

Annual Report 2015



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ORGANIZATION PROFILE

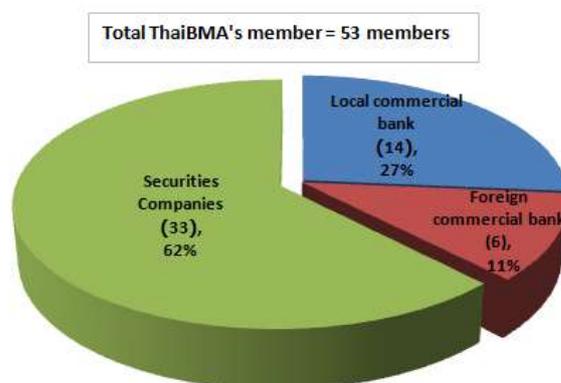
The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535. Its main purposes are to be a self-regulatory organization (SRO) for a fair and efficient operation of the bond market. ThaiBMA also functions as an information center and pricing agency for the Thai bond market. It takes leading roles on setting market convention, promoting education and market development and provides vehicles for policy dialogue among the industry and other related parties on issues concerning market development.

Mission

- ❖ To establish regulations for bond trading in Thailand with objectives to ensure market standards and efficiency.
- ❖ To encourage fund raising with debt instruments in the primary market and increase liquidity in the secondary market.
- ❖ To be the center of complete and accurate information of debt instruments which serves demand of the stakeholders.
- ❖ To promote knowledge of bond investment and develop professionalism of personnel in Thai bond industry.

Membership

The SEC requires that financial institutions having debt securities dealing license be members of ThaiBMA. Membership of ThaiBMA is classified into 3 types; 1) Ordinary member 2) Extraordinary member (open for inter-dealer brokers/IDB) and 3) Associate member (open for dealers who remain inactive i.e trading value less than 100 million baht a month). As of December 2015, ThaiBMA's members consist of 47 ordinary members, 4 extraordinary members and 2 associate member.



Roles and functions

ThaiBMA plays functional roles in four main areas;

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. It is committed to retaining the confidence of its members, regulators and investors. SRO tasks comprise of 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.
- ❖ Establish Ethics and Code of Conduct for members and traders.
- ❖ Issuing rules and guidelines regarding debt securities trading and good market practice.
- ❖ Responsible for bond trader examination and registration and provide them with ongoing education to enhance their professionalism.
- ❖ Implement disciplinary actions and enforcement procedure.

2. Bond Information Center and Pricing Agency

Mandated as the sole information center and pricing agency for the bond market, ThaiBMA is an authorized source for Thai bond market data. It disseminates information on both the primary and secondary market through its website www.thaibma.or.th, and www.ibond.thaibma.or.th. The website consists of trading information, bond features, reference yield and relevant market news and regulatory updates. ThaiBMA has also created another website www.thaibond.com aimed to help educate retail investors.

On 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 developed model yield to be used as fair prices and references for investors.

3. Market Convention and Standard

As trading in the bond market is mainly over-the-counter rather than on an exchange, ThaiBMA serves to enhance standards within the marketplace through extensive consultation with market participants. Example of convention and standards issued by ThaiBMA are as follow:

- ❖ Establishment of symbols for bonds and short-term debt securities. The ThaiBMA symbols have been widely recognized and become common standard in the market.

- ❖ Standard formula for price / yield calculation for various types of bonds. This helps eliminate discrepancies arising from employing different practices and to be in line with the international standards.
- ❖ Bond registration standards that meet international practices.

4. Market Development and Education

As part of ThaiBMA’s commitment to enhancing market development and professional practice, ThaiBMA has developed and implemented several key information essential for market development as follows:

- ❖ Yield Curve and Benchmark Bonds. ThaiBMA provides information to the public on the government bond yield curve and benchmark bonds on a daily basis through website and newspaper.
- ❖ Market Education and Promotion. 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.
- ❖ Financial data innovation. ThaiBMA has initiated financial data innovation such as Bond indices, Zero coupon yield curve, credit spread curve, key rate duration, bond portfolio analysis, Value-at-Risk (VaR) as additional tools for bond investment and portfolio management.

THAIBMA'S BOARD OF DIRECTORS 2015

Name	Position	Organization
1. Mr. Pisit Leeahtam, Ph.D.	Chairman	The Thai Bond Market Association
2. Mr. Pakhawat Kovithvathanaphong	Chief Executive Officer	Trinity Securities Company Limited
3. Mr. Singha Nikornpun	Vice Chairman , Independent Director	The Thai Bond Market Association
4. Mr. Narin Opamuratawongse	EVP, Manager, Merchant Banking Division, Investment Banking Group	Bangkok Bank Plc.
5. Mr. Sutee Losoponkul	First Executive Vice President	CIMB Thai Public Company Limited
6. Mr. Thiti Tantikulanan	Capital Market Business Division Head	Kasikorn Bank PLC.
7. Mr. Prakob Phiencharoen	Head of Institutional Sale	The Hongkong and Shanghai Banking Corp., Ltd.
8. Mrs. Suchada Sodthibhapkul	Managing Director	KGI Securities (Thailand) Public Company Limited
9. Mr. Win Phromphaet	Chief Investment Officer	CIMB-Principal Asset Management Company Limited
10. Mr. Somjin Sornpaisarn, Ph.D.	Director / CEO	TMB Asset Management Co.,Ltd.
11. Mr. Tada Phutthitada	President	The Thai Bond Market Association
Advisors to the Board of Directors		
1. Ms.Vachira Arromdee	Senior director Financial Markets Department	Bank of Thailand
2. Mr. Suwit Rojanavanich	Director General	Public Debt Management Office

AUDIT COMMITTEE REPORT FOR 2015

To Member and Stakeholders,

The Audit Committee of the Thai Bond Market Association (“the Association”) consisted of 4 members of the Board of Directors as followed; Mr. Singha Nikornpun as Chairman, Mrs. Suchada Sodthibhapkul, Mr. Win Phromphaet, and Mr. Thiti Tantikulanan. 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 five times in 2015 and the issues discussed and reviewed in the meetings can be summarized as followed:

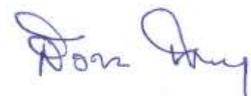
- ❖ Reviewed the annual financial statements for the year 2014 for the submission to the Board of Directors and the Annual General Meeting (AGM);
- ❖ Selected of the external auditor for the year 2015 and considered the fee for the submission to the Board of Directors and the Annual General Meeting (AGM);
- ❖ Reviewed and approved the 2015 and 2016 internal audit plan. The Audit Committee also reviewed the audit results and provided recommendations for more efficient operations and proper control system;

- ❖ Reviewed the interim financial audit results by Dharmniti Auditing Company Limited;
- ❖ The Audit Committee also followed up quarterly on 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.



(Mr. Singha Nikornpun)

Chairman of the Audit Committee

March 22, 2016

GOOD CORPORATE GOVERNANCE FRAMEWORK

The Thai Bond Market Association (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 goal and mission, and lays a foundation for the organization to attain solid and sustained growth by pursuing its operations with strong ethical standards and compliance with relevant laws and regulations. Moreover, good corporate governance also enhances the creditability and trustworthiness of the Association among stakeholders.

Chapter 1 Corporate Governance Policy

The Board of Directors of the ThaiBMA has set forth good corporate governance policy which is in line with the vision and mission of the Association. The policy covers principles of good 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.

The 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 oversight and monitoring activities have been undertaken to ensure compliance with the policy. The policy has been reviewed and adapted from time to time in order to cope with the ever-changing environment.

Chapter 2 The Board of Directors and Committees

1. The 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. This includes a Managing Director who is a director by position and the other directors who are elected by the ordinary and extraordinary members of the ThaiBMA as representatives of members and stakeholders in the Thai bond market in conformation with the role of the ThaiBMA as a Self Regulatory Organization (SRO). At least three out of the eleven members of the Board of directors must be independent directors who are not executive directors, managing directors, persons who have authorities in the management, staff, or employees of the ordinary and extra-ordinary members; or major shareholders of these members. The independent directors shall be in office for a term of 3 years.

Roles and Responsibilities of the Board of Directors

The Board of Directors has the responsibilities to set out 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.

(2) Board Meetings and Meeting Quorum

The ThaiBMA officially arranges the Board meetings once a month with a pre-set schedule throughout the year. The Board of Directors may also hold special meetings occasionally as it deems appropriate. The ThaiBMA shall arrange to send a meeting notices, agenda, and related documents to each Board member

at least 7 days in advance in order to allow sufficient time for each director to study the matters prior to the meeting. In case of emergency, the related documents may be sent less than 7 days in advance of the meeting.

All directors are able to express their opinions openly and liberally. Each item of agenda and resolution are recorded in writing and minutes of the meetings which have been endorsed by the Board of Directors are maintained at the Association for examination by directors and related parties.

2. The Audit Committee

The 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 has a 3-year term of office.

(1) Roles, Duties and Responsibilities

The Audit Committee has the tasks and responsibilities to review the 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. The Audit Committee also joins the Association's executives in the review of material reports required by law for public disclosure and 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

During each 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 for supporting information. The agenda shall include the review of financial statements and related financial reports, review of the adequacy of internal control and internal audit systems, review and approval of the annual audit plan to which the risk-based methodology is applied, jointly review with the internal auditors on the problems or constraints arising during the internal audit process, jointly review with the external auditors on the problems and constraints arising from the audit of the Association's financial statements, and review of the operations of the ThaiBMA in accordance with relevant laws, and other activities assigned by the Board of Directors.

The Audit Committee's meetings are normally held at least 4 times a year. The Chairman of the Audit Committee may call a special meeting upon request of the members of the committee, the external auditors, or the Chairman of the Board of Directors to jointly consider essential matters.

