

Annual Report

2020



ESG

INNOVATION

STAKEHOLDERS SUPPORT

DIGITAL TRANSFORMATION

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ABOUT ThaiBMA



About ThaiBMA

The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535 (SEC Act). Its main purposes are to be a self-regulatory organization (SRO) for a fair and efficient operation of the bond market and to be an information center for the Thai bond market. It also plays functional roles on market development, market convention and standards and being bond pricing agency for the industry. In addition, ThaiBMA provides a forum through which industry professionals can discuss and respond to current issues and play a role in shaping the future of the Thai bond market.

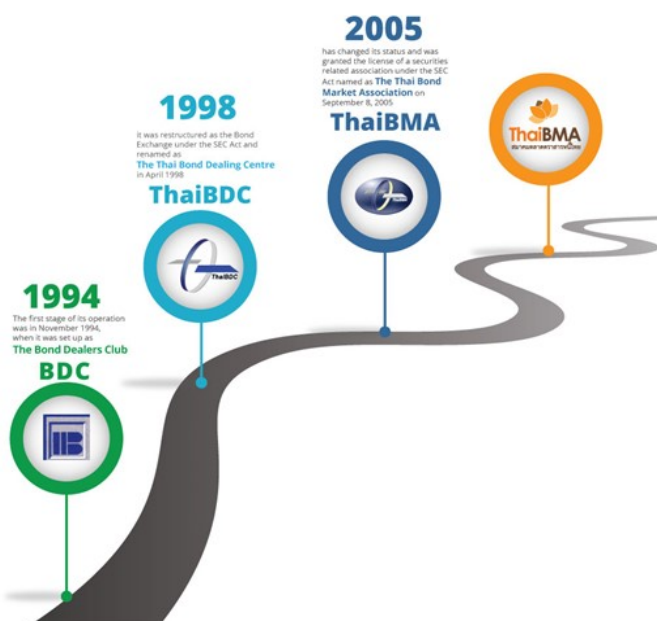
Background

Although ThaiBMA was registered as a securities business related association with the SEC in September 2005, its origin dated back to 1994. In November 1994, the Bond Dealers Club (BDC) was formed under the structure of the Association of Securities Companies (ASCO). Main role of the BDC then was a facilitator of infrastructure for bond trading by introducing an electronic bond trading system, called "Bondnet", the first bond trading platform in the history of the Thai bond

After 3 years of its operation, BDC changed its legal status to be in line with its membership structure and to support a more expansive bond market. So, it was restructured as the Bond Exchange under the SEC Act and renamed "The Thai Bond Dealing Centre" (Thai BDC) in April 1998. The primary roles of the Thai BDC were to facilitate the operation of the secondary market for bond trading and perform active roles in many areas with regards to bond market development. One of its missions was to move forward towards being efficient self-regulatory organization (SRO) to oversee the orderly function of the bond market.

ThaiBDC continuously expanded its functions and played active roles in various areas of bond market development. In December 2004, Bond Market Development Committee chaired by the Minister of Finance initiated bond market reform in Thailand. One of the measures was to centralize securities trading platform by migrating electronic trading platform owned by ThaiBDC to the Stock Exchange of Thailand (SET) while ThaiBDC would expand its full functions as the SRO and information center for Thai bond market.

To reiterate its focus on SRO and information center function, ThaiBDC, with the support from the SEC, was granted the license of a securities related association under the SEC Act and was renamed "The Thai Bond Market Association" (ThaiBMA) on September 8th, 2005.



Roles and Functions of ThaiBMA



1 Self-Regulatory Organization (SRO)

ThaiBMA oversees and monitors the conduct of its members in order to ensure fairness and efficiency in debt securities trading industry. It is committed to retaining the confidence of its members, regulators and investors. SRO tasks comprise the following :

- ◆ Act as the front-line regulator to detect any fraud or unfair trading practices by performing intraday market monitoring and post-trade surveillance.
- ◆ Executing onsite and offsite inspection to ensure that members comply with relevant laws and regulations.
- ◆ Issuing rules and guidelines regarding debt securities trading and good market practice.
- ◆ Responsible for bond trader examination and registration and provide traders with ongoing education to enhance their professionalism.
- ◆ Implement disciplinary actions and enforcement procedures.

2 Bond Information Center

Mandated as the sole information center for the Thai bond market, ThaiBMA collects, integrates and processes the data from both the primary and secondary bond markets. It also develops financial tools and information essential for the bond market and disseminates those information through its website www.thaibma.or.th, and www.ibond.thaibma.or.th. Examples are ;

Yield Curve : ThaiBMA publishes various types of government bond yield curves and corporate yield curve on a daily basis.

Bond information : ThaiBMA provides trading data, bond features, reference yields and relevant market news and regulatory updates.

Financial data : ThaiBMA develops a wide range of financial and quantitative tools such as Bond indices, Zero coupon yield curve, credit spread curve, key rate duration, bond portfolio analysis, Value-at-Risk (VaR) to be used for bond investment and portfolio management.

3 Association

As an association of members, ThaiBMA represents collective voices of members and promote dialogues among market participants to address issues affecting the bond market. ThaiBMA works actively with bond market stakeholders on a comprehensive range of market practices and convention to create and/or enhance standards within the marketplace. Examples of standard issued by ThaiBMA are bond symbols and standard formula for price/yield calculation which have become common standard in the market and for various types of bonds.

4 Pricing Agency

In the role of “Bond Pricing Agency”, ThaiBMA provides daily mark-to-market prices for investors. For actively-traded bonds, the mark-to-market prices are based on trading and quotation information. For illiquid debts securities and structured bonds, ThaiBMA develops model yield to be used as fair prices and references for investors.

5 Market Development and Education

ThaiBMA is committed to enhancing market development and market education. It advocates for efficient bond market and initiates a number of studies to the benefits of the whole industry. To expand investor understanding of the bond market, ThaiBMA provides extensive seminars and training programs for market participants and the general public. It also produces a comprehensive range of publications for the benefits of those involved in the bond market.

BOARD OF DIRECTORS 2020

Name	Position	Organization
1. Mr. Sommai Phasee	Chairman of the Board	The Thai Bond Market Association
2. Dr. Somjin Sornpaisarn	Vice Chairman of the Board, Chief Executive Officer	The Thai Bond Market Association
3. Mrs. Pattera Dilokrunghthirapop	Vice Chairman of the Board, Chief Executive Officer	DBS Vickers Securities (Thailand) Company Limited
4. Mr. Narin Opamuratawongse	Executive Vice President and Manager of Merchant Banking Division	Bangkok Bank Public Company Limited
5. Mr. Sukkawat Prasurtying	Director and Chief Executive Officer	AIA Thailand Company Limited
6. Mr. Apichart Tungkiatsilp	Managing Director of Fixed Income Department	KGI Securities (Thailand) Public Company Limited
7. Mr. Pisal Kattiyothaivong	Executive Director, Country Head of Debt Capital Markets	United Overseas Bank (Thai) Public Company Limited
8. Mr. Thitawat Asaves	Executive Vice President	Bank of Ayudhya Public Company Limited
9. Mr. Rawin Boonyanusasna	Senior Executive Vice President, Managing Director Global Markets Group	Krungthai Bank Public Company Limited
10. Dr. Bhume Bhumiratana	Cybersecurity product policy manager	Facebook Incorporated
11. Mr. Tada Phutthitada	President	The Thai Bond Market Association
Advisors to the Board of Directors		
1. Ms. Daranee Saeju	Senior Director, Financial Markets Department	Bank of Thailand
2. Ms. Chanunporn Phisitvanich	Senior Expert on Bond Market Develop- ment, Bond Market Development Bureau	Public Debt Management Office, Ministry of Finance

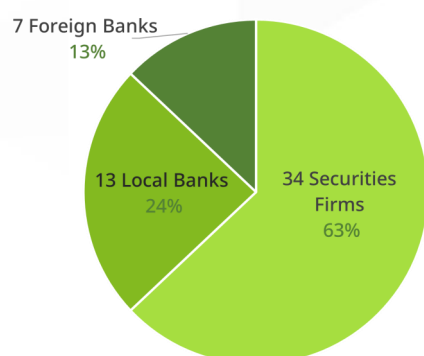
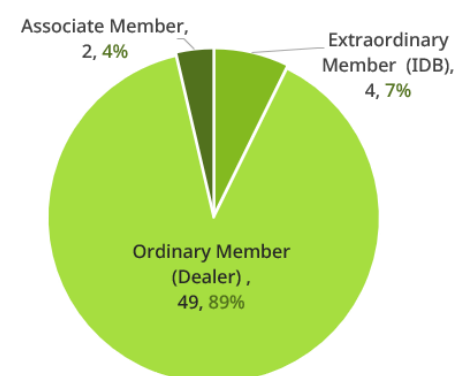
ThaiBMA Members

Pursuant to the regulation of the SEC, a financial institution having debt securities dealing license is required to be a member of ThaiBMA. Membership of ThaiBMA is divided into 3 categories:

Ordinary Member is a financial institution having debt securities dealing license (dealer).

Extraordinary Member is a securities company that has inter-dealer brokerage license (IDB).

Associate Member is a financial institution that has debt securities dealing license but remain to have average monthly trading value in the past one year less than 100 million baht.



As of 31 December 2020, membership of ThaiBMA consists of 55 financial institutions, including banks and securities firms.

ThaiBMA's

Highlights of Activities 2020

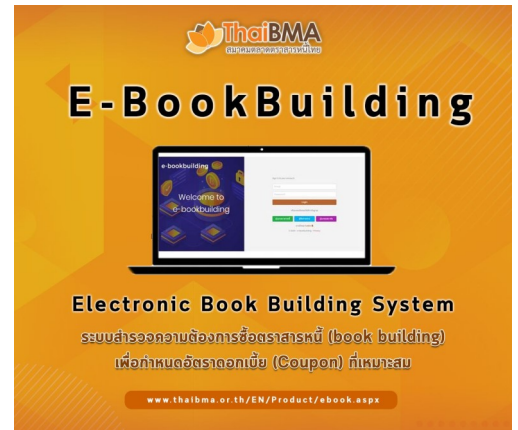
- Innovation
- Digital Transformation
- ESG
- Stakeholders Support

Innovation



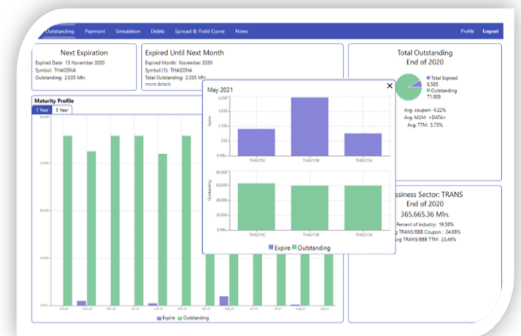
1. E-Book building

"E-Book Building", launched in July 2020, is the web-based platform designed to enhance efficiency in corporate bond book building process. Book building is the process done by underwriters to determine the coupon rate of a bond through demand survey with institutional investors. Normally the process was cumbersome in terms of input operation as it relies on papers submitted through fax or email. The E-Book Building system helps reducing troublesomeness on input operation and information reconciliation, shorten the time of the process and present virtual allocation in various dimensions. The platform features also include online book building invitation, automatic notification, online confirmation and automatic E-mail directly to investors.



2. Smart Funding Solutions

ThaiBMA has developed a web-based application called "Smart Funding" designed for corporate bond issuers to efficiently monitor and manage their cashflows of ongoing obligations. Features includes Maturity profile, Payment, New Issuance Simulation, Spread & Yield Curves and News. Issuers could monitor debt obligations, average cost of funding of their companies comparing with peers group in similar credit rating and business sector. It also facilitates issuers to simulate new bond issuance plan based on prevailing credit spread and yield generated automatically by the system.



3. MeBond Mobile Application

ThaiBMA has developed **MeBond Mobile Application**, a fast and convenient access to bond investment information. By adding bond portfolio on the application, investors can easily monitor movement of individual bonds in the port such as interest and principal payment, cash flows stream during the designated period, portfolio maturity profile and related news. The application also provide access to intraday information of the bond market such as yield curve and historical yield movement. Furthermore, searching for upcoming bond offering in the primary market and all bond information in the secondary market are available in the application.

It includes 6 main following functions:

Portfolio: summarizes an overall bond investment portfolio input by users in multi-dimensions and displays interest and principal amount as the income cashflow on monthly/yearly basis.

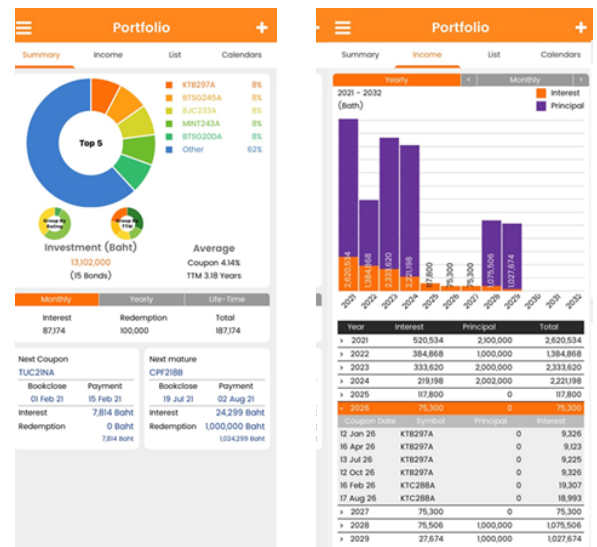
Bond Search: searching for current bond issues based on various filters such as ratings, coupon rates, time to maturity and distribution types.

Pre-issue: showing upcoming bond issues in the primary market which are being offered to investors.

Dashboard: showing real-time snapshot bond market trading activities such as bond yields, trading value, net flows of foreign trades. The data is updated every 5 minutes.

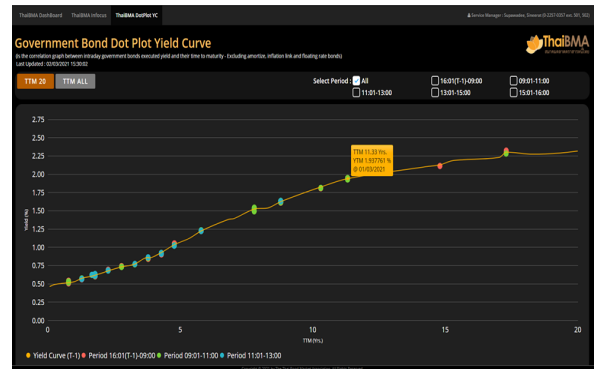
Yield Curve: showing latest Government and Corporate Bond Yield curve including historical movement

News: including bond market news and related news of bond in the portfolio.



