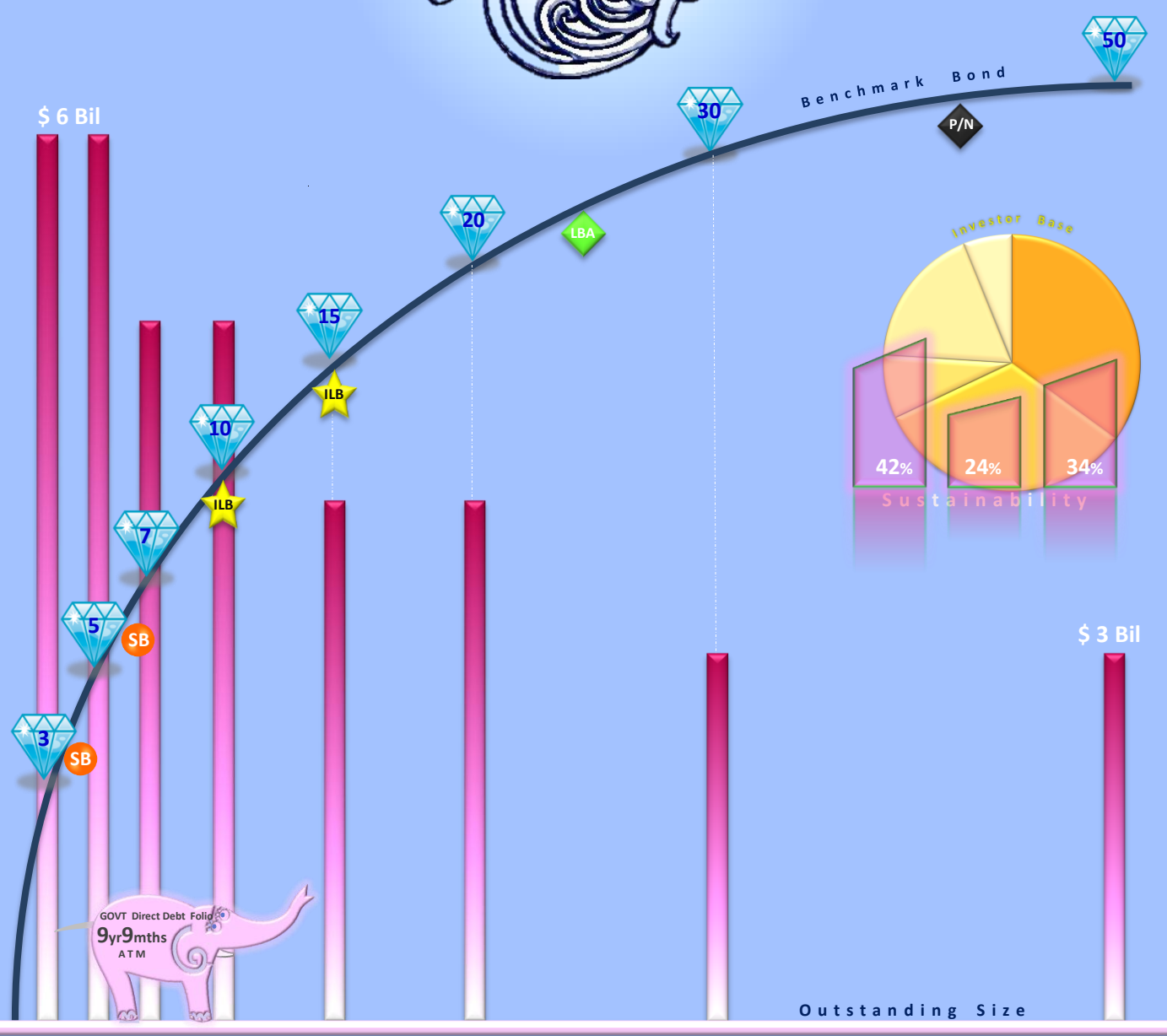


Kingdom of Thailand Bond Market Development



Domestic Bond Market Development

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

- 1997 Asian Financial Crisis → The Rude Awakening
- Bond Market Cap. = 8,858,683 THB Mil. → GOVT Bond = 3,232,775 THB Mil.
- BOT Bond Supply Rose Dramatically (2004 – June 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
- Tier 1 Benchmark Bonds (LB > 100,000 MB) shared 75% of Trading Volume in Secondary Market

6

C. Bond Supply FY2013 + Funding Needs FY2014 - FY2020

- Annual Government Funding Needs (Including Rollover of *Both* GOVT Direct Debt and GOVT Debt for FIDF) → 690,000 THB Mil.
- Annual Government Funding Needs (*NOT* Including FIDF) → 570,000 THB Mil.
- Fund Raising Plan Strategies
- Milestones: All FY 2013 Indicative Benchmark Bonds → to reach 100,000 THB Mil. by the end of FY
- Q4/FY 2013 Government Bond Auction Schedule → 124,500 THB Mil.

10

D. Well-Developed Bond Market Improved Government Debt Profile

- Forecast Public Debt to GDP : Present to 2020
- Public Debt Outstanding (as of Mar 2013) = 5,121,300 THB Mil. (44.16% of GDP)
- GOVT **Direct** Debt (as of Mar 2013) = 2,385,162 THB Mil.
- Well-Developed Bond Market Improved GOVT **Direct** Debt Profile Dramatically
 - ✓ ATM Lengthened
 - ✓ Cost Lowered
 - ✓ Well-Balanced Fixed-Floating Ratio
 - ✓ Well-Distributed Maturity Profile

16

2013 Fiscal Year - to - Date HIGHLIGHTS

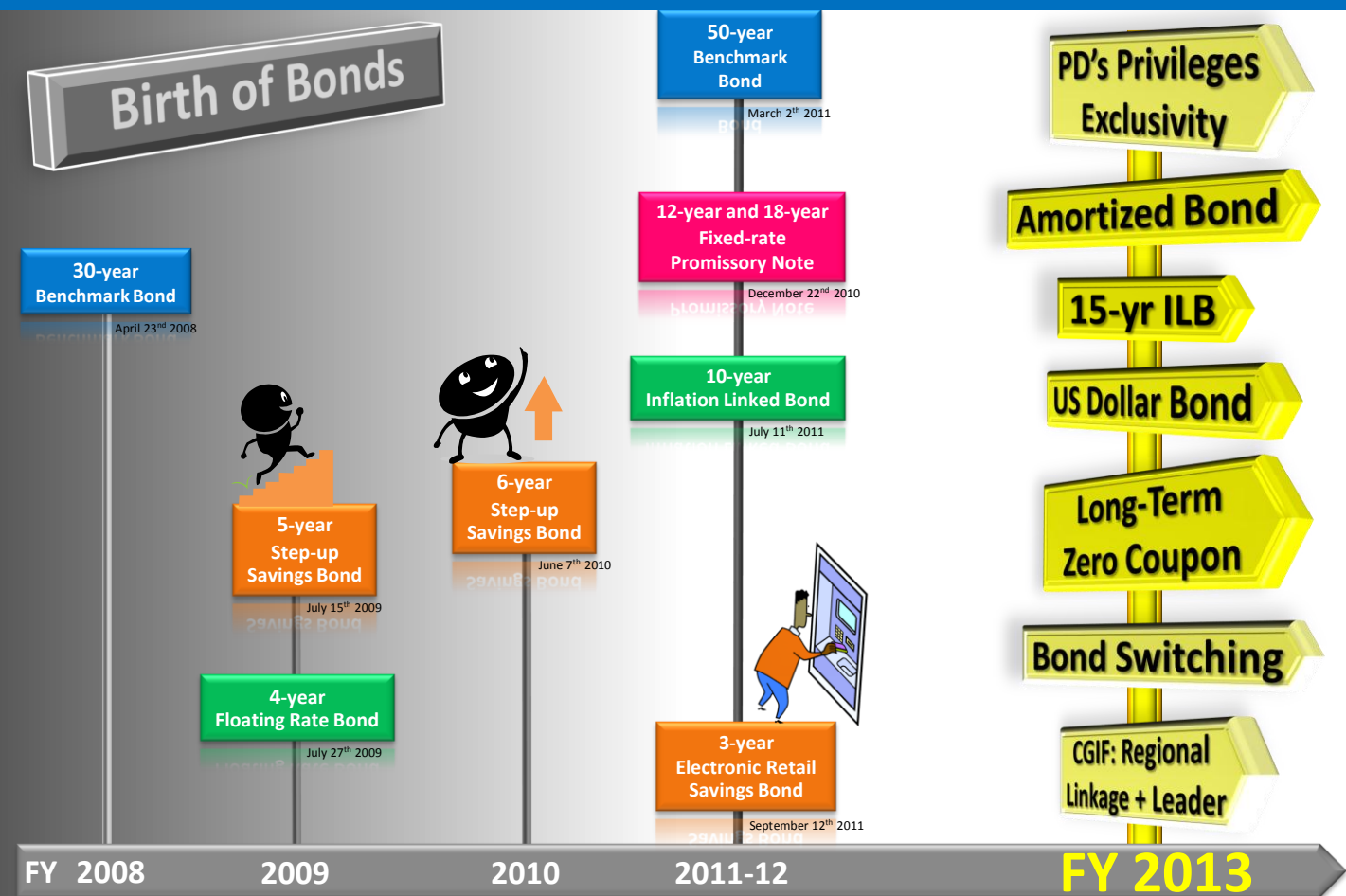
20

- ✓ FY2013 Inaugural 25-year Back-End Amortized Bond (LBA)
- ✓ FY2013 15-year Inflation-Linked Bond
- ✓ MOF Outright PD's Privilege → Exclusivity on 5-year Benchmark Bond
- ✓ QE3 : Yield Curve of GOVT Bond Jumped 20-60 bps
- ✓ Fiscal Year-to-date GOVT Bond Auction Results
- ✓ Net Change in Non-Resident Holding in GOVT and BOT 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. = 8,858,683 THB Mil. → GOVT Bond = 3,232,775 THB Mil.
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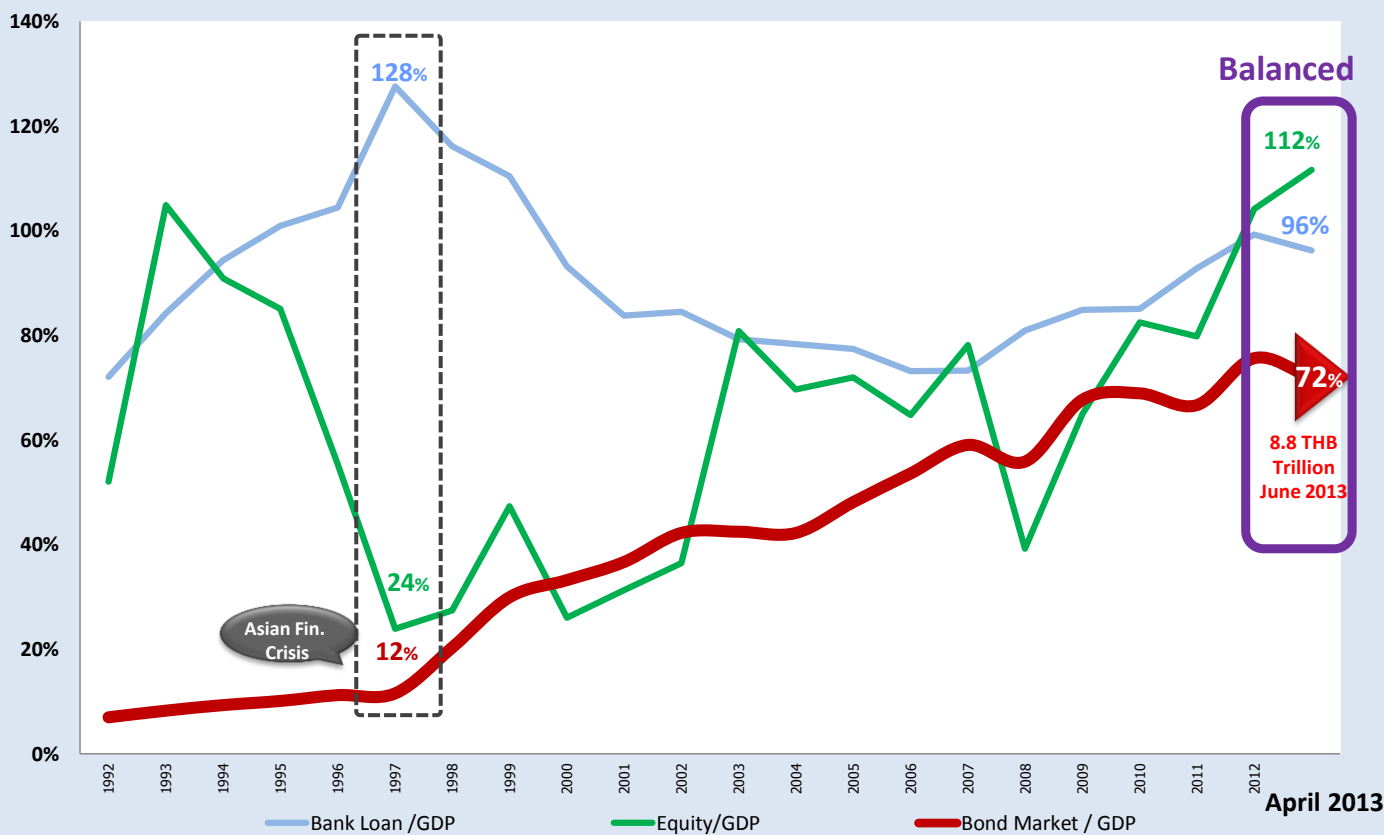


1997 Asian Financial Crisis

The Rude Awakening

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

% Share of GDP



Source : ThaiBMA

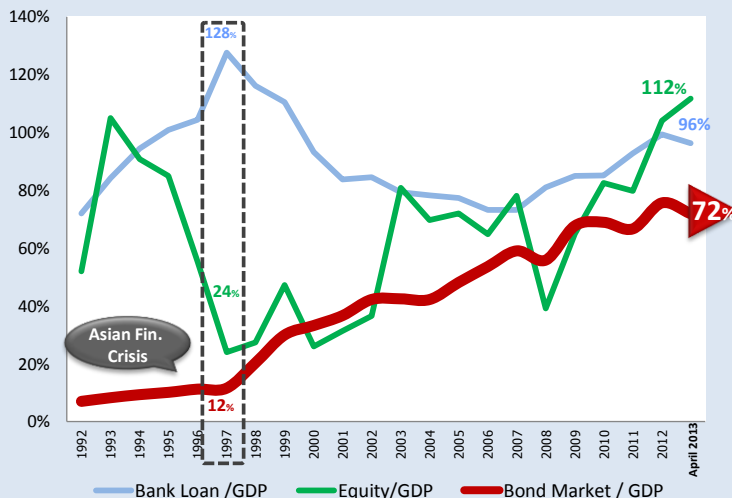


Bond Market Cap. = 8.8 THB Trillion
(\$293 Bil.)

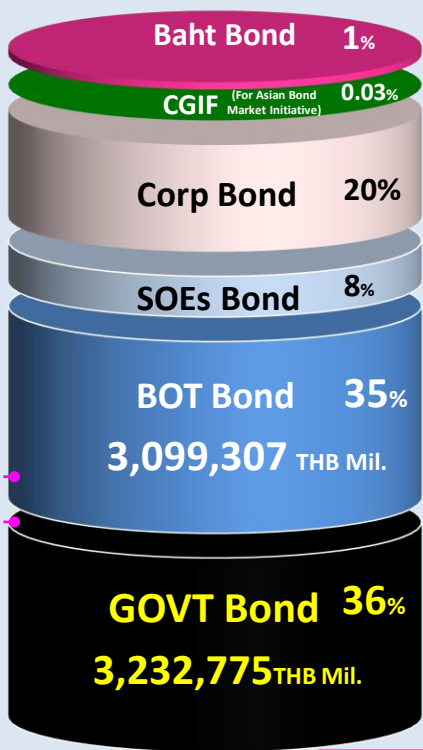
GOVT Bond = 3.2 THB Trillion
(\$107 Bil.)