Chapter 3 Committees

The ThaiBMA has appointed a number of committees to consider and provide recommendations on the Association's operations as assigned by the Board of Directors. The Committees appointed are as follows:

1. Market Practice Committee; to consider and provide recommendation on standard of practices in the bond market in various aspects in order for the market to be efficient, appropriate and be on par with international standard, including advice and suggest a guideline for determination of fair price of debt instrument. The Committee shall consist of representatives of Members, Board, the SEC, Bank of Thailand, Federation of Accounting Professions, The Association of Investment Management Companies, Mutual Fund Supervisors, Managing Director, and honorary committees from various sectors;
2. Market Regulation Committee; to consider and provide recommendation to establish and expand the roles of the Association as Self Regulatory Organization, as well as recommending ways to promote ethics and standard of good practice of the bond market and traders. The Committee shall consist of representatives of Members, Board, the SEC, Bank of Thailand, Federation of Accounting Professions, The

Association of Investment Management Companies, and honorary committees from various sectors;

3. Market Information Committee; to consider and recommend ways to promote and expand the roles of the Association as the information center for debt instruments and to promote efficiency in bond information management to be able to cope with the needs of the market participants. The Committee shall consist of Members, the Board, the SEC, Bank of Thailand, CRA, the Association of Investment Management Companies, and honorary committees from various sectors;

4. Investment Committee; to determine a policy, to provide recommendation on a guideline of investment management for the Association, to evaluate a performance of private fund manager for the Association, and to consider modifying rules and regulations relating to investment of the Association. The Committee shall consist of 3 Board members and Managing Director;

5. Disciplinary Committee and Appeal Committee; The Disciplinary Committee shall have the responsibility to consider the charge and mete out punishment to the Members and bond traders who commit or take part in the breach of rules and regulations of the Association. The Committee shall consist of 5 members consisting of 2 Directors representing the Association and at least 3 members from non-member companies comprising of one expert in securities business and one expert in law.

The Appeal Committee shall have the responsibility to consider appeal procedure and consider any other issue exceeding to the power of the Disciplinary Committee. The Committee shall consist of 5 persons consisting of one Board member and at least 3 qualified professionals who shall not be representatives from the Member companies. The qualified professionals shall each be law, finance, accounting and securities business expert and shall be approved by the SEC;

6. The Nominating and Remuneration Committee; to consider and provide recommendations on the compensation policy and the remuneration for the Board of Directors, committees, and Managing

Director in order to align with the performance of the Association and market situation. This includes advices on human resources management policy of the Association. The Committee shall consist of at least 3 Board members.

Chapter 4 Selection and Remunerations of the Committees

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 committees and the President of the ThaiBMA shall be in accordance with the resolution of the Board of Directors. In addition, the Board 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 of remunerations and other benefits of the Association. The remunerations for members of the Board of Directors, the Audit Committee and Committees as follows:

1. Remunerations for the Board of Directors

The remuneration for the Board of Directors is in accordance with the resolutions of the annual ordinary meeting of the members. The monthly remunerations for the Chairman of the Board and members of the Board are set at Baht 50,000 and Baht 10,000, respectively. In addition, both the Chairman of the Board and each member of the Board are entitled to an attendance fee of Baht 10,000 per meeting.

2. Remunerations for the Audit Committee

According to the resolution of the Board of Directors, the remunerations to the Audit Committee shall only be in the form of meeting attendance fees. In this respect, the Chairman of the Audit Committee is entitled to a fee of Baht 12,000 per meeting whereas each member of the Audit Committee is entitled to a fee of Baht 8,000 per meeting.

3. Remunerations for the Nominating and Remunerations Committee and Investment Committee

According to the resolution of the Board of Directors, the Chairman of the committee is entitled to a fee of Baht 12,000 per meeting whereas each member of the

committee is entitled to a fee of Baht 8,000 per meeting.

4. Remunerations for other Committees

Other committees of the Association are Market Practice Committee, Market Regulation Committee, Market Information Committee, Disciplinary Committee, and Appeal Committee. The Board of Directors has resolved to pay the remunerations to each member of each committee in the form of meeting fee. The Chairman of each committee 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 meeting.

Chapter 5 The Role of the ThaiBMA

The ThaiBMA is licensed to operate as a securities business related association under the Section 230 of the Securities and Exchange Commission Act B.E. 2535 (1992), with the objectives to be the SRO and promote the Thai bond market development. The key functional roles of the ThaiBMA are as follows:

Self-Regulatory Organization (SRO)

- ❖ Performing market monitoring and surveillance to ensure that all trading activities are in compliance with relevant laws and regulations as well as to prevent any unfair trading practices.
- ❖ Examining trading reports and disclosing information about bond trading in order that the market can use such information for reference in investment decision-making.
- ❖ Setting forth code of ethics and standard of good market practice on secondary bond market; issuing rules and guidelines for member supervision; and determining enforcement procedure and penalty provisions against those who act in breach of relevant rules and regulations to ensure fair trading. The regulations and notifications issued by the Association are carefully scrutinized and discussed by related committee before submitting for the Board of Directors' approval. Hearings are held before submitting for the Board of Directors' approval every time when the issuance of notification or

any amendments thereof may have impact on the members. Moreover, any issuance of or amendment to notification relating to bond registration fees which has been approved by the Board of Directors must also be approved by the Office of the Securities and Exchange Commission (SEC) before coming into effect.

- ❖ Arranging bond trader examination and registration. The examination covers both professional skills as well as code of ethics in an attempt to enhance professionalism of market practitioners.

Market Convention and Standard

In order to enhance standards within the marketplace, major convention and standards issued by ThaiBMA are as follows:

- ❖ Standard formula for price/yield calculation for various types of bonds.
- ❖ Symbols for bond and short-term debt securities.
- ❖ Bond registration standards.
- ❖ The Thailand Annex of Global Master Repurchase Agreement which incorporates the supplemental terms and conditions for Thai domestic transactions.
- ❖ Market operational guidelines in case of emergency holidays.

Bond Information Center and Services

- ❖ Accepting registration for both government and private debt securities. The objective is to promote efficiency and transparency in disclosing, monitoring and verifying information related to the debt securities and their issuers.
- ❖ Acting as center for compilation and dissemination of bond related information via various channels including basic information of debt securities in the primary market and trading data in the secondary market, reference yields of different types of debt securities, analysis for investment, as well as investment news.
- ❖ Acting as a Bond Pricing Agency to disseminate reference yields for investors especially mutual

funds for the purpose of mark to market.

Market Development and Education

- ❖ Yield Curve and Benchmark Bonds. ThaiBMA provides information to the public on the government bond yield curve and benchmark bonds on a daily basis through website and newspaper.
- ❖ Preparation and dissemination of documents, publications, electronic medias, text books, and innovative knowledge to enhance knowledge and understanding about the bond market and standards of business ethics.
- ❖ Market Education and Promotion. 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

The ThaiBMA strictly adheres to good corporate governance practices in taking the roles of bond market's SRO and bond information center in order to assure the stakeholders that the market is supervised and treated in a fair and equitable manner.

Chapter 6 Relationships 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 equitable treatment as follows:

Regulatory bodies and supporting government agencies

The 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.

Members

Members of the ThaiBMA are supervised and treated on a fair and equitable manner. 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.

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, the 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.

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. The 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.

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 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.

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.

The 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 for decision making. The efforts of the ThaiBMA in this regard are as follows:

- ❖ Providing of information via websites of the Association, namely, www.thaibma.or.th, www.thaibond.com and www.ibond.thaibma.or.th
- ❖ Arranging for the arbitration procedure and complaint process. The website <http://www.thaibma.or.th/sro/complain.html> is designated as a channel to receive complaints from investors and related parties to ascertain that all complaints, disputes, and any shortcomings are properly handled and all parties concerned are treated with fairness.
- ❖ Organizing of annual “ThaiBMA 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.

Chapter 7 Risk Management and Internal Control

The Association recognized 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 ThaiBMA has also implemented the risk management structure within the organization by setting up a Risk Management Working Group, and 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.

Regarding to internal control, the Association provides an annual internal audit which covers all main departments by sending a report of an internal audit result to the Audit Committee to ascertain that there

are efficient operations and sufficient internal control systems.

In addition, the Association provides policies and regulations relating to internal control such as Chinese wall policy in order to prevent insider information and 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 ascertain the efficiency of data processor and accuracy.

The Association also provides Disaster recovery Plan and Alternate Site for emergency incidents as well as Business Continuity Plan to ascertain that the operation system especially in the part of services for the third party is able to continue to operate in any incident.

Chapter 8 Business Ethics

The 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. The Board of Directors has granted approval to the Association’s code of conduct which sets out the operational guidelines for directors, executives and staffs to pursue in carrying out their duties and responsibilities according to good corporate governance principles. The code of conduct is published in the form of hard copy for distribution to directors, executives and employees. Every employee shall sign off to acknowledge the receipt of the code of conduct handbook and be committed to act in compliance with the said code of conduct which provides the framework for the ThaiBMA’s standard of practice. The Association also assigns a responsible person to continually monitor results of operations and update the said code of conduct from time to time.

Chapter 9 Conflicts of Interest Prevention

The Association realizes the importance of avoiding any potential bias or event that would lead to a conflict of interest. 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 any transactions that might lead to

conflicts of interest with the Association. In case where there is a conflict of interest, due regard should be paid to the benefit of the Association and disclosure must be made to the Board of Directors, or the President or the superior and immediately reported to the Department of Regulations and Compliance. In addition, the ThaiBMA has issued a number of notifications and regulations in an attempt to prevent

conflicts of interest, for instance, the ThaiBMA's Notification regarding investment in or holding of securities by its executives and staffs, the ThaiBMA's Notification regarding information confidentiality and insider information, and the ThaiBMA's Regulation on guidelines for seconding and transfer of employees to other departments, etc.

