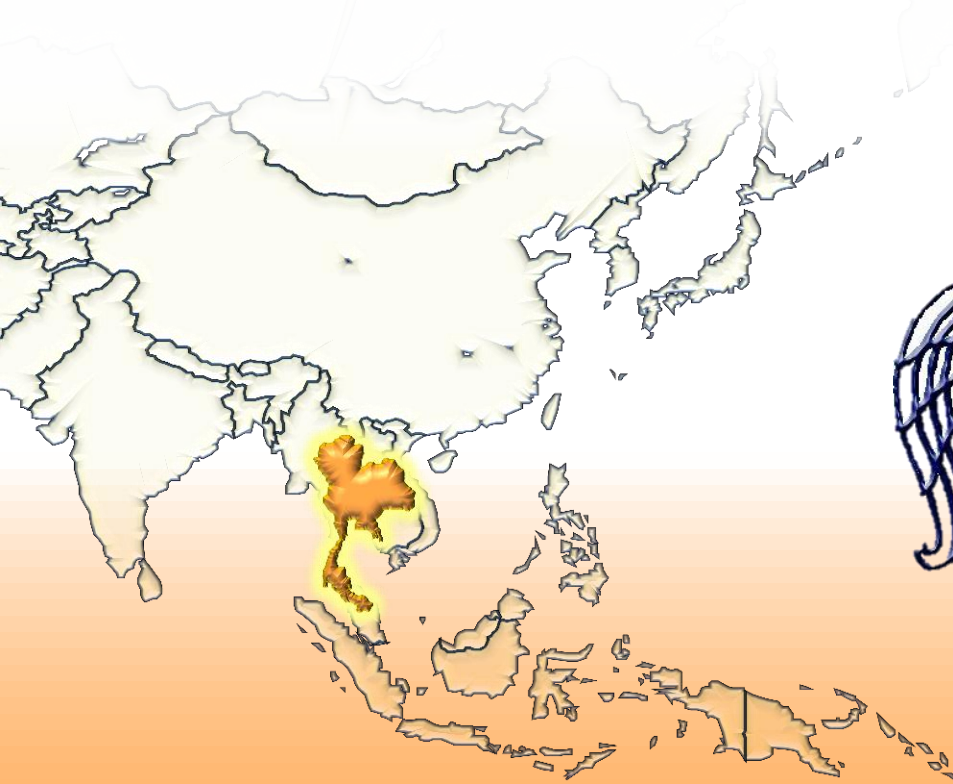


Kingdom of Thailand Bond Market

Financing Thailand's Future & Connecting ASEAN



Highlights

MOF awards 2013 & ILB Achievements
Savings Bond & Money Expo 2014
Government Bond Auction Schedule Q3/FY2014
T-Bill Issuance Program

Progress Update

Greenshoe Option: MOF Outright PDs Privilege in FY2015
Bond Switching & Consolidation Work Plan
GGLB Rollover Plan
Towards ASEAN "Preferred Destination"

Basic & Essentials

- *Public Debt Outstanding and Its Composition*
- *Bond Market Capitalization and Its Composition*
- *Total GOVT Bond Supply Issuing in FY2014*
- *Government Bond Auction Result in First Half of FY2014*
- *Non-Resident Holding in Domestic Bond*

Q3/FY2014



Domestic Bond Market Development

A. Highlights

- MOF Awards 2013 & ILB Achievements
- Savings Bond & Money Expo 2014
- Government Bond Auction Schedule Q3/FY2014
- T-Bill Issuance Program

1

B. Progress Update

- Greenshoe Option : MOF Outright PDs Privilege in FY2015
- Bond Switching & Consolidation Work Plan
- GGLB Rollover Plan
- Towards ASEAN “Preferred Destination”

12

C. Basic & Essentials

- Public Debt Outstanding and Its Composition (As of Jan 2014) = 5,466,198 THB Mil.
(45.75% of GDP)
- Bond Market Capitalization and Its Composition (As of Mar 2014) = 9,202,573 THB Mil.
(76% of GDP)
- Total GOVT Bond Supply Issuing in FY2014
- GOVT Bond Auction Result in First Half of FY2014
- Non-Resident Holding in Domestic Bond
 - NR Holding in THB Bond (As of Mar 2014) = 679,137 THB Mil.
(GOVT Bond : 559,677 THB Mil., BOT Bond 118,713 THB Mil., Corp Bond : 747 THB Mil.)
 - Net Change in NR Holding (Jan – Mar 2014) = -28,238 THB Mil.
(GOVT Bond : Net Sell -36,164 THB Mil., BOT Bond : Net Buy +7,926 THB Mil.)

18

A: Highlights

- ***MOF Awards 2013 & ILB Achievements***
- ***Savings Bond & Money Expo 2014***
- ***Government Bond Auction Schedule Q3/FY2014***
- ***T-Bill Issuance Program***

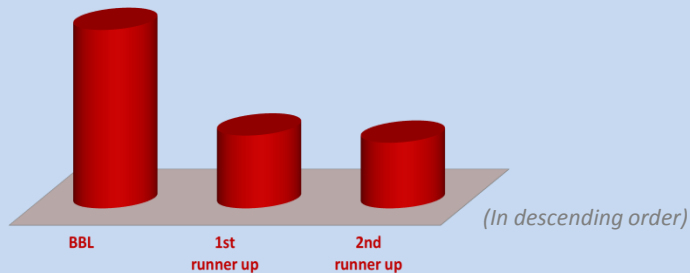
MOF Awards 2013

Presented at Best Bond Awards 2013 on April 1, 2014
Organized by Thai Bond Market Association

Best Primary Market Contributor*

Winner : Bangkok Bank Public Company Limited

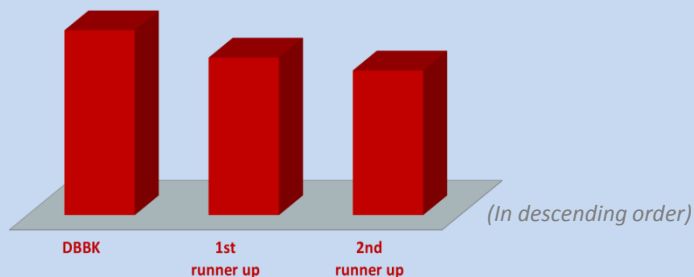
Runner Ups : Kasikorn Bank Public Company Limited
(In alphabetical order) : Krung Thai Bank Limited



Best Secondary Market Contributor**

Winner : Deutsche Bank AG., Bangkok Branch

Runner Ups : Bangkok Bank Public Company Limited
(In alphabetical order) : Citibank N.A.



*Highest percentage share of allocation of all GOVT Bonds issued in FY2013 in the primary market.
**Highest percentage share of trading of all GOVT Bonds issued in FY2013 in the secondary market.
There are approximately 25-30 participants in the market.

MOF Awards 2013

Presented at Best Bond Awards 2013 on April 1, 2014

Organized by Thai Bond Market Association

Best Ministry of Finance's Counterparty***

Winners : Bangkok Bank Public Company Limited
(Tied) : The Hongkong and Shanghai Banking Corporation Limited



Deutsche Bank AG., Bangkok Branch



Bangkok Bank PCL.



The Hongkong and Shanghai Banking Corporation Limited

*** Highest scores voted by PDMO's Executives

Looking Back @ ILB

- ✦ Innovation for sophisticated investors
- ✦ Instrument to hedge against Asian Inflation
- ✦ First and only ILB in ASEAN since 2011
- ✦ Achievement awards



Deal of the Year 2013
From Best Bond Awards 2013 (Thai Bond Market Association)
 (L) Dr. Prasarn Trairatvorakul, Governor, Bank of Thailand
 (R) Ms. Chularat Suteethorn, Director General
 Public Debt Management Office, Ministry of Finance
 1 April, 2014



- Best Thailand Deal 2011
 - Best Local Currency Bond 2011
From Finance Asia Achievement Awards 2011
 Mr. Suwit Rojanavanich, Bond Market Advisor, PDMO, MOF
 2 February, 2012 (Hong Kong)



- Deal of the Year 2011
 - Most Creative Issue 2011
From Best Bond Awards 2011 (Thai Bond Market Association)
 (L) Dr. Prasarn Trairatvorakul, Governor, Bank of Thailand
 (R) Dr. Pimpen Ladpli, Acting Executive Director, Bond Market Development Bureau
 10 May, 2012 (Bangkok)



Best Sovereign Bond Deal of the Year 2013 in Southeast Asia
At The 7th Annual Alpha Southeast Asia Deal and Solution Awards 2013
 (R) Mr. Nattakarn Boonsri
 Director, Government Bond Market Development Division
 23 January, 2014 (Kuala Lumpur)



- Best Sovereign Bond Deal of the Year 2013 in Southeast Asia

Thailand Capital Market Deal of the Year 2011



- Best Thailand Deal 2011
- Best Local Currency Bond 2011

Outstanding Issuer of the Year 2011



- Best Thailand Deal of the Year 2011
- Best Sovereign Bond of the Year 2011

The Most Impressive Local Currency Bond 2011



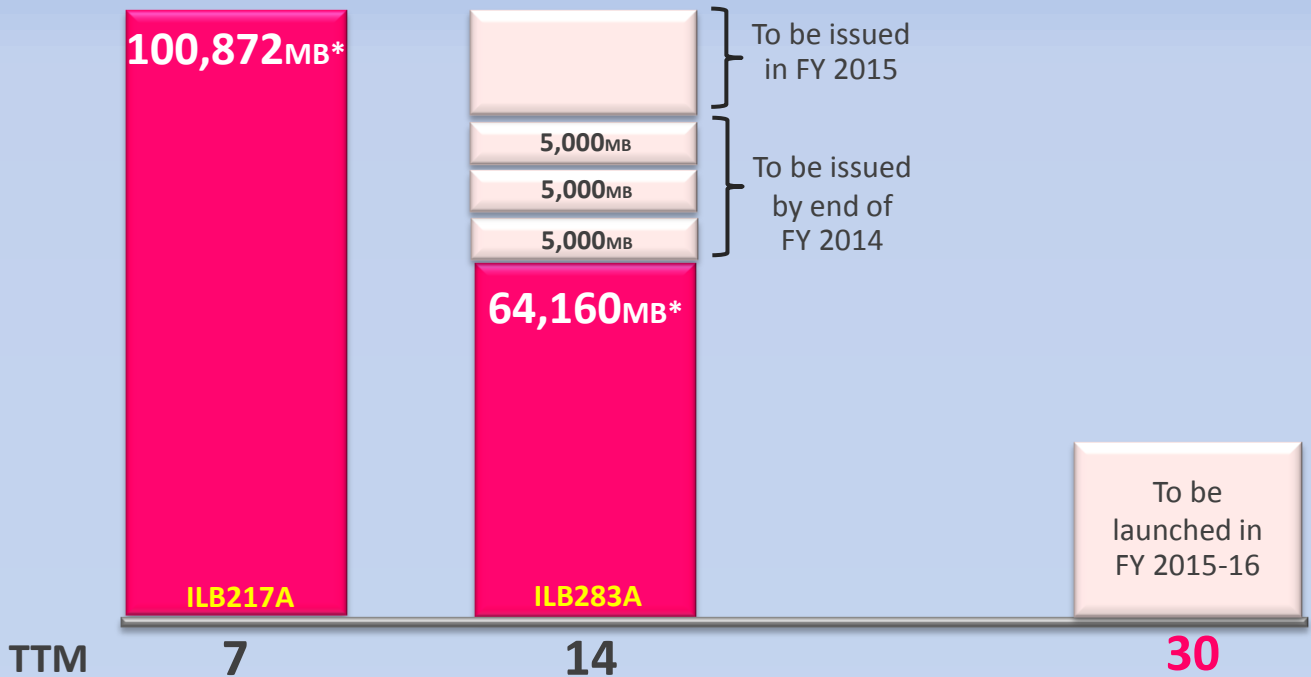
- Deal of the Year 2011
- Most Creative Issue 2011
- Deal of the Year 2013

Deal of the Year 2011



Looking Forward

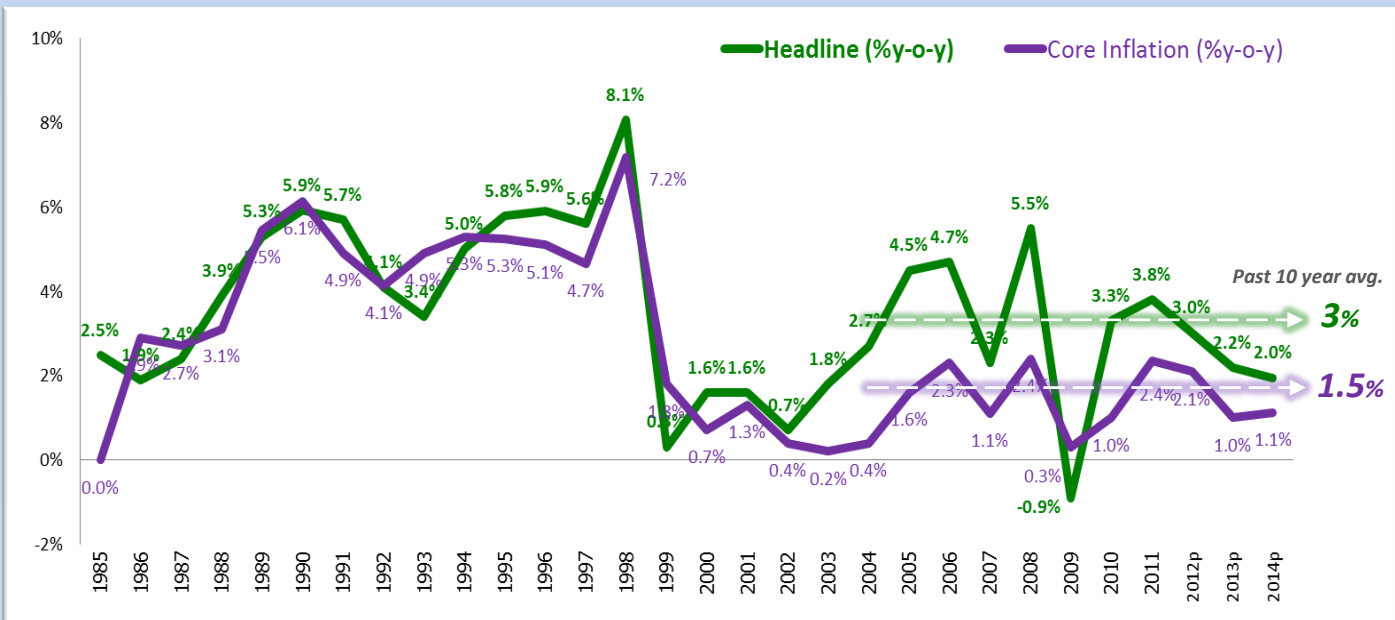
- ✿ Building up ILB283A to 100,000 MB
- ✿ Enforcing market making responsibility as PDs' duties
- ✿ Possible issuance of 30yr ILB to extend ILB Yield Curve
- ✿ Including in global indices (1.6% weight in Barclays EMGILB Ex-Argentina Ex-Columbia Constrained Index, as of April 2014)



* Outstanding at the end of Q2/FY14

Thailand's Inflation during the past 3 decades "Moderate & Stable"

(headline = 3.5% / core = 2.8%) (1985-2014 avg.)



