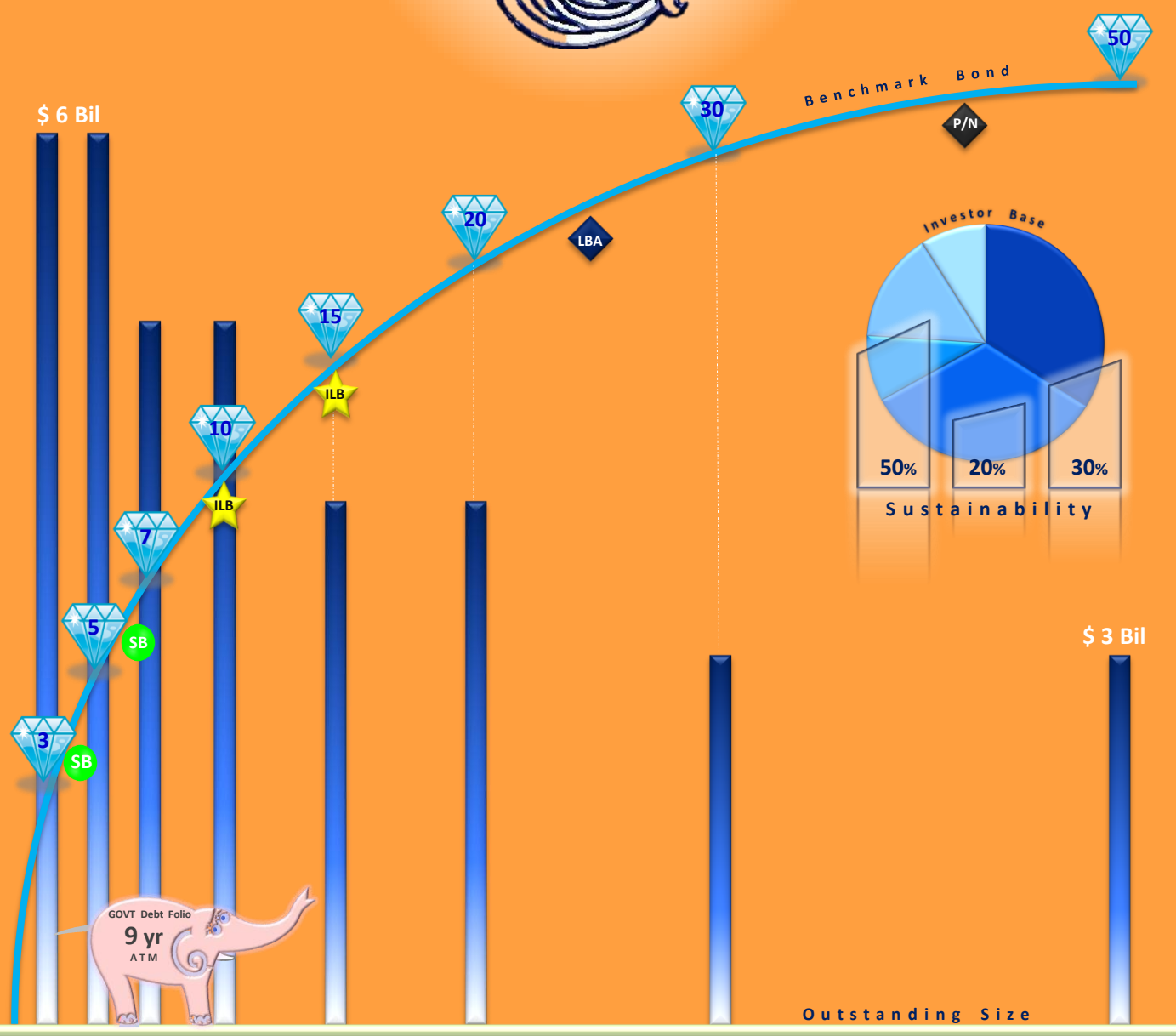


Kingdom of Thailand Bond Market Development



Domestic Bond Market Development

A. Evolution of Bond Market Development (1995 – Present)

- 1997 Asian Financial Crisis → The Rude Awakening
- Bond Market Cap. = 8.6 THB Trillion → GOVT Bond = 3.1 THB Trillion
- BOT Bond Supply Rose Dramatically (2004 – 2013)
- Innovation of GOVT Debt Securities
- Equilibrium of Domestic Bond Market
- Domestic Bond Market Has Developed Rapidly and Efficiently
- Domestic Bond Market **in Transition** : Funding Infrastructure Investment & Connecting ASEAN

1

B. Building up of Benchmark Bond (FY2007 - FY2012)

- PDMO Revised the Strategies of Benchmark Bond Issuance in 3 Ways
- Keep Our Word to Get Investors Confidence for the Plan → Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty
- Key Success Indicators of Benchmark Bond Liquidity
- Market's Favorite Benchmark Bond

7

C. Bond Supply FY2013 + Funding Needs FY2013 - FY2020

- Government Funding Needs (Including Rollover of Both GOVT Direct Debt and GOVT Debt for FIDF) → 750,000 THB Mil. per Year (FY2013-20)
- Government Funding Needs (NOT Including FIDF) → 620,000 THB Mil. per Year (FY2013-20)
- FY 2013 Total Fund Raising Plan (by Instruments and Bills) → 1,090,076 THB Mil.
- FY 2013 Benchmark Bond (3-5-7-10-15-20-30-50 Tenors) → 525,000 THB Mil.
- Q3/FY 2013 Government Bond Auction Schedule → 145,000 THB Mil.
- Fund Raising Plan Strategies → Building Benchmark Bond to Stabilize Yield Curve
→ Segmenting Investors Base to Diversify Dependency Risk

13

D. Well-Developed Bond Market Improved Government Debt Profile

- Public Debt Outstanding (as of Sep 2012) = 4.9 THB Trillion (45.45% of GDP)
- Total GOVT Debt (Direct + FIDF) = 3.46* THB Trillion (70% of Public Debt) *Excluded 52,647 THB Mill. of Foreign Debt
- Well-Developed Bond Market Improved GOVT Direct Debt Profile Dramatically
 - ✓ ATM Lengthened
 - ✓ Cost Lowered
 - ✓ Well-Balanced Fixed-Floating Ratio
 - ✓ Well-Distributed Maturity Profile
- Full Capacity of All Government Funding Instruments (FY 2013) → 1,150,000 THB Mil. per Year (equiv. 40 USD Bil.)
- Maturity Profile of GOVT Funding Instruments (Strategic Framework)
- Forecast Public Debt to GDP

20

H1 / FY 2013 HIGHLIGHTS

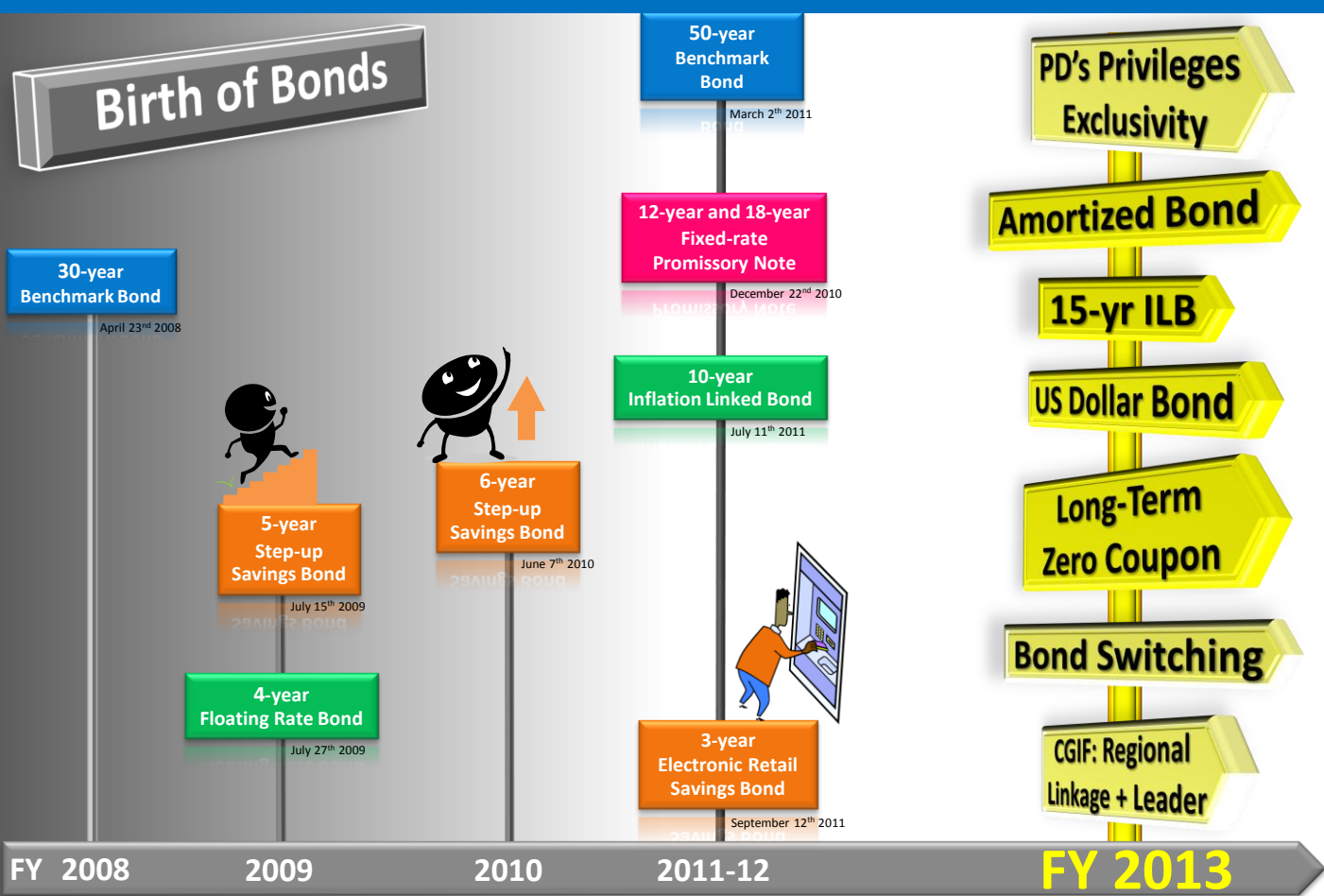
25

- ✓ FY2013 15-year Inflation-Linked Bond
- ✓ FY2013 Inaugural 25-year Back-End Amortized Bond (LBA)
- ✓ MOF Outright PD's Privilege → Exclusivity on 5-year Benchmark Bond

A. Evolution of Bond Market Development (1995 – Present)

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

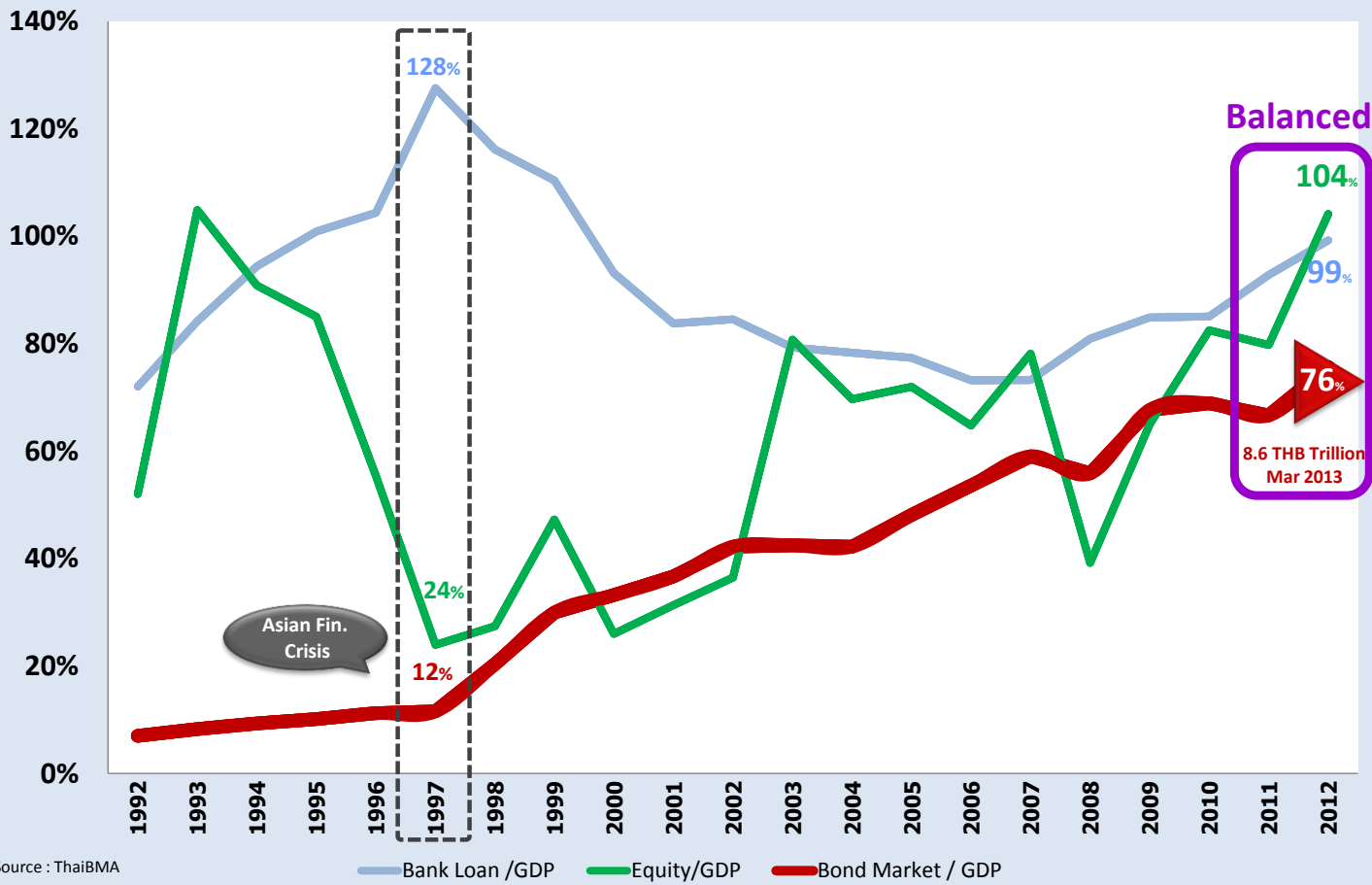
- 1997 Asian Financial Crisis → The Rude Awakening
- Bond Market Cap. = 8.6 THB Trillion → GOVT Bond = 3.1 THB Trillion
- BOT Bond Supply Rose Dramatically (2004 – 2013)
 - ✓ Market share rose by... 3 Folds
 - ✓ Outstanding size rose by... 10 times
- Innovation of GOVT Debt Securities
- Equilibrium of Domestic Bond Market
- Domestic Bond Market Has Developed Rapidly and Efficiently
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1997 Asian Financial Crisis The Rude Awakening

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

% Share of GDP



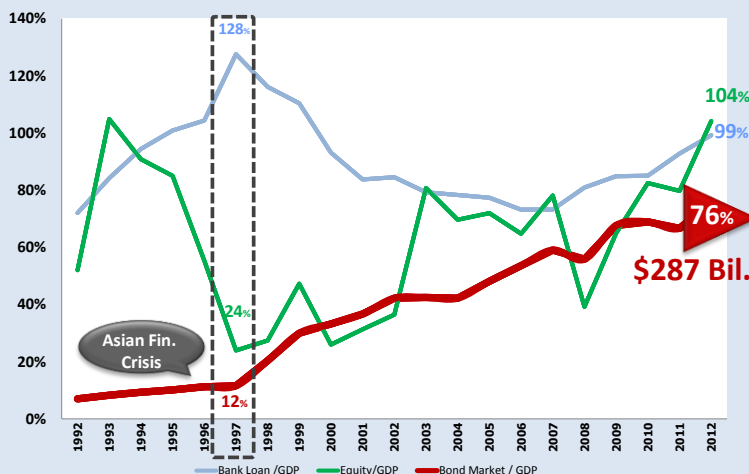


Bond Market Cap. = 8.6 THB Trillion
(\$287 Bil.)

