

## Default Statistics and Rating Transition Rates in Thailand (2024)

22 January 2025

### SUMMARY

In 2024, TRIS Rating rated and publicly announced the ratings on 248 issuers. These issuers were categorized into 190 non-financial institution issuers (non-FI), 54 financial institutions (FI), one structured finance issuer, and three issuers in the “government” sector, which includes supranational institutions. While there were no defaults in 2024, five issuers requested for bond maturity extensions and received approvals by bondholders. Among these issuers, one held an investment grade rating, while the rest had non-investment grade ratings (below “BBB-”).

For the corporate default study, we did not include the structured finance issuer and the government sector issuers. We also excluded six non-FI and two FI issuers that issued only guaranteed bonds. Thus, the corporate default study included 236 issuers, comprising 184 non-FIs and 52 FIs.

There were 217 issuers that had their ratings outstanding throughout 2024 (excluding 13 issuers that withdrew their ratings in 2024 and 6 issuers that were assigned initial ratings in 2024). There were 11 upgrades, 39 downgrades, and no defaults. The downgrade to upgrade ratio increased to 3.55 times in 2024, from 2.25 times in 2023, and 0.76 times in 2022. There were 21 changes in outlook, comprising nine upwards and 12 downwards.

The cumulative number of defaulters during 1994-2024 remained at 26 (including five issuers that defaulted after withdrawing their ratings more than one year). The one-, two-, and three-year cumulative default rates (CDRs) during 1994-2024 slightly changed to 0.773%, 1.651%, and 2.365% from 0.840%, 1.799%, and 2.582%, respectively, during 1994-2023.

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## CORPORATE DEFAULT STUDY

### Rating Actions in 2024

The corporate default study is based on 236 issuers, including 184 non-FIs and 52 FIs. In 2024, there were 217 issuers that had their ratings outstanding for the whole year (excluding 13 issuers that withdrew their ratings in 2024 and 6 issuers that were assigned initial ratings in 2024). There were 11 upgrades and 39 downgrades, and no defaults. The upgrades comprised nine non-FI and two FI issuers. Five FI and 34 non-FI issuers were downgraded. The downgrade (including defaults) to upgrade ratio increased to 3.55 times in 2024, from 2.25 times in 2023 and 0.76 times in 2022.

The one-year stability rate of publicly announced ratings in 2024 (excluding six new issuers and 13 withdrawers) was 76.96%, down from 81.86% in 2023. There were 21 changes in outlook, comprising nine upwards and 12 downwards. During the year, 11 companies were placed on CreditAlerts, with 10 having “negative” implications and one being “developing”. One “negative” CreditAlert was resolved to a “negative” outlook, another was changed to CreditAlert “developing”, and one issuer was withdrawn within 2024. Therefore, at the end of 2024, there were seven “negative” and two “developing” CreditAlerts remaining.

**Table 1: List of Issuer Rating Changes in 2024**

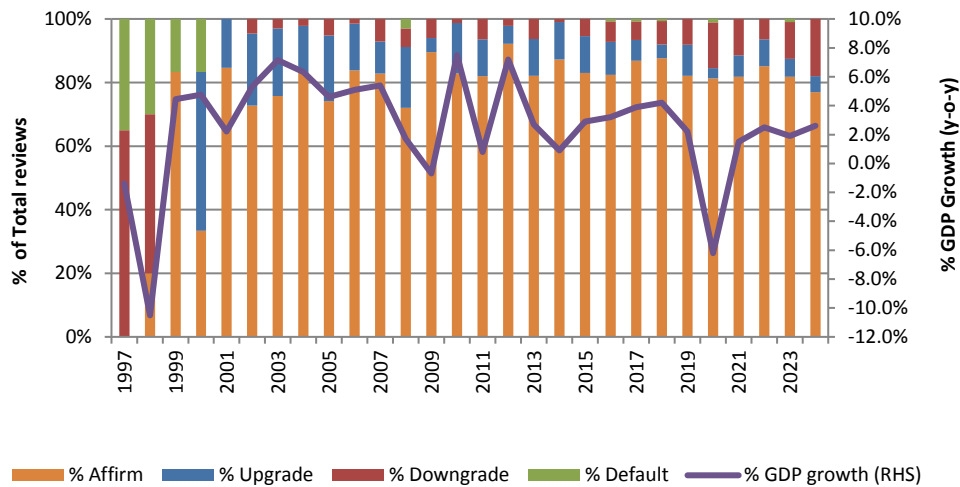
No.	Company	Industry	Rating Change		Rating Direction	Outlook Direction	CreditAlert
			From	To			
1	AGE	Commodity Trading	BBB-/Stable	BB+/Alert Negative	Downgrade		Negative
2	ANAN	Homebuilders and Real Estate Developers	BB+/Alert Negative	BB+/Negative		Downward	
3	AQUA	Restaurants	BB+/Stable	BB/Stable	Downgrade		
4	ASW	Homebuilders and Real Estate Developers	BBB-/Stable	BBB-/Positive		Upward	
5	BBGI	Commodity Chemicals	A-/Stable	A/Stable	Upgrade		
6	BCP	Oil and Gas Refining and Marketing	A/Stable	A+/Stable	Upgrade		
7	BEYOND	Leisure and Sports	BB/Stable	BB/Alert Negative			Negative
8	BGC	Containers and Packaging	A-/Stable	A-/Negative		Downward	
9	BSRC	Oil and Gas Refining and Marketing	A/Stable	A+/Stable	Upgrade		
10	BTS	Transportation Infrastructure	A-/Stable	BBB+/Stable	Downgrade		
11	BTSC	Transportation Infrastructure	A-/Stable	BBB+/Stable	Downgrade		
12	CBG	Branded Nondurables	A/Negative	A/Stable		Upward	
13	CGH	Financial Holding Companies	BBB-/Negative	BB+/Stable	Downgrade		
14	CKP	Regulated Utilities	A/Stable	A-/Stable	Downgrade		
15	CPALL	Retailers	A+/Positive	AA-/Stable	Upgrade		
16	CPAXT	Retailers	A+/Positive	AA-/Stable	Upgrade		
17	CPF	Agribusiness and Commodity Foods	A+/Negative	A/Stable	Downgrade		
18	CPFTH	Agribusiness and Commodity Foods	A+/Negative	A/Stable	Downgrade		
19	CPNREIT	REITs and Real Estate for Rent	AA-/Negative	A+/Stable	Downgrade		
20	DA	Forest and Paper Products	BBB/Stable	BBB/Positive		Upward	
21	EA	Regulated Utilities	A-/Negative	BB+/Alert Negative	Downgrade		Negative
22	ECF	Consumer Durables	BB-/Stable	B/Negative	Downgrade		
23	EGCO	Regulated Utilities	AA+/Negative	AA/Stable	Downgrade		
24	EP	Regulated Utilities	BB+/Negative	B/Alert Negative	Downgrade		Negative
25	ESC	Agribusiness and Commodity Foods	BBB/Stable	BBB/Positive		Upward	
26	GLAND	REITs and Real Estate for Rent	BBB/Stable	BBB-/Stable	Downgrade		
27	GRAND	Leisure and Sports	BB-/Negative	B+/Negative	Downgrade		
28	GULF	Regulated Utilities	A+/Stable	A+/Positive		Upward	
29	ITD	Engineering and Construction	BB+/Negative	BB-/Alert Developing	Downgrade		Developing
30	IVL	Commodity Chemicals	AA-/Stable	AA-/Negative		Downward	

