

peppermoney

Investor Presentation

# 2024 Full Year Results

27 February 2025



## Acknowledgement of Country

Pepper Money acknowledges Australia's First Nations people as the Traditional Custodians of the land and their continuing connection to country, sea and water. We pay respect to their Elders past and present.



## Today's Presenters

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### **Mario Rehayem** Chief Executive Officer



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

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Over 20 years of experience across banking and finance. Appointed Chair of AFIA in March 2024

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

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### **Therese McGrath** Chief Financial Officer



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Joined Pepper Money in 2018

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

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

# CY2024 Performance

## Originations

Strong growth 2H v 1H CY2024

**\$7.0bn**

CY2024 Originations

+16% vs 1H CY2024

## AUM

Well positioned entering 2025

**\$19.1bn**

Total AUM<sup>1</sup>

Lending: **\$15.9bn**

Servicing: **\$3.3bn**

## NIM

Continued to expand

**1.97%** CY2024

+12bps vs PCP<sup>2</sup>

Mortgages up **8bps** vs PCP<sup>2</sup>

Asset Finance up **5bps** vs PCP



## NPS<sup>6</sup> outperformed industry

Home Loans: **+16** (industry -5)

Asset Finance: **+39** (industry +16)

Personal Loans: **+65** (industry +18)



## Highly engaged employees

Employee Engagement<sup>7</sup>: **75**

Manager Impact<sup>8</sup>: **86**

Diversity is respected<sup>9</sup>: **82%**

## Increased Profit

pre-Tax and Loan loss expense

**\$209.2m**

Profit pre-Tax and Loan loss expense

+9% vs PCP<sup>3</sup>

## Funding and Capital

**\$5.2bn**

Raised

**\$124.0m**

Unrestricted cash

Whole Loan Sales: **\$2.5bn**

Public Securitisation: **\$2.7bn**

## Higher shareholder returns

**7.1cps** Final dividend

60% payout ratio<sup>4</sup>

**\$53.2m** Dividends<sup>5</sup>

Up **41%** on CY2023



## Strong valued partnerships

Mortgage Broker NPS<sup>10</sup>: **+35**

Asset Finance Introducer NPS<sup>10</sup>: **+27**

Active Mortgage Brokers<sup>11</sup>: **4,804**

Active Introducers<sup>12</sup>: **1,480**

All numbers presented are subject to rounding

# CY2024 Key Achievements

## Mortgages



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Self Managed Super Fund lending

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Launched Sharia lending

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Credit policy enhancements

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PPS

## Asset Finance



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Speed to 'yes'

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Real time payments

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API integration

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Fraud detection

## Funding & Capital



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Public securitisation: **\$2.7 billion**

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Whole Loan Sales program – led the market with 7 transactions: **\$2.5 billion**

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Retired **\$55.0 million** in corporate debt

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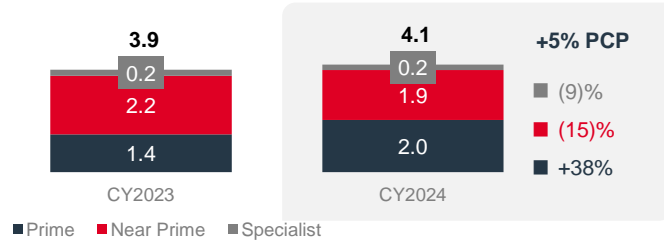
On-market share buy back



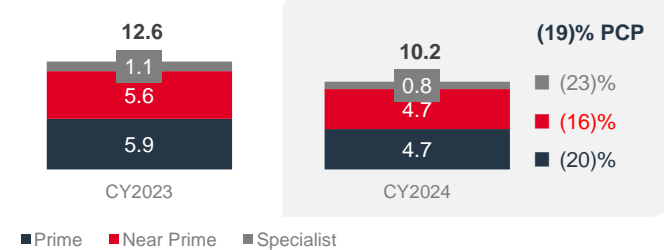
# Mortgages | CY2024

## Volume

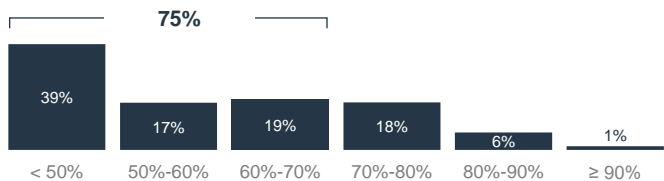
### Originations by Product (\$bn)



### AUM by Product (\$bn)



### Indexed LVR (Australia)



## Income

### Weighted Interest Rates<sup>1</sup> (%)

	CY2023	CY2024
Prime	7.6%	7.6%
Near Prime	8.0%	7.9%
Specialist	9.3%	9.2%

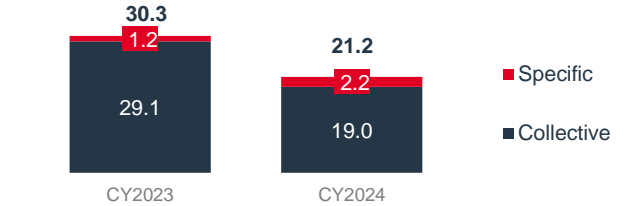
### Net Interest Margin (%)

	CY2023	CY2024
Customer rate <sup>2</sup>	7.64%	8.29%
BBSW/BKBM <sup>3</sup>	(3.87)%	(4.38)%
Funding margin	(2.20)%	(2.26)%
<b>Net interest margin<sup>4</sup></b>	<b>1.57%</b>	<b>1.65%</b>

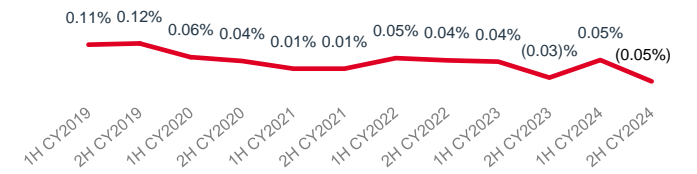
## Credit Quality

### Loan Loss Provision (\$m)

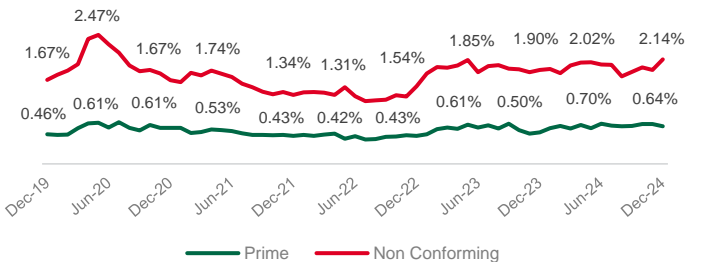
Including Post Model Overlay



### Total Loan Loss Expense<sup>5</sup> % AUM



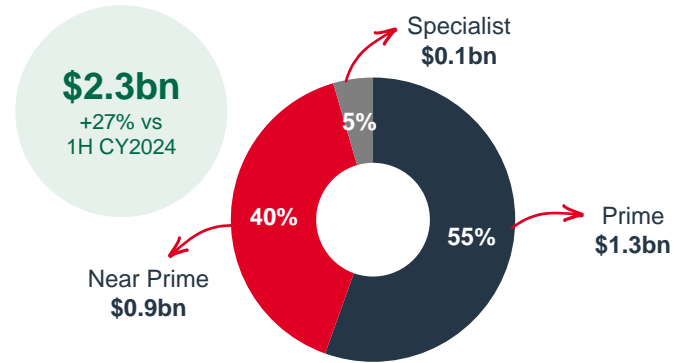
### Mortgages 90+ Day Arrears<sup>6</sup> as % of AUM



