

Foreign Bond Issuance

A presentation for
Neighboring Countries Economic
Development Cooperation Agency (NEDA)

June 2016



Our Profile and Credentials

Who are we?

Aspiration: To become the Preferred 'Go-to' capital advisor for South and Southeast Asia with a focus on CLMV



Adisorn Singhsacha

Founding Partner and Managing Director

*Twin Pine Consulting
Twin Pine Energy*



We provide our clients
with progressive financial
solutions



**Capital
Markets
Advisory**



**Strategic
Initiatives**

Our Profile

- **Established in 2011**, Twin Pine Consulting is a regional financial advisory firm
- We assist in **cross-border fund raising**, with the initiative to develop **Capital Markets entry** among countries and leading corporations in South and South East Asia region
- We help **generate ideas** and execute top management's aspiration when gaps exists in expertise
- Our approach is to '**keep it simple**' with our clients

We are passionate in linking emerging or frontier markets to international **funding opportunities and financial standards**, establishing regional and global linkage. Helping to create, in the process, alternate source of funds and **good governance which leads to long-term sustainability**



Opportunities



Governance



Sustainability

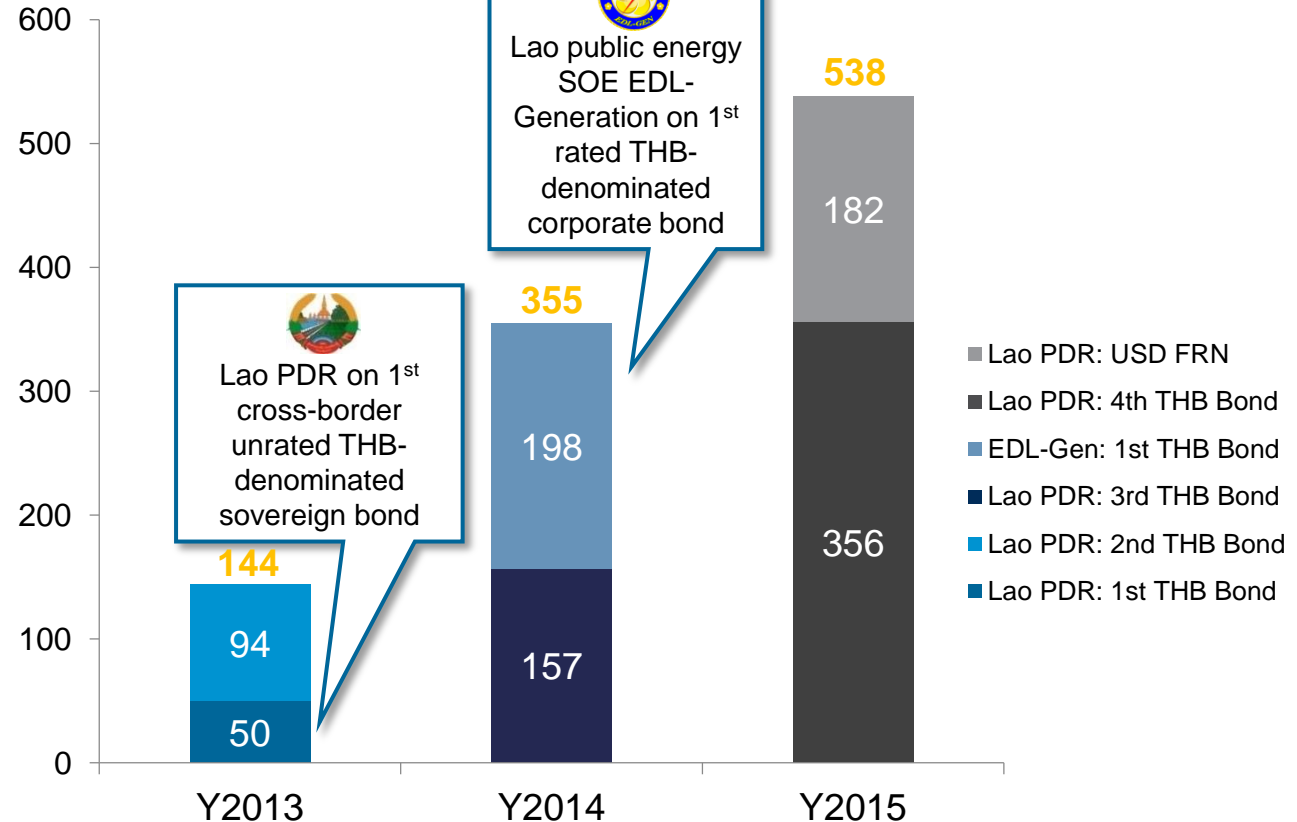


Twin Pine has raised cumulatively USD 1 billion since 2013

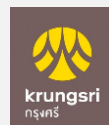
HIGHLIGHTS

- **Twin Pine is a pioneer in opening up the Thai capital markets to Laos**
- Advised Laos gov't & public company in 1st ever cross-border sovereign & corporate bond issue
- Receptivity among Thai investors has multiplied since the onset in 2013 as demonstrated by increasingly larger size and longer tenors
- **The transactions have become “market’s first” in many aspects**
- Supports from banking community have also significantly increased from the first transaction with increasing participation from domestic and international banks
- International recognition: including Asiamoney’s 2014 Country Deal Awards, IFR Asia Awards 2015 “Frontier Markets Issue” and The Asset Triple A Country Awards 2015

~USD M



We have worked alongside various banking institutions



Deals and Recognition

Key Highlights

- Advised the **Ministry of Finance, Laos PDR**, on all its cross-border Baht-denominated and US Dollar sovereign bond
- Sole Advisor to Lao's energy firm **EDL – Generation Public Company's** inaugural multi-tranche bond
- Recognized by **The Stock Exchange of Thailand and Securities and Exchange Commission Thailand** and other leading authorities regionally on past initiatives
- Officially registered with the Ministry of Finance, as the **Thai Consultant, Class A, No.4221 in Financial Sector**



Ministry of Finance Lao PDR

THB 1,500 million
3-year Unrated
THB Bond Offering

May 2013

"Debut Cross-border Bond Deal"
"First Unrated THB Bonds by Foreign Issuer"
"First Sovereign THB Bonds"



Ministry of Finance Lao PDR

THB 3,000 million
3 and 5-year Unrated
THB Bond Offering

December 2013



Ministry of Finance Lao PDR

THB 5,090 million
3, 5 and 7-year Unrated
THB Bond Offering

October 2014



EDL-Generation Public Company

THB 6,500 million
5, 7 and 10-year
THB Bond Offering

BBB+ by TRIS Rating

December 2014

"Debut Cross-border Bond Deal"
"First Rated THB Bonds by CLMV Issuer"



Ministry of Finance Lao PDR

THB 12,000 million
3, 5 and 10-year
THB Bond Offering

BBB+ by TRIS Rating

June 2015

"Largest THB Bonds Transaction by CLMV/Foreign Issuer"



