



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



HOW TO INVEST IN THE PREMYO BONDS?

STEP 1: Account Opening

- ✓ Go to your branch of choice among the Selling Agents (DBP, LANDBANK, BDO, China Bank, Metrobank, and FMIC) and let the customer relations officer know you want to purchase Premyo Bonds.
- ✓ If you do not have an existing bank account with your bank of choice among the Selling Agents, proceed with the Account Opening process.
- ✓ If you already have an existing bank account with your bank of choice, no need to open a new account. You can use your existing one as a settlement account for your investment in the Premyo Bonds.

Note:

Eligible investors:

1. *Individuals*
2. *Cooperatives, Trust Funds, Employee Retirement Funds, Provident Funds, and Associations (any group composed of individuals as the ultimate beneficial owners)*

STEP 2: Filling in forms

- ✓ In order to purchase Premyo Bonds, you will need to complete a series of forms from the Selling Agent:
 1. Application to Purchase Form

2. Customer Suitability Assessment Form
3. Other forms that may be required by the Selling Agent (Special Power of Attorney, Investor's Undertaking, etc.)

- ✓ Things you'll need:
 - 1 valid Government issued ID
 - Principal Payment

Note: You may need to pay for the notarization of the documents

STEP 3: Creation of NRoSS Account

- ✓ Premyo Bonds will be registered under the Bureau of Treasury's National Registry of Scripless Securities (NRoSS) platform.
- ✓ If you do not have an existing NRoSS account, your Selling Agent will be responsible for creating your very own NRoSS Account where they will place your security upon purchase of the Premyo Bonds.
- ✓ Your NRoSS account number will be indicated in either of the following documents (depending on the Selling Agent you transact with):
 1. Registry Account opening Confirmation
 2. Confirmation of Sale
 3. Summary of Transaction
 4. Statement of Account



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



- ✓ Make sure to take note of your NRSS account number, as this is considered your reference number to the cash and non-cash reward portion of the Premyo Bond offering.

STEP 4: Payment of Premyo Bonds

- ✓ Once you have filled in all the necessary forms, you will place your order for the Premyo Bonds. The Premyo Bonds are offered at a minimum denomination of PHP 500.00 only.

Note: Every PHP 500.00 placement is equivalent to and entitles the bondholder to 1 Premyo Bonds Unit.

- ✓ Accepted modes of payment:
 - Cash
 - Check (including Manager's Check and Cashier's Check)
 - Debit bank account
 - Any combination of the above

STEP 5: Confirmation of Sale

- ✓ A Confirmation of Sale will be available for pick-up from the respective branch of your Selling Agent within 30 banking days from the issue date of the Premyo Bonds.

A. QUESTIONS IN RELATION TO PREMIO BONDS TERMS AND CONDITIONS

A.1.	Issuer	Q. Who is the issuer? A. The Republic of the Philippines via the Bureau of the Treasury (BTr)
A.2.	Issuance	Q. What is the issuance? A. Philippine Peso-Denominated Premyo Bonds
A.3.	Status of the Premyo Bonds	Q. What is the status of the Premyo Bonds? A. The Premyo Bonds are direct, unconditional, unsubordinated, and general obligations of the Republic and shall at all times rank <i>pari passu</i> and without any preference among other debt instruments issued by the BTr (including RTBs, T-Bonds, and T-Bills).
A.4.	Issue Size	Q. What is the issue size? A. Minimum of PHP 3.0 billion. However, the Republic may opt to increase the issue size.
A.5.	Joint Lead Issue Managers, Joint Issue Managers, and Selling Agents	Q. Who are the Joint Lead Issue Managers? A. Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LANDBANK) Q. Who are the Joint Issue Managers?



