



ThaiBMA
สมาคมตลาดตราสารหนี้ไทย



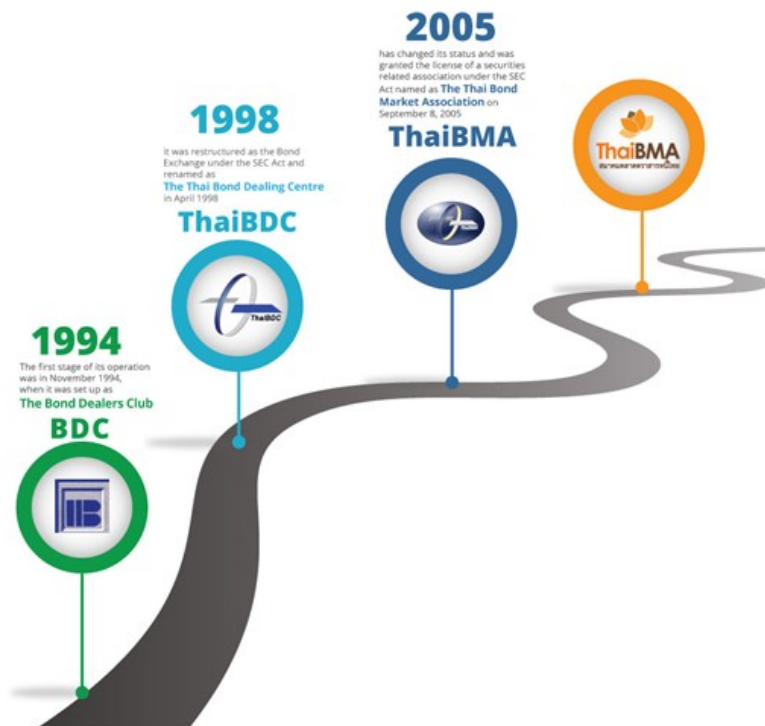
Annual Report 2018

ANOTHER YEAR OF
GROWTH



Contents

About ThaiBMA			02
<u>02</u> Background	<u>03</u> ThaiBMA Members	<u>04</u> Roles and Functions of ThaiBMA	
ThaiBMA’ S Board of Directors 2018			06
ThaiBMA’ S Organization Chart			07
2018 Bond Market Highlights			08
2018 Thai Bond Market Review			09
ThaiBMA Highlights in 2018			18
<u>19</u> Activities in ThaiBMA’s Corporate Bond Market 4.0	<u>22</u> Activities in ThaiBMA’s Core Functions	<u>30</u> Highlight of ThaiBMA’s Activities	<u>32</u> ThaiBMA’s Major Plan 2019
Audit Committee Report for 2018			33
Good Corporate Governance			34
Directory of Members			43
Financial Statements			45



About ThaiBMA

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

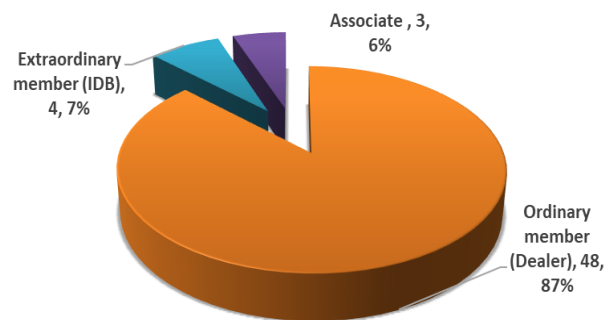
After 3 years of its operation, BDC changed its legal status to be in line with its membership structure and to support a more expansive bond market. So, it was restructured as the Bond Exchange under the SEC Act and renamed "**The Thai Bond Dealing Centre (Thai BDC)**" in April 1998. The primary roles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

Background

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

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

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



ThaiBMA Members

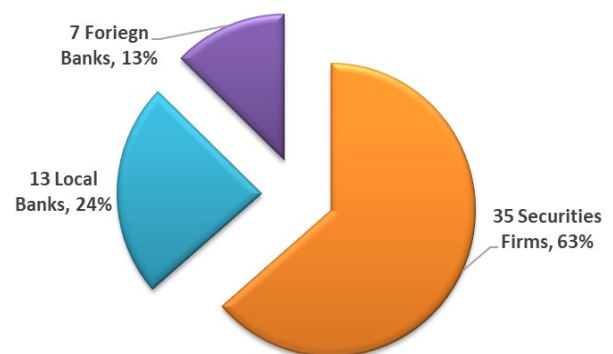
Pursuant to the regulation of the SEC, a financial institution having debt securities dealing license is required to be a member of ThaiBMA. Membership of ThaiBMA is divided into 3 categories :

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

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

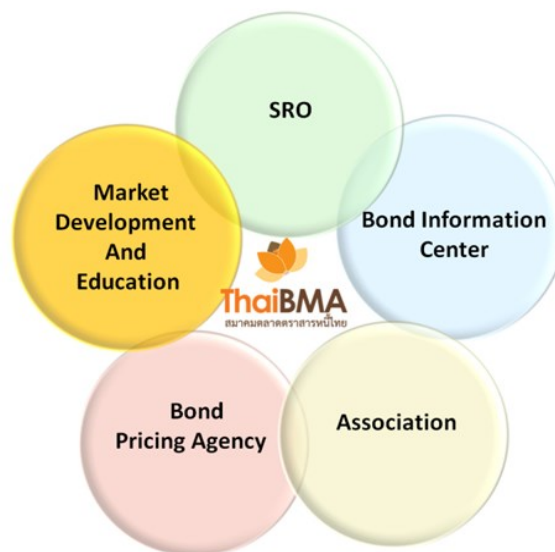
Associate Member is a financial institution that has debt securities dealing license but remain to have average monthly trading value in the past one year less than 100 million baht.

As of 31 December 2018, membership of ThaiBMA consists of 55 financial institutions, including banks and securities firms. The charts below provide information on the members divided by types of members and by types of firms respectively.



Annual General Meeting 2018

Roles and Functions of ThaiBMA



1) Self-Regulatory Organization (SRO)

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

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

2) Bond Information Center

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

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

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

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

3) Association

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

4) Pricing Agency

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

5) Market Development and Education

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



Press Release : ThaiBMA-FETCO interest rate sentiment index

THAIBMA'S BOARD OF DIRECTORS 2018

Name	Position	Organization
1. Dr. Pisit Leeahtam	Chairman of the Board	The Thai Bond Market Association
2. Mr. Singha Nikornpun	Vice Chairman of the Board	The Thai Bond Market Association
3. Mr. Sutee Losoponkul	Vice Chairman of the Board, Senior Executive Vice President of Treasury Wholesale Banking	CIMB Thai Bank Public Company
4. Mrs. Pattera Dilokrunthirapop	Chief Executive Officer	DBS Vickers Securities (Thailand) Company Limited
5. Mr. Narin Opamuratawongse ⁽¹⁾	Executive Vice President and Manager of Merchant Banking Division	Bangkok Bank Public Company Limited
6. Dr. Somjin Sornpaisarn ⁽¹⁾	Chief Executive Officer	TMB Asset Management Company Limited
7. Mr. Thiti Tantikulanan	Head of Capital Markets Business	Kasikorn Bank Public Company Limited
8. Mr. Apichart Tungkiatsilp	Managing Director of Fixed Income Department	KGI Securities (Thailand) Public Company Limited
9. Mr. Sukkawat Prasurtying	Chief Investment Officer	AIA Thailand Company Limited
10. Mr. Pisal Kattiyothaivong ⁽¹⁾	Executive Director, Country Head of Debt Capital Markets	United Overseas Bank (Thai) Public Company Limited
11. Mr. Tada Phutthitada ⁽²⁾	President	The Thai Bond Market Association

Advisors to the Board of Directors

1. Mr. Amporn Sangmanee ⁽³⁾	Senior Director, Reserve Management Department	The Bank of Thailand
2. Mr. Poomsak Aranyakasemsuk ⁽⁴⁾	Director General	Public Debt Management Office, Ministry of Finance

Resigned Advisors

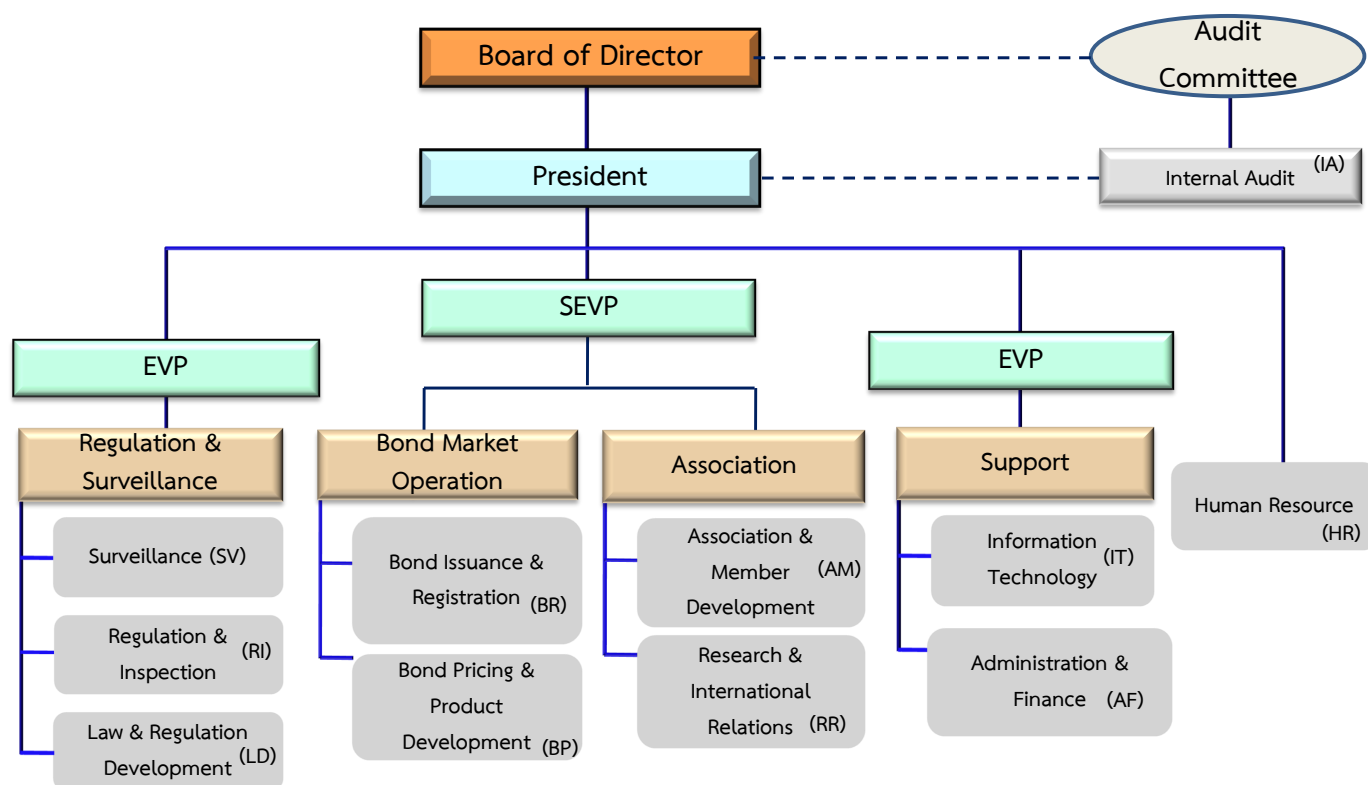
1. Mr. Titanun Mallikamas	Senior Director, Financial Markets Department	The Bank of Thailand
2. Mr. Theerat Attanavanich	Bond Market Advisor	Public Debt Management Office, Ministry of Finance

Remarks :

- (1) Mr. Narin Opamuratawongse, Dr. Somjin Sornpaisarn and Mr. Pisal Kattiyothaivong completed their term of office and was re-elected by the Annual General Meeting of Members on 25 April 2018.
- (2) Mr. Tada Phutthitada completed his term of office and was re-elected by the Board of Directors in the Resolution of the Meeting of the Board of Directors No. 3/2561
- (3) Mr. Amporn Sangmanee was appointed an advisor to replace Mr. Titanun Mallikamas who resigned from advisorship.
- (4) Mr. Poomsak Aranyakasemsuk was appointed an advisor to replace Mr. Theerat Attanavanich who resigned from advisorship.

Organization Chart

Organization Chart



Resolution of the Meeting of the Board of Directors No. 11/2016

2018 The Year of Growth in Thai Bond Market

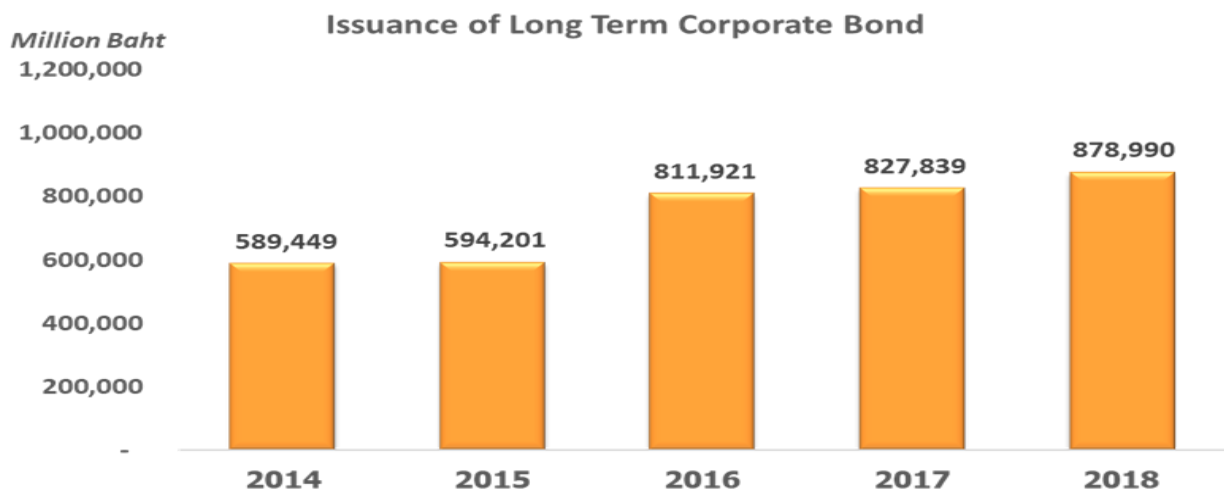


Total bond outstanding grew by 12% from last year

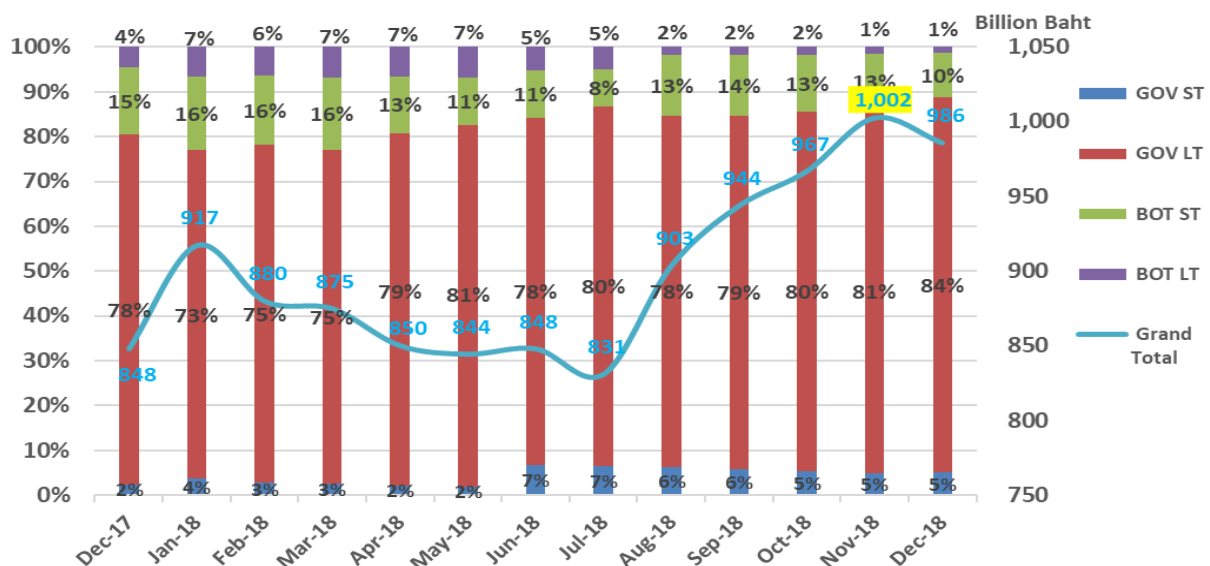


Green bond was first issued in Thailand.

