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March 10, 2016

**THE PHILIPPINE STOCK EXCHANGE, INC.**

3<sup>rd</sup> 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”) at a special meeting held earlier today, approved the following actions:

- 1) Amendment of Article X, Section 2 of the By-Laws as follows:

“SECTION 2. Profit Sharing. Subject to existing laws and regulations of the Central Bank as well as other applicable laws, rules and regulations and contractual obligations of the Corporation, the profits or net earning resulting from the operation of the Corporation after deducting the expenses of administration and after making proper provisions for the tax liabilities thereof, loan loss reserves or such reserves to be determined by the Board of Directors as the laws and regulations or the exigencies of the business may require, shall be disposed in a manner to be determined at the full discretion of the Board of Directors to the Board of Directors, Officers, and permanent Rank and File Employees upon endorsement by the Corporation’s Compensation and Remuneration Committee or its successor body, considering the paramount interest of the Corporation at any particular time. The profits or net earning to be disposed may be in the form of cash, or shares of stock, or a combination of both. (As amended on May 27, 2016).”

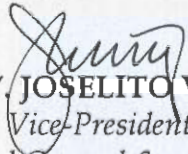
The above amendment is to give emphasis on the achievement of performance standards as may be determined by the Bank’s Board of Directors considering the paramount interest of the Bank at any particular

time and achieve alignment of interest of management and shareholders for the long-term success of the Bank.

- 2) Approval of the UnionBank Employee Stock Plan for qualified officers of the Bank. Under the Plan, up to five million (5,000,000) common shares of UnionBank shall be granted over a 5-year period. The price per share of the grant shall be equivalent to the closing price of common shares of UnionBank on the day the Board of Directors approves the release of the grant.
- 3) Endorsed the foregoing corporate actions to amend the By-Laws and to establish the Employee Stock Plan for approval of the stockholders of the Bank at the forthcoming Annual Stockholders' Meeting on May 27, 2016.

For your information and guidance. Thank you.

Very truly yours,

  
ATTY. JOSELITO V. BANAAG  
*Senior Vice-President,  
General Counsel &  
Corporate Secretary*