

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Republic of the Philippines

<Affirmation>

Foreign Currency Long-term Issuer Rating:	A-
Outlook:	Stable
Local Currency Long-term Issuer Rating:	A-
Outlook:	Stable
Bonds:	A-

Rationale

- (1) The ratings mainly reflect the country's high and sustained economic growth performance underpinned by solid domestic demand and its resilience to external shocks supported by an external debt kept low relative to GDP and the accumulation of foreign exchange reserves. On the other hand, reduction of income disparity through rural development remains an important task. The economy was generally on a recovery path in 2022 backed by strong private consumption as the COVID-19 pandemic subsided, with its real GDP recovering to exceed the pre-pandemic level. The Marcos administration, which took office in June 2022, has made it clear that it intends to continue and further develop the basic stance taken by the former administration, emphasizing infrastructure development as its "Build Better More" policy. The fiscal deficit remained high at 7.3% of GDP in 2022 due to increased budget spending to sustain economic recovery. However, the Marcos administration has affirmed its commitment to fiscal consolidation through its Medium-Term Fiscal Framework. The general government debt-to-GDP ratio at the end of 2022 stayed in the 50% range, which is one of the lowest among the sovereigns rated in the A-range by JCR. Hence, JCR does not consider that fiscal soundness will be impaired. Remittances from Filipinos abroad remain solid and the economy stays highly resilient to external shocks. Based on the above, JCR has retained the ratings with Stable outlook.
- (2) The Republic of the Philippines is an archipelagic country with a population of approximately 111.6 million. Its per capita GDP stood at USD 10,512 in PPP terms in 2022. Its real GDP had grown faster than 6% range per year on robust domestic demand except for 2020, when the pandemic broke out. Real GDP growth recovered to 7.6% in 2022 on strong private consumption stemming from an improved employment environment after the resumption of economic activities and solid remittances from Filipinos abroad. JCR believes that the real GDP growth rate will slow down to around 6% due to the current inflation and policy rate hikes. The Marcos administration announced its "Eight-Point Socioeconomic Agenda" in July 2022, to address both short-term issues (high inflation, scarring due to COVID-19, tight fiscal space) and medium-term constraints (job creation, infrastructure development, enhancing bureaucratic efficiency). It has implemented new measures including one to fully open the country's renewable energy sector to foreign investment. Under its Philippine Development Plan made public in December 2022, the administration also announced a policy to spend 5-6% of GDP annually on infrastructure development from 2022-2028 while mobilizing private-sector funds through public-private partnerships (PPP). To provide a more enabling environment for PPPs, government revised the 2022 Implementing Rules and Regulations (IRR) of the Build-Operate-Transfer (BOT) Law. The sustained infrastructure development is expected to have an effect of underpinning the recovery of the economy. In addition, the plan sets an important goal of reducing the poverty rate from 18.1% in 2021 to less than 9% by 2028. It intends to reduce income disparity by enhancing productivity and shifting toward higher-value-added activities and products through agriculture modernization.
- (3) Before the pandemic, the government had promoted a policy aimed for fiscal soundness by keeping the budget deficit at about 3% of GDP. The deficit has been widening since 2020 due to the impact of pandemic measures. The fiscal deficit in 2022 widened to 7.3% of GDP. The Marcos administration continues to push for the passage of the remaining tax reform packages initiated by its predecessor. It has announced a policy to reduce government debt to less than 60% of GDP by 2025 and the budget deficit to 3% of GDP by 2028 by expanding the tax base e.g., review of real property appraisal, tax on digital transactions, excise tax on single-use plastics, and improving the efficiency of fiscal

expenditures. The country's banking sector remains healthy, with NPL ratio falling to 3.2% at the end of 2022.

- (4) The current account balance slipped back into a deficit equivalent to 1.5% of GDP in 2021 on increased imports resulting from a strong recovery of personal consumption as well as renewed manufacturing upturns. The deficit is seen to have widened in 2022 on increased imports brought by higher resource prices and a greater volume of imports for raw and intermediate goods and capital goods to support the country's economic recovery. The external debt balance was kept contained at 26.8% of GDP at the end of September 2022 while gross international reserves stood at USD99.3 billion or 6.1 times the short-term external debt at the end of February 2023. These indicate the robustness of the country's foreign currency liquidity position. JCR holds the view that the country will show its high resilience even when global risk-off moves are triggered again.

