

Preparation of Financial Institutions and New Financial Tools

The 3rd ASEAN Fixed Income Summit

September 2016

บริการทุกระดับประทับใจ

Disclaimer

“This document is intended to provide material information relating to investment or product in discussion and for reference during discussion, presentation or seminar only. It does not represent or constitute an advice, offer, contract, recommendation or solicitation and should not be relied on as such. In preparation of this document, KASIKORNBANK Public Company Limited (“KBank”) has made several crucial assumptions and relied heavily on the financial and other information made available from public sources, and thus KBank assumes no responsibility and makes no representations with respect to accuracy and/or completeness of the information described herein. Before making your own independent decision to invest or enter into transaction, the recipient of the information (the "Recipient") shall review information relating to service or products of KBank including economic and market situation and other factors pertaining to the transaction as posted in KBank’s website at URL <http://www.kasikornbankgroup.com> and in other websites including to review all other information, documents prepared by other institutions and consult financial, legal or tax advisors each time. The Recipient understands and acknowledges that the investment or execution of the transaction is the transaction with low liquidity and that KBank shall assume no liability for any loss or damage incurred by the Recipient arising out of such investment or execution of the transaction. Each Recipient including its employee or officer who receives this document or a copy of the document represents and agrees not to reproduce, distribute or provide it in whole or in part to any other person and agrees to keep confidential all information contained therein.

In the case of derivative products, where the Recipient provides incomplete or inaccurate information to KBank, KBank may not be capable of delivering information relating to investment or derivative products appropriate to the genuine need of the Recipient. The Recipient also acknowledges and understands that the information so provided by KBank does not represent the expected yield or consideration to be received by the Recipient arising out of the execution of the transaction. Further the Recipient should be aware that the transaction can be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to the Recipient.

KBank reserves the rights to amend either in whole or in part of information so provided herein at any time as it deems fit and the Recipient acknowledges and agrees with such amendment. Where there is any inquiry, the Recipient may seek further information from KBank or in case of making complaint, the Recipient can contact KBank at (662) 888 8822.”

Agenda



Looking Back

Generating Yield

Factors Today

Investment products Today

Why Credit

Thai Debt Capital Markets

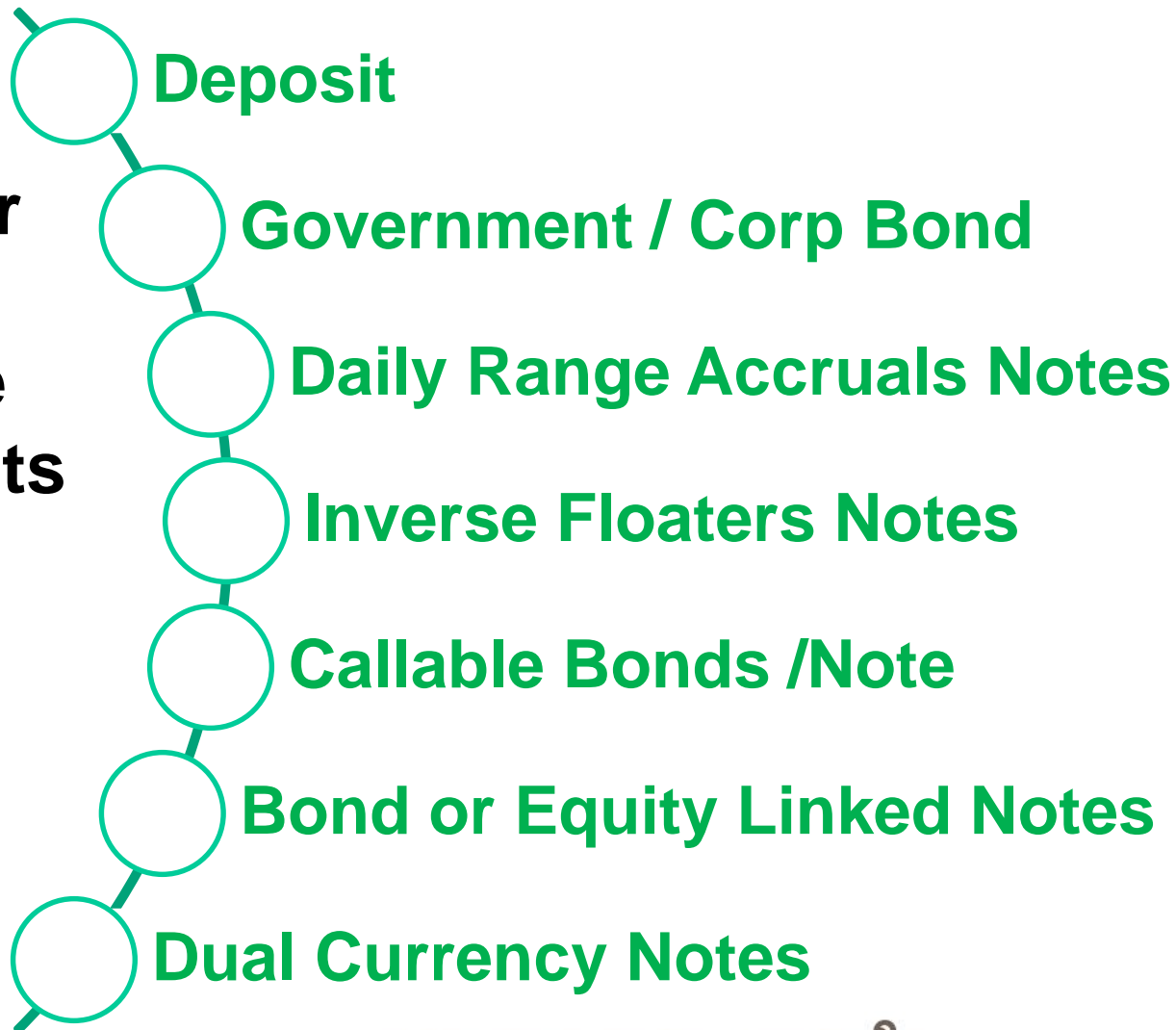
Looking Back

Key Financial Market Figures	Year 2000
10 Year US Treasuries	6.59%
EUR/USD	1.02
USD/JPY	101.45
10 Year Thai Govies	7.67%
Thai SET Index	498
USD/THB	37.02



Looking Back

**Popular
Fixed
Income
Products
back in
early
2000**



บริการทุกระดับประทับใจ

Looking Back

Key Financial Market Figures	Year 2000	01-Sep-16
10 Year US Treasuries	6.59%	1.58%
EUR/USD	1.02	1.12
USD/JPY	101.45	103.23
10 Year Thai Govies	7.67%	2.25%
Thai SET Index	498	1539
USD/THB	37.02	34.60

Where can we find yield these days?

