



# Transformational deal advancing UOB Group's position as a leading regional bank



Detail of  
*The Art of Banking* by Martin Ding  
UOB Art Collection

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# Agenda

- 1 Transaction Summary
- 2 Strategic Rationale
- 3 Financial Implications
- 4 Appendix

# Transaction Summary



1

## **Transformational deal that scales UOB Group's Southeast Asian franchise and advances UOB Group's position as a leading regional bank; acquired at 1.2x P/B**

- UOB Group to continue the good stewardship and conduct of the acquired consumer business in the ASEAN-4<sup>1</sup> markets
- Attractive and complementary customer mix in the region with strong growth potential
- Strategic fit that augments existing product streams with superior returns from high quality and resilient portfolio
- Accelerate achievement of 2026 customer target by doubling of ASEAN-4<sup>1</sup> retail customer base
- Strengthen regional capabilities with additional experienced leadership and diverse talent pool

2

## **EPS and ROE-accretive immediately (excluding one-off transaction costs)**

- Including one-off transaction costs, EPS and ROE-accretive by 2023
- ~40% income uplift across ASEAN-4<sup>1</sup> markets
- Target higher ROE of >13% and RORWA of ~2.0% by 2026 driven by scaling up regional subsidiaries and organic growth

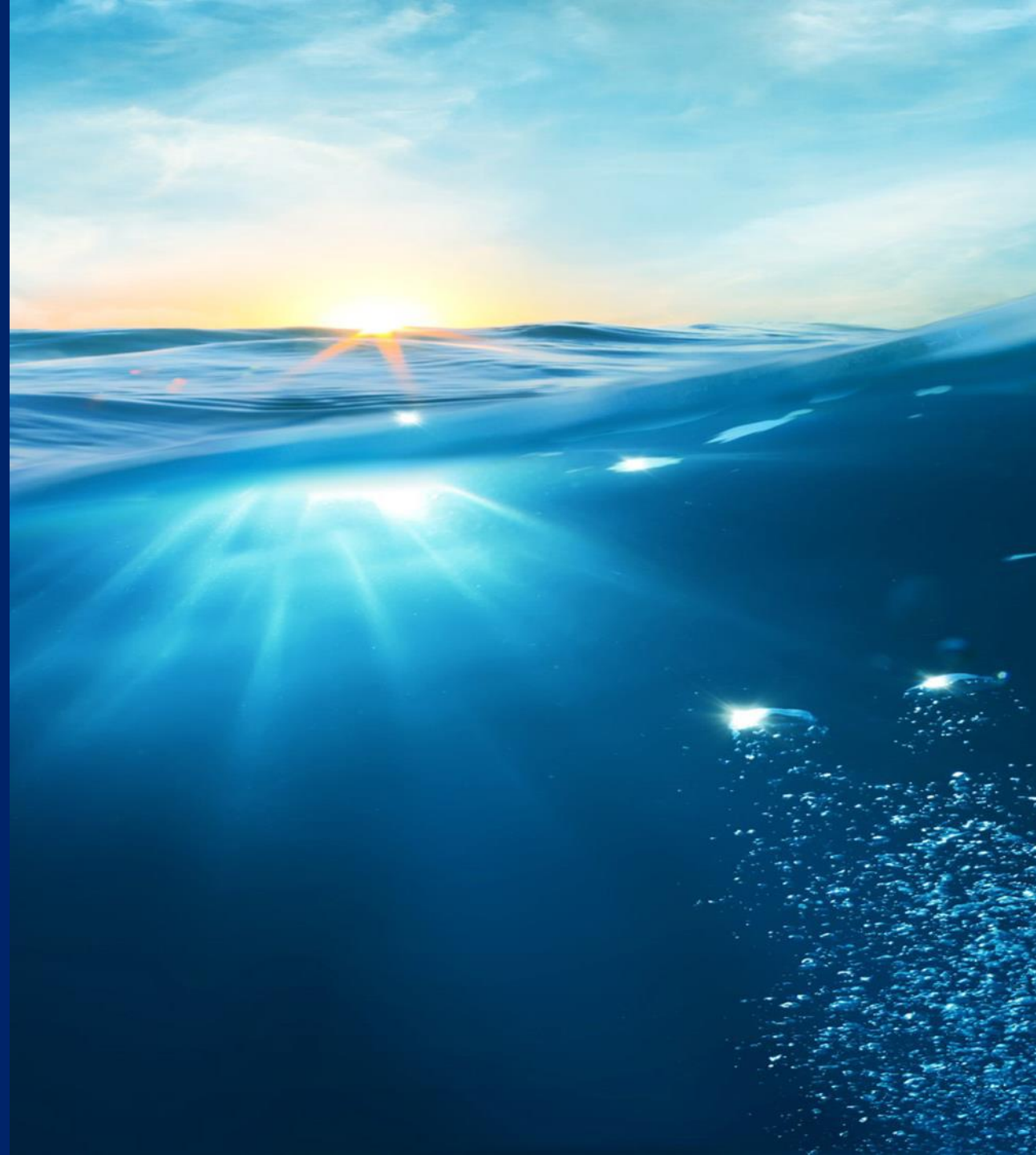
3

## **CET1 remains strong**

- Manageable CET1 impact of 70 basis points
- Acquisition internally funded by excess capital
- CET1 to be >13% by 2023
- Comfortable with maintaining dividend policy of 50% DPR<sup>2</sup>