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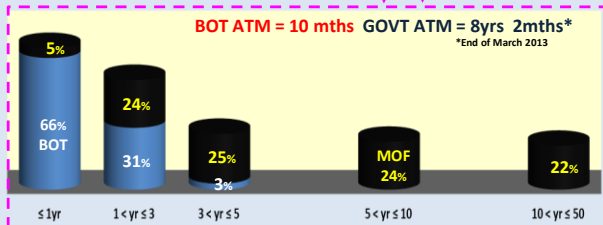
% Share of GDP



Domestic Bond Market Classified by Issuer



Maturity Profile
BOT vs GOVT Bond



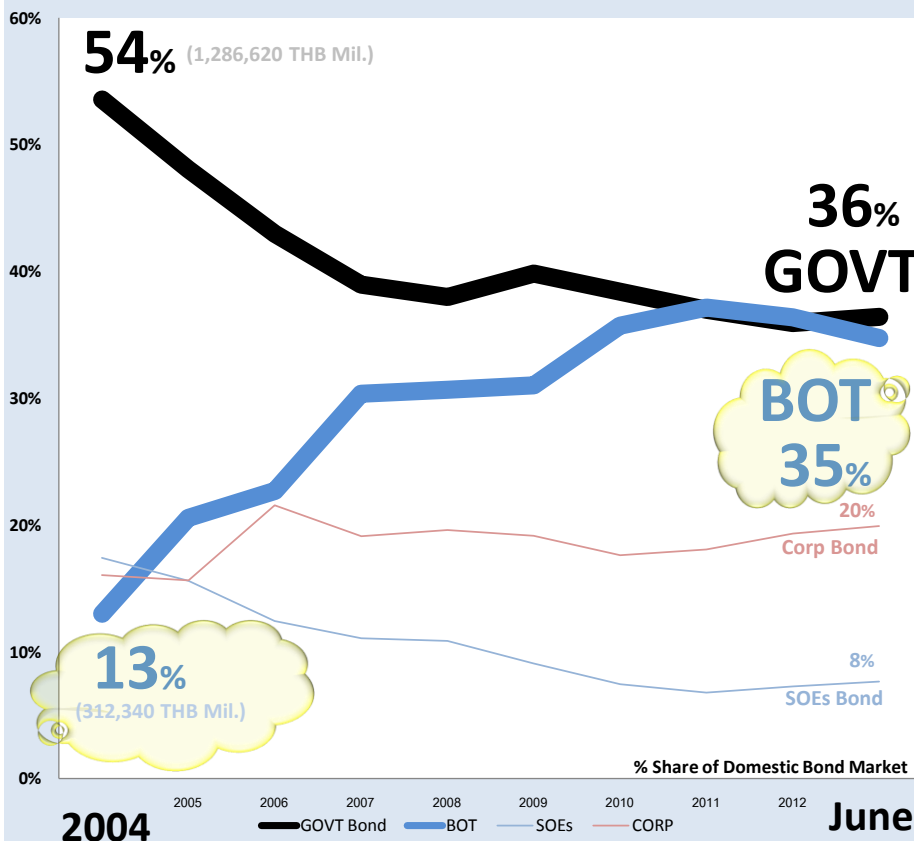
End of June 2013



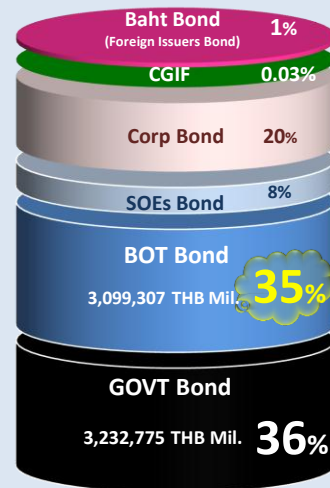
BOT Bond Supply Rose Dramatically
(2004 – June 2013)

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

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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 <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 2012-2013	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

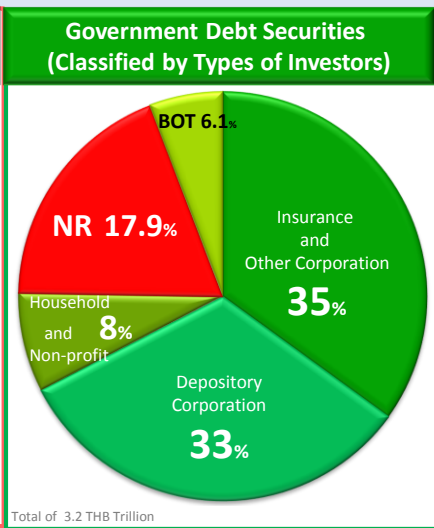
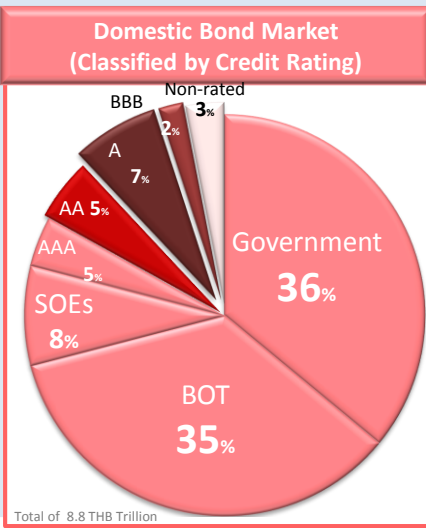
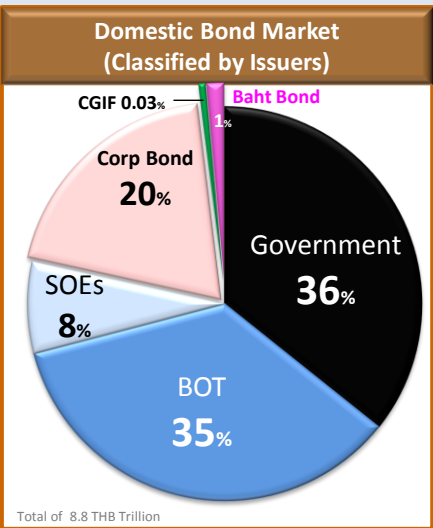
Baht Bond

CGIF Activated
(Credit Guarantee and Investment Facility)



Equilibrium of Domestic Bond Market

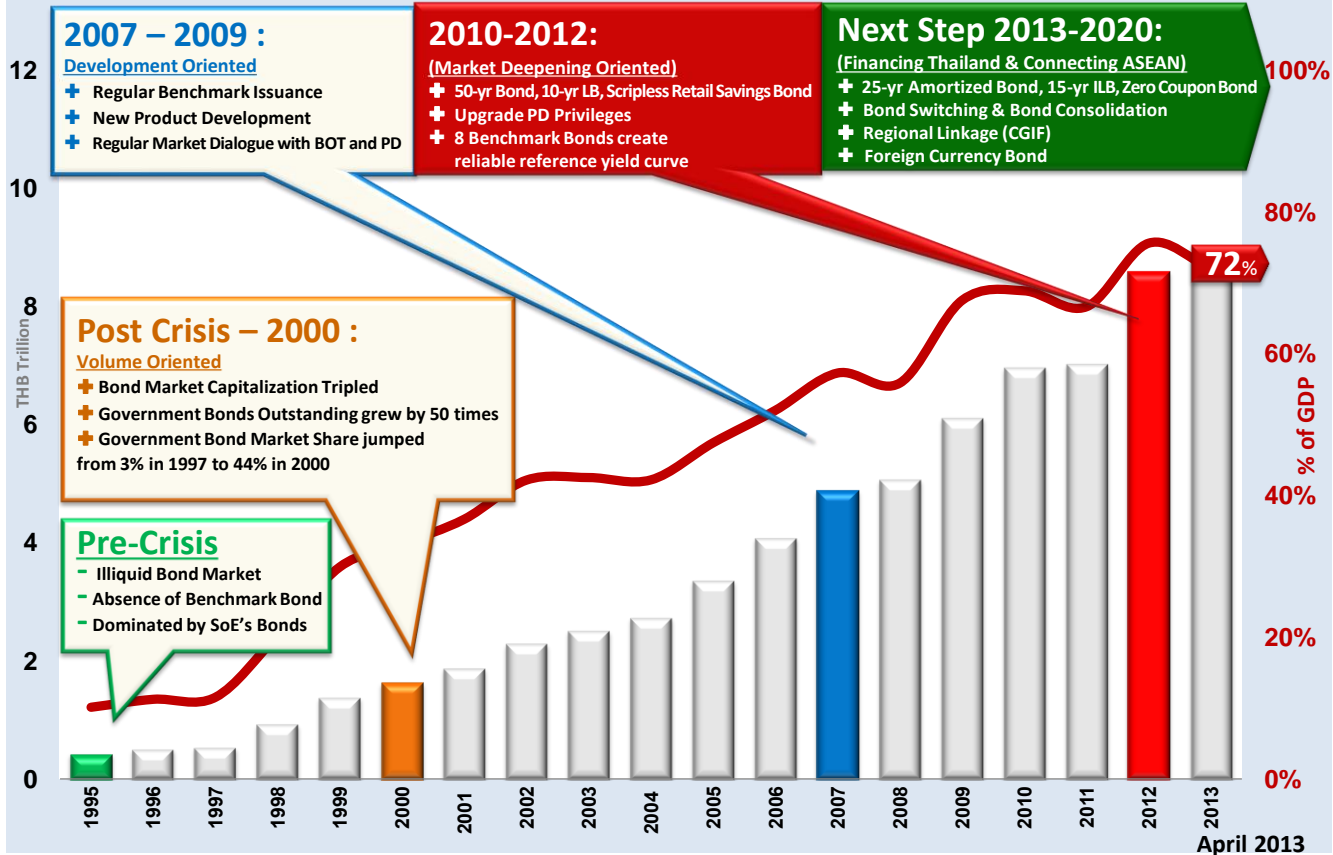
Issuers	<ul style="list-style-type: none"> 79 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises
Credit Rating	<ul style="list-style-type: none"> 97 percent of Thailand's debt securities are classified as Investment Grade
Investors	<ul style="list-style-type: none"> Thailand's government debt securities are held by a wide group of investor types





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 (350,000 THB Mil.) Thai Khem Khang (350,000 THB Mil.)	Long-Term Infrastructure Inv't (2,000,000 THB Mil.) 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> <p>100,000 MB Outstanding Amount</p>

B. Building up of Benchmark Bond (FY2007 - FY2013)

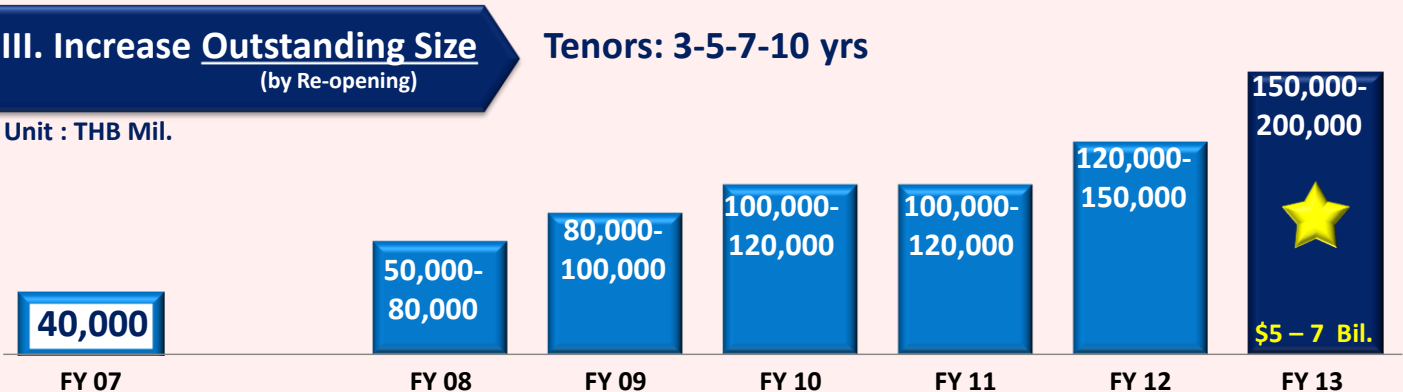
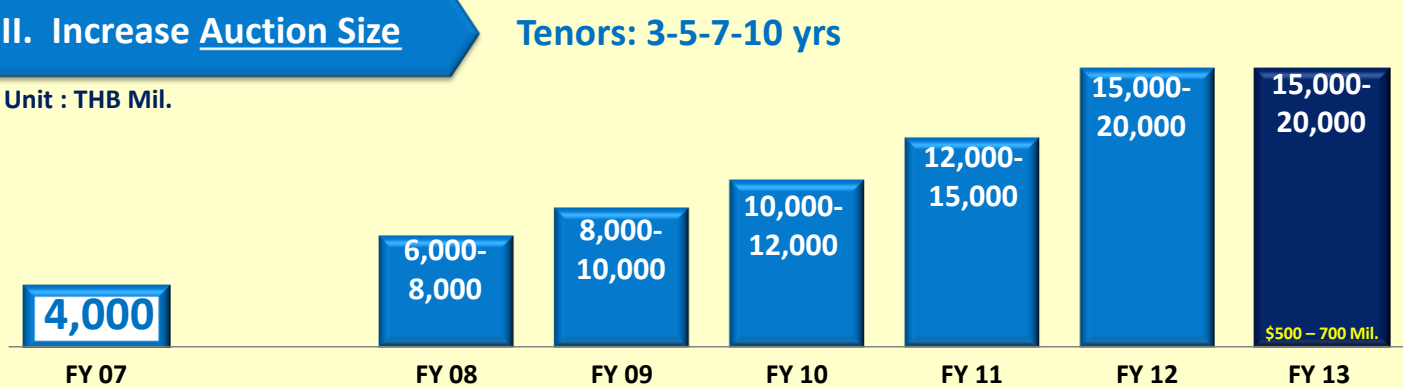
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

- 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**
- **Tier 1 Benchmark Bonds (LB > 100,000 MB) shared 75% of Trading Volume in Secondary Market** ★

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

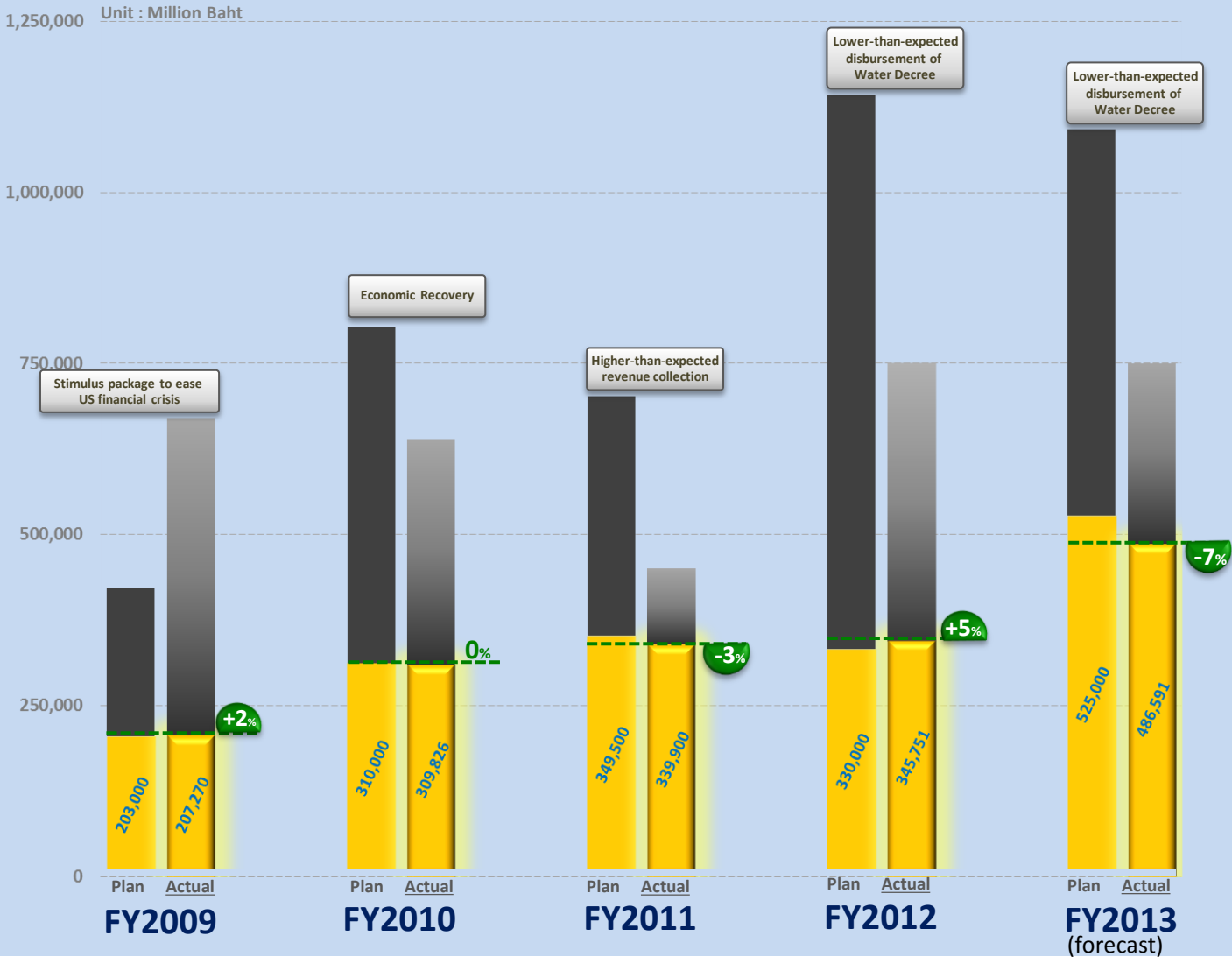
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

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



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

Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty



Plan : Announced Government's funding needs at PDMO's Annual Market Dialogues in Septembers
Actual : Actual fund raising at the end of fiscal year

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

Benchmark Instruments are (1) **Benchmark Bonds** : Standard Loan Bond (LB) tenors 3-5-70-10-15-20-30-50yr
 (2) **Innovative Products** : Inflation-linked Bond (ILB) + Amortized Bond (LBA) Regular issuance / Consultation with PDs / Pre-announced auction table

Other instruments : Savings Bond, Floating Rate Bond, Promissory Notes, Treasury Bills and Bank Loan

