

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



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



## Highlight

Executive Interview : Mr.Suwit Rojanavanich  
(Director-General of Public Debt Management Office)

## Progress Update

- » Committing to FY2016 Fund Raising Plan
- » GOVT Bond Auction Results
- » T-Bill Plan Q1/FY2016
- » New Allotment Framework for NCB
- » GOVT Bond Auction Schedule Q1/FY2016
- » PDMO Bond Calendar FY2016

## Basic & Essentials

- » Bond Market Development Strategy
- » Public Debt Outstanding and Its Composition
- » Total Domestic Public Debt
- » Bond Market Capitalization and Its Composition
- » Supporting Inclusive Growth Through ASEAN Bond Market Integration
- » Non-Resident Holding in Domestic Bond



# Quick Facts

Public Debt Outstanding ( <i>as of Aug 2015</i> )	<b>5,736,644 THB Mil. (42.81% of GDP)</b>	<b>21</b>
Well-Developed Bond Market Improved GOVT <u>Direct</u> Debt Profile Dramatically ( <i>as of Aug 2015</i> )		<b>22</b>
» Average-Time-to-Maturity (ATM)	11yrs 7mths	
» Average Cost	3.82%	
» Well-Balanced Fixed : Floating Ratio	89 : 11	
» Well-Distributed Maturity Profile	36:21:43 (TTM<5 : 6-10 : >10yrs)	
Bond Market Capitalization ( <i>as of Sep 2015</i> )	<b>9,747,040 THB Mil. (70% of GDP)</b>	<b>23</b>
Liquidity & Secondary Market Trading	<b>82% of Trading Volume</b> ( <i>Outstanding &gt; 100,000 THB Mil.</i> )	<b>27</b>
Baht Bond Outstanding and its Market Share ( <i>as of Sep 2015</i> )	<b>96,574 THB Mil. (1% of Bond Outstanding)</b>	<b>30</b>
Non-Resident Holding in Domestic Bond ( <i>as of Sep 2015</i> )		<b>33</b>
» Annual Capital Flow (YTD)	<b>-96,030 THB Mil.</b>	
▪ GOVT Bond :	-52,262 THB Mil.	
▪ BOT Bond :	-43,768 THB Mil.	
» NR Holding in THB Bond	<b>587,197 THB Mil. (6.02% of Thai Bond Market Cap.)</b>	
▪ GOVT Bond :	573,222 THB Mil. (15.4% of GOVT Bond Outstanding)	
▪ BOT Bond :	13,212 THB Mil. (0.5% of BOT Bond Outstanding)	
▪ Others :	763 THB Mil.	



**Stronger Together Thailand**



## **Mr. Suwit Rojanavanich**

### **Question:**

**Firstly, we would like to congratulate your appointment as Director-General. Your arrival comes at a challenging time for the Thai economy, of which a new economic team has been put in place with new policies. What is the PDMO's role in supporting them?**

### **Mr. Suwit:**

First of all, I am honored to be appointed as DG of PDMO. As the “new guy” here, I am pleased to say that I have been warmly welcomed by both the staff at PDMO and it is nice to be back amongst familiar faces. I very much look forward to working closely with all stakeholders involved with debt management, both public and private, under the vision of “Stronger Together Thailand”.

As you mentioned, it is indeed a tough and challenging time for the Thai economy. Global economic conditions have also been volatile, with slowdowns in most major economies with the exception of signs of recovery in the US. Even so, the delay of the Fed rate hikes still adds more volatility to the financial market.

Before I discuss the role of PDMO in supporting new economic policies, I would like to emphasize that Thailand's economic fundamentals remain strong, backed by high foreign reserves and public debt/GDP that is well below ceiling of 60%. Therefore, in the short run the government aims to boost confidence, by means of empowering of the low income level, local communities and local enterprises as recently announced as the “Pracha Rat strategy”. Whilst, in the long term, this government's effort is also about laying the fundamentals for the future generations by expediting infrastructure investments that would also support regional connectivity going into AEC next year.

PDMO's role as part of the Ministry of Finance, our office is the only entity that is directly responsible for the government borrowings to fund budget deficits and infrastructure projects. Given the current low interest rate environment, this makes an opportune time for us to fund raise. In addition, as advisors we support SOEs and SFIs in the executions of some key policies such as loans to village funds to ensure successful implementation and liquidity support if deemed necessary. For infrastructure to reduce burden on government's balance sheet and enhance transparency and public involvement, we work closely with implementing agencies to identify projects or operations that can be PPP projects. Whilst to support further disbursements of money into the economy whilst bringing us closer to longer development goals, we ensure projects move forward as planned with close monitoring.

## Director-General of PDMO

### Question:

Government savings bonds have always been an attractive investment option for the public. During current low-interest rate environment many retail savers must be eagerly waiting for news on upcoming issuance. What are the plans for savings bond in FY2016?

### Mr.Suwit:

PDMO will continue its role in promoting savings amongst the public by ensuring that the public have regular access to our savings bond. Last year our savings bond, particularly the shorter issuances of 3 year tenors, sold out quickly. As for this year, issuances of savings bond will also help absorb the increasing investment demands owing to large refunds received by retirees switching back to the pension system (The Undo Act Bill) in October 2015 and the maturing of 2009 Step-up savings bond (Thai Khem Kaeng program) in June 2016. In total PDMO will issue new savings bond in total of approximately 100,000 million baht. Half of the amount will be released this coming October, so savers need to stay tuned for further details.





# *Market Dialogue* and *MOF Awards 2014*

*Public Debt Management Office*



**The Hongkong and Shanghai Banking Corp. Ltd.**

***Best Primary Market Contributor***

***Best Secondary Market Contributor***

**11 September 2015**

**Vayupak 4, Ministry of Finance**



**Myanmar Global Investment Forum**  
**15- 16 September 2015**  
Myanmar International Convention Center 2  
Nay Pyi Taw, Myanmar

**“Thailand’s domestic bond market experience and supporting ASEAN inclusive growth the promotion of cross border fund raising”**



**Dr.Pimpem Ladpli, Executive Director, Bond Market Development Bureau, Public Debt Management Office, Ministry of Finance, Thailand**

**euromoney**  
**conferences**

**Myanmar Global Investment Forum**  
15-16 September 2015 • Myanmar International Convention Center 2  
Nay Pyi Taw, Myanmar

**Panel II: Developing Myanmar's Financial Sector**

Moderator: Gwen Robinson Hal Boshier

Azeem Azimuddin Pimpem Ladpli

Kamalkant Agarwal Sandar Oo





# Savings Bond



**Savings Bond FY2016 No. 1**

**will be issue on October 19<sup>th</sup>, 2015**

## Features

<b>ThaiBMA Symbol</b>	SB180A
<b>Tenor</b>	3-Years
<b>Coupon Rate (p.a.)</b>	3.00%
<b>Issue Size</b>	50,000 THB
<b>Sale period</b>	October 19 <sup>th</sup> , 2015 – February 29 <sup>th</sup> , 2016
<b>Sale Amount</b>	Min. 1,000 THB Max. 2,000,000 THB Unlimited number of transactions for individuals but total purchasing amount could not exceed 2,000,000 THB of bond per 1 appointed bank
<b>Coupon payment date</b>	Paid semi-annually on April 19 <sup>th</sup> and October 19 <sup>th</sup> each year
<b>Maturity date</b>	October 19 <sup>th</sup> , 2018
<b>Eligible Customers</b>	Retail and non-profit organization such as foundations, Thai Red Cross Society, and the National Council on Social Welfare of Thailand
<b>Distribution Channels</b>	4 Appointed banks : - Bangkok Bank Public Company Limited - Krung Thai Bank Public Company Limited - Kasikorn Bank Public Company Limited - Siam Commercial Bank Public Company Limited





# Progress Update

- Total Fund Raising Plan FY2016
  - GOVT Bond Auction Results
    - T-Bills Plan Q1/FY2016
      - New Allotment Framework for NCB
        - GOVT Bond Auction Schedule Q1/FY2016
          - PDMO Bond Calendar FY2016

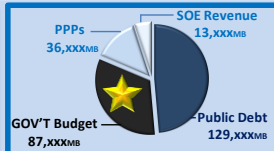
**2016 - 2022**

**Government Funding Needs**

**700 - 950 THB Bil. per Year**

**Infrastructure Investment**

**1,912 THB Bil.**  
(2015-2022)



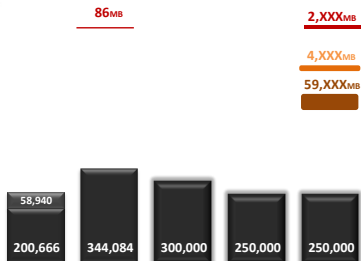
56,XXXMB

265,XXXMB

1,591,XXXMB

**New Borrowing**

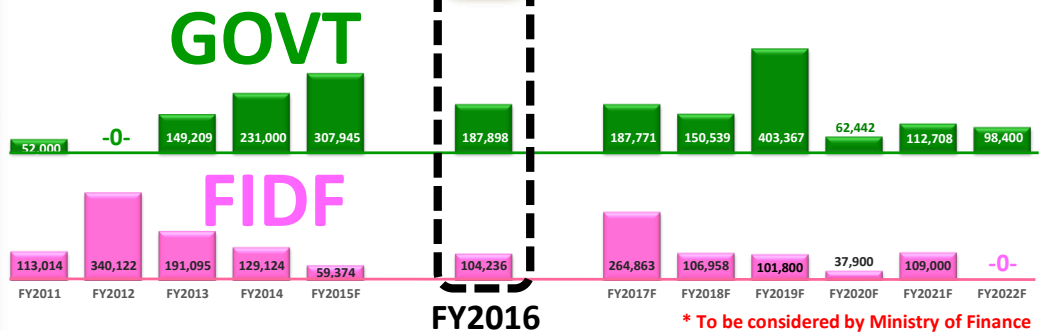
**350 - 450 THB Bil.**  
Per year  
(2016-2022)



**Insurance Decree**  
Substitution for foreign currency bond  
On-Lending  
**Deficit Bill**



**Repayment of SOE Debt**  
(consists of 93% of Restructuring and 7% of New Debt)



\* To be considered by Ministry of Finance

**FY 2016**

**Total GOVT Fund Raising Plan**

**937,XXX MB**

\* Include Infrastructure Investment

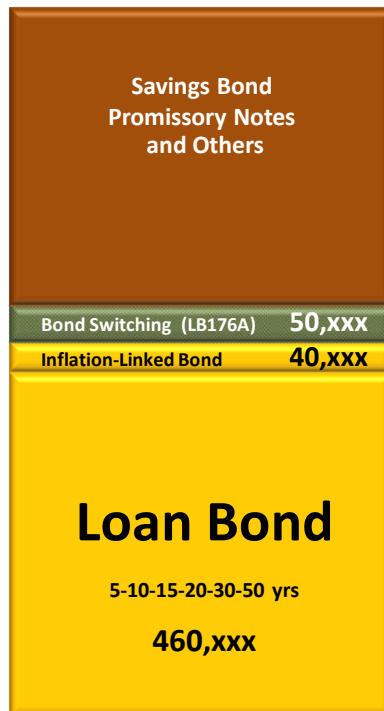
**-Tentative-**

**New Borrowing**  
515,XXX MB

**Roll Over**  
422,XXX MB

Insurance Decree	1,xxx
Substitution for Foreign Currency	61,xxx
On-lending	63,xxx
<b>Deficit</b>	<b>390,xxx</b>
Debt Refinance (Bond Switching)	50,xxx
Repayment of SOE Debt (BAAC)	80,xxx*
<b>Rollover Govt Debt</b>	<b>188,xxx</b>
<b>Rollover FIDF Debt</b>	<b>104,xxx</b>

**By bills**



**By Instruments**

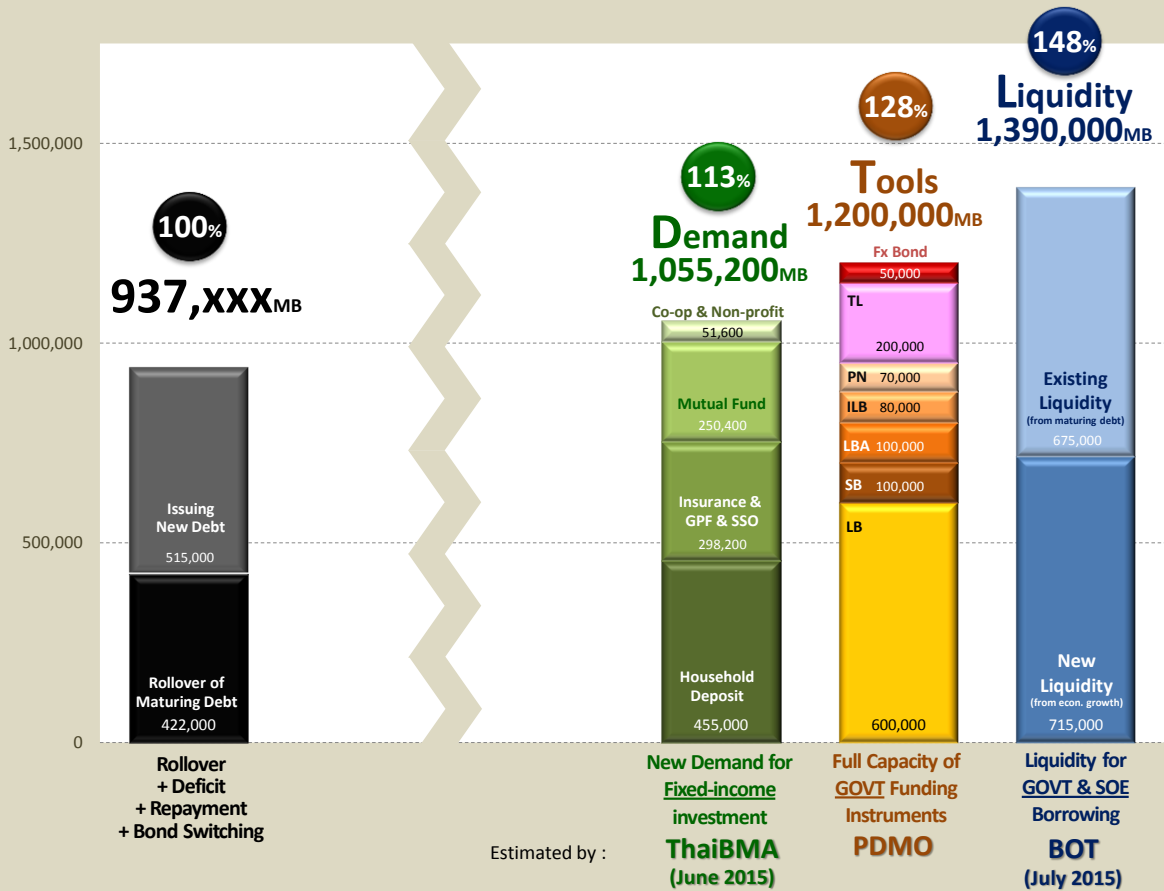
Bond Supply (Uncommitted)

Benchmark Bond (Committed)