ANNEX

The composition of the Board of Directors, the Audit Committee and Committees of the ThaiBMA and their attendance for meetings during 2013 were as follows:

1. Board of Directors

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Pisit Leeahtam, Ph.D.	Chairman of the Board and Independent Director	22 Apr 14 – 21 Apr 17	10/12
2.	Mr. Pakhawat Kovithvathanaphong	Director	22 Apr 15 – 21 Apr 18	9/12
3.	Mr. Singha Nikornpun	Independent Director	22 Apr 14 – 21 Apr 17	12/12
4.	Mr. Narin Opamuratawongse *	Director	1 May 15 – 30 Apr 18	12/12
5.	Mr. Thiti Tantikulanan	Director	23 Apr 13 – 22 Apr 16	8/12
6.	Mrs. Suchada Sodthibhapakul	Director	22 Apr 15 – 21 Apr 18	12/12
7.	Mr. Sutee Losoponkul	Director	23 Apr 13 – 22 Apr 16	8/12
8.	Mr. Prakob Phiencharoen **	Director	1 May 15 – 30 Apr 18	11/12
9.	Mr. Win Phromphaet	Independent Director	23 Apr 13 – 22 Apr 16	12/12
10.	Mr. Somjin Sornpaisarn, Ph.D. *	Independent Director	1 May 15 – 30 Apr 18	9/12
11.	Mr. Tada Phutthitada	Managing Director	17 May 14 – 16 May 18	12/12
12.	Ms. Vachira Arromdee	Advisor to the Board	1 May 15 – 30 Apr 16	10/12
13.	Mr. Suwit Rojanavanich	Advisor to the Board	1 Sep 15 – 30 Apr 16	3/4
Retired Directors				
1.	Mr. Sa-ard Theerarojanawong	Director	24 Apr 12 – 23 Apr 15	3/4
2.	Ms. Voravan Tarapoom	Independent Director	24 Apr 12 – 23 Apr 15	4/4

Remarks : * Mr. Narin Opamuratawongse was elected as the new director to replace Mr. Sa-ard Theerarojanawong and Mr. Somjin Sornpaisarn, Ph.D., was elected as the new independent director to replace Ms. Voravan Tarapoom, respectively by the Ordinary General Meeting of Members on 21 April 2015

** Mr. Prakob Phiencharoen completed his term of office and was re-elected by the Ordinary General Meeting of Members on 21 Apr 2015.

2. Audit Committee

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Singha Nikornpun	Chairman of the Audit Committee and Independent Director	8 May 14 – Apr 17	5/5
2.	Mr. Win Phromphaet	Audit Committee and Independent Director	11 Jun 13 – 22 Apr 16	5/5
3.	Mrs. Suchada Sodthibhapakul	Audit Committee and Director	8 May 14 – Apr 17	5/5
4.	Mr. Thiti Tantikulanan	Audit Committee and Director	11 Jun 13 – 22 Apr 16	3/5

3. Market Practice Committee

No.	Name	Position	Organization
1.	Mr. Tada Phutthitada	Chairman	ThaiBMA
2.	Dr.Somjin Sornpaisarn	Committee	Board of Director [TMB Asset Management Co.,Ltd.]
3.	Ms. Korakot Phiniijhongphan	Committee	Securities and Exchange Commission
4.	Miss Vilada Meeyam	Committee	Bank of Thailand
5.	Ms. Chaovana Viwatpanachati	Committee	Representative from Federation of Accounting Professions
6.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
7.	Prof. Anya Khanthavit, Ph.D.	Committee	Thammasat University
8.	Mr. Yingyong Nilasena	Committee	Government Pension Fund
9.	Mr. Tachaphol Kanjanakul	Committee	Representative from Member [Government Saving Bank]
10.	Mr. Worapoj Peerawit	Committee	Representative from Member [TMB Bank Pcl.]
11.	Mr. Decha Ngamtanapaisarn	Committee	Representative from Custodian Club [Kasikorn Bank Pcl.]
12.	Mrs. Jeeraphat Pimantip	Committee	Representative from Member [Asia Plus Securities Pcl.]
13.	Ms. Sarinthorn Suree	Committee	Representative from Member [CIMB Thai Pcl.]
14.	Mr. Punya Pongsanarakul	Committee	Representative from Member [BNP PARIBAS, Bangkok Branch]
15.	Mr. Trin Indraopas	Committee	Securities Business Expert
16.	Head of Bond Pricing & Product Development Department	Secretary	ThaiBMA

4. Market Regulation Committee

No.	Name	Position	Organization
1.	Mr. Singha Nikornpun	Chairman	Board Of Director
2.	Mr. Tada Phutthitada	Committee	ThaiBMA
3.	Ms. Korakot Phiniijphongphan	Committee	Securities and Exchange Commission
4.	Mrs. Vanaporn Laksanasut	Committee	Bank of Thailand
5.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
6.	Ms. Ladawan Yasothorn	Committee	Representative from Member [Standard Chartered Bank (Thailand) Co. Ltd.]
7.	Mr. Sorasit Naddhabhan	Committee	Representative from Member [CITIBANK, N.A.]
8.	Mr. Teerapol Rattakul	Committee	Representative from Member [Siam Commercial Bank Pcl.]
9.	Mr. Vorachai Vudthithornnatirak	Committee	Representative from Member [Kasikorn Bank Pcl.]
10.	Mr. Apichartt Tungkiatsilp	Committee	Representative from Member [KGI Securities Pcl.]
11.	Mr. Supakit Jirapraditkul	Committee	Legal Expert [Stock Exchange of Thailand]
12.	Ms. Suwannee Limpanavongsaen	Committee	Representative from Compliance Club [Trinity Securities Pcl.]
13.	Ms. Niyada Seneemanomai	Committee	Representative from Social Security office
14.	Mr. Trin Indraopas	Committee	Securities Business Expert
15.	Mr.Aongart Charoensirisophak	Secretary	ThaiBMA

5. Market Information Committee

No.	Name	Position	Organization
1.	Mr. Pisit Leehtam, Ph.D.	Chairman	Board of Director
2.	Mr. Tada Phutthitada	Committee	ThaiBMA
3.	Ms. Duangdao Pantoomvanich	Committee	Securities and Exchange Commission
4.	Ms. Penluk Lothuvachai	Committee	Bank of Thailand
5.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
6.	Ms. Watana Tiranuchit	Committee	Representative from Credit Rating Agency [TRIS Rating Co.,Ltd]
7.	Mr. Anucha Laokwansatit	Committee	American International Assurance.
8.	Ms. Pataravasee Suvarnsorn	Committee	Thailand Securities Depository
9.	Ms. Orathai Lumlerdsuppanyu	Committee	Representative from Member [Bangkok Bank Pcl.]
10.	Mr. Tawatchai Pramualcharoenkij	Committee	Representative from Member [Krung Thai Bank Pcl.]
11.	Mrs. Anchalee Sukpatapirom	Committee	Representative from Member [UOB Bank Pcl.]
12.	Mr. Adisak Teeramasvanich	Committee	Representative from Member [HSBC Bank]
13.	Mrs. Duangrat Watanapongchat	Committee	Representative from Member [KT ZMICO Securities Co.,Ltd]
14.	Ms. Jaroungpon Hoonsiri	Committee	Custodian Club
15.	Mr. Trin Indraopas	Committee	Securities Business Expert
16.	Mrs.Sirinart Amornthum	Secretary	ThaiBMA

6. Disciplinary Committee

No.	Name	Position	Organization
1.	Dr.Somjin Sornpaisarn	Chairman	Board of Director
2.	Mr. Santi Kiranand, Ph.D	Committee	Securities Business Expert
3.	Mr.Weerachote Jirabowornpongsa	Committee	Securities Business Expert
4.	Mr. Sakares Khamwalee	Committee	Law Expert
5.	Mr. Win Phromphaet	Committee	Social Security Office
6.	Ms. Ariya Tiranaprakij	Secretary	ThaiBMA

7. Appeal Committee

No.	Name	Position	Organization
1.	Mr. Singha Nikornpun	Chairman	Board Of Director
2.	Mr. Suwit Rojanavanich	Committee	Securities Business Expert
3.	Mrs. Alisara Mahasandana	Committee	Securities Business Expert
4.	Mr. Supakit Jirapraditkul	Committee	Legal Expert [Stock Exchange of Thailand]
5.	Prof. Prawit Nilsuwannakul, Ph.D.	Committee	Finance & Accounting expert
6.	Ms. Ariya Tiranaprakij	Secretary	ThaiBMA

ThaiBMA 2015 Performance and Activities

Financial highlights of ThaiBMA

Unit: THB million

	2015	2014	2013
- Total income	138.6	157.2	117.7
Income from operation	132.9	120.4	111.5
Income from investment	5.7	36.9	6.1
Income from MOF funding	0.0	0.0	0.1
- Total Expenses	86.8	82.7	76.8
Expense from operation	86.8	82.7	76.7
Expense from MOF funding	0.0	0.0	0.1
- Income over (under) expense	51.8	74.6	40.9
Net profit from operation	46.1	37.7	34.8
Net profit from investment	5.7	36.9	6.1
- Equity	515.8	463.3	388.4
Donated fund	185.5	185.5	185.5
Initial capital fund from member	28.2	27.6	27.3
Accumulated fund	302.1	250.2	175.7

2015 Performance and Activities of Board of Directors

The Board of Directors approved the strategy and action plan for “**Corporate bond market development**”, comprising of 3 main areas; Trade Association , Information Center & Pricing and Self-Regulatory Organization (SRO)

1. Trade Association

1.1 Member Association

Strengthening relationship with

ThaiBMA members and stakeholders in Thai Bond Market by hearing the opinions from market participants and supporting them to promote their business.

- Arranged 5 forums for securities firm, banks and custodian in the topics of Market Convention on day count basis, Underwriter Ranking, Dealer Ranking, 0.46% fee charge in Private Repo and Capital gain tax Exemption

- Visited 15 companies i.e. banks, securities firms and issuers to receive the feedback regarding ThaiBMA products and service and hearing voice concerns from market participants

- Organizing events/public seminar in order to reinforce bond market development which are Knowledge sharing seminar in collaboration with Asia Development Bank (ADB), Best Bond Awards, Retail investors seminar and Preparation for new issuer seminar.

