

PLAN OF MERGER

This Plan of Merger (the “**Plan**”) is executed this 23rd of March 2021, at Makati City, to be implemented by and between:

BANK OF THE PHILIPPINE ISLANDS, a universal banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at 15/F Tower One, Ayala North Exchange, 6796 Ayala Ave. corner Salcedo St., Legaspi Village, Makati City, represented herein by its President, Cezar P. Consing (hereinafter “**BPI**”)

And

BPI FAMILY SAVINGS BANK, INC. a thrift banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at BPI Family Savings Bank Center, Paseo de Roxas corner Dela Rosa St., Makati City, represented herein by its President, Maria Cristina L. Go (hereinafter “**BFSBI**”)

(The above parties are hereinafter referred to singly as a “**Party**” and collectively as the “**Parties**”).

WITNESSETH: That –

WHEREAS, the respective Boards of Directors of the Parties deemed it prudent and in the best interests of each bank and its respective stockholders that BPI and BFSBI engage in a business combination in order to advance their long-term strategic business interests;

WHEREAS, the respective Boards of Directors of the Parties have determined that the business combination of BPI and BFSBI shall be effected through a merger, which merger (the “**Merger**”) is in furtherance of and consistent with their respective business strategies and is in the best interest of their respective stockholders;

NOW, THEREFORE, for and in consideration of the foregoing premises, the Parties have mutually agreed and hereby agree to accomplish the Merger as follows:

ARTICLE I **MERGER OF THE PARTIES**

1. Subject to the terms and conditions of this Plan of Merger and on the Effective Date (as hereinafter defined), the Parties agree to merge in accordance with Sections 75 to 79 of the Revised Corporation Code and Section 40(C)(2) of the Tax Code, with BPI as the surviving corporation and BFSBI as the absorbed corporation.
2. The Merger shall become effective upon the later of: (a) the issuance by the Securities and Exchange Commission (the “**SEC**”) of a Certificate of Merger or (b) 01 January 2022, subject to compliance with Article I, Section 4 of this Plan of Merger.



3. At and after the Effective Date, all of the legal consequences set forth in Section 79 of the Revised Corporation Code and those provided in this Plan, shall take effect with respect to the merger, including the following:
- (a) BPI and BFSBI shall become a single corporation, with BPI as the surviving corporation. The separate corporate personality of BFSBI shall cease to exist;
 - (b) BPI shall continue to possess all its rights, privileges, attributes, immunities, franchises, and powers and shall continue to be subject to all its duties and liabilities, as those existing immediately prior to the merger;
 - (c) All the rights, privileges, immunities, franchises, and powers of BFSBI shall be deemed transferred to and possessed by BPI, in addition to those originally belonging to BPI;
 - (d) All the assets and properties of BFSBI, real or personal, tangible or intangible, and all receivables due on whatever account, including subscription to shares and choses in action, and all and every other interest of, belonging to, or due to BFSBI shall be deemed transferred to BPI without further act or deed; and
 - (e) All liabilities and obligations of BFSBI as of the Effective Date shall be transferred to and become the liabilities and obligations of BPI in the same manner as if BPI has itself incurred such liabilities and obligations, and in order that the rights and interest of creditors of BFSBI or liens upon the property of BFSBI shall not be impaired by the merger.
4. The effectivity of this Plan shall be subject to the approval of the Bangko Sentral ng Pilipinas (the "BSP"), the SEC, and the Philippine Deposit Insurance Corporation.
5. The Parties may file an application with the Bureau of Internal Revenue for the issuance of a ruling that the Merger qualifies as a tax-free merger under Section 40(C)(2) of the National Internal Revenue Code of 1997, as amended.

ARTICLE II

EXCHANGE OF SHARES

1. As of the Effective Date, BFSBI shall transfer all its assets and liabilities to BPI to implement an ordinary merger treated as such under Title IX of the Revised Corporation Code and Section 40(c)(2) in relation to Sec. 40(C)(6)(b) of the National Internal Revenue Code. BPI shall issue common shares as determined under Clause 2 hereof in exchange for such assets and liabilities of BFSBI.
2. The procedure for determining the number of BPI common shares that will be issued pursuant to the merger shall be as follows:
- (a) The number of BPI common shares that will be issued pursuant to the Merger shall be determined using the Net Asset Value ("NAV") of BFSBI as of 31 December 2020 as reflected in its Audited Financial Statements and BPI's share price as of 29 December 2020 as follows:

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$$\text{BPI Shares to be issued} = \frac{\text{BFSBI NAV as of 31 December 2020}}{\text{BPI Share Price as of 29 December 2020 (Php81.35)}}$$

- (b) Any fractional shares resulting from the application of the formula provided in Article II, Section 2(a) above shall be disregarded and rounded down to the nearest whole number of BPI common shares.
- 3. The investment in subsidiary account will accordingly be cancelled, and treasury account will be recognized for the newly issued BPI common shares.
- 4. Any excess in the value of the net assets of BFSBI acquired by BPI over the par value of the BPI common shares issued in accordance with Article II, Section 2 above shall be treated as additional paid-in capital in the books of BPI after the merger.
- 5. The results of operations and any change in the assets and liabilities of BFSBI from 01 January 2021 shall not affect the determination of the number of BPI common shares that will be issued pursuant to the merger, and adjustments shall not be made in the NAV per share and share price after 31 December 2020. Any net income earned by BFSBI from 1 January 2021 until the Effective Date shall be declared and paid as dividends to BPI and any net loss incurred by BFSBI during the same period shall be absorbed and for the account of BPI.

