FN 211

Supplementary Notes

Chotima Sitthichaiviset

Money Markets

Supplementary Notes

TBs' auction result

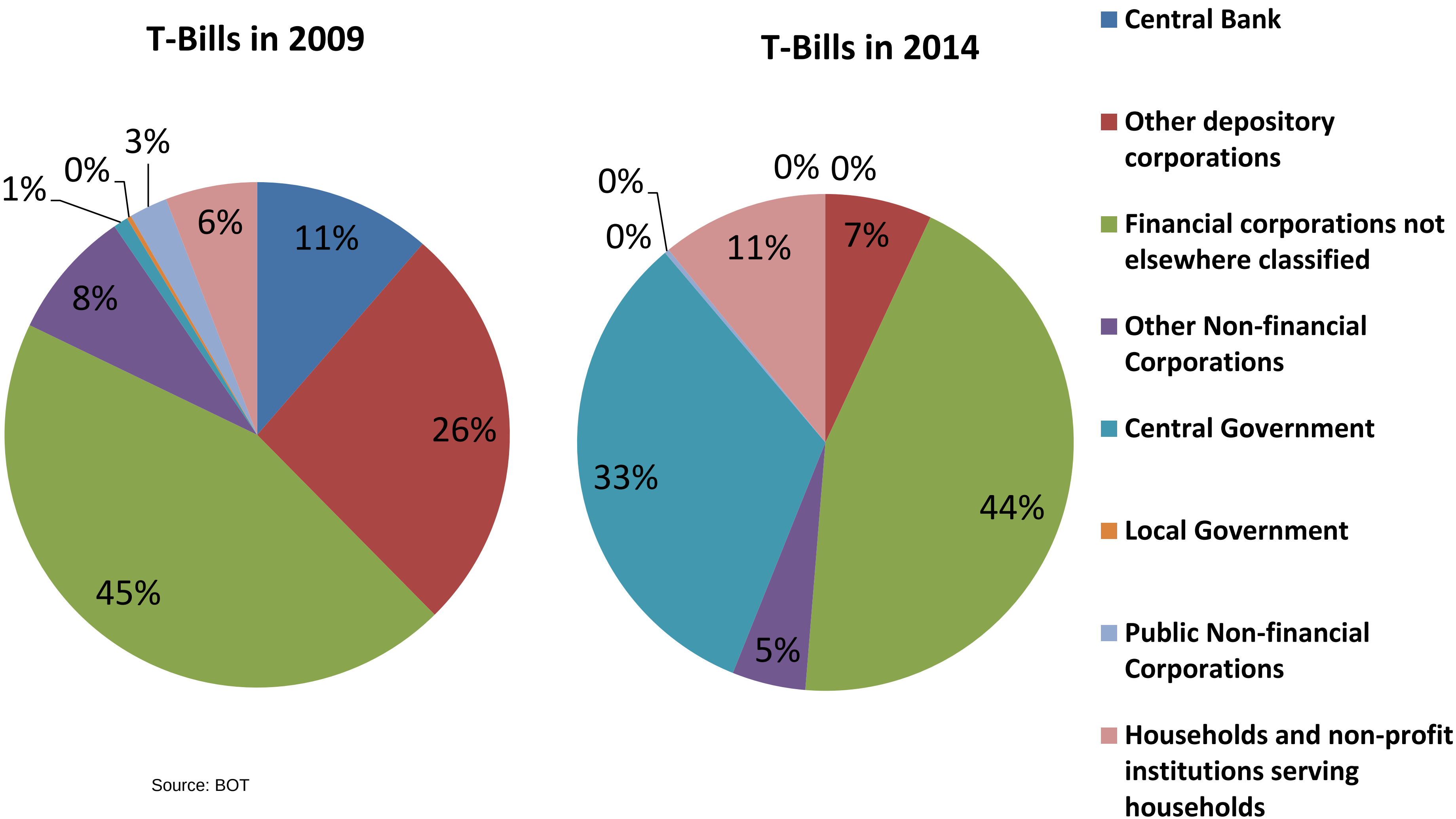
Treasury Bills | Government Bonds | Government Promissory Note | State Owned Enterprise Bonds | State Agency Bonds

