Thai Corporate Bond Market

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Thai Bond Market Association
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Outstanding of Thailand’s Financial Market: Well-balanced funding sources

- The total outstanding value of Thailand’s bond market was THB16 trillion (USD 0.5 trillion) at the end of Q1, 2023.
Composition of Thai bond market, 50% from government bonds
## Corporate Bond

<table>
<thead>
<tr>
<th>Short Term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Maturity: less than 270 days</td>
<td>• Maturity: more than 270 days</td>
</tr>
<tr>
<td>• Bill of Exchange and Short-Term Bond</td>
<td>• Bill of Exchange and Long-Term Bond</td>
</tr>
</tbody>
</table>

### Plain vanilla Bond

- Pay principal at maturity (Bullet) / Amortized payment
- Fixed Rate / Floating Rate
- Senior / Subordinated
- Unsecured / Secured
- No Option / Option Embedded (Callable or Puttable)

### Complex Bond

- Basel III Bond
- Perpetual Bond
- Convertible Bond
- Securitization Bond
Outstanding value of long-term corporate bonds, classified by industry and credit rating

ENERGY sector has the highest outstanding value of long-term bonds, followed by PROP and FIN sectors, respectively.

Outstanding value of long-term corporate bonds is at 4.45 million baht.

Credit Rating Group A has the highest outstanding value of long-term corporate bonds.
As of 2022, there were 640 bond issuers

- 234 SET-listed issuers (34% of 685 in SET)
- 37 MAI-listed issuers (18% of 206 in MAI)
- 369 private-company issuers

SET-listed companies that have issued bond come from 28 business sectors

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>2010</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROP</td>
<td>26</td>
<td>118</td>
</tr>
<tr>
<td>FIN</td>
<td>35</td>
<td>94</td>
</tr>
<tr>
<td>ENERG</td>
<td>18</td>
<td>80</td>
</tr>
<tr>
<td>BANK</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>FOOD</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>TOURISM</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>ICT</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td>CONS</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>COMM</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>SPV</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>TRANS</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>CONMAT</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>PETRO</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>MEDIA</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>PROF</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>AUTO</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>AGRI</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>STEEL</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>ETRON</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>FASHION</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>HELTH</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>HOME</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>IMM</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>PF&amp;REITs</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>PKG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOVERNMENT RELATED/FOREIGN ENTITY</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>INSUR</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>PERSON</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>PAPER</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Grand Total     220          640
In 2022, credit ratings of 17 issuers have been upgraded by TRIS Rating.

Credit Rating Changes

- Upgrades
- Downgrades
- Defaults

Source: Tris Rating
Corporate bond issuance recorded an all time high in 2022.

Issuance full year 2018-2023 (THB Million)

Issuance Jan-April 2021-2023 (THB Million)

Excl. Structure note
Average tenor of corporate bonds issued during 4M 2023 slightly declined due to rising interest rates.

- Long-term bonds issued in January-April 2023 have slightly decreased in average issue term in both investment grade and high-yield bonds.
2-year and 10-year Thai-US bond yield

TH 2Y  2023 YTD +27bps
US 2Y  2023 YTD -37bps

TH 10Y  2023 YTD -10bps
US 10Y  2023 YTD -44bps
5-Year Borrowing Costs of All Rating Issuers increased in the first 4 months of 2023

<table>
<thead>
<tr>
<th>Rating</th>
<th>Chg in 20</th>
<th>Chg in 21</th>
<th>Chg in 22</th>
<th>Chg in 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBB</td>
<td>+66</td>
<td>-32</td>
<td>+50</td>
<td>+20</td>
</tr>
<tr>
<td>BBB+</td>
<td>+84</td>
<td>-8</td>
<td>+10</td>
<td>+19</td>
</tr>
<tr>
<td>A</td>
<td>+37</td>
<td>-12</td>
<td>+63</td>
<td>+19</td>
</tr>
<tr>
<td>AA</td>
<td>-49</td>
<td>+38</td>
<td>+97</td>
<td>+4</td>
</tr>
<tr>
<td>AAA</td>
<td>-36</td>
<td>+33</td>
<td>+87</td>
<td>+17</td>
</tr>
<tr>
<td>Gov</td>
<td>-65</td>
<td>+68</td>
<td>+67</td>
<td>+20</td>
</tr>
</tbody>
</table>

Borrowing costs of all ratings increased in the first 4 months of 2023.
### Corporate Bond Yield Curve (Averaged Spread)

