



สำนักงานบริหารหนี้สาธารณะ
PUBLIC DEBT MANAGEMENT OFFICE

Investor Presentation

Thailand's Inflation-Linked Bond

February 2013

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Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

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Section 1

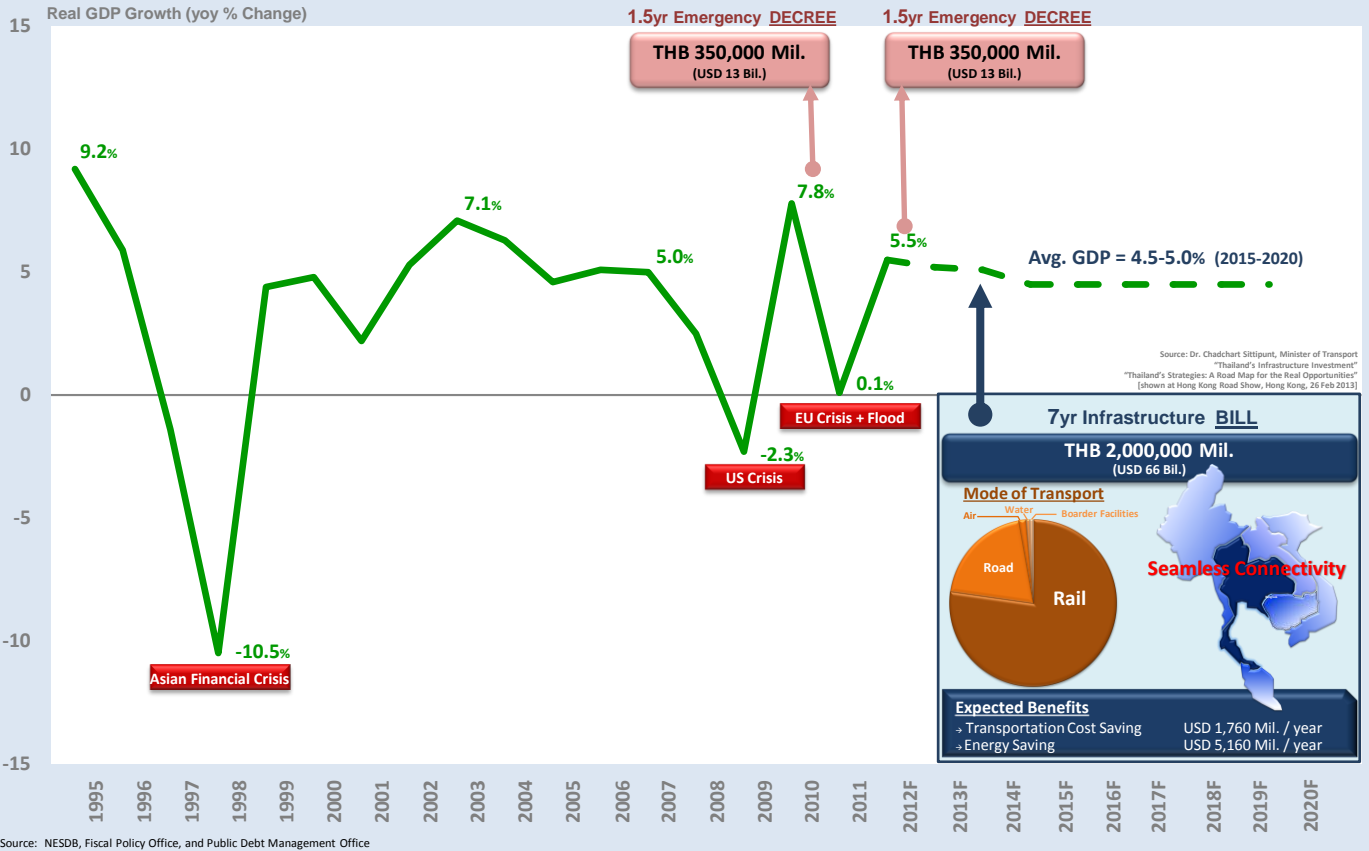
Macroeconomic Overview - Strong and Stable

- ✓ Swift and Effective Government Fiscal Stimulus Packages ⇒ From S-T Injection, Towards L-T Investment
- ✓ Prudent Fiscal Management ⇒ Public Debt to GDP Well Contained under 50% amidst Crises
- ✓ Rising Investment in Future Growth ⇒ FDI Continues to grow
- ✓ Strength to Withstand Shocks ⇒ Strong Reserves, Positive External Balances, Low External Debt to GDP

Swift and Effective Government Fiscal Stimulus Packages

From... S-T Injection Towards... L-T Investment

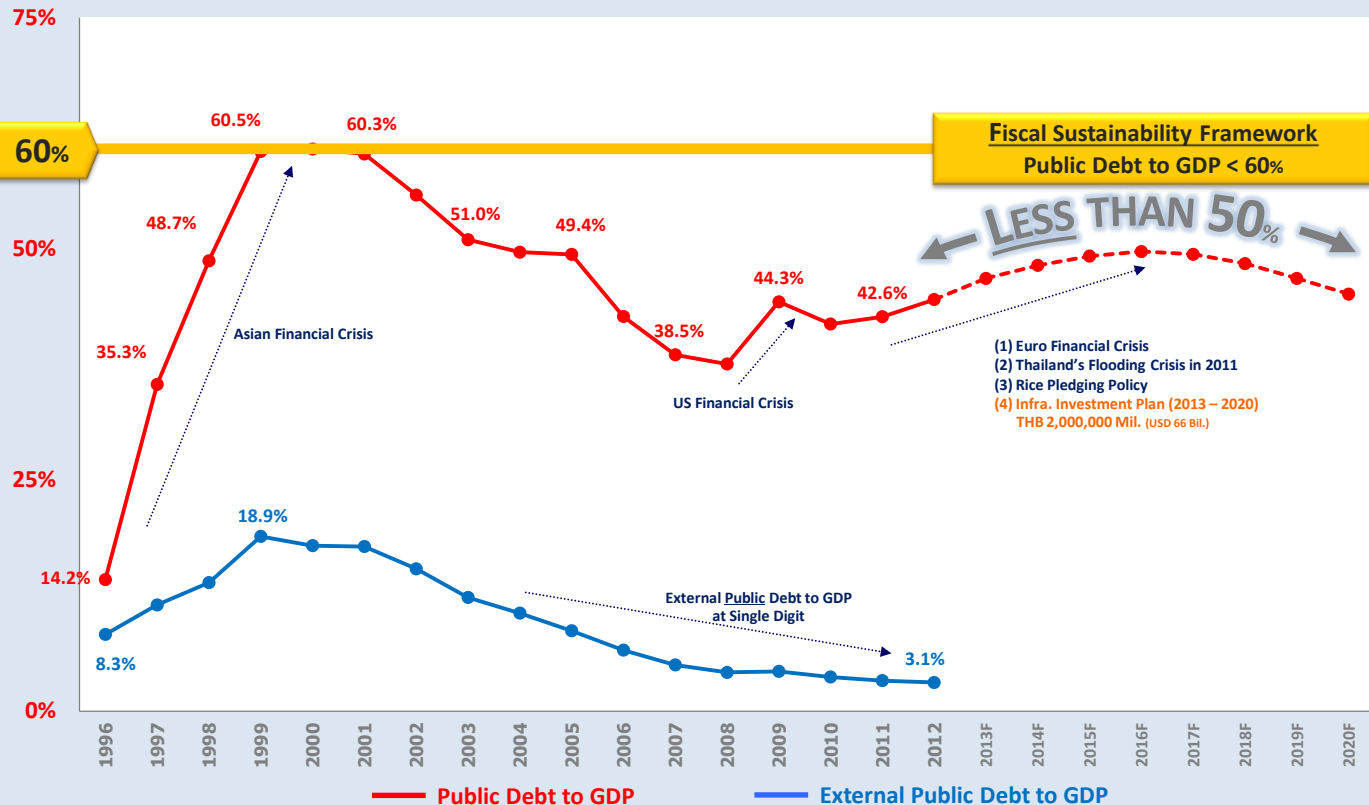
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Prudent Fiscal Management