4. Intraday Dot Plot Yield

The development of Government Bond Dot Plot Yield Curve was aimed to demonstrate movement of intraday “yield curve” which is a graph of yields on government bonds across different time to maturity. While ThaiBMA government bond Yield curve is based on the bidding yields on all government bond issues and published at the end of day, the Intraday dot plot yield curve would show intraday executed yield of government bonds by time to maturity in a dot format. The graphs display intraday yields with 5 periods of time so that investors can better track movement in Yield Curve during the day and compare across different period of the day or the previous day.



5. New RP Benchmark rates (THOR Average)

Due to the anticipated cessation of the London Interbank Offered Rate (LIBOR) by end of 2021, Thai Baht Fixing Interest Rate (THBFIX) which is a swap-implied rate that uses LIBOR as one of the calculation inputs would also be discontinued. Therefore, the Bank of Thailand (BOT), Thai Bankers Association (TBA) and ThaiBMA have been working together to develop **Thai Overnight Repurchase Rate or “THOR”**, which is an overnight private repurchase rate (REPO) transactions between interbank, as a new reference rate. The repo information is normally reported to ThaiBMA by all financial institutions on a daily basis. To calculate THOR, ThaiBMA performs as calculation agent and publisher for THOR together with THOR index and THOR average which are classified into 1 month, 3 month and 6 month. The information is published on both ThaiBMA and BOT websites by 5 pm every business day.

อัตราดอกเบี้ยอ้างอิง Thai Overnight Repurchase Rate (THOR)

30/09/2020
สิ้นสุดวันที่ 30 ก.ย. 63 เวลา 09:30

อัตราดอกเบี้ยอ้างอิง Thai Overnight Repurchase Rate (THOR) หมายถึง อัตราดอกเบี้ยอ้างอิงที่บันทึกอยู่ในตลาดและเผยแพร่ประชาสัมพันธ์ระหว่างธนาคาร

วันที่	อัตราดอกเบี้ยอ้างอิง THOR
29 ก.ย. 2563	0.49090

ตารางข้อมูลโดย: ธนาคารแห่งประเทศไทย

อัตราดอกเบี้ย THOR Average หมายถึง อัตราดอกเบี้ยที่คำนวณจากอัตราดอกเบี้ยอ้างอิง THOR และทราบจำนวนที่ซื้อขายในตลาด

ระยะเวลา	จำนวน	อัตราดอกเบี้ย THOR Average
1 เดือน	33	0.49139
3 เดือน	92	0.49182
6 เดือน	154	0.56237

6. Bond Trading / Auction Game on Mobile

To promote practical understanding in the real-world bond market to university students, ThaiBMA has continued to organize a bond trading competition event so-called Bond Academy on an annual basis. To cope with the new normal situation in 2020, ThaiBMA developed the online Bond Trading and Auction simulation game in web-based application and launched for the first time in “Bond Academy Season 7”. Students would be able to learn practically how the bonds are auctioned and traded, how the bonds are quoted and how the profit was made in the bond market. Nearly 200 students from 16 universities across the country had joined the program.

Digital Transformation

- Digital Infrastructure in Capital Market
- Trade-based Government Bond Yield Curve
- Machine Learning for Credit Assessment
- Machine Learning for Surveillance
- Bond Trader Portal
- Upgrade ThaiBMA website

1. Digital Infrastructure in Capital Market

In 2019, ThaiBMA has collaborated with related stakeholders to initiate “Registrar Service Platform (RSP)” using Distributed Ledger Technology (DLT). The project “RSP” has been approved under the regulatory sandbox by the SEC. The first DLT corporate bond was issued by Toyota Leasing (Thailand) Co. Ltd on December 17, 2019 with the issue size of THB 500 million and tenor of 11 months and 29 days. It was offered to institutional investors and high net worth.

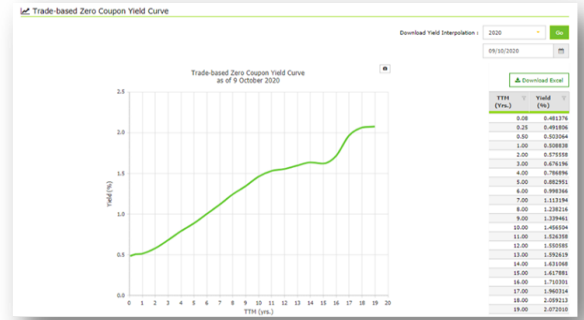
In 2020, the first DLT foreign currency bond was issued by Kasikornbank on June 19, 2020 with the issue size of EUR 17 million and tenor of 3 months. It was offered to institutional investors.

The initiative on digital infrastructure of the Thai Capital Market has been carried on by The Securities and Exchange Commission (SEC), Stock Exchange of Thailand (SET), Thai Bankers' Association (TBA) Association of Thai Securities Company (ASCO), and Thai Bond Market Association (ThaiBMA). It aims to cover the whole process from issuance, offering, trading, clearing and settlement including investor services. Discussions and workshops had been ongoing throughout the year.



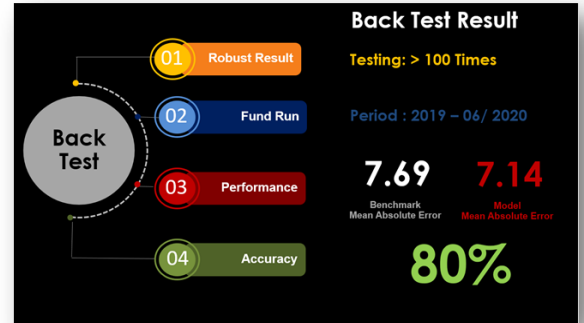
2. Trade-based Government Bond Yield Curve

To support business continuity plan when the quotation from a primary dealer is unavailable and better reflect actual trading activities, ThaiBMA developed trade-based government bond yield curve by using transaction-based information from dealers and pre-traded information from inter-dealer brokers. The trade-based yield curve was released and available for primary dealers on iBond website from the beginning of 2020.



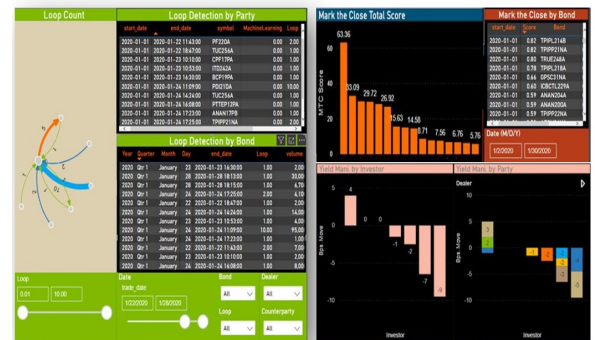
3. Machine Learning for Credit Assessment

Credit assessment is one of the important components for bond pricing model. ThaiBMA has adopted the technique of Machine Learning to determine credit risks of corporate bond issuers by using a large amount of business and financial Data. Bonds will be grouped by their similarity in the same box and priced by the correlation within the box. With this methodology, bond pricing was expected to better reflect market movement.



4. Machine Learning for Fraud detection

In 2020, machine Learning technique was employed by ThaiBMA's market surveillance team to detect potential fraud and manipulation in the secondary market trading. Normally, fraudulent activities can be detected by rule-based algorithms which requires complicated different scenarios. The scenarios need to be added or adjusted manually from time to time. There may be hidden events in user behavior that may not be evident. Machine learning (ML) allows for creating algorithms that process large datasets with multi variables and find these hidden correlations and possible fraudulent trading transactions such as Volume Manipulation, Price/Yield Manipulation, Mark the close and series trading price manipulation.

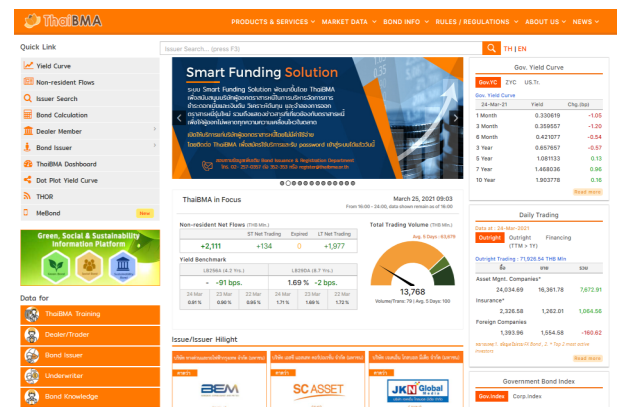


5. Bond Trader Portal

In 2020, bond trader portal database has been developed and updated. An additional information and services are available on the portal such as bond trader certificates, training records and bond trader refresher records. The new portal format is expected to facilitate bond trader access their own data on demand.

6. Upgrade ThaiBMA website

ThaiBMA has presented a full range of bond market information to meet the needs of all our stakeholders via the website www.thaibma.or.th. In 2020, the website was redesigned to be more user-friendly and to provide faster access to essential information.



Stakeholders Support

1. Post Default Solutions

The Covid19 pandemic has prompted challenges on bond issuers to meet with their obligations. Although investment grade issuers could still manage to cope with the difficult situation, certain high yield bond issuers had higher risk of defaults and need to request bond holders' approval for extending the maturity of bonds due during this period.

In 2020, ThaiBMA has conducted studies and discussions with members, bondholders' representative, registrars, and the SEC on the measures to deal with potential bond defaults and post defaults solution to ensure investor protection. Issues being discussed included;

- Problems and obstacles in notifications and confirmation of default.
- Problems and obstacles in calling the Issuers to pay the debt.
- Issues on secured bond based on types of collaterals.
- Problems and obstacles of bond holders in case of no Bond Holder Representative.

ThaiBMA proposed amendments of regulations related to Post-Default and roles of bondholders' representative to the SEC on May 18, 2020. By considering ThaiBMA's proposal, the SEC has amended relevant regulation effective from August 2020 as follows:

- Issuers are required to notify the default to the Bond Holder Representative, and the Registrar shall notify the default to the SEC within 1 working day from the default date.
- Given the occurrence of default and upon request by SEC, the registrar shall submit the list of bondholders to the SEC within 5 business days.



2. Enhance Terms and Conditions

Terms and conditions of the bonds are legally binding contract between issuers and investors, which specify details and conditions of the bonds as well as procedures to be taken by issuers in case of events such as bond holder meeting, event of default, etc. To enhance terms and conditions with regards to investor protection, ThaiBMA conducted meetings and discussed with stakeholders to strengthen the roles of bond holder representatives. The proposal was submitted to the SEC on March 30, 2020.

In addition, during the Covid 19 outbreak, several control measures along with existing impractical legal requirements have made it difficult for issuers to conduct bondholder meetings. These issues were brought up to discuss with related authorities.

Subsequently, the SEC issued a notification re: expectation on the roles of the Bond Holder Representatives, and Bond Holder Electronic Meeting to reduce the risk of Coronavirus 2019 (COVID 19) pandemic, on April 17, 2020.

With regards to electronic meeting, Thai authorities have amended the law to allow the conduct of the board, shareholder, and bondholder meetings via electronic in accordance with the standards imposed by the Ministry of Digital Economy and Society. All the meeting attendees are no longer required to be in Thailand. Also, no more requirements that one third of the quorum need to physically attend the meeting at the same venue.

Activities in ThaiBMA's Core Functions

Self-Regulatory Organization (SRO)

Member Inspection

In 2020, ThaiBMA conducted onsite inspections on 10 dealer-members. The inspection covered aspects of bond dealing business, i.e., organization structure, conflict of interest, conduct of business, control process to ensure that they comply with relevant rules and regulations,.

Promote understanding on ethics and regulations.

ThaiBMA organized preparatory and training courses for new potential members, in 2020, KPM Securities company and ASL Securities company limited to ensure that the company was ready to commence bond trading and comply with relevant rules and regulations. In addition, ThaiBMA collaborated with Association of Thai Securities Companies (ASCO) to arrange several knowledge sharing forums on supervision framework in bond trading for head of compliance and compliance officers of member firms.

Association

ThaiBMA serves as an industry association to promote fair and efficient bond market. We represent dealer members and bond market stakeholders and provide a forum for policy discussions and issues concerning on market development.

Market Dialogues

In 2020, ThaiBMA facilitated networking opportunities among members and market participants such as dealers, underwriters, issuers, compliance, bondholders' representative, and fund managers by organizing dialogues to share concerns and to discuss issues regarding market development as follows:

- 1. Bondholders' representative forum:** To gather comments and suggestions on expectation of role and function of bondholders' representatives that was proposed by SEC. ThaiBMA conducted proposals of guidelines on Post-Default and fiduciary duties of Bond Holder Representatives and submitted report to the SEC on May 18, 2020.
- 2. Rules of Bond Issuing and offering:** To discuss and consider on rules of bond Issuing and offering that SEC proposed revision to enhance investor protection and promote suitable ecosystem for sustainable growth of Thai bond market. Several issues have been discussed including an upgrade on terms and conditions of corporate bonds offered to high-net-worth investors (HNW), further to that of public offering (PO), and strengthen the factsheet etc.
- 3. Guideline on the use of bonds as collateral in margin loan and enforcement process:** ThaiBMA cooperated with Association of Securities Companies (ASCO) to hold online meetings with stakeholders to discuss on the detailed process of using bonds as collateral in securities margin loan and its enforcement procedures. The guideline on pledge, auction and enforcement of bond collateral was put on public hearing and published by the end of 2020.
- 4. Thai Overnight Repurchase Rate (THOR):** To discuss on new reference rate (THOR) to substitute for THBFIX.

Stakeholders Visits

ThaiBMA organized 20 visits to market participants and stakeholders, consisting of issuers, bondholders' representatives, Thailand Securities Institute (TSI), Association of Investment Management Companies (AIMC), and Association of Securities Companies (Thailand) (ASCO) to discuss issues concerning the development of the bond market.

International Cooperation and Networking

Throughout the year 2020, ThaiBMA hosted and participated in a wide range of international activities.

Sustainability Bond Conference

On 31 January 2020, ThaiBMA organized the "Sustainability Bond Conference" to promote sustainable finance and share experiences from both public and private sectors for enhancing sustainability bond issuance in Thai bond market.

The conference discussed on ongoing global initiatives from both public and private sectors to promote sustainable finance, regulatory innovation in Europe and Asia, impact and ESG reporting, as well as classifications for green and sustainable projects. It attracted nearly 150 attendees with notable keynote speakers from United Nations Framework Convention on Climate Change (UNFCCC), Sustainalytics, Bangchak Corporation PCL, National Housing Authority, BTS Group Holdings PCL, Bank of Ayudhya PCL and Kasikornbank PCL.

Thai translation of "The Green Bond Principles (GBP)": The GBP is a globally accepted guideline developed by International Capital Market Association (ICMA) that recommend transparency and disclosure for the issuance of a green bond. ThaiBMA translated "The Green Bond Principles" to Thai version which was officially published on ICMA website.