- Supported new members' business. There were 3 new members in 2015 which were ANZ Bank (Thai) Public Company Limited, AFS Securities (Thailand) Ltd. and Elite Securities Co., Ltd. Member fee has increased 7.23% (member fee in 2015 is equal to 7.3 million baht increasing from 6.7 million baht in 2014)

1.2 Market Development

ThaiBMA has collaborated with related authorities to amend rules and regulations to promote bond market development. In addition, ThaiBMA has successfully encouraged more members to participate into the Thai bond market, especially securities companies;

- AMBIF: ThaiBMA worked together with Asian Development Bank (ADB) and The Securities and Exchange Commission (SEC) to promote ASEAN + 3 Multi-Currency Bond Issuance Framework (AMBIF). This is aimed to allow a fast-track regulatory process for bond issuers to use the Single Submission Form within ASEAN+3 countries

- Cross-border offering: Proposed the amendment of regulation for Thai investors (II & HNW) to be able to buy foreign currency-denominated bond directly in primary market (On-process of official authorization by the SEC)

- MTN Program: Proposed the regulation on MTN program to facilitate issuers to issue bonds without submitting a full filing form for each offering (On-process of official authorization by the SEC)

- Euroclear: December 11, 2015 Euroclear has announced to list Thailand State-own Enterprise Bond and Corporate Bond into the Euroclear eligible securities system which is expected more participation from foreign investors

- Increase in participants in bond market : In 2015 the number of member who participate in both primary and secondary bond markets has increased especially securities companies in term of number of companies and amount of transactions

1.3 Bond Literacy

1.3.1 Professional Training

ThaiBMA has provided various training courses to promote professionalism of bond market personnel through 12 sessions of training workshop throughout the year e.g.

- Bond Market Analysis I and II

- Managing Investment Portfolio

- Value at Risk for enhancing portfolio's return and risk management

- Bond Regulatory Update

- Trader Refresher Course

- New curriculum: "Derivatives and its application in Thailand"

1.3.2 Public Seminar and Knowledge Sharing Seminar

ThaiBMA has organized seminar as well as co-organized in joint seminars with strategic partners to promote understanding of bond market and investment for retail investors and potential issuers in Bangkok and other provinces as topics below;

- Seminar for public investors in Chiangmai (250 participants)

- Seminar for retail investors in Bangkok "(300 participants)

- Joint seminar with Association of Thai Securities Companies on "Bond Market: Business Opportunity for Securities Companies"

- Joint seminar with the SEC on "Preparation for Corporate bond issuance"

- Knowledge sharing session joint with Asian Development Bank (ADB) on "Taxation in ASEAN Financial Markets"

1.3.3 Research Paper/MOU

ThaiBMA has worked on 3 research paper i.e. short term Corporate Bond development, Long term Corporate Bond development and Bond ETF.

In addition ThaiBMA has signed Memorandum of Understanding (MOU) for academic cooperation with various universities e.g., Chulalongkorn University, NIDA, Chiangmai University, Kasetsart University, Srinakharinwirot University as well as international organization which is International Capital Market Association Limited (ICMA)

1.3.4 Others

ThaiBMA has promoted knowledge of Thai bond market in other distribution channels which are

- Money Channel : ThaiBMA has improved many activities and contents in its program in order to facilitate for both issuer (supply side) and investor (demand side) with the total of 35 episodes.

- Bond Academy 2015 : There was two days activity for university students to educate and share them the most useful experiences in Thai bond market by the famous speakers in the financial industry. The event was very successful and inspired many university students from various part of faculties

- iBook Library : ThaiBMA has categorized its e-book , brochures to publish on website

2. Information Center and Pricing

ThaiBMA has developed pricing calculation method and new product in order to improve bond market efficiency

- Revised the calculation method of non-resident holding to reflect foreign net flow at the end of the day without lag time.
- Developed credit spread curve model
- Cooperated with market participants to rehearse the mark down process

- Co-initiated with FETCO to build interest rate sentiment index

- Established “Advertising Board System” to support real-time communication in pricing quotation among securities companies

- Improved Issuer database

3. Self-Regulatory Organization (SRO)

3.1 Setting standard of good market practice by introducing code of conduct for submission of government bond yield quotation.

3.2 Promoting understanding of ethics, rules and regulations.

- Organized training courses which are Trader refresher and Bond Regulatory Update

- Organized in-house training for new members

3.3 Performing market monitoring and surveillance

- On-site visiting 10 members

- Improved bond trader examination which included E-testing system, revising the examination to be up to date and arranging additional examination place

3.4 Developing trading reports system to facilitate dealers which lead to a decrease in error and delay reports

3.5 Establishing real-time monitoring system to improve efficiency and ensure all trading activities to comply with laws and regulations

THAIBMA'S ACTIVITIES 2015

The joint seminar with **Association of Thai Securities Companies** on **"Bond Market: Business Opportunity for Securities Companies"** on January 29, 2015



Seminar for Investors on February 12, 2015 at **Bank of Thailand Northern Region Office in Chiangmai**



Refresher Course for Bond Trader on March 10, 2015



Best Bond Awards 2014 Ceremony on April 23, 2015



MoU Ceremony between ThaiBMA and Faculty of Economics, Chiangmai University on February 13



The joint seminar with **SEC** on **"Preparation for Corporate bond issuance"** on March 10, 2015



THAIBMA'S ACTIVITIES 2015

Two days Professional Training Program **"Bond Market Analysis I"** on June 17-18 and September 9-10, 2015



Bond Academy 2015 at Kasetsart University on September 19-20, 2015



Knowledge sharing on **"Taxation in ASEAN financial markets"** on September, 28 2015

Seminar for Retails Investors on June 29, 2015



Bond Regulatory Updates on August 25, 2015



Activities in Corporate Social Responsibility at Kanchanaburi on November 21-22, 2015



THAI BOND MARKET MOVEMENT IN 2015

I. Primary Market

Thai bond market has been growing continuously and its outstanding value equals to 10 trillion baht or increases 7.92% from last year. As many as 314 corporate firms have raise fund though corporate bond market which reached an all time high.

The number of long-term corporate issuers increased from 90 companies in 2014 to 132 companies in 2015, with the issue size ranging from THB 10 million to THB 15,000 million, and the issue rating ranging from AAA to Non-rate.

On the government sector, THB 5,317.31 billion of the Bank of Thailand (BOT) bonds were auctioned in 2015, increased by 14% from the previous year. The auctioned T-Bills amounted to THB 1,065.42 billion, increased by 10%; while, government bonds totaled THB 617.32 billion, increased by 15% from the previous year. New issuance of State Owned Enterprise (SOE) bonds totaled THB 149.00 billion in 2015, dropped by 8% from those in 2014; whereas, new issuance of Commercial paper registered with ThaiBMA totaled THB 859.71 billion, or 27% lower than those in 2014. New issuances of long-term corporate bonds were THB 546.89 billion, decreased by 1% from the previous year and new issues of Foreign bonds totaled THB 25.00 billion, upper by 116% from the previous year.

Table 1: BOND ISSUANCE REGISTERED AT THAIBMA

Unit: THB Mln

Type	2014	2015	Growth (%)
Government Bond	534,826	617,322	↑ 15%
Treasury Bills	967,467	1,065,416	↑ 10%
State Own Enterprise Bond	162,247	149,001	↓ -8%
State Agency Bond	4,677,452	5,317,305	↑ 14%
Long-term Corporate Bond	553,941	546,891	↓ -1%
Commercial Paper	1,184,843	859,709	↓ -27%
Foreign Bond	11,590	25,000	↑ 116%
Total	8,092,366	8,580,644	↑ 6%

Outstanding Value of ThaiBMA Registered Bonds

The total outstanding value of ThaiBMA registered bonds as of December 2015 amounted THB 10,023.04 billion, a growth of 8% from the previous year. This consisted of THB 3,724.71 billion of government bonds, THB 2,823.49 billion of State Agency (SA) bonds, THB 2,078.75 billion of long-term corporate bonds, THB 782.50 billion of SOE bonds, THB 337.42 billion of commercial papers, and THB 88.47 billion of foreign bonds (*See Table 2*).

TABLE 2: THAIBMA REGISTERED BOND OUTSTANDING

Unit: THB Mln

Type	2014	2015	Growth (%)
Government Bond	3,355,677	3,724,713	↑ 11%
Treasury Bills	97,010	187,702	↑ 93%
State Own Enterprise Bond	793,240	782,498	↓ -1%
State Agency Bond	2,742,756	2,823,487	↑ 3%
Corporate Bond	2,207,230	2,416,169	↑ 9%
-Long-term Corporate Bond	1,835,762	2,078,750	↑ 13%
-Commercial Paper	371,468	337,418	↓ -9%
Foreign Bond	91,374	88,474	↓ -3%
Total	9,287,288	10,023,042	↑ 8%

The largest portion of long-term corporate bond outstanding was in Energy & Utilities (18%), followed by the Banking sector (16%), Property Development sector (13%), Construction Materials sector (10%), Commerce sector (9%), Food and Beverage sector

(8%), Financial and Securities sector (8%), and Others (18%). Taking into account of the number of corporate bond issuers, the proportion of issuer rating A has decreased from 40% to 29%. On the other hand, the portion of issuer rating BBB (BBB+/BBB/BBB-) and Non-rated has increased 29% and 30% respectively. (See Figures 1 and 2)

FIGURE 1: CORPORATE BOND'S OUTSTANDING VALUE BY BUSINESS SECTOR (as of Dec 30, 2015)