The Launch of
SAVINGS BOND*
 (SB175A)
 3-year tenor



MONEY EXPO 2014
 Impact Challenger Hall 2 – 3
 8th – 11th May 2014
 Public Debt Management Office Booth [M2]

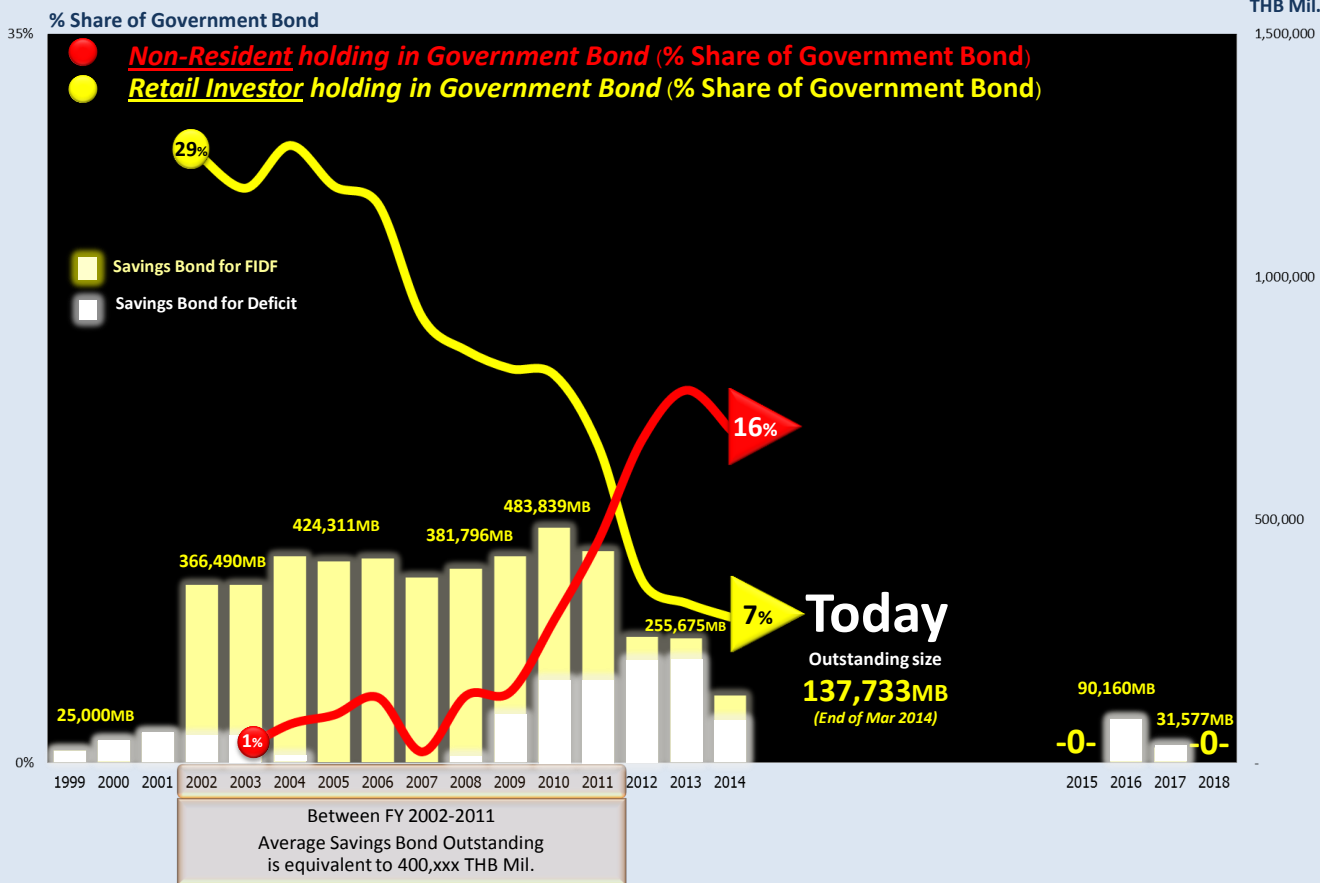
* Eligible for Individuals and Non-Profit Institutions such as foundations, Thai Red Cross Society, and the National Council on Social Welfare of Thailand



SAFE HAVEN
SAVINGS BOND

See you at
PUBLIC DEBT MANAGEMENT OFFICE
 (Booth # M2)

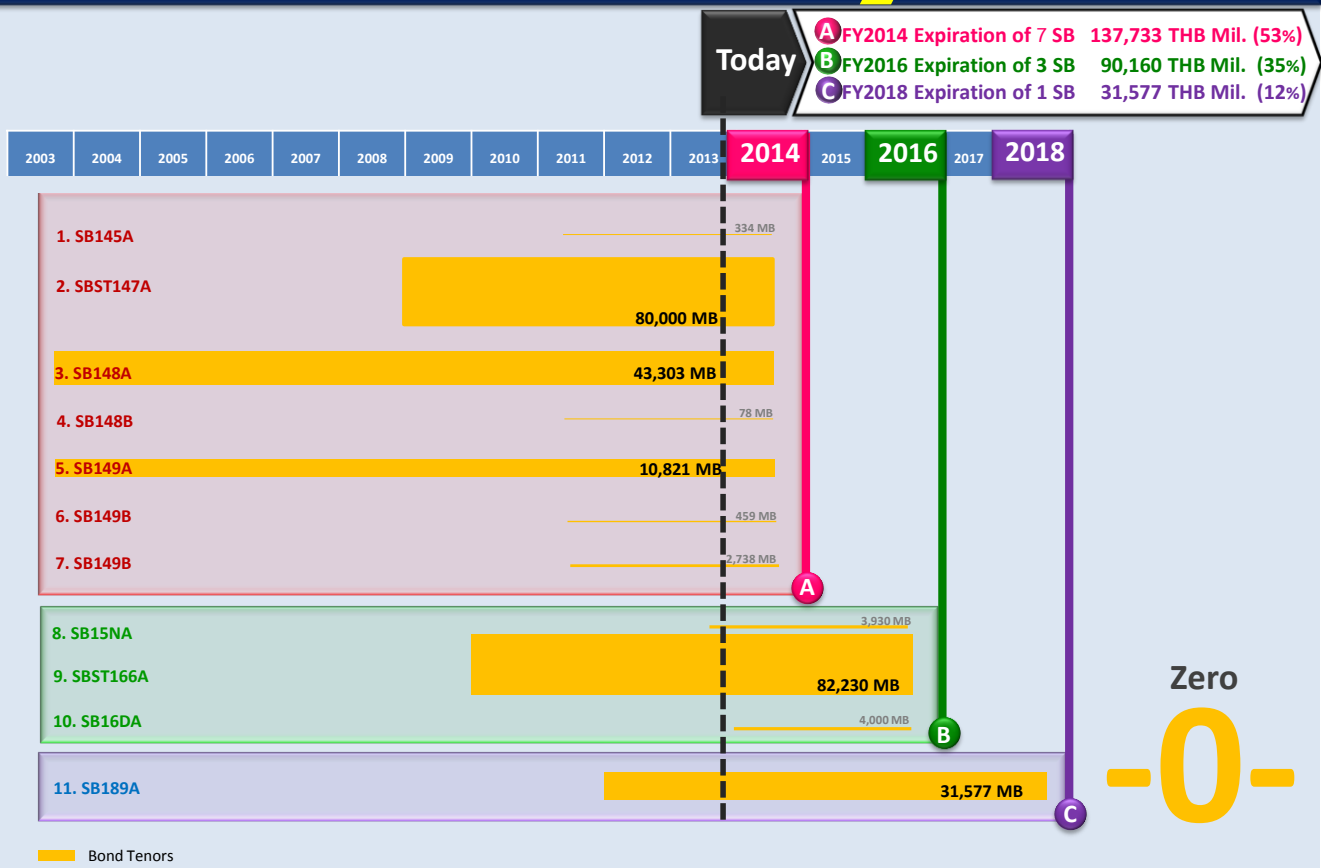
Structure Shift... between Non-Resident and Retail Investor Holding in GOVT BOND



Savings Bond : The Safe Haven for Retail

(Current Outstanding : 259,470 THB Mil. , 11 Series)

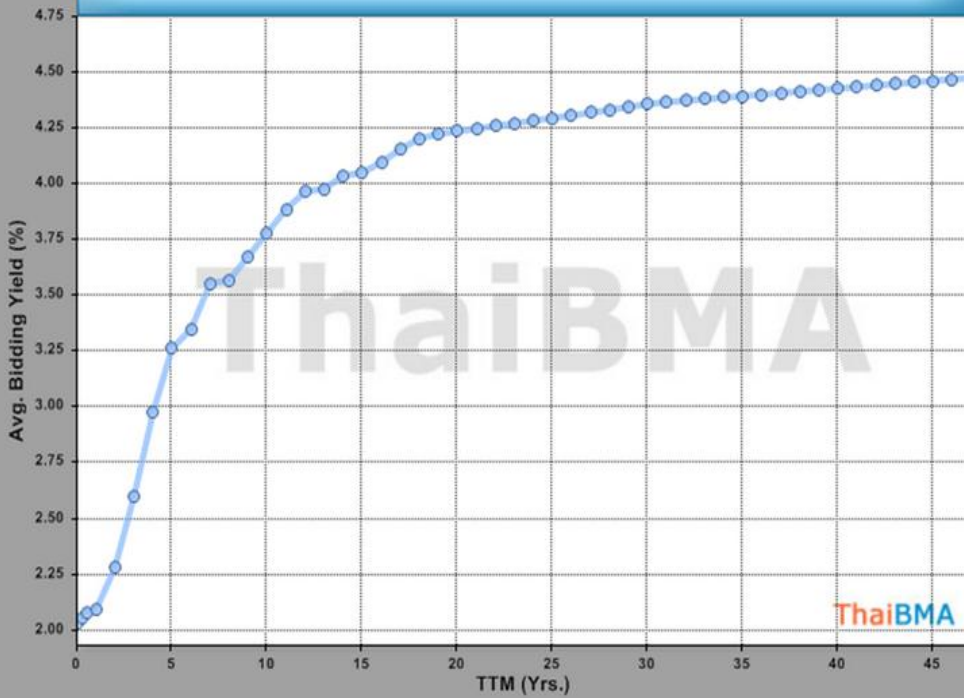
The last series will expire in FY 2018



Auction Date	LB196A 5-yr	LB236A 10-yr	ILB283A 15-yr	LB296A 15-yr	LBA37DA 25-yr	LB446A 30-yr	LB616A 50-yr	Total
2-Apr-2014								-
9-Apr-2014	20,000		5,000					25,000
16-Apr-2014								-
23-Apr-2014								-
29-Apr-2014				10,000			9,000	19,000
7-May-2014								-
14-May-2014					15,000			15,000
21-May-2014								-
28-May-2014						9,000		9,000
4-Jun-2014		16,000						16,000
11-Jun-2014	20,000							20,000
18-Jun-2014								-
25-Jun-2014							9,000	9,000
Total	40,000	16,000	5,000	10,000	15,000	9,000	18,000	113,000
Coupon	3.875%	3.625%	1.25%	4.875%	4.26%	4.675%	4.85%	
Maturity Date	13-Jun-2019	16-Jun-2023	12-Mar-2028	22-Jun-2029	12-Dec-2037	29-Jun-2044	17-Jun-2061	

- หมายเหตุ: 1. LB196A = พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 8 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2552 ครั้งที่ 13)
 2. LB236 = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในเชิงประมาณ พ.ศ. 2553 ครั้งที่ 1)
 3. ILB283A = พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเฟ้อ ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเฟ้อ ในเชิงประมาณ พ.ศ. 2556 ครั้งที่ 2)
 4. LB296A = พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 9 (Re-open พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2553 ครั้งที่ 2)
 5. LBA37DA = พันธบัตรรัฐบาลประเภทของชำระคืนเงินต้น ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาลประเภทของชำระคืนเงินต้น ในเชิงประมาณ พ.ศ. 2556)
 6. LB446A = พันธบัตรรัฐบาลเพื่อการบริหารหนี้ ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 3)
 7. LB616A = พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 10 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ ในเชิงประมาณ พ.ศ. 2557 ครั้งที่ 5 (Re-open พันธบัตรรัฐบาล ในเชิงประมาณ พ.ศ. 2554 ครั้งที่ 9)

ThaiBMA Government Bond Yield Curve
as of 31 Mar 2014



TTM (Yrs.)	Yield (%)
0.08	2.03
0.25	2.06
0.50	2.08
1	2.09
2	2.28
3	2.60
4	2.98
5	3.26
6	3.35
7	3.56
8	3.57
9	3.68
10	3.78
11	3.89
12	3.97
13	3.98
14	4.04
15	4.05
16	4.10
17	4.16
18	4.20
19	4.23
20	4.24
21	4.25
22	4.26
23	4.27
24	4.28
25	4.30
26	4.31
27	4.32
28	4.33
29	4.35
30	4.36
31	4.37
32	4.37
33	4.38
34	4.39
35	4.39
36	4.40
37	4.41
38	4.42
39	4.42
40	4.43
41	4.44
42	4.44
43	4.45
44	4.46
45	4.46
46	4.47
47	4.48

Symbol	Avg. Bidding Yield (%)	Change Yield (bp)	Avg. Bid-Offer Spread (bp)	Maturity	TTM (yrs.)
T-BILL1M	2.034172	0	3		0.076712
T-BILL3M	2.058837	0	4		0.249315
T-BILL6M	2.077937	0	4		0.498630
T-BILL1Y	2.094292	0	3		1.000000
LB155A	2.147662	0	3	22/05/2015	1.142466
LB157A	2.115570	0	3	07/07/2015	1.268493
LB15DA	2.176228	0	4	11/12/2015	1.698630
LB167A	2.401658	-1	5	27/07/2016	2.326027
LB16NA	2.513403	0	5	18/11/2016	2.638356
LB171A	2.546208	0	4	18/01/2017	2.805480
LB175A	2.630288	0	3	26/05/2017	3.156164
LB176A	2.655391	0	3	16/06/2017	3.213699
LB170A	2.809017	-1	6	10/10/2017	3.531507
LB183A	2.964470	-1	5	07/03/2018	3.936986
LB183B	2.961702	-1	6	13/03/2018	3.953425
LB191A	3.281361	1	7	12/01/2019	4.789041
LB193A	3.286952	1	5	08/03/2019	4.939726
LB196A	3.189512	-1	3	13/06/2019	5.205480
LB198A	3.142032	-1	2	13/08/2019	5.372603
LB19DA	3.157755	-2	1	03/12/2019	5.679452
LB213A	3.557573	-1	4	31/03/2021	7.005479
LB214A	3.552200	-1	5	09/04/2021	7.030137
LB21DA	3.541250	-1	3	17/12/2021	7.720548
LB22NA	3.574380	0	3	08/11/2022	8.613699
LB233A	3.622694	0	3	13/03/2023	8.956164
LB236A	3.699688	0	3	16/06/2023	9.216438
LB244A	3.811552	0	5	09/04/2024	10.032880
LB24DA	3.883946	0	7	20/12/2024	10.731510
LB25DA	3.963906	-1	8	12/12/2025	11.709590
LB267A	3.924820	-1	7	07/07/2026	12.276710
LB27DA	3.987948	-2	5	17/12/2027	13.723290
LB283A	4.037815	0	7	13/03/2028	13.961640
LB296A	4.054492	0	5	22/06/2029	15.238360
LB316A	4.169604	0	9	20/06/2031	17.232880
LB326A	4.216240	-1	9	25/06/2032	18.249320
LB383A	4.265763	-1	9	13/03/2038	23.967120
LB396A	4.280256	-1	8	13/06/2039	25.219180
LB406A	4.286803	-1	8	22/06/2040	26.246570
LB416A	4.322434	-1	8	14/06/2041	27.224660
LB446A	4.362365	0	9	29/06/2044	30.268490
LB616A	4.478012	0	9	17/06/2061	47.246570

Exclusivity



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.
- 6) The highlighted rows are synthetic quote statistics.



