



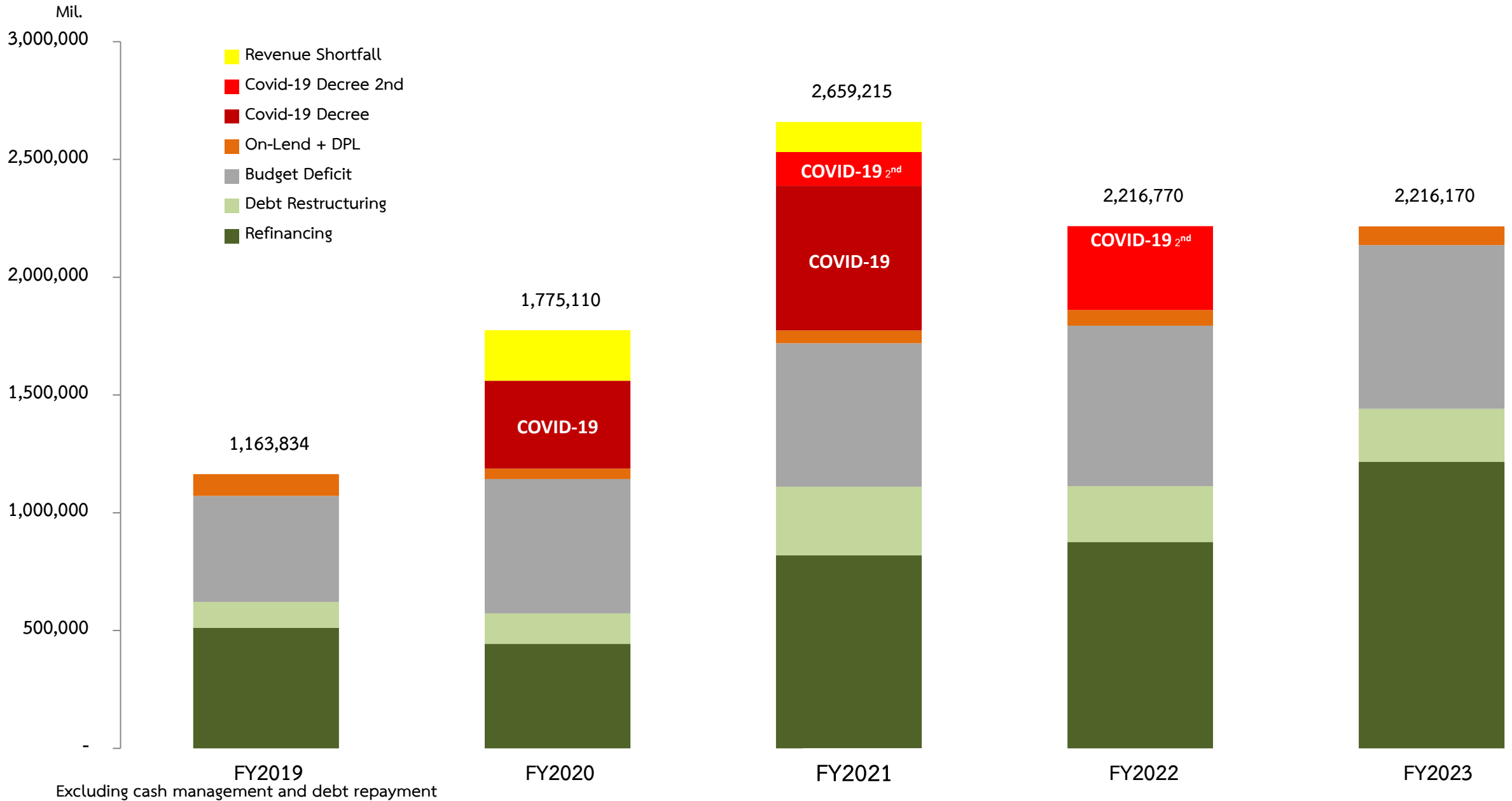
“Effective Debt Management Strategies in Current Macroeconomics Conditions”

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2022 Asian Regional Forum on Investment Management of Foreign Exchange Reserves
October 27th, 2022
Shangri-La, Singapore



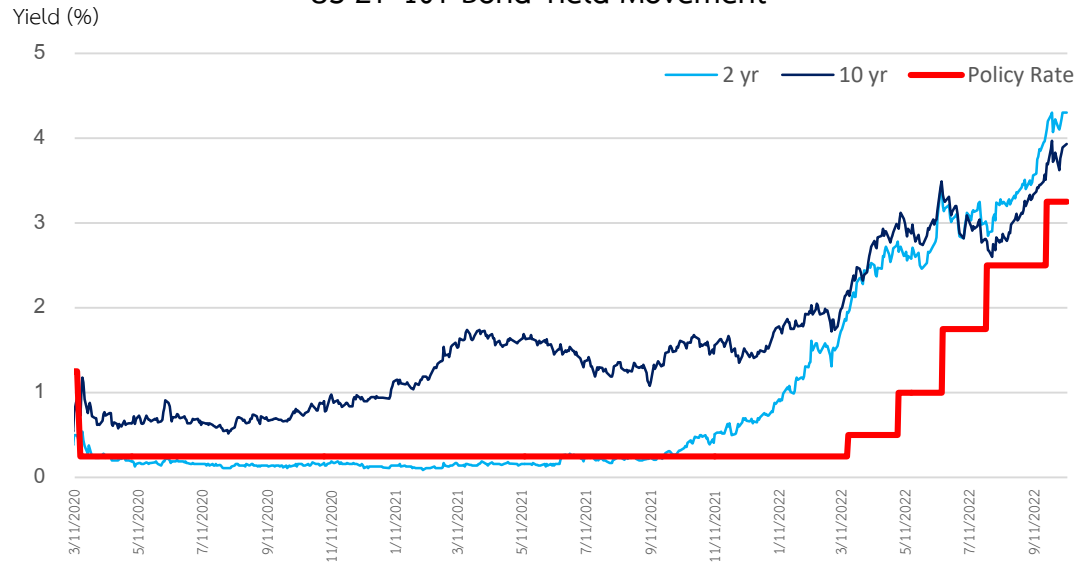
Significant increase in funding needs as a result of COVID pandemic