"Green, Social and Sustainability Information Platform": ThaiBMA, in collaboration with SEC, has launched the ESG information platform as one-stop information portal on green, social and sustainability bonds, available to the public on ThaiBMA website since October 2020. For more information can visit the site <http://www.thaibma.or.th/EN/BondInfo/ESG.aspx>

Knowledge sharing on "Lesson Learned from Thailand: Regulatory Landscape and Bond Market Development": ThaiBMA participated in a Knowledge sharing session organized by World Bank for The Securities and Exchange Commission of Cambodia (SECC) in Krong Siem Reap, Cambodia on February 20th, 2020.

Knowledge sharing at seminar "Recent Development and Trends in ASIAN Bond Markets" together with Securities and Exchange Commission, Thailand (SEC), Economic Research and Regional Cooperation Department (ERCD), Asian Development Bank (ADB), and Nomura Asset Management at SEC office on November 25th, 2020.



Response to COVID-19

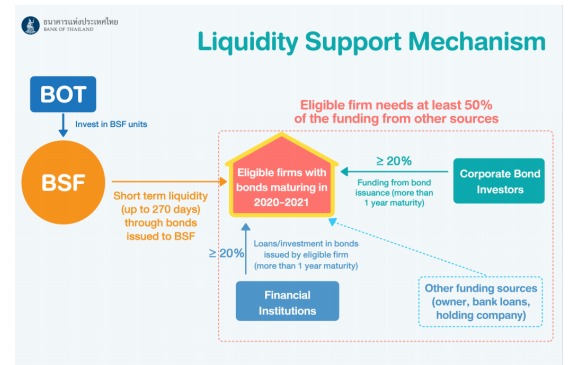
Amidst the COVID-19 pandemic which caused significant financial volatility, ThaiBMA has cooperated with market participants and relevant authorities for establishing measures to restore market stability.

Mutual fund sell off

During periods of market stress in March 2020, there were selling offs across all financial assets as investors turned to hold cash or cash equivalent. It, consequently, caused large redemptions in mutual funds which forced funds to fire sell on bonds. In order to alleviate the impact of situation, ThaiBMA conducted prompt meetings in cooperated with relevant authorities to share insightful information and helped close monitoring mutual fund trading situation. The Bank of Thailand (BOT) decided to step in by launching Mutual fund stability fund (MFLF), allowing commercial banks to purchase investment units of money market funds or daily fixed-income funds affected by ailing market liquidity and use the underlying unit trust as collateral for liquidity support from the central bank.

Corporate Bond Stabilization Fund (BSF)

ThaiBMA closely monitored roll-over situation of corporate bond issuers amid the COVID-19 circumstance. ThaiBMA worked closely with related authorities to evaluate the situation and seek to provide support for corporate bond issuers facing temporary illiquidity. The BOT in April 2020 has established *the Corporate Bond Stabilization Fund (BSF)* to provide liquidity backstop as a bridge financing to investment grade corporate bond issuers with bonds maturing during 2020-2021. Although, there has not been any issuer applied for the program, the measure has restored investor confidence in the bond market.



Thai Airways International (THAI) debentures

Amidst the Covid-19 pandemic, the worldwide airline industries were facing crisis, with significant revenue loss. Thai Airways International Plc. (THAI) was among one of the most affected even though it was a state-owned enterprise (SOE). THAI needed to file for rehabilitation, resulting to an automatic stay for all debt including bonds.

To help clarify unprecedented process for once-SOE bond which involved significant number of investors, ThaiBMA organized series of meetings with market participants and related authorities as well as bond holder representatives. The contact information of bondholder representatives and underwriters for each bond issue of THAI airways was published on ThaiBMA's website to facilitate bondholders for submitting an application for debt repayment. Q&A on rehabilitation procedures was also published to help investors understand the process and able to follow up appropriate instructions for claiming debt repayment.

Other Activities

Throughout the year 2020, ThaiBMA organized activities that brought bond market stakeholders together, giving opportunities for networking among all participants. Key activities organized in 2020 include:

Press Conferences: organized on a quarterly basis to communicate and distribute Thai bond market information to the press and media.

Cooperation between FETCO and ThaiBMA: Published Interest Rate Expectation Index based on survey from fund managers and bond dealers about their views on interest rates and government bond yields.



Best Bond Awards and Thank You Party 2020: Best Bond Awards was first organized in 2002 to promote professional standards and reward excellent conducts in the Thai bond market. This event has become one of the most influential awards for bond market professionals. In 2020, the award ceremony and Thank You Party was held on February 27, 2020 at Grand hall ballroom, The Athenee hotel, a Luxury Collection Hotel.

CSR Activities: To promote social responsibility awareness and strong relationship with stakeholders, ThaiBMA organized a CSR trip to make merit at Lopburi Province. Furthermore, donation of items in need were made to AIDS hospital care at Wat Phra Baht Nam Phu in Lopburi province



Market Development and Education

ThaiBMA recognized the importance of promoting professional competency, financial literacy and developing human capital in the bond market. Various trainings, seminars and academic activities were held for both professional and non-professional investors. Due to Covid-19 situation, several seminars related to bond market investment for retail investors and stakeholders were held by virtual classroom.

Issuer Seminars

ThaiBMA held a curriculum on **“A new normal for adjusting bond issuance strategy”** on September 28th, 2020, aiming to educate and support personnel in the industry especially prospective bond issuers.



Academic Trainings and Research

1. Research papers: ThaiBMA conducted a number of research papers for the benefit of stakeholders and development of the bond market. In 2020, the research focused on policy recommendation for supporting the financial economy affected by Covid-19. The key proposal included:

- The establishment of monoline insurance as a credit guarantee facility for corporate bond issuers
- Market mechanism to manage distressed bonds
- The possibility to establish High yield bond funds in Thailand
- Corporate bond market ecosystem

2. Training the trainer project: ThaiBMA supported lecturers from universities, which signed MoU with ThaiBMA, to promote Professional training courses. In 2020, several lecturers were given opportunities to attend over 10 advance training courses for free of charge.

3. Scholarships: ThaiBMA granted scholarships to students in 8 different provincial universities that had signed MoU with ThaiBMA, i.e., Khon Kaen University, Prince of SongKla University, Ubon Ratchathani University, Chiang Mai University, Burapha University, Kasetsart University Chalmprakhiat Sakon Nakhon province campus, Maejo University and Naresuan University.

4. Professional Trainings: ThaiBMA organized a series of professional training courses to strengthen competency and professionalism of personnel involved in the bond market. Due to the COVID-19, remote and hybrid classroom were initiated to organize regular professional courses as usual.

MANAGING INVESTMENT PORTFOLIO
Portfolio Theories and Their Practical Implementation
Remote Classroom

SCHEDULE
13.00 - 15.10
Strategic Approaches to Manage Investment Portfolio
15.20 - 16.50
Using Market Indicators and Economic Indicators to Make Investment Decisions

21 OCTOBER 2020

Credit Analysis
27 November 2020

13.00 - 14.30
Financial Statement Analysis
14.45 - 16.15
Financial Analysis from the analyst perspective

5. WealthMagik Animation Awards season 5: ThaiBMA co-sponsored Animation and Short VDO contest held by Software Park, WealthMagik, National Science and Technology Development Agency (NSTDA), Thai Animation and Computer Graphics Association and Capital Market Development Fund (CMDF) to promote public understanding on saving for retirement.



6. Promoting Bond Literacy through Press and Media: ThaiBMA continued to promote bond market literacy through press and media both online and offline. During 2020, over 40 articles, clips and infographics were disseminated on website, social media, and newspapers.

เมื่อสายแพ (ขั้ว) แครีโลก
CHANEL และ BURBERRY ออก ESG BOND

10 กันยายน 2563
BURBERRY +
เป็นบริษัทแฟชั่นแห่งแรกที่ออก Sustainability bond
มูลค่า 300 ล้านปอนด์

24 กันยายน 2563
CHANEL
เป็นบริษัทแฟชั่นแห่งแรกที่ออก Sustainability-linked bond
มูลค่า 600 ล้านยูโร

ESG bonds
คือ Green bond, Social bond หรือ Sustainability bond ที่ผู้ออกระดมทุนเพื่อนำเงินไปดำเนินธุรกิจภายใต้แนวคิดการเติบโตอย่างยั่งยืน โดยมุ่งพัฒนาสังคม สิ่งแวดล้อม และการมีธรรมาภิบาลที่ดี (Environmental, Social and Governance)

มกราคม - กันยายน 2563

ปี	จำนวนราย	มูลค่ารวม (ล้านบาท)
2561	5	10,120
2562	5	30,040
2563	5	49,800

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หุ้นกู้สีเขียวอนุพันธ์
อีกรูปแบบหนึ่งในการรักษาสีเขียว

หุ้นกู้สีเขียว + สินทรัพย์อ้างอิง (ราคาทองคำ, Stock Index, Green Index) = **หุ้นกู้สีเขียวอนุพันธ์ (Structure Green Note)**

ผลตอบแทนขึ้นอยู่กับราคาของสินทรัพย์อ้างอิงที่กำหนดไว้

www.thaibma.or.th

PANDEMIC BOND
การถือสุโรคร...กับบทเรียนที่ต้องเรียนรู้

Pandemic Bond คือ คราสานี้เพื่อระดมเงินทุนไปใช้ต่อสู้กับโรคระบาด

คุณสมบัติหลักของ Pandemic Bond

- เงินคืนมีอัตราดอกเบี้ยที่ต่ำกว่าของเงินกู้แบบอื่น
- จำนวนผู้ถือครองที่ต่ำกว่าการถือครองของตราสารหนี้
- การประเมินราคาของตราสารหนี้ที่ต่ำกว่าของตราสารหนี้

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Public Seminars

1. "Bond situations update in COVID- 19 era": An executive from ThaiBMA was invited to speak on a virtual seminar held by CFA Society Thailand on April 29th, 2020, the seminar was viewed via Facebook Live.



2. "Direction of Bond Market update": An executive from ThaiBMA was invited to speak on a virtual seminar held by Thai Listed Companies Association (TLCA) in collaboration with Association of Investment Management Companies (AIMC) and Association of Securities Companies (Thailand).



3. "Bond Market and adaptation after COVID-19": A Senior Executive Vice President from ThaiBMA was invited to speak on a virtual seminar held by Get Wealth on August 27th, 2020.



4. "Effective investment strategies during COVID-19: Mutual Fund, Bond, Gold and Securities": Organized in collaboration with Federation of Thai Capital Market Organization (FETCO) on September 24th, 2020 at ThaiBMA, the seminar was viewed by over 3,500 times via Facebook live.



5. "Wealth Forum: How to invest to get rich?" An executive from ThaiBMA was invited to speak in the topic "Battle: Corporate Bond VS Perpetual Bond" organized by Bangkok Biz News on April 23rd, 2020 at Grand Hyatt Erawan Bangkok Hotel.



6. Bond Basic Course: ThaiBMA organized "Bond Basic" courses every month on facebook live to provide fundamental knowledge of fixed-income securities market in Thailand for investors and anyone interested in enhancing knowledge in bond markets.



Highlights of ThaiBMA's Activities 2020



Effective investment strategies during COVID-19 : ThaiBMA in collaboration with FETCO held the seminar on September 24, 2020.



AGM 2020 : ThaiBMA organized Annual General Meeting (AGM) on April 25, 2020 at ThaiBMA's meeting room.



Press Conference : ThaiBMA organized on quarterly basis to communicate and distribute Thai bond market to press and media via MS Team program.



Press Conference: Thailand's First Blockchain Corporate Bond under SEC Regulatory Sandbox on January 16, 2020.



Press Conference: ThaiBMA and SEC has launched "Green, Social and Sustainability Information platform" on October 21st, 2020



Recent Development and Trends in ASIAN Bond Markets together with SEC, ERCD, ADB and Nomura Asset Management on November 25th, 2020.



ThaiBMA organized visits to market participants and stakeholders.

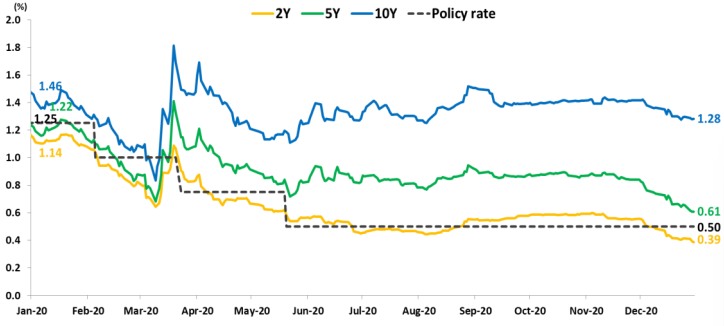


ThaiBMA hosted number of visits from both public and private sectors for knowledge sharing about bond market development.



Capital Market Networking Activities "To Get ther ta-lad-thun": ThaiBMA attended the activities hosted by IB Club at Royal Cliff Beach Hotel Pattaya, on 6 – 7 November 2020

2020 Bond Market Highlights



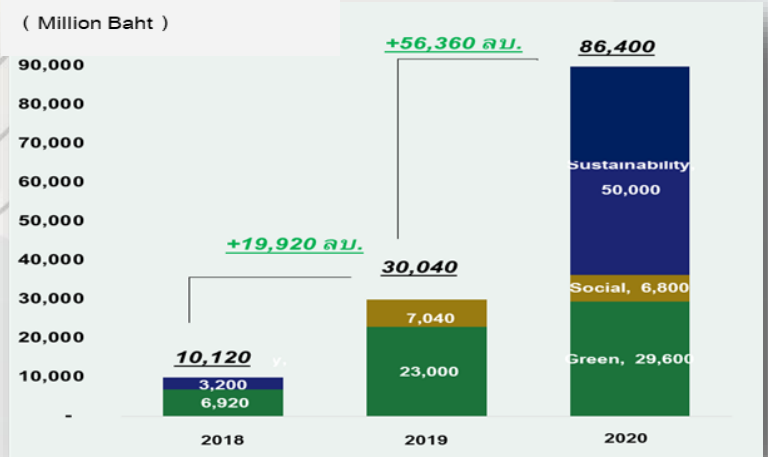
Despite fluctuated bond yields movement in 1H'20, government bond yields resumed its trajectory in the latter half of the year.