Ministry of Finance Lao PDR

USD 182 million
10 and 12-year
USD FRN Offering

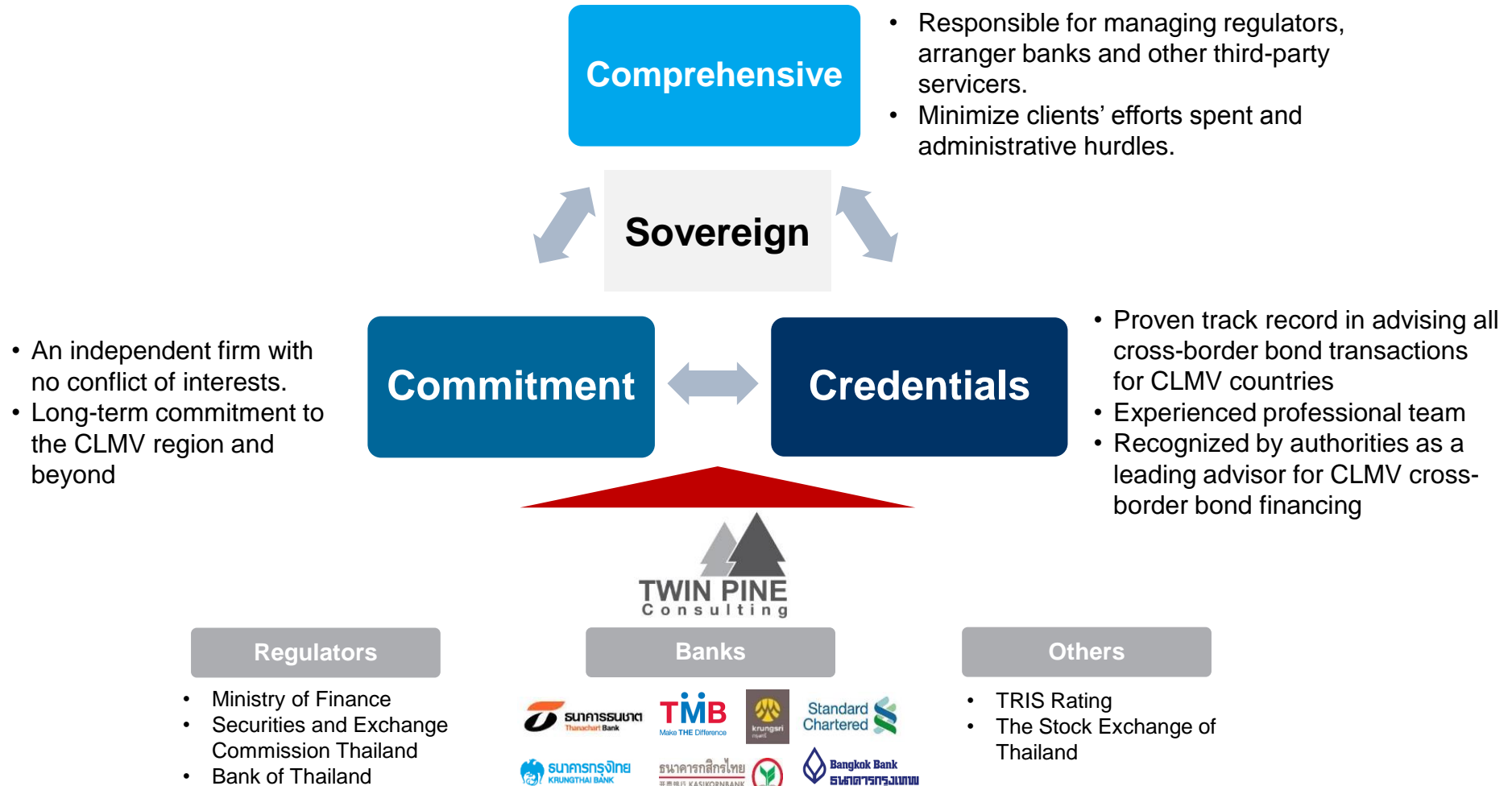
BBB+ by TRIS Rating

Dec 2015

"First USD Bond Deal"
"Longest-dated Foreign Currency Bonds Ever Issued in Thailand"

Twin Pine's Holistic Approach to Fund Raising

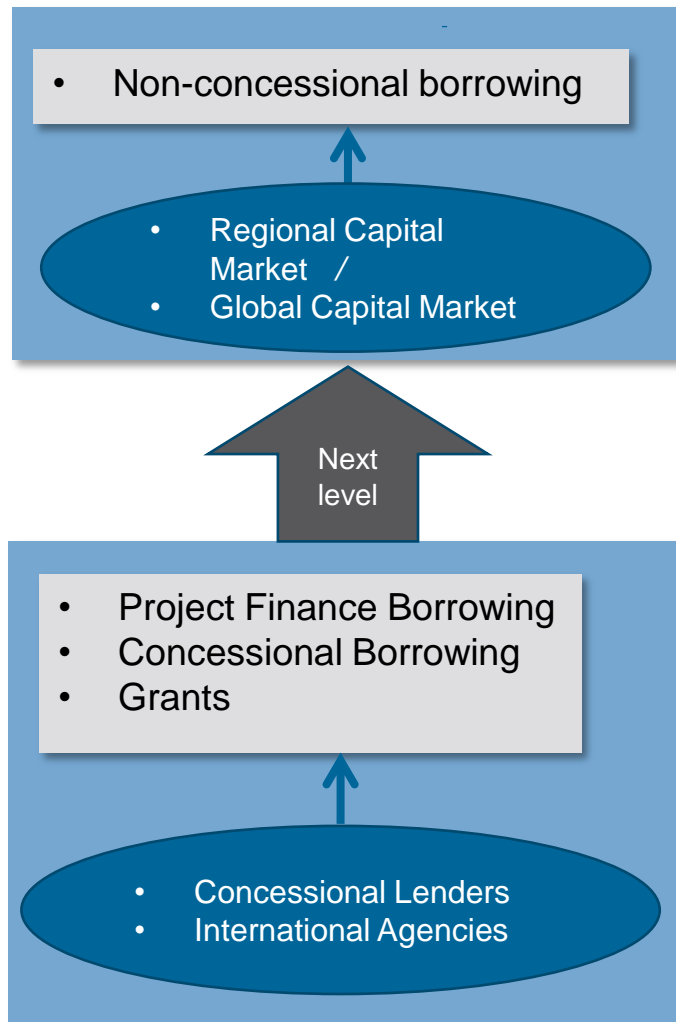
Twin Pine's holistic approach is aimed to provide the **best, most convenient financing solutions** to sovereign issuers from emerging markets tapping Thai bond market





Why Foreign Bond Issuance?

A country would greatly benefits from sovereign bonds issuance



By issuing sovereign bonds :

- A country **opens another channel for source of funds**
- A country would have greater flexibility in fiscal planning. Obtained fund could be allocated across multiple projects/objectives as the government requires.
- A country could **avoid “crowding-out effect”** (depleting limited domestic saving base by government’s borrowing)
- A country would have bonds as an effective instrument in managing the country’s economy, expanding financing alternatives
- A country could assume the status of **higher-level financial maturity**

A country's global financial present is established by series of sovereign bond (or also state enterprise bond) issuances.

Bond Market Development Roadmap

Sovereign Bond Issue

Debut sovereign issue

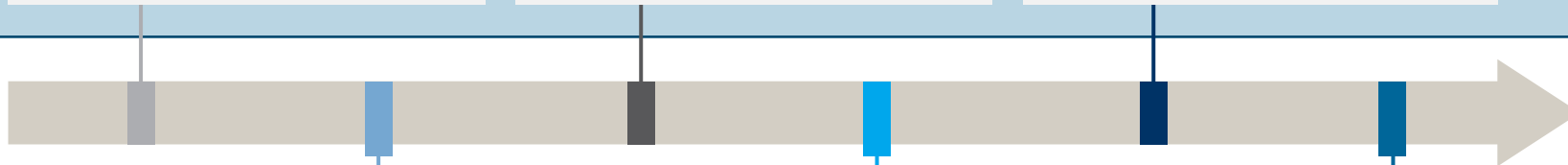
- Issue non-rated sovereign bonds in Thailand to establish debut government benchmark

Expand funding markets

- Government can explore issuance in other money-center market via non-rated or rated routes

Develop domestic market

- With experiences from regional and international markets, a country can look to develop and mobilize funding from domestic investors



State Enterprise Bond Issue

SOE bond issue

- State enterprise (SOE) can leverage on the government success and benchmark by issuing bonds in Thailand

