

DRAFT
For Stockholders' Approval

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF

ASIA UNITED BANK CORPORATION

Held on 30 May 2019 at 9:00 a.m. at
Nostalg Ballroom, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City

TOTAL NUMBER OF SHARES OUTSTANDING	485,310,538
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	368,016,228 (75.83%)

Before the start of the meeting, the following members of the Board of Directors present were introduced:

ABRAHAM T. CO
MANUEL A. GOMEZ
RAMON Y. SY
JACOB C. NG
GEORGE T. CHUA
ATTY. LILY K. GRUBA
JUSTICE ADOLFO S. AZCUNA
ATTY. MARIA GRACIA M. PULIDO TAN
DR. ALFONSO G. SIY

The following executive officers of the Corporation were likewise in attendance at the shareholders' meeting:

JASON C. NALUPTA (Corporate Secretary)
HERMINIA C. MUSICO (Treasurer)
WILFREDO E. RODRIGUEZ (Executive Vice President)
ANDREW A. CHUA (Senior Vice President)
ROSARIO M. DAYRIT (Senior Vice President)
FLORANTE C. DEL MUNDO (Senior Vice President)
LEONIDES F. INTALAN (Senior Vice President)
MARIA TERESA C. OGBINAR (Senior Vice President)
LELA S. QUIJANO (Senior Vice President)
CYNTHIA P. SANTOS (Senior Vice President)
VICTORIO D. SISON (Senior Vice President)
AMELIA S. SISON (Senior Vice President)
CATHERINE C. UY (Senior Vice President)
ERNESTO T. UY (Senior Vice President)
EILEEN C. NG (Vice President)
EDDIE ABEL C. DOROTAN (First Vice President)
ANNETTE R. MANAPIL (First Vice President)
RACHELLE D. NG (First Vice President)
SOLEDAD O. REYES (First Vice President)

Representatives of SyCip Gorres Velayo & Co., the Bank's external auditors, were likewise in attendance.

I. CALL TO ORDER

The Chairman of the Board of Directors, Mr. Abraham T. Co, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Jason C. Nalupta, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of 485,310,538 shares of the total outstanding capital stock of the Bank, holders of a total of 368,016,228 shares of stock were present in person or by proxy representing an attendance of 75.83% of the total outstanding capital stock of the Bank. Accordingly, the Secretary certified that a quorum existed for the transaction of the business at hand.

III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 22 June 2018 was dispensed with as the same had been previously circulated to the stockholders. The Chairman opened the floor for questions about the Minutes of the 2018 Annual Stockholders' Meeting. No questions having been raised, the Minutes of the last stockholders' meeting was thereafter approved, with the stockholders voting as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	368,016,228 (75.83%)	0 (0.00%)	0 (0.00%)

The following resolution was thereafter passed:

“**RESOLVED**, that the Minutes of the Annual Meeting of the Stockholders of **ASIA UNITED BANK CORPORATION** held on 22 June 2018 is hereby approved.”

IV. PRESIDENT’S REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS

Upon the request of the Chairman, the President, Mr. Manuel A. Gomez, presented the President’s Report on the Bank’s 2018 Operations and the Audited Financial Statements. Mr. Gomez reported as follows:

In our over twenty years of banking with each endeavor we take, Asia United Bank (AUB) has been agile in shifting its gears when the tides change. Anticipating the future and building strategic partnerships have helped us take a step towards our goals.

I am honored to speak on behalf of more than two thousand AUBankers and take you on our journey through 2018.

It has always been our highest priority to connect with and understand our client’s needs. As we believe that even with technology transforming our present and future, the strength of our services lies in our fellow AUBankers.

In our effort to enhance our services, we focused on developing, and harnessing our people’s commitment, in being of service and aligning our goals to our client’s own objectives and measures of success.

We focused on provincial key cities critical to the business such as Cebu, Davao, General Santos and Cagayan de Oro, where we strengthened our lending organization to build both the consumer and commercial loans portfolio.

Our Branch Banking Group was reconfigured to optimize efficiency in both marketing and operations, with the appointment of high performing and high potential leaders.

