Wholesale Banking

Kevin Lam
Deputy Chief Executive Officer

UOBM Corporate Day
4 - 5 September 2014
Agenda

1. BUSINESS STRATEGY
2. MARKET LANDSCAPE IN MALAYSIA
3. FINANCIAL HIGHLIGHTS
4. CONCLUSIONS
Business Strategy: Client Segments

### Market Segment
- Corporate Banking
- Commercial Banking
- Business Banking

### Sales Turnover
- **Corporate Banking**
  - Groups with consolidated turnover >RM200m;
  - For listed companies, market capitalization >RM300m; or
  - For non-listed companies, net worth >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
Business Strategy: Delivering an Integrated UOB Solution to our Clients

**Coverage: Industry Specialization & Geographical Focus**
- Real Estate & Hospitality
- Construction & Commerce
- Agribusiness
- Resource Based (O&G)
- Transportation & Logistics
- Telecom, Media & Technology
- Geographical coverage (KL Klang Valley, Northern Penang, Southern Johor/Malacca, Eastern KK/Kuching)

**Sharpened Business Focus & Coverage**
- Business Origination & Account Management
- Leverage lending for wider and deeper client relationships
- Integrate & sharpen customer focus for a seamless customer solution experience

**Product Solutioning**
- Transaction Banking:
  - Cash Management
  - Trade & STCF
  - Supply Chain Financing
- Mezzanine Finance:
  - Capture full Capital Structure
  - Enhanced Risk/Returns
- Global Markets:
  - FX & Rates
  - Commodity Hedging
  - Derivatives
  - Bullion & Futures
- DCM:
  - Local capabilities, and drawing on regional knowledge
- ECM / M&A:
  - ECM in Spore & region (with UOBKH)
  - Regional M&A
- Risk/Returns
  - Solution Structuring
  - Execution & Distribution

**GRM Model**
- GRMs stay in close touch with clients’ CEO/CFO/Owners and coordinate account plans & execution of strategic activities

**Coordination Cross Border Teamwork & Business Origination**
- Cash & Trade
- GMIM
- DCM
- ECM/M&A
- Others

**Coordinate Cross Border Teamwork & Business Origination**
- GRMs in close touch with clients’ CEO/CFO/Owners and coordinate account plans & execution of strategic activities

**Credit Risk Management**
- Capital
- Talent & Infrastructure
Business Strategy: Coverage & Product Capabilities across the Region

LEVERAGING OUR CLIENT BASE AND SIGNIFICANT NETWORK ACROSS MAJOR RELEVANT MARKETS

**Coverage**
- Industry Specialist Client Coverage
- Product Neutral
- Business Origination & Account Mgmt

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<thead>
<tr>
<th>BANKERS</th>
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<th>Coverage</th>
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<tr>
<th>Product Specialisms</th>
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<th>Product</th>
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**Customer**
- Strong and long vintage wholesale bank customer base in Malaysia

**Product Solutioning**
- Building up product capabilities in-country and leveraging the region

**Credit Risk Management**
- Disciplined and regionally-integrated credit risk management culture & process

**Capital**
- Optimise funding sources & capital usage across UOB network

**Talent & Infrastructure**
- Develop regional talent pool; standardise UOB group systems & infrastructure
Market Landscape in Malaysia: Wholesale Banking Riding on Growth Momentum

1. Private investment expected to support economy

2. Recovery in the advanced economies and intra regional trade flows

3. Accelerated investment growth post-ETP

4. Global Recognition boost Malaysia’s Attractiveness

For two consecutive years, Malaysia has been ranked among the top 10 of the World Bank’s Ease of Doing Business Index.

Building traction in the O&G market - Syndicated one of the largest ever loans for a Malaysian Company

Established franchise especially in the mid-corporation segment, with one third of the vintage over a decade

Facilitate >700 clients’ cross border financing & business expansion plans

Enabling >90 SMEs relocating to Iskandar, Malaysia

Source: Departments of Statistics, ETP Annual Review 2013, Reuters, Internal Analysis
UOB poised to capture Opportunities in Major Industries

UOBM CBO top 3 industries constitute ~70% of the loan base\(^1\)

Note 1 – Data as of 1H14

Top 10 Fastest Growing Companies (market cap of RM500m and above)

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<tr>
<th>Sector</th>
<th>Companies Listing</th>
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<tr>
<td>P</td>
<td>1) Tropicana Corporation</td>
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<td>P</td>
<td>2) KSL Holdings</td>
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<tr>
<td>T/S</td>
<td>3) Pantech Group Holdings</td>
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<tr>
<td>P</td>
<td>4) Naim Holdings</td>
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<tr>
<td>T/S</td>
<td>5) UZMA</td>
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<td>F</td>
<td>6) Iskandar Waterfront City</td>
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<tr>
<td>IP</td>
<td>7) Scientex</td>
</tr>
<tr>
<td>F</td>
<td>8) Malaysia Building Society</td>
</tr>
<tr>
<td>T/S</td>
<td>9) Dayang Enterprise</td>
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<tr>
<td>T/S</td>
<td>10) Dialog Group</td>
</tr>
</tbody>
</table>

