

KINGDOM OF THAILAND BOND MARKET FINANCING THAILAND'S FUTURE & CONNECTING ASEAN



Highlights

"Financing Thailand's Future"

*Mr. Theeraj Athanavanich
Deputy Director-General of PDMO*

"The Role of PDDF in Bond Market Development"

*Mr. Paroche Hutachareon
Director of Fund Management and Bond Market
Infrastructure Development Division*

Progress Update

- » Total Fund Raising Plan FY2015
- » GOVT Bond Auction Schedule Q3/FY2015
- » Bond Switching Program Q3/FY2015
- » Savings Bond FY2015
- » PDMO Bond Calendar FY2015

Basic & Essentials

- » Public Debt Outstanding and Its Composition
- » Bond Market Capitalization and Its Composition
- » Development of Inflation-Linked Bond
- » Baht Bond Outstanding and its Market Share
- » Non-Resident Holding in Domestic Bond

Q3/FY2015





Thai GOVT Bond Market Overview

Highlight Interviews

“Financing Thailand’s Future”

Mr. Theeraj Athanavanich (Deputy Director-General of PDMO)

“The Role of PDDF in Bond Market Development”

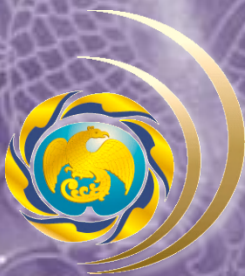
Mr. Paroche Hutachareon (Director of Fund Management and Bond Market Infrastructure Development Division)

Progress Update

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Basic & Essentials

Public Debt Outstanding (<i>as of Jan 2015</i>)	5,658,059 THB Mil. (46.46% of GDP)	18
Bond Market Capitalization (<i>as of Mar 2015</i>)	9,399,227 THB Mil. (77% of GDP)	19
Total GOVT Debt (Direct + FIDF) (<i>as of Jan 2015</i>) <i>*Including Foreign Debt</i>	3,996,769 THB Mil. (40 Bond Series)	22
Well-Developed Bond Market Improved GOVT <u>Direct</u> Debt Profile Dramatically (<i>as of Jan 2015</i>)		25
» Average-Time-to-Maturity (ATM)	11yrs	
» Average Cost	3.9%	
» Well-Balanced Fixed : Floating Ratio	89 : 11	
» Well-Distributed Maturity Profile	43:18:39 (<5 : 6-10 : >10yrs)	
Government Bond Auction Result (<i>as of Mar 2015</i>)		27
Development of Inflation-Linked Bond (<i>as of Mar 2015</i>)		28
Baht Bond Outstanding and its Market Share (<i>as of Mar 2015</i>)	73,574 THB Mil.	29
Non-Resident Holding in Domestic Bond (<i>as of Mar 2015</i>)		30
» Annual Capital Flow (YTD)	-17,361 THB Mil.	
▪ GOVT Bond :	-9,458 THB Mil.	
▪ BOT Bond :	-7,903 THB Mil.	
» NR Holding in THB Bond	665,901 THB Mil. (7.08% of Thai Bond Market Cap.)	
▪ GOVT Bond :	616,025 THB Mil. (16.9% of GOVT Bond Outstanding)	
▪ BOT Bond :	49,077 THB Mil. (1.8% of BOT Bond Outstanding)	
▪ Others :	799 THB Mil.	



สำนักงานบริหารหนี้สาธารณะ
PUBLIC DEBT MANAGEMENT OFFICE



Mr. Theeraj Athanavanich

*Deputy Director-General of
Public Debt Management Office*

The Thai economy faces a challenging year ahead, what role can PDMO play to support economic recovery?

As you are aware, last year the economy grew at a mere 0.7%. This year, the consensus is that economic recovery will be slower than expected. Global economic conditions remain volatile and demand for exports from our key trading partners including US, EU, Japan and China remains relatively weak given slowdown in their economies. Thailand as a nation that depends highly on exports will continue to be affected. The BOT has already cut rates to be accommodative but in order to achieve growth at around 3.9 percent, government spending must be the main driver of growth.

To begin with, the government has recognized the need for continuous fiscal stimulus by increasing the budget deficit. Furthermore, they have initiated additional infrastructure investment packages to boost immediate spending and a plan to invest in infrastructure that will increase the country's productivity in the long term has also been put in place.

PDMO as the sole financing agency, our duty is to ensure funding needs are met entirely, on time and at efficient cost levels. We are also advisors in the frontline of policy making, providing key advice on financial mechanisms to ensure that projects are feasible. Our engagement allows us to have clear policy directions and early reassessments of plans which strengthens our capacity in meeting government financing needs. Therefore, our financing strategy is critical to supporting government stimulus policies.

Can you please give us an update on the current infrastructure plans? Has any progress been made?

For the short term plans, the objective is to look for quick wins that can help boost growth this year. And we have made progress, just in March this year, the cabinet approved an 80 billion baht package for small-medium scale infrastructure investment in irrigation and road improvement projects nationwide. The projects are aimed to boost employment and spending in the short run, in which PDMO is preparing to raise 57 billion baht to support project implementation in this fiscal year.

As for the long term transport and logistics investment program, the aim is to lift the country out of the "middle income trap", enhance the standard of living through creating new growth centers, and supporting connectivity in the region in light of the ASEAN Community end of this year. That is why there are emphasis on enhance the rail network linking Thailand with our neighbors including the upcoming Dawei deep sea port, southern parts of China and beyond.

I'm pleased to see that there has been progress. This year we will see the start of construction in projects like the double track railways towards the south (Prachuap Khiri Khan-Chumpon section) and north east (Thanon Jira-Khon Kaen section) regions as well as, extensions of Bangkok skytrain networks along Mo Chit - Saphan Mai - Khu Khod Section projects. Projects that have already progressed with disbursements, include NGV buses and aircraft acquisition of 10 billion baht.

Financing Thailand's Future

"PDMO as the sole financing agency, our duty is to ensure funding needs are met entirely, on time and at efficient cost levels."



Any concerns in terms of funding these infrastructure projects?

The government can draw from various founding sources to finance these projects including the budget, funding from government debt, state enterprise revenue/debt as well as participation from the private sector. A general guide in project financing is that annual budget is used in project preparation; construction cost draws from government debt whilst state enterprise and private sector takes part where there is more financial viability. Given such framework, the bulk of funding will draw from government debt, creating a heavy interest burden. Therefore, currently the ministry of finance (State Enterprise Policy office and PDMO) is working closely with the ministry of transport to encourage a bigger role of the private sector in megaprojects and increase their investment proportion from 15 to 20 percent. Possible new PPPs projects under consideration include; the Pink Line monorail or the high speed train to Chiang Mai or Hua Hin.

I can say with confidence that funding the projects is not an issue, we are more than ready in this regard but we need to ensure that projects can be expedited as planned. In particular, the government can meet financing needs in the coming years by taking advantage of a more developed bond market. The domestic bond market today has become a sustainable and cost efficient funding source for both the government and state enterprise. We have expanded funding capacity with further reach into a broader base of investors that has resulted from better market infrastructure, improved communication and instrument innovations. Especially now that there is ample liquidity locally and instruments more suited to project financing such as amortized and longer tenor bonds, our bond market today is in good shape to support our investment needs. The bond market is also highly resilient; this means that even during times of political or financial market shocks, government bonds are still fully subscribed at prices lower than the market yield.

Furthermore, our fiscal strength as reflected in the low debt levels and well balanced portfolio composition will allow the fiscal space and favorable terms when borrowing. Currently debt level stands at 46% of GDP, which is well below sustainability ceiling of 60%. Our debt composition is consistent with revenue as 98% is baht denominated debt and refinancing risk is further mitigated with lengthened portfolio of additional 5 years.

What are the mechanisms to ensure effective execution of projects, transparency and credibility with the public?

To ensure a system of check and balance, all projects will need to go through relevant channels of approval and requirements such as feasibility and cabinet approval, while during procurement they are required to comply with budget procurement regulations or the relevant SoE's, with no exception. Furthermore, innovations in monitoring will be introduced such as the CoST monitoring system that will use Suvarnabhumi phase 2 as the pilot project.

PDMO also has developed its own electronic web application that will enable us to monitor real-time progress and costs of projects that are debt financed. The system is also designed to allow the public to view certain project details and progress, increasing transparency and public involvement in the project monitoring and assessment.



Mr. Paroche Hutachareon

*Director of Fund Management and
Infrastructure Development Division*

What is the role of PDDF in supporting the domestic bond market?

The issuance of sizeable benchmark bonds consistently (typically over 100 billion baht) and product diversification have been important for our bond market development initiative. However, issuing large size bonds also lead to a significant increase in refinancing risks for the government. That is why we have developed a set of tools to manage this risk which includes 1) Pre-funding within one year prior to maturity date, proceeds is then invested by the PDDF during this period, 2) Debt switch and consolidation (refer to Mr. Boonsri's interview published in the KOT Bond Market Quarterly Bulletin, Q2/F2015 and 3) Bridge financing on the day of maturity (in an amount less than 50 billion baht). This allows the PDMO to depend less on bridge financing on the day of maturity for refinancing. In fact for LB155A that is due on 22 May this year, with an amount of 150 billion baht, 61 billion baht will be drawn from prefunding, 76 billion baht from debt switch and the remaining from budget. This leaves zero chance of a default or refinancing at higher cost on the day of maturity.

Therefore, the Public Debt Restructuring and Domestic Bond Market Development Fund (PDDF) plays an important role in supporting PDMO in bond market development while at the same time help mitigate refinancing risk and even an event of default. In the past, there was in fact a case where political events have prevented financial institutions from participating in auctions and funding obligations could not be met. Had this happen on the day of maturity, it could have led to an event of default. Prefunding and PDDF prevents such event from occurring.

Given that the source of funds is from pre-funding or the issuance of bonds that must be repaid, investment mandate must be quite restrictive?

Yes it is, and from our regular meetings and knowledge sharing with other sovereign funds around the world, we are probably one of the most conservative. But, this is in line with our objective which is capital preservation in order to ensure that the entire amount is transferred back to PDMO for debt repayment. Our investment mandate specifies that over 60 % must be invested in high quality assets in both domestic and foreign markets including government bonds, government backed financial institutions and reverse repo transactions. For investment in foreign currency, the entire amount is fully hedged. Investment in top rated corporate bonds in the domestic market is allowed at no more than 40%.

During the last 4 years we have operated strictly under this mandate, we have managed round 334 billion baht and generated return of over 3 billion baht. This has been used to reduce the taxpayers' burden in debt repayment and the budget can be allocated for other economic and social projects. This also means that the fund is self-financed and does not rely on the government's annual budget to run its business.

The Role of PDDF in Bond Market Development

“ 3 Billion Baht generated from investment has been used to reduce taxpayers' burden on public debt repayment ”



What are the investment strategies and outlook for this year?

The current AUM is around 61 billion baht from prefunding of LB155A and with the pre-funding of LB15DA to come starting in June in an amount of 70 billion baht, this year we will manage in total around 140 billion baht. All investment will be done through external fund managers including SCBAM, KASSET, KTAM and TFUND. Our asset class as specified in the mandate means that our strategy depends largely on predicting the BOT Policy rate movements. We take into account all macroeconomic issue that may have an impact on the Thai economy and thus policy rates decision by the BOT. For this year, given that the economy is recovering slower than expected, we hope that government spending will be in line with the plan and be the main driver for growth. In our view, we think the BOT will keep rate on hold at 1.75% for this year, unless economic conditions worsen further. This means that the duration will be in line with the investment period and there isn't much room for gains from policy rates movements. Investment in foreign currency including ECPs and corporate bonds in local market are options for some yield enhancement.

The investment amount is relatively large while the mandate is quite limited, do you have plans to expand the investment universe?

In order to enhance returns from investment, PDDF has been working towards expanding the investment universe. PDDF has already expanded currencies to cover other regional currencies including CNH as China works towards internationalizing the currency and can offer us new options for investment. In the medium term, we have approved plans, subject to legal process, to amend the law to allow the fund to invest in BOT bonds and corporate bonds with credit ratings of A- or equivalent. Enhanced returns with appropriate risk management will allow the government to achieve its objective of supporting bond market development at lower cost.

In the future the size and investment horizon could increase and lengthen further (could be up to 10 years depending on the bond issued), the PDDF can also invest proceeds purely for bonds issued for the purpose of domestic bond market development. This means that when there is no need for the government to borrow, for example during times of budget surplus, the government can continue to issue Benchmark Bonds and the proceeds from issuance will be invested by the fund. Countries including Singapore and Australia have also been issuing bonds for this purpose as they have been running a budget surplus but see the need to maintain the market.

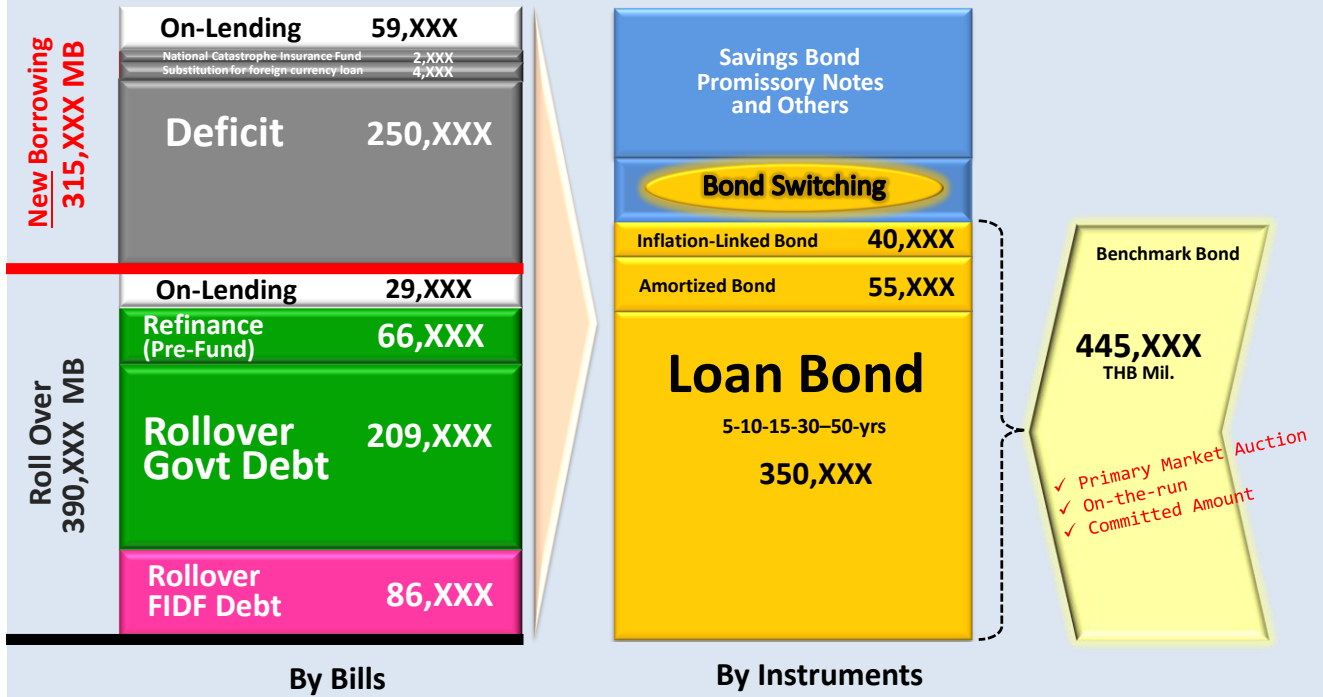
Is there a plan to bring investment in-house?

This is unlikely to happen any time soon. The fund has been operating for around 3 years which is not very long when compared to other sovereign funds. However, we are preparing for the future and consistently strengthening the PDDF in terms of structure and personnel. The external fund managers have been helpful in transferring knowledge and knowhow in asset and risk management process. We also meet with other sovereign funds around the world on a regular basis through the International Sovereign Wealth Funds (last year was held in Doha, Qatar) and through visits at the Future Fund in Australia and the Norwegian Government Pension Fund global in Oslo. All of these meetings have helped us set up a system that is up to international standard with good governance and transparency. Systems have also been put in place to monitor investments by the external fund managers to make sure that it is in line with the investment mandate and risk limit. We are building and when the PDDF grows further, it is possible that there will be both in house investment and external fund managers.

