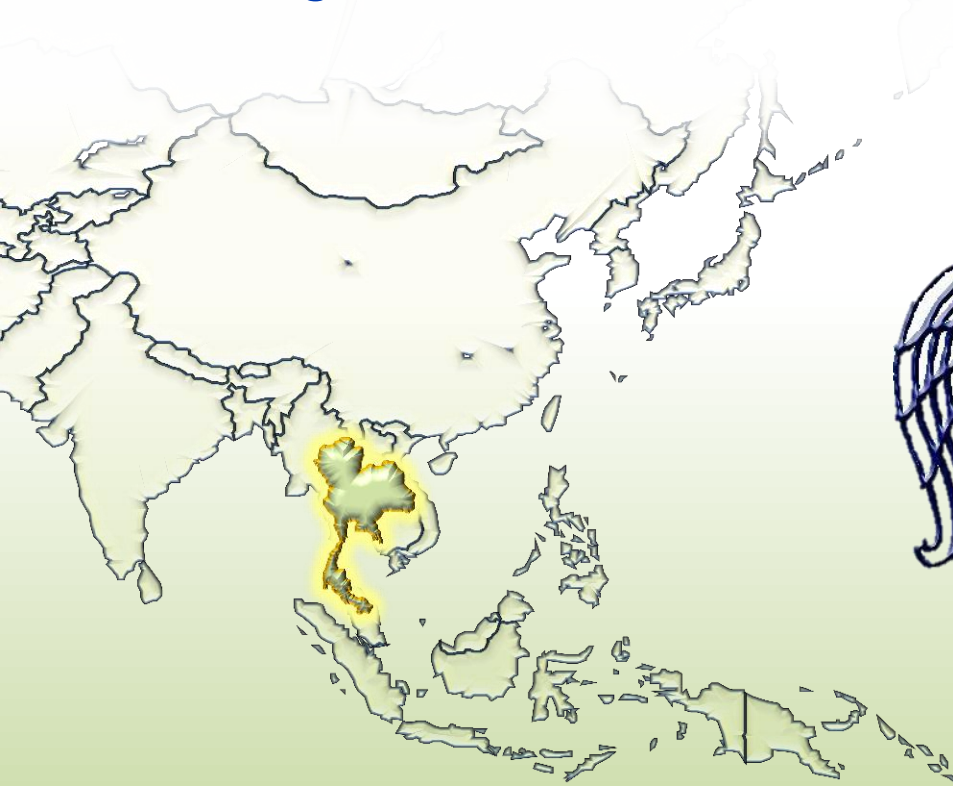


Kingdom of Thailand Bond Market

Financing Thailand's Future & Connecting ASEAN



Highlights

Q&A with Director-General

- *Political Situation and Impact on ...*
 - *Credit Rating Outlook*
 - *Government Bond Auction*
- *NCPO's Roadmap*
- *Savings Bond Q4/FY2014*
- *PDMO's Role in supporting AEC Integration in 2015*

Progress Update

- *Bond Switching : Source Bonds for H1/FY2015*
- *Toward 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 3 Quarters of FY2014*
- *Non-Resident Holding in Domestic Bond*



Domestic Bond Market Development

A. Highlights

- **Q&A** with Director-General Chularat Suteethorn
- Safe Haven : Retail & Long-term Savings Bonds
- Auction Schedule Q4/FY2014
 - Government Bond
 - SOE Bond and Term-Loan
 - T-Bill Supply

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B. Progress Update

- Bond Switching : **Source Bonds for H1/FY2015**
- Toward ASEAN “Preferred Destination”

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C. 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 3 Quarters of FY2014
- Non-Resident Holding in Domestic Bond

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A: Highlights

- *Q&A with Director-General*
- *Safe Haven : Retail and Long-term Savings Bond*
- *Auction Schedule Q4/FY2014*
 - *Government Bond*
 - *SOE Bond and Term-Loan*
 - *T-Bill Supply*

Q&A with Director-General

Q : Do you have any concerns that the recent political incidents may lead to a downgrade of or negative outlook for Thailand's sovereign rating?

Chularat : The period of political instabilities over the past 8 months has led to lingering concerns over the possible negative impact on Thailand's sovereign ratings. As we have seen, the recent events have already led the Fiscal Policy Office (FPO) to revised growth forecast for this year to around 2.6%.



*Chularat Suteethorn
Director-General of Public Debt Management Office*

Regarding the direct impact on credit ratings, PDMO has always maintained an open line of communication with all credit rating agencies to ensure that they are kept informed of any incidents of concern and the responding government plan of action.

I am pleased to say that **all of the credit rating agencies have reaffirmed Thailand's credit rating** mainly citing the fact that political situation has not weakened Thailand's fundamental credit strength, enabling the government to prudently manage its finances during political and economic turbulences.

One of our biggest strengths is the current public debt structure that has been brought about through PDMO's policy to consistently issue sizable benchmark bonds to develop the domestic bond market. The reliance on domestic funding has not only reduced foreign currency debt to less than 2% meaning almost no exposure to currency risk, but refinancing risk has also been mitigated as the average time to maturity of the portfolio has been lengthened by about 5 years (currently at 9 years 8 months).

Over the medium term, it is expected that the government will continue to adhere strictly to fiscal sustainability targets by maintaining public debt to GDP ratio at 47% which is well below target of 60% and debt service to expenditure below 15% at around 11-12%. In addition, Thailand's external balances remain strong with international reserves 3 times external debt and 11 times imports, this compares favourably to peers in the same rating categories.

All in all, I believe that the credit outlook is currently stable, nevertheless, it is important to strengthen our credit fundamentals.

Q : What about the impact on demands for government bonds?

Chularat : The government bond auction results suggest no negative impact from the political situation. Throughout the period of political uncertainty dating back to December last year when the Parliament was dissolved, the constitutional court decision to oust PM Yingluck, the transition of power on 22 May by the National Council for Peace and Order (NCPO), the government bond auction results have remained acceptable throughout where almost all issuances were fully allocated and most accepted bids were well below market yields.

I believe that this has been made possible because of the trust that we have gradually strengthen with the investors over the years as a result of keeping our promise to issue bonds as scheduled. Also, the sharing of information in an open and transparent manner, in particular, both PDMO and investors have benefited from regular market dialogue and specific group meetings.

Q : When can investors expect to see prolong periods of political stability, is there a definite Roadmap from the NCPO's?

Chularat : First of all, in the short term, I think that the NCPO has stabilised a very fragile and potentially dangerous political deadlock in the country. We have seen over the past month that they have been relatively quick in removing any measures when the situation improves, for example, the curfew was initially lifted in main tourist provinces and eventually in Bangkok and all over the country.

In term of economic policies, farmers from the rice pledging scheme were immediately paid within a month, the Board of Investment (BOI) has been appointed and investment applications can now be reviewed and approved. Tax policies have also remained supportive. VAT has been maintained at 7% to support domestic consumption and to create pro business friendly environment; corporate income tax maintained at 20%.

Crucially, the Fiscal Year 2015 Budget Act is expected to be in place in time at the beginning of next fiscal year (1st of October), this also includes a fiscal expansionary in the form of budget deficit of 250,000 million baht to stimulate the economy. The budget deficit only accounts for around 10% expenditures and is only half of what the law allows, therefore, there is plenty of room to boost the economy further if needed.

NCPO has announced a 3 phase roadmap to return the country to its democratic path to hold elections by 2015. An interim charter is expected to be unveiled soon, this will allow for an appointment of the National Legislative Assembly, which be responsible for enacting legislation. The Prime Minister and cabinet is expected to be in place by September. In addition, the reform Council and Constitution drafting Committee will also be established. Once the reform an the constitution drafting process is complete, an election can be held.

Q : What is the rationale behind the issuance of Savings bond?

Chularat : Savings bond has always been important part of PDMO annual issuance plan because it is the only instrument that reaches out to retail investors and encourages individuals to increase their level of savings.

As some of the proceeds are used to finance government projects, they also offer the general public an opportunity to contribute to public financing and thereby create a sense of "ownership" in the process of economic and social advancement.

Because savings bonds have a direct impact on the long-term financial well-being of general public, we have continued to attentively adjust and/or introduce new features to ensure that it best serves the interests of general public.

For this particular savings bond to be issued in Q4 of FY2014, it is one of our longest maturities, at 7 and 10 years (last 10-year tenor was in 2002) with total amount of 30,000 million baht. The first lot will be exclusive to the elderly with age restrictions of 60 years and over while the 2nd and 3rd lots will be opened to all citizens. We hope that the relatively long maturities will encourage long-term savings providing future financial security for various age groups, from the elderly saving for the next generation to new graduates saving to build a family. We see this as a way to return sustainable happiness to the society.

To ensure 24 hours nationwide access to savings bonds, I am pleased to inform the public that in addition to the usual channels to purchase savings bonds through our representatives; Krung Thai Bank, Bangkok Bank, Siam Commercial Bank and Kasikorn Bank (collectively, these 4 banks have up to 40,000 ATMs and 4,500 branches), the public can now invest in savings bonds via online banking with Krung Thai Bank.

*“We see savings bond as a way
to return sustainable happiness to the society”*

Q : What can the PDMO play to support Thailand in ASEAN Economic Community (AEC) in 2015?

Chularat : The key element for a truly integrated ASEAN Community is connectivity, and connectivity can only be achieved by having sufficient infrastructure. However, the lack of significant investment in major transportation over the past decades means that Thailand has repeatedly passed up on opportunities to enhance our long-term competitiveness, to develop new growth centers nationwide and the level of our living standards. Moreover, as the heart of mainland South East Asia, this “missing link” in infrastructure has a wider regional consequence as it acts as an obstacle to ASEAN’s efforts to promote freer flow of goods, services and people across the boundaries.

The government recognizes the importance of such investment. There are projects in various sectors including mass transit, duo-track railway, roads connecting ASEAN economic corridors, airports expansion and ports in the pipeline. The PDMO has a critical role to play by providing funding for these projects. The funding strategy must be formulated to meet the funding requirements without compromising our fiscal sustainability framework.

Although these typical projects normally require large amount of investment through borrowings, I am confident that PDMO is in a strong position to meet these challenges. There is ample liquidity in the domestic bond market and more importantly new products that have continuously been developed enabling the PDMO to select most suitable instruments for project financing. For example, the amortized bond could be used to match cash flows of debt repayment and eventual return from project investment.

In term of bond market cooperation, PDMO recognizes that for ASEAN to achieve sustainable and inclusive growth, there must be mutual support amongst member countries. Thus, all of us can grow together, and no one is left behind. In light of this spirit, PDMO has linked CGIF and Baht Bond issuance to the development of the bond market. This has allowed our close neighbor, Lao PDR to raise funds in our domestic market to fund their own infrastructure projects. Looking ahead, we hope to further expand cooperation in this area to promote the tightening of financial markets in the region which may lead to mechanisms to help protect AEC from the impact of global economic uncertainties.

Q : Given that you will be retiring at the end of September (making this your last booklet), what has been the highlight of your time as Director-General of PDMO?

Chularat : It has been an honor for me to serve as the Director-General at PDMO as it is a position in an organization where I can contribute directly in many important areas; some of which include strengthening of the domestic financial markets and support regional financial markets integration, investments in public sector projects that help strengthen the platform for sustainable growth as well as provide financial support to the public through SOEs and SFIs.

In term of domestic bond market development, I am pleased that we have taken concrete steps to turn the page on SOEs bond issuance by adjusting our SOEs bond issuance to be in line with government benchmark bonds. For example, the GGLB that was launched, and future SOE bond issuance will now be sizeable, more predictable in order to encourage greater liquidity, establish benchmark yield for SOEs and eventually eliminate fragmented and small sized bonds.

Given the volatilities in the financial market environment, we have continued our product development to include the extension of inflation linked bonds to 15 years, and also plans to lengthen further to 30 years.

In light of the AEC in 2015, it was pleasing to see Lao PDR successfully raised funds in our market, through the CGIF and Baht Bond initiative, marking the first cross border fund raising of its kind. I believe that this provides a concrete reference for future cooperation between ASEAN members in areas of financial market integration.

Finally, these achievements in market development would not have been possible without the commitment and cooperation from all stakeholders and market participants. I would like to take this opportunity to thank all of you and hope that we will cross paths again in the near future.



SAFE

Retail Savings Bond

- Issue Size :** 4,000 THB Mil.
Tenor : 3 years
Sale Period : 8 May – 29 August 2014
Coupon Rate : 3.25% p.a.
Maturity Date : 8 May 2017
Sales Channel :
- Counters [all 4 appointed banks]
 - Krung Thai Bank
 - Kasikorn Bank
 - Siam Commercial Bank
 - Bangkok Bank
 - ATM [all 4 appointed bank]
 - “Savings Bond Certificates” [ONLY at Kasikorn Bank]

NEW



PDMO Booth Opening Ceremony @ Money Expo 2014 on May 8th, 2014.
(Fair visitors : over 1 million people)
Ms. Chularat Suteethorn (Director-General of Public Debt Management Office) – [middle left]
Mr. Ace Viboolcharern (Deputy Director-General of Public Debt Management office) – [left]
Mr. Santi Viriyarungsarit (Editor of Money and Banking Magazine) – [middle right]
Mr. Maytee Phanachet (Capital Markets Product Management Head of Kasikorn Bank) – [right]

*“It’s just the small amount,
but I want them to learn and
start saving for their futures.”
the father said.*



Ms. Prechaya (Ice)
leading actress from
“ATM : Er Rak Error”
@ PDMO Booth

HAVEN

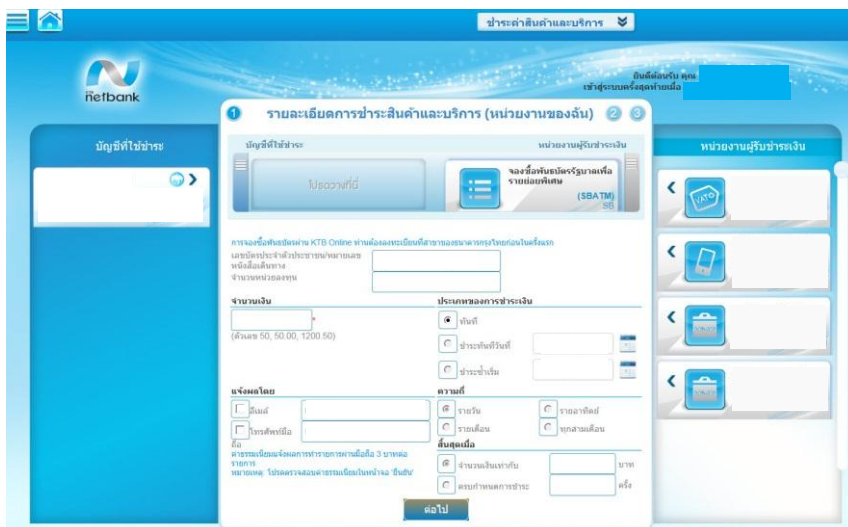
NEW!! Long-term Saving Bond

Issue Size : 30,000 THB Mil.
Tenor : 7 and 10 years
Sale Period : 15 – 25 July 2014

| | |
|---|-------------------|
| Age Restriction : 60 years and over (max. purchase of 2 THB Mil./tenor/bank) | 15 – 16 July 2014 |
| No Age Restriction (max. purchase of 2 THB Mil./tenor/bank) | 17 – 20 July 2014 |
| No Age Restriction (No limitation) | 21 – 25 July 2014 |

