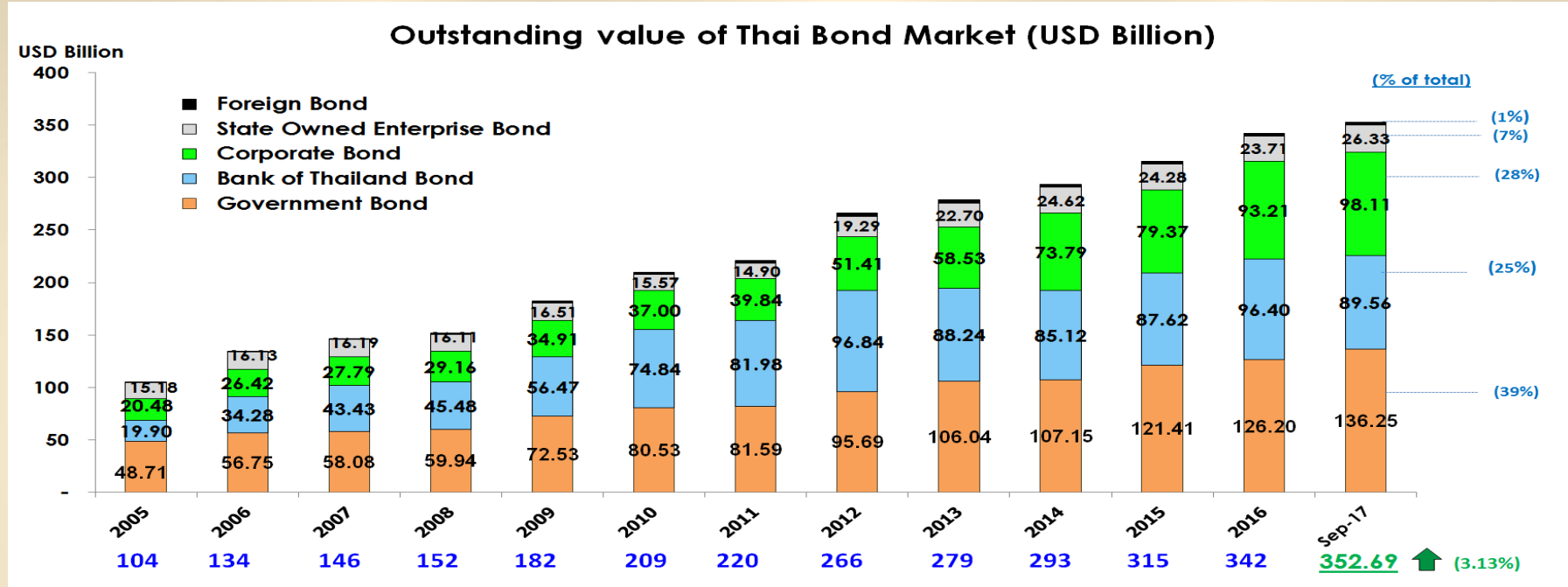
November 2017

Outstanding of Thailand's Financial Market (% of GDP)



- ❑ After the 1997 financial crisis, Thai Bond Market has significantly grown from 12% of GDP to 74.6% of GDP in September 2017
- ❑ The growth of Thai Bond Market creates more balance among 3 main financial pillars (bank loan, equity and bond market).
- ❑ The size of Thai corporate bond has been continuously increasing, unaffected by 2008 subprime crisis.

