



Thailand Capital Market Report 2010

Prepared for the 16th Asia Securities Forum
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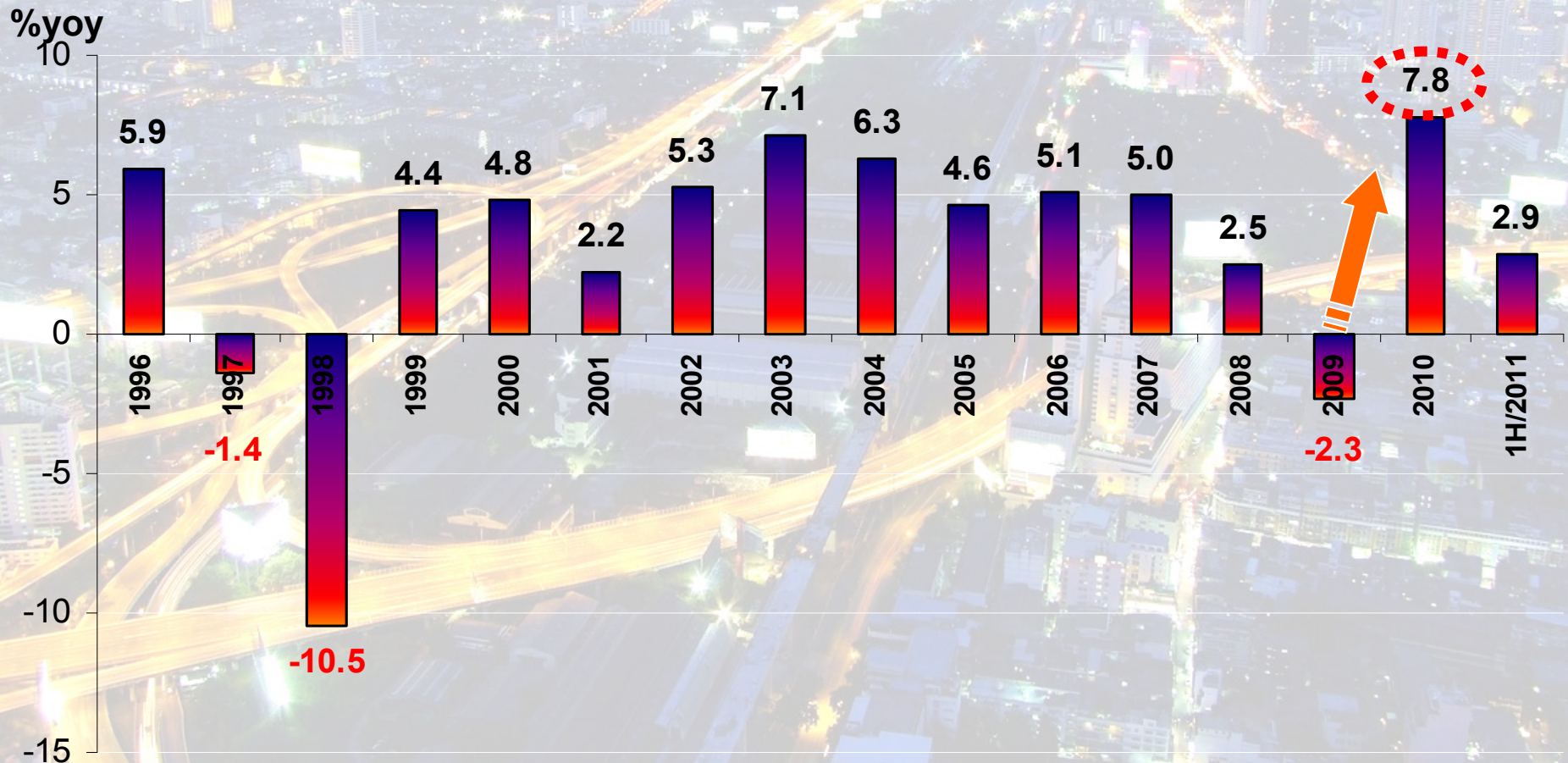


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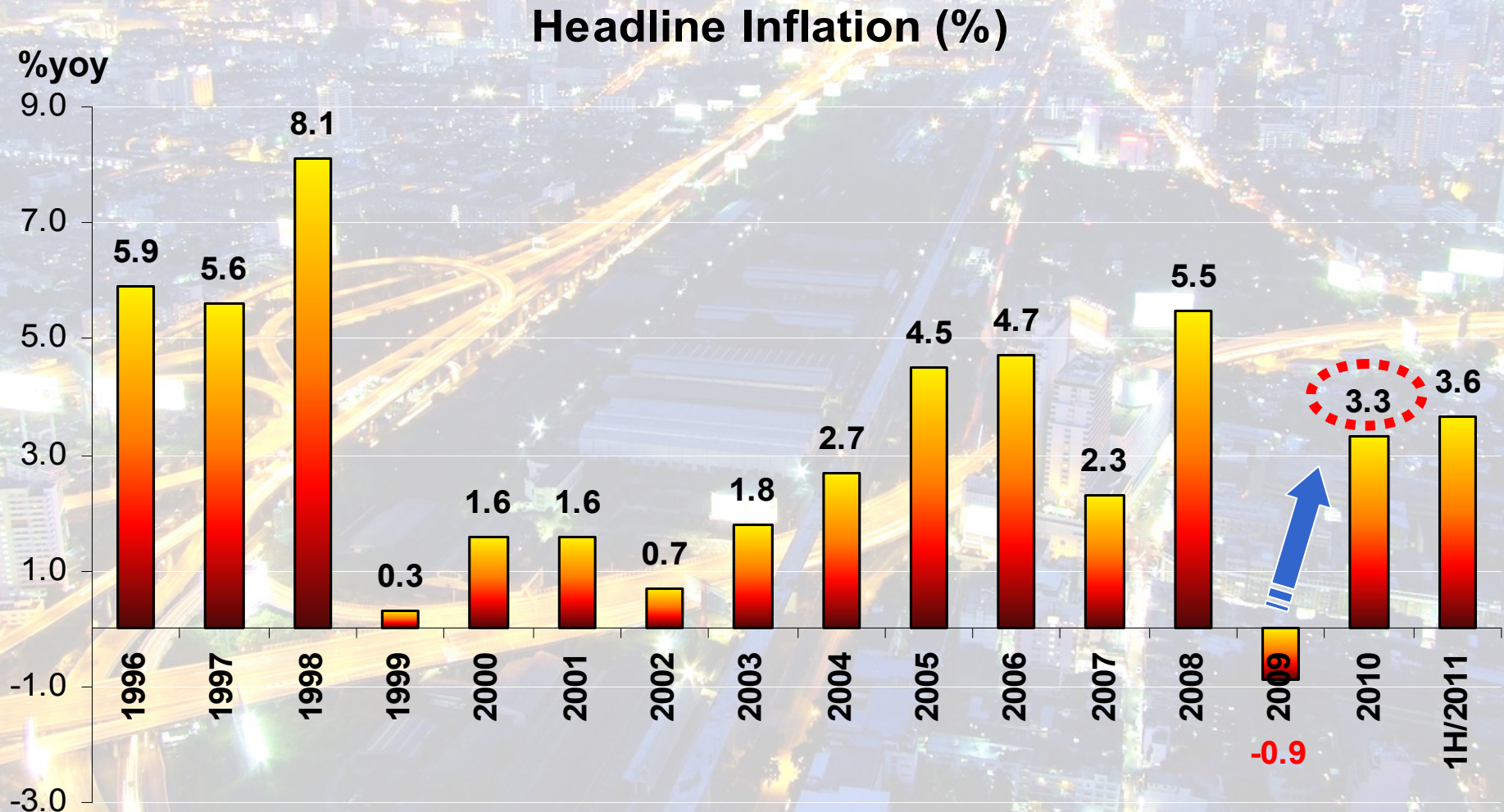
- **Overview of Thai Capital Market**
- **Performance of Securities Industry**