Results of Treasury Bills Auction - 2 Feb 2015 to 27 Feb 2015

ThaiBMA Symbol	Issue Name	Term	Auction Amt	Issue Date	Maturity Date	Auction Date	Auction Result					Registered Date
							Accepted Amt	Yield (%)			BCR	
								High	Low	Avg.		
TB15305A	TB58/19/29D	29 Days	20,000,000,000.00	04-Feb-15	05-Mar-15	02-Feb-15	20,000,000,000.00	1.968000	1.940000	1.957230	1.250000	04-Feb-15
TB15311A	TB58/20/28D	28 Days	20,000,000,000.00	11-Feb-15	11-Mar-15	09-Feb-15	20,000,000,000.00	1.978000	1.950000	1.964860	1.270000	11-Feb-15
TB15318A	TB58/21/28D	28 Days	20,000,000,000.00	18-Feb-15	18-Mar-15	16-Feb-15	20,000,000,000.00	2.000000	1.980000	1.992820	1.380000	18-Feb-15
TB15527A	TB58/5/91D	91 Days	10,000,000,000.00	25-Feb-15	27-May-15	23-Feb-15	10,000,000,000.00	1.990000	1.974000	1.984890	4.250000	25-Feb-15
TB15325A	TB58/22/28D	28 Days	15,000,000,000.00	25-Feb-15	25-Mar-15	23-Feb-15	15,000,000,000.00	1.975000	1.964000	1.969520	2.110000	25-Feb-15
			85,000,000,000.00				85,000,000,000.00					

- BCR = Bid Coverage Ratio
- BCR = The number of bids *received* / the number of bids *accepted*

Holders of T-Bills



Source: BOT

CBs' auction result

Treasury Bills | Government Bonds | Government Promissory Note | State Owned Enterprise Bonds | State Agency Bonds

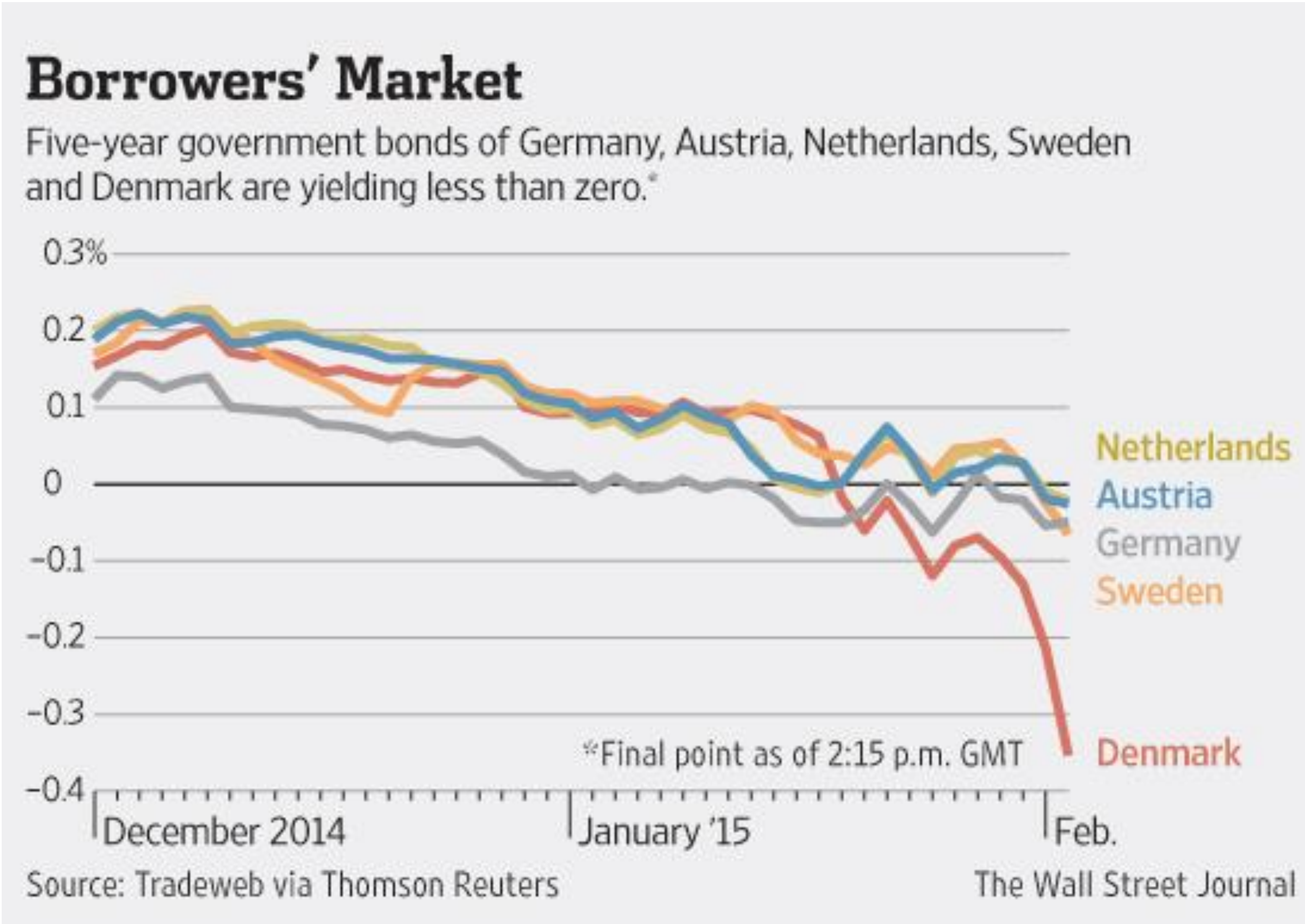
Results of State Agency Bonds Auction - 2 Feb 2015 to 27 Feb 2015

