



Case Study

Republic of the Philippines Inaugural Sukuk Offering

The Client

The Republic of the Philippines (ROP) through the Department of Finance is a frequent issuer in the international capital markets. The Philippines continues to be one of the fastest growing economies in the ASEAN region, rated by Moody's, S&P and Fitch as Baa2/stable, BBB+/stable, and BBB/stable, respectively.

The Challenge

The Republic has been contemplating on a Sukuk structure in order to diversify its investor base and capture new markets by attracting investors from the Middle East. With the recent opinion released by the Department of Justice on the Sukuk structure, the Department of Finance was given clearance to pursue the issuance of the structure.

As it is the ROP's maiden issuance, they needed help on the structure, insights on Middle East market landscape, and in reaching out to the Islamic investor community.

The Solution

Citi provided advisory on various Sukuk structures and its pros and cons, and shared case studies from its experience globally in partnering with other sovereigns on their Sukuk issuance.

On the marketing piece, Citi leveraged on its global network to tap senior contacts from private equity, SWF and FI investors for one-on-one meetings with the ROP during the roadshows it conducted in NY, Toronto, Doha, Dubai, and San Francisco.

The Result

Citi was mandated as one of the Joint Lead Managers and Joint Bookrunners for the transaction. On November 29, 2023, the Republic of the Philippines successfully priced an inaugural USD1 bn 5.5 year Sukuk offering.

It was the tightest US\$ 5/5.5-year spread ever by ROP and the tightest 5/5.5-year spread at issuance achieved by an ASEAN sovereign in the last 2-years. Furthermore, it was the 2nd tightest US\$ 5/5.5-year spread ever at issuance for an ASEAN Sukuk offering.

There was strong demand for the note, with over 3.8x oversubscription, with meaningful demand and allocation from Islamic investors aligned with ROP's objective to diversify investor base. Due to strong demand, the pricing was aggressively tightened by 35 bps with negative new issue concession.