Public Debt to GDP Well Contained under 50% amidst Crises

Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

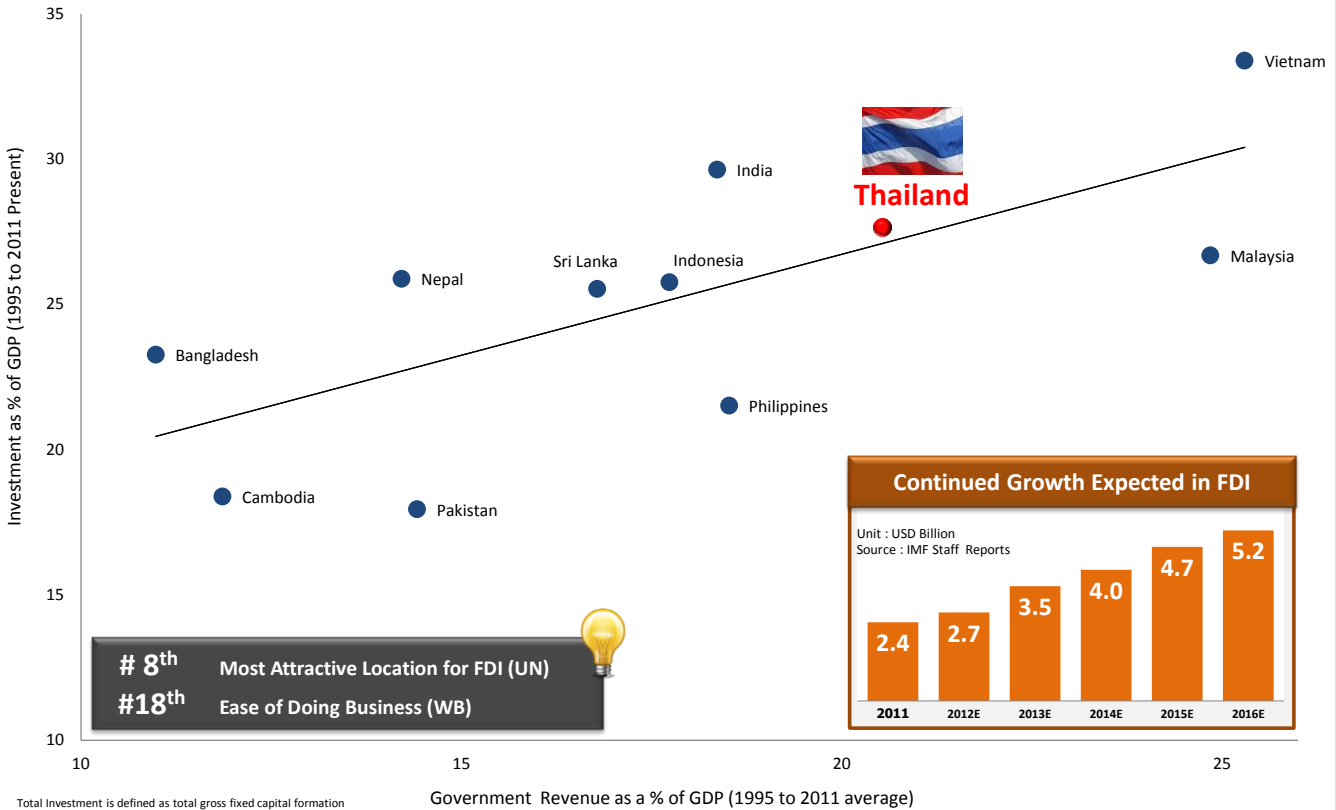


Source: Fiscal Policy Office and Public Debt Management Office, Last updated as of 1 Feb 2013

Rising Investment in Future Growth

- ✓ Government Dedicated to Improving Thailand
- ✓ Support of Investment through Private Sector and FDI

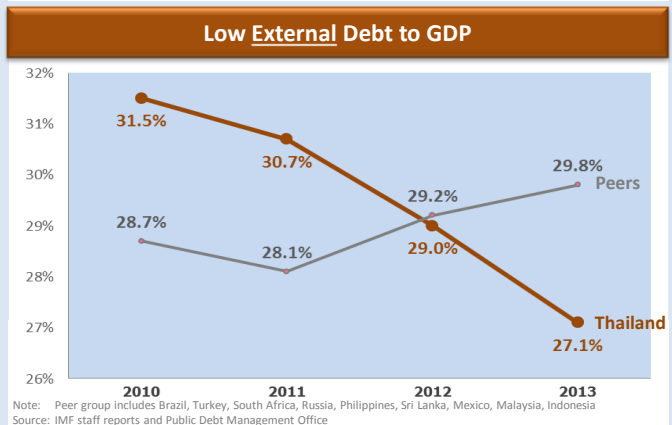
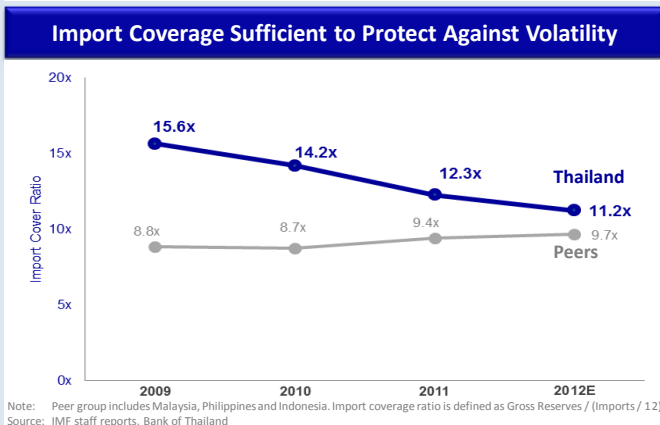
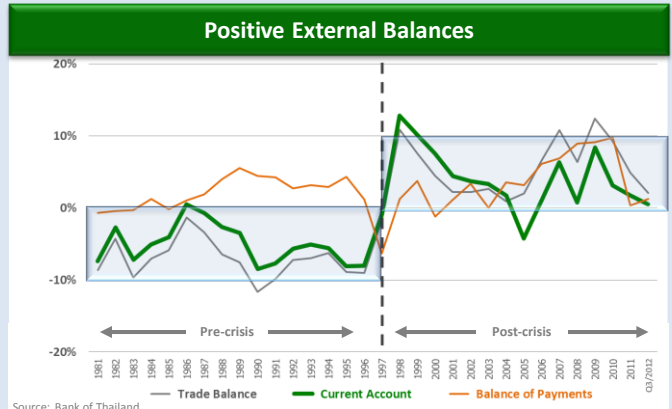
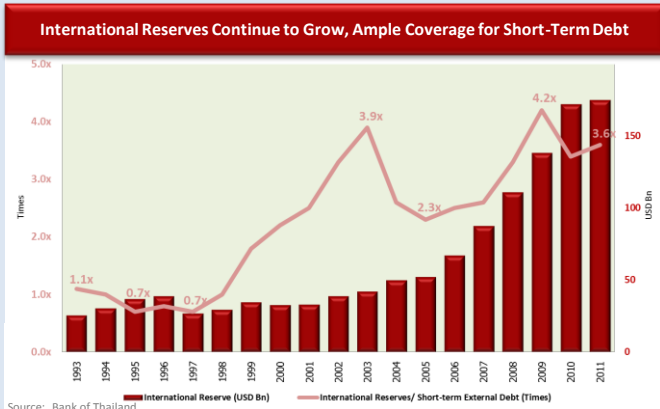
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Strength to Withstand Shocks