ThaiBMA Symbol	Issue Name	Term	Auction Amt.	Issue Date	Maturity Date	Auction Date	Auction Result					Registered Date
							Accepted Amt.	Yield (%)			BCR	
								High	Low	Avg		
CB16107A	BOT58/1/364D	364 Days	45,000,000,000.00	08-Jan-15	07-Jan-16	03-Feb-15	45,000,000,000.00	2.001500	1.990000	1.999810	4.050000	05-Feb-15
CB15507B	BOT58/5/91D	91 Days	32,000,000,000.00	05-Feb-15	07-May-15	03-Feb-15	32,000,000,000.00	1.980000	1.954000	1.966680	1.100000	05-Feb-15
CB15806A	BOT58/5/182D	182 Days	32,000,000,000.00	05-Feb-15	06-Aug-15	03-Feb-15	32,000,000,000.00	2.000000	1.964000	1.989000	2.180000	05-Feb-15
CB15224A	BOT58/4/14D	14 Days	25,000,000,000.00	10-Feb-15	24-Feb-15	06-Feb-15	25,000,000,000.00	1.962000	1.930000	1.958950	1.310000	10-Feb-15
CB15514B	BOT58/6/91D	91 Days	32,000,000,000.00	12-Feb-15	14-May-15	10-Feb-15	32,000,000,000.00	1.987000	1.970000	1.979470	1.310000	12-Feb-15
CB15813A	BOT58/6/182D	182 Days	32,000,000,000.00	12-Feb-15	13-Aug-15	10-Feb-15	32,000,000,000.00	2.000000	1.990000	1.997470	3.100000	12-Feb-15
CB15303A	BOT58/5/14D	14 Days	35,000,000,000.00	17-Feb-15	03-Mar-15	13-Feb-15	24,571,000,000.00	2.000000	1.940000	1.976050	0.710000	17-Feb-15
BOT182A	BOT58/1/FRB3Y (BOT182A)	3.00 Yrs.	10,000,000,000.00	17-Feb-15	17-Feb-18	13-Feb-15	10,000,000,000.00	2.130000	2.108000	2.122650	4.770000	17-Feb-15
CB15521B	BOT58/7/91D	91 Days	32,000,000,000.00	19-Feb-15	21-May-15	17-Feb-15	32,000,000,000.00	2.004000	1.994000	1.999820	1.310000	19-Feb-15
CB15820A	BOT58/7/182D	182 Days	32,000,000,000.00	19-Feb-15	20-Aug-15	17-Feb-15	32,000,000,000.00	2.005000	1.997000	2.000830	2.220000	19-Feb-15
BOT172A	BOT58/1/2Y	2.00 Yrs.	40,000,000,000.00	23-Feb-15	23-Feb-17	19-Feb-15	40,000,000,000.00	2.098000	2.088000	2.096900	2.800000	23-Feb-15
CB15528B	BOT58/8/91D	91 Days	32,000,000,000.00	26-Feb-15	28-May-15	24-Feb-15	32,000,000,000.00	1.975000	1.960000	1.967070	2.100000	26-Feb-15
CB15827A	BOT58/8/182D	182 Days	32,000,000,000.00	26-Feb-15	27-Aug-15	24-Feb-15	32,000,000,000.00	1.997000	1.980000	1.990050	1.740000	26-Feb-15
			411,000,000,000.00				**400,571,000,000.00**					

