

22 February 2017

PHILIPPINE STOCK EXCHANGE, INC.

3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

PHILIPPINE DEALING & EXCHANGE CORP.

37/F Tower 1, The Enterprise Center
6766 Ayala Ave. cor. Paseo de Roxas, Makati City

Attention: MS. VINA VANESSA S. SALONGA
Head, Issuer Compliance and Disclosure Department

Gentlemen:

In compliance with your requirements, please be informed of the following matters taken up and authorized by the Board of Directors in a special meeting this afternoon:

1. To conduct a Rights Issue by way of offering common shares from the unissued portion of the authorized capital stock of the Bank to eligible shareholders, subject to approval of the regulatory agencies;
2. To appoint China Bank Capital Corporation as Issue Manager, Joint Bookrunner, and Domestic Underwriter;
3. To authorize any one of President & CEO Ricardo R. Chua, Executive Vice President & COO William C. Whang, and Executive Vice President & Financial Markets Segment Head Romeo D. Uyan, Jr., and such other officers designated by the Board or the President to:
 - a. Designate global coordinators and bookrunners;
 - b. Act on behalf of the Bank, including the determination of the terms and conditions of the Rights Issue; and
 - c. Sign, execute and deliver any and all documents in connection thereto.

The Bank expects to raise proceeds of up to P15 Billion for the Rights Issue. The additional capital will enable the Bank to pursue growth strategies. The Bank's core strategy is aimed at expanding its market position by growing risk-weighted assets with a focus on the SME and consumer segments while also extending the depth and breadth of its retail distribution. Further, the Board of Directors believes that the Rights Issue will help increase the visibility of the Bank's stock with investors and the trading liquidity of the Bank's common shares in the Exchange.

The major shareholders of the Bank have expressed support for the stock rights offer.

Thank you.

Very truly yours,



ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

CHINA BANKING CORPORATION

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