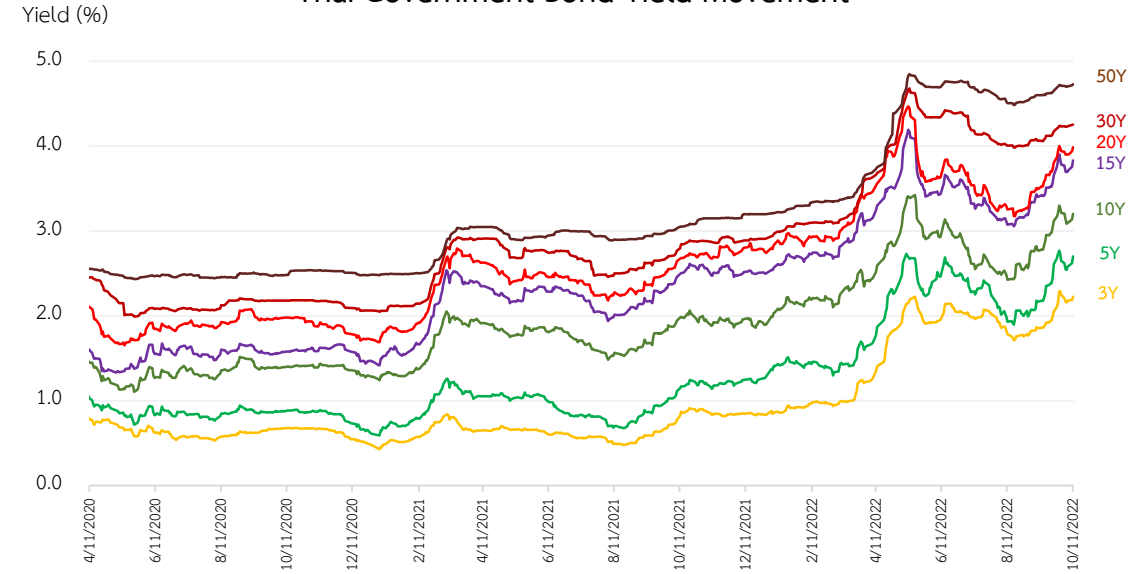


Inflation, tightening financial markets conditions and recession fears

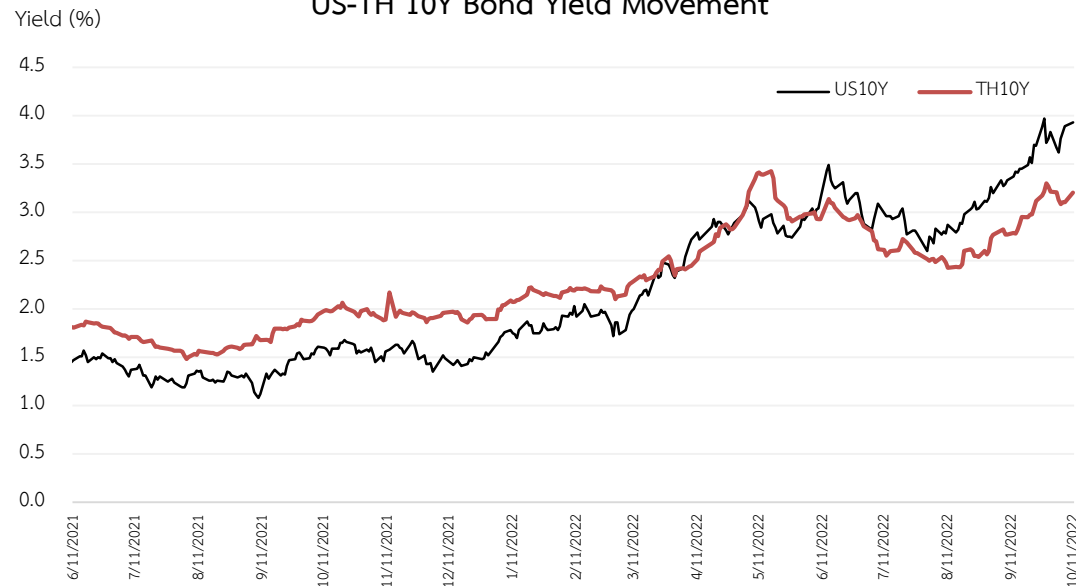
US 2Y-10Y Bond Yield Movement



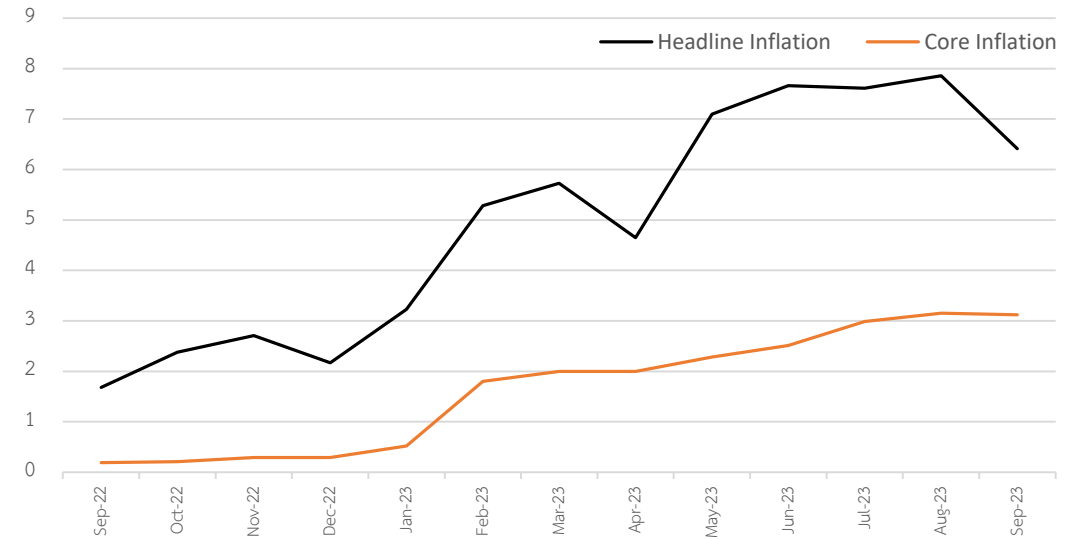
Thai Government Bond Yield Movement



US-TH 10Y Bond Yield Movement



Thai Inflation





Continue our conservative debt management strategy to promote resiliency and shock absorption

Debt management objectives

- Meet Government Funding Needs
