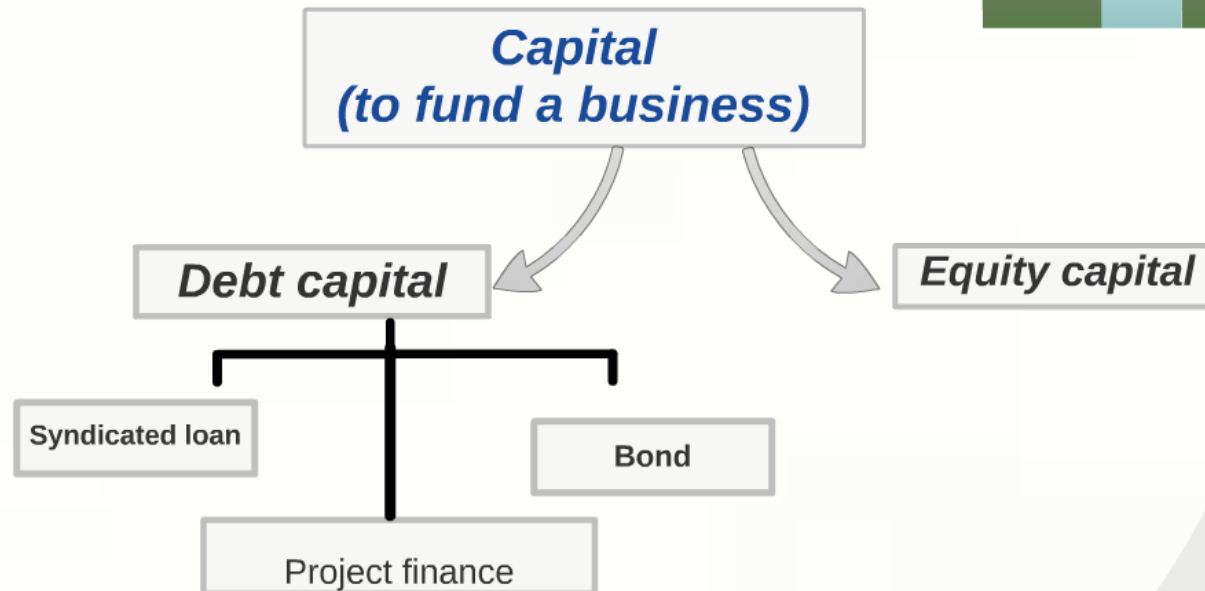
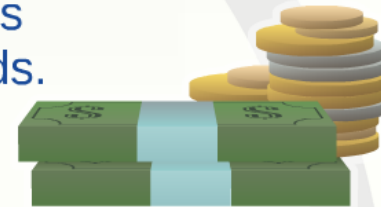