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- Saving Bond FY2015
- PDMO Bond Calendar FY2015

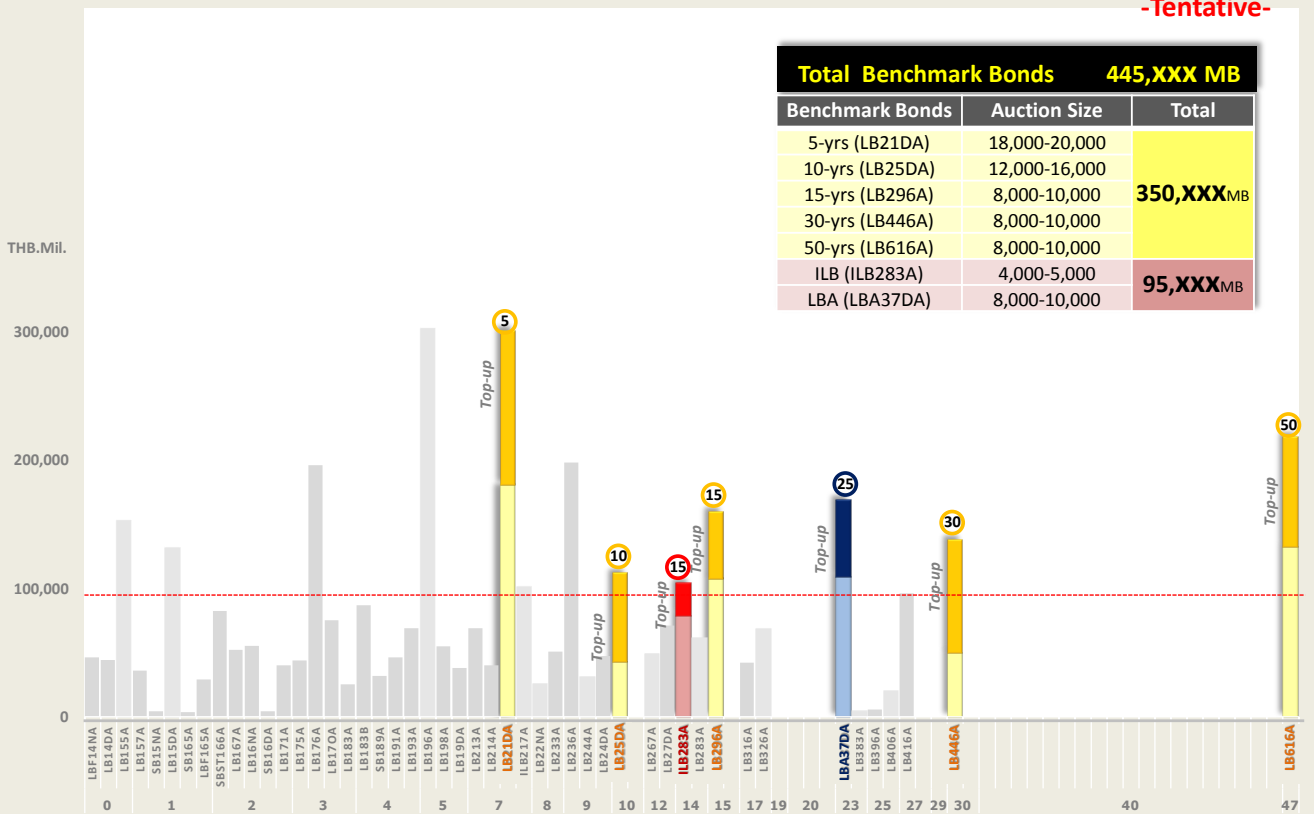
-Tentative-



ALL FY2015 Government Bond

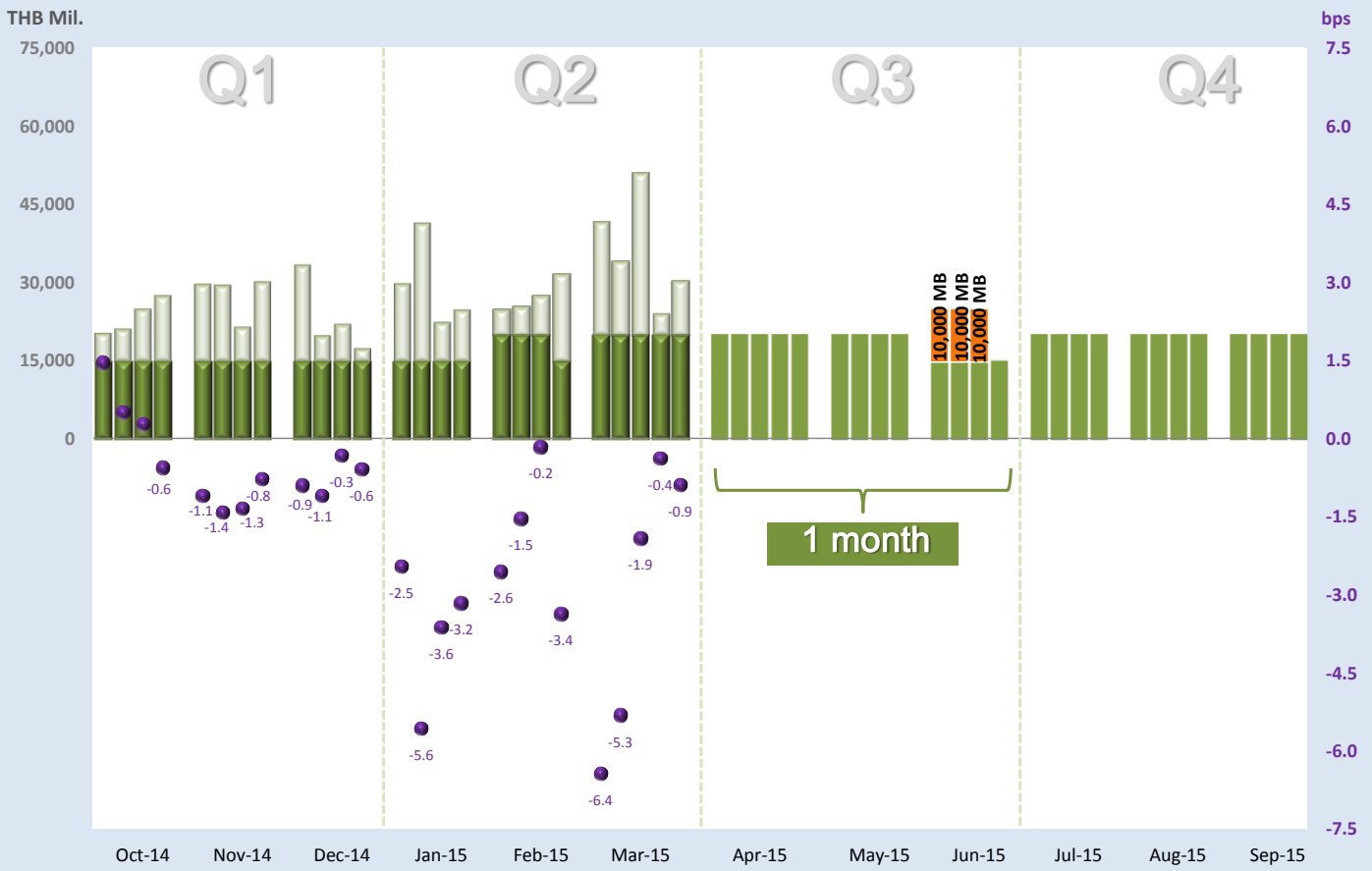
Benchmark Bonds : 5-10-15-30-50-yrs
Inflation-Linked Bonds : ILB 15-yrs
Amortized Bond : LBA 25-yrs

-Tentative-



FY 2015

T-Bills Plan Q3/2015



Government Bond Auction Schedule for Q3/FY2015

Auction Date	LB21DA 5-yrs <i>Exclusivity</i>	LB25DA 10-yrs	ILB283A 15-yrs <i>Inflation-Linked Bond</i>	LB296A 15-yrs	LBA37DA 25-yrs <i>Amortized Bond</i>	LB446A 30-yrs	LB616A 50-yrs	Total
1-Apr-2015								-
8-Apr-2015				9,000				9,000
15-Apr-2015								-
22-Apr-2015	20,000				9,000			29,000
29-Apr-2015						7,000		7,000
6-May-2015		13,000						13,000
13-May-2015								-
20-May-2015			5,000			8,000		13,000
27-May-2015					10,000			10,000
3-Jun-2015	20,000							20,000
10-Jun-2015								-
17-Jun-2015								-
24-Jun-2015						7,000		7,000
Total	40,000	13,000	5,000	9,000	19,000	8,000	14,000	108,000
Coupon	3.65%	3.85%	1.25%	4.875%	4.26%	4.675%	4.85%	
Maturity Date	17-Dec-2021	12-Dec-2025	12-Mar-2028	22-Jun-2029	12-Dec-2037	29-Jun-2044	17-Jun-2061	

หมายเหตุ : 1. LB21DA = พันธบัตรรัฐบาลในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 8 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 8 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 4) ซึ่งพันธบัตรรุ่นนี้จะให้สิทธิในการเสนอซื้อเพิ่มเติม (Green shoe Option) แก่ MOF Outright PD ทำให้ปริมาณการออกพันธบัตรรุ่นนี้อยู่ระหว่างจำนวน 20,000-24,000 ล้านบาท

2. LB25DA = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้าง ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 3 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ประเภททยอยชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2552 ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 1)

3. ILB283A = พันธบัตรรัฐบาลประเภทอัตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเฟ้อ ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 5 (Re-open พันธบัตรรัฐบาลประเภทอัตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเฟ้อ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 2)

4. LB296A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 7 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2553 ครั้งที่ 2)

5. LBA37DA = พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 3 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ประเภททยอยชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 2)

6. LB446A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 10 / (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2557 ครั้งที่ 3)

7. LB616A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 9 / พันธบัตรรัฐบาลเพื่อการบริหารหนี้ ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 9 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 9)



Thailand's Bond Switching Transaction for LB15DA in FY2015

The Public Debt Management Office (PDMO), Ministry of Finance, Kingdom of Thailand has successfully introduced bond switching to be used to reduce refinancing risk of the maturing debt. The inaugural bond switching program was launched in November 2014 and was well received by the market. Given the success, PDMO plans to conduct the next switching program in the second half of June 2015. The plan is to switch the outstanding THB denominated source bond due in December 2015 (LB15DA) into a selection of destination bonds which will be announced a few weeks before the transaction date.

The approach under this transaction will be different to the previous transaction as the nominal-neutral method will be used instead of cash-neutral. For nominal-neutral method, the conversion ratio will be 1 to 1 between the source bond and destination bonds. Any difference in price between source bond and destination bonds will be settled in cash.

For further information please contact:

Public Debt Management Office

Pimpen Ladpli Executive Director of Bond Market Development
Nattakarn Boonsri Director of Government Bond Market Development
Pothirat Kitsriopak Economist
Tel: +66 2 271 7999 ext. 5807
E-mail: pothirat@pdmo.go.th

Bangkok Bank PCL
Montri Upathambhakul
Tel: +66 2 626 4434
E-mail: montri.upa@bbl.co.th

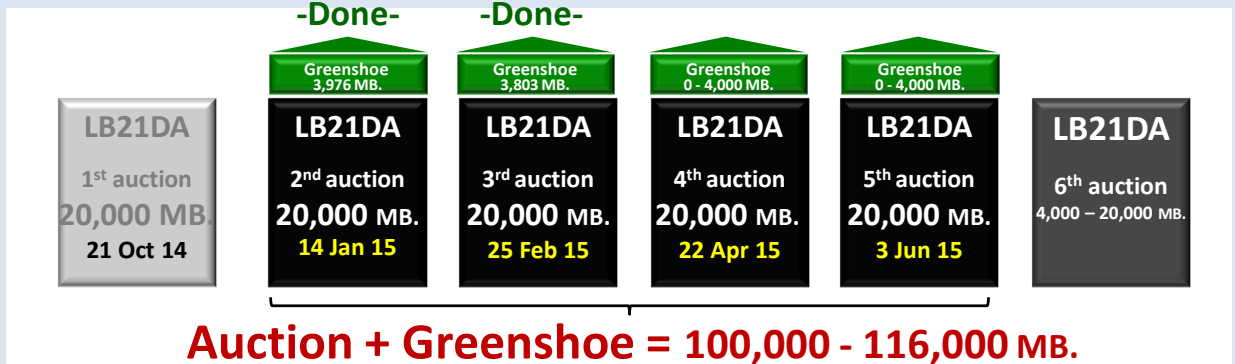
KASIKORNBANK PCL
Supong Ninsuvannakul
Tel: +66 2 470 3274
E-mail: supong.n@kasikornbank.com

Standard Chartered Bank (Thai) PCL
Chanaichon Asavametha
Tel: +66 2 724 8836
E-mail: chanaichon.suwansirikul@sc.com

Greenshoe Option

Privilege for **MOF Outright PDs**
In FY2015

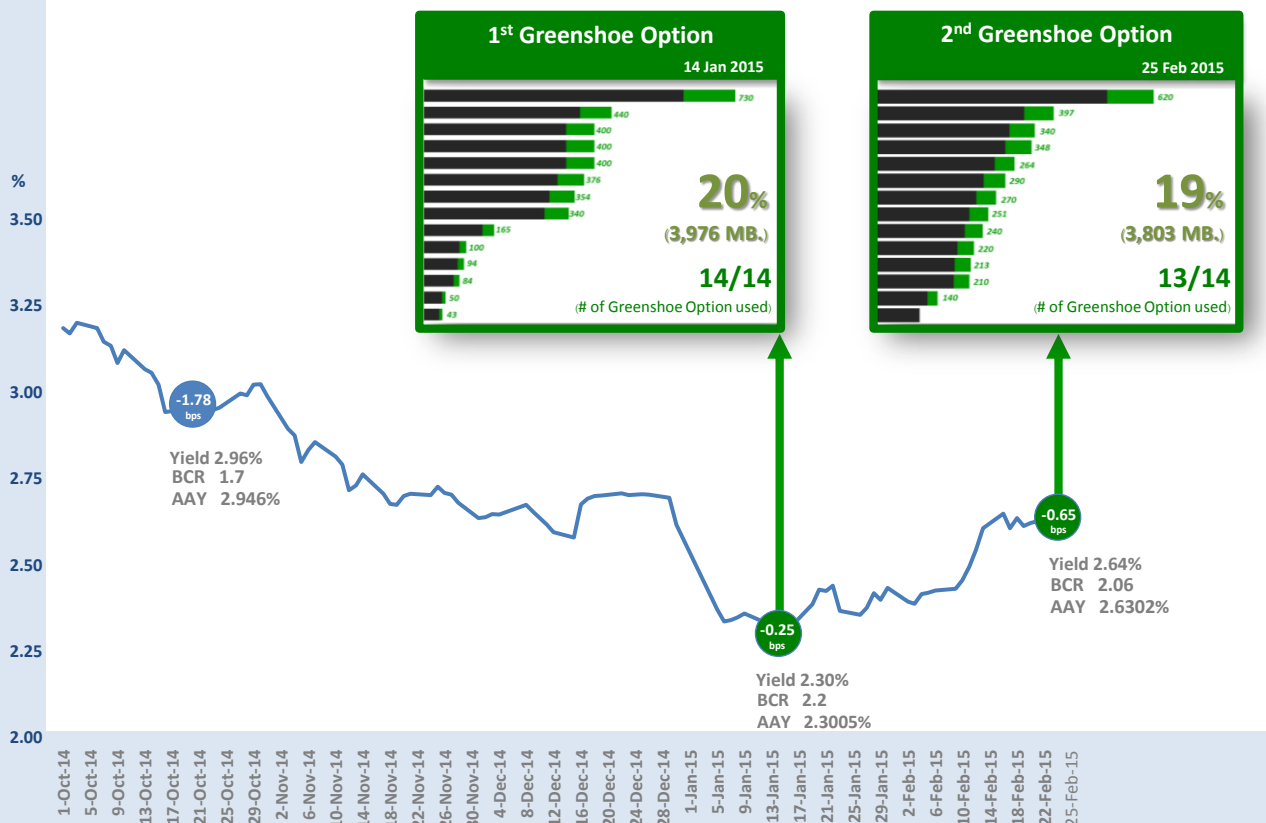
Series	LB21DA (5-Yr Benchmark Bond .. Exclusivity)
Accepted Rate	Average Accepted Yield (AAY)
Maximum Amount	Additional 20% of the allocated amount
Exercise Period	T (After Auction Period <u>between 11.00-11.30 a.m.</u>)
Settlement Date	T+2

