



May 2012

Linking CGIF & BAHT BOND to the Development of Bond Market

- A. Credit Guarantee and Investment Facility (CGIF)
- B. Baht – Denominated Bond in Thailand (Baht Bond)

Public Debt Restructuring and Domestic Bond Market Development Fund (PDDF) : An Overview

- A. PDDF Vision and Objective
- B. Organization Chart
- C. PDMO & PDDF Workflow
- D. PDDF Milestone and Investment Performance
- E. Looking Forward

Domestic Bond Market Development

- A. Evolution of Bond Market Development (1995 – Present)
- B. Building up of Benchmark Bond (FY2007 - FY2012)
- C. Bond Supply FY2012 + Funding Needs FY2012 - FY2015
- D. Well-Developed Bond Market Improved Government Debt Profile Dramatically



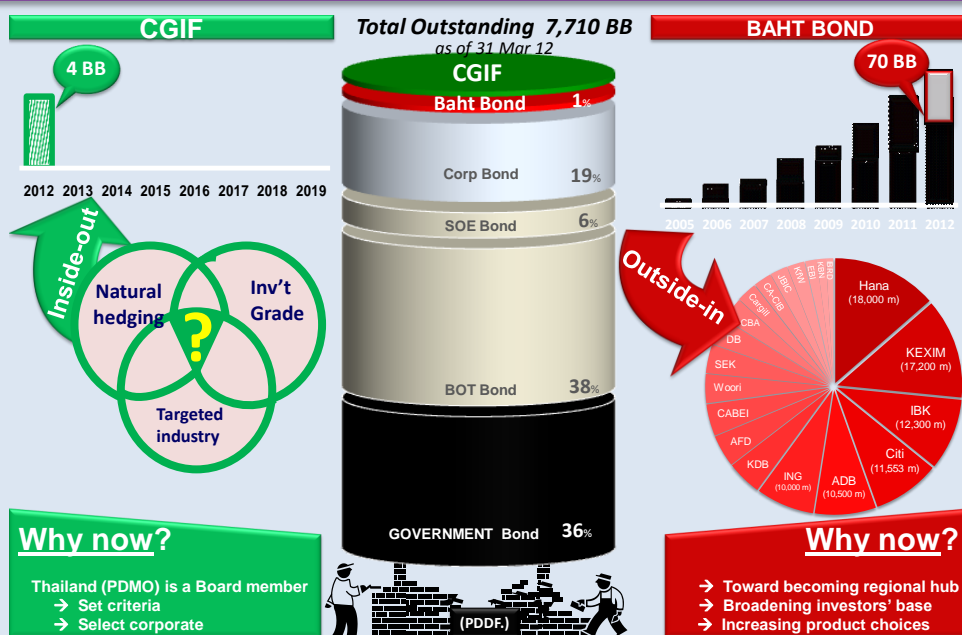
Linking CGIF & BAHT BOND to the Development of Bond Market

A. Credit Guarantee and Investment Facility (CGIF)

- Objectives / Benefits
- Functions
- Why now? What's next?

B. Baht – Denominated Bond in Thailand (Baht Bond)

- Objectives / Benefits / Trade – off
- Baht Bond Application Process
- The Progress of Baht Bond Issuance and Rate of Approval





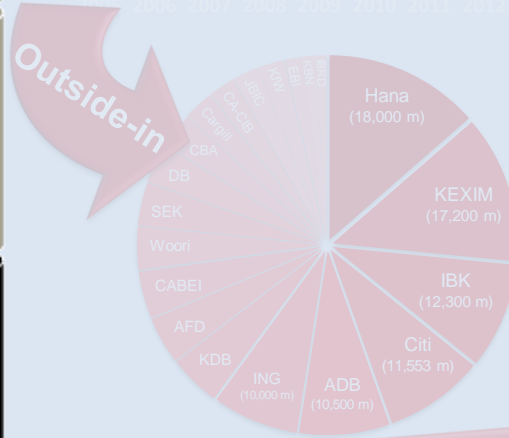
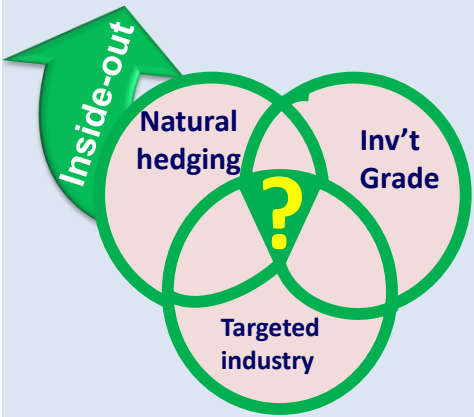
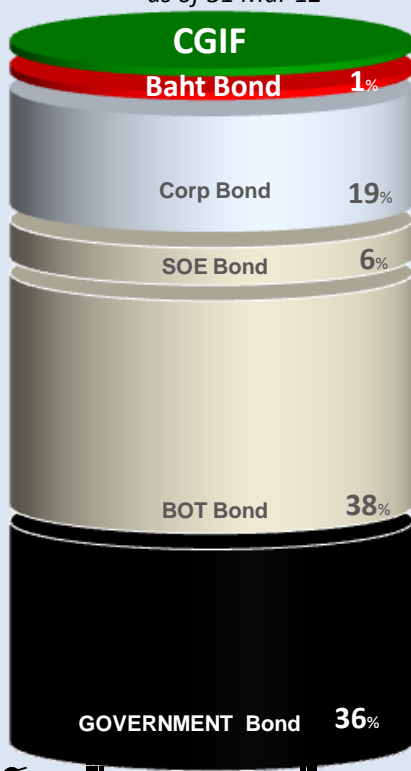
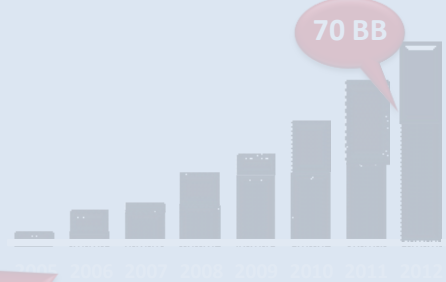
Linking CGIF & BAHT BOND to the Development of Bond Market

Bond Market Development Bureau, Public Debt Management Office

CGIF

Total Outstanding 7,710 BB
as of 31 Mar 12

BAHT BOND



Why now?

Thailand (PDMO) is a Board member

- Set criteria
- Select corporate

Why now?

- Toward becoming regional hub
- Broadening investors' base
- Increasing product choices





What is Asian Bond Market Initiative (ABMI) : How it relates to CGIF?

Bond Market Development Bureau, Public Debt Management Office

Task Force I

★ Thailand
China

SUPPLY

Q2-09 : ASEAN + 3 discussion to establish CGIF to facilitate corporate local currency bond issuance within the region
Q4-10 : CGIF Establishment
Q3-12 : Fully operate ★

Task Force II
Singapore
Japan

DEMAND

Q4-04 : Establish Asian Bonds Online Website
Q4-11 : Asian Bond Markets Summit

Task Force III
Malaysia
Japan

REGULATION

Q4-04 : Establish ASEAN Bond Market Forum
Q4-11 : Idea to establish Regional Bond Association

Task Force IV
Philippines
South Korea

INFRASTRUCTURE

Q2-11 : Working Group hired Clearstream to conduct a study of regional linkage on regional Clearing & Settlement System



Objectives

- 1) To develop deep and liquid local currency and regional bond markets
- 2) To enable investment-grade ASEAN+3 issuers to access local currency bond markets and to promote the issuance of debt securities with longer term maturities to match the gestation of investment projects



Benefits

- ✓ An issuer's cost saving
- ✓ An efficient fund raising and a conformity with financial requirement of the business
- ✓ A reduction of currency & Maturity Mismatch



Functions of CGIF

- 1) Guaranteeing bonds that are denominated in local currencies and issued by ASEAN+3 entities rated investment-grade
- 2) Guaranteeing bonds that are not denominated in local currencies and issued by ASEAN+3 entities rated investment-grade, provided the entities concerned are naturally hedged in such currency
- 3) Making investments for the development of the bond markets (no such investments shall be made until after the Meeting of Contributors has determined that CGIF is in a position to commence such operations); and
- 4) Undertaking such other activities and providing such other services consistent with CGIF objectives



Prudential Limits

Bond Market Development Bureau, Public Debt Management Office

4,200 Mill. Baht

Country Exposure Limit :

Within 20 of its capital ~ \$140m

Currency Exposure Limit :

Within 40 of its capital ~ \$280m

Sector Exposure Limit* :

Within 30 of country exposure ~ \$42m

- | | |
|--|------------------------|
| 1. Agriculture and primary products | 8. High tech |
| 2. Aerospace/automobile/capital goods/metal | 9. Insurance |
| 3. Consumer/service sector | 10. Leisure time/media |
| 4. Energy and natural resources | 11. Real Estate |
| 5. Financial Institutions | 12. Telecommunications |
| 6. Forest and building products/homebuilders | 13. Transportation |
| 7. Healthcare/chemicals | 14. Utility |

* To be effected when CGIF's initial capital is increased or the maximum leverage ratio is raised by the Meeting of Contributors as per OP 208 and 209

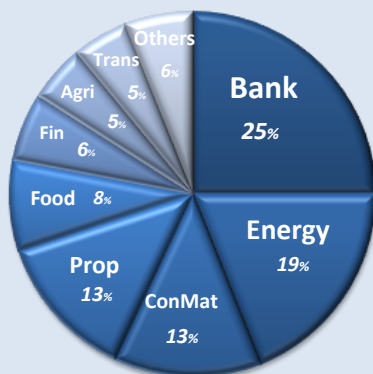


Current Corporate Bond Market

- Potential Target Market
- Expected Cost Reduction

Bond Market Development Bureau, Public Debt Management Office

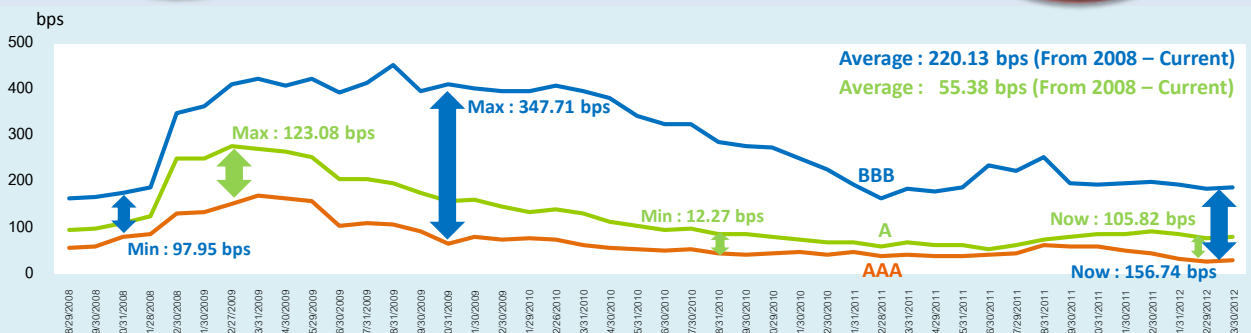
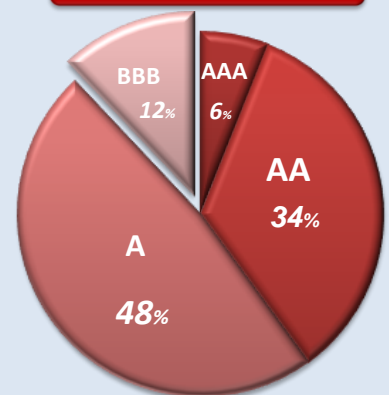
By Business Sector



Thai Corporate Bond
(Issued during Jan 2011 – Mar 2012)
393,221.70 THB mln.

- ✓ Target Industry
- ✓ rating ≥ BBB
- Cost Saving
- Currency Matching

By Rating



Note: Excluding corporate bond with less than 1-yr issue term

(As of 31 March 2012) Source: Thai BMA



Establishment of CGIF : Contributors and Board of Directors

Bond Market Development Bureau, Public Debt Management Office

	Fund Contribution (Million USD)	Board of Directors (3-year term)
ASEAN 10	70	1
	200	2
	200	2
	100	1
ADB Trustee	130	1
	700	7 (+1 CEO)

Thailand (2010-2013)

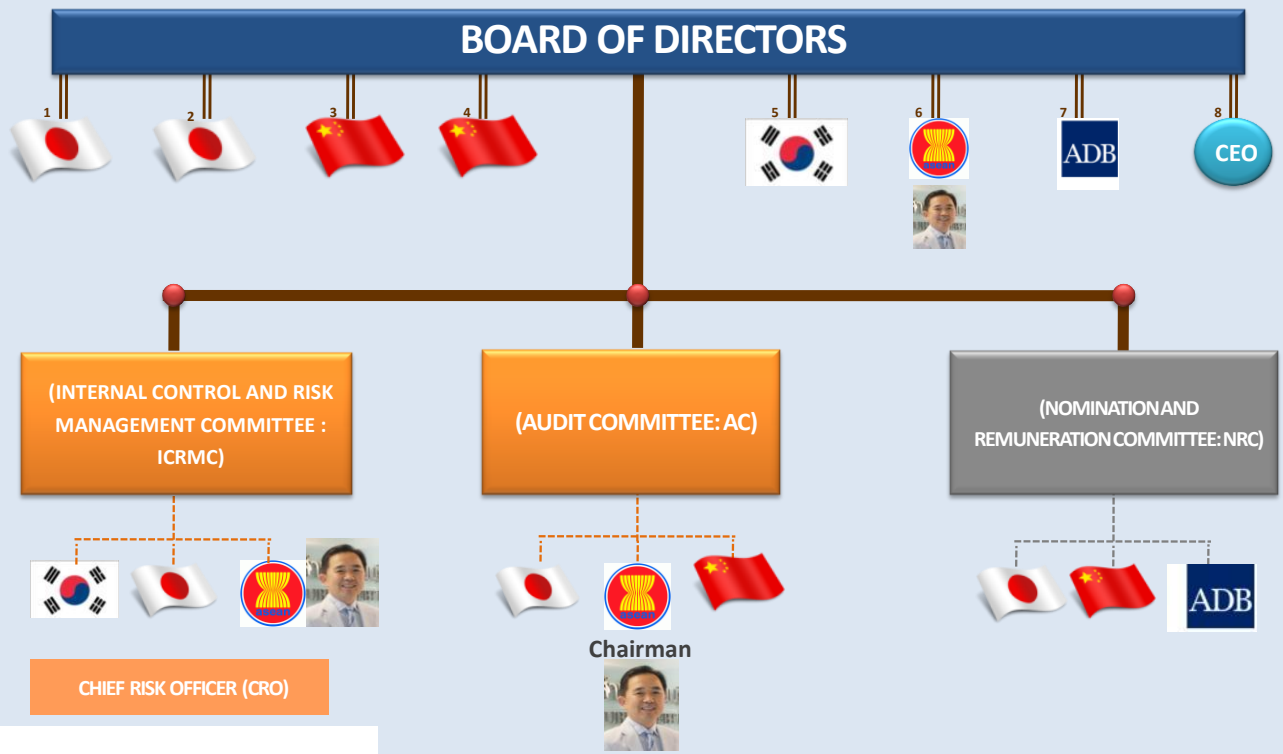
Rotation of ASEAN 10 : 1. Thailand Indonesia Malaysia Philippines and Singapore (3-year term)
2. Brunei Cambodia Laos Myanmar and Vietnam (3-year term)



ASEAN by PDMO (Thailand) sits on 3 of board seats

Organizational Structure

Bond Market Development Bureau, Public Debt Management Office



(GUARANTEE AND INVESTMENT COMMITTEE)

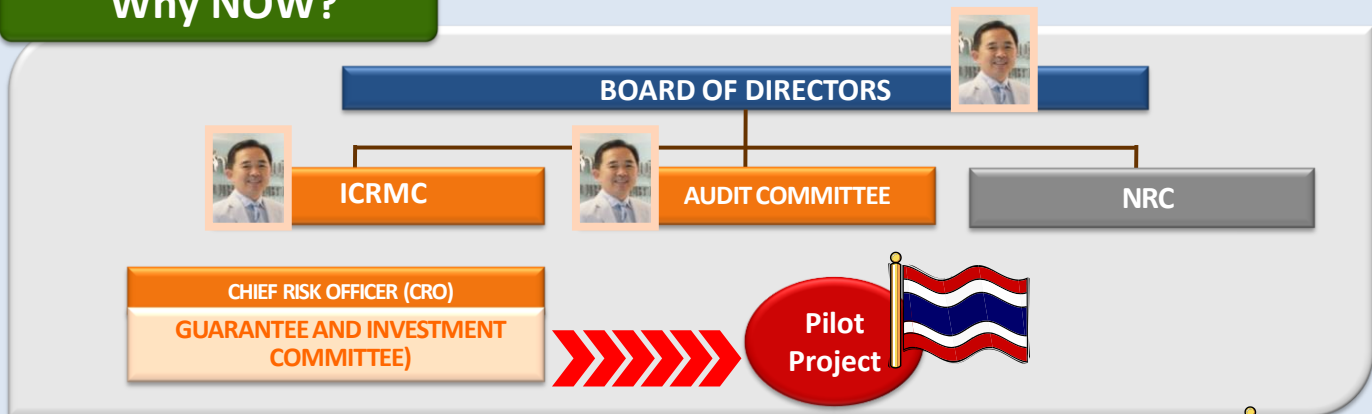




CGIF : Why NOW? What's NEXT?

