



Execution Results of Bond Switching in Fiscal Year 2017

Mr. Suwit Rojanavanich, Director-General of Public Debt Management Office (PDMO), Ministry of Finance, Kingdom of Thailand, has announced the successful completion of its Bond Switching transaction for fiscal year 2017, up to the full budget amount of THB 90 billion.

The highly successful result of this transaction has met all key objectives set by PDMO, namely to reduce refinancing risk on shorter dated government debt, to increase bond market liquidity in the medium and long-end of the curve, and to enhance government's overall debt portfolio management and cost of funding. The innovative Bond Switching exercise received overwhelming participation from investors, for examples, the Government Pension Fund, the Social Security Office, commercial banks, mutual funds, insurance companies, as well as institutional investors. Total demand from investors was THB 106,946 million. The transaction has effectively reduced the amounts of Thai government bonds to be matured in 2018-2019 for all 4 tranches, as follows;

Source Bonds	Term to Maturity	Transaction Amount (THBm)
1. LB183B	8m	11,694
2. LB191A	1y 6m	2,079
3. LB193A	1y 8m	14,318
4. LB196A	1y 11m	61,909
Total		90,000

Destination Bonds of 5 tranches reissued having longer maturities in this exchange exercise fulfill investor demands along the yield curve, as follows;

Destination Bonds	Term to Maturity	Transaction Amount (THBm)
1. LB226A	4y 11m	6,636
2. LB25DA	8y 5m	11,417
3. LB316A	13y 11m	31,358
4. LB466A	28y 11m	14,318
5. LB666A	49y	26,271
Total		90,000

This Bond Switching exercise accomplished these 4 following objectives;

1. Liability Management: reducing refinancing risk by extending Source Bonds' average maturities from 1 year 8 months, to Destination Bonds having 25 years 2 months average maturities,
2. Financing Cost Reduction: Lower Source Bonds average financing cost of 4.01% to 3.52% per annum,
3. Expand Investors Base: Investor types in this Bond Switching exercise has expanded to include commercial banks, mutual funds, private and public funds, life assurance, and international investors from Asia and Europe, and
4. Increase Market Liquidity: This Bond Switching exercise increase market liquidity in the Destination Bonds, which are on-the-run benchmark 5, 15, 30 and 50-year Thai government bonds.

PDMO collectively with the Ministry of Finance, the Joint Lead Arrangers 1) Bangkok Bank Public Company Limited 2) Krung Thai Bank Public Company Limited, and 3) Standard Chartered Bank (Thai) Public Company Limited and all the involved parties, look forward to similar strong supports in the next Bond Switching exercise in the future.