Trust & Confidence

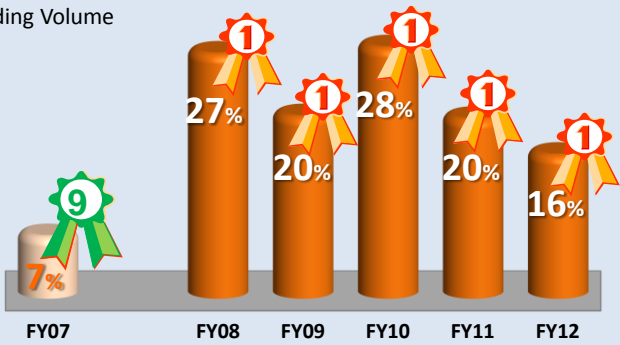
FY2008-FY2012 Key Success Indicators

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

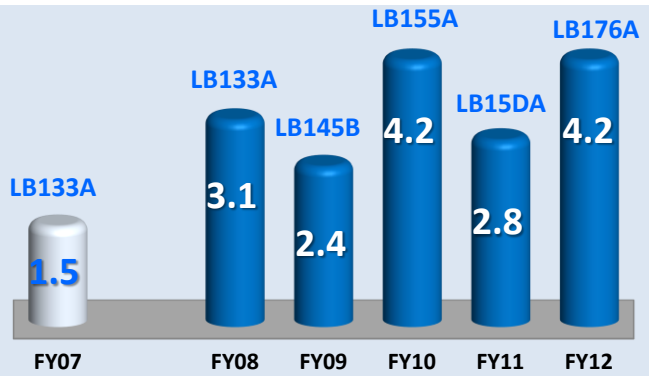
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

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

Unit: % Share of Market Trading Volume

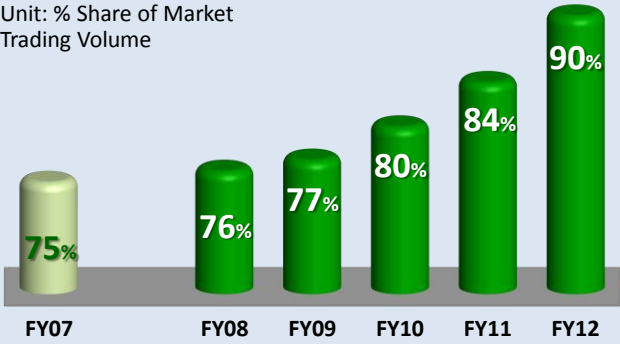


5-yr Benchmark Bond : Higher Turnover Ratio



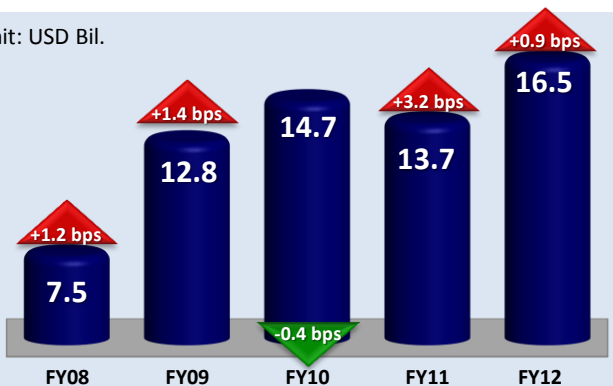
Top 10 GOVT Bond Series – Accounted for 90% of all GOVT Bond trading in Secondary Trading Volume

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.



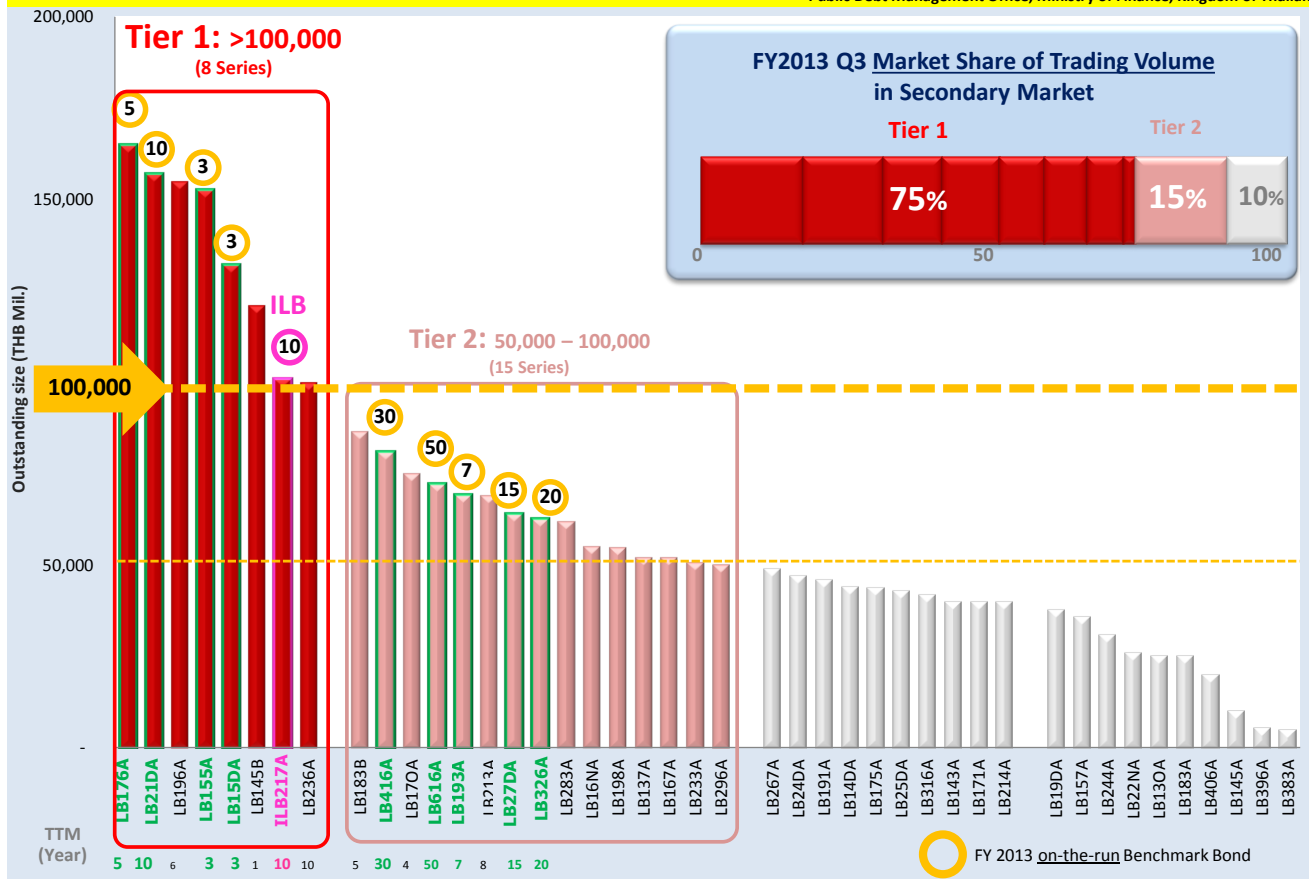


FY2013 Q3 Total GOVT Bond = 43 Series (2,695,XXX THB Mil.)

Tier 1 > 100,000 THB Mil. in Size (75% of Trading Volume)

Tier 2 > 50,000 THB Mil. in Size (15% of Trading Volume)

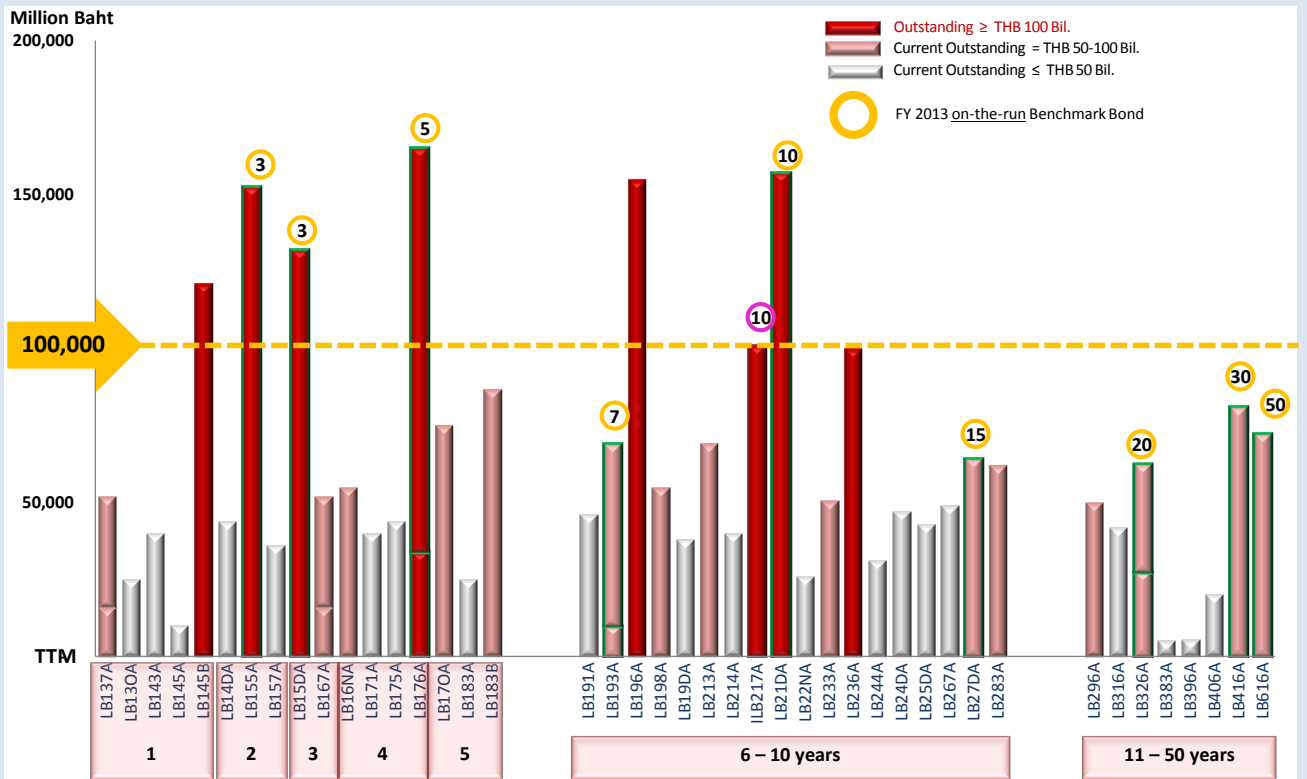
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



Profile of GOVT Bond (as of Q3/FY 2013)

The outstanding size of loan bond maturing in the next 5 years is 1,155,019 million baht. (43% of Total GOVT Bond)

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



C. Bond Supply FY2013 + Funding Needs FY2014 - FY2020

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

- **Annual Government Funding Needs** (Including Rollover of Both GOVT Direct Debt and GOVT Debt for FIDF) → 690,000 THB Mil. (FY2014-20)
- **Annual Government Funding Needs** (NOT Including FIDF) → 570,000 THB Mil. (FY2014-20)
- **Fund Raising Plan Strategies**
 - Building Benchmark Bond to Stabilize Yield Curve
 - Segmenting Investors Base to Diversify Dependency Risk
- **Milestones** : All FY 2013 Indicative Benchmark Bonds → to reach 100,000 THB Mil. by the end of FY
- **Q4/FY 2013 Government Bond Auction Schedule** → 124,500 THB Mil.

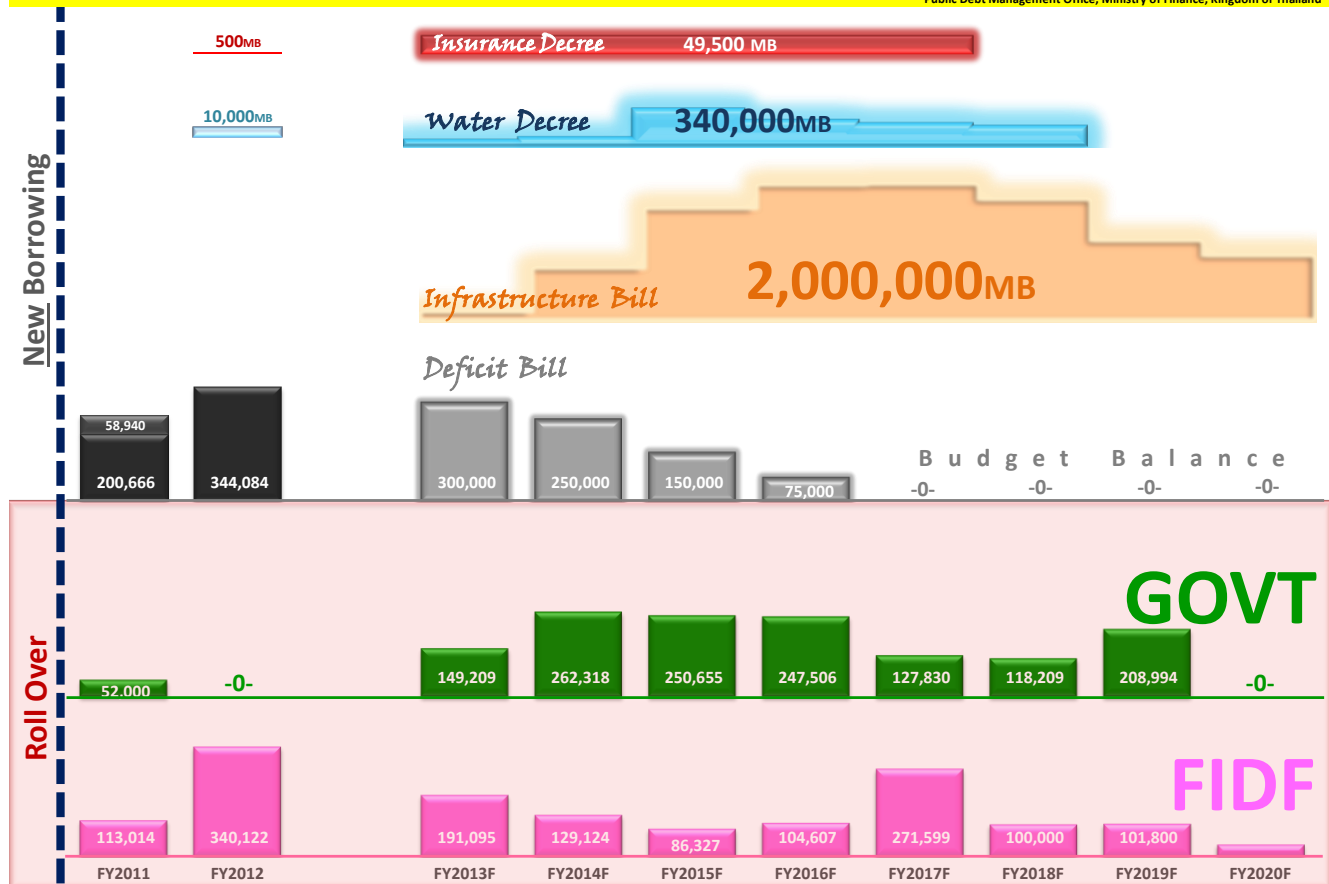


Government Funding Needs

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

690,000 THB Mil. per Year
(FY 2014-2020)

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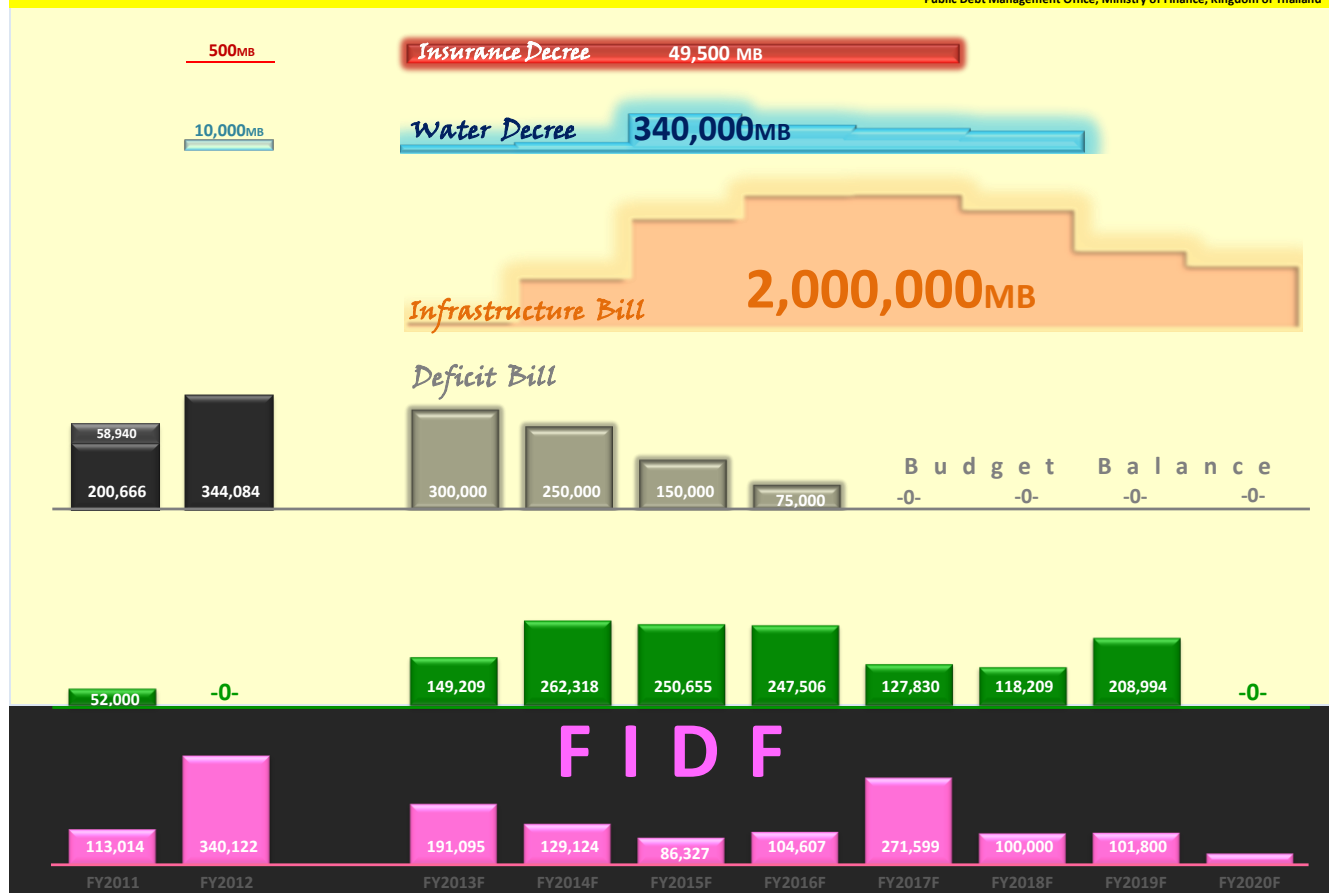