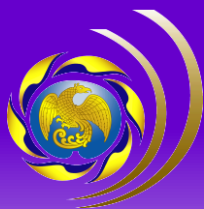


Greenshoe Option

- Well Received by the Market
- All Primary Dealers Fully Exercised their Rights

FY2015 5-yr Benchmark Bond (LB21DA) Yield & Auction Results





Savings Bond



Savings Bond FY2015 No. 2

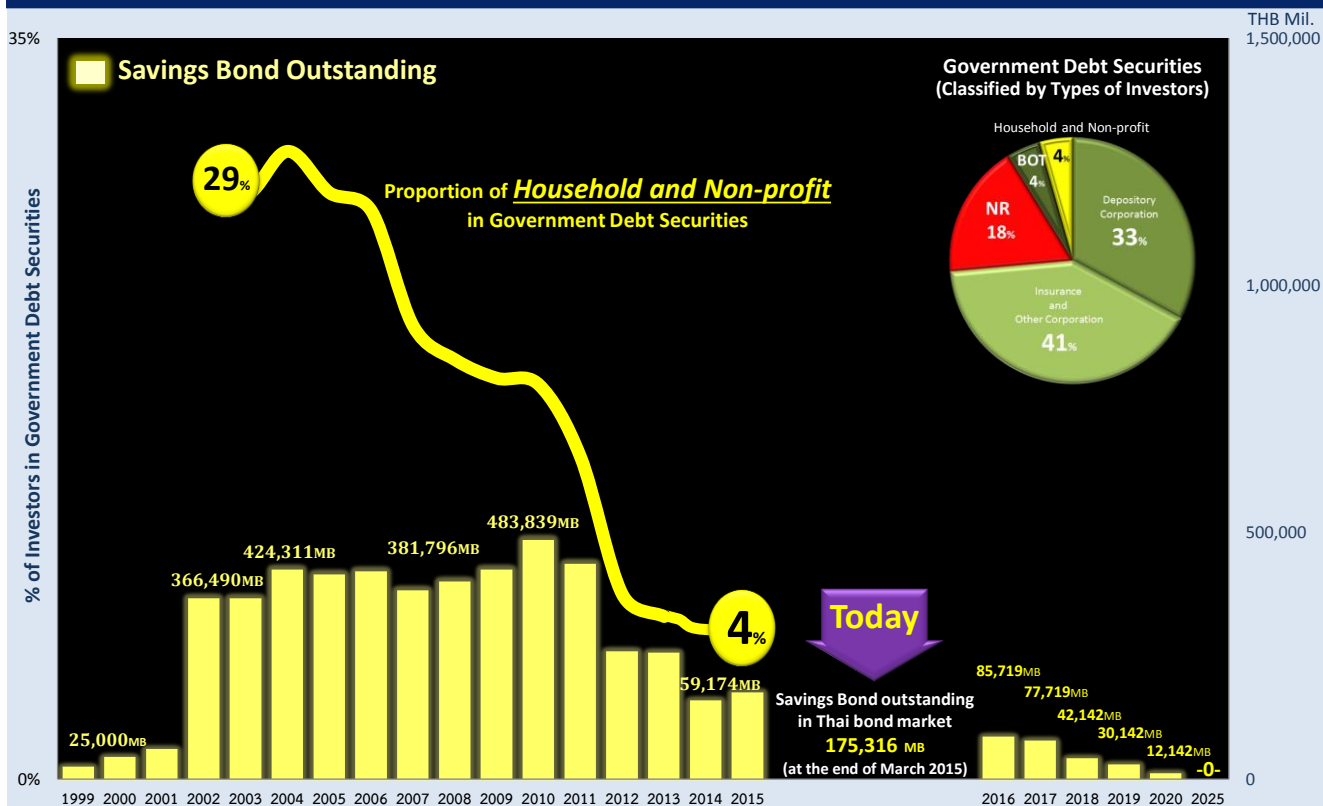
will be issue on May 11, 2015

Features

ThaiBMA Symbol	SB185A
Tenor	3-Years
Coupon Rate (p.a.)	Coupon rate will be announced within May 10 , 2015
Issue Size	4,000 THB mil.
Sale period	May 11 – August 31, 2015
Sale Amount	1,000 – 2,000,000 THB mil.
Coupon payment date	Paid semi-annually on May 11 and November 11 each year
Maturity date	May 11, 2018
Eligible Customers	Only for retail and non-profit organization such as foundations, Thai Red Cross Society, and the National Council on Social Welfare of Thailand
Distribution Channels	4 Appointed banks : <ul style="list-style-type: none">- Bangkok Bank Public Company Limited- Krung Thai Bank Public Company Limited- Kasikorn Bank Public Company Limited- Siam Commercial Bank Public Company Limited



Structure Shift ... Savings Bond was a Main Instrument for Government funding under the economic crisis



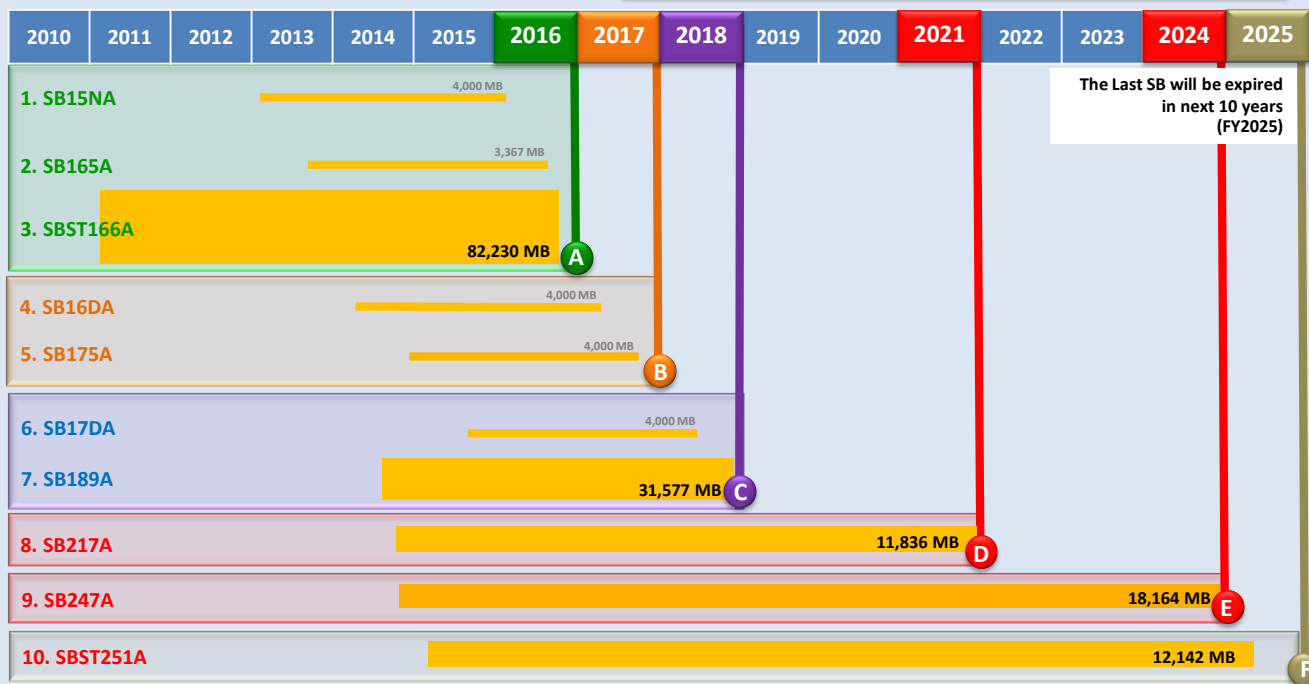
Savings Bond : Safe Haven for Retail Investors

Savings Bond Outstanding

at the end of March 2015

175,316 MB (10 Series)

- A** FY2016 Expiration of 3 SB 89,597 THB Mil. (51%)
- B** FY2017 Expiration of 2 SB 8,000 THB Mil. (4%)
- C** FY2018 Expiration of 2 SB 35,577 THB Mil. (19%)
- D** FY2021 Expiration of 1 SB 12,000 THB Mil. (8%)
- E** FY2024 Expiration of 1 SB 18,000 THB Mil. (11%)
- F** FY2025 Expiration of 1 SB 12,142 THB Mil. (7%)



PDMO Bond Calendar FY 2015

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Oct 2014	6	Auction T-bill	1	2	3	4	5
	13	Auction T-bill	8	9	10	11	12
	20	Auction T-bill	15	16	17	18	19
	27	Auction T-bill	22	23	24	25	26
	3	Auction T-bill	29	30	31	1	2
	10	Auction T-bill	5	6	7	8	9
	17	Auction T-bill	12	13	14	15	16
	24	Auction T-bill	19	20	21	22	23
	31	Auction T-bill	26	27	28	29	30
	7	Auction T-bill	3	4	5	6	7
Nov 2014	14	Auction T-bill	10	11	12	13	14
	21	Auction T-bill	17	18	19	20	21
	28	Auction T-bill	24	25	26	27	28
	5	Auction T-bill	31	1	2	3	4
	12	Auction T-bill	7	8	9	10	11
	19	Auction T-bill	14	15	16	17	18
	26	Auction T-bill	21	22	23	24	25
	3	Auction T-bill	28	29	30	31	1
	10	Auction T-bill	5	6	7	8	9
	17	Auction T-bill	12	13	14	15	16
Dec 2014	24	Auction T-bill	19	20	21	22	23
	31	Auction T-bill	26	27	28	29	30
	7	Auction T-bill	3	4	5	6	7
	14	Auction T-bill	10	11	12	13	14
	21	Auction T-bill	17	18	19	20	21
	28	Auction T-bill	24	25	26	27	28
	4	Auction T-bill	31	1	2	3	4
	11	Auction T-bill	7	8	9	10	11
	18	Auction T-bill	14	15	16	17	18
	25	Auction T-bill	21	22	23	24	25
Jan 2015	1	Auction T-bill	28	29	30	31	1
	8	Auction T-bill	5	6	7	8	9
	15	Auction T-bill	12	13	14	15	16
	22	Auction T-bill	19	20	21	22	23
	29	Auction T-bill	26	27	28	29	30
	5	Auction T-bill	3	4	5	6	7
	12	Auction T-bill	10	11	12	13	14
	19	Auction T-bill	17	18	19	20	21
	26	Auction T-bill	24	25	26	27	28
	31	Auction T-bill	31	1	2	3	4
Feb 2015	6	Auction T-bill	8	9	10	11	12
	13	Auction T-bill	15	16	17	18	19
	20	Auction T-bill	22	23	24	25	26
	27	Auction T-bill	29	30	31	1	2
	6	Auction T-bill	5	6	7	8	9
	13	Auction T-bill	12	13	14	15	16
	20	Auction T-bill	19	20	21	22	23
	27	Auction T-bill	26	27	28	29	30
	6	Auction T-bill	5	6	7	8	9
	13	Auction T-bill	12	13	14	15	16
Mar 2015	20	Auction T-bill	19	20	21	22	23
	27	Auction T-bill	26	27	28	29	30
	4	Auction T-bill	3	4	5	6	7
	11	Auction T-bill	10	11	12	13	14
	18	Auction T-bill	17	18	19	20	21
	25	Auction T-bill	24	25	26	27	28
	1	Auction T-bill	31	1	2	3	4
	8	Auction T-bill	7	8	9	10	11
	15	Auction T-bill	14	15	16	17	18
	22	Auction T-bill	21	22	23	24	25

Month	Day	Event	Day	Event	Day	Event
Q3	Apr 2015	30	31	Last day of submission for Baht Bond Application (2/2015)	1	
		6	7	Chakri Day	8	Auction LB296A (15y) : 9,000 MB
		13	14	Songkran Festival Day	15	Songkran Festival Day
		20	21	Auction T-bill	22	Auction LB21DA (5y) : 20,000 MB
		27	28	Auction T-bill	29	Auction LB616A (50y) : 7,000 MB
		4	5	Auction T-bill	6	Auction LB25DA (10y) : 13,000 MB
		11	12	Issue Regular Saving Bond 2/2015 (5y) 4,000 MB (11 May - 31 Aug 15)	13	
		18	19	Auction T-bill	20	Auction LB446A (30y) : 8,000 MB
		25	26	Auction T-bill	27	Auction LBA37DA (25y) : 10,000 MB
		1	2	Visakha Bucha Day	3	Auction LB21DA (5y) : 20,000 MB
Q4	May 2015	8	9	Auction T-bill	10	
		15	16	Auction T-bill	17	Quarterly PD Market Dialogue
		22	23	Auction T-bill	24	Auction LB616A (50y) : 7,000 MB
		29	30		1	Mid-year Bank Holiday
		6	7		8	
		13	14		15	
		20	21		22	
		27	28		29	Last day of submission for Baht Bond Application (3/2015)
		3	4	Quarterly Macroeconomics Report (FPO)	5	
		10	11		12	
Q1	Jun 2015	17	18		19	
		24	25		26	Bond Switching Transaction on LB15DA
		1	2		3	First day of submission for Baht Bond Application (3/2015)
		8	9		10	
		15	16		17	
		22	23		24	
		29	30		31	Buddhist Lent Day
		6	7		8	
		13	14		15	Baht Bond 3/FY2015
		20	21		22	
Q2	Jul 2015	27	28		29	
		3	4		5	
		10	11		12	
		17	18		19	
		24	25		26	
		31	1		2	
		7	8		9	
		14	15		16	
		21	22		23	
		28	29		30	
Q3	Aug 2015	4	5	Quarterly Macroeconomics Report (FPO)	6	
		11	12		13	
		18	19		20	MOF Outright PD Committee : Final Review
		25	26		27	
		1	2		3	
		8	9		10	
		15	16		17	Annual PDIMO-Market Dialogue
		22	23		24	
		29	30		31	MOF Outright PD License granted to a new member
		Q4	Sep 2015	5	6	
12	13				14	
19	20				21	
26	27				28	
3	4				5	
10	11				12	
17	18				19	
24	25				26	
1	2				3	
8	9				10	

Remark : Royal Ploughing Ceremony Day- waiting for an announcement

Basic & Essentials

- Public Debt Outstanding
- Bond Market Capitalization
- Total GOVT Debt (Direct + FIDF)
- Government Bond Auction Result
- Development of Inflation-Linked Bond
- Baht Bond Outstanding and its Market Share
- Non-Resident Holding in Domestic Bond

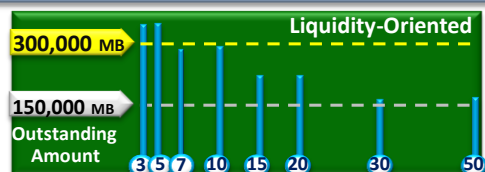
Domestic Bond Market in Transition

- ✓ Funding Infrastructure Investment
- ✓ Connecting ASEAN

	Market Deepening Oriented (2010 - 2012)
Sustainable Source of Fund	<ul style="list-style-type: none"> Water Decree (350,000 THB Mil.) Thai Khem Khang (350,000 THB Mil.)
Regional Connectivity / AEC	Baht Bond (Foreign Issuers Bond)
Debt Folio Enhancement	<ul style="list-style-type: none"> ATM Lengthened Cost Lowered FIDF Decree Passed = 70,000 THB Mil. Fiscal Space
Market Infrastructure	<ul style="list-style-type: none"> Appointed 14 MOF-Outright PD Activated Public Debt Management Fund
Innovation / Product Development	<ul style="list-style-type: none"> Inaugural 10-yr Inflation-Linked Bond (10-yr) Long-term Fixed Promissory Notes (25-35-45-yr) Electronic Retail Savings Bond (3-5-yr)
Market Consultation	<ul style="list-style-type: none"> Annual PDMO Market Dialogue Quarterly PDMO one-on-one PD Dialogue

Funding Infrastructure Investment Connecting ASEAN (2013 - 2016)	Ongoing Project
2,000,000 THB Mil. Long-Term Infrastructure Inv't	
2,400,000 THB Mil. Long-Term Infrastructure Inv't	
Full Funding Capacity : 1,150,000 THB Mil.	
Credit Guarantee Investment Facility (CGIF)	
Foreign Currency Bond	
Baht Bond (CLMV)	
Well-Distributed Investor Base	
Well-Balanced Fixed-Floating Ratio	
Well-Distributed Maturity Profile / Bond Switching	
Bond Switching (1st execution: 28 Nov 14)	
Strengthening PD system (Exclusivity, League Table, Greenshoes Option)	
STRIPS Bond	
Scripless Retail Savings Bond → Liquidity	
Super-Size Inaugural 25-yr Back-End Amortized Bond	
Re-open ILB 7-yr or Launch ILB-30yr	
STRIPS Transaction	
Annual PDMO Market Dialogue	
Quarterly PDMO one-on-group "MOF Outright PD" Dialogue	

Building Yield Curve / Enhancing Liquidity

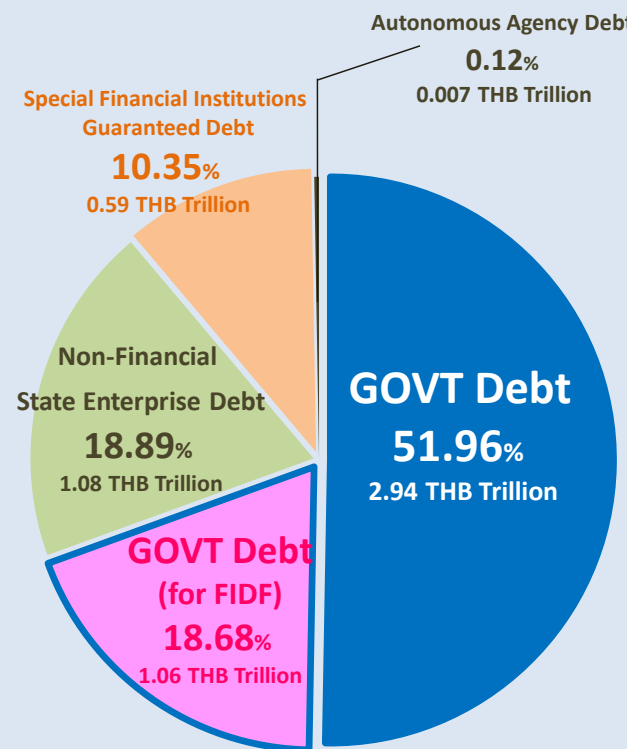


Public debt Outstanding (as of January 2015) = 5.66 THB Trillion (46.46% of GDP)

Components of Public Debt Units : THB Mil.