Thai Economy recovered in 2010, thanks to the high growth of exports

Real GDP Growth (%)

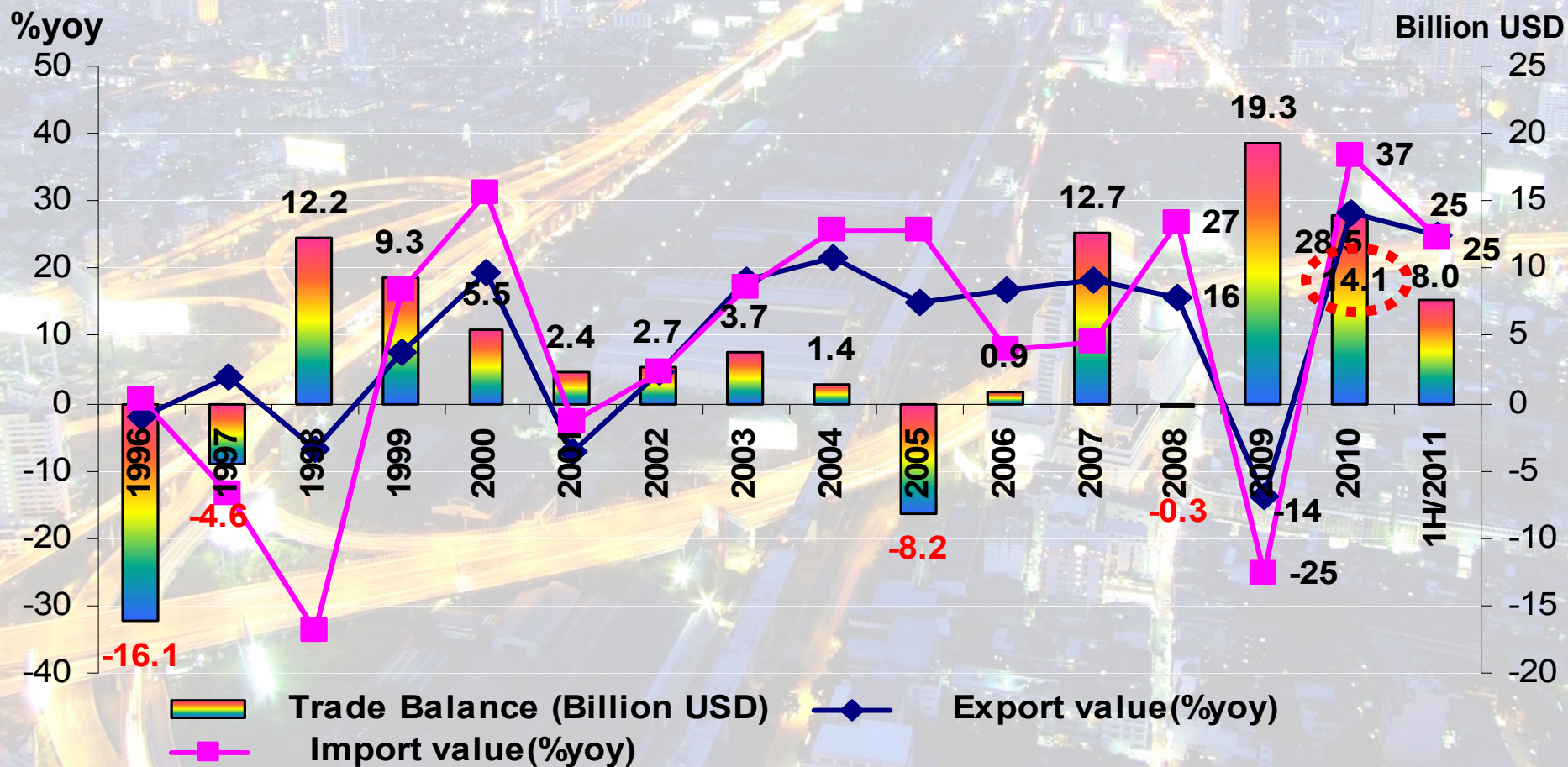


Headline Inflation rose to 3.3%yoy, along with higher oil and agricultural prices