Bond Market Development Bureau, Public Debt Management Office

Why NOW?



What's NEXT?





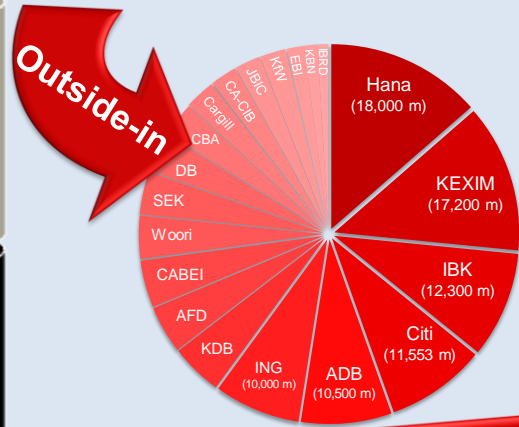
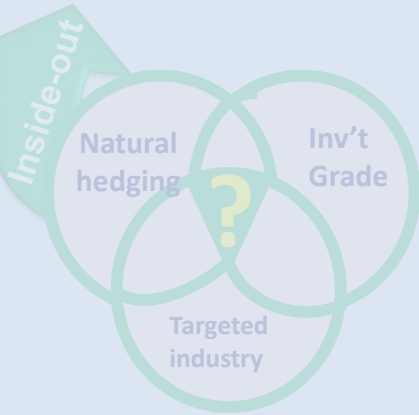
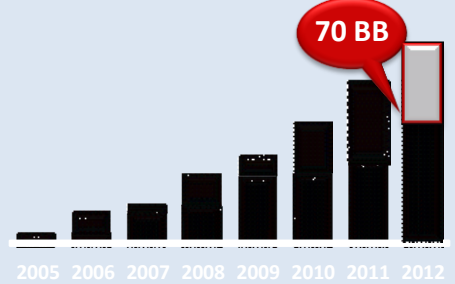
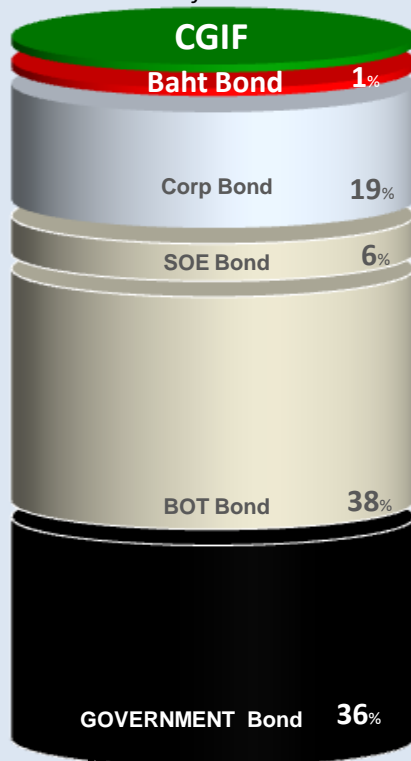
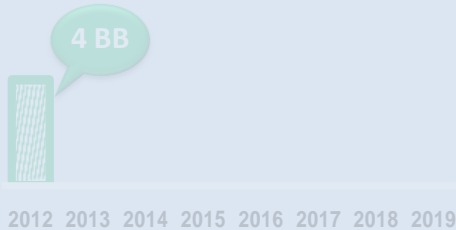
Linking CGIF & BAHT BOND to the Development of Bond Market

Bond Market Development Bureau, Public Debt Management Office

CGIF

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as of 31 Mar 12

BAHT BOND



Why now?

- Thailand (PDMO) is a Board member
- Set criteria
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Why now?

- Toward becoming regional hub
- Broadening investors' base
- Increasing product choices



Baht – Denominated Bond in Thailand (Baht Bond)

Bond Market Development Bureau, Public Debt Management Office

OBJECTIVES

- To develop domestic bond market by increasing the proportion of foreign issuers and variety of products.
- To provide the opportunity for domestic investors to invest in a good quality bond

BENEFITS

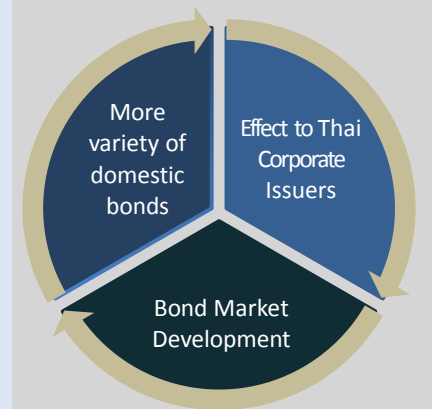
INVESTORS

- To diversify source of investment
- To reduce FX risk from the investment in foreign bonds

ISSUERS

- To diversify the portfolio
- To reduce the FX risk in THB currency (for foreign investors who would like to raise fund for investment in Thailand)

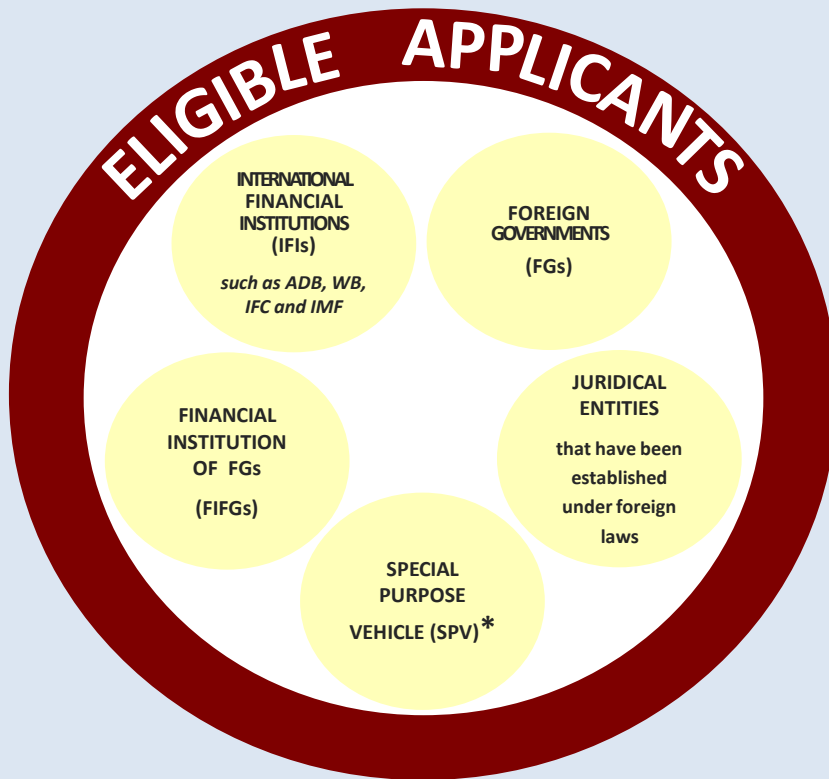
TRADE - OFF





Eligible Applicants for Baht Bond

Bond Market Development Bureau, Public Debt Management Office

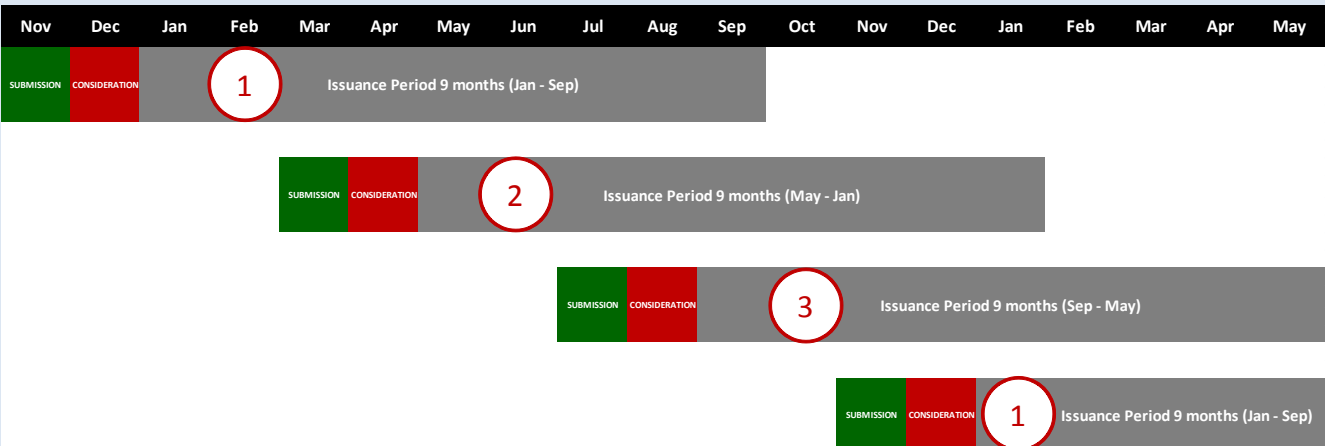


* Remark: Special Purpose Vehicle (SPV) is established for the purpose of the securitization in which the originator is foreign government agency or organization and/or foreign juridical person.



Timeline for Baht Bond Application Process

Bond Market Development Bureau, Public Debt Management Office



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

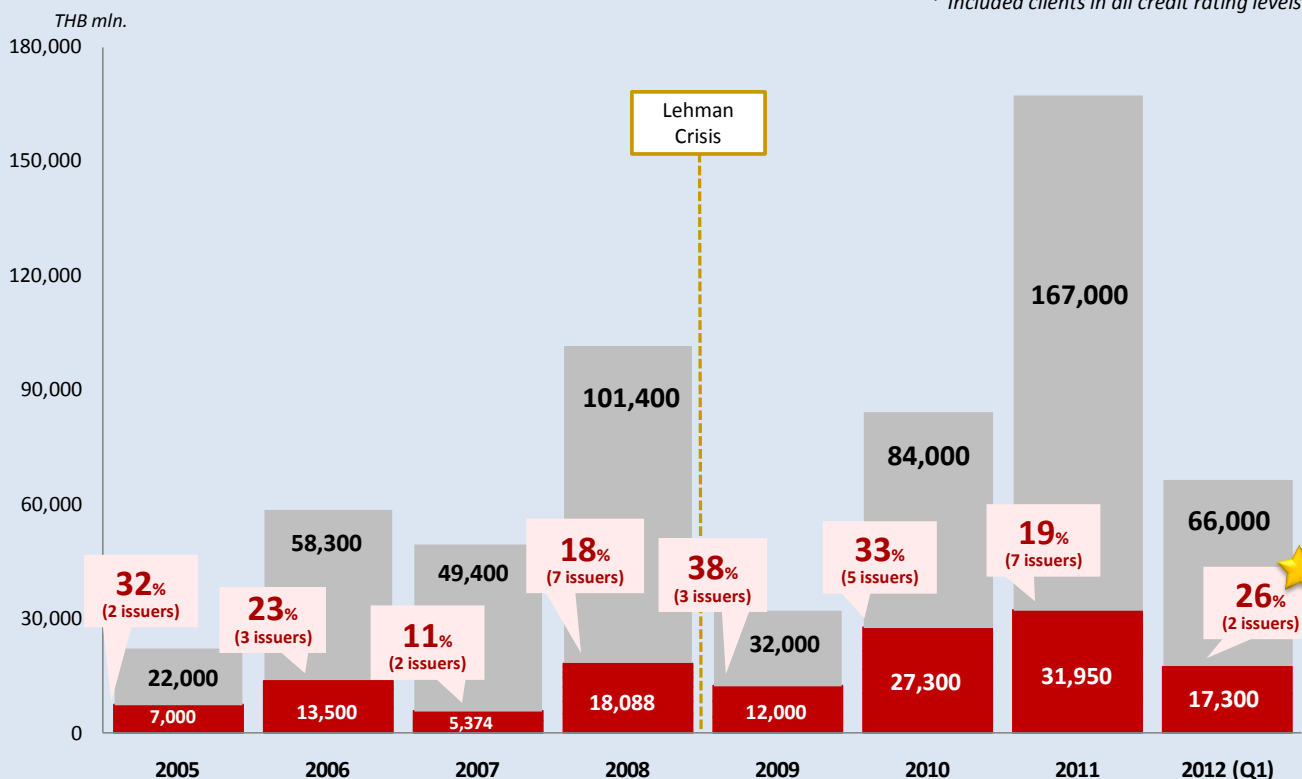
* The approval period is based on the fiscal period under Thai government law (October – September)



The Progress of Baht Bond Issuance and Rate of Approval

Already reached the target of 15,000 THB mln. (as the minimum) within the first 3 months of year 2012

Bond Market Development Bureau, Public Debt Management Office



Remark: The classification is based on the approval period.

As of May 1, 2012

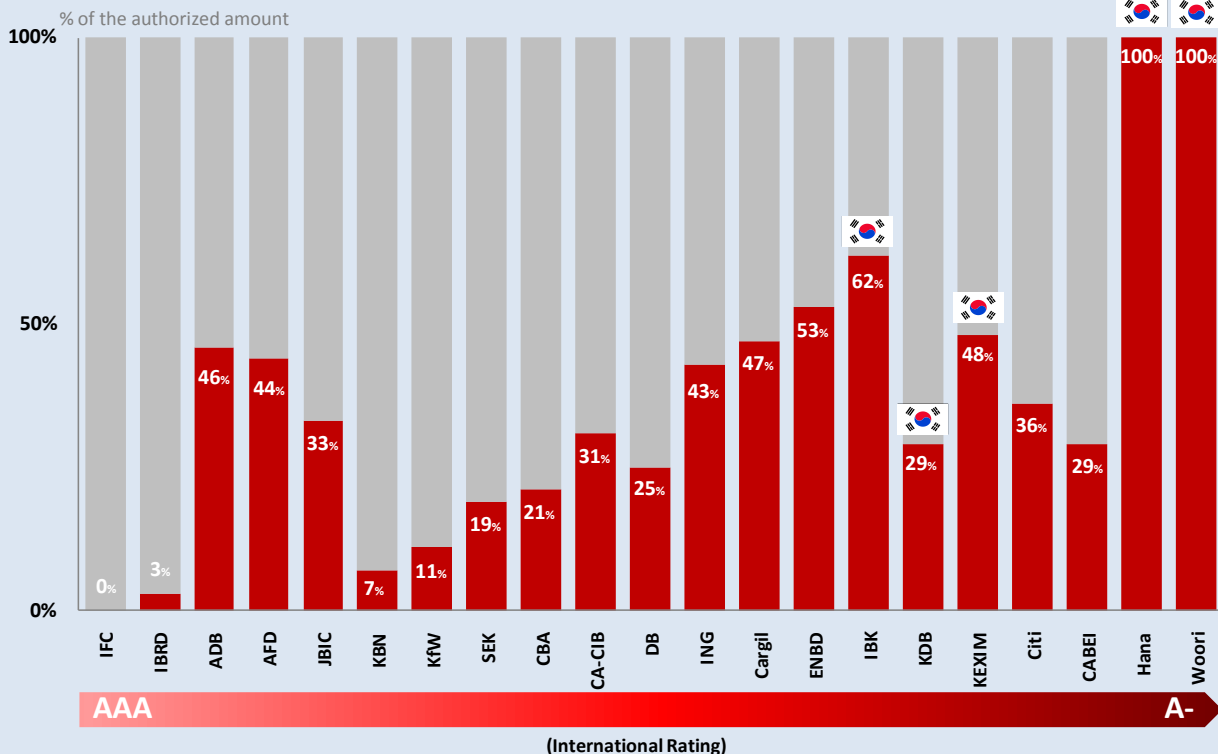


Baht Bond Issuance By Rating

- International Credit Rating has "negative relationship" with Baht Bond issuance
- Korean issuers are the majority of Baht Bond issuance (by amount)

Bond Market Development Bureau, Public Debt Management Office

The Percentage of Baht Bond Issuance (By International Rating)



Remarks: 44% of the total issued amount is issued by Korean issuers.

