CAPITAL HOLDINGS INC.
135 J.P Rizal St., Brgy. Milagrosa Quezon City
Tel. Nos. 8724-3759 / 8725-7875 / 8724-5055; Fax No. 8724-3290

29 January 2021

THE DISCLOSURE DEPARTMENT
The Philippine Stock Exchange, Inc.
6th Floor Philippine Stock Exchange Tower
5th Ave, Bonifacio Global City, Taguig City

ATTENTION: **JANET A. ENCARNACION**
Head, Disclosure Department

Dear Ms. Encarnacion:

Please be informed that in a meeting held today, the Board of Directors of wholly-owned subsidiary, Philippine Regional Investment Development Corporation (PRIDE), authorized its subsidiary Philstar Development Bank, Inc., a development bank located in Batangas City, as follows:

- to apply for a digital license with the Bangko Sentral Ng Pilipinas (BSP) and complete all requirements for such purpose.
- to implement changes in its capital structure to calibrate with the requirements of the BSP for such license.

The move is in line with Philstar's goal of taking advantage of the opportunities arising from the Covid19 pandemic which includes the growth of electronic banking, cashless transactions, and other cashless payment systems.

The application for digital banking license is anchored on a strategic partner currently in final stages of negotiations with PRIDE for a possible merger / investment into Philstar Development Bank.

For the information of the Exchange, the Trading Participants and the investing public.

Very truly yours,

Vicente

VICENTE RAFAEL L. ROSALES
Corporate Secretary