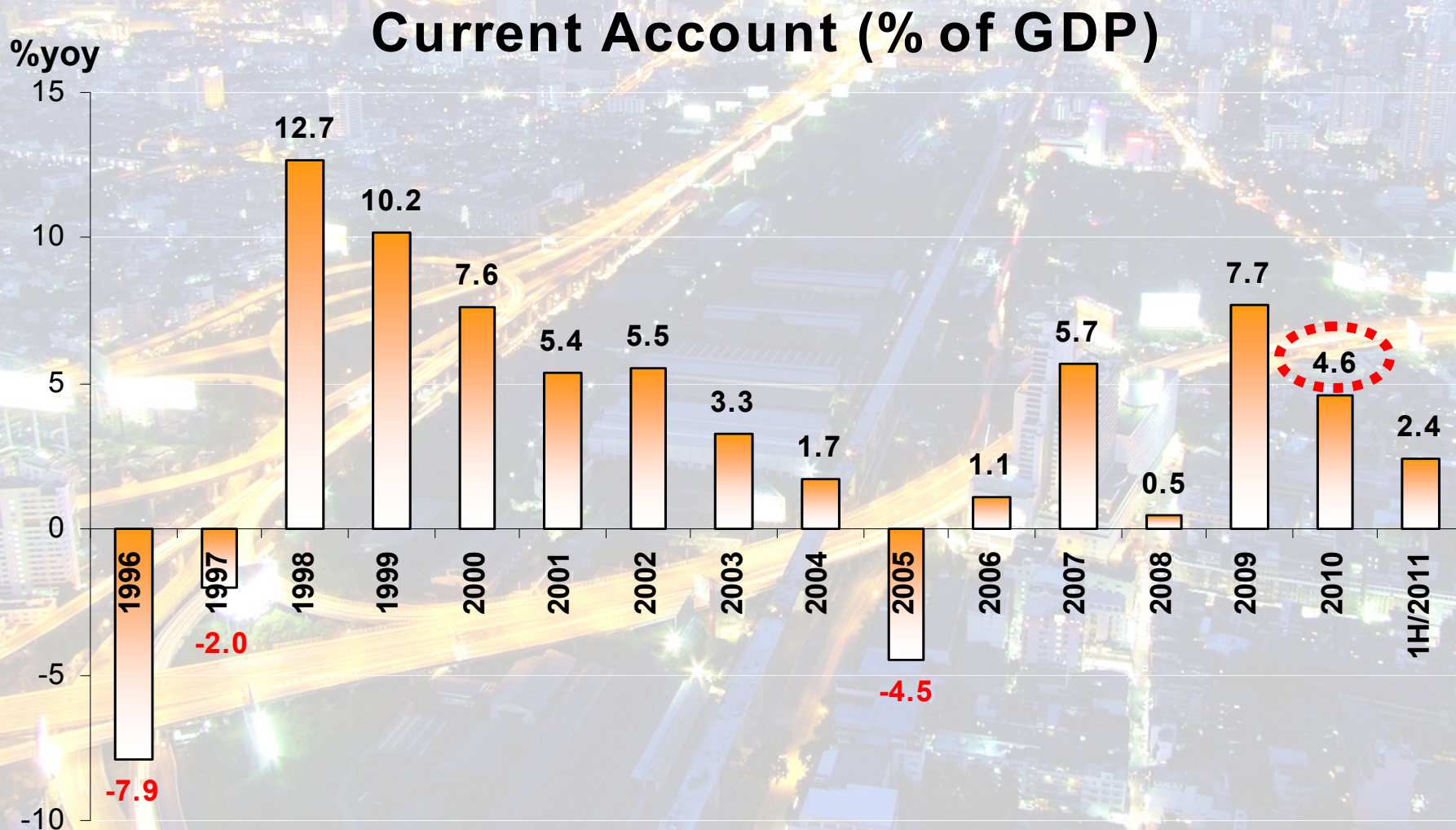


Although exports rose in 2010, higher imports growth resulting to smaller trade surplus

External Sector

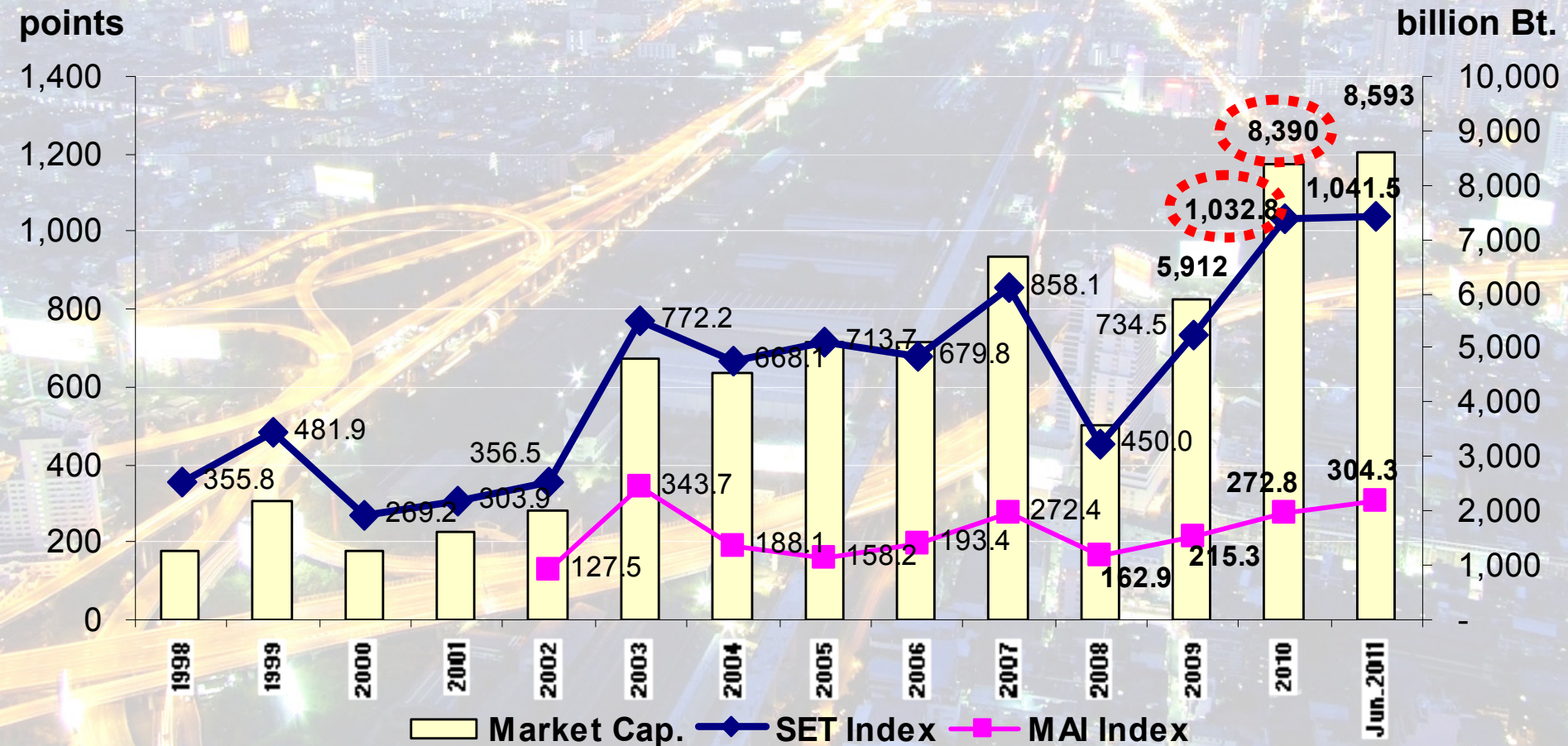


The current account surplus in 2010 dropped to 4.6% of GDP, as a result of declining in trade surplus



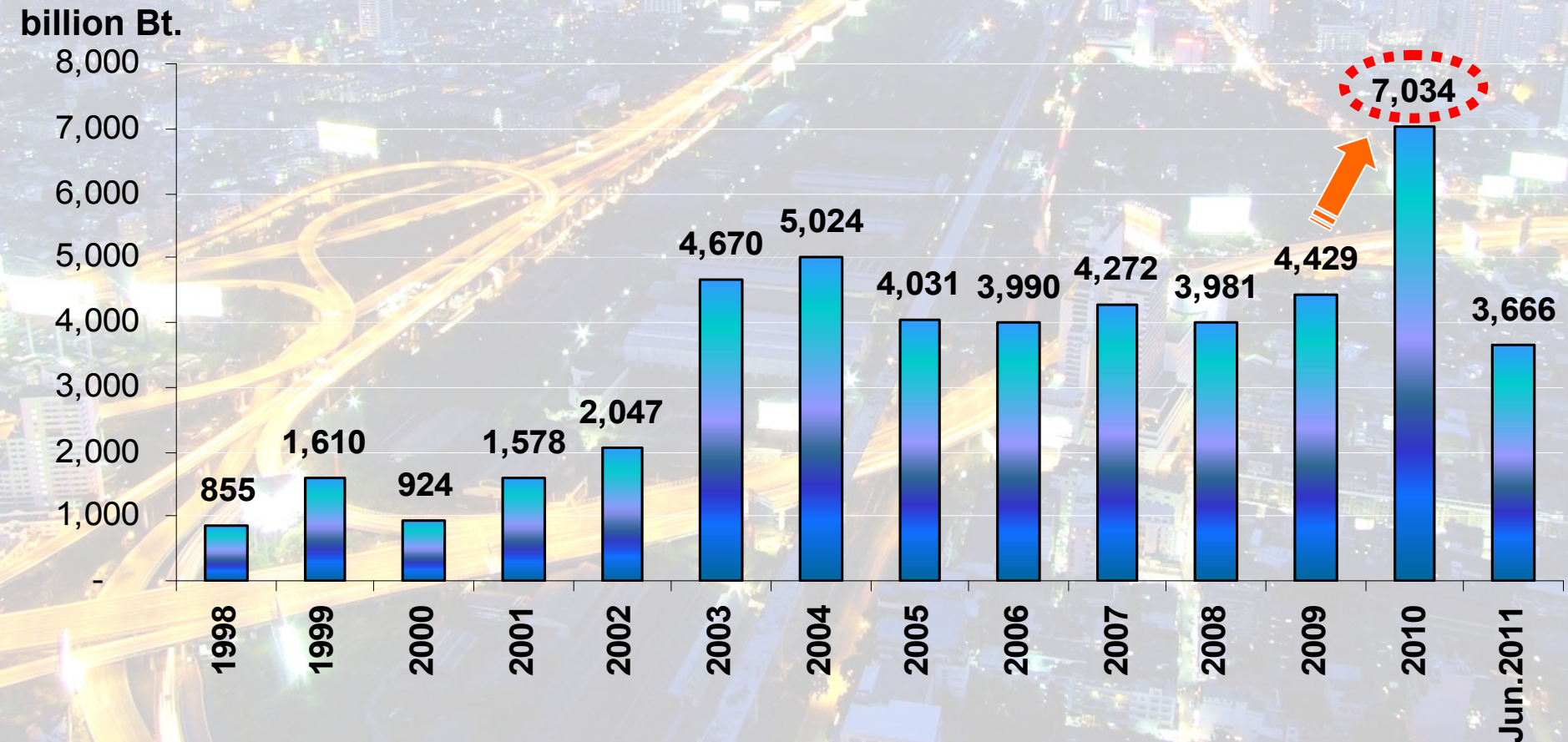
At the end of 2010, SET Index rose 42%yoy to 1,032.8 points, while Market Cap. grew to 8,390 billion Bt.