Primary Market : Long term corporate bond issuance hit new record high for three consecutive years, reaching THB 879 billion.



Non-resident investor holding of Thai bond reached new all-time high and touched trillion-level to THB 1.002 trillion in November 2018.



2018 Thai Bond Market Review

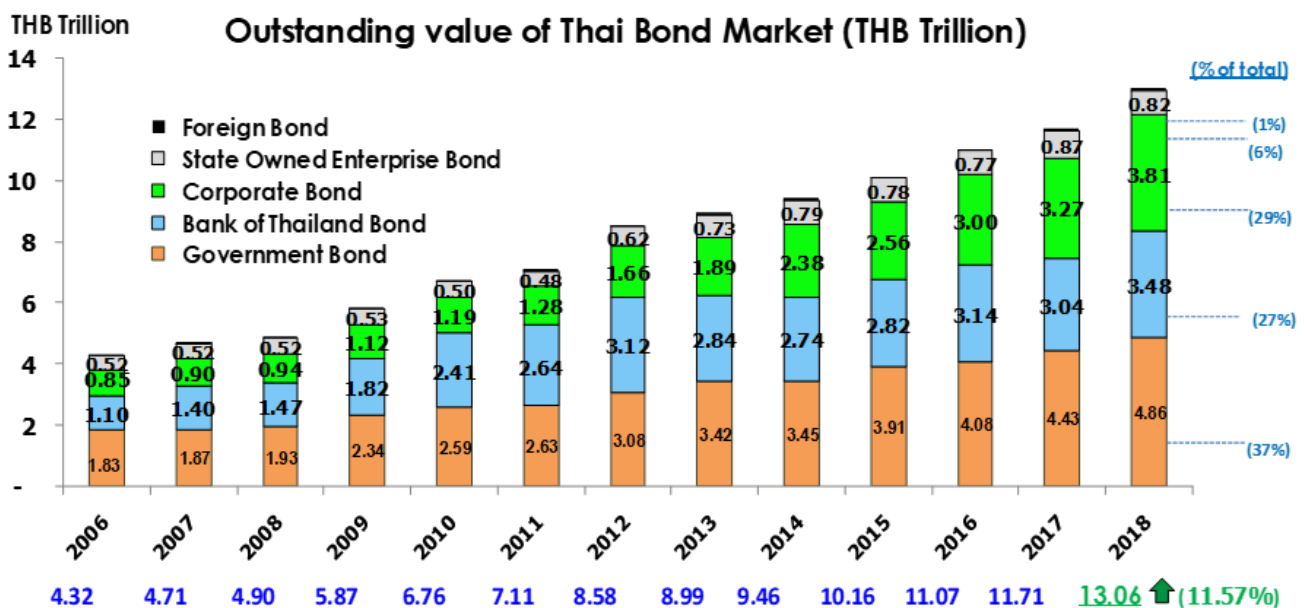
Highlights of 2018

- ⇒ Total outstanding value of Thai bond market at the end of 2018 surpassed THB 13 trillion for the first time, rising 12% from last year.
- ⇒ Long term corporate bond issuance hit new record high for three consecutive years, reaching THB 879 billion.
- ⇒ Green bond was first issued in Thailand.
- ⇒ Non-resident investor holding of Thai bond reached new all-time high and touched trillion-level to THB 1.002 trillion in November 2018.
- ⇒ For the first time, since the early of the year 10-year Thai government bond yield has declined to stay below 10-year US Treasury yield until now.
- ⇒ The Securities and Exchange Commission of Thailand (SEC) amended regulations effective from April 2018 to tighten selling of bill of exchange (BE) to enhance investor protection.

Outstanding Value: Totally grew by 12% while corporate bond ranked 2nd behind government bond in terms of outstanding

Total outstanding value of Thai bond market at the end of 2018 was at THB 13.06 trillion, increasing 12% from the end of last year. Government bond remained the majority at 37% of total outstanding value, while the runner-up was corporate bond with 29% portion which marked two straight years of surpassing BOT bond. The remainders were Bank of Thailand (BOT) bond for 27%, State Owned Enterprise (SOE) bond for 6% and foreign bond for 1%, respectively. (see Figure 1)

Figure 1: Outstanding Value of Thai Bond Market



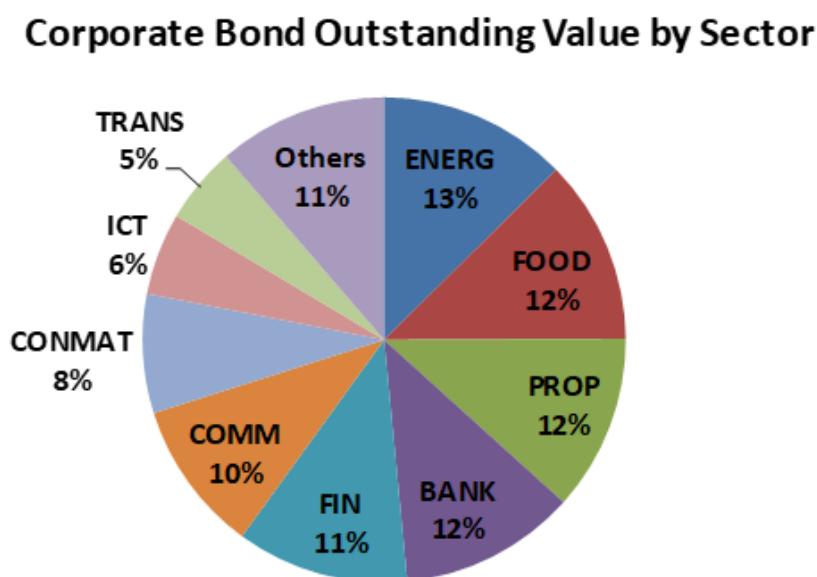
Classified by types of bonds, the outstanding of short term tenor like commercial paper and treasury bills declined 51.21% and 9.38% respectively. On the contrary, long term corporate bond increased the most in terms of outstanding by 36.27% from end-2017, followed by BOT bond for 14.30%. (see Figure 2)

Figure 2: Thai Bond Outstanding Value

Unit:THB MIn			
Type	2017	2018	Growth(%)
Government Bond	4,298,872	4,737,808	↑ 10.21%
Treasury Bill	133,232	120,732	↓ -9.38%
State Owned Enterprise Bond	869,549	821,165	↓ -5.56%
Bank of Thailand Bond	3,041,769	3,476,686	↑ 14.30%
Long term Corporate Bond	2,531,905	3,450,314	↑ 36.27%
Commercial Paper	737,465	359,790	↓ -51.21%
Foreign Bond	94,177	94,771	↑ 0.63%
Total	11,706,969	13,061,267	11.57%

For long term corporate bond outstanding value, the top sector was energy sector at 13% of total long term corporate bond outstanding. Next there were three sectors co-sharing the second place which were food sector, property sector and bank sector at 12% each. Transportation sector, meanwhile, held the small share at 5%. (see Figure 3)

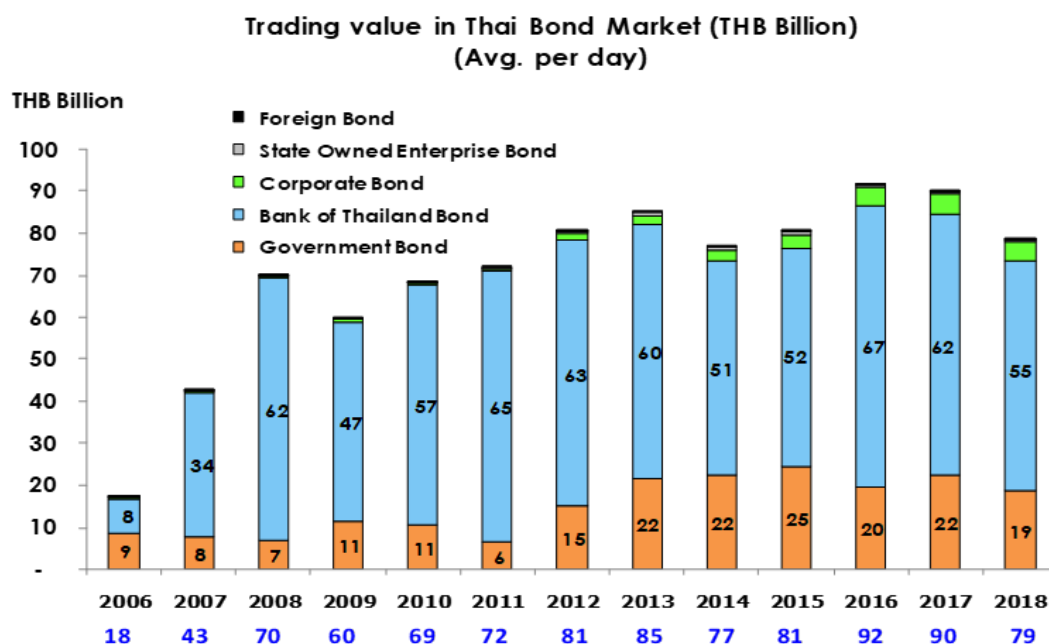
Figure 3: Long Term Corporate Bond Outstanding Value by Sector



Trading Value : Totally down 13% from last year

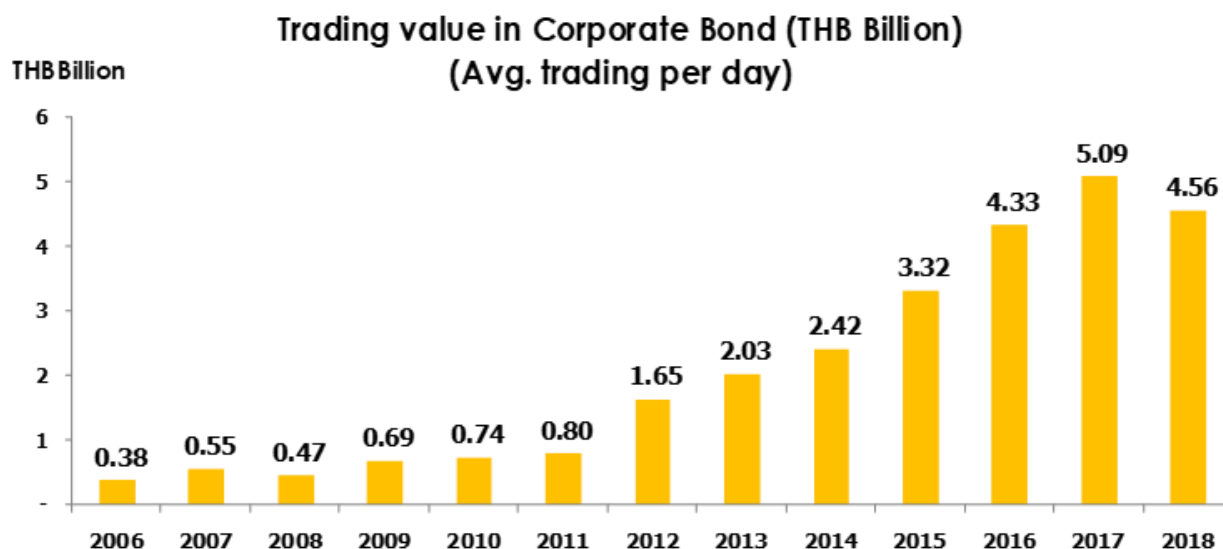
The daily average trading value in Thai bond market was at THB 79 billion, declining 13% from last year's figure as a result of lower trading activity in every type of bonds. BOT bond was the most active traded security with an average daily turnover at THB 55 billion, and government bond came next with THB 19 billion average daily turnover. Both bonds accounted for approximately 94% of total trading value. Corporate bond, meanwhile, ranked the third with an average turnover at THB 4.5 billion. SOE bond and foreign bond were at THB 0.6 billion and THB 0.05 billion respectively. (see Figure 4)

Figure 4 : Trading Value in Thai Bond Market



Although the daily average trading value of corporate bond remained small compared to that of government and BOT bonds, it presented remarkably upward trend for the last 10 years. Its annual trading value hit historical high in 2017 at THB 5.09 billion, but slightly declined to THB 4.56 billion in 2018. (see Figure 5)

Figure 5: Trading Value in Corporate Bond



Bond Issuance : Long term corporate bond issuance stayed in the spotlight with another year of new record high

Total bond issuance in 2018 was seen down 1% from last year. Nonetheless, long term corporate bond issuance rose 6.18% compared to end-2017 on the back of more supply related to an attempt to lock-in cost of funds amid higher interest rates tendency plus some mergers & acquisition related developments. The issuance of BOT bond rose 6.65% due to the upgrade in short-dated auction amount after last year's reduction to curb inflows, while government bond issuance grew 3.64%. Foreign bond showed growth of 18.3% from last year as offshore entities, particularly from Lao PDR, tended to raise funds more in Thailand by taking advantage of excess demand domestically.

