

Serial Number _____

UNION BANK OF THE PHILIPPINES



Unsecured Subordinated Tier 2 Notes - Series A

PURCHASE ADVICE

Pursuant to Section 126 of the Manual of Regulations for Banks issued by the Bangko Sentral ng Pilipinas (BSP) and BSP Circular No. 781 (2013), as may be amended from time to time, on the issuance of unsecured subordinated debt instruments eligible as Tier 2 capital, the Selling Agent for the Unsecured Subordinated Tier 2 Notes (the “Tier 2 Notes”) issued by the Union Bank of the Philippines, Inc. (*Union Bank or the Issuer*), following its acceptance of the offer of Purchaser for the purchase of the Tier 2 Notes as indicated below, hereby issues the following Purchase Advice:

Name of Purchaser _____

Complete Mailing Address _____

Contact Person (if other than Purchaser) _____

Contact Telephone Number _____

Preferred Mode of Payment for Interest/ Principal Credit Purchaser’s Peso Current/Savings Account Number _____ with _____ Bank _____ Branch

Send a Manager’s Check at my mailing address indicated above

Other instruction _____

Amount of Tier 2 Notes Purchased _____

Trade Date _____

Settlement Date _____

Selling Agent _____

Seller’s Security Account Number _____

Terms and Conditions of the Purchase:

The Tier 2 Notes issued by Union Bank with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and Standard Chartered Bank, Philippine Branch (“SCB”) as the Joint Lead Arrangers and Bookrunners; HSCB and SCB as the Selling Agents; Philippine Depository & Trust Corporation as Registry; Development Bank of the Philippines– Trust Services as Trustee; and Asia United Bank (“AUB”) as the Market Maker, shall be subject to the following terms and conditions:

- a. In case of conflict, the terms and conditions of the Master Note, the defined terms in which shall have the same meanings when used herein, shall prevail over the terms and conditions of this Purchase Advice.

- b. The Tier 2 Notes are not deposits and are not insured by the Philippine Deposit Insurance Corporation.**
- c. The Tier 2 Notes are unsecured and not covered by a guarantee of the Issuer, Joint Lead Arrangers and Bookrunners, the Selling Agents, or any of their respective subsidiaries and affiliates, or any other arrangement that legally or economically enhances the priority of the claim of the Noteholder as against depositors or other creditors of the Issuer.**
- d. The Tier 2 Notes are not guaranteed by the national government.
- e. In case of insolvency of the Issuer, the Tier 2 Notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of the Issuer, except those creditors expressed to rank equally with, or behind holders of the Tier 2 Notes.
- f. The Tier 2 Notes are ineligible as collateral for any loan granted by the Issuer or its subsidiaries or affiliates.**
- g. The Tier 2 Notes do not have a priority claim, in respect of principal and coupon payments in the event of winding up of the Issuer, which is higher than or equal with that of depositors or other creditors.**
- h. The Tier 2 Notes cannot be terminated by the Noteholder before maturity date. However, negotiations/transfers from one (1) Noteholder to another do not constitute pre-termination, but shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended, and regulations of the Bureau of Internal Revenues.**
- i. The Tier 2 Notes may not be pre-terminated at the instance of the Bank, except in case of Maturity Date, Voluntary Redemption Option and Regulatory Redemption and upon prior approval of the BSP and with prior notice to the Noteholders.
- j. The Tier 2 Notes have a loss absorption feature which means the Tier 2 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Trigger Event. Upon the occurrence of a Non-Viability Trigger Event, the Issuer shall write-down the principal amount of each Tier 2 Note to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event the Issuer does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.**

A Non-Viability Write-Down shall have the following effects: (a) it shall reduce the claim on the Tier 2 Notes in liquidation; (b) reduce the amount re-paid when a redemption is properly exercised; and (c) partially or fully reduce the interest payments on the Tier 2 Notes. Upon the occurrence of a Non-Viability Write-Down, the full principal amount of the Tier 2 Notes may be permanently written down to zero and the Tier 2 Notes may be cancelled, and, as a result, the Noteholders may lose the entire amount of their investment in the Tier 2 Notes, irrespective of whether the Issuer has sufficient assets available to settle the claims of the Noteholders under the Tier 2 Notes, in bankruptcy proceedings or otherwise.

Any such Non-Viability Write-down will be irrevocable and the Noteholders will, upon the occurrence of a Non-Viability Write-down, not (a) receive any shares or other participation rights in the Issuer or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Issuer or any of its subsidiaries or affiliates, or (b) be entitled to any subsequent write-up or any other compensation in the event of a potential recovery of the Issuer or its subsidiaries.