1. Government Debt (excluded FIDF)	2,939,751*
2. Government Debt (for FIDF)	1,057,018
3. Non-Financial State Enterprise Debt	1,068,742
4. Special Financial Institutions Guaranteed Debt	585,623
5. Autonomous Agency Debt	6,925
Public Debt Outstanding	5,658,059

*including 76,580 THB Mil. of External Debt

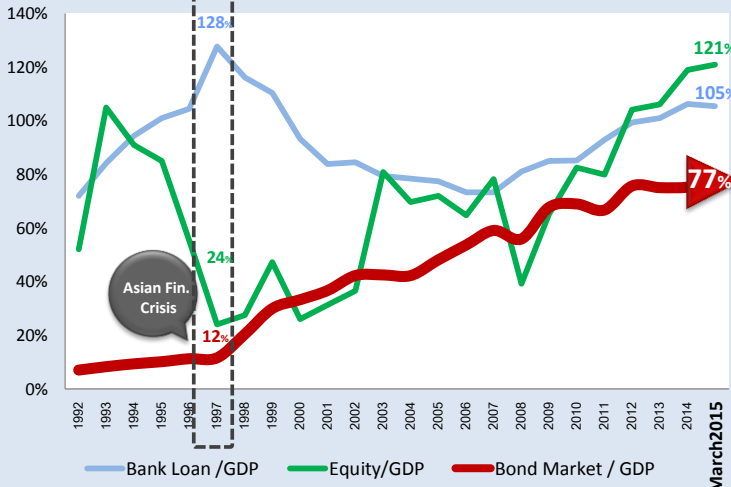


Source : Information Technology Centre, PDMO

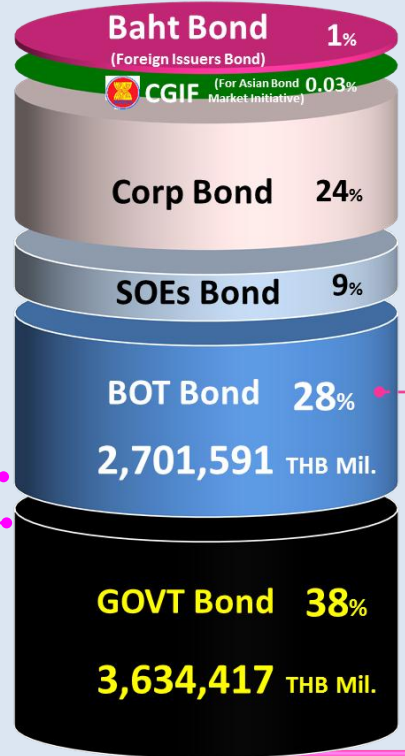
Bond Market Cap. = 9.4 THB Trillion
(\$307 Bil.)*

GOVT Bond = 3.6 THB Trillion
(\$118 Bil.)*

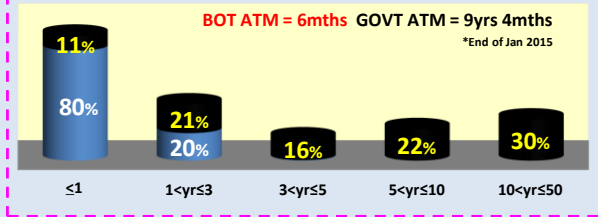
% Share of GDP



Domestic Bond Market Classified by Issuer



Maturity Profile
BOT vs GOVT Bond



*Source: BOT Exchange rate as End of Mar 2015

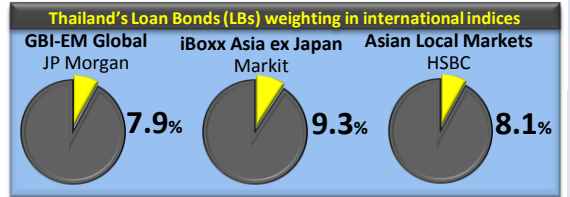
End of March 2015

Full Capacity* of All Government Funding Instruments

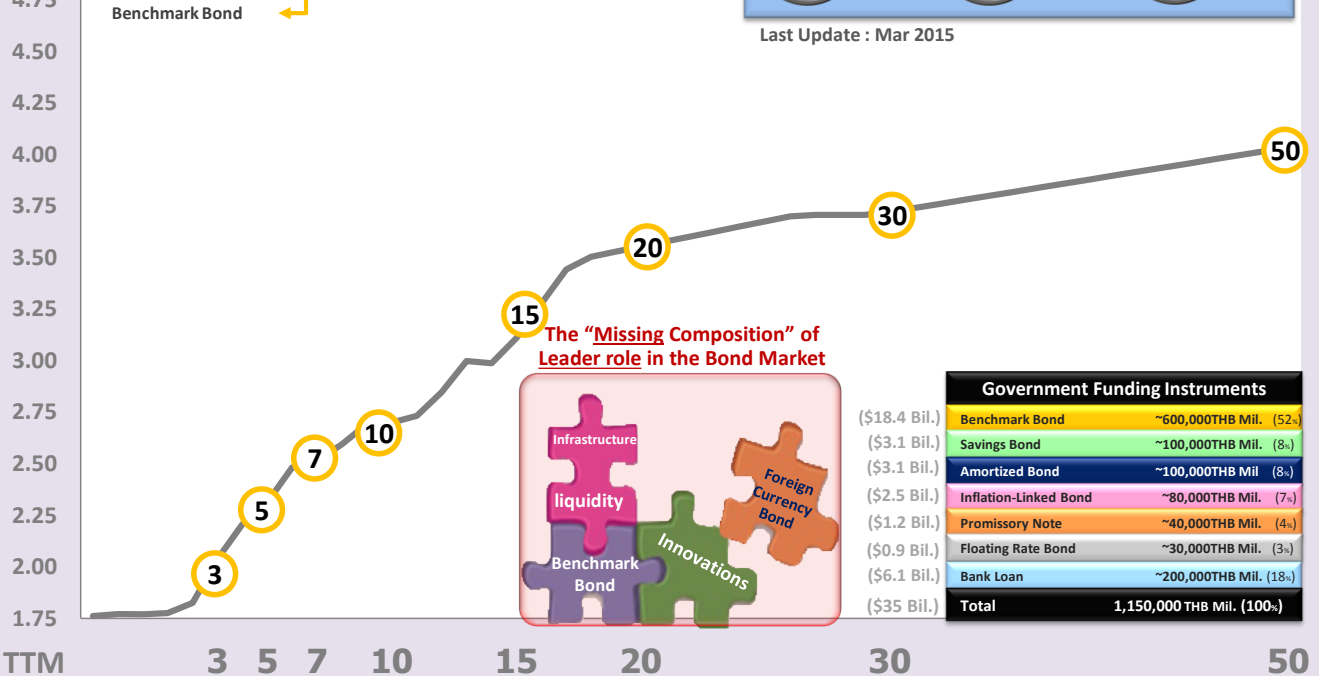
1,150,000 THB Mil. per Year
(\$35 Bil.)**

* Under favorable market liquidity + using All funding instruments

Term	Capacity (THB Mil.)	Value (\$ Bil.)**
LB 3 yrs	150,000	(\$4.6 Bil.)**
LB 5 yrs	120,000	(\$3.7 Bil.)
LB 7 yrs	80,000	(\$2.5 Bil.)
LB 10 yrs	80,000	(\$2.5 Bil.)
LB 15 yrs	60,000	(\$1.8 Bil.)
LB 20 yrs	60,000	(\$1.8 Bil.)
LB 30 yrs	30,000	(\$0.9 Bil.)
LB 50 yrs	20,000	(\$0.6 Bil.)



Last Update : Mar 2015



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%)

Source: ThaiBMA Government Bond Yield Curve (End of Mar 2015)

**Source: BOT Exchange rate (End of Mar 2015)

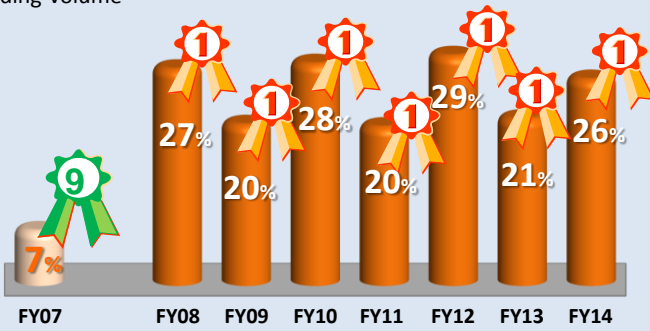
FY2008-FY2014 Key Success Indicators

- 1. Trading Volume
- 3. Demand Concentration

- 2. Turnover Ratio
- 4. Auction Price

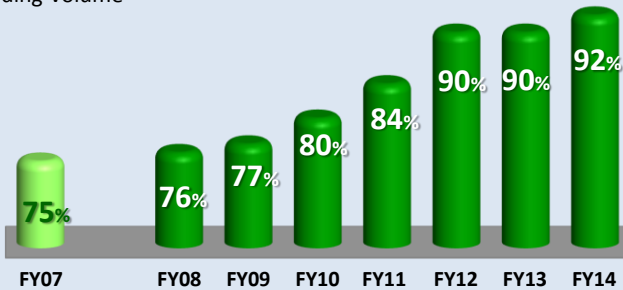
Benchmark Bond 5 yrs and Below : Highest secondary trading volume in every year

Unit: % Share of Market Trading Volume



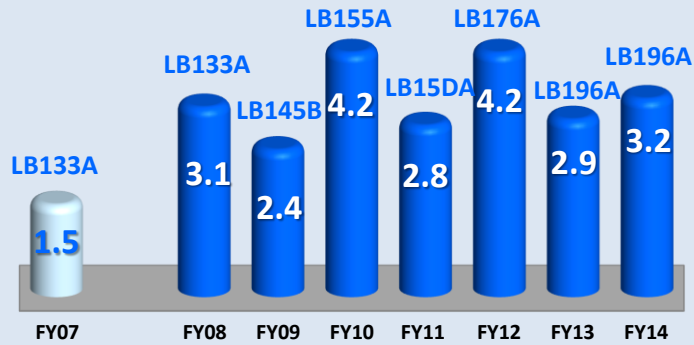
Top 10 GOVT Bond Series : Accounted for 90% of all GOVT bond trading volume in secondary market

Unit: % Share of Secondary Trading Volume



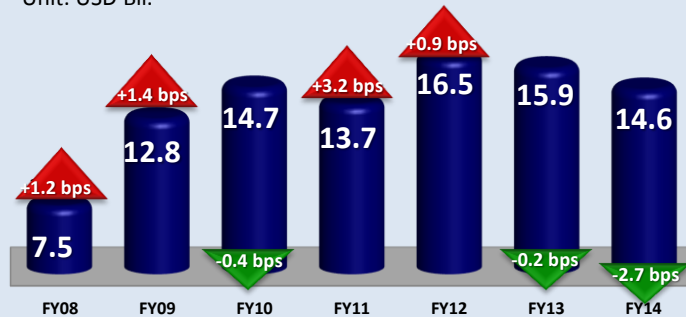
5-yr Benchmark Bond's Higher Turnover Ratio : Even the higher outstanding size, turnover ratio is still more than 2 times

Unit: Times



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

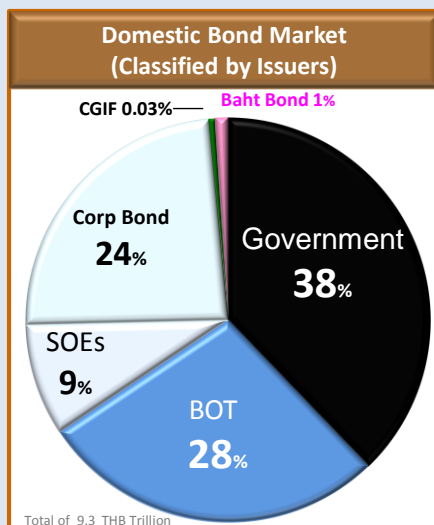
Unit: USD Bil.