As of April 4, 2012



Development Direction of Baht Bond

- To Enhance Our Cooperation
- To Achieve Our Missions

Bond Market Development Bureau, Public Debt Management Office

To Enhance our cooperation : 2012



Deregulation of Swap Obligation



Extension of Approval Period



- Facilitating issuers & investors in Baht Bond
- Providing market updates in one-on-one meetings



To Achieve our missions : 2015

2004 - 2011

2012 - 2015



Issued amount (per year)

between 5,000 – 27,000 MB

minimum 15,000 MB



Number of issuers (per year)

between 2 – 6 clients

minimum 4 clients



Outstanding size

(% share of BOND market capitalization)

1%

3%



Co-operation within PDMO

Bond Market Development Bureau, Public Debt Management Office

Debt Management 2 Bureau

Bond Market Development Bureau

Policy and Planning Bureau

Law

1

Government Bond Market Development Division

2

Fund Management and Bond Market Infrastructure Development Division

3

International Bond Market Policy Division

Baht Bond

CGIF

- Credit Rating
- IFIs (ADB, World Bank)

• Legal Advisor

• Legal Advisor

• SOEs (THAI, BAAC, EGAT, PEA)



Public Debt Restructuring and Domestic Bond Market Development Fund (PDDF) : An Overview

A. PDDF Vision and Objective

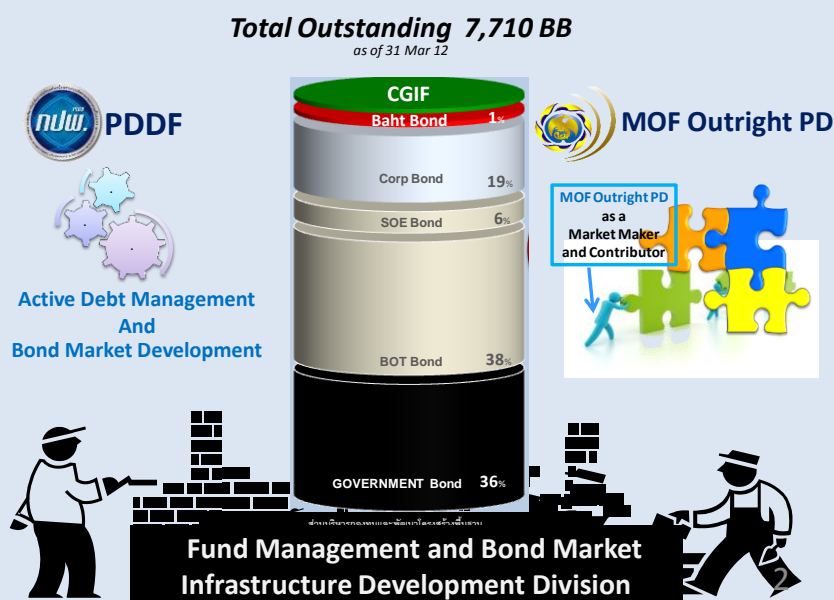
B. Organization Chart

C. PDMO & PDDF Workflow

D. PDDF Milestone and Investment Performance

- 1st period LB11NA (31th Oct – 29th Nov 2011)
- 2nd period SB129A (4th Nov 2011 – 31th Aug 2012)

E. Looking Forward





PDDF Vision and Objective

Bond Market Development Bureau, Public Debt Management Office



**“Being Professional Asset Management Organization
To Support Sustainable Public Debt Management
and Bond Market Development”**

1. To efficiently and effectively manage proceeds from debt restructuring (Section 24/1) and issuance for bond market development (Section 25/1).

2. To minimize government cost of borrowing and default risk

3. To support sustainable bond market development



Public Debt Management Act Amendment B.E. 2551 : 1) Pre-funding & 2) Issuance for bond market development

Bond Market Development Bureau, Public Debt Management Office

1

Debt Restructuring Section 24/1

- In a case that the amount of maturing debt is considered to be too large and / or inappropriate to be refinanced in one time on the same date,
- MoF is allowed to Pre-fund the maturing debt one year in advance.

2

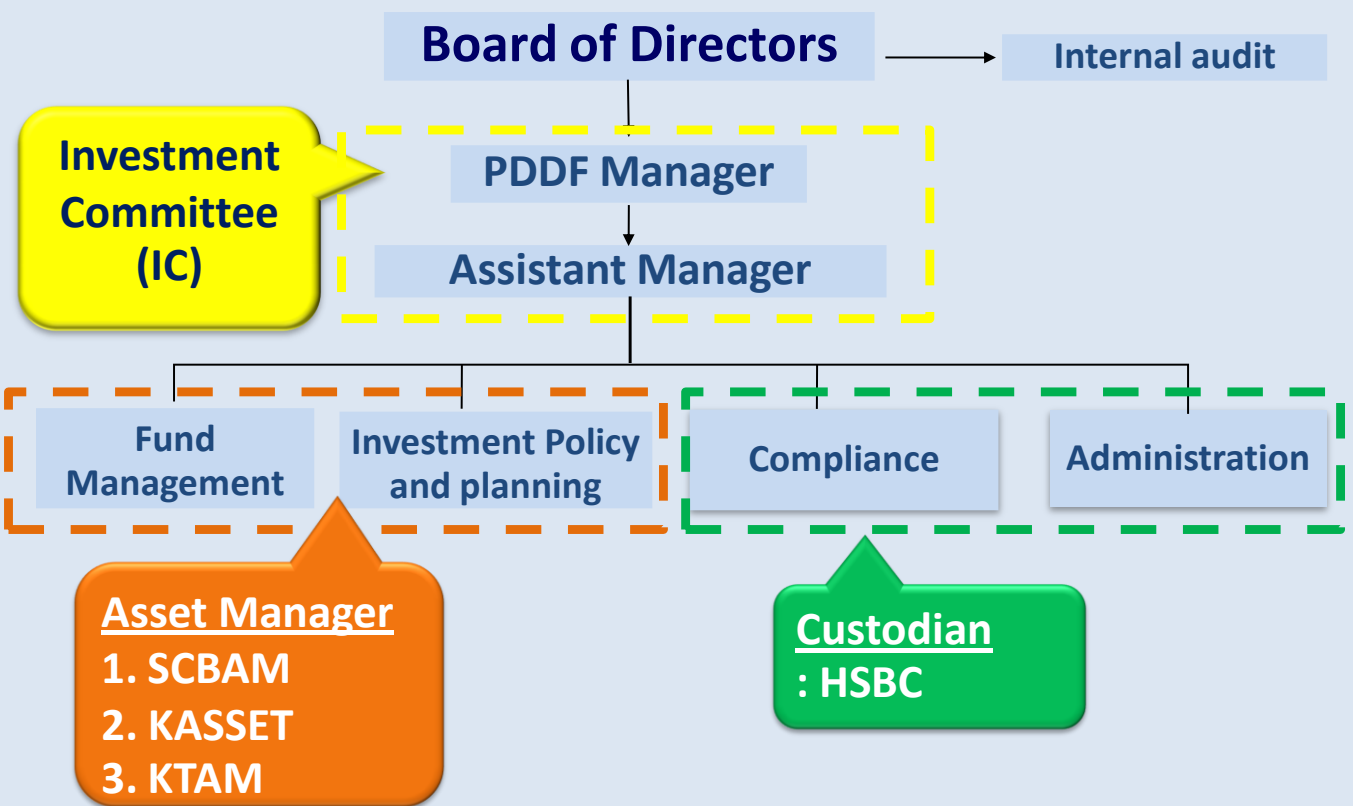
Bond Market Development Section 25/1

- In a case where the amount of borrowing required is considered to be insufficient for bond market development (e.g. balanced budget)
- MoF can borrow for the purpose of bond market development through the issuance of benchmark bonds



Organization Chart

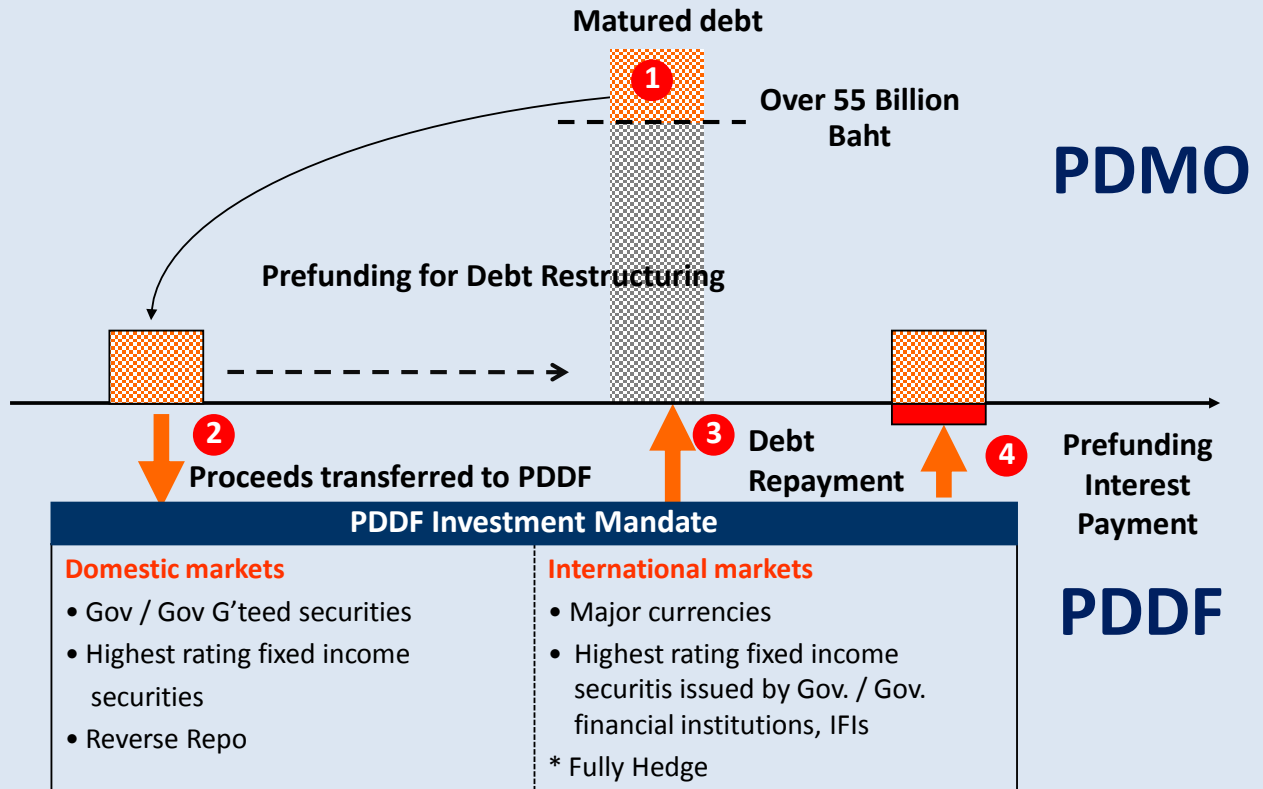
Bond Market Development Bureau, Public Debt Management Office





PDMO and PDDF Workflow

Bond Market Development Bureau, Public Debt Management Office



Investment Mandate

Bond Market Development Bureau, Public Debt Management Office

Allocation	Investment Universe
<p>Safe Asset</p> <p>>= 60 %</p>	<p><u>Domestic Markets</u></p> <ul style="list-style-type: none"> Fixed Income securities Issued and/or guaranteed by MOF Reverse Repo (MoF's securities as collateral) <p><u>International Markets</u></p> <ul style="list-style-type: none"> Fixed Income securities issued and/or guaranteed by government's financial Institutions & IFIs Highest ratings and major currency * Fully Hedge
<p>Other</p> <p><= 40 %</p>	<ul style="list-style-type: none"> Other Fixed Income Securities (Corporate, SOEs) with highest rating

Deposit <= 10% of fund NAV



PDDF Milestone

Bond Market Development Bureau, Public Debt Management Office

- Selected and appointed **3 asset managers**: KASSET, KTAM and SCBAM
- Selected and appointed **1 global custodian** : HSBC
- Negotiated and signed GMRA & ISDA **with 5 counterparties** : KBANK, SCB, KTB, HSBC, SCBT
- Set up **investment operating and monitoring system**
- Successfully **managed prefunding proceeds** for LB11NA restructuring in Nov 2011





Investment Performance: 1st period LB11NA Restructuring

Bond Market Development Bureau, Public Debt Management Office

• 31 Oct 2011

- PDMO prefunded for LB11NA restructuring
 - **39 Billion Baht (P/N 5.5 yr, 3.69%)**
- Equally allocated proceeds to PDDF's fund manager



• 29 Nov 2011 (total 29 days)

- PDDF total return **106.8 Million Baht (3.4473%)**
- PDDF transferred principle and return to PDMO
 - **Principal 39,000,000,000.00 Baht** ➤ LB11NA repayment
 - **Return 106,502,097.06 Baht** ➤ Prefunding Interest payment



Investment Performance: 2nd period SB129A Restructuring

Bond Market Development Bureau, Public Debt Management Office

• 4 Nov 2011 – 31 Aug 2012 (total 301 days)

- PDMO prefunded for SB129A restructuring
 - **Total 154 Billion Baht**
- Proceeds transferred to PDDF as of 31 March 2012
 - **80.443 Billion Baht**
- Equally allocated proceeds to PDDF's fund manager



• As of 31 Mar 2012

- **NAV 81.05 Billion Baht (3.42%)**

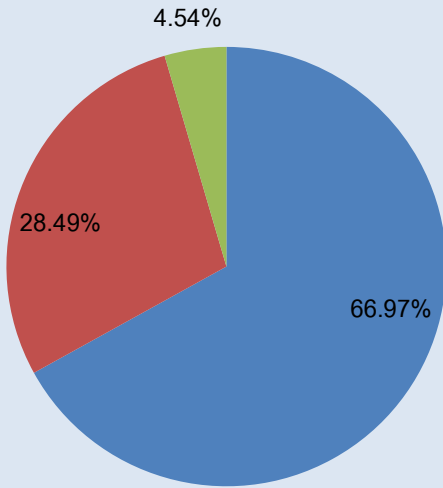


Investment Strategy

Bond Market Development Bureau, Public Debt Management Office

1st Period : LB11NA

31th Oct – 29th Nov 2011

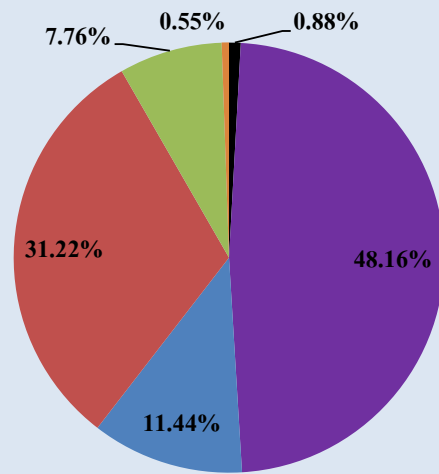


- Gov/Gov G'teed
- International FI securities
- Reverse Repo

2nd period : SB129A

4th Nov 2011 – 31th Aug 2012

as of 31 Mar 12



- Highest rating FI securities
- Deposit
- Hedging



The roles of PDDF in supporting Bond Market Development

Bond Market Development Bureau, Public Debt Management Office

Primary Market

- Increase short-term liquidity
- Constant supply of government securities
- Financial institution and private sector have more alternative sources for short-term fund raising

