

NAB gains added lending heft from Citigroup's Australian consumer unit in AUD\$1.2B deal

Article

The news: Citigroup is seeking to offload its Australian consumer-banking division to National Australia Bank (NAB) in a deal [valued](#) at AUD\$1.2 billion (\$825.6 million). The

transaction calls for NAB to take on lending assets worth about **AUD\$12.2 billion** (\$8.39 billion) and a deposit base of around **AUD\$9 billion** (\$6.19 billion). The acquisition is slated to [close](#) by March 2022.

More on this: The acquisition would be particularly impactful to NAB on its non-housing loan book.

- Its portfolio, which includes credit cards, would [almost double](#), going from **AUD\$4.5 billion** (\$3.10 billion) to **AUD\$8.8 billion** (\$6.05 billion), or **95%**.
- NAB would [vault](#) to Australia's **second-biggest** credit-card company when measured by balances outstanding, and its customer base for the product segment would grow by **70%**—from **1.5 million** to **2.5 million**.

While NAB will gain [more modest](#) additions to its mortgage book and deposit base—the increases will be just **3.8%** and **7.4%**, respectively—the buyer noted that its mortgage addition is low risk and leans on affluent clients. NAB [also](#) sees future cross-selling opportunities in its **400,000** new mortgage and deposit customers.

The big takeaway: The pending deal will add more heft to NAB just as buy now, pay later (BNPL) fintech **Afterpay** is seeking to [sell itself](#) to US-based **Square** in a deal worth about **\$29 billion**.

Ross McEwan, NAB's CEO, [doesn't view BNPL](#) as a big threat at the moment—he cited the segment's small transactions share, [per](#) The Australian Financial Review. But down the line, the tie-up between Afterpay and Square could produce a formidable consumer-side neobank. For example, in the combined company, BNPL will be integrated into Square's **Cash App**, as well as Afterpay's upcoming savings app, **Money by Afterpay**.

Nevertheless, NAB is preparing to fortify its technology: For the first **30 months** after the deal, the Big Four incumbent will have a transitional services arrangement with Citigroup in which the latter will manage the added credit-card loans while NAB [upgrades](#) its technology platform

For a deeper dive into the planned Afterpay-Square deal, see our [initial story](#).