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ASX ANNOUNCEMENT

NAB announces agreement to acquire 86 400 to accelerate UBank growth

National Australia Bank Limited (NAB) has entered into a scheme implementation agreement to acquire 100% of the shares in 86 400 Holdings Ltd, the holding company of Australian neobank, 86 400 ("86 400").

Founded by Cuscal Ltd and led by CEO Robert Bell, 86 400 has built and launched a mobile-led digital bank and was granted an ADI licence in July 2019. As at 15 January 2021, 86 400 had more than 85,000 customers, \$375 million of deposits, \$270 million in approved residential mortgages¹ and 2,500 accredited brokers.

In April 2020, NAB announced plans to prioritise UBank to deliver a market-leading digital experience and new product propositions to customers. The acquisition of 86 400 will accelerate UBank's growth by combining its established customer base, brand and colleagues with 86 400's experience and technology platform.

"Bringing together UBank and 86 400 is consistent with NAB's long-term strategy and growth plans and will enable us to develop a leading digital bank that can attract and retain customers at scale and pace," NAB Chief Operating Officer, Les Matheson said.

"The combined business will deliver accelerated innovation and an enhanced customer experience to create a stronger and more competitive banking alternative for Australian customers."

UBank CEO, Philippa Watson, said: "UBank has a proud 12-year history of innovation as a pioneering digital bank and today serves more than 600,000 customers to help achieve their financial goals.

"Combining with 86 400 will bring together UBank's established business and 86 400's experience and technology platform to meet the changing needs of our customers. We are looking forward to having the 86 400 team join us to deliver the next generation of simple, fast and mobile banking solutions."

86 400 CEO Robert Bell said: "Over the past 18 months, we've challenged the status quo of banking through innovative products, services and technology. 86 400 and its customers will benefit from NAB's capital and balance sheet strength and investment spend to support accelerated growth and continued innovation, helping even more Australians take control of their money."

Transaction execution considerations

NAB commenced discussions with 86 400 in late 2020. To support 86 400's growth, NAB subscribed for a minority stake in 86 400 and currently holds an approximate shareholding of 18.3% in 86 400. NAB proposes to acquire the remainder of shares in 86 400 by way of a scheme of arrangement.

¹ Approved mortgages includes settled loans and loans that have been unconditionally approved with issued documents.

NAB expects the total cost of acquiring the remaining shares in 86 400 and other upfront transaction related expenses to be up to approximately \$220 million.²

86 400's independent directors have unanimously recommended that its shareholders vote in favour of the scheme, and each 86 400 director has confirmed their intention to vote any 86 400 shares which they own or control in favour of the scheme, in each case subject to an independent expert concluding that the scheme is in the best interests of 86 400 shareholders and in the absence of a superior proposal.

Completion of the transaction is subject to certain conditions, including regulatory approvals from the Treasurer, the Australian Prudential Regulation Authority (APRA) and the Australian Competition and Consumer Commission (ACCC), and approval of the scheme by the Federal Court. Subject to the timing of approvals, completion is expected to occur by mid calendar year 2021.

86 400 and UBank will continue to operate as separate businesses until the transaction is finalised.

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The release of this announcement was authorised by Ross McEwan, Group Chief Executive Officer.

² Excludes future integration and migration costs.