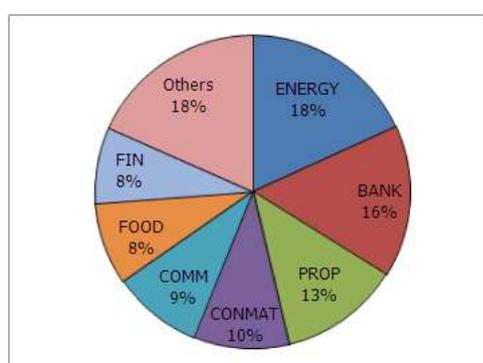
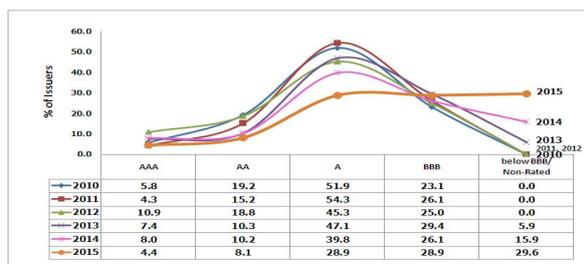


FIGURE 2: PROPORTION OF CORPORATE BOND ISSUER BY RATING



II. Bond Trading Activities in 2015

In 2015, total outright trading value was THB 19,653.84 billion, 4% upper than in 2014 (See Table 3). Trading activities in 2015 continued to be concentrated in BOT bond, accounted for THB 12,615.67 billion or 64.19% of the total outright trading value. The government bonds accounted for THB 4,605.34 billion, followed by THB 1,360.93 billion

of T-Bills, THB 496.35 billion of long-term corporate bonds, THB 244.73 billion of SOE bonds, THB 311.33 billion of commercial paper, and THB 19.48 billion of foreign bonds.

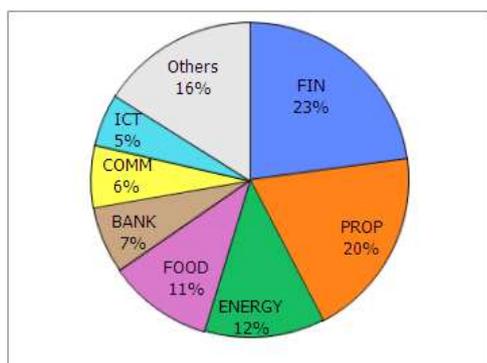
TABLE 3: THAIBMA OUTRIGHT TRADING AND OUTSTANDING VALUE (THB Mln) BETWEEN 2014 & 2015

Type	2014		2015		% Change	
	Outright Trading	Outstanding	Outright Trading	Outstanding	Trading	Outstanding
Government Bond	4,103,772	3,355,677	4,605,344	3,724,713	12%	11%
State Own Enterprise	236,121	783,240	244,728	782,498	4%	-1%
T-Bills	1,381,692	97,010	1,360,925	187,702	-2%	93%
State Agency	12,516,839	2,742,756	12,615,669	2,833,487	1%	3%
LT Corporate bond	370,752	1,835,762	496,354	2,078,750	34%	13%
Commercial Paper	221,808	371,468	311,333	337,418	40%	-9%
Foreign Bond	36,234	91,374	19,484	88,474	-46%	-5%
Total Value	18,867,218	9,287,288	19,653,835	10,023,942	4%	8%
Total Value (TTM > 1 year)	5,998,059		6,525,785		9%	
- No. of trading days	245		243		-1%	
- Monthly Average	499,838		543,815		9%	
- Daily Average	24,482		26,855		10%	
No. of Outright Transaction	3,155,408		3,155,075		0%	
- Monthly Average	12,117		12,090		0%	
- Daily Average	594		597		1%	
Dealer Participation	40		42		5%	

However, total outright trading value with over 1 year maturity stood at THB 6,525.79 billion, 9% upper than in 2014. Average daily outright trading value with maturity over 1 year stood at THB 26.86 billion in 2015, 10% upper than the amount of THB 24.48 billion in 2014.

Total outright trading of long-term corporate bonds in 2015 totaled THB 496.35 billion or 2.53% of the total outright trading value. The largest portion of corporate bonds outright trading value was in Financial Institution sector (23%), followed by the Property sector (20%), Energy sector (12%), and Food and Beverage sector (11%). (See Figures 3).

FIGURE 3: CORPORATE BOND'S TRADING VALUE BY BUSINESS SECTOR, 2015



Market Participants

In 2015, 74% of the total outright trading value came from transactions between dealers and their clients, whereas 26% was inter-dealer transactions. Major active investors were Asset Management Companies (65%), followed by foreign companies (FCO) (10%), domestic companies (DCO) (6%), insurance companies (4%), non-dealer financial institutions (NDL) (4%), individuals (0.5%) and others (11%).

The top ten most active member dealers for outright trading with over 1 year maturity in 2015 comprised of seven local commercial banks, namely: Bangkok Bank Plc (13.18% of market share), Siam Commercial Bank Plc (7.62%), CIMB Thai Bank Plc (7.53%), Krung Thai Bank Plc (6.96%), Kasikorn Bank Plc (6.92%), TMB Bank Plc (5.73%), Standard Chartered Bank (5.56%), and three foreign commercial banks: The Hongkong and Shanghai Banking Corporation Limited (HSBC) (6.77%), Bank of America National Association (6.21%), and CITI Bank (6.17%). (See Table 4).

TABLE 4: TOP 10 MOST ACTIVE MEMBER DEALERS (Exclude < 1 Yr Bonds)

Ranking	Dealers	Outright Trading Value (THB Mln)	Market Share
1	BBL	1,150,855.50	13.18%
2	SCB	665,389.63	7.62%
3	CIMBT	657,600.73	7.53%
4	KTB	607,505.62	6.96%
5	KBANK	603,929.25	6.92%
6	HSBC	591,076.71	6.77%
7	BofA	542,488.72	6.21%
8	CITI	538,736.62	6.17%
9	TMB	500,360.12	5.73%
10	SCBT	485,142.52	5.56%
	Other	2,386,779.19	27.34%
	Total	8,729,864.62	100.00%

Market Liquidity

In 2015, the turnover ratio (outright transaction only) for all types of bonds was 1.96 times, dropping from the ratio of 2.03 times in 2014. In particular, the turnover ratio of SA bonds was 4.47 times, followed by government bonds (1.24 times), commercial paper (0.92 times), SOE bonds (0.31 times), long-term corporate bond (0.24 times), and foreign bonds (0.22 times).

The top five most active issues of government bonds were LB196A, LB21DA, LB176A, LB236A and LB206A (See Table 5), whereas the top five most active SOE bonds were GGLB189A, GGLB16NA, GGLB156A, GGLB157C, and GGLB20NA (See Table 6). With regards to long-term corporate bonds, the top five most active issues were SCC184B, TLT164A, CPF163A, TLT174A, and TLT162A (See Table 7).

TABLE 5: TOP 5 MOST ACTIVE GOVERNMENT BONDS

Issue	Type/Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
Government Bond							
LB196A	Loan Bond	3.45	2.54	1.72	1,184,840	392.34	30-Dec-15
LB21DA	Loan Bond	5.97	2.77	2.20	852,509	278.50	30-Dec-15
LB176A	Loan Bond	1.46	2.15	1.42	636,808	291.20	30-Dec-15
LB236A	Loan Bond	7.46	3.02	2.30	321,965	162.73	30-Dec-15
LB206A	Loan Bond	4.49	2.43	1.75	294,276	270.22	30-Dec-15

TABLE 6: TOP 5 MOST ACTIVE STATE OWNED ENTERPRISE BONDS

Issue	Type/Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
State Owned Enterprise Bond							
GGL189A	Guaranteed	2.74	2.60	1.78	75,090	127.27	30-Dec-15
GGL16NA	Guaranteed	0.92	2.27	1.55	39,154	56.27	29-Dec-15
GGL156A	Guaranteed	-	2.12	1.55	11,792	-	14-May-15
GGL157C	Guaranteed	-	2.17	1.52	7,464	-	9-Jul-15
GGL20NA	Guaranteed	4.91	2.46	2.22	7,427	26.52	30-Dec-15

TABLE 7: TOP 5 MOST ACTIVE LONG TERM CORPORATE BONDS

Issue	Type/Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
Corporate Bond							
SCC184B	A	2.25	4.60	1.92	10,356	69.04	30-Dec-15
TLT164A	AAA	0.32	2.54	1.58	8,949	894.90	24-Dec-15
CPF163A	A+	0.21	2.65	1.63	8,567	141.37	25-Dec-15
TLT174A	AAA	1.31	3.01	1.68	8,097	404.85	18-Dec-15
TLT162A	AAA	0.13	2.58	1.56	7,840	196.01	23-Dec-15

Yield Movement and the ThaiBMA Bond Index

Comparing yield's movement of the government bond at the end of 2015 with the previous year, short-term bonds' yield decreased around 50 basis point amid the decline of policy rate (from 2.00% to 1.50%). While the yield of long-term bond (longer than 1 year) went down 20-50 basis point as economic recovery in domestic and international was slower than market's expectation (See Figure 3).

Throughout this year, market had concerned about the timing of the first time of FOMC to increase the policy rate after Fed keeping interest rate unchanged around 9 years. Fed waited for the strong economic data before hiking interest rate. Finally, FOMC announced to increase the policy rate from 0-0.25% to 0.25%-0.50% in December 2015. So, investors sold off the risky assets including Thai bond and turned back to invest in safe asset. Taking into account of nonresident bond holding, foreign capital outflowed THB 108,050 Mln. It can be seen that foreign investors hold bonds at value of 575,394 million baht

which is 15.8 percent lower than the value of 683,444 million baht at the end of 2014.

FIGURE 4: THAIBMA GOVERNMENT BOND YIELD CURVE MOVEMENT



At the end of year 2015, ThaiBMA government bond's clean price index closed at 107.89, representing year-to-date return of 1.12%. Returns on ThaiBMA government bond index subgroup 1 (1-3 years), subgroup 2 (3-7 years), subgroup 3 (7-10 years), subgroup 4 (over 10 years) and subgroup 5 (less than 10 years) were 3.14%, 4.37%, 4.78%, 7.15%, and 4.01%, respectively. Return on corporate bonds index decreased from 6.68% in 2014 to 4.88% in 2015.