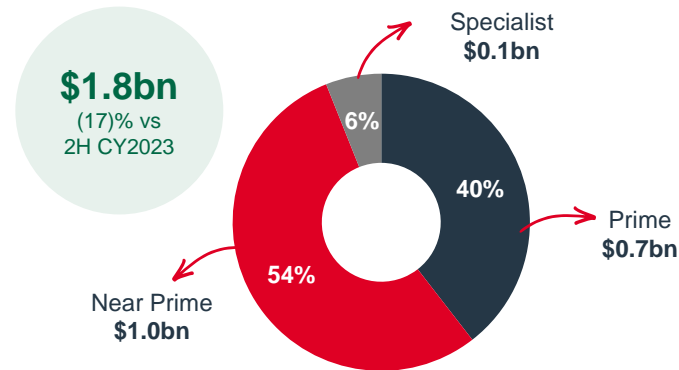
# Mortgages | 2H vs 1H CY2024

## Originations by Product

### 2H CY2024 Originations<sup>1</sup>



### 1H CY2024 Originations<sup>2</sup>



## Weighted Average Indexed LVR<sup>3</sup>

### 2H CY2024 AUM (close)

**55%**

56% as at December 2023



### 1H CY2024 AUM (close)

**55%**

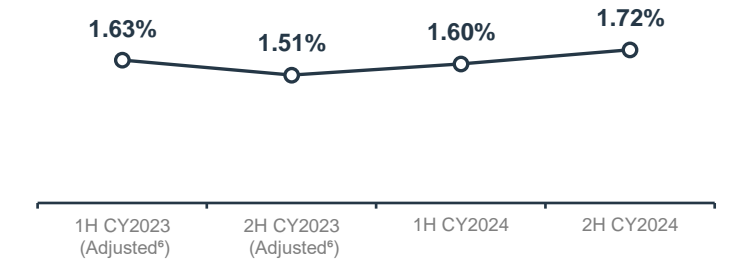
60% as at June 2023



## Weighted Interest Rate<sup>4</sup>

2H CY2024 (close)	Portfolio	Front Book <sup>5</sup>
Prime	7.5%	7.5%
Near Prime	8.0%	7.9%
Specialist	8.8%	9.0%

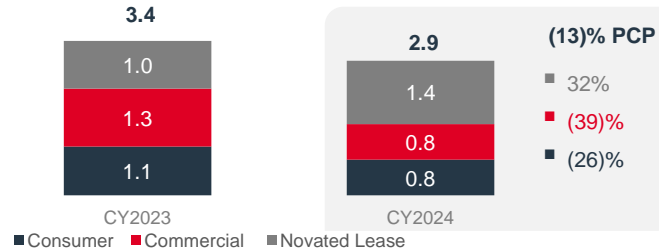
## Net Interest Margin



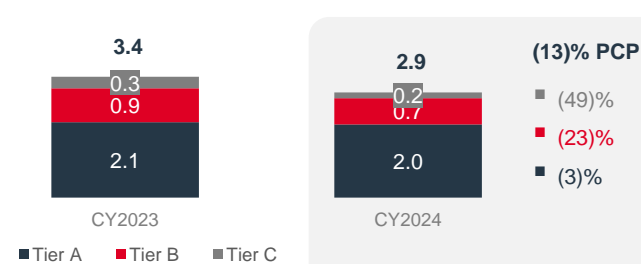
# Asset Finance | CY2024

## Volume

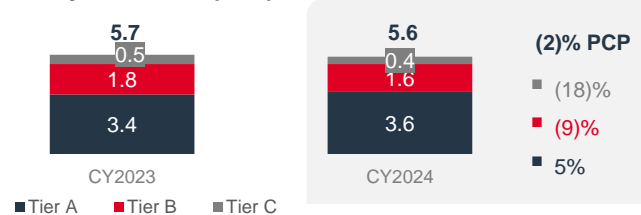
### Originations by Product (\$bn)



### Originations by Risk Tier (\$bn)



### AUM by Risk Tier (\$bn)



## Income

### Weighted Interest Rates<sup>1</sup> (%)

	CY2023	CY2024
Tier A	9.1%	9.4%
Tier B	11.5%	11.3%
Tier C	14.7%	14.5%

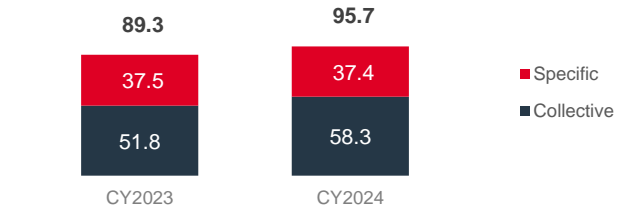
### Net Interest Margin (%)

	CY2023	CY2024
Customer rate <sup>2</sup>	7.39%	8.22%
Swap	(2.62)%	(3.31)%
Funding margin	(2.27)%	(2.36)%
<b>Net interest margin</b>	<b>2.50%</b>	<b>2.55%</b>