- k. AUB shall initially perform the functions and duties of the Market Maker pursuant to the BSP Rules. The Tier 2 Notes will be listed with Philippine Dealing and Exchange Corp. (PDEX). All secondary trading of the Tier 2 Notes must be coursed through the Market Makers, or PDEX (once the Tier 2 Notes have been listed with PDEX).
- l. The Noteholder or its transferees shall not be allowed to, and hereby waive their right to, set off any amount that they may have against the Issuer or the Tier 2 Notes.
- m. The payment of principal on the Tier 2 Notes may be accelerated only in case of bankruptcy or liquidation of the Issuer.
- n. The payment of principal and interest due on the Tier 2 Notes shall be fixed at the time of issuance and may not be linked to the credit standing of the Issuer.
- o. The Tier 2 Notes may not be issued or transferred to a Prohibited Noteholder.
- p. Only registered Noteholders appearing in the Registry as at the relevant Interest Payment Date and Maturity Date shall be eligible to receive the interest payment and principal amount of the Tier 2 Notes when due, as the case may be.
- q. This Purchase Advice is a non-negotiable instrument.
- r. All transfers and changes in title to the Tier 2 Notes shall be recorded in the Registry. Settlement in respect of such transfer or change of title to the Tier 2 Notes, including settlement of documentary stamp taxes and other taxes and fees, if any, arising therefrom shall be for the account of the transferee and/or transferor Noteholder.
- s. As a condition for any sale or transfer of ownership of the Tier 2 Notes, the Registry Confirmation must be surrendered by the Noteholder to the authorized Market Maker for onward transmission to the Registrar and Paying Agent for cancellation.
- t. The failure by a Noteholder to exercise any right or power under the Terms and Conditions shall not be deemed a waiver by such Holder or any other Holders of their privileges or rights under the Terms and Conditions, nor shall any Holder be responsible for the exercise of such rights by the other. Each Noteholder shall be entitled, at its option, to take independent measures with respect to its obligations and rights and privileges under the Terms and Conditions (including the right to declare the Bank in default), and it shall not be necessary for the other Noteholders to be joined as an additional party in any judicial or other proceeding for such purpose.
- u. The Noteholder understands: (i) that the Selling Agent/Market Maker has relied and will rely on the Noteholder's representations and warranties set forth in its Application to Purchase/Consent of Transferee and as stated in this Purchase Advice issued by the Selling Agent or Market Maker, as the case may be; (ii) that the Noteholder's declaration of its tax status, including its tax exempt status, if applicable, is true and correct, and may be relied upon by the Selling Agent/Market Maker, the Registrar and Paying Agent and the Bank in processing payments due to it under the Tier 2 Notes; (iii) that it must immediately notify the Selling Agent/Market Maker, the Registrar and Paying Agent, and the Bank of any change in its tax status, including any suspension or revocation of the tax exemption certificates; and (iv) that the Selling Agent/Market Maker has relied on the Noteholder's undertaking to indemnify and hold the Selling Agent/Market Maker, the Registrar and Paying Agent, and the Bank free and harmless against any and all claims, actions, suits, damages, and liabilities resulting from (x) the non-withholding of the required tax due to the representations as indicated in this Purchase Advice and (y) the reliance on the representations and warranties set forth in the Application to Purchase.
- v. The prospective Noteholder understands and agrees that any transaction on the Tier 2 Notes which utilizes the services of the Registrar and Paying Agent, Selling Agent or Market Maker, as the case may be, may be

subject to such fees and charges for which the prospective Noteholder or its counterparty may be accountable. A copy of the schedule of such fees is available from the appropriate service provider.

- w. In case of conflict between the Purchase Advice and the Registry, the Registry shall prevail. Only registered Noteholders as appearing in the Registry as at the relevant Record Date for Interest Payment Date and Maturity Date shall be eligible to receive the interest payments, Voluntary Redemption Amount, Tax Redemption Amount and Regulatory Redemption Amount.

Date _____.

[The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank, Philippine Branch]
Selling Agent

By:

[Name of Authorized Representative]

Date:

**WE ACKNOWLEDGE RECEIPT OF THIS PURCHASE ADVICE AND WARRANT THAT WE HAVE READ AND UNDERSTOOD
THE TERMS HEREOF.**

Conforme: Purchaser / Authorized Representative

For of Registry Confirmation

RBKPS101	 PDTC Philippine Depository & Trust Corp.	Philippine Depository & Trust Corp.	Batch
Business Date XX/XX/2011	SECURITIES RECEIPT CONFIRMATION		Print Date XX/XX/2011

To

BPIDXXXXXXXX
 NAMEXXXXXXXXXXXXXXXXXX
 ADDRESSXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXX
 X XXXXX

This is to confirm the delivery of the following securities into your securities account number **1** with Philippine Depository & Trust Corp (PDTC) on XX/XX/2010

ISIN	FACE VALUE	MATURITY DATE	ISSUE DATE	RECEIPT DATE	REFERENCE ID	COUNTER PARTY
SECURITYXXXX	XXXXXX	XX/XX/XXXX	XX/XX/XXXX	XX/XX/XXXX	RGY000000000000	BPIDXXXXXXXX

Please examine this document immediately. Details herein are in accordance with the information provided by you or your duly authorized agent (selling agent, broker or custodian). If no written notice of any error or request for correction is received by Philippine Depository & Trust Corp. (PDTC) within twenty (20) business days from the date indicated herein, PDTC shall deem information contained in this document as correct and accurate.

If Corporate Issue:

Details on this issuance (the "Security") are in the Terms and Conditions set forth in the Prospectus or Offering Circular.

If Bank Issue:

Pursuant to the Manual of Regulations for Banks, Bangko Sentral ng Pilipinas (BSP) circulars, memoranda, guidelines, and regulations as may be relevant to the Security, and other applicable laws, rules and regulation, as these may be amended from time to time, PDTC, in its capacity as Registrar and Paying Agent of the Security, following receipt of the Purchase Advice, hereby confirms that the purchase made by the account holder named above has been duly recorded in the records of the Registrar, and that such account holder is the record holder of the amount of Security as of the date indicated above, and thus owns said Security under the Terms and Conditions attached herein.

This document is computer-generated and requires no signature.