While talent acquisition is a key objective, management believes that in-house employee development programs are fundamental to sustain the bank's growth.

Our Account Officer, Branch Officer and Executive Development Programs, enable us to identify, train and recognize high performing personnel to assume leadership roles.

Succession development for middle and senior management involves training programs that are sustained year-long.

We also introduced behavioral programs on customer service, high impact coaching and effective leadership disciplines to complement technical skills competency and leadership on customer handling and people management. AUB endeavors to understand what our clients need.

We engage closely with you to be cognizant of not only what is asked of us, but we aim to go beyond and map out customized solutions that will strengthen your business and those of your customers.

We live in different times.

This technology-driven transformation has influenced how businesses are designed and modelled. Our customer experience is being further enhanced by our Information Technology platform which remains our key distinguishing factor in the way we conduct business.

We made headways in the consumer market particularly in the QR payment acceptance among local merchants after our development of the AUB Paymate app. We pioneered successful partnerships with global mobile payment giants such as WeChat, Alipay, and UnionPay. With these critical alliances, we have onboarded thousands of merchants in 2018.

Through shifting times, you will continue to see AUB transform as we journey through 2019. Our pursuit to continue to be of service is just as steadfast and as persistent as it had been when we first opened our doors more than two decades ago.

Through each transformation, our commitment to our customers and our people shall remain true.

With AUB, your future is our commitment.

For the highlights of the Bank's Audited Financial Statements for year ended 31 December 2018, the President reported as follows:

Philippine banks are enjoying a good run, thanks to the country's robust economic performance. The industry moved in lockstep with the economy, with a compounded annual growth of 9.6% for the 1998 to 2018 period versus the country's GDP compounded annual growth of 9.3%.

Now, let me take you through the 2018 performance of AUB.

In 2018, AUB has sustained its growth through a 19% increase in assets, 19% increase in loans and 21% increase in deposits.

AUB Paymate, our digital innovation in 2017 that enabled accredited merchants to accept QR payments, allowed AUB to gain more ground in this field. With our partnership with WeChat in 2017, AUB was the pioneer Philippine QR Partner of e-wallet giants AliPay and UnionPay.

AUB has also exhibited a cost-to-income ratio of 49.8%, lower than the 64.5% industry average.

The bank's growth is supported by the increasing branch network and workforce. At the end of 2018, the bank had a total of 262 branches nationwide: 228 and 25 branches from AUB and its subsidiaries, respectively.

Likewise, the Bank's workforce increased by 11.93% from 2,254 employees in 2017 to 2,523 employees in 2018.

Total Assets increased by 19% from P200 Billion to P238 Billion in 2018, with all asset types contributing in the same proportion as 2017.

Liabilities and Equity also increased by 19% to P238 Billion in 2018, without significant shifts in percentage share among Balance Sheet Accounts.

The primary contributor to the bank's 16% net income growth was the 19% increase in net interest income that more than compensated for the lower fee-based income.

Earnings per share increased 18% to P6.83.

Similarly, book value per share calculated as equity divided by the number of total outstanding shares increased 9% to P59.90 from P54.92 in 2017.

Meanwhile, the Bank's price-earnings ratio was at 8.69.

We will now proceed to AUB's financial performance indicators for 2018 versus 2017 in comparison with the industry.

As to profitability, the bank's net interest margin was 4.28% in 2018, higher than the industry's average of 3.17%.

ROA and ROE at 1.5% and 11.73%, respectively, continue to outperform the industry's average of 1.1% and 9.35%, respectively.

Even while the bank is expanding, it continues to rationalize expenses. Thus, cost-to-income ratio was recorded at 49.77%, lower than the industry's 63.56%. Net interest income to gross income increased to 81.15 % from 77.21% last year.

In terms of liquidity, the ratio of the Bank's liquid assets to total deposits was 31.55%. Total loans to total deposits ratio was recorded at 80.64%. Liquidity coverage and Net Stable Funding Ratios both at 137% are well within the prescribed limits of 100%.

Net NPL ratio was at 1.3% with a 60% coverage.

