

April 28, 2014

THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : **MS. JANET A. ENCARNACION**
Head-Disclosure Department

Gentlemen:

Please be informed that the Board of Directors of Union Bank of the Philippines ("UnionBank") approved on April 28, 2014, the following actions:

- 1) Increase in the authorized capital stock of the bank and amendment of Article 7 of the Articles of Incorporation as follows:
 - i) "To increase authorized capital stock of the bank from SIX BILLION SEVEN HUNDRED MILLION PESOS (Php 6,700,000,000.00) by SIXTEEN BILLION FOUR HUNDRED FOURTEEN MILLION FOUR HUNDRED TWENTY TWO THOUSAND FOUR HUNDRED TWENTY PESOS (Php 16,414,422,420.00) as follows:
 - a. Php 6,414,422,420.00 divided by 641,422,420 common shares at par value of Php 10.00 each;
 - b. Php 10,000,000,000.00 divided by 100,000,000 preferred shares at par value of Php100.00 each.
 - ii) Article 7 of the Articles of Incorporation shall be amended as follows:

"THE AUTHORIZED CAPITAL STOCK OF THE BANK SHALL BE TWENTY THREE BILLION ONE HUNDRED FOURTEEN MILLION FOUR HUNDRED TWENTY TWO THOUSAND FOUR HUNDRED TWENTY PESOS (Php 23,114,422,420.00)"

"SAID CAPITAL STOCK IS DIVIDED INTO ONE BILLION THREE HUNDRED ELEVEN MILLION FOUR HUNDRED FORTY TWO THOUSAND TWO HUNDRED FORTY TWO COMMON SHARES (1,311,442,242) AT PAR VALUE OF TEN PESOS (Php 10.00) EACH AND ONE HUNDRED MILLION PREFERRED SHARES (100,000,000) AT PAR VALUE OF ONE HUNDRED PESOS (Php 100.00) EACH."

"EXCEPT AS MAY BE ALLOWED BY LAW, THE HOLDERS OF PREFERRED SHARES SHALL NOT BE ENTITLED TO VOTE AT ANY MEETING OF THE STOCKHOLDERS OF THE CORPORATION. HOWEVER, HOLDERS OF PREFERRED SHARES SHALL BE ENTITLED TO RECEIVE DIVIDENDS PRIOR TO ANY DIVIDEND PAYMENT TO THE HOLDERS OF COMMON SHARES AT SUCH RATE AND INTERVALS AS MAY BE DETERMINED BY THE CORPORATION."

"THE BOARD OF DIRECTORS MAY FIX SUCH OTHER TERMS AND CONDITIONS OF THE PREFERRED SHARES NOT INCONSISTENT WITH ARTICLE 7 OF THE ARTICLES OF INCORPORATION OR THE CORPORATION CODE." (As Amended on May 23, 2014)."

- iii) Approved the declaration of 65% stock dividends equivalent to Php 4,169,374,573.00 Pesos to fund the required 25% of the increase in authorized capital stock amounting to Php 16,414,422,420.00.
 - iv) Fractional shares resulting from the stock dividend declaration shall be paid in cash in the amount of Php 120.00 per share to stockholders of record as of dividend date Record Date.
- 2) Endorsed the foregoing corporate actions to amend the Articles of Incorporation of the bank increasing the capital stock of the Bank by SIXTEEN BILLION FOUR HUNDRED FOURTEEN MILLION FOUR HUNDRED TWENTY TWO THOUSAND FOUR HUNDRED TWENTY PESOS (Php 16,414,422,420.00) and declaring stock dividends in the amount of Php 4,169,374,573.00 Pesos to the stockholders of the bank at the forthcoming Stockholders' meeting on May 23, 2014;

- 3) Endorsed the approval of stock dividends to the stockholders to fund the increase in the capital stock of the Bank subject to Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) regulations.
- 4) Authorized the President of the Bank or the Corporate Secretary to implement the foregoing actions upon setting and approval of Record Date by the Board of Directors.

For your information and guidance. Thank you.

Very truly yours,



ATTY. FE B. MACALINO

*Senior Vice-President,
Corporate Secretary &
General Counsel*