

January 26, 2018

**THE PHILIPPINE STOCK EXCHANGE, INC.**

3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

**Gentlemen:**

We respond to the correspondence received via PSE Edge on January 26, 2018 seeking clarification and confirmation of the news article entitled "UnionBank allots P3 billion for capex" that was posted in philSTAR.net on January 26, 2018, which states:

“MANILA, Philippines - Aboitiz-led Union Bank of the Philippines is spending P3 billion for capital expenditure this year amid the continued implementation of its digital transformation strategy.

Edwin Bautista, president and chief executive officer of UnionBank, said in an interview with The STAR the amount was P1 billion higher than the P2 billion spent last year.

The bulk of the funds, he explained, would bankroll information technology projects particularly for cybersecurity as well as the renovation of existing bank branches that is part of the digital transformation.

Bautista said UnionBank is looking at rolling out five more fully digital branches through The ARK in key cities nationwide including BGC in Taguig, Cebu, Davao, among others.

According to Bautista, the bank is also studying the possibility of establishing 10 to 15 lighter version of The ARK branches nationwide.

The ARK provides an interactive experience for all its clients, as they have created a space where digital technology is used. Simply put, The ARK is a new digital platform experience in banking, a concept branch that provides unparalleled service for all clients.

The first ARK branch was established at the ground floor of the Insular Life Building located at the corner of Ayala and Paseo de Roxas avenues in Makati City.

....

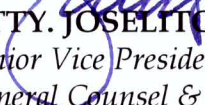
Bautista said UnionBank's core income excluding revenue from one-off transactions as well as trading activities likely jumped 30 percent last year.

...."

We confirm the above-quoted portions of the article.

Thank you.

Very truly yours,

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