On the contrary, treasury bill decreased 45.55% due to last year high base effect from the need of mid-year additional budget deficit by MOF. After above-par fund raising last year, the absence of Government Saving Bank's issuance affected SOE bond issuance as a whole to fall 34.44%. The issuance of commercial paper declined 7.49%. (see Figure 6)

Figure 6: Bond Issuance

Unit: THB Mln

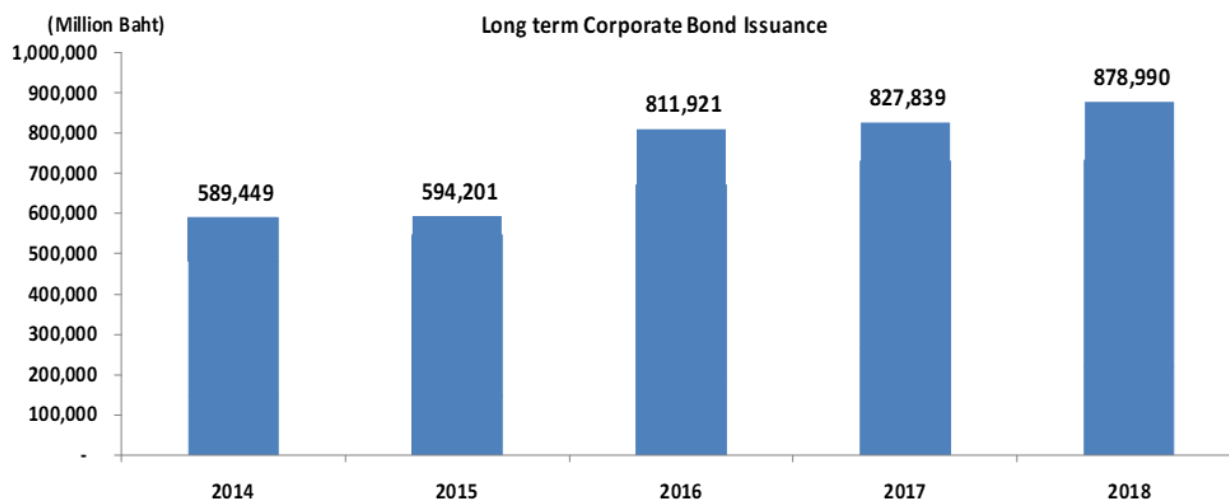
Type	2017	2018	Growth(%)
Government Bond	702,777	728,363	↑ 3.64%
Treasury Bills	729,389	397,145	↓ -45.55%
State Owned Enterprise Bond	156,464	102,570	↓ -34.44%
Bank of Thailand Bond	5,892,965	6,285,119	↑ 6.65%
Long term Corporate Bond	827,839	878,990	↑ 6.18%
Commercial Paper	2,610,721	2,415,104	↓ -7.49%
Foreign Bond	20,000	23,660	↑ 18.30%
Total	10,940,155	10,830,952	-1.00%

Corporate bond issuance

Long term corporate bond issuance

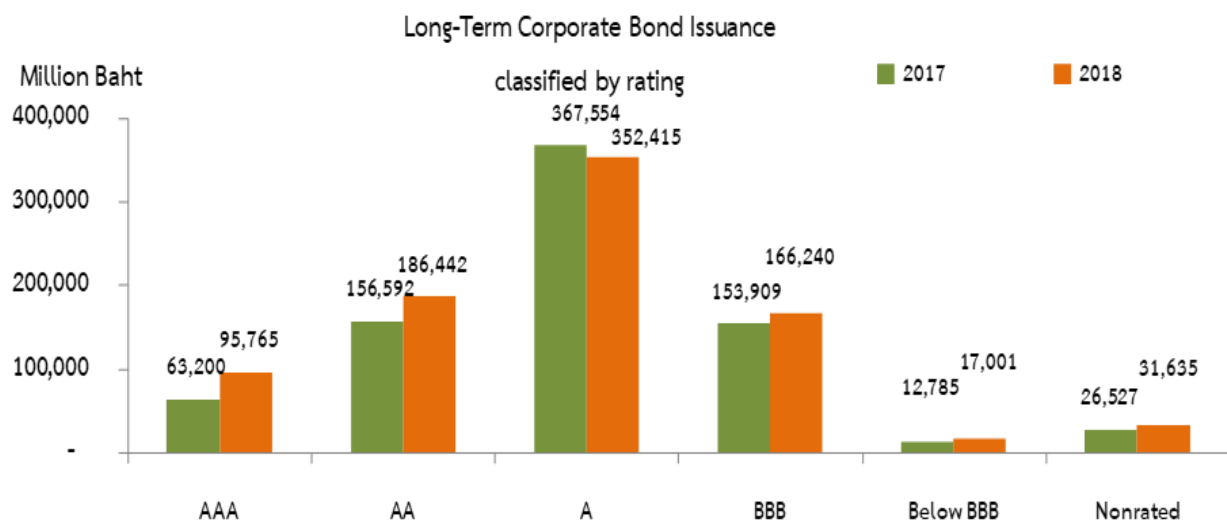
As aforementioned, concern over interest rates hike and M&A related developments have contributed to elevate long term bond supply from corporate group. Therefore, long term corporate bond issuance hit new record high, once again, marking three consecutive years of increase. The total long term corporate bond issuance in 2018 posted at nearly THB 879 billion. (see Figure 7)

Figure 7 : Long Term Corporate Bond Issuance



In terms of ratings, the long term corporate bond issuance with investment grade rating increased, particularly for AAA-rated and AA-rated bond issuance that had the highest growth for 52% and 19 % respectively compared to last year. For the non-rated bond, although the issuance climbed 19%, over 66% of that was secured bond. Those secured bond could be backed by assets or guarantors or both assets and guarantors. (see Figure 8)

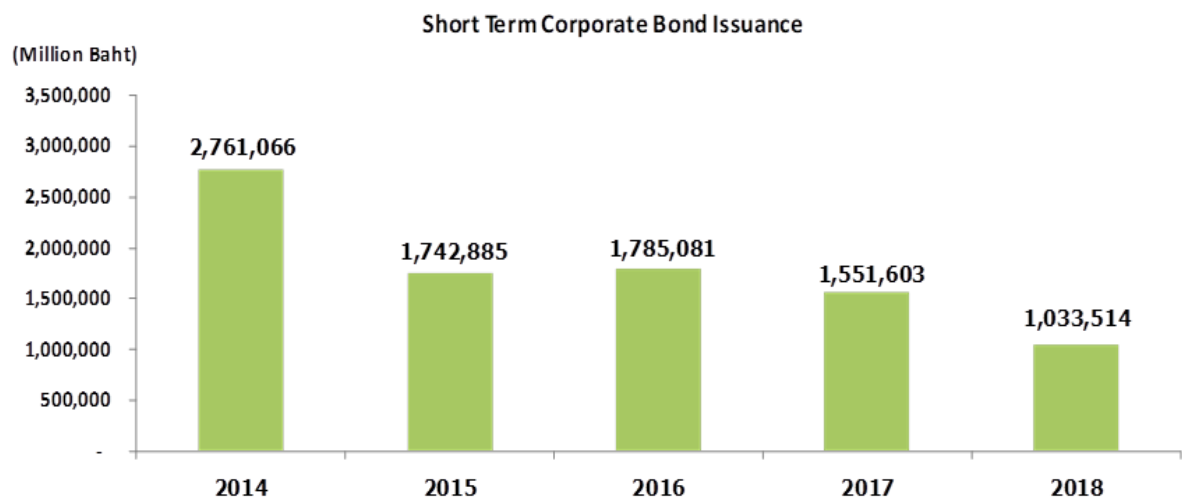
Figure 8: Long Term Corporate Bond Issuance Classified by Rating



Short term corporate bond issuance

The issuance of short term corporate bond totaled THB 1,033,514 million in 2018, down 33% from last year. The drop was due mainly to lowering B/E issuance after SEC’s stricter regulations aimed to enhance investor protection. (see Figure 9)

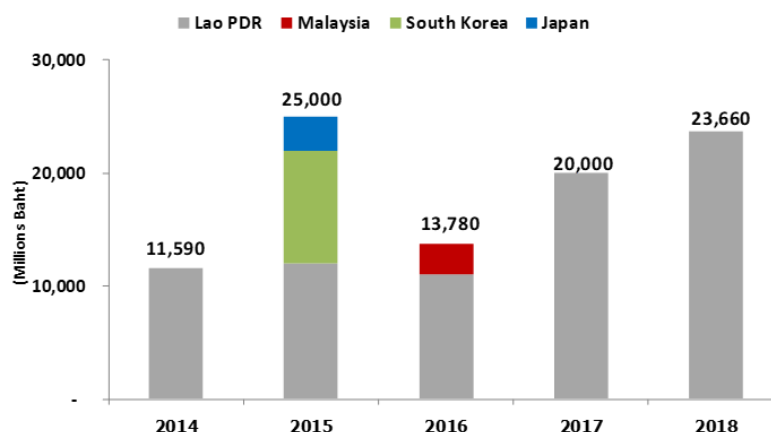
Figure 9 : Short Term Corporate Bond Issuance



Baht bond issuance *(baht denominated bond issued in Thailand by foreign entity)*

The total baht bond issuance was up 18% compared to prior year, totally valuing of THB 23,660 million. Ministry of Finance and corporate from Lao PDR were the sole issuer of Baht bond in terms of issuing country. (see Figure 10)

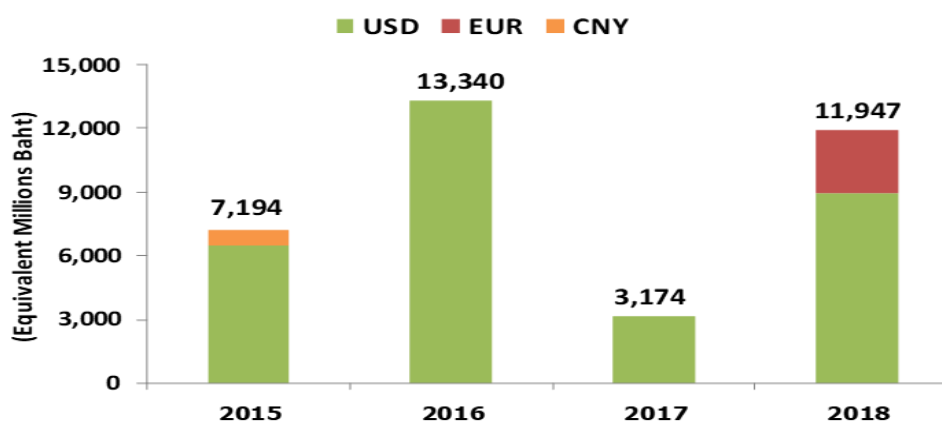
Figure 10 : Baht Bond Issuance Classified by Country



FX bond issuance *(foreign currency denominated bond issued in Thailand by domestic or foreign entities)*

The total issuance of FX bond was merely at THB 11,947 million but seen up 276% from last year due to low base effect in 2017. The issued currencies in 2018 were respectively USD for 75% and EUR for 25% of the total Issuance. (see Figure 11)

Figure 11 : FX Bond Issuance Classified by Currency



Green and Sustainability bond issuance

2018 was the year that marked another significant step as market participants were keenly dedicated to support environmental and social developments through green financing. BGRIM Power PCL was the first private sector to issue THB 5,000 million green bond of Thailand with five- and seven-year maturity, that certified by Climate Bonds Initiative. This bond was subscribed by the Asian Development Bank (ADB). TMB bank PCL, as well, issued the green bond of worth USD 60 million but it was done out of Thailand with the International Finance Corporation (IFC) as the sole investor.

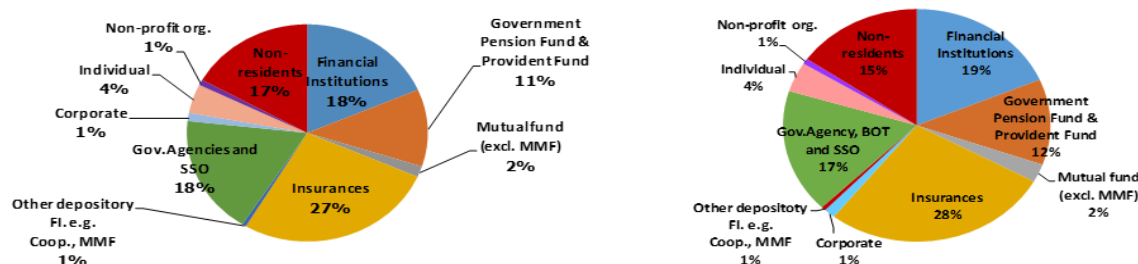
For sustainability bond, Kasikornbank launched sustainability bonds worth USD 100 million outside of Thailand to foreign institutional investors. They stated that it was the first-ever sustainability bond issued in Thailand and ASEAN.

Composition of Bond Holders

Holders of government bond

The investor who held government bond the most by end-2018 was institutional investors (including government pension fund, provident fund, mutual fund, securities companies and insurance companies), capturing 41% of total government bond outstanding. Government agencies and Social Security Office (SSO), and Financial institutions shared the second ranking with 18% share each. Non-resident investors accounted for 17% share, growing from last year's 15% and evidently underlining that Thai government bond yet remained attractive to offshore investors. (see Figure 12)

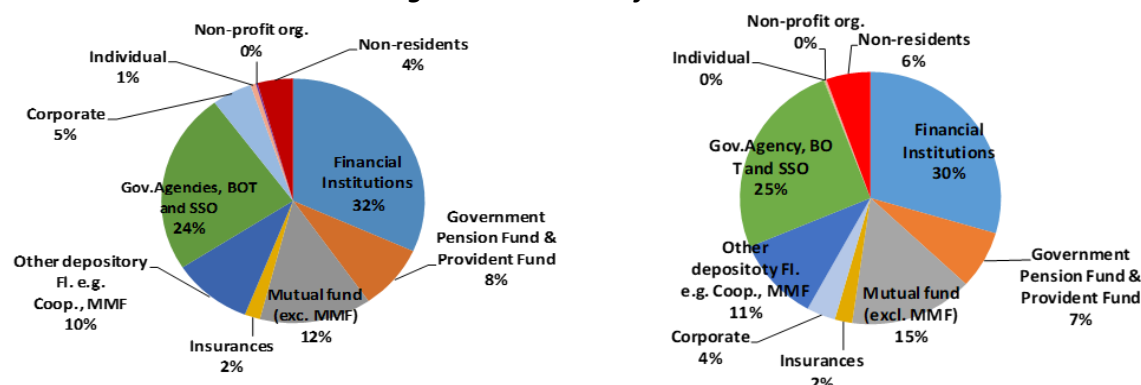
Figure 12 : Holders of Government Bond



Holders of BOT bond

Institutional investors, and Financial institutions shared the top holders in BOT bond for 32% of total BOT bond outstanding. The following investors were Government agencies and Social Security Office (SSO) for 24%. The market share of non-resident investors was at merely 4%, no change from end-2017. (see Figure 13)

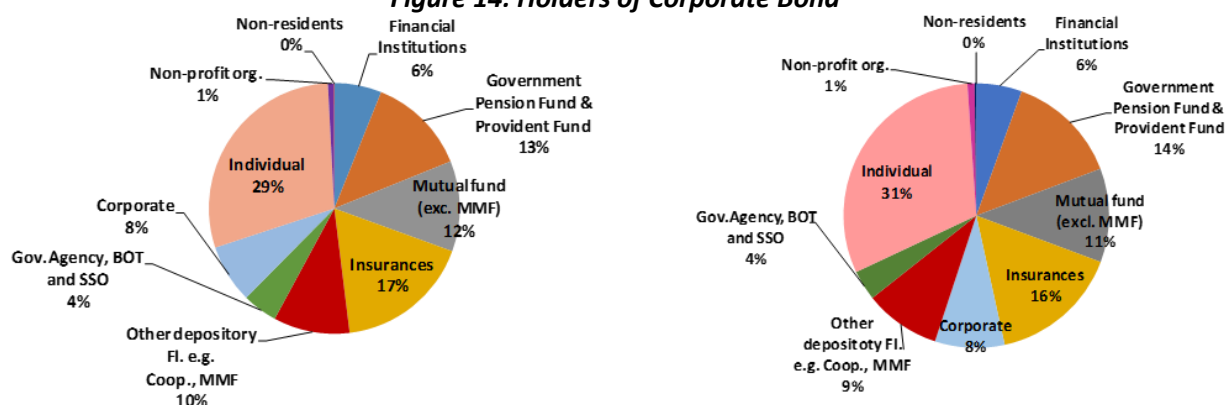
Figure 13 : Holders of BOT Bond



Holders of corporate bond

The main holder of corporate bond was individuals, capturing shares at 29% of total corporate bond outstanding. Insurance companies were the second major holder, accounting for 17%. Meanwhile, non-resident investors barely held corporate bond, therefore posting 0% share. (see Figure 14)

Figure 14: Holders of Corporate Bond



Non-Resident Facts: NR-Holding and ATM-Holding broke new records

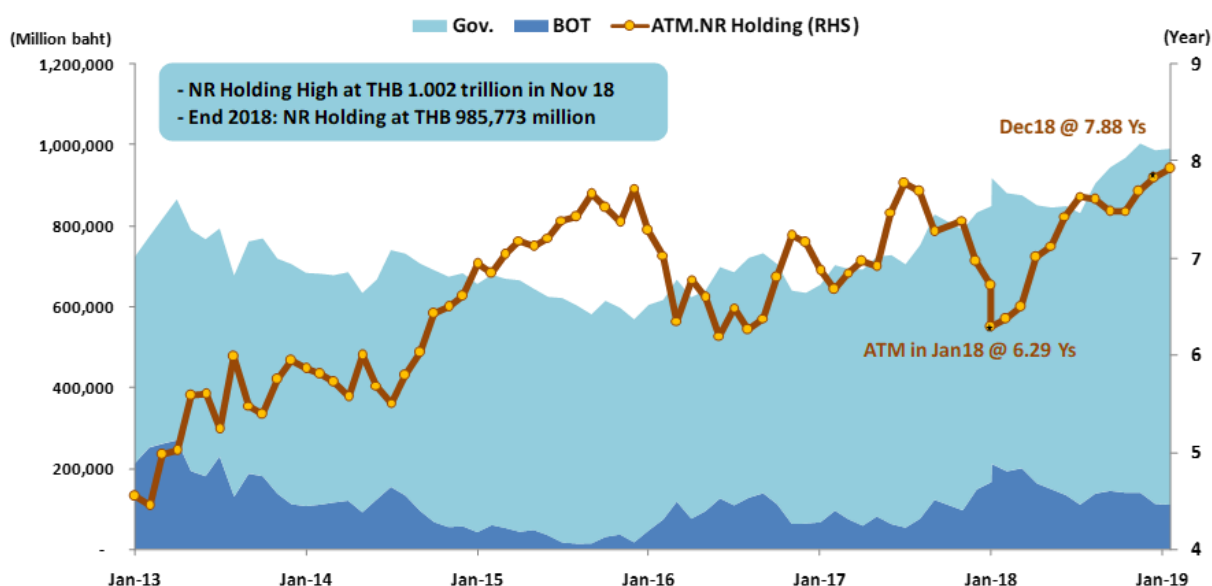
Although various uncertainties in 2018 (concerns over UN-China trade dispute, fears of contagion haunting emerging Asian markets and the most discussed policy rate hike course by US Federal Reserve, etc.) had ignited volatility in global market through fund flows movement, outflows from Thai bond market was seen limited due to strong fundamentals in terms of economy and financial market. By the end of 2018, non-resident investors recorded net inflow of THB 133,764 million.

