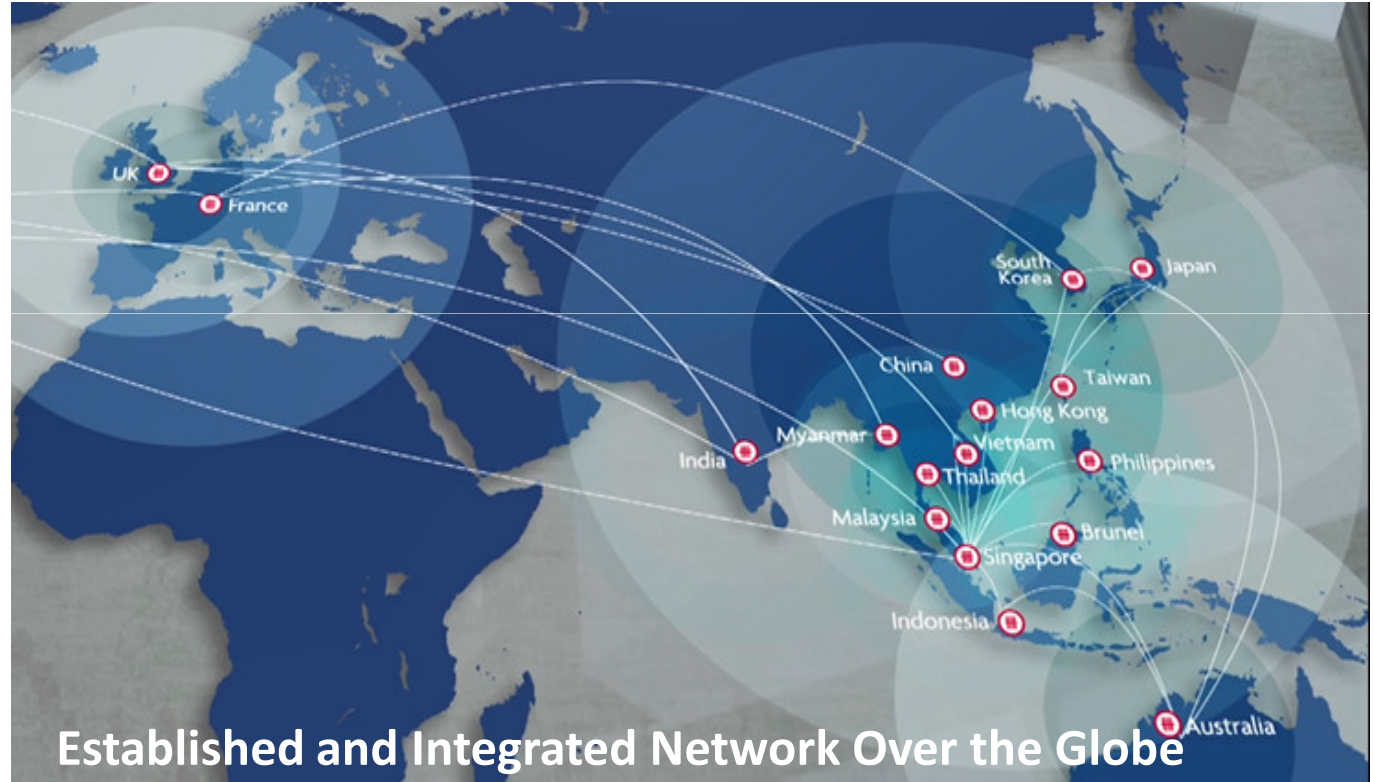


UOB Bullion Business

June 2019



UOB's core network in Asia covers China, Singapore, Hong Kong SAR, Malaysia, Thailand, and Indonesia.