**500,XXX MB**

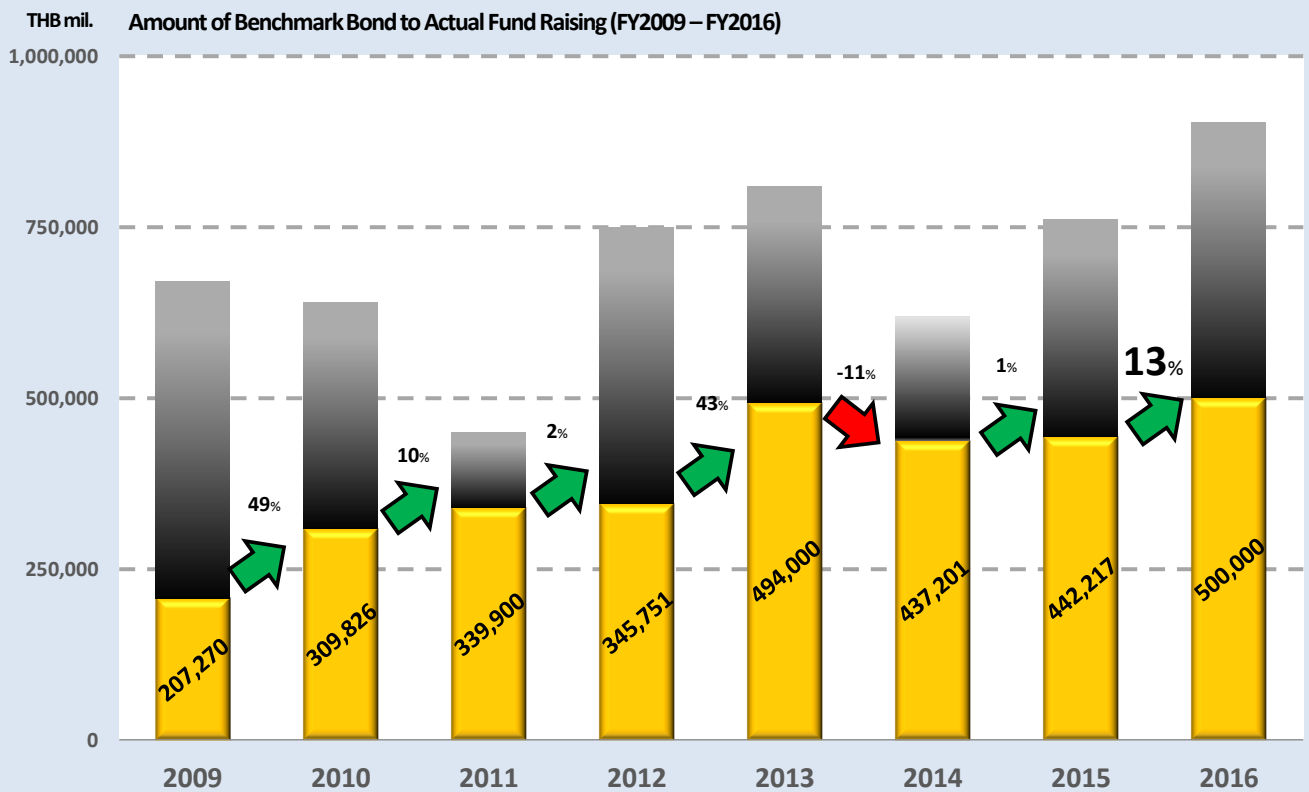
- ✓ Primary Market Auction
- ✓ On-the-run
- ✓ Committed Amount

\* To be considered by Ministry of Finance



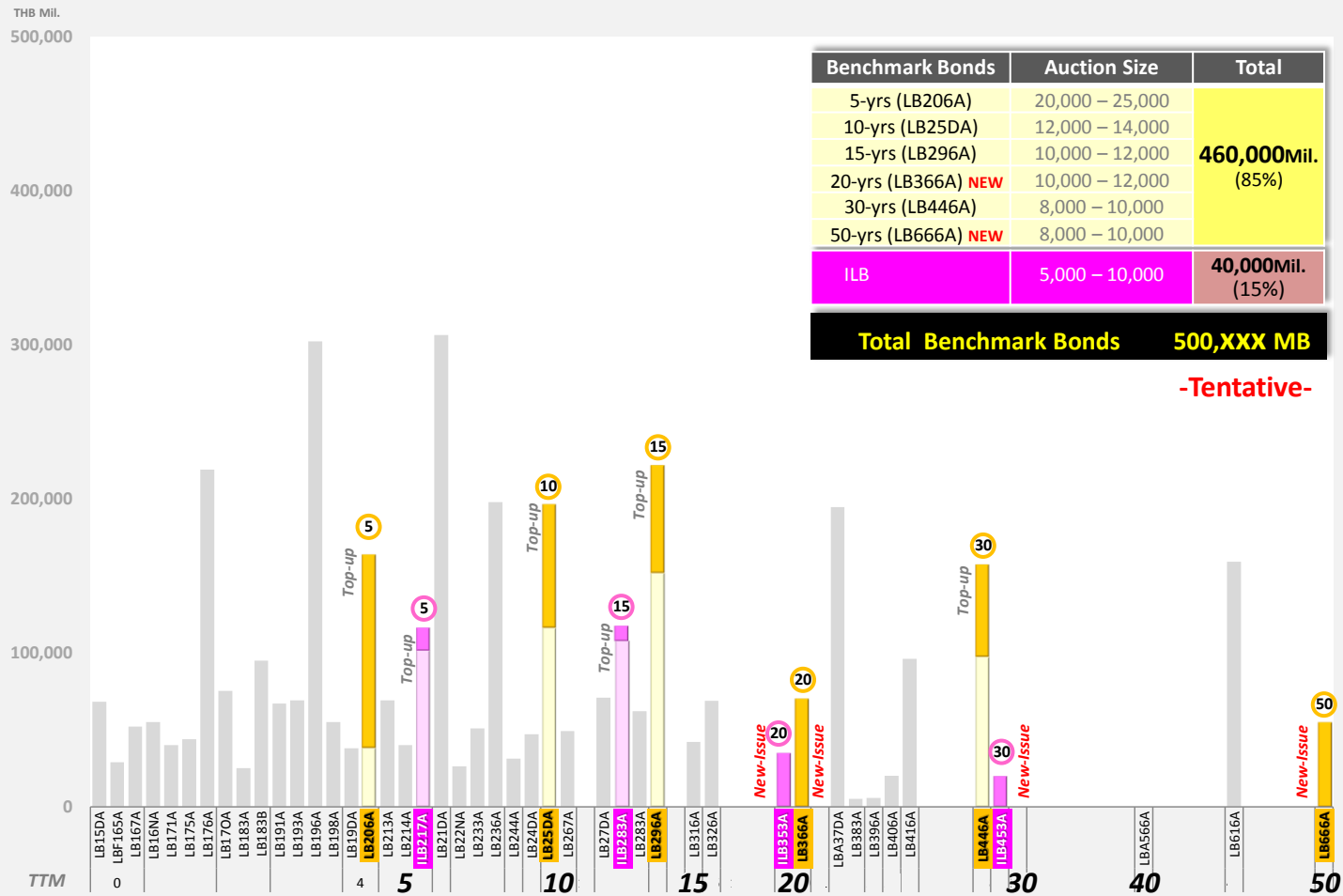
**Almost Benchmark Bond Supply Increase Year on Year**

**13% increase in FY2016**



ALL **FY2016 Benchmark Bond**  
is approximately **500 Bil.**

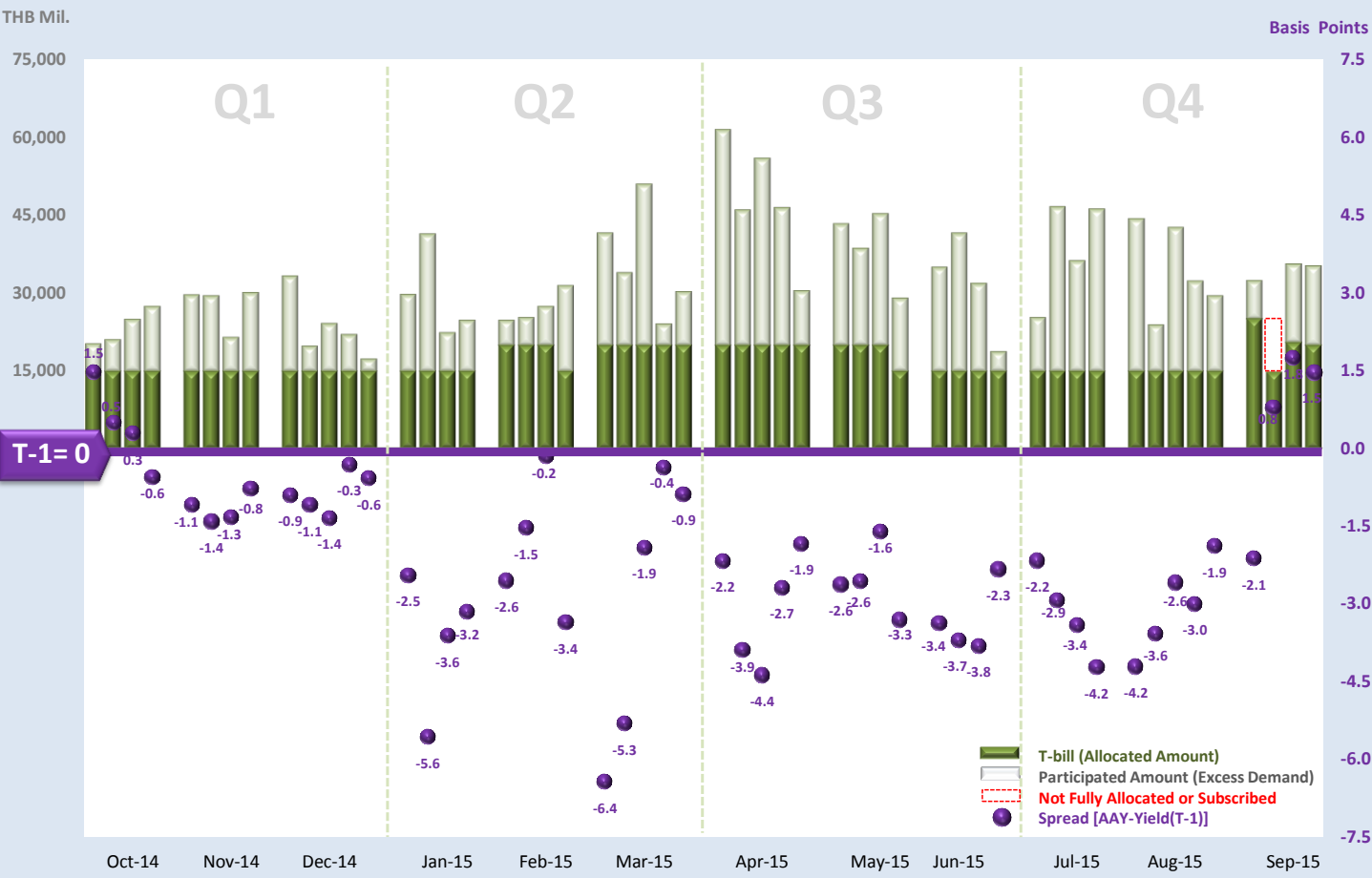
**53% of** FY2016 **Funding Needs 937 Bil.**



**FY2015**

**T-Bill Auction Result**

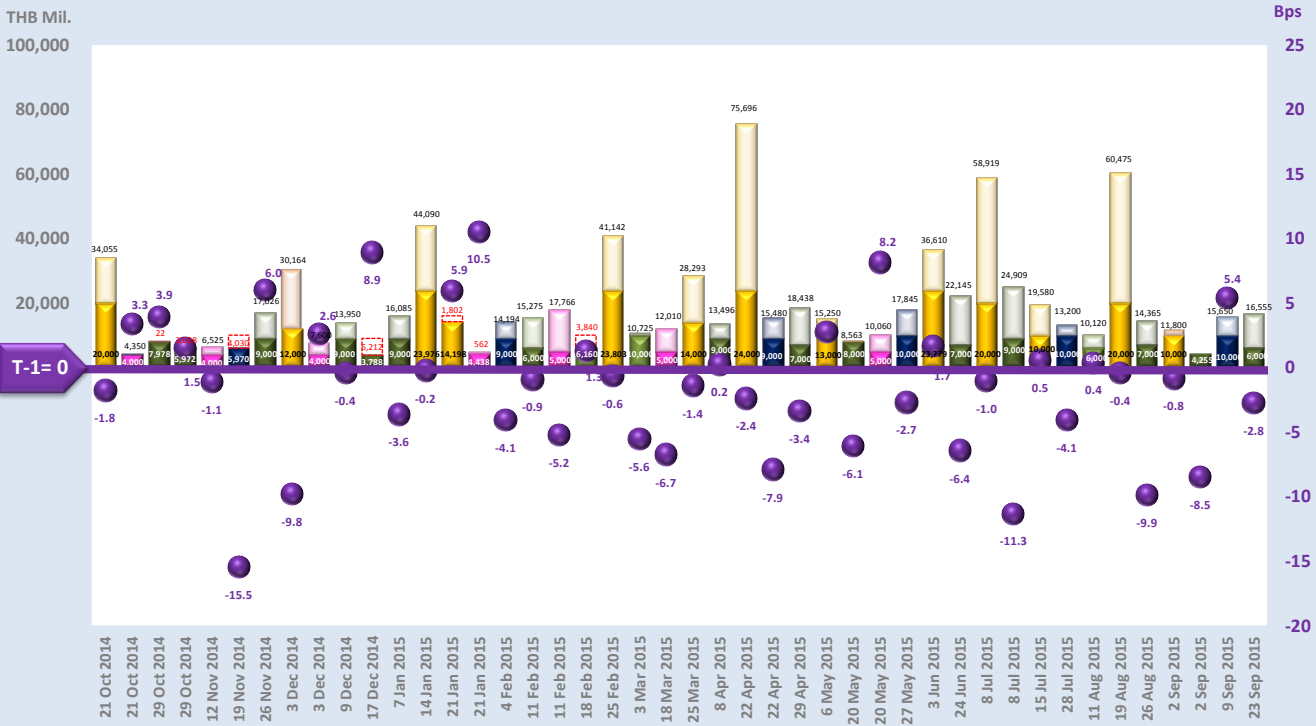
- ✓ Low Cost of Funding
- ✓ High Volume of Short-term Demand



# FY 2015 GOVT Bond Auction Results

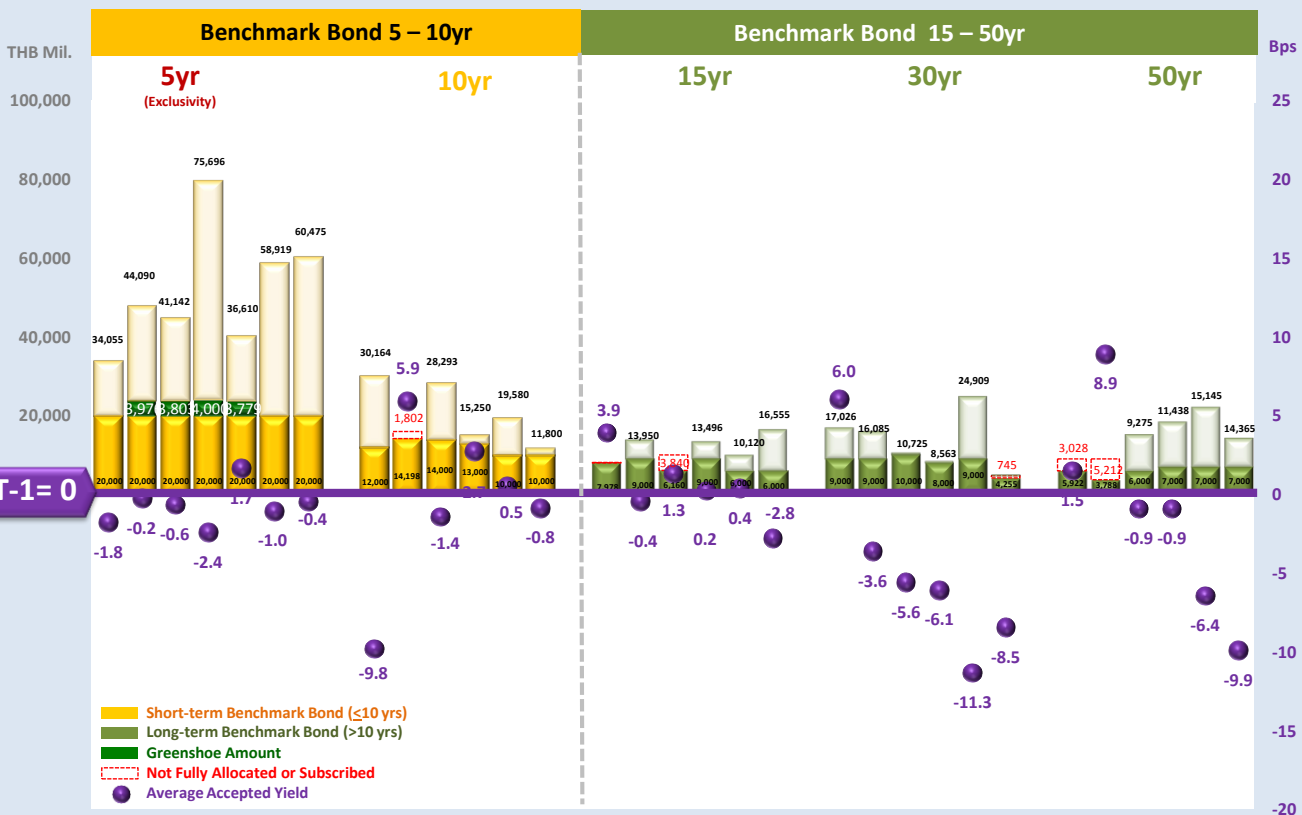
Classified by Auction Schedule

- 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 [AA-Yield (T-1)]