ARTICLE III

UNDERTAKINGS AND ADDITIONAL AGREEMENTS

- 1. BPI shall, simultaneous with the filing of the application for Merger, cause the amendment of its Articles of Incorporation, for purposes of increasing its authorized capital stock to ensure that it has sufficient unissued capital stock to cover the common shares that BPI will issue pursuant to Article II hereof.
- 2. The Parties hereby undertake to:
 - (a) Secure the conformity and approval of this Plan of Merger by their respective stockholders representing at least two-thirds (2/3) of their respective outstanding capital stock at their respective stockholders' meetings called for such purpose.
 - (b) Obtain any and all required consents, approvals, or waivers of other parties, including their respective creditors, to the Plan of Merger.
 - (c) Jointly exert their best efforts to secure the approval of the Merger and its related transactions from the government authorities as provided for in Article I, Section 4 hereof.
- 3. Prior to the Effective Date, the Parties shall conduct their respective businesses in substantially the same manner as previously conducted and shall continue to preserve said businesses as a going concern. However, each of BPI and BFSBI shall give each other immediate notice of any claim, event or transaction which could or does

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materially and adversely affect their respective businesses, properties or financial condition.

4. The Amended Articles of Incorporation and By-Laws of BPI approved as of the Effective Date shall continue to be the Articles and By-Laws of BPI until thereafter changed or amended in accordance with law.
5. The directors of BPI as of the Effective Date shall continue to be the directors of BPI, each to hold office in accordance with the Articles of Incorporation and By-Laws of BPI and applicable law, and until their respective successors are duly elected and qualified.
6. The Parties shall execute and deliver, or cause to be executed and delivered, all deeds and other instruments and shall take, or cause to be taken, all such other and further acts desirable in order to fully carry out the intent and purposes of this Plan of Merger.
7. Unless otherwise required by law or regulation or as may be agreed upon by the parties, each of the Parties will use its best efforts to keep confidential any information obtained from the other party, and in the event the Merger is abandoned or not consummated, BPI and BFSBI shall return all documents and other written information and materials obtained in connection herewith.
8. All fees, costs and expenses relating to the merger shall be borne by BPI.

ARTICLE IV **SPECIAL PROVISIONS**

1. This Plan of Merger has been approved by the respective Boards of Directors of the Parties and shall be submitted to their respective stockholders for approval in accordance with law and the respective By-Laws of BPI and BFSBI; provided, that the approval of this Plan of Merger by the stockholders of both Parties shall constitute an authorization to their respective Board of Directors by majority vote to correct typographical errors or clerical omissions in the Plan of Merger for the sole purpose of accurately reflecting the terms and conditions of the Plan of Merger as actually approved by the said stockholders.
2. As soon as practicable after the Effective Date, BPI shall take such steps or measures as it may deem necessary or advisable to substitute itself in all suits and proceedings where BFSBI is a party and to substitute its name for BFSBI in all titles and registers.
3. As soon as practicable after the approval of this Plan of Merger by the required votes of stockholders of BPI and BFSBI during their respective stockholders' meetings called for the purpose, BPI shall apply for and avail itself of the merger incentives or other similar incentives granted by the BSP and other government agencies, as may be applicable or allowed under existing law, rules and regulations.
4. Upon approval of this Plan of Merger by the required number of stockholders from both Parties during their respective stockholders' meetings called for the purpose, the attached Articles of Merger marked as Annex "A" hereof and made as an integral part

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of this Plan of Merger shall be executed by BPI and BFSBI, to be signed by the President and certified by the Corporate Secretary of each of BPI and BFSBI setting forth this Plan of Merger, the number of shares outstanding of BPI and BFSBI, and the number of shares voting for and against this Plan of Merger, respectively.

5. In the event that the Merger is not consummated for whatsoever reason, each of BPI and BFSBI, their respective stockholders, directors and agents, successors and assigns shall hold each other free and harmless from any and all liabilities and damages arising from or incurred by reason of the non-consummation of the Merger.

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IN WITNESS WHEREOF, the duly authorized representatives of BPI and BFSBI have executed the foregoing Plan of Merger this 23rd March 2021 at Makati City.

BANK OF THE PHILIPPINE ISLANDS BPI FAMILY SAVINGS BANK, INC.

By:



CEZAR P. CONSING
President

By:



MARIA CRISTINA L. GO
President

Certified Correct by:

BANK OF THE PHILIPPINE ISLANDS BPI FAMILY SAVINGS BANK, INC.

By:



ANGELA PILAR B. MARAMAG
Corporate Secretary

By:



ANGELA PILAR B. MARAMAG
Corporate Secretary

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

MAR 23 2021

BEFORE ME, a Notary Public for and in the City of Makati City, this ____ day of ____ 2021,
personally appeared:

Affiant	Competent Evidence of Identity	
	Type of ID	ID Number and Expiry Date (if applicable)
BANK OF THE PHILIPPINE ISLANDS		
By Cezar P. Consing		
BPI Family Savings Bank, Inc.		
By Maria Cristina L. Go		
Angela Pilar B. Maramag		

who represented to me that they executed the foregoing Articles of Merger for the purposes
stated therein and acknowledged to me that the same is their free and voluntary act and deed
and of the corporations they represent.

WITNESS MY HAND AND SEAL on the date and place first herein above stated.

Doc. No. 73 ;
Page No. 16 ;
Book No. 18 ;
Series of 2021.

ATTY GERVASIO B. ORTIZ JR.
Notary Public, City of Makati
Extended until June 30, 2021
Per B.M. No. 3795
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio del Pilar, Makati City

ANNEX A
Articles of Merger

(To be executed by BPI and BFSB after their respective shareholders' approval of the Plan of Merger)

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