SET- MAI Index & Market Cap.



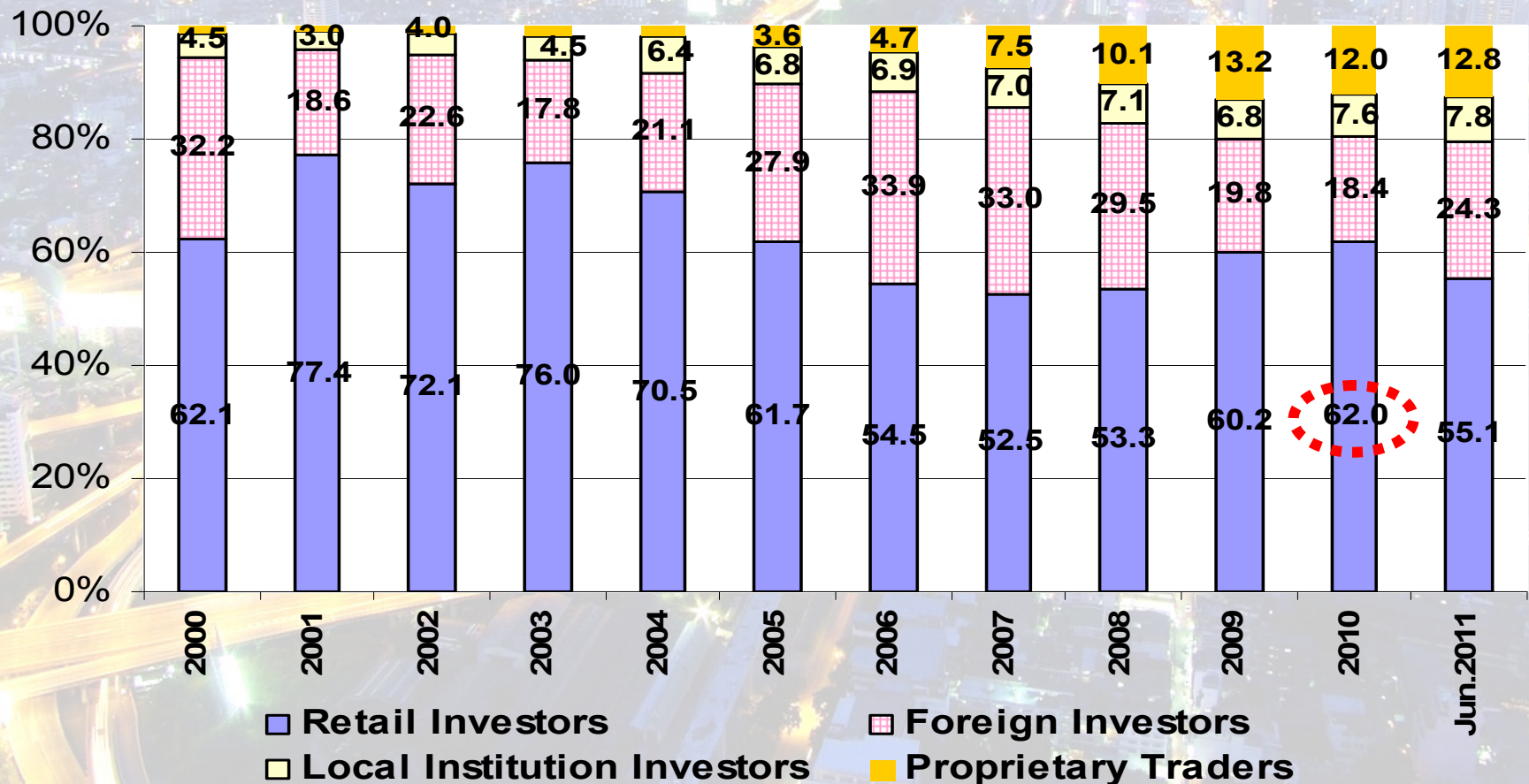
Market Turnover in 2010 surge 59%yoy to 7,034 billion Bt

Market Turnover



62% of the market turnover came from retail investors, while foreign investors, proprietary traders and local institutional traders had a share of 18.4%, 12% and 7.6%