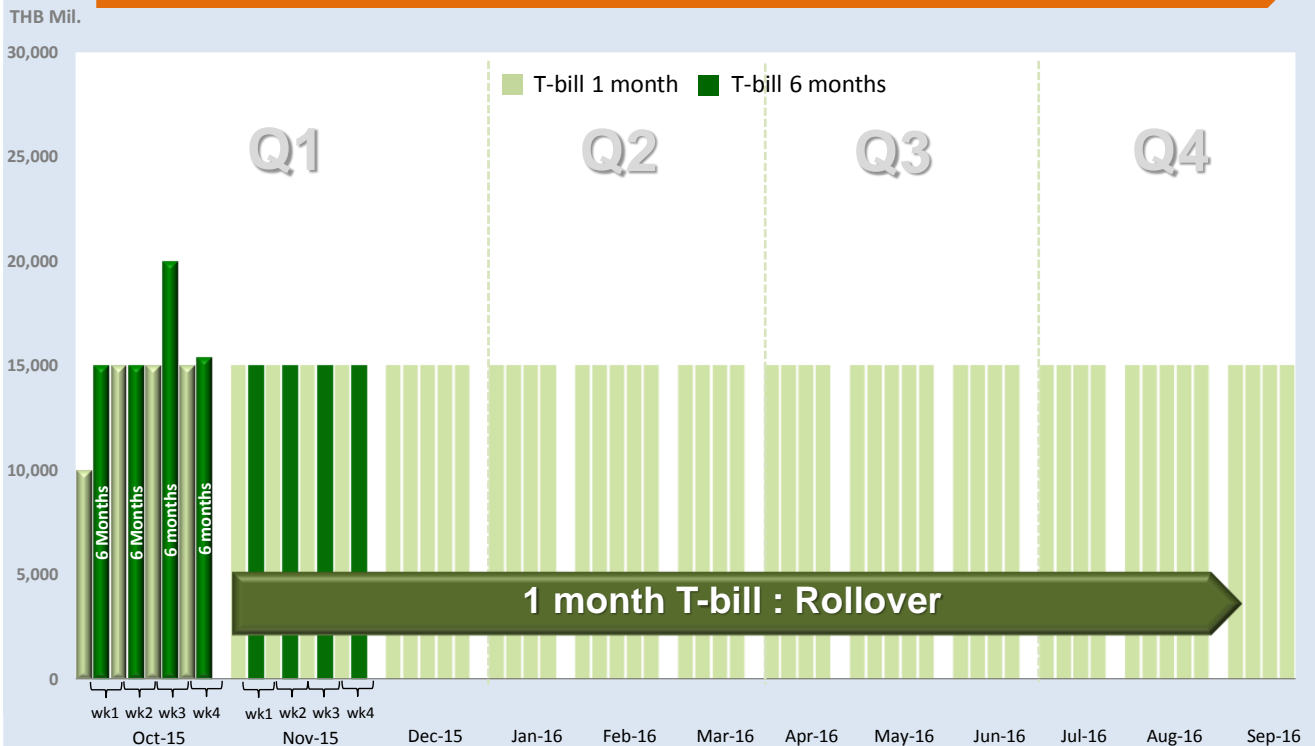


# FY2015 GOVT Bond Auction Results

Classified by Tenor



3 & 6 months T-bill : Issue on demand



New Allotment Framework for NCB

NCB Bidding Amount Individually

	NCB Issue Amount / Auction	Bidding Amount	
		Minimum	Maximum
Before January 2013	20%	4 THB mil.	40 THB mil.
From January 2013 to present	20%	4 THB mil.	100 THB mil.
<b><u>New Bidding Amount</u></b> <b>Begin January 2016</b>	<b>20%</b>	<b>4 THB mil.</b>	<b>Not exceed 20% of auction amount</b>

NCB Allotment

- Step 1 : Allocate bids for the first **100 million baht**
- Step 2 : Allocate amount **over 100 million baht** by **Pro-rata**

**Begin : January 2016**





## Government Bond Auction Schedule for Q1/FY2016

Auction Date	LB206A 5-yrs <i>Exclusivity</i>	LB25DA 10-yrs	LB296A 15-yrs	LB366A 20-yrs <i>New</i>	LB446A 30-yrs	LB666A 50-yrs <i>New</i>	Total
7 October 2015							-
14 October 2015							-
21 October 2015	24,000				9,000		33,000
28 October 2015			13,000				13,000
4 November 2015	MPC						
11 November 2015		13,000					13,000
18 November 2015				11,000			11,000
25 November 2015						9,000	9,000
2 December 2015			13,000				13,000
9 December 2015					10,000		10,000
16 December 2015	MPC						
23 December 2015	27,000						27,000
30 December 2015							-
<b>Total</b>	<b>51,000</b>	<b>13,000</b>	<b>26,000</b>	<b>11,000</b>	<b>19,000</b>	<b>9,000</b>	<b>129,000</b>
Coupon	2.55%	3.85%	4.875%	To be announced on 16 Nov 2015	4.675%	To be announced on 23 Nov 2015	
Maturity Date	26-Jun-2020	12-Dec-2025	22-Jun-2029	17-Jun-2036	29-Jun-2044	17-Jun-2066	

หมายเหตุ : 1. LB206A = พันธบัตรรัฐบาลในปีงบประมาณ พ.ศ. 2559 ครั้งที่ 1 (Re-open พันธบัตรรัฐบาลเพื่อการบริหารหนี้ ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 10) โดยงวดวันที่ 21 ตุลาคม 2558 มีวงเงินประมูล 20,000 ล้านบาท และให้สิทธิ MOF Outright PD ในการเสนอซื้อเพิ่มเติม (Greenshoe Option) ทำให้วงเงินจัดสรรจะอยู่ระหว่าง 20,000 – 24,000 ล้านบาท และงวดวันที่ 23 ธันวาคม 2558 มีวงเงินประมูล 22,500 ล้านบาท และให้สิทธิ MOF Outright PD ในการเสนอซื้อเพิ่มเติม (Greenshoe Option) ทำให้วงเงินจัดสรรอยู่ระหว่าง 22,500 – 27,000 ล้านบาท

2. LB25DA = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2559 ครั้งที่ 4 (Re-open พันธบัตรรัฐบาลเพื่อการปรับโครงสร้างหนี้ (พ.ร.ก. ให้อำนาจกระทรวงการคลังกู้เงินฯ พ.ศ. 2552) ในปีงบประมาณ พ.ศ. 2554 ครั้งที่ 1)

3. LB296A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2559 ครั้งที่ 3 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2553 ครั้งที่ 2)

4. LB366A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2559 ครั้งที่ 5 จะประกาศอัตราดอกเบี้ยในวันที่ 16 พฤศจิกายน 2558

5. LB446A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2559 ครั้งที่ 2 (Re-open พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2557 ครั้งที่ 3)

6. LB666A = พันธบัตรรัฐบาล ในปีงบประมาณ พ.ศ. 2558 ครั้งที่ 6 จะประกาศอัตราดอกเบี้ยในวันที่ 23 พฤศจิกายน 2558

# PDMO Bond Calendar FY 2016

		Mon	Tue	Wed	Thu	Fri	Sat	Sun
Quarter 1	Oct 2015							
	5	Auction T-bill						
	12	Auction T-bill						
	13	Auction T-bill						
	19	Issue Regular Saving Bond 1/2016(3y) : 50,000 MB (19 Oct 15 - 29 Feb 16)						
	27	Retail Only						
	26	Auction T-bill						
	28	Action LB206A (5Y) : 24,000MB LB446A (30Y) : 9,000MB						
	29	Action LB296A (15Y) : 13,000MB						
	30	Quarterly Macroeconomics Report (PPO)						
Nov 2015	2	First day of submission for Baht Bond Application (1/2016)						
	3							
	4							
	11	Action LB25DA (10Y) : 13,000MB						
	17	Action LB366A (20Y) : 11,000MB						
	24	Action LB666A (50Y) : 9,000MB						
	25	Action LB666A (50Y) : 9,000MB						
	2	Action LB296A (15Y) : 13,000MB						
	9	Action LB446A (30Y) : 10,000MB						
	15	H.M. The King's Birthday observed						
Dec 2015	7							
	14							
	21							
	22							
	29							
	5							
	11							
	18							
	25							
	31							
Quarter 2	Jan 2016							
	4							
	11							
	18							
	25							
	1							
	8							
	15							
	22	Makha Bucha Day						
	29							
Mar 2016	7							
	14							
	21							
	28							
	5							
	12							
	19							
	26							
	1							
	8							

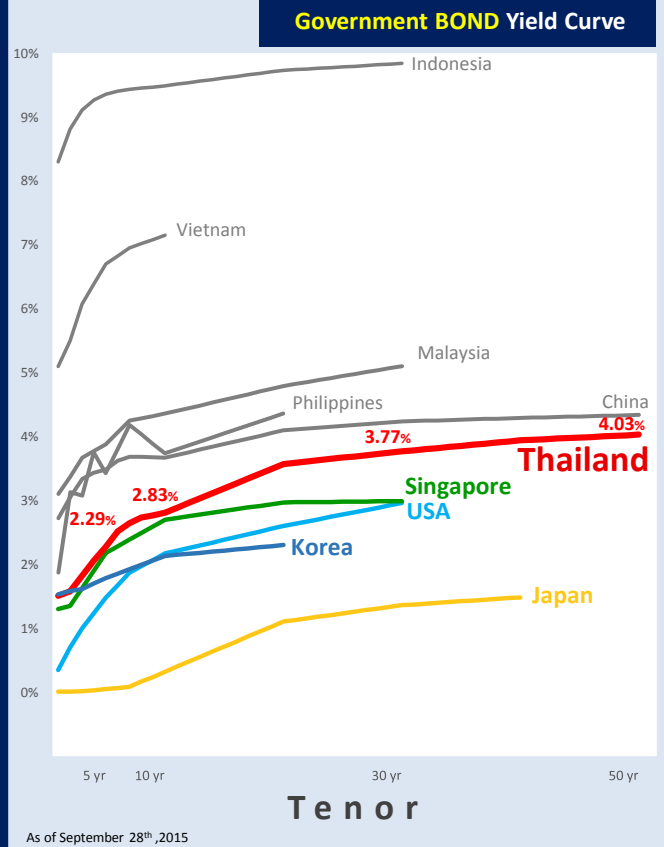
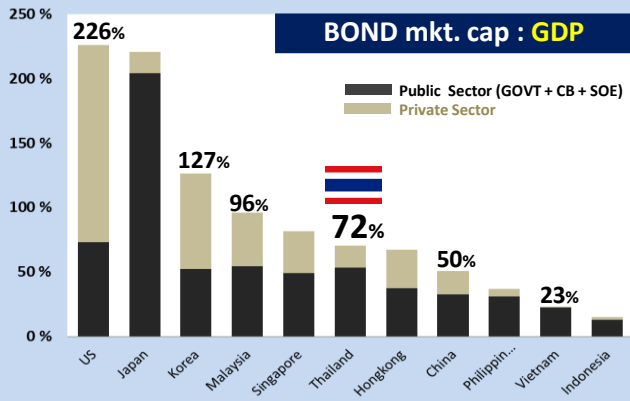
	4	5	6	7	8	9	10
Quarter 3	Apr 2016	Baht Bond 2/FY2016	Chakri Day	First Day of submission for MOF Outright PD's Application	Songkran Festival Day	Songkran Festival Day	
		11	12	13	14	15	16
	18	19	20	21	22	23	24
	25	26	27	28	29	30	1
	2	3	4	5	6	7	8
	9	10	11	12 - 15 Money Expo			
	16	17	18	19	20	21	22
	23	24	25	26	27	28	29
	30	31	1	2	3	4	5
	Quarter 4	Jul 2016	MOF Outright PD Committee - Quarterly PD's Evaluation	Quarterly PD Market Dialogue	MOF Outright PD's Application	Coronation Day	Visakha Bucha
23			24	25	26	27	28
30		31	1	2	3	4	5
6		7	8	9	10	11	12
13		14	15	16	17	18	19
20		21	22	23	24	25	26
27		28	29	30	1	2	3
4		5	6	7	8	9	10
11		12	13	14	15	16	17
18		19	20	21	22	23	24
Quarter 4	Aug 2016	Asalha Bucha	Buddhist Lent Day	Quarterly Macroeconomics Report (FPO)	Quarterly Macroeconomics Report (FPO)	Quarterly Macroeconomics Report (FPO)	
		25	26	27	28	29	30
	1	2	3	4	5	6	7
	8	9	10	11	12	13	14
	15	16	17	18	19	20	21
	22	23	24	25	26	27	28
	29	30	31	1	2	3	4
	5	6	7	8	9	10	11
	12	13	14	15	16	17	18
	19	20	21	22	23	24	25
26	27	28	29	30			

Remark - Royal Ploughing Ceremony Day- waiting for an announcement

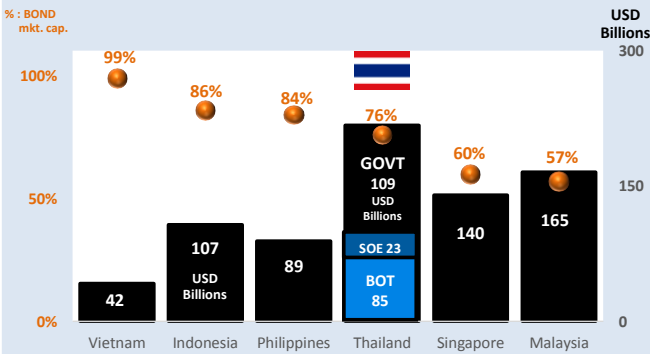
# BOND market capitalization

## Peers Comparison

Source : Asian Bond online (ADB)



### Share of PUBLIC sector's Bond to Total BOND mkt. cap.

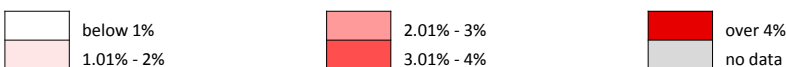


# Government BOND Yield Matrix

## ASEAN & Peers

As of September 28th, 2015

	6 m	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr	10 yr	20 yr	30 yr	40 yr	50 yr
Japan	-0.02	0.01	0.01	0.02	0.04	0.06	0.08	0.11	0.19	0.27	0.35	1.13	1.39	1.51	
USA	0.10	0.34	0.67	0.97	1.20	1.42	1.61	1.80	1.90	2.00	2.10	2.51	2.87		
Singapore		1.29	1.41	1.65	1.90	2.14	2.24	2.34	2.45	2.55	2.65	2.93	2.95		
Thailand	1.51	1.51	1.58	1.82	2.06	2.29	2.53	2.65	2.74	2.78	2.83	3.57	3.77	3.94	4.03
Korea	1.51	1.53	1.58	1.61	1.70	1.79	1.85	1.92	1.99	2.06	2.13	2.30			
Philippines	1.69	1.87	3.13	3.08	3.75	3.43	3.80	4.18	4.03	3.89	3.74	4.36			
China	2.60	2.73	3.03	3.29	3.41	3.54	3.60	3.66	3.66	3.65	3.65	4.10	4.24	4.29	4.34
Malaysia	3.09	3.18	3.42	3.69	3.82	3.94	4.15	4.36	4.37	4.37	4.38	4.77	5.09		
Vietnam		5.10	5.50	6.08	6.24	6.40	6.68	6.95	7.02	7.08	7.15				
Indonesia	7.85	8.30	8.86	9.16	9.32	9.41	9.46	9.48	9.51	9.53	9.55	9.78	9.84		
Brunei															
Cambodia															
Laos															
Myanmar															