Agenda



Looking Back

Generating Yield

Factors Today

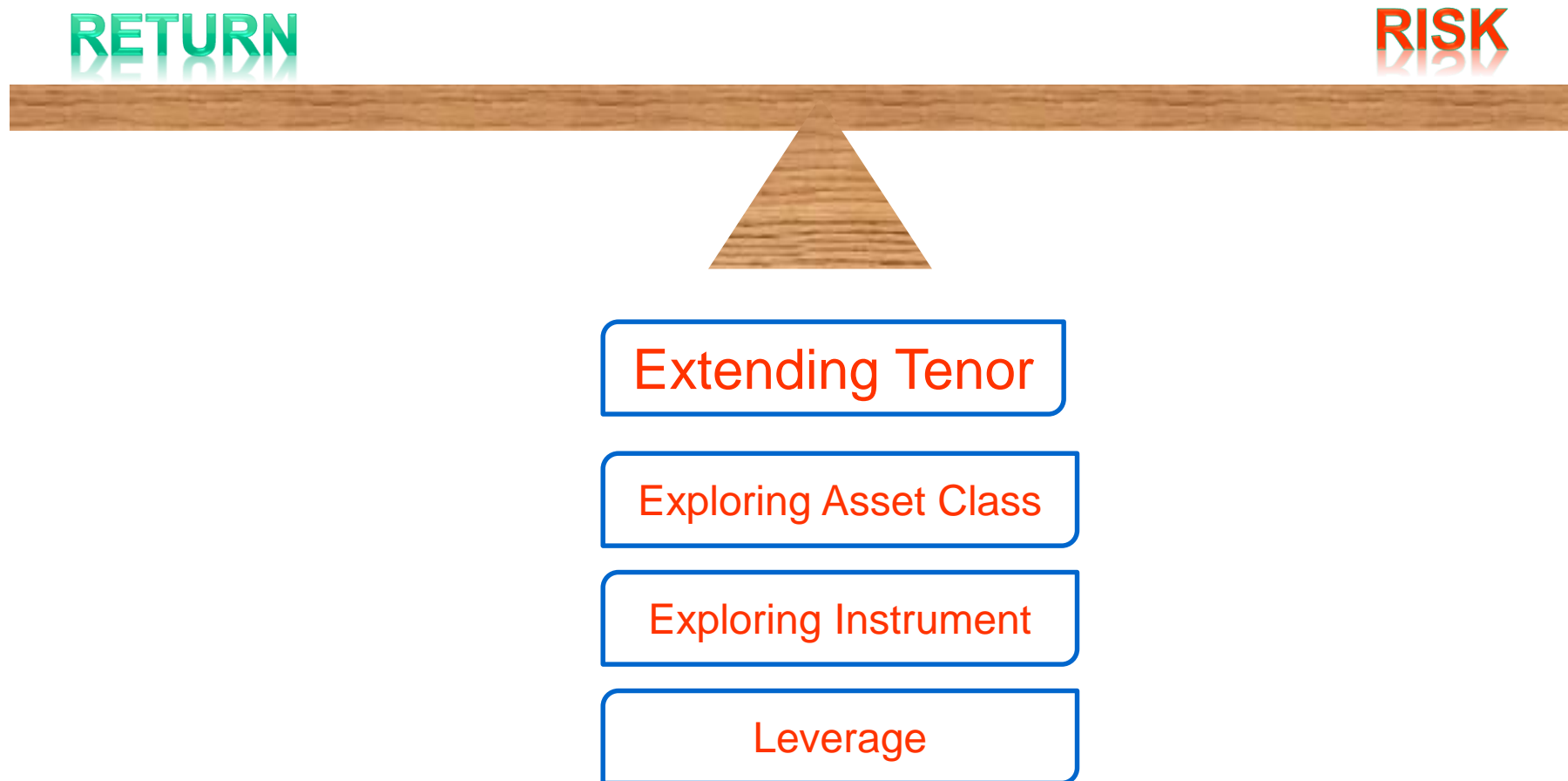
Investment products Today

Why Credit

Thai Debt Capital Markets



Generating Yield



Agenda



Looking Back

Generating Yield

Factors Today

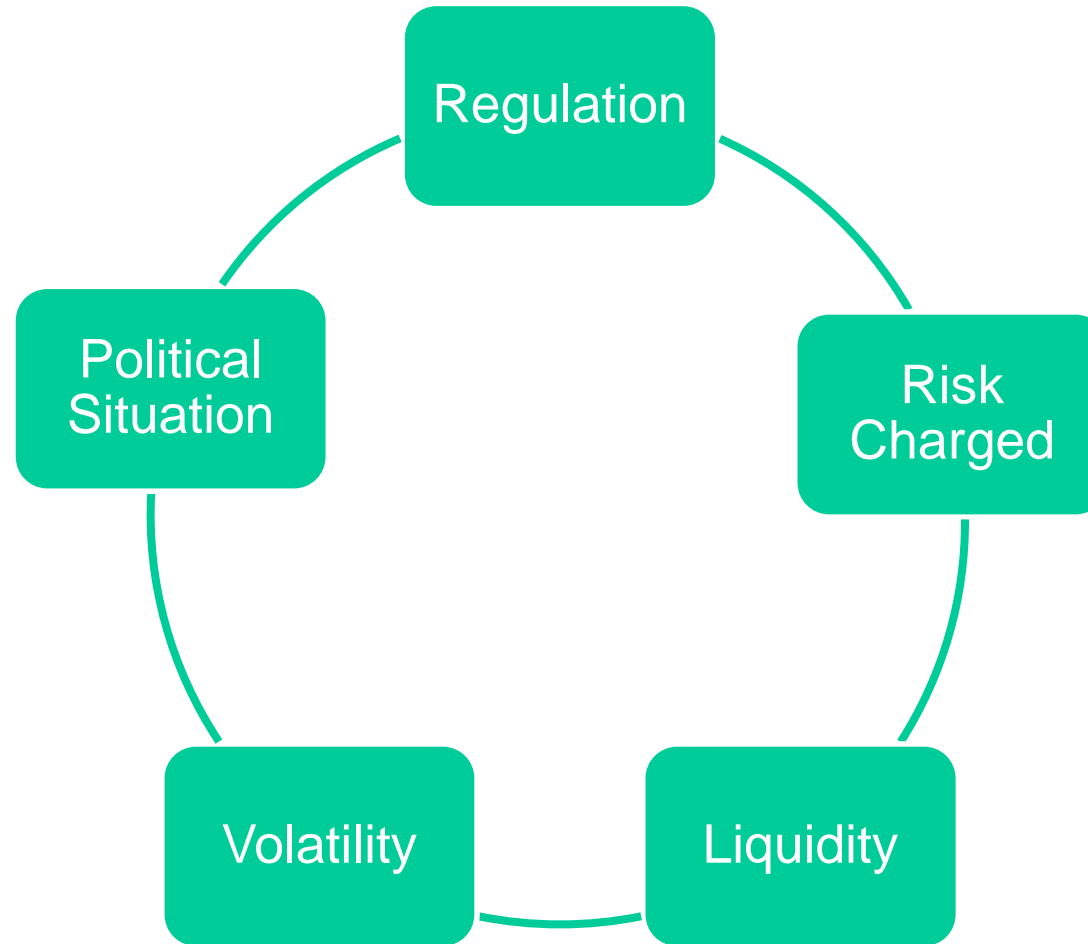
Investment products Today

Why Credit

Thai Debt Capital Markets



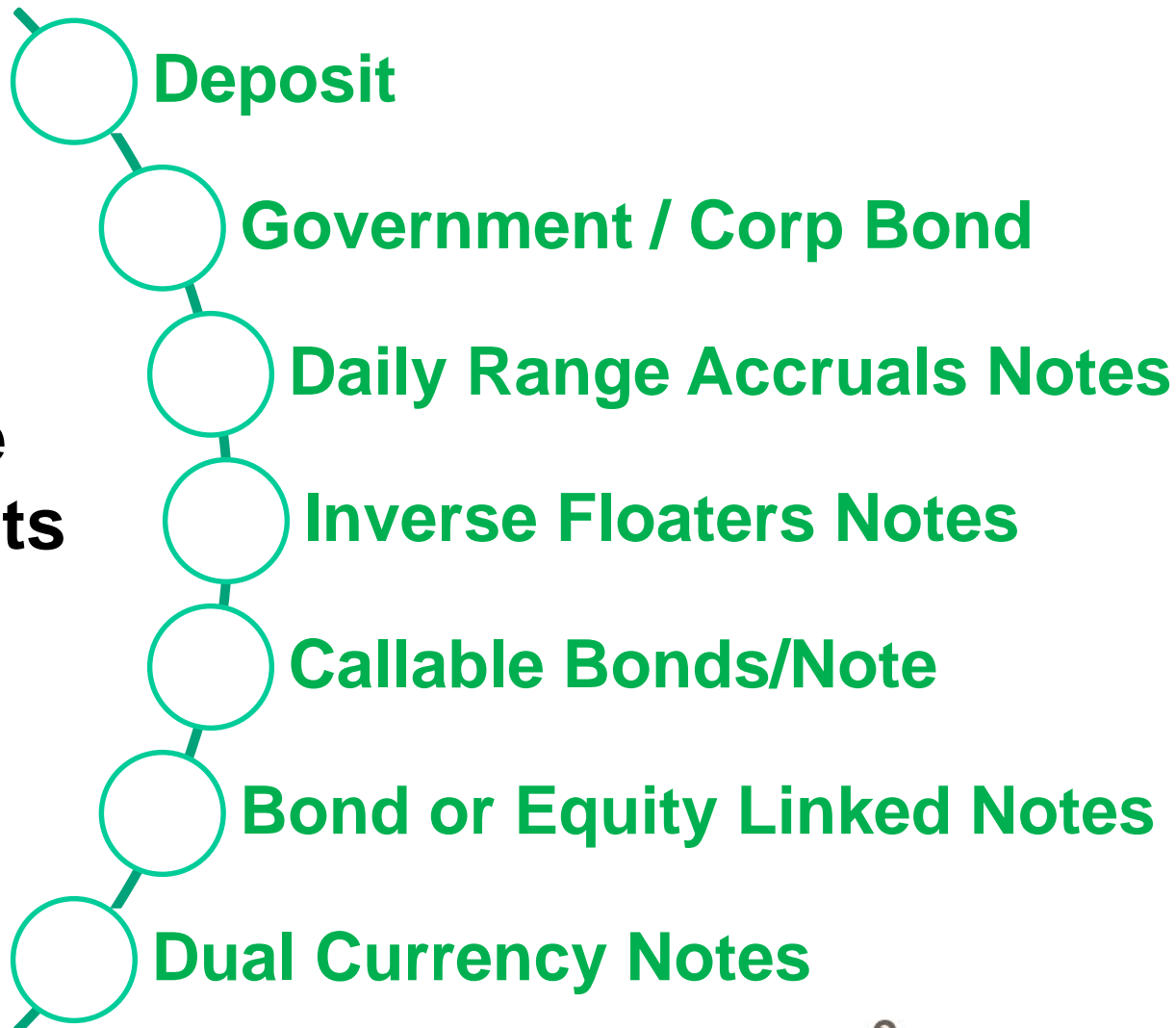
Factors to consider Today



บริการทุกระดับประทับใจ

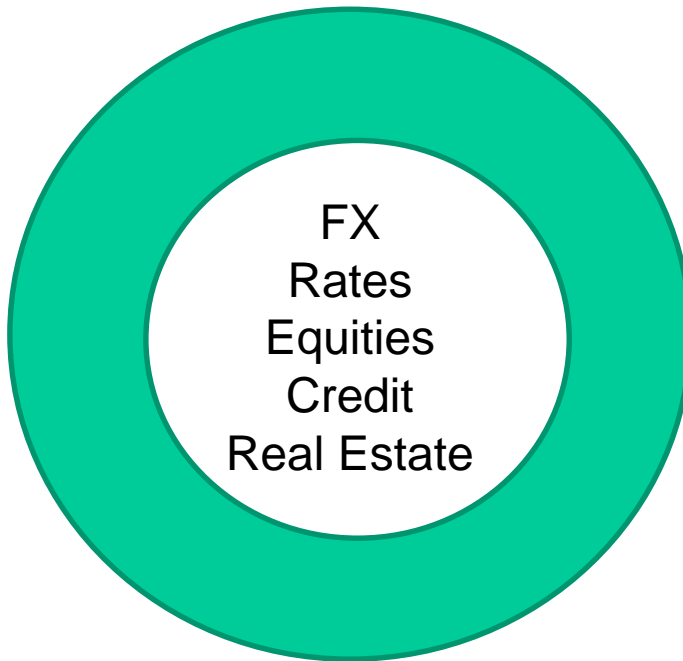
Investment Products Today

Fixed Income Products Today

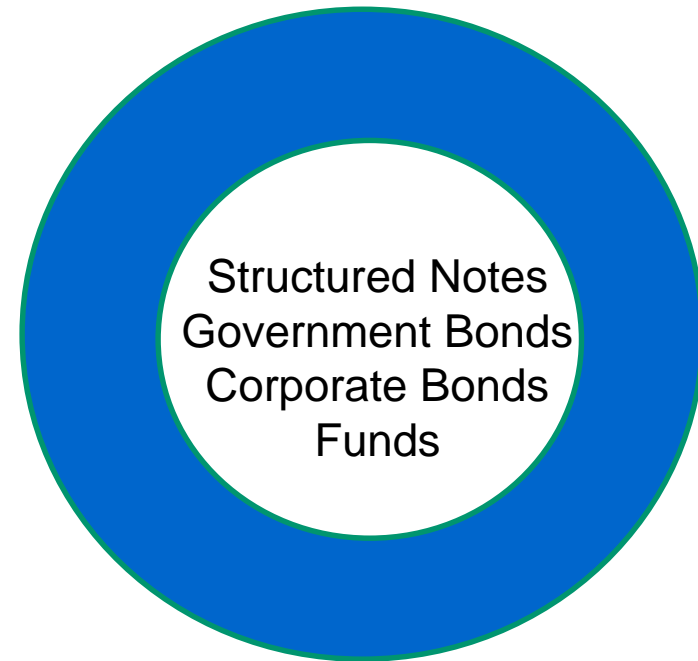


บริการทุกระดับประทับใจ

Investment Products Today



Asset Classes



Instruments

Agenda



Looking Back