- Minimize Cost Subject to Risk
- Bond Market Development

Market / Macro

- Yield curve: higher rate and steepening
- Response to fiscal stimulus in medium term
- Risk scenarios

Investor demand

- Market Dialogue
- Tap various investor bases i.e ESG, Short term bond (T-Bill, 3Y)



Review Annually : Process starts from Q3-Q4 of fiscal year

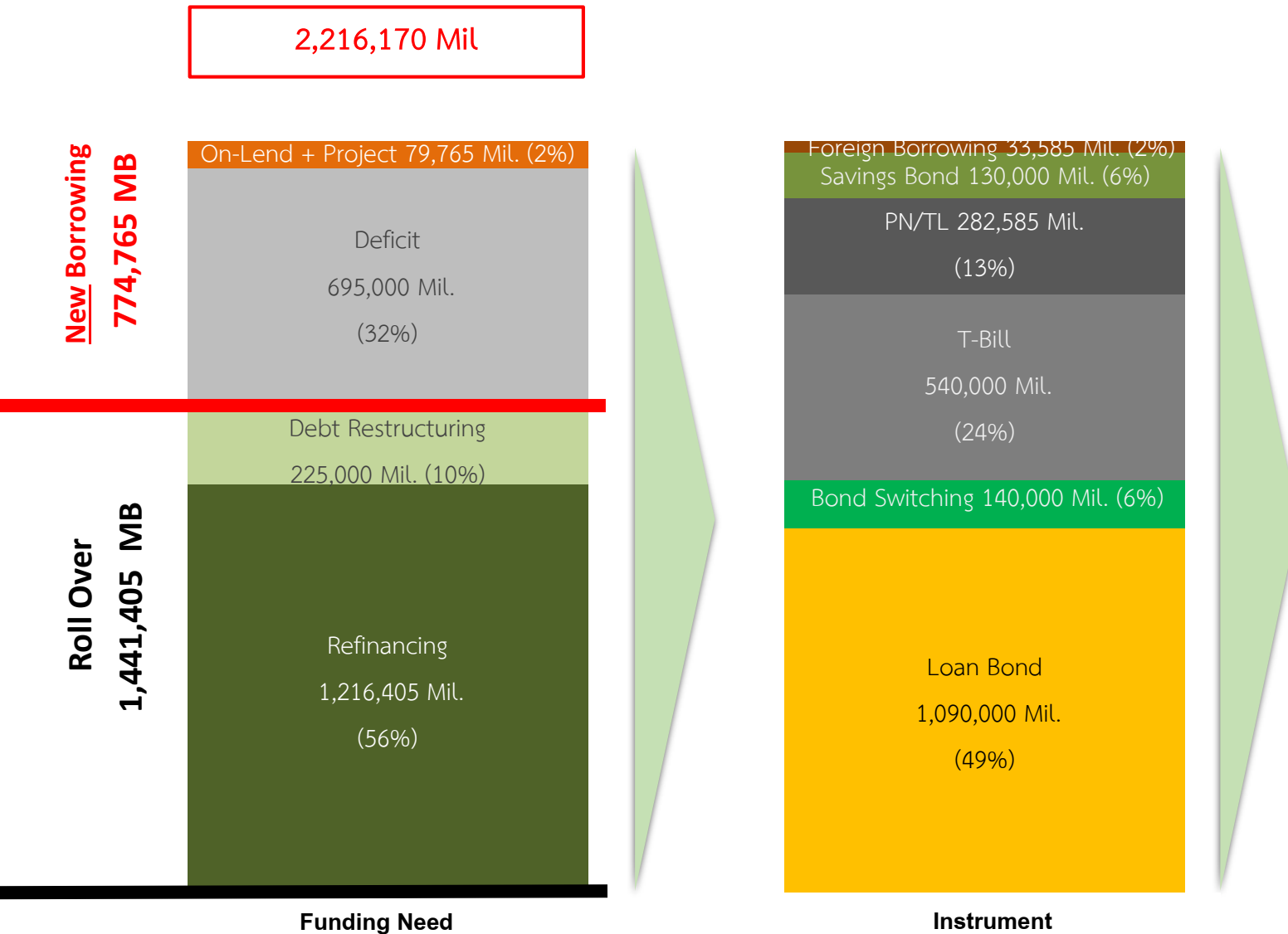
Scope of debt : Government Debt + On-lending + Guaranteed SOEs Debt serviced by budget

