

New Issue Case Study: Republic of Paraguay

\$ 280 Million Re-Opening of 4.625% Bonds due 2023

Summary of Terms

Re-Opening April 24, 2015

\$ 280,000,000



Republic of Paraguay

4.625% Bonds due 2023

**Bank of America
Merrill Lynch**

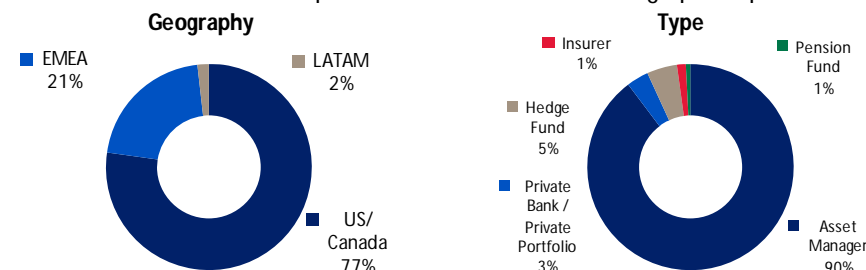
Joint Bookrunner
Billing & Delivery Agent

Issuer:	Republic of Paraguay
Ratings:	Ba1 (S) / BB (S) / BB (S)
Format:	144a / Reg S
Joint Bookrunner:	Bank of America Merrill Lynch
Billing & Delivery Agent:	Bank of America Merrill Lynch
Size:	\$280,000,000
Total Amount Outstanding Post-Tap:	\$780,000,000
Pricing Date:	April 24, 2015
Settlement:	April 30, 2015 (T+4)
Maturity:	January 25, 2023
Yield:	4.150%
Spread Over 10-Year UST:	222 bp
Coupon:	4.625%
Price:	103.110%
Listing:	Luxembourg (Euro MTF)
Law:	New York Law

Transaction Highlights



- On Friday, April 24, 2015, Bank of America Merrill Lynch (“BofAML”) acted as Joint Bookrunner and Billing & Delivery Agent on the Re-Opening of the **Republic of Paraguay’s** (Ba1/BB/BB) 4.625% Benchmark due January 2023
- Taking advantage of a constructive backdrop over the week and a clear market ahead of the weekend, Paraguay announced a \$280m “No-Grow” re-opening with initial price thoughts (“IPT”) at 4.250% area for intraday execution
 - Given that the benchmark was quoted at a yield of 4.13% prior to announcement, IPT implied an initial New Issue Premium (“NIP”) of 12 bp
- The deal rapidly attracted high-ticket orders from the largest high quality real money accounts. Announced at 9:30am, the deal reached oversubscription **within twenty minutes**
- Strong momentum into execution allowed the issuer to tighten indicative yield to 4.15% by launch, at 11:40am, and to later price at the same level
 - As a result, the Republic was able to re-open the 2023s at a New Issue Premium of **only 2 bp**
 - Final pricing terms compare to a yield of **4.625%** (47.5 bp wider) and a T-spread of **275 bp** (53 bp wider) achieved when the 2023s were issued, in January 2013
 - With the re-opening, there are now \$780m outstanding on the 2023s
- Final distribution of the order-book comprised of 60 investors – with high participation of non-EM names:



- The re-opening of the 2023s marked the first time Paraguay accessed the international debt markets since its credit ratings were upgraded to Ba1 by Moody’s and to BB by Fitch, in March and January 2015, respectively. The highly successful transaction signals investors’ confidence in the country’s solid fundamentals, reinforcing its position as one of the **premier non Investment Grade-rated credits in Latin America**
- With the deal, BofAML remains **the only bank to have led all three international bond issuances for the Republic of Paraguay**, evidencing our commitment to Paraguay since its inaugural issue in January 2013
- The tap was BofAML’s **51st** transaction in the LatAm space in the past twelve months, 19 of which for **sovereign, supra-national and government-owned entities**, consolidating our **#1 position in both segments**.