Government Funding Needs

(NOT Including FIDF)

570,000 THB Mil. per Year
(FY 2014-2020)

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Fund Raising Plan Strategies

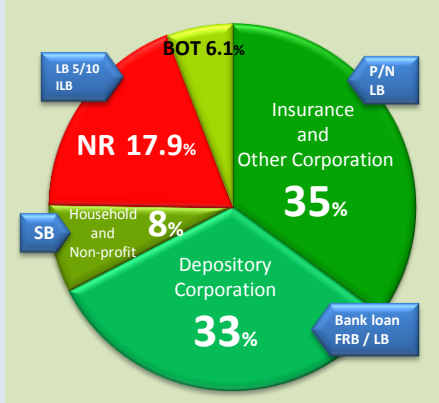
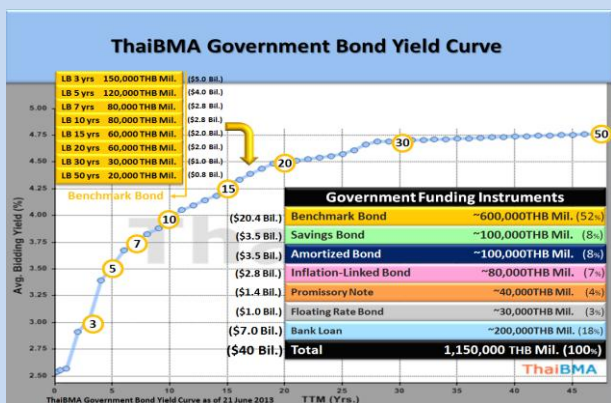
- Building Benchmark Bond to Stabilize Yield Curve
- Segmenting Investors Base to Reduce Dependency Risk

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

Well-Diversified Investors Ensures Funding Needs

Potential Demand for GOVT Bond 2013



THB Bil.

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

Source : BOT, PDMO (End of June 2013)

* Under favorable market liquidity + using All funding instruments

Outstanding of Foreign Debt Equiv. 43,xxx THB Mil. (1.2% of GOVT Debt)

Equiv. 10,xxx THB Mil.

Equiv. 33,xxx THB Mil.

Commercial Papers

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

Soft Loans

JBIC	50,795 Yen Mil.
ADB	311 USD Mil.
IBRD	258 USD Mil.
Other	11 USD Mil.

(End of March 2013)

- 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

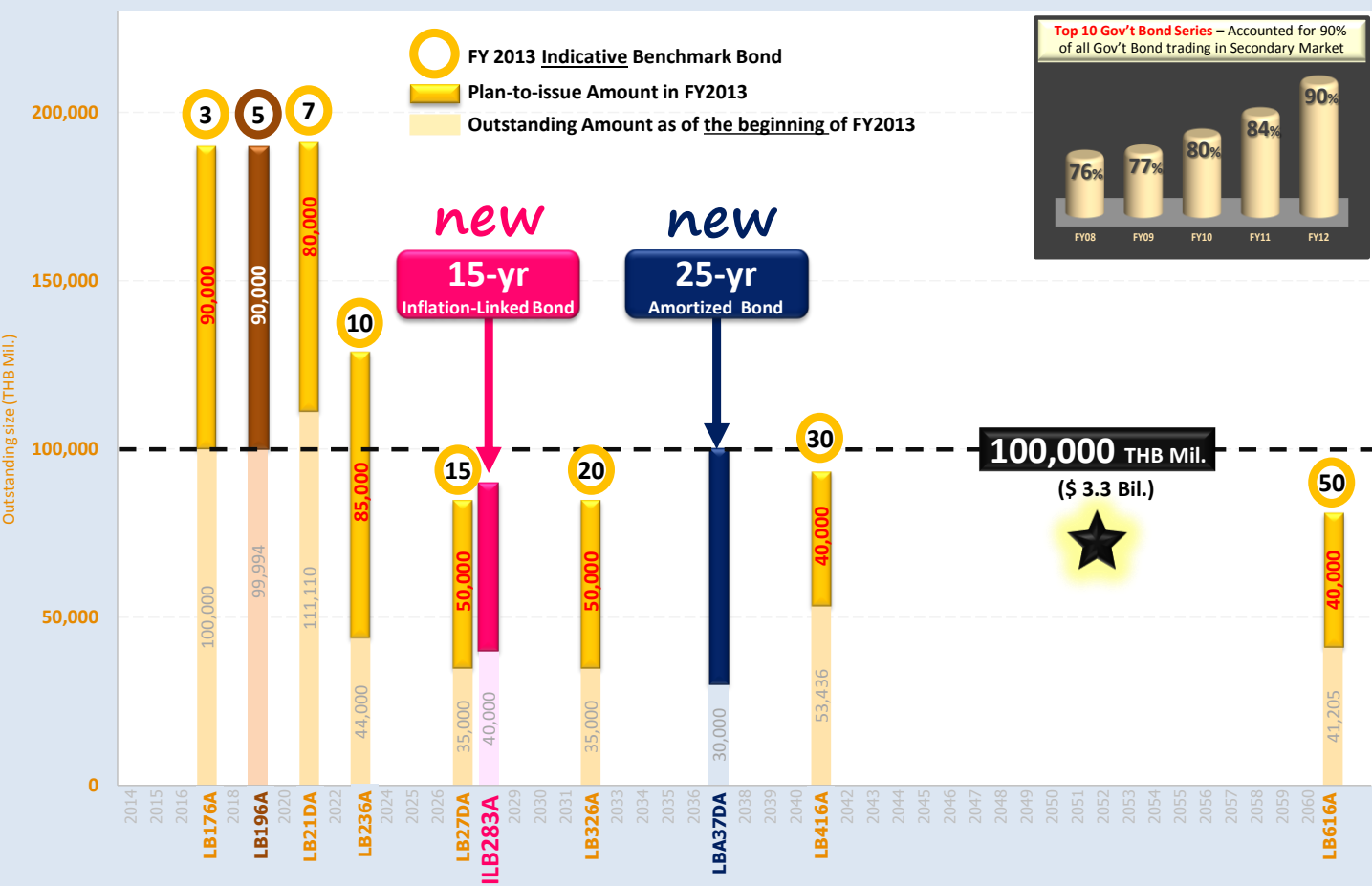


ALL FY2013 Benchmark Bond Series

(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 Q4/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	รวม
3-Jul-2013											-
10-Jul-2013										5,000	5,000
17-Jul-2013							6,000				6,000
24-Jul-2013		12,000		10,000							22,000
31-Jul-2013					6,000				4,000		10,000
7-Aug-2013	14,000										14,000
14-Aug-2013			12,000					8,000			20,000
21-Aug-2013											-
28-Aug-2013										5,000	5,000
4-Sep-2013				12,500							12,500
11-Sep-2013						10,000					10,000
18-Sep-2013		15,000									15,000
25-Sep-2013											-
Total	14,000	27,000	12,000	22,500	6,000	10,000	6,000	8,000	9,000	10,000	124,500
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 = พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 8 (Re-open พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 2)

2. LB196A = พันธบัตรรัฐบาลเพื่อการชำระหนี้ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 10 / พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 20 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2552 ครั้งที่ 13)

3. LB21DA = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 4)

4. LB236A = พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 7 / พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 9 (Re-open พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟู ระยะที่สอง) ในปีงบประมาณ พ.ศ. 2553 ครั้งที่ 1)

5. LB27DA = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 18 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 3)

6. LB283A = พันธบัตรรัฐบาลประเภทอัตราดอกเบี้ยแปรตามการเปลี่ยนแปลงของเงินเฟ้อ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาลประเภทอัตราดอกเบี้ยแปรตามการเปลี่ยนแปลงของเงินเฟ้อ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 2)

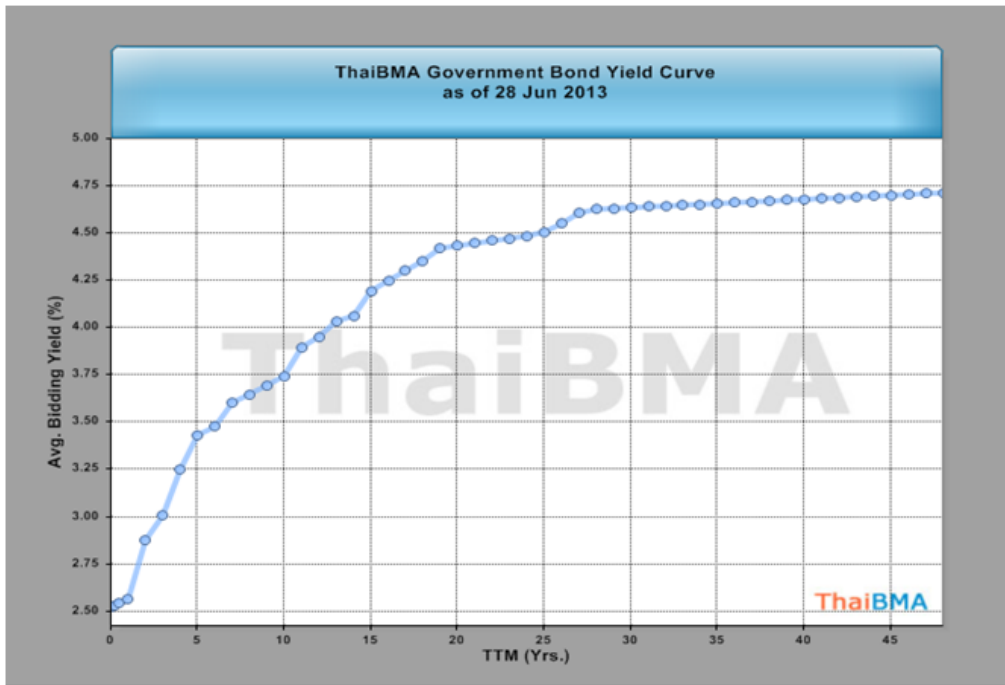
7. LB326A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 17 (Re-open พันธบัตรรัฐบาลเพื่อการรับโครงสร้างหนี้ (ท.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในปีงบประมาณ พ.ศ. 2555 ครั้งที่ 1)

8. LBA37DA = พันธบัตรรัฐบาลประเภทพิกัดชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาลประเภทพิกัดชำระคืนเงินต้น ในปีงบประมาณ พ.ศ. 2556)

9. LB416A = พันธบัตรรัฐบาลเพื่อการชำระหนี้ ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 11 / พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 21 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 2)

10. LB616A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2556 ครั้งที่ 16 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 9)

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



TTM (Yrs.)	Yield (%)
0.08	2.53
0.25	2.54
0.5	2.55
1	2.57
2	2.88
3	3.01
4	3.25
5	3.43
6	3.48
7	3.61
8	3.65
9	3.7
10	3.75
11	3.9
12	3.95
13	4.04
14	4.06
15	4.2
16	4.25
17	4.3
18	4.36
19	4.42
20	4.43
21	4.45
22	4.46
23	4.47
24	4.49
25	4.51
26	4.55
27	4.61
28	4.63
29	4.63
30	4.64
31	4.64
32	4.64
33	4.65
34	4.65
35	4.66
36	4.66
37	4.67
38	4.67
39	4.68
40	4.68
41	4.68
42	4.69
43	4.69
44	4.7
45	4.7
46	4.71
47	4.71
48	4.71

Symbol	Avg. Bidding Yield (%)	Change Yield (bp)	Avg. Bid-Offer Spread (bp)	Maturity	TTM (yrs.)
T-BILL1M	2.538074	0	3		0.076712
T-BILL3M	2.544427	0	3		0.249315
T-BILL6M	2.55459	0	3		0.49863
T-BILL1Y	2.573533	0	4		1
LB14DA	2.749091	2	6	3/12/2014	1.443836
LB155A	2.944545	4	4	22/5/2015	1.909589
LB157A	2.954545	4	5	7/7/2015	2.035616
LB15DA	2.961818	4	5	11/12/2015	2.465753
LB167A	3.071818	1	7	27/7/2016	3.093151
LB16NA	3.125455	0	7	18/11/2016	3.405479
LB171A	3.263636	2	6	18/1/2017	3.572603
LB175A	3.34	3	6	26/5/2017	3.923288
LB176A	3.393636	0	4	16/6/2017	3.980822
LB170A	3.438182	1	6	10/10/2017	4.29863
LB183A	3.497273	0	7	7/3/2018	4.70411
LB183B	3.51	0	7	13/3/2018	4.720548
LB191A	3.612727	2	8	12/1/2019	5.556164
LB193A	3.650909	1	7	8/3/2019	5.706849
LB196A	3.695455	2	7	13/6/2019	5.972603
LB198A	3.725455	2	8	13/8/2019	6.139726
LB19DA	3.754545	2	8	3/12/2019	6.446575
LB213A	3.840909	3	6	31/3/2021	7.772603
LB214A	3.856364	3	7	9/4/2021	7.79726
LB21DA	3.876364	3	6	17/12/2021	8.487671
LB22NA	3.930909	2	8	8/11/2022	9.380822
LB233A	3.975455	1	8	13/3/2023	9.723288
LB236A	4.004545	2	7	16/6/2023	9.983562
LB244A	4.046364	0	8	9/4/2024	10.8
LB24DA	4.086364	1	8	20/12/2024	11.49863
LB25DA	4.124545	1	8	12/12/2025	12.47671
LB267A	4.167273	2	9	7/7/2026	13.04384
LB27DA	4.226364	2	9	17/12/2027	14.49041
LB283A	4.305455	2	8	13/3/2028	14.72877
LB296A	4.357273	2	8	22/6/2029	16.00548
LB316A	4.456364	1	9	20/6/2031	18
LB326A	4.506364	2	9	25/6/2032	19.01644
LB383A	4.58	1	11	13/3/2038	24.73425
LB396A	4.626364	1	10	13/6/2039	25.9863
LB406A	4.681818	1	11	22/6/2040	27.0137
LB416A	4.704545	1	11	14/6/2041	27.99178
LB616A	4.791818	2	12	17/6/2061	48.0137

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
- 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.

D. Well-Developed Bond Market Improved Government Debt Profile

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

- **Public Debt Outstanding** (as of Mar 2013) = 5,121,300 THB Mil. (44.16% of GDP)
- **Forecast Public Debt to GDP**
- **Total GOVT Debt** (Direct + FIDF) = 3,512,770* THB Mil. (68.59% of Public Debt)
*Excluded 43,690 THB Mill. of Foreign Debt
 - **Average-Time-to-Maturity (ATM)** = 8yrs 2mths
 - **Average Cost** = 4.3%
 - **Fixed : Floating Ratio** = 84 : 16
- **Well-Developed Bond Market Improved GOVT Direct Debt Profile Dramatically**
 - **Average-Time-to-Maturity (ATM)** = 9yrs 9mths
 - **Average Cost** = 4.3%
 - **Well-Balanced Fixed : Floating Ratio** = 87 : 13
 - **Well-Distributed Maturity Profile** = 42-24-34
- **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



Public Debt Outstanding (as of Mar 2013) = 5.1 THB Trillion (44.16% of GDP)

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

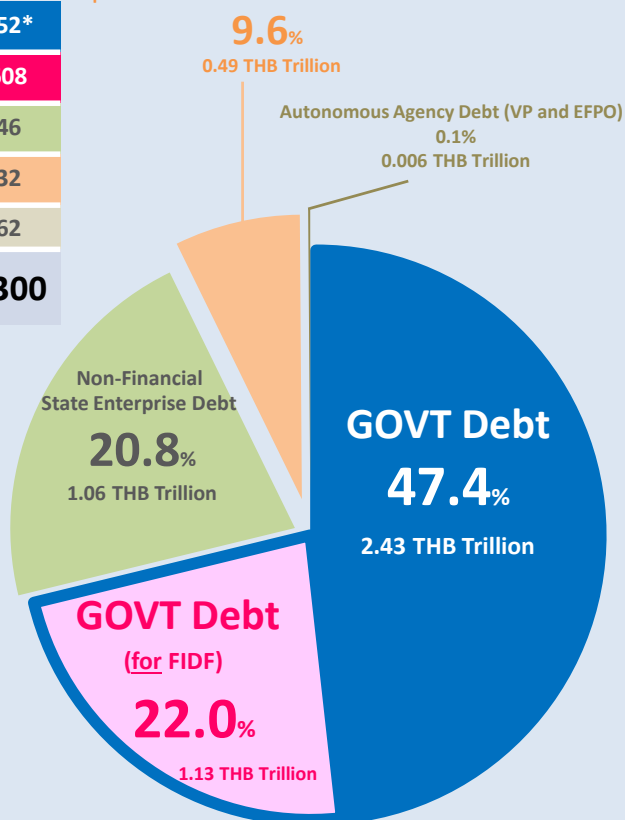
Components of Public Debt

Units : THB Mil.

