



# EXPORT AND INDUSTRY BANK

19 April 2010

**The Philippine Stock Exchange**  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

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

Gentlemen:

This refers to your letter dated 15 April 2010 seeking additional information on the Bank's disclosure dated 12 April 2010 specifically on the approval by *Bangko Sentral ng Pilipinas* of the sale of the Bank's shareholdings in EIB Savings Bank, Inc. ("EIB Savings") in favor of Project Quest Corporation, Fleetwood Holdings, Inc., Navion Capital Resources Corporation, and Santos Gonzalez Hijos, Inc. (the "Buyers"). We shall address your queries in the order presented in your letter, as follows:

- a. The Bank's Board of Directors approved the foregoing sale during its meeting on 12 January 2010 on the condition that the transaction is approved accordingly by *Bangko Sentral ng Pilipinas* as it is the Bank's primary regulator.
- b. The proceeds of the sale will form part of the Bank's cash flow and will be used in its operations.
- c. Below are some of the terms and conditions of the sale:
  - c.1 There are 1,500,000 subscribed common shares of EIB Savings, each of which has a par value of ₱100.00 per share, and such comprises 100% of the outstanding capital stock of EIB Savings.<sup>1</sup>
  - c.2 As stated in our disclosure dated 12 April 2010, the sale is for a cash consideration equivalent to the total capital funds of EIB Savings as of 31 December 2009, subject to adjustments as of 28 February 2010, plus a premium of ₱7.0MM. In the event that the total capital funds of EIB Savings as of 28 February 2010 as determined by the Buyers'

<sup>1</sup> The authorized capital stock of EIB Savings is ₱500,000,000.00 divided into 3,000,000 Common shares and 2,000,000 Preferred shares, each with a par value of ₱100.00 per share.

auditor (“Audited Total Capital Funds”) are higher than the total capital funds as of 31 December 2009 as certified by the present auditor of EIB Savings (“Certified Total Capital Funds”), the purchase price shall be increased by an amount equivalent to the difference between the Audited Total Capital Funds and the Certified Total Capital Funds. Conversely, in the event that the Audited Total Capital Funds are lower than the Certified Total Capital Funds, the purchase price shall be reduced by an amount equivalent to the difference between the Certified Total Capital Funds and the Audited Total Capital Funds.

- c.3 The amount of the consideration was based on a commercial decision between the Bank and the Buyers.
- c.4 The adjusted purchase price shall be paid at the closing of the transaction.
  
- d. There is no relationship between the Bank and the Buyers, their directors and officers or any of their respective affiliates.
- e. The Bank expects to close this transaction within a reasonable period after the execution of the Share Purchase Agreement (SPA).
- f. The conditions precedent to the closing of the transaction will be outlined in the SPA which parties are currently finalizing.
- g. There is no substantial impact on the Bank’s financial condition with the sale of its shareholdings in EIB Savings.

Finally, although the Board approved the sale of the Bank’s shareholdings in EIB Savings Bank, Inc. in favor of New Ventures Realty Corporation and Las Lucas Development Corporation, the latter did not pursue the documentation of the sale and hence the sale could not be executed.

We trust we have clarified you on the foregoing matters.

Very truly yours,

  
**Riva Khristine V. Maala**  
*Assistant Corporate Secretary*  
PSE-Sale of EIB Savings Bank addtl info (4.19.10)/corpsec/rvm