Secondary market

- Increase turnover of government bond and corporate bond
- Promote Private Repo operation



Looking Forward

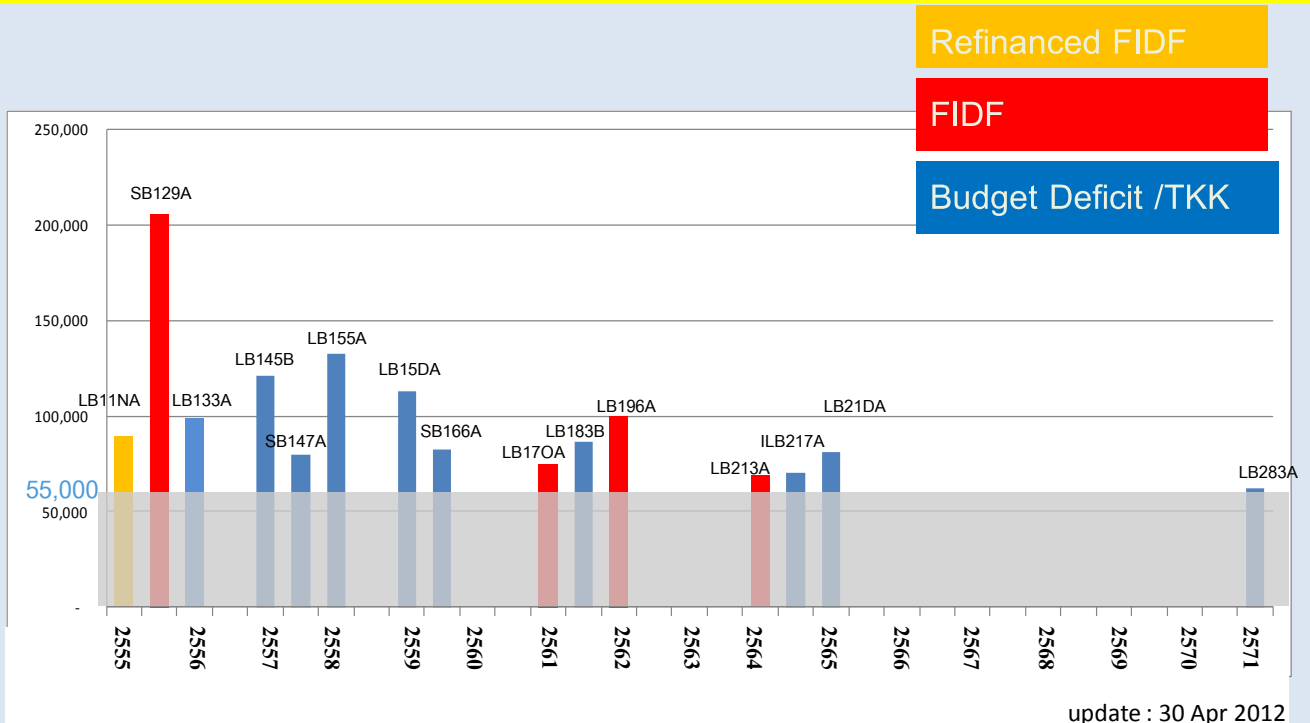
Bond Market Development Bureau, Public Debt Management Office

- **Continuous investment management and monitoring**
 - Estimated prefunding 30-100 Billion Baht per year
- **Public Debt Management Act amendment**
 - To enable more effective and efficient investment of PDDF
- **Preparation for bond market development borrowing**
 - To support PDMO in continuously promoting domestic bond market
- **Capacity building**
 - Human resource and technology



Maturity Profile of Outstanding Debt amount over 55 Billion baht

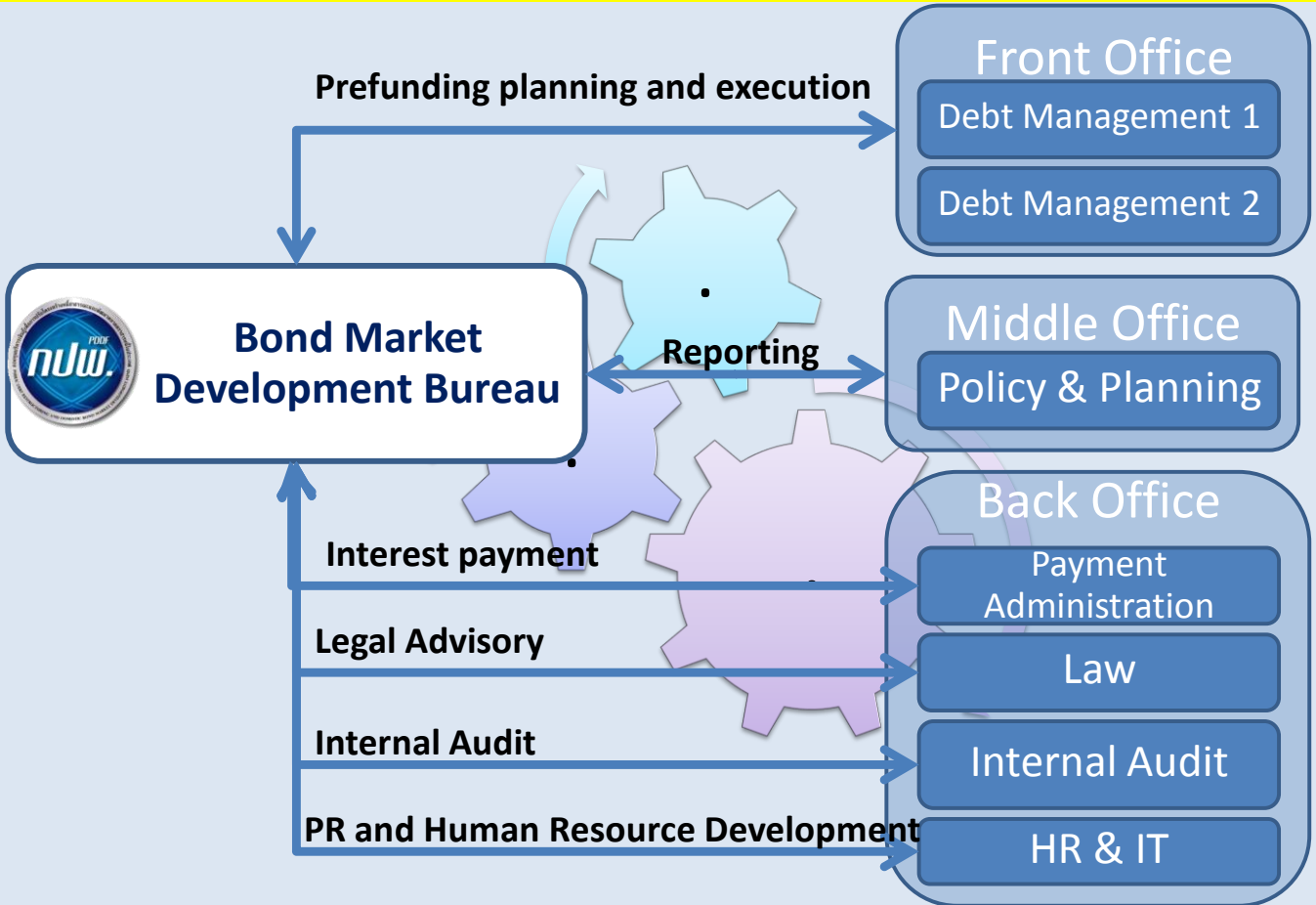
Bond Market Development Bureau, Public Debt Management Office





PDMO and PDDF toward Active Debt Management

Bond Market Development Bureau, Public Debt Management Office





Domestic Bond Market Development

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

- Innovation of Government Debt Securities
- Equilibrium of Thai Bond Market

B. Building up of Benchmark Bond (FY2007 - FY2012)

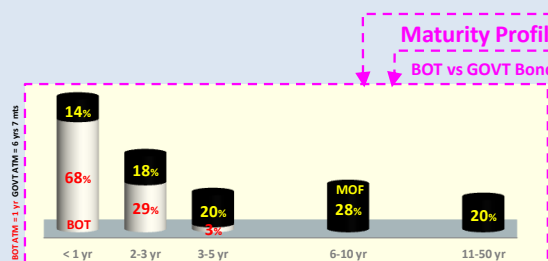
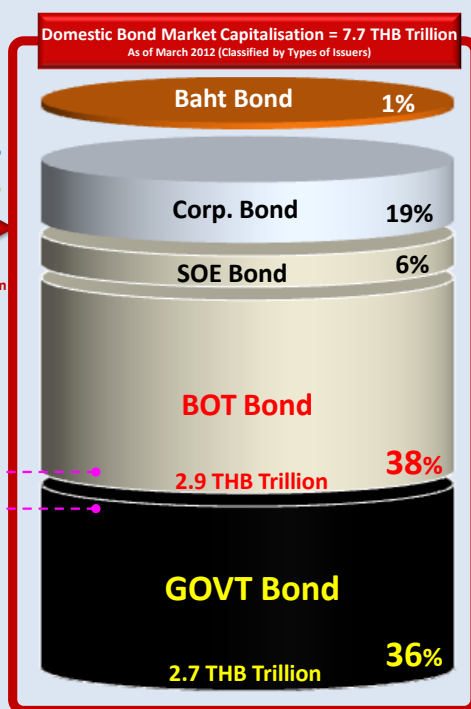
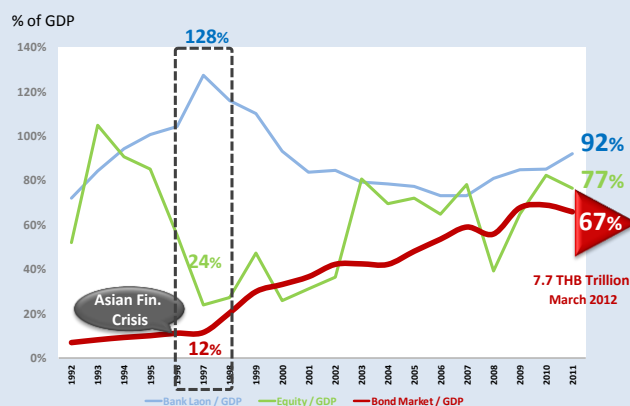
- Revised the Strategy of Benchmark Bond Issuance
- Commitment of Bond Supply
- FY 2012 Market's Favorite Benchmark Bond

C. Bond Supply FY2012 + Funding Needs FY2012 - FY2015

D. Well-Developed Bond Market Improved Government Debt Profile Dramatically

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

Thai Bond Market Has Grown Strongly for More Than a Decade





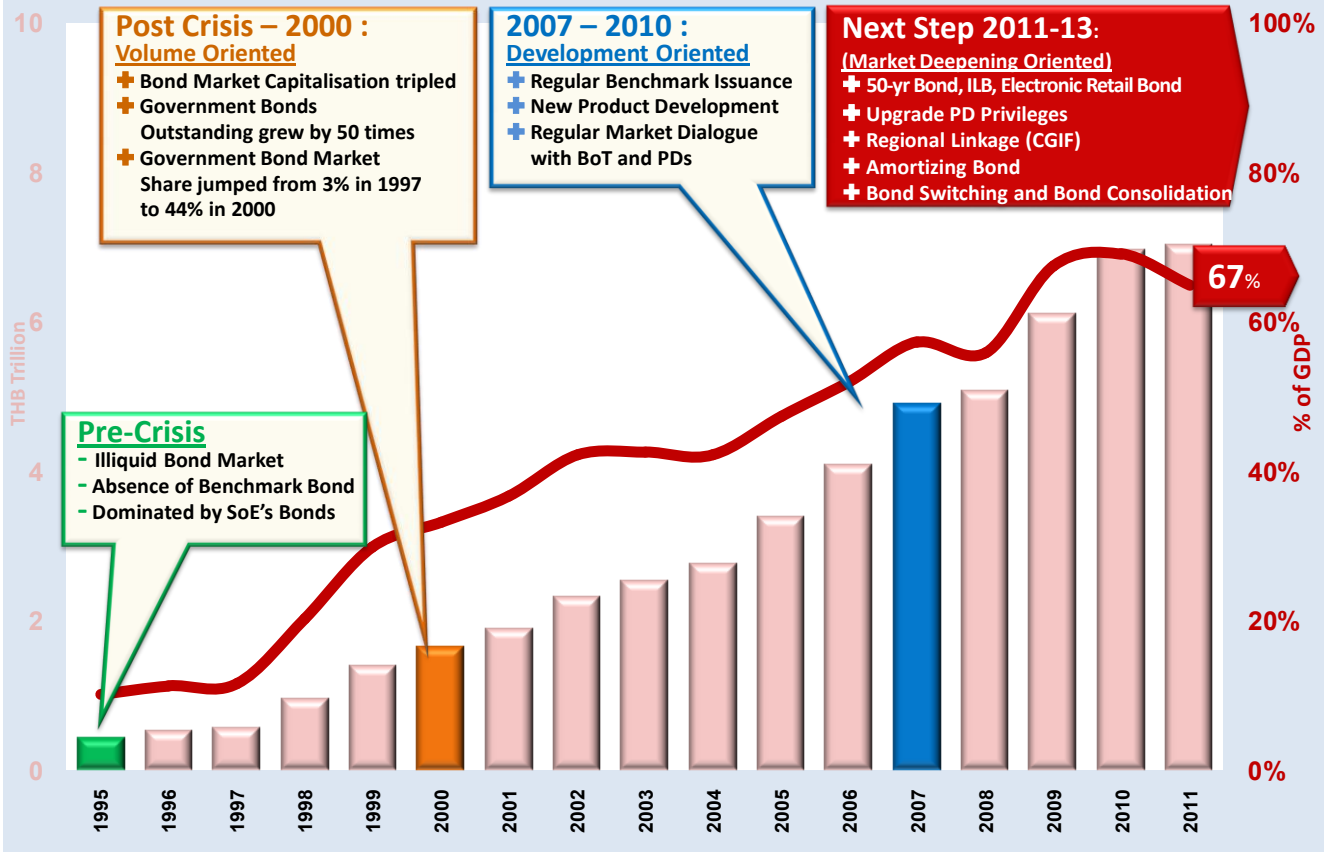
A. Evolution of Bond Market Development (1995 – Present)

Bond Market Development Bureau, Public Debt Management Office

- The Thai Bond Market Has Developed Rapidly and Efficiently
- Birth of Bonds
- Innovation of Government Debt Securities (FY2007 – FY2013)
- Equilibrium of Thai Bond Market
 - By Issuers
 - By Credit Rating
 - By Investors