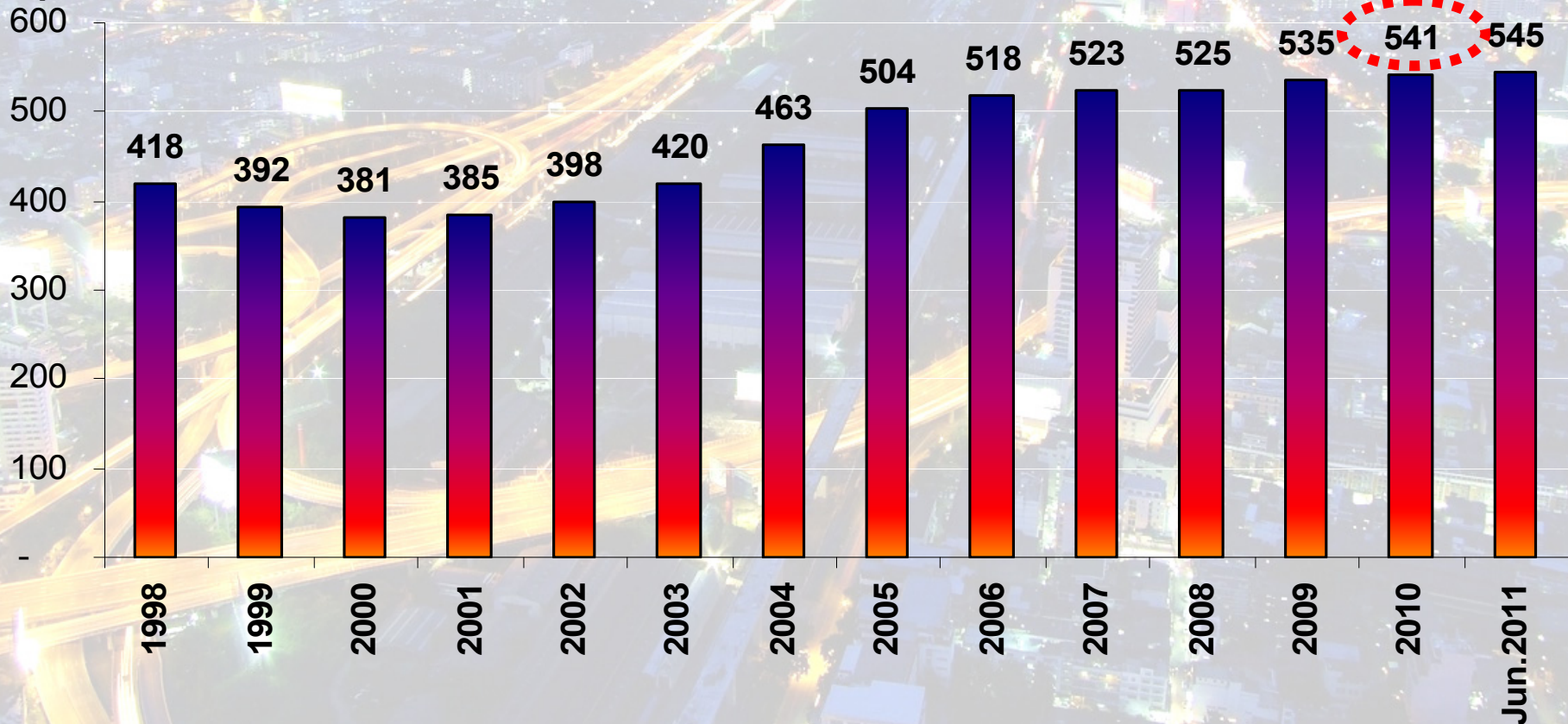
Market Turnover Classified by Type of Investors



**At the end of 2010, there were 541 listed companies
(475 companies in SET and 66 companies in MAI)**

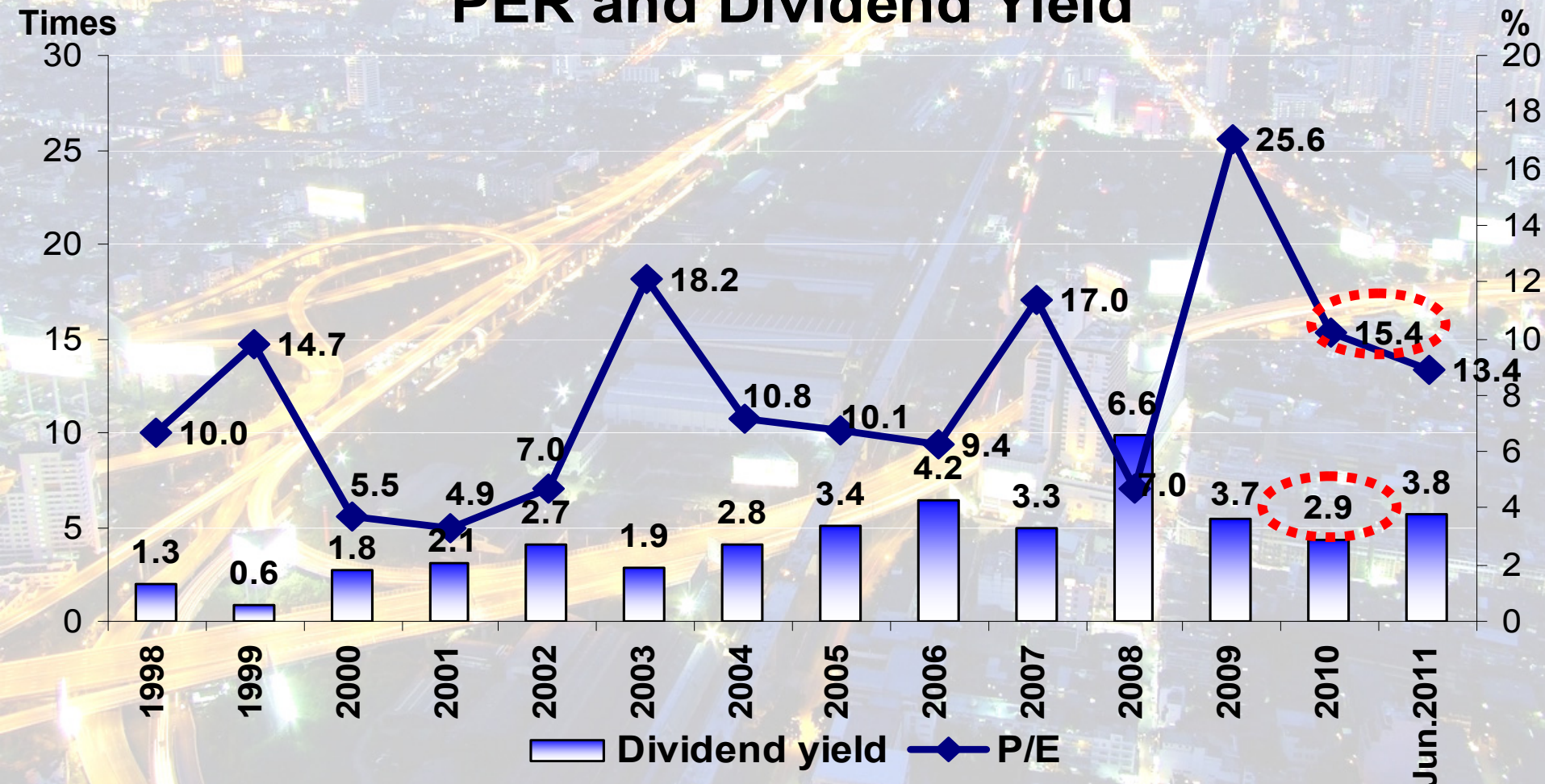
No. of listed companies (SET + MAI)

companies



P/E Ratio of the SET fell to 15.4 times, while the dividend yield dropped to 2.9% in 2010

PER and Dividend Yield



Major Capital market measures in 2010

- A new framework for upgrading the Association of Securities Companies (ASCO) to become a Self Regulatory Organization (SRO) had been jointly laid down by the Office of the Securities and Exchange Commission and the Association focusing on flexibility and encouraging business sector to create financial innovations

- Preparation for the ASEAN Linkage Project through revisions of regulatory obstacles; for example; permission was granted for Thai securities firms to publicize analysis reports of foreign securities firms, personnel of foreign securities firms are allowed to provide advices to Thai investors jointly with Thai securities firms, etc.

Major Capital market measures in 2010 (cont.)

- Permission was granted for Thai and foreign juristic persons to offer FX bonds for sale to retail and non-retail investors, however; the issuance has to be under the USD50 billion investment quota allocated by the Bank of Thailand

- Permission was granted for securities companies and derivatives brokers to undertake proprietary trading with no restrictions on the types of underlying assets.