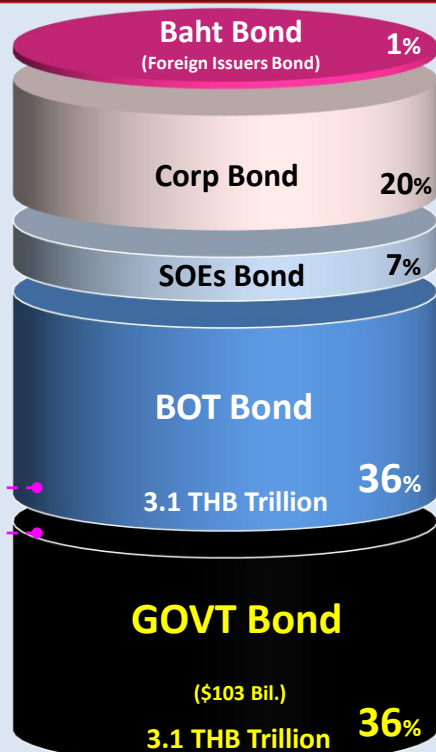
GOVT Bond = 3.1 THB Trillion
(\$100 Bil.)

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

% Share of GDP

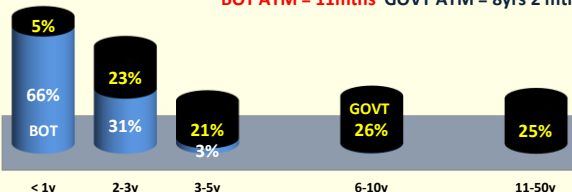


Domestic Bond Market Classified by Issuer



Maturity Profile
BOT vs GOVT Bond

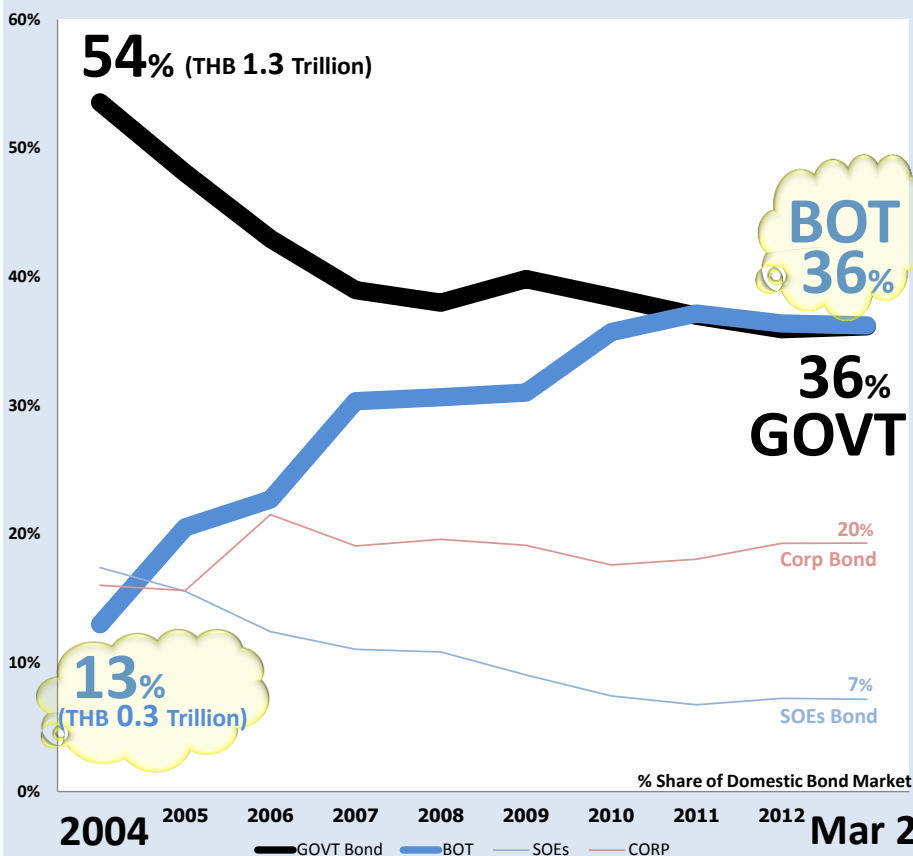
BOT ATM = 11mths GOVT ATM = 8yrs 2 mths



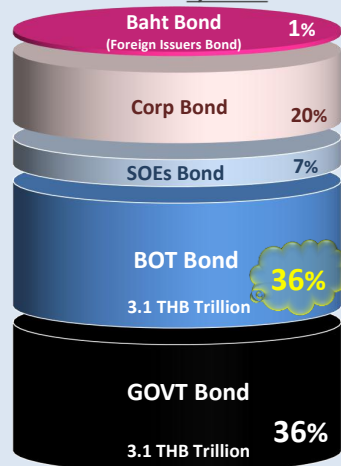
BOT Bond Supply Rose Dramatically
(2004 – 2013)

- Market share rose by... **3 Folds**
- Outstanding size rose by... **10 times**

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



Domestic Bond Market 2013
Classified by Issuer





FY 2007-10	30-yr Benchmark Bond	<ul style="list-style-type: none"> Lengthen average-time-to-maturity of Total Government Debt Portfolio → 5yrs 7mths to 7yrs 6mths Meet Long-term investors' demand
	Floating Rate Bond	<ul style="list-style-type: none"> Increase floating debt ratio of Total Government Debt Portfolio → 10% to 18%* Promote BIBOR (Bangkok Interbank Offered Rate)
	Step-up Savings Bond	<ul style="list-style-type: none"> Broaden investor base – Retail investors Low interest burden at the initial periods of bond
FY 2011	Fixed Rate Promissory Note	<ul style="list-style-type: none"> Broaden investor base – Insurance / Long-term investors Non-Benchmark tenors
	50-yr Benchmark Bond	<ul style="list-style-type: none"> Combat low interest rate + Lengthen average time-to-maturity 4th country in the world (1st : UK 2nd : France 3rd : China)
	10-yr Inflation-Linked Bond (ILB)	<ul style="list-style-type: none"> Strong anti-inflationary signal Deepen the Development of the Bond market 1st country in Emerging Asian Economies
	Electronic Retail Savings Bond	<ul style="list-style-type: none"> Lower Minimum Amount to Purchase / Offer throughout the year Develop the retail bond into an electronic form → Scripless System Can be purchased via ATM, in addition of Bank Retail Branches
FY 2012-2013	Amortized Bond	<ul style="list-style-type: none"> Suitable financing instrument for the government's investment mega-project in the form of PPP Pay back the bond principal by installments → Promote the government's fiscal discipline
	Bond Switching & Consolidation	<ul style="list-style-type: none"> Allow both issuer and investors to improve their portfolio Larger outstanding size + Less bond series → more liquidity in the secondary market
	Upgrade PD Privileges	
	PDDF Activated (Public Debt Restructuring and Domestic Bond Market Development Fund)	
	15-yr ILB	
	Baht Bond	
	CGIF Activated (Credit Guarantee and Investment Facility)	

*From FY2007 to FY2010



Equilibrium of Domestic Bond Market

Issuers

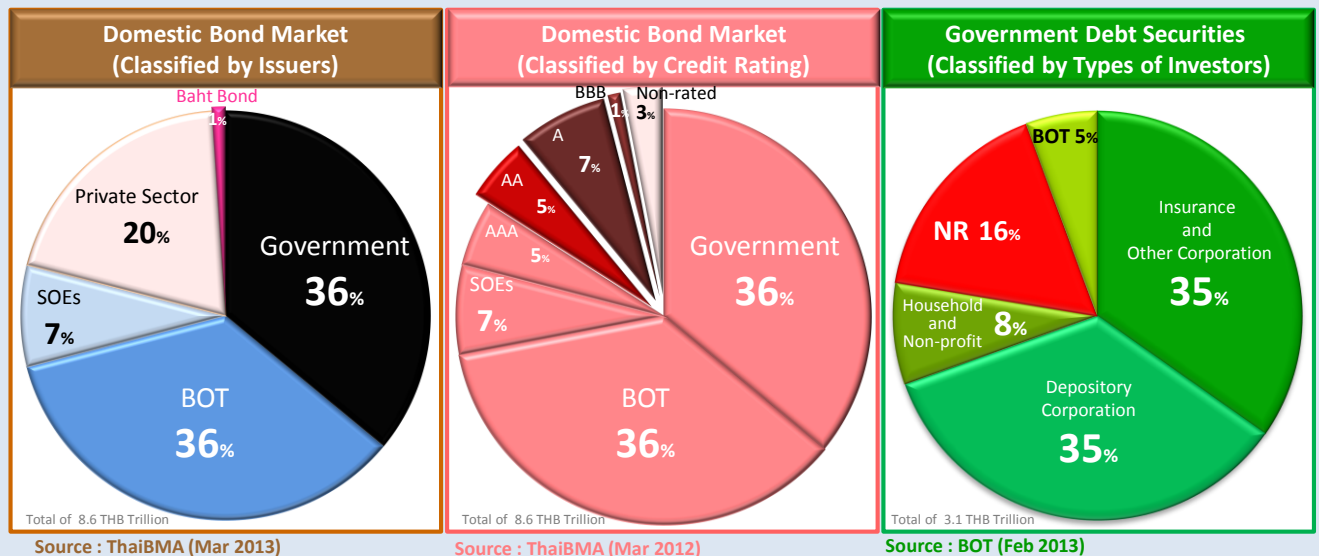
- 79 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises

Credit Rating

- 97 percent of Thailand's debt securities are classified as Investment Grade

Investors

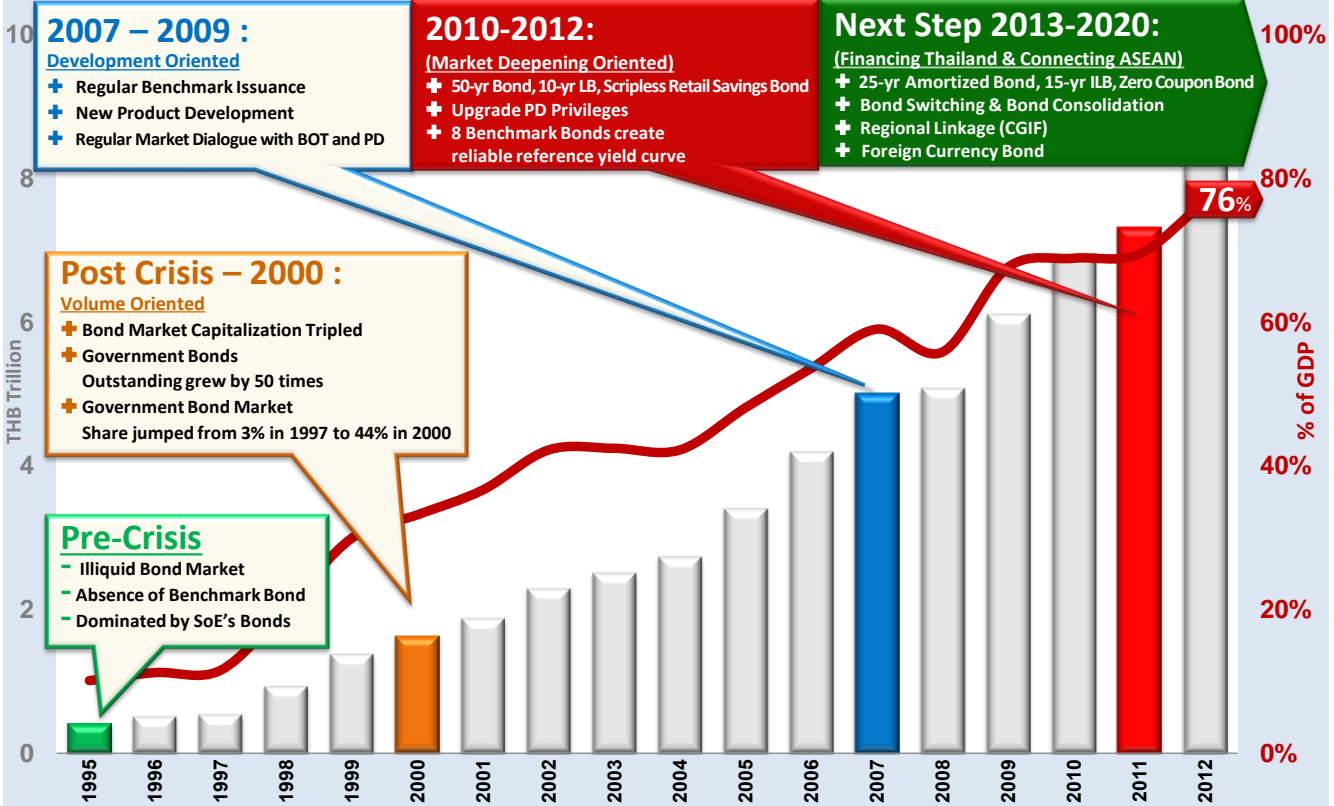
- Thailand's government debt securities are held by a wide group of investor types





Domestic Bond Market Has Developed Rapidly and Efficiently

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



Domestic Bond Market in Transition

- ✓ Funding Infrastructure Investment
- ✓ Connecting ASEAN

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

	Market Deepening Oriented (2010-2012)	Funding Infrastructure Investment Connecting ASEAN (2013-2020)
Sustainable Source of Fund	Water Decree (350 THB Bil.) Thai Khem Khang (350 THB Bil.)	Long-Term Infrastructure Inv't (2 THB Trillion) Private Sector Participation in Infrastructure Inv't
Regional Connectivity / AEC	Baht Bond (Foreign Issuers Bond)	Credit Guarantee Investment Facility (CGIF) Foreign Currency Bond
Debt Folio Enhancement	ATM Lengthened Cost Lowered FIDF Decree Passed = 70,000 THB Mil. Fiscal Space	Well-Distributed Investor Base Well-Balanced Fixed-Floating Ratio Well-Distributed Maturity Profile
Market Infrastructure	Appointed 13 MOF-Outright PD Activated Public Debt Management Fund	Bond Switching Bond Consolidation
Innovation / Product Development	Inaugural 10-yr Inflation-Linked Bond (10-yr) Long-term Fixed Promissory Notes (25-35-45-yr) Electronic Retail Savings Bond (3-5-yr)	Extending ILB yield curve to 15-20-30-yr by 2015 Super-Size Inaugural 25-yr Back-End Amortized Bond Scrippless Retail Savings Bond → Liquidity Long-term Zero Coupon Bond
Building Yield Curve / Enhancing Liquidity	<p>8 Tenors of Benchmark Bonds</p>	<p>Liquidity-Oriented</p>



PDDF



BENCHMARK BOND

FISCAL DISCIPLINE

INFLATION-LINKED BOND

B. Building up of Benchmark Bond (FY2007 - FY2012)

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

- PDMO Revised the Strategies of Benchmark Bond Issuance in 3 Ways
- Keep Our Word to Get Investors Confidence for the Plan → Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty 
- Key Success Indicators of Benchmark Bond Liquidity
- Market's Favorite Benchmark Bond 



PDMO Revised the Strategy of Benchmark Bond Issuance in 3 ways (FY2007 - FY2013)