RISKS	INDICATORS	MTDS FY 2022-2026*	Status as of August 2022
Foreign Exchange Rate	Unhedged external debt (% of total debt)	Reduce FX Exposure	0.61
	Fixed rate debt (% of Total)	≥ 80	82.66
Interest Rate	Debt refixing in 1yr (% of total)	20 - 30	26.72
	Average time to maturity: ATM (years)	≤ 15	9.45
Refinancing risk	Debt maturing in 1yr (% of total)	10 - 16	13.37
	Debt maturing in 3yr (% of total)	25 - 35	35.82
Inflation-linked Bond (ILB) (% of total)		≤ 5	1.23

*Approved by Public Debt Risk Sub Committee (on August 10, 2022)



Diversify funding strategy to limit impact on domestic market



Instrument	Description
1. Benchmark Bond (Main Instrument)	Build benchmark yield curve for SOEs and private sector and also create liquidity in secondary market
2. Bond Switching	To refinance and manage debt portfolio
3. Treasury Bill	Cooperation Between BOT and MOF to prevent Crowding out Effect
4. Promissory Note / Term Loan	For debt restructuring and short term financing
5. Savings Bond	Promote sustainable investment for Thai retail investors

Notes: Excluding Cash Management and Debt Repayment



Issue across the curve to promote deep and liquid bond market, including GSS+ bond

THB Mil.

350000

300000

250000

200000

150000

100000

50000

0

Total outstanding of Sustainability Bond

- The 1st series; ESGLB35DA amount of THB 212 bil.
- The 2nd series; ESGLB376A amount of THB 35 bil.



TTM

3

5

10

15

20

25

30

50

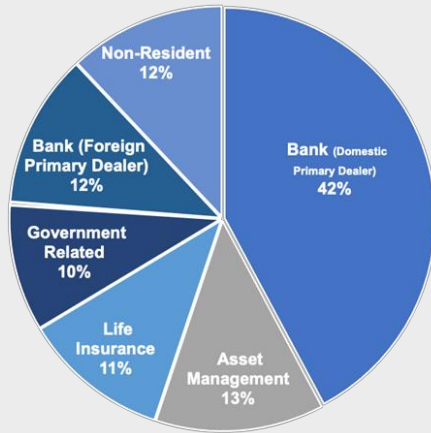


Sustainability bond not only support efforts in addressing climate change and social issues but also help expand investor base and extend tenor

Bond Features

Thailand Sustainability Bond 1 st series	
Bond Symbol	ESGLB35DA
Tenor	13.51 Years
Coupon	1.585%
Outstanding	212,000 million baht
Maturity Date	17 December 2035

Investor allocation



Investor demand of THB 60,911 mil. or 3.05 times the target issue size

Bank	54%
Asset Management	13%
Non-Resident	12%
Life Insurance	11%
Government Related	10%

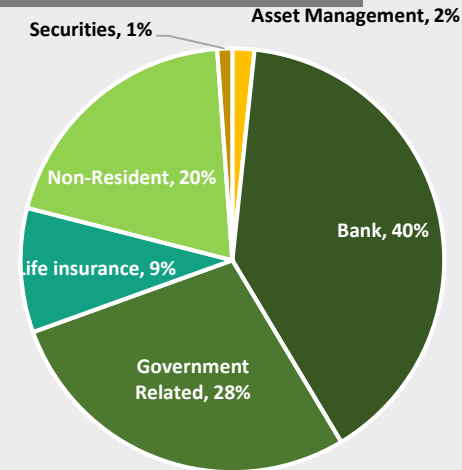
Eligible categories project



Bond Features

Thailand Sustainability Bond 2 nd series	
Bond Symbol	ESGLB376A
Tenor	14.75 Years
Coupon	3.39%
Outstanding	35,000 million baht
Maturity Date	17 June 2037

Investor allocation



Investor demand of THB 63,084 mil. or 3.15 times the target issue size [Higher than first issuance]

Bank	40%
Government Related	28%
Non-Resident	20%
Life Insurance	9%
Asset Management	2%
Security	1%

