



Investor Presentation

2023
Full Year Results

29 February 2024

Today's Presenters

Mario Rehayem

Chief Executive Officer

Joined Pepper Money in 2011,
and appointed CEO of Pepper Money
in 2017

Over 20 years' experience across
banking and finance

Previously held senior positions in
APRA regulated entities and the non-
bank sector, including as State
Manager, Mortgage Broker Distribution
at Westpac Banking Corporation

Therese McGrath

Chief Financial Officer

Joined Pepper Money in 2018 as CFO

25+ years of international experience in
finance, strategic development and
operations

Previously held senior positions in
finance, operations and strategy at
Australia and New Zealand Banking
Group, Thomson Reuters, Diageo, SAP
and Microsoft



MARIO REHAYEM

Chief Executive Officer

THERESE MCGRATH

Chief Financial Officer

Mission: We help people succeed

Focus

We have created a broad range of solutions that deliver value to our customers

We focus on the underserved and undervalued segments

Pillars

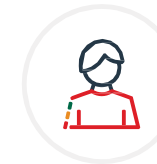
Our pillars support our mission



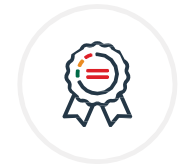
Customer



Business



People



Brand

Values

Our success is possible because our values are at the heart of our brand...



Can do



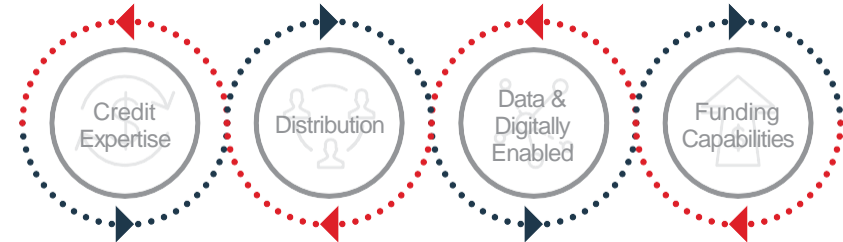
Balanced



Real

Core Competencies

...and the strength of our core competencies



2023 Highlights

Our Mission

We help people succeed

Our Values



Can do



Balanced



Real

Originations

\$7.3bn

(24)% vs PCP

Total AUM¹

\$19.7bn

Highest AUM achieved by the business

Funding

\$5.4bn

Raised from Public Term Securitisation over 2023

Warehouse capacity

\$9.3bn²

(18)% vs December 2022

Diversified business % Total Operating Income

55%

Mortgages

43%

Asset Finance

2%

Loan & Other Servicing

Credit quality

0.28%

Loan losses³ as a % Lending AUM
(6)bps vs PCP

Operational efficiency

(1)%

Increase in Pro-forma Normalised Operating Expenses⁴

Pro-forma NPAT

\$111.1m

(22)% vs PCP

Customers helped

89,134

Customers welcomed over 2023

455,248

Customers helped since 2004⁵

Customer NPS⁶

6

Home Loans
+9 points

50

Asset Finance
+27 points

66

Personal Loans
+44 points

Our people

75

Engagement score⁷

45%

Women in Management⁸

Our shareholders

5.0

cps final dividend⁹

8.6

cps total dividend CY2023¹⁰

34%

Payout ratio¹¹ for full year

Notes: 1. Total Lending and Servicing AUM – December close. 2. Includes Pepper Money Notes. 3. Loan Losses exclude Post Model Overlay. 4. Normalised Pro-forma Operating Expenses removes the impact of Stratton Finance Pty Ltd acquired 1 July 2022, and excludes Depreciation and Amortisation and Corporate Interest Expense. 5. Cumulative number of customers from 2004 to 31 December 2023. Includes HSBC New Zealand residential mortgage customers who transferred on acquisition of the portfolio. 6. Survey conducted by RFI Global - Pepper Money NPS measurement and tracking, September 2023. Points variance is versus industry average. 7. Pepper Money Limited CY2023 Employee Engagement Survey conducted by Custom Insights, 11 September – 22 September 2023. Results for Australia and New Zealand. Pepper Money Manila Employee engagement under the same survey saw response rate of 99% and a score of 81. 8. As at 31 December 2023. 9. Based on Pro-forma NPAT 1 July – 31 December 2023. 10. Sum of CY2023 interim and final dividends (rounded). 11. Payout ratio based on CY2023 full year Pro-forma NPAT.

Portfolio Performance

Originations (CY2023)
Originations Mix (CY2023)
AUM December 2023 close (vs PCP)
AUM Mix December 2023 close
Net Interest Margin¹ % (vs PCP)
Operating Income % Business Mix
Loan Losses² % AUM (vs PCP)



Mortgages

\$3.9 billion (43)% vs PCP
Prime: 37%
Near Prime: 57%
Specialist: 6%
\$12.6 billion (7)%
Prime: 47%
Near Prime: 44%
Specialist: 9%
1.77% (21) bps
\$214.7 million 55%
0.01% +4 bps



Asset Finance

\$3.4 billion +20% vs PCP
Tier A: 63%
Tier B: 28%
Tier C: 9%
\$5.7 billion +21%
Tier A: 60%
Tier B: 31%
Tier C: 9%
2.50% (41) bps
\$166.2 million 43%
0.92% (12) bps



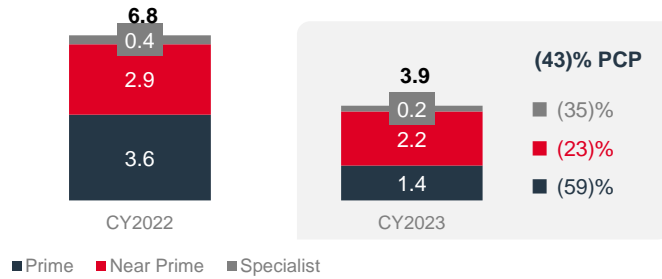
Loan & Other Servicing

\$1.4 billion +43%
\$9.2 million³ 2%

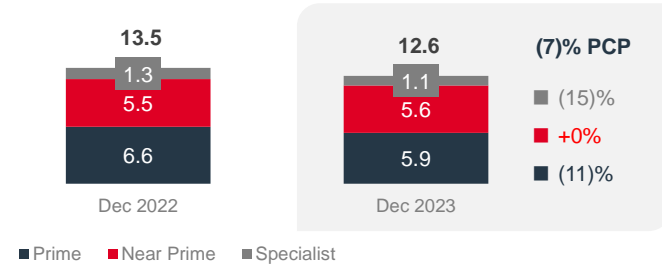
Mortgages | CY2023

Volume

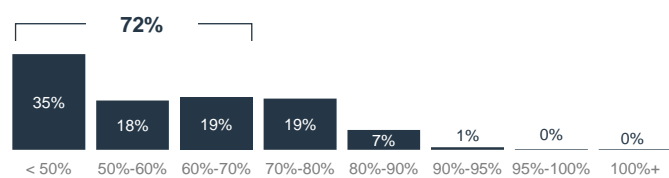
Originations by Product (\$bn)



AUM by Product (\$bn)



Indexed LVR (Australia)



Income

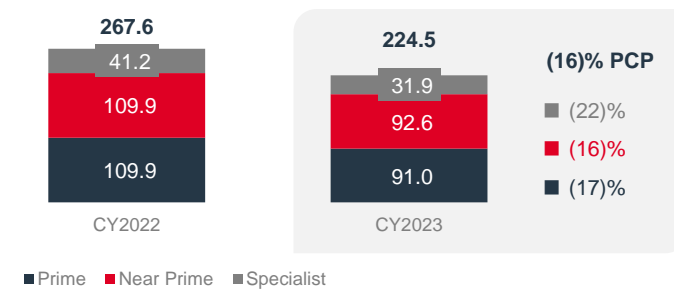
Weighted Interest Rates¹ (%)

	CY2022	CY2023
Prime	6.4%	7.6%
Near Prime	7.0%	8.0%
Specialist	8.4%	9.3%

Net Interest Margin (%)

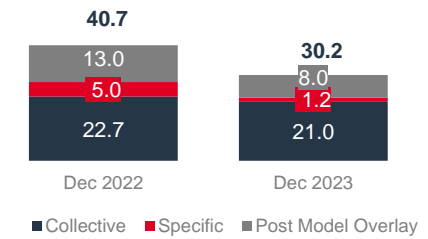
	CY2022	CY2023
Customer rate ²	5.19%	7.83%
BBSW/BKBM ³	(1.32)%	(3.87)%
Funding margin	(1.89)%	(2.19)%
Net interest margin	1.98%	1.77%

Net Interest Income by Product⁴ (\$m)



Credit Quality

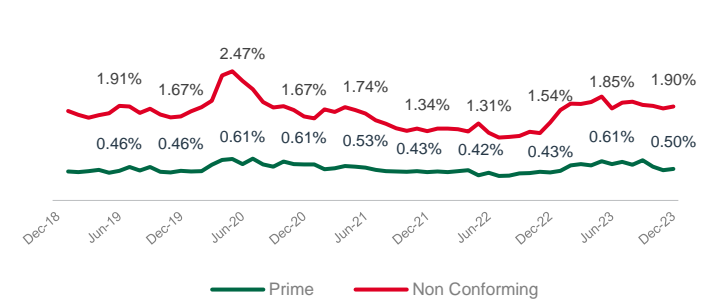
Loan Loss Provision (\$m)



Total loss⁵ % AUM



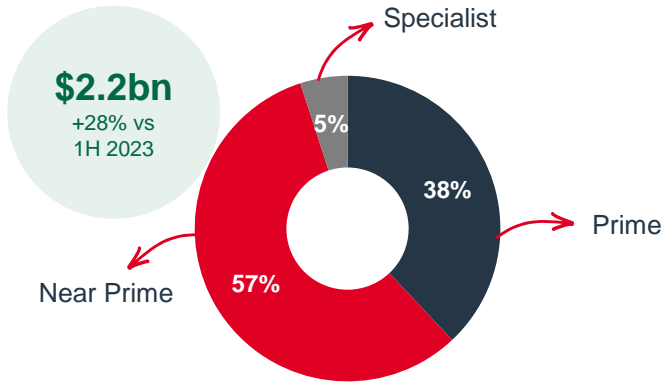
Mortgages 90+ day arrears⁶ as % of AUM



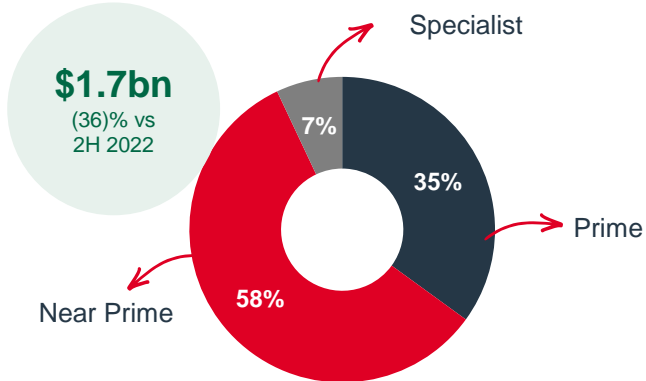
Mortgages | 2H CY2023 vs 1H CY2023

Originations by Product

2H CY2023 Originations¹



1H CY2023 Originations²



Weighted Average Indexed LVR³

2H CY2023 AUM (close)