Generating Yield

Factors Today

Investment products Today

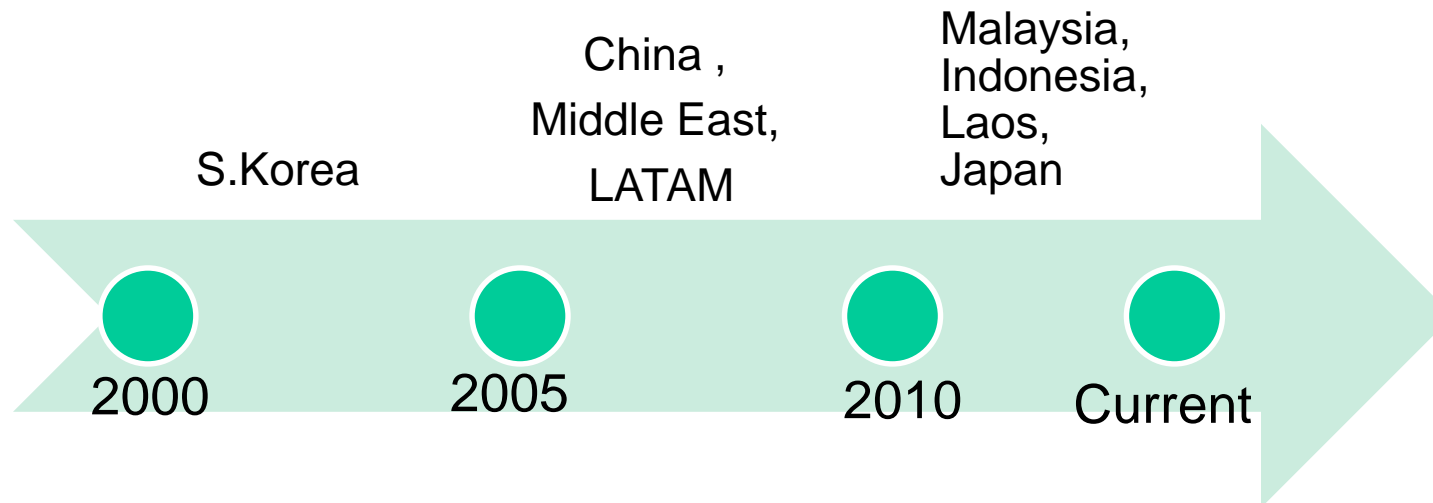
Why Credit

Thai Debt Capital Markets



Focusing on CREDIT

Thai fixed income investors have been active in offshore Credit





Focusing on CREDIT

Offshore

PROS

Increase
investment
choices

Increase
Flexibilities

Diversify
countries

Extracting and
monetizing
value

CONS

FX Hedging

Foreign interest
rate risk

Underlying
credit

บริการทุกระดับประทับใจ

Asset Swap cash flows for Foreign Bond investments

Example

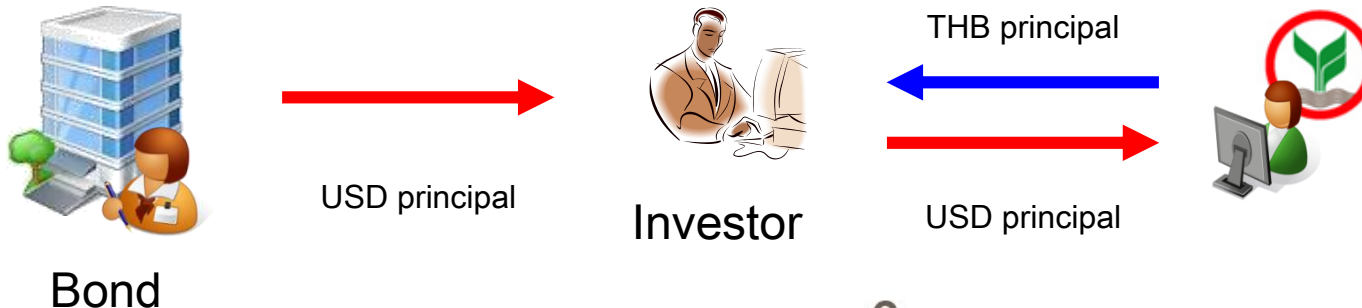
At purchase



Interim
Interests



Principal
At
Maturity



Offshore USD Bonds (Secondary Market) Indications