31	JMART	Retailers	BBB+/Stable	BBB+/Negative	Downward	
32	JMT	Asset Management / Financial Services	BBB+/Stable	BBB+/Negative	Downward	
33	KSL	Agribusiness and Commodity Foods	BBB+/Positive	BBB+/Stable	Downward	
34	KUN	Homebuilders and Real Estate Developers	BB/Stable	BB-/Stable	Downgrade	
35	LALIN	Homebuilders and Real Estate Developers	BBB+/Stable	BBB/Stable	Downgrade	
36	LANNA	Metals and Mining Upstream	A-/Stable	A-/Alert Developing		Developing
37	LH	Homebuilders and Real Estate Developers	A+/Stable	A/Stable	Downgrade	
38	LHBANK	Bank	A/Stable	AAA/Stable	Upgrade	
39	LHFG	Bank Holding	A-/Stable	AA+/Stable	Upgrade	
40	LPN	Homebuilders and Real Estate Developers	BBB/Negative	BBB-/Stable	Downgrade	
41	MICRO	Leasing	BB+/Negative	BB/Stable	Downgrade	
42	MIDA	Homebuilders and Real Estate Developers	BB/Stable	BB-/Alert Negative	Downgrade	Negative
43	ML	Leasing	BB/Stable	BB-/Alert Negative	Downgrade	Negative
44	MINT	Leisure and Sports	A/Stable	A/Positive		Upward
45	MK	Homebuilders and Real Estate Developers	BB+/Stable	BB-/Stable	Downgrade	
46	MUD	Restaurants	BBB-/Negative	BB+/Stable	Downgrade	
47	NN2PC	Regulated Utilities	A/Stable	A-/Stable	Downgrade	
48	PD	REITs and Real Estate for Rent	BB+/Stable	BB-/Stable	Downgrade	
49	PF	Homebuilders and Real Estate Developers	BB/Stable	BB/Negative		Downward
50	PI	Securities Brokerage	BBB-/Negative	BB+/Stable	Downgrade	
51	PRIME	Regulated Utilities	BBB-/Negative	BB+/Stable	Downgrade	
52	PS	Homebuilders and Real Estate Developers	A-/Stable	BBB+/Stable	Downgrade	
53	PSH	Homebuilders and Real Estate Developers	A-/Stable	BBB+/Stable	Downgrade	
54	RHBS	Securities Brokerage	AA-/Stable	AA-/Alert Negative		Negative
55	ROH	Leisure and Sports	BB-/Negative	B+/Negative	Downgrade	
56	S	Leisure and Sports	BBB+/Stable	BBB+/Negative		Downward
57	S11	Leasing	BBB-/Stable	BB+/Stable	Downgrade	
58	SAMART	Technology Software and Services	BBB/Stable	BBB/Positive		Upward
59	SAMTEL	Technology Software and Services	BBB/Stable	BBB/Positive		Upward
60	SENA	Homebuilders and Real Estate Developers	BBB/Negative	BBB-/Stable	Downgrade	
61	SGP	Commodity Trading	BBB+/Negative	BBB+/Stable		Upward
62	SHR	Leisure and Sports	BBB+/Stable	BBB+/Negative		Downward
63	SNC	Consumer Durables	BBB/Stable	BBB/Negative		Downward
64	SPW	REITs and Real Estate for Rent	A-/Stable	A/Stable	Upgrade	
65	SST	Restaurants	BBB-/Negative	BB+/Stable	Downgrade	
66	STA	Commodity Trading	A/Stable	A-/Stable	Downgrade	
67	STGT	Branded Nondurables	A/Stable	A-/Stable	Downgrade	
68	TAA	Transportation Cyclical	BB+/Stable	BBB-/Stable	Upgrade	
69	TLS	Leasing	BBB/Stable	BBB/Negative		Downward
70	TPCH	Regulated Utilities	BBB-/Negative	BB+/Stable	Downgrade	
71	TPOLY	Regulated Utilities	BBB-/Negative	BB+/Stable	Downgrade	
72	TSE	Regulated Utilities	BBB-/Stable	BBB/Stable	Upgrade	
73	UAC	Business and Consumer Services	BBB-/Stable	BBB-/Negative		Downward
74	VTN	Health Care Services	BBB/Stable	BBB+/Stable	Upgrade	

