Disclaimer: This material that follows is a presentation of general background information about the Bank’s activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB Bank accepts no liability whatsoever with respect to the use of this document or its content.
SMEs are One of the Key Drivers for Malaysia’s Economic Transformation Programme (ETP)

1. ASPIRATION: SME Masterplan crafted in 2012 aimed at raising SMEs’ GDP contribution from 32.3% to 41% by 2020

2. STATISTICS: c.650k SMEs which accounted for 97% of the total country’s establishments

3. SME NEW DEFINITION:
   - Manufacturing: Turnover < RM50mil or Full time employees < 200 workers
   - Services & Others: Turnover < RM20mil or Full time employees < 75 workers

4. INDUSTRY: 90% of the SMEs are in the Service sectors (60% are in Wholesale & Retail trade & restaurants)
Client Segments

**Market Segment**

- **Corporate Banking**
- **Commercial Banking**
- **Business Banking**

**Sales Turnover**

- **Corporate Banking**
  - Groups with consolidated financials of Turnover > RM200m;
  - For Listed Companies, market Capitalization > RM300m; or
  - For Non-Listed Companies, Net worth of > RM150m
- **Commercial Banking**
  - Total Facility Limit > MYR4m
  - Annual Turnover > MYR20m
- **Business Banking**
  - Total Facility Limit ≤ MYR4m
  - Annual Turnover of up to MYR40m

**Typical Profile**

- **Corporate Banking**
  - Large Local Corporates
  - Government & Government-linked Companies
  - Multi-National Companies
- **Commercial Banking**
  - Mid-Corporations
  - Large SMEs
- **Business Banking**
  - Small businesses
  - Sole proprietorships
  - Partnerships
  - Simple business requirements
Building Presence in the SME space

Business Banking’s Customer Distribution

Composition of UOBM 30,000 Customers

- Borrowers, 29%
- Depositors, 71%

Total Customers

- Borrowers: 9,000
  - Others: 23%
  - Business Services: 20%
  - Manufacturing: 46%
- Depositors: 21,000
  - Others: 29%
  - Business Services: 23%
  - Manufacturing: 31%
  - Commerce: 16%
  - Others: 23%
Encouraging loan growth over the years with a approximately 3% market share

Loan Trend (2009 – 1H14)

Loan Portfolio by Product as at 1H14

Unsecured Loan, 2%
Contingent Liabilities, 3%
Overdraft, 12%
Trade, 11%
Term Loans, 72%
**Strong deposits growth especially in acquiring sticky deposits**

### Deposits Trend (2009 – 1H14)

<table>
<thead>
<tr>
<th>Year</th>
<th>CASA</th>
<th>Fixed Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>2010</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2011</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2012</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>2013</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>1H13</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>1H14</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

* Fixed Deposits inclusive of FSMI Deposits

### Deposits Product Breakdown as at 1H14

- CASA: 40%
- Fixed Deposits: 60%

* 4 year CAGR: 33%

YOO: 19%
High growth potential in driving fee income products especially FX

Income Trend (2009 – 1H14)

Non NII Trend (2009 – 1H14)

Non NII Trend

Loans & Deposits Related  Banca  FX

2009  2010  2011  2012  2013  1H13  1H14

25%  25%  23%  23%  25%  76%  26%

75%  75%  77%  77%  75%  74%  74%

4 year CAGR: 14%  YOY: 10%

26%  25%  29%  32%  39%  5%  46%

2%  2%  2%  4%  5%  38%  42%

55%  57%  53%  50%  43%  5%  5%

4 year CAGR: 13%  YOY: 19%
Agenda

1. MARKET LANDSCAPE
2. FINANCIAL HIGHLIGHTS
3. GROWTH DRIVERS
Innovating Simple and Relevant Products

Growth and Product Strategy

- Growth focus:
  1. **Working capital** financing
  2. **Fee income** products with high growth potential in FX (FX income contribution is at 46% of total Non Interest Income)
  3. Continue to drive **current account volume** as key deposit acquisition strategy

- Provide disciplined/structured, simple & hassle free processing for customer with basic business requirements

- Partner with product specialist to better strengthen offerings include FX and Wealth Management

- **Collateral free**
- **Easy application**
- **Fast approval**

- **ODS feature**
- **Transactional benefits**
- **Free Internet Banking**

- **Dedicated FX team**
- **Preferential rates**
Leverage our Channels to penetrate the SME Community in Targeted Locations

On-The-Ground Coverage Model

- Command presence in the SME segment, with focus on trading, services and manufacturing industry.