**Timeline:** Subject to regulatory approvals, targeting completion by 1Q2024

# Strategic Rationale



# Transformational Deal that Advances UOB Group's Position as a Leading Regional Bank



1

Deepen commitment to Southeast Asia and ride on its long-term growth potential

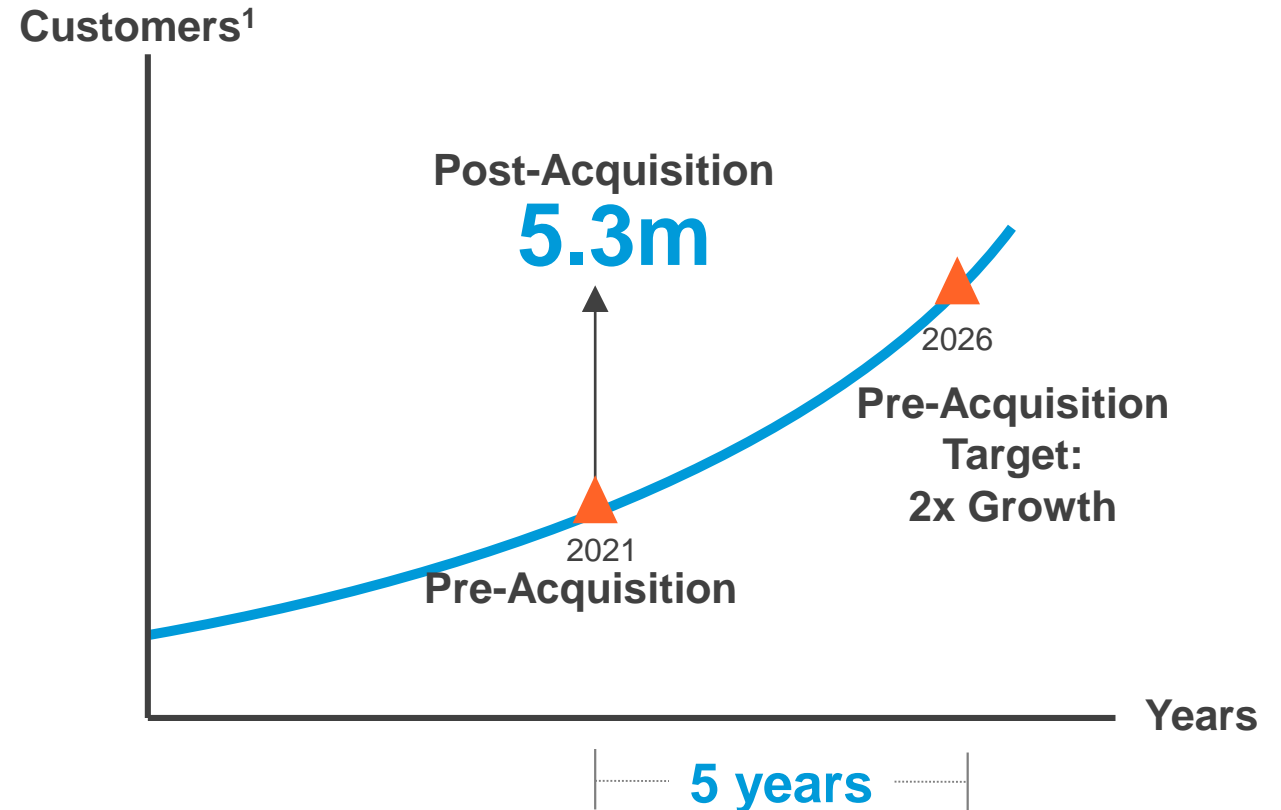
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Strategic fit with complementary base of customers, people and capabilities

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EPS and ROE-accretive by 2023 with revenue synergies from scale benefits

Acquisition doubles UOB Group's ASEAN-4<sup>1</sup> scale and accelerates achievement of Group Retail's ambition by 5 years

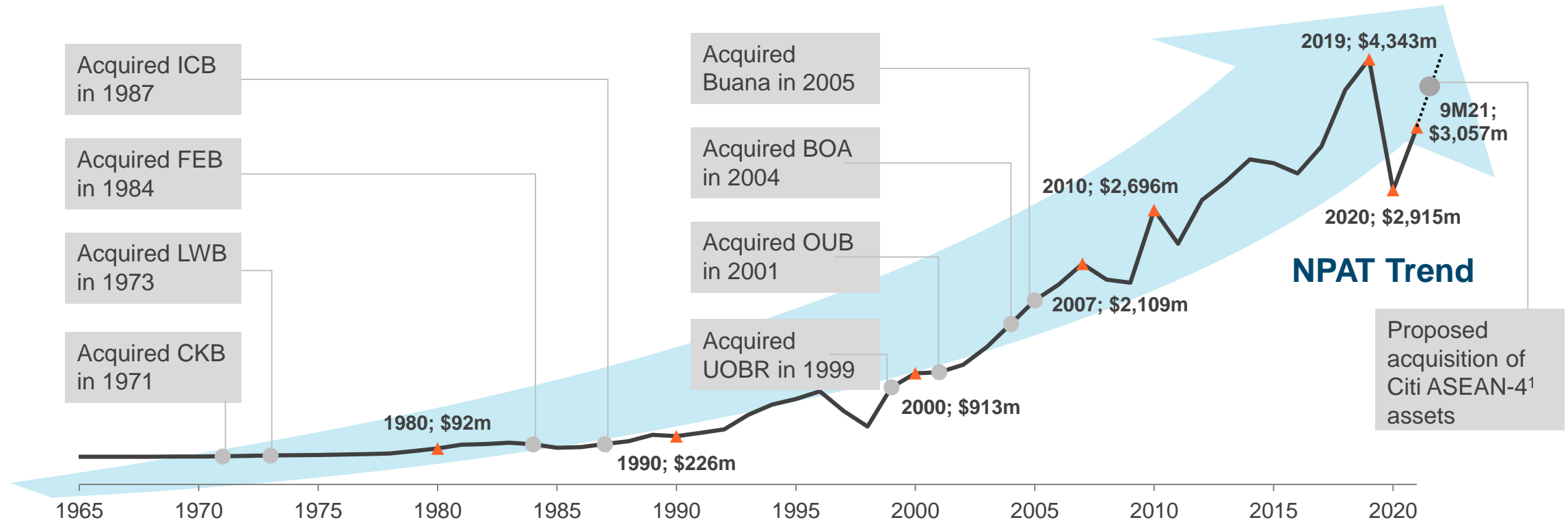


1. Refers to Malaysia, Thailand, Indonesia and Vietnam.

# Strong Track Record of Growth and Commitment to Southeast Asia



- UOB Group's management has a proven track record in steering the Group through various global events and crises
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance



1. Refers to Malaysia, Thailand, Indonesia and Vietnam only.

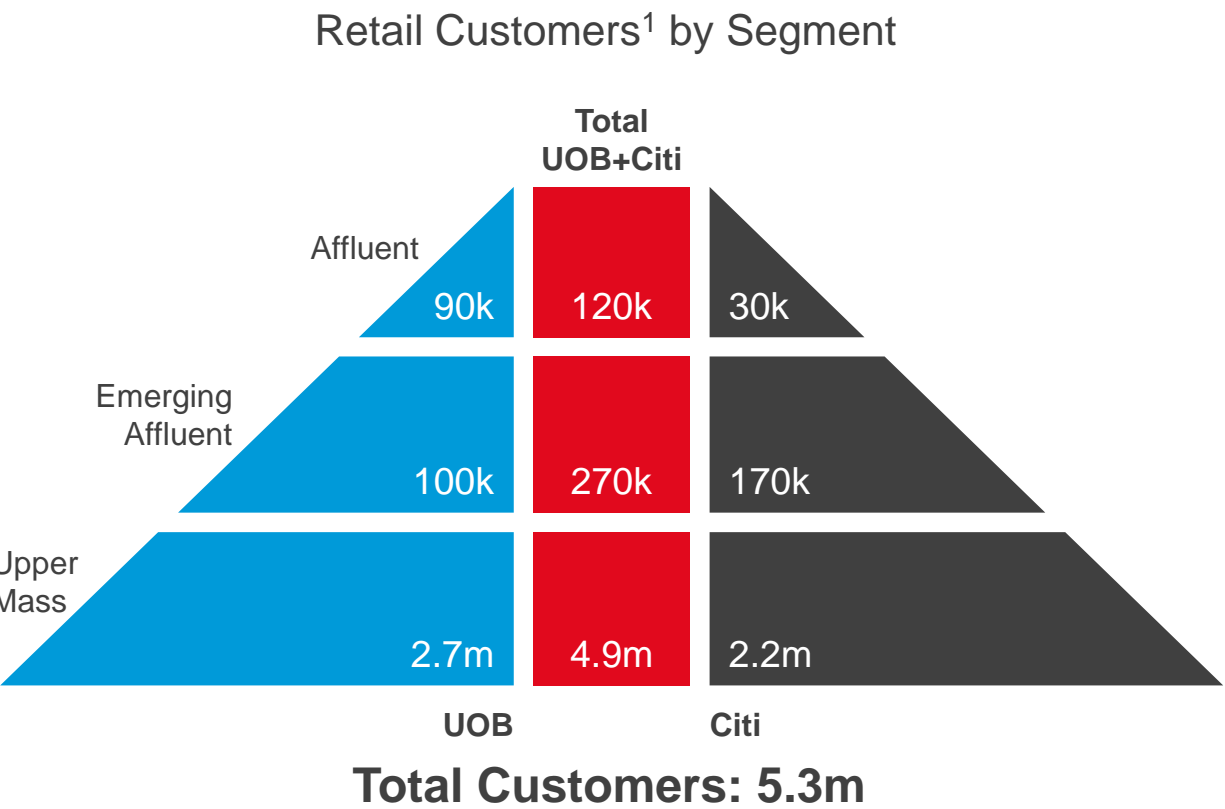
Note: Bank of Asia Public Company Limited ("BOA"), Chung Khiaw Bank Limited ("CKB"), Far Eastern Bank Limited ("FEB"), Industrial & Commercial Bank Limited ("ICB"), Lee Wah Bank Limited ("LWB"), Overseas Union Bank Limited ("OUB"), Radanasin Bank Thailand ("UOBR").



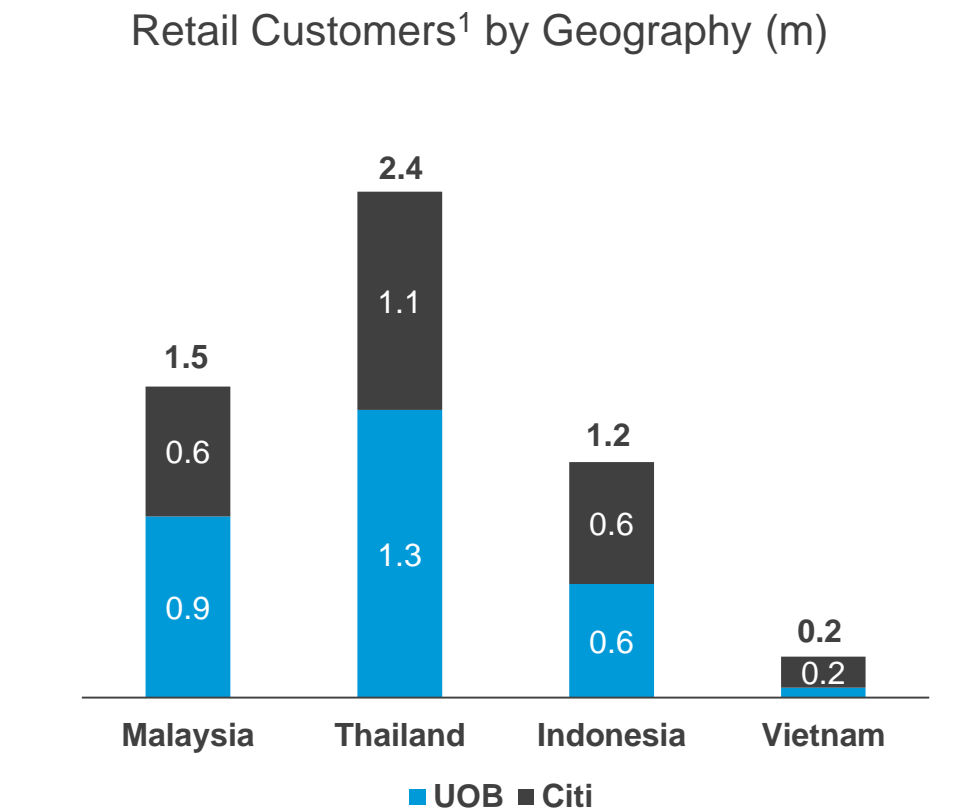
# Citi's Assets are Complementary to UOB Group



