



Via ODiSy

21 July 2010

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: Ms. Janet A. Encarnacion
Head

Ms. Sheena Paula H. Pedrieta
Analyst
Disclosure Department

Gentlemen:

We reply to your request for clarification on a news article entitled "BDO buyout questioned" posted on the Business Insight Malaya published today, the pertinent portion of which reads:

"Bangko Sentral governor Amando Tetangco made a mistake in announcing that the Monetary Board has approved the assumption by Banco de Oro of the assets and liabilities of Export-Import Bank. The basis for the approval is the positive votes of four member of the Monetary Board. However, a member of the board claims that there are cases when five votes are necessary although there are only seven members. The member insists that five out of seven votes are required in a situation such as the BDO-EIB case where the terms of the loan of Philippine Deposit Insurance Corp. from

the Bangko Sentral are substantially modified. In this case, the income support to come from interest earnings of the funds from BSP which will be invested in government securities will be extended to 20 years from 2010 to 2030. Nelly Villafuerte, a member of the board, wrote the rest of her peers and explained that Monetary Board Resolution No. 188, passed on Feb. 16, 2006, requires five votes out of seven in a case such as the buyout by BDO of Export-Import Bank... However, Villafuerte told the members of the MB that BDO will not spend a centavo for the acquisition. She explained that under the plan that Tetangco announced as having been approved, PDIC will borrow P10.9 billion from the BSP. The money will be invested in government securities by PDIC for 20 years. The interest income will be remitted to Banco de Oro after PDIC gets a small share. In the estimate of Villafuerte, BDO will have a net annual earnings of P642 million. Multiplied by 20 years, BDO will get a total yield of P12.8 billion on money it did not own, least of all invest.....”

To date, Banco De Oro Unibank, Inc. (BDO) has not received notice of the approval by the Bangko Sentral ng Pilipinas of a transaction relating to Export & Industry Bank.

Hence, BDO is still in not in a position to comment on the subject article.

We trust we have adequately addressed your request for clarification.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'ELMER B. SERRANO'.

ELMER B. SERRANO
Corporate Information Officer