



Union Bank of the Philippines
(A corporation duly organized and existing under Philippine laws)

FINAL PRICING SUPPLEMENT
dated December 2, 2020

Offer of ₱885 million Senior Fixed Rate Bonds
under its ₱39,000,000,000 Bond Program
consisting of

3.375% p.a. Series D Bonds due March 9, 2026

at an Offer Price of 100% of Face Value

to be listed and traded through
the Philippine Dealing and Exchange Corporation

Lead Arrangers and Bookrunners



Selling Agents



OFFER OF SERIES D BONDS

This document constitutes the Pricing Supplement relating to the Series D Bonds being offered and described herein (the “Offer”). Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “Terms and Conditions”) set forth in the offering circular dated April 26, 2019, as amended on October 23, 2020 (collectively referred to herein as the “Offering Circular”). This Pricing Supplement contains the final terms of this Offer and the Series D Bonds and must be read in conjunction with the Offering Circular. Full information on the Bank and the Offer is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. All information contained in the Offering Circular are deemed incorporated by reference in this Pricing Supplement.

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| Issuer | Union Bank of the Philippines (the “Bank”) |
| Issue | Senior fixed rate bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of the Bank |
| Specified Currency or Currencies | Philippine Peso |
| The Offer Size | ₱885 million |
| Manner of Distribution | Public offering |
| Issue Price | At par (or 100% of face value) |
| Form and Denomination of the Bonds | The Series D Bonds shall be issued in scripless form in minimum denominations of ₱100,000 each, and in multiples of ₱50,000 thereafter, and traded in denominations of ₱10,000 in the secondary market |
| Offer Period | The offer of the Series D Bonds shall commence at 9:00 am on November 23, 2020 and end at 12:00 pm on December 2, 2020, or any other date as may be determined by the Bank and the Lead Arrangers. |
| Issue Date | December 9, 2020 |
| Interest Commencement Date | March 9, 2021 |
| Interest Payment Date(s) | Quarterly, every March 9, June 9, September 9 and December 9 of each year |

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| Interest Rate | Series D Bonds: 3.375% per annum |
| Day Count Fraction | 30/360 day count basis |
| Maturity Date | Series D Bonds: Five (5) years and three (3) months from Issue Date or 9 March 2026 |
| Redemption/Payment Basis | Redemption at Par |
| Bond Rating | The Series D Bonds are not rated |
| Payment Account Name | PDTC as Paying Agent of: Series D Bonds: UNION BANK OF THE PHILIPPINES FAO UBP Series D Bondholders due [2026] |
| Taxation | <i>Interest Income on Bonds</i> |

A. For Individuals

Interest income on long-term bonds, with maturities of five (5) or more years, may be exempt from final withholding tax subject to compliance with certain conditions. *See* the “*Philippine Taxation*” Section of the Offering Circular for further details.

If such long-term bond is pre-terminated before the fifth (5th) year, it shall be subject to a final withholding tax at the rates prescribed to be deducted and withheld from the proceeds based on the length of time that the instrument was held by the taxpayer in accordance with the following schedule:

- a. Four (4) years to less than five (5) years – 5%
- b. Three (3) years to less than four (4) years – 12%
- c. Less than three (3) years – 20%.

B. For Corporations

Interest income derived by domestic and resident foreign corporations from deposit substitutes, offered to the public, is subject to FWT at the rate of twenty percent (20%) pursuant to Sections 27 (D) (1) and 28 (A) (7) (a) of the NIRC of 1997, as amended, payable upon original issuance of the deposit substitutes.

As used herein: “deposit substitutes”, as defined in Section 22 (Y) of the NIRC of 1997, as amended, means an alternative form of obtaining funds from the public other than deposits, through the issuance, endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of relending or purchasing of receivables and other obligations, or financing their own needs or the needs of their agent or dealer.