## Citi's customer segments augment UOB Group's



## Citi's assets deepen UOB Group's Southeast Asia's footprint



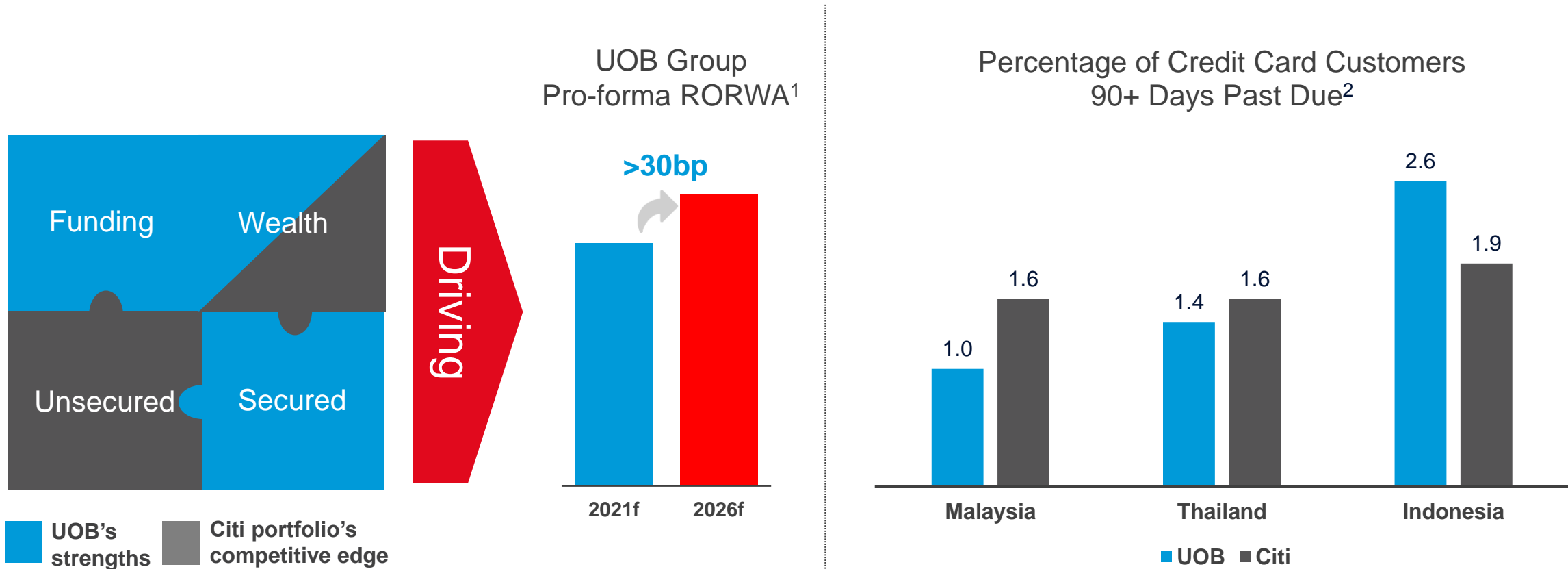
Similar customer segment propositions: Customers can access expanded suite of wealth solutions, card and loan offerings as well as regional privileges from an enlarged partnership ecosystem and loyalty programme

1. Refers to customers in Malaysia, Thailand, Indonesia and Vietnam only.  
Note: UOB customers as at 1H21. Citi customers are estimated, excluding overlaps with existing UOB customers.

# Citi's Assets are Complementary to UOB Group



Strategic fit that augments existing product streams with superior returns from high quality and resilient portfolio



1. Return on risk-weighted assets (RORWA).  
2. Data as at 1H21.



# Scaling Across the Region (Pre-Acquisition)



Strategy: Tap rising affluence in Southeast Asia, acquire customers digitally using TMRW and engage our customers with our omni-channel capabilities as they move up the wealth continuum

## Omni-channel platform

To deepen relationship and serve client segment needs across continuum with wider suite of financial solutions



## UOB TMRW digital platform

To acquire and engage seamlessly across simple product solutions

serving

**~2.9 million<sup>1</sup>**  
**retail customers**  
**pre-acquisition**

### Thailand

~1.3m Customers  
Top 10 Retail Bank  
#8 Card Issuer

### Malaysia

~880k Customers  
Top 10 Retail Bank  
#5 Card Issuer

### Vietnam

~50k Customers

### Indonesia

~550k Customers  
Top 20 Retail Bank  
#9 Card Issuer

1. Refers to Malaysia, Thailand, Indonesia and Vietnam only.

Note: UOB customers as at 1H21. Retail bank ranking estimated based on FY20 retail income. Card Issuer ranking projected based on Aug/Sep'21 data from schemes and regulators' websites.

# Scaling Across the Region (Post-Acquisition)



Strategy: Tap rising affluence in Southeast Asia, acquire customers digitally using TMRW and engage our customers with our omni-channel capabilities as they move up the wealth continuum

## Omni-channel platform

To deepen relationship and serve client segment needs across continuum with wider suite of financial solutions



## UOB TMRW digital platform

To acquire and engage seamlessly across simple product solutions

serving

**Doubled to ~5.3 million<sup>1</sup>**  
**retail customers**  
**post-acquisition**

### Thailand

~2.4m Customers

**Top 6** Retail Bank  
(▲1 rank)

**Top 3** Card Issuer  
(▲5 ranks)

### Malaysia

~1.5m Customers

**Top 5** Retail Bank  
(▲2 ranks)

**Top 2** Card Issuer  
(▲3 ranks)

### Vietnam

~200k Customers

### Indonesia

~1.2m Customers

**Top 10** Retail Bank  
(▲9 ranks)

**Top 5** Card Issuer  
(▲4 ranks)

# Leading retail bank and card issuer

1. Refers to Malaysia, Thailand, Indonesia and Vietnam only.

Note: UOB customers as at 1H21. Citi customers are estimated, excluding overlaps with existing UOB customers. Retail bank ranking estimated based on FY20 retail income. Card Issuer ranking projected based on Aug/Sep'21 data from schemes and regulators' websites.