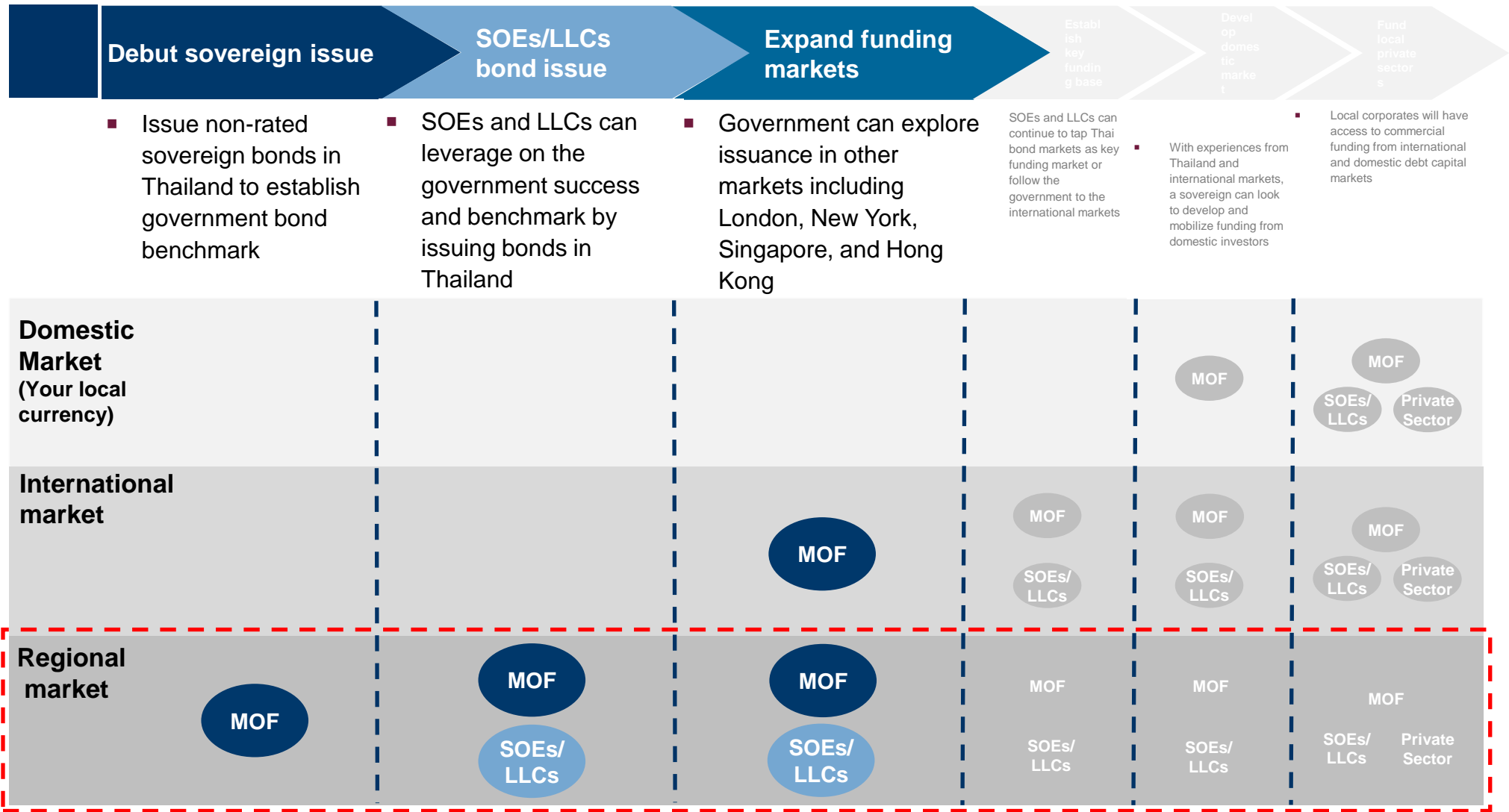
Establish key funding base

- SOEs can continue to tap bond markets as key funding market or follow the government to the international markets

Fund local private sectors

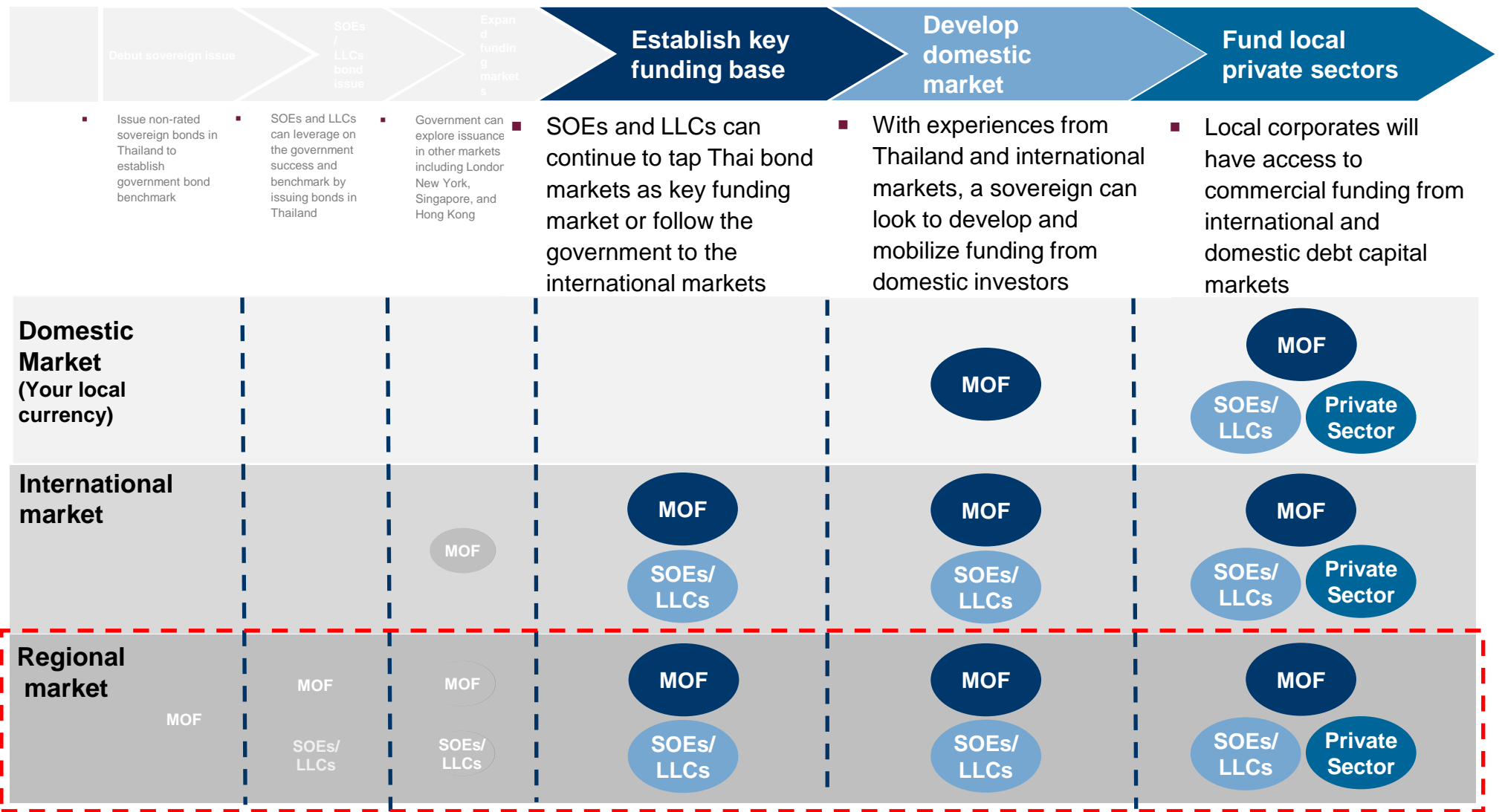
- Local corporates will have access to commercial funding from international and domestic debt capital markets

Debut sovereign issuance will pave way for access of a country's private and public sectors to capital markets



Note: SOEs = State Owned Enterprises
LLCs = Leading Local Corporates

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LLCs = Leading Local Corporates



Planning for a Sovereign Issuance

A sovereign bond needs to be viewed within the context of the Sovereign's broader financial and economic strategy

- A sovereign bond is an efficient way to raise long-term, foreign currency funding
- However, aiming to raise a large quantum of financing from the public markets can be challenging owing to a number of reasons
- A holistic approach to **planning sovereign funding** can help mitigate these affects.

Key considerations include:

Total Funding Requirement	Use of Proceeds	One Time vs. Sequenced Approach
<ul style="list-style-type: none"> ■ Total funding requirements should be factored into the budgetary process 	<ul style="list-style-type: none"> ■ Matching project funding requirements and clearly earmarking suitable projects for proceeds can reduce the macroeconomic impact of raising large scale foreign currency funding 	<ul style="list-style-type: none"> ■ Appropriately sequencing the various financing options i.e. concessional funding, loans, bonds will reduce affect of overloading the market with a single large issuance

Key Takeaway: Planning and Good Governance

Implementing a well-sequenced approach will ensure that all funding requirements are met while maintaining macroeconomic stability

- **Timing** of the sovereign bond is critical and should be sequenced around financing requirements:
 - Projects tend to have long lead times and drawdown requirements can span over a period of time



Other Sovereigns Have Mitigated Risks by Adopting a Sequenced Approach to Funding

- **Shorter tenor bridge financing** can be used to provide start-up capital for projects or interim financing during periods of market volatility
 - Can be done in loan or private placement format, usually for up to a 1 – 3 year tenor
 - A bridge financing can then be taken

Benefits of a Phased Approach

- ✓ Reduce macroeconomic impact of one time jumbo issuance in public markets
- ✓ Allows issuer to opportunistically target an appropriate bond issuance window and achieve optimal market terms
- ✓ Provides flexibility to tie funding to specific project needs

Key Takeaway: Timing of Issuance

Engaging with and preparing all stakeholders in the government will ensure the bond process runs smoothly

- Generating broad support for the bond will facilitate the approvals process and reduce execution timelines
- We recommend **conducting an internal education campaign** to explain the rationale for a sovereign bond and educate key parties on their role in the execution process

Key Government Stakeholders

Ministry of Finance

- Primary Project Driver
- Preparation of the Budget
- Coordination with the Arranger Banks

Royal Monetary Authority of a country

- Coordination and Supervisory Role
- Macroeconomic Overview

National Assembly

- Passage of Acts to issue the bond and amend the regulatory framework as required
- Passage of Budget

Other Ministries / Departments and Agencies

- Project identification and execution

Government should explain the rationale to external stakeholders ahead to proactively address any concerns

Multilateral Agencies

- Some sovereigns are under support programmes and therefore need to work closely with multilateral agencies throughout the bond process to ensure they are comfortable with the terms of the issue

Internal Authorizations

- Regulatory approvals and consents need to be in place
- Internal regulatory and parliamentary approvals may take some time and should be factored in to the execution timeline

Multilateral Restrictions

- Checking to see if there are any multilateral restrictions
- Working around the terms of any programmes the sovereign is under

General Public

- The general public may want to better understand the rationale for a bond, particularly given the recent negative headlines around sovereign debt in Europe and the US
- A well-executed media campaign can help to raise awareness on the benefits of a bond



The Case of Thailand as an Issuing Platform

Why Thailand?