# Basic & Essentials

- Bond Market Development Strategy
  - Public Debt Outstanding
    - Total Domestic Public Debt
      - Bond Market Capitalization
        - Liquidity & Secondary Market Trading
          - Supporting Inclusive Growth Through ASEAN Bond Market Integration
            - Non-Resident Holding in Domestic Bond

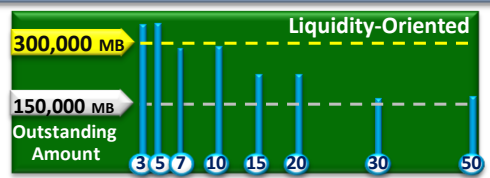
# Domestic Bond Market in Transition

- ✓ Funding Infrastructure Investment
- ✓ Connecting ASEAN

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

Funding Infrastructure Investment Connecting ASEAN (2013 - 2016)	2016 Highlights
Full Funding Capacity : 1,150,000 THB Mil.	1,900,000 THB Mil. Long-Term Infrastructure Inv't
Baht Bond (CLMV)	Credit Guarantee Investment Facility (CGIF)
Foreign Currency Bond	Well-Distributed Investor Base
Well-Distributed Fixed-Floating Ratio	Well-Distributed Maturity Profile / Bond Switching
Bond Switching (1 <sup>st</sup> execution: 28 Nov 14)	Strengthening PD system (Exclusivity, League Table, Greenshoes Option)
STRIPS Bond	Scrippless Retail Savings Bond → Saving Habit
Super-Size Inaugural 25-yr Back-End Amortized Bond	Re-open ILB 7-yr or Launch ILB-30yr
STRIPS Transaction	Annual PDMO Market Dialogue
Annual PDMO Market Dialogue	Quarterly PDMO one-on-group "MOF Outright PD Dialogue"

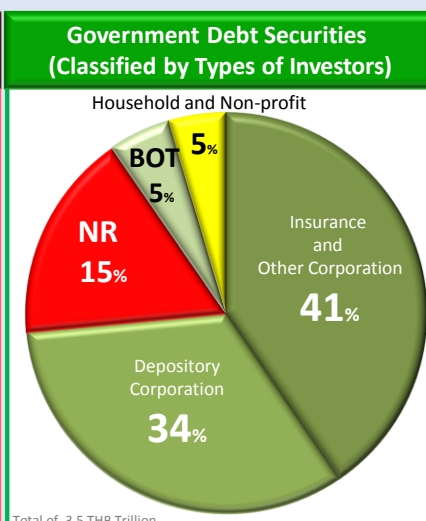
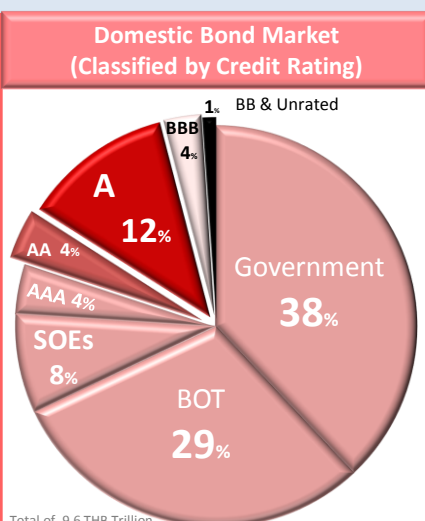
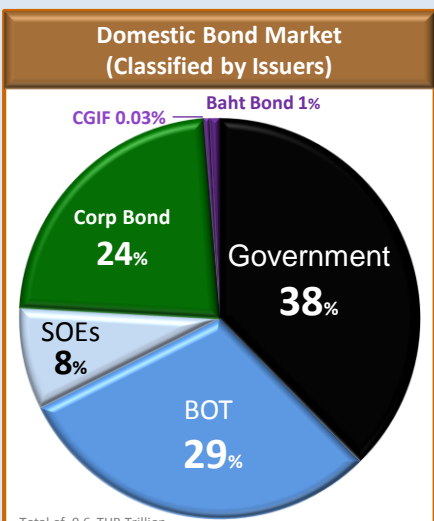
Building Yield Curve / Enhancing Liquidity



FY 2007-10	<b>30-yr Benchmark Bond</b>	<ul style="list-style-type: none"> <li>Lengthen average-time-to-maturity of <u>Total Government Debt Portfolio</u></li> <li>Meet Long-term investors' demand</li> </ul>			
	<b>Floating Rate Bond</b>	<ul style="list-style-type: none"> <li>Increase floating debt ratio of Total Government Debt Portfolio</li> <li>Promote BIBOR (Bangkok Interbank Offered Rate)</li> </ul>			
	<b>Step-up Savings Bond</b>	<ul style="list-style-type: none"> <li>Broaden investor base – Retail investors</li> <li>Low interest burden at the initial periods of bond</li> </ul>			
FY 2011	<b>Fixed Rate Promissory Note</b>	<ul style="list-style-type: none"> <li>Broaden investor base – Insurance / Long-term investors</li> <li>Non-Benchmark tenors</li> </ul>			
	<b>50-yr Benchmark Bond</b>	<ul style="list-style-type: none"> <li>Combat low interest rate + Lengthen average time-to-maturity</li> <li>4<sup>th</sup> country in the world (1<sup>st</sup> : UK 2<sup>nd</sup> : France 3<sup>rd</sup> : China)</li> </ul>			
	<b>10-yr Inflation-Linked Bond (ILB)</b>	<ul style="list-style-type: none"> <li>Strong anti-inflationary signal</li> <li>Deepen the Development of the Bond market</li> <li>1<sup>st</sup> country in Emerging Asian Economies</li> </ul>			
	<b>Electronic Retail Savings Bond</b>	<ul style="list-style-type: none"> <li>Lower Minimum Amount to Purchase / Offer throughout the year</li> <li>Develop the retail bond into an electronic form → Scripless System</li> <li>Can be purchased via ATM, in addition of Bank Retail Branches</li> </ul>			
FY 2012-2016	<b>Amortized Bond</b>	<ul style="list-style-type: none"> <li>Suitable financing instrument for the government's investment mega-project in the form of PPP</li> <li>Pay back the bond principal by installments → Promote the government's fiscal discipline</li> </ul>			
	<b>Bond Switching &amp; Consolidation</b>	<ul style="list-style-type: none"> <li>Allow both issuer and investors to improve their portfolio</li> <li>Larger outstanding size + Less bond series → Enhance liquidity in the secondary market</li> </ul>			
	<b>Upgrade PD Privileges</b>	<b>PDDF Activated</b> (Public Debt Restructuring and Domestic Bond Market Development Fund)	<b>15-yr ILB</b> <b>30-yr ILB</b>	<b>Baht Bond</b>	<b>CGIF Activated</b> (Credit Guarantee and Investment Facility)

## Equilibrium of Domestic Bond Market

<b>Issuers</b>	<ul style="list-style-type: none"> <li>75 percent of Thailand's debt securities are issued by Government, Bank of Thailand and State-Owned Enterprises</li> </ul>
<b>Credit Rating</b>	<ul style="list-style-type: none"> <li>99 percent of Thailand's debt securities are classified as Investment Grade</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Thailand's government debt securities are held by a wide group of investor types</li> </ul>



Source : ThaiBMA (end of Sep 2015)

Source : ThaiBMA (end of Sep 2015)

Source : BOT (end of Sep 2015)

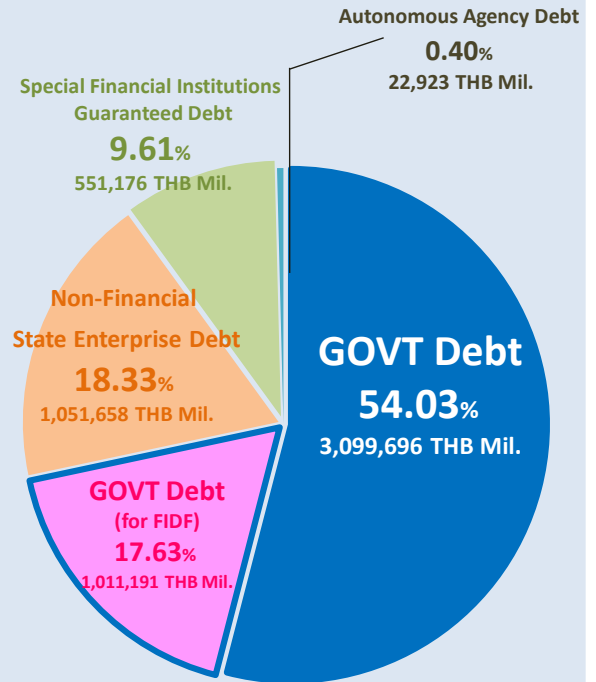
# Public Debt Outstanding (as of Aug 2015) = 5.74 THB Trillion (42.81% of GDP)

## Components of Public Debt

Units : THB Mil.

1. Government Debt (excluded FIDF)	3,099,696*
2. Government Debt (for FIDF)	1,011,191
3. Non-Financial State Enterprise Debt	1,051,658
4. Special Financial Institutions Guaranteed Debt	551,176
5. Autonomous Agency Debt	22,923
<b>Public Debt Outstanding</b>	<b>5,736,644</b>

\*Included of External GOVT Debt 82,877 THB Mil.  
Excluded of External SOE Debt 269,705 THB Mil.

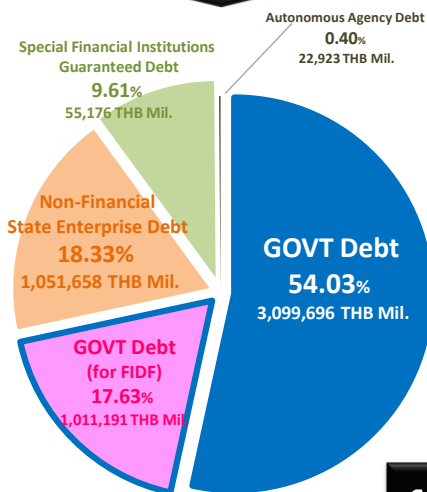


Source : Information Technology Centre, PDMO

## Portion of Public Debt Serviced by The Government

### Public Debt Components "All"

5.74 THB Trillion

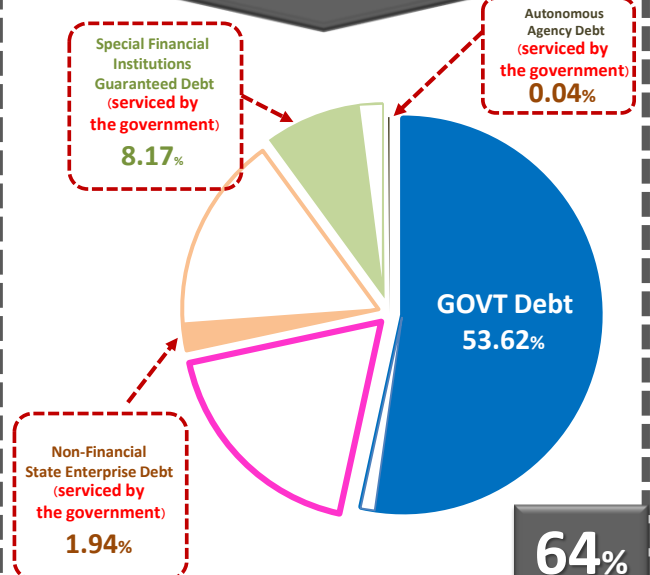


As of Aug 2015

100%

### Public Debt Components "serviced by the government"

3.66 THB Trillion



64%

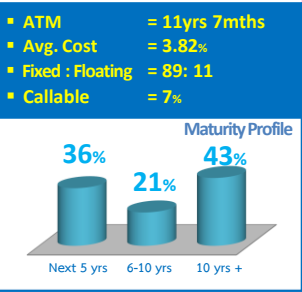
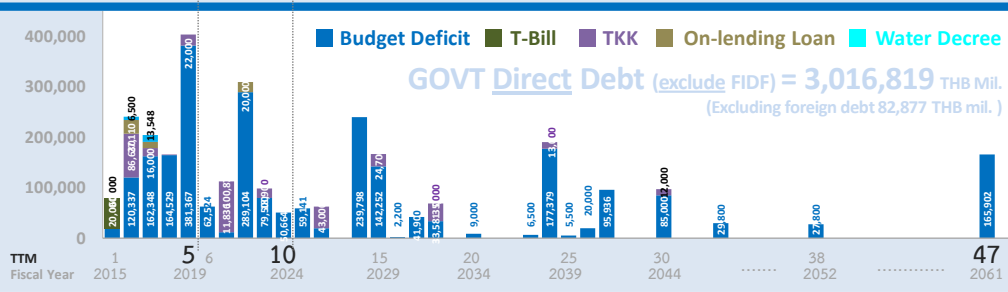
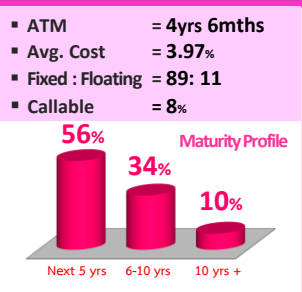
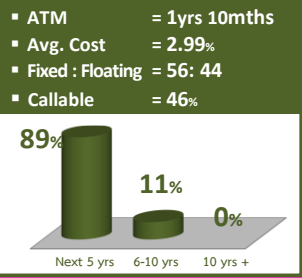
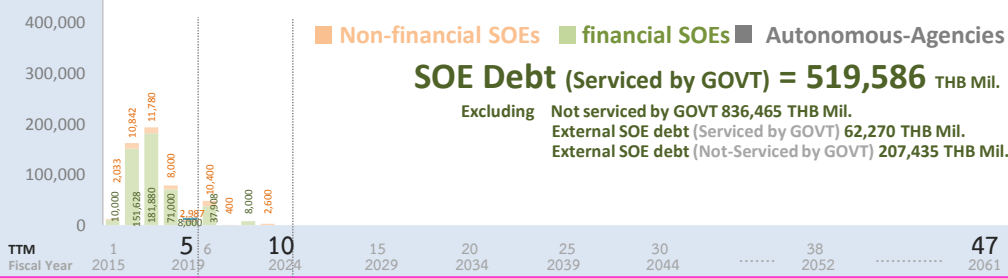


# Total Domestic Public Debt = 5.38\* THB Trillion

\* Excluding Foreign Debt

Assumptions : 6 months BIBOR = 1.76%, 6 months Fixed Deposit Rate = 1.23%, Inflation = -1.19%

As of Aug 2015



## 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 = 3,016,819 THB Mil. (exclude FIDF and external debt)

As of Dec 2007

As of Aug 2015

Average-Time-to-Maturity **LENGTHENED** by 6yrs 4mths

ATM  
5yrs 3mths

ATM  
11yrs 7mths

Avg. Cost **LOWERED** by 68 bps.  
(While ATM Lengthened by 6yrs 4mths)