## Credit Quality

### Loan Loss Provision (\$m)

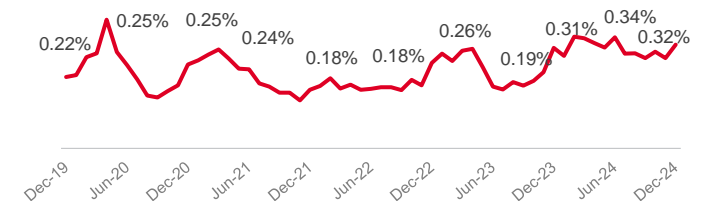
Including Post Model Overlay



### Total Loan Loss Expense<sup>3</sup> % AUM



### Asset Finance 90+ Day Arrears<sup>4</sup> as % of AUM

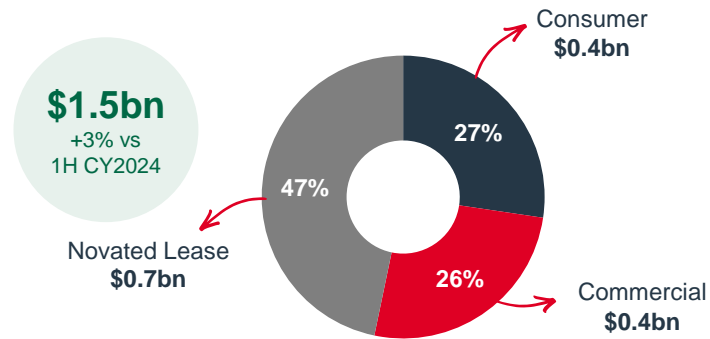




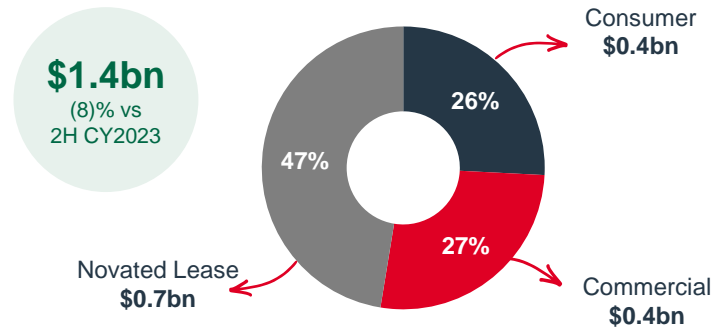
# Asset Finance | 2H vs 1H CY2024

## Originations by Product

### 2H CY2024 Originations<sup>1</sup>

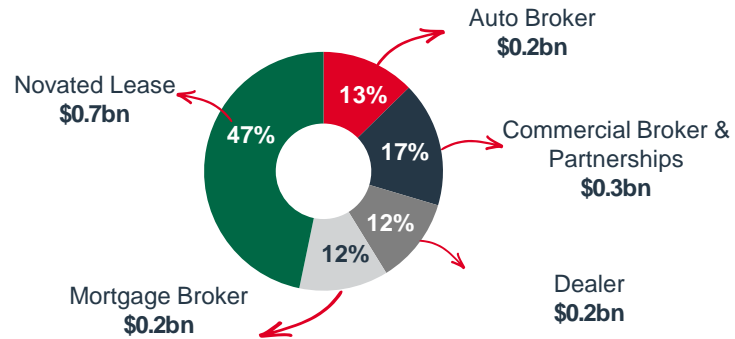


### 1H CY2024 Originations<sup>2</sup>

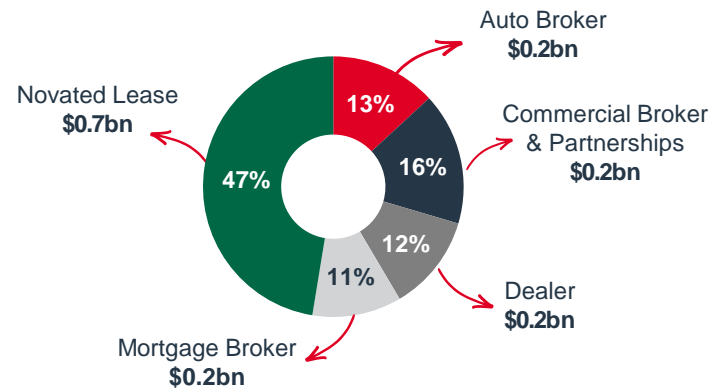


## Originations by Channel

### 2H CY2024 Originations<sup>1</sup>



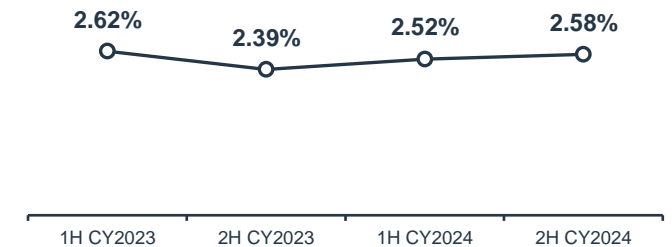
### 1H CY2024 Originations<sup>2</sup>



## Weighted Interest Rate<sup>3</sup>

2H CY2024 (close)	Portfolio	Front Book <sup>4</sup>
Tier A	8.6%	9.3%
Tier B	10.5%	11.2%
Tier C	14.1%	14.0%

## Net Interest Margin



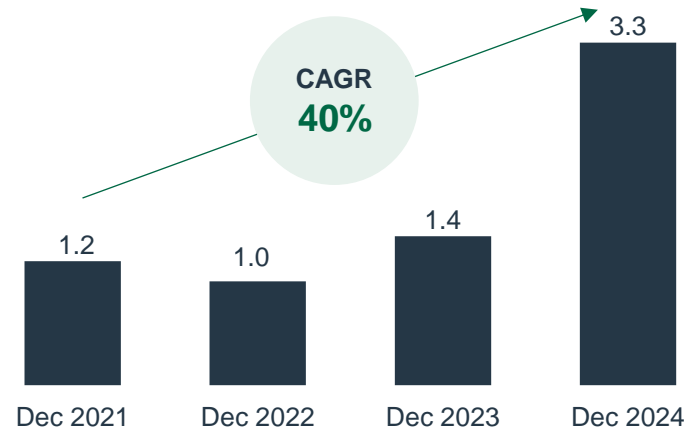
# Loan & Other Servicing | CY2024

Ongoing management and administration for loan portfolios owned by third parties (non-bank lenders and ADIs)

**Targeted Segments**



**Servicing AUM (\$bn)**



	CY2023	CY2024
Total Operating income (\$m)	7.3 <sup>1</sup>	11.0
Servicing AUM (\$bn)	1.4	3.3



**Benefits**

- ✓ **Capital-light** revenue stream
- ✓ Increased business **diversification**
- ✓ **Defensive annuity** style earnings stream across the credit cycle
- ✓ **No** incremental costs
- ✓ Gain knowledge of **new markets**