1. Government Debt (excluded FIDF)	2,428,852*
2. Government Debt (for FIDF)	1,127,608
3. Non-Financial State Enterprise Debt	1,064,746
4. Special Financial Institutions Guaranteed Debt	494,532
5. Autonomous Agency Debt (VP and EFPO)	5,562
Public Debt Outstanding (as of Mar 2013)	5,121,300

*Including 43,690 THB Mil. of External Debt

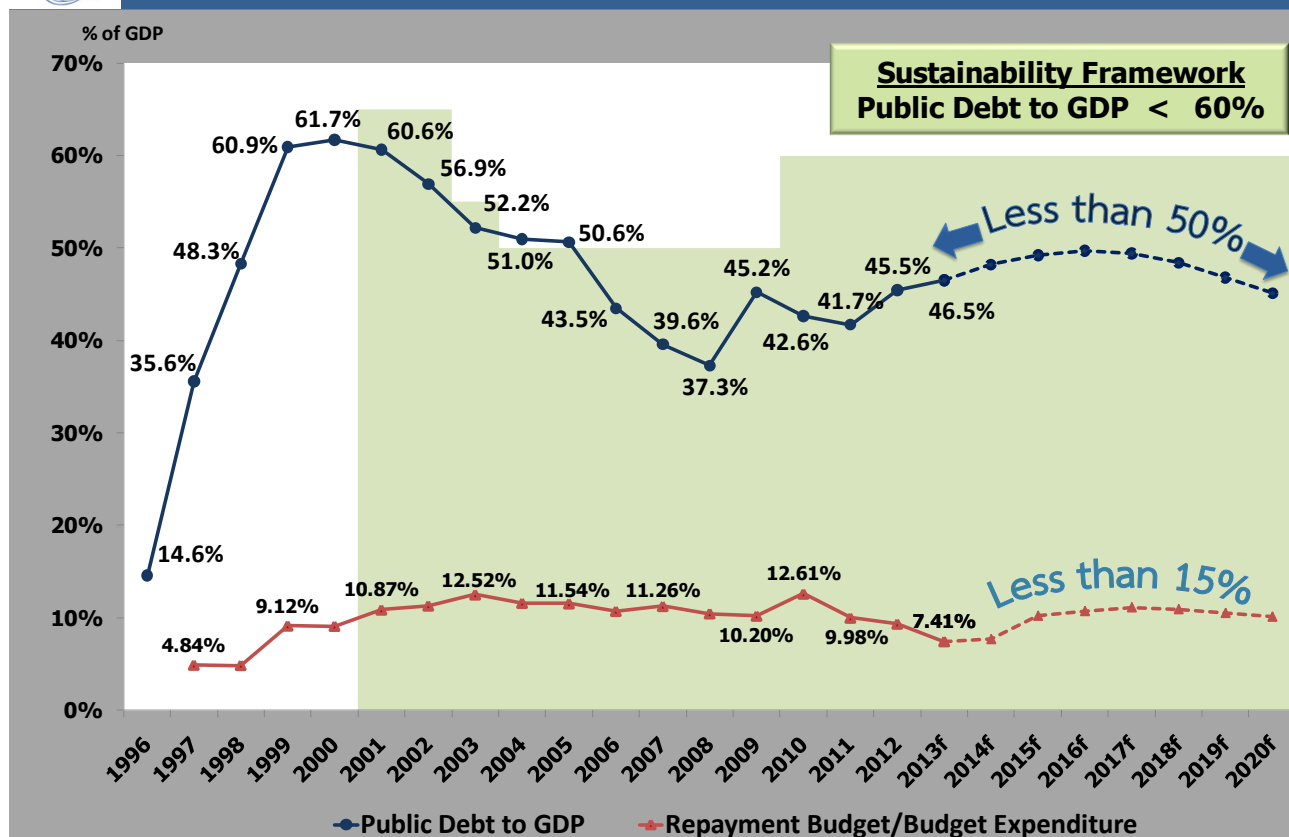
Special Financial Institution Guaranteed Debt



Source: Policy and Planning Bureau



Forecast Public Debt to GDP



Source: Policy and Planning Bureau, as of 30 April 2013, Presented to Mr. Pongpanu Svetarundra, Deputy Permanent Secretary



Total GOVT Debt = 3.51* THB Trillion

(69% of Public Debt)

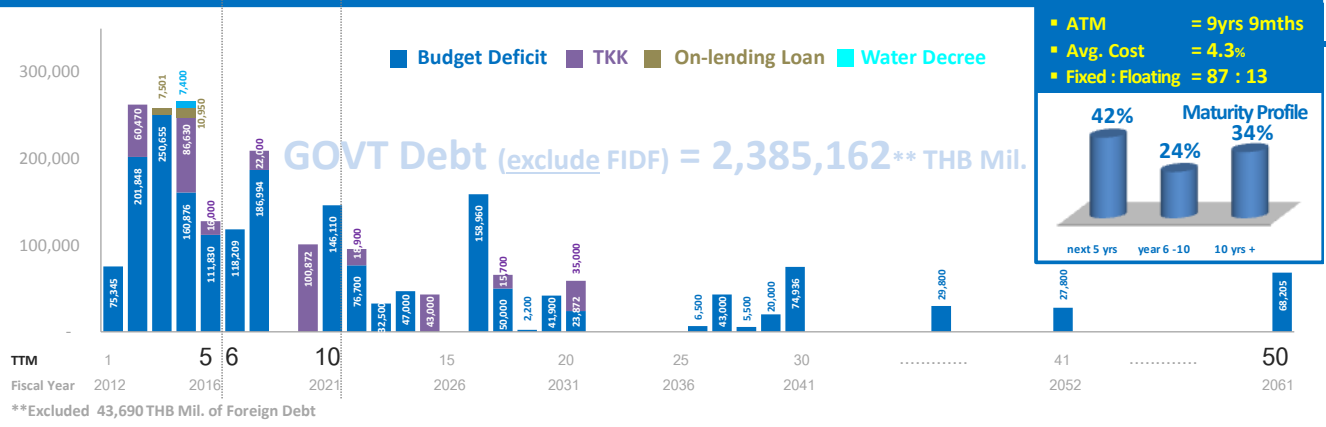
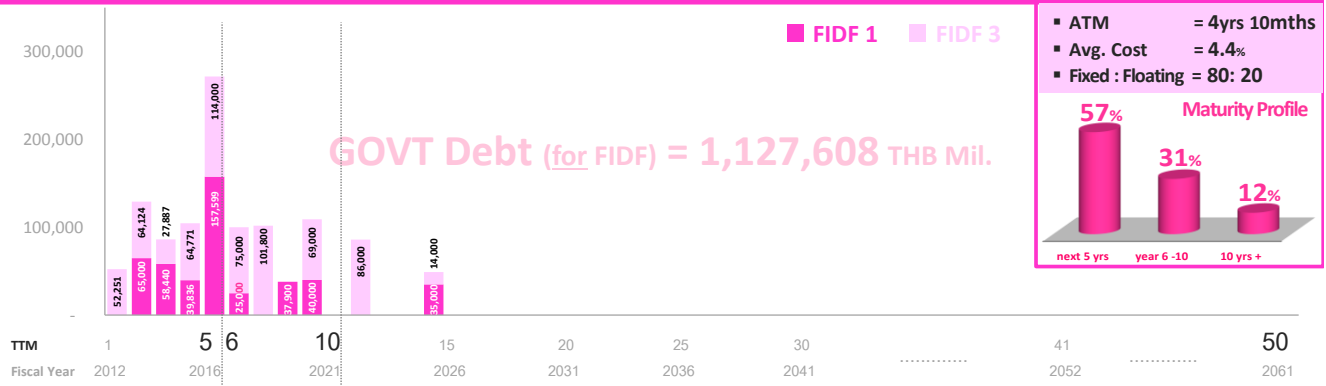
* Excluded 43,690 THB Mil. of Foreign Debt

- Average-Time-to-Maturity (ATM) = 8yrs 2mths
- Average Cost = 4.3%
- Fixed : Floating = 84 : 16

As of March 2013

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

Assumptions : 6 months BIBOR = 2.75%, 6 months Fixed Deposit Rate = 2.25%, Inflation = 3.00%



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

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

Note : Government Direct Debt = 2.38 THB Million

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

	As of Dec 2007	As of March 2013
Average-Time-to-Maturity LENGTHENED by 4½ yrs	ATM 5yrs 3mths	ATM 9yrs 9mths
Avg. Cost LOWERED by 20 bps. (While ATM Lengthened by 4½ yrs)	Avg. cost 4.5%	Avg. cost 4.3%
Well-Balanced Fixed/Floating Ratio (Target : Fixed/Float ratio = 80 : 20)	Fixed 90% Floating 10%	Fixed 87% Floating 13%
Well-Distributed Maturity Profile (Maturing Debt in the next 5 yrs is less than 50% of Total Debt)	Maturity Profile as of Dec 2009: next 5 yrs: 61%, year 6-10: 24%, 10 yrs+: 15%	Maturity Profile as of March 2013: next 5 yrs: 42%, year 6-10: 24%, 10 yrs+: 34%



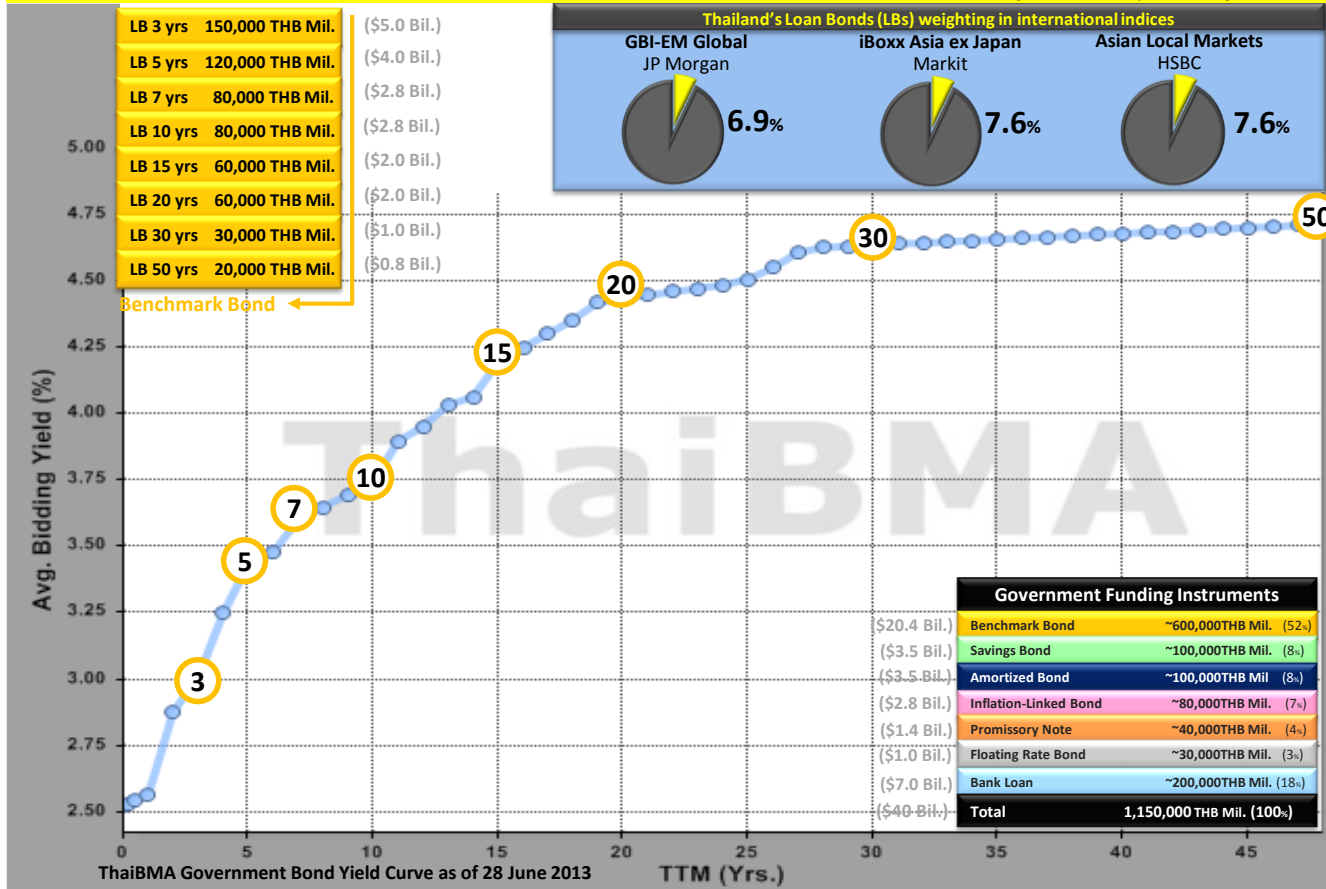
Full Capacity* of All Government Funding Instruments

* 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

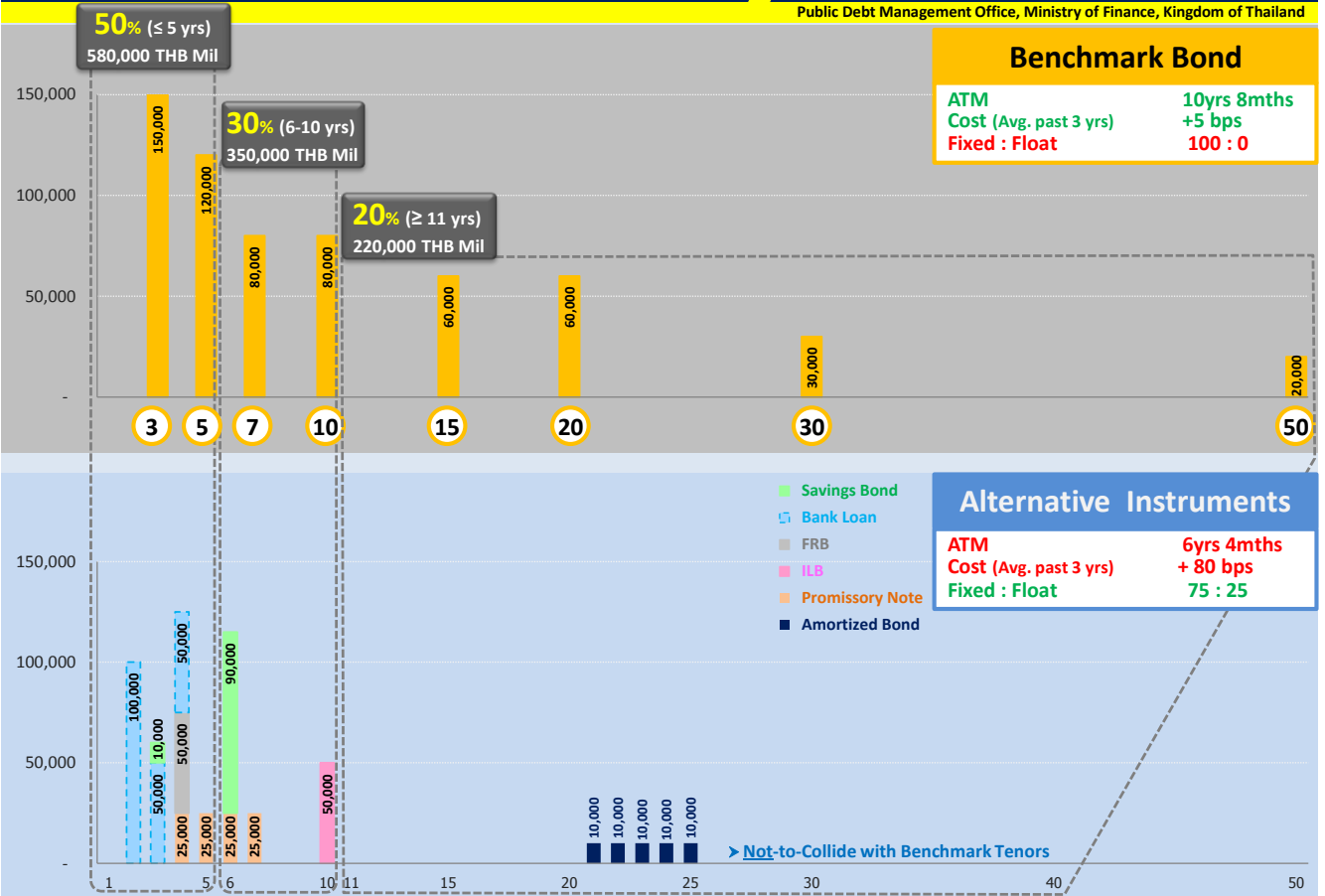


Maturity Profile of GOV'T Funding Instruments (Strategic Framework)