Coupon Rate : 4.25% p.a. (7-year)
 4.75% p.a. (10-year)
Maturity Date : 15 July 2021 and 15 July 2024
Sale Channel :

- Counters [all 4 appointed banks]
 - Krung Thai Bank
 - Kasikorn Bank
 - Siam Commercial Bank
 - Bangkok Bank
- ATM [all 4 appointed banks]
- "Savings Bond Certificates" [ONLY at Kasikorn Bank]
- "Internet Banking" [ONLY at Krung Thai Bank]

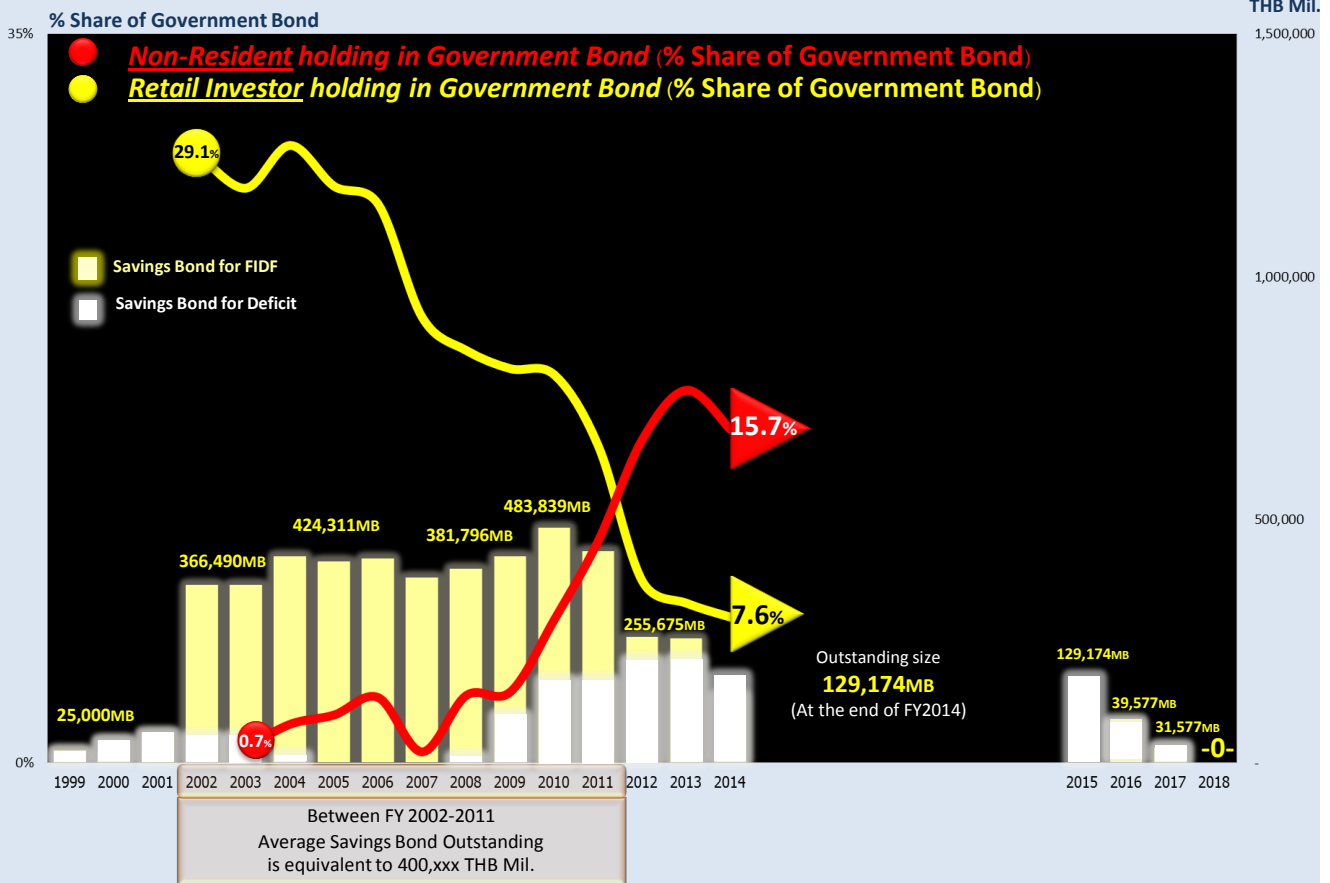


Remarks :

- For non-Thai citizens, only foreigners who obtain work permits are eligible.
- Savings Bond Certificate is available for the purchase as a gift for other person.



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



Savings Bond : The Safe Haven for Retail

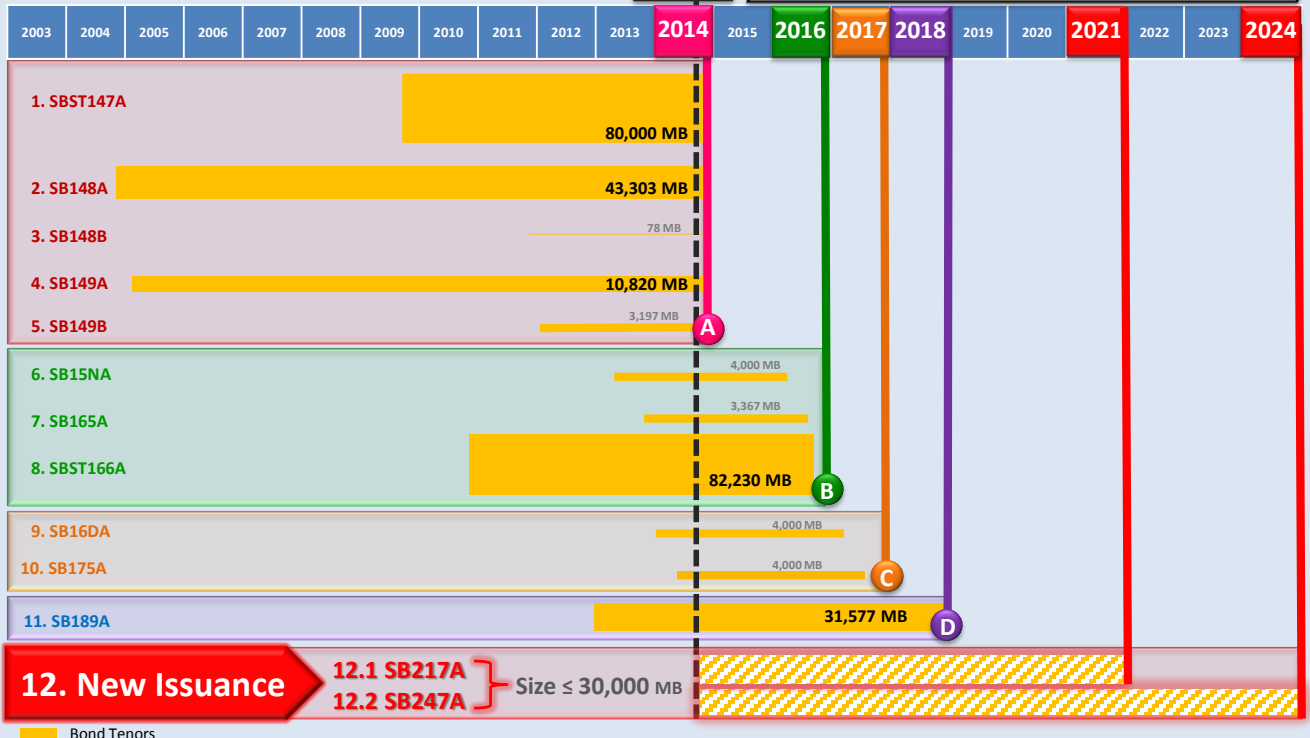
(Current Outstanding : 266,572 THB Mil. , 11 Series)

New Issuance Q4/2557 30,000 THB Mil.

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

Today

- A** FY2014 Expiration of 5 SB 137,398 THB Mil. (51%)
- B** FY2016 Expiration of 3 SB 89,597 THB Mil. (34%)
- C** FY2018 Expiration of 2 SB 8,000 THB Mil. (3%)
- D** FY2018 Expiration of 1 SB 31,577 THB Mil. (12%)





| TTM (Yrs.) | Yield (%) |
|------------|-----------|
| 0.08 | 2.03 |
| 0.25 | 2.05 |
| 0.50 | 2.08 |
| 1 | 2.11 |
| 2 | 2.34 |
| 3 | 2.55 |
| 4 | 2.96 |
| 5 | 3.16 |
| 6 | 3.36 |
| 7 | 3.53 |
| 8 | 3.63 |
| 9 | 3.72 |
| 10 | 3.78 |
| 11 | 3.83 |
| 12 | 3.87 |
| 13 | 3.90 |
| 14 | 3.94 |
| 15 | 3.97 |
| 16 | 4.02 |
| 17 | 4.06 |
| 18 | 4.10 |
| 19 | 4.11 |
| 20 | 4.12 |
| 21 | 4.13 |
| 22 | 4.14 |
| 23 | 4.14 |
| 24 | 4.15 |
| 25 | 4.16 |
| 26 | 4.17 |
| 27 | 4.18 |
| 28 | 4.20 |
| 29 | 4.23 |
| 30 | 4.25 |
| 31 | 4.26 |
| 32 | 4.26 |
| 33 | 4.27 |
| 34 | 4.27 |
| 35 | 4.28 |
| 36 | 4.28 |
| 37 | 4.29 |
| 38 | 4.29 |
| 39 | 4.30 |
| 40 | 4.30 |
| 41 | 4.31 |
| 42 | 4.31 |
| 43 | 4.32 |
| 44 | 4.32 |
| 45 | 4.33 |
| 46 | 4.33 |
| 47 | 4.34 |

| Symbol | Avg. Bidding Yield (%) | Change Yield (bp) | Avg. Bid-Offer Spread (bp) | Maturity | TTM (yrs.) |
|----------|------------------------|-------------------|----------------------------|------------|------------|
| T-BILL1M | 2.033385 | 0 | 3 | | 0.076712 |
| T-BILL3M | 2.052113 | 0 | 3 | | 0.249315 |
| T-BILL6M | 2.084705 | 0 | 3 | | 0.498630 |
| T-BILL1Y | 2.109611 | 0 | 4 | | 1.000000 |
| LB157A | 2.124133 | 0 | 4 | 07/07/2015 | 1.027397 |
| LB15DA | 2.223385 | 1 | 4 | 11/12/2015 | 1.457534 |
| LB167A | 2.379145 | 1 | 5 | 27/07/2016 | 2.084932 |
| LB16NA | 2.430848 | 1 | 5 | 18/11/2016 | 2.397260 |
| LB171A | 2.449737 | 1 | 4 | 18/01/2017 | 2.564384 |
| LB175A | 2.515893 | 1 | 3 | 26/05/2017 | 2.915068 |
| LB176A | 2.537125 | 1 | 3 | 16/06/2017 | 2.972603 |
| LB17OA | 2.699991 | 0 | 6 | 10/10/2017 | 3.290411 |
| LB183A | 2.856099 | 0 | 6 | 07/03/2018 | 3.695890 |
| LB183B | 2.854810 | 0 | 7 | 13/03/2018 | 3.712329 |
| LB191A | 3.185441 | 0 | 7 | 12/01/2019 | 4.547945 |
| LB193A | 3.206911 | 0 | 6 | 08/03/2019 | 4.698630 |
| LB196A | 3.156235 | 0 | 2 | 13/06/2019 | 4.964384 |
| LB198A | 3.128605 | 0 | 1 | 13/08/2019 | 5.131507 |
| LB19DA | 3.154834 | 0 | 1 | 03/12/2019 | 5.438356 |
| LB213A | 3.503615 | 0 | 7 | 31/03/2021 | 6.764384 |
| LB214A | 3.498943 | 0 | 7 | 09/04/2021 | 6.789041 |
| LB21DA | 3.573150 | -1 | 2 | 17/12/2021 | 7.479452 |
| LB22NA | 3.697996 | 0 | 7 | 08/11/2022 | 8.372602 |
| LB233A | 3.709005 | -1 | 6 | 13/03/2023 | 8.715069 |
| LB236A | 3.721111 | -3 | 3 | 16/06/2023 | 8.975343 |
| LB244A | 3.698497 | -5 | 0 | 09/04/2024 | 9.791780 |
| LB24DA | 3.752712 | -4 | 2 | 20/12/2024 | 10.490410 |
| LB25DA | 3.860377 | -1 | 8 | 12/12/2025 | 11.468490 |
| LB267A | 3.844801 | 0 | 9 | 07/07/2026 | 12.035620 |
| LB27DA | 3.908527 | -1 | 7 | 17/12/2027 | 13.482190 |
| LB283A | 3.928115 | 0 | 8 | 13/03/2028 | 13.720550 |
| LB296A | 3.973141 | 0 | 8 | 22/06/2029 | 14.997260 |
| LB316A | 4.084296 | 0 | 9 | 20/06/2031 | 16.991780 |
| LB326A | 4.102469 | 0 | 9 | 25/06/2032 | 18.008220 |
| LB383A | 4.101568 | 0 | 7 | 13/03/2038 | 23.726030 |
| LB396A | 4.119512 | 0 | 7 | 13/06/2039 | 24.978080 |
| LB406A | 4.134384 | 0 | 7 | 22/06/2040 | 26.005480 |
| LB416A | 4.175864 | 0 | 9 | 14/06/2041 | 26.983560 |
| LB446A | 4.251781 | 0 | 10 | 29/06/2044 | 30.027400 |
| LB616A | 4.335785 | 0 | 10 | 17/06/2061 | 47.005480 |

Exclusivity



Remark

- 1) The above yields are based upon average bids quoted by primary dealers, after 15% data cut-off from top and bottom when ranked by value.
- 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.