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

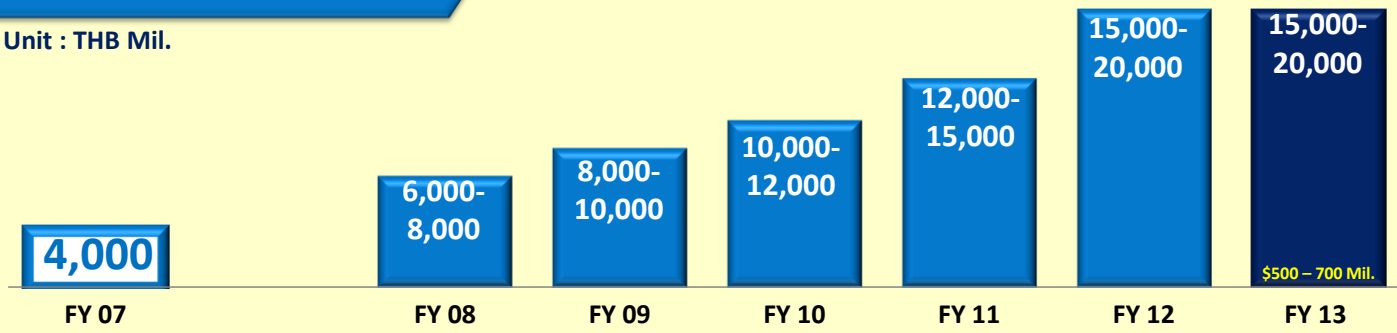
I. Reduce Auction Frequency

from **Once a Week** to **Every Other Month**
(to Create Even Distribution of the Benchmark Bond Supply over the Year)

II. Increase Auction Size

Tenors: 3-5-7-10 yrs

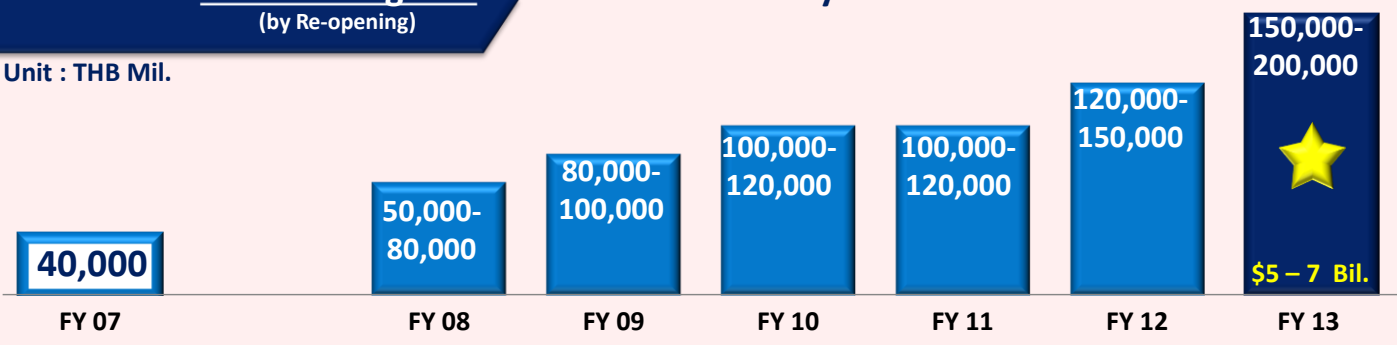
Unit : THB Mil.



III. Increase Outstanding Size (by Re-opening)

Tenors: 3-5-7-10 yrs

Unit : THB Mil.





Keep Our Word to Get Investor Confidence for the Plan

Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty

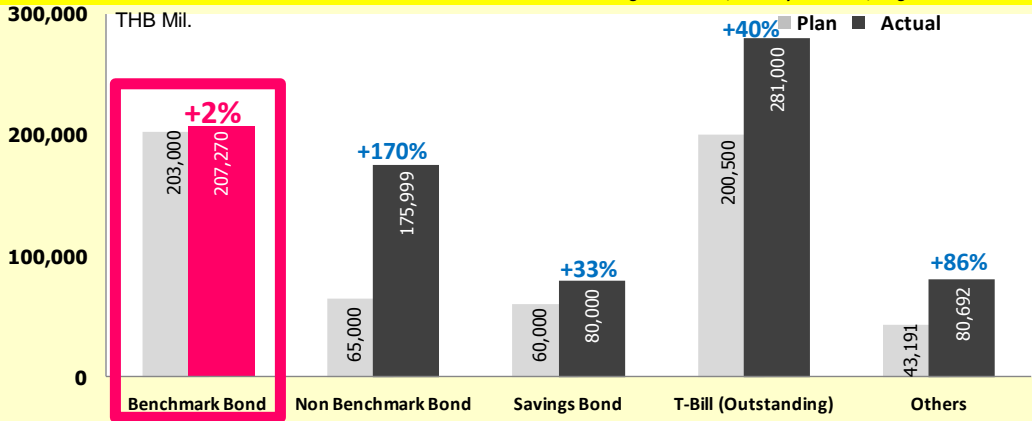
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

FY2009

Higher government funding needs due to Stimulus Package
approx. **+250,000 THB Mil.**

Total Funding Needs Increased from:
420,000 THB Mil. to 670,000 THB Mil.
(+59%)

Treasury Balance = 278,694 THB Mil.

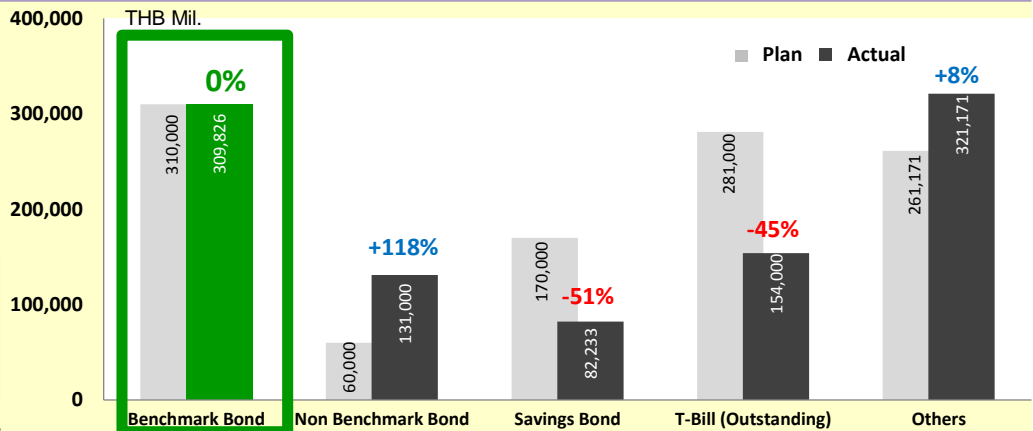


FY2010

Lower Borrowing needs due to Economic Recovery
approx. **-160,000 THB Mil.**

Total Funding Needs Decreased from:
800,000 THB Mil. to 640,000 THB Mil.
(-20%)

Treasury Balance = 417,166 THB Mil.



Keep Our Word to get Investor Confidence for the Plan

Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty

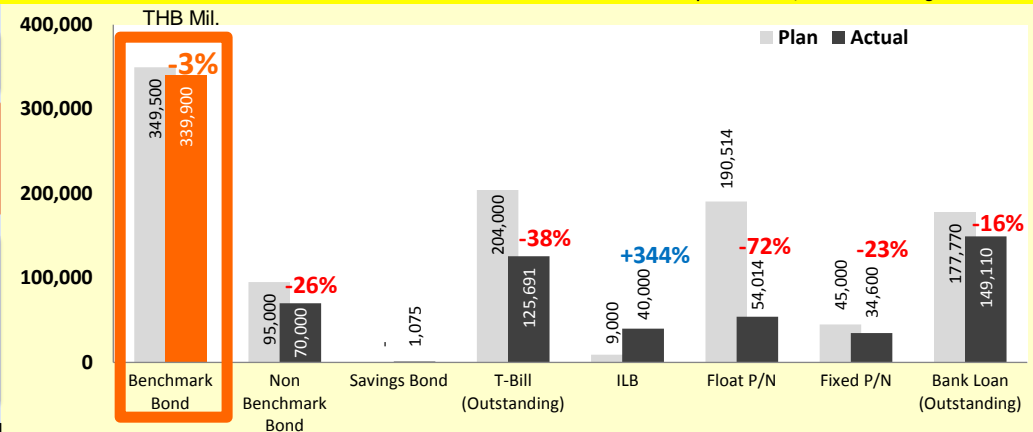
Bond Market Development Bureau, Public Debt Management Office

FY2011

Higher than expected Revenue collection
approx. **-250,000 THB Mil.**

Total Funding Needs Decreased from:
700,000 THB Mil. to 450,000 THB Mil.
(-36%)

Treasury Balance = 510,180 THB Mil.

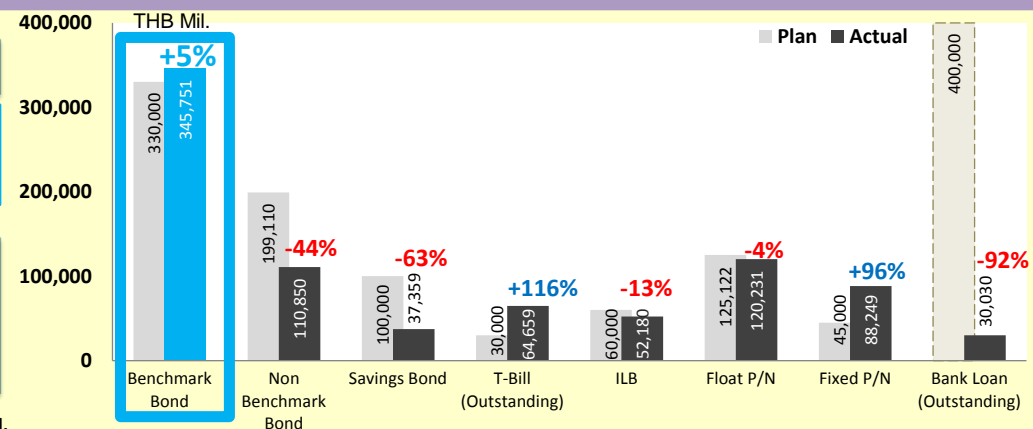


FY2012

Lower-than-expected Disbursement
approx. **-390,000 THB Mil.**

Total Funding Needs Decreased from:
1,140,000 THB Mil. to 750,000 THB Mil.
(-34%)

Treasury Balance = 552,692 THB Mil.





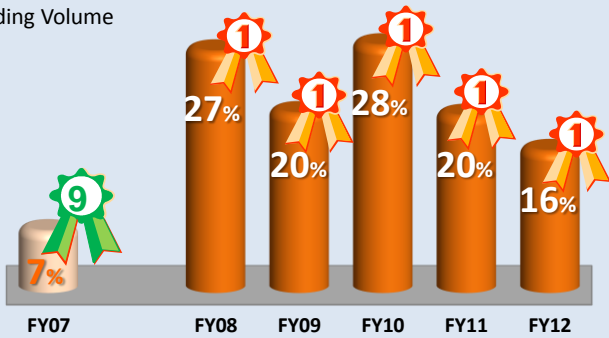
FY2008-FY2012 Key Success Indicators

- 1. Trading Volume
- 2. Turnover Ratio
- 3. Demand Concentration
- 4. Auction Price

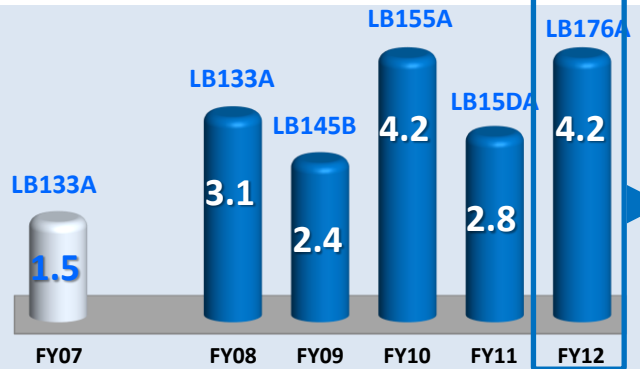
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

5-yr Benchmark Tenor : Highest Secondary Trading Volume in every year (accounted for 25% of total trading volume)

Unit: % Share of Market Trading Volume

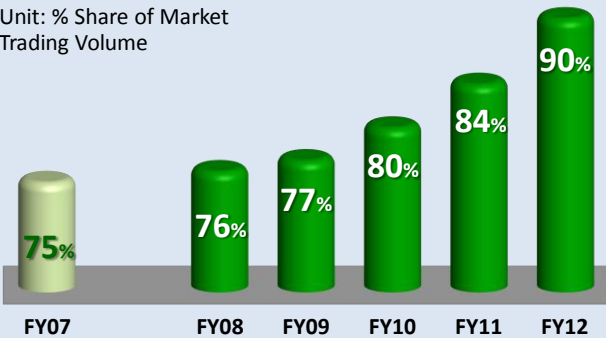


5-yr Benchmark Bond : Higher Turnover Ratio



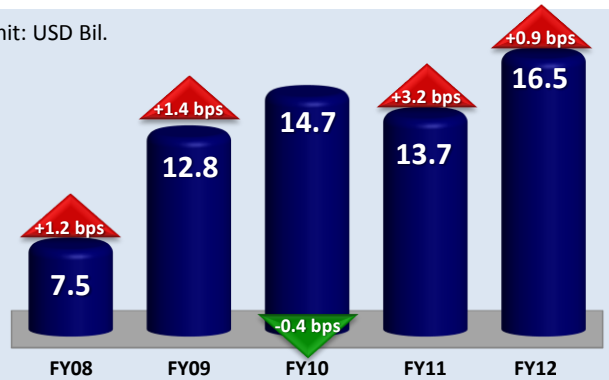
Top 10 GOVT Bond Series – Accounted for 90% of all GOVT Bond trading in Secondary Trading Volume

Unit: % Share of Market Trading Volume



Well-Developed Benchmark Bond pays off : Even with greater size of issuance, the cost of funding is still at market rate

Unit: USD Bil.