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



	<p>A. BDO Capital (BDO Capital), China Bank Capital (CBCap), and First Metro Investment Corp. (FMIC)</p> <p>Q. Who are the Selling Agents?</p> <p>A. DBP, LANDBANK, BDO Unibank (BDO), BDO Capital, China Banking Corp. (China Bank), CBCap, FMIC, and Metropolitan Bank and Trust Company (Metrobank)*.</p> <p>*Online Placements may be made via First Metro Securities Brokerage</p>	<p>year BVAL on 22 November 2019, less the cash reward ratio</p> <p>Q. What is the cash reward ratio?</p> <p>A. The cash reward ratio is 0.625% gross, which will be used to determine the cash reward pool</p> <p>Q. Is the interest rate fixed?</p> <p>A. Yes, the interest rate is to be calculated on a 30/360-day basis</p> <p>Q. How often are interest rate payments?</p> <p>A. Interest rate payments will be paid quarterly in arrears on the last day of each 3-month interest period. Each Premyo Bond will cease to bear interest on the Maturity Date. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment in the amount of interest to be paid.</p>
<p>A.6. Tenor</p>	<p>Q. What is the tenor of the Premyo Bonds?</p> <p>A. The Premyo Bonds will have a tenor of 1 year</p> <p>Q. Can the Premyo Bonds be pre-terminated?</p> <p>A. No, the Premyo Bonds cannot be pre-terminated</p> <p>Q. What is the maturity date of the Premyo Bonds?</p> <p>A. 18 December 2020</p>	<p>A.8. BVAL</p> <p>Q. What is BVAL?</p> <p>A. The Bloomberg Valuation (“BVAL”) provides benchmark interest rates across various tenors, and is the basis from which various transactions are priced. In the case of the Premyo Bonds, the tenor is 1 year, so the 1-year BVAL will be used to determine the interest rate of the Premyo Bonds.</p>
<p>A.7. Interest Rate</p>	<p>Q. What is the interest rate of the Premyo Bonds?</p> <p>A. The interest rate of the Premyo Bonds shall be determined using the 1-</p>	



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



<p>A.9. Form and Denomination</p>	<p>Q. What is the form of the Premyo Bonds? A. The Premyo Bonds are scripless in form.</p> <p>Q. What is the minimum denomination for the Premyo Bonds? A. The Premyo Bonds can be bought at a minimum denomination of PHP 500.00 and integral multiples of PHP 500.00 thereafter.</p> <p>Q. Can the Premyo Bonds be traded in the secondary market? A. No, the Premyo Bonds are non-tradable.</p>	<p>However, certain Payroll Accounts may have restrictions on accepting deposits. It is advised that you coordinate with your Bank to inquire if such restrictions apply to your account.</p>
<hr/>		
<p>B. PROCEDURAL QUESTIONS</p>		
<p>B.1. Account Opening</p>	<p>Q. If I already have an existing account with the bank I want to buy Premyo Bonds from, do I need to open another account specifically for this investment? A. No, any Peso Account, even an existing one would do. This is where the interest payments, the Premyo, if won, and upon maturity, the principal, will be credited to.</p>	<p>B.2. Account Opening</p> <p>Q. Can the Premyo Bonds settlement account be a joint account? A. Yes, it can be a joint account.</p> <p>B.3. Account Opening</p> <p>Q. Can we use "and/or" accounts? A. Yes, an investor can use "and/or" accounts, provided that the nominated bank account for crediting of interest and principal has the same and/or account name.</p> <p>B.4. Account Opening</p> <p>Q. How can an OFW open a Peso Account? A. The OFW may visit his/her preferred bank or, in some cases, its remittance partner to open an account and comply with the account opening process and the documentary requirements. However, if the account opening is performed outside the Philippines, signature cards will need to be authenticated by a consular representative of the Philippines in which said document is executed.</p>