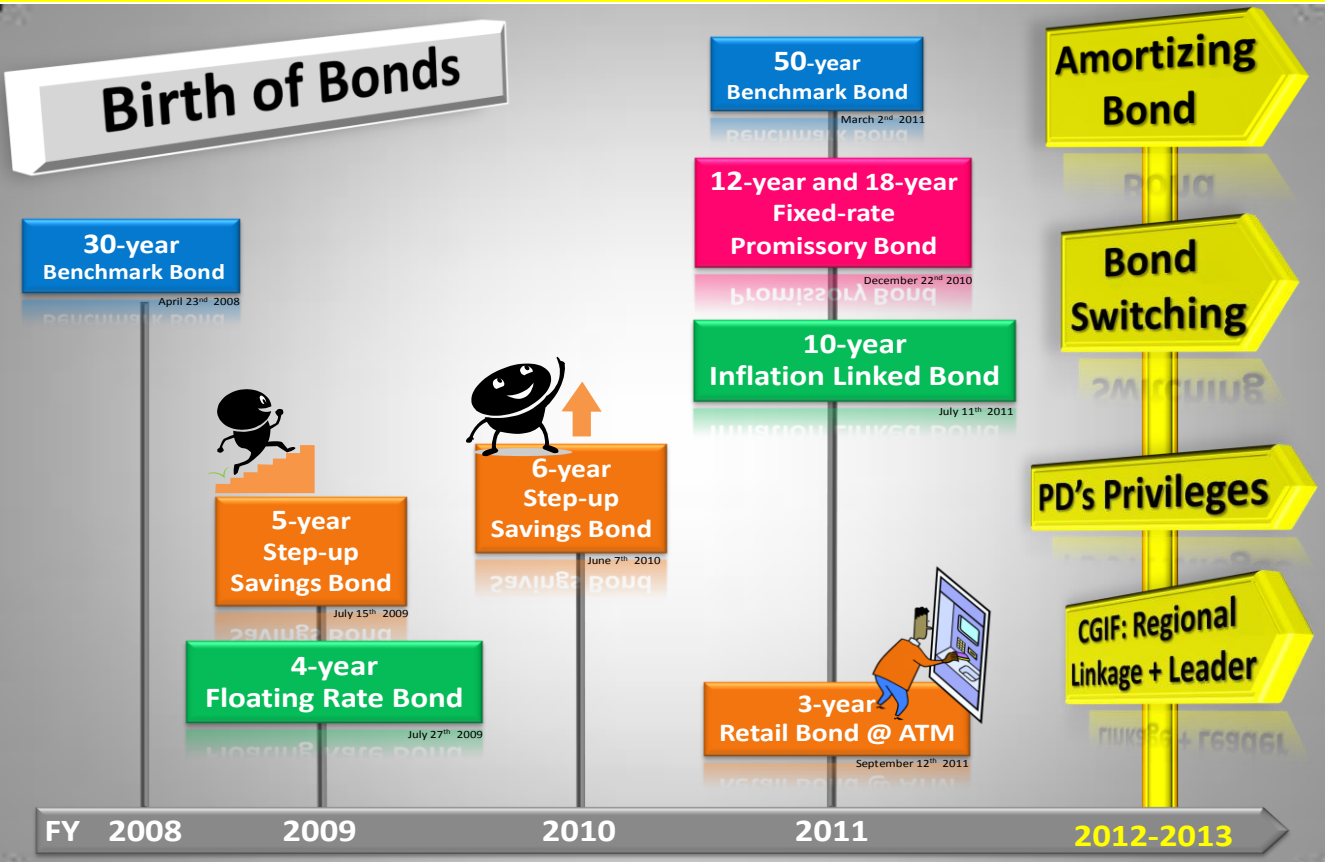
The Thai Bond Market Has Developed Rapidly and Efficiently

Bond Market Development Bureau, Public Debt Management Office



Development of Government Debt Securities

Bond Market Development Bureau, Public Debt Management Office



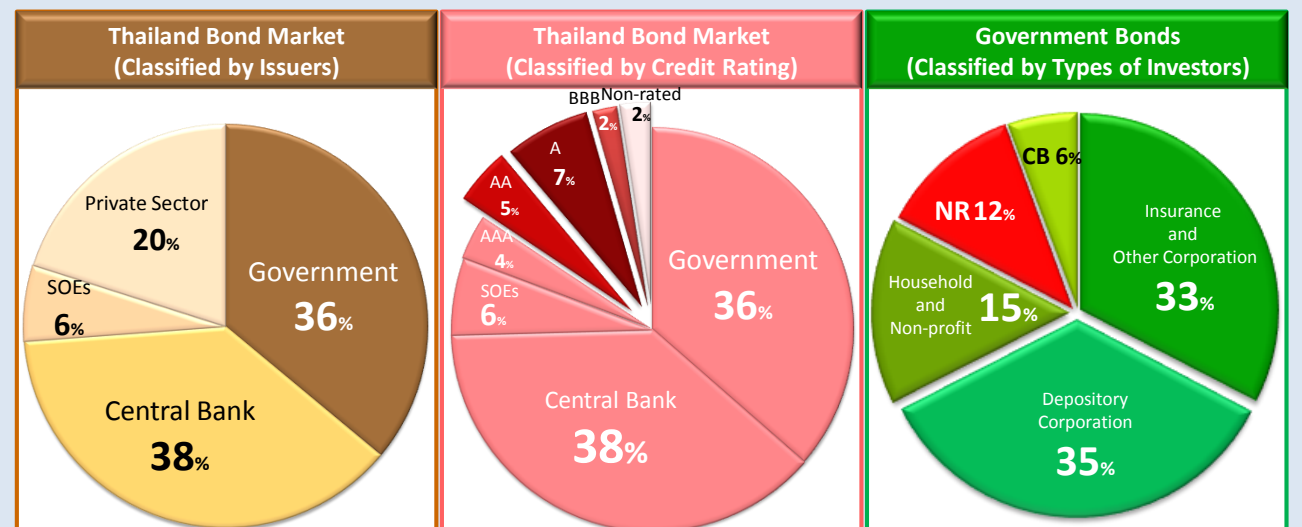


FY 2007-10	30-yr Loan Bond	<ul style="list-style-type: none"> Lengthen average-time-to-maturity ATM Government Debt Portfolio → 5.7 yrs to 6.1 yr Meet long term investors' demand
	Floating Rate Bond	<ul style="list-style-type: none"> Increase floating debt ratio (10% to 18%) Promote BIBOR (Bangkok Interbank 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 Loan 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)
	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
	Retail Bond @ ATM for Micro Savers	<ul style="list-style-type: none"> Lower Minimum Amount to Purchase Offer throughout the year Can be purchased via ATM, in addition of Bank Retail Branches
FY 2012-2013	Amortizing 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 manage and improve their portfolio Larger outstanding size + Less bond series → more liquidity in the secondary market
	Upgrade PD Privileges	
	PDDF (Public Debt Restructuring and Domestic Bond Market Development Fund)	
	Baht Bond	
	CGIF (Credit Guarantee and Investment Facility)	



Equilibrium of Thai Bond Market

Issuers	<ul style="list-style-type: none"> 80 percent of Thailand's debt securities were issued by Government, Central bank and State-owned Enterprises
Credit Rating	<ul style="list-style-type: none"> 98 percent of Thailand's debt securities are classified as Investment Grade by local rating agencies
Investors	<ul style="list-style-type: none"> Thailand's government debt securities are held by a wide group of investor types



Source : ThaiBMA (12 April 2012)

Source : ThaiBMA (12 April 2012)

Source : CB (30 January 2012)



B. Building up of Benchmark Bond (FY2007-FY2012)

Bond Market Development Bureau, Public Debt Management Office

- 2007: PDMO Revised the Strategy of Benchmark Bond Issuance in 3 Ways
- Keep Our Word to get Investor Confidence for the Plan → Firm Committed Supply of Benchmark Bond Regardless of Budget Uncertainty
- Key Success Indicators (FY2008 – FY2011)
 - Trading Volume
 - Turnover Ratio
 - Demand Concentration
 - Auction Price
- Market's Favorite Benchmark Bond (FY 2012)
 - By Outstanding
 - By Trading Value
 - By On-the-run Benchmark Tenors





2007: PDMO Revised the Strategy of Benchmark Bond Issuance in 3 ways

Bond Market Development Bureau, Public Debt Management Office

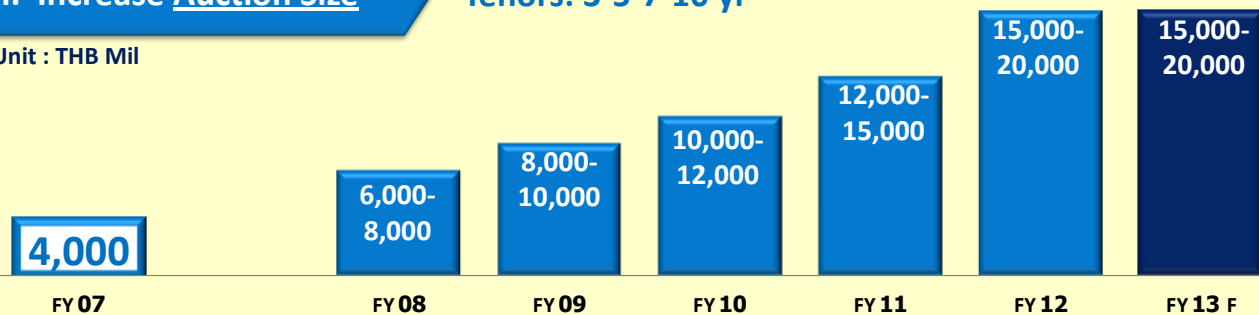
I. Reduce Auction Frequency

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

II. Increase Auction Size

Tenors: 3-5-7-10 yr

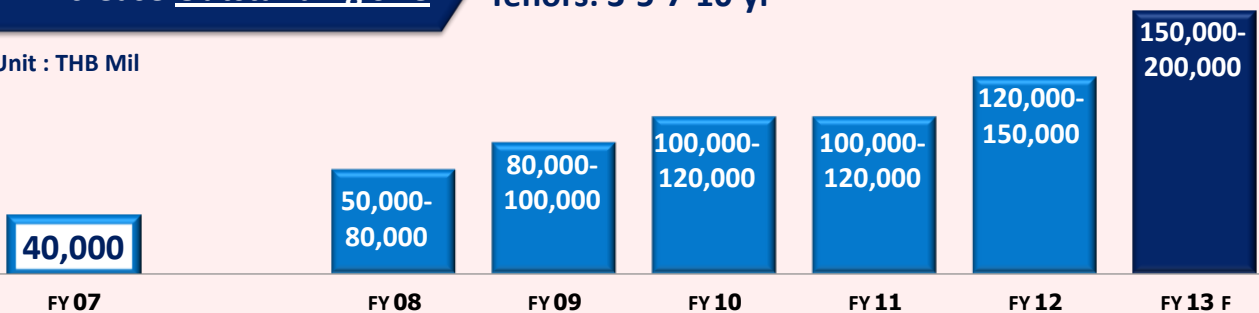
Unit : THB Mil



III. Increase Outstanding Size

Tenors: 3-5-7-10 yr

Unit : THB Mil





Keep Our Word to get Investor Confidence for the Plan

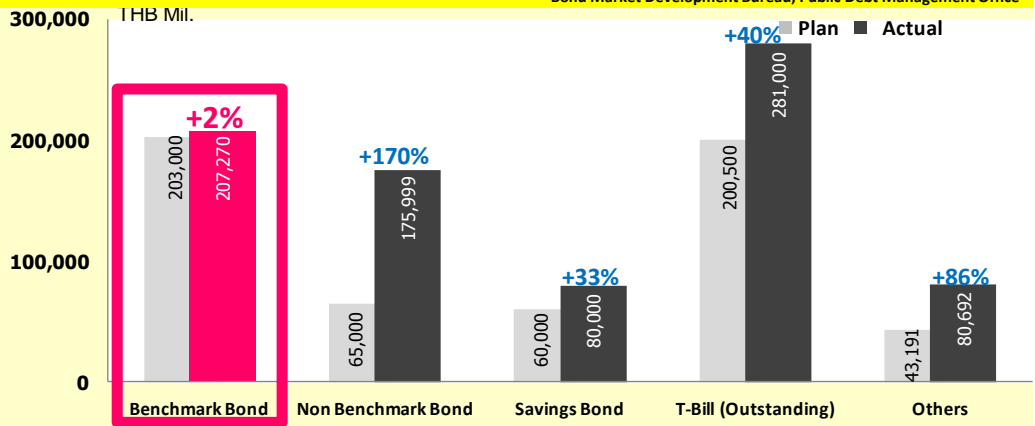
Firm Committed Supply of Benchmark Bond Regardless of Budget uncertainty

Bond Market Development Bureau, Public Debt Management Office

FY2009

Higher government funding needs due to Stimulus Package
approx. **+250,000 THB Mil.**

Total Funding needs increased from:
420,000 THB Mil. to 670,000 THB Mil.
(+59%)

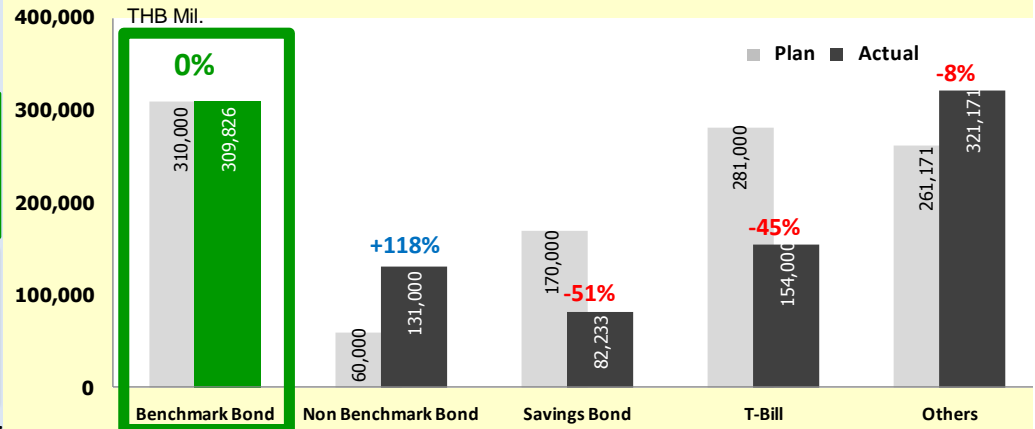


Treasury Balance = 278,694 THB Mil.

FY2010

Lower Borrowing needs due to Economic Recovery
approx. **-160,000 THB Mil.**

Total Funding needs decreased from:
800,000 THB Mil. to 640,000 THB Mil.
(-20%)



Treasury Balance = 417,166 THB Mil.



Keep Our Word to get Investor Confidence for the Plan

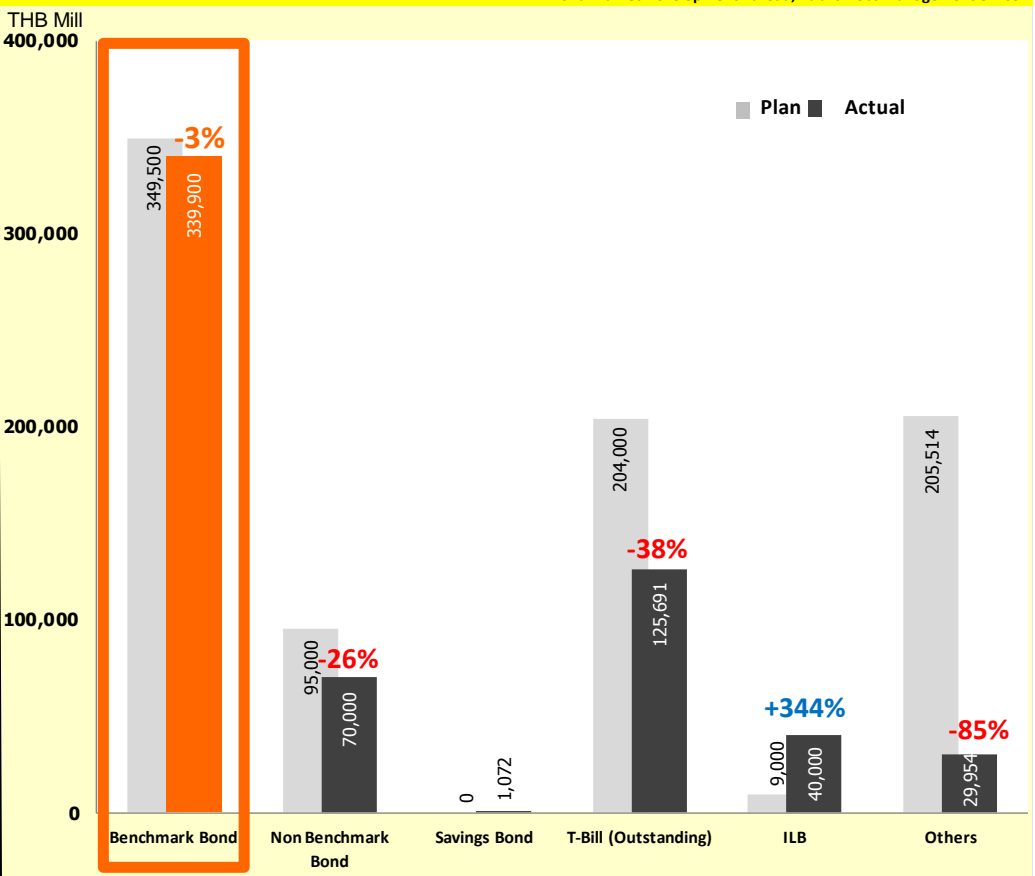
Firm Committed Supply of Benchmark Bond Regardless of Budget uncertainty

Bond Market Development Bureau, Public Debt Management Office

FY 2011

Higher than expected Revenue collection
approx. **-250,000 THB Mil.**

Total Funding needs decreased from:
700,000 THB Mil. to 400,000 THB Mil.
(-36%)



Treasury Balance = 510,180 THB Mil.