# Strengthen Regional Capabilities with Experienced Leadership and Diverse Talent Pool

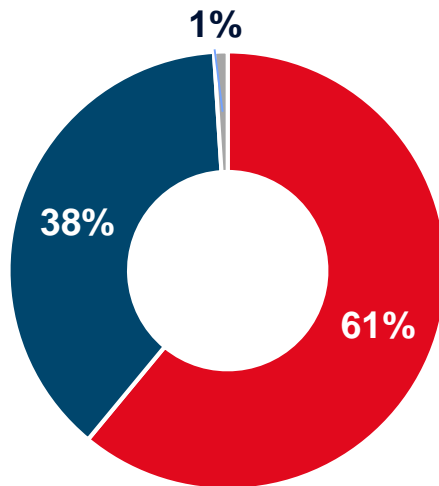


Experienced senior leadership team and diverse talent pool that will add value and support future franchise growth



**Strong and competent front office sales, product management, credit management, digital, marketing talent pool with well-rounded product knowledge...**

Citi's Staff<sup>1</sup> by Functions

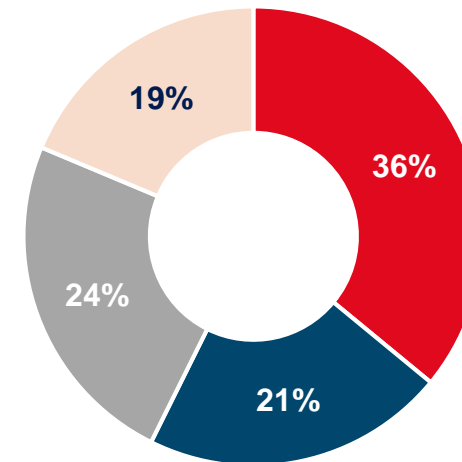


■ Front Office (Sales) ■ Tech & Ops ■ Group Functions



**... and a wealth of experience that can add value to the sales force**

Citi's Staff<sup>1</sup> by Tenure of Service



■ >10 Years ■ 6 - 10 Years ■ 3 - 5 Years ■ 0 - 2 Years

Note: Data as of 1H21.