Exclusivity
MOF Outright PD Only

Inflation-Linked Bond

Government Bond Auction Schedule for Q4/FY2014

Amortized Bond

| Auction Date | LB196A 5-yr | LB236A 10-yr | ILB283A 15-yr | LB296A 15-yr | LBA37DA 25-yr | LB446A 30-yr | LB616A 50-yr | Total (THB Mil.) |
|---------------|----------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|---------------------|
| 2-Jul-2014 | | | | | | | | - |
| 9-Jul-2014 | | | | 10,000 | | | | 10,000 |
| 16-Jul-2014 | | | | | 13,000 | | | 13,000 |
| 23-Jul-2014 | | | 5,000 | | | | | 5,000 |
| 30-Jul-2014 | | | | | | 12,000 | | 12,000 |
| 6-Aug-2014 | | | | | | | | - |
| 13-Aug-2014 | | 20,000 | | | | | 11,000 | 31,000 |
| 20-Aug-2014 | | | | | 9,000 | | | 9,000 |
| 27-Aug-2014 | 15,000 | | | | | | | 15,000 |
| 3-Sep-2014 | | | 5,000 | | | | | 5,000 |
| 10-Sep-2014 | | | | | 8,000 | | | 8,000 |
| 17-Sep-2014 | | | | | | | | - |
| 24-Sep-2014 | | 10,000 | | | | 8,000 | | 18,000 |
| Total | 20,000 | 25,000 | 10,000 | 19,000 | 21,000 | 20,000 | 11,000 | 126,000 |
| 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 = พันธบัตรรัฐบาลเพื่อการบริหารหนี้ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 7 (Re-open พันธบัตรรัฐบาล ในเชิงปริมาณ พ.ศ. 2552 ครั้งที่ 13)

2. LB236A = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่ 2) ไม่เพียงปริมาณ พ.ศ. 2557 ครั้งที่ 4 และครั้งที่ 5 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ช่วยเหลือกองทุนเพื่อการฟื้นฟูฯ ระยะที่ 2) ในเชิงปริมาณ พ.ศ. 2553 ครั้งที่ 1)

3. ILB283A = พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเพื่อ ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 4 และครั้งที่ 5 (Re-open พันธบัตรรัฐบาลประเภทตราดอกเบี้ยแปรผันตามการเปลี่ยนแปลงของเงินเพื่อ ในเชิงปริมาณ พ.ศ. 2556 ครั้งที่ 2)

4. LB296A = พันธบัตรรัฐบาลเพื่อการบริหารหนี้ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 6 / พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 2 (Re-open พันธบัตรรัฐบาล ในเชิงปริมาณ พ.ศ. 2553 ครั้งที่ 2)

5. LBA37DA = พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น (พ.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 1 / พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาลประเภททยอยชำระคืนเงินต้น ในเชิงปริมาณ พ.ศ. 2556)

6. LB446A = พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาล ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 3)

7. LB616A = พันธบัตรรัฐบาล ในเชิงปริมาณ พ.ศ. 2557 ครั้งที่ 11 (Re-open พันธบัตรรัฐบาล ในเชิงปริมาณ พ.ศ. 2554 ครั้งที่ 9)

SOE Bond & Term-Loan Auction Schedule Q4/FY2014

| Date | | Tenor (Years) | | | | | | | | | | | | Total (THB Mil.) | | | | |
|------------------------------|------------------------------|---------------------------------------|---|-------------------|---|---|-----------------|---|---|---|----|----|----|---------------------|----|----|----|--------|
| | | <2 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | 13 | 14 | 15 | 20 |
| July | Wk 1 Thu 3 rd | SRT TL 4,000** SRT TL 4,700* | NHA TL 3,000* | | | | | | | | | | | | | | | 11,700 |
| | Wk 2 Thu 10 th | | | | | | SRT B 2,000* | | | | | | | | | | | 2,000 |
| | Wk 3 Thu 17 th | | | | | | | | | | | | | | | | | - |
| | Wk 4 Thu 24 th | | | BMTA TL 1,000* | | | | | | | | | | | | | | 3,000 |
| | Wk 5 Thu 31 st | | BAAC TL 13,244** BAAC TL 20,000* | | | | | | | | | | | | | | | 37,244 |
| August | Wk 1 Thu 7 th | | | | | | | | | | | | | | | | | 1,000 |
| | Wk 2 Thu 14 th | | | | | | | | | | | | | | | | | 6,864 |
| | Wk 3 Thu 21 st | | | | | | | | | | | | | | | | | 1,000 |
| September | Wk 4 Tue 26 th | | | | | | | | | | | | | | | | | 10,700 |
| | Wk 1 Thu 4 th | | | | | | | | | | | | | | | | | 6,000 |
| | Wk 2 Thu 11 th | | | | | | | | | | | | | | | | | 3,100 |
| Wk 3 Thu 18 th | | | | | | | | | | | | | | | | | | 4,000 |
| Total | | 86,608 | | | | | | | | | | | | | | | | |

 New Borrowing * Guaranteed by MOF ! Pending Approval from Entity as Stipulate by Act.
 Refinance ** Guaranteed and Responsible for by MOF

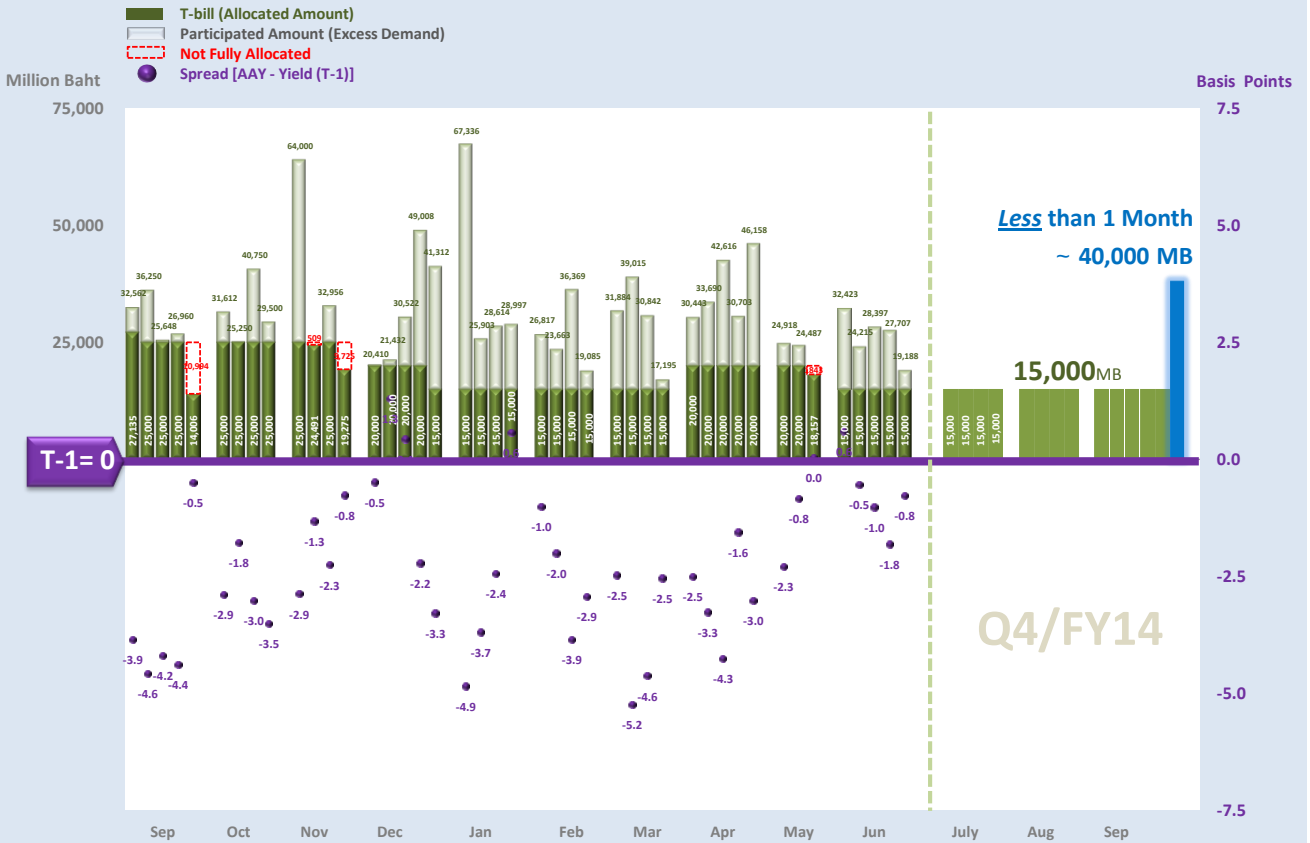
Example : SRT TL 4,000**
 = State Railway of Thailand Term Loan 4,000 THB Mil. (Guaranteed and Responsible for by MOF)

FY 2014

T-Bill Supply

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

Public Debt Management Office, Ministry of Finance





B: Progress Update

- *Bond Switching : **Source Bonds for H1/FY2015***
- *Toward ASEAN “Preferred Destination”*



Bond Switching Schedule for Transaction in H1/FY2015

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

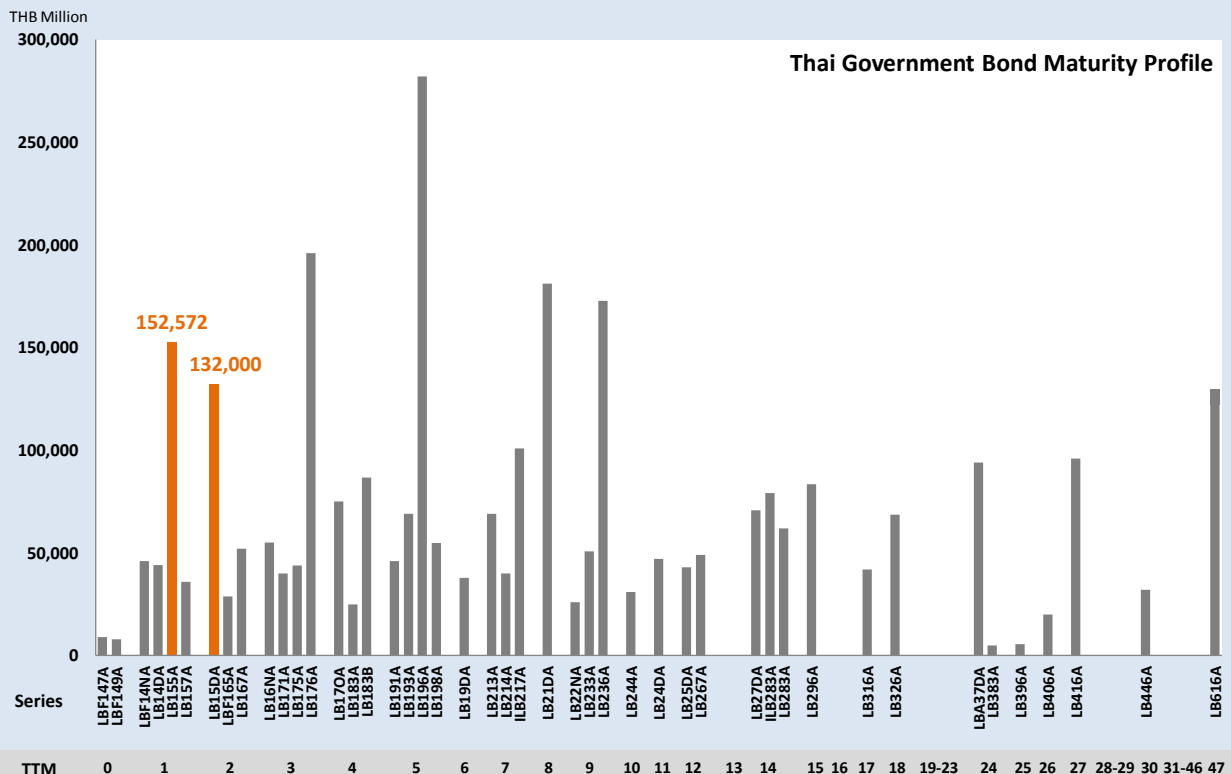
- The Public Debt Management Office (PDMO), Ministry of Finance, Kingdom of Thailand has mandated Bangkok Bank Public Company Limited, Kasikornbank Public Company Limited, and Standard Chartered Bank (Thai) Public Company Limited as Joint Lead Managers for Bond Switching and Bond Consolidation transaction.
- The transaction is in the preparation stage and is expected to take place in the first half of fiscal year 2015 (H1 FY 2015). In addition to the numerous examples that have been studied, Knowledge Sharing sessions were completed between PDMO, the Swedish National Debt Office and the UK Debt Management Office to ensure the best execution plan.
- PDMO and Joint Lead Managers are open to opinions from Primary Dealers and investors and look forward to a strong cooperation, which hopefully will deliver a success to Thailand's first Bond Switching and Bond Consolidation transaction.
- Source bonds – LB155A and LB15DA – have been identified.
- Key terms and conditions, exchange approach and ratio, and the destination bonds are still under consideration and will be announced at a later date.
- For more information please contact:

| Bangkok Bank PCL | Kasikornbank PCL | Standard Chartered Bank (Thai) PCL |
|---|--|--|
| Mr. Montri Upathambhakul Tel: +66 (0) 2626 4434 Email: montri.upa@bbl.co.th | Mr. Supong Ninsuwannakul Tel: +66 (0) 2470 3274 Email: supong.n@kasikornbank.com | Ms. Chanaichon Suwansirikul Tel: +66 (0) 2724 8836 Email: chanaichon.suwansirikul@sc.com |