Source: TRIS Rating

Notes: See full names of issuers in Appendix II

**Chart 1: Proportion of Rating Changes<sup>1</sup> and GDP Growth (1997-2024)**



Source: TRIS Rating

Note: % GDP growth in 2024 is projected.

**Table 2: Summary of Rating Changes**

Year	No. of issuers as of 1 Jan	Upgrades	Downgrades	Defaults	Withdrawals	(Downgrades + Defaults) Upgrades
1994	6	0%	0%	0%	0%	n.a.
1995	23	5%	0%	0%	9%	-
1996	31	4%	21%	0%	10%	6.00
1997	38	0%	65%	35%	47%	n.a.
1998	15	0%	50%	30%	33%	n.a.
1999	7	0%	0%	17%	14%	n.a.
2000	7	50%	0%	17%	14%	0.67
2001	13	15%	0%	0%	0%	-
2002	25	23%	5%	0%	12%	0.20
2003	33	21%	3%	0%	0%	0.14
2004	49	15%	2%	0%	4%	0.14
2005	60	21%	5%	0%	3%	0.25
2006	75	15%	1%	0%	9%	0.10
2007	74	10%	7%	0%	5%	0.71
2008	76	19%	6%	3%	11%	0.46
2009	74	4%	6%	0%	9%	1.33
2010	76	16%	1%	0%	0%	0.08
2011	82	12%	6%	0%	5%	0.56
2012	91	6%	2%	0%	1%	0.40
2013	99	12%	6%	0%	4%	0.55
2014	104	12%	1%	0%	2%	0.08
2015	119	12%	5%	0%	6%	0.46
2016	127	10%	6%	1%	2%	0.69
2017	141	7%	6%	1%	3%	1.00
2018	165	4%	7%	1%	2%	1.63
2019	189	10%	8%	0%	3%	0.83
2020	193	3%	14%	1%	3%	4.83
2021	198	7%	11%	0%	3%	1.69
2022	208	8%	6%	0%	3%	0.76
2023	224	5%	11%	1%	4%	2.25
2024	230	5%	17%	0%	6%	3.55

Source: TRIS Rating

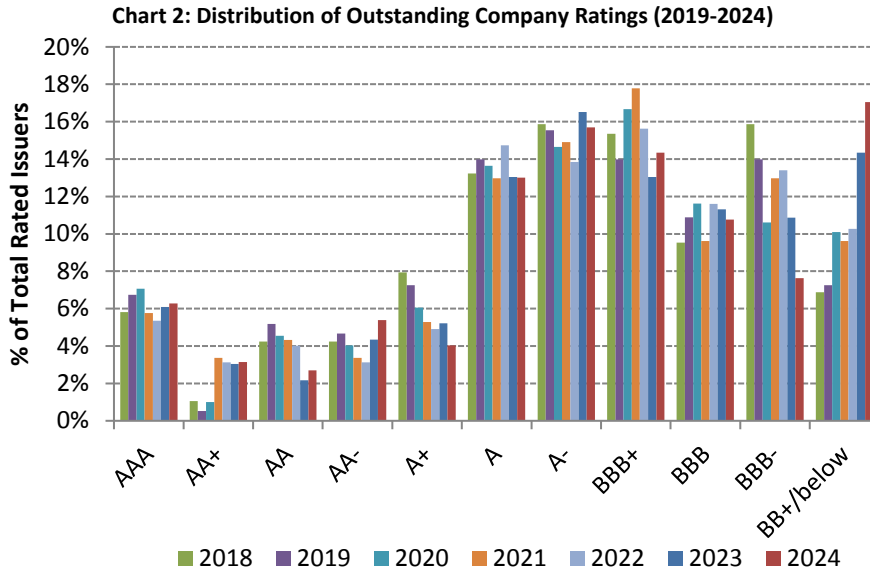
Note: The figures have been rebased since 2004 after the removal of three FI issuers for whom we no longer assigned shadow ratings.

<sup>1</sup> Proportions of rating changes as a percentage of the total number of issuers, which ratings are outstanding for the whole year (excluding withdrawers and new issuers in that year).