Non-Resident Fund Flows

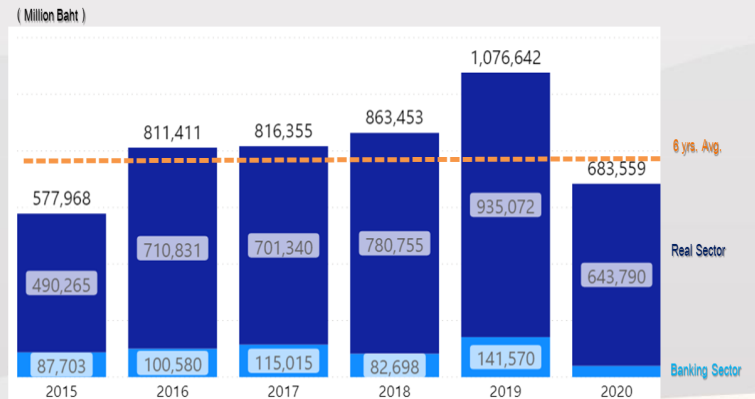
Period	Net Flow					Accumulation
	<=1Y Bond		Net Flow	>1Y Bond		
	Net Trading	Expired				
End of 2018	50,488	-155,940	-105,452	239,288	133,836	133,836
End of 2019	-67,401	-69,508	-136,909	52,456	-84,452	-84,452
Jan-20	-7,579	-825	-8,204	19,743	11,539	11,539
Feb-20	2,575	-735	1,839	-23,966	-22,127	-10,589
Mar-20	-27,957	-6,648	-34,605	-60,065	-94,671	-105,259
Q1 2020	-32,962	-8,009	-40,970	-64,289	-105,259	-105,259
Apr-20	-919	-815	-1,734	-17,190	-18,924	-124,183
May-20	-1,064	-1,825	-2,889	-7,347	-10,236	-134,419
Jun-20	6,038	-8,141	-2,103	25,672	23,569	-110,849
Q2 2020	4,056	-10,781	-6,726	1,136	-5,590	-110,849
Jul-20	-4,569	-1,037	-5,606	23,509	17,903	-92,946
Aug-20	-2,666	-4,333	-6,998	4,536	-2,462	-95,409
Sep-20	-2,473	-1,275	-3,748	27,741	23,993	-71,416
Q3 2020	-9,708	-6,644	-16,352	65,786	39,434	-71,416
Oct-20	-3,348	-2,987	-6,335	2,100	-4,235	-75,650
Nov-20	10,380	-3,182	7,198	24,463	31,661	-43,989
Dec-20	-8,049	-3,002	-9,052	-10,984	-20,036	-64,025
Q4 2020	983	-9,172	-8,189	15,579	7,391	-64,025
YTD	-37,631	-34,606	-72,237	8,212	-64,025	

The average time to maturity of Non-Resident holding Thai bond extended to new peak at 9.55 years despite fund outflows of THB 64,025 million.

ESG Bond Issuers in 2020



ESG (Environmental, Social and Governance) bond issuance reached new historical high with various issuers from both public and private sectors.



Corporate bond issuance declined 36.5% compared to last year from uncertainty amid COVID-19 outbreak.

2020 THAI BOND MARKET REVIEW

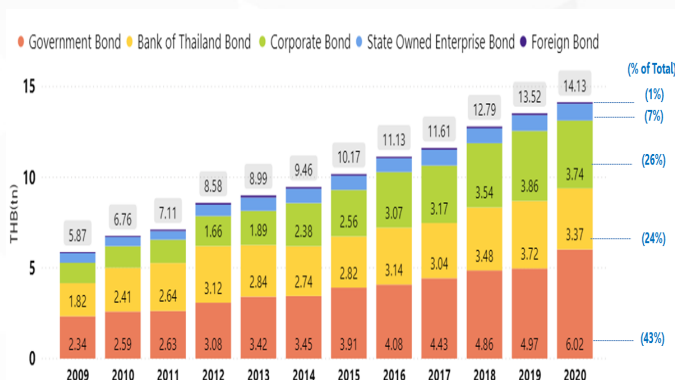
Highlights of 2020

- Despite fluctuated bond yields movement in 1H'20, government bond yields resumed its trajectory in the latter half of the year.
- ESG (Environmental, Social and Governance) bond issuance reached new historical high with various issuers from both public and private sectors.
- Corporate bond issuance declined 36.5% compared to last year from uncertainty amid COVID-19 outbreak.
- The average time to maturity of Non-Resident holding Thai bond extended to new peak at 9.55 years despite fund outflows of THB 64,025 million.

Outstanding Value – The total outstanding value of Thai bond market continued to grow by 5% from 2019

Despite unconventional year of pandemic, the total outstanding value of Thai bond market at the end of 2020 increased by 4.5% from end-2019 to THB 14.13 trillion led by the growth in government bond. The outstanding value of government bond remained at top, recording at THB 6.02 trillion with 43% share of the total outstanding value. Corporate bond came second and Bank of Thailand came third with share at 26% and 24% respectively. The remainders were State Owned Enterprise (SOE) bond for 7% and foreign bond for 1% respectively. (see Figure 1)

Figure 1: Outstanding Value of Thai Bond Market



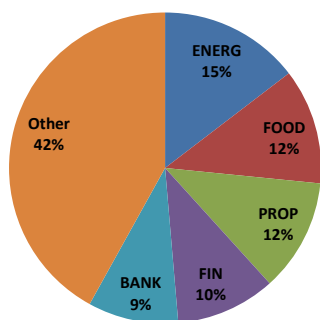
Classified by types of bonds, as aforementioned the outstanding value of government bond grew the most in 2020 particularly treasury bill (tenor equal or less than 1 year) by 1,363.19% from 2019, long-term government bond rose 12.98%. Meanwhile, the outstanding value of commercial paper declined 39.39%, following with the fall in foreign bond at 13.98%. (see Figure 2)

Figure 2: Outstanding Value Classified by Types of Bonds

Type	2019	2020	Growth(%)
Government Bond (Long-Term)	4,939,985	5,581,029	↑ 12.98%
Treasury Bill	30,000	438,958	↑ 1363.19%
State Owned Enterprise Bond	873,603	926,622	↑ 6.07%
Bank of Thailand Bond	3,717,748	3,365,405	↓ -9.48%
Long term Corporate Bond	3,584,540	3,569,330	↓ -0.42%
Commercial Paper	280,275	169,863	↓ -39.39%
Foreign Bond (Baht Bond)	95,098	81,807	↓ -13.98%
Total	13,521,250	14,133,014	4.52%

Classified by sector, the outstanding value of top 5 sectors of long term corporate bond contributed to 58% of the total. Those 5 sectors were energy sector, food sector, property sector, finance (non-bank) sector and bank sector. (see Figure 3)

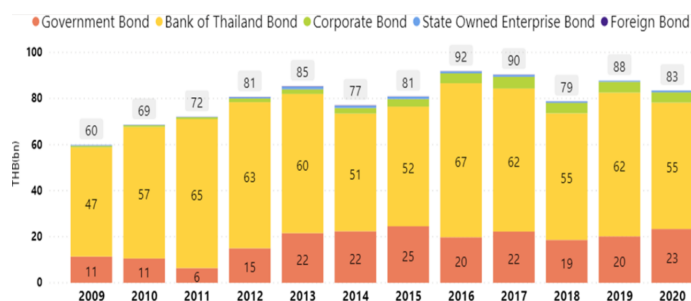
Figure 3: Long Term Corporate Bond Outstanding Value Classified by Sector



Trading Value – Average trading per day down 5.3%

The daily average trading value in Thai bond market was at THB 83 billion, down 5.3% from previous year at THB 88 billion due mainly to declining trading activities in Bank of Thailand (BoT) bond. Nonetheless, BoT bond remained the most traded security with an average daily turnover at THB 55 billion. Government bond ranked the second with average daily turnover at THB 23 billion, rising 16% from last year. Both bonds accounted for 94% of the total trading value. Corporate bond, meanwhile, ranked the third with average daily turnover at THB 4.4 billion. Compared to others, the average daily turnover of SOE and foreign bonds were minor at THB 791 million and THB 8 million respectively. (see Figure 4)

Figure 4: Average Daily Trading Value in Thai Bond Market



Although corporate bond's average daily trading activity remained small compared to the total value, the trend has been on the upside in recent years. However, for 2020 the average daily trading value dropped 6% compared to 2019 due to impact from COVID-19 outbreak. (see Figure 5).

Figure 5: Average Daily Trading Value of Corporate Bond

Type	2019	2020	Growth(%)
Government Bond	727,344	850,721	↑ 16.96%
Treasury Bills	40,000	558,958	↑ 1297.40%
State Owned Enterprise Bond	167,070	181,390	↑ 8.57%
Bank of Thailand Bond	7,625,757	7,196,556	↓ -5.63%
Long term Corporate Bond	1,076,642	683,559	↓ -36.51%
Commercial Paper	990,283	698,005	↓ -29.51%
Foreign Bond (Baht Bond)	12,060	1,600	↓ -86.73%
Total	10,639,156	10,170,789	-4.40%

Bond issuance – Overall long term corporate bond issuance declined 36% from last year, but ESG bond issuance reached new milestone

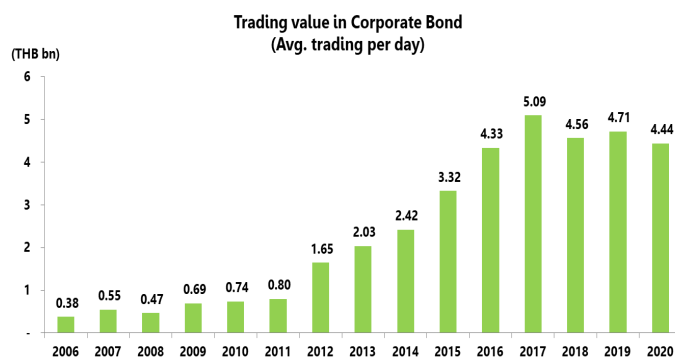
COVID-19 outbreak has derailed many corporate issuers to stay on the sideline for new bond issuance particularly during March to May when bond yields were highly fluctuated and the nationwide lockdown was implemented. The government remains the main and active issuer in Thai bond market due to funding needed for economic recovery projects.

In 2020, the corporate sector seemingly switched their funding sources from bonds to bank loan. The growth in corporate bank loan was observed in the second quarter of 2020 while outstanding value of corporate bonds declined during the same period. In the meantime, we have seen rising deposits in banking system as there was more asset allocation to cash and cash equivalents due to investors' cautious mode.

In April 2020, the Bank of Thailand has established the Corporate Bond Stabilization Fund (BSF) in order to stabilize the corporate bond market by providing bridge financing to investment grade firms with bonds maturing during 2020-2021. Although the facility has not been utilized so far, it has helped to restore investor confidence during the time of volatility.

The overall bond issuance in Thai bond market in 2020 was at THB 10.17 trillion, down 4.4% compared to last year. Long term corporate bond issuance fell 35.53% from end-2019, while the issuance from government in treasury bills and long term government bond grew 1,297.40% and 16.96% respectively (see Figure 6).

Figure 6: Bond Issuance

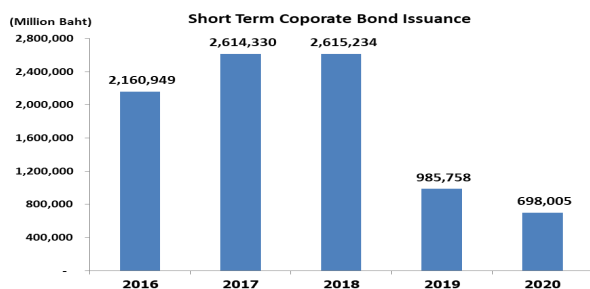


Corporate Bond Issuance

Short term corporate bond issuance

The issuance of short term corporate bond was at THB 698 billion, down 29% from last year. (see Figure 7)

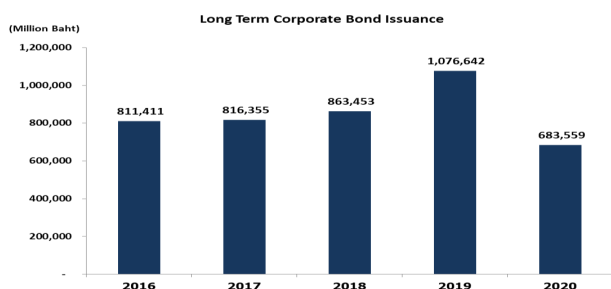
Figure 7: Short Term Corporate Bond Issuance



Long term corporate bond issuance

Competitive rates in bank loans and the delay in investment due to COVID-19 impact discouraged corporates to fund through bond issuance. Issuers from banking sector also scaled back bond issuance because of ample liquidity from increased bank deposit. As a result, long term corporate bond issuance in 2020 was at THB 683,559 million, falling 36.5% from end-2019. (see Figure 8)

Figure 8: Long Term Corporate Bond Issuance

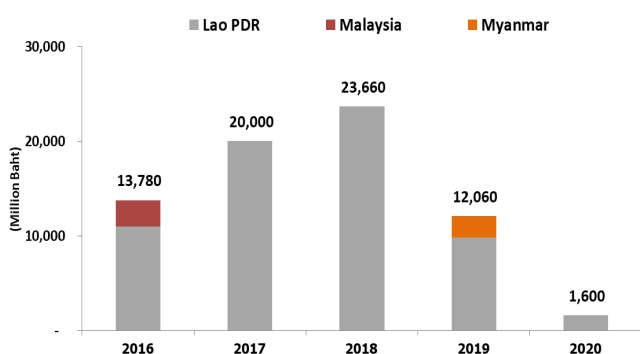


For group of high yield bond (credit rating below BBB- and Non-rated), the portion of secured bond issuance grew 57% in 2020 compared to 38% in 2019. Those secured bond were mainly secured by Land & Building and Guarantor.

Foreign bond issuance

This year there was no new comer in foreign bond issuer (baht bond), only one issuer which was Nam Ngum 2 Power Company Limited from Lao PDR. The company issued 3 bonds with total size at THB 1,600 million. (see Figure 9)

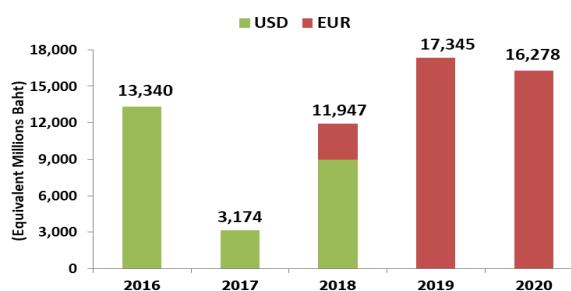
Figure 9: Foreign Bond Issuance



FX bond issuance

The total issuance of FX bond in 2020 was approximately THB 16,278 million, inching down 6% from last year. There were 4 issuers this year who were all commercial banks and issued in euro. (see Figure 10)

Figure 10: FX Bond Issuance



ESG bond issuance – Growth in ESG issuance hit fresh historical high with new issuers from both public and private sectors

COVID-19 outbreak is not all that bad as it helps raising people sustainability awareness, many governments and corporates around the world chose ESG bonds issuance as one of key funding tools in 2020, such as first sovereign green bond issuance in Germany, Sweden and Egypt, while corporates like Chanel, Burberry and Saudi Electricity had marked their first step in ESG bonds.

