Shifting Investments and Supply Chain to Southeast Asia

1. Trade volume and foreign direct investment (FDI) volume from China into Southeast Asia
   Source: United Nations; Macroband; Visual Capitalist; UOB Global Economics and Markets Research

- **China**
  - 2018 trade volume: S$520bn\(^1\)
  - 2017 FDI volume: S$15bn\(^1\)

- **Intra ASEAN**
  - 2018 trade volume: S$600bn
  - 2017 FDI volume: S$37bn

- **USA**
  - S$520bn

- **EU**
  - S$15bn

- **Japan**
  - S$600bn

- **South Korea**
  - S$37bn

- **Taiwan**
  - S$37bn

- **USA**
  - S$520bn

- **EU**
  - S$15bn

- **Japan**
  - S$600bn

- **South Korea**
  - S$37bn

- **Taiwan**
  - S$37bn

- **ASEAN**
  - 100+ companies to shift production to Southeast Asia amid rising labour cost and geopolitical tension
  - ~S$3trn trade flowing through Southeast Asia by 2023
  - ~S$328bn FDI flowing into Southeast Asia by 2035 (2017: S$185bn)
UOB is Well-Positioned to Capture Connectivity Flows

Our Client Value Propositions

• **Regional network in Asia**, with comprehensive Southeast Asia footprint

• **Integrated solution capabilities**, supported by continued investments in people, products and technologies

• **Deep sector insights** to understand our clients’ connectivity needs

• **Strong balance sheet** to support our clients through business cycles
Connecting Clients through Our Focused Approach

Geography ➔ Clients ➔ Products

Support and grow with our customers in the region:
Cross-border coverage anchoring on Southeast Asia dominance and Greater China network

Building new capabilities and enhancing existing ones:
Integrated product solutions and platforms

Industry specialisation expertise:
Offer customised solutions to our customers
Growth in Cross-Border Income Supported by Our Regional Franchise

- **25%**
  - Cross-border income’s share of Group Wholesale Banking income

- **+15%**
  - Year-on-year growth in cross-border income in 2018

- **+5%**
  - More in client groups

- **+11%**
  - Growth in average income / client group

- **+8%**
  - Increase in average product holdings / client group

- **+26%**
  - Expansion in non-loan income

1. Year-on-year growth in 2018
UOB Corporate Day 2019: Sharpened Sectoral Solutions

Karunia Tjuradi, Sector Solutions Group, Group Wholesale Banking
Our Sharpened Approach in Sectoral Focus, Leveraging Network Connectivity

Enhanced Customer Experience

Sector-Specific and Client Insights
Insights and value-adding sectoral benchmarking, enriching strategic engagement

Customised Solutions
Bespoke solutions anchored by Transaction Banking capabilities, leveraging UOB’s network connectivity

Synergised Processes
Standardisation and leveraging integrated efficiencies

Integrated Franchise
Dedicated Client and Servicing teams across UOB’s integrated franchise
Customising Pan-Regional Solution

### Pain points

**Fragmented banking engagements**, different touchpoints and conversations result in complex banking relationship management.

**Multiple negotiations of trade facilities**, different offices result in having to juggle different banking terms and conditions.

**Delay of implementation, leading to potential loss of business opportunities**, was a key concern.

Southland Group operates 16 factories in Thailand and another 21 factories in the region, all of which are managed by their subsidiaries in Singapore, Indonesia, Malaysia, Vietnam, Myanmar, India and China. Beyond Asia, it is also present in the USA, Europe and Africa.

### UOB’s solutions

**Offer umbrella facility covering holistic banking services for client’s group of companies**

Offering flexibility to seamlessly support client’s financing needs across Asia Pacific swiftly.

**Dynamic facility limits**

catering to commodity price volatility and addressing impact on client’s needs.

### Outcomes

**Client says**

"UOB understands our business needs across the region. Importantly, it has a proven track record to support and grow along with us."

