



Funding the Republic

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

NOTICE OF OFFERING

To : All Selling Agents and Eligible Investors and holders of the following security:

ISIN	Series Name	Interest Rate	Maturity
PPBD0120L010	Premyo Bonds 1	3.00%	18 December 2020

Date : 6 November 2020

Subject : Issuance of One (1)-Year Peso Denominated Premyo Bonds Para Sa Bayan ("Premyo Bonds") Due 2021 with Exchange Offer for Premyo Bonds 1

Please be advised that the Republic of the Philippines (the "Republic") through the Bureau of the Treasury ("BTr"), will issue 1- year Peso-denominated Premyo Bonds Para Sa Bayan due 2021 ("Premyo Bonds 2" or "PB-2") in a minimum aggregate nominal principal amount of Three Billion Pesos (Php3,000,000,000.00).

You are invited to participate as an Eligible Investor in respect of such issue subject to the provisions of this Notice of Offering, the Program Mechanics for the Issuance of Premyo Bonds 2 dated November 6, 2020 (the "Program Mechanics"), as may be amended from time to time, and the Principal Commercial Terms attached as **Schedule 1**. The Program Mechanics, a copy of which is available for inspection at the BTr, shall be deemed to be incorporated by reference in, and to form part of this Notice of Offering. The mechanics for the online ordering system is indicated in **Annex A** hereof.

Further to such issue, the Republic invites holders of Premyo Bonds 1 due 2020 (the "Eligible Bond" or "PB-1") to submit offers to exchange their Eligible Bond holdings for New Premyo Bonds due 2021 (the "Exchange Offer") as contemplated in the attached Terms of the Invitation for the Exchange Offer of Eligible Bonds for the New Premyo Bonds due 2021 (Schedule 2), Exchange Offer Procedures (Annex G) of the Notice of Offering, and other relevant guidelines.

Below is the timetable of activities relative to the captioned issue.

Pricing Date : **11 November 2020**
Start of Public Offer Period : **11 November 2020**
End of Public Offer Period : **11 December 2020***
Issue Date/Settlement Date: **16 December 2020**



As regards to the Exchange Offer, please be guided by the following dates:

Start of Submission of Orders :	11 November 2020
End of Submission of Orders :	11 December 2020*
Issue Date/Settlement Date:	16 December 2020

**or any earlier date within the Offer Period as determined by the BTr*

The Republic, through the BTr, reserves the right to revise the timetable. You will be notified through the BTr website, National Registry of Scripless Securities ("NROSS") and other electronic financial information providers of any change in the timetable of activities.

Further, a copy of the herein Notice of Offering and its annexes may be accessed through the BTr website: www.treasury.gov.ph.

Interested Eligible Investors must place their order via any of the Selling Agents.

For the Exchange Offer, holders of PB-1 shall submit all offers to exchange through their Selling Agents. Selling Agents shall submit all exchange offers electronically through their respective NROSS terminals following the procedure and time table set in Schedule 2 and Annex G of this Notice of Offering.

Terms not defined herein have the meanings set forth in the Program Mechanics and in the applicable terms set out in the Program Mechanics and in the applicable terms set out in Schedule 1 and Schedule 2 of this Notice of Offering, as may be necessary.



ROSALIA V. DE LEON
Treasurer of the Philippines



Schedule 1

Principal Commercial Terms of the Issuance

Issuer : REPUBLIC OF THE PHILIPPINES

Eligible Investors : Individuals
Trust Entities*
Employee Retirement Funds
Provident Funds
Cooperatives
Mutual Benefit Associations ("MBAs")
Associations**

*Excludes UITFs, Mutual Funds and Collective Investment Scheme (CIS)

**Qualified Associations, i.e. Non-stock and loans associations and employee associations

The qualification for Individuals is as follows:

- a. In possession of a Philippine bank account (current or savings account);
- b. Must not have access or administrative oversight over the Premyo Bonds Rewards application system; and
- c. Must not be a member of the Rewards Committee.

The following are not qualified as eligible investors:

1. Employees of the PBFA, and their relatives up to the first degree by consanguinity or affinity are not Eligible Investors; and
2. Relatives of the members of the Rewards Committee up to the first degree by consanguinity or affinity.