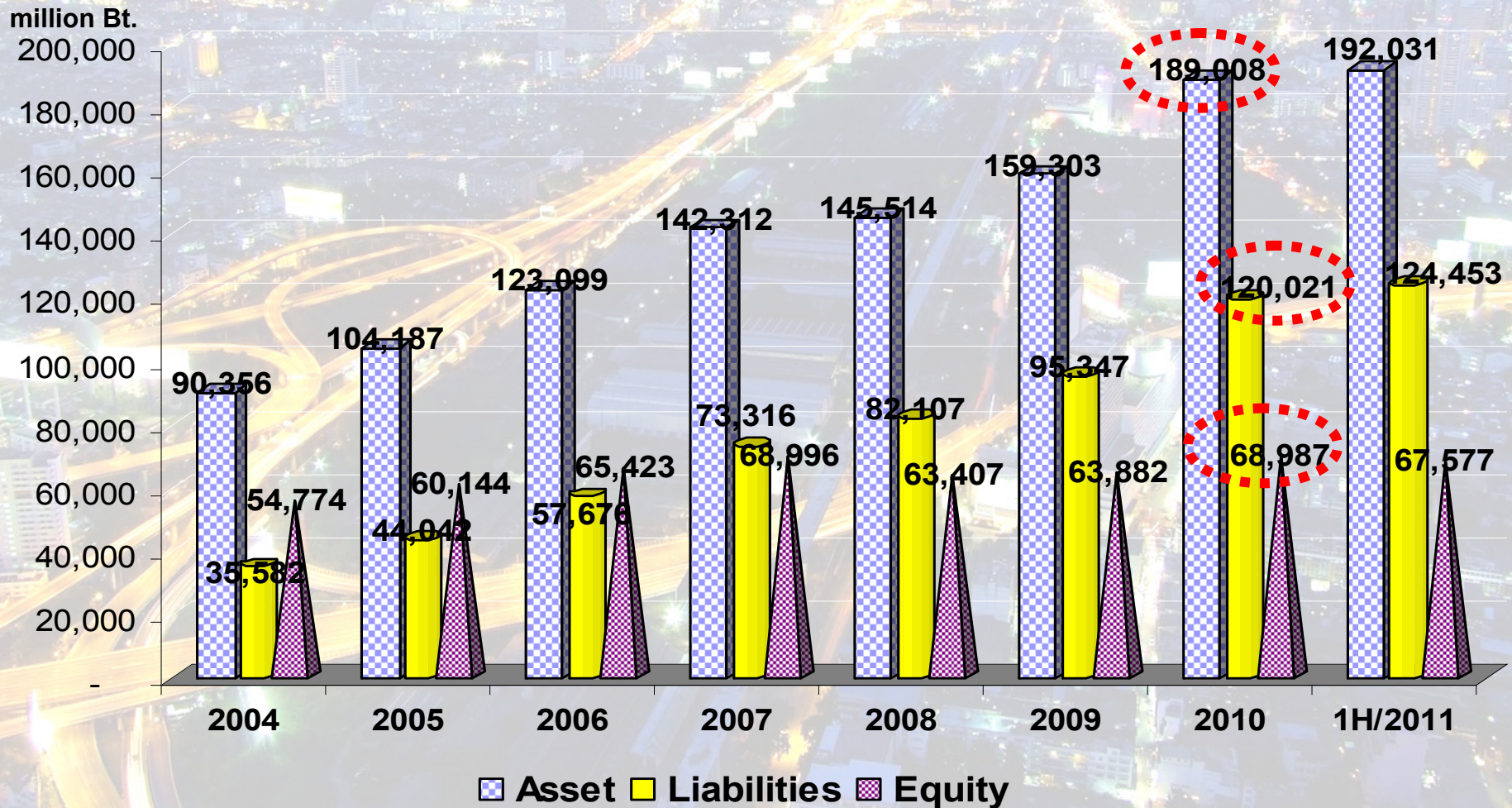
- Preparation for new products and services in capital market; e.g. interest rate futures/bond futures; issuance of guidelines for establishment of infrastructure funds; establishment of gold funds investing directly in gold bullion or through gold ETFs; adding new underlying assets under the Derivatives Act B.E. 2546, etc.



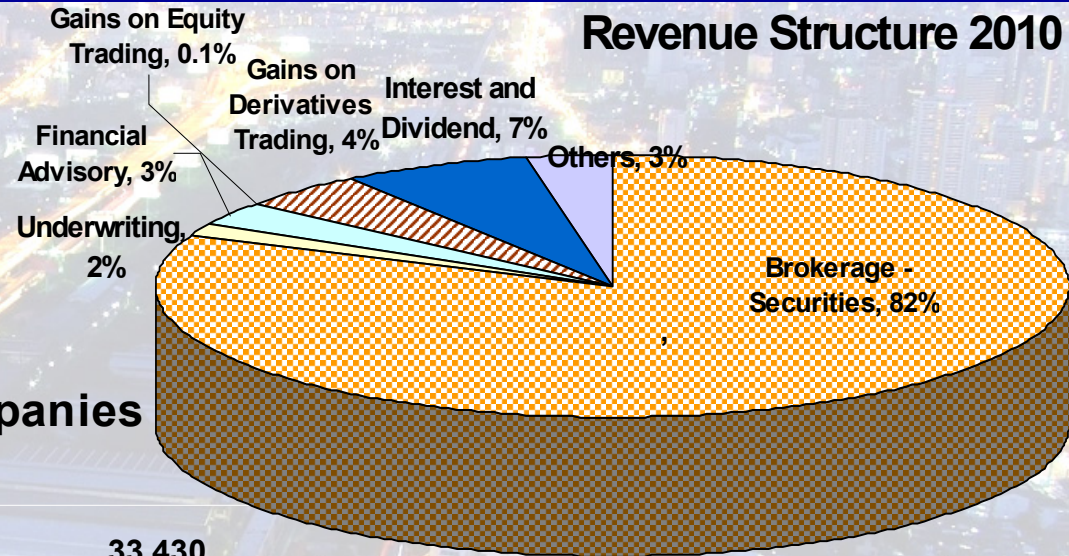
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- **Performance of Securities Industry**

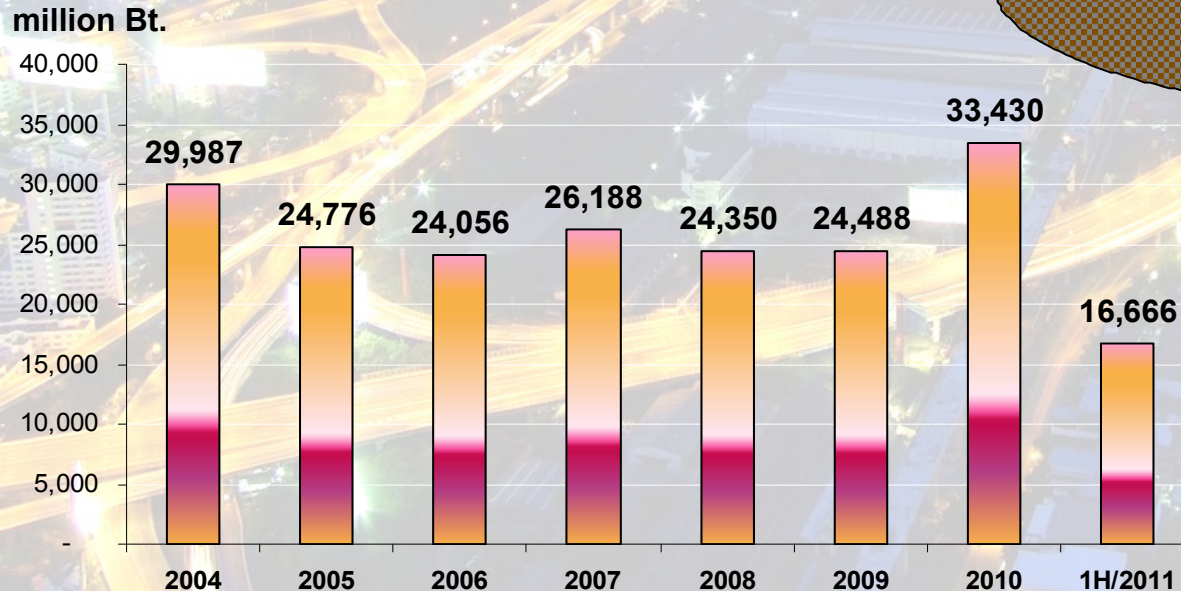
The total assets of the securities industry at the end of 2010 stood at 189,008 million Bt., sources of funds comprised of liabilities and shareholders equity totaling 120,021 and 68,987 million Bt.