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



B.5.	Beneficiary Claims	Q. In case of sudden death of the investor, how can the beneficiary claim the Premyo Bonds? A. The beneficiary may claim the proceeds of the Premyo Bonds subject to the laws on succession.	earnings from the Premyo Bonds can be used to pay monthly bills (i.e. electricity, phone bills, etc.) A. Unfortunately, no. Quarterly payment is the market convention that applies for the Premyo Bonds and Retail Treasury Bonds.
B.6.	Beneficiary Claims	Q. In case an investor dies, what happens to their investment in the Premyo Bonds? Are there taxes to be paid? A. The investment forms part of the estate of the deceased, which is subject to settlement by the surviving heirs. The heirs are required to pay estate taxes on the deceased's estate wherein the Premyo Bonds form part of.	B.9. Investment Requirements Q. What are the requirements for individuals to invest in the Premyo Bonds? A. Individual investors will be required to have an existing or open a new Peso account with any of the Selling Agents, which they will designate as their Settlement Account where interest payments and upon maturity, the principal, will be credited. The Tier 2 and Tier 3 winnings will also be credited to the designated account. Investors must submit to the Selling Agent the requirements for purchasing the Premyo Bonds (i.e. Application to Purchase, Client Information Sheet, IDs, etc.) plus their payment for their investment if ordered and purchased over-the-counter at their bank.
B.7.	Documentation	Q. What documentation will prove that they bought Premyo Bonds? A. Confirmation of Sale will be available for pick-up from the respective branch of your Selling Agent within 30 banking days from the issue date of the Premyo Bonds.	
B.8.	Interest Payments	Q. From a retiree intending to live-off the interest from the Premyo Bonds: Can interest payments be scheduled on a monthly basis instead of quarterly? Therefore, the	B.10. Investor Eligibility Q. Can an OFW purchase Premyo Bonds? What is the process if the OFW is out of the country? A. Yes, on the condition that he/she



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



		<p>has an existing individual peso account (savings/current) with any of the Selling Agents. Selling agents with foreign branches (PNB) may facilitate settlement account opening including NRoSS account creation.</p> <p>With the new on-line application system, it is as simple as going online to the BTr page: www.treasury.gov.ph.</p> <p>If the OFW or any interested investor does not have an existing peso account, please refer to item B.4. Account Opening details.</p>	
B.11.	Investor Eligibility	<p>Q. Is there a minimum age for investors for the Premyo Bonds?</p> <p>A. There is no minimum age requirement to purchase Premyo Bonds. As long as the buyer can sign and understand the terms of the offering, he/she may be eligible to buy Premyo Bonds. However, for investors who are minors, their Premyo Bonds placements may be placed under an ITF or "In Trust For" account, subject to the documentary requirements of the Trust entity acting as the Trustee.</p>	
B.12.	Investor Eligibility		<p>Q. Can credit cooperatives buy Premyo Bonds?</p> <p>A. Yes</p>
B.13.	Investor Eligibility		<p>Q. Can a foreigner invest in Premyo Bonds?</p> <p>A. Yes, provided that he or she has a Philippine Peso deposit account (savings/current) with one of the Selling Agents.</p>
B.14.	Mode of Purchase		<p>Q. Where can I buy Premyo Bonds?</p> <p>A. Premyo Bonds may be purchased via authorized Selling Agents (DBP, LANDBANK, BDO, China Bank, Metrobank, PNB)</p>
B.15.	Mode of Purchase		<p>Q. How can an investor pay for the Premyo Bonds?</p> <p>A. Payments may be made via the following:</p> <ol style="list-style-type: none"> 1. Cash; 2. Check (including Manager's Check and Cashier's Check); 3. Debit Authority from CASA; and 4. Any combination of the above.
B.16.	Cash Reward Eligibility		<p>Q. If I win, am I still eligible to win in the succeeding cash rewards draws?</p> <p>A. Yes, an investor's chance of winning is the same every quarter.</p>



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



B.17. Cash Reward Verification

Q. How do I verify that I won a cash reward?

A. On each cash rewards draw date, the BTr will publish the list of NRoSS accounts of the winners with the corresponding cash Premyo on the BTr website: www.treasury.gov.ph.

Within five (5) days from the cash rewards draw date, the Premyo Bond Facility Agent shall contact each winner of the PHP 1,000,000.00 cash reward (Tier 1) through their Settlement Bank via registered mail to notify them that they have won.

For the Tier 2 (PHP 100,000) and Tier 3 (PHP 20,000) winners, within five (5) days from the cash rewards draw date, the Premyo Bond Facility Agent shall notify the winners thru their Settlement Bank and provide the winnings, which shall be credited to the winners' nominated settlement account. Investors can check the balance of their respective bank accounts to see whether the cash Premyo amount was credited or not.

