

Plenti and NAB announce strategic partnership

Plenti Group Limited (**Plenti**) and National Australia Bank Limited (**NAB**) today announce a strategic partnership, initially launching a “NAB powered by Plenti” car and electric vehicle (**EV**) loan and then making Plenti renewable energy finance available to NAB customers. The parties have also entered into an equity investment agreement under which NAB may acquire up to 15% of Plenti’s share capital through placements and market purchases, reflecting the importance of the strategic partnership to both Plenti and NAB.

Highlights

- Plenti and NAB have entered into a strategic partnership under which Plenti will provide “NAB powered by Plenti” and Plenti own-branded finance solutions to NAB’s large personal banking customer base
- The strategic partnership combines NAB’s trusted brand and deep customer relationships with Plenti’s award-winning consumer finance experiences, efficiency and technology
- The strategic partnership broadens the consumer finance offerings available to NAB’s customers, whilst increasing and diversifying the revenue streams of both Plenti and NAB
- An innovative “NAB powered by Plenti” car and EV loan is expected to be launched in the first half of 2024, through which Plenti and NAB aim to deliver a leading car finance experience
- Select Plenti household renewable energy finance solutions are expected to be made available to NAB’s customers in 2024, which aims to help Australian households save on energy bills and reduce carbon emissions
- Plenti and NAB have additionally entered an equity investment agreement, which provides for NAB to acquire or subscribe for up to 15% of Plenti’s share capital, based on the achievement of certain milestones

Daniel Foggo, Plenti’s Founder and Chief Executive Officer, said:

“This strategic partnership makes sense – it brings together one of Australia’s largest and most trusted financial institutions with one of Australia’s most innovative and awarded financial technology companies.”

“Together we see an opportunity to better serve new and existing customers with car and renewable energy lending products and we’re excited about the potential for future expansion of the strategic partnership over time.”

“This strategic partnership is expected to have a meaningfully positive impact on Plenti’s growth and profitability in future years.”

Paul Riley, Executive, Personal Everyday Banking at NAB said:

“We’re excited to launch our first products with Plenti next year and we look forward to working with Plenti to explore ways to expand the strategic partnership further.”

“The use of electric vehicles and environmentally sustainable products in the household is becoming more common in Australian homes and we’re keen to support our customers transition to a low emissions future.”

“NAB powered by Plenti” car and EV loan

In the first stage of the strategic partnership Plenti and NAB will launch a “NAB powered by Plenti” car and EV loan for which:

- NAB is responsible for marketing and promoting the co-branded car and EV loan product to customers drawing on its large personal banking customer base
- Plenti is responsible for the provision of loan application experiences, credit assessment, loan settlement, and on-going loan and customer management
- Plenti and NAB will design and develop product features and technology integrations to streamline customer experiences and facilitate on-going customer and corporate reporting
- Loans will be funded by NAB as product issuer and held on NAB’s balance sheet, with credit risk borne by NAB. NAB’s credit and relevant policy settings will apply
- The key financial provisions include Plenti receiving:
 - An upfront payment for the establishment of technology, infrastructure and operational set up for the delivery of the relevant services
 - An upfront fee per loan funded (establishment fee), which steps down once the loan book reaches \$1 billion. Plenti will be guaranteed a minimum value of establishment fees per month until the total fees received reach a threshold amount
 - A monthly servicer fee calculated as a percentage of the loan book, which scales down as the loan book grows until the loan book reaches \$3 billion
- The agreement has an initial term of 5 years with the ability to extend for a further 5 years with the agreement of both Plenti and NAB

The economics for Plenti will depend on the level of originations and loan book achieved over time. Indicatively, annual revenue for Plenti in a year with originations of \$500 million and an average loan book of \$1 billion would be approximately \$20 million. The timeframe to reach this indicative annual revenue will depend on several factors including the appeal of the car loan offering to NAB’s customer base and the success of NAB’s marketing and promotional activities. The minimum annual revenue to be received by Plenti under the strategic partnership is \$3 million.

The “NAB powered by Plenti” car and EV loan is a direct-to-consumer offering and is not expected to impact Plenti’s existing car loan distribution via mortgage and asset finance brokers, nor other third-party channels.

Household renewable energy finance referrals

Plenti and NAB are to develop a referral program to assist NAB's customers finance the purchase of eligible renewable energy systems, whereby:

- NAB to advertise select renewable energy finance products offered by Plenti to its customer base and refer customers to Plenti
- Plenti to provide NAB's referred customers with access to selected Plenti installer partners to solicit quotes for the installation and financing of eligible renewable energy systems, including via its GreenConnect platform
- Plenti will be responsible for the provision of loan application experiences, credit underwriting, loan funding and settlement, and on-going loan and customer management
- Plenti to pay NAB a referral fee for each funded loan under the arrangements
- The arrangement has an initial term of 5 years and the ability to extend for a further 5 years with the agreement of both Plenti and NAB

Economics for Plenti on the renewable energy product are expected to be substantially similar to Plenti's existing renewable energy offering.