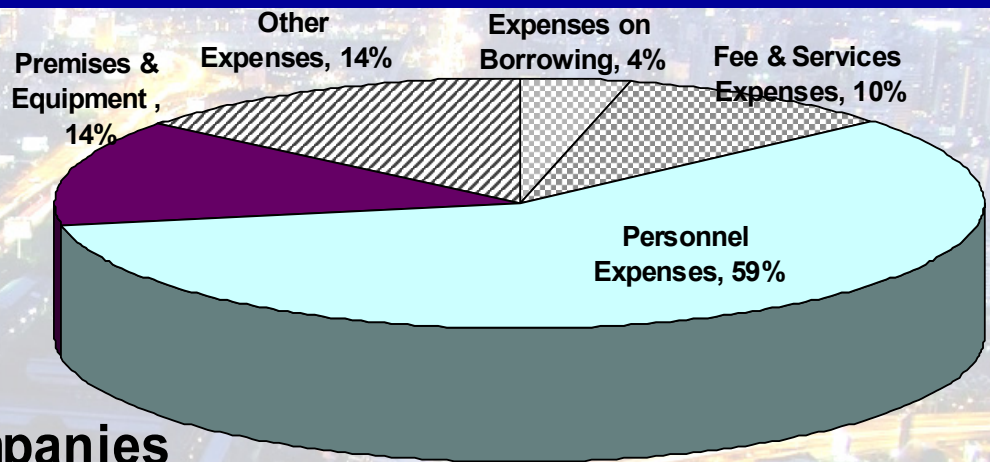
Revenue of Securities Companies in 2010 rose to 33,430 million Bt., brokerage fees remained highest proportion of incomes



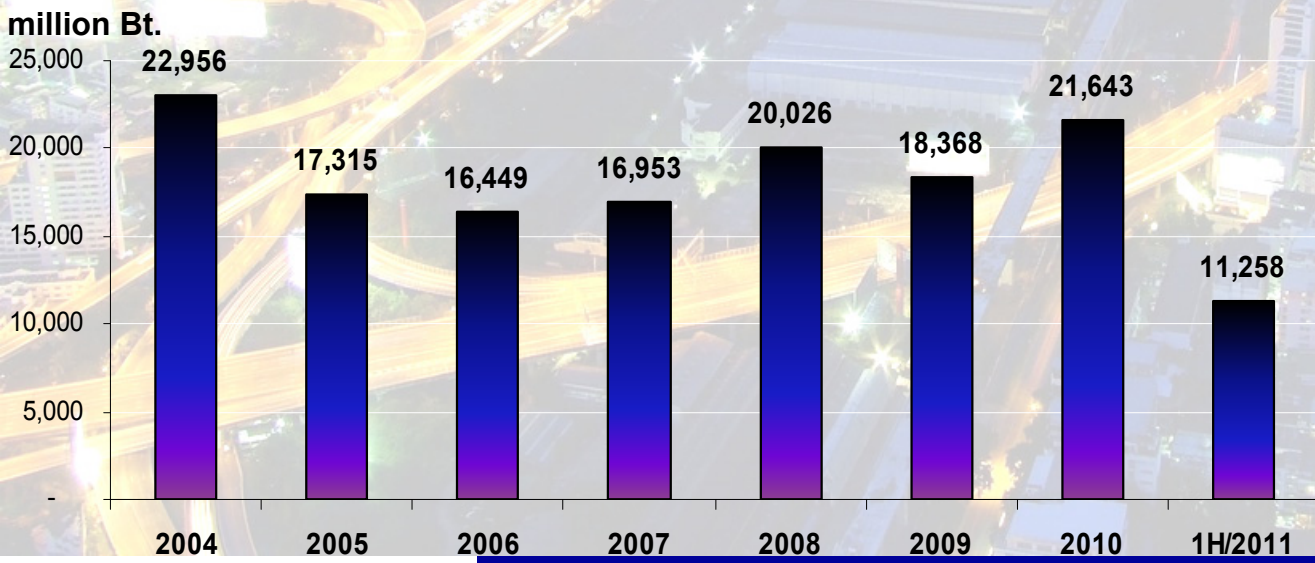
Revenue of Securities Companies



Expenses increased to 21,643 million Bt., mostly from personnel expenses followed by premises & equipment

