First Treasury Note 2026 under Panamenian Law and 144-A REG S
On April 10, 2019, the Republic of Panama, successfully priced a US$1.0 bn offering of new 7-year Euroclearable Local Treasury Note…

### Transaction Highlights

- Panama’s first internationally placed under 144-A Reg S and local Law Instrument
- The Notes are listed on LatinClear, the local clearing house, and trades in Euroclear.
- Strong investor participation from local and international accounts allowed Panama to tighten from initial price of T+150bps to a final spread of T+140bps.
- With this transaction Panama joined other Latin American sovereigns such as Mexico, Peru, Chile, and Uruguay in an effort to develop its local market.

### Final Terms and Conditions

- **Issuer Rating**: Baa1/BBB+/BBB
- **Rank**: Senior Unsecured
- **Format**: 144A/Reg S
- **Principal Amount**: US$1.0 bn
- **Maturity**: April 17th, 2026
- **Coupon**: 3.750%
- **Issue Price**: 99.847%
- **Yield to Maturity**: 3.775%
- **Listing**: LatinClear and Euroclear
- **Governing Law**: Law of the Rep. of Panama
The Republic of Panama, on their first offering, managed to generate significant demand from top U.S., European and Latin American investors to build a strong order book, which reached 2x oversubscription.

The notes were allocated to asset managers (67%), pension funds & insurance companies (16%), banks (14%), and hedge funds (2%).

From a geographical perspective, 48% was allocated to U.S. investors, while 27% went to Europe and 25% to Latin American investors.
From April to November, the Panota 2026 records an average differential of 19 basis points (bps) compared to our Global Bond of same maturity. It is important to point out that this differential has been tightening from 39bps, hitting a record differential of 1bp in September 16, 2019.
From April to November, Panota 2026, has been the instrument with the highest amount in custody of Euroclear compared to the other local instruments.
As one of the requirements of our local regulation, a “Macrotítulo has to be signed by the General Comptroller of the Republic.
Pros and Cons – Panama experience

Pros

- Increasing liquidity and depth of the local market
- Pricing mechanism allowed spread reduction during auction process
- Participation of International investors in local-law issuances
- Investor base diversification

Cons

- Greater financial cost (the goal is to reduce the spread over the international curve)
- Higher legal and operational costs

Source: Directorate of Public Financing