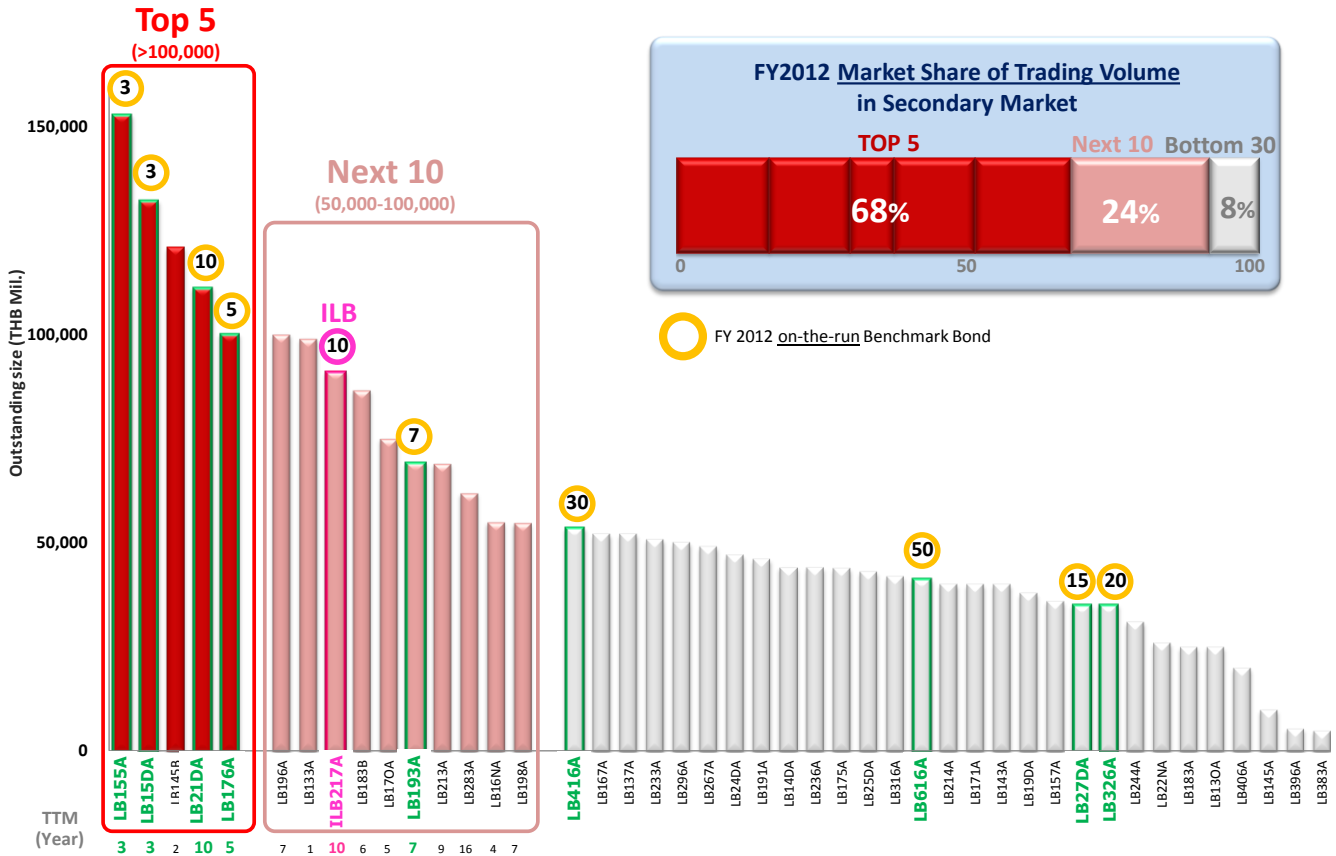


FY2012 Total GOV'T Bond = 44 Series
(2,447,XXX THB Mil.)

TOP 5 > 100,000 THB Mil. in Size (68% of Trading Volume)

Next 10 > 50,000 THB Mil. in Size (24% of Trading Volume)

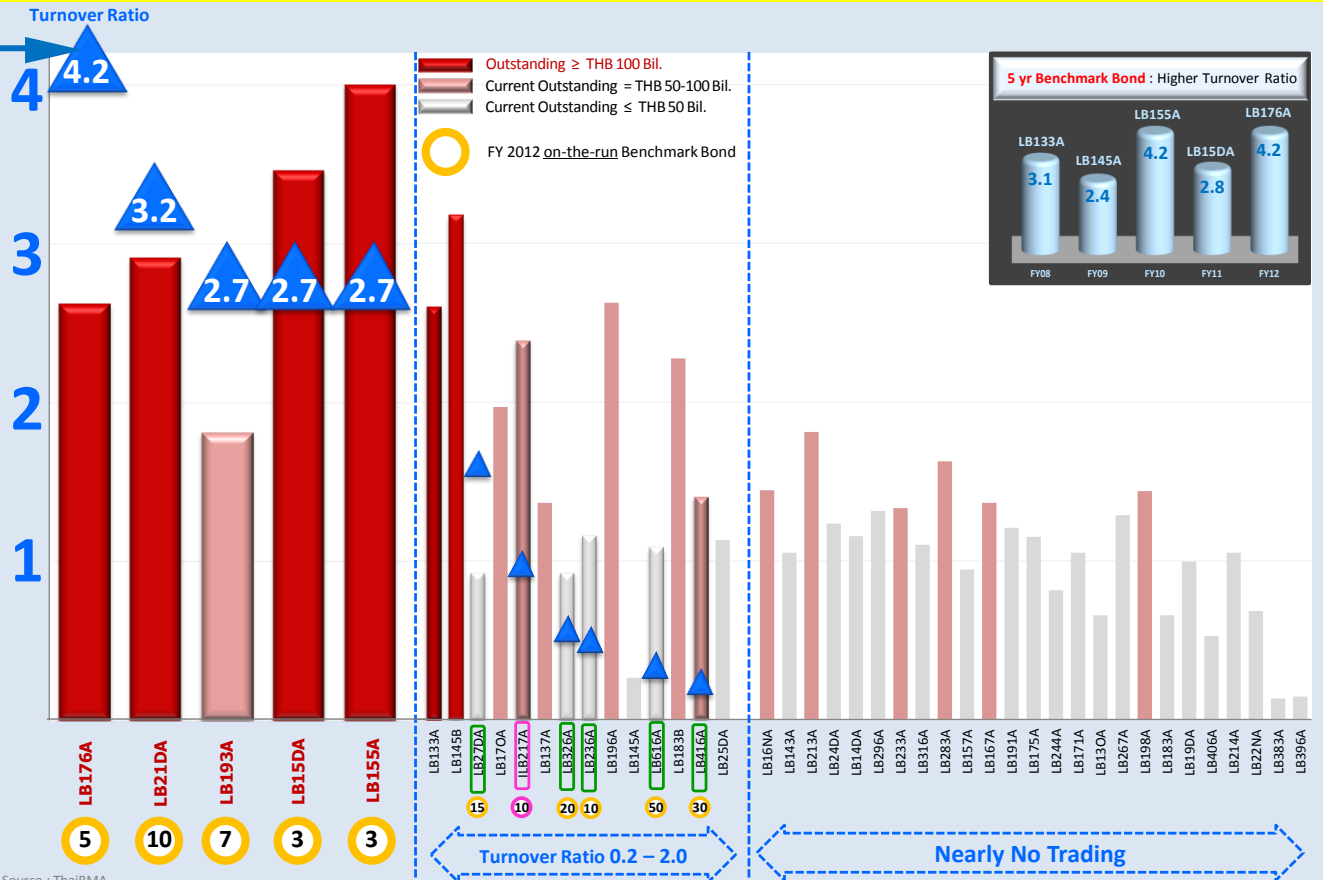
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



FY2012 Market's Favorites
Classified by **Turnover Ratio**

All 3-5-7-10 yrs on-the-run Benchmark Bonds Have **Turnover Ratio** between 2.7 – 4.2
(While Market Turnover Ratio = 1)

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





C. Bond Supply FY2013 + Funding Needs FY2013 - FY2020

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

- **Government Funding Needs** (Including Rollover of Both GOVT Direct Debt and GOVT Debt for FIDF) → 750,000 THB Mil. per Year (FY2013-20)
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- **FY 2013 Total Fund Raising Plan** (by Instruments and Bills) → 1,090,076 THB Mil.
- **FY 2013 Benchmark Bond** (3-5-7-10-15-20-30-50 Tenors) → 525,000 THB Mil.
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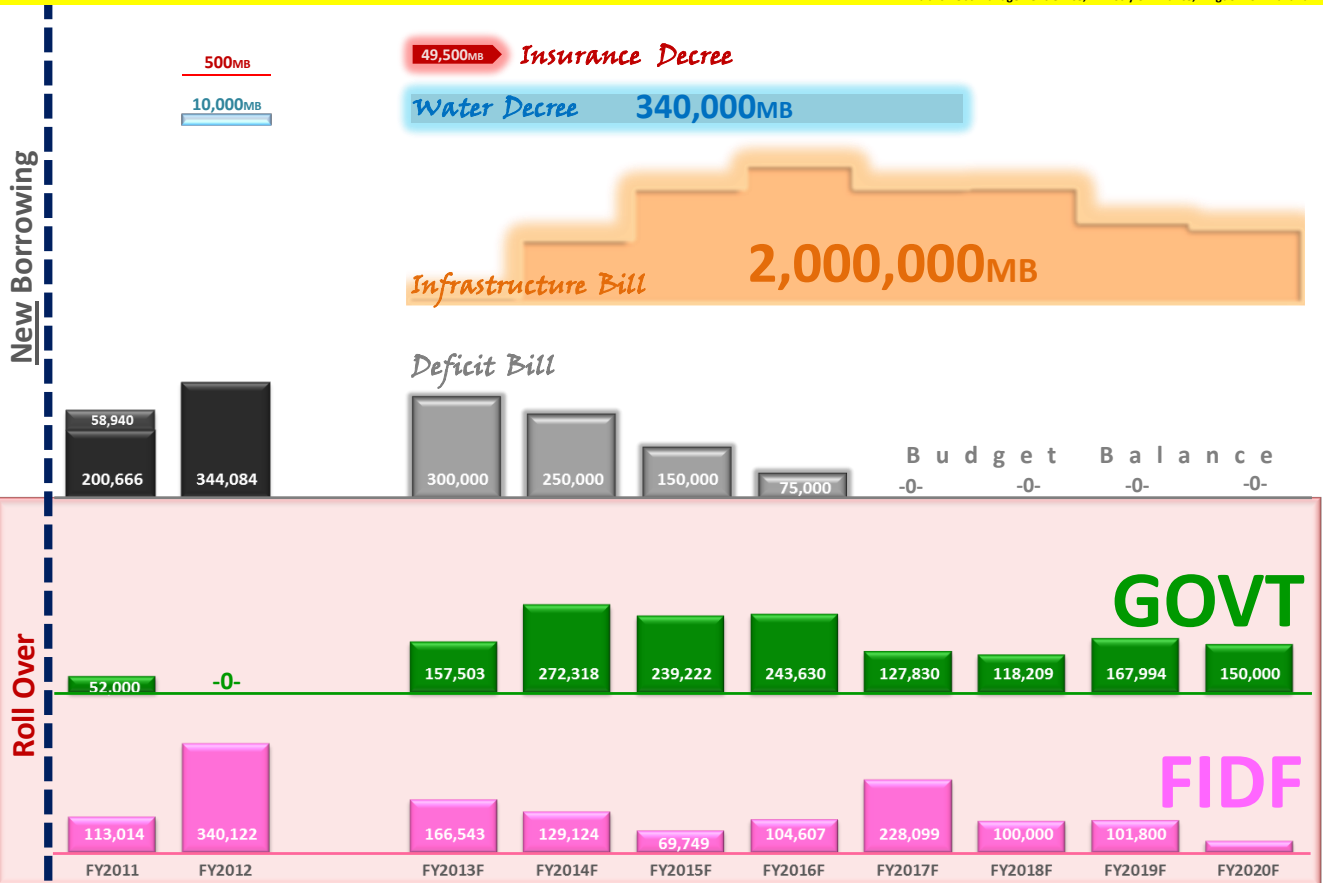
Government Funding Needs

(Including Rollover of Both GOVT Direct Debt and GOVT Debt for FIDF)

750,000 THB Mil. per Year

(FY 2013-2020)

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



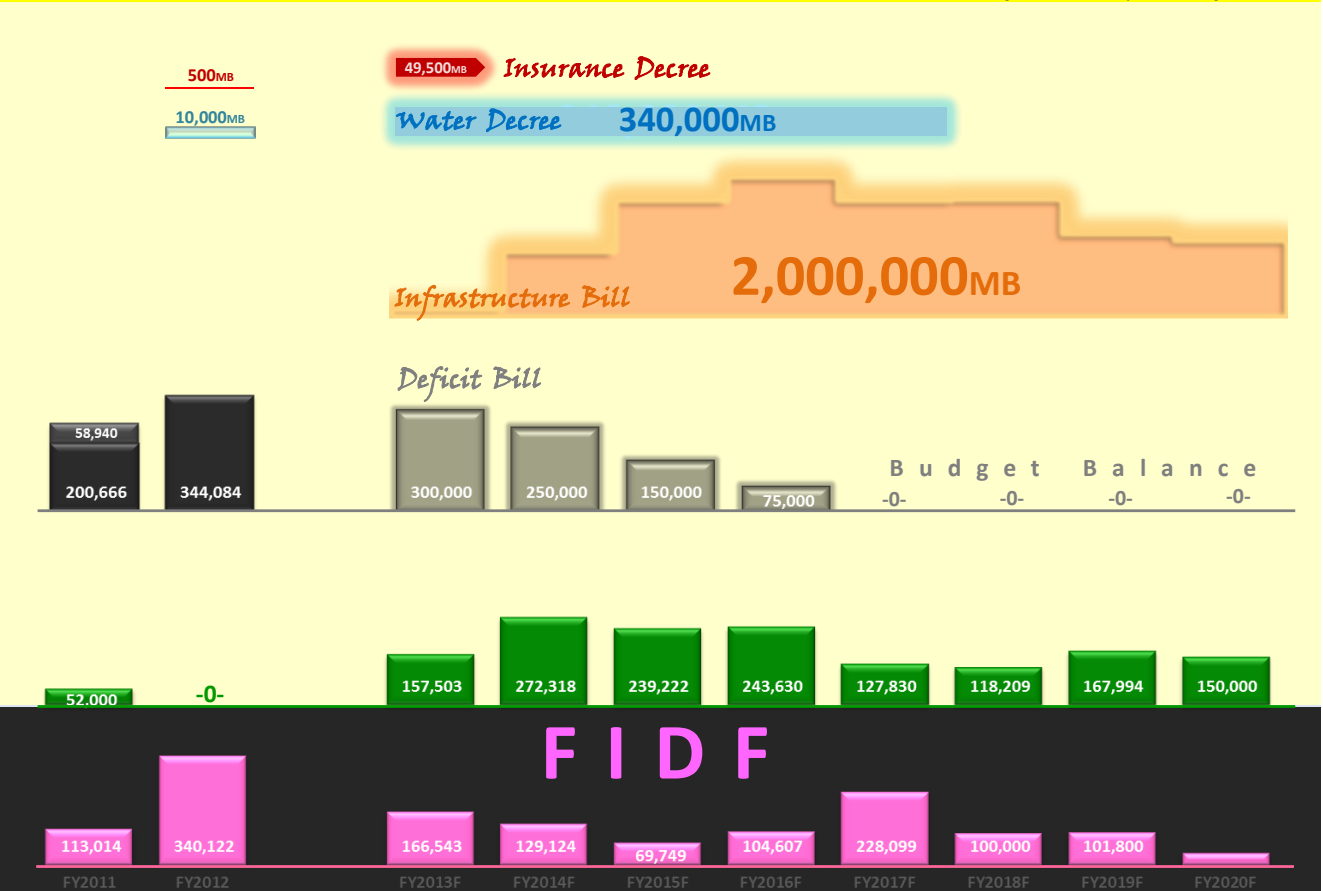
Government Funding Needs

(NOT Including FIDF)

620,000 THB Mil. per Year

(FY 2013-2020)

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

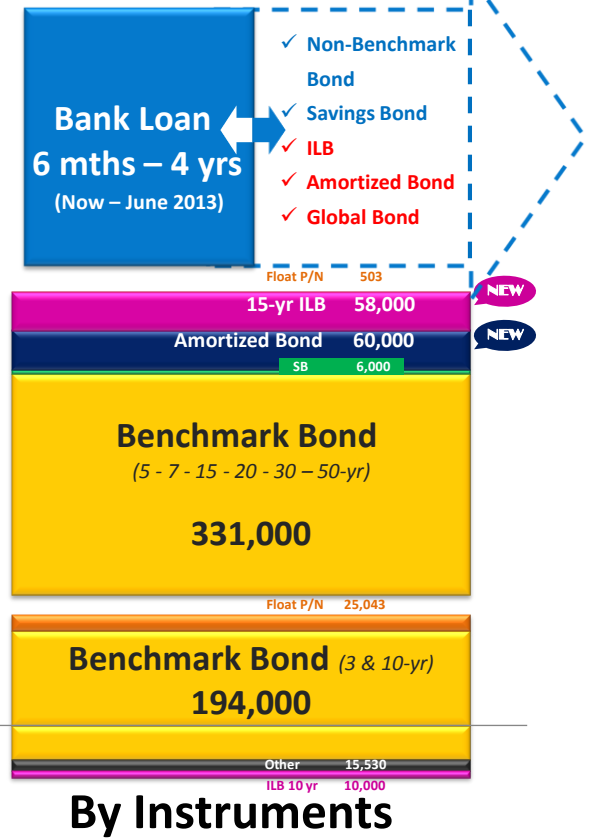
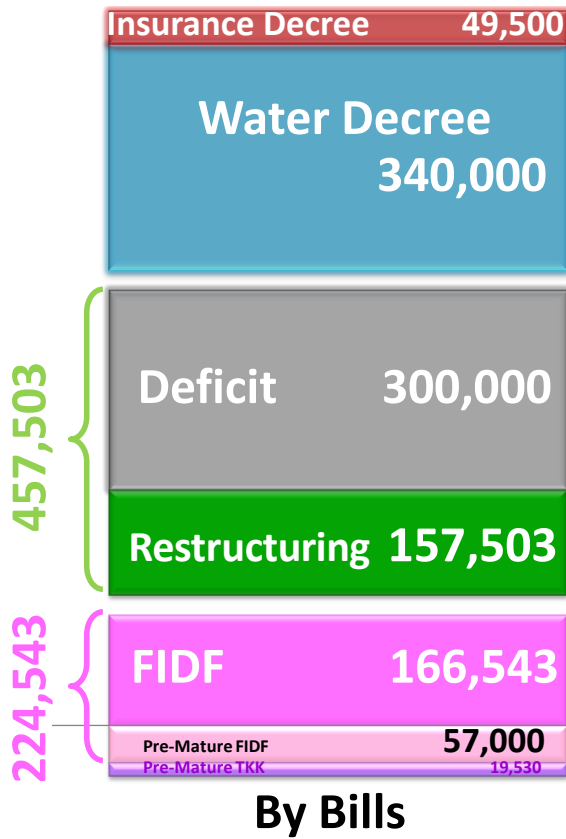




FY 2013 Total Fund Raising Plan (by Instruments and Bills)

1,090,076 THB Mil.

