

News Release

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DBS TO ACQUIRE CITI'S CONSUMER BANKING BUSINESS IN TAIWAN

Acquisition combines growing and profitable DBS Taiwan business with prized Citi franchise

Accelerates DBS Taiwan's growth by at least 10 years; material synergies to be realised from enlarged scale

Singapore, Taiwan, Regional, 28 January 2022 – DBS Bank Ltd (DBS) announced today that it has agreed to acquire the consumer banking business of Citigroup Inc (Citi) in Taiwan (Citi Consumer Taiwan) via a transfer of assets and liabilities, and will pay Citi cash for the net assets of Citi Consumer Taiwan plus a premium of SGD 956 million (NTD 19.8 billion)¹.

¹ Based on exchange rate of NTD 20.75 to SGD 1 and will be adjusted according to the performance of Citi Consumer Taiwan at completion.

Scope of acquisition

Citi Consumer Taiwan has been operating in Taiwan since 1985, and currently has 2.7 million credit cards and unsecured accounts, 0.5 million deposit and wealth customers and 45 branches.

As of 30 September 2021, it had an earning asset base of SGD 20.3 billion² (NTD 421.9 billion) and total deposits of SGD 15.1 billion (NTD 314.0 billion), of which more than 70% are sticky low-cost deposits.

Citi Consumer Taiwan has approximately 3,500 employees, and DBS intends to make offers of employment to all of them.

Strategic rationale

DBS Taiwan has been operating in Taiwan since 1983 and became a locally-incorporated subsidiary in 2012. It has 35 branches and a leading institutional, SME and consumer banking franchise. Since 2009, it has grown from strength to strength, with profit before tax growing by some 10 times, and loans and deposits by about 5 times. The franchise is a meaningful contributor to DBS Group today.

The proposed acquisition makes strategic sense for the following reasons:

- Scales up DBS Taiwan in a market that is attractive for its wealth and technology sectors.
- Combines DBS Taiwan's strengths with that of an incredibly attractive and high-returns franchise. Citi Consumer Taiwan is widely considered to be the best foreign consumer bank in Taiwan, generating annual net profit of SGD 250 million on average, or a return on equity above 20%, in the two years before Covid-19.

² Comprises gross loans of SGD 11.3 billion (NTD 235.3 billion) and investment assets under management (AUM) of SGD 9.0 billion (NTD 186.6 billion)

DBS will be acquiring a high-quality customer base, along with a top-class management team and productive workforce.

- Accelerates DBS Taiwan's growth by at least 10 years, making it Taiwan's largest foreign bank by assets. The combined entity will have the largest credit cards balance, investment AUM, loan book and deposit base amongst foreign banks in Taiwan. This will provide synergies from economies of scale, including reduction of global and regional overheads. Citi Consumer Taiwan's strong low-cost deposit base will also support the expansion of DBS Taiwan's institutional and SME banking business.
- Creates substantial shareholder value – the acquisition is expected to be accretive to earnings and return on equity immediately after completion.

Piyush Gupta, Chief Executive Officer, DBS Group said, "Notwithstanding Covid-19, we believe that Asia's long-term growth trends remain intact. The acquisitions we have made since the start of the pandemic have given us a platform to build meaningful scale in some of our core markets. This acquisition is no exception. Citi Consumer Taiwan is a highly attractive, high-returns business that is expected to contribute at least SGD 250 million annually in net profit to DBS after Covid-19 recovery. Post-transaction, DBS Taiwan will be propelled to the top ranks of Taiwan's banking sector."

Lim Him Chuan, General Manager, DBS Taiwan said, "Citi Consumer Taiwan is highly complementary to us given its high-quality wealth management business as well as huge credit card customer base with a high activation rate and spending level. We believe that with this proposed acquisition, we will create synergy and further provide best-in-class consumer banking products and services to customers, leveraging DBS' digital strengths. This acquisition marks another significant milestone in DBS'

commitment to the Taiwan market, and we look forward to Citi Consumer Taiwan's employees joining us."

Peter Babej, Citi Asia Pacific CEO, said, "We are very pleased to announce this transaction with DBS, a leading organisation with a strong consumer growth strategy in Taiwan which we are confident will provide our customers and employees with excellent opportunities. For Citi, this transaction will enable additional investment in our strategic focus areas, including our institutional businesses in Taiwan, which remains a priority market for our firm."

Capital impact

The acquisition is expected to have a 0.7% impact to DBS Group's capital ratio based on SGD 2.2 billion (NTD 44.3 billion) capital injection into DBS Taiwan for the premium of SGD 956 million (NTD 19.8 billion) to be paid to Citi and SGD 1.2 billion (NTD 24.5 billion) capital to support incremental risk-weighted assets and capital needs. This represents 1.8x P/B and 9x P/E (based on pre-Covid average).

The acquisition will be funded by excess capital, with no impact on DBS' ability to pay dividends.

Integration track record

Completion of the proposed acquisition is subject to customary regulatory and migration conditions. Subject to the timing of satisfying these conditions, completion and full integration is anticipated in the middle of 2023.

Citi will continue to operate Citi Consumer Taiwan until completion, with no immediate changes in the way it serves its customers.



Live more, Bank less

DBS has the experience to manage complex transactions. In Taiwan, DBS successfully acquired and integrated Australia and New Zealand Banking Group's (ANZ) wealth management and retail banking business in 2017 and Bowa Commercial Bank in 2008. Outside Taiwan, the bank has also successfully acquired and integrated Societe Generale's Asian wealth management business in Singapore, Hong Kong and Dubai in 2014 and ANZ's wealth management and retail banking business in Singapore, Hong Kong, Mainland China and Indonesia in 2017 and 2018. More recently, in 2020, Lakshmi Vilas Bank was amalgamated with DBS Bank India, significantly enhancing its phygital strategy.

Morgan Stanley is acting as financial advisor to DBS in respect of the proposed acquisition.

About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "[World's Best Bank](#)" by Euromoney, "[Global Bank of the Year](#)" by The Banker and "[Best Bank in the World](#)" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "[World's Best Digital Bank](#)" by Euromoney and the world's "[Most Innovative in Digital Banking](#)" by The Banker. In addition, DBS has been accorded the "[Safest Bank in Asia](#)" award by Global Finance for 13 consecutive years from 2009 to 2021.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com.



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