Outlook of the Thai Bond Market in 2016 (Source: Opinion survey from underwriters and active dealers)

I. Primary Market

The primary market is anticipated to grow continuously. THB 500,000 million of government debt securities is expected to be issued for the fiscal 2016, increasing from the amount issued in 2015. New government bond issuances are mainly used to finance the current account deficit and the rollover government debts.

In private sector, it tends to have more corporate companies raising fund through the bond market in accordance with a gradually recovering Thai economic condition. New corporate debt securities' issuance is expected to be 520,000-550,000 million baht with the expectation of continuing low-levelled interest rate trend in 2016.

II. Secondary Market

For yield movement in 2016, short-terms yield maybe unchanged at least the first half of 2016 since Thai MPC will remain policy rate at low level in order to stimulate the economy. While long-terms yield may increase in the same direction of the world economic recovery, especially US, EU.

THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

REPORT OF THE AUDITOR

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

I have audited the accompanying financial statements of The Thai Bond Market Association, which comprise the statement of financial position as at December 31, 2015, and the statement of income and expenditure, statement of changes in capital fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditor's Responsibility

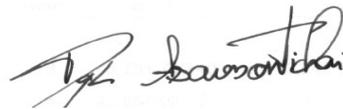
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2015, and the financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards for Non-Publicly Accountable Entities.



(Mr. Pojana Asavasontichai)
Certified Public Accountant
Registration No. 4891

Dharmniti Auditing Company Limited
Bangkok, Thailand
March 24, 2016
2016/0295/01

**THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

ASSETS

		Baht	
	Note	2015	2014
Current assets			
Cash and cash equivalents	3	6,883,392.43	6,004,276.80
Current investments	4	42,065,108.06	53,396,807.30
Other current assets		1,504,871.71	985,990.62
Total Current Assets		<u>50,453,372.20</u>	<u>60,387,074.72</u>
Non-current assets			
Long-term investment	5	10,000,000.00	-
Investment in Private Fund	2.6, 6	529,814,650.86	474,076,248.40
Equipment	2.7, 7	5,117,717.41	5,276,152.94
Equipment supported by the Ministry of			
Finance	2.7, 8	-	-
Intangible assets	2.8, 9	1,332,624.51	974,443.36
Intangible assets supported by the Ministry of			
Finance	2.8, 10	-	-
Other non-current assets		2,108,300.00	1,410,875.70
Total Non-Current Assets		<u>548,373,292.78</u>	<u>481,737,720.40</u>
TOTAL ASSETS		<u><u>598,826,664.98</u></u>	<u><u>542,124,795.12</u></u>

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

LIABILITIES AND CAPITAL FUND

	Note	Baht	
		2015	2014
Current liabilities			
Other payable		789,183.34	1,475,688.37
Accrued expenses		670,743.43	2,767,438.83
Deferred income	2.4, 11	3,781,583.33	4,045,583.33
Deferred income of support fund from the Ministry of Finance	12	-	-
Demolition provisions		686,555.00	666,547.00
Other current liabilities		4,025,893.63	2,904,330.48
Total Current Liabilities		<u>9,953,958.73</u>	<u>11,859,588.01</u>
Non-current liabilities			
Deferred annual fee of registered debt securities	2.3, 2.4	72,984,053.97	66,889,914.89
Provisions for employee benefit	13	98,675.41	47,591.02
Total Non-Current Liabilities		<u>73,082,729.38</u>	<u>66,937,505.91</u>
TOTAL LIABILITIES		<u>83,036,688.11</u>	<u>78,797,093.92</u>
Capital fund			
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members	2.2	28,180,000.00	27,560,000.00
Accumulated fund		302,080,191.58	250,237,915.91
TOTAL CAPITAL FUND		<u>515,789,976.87</u>	<u>463,327,701.20</u>
TOTAL LIABILITIES AND CAPITAL FUND		<u><u>598,826,664.98</u></u>	<u><u>542,124,795.12</u></u>

THE THAI BOND MARKET ASSOCIATION
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STATEMENTS OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Baht	
		2015	2014
INCOME			
Membership annual fees	2.3	6,595,218.02	6,526,213.49
Admission fees for registered debt instruments	2.3	43,494,418.74	38,283,512.16
Annual fees for registered debt instruments	2.3	35,388,620.61	30,369,817.84
Service fees for data provision	2.3	40,231,360.47	37,026,323.78
Training fees and book support		3,553,300.00	3,705,700.00
Examination fees, training fees and registration fees for registered traders		1,560,330.00	1,970,060.00
Support fund income from the Ministry of Finance	12	-	-
Earnings from investment in Private Fund	2.6, 6	5,738,402.46	36,866,998.74
Interest income		1,445,770.05	1,617,173.83
Other income		634,008.22	877,441.52
Total income		138,641,428.57	157,243,241.36
EXPENDITURE			
Data system expenses		2,869,411.58	2,317,691.99
Staff costs		61,350,631.56	57,193,551.50
Business development expenses		14,231,461.44	13,178,547.11
Administrative expenses		6,300,825.15	8,239,252.66
Depreciation		1,693,778.12	1,502,597.43
Amortization of computer software		333,037.05	220,329.56
Finance costs		20,008.00	8,799.00
Total expenditure		86,799,152.90	82,660,769.25
Income over (under) expenditure for the year		51,842,275.67	74,582,472.11

THE THAI BOND MARKET ASSOCIATION
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	<i>Baht</i>	
	2015	2014
<u>Cash flows from operating activities :</u>		
Income over (under) expenditure for the year	51,842,275.67	74,582,472.11
Adjustment for :		
Depreciation	1,693,778.12	1,502,597.43
Amortization of computer software	333,037.05	220,329.56
Loss on write-off of assets	-	1,965.12
Gain on disposal of assets	(18,682.59)	125,527.98
Expenses (income) for employee benefits	51,084.39	6,608.50
Earnings from investment in Private Fund	(5,738,402.46)	(36,866,998.74)
Interest income	(979,417.79)	(1,353,946.28)
Finance cost	20,008.00	8,799.00
Change in operating assets and liabilities		
Current assets	(510,072.65)	167,499.05
Other non-current assets	(697,424.30)	164,710.66
Other payable	(686,505.03)	589,390.17
Accrued expenses	(2,096,695.40)	1,625,002.83
Other current liabilities	1,121,563.15	(722,418.40)
Deferred income	(264,000.00)	(1,611,000.00)
Deferred annual fees of registered debt securities	6,094,139.08	9,566,823.29
Net cash provided by (used in) operating activities	50,164,685.24	48,007,362.28
Demolition provisions paid	-	(271,600.00)
Employee benefit obligations paid	-	(306,240.00)
Net cash provided by (used in) operating activities	50,164,685.24	47,429,522.28

THE THAI BOND MARKET ASSOCIATION
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	<i>Baht</i>	
	2015	2014
<u>Cash flows from investing activities :</u>		
(Increase)Decrease in current investments	11,331,699.24	(10,732,778.03)
(Increase)Decrease in long-term investment	(10,000,000.00)	-
Cash paid for additional investment in Private fund	(50,000,000.00)	(35,000,000.00)
(Increase)Decrease in investment in Private Fund	(5,738,402.46)	(36,866,998.74)
Earnings(loss) from investment in Private Fund	5,738,402.46	36,866,998.74
Proceeds from sale of fixed assets	18,691.59	610,828.69
Purchases of equipment	(1,535,351.59)	(3,204,228.09)
Intangible assets	(691,218.20)	(582,000.00)
Interest received	970,609.35	1,451,221.55
Net cash provided by (used in) investing activities	<u>(49,905,569.61)</u>	<u>(47,456,955.88)</u>
<u>Cash flows from financing activities :</u>		
Initial capital fund from member	620,000.00	300,000.00
Net cash provided by (used in) financing activities	<u>620,000.00</u>	<u>300,000.00</u>
Increase (decrease) in cash and cash equivalents, net	879,115.63	272,566.40
Cash and cash equivalents, beginning balance	6,004,276.80	5,731,710.40
Cash and cash equivalents, ending balance	<u><u>6,883,392.43</u></u>	<u><u>6,004,276.80</u></u>

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

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 as follows

29 Vanissa Building, 21st Floor, Soi Chidlom, Ploenchit Rd., Lumpini, Patumwan, Bangkok. The Thai bond Market Association view move to the new location in April 2016 to 900 Tonson Tower, 10th Floor, Ploenchit Rd, Lumpini, Patumwan, 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 market development.

Objectives of the Association are as follows :

(1) To be Center of information of debt instrument market and to provide services of such information;

(2) To promote and develop debt instrument market and to conduct debt instrument business;

(3) To promote, develop and prescribe standard of procedures in conducting debt instrument business;

(4) To supervise Members to comply with the rules and regulations, ethics and standard of procedures in the debt instrument market;

(5) To promote and foster the research and education regarding debt instruments including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt instrument market to the public;

(6) To promote the relationship and cooperation among Members;

(7) To compromise and resolve the dispute over conducting the debt instrument business between Members or between Members and the third parties;

(8) To carry out activities for public benefits or work on other activities to satisfy the Association's foregoing objectives. The foregoing objectives are all non-political related.

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

(C) Data of membership

As at December 31, 2015 and 2014 membership of the Association consists of:

Ordinary Member	47 members (Year 2015) and 49 members (Year 2014), respectively
Extraordinary Member	4 members (Year 2015) and 2 members (Year 2014), respectively
Associate Member	2 member (Year 2015) and 1 members (Year 2014), respectively

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act of B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 by complying with the financial reporting standard for Non-Publicly accountable entities.

