



25 July 2016

**MR. JOSE VALERIANO B. ZUÑO**  
OIC - Head, Disclosure Department  
**THE PHILIPPINE STOCK EXCHANGE, INC.**  
3/F Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Dear Mr. Zuño:

This refers to the news article under Biz Buzz entitled "RCBC board shakeup" posted in Inquirer.net on July 25, 2016. The article reported in part that:

" . . . .

But the biggest changes have happened at an even higher level, namely the bank's board of directors. More specifically, we're talking about the number of independent directors who, according to the rules of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, are supposed to safeguard the interests of the broader public and minority stakeholders independently from the firm's majority owners.

The law requires publicly listed firms like RCBC to have at least two independent directors on their boards or 20 percent of the total board headcount, whichever is lesser. Since the bank normally has 15 board seats, 20 percent meant three slots had to be allocated for independent directors.

. . . .

Indeed, Biz Buzz was told that no less than BSP's Monetary Board ordered the bank to increase the number of independent directors in its boardroom. By how many? BSP sent the word to the bank that it wants no less than— hold on to your seats—seven independent directors at RCBC. Seven! That's just one board member shy of becoming the majority.

And that also represents 46 percent of the bank's total board headcount of 15 and is, more importantly, way above the so-called "super minority" threshold needed to veto whatever the bank's principal owners propose during board meetings.

According to a source in RCBC, the bank will appoint former DBP director Vaughn Montes, former Securities and Exchange Commission chair Lilia Bautista and former Secretary (and current Pagcor director) Gabriel Claudio to its board on Monday, with an August 1 effectivity

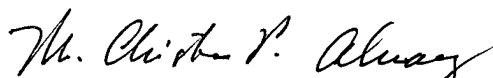
..."

Please be informed that the RCBC Board currently has the same directors and there have been no resignations or new appointments. The Bank will hold its regular Board of Directors Meeting today, July 25, 2016. Information other than those disclosed by RCBC are purely speculative.

We trust that this clarifies the news report.

Thank you.

Sincerely yours,



**MA. CHRISTINA P. ALVAREZ**  
Senior Vice President and  
Corporate Information Officer

cc: **Ms. Vina Vanessa S. Salonga**, Philippine Dealing & Exchange Corporation (PDEX)