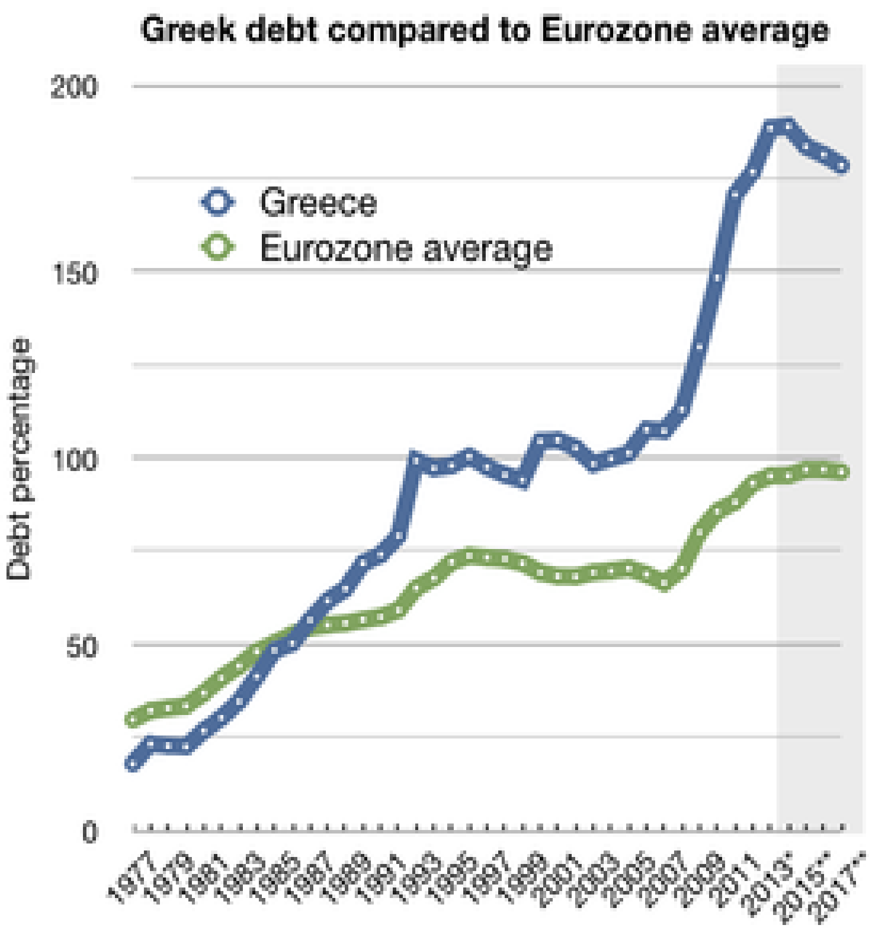
Bond Market

Supplementary Notes

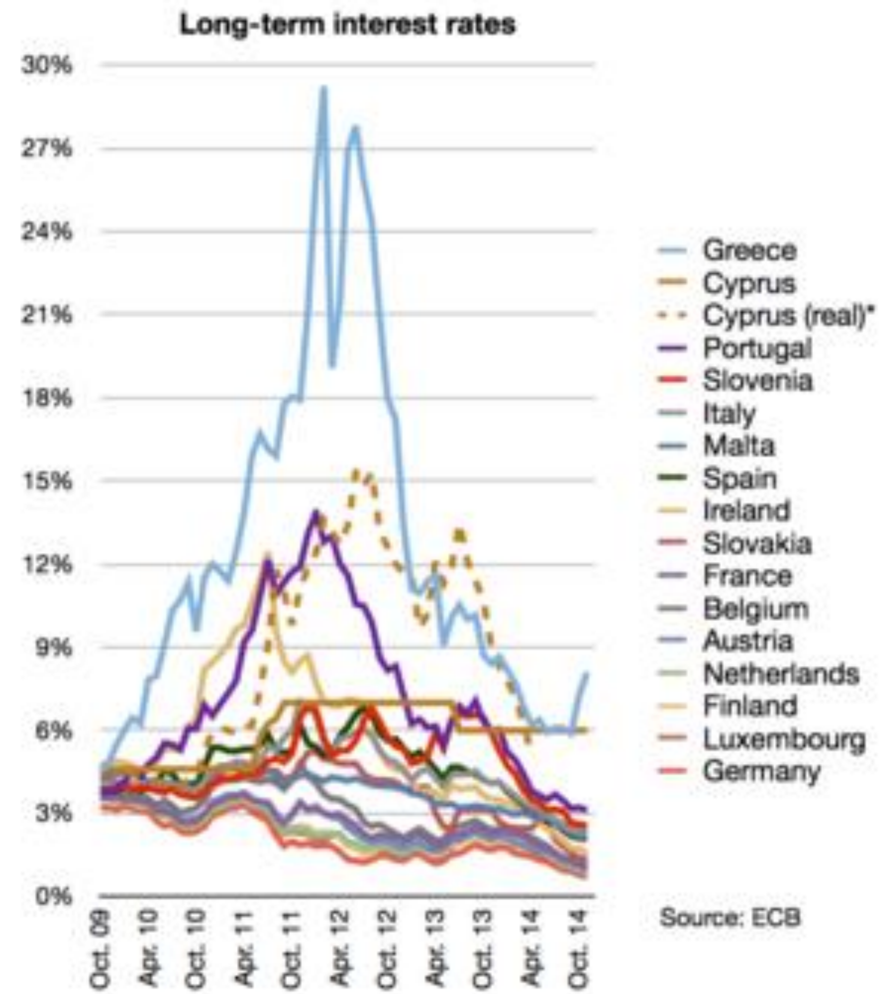
The Impact of ECB's Sovereign QE
Negative Sovereign Bond Yields



