



Investor Presentation CY2022 Results

23 February 2023

peppermoney



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



CY2022

Highlights



Volume

Total Originations

\$9.6bn

↑ 14% PCP¹

Total AUM

\$19.2bn

↑ 13% PCP

Systems growth²

2x Mortgages

35x Asset Finance



Profitability

Pro-forma NPAT³

\$142.0m

↑ 0.1% PCP

Statutory NPAT⁴

\$140.5m

↑ 8% PCP



Funding

Public securitisations

\$5.0bn

↑ 6% PCP

Warehouse capacity

\$11.3bn

↑ 14% PCP



Shareholders

Fully franked final dividend

5.1

cents per share

CY2022 fully franked dividends

10.5

cents per share

Annualised yield⁵

6.3%

Versus 5.5% CY2021

Given the strategy to **drive volume** to support AUM growth in 1H CY2022, Pepper Money delivered **strong business results** for CY2022, as the market slowed over the latter part of the year.



Customers⁶

New to Pepper

77,214

↑ 29% PCP



Our People

Engagement⁷

78

↑ Top 10% companies globally



Our Community

Pepper "Shout Out"

300 & 58

Nominations

Awards

Pepper Giving

>\$200k

to support charities and communities

Pepper's mission is to help people succeed

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



Our pillars support our mission



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



...and the strength of our core competencies

Mission

We help people succeed.

Focus

We focus on the underserved and undervalued segments.

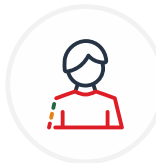
Pillars



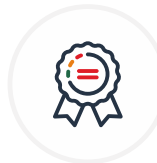
Customer



Business



People



Brand

Values



Can do

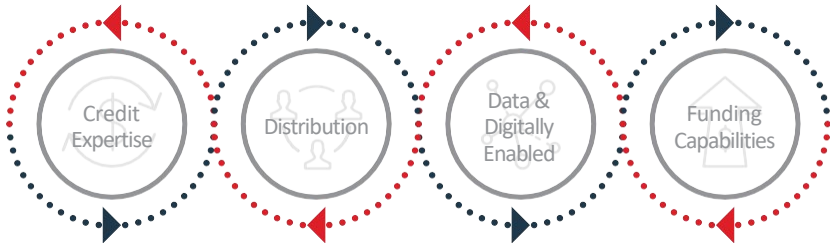


Balanced

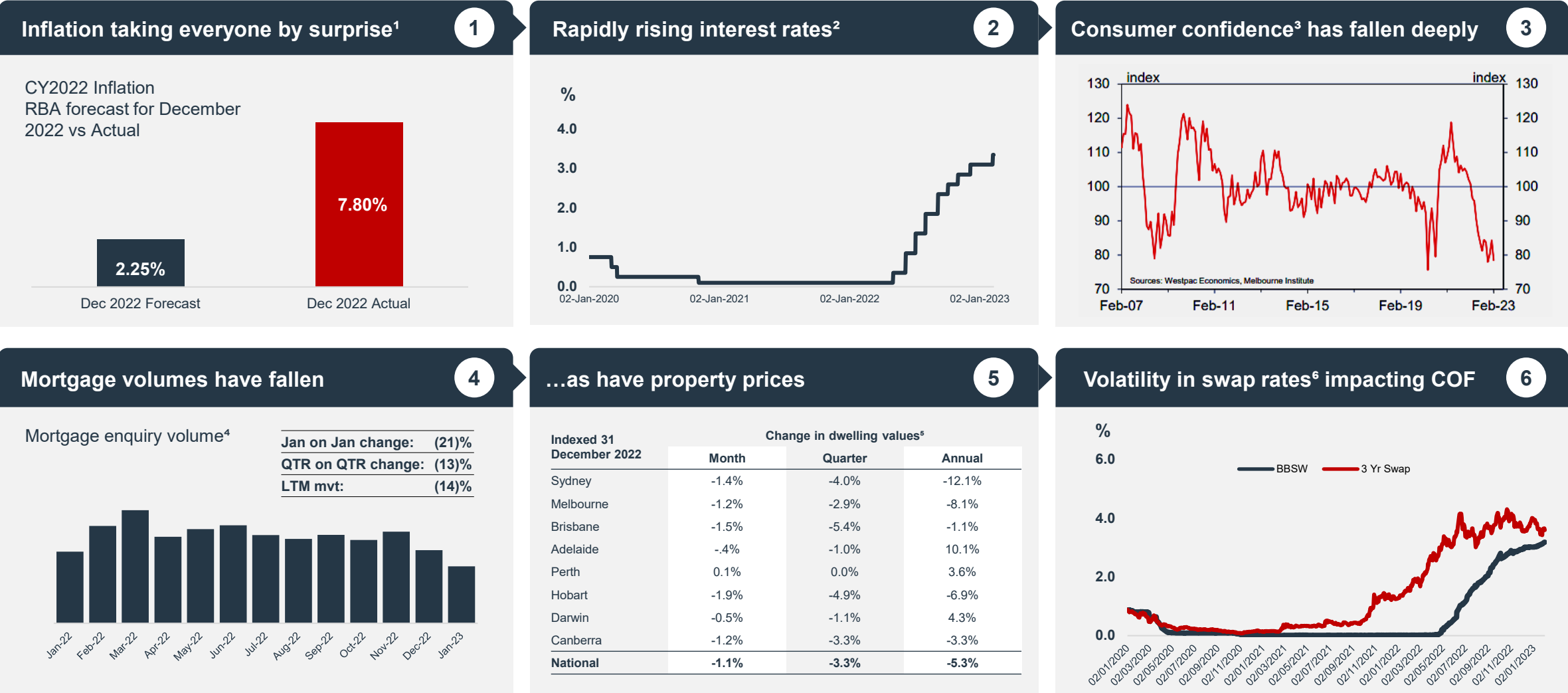


Real

Core Competencies



Challenging operating environment

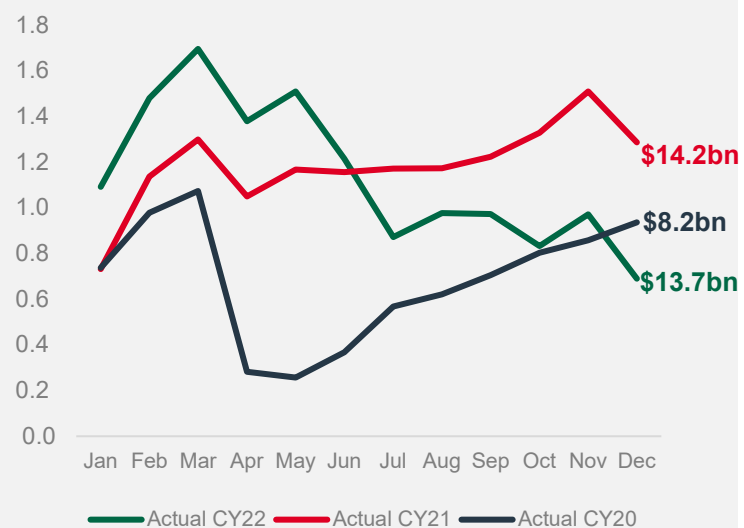


Lending growth

Applications^{1 2} (\$bn)



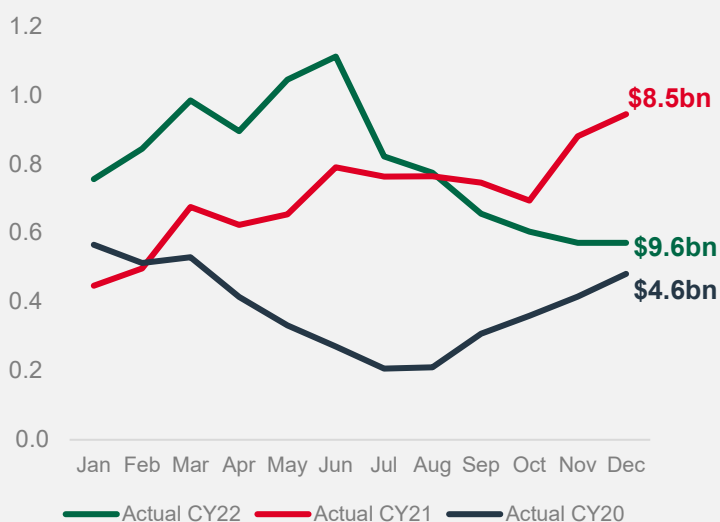
Calendar Year



Originations² (\$bn)



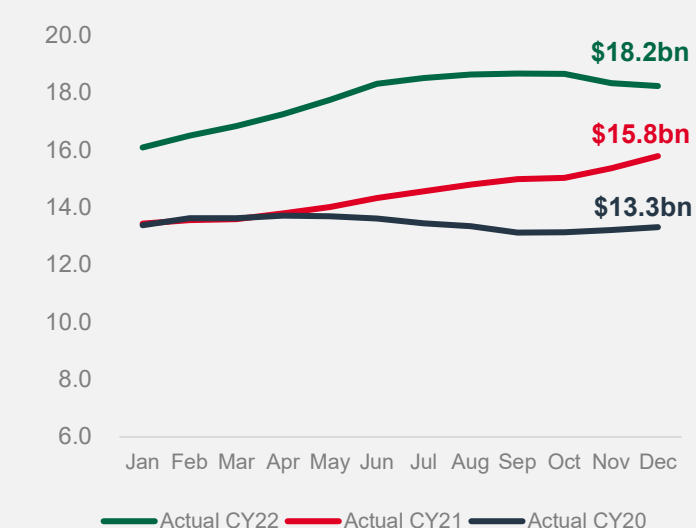
Calendar Year



Lending AUM² (\$bn)



Calendar Year



**Half on half
Applications**

**2H CY2022
\$5.3bn**

**1H CY2022
\$8.4bn**

**2H CY2021
\$7.7bn**

**1H CY2021
\$6.5bn**



Outpaced the market

December 2022

\$2,660_{bn}

Total Addressable Market (AUM)