Benefits of Issuing bonds in Thailand

- Establish new diversified source of funds besides borrowing from concessional and commercial loans, which have more restrictive conditions
- Experienced Thailand is a good place to establish a country's presence in international financial markets
- Avoid crowding out effect of raising funds in a country
- Favorable current market condition contributes to favorable benchmark for future issuance
- Establishing presence in regional market paves way for pan-Asian exposure and profile

Costs and expenses

- Overall transaction expenses, excluding funding cost, are estimated to be less than [0.50]% per annum for 3-year issuance and less than [0.30]% for 5-year issuance

What is THB Bond Offering in Thailand (“THB Bond”)

THB Bond offers another funding alternatives for foreign issuers to tap Thai markets

THB Bond

- THB Bond is **THB-denominated bond** offering primarily to domestic investors in Thailand who want credit exposure to foreign entities
- **Public Debt Management Office, Securities and Exchange Commission, and Bank of Thailand** are the main regulators for THB Bond.
- Requirement of use of “THB in Thailand” is in place
- The approval process opens 3 times a year: March, July and November. Once approved, the issuers have 9-month validity period.
- Sovereign with no credit rating can apply, although investors would prefer BBB/BBB+ rating and above on Thai scale
- Various tenors can be explored but sweet spot for new issuers is 3 to 5-year tenor

Advantages

- A sovereign will be able to achieve landmark profile and publicity
- Simple documentation based on Thai SEC’s regulations
- Relatively longer tenors can be explored given strong interests in emerging sovereign credits

Consideration

- Credit rating will be enable the issuer to tap wider group of investors
- Use of “THB in Thailand”
- Pricing will be subject to market conditions at the time of the launch

What is USD Bond Offering in Thailand (“FX Bond”)

FX Bond offers another funding alternatives for foreign issuers with less lengthy process

FX Bond

- FX Bond is **foreign-currency bond** offering primarily to domestic investors who may want foreign-currency exposure or take advantage of rates arbitrage.
- **SEC and Bank of Thailand** are the main regulators for FX Bond. And the process is **more straightforward** than THB Bond for foreign issuers, given no requirement for PDMO approval.
- Various tenors can be explored but the sweet spot is the 5 and 10-year tenor given participation from life insurance companies and 1-year tenor given demand from asset management companies

Advantages

- Less lengthy approval process; PDMO approval is not required
- Relatively longer tenors is possible given strong appetite from life insurance companies
- The issuer will be able to achieve another landmark profile and publicity
- Simple documentation similar to THB Bond documentation
- Cross-currency swap is not required; the issuer will achieve USD funding directly

Consideration

- Relatively smaller size as investor base is currently primarily life insurance companies
- Credit rating is required by the investors
- Pricing in USD term could be volatile due to USD/THB swap as investors generally look at THB returns

Comparison of FX Bond and THB Bond

Flexibility in terms of approval process will be achieved with longer tenors and potentially more attractive USD Fixed Rate funding costs

	FX bond offering in Thailand	THB bond offering
Thailand's regulatory approval	<ul style="list-style-type: none"> Bank of Thailand Securities and Exchange Commission 	<ul style="list-style-type: none"> Public Debt Management Office – Use “THB in Thailand” requirement Bank of Thailand Securities and Exchange Commission
Offering format	<ul style="list-style-type: none"> Private Placement to II & HNW 	<ul style="list-style-type: none"> Private Placement to II & HNW
Investor base	<ul style="list-style-type: none"> Institutional investors (primarily life insurance companies) 	<ul style="list-style-type: none"> Institutional and HNW investors
Credit rating requirement	<ul style="list-style-type: none"> Required by investors BBB- and above on Thai scale (BBB+ preferred) 	<ul style="list-style-type: none"> Required by investors BBB- and above on Thai scale (BBB+ preferred)
Documentation	<ul style="list-style-type: none"> Thai SEC's documentation Thai law 	<ul style="list-style-type: none"> Thai SEC's documentation Thai law
Size	<ul style="list-style-type: none"> Up to USD [350] million equivalent 	<ul style="list-style-type: none"> Up to USD [350] million equivalent
Maturities	<ul style="list-style-type: none"> 1, 2, 3, 5, 7, 10, 12 years 	<ul style="list-style-type: none"> 3, 5, 7, 10, 12 years
Cross-currency swap implication	<ul style="list-style-type: none"> Asset swap to THB by investors who readily have long swap limits Relatively smaller credit charge applied to investors 	<ul style="list-style-type: none"> Liabilities swap to USD by issuer Significant credit charge for long-tenor swaps
Underwriters	<ul style="list-style-type: none"> Thai banks 	<ul style="list-style-type: none"> Thai banks

USD bond offering in Thailand (“FX Bond”) involves less complicated process

THB Bond

“Synthetic USD funding”

At issuance



At interest payment date



At maturity date



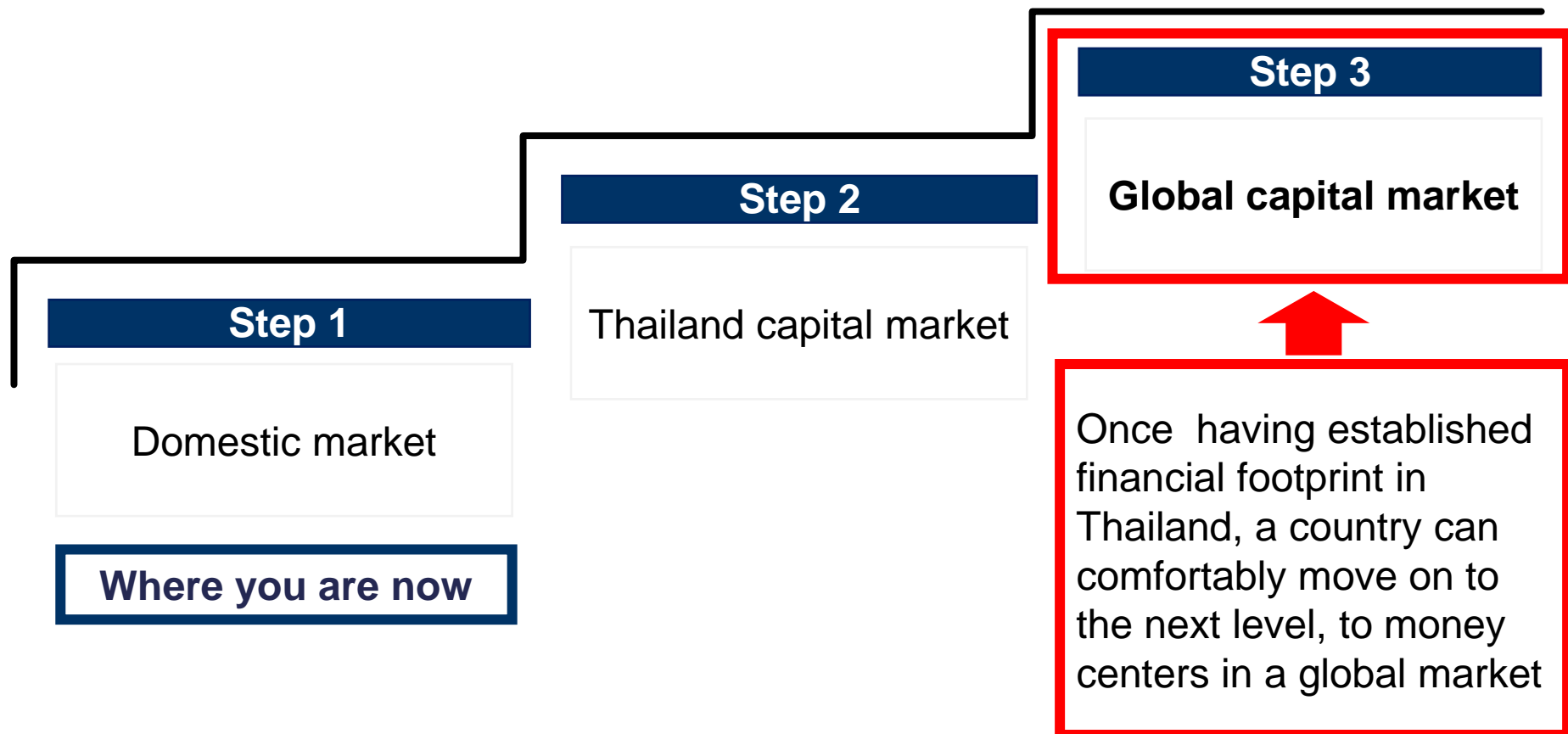
FX Bond

“Direct USD funding”



Why issuing sovereign bonds in Thailand?