56%
60% as at June 2023



1H CY2023 AUM (close)

60%
58% as at December 2022



Weighted Interest Rate⁴

2H CY2023 (close)

	Portfolio	Front Book ⁵
Prime	7.3%	7.5%
Near Prime	8.2%	8.0%
Specialist	9.0%	9.3%

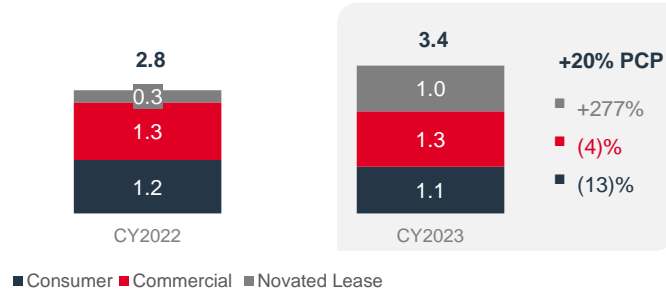
1H CY2023 (close)

	Portfolio	Front Book ⁶
Prime	7.4%	7.3%
Near Prime	8.1%	7.8%
Specialist	8.9%	9.1%

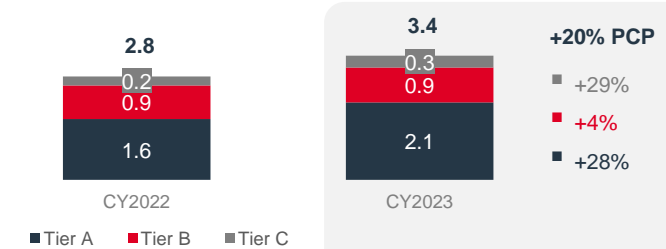
Asset Finance | CY2023

Volume

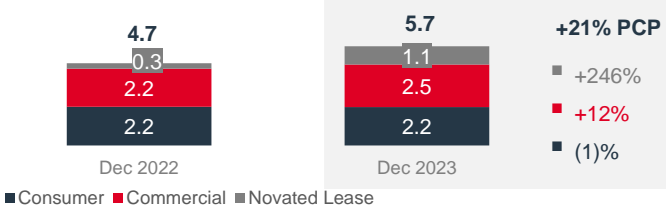
Originations by Product (\$bn)



Originations by Risk Tier (\$bn)



AUM by Product (\$bn)



Income

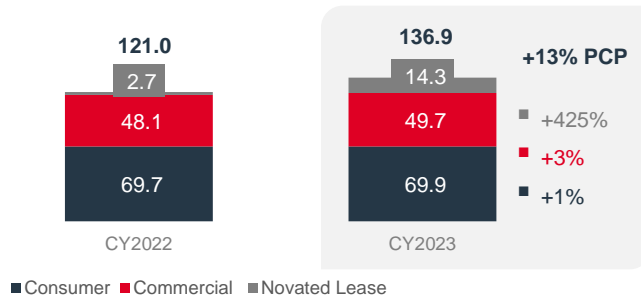
Weighted Interest Rates¹ (%)

	CY2022	CY2023
Tier A	7.3%	9.1%
Tier B	9.6%	11.5%
Tier C	13.5%	14.7%

Net Interest Margin (%)

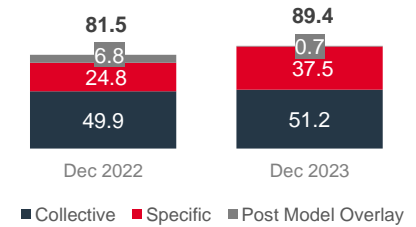
	CY2022	CY2023
Customer rate ²	6.12%	7.39%
Swap	(1.36)%	(2.62)%
Funding margin	(1.85)%	(2.27)%
Net interest margin	2.91%	2.50%

Net Interest Income by Product³ (\$m)

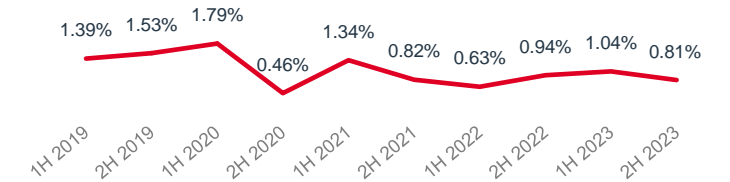


Credit Quality

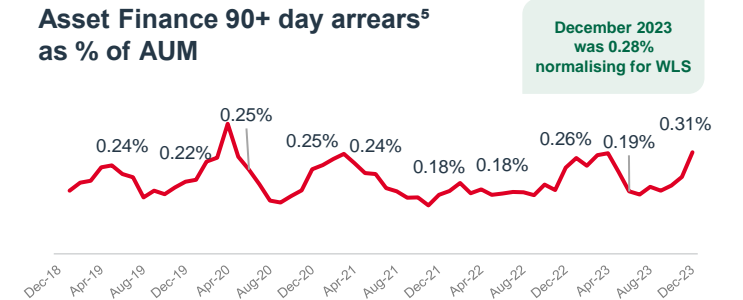
Loan Loss Provision (\$m)



Total loss⁴ % AUM



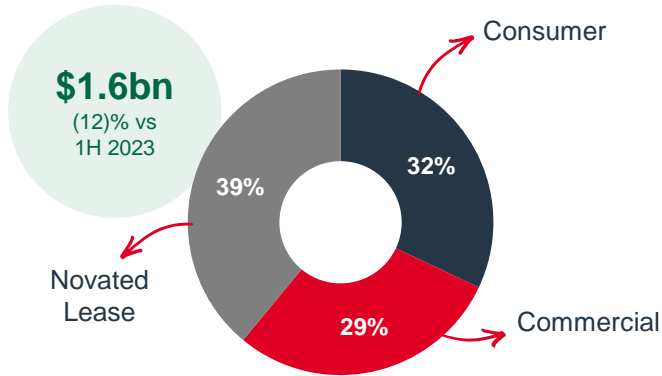
Asset Finance 90+ day arrears⁵ as % of AUM



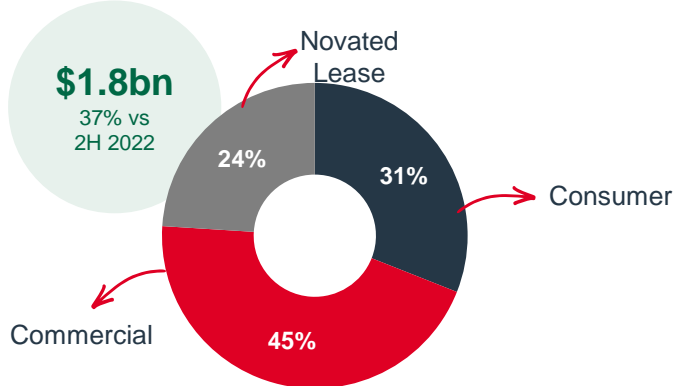
Asset Finance | 2H CY2023 vs 1H CY2023

Originations by Product

2H CY2023 Originations¹

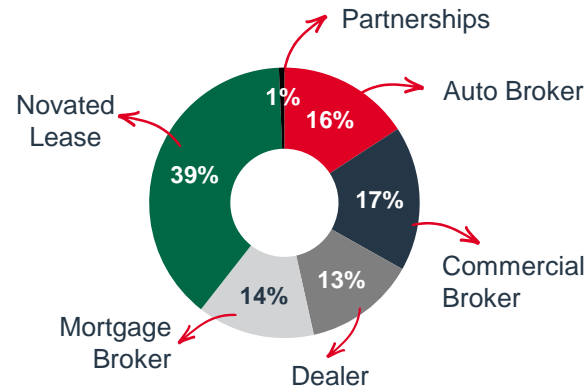


1H CY2023 Originations²

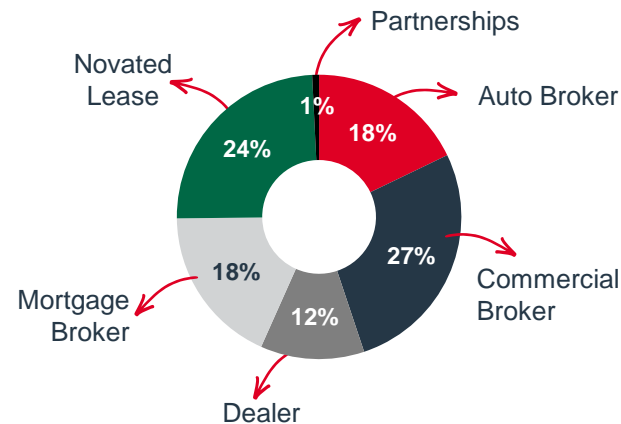


Originations by Channel

2H CY2023 Originations¹



1H CY2023 Originations²



Weighted Interest Rate³

2H CY2023 (close)

	Portfolio	Front Book ⁴
Tier A	8.0%	9.6%
Tier B	10.1%	11.7%
Tier C	13.7%	15.3%

1H CY2023 (close)

	Portfolio	Front Book ⁵
Tier A	7.5%	8.8%
Tier B	9.6%	11.2%
Tier C	13.4%	14.5%

Funding Performance

In excess of

\$38.6bn²

across 61 transactions from 2003 to December 2023

Non-conforming RMBS

\$23.7bn

Prime RMBS

\$10.1bn

ABS

\$4.7bn

Warehouses

A\$9.3bn³

total capacity

25 funders

(includes 3 major domestic banks, excludes Pepper Notes)

19

facilities

Capacity down (18)%

31 December 2023 vs 31 December 2022

Securitisation

4 Public Platforms⁴

(PRS, Pepper Prime, Sparkz, Pepper Social)

