

# Business Banking

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UOBM Corporate Day  
4 – 5 September 2014

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# Agenda

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**MARKET LANDSCAPE**

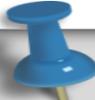
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**FINANCIAL HIGHLIGHTS**

3

**GROWTH DRIVERS**

# SMEs are One of the Key Drivers for Malaysia's Economic Transformation Programme (ETP)



## SMEs must increase contribution to GDP by 2020

The small and medium enterprises (SME) sector is expected to contribute 41% to the country's Gross Domestic Product by 2020, thanks to the many programmes that are being undertaken to push the sector to the forefront.

SME Corp deputy chief executive officer for Coordination and Development Rohana Ramly is confident the target could be achieved over the next six years given the efforts being undertaken by government agencies to promote products from the sector.

"In order to be at par with developed nations, the SME sector must contribute at least 41% to GDP. This sector is only contributing about 32.3% now," she says.

She was speaking to reporters after the opening of the awareness seminar on the Goods and Services Tax (GST) in Kangar, Perlis by Menteri Besar Datuk Seri Azlan Man.

Rohana says there was ample room for improvement as 97.3% of the country's establishments were made up of SMEs.

### Introducing Four More HIPS

High Impact Programmes to accelerate SME Growth



### New Definition Of Small And Medium Enterprises (SMEs) For Malaysia

Effective Date : 1 January 2014

The Prime Minister had recently announced a new definition for SMEs for Malaysia effective 1 January 2014. The new definition is expected to result in more firms being classified as SMEs, particularly from the services sector. This will facilitate the country's transformation to a high income nation through the initiatives under the SME Masterplan. As a result of the change in definition, the share of SMEs to total establishments is expected to increase from 97.3% currently, to 98.5%.