Source Bonds for Bond Switching in H1/FY2015

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



Source: ThaiBMA

End of June 2014

Linking CGIF & BAHT BOND to the Development of Bond Market

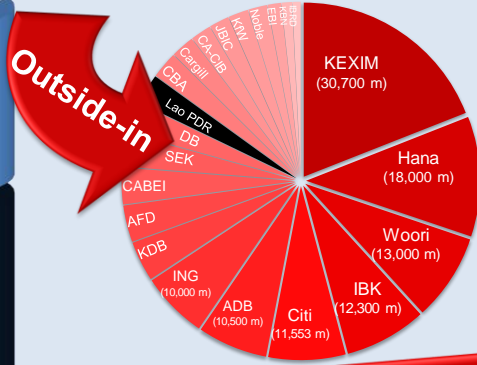
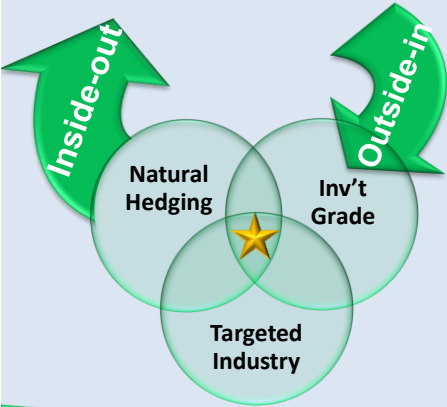
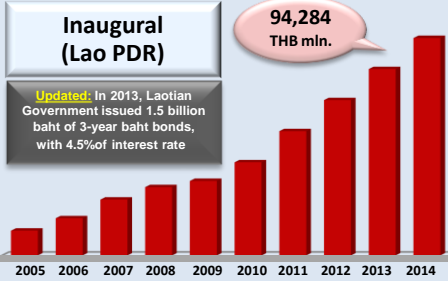
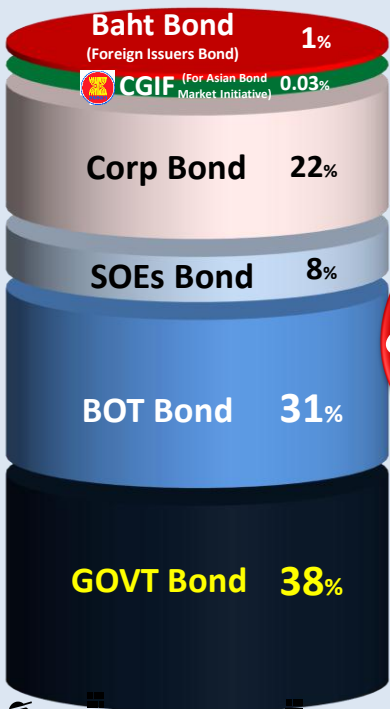
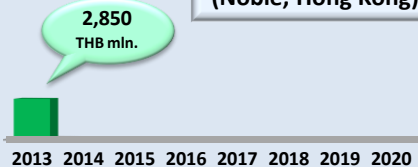
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

CGIF

Total Outstanding THB 9,231,107 BB

BAHT BOND

End of June 2014



Why now?

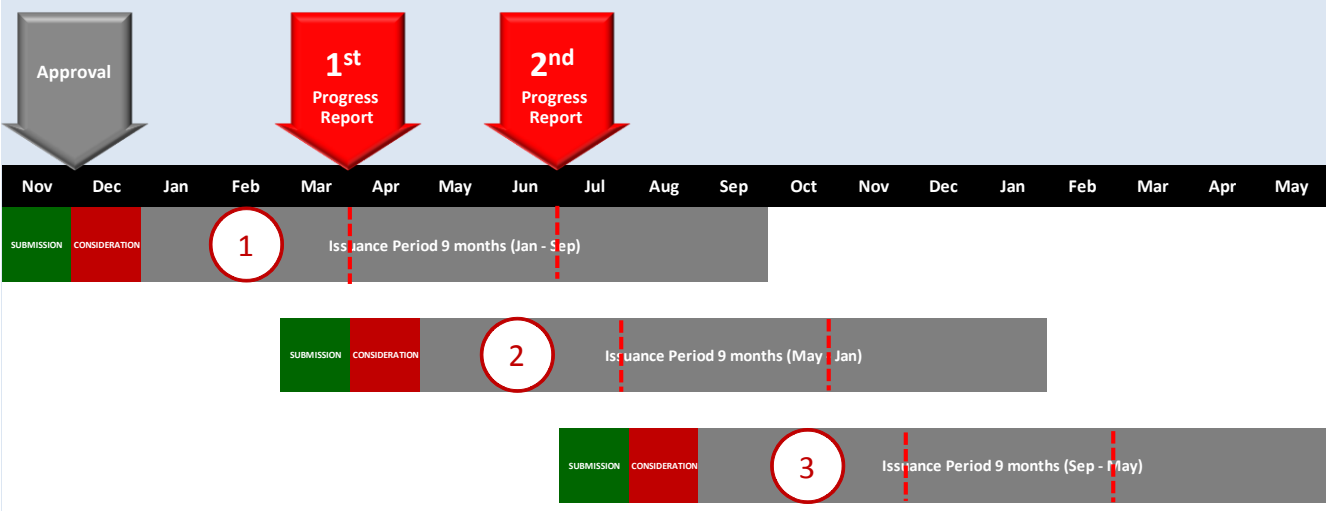
- Thailand (PDMO) is a Board member
- Set criteria
- Select corporate

What next?

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



Timeline For Baht Bond Application Process



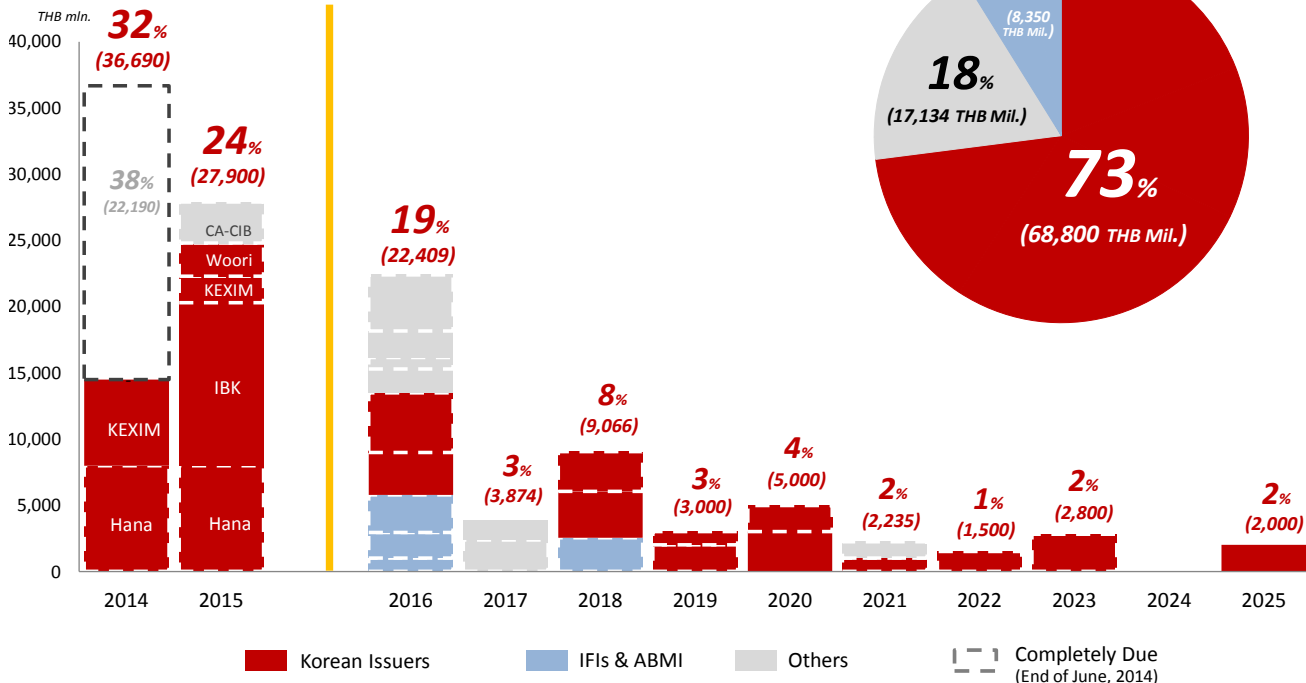
APPLICATION PROCESS: 3 rounds per year (9-mth issuance period for each round)

THE OUTSTANDING BAHT BOND

94,284 THB Mil.

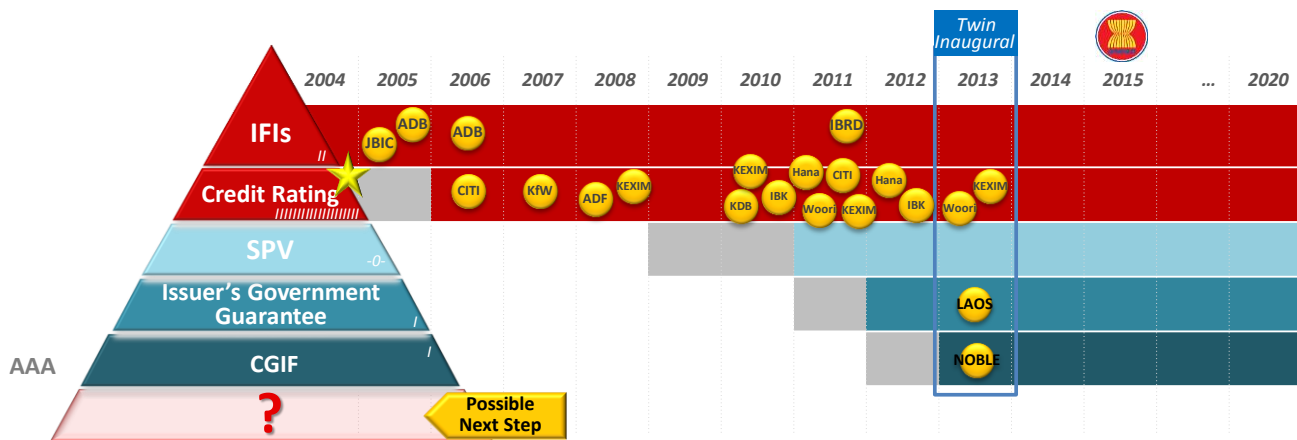
Classified by issuers based on TTM

56% Due within Y2015
(64,590 THB Mil.)



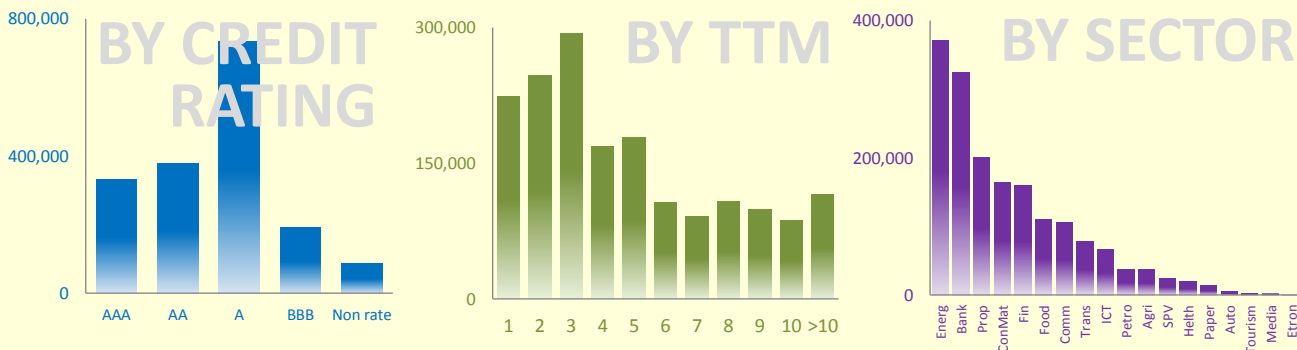
Source: PDMO
End of June, 2014

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



End of June, 2014

COPORATE BOND MARKET CLASSIFICATION





C: Basic & Essentials

- **Public Debt Outstanding and Its Composition (As of April 2014)** = 5,583,828 THB Mil
(46.6% of GDP)
- **Bond Market Capitalization and Its Composition (As of June 2014)** = 9,212,880 THB Mil.
(77.1% of GDP)
- **Total GOVT Bond Supply Issuing in FY2014**
- **GOVT Bond Auction Result in First three Quarters of FY2014**
- **Non-Resident Holding in Domestic Bond**
 - **NR Holding in THB Bond (As of June 2014)** = 667,023 THB Mil.
(GOVT Bond : 544,244 THB Mil., BOT Bond : 122,065 THB Mil., Corp Bond : 734 THB Mil.)
 - **Net Change in NR Holding (January - June 2014)** = -40,339 THB Mil.
(GOVT Bond : Net Sell -51,617 THB Mil., BOT Bond : Net Buy +11,278 THB Mil.)



Public debt Outstanding (as of April 2014) = 5.58 THB Trillion (46.6% of GDP)

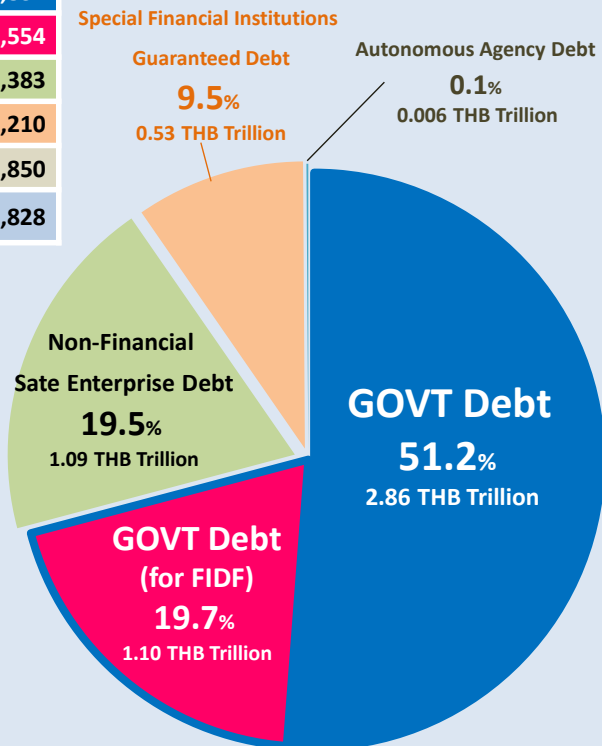
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

Components of Public Debt

Unit : THB Mil.

| | |
|---|------------------|
| 1. Government Debt (excluded FIDF) | 2,858,831* |
| 2. Government Debt (for FIDF) | 1,098,554 |
| 3. Non-Financial State Enterprise Debt | 1,088,383 |
| 4. Special Financial Institutions Guaranteed Debt | 532,210 |
| 5. Autonomous Agency Debt | 5,850 |
| Public Debt Outstanding | 5,583,828 |