Bond	ISIN	Moody's	S&P	Fitch	Maturity Date	USD Fixed Yield	Spread UST (bps)	THB IRR
BBLTB 3.875 09/27/22 REGS	USY0606WBU37	Baa1	BBB+	BBB+	27/09/2022	2.30%	80	2.11%
BBLTB 5 10/03/23 REGS	USY06072AC92	Baa1	BBB+	BBB+	03/10/2023	2.42%	89	2.15%
SCBTB 3.375 09/19/17 REGS	US82571BAA08	Baa1	BBB+	BBB+	19/09/2017	1.48%	101	1.53%
SCBTB 3.5 04/07/19 REGS	US82571BAB80	Baa1	BBB+	BBB+	07/04/2019	1.68%	95	1.64%
KTB 2.25 09/11/18 EMTN	XS0823985113	Baa1	BBB	BBB	11/09/2018	1.58%	104	2.15%
KTB V5.2 12/26/24 EMTN	XS1080078691	#N/A N/A	B+	BBB-	26/12/2024	3.28%	235	3.24%
TMBTB 3.108 10/01/21 EMTN	XS1388084169	Baa2	BBB-	BBB-	01/10/2021	2.24%	112	2.11%
BABA 3.125 11/28/21	US01609WAP77	A1	A+	A+	28/11/2021	2.19%	107	2.07%
