



Funding the Republic

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila 1002

Press Release

The Republic of the Philippines Successfully Returns to the European Capital Markets with a New 8-Year Euro-Denominated Global Bonds

The Republic of the Philippines (the "Republic") successfully returned to the international capital markets with its offering of EUR750 million of 8-year Global Bonds. The bonds are expected to be rated Baa2 by Moody's, BBB+ by Standard & Poor's, and BBB by Fitch¹. The notes are expected to settle on May 17, 2019.

This issuance marks the Republic's return to the European capital markets after more than a decade. The overwhelming reception from the market allowed the pricing for the newly issued Global Bonds to tighten at EUR Midswaps +70 bps after being revised twice from an initial pricing guidance of EUR Midswaps+90-100 bps area.

By geographical allocation, 24 percent of the bonds were allocated to Germany, 15 percent to Italy, 10 percent to the U.K., 26 percent to the rest of Europe, 9 percent to the U.S., 6 percent to the Philippines, 5 percent to the rest of Asia, and the remaining 5 percent to other countries. In terms of investor type, 59 percent went to fund managers, 24 percent went to banks and corporates, 11 percent went to insurance, pension funds, and official institutions, and the remaining 6 percent went to other types of investors.

Finance Secretary Carlos Dominguez III said, *"This successful transaction is a testament to the international investor community's vote of confidence in the country's strong macroeconomic fundamentals and sustained high growth prospects despite global financial headwinds."*

Dominguez pointed out that following its successful float of bonds in China and Japan, the government has now issued global bonds in Europe as part of its efforts to diversify funding sources for its aggressive investments in infrastructure and human capital development.

Proceeds of the issuance will be used for the Republic's general government purposes, including budgetary support.

National Treasurer Rosalia de Leon commented, *"The Republic garnered outstanding support from high quality accounts with a large orderbook allowing us to increase our base offering size from EUR500 million to EUR750 million. The successful transaction allowed us to diversify our funding program to support productive spending for infrastructure and social services."*

Deutsche Bank and UBS acted as joint global coordinators, while BNP Paribas, Credit Suisse, and Standard Chartered Bank acted as joint bookrunners for the transaction.

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¹ A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.