**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)

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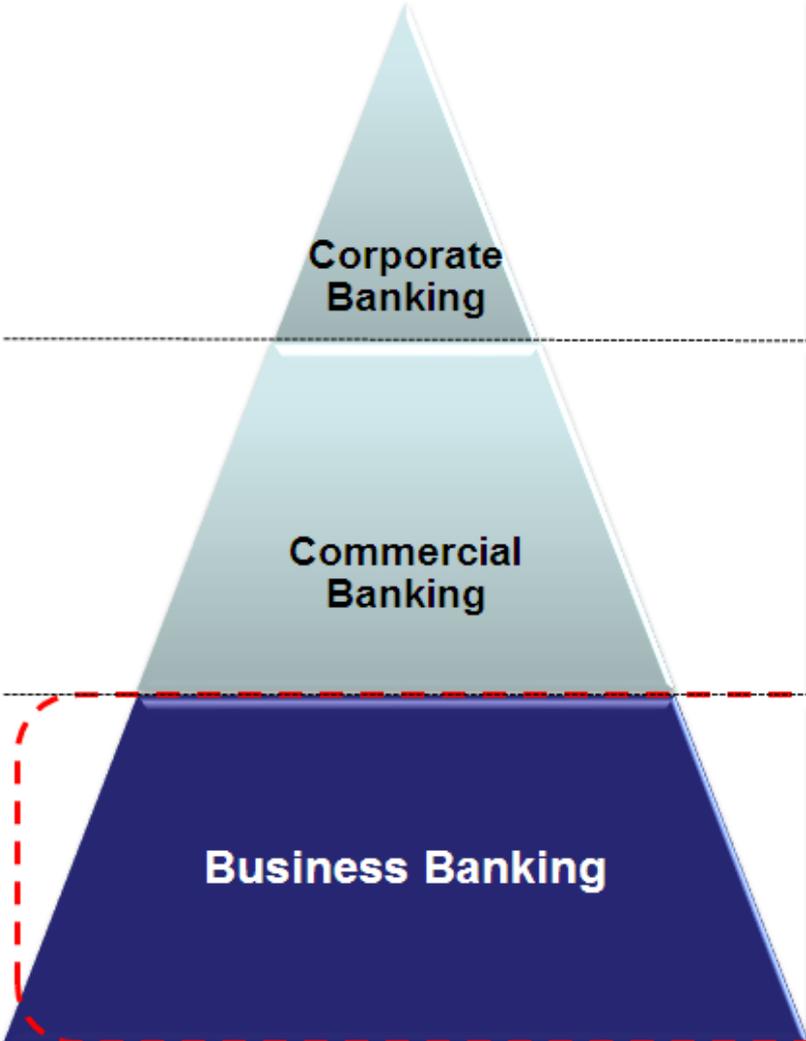
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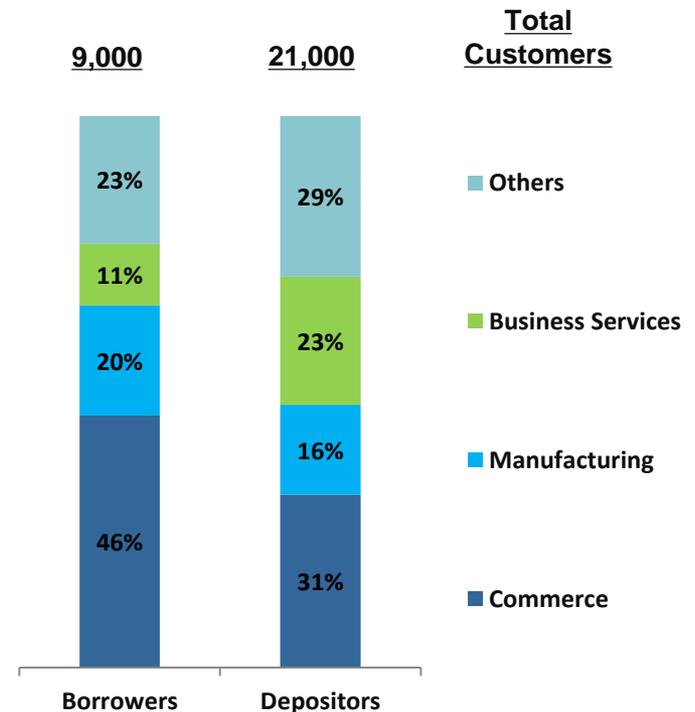
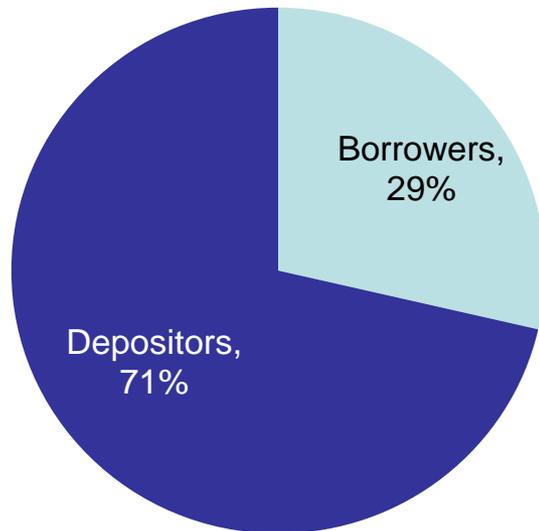
GROWTH DRIVERS

# Client Segments

Market Segment	Sales Turnover	Typical Profile
 <p><b>Corporate Banking</b></p>	<ul style="list-style-type: none"> <li>• Groups with consolidated financials of Turnover &gt; RM200m;</li> <li>• For Listed Companies, market Capitalization &gt;RM300m; or</li> <li>• For Non-Listed Companies, Net worth of &gt; RM150m</li> </ul>	<ul style="list-style-type: none"> <li>• Large Local Corporates</li> <li>• Government &amp; Government-linked Companies</li> <li>• Multi-National Companies</li> </ul>
<p><b>Commercial Banking</b></p>	<ul style="list-style-type: none"> <li>• Total Facility Limit &gt; MYR4m</li> <li>• Annual Turnover &gt; MYR20m</li> </ul>	<ul style="list-style-type: none"> <li>• Mid-Corporations</li> <li>• Large SMEs</li> </ul>
<p><b>Business Banking</b></p>	<ul style="list-style-type: none"> <li>• Total Facility Limit <math>\leq</math> MYR4m</li> <li>• Annual Turnover of up to MYR40m</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Small businesses</b></li> <li>• <b>Sole proprietorships</b></li> <li>• <b>Partnerships</b></li> <li>• <b>Simple business requirements</b></li> </ul>