- ✓ Reserves 3.6 times over S-T External debt
- ✓ Positive External Balances
- ✓ 11.2 months of Import Coverage
- ✓ Low External Debt to GDP

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Section 2

Domestic Bond Market - Innovation and Liquidity

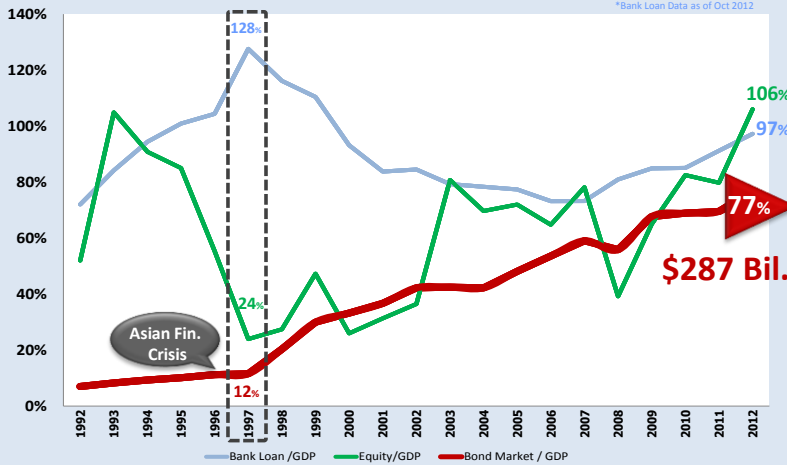
- ✓ Bond Market Capitalization = 8.6 THB trillion ⇒ GOV'T Bond = 3.0 THB trillion
- ✓ Full Capacity of All Government Funding Instruments ⇒ 1,150,000 THB Mil. per Year
- ✓ FY2012 Market's Favorites ⇒ All 3-5-7-10 Benchmark Bonds Have Turnover Ratio between 2.7 – 4.2
- ✓ All FY2013 Benchmark Bond Series ⇒ To Reach 100,000 THB Mil. in Outstanding Amount
- ✓ Equilibrium of Thai Bond Market by Issuers, Investors and Credit Rating
- ✓ Well-Developed Bond Market Improved GOV'T Direct Debt Profile Dramatically

Bond Market Cap. = 8.6 THB Trillion
(\$287 Bil.)

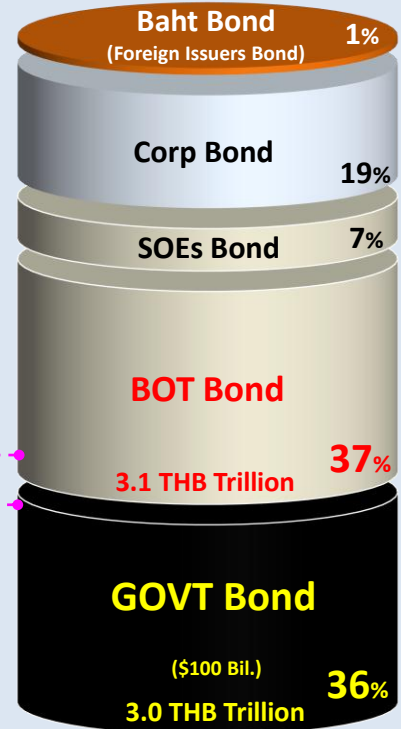
GOVT Bond = 3.0 THB Trillion
(\$100 Bil.)

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% Share of GDP



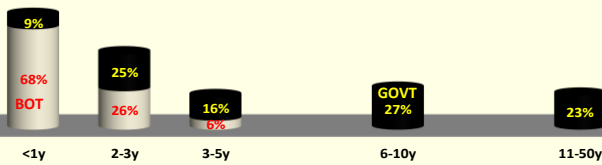
Domestic Bond Market Classified by Issuer