Thailand is strategically viewed as “**a stepping stone**” to grow global in international debt capital markets



Why issuing sovereign bonds in Thailand?

Why Thailand?

- Thailand has **ample excess liquidity** of THB 2.3 trillion (USD 65 billion – as of December 2015). Local investors and local financial institutions are constantly seeking opportunities to park this huge excess funds.
- Thailand has relatively **advance debt capital markets**.
- Thai government is **highly supportive** of foreign bond issuance in the local market.
- Thai investors know regional countries and have realistic perception. Unlike general global investors, **Thai investors are relatively comfortable** in making investment decisions in regional countries.

Evidences

- A country's sovereign bond could be well accepted in Thailand with more **favorable costs** than issuing in global markets. (from previous case of Lao PDR, non-rate USD cost is 4-5% in Thailand while in Singapore, it could cost 7-10%)
- Even non-rated sovereign bond issuance had been well-accepted.

Case Study :

Lao PDR's sovereign bonds



Thailand's is proven a stepping stone to global markets

Why issuing sovereign bonds in Thailand?

key objective of start sovereign bond issuance is to **establish new funding channel in international market** rather than seeking fund itself.

When to issue?

The best timing to *start* issue sovereign bond in foreign market is :

- when the demand of fund is **not urgent** or essentially needed
- when the country is having other good alternatives of sources of fund
- when the required size of fund is not substantial



With this comfortable position, a country could obtain **favorable cost of funds and terms**. This would establish a **benchmark for subsequent issuances**.



Case Study : **Lao PDR Sovereign Bond Issuances**

Case Study: The Debut Issuance



Ministry of Finance Lao PDR

THB 1,500 million
3-years fixed rate bonds
Coupon of 4.50%

Unrated

30 May 2013

Key Transaction Highlights

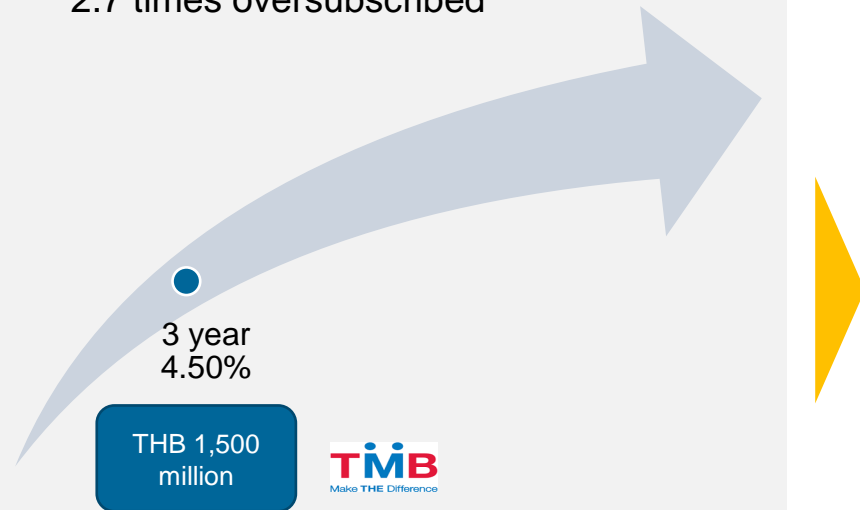
- Ministry of Finance of Lao PDR (“MOFL”) embarked on a pilot project to issue THB 1.5 billion 3-year fixed rate bonds in Thailand in May 2013
- Twin Pine and the Arranger worked along side MOFL to identify non-traditional bond investors, including SET, NEDA, large Thai corporates, who became anchor investors and set tone for the successful subsequent issues by MOFL
- This transaction is “**market’s first**” in many aspects:
 - The first time MOFL raised funds from offshore debt capital markets
 - The first time a foreign issuer raised unrated THB bonds in Thailand
 - The first time a sovereign issue THB bonds in Thailand

MOFL Bond Evolution



1st Issue

- In May 30, 2013, the MoF, had successfully launched the first THB unsecured bond. The debentures were 2.7 times oversubscribed



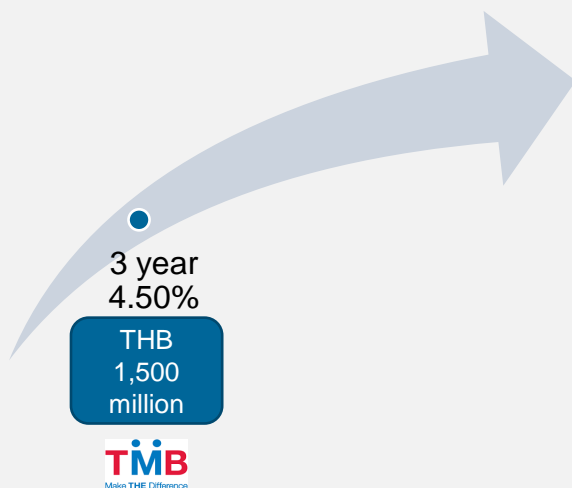
Laos PDR
1st Issue
THB 1,500 million
(USD 50 million)
1 Arranging Bank Involved

MOFL Bond Evolution



1st Issue

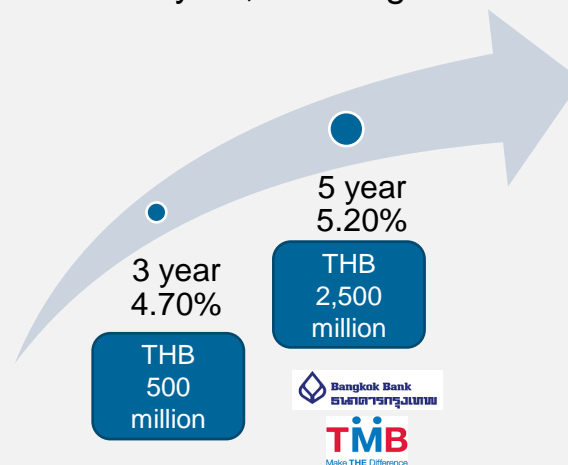
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Laos PDR
1st Issue
THB 1,500 million
(USD 50 million)
1 Arranging Bank Involved

2nd Issue

- In November 2013, the MoF, had successfully launched another THB unsecured bond in two tranches, and established a simple yield curve for it's 3 to 5 year, sovereign issues



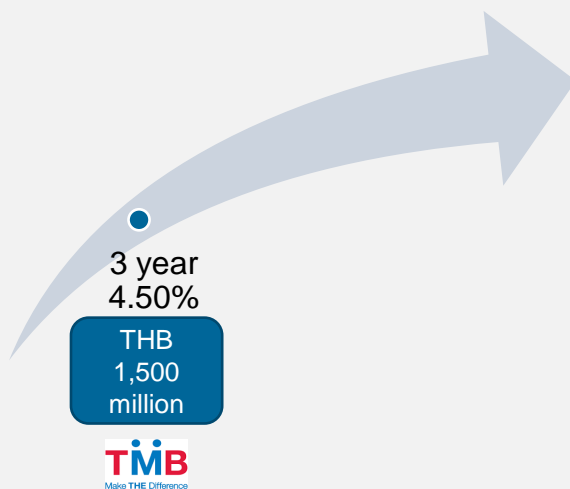
Laos PDR
2nd Issue
THB 3,000 million
(USD 94 million)
2 Arranging Banks Involved