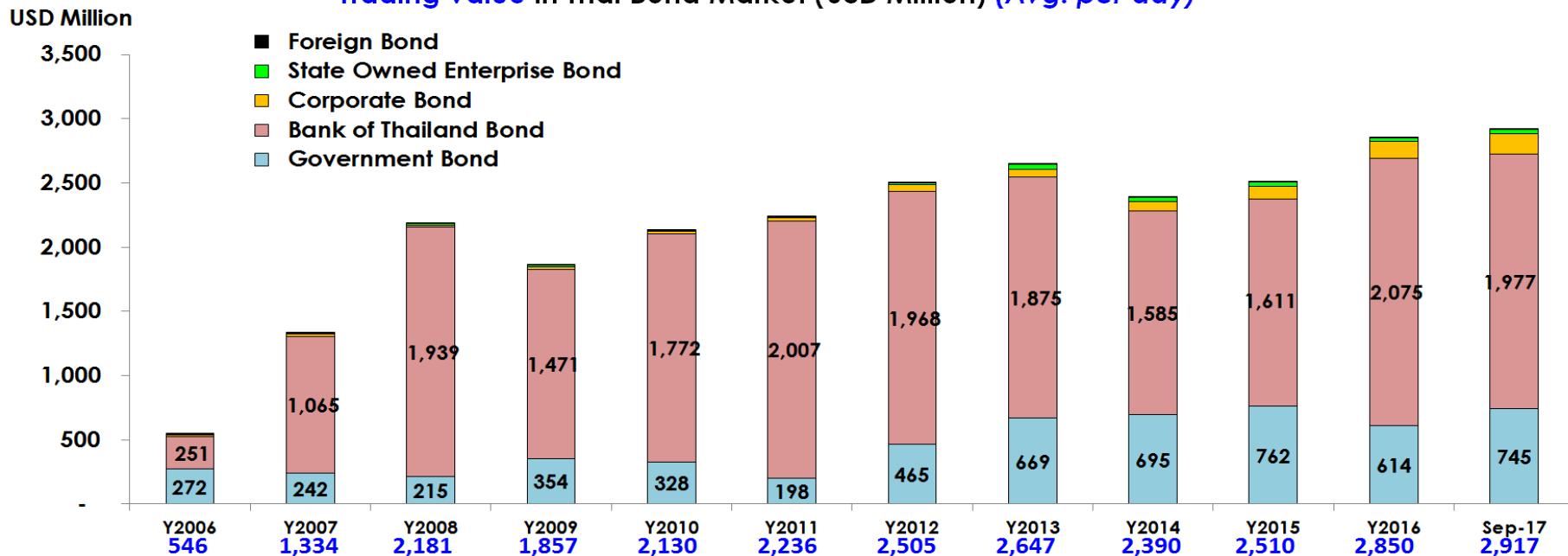
Outstanding Value of Thai Bond Market



- ❖ At the end of Sep 2017, the outstanding value of Thai bond market totaled THB 352,691 million, increased by 3.13% from last year
- ❖ Government bonds (39%) are the majority of the market, followed by corporate bond (28%)
- ❖ Government sector bonds (Gov, BOT and SOE bond) represent 72% of the market.

Trading Value of Thai Bond Market

Trading value in Thai Bond Market (USD Million) (Avg. per day)



- ❖ The average trading value per day of Thai bond market was USD 2,917 mln.
- ❖ BOT bonds are the most actively traded, having average trading value at USD 1,977 mln per day.
- ❖ Approximately 94% of total trading value was attributed to government and BOT bonds.
- ❖ Trading value of corporate bonds have significantly increased since 2012.

Non-resident Fund Flow

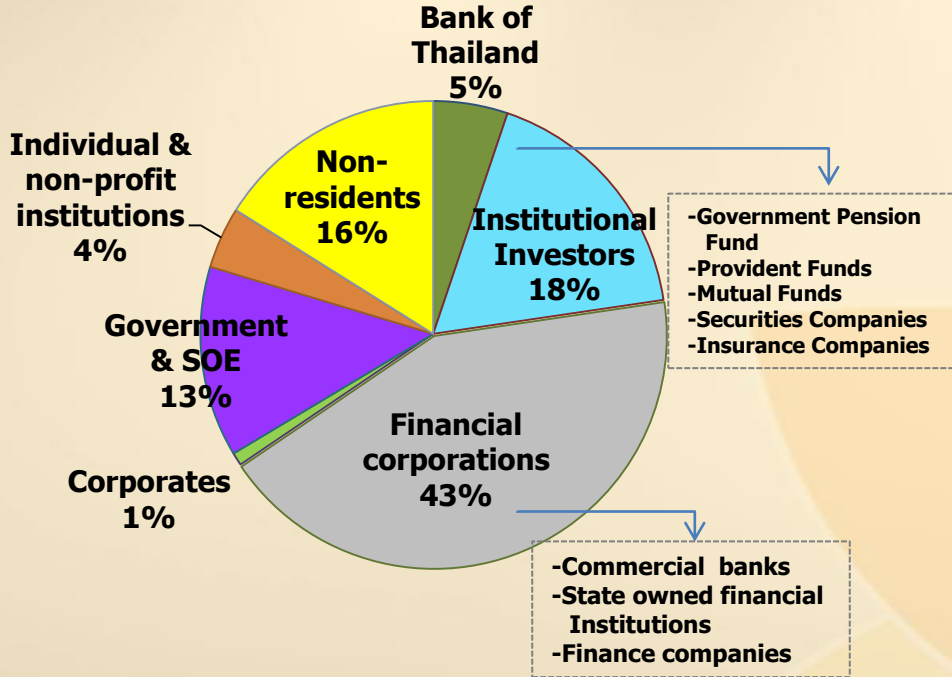
- ❑ As of Sep 3, 2017 YTD fund flow from non-resident investors total USD 4,781 million.
- ❑ Most of inflows were invested in LT bonds, while there were outflows from ST bonds.