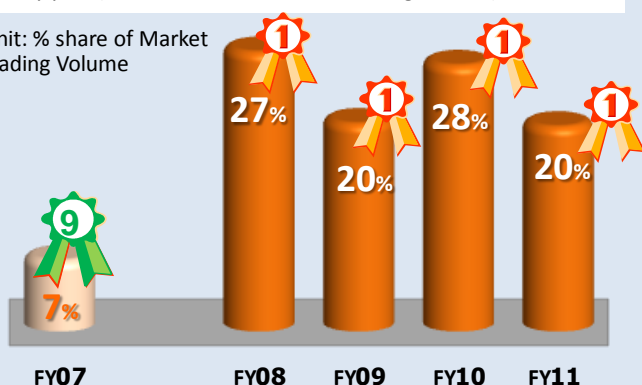
FY 2008-FY2011 Key Success Indicators

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

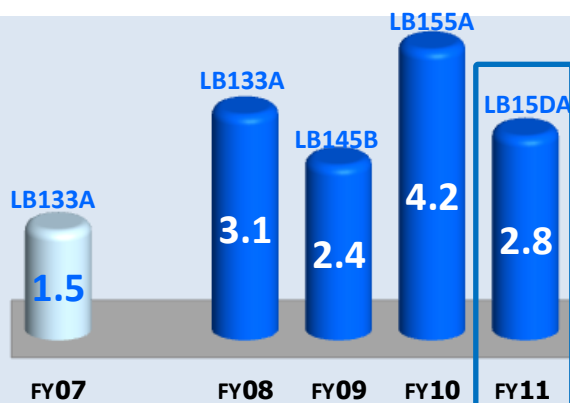
Bond Market Development Bureau, Public Debt Management Office

5 yr Benchmark Bond : Highest Secondary Trading Volume in every year (accounted for 1/4 of total trading volume)

Unit: % share of Market Trading Volume

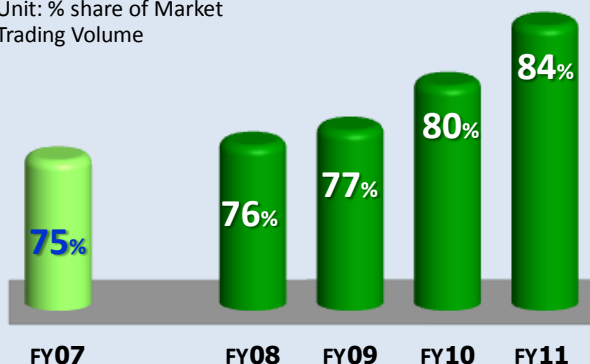


5 yr Benchmark Bond : Higher Turnover Ratio



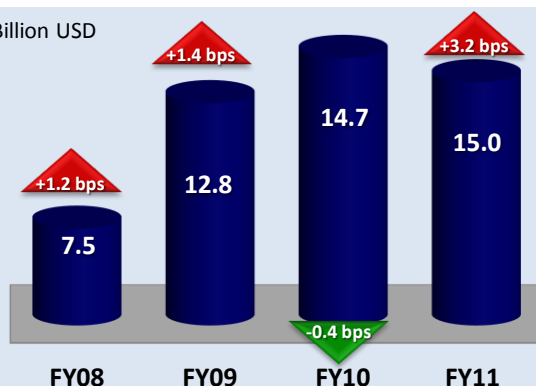
Top 10 Gov't Bond Series – Accounted for 84% of all Gov't Bond trading in Secondary Trading Volume

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: Billion USD





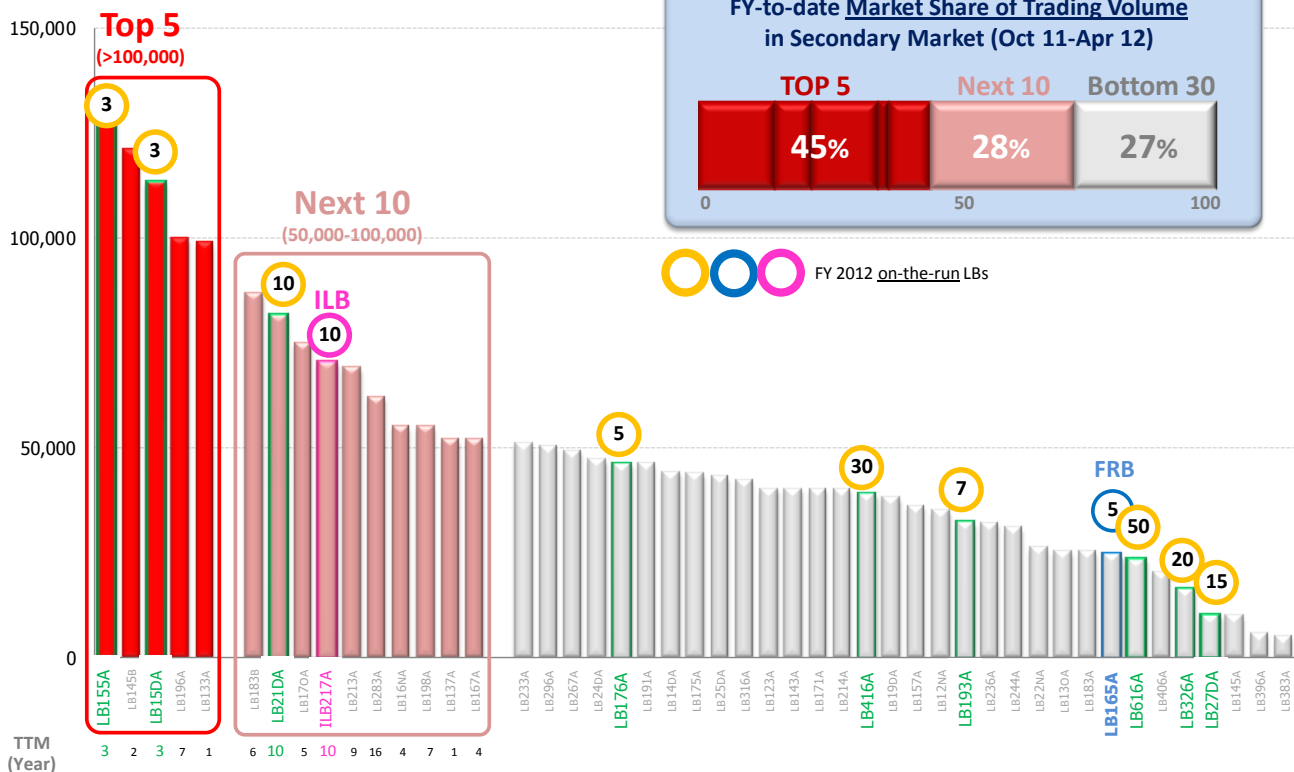
Total GOVT Bond = 45 Series
(2,277,XXX THB Mil)

TOP 5 > 100,000 THB Mil in Size (45% of Trading Volume)

Next 10 > 50,000 THB Mil in Size (28% of Trading Volume)

Bond Market Development Bureau, Public Debt Management Office

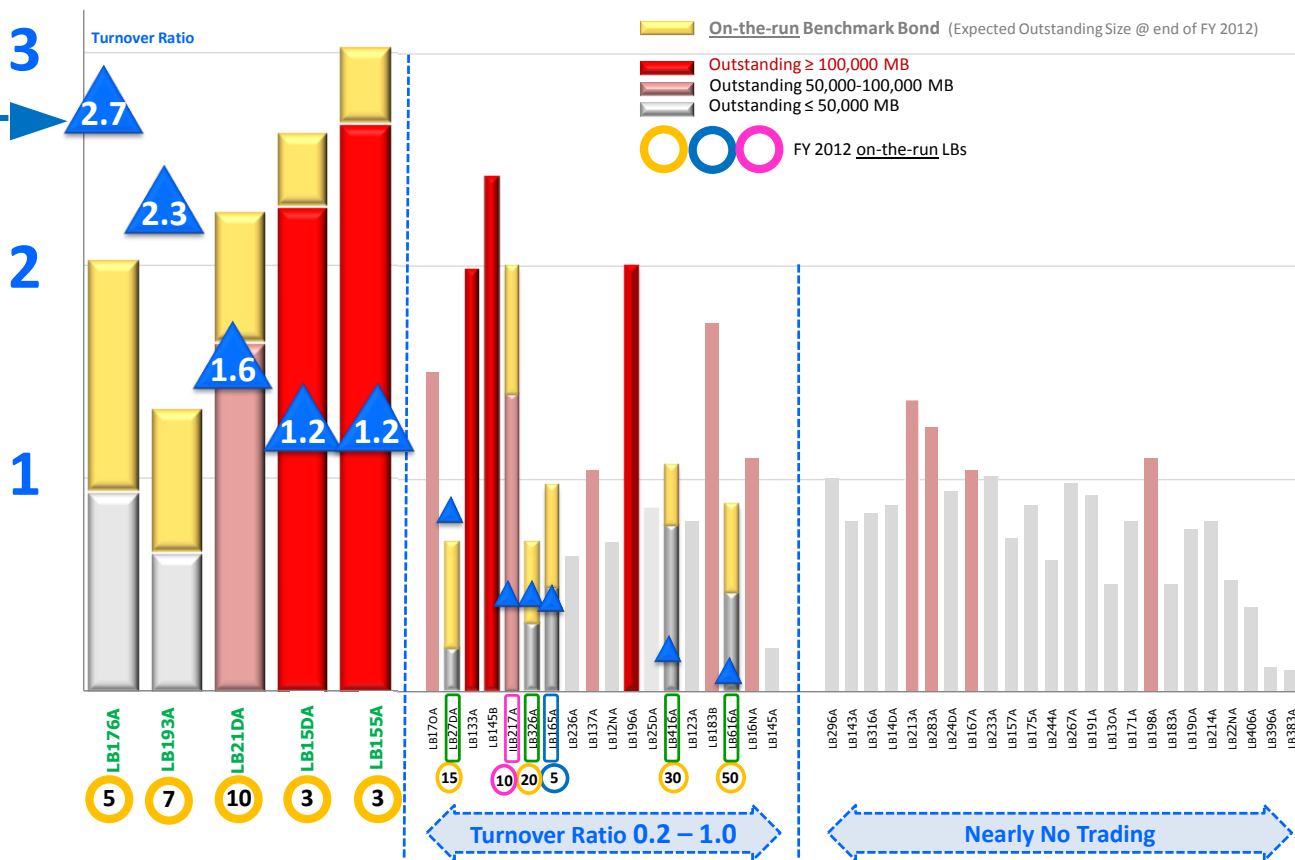
Outstanding size (THB Mil.)



FY 2012 Market's Favorites
Classified by Turnover Ratio

All 3-5-7-10 on-the-run Benchmark Bond Has Turnover Ratio between 1.2 – 2.7
(while market turnover ratio = 0.45)

Bond Market Development Bureau, Public Debt Management Office





C. Bond Supply FY2012 + Funding Needs FY2012-FY2015

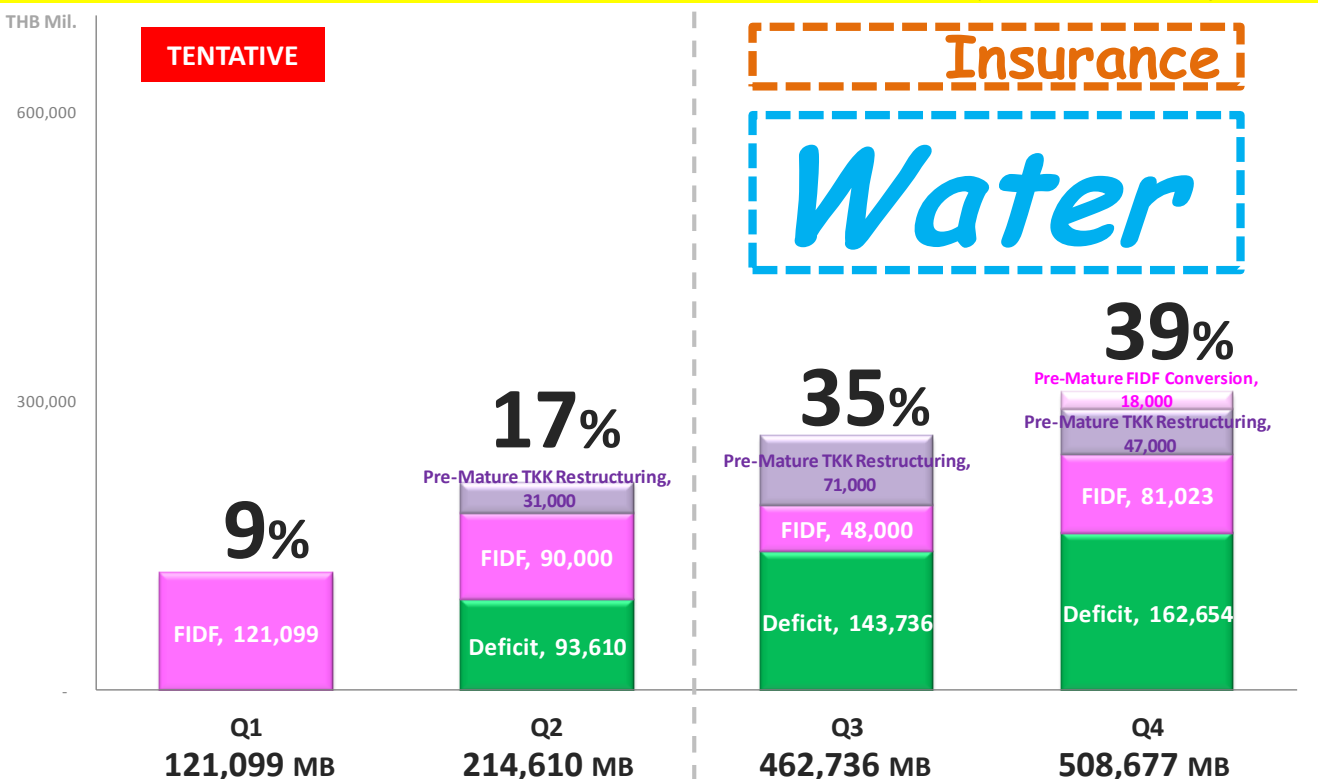
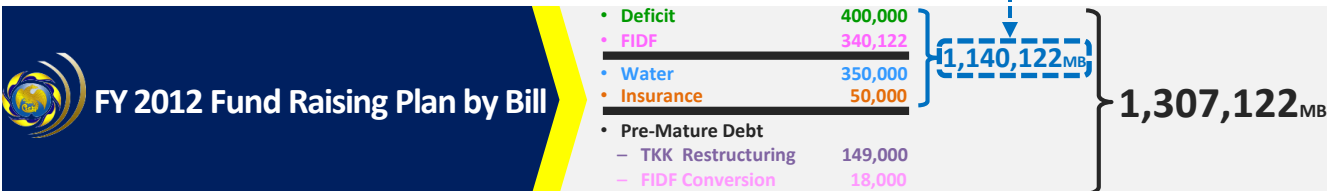
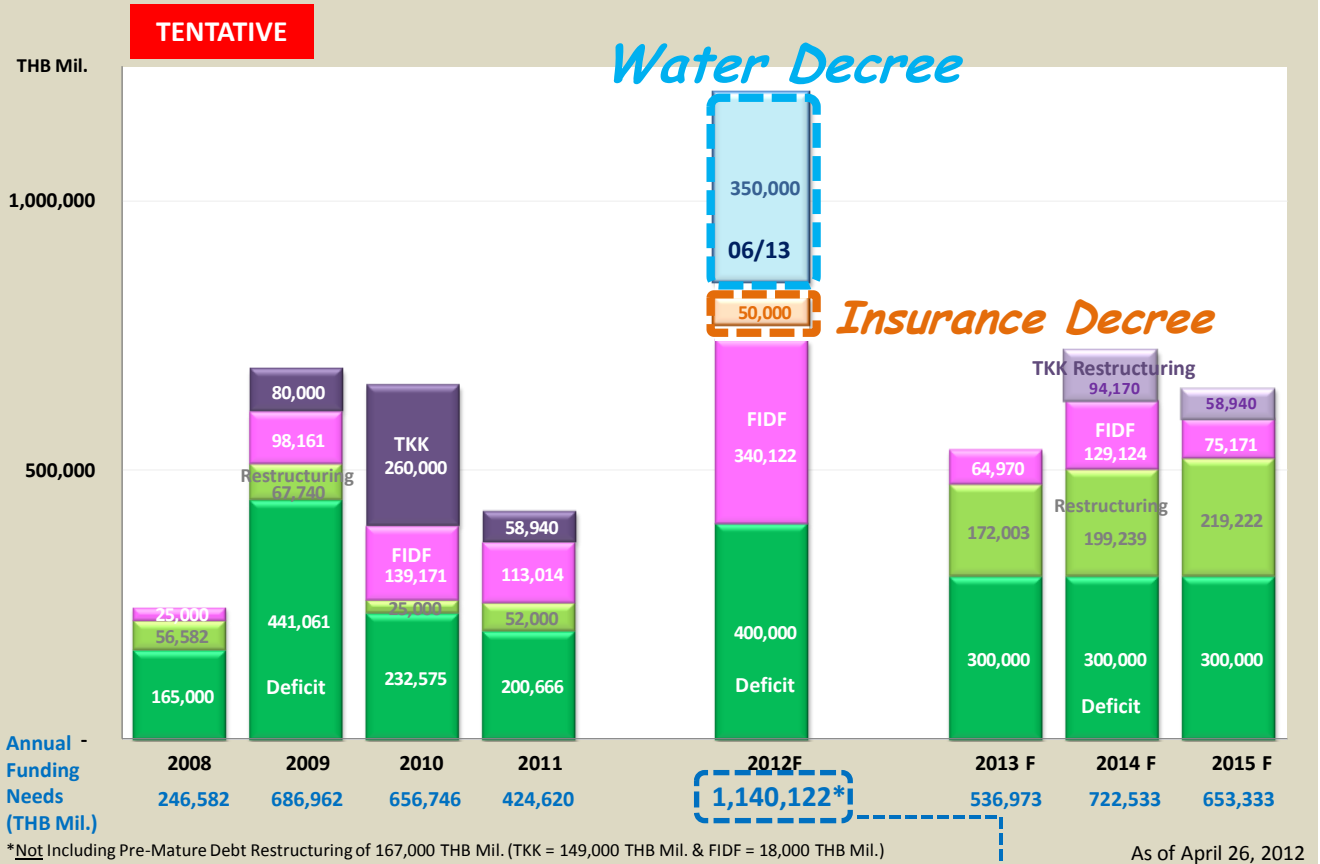
Bond Market Development Bureau, Public Debt Management Office