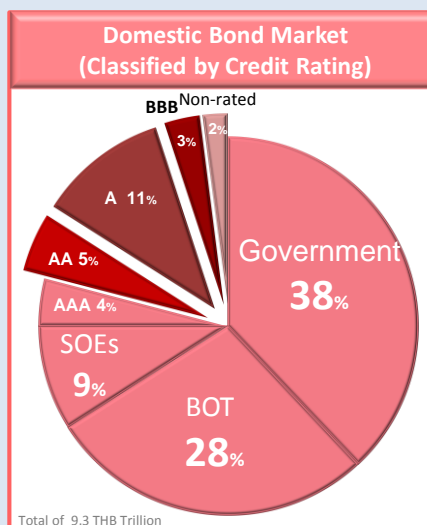
FY 2007-10	30-yr Benchmark Bond	<ul style="list-style-type: none"> Lengthen average-time-to-maturity of <u>Total Government Debt Portfolio</u> Meet Long-term investors' demand 			
	Floating Rate Bond	<ul style="list-style-type: none"> Increase floating debt ratio of Total Government Debt Portfolio Promote 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 2012-2016	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 30-yr ILB	Baht Bond	CGIF Activated (Credit Guarantee and Investment Facility)

Equilibrium of Domestic Bond Market

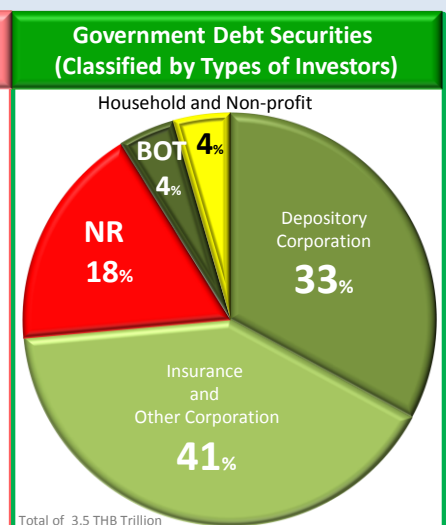
Issuers	<ul style="list-style-type: none"> 75 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises
Credit Rating	<ul style="list-style-type: none"> 98 percent of Thailand's debt securities are classified as Investment Grade
Investors	<ul style="list-style-type: none"> Thailand's government debt securities are held by a wide group of investor types



Source : ThaiBMA (End of March 2015)



Source : ThaiBMA (End of March 2015)



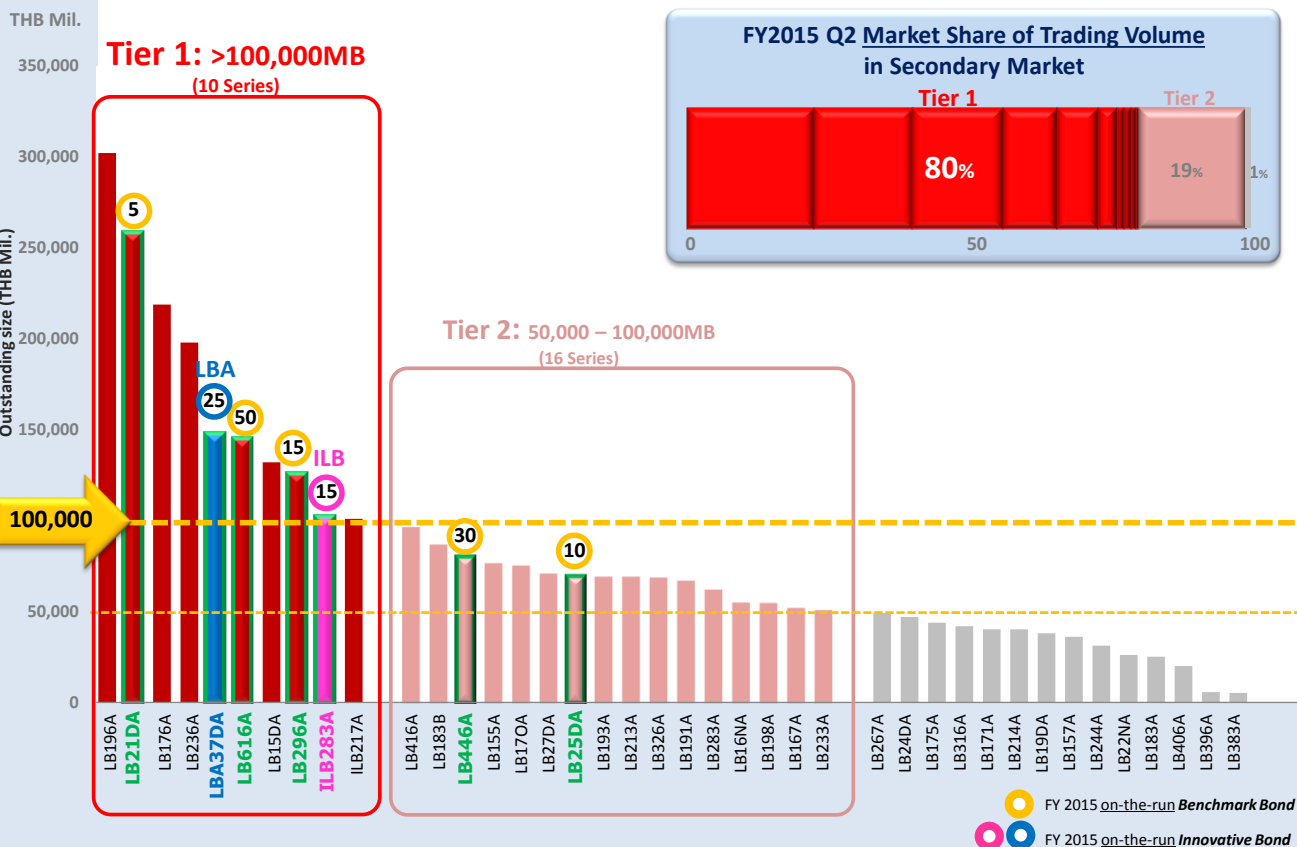
Source : BOT (End of February 2015)

Total GOVT Bond = 40 Series

(End of March 2015)

Tier 1 > 100,000 THB Mil. in Size (80% of Trading Volume)

Tier 2 > 50,000 THB Mil. in Size (19% of Trading Volume)

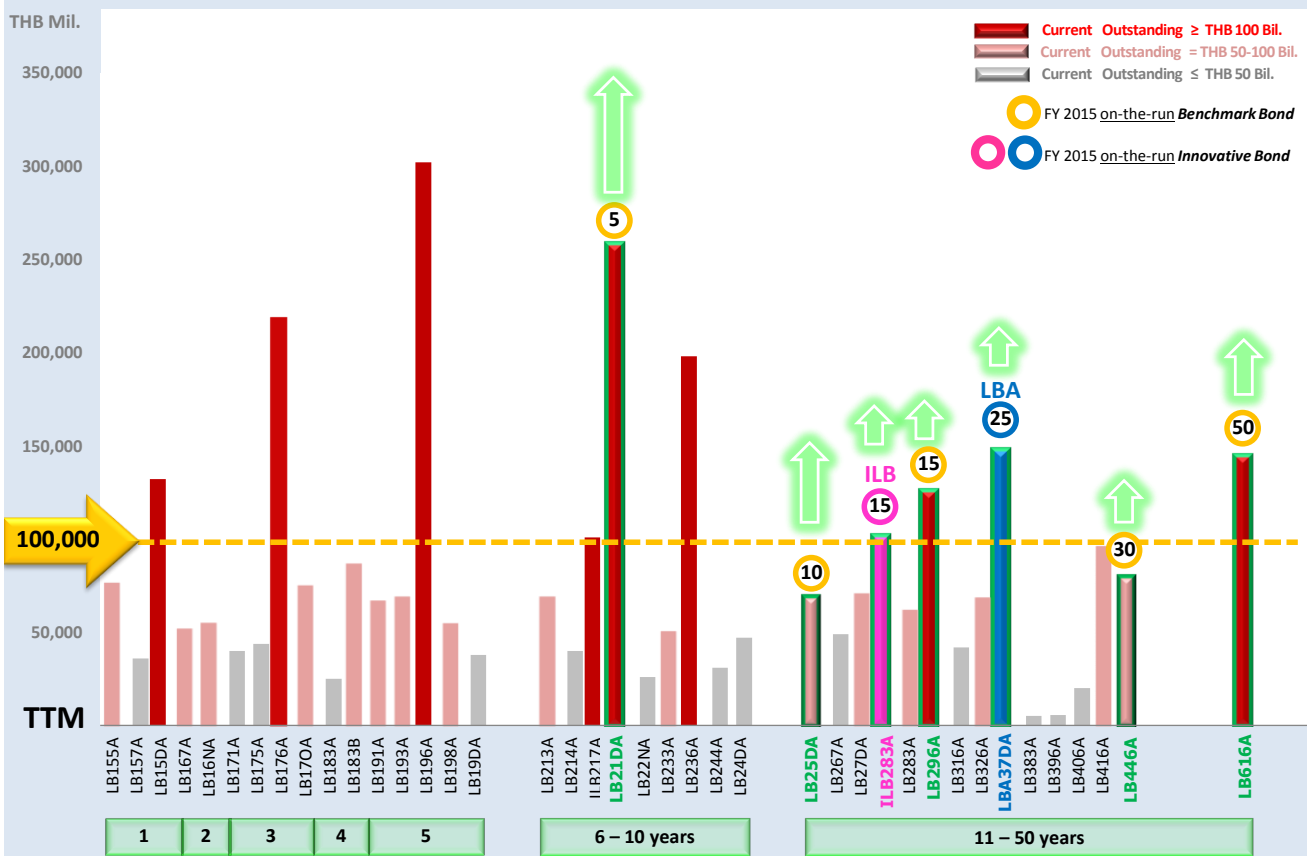


Source : ThaiBMA

Well-Distributed Bond Maturity Profile

(End of March 2015)

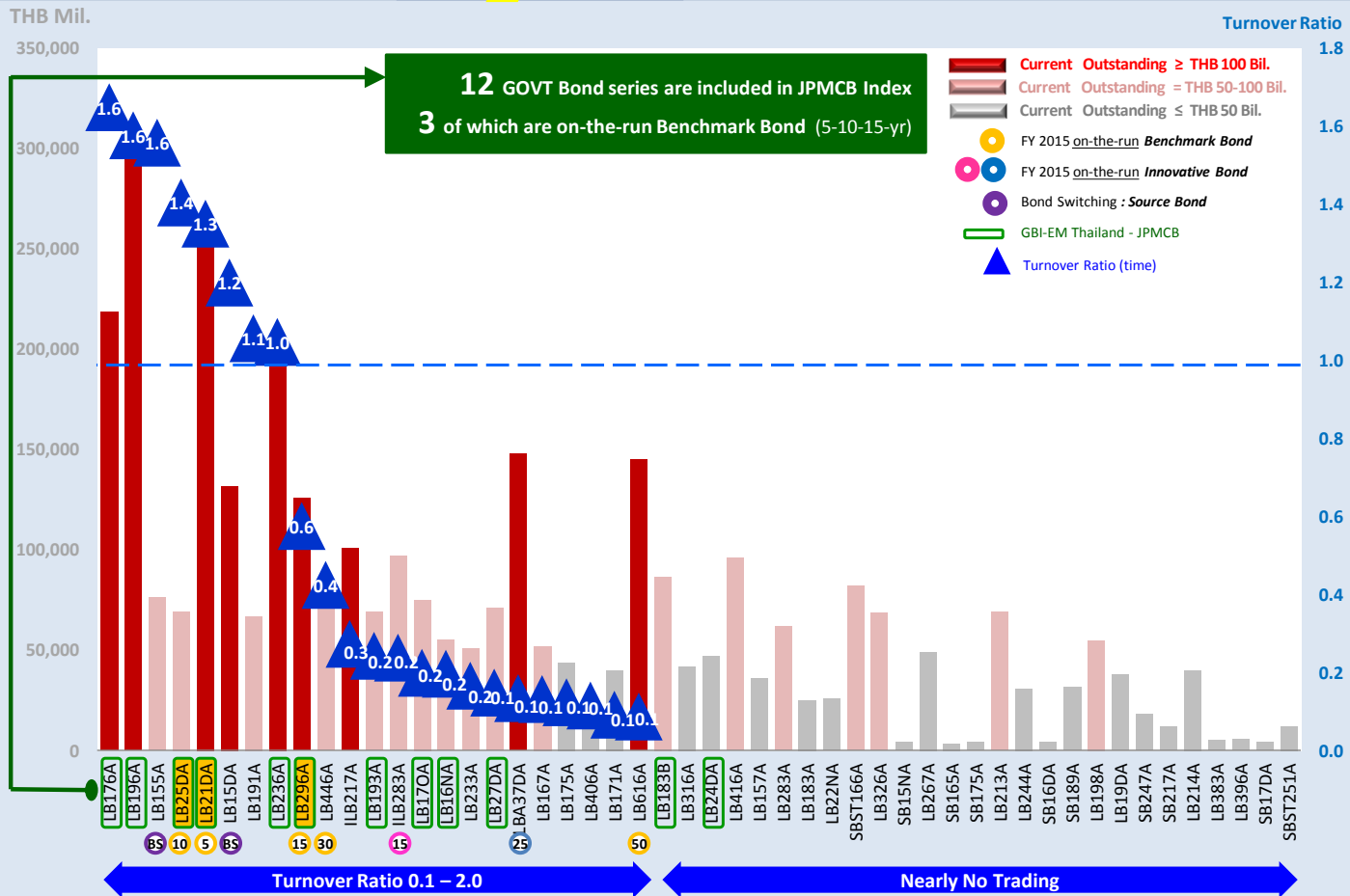
The outstanding size of loan bond maturing in the next 5 years is 1,371,009 THB Mil. (42% of Total GOVT Bond)



Source : ThaiBMA

FY2015 Secondary Trading Volume
 Classified by Turnover Ratio
 As of March 2015

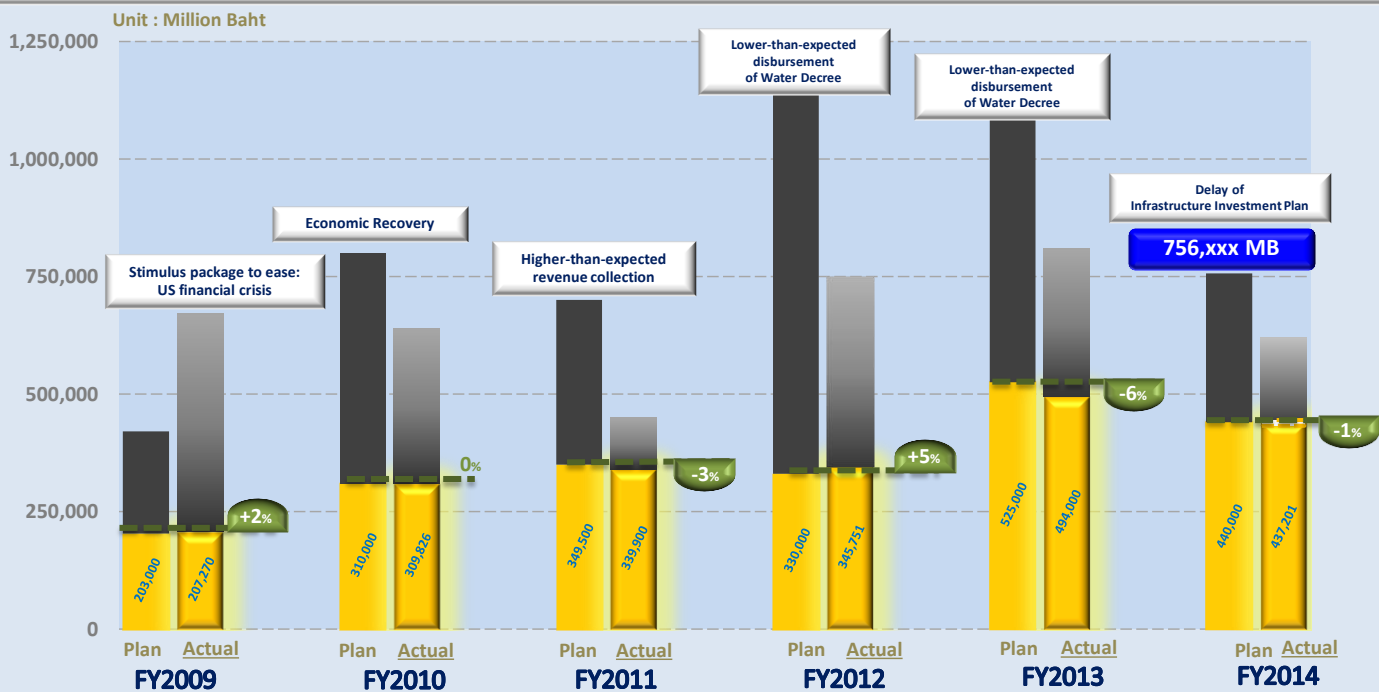
Top 10 Turnover Ratio includes 4 series of **on-the-run Benchmark Bond** (5-10-15-30-yr)



Source : ThaiBMA

Keep our word... to get investors confidence for the plan

Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty



756,xxx MB

Plan: Announced Government's funding need at PDMO's Annual Market Dialogues in September

Actual: Actual fund raising at the end of fiscal year (calculated from announced auction)

----- The difference between "the announced" and "the actual" supply of benchmark bond (% share)

Benchmark Instruments are Benchmark Bonds : Standard Loan Bond (LB) tenors 5-10-15-30-50yr (in FY 2014) + Innovative Products : Inflation-linked Bond (ILB) + Amortized Bond (LBA)
Regular issuance/ Consultation with PDs/ Pre-announced auction table

Other Instruments : Saving Bond, Floating Rate Bond, Promissory Notes, Bills and Bank Loan