PDDF

BENCHMARK BOND

FISCAL DISCIPLINE

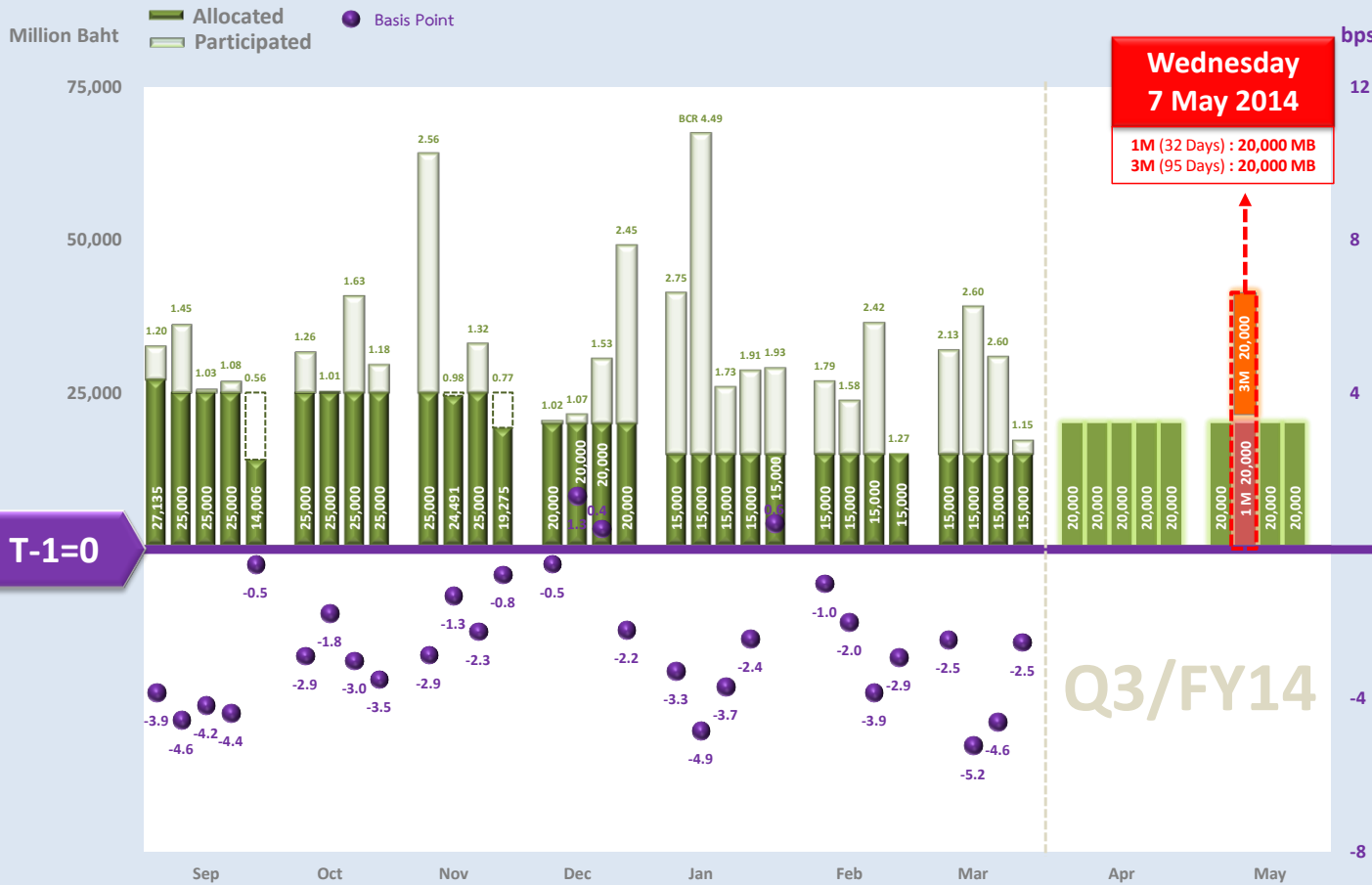
INFLATION-LINKED BOND

FY 2014

T-Bill Supply

- ✓ **To Meet** : Short Term Demand
- ✓ **To Manage** : Funding Risk

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



B: Progress Update

- *Greenshoe Option: MOF Outright PDs Privilege in FY2015*
- *Bond Switching & Consolidation Work Plan*
- *GGLB Rollover Plan*
- *Towards ASEAN “Preferred Destination”*



Current Privilege FY2013-2014

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

“Potential” Privilege to be launched in FY2015

- Greenshoe Option ⇒ 5 years
- ⇒ 10 years

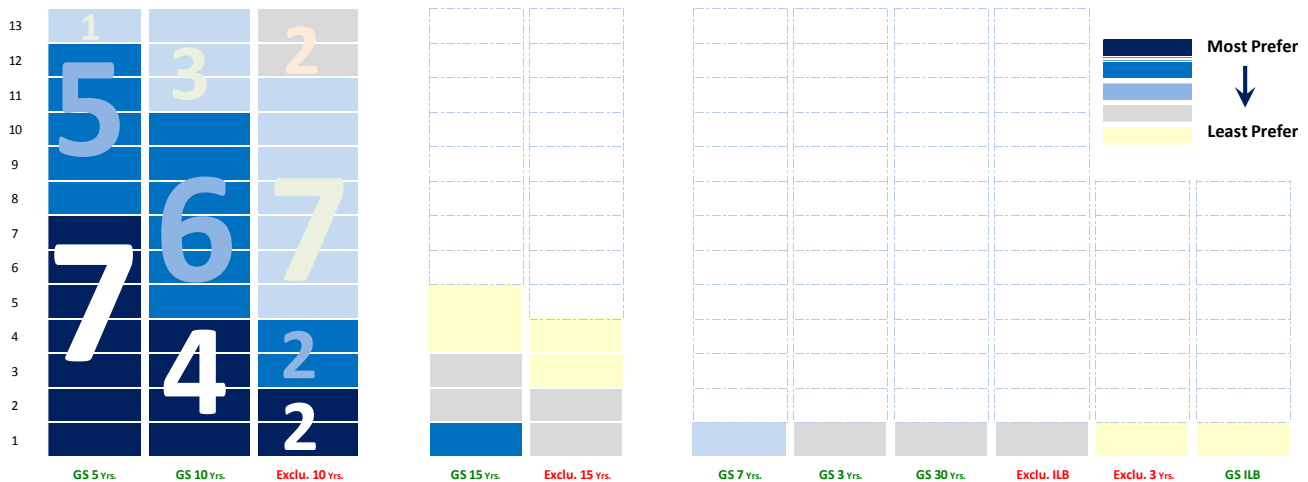
Greenshoe Option

Term and Condition:

- Exercising at the AAY (Average Accepted Yield) Price
- Exercising within 1-2 days next to the auction date (T+1 to T+2)

Right to buy indicated LB in
Additional of 10-20%
of the allocated amount

Survey Results for Upgrade MOF Outright PD Privilege (13/13_{PDs})

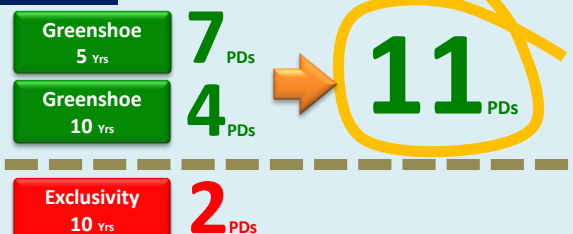


Results from All 13 MOF Outright PDs Between 27 Jan 2014 - 13 Feb 2014

Additional MOF Outright PD Privileges Survey

1. What is the most preferable Additional Privileges?
Please Arrange 1-5 in Space By 1 = Most Prefer 2 = More Prefer
3 = Prefer 4 = Less Prefer
5 = Least Prefer
- ___ Exclusivity in 10 yr. Benchmark Bond
 - ___ Exclusivity in other Tenor of Benchmark Bond please specificyr.
 - ___ Greenshoe Option in 5 yr. Benchmark Bond
 - ___ Greenshoe Option 10 yr. Benchmark Bond
 - ___ Greenshoe Option in other Tenor of Benchmark Bond please specificyr.
2. Other Privileges

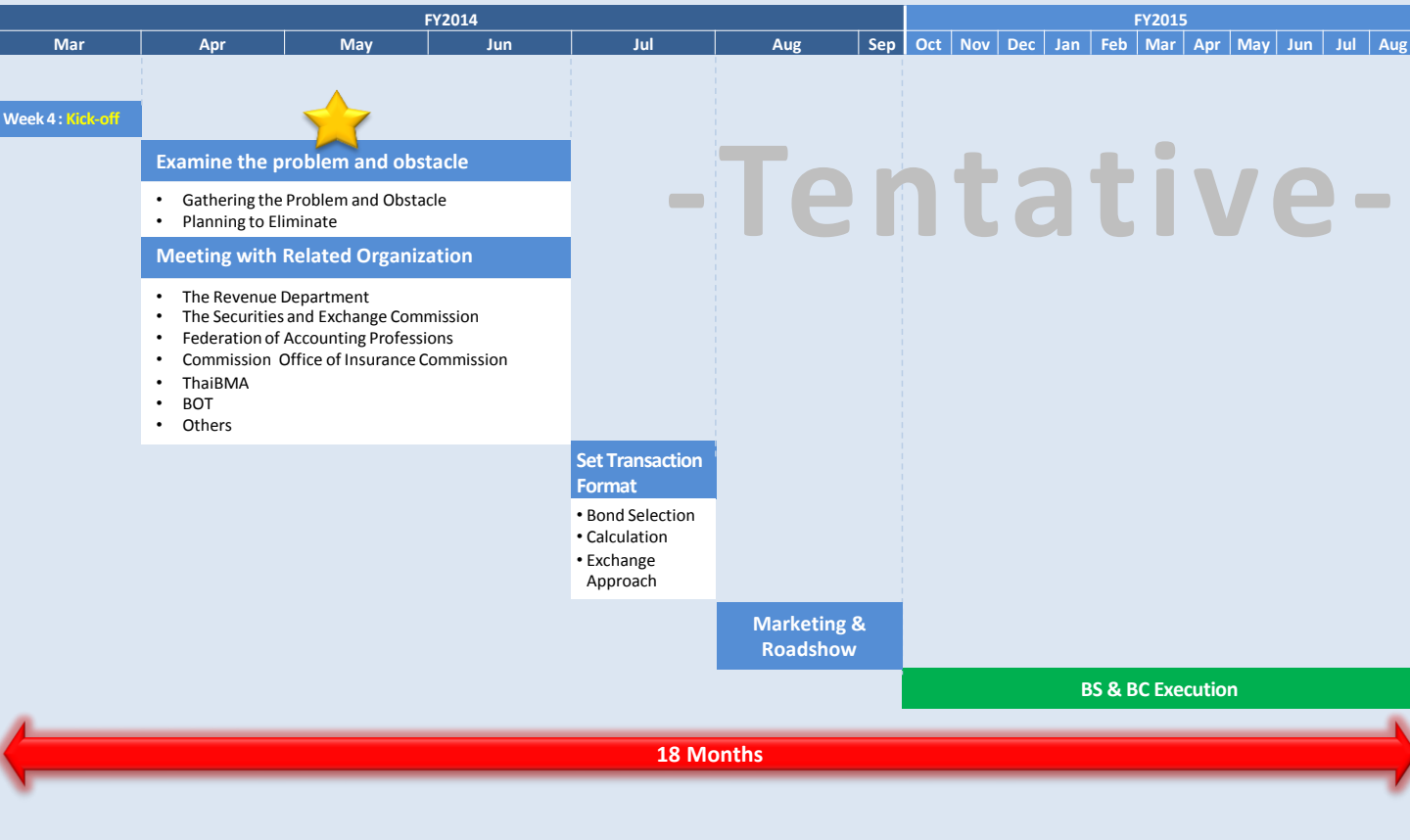
1st Rank





Bond Switching and Bond Consolidation Timeline

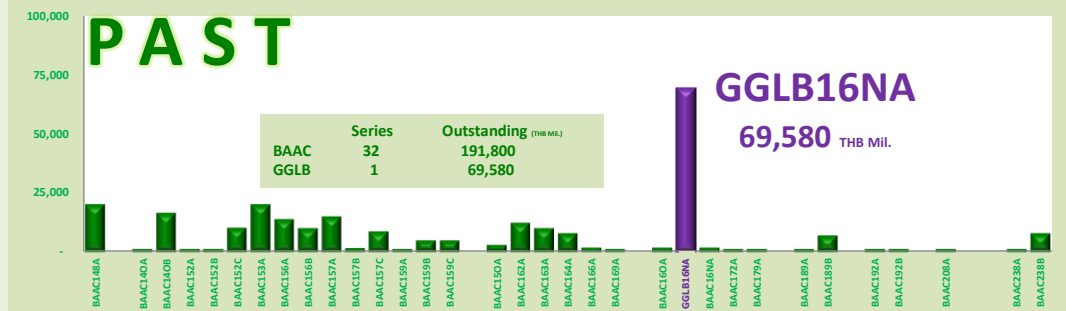
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



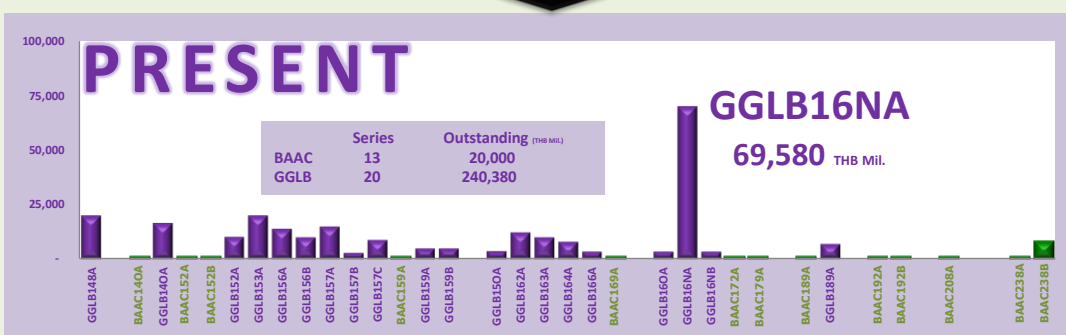
Code Name Changed : Almost BAAC are in the scope of GGLB

GGLB = Bonds of Bank for Agriculture and Agricultural Cooperatives. The principal and interest of the Bonds are guaranteed by the Ministry of Finance, and the Government of Thailand undertakes to make repayments of the principal and interest throughout of the Bonds in all respects

BAAC = Bonds of Bank for Agriculture and Agricultural Cooperatives. The principal and interest of the Bonds are guaranteed by the Ministry of Finance.



Now	29-Mar-14
BAAC148A	GGLB148A
BAAC140A	BAAC140A
BAAC140B	GGLB140A
BAAC152A	BAAC152A
BAAC152B	BAAC152B
BAAC152C	GGLB152A
BAAC153A	GGLB153A
BAAC156A	GGLB156A
BAAC156B	GGLB156B
BAAC157A	GGLB157A
BAAC157B	GGLB157B
BAAC157C	GGLB157C
BAAC159A	BAAC159A
BAAC159B	GGLB159A
BAAC159C	GGLB159B
BAAC150A	GGLB150A
BAAC162A	GGLB162A
BAAC163A	GGLB163A
BAAC164A	GGLB164A
BAAC166A	GGLB166A
BAAC169A	BAAC169A
BAAC160A	GGLB160A
GGLB16NA	GGLB16NA
BAAC16NA	GGLB16NB
BAAC172A	BAAC172A
BAAC179A	BAAC179A
BAAC189A	BAAC189A
BAAC189B	GGLB189A
BAAC192A	BAAC192A
BAAC192B	BAAC192B
BAAC208A	BAAC208A
BAAC238A	BAAC238A
BAAC238B	BAAC238B

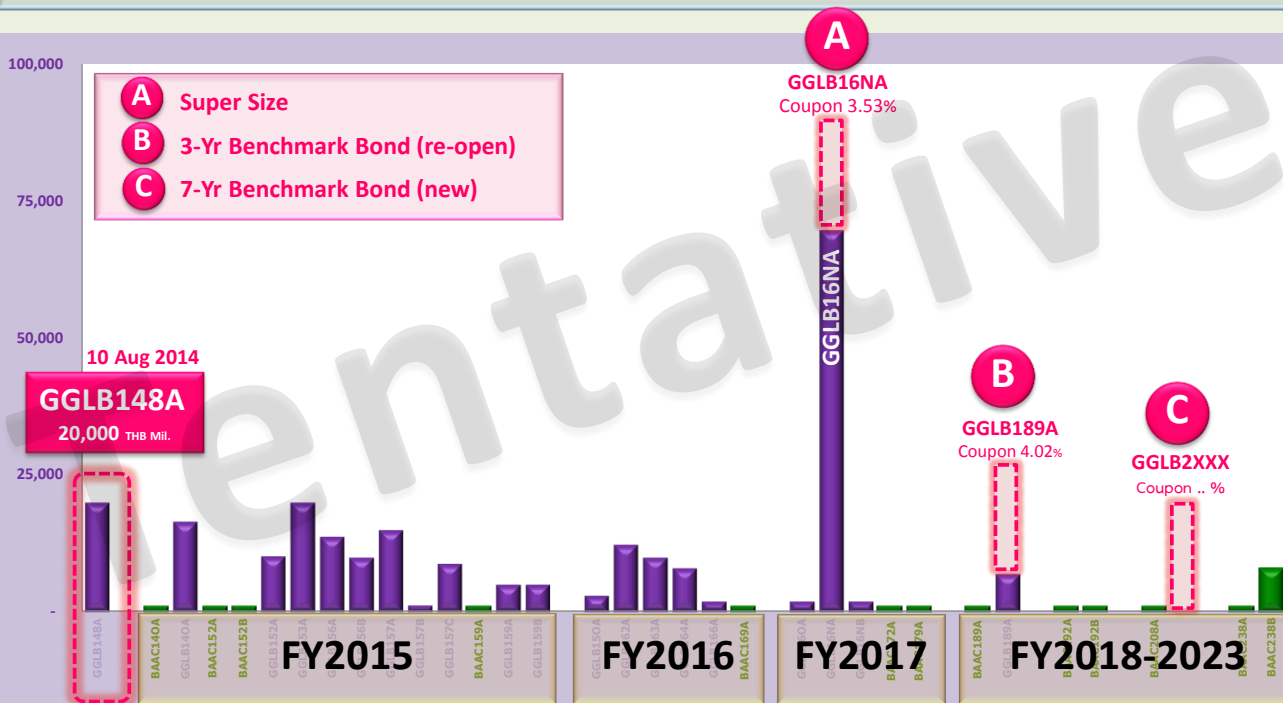


Roll Over GGLB148A Parallel with SOE Bond Development

As of 27 March 2014

Building a Benchmark
Enhancing Liquidity
Consulting Market

Issue Bond Under GGLB Code to be Benchmark for SOE Bond
Re-open GGLB to Build-up Outstanding Size to Enhance Liquidity
Publicize information in all dimensions. To Increase confidence in the market