Atsushi Masuda, Shinya Iwasaki

Rating

Issuer: Republic of the Philippines

<Affirmation>

Foreign Currency Long-term Issuer Rating: A-

Outlook: Stable

Local Currency Long-term Issuer Rating: A-

Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
JAPANESE YEN BONDS - NINTH SERIES (2018)	JPY 6.2	August 15, 2018	August 15, 2023	0.54%	A-
JAPANESE YEN BONDS - ELEVENTH SERIES (2018)	JPY 40.8	August 15, 2018	August 15, 2028	0.99%	A-
JAPANESE YEN BONDS - THIRTEENTH SERIES (2019)	JPY 21.0	August 15, 2019	August 15, 2024	0.28%	A-
JAPANESE YEN BONDS - FOURTEENTH SERIES (2019)	JPY 17.9	August 15, 2019	August 14, 2026	0.43%	A-
JAPANESE YEN BONDS - FIFTEENTH SERIES (2019)	JPY 22.7	August 15, 2019	August 15, 2029	0.59%	A-
JAPANESE YEN BONDS - SIXTEENTH SERIES (2021)	JPY 55.0	April 13, 2021	April 12, 2024	0.001%	A-
JAPANESE YEN BONDS - FIRST SERIES (2022) (SUSTAINABILITY BONDS)	JPY 52.0	April 22, 2022	April 22, 2027	0.76%	A-
JAPANESE YEN BONDS - SECOND SERIES (2022) (SUSTAINABILITY BONDS)	JPY 5.0	April 22, 2022	April 20, 2029	0.95%	A-
JAPANESE YEN BONDS - THIRD SERIES (2022) (SUSTAINABILITY BONDS)	JPY 7.1	April 22, 2022	April 22, 2032	1.22%	A-
JAPANESE YEN BONDS - FOURTH SERIES (2022) (SUSTAINABILITY BONDS)	JPY 6.0	April 22, 2022	April 22, 2042	1.83%	A-

Rating Assignment Date: March 7, 2023

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (October 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Republic of the Philippines
Rating Publication Date:	March 10, 2023

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Economic Base

The likelihood of a given debt payment is highly conditional to the issuing government's ability to maintain/expand the economic base into the future with maintaining soundness of financial systems.

B) Fiscal Base

The likelihood of a given debt payment is highly correlated to fiscal balance, public debt and other factors of the issuing government's fiscal condition.

C) External Positions

The likelihood of a given debt payment is highly correlated to the liquidity positions which change along with the international balance of payments and the international investment position.

D) Social and Political Bases and Economic Policy

The likelihood of a given debt payment is highly conditional to the social and political stability, effectiveness of economic and monetary policies as well as international economics.

E) Related Parties' Stance of Support/ Assistance for the Government

The likelihood of a given debt payment is affected by the stance of the credit enhancement provider and other related parties with regard to their stance of support/ assistance for the issuing government.

F) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuing government's will, and/ or its rank relative to other debts of the same government in the order of seniority in principal/ interest payment which is determined by design as financial product or by international practice, etc.

4

The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5

Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6

Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7

Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Informational and explanatory materials presented by the rating stakeholders with regard to the economy and fiscal management policy, etc. of the issuing government
- B) Statistics and reports published by an independent organization with regard to the economy and fiscal status, etc. of the issuing government

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Economic Base

The credit rating is subject to alteration if there is an improvement or deterioration of the issuer's economy or financial systems, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Fiscal Base

The credit rating is subject to alteration if the issuer increases/ decreases its fiscal deficit/ surplus and its public debt and thereby makes given debt payment liability less/ more bearable. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

C) External Positions

The credit rating is subject to alteration if there is a change in the issuer's international balance of payments and international investment position and thereby an improvement/ deterioration of its liquidity positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Social and Political Bases and Economic Policy

The credit rating is subject to alteration if there is a change in the issuer's social and political conditions or economic/ monetary policies, etc. and thereby an improvement/ deterioration of its economy and fiscal positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Related Parties' Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the credit enhancement provider or other related parties with regard to their stance of support/ assistance for the issuing government and thereby an improvement/ deterioration of its economy, fiscal positions and liquidity positions. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