Trust & Confidence

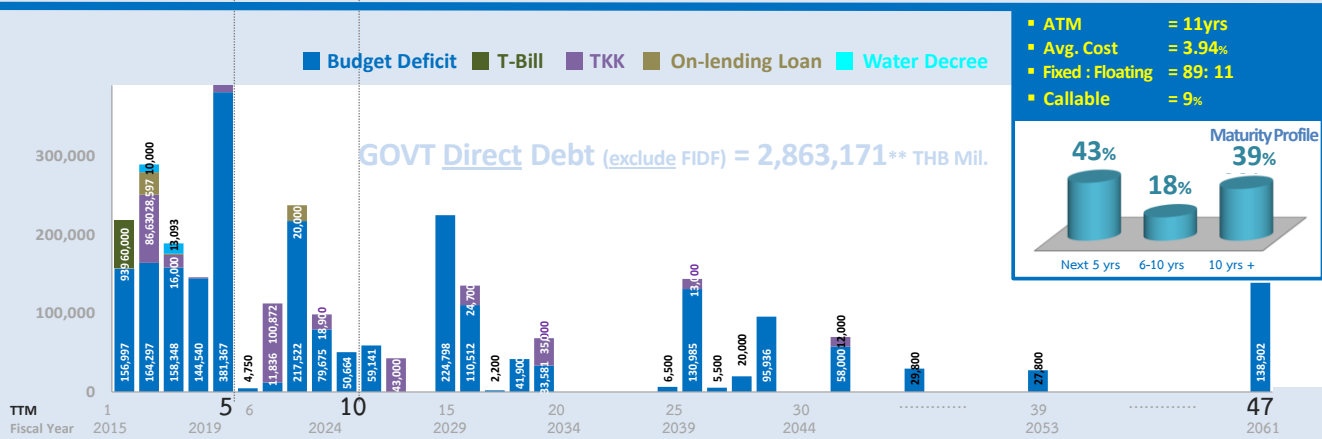
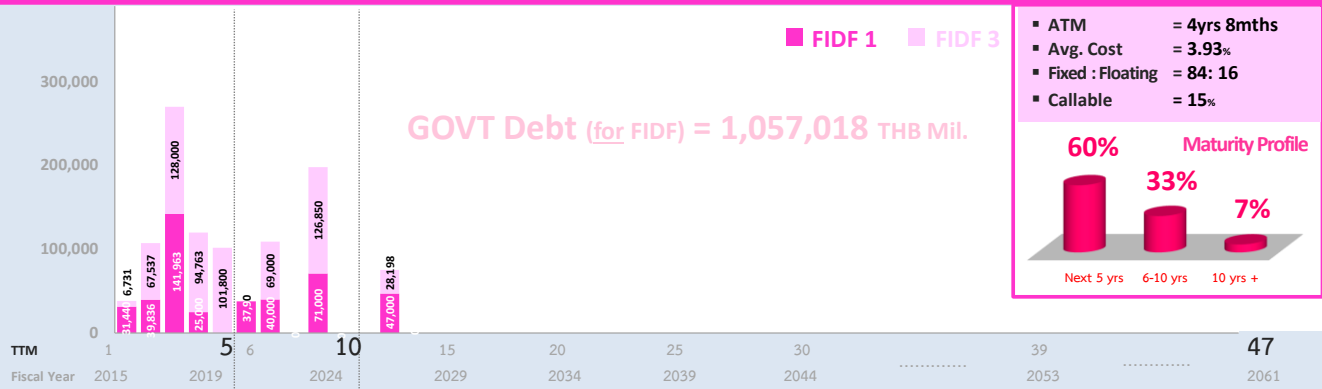
Total Domestic GOVT Debt = 3.92* THB Trillion

* Excluding 76,580 THB Mil. of Foreign Debt

- Average-Time-to-Maturity (ATM) = 9yrs 4mths
- Average Cost = 3.94%
- Fixed : Floating = 88 : 12

As of Jan 2015

Assumptions : 6 months BIBOR = 2.29%, 6 months Fixed Deposit Rate = 1.35%, Inflation = -0.41%



Well-Developed Bond Market Improved GOVT Direct Debt Profile Dramatically

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

Note : Government Direct Debt = 2.86 THB Million (exclude FIDF)

As of Dec 2007

As of Jan 2015

Average-Time-to-Maturity
LENGTHENED by 5yrs 9mths

ATM
5yrs 3mths

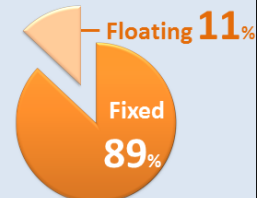
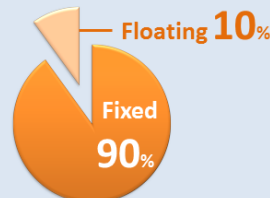
ATM
11yrs

Avg. Cost **LOWERED** by 60 bps.
(While ATM Lengthened by 5yrs 9mths)

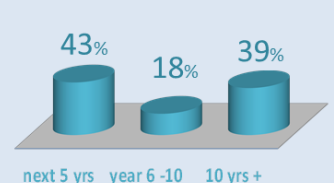
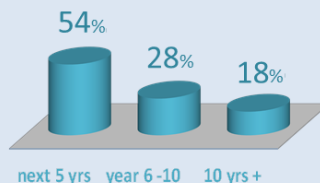
Avg. cost
4.5%

Avg. cost
3.9%

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



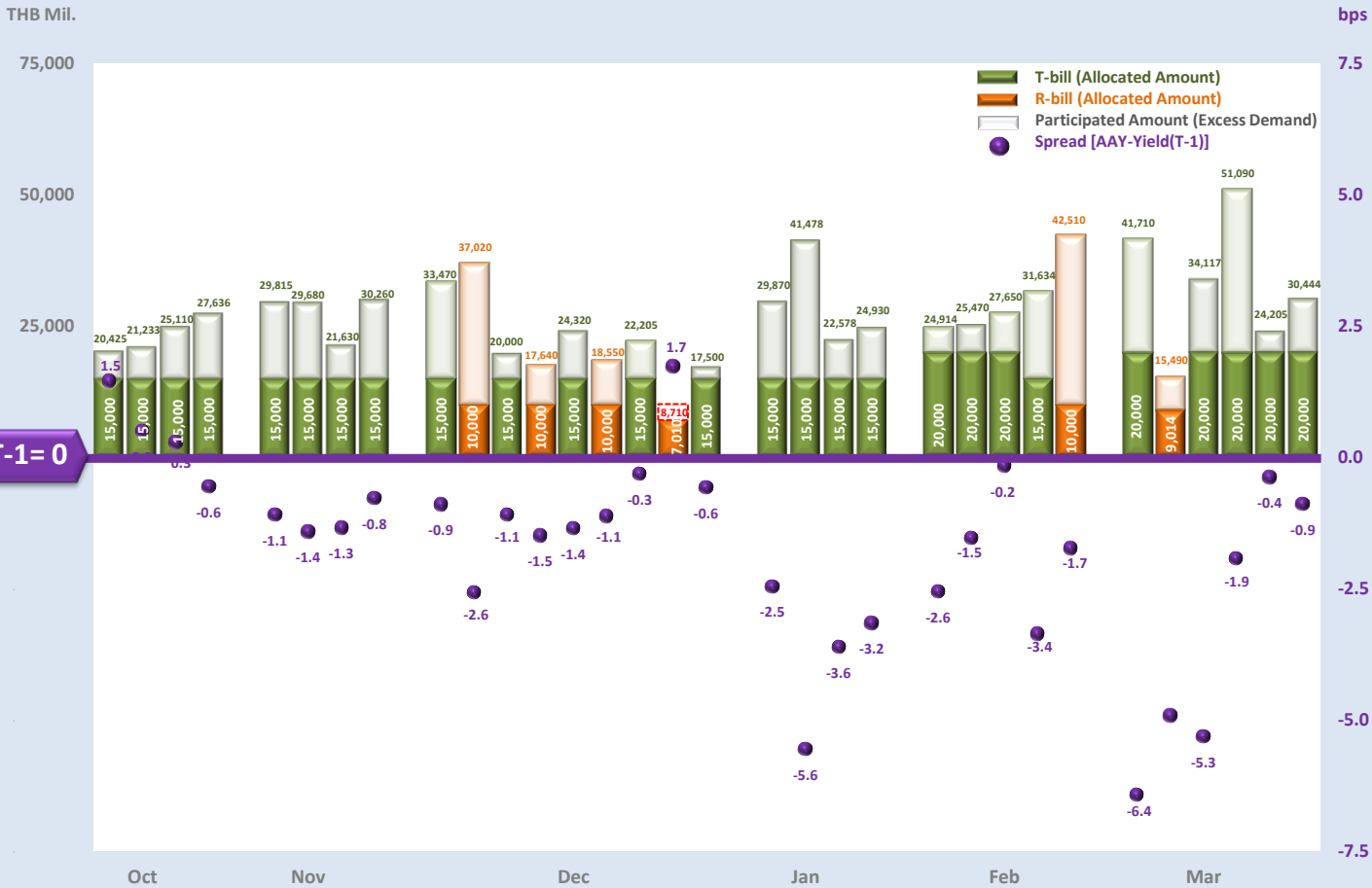
Well-Distributed Maturity Profile
(Maturing Debt in the next 5 yrs is less than 50% of Total Debt)



FY2015

T-Bill Auction Result

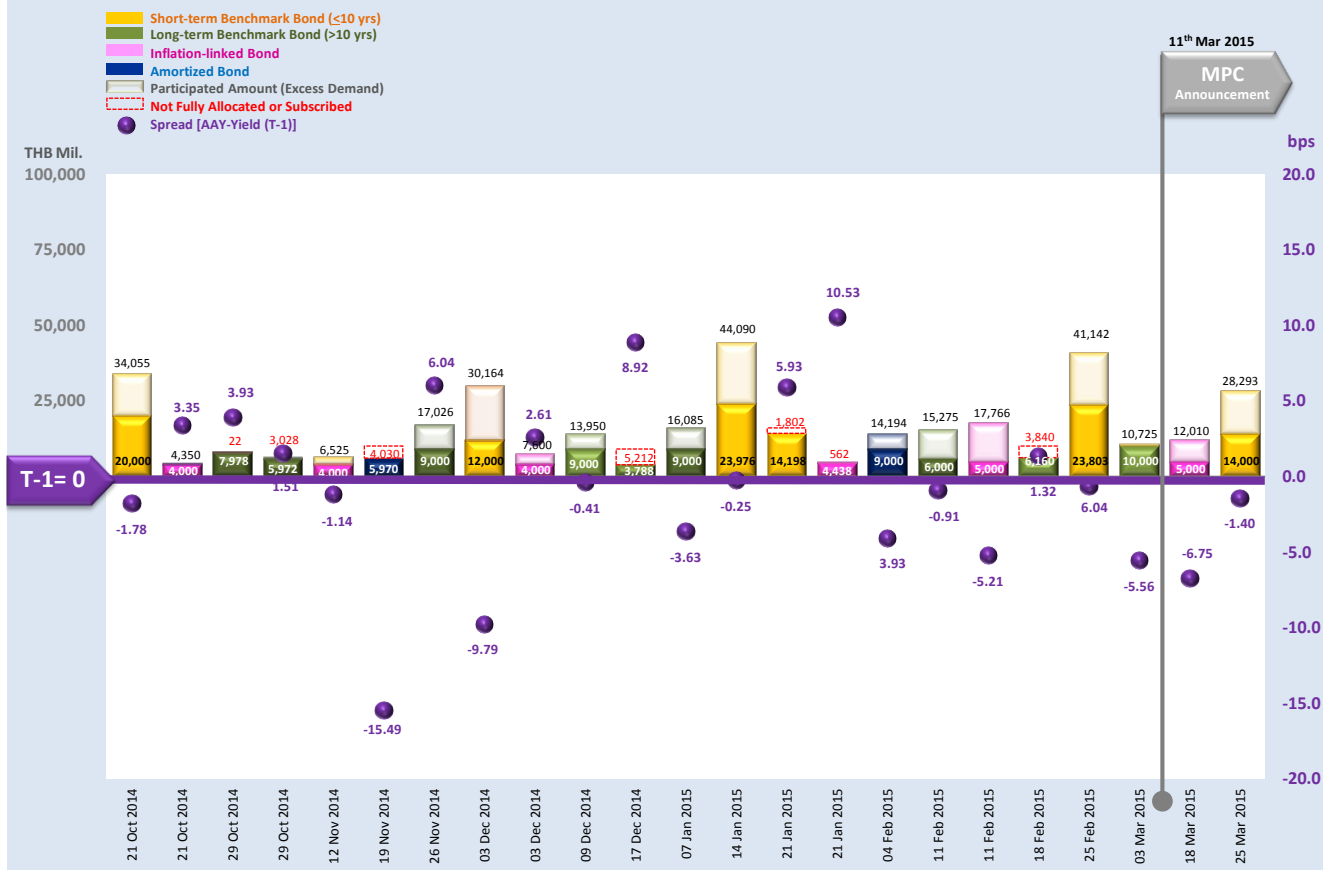
- ✓ Low Cost of Funding
- ✓ High Volume of Short-term Demand



FY 2015 Government Bond Auction Result

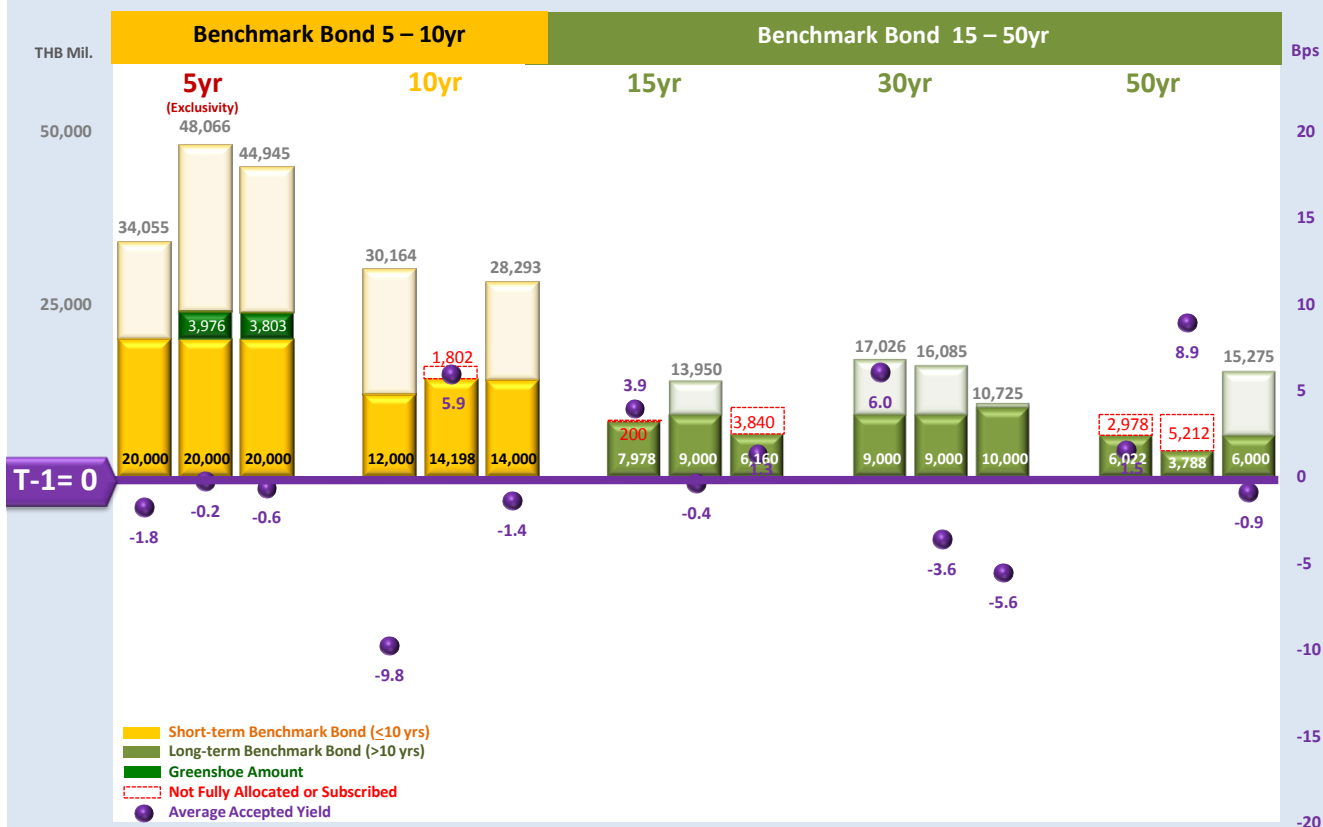
Classified by Quarterly Auction Schedule