BABA 3.6 11/28/24	US01609WAQ50	A1	A+	A+	28/11/2024	2.80%	127	2.48%
CNOOC 4.25 01/26/21 REGS	USG2353WAA92	Aa3	A+	A+	26/01/2021	2.07%	95	1.99%
CNOOC 4.25 04/30/24	US12591DAC56	Aa3	A+	A+	30/04/2024	2.86%	133	2.56%
SINOPC 1.875 04/24/18 REGS	USG81877AB17	Aa3	A+	#N/A N/A	24/04/2018	1.68%	95	1.70%
SINOPC 3.125 04/24/23 REGS	USG81877AA34	Aa3	A+	#N/A N/A	24/04/2023	2.58%	105	2.35%
SINOPE 2.75 05/03/21 REGS	USG8200TAB64	Aa3	A+	#N/A N/A	03/05/2021	1.92%	80	1.83%
SINOPE 3.5 05/03/26 REGS	USG8200TAD21	Aa3	A+	#N/A N/A	03/05/2026	2.73%	120	3.07%
TENCNT 2.875 02/11/20 REGS	US88032XAC83	A2	A	A+	11/02/2020	1.97%	85	1.92%
TENCNT 3.8 02/11/25 REGS	US88032XAD66	A2	A	A+	11/02/2025	2.80%	127	2.45%