Maturity Profile

BOT vs GOVT Bond

BOT ATM = 11mths GOVT ATM = 7yrs 7mths



Source : ThaiBMA

Full Capacity* of All Government Funding Instruments

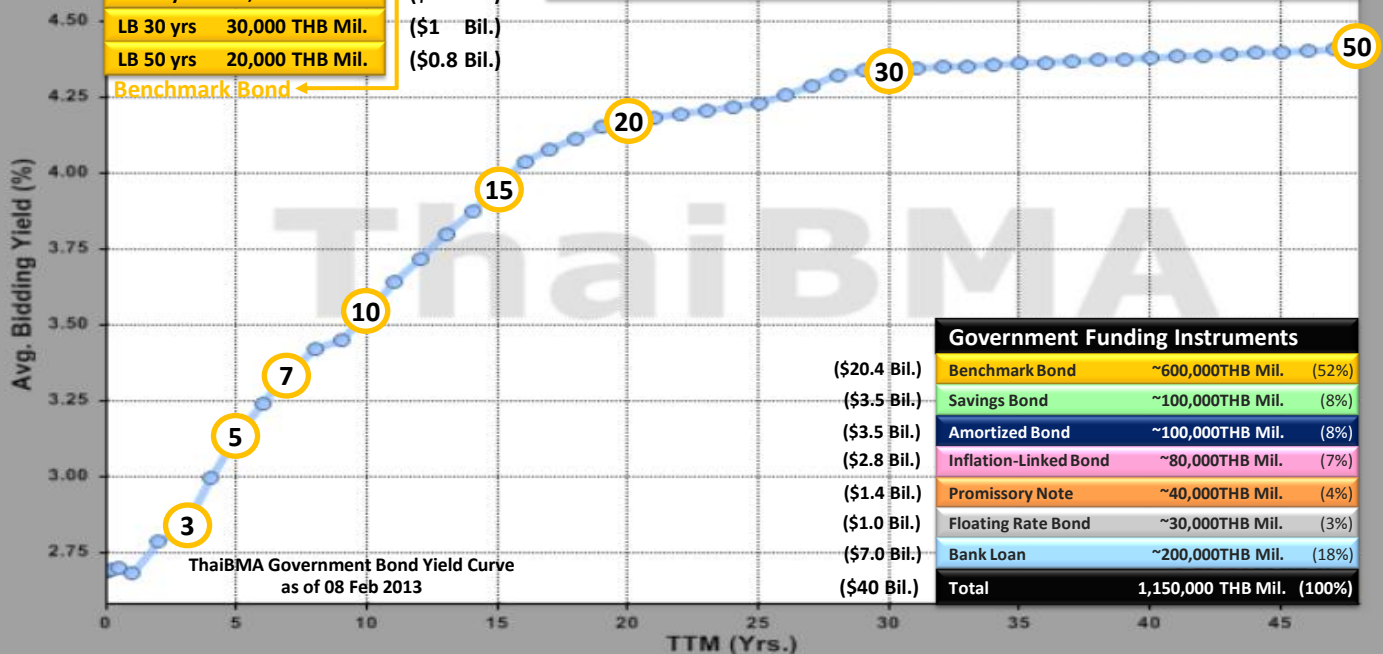
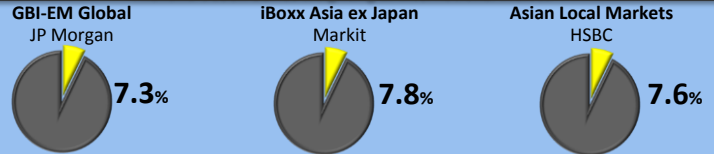
* Under favorable market liquidity + using All funding instruments

1,150,000 THB Mil. per Year
(\$40 Bil.)

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LB 3 yrs	150,000 THB Mil.	(\$5 Bil.)
LB 5 yrs	120,000 THB Mil.	(\$4 Bil.)
LB 7 yrs	80,000 THB Mil.	(\$2.8 Bil.)
LB 10 yrs	80,000 THB Mil.	(\$2.8 Bil.)
LB 15 yrs	60,000 THB Mil.	(\$2 Bil.)
LB 20 yrs	60,000 THB Mil.	(\$2 Bil.)
LB 30 yrs	30,000 THB Mil.	(\$1 Bil.)
LB 50 yrs	20,000 THB Mil.	(\$0.8 Bil.)

Thailand's Loan Bonds weighting in international indices



Government Funding Instruments

Benchmark Bond	~600,000 THB Mil.	(52%)
Savings Bond	~100,000 THB Mil.	(8%)
Amortized Bond	~100,000 THB Mil.	(8%)
Inflation-Linked Bond	~80,000 THB Mil.	(7%)
Promissory Note	~40,000 THB Mil.	(4%)
Floating Rate Bond	~30,000 THB Mil.	(3%)
Bank Loan	~200,000 THB Mil.	(18%)
Total	1,150,000 THB Mil.	(100%)

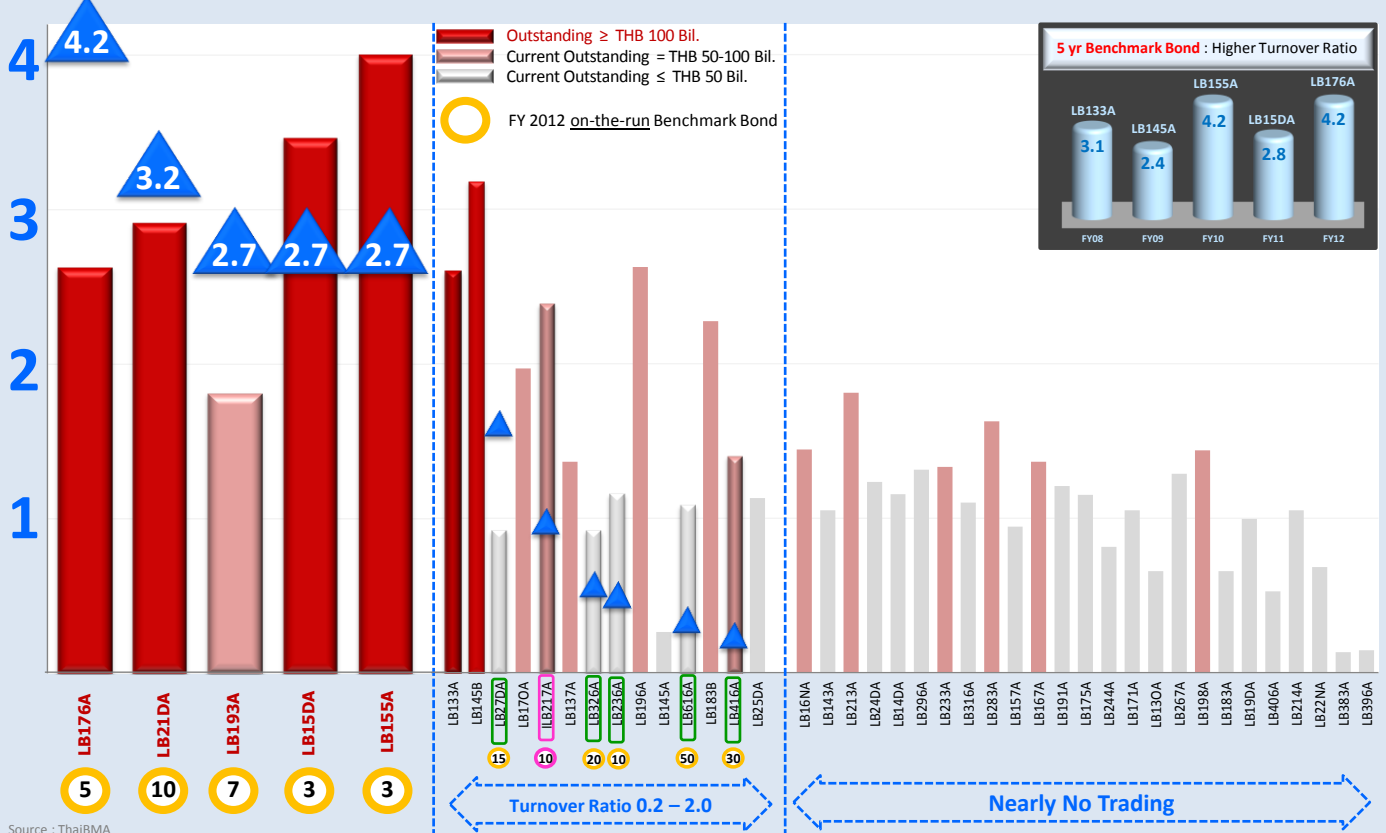
FY2012 Market's Favorites Classified by Turnover Ratio