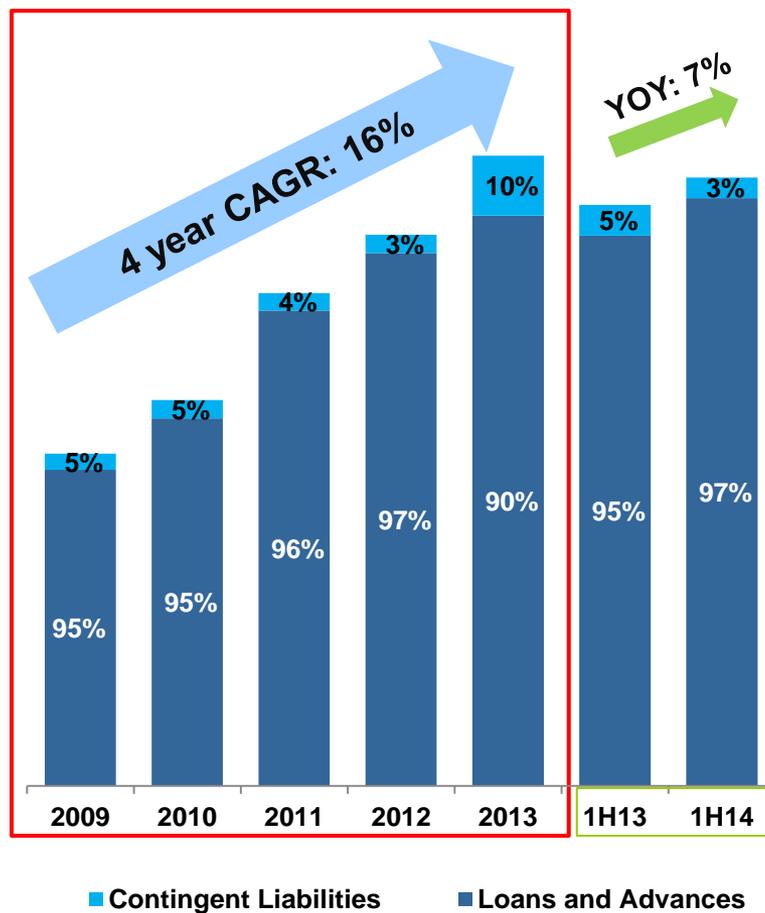
## Business Banking's Customer Distribution