Investments by Mutual Benefit Associations

MBAs shall be required to submit a certification that all interests and rewards that may be received shall accrued to its members or to an asset pool that provides benefits to its members.

Investments made via a Trust Entity

Trust Entities shall be required to submit a certification that placements made through them are funded by Eligible Investors under the Program Mechanics.

- Selling Agents** : BDO Unibank, Inc.
BDO Capital & Investment Corporation
China Banking Corporation
Development Bank of the Philippines
First Metro Investment Corporation
Land Bank of the Philippines
Metropolitan Bank & Trust Company
Philippine National Bank
PNB Capital and Investment Corporation
Union Bank of the Philippines
- Issue Amount** : Minimum of **Pesos: Three Billion Pesos (Php3,000,000,000.00)**
- The Republic reserves the right to increase the overall size of the Issue.
- Public Offer Period** : **11 November 2020 to 11 December 2020.**
- The Republic reserves the right to change/adjust the manner of accepting subscriptions during the Public Offer Period. When subscription has reached a level deemed sufficient by the BTr, the BTr shall announce the termination and closure of the offer period through the BTr website or in any electronic financial information providers chosen by the BTr.
- Issue Date** : **16 December 2020**, unless another date is announced by the BTr.
- ISIN** : **PPBD0121L027**
- Form and Denomination** : PB-2 shall be issued in scripless form.
- Minimum denominations of Php500.00 and integral multiples of Php500.00 thereafter.
- Bond Unit** : Every Php500.00 placement is equivalent to one (1) Premyo Bonds Unit. Each Premyo Bonds Unit entitles the Bondholder to one (1) electronic Rewards Number ("e-RN").

Maximum Investment Amount : There is no maximum investment amount. However, only 20,000 Premyo Bonds Units (or an equivalent investment amount of Php10,000,000.00) shall be eligible, per Bondholder, to be determined on a per NRoSS account basis, for inclusion in the Main Cash Rewards Mechanic, to be monitored on a per Selling Agent basis.

Maturity Date : **16 December 2021**, or if the Issue Date is adjusted by the Issuer after proper notice, the Maturity Date shall be the date that is one (1) year following the Issue Date.

Issue Price : At par (or 100%)

Redemption Price : At par (or 100%)

Interest Rate : The interest rate shall be determined using the prevailing 1-year BVAL on 10 November 2020.

The 1-year BVAL Rate shall be rounded up to the nearest one-eighth (1/8) of one percent (1%).

The Interest Rate shall be stated in three (3) decimal places.

The BVAL rate is available at the PDS Website – www.pds.com.ph or its successor page.

Interest to be received by Bondholders shall be reduced by the Cash Rewards Ratio (0.625%).

Where:

The 1-Yr BVAL Rate as of 10 November 2020, rounded up to the nearest one-eighth (1/8) of one percent (1%), equals **1.875%**.

Therefore, the interest rate, less the Cash Reward Ratio of 0.625%, shall be **1.250%** subject to final tax of 20%.

Interest Payment Date : Interest on the Premyo Bonds, to be calculated on a 30/360-day basis, will be paid **quarterly** in arrears on the last day of each 3-month Interest Period. Each Premyo Bonds will cease to bear interest after 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.

REWARDS MECHANICS

Rewards Committee : A Rewards Committee shall be constituted to oversee the conduct of the setting of the Main Cash Reward Structure and of the determination of winners.

a. Main Cash Rewards Mechanics ("MCRM")

Cash Rewards Ratio : **0.625% p.a.**

The Cash Rewards Ratio is used to determine the Cash Rewards Pool for the MCRM.

Cash Rewards Pool : The Cash Rewards Pool is determined by multiplying the notional amount of the issue by the Cash Rewards Ratio. The Cash Rewards Pool shall be the basis in determining the Main Cash Rewards Structure.

The notional amount is the final Issue Amount rounded down to the nearest Php500 million.