All 3-5-7-10 on-the-run Benchmark Bonds Have **Turnover Ratio** between 2.7 – 4.2

(while market turnover ratio = 1)

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Turnover Ratio

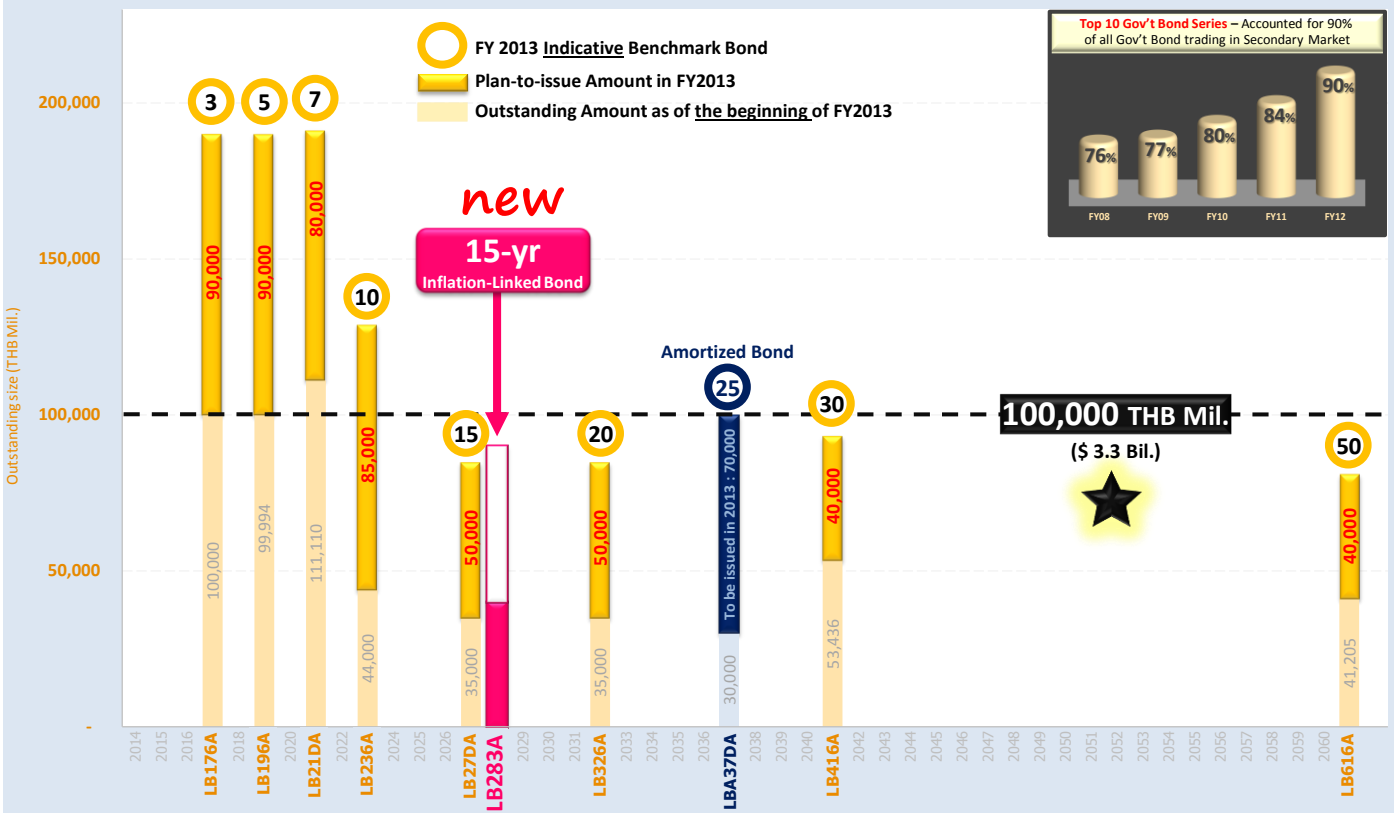


ALL FY2013 Benchmark Bond Series

(3 – 5 – 7 – 10 – 15 – 20 – 30 – 50-yr + 15-yr ILB+ 25-yr LBA)

To Reach 100,000 THB Mil. in Outstanding Amount by the End of FY2013

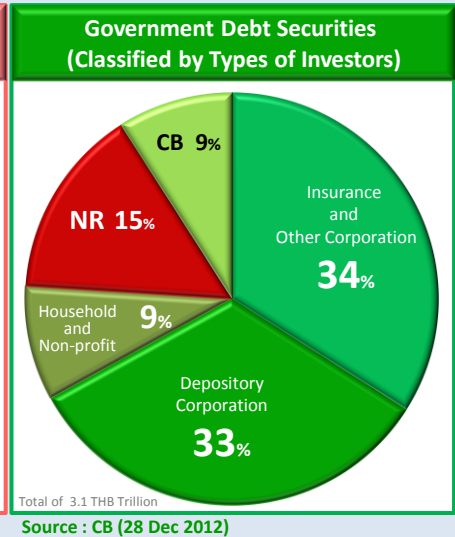
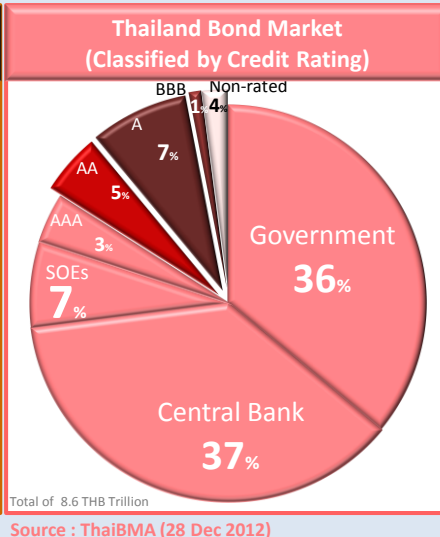
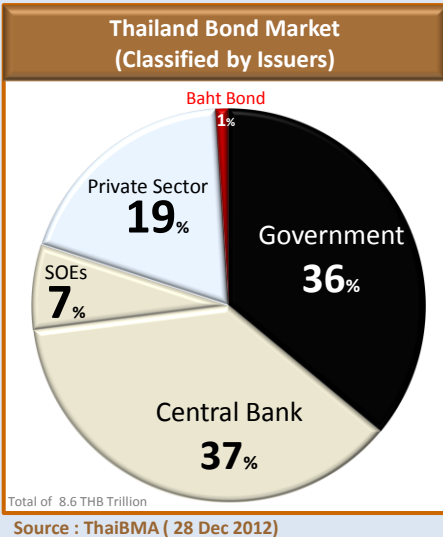
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Equilibrium of Thai Bond Market

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- Issuers** • 80 percent of Thailand's debt securities are issued by Government, Central Bank and State-owned Enterprises
- Credit Rating** • 96 percent of Thailand's debt securities are classified as Investment Grade
- Investors** • Thailand's government debt securities are held by a wide group of investor types

