



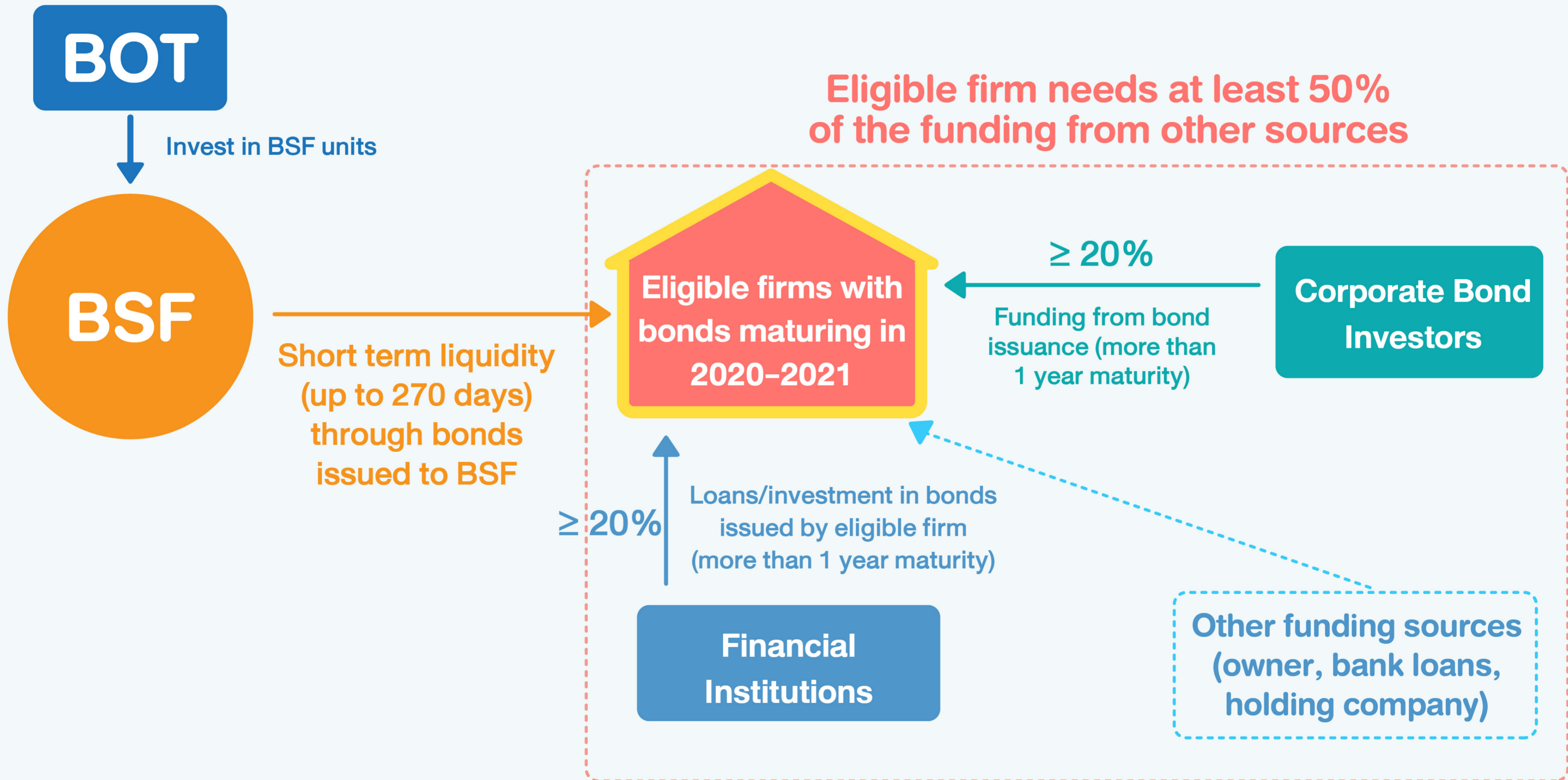
ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Corporate Bond Stabilization Fund (BSF): Policies and Operating Guidelines