B.18. Cash Reward Claiming

Q. How do I claim my Cash Reward?

A. For the winner of the PHP 1,000,000.00, you may claim your

cash reward thru any Land Bank of the Philippines Branch, to be paid-out via Manager's Check, with the presence of a BTr representative(s).

The winner of the PHP 1,000,000.00 shall be required to present the following:

1. One (1) valid and unexpired Philippine government-issued ID bearing his/her name, signature and photo;
2. Notification Letter sent by the Premyo Bond Facility Agent via the winner's Settlement Bank;
3. In the event that the winner cannot claim the Premyo personally, he/she may designate an authorized representative to claim the Premyo subject to the presentation of a Special Power of Attorney designating the representative/s, in addition to items 1, and 2 above.

Submission of the requirements above will trigger the verification process with the Premyo Bonds Facility Agent. Details on the submission of requirements as well as the verification process will be



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



		<p>provided in the Notification Letter sent by the Premyo Bond Facility Agent.</p> <p>The cash rewards of the PHP 100,000.00 and PHP 20,000.00 cash rewards shall be credited directly to the settlement account of the winners.</p>			
B.19.	Cash Reward Claiming	<p>Q. Until when can I claim my PHP 1,000,000.00 cash reward?</p> <p>A. You can claim your cash reward within one hundred eighty (180) days from the notification of the Premyo Bond Facility Agent through your settlement bank. Failure to submit the required documents shall be ground for forfeiture of the cash rewards in favor of the BTr.</p>		B.21.	Non-Cash Reward
					<p>Q. How do I win the non-cash reward?</p> <p>A. The Grand Prize Winner of PHP 1,000,000.00 will also receive the non-cash reward of the Premyo Bonds for the 1st, 2nd, and 3rd cash rewards draw.</p>
B.20.	Non-Cash Reward	<p>Q. What is the non-cash reward?</p> <p>A. The non-cash reward is real property in the form of a condo unit or a house and lot to be given by the participating institutions (DoubleDragon, Megaworld, Vista Land, etc.) The non-cash rewards are awarded to the Tier 1 winner of the Premyo Bonds for the 1st, 2nd, and 3rd cash rewards draw.</p>		B.22.	Non-Cash Reward
					<p>Q. Who are eligible winners of the non-cash reward?</p> <p>A. Eligible winners of the non-cash reward are eligible investors of the Premyo Bonds, who are the sole winners of the Tier 1 prize of the Premyo Bonds for the 1st, 2nd and 3rd cash rewards draw.</p>
				B.23.	Non-Cash Reward
					<p>Q. How do I avail of the non-cash reward?</p> <p>A. Every PHP 500.00 placement is equivalent to and entitles the Bondholder to 1 Bond Unit. Each Bond Unit is part of the cash rewards draw.</p>
				B.24.	Non-Cash Reward
					<p>Q. How do I know if I won the non-cash reward?</p> <p>A. The NRoSS account number of the winner of both the cash and non-cash reward will be posted on the official website of the BTr (www.treasury.gov.ph). The Prize Bond Facility Agent will also notify</p>



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



the winner's respective Selling Agent of the NROSS account number of the winner via email or SMS. The winner's respective Selling Agent will then identify and notify the winner that they have won the non-cash reward. The winner's respective Selling Agent will also mail a Notification Letter addressed to the winner, from the Premyo Bond Facility Agent.

B.25. Non-Cash Reward

Q. Who are the donors of the non-cash reward?

A. DoubleDragon, Megaworld, and Vista Land.

B.26. Non-Cash Reward

Q. Is the non-cash reward guaranteed by the BTr?

A. No. It is up to the participating institutions (DoubleDragon, Megaworld, and Vista Land).

B.27. Non-Cash Reward

Q. Why is there a non-cash reward component?

A. The non-cash rewards are to further incentivize the untapped market/ unbanked segments of the public and encourage a culture and habit of saving and investing.