GOVT Bond Auction is decoupled from political situation



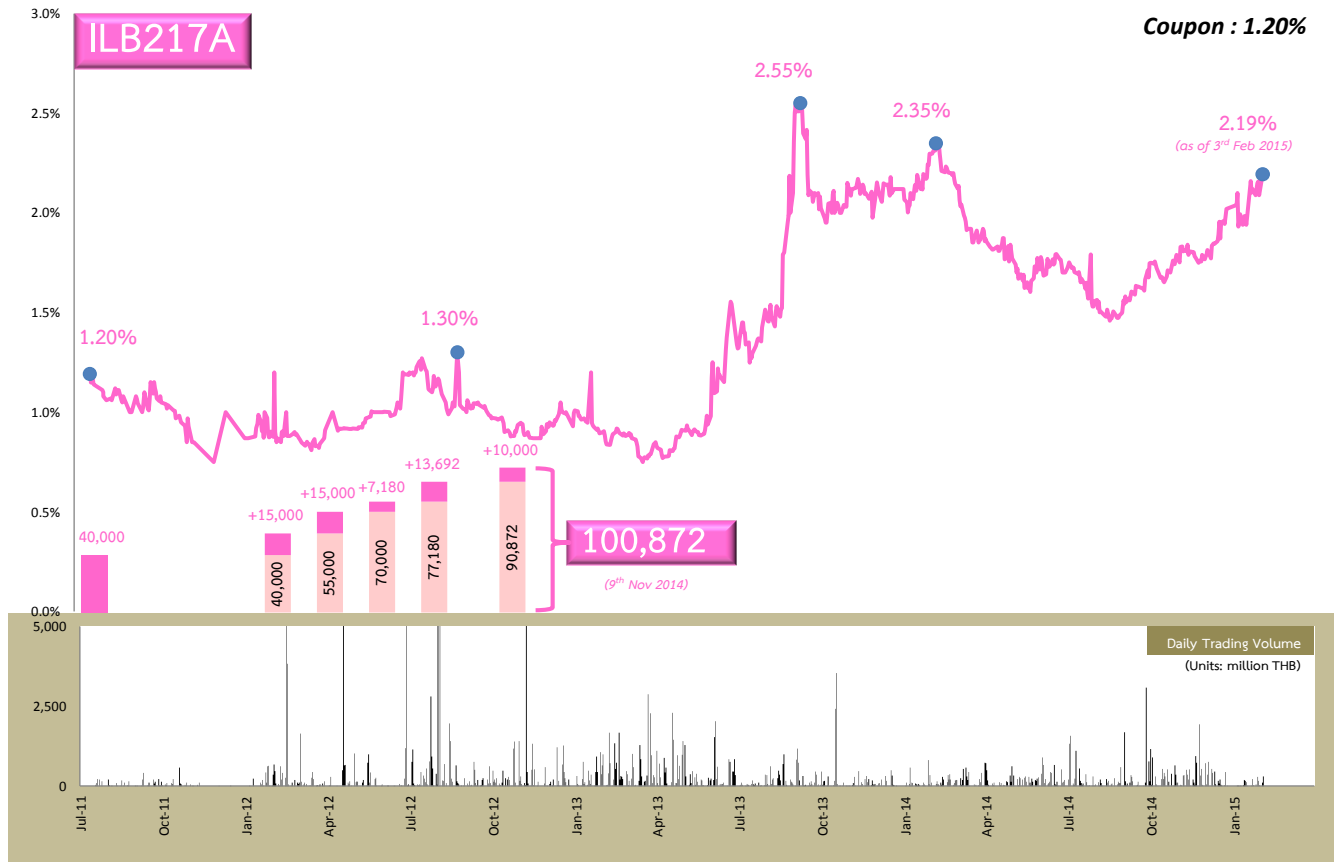
FY 2015 GOVT Bond Auction Results

Classified by Tenor



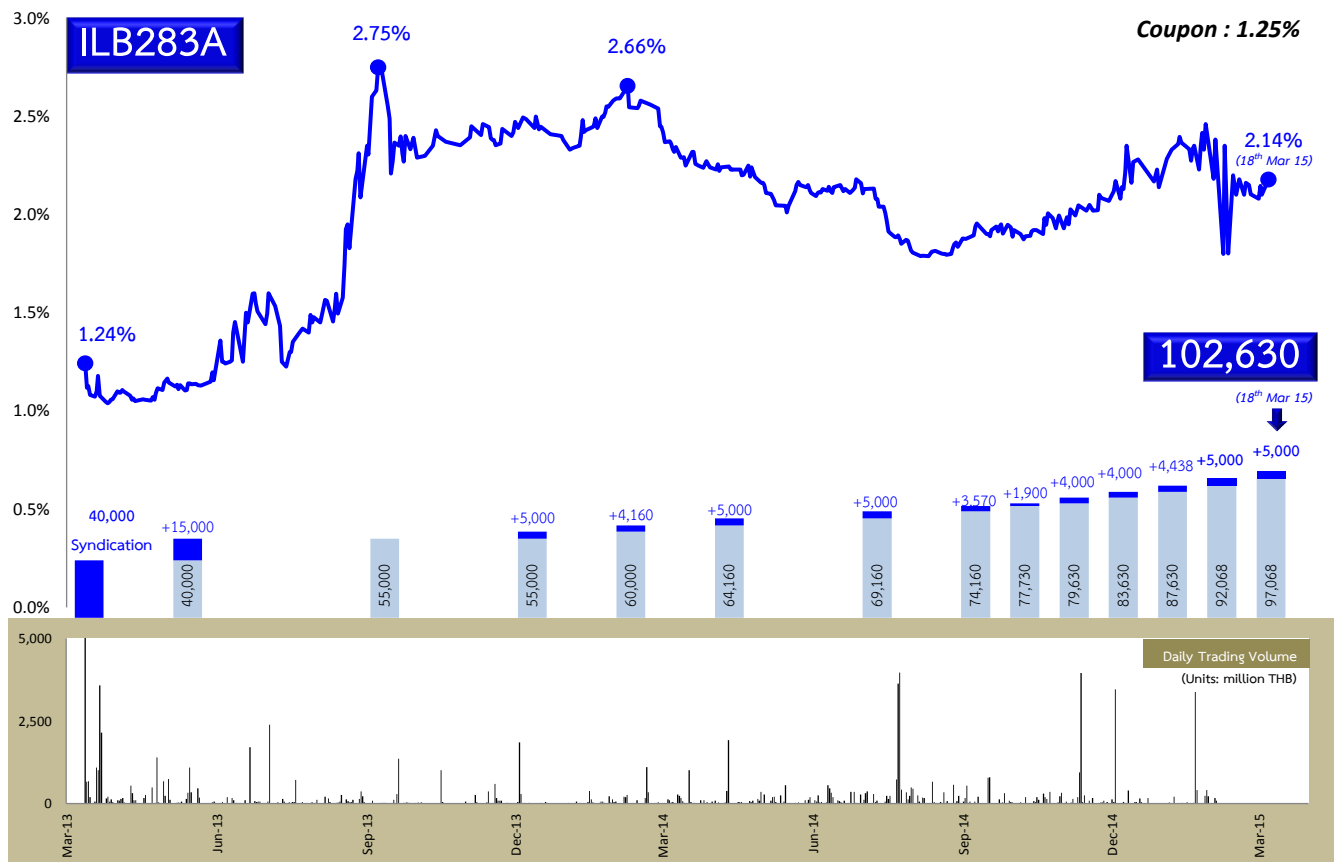
Development of ILB217A

Over 100 THB Billion Outstanding Size
since 9th November 2014

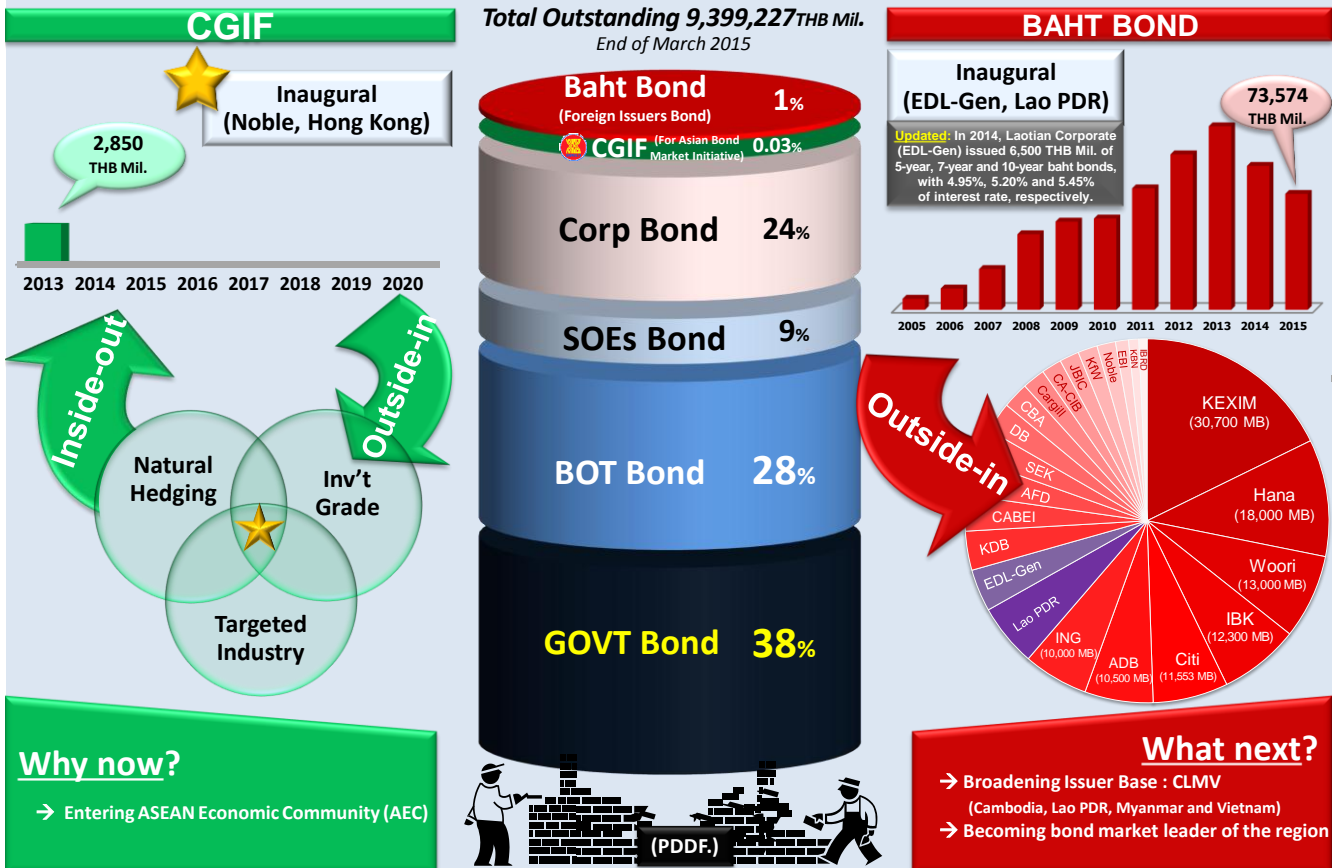


Development of ILB283A

Over 100 THB Billion Outstanding Size
since 18th March 2015

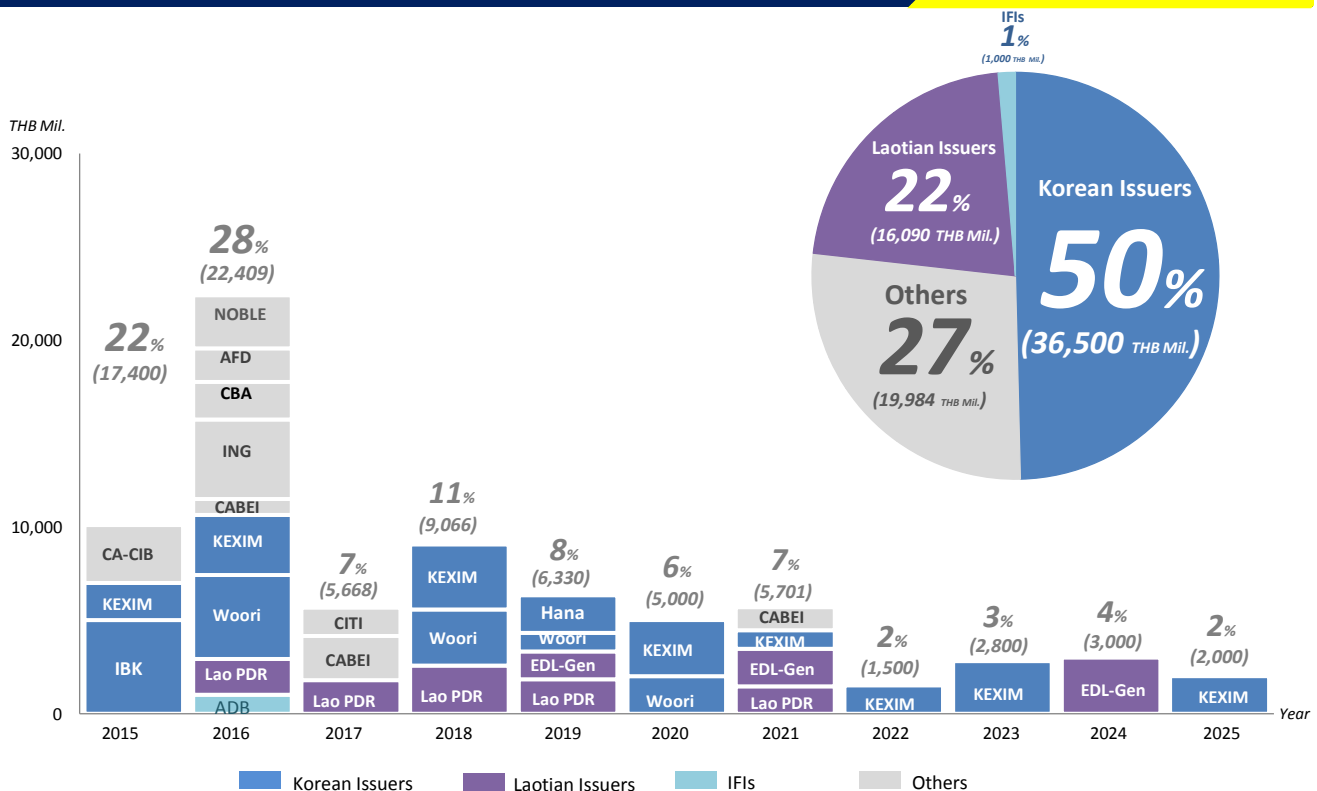


Linking CGIF & BAHT BOND to the Development of Bond Market



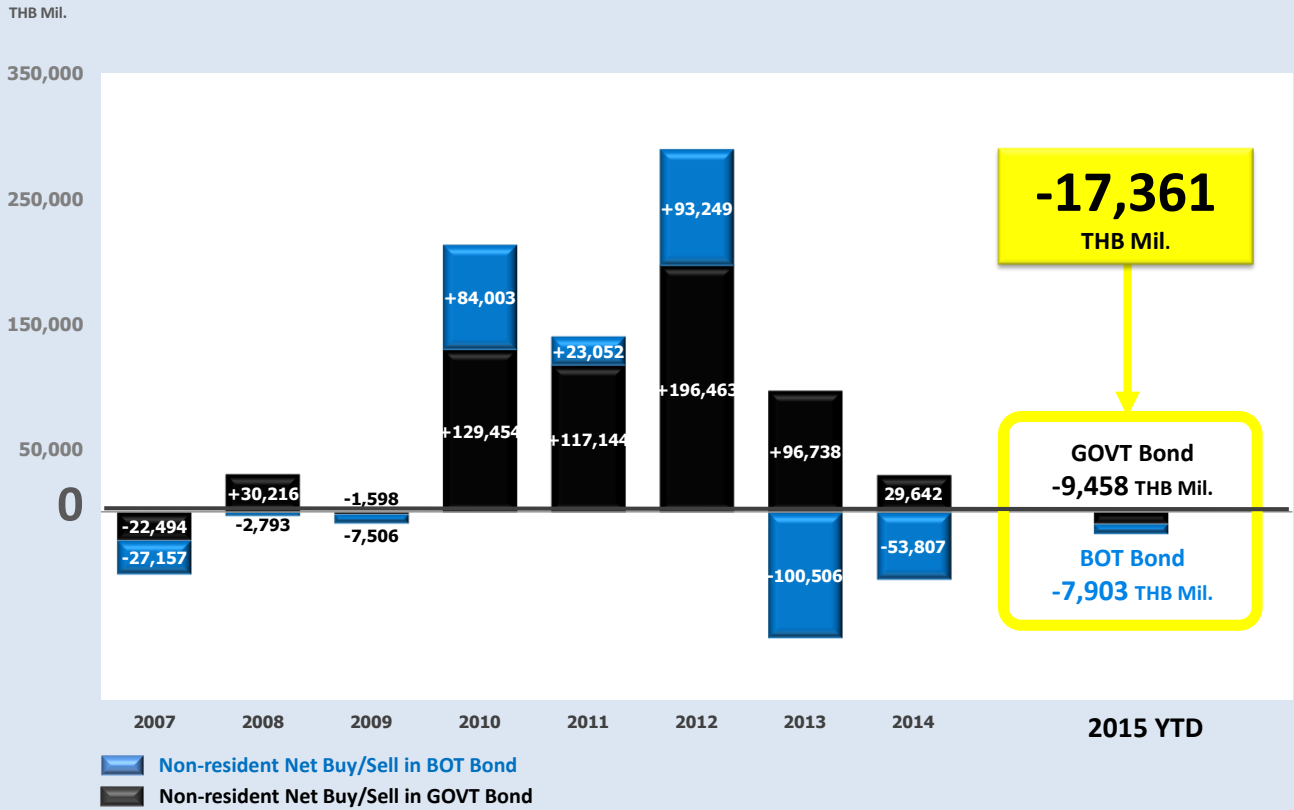
Baht Bond Outstanding (as of March 2015)

73,574 THB Mil.



