

**REPUBLIC OF THE PHILIPPINES
PROCEDURES FOR THE EXCHANGE OFFER
FOR RETAIL TREASURY BONDS TRANCHE 26 ("RTB-26")**

The procedures for the Exchange Offer is being made for the exchange of the Eligible Bonds as set out in **Schedule 2** in this Notice of Offering. Please note that the Republic has the full discretion to accept any offer in full or in part, or to reject any Offer.

If the Republic does not accept an exchange offer for any reason, the exchanging bondholder will continue to own such Eligible Bonds and the Republic will continue to pay interest and principal in accordance with existing schedule of such Eligible Bond.

1.1. Exchanged RTBs to be Received

The Eligible Bonds may be exchanged for the RTB-26 ("New RTB due 2027") in accordance with this Notice of Offering. In no event, however, that the offer for exchange is in excess of the total number of Eligible Bonds held on an aggregate basis.

1.2. Required Details for the Offers

Any person interested may submit offers, subject to the requirements set out in the Notice of Offering and Annex G-1.

Letter of Instruction must specify:

- (a) the principal amount of Eligible Bonds that the exchanging bondholder is offering to exchange; and,
- (b) the NRoSS account number where the Eligible Bonds for exchange is *lodged*, as applicable.

1.3. Procedures for Submitting Offers

- (a) General

An Offer shall be deemed made only if done in accordance with the provisions below.

GSEDs may submit Offers directly to the Republic, through the NRoSS.

Only the Eligible Bonds that are validly held in a securities account free from any voluntary and involuntary liens, encumbrances or garnishment in the NRoSS may be submitted for exchange in the Exchange Offer.

- (b) Procedures of the Exchange Offer

- 1. For each day of the Exchange Offer Period (16 November to 26 November 2021), the GSEDs can submit a bid to exchange the Eligible Bonds thru the NRoSS system. It is the responsibility of the GSEDs to verify that their holdings are available for exchange.

2. For the bid submission (which should be similar to a submission of a Non-Competitive Bid during regular auctions of government securities) the Auction Name selected must be ["SWITCH RTB-26 (SWITCH DATE)"]. While Switch Date refers to the date that the bid for the Exchange was made, the settlement of the exchange shall coincide with the Issue Date of RTB-26. This Auction Name will be specifically created by the BTr for purposes of exchanging the Eligible Bonds with RTB-26.
3. In the lower portion of the [PARTICIPANTS], complete the Bid Amount by indicating the amount of Eligible Bonds to be exchanged.
4. Thereafter, complete the Account Type field by selecting either of the following:

ACCOUNT TYPE	DESCRIPTION
Own (can only be used by GSEDs)	To be used by GSEDs for its proprietary bids Orders made via the Online Ordering Facility shall use this account.
Client (can only be used by GSEDs) – if selected, will require a Client Account Code	Omnibus Sponsor Code - To be used when the GSEDs choose to aggregate bids from any party who are classified as taxable. Specific Client Account Code - For TEI accounts, the GSEDs shall ensure that the sponsored TEI account has been set up. They shall use the specific Client Account Code of such sponsored TEI.
	- To be used when the GSEDs submit a bid for a specific client.

5. Once the Eligible Bond ISIN Name, Bid Amount and Account Type have been specified, the GSEDs must then click "OK".
6. Bid submissions can only be modified or cancelled before Cut-Off time of each day of Exchange Offer Period. For purposes of this guideline, Cut-Off time shall be **4:00 p.m. for 16 to 25 November 2021 and 12:00 p.m. for 26 November, 2021.**
7. The BTr will validate whether the identified NRoSS securities accounts have sufficient balance to support the bid submitted. If there is sufficient balance in the account, the BTr will consider the bid for allocation purposes. If there is insufficient balance, BTr may either reject the entire bid or consider the available balance in the securities account for allocation.
8. After validation, the BTr shall allocate amounts to each GSED and earmark, thru the pledge module of NRoSS, such allocated amount. Securities earmarked can no longer be used or otherwise transferred by the GSED for any purpose.
9. Successful awards can be viewed and downloaded in NRoSS after **5:00 p.m. of each day** during the Exchange Offer Period except on the last day wherein the award will be announced **on or before 1:00 p.m.**

1.4. Procedures for Settlement

- (a) Prior to the Settlement Date of the Exchange Offer, the BTr shall ensure that the securities allocated to be exchanged will be un-earmarked thru the pledge release in NRoSS.
- (b) On Settlement Date, the BTr shall deliver the New RTB due 2027 securities against the delivery of the Eligible Bond exchanged. Securities will be delivered to the NRoSS securities account used when the bid was submitted.
- (c) Upon the delivery of securities to the NRoSS by the BTr, GSEDs shall return the New RTB due 2027 to the actual holders of the bond.
- (d) On Settlement Date, accrued interest due to the bondholder as a result of the Exchange Offer shall be remitted to the respective GSED that submitted the exchange offer. The GSED shall then credit the amount due to each bondholder to its nominated settlement account.

