



MOF NEWS

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Execution Results of 3rd Bond Switching in Fiscal Year 2019

Mr. Poomsak Aranyakasemsuk, Director-General of Public Debt Management Office (PDMO), Ministry of Finance, Kingdom of Thailand, has announced the successful completion of its 3rd Bond Switching transaction for fiscal year 2019 on 28th June 2019, the total amount of THB 10 billion.

The highly successful result of this transaction has met all key objectives set by PDMO, namely to increase bond market liquidity in the medium and long-end of the curve, to reduce refinancing risk on shorter dated government debt, and to enhance government's overall debt portfolio management. In addition, ILB is set to be Source Bond on its first time which aims to improve government securities diversification and expand investor base. This exercise received demand up to THB 33,539 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 source bond that going to be matured in 2021 and switches to medium and long tenors of destination bonds, as follows;

1) Source Bonds

Source Bonds	Term to Maturity	Transaction Amount (THB mil.)
ILB217A	2 years	10,000

2) Destination Bonds

Destination Bonds	Term to Maturity	Transaction Amount (THB mil.)
1. LB22DA	3 years 5 months	130
2. LB28DA	9 years 5 months	1,500
3. LB316A	11 years 11 months	2,370
4. LB326A	13 years	1,000
5. LB386A	18 years 11 months	5,000
Total		10,000

As of 28th June 2019 (Settlement Date)

This Bond Switching exercise accomplished these 4 following objectives;

1. Liability Management: reduce bunching risk of source bonds that going to be matured within 2021 by issuing medium and long tenors destination bond.

2. Reduce Refinancing Risk: extending source bonds' average maturities from 2 years to 15 years 1 month by average maturities

3. Increase Market Liquidity: this Bond Switching exercise increases market liquidity in the Destination Bonds, which are 3 tenors of on-the-run benchmark bond such as 10, 15, and 20 years

4. Improve Bond Switching transaction: With ILB in this Bond Switching exercise, PDMO can diversify government securities in the transaction and expand investor base, especially private and provident funds.

PDMO together with the Joint Lead Arrangers, Bangkok Bank Public Company Limited, Krung Thai Bank Public Company Limited, and Standard Chartered Bank (Thai) Public Company Limited, would like to take this opportunity to express its sincere appreciation to investors for the strong participation in this bond switching exercise and hope to receive the support in the next Bond Switching exercise in the future.

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