Unit: USD mln.

| Period | Net Flow | | | | | Accumulation |
|-------------|-------------|---------|----------|----------|-------|--------------|
| | <=1Y Bond | | | >1Y Bond | All | |
| | Net Trading | Expired | Net Flow | | | |
| End of 2016 | 9,216 | -8,734 | 482 | 1,444 | 1,926 | 1,926 |
| Jan-17 | 677 | -215 | 462 | 565 | 1,027 | 1,027 |
| Feb-17 | 1,241 | -277 | 964 | 253 | 1,218 | 2,245 |
| Mar-17 | -540 | -484 | -1,025 | 824 | -201 | 2,044 |
| Quarter 1 | 1,378 | -976 | 402 | 1,642 | 2,044 | 2,044 |
| Apr-17 | 106 | -587 | -481 | 285 | -196 | 1,848 |
| May-17 | 481 | -99 | 382 | 661 | 1,042 | 2,891 |
| Jun-17 | -766 | -444 | -1,210 | 1,295 | 85 | 2,976 |
| Quarter 2 | -180 | -1,130 | -1,310 | 2,241 | 932 | 2,976 |
| Jul-17 | 402 | -111 | 291 | -61 | 230 | 3,205 |
| Aug-17 | 714 | -219 | 495 | 649 | 1,143 | 4,349 |
| Sep-17 | 1,459 | -990 | 469 | 1,108 | 1,577 | 5,925 |
| Quarter 3 | 2,574 | -1,320 | 1,254 | 1,696 | 2,950 | 5,925 |
| Oct-17 | -620 | -261 | -881 | 67 | -814 | 5,111 |
| 1-3/11/2017 | 12 | -58 | -46 | -285 | -331 | 4,781 |
| YTD | 3,164 | -3,746 | -581 | 5,362 | 4,781 | |

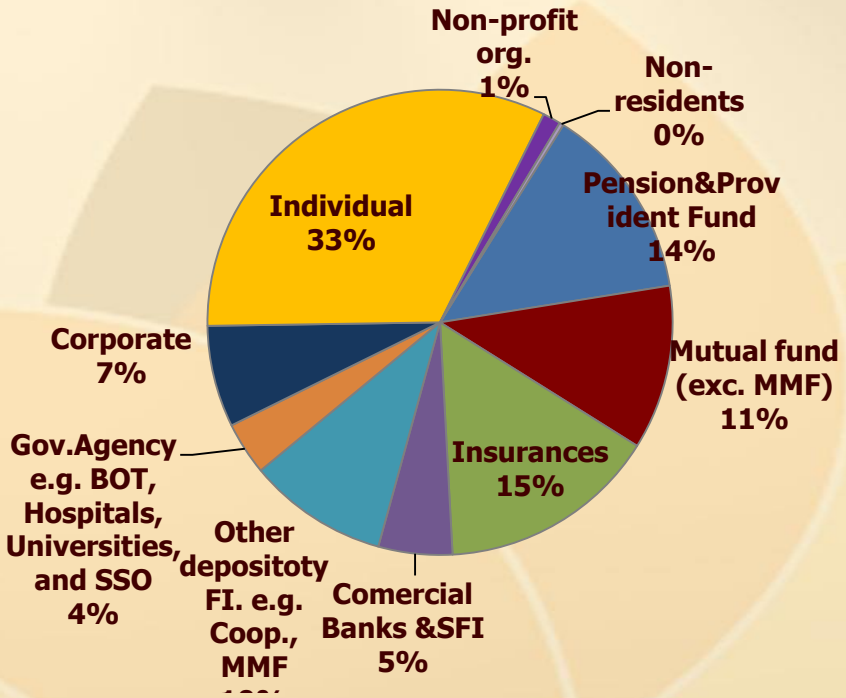
Government Bond Holders

Sep. 17: USD 108,560 mln.