Avg. cost  
4.5%

Avg. cost  
3.82%

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

Floating 10%

Fixed 90%

Floating 11%

Fixed 89%

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

54% next 5 yrs, 28% year 6-10, 18% 10 yrs +

36% next 5 yrs, 21% year 6-10, 43% 10 yrs +

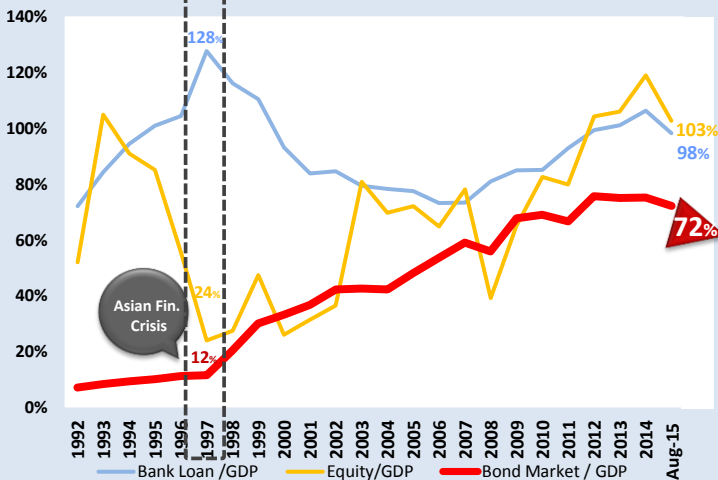
**Bond Market Cap. = 9.7 THB Trillion**

(\$269 Bil.)\*

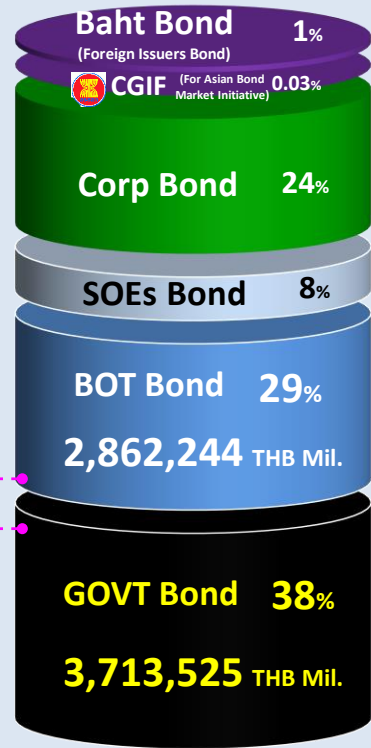
**GOVT Bond = 3.7 THB Trillion**

(\$102 Bil.)\*

% Share of GDP



**Domestic Bond Market Classified by Issuer**

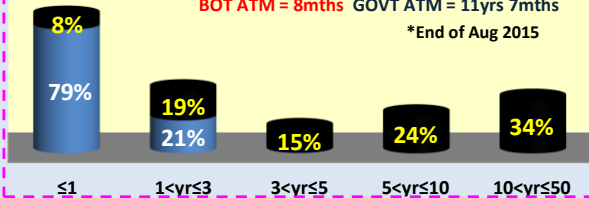


**Maturity Profile**

**BOT vs GOVT Bond**

BOT ATM = 8mths GOVT ATM = 11yrs 7mths

\*End of Aug 2015



\*Source: BOT Exchange rate as end of Sep 2015

end of Sep 2015

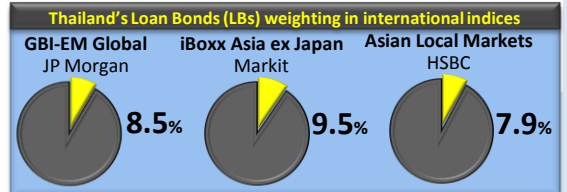
**Full Capacity\* of All Government Funding Instruments**

\* Under favorable market liquidity + using All funding instruments

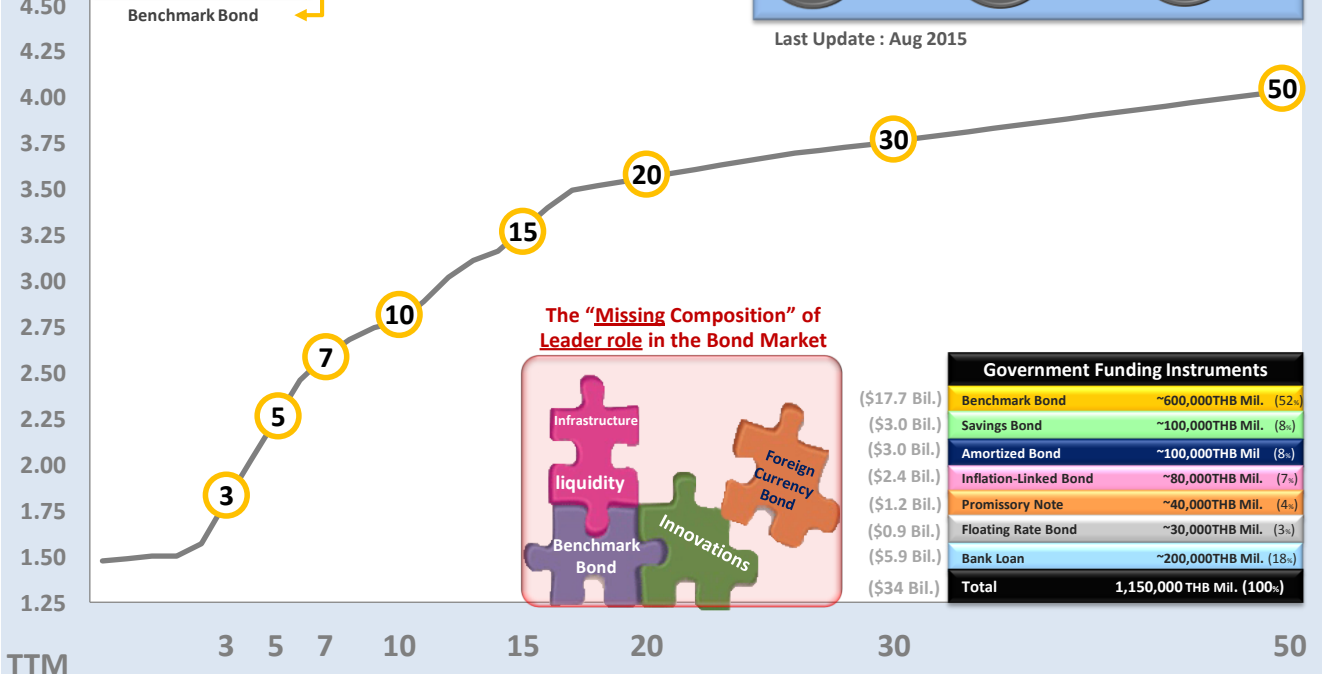
**1,150,000 THB Mil. per Year**

(\$32 Bil.)\*\*

Term	Capacity (THB Mil.)	Value (\$ Bil.)
LB 3 yrs	150,000	(\$4.3 Bil.)**
LB 5 yrs	120,000	(\$3.4 Bil.)
LB 7 yrs	80,000	(\$2.3 Bil.)
LB 10 yrs	80,000	(\$2.3 Bil.)
LB 15 yrs	60,000	(\$1.7 Bil.)
LB 20 yrs	60,000	(\$1.7 Bil.)
LB 30 yrs	30,000	(\$0.9 Bil.)
LB 50 yrs	20,000	(\$0.6 Bil.)



Last Update : Aug 2015

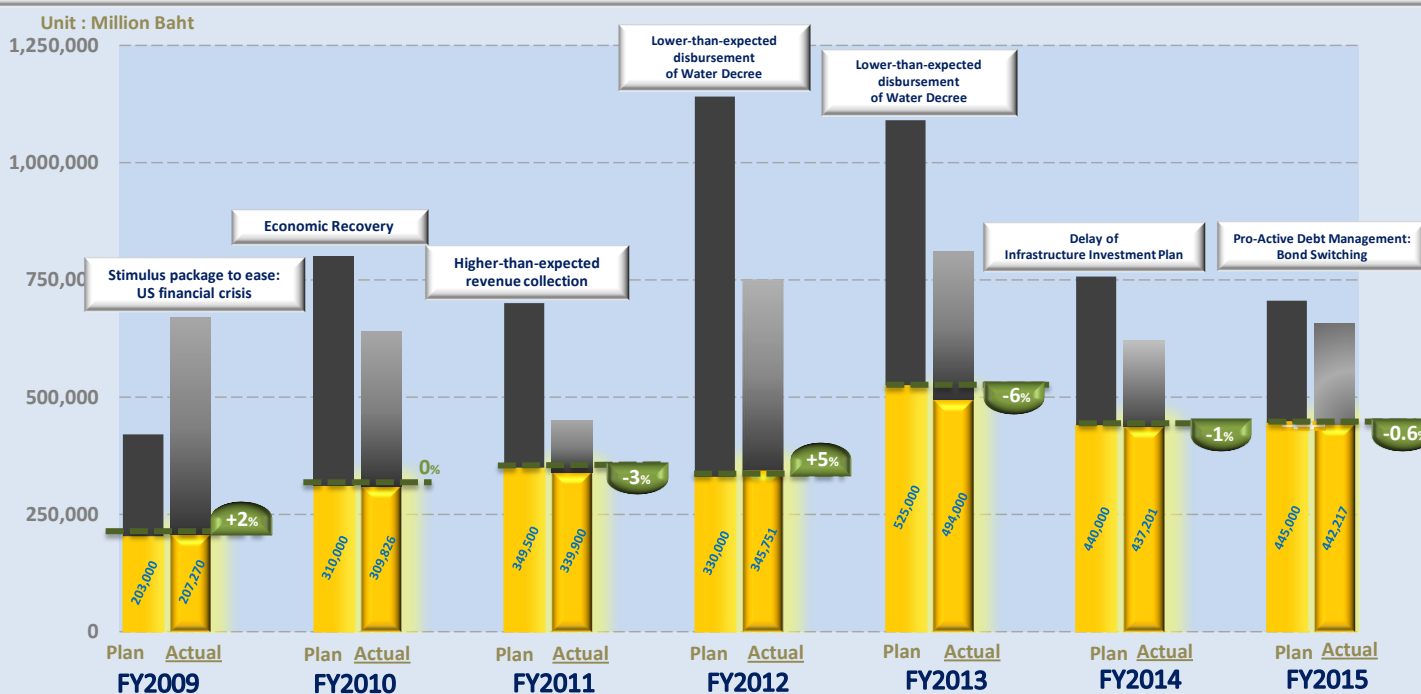


Source: ThaiBMA Government Bond Yield Curve (end of Sep 2015)

\*\*Source: BOT Exchange rate (As of Sep 22nd ,2015)

# 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 : Loan Bond (LB) tenors 5-10-15-30-50yr (in FY 2015) + 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*



PDDF

BENCHMARK BOND

FISCAL DISCIPLINE

INFLATION-LINKED BOND

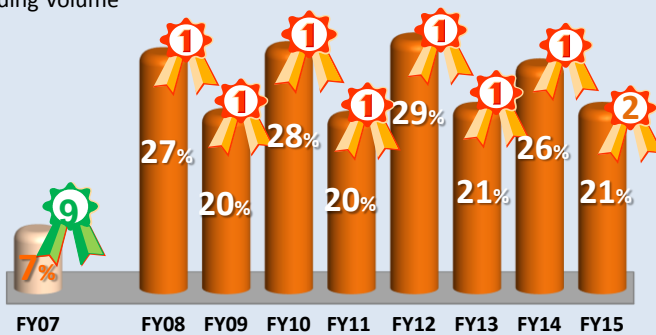
# FY2008-FY2015 Key Success Indicators

1. Trading Volume
3. Demand Concentration

2. Turnover Ratio
4. Auction Price

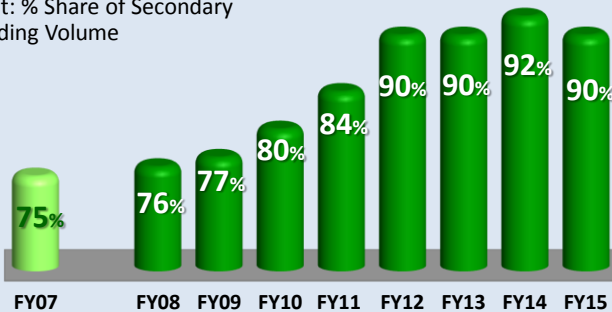
**Benchmark Bond 5 yrs and Below** : Highest secondary trading volume in every year

Unit: % Share of Market Trading Volume



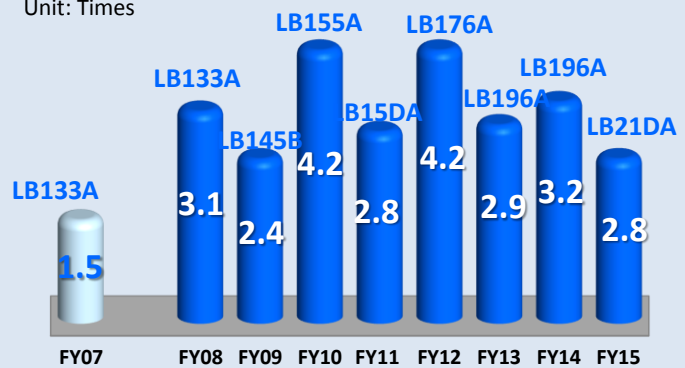
**Top 10 GOVT Bond Series** : Accounted for 90% of all GOVT bond trading volume in secondary market

Unit: % Share of Secondary Trading Volume



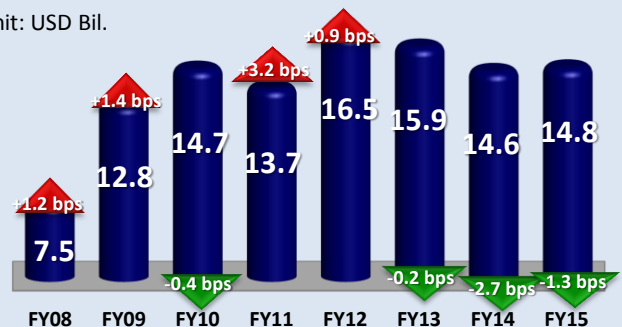
**5-yr Benchmark Bond's Higher Turnover Ratio** : Even the higher outstanding size, turnover ratio is still more than 2 times

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.



