



Case Study

Panama New Triple-Tranche USD Offering Government of the Republic of Panama

Citi acted as Joint Bookrunner and Billing & Delivery Bank in the new USD\$3.1 bn Bond Issue to support the Government of Panama

The Client

The Government of the Republic of Panama.

The Challenge:

In accordance with the General Budget approved for 2024, the Government of the Republic of Panama will need to finance the estimated deficit of ~\$US\$2.4 billion during the fiscal year 2024. Of total of ~US\$5.4 billion in funding, ~US\$3.1 billion is the need for the first 7 months of the year, and the Government wanted to fund it with a Public Bond Offering. The main challenge was that although Panama has always been a strong credit, the interests rate cycle, credit spread widening, incoming elections for the instalment of new government, climate change challenges impacting Panama Canal, Minera Panama uncertain future and Social Security deficit set the tone to establish a different strategy to position Government

of Panama as an issuer with a solid fundamentals in order to achieve a successful considering the size of the transaction.

The Solution:

After a Request for Proposals (RFP), Citi was mandated as Joint Bookrunner for the public bond issuance. To address the concerns of the investors and engage with the market to update the investor community on the recent developments of the Country, Citi proposed a 2-day deal road show with investors. In conjunction with our Rating Advisory team and the Client, we put together a presentation that signalized and reinforced to the market the strengths of Panama credit, provided an update on the economy and the country's last development. In parallel, we work with the client on the best strategy to optimized Panama's debt maturity profile with different maturities and structure.

The Result:

In February 2024, years after its last deal roadshow exercise, Panama did a successful 2-day marketing exercise where officials met with nearly 110 accounts. Afterwards, Panama was able to price their largest ever offering in the international capital markets: a US\$3.1bn offering consisting of a US\$1.10 bn new 7-year Notes due 2031, a US\$1.25 bn new 13-year soft bullet Notes due 2038, and US\$750 million new 33-year Notes due 2057. Panama received an impressive investors support. The order book was 6.6x oversubscribed (largest recorded participation from investors in a Panama offering), which allowed to a significant price tightening of 50bps, that represented a minimal no new issue concessions (vs. previous day's close) across the three tranches.