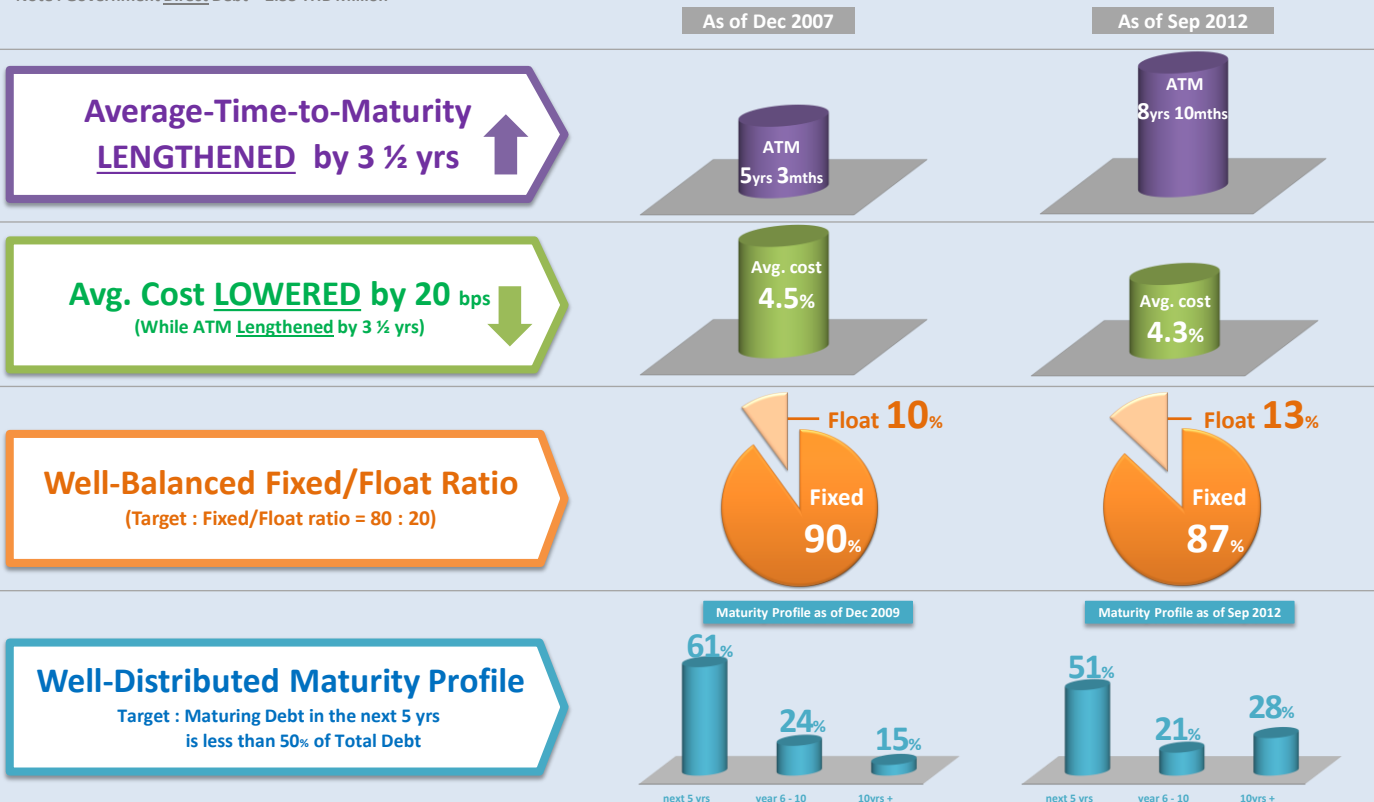


Well-Developed Bond Market Improved GOV'T Direct Debt Profile Dramatically

- (1) ATM Lengthened
- (2) Cost Lowered
- (3) Well-Balanced Fixed-Float Ratio
- (4) Well-Distributed Maturity Profile

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Note : Government Direct Debt = 2.33 THB Million



Section 3

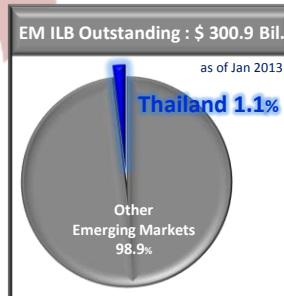
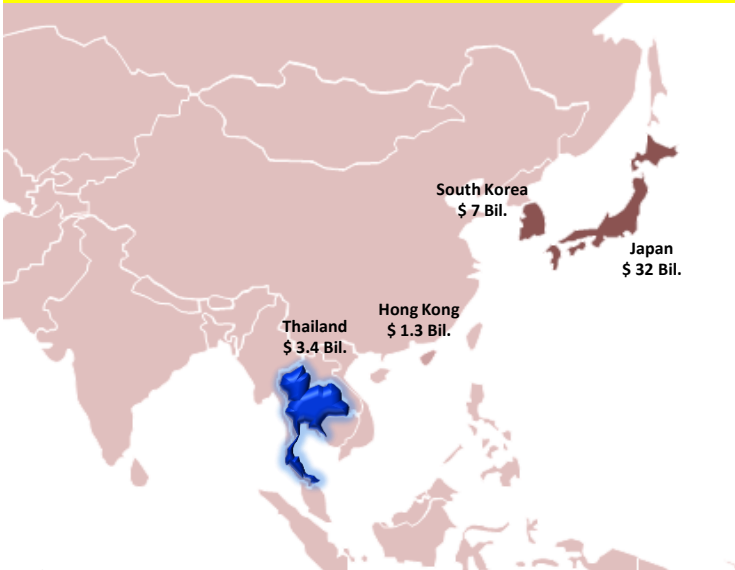
Inflation-Linked Bond - Past Success, Commitment to Future

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- ✓ CPI Rebased to 2011 ⇒ To Reflect The Latest Consumption Patterns
- ✓ Structure of ILB
- ✓ ILB 2013 Indicative Timeframe

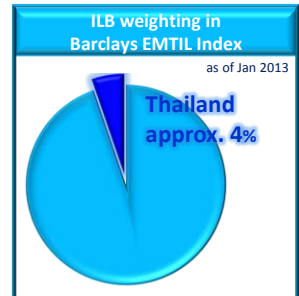
Instrument to Hedge Asian Inflation

- ✓ First & Only ILB in ASEAN
- ✓ Scarcity Value

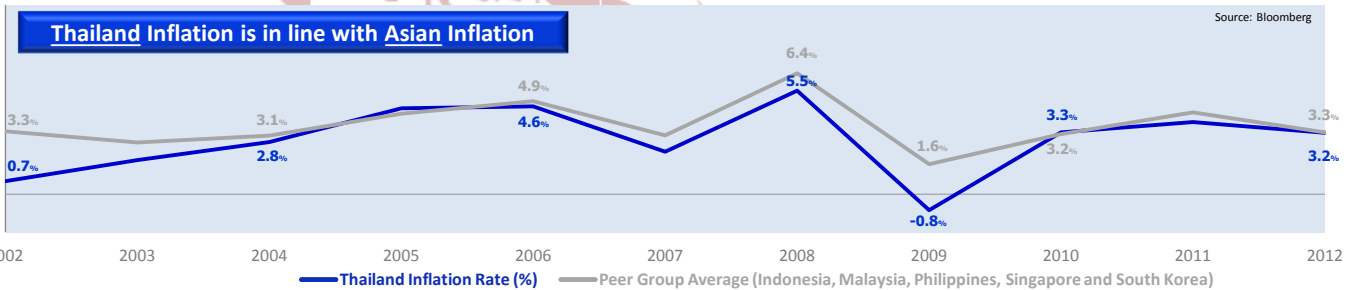
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Remarks: - Other Emerging Markets include Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Israel, Kazakhstan, Mexico, Peru, Poland, Russia, South Africa, Thailand, Turkey and Uruguay.
Source: Bloomberg