# Funding



## \$41.3bn<sup>2</sup>

Across 64 transactions

Non-conforming RMBS **\$25.7bn**

ABS **\$5.4bn**

Prime RMBS **\$10.1bn**

### Warehouses

**A\$10.8bn<sup>3</sup>**  
total capacity

**21**  
facilities

**26 funders**  
(includes all 4 major domestic banks, excludes Pepper Notes)

**Capacity up 16%**  
December 2024 vs December 2023

### Securitisation

**4 Public Platforms<sup>4</sup>**  
(PRS, Pepper Prime, Sparkz, Pepper Social)

**A\$44.3bn<sup>5</sup>**  
total Issuance

**100+<sup>6</sup>**  
investors

**Called every note**  
at first available call date

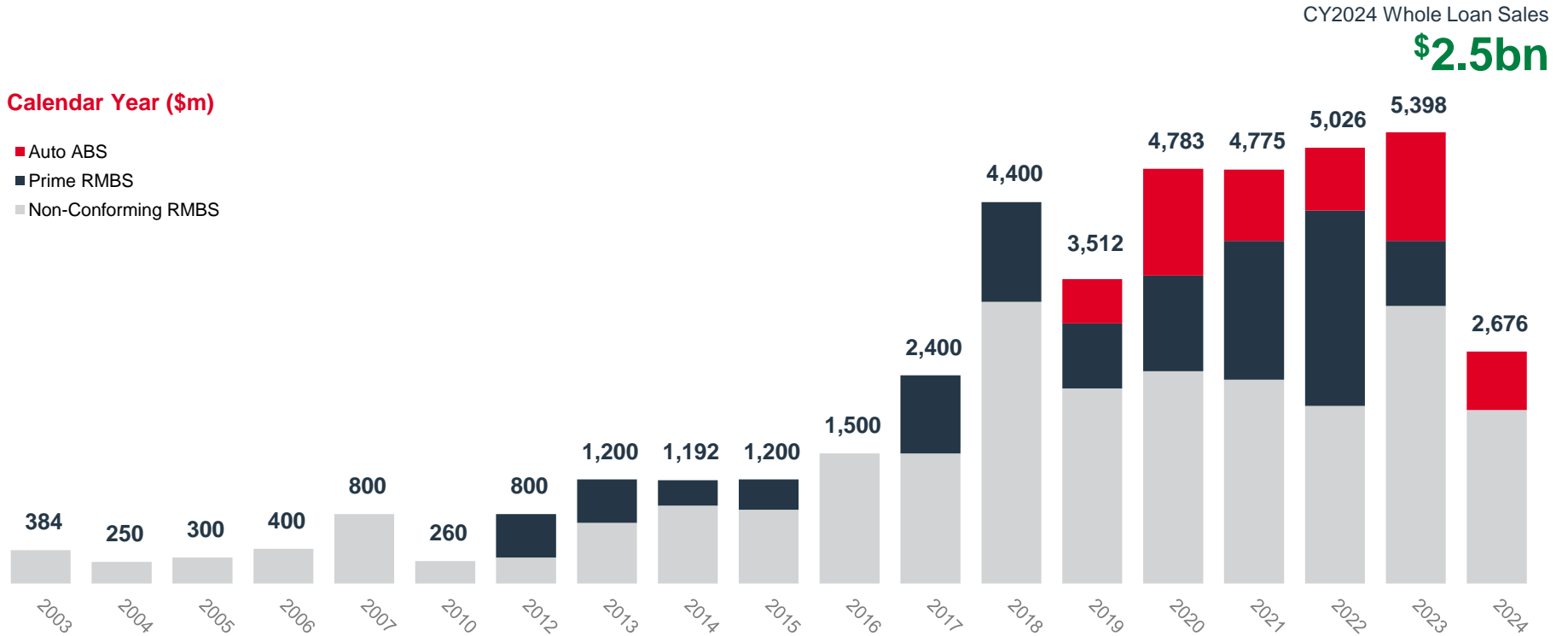
### Whole Loan Sales / Private Term issuances

**A\$11.2bn+**  
total funding<sup>7</sup>

**24**  
counter-parties

### Calendar Year (\$m)

- Auto ABS
- Prime RMBS
- Non-Conforming RMBS



CY2024 Whole Loan Sales  
**\$2.5bn**



### Customer Wellbeing

**Customer NPS<sup>1</sup>:** outperformed industry average across all products

**Project X:** customer experience at the forefront

**Customer support hub:** 46,000 views

**Customer resource:** 266,000 views of our financial literacy resources



### Responsible Business

**Board Environmental, Social and Governance Committee** established

**Regulatory oversight and reporting** ongoing focus

**Customer security hub:** keeping our customers safe and secure online



### Our Mission

# We Help People Succeed



### Climate Risks & Opportunities

**Climate Statement** published



### Community Contribution & Investments

**Pepper Giving<sup>2</sup>:** \$200k provided to communities and organisations

**Big G:** partnered the Women's and Girls' Emergency Centre (WAGEC)

**Medium G:** employees are given the opportunities to nominate and vote for a charity to receive a donation

**Small G:** 28 causes supported



### Employee Engagement & Inclusions

**Employee engagement<sup>3</sup>:** annual survey score of 75  
*our employees are highly engaged*

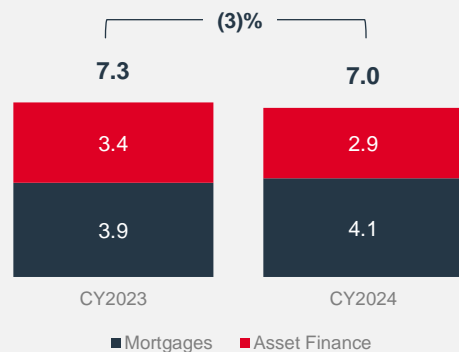
**Diversity and inclusion:**  
females 55% workforce | 46% senior management

**Investing in our people:** range of programs  
*leadership, career planning, skills-based uplift*

# Financial Performance

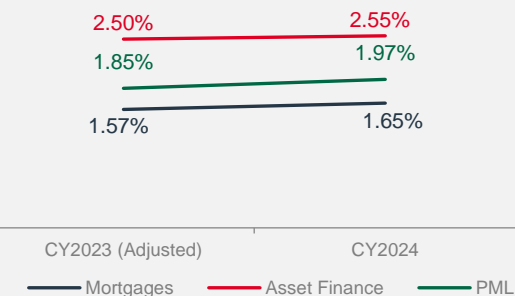
## Volume

Originations (\$bn)



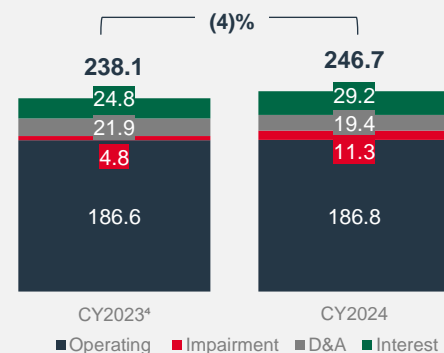
## Income

Net Interest Margin<sup>1</sup> (%)



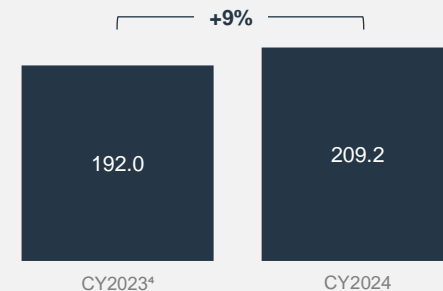
## Expenses / FTE

Total Expenses (\$m)