100+⁶

investors

A\$41.6bn⁵

Total Issuance

Called every note

at first available call date

Whole Loan Sales / Private Term issuances

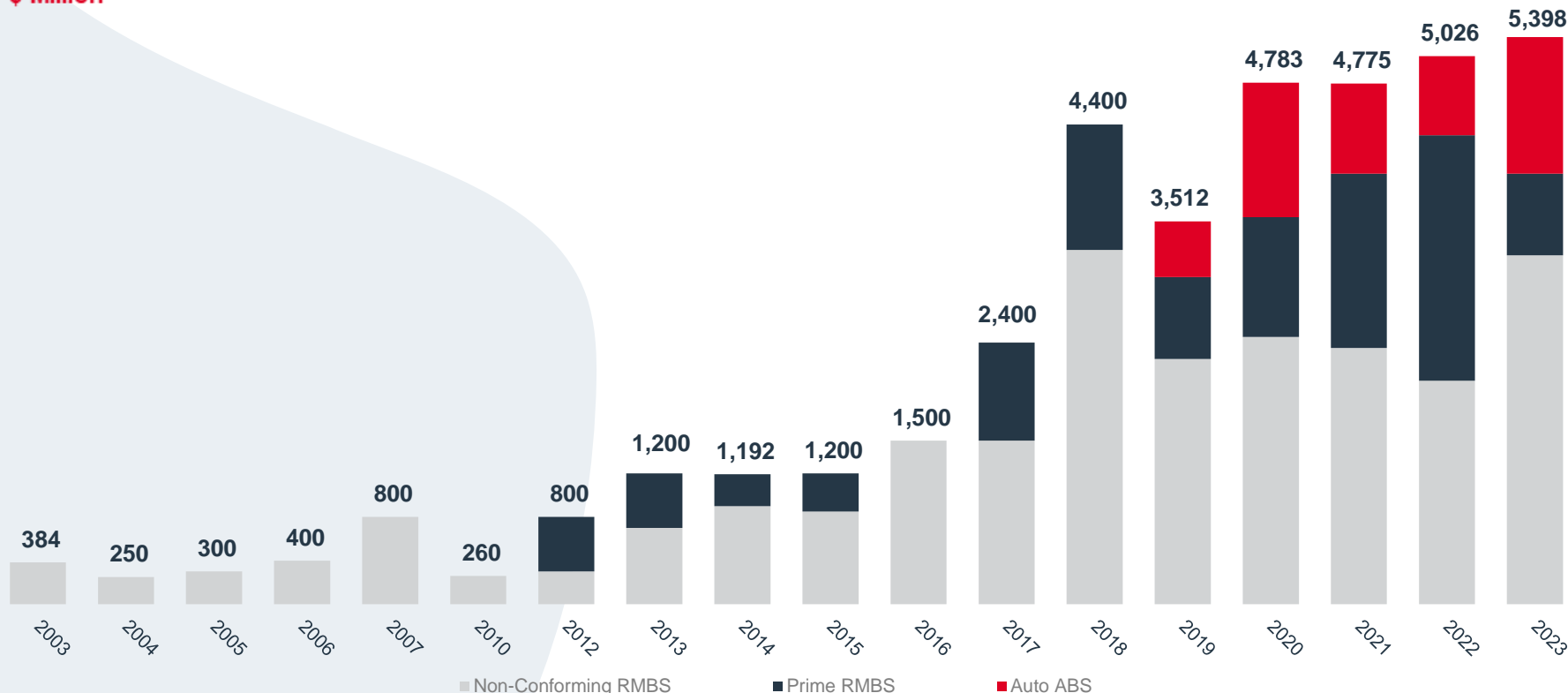
A\$8.7bn+

total funding⁷

24

counter-parties

\$ Million



+7%
+\$0.4bn vs CY2022

ESG achievements by focus area

Our Values



Can do



Balanced



Real



Customer Wellbeing

455,248 customers helped since 2004

Financial literacy program

Customer NPS



Our Mission

We help people succeed



Community Contribution & Investment

Employee volunteering

Pepper Giving: \$232k+ donated

Blood Drive: saving 360 lives through Australian Red Cross Lifeblood



Responsible Business

High standard of corporate governance

Regulatory oversight and reporting

Strong risk management through policies, frameworks and practices



Climate Risks & Opportunities

8,986 electric vehicles¹ financed since 2015 offsetting 39,000 tonnes² of CO₂ in 2023

7 hectares of forest commissioned with approximately 16,300 trees planted, removing 7,000 tonnes³ of CO₂ over 50 years



Employee Engagement & Inclusion

Engagement score⁴ of 75

Females 45% of senior management roles⁵

Investment in uplifting the capability of our people and leaders

Wellness programs

Notes: 1. Count of electric vehicles only – excludes hybrids. 2. Calculation based on lifecycle emissions reduction of electric vehicles relative to average ICE lifecycle emission and annual distance travelled (source: Electric Vehicle Council) assuming vehicle lifetime of 15 years (source: ABS) 3. Models used in carbon calculators are based on a number of growth models and allometric equations developed for a particular region's native trees and shrubs. The actual amount of carbon sequestered by any particular stand can vary from calculator predictions and are dependent on-site quality, stand characteristics and management. Refer www.toolkit.tanestrees.org.nz/carbon-calculator/ 4. Pepper Money Limited CY2023 Employee Engagement Survey conducted by Custom Insights, 11 September – 22 September 2023. Results for Australia and New Zealand. Pepper Money Manila Employee engagement under the same survey saw response rate of 99% and a score of 81. 5. As at 31 December 2023.

Supporting Customer Experience

Our Mission

We help people succeed

Our Values



Can do



Balanced



Real

NET PROMOTOR SCORES²

Mortgage³

6

+ 9 points
versus industry average

Asset Finance

50

+ 27 points
versus industry average

Personal Loans⁴

66

+ 44 points
versus industry average



89,134¹

customers welcomed
in CY2023

FINANCIAL INCLUSION

Financial Literacy

800,000

views of our lending videos
over social media channels

Customer Support Hub

27,000

views from 15,000+ users

Financial hardship and money management

2,700

users of our articles /
guides

Scaled technology to support efficient growth

Our Values



Can do



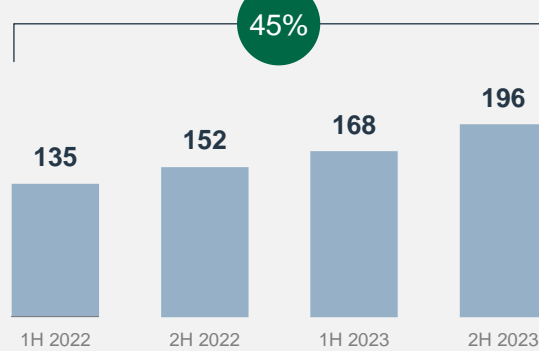
Balanced



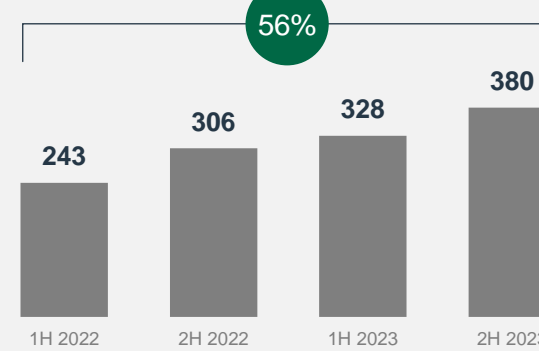
Real

MORTGAGES

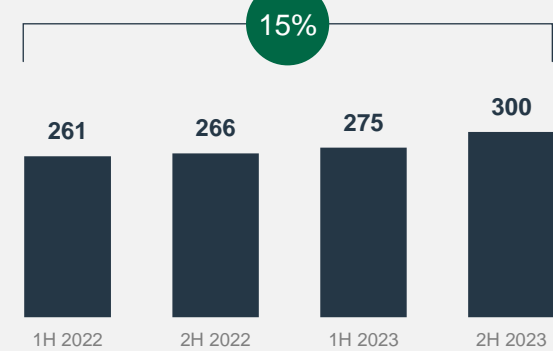
Credit:
Application per FTE
(indexed)¹



Settlements:
Origination per FTE
(indexed)

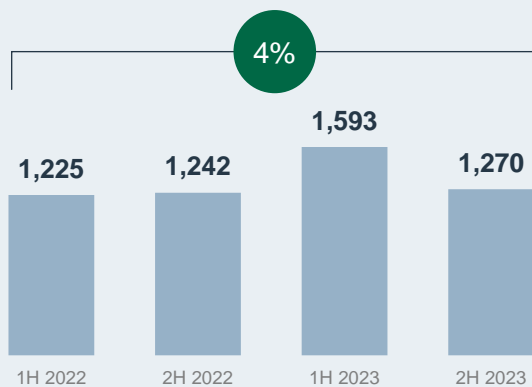


Servicing:
AUM per FTE
(indexed)