Main Cash Rewards Structure : Indicative Main Cash Rewards Structure for a Php3 Billion Issue Amount:

Cash Reward Tier	Amount	No. of Winners
1 st	Php1,000,000.00	1
2 nd	100,000.00	10
3 rd	20,000.00	50

The Main Cash Rewards Structure shall be progressive. As such, the number of winners on the 2nd and 3rd Cash Rewards Tier may increase depending on the final issue amount.

The final Main Cash Rewards Structure shall be determined by the Rewards Committee and announced on Issue Date.

Cash Rewards Draw Date : Quarterly, to coincide with the Interest Payment Date. The BTr shall announce the final Cash Rewards Draw Date on Issue Date.

Winner Determination : Cash Rewards draw winners shall be determined on every Cash Rewards Draw Date via randomized selection via the Premyo Bonds Application System ("PBAS") among all Premyo Bonds Units from Eligible Bondholders included in the Master List of Bondholders provided by the BTr as generated from the NRoSS as of Cash Rewards Record Date.

On every Cash Rewards Draw Date, each Premyo Bonds unit shall be assigned a 20-character electronic Rewards Number ("e-RN") using the Cash Rewards application system. The basis for the e-RN will be the NRoSS Account Number with additional five (5) characters corresponding to the number of Premyo Bonds Units eligible for the Cash Rewards.

Winners shall be drawn on a per e-RN basis. Each e-RN may only win once from among all Cash Rewards Tiers on every Cash Rewards Draw Date. For clarity, a Bondholder in possession of multiple Premyo Bonds units may win multiple times.

Each Cash Rewards draw shall be made only under the supervision of the Rewards Committee and with the presence of a representative from the Commission on Audit ("COA").

Cash Rewards Record Date : Five (5) business days before each Cash Rewards Draw Date.

Cash Rewards Draw Venue : Bureau of the Treasury, Ayuntamiento Building, Intramuros, Manila or at another venue as agreed upon by the Rewards Committee.

b. Additional Rewards Mechanics ("ARM")

Additional Rewards : The winner of the 1st Tier Cash Rewards from the MCRM shall also receive a Cash or Non-Cash reward from participating institutions.

c. Special Cash Reward Mechanic ("SCRM")

Eligible Investors : Small-Denomination Investors ("SDIs") with placements ranging from Php500.00 to

Php20,000.00, to be monitored on a per Selling Agent basis.

The record date for the determination of eligible SDIs shall coincide with the Cash Rewards Record Date for the MCRM.

- Winner Determination : The winner determination methodology for the MCRM shall likewise apply.
- Special Cash Reward Structure : Twenty (20) Php50,000.00 lots on every Cash Reward Draw Date.

Other Conditions

- Pre-termination by the Bondholder : Pre-termination is not allowed.
- Secondary Market Transactions : The Premyo Bonds is not tradeable.
- Individual Investors : Refers to a natural person under Philippine law.

For this purpose, trust accounts and/or private banking arrangements representing funds of natural persons or a group of natural persons, such as but not limited to Investment Management Accounts (IMA), are considered Individual Investors. Sales to individuals coursed thru these trust accounts and private banking arrangements shall be certified by a Trust Officer.

- Reliance on Accuracy : The Issuer shall have the right to rely and consider accurate all information and documents supplied by the Bondholder through the Selling Agent. Further, the Issuer shall be deemed to have been granted the authority to verify the truthfulness and accuracy of the information and documents supplied by the Bondholder and the Selling Agent.

In case the Selling Agent submits a falsified Sales Report/Bondholders' list, such Selling Agent shall be excluded from participating in future issuances of the Republic. This is without prejudice to the filing of appropriate administrative, civil and criminal charges and other sanctions provided for by law.

Confidentiality : All information relative to the Bondholders shall be treated with absolute confidentiality in accordance with Republic Act 1405, as amended, and other applicable laws.

Responsibilities of Selling Agent : Each Selling Agent shall submit to BTr's Scripless Securities Registration Division ("BTr-SSRD"), as may be required, an electronic copy (PDF Format) of the Authorization (form attached hereto as **Annex B-1**) and Investor Undertaking (form of Investor's Undertaking attached hereto as **Annex B-2**) duly executed by Eligible Investors in connection with the purchase and delivery of the Premyo Bonds. For investors purchasing through the Premyo Bonds Online Channels, please refer to **Annex A-1 to 3** of the Notice of Offering.