Mortgages

\$2,478_{bn}¹

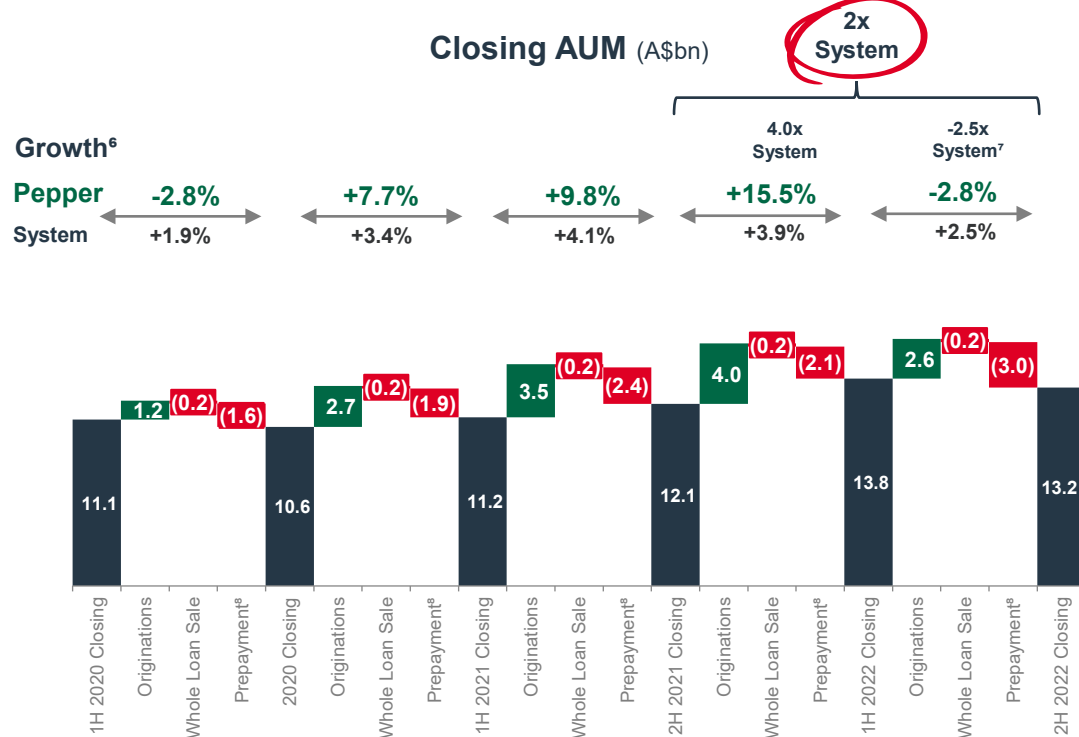
Conforming: 88%
Non-Conforming: 12%²

Asset Finance

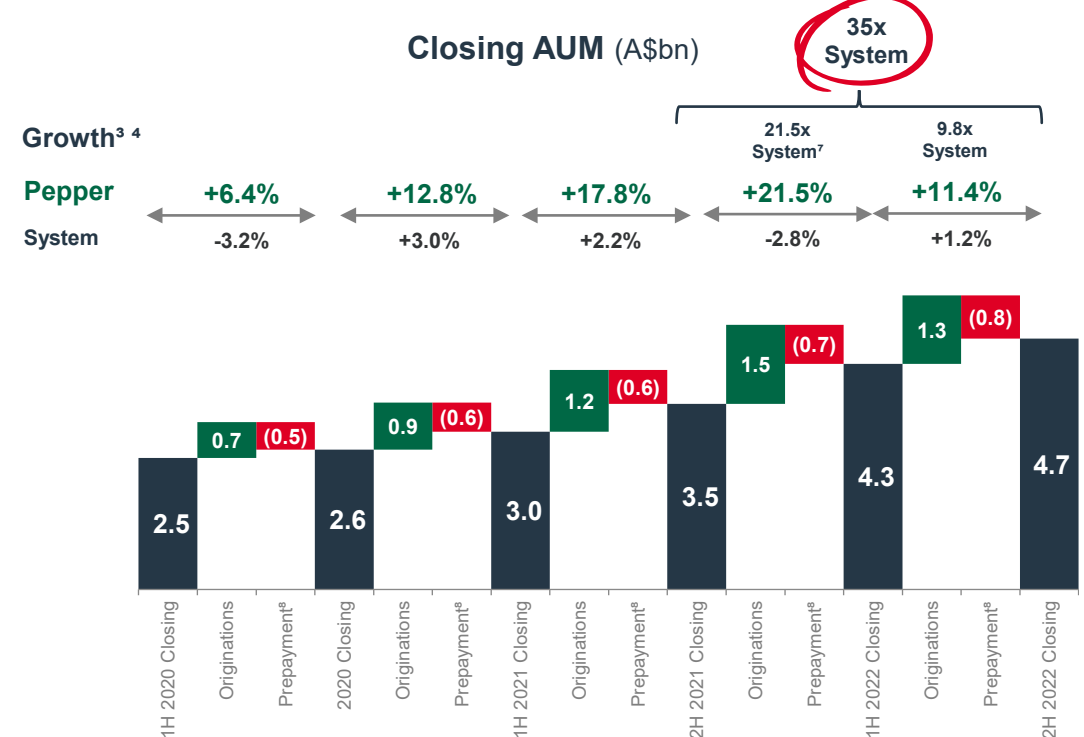
\$182_{bn}

Consumer: \$60_{bn}³
Commercial: \$122_{bn}⁴

Mortgages⁵ AUM Walk



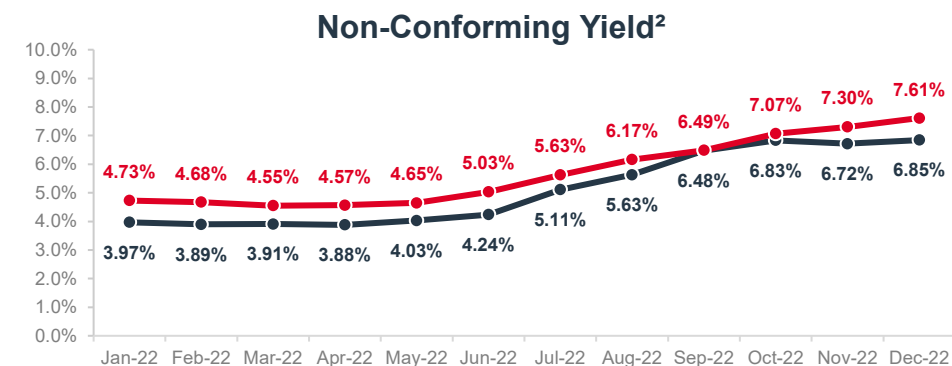
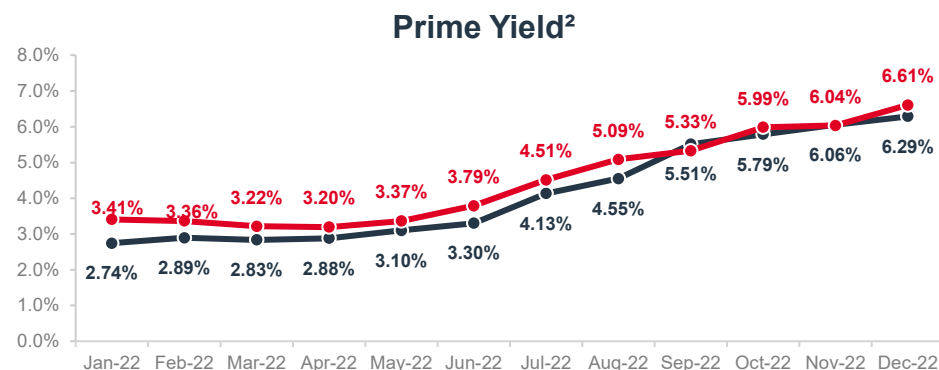
Asset Finance AUM Walk



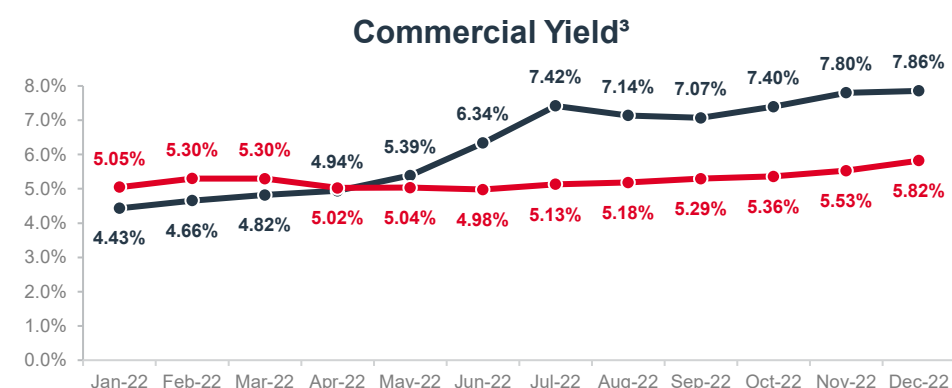
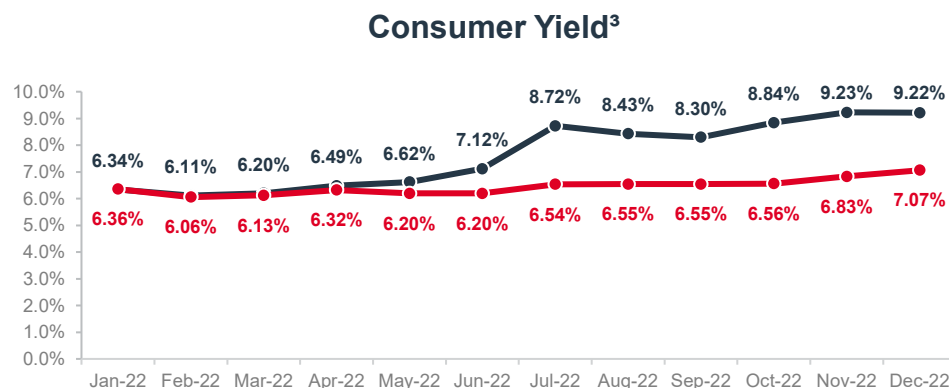
Managing rate rises | front book and portfolio rate changes

Portfolio —
Front book —

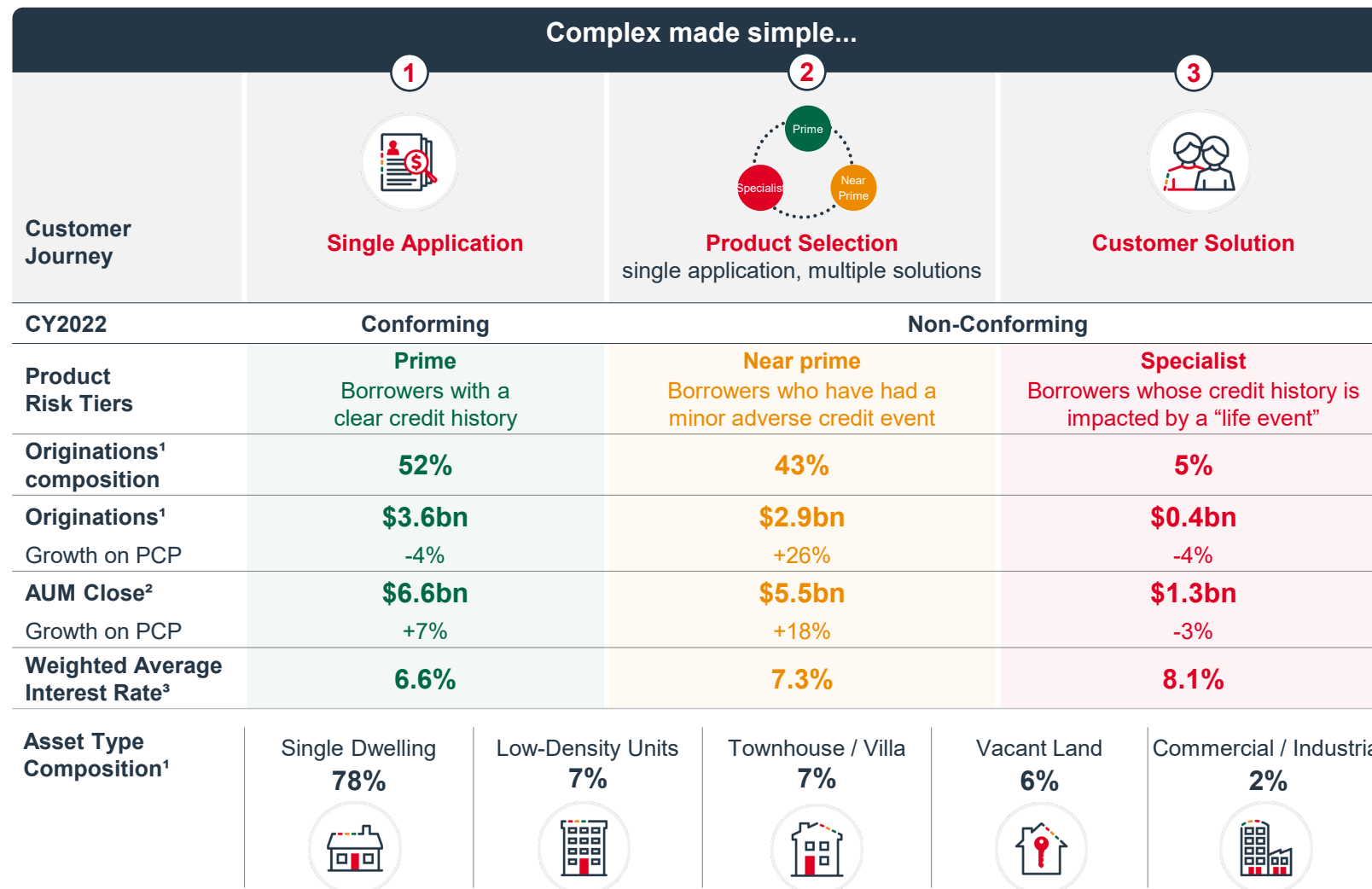
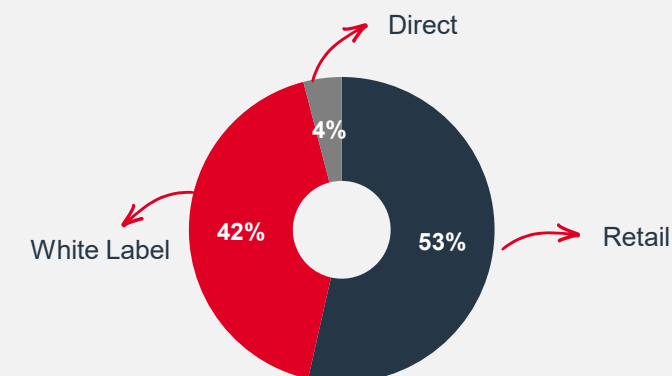
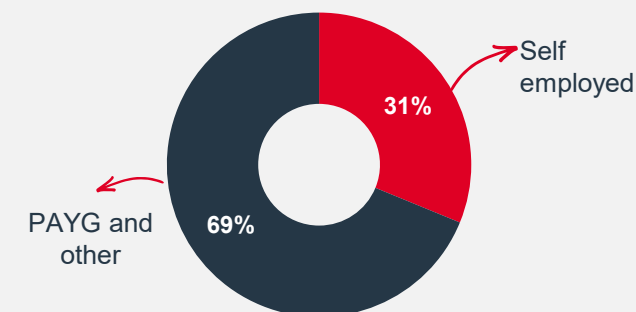
Mortgages¹



Asset Finance



Customer Solutions | Mortgages CY2022

CY2022 Originations by **Distribution channel¹**CY2022 Originations by **Employment Type⁴**
CY2022 AUM (close)
Weighted Average Indexed LVR⁵

58%

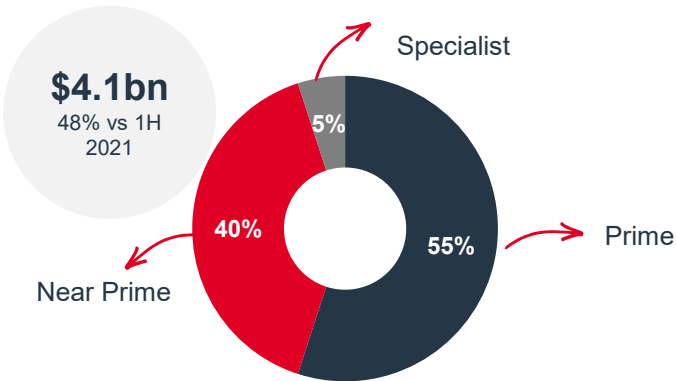
56% as at December 2021



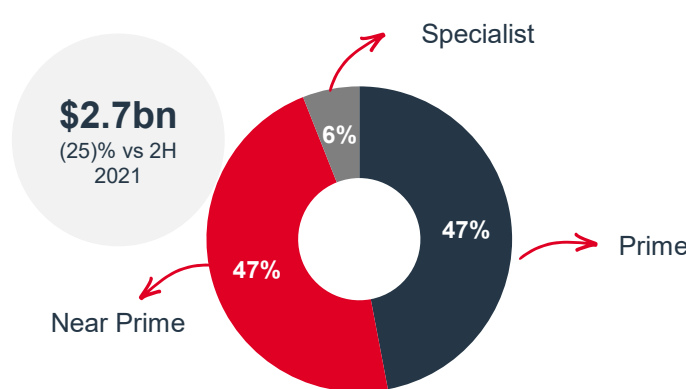
Customer Solutions | Mortgages 1H vs 2H CY2022

Originations by Product

1H CY2022 Originations¹



2H CY2022 Originations²



Weighted Average Indexed LVR³

1H CY2022 AUM (close)

54%

61% as at June 2021



2H CY2022 AUM (close)

58%

56% as at December 2021



Weighted Interest Rate⁴

1H CY2022 (close)

	Portfolio	Front Book ⁵
Prime	4.2%	3.9%
Near Prime	5.1%	4.6%
Specialist	6.0%	6.0%

2H CY2022 (close)

	Portfolio	Front Book ⁶
Prime	6.6%	6.5%
Near Prime	7.3%	7.1%
Specialist	8.1%	8.4%

Customer Solutions | Asset Finance CY2022

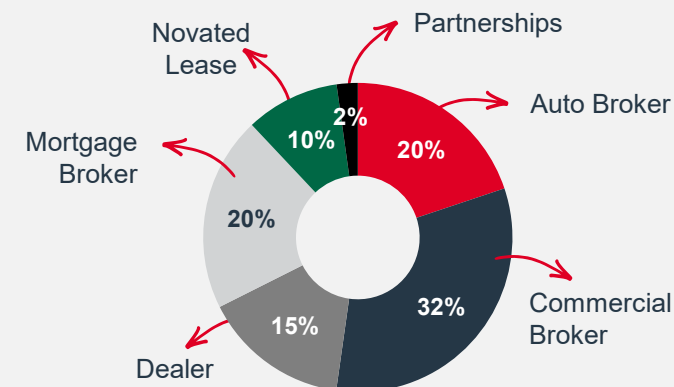
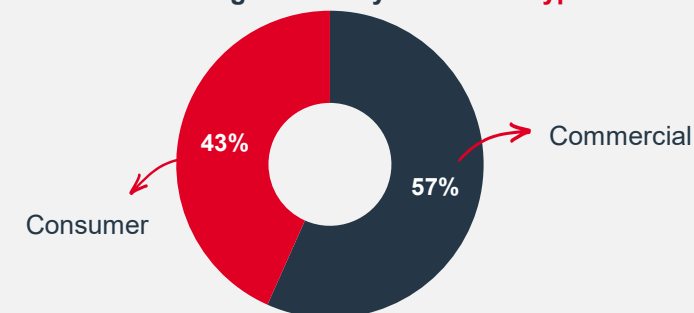
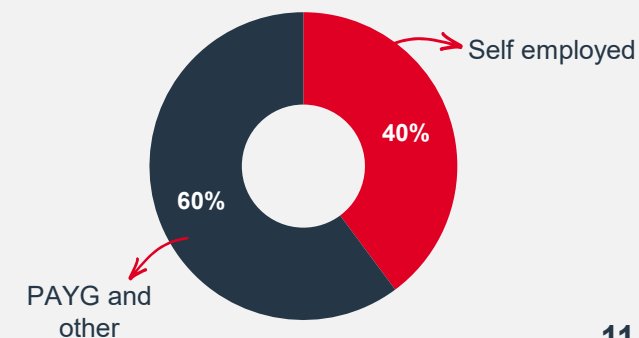