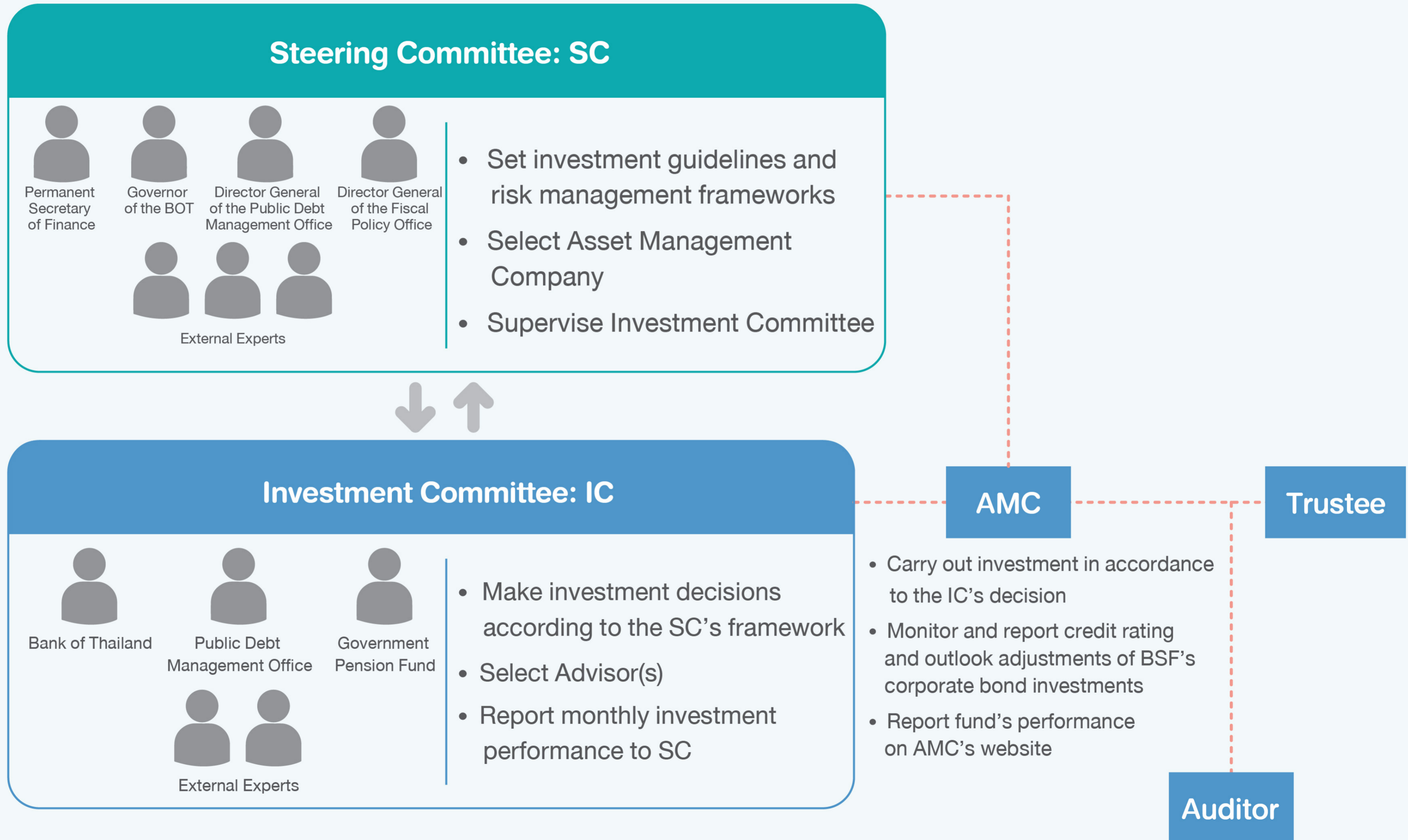


Liquidity Support Mechanism





Governance Structure





BSF Firm Eligibility

Eligible Firms

- ✓ Registered and operating in Thailand except:
- ✗ State-owned enterprises
- ✗ Financial institutions and companies under the same financial group

Credit Rating

- ✓ Issuer rating must be investment grade at least 1 month prior to application
- ✓ In case more than one credit rating is available, the lowest rating will be used

Secure at least 50% of the funding from other sources

Funding must be obtained from 2 sources

1. Bond Market (at least 20%)

Issue new bonds (≥ 1 year maturity) to investors, not including financial

2. Bank (at least 20%)

Obtain new loans or investment in bonds from financial institutions (≥ 1 year maturity)

Financial Status

- ✓ Experiencing temporary liquidity shortage
- ✓ Viable post COVID-19
- ✓ Have future financing plan
- ✓ Obtain a letter of intention from the main debtor, stating that it will provide financial support to the firm throughout the duration of BSF liquidity provision

Maturing Bonds

- ✓ Issued before 19 April 2020 (date of BSF establishment) and maturing before 31 Dec 2021
- ✓ Offered to the public
- ✗ Do not include private placement bonds

Firms may put in own funding (owners, shareholders and holding company), if funding from the two sources are not made up to 50% of the maturing bonds

Apply for BSF Liquidity Provision



Liquidity Provision Mechanism of the BSF

Mechanism

No more than 50% of the value of maturing bonds

BSF provides liquidity through the purchase of new bonds with the following characteristics:

- Tenor of no more than 270 days
- Investment grade issue rating*
- Senior plain vanilla and non-Subordinated bonds
- If the new bond issued to investors is a secured bond, BSF must receive at minimum collateral that is of an equivalent quality and amount

* If the bonds fall below investment grade after the BSF has invested, the BSF can continue holding them until maturity

Pricing

Base rate

The higher rate of the two funding sources



Facility premium*

- 1 1% annually for 30% of the maturing bond
- 2 2% annually for the amount exceeding 30%

* If the firms pay back BSF before maturity, the facility premium will be prorated accordingly



DOs and DON'Ts for firms receiving BSF liquidity

DOs

- ✓ Use funding from BSF to pay off existing maturing bonds only
- ✓ Funds to pay off maturing bonds from all sources must be deposited in the Escrow account
- ✓ Submits long-term financing and repayment plans to the IC