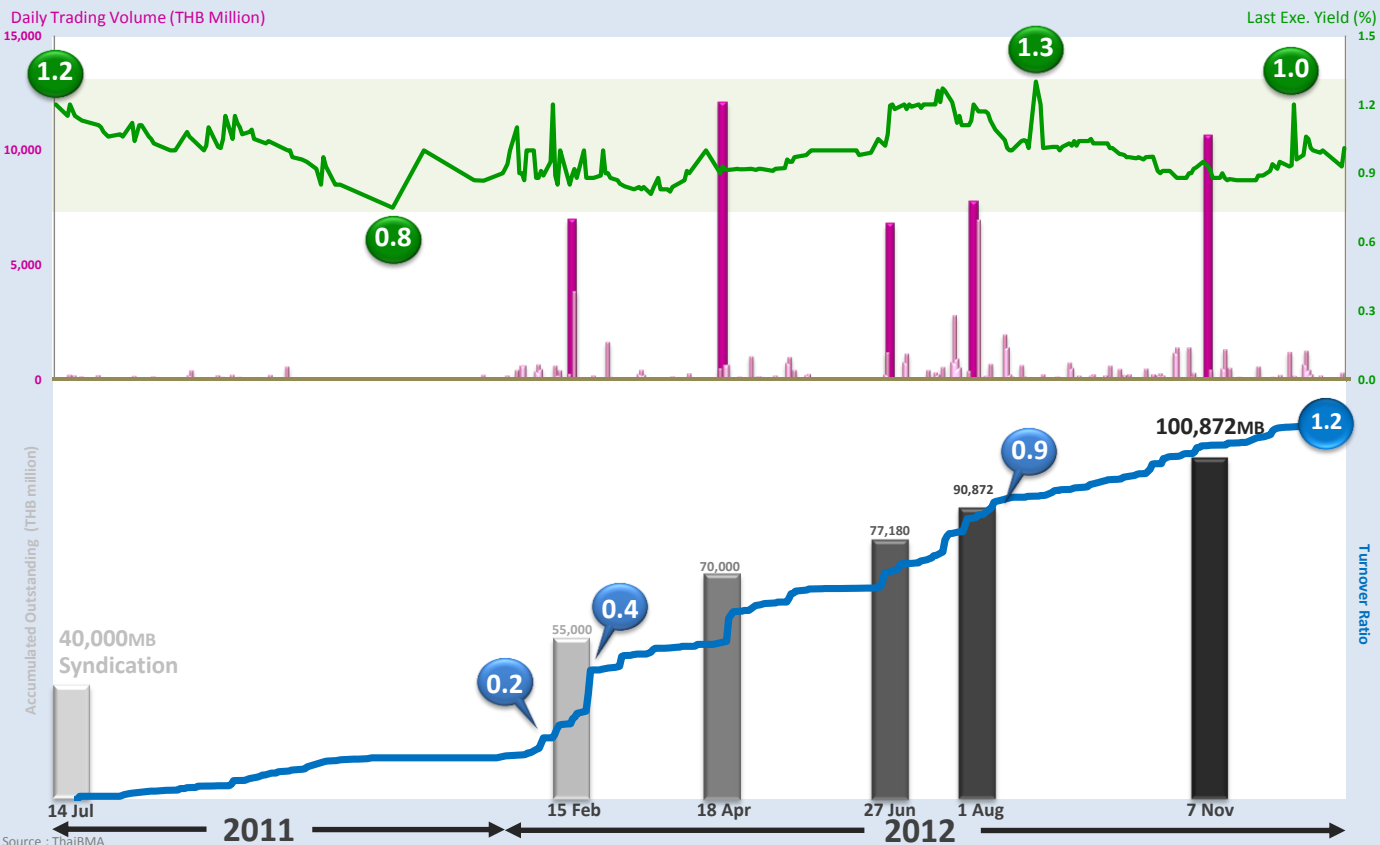
Remarks: - Others includes Brazil, Mexico, Turkey, Israel, South Africa, Chile, Poland and South Korea
Source: Barclays Index Enquiries Helpdesk, as of 31 January 2013



Inaugural 10-yr Inflation-Linked Bond

- ✓ First & Only ILB in ASEAN
- ✓ Stability in Inflation Index
- ✓ Turnover Ratio of 1.2
- ✓ Benchmark 100,000 MB

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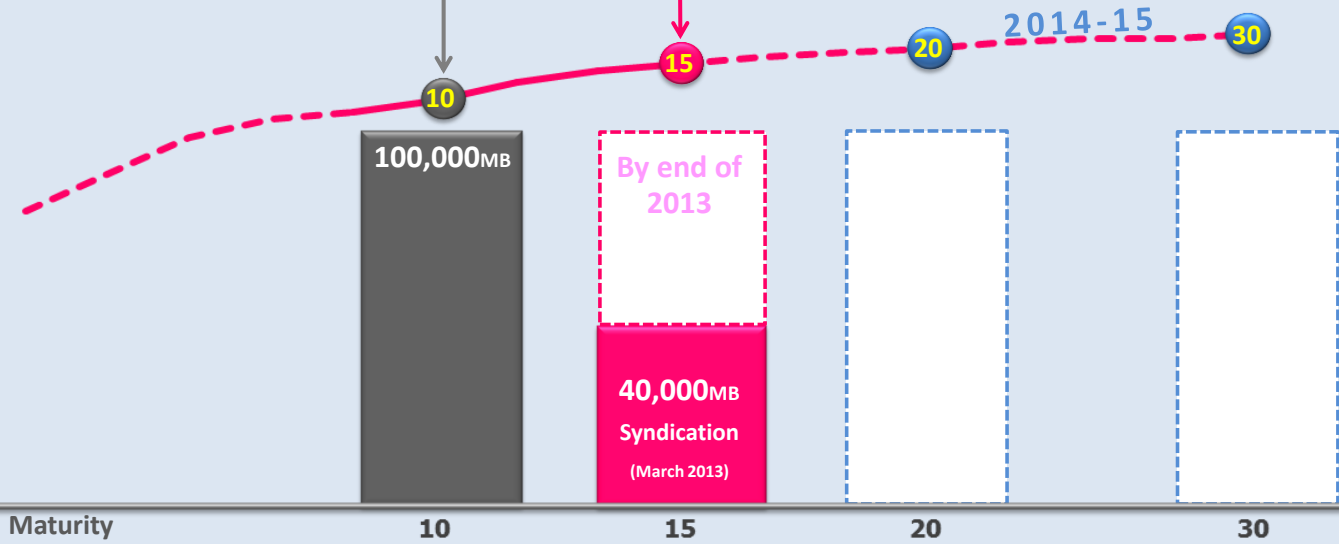
July 2011