DEBT CAPITAL MARKET

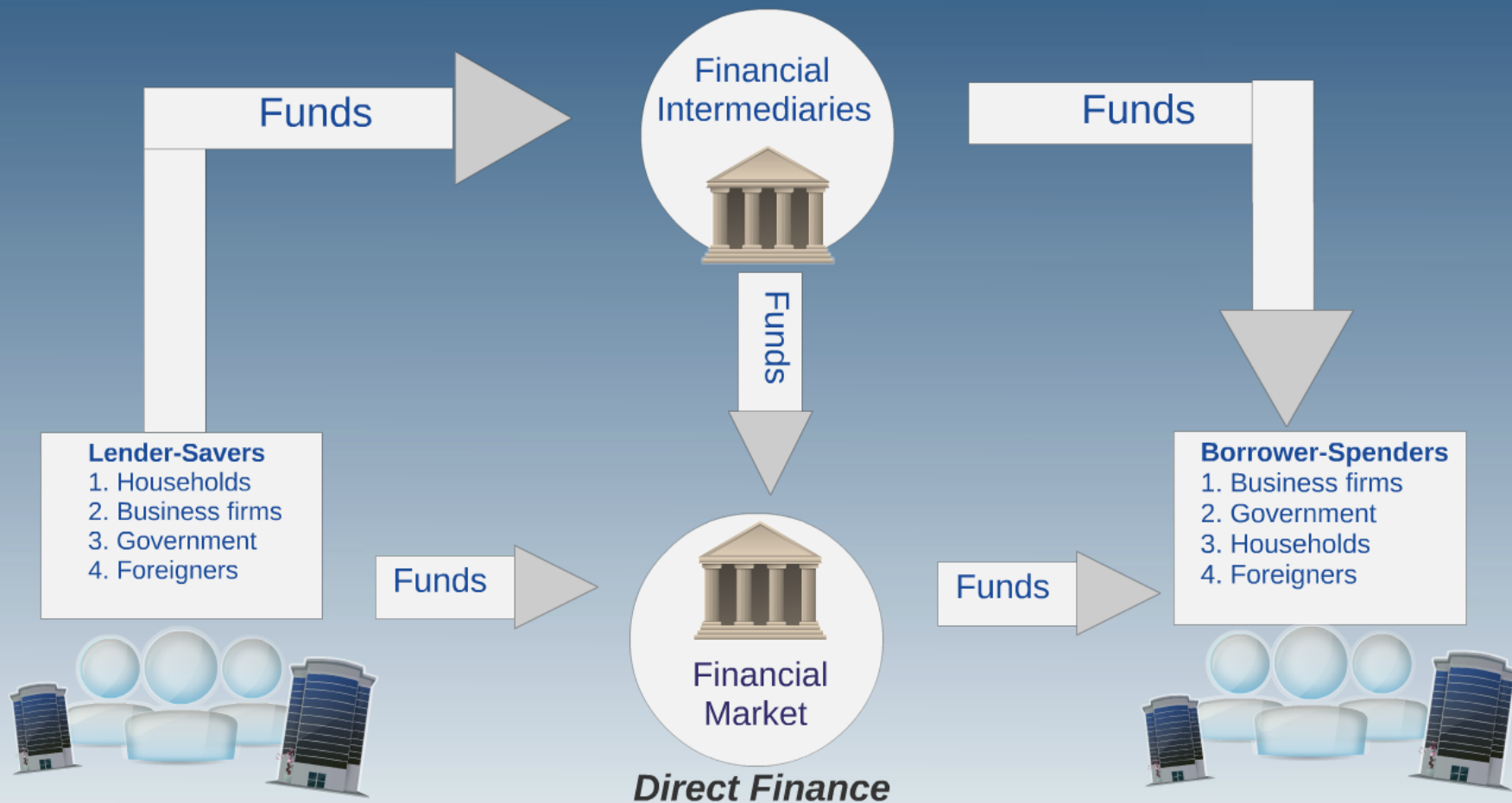
What is debt capital market ?

: a market for trading long-term securities where borrowers can raise long-term funds.
(> , = 1 year)



Companies can use either or both

Indirect Finance



How to raise funds ?