ASSET FINANCE

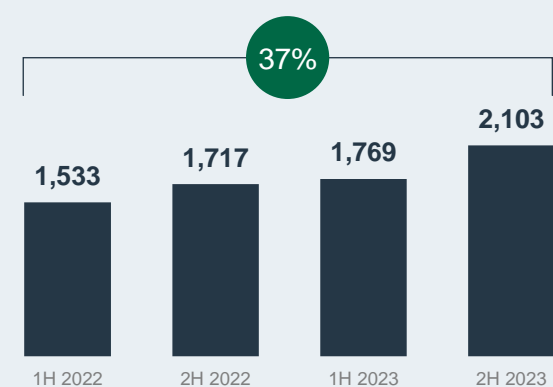
Credit:
Applications per FTE



% Loan Automatically Approved²:
CY2023

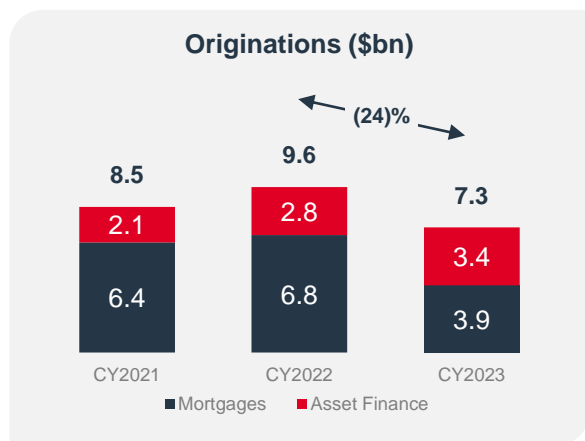


Servicing:
AUM per FTE

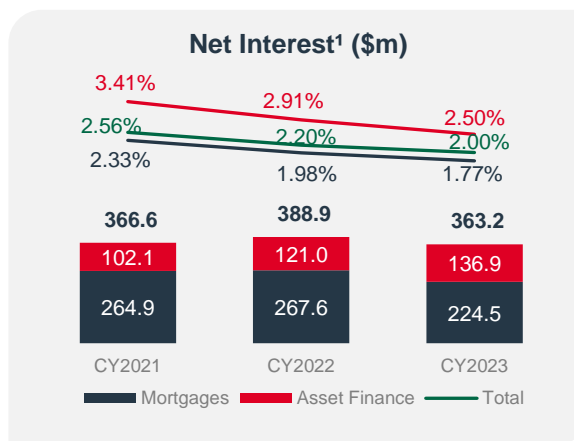


Pro-forma Financial Performance

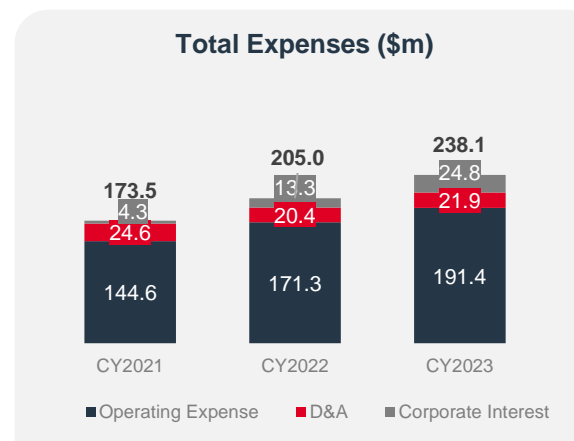
Volume



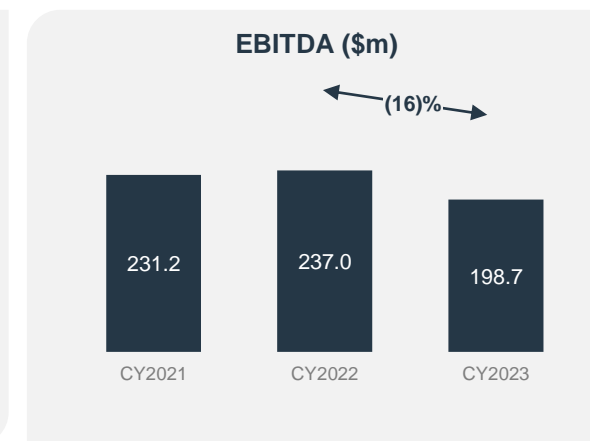
Income



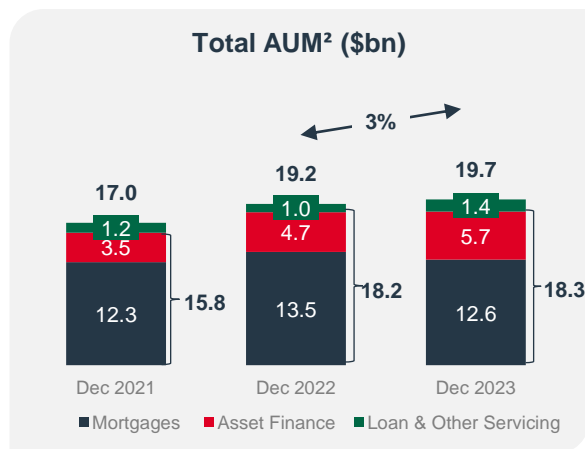
Expenses / FTE



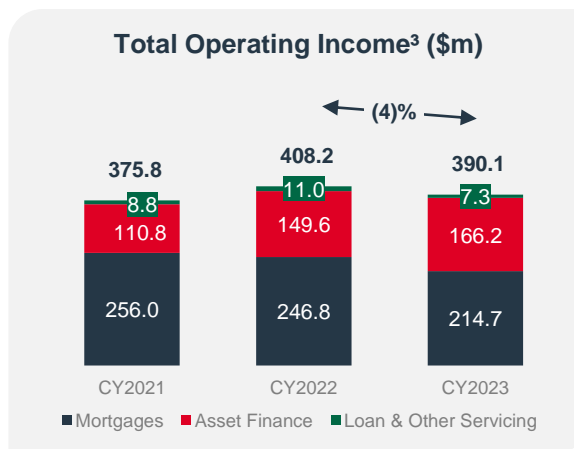
Profit



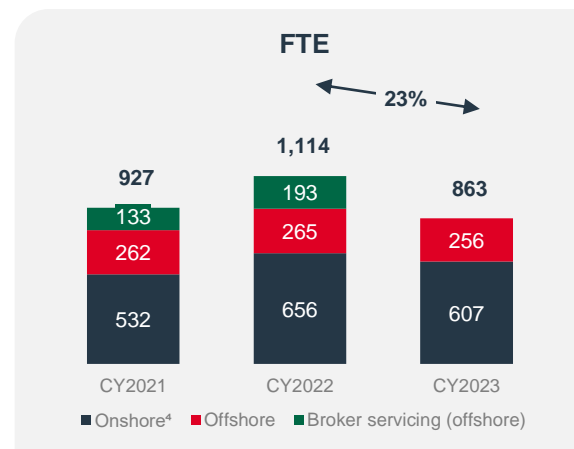
Total AUM² (\$bn)



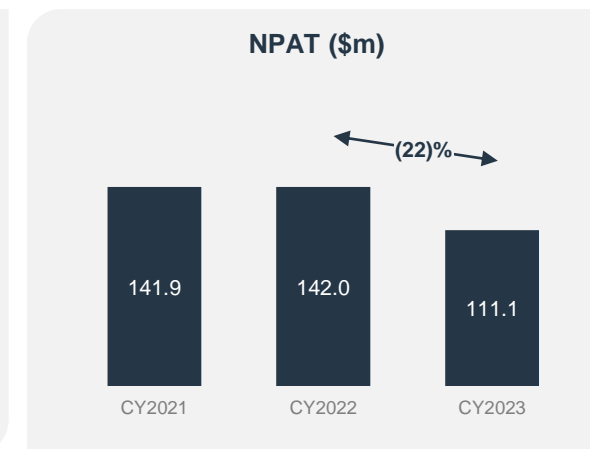
Total Operating Income³ (\$m)



FTE

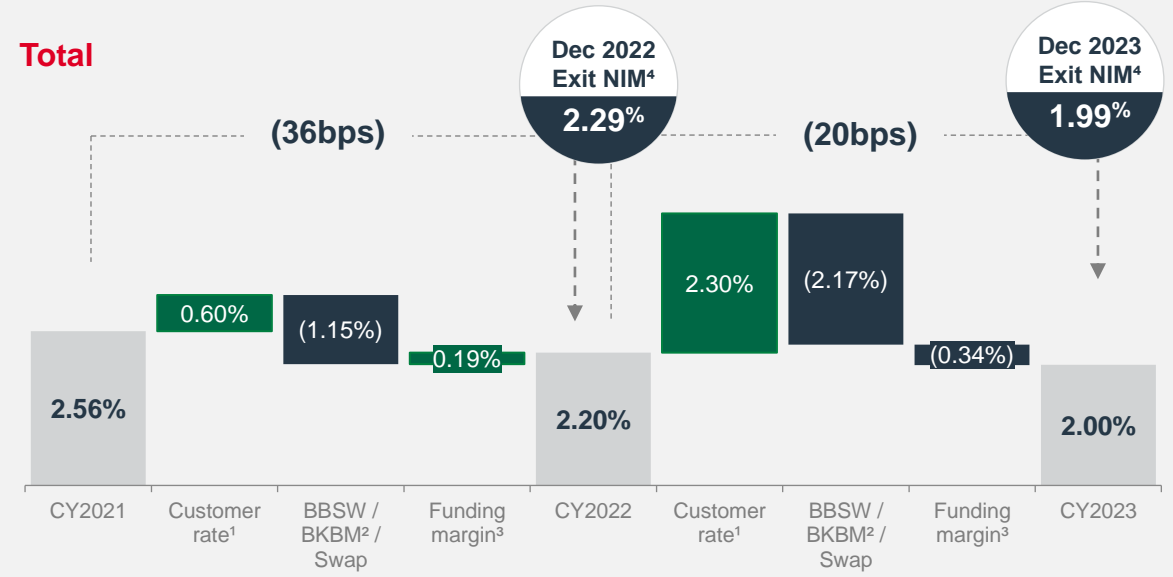


NPAT (\$m)

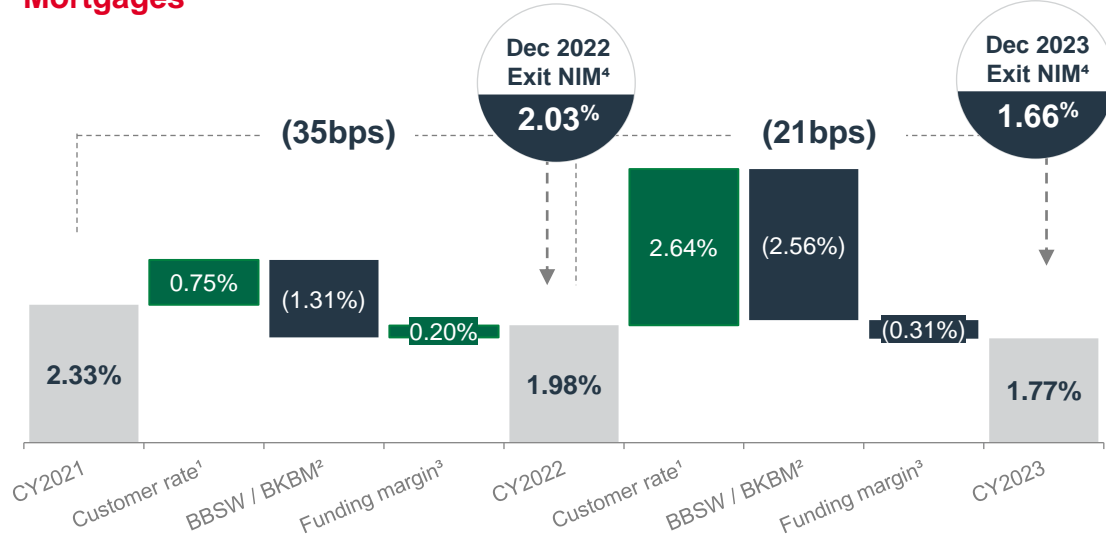


NIM movement

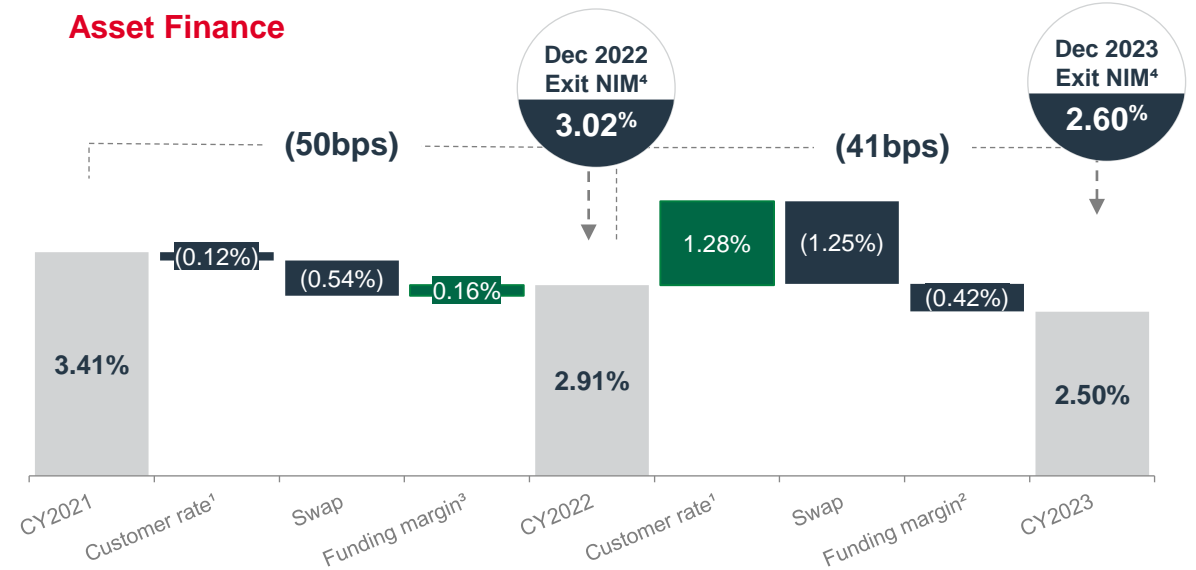
NIM compression continued as higher customer rate increases were offset by swap volatility and higher funding margin



