

## Press Release

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### **PH's 2nd Panda Bond Oversubscribed by 4.5 Times**

The Philippines' second panda bond issuance has been oversubscribed by 4.5 times as the country seeks to bolster bilateral relationships with China and raise stronger investor confidence from Chinese and other offshore markets.

“This overwhelming success is testimony to our two countries' shared vision of improving infrastructure and providing better opportunities for Filipino and Chinese businesses,” said Deng Jun, Country Head of Bank of China Manila, the sole lead underwriter of the issuance.

The sale generated CNY2.5 billion in bids or P19 billion, with a coupon rate of 3.58 percent and a tight spread of 32 basis points above benchmark. Tenders were also issued in tenors of three years. The biggest source of the bid came from Hong Kong amounting to CNY1.26 billion, followed by onshore investors, with CNY1.06 billion. Other investors were from Europe (CNY140 million) and the Philippines (CNY40 million).

The Philippines' credit rating was recently upgraded from BBB to BBB+ by Standard and Poor's (S&P), and from stable to positive by the Japan Credit Rating Agency.

“The Philippines is making great strides in growing the panda bond market. On its second offer, it was able to secure a yield of 3.58 percent, significantly lower than last year's rate of 5 to 5.6 percent. This indicates the Philippines becoming a strong player in this market, largely due to its improved creditworthiness,” added Deng.

In 2018, the country's inaugural issuance hit an oversubscription of CNY9.22 billion, 6.32 times bigger than the government's debt offering of CNY1.46 billion. The sale raised CNY1.46 billion or P12 billion, setting the bar for other ASEAN countries interested in tapping the burgeoning Chinese market through renminbi-denominated IOUs.

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