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

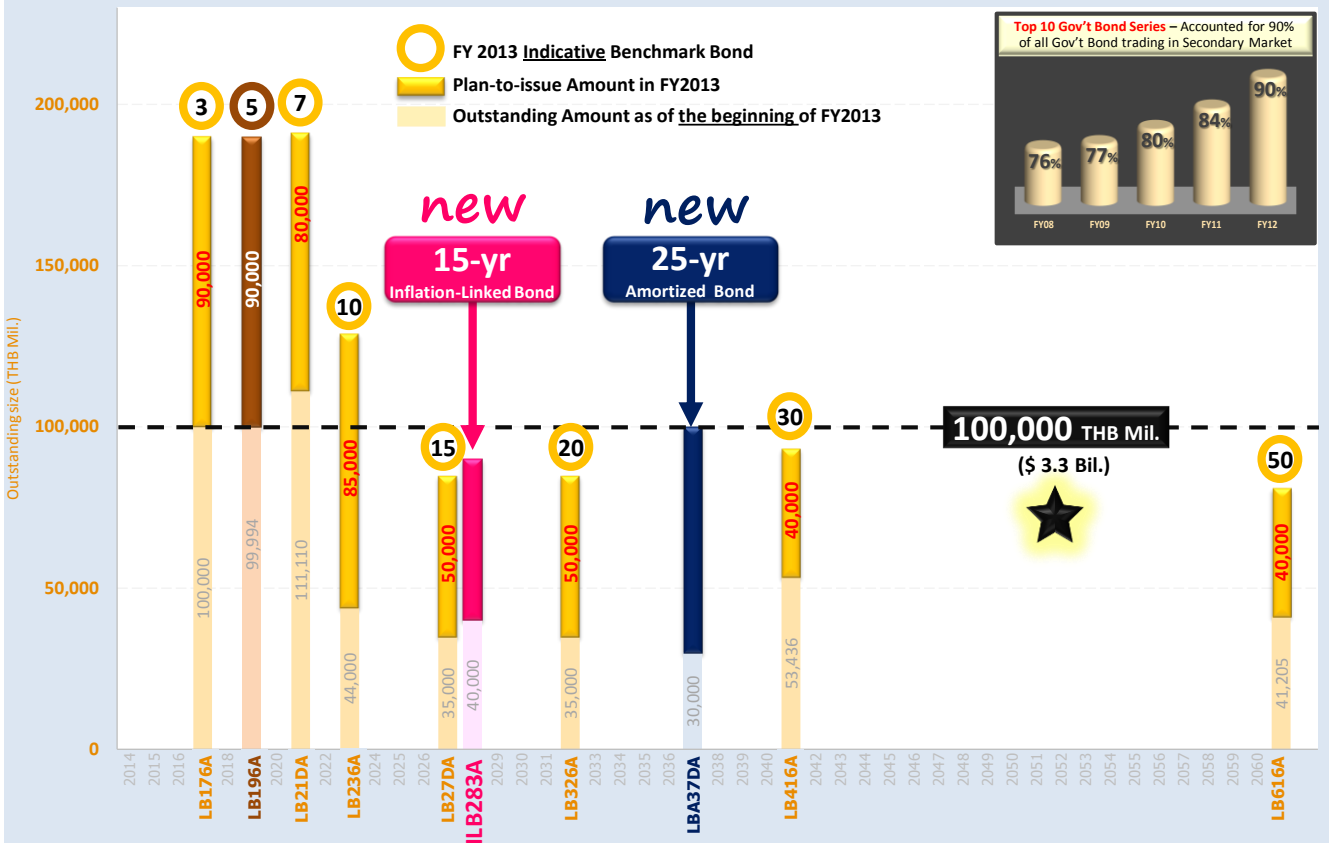


ALL FY2013 Benchmark Bond Series

(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

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



Government Bond Auction Schedule for Q3/FY2013

Exclusivity
MoF Outright PD Only

New Product : Inflation-Linked Bond

New Product : Amortized bond

Unit : Million Baht

Auction Date	LB176A 3-yr	LB196A 5-yr	LB21DA 7-yr	LB236A 10-yr	LB27DA 15-yr	ILB283A 15-yr	LB326A 20-yr	LBA37DA 25-yr	LB416A 30-yr	LB616A 50-yr	Total
3-Apr-2013											-
10-Apr-2013			11,000						6,000		17,000
17-Apr-2013											-
24-Apr-2013	17,000				7,000						24,000
1-May-2013											-
8-May-2013				14,000						4,000	18,000
15-May-2013						15,000					15,000
22-May-2013		14,000					6,000				20,000
29-May-2013											-
5-Jun-2013			12,000					8,000			20,000
12-Jun-2013									6,000		6,000
19-Jun-2013	17,000										17,000
26-Jun-2013					8,000						8,000
Total	34,000	14,000	23,000	14,000	15,000	15,000	6,000	8,000	12,000	4,000	145,000
Coupon	3.25%	3.875%	3.65%	3.625%	3.58%	1.25%	3.775%	4.26%	3.80%	4.85%	
Maturity Date	16-Jun-2017	13-Jun-2019	17-Dec-2021	16-Jun-2023	17-Dec-2027	12-Mar-2028	25-Jun-2032	12-Dec-2037	14-Jun-2041	17-Jun-2061	

หมายเหตุ : 1. LB176A = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 2)

2. LB196A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 8 / พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 5 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 2)

3. LB21DA = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 10 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 13)

4. LB236A = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 4)

5. LB27DA = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 9 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 1)

6. LB283A = พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรตามการเปลี่ยนแปลงของเงินเพื่อ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรตามการเปลี่ยนแปลงของเงินเพื่อ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 2)

7. LB326A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 7 / พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 5 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 1)

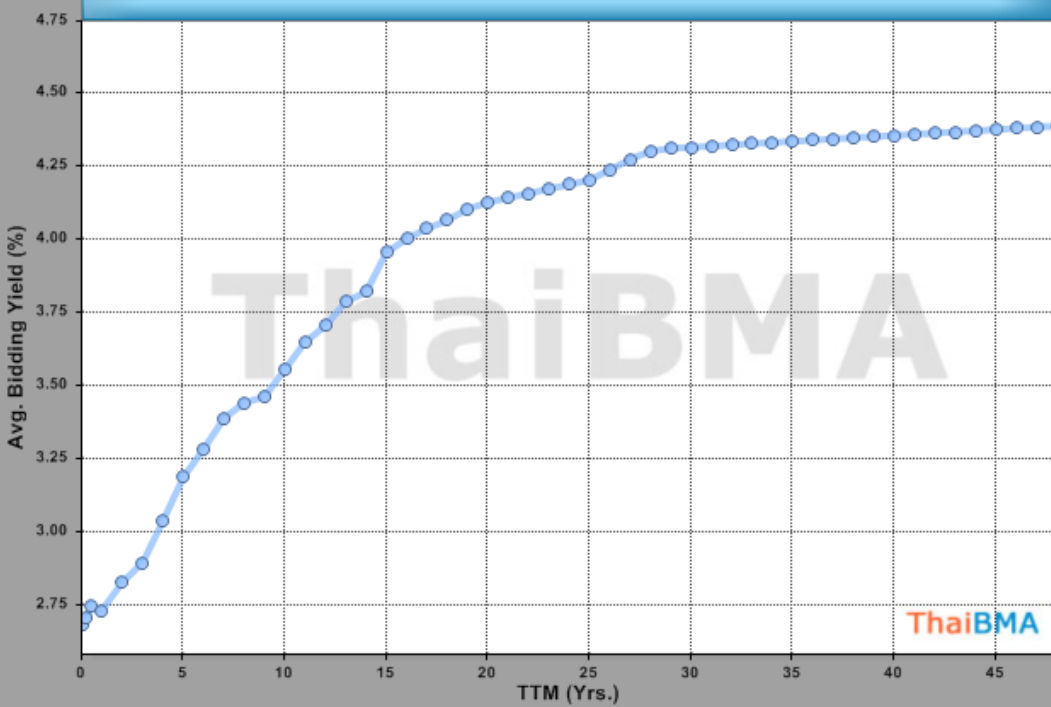
8. LBA37DA = พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 2 (Re-open พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2556)

9. LB416A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 11 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 2)

10. LB616A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 6 / พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 9)

Website <http://www.pdmo.go.th/>

ThaiBMA Government Bond Yield Curve as of 25 Mar 2013



TTM (Yrs.)	Yield (%)
0.08	2.68
0.25	2.71
0.5	2.75
1	2.74
2	2.83
3	2.9
4	3.04
5	3.19
6	3.29
7	3.39
8	3.45
9	3.47
10	3.56
11	3.65
12	3.71
13	3.79
14	3.82
15	3.96
16	4.01
17	4.04
18	4.07
19	4.11
20	4.13
21	4.15
22	4.16
23	4.18
24	4.19
25	4.21
26	4.24
27	4.28
28	4.31
29	4.31
30	4.32
31	4.32
32	4.33
33	4.33
34	4.34
35	4.34
36	4.34
37	4.35
38	4.35
39	4.36
40	4.36
41	4.36
42	4.37
43	4.37
44	4.38
45	4.38
46	4.38
47	4.39
48	4.39

Symbol	Avg. Bidding Yield (%)	Change Yield (bp)	Avg. Bid-Offer Spread (bp)	Maturity	TTM (yrs.)
T-BILL1M	2.684215	0	3		0.076712
T-BILL3M	2.707307	0	3		0.249315
T-BILL6M	2.747324	0	3		0.49863
T-BILL1Y	2.735487	0	3		1
LB145B	2.757727	0	3	12/5/2014	1.131507
LB145A	2.763636	0	4	14/5/2014	1.136986
LB14DA	2.794545	0	5	3/12/2014	1.693151
LB155A	2.849545	0	3	22/5/2015	2.158904
LB157A	2.868636	0	5	7/7/2015	2.284931
LB15DA	2.858636	0	3	11/12/2015	2.715069
LB167A	2.945455	0	5	27/7/2016	3.342466
LB16NA	2.961818	0	6	18/11/2016	3.654794
LB171A	3.035273	0	5	18/1/2017	3.821918
LB175A	3.044773	0	5	26/5/2017	4.172603
LB176A	3.051818	-1	2	16/6/2017	4.230137
LB170A	3.09	-1	4	10/10/2017	4.547945
LB183A	3.172727	0	5	7/3/2018	4.953424
LB183B	3.187273	0	6	13/3/2018	4.969863
LB191A	3.258182	0	5	12/1/2019	5.80548
LB193A	3.289091	0	3	8/3/2019	5.956164
LB196A	3.272273	0	2	13/6/2019	6.221918
LB198A	3.345455	-1	5	13/8/2019	6.389041
LB19DA	3.374545	-1	6	3/12/2019	6.69589
LB213A	3.446364	-1	5	31/3/2021	8.021917
LB214A	3.456818	-1	5	9/4/2021	8.046576
LB21DA	3.44	-1	3	17/12/2021	8.736986
LB22NA	3.526364	-1	6	8/11/2022	9.630137
LB233A	3.560909	-1	6	13/3/2023	9.972603
LB236A	3.537273	-2	3	16/6/2023	10.23288
LB244A	3.66	-1	6	9/4/2024	11.04932
LB24DA	3.687273	-1	6	20/12/2024	11.74794
LB25DA	3.768182	-1	6	12/12/2025	12.72603
LB267A	3.814545	-1	6	7/7/2026	13.29315
LB27DA	3.834545	-2	4	17/12/2027	14.73973
LB283A	3.957273	-1	7	13/3/2028	14.97808
LB296A	4.019091	0	7	22/6/2029	16.2548
LB316A	4.076364	-1	7	20/6/2031	18.24932
LB326A	4.119091	-1	6	25/6/2032	19.26575
LB383A	4.206364	1	7	13/3/2038	24.98356
LB396A	4.25	1	7	13/6/2039	26.23562
LB406A	4.287273	1	8	22/6/2040	27.26301
LB416A	4.311818	0	8	14/6/2041	28.2411
LB616A	4.392727	0	8	17/6/2061	48.26301

Exclusivity

FY2013 Indicative Benchmark Bond

Remark
 1) The above yields are based upon average bids quoted by primary dealers .
 2) Average bidding yields of 1-month, 3-month, 6-month and 1-year T-bills are bond equivalent yield converted from average simple yields.
 3) Spreads (bp) are differences bid and offer yields.
 4) The cut-off time for daily quotation of T-bills and Government bonds is 16:00.
 5) The highlighted rows are on-the-run benchmark bond.



Fund Raising Plan Strategies

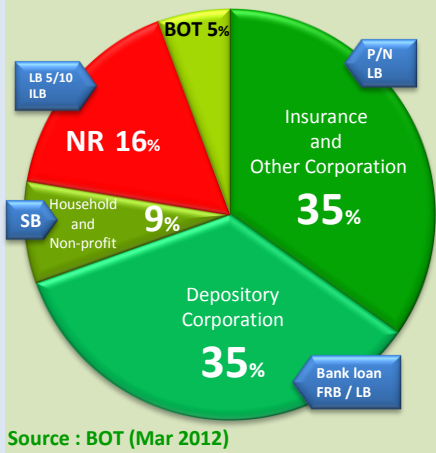
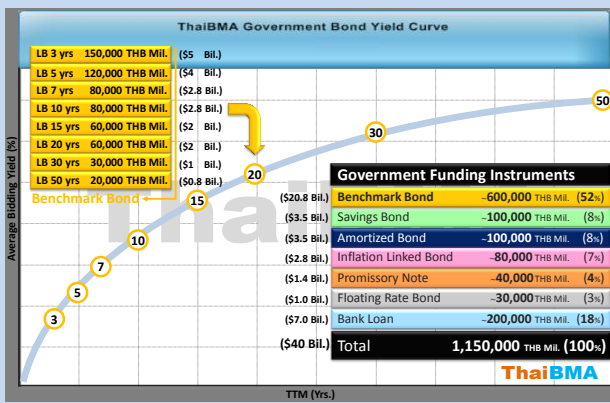
- Building Benchmark Bond to Stabilize Yield Curve
- Segmenting Investors Base to Reduce Dependency Risk

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

FY 2013 Full Capacity* : 1,150,000 THB Mil.