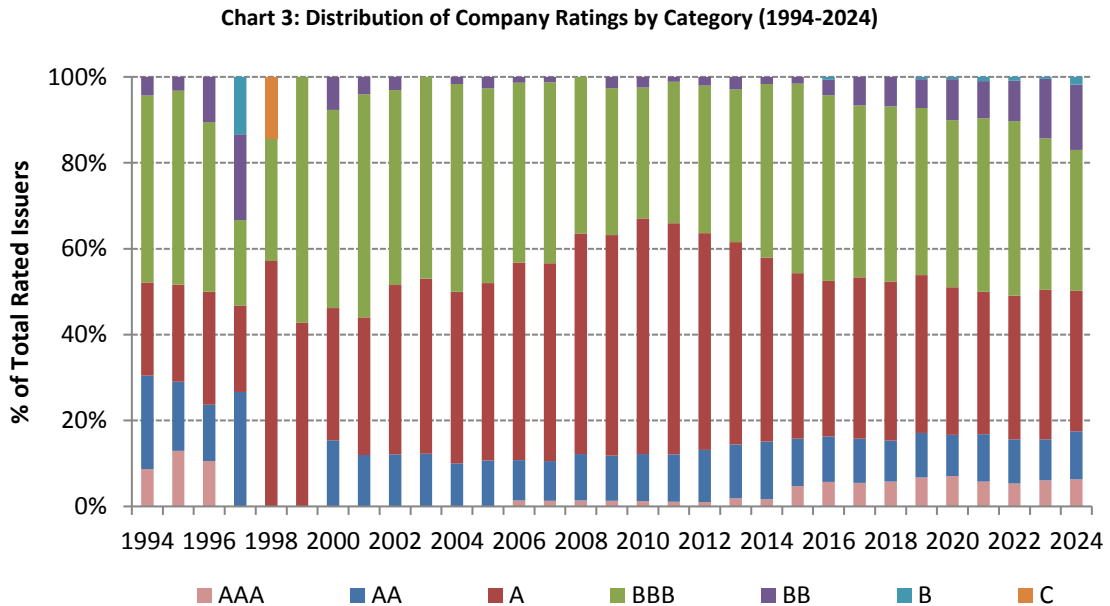
• Ratings were mainly in the “A” and “BBB” categories

At the end of 2024, companies rated in the “A” and “BBB” categories made up the largest proportion of TRIS Rating’s portfolio, accounting for 32.74% and 32.74% of publicly announced ratings (excluding withdrawals and defaults), respectively.

The ratings of 6 new issuers were distributed across several rating categories: two “BBB”, three “A”, and one “AA” ratings. Issuers rated in the lower ranges (i.e., “BB”, “B”, and “C”) have consistently accounted for a small proportion of the rated companies. However, the number of issuers in these categories has increased over time especially in the past two years. At the end of 2024, 38 issuers were rated below “BBB-”, accounting for 17.04% of publicly announced ratings (excluding withdrawals and defaults), up from 14.35% in 2023 and 10.27% in 2022.



Source: TRIS Rating



Source: TRIS Rating

- **Cumulative default rates decreased marginally**

We calculated the average cumulative default rates<sup>2</sup> for each rating category to estimate the probability of default during a specified time period after a company was rated. An increase in the sample size with zero defaulted issuers in 2024 has caused the one-, two-, and three-year average cumulative default rates during 1994-2024 to decrease slightly from the period during 1994-2023. The one-, two-, and three-year cumulative default rates during 1994-2024 slightly lower to 0.773%, 1.651%, and 2.365% from 0.840%, 1.799%, and 2.582%, respectively, during 1994-2023.

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<sup>2</sup> The calculation methodology of the three-year cumulative average default rate is explained in Appendix I.

**Table 3: Annual Default Rates<sup>3</sup> of Rated Companies (1997-2024)**

% Annual default rate	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>AAA</b>	0.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>AA</b>	33.3%	0.0%	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>A</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%
<b>BBB</b>	50.0%	33.3%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%
<b>BB</b>	100.0%	100.0%	n.a.	n.a.	0.0%	n.a.	0.0%	n.a.	0.0%	0.0%	0.0%	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>B</b>	n.a.	50.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	100.0%	0.0%	0.0%	50.0%	n.a.
<b>C</b>	n.a.	n.a.	100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Investment Grade*</b>	31.6%	14.3%	0.0%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	0.6%	0.0%	0.0%	0.5%	0.0%
<b>Non-Investment Grade**</b>	100.0%	66.7%	100.0%	n.a.	0.0%	n.a.	0.0%	n.a.	0.0%	0.0%	0.0%	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	9.1%	0.0%	0.0%	4.8%	0.0%
<b>Total</b>	35.0%	30.0%	16.7%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.7%	0.6%	0.0%	1.1%	0.0%	0.0%	0.9%	0.0%

Source: TRIS Rating

- Notes:
- 1) n.a. "Not available" indicates that there is no issuer in those rating categories with ratings outstanding for the entire year.
  - 2) \* Investment grade issuers are in the AAA, AA, A, and BBB rating categories.
  - 3) \*\* Non-investment grade issuers are in the BB, B, and C rating categories.

<sup>3</sup> Annual default rate is the proportion of the number of defaulted issuers in a rating category divided by the total number of rated issuers in that particular rating category.