CY2022

Product Risk Tiers	Tier A Owns property Stable employment Clear credit history	Tier B Long term renter New to job Clear credit history	Tier C Long term renter Unstable employment Previous defaults Limited credit history
Originations ¹ Composition	59%	33%	9%
Originations ¹ Growth on PCP	\$1.6bn +40%	\$0.9bn +27%	\$0.2bn +36%
AUM close ² Growth on PCP	\$2.7bn +36%	\$1.6bn +36%	\$0.5bn +28%
Weighted Average Interest Rate ²	6.9%	9.0%	12.9%

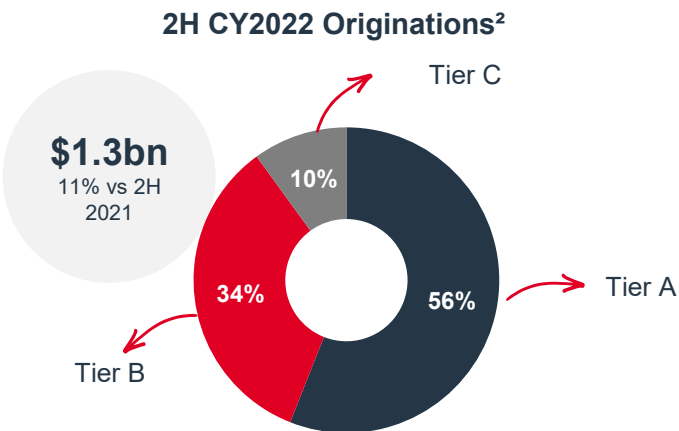
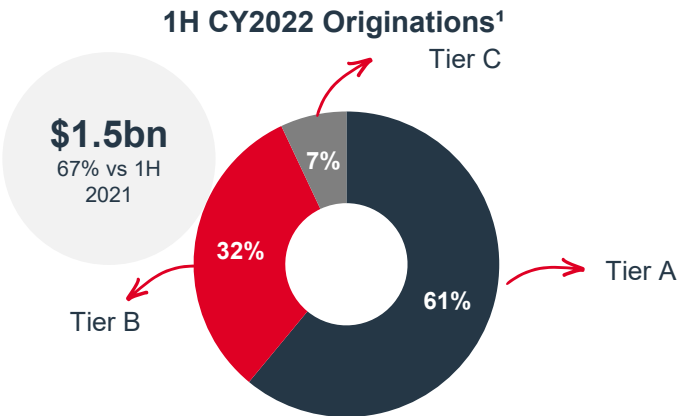
Asset Type Composition ¹	New and used cars 65%	Electric vehicles ³ 5%	Leisure vehicles 11%	Equipment 19%

Note: 1. Based on originations (\$) for the twelve months to 31 December 2022. 2. Based on closing AUM as at 31 December 2022. 3. Electric vehicles include both fully electric and hybrid. 4. Based on originations (#) for the twelve months to 31 December 2022.

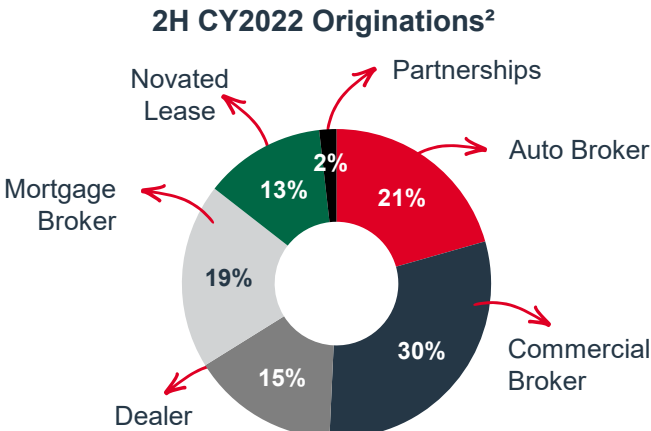
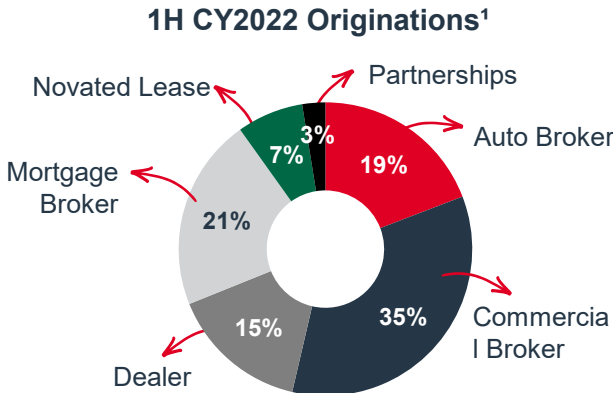
CY2022 originations by Channel¹CY2022 originations by Customer Type¹CY2022 originations by Employment Type⁴

Customer Solutions | Asset Finance 1H vs 2H CY2022

Originations by Product



Originations by Channel



Weighted Interest Rate³

1H CY2022 (close)

	Portfolio	Front Book ⁴
Tier A	6.9%	6.2%
Tier B	8.9%	8.5%
Tier C	12.8%	12.4%

2H CY2022 (close)

	Portfolio	Front Book ⁵
Tier A	6.9%	8.6%
Tier B	9.0%	10.7%
Tier C	12.9%	14.2%

Funding performance

In excess of

\$33.2bn²

across 54 transactions
2003 to December 2022

Non-Conforming RMBS

\$20.5bn

Prime RMBS

\$9.4bn

ABS

\$3.3bn

Warehouses

A\$11.3bn

total capacity

18

facilities

25 funders
(includes 4 major domestic
banks, excludes Pepper
Notes)
Capacity up 14%
31 December 2022 vs
31 December 2021

Securitisation

4 Public Platforms³
(PRS, Pepper Prime,
Sparkz, Pepper Social)
A\$36.1bn⁵

Total Issuance

100+⁴

investors

Called every note
at first available
call date

Whole loan sales / private term issuances

A\$7.1bn+

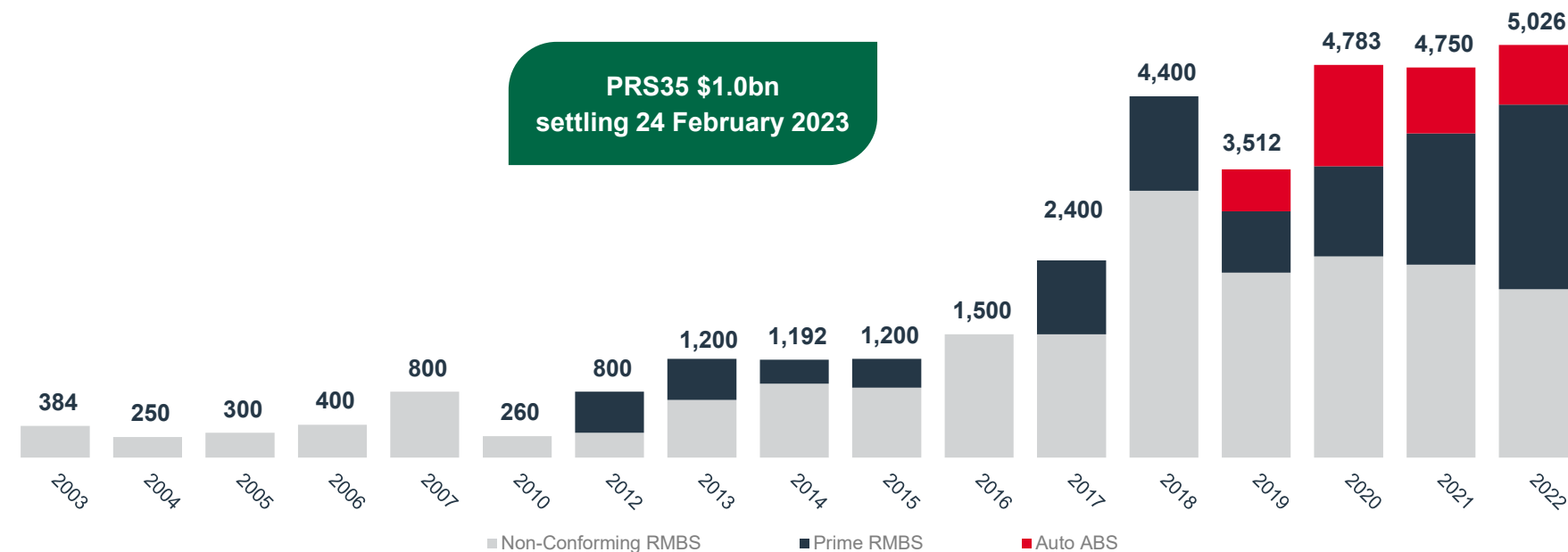
total funding

16

counter-parties

Cumulative Deal Size

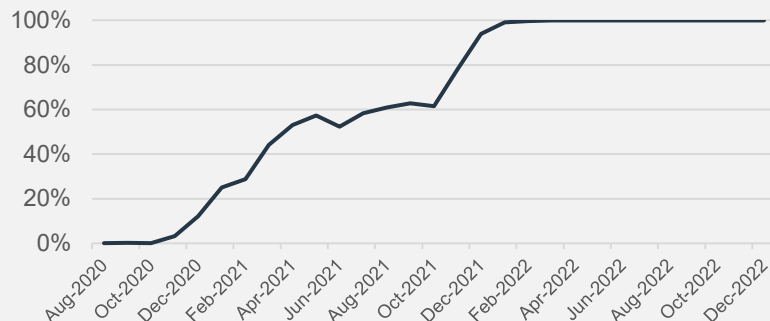
Per Year (A\$ M)



Technology delivering scale & efficiency

ASSET FINANCE

Volume through SOLANA



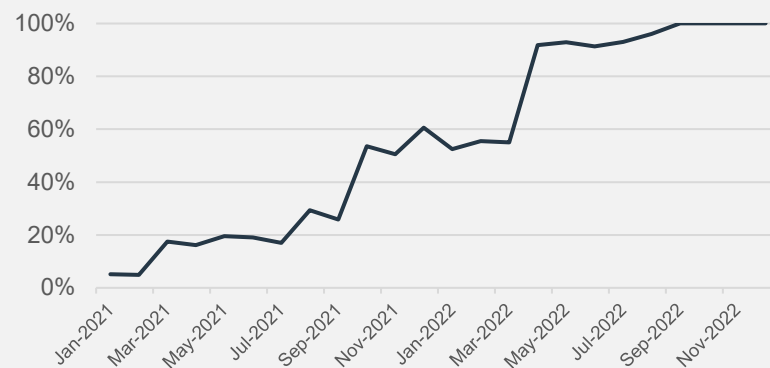
Hit 100% in March 2022. 1H 2022 Auto-approval pass rate at **42%**, 2H 2022 increased to **47%**



Integrated Digital Platform

MORTGAGES

Application volume through SAGE



100% migration of residential applications through SAGE since September 2022

Operations

Pepper Apollo – service task automation

Collections transaction effort¹

26% reduction in Mortgages

41% reduction in Asset Finance

Collections Activity
4.6 FTE per month saved²

Hardship Activity
0.4 FTE per month saved²

\$46m collected³

SCALE

Our sustainability focus

Our People

Engagement

78
Top 10%
companies globally

Diversity

55% **45%**
Female Male

We are committed to fostering an environment that supports a safe, healthy, diverse and inclusive workplace where talent thrives.

Economic performance

Pro-forma NPAT

\$142m
0.1% PCP

CY2022 fully franked dividends

10.5
cents per share

We are committed to responsible business practices. Our system of governance fosters a culture of accountability and creates sustainable long term value for our investors and capital partners.



Our Community

Pepper “Shout Out”

300 **58**
Nominations Awards

Pepper Giving

>\$200k
to support charities
and communities

We partner with community-based organisations that share our values of diversity and inclusion and that make a difference in areas of the community.

Environment

Healthier planet

7 Hectares of
trees planted

Green Bond

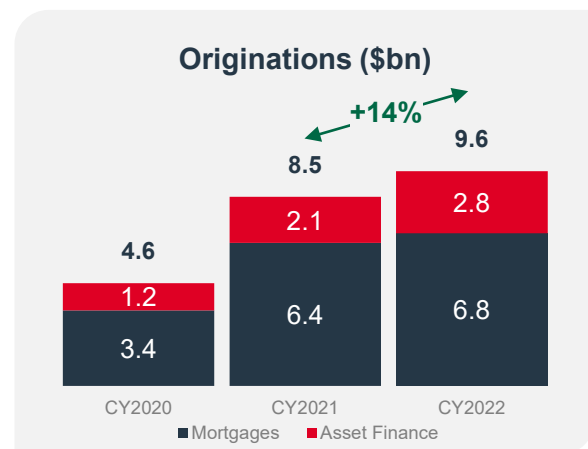
\$330m

We recognise the importance of how making positive changes in how we run the business can reduce our impact on the environment.