DON'Ts

- ✗ Reduce capital except for clearing accumulated loss and increasing capital
- ✗ Purchase treasury stocks
- ✗ Repay debt prematurely
- ✗ Lend to board members and shareholders
- ✗ Pay bonuses to board members or the top two executives
- ✗ Pay dividends except for payments announced before April 29, 2020.
- ✗ Pledge assets as of BSF issuance date as collateral for other loans throughout the duration of BSF liquidity provision



Risk Management Framework of the BSF

Investment

- Proportion of bond investment to BSF fund size (400 billion baht)
 - Not exceeding 3% of BSF fund size for each issuer
 - Not exceeding 10% of BSF fund size for each business conglomerate
- Invest in bonds not exceeding 10 % of total financial liabilities of the firm
- BSF manages its liquidity by investing in savings account or other securities such as government bills and bonds, as stipulated by the IC



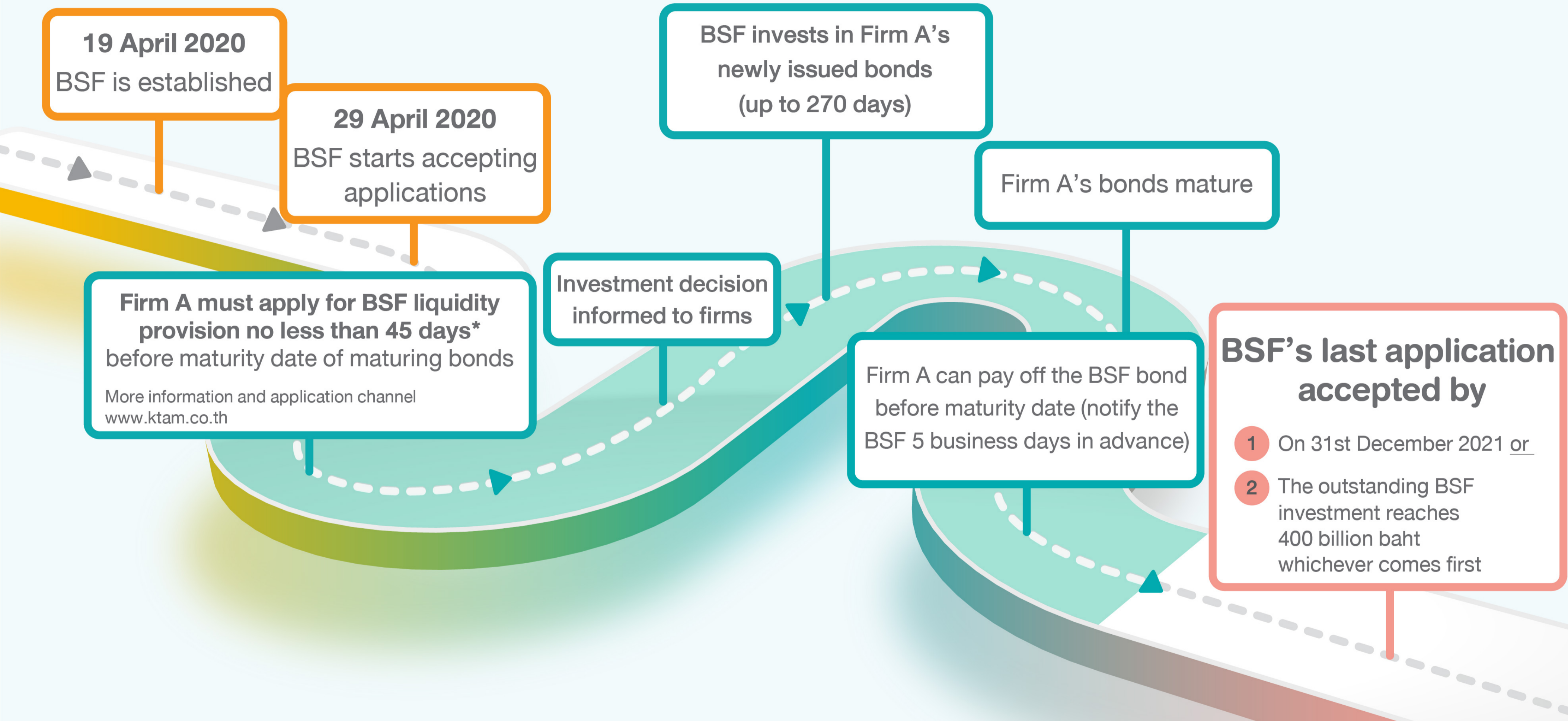
Governance and Operations

- SC and IC members must disclose any relations to all firms issuing corporate bonds and a Code of Conduct was issued for committee members to prevent conflict of interests
- The IC submits monthly performance report to the Steering Committee
- The Asset Management Company reports monthly performance on its website (on the first business day of each month)





Timeline of the BSF's operations



*Supporting documents must be submitted within 15 days after application date

Remark: The BSF will be operational no more than 5 years in accordance with the Emergency Decree