- Annual Funding Needs Will Always Be around 600,000 THB Mil. (FY2012-FY2015)
- FY2012 Fund Raising Plan by Bill & Instruments (Including Water Management and Insurance Decree)
- Fiscal Year-to-Date 2012 GOV'T Fund Raising = 426,xxx THB Mil.
- Funding Instruments : Local Bond Market VS Foreign Bond Markets
- Structure of Thai Inflation Linked Bond (Inaugural ILB, July 2011)



Annual Funding Needs Will Always Be around 600,000 THB Mil.

Bond Market Development Bureau, Public Debt Management Office



FY2012 Fund Raising Plan by Instruments (Including Water Management and Insurance Decree)

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

TENTATIVE

Units: THB Mil.

Instruments	Tenors (Yrs)	26 April 2012
1. Government Bond		
1.1 Benchmark Bond		
✓ Stable Supply → To Maintain Investor Trust	3 (LB155A, LB15DA)	70,000
	5 (LB176A)	100,000
✓ Sizable Outstanding Amount → To Enhance Liquidity	7 (LB193A)	65,000
	10 (LB21DA)	52,110
✓ Regular Issuance → To Build Yield Curve	15 (LB27DA)	35,000
	20 (LB326A)	35,000
	30 (LB416A)	26,436
	50 (LB516A)	25,000
1.2 Floating Rate Bond (FRB)	4 (LB165A)	48,450
1.3 Inflation Linked Bond (ILB)	10 (LB217A)	60,000
2. Savings Bond / Retail Bond		
	3+	105,000
3. Promissory Note (P/N)		
For FIDF 1	4+	107,099
For FIDF 3	4+	19,573
For Budget Deficit	4+	50,654
<i>Pre-Mature FIDF Conversion of P/N</i>		-18,000*
4. Fixed Rate Promissory Note (Fixed-P/N)		
For Budget Deficit	12/25/40	35,800
6. Bank Loan		
Bank Loan - Water Management	2 - 4	350,000
Bank Loan - Insurance	2 - 4	50,000
<i>Pre-Mature TKK Restructuring of Bank Loan</i>		-149,000**
7. R-Bill		
	6 mths	72,000
Total Funding Needs (Not including Pre-Mature Restructuring)		1,140,122
Total Fund Raising		1,307,122

3-year Benchmark
 ~50,000 MB on LB155A ~15x,xxx MB
 ~20,000 MB on LB15DA ~13x,xxx MB

Benchmark Bond : ~400,xxx THB Mil.

Total Government Bond : ~500,xxx THB Mil.

* Restructuring to 5-yr LB (18,000)
 ** Restructuring to 5-yr LB (16,000), 7-yr LB (22,000), 4-yr FRB (16,000), 20-yr LB (35,000), ILB (60,000)

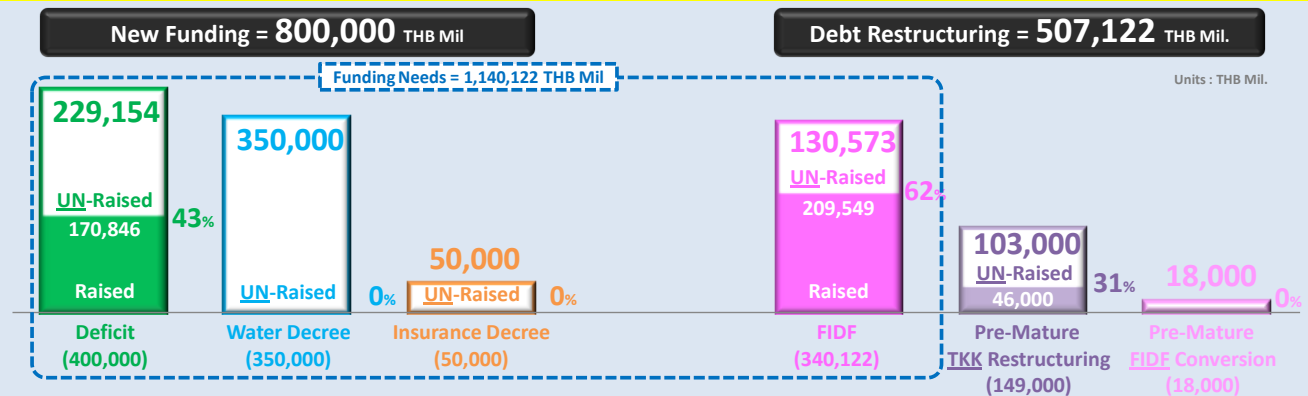
As of April 26, 2012

FY-to-Date 2012 GOV'T Fund Raising = 426,xxx THB Mil. (33% of 1,307,122 THB Mil.) or (47% of Total less Decree)

By Source

(As of April 26, 2012)

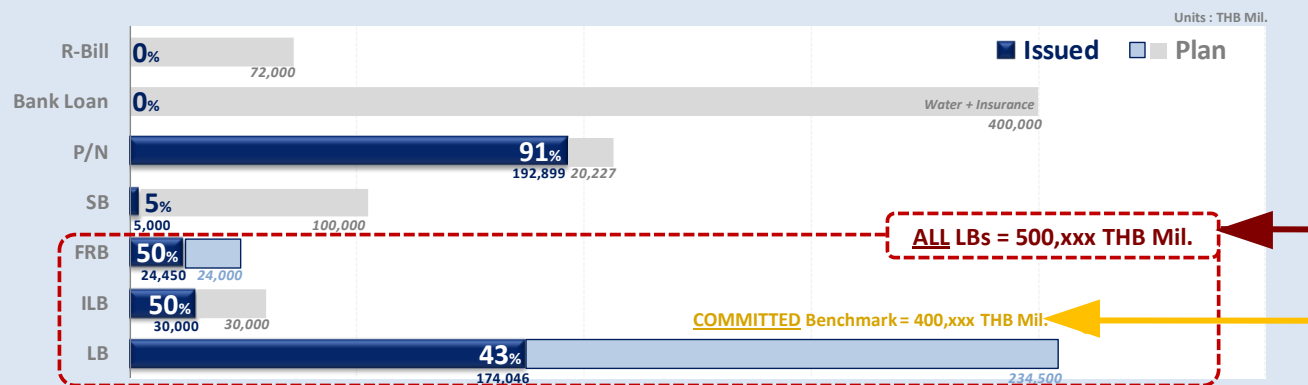
Bond Market Development Bureau, Public Debt Management Office



FY-to-Date 2012 GOV'T Fund Raising = 426,xxx THB Mil. (33% of 1,307,122 THB Mil.) or (47% of Total less Decree)

By Product

(As of April 26, 2012)

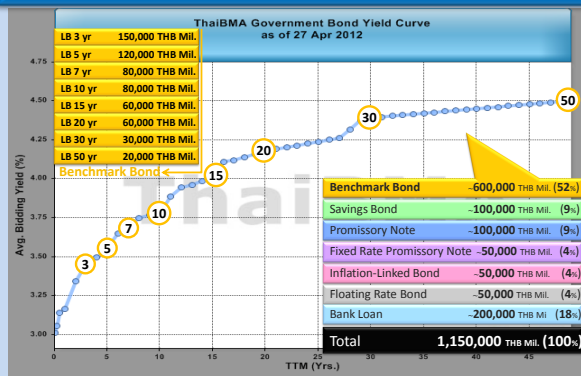




Funding Instruments : Local Bond Market VS Foreign Bond Markets

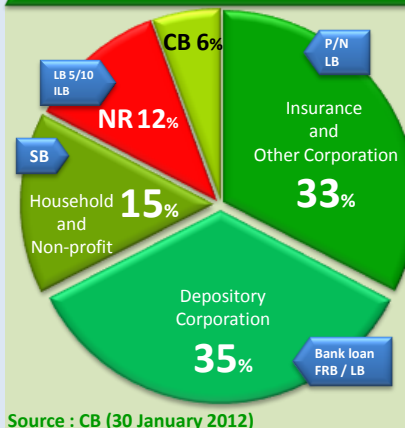
Bond Market Development Bureau, Public Debt Management Office

FY 2012 Full Capacity* : 1,150,000 THB Mil



* Under favorable market liquidity + using All funding instruments

Well Diversified Investors Ensures Funding Needs



Source : CB (30 January 2012)

Potential Demand for Gov't Bond 2012

Category	Amount (THB Bil.)
- Life Insurance	400
- Pension Funds	400
Depository Corporations	400
- Retail	200
- Non-profit org.	200
Non-Residence	?

Outstanding of Foreign Debt
Equiv. 41,000 THB Mil (1.4% of Gov't Debt)

Equiv. 13,000 THB Mil

Commercial Papers

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

Equiv. 28,000 THB Mil

Soft Loans

JBIC	64,800 Yen Mil
IBRD	66 USD Mil
Other	19 USD Mil

(as of Oct 2011)

- 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

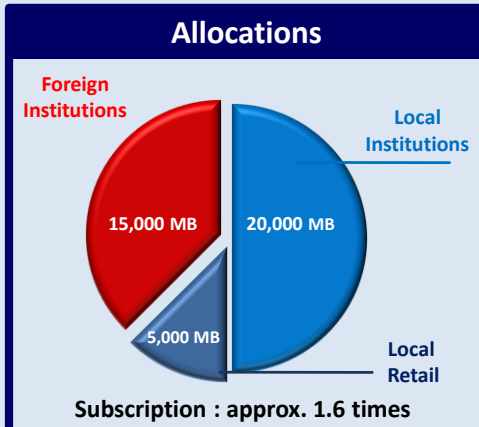
Concerns : exchange rate risk / swap cost / natural hedging



Structure of Thai Inflation Linked Bond (Inaugural ILB, July 2011)

Bond Market Development Bureau, Public Debt Management Office

Format	Capital Indexed Bond (with Principle Protection)
Currency	Thai Baht
Tenor	10 years
Programme Size	40,000 THB Mil. (1.3 bil USD equiv.)
Interest Payment	Every 6 months
Index	Headline CPI
Indexation Lag	3 months
Index Ratio	CPI_t / CPI_0 (TBMA's calculation)
Real Yield	1.2
Repayment Method	Bullet



Next Step

Enhance ILB liquidity

Continuing Issuance

- ✓ FY 2012 : Develop regular annual auction plan (every quarter)
- ✓ FY 2012 : Top-up the existing tenor to enhance liquidity : 60,000 THB Mil. (2 USD Bil equiv.) (15,000 THB Mil. each in Feb Apr Jun and Aug)
- FY 2013 : Issue other Benchmark tenors (5-15years ILBs)

PD's responsibility

- ✓ FY 2012 : Maintain portion of successful bid in ILB primary market
- FY 2013 : Maintain portion of ILB trading in secondary market
- FY 2013 : Provide firm bid / ask spreads in secondary market

Enhance Liquidity

8 INTERNATIONAL AWARDS

- | | |
|--|----------------------------------|
| Best Sovereign Bond 2011 | : Asiamoney Awards |
| Best Thailand Deal 2011 | : Asiamoney Awards |
| Best Local Currency Bond 2011 | : FinanceAsia Achievement Awards |
| Best Thailand Deal 2011 | : FinanceAsia Achievement Awards |
| Thailand Capital Markets Deal of the Year 2011 | : IFRAsia Asia Awards |
| Deal of the year from Asia | : Euro Money |
| Outstanding Issuer of the Year | : Asset Asian Awards 2011 |
| The Most Impressive Local Currency 2011 | : Euroweek Asia |





D. Well-Developed Bond Market Improved Government Debt Profile

Bond Market Development Bureau, Public Debt Management Office

- **Public Debt Outstanding** (as of Dec 2011) = **4.3 THB Trillion (40% of GDP)**
- **Total GOV'T Debt** (Direct + FIDF) = **3.04 THB Trillion (71% of Public Debt)**
 - Average-Time-to-Maturity (ATM) = 6y 4m
 - Average Cost = 4.6%
 - Fixed : Float = 82 : 18
- **Well-Developed Bond Market Improved GOV'T Direct Debt Profile Dramatically**
 - Average-Time-to-Maturity (ATM) = 7y 5m
 - Average Cost = 4.4%
 - Fixed : Float Ratio = 82 : 18
 - Maturity Distribution Profile = 52-20-28
- Full Capacity of All Government Funding Instruments (FY2012) → 1,150,000 THB Mil
- **Maturity Profile of GOV'T Funding Instruments (Strategic Framework)**
 - Average-Time-to-Maturity (ATM) = 9y
 - Fixed : Float = 70 : 30
 - Maturity Distribution Profile = 50-30-20



Public Debt Outstanding (as of Dec 2011) = 4.3 THB Trillion (40% of GDP)

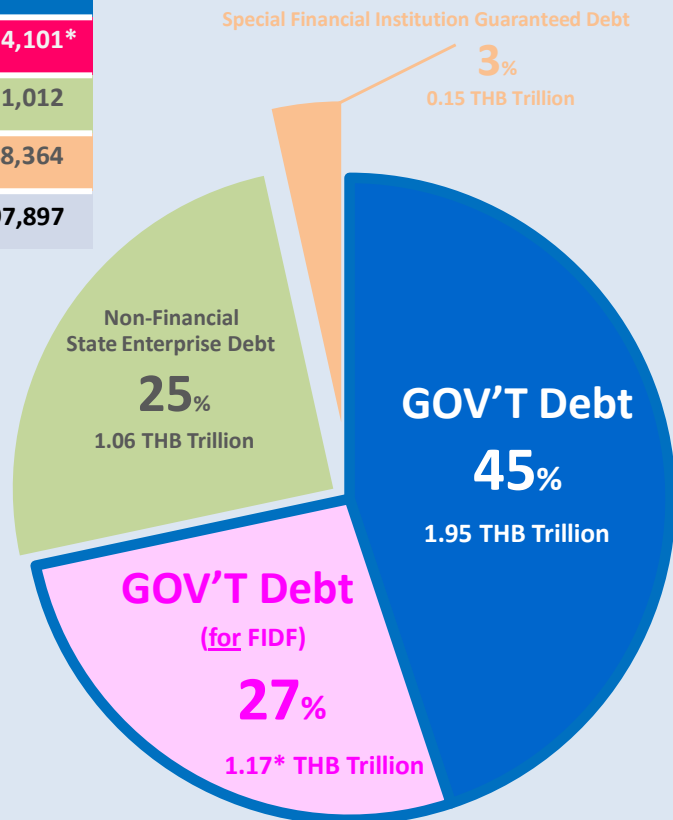
Bond Market Development Bureau, Public Debt Management Office

Components of Public Debt

Units : THB Mil.