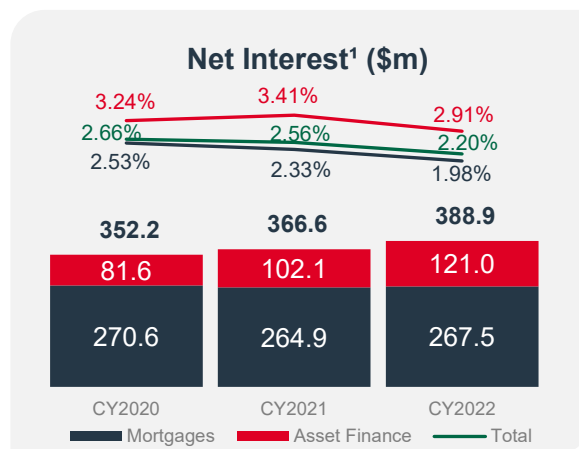
Financial performance

Pro-forma

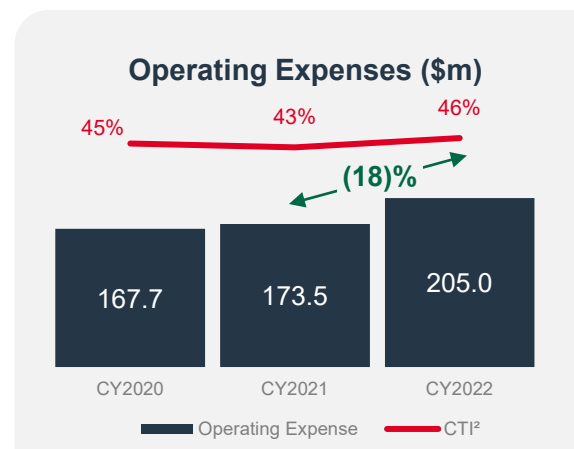
Volume



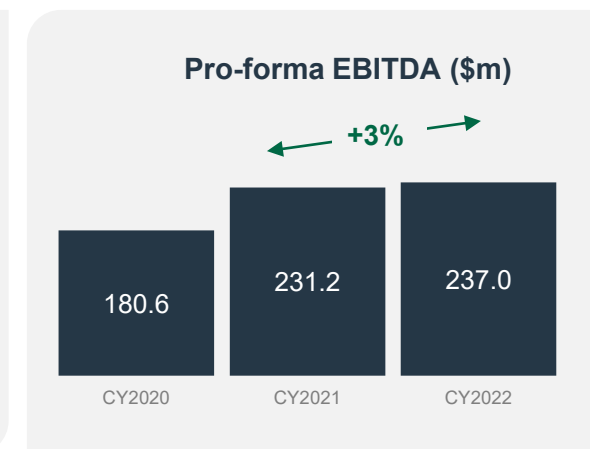
Income



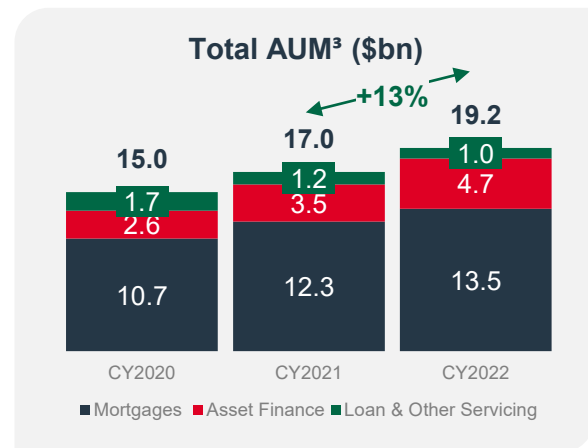
Expenses / FTE



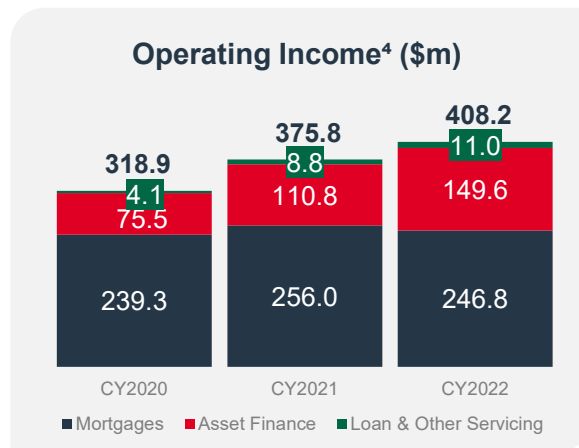
Profit



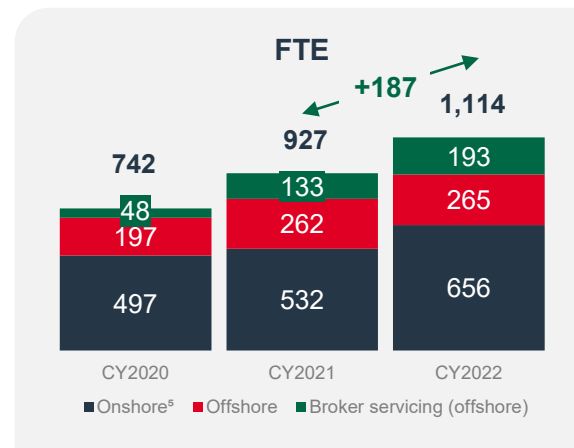
Total AUM³ (\$bn)



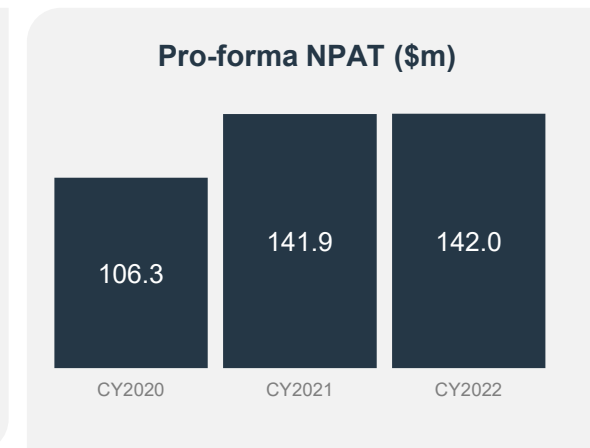
Operating Income⁴ (\$m)



FTE



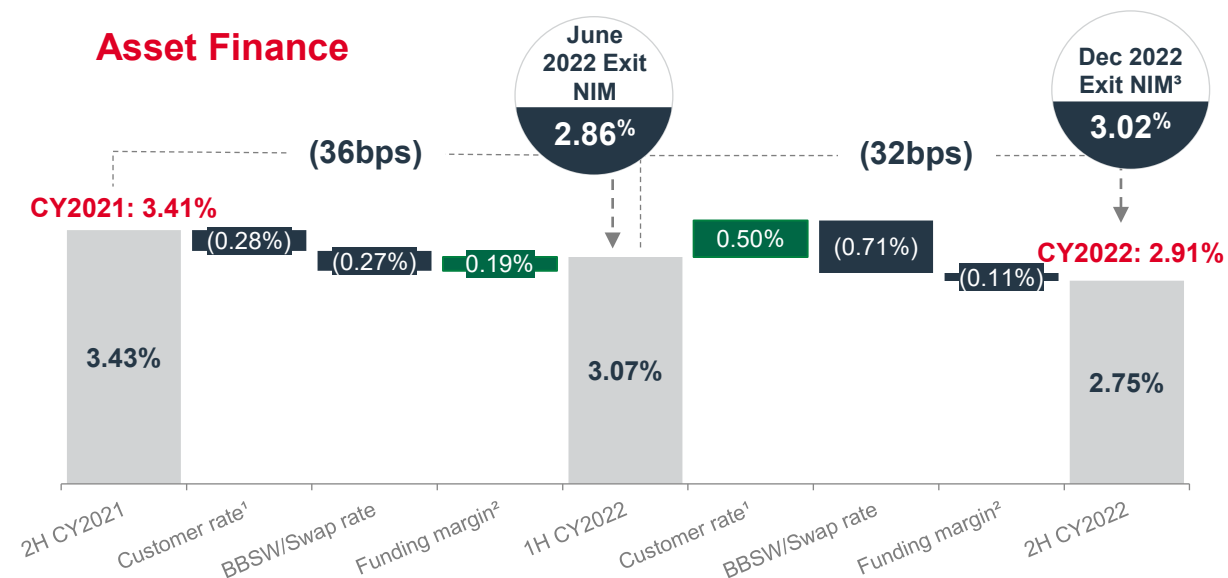
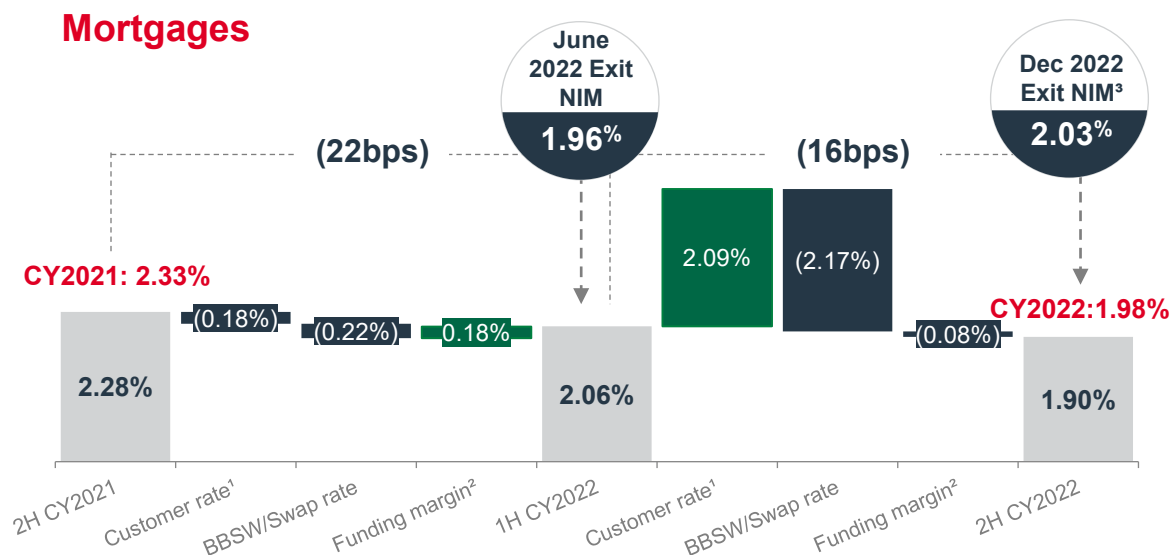
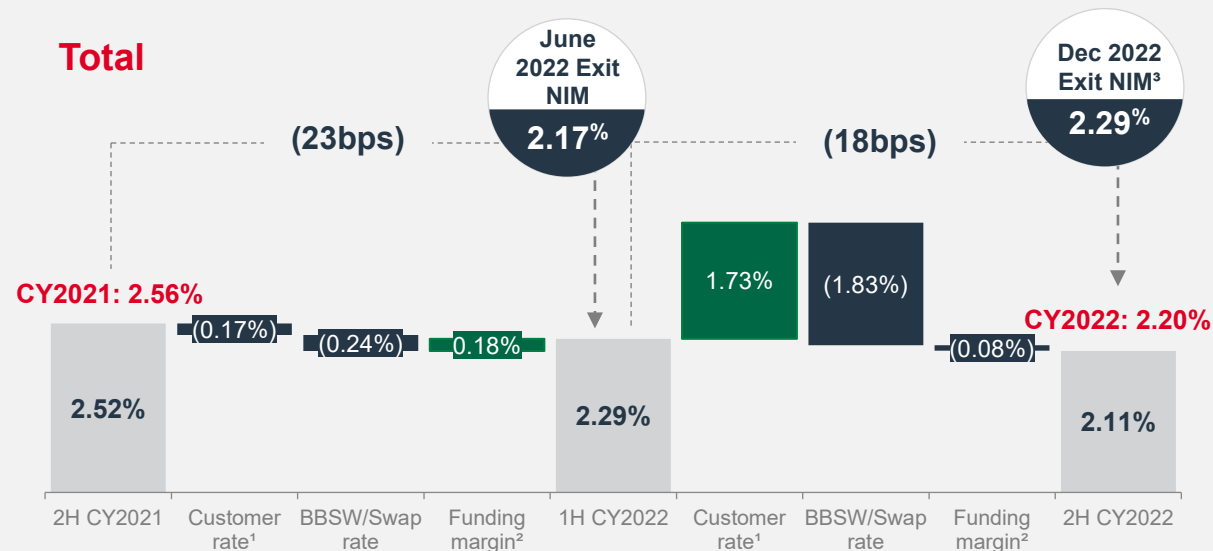
Pro-forma NPAT (\$m)



NIM movement

Substantial increases in funding cost, particularly in 2H, largely offsets customer repricing activity

NIM is showing improvement in December month given customer rate increases



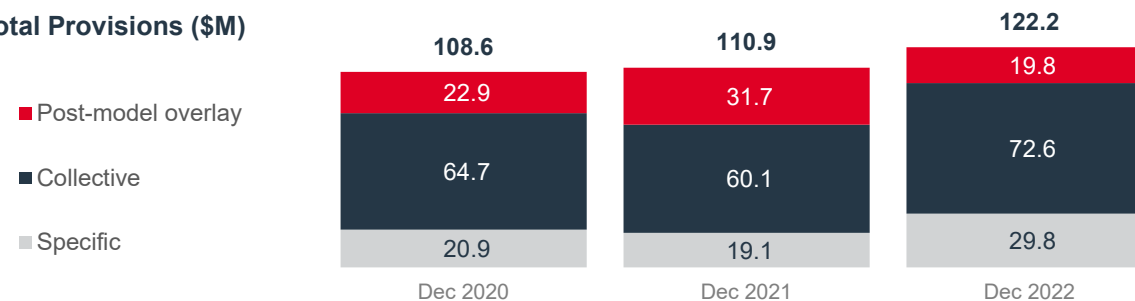
FINANCIALS

Loan loss expense & provision

Total loan loss provision as at 31 December 2022 of \$122.2 million increased from \$110.9 million in December 2021 – maintaining strong coverage in changing macroeconomic conditions

	Calendar Year Ending		
Loan loss expense \$ M	2020	2021	2022
Mortgages			
Specific	(4.7)	(1.2)	(2.7)
Collective: base	(0.7)	0.0	(3.9)
Post-model overlay	(15.8)	3.0	-
Mortgages loan loss expense	(21.2)	1.7	(6.6)
Asset Finance			
Specific	(25.4)	(19.6)	(30.2)
Collective: base	(2.4)	(12.1)	(8.6)
Post-model overlay	(7.2)	5.0	11.9
Asset Finance loan loss expense	(35.0)	(26.7)	(26.9)
Loan and Other Servicing loan loss expense	(0.5)	0.4	0.2
Total			
Specific	(30.6)	(20.5)	(32.7)
Collective: base	(3.1)	(12.1)	(12.5)
Post-model overlay	(22.9)	8.0	11.9
Total loan loss expense	(56.7)	(24.6)	(33.3)

Total Provisions (\$M)



Provision Coverage¹ %

Provision Coverage¹ % (ex. Post-model overlay)