**Table 4: Average Cumulative Default Rates (CDR) for Long-term Ratings (1994-2024) (%)**

Rating	--Time Horizon (Years)--									
	1	2	3	4	5	6	7	8	9	10
<b>AAA</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>No. of sample</b>	117	102	87	72	56	44	33	23	16	11
<b>AA</b>	0.34%	1.11%	1.98%	2.47%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%
<b>No. of sample</b>	295	258	228	200	179	158	139	123	108	95
<b>A</b>	0.19%	0.50%	0.84%	1.23%	1.66%	1.99%	2.17%	2.39%	2.64%	2.92%
<b>No. of sample</b>	1,077	965	863	772	686	601	521	452	396	346
<b>BBB</b>	1.02%	2.07%	2.92%	3.89%	4.37%	4.74%	4.97%	4.97%	4.97%	4.97%
<b>No. of sample</b>	1,078	943	811	699	599	509	432	369	316	266
<b>BB</b>	2.13%	5.97%	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%
<b>No. of sample</b>	141	102	74	53	38	29	21	16	13	12
<b>B</b>	37.50%	68.75%	84.38%	84.38%	84.38%	84.38%	84.38%	84.38%	84.38%	84.38%
<b>No. of sample</b>	8	4	2	0	0	0	0	0	0	0
<b>C</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>No. of sample</b>	1	0	0	0	0	0	0	0	0	0
<b>Total</b>	0.77%	1.65%	2.37%	2.96%	3.40%	3.69%	3.86%	3.95%	4.07%	4.20%
<b>Total no. of sample</b>	2,717	2,374	2,065	1,796	1,558	1,341	1,146	983	849	730

Source: TRIS Rating



**Corporate Rating Transitions (1994-2024)**

A rating transition is the probability of a given issuer rating moving to another rating category within a specified time period. Generally, the ratings of investment-grade issuers are more likely to remain at the same level over a one-year period than the ratings of non-investment grade issuers. The highlighted cells in Table 5 contain the stability rates of each rating category. For example, the stability rate for the “AAA” issuers is 95.73%.

The rating stability of the investment grade companies exceeded 90%. For the “A” rating category, 94.80% of the issuers in this category had their ratings maintained at this level in 2024. Around 2.60% of the “A” rated issuers were upgraded to “AA” and 0.09% to “AAA”, while 2.14% were downgraded to “BBB” and 0.19% to “BB”. However, the rating stability of the “AA” rated issuers was lower than the rating stability of the “A” rated issuers. This was due to the relatively small sample size of issuers in the “AA” rating category.

As credit ratings should reflect risk of default, the higher the rating, the lower the probability of default. However, due to both the small sample size as well as the widespread and severe financial crisis that led to multiple defaults in the financial sector in 1997, the default rate of the “AA” rating category is abnormally higher than the default rate of the “A” rating category.

**Table 5: Average One-year Transition Rates (1994-2024)**

Ratings	No. of Sample	AAA	AA	A	BBB	BB	B	C	D	Cumulative Withdrawals
AAA	117	95.73%	4.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4
AA	295	2.37%	93.90%	3.39%	0.00%	0.00%	0.00%	0.00%	0.34%	15
A	1,077	0.09%	2.60%	94.80%	2.14%	0.19%	0.00%	0.00%	0.19%	42
BBB	1,078	0.00%	0.00%	3.62%	90.72%	4.45%	0.19%	0.00%	1.02%	49
BB	141	0.00%	0.00%	0.00%	7.09%	85.82%	4.96%	0.00%	2.13%	23
B	8	0.00%	0.00%	0.00%	0.00%	12.50%	37.50%	12.50%	37.50%	2
C	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	-
<b>Total</b>	<b>2,717</b>									<b>135</b>

Source: TRIS Rating

**Performances of One-year Relative Corporate Ratings**

To measure the relative accuracy of ratings assigned by TRIS Rating, we focus on the relation between credit ratings (ranked from the highest rating, “AAA”, to the lowest, “C”) and the default rates of issuers in each rating category. Normally, a higher-rated entity should have a lower default probability relative to a lower-rated entity.

TRIS Rating measures rating performance or rating accuracy by plotting the cumulative proportion of a universe of rated issuers (ordered from the lowest rating, “C”, to the highest rating, “AAA”) against the cumulative proportion of defaulted issuers across all rating categories, which are also ranked from the lowest to the highest rating. This curve is called the cumulative accuracy profile (CAP) curve, also known as the “Lorenz Curve”.

Chart 6 depicts the performances of one-year relative corporate ratings, based on 2,717 observations of issuers rated by TRIS Rating during 1994-2024. The upper curve (as represented by the left end of the horizontal axis), or the ideal curve, is derived from the assumption that defaults occur only among the lowest-rated entities. The middle curve, or the CAP curve, is derived from the actual default rate of each rating category, drawing from the 2,717 observations of issuers rated by TRIS Rating during 1994-2024. The lower curve is a random curve. The random curve assumes that the assigned ratings have no relation to the default rates. Therefore, the cumulative percentage share of defaulters grows at the same rate as the cumulative percentage share of rated issuers. Generally, the closer the CAP curve resembles the ideal curve, the greater the accuracy of the rating model.

The CAP curve is based to calculate the accuracy ratio or the “Gini Coefficient”. The closer the accuracy ratio is to one, the greater the rating accuracy it reflects of the rating model. The formula used to calculate the accuracy ratio is:

$$\text{Accuracy ratio} = \text{area between CAP curve and random curve (Y)} / \text{area between ideal curve and random curve (X+Y)}$$

If the credit ratings have no correlation with the defaulting cohorts, the CAP curve will resemble the random curve and the accuracy ratio will be equal to zero (0). On the contrary, if all defaults are concentrated among the lowest-rated issuers, the