1. Bond

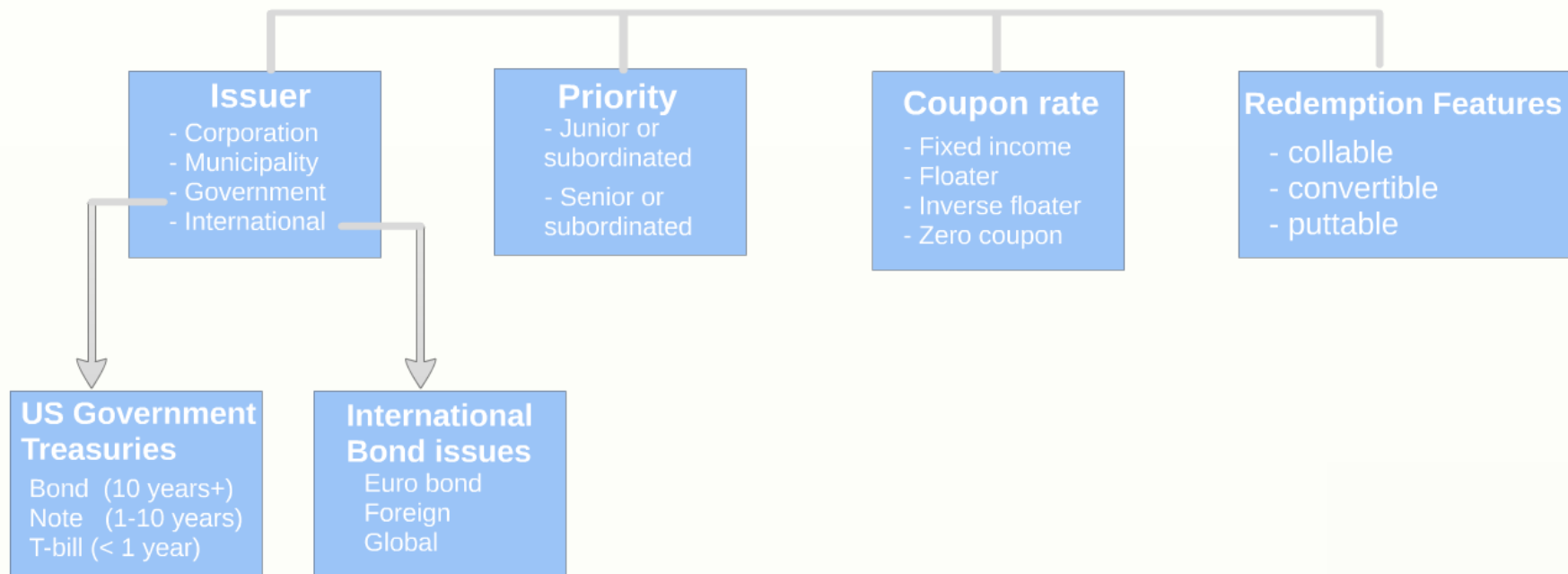
: a simply contract between lender and borrower by which the borrower promises to repay a principal with interest



ORT

Type of Bonds

Bond Characteristics



- Bond issuance process -

Risk of investing in bond

- Interest rate risk
- Credit rating risk
- Liquidity risk
- event risk

CREDIT REPORT



2. Syndicated Loan

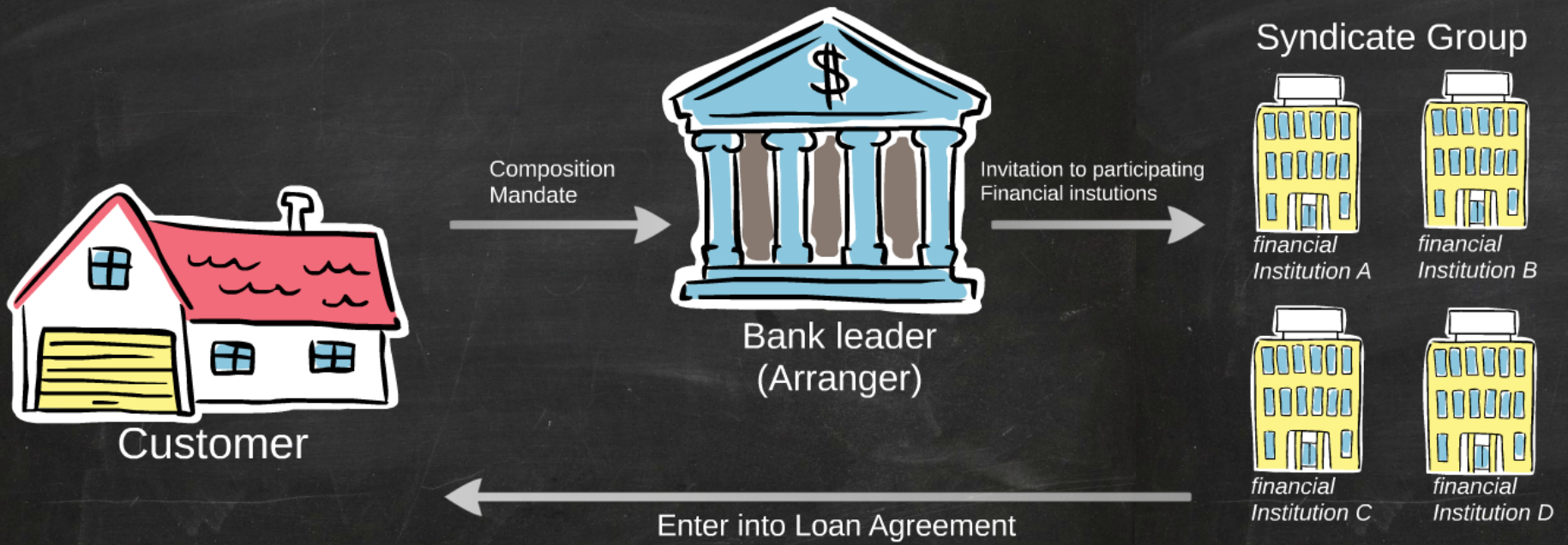
- : Loan from a group of lenders to a single borrower.
- : The borrower can be a corporation, a large project, or a government
- : Lenders are banks and financial institutions.