In Thailand, the year 2020 was the record year for ESG bond issuance as it rose nearly 3 times from THB 30 billion in 2019 to THB 86 billion, making an accumulated outstanding value reaching THB 130 billion at the end of 2020. It was the first time of Thai government to issue sustainability bond with total size of THB 50 billion (accumulated amount as of end-2020) with tenor 15 years for funding mass transportation project and COVID-19 relief package.

Meanwhile, SOE like Bank for Agriculture and Agricultural Cooperatives, and National Housing Authority issued their first green bond and social bond respectively in 2020. For private sector, although there was only green bond issuance from 4 issuers but 3 of them were new faces in green bond issuance. Those 3 issuers were PTT Public Company Limited, Global Power Synergy Public Company Limited and RATCH Group Public Company Limited. And the repeated green bond issuer was BTS Group Holdings Public Company Limited. (see Figure 11)

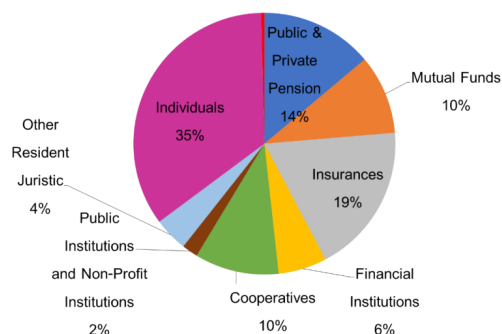
Figure 11: ESG Bond Issuers in 2020 (data as of end-2020)

	Theme	Entity	Issue Size
GOV	Sustainability	MOF	THB 50,000 mln.
SOE	Green	BAAC	THB 6,000 mln.
	Social	NHA	THB 6,800 mln.
CORP	Green	GPSC	THB 5,000 mln.
	Green	PTTC	THB 2,000 mln.
	Green	BTSG	THB 8,600 mln.
	Green	RATCH	THB 8,000 mln.
	Total		THB 86,400 mln.

Holders of Corporate Bond

The main holder of corporate bond was individuals, accounting for 35% of the total corporate bond outstanding. Insurances and Public & Private pension ranked the second and the third holder with share 19% and 14% respectively. (see Figure 14)

Figure 14: Holder of Corporate Bond

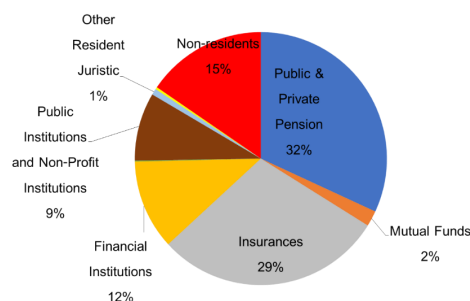


Composition of Bond Holders in 2020

Holders of Government Bond

The top holder of government bond was Public & Private pension at 32% of the total government bond outstanding. Insurances ranked the second with at 29%, while Non-residents remained one of significant government bond holders accounting for 15%. (see Figure 12)

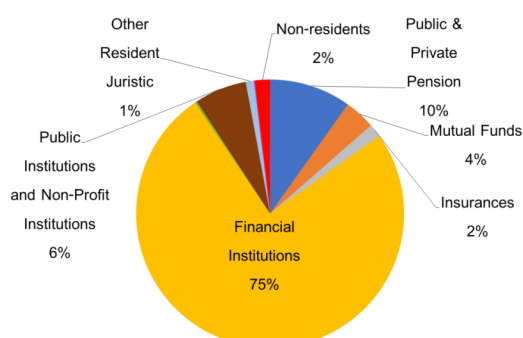
Figure 12: Holder of Government Bond



Holders of Bank of Thailand (BoT) Bond

The main holder of BoT bond was Financial institutions, accounting for 75% of the total BoT bond outstanding, followed by Public & Private pension at 10%. Non-residents held merely 2% of BoT bond. (see Figure 13)

Figure 13: Holder of Bank Of Thailand Bond



NR flows – A mixed bag of NR flows during the year to end 2020 with net sold THB 64,025 million

NR flows ended the year 2020 with net outflows at THB 64,025 million, recording the second consecutive year of outflow. The panic sell related to the mysterious COVID-19 outbreak early this year triggered global sell-off in securities and flocked to cash or cash-equivalent. Therefore, in the first half of the year there was a net outflow at THB 110,849 million from Thai bond market.

In the latter half of the year, although the coronavirus cases around the world were still on the rise, at home Thailand has been managing to combat the outbreak efficiently and effectively. In addition, the progress in vaccine and the announcements of monetary and fiscal policies were supportive of market sentiment. Market participants started to take more risk, but still with cautious approach. As a result, during 2H'2020, there was a net inflow of THB 46,824 million into Thai bond market.

From net outflow by the end of the year at THB 64,025 million, it could divide into net inflow for long term at THB 8,212 million. Short-term-wise, it consisted of net sold for outright trading for THB 37,631 million and expired bond for THB 34,606 million, resulting in totally THB 72,237 million of outflows.

NR investor holding of Thai bond declined from THB 916,816 million by end-2019 to THB 857,151 million at the end of 2020. Nonetheless, the Average Time to Maturity (ATM) of NR holding Thai bond prolonged to the longest level at 9.76 years in August before ended the year 2020 at 9.55 years, up from last year's end at 8.81 years.

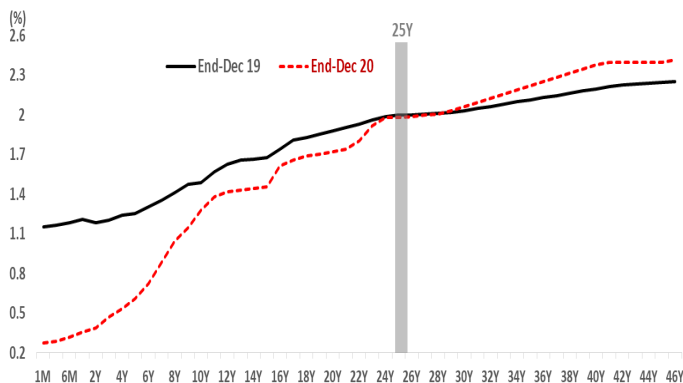
Yield Movements

At the very beginning of the year uncertainty over US-China trade was still the main market concern, driving yields of Thai government bond that considerably as a safe-haven asset lowered. Later then when there were reports of new infectious and fatal disease from COVID-19 market participants turned exceptionally cautious on investment and allocated their securities to cash or cash equivalent. Therefore there were sell-offs across the board of securities around the world in March, consequently Thai government bond yields jumped at the time.

In order to cushion the impact from economic slow-down, central banks around the worlds started to ease their monetary policies by policy rate cut and quantitative easing. Bank of Thailand's MPC also acted promptly to provide pre-emptive measures by reducing policy rates and preparing liquidity facilities for market (e.g. Mutual fund liquidity facility, Corporate bond stabilization fund and Soft loan). Throughout the year 2020, MPC reduced policy rate 3 times by 25 bps each time to stand historical low at 0.50%. Besides of monetary policy, the government launched a series of fiscal stimulus (e.g. COVID-19 package, Soft loan, Tax relief). As a result since April, Thai government bond yields retraced to the path with less volatile movement.

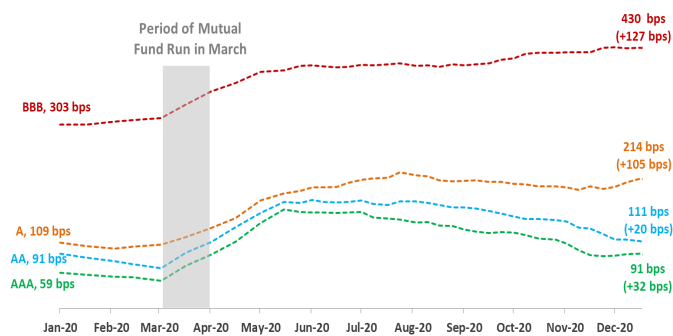
Compared to end-2019, Thai government bond yields in 2020 has been steepened with tenor less than 25-year fell 1-88 bps on the back of easing monetary policy, while yields with tenor over 25-year rose 1-18 bps from gradual economic recovery and inflation expectation in the period ahead. (see Figure 15)

Figure 15: Thai Government Bond Yield Curve between 2019 and 2020



For credit spread movement, we had seen the increase of credit spread starting in March due to concerns over COVID-19 and mutual fund run. The range of credit spread during that month for rating AAA to BBB was up 16-26 bps. Later then in the second half of the year, the movement of credit spread in rating AA and above tilted downward, but credit spread for rating A and below its movement was barely changed or still heading up slightly. By the end of the year, credit spread for rating AA and above rose 20-32 bps compare to the beginning of 2020, while credit spread for rating A and below rose 105-127 bps for the same period. (see Figure 16)

Figure 16: Credit Spread Movement of Rating from AAA to BBB in 2020



Summary

The COVID-19 has been the worst pandemic threatening humanity in the century undoubtedly, and also created volatility in global financial market extreme the same time it has been the catalyst or disruptor for digital transformation and raising awareness on sustainability. For Thai bond market, so far it has been resilient to recover and resume its trajectory shortly. Going forward despite unforeseeable ending of COVID-19 yet, lessons learned from this crisis will be the stepping stone for sustainable growth of Thai bond market.

AUDIT COMMITTEE REPORT

The Audit Committee of the Thai Bond Market Association ("the Association") consisted of 3 members of the Board of Directors as followed ; Dr. Somjin Sornpaisarn as Chairman, Mr. Sukkawat Prasurtying and Mr. Apichart Tungkiatsilp as member. Mr.Santiporn Wongpanchalert, Internal Auditor, served as the Committee Secretary.

The Audit Committee was appointed by and accountable to the Board of Directors. The Committee performed its duties as set forth in the Audit committee Charter.

The Committee met four times in 2020 and the issues discussed and reviewed in the meetings can be summarized as followed:

- ◆ Reviewed the annual financial statements for the year 2019 for the submission to the Board of Directors and the Annual General Meeting (AGM) ;
- ◆ Selected the external auditor for the year 2020 and considered the fee for the submission to the Board of Directors and the Annual General Meeting (AGM) ;
- ◆ Reviewed and approved in the 2021 internal audit plan, The Audit Committee also reviewed the audit results and provided recommendations for more efficient operations and proper control system ;
- ◆ The Audit Committee also followed up the progress and results of the risk management activities and provided recommendations for effective risk management procedure.

Based on information provided by the management, the Committee is confident that the Association's internal control and risk management are adequate and proper.

The Committee has exercised independent discretion and expressed its opinions in the best Interest of the Association.

The Committee also provided necessary advice and recommendations so that the Association followed good corporate governance practices. This will certainly lay a strong foundation for the Association to achieve stable and sustainable growth and earn recognition and trust from members and stakeholders, in line with the spirit of the SRO, as well as the Information Center of the Thai bond market.

(Dr. Somjin Sornpaisarn)

Chairman of the Audit Committee

March 10, 2021

Good Corporate Governance

ThaiBMA realizes the importance of adherence to the good corporate governance principles. It is fully confident that good corporate governance is an essential factor that promotes the efficiency and effectiveness of the Association's operations in achieving its goals and missions, solid foundation of ThaiBMA has been laid to attain sustainable growth by pursuing its operations with ethical standards and complying with relevant laws and regulations. ThaiBMA believes that good corporate governance will further enhance the creditability and trustworthiness of the Association among stakeholders.

Corporate Governance Policy

Board of Directors of the ThaiBMA has set forth good corporate governance policy which corresponds with the vision and mission of the Association. The policy covers principles of corporate governance including the Structure and Responsibilities of the Board of Directors, the Roles and Responsibilities of the ThaiBMA, Risk Management and Internal Control, Relationships with Stakeholders, Business Ethics, and Prevention of Conflicts of Interest.

ThaiBMA has publicly disclosed the corporate governance principles to its stakeholders. The principle has also been communicated to all directors, executives and staffs to ensure understanding and compliance. Proper overseeing and monitoring activities have been undertaken to ensure compliance with the policy. The policy has been reviewed and amended from time to time in order to keep pace with the trend of development in this area.

Board of Directors and Committees

1. Board of Directors of the ThaiBMA

According to the ThaiBMA's Articles of Association, the structure and composition of the Board of Directors are as follows:

(1) Structure of the Board of Directors

The Board of Directors shall comprise a maximum of 11 members, one of whom is the Managing Director who is a director by position and the other directors are elected by the ordinary and extra-ordinary members of the ThaiBMA. The directors nominated and voted by the members represent the members and the stakeholders in the Thai bond market in conformation with the role of the ThaiBMA as an SRO. At least three of the eleven members of the Board of directors must be independent directors who are not executive directors, president, persons who have authorities in the management, staff, employees or major stakeholders of the ordinary and extra-ordinary members : The independent directors shall hold office for the term of 3 years.

(2) Roles and Responsibilities of the Board of Directors

Board of Directors has the responsibilities to establish policies and strategies of the ThaiBMA in accordance with the Association's objectives, Articles of Association, and the resolution of the General Meeting of Members; to supervise the President and executives of the Association to ensure compliance with the Board of Directors' policy guidelines; to determine and approve the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; to consider the acceptance or revocation of membership; to consider the punishment of members or related persons who violate the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; and to consider the appointments of committees and advisors of the Association.