Annual Capital Flow classified by GOVT & BOT Bond (2007 – 2015)

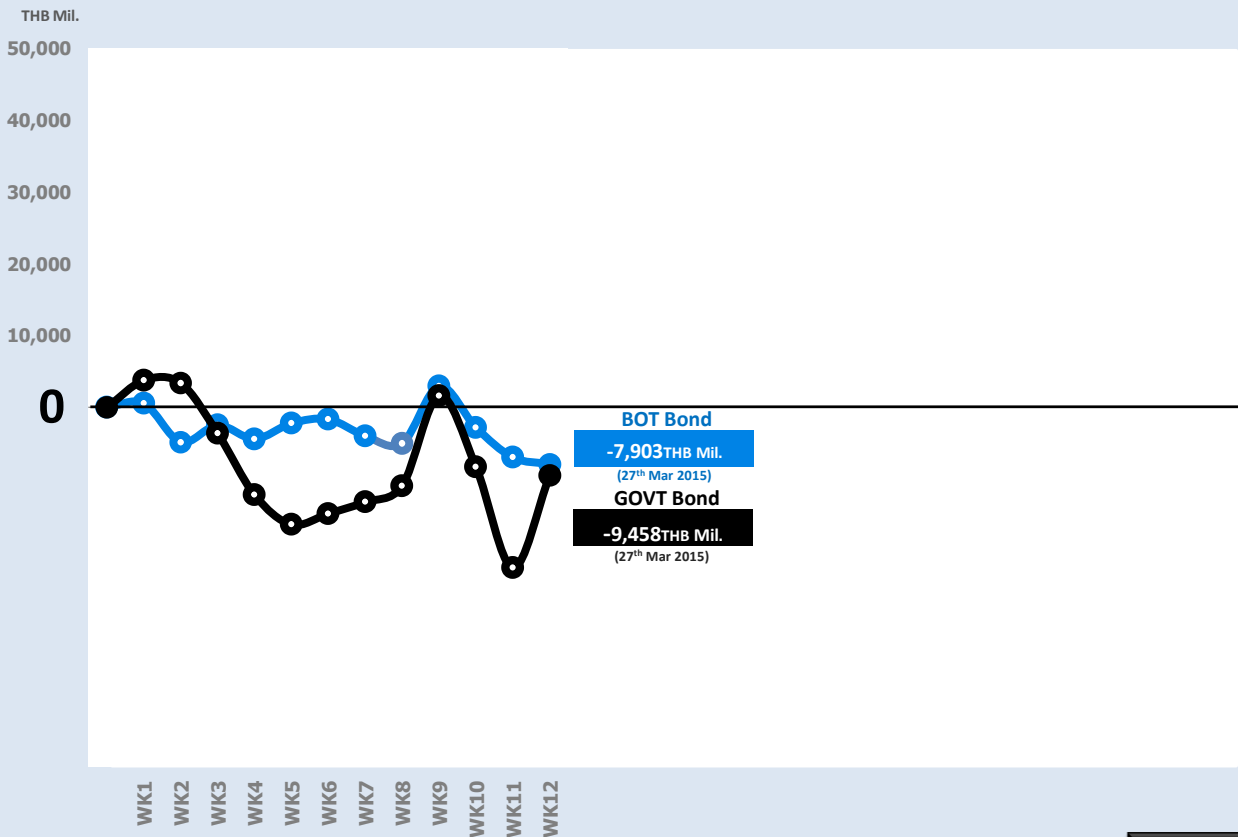
-17,361 THB Mil.
(2015YTD)



End of Mar, 2015

2015 Weekly (The past 12 weeks)

Net Change in Non-resident Holding (YTD) BOT Bond & GOVT Bond

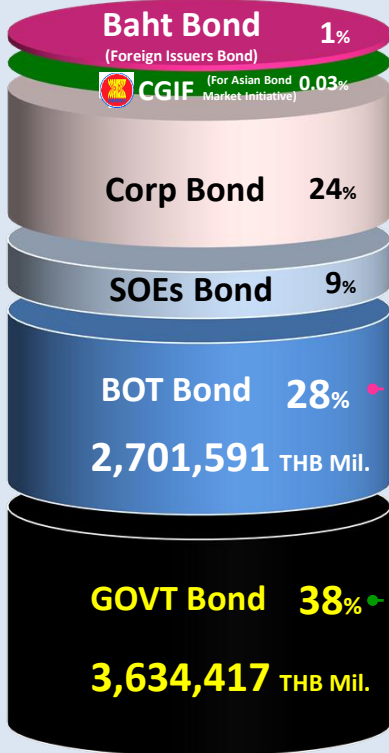


End of Mar, 2015

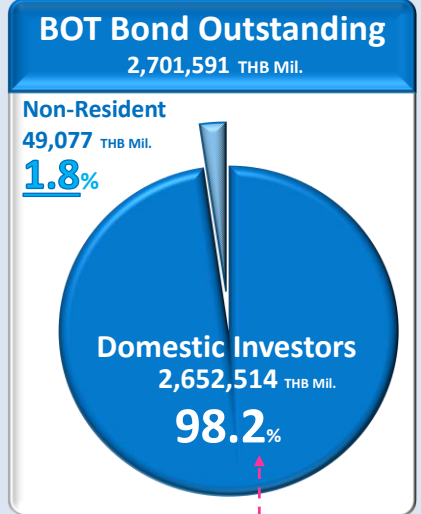
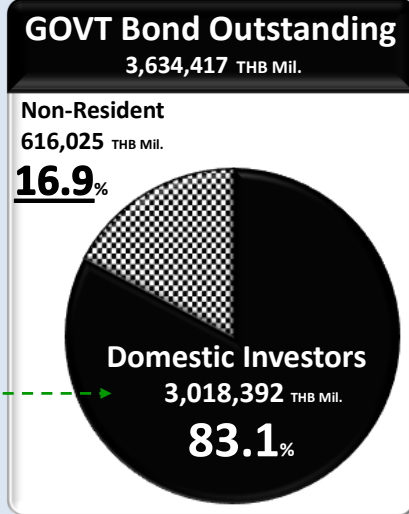
2015 Outstanding

Non-Resident Holding in THB Bond = **665,901 THB Mil.**

Thai Bond Market Cap. = 9,399,227 THB Mil.



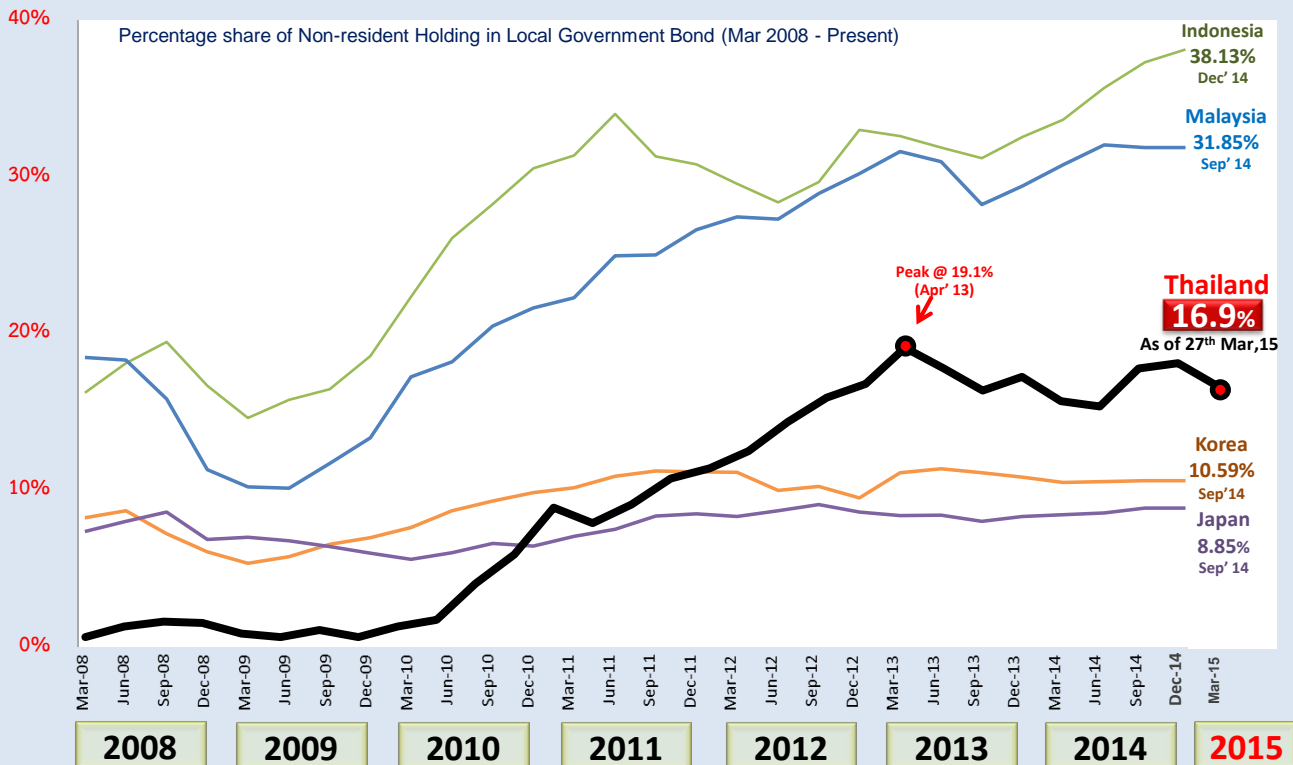
Issuer	Non-Resident Holding (THB Million)	% Share of Thai Bond Market Cap.
GOVT Bond	616,025	6.55%
BOT Bond	49,077	0.52%
SOE Bond	-	-
Corp Bond	799	0.01%
TOTAL	665,901	7.08%



End of Mar, 2015

Peers Comparison

Non-Resident Holding in Thai GOVT Bond is **616,025 THB Mil.** or **16.9%** of Total GOVT Bond Outstanding



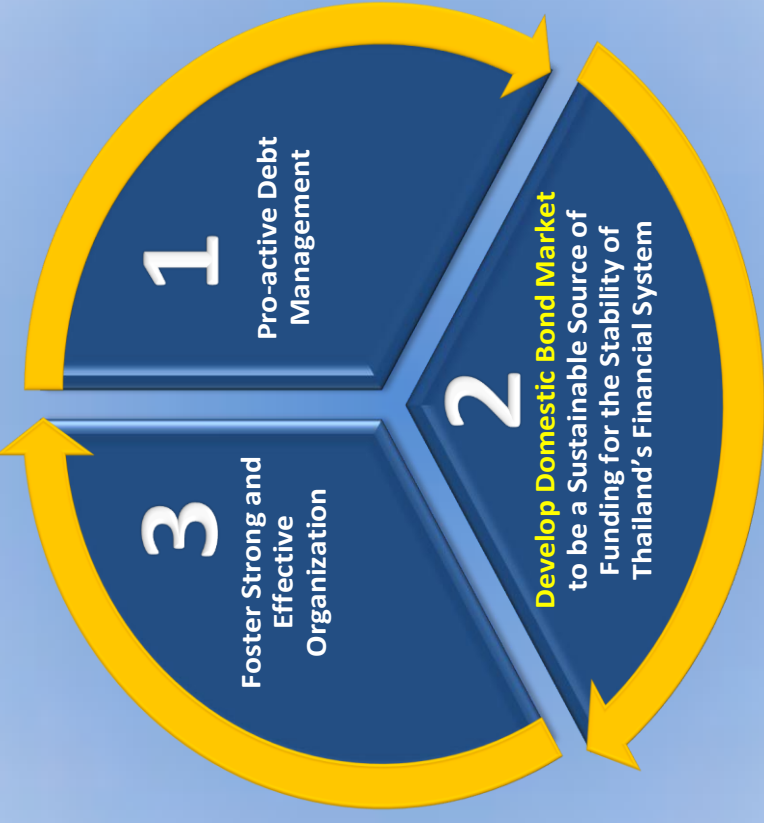
Source : AsianBondsOnline, ThaiBMA

End of Mar, 2015

Vision
Professional in public debt management for sustainable development

Values
Transparency, Discipline, Trustworthiness, Driving Social and Economic Development

Mission
Formulate sound public debt management policies and strategies as well as conduct, monitor and evaluate public debt management operations under the relevant legal framework and guidelines



3 PDMO's Strategies

Public Debt Advisor
Ace Viboolcharern
Acting Public Debt Advisor

Director-General

Bond Market Advisor
Wisut Chanmanee
Acting Bond Market Advisor

Deputy Director-General
Ace Viboolcharern

Deputy Director-General
Ace Viboolcharern

Deputy Director-General
Theeraj Athanavanich

Internal Audit Group
Public Sector Development Group
Legal Advisory Group
Information Technology Center

Debt Management Bureau 1
Wisut Chanmanee
Executive Director

Debt Management Bureau 2
Teeralak Sangsrit
Executive Director

Policy and Planning Bureau
Sunee Eksomtramate
Executive Director

Bond Market Development Bureau
Pimpen Ladpli
Acting Executive Director

Public Infrastructure Project Financing Bureau
Anchana Wongsawang
Acting Executive Director

Public Infrastructure Project Management and Evaluation Bureau
Jindarat Viriyataveekul
Executive Director

Payment Administration Bureau
Sirasa Kanpittaya
Executive Director

Office of the Secretary
Ekaraj Khuankhunsathid
Secretary



Front Office
Middle Office
Back Office
Support Office

Bond Market Development
Pimpen Ladpli, Senior Expert

Government Bond Market Development Division
Nattakarn Boonsri, Director

Economist
Phimonphan Tanwattana

Economist
Sittan Sathianphattanakool

Fund Management and Bond Market Infrastructure Development Division
Paroche Hutachareon, Director

Senior Economist
Siree Jongdee

Economist
Chakrit Phothisuk

International Bond Market Policy Division
Nakarin Prompat, Acting Director

Economist
Puttipong Kanna

Economist
Chotika Uesampantakit

Financial Product Development Division
Sophida Sritomya, Director

Economist
Pothirat Kijriopak

Economist
Chanikarn Chaiyasena

Economist
Wanthanee Phongam





For Further Information :

Pimpen Ladpli pimpen@pdmo.go.th
Senior Expert on Bond Market Development
Acting Executive Director of Bond Market Development Bureau

Nattakarn Boonsri nattakarn@pdmo.go.th
Director of Government Bond Market Development Division

Sophida Sritomya sophida@pdmo.go.th
Director of Financial Product Development Division

Paroche Hutachareon paroche@pdmo.go.th
Director of Fund Management and Bond Market Infrastructure Development Division

Nakaran Prompat [nakarin@pdmo.go.th](mailto:nakaran@pdmo.go.th)
Acting Director of International Bond Market Policy Division