



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department
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Publication of a Short Term Reference Rate in the Bangkok Market

Commencing from today, 4 January 2005, the Bank of Thailand will officially publish a reference rate for short-term interest rates, hereafter called the Bangkok Interbank Offered Rate (BIBOR). BIBOR is the rate of interest at which banks can borrow funds from other banks in the Bangkok interbank market.

BIBOR is basically calculated from the average of rates at which commercial banks offer to lend funds to other banks on an unsecured basis. Tenors quoted range from one week to one year. In designing BIBOR, the Bank of Thailand has consulted and received full cooperation from the Thai Bankers' Association and the Foreign Banks' Association. Seven representative banks from each association form the initial contributor panel. (The list is provided at the end of this press release)

The aim in publishing BIBOR is for commercial banks and private companies to have a benchmark rate for short-term fundings in the Bangkok interbank market, similar to the London Interbank Offered Rate (LIBOR) which is one of the most widely used benchmark rate for short term interest rates in the London market. The official launch of BIBOR will help promote longer term lendings in addition to overnight and on-call loans which are currently prevalent in the interbank market.

BIBOR is quoted directly from the above-mentioned contributor panel. To ensure transparency, all individual quotes are also available on-screen together with the simple average rate and its standard fixing process and calculation methodology. The private sector will thus benefit from this reference rate as it can be used to determine funding costs at various tenors that are in line with current money market conditions. For example, it can be used as a reference rate for transactions involving financial derivatives and futures, or floating rate notes (FRN). In turn, this will further enhance the depth and breadth of the Thai financial market.

BIBOR will be published each business day on the Bank of Thailand's website within 11.15am Bangkok time. (Web links are provided at the end of this press release) This reflects the arithmetic average of rates received from contributors at 11.00am. Historical rates dating from 30 December 2004 thereafter will also be available on the website.

To ensure that this reference rate accurately reflects the market condition, the Bank of Thailand has set criteria for selecting the contributor panel whereby the scale of activities in longer term interbank transactions and lendings to the private sector as well as their continued commitment to promoting BIBOR as a recognized reference rate are taken into consideration.

List of Initial Contributor Panel Members

1. Bangkok Bank Public Company Ltd.
2. Krung Thai Bank Public Company Ltd.
3. Bank of Ayudhya Public Company Ltd.
4. KASIKORNBANK Public Company Ltd.
5. Citibank, N.A.
6. The Thai Military Bank Public Company Ltd.
7. The Siam Commercial Bank Public Company Ltd.
8. Siam City Bank Public Company Ltd.
9. The Bank of Nova Scotia
10. Mizuho Corporate Bank, Ltd.
11. Standard Chartered Bank
12. The Bank of Tokyo-Mitsubishi, Ltd.
13. ABN-Amro Bank NV.
14. The Hongkong and Shanghai Banking Corporation Ltd.

Published sources of BIBOR

1. Bank of Thailand Website

- Thai version : http://www.bot.or.th/bothomepage/databank/FinMarkets/bibor/bibor_th.asp

- English version : http://www.bot.or.th/bothomepage/databank/FinMarkets/bibor/bibor_en.asp

2. Bloomberg

- MMR TH

- BTHA

3. Reuters

- BOT101

- BOT103

4. Telerate

- P13702 to P13705

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Bank of Thailand

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