On Issue Date, the Selling Agent shall effect the transfer of the Premyo Bonds from the Selling Agent's securities account in NRoSS to the investors' securities account in NRoSS.

Selling Agency Fee : Selling Agents shall be paid a Selling Agency Fee in accordance with the Schedule set out in **Annex D** hereof. No Selling Agent shall cede, pay, share, or compensate third-party investors or purchasers any Selling Agency Fees in exchange for the purchase of the Premyo Bonds.

Reporting and Other Obligations : As per Program Mechanics and this Notice of Offering.

All daily orders during the Public Offer Period shall be submitted from **9:00 a.m. to 12:00 p.m. of the following business day (12 November 2020) through the NRoSS system**. The BTr shall confirm the accepted subscriptions no later than 2:00 p.m. of the same day.

LAST DAY OF THE OFFER PERIOD

Orders shall be submitted from **9:00 a.m. to 3:00 p.m. of the same day through the NRoSS system**. The BTr shall confirm the accepted subscriptions no later than 5:00 p.m. of the same day.

The BTr shall have the sole discretion of determining the amount of Premyo Bonds to be accepted for each day of the Public Offer Period.

Taxation : Prevailing final withholding tax on coupon payment shall be for the account of the Bondholders. Tax Exempt Institutions ("TEIs") without a tax-exempt NRoSS Securities Account purchasing Premyo Bonds shall submit a valid BIR tax ruling confirming its tax exemption.

All rewards from the MCRM, ARM and SCRM received by the winners shall be net of all applicable taxes, fees, and charges. The PBFA shall facilitate payment of such taxes, fees and charges.

Documentary stamp tax (DST) on original issue shall be for the account of the Issuer.

Status : The Premyo Bonds constitute direct, unconditional, unsubordinated, and general obligations of the Republic and shall at all times rank *pari passu* and without any preference among themselves.

Settlement Procedures : Settlement shall follow the procedures prescribed in the Settlement Procedures for PB-2 as detailed in **Annex E**.

NRoSS Securities Account : All Selling Agents shall open a Securities Account in NRoSS for their client investors following prevailing rules and procedures issued by the BTr for the purpose.

Confirmation of Sale ("COS") : The COS shall be made available to Bondholders within thirty (30) calendar days from the Issue Date.

Premyo Bonds Facility Agent ("PBFA") : Land Bank of the Philippines Trust Banking Group ("LBP-TBG")

Dates and Time : All dates and time stated herein pertains to Philippine Standard Time ("PST").

Schedule 2

Terms of the Invitation for the Exchange Offer of Premyo Bonds 1 due 2020 for the New Premyo Bonds 2 due 2021

Purpose of the Exchange Offer : The purpose of the invitation is to present a reinvestment opportunity for holders of the Eligible Bond given its forthcoming maturity date.

Eligible Bond	:	ISIN	Series	Rate	Maturity
		PPBD0120L010	PB-1	3.00%	12/18/20

Eligibility Criteria : Holders of Premyo Bonds 1 ("PB-1") due 2020 ("Eligible Holders") may offer to exchange such bonds for the New Premyo Bonds 2 due 2021 with ISIN PPBD0121L027 ("New PB-2 due 2021").

Offers must be made in accordance with the procedures set out in this Notice of Offering, this Schedule and applicable Annexes.

Exchange Ratio : The Exchange Ratio of the Eligible Bond accepted by the BTr for exchange for the New PB-2 due 2021 shall be as follows:

ISIN	Eligible Bonds	Exchange Ratio
PPBD0120L010	PB-1	1.00

Form and Denomination of Exchange Offer : Each Exchange Offer shall be in a minimum amount of Php500.00 and in multiples of Php500.00 thereafter.

Eligible Participants : Selling Agent Government Securities Eligible Dealer ("GSEDs")

Procedure for Submission of Exchange Offers : While the invitation for the Exchange Offer is open, all Exchange Offer must be made in accordance with the procedure set out in the Procedures of the Exchange Offer (**Annex G**).