No. 5
Global Finance
World's
TOP 50 Safest
Commercial Banks

Strong
Credit Rating
Aa1 *Moody's*
AA- *Standard & Poor's*
AA- *Fitch Ratings*

500+
Branches and
offices in 19
countries and
territories

- Asian perspective
- Good knowledge of local markets

**Asian Heritage
and Southeast
Asian Roots**

**Established and
Integrated
Network**

- Provide appropriate solutions to clients that best suit their needs and the Bank's risk appetite

**Robust Risk
Management and
Corporate
Government**

**Strong Credit
Ratings, Capital
and Funding Base**

- Global network
- Integrated business network in Southeast Asia
- UOB Group's capital position remained healthy. By 31 December 2018, the Group's Common Equity Tier 1 and Total Capital Adequacy Ratios (CAR) were 13.9% and 17%, respectively.

- By 2018 end, UOB Group's **Total Assets** grew 8% to **SGD388 billion**.
- In 2018, UOB Group's **Total Income** rose 6% to **SGD9.12 billion**.
- In 2018, UOB Group's **net profit after tax** reached **SGD4 billion**, as Group's core businesses continue to deliver stable results.

- Singapore is the Center in Asia for commodity trading
- UOB Commodity Team provides One-stop services to clients
- Broad coverage
 - Precious metals and base metals
 - Energy
 - Agricultural products
 - Investment product linked to commodities
- Foreign Exchange & Bullion
 - A major player in Asian currencies due to the Bank' s strong Asian network
 - The one and only local bank offering physical gold
- Various products
 - Swap, option, forward, structured product, and etc.

UOB China (UOBC) is a wholly-owned subsidiary of UOB, a leading bank in Asia. UOBC is headquartered in Shanghai, and from our first representative office in Beijing in 1984, we have grown our network to 16 branches in major Chinese cities.

UOBC is rated A+ with stable outlook by Fitch Ratings.

UOB (China) Global Markets offers comprehensive financial products and solutions to help our clients meet their investment, liability and risk management needs.

- Multiple derivatives trading licenses, 2008;
- **SGE Membership and start precious metal trading, 2011;**
- SGE Bilateral Forward and Swap Trader, 2013;
- RMB/SGD Direct Market Maker, 2014;
- **Gold import license, 2015**
- Member of Shanghai Gold Exchange International Board, 2017;
- RMB/THB Direct Market Maker, 2018
- **Dalian Commodity Exchange Commodity Swap Trader, 2018**
- **Shanghai Futures Exchange Membership, 2019;**
- **Trial Market Maker in SGE Bilateral Trading Market, 2019**

UOB China Precious Metal Business Growth in SGE in 2018

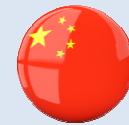


- UOB China has various licenses in domestic gold spot, forward, and swap markets, and is capable to conduct transactions on Shanghai Gold Exchange, Shanghai Futures Exchange, physical gold import, London OTC products.
- We have been seeing a robust growth on our precious metal business. This momentum continued in 2018. Our gold trading volume in SGE main board increased by 9.86 times over the previous year. The total volume reached 1319tons, and the silver trading volume reached 2,029 tons, which was 11.6 times of the full year 2017 trading volume. Gold imports have grown substantially in 2018.
- In 2018, UOB China was awarded as the “Best Price Matching Trading Member” and the “Most Promising Member in Price Enquiry Market by the Shanghai Gold Exchange.

2019 UOB China Precious Metal Business Plan

Supports SGE to connect domestic and global gold markets

Overseas gold enterprises purchase the standard gold bars through the international board of SGE, withdraw from the vault, entrust the local enterprises to process, and export the products for overseas sales.



China



Singapore

99.99% gold bars in line with Chinese standards and produced in overseas markets will get delivered to SGE International Board Vault, and put on sales on SGE International Board

- Globally the production and consumption of physical gold is huge.
- SGE is the world largest exchange-traded physical gold platform.
- China's gold jewellery processing and design capabilities are very strong. Some overseas jewellery companies have already done some jewellery processing in China.