**Corporate Bond Yield Curve (Based on TTM) as of 12 May 2023**

<table>
<thead>
<tr>
<th>Group</th>
<th>Averaged Spread (bp)</th>
<th>Standard Deviation (bp)</th>
<th>Averaged Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;= 3 Yrs.</td>
<td>3 - 5 Yrs.</td>
<td>&gt; 5 Yrs.</td>
</tr>
<tr>
<td>AAA</td>
<td>48.423016</td>
<td>70.075866</td>
<td>88.246401</td>
</tr>
<tr>
<td>AA</td>
<td>59.722884</td>
<td>80.059643</td>
<td>106.435987</td>
</tr>
<tr>
<td>AA-</td>
<td>69.432856</td>
<td>113.448721</td>
<td>146.981424</td>
</tr>
<tr>
<td>A+</td>
<td>94.216232</td>
<td>118.056167</td>
<td>146.029947</td>
</tr>
<tr>
<td>A</td>
<td>80.263792</td>
<td>127.332718</td>
<td>155.798342</td>
</tr>
<tr>
<td>A-</td>
<td>95.505007</td>
<td>147.059488</td>
<td>159.477612</td>
</tr>
<tr>
<td>BBB+</td>
<td>197.168249</td>
<td>240.148123</td>
<td>272.610089</td>
</tr>
<tr>
<td>BBB</td>
<td>281.798443</td>
<td>244.823553</td>
<td>-</td>
</tr>
<tr>
<td>BBB-</td>
<td>323.086364</td>
<td>345.429943</td>
<td>-</td>
</tr>
</tbody>
</table>

[https://www.thaibma.or.th/EN/Market/YieldCurve/Corporate.aspx](https://www.thaibma.or.th/EN/Market/YieldCurve/Corporate.aspx)
Long-term corporate bonds issued in the first 4 months of 2023 offered for a higher portion of PO

Offering of long-term corporate bonds

<table>
<thead>
<tr>
<th>Year</th>
<th>II/HNW</th>
<th>PO</th>
<th>PP10</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>72%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>81%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>77%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>67%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>67%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>69%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Jan - Apr 2023</td>
<td>57%</td>
<td>41%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Corporate Bond Holding by Investor Group

Total Holding as of Q4 2020: 3,486,063 THB M.
- Companies 3.82%
- Banks 6.16%
- Mutual Fund 9.87%
- COOP 9.95%
- Pension Funds 13.61%
- Insurances 19.78%
- Retail Investors 34.73%

Total Holding as of Q4 2022: 4,163,202 THB M.
- Companies 4.14%
- Banks 4.88%
- Mutual Fund 9.22%
- COOP 12.10%
- Pension Funds 12.18%
- Insurances 16.96%
- Retail Investors 38.02%
Issuance of ESG bonds increased steadily, reaching over 500 billion as of end 2022

The outstanding value as of 30 Apr 2022 was at 593 THBbn, accounting for 3.6% of Thai bond market.
Issuers of ESG bonds

**Green Bond**
- Reforestation project
- Loan to reforestation projects
- Renewable energy project
- Environmental friendly car hire purchases

**Sustainability Bond**
- Relief measures to mitigate the social and economic impacts from COVID-19
- Housing development projects
- Mass transit system
- Financing green projects

**Social Bond**
- Housing development projects
- Support local farmers

**ESG Bonds**
- Reduce CO2 emissions
- Setup Fishing Vessel Inspection System
- Reduce CO2 emissions and PET bottle recycle projects

**SLB**
- Sustainability Bond

**Installment Loans**
- Mass Transit System
Digital innovation in the bond market

• **Government**
• **Corporate**

- Dec 2019: first DLT corporate bonds under SEC regulatory sandbox issued by Toyota leasing Co. Ltd.
- 2021-2022: 11 issues of digital corporate bond issued were issued via “Pao Tang” mobile application i.e. PTTEP, MINT, IRPC, CPALL, SIRI, GULF etc.

- Real-time and 24-hour trade
- Real-time transfer
- Scripless
Subscription, trading are done on the wallet, real time.
What we do?

❖ ThaiBMA is registered under the SEC Act 1992 as “Association related to Securities Business”

❖ The role of ThaiBMA as a Self-Regulatory Organization (SRO) has been endorsed and clarified through the MOU between ThaiBMA and SEC

❖ Under mandate of SEC regulations to support SRO role of ThaiBMA, it’s required that
  • All securities firms (having Debt trading license) be ThaiBMA members
  • All bond transactions be reported to ThaiBMA
  • All bonds be registered with ThaiBMA

Thai Bond Market Association (TBMA)

• Pricing model for all types of bonds
• Yield curve
• Credit spread
• MTM price
• Bond indices

• Market Monitoring and Surveillance
• Member Inspection
• Trader License
• Regulation
• Ethics and code of conduct

• Bond Issuance
• Bond Trading
• Bond indices
• Key financial statements of bond issuers

• Academic training and research
• Public & Issuer seminar
• Promoting bond literacy through press and media

2005

ThaiBMA

1998

ThaiBMA was registered under the SEC Act 1992 as “Association related to Securities Business”.

1994

ThaiBDC

BDC

Market Development and Education

• Market dialogue
• International cooperation and networking
• Hosting international visits
• Other relevant activities

Self-Regulatory Organization

Bond Pricing Agency

Bond Information Center

Association
Mobile Application for Bond Investor

❖ **Portfolio** Memo bond portfolios, track and notify interest payment dates and maturity dates.

❖ **Bond Yield** Monitor government bond yield and corporate bond risk premium.

❖ **Newly Issued Bonds** Never miss out on new bond issues.

❖ **Bond Search** as per selected criteria

❖ **Overview of The Bond Market** Real-Time intraday data

❖ **News and Movement of The Bond Market**

**New** Issuers’ Financial Information
For more information, go to visit

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