<table>
<thead>
<tr>
<th>Facility size increased</th>
<th>6 Countries covered</th>
<th>5+ Product Holdings</th>
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<tbody>
<tr>
<td>&gt;2x</td>
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UOB Corporate Day 2019: Driving Integrated Solutions

So Lay Hua, Group Transaction Banking, Group Wholesale Banking
Evolving Client Needs amid Fast-changing Markets

Evolving industry developments
Regulation, government agenda and FinTech innovation

Smart nations e-payment initiatives

Proliferation of e-wallets

Need for timeliness, efficiencies, controls and cost savings

24 x 7 service

Notifications of funds flows

Real-time connection between front-end systems and inventory

Adoption of distributed ledger technologies

Global companies need cross-border solutions

Integrated solution-based financing and connectivity–ecosystem

Faster decision-making using real-time data and data analytics

Growing demand for alternative channels

Immediate collections of money through all modes

Emerging client requirements
Empowering Clients with Digital Solutions

### Cash Management Services

- Omni-Channels
- Cash
- Payables
- Receivables
- Reconciliation

### Digital Solutions

**Enabling our clients to improve their efficiency and working capital management**

- Real time payments
  - Available 24 x 7
- Immediate credit
- QR code
- Proxy¹

- Virtual Accounts provides enhanced reconciliations for collections

- API services supporting real-time transactions

### Impact on UOB

<table>
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<tr>
<th>UOB's payment volume mix</th>
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<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td>92%</td>
</tr>
</tbody>
</table>

3-year CAGR

- +15% Overall
- –9% Manual
- +16% Electronic

- Number of clients doubled year on year
- Number of virtual accounts grew more than 4x, over last 3 years
- Incremental growth of more than half a million of transactions within 2 months of launch

1. B2B & C2B payments via Business Registration Number/C2C payments via mobile number or ID
**Enhancing the Experience for Our Corporate Client, and Their Customers**

### Areas for enhancement

<table>
<thead>
<tr>
<th>Consumers</th>
<th>M1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to more convenient digital payment channels</td>
<td>High processing costs associated with cheques and cards</td>
</tr>
<tr>
<td>Enable near-instant digital payments</td>
<td>Alternative collection channel to facilitate timely payments</td>
</tr>
</tbody>
</table>

### Customer journey

**SCAN & PAY at M1 retail shops & M1 bill payment**

_Ease of payment for purchases at M1 retail stores & ease of bill payments_

**First telco in Singapore to offer PayNow as a mode of payment**

1. Log into mobile banking app and scan QR code
2. Confirm details and select PayNow as payment mode
3. Review and authorise payment
4. Payment is complete

### Benefits and outcomes

<table>
<thead>
<tr>
<th>Consumers</th>
<th>M1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience of making payment on-the-go</td>
<td>Instant notification and collection of funds</td>
</tr>
<tr>
<td>Instant payment and settlement of outstanding bills</td>
<td>Reduced processing costs and ease of reconciliation</td>
</tr>
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<td></td>
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</tbody>
</table>
Enhancing the Experience for Our Corporate Client, and Their Customers

Needs/pain points

- Gain access to convenient alternative payment channels
- Enable alternative payment option which allows for immediate booking confirmation during promotional periods
- Need for a seamless book-and-pay experience for wider group of passengers

Customer journey

First airline in Singapore to offer PayNow as a mode of payment

- Confirm booking and select PayNow as payment mode
- Log into mobile banking app and scan QR code
- Review and authorise payment
- Payment is complete

Benefits and outcomes

- Lower booking fees
- Instant payment and completion of booking confirmation and ticket purchase in one go
- Reduced booking and ticket sale processing time
- Instant confirmation of payments received and immediate availability of funds

Consumers

Scoot
Leveraging Our Network Connectivity through Integrated FSCM\(^1\) Programmes

**Product-based financing**

- Documentary Trade
- Open Account

**Solution-based financing**

- Supplier Financing
- Inventory Financing
- Receivable Financing
- Distributor Financing
- Accounts and FX

**Benefits**

- Offer comprehensive trade facility covering order-to-collection cycle requirements
- Deliver regionally consistent solutions to clients’ activities in multiple countries
- Offer complementary cash management and FX
- Enable growth and safeguard the physical chain with integrated solution connecting the entire ecosystem

1. Financial Supply Chain Management – an integrated approach to drive greater working capital efficiency and support clients’ supply chain stability
Supporting Client Ecosystems

Spoke distribution by region

- Southeast Asia: 68%, 51%, 35%, 73%
- Greater China: 30%, 48%, 63%, 24%
- Rest of the World: 2%, 1%, 2%, 3%

Growth trend

Average of 78% growth in the number of spokes since 2015, covering anchors from various industries.
1. A total of 39 awards already received in 2019 to date
Thank You