Non-resident investors net bought long term Thai bond every month throughout 2018, totally printing at THB 239,255 million. For short term bond, it recorded outflow of THB 105,489 million, but that was mainly driven by expired amount of worth THB 155,878 million. (see Figure 15)

Figure 15: Non-Resident Fund Flows

Period	Net Flow					Accumulation
	<=1Y Bond			>1Y Bond	All	
	Net Trading	Expired	Net Flow			
End of 2017	196,370	-142,350	54,020	168,970	222,990	222,990
Jan-18	38,450	-14,228	24,223	39,148	63,371	63,371
Feb-18	-9,952	-18,993	-28,945	10,200	-18,746	44,625
Mar-18	38,398	-47,586	-9,189	3,226	-5,963	38,662
Quarter 1	66,896	-80,807	-13,911	52,574	38,662	38,662
Apr-18	-29,544	-8,875	-38,418	5,637	-32,782	5,880
May-18	-15,035	-5,911	-20,945	21,147	203	6,083
Jun-18	1,748	-8,416	-6,669	4,957	-1,713	4,370
Quarter 2	-42,831	-23,202	-66,032	31,741	-34,292	4,370
Half year 1	24,065	-104,009	-79,943	84,315	4,370	4,370
Jul-18	-4,206	-6,965	-11,171	9,460	-1,711	2,659
Aug-18	30,768	-13,694	17,074	39,939	57,013	59,672
Sep-18	7,042	-4,027	3,015	38,256	41,272	100,944
Quarter 3	33,604	-24,686	8,918	87,656	96,574	100,944
Oct-18	7,733	-7,533	200	33,178	33,378	134,321
Nov-18	-3,625	-5,912	-9,537	25,608	16,071	150,393
Dec-18	-11,389	-13,738	-25,127	8,498	-16,629	133,764
YTD	50,388	-155,878	-105,489	239,255	133,764	

Non-resident holding of Thai bond generally continued expanding in 2018, and reached new all-time high to trillion baht level to print at THB 1,002,499 million in November before ended the year at THB 985,773 million. In addition, the Average Time to Maturity (ATM) non-resident holding in Thai bond extended to 7.88 years at the end of 2018 from 6.29 years at the beginning of the year. (see Figure 16)



Yields Movement

Given mounting US Federal Reserve rate hike expectation and persistent inflow into Thai bond market particularly on the long term in January, 10-year Thai government bond yield has begun to submerge 10-year US Treasury yield since April 2016. Later that during April-June Thai government bond yields climbed notably from looming fears over US-China trade war plus the impact of 10-year US Treasury yield breaching psychological level of 3%. Then Thai government bond yields were seen slightly correction lower before resuming upward movement in August, taking cue from Turkish lira crisis that spooked emerging Asian countries.

However, in late November when Fed Chairman Powell stated dovish stance that current interest rates were just below a neutral level, pressuring US Treasury yields lower and consequently dragging Thai government bond yields as well. After that disappointing economic data domestically added downward pressure on Thai government bond yields to continued heading south until the end of 2018. Meanwhile, the first policy rate hike in 7 years by BOT at Dec meeting was seen having limited effect as market participants had been gradual priced in since mid-2018.

In short, Thai government bond yield curve in 2018 shifted up almost along the curve except at TTM 10 years that edged lower from end-2017. Thai government bond yields with TTM below 10-year rose smaller than initial expectations by increasing just 13-42 bps, well below US Treasury yields with same TTMs. In the meantime, Thai government bond yield at TTM 10-year inched down 3 bps from the end of 2017.

Figure 17: Thai Government Bond Yield Curve

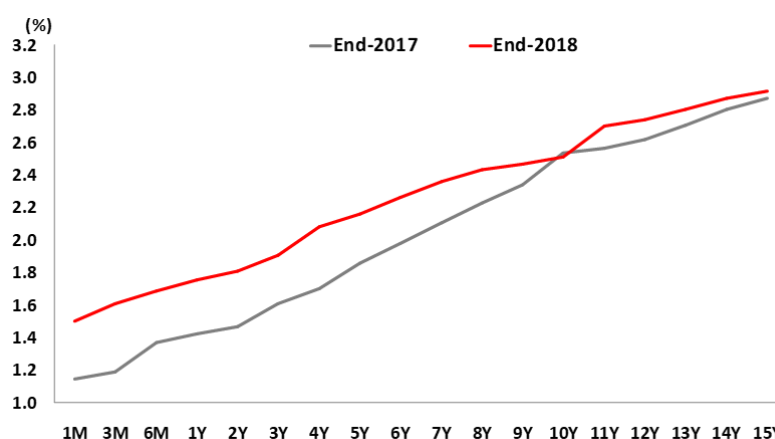
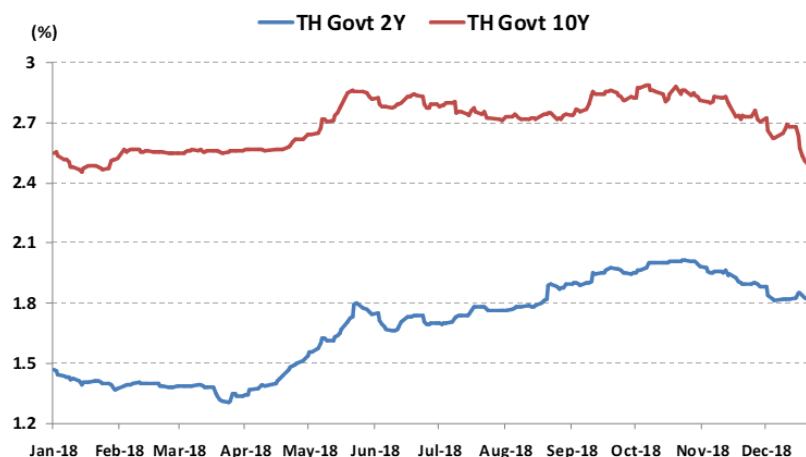


Figure 18: 2-Yr & 10-Yr Thai Government Bond Yield Movement



ThaiBMA's Highlights of Activities in 2018

19

Corporate Bond Market 4.0

22

ThaiBMA Core Functions

30

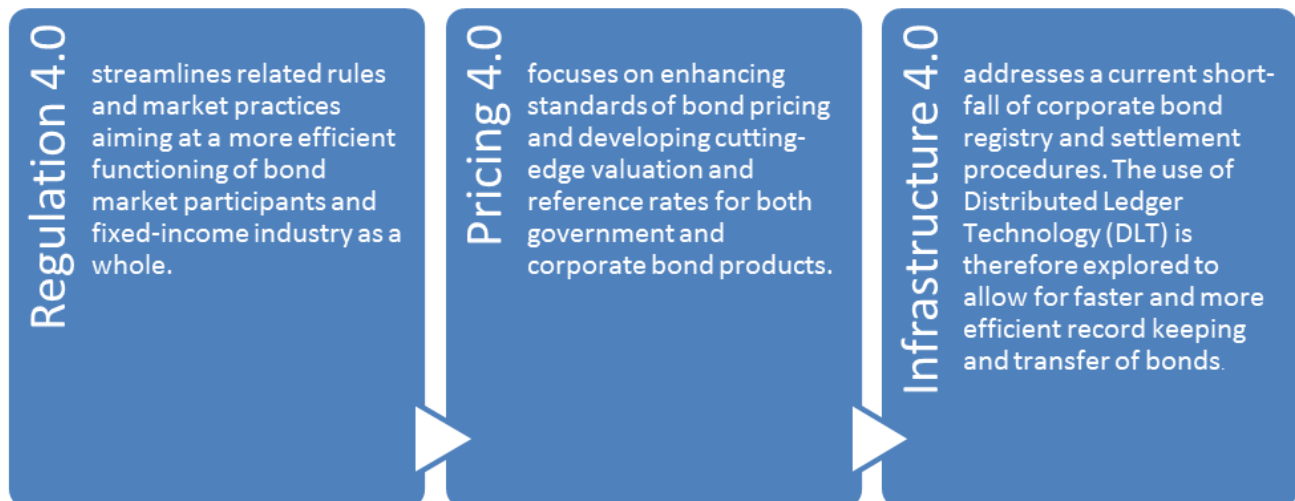
Highlight of ThaiBMA's Activities

32

ThaiBMA's Major Plan 2019

Corporate Bond Market 4.0

ThaiBMA has continued on the “*Corporate bond market 4.0*” plan initiated since 2017 with the objective to enhance development and facilitate rapid growing of the corporate bond market in Thailand. Corporate Bond Market 4.0 comprises three main elements; 1) Regulation 4.0 2) Pricing 4.0 and 3) Infrastructure 4.0



Activities in ThaiBMA’s Corporate Bond Market 4.0

Regulation 4.0 : Standardizing bond market guideline and regulation

Proposed revision on terms and conditions of corporate bonds

In 2018, ThaiBMA proposed to the SEC for a revision on the standard terms and conditions of corporate bonds offered to high net worth investors (HNW), further to that of public offering (PO) proposed last year. The objective is to enhance investor protection and bond market integrity. Market hearing on the proposed amendment was held in January 2018 before submitting to the SEC.

Drafting a guideline on the role of bondholders’ representatives

ThaiBMA believes that bondholders’ representatives have a crucial role in maintaining trust and market integrity. Therefore the role of bondholders’ representative under the SEC regulation was reviewed and a proposal was submitted to SEC in May 2018 with a view to clarifying roles and duties of the bondholders’ representatives and rights of the bondholders.

Facilitating regulation on green bond issuance

Joining global and national effort to combat climate change, ThaiBMA cooperated with the SEC to prepare regulation to allow and legally recognize green bond issuance in Thailand. ThaiBMA provided forums for market participants to contribute to the model of the regulation. This joint effort led to the promulgation of the regulation on the filing of green bond in Thailand, becoming effective on December 31, 2018.

Ensure fair trading in the bond market

To ensure fair and reasonable price in the secondary market particularly when trading is done with individual investors or non-sophisticated investors, ThaiBMA sets an internal guideline to detect excessive markup and markdown prices charged to clients. The guideline is set in terms of prices and yields differentiated from prevailing market price considering bond type, time to maturity, investor group and trading size.

Bond Pricing 4.0 : Enhancing bond pricing standards & analytical tools

Prepare for transaction-based reference rates

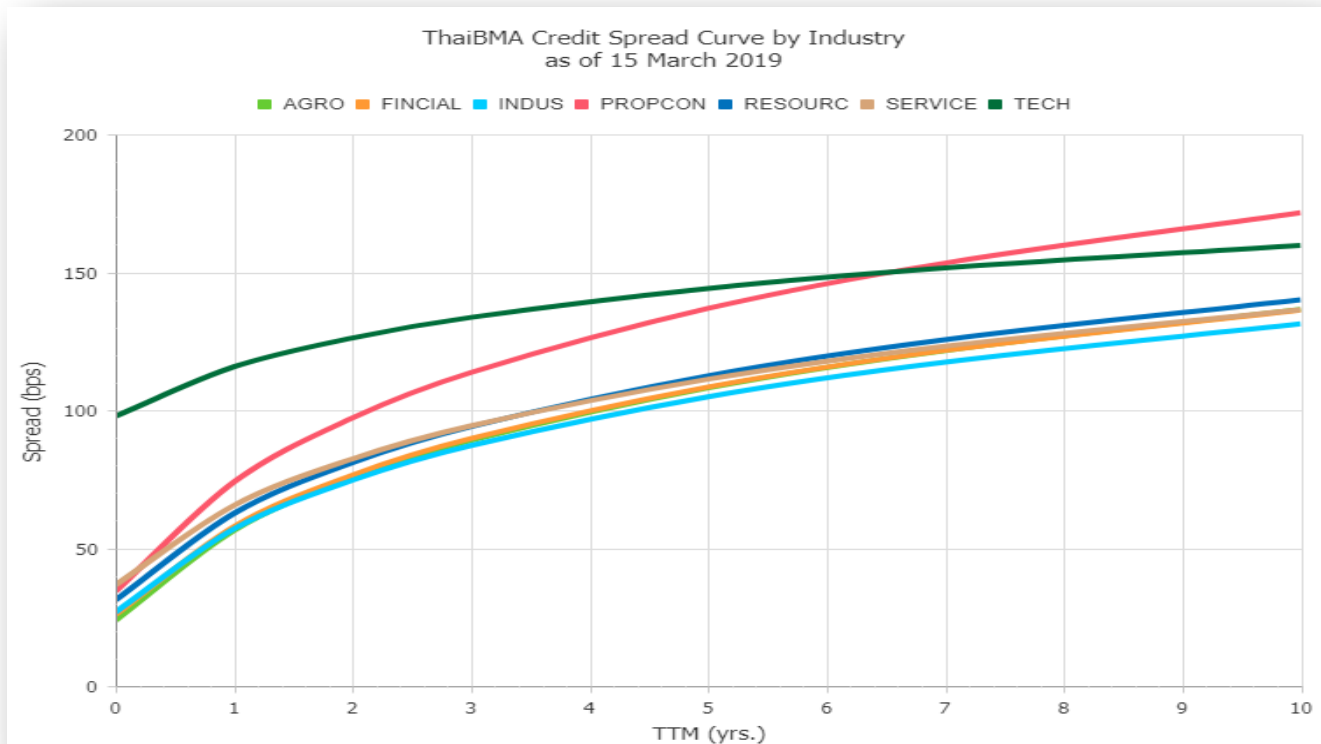
ThaiBMA continues to enhance bond pricing methodologies to be in line with global standard and development. With the global trend in moving toward transaction-based and less dependence on the quotations, the construction of government bond yield curve with trade-based information has been considered and studied throughout the year 2018. In addition to post-trade data (executed prices) currently employed in our mark-to-market model, pre-trade data which are firm quotes obtained from Inter Dealer Broker (IDB) was being tested. Although pre-trade data was still inadequate to make reliable and complete yield curve, this effort was initiated to prepare for moving towards the scheme of trade-based reference rates in the near future.