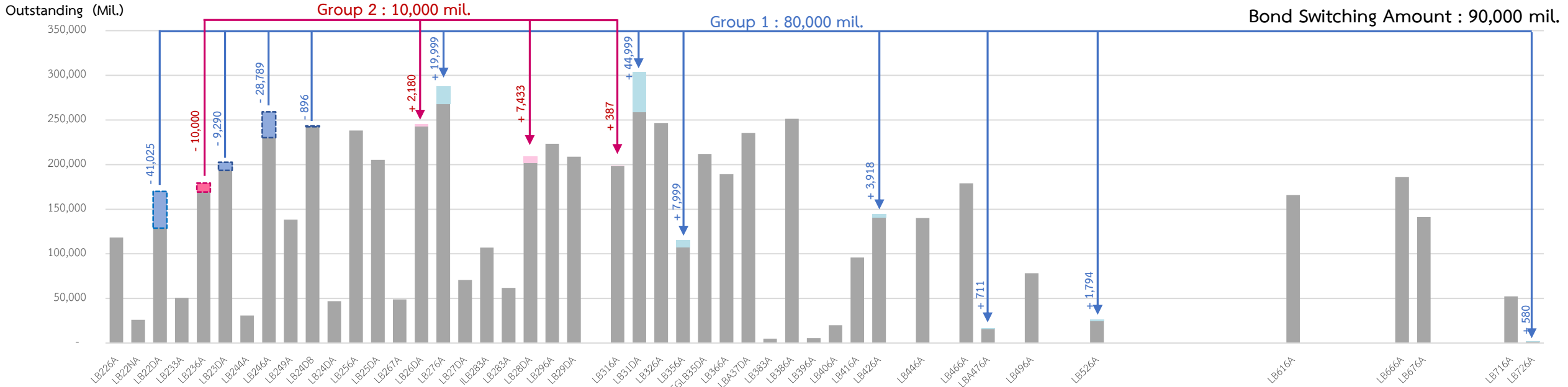
[Reach more investor base]

Eligible categories project





Bond switching helps reduce refinancing risk and support market liquidity



Bond Switching Transaction result proceed on May 12,2022

1. Reduce bunching debt in 1 – 3 year forward
2. Reduce debt risk and extend ATM (90,000 mil. Into 9Y10M)
3. Increase benchmark bond liquidity 5 – 50 year

Group 1

Source Bond		
Bond Series	TTM (Year)	Outstanding (mil. THB)
LB22DA	0.60	41,025
LB23DA	1.60	9,290
LB246A	2.10	28,789
LB24DB	2.60	896
Total		80,000

Source Bond		
Bond Series	TTM (Year)	Outstanding (mil. THB)
LB276A	5.10	19,999
LB31DA	9.61	44,999
LB356A	13.11	7,999
LB426A	20.11	3,918
LBA476A	25.12	711
LB526A	30.12	1,794
LB726A	50.13	580
Total		80,000

Group 2

Source Bond		
Bond Series	TTM (Year)	Outstanding (mil. THB)
LB236A	1.10	10,000
Total		10,000

Source Bond		
Bond Series	TTM (Year)	Outstanding (mil. THB)
LB26DA	4.60	2,180
LB28DA	6.61	7,433
LB316A	9.11	387
Total		10,000



Bond market has been critical in supporting economic recovery

**Thai Bond Market Cap.
15,493,557 THB Mil.**



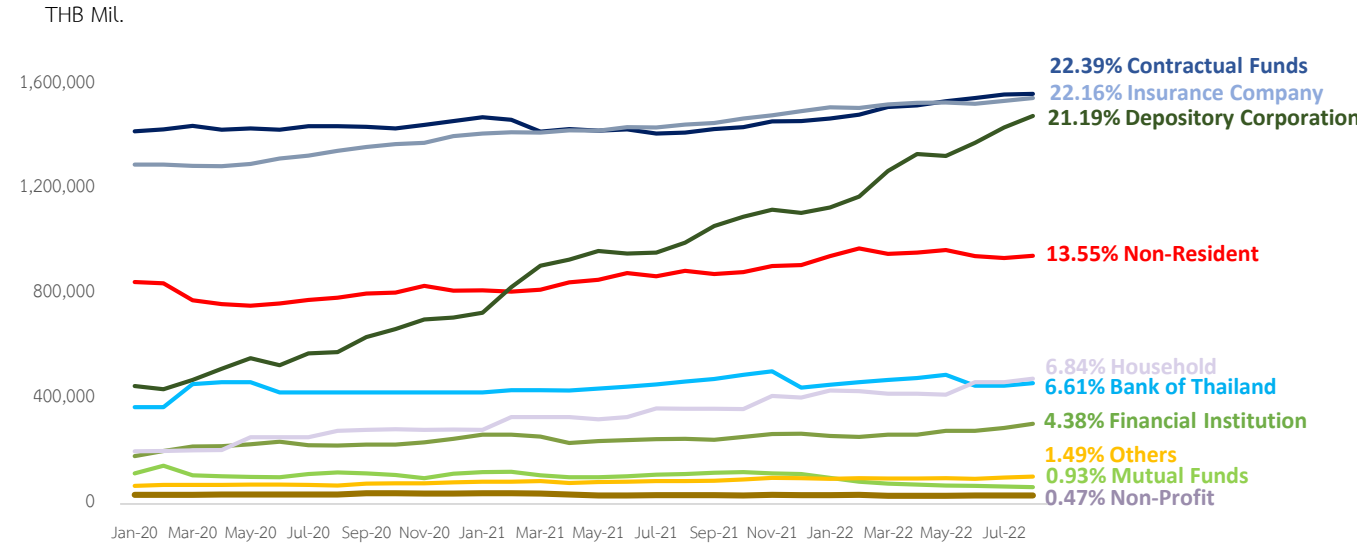
BAHT Bond 1%
CORP Bond 27%
4,256,466 THB Mil.