- Leverage branch network via business banking dedicated sales and other channels to connect with customers.

- Enhanced customer analytics & leads management capability via organized portfolio management.

- Leverage other partners to further extend our capability.

Tapping our strategically located branch network to link UOB to the community

As at 1H14

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Selangor</th>
<th>Kuala Lumpur</th>
<th>Johor</th>
<th>Penang</th>
<th>East Malaysia</th>
<th>Other states</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45 branches</td>
<td>24%</td>
<td>13%</td>
<td>13%</td>
<td>9%</td>
<td>16%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>&gt;30,000 Customers</td>
<td>21%</td>
<td>18%</td>
<td>14%</td>
<td>14%</td>
<td>12%</td>
<td>21%</td>
</tr>
</tbody>
</table>

UOBM Channel Network | Business Banking Customer Distribution
Adopt Multi-Channels platform to Acquire, Manage and Service SME customers

New To Bank Customers

- Hunters (MM)
- Telesales (BBSC)
- Farmers (Pool RM)
- Senior Farmers (Portfolio RM)

Vanilla
- Deposits
- General Insurance
- FX, Remittance

Low Touch
- Term Loan
- Low O/S OD
- Card

High Touch
- Trade
- High O/S OD
- Hi Non-Borrowing

Insurance Advisors (BIS)

Many To Many

Investment/Treasury Sales (GMIM)

Branches
Self Service
Internet Banking
Call Centre
Enhance Customer Analytics via Organized Portfolio Management

<table>
<thead>
<tr>
<th>Analytics driven Insights &amp; Campaign</th>
</tr>
</thead>
</table>
| - Propensity model and look-alike analysis **for leads generation & cross-selling**
| - **Analytics-driven initiatives** for targeted customers |

<table>
<thead>
<tr>
<th>Behavioral and Systematic Triggers</th>
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<tbody>
<tr>
<td>- Systematic triggers <strong>to drive usage and to manage attrition</strong> (dormancy, irregular deposits movement, drop in OD and Trade Utilization)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Engagement</th>
</tr>
</thead>
</table>
| - **Segmentation** (high touch, low touch) approach **to streamline engagement** of existing customers
| - **Systematic engagement of newly on-boarded customers** |

<table>
<thead>
<tr>
<th>Portfolio Risk Management</th>
</tr>
</thead>
</table>
| - Apply **Customer Risk Rating (CRR)** via Application PD model & Behavioural PD model.
| - **Criteria triggered review by exception**
| - **Risk management via centralized collection and 3 intensity classification** (high, medium and risk) with specific attention given to each group. |
Build Strategic Partnerships for Bulk Acquisitions

Strategic tie-up for targeted acquisitions

**Trade association-based acquisition**
- Additional value-added services needed for a differentiated proposition for the associations
- *E.g.*, financial preparation support, GST support, tax advisory, etc.

**Franchise / Dealer-based acquisition**
- Potential to approach for property financing and other financial support
- Advantage of due diligence of the franchisees/dealers already done for by the franchises/dealer awardee in their selection process
- *E.g.*, Chevron, Shell, McDonald and educational groups, etc.

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1. **Partner Management Team**
   - Experienced & dedicated team responsible for identification, approach, and setting up of group acquisition opportunities (i.e., associations, franchises)
   - Responsible for mining group-level relationships

2. **Branches**
   - Default channel for cross-selling
   - Responsible for supporting central marketing campaigns when required
THANK YOU