# Total GOVT Bond = 39 Series

(End of September 2015)

Tier 1 > 100,000 THB Mil. in Size (82% of Trading Volume)

Tier 2 > 50,000 THB Mil. in Size (17% of Trading Volume)

## Tier 1: >100,000MB (11 Series)

### FY2015 Market Share of Trading Volume in Secondary Market

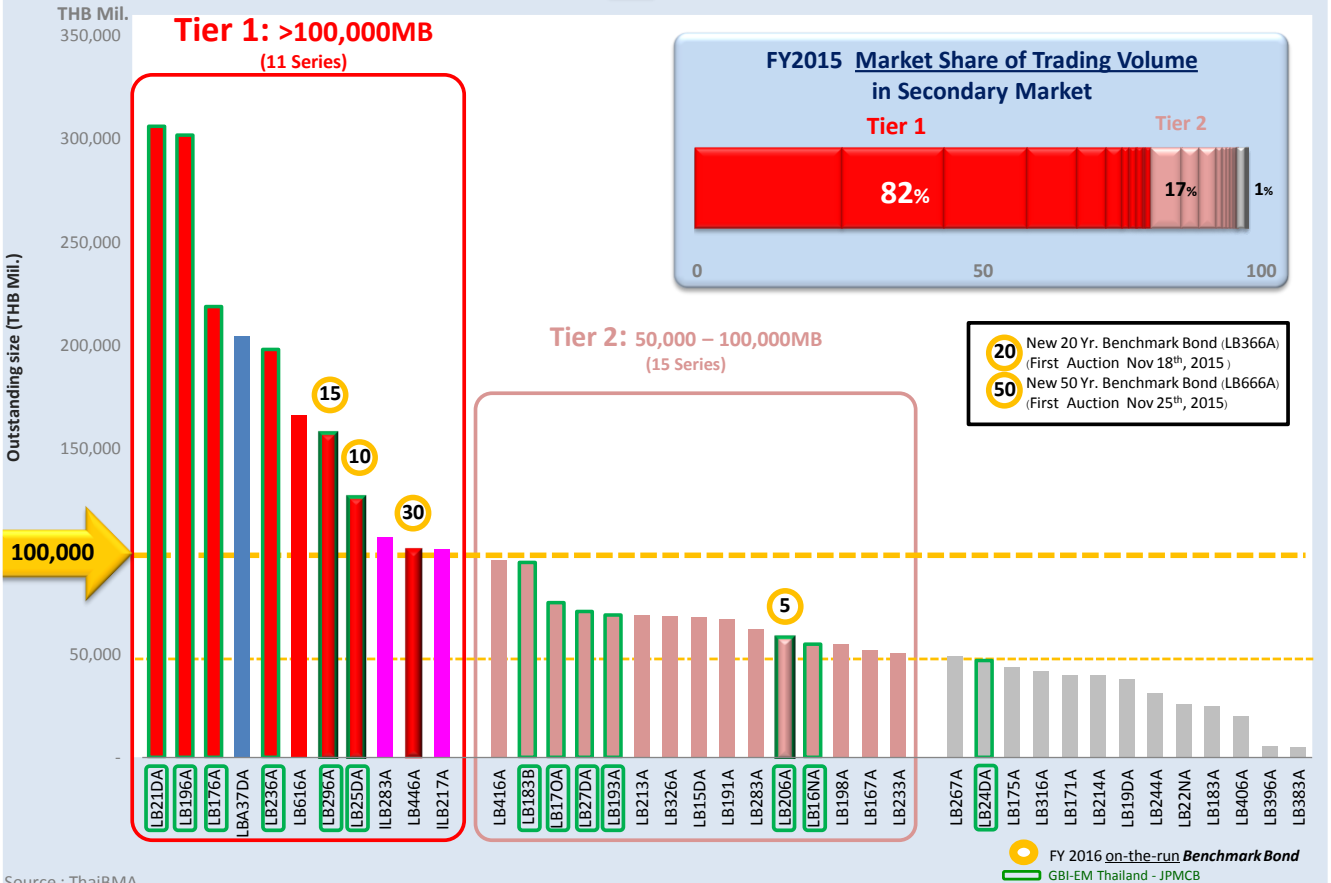
Tier 1

Tier 2

82%

17%

1%



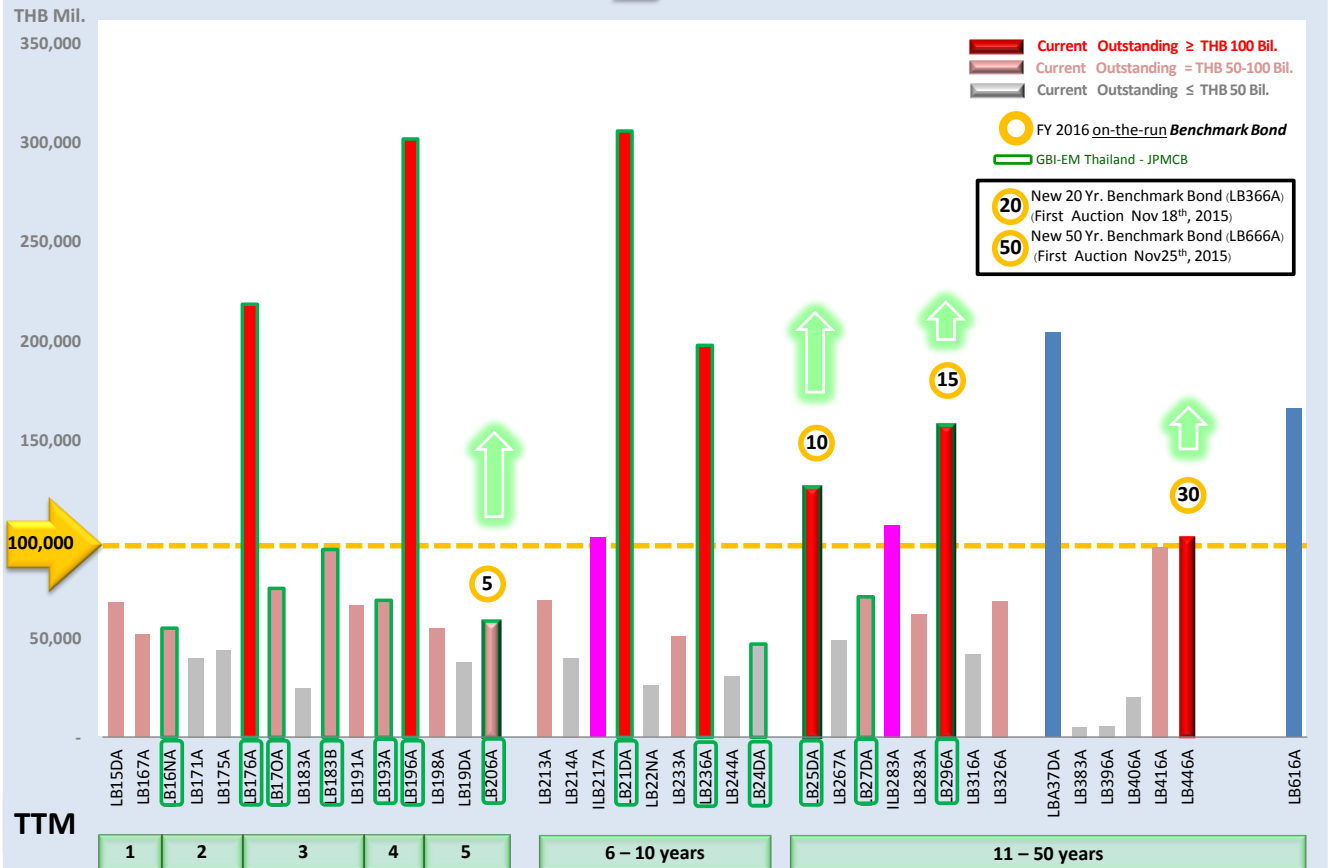
Source : ThaiBMA

## Well-Distributed Bond Maturity Profile

(End of September 2015)

The outstanding size of loan bond maturing in the next 5 years

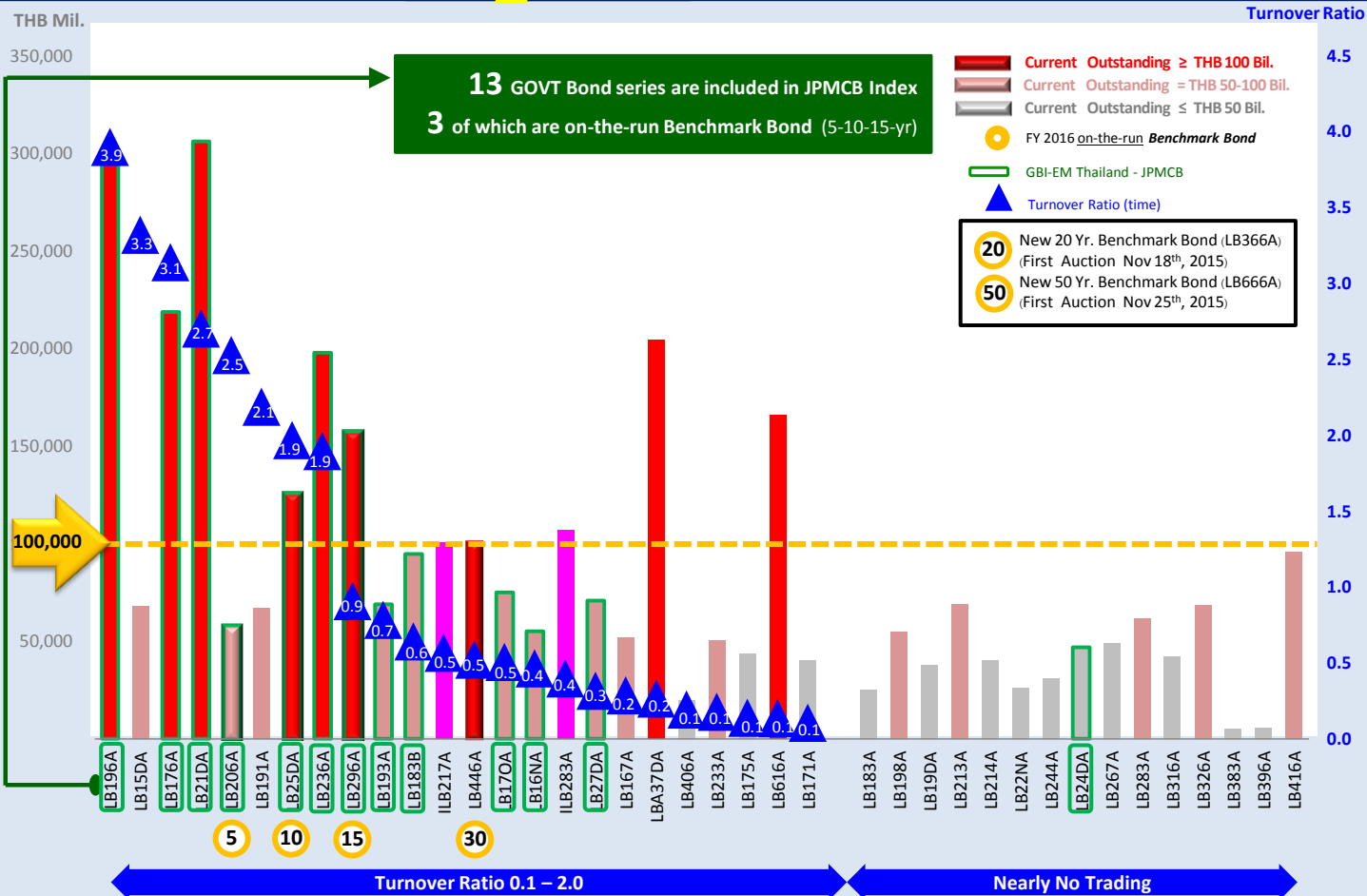
is 1,261,092 THB Mil. (37% of Total GOVT Bond)



Source : ThaiBMA

# FY2015 Secondary Trading Volume Classified by Turnover Ratio As of September 2015

Top 10 Turnover Ratio includes 3 series of **on-the-run Benchmark Bond** (5-10-15-yr)