Lastly, on capital adequacy, the bank's total CAR stood at 15.11%, above the minimum regulatory requirement of 10%. The common equity tier 1 at 12.05%, is likewise above the regulatory requirement of 8.5%.

In 2019, AUB plans to sustain its lending growth by focusing on SMEs and consumer loans. The Bank will continue to strengthen its geographical presence in areas demonstrating vibrant business activities. We will continue with branch expansion as we target to open 10 new branches this year. Primary contributors of the low-cost funding will be the newly established branches.

Technology driven initiatives in payment processing will generate deposits from forged relationships with accredited merchants.

We are strengthening our workforce, through technical and personal skills development programs. We make ourselves equipped with the expertise and behavior necessary in achieving the bank's objectives and vision.

We will continue to use technology as our enabler and differentiator. As we grow usage of this platform, we will remain mindful and cautious of its related risks.

As for opportunities, AUB welcomes and will optimize the opportunities that come along with lower inflation rates, higher credit rating for the country, sustained Philippine growth, and encouraging reforms such as the forthcoming 2% deposit regulatory reserve reduction.

On the challenges we face, how can banks adapt to the rapid expansion and reach of technological innovation and deployment of digital financial solutions? These developments need to meet the highest standards of transparency, product suitability, security, and confidentiality to ultimately serve the public.

The Central Bank also noted that the weak global growth continued to pose a threat to the Philippines, which depends heavily on intermediate and finished goods exports to more advanced economies.

There’s also the US-China trade war that stifles investment. This disrupts global value chains as well as tighter financing conditions in emerging markets. Strengthening of the US dollar, and hikes in US interest rates could raise borrowing costs for the country's infrastructure projects.

As we look forward to exciting endeavors for our bank and our clients, we appreciate your continued trust in and support of AUB’s progress and transformation through 2019.

After the Report of the President, the Chairman opened the floor for questions to be raised on the results of the Bank’s 2018 Operations and the Audited Financial Statements.

Mr. Justo Sy, a stockholder, requested clarification as to a report purportedly submitted late by the Bank to regulatory agencies. The President, Mr. Gomez, answered that since there were insufficient details provided by Mr. Sy with regard to the report in question (i.e. which report was allegedly submitted late by the Bank), it will not be possible for Management to give a definite response and explain as to why a particular report was submitted late. Nevertheless, if Mr. Sy will be able to give more specifics, the Investor Relations Officer of the Bank was tasked to respond to any further queries from Mr. Sy. Thereafter, Mr. Sy commended Management for (i) keeping the Bank one of the best performing banks in the country in terms of profitability, and (ii) the stability of the Bank’s share price in the stock market.

No further questions having been raised by the stockholders present, the Annual Report for the year ended 31 December 2018 together with the Audited Financial Statements and the accompanying notes thereto, upon motion duly made and seconded, were approved based on the following results of voting:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2018 Annual Report and Financial Statements	368,016,228 (75.83%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that the 2018 Annual Report on the operations of **ASIA UNITED BANK CORPORATION** together with the Audited Financial Statements and accompanying notes thereto for the year ended 31 December 2018, be approved.”

V. RATIFICATION OF CORPORATE ACTS

The Chairman informed the stockholders that the next item in the agenda was ratification of the acts of the Bank’s Board of Directors and Officers from the date of the last stockholders’ meeting up to the date of this meeting. A summary was presented on the screen for the benefit of the stockholders.

After a motion to confirm, ratify, and approve all the acts of the Bank’s Board of Directors and Officers from the date of the last stockholders’ meeting up to date of the present meeting was duly made and seconded, and no objections thereto having been raised by any of the stockholders present, the motion was then approved as follows based on the following results of voting:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of all acts of the Board of Directors and Officers from the date of the last stockholders’ meeting up to the date of the present meeting.	368,016,228 (75.83%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that all acts of the Board of Directors and Officers of **ASIA UNITED BANK CORPORATION** from the date of the last stockholders’ meeting on 22 June 2018 up to the date of this meeting, are hereby confirmed, ratified and approved.”