Mortgages



Asset Finance



NIM compressed in Mortgages

2020-2023 – drivers of NIM compressions

Australian Residential Mortgages

%	2020	2021	2022	2023
Average customer rate ¹	4.70	4.06	6.94	8.03
Average BBSW	(0.24)	(0.01)	(1.32)	(3.85)
Weighted average funding margin ²	(2.19)	(2.06)	(1.84)	(2.19)
Average customer attrition ³	(27.9)	(39.1)	(39.0)	(43.8)

Intense bank competition –
interest rates and cash backs



NIM movement quarter on quarter

Portfolio⁴

%	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Customer rate	7.68	7.81	8.09	8.19
BBSW / BKBM	(3.31)	(3.82)	(4.12)	(4.21)
Funding margin	(2.40)	(2.21)	(2.32)	(2.35)
Net interest margin	1.98	1.78	1.64	1.63

PRS39 (Feb 24): 1.66%

PRS38 (Sep 23): 1.93%

PRS35 (Feb 23): 2.23%

FINANCIALS

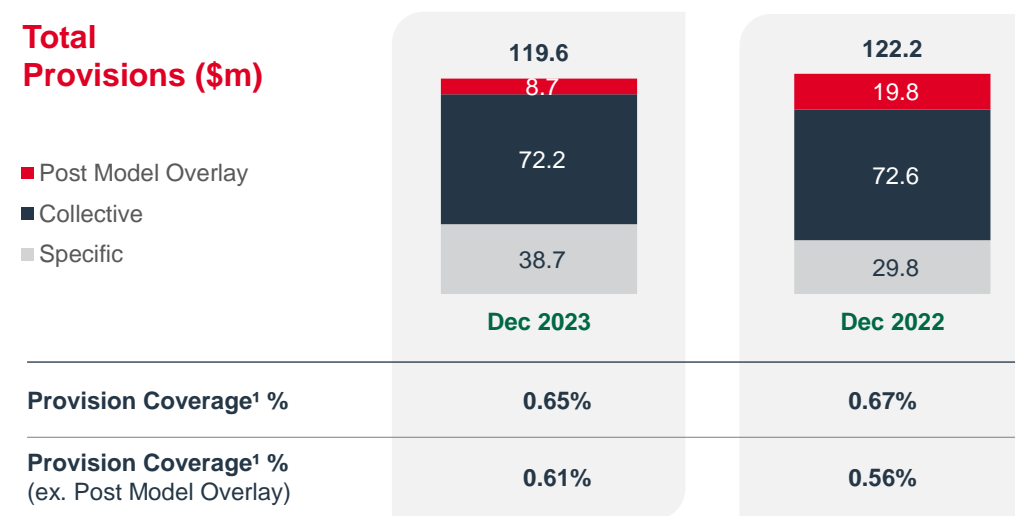
Loan loss expense & provision

Total loan loss provision as at 31 December 2023 of \$119.6 million is comparable to prior period and maintaining consistent coverage.

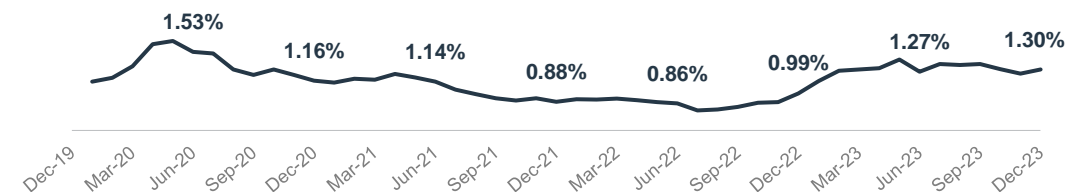
Loan loss expense \$ Million	Calendar Year	
	2023	2022
Mortgages		
Specific	(2.4)	(2.7)
Collective: base	1.6	(3.9)
Post-model overlay	5.0	-
Mortgages loan loss expense	4.2	(6.6)
Asset Finance		
Specific	(49.0)	(30.2)
Collective: base	(1.3)	(8.6)
Post-model overlay	6.1	11.9
Asset Finance loan loss expense	(44.2)	(26.9)
Loan and Other Servicing loan loss expense	0.1	0.2
Total		
Specific	(51.3)	(32.7)
Collective: base	0.3	(12.5)
Post-model overlay	11.1	11.9
Total loan loss expense	(39.9)	(33.3)

Total Provisions (\$m)

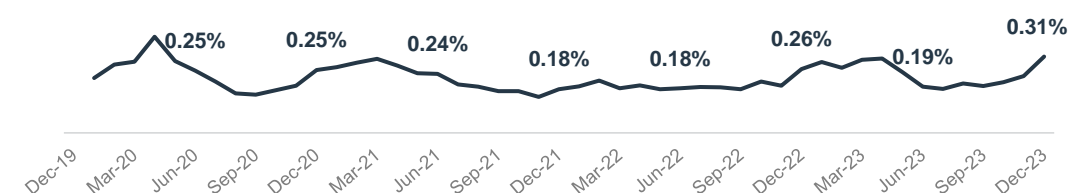
- Post Model Overlay
- Collective
- Specific



Mortgage 90+ day arrears^{2 3} as % of AUM



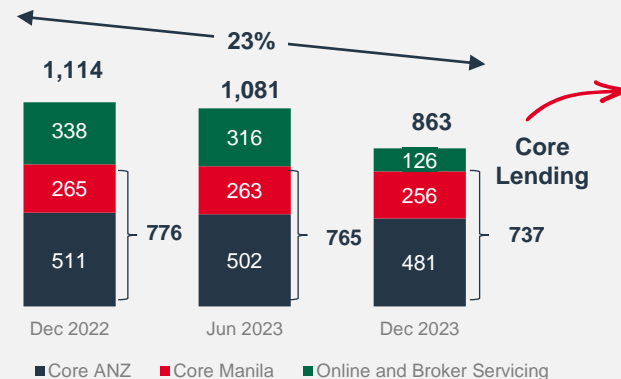
Asset Finance 90+ day arrears^{2 4} as % of AUM



Pro-forma Expenses

\$ Million	Calendar Year		Change B/(W)
	2023	2022	
Employee benefits expense	(128.6)	(113.9)	(13%)
Marketing expense	(14.9)	(13.8)	(8%)
Technology expense	(23.8)	(23.8)	-
General and admin expense	(19.3)	(17.7)	(9%)
FV / impairment gains or losses on financial assets	(4.8)	(2.1)	Lge
Total Operating Expenses	(191.4)	(171.3)	(12%)
Depreciation and amortisation	(21.9)	(20.4)	(7%)
Corporate interest expense	(24.8)	(13.3)	(86%)
Total Expenses	(238.1)	(205.0)	(16%)

FTE Movement



Core Lending Employee expenses \$ Million

	2H 2023	1H 2023	% 2H v 1H B/(W)	2H 2022	% 2H v 2H B/(W)
Core ANZ	(48.7)	(48.8)	0%	(46.0)	(6%)
Core Manila	(3.4)	(3.2)	(7%)	(3.3)	(4%)
Core	(52.1)	(52.0)	0%	(49.3)	(6%)

Half on half

2H CY2023 vs 1H CY2023 and 2H CY2022

Expenses \$ Million	2H 2023	1H 2023	% 2H v 1H B/(W)	2H 2022	% 2H v 2H B/(W)
Employee Expenses	(63.6)	(65.0)	2%	(62.2)	(2%)
Marketing Expense	(7.1)	(7.8)	9%	(8.1)	12%
Technology Expense	(11.7)	(12.1)	4%	(12.3)	5%
Other Operating Expenses & impairment	(10.3)	(13.9)	26%	(9.6)	(8%)
Operating Expenses	(92.7)	(98.8)	6%	(92.1)	(1%)
Depreciation & Amortisation	(10.0)	(11.9)	16%	(10.5)	5%
Corporate Interest	(13.1)	(11.7)	(12%)	(8.6)	(51%)
Total Expenses	(115.7)	(122.4)	5%	(111.2)	(4%)

Pro-forma Profit & Loss



\$ Million	Calendar Year		Change B/(W)
	2023	2022	
Interest income	1,402.3	955.4	47%
Interest expense	(1,039.1)	(566.5)	(83%)
Net interest income	363.2	388.9	(7%)
Net lending fees	17.6	15.3	15%
Whole loan sales gain	11.9	8.2	45%
Loan losses	(39.9)	(33.3)	(20%)
Servicing fees and other income	37.4	29.1	29%
Total operating income	390.1	408.2	(4%)
Employee benefits expense	(128.6)	(113.9)	(13%)
Marketing expense	(14.9)	(13.8)	(8%)
Technology expense	(23.8)	(23.8)	-
General and administration expense	(19.3)	(17.7)	(9%)
Fair value losses on financial assets	(0.5)	(2.1)	76%
Impairment losses on financial assets	(4.3)	-	(100%)
EBITDA	198.7	237.0	(16%)
Depreciation and amortisation expense	(21.9)	(20.4)	(7%)
Corporate interest expense	(24.8)	(13.3)	(86%)
Profit before income tax	152.0	203.2	(25%)
Income tax expense	(40.9)	(61.2)	33%
Net profit after income tax	111.1	142.0	(22%)
Equity holders of Pepper Money Limited	113.1	142.5	(21%)
Non-controlling interest	(2.0)	(0.5)	(300%)

Pro-forma Metrics



	Calendar Year		Change B/(W)
	2023	2022	
Volume (\$ Billion)			
Originations – Mortgages	3.9	6.8	(43%)
Originations – Asset Finance	3.4	2.8	20%
Total Originations	7.3	9.6	(24%)
AUM lending – Mortgages	12.6	13.5	(7%)
AUM lending – Asset Finance	5.7	4.7	21%
AUM lending	18.3	18.2	0%
AUM servicing	1.4	1.0	43%
Total AUM	19.7	19.2	3%
Income (\$ Million)			
Operating income – Mortgages	214.7	246.8	(13%)
Operating income – Asset Finance	166.2	149.6	11%
Operating income – Loan and Other Servicing	7.3	11.0	(34%)
Operating income – Corporate	1.8	0.7	147%
Total operating income	390.1	408.2	(4%)
Profitability			
Net interest margin ¹ – Mortgages	1.77%	1.98%	(21bps)
Net interest margin ¹ – Asset Finance	2.50%	2.91%	(41bps)
Total net interest margin¹	2.00%	2.20%	(20bps)
Employee benefits expense / Total operating income	33%	28%	(5%)
Employee cost per average FTE (\$'000)	125.7	105.0	(20%)
Cost-to-income ratio ²	55%	46%	(9%)
Credit Quality			
Total losses ³ (ex. Overlay ⁴)% AUM lending – Mortgages	0.01%	0.05%	4bps
Total losses ³ (ex. Overlay ⁴)% AUM lending – Asset Finance	0.92%	0.80%	(12bps)
Total losses³ (ex. Overlay⁴)% AUM lending	0.28%	0.22%	(6bps)
Return			
Total operating income yield	2.1%	2.2%	(0.1%)

Notes: 1. Twelve months to December 2023 and December 2022 net interest income divided by average lending AUM for the relevant period. 2. Cost To Income ratio defined as: Pro-forma Total Operating Expenses (including depreciation, amortisation and corporate interest) divided by Total Operating Income before loan losses. 3. Twelve months to December 2023 and December 2022 loan loss expense divided by average lending AUM for the relevant period. 4. Post Model Overlay

Balance Sheet

Statutory

Key Movement: 31 December 2023 on 31 December 2022

ASSETS

Loan and advances

Loans and advances reflect movement in assets under management, including the acquisition of the New Zealand HSBC residential mortgages portfolio, net of provisions for loan impairments and whole loan sales of \$857.6m executed in CY2023.