MOFL Bond Evolution



1st Issue

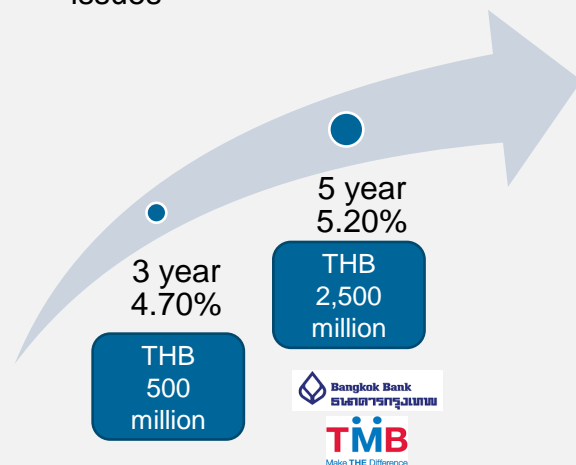
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Laos PDR
1st Issue
THB 1,500 million
(USD 50 million)
1 Arranging Bank Involved

2nd Issue

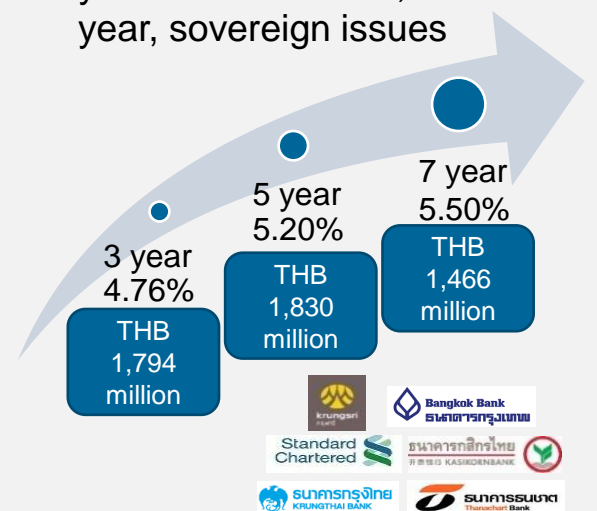
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Laos PDR
2nd Issue
THB 3,000 million
(USD 94 million)
2 Arranging Banks Involved

3rd Issue

- In October 2014, the MoF, had launched another THB multi-tranche bond in three tranches, and established an indicative yield curve for it's 3, 5 and 7 year, sovereign issues



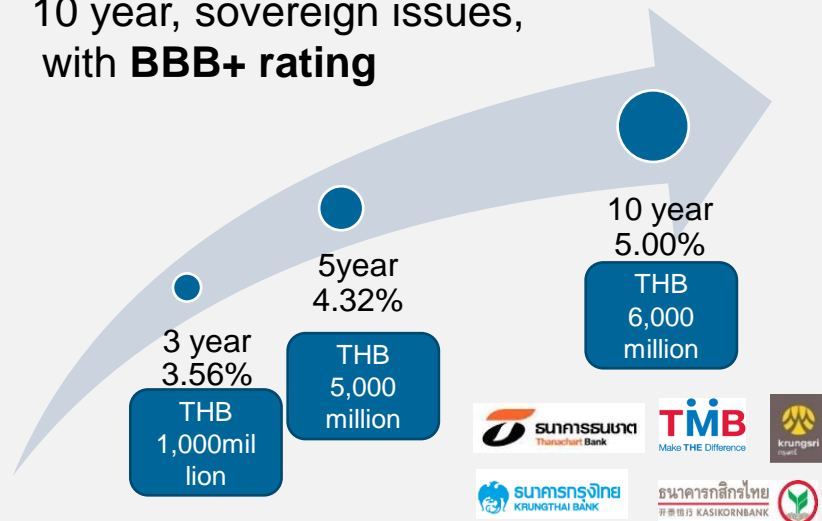
Laos PDR
3rd Issue
THB 5,090 million
(USD 157 million)
6 Arranging Banks Involved

MOFL Bond Evolution



4th Issue

- In June 2015, the MoF, had successfully launched another THB multi-tranche bond in three tranches, and established an indicative yield curve for it's 3, 5 and 10 year, sovereign issues, with **BBB+** rating



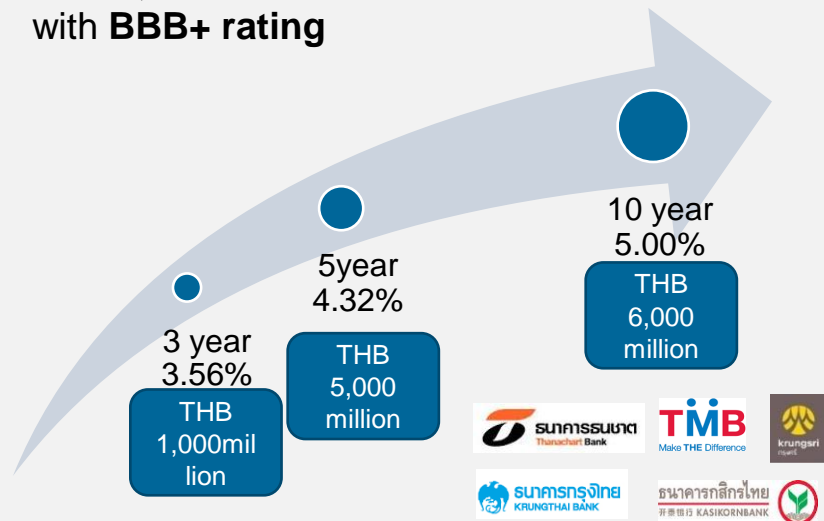
Laos PDR
4th Issue
THB 12,000 million
(USD 356 million)
5 Arranging Banks Involved

MOFL Bond Evolution



4th Issue

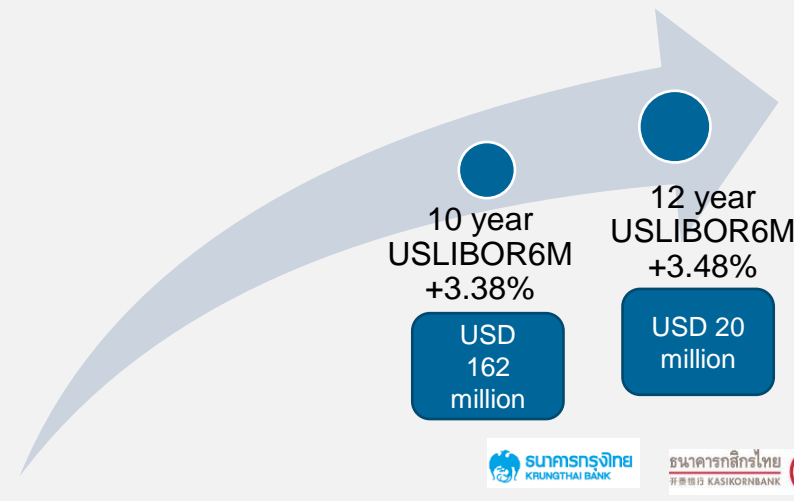
- In June 2015, the MoF, had successfully launched another THB multi-tranche bond in three tranches, and established an indicative yield curve for its 3, 5 and 10 year, sovereign issues, with **BBB+ rating**



Laos PDR
4th Issue
THB 12,000 million
(USD 356 million)
5 arranging Banks Involved

5th Issue

- In December 2015, the MoF, had successfully launched the first USD FRN in two tranches, 10 year and 12 years, sovereign issues, with **BBB+ rating**



Laos PDR
5th Issue
USD 182 million
2 arranging Banks Involved

Case Study: Lao PDR's Capital Markets Milestones

Key Highlights

- These milestones reflect the simple evolution of the country's access to regional capital markets
- With each deal, the size is bigger with multiple tranches, covering longer interest rate profile
- The investor's base expanded from few to more financial institutions, including banks/specialized financial institutions/life and non-life insurance companies, and high-net worth (individuals and corporates)
- The transactions have become "market's first" in many aspects



Ministry of Finance Lao PDR

THB 1,500 million
3-year Unrated
THB Bond Offering

May 2013

"Debut Cross-border Bond Deal"
"First Unrated THB Bonds by Foreign Issuer"
"First Sovereign THB Bonds"



Ministry of Finance Lao PDR

THB 3,000 million
3 and 5-year Unrated
THB Bond Offering

December 2013



Ministry of Finance Lao PDR

THB 5,090 million
3, 5 and 7-year Unrated
THB Bond Offering

October 2014



EDL-Generation Public Company

THB 6,500 million
5, 7 and 10-year
THB Bond Offering

BBB+ by TRIS Rating

December 2014

"Debut Cross-border Bond Deal"
"First Rated THB Bonds by CLMV Issuer"