Well-Diversified Investors Ensures Funding Needs

Potential Demand for GOVT Bond 2013



Category	THB Bil.
- Life Insurance - Pension Funds	450
Depository Corporations	450
- Retail - Non-profit org.	200
Non-Residence	?

* Under favorable market liquidity + using All funding instruments

Outstanding of Foreign Debt Equiv. 44,924 THB Mil. (1.3% of GOVT Debt)

Equiv. 11,861 THB Mil.

Commercial Papers

Samurai bond 5-yr	20,000 Yen Mil.
Samurai bond 7-yr	10,000 Yen Mil.
MTN	40 USD Mil.

Equiv. 33,063 THB Mil.

Soft Loans

JBIC	62,500 Yen Mil.
ADB	300 USD Mil.
IBRD	62 USD Mil.
Other	11 USD Mil.

(as of Dec 2012)

- To diversify portfolio of government debt
- To keep the presence of KOT Bond (Kingdom of Thailand) in the foreign market
- To maintain KOT Bond as a reference benchmark yield for Thai private sector issuers
- To avoid crowding out effect on domestic bond market

Concerns : exchange rate risk / swap cost / natural hedging



PDDF

BENCHMARK BOND

FISCAL DISCIPLINE

INFLATION-LINKED BOND

D. Well-Developed Bond Market Improved Government Debt Profile

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

- **Public Debt Outstanding** (as of Sep 2012) = **4.9 THB Trillion (45.45% of GDP)**
- **Total GOVT Debt** (Direct + FIDF) = **3.46* THB Trillion (70% of Public Debt)**
 - *Excluded 52,647 THB Mill. of Foreign Debt
 - **Average-Time-to-Maturity (ATM)** = **7yrs 6mths**
 - **Average Cost** = **4.5%**
 - **Fixed : Floating Ratio** = **86 : 14**
- **Well-Developed Bond Market Improved GOVT Direct Debt Profile Dramatically**
 - **Average-Time-to-Maturity (ATM)** = **8yrs 10mths**
 - **Average Cost** = **4.3%**
 - **Well-Balanced Fixed : Floating Ratio** = **87 : 13**
 - **Well-Distributed Maturity Profile** = **51-21-28**
- **Full Capacity of All Government Funding Instruments (FY2013) → 1,150,000 THB Mil.**
- **Maturity Profile of GOVT Funding Instruments (Strategic Framework)**
 - **Average-Time-to-Maturity (ATM)** = **9yrs**
 - **Fixed : Floating Ratio** = **65 : 35**
 - **Maturity Distribution Profile** = **50-30-20**
- **Forecast Public Debt to GDP**



Public Debt Outstanding (as of Sep 2012) = 4.9 THB Trillion (45.45% of GDP)

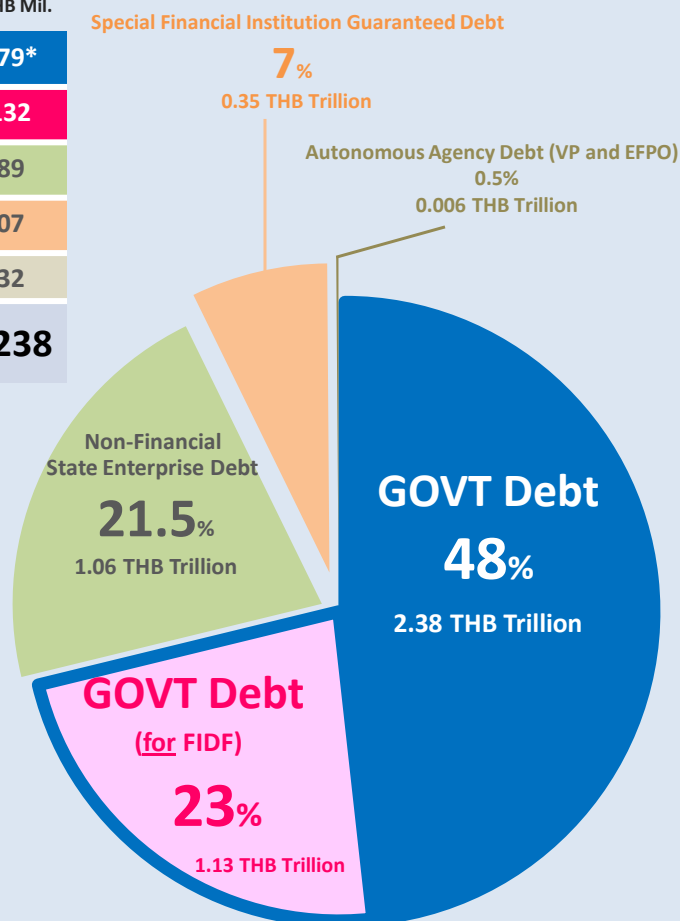
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Components of Public Debt

Units : THB Mil.

1. Government Debt (excluded FIDF)	2,381,879*
2. Government Debt (for FIDF)	1,133,132
3. Non-Financial State Enterprise Debt	1,064,289
4. Special Financial Institutions Guaranteed Debt	352,207
5. Autonomous Agency Debt (VP and EFPO)	5,732
Public Debt Outstanding (as of Sep 2012)	4,937,238

*Including 52,647 THB Mil. of External Debt





Total GOVT Debt = 3.46* THB Trillion

(70% of Public Debt)

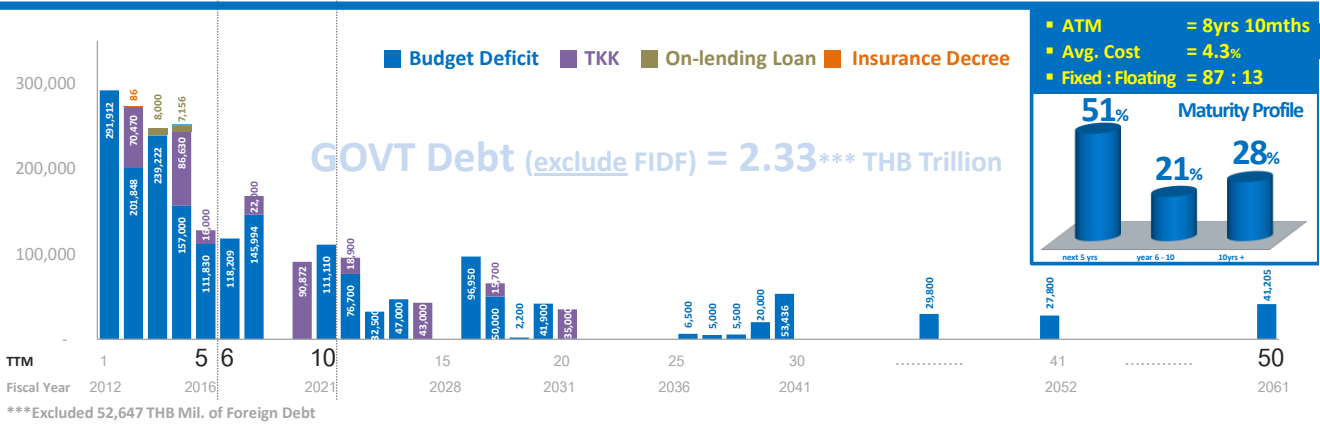
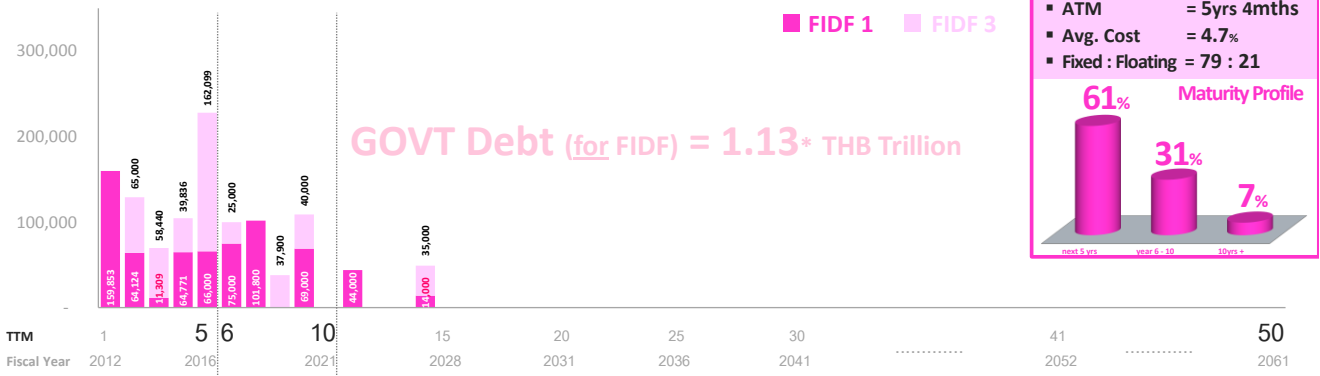
* Excluded 52,647 THB Mil. of Foreign Debt

- Average-Time-to-Maturity (ATM) = 7yrs 6mths
- Average Cost = 4.5%
- Fixed : Floating = 86 : 14

As of Sep 2012

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

Assumptions : 6 months BIBOR = 3.23%, 6 months Fixed Deposit Rate = 2.58%



***Excluded 52,647 THB Mil. of Foreign Debt



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

- ATM Lengthened
- Cost Lowered
- Well-Balanced Fixed-Floating Ratio
- Well-Distributed Maturity Profile

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

Note : Government Direct Debt = 2.33 THB Million

	As of Dec 2007	As of Sep 2012
Average-Time-to-Maturity LENGTHENED by 3 ½ yrs ↑	ATM 5yrs 3mths	ATM 8yrs 10mths
Avg. Cost LOWERED by 20 bps ↓ (While ATM Lengthened by 3 ½ yrs)	Avg. cost 4.5%	Avg. cost 4.3%
Well-Balanced Fixed/Floating Ratio (Target : Fixed/Float ratio = 80 : 20)	Floating 10% Fixed 90%	Floating 13% Fixed 87%
Well-Distributed Maturity Profile Target : Maturing Debt in the next 5 yrs is less than 50% of Total Debt	Maturity Profile as of Dec 2009 61% (next 5 yrs), 24% (year 6-10), 15% (10yrs +)	Maturity Profile as of Sep 2012 51% (next 5 yrs), 21% (year 6-10), 28% (10yrs +)



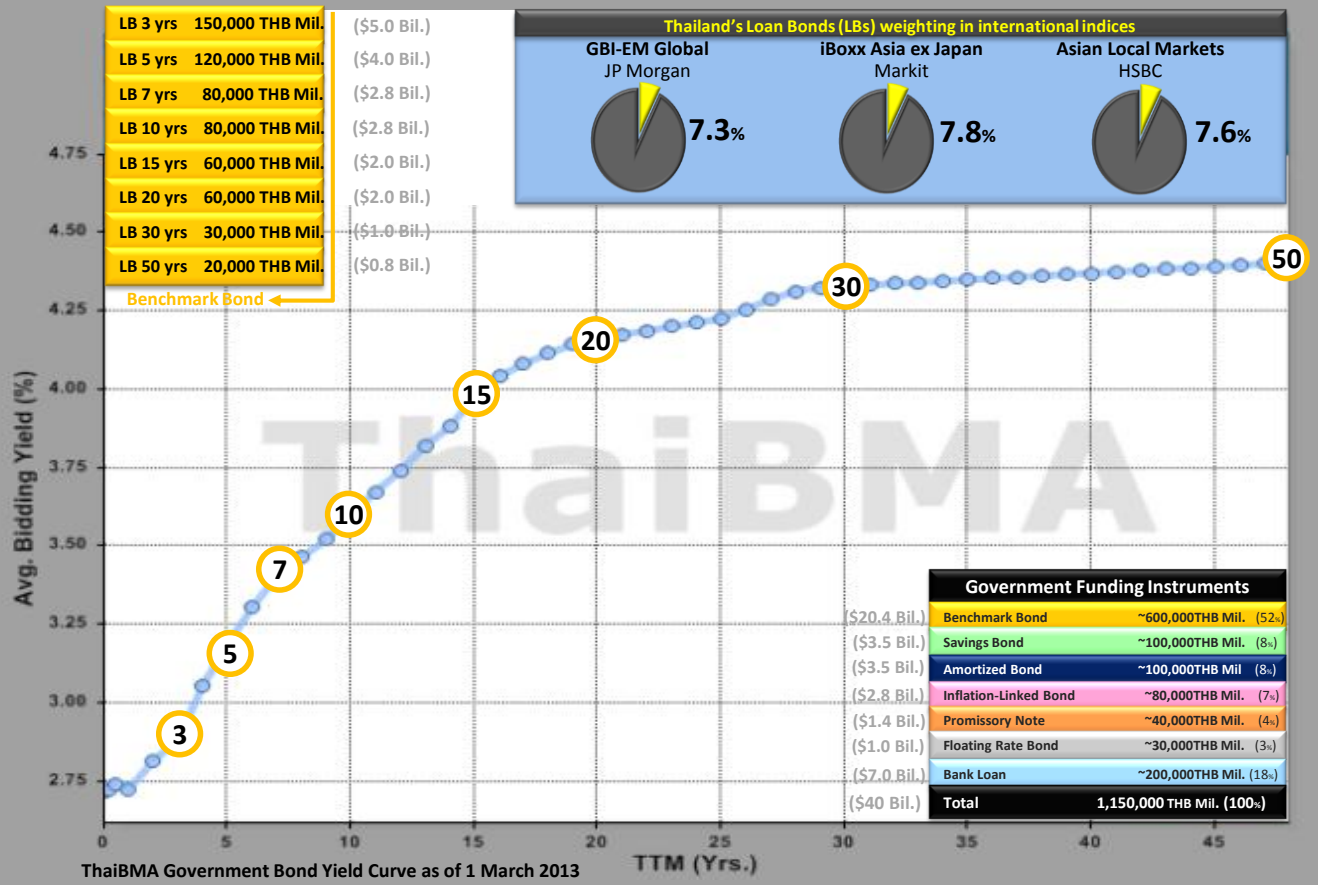
Full Capacity* of All Government Funding Instruments

* Under favorable market liquidity + using All funding instruments

1,150,000 THB Mil. per Year

(\$40 Bil.)