Dec 2020

Dec 2021

Dec 2022

0.82%

0.64%

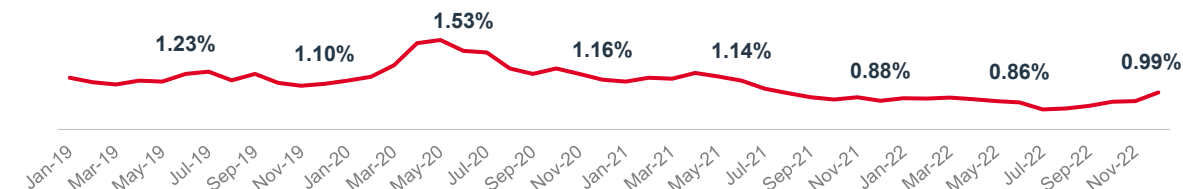
0.70%

0.50%

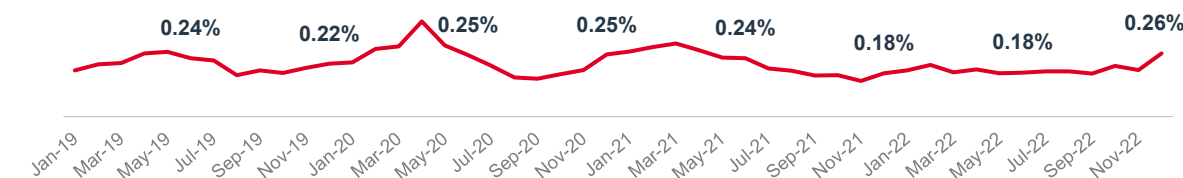
0.67%

0.56%

Mortgage 90+ day arrears² as % of AUM³



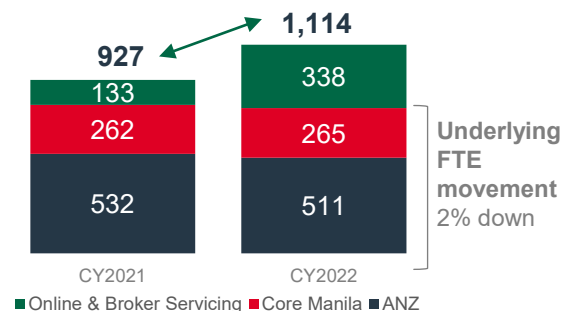
Asset Finance 90+ day arrears^{2 4} as % of AUM



Pro-forma¹ expenses

	Calendar Year		
\$ M	2022	2021	Change B/(W)
Employee benefits expense	(113.9)	(98.6)	(16%)
Marketing expense	(13.8)	(10.8)	(28%)
Technology expense	(23.8)	(19.9)	(20%)
General and admin expense	(17.7)	(15.3)	(16%)
FV gains or losses on financial assets ²	(2.1)	0.2	Lge
Impairment losses on financial assets	0.0	(0.2)	100%
Total Operating Expenses	(171.3)	(144.6)	(18%)
Depreciation and amortisation	(20.4)	(24.6)	17%
Corporate interest expense	(13.3)	(4.3)	(209%)
Total Expenses	(205.0)	(173.5)	(18%)
Total Expenses normalised³	(186.2)	(173.5)	(7%)
CTI⁴	46%	43%	(3%)
<i>CTI Normalised^{3 4}</i>	<i>44%</i>	<i>43%</i>	<i>(1%)</i>

FTE movement
Year end CY2022 v CY2021



Employee Benefits: Core
CY2022 v CY2021

	% Increase	Cost per FTE (\$000) CY2022
ANZ	2%	\$(179.3)
Core Manila	23%	\$(23.8)
Underlying	3%	\$(127.1)

Other key costs movements

Drivers of change

	2022	2021	% change B/(W)
Marketing as % Total operating income	3%	3%	1%
Technology expense per FTE (\$000)	(21.4)	(21.5)	0%
General and admin expense: Occupancy (\$M)	(17.7)	(15.3)	(16%)
Depreciation & Amortisation: Saas / shift to cloud (\$M)	(20.4)	(24.6)	17%

Pro-forma Metrics



	Calendar Year		
	2022	2021	Change B/(W)
Volume (\$ billion)			
Originations – Mortgages	6.8	6.4	7%
Originations – Asset Finance	2.8	2.1	35%
Total Originations	9.6	8.5	14%
AUM lending – Mortgages	13.5	12.3	10%
AUM lending – Asset Finance	4.7	3.5	35%
AUM lending	18.2	15.8	15%
AUM servicing	1.0	1.2	(16%)
Total AUM	19.2	17.0	13%
Income (\$ million)			
Operating income – Mortgages	246.8	256.0	(4%)
Operating income – Asset Finance	149.6	110.8	35%
Operating income – Loan and Other Servicing	11.0	8.8	25%
Operating income – Corporate	0.7	0.1	Lge
Total operating income	408.2	375.8	9%
Profitability			
Net interest margin ¹ – Mortgages	1.98%	2.33%	(35bps)
Net interest margin ¹ – Asset Finance	2.91%	3.41%	(50bps)
Total net interest margin¹	2.20%	2.56%	(36bps)
Employee benefits expense / Total operating income	28%	26%	(2%)
Employee cost per average FTE (\$'000)	105.0	116.2	10%
Cost-to-income ratio ²	46%	43%	(3%)
<i>Cost-to-income ratio – normalised³</i>	<i>44%</i>	<i>43%</i>	<i>(1%)</i>
Credit Quality			
Total losses ⁴ (ex. Overlay ⁵)% AUM lending – Mortgages	0.05%	0.01%	(4bps)
Total losses ⁴ (ex. Overlay ⁵)% AUM lending – Asset Finance	0.80%	1.06%	26bps
Total losses⁴ (ex. Overlay⁵)% AUM lending	0.22%	0.23%	1bps
Return			
Total operating income yield	2.3%	2.4%	(0%)
Dividend yield⁶ (annualised)	6.3%	5.5%	

Pro-forma Income Statement



\$ M	Calendar Year		
	2022	2021	Change B/(W)
Interest income	955.4	690.3	38%
Interest expense	(566.5)	(323.7)	(75%)
Net interest income from continuing operations	388.9	366.6	6%
Net lending fees	15.3	12.7	21%
Whole loan sales gain	8.2	9.5	(14%)
Loan losses	(33.3)	(24.6)	(35%)
Servicing fees and other income	29.1	11.6	151%
Total operating income from continuing operations	408.2	375.8	9%
Employee benefits expense	(113.9)	(98.6)	(16%)
Marketing expense	(13.8)	(10.8)	(28%)
Technology expense	(23.8)	(19.9)	(20%)
General and administration expense	(17.7)	(15.3)	(16%)
FV gains or losses on financial assets	(2.1)	0.2	(Lge)
Impairment losses on financial assets	0.0	(0.2)	100%
EBITDA	237.0	231.2	3%
Depreciation and amortisation expense	(20.4)	(24.6)	17%
Corporate interest expense	(13.3)	(4.3)	(209%)
Profit before income tax from continuing operations	203.2	202.3	0%
Income tax expense	(61.2)	(60.4)	(1%)
Net profit after income tax from continuing operations	142.0	141.9	0%
<i>Equity holders of Pepper Money Limited</i>	<i>142.5</i>	<i>141.9</i>	<i>0%</i>
<i>Non-controlling interest</i>	<i>(0.5)</i>	<i>-</i>	<i>-</i>

Balance Sheet

Statutory

Key Movement: December 2022 on December 2021

ASSETS

Loan and advances

Loans and advances reflect net growth in originations over CY2022 net of provisions for loan impairments

Derivative financial asset

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

Goodwill and intangibles

\$98.2 million of goodwill related to Stratton acquisition, \$21.0 million acquired intangibles of brand and net \$4.2 million of customer rights, partly offset by a reduction in software amortisation

LIABILITIES

Borrowings

Increase in note borrowings to fund book growth, coupled with CDF drawdowns and associated interest accrued in the period of \$146.2 million and to part fund Stratton acquisition and corporate tax payment.

A Senior floating rate note of \$25.0 million was settled in May 2022 and a Subordinated debt of \$25.0 million was settled in December 2022.

EQUITY

Retained Earnings

Retained earnings reflect sustained profit growth in the business for CY2022 net of dividends paid in the year.

Balance as at	Dec 2022 \$M	Dec 2021 \$M
Assets		
Cash and cash equivalents	1,243.6	1,309.2
Receivables	10.3	9.4
Loans and advances	18,327.8	15,819.8
Derivative financial assets	134.0	23.7
Other financial assets	19.4	23.0
Other assets	9.0	7.5
Deferred tax assets	4.0	37.5
Property, plant and equipment	19.0	6.6
Goodwill and intangibles	152.3	31.5
Total assets	19,919.4	17,268.2
Trade payables	13.4	11.2
Current tax	24.5	39.2
Provisions	24.8	26.8
Borrowings	18,979.2	16,517.2
Derivative liabilities	3.3	17.5
Other liabilities	22.8	19.9
Deferred tax liabilities	10.1	-
Total liabilities	19,078.1	16,631.8
Total net assets	841.3	636.4
Issued capital	729.6	729.3
Other reserves	99.8	12.4
Retained earnings	(27.5)	(105.3)
Total equity attributable to owners of Pepper Money Limited	801.9	636.4
Non-controlling interests	39.4	-
Total equity	841.3	636.4

Outlook | navigating a challenging environment



**Short term
trends remain
challenging**

Challenging time for customers:
rates / inflation

Mortgage market: growth and competition

Capital market / Cost of funds: stabilising
towards back end of CY2023



**Pepper Money
has the
capabilities to
respond**

Well provisioned. Proactive approach
to customer care.

Diversified portfolio – Asset Finance.
Broad product range in both Mortgages
and Asset Finance.

PRS 35 upsized to \$1bn. Capacity to
flex between volume and margin.

Capital position



**Medium term
trends should
improve**

Inflation reducing

Immigration returning

Mortgage market growth stabilising

Capital markets stronger



**Pepper Money
has the
capabilities to
capitalise**

Scaled for growth

Investment in core platforms ongoing

Product development / customer life cycle /
segment

Distribution footprint and new partnerships

Investor support. New investors.

Why Pepper Money succeeds

A leader in non-bank finance with an established and **proven track record through-the-cycle**

Strong **growth record** and **underlying momentum** in a **\$2.7 trillion¹** total addressable lending market

Robust funding, **significant warehouse capacity** provided by **20+ funders** across a **deep global investor base of 100+ investors**

Digitally-enabled distribution tools, allowing brokers to help people succeed with confidence

Strong **through-the-cycle** credit performance, underpinned by a robust risk framework and **22+ years** of loan performance data that drives **disciplined returns**

Diversified portfolio between **Mortgages** (60%), **Asset Finance** (37%) and **Loan & Other Servicing** (3%)² and **broad products range** – Prime, Non Conforming, Consumer & Commercial

22+ years of **purpose-built historical data** provides **insights** from which the business has grown

Strong, experienced, tenured management team with proven record of success



Questions & Answers

Appendices

A1	Addressable market
A2	Australian housing market activity
A3	Segment overview
A4	Mortgages applications, originations, AUM
A5	Mortgage customer solutions 1H CY2022
A6	Mortgages customer solutions 2H CY2022
A7	Asset Finance applications, originations, AUM
A8	Asset Finance customer solutions 1H CY2022
A9	Asset Finance customer solutions 2H CY2022
A10	NIM Movement CY2022
A11	Statutory Income Statement

Large addressable market

Subdued market conditions

Mortgage Market expanded modestly, reflecting slowed activity in 2H 2022.

Asset Finance Market has contracted since CY2021 mostly in the commercial space with consumer remaining largely unchanged

Pepper Money **grew** share in Asset Finance and Mortgages versus PCP despite challenging market conditions

December 2022

Mortgages



Total Addressable Market (AUM)

\$2,478bn¹

88% Conforming
12%² Non-Conforming

Pepper Money's Market Share (closing AUM)

~0.5%³



Targeted Customer Segments

- 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



\$182bn

Consumer: \$60bn⁴
Commercial: \$122bn⁵

~2.6%⁶



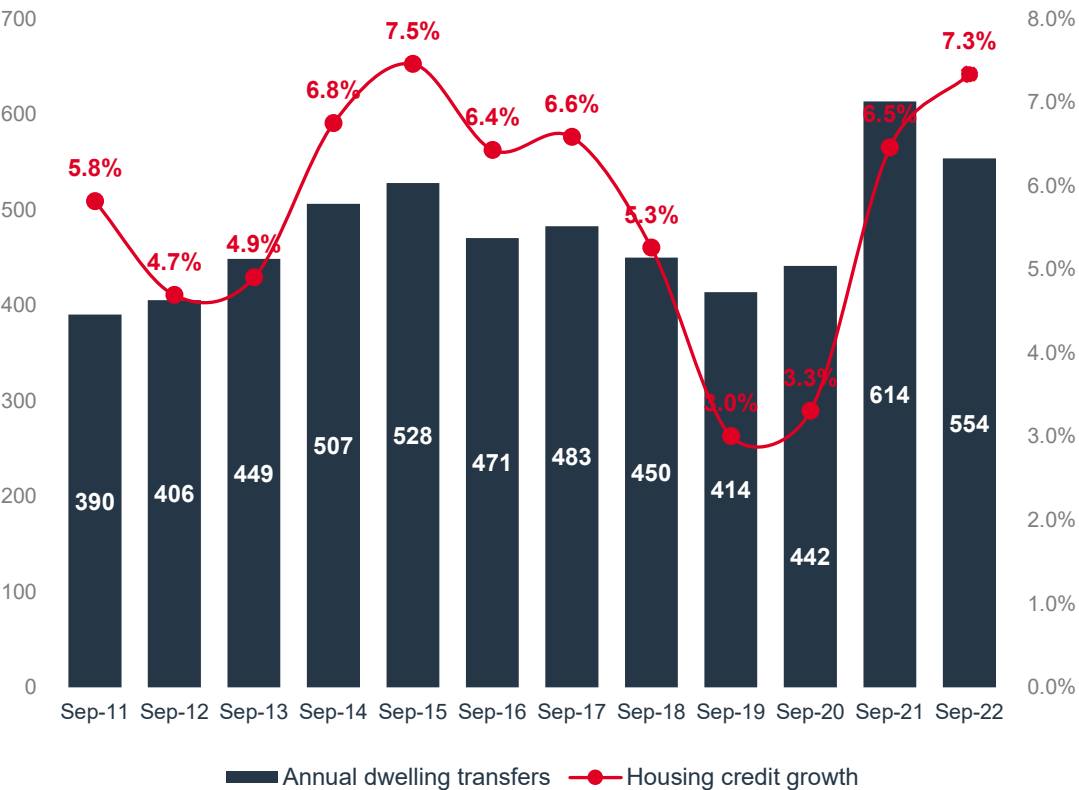
Consumer: ~3.8%
Commercial: ~2.0%

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

Australian housing activity

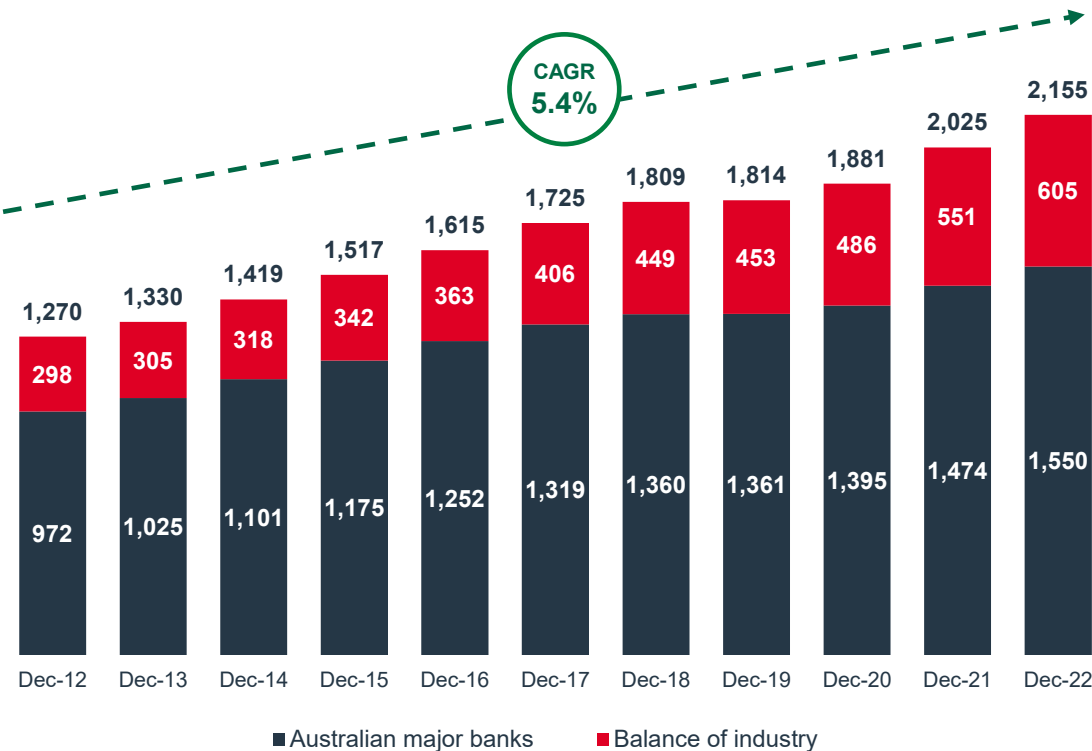
Housing activity

Annual dwelling transfers and 12-month credit growth – housing¹ ('000)



