

February 3, 2017

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

Attention : **MR. JOSE VALERIANO B. ZUÑO III**
OIC-Head, Disclosure Department

Gentlemen:

This is in response to the correspondence received via PSE Edge on February 3, 2017 seeking clarification and confirmation of the news article entitled "UnionBank sets aside P3B for 2017 capex" that appeared in Inquirer.net on February 2, 2017 with the following quoted portions:

"Aboitiz-led Union Bank of the Philippines plans to fork out P3 billion this year, its highest capital expenditure budget in a single year, mostly to fund the bank's digital transformation and shift to recurring earnings stream.

The P3-billion capital expenditure this year is triple the usual P1 billion that the bank had spent yearly in the past, UnionBank president Edwin Bautista said in an interview.

Of the total capital outlay budgeted for this year, Bautista said P2.9 billion would be for information technology (IT) spending.

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This year, he said Union Bank would aim to grow its loan book by at least 30 percent, following a 31-percent expansion last year to P235.4 billion.


The bank expects a 'zero trading gain' this year, Bautista said, adding that income this year would all come from recurring earnings such as net interest income and fees.

...."

We confirm the contents of the above-quoted news article.

Thank you.

Very truly yours,


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