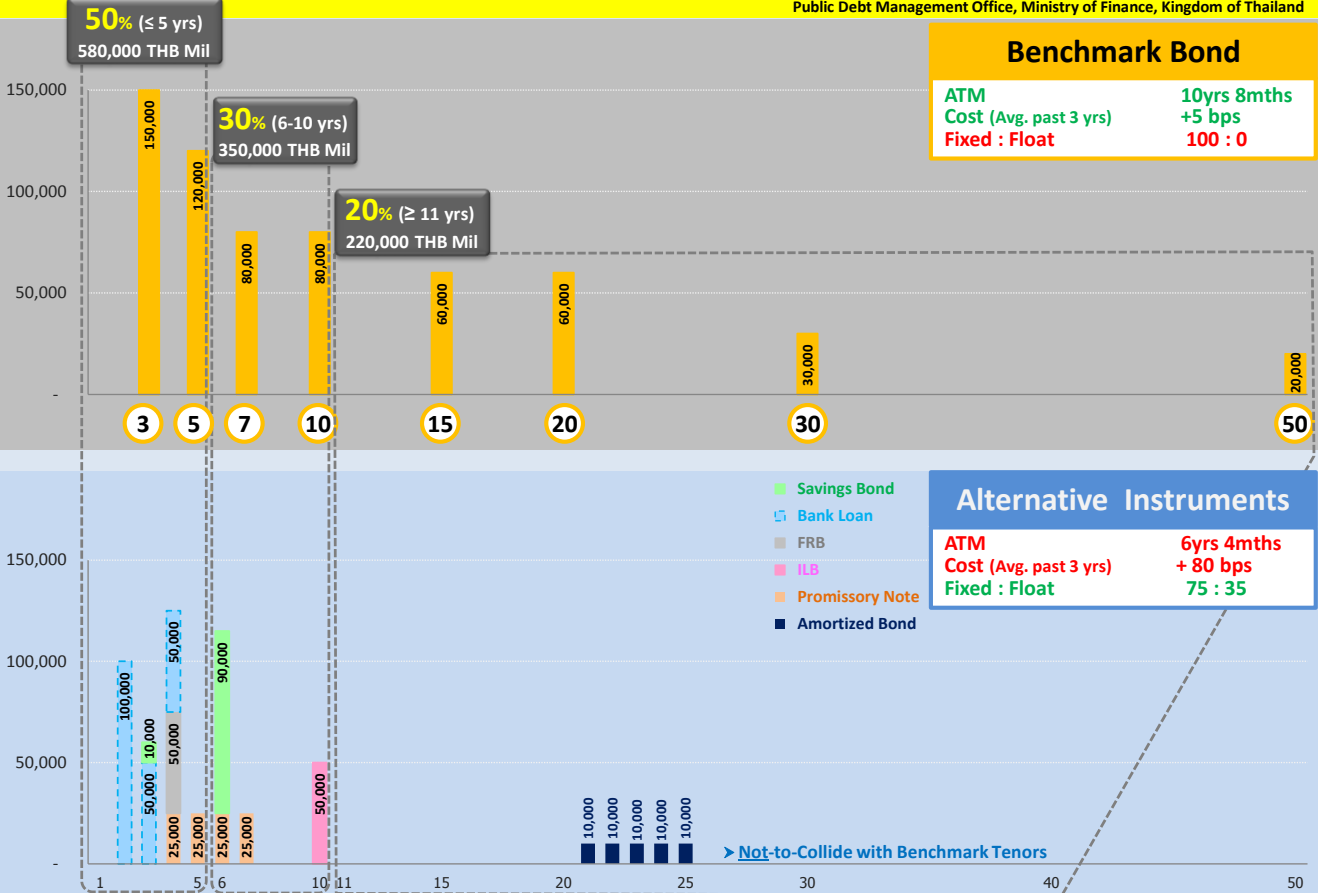
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



Maturity Profile of GOV'T Funding Instruments (Strategic Framework)

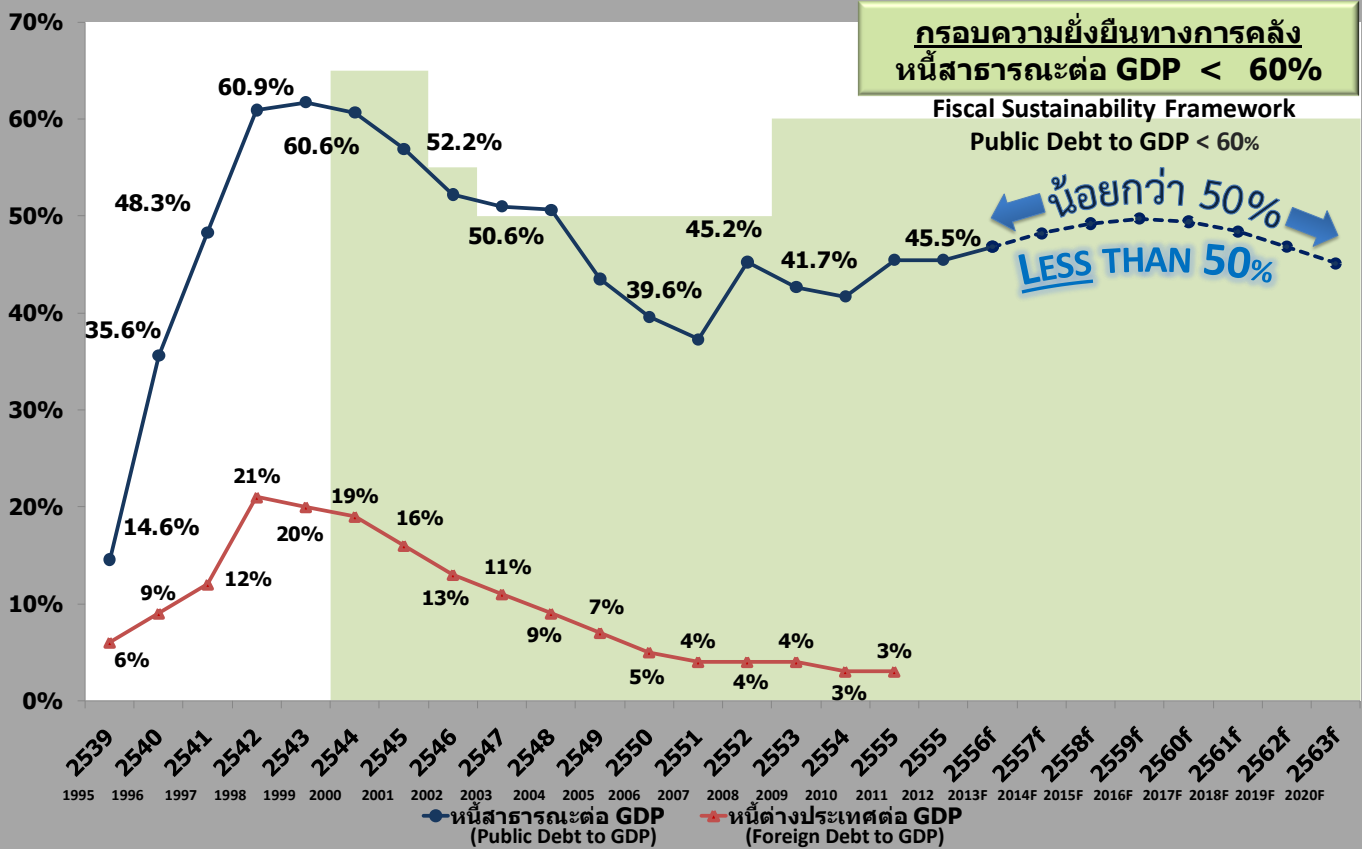
(A) ATM = 9 yrs (B) Fixed : Float = 65 : 35
(C) Maturity Distribution Profile 50 - 30 - 20

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





ประมาณการหนี้สาธารณะต่อ GDP Forecast Public Debt to GDP



ที่มา : สำนักงานบริหารหนี้สาธารณะ, กระทรวงการคลัง

Public Debt Management Office, Ministry of Finance



CGIF

H1/FY 2013 HIGHLIGHTS

- ✓ **FY2013 15-year Inflation-Linked Bond**
- ✓ **FY2013 Inaugural 25-year Back-End Amortized Loan Bond (LBA)**
- ✓ **MOF Outright PD's Privilege → Exclusivity on 5-year Benchmark Bond**



Structure of 15-year Inflation-Linked Bond (15-yr 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-year	
Programme Size	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)	
Real Yield	1.25%	
Repayment Method	Bullet	
Issue Date	13 March 2013	
Joint Lead Managers	1. Bangkok Bank 3. Krung Thai Bank	2. Deutsche Bank AG, Bangkok Branch 4. The Hongkong and Shanghai Banking Corporation, Bangkok Branch



Results from the book-building for Thailand's 15-year Inflation-Linked Bond (ILB) issue

Miss Chularat Suteethorn, Director-General, Public Debt Management Office (PDMO), discloses that the book-building exercise for the Kingdom of Thailand's new 15-year THB 40 billion Inflation-Linked Bonds (ILB) has been successfully completed. The result of this transaction helps extending the Thai ILB yield curve to 15 years.

The transaction was arranged by 4 joint lead managers: Bangkok Bank Public Company Limited (BBL), Deutsche Bank Bangkok Branch (DB), the Hongkong and Shanghai Banking Corporation Bangkok Branch (HSBC) and Krungthai Bank Public Company Limited (KTB).

The results of the book-building are summarised as follows:

1. A total of 82 investors expressed interest in the ILBs, with total demand for THB 121 billion in the bonds, or more than 3 times the issue amount.

2. Due to the very high level of demand for the ILBs, the PDMO was able to price at a real yield of 1.25%, the tightest end of the 1.25-1.40% initial guidance.

The PDMO has allocated the bonds to investors as follows:

- Domestic investors were allocated 40% of the issue amount (THB 16 billion). These investors comprise around 30 entities from all sectors which are Government Pension fund, Social Security Office, financial institutions, asset management companies, insurance companies, cooperatives and high net worth retail investors.

- International investors were allocated 60% of the issue amount (THB 24 billion). These offshore investors are large global investment funds and long-term investors, totaling 35 entities from 11 countries. (For instance, Denmark, Germany, Hong Kong, Mexico, Netherlands, Singapore, United Kingdom and etc.)

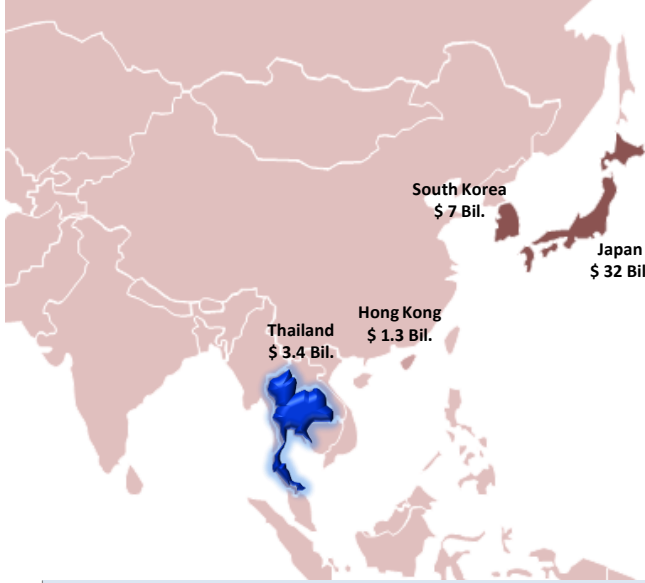
The overwhelming demand for the 15-year ILB supports the PDMO's plan to re-open this bond for further issuance through e-auctions. Furthermore, to ensure the successful development of this ILB, the PDMO will closely monitor this issue's secondary market liquidity and trading conditions before determining the appropriate timing of further issuances and announcing the timing of e-auctions to the market.



Instrument to Hedge Asian Inflation

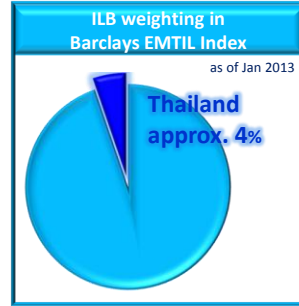
- ✓ First & Only ILB in ASEAN
- ✓ Scarcity Value

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



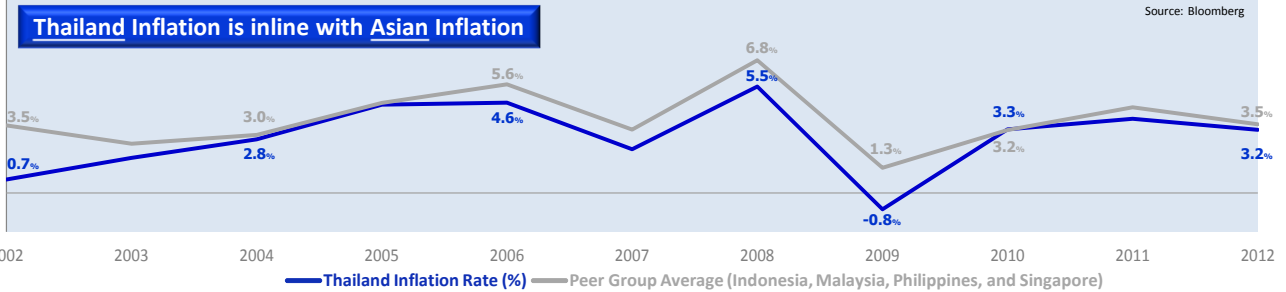
Remarks: - Other Emerging Markets include Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Israel, Kazakhstan, Mexico, Peru, Poland, Russia, South Africa, Thailand, Turkey and Uruguay.

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
- ✓ Turnover Ratio of 1.2
- ✓ Stability in Inflation Index
- ✓ Benchmark 100,000 MB