B.28. Non-Cash Reward

Q. What are my chances of winning/getting the non-cash reward?

A. Assuming a PHP 3.0 billion issuance and given that every PHP 500.00 investment is equivalent to 1 Bond Unit, there is a 0.00002% chance to win the 1st, 2nd or 3rd cash rewards draw. Only 1 Bond Unit out of the 6 million Premyo Bonds units eligible for the Cash Rewards has a chance to get the non-cash reward as this will be given/donated to the PHP 1,000,000.00 Grand Prize winner on the 1st, 2nd, and 3rd cash rewards draw.

B.29. Non-Cash Reward

Q. Why are there only three non-cash reward winners?

A. There are only three winners for the non-cash reward because there are only three participating institutions (DoubleDragon, Megaworld, and Vista Land) for this tranche of the Premyo Bonds.

B.30. Non-Cash Reward

Q. Is the non-cash reward transferable?

A. No, however once the non-cash reward is legally transferred to the respective Grand Prize winner, he/she/ as the legal owner of the



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



		non-cash reward, has the authority and right to transfer the prize.			
B.31.	Non-Cash Reward	Q. Can the non-cash reward be exchanged into cash? A. No.	B.35.	Non-Cash Reward	Q. Can the non-cash reward be used as collateral? A. Once the non-cash reward has been legally transferred to the respective winner for the quarter, he/she, as the legal owner of the non-cash reward, has the authority and right to use the non-cash reward as collateral in their own personal capacity.
B.32.	Non-Cash Reward	Q. Is the non-cash reward taxable? A. Yes. A donor's tax of 6% – in general – and other Taxes: Documentary Stamp Tax (0.75%) / Registration Fees and Transfer Fee (estimated 1%) shall be for the winner's account.	B.36.	Non-Cash Reward	Q. Can a foreigner win the non-cash reward? A. For the condo unit, provided that he or she has all the requirements to qualify as an Eligible Investor and none of the disqualification. For the house and lot, as a general rule, a foreigner is not allowed to own land except if he/she was formerly a natural born Filipino citizen by inheritance only.
B.33.	Non-Cash Reward Claiming	Q. How do I claim my non-cash reward? A. Thru the Escrow Agent by donation directly by the Developer (Donor) to the Winner (Donee) depending on the Status of the property (if RFO or pre-selling).	B.37.	Others	Q. Is there a maximum amount that I can invest in the Premyo Bonds? A. There is no maximum investment amount for the Premyo Bonds; however, there is a limit to the number of Premyo Bonds units eligible for the cash rewards per NRoSS account.
B.34.	Non-Cash Reward Claiming	Q. What are the documentary requirements needed to claim my non-cash reward? A. You will need the following documents: <input type="checkbox"/> Philippine government issued ID / proof of identity <input type="checkbox"/> Confirmation of Sale/ Proof of Investment			



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



Since an investment of PHP 500.00 is equivalent to and entitles the investor to 1 Premyo Bonds unit, a maximum of 20,000 Premyo Bonds units (equivalent to an investment amount of PHP 10,000,000.00) shall be eligible per NRoSS account for inclusion in each cash rewards draw.

The monitoring of the Premyo Bonds units eligible for the cash rewards shall be made on a per NRoSS account and per Selling Agent basis.

B.38. Others

Q. Can I buy Premyo Bonds from multiple Selling Agents?

A. Yes you may buy Premyo Bonds from multiple Selling Agents.

B.39. Others

Q. How do I know that my investment is included in the cash rewards draw?

A. Once the Premyo Bonds are issued, the investor will receive a Confirmation of Sale that includes the NRoSS account number with the corresponding placement amount/ investment. This Confirmation of Sale also confirms that the BTr will include the investor's investment / NRoSS account into the cash rewards draw.

Additionally, as a Bondholder of the Premyo Bonds, you will receive a fixed quarterly coupon which you can monitor. As such, your bond holdings are properly recorded in the NRoSS wherein the same data is used for the generation of e-RNs. Given this, you can be assured that your bond units were part of the cash rewards draw.