Ministry of Finance Lao PDR

THB 12,000 million
3, 5 and 10-year
THB Bond Offering

BBB+ by TRIS Rating

June 2015

"Largest THB Bonds Transaction by CLMV/Foreign Issuer"



Ministry of Finance Lao PDR

USD 182 million
10 and 12-year
USD FRN Offering

BBB+ by TRIS Rating

Dec 2015

"First USD Bond Deal"
"Longest-dated Foreign Currency Bonds Ever Issued in Thailand"

Case Study: The latest issuance, USD FRN Offering by MOF Lao PDR



Ministry of Finance Lao PDR

USD 162 million 10-year FRN with
coupon of 6mL + 3.38%

USD 20 million 12-year FRN with
coupon of 6mL + 3.48%

BBB+ by TRIS Rating

18 Dec 2015

Key Transaction Highlights

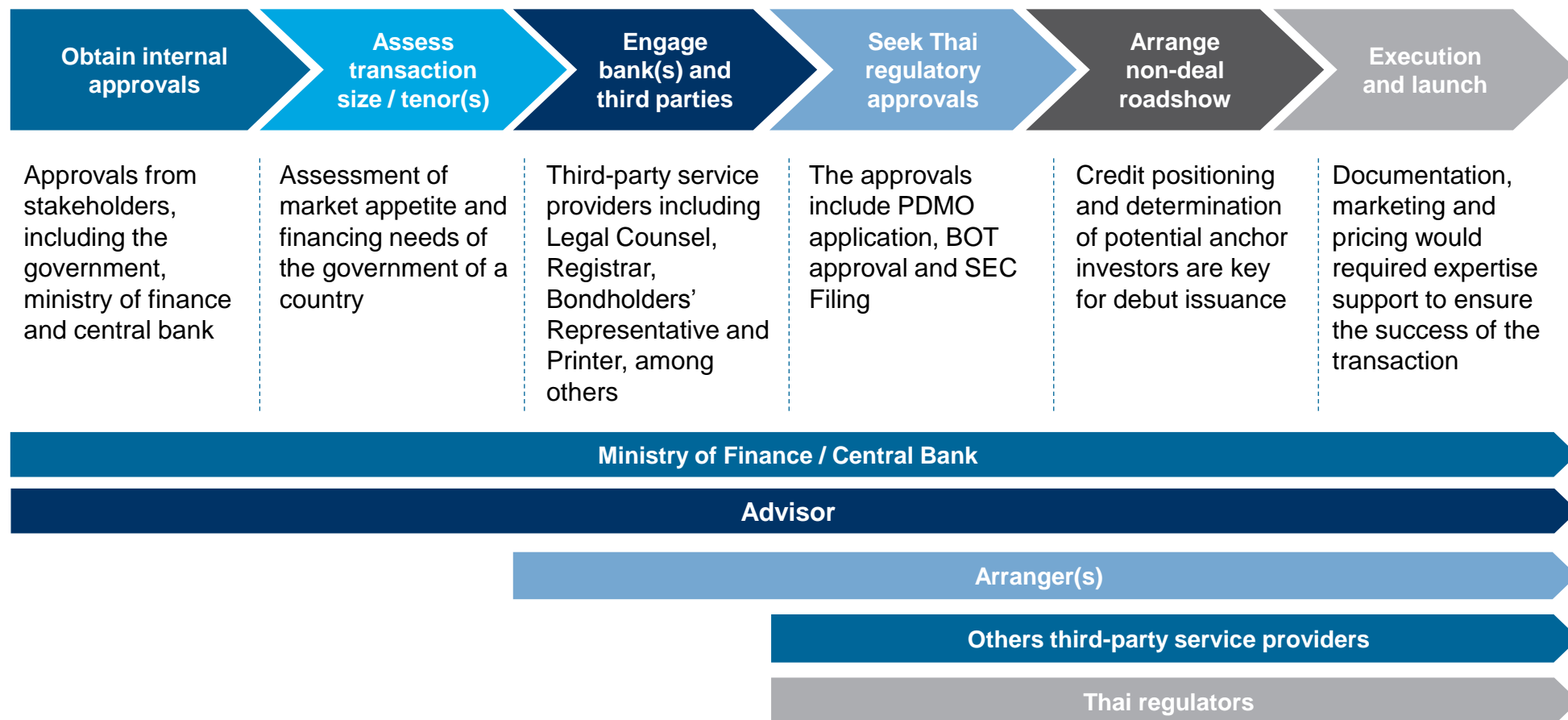
- Ministry of Finance of Lao PDR (“MOFL”) took advantage of favorable market conditions to issue 10 and 12-year Floating Rate Notes under Thailand’s FX Bond regulations – only approvals from BOT and SEC are required
- This transaction is “**market’s first**” in many aspects:
 - The first time MOFL raised USD from offshore debt capital markets
 - The first time a foreign issuer raised USD-denominated bonds in Thailand
 - The first USD-denominated Floating-Rate Notes transaction done in Thailand
 - 12-year tranche becoming the longest-dated bonds ever completed by MOFL
 - The 10-year tranche, amount to USD 162 million, became the largest 10-year FX Bond transaction completed in Thailand



General Process of Sovereign Bond Issuance

Whenever you are ready, you can...

For effectiveness, the process usually requires a single-point management in handling overall process from inception to closing.



Key Consideration to Formulate Marketing and Placement Plan

Rated or Non-rated


- Rated or non-rated issues will determine the issuance strategy
- Broader investor base to be achieve with rated issues (preferably BBB+ and above on Thai scale)

Size and Tenors

- Subject to market conditions, feedbacks from market will determine the optimal size and tenors required by our targeted investor groups

Investor Credit Appetite

- It is critical to identify key investor groups who will participate
- Marketing and placement plan can be formulated and customized to achieve a successful transaction

- 
- **Stock Exchange of Thailand** became the **first anchor investor** to validate the transaction
 - Other key targets include **Thai corporates who have investments in a country or plans to have investments in the near future**
 - **Certain banks** who have already been providing financing in a country and understand the country's credits
 - Other individual **high net worth investors**
 - Targeted one-on-one meetings to provide details

THB Bond: Documentation Requirement

MoF Application	In order for a foreign issuer to issue THB bonds in Thailand, MoF approval is required.
BoT Application	BoT approval is also required once MoF approval is obtained
SEC Filing	<ul style="list-style-type: none"> • Registration Statement and draft/final Prospectus • Draft Terms & Conditions of the Bonds • Issuer's latest annual and quarterly (if any) financial statement • Copy of MoF's letter of approval • Issuer's corporate documents • Letter of application for the registration of the Bond transfer restriction (submit with final coupon) • Letter of application for the approval of the appointment of the trustee (submit with final coupon)
Terms and Conditions	The terms and conditions of the Bonds governing the rights and obligations between the issuer and Bondholders
Registration Statement and draft/final Prospectus	The offering document for the Bonds to comply with the SEC's regulations
Bond Certificate	The certificate representing the rights of the Bondholders under the Bonds
Placement Agreement	An agreement to be entered into between the issuer and the arranger in respect of the offering of the Bonds
Bondholders' Representative Agreement	An agreement appointing the Bondholders' representative, to be entered into between the issuer and the Bondholders' representative
Registrar Appointment Agreement	An agreement appointing the registrar, to be entered into between the issuer and the registrar (the registrar would also perform the role of a paying agent.)
Bookbuilding Form	For the purpose of determining appropriate interest rate of the Bonds
Subscription Form	For the purpose of subscribing for the Bonds
SEC Sales Report (Post Issuance)	To submit the list of investors participating in the transaction to the SEC within 15 th of the following month after the issue date of the bonds