Growth in credit

Credit outstanding to Australian households for owner-occupied and investor housing² (\$bn)



Notes: 1. ABS 6432.0 Total Value of Dwellings: Tables 2. Median Price and Number of Transfers (Capital City and Rest of State), September 2011 – September 2022 (released December 2022). RBA D1 Growth in selected financial aggregates, September 2011 – September 2022 (released December 2022). 2. Total housing credit, RBA D2 Lending and credit aggregates (including owner-occupier housing credit and investor housing credit), December 2012 – December 2022 (released February 2023). Major Australian Banks housing credit, APRA monthly authorised deposit-taking institution statistics (including owner-occupier housing credit and investor housing credit), December 2012 – December 2022 (released February 2023).

Segment overview

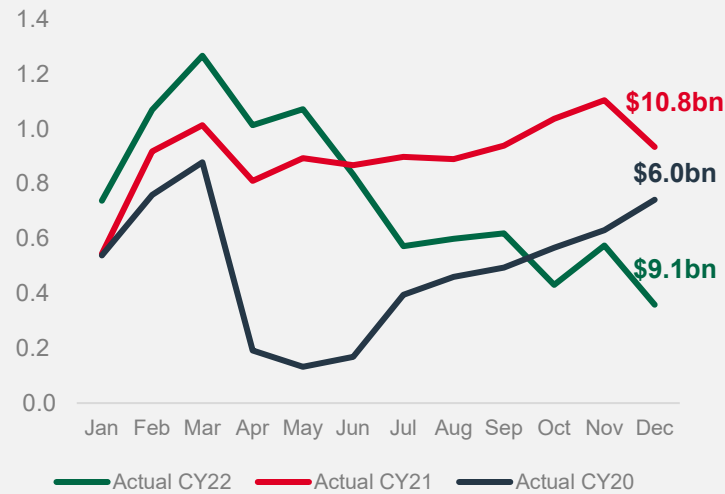
Segment	 Mortgages		 Asset Finance			 Loan & Other Servicing
Description	Finance residential home loans in Australia and New Zealand and small balance commercial real estate loans in Australia		- Finance a range of asset types - Focus on underserved segments (for example, consumer used cars)			- Independent loan servicing provider - Broker servicing for Mortgage Aggregators
Products	- Conforming: Prime - Non-Conforming: Near Prime and Specialist		- Consumer - Commercial - Novated Leasing			- Residential home loans servicing - Personal loans servicing - Broker servicing
Originations (CY2022)	\$6.8 billion +7% PCP		\$2.8 billion +35% PCP			
Originations Mix (CY2022)	Prime 52%	Non Conforming 48%	Tier A 59%	Tier B 33%	Tier C 9%	
AUM (December 2022 close)	\$13.5 billion +10% PCP		\$4.7 billion +35% PCP			\$1.0 billion (16)% PCP
NIM % (CY2022)	1.98% (35) bps PCP		2.91% (50) bps PCP			
Operating Income (CY2022)	\$246.8 million (4)% PCP		\$149.6 million +35% PCP			\$11.0 million +25% PCP
Accredited: Active: Brokers / Partners (CY2022)	20,561 5,214		1,996 1,247			

Mortgages



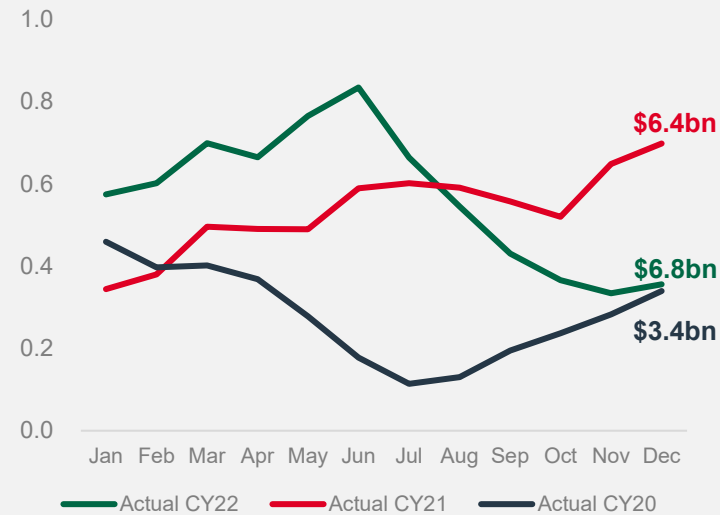
Applications¹ (\$bn)

Calendar Year



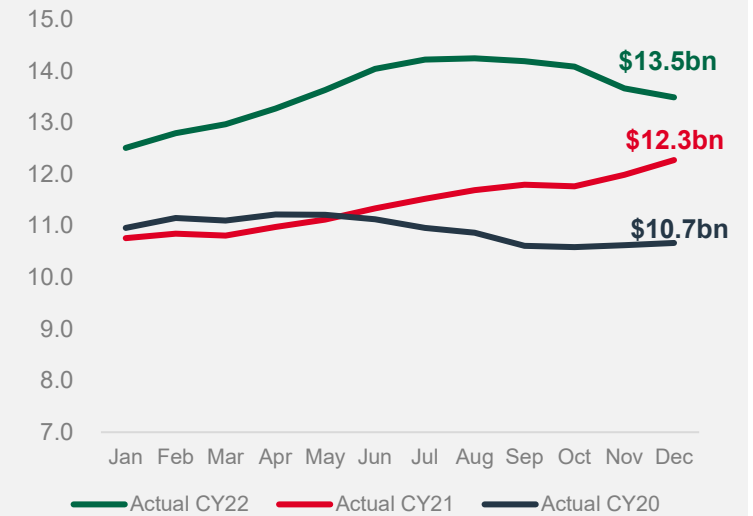
Originations (\$bn)

Calendar Year



Lending AUM² (\$bn)

Calendar Year



**Half on half
Applications**

**2H CY2022
\$3.1bn**

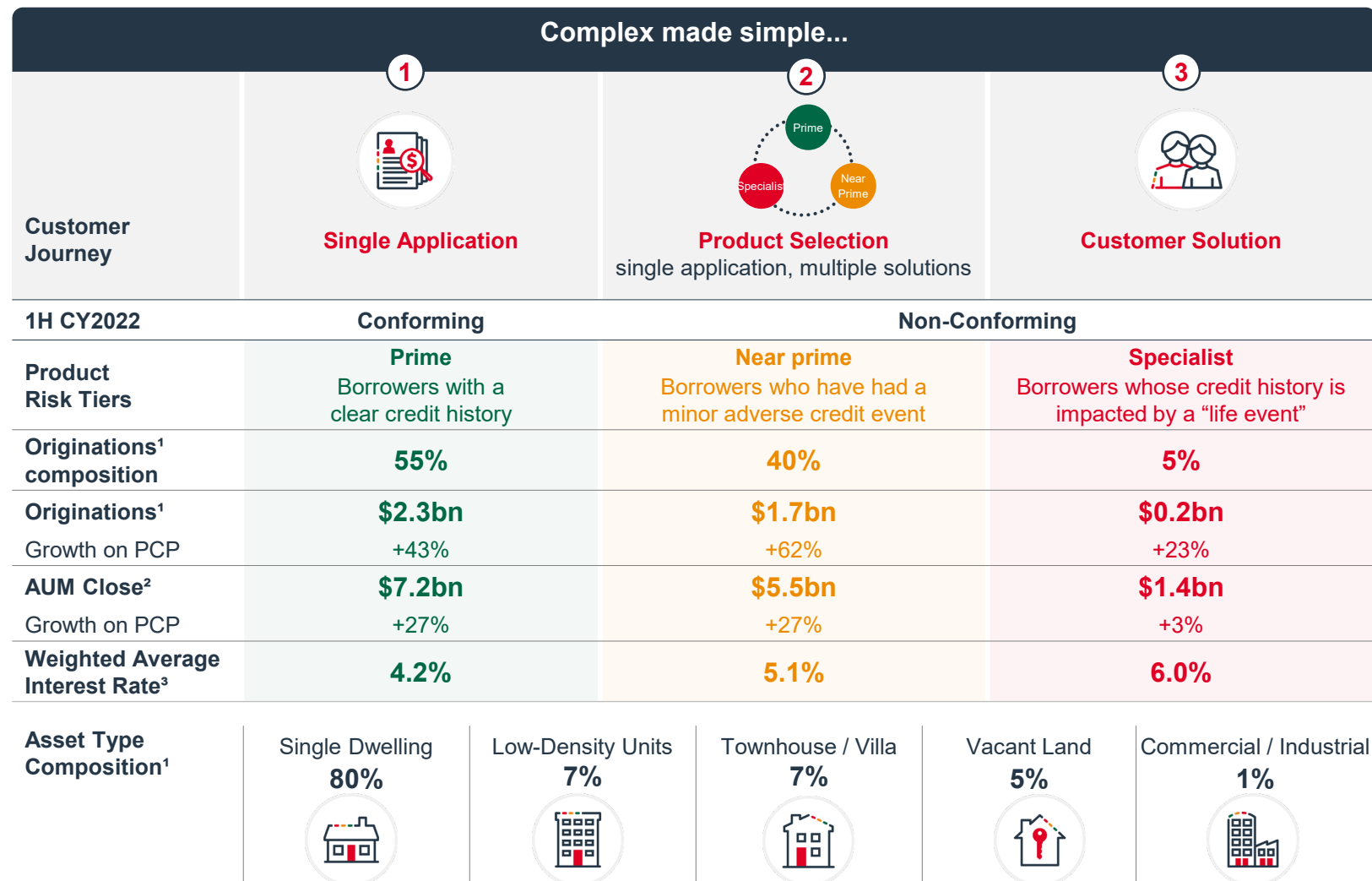
**1H CY2022
\$6.0bn**

**2H CY2021
\$5.8bn**

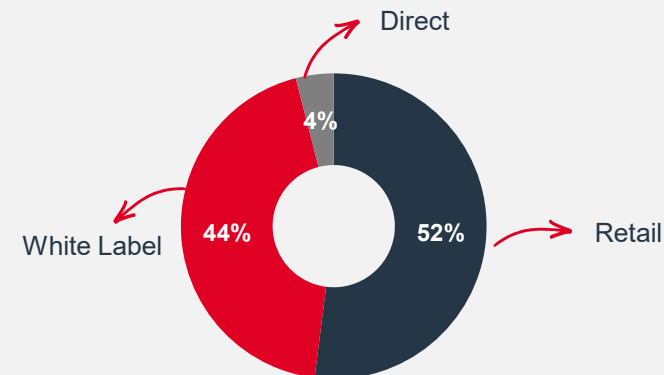
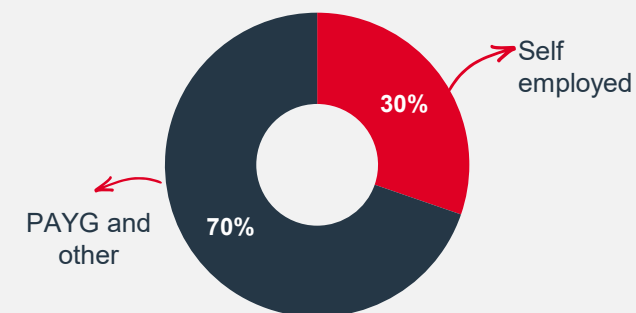
**1H CY2021
\$5.0bn**



Customer Solutions| Mortgages 1H CY2022



Notes: 1. Based on originations (\$) for the six months to 30 June 2022 including Commercial Real Estate and New Zealand mortgages. 2. Closing AUM balance as at 30 June 2022 including Commercial Real Estate and New Zealand mortgages. 3. Based mortgages portfolio closing AUM as at 30 June 2022, including Commercial Real Estate and New Zealand mortgages. 4. Based on origination (#) for the six months to 30 June 2022 for Australian residential mortgages only. 5. Current loan value divided by the indexed property value (CoreLogic) for the Australian residential mortgage portfolio. Weighted average based on closing AUM as at 30 June 2022.