Note: A Confirmation of Sale will be available for pick-up from the respective branch of your Selling Agent within 30 banking days from the issue date of the Premyo Bonds.

B.40. Others

Q. An investor plans to buy PHP 500,000.00 worth of Premyo Bonds and wants to maximize the chances of winning a Premyo during every quarterly cash rewards draw. To achieve this, should the investor open several NRoSS securities accounts with different Selling Agents, breaking down the investment into several accounts, so he/she has more chances to win a Premyo?

A. No need to segregate Premyo Bonds purchase through several NRoSS accounts as an investor's chance of winning is determined by the total amount of his/her



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



		investment, not by the number of NRoSS accounts held.			
B.41.	NRoSS Securities Account	<p>Q. Who shall intermediate for an investor in the opening of his NRoSS securities account?</p> <p>A. The Selling Agent shall be the intermediary.</p>			<p>Q. Will the tax treatment of the Premyo Bonds be affected by the TRAIN Law?</p> <p>A. Pending the implementation of the TRAIN Law, Package 4 of TRAIN proposes a single rate of 15% final tax to be imposed regardless of currency, maturity, issuer, and other differentiating factors.</p>
B.42.	Senior Citizens	<p>Q. Can Senior Citizens' interest income on the Premyo Bonds be exempt from withholding taxes?</p> <p>A. No, passive income is subject to withholding tax.</p>		B.44.	Tax Exemption
B.43.	Taxation	<p>Q. Are my coupons and cash rewards taxable?</p> <p>A. Prevailing final withholding tax on coupon payment shall be for the account of the bondholders. All cash rewards and non-cash rewards received by the winners shall be net of all applicable taxes, fees, and charges. The Premyo Bond Facility Agent shall facilitate payment of such taxes, fees and charges.</p> <p>Documentary stamp tax (DST) on original issue shall be for the account of the Issuer.</p>			<p>Q. Our client is a tax-exempt institution but their certification of exemption is dated 2006. They have a pending request for a certification since last year, but BIR has not issued a new certification yet. Can they submit the 2006 certification to avail themselves of the Premyo Bonds?</p> <p>A. The institution must have to wait for the BIR certification before their claim for tax exemption will be honored. They may still invest in the Premyo Bonds, but their interest earnings and winnings will be subject to tax.</p>
C. ISSUE RELATED QUESTIONS					
C.1.	AMLA				Q. Are investments in Premyo Bonds subject to AMLA?



Premyo Bonds
Tranche 1
FAQs For OTC

November 2019



		<p>A. Yes. In this regard, Selling Agents require their investor to fill out a customer information sheet in compliance with the Know- Your-Customer (KYC) provision of AMLA.</p>	<p>Premyo Bonds are fixed-income securities that pay a fixed interest rate per annum over a specified period of time with a promise to return the principal at the end of the term.</p>
C.2.	Cost Considerations	<p>Q. What is the cost consideration for the investor with respect to the handling of his/her Premyo Bonds? Broker intermediation fee? Custodianship fee?</p> <p>A. Upon placement on Primary Offer of Premyo Bonds: None. The investor would just have to pay the principal amount and no other charges shall be charged to him/her apart from potential notarial fees which differ per Selling Agent.</p>	<p>Premyo Bonds also provide investors with the chance to win cash rewards of up to PHP 1,000,000.00 every quarter plus a non-cash reward for the 1st, 2nd, and 3rd quarter over the life of the bond, which for the first issuance is one year.</p>
C.3.	Coupon Rate	<p>Q. How was the final coupon rate for Premyo Bonds arrived at?</p> <p>A. The pricing of the Premyo Bonds is based on BVAL rates for 1-year bonds, which is the accepted benchmark in the Philippine market.</p>	
C.4.	General Information	<p>Q: What are Premyo Bonds?</p> <p>A: The Premyo Bonds are debt securities issued by the Republic of the Philippines via the Bureau of the Treasury (BTr). The Premyo Bonds are part of the government's savings mobilization program designed to make government securities available to retail investors.</p>	
C.5.	General Information		<p>Q. What are the mechanics for the cash rewards draw?</p> <p>A. The cash rewards draw shall determine the winners of the cash reward to be held every quarter and shall coincide with the interest payment date of the Premyo Bonds.</p> <p>Five (5) days before every cash rewards draw date, the BTr will provide the masterlist of investors to the Premyo Bond Facility Agent, Land Bank of the Philippines Trust Banking Group.</p> <p>For every PHP 500.00 invested, an investor will be assigned one Bond Unit. On the cash rewards draw date, each Bond Unit shall be assigned a 20-character Electronic Rewards Number (e-RN). The e-RN shall be based on the investor's NROSS Account Number (15 characters) with an additional</p>