\(^1\) UZMA Berhad: Engineering services and manpower supply, primarily for upstream O&G

2) Dayang Enterprise Holdings: O&G maintenance services, primarily for offshore-upstream

3) Dialog Group: EPCC, Tank farms, Supply bases, plant maintenance, etc. – downstream

Oil & Gas

Source: Bloomberg, Bursa and FocusM (26 Aug 2014)
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Corporate Banking Loans Portfolio

Loans Trend (2009 – 1H14)

4 year CAGR: 21%¹

Loans Portfolio by Product as at 1H14

- Term Loans/Revolving Credit: 59%
- Contingent Liabilities: 21%
- Overdraft: 5%
- Trade: 15%

Loans Portfolio by Industry Group as at 1H14

Note:
¹ 4-year CAGR = 23% if including UOB Labuan
² YoY growth between 1H14 and 1H13 = 14% if including UOB Labuan
Corporate Banking Deposits Portfolio

Deposits Trend (2009 – 1H14)

4 year CAGR: 15%

YoY = -8%

<table>
<thead>
<tr>
<th>Year</th>
<th>CASA</th>
<th>Fixed Deposit</th>
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<tbody>
<tr>
<td>A2009</td>
<td>11%</td>
<td>89%</td>
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<tr>
<td>A2010</td>
<td>9%</td>
<td>91%</td>
</tr>
<tr>
<td>A2011</td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>A2012</td>
<td>9%</td>
<td>91%</td>
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<tr>
<td>A2013</td>
<td>15%</td>
<td>85%</td>
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<tr>
<td>1H13</td>
<td>11%</td>
<td>Fixed Deposit</td>
</tr>
<tr>
<td>1H14</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

1H14

80% CASA, 20% Fixed Deposit

1H13

89% CASA, 11% Fixed Deposit
**Commercial Banking Loans Portfolio**

**Loans Trend (2009 – 1H14)**

- 4-year CAGR: 21%
- YoY = 17%

**Loans Portfolio by Product as at 1H14**

- Term Loans / Revolving Credit, 47%
- Contingent liabilities, 20%
- Trade, 26%
- Overdraft, 7%

**Loans Portfolio by Region as at 1H14**

- Central, 66%
- Southern Area Centre, 14%
- Northern Area Centre, 10%
- East M'sia Area Centre, 8%
- East Coast Area Centre, 2%

Commercial Banking Deposits Portfolio

Deposits Trend (2009 – 1H14)

4 year CAGR: 26%

YoY = 13%

1H14
- CASA: 34%
- Fixed Deposit: 66%

1H13
- CASA: 32%
- Fixed Deposit: 68%
Income Trend (2009 - 1H14)

CORPORATE BANKING

4-year CAGR: 16%¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
<th>NII</th>
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<tbody>
<tr>
<td>2009</td>
<td>50%</td>
<td>64%</td>
</tr>
<tr>
<td>2010</td>
<td>36%</td>
<td>61%</td>
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<tr>
<td>2011</td>
<td>39%</td>
<td>61%</td>
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<tr>
<td>2012</td>
<td>45%</td>
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<tr>
<td>2013</td>
<td>40%</td>
<td>63%</td>
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<tr>
<td>1H13</td>
<td>37%</td>
<td>64%</td>
</tr>
<tr>
<td>1H14</td>
<td>36%</td>
<td>64%</td>
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COMMERCIAL BANKING

4-year CAGR: 20%

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
<th>NII</th>
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<tbody>
<tr>
<td>2009</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>2010</td>
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<td>2013</td>
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<td>1H13</td>
<td>64%</td>
<td>36%</td>
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<tr>
<td>1H14</td>
<td>66%</td>
<td>33%</td>
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</tbody>
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Note:
¹ 4-year CAGR = 19% if including UOB Labuan
² YoY growth between 1H14 and 1H13 = 29% if including UOB Labuan
³ Fee : NII ratio = 40:60 if including UOB Labuan
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Conclusion: 4 P’s of Wholesale Banking

PEOPLE
- On-the-ground; Strong customer relationships and deep franchise
- Industry Specialists; Value-adding

PRODUCTS
- Anchored regionally; localized where critical
- “AA” international credit ratings; “AAA”-rated in Malaysia
- Customization capabilities in providing solutions

PLATFORM
- Broadest footprint; Deepest access
- 19 countries and >500 offices
- Origination & distribution

PROCESSES
- Standardized – time-efficient, cost-effective
- Proactive credit risk management
- Disciplined Account Planning and Cross-border KPIs
Thank You