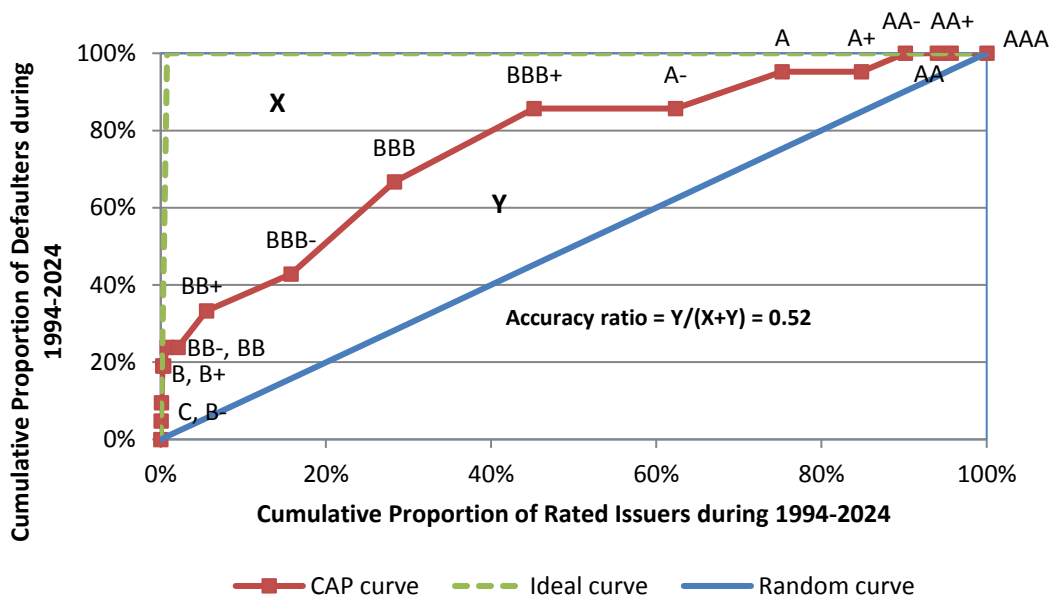
CAP curve will resemble the ideal curve and the accuracy ratio should be equal or close to one (1). If the accuracy ratio equals one, the assigned ratings are perfectly accurate.

From the 2,717 observations of issuers rated by TRIS Rating during 1994-2024, there were 21 observations in which an issuer defaulted in a one-year observation period. The default rate was 0.773%, a slight decrease from 0.840% during 1994-2023. From the CAP curve, issuers rated at “BBB+” and below represent 45.2% of the overall observations. However, 85.7% of all defaulters (18 out of 21 defaulters) were in this group.

The accuracy ratio, calculated from the observations during 1994-2024, is equal to 0.52, flat compared with 0.52 obtained in the previous assessment covering 1994-2023. The relatively low accuracy ratios are attributed to two main reasons: the small number of observations and the financial crisis faced by all issuers in 1997. There were 12 defaults during 1997-2000.

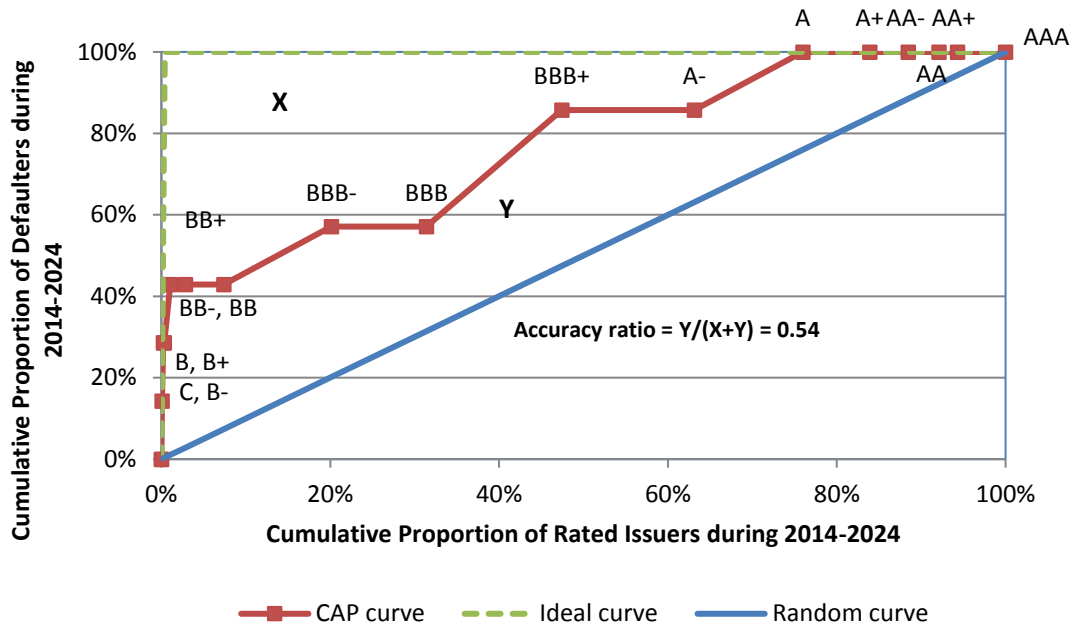
If we use observations during the last 10 years (2014-2024), the accuracy ratio lower to 0.54, from 0.55 during 2013-2023. There were 1,733 observations in this cohort and only seven observations defaulted during this period. This implies an overall default rate of 0.40%, leaving the remaining 99.60% of the observations with no defaults.