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



5 characters corresponding to the number of Premyo Bonds units eligible for the cash rewards. The Premyo winners shall be determined via a randomized selection among all the e-RN.

Each cash rewards draw shall be made only by the Rewards Committee composed of the following:

1. Two (2) Officials from the BTr
2. Trust officer of the Premyo Bonds Facility Agent (LANDBANK – Trust Banking Group)
3. Officer of the DBP
4. An official/ representative of FINEX Academy

At least one (1) representative from Commission on Audit (COA) will supervise the selection of the winning e-RNs.

C.7. General Information

Q. What prizes can I win during each cash rewards draw?

A. For each cash rewards draw, investors have a chance to win cash rewards of PHP 1,000,000.00 (Tier 1), PHP 100,000.00 (Tier 2), and PHP 20,000.00 (Tier 3). All cash rewards are net of applicable taxes.

C.8. General Information

Q. How many investors can win during each cash rewards draw?

A. A Cash Reward Structure (CRS) will be announced on the issue date of the Premyo Bonds. The number of winners each quarter will be based on the final issue size. For example, if the Premyo Bonds has a total issue size of PHP 3.0 billion, the CRS will be as follows:

Premyo Tier	Net Premyo Amount (PHP)	No. of Winners
1 st	1,000,000.00	1
2 nd	100,000.00	10
3 rd	20,000.00	50

Q. How is the CRS set?

A. The CRS is based on the issue amount rounded down to the nearest PHP 500 million, multiplied by the Cash Reward Ratio of 0.625%, which is subject to a gross receipts tax of 20%, bringing the Cash Reward Ratio to 0.50% net.

In the example above, a PHP 3.0 billion issue size multiplied by Cash Reward Ratio of 0.50% net means that the total amount to be awarded to winners will be PHP 15,000,000.00 every year, or PHP 3,750,000.00 every quarter. The quarterly cash prize is also subject to a gift tax of 20%, so total cash rewards per quarter will be equivalent to PHP 3,000,000.00. Thus, there will be 61 winners.

Winners shall be determined on a per e-RN basis. Each e-RN may only win once



Premyo Bonds
Tranche 1
FAQs For OTC
November 2019



		every cash rewards draw. So, an investor who possesses multiple Bond Units may win multiple times each cash rewards draw date.			
C.9.	General Information	Q. What are Premyo Bonds for? A. The Premyo Bonds are offered to the public by the National Government to promote financial inclusion as well as to provide an opportunity for investors to receive a larger return on their investment through the cash and non-cash reward.	C.13.	Others	Q. What happens to the Premyo Bonds if the bank wherein the purchase was made closes down? A. The Premyo Bonds are obligations of the National Government and are therefore unaffected by the entity that acted as a Selling Agent. A new settlement account in another bank will however need to be nominated so that the interest and principal payments can continue to be paid to the investor.
C.10.	Investment	Q. Is my principal investment assured? A. Yes, it is. The Premyo Bonds are a direct obligation of the Republic of the Philippines.	C.14.	Pre-Termination	Q. Can the Premyo Bonds be pre-terminated? A. No, Premyo Bonds cannot be pre-terminated because the Premyo Bonds mechanics are based on the final issue size of the tranche, thus any pre-termination is not allowed.
C.11.	Others	Q. Are Premyo Bonds eligible as collateral for loans? A. No they are not. They cannot be pledged as collateral because the Premyo Bonds are non-transferable.	C.15.	Secondary Market	Q. Can Premyo Bonds be traded in the secondary market? A. No, Premyo Bonds cannot be traded in the secondary market. To avoid any potential issues in relation to the cash and non-cash rewards, the Premyo Bonds are non-transferable and cannot be traded in the secondary market.
C.12.	Others	Q. Are there licensed fixed income salesmen in branches of the Selling Agents? A. Not all branches have licensed fixed income salesmen. However, if a specific branch does not have a fixed income salesman, the investors can be directed to other fixed income salesmen in other branches.	C.16.	Rationale for Premyo Bonds	Q. Why is the BTr issuing Premyo Bonds this year? A. The BTr is issuing Premyo Bonds to



