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UOB (China) to double cross-border loans to Chinese enterprises expanding into Southeast Asia

*New unit launched on the back of China Council for the Promotion of International Trade's
7th Outbound Investment Conference*

Singapore, 16 April 2013 – United Overseas Bank today announced that in the next three years, it aims to double its corporate loans to Chinese companies expanding into Southeast Asia.

China's increasing outbound investment flows have grown at an average of 35 per cent a year since 2005, reaching US\$115 billion in 2012¹. It is expected to reach an accumulated volume of approximately US\$560 billion by 2015².

To tap on this trend, UOB has set up a Foreign Direct Investment (FDI) Advisory Unit to help state-owned enterprises and private companies expanding their businesses into Southeast Asia. The unit will provide assistance ranging from company incorporation or further expansion into Southeast Asia, access to UOB's full suite of corporate and personal banking products to borderless financial services through the Bank's long-established regional network.

Promoting stronger trade between China and Southeast Asia

In November 2012, UOB became the first bank in Southeast Asia to sign a Memorandum of Understanding with the CCPIT to help Chinese companies seize cross-border opportunities in Southeast Asia.

Following the signing of the MOU, UOB customers have had exchanges with visiting trade delegations, business referrals and access to key industry events. In addition to the major Chinese cities of Beijing and Shanghai, CCPIT has assisted UOB customers seeking to expand into other Chinese areas such as Tianjin, Jiangsu and Jinan.

¹ Economic Intelligence Unit – China Going Global Investment Index, April 2013

² Ministry of Commerce, People's Republic of China

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In addition, UOB also had the opportunity to connect with more than 300 Chinese state-owned enterprises and large companies.

Dr Zhang Wei, Vice Chairman of CCPIT, said, “The number of Chinese companies expanding into Southeast Asia is growing at a rapid pace. When expanding into Southeast Asia to tap on its rich natural resources and to serve the needs of Asia’s growing middle class, Chinese enterprises need a prudent banking partner with a good track record and a keen understanding of local market dynamics to ensure success and sustainability over the long term.”

Chinese companies step up expansion plans into Southeast Asia

Chinese companies are playing an increasingly central role in trade activities in Southeast Asia. Last year, the China-ASEAN trade volume reached a record high of US\$400 billion³.

In 2012, UOB saw an increase of 23 per cent in its cross-border loans to Chinese enterprises, contributing 25 per cent of the Bank’s total cross-border loan portfolio, up from only 3 per cent in 2010.

Over time, UOB has identified a greater diversification in the types of companies setting up in Southeast Asia. Five years ago, the first wave of Chinese companies was focused on natural resources such as coal, iron ore and minerals that Southeast Asia offers. More recently, Chinese companies such as commodity conglomerates, heavy industrial equipment distributors, engineering and construction firms, as well as white goods manufacturers now have a stronger presence in Southeast Asia.

Tan Kian Huat, President and CEO of UOB (China) said, “With the economic slowdown in Europe and America, as well as China’s economy generally expected to grow at a more moderate pace, Chinese companies are increasingly looking to Southeast Asia for their next stage of development⁴. Backed by strong local knowledge and regional expertise, UOB is the best choice for companies planning for long-term and sustainable growth in China or abroad.”

³ China-ASEAN Business Council 2012 data

⁴ Based on a customer survey conducted by UOB China in November and December 2012 on nearly 200 SOEs, FIEs and POEs with annual turnover of more than RMB500 million.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is one of the leading banks in Asia. It provides a wide range of financial services through its global network of over 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America, including banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and mainland China. UOB plays an active role in the community, focusing on children, education and the arts. Its staff volunteerism programme was initiated in 2007. Through the UOB Heartbeat Run/Walk, UOB has raised funds for its named beneficiaries. UOB has also organised the prestigious Painting Of The Year Competition and Exhibition since 1982. In recognition of its contributions to the arts, UOB has been conferred the National Arts Council's Distinguished Patron of the Arts Award for the eighth consecutive year.

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