



June 30, 2014

PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Tower 1
PSE Plaza, Ayala Triangle
Ayala Avenue, Makati City

Attention: **Ms. JANET A. ENCARNACION**
Head, Disclosure Department

Ladies and Gentlemen:

Re: Philippine Daily Inquirer news article

PHILIPPINE BANK OF COMMUNICATIONS (the "Bank") replies to your letter of even date regarding a news article entitled "*PBCom eyeing UCPB Stake*" published in today's issue of the Philippine Daily Inquirer. The article reported in part that:

"Philippine Bank of Communications has mapped out a capital-building program to fund future expansion and is now considering the acquisition via bidding of a controlling stake in United Coconut Planters Bank.

PBCom, a commercial bank led by the group of businessman Eric Recto and British fund Ashmore, recently announced its options in beefing up capital to acquire more room to expand under the stringent Basel 3 capital adequacy ratio (CAR).

Asked about his bank's rumored interest in UCPB, Recto said in an interview that 'it's an interesting asset, for sure.... Ashmore and a few other investors have expressed to me their interest to pursue ... UCPB.'

But Recto pointed out that, once the details of what would be offered were clear, that would be the time for PBCom to decide whether it would bid for UCPB.

....

Last week, PBCom's board approved a plan to boost capital through a stock rights offering, sale of subordinated notes qualifying as tier 2 or supplementary capital under Basel 3, and equity sale through a private placement.

Recto said PBCom could raise as much as P1 billion from the sale of new shares to existing shareholders, or up to P2 billion from the sale of tier 2 notes. The third option is to raise fresh equity from private placement, but the amount is yet to be determined, he said.


...."

We wish to confirm the following:

- a. Mr. Recto thinks that the United Coconut Planters Bank (UCPB) is an interesting asset. However, he is unaware of the details relating to the terms of the purported sale of UCPB. As mentioned in the article, the Bank can make a decision on this matter once the details of the terms of the offer for UCPB will be made clear.
- b. As disclosed last June 25, 2014, the Bank is undertaking various capital-raising activities. However, we wish to reiterate that the details of these activities, including the amount and use of the proceeds to be raised, have not been firmed up. The Bank is still studying the various options available. We will make the appropriate disclosure at the proper time once more definite details are available.

We hope the foregoing fully clarifies the matter for the Exchange and the Trading Participants.

Sincerely,


JOVITA D.S. LARRAZABAL
Corporate Information Officers