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



provide the public a means to invest in a security that is backed by the National Government in an amount that is affordable (min. PHP 500 investment). It is also a means for the National Government to raise money to complement tax collections for its funding requirements, including the Build-Build-Build program. Thus, by investing in the Premyo Bonds, the individual investor is also supporting the economic agenda of the National Government.

Furthermore, the issuance of Premyo Bonds promotes savings among Filipinos and provides investors a chance to win additional cash and non-cash rewards.

C.17. Premyo Bonds Terms

Q. Are the terms of this Premyo Bonds the same as those of RTBs issued in previous years?

A. While both Premyo Bonds and RTBs pay quarterly interest payments, an investment in the Premyo Bonds provides you a chance to win up to PHP 1,000,000.00 every quarter, plus as non-cash reward for the 1st, 2nd, and 3rd quarter, a feature which was not present in the previous RTBs. Also, the RTBs are tradable instruments while Premyo Bonds are not tradable in the secondary market.

C.18. Premyo Bonds Terms

Q. Are Premyo Bonds government guaranteed?

A. No, because it is the government itself that is the issuer. The Premyo Bonds are a direct liability of the National Government.

C.19. Premyo Bonds Terms

Q. Can I buy PHP 100,000 worth of Premyo Bonds, but in multiples of PHP 20,000 all in the same name?

A. Yes, you can, but it might be tedious and time-consuming both for you and the Selling Agent. Better to buy PHP 100,000 worth in one name because either way, the number of Premyo Bonds units will be the same at 200. There is no extra benefit to split up your investment.

C.20. Premyo Bonds versus Other Issuances

Q. Why do corporate issues like Petron retail bonds have a better interest rate?

A. Corporations, both public and private, need to pay a premium to the benchmark rates being set by trading of government securities due to the added credit risk. Typically, the higher the risk, the higher the expected return. Sovereign issues are generally considered to have the lowest risk among investments in its home currency and therefore yield lower interest rates than corporate issuances. Moreover, an individual will not be able to buy corporate issues for an investment of only PHP 500.00. The lower interest rate



**Premyo Bonds
Tranche 1
FAQs For OTC**

November 2019



of the Premyo Bonds also reflects the administrative costs in making it an inclusive public investment vehicle.

funds for infrastructure and social programs.

C.21. Use of Proceeds

Q. Where do proceeds of the Premyo Bonds go? How does the National Government make use of the funds?
A. The proceeds of the Premyo Bonds will go to the Government's coffers. These funds will be used to fund economic programs of the government such as infrastructure development and social services.

D.3. Economy

Q. What are the factors that will affect the movement of interest rates?
A. The interest rate is affected by, among others, changes in the price level or the inflation rate, borrowing and spending by Government, and activities by banks. Other factors that could influence the interest rates include the maturity period of the financial instrument and the risks associated with the instrument.

D. ISSUER – RELATED QUESTIONS

D.1. ROP Debt Obligation

Q. Has the Philippines defaulted on its peso obligations?
A. The Philippines has no record of default on its Peso obligations.

D.2. Economy

Q. If the economy is so robust, why is the government still borrowing money from the public?
A. Borrowing money from the public remains to be a sound source of funding, especially since the credit rating of the Philippines is already investment grade as affirmed by the 3 major credit rating agencies. The higher level of confidence translates to having the ability to borrow at better rates; hence, increasing the