Enhance pricing model by using credit assessment

Although corporate bond trading has increased steadily in the past few years, its liquidity was considered minimal as compared to government bonds. In 2018, ThaiBMA has studied a new pricing approach by using credit assessment. This assessment was designed as matrix covering 27 business sectors in three aspects i.e. industry, business, and financial analysis. The new credit assessment approach so-called “ibox” is expected to help identify complexity of bond characters and enhance bond valuation process.

Develop credit spread curve by industry

ThaiBMA realizes the need of market participants to have necessary tools for investment decision. In 2018, ThaiBMA developed the new product called credit spread curve with the purpose of reflecting credit risks by industry. This credit spread curves were designed to cover 8 industries (AGRO, CONSUMP, FINCIAL, INDUS, PROPCON, RESOURC, SERVICE, and TECH) and based upon static spread of fixed-rate, option-free corporate bonds with rating of BBB or above.



Infrastructure 4.0 : Develop Bond Market Infrastructure

Develop MVP for registrar service platform phase 1

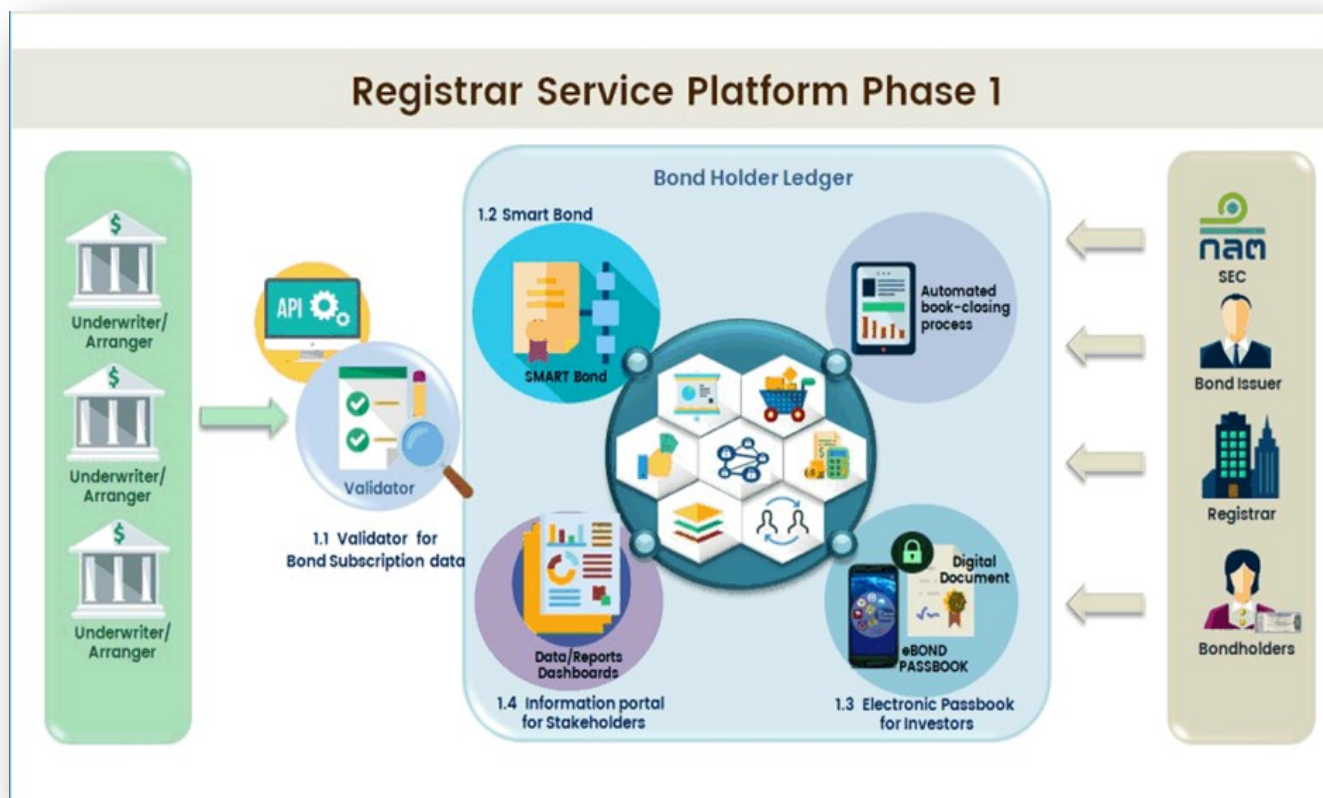
The corporate bond market has been rapidly growing; however, a significant portion of bonds was still in scrip format which largely held by individual investors. Therefore, trading and settlement-related process may take time as registrar verification and physical transfer are required for each transaction. Moreover, information is fragmented as there are many registrars and there is no centralized system of holder information.

To address this current shortfall, ThaiBMA has collaborated with related parties such as registrars, underwriters, issuers and settlement officers to initiate “Registrar service platform” using the blockchain technology. The platform is aimed to enable stakeholders to have access to the same information in real time and increase efficiency to settlement – related process. It will include validator for subscription data, smart bond to reduce manual process, e-passbook and reports for registrar, issuers and investors.

In 2018, ThaiBMA has developed minimum viable product (MVP) for Registrar Service Platform Phase I and presented to the Subcommittee on Corporate bond market development. This was the first step before proceeding to the Proof of Concept (POC) stage next year.

Move toward paperless registration process

ThaiBMA has reviewed bond registration process and developed a system for issuers of both short-term and long-term corporate bonds to submit registration online without paper form. This is another step in moving toward paperless environment and helping facilitate issuers in registering bonds with ThaiBMA.



Activities in ThaiBMA's Core Functions



Since ThaiBMA carried a supervisory role towards its members in the capacity of an SRO while the member securities companies had also been regulated by the Office of the SEC, the operations of both organizations could overlapping in certain areas. Therefore, on May 28, 2007 the SEC and the ThaiBMA signed an MOU defining and clarifying the roles and duties of ThaiBMA, and the office of SEC in relation to the bond market supervision in Thailand.

This MOU provide clear scope of duties of ThaiBMA in Thai Bond market. Its 5 core functions to be mentioned later in this report also from this MOU. This MOU was updated and amended on November 30, 2018 to enhance collaboration between The office of SEC and the ThaiBMA.

ThaiBMA has undertaken five main functions with key achievements in 2018 as follows:

1. SRO (Self Regulatory Organization)

Member Inspection

In 2018, ThaiBMA conducted onsite inspections on 13 dealer-members. The inspection covers every aspect of bond dealing business, i.e. organization structure, conflict of interest, conduct of business, control process to ensure that they comply with relevant rules and regulations. Risk - based approach was adopted on

Promotion of understanding on ethics and regulations

ThaiBMA organized preparatory and training courses for 3 new ThaiBMA's members in 2018, i.e. Yuanta securities, LH Securities and CIMB-CGS Securities. Also, ThaiBMA collaborated with Compliance club of Foreign Bank Association and Association of Securities Companies (ASCO) to arrange several knowledge sharing forums on supervision framework in bond trading for Head of Compliance and compliance officers of member firms.

2. Bond Information Center

New bond indices launched on iBonds

ThaiBMA continued to develop new information tools with more user friendly and up-to-date functions. New products launched on iBond in 2018 included

- 1) Inflation-linked bonds (ILB) Index which is used as the benchmark for the prevailing ILB bonds including ILB217A and ILB283A
- 2) MTM Government Index which is helpful in replicating portfolio investment
- 3) Customized Bond Index which can be used in customizing customer's portfolio allocation

Additionally, criteria of risk level information were reviewed to better reflect market risk and credit risk of each bond issue.

Ranking table for corporate bond trading of securities firms

To give recognition and promote bond trading among securities firms, ThaiBMA launched a league table ranking top 5 securities firms ranked by corporate bond trading value. This league table was first published on ThaiBMA's website (www.thaibma.or.th) in January 2018. In addition, there were to the leagues table of top underwriters and top dealers ranked by total trading value at the time.

Key financial statements of bond issuers

With an effort to provide essential information for bond investors, in 2018 ThaiBMA started to collect and integrate financial information from corporate bond issuer companies and disseminated on ThaiBMA website in an easy-friendly format. This included historical key financial statements, key financial ratio and covenants for each bond issue. This will enable Investors to keep track on financial performance of bond issuers and make better investment decision.

Issuer Information

Financial Data

(Unit : Baht)

Financial Data	2018 (30/09/2018)
เงินสดและรายการเทียบเท่าเงินสด (Cash and Cash Equivalents)	36,986,410,000
ที่ดิน อาคาร และอุปกรณ์ - สุทธิ (Property, Plant and Equipments-Net)	111,287,431,835
สินทรัพย์รวม (Total Assets)	373,741,617,058
หนี้สินรวม (Total Liabilities)	274,936,440,000
ทุนที่ออกและชำระเต็มมูลค่าแล้ว (Issued and Fully Paid-Up Share Capital)	8,983,101,348
ส่วนของผู้ถือหุ้นรวม (Total Equity)	94,312,030,000

Financial Ratio

Financial Ratio Term	2018 (30/09/2018)
หนี้สินรวมต่อส่วนของผู้ถือหุ้นรวม (Debt To Equity Ratio (D/E))	2.74
ความสามารถในการชำระดอกเบี้ย (Interest Coverage Ratio (ICR))	4.50
ความสามารถในการชำระหนี้ (Debt Service Coverage Ratio (DSCR))	1.26

Symbol	Financial Covenant	Consolidate		As Of	Observation Period
		Requirement	Actual		
CPALL193A	Net Debt to Equity	2.00	1.04	30-Dec-2018	Yearly
CPALL193B	Net Debt to Equity	2.00	1.04	30-Dec-2018	Yearly
CPALL198C	Net Debt to Equity	2.00	1.04	30-Dec-2018	Yearly
CPALL203A	Net Debt to Equity	2.00	1.04	30-Dec-2018	Yearly
CPALL206A	Net Debt to Equity	2.00	1.04	30-Dec-2018	Yearly
CPALL200A	Debt to Equity Ratio	2.00	1.04	30-Dec-2018	Yearly

3. Association

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

Several forms of market participation and collaborations were arranged and undertaken by ThaiBMA in 2018, i.e. market dialogues, conferences and seminars, cooperation and networking, and other activities.

Market Dialogue

In 2018, ThaiBMA organized 10 market dialogues discussing a number of issues, including:

- Net Capital Ratio (NCR) requirement of securities firms related to bond transactions
- IFRS9: Clarification and impact on fixed income market
- Establishing green bond principles in Thailand
- Requirements for pledging bonds as collateral for securities firms' margin account
- Feedback on the new SEC electronic filing system "IPOS"
- Draft ISO Green bond standard



Conference "Sustainability Finance Conference"
in collaboration with CICERO

International Cooperation and Networking

ThaiBMA has collaborated with international organizations to organize seminars and conferences related to the bond market.

- Press conference on the launching of ASEAN3 Government Index (A3GBI) in Malaysia, Indonesia and Thailand, co-organized with **Bond Pricing Agency Malaysia (BPAM) and Indonesia Bond Pricing Agency (IBPA)**
- Knowledge sharing for bond dealing business, in cooperation with **Taiwan Depository & Clearing Corporation (TDCC)**
- Conference "New Trend on Global Market", in collaboration with **International Capital Market Association (ICMA)**
- Conference "Sustainability Finance Conference" in collaboration with **Centre for International Climate Research and United Nations Framework Convention on Climate Change / IGES and Center**



Conference "New Trend on Global Market", in collaboration with International Capital Market Association (ICMA)

Hosting International Visits

ThaiBMA hosted a number of international visits from both public and private sectors. The purpose were to aimed at discussing and share experiences on the Thai bond market development and as well as relevant matters. In 2018, the list of visitors were :

- **MayBank Investment Service**
- **IMF**
- **Oxford Business Group**
- **CGIF**
- **Moody's Investors Service**
- **SEC and Ministry of Finance of Laos and Vietnam**
- **SEC of Cambodia**
- **SEC of Myanmar**
- **Ministry of Finance of Indonesia**
- **Indonesia Financial Service Authority**



Moody's Investors Service (Moody's) visited ThaiBMA

Other Activities

Throughout 2018, ThaiBMA organized activities that brought bond market stakeholders together, giving opportunities for networking among all participants. Key activities organized in 2018 include:

- **Press Conference** : Being organized on a quarterly basis to update and distribute information on Thai bond market movement to the press and media.



- **Best Bond Awards 2017** : Best Bond Awards was first given in 2002 with the objectives to promote professional standards and reward excellent conduct in Thai bond market. Now this event has become one of the most influential awards for bond market professionals. In 2018, the award ceremony was taken place on February 28, 2018 at Plaza Athenee hotel.



Knowledge sharing in the topic "Bond Market and Exchange Transaction Settlement"

- **Thank You Party** : To express appreciation for all contributions of market participants, Thank You party 2018 was held in January 2018 at Aldo's Bistro Restaurant, Ascott Sathorn Hotel.



- **CSR Activities** : To promote social responsibility awareness and strong relationship with stakeholders, ThaiBMA organized a CSR trip to make merit at Amphawa district, Samut Songkhram province. Furthermore, scholarships were granted and donation of items in need were made to students at Nonthaburi Special Education Center in Nonthaburi province.



4. Bond Pricing

Launching of ASEAN3 Government Bond Index (A3GBI)

Local currency bond markets in the Association of Southeast Asian Nations (ASEAN) have been growing and strengthening greatly. The investment universe has become larger with increased diversity of issuers, market liquidity and investors' diversification. Therefore, bond pricing agencies in the ASEAN region have collaborated to share and promote the ASEAN bond market. In 2018, Indonesia Bond Pricing Agency (IBPA), Bond Pricing Agency Malaysia (BPAM) and the Thai Bond Market Association ThaiBMA have joined hand together to develop a new bond index called the ASEAN3 Government Bond Index (A3GBI). The index has been made available on April 10 , 2018



Review Bond Risk Level

Bond risk was developed since 2012 to be used as a simplified information tool for retail investors, Bond risk level carrying 8 levels of risk spectrum from level 1 (lowest risk) to level 8 (highest risk). In 2018, ThaiBMA has conducted a review on the risk level to better reflect risks in more sophisticated features of bond products.

5. Market Development and Education

ThaiBMA recognized the importance of promoting professional competency, financial literacy and developing human resources in the bond market. Various trainings, seminars and academic activities were provided to bond market personnel, both professional and non-professional investors, university students, as well as potential issuers. In addition, a number of seminars on bond market investment for retail investors were held in Bangkok and other provinces.

Public Seminar

- **Bond on Tour 2018 in Chonburi province** : To promote financial literacy on fixed income products to the public and educate them on the risks and return of various types of investment, ThaiBMA in cooperation with Bank of Thailand, Chamber of Commerce, Federation of Thai Industries and Burapha university. The seminar was attended by over 200 investors from Eastern Thailand.
- **Managing Bond Portfolio in the time of Interest Rate Hike**”: Organized in collaboration with SET on July 3, 2018. The seminar was attended by over 500 investors.
- **“Moving economy with changing technology”**: ThaiBMA joined as a speaker in the seminar hosted by SET and Federation of Thai Capital Market Organizations (FETCO).



- **Bond Investment for Savings and Credit Cooperatives**” ThaiBMA executive was invited as a keynote speaker in the seminar held by The Federation of Savings and Credit Cooperatives of Thailand on March 7, 2018.
- **“Bond markets : How do they work?”** ThaiBMA executive spoke on a training session held by Capital Market Academy (CMA) Leader Program (26th) on May 12, 2018.
- **“Bond Investment”** ThaiBMA executive was invited a a speaker on a seminar held by Siam Cement Group on March 24, 2018.