(3) Board Meetings and Meeting Quorum

ThaiBMA officially arranges the Board meetings once a month which are prescheduled throughout the year. An extra-ordinary meeting may be held occasionally if it is deemed appropriate. To ensure that proper consideration be to the issues in the agenda, ThaiBMA is required to send a meeting notices, agenda, and related documents to each Board member at least 7 days prior to the meeting in order to allow sufficient time for each director to study the matters prior to the meeting. In case of emergency, related documents may be sent less than 7

Board of Directors

No.	Name	Position	Term of office	Meeting Attended
1.	Mr. Sommai Phasee ⁽¹⁾	Chairman of the Board and Independent Director	May 20 – Apr 23	8/8
2.	Dr. Somjin Sornpaisarn	Vice Chairman of the Board and Independent Director	May 18 – Apr 21	11/12
3.	Mrs. Pattera Dilokrunghthirapop ⁽²⁾	Vice Chairman of the Board and Director	May 20 – Apr 23	10/12
4.	Mr. Narin Opamuratawongse	Director	May 18 – Apr 21	11/12
5.	Mr. Sukkawat Prasurtying ⁽³⁾	Independent Director	May 19 – Apr 22	12/12
6.	Mr. Apichart Tungkiatsilp ⁽²⁾	Director	May 20 – Apr 23	12/12
7.	Mr. Pisal Kattiyothaivong	Director	May 18 – Apr 21	12/12
8.	Mr. Thitawat Asaves	Director	May 19 – Apr 22	12/12
9.	Mr. Rawin Boonyanusasna	Director	May 19 – Apr 22	9/12
10.	Dr. Bhume Bhumiratana ⁽³⁾	Independent Director	May 20 – Apr 23	5/7
11.	Mr. Tada Phutthitada	President and Director	17 May 18 – 16 May 22	12/12
12.	Ms. Daranee Saeju ⁽⁴⁾	Advisor to the Board	Oct 20 – May 21	2/3
13.	Ms. Chanunporn Phisitvanich ⁽⁵⁾	Advisor to the Board	June 20 – May 21	7/7
Retired Director				
1.	Mr. Singha Nikornpun	Chairman of the Board and Independent Director	May 17 – Apr 20	3/4
Retired Advisors				
1.	Dr. Chayawadee Chai-Anant	Advisor to the Board	June 20 – Sep 20	8/9
2.	Ms. Patricia Mongkhonvanit	Advisor to the Board	Oct 20 – May 20	2/5

Remarks :

- (1) Mr. Sommai Phasee was elected as the new independent director to replace Mr. Singha Nikornpun who completed his term by the Ordinary General Meeting of Members on 23 April 2020.
- (2) Ms. Pattera Dilokrunghthirapop and Mr. Apichart Tungkiatsilp completed their term of office and was re-elected by the Ordinary General Meeting of Members on 23 April 2020.
- (3) Dr. Bhume Bhumiratana completed his term of office and was re-elected by the Ordinary General Meeting of Members on 23 April 2020.
- (4) Ms. Daranee Saeju was appointed an advisor to replace Dr. Chayawadee Chai-Anant who retired from advisorship.
- (5) Ms. Chanunporn Phisitvanich was appointed an advisor to replace Ms. Patricia Mongkhonvanit who retired from advisorship.

2. The Audit Committee

ThaiBMA strictly adheres to good corporate governance practices and has accordingly appointed an Audit Committee to monitor and supervise the operations of the Management to ensure that the Association is operated in accordance with rules and code of ethics under an efficient and effective internal control system. The Audit Committee shall consist of at least 2 independent directors and shall be in office for the same term as director.

(1) Roles, Duties and Responsibilities

The Audit Committee has the tasks and responsibilities to review financial statements of the Association to ascertain that the statements are accurate and disclose sufficient information; to review the Association's operation to ensure that there are appropriate internal control and audit systems ; to request information, comments and explanations from the Association's executives, external auditors, and related persons as well as performing any other tasks as assigned by The Board of Directors.

The Audit Committee shall prepare the Audit Committee's report containing opinions about the accuracy, completeness, and reliability of the annual financial statements; the adequacy of internal control system; the appointment of external auditor; the compliance with related laws and regulations; as well as the opinion pertaining to any reports that should be disclosed to the members under the scope of responsibilities assigned by the Board of Directors.

(2) Meeting of the Audit Committee

For the Audit Committee's meeting, the agenda is set in advance and related documents are circulated to members of the Audit Committee and other participants at least 7 days in advance to allow sufficient time to study the matters or request. The Audit Committee's meetings are normally held at least 4 times in each calendar year. The Chairman of Audit Committee may call a special meeting upon request of the members of the committee, the external auditors, or the Chairman of Board of Directors to jointly consider essential matters.

Members of Audit Committee

No.	Name	Position	Term of office	Meeting Attended
1.	Dr. Somjin Sornpaisarn	Chairman	June 19 – May 22	4/4
2.	Mr. Apichart Tungkiatsilp	Committee	June 19 – May 22	4/4
3.	Mr. Sukkawat Prasurtying	Committee	June 19 – May 22	4/4

Subcommittees



Pursuant to the Article Association, Board of Directors is required to appoint five subcommittees; i.e. Market Practice Subcommittee, Market Regulation Subcommittees, Market Information Subcommittee, Disciplinary Subcommittee and Appeal Subcommittee. The composition and scope of each subcommittee will be provided in the following sections. In addition to such five subcommittees, the Board of Directors has also appointed Investment Subcommittee and Nomination and Remuneration Subcommittee.

Investment Subcommittee

Scope and Responsibilities : To determine a policy, to provide recommendation on guideline of investment management for the Association, to evaluate the performance of private fund manager for the Association, and to consider the modification of rules and regulations relating to investment of the Association.

Members of Investment Subcommittee				
No	Name	Position	Term of office	Meeting Attended
1.	Mr. Narin Opamuratawongse	Chairperson	June 19 – May 22	2/3
2.	Mr. Thitawat Asaves	Committee	June 19 – May 22	3/3
3.	Mr. Rawin Boonyanusasna	Committee	June 19 – May 22	3/3
4.	Mr. Tada Phutthitada	Committee	June 19 – May 22	3/3

The Nominating and Remuneration Subcommittee

Scope and Responsibilities: To consider and provide recommendations on the compensation policy and the remuneration for the Board of Directors, the Managing Director and the Senior Executive Vice President. This includes advices on human resources management policy of the Association.

Members of Nomination and Remuneration Subcommittee				
No.	Name	Position	Term of office	Meeting Attended
1.	Mrs. Pattera Dilokrunghthirapop	Chairperson	June 19 – May 22	2/2
2.	Mr. Apichat Tungkiatsilp	Committee	June 19 – May 22	2/2
3.	Mr. Pisal Kattiyothaivong	Committee	June 19 – May 22	2/2

Selection and Remunerations of the Committee and Subcommittees

The selection and screening of members of the Board of Directors and top management as well as the selection and appointment of members of the Subcommittees and the President of the ThaiBMA shall be in accordance with the resolution of the Board of Directors. In addition, the Board of Directors has the tasks to review the remuneration structure of top management as well as to consider and provide recommendations or opinions pertaining to the policy regarding remunerations and other benefits of the Association. The remunerations for members of the Board of Directors, the Audit Committee and Subcommittees are as follows:

The remunerations for members of Board of Directors, the Audit Committee and Committees are as follows:

(1) Remunerations for Board of Directors

The remuneration of the Board of Directors is in accordance with the resolutions of the Annual General Meeting of the members. The monthly remuneration for the Chairperson of the Board and each member of the Board are set at Baht 50,000 and Baht 10,000 respectively. In addition, both the Chairperson of the Board and each member of the Board are entitled to Baht 10,000 per each attendance.

(2) Remunerations for the Audit Committee

According to the resolution of the Board of Directors, the Audit Committee shall be remunerated for attendance at each meeting. The Chairperson of the Audit Committee is entitled to Baht 12,000 per attendance and each member of the Audit Committee is entitled to Baht 8,000 per attendance.

(3) Remunerations for the Nomination and Remunerations Subcommittee and the Investment Subcommittee

According to the resolution of the Board of Directors, the Chairperson of the Nomination and Subcommittee is entitled to Baht 12,000 and Baht 8,000 respectively per each attendance.

(4) Remunerations for other Subcommittees

Other subcommittees of the Association are Market Practice Subcommittee, Market Regulation Subcommittee, Market Information Subcommittee, Disciplinary Subcommittee, and Appeal Subcommittee. The Board of Directors has resolved to pay the remunerations to each member of each Subcommittee in the form of meeting fee. The Chairperson of each Subcommittee is entitled to a fee of Baht 4,000 per meeting whereas each member of each committee is entitled to a fee of Baht 3,000 per attendance.

Relationship with Stakeholders

The Board of Directors of The ThaiBMA realizes importance of relationships with stakeholders and places emphasis on the rights of all stakeholders based on fair and equal treatment as follows:

(1) Regulatory bodies and supporting government agencies

ThaiBMA acts in compliance with relevant laws and regulations promulgated by the regulators, and is ready for inspection at every process of its operations. The Association gives due regard to administration with integrity, transparency, and efficiency in order to attain the mandated mission; facilitating the nation's economic development; and preventing any possible conflicts of interest.

(2) Members

Members of ThaiBMA are supervised and equally treated on a fair basis. Besides, the arbitration process is arranged to settle any disputes which may arise as a result of trading activities between members and their counterparties to ascertain that the disputes are resolved with fairness.

(3) Bond Issuers

The ThaiBMA promotes fund mobilization through issuance of debt instruments which is deemed as an alternative for lower cost of financing. Fund raising via bond issuance will enable issuers to manage their financial positions more efficiently. In this regards, ThaiBMA regularly and consistently organizes seminars and trainings for prospective issuers to enhance their understanding about the method and process of bond issuance as well as related rules and regulations

(4) Information users

The ThaiBMA realizes the importance of those who use data and information for analysis and supporting investment decision making. Accordingly, the Association has consistently developed and upgraded the efficiency in rendering information services in terms of format, content quality and dissemination channels. ThaiBMA's website which serves as the main channel for information dissemination has been well recognized by international circles and cited as the most comprehensive website for domestic bond information.

(5) Employees

The ThaiBMA places emphasis on the quality of life of its employees and is committed to create a favorable and pleasant working environment in order to maintain high quality staffs with the organization. Moreover, the Association provides its employees with strong supports and opportunities for knowledge and skills development to ensure their maximum work efficiency.

(6) The Society

The Association bears in mind its role and responsibility to the society, hence contributing to charitable activities. In particular, it acts as a major organization in disseminating information and knowledge related to the Thai bond market.

ThaiBMA also puts emphasis on educational activities to promote knowledge and pays due regard to information disclosure to ensure that all stakeholders, including its members, investors, non-member securities companies, students and academics, as well as the general public are provided with accurate, sufficient, and timely information. The efforts of ThaiBMA in this regard are as follows:

- Providing Bond Market Information via websites www.thaibma.or.th and ThaiBMA Facebook
- Collecting voices of stakeholders via meetings, market dialogue, and stakeholder visit
- Organizing annual “Best Bond Awards” ceremony to promote development of the Thai bond markets on various aspects as well as to enhance quality and professionalism of institutions involving in market transactions which is essential for the consistent and vigorous development of domestic bond market

Risk Management and Internal Control

The Association recognizes the importance of risk management and internal control systems, thus establishing the Association’s risk management policy and framework which is in accordance with international enterprise risk management (ERM) principles. The association has also implemented the risk management structure within the organization by setting up a Risk Management Working Group. Operational systems and internal management processes of the Association have been developed to ensure that the risk management process is implemented efficiently and covers all key risk factors.

With regard to internal control, annual internal audit, covering all main departments, is under taken and the internal audit report after such audit is submitted to the audit committee for consideration. This procedure helps ascertaining that there are efficient operations and sufficient internal control systems.

In addition, not only does the Association issue policies and regulations relating to internal control such as Chinese wall policy in order to prevent confidential information leakage and misuse, but it also places great emphasis on a security of information technology system, bond information database, and backup data as well as a security of computer system to ensure the efficiency and accuracy of data processing. Information technology policy and guideline are drafted and implemented in accordance with the rules and regulation applicable to the Association. Works process has been established for employees and those who work for the Association to verify the identity of the persons accessing and using the information.

The Association also establishes Disaster Recovery Plan and Alternate Site in case of emergency, including Business Continuity Plan to ascertain that the operation systems especially in the part of services for the third party can be continued without interruption.

Business Ethics

ThaiBMA is fully confident that the adoption of code of conduct and business ethics is fundamental factor for the promotion and upgrading of good corporate governance. Board of Directors has approved the Association’s code of conduct which sets out the operational guidelines for directors, executives and staffs in carrying out their duties based on good corporate governance principles.

Printed format of the code of conduct is distributed to each of the directors, executives and employees. Every employee is required to acknowledge the code of conduct and shall be committed to comply with the rules prescribed in the code, where the framework for the ThaiBMA’s standard of practice is prescribed. The Association also assigns a responsible person to continually monitor results of operations and update the code of conduct from time to time.



Conflicts of Interest Prevention

The Association realizes the importance of avoiding any potential bias or event that would lead to a conflict of interests. The policy of conflict of interest prevention is clearly stated in the code of conduct such that the directors, executives and employees are forbidden from entering into any transactions that might lead to conflict of interests with the Association. In case there is a conflict of interest, due regard should be paid to the benefit of the Association and the conflict must be disclosed to the Board of Directors, the President or the superior of that person (as the case may be) and immediately reported to the Department of Regulations and Compliance.

In addition, ThaiBMA has issued a number of notifications and regulations in an attempt to prevent conflict of interest; for instance, ThaiBMA’s Notification re: investment in or holding of securities by its executives and staffs, re: maintaining confidential and internal information, and ThaiBMA’s Regulation on guidelines for secondment and transfer of employees between departments, etc.

Directory of Members



No.	Companies	บริษัท
	Ordinary Member	สมาชิกสามัญ
1	AEC Securities Public Company Limited	บริษัทหลักทรัพย์ เออีซี จำกัด (มหาชน)
2	AIRA Securities Public Company Limited	บริษัทหลักทรัพย์ ไอรา จำกัด (มหาชน)
3	ANZ Bank (Thai) Public Company Limited	ธนาคารเอเอ็นแซด (ไทย) จำกัด (มหาชน)
4	KINGSFORD Securities Public Company Limited	บริษัทหลักทรัพย์ คิงส์ฟอร์ด จำกัด (มหาชน)
5	Asia Plus Securities Company Limited	บริษัทหลักทรัพย์ เอเชีย พลัส จำกัด
6	Bangkok Bank Public Company Limited	ธนาคารกรุงเทพ จำกัด (มหาชน)
7	Bank of America National Association	ธนาคารแห่งอเมริกาเนชั่นแนลแอสโซซิเอชั่น
8	Bank of Ayudhya Public Company Limited	ธนาคารกรุงศรีอยุธยา จำกัด (มหาชน)
9	BNP Paribas, Bangkok Branch	ธนาคารบีเอ็นพี พารีบาส์
10	Bualuang Securities Public Company Limited	บริษัทหลักทรัพย์ บัวหลวง จำกัด (มหาชน)
11	Capital Nomura Securities Public Company Limited	บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน)
12	CGS-CIMB Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ ซีจีเอส-ซีไอเอ็มบี (ประเทศไทย) จำกัด
13	CIMB Thai Public Company Limited	ธนาคารซีไอเอ็มบีไทย จำกัด (มหาชน)
14	Citibank, N.A.	ธนาคารซิตีแบงก์ เอ็น.เอ.
15	Citicorp Securities (Thailand) Limited	บริษัทหลักทรัพย์ ซิตีคอร์ป (ประเทศไทย) จำกัด
16	Country Group Securities Public Company Limited	บริษัทหลักทรัพย์ คันทรี กรุ๊ป จำกัด (มหาชน)
17	DBS Vickers Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ ดีบีเอส วิคเคอร์ส (ประเทศไทย) จำกัด
18	Deutsche Bank AG	ธนาคารดอยช์แบงก์
19	Finansa Securities Limited	บริษัทหลักทรัพย์ ฟินันซ่า จำกัด
20	Finansia Syrus Securities Public Company Limited	บริษัทหลักทรัพย์ ฟินันเซีย ไชรัส จำกัด (มหาชน)
21	Globlex Securities Company Limited	บริษัทหลักทรัพย์ โกลเบล็ก จำกัด
22	Government Savings Bank	ธนาคารออมสิน
23	IV Global Securities Public Company Limited	บริษัทหลักทรัพย์ ไอ วี โกลบอล จำกัด (มหาชน)
24	JPMorgan Chase Bank, N.A.	ธนาคาร เจพี มอร์แกน เชส
25	JPMorgan Securities (Thailand) Limited	บริษัทหลักทรัพย์ เจ.พี.มอร์แกน (ประเทศไทย) จำกัด
26	Kasikorn Bank Public Company Limited	บริษัท ธนาคาร กสิกรไทย จำกัด (มหาชน)
27	Kasikorn Securities Public Company Limited	บริษัทหลักทรัพย์ กสิกรไทย จำกัด (มหาชน)
28	KGI Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)
29	Kiatnakin Phatra Bank Public Company Limited	ธนาคาร เกียรตินาคินภัทร จำกัด (มหาชน)
30	Kiatnakin Phatra Securities Public Company Limited	บริษัทหลักทรัพย์ เกียรตินาคินภัทร จำกัด (มหาชน)