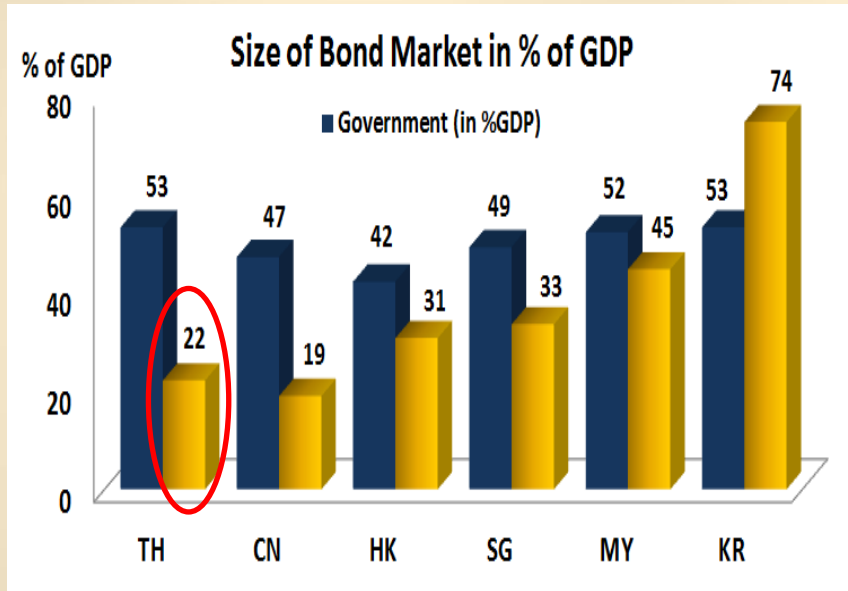
Corporate Bond Holders

Jun. 17 : USD 74,515 mln.



Challenges facing ahead

- ❖ Small corporate bond market compared to other countries



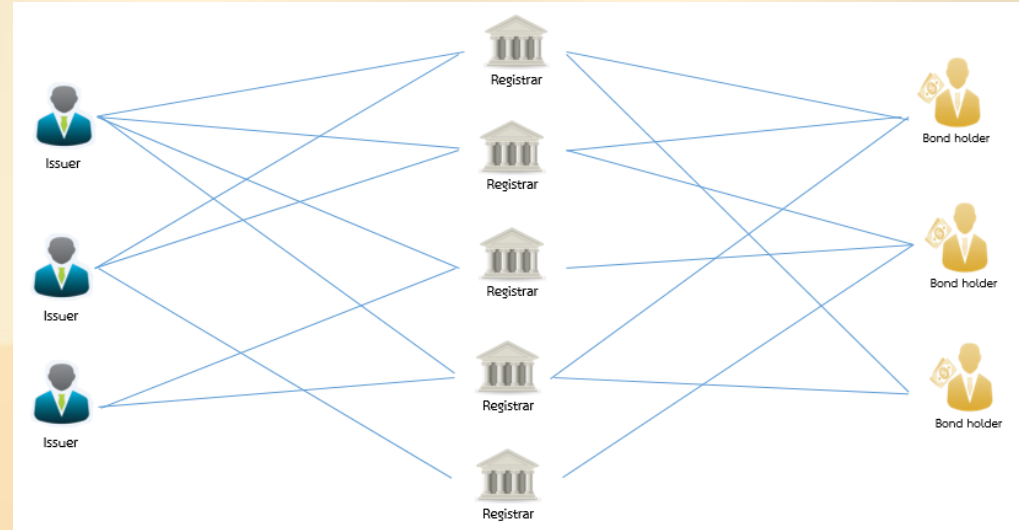
- ❖ Corporate bond defaults occurred after the last time 20 years ago

- Since Oct 2016, BE of 8 companies defaulted totaling USD 445 million¹
- Default amounts around 0.46% of total corporate bond market outstanding, comparing to 2.95% NPA² (Non-performing asset of banking sector)

1 = exchange rate on Nov 13, 17 at 33.25 THB/1 USD
2 = as of quarter 2, 2017

Challenges facing ahead

- ❖ Script form of corporate bonds
- ❖ Various registrars
 - Connect all registrars
 - Using scripless form
 - Real Time Delivery vs. Payment
- ❖ Inadequate covenant to protect investors
 - Negative Pledge
 - Auto Acceleration





Thank You

