



Funding the Republic

Republic of the Philippines
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila



Press Release

Republic of the Philippines Prices 10-Year and 25-Year Dollar Global Bonds

MANILA, Philippines, 8 May 2024 – On 7th May 2024, Republic of the Philippines (the "Republic") successfully returned to the international capital markets for the first time in 2024 with its USD 2 billion dual-tranche 10-year and 25-year SEC-registered Fixed Rate Global Bonds (the "Global Bonds" or the "Notes"). The 25-year Global Bond will be issued under the Republic's Sustainable Finance Framework, marking the Republic's fifth G3 ESG bond offering. This transaction follows the Republic's USD 1 billion 5.5-year Sukuk in December 2023, USD 3 billion triple-tranche bond offering in January 2023, USD 2 billion triple-tranche bond offering in October 2022, JPY 70.1 billion four-tranche Samurai bond offering in April 2022 and USD 2.25 billion triple-tranche bond offering in March 2022.

The new 10-year tranche was priced at T+80 bps, reflecting a tightening of 40 bps from initial price guidance. The new 25-year Sustainability tranche was priced at 5.60% at par (T+99.8 bps), 45 bps tighter than the initial price guidance.

The Global Bonds are expected to be rated Baa2 by Moody's, BBB+ by Standard & Poor's, and BBB by Fitch*. The transaction is expected to settle on 14th May 2024.

Despite elevated volatility in the UST rate markets in recent weeks, the Republic took advantage of improving market sentiment following a softer-than-expected US labor market print which alleviated concerns over the Fed rate path. The success of the offering illustrated the Republic's ability to navigate an uncertain policy rate environment and respond efficiently to capture conducive market conditions. The transaction attracted robust demand and strong orderbook momentum carried across markets, with interest from a diverse pool of high-quality global accounts, showcasing investors' confidence in the Republic's credit profile and long-term outlook.

"The enthusiastic response we saw from the global investor community for this offering underscores the strength of the Philippine economy and the strong vote of confidence international investors have in President Ferdinand R. Marcos, Jr.'s sound economic and fiscal policies," Finance Secretary Ralph G. Recto said.

"We secured funding from the market at very cheap rates, which allowed us to save on borrowing costs. The 10-year spread has been the tightest among all our similar issuances since 2022, while the 25-year sustainability tranche achieved the second-best rate in the government's history. The tight pricing, especially compared to higher-rated peers, serves as an indication of the country's exceptional performance beyond its current credit rating and makes a good case for a rating upgrade," the Finance Chief further explained.

"Proceeds of this issuance will be directed towards the overall welfare of all Filipinos—more infrastructure projects, improved social services, a better healthcare system, and quality education for them," he added.

National Treasurer Sharon P. Almanza remarked, "The strong reception and record tight pricing levels attained on this transaction reaffirms the Philippines position as a true watermark

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for quality emerging market credit stories, and the success of the offering in the face of various market uncertainties over the past few months shows the continued confidence of the broader investor community in the progress of our economic development. The negative new issue concession of 5bps and 7bps realized for the 10Y and 25Y tranches, respectively, enables the government to trim the annual interest bill, preserving precious fiscal space to deploy on programs for meaningful economic transformation.”

The Republic intends to use the proceeds from the sale of the 10-year Global Bond for general budget financing while proceeds from the sale of the 25-year Global Bond are intended to be used for general budget financing and refinancing programs and expenditures in line with the Republic’s Sustainable Finance Framework. HSBC, Standard Chartered Bank and UBS are acting as Joint Sustainability Structuring Banks.

BofA Securities, Citigroup, HSBC (B&D), J.P. Morgan, Morgan Stanley, Standard Chartered Bank and UBS are acting as Joint Bookrunners for the transaction.

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