Sovereign Bonds:
The Greek Debt Crisis



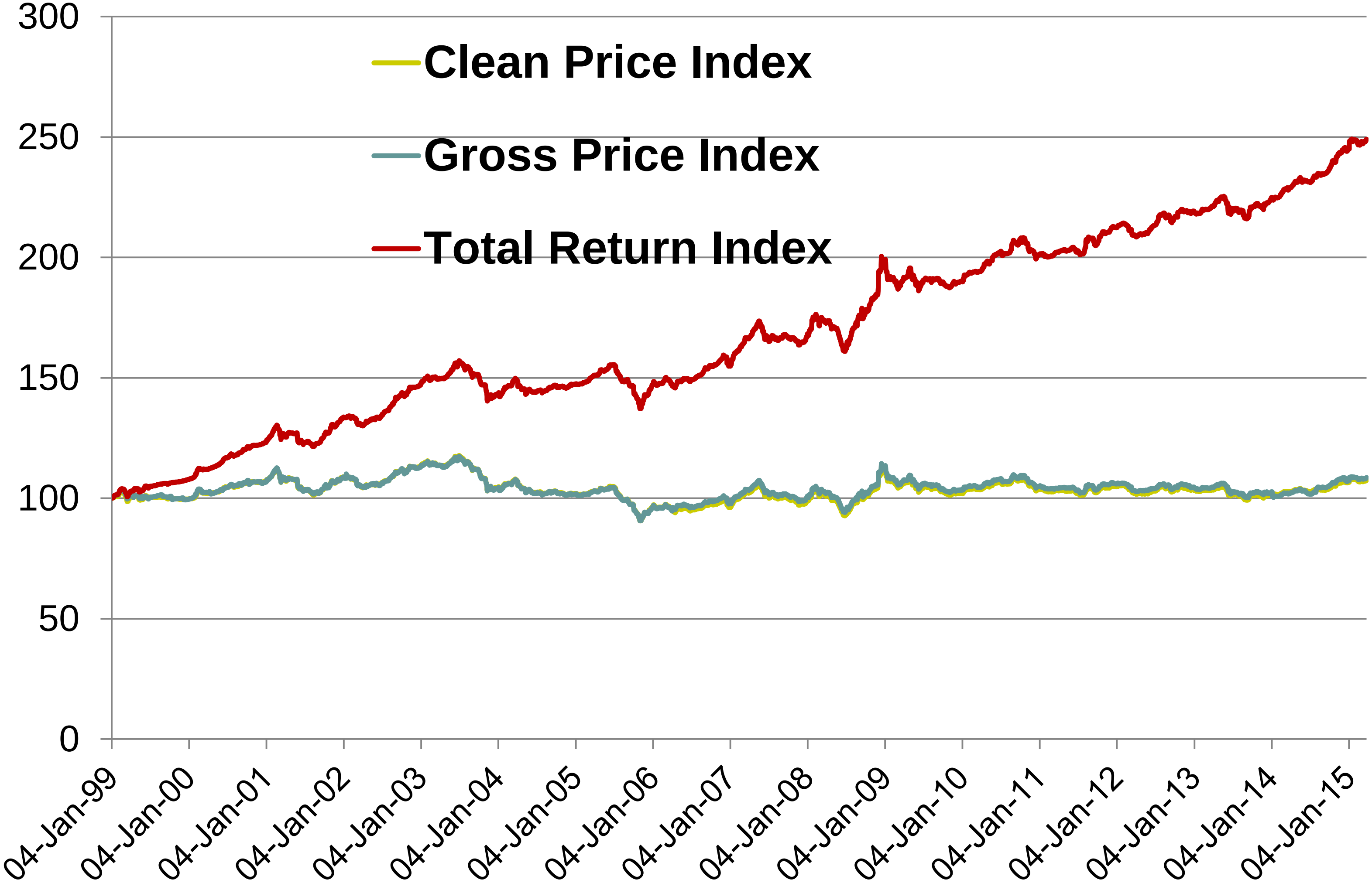
Source: Eurostat (1/2013)
*estimates
**estimates from Ernst & Young using data from Oxford Economics (3/2013)



Source: ECB

* actual market trade values without cut-off yield for Cyprus government bond maturing 3 February 2020

Thai BMA Government Bond Index



Stock Market

Supplementary Notes

What are benefits of ETF?

- Liquidity: It can be traded in the stock exchange
- Diversification: ETF represents a *basket* of securities
- Low management fees: It's indexed to a specific portfolio (e.g. SET 50) → There is no need for fund managers to actively manage the portfolio
- Valuation is certain since exact content of basket is known.

What are reasons for IPO?

- Obtain additional cash: Bank financing and/or venture capital are no longer enough.
- Cheaper financing: Public equity is cheaper than private equity. Also, it’s likely to make other sources of financing cheaper too.
- Allow insiders to sell their stakes in the company and diversify.
- Venture capitalist wants to cash out.
- Gives the firm easier access to the equity market in the future.

What are costs of IPO?

- Going public is a costly process: administrative fees vary substantially but average around 4% of the value of the issue plus underwriter fees.
- Loss of control
- Legal requirements: stronger information disclosure rules
- The value of the firm becomes more dependent on external perceptions
- Easier target for hostile takeovers
- Competitors have access to more information about operations

Why are firms/investors leaving so much money on the table?

- To attract investors
- “Good Taste in the Mouth”: High-quality firms signal they are good by underpricing. Recoup sacrifice later with better analyst coverage or better SEOs.
- Cascading Demand: Investors judge interest of others. If initial opinion is bad (even if it wrong), IPO would fail.
- Litigation: Underwriters afraid of being sued.
- Reputation: Underwriters don’t want to have a bad name.
- Investors’ over-reaction causes spikes on the initial days of trading.