Source : ThaiBMA



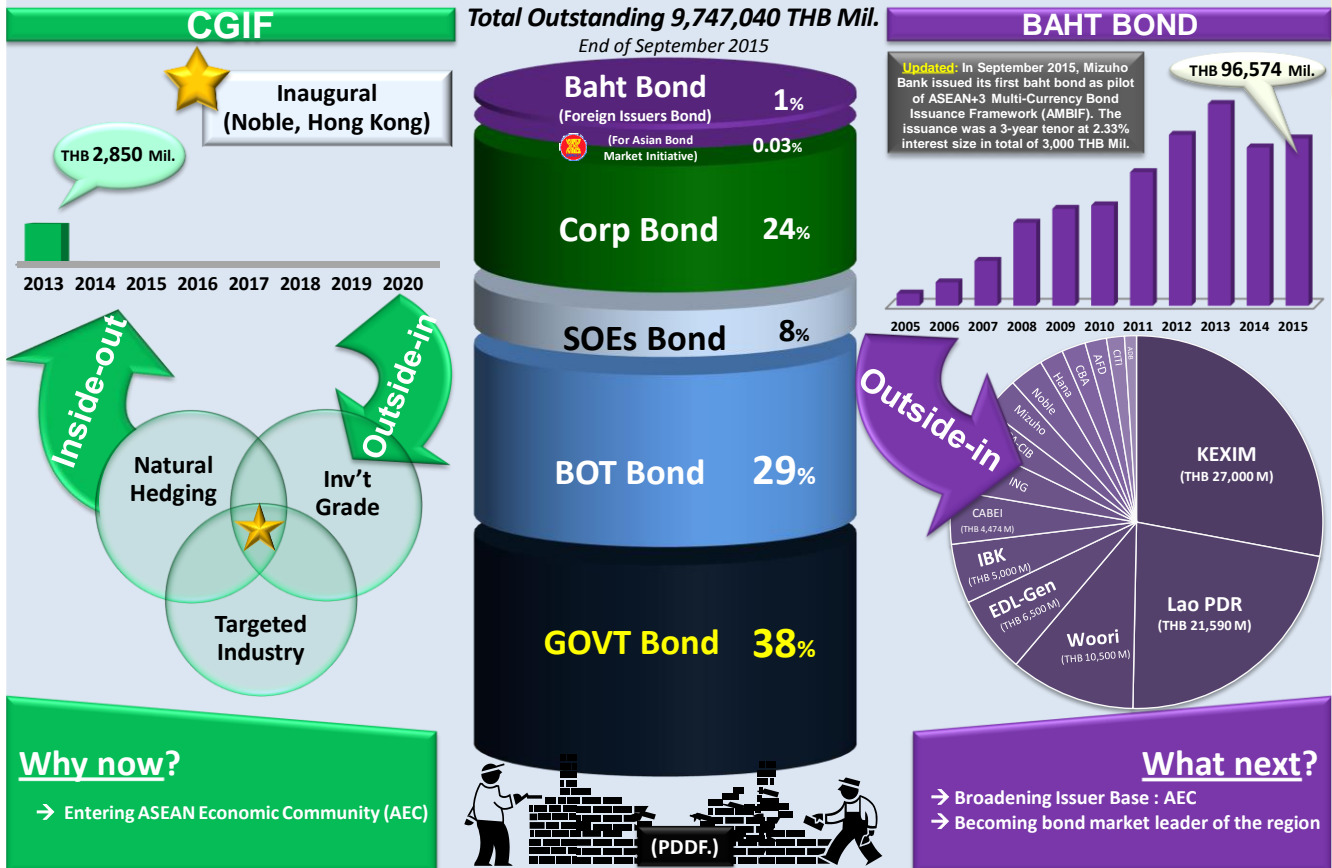
**BENCHMARK BOND**

**FISCAL DISCIPLINE**

**INFLATION-LINKED BOND**

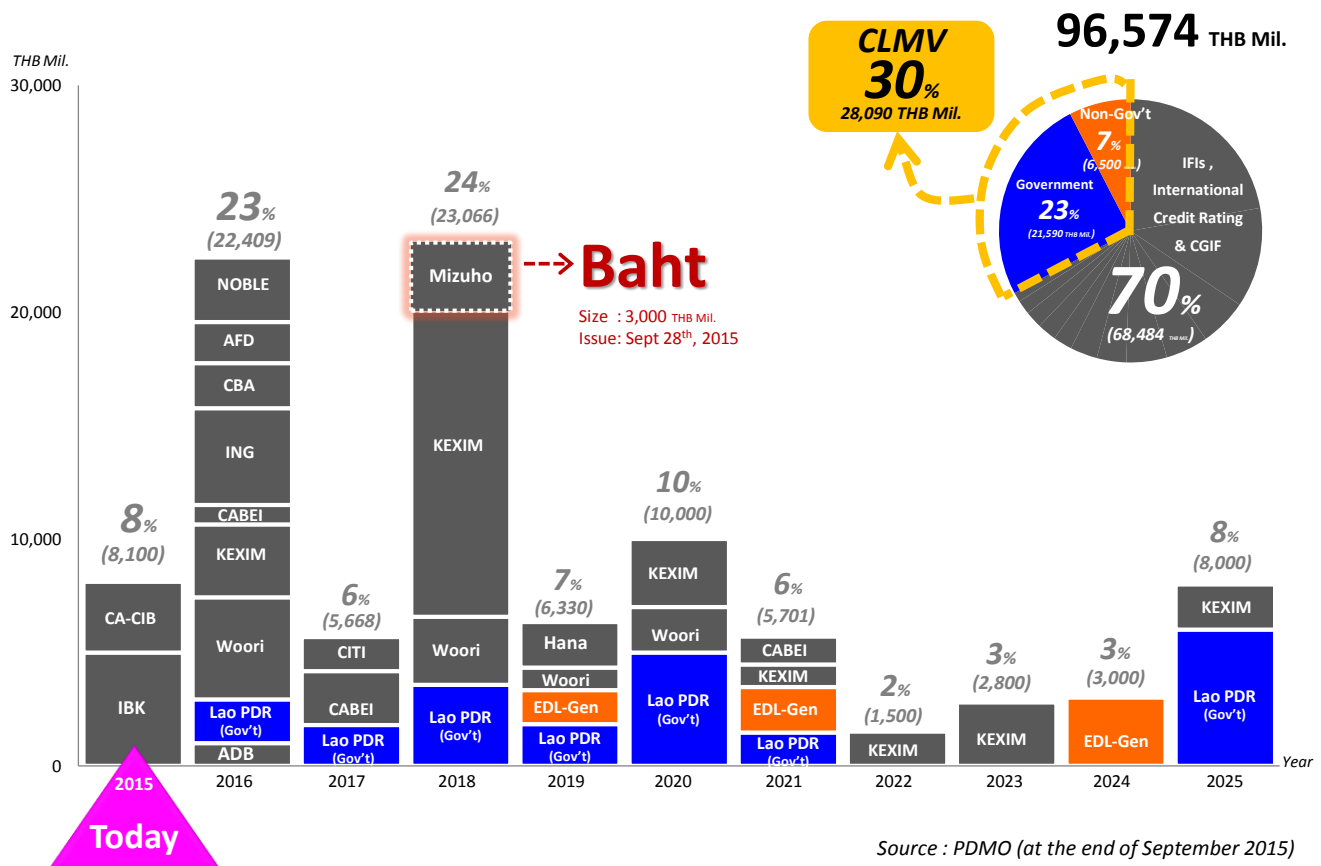


# Linking CGIF & BAHT BOND to the Development of Bond Market



## 2015 - 2025

## Baht Bond's Maturity Profile (Classified by Issuers)

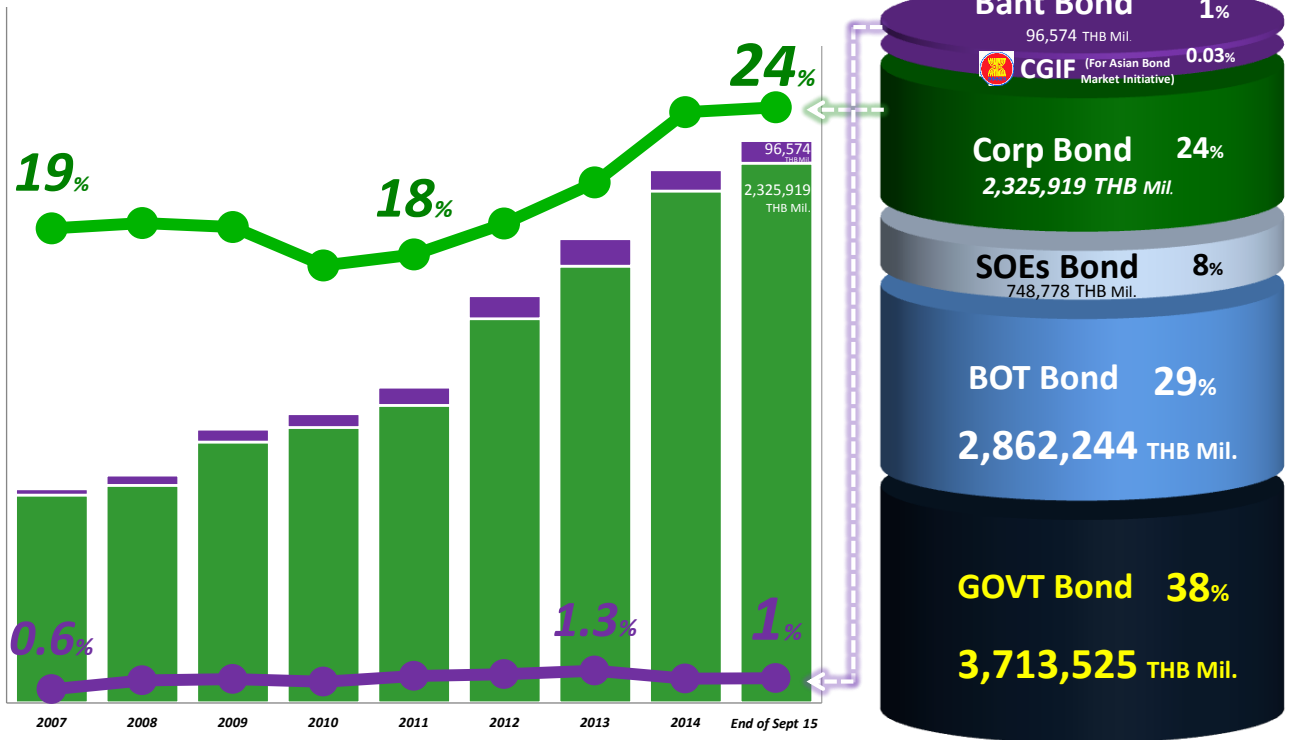


2007 - 2015

Growth of Corporate Bond Outstanding has Accelerated

- Baht Bond Outstanding
- Corporate Bond Outstanding
- % Share of Corporate Bond Outstanding to Bond Market Capitalization
- % Share of Baht Bond Outstanding to Bond Market Capitalization

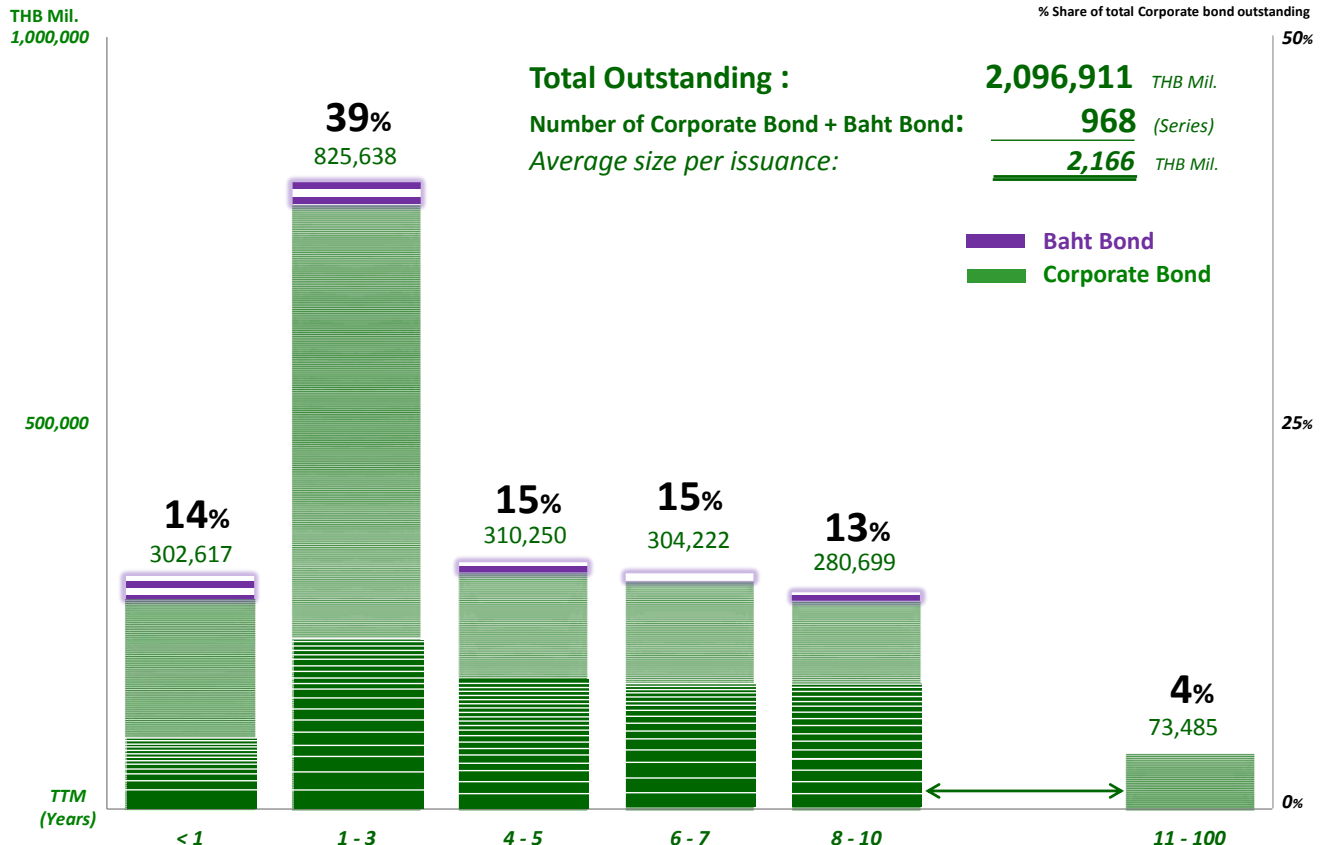
Total Outstanding 9,747,040 THB Mil.  
(at the end of September 2015)



Source : ThaiBMA (at the end of September 2015)

Corporate Bond & Baht Bond Outstanding (Classified by TTMs)

Average size per issuance: 2,166 THB Mil.



Source : ThaiBMA (at the end of September 2015)

Remark : Excluded Commercial Papers (less than 1 year at issue)

# Corporate Bond & Baht Bond Outstanding (Classified by Size)

**28%**  
are 4 Major Corporates



Issuer 1

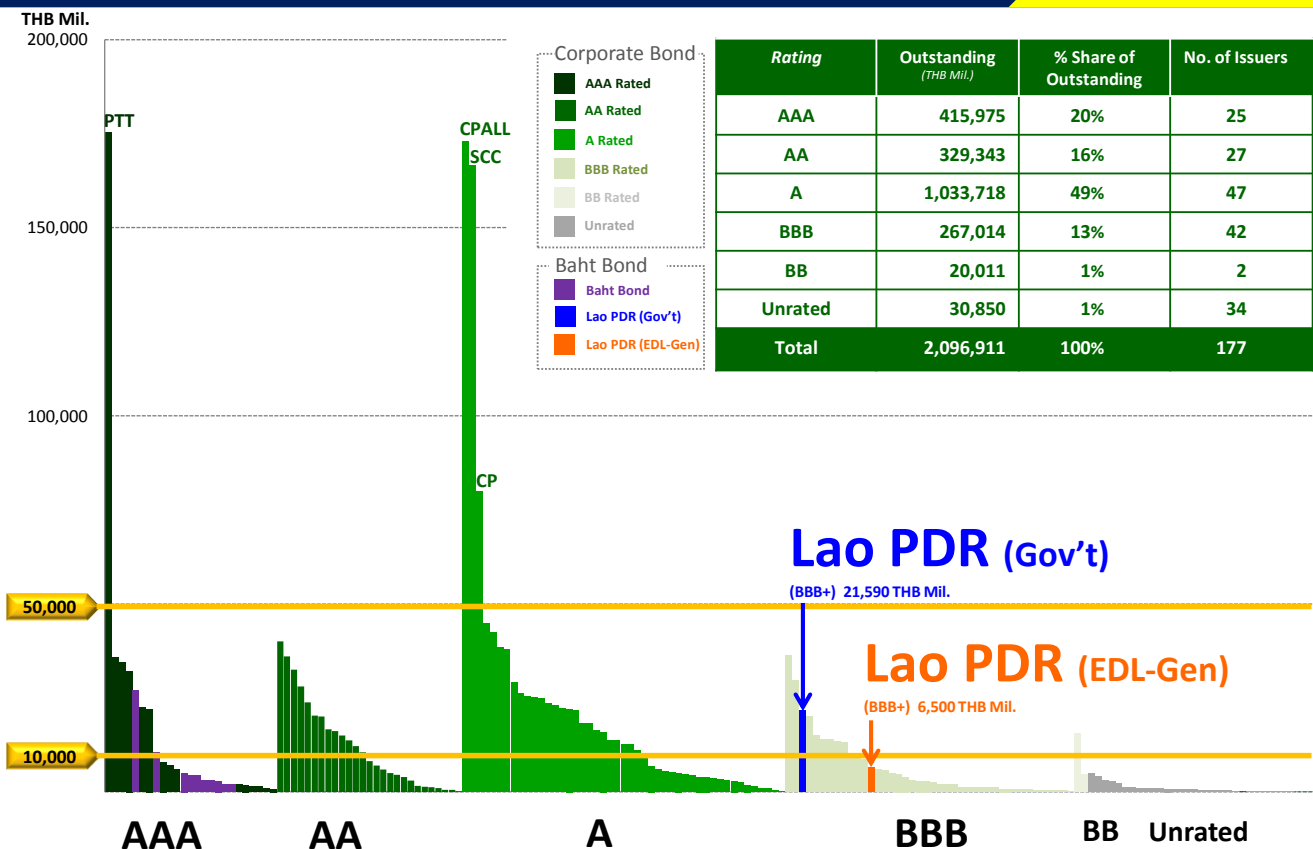
Issuer 177

Source : ThaiBMA (at the end of September 2015)

Remark : Excluded Commercial Papers (less than 1 year at issue)

# Corporate Bond & Baht Bond Outstanding (Classified by Credit Rating)

**49%** is A Rated

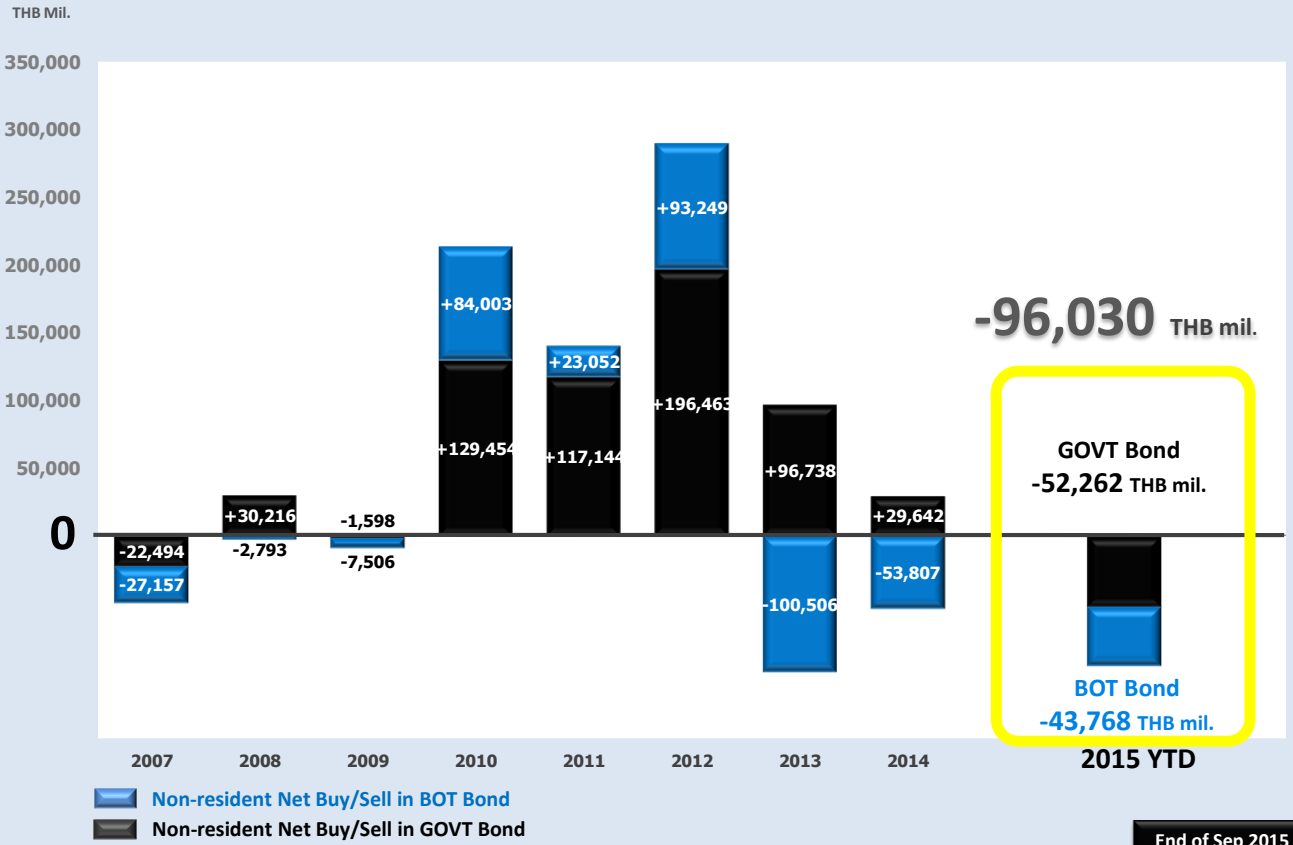


Source : ThaiBMA (at the end of September 2015)