“Public”, is defined as borrowing from twenty (20) or more individual or corporate lenders at any one time

Except for such withholding tax and as otherwise provided, payments of principal and interest will be made free and clear of any deductions of any taxes, duties, or charges imposed by or on behalf of the Republic of the Philippines. If such taxes, duties, or charges are imposed, the same shall be for the account of the Bank; provided, however, that the Issuer shall not be liable for:

1. Any creditable or final withholding tax applicable on interest earned on the Series D Bonds prescribed under the NIRC, as amended, and its implementing rules and regulations as be in effect from time to time; a corporate or institutional investor who is exempt from or not subject to such withholding tax shall be required to submit a tax exemption certificate and other applicable documents (except if such exemption is by virtue of Section 3 of Revenue Regulations No. 14-2012);
2. Gross receipts tax;
3. Taxes on the overall income of any securities dealer or bondholder, whether or not subject to withholding; and
4. Value-added tax.

Documentary stamp tax for the primary issue of the Series D Bonds shall be for the Bank’s account.

Change in Tax Rates and New Taxes

In the event there is a change in the tax treatment of the Series D Bonds or on the tax rates applicable to a Bondholder because of new, or changes or repeal in, tax laws, or interpretations thereof, as a result of which, a Bondholder previously exempt from tax shall be subject to tax on income earned from the Series D Bonds or there is an increase in the applicable

withholding tax rate, or any payments of principal and/or interest under the Series D Bonds shall be subject to deductions or withholdings for or on account of any taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed within the Philippines by any authority therein or thereof having power to tax, including but not limited to stamp, issue, registration, documentary, value-added or similar tax, or other taxes, duties, assessments, or government charges, including interest, surcharges, and penalties thereon (the “New Taxes”), then such New Taxes imposed shall be for the account of the Bondholders and the Paying Agent, on behalf of the Bank, as applicable, shall make the necessary withholding or deduction for the account of the Bondholders concerned. All sums payable by the Bank to tax-exempt persons (upon presentation of acceptable proof of tax exemption) shall be paid without deductions for taxes, duties, assessments, or government charges.

Prohibited Bondholder

“Prohibited Bondholders” mean Persons which are prohibited from purchasing or holding the Bonds, specifically:

- (1) the Bank, including its related parties expressly prohibited under prevailing BSP Rules (subject to such exceptions as may be provided therein), provided that, unless otherwise provided in the BSP Rules:
 - (a) the phrase “related parties expressly prohibited under prevailing Rules” shall refer to the related parties (i) identified in Section 131 of the MORB (as defined below) and (ii) which are in possession of or have access to material and non-public information affecting the pricing and marketability of the Bonds or that which substantially impacts an investor’s decision to buy or sell the Bonds once the same is disseminated to the public; and
 - (b) the following shall not be considered as Prohibited Bondholders: (1) the Bank’s trust departments or related trust entities and (2) underwriters and/or arrangers that is a related party of the Bank, where such underwriter and/or arranger is part of the underwriting agreement;
- (2) non-resident aliens not-engaged in trade or business in the Philippines and non-resident foreign corporations; *provided* that in the event that the BIR provides guidelines to PDEx to supplement the PDEx rules, conventions and guidelines with respect to the withholding of interest income of non-resident aliens not engaged in trade or business in the Philippines and

non-resident foreign corporation from Bonds with maturities of not less than five (5) years, the Bank may exclude non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations in the list of Prohibited Bondholders.

- (3) US Persons under the FATCA including: a U.S. citizen (including a dual citizen); a U.S. resident alien for U.S. tax purposes; a U.S. partnership; a U.S. corporation; any U.S. estate; any U.S. trust if: (a) a court within the United States is able to exercise primary supervision over the administration of the trust; or (b) one or more U.S. persons have the authority to control all substantial decisions of the trust; and any other person that is not considered a non-US person under the FATCA.