(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





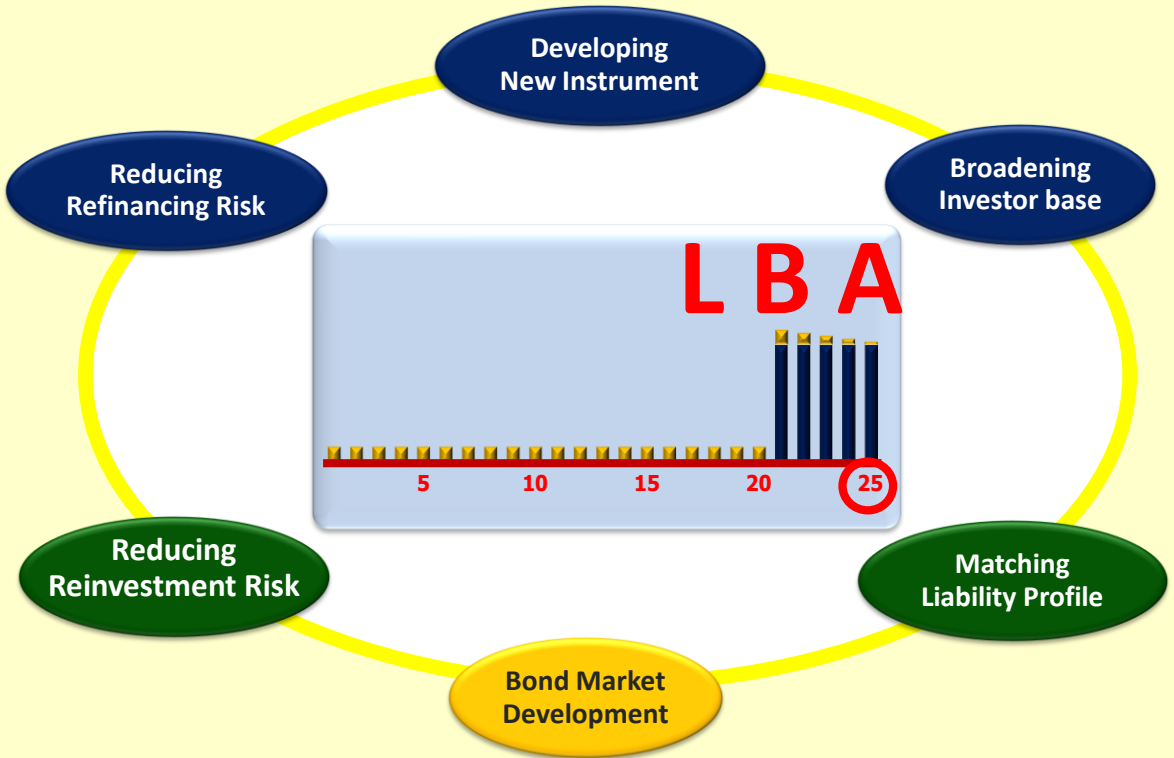
2013 Fiscal Year - to - Date HIGHLIGHTS

- ✓ FY2013 Inaugural 25-year Back-End Amortized Loan Bond (LBA)
- ✓ FY2013 15-year Inflation-Linked Bond
- ✓ MOF Outright PD's Privilege → Exclusivity on 5-year Benchmark Bond
- ✓ QE3 : Yield Curve of GOVT Bond Jumped 20-60 bps
- ✓ Fiscal Year-to-date GOVT Bond Auction Results
- ✓ Net Change in Non-Resident Holding in GOVT and BOT Bond



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

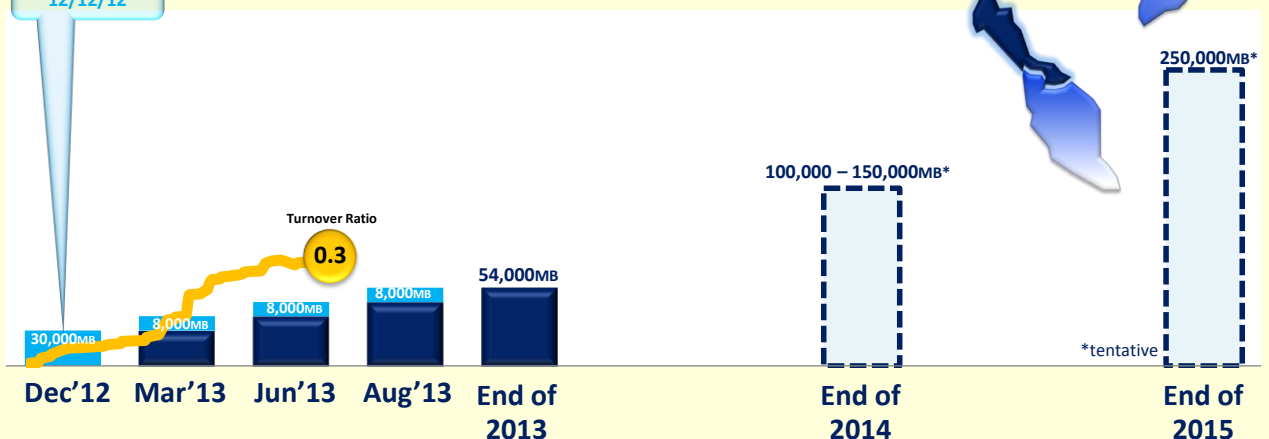
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Development Path	<ul style="list-style-type: none"> ✓ Immediate Task : Build up to 100,000 THB Mil. by the end of 2014 ✓ 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

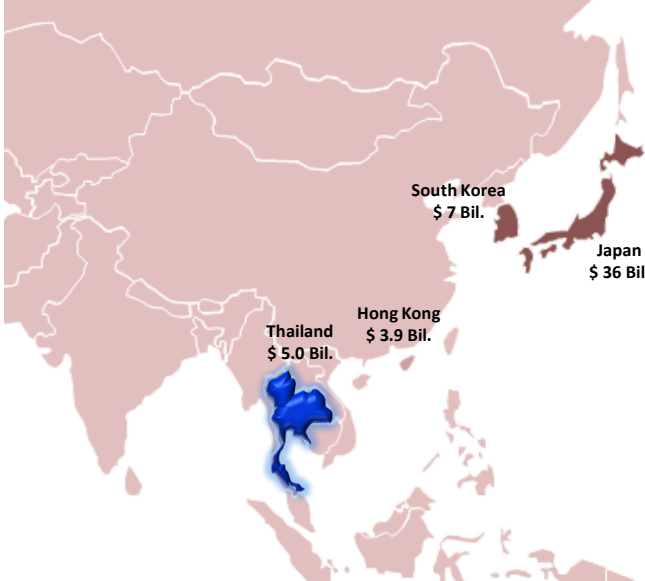




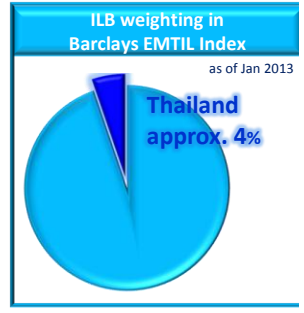
Instrument to Hedge Asian Inflation

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

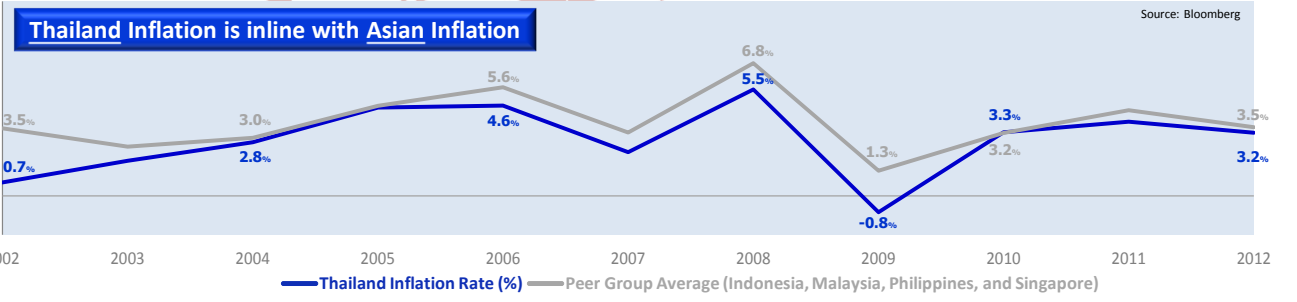
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Remarks: - Other Emerging Markets include Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Israel, Kazakhstan, Mexico, Peru, Poland, Russia, South Africa, Thailand, Turkey and Uruguay.
Source: Bloomberg



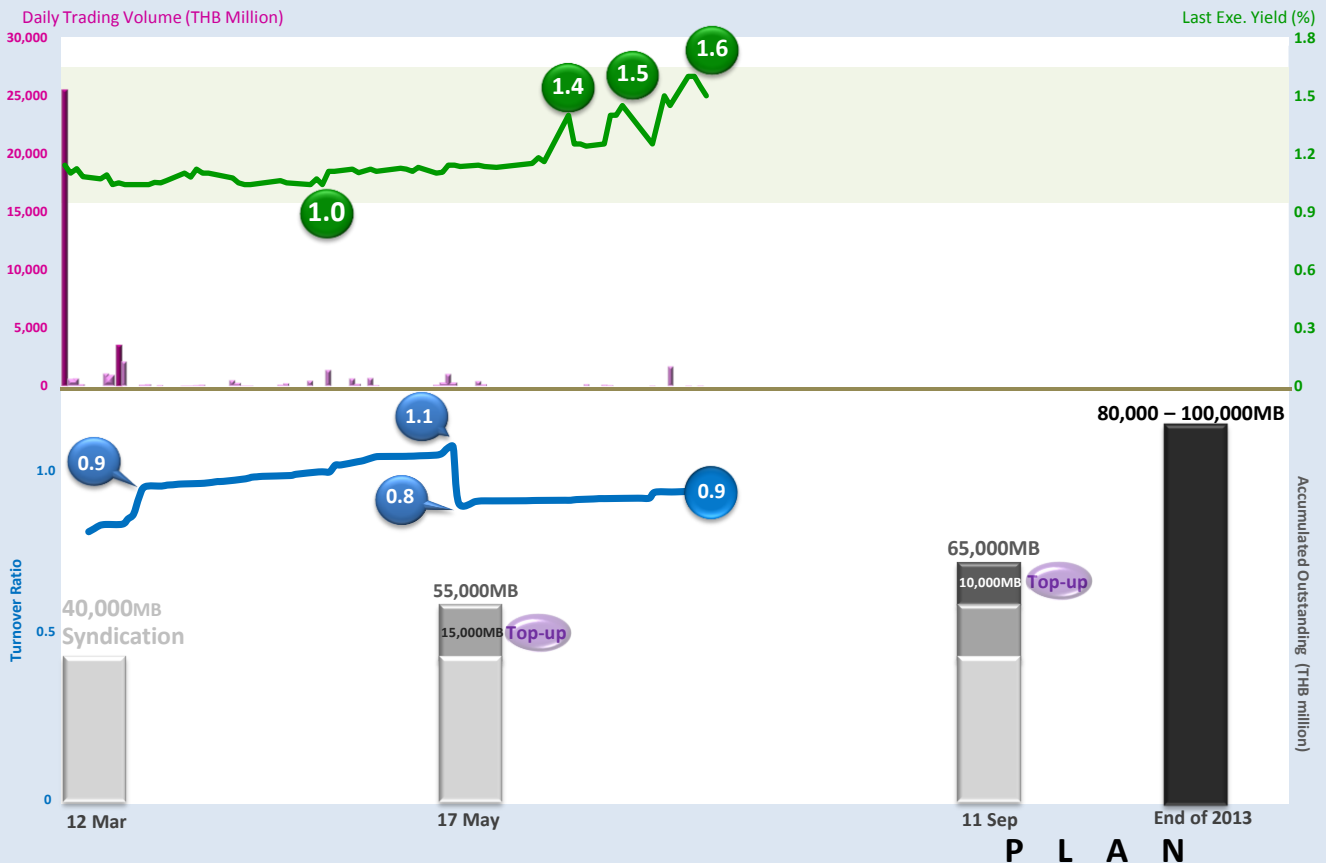
Remarks: - Others includes Brazil, Mexico, Turkey, Israel, South Africa, Chile, Poland and South Korea
Source: Barclays Index Enquiries Helpdesk, as of 31 January 2013



Inaugural 15-yr Inflation-Linked Bond

- ✓ First & Only ILB in ASEAN
- ✓ Turnover Ratio of 0.9
- ✓ Stability in Inflation Index
- ✓ Benchmark 100,000 MB

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





Forward Looking : Inflation-Linked Bond by 2015

- ✓ Extend ILB Yield Curve
- ✓ Continue to Enhance Liquidity

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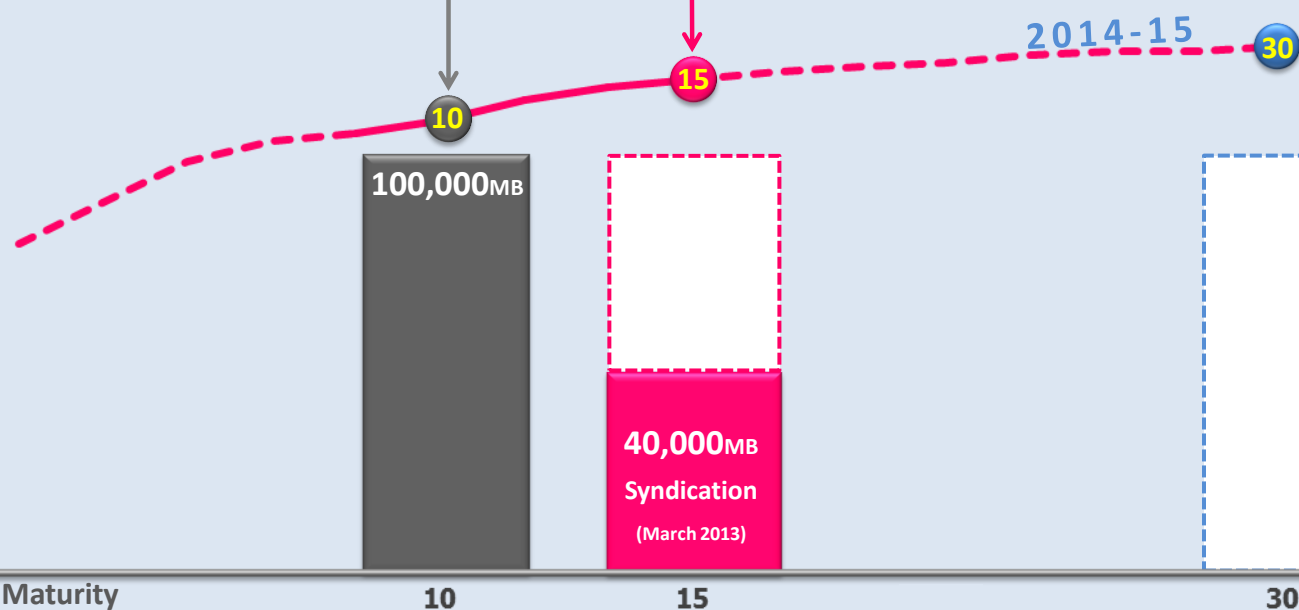
July 2011

Inaugural 10-yr ILB

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

March 2013

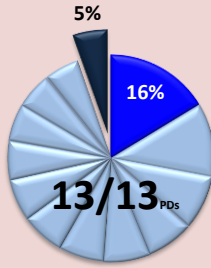
1. Extending ILB yield curve to 15-yr
2. Enhancing liquidity
 - Benchmark size : PDMO will build up appropriate size to enhance secondary market liquidity
 - Market Making : Primary Dealers are encouraged to participate in auctions & secondary market
 - Setting up Inflation-Linked Fund : KTB Inflation-Linked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



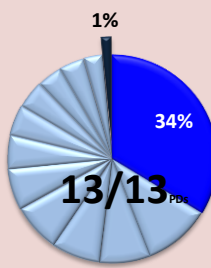


Participated

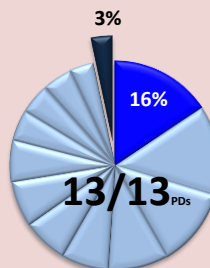
(Classified by number of PDs and their % of total participated size)



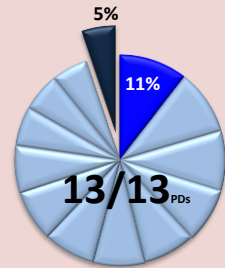
24,480MB



35,623MB



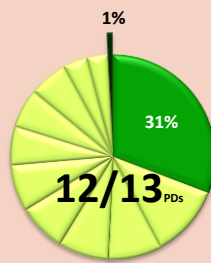
35,480MB



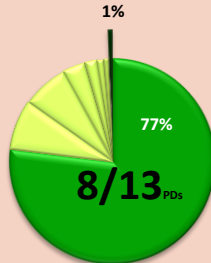
25,006MB

Allocated

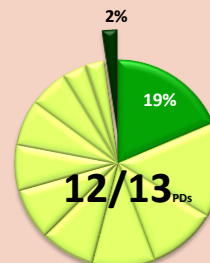
(Classified by number of PDs and their % of total allocated size)



