



Execution Results of Bond Switching in Fiscal Year 2018

Mr. Prapas Kong-led, Director-General of Public Debt Management Office (PDMO), Ministry of Finance, Kingdom of Thailand, has announced the successful completion of its Bond Switching transaction for fiscal year 2018, the total amount of THB 100 billion.

The highly successful result of this transaction has met all key objectives set by PDMO, namely to reduce refinancing risk on shorter dated government debt, to increase bond market liquidity in the medium and long-end of the curve, and to enhance government's overall debt portfolio management and cost of funding. This exercise received high demand up to THB 105,528 million from investors, for examples, the Government Pension Fund, the Social Security Office, commercial banks, mutual funds, insurance companies, as well as institutional foreign investors.

As a result, the transaction has effectively reduced 3 tranches of government bonds that going to be matured in 2019-2020, as follows;

Source Bonds	Term to Maturity	Transaction Amount (THBm)
1. LB191B	9 months	6,521
2. LB196A	1 year 2 months	30,706
3. LB206A	2 years 2 months	62,773
Total		100,000

PDMO also issued 5 tranches of longer maturity government bonds in this exchange exercise to fulfill investors' demand along the yield curve, as follows;

Destination Bonds	Term to Maturity	Transaction Amount (THBm)
1. LB22DA	4 years 8 months	17,385
2. LB26DA	8 years 8 months	20,190
3. LB316A	13 years 2 months	15,527
4. LB326A	14 years 2 months	37,465
5. LB676A	49 years 2 months	9,433
Total		100,000

This Bond Switching exercise accomplished these 4 following objectives;

1. Liability Management: reducing refinancing risk by extending Source Bonds' average maturities from 1 year 9 months to Destination Bonds with 14 years 7 months average maturities,
2. Financing Cost Reduction: Lower Source Bonds average financing cost of 3.16% to 3.10% per annum,
3. Expand Investors Base: Investor types in this Bond Switching exercise has expanded to include commercial banks, mutual funds, private and public funds, life assurance, and international investors from Asia and Europe, and
4. Increase Market Liquidity: This Bond Switching exercise increase market liquidity in the Destination Bonds, which are on-the-run benchmark 5, 10, 15 and 50-year Thai government bonds.

PDMO together with the Joint Lead Arrangers, Bangkok Bank Public Company Limited, Krung Thai Bank Public Company Limited, Kasikorn Bank Public Company Limited, and Standard Chartered Bank (Thai) Public Company Limited, hope to receive strong support in the next Bond Switching exercise in the future.