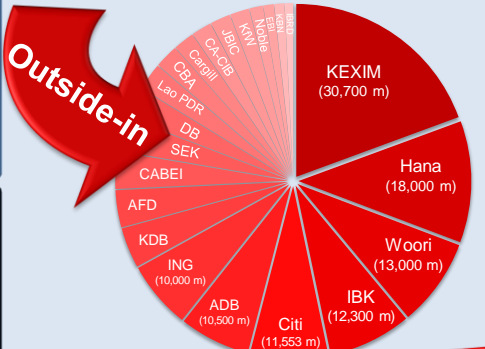
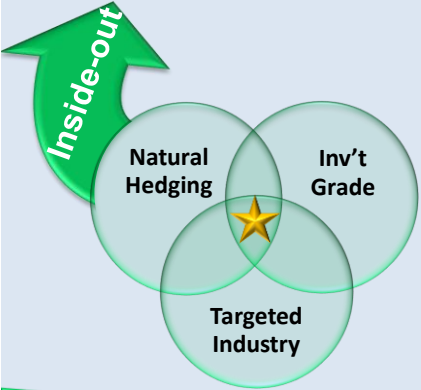
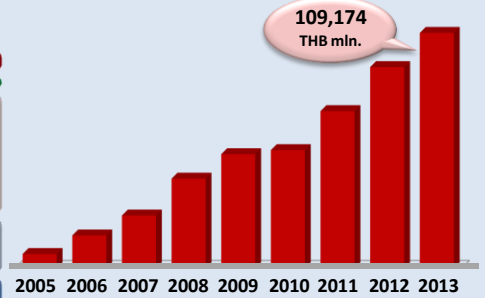
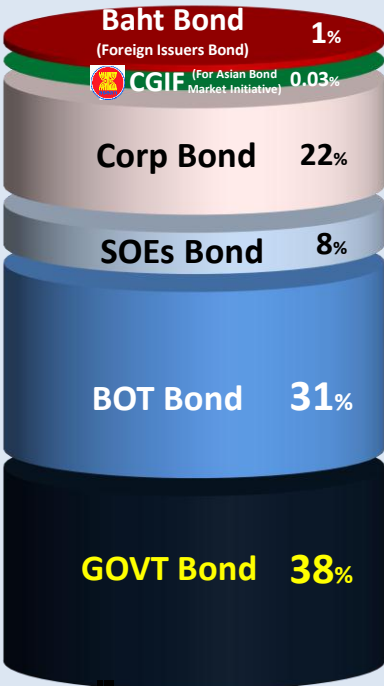
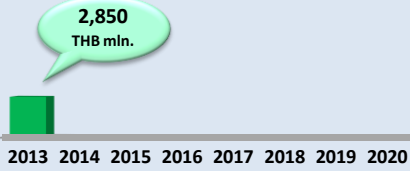
Linking CGIF & BAHT BOND to the Development of Bond Market

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

CGIF

Total Outstanding 9.2 THB Trillion
End of March 2014

BAHT BOND



Why now?

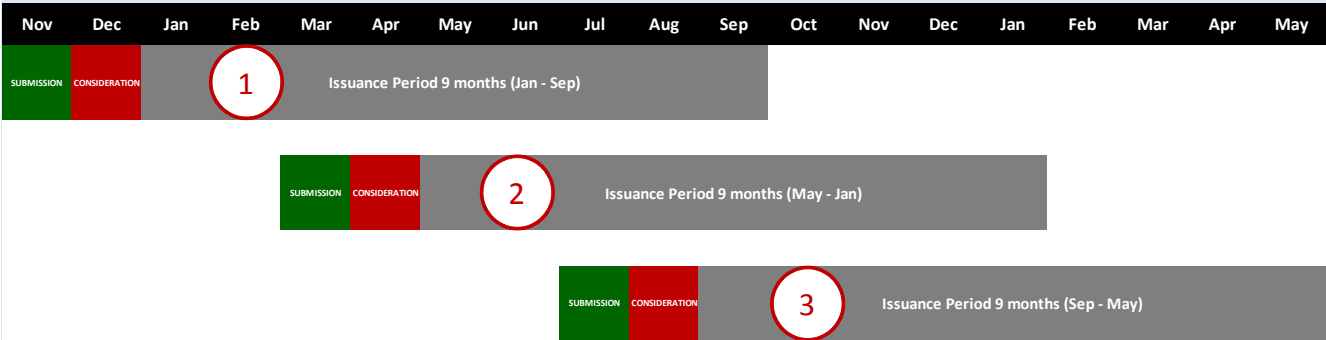
- Thailand (PDMO) is a Board member
- Set criteria
- Select corporate



What next?

- Toward becoming regional hub
- Increasing AAA Supply
- Broadening Issuer Base : Lao PDR

Timeline For Baht Bond Application Process



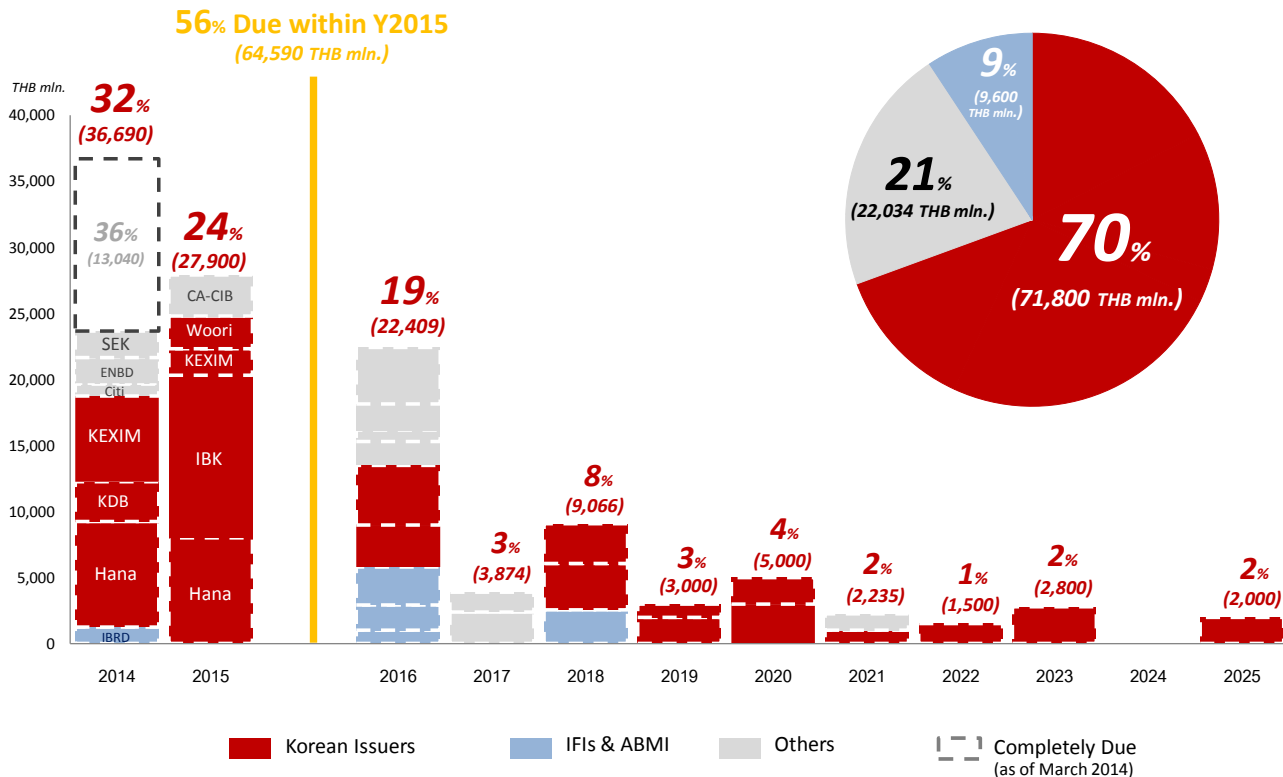
APPLICATION PROCESS: 3 rounds per year (9-mth issuance period for each round)

* The approval period is based on the fiscal period under Thai government law (October – September)

THE OUTSTANDING BAHT BOND

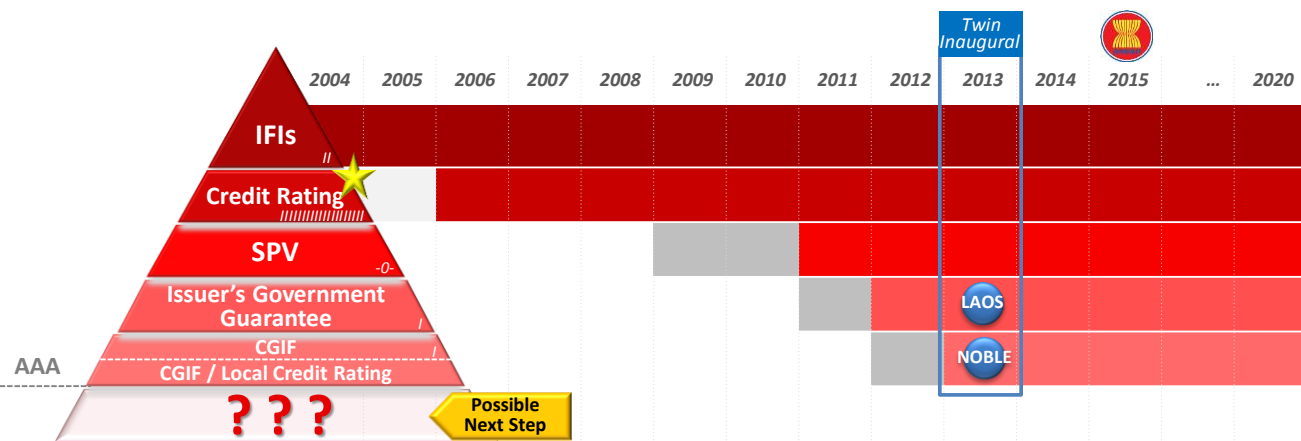
103,434 THB mln.

Classified by issuers based on TTM

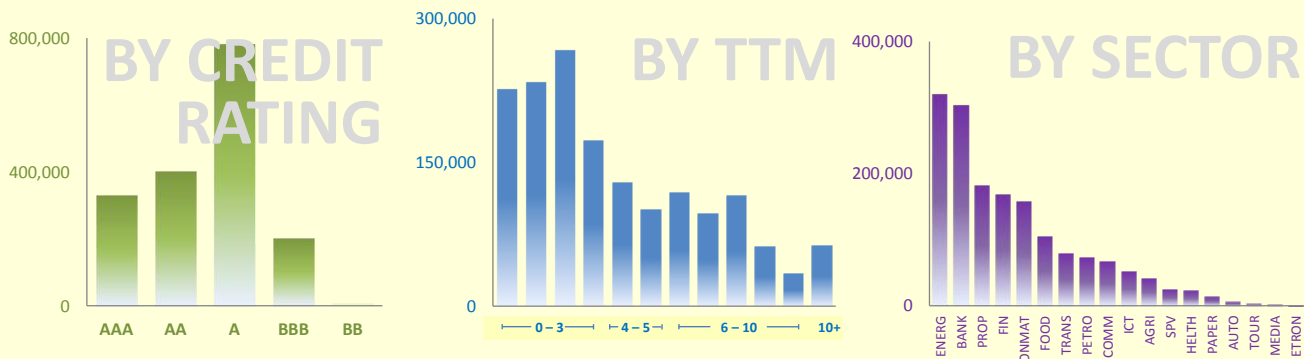


Source: PDMO
As of March 31st, 2014

Broadening Issuer's "Qualification" to achieve "ASEAN Chosen Destination"



COPORATE BOND MARKET CLASSIFICATION



C: Basic & Essentials

- **Public Debt Outstanding and Its Composition (As of Jan 2014)** = 5,466,198 THB Mil.
(45.75% of GDP)
- **Bond Market Capitalization and Its Composition (As of Mar 2014)** = 9,202,573 THB Mil.
(76% of GDP)
- **Total GOVT Bond Supply Issuing in FY2014**
- **GOVT Bond Auction Result in First Half of FY2014**
- **Non-Resident Holding in Domestic Bond**
 - **NR Holding in THB Bond (As of Mar 2014)** = 679,137 THB Mil.
(GOVT Bond : 559,677 THB Mil., BOT Bond 118,713 THB Mil., Corp Bond : 747 THB Mil.)
 - **Net Change in NR Holding (Jan – Mar 2014)** = -28,238 THB Mil.
(GOVT Bond : Net Sell -36,164 THB Mil., BOT Bond : Net Buy +7,926 THB Mil.)