Eligible Holders who do not make a valid Exchange Offer or whose Exchange Offer are not accepted by the Republic for any reason will continue to own the Eligible Bond and the Republic will continue to pay interest and principal according to their existing schedule.

Responsibility of Eligible Holders : Each Eligible Holder shall be required to submit a Letter of Instruction in the format attached hereto as **Annex G-1**.

Such Letter of Instruction may be sent electronically to the Selling Agents via e-mail or via mobile application, as applicable.

Responsibility of Eligible Participants : All Exchange Offers shall be submitted by the Eligible Participants through the NRoSS for acceptance by the BTr. Once submitted and after the period to modify or withdraw the Exchange Offer has lapsed, the Exchange Offer constitutes a firm commitment on the part of the Eligible Participant to deliver sufficient securities on Issue Date/Settlement Date. The BTr may impose penalties for any settlement failure arising from insufficient securities in designated securities account/s.

The BTr shall have the sole discretion of accepting Exchange Offers submitted.

For the First Day of the Exchange Offer Period

Each Eligible Participant shall submit to the Issuer their Exchange Offers from **9:00 a.m. – 12:00 p.m. on the following business day (12 November 2020)**, unless another date or time is announced by the Republic, through the NRoSS. The BTr shall announce the accepted Exchange Offers no later than 2:00 p.m. on the same business day.

For the Subsequent Days of the Exchange Offer Period

Exchange Offers for the second day up to **10 December 2020** shall be submitted to the BTr thru NRoSS from **9:00 a.m. until 12:00 p.m.** on a daily basis. The BTr shall announce the accepted Exchange Offers no later than 2:00 p.m. on the following business day.

For the Last Day of the Exchange Offer Period

The end of submission for the Exchange Offer is on the last day of the Exchange Offer Period, **11 December 2020 from 9:00 a.m. to 3:00 p.m.**, unless another date/time is announced by the

Republic. The BTr shall announce the accepted Exchange Offers no later than 5:00 p.m. of the last day of the Exchange Offer Period.

On Issue Date, Eligible Participants shall effect transfer of the exchanged PB-2 to the proper NRoSS account of its clients.

Exchange Offer Fees : Selling Agent GSEDs shall be paid the sum equivalent to 2 basis points of the aggregate principal amount of the PB-2 issued as a result of the Exchange Offer. For avoidance of doubt, any Exchange Offer Fees due to Selling Agent GSEDs shall be paid in accordance with the "Settlement Procedures for the Premyo Bonds Due 2021 Public Offering", attached as **Annex E** of this Notice of Offering,

Start of Submission of Exchange Offers : **11 November 2020 (9:00 a.m.)**, unless another date/time is announced by the Republic.

End of Submission of Exchange Offers : **11 December 2020 (3:00 p.m.)**, unless another date/time is announced by the Republic.

Issue Date/Settlement Date : **16 December 2020**, unless another date is announced by the Republic.

Withdrawals/Revisions : The right to withdraw or revise an exchange offer will expire at 12:00 p.m. on a daily basis except for the last day of Exchange Offer Period wherein the right to withdraw or revise will expire at 3:00 noon.

For avoidance of doubt, Exchange Offers done within the day will only be allowed to be withdrawn or revised on the same day.

Issuance of PB-2 : Issuance of the PB-2 and payment of the accrued interest due on the Eligible Bonds accepted for exchange by the Republic, as applicable will occur on 16 December 2020, unless another date is announced by the Republic.

On the Settlement Date, PB-2 will be delivered against good delivery of the Eligible Bonds.

Accrued Interest on Eligible Bond accepted for exchange : On Settlement Date, the accrued interest on the Eligible Bond accepted for exchange by the Republic will be credited to the Demand Deposit Account of the settlement bank with the Bangko Sentral ng Pilipinas ("BSP").

Computation for accrued interest on Eligible Bonds accepted for exchange by the Republic will be based on the prevailing market convention.

Dates and Time : All dates and time stated herein pertains to Philippine Standard Time ("PST").