Derivative financial asset

Net position driven by impact of rising interest rates on IRS¹ and stronger US dollar CCIRS².

Goodwill and intangibles

Addition of \$6.4m work in progress assets offset by software amortisation expense \$(12.5)m and amortisation of acquired customer relationship asset \$(0.9)m.

LIABILITIES

Borrowings

Increase in note borrowings in line with movement in assets under management. \$10.0m additional drawdown in the Corporate Debt Facility, partly offset by a net reduction of \$(5.0)m in floating rate subordinated notes.

EQUITY

Retained Earnings

Retained earnings reflect sustained profit growth in the business for CY2023, net of dividends paid.

\$ Million Balance as at

	31 Dec 2023	31 Dec 2022
Assets		
Cash and cash equivalents	1,528.7	1,243.6
Receivables	21.2	10.3
Loans and advances	18,379.4	18,327.8
Derivative financial assets	52.4	134.0
Other financial assets	19.2	19.4
Other assets	12.0	9.0
Deferred tax assets	21.8	4.0
Property, plant and equipment	32.0	19.0
Goodwill and intangibles	141.0	152.3
Total assets	20,207.7	19,919.4
Liabilities		
Trade payables	17.1	13.4
Current tax	9.5	24.5
Provisions	23.6	24.8
Borrowings	19,257.0	18,979.2
Derivative liabilities	4.0	3.3
Other liabilities	33.7	22.8
Deferred tax liabilities	-	10.1
Total liabilities	19,344.9	19,078.1
Total net assets	862.8	841.3
Equity		
Issued capital	729.8	729.6
Other reserves	50.0	99.8
Retained earnings	45.6	(27.5)
Total equity attributable to owners of Pepper Money Limited	825.4	801.9
Non-controlling interests	37.4	39.4
Total equity	862.8	841.3



Can do



Balanced



Real



Improving outlook

Inflation moderating

Interest rate - holding over CY2024, decreasing CY2025

Immigration

Funding margins



Continuing to watch

Customer adjust to high interest rates – hardships

Household disposable income / savings

Low productivity / growth

Geo-political uncertainty

Pepper Money is ready to respond:

- ✓ Strong credit performance – depth and breadth of credit and underwriting, but prudent – holding Post Model Overlaps
- ✓ Disciplined capital management – balance between funding growth / opportunities and delivering returns
- ✓ Funding headroom to capitalise as growth returns
- ✓ Demonstrated scaled processes and technology – growth at marginal cost
- ✓ New product development: SMSF Mortgages launched / pipeline strong

Pepper Money over time

Funding

\$39bn¹

across 61 transactions from 2003 to December 2023

No. Customers

455,248

customers helped to December 2023²

Originations

\$58bn³

in loans originated from 2000 to December 2023

Total AUM

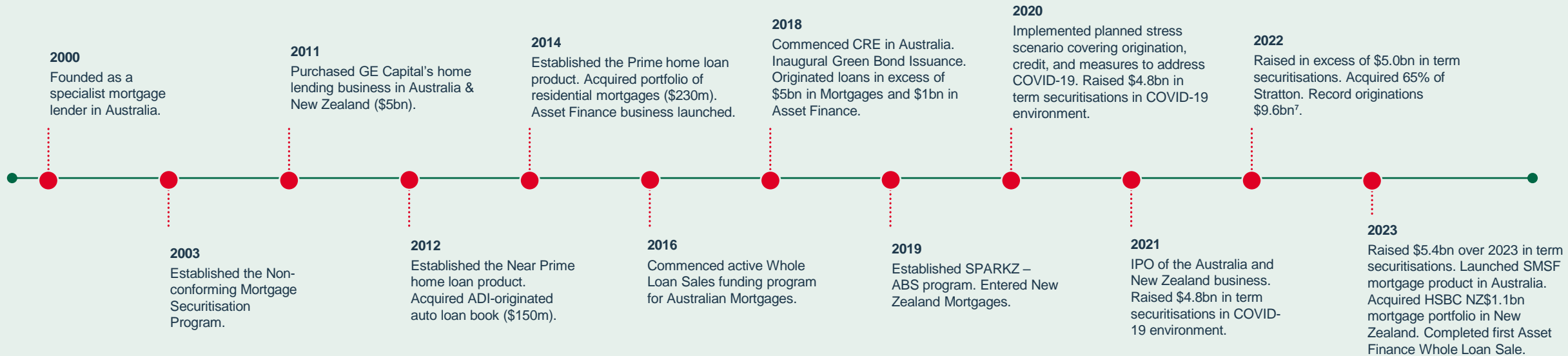
\$20bn⁴

Assets Under Management as at December 2023

Loan performance

0.4%

Cumulative loss⁵ % Total Originations⁶



Questions & Answers

peppermoney

Thank you

on behalf of all of Pepper Money

Appendices

Addressable Market

December 2023

Total
Addressable
Market (AUM)

Pepper Money's
Market Share
(closing AUM)

Targeted
Customer
Segments



Mortgages

\$2,582bn¹

Conforming: 88%
Non-Conforming: 12%²

~0.5%³

- First home buyers
- SME/self employed (e.g. including casual and gig economy)
- Minor adverse credit event in history (e.g. late utilities bill)
- Credit history impacted by "life event" (e.g. divorce)



Asset Finance

\$221bn

Consumer: \$65bn⁴
Commercial: \$156bn⁵

~2.6%⁶

- Used cars
- Caravans
- Commercial vehicles
- Novated lease
- Small to medium business equipment

Notes: 1. Combination of Australia and New Zealand mortgage markets at December 2023 (Total housing credit, RBA D2 Lending and credit aggregates (including owner-occupier housing credit and investor housing credit)); Housing, RBNZ C5 Sector Lending (registered banks and non-bank lending institutions), December 2023, converted at an assumed exchange rate of NZD:AUD = 0.9331). 2. Independent research conducted by Fifth Dimension Research and Consulting in March 2021. 3. Represents Pepper Money's Mortgages AUM at 31 December 2023 (closing) as a proportion of Total housing credit. 4. New household loan commitments for purchase of road vehicles, other transport vehicles and equipment, New household loan commitments, ABS 5601.0 Lending Indicators Table 27, January 2023 – December 2023 (published February 2024). Assumes market size is approximately 4x lending commitments for last 12 months. 5. New business loan commitments, finance lease and fixed term, purchase of vehicles, plant and equipment, ABS 5601.0 Table 29, 31 and 33, January 2023 – December 2023 (published February 2024). Assumes market size is approximately 4x lending commitments for last 12 months. 6. Represents Pepper Money's Asset Finance AUM at 31 December 2023 (closing) as a proportion of total consumer and commercial motor and equipment financing.

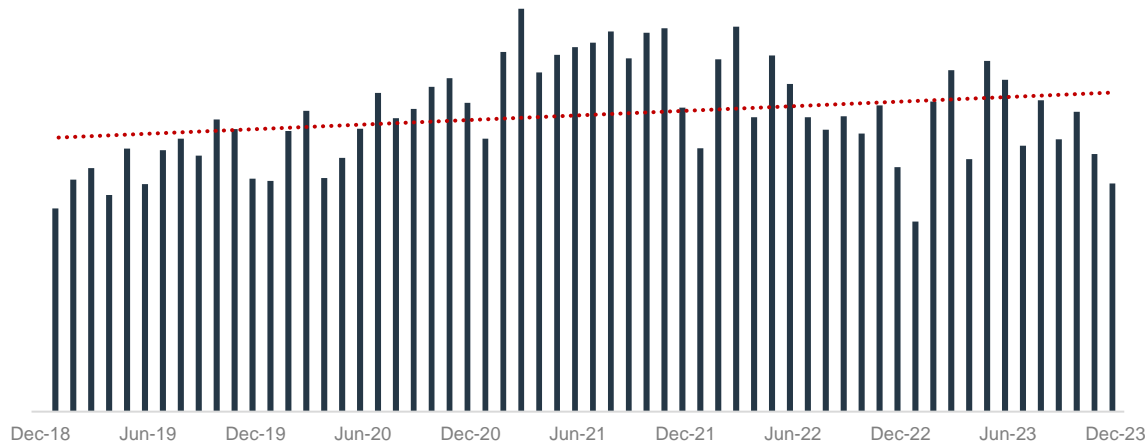
Market Update: Enquires

Market enquiry volume: Mortgages¹

Mortgage enquiry volume has declined, particularly in 2H CY2023

Enquires

12 month³ decline (7)%
 6 month⁴ decline (8)%

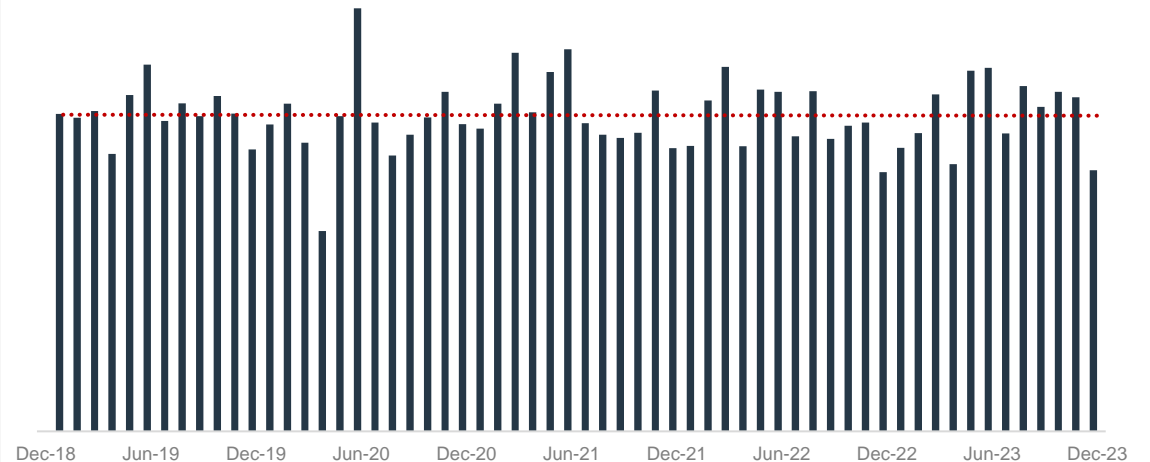


Market enquiry volume: Asset Finance²

Asset Finance enquiry volumes have followed seasonal trends with peaks at tax year ends (Commercial)