Collaboration across additional activities

Plenti and NAB will explore opportunities for the continued expansion of products offered under this strategic partnership over time.

Equity investment agreement terms

Plenti and NAB have entered an equity investment agreement, which provides for NAB to acquire up to a 15% equity interest in Plenti via subscribing for Plenti shares and/or through market purchases. The key terms of this agreement are summarised below:

- NAB may make market purchases of up to 5% of Plenti's share capital from the date of this announcement to 18 months following launch of the "NAB powered by Plenti" car and EV loan (**Market Purchase**)
- NAB may subscribe (and correspondingly Plenti must make a placement to NAB) for 5% of Plenti's share capital, exercisable within 2 months of the "NAB powered by Plenti" car and EV loan launch, at a price per share which is the lower of:
 - \$0.90, and
 - a 25% premium to Plenti's 1-month share price VWAP prior to the issuance of a subscription notice, subject to a floor price per share of \$0.75 (**Placement 1**)
- NAB may subscribe (and correspondingly Plenti must make a placement to NAB) for a further 5% of Plenti's share capital, at a price per share which is the higher of:
 - \$1.20, and
 - a 25% discount to Plenti's 1-month share price VWAP prior to the issuance of a subscription notice,

exercisable within 18 months of the co-branded car loan launch and subject to the loan portfolio reaching \$500 million (**Placement 2**)

Additional terms in relation to NAB acquiring an equity interest in Plenti include:

- If the \$500 million loan portfolio is reached within 18 months of the co-branded car loan launch, and NAB does not subscribe for shares under Placement 2, it may instead purchase up to an additional 5% of Plenti's share capital via market purchases within 12 months of the expiry of Placement 2 exercise period

Standstill

NAB and Plenti have also entered equity 'standstill' arrangements, which limit NAB's ability to acquire or subscribe for Plenti shares, outside of the arrangements set out above. These standstill arrangements apply if NAB has acquired above 5% of Plenti's share capital via market purchases and expire on the earlier of 5 years after entry into the commercial arrangements for the car and EV loan product or 6 months following the termination of those arrangements. These 'standstill' arrangements will also cease to apply in certain circumstances, including with Plenti Board consent, where Plenti's share price is greater than \$2.00, if there are certain changes to substantial holders / holdings in Plenti (including where a competing financial institution acquires a shareholding of 5% or more) or if a credible third party has made an offer in relation to a change of control event. Notwithstanding the above restrictions, certain transactions are permitted, including where NAB has acquired shares in its capacity as custodian in its normal course of business, participation in a pro rata issuance and to facilitate the disposal of shares.

Change of control transaction

NAB's right to subscribe for Placement 2 shares will expire in circumstances where Plenti is delisted due to a control transaction. Under the strategic partnership a fee may also be payable from Plenti to NAB should NAB terminate the relationship as a result of a change of control of Plenti.

To the extent a control transaction requires a shareholder vote and occurs in the initial 5 year term of the commercial agreement and while NAB's partnership auto loans are below \$2 billion in balances, then NAB has agreed to abstain from voting any relevant interest in shares it holds above 10.01% with respect to certain shares acquired in accordance with the equity investment agreement if NAB would not be voting in accordance with the recommendation of the Plenti Board (noting that this requirement only applies up to a maximum of 4.99% voting power).

Additional terms

In respect of both the car and EV loan and renewable energy loan referral contracts, there are performance review conditions (after 2 and 3 years for the car and EV loan arrangement, and after 2 years for the renewable energy loan referral arrangement), service level requirements and customary termination rights in the event of, among other matters, a material breach by either NAB or Plenti. In the event the car and EV loan commercial arrangement is terminated, and NAB takes over management of the underlying loans, trail fees are paid to Plenti, with the quantum dependent on the circumstances of termination.

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Further information

This release was approved by the Plenti Board of Directors.

For more information please contact:

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About Plenti

Plenti is a fintech lender. We provide faster, fairer loans by leveraging our smart technology.

We offer award-winning car, renewable energy and personal loans, delivered by our proprietary technology, to help creditworthy borrowers bring their big ideas to life.

Since our establishment in 2014, our loan originations have grown consistently, supported by diversified loan products, distribution channels and funding, and underpinned by our exceptional credit performance and continual innovation.

For more information visit Plenti.com.au/shareholders.