capacity

tion



process of syndicated loan



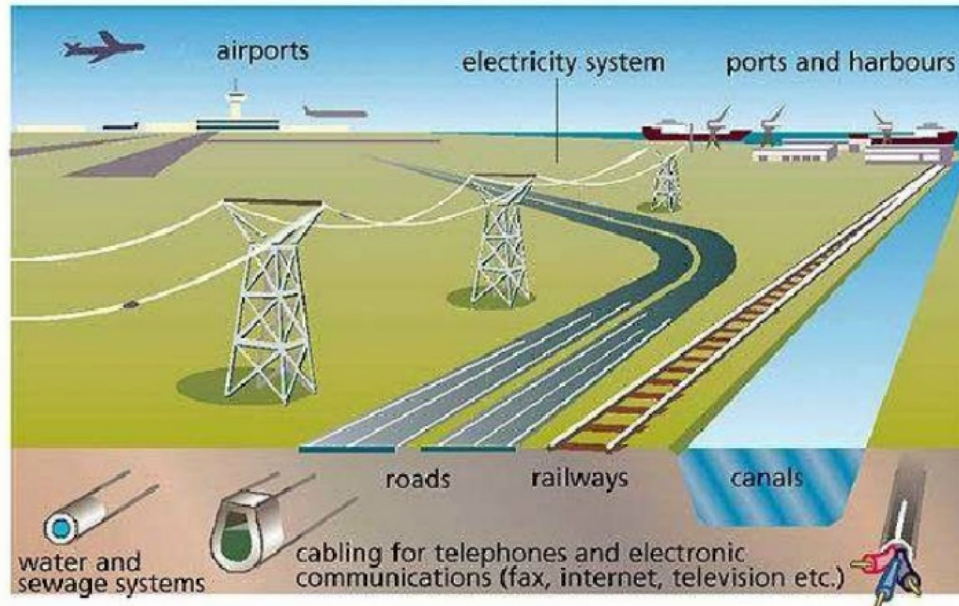
WHY?

Syndicated loan matter ?

- > When a project is large or complex, the capacity of a single lender cannot be held.
- > Mobilisation of funds and risk diversification prevail over others

