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Republic of the Philippines prices 5-Year, 10.5-Year and Debut 25-Year Sustainability Dollar Global Bonds

The Republic of the Philippines (the “Republic”) successfully tapped the international capital markets for the first time in 2022 with its offering of USD 2.25 billion triple tranche 5-year, 10.5-year and 25-year Global Bonds.

The new 5-year Global Bonds were priced at US Treasury spreads of T+ 90 basis points (bps) with a coupon of 3.229%, after an initial price guidance of T+ 125 bps area, while the new 10.5-year Global Bonds were priced at T+ 125 bps and a coupon of 3.556%, after an initial price guidance of T+ 165 bps area. Further, the new 25-year Global Bonds were priced at 4.200%, which is 50 bps tighter than initial price guidance of 4.700% area.

The 25-year Global Bonds were issued under the Republic’s Sustainable Finance Framework and marks the Republic’s debut ESG Global Bonds offering. The transaction also marks the first triple tranche USD offering from the Republic.

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 March 29, 2022.

After a few weeks of volatility in the global equity and credit markets, the Republic was able to take advantage of the improving market sentiment post the March FOMC meeting and announce a transaction on Monday, March 21, 2022.

This deal follows the Republic’s USD 3 billion dual tranche global bond offering in June 2021, as well as the EUR 2.1 billion triple tranche Global Bonds and JPY 55 billion Samurai bond offering in April 2021 and March 2021 respectively.

Finance Secretary Carlos Dominguez said, “The fact that our debut sustainability bond tranche secured the strongest demand among the three tranches highlights the strong investor confidence in the national government’s commitment to achieving sustainable development and mitigating climate change, notably the pledge to reduce our greenhouse gas emissions by 75 percent by 2030.”

“This debut sustainability bond float not only attracts the private sector-based investment needed to finance the climate change mitigation and adaptation projects in the Philippines, but also allows the government to attract funds from ESG-conscious investors and boost the development of the sustainable financing market in the Philippines,” he added.

Undersecretary Mark Dennis Joven commented, “The successful transaction is a testament to the Republic’s strong economic fundamentals and the confidence of the investor community in the country’s long term growth trajectory. Despite volatility in the global markets, we have received overwhelming interest across all tranches, and especially on our first sovereign ESG bond issuance. The upsized issuance backed by a significantly oversized orderbook provides an overwhelming affirmation to the Administration’s continued prudent fiscal and economic management amidst the pandemic.”

National Treasurer Rosalia de Leon remarked, “The strong investor reception across all tranches underscores the Republic’s unfettered access to the international capital markets. Being the first and largest offshore Southeast Asia sovereign offering in 2022, the Republic’s transaction has reopened the Asian bond markets for long-dated offerings and cements the Republic’s position as the leading capital market participant in Asia.”

Proceeds of the 5-year and 10.5-year Global Bonds will be for the Republic’s general purposes, including budgetary support, while the proceeds from the 25-year Global Bonds will be for the Republic’s general budget financing and to finance/refinance assets in line with the Republic’s Sustainable Finance Framework.

Bank of China, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, Mizuho Securities, Morgan Stanley, Standard Chartered Bank, and UBS were Joint Bookrunners for the transaction.

Vigeo Eiris provided a Second Party Opinion on the Republic’s Sustainable Finance Framework. Standard Chartered Bank and UBS were Sustainability Structuring Advisors.

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