*including 73,201 THB Mil. Of External Debt

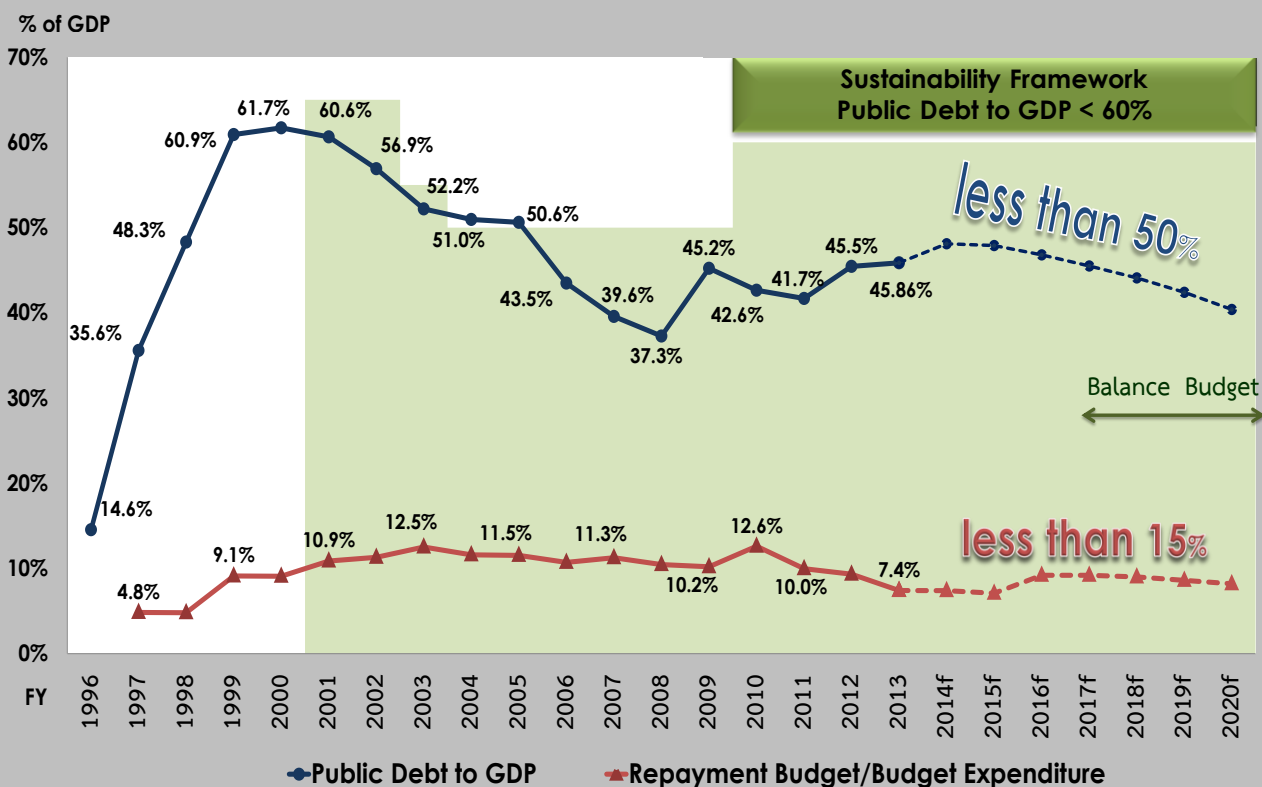


Source : Information Technology Centre, PDMO



Forecast Public Debt to GDP

Public debt projection will be in line with fiscal sustainability framework and less than 50% of GDP



Source: Policy and Planning Bureau, as of 27 June 2014, Public Debt Management Office, Ministry of Finance



Total Domestic GOVT Debt = 3.88 THB Trillion

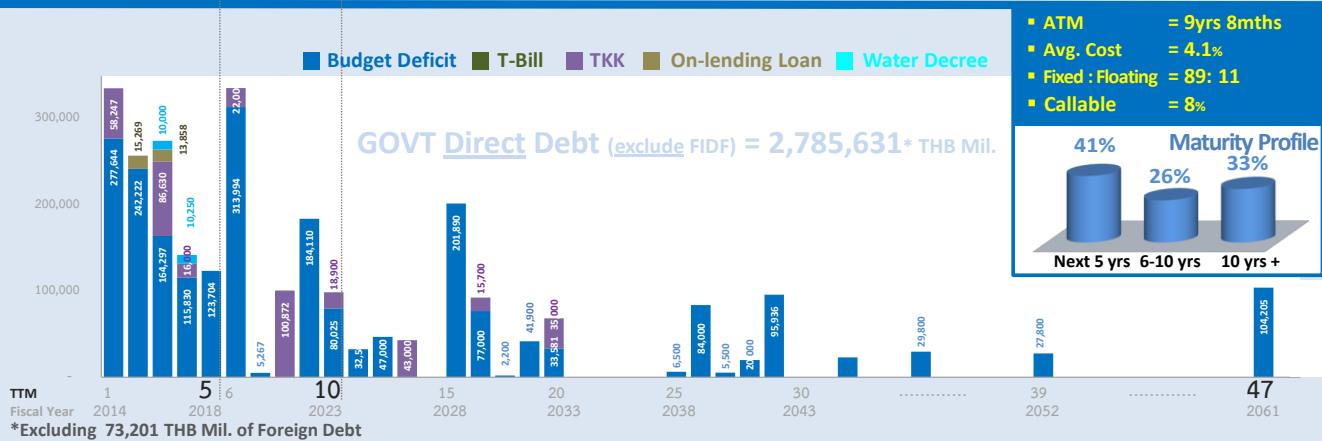
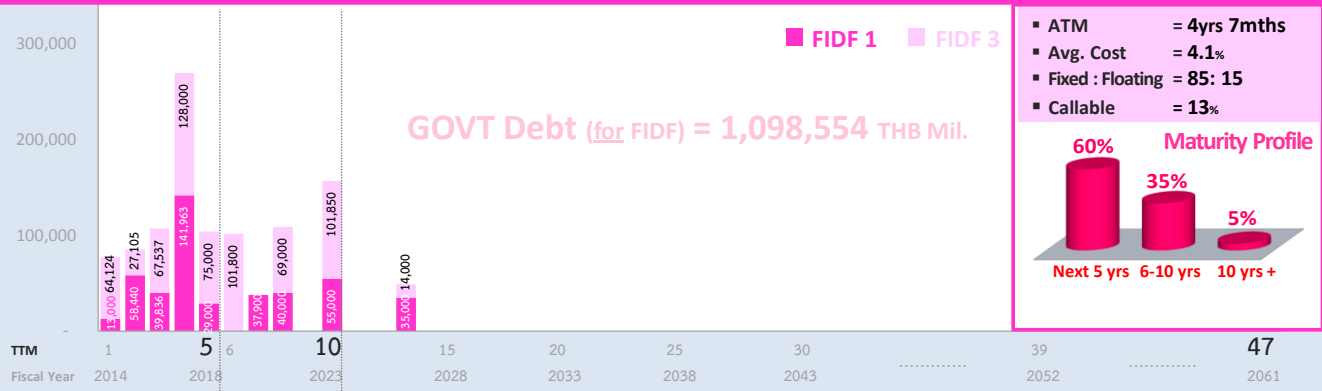
(include FIDF)

- Average-Time-to-Maturity (ATM) = 8yrs 3mths
- Average Cost = 4.1%
- Fixed : Floating = 88 : 12

As of April 2014

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

Assumptions : 6 months BIBOR = 2.3%, 6 months Fixed Deposit Rate = 1.4%, Inflation = 2.5%



*Excluding 73,201 THB Mil. of Foreign Debt

Well-Developed Bond Market Improved

GOV'T Direct Debt (exclude FIDF) Profile Dramatically

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

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

Note : Government Direct Debt = 2.8 THB Million (exclude FIDF)

As of Dec 2007

As of April 2014

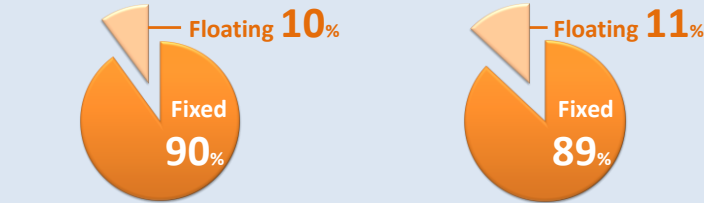
Average-Time-to-Maturity LENGTHENED by 5 yrs



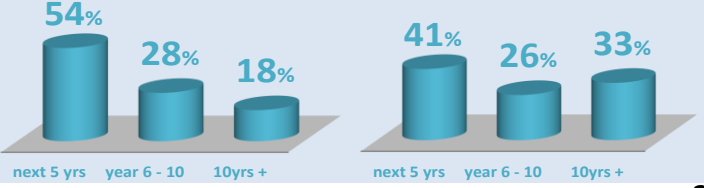
Avg. Cost LOWERED by 40 bps.
(While ATM Lengthened by 5 yrs)



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)







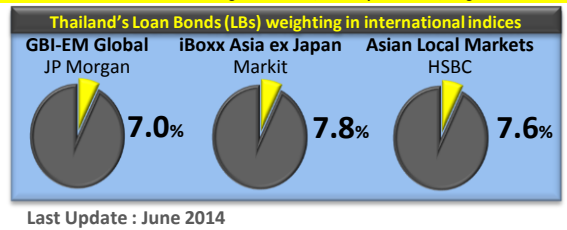
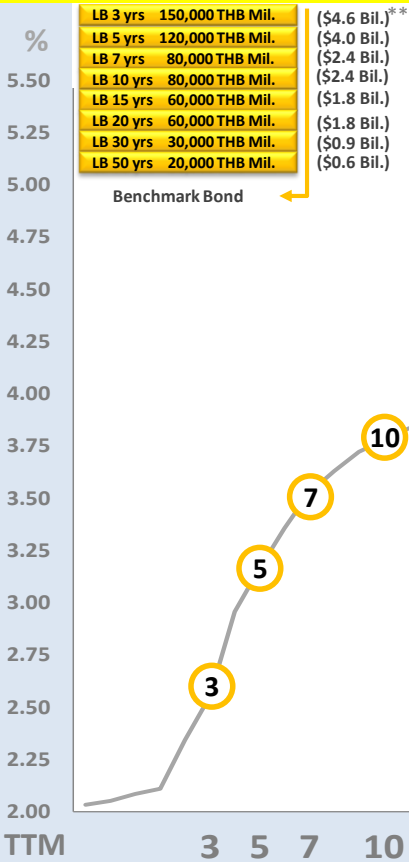
Full Capacity* of All Government Funding Instruments

1,150,000 THB Mil. per Year

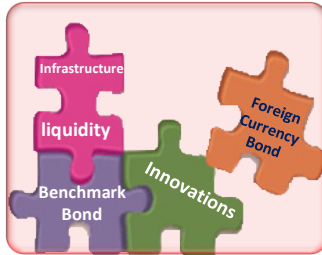
* Under favorable market liquidity + using All funding instruments

(\$35 Bil.)**

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



The "Missing Composition" of Leader role in the Bond Market



| Government Funding Instruments | | |
|--------------------------------|-----------------------|----------------------------------|
| (\$20.4 Bil.) | Benchmark Bond | ~600,000 THB Mil. (52%) |
| (\$3.5 Bil.) | Savings Bond | ~100,000 THB Mil. (8%) |
| (\$3.5 Bil.) | Amortized Bond | ~100,000 THB Mil. (8%) |
| (\$2.8 Bil.) | Inflation-Linked Bond | ~80,000 THB Mil. (7%) |
| (\$1.4 Bil.) | Promissory Note | ~40,000 THB Mil. (4%) |
| (\$1.0 Bil.) | Floating Rate Bond | ~30,000 THB Mil. (3%) |
| (\$7.0 Bil.) | Bank Loan | ~200,000 THB Mil. (18%) |
| (\$40 Bil.) | Total | 1,150,000 THB Mil. (100%) |

Source: ThaiBMA Government Bond Yield Curve (End of June 2014)

**Source: BOT Exchange rate (End of June 2014)

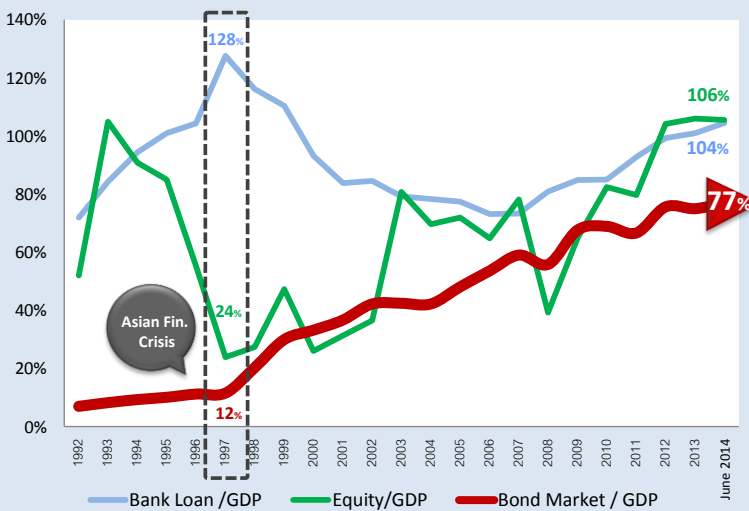


Bond Market Cap. = 9.2 THB Trillion
(\$230 Bil.)*

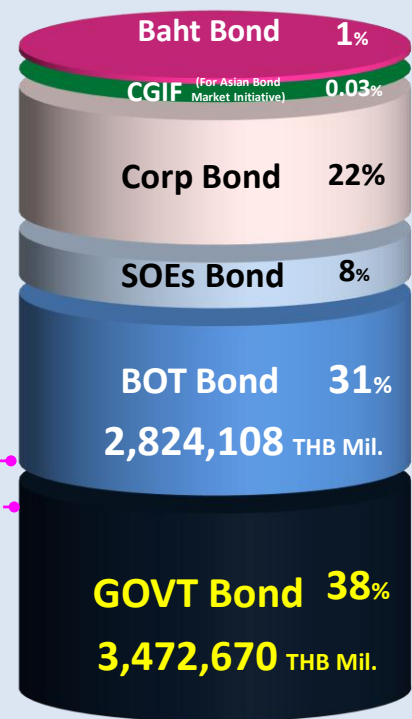
GOVT Bond = 3.5 THB Trillion
(\$113 Bil.)*

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

% Share of GDP



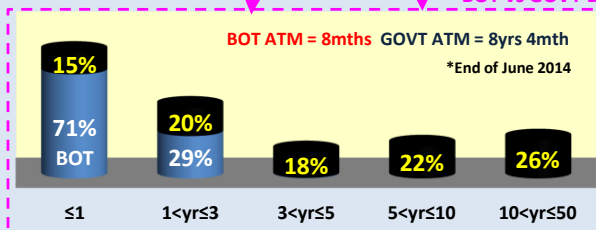
Domestic Bond Market Classified by Issuer