Composition of UOBM 30,000 Customers

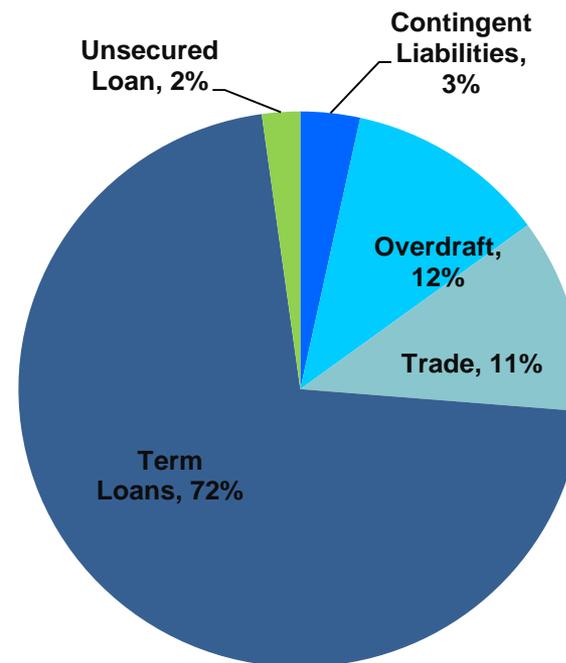


# Encouraging loan growth over the years with a approximately 3% market share

## Loan Trend (2009 – 1H14)

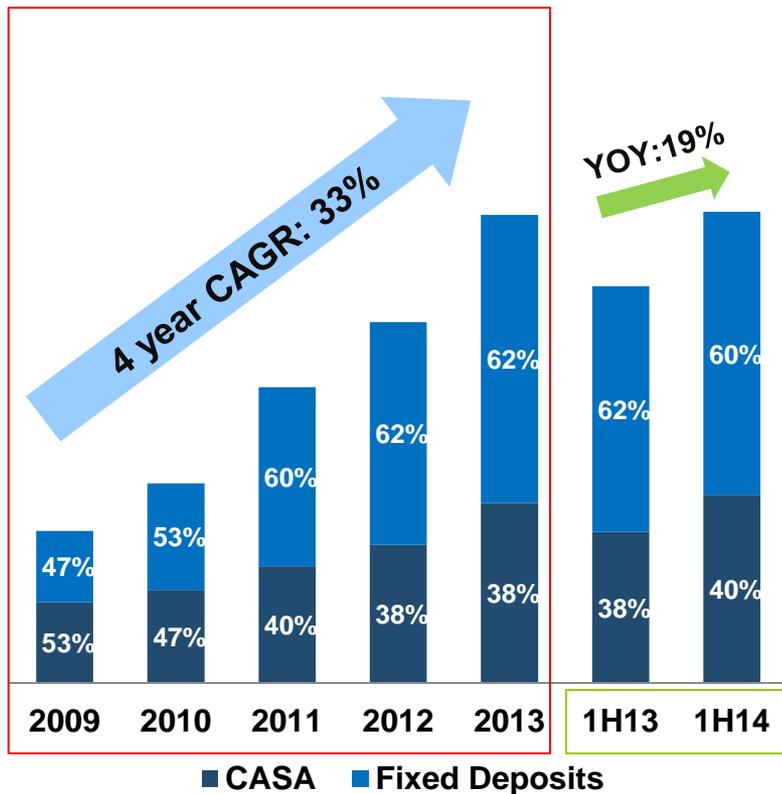


## Loan Portfolio by Product as at 1H14



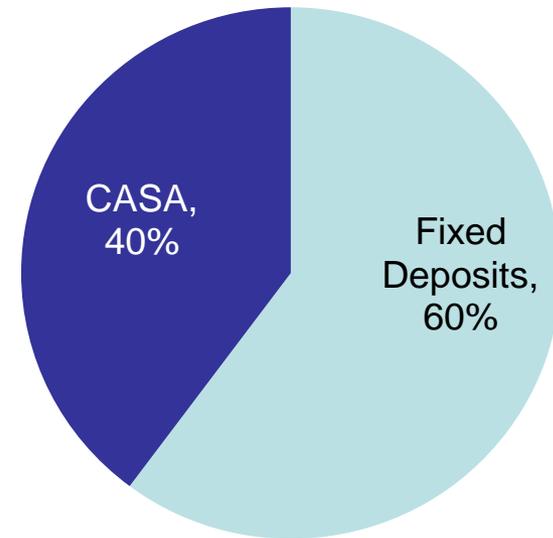
# Strong deposits growth especially in acquiring sticky deposits