Inaugural 10-yr ILB

1. Macro Economic : Price stability
2. Bond Market Development : Innovation
3. Funding Source : Broadening investor base

March 2013

1. Extending ILB yield curve to 15-yr
2. Enhancing liquidity
 - *Benchmark size* : PDMO will build up appropriate size to enhance secondary market liquidity
 - *Market Making* : Primary Dealers are encouraged to participate in auctions & secondary market
 - *Setting up Inflation-Linked Fund* : KTB Inflation-Linked Fund designed to expand investors base



Liquidity Initiatives for ILB

- ✓ 13 MOF Primary Dealers
- ✓ Adding to Global Index

- ✓ KTAM's Inflation-Linked Fund
- ✓ MOF Support in Secondary

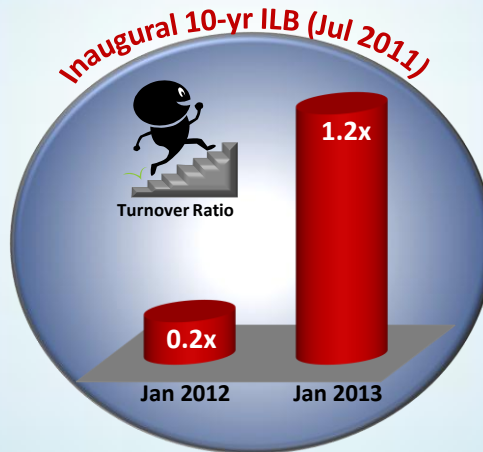
PDs' Duties

- Participate in primary market and receive allotment not less than 5% of total size
- Trading volume must not be less than 5% of total trading volume in the market for the year

Index

- ILB217A (10-yr) is included in the Barclays EMTIL index (approx. 4%)
- ILB283A (15-yr) is likely to be included in the Barclays EMTIL index
- Plan to include ILB into other inflation indices

EMTIL : Emerging Markets Tradable Government Inflation-Linked Bond Index



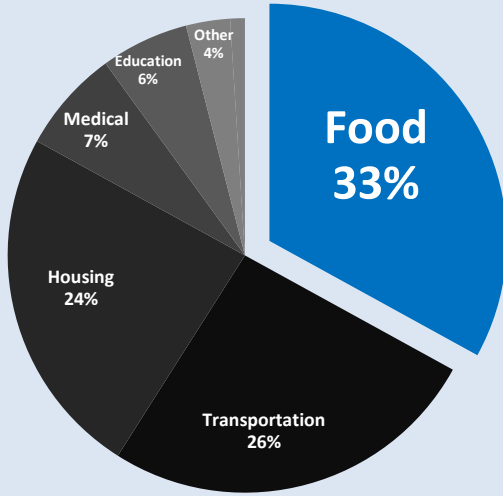
KTAM's Inflation-Linked Fund

- KTAM set up new Inflation linked fund, which will provide access for retails investor base
- KTB will become a Market Maker to provide liquidity to the inflation-linked fund

MOF Supports

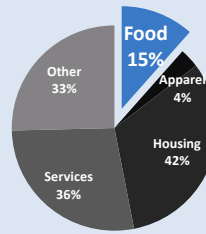
- Aim to provide sufficient liquidity in the market
- Promise to grow initial syndicated bond to 100 THB Bil.

Thailand Headline CPI



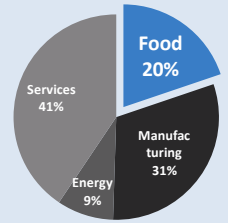
USA

US CPI Urban



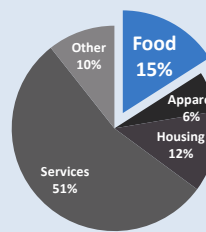
European Union

EU Harmonised Index of Consumer Price (ex-tobacco)



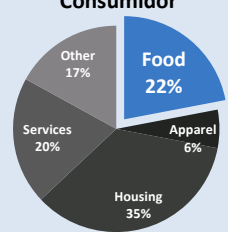
UK

Retail Price Index



Mexico

Nacional de Precios al Consumidor



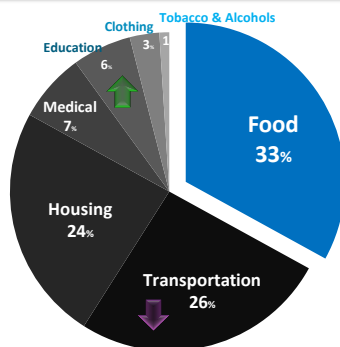
Remarks: Monthly Announcement by Ministry of Commerce (on the 1st working day of the following month)
Bloomberg ticker : THCPI Index <GO>

CPI Rebased to 2011

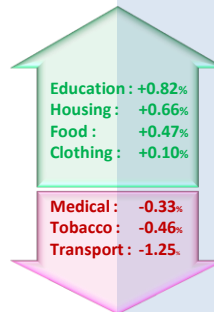
- Reflects The Latest Consumption Patterns
- Align Composition of Goods & Services to International Standard

new

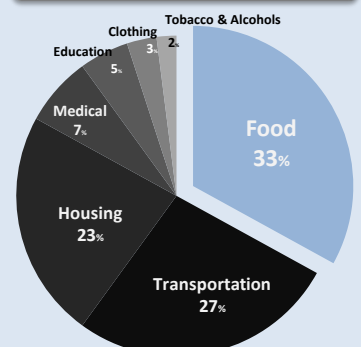
Base Year of 2011



LATEST Consumption Patterns



Base Year of 2007



LARGER Area Coverage

(Thailand has 77 Provinces)

43 Provinces

+2 Provinces

41 Provinces

25% MORE MODERNIZED Items in Basket

450 items

Net Increase +33 items

+73 items
-40 items

417 items



Structure of Inflation-Linked Bond (ILB)

Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Indicative Terms & Conditions

Issuer	The Ministry of Finance of The Kingdom of Thailand
Format	Capital Indexed Bond with Principal Protection
Currency	Thai Baht
Tenor	15-years
Programme Size	Up to THB 40 Billion (USD 1.3 Billion equiv.)
Interest Payment	Every 6 months
Index	Headline CPI
Indexation Lag	3 months
Index Ratio	CPI_t / CPI_0 (TBMA's calculation)
Expected Real Yield	[•]
Repayment Method	Bullet
Expected Timing	March 2013
Joint Lead Managers	Bangkok Bank Public Company Limited, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation Limited and Krung Thai Bank Public Company Limited

ILB 2013 Indicative Timeframe

Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Indicative Timeframe

Domestic Roadshow	January 30 th
International Roadshow	February 18 th to February 22 nd
Pricing Date	March 5 th
Subscription Period	March 8 th and 11 th
Settlement Date	March 12 th



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