Maturity Profile

BOT vs GOVT Bond

BOT ATM = 8mths GOVT ATM = 8yrs 4mth
*End of June 2014



*Source: BOT Exchange rate (End of June 2014)

End of June 2014

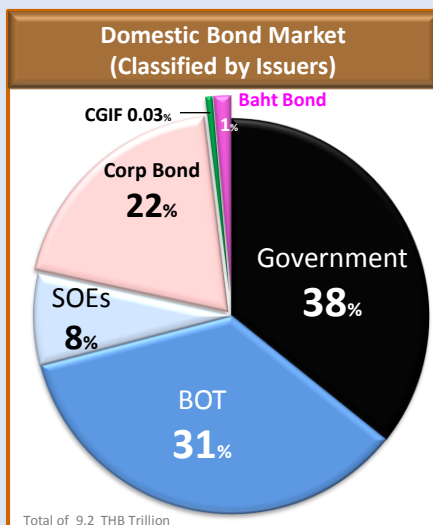


| | | | | | |
|--------------|---|---|------------------|------------------|---|
| FY 2007-10 | 30-yr Benchmark Bond | <ul style="list-style-type: none"> Lengthen average-time-to-maturity of <u>Total Government Debt Portfolio</u> Meet Long-term investors' demand | | | |
| | Floating Rate Bond | <ul style="list-style-type: 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) |

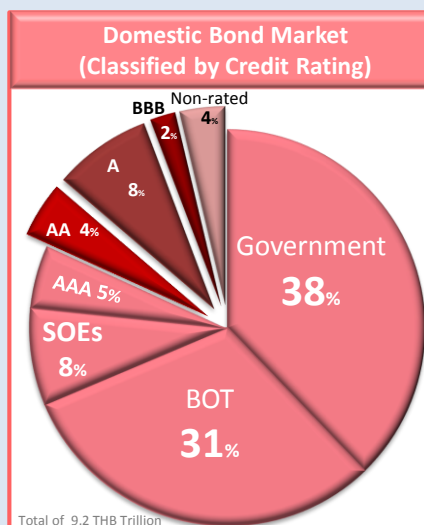


Equilibrium of Domestic Bond Market

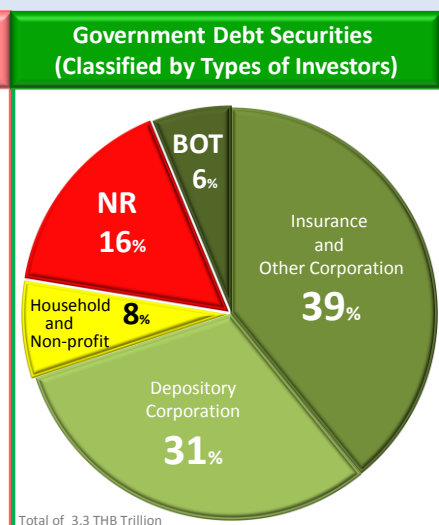
| | |
|----------------------|---|
| Issuers | <ul style="list-style-type: none"> 77 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises |
| Credit Rating | <ul style="list-style-type: none"> 97 percent of Thailand's debt securities are classified 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 June 2014)



Source : ThaiBMA (End of June 2014)



Source : BOT (End of May 2014)



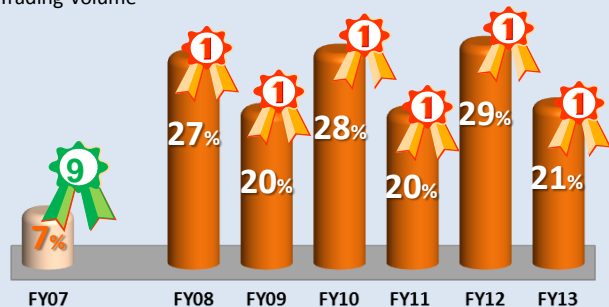
FY2008-FY2013 Key Success Indicators

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

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

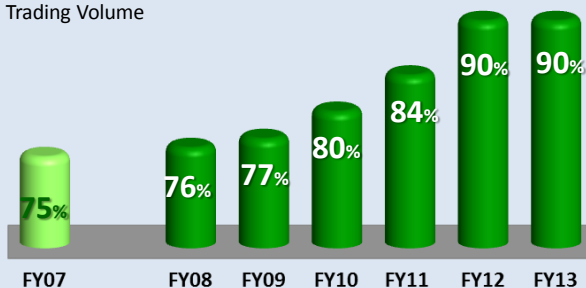
Benchmark Bond 5 yrs and Below : Highest secondary trading volume in every year

Unit: % Share of Market Trading Volume



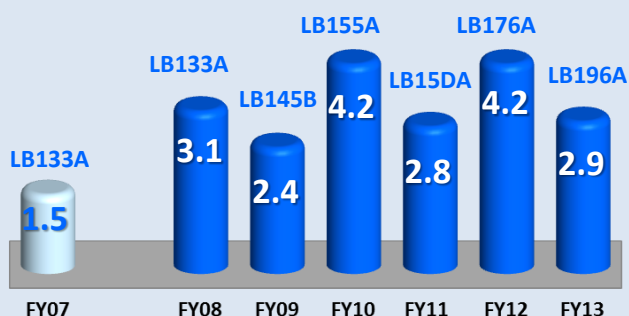
Top 10 GOVT Bond Series : Accounted for 90% of all GOVT bond trading volume in secondary market

Unit: % Share of Secondary Trading Volume



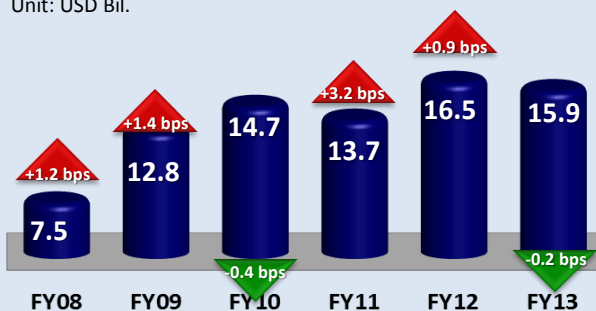
5-yr Benchmark Bond's Higher Turnover Ratio : Even the higher outstanding size, turnover ratio is still more than 2 times

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.



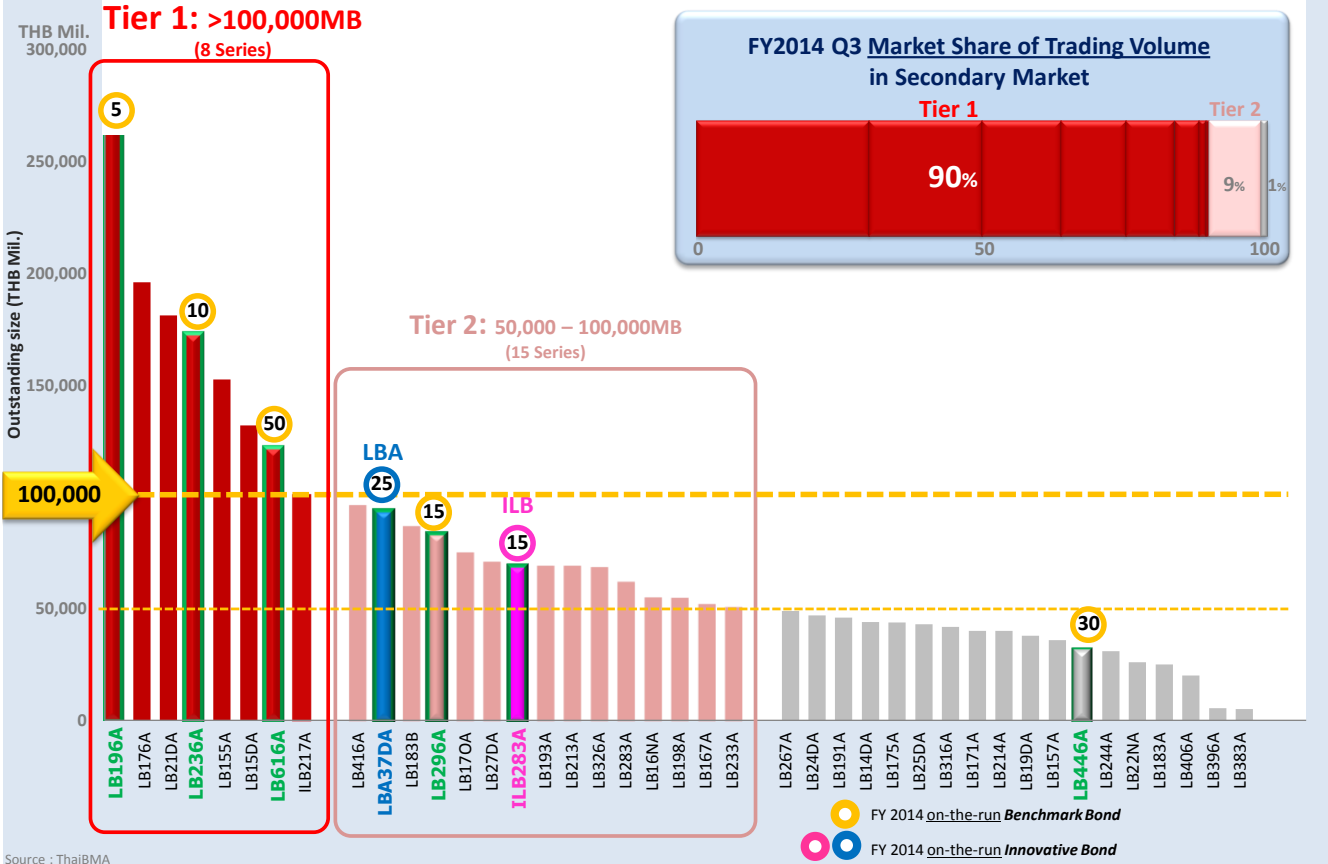


Total GOVT Bond = 43 Series
(3,008,XXX THB Mil.)
(End of June 2014)

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

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

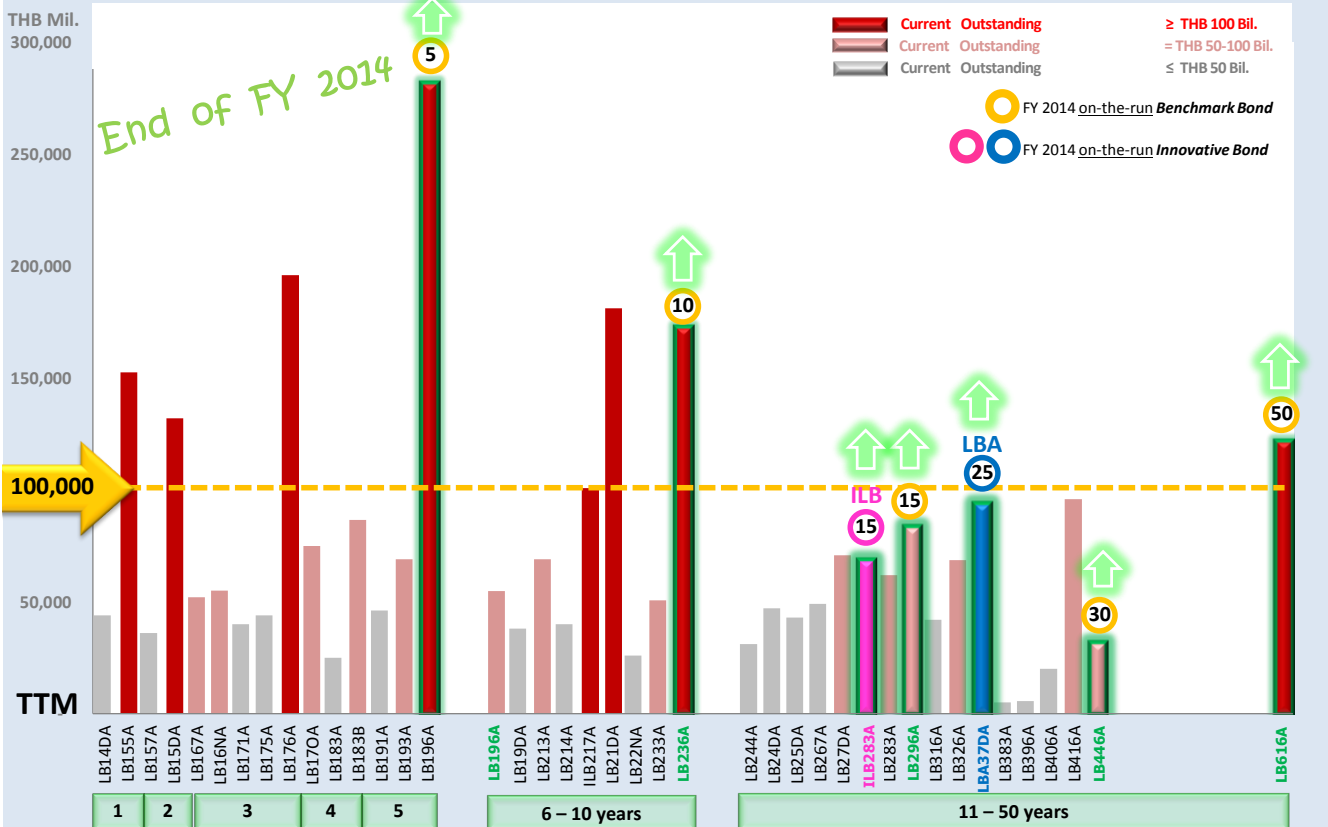
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand

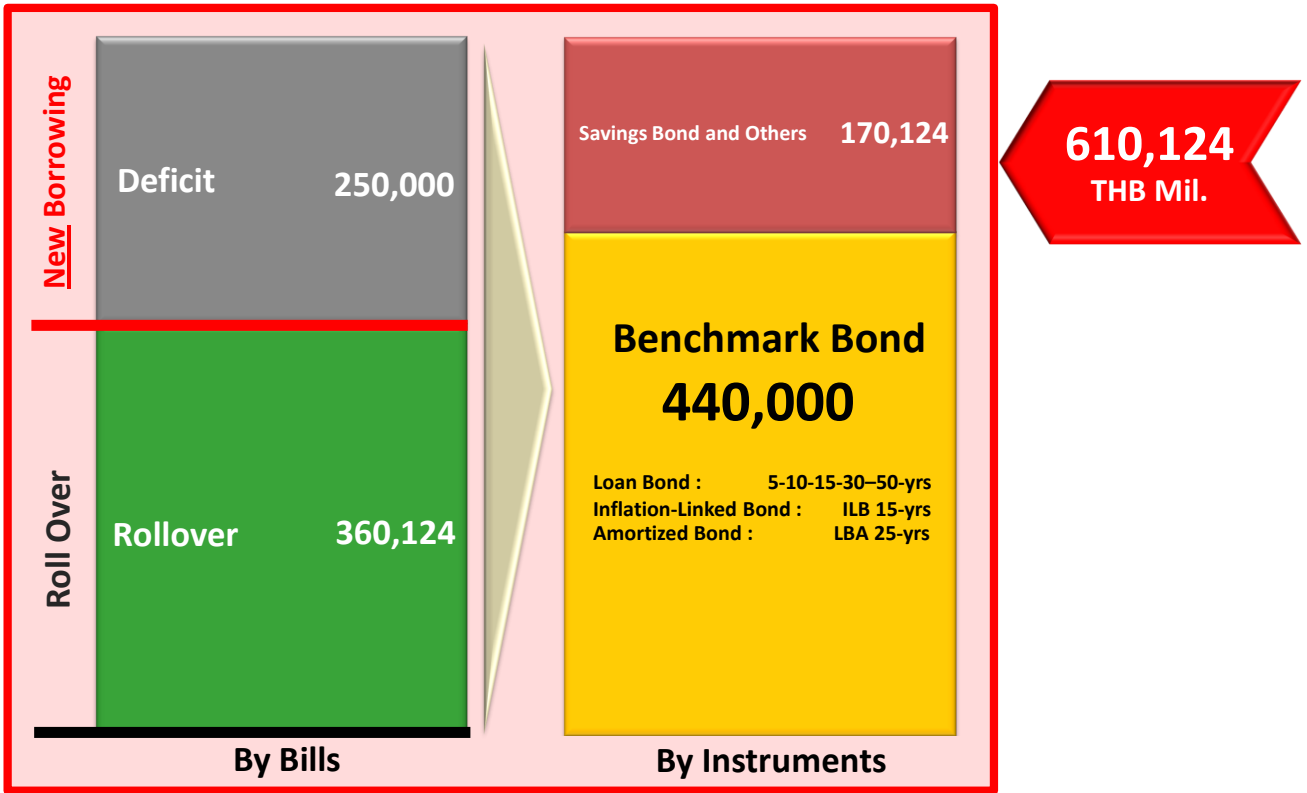


Well-Distributed Bond Maturity Profile
(End of June 2014)

The outstanding size of loan bond maturing in the next 5 years is 1,334,978 THB Mil. (44% of Total GOVT Bond)

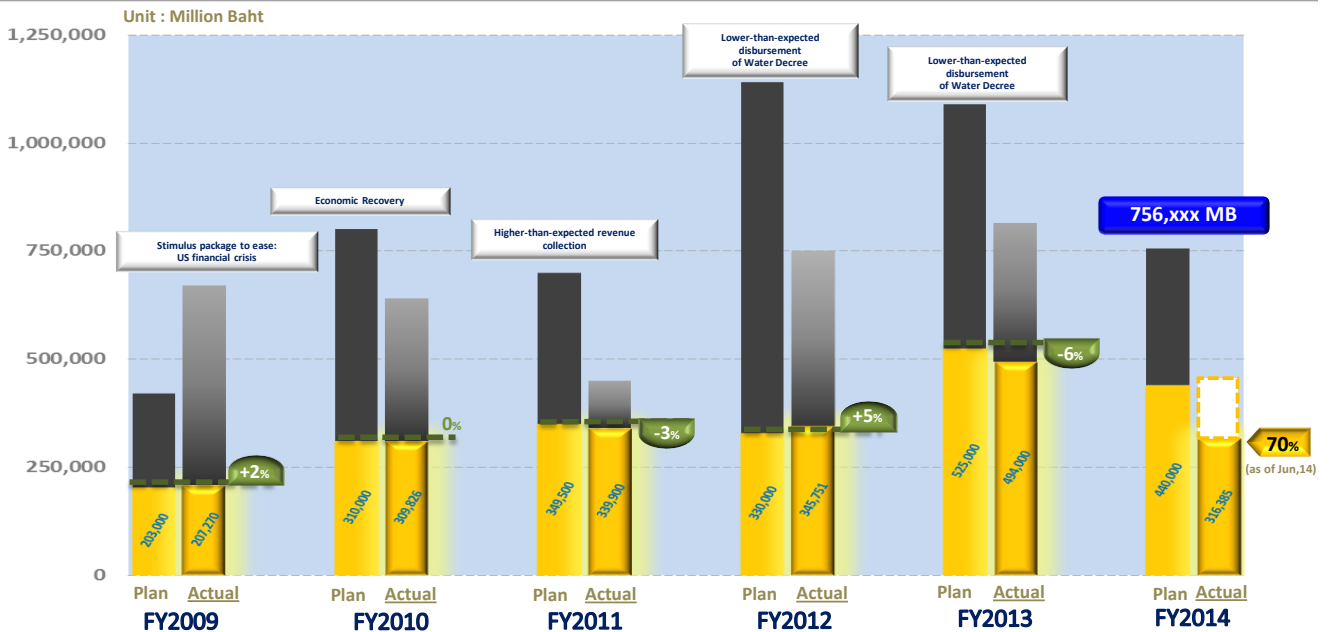
Public Debt Management Office, Ministry of Finance, Kingdom of Thailand





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 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

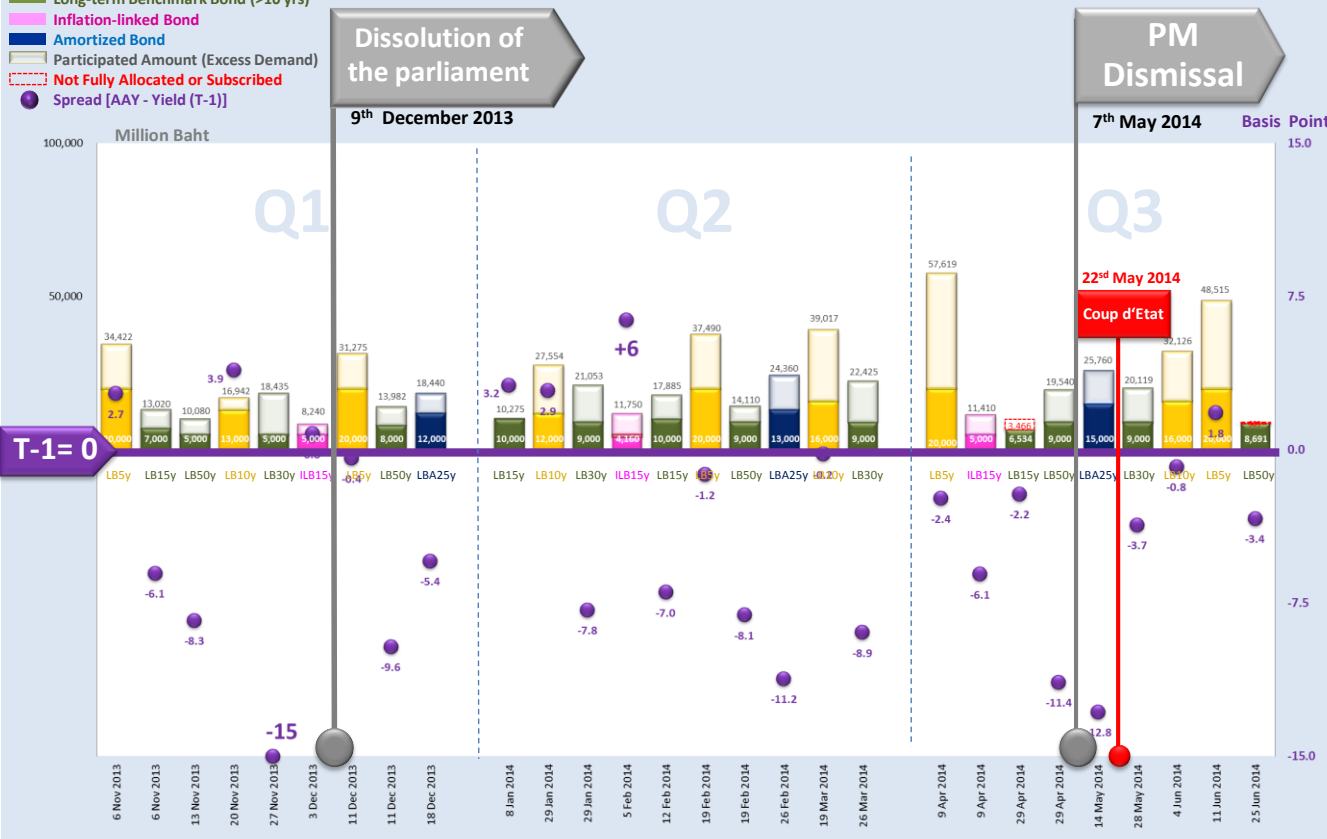
FY 2014 Government Bond Auction Result

Classified by Quarterly Auction Schedule

GOVT Bond Auction is decoupled from political situation

Public Debt Management Office, Ministry of Finance

- Short-term Benchmark Bond (≤ 10 yrs)
- Long-term Benchmark Bond (> 10 yrs)
- Inflation-linked Bond
- Amortized Bond
- Participated Amount (Excess Demand)
- Not Fully Allocated or Subscribed
- Spread [AAY - Yield (T-1)]

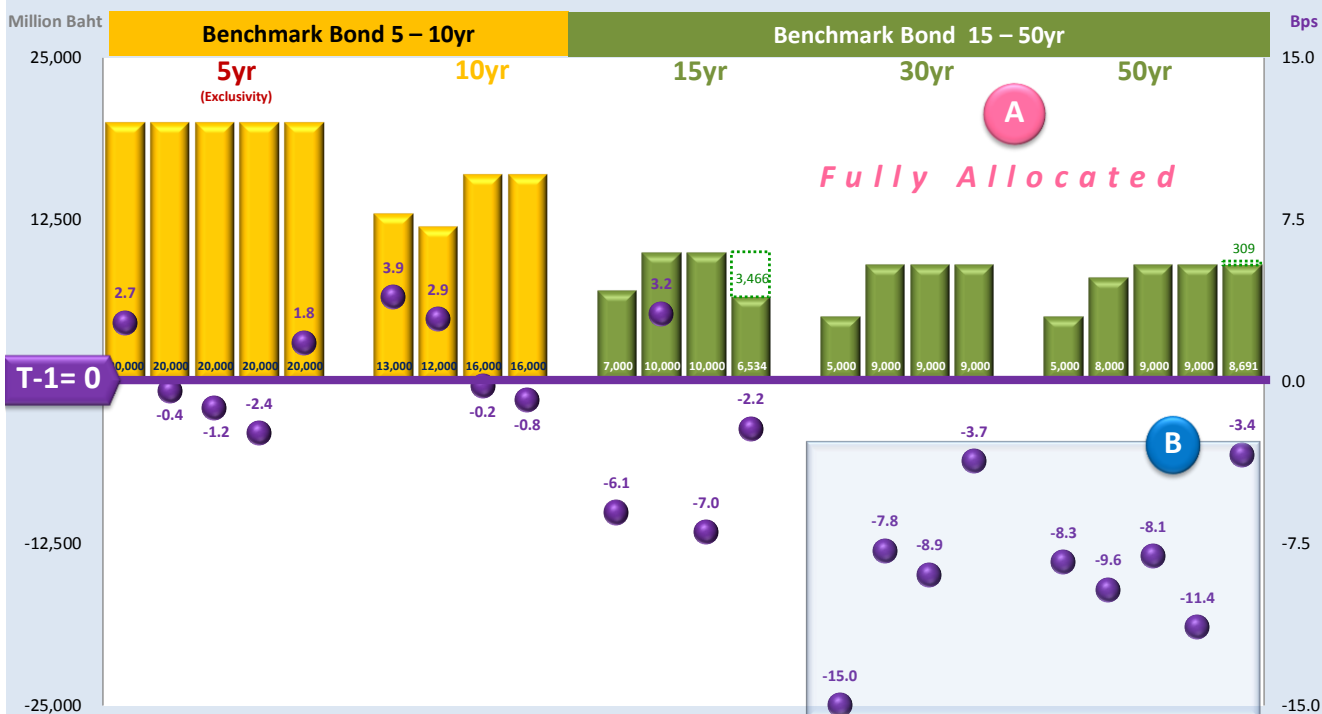


FY 2014 GOVT Bond Auction Results

Classified by Tenor

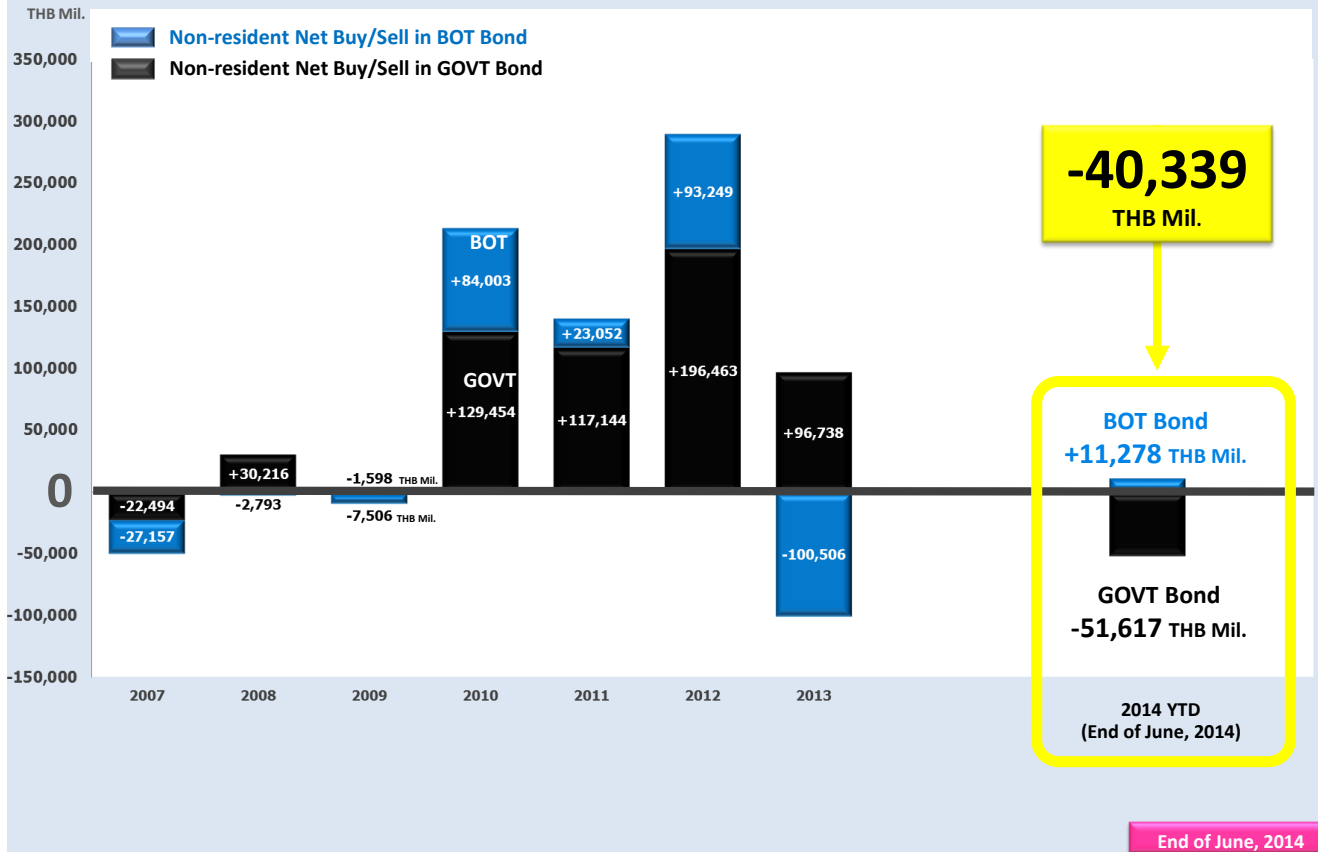
- A Most of Benchmark Bond : Fully Allocated
- B 30-to-50-yr Benchmark Bond : Avg. Accepted LOWER than Market Price