Enquires

12 month³ decline (1)%
 6 month⁴ growth (2)%

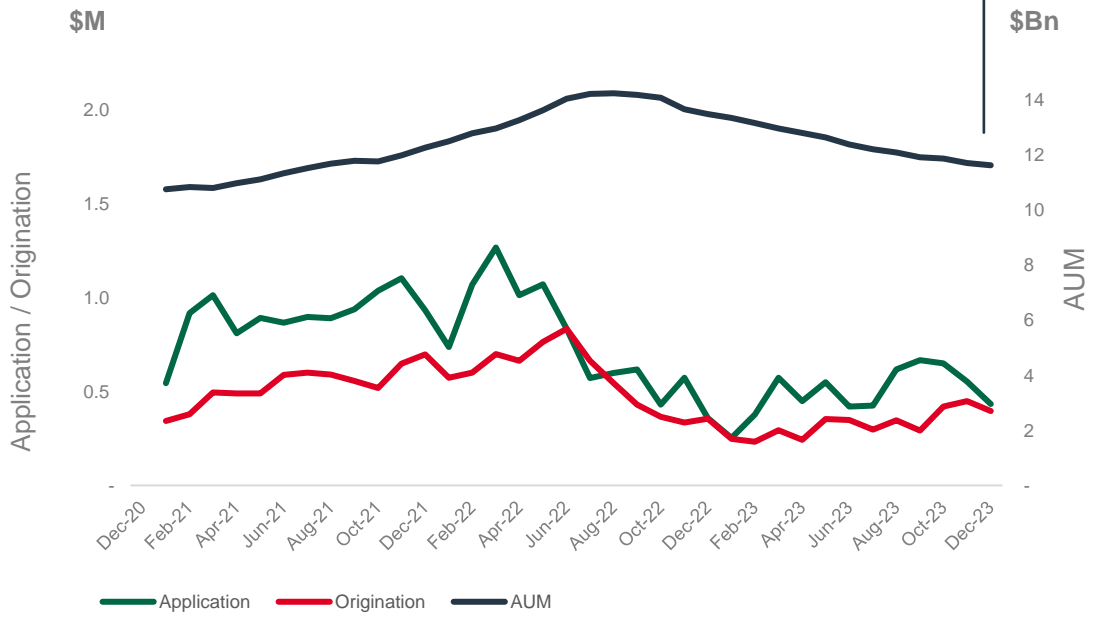


Lending Growth

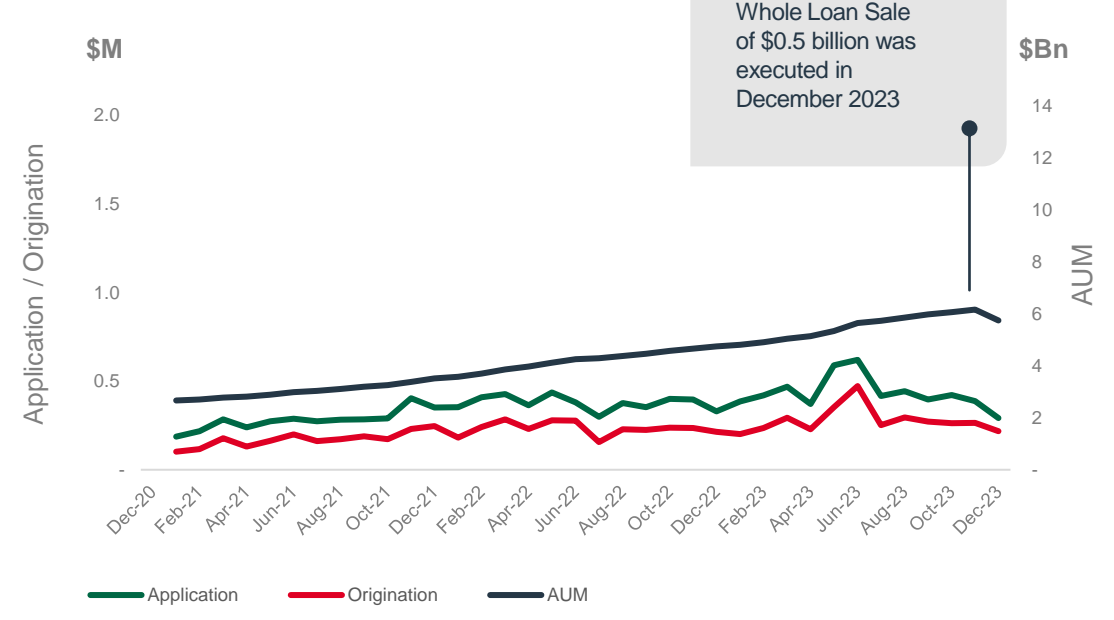


Excludes A\$0.9 billion AUM from acquisition of HSBC New Zealand mortgage portfolio in December 2023

Mortgages



Asset Finance



Whole Loan Sale of \$0.5 billion was executed in December 2023

Growth versus System

December 2023

\$2,803bn

Total Addressable Market (AUM)

Mortgages

\$2,582bn¹

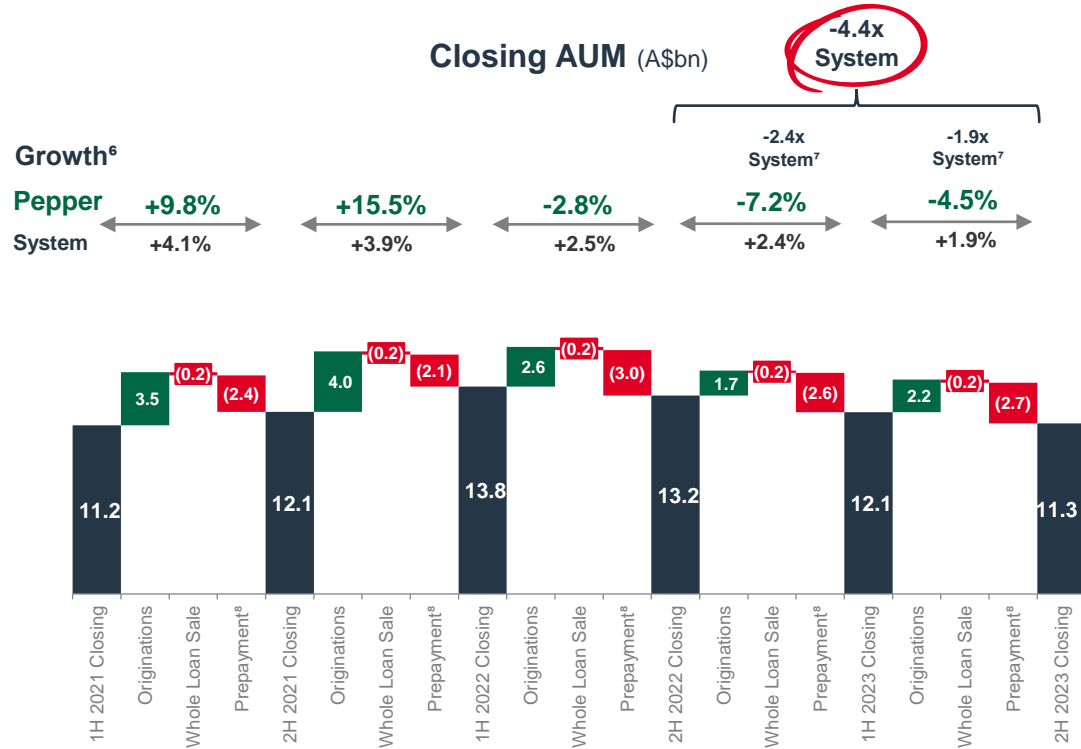
Conforming: 88%
Non-Conforming: 12%²

Asset Finance

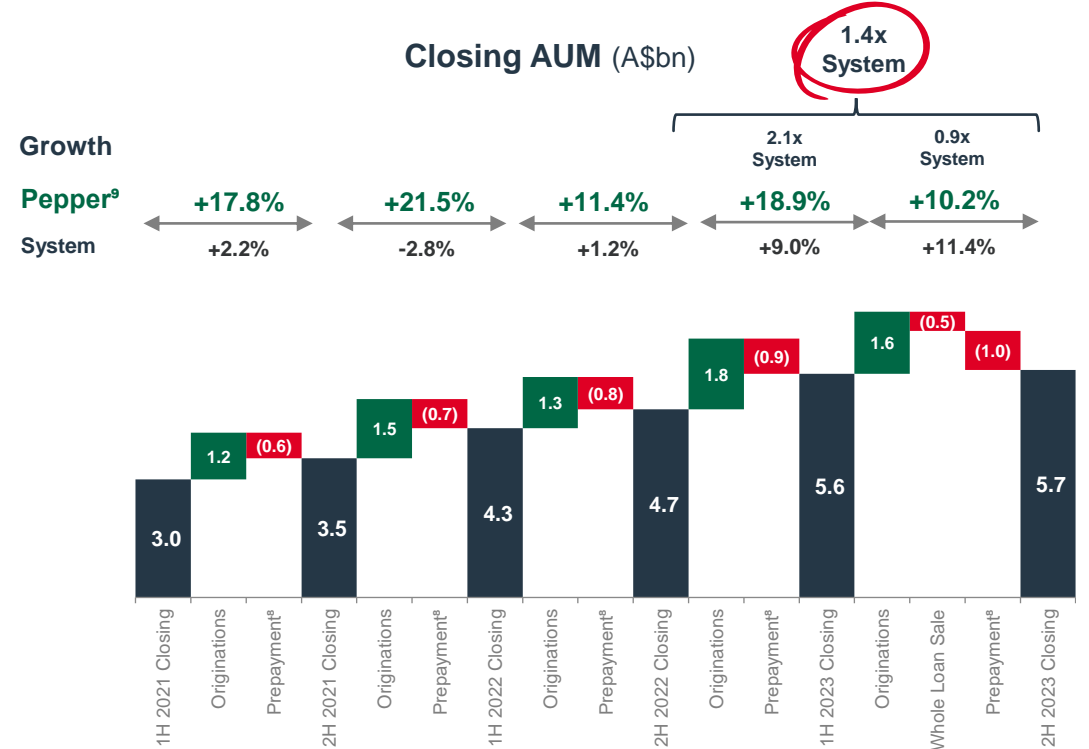
\$221bn

Consumer: \$65bn³
Commercial: \$156bn⁴

Mortgages⁵ AUM Walk



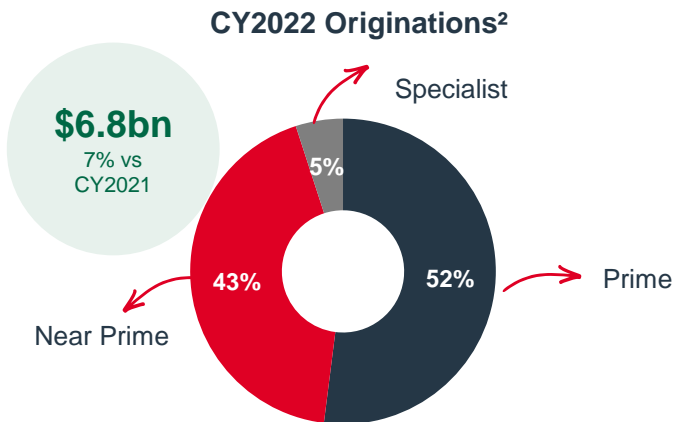
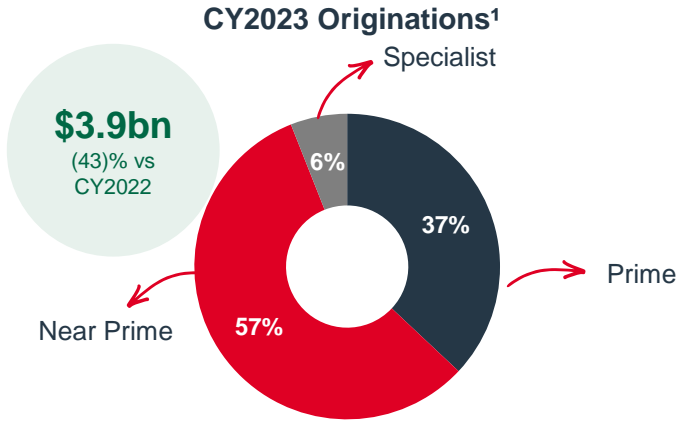
Asset Finance AUM Walk



