

November 4, 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

Subject : Delayed Submission of SEC Form 23-B
Roberto F. Abastillas , SVP

Gentlemen:

This is in reply to your letter dated October 30, 2014 requiring UnionBank of the Philippines ("UBP") to explain in writing no later than end of October 31, 2014 why the delayed disclosure of the change in shareholdings of subject officer does not constitute a violation of Sec. 13.1 of the Disclosure Rules.

We appreciate with gratitude the approval of our request for extension which we made on October 30, 2014 for the submission of the report to November 4, 2014.

Based on our verification with concerned units of UBP which are in charge of the compliance with the submission of the reports to PSE, there was no deliberate intention to disobey the disclosure rules albeit the transaction was effected on July 3, 2014 .

Since the transaction involved the shares of stock were acquired thru the Stock Investment Loan Program (SILP), a loan benefit program of the bank, the assigned unit to implement the transaction and advice to our Stock and Transfer Unit is the Human Resources Services Group (HRS).

We found out that the HRS unit assigned to handle benefits administration of the bank was reorganized with the assignment of new personnel thereat. It happened that the task was handled by a newly-appointed officer who was only assigned to handle SILP transactions and reporting starting June 2014.

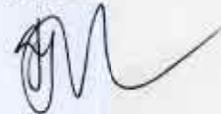
It is thus the newness of the employee and the lack of familiarity with the risks involved in the disclosure rules of transactions involving the execution of SEC Form 23-B that has caused the delay in the submission of the report.

Given the severity of the failure to comply with the disclosure rules of the Exchange on the bank for transactions involving the UBP shareholdings of our officers, we have put to task the management of the Human Resources Group of the bank to ensure that this event will no longer occur concerning UBP shares availed thru the loan benefit program.

We hope that this explanation will merit your favorable action.

Thank you

Very truly yours,

A handwritten signature in black ink, appearing to be 'FE BECINA-MACALINO', written in a cursive style.

ATTY. FE BECINA- MACALINO
Corporate Secretary