## Deposits Trend (2009 – 1H14)



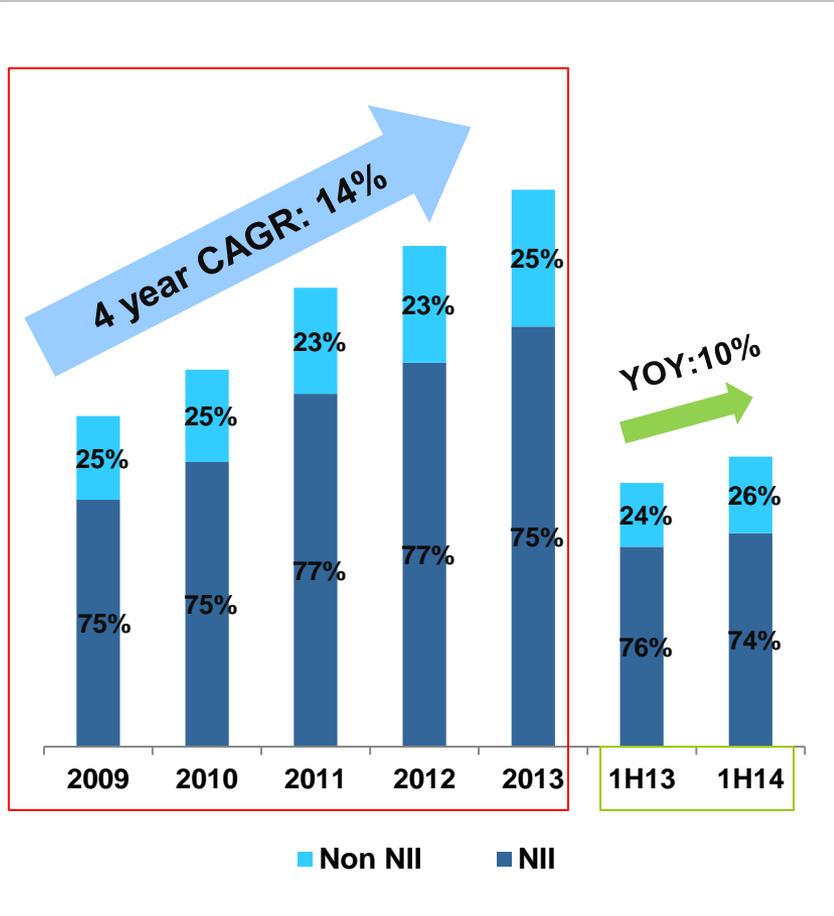
\* Fixed Deposits inclusive of FSMI Deposits