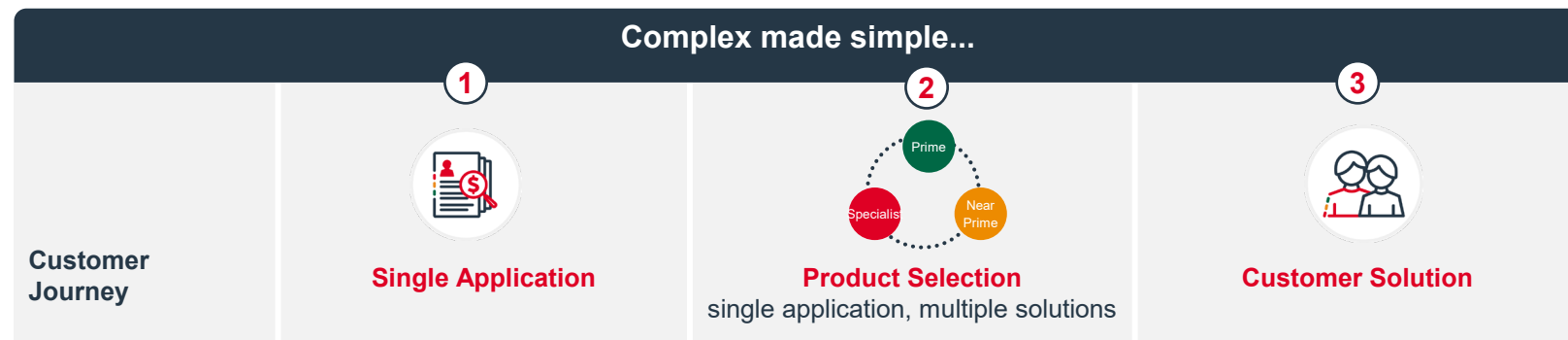
2H CY2022 Originations by **Distribution channel**¹2H CY2022 Originations by **Employment Type**⁴2H CY2022 AUM (close)
Weighted Average Indexed LVR⁵

54%

61% as at June 2021



Customer Solutions| Mortgages 2H CY2022



2H CY2022	Conforming	Non-Conforming	
Product Risk Tiers	Prime Borrowers with a clear credit history	Near prime Borrowers who have had a minor adverse credit event	Specialist Borrowers whose credit history is impacted by a "life event"
Originations ¹ composition	47%	47%	6%
Originations ¹	\$1.3bn	\$1.3bn	\$0.2bn
Growth on 1H	-44%	-24%	-16%
AUM Close ²	\$6.6bn	\$5.5bn	\$1.3bn
Growth on 1H	-7%	-	-5%
Weighted Average Interest Rate ³	6.6%	7.3%	8.1%

Asset Type Composition¹

Single Dwelling
75%



Low-Density Units
7%



Townhouse / Villa
8%



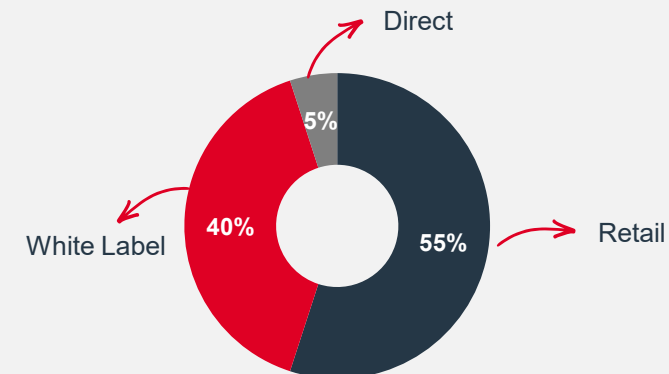
Vacant Land
8%



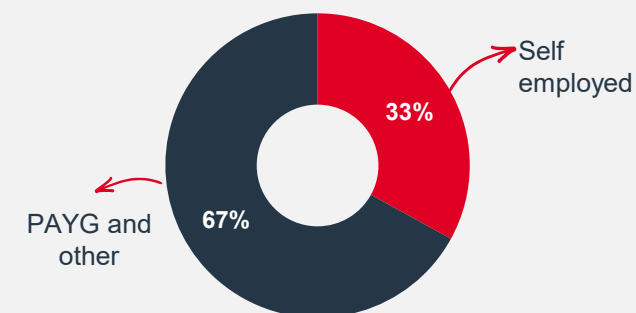
Commercial / Industrial
2%



2H CY2022 Originations by Distribution channel¹



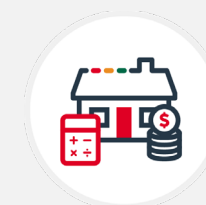
2H CY2022 Originations by Employment Type⁴



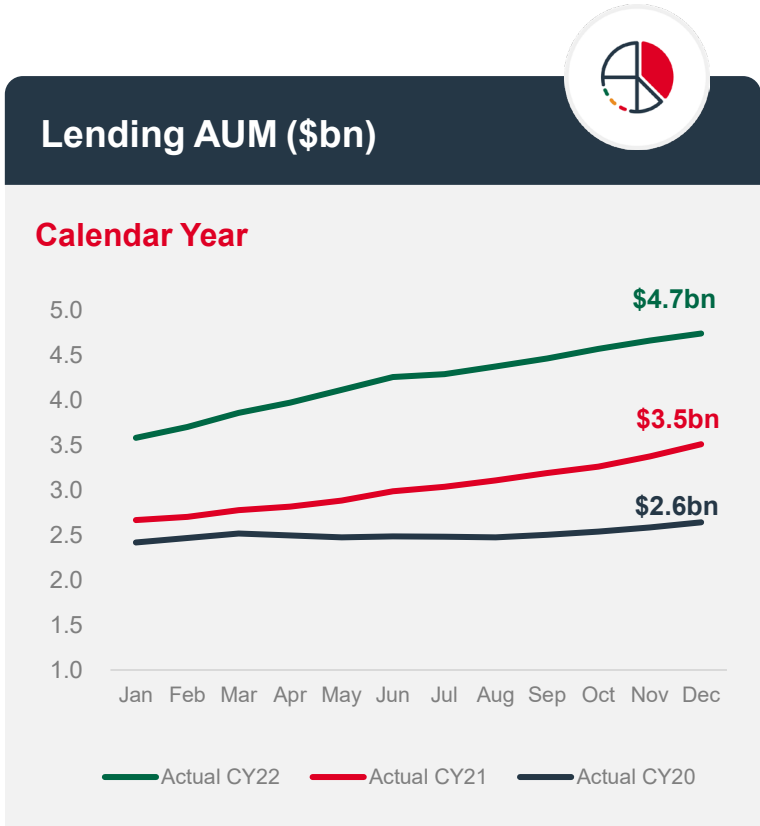
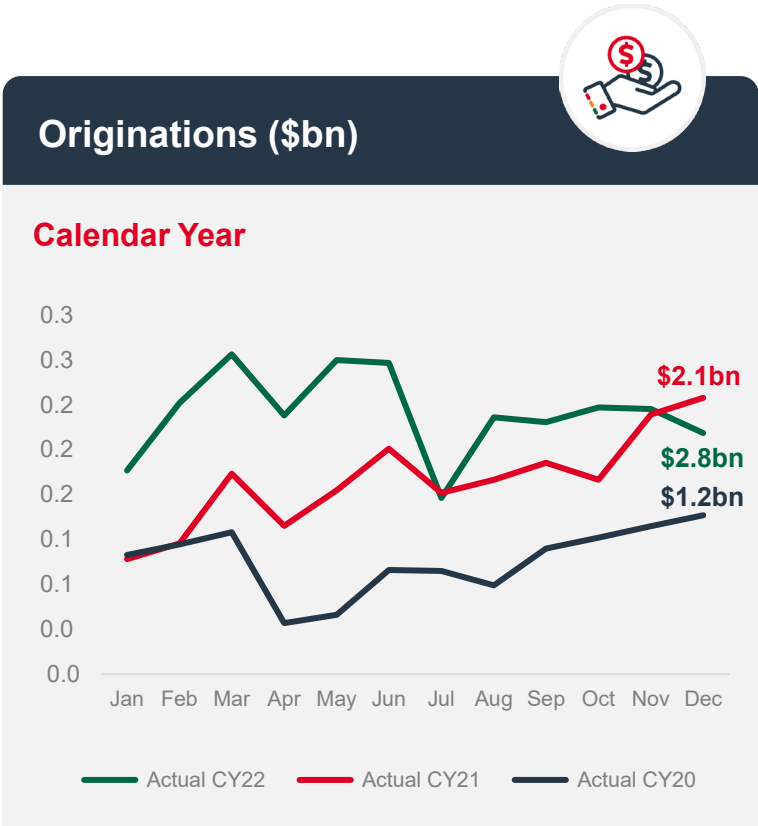
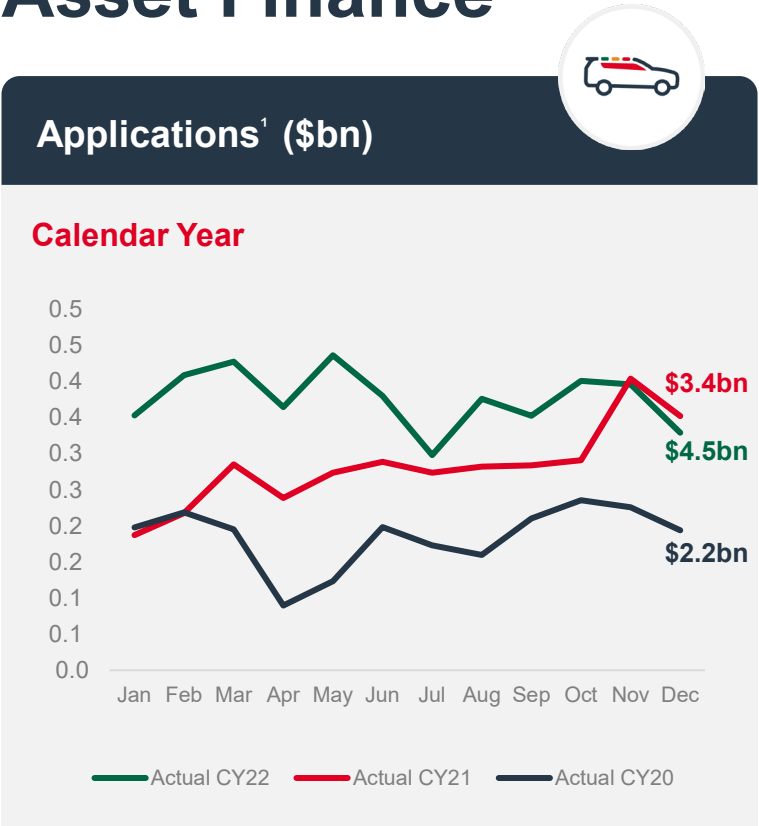
2H CY2022 AUM (close) Weighted Average Indexed LVR⁵

58%

56% as at December 2021

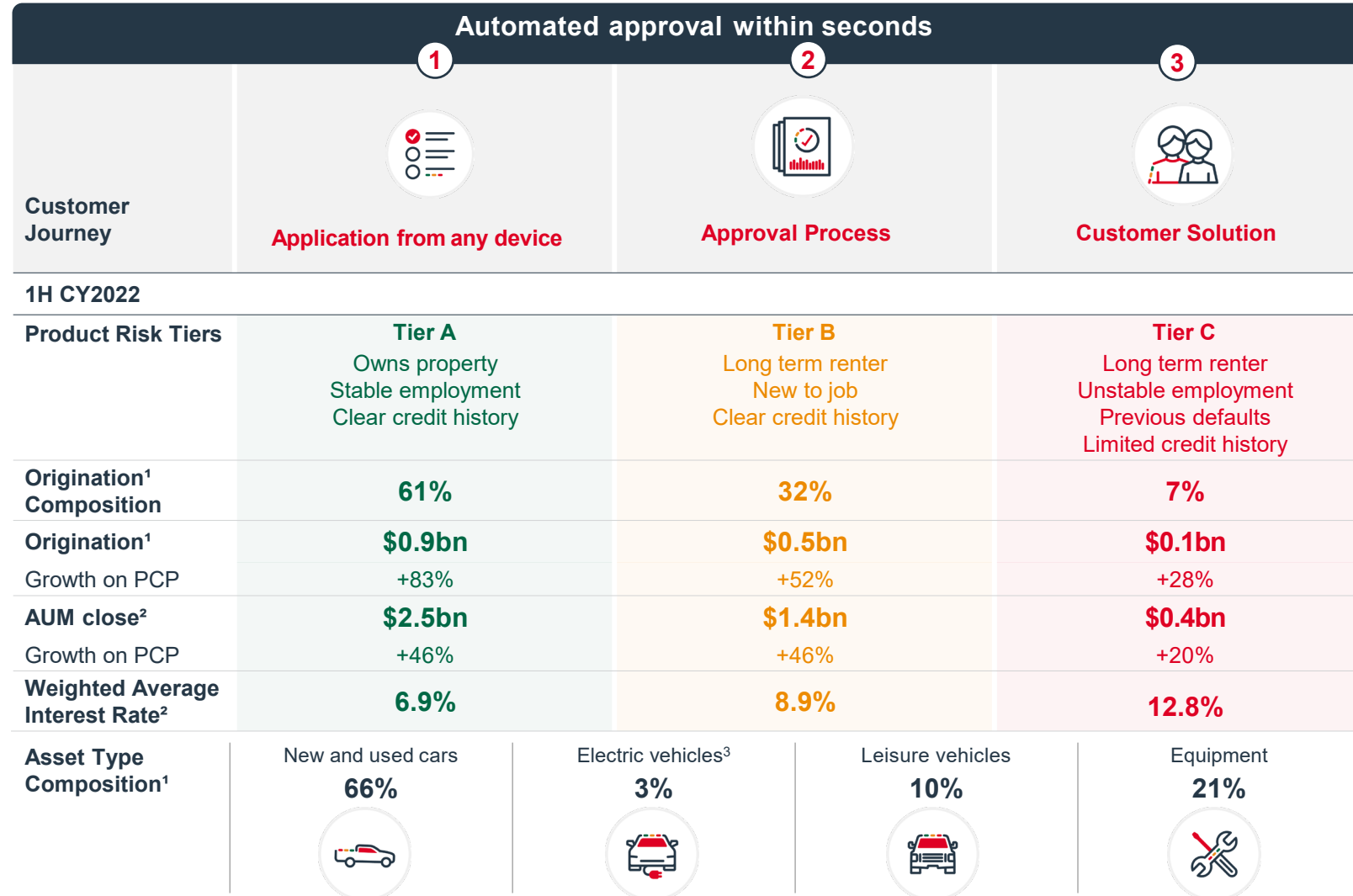
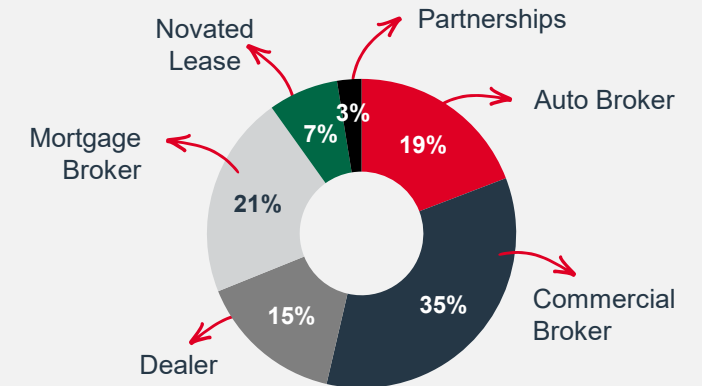
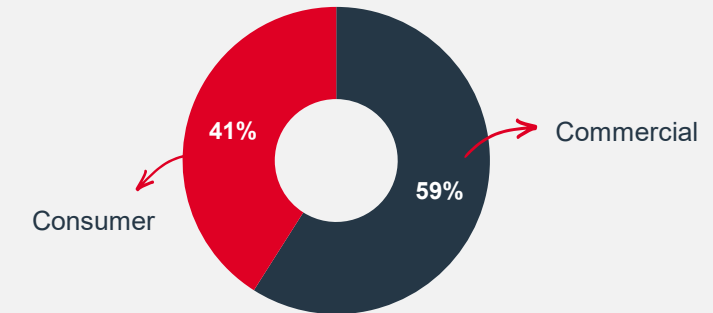
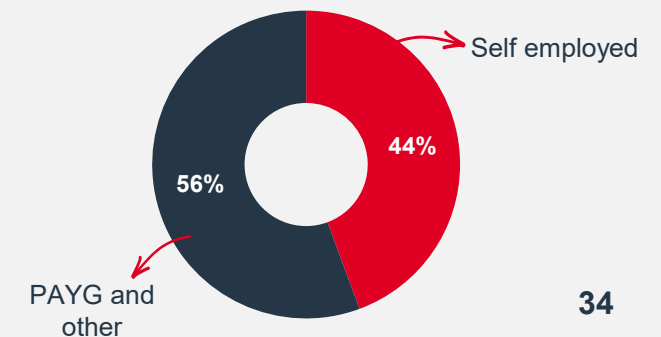