Government Agency 7%

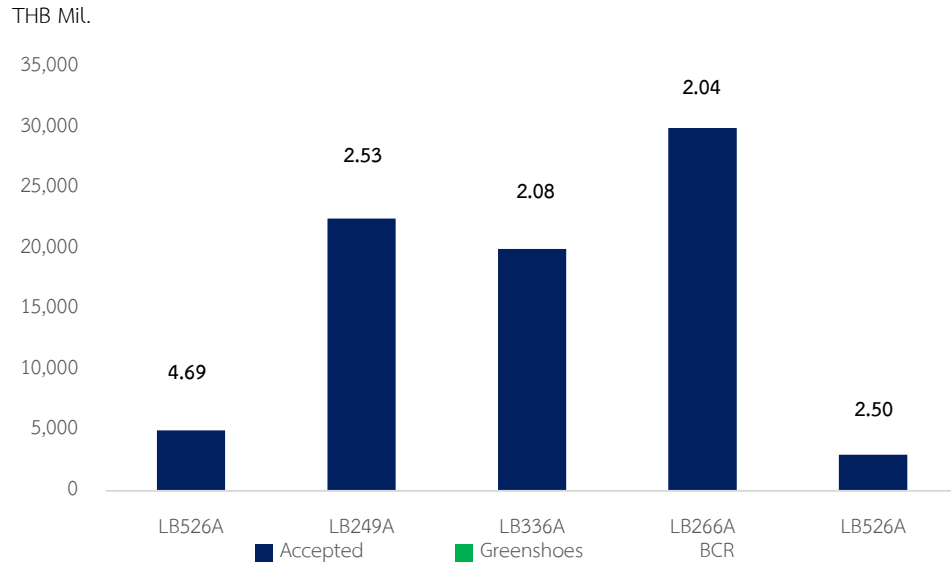
BOT Bond 16%
2,505,910 THB Mil.

GOVT Bond 49%
7,622,568 THB Mil.

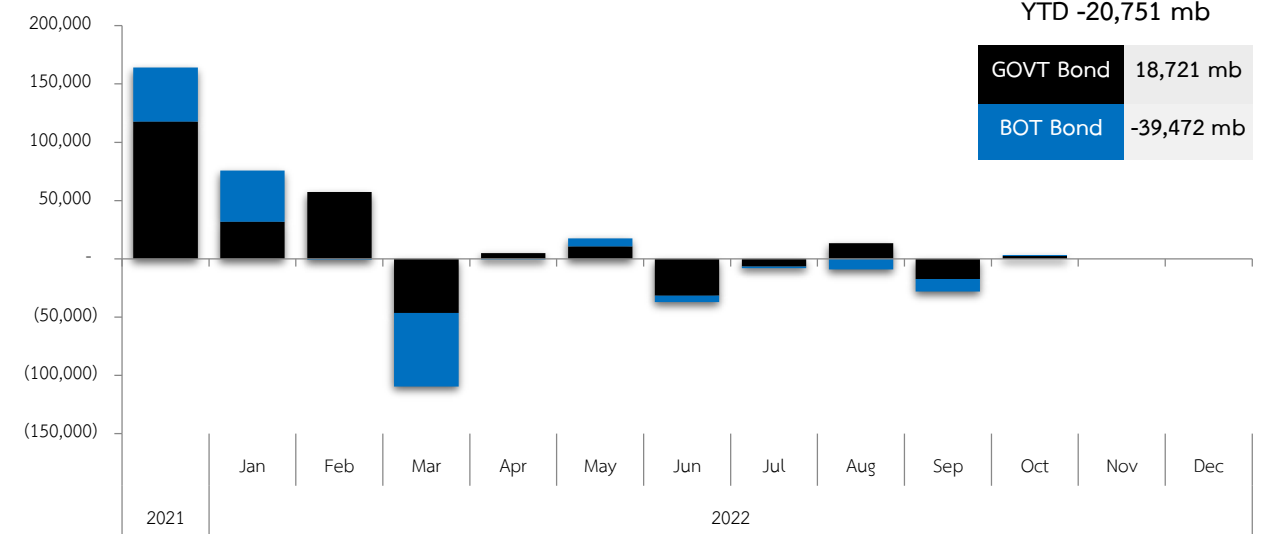
Government Bond Holders Classified by Type of Investors