Focusing on CREDIT

Onshore

PROS

Huge
Information

Diversified
Industries

Growth in
Market liquidity

CONS

Limited foreign
issuer

บริการทุกระดับประทับใจ

Agenda



Looking Back

Generating Yield

Factors Today

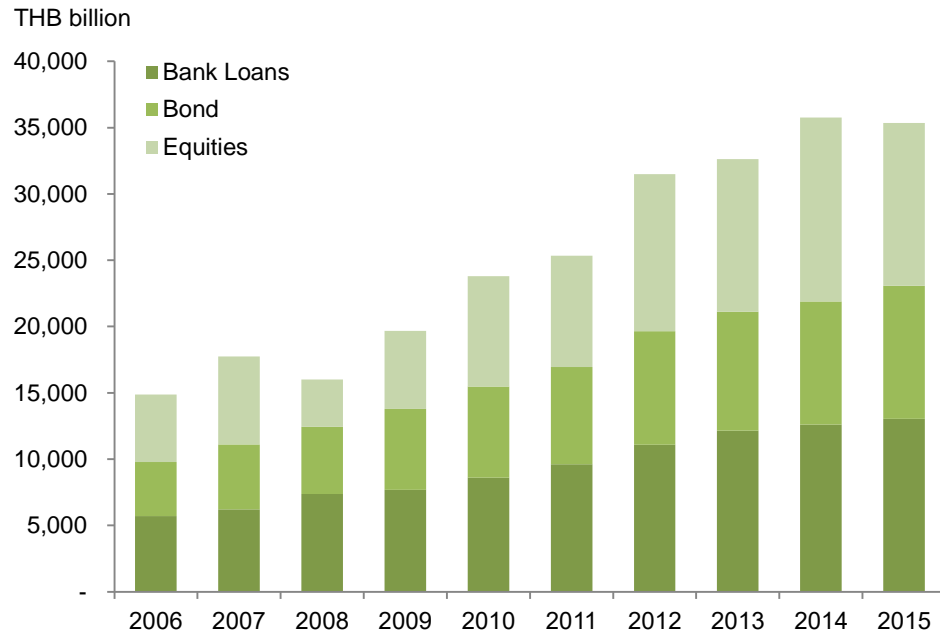
Investment products Today

Why Credit

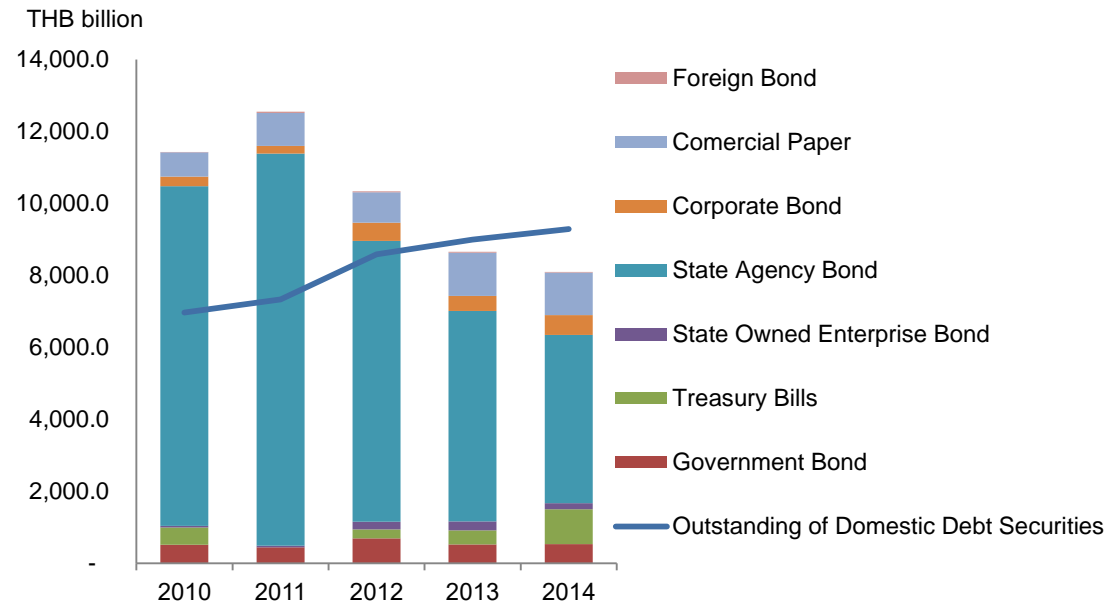
Thai Debt Capital Markets

Thai Capital Markets

Size of Thailand Financial Market



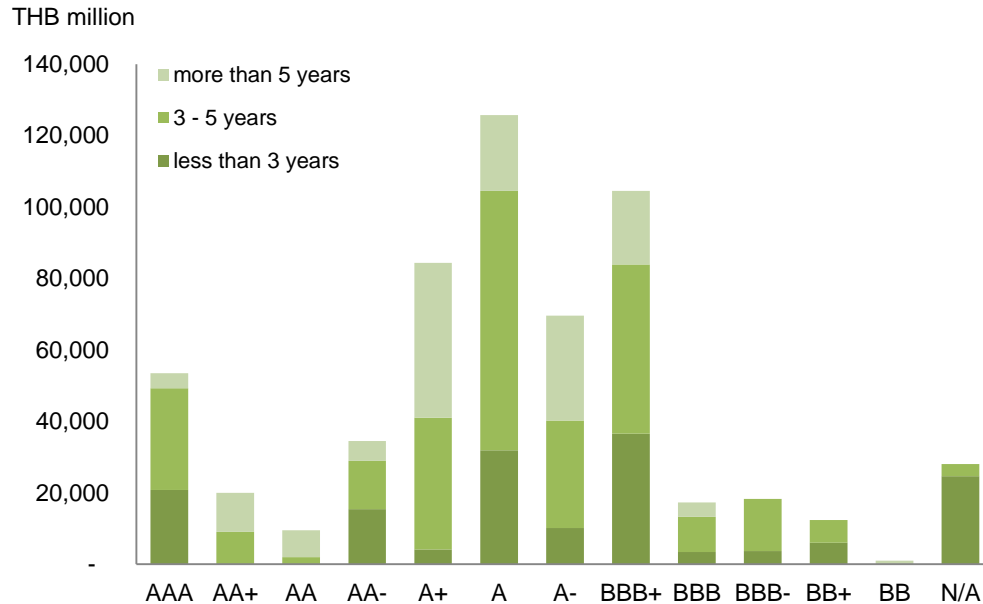
New Issuance of Domestic Debt Securities