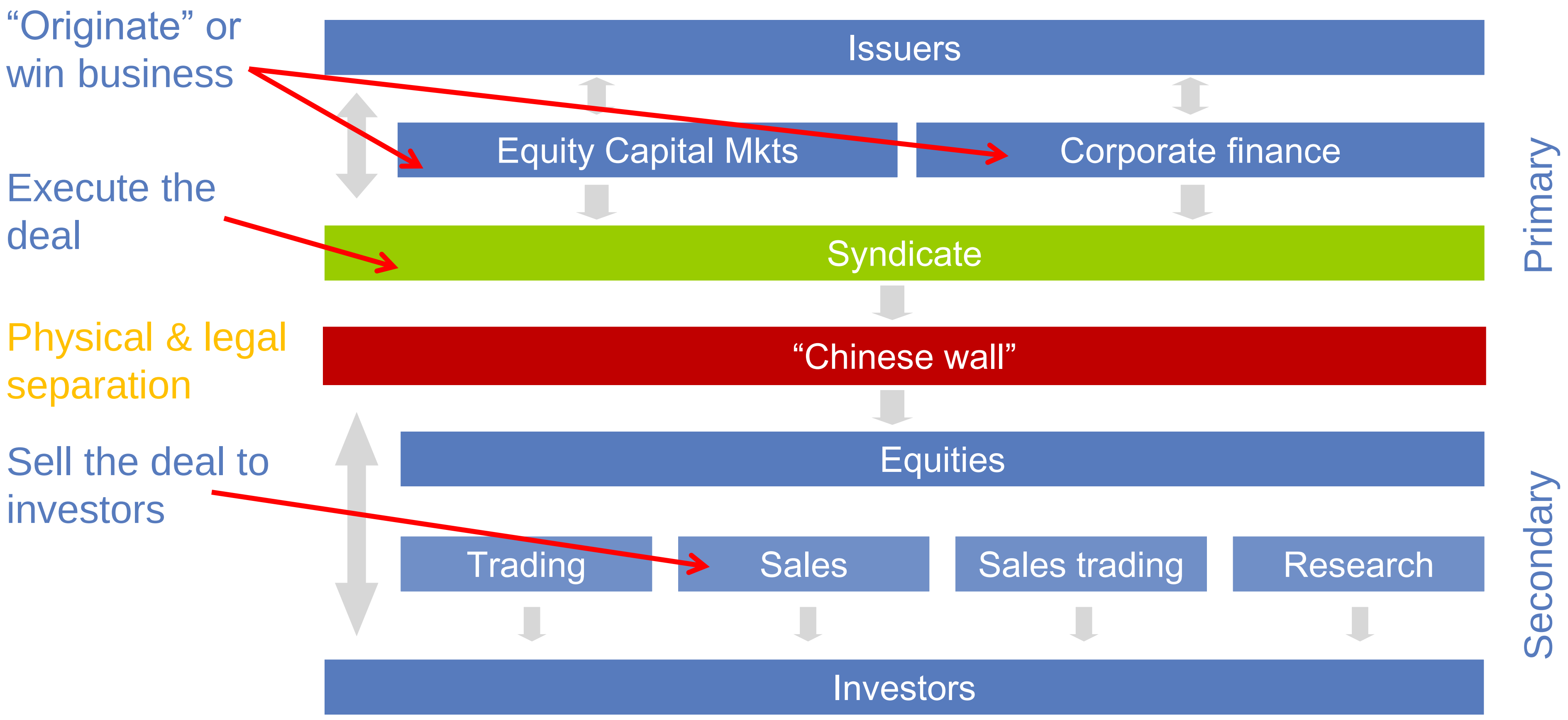
IPO Process

- Appoint underwriter/ financial adviser (a broker or investment bank) and establish an audit commiteee
- Register with local regulatory body (e.g. SEC, SET)
- Prepare prospectus
- Price setting process: auction/book-building
- Appoint a share registrar
- Submit IPO and listing applications to local regulatory body
- Distribute stock
- New shares trade on stock exchange

Regional/country differences:

e.g. no research published in US by underwriter for 30 days

Equity capital raising teams in investment banks



Stock Listing in Thailand: Benefits

- Benefits to listed companies
  - A source of long-term capital
  - Positive public image
  - Catalyst for attracting foreign partnerships
  - Management accountability and professionalism
  - Employee morale
- Benefits to shareholders
  - Increased liquidity
  - Shareholder protection
  - Tax privileges