



MOF NEWS

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No.47/2018

April 17th, 2019

Execution Results of 2nd 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 2nd Bond Switching transaction for fiscal year 2019, the total amount of THB 90 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. This exercise received high demand up to THB 217,473 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 4 tranches of source bonds that going to be matured in 2019-2022 and switches to 6 tranches of destination bonds, as follows;

1) Source Bonds

Source Bonds	Term to Maturity	Transaction Amount (THB mil.)
1. LB196A	2 months	9,537
2. LB206A	1 year 2 months	27,753
3. LB21DA	2 years 8 months	26,687
3. LB226A	3 years 2 months	26,023
Total		90,000

2) Destination Bonds

Destination Bonds	Term to Maturity	Transaction Amount (THB mil.)
1. LB23DA	4 years 8 months	5,000
2. LB28DA	9 years 8 months	10,000
3. LB326A	13 years 2 months	15,000
4. LB386A	19 years 2 months	30,000
5. LB466A	27 years 2 months	10,000
5. LB676A	48 years 2 months	20,000
Total		90,000

This Bond Switching exercise accomplished these 4 following objectives;

1. Liability Management: reduce bunching risk of source bonds that going to be matured within 2022 by issuing 6 tenors of medium – long dated destination bond

2. Reduce Refinancing Risk: extending source bonds' average maturities from 2 years 1 month to 23 years 8 months by average maturities

3. Expand Investors Base: Investor types in this Bond Switching exercise includes commercial banks, mutual funds, private and public funds, life insurances, and international investors

4. Increase Market Liquidity: this Bond Switching exercise increases market liquidity in the Destination Bonds, which are on-the-run benchmark bond such as 5, 10, 15, 20, 30, and 50 years

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.