VI. ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year. Mr. Co informed the Body that, as disclosed in the Information Statement sent to all stockholders, the nine (9) seats provided in the Corporation’s Articles of Incorporation will be filled. Accordingly, for this meeting, nine (9) directors, three (3) of whom shall be Independent Directors, shall be elected.

The Chairman then turned over the floor to the Chairman of the Corporate Governance Committee, Justice Adolfo S. Azcuna. Justice Azcuna announced the names of the nominees and informed the Body that the nominees, whose profiles appear in the Bank’s Information Statement and Annual Report, were duly screened by the Corporate Governance Committee. The information included their age, qualifications, dates of first appointment and other directorships in publicly-listed companies.

After their nominations were duly made and seconded from the floor, the following stockholders, receiving the votes indicated opposite their names, were elected as directors for the year 2019-2020, to serve as such until their successors shall have been duly elected and qualified:

Nominee	No. of Votes Received
Mr. Abraham T. Co	368,016,228 (75.83%)
Mr. Manuel A. Gomez	368,016,228 (75.83%)
Mr. Ramon Y. Sy	368,016,228 (75.83%)
Mr. Jacob C. Ng	368,016,228 (75.83%)
Atty. Lily K. Gruba	368,016,228 (75.83%)
Mr. George T. Chua	367,988,838 (75.83%)
Justice Adolfo S. Azcuna (Independent Director)	368,016,228 (75.83%)
Atty. Maria Gracia M. Pulido Tan (Independent Director)	368,016,228 (75.83%)
Alfonso G. Siy (Independent Director)	368,016,228 (75.83%)

Justice Adolfo S. Azcuna, Atty. Maria Gracia M. Pulido Tan, and Dr. Alfonso G. Siy were elected to serve as the Bank’s Independent Directors.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman endorsed the discussion on the appointment of the Bank’s external auditor to a member of the Audit Committee, Mr. George T. Chua.

Mr. Chua informed the Body that the Audit Committee has recommended, and the Board of Directors has endorsed for consideration of the stockholders, the re-appointment of Sycip Gorres Velayo & Company (SGV & Co.) as the Bank’s external auditor for the year 2019.

No questions or objections having been raised by the stockholders present despite opportunity having been given, the proposal to re-appoint SGV & Co. as the Bank’s external auditor for year 2019 was approved by the stockholders with the following results of voting:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Re-appointment of Sycip Gorres Velayo & Company as External Auditor for 2019	368,016,228 (75.83%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that **ASIA UNITED BANK CORPORATION** (the ‘Bank’) hereby approves the re-appointment of Sycip Gorres Velayo & Company as the Bank’s external auditor for Year 2019.”

VIII. AMENDMENT OF BY-LAWS

The Chairman informed the stockholders that the next item in the agenda was the amendment of the Bank’s By-Laws. According to Mr. Co, the proposed changes were made to reflect the Corporation’s commitment to abide by good corporate governance standards. The summary of the amendments to the Corporation’s By-Laws was presented to the stockholders as follows:

- (1) Notice of shareholders’ meeting to be sent at least 28 days prior to the meeting;
- (2) The Board shall be composed of at least a majority of non-executive directors, at least three (3) of which shall be independent directors;
- (3) The function of the Nomination Committee and Compensation Committee shall be made part of the functions of the Corporate Governance Committee;
- (4) The separation of the function of the Chairman and Chief Executive Officer; and
- (5) The merging of the functions of the President and Chief Executive Officer.

No questions or objections having been raised by the stockholders present despite opportunity having been given, the proposal to amend the Bank’s By-Laws, after motion duly made and seconded, was approved by the stockholders with the results of voting as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Amendment of the Bank’s By-Laws	368,016,228 (75.83%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that **ASIA UNITED BANK CORPORATION** (the ‘Bank’) hereby approves the amendment to the Bank’s By-Laws, as presented to the stockholders in the meeting of 30 May 2019.”

IX. OTHER MATTERS & ADJOURNMENT

There being no other matters to be discussed, the meeting was thereupon adjourned.

Attested by:

ABRAHAM T. CO
Chairman of the Board

JASON C. NALUPTA
Corporate Secretary