For purposes of the definition of Prohibited Bondholders, **“Related parties”** means the related parties identified in Section 131 of the BSP Manual of Regulations for Banks which includes the following: (i) subsidiaries and affiliates of the Bank, and any party (including their subsidiaries, affiliates and special purpose entities) that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank; (ii) the Bank’s directors, officers, stockholders, related interests and their close family members, as well as corresponding persons in affiliated companies; or (iii) persons and entities that have direct or indirect linkages to the Bank identified as (a) ownership, control or power to vote, of 10% to less than 20% of the outstanding voting stock of the Bank; (b) interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the Bank; (c) common stockholders owning at least 10% of the outstanding voting stock of the Bank and 10% to less than 20% of the common outstanding voting stock of the Bank; and (d) permanent proxy or voting trusts in favor of the Bank constituting 10% to less than 20% of the outstanding voting stock of the Bank, or vice versa.

A **“subsidiary”** means, at any particular time, a company which is then directly controlled, or more than fifty percent (50%) of whose issued voting equity share capital (or equivalent) is then beneficially owned, by the Bank and/or one or more of its subsidiaries or affiliates. An **“affiliate”** means, at any particular time, a company at least twenty percent (20%) but not more than fifty percent (50%) of whose issued voting equity share capital is then owned by the Bank. For a company to be **“controlled”** by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the

power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

PROVISIONS RELATING TO REDEMEPTION

Notice period for early redemption Minimum period: 30 calendar days prior written notice to the Trustee and the Registrar

Maximum period: 60 calendar days prior written notice to the Trustee and the Registrar

Issuer Redemption Option The Bank may, at its sole option, redeem the Series D Bonds at par plus accrued interest (if any), without premium or penalty, (i) in the event that payments by the Bank under the Series D Bonds become subject to additional or increased taxes (other than taxes and rates thereof prevailing on the Issue Date) as a result of any change in or application of any law, rule, or regulation in the Philippines or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, rules or regulations (including but not limited to any decision by a court of competent jurisdiction), and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Bank; (ii) in the event that the Series D Bonds become subject to additional or increased reserves other than the reserves prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof; (iii) in the event that any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Bank to give effect to its rights or obligations thereunder; and (iv) in such other instances as may be indicated in the final Terms and Conditions of the Series D Bonds and as may be allowed under the BSP Rules.

Final Redemption Amount The Series D Bonds will be redeemed at par on the Maturity Date.

Early Redemption Date On any Interest Payment Date

Early Redemption Amount The Bank shall redeem the Series D Bonds at par plus accrued and unpaid interest thereon as of the Early Redemption Date. If, as a consequence of the exercise of the Early Redemption

Option, interest income already earned under the Early Redemption Bonds shall be subjected to incremental taxes, such taxes shall be for the account of the Bank.

PARTIES/DISTRIBUTION

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| Trustee | Development Bank of the Philippines – Trust Banking Group |
| Registrar & Paying Agent | Philippine Depository & Trust Corp. |
| Lead Arrangers | The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank, Philippine Branch |
| Selling Agents | Union Bank of the Philippines The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank, Philippine Branch |
| Market Maker | Metropolitan Bank and Trust Company |
| Ranking | The Series D Bonds constitute the direct, unconditional, unsecured, and unsubordinated obligations of the Bank, enforceable according to the Terms and Conditions, and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves and at least <i>pari passu</i> with all other present and future direct, unconditional, unsecured, and unsubordinated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws |
| Listing | The Series D Bonds are intended to be listed at the Philippine Dealing & Exchange Corp., or such other securities exchange licensed as such by the Securities and Exchange Commission |
| Governing Law | Philippine Law |

ADDITIONAL INFORMATION
Changes to the Offering Circular

On 17 November 2020, the Bank released the unaudited interim consolidated financial statements of the Bank and its subsidiaries for the nine months ended 30 September 2019 and 2020 which shall be incorporated by reference to the Offering Circular and can be accessed and downloaded from the PSE Edge (<https://edge.pse.com.ph/>) and the Bank's website (<https://www.unionbankph.com>).

RESPONSIBILITY

The Bank accepts responsibility for the information contained in this Pricing Supplement.

UNION BANK OF THE PHILIPPINES
(the Bank)

By:



JOSE EMMANUEL U. HILADO
Senior Executive Vice President
Chief Financial Officer and Treasurer