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





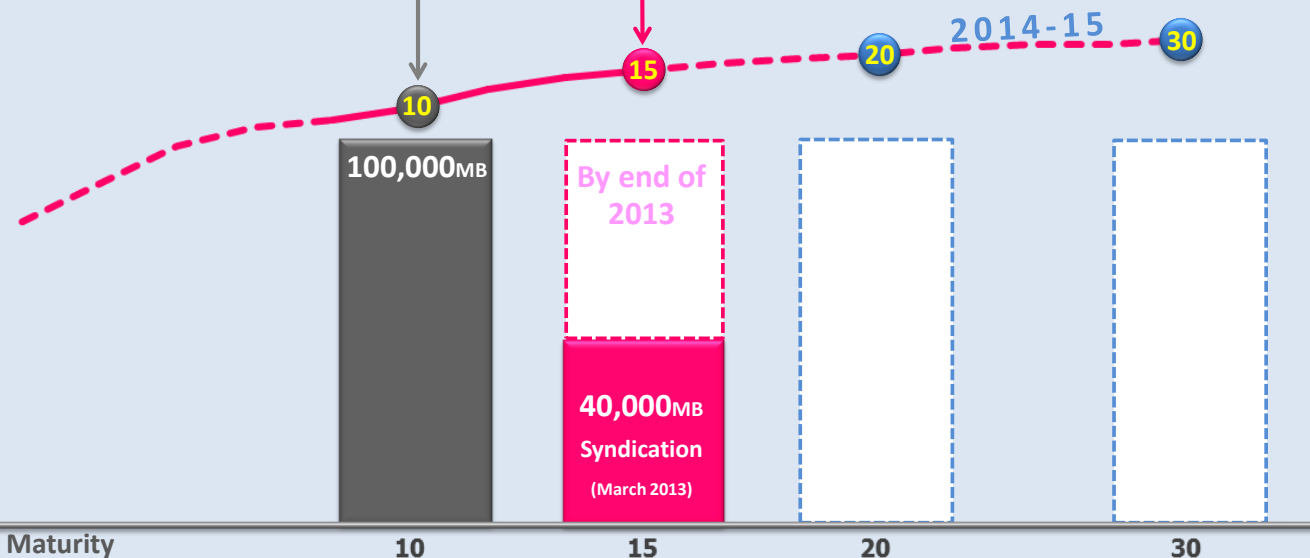
July 2011

Inaugural 10-yr ILB

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

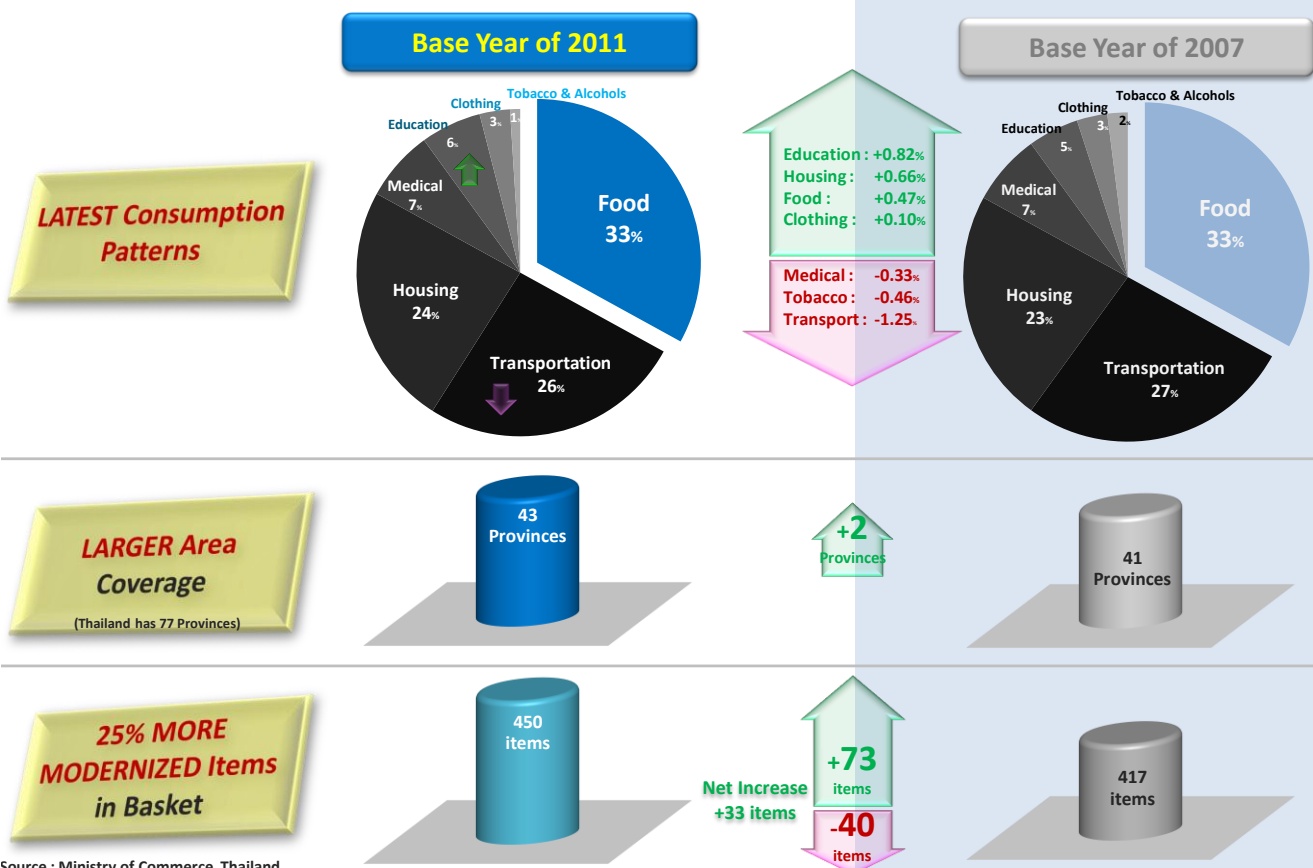
March 2013

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



CPI Rebased to 2011

- Reflect the Latest Consumption Patterns
- Align Composition of Goods & Services to International Standard




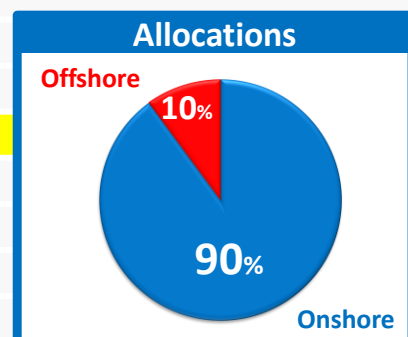


Structure of Amortized Bond (LBA)

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

Indicative Terms & Conditions

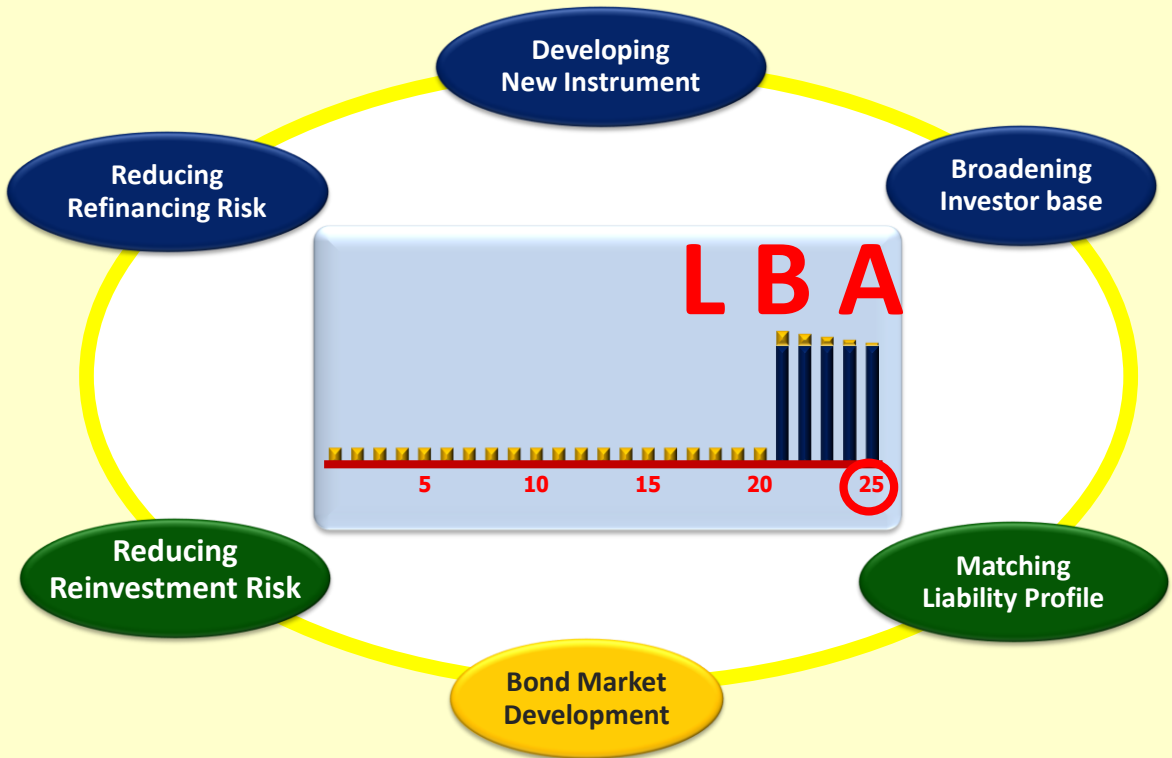
Issuer	The Ministry of Finance of The Kingdom of Thailand
Currency	Thai Baht
Type	Amortized Bond in Registered Form
Programme size	THB 30,000 million (USD 1,000 million equiv.)
Issue Date	12 December 2012
Maturity Date	23 December 2037
Tenor	25 Years
Principal Repayment	5 Equal Annual Principal Repayments Commencing From the End of Year 21 
Interest Payment	Fixed Rate, Payable Every 6 months
Weighted Average Life (WAL)	23 Years
Reference Benchmark	THB Government Bond Yield Curve
Coupon	4.26% p.a.
Listing	The Thai Bond Market Association
Governing Law	The Laws of the Kingdom of Thailand
Documentation	Domestic Documentation
Distribution Method	Syndication: Bangkok Bank Deutsche Bank, Bangkok Branch The Hongkong and Shanghai Banking Corporation, Bangkok Branch





FY2013 Inaugural Amortized Loan Bond (LBA)

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

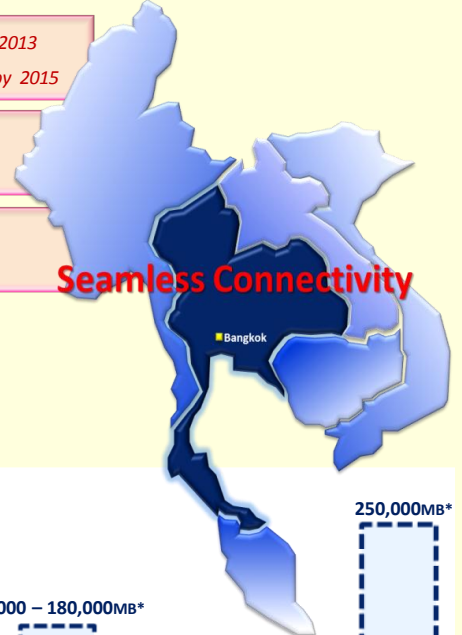


Inaugural "Super-Size" 25-year Back-End Amortized Bond

To Accommodate Infrastructure Investment + Repayment

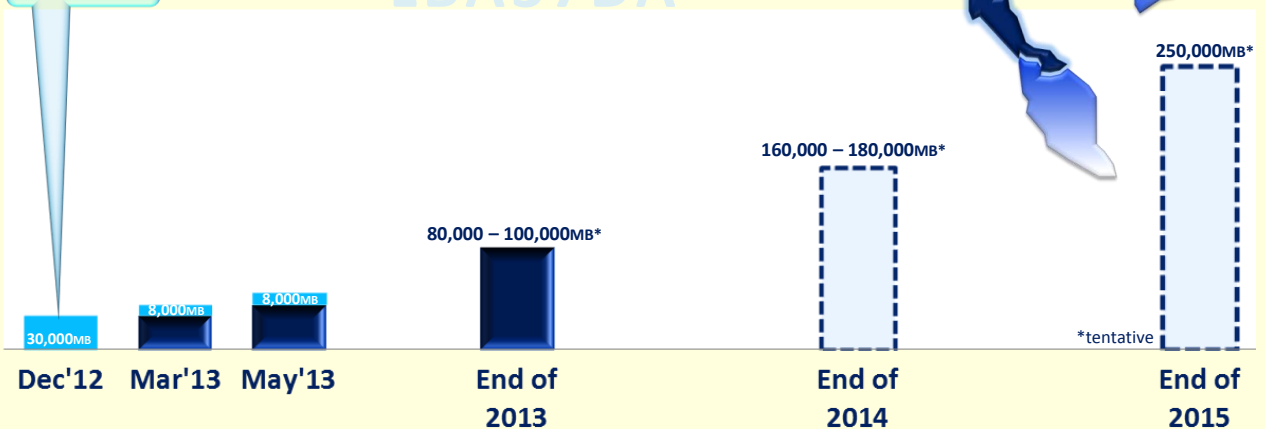
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Development Path	<ul style="list-style-type: none"> ✓ Immediate Task : Build up to 100,000 THB Mil. by the end of 2013 ✓ Next Possible Task : Build up to "Super Size" 250 ,000 THB Mil. by 2015
Target Investors	<ul style="list-style-type: none"> ✓ Pension Fund ✓ Life Insurance Companies
Liquidity Enhancement Measure	<ul style="list-style-type: none"> ✓ Re-opening thru electronic auction every 8 weeks or so ✓ PD's duties as market maker



Inaugural LBA
12/12/12

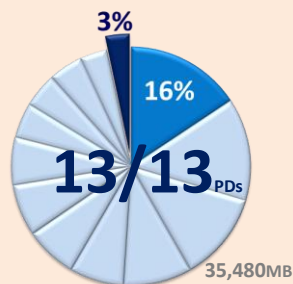
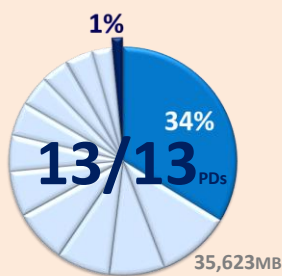
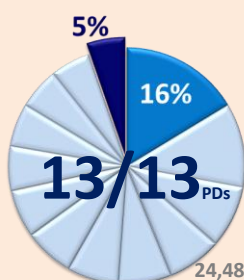
LBA37DA





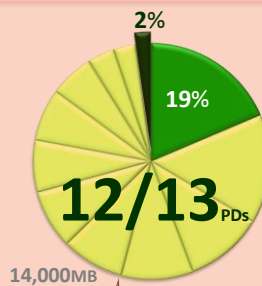
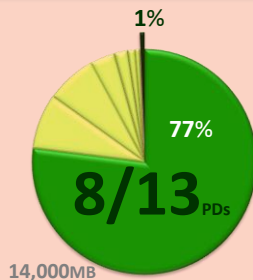
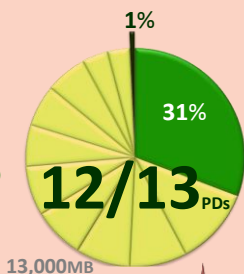
Participated

(Classified by number of PDs and their % share of total participated size)

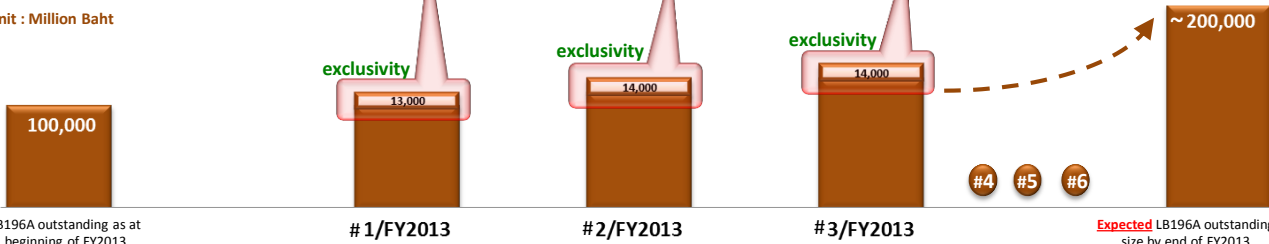


Allocated

(Classified by number of PDs and their % share of total allocated size)



Unit : Million Baht



LB196A outstanding as at beginning of FY2013

Expected LB196A outstanding size by end of FY2013



13 Founding Members of MOF Outright PD

Duties - Privileges - Monitoring

13 MOF Outright Primary Dealers

- ❖ Bangkok Bank PCL.
- ❖ BNP Paribas, Bangkok Branch
- ❖ Citibank N.A., Bangkok Branch
- ❖ Deutsche Bank AG., Bangkok Branch
- ❖ The Hongkong and Shanghai Banking Corporation Limited
- ❖ JPMorgan Chase Bank, Bangkok Branch
- ❖ Kasikornbank PCL.
- ❖ Krung Thai Bank PCL.
- ❖ The Royal Bank of Scotland N.V., Bangkok Branch
- ❖ Siam Commercial Bank PCL.
- ❖ Standard Chartered Bank (Thai) PCL.
- ❖ TMB Bank PCL.
- ❖ KGI Securities (Thailand) PCL.

Duties

1. Primary Market

- Maintain at least 5% share of total issue size of selected tenor 3-yr (LB176A) 5-yr (LB196A) 7-yr (LB21DA) 10-yr (LB236A) and ILB
- Participate in every auction
- Submit bid at least 10% for exclusivity tenor : 5-yr (LB196A)

2. Secondary Market

- Maintain at least 5% share of market trading value
- Submit daily end-of-day price to ThaiBMA

3. Bond Market Development

- Being MOF, BOT, SET and ThaiBMA Partner in developing bond market

Privileges

- Exclusivity in 5-yr tenor of Government Benchmark Bond
- MOF Preferred Counterparty
- Quarterly dialogue with MOF to plan Bond Auction Schedule
- BOT outright counterparty
- Benefit from Incentive program of SET

Monitoring

- Yearly Evaluation (fiscal year) with half-year review
- Regular one-on-one or one-on-group meeting





สำนักงานบริหารหนี้สาธารณะ
PUBLIC DEBT MANAGEMENT OFFICE

**Bond Market Development Bureau, Public Debt Management Office
Ministry of Finance, Kingdom of Thailand**

For Further Information :

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**เป็นมืออาชีพในการบริหารหนี้สาธารณะ
เพื่อการพัฒนาประเทศอย่างยั่งยืน**