1. Government Debt (excluded FIDF)	1,914,420
2. Government Debt (for FIDF)	1,174,101*
3. Non-Financial State Enterprise Debt	1,061,012
4. Special Financial Institutions Guaranteed Debt	148,364
Public Debt Outstanding (as of Dec 2012)	4,297,897

*Including 32,000 THB Mil. of Prefunding





Total GOV'T Debt = 3.04* THB Trillion
(71% of Public Debt)

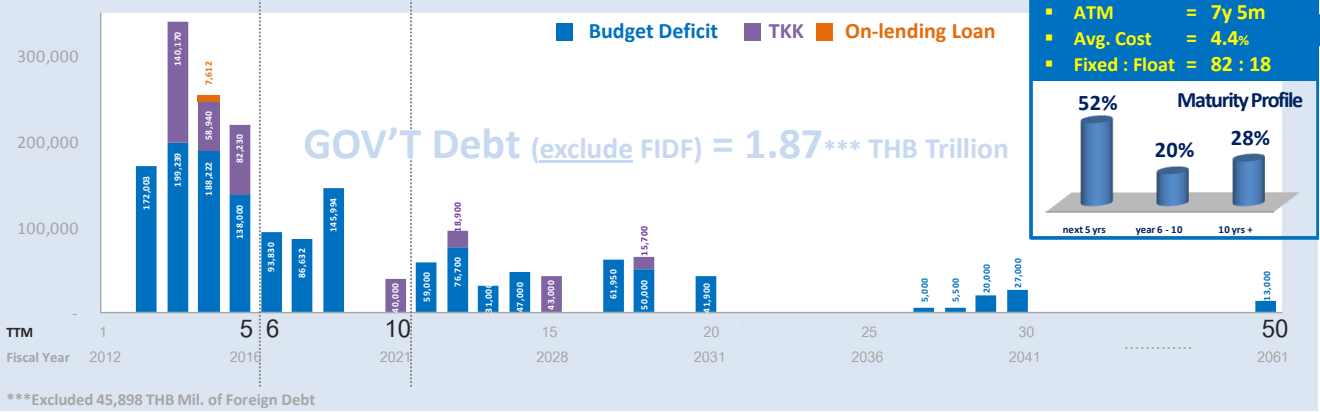
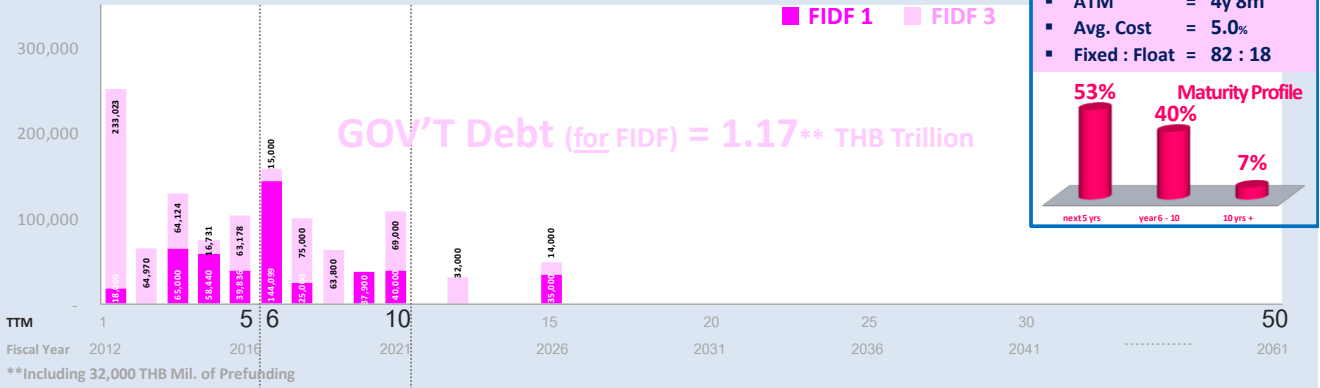
* Excluded 45,898 THB Mil. of Foreign Debt

- Average-Time-to-Maturity (ATM) = **6y 4m**
- Average Cost = **4.6%**
- Fixed : Float = **82 : 18**

As of Dec 2011

Bond Market Development Bureau, Public Debt Management Office

Assumptions : 6 months BIBOR = 3.245%, 6 months Fixed Deposit Rate = 2.38125%



Well-Developed Bond Market Improved

GOV'T Direct Debt (1.87 THB Mil.) Profile Dramatically

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

Bond Market Development Bureau, Public Debt Management Office

As of Dec 2007

As of Dec 2011

Average-Time-to-Maturity **LENGTHENED** by 2 yrs

ATM
5y 3m

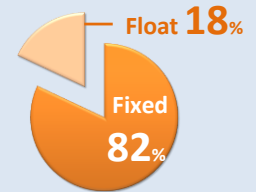
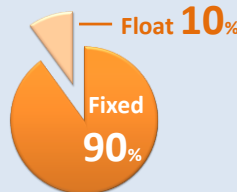
ATM
7y 5m

Avg. Cost **LOWERED** by 10 bps
(While ATM Lengthened by 2 yrs)

Avg. cost
4.5%

Avg. cost
4.4%

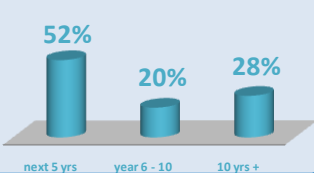
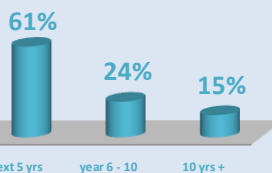
Well-Balanced Fixed/Float Ratio
(Target : Fixed/Float ratio = 80 : 20)



Maturity Profile as of Dec 2009

Maturity Profile as of Dec 2011

Well-Distributed Maturity Profile
(Target : Maturing Debt in the next 5 yrs ≤ 50% of Total Debt)

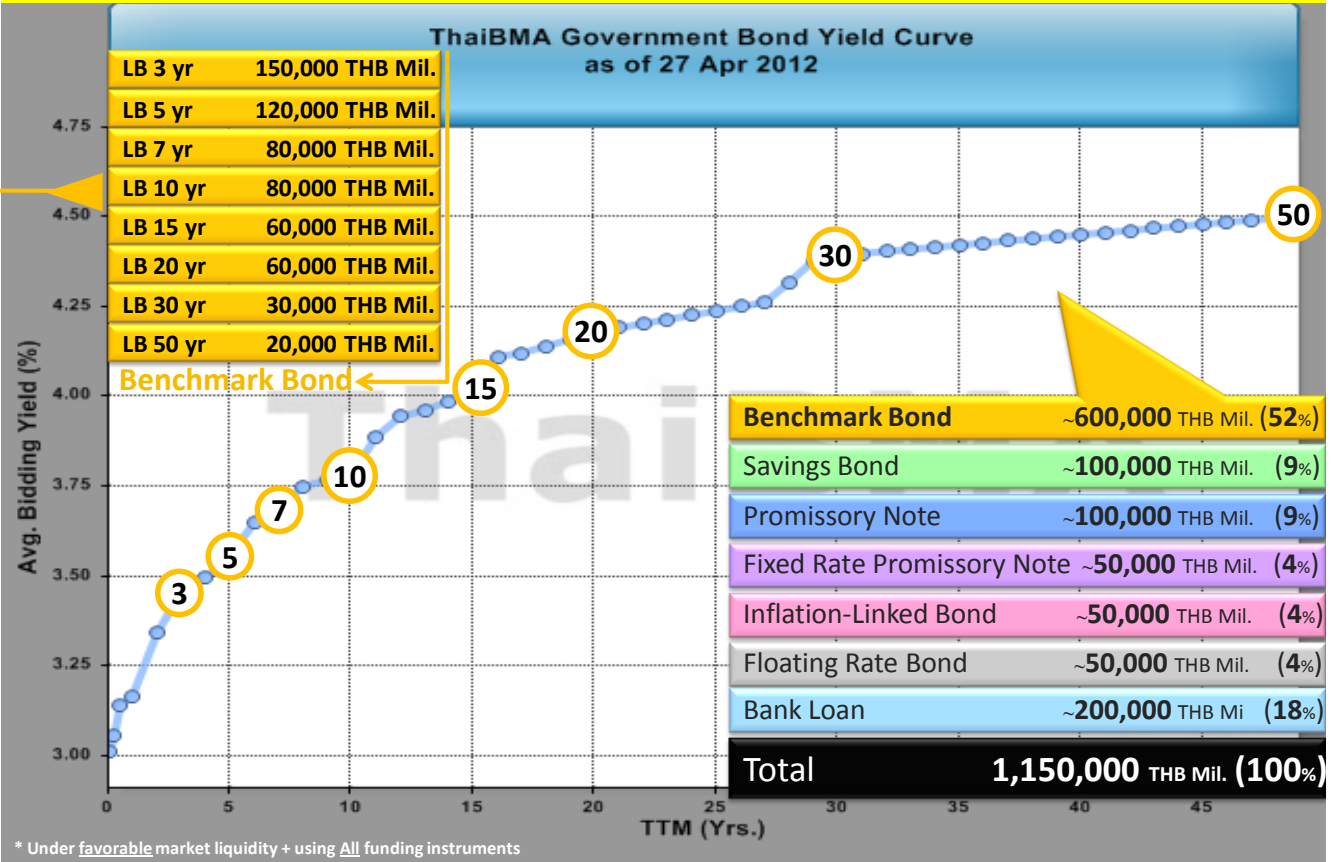




Full Capacity* of All Government Funding Instruments

1,150,000 THB Mil.

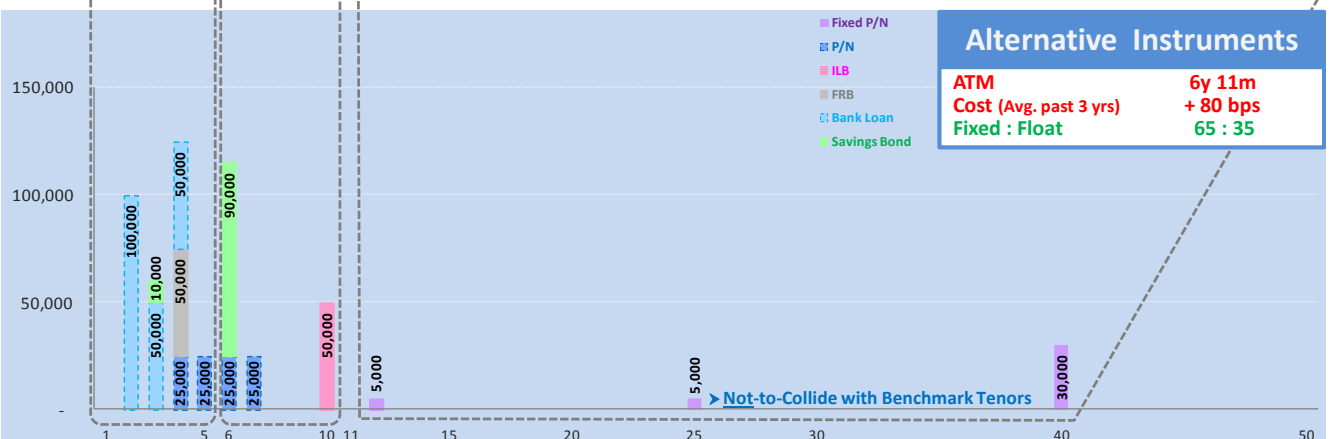
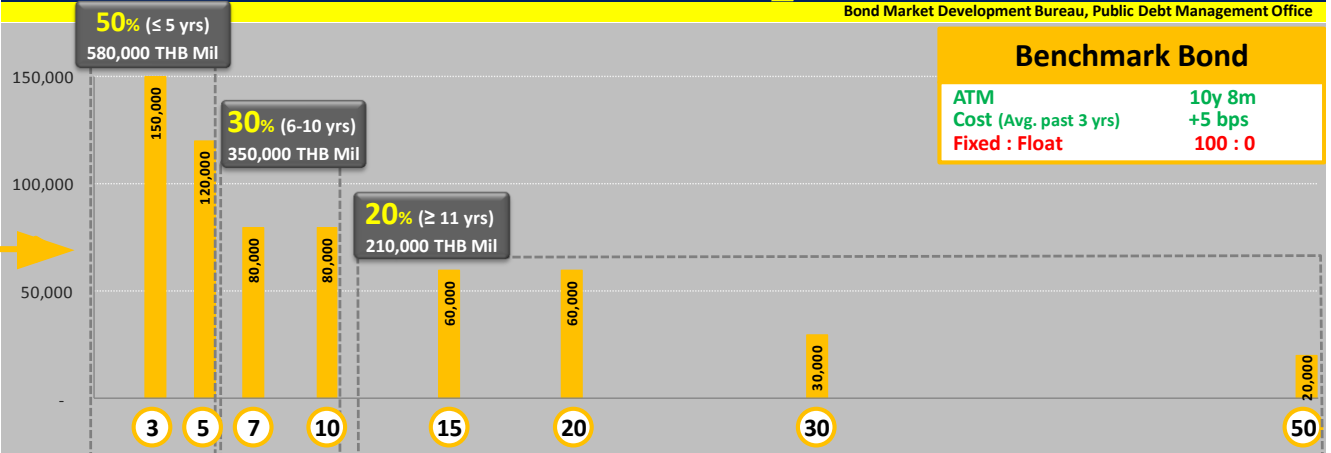
Bond Market Development Bureau, Public Debt Management Office



FY2012 Maturity Profile of GOV'T Funding Instruments

(A) ATM = 9 yrs (B) Fixed : Float = 70 : 30
(C) Maturity Distribution Profile 50 - 30 - 20

Bond Market Development Bureau, Public Debt Management Office





Bond Market Development Bureau

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FAX 02-357-3576

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เป็นมืออาชีพในการบริหารหนี้สาธารณะ
เพื่อการพัฒนาประเทศอย่างยั่งยืน