- **“Public Debt Management and Economics Issues”** ThaiBMA executive was a speaker on a seminar held by Neighboring Countries Economic Development Cooperation Agency on May 11, 2018.



Issuer Seminar

- A seminar for potential Issuers in Chonburi province in cooperation with Chamber of Commerce and Federation of Thai Industries on ***“Enhancing Business: Changing Source of Fund from Bank Loan to Bond”***
- Co-Speaker with Thailand Securities Institute (TSI) on ***“Financial Management and Fixed Income financing in CFO Curriculum”***
- Co-hosting a seminar with Market for Alternative Investment (MAI) on ***“Investment diversification with Debt Instruments”***
- Providing a curriculum on ***“Adjusting bond issuance strategy under Present Market Condition,”*** aiming at educating and supporting personnel in industry especially prospective bond issuers

Academic Training and Research

- ThaiBMA held four training sessions ***“Overview of Fixed Income in Thailand”*** for students and instructors from Kasetsart University, Chalmphrakiat, Sakon Nakhon province campus, Assumption University (ABAC) , Burapha University and Naresuan university.



- ThaiBMA conducted a number of studies and research for the benefit of stakeholders and development of the bond market such as studies on Solar Bond in Japan and Thailand, Evolution of Green Bond and Concentration Risk in Corporate Bond Market etc.

- In 2018, ThaiBMA signed a Memorandum of Understanding (MoU) for academic cooperation with Kasetsart University, Chalmphrakiat Sakon Nakhon province campus , Assumption university (ABAC) , Burapha University and Naresuan University, resulting in a total of 13 universities that have entered into MOU since 2014.



- **Train the trainer project** : ThaiBMA has supported lecturers from universities which signed MoU with ThaiBMA to attend Professional training courses with no charge. In 2018, a number of lecturers were given opportunities to attend over 10 advanced training courses for free of charge.
- **Scholarships** : ThaiBMA granted scholarships to students in 5 universities that have signed MoU with ThaiBMA, i.e. Khon Kaen University, Srinakharinwirot University, Chiang Mai University, Burapha University and Kasetsart University, Chalmphrakiat Sakon Nakhon province campus.



- **Bond Academy Season 5** : ThaiBMA organized “Bond Academy Season 5 ”, a 3-day training camp focusing on bond market activities for 120 students from universities across the country. The objective was to enhance their practical knowledge in the bond market and expand their career opportunities in the financial market. In 2018 Bond Academy Season 5 was held at KU Home, Kasetsart University.



Promoting Bond Literacy through Press and Media

ThaiBMA continued to promote financial literacy on the bond market through various channels such as **TNN24** TV program which the aim to reach investors who were not familiar with the bond market. Another channel is via social media where the animation so-called “**Bond and Ben the Series**” targeting intended for beginners and new generation are broadcasted. In 2018, 4 episodes were added to the series and, to date, there are 5 episodes of Bond and Ben the Series broadcasted.



Highlights of ThaibMA's Activities 2018

Best Bond Awards 2017 : The award ceremony was taken place on February 28, 2018 at Plaza Athenee hotel.



Managing Bond Portfolio in the time of Interest Rate Hike : Organized in collaboration with SET on July 3, 2018. The seminar was attended by over 500 investors.



Highlights of ThaiBMA's Activities 2018

Investment diversification with Debt Instruments : Co-hosting a seminar with Market for Alternative Investment (MAI) on February 23, 2018.

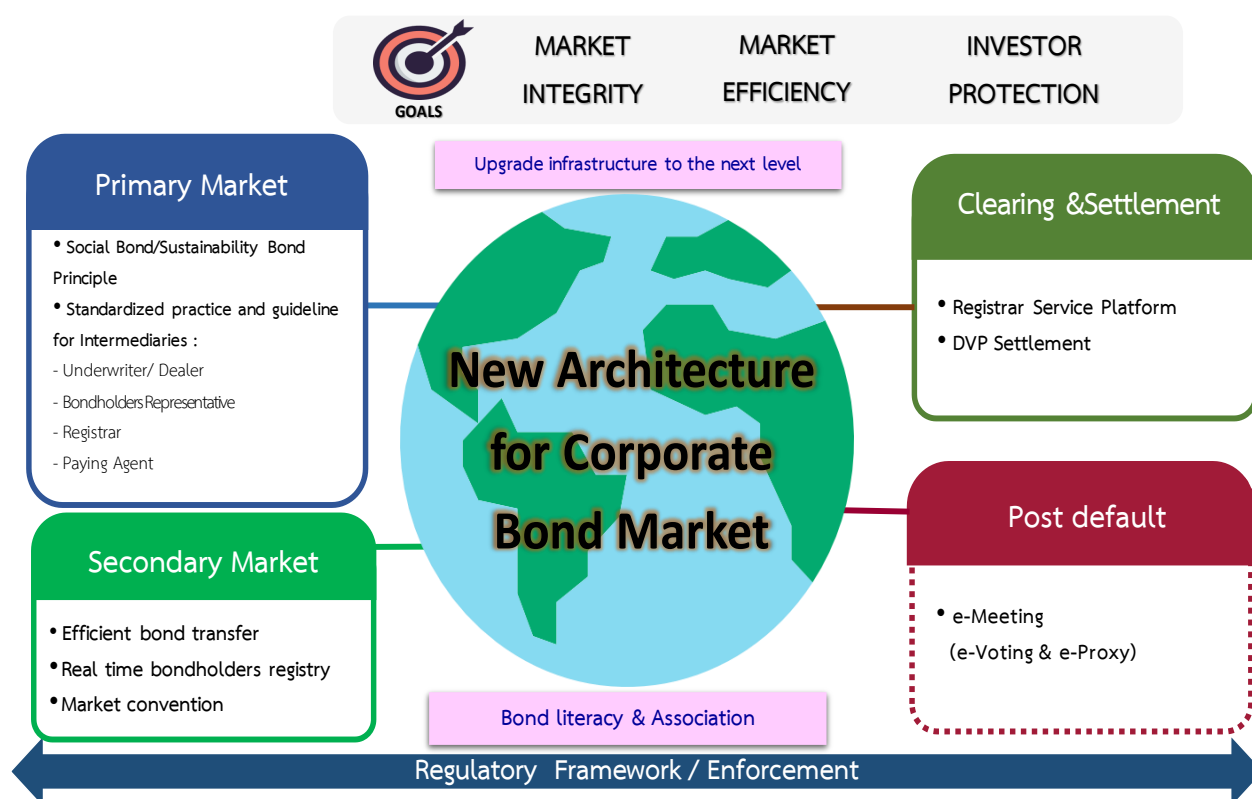


Bond on Tour 2018 in Chonburi province : ThaiBMA in cooperation with Bank of Thailand, Chamber of Commerce, Federation of Thai Industries and Burapha university on September 14, 2018. The seminar was attended by over 200 investors.



ThaiBMA's Major Plan 2019

In 2019, ThaiBMA will primarily focus on the “New Architecture for Corporate Bond Market” with the ultimate goal to enhance market integrity, efficiency and investor protection.



Enhancing standards in the primary market <ul style="list-style-type: none"> • Supporting SDGs in the bond market by promoting social and sustainability bond principle • Developing practice and guideline standardization for Intermediaries such as underwriters, dealers, bondholder representatives, registrars and paying agents. 	Improving clearing and settlement process <ul style="list-style-type: none"> • Developing Proof of Concept (POC) for Registrar Service Platform phase I which include validator for subscription data, smart bond, e-passbook and user-friendly reports for relevant parties • Exploring the next move toward DVP settlement
Strengthening efficiency in the secondary Market <ul style="list-style-type: none"> • Working toward efficient bond transfer and near real-time bond holder registry • Review market convention related to bond transactions 	Improving efficiency in post default process <ul style="list-style-type: none"> • Studying the legal aspects involving the adoption of e-Meeting including e-Proxy and e-Voting for bond holder meetings.
Promoting bond literacy and association collaboration <ul style="list-style-type: none"> • Making continuous efforts to promote bond literacy for professional and non-professional level, academics and the public • Actively building cooperation and collaboration with stakeholders and advocates for the fixed income industry 	

AUDIT COMMITTEE REPORT FOR 2018

To Members 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,

Mr. Thiti Tantikulanan,

Mr. Sukkawat Prasurtying and

Mr. Apichart Tungkiatsilp as member.

Mr. Santiporn Wongpanchalert , Internal Auditor, served as the Committee Secretary.

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

The Committee met four times in 2018 and the issues discussed and reviewed in the meetings can be summarized as followed:

- ◆ Reviewed the annual financial statements for the year 2017 for the submission to the Board of Directors and the Annual General Meeting (AGM) ;
- ◆ Selected the external auditor for the year 2018 and considered the fee for the submission to the Board of Directors and the Annual General Meeting (AGM) ;
- ◆ Reviewed and approved in the 2019 internal audit plan, The Audit Committee also reviewed the audit results and provided recommendations for more efficient operations and proper control system ;
- ◆ The Audit Committee also followed up the progress and results of the risk management activities and provided recommendations for effective risk management procedure.

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

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

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



(Mr.Singha Nikornpun)

Chairman of the Audit Committee

March 11, 2019

Good Corporate Governance

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

Corporate Governance Policy

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

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

Board of Directors and Committees

1. Board of Directors of the ThaiBMA

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

(1) Structure of the Board of Directors

The Board of Directors shall comprise a maximum of 11 members, one of whom is the Managing Director who is a director by position. The other directors are elected by the ordinary and extra-ordinary members of ThaiBMA. The directors nominated and voted by

the members represents the members and the stakeholders in the Thai bond market in conformation with the role of ThaiBMA as an SRO. At least three of the eleven members of the Board of directors must be independent directors who are not executive directors, president, persons who have authorities in the management, staff, employees or major stakeholders of the ordinary and extra-ordinary members: The independent directors shall hold office for the term of 3 years.

(2) Roles and Responsibilities of the Board of Directors

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

(3) Board Meetings and Meeting Quorum

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

Board of Directors				
No.	Name	Position	Term Expiration Date	Number of attended meeting / all meetings
1.	Dr. Pisit Leeahtam	Chairman of the Board and Independent Director	May 17- Apr 20	12/12
2.	Mr. Singha Nikornpun	Vice Chairman of the Board and Independent Director	May 17- Apr 20	12/12
3.	Mr. Sutee Losoponkul	Vice Chairman of the Board and Director	May 16 - Apr 19	10/12
4.	Mrs. Pattera Dilokrunghirapop	Director	May 17- Apr 20	9/12
5.	Mr. Narin Opamuratawongse ⁽¹⁾	Director	May 18 - Apr 21	11/12
6.	Dr. Somjin Sornpaisarn ⁽¹⁾	Independent Director	May 18 - Apr 21	8/12
7.	Mr. Thiti Tantikulan	Director	May 16 - Apr 19	9/12
8.	Mr. Apichart Tungkiatsilp	Director	May 17- Apr 20	12/12
9.	Mr. Sukkawat Prasurtying	Independent Director	May 16 - Apr 19	10/12
10.	Mr. Pisal Kattiyothavong ⁽¹⁾	Director	5 July 16 - Apr 18	12/12
11.	Mr. Tada Phutthitada ⁽²⁾	President	17 May 14 - May 18	12/12
12.	Mr. Amporn Sangmanee ⁽³⁾	Advisor to the Board	1 Oct 18 - Apr 19	1/3
13.	Mr. Poomsak Aranyakasemsuk ⁽⁴⁾	Advisor to the Board	19 July 18 - Apr 19	5/6
Resigned Advisors				
1.	Mr. Titanun Mallikamas	Advisor to the Board	1 May 18 - 30 Sep 18	7/9
2.	Mr. Theerat Attanavanich	Advisor to the Board	1 May 18 - 18 July 18	3/6

Remarks :

- (1) Mr. Narin Opamuratawongse , Dr. Somjin Sornpaisarn and Mr. Pisal Kattiyothavong completed their term of office and was re-elected by the Annual General Meeting of Members on 25 April 2018.
- (2) Mr. Tada Phutthitada completed his term of office and was re-elected by the Board of Directors in the Resolution of the Meeting of the Board of Directors No. 3/2561
- (3) Mr. Amporn Sangmanee was appointed an advisor to replace Mr. Titanun Mallikamas who resigned from advisorship.
- (4) Mr. Poomsak Aranyakasemsuk was appointed an advisor to replace Mr. Theerat Attanavanich who resigned from advisorship.

2. The Audit Committee

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

(1) Roles, Duties and Responsibilities

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

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

(2) Meeting of the Audit Committee

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

Members of Audit Committee				
No.	Name	Position	Term Expiration Date	Number of attended meeting / all meetings
1.	Mr. Singha Nikornpun	Chairman	June 16 - May 19	4/4
2.	Mr. Apichart Tungkiatsilp	Committee	May 17 - May 19	4/4
3.	Mr. Thiti Tantikulanan	Committee	June 16 - May 19	3/4
4.	Mr. Sukkawat Prasurtying	Committee	June 16 - May 19	4/4

Subcommittees

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

Investment Subcommittee

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

Composition: Members of the Investment Subcommittee shall consist of 3 board members and the President.

Members of Investment Subcommittee				
No	Name	Position	Term Expiration Date	Number of attended meeting / all meeting
1.	Mr. Sutee Losoponkul	Chairperson	June 16 - May 19	3/3
2.	Dr. Somjin Sornpaisarn	Committee	June 16 - May 19	3/3
3.	Mr. Narin Opamuratawongse	Committee	June 16 - May 19	0/3
4.	Mr. Tada Phutthitada	Committee	June 16 - May 19	3/3

The Nominating and Remuneration Subcommittee

Scope and Responsibilities: To consider and provide recommendations on the compensation policy and the remuneration for Board of Directors, The Managing Director and The Senior Executive vice president and in order to align with the performance of the Association and market situation. This includes advices on human resources management policy of the Association.

Composition: The Subcommittee shall consist of at least 3 board members.

Members of Nomination and Remuneration Subcommittee				
No.	Name	Position	Term Expiration Date	Number of attended meeting / all meetings
1.	Mrs. Pattera Dilokrunthirapop	Chairperson	18 May 17- May 19	4/4
2.	Mr. Apichat Tungkiatsilp	Committee	18 May 17- May 19	4/4
3.	Mr. Pisal Kattiyothaivong	Committee	5 July 16 - May 19	4/4

Corporate Bond Market Development Subcommittee

Scope and Responsibilities: To consider and provide recommendation to enhance the efficiency of and to protect investors in debt market.

Composition: This subcommittee consists of experts from various organizations involved in debt securities market such as the Office of SEC, The Stock Exchange of Thailand (SET), dealers, underwriters and institutional Investors.

Members of Corporate Bond Market Development Subcommittee			
No.	Name	Position	Organization
1.	Mr. Tada Phutthitada	Chairperson	President (ThaiBMA)
2.	Mr. Titanun Mallikamas	Committee	Representative from Bank of Thailand
3.	Mr. Ekapon Sawaengsri	Committee	Representative from The Securities and Exchange Commission, Thailand
4.	Dr. Pakorn Peetathawatchai	Committee	Representative from Stock Exchange of Thailand
5.	Ms. Asmaporn Panjanavaporn	Committee	Representative from Member (Siam Commercial Bank PLC.)
6.	Mr. Kritchakorn Nontanakorn	Committee	Representative from Member (Krung Thai Bank PLC.)
7.	Ms. Yodrudee Santatikul	Committee	Representative from Member (Asia Plus Securities Co., Ltd.)
8.	Mr. Thana Phootanakit	Committee	Representative from Member (Kasikorn Bank PLC.)
9.	Mr. Rachada Pruksanubal	Committee	Representative from Member (Tisco Bank PLC.)
10.	Mr. Chaicharoen Kodsombat	Committee	Representative from Custodian Club (CIMB Thai Bank PLC.)
11.	Ms. Yupawan Sirichainarumitr	Committee	Representative from Thailand Securities Depository Company Limited (TSD)
12.	Mr. Arsa Intarawichai	Committee	Representative from Government Pension Fund
13.	Ms. Chompoopen Sirithorn	Committee	Representative from Social Security Office
14.	Mr. Sukkawat Prasurtying	Committee	Representative from Insurance Company (AIA Thailand Co., Ltd.)
15.	Mr. Win Phromphaet	Committee	Representative from Asset Management Company (CIMB Principal Asset Management)
16.	Mr. Thiraphan Viphaveekul	Committee	Representative from Association of Provident Fund
17.	Ms. Doungporn Prasertsomsuk	Committee	Legal Expert (Allen & Overy)
18.	Mr. Viroj Piyawattanametha	Committee	Legal Expert (Baker & McKenzie Ltd.)