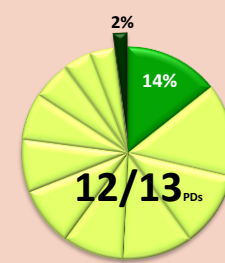
13,000MB



14,000MB



14,000MB



14,000MB

1/FY2013

2/FY2013

3/FY2013

4/FY2013



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 1LB
- 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



Fiscal Year-to-date LB196A Bond Auction Results

(Exclusivity)

- PDs always bid lower than yield curve
- PDs bid within the narrow gap 1-2 bps

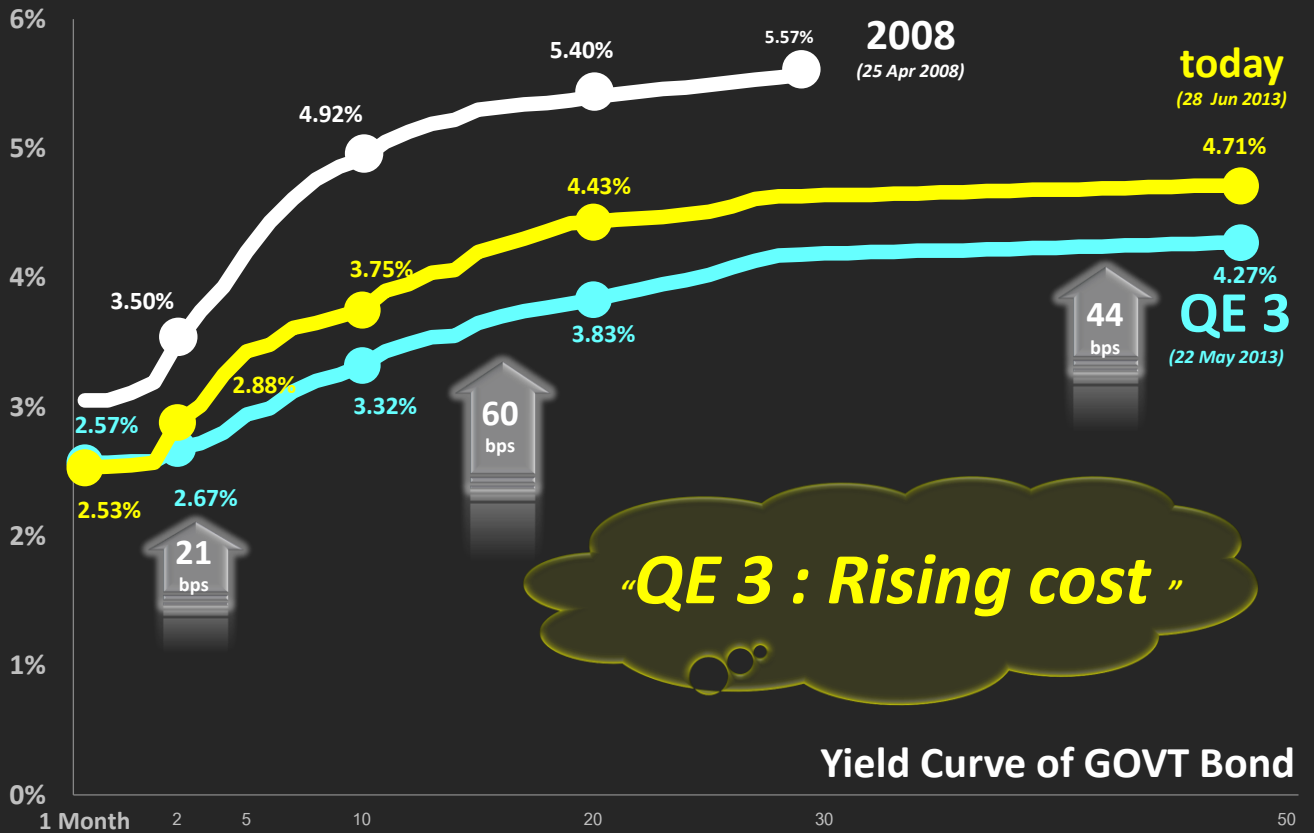
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



QE 3

Yield Curve of GOVT Bond Jumped 20-60 bps

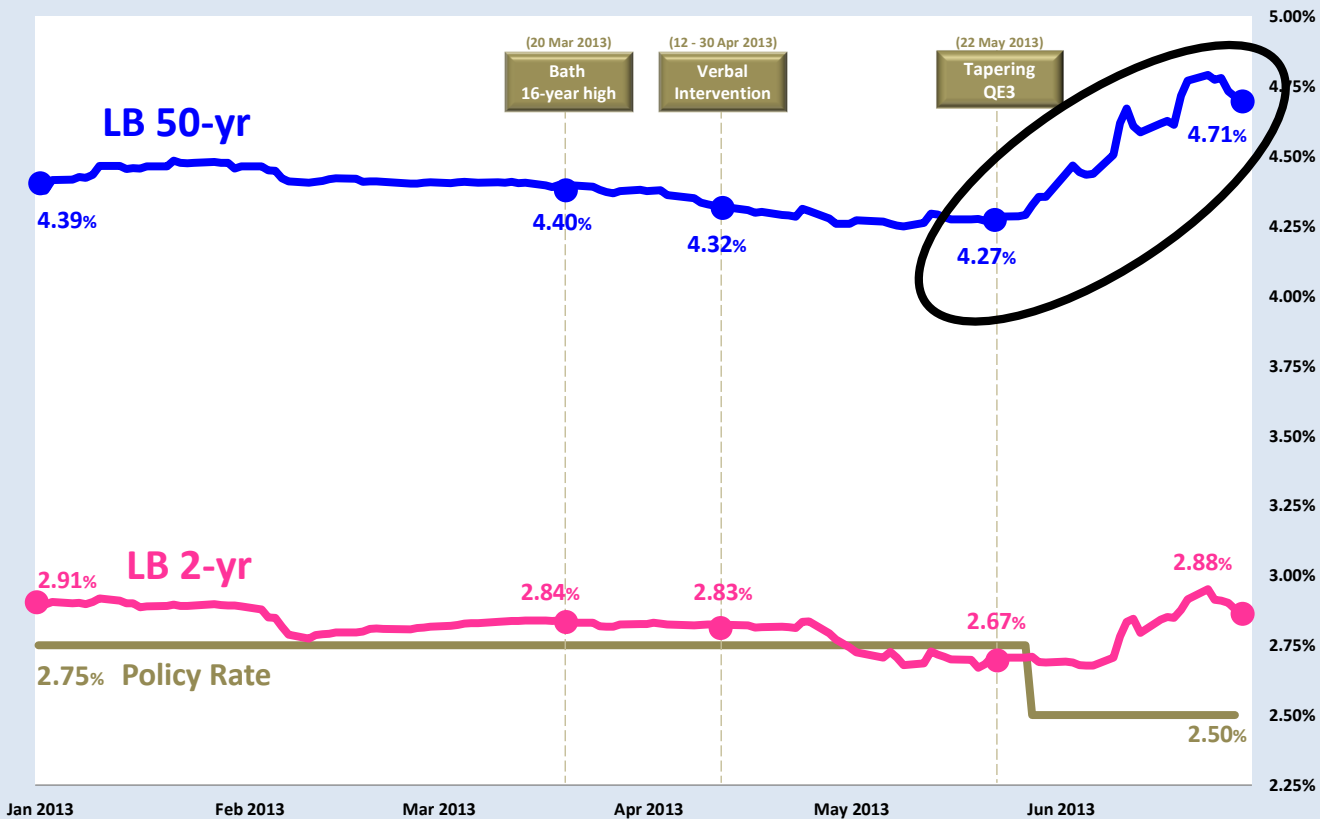
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand



Short and Long Term Bond Increase Cost, Even Though the Interest Rates of MPC Decline.

LB 2-yr +21 bps after QE 3 MPC -25 bps
LB 50-yr +44 bps after QE 3

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

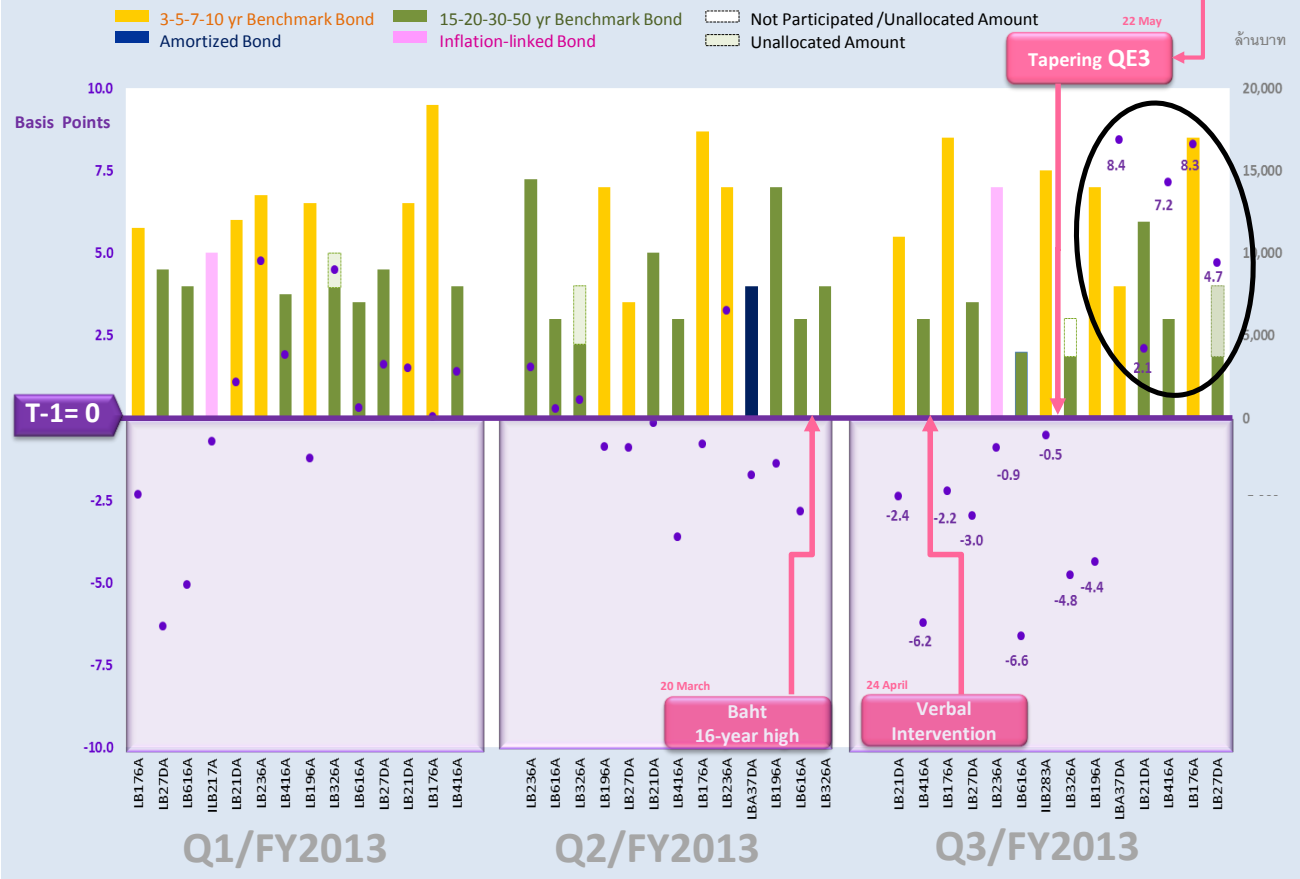


Fiscal Year-to-date GOVT Bond Auction Results

Classified by Quarterly Auction Schedule

GOVT Bond Auction is *Sensitive to QE3*

Public Debt Management Office, Ministry of Finance

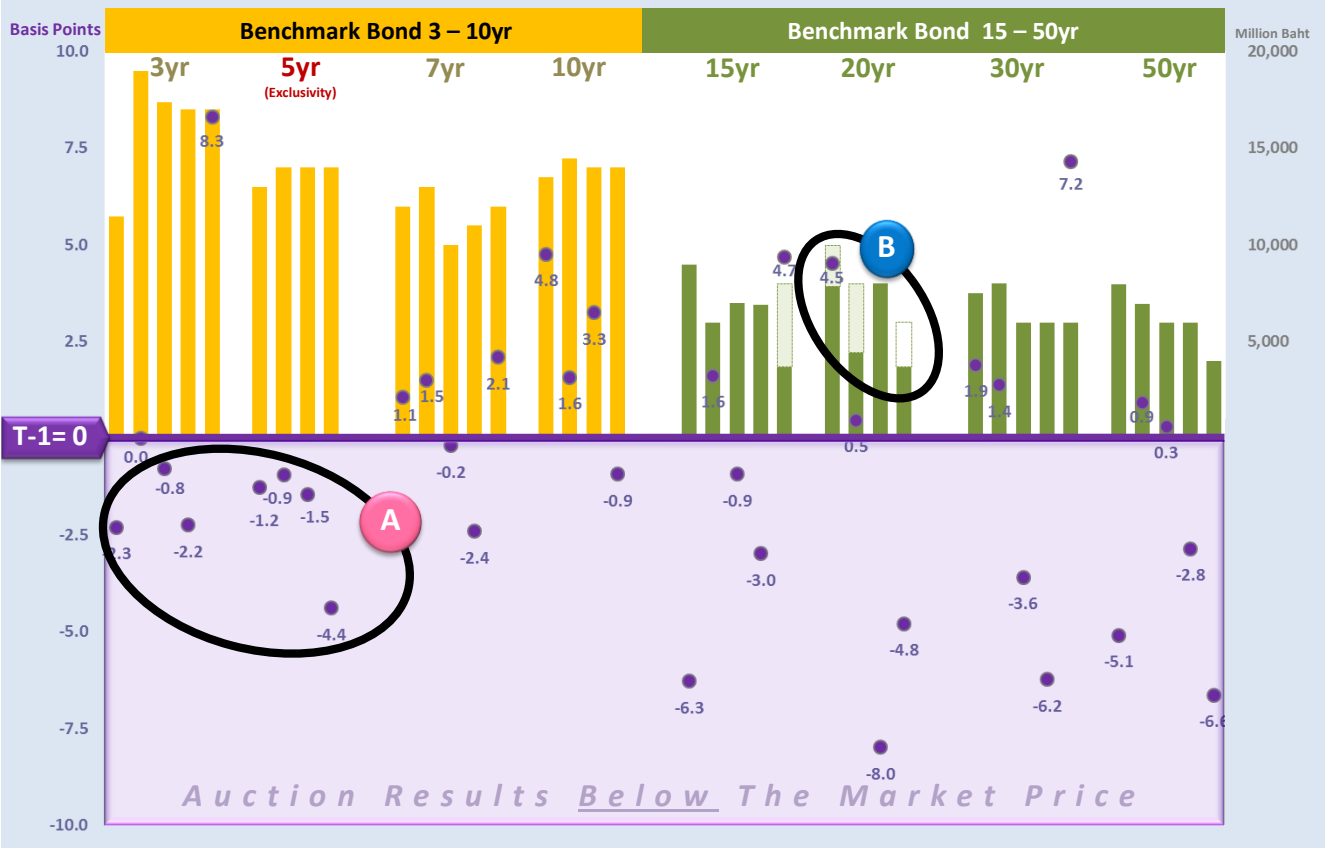


Fiscal Year-to-date GOVT Bond Auction Results

Classified by Tenor

- A** 3-to-5-yr Benchmark Bond: Avg. Accepted LOWER than Market Price
- B** 20-yr Benchmark Bond: NOT fully Allocated or Subscribed

Public Debt Management Office, Ministry of Finance



NR Holding

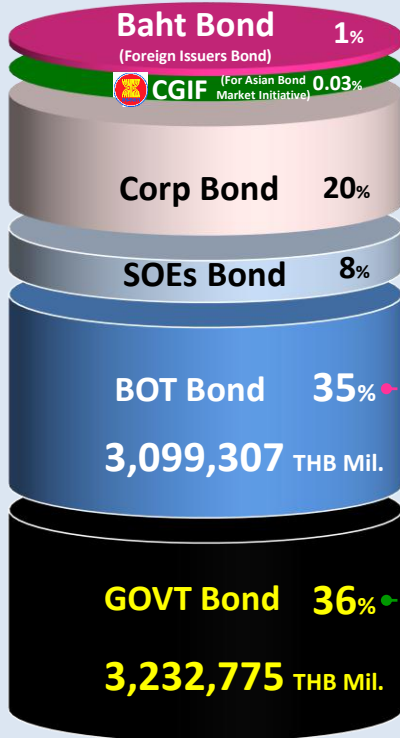
(% share of Bond Market)

Non-resident Holding in THB Bond = 770,168 THB Million

(8.70% of Thai Bond Market Capitalization of 8,858,683.77 THB Million)

End of June 2013

Thai Bond Market Cap. = 8,858,683 THB Million
(Classified by Issuer at 28th Jun 2013)



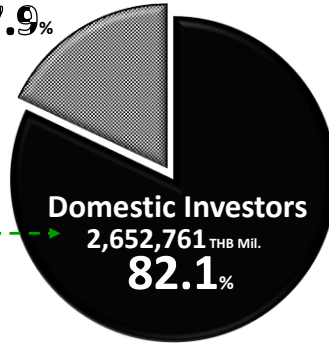
Issuer	Non-Resident Holding (THB Million)	% Share of Thai Bond Market Cap. (8,858,683.77 THB Million)
GOVT Bond	580,014	6.55%
BOT Bond	188,999	2.13%
SOE Bond	462	0.01%
Corp Bond	693	0.01%

GOVT Bond Outstanding

3,232,775 THB Mil.