F) Order of Seniority in Debt Payment

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts, due to improvement/ deterioration of the issuer's fiscal condition and/or will. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

G) International Economies

The credit rating is subject to alteration if there is a change in the international economies, commodity or foreign exchange markets, etc. and thereby, through international balance of payments, an improvement/ deterioration in the issuer's fiscal balance or debt payment capacity. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

H) Various Events

The credit rating is subject to alteration on occurrence of various events, such as domestic unrest, war, natural disaster, etc. which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's economy, fiscal positions, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Economic Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's economy or financial systems, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's economy or financial systems on some drastic change in environments, etc.

B) Fiscal Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's fiscal conditions in terms of annual balance or public debt. The resultant change of the credit rating is most likely by a notch, as JCR

speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's fiscal condition on some drastic change in its economy.

C) External Positions

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions reflecting improvement or deterioration of the international balance of payments and the international investment position. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in the country's economic/ fiscal conditions and financing activities, etc.

D) Social and Political Bases and Economic Policies

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's social and political bases and economic/ monetary policies. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the country's situation changes drastically, making the issuer's social and political bases and economic/monetary policies significantly improved or deteriorated.

E) International Economics

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of the international economies or commodity/ foreign exchange markets, etc. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14

Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Philippines (Republic of)	Issuer(Long-term)(LC)	August 8, 2018	BBB+	Stable
Philippines (Republic of)	Issuer(Long-term)(LC)	April 19, 2019	BBB+	Positive
Philippines (Republic of)	Issuer(Long-term)(LC)	June 11, 2020	A-	Stable
Philippines (Republic of)	Issuer(Long-term)(LC)	September 6, 2021	A-	Stable
Philippines (Republic of)	Issuer(Long-term)(FC)	August 8, 2018	BBB+	Stable
Philippines (Republic of)	Issuer(Long-term)(FC)	April 19, 2019	BBB+	Positive
Philippines (Republic of)	Issuer(Long-term)(FC)	June 11, 2020	A-	Stable
Philippines (Republic of)	Issuer(Long-term)(FC)	September 6, 2021	A-	Stable
Philippines (Republic of)	Japanese Yen Bonds 9th Series	August 8, 2018	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 9th Series	April 19, 2019	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 9th Series	June 11, 2020	A-	
Philippines (Republic of)	Japanese Yen Bonds 9th Series	September 6, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 11th Series (2018)	August 8, 2018	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 11th Series (2018)	April 19, 2019	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 11th Series (2018)	June 11, 2020	A-	
Philippines (Republic of)	Japanese Yen Bonds 11th Series (2018)	September 6, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 13th Series (2019)	August 2, 2019	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 13th Series (2019)	June 11, 2020	A-	
Philippines (Republic of)	Japanese Yen Bonds 13th Series (2019)	September 6, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 14th Series (2019)	August 2, 2019	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 14th Series (2019)	June 11, 2020	A-	
Philippines (Republic of)	Japanese Yen Bonds 14th Series (2019)	September 6, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 15th Series (2019)	August 2, 2019	BBB+	
Philippines (Republic of)	Japanese Yen Bonds 15th Series (2019)	June 11, 2020	A-	
Philippines (Republic of)	Japanese Yen Bonds 15th Series (2019)	September 6, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 16th Series (2021)	March 30, 2021	A-	
Philippines (Republic of)	Japanese Yen Bonds 16th Series (2021)	September 6, 2021	A-	
Philippines (Republic of)	JAPANESE YEN BONDS - FIRST SERIES (2022) (SUSTAINABILITY BONDS)	April 12, 2022	A-	
Philippines (Republic of)	JAPANESE YEN BONDS - SECOND SERIES (2022) (SUSTAINABILITY BONDS)	April 12, 2022	A-	
Philippines (Republic of)	JAPANESE YEN BONDS - THIRD SERIES (2022) (SUSTAINABILITY BONDS)	April 12, 2022	A-	
Philippines (Republic of)	JAPANESE YEN BONDS - FOURTH SERIES (2022) (SUSTAINABILITY BONDS)	April 12, 2022	A-	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Kiichi Sugiura
General Manager of International Rating Department

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