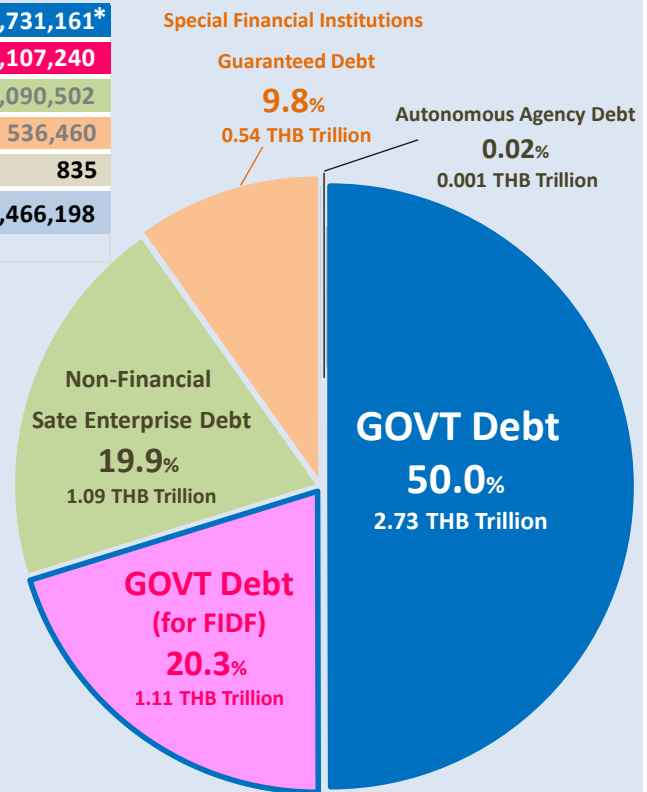
Public debt Outstanding (as of January 2014) = 5.47 THB Trillion (45.75% of GDP)

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

Components of Public Debt

	Units : THB Mil.
1. Government Debt (excluded FIDF)	2,731,161*
2. Government Debt (for FIDF)	1,107,240
3. Non-Financial State Enterprise Debt	1,090,502
4. Special Financial Institutions Guaranteed Debt	536,460
5. Autonomous Agency Debt	835
Public Debt Outstanding	5,466,198

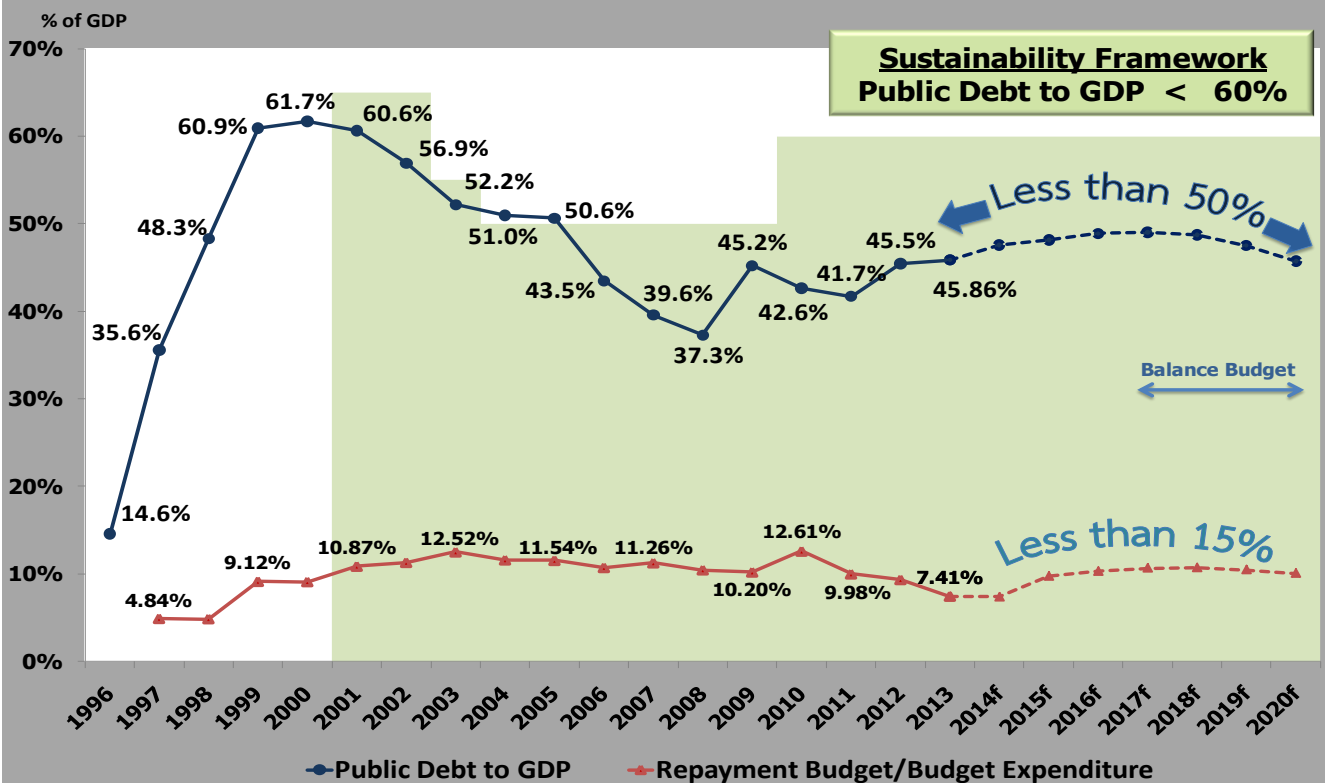
*including 71,901 THB Mil. of External Debt



Source : Information Technology Centre, PDMO



Forecast Public Debt to GDP



Source: Policy and Planning Bureau, as of 2 January 2014, Public Debt Management Office, Ministry of Finance



Full Capacity* of All Government Funding Instruments

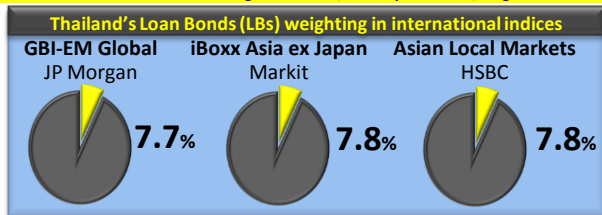
1,150,000 THB Mil. per Year

* Under favorable market liquidity + using All funding instruments

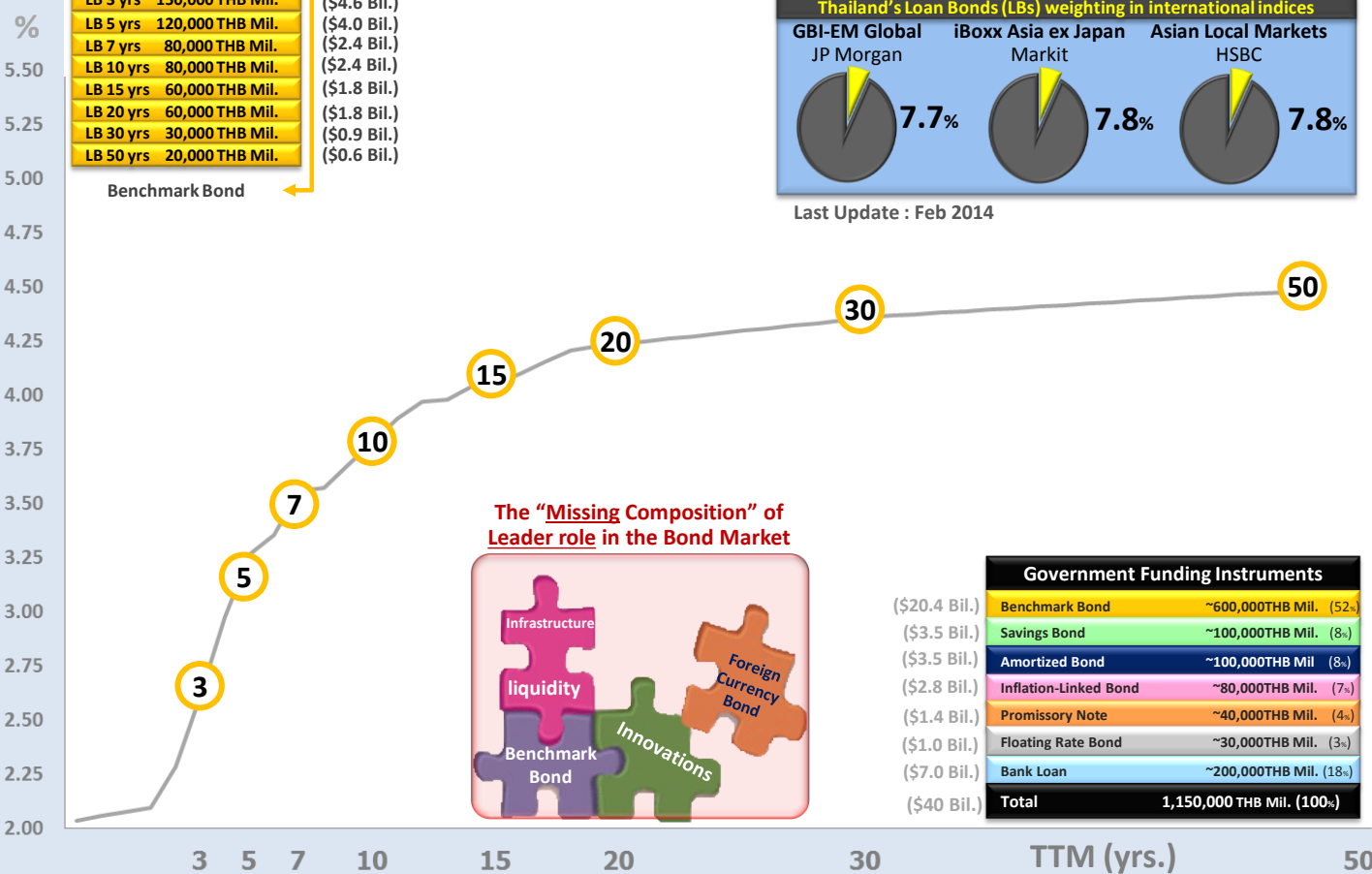
(\$35 Bil.)**

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

LB 3 yrs	150,000 THB Mil.	(\$4.6 Bil.)**
LB 5 yrs	120,000 THB Mil.	(\$4.0 Bil.)
LB 7 yrs	80,000 THB Mil.	(\$2.4 Bil.)
LB 10 yrs	80,000 THB Mil.	(\$2.4 Bil.)
LB 15 yrs	60,000 THB Mil.	(\$1.8 Bil.)
LB 20 yrs	60,000 THB Mil.	(\$1.8 Bil.)
LB 30 yrs	30,000 THB Mil.	(\$0.9 Bil.)
LB 50 yrs	20,000 THB Mil.	(\$0.6 Bil.)



Last Update : Feb 2014



Source: ThaiBMA Government Bond Yield Curve as of 31 March 2014

**Source: BOT Exchange rate as End of Mar 2014



Total GOVT Debt = 3.77* THB Trillion

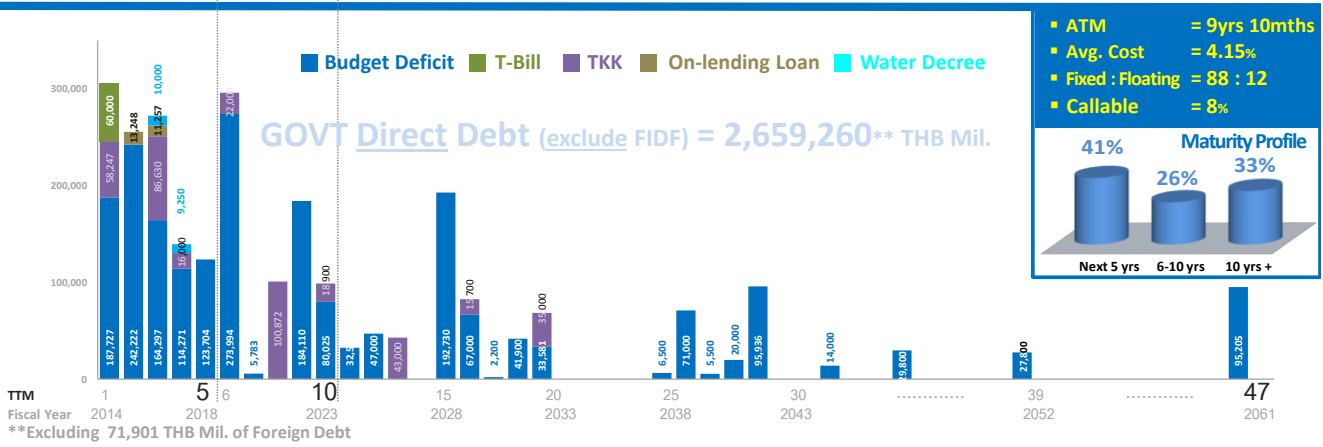
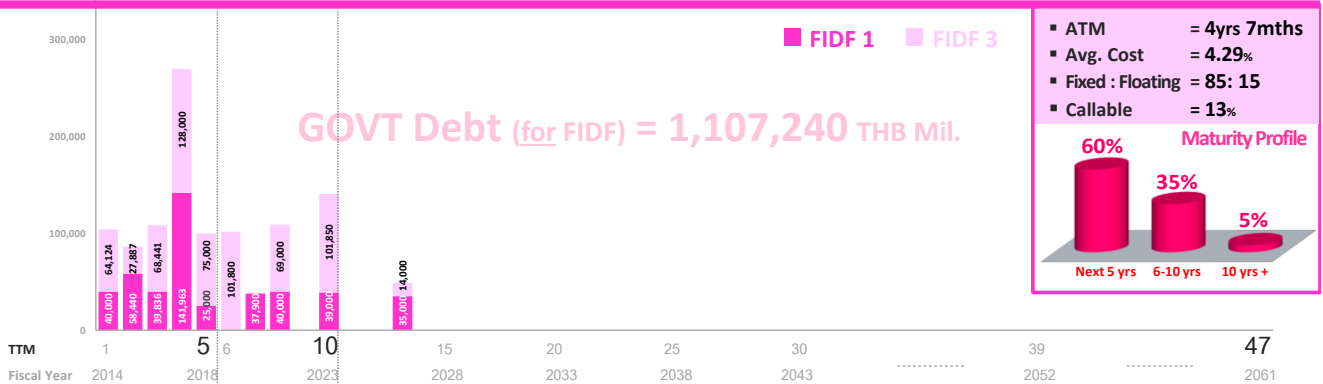
* Excluding 71,901 THB Mil. of Foreign Debt

- Average-Time-to-Maturity (ATM) = 8yrs 4mths
- Average Cost = 4.19%
- Fixed : Floating = 87 : 13

As of Jan 2014

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

Assumptions : 6 months BIBOR = 2.47%, 6 months Fixed Deposit Rate = 1.79%, Inflation = 1.93%



Well-Developed Bond Market Improved GOVT Direct Debt Profile Dramatically

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

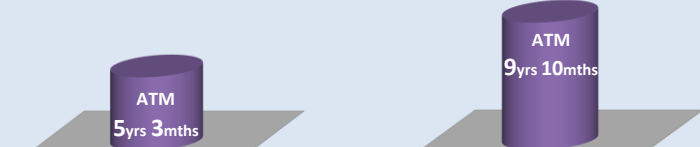
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Note : Government Direct Debt = 2.66 THB Million (exclude FIDF)

As of Dec 2007

As of January 2014

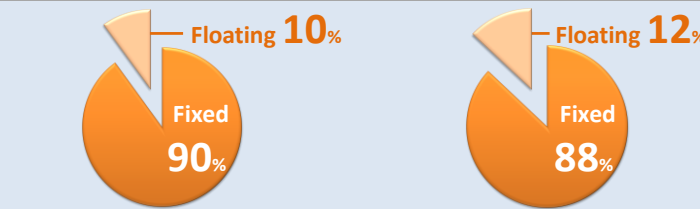
Average-Time-to-Maturity LENGTHENED by 5 yrs



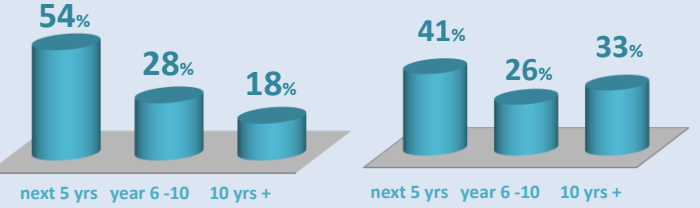
Avg. Cost LOWERED by 40 bps.
(While ATM Lengthened by 5 yrs)



Well-Balanced Fixed/Floating Ratio
(Target : Fixed/Float ratio = 80 : 20)



Well-Distributed Maturity Profile
(Maturing Debt in the next 5 yrs is less than 50% of Total Debt)



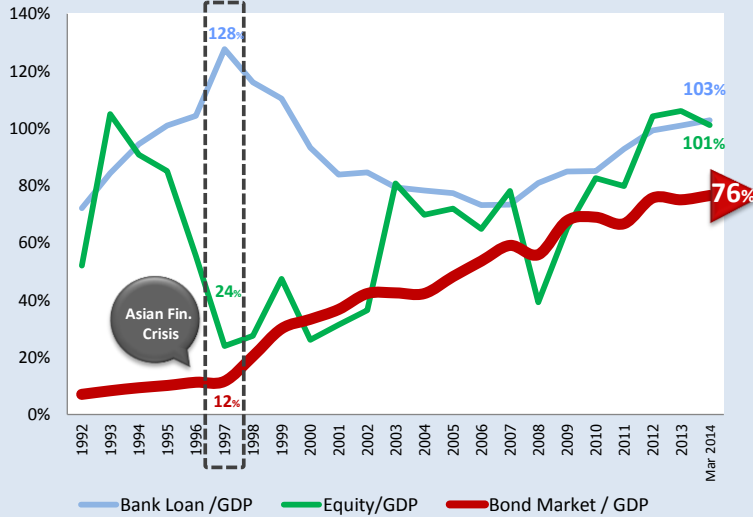


Bond Market Cap. = 9.2 THB Trillion
(\$283 Bil.)*

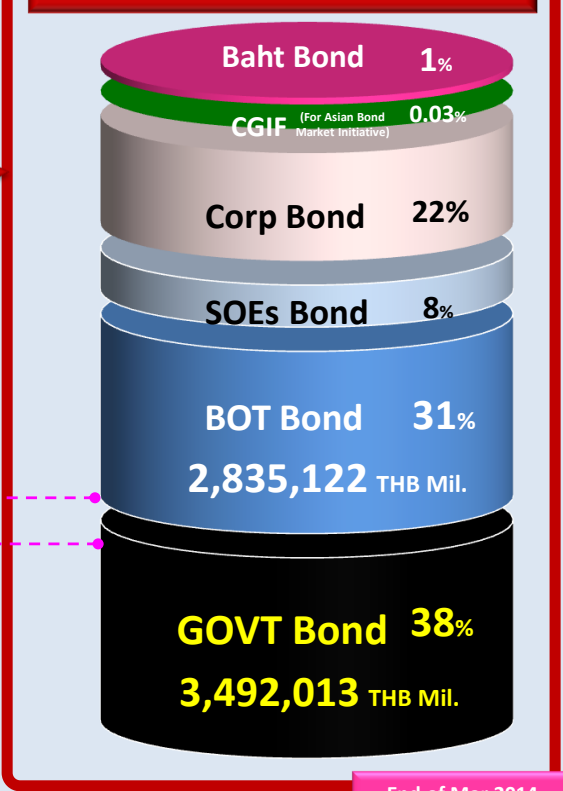
GOVT Bond = 3.4 THB Trillion
(\$107 Bil.)*