## Deposits Product Breakdown as at 1H14

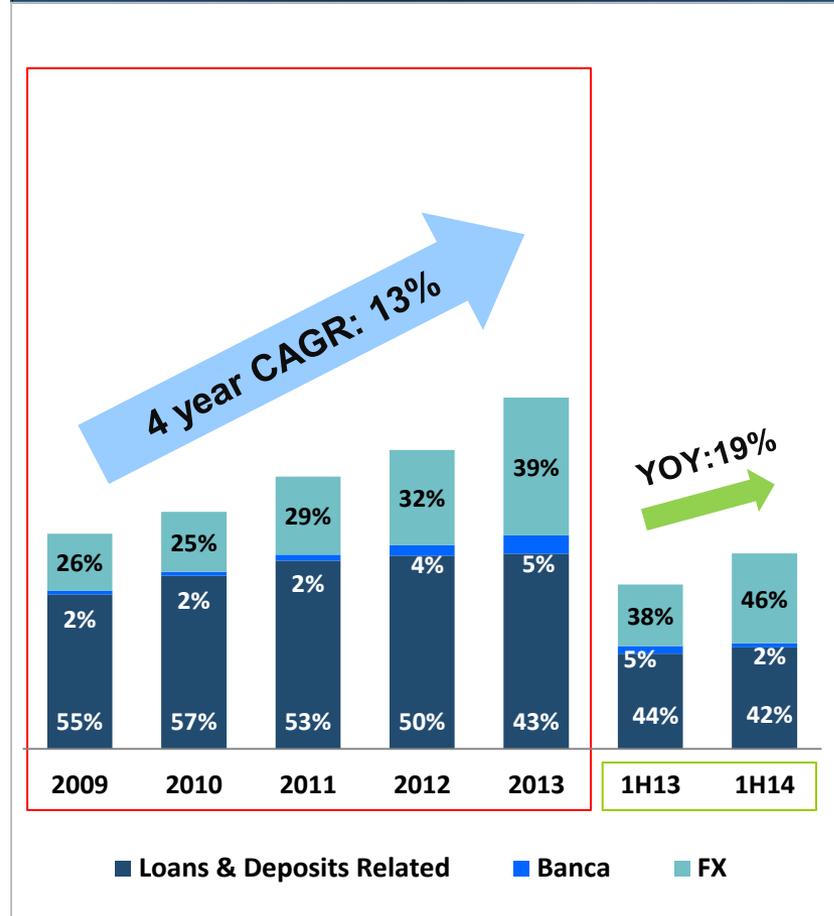


# High growth potential in driving fee income products especially FX

## Income Trend (2009 – 1H14)



## Non NII Trend (2009 – 1H14)



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GROWTH DRIVERS

## 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

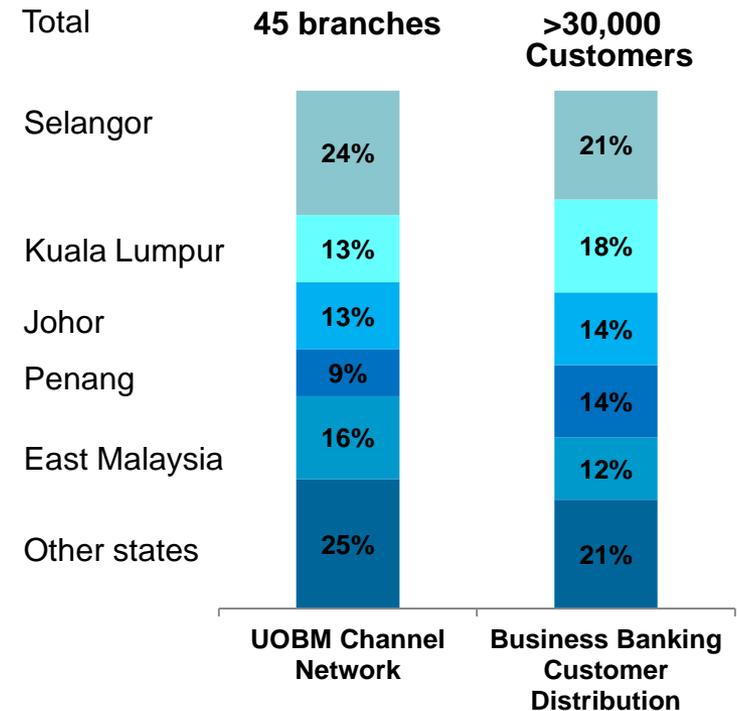
# Leverage our Channels to penetrate the SME Community in Targeted Locations