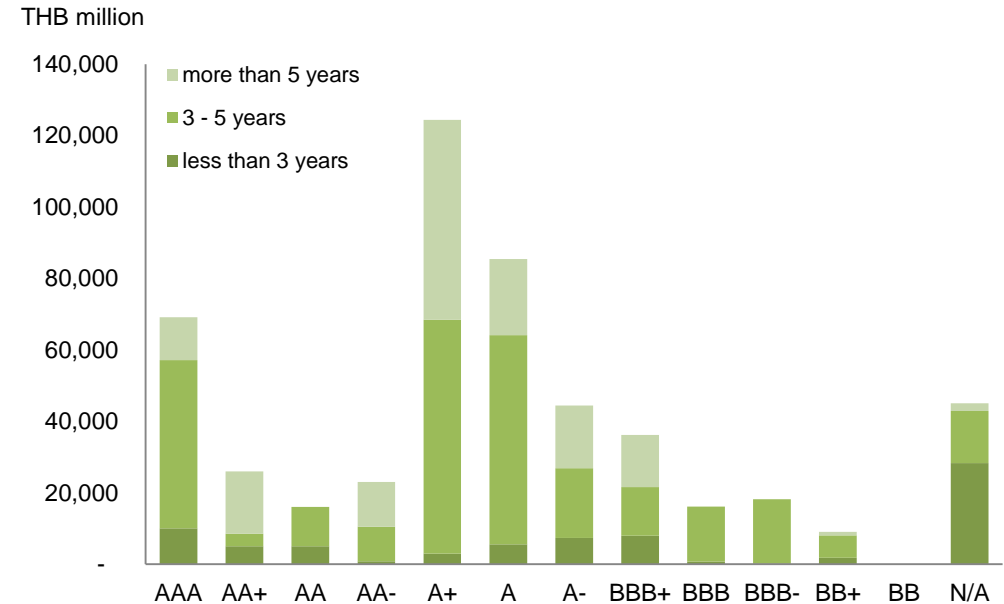
- Debt capital markets (DCM) are getting more popular as an alternative funding source for corporate. New issues in the bond market grew at an average rate of 7.8% during 2010 – 2015 and bond market shared around 28% of Thailand financial market.
- For domestic debt securities, state agency bond accounted for the largest share with the Bank of Thailand as a major player. On the corporate side, including foreign bonds, new issuance in 2015 hit record with the value of THB 571.9 billion.

Thai Bond Market By Rating

Tenor Breakdown by Rating in 2015



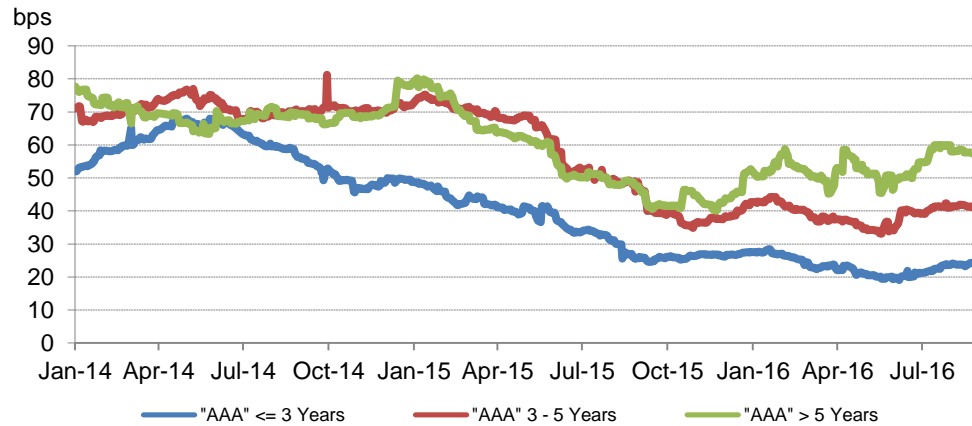
Tenor Breakdown by Rating in 2016 (Year-to-Date)



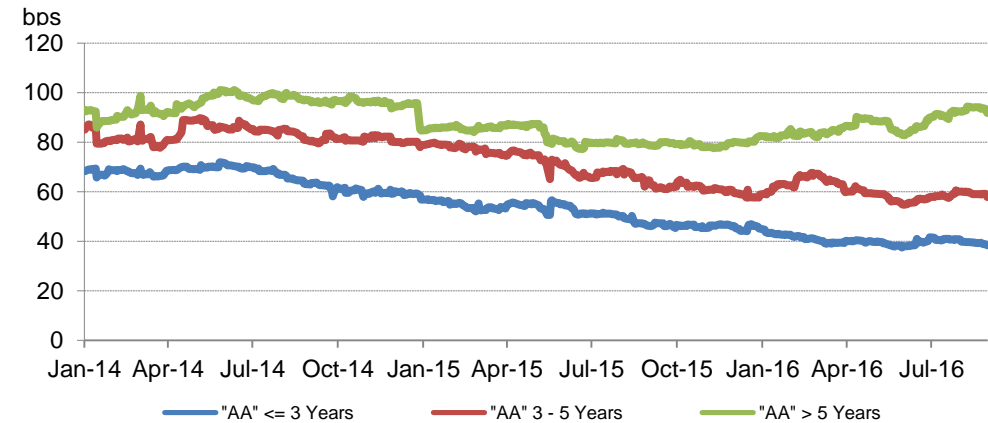
- In 2015, “A” rated bonds accounted for the largest share of around 22%, mostly from the bond issuance from CPALL, SCC, TISCO. “BBB+” segment was also active with the share of around 18%. TRUE Group contributed the largest portion in this segment from its funding raising in participation of the spectrum auction.
- In 2016 so far, “A+” rated bonds boosted the volume to over 24% due to the THB 54,000 million bond issuance from BJC (the largest issue size of corporate debentures in a single transaction). Notably, the volume for “AAA” and “Non-Rated” debentures increased significantly. Banks (BAY and UOB) have been active issuers in “AAA” segment; while, more transactions for “Non-Rated” issuers (mostly new issuers) have been seen to induce high-net-worth individuals with higher yield in the current low interest environment.
- Bonds with a tenor of 3-5 years account for around half of all new issuances in both 2015 and 2016.