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

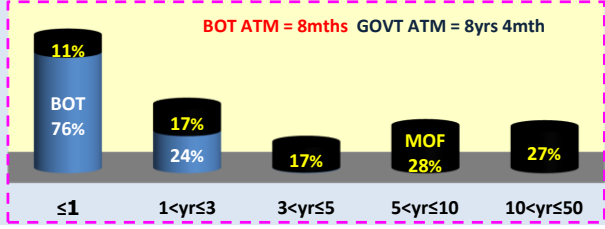
% Share of GDP



Domestic Bond Market Classified by Issuer



Maturity Profile
BOT vs GOVT Bond



*Source: BOT Exchange rate as End of Mar 2014

End of Mar 2014

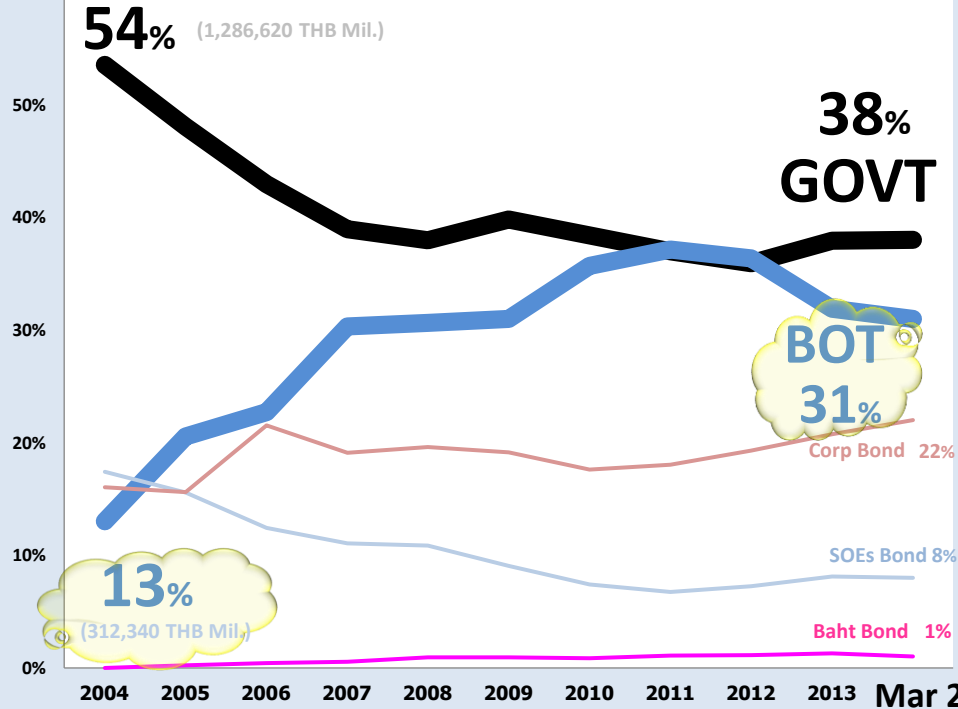


BOT Bond Supply Rose Dramatically
(2004 – Mar 2014)

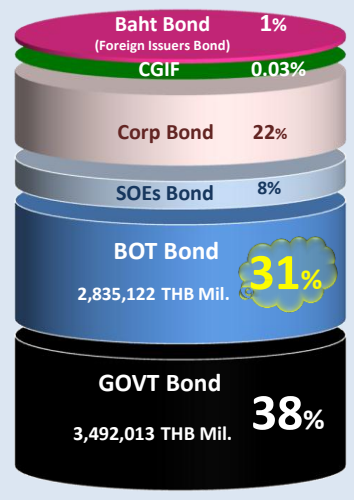
- Market share rose nearly... **3 Folds**
- Outstanding size rose by... **9 times**

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

% Share of Domestic Bond Market



Domestic Bond Market 2014
Classified *by Issuer*



End of Mar 2014

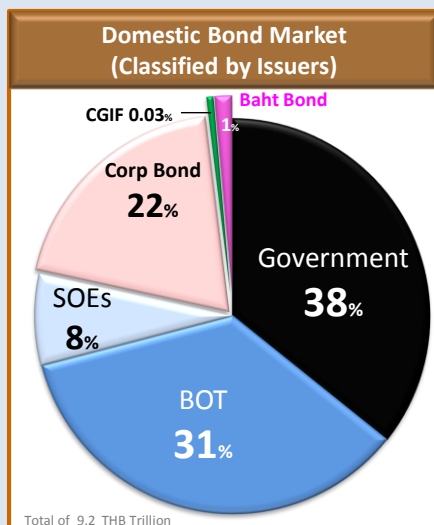


FY 2007-10	30-yr Benchmark Bond	<ul style="list-style-type: none"> Lengthen average-time-to-maturity of <u>Total Government Debt Portfolio</u> Meet Long-term investors' demand 			
	Floating Rate Bond	<ul style="list-style-type: none"> Increase floating debt ratio of Total Government Debt Portfolio Promote 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 2012-2014	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 → Enhance 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)

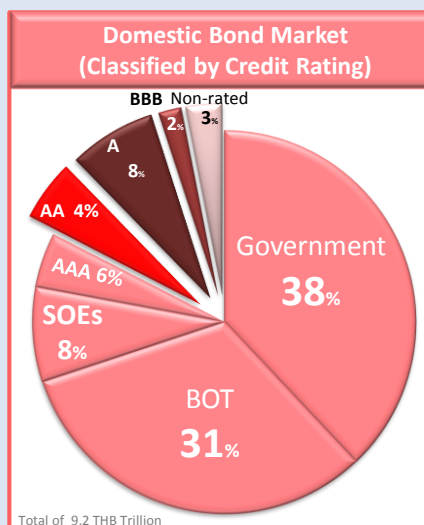


Equilibrium of Domestic Bond Market

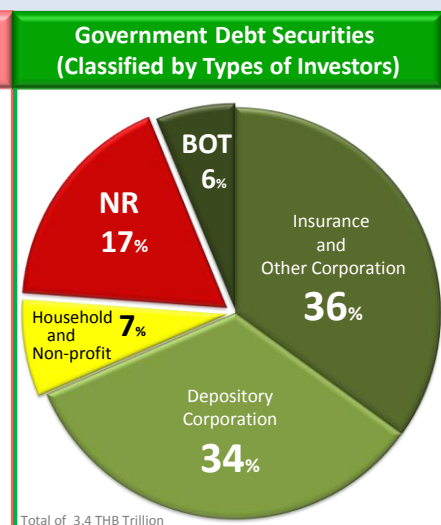
Issuers	<ul style="list-style-type: none"> 77 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises
Credit Rating	<ul style="list-style-type: none"> 97 percent of Thailand's debt securities are classified as Investment Grade
Investors	<ul style="list-style-type: none"> Thailand's government debt securities are held by a wide group of investor types



Source : ThaiBMA (End of Mar 2014)



Source : ThaiBMA (End of Mar 2014)



Source : BOT (End of Feb 2014)



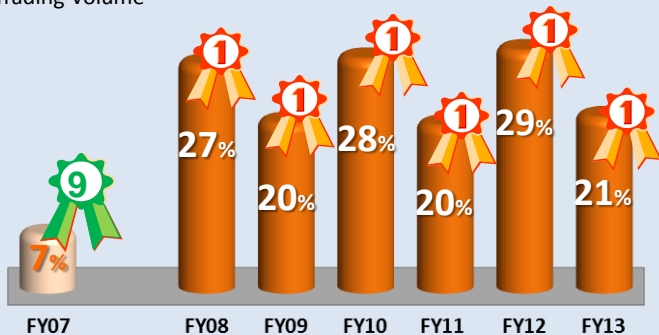
FY2008-FY2013 Key Success Indicators

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

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

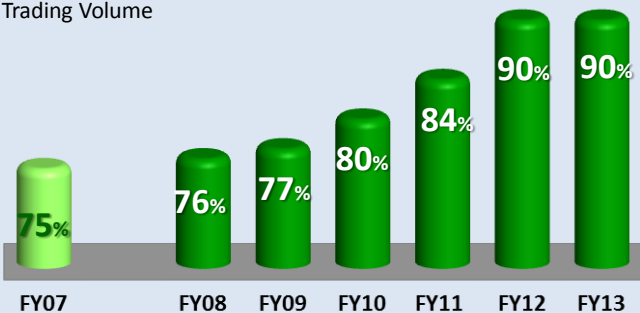
Benchmark Bond 5 yrs and Below : Highest secondary trading volume in every year

Unit: % Share of Market Trading Volume



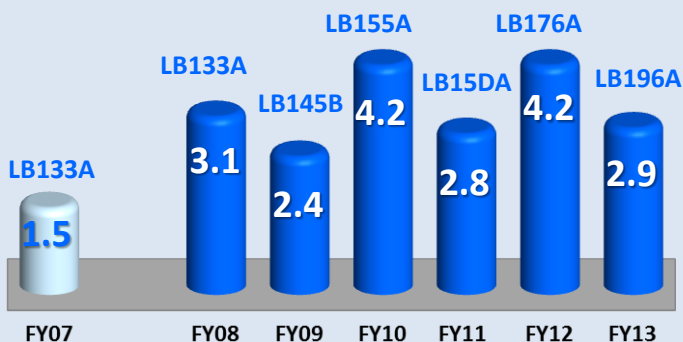
Top 10 GOVT Bond Series : Accounted for 90% of all GOVT bond trading volume in secondary market

Unit: % Share of Secondary Trading Volume



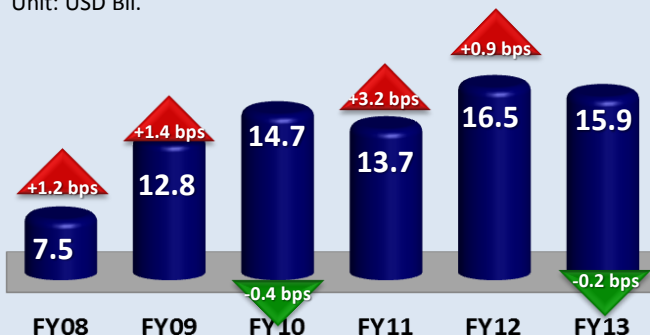
5-yr Benchmark Bond's Higher Turnover Ratio : Even the higher outstanding size, turnover ratio is still more than 2 times

Unit: Times



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

Unit: USD Bil.



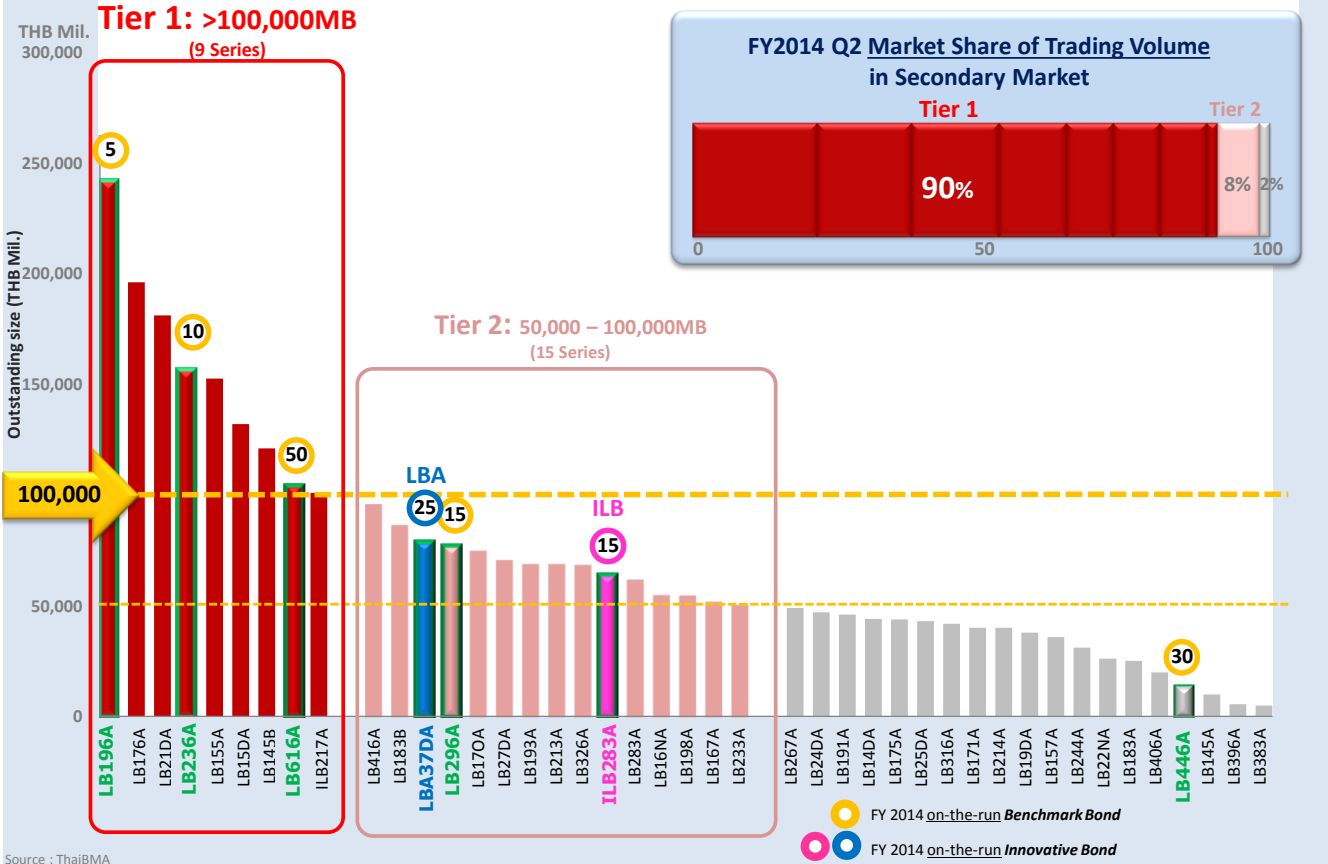


Total GOVT Bond = 43 Series
(3,021,XXX THB Mil.)
(as of Q2/FY2014)

Tier 1 > 100,000 THB Mil. in Size (90% of Trading Volume)

Tier 2 > 50,000 THB Mil. in Size (8% of Trading Volume)