Directory of Members



No.	Companies	บริษัท
	Ordinary Member	สมาชิกสามัญ
31	Krung Thai Bank Public Company Limited	ธนาคาร กรุงไทย จำกัด (มหาชน)
32	Krungthai Zmico Securities Company Limited	บริษัทหลักทรัพย์ กรุงไทย ซีมีโก้ จำกัด
33	Krungsri Securities Public Company Limited	บริษัทหลักทรัพย์ กรุงศรี จำกัด (มหาชน)
34	KTB Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ เคทีบี (ประเทศไทย) จำกัด
35	Maybank Kim Eng Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ เมย์แบงก์ กิมเอ็ง (ประเทศไทย) จำกัด (มหาชน)
36	Merill Lynch Securities (Thailand) Limited	บริษัทหลักทรัพย์ เมอร์ริล ลินช์ (ประเทศไทย) จำกัด
37	RHB Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ อาร์เอชบี (ประเทศไทย) จำกัด (มหาชน)
38	SCB Securities Company Limited	บริษัทหลักทรัพย์ ไทยพาณิชย์ จำกัด
39	Siam Commercial Bank Public Company Limited	ธนาคาร ไทยพาณิชย์ จำกัด (มหาชน)
40	Standard Chartered Bank (Thai) Public Company Limited	ธนาคาร สแตนดาร์ดชาร์เตอร์ด (ไทย) จำกัด (มหาชน)
41	Thanachart Bank Public Company Limited	ธนาคาร ธนชาติ จำกัด (มหาชน)
42	The Hongkong and Shanghai Banking Corporation Limited	ธนาคาร ฮงกงและเซี่ยงไฮ้แบงกิงคอร์ปอเรชั่น จำกัด
43	TISCO Bank Public Company Limited	ธนาคาร ทีสโก้ จำกัด (มหาชน)
44	TMB Bank Public Company Limited	ธนาคาร ทหารไทย จำกัด (มหาชน)
45	Trinity Securities Company Limited	บริษัทหลักทรัพย์ ตรีเน็ต จำกัด
46	UBS Securities (Thailand) Limited	บริษัทหลักทรัพย์ ยูบีเอส (ประเทศไทย) จำกัด
47	United Overseas Bank (Thai) Public Company Limited	ธนาคาร ยูโอบี จำกัด (มหาชน)
48	UOB Kay Hian Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ ยูโอบี เคย์เฮียน (ประเทศไทย) จำกัด (มหาชน)
49	Yuanta Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ หยวนต้า (ประเทศไทย) จำกัด
	Extraordinary Member	สมาชิกวิสามัญ
50	AFS Securities (Thailand) Limited	บริษัทหลักทรัพย์ เอเอฟเอส (ประเทศไทย) จำกัด
51	Elite Securities Company Limited	บริษัทหลักทรัพย์ อีลิท จำกัด
52	ICAP Securities Company Limited	บริษัทหลักทรัพย์ ไอซีเอพี จำกัด
53	Wall Street Tullett Prebon Securities Limited	บริษัทหลักทรัพย์ วอลล์สตรีท ทัลเลทท์ พร็อบอนน์ จำกัด
	Associate Member	สมาชิกสมทบ
54	Land and Houses Securities Public Company Limited	บริษัทหลักทรัพย์ แลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน)
55	Phillip Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ ฟิลลิป (ประเทศไทย) จำกัด (มหาชน)

THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

REPORT OF THE AUDITOR

To The Board of Directors and Members of
The Thai Bond Market Association

Opinion

I have audited the financial statements of The Thai Bond Market Association, (Association) which comprise the statement of financial position as at December 31, 2020, and the statement of income and expenditure, statement of changes in capital fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Association in accordance with the Federation of Professional Accounting of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Association ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Association financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain 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 Association's internal control.

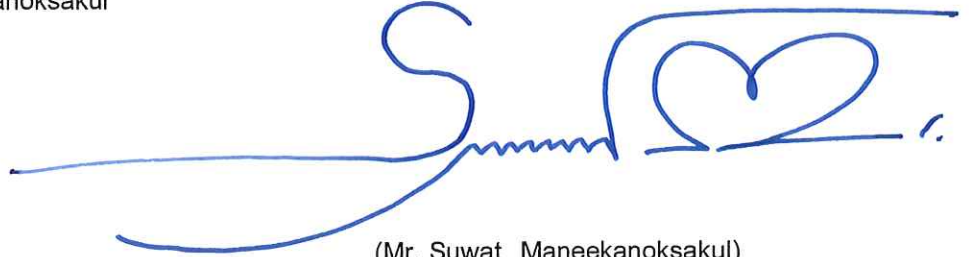
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude 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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Association to cease to continue as a going concern.

- Evaluate 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.

I communicate 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 that I identify during my audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Suwat Maneekanoksakul



(Mr. Suwat Maneekanoksakul)

Certified Public Accountant

Registration No. 8134

Dharmniti Auditing Company Limited

Bangkok, Thailand

March 18, 2021

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	Baht	
		2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	3	15,931,249.74	19,429,558.86
Current investments	4	58,054,458.21	32,919,111.02
Account receivable		533,560.33	41,889.69
Other current assets		1,280,781.84	976,907.32
Total Current Assets		75,800,050.12	53,367,466.89
Non-current assets			
Long-term investment	5	914,723,410.07	919,461,350.09
Equipment	6	16,726,075.49	14,664,706.80
Intangible assets	7	1,613,224.35	2,479,432.19
Other non-current assets	8	2,488,650.72	2,511,076.88
Total Non-Current Assets		935,551,360.63	939,116,565.96
TOTAL ASSETS		1,011,351,410.75	992,484,032.85

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION (Cont.)
AS AT DECEMBER 31, 2020

LIABILITIES AND CAPITAL FUND

	Note	Baht	
		2020	2019
Current liabilities			
Other payable	9	5,715,572.15	21,884,087.49
Deferred income	10	37,379,074.05	31,926,499.36
Current portion of deferred annual fee of registered debt securities	11	37,843,827.84	39,357,105.74
Other current liabilities	12	5,892,143.70	5,632,363.73
Total Current Liabilities		<u>86,830,617.74</u>	<u>98,800,056.32</u>
Non-current liabilities			
Deferred annual fee of registered debt securities	11	64,718,405.77	70,362,012.21
Provisions for employee benefit	13	19,288,073.15	17,451,444.52
Demolition provisions		3,533,473.67	3,464,203.31
Total Non-Current Liabilities		<u>87,539,952.59</u>	<u>91,277,660.04</u>
TOTAL LIABILITIES		<u>174,370,570.33</u>	<u>190,077,716.36</u>
Capital fund			
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members		32,530,000.00	32,530,000.00
Accumulated fund		619,025,824.87	584,346,531.20
Other components of capital fund		(104,769.74)	-
TOTAL CAPITAL FUND		<u>836,980,840.42</u>	<u>802,406,316.49</u>
TOTAL LIABILITIES AND CAPITAL FUND		<u>1,011,351,410.75</u>	<u>992,484,032.85</u>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Baht	
		2020	2019
INCOME			
Membership annual fees		7,594,872.60	7,095,672.20
Admission fees for registered debt instruments		51,613,565.78	69,637,217.17
Annual fees for registered debt instruments		48,027,168.63	50,414,776.75
Service fees for data provision		51,438,943.30	48,325,062.03
Training fees and book support		2,057,060.00	4,548,705.00
Examination fees, training fees and registration fees for registered traders		728,480.00	2,012,240.00
Earnings from investment in Unit trust	4	335,322.52	710,557.96
Gain on sales from investment in securities	5	8,147,409.82	58,496,956.03
Unrealized gain on securities valuation	5	7,219,419.90	36,243,110.58
Interest income		52,227.01	444,932.27
Other income		428,609.56	193,571.42
Total income		<u>177,643,079.12</u>	<u>278,122,801.41</u>
EXPENDITURE			
Data system expenses		3,465,506.14	2,751,408.09
Staff costs		109,378,415.35	114,899,297.76
Business development expenses		7,317,415.87	15,394,748.50
Administrative expenses		14,148,186.44	15,192,869.04
Depreciation equipment		7,143,253.00	7,094,312.41
Amortization of computer software		886,207.84	17,831,459.73
Finance costs		624,800.81	1,216,751.39
Total expenditure		<u>142,963,785.45</u>	<u>174,380,846.92</u>
Income over (under) expenditure for the year		<u>34,679,293.67</u>	<u>103,741,954.49</u>

Notes to the financial statements form an integral part of these statements.

**THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Baht				
		Donated fund	Initial capital fund	Accumulated	Other components	Total
Note		from members	Fund			
Balance as at December 31, 2018						
	As previously reported	185,529,785.29	31,330,000.00	480,604,576.71	-	697,464,362.00
	Initial capital fund from associate member	-	1,200,000.00	-	-	1,200,000.00
	Income over (under) expenditure					
	for the year 2019	-	-	103,741,954.49	-	103,741,954.49
Balance as at December 31, 2019						
	Initial capital fund from associate member	-	-	-	-	-
	Unrealized gain (loss)	-	-	-	(104,769.74)	(104,769.74)
	Income over (under) expenditure					
	for the year 2020	-	-	34,679,293.67	-	34,679,293.67
Balance as at December 31, 2020						
		<u>185,529,785.29</u>	<u>32,530,000.00</u>	<u>619,025,824.87</u>	<u>(104,769.74)</u>	<u>836,980,840.42</u>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht	
	2020	2019
<u>Cash flows from operating activities :</u>		
Income over(under) expenditure for the year	34,679,293.67	103,741,954.49
Adjustment for :		
Depreciation equipment	7,143,253.00	7,094,312.41
Amortization of computer software	886,207.84	917,135.92
Loss on write-off of assets	-	2,675.57
Loss on disposal of assets	-	158,001.00
Expenses (income) for employee benefits	1,859,747.79	4,665,193.59
Earnings from investment in mutual fund	(335,322.52)	(710,557.96)
(Gain) loss on sales from investment in securities	(8,147,409.82)	(58,496,956.03)
Unrealized (gain) loss on securities valuation	(7,219,419.90)	(36,243,110.58)
Interest income	(52,227.01)	(444,932.27)
Finance cost	624,800.81	1,216,751.38
Net profit from operating assets and liabilities	29,438,923.86	21,900,467.52
Account receivable	(491,670.64)	65,110.31
Current assets	(482,945.01)	(137,866.84)
Other non-current assets	22,426.16	(213,533.84)
Other payable	(16,168,515.34)	19,651,610.98
Deferred income	5,452,574.69	9,375,454.56
Deferred annual fees of registered debt securities	(7,156,884.34)	8,756,791.06
Other current liabilities	259,779.97	(205,412.84)
Cash provided by (used in) operating activities	10,873,689.35	59,192,620.91
Employee benefits paid	(578,649.61)	-
Net cash provided by (used in) operating activities	10,295,039.74	59,192,620.91

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht	
	2020	2019
<u>Cash flows from investing activities :</u>		
Purchases of mutual investments	(73,800,000.00)	(20,500,000.00)
Purchases of long-term investment	(10,000,000.00)	(70,000,000.00)
Cash received from sales of mutual investments	49,000,000.00	42,500,000.00
Cash received from sales of long-term investment	30,000,000.00	-
(Increase) decrease in fixed deposits	(24.67)	(37.96)
Proceeds from sale of fixed assets	-	486,000.00
Purchases of equipment	(9,204,621.69)	(3,852,980.76)
Purchases of intangible assets	(20,000.00)	(930,942.00)
Interest received	231,297.50	444,932.24
Net cash provided by (used in) investing activities	<u>(13,793,348.86)</u>	<u>(51,853,028.48)</u>
<u>Cash flows from financing activities :</u>		
Initial capital fund from member	-	1,200,000.00
Net cash provided by (used in) financing activities	<u>-</u>	<u>1,200,000.00</u>
Increase (decrease) in cash and cash equivalents, net	(3,498,309.12)	8,539,592.43
Cash and cash equivalents, beginning balance	<u>19,429,558.86</u>	<u>10,889,966.43</u>
Cash and cash equivalents, ending balance	<u><u>15,931,249.74</u></u>	<u><u>19,429,558.86</u></u>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. GENERAL INFORMATION

(A) Legal status and address

The Thai Bond Market Association was established as a juristic entity on September 8, 2005, and granted the license by the SEC, registration number 4/2548, according to Articles 231 and 232 of the Securities and Exchange Commission Act B.E. (2535).

The address of its registered office is its 900 Tomson Tower Building, 10st Floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok.

(B) Nature of the Operation

The Thai Bond Market Association was established following the resolution of the committee in charge of the infrastructure of the bond market under the Domestic Bond Market Development Steering Committee, Ministry of Finance, as a securities business related association under Article 230 of the Securities and Exchange Commission Act B.E. 2535. The main functions of the Association are to serve as a Self-Regulatory Organization (SRO) and to be an information center for the Thai bond market. It also plays functional roles on bond market development.

