



REPUBLIKA NG PILIPINAS  
KAGAWARAN NG PANANALAPI  
KAWANIHAN NG INGATANG-YAMAN  
(BUREAU OF THE TREASURY)  
INTRAMUROS, MAYNILA

*Funding the Republic*

**Memorandum**

To : All Government Securities Eligible Dealers

Date : May 09, 2005

Subject : Notice of Offering for the Pag-IBIG Housing Bonds

Please be advised that the Home Development Mutual Fund (HDMF) will auction on 12 May 2005 of up to P7.0B worth of 5-year plus 1 day Pag-IBIG Housing Bonds with issue date of 16 May 2005. Below are the indicative terms of the issue:

**Issuer** : Pag-IBIG Fund (the “Issuer”)

**Instrument** : Pag-IBIG Housing Bonds (the “Housing Bonds” or “Bonds”)

**Issue Amount** : Php 5.0 Billion which may be increased to a maximum amount of 7.0 Billion, in case of an oversubscription.

**Purpose** : To finance the housing program of Pag-IBIG Fund

**Issue Price** : The Bonds shall be issued at par.

**ISIN** : HDMF0510E028

**Coupon Rate** : Fixed interest rate equivalent to the bid rate awarded based on the “Dutch Auction” result on auction date, subject to a maximum rate to be set by the Issuer (indicatively, 8.75% p.a.). The coupon rate shall be payable semi-annually in arrears and shall be rounded down to the nearest 1/8 of 1% based on a 30/360 day year.

**Term** : Five (5) years and one (1) day from Issue date.

**Auction Date** : 12 May 2005,

**Issue Date** : 16 May 2005,

**Principal Repayment:** Principal shall be paid in full at maturity.

**Security** : Home Guaranty Corporation (HGC) guarantee on entire amount of principal and interest of up to 8.75 % p.a. The HGC cash guarantee provided herein shall carry with it the full and unconditional guarantee of the Republic of the Philippines by virtue of Section 18 (b) of R.A. 8763.

**Joint Issue Managers/ Underwriters** : Development Bank of the Philippines (DBP) and First Metro Investment Corporation (FMIC)

**Lead Underwriter** : First Metro Investment Corporation (FMIC)

**Facility Agent** : Bureau of the Treasury (BTr)

- Securities to Be issued** : The Bonds shall be negotiable, exempt from SEC registration, and issued in scripless form, through the BTr's Registry of Scripless Securities (RoSS).
- Status of Bonds** : The Bonds shall constitute direct, unconditional, and unsecured obligations of the Issuer, and will rank at least pari passu as to priority of payment with all or other present and future indebtedness of the Issuer.
- Eligibility** : \* As alternative compliance to Agrarian Reform Credit Requirement of banks as provided for by PD 717 (Agri-Agra Law).  
 \* As sufficient compliance with Sec. 18 of R.A. 7279 or the Urban Development Housing Act of 1992.  
 \* As admitted asset of insurance companies, as capital or reserve investment.
- Taxation** : Due to the HGC guarantee cover, the interest earned on the Bonds shall be exempt from all taxation up to 8.75% p.a.  
 Cost of documentary stamp taxes, if any, on the original issuance will be for the account of the Issuer.
- Participation** : Minimum of Php 10 Million; in multiples of Php 1.0 Million thereafter.
- Maximum Interest Rate** : The maximum interest rate of which investors are requested to bid shall be up to 8.75% per annum (the "Maximum Interest Rate"). Bids must be divisible by 1/8 of 1% and stated in 3 decimal places at or below the Maximum Interest Rate set.
- Submission of Bids** : Each GSED can submit up to seven (7) competitive bids for the Bonds. Each bid shall be (i) Irrevocable; (ii) In a minimum nominal face amount of Php 10, 000,000.00 and in integral multiples of Php 1,000,000.00 thereafter; (iii) Expressed as a yield, stated in three (3) decimal places; and (iv) at or below the Maximum Interest Rate.  
 Non-GSED institutions that have been invited may participate in the auction of the Pag-IBIG Housing Bonds by coursing their bids thru GSED members.  
 Bids must be submitted electronically through the Automated Debt Auction Processing System ("ADAPS") not later than 1:00 p.m. on Auction Date. In cases where ADAPS may not be used for whatever reason, the bids shall be in the written form hereto attached (Annex "A"), and transmitted via facsimile to the Securities Origination Division of the BTr.  
 (Attention: Division Chief, Securities Origination Division fax nos. **527-3132, 527-2827, 586-6487, 527-7089, or 527-3117**). The cut-off time during such cases shall be duly announced on Auction Date. The original of such facsimiles should be delivered to the BTr (Attention:, Division Chief,

Securities Origination Division, Bureau of the Treasury,  
Room 203 Palacio del Gobernador, Intramuros, Manila) not  
later than 4:00 p.m. of the same day.

**Advise to Successful Bidders** : The Auction Committee's decision shall be electronically transmitted to successful bidders through Moneyline/Telerate on Auction Date. If, in case, the Auction is done manually, notice to successful bidders shall be made one (1) business day after the Auction Date, preferably thru facsimile.

The Issuer reserves the right to accept or reject any or all tenders or parts thereof, and to award less than the amount applied for, where its decision shall be final.

**Settlement Date** : The settlement date shall be two (2) banking days following the Auction Date. The Issue Date will coincide with the Settlement Date.

**Other Conditions** : \* Pag-IBIG Fund shall set up a Bond Sinking Fund to be maintained and managed by the BTr, proceeds of which shall be used for the purpose of bond redemption upon maturity.

\* Pag-IBIG Fund shall convey mortgages to HGC prior to Bond issuance.

Please be guided accordingly.

(sgd) **OMAR T. CRUZ**  
Treasurer of the Philippines

*[Letterhead of Participation to Auction]*

[Date]

Securities Origination Division  
Bureau of the Treasury  
Room 203, Palacio del Gobernador  
Intramuros, Manila

For the attention of: Division Chief, Securities Origination Division

Subject : Auction of 5-year and 7-year Fixed-Rate Pag-IBIG Housing Bonds

With reference to the issuance of subject-Bonds by the Home Development Mutual Fund (“Pag-IBIG Housing Bonds”), we have read and found acceptable the Terms and Conditions of the said Issue. We hereby confirm our agreement to participate in the auction of the Pag-IBIG Housing Bonds and are pleased to submit the following bids:

<b>Competitive Bid</b>		
	<b>Yield</b>	<b>Volume</b>
1		
2		
3		
4		
5		
6		
7		

The bids submitted herein are firm commitments to purchase the Pag-IBIG Housing Bonds based on the yield and volume bid. We understand that the final Peso amounts allocated to us and the interest rate set will be announced on Auction Date or one (1) business day after Auction Date in case of an ADAPS system-wide failure. We agree to be bound by the decision of the Auction Committee.

Thank you.

Very truly yours,

Institution :  
Authorized Signature(s) :