Latest Government Bond Auction Result



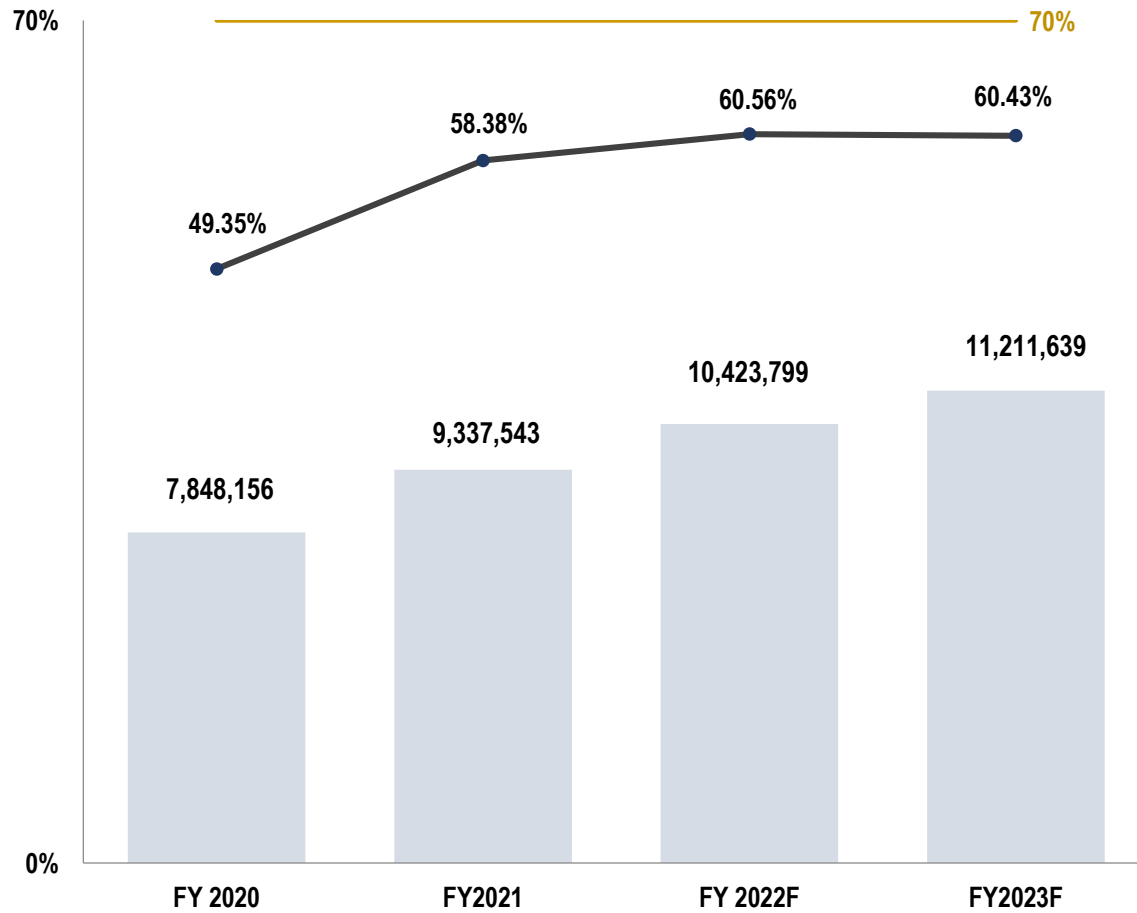
Non-Resident Flows



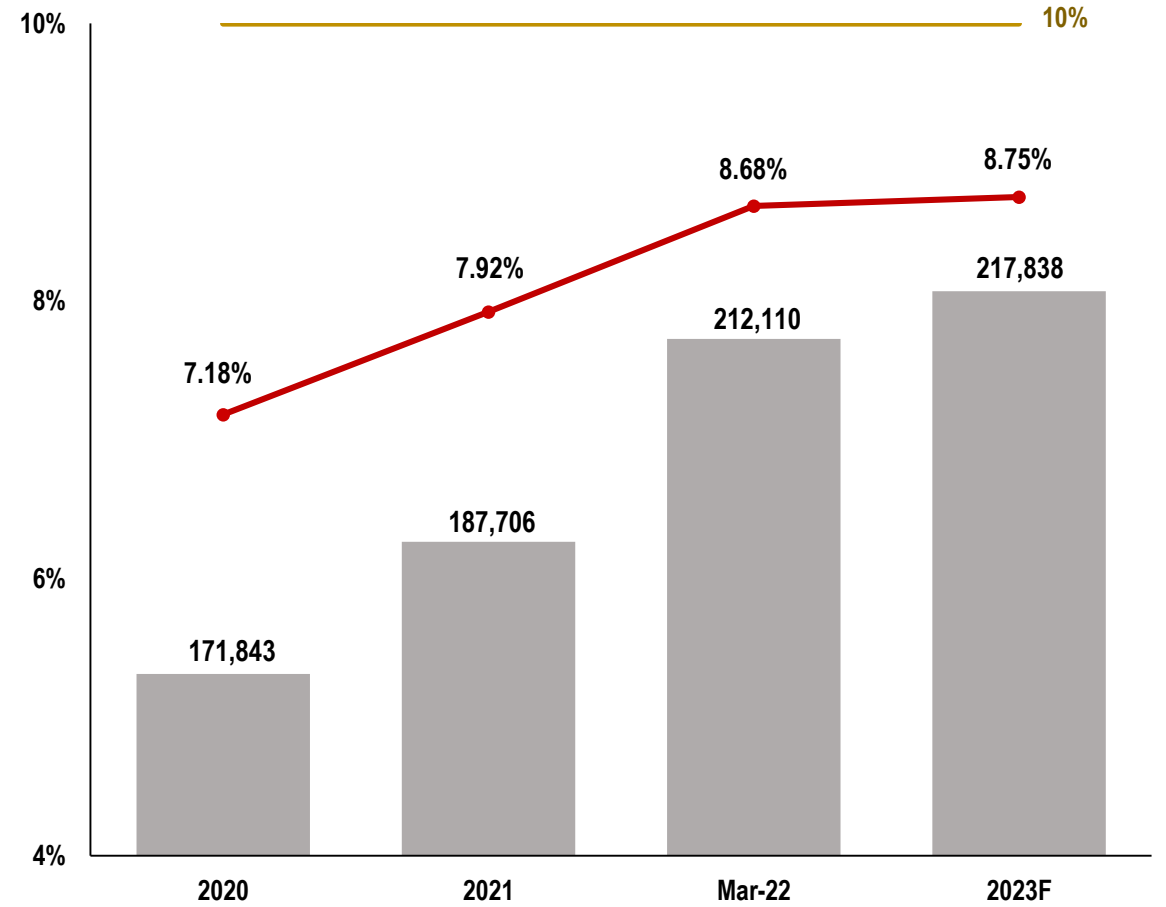


Fiscal space available if need further stimulus

Public Debt/GDP Ceiling < 70%



Interest Payment/Revenue Ceiling < 10%

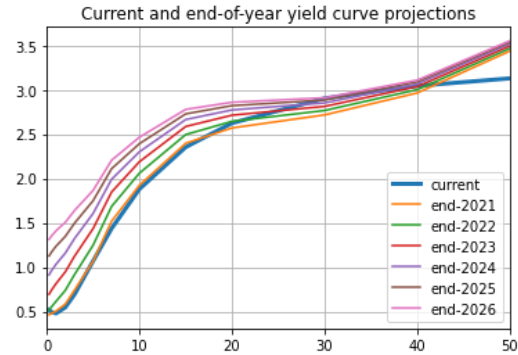




PDMO is the last resort, always preparing for the worst

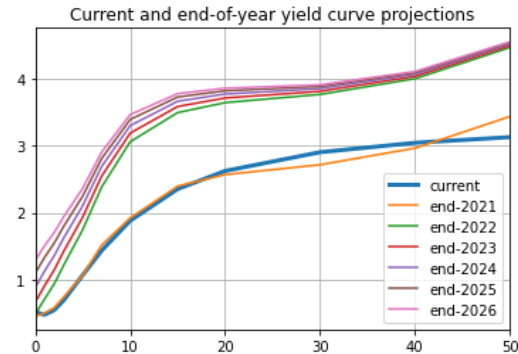
