

ASX Release
1 September 2023

Pepper Money to acquire HSBC's mortgage portfolio in New Zealand

Pepper Money Limited (ASX: PPM) today announces that it has entered into a binding agreement to acquire the New Zealand prime residential mortgage portfolio of The Hongkong and Shanghai Banking Corporation Limited (HSBC), a wholly owned subsidiary of HSBC Holdings plc.

The transaction is anticipated to complete in late November 2023 and is subject to approval of the New Zealand Overseas Investment Office. Upon completion, Pepper Money and HSBC will work together to ensure a smooth and efficient transition for existing customers.

The mortgages portfolio being acquired by Pepper Money is expected, at completion, to be approximately NZ\$1.4 billion in outstanding balance, adding further scale to Pepper Money's existing New Zealand home loan business. Pepper Money's Assets Under Management at 30 June 2023 stood at A\$18.9 billion.

Pepper Money will fund the transaction in a similar way to which we fund our loan origination activity, and as we have funded other loan book acquisition in the past, namely a combination of senior and mezzanine funding with Pepper Money contributing the first loss equity. The portfolio being acquired is a prime, seasoned and well performing portfolio, and the level of first loss required reflects this.

Pepper Money has been servicing mortgages in New Zealand since 2011 when it acquired GE Capital's Australian and New Zealand Home Lending business. Since then, Pepper Money has continued to grow its presence in this market with establishment of an end-to-end mortgage platform and nationwide rollout of a full suite of residential home loans (Prime, Near Prime and Specialist loans) in 2019.

Pepper Money's CEO, Mario Rehayem said, *"Today's announcement of Pepper Money's agreement to acquire HSBC's NZ\$1.4 billion mortgage portfolio is a further step in our growth strategy. It is a testament to the ongoing diversification of Pepper Money's revenue streams. Pepper Money has continually demonstrated our strong capabilities in loan portfolio acquisition and management, over 23+ years, and this acquisition will see the business continue to build scale in New Zealand, a market which we understand well having serviced mortgages and delivered compelling customer service since 2011."*

ENDS

This announcement was authorised for release by the Board.

Media enquiries:**Pepper Money**

Helen Karlis

Domestique Consulting

M: +61 (0) 419 593 348

helen@domestiqueconsulting.com.au

HSBC

Belinda Skurnik

Tel: +61405395200

Email: Belinda.skurnik@hsbc.com.au

Note to editors:**About Pepper Money**

Pepper Money is one of Australia and New Zealand's leading non-bank lenders. It was established in 2000 as a specialist residential home loan lender in Australia with a focus on providing innovative home loan solutions to customers underserved by traditional lenders. Pepper Money today has a broad product offering of residential home loans, asset finance, commercial real estate and novated leases in Australia and residential home loans in New Zealand. For more information visit <https://www.pepper.com.au>.

The HSBC Group

HSBC operates as a branch of The Hongkong and Shanghai Banking Corporation Limited in New Zealand. The Hongkong and Shanghai Banking Corporation is the founding member of the HSBC Group, which serves customers worldwide from offices in 62 countries and territories. With assets of US\$3,041bn at 30 June 2023, HSBC is one of the world's largest banking and financial services organisations.