Remark : Excluded Commercial Papers (less than 1 year at issue)

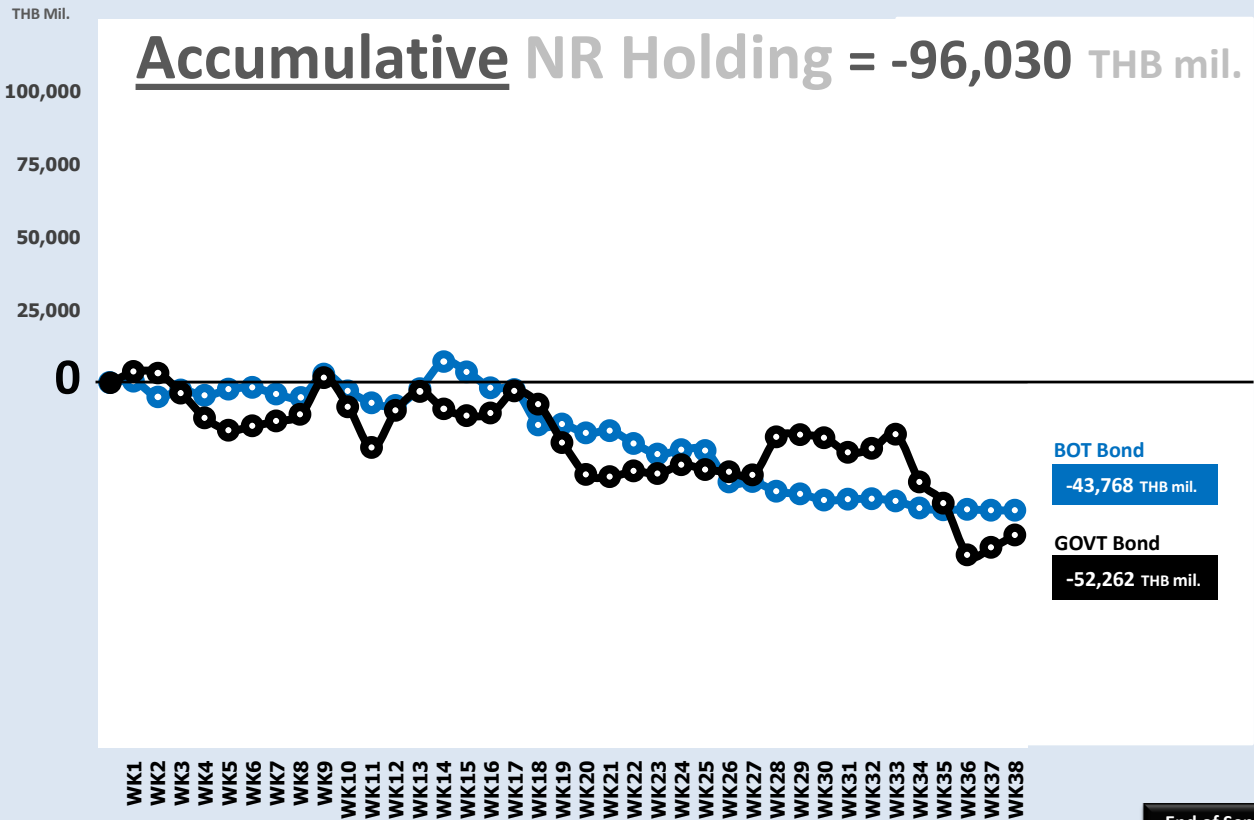
# Annual Capital Flow classified by GOVT & BOT Bond (2007 – 2015)

**-96,030 THB mil.**  
(2015YTD)



## 2015 Weekly (The past 38 weeks)

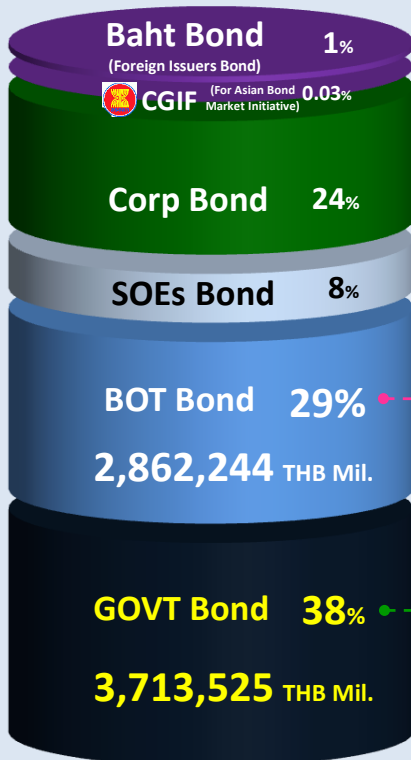
## Net Change in Non-resident Holding (YTD) BOT Bond vs GOVT Bond



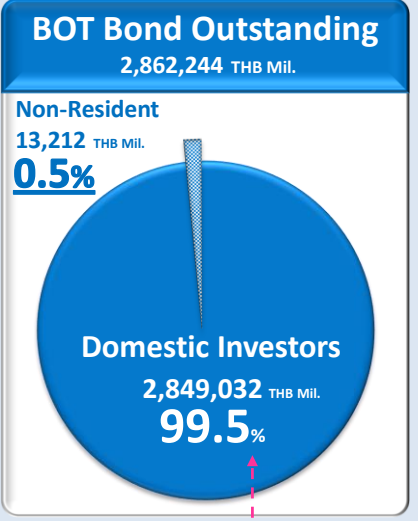
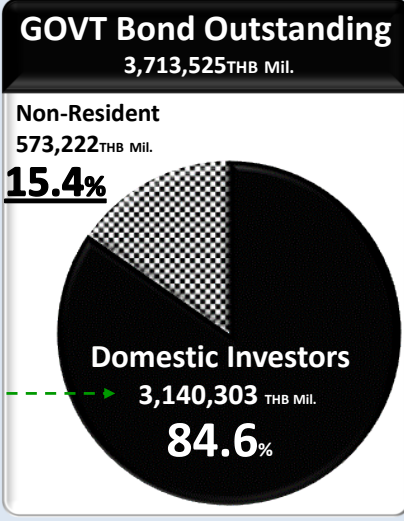
**2015 Outstanding**

**Non-Resident Holding in THB Bond = 587,197 THB Mil.**

Thai Bond Market Cap.  
=9,747,040 THB Mil.



Issuer	Non-Resident Holding (THB Million)	% Share of Thai Bond Market Cap.
GOVT Bond	573,222	5.88%
BOT Bond	13,212	0.13%
SOE Bond	-	-
Corp Bond	763	0.01%
<b>TOTAL</b>	<b>587,197</b>	<b>6.02%</b>



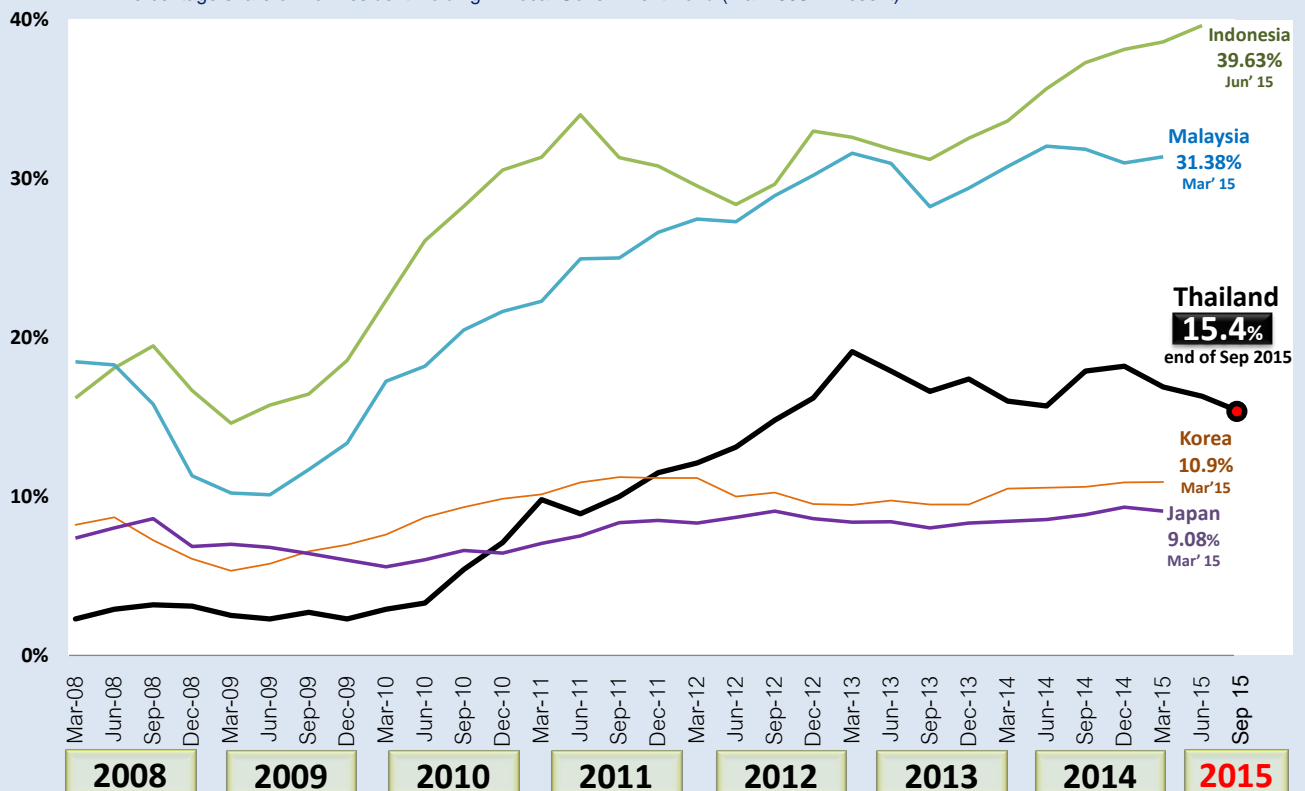
End of Sep 2015

**Peers Comparison**

Non-Resident Holding in Thai GOVT Bond is 573,222 THB mil.

or **15.4%** of Total GOVT Bond Outstanding

Percentage share of Non-resident Holding in Local Government Bond (Mar 2008 - Present)



Source : AsianBondsOnline, ThaiBMA

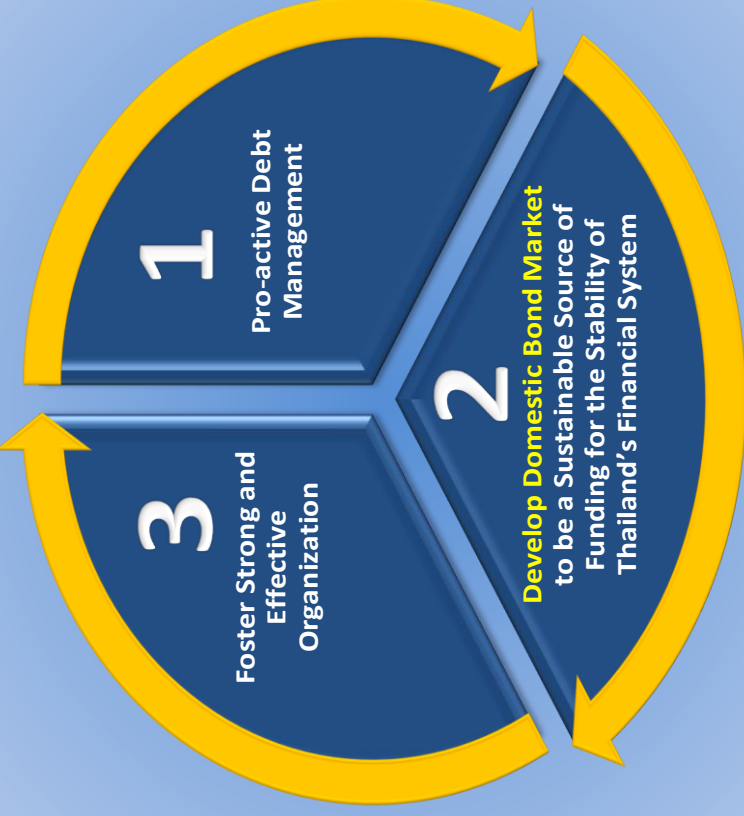
End of Sep 2015



**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

### Bond Market Advisor

**Wisut Chanmanee**  
Bond Market Advisor

# Director-General

**Suwit Rojanavanich**

### Public Debt Advisor

**Ace Viboolcharern**  
Public Debt Advisor

### Deputy Director-General

**Theeraj Athanavanich**

### Deputy Director-General

**Sirasa Kanpittaya**

### Internal Audit Group

### Public Sector Development Group

### Legal Advisory Group

### Information Technology Center

### Risk Management Group

### Debt Management Bureau 1

**Teeralak Sangsrit**  
Executive Director

### Debt Management Bureau 2

**Teeralak Sangsrit**  
Executive Director

### Policy and Planning Bureau

**Suneek Eksomtramate**  
Executive Director

### Bond Market Development Bureau

**Pimpen Ladpli**  
Executive Director

### Public Infrastructure Project Financing Bureau

**Jindarat Viriyataveekul**  
Executive Director

### Public Infrastructure Project Management and Evaluation Bureau

**Jindarat Viriyataveekul**  
Acting Executive Director

### Payment Administration Bureau

**Office of the Secretary**  
**Ekaraj Khuankhunsathid**  
Secretary



### Senior Expert on Bond Market Development

**Nattakarn Boonsri, Acting Senior Expert**

- Front Office
- Middle Office
- Back Office
- Support Office



### Government Bond Market Development Division

**Nattakarn Boonsri, Director**



Economist

**Nantachod Samarnwong**



Economist

**Sittan Sathianphattanakool**



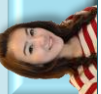
### Fund Management and Bond Market Infrastructure Development Division

**Paroche Hutachareon, Director**



Economist

**Phimonphan Tanwattana**



Economist

**Wanthane Phongam**



### International Bond Market Policy Division

**Nakarin Prompat, Acting Director**



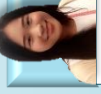
Economist

**Phacharaporn Khotnarin**



### Financial Product Development Division

**Sophida Sritomya, Director**



Economist

**Chanikarn Chaiyasena**



### For Further Information :

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Executive Director of Bond Market Development Bureau

**Nattakarn Boonsri**                [nattakarn@pdmo.go.th](mailto:nattakarn@pdmo.go.th)  
Director of Government Bond Market Development Division  
Acting Senior Expert on Bond Market Development

**Sophida Sritomya**                [sophida@pdmo.go.th](mailto:sophida@pdmo.go.th)  
Director of Financial Product Development Division

**Paroche Hutachareon**            [paroche@pdmo.go.th](mailto:paroche@pdmo.go.th)  
Director of Fund Management and Bond Market Infrastructure Development Division

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