Disciplinary Subcommittee

Scope and Responsibilities: 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.

Composition: The subcommittee has 5 members, consisting of 2 members of the Board of Directors and at least 3 members from non-member companies, two of whom shall be an expert in securities business and another expert in law.

Members of Disciplinary Subcommittee			
No	Name	Position	Organization
1.	Dr. Somjin Sornpaisarn	Chairperson	Board of Director
2.	Dr. Santi Kiranand	Committee	Securities Business Expert
3.	Mr. Weerachote Jirabowornpongsa	Committee	Securities Business Expert
4.	Mr. Sukkawat Prasurtying	Committee	AIA Thailand Co., Ltd.
5.	Mr. Attapol Attaworadej	Committee	Fiscal Policy Office, Ministry of Finance
6.	Ms. Ariya Tiranaprakij	Secretary	ThaiBMA

Appeal Subcommittee

Scope and Responsibilities: To consider appeal procedure and consider any other issue beyond the power of the Disciplinary Subcommittee.

Composition: The subcommittee has 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 Office of SEC.

Members of Appeal Subcommittee			
No.	Name	Position	Organization
1.	Mr. Singha Nikornpun	Chairperson	Board of Director (ThaiBMA)
2.	Mr. Suwit Rojanavanich	Committee	Securities Business Expert
3.	Mr. Titanun Mallikamas	Committee	Representative from Bank of Thailand
4.	Mrs. Anchulee Simasatien	Committee	Finance and Accounting Expert
5.	Ms. Ariya Tiranaprakij	Secretary	ThaiBMA

Selection and Remunerations of the Committee and Subcommittees

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

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

Remunerations for Board of Directors

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

Remunerations for the Audit Committee

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

Remunerations for the Nomination and Remunerations Subcommittee and the Investment Subcommittee

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

Remunerations for other Subcommittees

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

Relationship with Stakeholders

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

(1) Regulatory bodies and supporting government agencies

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

(2) Members

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

(3) Bond Issuers

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

(4) Information users

ThaiBMA realizes the importance of those who use data and information for analysis and supporting investment decision making. Accordingly, the Association has consistently developed and upgraded the efficiency in rendering information services in terms of format, content quality and dissemination channels.

ThaiBMA's website which serves as the main channel for information dissemination has been well recognized by international circles and cited as the most comprehensive website for domestic bond information.

(5) Employees

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

(6) The Society

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

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

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

Risk Management and Internal Control

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

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

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

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

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

Business Ethics

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

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

Conflicts of Interest Prevention

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

Directory of Members

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

Directory of Members

No.	Companies	บริษัท
	Ordinary Member	สมาชิกสามัญ
31	Krungsri Securities Public Company Limited	บริษัทหลักทรัพย์ กรุงศรี จำกัด (มหาชน)
32	KT Zmico Securities Company Limited	บริษัทหลักทรัพย์ เคที ซีมิโก้ จำกัด
33	KTB Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ เคทีบี (ประเทศไทย) จำกัด
34	Maybank Kim Eng Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ เมย์แบงก์ กิมเอ็ง (ประเทศไทย) จำกัด (มหาชน)
35	Merill Lynch Securities (Thailand) Limited	บริษัทหลักทรัพย์ เมอร์ริล ลินช์ (ประเทศไทย) จำกัด
36	Phatra Securities Public Company Limited	บริษัทหลักทรัพย์ ภัทร จำกัด (มหาชน)
37	RHB Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ อาร์เอชบี (ประเทศไทย) จำกัด (มหาชน)
38	SCB Securities Company Limited	บริษัทหลักทรัพย์ ไทยพาณิชย์ จำกัด
39	Siam Commercial Bank Public Company Limited	ธนาคารไทยพาณิชย์ จำกัด (มหาชน)
40	Standard Chartered Bank (Thai) Public Company Limited	ธนาคารสแตนดาร์ดชาร์เตอร์ด (ไทย) จำกัด (มหาชน)
41	Thanachart Bank Public Company Limited	ธนาคารธนชาต จำกัด (มหาชน)
42	The Hongkong and Shanghai Banking Corporation Limited	ธนาคารฮ่องกงและเซี่ยงไฮ้แบงกิงคอร์ปอเรชั่น จำกัด
43	TISCO Bank Public Company Limited	ธนาคารทีสโก จำกัด (มหาชน)
44	TMB Bank Public Company Limited	ธนาคารทหารไทย จำกัด (มหาชน)
45	Trinity Securities Company Limited	บริษัทหลักทรัพย์ ทรินิตี้ จำกัด
46	UBS Securities (Thailand) Limited	บริษัทหลักทรัพย์ ยูบีเอส (ประเทศไทย) จำกัด
47	United Overseas Bank (Thai) Public Company Limited	ธนาคารยูโอบี จำกัด (มหาชน)
48	UOB Kay Hian Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ ยูโอบี เคียฮิยาน (ประเทศไทย) จำกัด (มหาชน)
	Extraordinary Member	สมาชิกวิสามัญ
49	AFS Securities (Thailand) Limited	บริษัทหลักทรัพย์ เอเอฟเอส (ประเทศไทย) จำกัด
50	Elite Securities Company Limited	บริษัทหลักทรัพย์ อีลิท จำกัด
51	ICAP Securities Company Limited	บริษัทหลักทรัพย์ ไอซีเอพี จำกัด
52	Wall Street Tullett Prebon Securities Limited	บริษัทหลักทรัพย์ วอลล์สตรีท เทลเลทท์ พร็อบอนน์ จำกัด
	Associate Member	สมาชิกสมทบ
53	Land and Houses Securities Public Company Limited	บริษัทหลักทรัพย์ แลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน)
54	Phillip Securities (Thailand) Public Company Limited	บริษัทหลักทรัพย์ ฟิลลิป (ประเทศไทย) จำกัด (มหาชน)
55	Yuanta Securities (Thailand) Company Limited	บริษัทหลักทรัพย์ หยวนต้า (ประเทศไทย) จำกัด

THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

REPORT OF THE AUDITOR

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

Opinion

I have audited the financial statements of The Thai Bond Market Association, (Association) which comprise the statement of financial position as at December 31, 2018, and the statement of income and expenditure, statement of changes in capital fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

****/2

Auditor's Responsibilities for the Audit of the Financial Statements

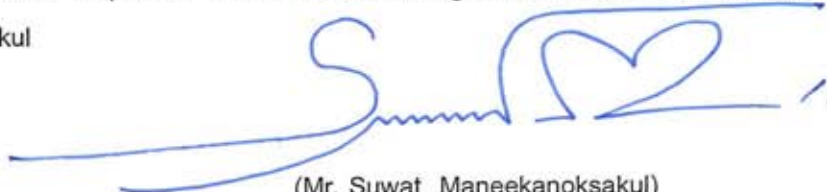
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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



(Mr. Suwat Maneekanoksakul)

Certified Public Accountant

Registration No. 8134

Dharmniti Auditing Company Limited

Bangkok, Thailand

March 14, 2019

THE THAI BOND MARKET ASSOCIATION
 THE STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2018

		<u>ASSETS</u>	
		Baht	
	Note	2018	2017 (Restated)
Current assets			
Cash and cash equivalents	3	10,889,966.43	11,756,091.51
Current investments	4	54,208,515.10	29,162,995.34
Account receivable		107,000.00	686,940.00
Other current assets		839,040.45	1,039,001.86
Total Current Assets		66,044,521.98	42,645,028.71
Non-current assets			
Long-term investment	5	10,000,000.00	10,000,000.00
Investment in Private Fund	6	744,721,283.48	702,421,477.54
Equipment	7	18,552,715.02	25,100,466.10
Intangible assets	8	2,465,626.11	2,944,643.14
Other non-current assets	9	2,297,543.04	2,299,729.96
Total Non-Current Assets		778,037,167.65	742,766,316.74
TOTAL ASSETS		844,081,689.63	785,411,345.45

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

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION (Cont.)
AS AT DECEMBER 31, 2018

LIABILITIES AND CAPITAL FUND

	Note	Baht	
		2018	2017 (Restated)
Current liabilities			
Other payable	10	2,232,476.51	2,819,792.51
Deferred income	11	22,551,044.80	3,780,583.33
Current portion of deferred annual fee of registered debt securities	12	35,758,520.16	33,509,861.74
Other current liabilities	13	5,837,776.57	3,816,136.30
Total Current Liabilities		<u>66,379,818.04</u>	<u>43,926,373.88</u>
Non-current liabilities			
Deferred annual fee of registered debt securities	12	65,203,806.73	63,570,221.47
Provisions for employee benefit	14	11,637,431.50	9,938,487.39
Demolition provisions		3,396,271.36	3,329,677.80
Total Non-Current Liabilities		<u>80,237,509.59</u>	<u>76,838,386.66</u>
TOTAL LIABILITIES		<u>146,617,327.63</u>	<u>120,764,760.54</u>
Capital fund			
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members		31,330,000.00	30,730,000.00
Accumulated fund		480,604,576.71	448,386,799.62
TOTAL CAPITAL FUND		<u>697,464,362.00</u>	<u>664,646,584.91</u>
TOTAL LIABILITIES AND CAPITAL FUND		<u><u>844,081,689.63</u></u>	<u><u>785,411,345.45</u></u>

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

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht	
	Note	2018	2017 (Restated)
INCOME			
Membership annual fees		7,065,475.74	7,001,855.86
Admission fees for registered debt instruments		59,039,591.60	55,911,718.93
Annual fees for registered debt instruments		47,880,275.93	44,081,361.86
Service fees for data provision		46,148,171.12	44,111,906.54
Training fees and book support		4,992,660.00	3,379,628.04
Examination fees, training fees and registration fees for registered traders		2,492,750.00	1,844,390.00
Earnings from investment in Private Fund	6	2,299,805.94	43,578,019.67
Earnings from investment in Unit trust	4	545,482.15	606,689.99
Interest income		424,508.51	420,618.67
Other income		471,247.18	480,624.10
Total income		171,359,968.17	201,416,813.66
EXPENDITURE			
Data system expenses		2,802,737.72	2,908,975.26
Staff costs		97,449,217.49	88,405,788.99
Business development expenses		16,383,097.05	15,493,957.06
Administrative expenses		14,279,872.18	16,785,874.11
Depreciation equipment		6,993,325.07	6,564,988.48
Amortization of computer software		846,334.87	545,552.32
Finance costs		387,606.70	337,167.54
Total expenditure		139,142,191.08	131,042,303.76
Income over (under) expenditure for the year		32,217,777.09	70,374,509.90

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

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht			
	Note	Donated fund	Initial capital fund from members	Accumulated Fund	Total
Balance as at January 1, 2017					
As previously reported		185,529,785.29	29,380,000.00	379,318,814.12	594,228,599.41
Retrospective adjustments		-	-	(1,306,524.40)	(1,306,524.40)
As restated		185,529,785.29	29,380,000.00	378,012,289.72	592,922,075.01
Initial capital fund from associate member		-	1,350,000.00	-	1,350,000.00
Income over (under) expenditure					
for the year 2017 (Restated)	15	-	-	70,374,509.90	70,374,509.90
Balance as at December 31, 2017		<u>185,529,785.29</u>	<u>30,730,000.00</u>	<u>448,386,799.62</u>	<u>664,646,584.91</u>
Balance as at January 1, 2018					
As previously reported		185,529,785.29	30,730,000.00	448,599,043.25	664,858,828.54
Retrospective adjustments	15	-	-	(212,243.63)	(212,243.63)
As restated		185,529,785.29	30,730,000.00	448,386,799.62	664,646,584.91
Initial capital fund from associate member		-	600,000.00	-	600,000.00
Income over (under) expenditure					
for the year 2018		-	-	32,217,777.09	32,217,777.09
Balance as at December 31, 2018		<u>185,529,785.29</u>	<u>31,330,000.00</u>	<u>480,604,576.71</u>	<u>697,464,362.00</u>

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

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht	
	2018	2017 (Restated)
<u>Cash flows from operating activities :</u>		
Income over(under) expenditure for the year	32,217,777.09	70,374,509.90
Adjustment for :		
Depreciation equipment	6,993,325.07	6,564,988.48
Amortization of computer software	846,334.87	545,552.32
Loss on write-off of assets	3,139.48	20.00
Gain (loss) on disposal of assets	-	39,428.56
Expenses (income) for employee benefits	1,377,930.97	1,249,278.37
Earnings from investment in Private Fund	(2,299,805.94)	(43,578,019.67)
Earnings from investment in mutual fund	(545,482.15)	(606,689.99)
Interest income	(424,508.51)	(420,618.67)
Finance cost	387,606.70	337,167.54
Net profit from operating assets and liabilities	38,556,317.58	34,505,616.84
Account receivable	579,940.00	(686,940.00)
Current assets	199,962.21	(138,174.36)
Other non-current assets	2,186.92	38,000.00
Other payable	(587,316.00)	150,585.22
Deferred income	18,770,461.47	(5,212,916.67)
Deferred annual fees of registered debt securities	3,882,243.68	9,969,057.27
Other current liabilities	2,021,640.27	195,051.94
Net cash provided by (used in) operating activities	63,425,436.13	38,820,280.24

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

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht	
	2018	2017 (Restated)
<u>Cash flows from investing activities :</u>		
Purchases of mutual investments	(58,000,000.00)	(49,000,000.00)
Sales of mutual investments	33,500,000.00	75,000,000.00
(Increase) decrease in fixed deposits	(37.61)	(37.28)
Cash paid for additional investment in private fund	(40,000,000.00)	(60,000,000.00)
Proceeds from sale of fixed assets	-	75,255.34
Purchases of equipment	(448,713.47)	(4,100,049.87)
Purchases of intangible assets	(367,317.84)	(2,194,920.00)
Interest received	424,507.71	420,619.41
Net cash provided by (used in) investing activities	<u>(64,891,561.21)</u>	<u>(39,799,132.40)</u>
<u>Cash flows from financing activities :</u>		
Initial capital fund from member	600,000.00	1,350,000.00
Net cash provided by (used in) financing activities	<u>600,000.00</u>	<u>1,350,000.00</u>
Increase (decrease) in cash and cash equivalents, net	(866,125.08)	371,147.84
Cash and cash equivalents, beginning balance	<u>11,756,091.51</u>	<u>11,384,943.67</u>
Cash and cash equivalents, ending balance	<u><u>10,889,966.43</u></u>	<u><u>11,756,091.51</u></u>

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. GENERAL INFORMATION

(A) Legal status and address

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

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

(B) Nature of the Operation

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

Objectives of the Association are as follows :

(1) To be center of information on the debt securities market and to provide services related to such information;

(2) To promote and develop debt securities market and businesses;

(3) To promote, develop and prescribe standard of practices for debt securities businesses;

(4) To supervise Members to ensure compliance with the rules, regulations, ethics, code of conducts and standard of practices in the debt securities market;

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

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

(7) To provide forum for resolution of dispute arising from debt securities dealing business between a Member and another Member or a thirdparty;

(8) To carry out any other activities or work for public benefits with on aim to achieve the Association's foregoing objectives, which are all non-political related.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

(C) Data of membership

As at December 31, 2018 and 2017 membership of the Association consists of:

Type of member	Number of member	
	2018	2017
Ordinary Member	48	48
Extraordinary Member	4	4
Associate Member	3	1
Total	55	53

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

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

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

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

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

TAS 7 (revised 2017) Statement of Cash Flows

Some of Thai Financial Reporting Standards for Publicly Accountable Entities applied by the Association above are revised, and are effective for the fiscal year beginning on or after January 1, 2019 onwards.