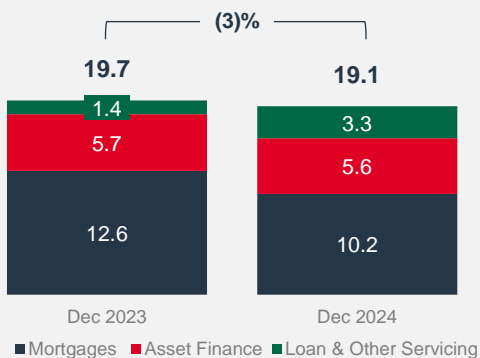


## Profit

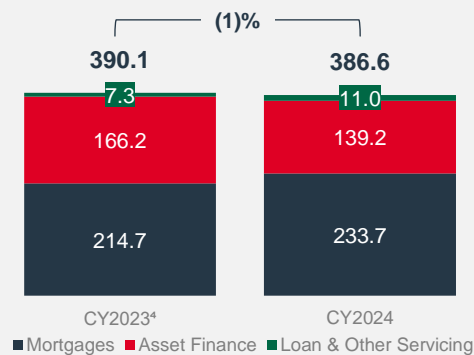
Profit pre-Tax and Loan loss expense (\$m)



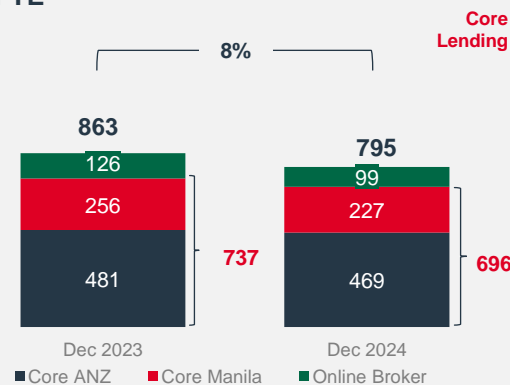
Total AUM<sup>2</sup> (\$bn)



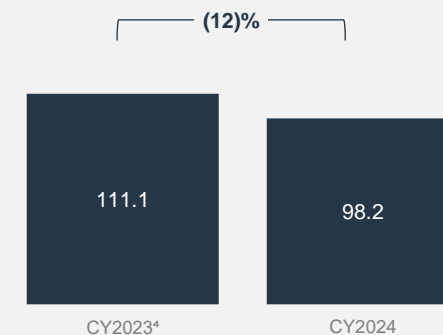
Total Operating Income<sup>3</sup> (\$m)



FTE



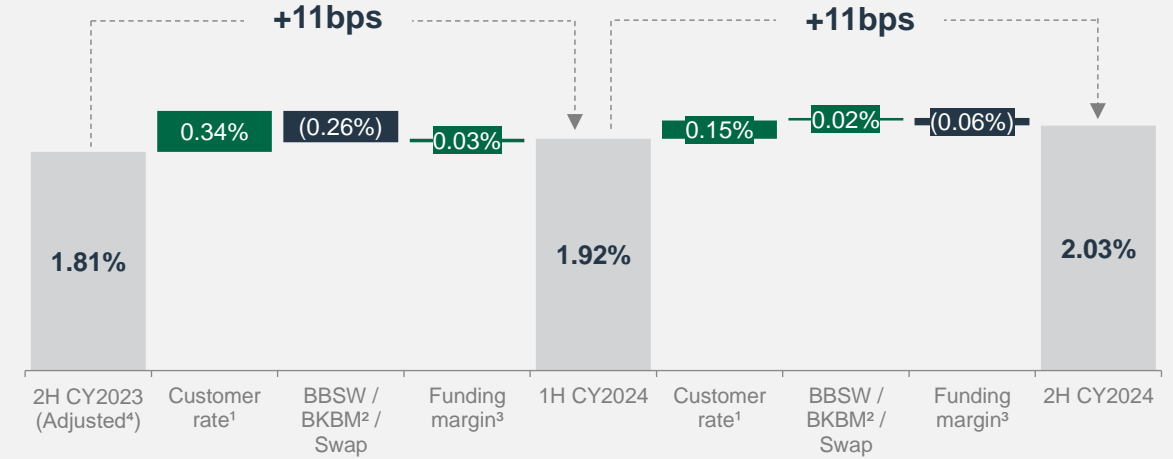
Pro-forma NPAT (\$m)



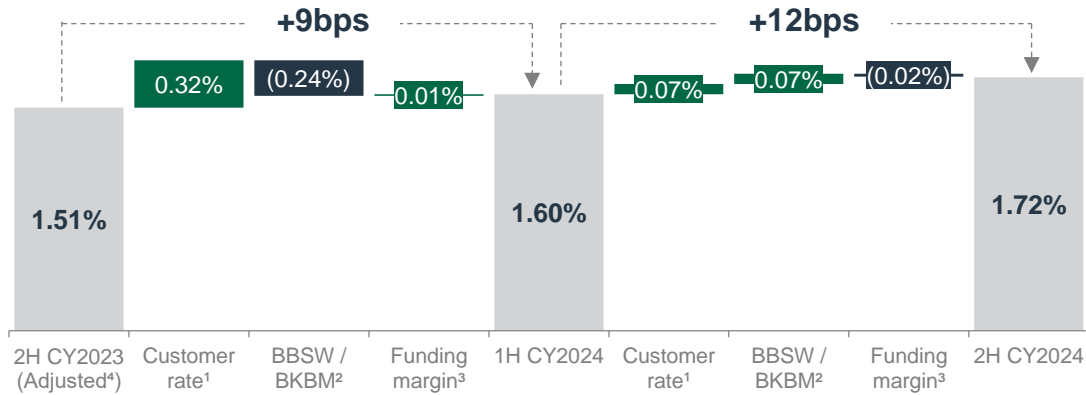
# NIM Movement

NIM continued to improved with pricing initiatives and product and portfolio mix supporting higher customer rates