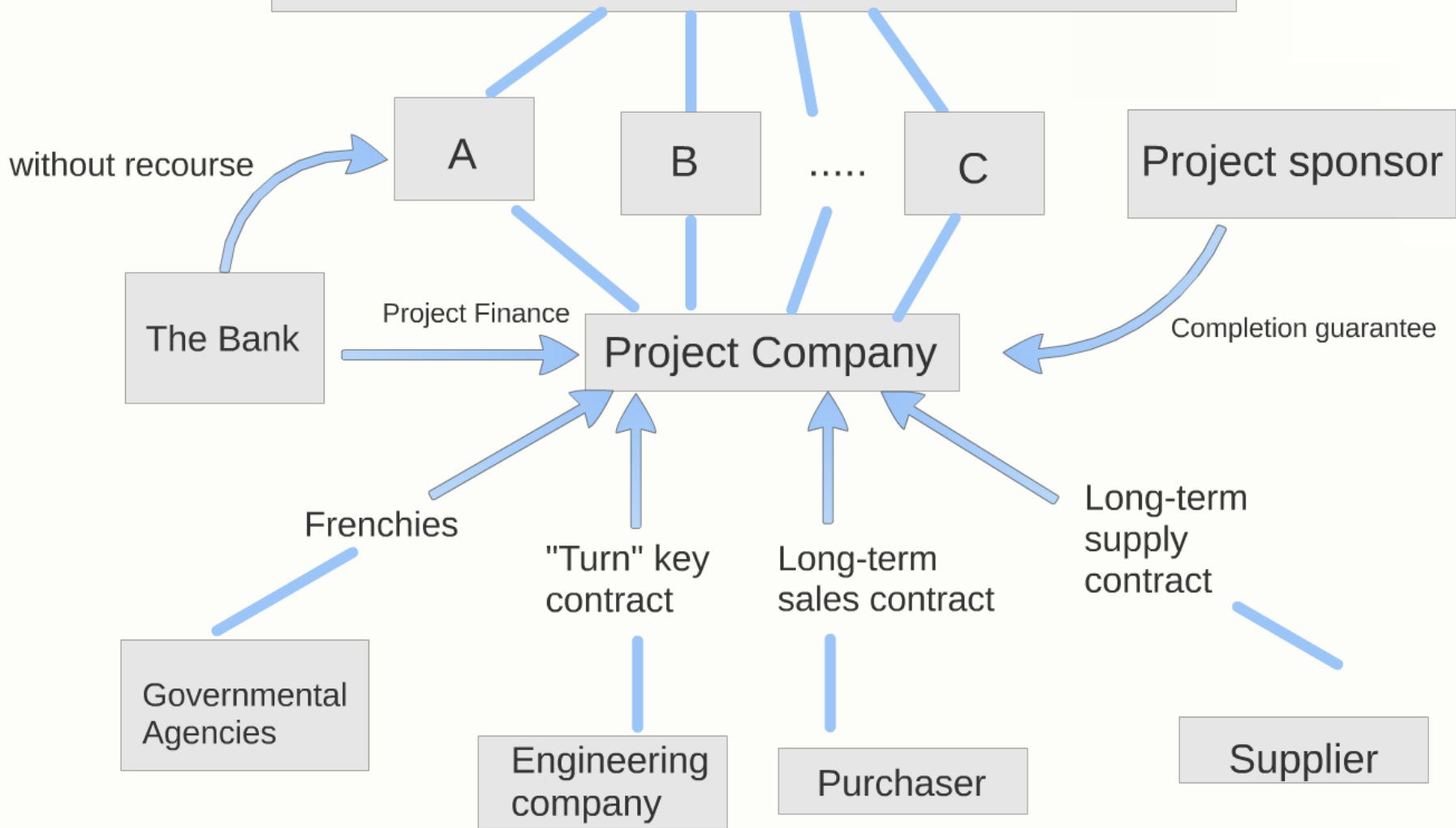


3. Project finance

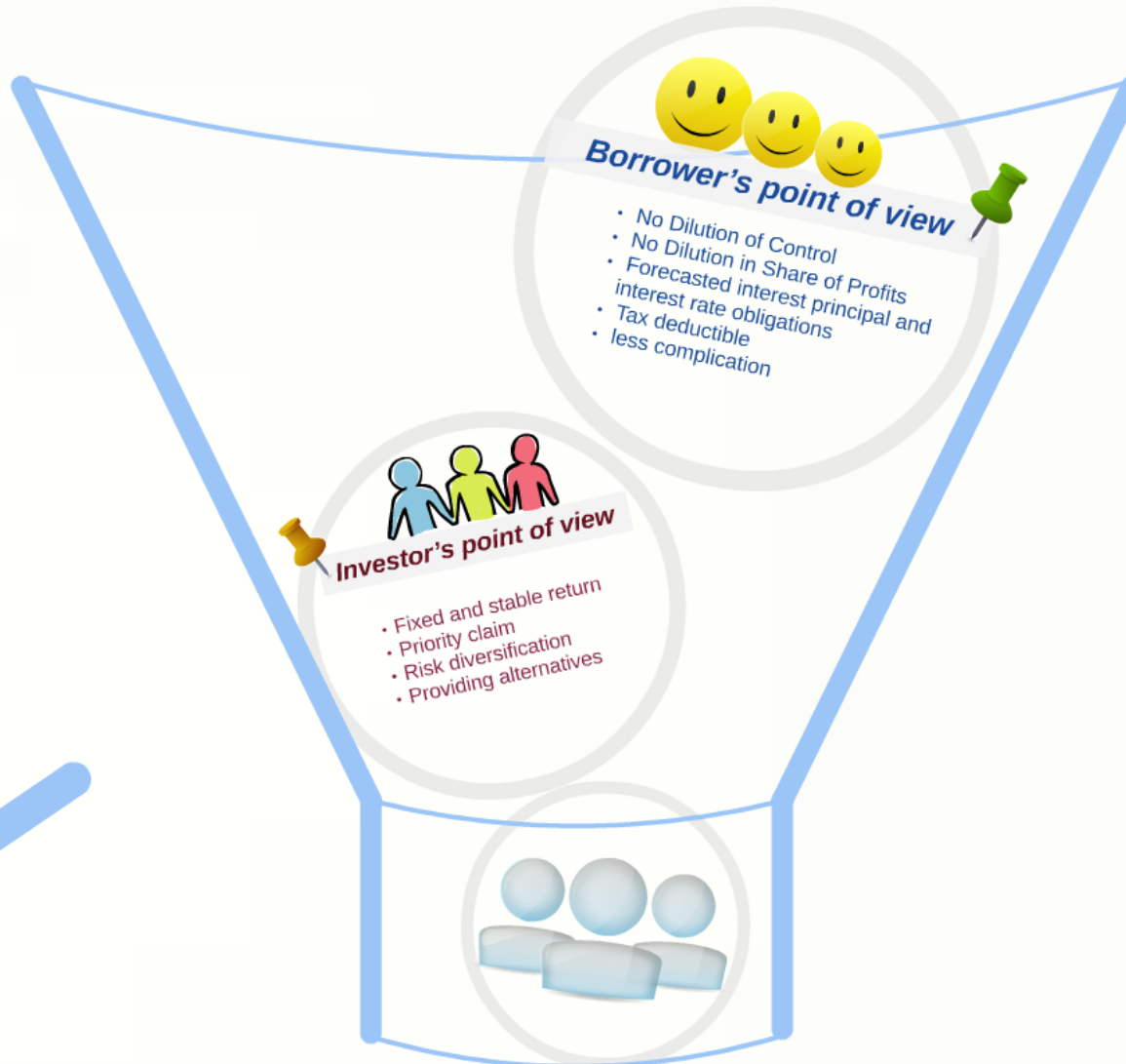


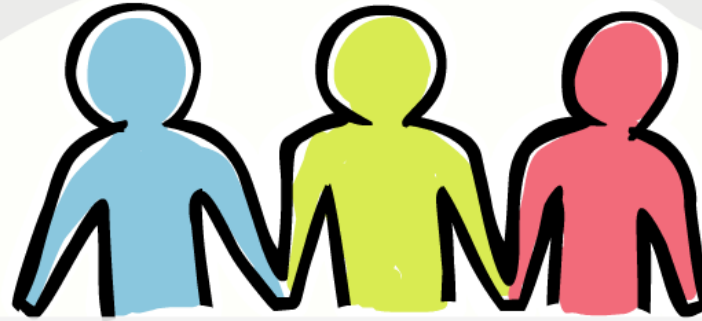
- raising fund on limited recourse basis by project sponsor (shareholder)
- taking company as borrower
- developing for a large capital intensive infrastructure project
- project finance products always are under monopoly with government background
- repayment based on the internally generated cash flows of project

Joint Venture Agreement



What do people get from participating in debt capital market?





Investor's point of view

- Fixed and stable return
- Priority claim
- Risk diversification
- Providing alternatives



Borrower's point of view

- No Dilution of Control
- No Dilution in Share of Profits
- Forecasted interest principal and interest rate obligations
- Tax deductible
- less complication



Global Examples



- Apple Inc. raised A\$2.25 billion (\$1.6 billion) with a debut Australian debt sale as before the company trade only within us currency.(Now it also expands in euros, yen, pounds and Swiss francs). That's the largest bond deal ever Down Under by a non-financial company.

Europe central bank (ECB) restrained greece government bonds >> greece financial institution faced the harder to access the source of fund.



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