The management of the Association believes that the Thai Financial Reporting Standards, which are revised above will not have any significant impact on the financial statements for the year when they are applied.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

2.2 Recognition of initial capital fund

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

2.3 Recognition of revenue and expenditure

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

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

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

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

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

Interest income is recognized on an accrual basis.

Other revenues and expenses are recognized on an accrual basis

2.4 Cash and cash equivalents

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

2.5 Current investments

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

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

2.6 Long-term Investment

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

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

2.7 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 is 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.

2.8 Equipment/Depreciation

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

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

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

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

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

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

Depreciation is included in determining income.

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

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

2.9 Intangible assets

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

2.10 Deferred income

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

2.11 Deferred annual fee of registered debt securities

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

2.12 Employee benefits

Short-term employment benefits

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

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

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

2.13 Income tax

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

2.14 Provisions

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

2.15 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.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	2018	2017
Cash on hand	19,806.50	6,331.00
Cash at banks - Savings accounts	9,316,254.93	11,748,760.51
Cash at banks - Current accounts	1,553,905.00	1,000.00
Total	10,889,966.43	11,756,091.51

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

4. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2018	2017	2018	2017
Fixed deposits at banks (3 months)	0.90	0.90	4,203.34	4,165.73
Mutual fund T-CASH			50,841,683.47	26,341,683.47
<u>Add</u> Unrealized earnings from changing				
The value of assets			3,362,628.29	2,817,146.14
Total			<u>54,208,515.10</u>	<u>29,162,995.34</u>

The Association has classified the type of the temporary investment in the investment units as the trading securities and recorded the net unrealized gain (loss) from the measurement of fair value in the statement of income and expenditure for the years ended December 31, 2018 and 2017 amounting to Baht 545,482.15 and Baht 606,689.99 respectively.

5. LONG-TERM INVESTMENT

	Interest rate (%)		Baht	
	2018	2017	2018	2017
Saving Bond-Bank for agriculture and agricultural cooperatives	3.80	3.80	10,000,000.00	10,000,000.00
(5 years period starting 23/01/2015 to 23/01/2020)				
Total			<u>10,000,000.00</u>	<u>10,000,000.00</u>

6. INVESTMENT IN PRIVATE FUND

	Baht	
	2018	2017
Investment in private fund - beginning balance	472,000,000.00	412,000,000.00
<u>Add</u> Investment during the year	<u>40,000,000.00</u>	<u>60,000,000.00</u>
	<u>512,000,000.00</u>	<u>472,000,000.00</u>
Accumulated earnings on investment - beginning		
Balance	230,421,477.54	186,843,457.87
<u>Add</u> Earnings from investment for the year	<u>2,299,805.94</u>	<u>43,578,019.67</u>
	<u>232,721,283.48</u>	<u>230,421,477.54</u>
Total investment in private fund	<u>744,721,283.48</u>	<u>702,421,477.54</u>

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

As at December 31, 2018 investment in private fund separated by fund manager consisted of :

	2018 (Baht)		
	Managed by SCBAM	Managed by KASSET	Total
Investment (at fair value)			
(SCBAM : at cost of Baht 379,888,142.01)			
(KASSET : at cost of Baht 356,651,867.51)			
Deposits at financial institutions	4,804,949.42	648,792.29	5,453,741.71
Equity securities	73,929,041.00	67,066,995.00	140,996,036.00
Bonds	147,597,505.19	148,935,339.24	296,532,844.43
Unit trust	31,970,227.80	33,969,154.40	65,939,382.20
Debentures	131,063,048.91	102,841,635.93	233,904,684.84
Total investment	389,364,772.32	353,461,916.86	742,826,689.18
<u>Add</u> Accrued interest income	1,378,183.33	1,536,988.10	2,915,171.43
Accrued dividend	79,485.00	59,220.00	138,705.00
Accounts receivable- sales of investments	162,376.15	2,625,561.73	2,787,937.88
<u>Less</u> Accrued expenses	(136,741.46)	(124,979.61)	(261,721.07)
Accounts payable - purchase of investments	(1,283,518.77)	(2,401,813.97)	(3,685,332.74)
Accounts payable - other	(166.20)	-	(166.20)
Net assets	389,564,390.37	355,156,893.11	744,721,283.48
Net assets:			
Fund brought forward include accumulated earnings/transfer	354,816,422.55	347,805,054.99	702,421,477.54
Contribution in the year	30,000,000.00	10,000,000.00	40,000,000.00
Earnings from investment for the year	4,747,967.82	(2,448,161.88)	2,299,805.94
Total	389,564,390.37	355,156,893.11	744,721,283.48
Earnings from investment for the year:			
Income from investment net after expense	9,797,648.22	8,496,768.54	18,294,416.76
Gain(loss) on sales of investment	7,133,033.03	668,931.24	7,801,964.27
Unrealized gain(loss) on securities valuation	(12,182,713.43)	(11,613,861.66)	(23,796,575.09)
Total	4,747,967.82	(2,448,161.88)	2,299,805.94

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

As at December 31, 2017 investment in private fund separated by fund manager consisted of :

	2017 (Baht)		
	Managed by SCBAM	Managed by KASSET	Total
Investment (at fair value)			
(SCBAM : at cost of Baht 329,980,176.65)			
(KASSET : at cost of Baht 339,314,741.73)			
Deposits at financial institutions	3,706,695.29	1,562,213.16	5,268,908.45
Equity securities	86,928,347.00	78,042,519.00	164,970,866.00
Bonds	187,328,245.91	192,408,438.67	379,736,684.58
Unit trust	13,823,710.00	-	13,823,710.00
Debentures	59,088,788.46	75,346,724.60	134,435,513.06
Total investment	350,875,786.66	347,359,895.43	698,235,682.09
<u>Add</u> Accrued interest income	890,844.05	1,157,307.12	2,048,151.17
Accrued dividend	78,260.00	59,340.00	137,600.00
Accounts receivable- sales of investments	3,312,023.36	8,221,276.98	11,533,300.34
<u>Less</u> Accrued expenses	(122,886.66)	(120,823.21)	(243,709.87)
Accounts payable - purchase of investments	(217,211.91)	(9,071,941.33)	(9,289,153.24)
Accounts payable - other	(392.95)	-	(392.95)
Net assets	354,816,422.55	347,605,054.99	702,421,477.54
Net assets:			
Fund brought forward include accumulated earnings/transfer	300,434,540.44	298,408,917.43	598,843,457.87
Contribution in the year	30,000,000.00	30,000,000.00	60,000,000.00
Earnings from investment for the year	24,381,882.11	19,196,137.56	43,578,019.67
Total	354,816,422.55	347,605,054.99	702,421,477.54
Earnings from investment for the year:			
Income from investment net after expense	8,028,402.89	7,089,817.86	15,118,220.75
Gain(loss) on sales of investment	7,038,072.71	6,977,358.08	14,015,430.79
Unrealized gain(loss) on securities valuation	9,315,406.51	5,128,961.62	14,444,368.13
Total	24,381,882.11	19,196,137.56	43,578,019.67

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

7. EQUIPMENT

	Baht		
	Balance per book as at Dec. 31,2017	Addition	Deduction
			Balance per book as at Dec. 31, 2018
<u>At cost</u>			
Office equipment	4,724,146.74	226,070.47	8,884.82
Furniture and fixtures	19,178,049.98	-	-
Computer equipment	18,994,975.27	222,643.00	108,921.52
Vehicles	4,609,000.00	-	-
Total	47,506,171.99	448,713.47	117,806.34
<u>Less</u> Accumulated depreciation			
Office equipment	2,408,419.42	731,209.88	5,751.34
Furniture and fixtures	6,602,849.49	3,700,661.53	-
Computer equipment	12,281,996.95	1,978,702.96	108,915.52
Vehicles	1,112,440.03	582,750.70	-
Total	22,405,705.89	6,993,325.07	114,666.86
Equipment - net	25,100,466.10		18,552,715.02

	Baht		
	Balance per book as at Dec. 31,2016	Addition	Deduction
			Balance per book as at Dec. 31, 2017
<u>At cost</u>			
Office equipment	4,932,107.45	165,587.39	373,548.10
Furniture and fixtures	19,146,089.23	40,205.00	8,244.25
Computer equipment	15,964,973.84	3,894,257.48	864,256.05
Vehicles	4,609,000.00	-	-
Total	44,652,170.52	4,100,049.87	1,246,048.40
<u>Less</u> Accumulated depreciation			
Office equipment	1,962,519.16	716,046.56	270,146.30
Furniture and fixtures	2,910,829.21	3,700,259.53	8,239.25
Computer equipment	11,579,699.73	1,555,256.17	852,958.95
Vehicles	519,013.81	593,426.22	-
Total	16,972,061.91	6,564,988.48	1,131,344.50
Equipment - net	27,680,108.61		25,100,466.10
Depreciation 2018			6,993,325.07
Depreciation 2017			6,564,988.48

As at December 31, 2018 and 2017, equipment of the Association were fully depreciated but still in use, amounting to a total cost of Baht 10.94 million and Baht 10.05 million, respectively.

As at December 31, 2018 and 2017, the Association has presented the list of purchased equipment and the equipment funded by the Ministry of financial to be included as the same item.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

8. INTANGIBLE ASSETS

Baht			
	Balance per book as at Dec. 31, 2017	Addition	Deduction
			Balance per book as at Dec. 31, 2018
<u>At cost</u>			
Computer software	65,039,889.04	367,317.84	-
Total	65,039,889.04	367,317.84	-
<u>Less Accumulated amortization</u>			
Computer software	62,095,245.90	846,334.87	-
Computer software - net	2,944,643.14		2,465,626.11

Baht			
	Balance per book as at Dec. 31, 2016	Addition	Deduction
			Balance per book as at Dec. 31, 2017
<u>At cost</u>			
Computer software	62,844,969.04	2,194,920.00	-
Total	62,844,969.04	2,194,920.00	-
<u>Less Accumulated amortization</u>			
Computer software	61,549,693.58	545,552.32	-
Computer software - net	1,295,275.46		2,944,643.14
Software amortization 2018			846,334.87
Software amortization 2017			545,552.32

As at December 31, 2018 and 2017, intangible assets of the Association were fully amortized but still in use, amounting to a total cost of Baht 61.19 million and Baht 60.86 million, respectively.

As at December 31, 2018 and 2017, the Association has presented the list of purchased intangible assets and the intangible assets funded by the Ministry of Finance to be included as the same item.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

9. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of:

	Bath	
	2018	2017
Building deposit	1,344,600.00	1,344,600.00
Office equipment deposit	896,400.00	896,400.00
Others	56,543.04	58,729.96
Total	<u>2,297,543.04</u>	<u>2,299,729.96</u>

10. OTHER PAYABLE

Other payables consisted of:

	Bath	
	2018	2017
Other payables	306,366.63	928,826.17
Advance cheque paid	138,830.57	91,794.15
Accrued expenses	1,691,279.31	1,709,172.19
Others	96,000.00	90,000.00
Total	<u>2,232,476.51</u>	<u>2,819,792.51</u>

11. DEFERRED INCOME

Deferred income consisted of :

	Baht	
	2018	2017
Membership annual fees	1,050,000.00	400,000.00
Membership fees of data system - iBond	15,918,828.13	2,065,000.00
Membership fees of data system - iRisk	805,000.00	805,000.00
Service fees - MTM	4,769,416.67	510,583.33
Advance service fees for seminar training	7,800.00	-
Total	<u>22,551,044.80</u>	<u>3,780,583.33</u>

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

12. DEFERRED ANNUAL FEE OF REGISTERED DEBT SECURITIES

Deferred annual fee of registered debt securities of :

	Bath	
	2018	2017
Deferred annual fee of registered debt securities	100,962,326.89	97,080,083.21
<u>(Less)</u> Current portion	<u>(35,758,520.16)</u>	<u>(33,509,861.74)</u>
Total	<u>65,203,806.73</u>	<u>63,570,221.47</u>

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

13. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

	Bath	
	2018	2017
Withholding tax	4,663,161.82	3,476,926.74
Output tax - pending	76,090.00	44,940.00
Revenue department payable	1,098,524.75	229,269.56
Accounts payable - retention	-	65,000.00
Total	<u>5,837,776.57</u>	<u>3,816,136.30</u>

14. PROVISIONS FOR EMPLOYEE BENEFIT

The details of provisions for employee benefit for the year ended December 31, 2018 and 2017 are shown as follows:

	Baht	
	2018	2017
		(Restated)
Provisions for employee benefit as at January 1,	9,938,487.39	8,417,329.28
Current service costs	1,377,930.97	1,249,278.37
Financial costs	321,013.14	271,879.74
Provisions for employee benefit as at December 31,	<u>11,637,431.50</u>	<u>9,938,487.39</u>

The expenditure recognized in the statement of income and expenditure for the year ended December 31, 2018 and 2017 amounted to Baht 1,698,944.11 and Baht 1,521,158.11 respectively.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

15. ACCOUNTING ERROR CORRECTION AND RECLASSIFICATION

During the year 2017, the Association found the accounting errors in the recordation of employee benefit estimate. The Association's management adjusted such error by retrospective adjustment of the statement of financial position as at December 31, 2017 and the statement of income and expenditure for the year ended December 31, 2017 and reclassified certain transactions to be comparable with the changes in the current accounting period as detailed below :

	Baht			
	As previously reported	Reclassification	restated	After restated
Statements of financial position				
As at December 31, 2017				
- Provisions for employee benefit	9,726,243.76	-	212,243.63	9,938,487.39
- accumulated fund	448,599,043.25	-	(212,243.63)	448,386,799.62
Statements of income and expenditure				
For the year ended December 31, 2017				
- Provisions for employee benefit	89,771,949.50	(271,879.74)	(1,094,280.77)	88,405,788.99
- accumulated fund	65,287.80	271,879.74	-	337,167.54
- Income over (under) expenditure for the year	69,280,229.13	-	1,094,280.77	70,374,509.90

16. COMMITMENTS OF LEASE AGREEMENT

As at December 31, 2018 the Association has commitments of lease agreement as follows:-

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

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2018

As at December 31, 2018, the Association has an obligation to pay the rental fee, building equipment rental fee and common service fee under such agreement as follows:

	<u>Million Baht</u>
Payable within:	
1 year	9.59
More than 1 year to 5 years	22.05

17. AGREEMENTS OF PRIVATE FUND MANAGEMENT

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

17.2 The Association entered into the private fund management agreement with Kasikorn Asset Management Company Limited on May 25, 2016. This agreement is effective from June 1, 2016 and ends on May 31, 2019, and upon the maturity date, the agreement is said to be automatically renewed for 1 year each. Such company has the duties and responsibilities in managing the private fund as specified in the agreement and to obtain the management fee as specified rate in the agreement.

18. 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 ended on June 30, 2018 and changed to Krungsri Asset Management co., Ltd. On July 1, 2018 onwards.

During the year 2018 and 2017, Baht 4.57 million and Baht 4.27 million, respectively has been contributed to the fund by the Association.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on March 14, 2019.