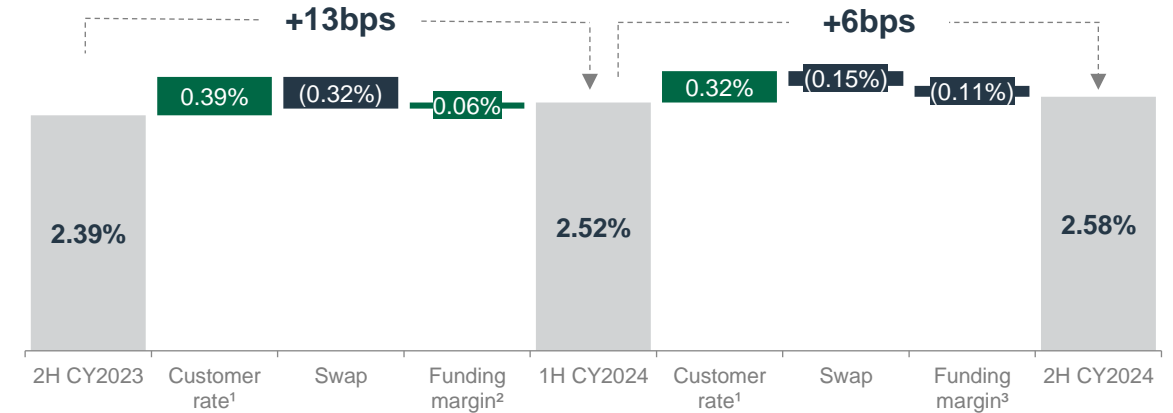
## Total



## Mortgages



## Asset Finance





# Credit Performance | Loan Loss Provisions

## Movement in Loan Book and Coverage Ratio

	AUM	Collective Provisions <sup>1</sup>	Specific Provisions	Total Provisions	Coverage Ratio
	\$ Billion	\$ Million			
<b>31 December 2024</b>					
Mortgages	10.2	19.0	2.2	21.2	0.21%
Asset Finance	5.6	58.3	37.4	95.7	1.70%
<b>Total</b>	<b>15.9</b>	<b>77.3</b>	<b>39.6</b>	<b>116.9</b>	<b>0.74%</b>
<b>30 June 2024</b>					
Mortgages	11.3	28.5	3.0	31.5	0.28%
Asset Finance	5.7	47.2	42.1	89.3	1.57%
<b>Total</b>	<b>17.0</b>	<b>75.7</b>	<b>45.1</b>	<b>120.8</b>	<b>0.71%</b>
<b>31 December 2023</b>					
Mortgages	12.6	29.1	1.2	30.3	0.24%
Asset Finance	5.7	51.8	37.5	89.3	1.56%
<b>Total</b>	<b>18.3</b>	<b>80.9</b>	<b>38.7</b>	<b>119.6</b>	<b>0.65%</b>

## MORTGAGES

### Collective Provisions

**Reduction** is in line with loan portfolio (AUM) and Whole Loan Sale releases and \$(6.0) million release in **Post Model Overlay**.

### Specific Provisions

Remain relatively **stable**. 90+ days arrears remain in line with long-term average.

### Coverage Ratio

**Reduced** since June 2024 reflecting a favourable change in portfolio composition and is in line with long-term averages.

## ASSET FINANCE

### Collective Provision

**Increased** by \$6.5 million on PCP, primarily driven by:

- increase in **Post Model Overlay** of \$7.3 million;
- partially offset by provision releases on execution of Whole Loan Sales and;
- higher portfolio mix from Tier A customer (70% of the Originations for CY2024 versus 63% PCP).

### Specific Provisions

Late-stage arrears and insolvencies stabilised in 2H CY2024 and are flat on PCP. Insolvencies had increased following the removal of Government insolvency protections, implemented under COVID-19 at the beginning of CY2023.

### Coverage Ratio

Coverage ratio **increased** on prior periods in line with movement in provisions.

# Credit Performance | Loan Loss Expense

\$ Million	Calendar Year	
	2024	2023
<b>Mortgages</b>		
Specific	(4.2)	(2.4)
Collective <sup>4</sup>	10.0	6.6
<b>Mortgages loan loss expense</b>	<b>5.8</b>	<b>4.2</b>
<b>Asset Finance</b>		
Specific	(68.7)	(49.0)
Collective <sup>4</sup>	(6.4)	4.8
<b>Asset Finance loan loss expense</b>	<b>(75.1)</b>	<b>(44.2)</b>
<b>Loan and Other Servicing loss expense</b>	<b>-</b>	<b>0.1</b>
<b>Total</b>		
Specific	(72.9)	(51.3)
Collective <sup>4</sup>	3.6	11.4
<b>Total loan loss expense</b>	<b>(69.3)</b>	<b>(39.9)</b>

**Mortgages 90+ Day Arrears<sup>1 2</sup> as % of AUM**



**Asset Finance 90+ Day Arrears<sup>1 3</sup> as % of AUM**

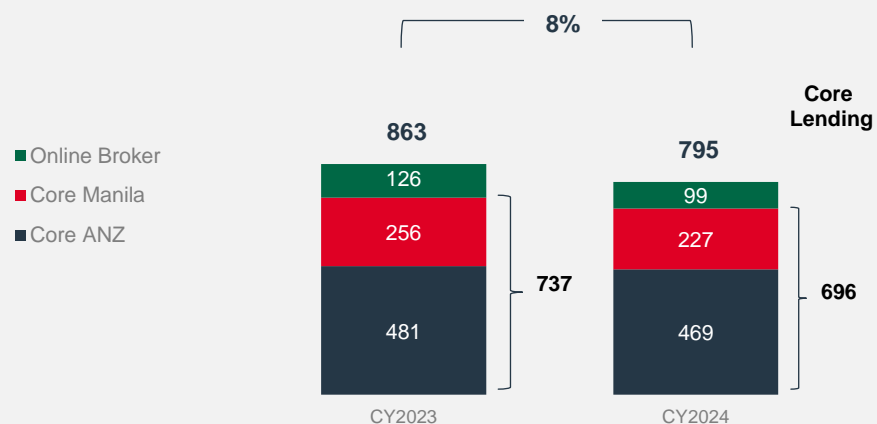


# FINANCIALS

## Expenses



### FTE Movement (#)



\$ Million	Calendar Year		
	2024	2023 <sup>1</sup>	% 2024 vs 2023
Employee benefits expense	(126.3)	(128.6)	2%
Marketing expense	(15.4)	(14.9)	(3)%
Technology expense	(24.6)	(23.8)	(3)%
General and admin expense	(20.5)	(19.3)	(6)%
<b>Operating Expense pre-impairment</b>	<b>(186.8)</b>	<b>(186.6)</b>	<b>(0)%</b>
Fair value losses on financial assets	(3.9)	(0.5)	(Lge)
Impairment losses on non-financial assets	(7.4)	(4.3)	(72)%
<b>Operating Expense</b>	<b>(198.1)</b>	<b>(191.4)</b>	<b>(4)%</b>
Depreciation and amortisation	(19.4)	(21.9)	11%
Corporate interest expense	(29.2)	(24.8)	(18)%
<b>Total Expense</b>	<b>(246.7)</b>	<b>(238.1)</b>	<b>(4)%</b>