In addition, the Association has applied some financial reporting standards for Publicly Accountable Entities in the preparation of the financial statements as follows:

TAS 7 (revised 2012) Statement of Cash Flows

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 such financial statements in Thai language.

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 admission fees from registering debt instrument is recognized in full upon its registration.

THE THAI BOND MARKET ASSOCIATION
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Revenue from annual fees of registered debt instrument is recognized based on the maturity and not exceeding seven years.

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

Interest income is recognized on an accrual basis.

Support fund income from the Ministry of Finance for the project is recognized as follows:

- Support fund used for expenditure in the period is recognized as income when expenditure is incurred in the period.

- Support fund used for fixed assets and deferred expenditure are recorded as deferred income of support fund from the Ministry of Finance and recognized as income in proportion to depreciation and amortization of assets in the period.

Other income and expenditure are recognized on an accrual basis.

2.4 Deferred income

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

2.5 Investment

Investment in debt securities and expected to be held to maturity, are accounted at amortized cost by the effective rate method.

The Association calculated cost of the securities by the weighted average cost method.

2.6 Investment in Private Fund

Investment in private fund is stated at the net asset value invested. Earnings from investment are recorded immediately as gain or loss in the statement of income and expenditure in that period.

Investment in private fund is an investment in trading securities and stated at fair value. The fair value of any listed equity securities are derived from the closing price of the Stock Exchange of Thailand, while the fair value of debt securities are calculated from the yield announced by The Thai Bond Market Association. The gain (loss) from investment valuation is recognized as unrealized gain (loss) and shown as earnings from investment in the current period.

Earnings from investment is recognized on an accrual basis as follows :

Interest income is recognized on an accrual basis.

Dividend income is recognized on the date eligible to receive.

THE THAI BOND MARKET ASSOCIATION
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Realized gain or loss from sales of investment is recognized as revenue or expense at the selling date. Cost of investment sold is calculated by the weighted average method.

Management fee and other expenses are recognized on an accrual basis and recorded as deduction from earnings of the periods.

2.7 Equipment/Depreciation

Equipment are 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
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 equipment under installation.

Equipment are 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.

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2.9 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.

2.10 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 policy of the Association and other employee benefit plans (if any). The Association treats these severance payment obligations as a defined benefit plan and calculates post-employment benefits for employees who work for the Association until retirement.

The Association has opted to record immediately the entire amount of this liability as an adjustment accumulated fund as at January 1, 2011.

2.11 Income tax

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

2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call at financial institutions.

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
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3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	2015	2014
Cash on hand	11,066.75	30,000.00
Cash at banks - Savings accounts	6,871,325.68	5,868,416.80
Cash at banks - Current accounts	1,000.00	105,860.00
Total	6,883,392.43	6,004,276.80

4. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2015	2014	2015	2014
Fixed deposits at banks (3-12 months)	0.90 – 3.50	1.10 – 3.50	4,091.41	45,002,142.91
Mutual fund	1.48 – 2.45	2.07 – 2.45	42,061,016.65	8,394,664.39
Total			42,065,108.06	53,396,807.30

5. LONG-TERM INVESTMENT

	Interest rate (%)		Baht	
	2015	2014	2015	2014
Saving Bond-Bank for agriculture and Agricultural co-operatives (5 years)	3.80	-	10,000,000.00	-
Total			10,000,000.00	-

6. INVESTMENT IN PRIVATE FUND

	Baht	
	2015	2014
Investment in private fund - beginning balance	322,000,000.00	287,000,000.00
<u>Add</u> Investment during the year	50,000,000.00	35,000,000.00
	372,000,000.00	322,000,000.00
Accumulated earnings on investment - beginning balance	152,076,248.40	115,209,249.66
<u>Add</u> Earnings from investment for the year	5,738,402.46	36,866,998.74
	157,814,650.86	152,076,248.40
Total investment in private fund	529,814,650.86	474,076,248.40

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As at December 31, 2015 investment in private fund separated by fund manager consisted of :

	2015		
	Tisco	KASSET	Total
Investment (at fair value)			
(Tisco : at cost of Baht 202,143,761.74)			
(KASSET : at cost of Baht 259,711,254.11)			
Deposits at financial institutions	723,729.21	203,145.24	926,874.45
Equity securities	74,890,505.00	49,179,255.00	124,069,760.00
Bonds	141,782,453.61	158,628,283.54	300,410,737.15
Debentures	46,866,393.05	56,978,643.67	103,845,036.72
	<u>264,263,080.87</u>	<u>264,989,327.45</u>	<u>529,252,408.32</u>
<u>Add</u> Accrued interest income	621,037.82	1,068,138.10	1,689,175.92
Accounts receivable- sales of investments and other	-	-	-
Account receivable - other	-	-	-
<u>Less</u> Accrued expenses	(547,198.17)	(540,951.89)	(1,088,150.06)
Accounts payable – purchase of investments	(38,783.32)	-	(38,783.32)
Net assets	<u>264,298,137.20</u>	<u>265,516,513.66</u>	<u>529,814,650.86</u>
Net assets:			
Fund brought forward include accumulated earnings/transfer	235,939,613.51	238,136,634.89	474,076,248.40
Contribution in the year	25,000,000.00	25,000,000.00	50,000,000.00
Earnings from investment for the year	3,358,523.69	2,379,878.77	5,738,402.46
Total	<u>264,298,137.20</u>	<u>265,516,513.66</u>	<u>529,814,650.86</u>
Earnings from investment for the year:			
Income from investment net after expense	7,335,447.59	6,083,932.96	13,419,380.55
Gain(loss) on sales of investment	(3,202,056.11)	420,510.86	(2,781,545.25)
Unrealized gain(loss) on securities valuation	(774,867.79)	(4,124,565.05)	(4,899,432.84)
Total	<u>3,358,523.69</u>	<u>2,379,878.77</u>	<u>5,738,402.46</u>

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As at December 31, 2014 investment in private fund separated by fund manager consisted of :

	2014		
	Tisco	KASSET	Total
Investment (at fair value)			
(Tisco : at cost of Baht 228,453,377.87)			
(KASSET : at cost of Baht 227,925,118.74)			
Deposits at financial institutions	2,636,192.42	12,954,199.69	15,590,392.11
Equity securities	50,587,301.75	44,997,710.60	95,585,012.35
Bonds	126,193,914.51	134,011,779.07	260,205,693.58
Debentures	55,637,873.98	45,591,346.57	101,229,220.55
	<u>235,055,282.66</u>	<u>237,555,035.93</u>	<u>472,610,318.59</u>
<u>Add</u> Accrued interest income	682,913.32	966,214.04	1,649,127.36
Accounts receivable- sales of investments and other	610,301.15	-	610,301.15
Account receivable - other	31,960.00	81,940.00	113,900.00
<u>Less</u> Accrued expenses	(116,090.14)	(466,555.08)	(582,645.22)
Accounts payable – purchase of investments	(324,753.48)	-	(324,753.48)
Net assets	<u>235,939,613.51</u>	<u>238,136,634.89</u>	<u>474,076,248.40</u>
Net assets:			
Fund brought forward include accumulated earnings/transfer	219,871,112.38	182,338,137.28	402,209,249.66
Contribution in the year	-	35,000,000.00	35,000,000.00
Earnings from investment for the year	16,068,501.13	20,798,497.61	36,866,998.74
Total	<u>235,939,613.51</u>	<u>238,136,634.89</u>	<u>474,076,248.40</u>
Earnings from investment for the year:			
Income from investment net after expense	7,173,290.24	6,080,819.80	13,254,110.04
Gain(loss) on sales of investment	2,778,820.26	1,494,107.31	4,272,927.57
Unrealized gain(loss) on securities valuation	6,116,390.63	13,223,570.50	19,339,961.13
Total	<u>16,068,501.13</u>	<u>20,798,497.61</u>	<u>36,866,998.74</u>

THE THAI BOND MARKET ASSOCIATION
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7. EQUIPMENT

	Baht			
	Balance per book as at Dec. 31,2014	Addition	Deduction	Balance per book as at Dec. 31, 2015
<u>At cost</u>				
Office equipment	3,557,425.96	143,159.44	61,991.70	3,638,593.70
Furniture and fixtures	3,119,334.54	-	-	3,119,334.54
Computer equipment	7,562,432.41	1,392,192.15	-	8,954,624.56
Vehicles	1,610,000.00	-	-	1,610,000.00
Total	<u>15,849,192.91</u>	<u>1,535,351.59</u>	<u>61,991.70</u>	<u>17,322,552.80</u>
Less Accumulated depreciation				
Office equipment	3,337,233.35	113,255.89	61,982.70	3,388,506.54
Furniture and fixtures	3,126,246.44	100,134.00	-	3,226,380.44
Computer equipment	3,995,290.74	1,287,294.02	-	5,282,584.76
Vehicles	114,269.44	193,094.21	-	307,363.65
Total	<u>10,573,039.97</u>	<u>1,693,778.12</u>	<u>61,982.70</u>	<u>12,204,835.39</u>
Equipment - net	<u><u>5,276,152.94</u></u>			<u><u>5,117,717.41</u></u>

	Baht			
	Balance per book as at Dec. 31,2013	Addition	Deduction	Balance per book as at Dec. 31,2014
<u>At cost</u>				
Office equipment	3,646,536.62	33,988.18	123,098.84	3,557,425.96
Furniture and fixtures	5,006,654.56	-	1,887,320.02	3,119,334.54
Computer equipment	5,952,194.09	1,610,238.32	-	7,562,432.41
Vehicles	1,530,900.00	1,610,000.00	1,530,900.00	1,610,000.00
Total	<u>16,136,285.27</u>	<u>3,254,226.50</u>	<u>3,541,318.86</u>	<u>15,849,192.91</u>
Less Accumulated depreciation				
Office equipment	3,333,669.73	124,839.24	121,275.62	3,337,233.35
Furniture and fixtures	4,891,597.46	121,967.00	1,887,318.02	3,126,246.44
Computer equipment	2,930,296.93	1,064,993.81	-	3,995,290.74
Vehicles	667,877.08	190,937.28	744,544.92	114,269.44
Total	<u>11,823,441.20</u>	<u>1,502,737.33</u>	<u>2,753,138.56</u>	<u>10,573,039.97</u>
Equipment - net	<u><u>4,312,844.07</u></u>			<u><u>5,276,152.94</u></u>
Depreciation 2015				<u><u>1,693,778.12</u></u>
Depreciation 2014				<u><u>1,502,597.43</u></u>

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As at December 31, 2015 and 2014, equipment of the Association were fully depreciated but still in use, amounting to a total cost of Baht 6.3 million and Baht 7.0 million, respectively.

