



Funding the Republic

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

Press Release

Republic of the Philippines Prices Maiden 5.5-Year Dollar Sukuk

On 29 November 2023, the Republic of the Philippines (the "Republic") successfully priced its Sukuk issuance ("Sukuk"), utilizing real estate assets under *Ijara* and *Wakala*, together with a *Commodity Murabaha* aspect.

The Sukuk, with an issuance size of USD 1 billion and a tenor of 5.5 years, marks the first time the Republic has tapped the global Islamic financial markets in this structure.

The maiden issue was met with strong demand, with the orderbook's oversubscription peaking at 4.90x. This allowed the Republic to price its 5.5-year Sukuk at T+80 bps, with a profit rate of 5.045%, representing a 35 bps compression from the initial price guidance of T+115bps area.

The Sukuk is expected to be rated Baa2 by Moody's, BBB+ by Standard & Poor's, and BBB by Fitch*. The transaction is expected to settle on 6 December 2023.

The landmark maiden Sukuk issuance is part of the Republic's agenda to promote the development of Islamic banking and finance in the country. The Sukuk issuance allows the Republic to diversify its global investor base and tap on Islamic-focused investors across the Middle East and marks the establishment of an active, liquid reference curve for other Philippine issuers to access the Sukuk market in the future.

The Sukuk issuance comes after the Investor Roundtable in Doha and the Philippine Economic Briefing in Dubai in September 2023, supplemented by a successful roadshow on the 27th and 28th of November.

This milestone transaction illustrates the Republic's ability to leverage the stable market conditions and access the international capital markets. The transaction attracted strong interest, not only from a wide range of high-quality Islamic investors but from others as well, showcasing investors' confidence in the Republic's credit profile.

The Republic's Finance Secretary Benjamin Diokno stated, *"The success of our inaugural Sukuk issuance affirms the Republic's significant standing in the international capital markets and underscores investors' conviction in our financial inclusion agenda. We hope this transaction will create positive momentum for Islamic banking and finance in the Philippines, and we look forward to the active participation of all stakeholders."*

This achievement follows the success of the USD 3 billion triple-tranche conventional bond issued in January 2023, further attesting to the Republic's solid standing in the international financial markets and the continued support from investors.

ISO 9001:2015 Quality Management System
Certificate No. SCP000233Q



The net proceeds of the certificates received by the Republic will complete the Republic's external commercial funding this year which will be used for general purposes, including but not limited, to budgetary support.

Citigroup, Deutsche Bank, Dubai Islamic Bank, HSBC, MUFG, and Standard Chartered Bank acted as Joint Bookrunners and Joint Lead Managers for the transaction.

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