## Profit &amp; Loss



\$ Million	Calendar Year		%
	2024	2023 (Adjusted <sup>1</sup> )	2024 vs 2023 (Adjusted <sup>1</sup> )
Interest income	1,436.1	1,377.5	4%
Interest expense	(1,094.7)	(1,039.1)	(5)%
<b>Net interest income</b>	<b>341.4</b>	<b>338.4</b>	<b>1%</b>
Lending fee income	65.6	72.2	(9)%
Lending expense	(29.5)	(29.8)	1%
Whole loan sales gain	42.8	11.9	260%
Loan losses	(69.3)	(39.9)	(74)%
Servicing fees and other income	35.6	37.4	(5)%
<b>Total operating income</b>	<b>386.6</b>	<b>390.1</b>	<b>(1)%</b>
Employee benefits expense	(126.3)	(128.6)	2%
Marketing expense	(15.4)	(14.9)	(3)%
Technology expense	(24.6)	(23.8)	(3)%
General and administration expense	(20.5)	(19.3)	(6)%
Fair value losses on financial assets	(3.9)	(0.5)	(Lge)
Impairment losses on non-financial assets	(7.4)	(4.3)	(72)%
<b>EBITDA</b>	<b>188.5</b>	<b>198.7</b>	<b>(5)%</b>
Depreciation and amortisation expense	(19.4)	(21.9)	11%
Corporate interest expense	(29.2)	(24.8)	(18)%
<b>Profit before income tax</b>	<b>139.9</b>	<b>152.0</b>	<b>(8)%</b>
Income tax expense	(41.7)	(40.9)	(2)%
<b>Net profit after income tax</b>	<b>98.2</b>	<b>111.1</b>	<b>(12)%</b>
<b>Profit Pre-Tax and Loan loss expense</b>	<b>209.2</b>	<b>192.0</b>	<b>9%</b>

# Financial Metrics



	Calendar Year		% 2024 vs
	2024	2023 <sup>5</sup>	2023
<b>Volume (\$ Billion)</b>			
Originations – Mortgages	4.1	3.9	5%
Originations – Asset Finance	2.9	3.4	(13)%
<b>Total Originations</b>	<b>7.0</b>	<b>7.3</b>	<b>(3)%</b>
AUM lending – Mortgages	10.2	12.6	(19)%
AUM lending – Asset Finance	5.6	5.7	(2)%
<b>AUM lending</b>	<b>15.9</b>	<b>18.3</b>	<b>(13)%</b>
<b>AUM servicing</b>	<b>3.3</b>	<b>1.4</b>	<b>130%</b>
<b>Total AUM</b>	<b>19.1</b>	<b>19.7</b>	<b>(3)%</b>
<b>Income (\$ Million)</b>			
Operating income – Mortgages	233.7	214.7	9%
Operating income – Asset Finance	139.2	166.2	(16)%
Operating income – Loan and Other Servicing	11.0	7.3	50%
Operating income – Corporate	2.8	1.8	54%
<b>Total operating income</b>	<b>386.6</b>	<b>390.1</b>	<b>(1)%</b>
<b>Profitability</b>			
Net interest margin <sup>1</sup> – Mortgages	1.65%	1.57%	8bps
Net interest margin <sup>1</sup> – Asset Finance	2.55%	2.50%	5bps
<b>Total net interest margin<sup>1</sup></b>	<b>1.97%</b>	<b>1.85%</b>	<b>12bps</b>
Employee benefits expense / Total operating income	33%	33%	-
Employee cost per FTE <sup>2</sup> (\$'000)	158.9	149.0	(7)%
Cost-to-income ratio <sup>3</sup>	54.1%	55.4%	1%
<b>Credit: Coverage Ratio</b>			
Coverage ratio <sup>4</sup> – Mortgages	0.21%	0.24%	3bps
Coverage ratio <sup>4</sup> – Asset Finance	1.70%	1.56%	(14)bps
<b>Coverage ratio<sup>4</sup> – Total</b>	<b>0.74%</b>	<b>0.65%</b>	<b>(9)bps</b>
<b>Return</b>			
Total operating income yield	2.00%	2.04%	(4)bps
Total operating income – pre-Loan loss expense	2.36%	2.25%	11bps

# Sources and Uses of Cash

## Corporate Cash Flow

Key Movements: 31 December 2023 to 31 December 2024

IN FLOW	
	<b>Trust Income</b>
	Interest income derived from assets under management and residual income units earned from the trust waterfalls.
	<b>Whole Loan Sale Premium</b>
	Gross premium before costs received from the execution of whole loan sales across Mortgages and Asset Finance portfolios in the year.
O U T F L O W	
	<b>Operating Expenses</b>
	Includes business operating expenses and costs incurred in establishing securitisation deals and corporate debt structures.
	<b>Funding cashflows</b>
	Equity investments in securitisation structures, and credit enhancement required in the warehouse facilities.
	<b>Equity Investment</b>
	Acquisition of the residual 35% shareholding in Stratton Finance Pty Ltd on 28 March 2024.
	<b>Interest Expense</b>
	Interest incurred on corporate debt facilities, net of bank interest earned.
D I V I D E N D	
	<b>Dividend payment</b>
	CY2023 final dividend, paid April 2024 and CY2024 interim dividend paid in October 2024.

\$ Million	Calendar Year
	2024
Trust income	298.4
Origination fees	49.2
Whole Loan Sale premium	89.1
Servicing and other income	6.9
<b>Total Income</b>	<b>443.6</b>
Operating expense	(205.1)
Broker commissions	(38.1)
<b>Total operating expenses</b>	<b>(243.2)</b>
Interest expense	(22.5)
<b>Cash profit before tax</b>	<b>177.8</b>
Tax expense	(45.8)
<b>Cash profit after tax</b>	<b>132.0</b>
Funding cashflows	11.6
Equity investments	(41.7)
Corporate debt repayment	(55.0)
<b>Cash available for distribution</b>	<b>47.0</b>
Dividend payment	(44.1)
<b>Opening cash 31 December 2023</b>	<b>121.1</b>
Change in cash	2.9
<b>Closing cash 31 December 2024</b>	<b>124.0</b>



# Balance Sheet

## Key Movements: 31 December 2023 to 31 December 2024

### ASSETS

#### Loans and advances

Loans and advances reflects movement in assets under management, net of Whole Loan Sales of \$2,512.4 million executed over CY2024 and provisions for loan losses.

#### Derivative financial asset

Net position driven by the impact of sustained higher levels of interest rates on IRS.<sup>1</sup>

#### Goodwill and intangibles

Addition of \$7.1 million work in progress assets offset by software amortisation expense \$(11.5) million, amortisation of acquired customer relationship asset \$(0.9) million and \$(7.4) million of partial impairment of intangibles.

### LIABILITIES

#### Borrowings

Decrease in note borrowings in line with movement in Assets Under Management and \$8.3 million lower capitalised deal costs, and lower corporate debt balance as a result of principal repayments in CY2024.

### EQUITY

#### Retained Earnings

Retained earnings profit delivered over CY2024, net of CY2023 final dividend paid and CY2024 interim dividend paid.