8. EQUIPMENT SUPPORTED BY THE MINISTRY OF FINANCE

	Baht			Balance per book as at Dec. 31, 2015
	Balance per book as at Dec. 31, 2014	Addition	Deduction	
<u>At cost</u>				
Office equipment	664,796.10	-	-	664,796.10
Furniture and fixtures	1,006,532.68	-	-	1,006,532.68
Computer equipment	15,355,423.80	-	-	15,355,423.80
Total	17,026,752.58	-	-	17,026,752.58
<u>Less</u> Accumulated depreciation				
Office equipment	664,796.10	-	-	664,796.10
Furniture and fixtures	1,006,532.68	-	-	1,006,532.68
Computer equipment	15,355,423.80	-	-	15,355,423.80
Total	17,026,752.58	-	-	17,026,752.58
Equipment - net	-			-

	Baht			Balance per book as at Dec. 31, 2014
	Balance per book as at Dec. 31, 2013	Addition	Deduction	
<u>At cost</u>				
Office equipment	664,796.10	-	-	664,796.10
Furniture and fixtures	1,521,332.68	-	514,800.00	1,006,532.68
Computer equipment	15,950,172.60	-	594,748.80	15,355,423.80
Total	18,136,301.38	-	1,109,548.80	17,026,752.58
<u>Less</u> Accumulated depreciation				
Office equipment	664,796.10	-	-	664,796.10
Furniture and fixtures	1,521,332.68	-	514,800.00	1,006,532.68
Computer equipment	15,950,172.60	-	594,748.80	15,355,423.80
Total	18,136,301.38	-	1,109,548.80	17,026,752.58
Equipment - net	-			-
Depreciation 2015				-
Depreciation 2014				-

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As at December 31, 2015 and 2014, equipment supported by the ministry of finance of the Association were fully depreciated but still in use, amounting to a total cost of Baht 17.0 million, respectively.

9. INTANGIBLE ASSETS

	Baht				
	Balance per book as at Dec. 31, 2014	Addition	Deduction	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2015
<u>At cost</u>					
Computer software	10,463,956.76	691,218.20	-	-	11,155,174.96
Computer software in progress	-	-	-	-	-
Total	10,463,956.76	691,218.20	-	-	11,155,174.96
<u>Less Accumulated amortization</u>					
Computer software	9,489,513.40	333,037.05	-	-	9,822,550.45
Computer software - net	974,443.36				1,332,624.51
	Baht				
	Balance per book as at Dec. 31, 2013	Addition	Deduction	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2014
<u>At cost</u>					
Computer software	9,848,956.76	582,000.00	-	33,000.00	10,463,956.76
Computer software in progress	33,000.00	-	-	(33,000.00)	-
Total	9,881,956.76	582,000.00	-	-	10,463,956.76
<u>Less Accumulated amortization</u>					
Computer software	9,269,183.84	220,329.56	-	-	9,489,513.40
Computer software - net	612,772.92				974,443.36
Software amortization 2015					333,037.05
Software amortization 2014					220,329.56

As at December 31, 2015 and 2014, intangible assets of the Association were fully amortization but still in use, amounting to a total cost of Baht 8.3 million and Baht 8.9 million, respectively.

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11. DEFERRED INCOME

Deferred income consisted of :

	Baht	
	2015	2014
Membership fees of data system - iBond	2,146,500.00	2,735,500.00
Membership fees of data system - iRisk	1,190,000.00	955,000.00
Other	245,083.33	355,083.33
Total	<u>3,781,583.33</u>	<u>4,045,583.33</u>

12. SUPPORT FUND FROM THE MINISTRY OF FINANCE

In the year 2004, the Securities and Exchange Commission had applied for financial support from the Ministry of Finance through the Public Debt Management Office to The Thai Bond Dealing Centre for the Project “Creation of a Self-Regulatory Organization and Information Center for the Thai Bond Market” to which the conclusion was reached by the Cabinet on October 12, 2004 approving support fund under the 2004 budget of additional expenses, central budget, for the expense of enhancing national competitiveness and sustainable development in the amount of Baht 170 million for a period of 3 years (October 12, 2004 - October 11, 2007).

The Association has received support fund from the Ministry of Finance amount of Baht 170 million for the operating period from October 12, 2004 to October 11, 2007. As at the close date of project, the remain cash balance of Baht 5,311,728.93 was sent back to the Ministry of Finance on October 2007, so that total support fund from the Ministry of Finance was Baht 164,688,271.07.

However, the account of deferred income of support fund from Ministry of Finance and support fund income are shown throughout the period of depreciation and amortization of assets supported by the fund over the useful life of those assets.

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As at 31 December 2015 and 2014, details of the operation of the Project to create a self-regulatory organization and information center for the Thai bond market are presented as follows:-

	Baht	
	2015	2014
Total support fund from the Ministry of Finance	164,688,271.07	164,688,271.07
Used as expenditure during the year (include depreciation and amortization)		
In 2005 used by The Thai Bond Dealing Centre	7,457,431.79	7,457,431.79
In 2006 used by The Thai Bond Market Association	29,961,465.23	29,961,465.23
In 2007 used by The Thai Bond Market Association	44,809,008.92	44,809,008.92
In 2008 used by The Thai Bond Market Association	17,575,177.73	17,575,177.73
In 2009 used by The Thai Bond Market Association	17,575,420.59	17,575,420.59
In 2010 used by The Thai Bond Market Association	15,814,563.58	15,814,563.58
In 2011 used by The Thai Bond Market Association	20,505,224.38	20,505,224.38
In 2012 used by The Thai Bond Market Association	10,886,599.98	10,886,599.98
In 2013 used by The Thai Bond Market Association	103,378.87	103,378.87
	<u>164,688,271.07</u>	<u>164,688,271.07</u>
Used as fixed assets and prepaid expenses (Stated as deferred income of support fund from the Ministry of Finance)		
Intangible assets (computer software) - net	-	-
	<u>-</u>	<u>-</u>

As for the support fund from the Ministry of Finance, the Thai Bond Market Association separated the account recording system for the project from its normal recording as specified in the memorandum of agreement between the Public Debt Management Office, Ministry of Finance, Securities and Exchange Commission, and The Thai Bond Market Association dated February 20, 2006. The Association must completely follow the stipulation in the memorandum of agreement to be entitled to receive the above support fund.

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13. Employee benefit obligations

The details of employee benefit obligations for the year ended December 31, 2015 and 2014 are shown as follows:

	Baht
Employee benefit obligations as at January 1, 2014	347,222.52
Current service costs (Decrease)	6,608.50
Employee benefit paid in the year	(306,240.00)
Employee benefit obligations as at January 1, 2014	47,591.02
Current service costs (Decrease)	51,084.39
Employee benefit obligations as at December 31, 2015	98,675.41

The expenditure recognized in the statement of income and expenditure for the year ended December 31, 2015 amounted to Baht 51,084.39, and the expenditure recognized in the statement of income and expenditure for the year ended December 31, 2014 amounted to Baht 6,608.50.

14. COMMITMENTS OF LEASE AGREEMENT

As at December 31, 2015 the Association has commitments of lease agreement as follows:-

- Office rental agreement on 21 Floor of Vanissa Building with Piyanarongvit Co.,Ltd. is for a period of 1 years from March 1, 2015 to February 28, 2016 with commitment to pay yearly rental charges and common utility charge of Baht 2.88 million per annum.

As at December 31, 2015 the Association has commitment under the agreements for the rental charges and common utility charge as follows:-

	Million Baht
Payable within:	
1 year	0.48
More than 1 year to 5 years	-

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15. AGREEMENTS OF PRIVATE FUND MANAGEMENT

- 15.1 TISCO Asset Management Co., Ltd. is appointed the fund manager under the agreement made on March 7, 2006. Later, on March 1, 2011, the Association had entered into a new private fund management contract. Both agreements have a term of 1 year and agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.
- 15.2 Kasikorn Asset Management Co., Ltd. is appointed the fund manager under the agreement made on February 22, 2011. The agreement is effective from the date of the contract and ending on December 31, 2011 and the agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.

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 MFC Asset Management Plc.

During the year 2015, Baht 2.41 million and the year 2014, Baht 2.41 has been contributed to the fund by the Association.

17. CONTINGENT LIABILITIES

The Association has the contingent liabilities and the lawsuits as follows:

- (1) In the year 2011, the Association was sued by the contractor in accordance with the agreement with the Association on the termination without paying the compensation payment and other damages based on the prosecution value at the amount of Baht 29.5 million. The Central Labor Court dismissed the case and the plaintiff had appealed to the Supreme Court in January 2012. As at December 31, 2015, the case is under consideration of the Supreme Court.

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- (2) In the year 2011, the Association filed the lawsuit against a former executive of The Association in the case of violation and breach of contract at the amount of Baht 19.5 million. The Central Labor Court of First Instance dismissed the case and the Association filed an appeal to the Supreme Court on December 31, 2014. The Supreme Court had rendered judgment to reverse the Court of First Instance Judgment and ordered The Central Labor Court of First Instance to reconsider the case on December 9, 2015. The case is under the consideration of the Central Labor Court.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on March 24, 2016.