**Chart 4: One-year Relative Corporate Rating Performance (1994-2024)**



Source: TRIS Rating

**Chart 5: One-year Relative Corporate Rating Performance (2014-2024)**



Source: TRIS Rating

**STRUCTURED FINANCE DEFAULT STUDY**

There were only seven structured finance transactions rated by TRIS Rating. However, four were fully guaranteed by the originators and one transaction was partially guaranteed by the originator. These transactions are not included in this study. The two remaining transactions are LSPV Co., Ltd. and DAD SPV Co., Ltd. The first transaction, LSPV, is involved with an inventory securitization. This issue was rated “A-” in 1999 and was fully redeemed in 2002. The second transaction, DAD SPV, is a securitization program backed by a 30-year lease and service payment agreement from the Treasury Department. The rating of the second transaction has been maintained at “AAA”.

**Table 6: Average One-year Transition Rates for Structured Finance Ratings (1999-2024)**

Ratings	No. of Sample	AAA	AA	A	BBB	BB	B	C	D
AAA	19	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	2	0.00%	0.00%	100%	0.00%	0.00%	0.00%	0.00%	0.00%
BBB	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BB	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>21</b>								

Source: TRIS Rating

## Appendix I

### 1. Methodology and Definitions

#### 1.1 Definition of Default

TRIS Rating assigns a “Default (D)” or “Selective Default (SD)” rating to an entity or a company on the date the entity or the company misses a payment of a financial obligation, according to the terms and conditions stipulated in the borrowing agreement, irrespective of whether the financial obligation issue is rated or unrated.

#### 1.2 Cumulative Default Rates

The default rate is the number of defaulted issuers as a percentage of the total number of issuers in each rating category. Therefore, the default rate represents the default probability of companies in each particular rating category. The cumulative default rate tends to rise over time.

For example, the three-year cumulative default rate of any particular rating category is the probability that the companies rated in that category will default within three years. The average three-year cumulative default rate is computed by subtracting the average three-year cumulative survival rate from 100%. The average three-year cumulative survival rate is derived by multiplying the first-year survival rate by the second-year rate and the third-year rate. The survival rate for any given year is calculated by subtracting the default rate of that year from 100%.

#### 1.3 Rating Transition Rates

The rating transition rate is the percentage of the issuer ratings changing from a particular rating category at the beginning of a given year to another rating category by the end of that year. To compute a one-year rating transition rate, issuers rated in each rating category at the beginning of the year are tracked for any rating changes by the end of the calendar year.

### 2. Scope

#### 2.1 Credit Rating Inclusion:

##### ***Corporate Ratings***

2.1.1 For corporate ratings, the ratings used are the ratings of entities (companies or issuers) rather than ratings of the debenture issues (or debentures). The reason is to simplify the default rate calculation process, particularly the cases in which a company has issued several debentures. The different debenture issues might receive different ratings due to different priorities of claims and different expected losses in the case of default.

2.1.2 In the case that the issuer wants to publicly announce only its issue rating, TRIS Rating may also assign a shadow rating to the issuer. Previously, the shadow rating was assigned internally and used in the default study. However, due to the discontinuation of information, TRIS Rating will no longer include the shadow rating in the default study. Therefore, since 2020, we have excluded from our default study all shadow ratings assigned to three issuers during 2004-2020, 2013-2020, and 2018-2020, respectively.

2.1.3 The period of analysis covers ratings from the first year of TRIS Rating’s operation in 1993 until year-end 2024. The number of rated companies at the end of each year will be recorded as the static pool for the following year. For example, rated clients at the end of 1993 are recorded as the 1994 pool.

##### ***Structured Finance Ratings***

2.1.4 TRIS Rating also provides the one-year rating transition rates of structured finance securities. For the ratings of structured finance securities, TRIS Rating uses the ratings of the debentures or a series of debentures issued under the same program.

2.1.5 TRIS Rating will include rating transition rates of structured finance securities, e.g., asset-backed securities (ABS), collateralized debt obligations (CDO), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS).

#### 2.2 Credit Rating Exclusion:

##### 2.2.1 *Ratings that are not publicly announced*

Ratings assigned by TRIS Rating can be categorized into those that are publicly announced and those that are kept private, based on the issuers’ wishes.

### 2.2.2 Selected structured finance ratings

This category includes ratings of project finance instruments, such as Khanom Electricity Generating Co., Ltd. (KEGCO), and partially or fully guaranteed debentures.

### 2.2.3 Local government ratings

This category includes the rating of Bangkok Metropolitan Administration (BMA).

### 2.2.4 Ratings that are withdrawn in the specified period

A company that was initially rated by TRIS Rating in mid-1994 but withdrew its rating in 1997 will be included in the static pools for 1995 and 1996 but not for 1997.

### 2.2.5 Supranational and sovereign ratings

This category includes the ratings of the Lao People's Democratic Republic (Lao PDR), Neighboring Countries Economic Development Cooperation Agency (NEDA), and Credit Guarantee and Investment Facility (CGIF).

## 2.3 Data Used to Calculate Default Rates

Static pools are established to represent the sample groups. In any given year, a static pool includes all entities with active ratings at the beginning of a year that remain rating clients at the end of that year. For example, there were 20 issuers rated by TRIS Rating on 1 January 1995 and all 20 issuers had remained clients through 31 December 1995. The 1995 static pool comprised 20 issuers. The default records of these 20 issuers are tracked in each subsequent year.

In any given year, the pool is static because no issuer is taken out of the pool even though the issuer may subsequently withdraw its rating. For example, Dhana Siam Securities Co., Ltd. (DS) was initially rated in 1993 but withdrew its rating in 1997, shut down operations, and then defaulted on 14 August 1998. In this circumstance, DS was included in the static pool for 1994, 1995, and 1996, but not for 1997. However, the subsequent default of DS in 1998 was counted as a two-year default for the 1996 static pool, a three-year default for the 1995 static pool, and a four-year default for the 1994 static pool.