### \$ Million

### Balance as at

**31 Dec 2024**
**31 Dec 2023**

Cash and cash equivalents	1,226.2	1,528.7
Receivables	13.9	21.2
Derivative financial assets	21.0	52.4
Loans and advances	15,991.8	18,379.4
Other financial assets	15.3	19.2
Other assets	13.4	12.0
Deferred tax assets	37.1	21.8
Property, plant and equipment	25.4	32.0
Goodwill and intangibles	128.3	141.0
<b>Total assets</b>	<b>17,472.4</b>	<b>20,207.7</b>
Trade payables	16.0	17.1
Current tax	12.5	9.5
Provisions	27.7	23.6
Derivative liabilities	10.3	4.0
Borrowings	16,467.4	19,257.0
Other liabilities	29.1	33.7
Other financial liabilities	53.8	-
<b>Total liabilities</b>	<b>16,616.8</b>	<b>19,344.9</b>
<b>Total net assets</b>	<b>855.6</b>	<b>862.8</b>
Issued capital	730.7	729.8
Other reserves	24.6	50.0
Retained earnings	100.3	45.6
<b>Total equity attributable to owners of Pepper Money Limited</b>	<b>855.6</b>	<b>825.4</b>
Non-controlling interests	-	37.4
<b>Total equity</b>	<b>855.6</b>	<b>862.8</b>

# Mission and Vision

## Mission

WE HELP PEOPLE SUCCEED

### Vision

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

# People's first choice non-bank

### Pillars

We operate with three pillars for success **Experience** – **Performance** – and **Brand** – that link vision and mission to the Company's strong values



**Experience**  
What we create



**Performance**  
How we will operate



**Brand**  
How we want to be known

### 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



**Credit & Underwriting**



**Data**



**Funding**



**Distribution**

# The Pepper Money House



# Outlook

## External Factors

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### Consumer confidence improving

Pressures still evident as interest rates are high

---

### Interest rate reductions

Will support return to market growth

---

### Funding markets

Continue to be stable /improve

## Pepper Money Response

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### Customer support

Remains key focus and part of our “X” Factor

---

### We can originate at scale

- Funding headroom
  - Scaled platform and processes
- 

### Our demonstrated capability to capture opportunities

- Product development
- Distribution growth
- Funding / capital
- Proprietary technology

**We have started the journey to have helped  
1 million customers by 2029**



# Questions & Answers

peppermoney

Thank you

on behalf of all of Pepper Money



# Appendices

# The History of Pepper Money

## Funding

\$41bn<sup>1</sup>

Across 64 transactions from 2003 to December 2024



## Originations

\$65bn<sup>2</sup>

In loans originated from 2000 to December 2024



## Total AUM

\$19bn<sup>3</sup>

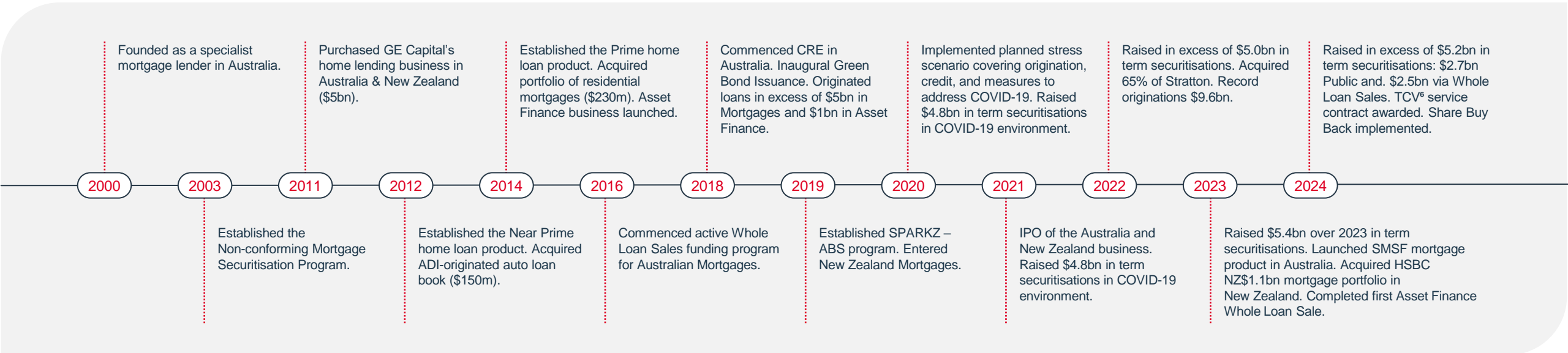
Assets Under Management as at December 2024



## Loan Performance

0.5%

Cumulative loss<sup>4</sup>  
% Total Originations<sup>5</sup>



## Customers

530,304

Customers helped to December 2024<sup>7</sup>



## Customers NPS vs Market

+21

Home Loans

Versus industry average<sup>8</sup>

+23

Asset Finance



## Partners

4,804

Active Mortgage Brokers<sup>9</sup>

1,480

Active Asset Finance Introducers<sup>10</sup>



## Partner Net Promoter Score<sup>11</sup>

+35

Mortgage Brokers

+27

Asset Finance Introducers



# Addressable Market

December 2024

Total  
Addressable  
Market (AUM)

Pepper Money's  
Market Share  
(closing AUM)

Targeted  
Customer  
Segments



## Mortgages

**\$2,717bn<sup>1</sup>**

Conforming: 88%  
Non-Conforming: 12%<sup>2</sup>

**~0.4%<sup>3</sup>**

- 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

**\$246bn**

Consumer: \$71bn<sup>4</sup>  
Commercial: \$175bn<sup>5</sup>

**~2.3%<sup>6</sup>**

Consumer: ~2.5%  
Commercial: ~2.2%<sup>7</sup>

- Used cars
- Caravans
- Commercial vehicles
- Novated lease
- Small scaled business equipment

Notes: 1. Combination of Australia and New Zealand mortgage markets at December 2024 (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 2024, 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 2024 (closing) as a proportion of Total housing credit. 4. New household loan commitments for purchase of road vehicles, New household loan commitments, ABS 5601.0 Lending Indicators Table 27, January 2024 – December 2024 (published February 2025). Assumes market size is approximately 4x lending commitments for last 12 months. 5. New business loan commitments (small and medium size business), finance lease and fixed term, purchase of vehicles, plant and equipment, ABS 5601.0 Table 28, 30 and 32, January 2024 – December 2024 (published February 2025). Assumes market size is approximately 4x lending commitments for last 12 months. Medium size business plant and equipment lending is included but is not part of Pepper's addressable market. 6. Represents Pepper Money's Asset Finance AUM at 31 December 2024 (closing) as a proportion of total consumer and commercial motor and equipment financing. 7. Pepper's Commercial AUM includes the Commercial and Novated Lease portfolios.

# 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 licenses.

**Core FTE:** Full time equivalent employee in Australia, New Zealand and Manila supporting the Company's Lending and Loan Servicing business units.

**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 full-time equivalent employees.

**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 twelve months to December 2023 in this presentation.

**Pro-forma NPAT:** Pro-forma pre-tax adjustments for CY2024 \$Nil, CY2023 \$(3.3) million.

**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 Lending and Servicing 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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