## On-The-Ground Coverage Model

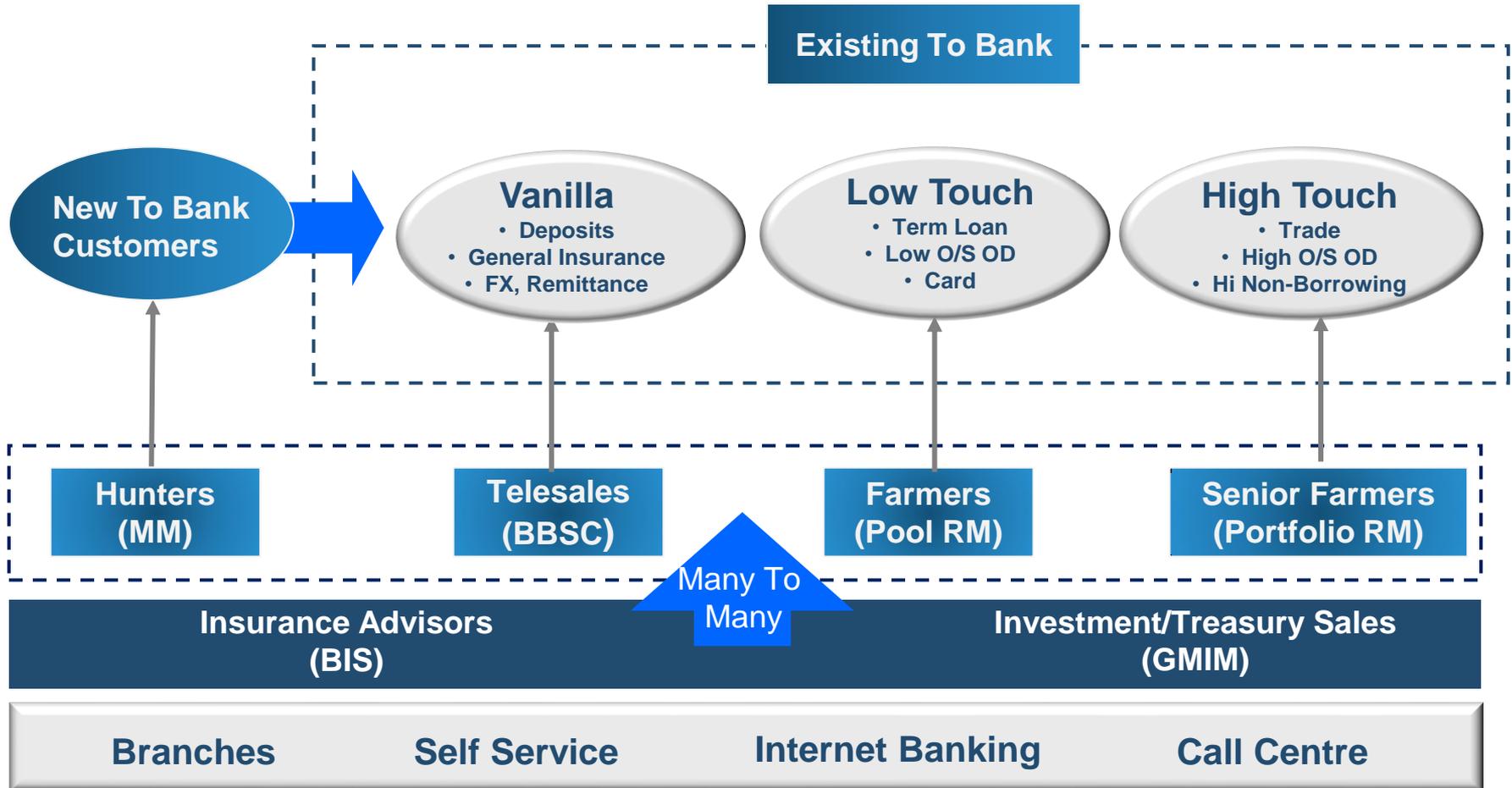
- Command presence in the SME segment, with focus on trading, services and manufacturing industry.
- Leverage branch network via business banking dedicated sales and other channels to connect with customers
- Enhanced customer analytics & leads management capability via organized portfolio management
- Leverage other partners to further extend our capability

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

As at 1H14



# Adopt Multi-Channels platform to Acquire, Manage and Service SME customers



# Enhance Customer Analytics via Organized Portfolio Management

## Analytics driven Insights & Campaign

- Propensity model and look-alike analysis for **leads generation & cross-selling**
- **Analytics-driven initiatives** for targeted customers

## Behavioral and Systematic Triggers

- Systematic triggers to **drive usage and to manage attrition** (dormancy, irregular deposits movement, drop in OD and Trade Utilization)

## Customer Engagement

- **Segmentation** (high touch, low touch) approach to **streamline engagement** of existing customers
- **Systematic engagement of newly on-boarded customers**

## Portfolio Risk Management

- **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.

## 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 awarder in their selection process
- *E.g. Chevron, Shell , McDonald and educational groups, etc.*

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### 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

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**THANK YOU**