1 | Base

Forward curve predicted by 3-factor model



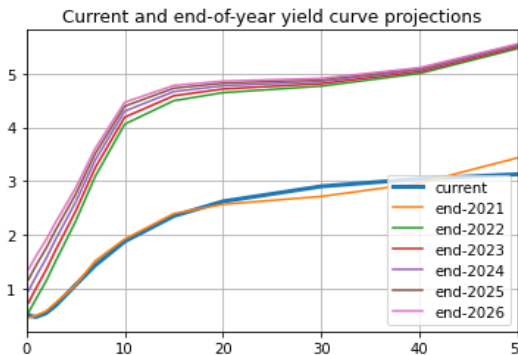
2 | Moderate

Yield shift up by 1% in FY 2022



3 | Extreme

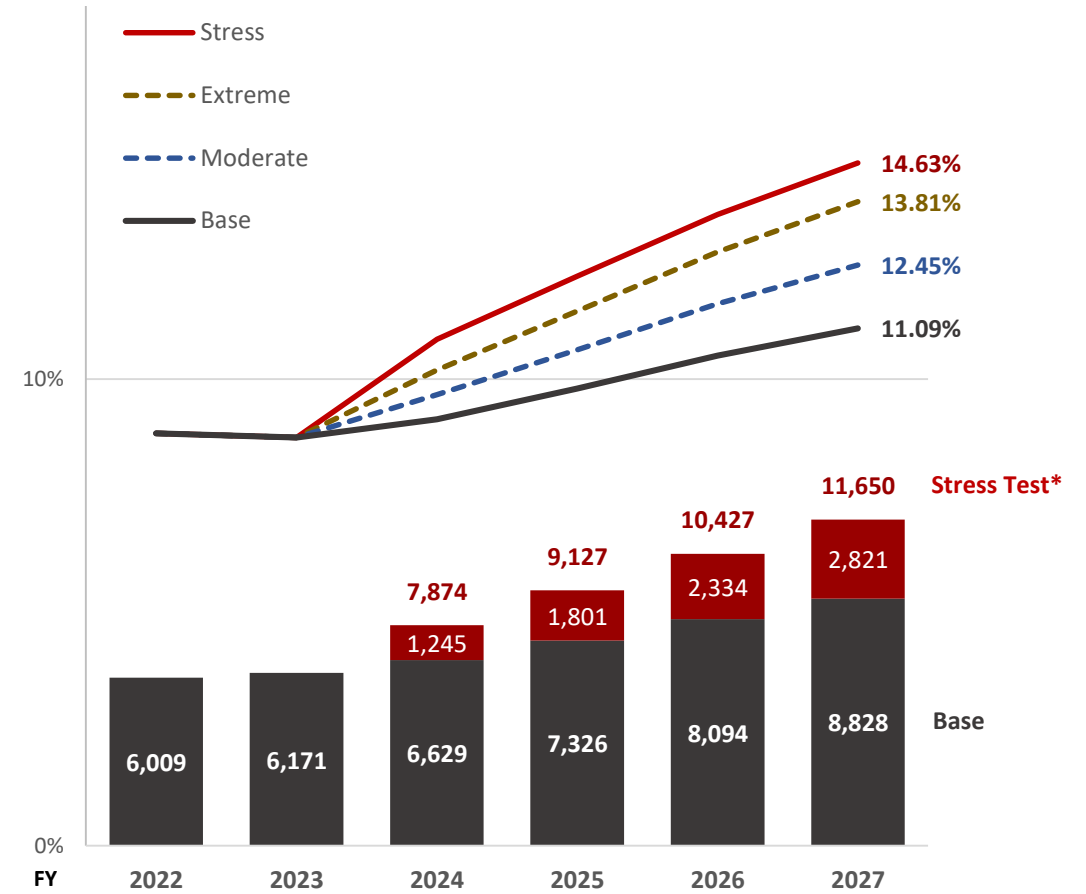
Yield shift up by 2% in FY 2023



Scenarios Analysis

Interest payment / Revenue

(Million USD)



Stress Test* includes 1 trillion THB new borrowing in FY 2023 and interest rate extreme scenario

*1 USD = 35.3 THB