Notes: 1. Combination of Australia and New Zealand mortgage markets as at December 2023 (Total housing credit, RBA D2 Lending and credit aggregates (including owner-occupier housing credit and investor housing credit)); Housing, RBNZ C5 Sector lending (registered banks and non-bank lending institutions), December 2023, converted at an assumed exchange rate of NZD:AUD = 0.9331). 2. Independent research conducted by Fifth Dimension Research and Consulting in March 2021. 3. New household loan commitments for purchase of road vehicles, other transport vehicles and equipment, New household loan commitments, ABS 5601.0 Lending Indicators Table 27, January 2023 – December 2023 (published February 2024). Assumes market size is approximately 4x lending commitments for last 12 months. 4. New business loan commitments, finance lease and fixed term, purchase of vehicles, plant and equipment, ABS 5601.0 Table 29, 31 and 33, January 2023 – December 2023 (published February 2024). Assumes market size is approximately 4x lending commitments for last 12 months. 5. Australian mortgages including Commercial Real Estate. 6. Growth compares Pepper Australian mortgage AUM growth, excluding whole loan sale executed in the half year, to the Australian total housing credit, RBA D2 lending and credit aggregates (including owner-occupier housing credit and investor housing credit). 7. Negative growth is assumed zero for growth comparison. 8. Includes scheduled repayments. 9. Asset Finance growth excludes the impact of whole loan sale executed in second half CY2023.

Mortgages | CY2023 vs CY2022

Originations by Product



Weighted Average Indexed LVR³

CY2023 AUM (close)

56%

58% as at December 2022



CY2022 AUM (close)

58%

56% as at December 2021



Weighted Interest Rate⁴

CY2023 (close)

	Portfolio	Front Book ⁵
Prime	7.3%	7.6%
Near Prime	8.2%	8.0%
Specialist	9.0%	9.3%

CY2022 (close)

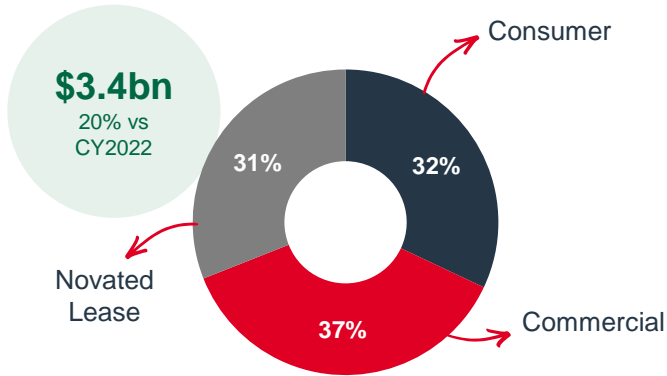
	Portfolio	Front Book ⁶
Prime	6.5%	6.4%
Near Prime	7.2%	7.0%
Specialist	8.1%	8.4%

Notes: 1. Based on originations (\$) for the twelve months to 31 December 2023 including Commercial Real Estate and New Zealand mortgages. 2. Based on originations (\$) for the twelve months to 31 December 2022 including Commercial Real Estate and New Zealand mortgages. 3. Current loan value divided by the indexed property value (CoreLogic) for the Australian residential mortgage portfolio. Weighted average based on closing AUM for the relevant period indicated. 4. Based on Mortgages portfolio closing AUM for the relevant period, including Commercial Real Estate and New Zealand mortgages, and HSBC acquired residential mortgages portfolio in December 2023. 5. Originations for the twelve months to 31 December 2023 including Commercial Real Estate and New Zealand mortgages, based on 31 December 2023 closing balance. 6. Originations for the twelve months to 31 December 2022 including Commercial Real Estate and New Zealand mortgages, based on 31 December 2022 closing balance.

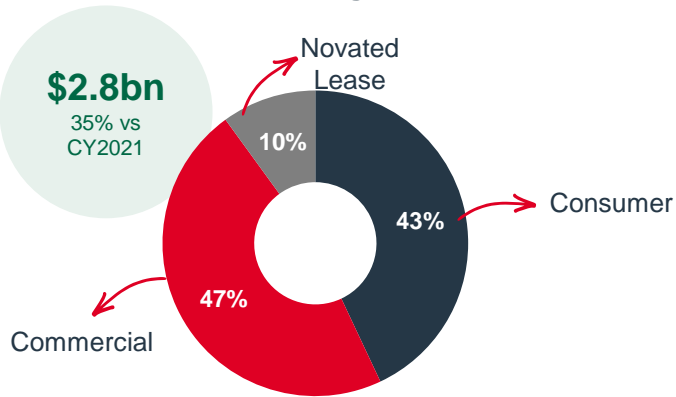
Asset Finance | CY2023 vs CY2022

Originations by Product

CY2023 Originations¹

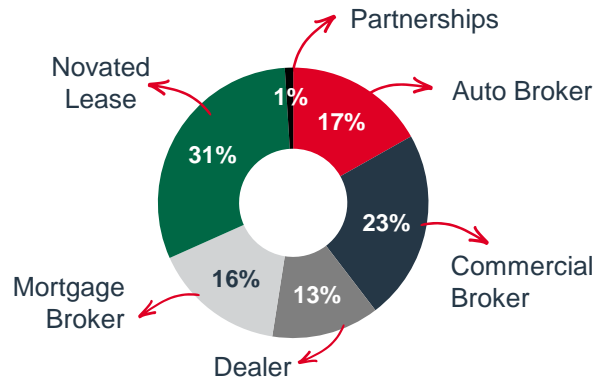


CY2022 Originations²

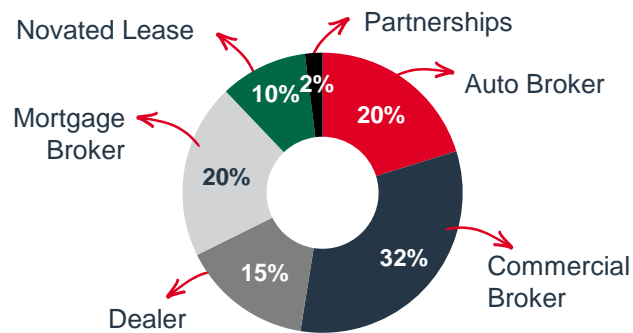


Originations by Channel

CY2023 Originations¹



CY2022 Originations²



Weighted Interest Rate³

CY2023 (close)

	Portfolio	Front Book ⁴
Tier A	8.0%	9.1%
Tier B	10.1%	11.5%
Tier C	13.7%	14.7%

CY2022 (close)

	Portfolio	Front Book ⁵
Tier A	6.9%	7.3%
Tier B	9.0%	9.6%
Tier C	12.9%	13.5%

APPENDIX

Statutory Income Statement



\$ Million

	Calendar Year	
	2023	2022
Interest income	1,402.2	955.4
Interest expense	(1,041.3)	(566.5)
Net interest income	360.9	388.9
Lending fee income	72.2	71.0
Lending expense	(54.6)	(55.7)
Whole loan sales gain	11.9	8.2
Loan losses	(39.9)	(33.3)
Servicing fees and other income	37.4	29.1
Total operating income	387.9	408.2
Employee benefits expense	(128.6)	(113.9)
Marketing expense	(14.9)	(13.8)
Technology expense	(23.8)	(23.8)
General and administration expense	(20.4)	(19.2)
Fair value losses on financial assets	(0.5)	(2.1)
Impairment losses on financial assets	(4.3)	-
Depreciation and amortisation expense	(21.9)	(20.4)
Corporate interest expense	(24.8)	(13.3)
Operating expenses	(239.2)	(206.5)
Profit before income tax	148.7	201.7
Income tax expense	(40.0)	(61.2)
Net profit after income tax	108.7	140.5
Attributable to equity holders of Pepper Money Limited	110.7	141.0
Attributable to non-controlling interests	(2.0)	(0.5)

Glossary & Disclaimer

Glossary of Terms

AUM – lending (closing): assets under management originated and serviced (securitised and Pepper Money balance sheet lending).

AUM – servicing (closing): assets under management for portfolios of third parties which are serviced by Pepper Money.

Capital expenditure: includes investment in property and equipment and intangible software and licensed assets.

Cost to Income (CTI) ratio: total operating expenses including depreciation and amortisation and corporate interest expense divided by total operating income before loan losses.

EBITDA: earnings before corporate interest expense, including the interest charge associated with AASB 16, income tax expense, depreciation (including the right of use asset recognised under AASB 16 relating to premise leases) and amortisation.

Employee cost per FTE: employee benefits expenses for the relevant period, divided by average full-time equivalent.

Employee benefits expense/Total operating income: employee benefits expenses divided by total operating income.

FTE: full time equivalent employee.

Net interest income: interest charged on loans provided to borrowers (Mortgages and Asset Finance), income from Mortgage Risk Fee (MRF) / Loan Protection Fee (LPF), loan premium revenue and the funding costs and facility establishment costs associated with the debt raised to fund these assets. The net interest income is calculated using the Effective Interest Rate (EIR) which includes certain fees and costs incurred which are integral in bringing the loans or associated debt to account (such as upfront Distribution Partner commissions).

Net interest margin (NIM): Net interest income divided by average lending AUM for the relevant period.

NPAT: net profit after tax.

Originations: new loans originated during the period.

PCP: refers to prior comparative period being the 12 months to December 2022 in this presentation.

Pro forma NPAT: Pro-forma pre-tax adjustments for CY2023 \$(3.3) million are one-off in nature as they relate to the acquisition of the HSBC New Zealand mortgage portfolio completed 1 December 2023 (CY2022 \$(1.5 million) relating to the acquisition of Stratton Finance Pty Ltd completed 1 July 2022).

Loan losses (ex. Overlay) % of Lending AUM: excluding Post Model Overlay loan loss expense divided by average lending AUM for the relevant period.

Total Operating Income: includes net interest income, lending fee income, lending expenses, Whole Loan Sales gain, loan losses and servicing fees and other income.

Total Operating Income yield: total operating income divided by average AUM for the relevant period.

90+ days past due % closing lending AUM: loans where borrowers have not made the full payment of interest or principal for an amount exceeding 3 monthly instalments, divided by closing lending AUM.

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