Public Debt Management Office, Ministry of Finance



Annual Capital Flow classified by GOVT & BOT Bond (2007 – 2014)

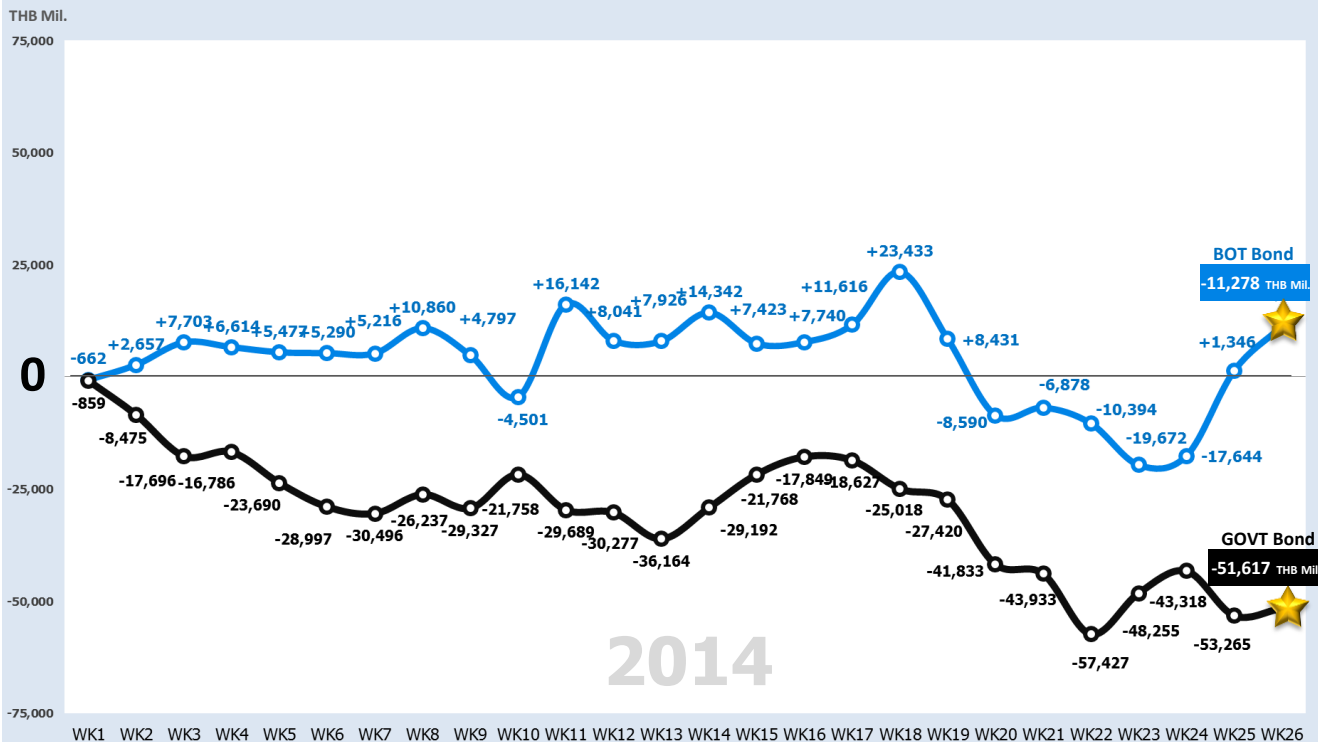
2014 (Jan – June)
GOVT Bond & BOT Bond = -40,339 THB Mil.



End of June, 2014

2014 Capital Flow (Weekly accumulated) In GOVT Bond & BOT Bond

GOVT : -51,617 THB Mil.
BOT : -11,278 THB Mil.

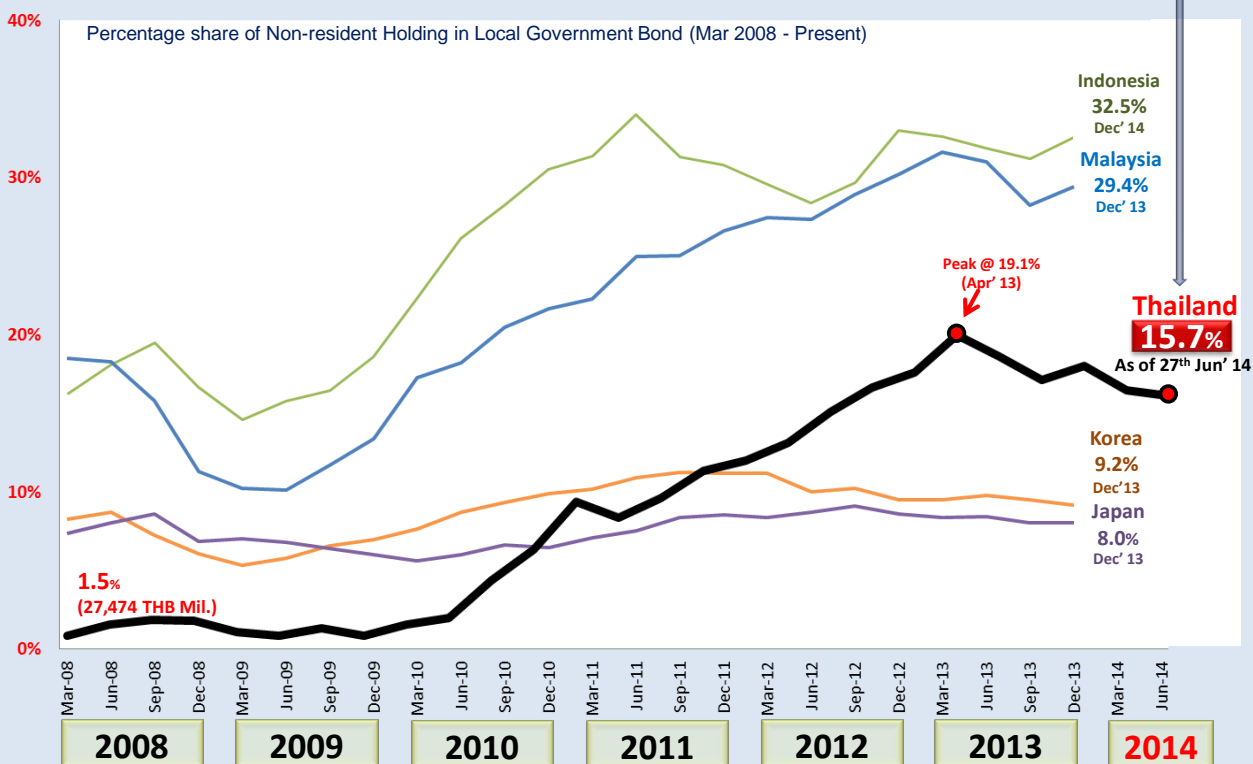


End of June, 2014

Peers Comparison

Non-Resident Holding in Thai GOVT Bond is **544,224 THB Mil.**
or **15.7%** of Total GOVT Bond Outstanding

Relatively "moderate" share of NR holding by region average



Source : AsianBondsOnline, ThaiBMA

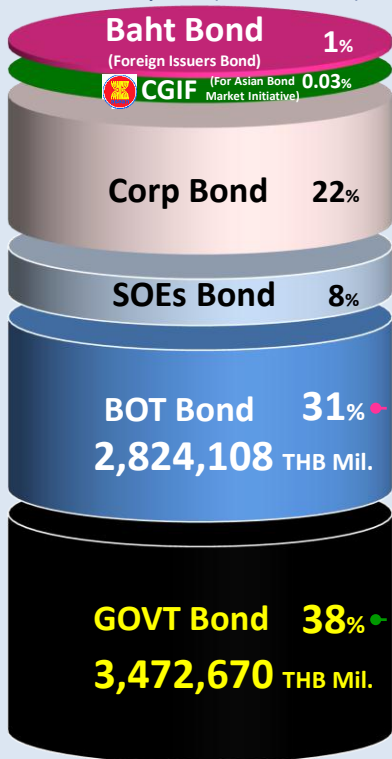
End of June, 2014

2014 Outstanding

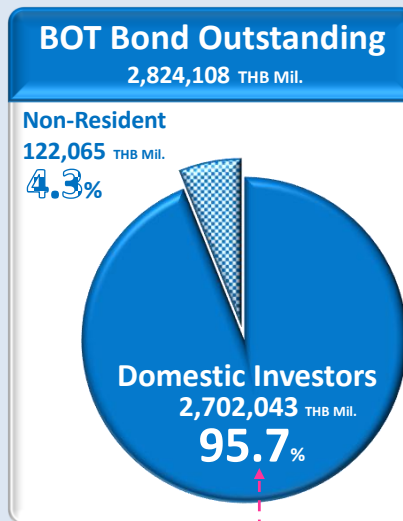
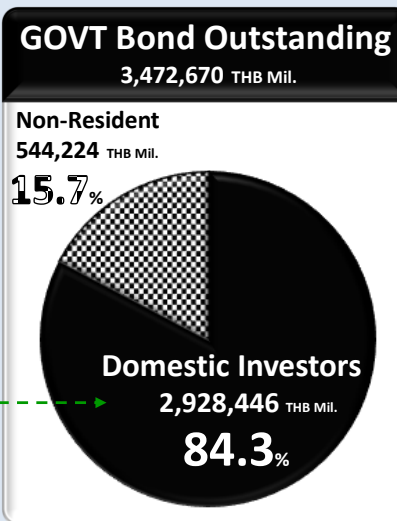
(% share of Bond Market)

Non-Resident Holding in THB Bond = **667,023 THB Mil.**
(7.2% of Thai Bond Market Capitalization)

Thai Bond Market Cap. = 9,231,107 THB Mil.
Classified by Issuer (End of June 2014)



| Issuer | Non-Resident Holding (THB Million) | % Share of Thai Bond Market Cap. (9,231,107 THB Million) |
|--------------|------------------------------------|--|
| GOVT Bond | 544,224 | 5.9% |
| BOT Bond | 122,065 | 1.3% |
| SOE Bond | 0 | 0.0% |
| Corp Bond | 734 | 0.0% |
| TOTAL | 667,023 | 7.2% |

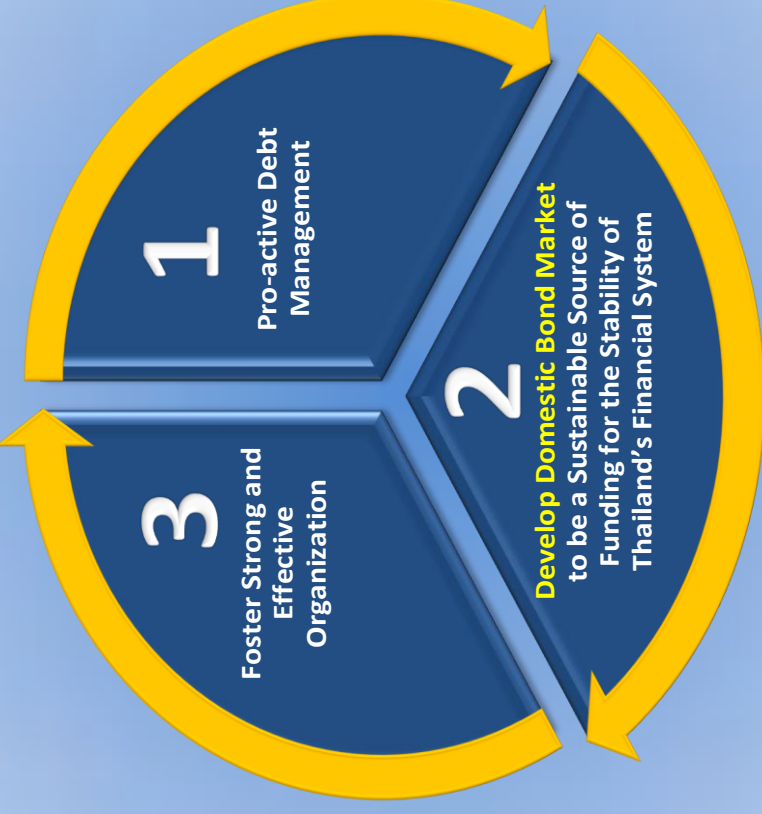


End of June, 2014

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

Director General

Chularat Suteethorn

Bond Market Advisor

Suwit Rojanavanich

Acting Public Debt Advisor

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Debt Management Bureau 2

Teeralak Sangsrit
Executive Director

Policy and Planning Bureau

Executive Director

Bond Market Development Bureau

Pimpfen Ladpli
Acting Executive Director

Public Infrastructure Project Financing Bureau

Theeraj Athanavanich
Executive Director

Water Management Project Financing Bureau

Jindarat Viriyataveekul
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เพื่อการพัฒนาประเทศอย่างยั่งยืน**