Non-Resident
580,014 THB Mil.

17.9%

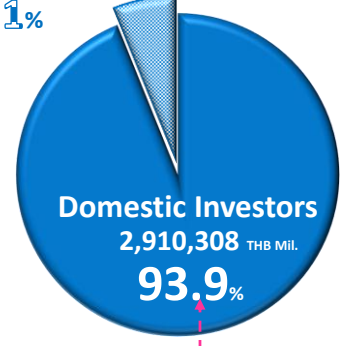


BOT Bond Outstanding

3,099,307 THB Mil.

Non-Resident
188,999 THB Mil.

6.1%



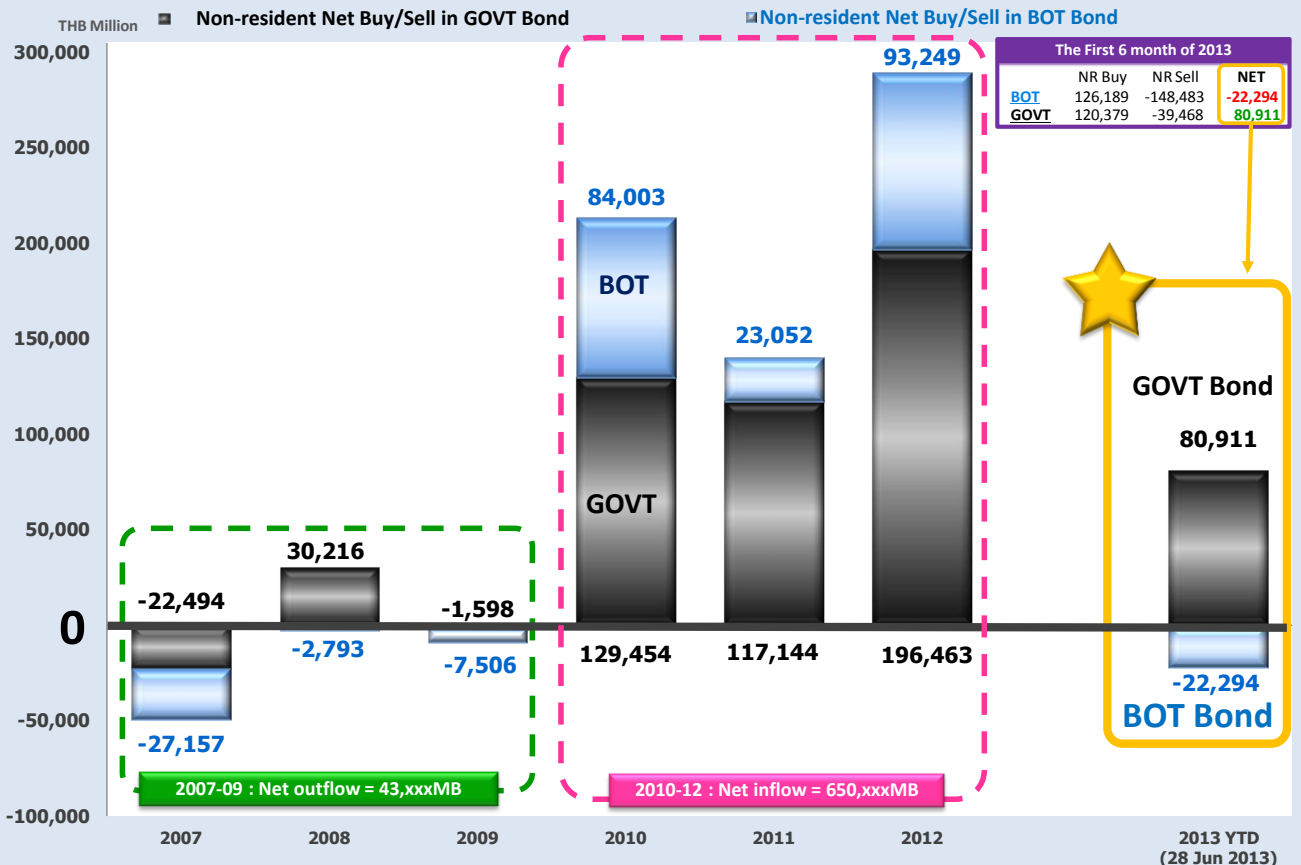
Yearly

(The Past 7 years)

Net Change in Non-resident Holding

BOT Bond vs GOVT Bond

End of June 2013



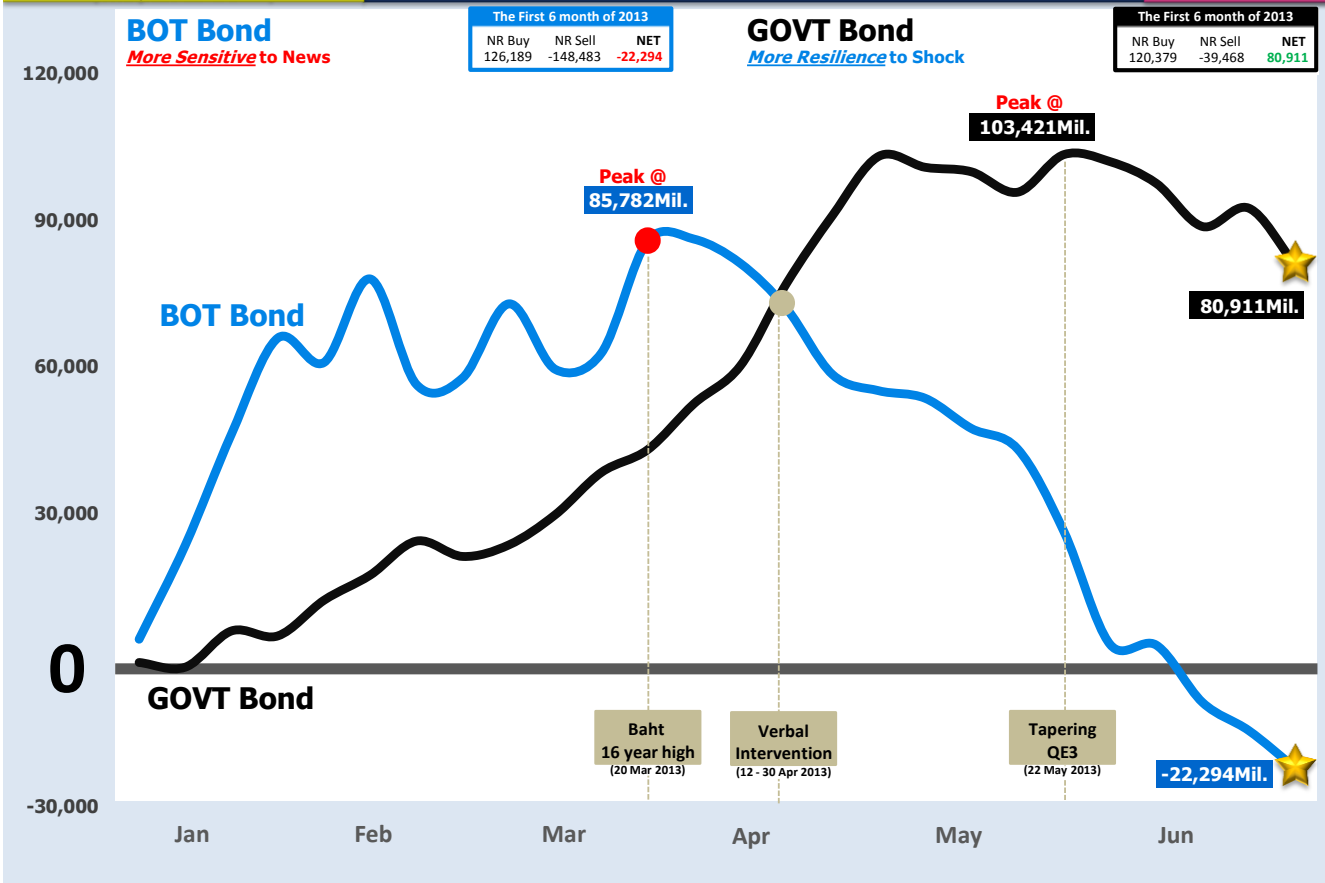
Weekly

(The past 26 weeks)

Cumulative in Non-resident Holding

BOT Bond vs GOVT Bond

End of June 2013



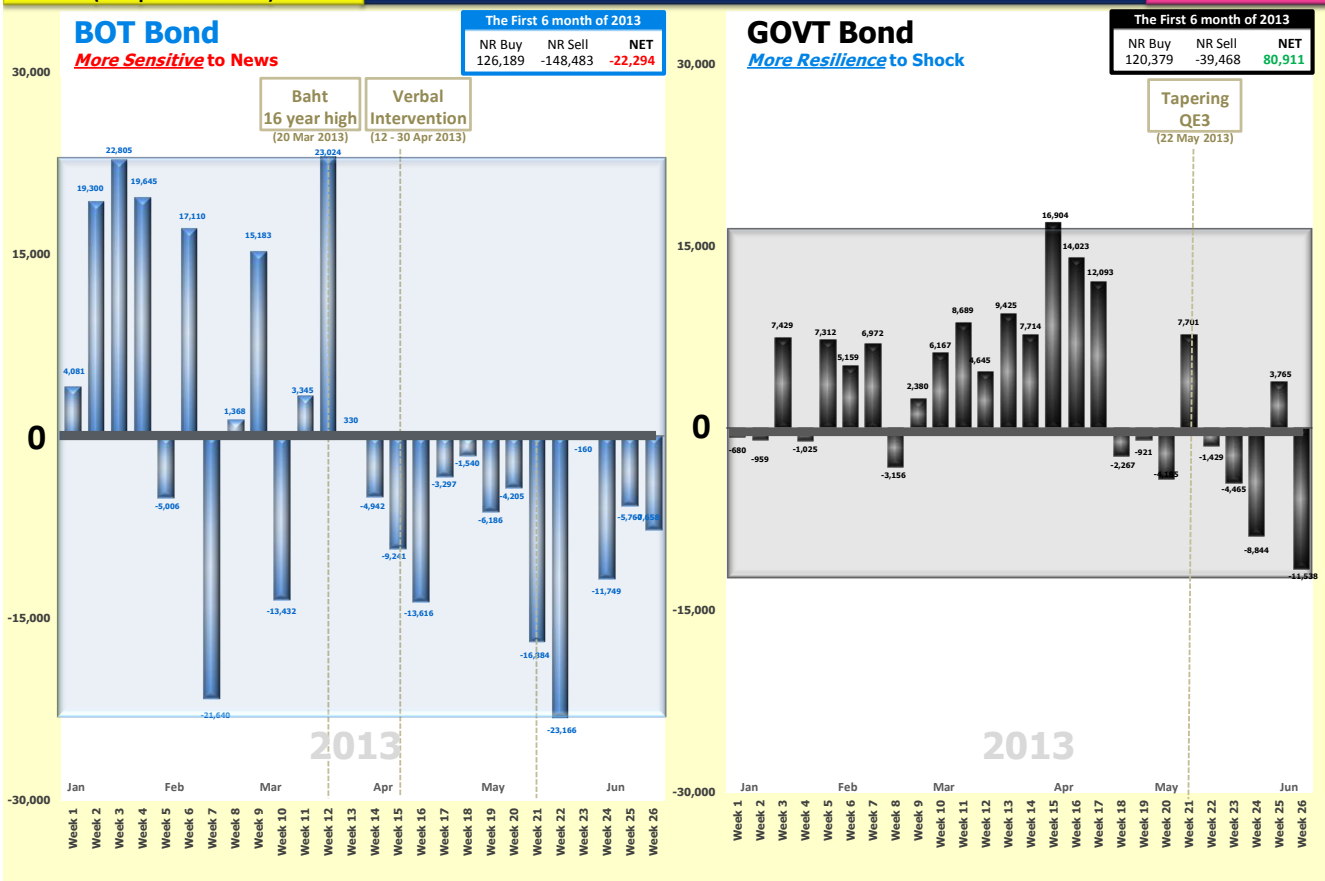
Weekly

(The past 26 weeks)

Net Change in Non-resident Holding

BOT Bond vs GOVT Bond

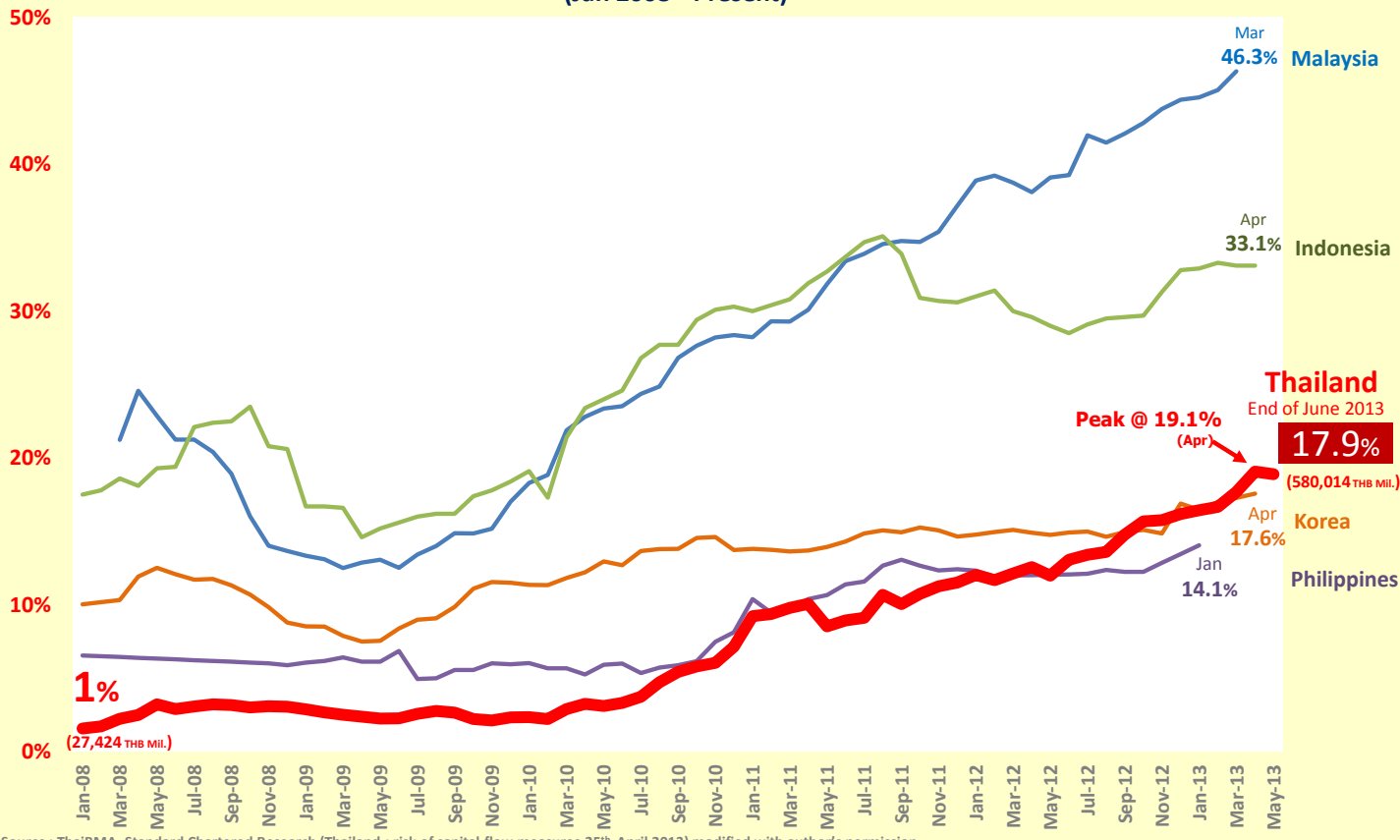
End of June 2013



Peers Comparison

NR Holding in Thai GOVT Bond is **580,014 THB Million** *(End of June 2013)*
 or **17.9%** of Total GOVT Bond Outstanding

Graph : Percentage of Non-resident Holding in Local Government Bond Comparison (Jan 2008 - Present)



Source : ThaiBMA, Standard Chartered Research (Thailand : risk of capital flow measures 25th April 2013) modified with author's permission



PDDF

CGIF

PIONEER

COMMITMENT

INNOVATION

BENCHMARK BOND

FISCAL DISCIPLINE

INFLATION-LINKED BOND



Retail Bond @ ATM

Opening Ceremony by Mr. Kittirat Na Ranong, Deputy Prime Minister and Finance Minister and Ms. Chularat Suteethorn, Director-General, Public Debt Management Office at PDMO Savings Bond Booth

Money Expo 2013 at Challenger Hall 2 – 3
Impact Arena, Bangkok during May 9th – 12th 2013





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

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**เป็นมืออาชีพในการบริหารหนี้สาธารณะ
เพื่อการพัฒนาประเทศอย่างยั่งยืน**