

February 26, 2018

THE PHILIPPINE STOCK EXCHANGE, INC.6th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig CityAttention : **MR. JOSE VALERIANO B. ZUÑO III**
*OIC- Head, Disclosure Department***PHILIPPINE DEALING AND EXCHANGE CORP.**37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati CityAttention : **MS. ERIKA GRACE C. ALULOD**
*Head, Issuer Compliance and Disclosures Department***Gentlemen:**

We respond to the correspondence received via PSE Edge on February 26, 2018 seeking clarification and/or confirmation on the news article entitled "Union Bank sees jump in 2018 profit" that was posted in Inquirer.net on February 26, 2018, which states:

"Aboitiz-led Union Bank of the Philippines aims to grow its net profit by double-digits this year given the sustained expansion in its loan and securities books.

In a recent interview, Union Bank president Edwin Bautista said this year would likely be 'very good' for the bank, driven by continued loan and securities growth and expansion of the balance sheet.

Total resources could easily breach P700 billion this year, he said. Last year, Union Bank's balance sheet stood at P622.1 billion, marking an 18.6-percent annual growth.

Lending activities are projected to sustain a growth of 25 percent this year, much faster than the industry pace. In December, bank lending in the country grew by some 19 percent.

Consumer and small businesses now account for 70 percent of Union Bank's revenue but by volume, they account for slightly less than 50 percent. The higher revenue contribution reflects the higher margins from these segments, Bautista said.

Asked whether Union Bank would need to raise fresh capital anytime soon, Bautista said the bank could sustain its growth without any capital hike due to high margins enjoyed by thrift banking arm City Savings.

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We confirm the above-quoted portions of the article.

Thank you.

Very truly yours,


ATTY. BUENAVENTURA S. SANGUYO, JR.
Vice President & Assistant Corporate Secretary