Precious Metal Products Capability		
Markets	Currency	Products
SGE and SGE International Board	China Gold/CNY, China Silver/CNY	Forward
		NDF
		Option
	China Gold/CNY	Gold loan
London	International Gold/USD, International Silver/USD	Forward
		NDF
		Option

Domestic gold loan :

Institutional customers borrow gold from UOB, return gold at maturity date, and pay the interest in RMB. Thanks to gold leasing product, customers can reduce financing cost, enrich financing channels, and avoid price risks caused by fluctuations in gold prices.

Trade Day: Customers borrow domestic gold from UOB China via the SGE platform for their own production and other relevant gold business.

Expiry Day: Customers return the gold as of same specification, quality and quantity to UOB China through the SGE platform, and pays the leasing interest in RMB.

Applicable customers:

Gold miners, gold product producers and relevant industry corporates can utilise such service, by applying as SGE member, or acting as client to SGE member.

Why SGE gold leasing is popular?

- SGE provides a strong delivery and settlement platform for China's gold market. SGE has a network of more than 60 vaults across the country, providing great convenience for gold deposit and withdrawals. For example, gold buyers or leaser can withdraw gold from any vault of SGE.
- Bank and gold leasing company settle via SGE and don't need to get involved in physical gold transfer, which is safe and convenient to both parties
- Compared with the normal bank financing, gold leasing reduces the financing cost for Chinese gold companies, enriches the financing channels, and at the same time achieves the purpose of avoiding the price risk of gold price fluctuations.

SGE great vault network/logistics services supporting China gold market development



SGE International Board Gold Loan:

UOB is a member of the International Board of SGE, and can provide gold leasing services to international board members or agency clients. Clients can borrow gold from UOB via SGE International Board, for daily gold production and operation, return gold at maturity date, and pay relevant interest using overseas RMB (CNH).

Great development potential of SGEI Gold Loan

1. Backed by the world's major gold processing bases, SGEI provides strong delivery and logistics services:
 - In addition to the existing Shanghai Free Trade Zone International Board Vault, SGE plans to set up a new international board vault in Shenzhen in July 2019.
 - Shenzhen and Guangdong are the most important gold processing areas in China. More than 70% of the gold processing business in the China's gold market is done in this region.
 - Shenzhen International Board Vault has a better geographical location. Overseas gold producers and traders can use the Shenzhen vault to carry out gold leasing business.
2. Safe and secured gold source, with reduced compliance risk
 - SGE accepts only gold bars from LBMA-certified refining company brand, to its vault.
3. Relying on the international board platform of SGE, it's highly possible to utilise the domestic gold leasing business model, and provide gold leasing and other gold product services for participants on international board.

UOBC Precious Metal Products-SGEI Gold Loan

UOB China provides SGEI gold loan services to Overseas companies

Preparation

- Overseas companies apply to register as SGE international board member or client to SGEI member
- UOB provide credit line to overseas companies

Process



1. Trade Day: UOB China and overseas companies submit the transfer application to SGEI, SGEI transfer gold credit from UOB China International Board account to the international board account of the overseas enterprises;
2. Maturity Day: On maturity day, SGEI will transfer the gold credit from the international board account of the overseas enterprise and enter into UOB China's International Board account.
3. Also on maturity day, overseas clients pay interest denominated in CNH to UOB China.

Shanghai Gold NDF/Gold Option Products:

UOB China has recently launched the gold NDF and gold option products based on “Shanghai Gold” price benchmark, providing products in line with Chinese gold market on the Shanghai Gold Exchange platform.

