



June 26, 2019

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

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

Attention: **Atty. Joseph B. Evangelista**
Head, Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

We write in connection with the request of the Philippine Stock Exchange for clarification of the news article entitled "Bank creditors convert Hanjin exposure to equity" posted in philstar.com on June 26, 2019, the pertinent portion of which reads:

"MANILA, Philippines – Philippine banks have converted part of their loan exposure to Hanjin Heavy Industries & Construction Philippines Inc. (HHIC-Phil) into shares in the shipbuilder's parent company in South Korea, according to Rizal Commercial and Banking Corp. (RCBC).

In a press briefing, RCBC senior executive vice president John Thomas Deveras said concerned Philippine creditors have transferred \$149 million out of their \$412 million loan exposure to get a 20-percent stake in South Korean firm Hanjin Heavy Industries & Construction Co. Ltd.

Deveras said the conversion is part of the two-pronged approach that Philippine banks are exploring in order to recover their loan exposure to Hanjin.

'Of the \$412 million exposure, \$149 million has been converted into a 20-percent stake in Hanjin Korea. So when the shares of the Philippine banks are unlocked by December, hopefully the share price goes up...so that we're able to recover the \$149 million,' the bank official said.

The other part of the plan, he said, is to sell Hanjin's shipyard facility in Subic to interested firms.

'About \$263 million of that exposure is tied to the Subic shipyard. So we are in the process now of evaluating interest to buy the Subic shipyard from the banks,' Deveras said. 'Essentially we're waiting for an offer from a consortium to acquire the shipyard from us.'

According to the RCBC official, the exposed banks would seek the approval of the Philippine government with regards to the buyer of the shipbuilding yard.

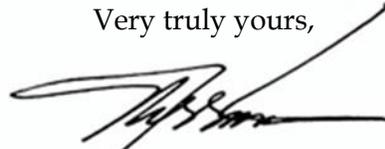
'We're approaching this as a commercial transaction. But because there are geopolitical angles to this deal, of course, the government has the final say on who they will agree the banks will transfer the shipyards to,' Deveras said.

The country's largest banks BDO Unibank, Metropolitan Bank & Trust Co., Land Bank of the Philippines, Bank of the Philippine Islands, and RCBC have a combined exposure of more than P21 billion in HHIC. . . ."

The Bank continues to work on the settlement strategies on the Hanjin account. We confirm that part of the settlement comes from conversion of a portion of the debt into equity in Hanjin Korea. As previously disclosed, the loan exposure to Hanjin is not considered a material amount. Said exposure has also been adequately provided for by the Bank.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', is written over a light gray rectangular background.

ELMER B. SERRANO
Corporate Information Officer