Tightening Credit Spread for Short Term & High Rated Papers

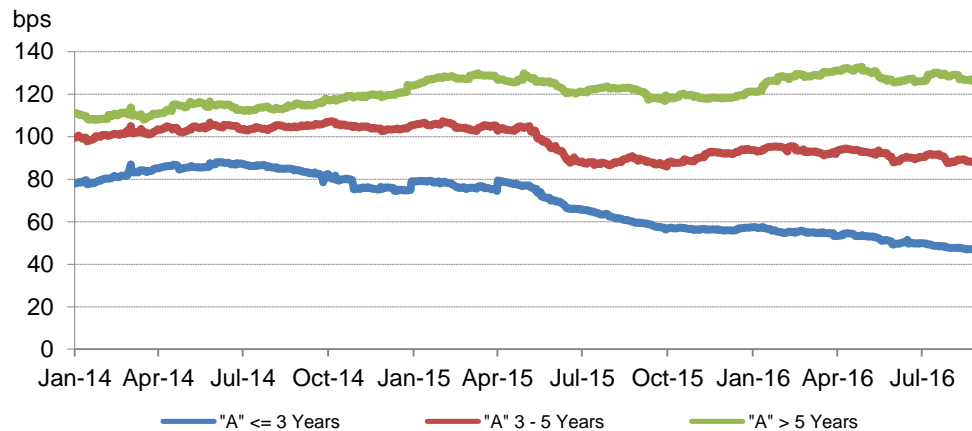
Credit Spread for AAA Rated Debentures



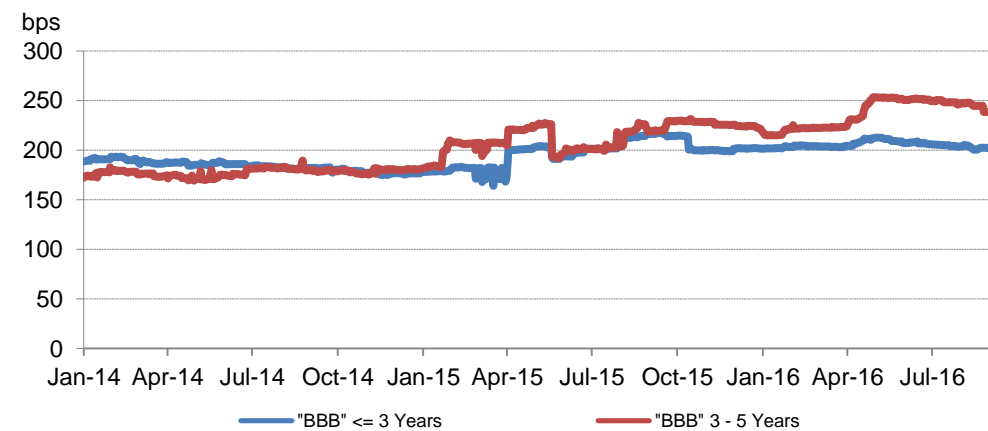
Credit Spread for AA Rated Debentures



Credit Spread for A Rated Debentures



Credit Spread for BBB Rated Debentures



Transactions with Issue Size of \geq THB 10,000 million

Issuer	Rating	Tenor (Years)	Coupon	Amount (THB million)	Issue Date	Placement
SCC	A	3 4	3.75% 3.90%	15,000 15,000	1 Apr 15	PO
CPF	A+	5 8	3.21% 3.98%	6,500 5,500	13 May 15	PO
MOFL	BBB+	3 5 10	3.56% 4.32% 5.00%	1,000 5,000 6,000	25 Jun 15	PP-II&HNW
CPALL	A	3 5 7 10	2.98% 3.65% 4.10% 4.45%	2,500 1,500 3,000 6,000	30 Jun 15	PP-II&HNW
DTN	AA+	3 5 7 10	2.16% 2.92% 3.52% 3.98%	2,000 4,000 3,000 6,000	29 Jul 15	PP-II&HNW
TPIPL	BBB+	3 4 5 6 7	4.10% 4.40% 4.65% 4.90% 5.20%	3,000 2,750 2,205 3,600 4,000	5 Aug 15	PO
TUC	BBB+	2.96	4.20%	10,000	14 Aug 15	PP-II&HNW
KEXIM	AAA	3	2.18%	10,000	4 Sep 15	PP-II&HNW
SCC	A	4	3.40%	10,000	2 Nov 15	PO

Transactions with Issue Size of \geq THB 10,000 million (cont'd)

Issuer	Rating	Tenor (Years)	Coupon	Amount (THB million)	Issue Date	Placement
SPCG	A-	1	2.27%	1,800	16 Dec 15	PP-II&HNW
		2	2.47%	1,800		
		3	2.66%	1,800		
		4	2.97%	1,800		
		5	3.37%	1,700		
		6	3.62%	1,700		
		7	3.80%	1,250		
		8	3.94%	650		
CPFTH	A+	5	3.10%	7,450	20 Jan 16	PP-II&HNW
		7	3.47%	2,150		
		10	3.87%	3,350		
		12	4.15%	3,050		
UOBT	AAA	3	1.85%	5,000	15 Mar 16	PP-II&HNW
		5	2.16%	5,000		
SCC	A	4	3.00%	25,000	1 Apr 16	PO
AWN	AA+	7	2.51%	90	7,820	PP-II&HNW
		10	2.78%	100	7,180	
BEM	A	3	2.22%	5,000	24 Jun 16	PP-II&HNW
		5	2.52%	1,915		
		7	3.00%	2,000		
		10	3.30%	3,335		
		12	3.61%	2,750		

Transactions with Issue Size of \geq THB 10,000 million (cont'd)

Issuer	Rating	Tenor (Years)	Coupon	Amount (THB million)	Issue Date	Placement
CPFTH	A+	4	2.51%	5,000	15 Jul 16	PP-II&HNW
		7	3.09%	3,300		
		10	3.46%	1,400		
		12	3.65%	1,100		
		15	3.95%	2,200		
TU	AA-	3	2.03%	6,000	20 Jul 16	PP-II&HNW
		5	2.32%	2,000		
		7	2.79%	2,000		
BAY	AAA	10.51	3.50%	10,000	11 Aug 16	PP-II&HNW
CPALL	A	3	2.49%	5,901	26 Aug 16	PP-II&HNW
		7	3.25%	500		
		10	3.68%	748		
		12	4.00	4,851		
EDLGEN	BBB+	7	5.00%	USD 51 million	2 Sep 16	PP-II&HNW
		10	5.59%	USD 166 million		
		12	5.98%	USD 95 million		
BJC	A+	3	2.34%	22,000	7 Sep 16	PP-II&HNW
		5	2.69%	9,000		
		7	3.07%	3,000		
		10	3.80%	20,000		



KASIKORNTHAI

บริการทุกระดับประทับใจ