FX Bond: Documentation Requirement

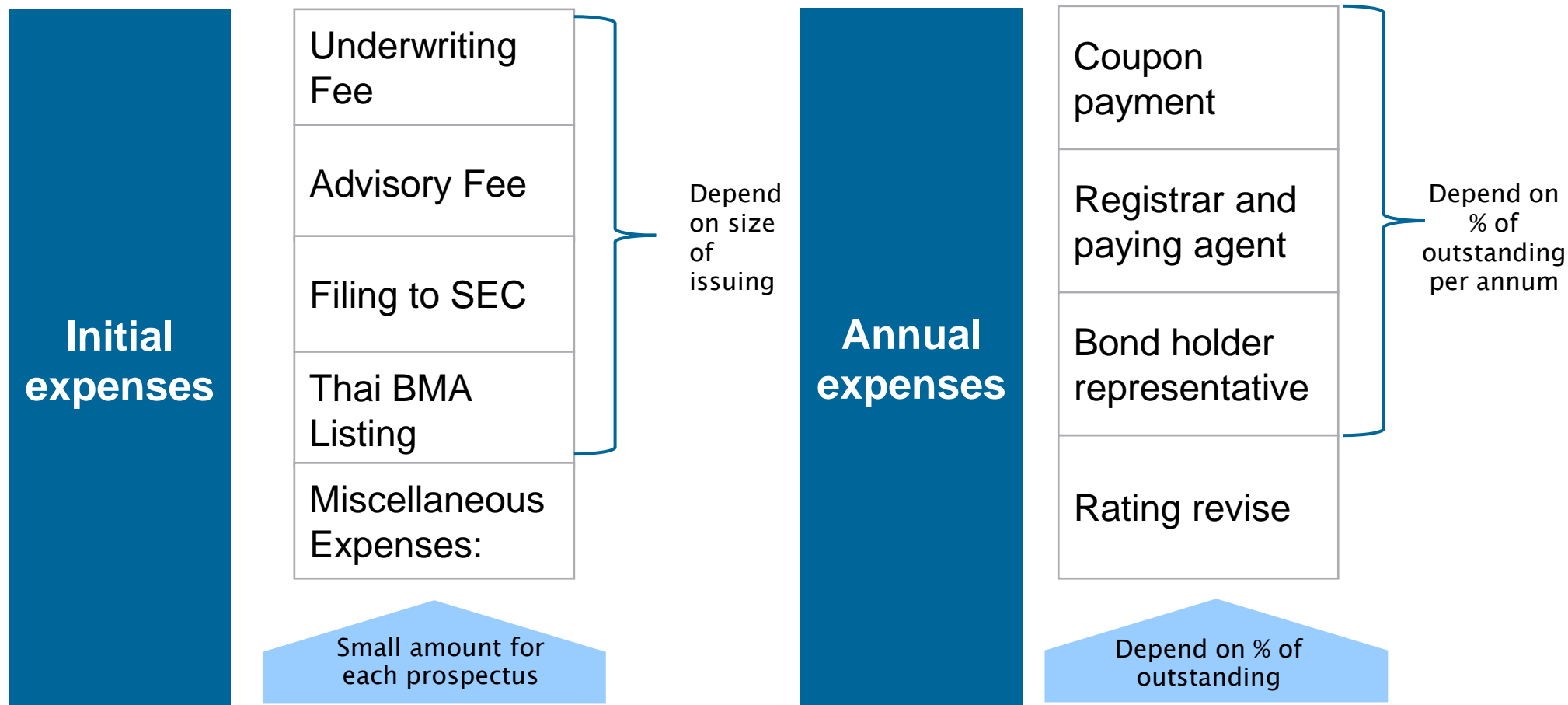
BoT Application	BoT approval is required
SEC Filing	<ul style="list-style-type: none"> • Registration Statement and draft/final Prospectus • Draft Terms & Conditions of the Bonds • Issuer's latest annual and quarterly (if any) financial statement • Issuer's corporate documents • Letter of application for the registration of the Bond transfer restriction (submit with final coupon) • Letter of application for the approval of the appointment of the trustee (submit with final coupon)
Terms and Conditions	The terms and conditions of the Bonds governing the rights and obligations between the issuer and Bondholders
Registration Statement and draft/final Prospectus	The offering document for the Bonds to comply with the SEC's regulations
Bond Certificate	The certificate representing the rights of the Bondholders under the Bonds
Placement Agreement	An agreement to be entered into between the issuer and the arranger in respect of the offering of the Bonds
Bondholders' Representative Agreement	An agreement appointing the Bondholders' representative, to be entered into between the issuer and the Bondholders' representative (not required, but preferred)
Registrar Appointment Agreement	An agreement appointing the registrar, to be entered into between the issuer and the registrar (the registrar would also perform the role of a paying agent.)
Bookbuilding Form	For the purpose of determining appropriate interest rate of the Bonds
Subscription Form	For the purpose of subscribing for the Bonds
SEC Sales Report (Post Issuance)	To submit the list of investors participating in the transaction to the SEC within 15 th of the following month after the issue date of the bonds

Key Information Requirement

Information required for preparation of offering documents

Country information	Risk factors	Other information
<ul style="list-style-type: none"> ■ Economic overview ■ Country overview ■ Issuer (MOF)'s description ■ Foreign relation and international organizations ■ Country's 5-year development plan ■ Recent material developments ■ Discussion of economic environment ■ Public finance and fiscal position ■ Key economic and industrial sectors ■ Financial and banking systems ■ Foreign direct investments 	<ul style="list-style-type: none"> ■ Potential impact from global and regional economic developments on Bhutan ■ Potential shortcomings arising from economic developments and fiscal developments ■ Enforcement of foreign court judgements in Bhutan ■ Risk factors relating to bonds <ul style="list-style-type: none"> ■ Interest rate risks ■ Liquidity risks ■ Others to be determined 	<ul style="list-style-type: none"> ■ Use of proceeds ■ Offering processes ■ Legal framework with respect to bond investors

Summary of all relevant costs



Overall transaction expenses, excluding funding cost, are estimated to be less than [0.50]% per annum for 3-year issuance and less than [0.30]% for 5-year issuance

THB Bond: Indicative Terms and Conditions

Issuer	[Sovereign]		
Assumed Rating	[●] by TRIS or Unrated		
Offering format	THB Bond in Thailand		
Placement	Private Placement to II and HNW investors		
Amount	Up to THB [3,500] million		
Tenors	3 years	5 years	10 years
Thai Government Bond Yield	[●]%	[●]%	[●]%
THB Credit Spread	[●]%	[●]%	[●]%
THB Coupon	[●]%	[●]%	[●]%
Coupon payment	Semi-annually		
Principal payment	Bullet payment at maturity		
Listing	ThaiBMA		
Underwriters	[2] Joint Lead Underwriters		

Note: Indicative as of June 2016. Subject to market conditions at the time of launch and relevant approvals

FX Bond: Indicative Terms and Conditions

Issuer	[Sovereign]		
Assumed Rating	[●] by TRIS		
Offering format	FX Bond in Thailand		
Placement	Private Placement to II and HNW investors		
Amount	Up to USD [100] million		
Tenors	3 years	5 years	10 years
Thai Government Bond Yield	[●]%	[●]%	[●]%
THB Credit Spread	[●]%	[●]%	[●]%
THB Fixed Rate (to Investors)	[●]%	[●]%	[●]%
USD Coupon	[●]%	[●]%	[●]%
Coupon payment	Semi-annually		
Principal payment	Bullet payment at maturity		
Listing	ThaiBMA		
Underwriters	[2] Joint Lead Underwriters		

Note: Indicative as of June 2016. Subject to market conditions at the time of launch and relevant approvals

Thank You!

Q&A



Appendix

Example of Sovereign Bonds in Thailand

Other sovereigns tapping offshore bond markets are required to have credit ratings and paid relatively higher coupons than sovereign issuance in Thailand

Country	Rating	Currency of Offering	Size (USD mm)	Issue Date	Tenor (years)	Coupon
Lao PDR	BBB+ (TRIS)	USD	162	Dec 15	10	6mL + 3.38% ⁽¹⁾
Lao PDR	BBB+ (TRIS)	USD	20	Dec 15	12	6mL + 3.48% ⁽²⁾
Sri Lanka	B1/B+/BB-	USD	1,500	Nov 15	10	6.85%
Fiji	B1/B/-	USD	200	Oct 15	5	6.625%
Lao PDR	BBB+ (TRIS)	THB	30 (equi.)	Jun 15	3	3.56% ⁽³⁾
Lao PDR	BBB+ (TRIS)	THB	148 (equi.)	Jun 15	5	4.32% ⁽⁴⁾
Lao PDR	BBB+ (TRIS)	THB	178 (equi.)	Jun 15	10	5.00% ⁽⁵⁾
Mongolia	B2/B+/B+	CNY	161 (equi.)	Jun 15	3	7.50%
Sri Lanka	B1/B+/BB-	USD	1,000	Jul 12	10	5.875%

Source: Public information

Note: (1) Equivalent fixed rate of approx. 5.40%; (2) Equivalent fixed rate of approx. 5.60%; (3) Equivalent USD fixed rate of 3.56%;

(4) Equivalent USD fixed rate of 4.36%; (5) Equivalent USD fixed rate of 5.74%

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TWIN PINE CONSULTING COMPANY LIMITED

689 Bhiraj Tower at EmQuartier, 27th Floor

2702-2703, Sukhumvit Road,

North Klongton, Vadhana

Bangkok 10110

F: (+66) 2 261 4144

www.twinpinegroup.com