Objectives of the Association are as follows :

- (1) To be center of information on the debt securities market and to provide services related to such information;
- (2) To promote and develop debt securities market and businesses;
- (3) To promote, develop and prescribe standard of practices for debt securities businesses;
- (4) To supervise Members to ensure compliance with the rules, regulations, ethics, code of conducts and standard of practices in the debt securities market;
- (5) To promote and foster the research and education regarding debt securities including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt securities market to the public;
- (6) To promote the relationship and cooperation among Members;
- (7) To provide forum for resolution of dispute arising from debt securities dealing business between a Member and another Member or a third party;
- (8) To carry out any other activities or work for public benefits with on aim to achieve the Association's foregoing objectives, which are all non-political related.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

(C) Data of membership

As at December 31, 2020 and 2019 membership of the Association consists of:

Type of member	Number of members	
	2020	2019
Ordinary Member	49	49
Extraordinary Member	4	4
Associate Member	2	2
Total	<u>55</u>	<u>55</u>

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards as required by the Accounting Profession Act B.E.2547 in compliance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, regarding the financial statement's presentation for association, issued under the Accounting Act B.E.2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Association. The financial statements in English language have been translated from the financial statements in the Thai language version.

In addition, the Association has applied some of Thai Financial Reporting Standards for Publicly Accountable Entities in the preparation of these financial statements as follows:

TAS 7 Statement of Cash Flows

2.2 Recognition of initial capital fund

Revenue from the membership admission fees is recognized in full as initial capital fund upon membership application.

2.3 Recognition of revenue and expenditure

Revenue from annual membership fees is recognized based on the membership period.

Revenue from initial registration fee of debt securities is recognized in full upon its registration.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

Revenue from annual fees of registered debt securities is recognized based on the maturity and not exceeding seven years.

Revenue from data provision is recognized based on the service period.

Revenue from providing services is recognized when the services are completely rendered.

Interest income is recognized on an accrual basis.

Other revenues and expenses are recognized on an accrual basis

2.4 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less, excluding cash at banks which are used for guarantee.

2.5 Current investments

Current investments are stated at cost less allowance on decline in value (if any). Loss on decline in value (if any) such investments is recognized in the statement of income and expenditure.

Unit trust investments in marketable securities are stated at the fair value. The Association recognizes the change in the fair value of investment in the statement of income and expenditure.

2.6 Long-term Investment

Long-term investment in debt securities to be held to maturity is accounted at amortized cost by the effective rate method.

Investments in equity securities that are available-for-sale investments are stated at fair value. The association recognized the changes in the fair value of equity instruments in equity and uses the weighted average method to calculate the cost of investments. Upon the investment is disposed of, the difference between the net income received and the book value of investment will be recorded in the profit and loss.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

2.7 Equipment/Depreciation

Equipment is stated at cost accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Furniture and fixtures	5 years
Office equipment	5 years
Computer and equipment	5 years
Vehicles	5 years

The Association has reviewed the residual value and useful life of the assets regularly.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided in relation to the equipment under installation.

Equipment is written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of income and expenditure

2.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance on decline in value (if any). Intangible assets are amortized in the statement of income and expenditure on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 years.

2.9 Deferred income

Deferred income is realized to income by the straight-line method throughout the period of the agreement.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

2.10 Deferred annual fee of registered debt securities

Deferred annual fee of registered debt securities will be recorded as debt securities fee income according to the maturity of the debt securities but not exceeding 7 years.

2.11 Employee benefits

Short-term employment benefits

The Association recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Association and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Association. The fund's assets are held in a separate trust fund and the Association's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Association has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Association treats these severance payment obligations as a defined benefit plan.

The obligation under the defined plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumption, including discount rate, future salary increases rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized in the statement of income and expenditure.

2.12 Income tax

The Thai Bond Market Association has been registered as a securities business related association with the office of Securities and Exchange Commission to be a juristic person under Section 233 of the Securities and Exchange Commission Act B.E. 2535 whose legal status is not interpreted as "juristic company or partnership" as defined under Article 39 of the Revenue Code. The Association is thus not enforced to pay corporate income tax.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

2.13 Provisions

Provisions are recognized in the statement of financial position when the Association has outstanding liabilities arising from legal disputes or obligations as a result of past event and it is probable that the economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2.14 Using of Accounting Estimation

Preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2.15 Other components of equity

Other components of the equity are the adjust transaction in the value of long-term investments in available-for-sale securities in order to be in accordance with the current market price.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	2020	2019
Cash on hand	34,406.00	25,961.75
Cash at banks - Savings accounts	14,976,084.15	13,627,141.23
Cash at banks - Current accounts	920,759.59	5,776,455.88
Total	15,931,249.74	19,429,558.86

Saving accounts bear interest at floating rates which are set by banks.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

4. CURRENT INVESTMENTS

Current investments consisted of :

	Interest rate (%)		Baht	
	2020	2019	2020	2019
Fixed deposits at banks (3 months)	0.375	0.90	4,265.97	4,241.30
Mutual fund T-CASH			53,641,683.47	28,841,683.47
<u>Add Unrealized earnings from changing</u>				
The value of assets			4,408,508.77	4,073,186.25
Total			58,054,458.21	32,919,111.02

The Association has classified the type of the temporary investment in the investment units as the trading securities and recorded the net unrealized gain (loss) from the measurement of fair value in the statement of income and expenditure for the years ended December 31, 2020 and 2019 amounting to Baht 335,322.52 and Baht 710,557.96 respectively.

5. LONG-TERM INVESTMENT

Long-term investment consisted of :

	Baht	
	2020	2019
Investments in bonds	-	10,000,000.00
Investments in securities	914,723,410.07	909,461,350.09
Total	914,723,410.07	919,461,350.09

5.1 Investments in bonds

	Interest rate (%)		Baht	
	2020	2019	2020	2019
Saving Bond-Bank for agriculture and agricultural cooperatives (5 years period starting 23/01/2015 to 23/01/2020)	-	3.80	-	10,000,000.00
Total			-	10,000,000.00

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

5.2 Investments in securities

	Baht				Balance per book as at Dec. 31, 2020
	Balance per book as at Dec. 31, 2019	Increase (decrease) during the period			
		Addition	Deduction	Transfer in (out)	
Investment (at cost value)					
Investment in securities	840,430,239.11	86,250,530.88	20,000,000.00	(906,680,769.99)	-
Available-for-sale securities	-	3,839,012.83	-	318,585,387.08	322,424,399.91
Securities held until maturity	-	4,308,396.99	-	588,095,382.91	592,403,779.90
Total	840,430,239.11	94,397,940.70	20,000,000.00	-	914,828,179.81
Adjustment of the fair value of					
investments	69,031,110.98				(104,769.74)
Total fair value	909,461,350.09				914,723,410.07
Unrealized (gain) loss on					
securities valuation	36,243,110.58				7,219,419.90
Gain (loss) on sales from investment in securities					8,147,409.82

	Baht				Balance per book as at Dec. 31, 2019
	Balance per book as at Dec. 31, 2018	Increase (decrease) during the period			
		Addition	Deduction	Transfer in (out)	
Investment (at cost value)					
Investment in securities	686,442,321.74	70,000,000.00	-	83,987,917.37	840,430,239.11
Adjustment of the fair value of					
investments	58,278,961.74	102,801,361.57	8,061,294.96	(83,987,917.37)	69,031,110.98
Total fair value	744,721,283.48	172,801,361.57	8,061,294.96	-	909,461,350.09
Unrealized (gain) loss on					
securities valuation	(23,796,575.09)				36,243,110.58
Gain (loss) on sales from investment in securities					58,496,956.03

From July 1, 2020, the association has changed the unrealized profit (loss) recognition approach of long-term investments to be included in the statement of income and expenditure with the new approach to be recorded in other components of the equity.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

6. EQUIPMENT

Equipment consisted of :

	Baht				Balance per book as at Dec. 31, 2020	
	Balance per book as at Dec. 31, 2019	Addition	Deduction	Transfer in (out)		
	<u>At cost</u>					
	Office equipment	5,116,183.11	287,104.78	-		-
Furniture and fixtures	19,272,927.98	-	-	-	19,272,927.98	
Computer equipment	20,790,180.20	8,917,516.91	-	-	29,707,697.11	
Vehicles	4,429,000.00	-	-	-	4,429,000.00	
Total	49,608,291.29	9,204,621.69	-	-	58,812,912.98	
<u>(Less) Accumulated depreciation</u>						
Office equipment	3,857,611.88	794,494.69	-	-	4,652,106.57	
Furniture and fixtures	14,006,470.70	3,721,117.87	-	-	17,727,588.57	
Computer equipment	15,758,126.82	2,036,622.84	-	-	17,794,749.66	
Vehicles	1,321,375.09	591,017.60	-	-	1,912,392.69	
Total	34,943,584.49	7,143,253.00	-	-	42,086,837.49	
Equipment - net	14,664,706.80				16,726,075.49	

	Baht				Balance per book as at Dec. 31, 2019	
	Balance per book as at Dec. 31, 2018	Addition	Deduction	Transfer in (out)		
	<u>At cost</u>					
	Office equipment	4,941,332.39	256,622.84	48,884.12		(32,888.00)
Furniture and fixtures	19,178,049.98	94,878.00	-	-	19,272,927.98	
Computer equipment	19,108,696.75	1,294,479.92	422,884.47	809,888.00	20,790,180.20	
Vehicles	4,609,000.00	1,430,000.00	1,610,000.00	-	4,429,000.00	
Work in process of computer equipment	-	777,000.00	-	(777,000.00)	-	
Total	47,837,079.12	3,852,980.76	2,081,768.59	-	49,608,291.29	
<u>(Less) Accumulated depreciation</u>						
Office equipment	3,133,877.96	769,967.47	46,233.55	-	3,857,611.88	
Furniture and fixtures	10,303,511.02	3,702,959.68	-	-	14,006,470.70	
Computer equipment	14,151,784.39	2,029,201.90	422,859.47	-	15,758,126.82	
Vehicles	1,695,190.73	592,183.36	965,999.00	-	1,321,375.09	
Total	29,284,364.10	7,094,312.41	1,435,092.02	-	34,943,584.49	
Equipment - net	18,552,715.02				14,664,706.80	
Depreciation 2020					7,143,253.00	
Depreciation 2019					7,094,312.41	

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

8. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of:

	Bath	
	2020	2019
Building deposit	1,470,096.00	1,470,096.00
Office equipment deposit	980,064.00	980,064.00
Others	38,490.72	60,916.88
Total	<u>2,488,650.72</u>	<u>2,511,076.88</u>

9. OTHER PAYABLE

Other payables consisted of:

	Bath	
	2020	2019
Other payables	3,702,544.76	19,337,872.58
Advance cheque paid	60,000.00	575,392.66
Accrued expenses	1,857,027.39	1,874,822.25
Others	96,000.00	96,000.00
Total	<u>5,715,572.15</u>	<u>21,884,087.49</u>

10. DEFERRED INCOME

Deferred income consisted of :

	Baht	
	2020	2019
Membership annual fees	2,560,060.25	2,650,000.00
Membership fees of data system - iBond	28,621,680.46	23,165,862.69
Membership fees of data system - iRisk	1,225,000.00	1,225,000.00
Service fees - MTM	4,972,333.34	4,885,636.67
Total	<u>37,379,074.05</u>	<u>31,926,499.36</u>

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

11. DEFERRED ANNUAL FEE OF REGISTERED DEBT SECURITIES

Deferred annual fee of registered debt securities of :

	Bath	
	2020	2019
Deferred annual fee of registered debt securities	102,562,233.61	109,719,117.95
<u>(Less)</u> Current portion	<u>(37,843,827.84)</u>	<u>(39,357,105.74)</u>
Total	<u>64,718,405.77</u>	<u>70,362,012.21</u>

Deferred annual fee of registered debt securities will be recorded the income fee in the statement of income and expenditure according to the aging of the debt securities but not exceeding for 7 years.

12. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

	Bath	
	2020	2019
Withholding tax	4,993,752.44	5,491,316.54
Output tax - pending	34,905.82	15,222.69
Revenue department payable	863,485.44	125,824.50
Total	<u>5,892,143.70</u>	<u>5,632,363.73</u>

13. PROVISIONS FOR EMPLOYEE BENEFIT

The details of provisions for employee benefit for the year ended December 31, 2020 and 2019 are shown as follows:

	Baht	
	2020	2019
Provisions for employee benefit as at January 1,	17,451,444.52	11,637,431.50
Current service costs	1,859,747.79	4,665,193.59
Financial costs	555,530.45	1,148,819.43
<u>(Less)</u> Employee benefit paid	<u>(578,649.61)</u>	-
Provisions for employee benefit as at December 31,	<u>19,288,073.15</u>	<u>17,451,444.52</u>

The expenditure recognized in the statement of income and expenditure for the year ended December 31, 2020 and 2019 amounted to Baht 2,415,278.24 and Baht 5,814,013.02 respectively.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

14. COMMITMENTS OF LEASE AGREEMENT

As at December 31, 2020 the Association has commitments of lease agreement as follows:-

Office rental agreement on 10th Floor of Tonson Tower Building with BB TV EQUITY Co., Ltd. is for a period of 3 years from April 1, 2016 to March 31, 2019 with commitment to pay rental fee, building equipment rental fee and common service fee amounted to Baht 8.96 million per annum and the Thai Bond Market Association has entered into a memorandum of renewal the lease agreement dated January 17, 2019 with the agreement period from April 1, 2019 to March 31, 2022. The space rental fee, rental fee of building equipment and central service fees and charged in the amount of Baht 9.80 million per annum.

As at December 31, 2020, the Association has an obligation to pay the rental fee, building equipment rental fee and common service fee under such agreement as follows:

	Million Baht
Payable within:	
1 year	9.80
More than 1 year to 5 years	2.45

15. AGREEMENTS OF PRIVATE FUND MANAGEMENT

15.1 The Association entered into the private fund management agreement with Kasikorn Asset Management Company Limited on May 25, 2016, This agreement is effective from June 1, 2016 and ends on May 31, 2019, Later, the Association terminated the agreement and transferred the personal investment to One Asset Management Co., Ltd. to be responsible for managing the private fund which is effective from June 1, 2019 onwards.

15.2 The Association entered into the Private Fund Management agreement with Siam Commercial Asset Management Company Limited on June 1, 2016. This agreement is effective from the agreement date and ends on May 31, 2019 for a period of 3 years and the agreement can be automatically extended for 1 year each. Such company has the duties and responsibilities in managing the private fund as specified in the agreement and to obtain the management fee as specified rate in the agreement.

15.3 The Association entered into the Private Fund Management agreement with One Asset Management Company Limited on May 24, 2019. This agreement is effective from June 1, 2019 and ends on May 31, 2022 for a period of 3 years and the agreement can be automatically extended for 1 year each. Such company has the duties and responsibilities in managing the private fund as specified in the agreement and to obtain the management fee as specified rate in the agreement.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

16. PROVIDENT FUND

The Association has established a provident fund for its employees. Such fund is monthly contributed by both the employees and the Association at the rates specified in the provident fund regulations.

The fund is managed by Krungsri Asset Management Co., Ltd.

During the year 2020 and 2019, Baht 6.80 million and Baht 6.19 million, respectively has been contributed to the fund by the Association.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on March 18, 2021.