1. Only includes staff in Malaysia, Thailand, Indonesia and Vietnam.

# Financial Implications

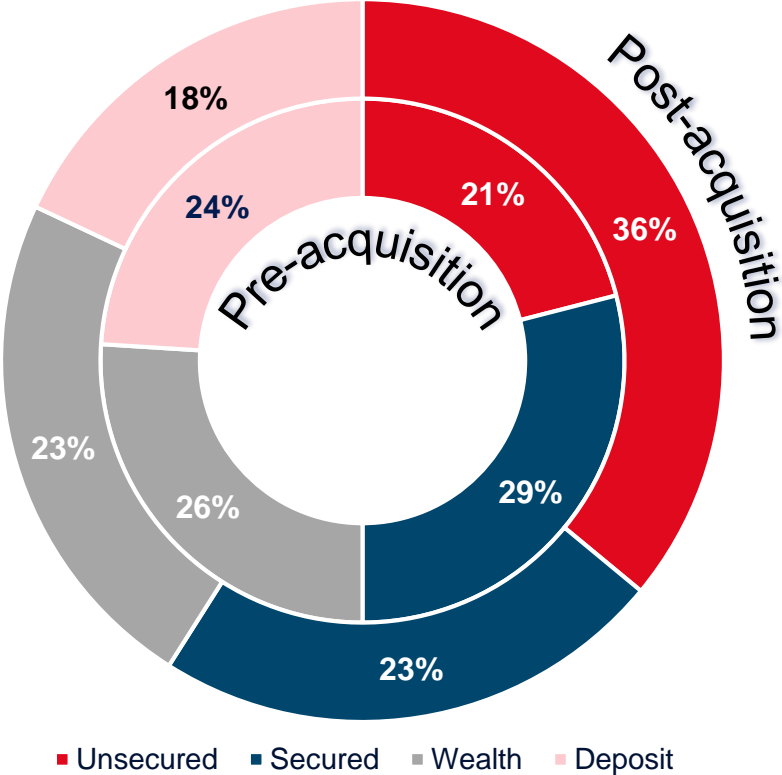


# Deepening Capabilities, Reach and Scale in Products and Markets We Understand Well



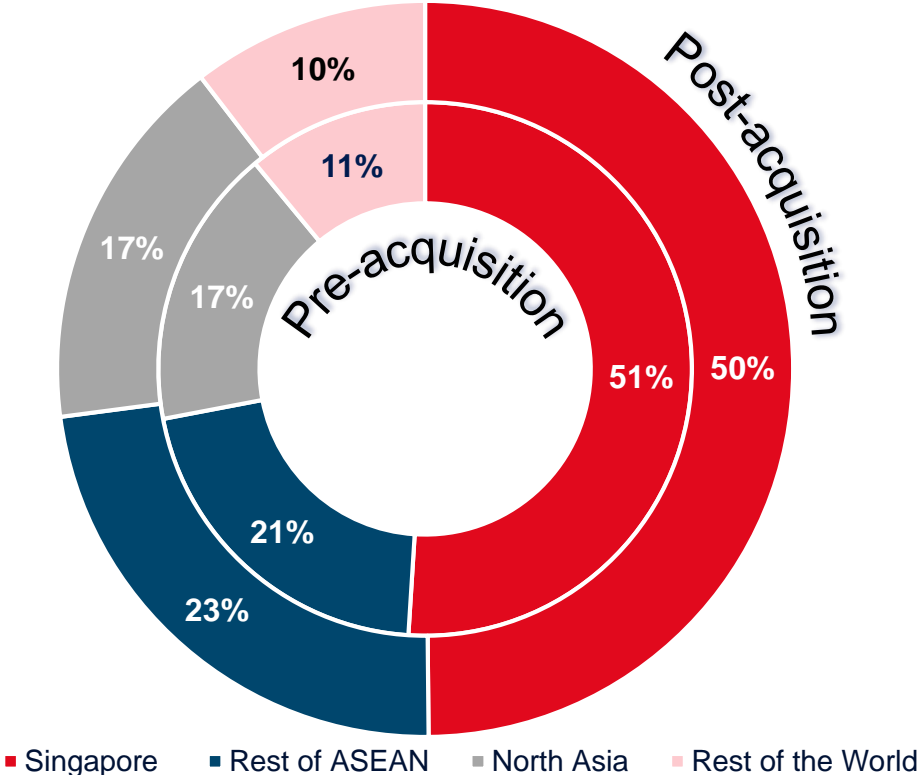
Balanced business mix with diversified product income streams

Pro-forma 1H21 Group PFS<sup>1</sup>  
Income by Product



Measured diversification with Singapore still anchoring majority of loans

Pro-forma 1H21 UOB Group  
Geographical Loan Mix



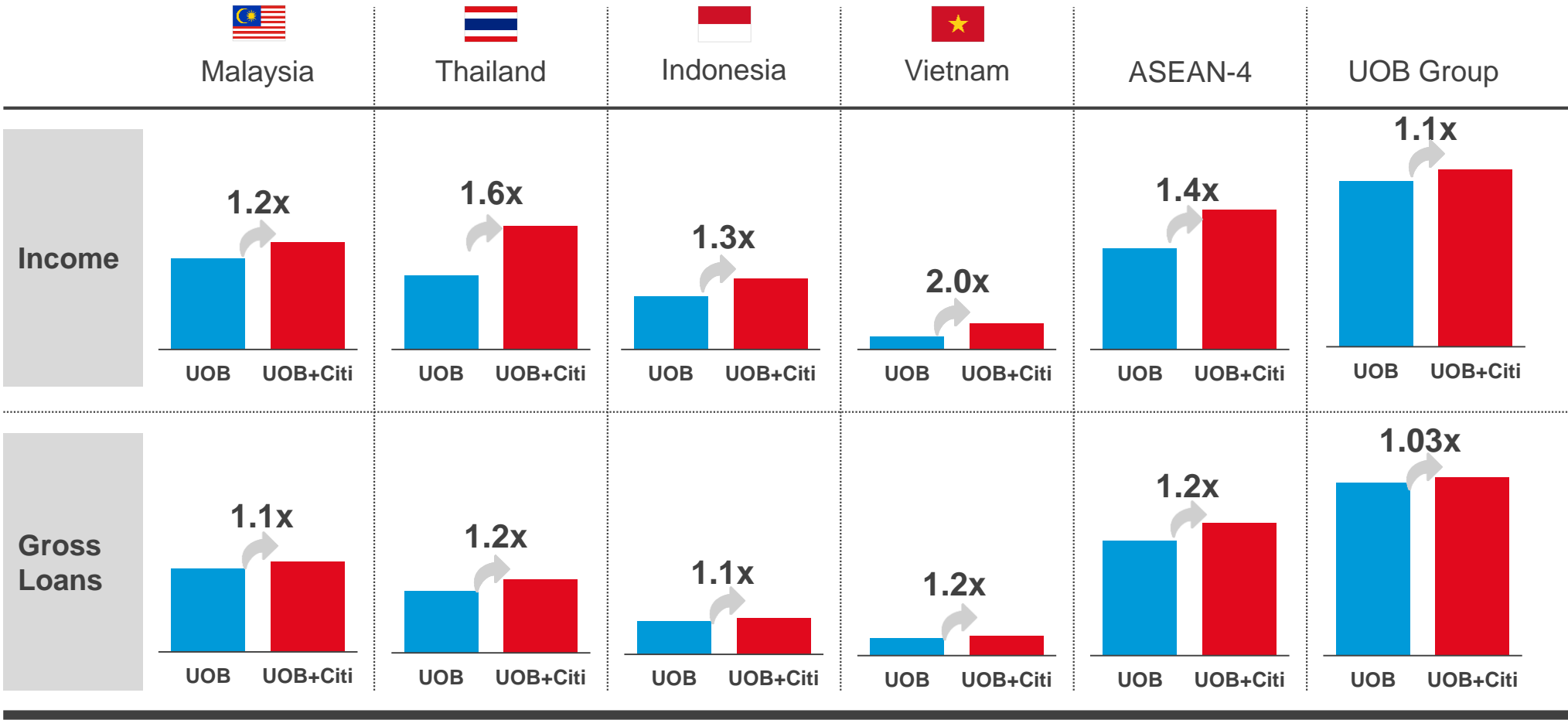
1. Personal Financial Services (PFS).



# Pro-forma Financial Impact



Post-acquisition: Driving immediate ~\$S\$1.0b in incremental annual income uplift as well as asset growth by scaling across the region



Note: Pro-forma financial impact for 2021f based on entity level. ASEAN-4 refers to Malaysia, Thailand, Indonesia and Vietnam.

# Impact on Group Capital and Returns



**Transaction valued at 1.2x net assets of \$4.0b<sup>1</sup>, fully funded by UOB Group's excess capital**

## **Group remains well-capitalised post-acquisition**

- Manageable CET1 impact of 70 basis points; resulting in pro-forma CET1 ratio of 12.8% (from Sep '21 reported CET1 of 13.5%).
- Normalised RORWA >1.70% allows for capital accretion post-acquisition.
- Resilient capital position; CET1 expected to be >13.0% by 2023.

