

NEWS RELEASE

Malaysian SMEs Optimistic About Expansion Plans

Easier Access to Financing and Tax Incentives Top Budget 2013 Wish List

Singapore, 25 September 2012 – Optimism about the medium-term business outlook is keeping small and medium-sized enterprises (SMEs) in Malaysia on track with their plans to expand their businesses domestically and across the region, according to a recent survey conducted by United Overseas Bank Malaysia Bhd (UOB).

The UOB Malaysia SME Survey 2012 found that 41 per cent of the respondent SMEs¹ are cautiously optimistic about the business outlook for the next three years, with another quarter (28 per cent) saying they are positively optimistic.

SME respondents in Malaysia said that their confidence in the medium-term growth potential for the SME sector was supported by strong economic fundamentals (24 per cent), the Malaysia Government's Transformation Programmes² (18 per cent) and the ease of access to doing business (17 per cent).



Chart 1: Factors facilitating SME growth

¹ All respondents in this survey were Malaysian SME owners.

² The Government Transformation Programme is a broad-based initiative introduced by the Malaysian Government in 2009. It is aimed at addressing key areas of concern to the population while supporting Malaysia's transformation into a developed and high-income nation.

These factors were key to supporting the expansion plans of two-thirds of the respondents (66 per cent) who said they wanted to grow their businesses over the next three years. Of these, more than half (55 per cent) say they are expanding their businesses within Malaysia while 20 per cent are venturing further into ASEAN countries such as Indonesia, China and Singapore.

The findings of the survey reflect Malaysian SMEs' confidence in the resilience of the country's economy. Though these SMEs are cautious about the business outlook for the next three years because of the slow recovery in the US and Europe, they are looking for opportunities that abound at home and throughout Southeast Asia.

SMEs in Malaysia hoping to tap these opportunities can look to UOB to provide a wide range of financing options. UOB also has a special advisory team that provides contract financing services for Malaysian SMEs that are bidding for contracts under Malaysia's Economic Transformation Programme³ (ETP). To date, UOB has provided financing for ETP-related infrastructure projects such as the integrated urban mass rapid transit system, the extension lines under the light rapid transit system and the low cost carrier terminal projects.

2013 Malaysia's SMEs Budget Wish List

The UOB Malaysia SME Survey 2012 found that the respondents' top two wishes for the 2013 Budget are for the Malaysian government to make it easier for SMEs to have access to loans and financing (34 per cent), as well as for tax incentives that will help their expansion plans (30 per cent) and cushion them from potential risks in the uncertain global economic environment.

³ The Economic Transformation Programme is a comprehensive plan by the Malaysian Government to transform Malaysia into a high-income nation by year 2020. Specific initiatives and projects have been identified under the 12 National Key Economic Areas to drive economic transformation.

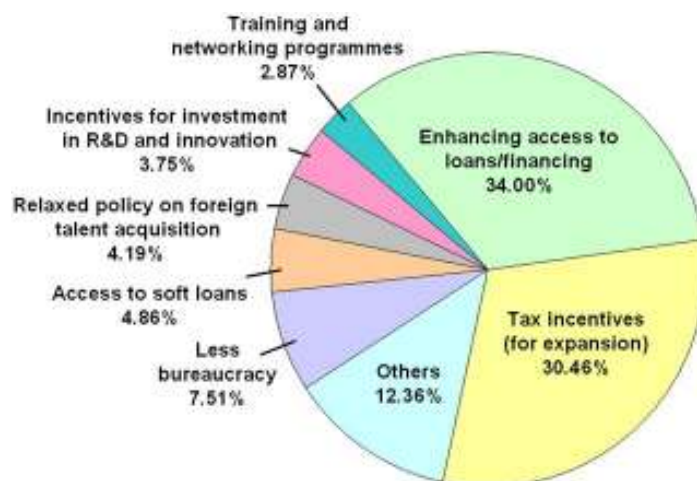


Chart 2: Malaysia Budget 2013 - SME Wish List

Respondents ranked the SME Financing Fund (40 per cent) and the SME Revitalisation Fund (37 per cent) as the top two government initiatives that were most likely to have a positive impact on SME growth. The respondents noted that such funds provided them with better access to financing, especially for business expansion.

The UOB Malaysia SME Survey 2012 was conducted among 450 Malaysian SME owners across multiple sectors to seek their views on business and economic conditions, and key business priorities for 2013.

Since 2000, Malaysia has been Singapore's largest trading partner with S\$62.83 billion worth of exports in 2011⁴.

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⁴ Source: <http://www.singstat.gov.sg/stats/visualiser/trade/trade.html>

About United Overseas Bank

United Overseas Bank Limited is a leading bank 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.

United Overseas Bank Limited 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. United Overseas Bank Limited has also organised the prestigious Painting Of The Year Competition and Exhibition since 1982. In recognition of its contributions to the arts, United Overseas Bank Limited has been conferred the National Arts Council's Distinguished Patron of the Arts Award for the seventh consecutive year.

For media queries, please contact:

Priya Paramajothi
Group Brand Performance and Corporate Communications
Email: Priya.Paramajothi@UOBgroup.com
Tel: 6539 3949 / 9682 1099

Jean Khong
Group Brand Performance and Corporate Communications
Email: Jean.KhongLY@UOBgroup.com
Tel: 6539 3981 / 9791 2300