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



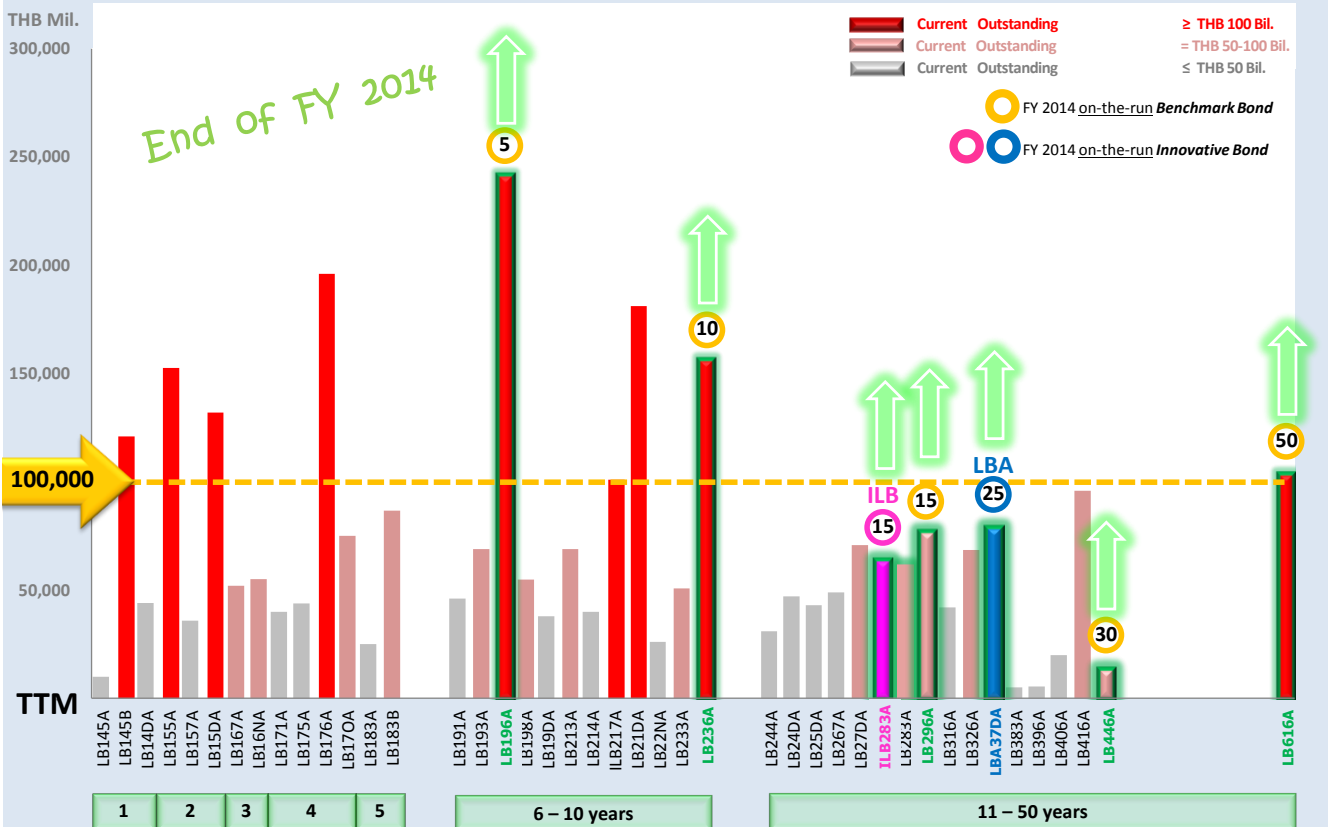
Source : ThaiBMA



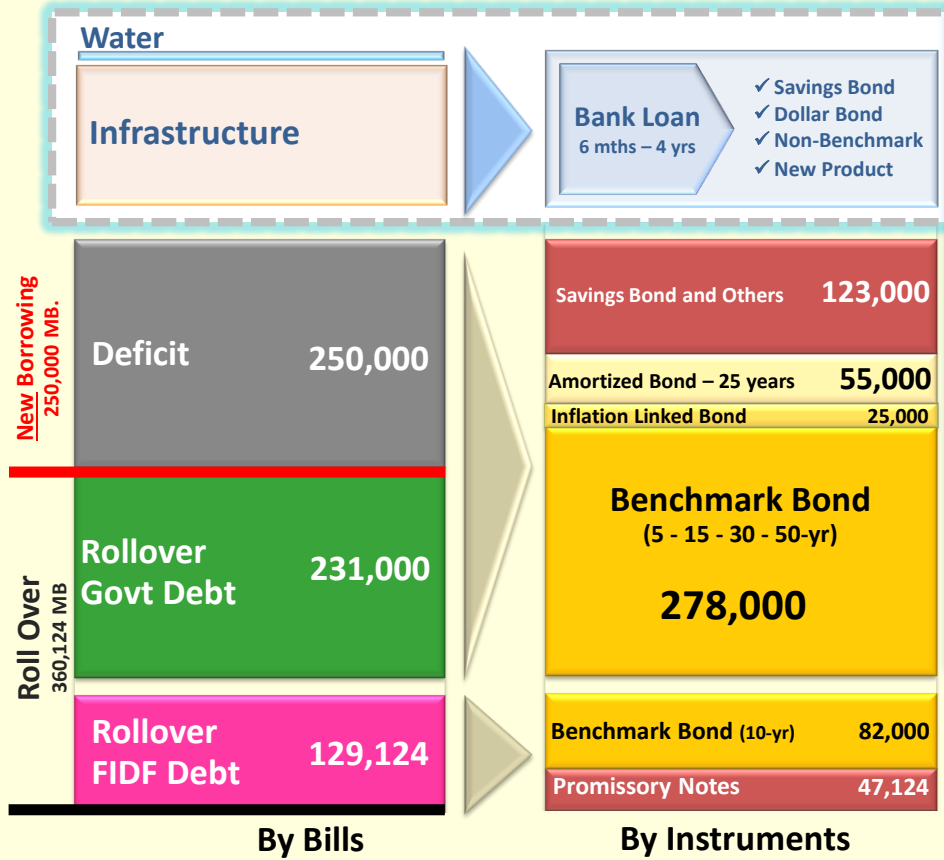
Well-Distributed Bond Maturity Profile
(as of Q2/FY2014)

The outstanding size of loan bond maturing in the next 5 years is 1,069,019 THB Mil. (35% of Total GOVT Bond)

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

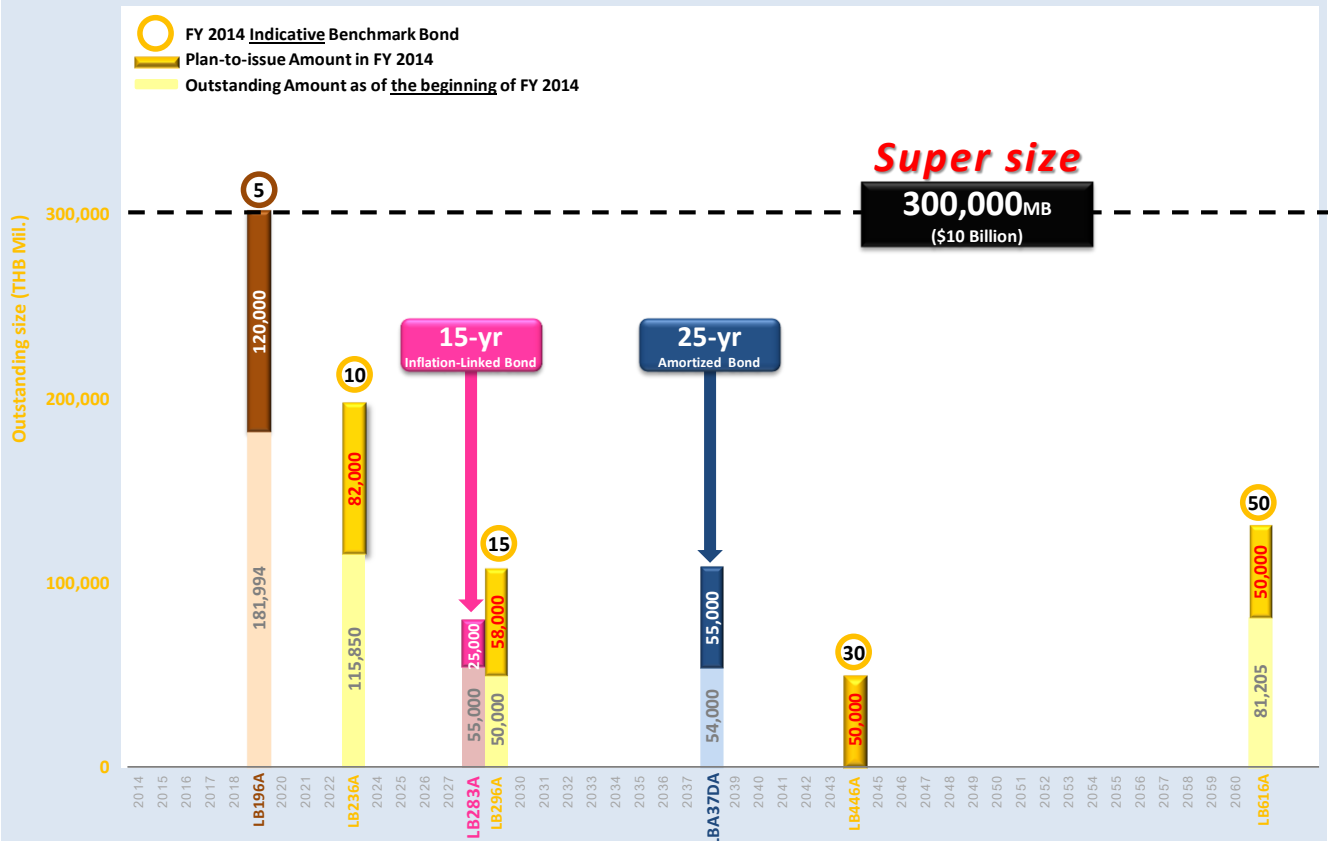


Source : ThaiBMA



Q: Will the “*pause*” of the Water Decree and Infrastructure Bill affect the Announced Government Bond Supply?

A: No, they will not. The Water Decree and Infrastructure Bill were planned to be raised through short-term “*Bank Loan*” which provide more flexibility and cost saving. Then, they will be converted to long-term instrument later.

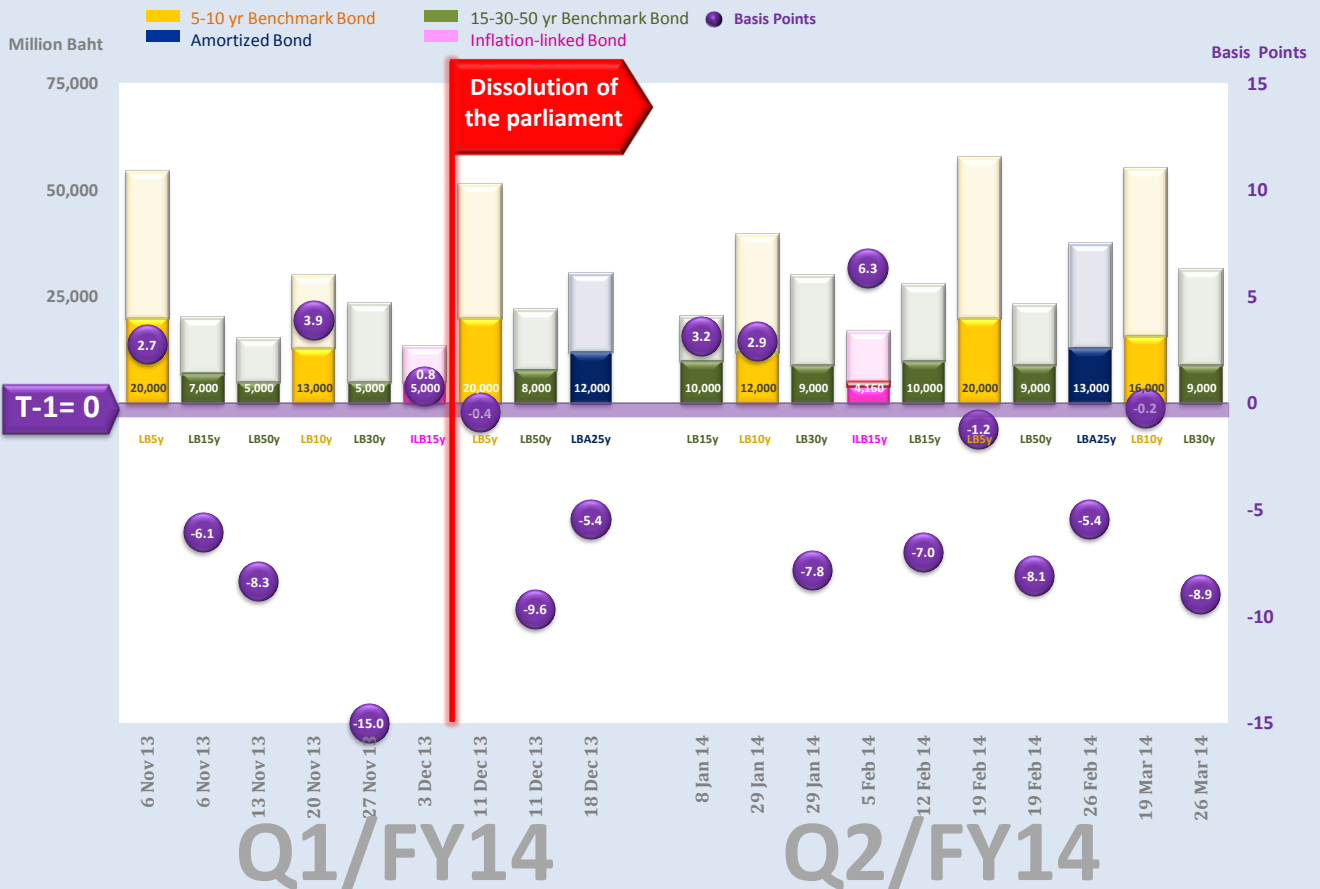


FY 2014 Government Bond Auction Result

Classified by Quarterly Auction Schedule

GOVT Bond Auction is decoupled from political situation

Public Debt Management Office, Ministry of Finance

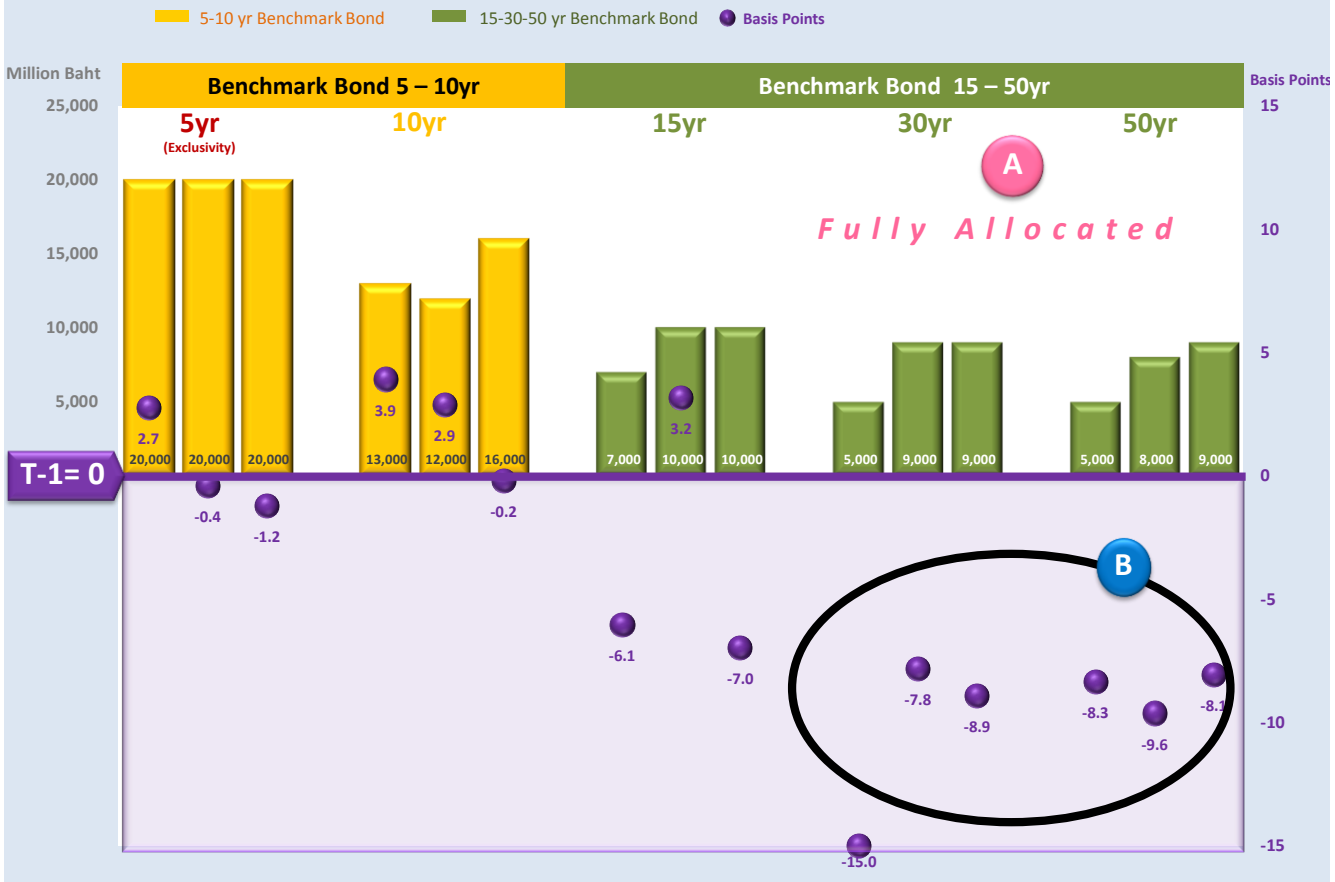


FY 2014 GOVT Bond Auction Results

Classified by Tenor

A ALL Benchmark Bond : Fully Allocated
B 30-to-50-yr Benchmark Bond : Avg. Accepted LOWER than Market Price