## **Acquisition is EPS and ROE-accretive**

- Immediately accretive to Group EPS and ROE excluding one-off transaction costs<sup>2</sup>.
- Including one-off transaction costs<sup>2</sup>, will be EPS and ROE-accretive by 2023.
- Target higher ROE of >13% and RORWA of ~2.0% by 2026 driven by scaling up our regional subsidiaries and organic growth

## **Dividend Outlook**

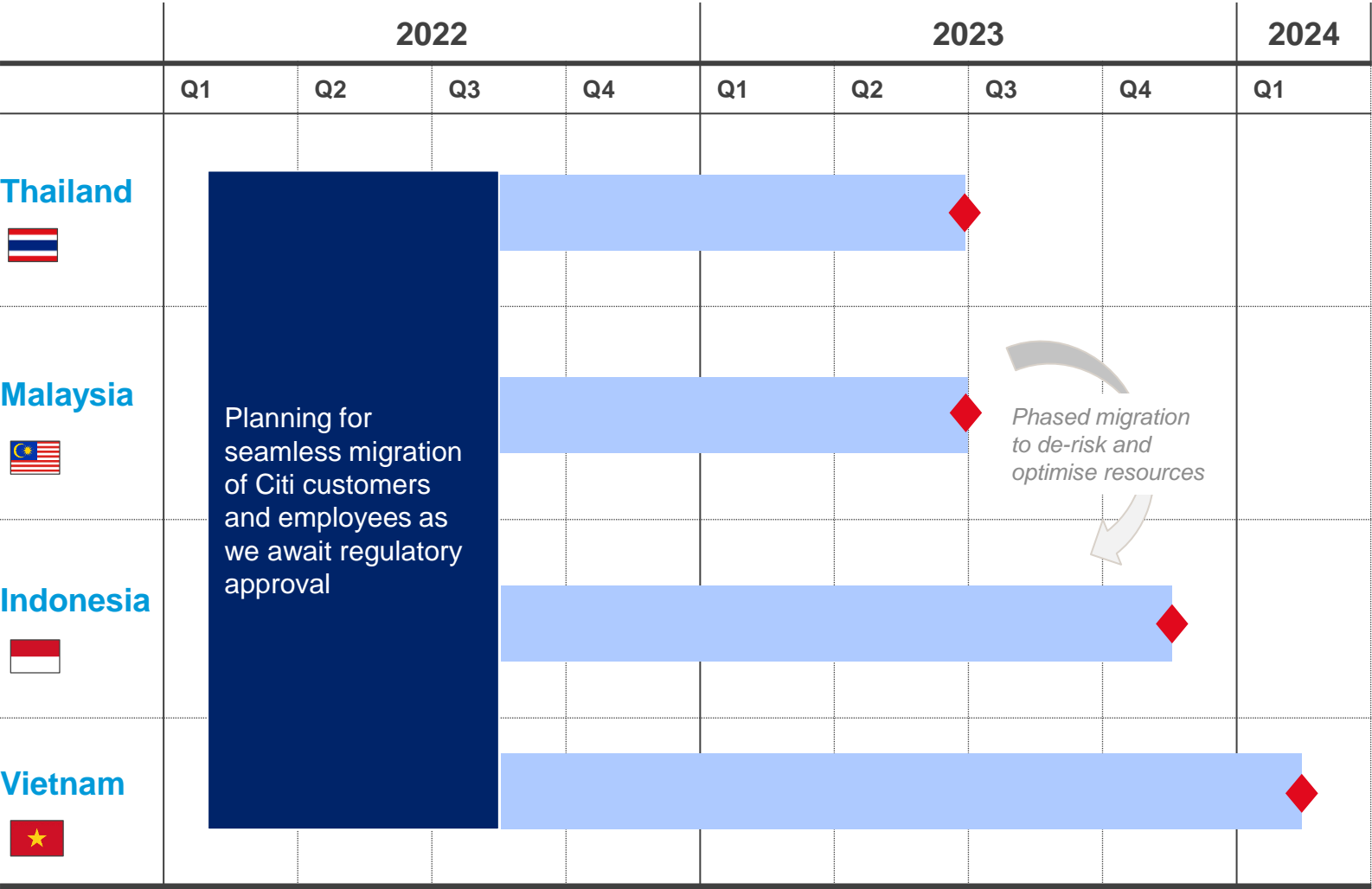
- Comfortable with maintaining dividend policy of 50% dividend payout ratio.

1. Estimated net assets based on 30 June 2021 position.

2. One-off transaction costs mainly incurred over first two years.



# Integration Timeline



Regional operating model for both Citi and UOB Group

Joint UOB-Citi team at regional and country level

Full-time dedicated resources for integration

Aligned capabilities ensuring smooth integration

# Transaction Terms



## Overview

Subject to regulatory approvals, UOB Group will acquire Citigroup Inc.'s ("Citi") consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the "Consumer Business") in Indonesia, Malaysia, Thailand and Vietnam (the "Proposed Acquisition"). As at 30 June 2021, the Consumer Business had an aggregate net asset value of approximately S\$4.0 billion, including its consumer portfolio with ~S\$9.1b of loans, ~S\$6.2b of deposits and ~S\$6.7b AUM, ~2.4m customers<sup>1</sup>, 24 branches as well as more than ~5,000 employees.

## Transaction Value

UOB Group will pay Citi total cash consideration based on an aggregate premium equivalent to S\$915m plus the net asset value of the Consumer Business as at completion.

## Funding and Capital Impact

The Proposed Acquisition is expected to be financed through excess capital and estimated to reduce UOB Group's CET1 ratio by 70 basis points to 12.8%, based on its capital position as at 30 September 2021. The effect to CET1 ratio is not expected to be material and will be well within regulatory requirements.