## 3. Database Limitations

The corporate debenture market in Thailand is at the developing stage. The Thai bond market is largely dominated by debt instruments issued by the government, the Bank of Thailand (BOT), and state enterprises. These debt instruments are not required by law to have credit ratings. As a result, TRIS Rating has considerably fewer clients than the long-established international rating agencies.

One problem with the limited sample size is that it exaggerates the default rate statistics because the number of observations in each rating category is used as the denominator to calculate the default rate. Thus, the fewer the observations in any particular rating category, the higher the default rate.

## 4. Impact from the Financial Crisis on Cumulative Default Rates

The financial crisis in 1997 and 1998 forced the government to shift to a managed float exchange rate system. This action raised the value of foreign denominated debts in terms of local currency. The credit risks of many FIs and non-FIs rose significantly as a result. As shown in Table 4, the annual default rates of the companies rated by TRIS Rating in 1997 and 1998 were unusually high at 35% and 30%, respectively. The annual default rate of 33% in the "AA" rating category in 1997 was the result of a default by an FI that was ordered by the BOT to cease operations. The default rate is thus overstated because of the relatively small number of rated issuers in that particular rating category. In 1997, there were only three companies in the "AA" rating category and 10 companies rated "BBB". The default of one company rated "AA" and five companies rated "BBB" made the annual default rates equal to 33% and 50% in these two rating categories in 1997. Five out of six defaulting issuers in 1997 were FIs that defaulted after they were ordered to cease operations by the BOT.

**Appendix II**

**Full Names of Issuers**

<b>Abbreviation</b>	<b>Company Name</b>
<b>AGE</b>	Asia Green Energy PLC
<b>ANAN</b>	Ananda Development PLC
<b>AQUA</b>	Aqua Corporation PLC
<b>ASW</b>	AssetWise PLC
<b>BBGI</b>	BBGI PLC
<b>BCP</b>	Bangchak Corporation PLC
<b>BEYOND</b>	Bound and Beyond PLC
<b>BGC</b>	BG Container Glass PLC
<b>BSRC</b>	Bangchak Sriracha PLC (Formerly ESSO (Thailand) PLC)
<b>BTS</b>	BTS Group Holdings PLC
<b>BTSC</b>	Bangkok Mass Transit System PLC
<b>CBG</b>	Carabao Group PLC
<b>CGH</b>	Country Group Holdings PLC
<b>CKP</b>	C.P. ALL PLC
<b>CPALL</b>	C.P. ALL PLC
<b>CPAXT</b>	CP Aextra PLC
<b>CPF</b>	Charoen Pokphand Foods PLC
<b>CPFTH</b>	CPF (THAILAND) PLC
<b>CPNREIT</b>	CPN Retail Growth Leasehold Real Estate Investment Trust
<b>DA</b>	Double A (1991) PLC
<b>EA</b>	Energy Absolute PLC
<b>ECF</b>	East Coast Furnitech PLC
<b>EGCO</b>	Electricity Generating PLC
<b>EP</b>	Eastern Power Group PLC
<b>ESC</b>	Eastern Sugar and Cane PLC
<b>GLAND</b>	Grand Canal Land PLC
<b>GRAND</b>	Grande Asset Hotels And Property PLC
<b>GULF</b>	Gulf Energy Development PLC
<b>ITD</b>	Italian-Thai Development PLC
<b>IVL</b>	Indorama Ventures PLC
<b>JMART</b>	Jaymart Group Holdings PLC
<b>JMT</b>	JMT Network Services PLC
<b>KSL</b>	Khon Kaen Sugar Industry PLC
<b>KUN</b>	Villa Kunalai PLC
<b>LALIN</b>	Lalin Property PLC
<b>LANNA</b>	Lanna Resources PLC
<b>LH</b>	Land and houses PLC
<b>LHBANK</b>	Land and Houses Bank PLC
<b>LHFG</b>	LH Financial Group PLC
<b>LPN</b>	L.P.N. Development PLC
<b>MICRO</b>	MICROLEASING PLC

MIDA	Mida Assets PLC
ML	Mida Leasing PLC
MINT	Minor International PLC
MK	M.K. Real Estate Development PLC
MUD	Mud & Hound PLC
NN2PC	Nam Ngum 2 Power Co., Ltd.
PD	Prospect Development Co., Ltd.
PF	Property Perfect PLC
PI	Pi Securities PLC
PRIME	Prime Road Power PLC
PS	Prukha Real Estate PLC
PSH	Prukha Holding PLC
RHBS	RHB Securities (Thailand) PLC
ROH	Royal Orchid Hotel (Thailand) PLC
S	Singha Estate PLC
S11	S11 Group PLC
SAMART	Samart Corporation PLC
SAMTEL	Samart Telcoms PLC
SENA	Sena Development PLC
SGP	Siam and Petrochemicals PLC
SHR	S Hotels and Resorts PLC
SNC	SNC Former PLC
SPW	Siam Piwat Co., Ltd.
SST	Sub Sri Thai PLC
STA	Sri Trang Agro-Industry PLC
STGT	Sri Trang Gloves (Thailand) PLC
TAA	Thai Airasia Co., Ltd.
TLS	T Leasing Company Limited
TPCH	TPC Power Holding PLC
TPOLY	Thai Polycons PLC
TSE	Thai Solar Energy PLC
UAC	UAC Global PLC
VTN	Vejthani PLC

Source: TRIS Rating

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