Asset Finance

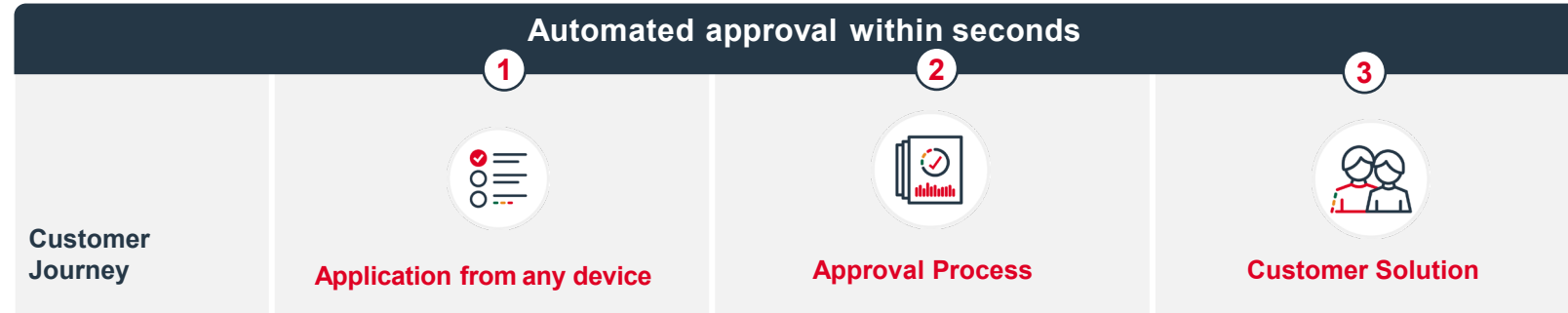


Half on half Applications	2H CY2022 \$2.2bn	1H CY2022 \$2.4bn	2H CY2021 \$1.9bn	1H CY2021 \$1.5bn	
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Customer Solutions | Asset Finance 1H CY2022

1H CY2022 originations by **Channel¹**1H CY2022 originations by **Customer Type¹**1H CY2022 originations by **Employment Type⁴**

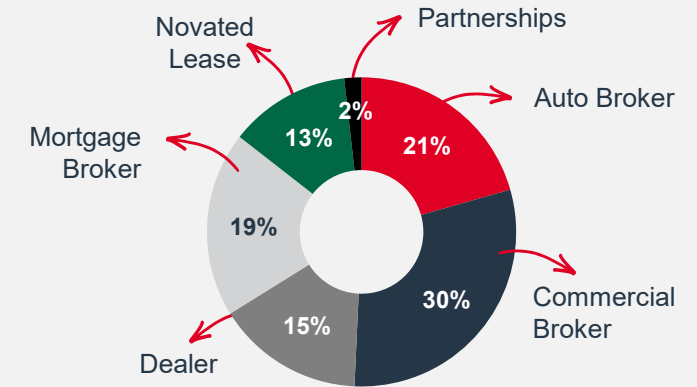
Customer Solutions | Asset Finance 2H CY2022



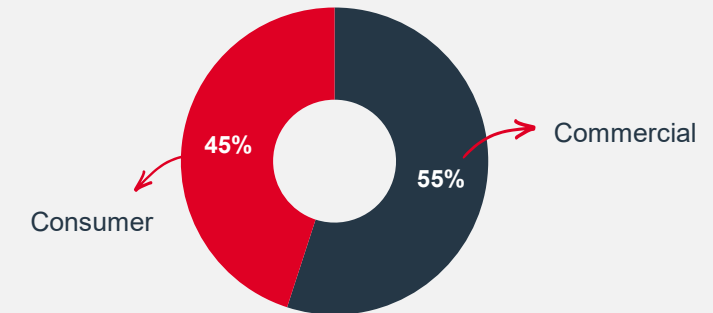
2H CY2022

Product Risk Tiers	Tier A Owns property Stable employment Clear credit history	Tier B Long term renter New to job Clear credit history	Tier C Long term renter Unstable employment Previous defaults Limited credit history	
Origination ¹ Composition	56%	34%	10%	
Origination ¹	\$0.7bn	\$0.4bn	\$0.1bn	
Growth on 1H	-21%	-7%	+24%	
AUM close ²	\$2.7bn	\$1.6bn	\$0.5bn	
Growth on 1H	+10%	+13%	+15%	
Weighted Average Interest Rate ²	6.9%	9.0%	12.9%	
Asset Type Composition ¹	New and used cars 64% 	Electric vehicles ³ 7% 	Leisure vehicles 11% 	Equipment 18% 

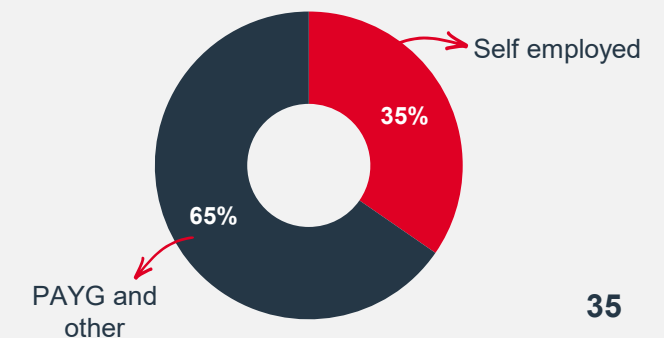
1H CY2022 originations by Channel¹



1H CY2022 originations by Customer Type¹



1H CY2022 originations by Employment Type⁴

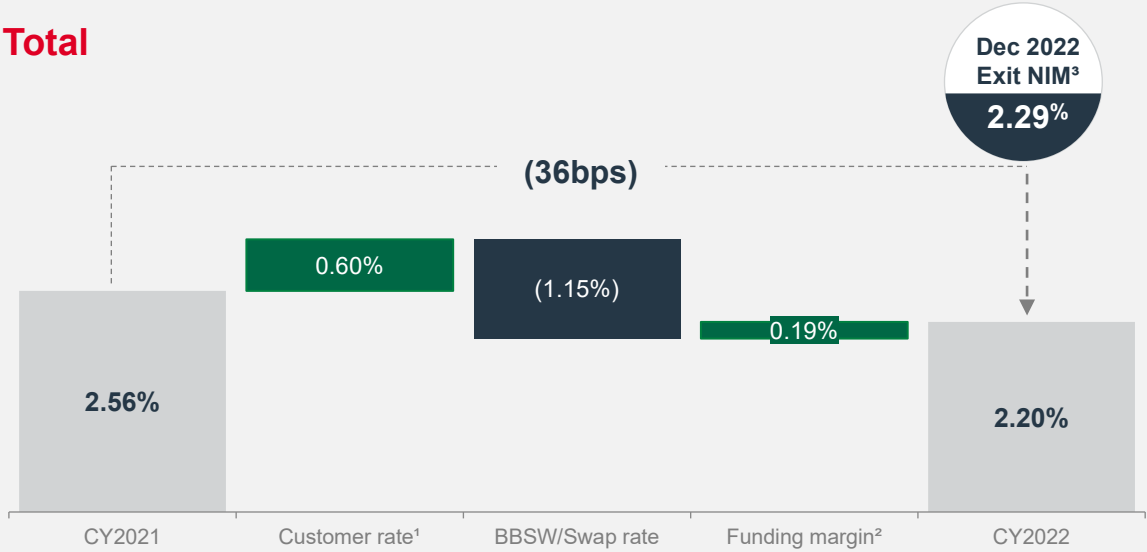


NIM movement Full Year

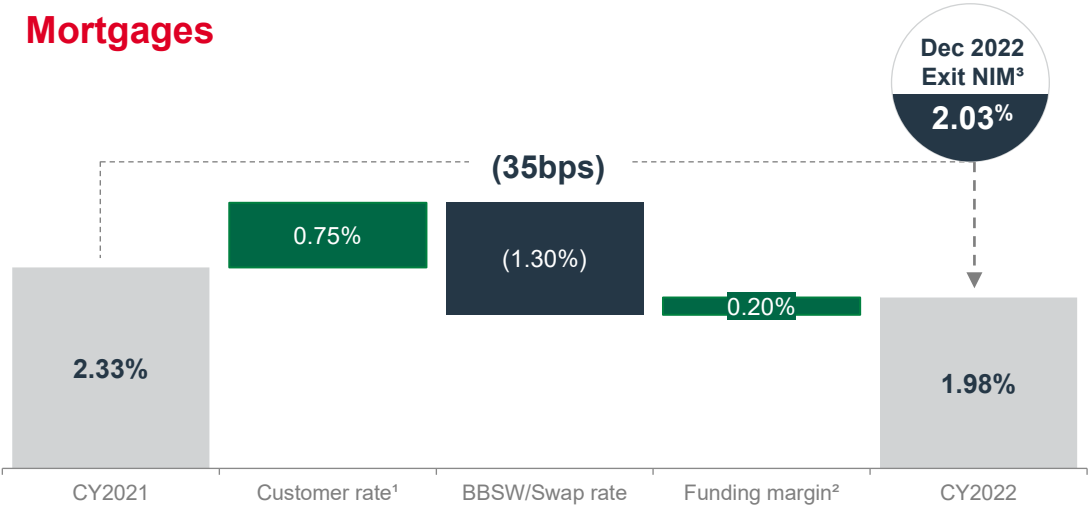
Substantial increases in funding cost, particularly in 2H largely offsets customer repricing activity

NIM is showing improvement in December month given customer rate increases

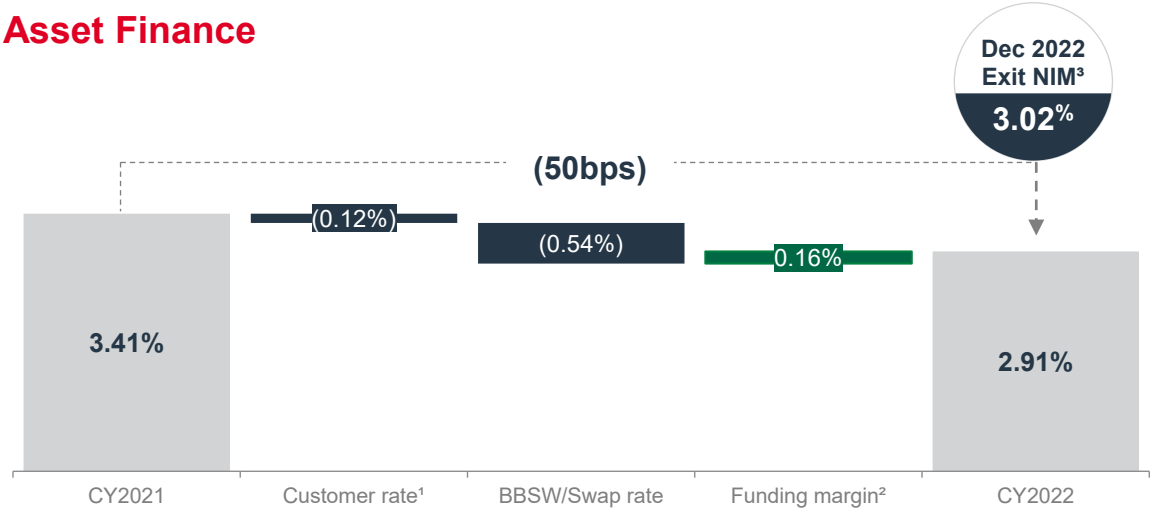
Total



Mortgages



Asset Finance



Statutory Income statement



\$ M	Calendar Year	
	2022	2021
Interest income	955.4	690.3
Interest expense	(566.5)	(323.7)
Net interest income from continuing operations	388.9	366.6
Lending fee income	71.0	59.9
Lending expense	(55.7)	(47.2)
Whole loan sales gain	8.2	9.5
Loan losses	(33.3)	(24.6)
Servicing fees and other income	29.1	11.6
Total operating income from continuing operations	408.2	375.8
Employee benefits expense	(113.9)	(98.3)
Marketing expense	(13.8)	(10.8)
Technology expense	(23.8)	(19.9)
General and administration expense	(19.2)	(25.6)
Fair value (losses)/gains on financial assets	(2.1)	0.2
Impairment losses on financial assets	-	(0.3)
Depreciation and amortisation expense	(20.4)	(24.5)
Corporate interest expense	(13.3)	(10.3)
Operating expenses from continuing operations	(206.5)	(189.5)
Profit before income tax from continuing operations	201.7	186.3
Income tax expense	(61.2)	(55.6)
Net profit after income tax from continuing operations	140.5	130.7
Profit from discontinued operations	-	182.2
Net profit after income tax	140.5	312.9
Attributable to equity holders of Pepper Money Limited	141.0	312.9
Attributable to non-controlling interests	(0.5)	-

Glossary & Disclaimer

Glossary of Terms

Annualised Dividend Yield: dividend yield based on average share price from time of 1 January 2022 to 31 December 2022.

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.

Conditional Prepayment Rate (CPR): an estimate of the percentage of a loan pool's principal that is likely to be paid off prematurely.

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 year to December 2021 in this presentation.

Pro forma NPAT: . Pro-forma pre-tax adjustments for CY2022 of \$(1.5) million are one-off in nature as they relate to the acquisition of Stratton Finance Pty Ltd completed 1 July 2022. CY2021 total \$(16.1) million, Pro-forma pre-tax adjustments relate to the IPO. Pro-forma NPAT from continuing operation

Total losses(ex. Overlay)% average lending AUM: excluding management 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 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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Summary information

This Presentation contains summary information about Pepper Money Limited (ACN 094 317 665) (**Pepper Money**) and its activities and is current only as at the date of this Presentation (unless specified otherwise). The material in this Presentation is given for informational purposes only, is in summary form and does not purport to be complete. It does not purport to summarise all information that an investor should consider when making an investment decision. It is intended to be read by a professional analyst audience in conjunction with Pepper Money's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

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peppermoney

Thank you

on behalf of all of Pepper Money

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