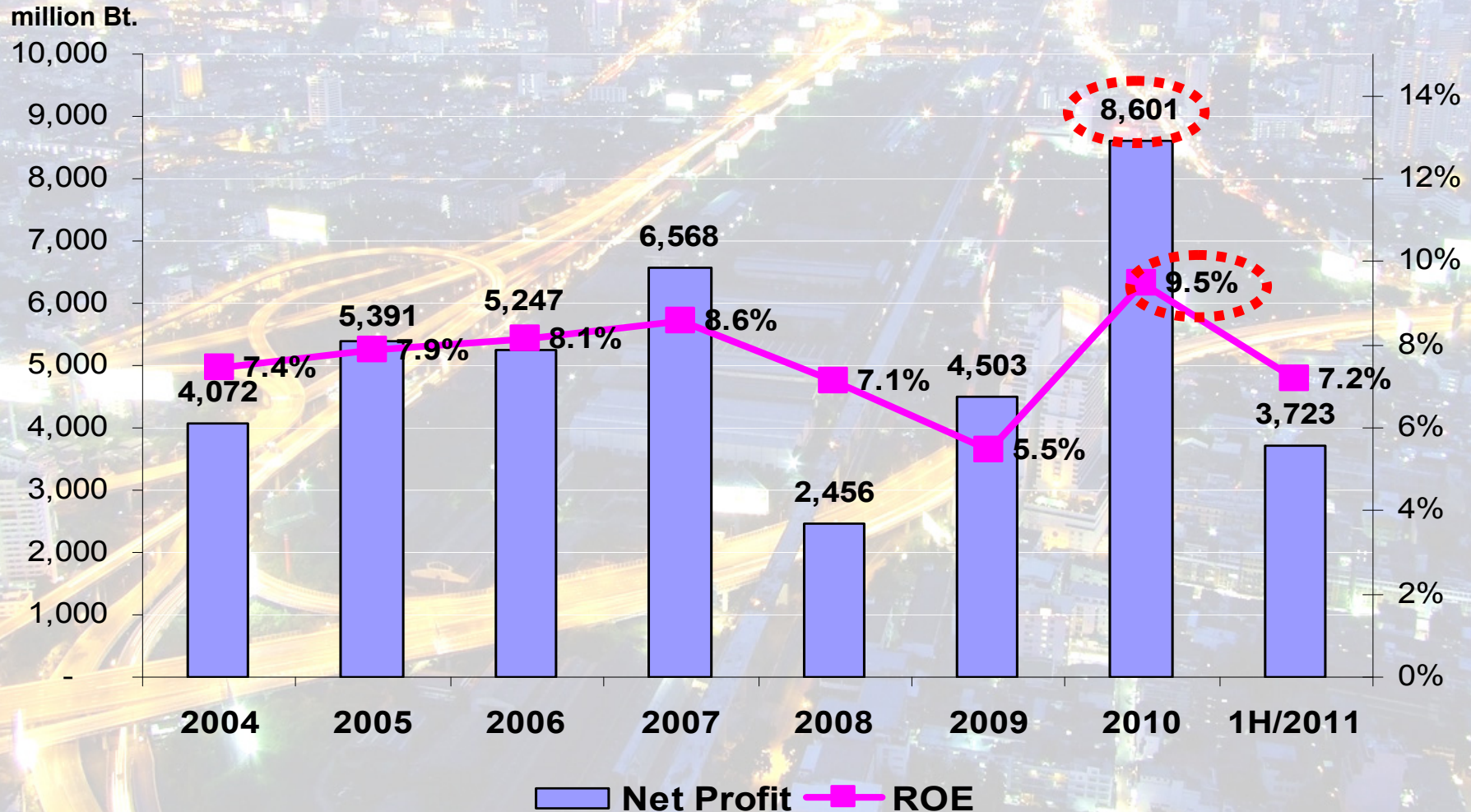


Expenses of Securities Companies



Expenses Structure 2010

In 2010, net profit edged up to 8,601 million Bt., an increase of 89% from 2009, while the industry ROE rose to 9.5%

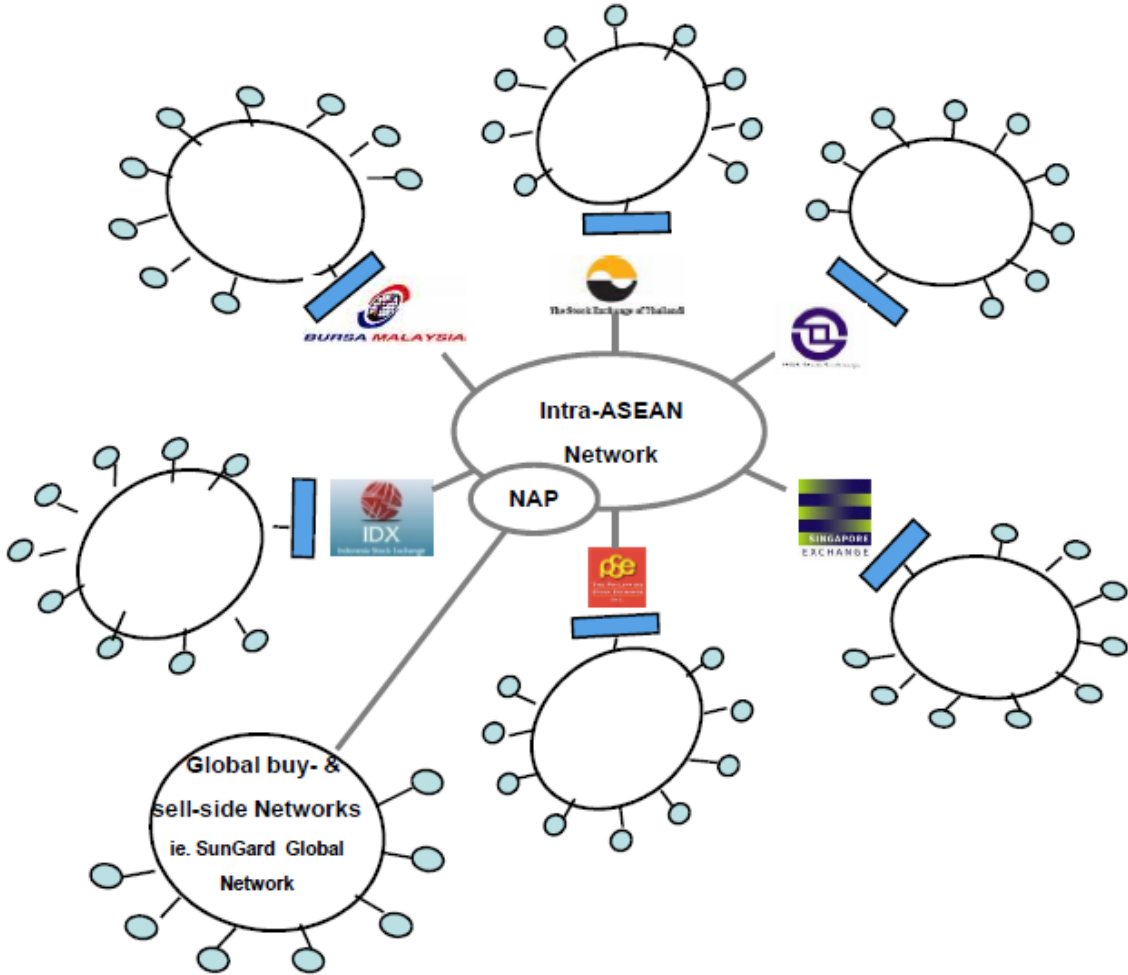


Highlight of ASCO's recent activities

- Regarding to preparation for becoming SRO, ASCO is revising rules, regulation and guidelines to be in line with ministerial and SEC regulations. The preparation also include some adjustments on organization structure and areas such as work system and personnel, etc.
- Enhancing member's competitiveness by issuing rules and guidelines conducive to business development and correcting obstacles; for examples, guidelines for payment of remunerations to marketing officers, branch managers and heads of marketing teams, guidelines for supervision of derivatives warrant (DW) trading, guidelines for proprietary trading of securities and futures, etc.
- Supporting the ASEAN Linkage Project by cooperating with the Stock Exchange of Thailand to develop centralized trading platform to directly connect with other ASEAN exchanges (ASEAN Connect). This system will provide gateway for order routing as well as other market data between local and foreign brokers. Regarding to this, clearing and settlement in oversea markets will be done by local broker's designated partner called settlement agent .



Centralized trading platform between ASEAN Exchanges (ASEAN Connect)



- Local Member
- Inter-connected Exchange Hub
- NAP Neutral Access Point

Economy of Scale in 2 levels

1. Co-investing by all Exchanges
2. Infrastructure for brokers will be supported by Exchanges, thus reducing brokers' overall cost

Benefits of ASEAN Connect to securities companies

As a Sponsor Broker

- Rising trading values in the Exchanges will increase business opportunity for securities companies
- Providing business opportunity as a Sponsor Broker, especially gaining access to investor base of foreign brokers
- “Sponsor Broker Model” will protect the business of Thai securities companies, as foreign brokers who want to trade in Thai Exchanges must be trading partners of Thai securities companies in order to gain access to trading system and post-trade services
- Thai securities companies may loss margin to those from oversea if they are unable to create values and maintain their competitiveness

As an Originating Broker

- Increase opportunity for securities companies' customers to trade in ASEAN Exchanges more effectively
- Reduce investment cost in trading system for securities companies, especially the small and medium size companies to connect with other Exchanges



Thank you