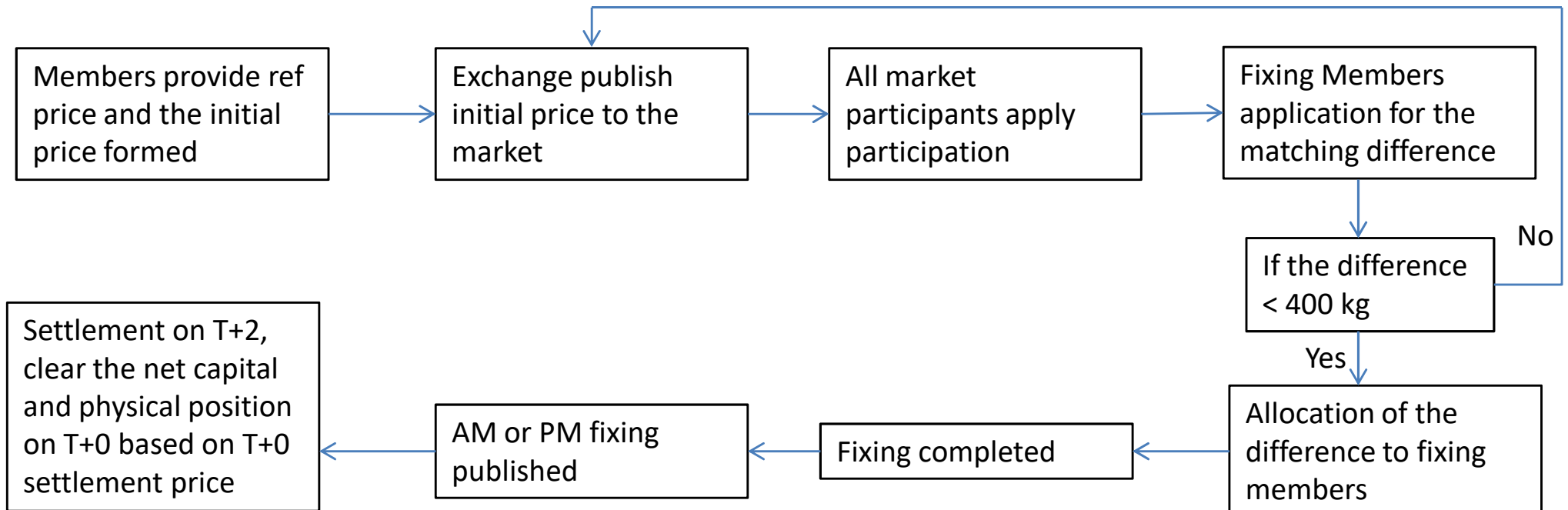
- UOB China has been providing USD/gold NDF and option products. The pricing index is London morning or afternoon price, quote in USD
- Gold NDF and gold option products based on “Shanghai Gold” are quoted in RMB. The pricing index is launched by Shanghai Gold Exchange
- The Shanghai gold pricing mechanism is open, transparent, and with good liquidity. The price is quoted in RMB; the underlying is 1 kg Shanghai gold
- Gold NDF and gold option products based on “Shanghai Gold” will assist gold producers and gold companies hedging more effectively in China market and also support the development of bullion wealth investment products.

“Shanghai Gold” is a fixing contract launched by SGE. It refers to a gold ingot that is priced in RMB and settled in Shanghai with a standard weight of 1 kg and fineness no less than 99.99%. The transactions are done via the SGE pricing and trading platform.

In 2018, Shanghai Gold trading volume was 1,474.71 tons and continues to grow. The trading entities of “Shanghai Gold” have expanded to 26 members and 33 institutional clients, including commercial banks, gold producers, domestic and international members.

SGE acts as the central counterparty, conducts centralized clearing and settlement. Both parties to the transaction pay a deposit to the Exchange. Trading members and customers do not need to be concerned about the credit risk, capital risk or physical risks of other members and customers.

“Shanghai Gold” has 10:15 morning and 14:15 afternoon sections. The trading mechanism is as follows:



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The background of the slide is a photograph of two tall skyscrapers. The building on the left is a dark, greyish-blue structure with a grid of windows. The building on the right is a taller, white skyscraper with a similar grid pattern. The sky is a clear, bright blue with some light clouds. The text "Thank You!" is overlaid on the right side of the image in a large, white, sans-serif font.

Thank You!