Public Debt Management Office, Ministry of Finance

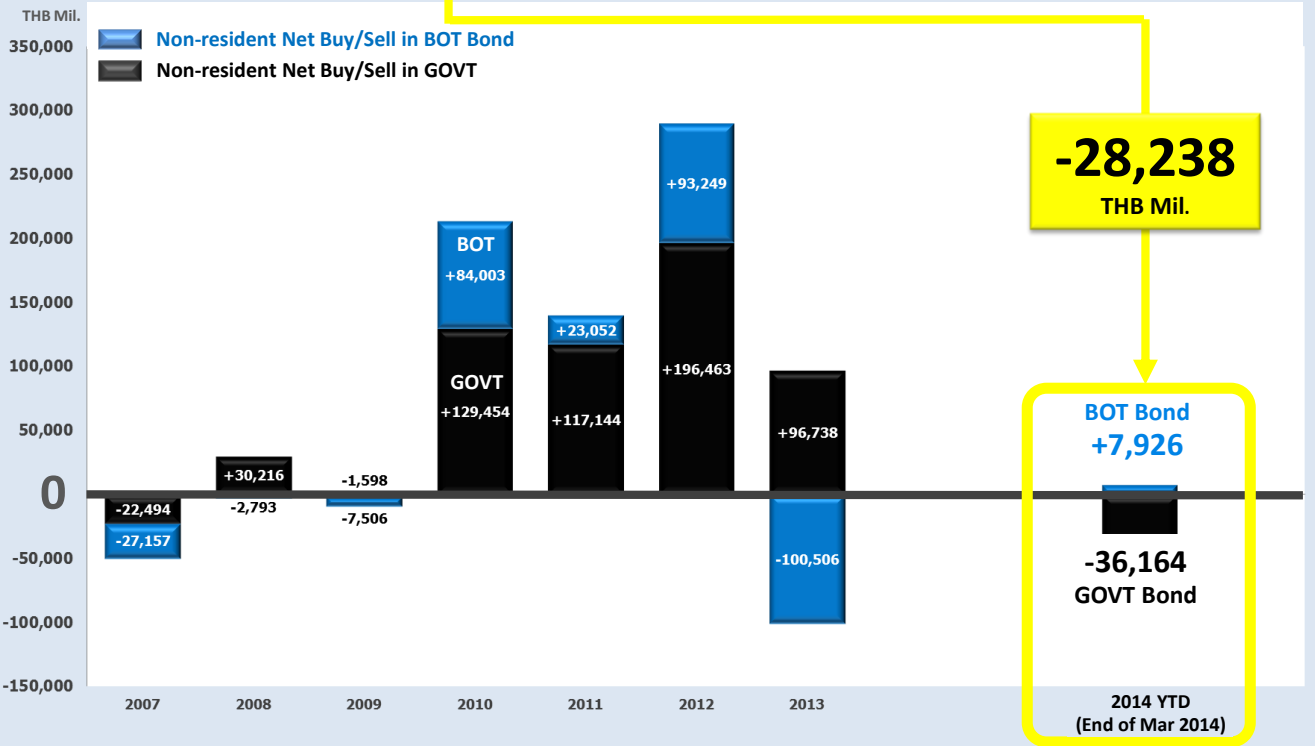


Net Change in Non-Resident Holding (YTD)

Net Outflow = **-28,238 THB Mil.**

BOT : Net Buy **+7,926 MB.** (Sell -26,727 MB. Buy +34,653 MB.)
 GOVT : Net Sell **-36,164 MB.** (Sell -48,902MB. Buy +12,738 MB.)

End of Mar 2014



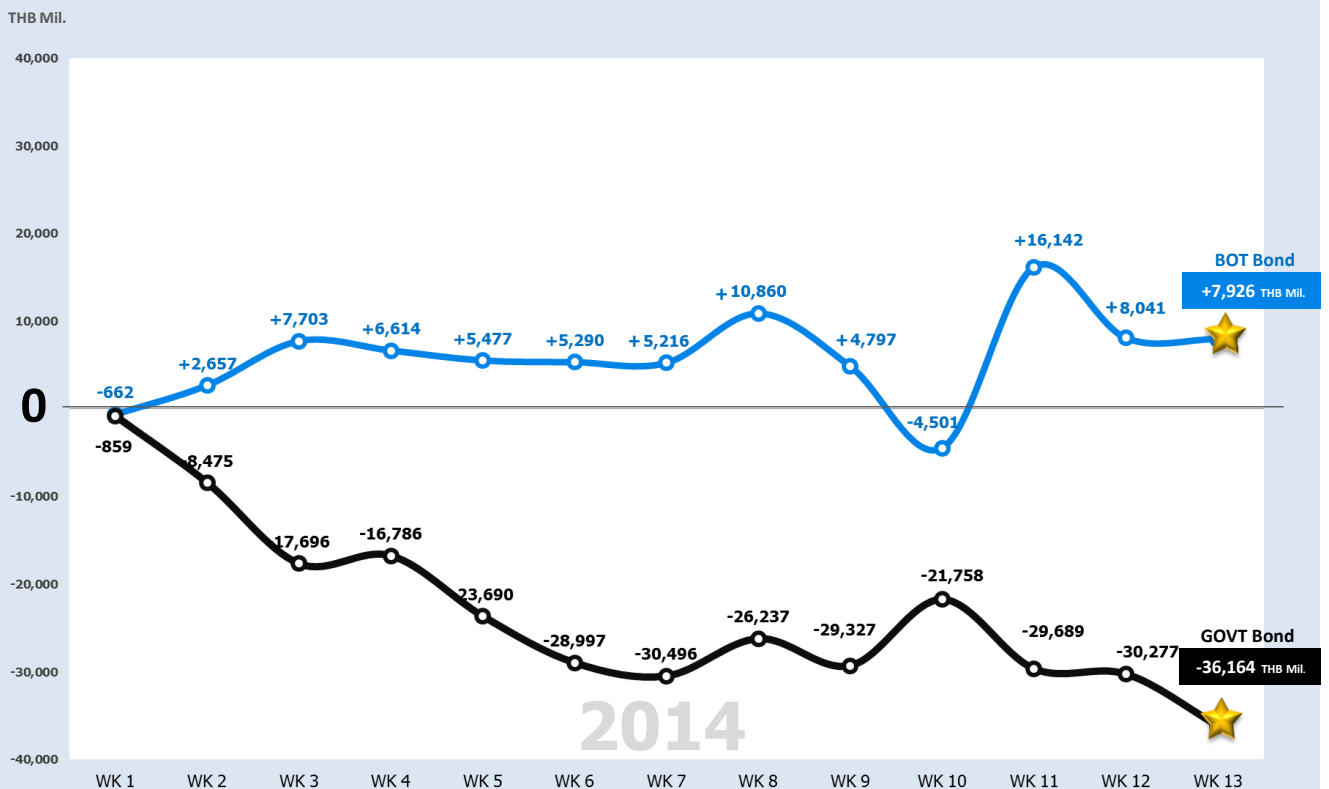
2014

(The past 13 weeks)

YTD in Non-resident Holding

BOT Bond & GOVT Bond

End of Mar 2014



Peers Comparison

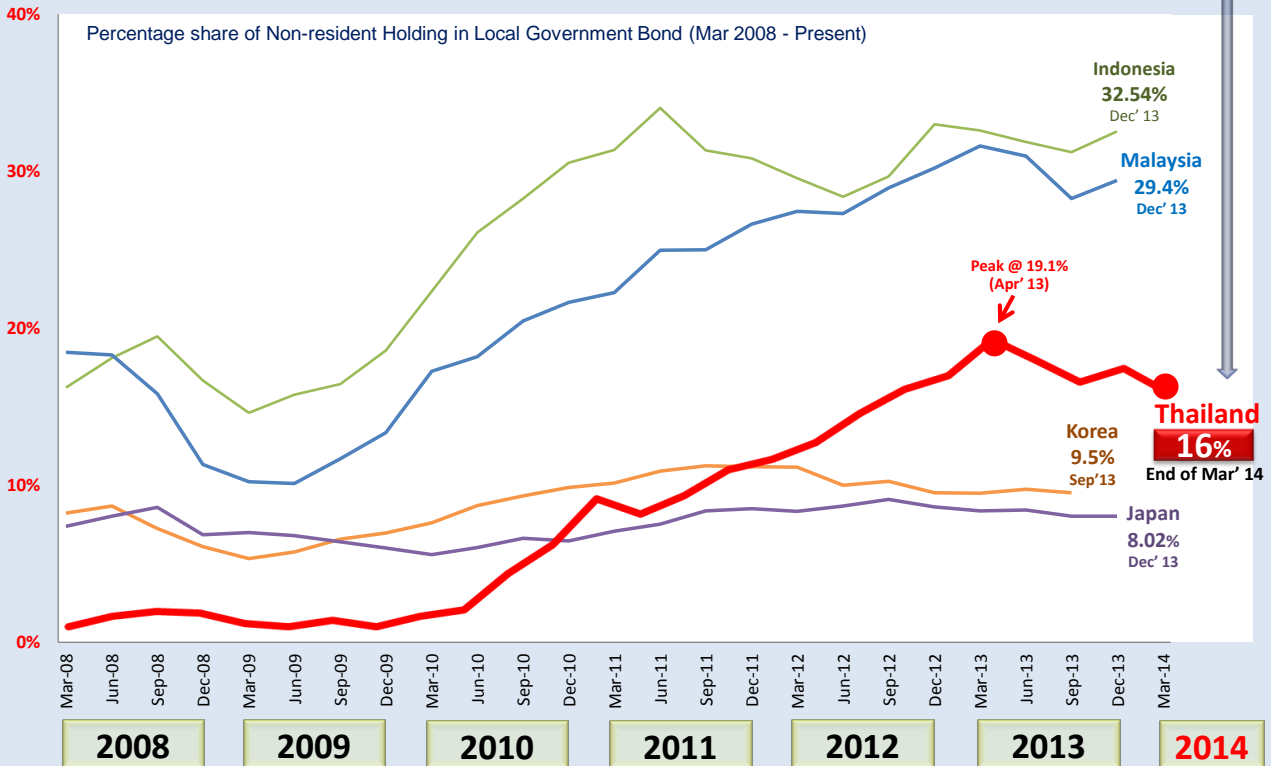
NR Holding in Thai GOVT Bond

is **559,677 THB Mil.**

or **16%** of Total GOVT Bond Outstanding

End of Mar 2014

Relatively "moderate" share of NR holding by region average



2014 Outstanding

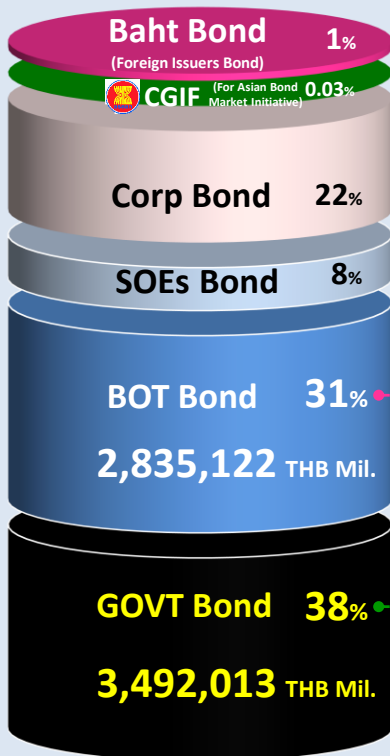
(% share of Bond Market)

Non-resident Holding in THB Bond = **679,137 THB Mil.**

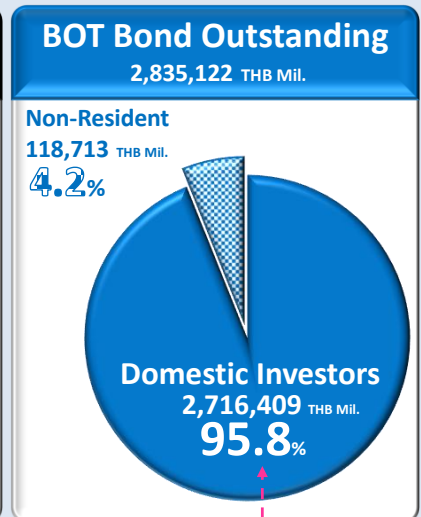
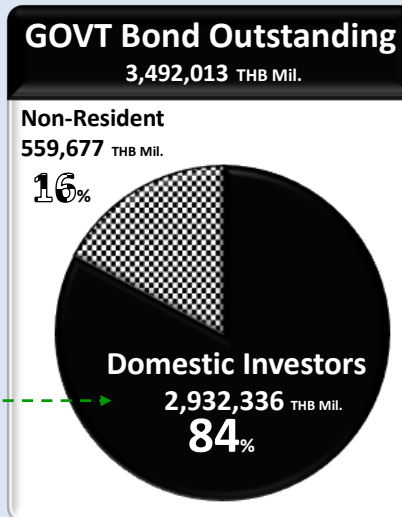
(7.38% of Thai Bond Market Capitalization)

End of Mar 2014

Thai Bond Market Cap. = 9,202,573 THB Mil.
Classified by Issuer (End of March 2014)



Issuer	Non-Resident Holding (THB Million)	% Share of Thai Bond Market Cap. (9,202,573 THB Million)
GOVT Bond	559,677	6.08%
BOT Bond	118,713	1.29%
SOE Bond	0	0%
Corp Bond	747	0.01%
TOTAL	679,137	7.38%





สำนักงานบริหารหนี้สาธารณะ
PUBLIC DEBT MANAGEMENT OFFICE

Chularat Suteethorn Director-General, Public Debt Management Office

Suwit Rojanavanich Bond Market Advisor

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

For Further Information :

Pimpen Ladpli

+66 2271 7999 ext. 5802

pimpen@pdmo.go.th

Senior Expert on Bond Market Development

Acting Executive Director of Bond Market Development Bureau

Nattakarn Boonsri

+66 2271 7999 ext. 5803

nattakarn@pdmo.go.th

Director of Government Bond Market Development Division

Sophida Sritomya

+66 2271 7999 ext. 5804

sophida@pdmo.go.th

Director of Fund Management and Bond Market Infrastructure Development Division

Nakarin Prompat

+66 2271 7999 ext. 5812

nakarin@pdmo.go.th

Acting Director of International Bond Market Policy Division

Chakrit Phothisuk

+66 2271 7999 ext. 5811

chakrit@pdmo.go.th

Economist

Kasirat Suwanpen

+66 2271 7999 ext. 5806

kasirat@pdmo.go.th

Economist

Phimonphan Tanwattana

+66 2271 7999 ext. 5816

phimonphan@pdmo.go.th

Economist

Kittiya Chaithep

+66 2271 7999 ext. 5809

kittiya@pdmo.go.th

Economist

Chanikarn Chaiyasena

+66 2271 7999 ext. 5818

chanikarn@pdmo.go.th

Economist

Pathida Rattanapinyo

+66 2271 7999 ext. 5801

pathida@pdmo.go.th

Economist

**เป็นมืออาชีพในการบริหารหนี้สาธารณะ
เพื่อการพัฒนาประเทศอย่างยั่งยืน**