## Financial Impact

The incremental annual income from the Proposed Acquisition is expected to be about S\$1 billion. The Proposed Acquisition would have enlarged UOB Group's income and loans from these four markets by 1.4x and 1.2x on a pro-forma basis respectively.

## Conditions to Closing

The Proposed Acquisition is subject to various conditions precedent, including approvals/non-objections being obtained from the Monetary Authority of Singapore, Bank Negara Malaysia/Vesting Order, Bank of Thailand, State Bank of Vietnam and Otoritas Jasa Keuangan, as well as any further local approvals required for the transfer and/or migration of the Consumer Business.

## Timing

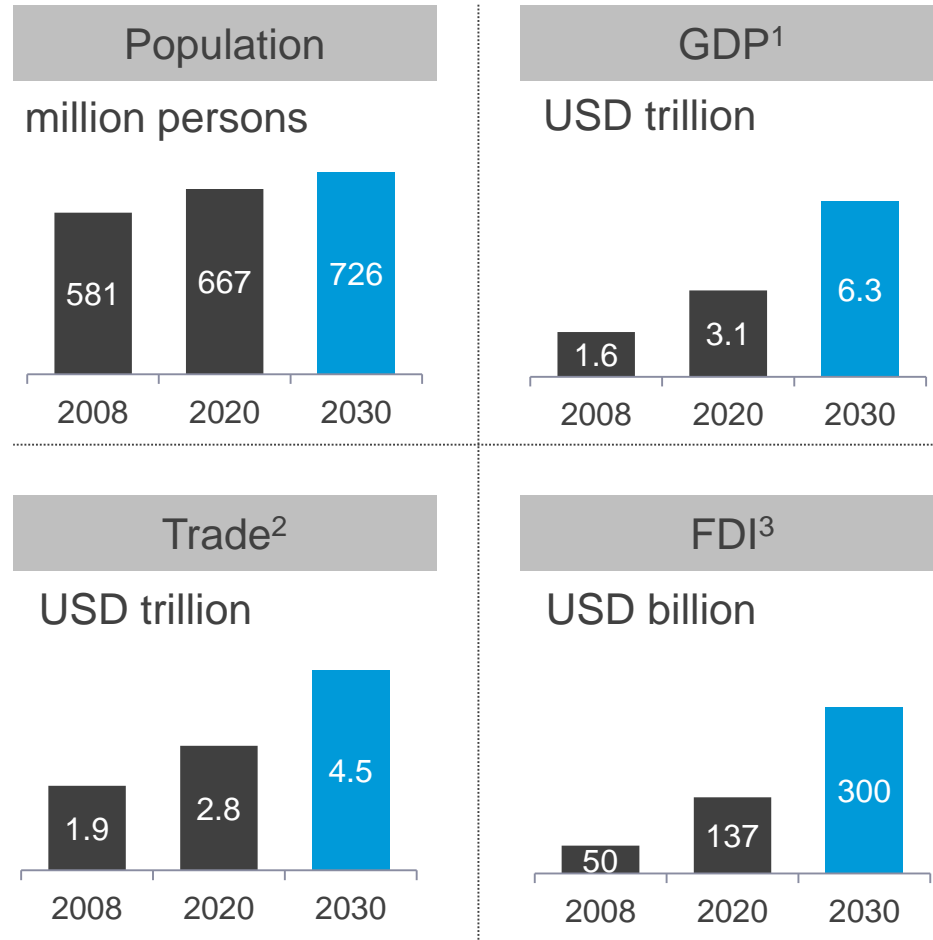
Completion of the acquisition in each country will be conditional on obtaining regulatory approvals relevant to each country and in Singapore. It is estimated that completion will take place between mid-2022 and early 2024, depending on the progress and outcome of the regulatory approval process.

1. Citi customers are estimated, excluding overlaps with existing UOB customers.

# Appendix



# Southeast Asia's Immense Long-term Potential

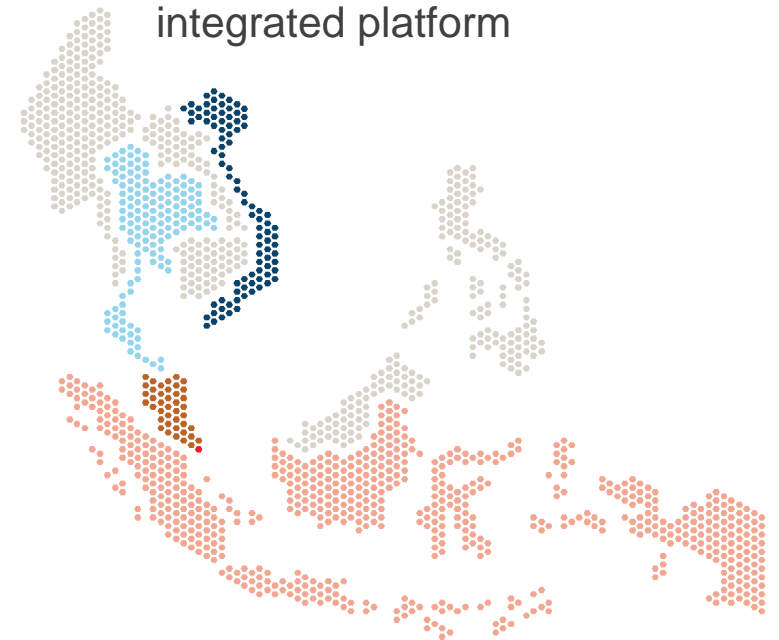


## Southeast Asia's immense growth prospects...

- Third largest population globally, after China and India
- Young demographics, with 382 million below 35 years old
- Fifth largest economic bloc globally by GDP<sup>1</sup>
- Fourth largest trading group globally
- Third largest recipient of inward FDI<sup>3</sup> globally

## ... that UOB is uniquely placed to capture

- Most diverse regional franchise among Singapore banks
- Full effective control of regional subsidiaries and integrated platform



1. Gross domestic product 2. Comprises exports and imports 3. Foreign direct investments

Source: Macrobond, UOB Global Economics and Markets Research



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