Important Reminders

EACH GSED IS RESPONSIBLE FOR ARRANGING THE TIMELY SUBMISSION OF AN OFFER TO EXCHANGE.

THE REPUBLIC WILL NOT BE RESPONSIBLE FOR ANY COMMUNICATION RELATING TO EXCHANGE OFFERS BY HOLDERS OF ELIGIBLE BOND/S (AND HOLDERS OF BENEFICIAL INTERESTS IN THE ELIGIBLE BOND/S) TO THE RELEVANT GSED OR NON-GSED SPONSORS THROUGH WHICH THEY HOLD SUCH ELIGIBLE BOND. NEITHER SHALL THE REPUBLIC BE RESPONSIBLE FOR ANY COMMUNICATION RELATING TO SUBSCRIPTION OFFERS BY NEW INVESTORS TO THE RELEVANT GSED.

IF AN EXCHANGING BONDHOLDER HOLDS ELIGIBLE BOND/S THROUGH A BROKER, DEALER, COMMERCIAL BANK, OR FINANCIAL INSTITUTION, SUCH EXCHANGING BONDHOLDER SHOULD CONSULT WITH THAT INSTITUTION AS TO WHETHER IT WILL CHARGE ANY SERVICE FEES. IF AN EXCHANGING BONDHOLDER IS A NON-GSED, SUCH EXCHANGING BONDHOLDER SHOULD BE AWARE THAT ISSUE MANAGERS MAY IMPOSE EARLIER DEADLINES FOR THE SUBMISSION OF LETTERS OF INSTRUCTION.

IN SUBMITTING AN EXCHANGE OFFER, AN EXCHANGING BONDHOLDER REPRESENTS TO THE REPUBLIC THAT SUCH EXCHANGING BONDHOLDER OWNS THE ELIGIBLE BOND THAT ARE THE SUBJECT OF SUCH EXCHANGING BONDHOLDER'S EXCHANGE OFFER, THAT SUCH ELIGIBLE BOND/S ARE FREE FROM ANY VOLUNTARY AND INVOLUNTARY LIEN, ENCUMBRANCE OR GARNISHMENT, AND THAT THE EXCHANGING BONDHOLDER HAS AUTHORITY TO TENDER THE ELIGIBLE BOND UNDER THE INVITATION.

EACH OFFEROR FURTHER REPRESENTS THAT THE INFORMATION CONTAINED IN THE OFFER IS FREELY AND VOLUNTARILY DISCLOSED AND GIVEN FOR THE EVALUATION AND CONSIDERATION BY THE REPUBLIC AND ITS ADVISERS IN ACCORDANCE WITH THIS NOTICE OF OFFERING AND THE INVITATION.

Hypothetical Bond Exchange Illustration

	Settlement Date		12/2/21	12/2/21
	ISIN		PIBD1022G545	PIBD0522A747
	Security Name		FXTN 10-54	RTB 5-74
	Tenor (in years)		10	5
	Outstanding Amount (in Billions)		57.907	120.000
<i>a</i>	Coupon		6.375%	4.000%
	Maturity Date		1/19/22	1/26/22
	Coupon Frequency		Semiannually	Semiannually
<i>b</i>	Days of Accrued Interest from Last Coupon Date		133	126
<i>c</i>	Eligible Bond Repurchase Price		100.00	100.00
<i>d</i>	Amount for Exchange Offer		1,000,000.00	1,000,000.00
<i>e</i>	Offer Price		100.00	100.00
<i>f</i>	Exchange Ratio	(c / e)	1.00	1.00
	Principal Amount of 5.5-Year RTB (RTB 26) Offer Price	(d x f)	1,000,000.00	1,000,000.00
	Non-TEI Accrued Interest Computation			
	Accrued Interest	(a x d) x (b/360 days)	23,552.08	14,000.00
	Less: Tax Consideration (20% W/tax)		4,710.42	2,800.00
	Net Accrued Interest		18,841.67	11,200.00