

OFFICIAL STATEMENT
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Bahay Bonds II Special Purpose Trust lists Bahay Bonds II Php 300 Million Five-Year Residential Mortgage-Backed Securities on PDEX



(from left) Land Bank of the Philippines President and CEO Ms. Gilda E. Pico, Philippine Dealing & Exchange Corp. (PDEX) Chairman and CEO Vicente B. Castillo, Vice President of the Philippines Jejomar C. Binay, National Home Mortgage Finance Corporation President Felixberto U. Bustos, Jr., Securities & Exchange Commission (SEC) Chairperson Teresita J. Herbosa, Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa C. Guinigundo, and PDEX President & COO Cesar B. Crisol.

Makati, Philippines, 17 August 2012, Friday - Vice President of the Philippines Jejomar C. Binay was at the organized market today to ring in a market milestone - the first ever listing of asset backed securities in the debt market - Bahay Bonds II Php 300 Million Five-Year Residential Mortgage-Backed Securities Due 2017 on the Philippine Dealing & Exchange Corp. (PDEX) today.

The Bahay Bonds II Special Purpose Trust joins the growing issuer community of PDEX and brings the year-to-date new corporate and bank debt listings to P98.15 billion, and the total level of tradable corporate and bank debt instruments to P273.53 billion issued by 17 companies with 46 securities. Carrying the sovereign guaranty of the Republic of the Philippines, the Bahay Bonds II Class A Senior Notes are guaranteed by the Home Guaranty Corporation and bear a 4.8% interest rate which makes the bonds higher than most interest rate on bank deposits. They are designed to be safe, high yielding, and affordable savings instruments fitted for the appetite of retail investors. Philippine Ratings Services Corp. (PRS) assigned a PRS Aa Rating for Class A Senior Notes, reflecting a high quality instrument with very low credit risk. Proceeds of the Bahay Bonds II debt sale will be used by NHMFC to purchase more housing loans to provide the lending firms with liquidity and provide more loans to their clients.

Liquidity and price discovery for the Bahay Bonds II in the secondary market will be supported by Land Bank of the Philippines and Philippine Commercial Capital, Inc. as Market Makers and Land Bank of the Philippines, Metropolitan Bank & Trust Company, Multinational Investment Bancorporation, Philippine Commercial Capital Inc., and Rizal Commercial Banking Corporation as Broker Specialists.

The event was held at the PDS Group Office in The Enterprise Center, Makati City and was graced by key officials from the National Government, Securities & Exchange Commission (SEC) Chairperson Teresita J. Herbosa, Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa C. Guinigundo, and Treasurer of the Philippines Roberto B. Tan. Representatives from the issue participants were also in attendance, including directors and executives of NHMFC led by President Dr. Felixberto U. Bustos, Jr., Land Bank of the Philippines President and CEO Gilda E. Pico, and HUDCC Secretary-General Celia Alba.

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In his keynote message, Honorable Vice President of the Philippines Jejomar C. Binay stated that he is happy to witness this landmark transaction as it is the first ever retail residential mortgage backed securitization in the Philippines and the first ever securitized issue to be listed in PDEX. He is pleased with the very strong demand for the Bahay Bonds, with the PhP 300 Million Class A Senior Notes being oversubscribed by 34%. He stated that through the Bahay Bonds, NHMFC has raised PhP 420 Million for the additional purchase of secondary mortgages, thus contributing to the fulfillment of its mission—to be the government's major secondary mortgage institution, able to attract long term funds to provide strong and sustainable housing finance. Vice President Binay also sits as the Chairman of Housing and Urban Development Coordinating Council (HUDCC) and National Home Mortgage Finance Corporation (NHMFC).

PDEX Chairman and CEO Vicente B. Castillo lauded the astounding retail performance of the Bahay Bonds II Class A Senior Notes in the primary market. He stressed that the retail appetite has been unprecedented for out of more than 1,100 takers in the primary market, only 15 were institutional investors who took only PhP 11 Million of the issue. The rest are retail investors, taking the lion's share of the issue.

"The PDS Group welcomed the chance to host such an issue in its marketplace, with PDEX and PDTC engaged in the issue as trading market and securities servicer, respectively. We believe that the development of a well-functioning and efficient national housing finance system has far-reaching consequences for social and economic development, fostering growth in other related industries that can anchor the nation's economy. As well, the entry of the first mortgage backed security provides our investors with another safe haven for their money so they can diversify their investment portfolios. The benefits for investors, the population, and the economy, are compelling. This is not only makatao but also makabayan," concluded Mr. Castillo in his opening remarks.

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