Appendix 4E

Company details

Name of entity:	Pepper Money Limited
ACN:	094 317 665
ABN:	55 094 317 665
Reporting period:	For the year ended 31 December 2024 (the "year")
Prior comparative period:	For the year ended 31 December 2023

Results for announcement to the market

All comparisons to year ended 31 December 2023:

Statutory

				$M
Net interest income	Down	5.4%	to	341.4
Total operating income	Down	0.3%	to	386.6
Net profit after income tax	Down	9.7%	to	98.2

Dividends

The Directors have approved a final dividend in respect of the financial year ended 31 December 2024 of 7.1 cents per ordinary share which will be paid on 17 April 2025 to shareholders on the share register as at 20 March 2025.

An interim dividend was paid on 10 October 2024 in respect of the six months to 30 June 2024.

	Amount per security	Franked amount per security
Final CY2024 dividend declared	**7.1 cents**	7.1 cents
Interim CY2024 dividend paid (10 October 2024)	**5.0 cents**	5.0 cents
Prior comparative period:		
Final CY2023 dividend paid (18 April 2024)	**5.0 cents**	5.0 cents
Interim CY2023 dividend paid (12 October 2023)	**3.5 cents**	3.5 cents

Net tangible assets per ordinary share

Net tangible assets per ordinary share is calculated using tangible assets and the number of shares on issue at the reporting date.

	31 December 2024 $	31 December 2023 $
Net tangible assets per ordinary share	**1.57**	1.59

Explanation of results

A reference in this Appendix 4E to the "Group" is a reference to Pepper Money Limited and its controlled entities.

This information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2024 and with any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange ("ASX") Listing Rules.

Pepper Money Limited listed on the ASX in May 2021 and, as at 31 December 2024, is 60.53% owned by Pepper Group ANZ Holdco Limited ("Holdco"). Holdco is an independently wholly-owned subsidiary of Pepper Global Topco Limited ("Topco").

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' Report and the financial statements for the period.

Pro-forma earnings

To reflect the Group's Pro-forma earnings, the Net profit after tax ("NPAT") has been adjusted to separate one-off items incurred in respect of acquisitions. In the prior comparative period, Pepper Money acquired the New Zealand mortgage portfolio of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), a wholly owned subsidiary of HSBC Holdings plc. Management believes the disclosure of the Pro-forma NPAT provides additional insight into the underlying performance for the period, by excluding one-off, non-recurring items.

The following table reconciles the Group's statutory NPAT to the unaudited Pro-forma NPAT for the year.

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Statutory NPAT	**98.2**	108.7
Mortgage portfolio acquisition costs	–	3.3
Tax impact of adjustments	–	(0.9)
Pro-forma NPAT	**98.2**	111.1

Details of entities over which control has been gained or lost during the year

Refer to Note 12(A)(a) for further details.

Details of associate investments and joint venture entities

The Group did not have any associates or joint venture entities during the year.

Foreign entities

The financial information presented for foreign entities which are consolidated is presented in accordance with AASB.

Results commentary

Commentary on the results for the year is contained in the ASX release accompanying this statement and the Operating and Financial Review contained within the Annual Report.

Audit

This report is based on the financial report audited by Deloitte Touche Tohmatsu.

Akiko Jackson
Chair

27 February 2025

Mario Rehayem
CEO and Director

27 February 2025

peppermoney

Annual Report **2024**

About this Report

Reporting suite

Pepper Money's disclosure framework for annual reporting is comprised of a suite of documents, covering the Company's strategy, risk management and corporate governance frameworks, as well as Pepper Money's financial, non-financial and sustainability performance. Transparent reporting is a key pillar of Pepper Money's communication to shareholders and other key stakeholders. Pepper Money continually evolves the reporting suite to align with best practice, feedback from our stakeholders, legislation and other frameworks.

Annual Report

Pepper Money's **2024 Annual Report** provides information on the Group's activities and performance during 2024. The Annual Report outlines the Company strategy, operating environment, governance, financial and non-financial performance for the financial year. The Annual Report draws on recommended reporting frameworks, and is supported by the additional documents outlined below.

Pages 22 to 62 is the **Operating and Financial Review** for Pepper Money Limited and provides information on the Group's strategy, business, operating environment, risk management framework and performance. These pages outline performance relevant to customers, market, environment, climate, sustainability, technology, data and security, and communities.

Pages 63 to 67 contain key components of the **Report of the Directors**.

Pages 68 to 91 contain the **Remuneration Report**.

Pages 92 to 151 contain the **Consolidated Financial Statements**.

Corporate Governance Statement

Pepper Money's **Corporate Governance Statement** is a key component of the Company reporting suite and discloses how the Australian Securities Exchange (ASX) Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th edition' have been complied with.

Climate Statement

With mandatory climate reporting commencing for reporting periods beginning on or after **1 January 2025**, Pepper Money Limited has developed an initial **Climate Statement**, which will form the base of the Company's Climate Strategy. Pepper Money's Climate Strategy will evolve over the next 12 months with a focus on compliance with the mandatory climate reporting obligations, which apply for Pepper Money from CY2025.

The Company's Climate Statement outlines the path to ensure effective adoption of climate-related risks and opportunities and the preparation undertaken to ensure compliance with mandatory climate reporting obligations.

Environmental, Social and Governance Report

Pepper Money has built strong foundations of supporting the community, embedding good corporate governance, and lending responsibly to our customers. Pepper Money is on the path to continue to strengthen its **Environmental, Social and Governance** (ESG) Framework to provide a quantifiable guide for our employees and stakeholders on the standards Pepper Money seeks to uphold.

The Company's **ESG Report** outlines how Pepper Money manages sustainability, including the risks and opportunities across ESG factors identified as material to the business.

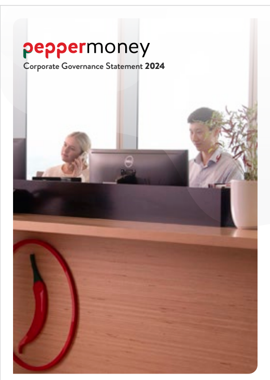
Forward-looking statements

This report may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Company's business operations, market conditions, results of operations and financial condition, capital management, sustainability objectives or targets, specific provisions and risk management practices. Those matters are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented herein. When used in the report, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Company and its Management, are intended to identify forward-looking statements or opinions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained herein. Also refer to Section 8 of the Operational and Financial Review – **'Risk Management Framework, Material Risks and Business Uncertainties Risk'** in relation to risks that may affect forward-looking statements, and the 'Key Judgements and Estimates' identified in various places in the Annual Report.

These forward-looking statements are usually predictive in character. They may be affected by inaccurate assumptions, unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and the Company assumes no obligation to update such information.

Climate-related information

This report also contains climate-related statements. Those statements should be read with the important notices in relation to the uncertainties, challenges and risks associated with climate-related information in our Climate Statement as noted above.



Additional information

Pepper Money's Board and Committee Charters and key policies, standards and other corporate governance materials can be found at:

www.peppermoney.com.au/about/corporate-governance

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.

Pepper Money

We help people succeed

Our Values

Can do

Balanced

Real

Contents

Pepper Money CY2024 Highlights

New Customers to Pepper Money

75,056

Over CY2024

CY2024 Originations

$7.0bn

Mortgages: $4.1bn, up 5%
Asset Finance: $2.9bn, down (13)%

Total Customers

530,304[2]

Customers helped to December 2024

Total AUM

$19.1bn[5]

$15.9bn Lending
$3.3bn Servicing

Active Brokers / Introducers

4,804

Mortgage Brokers[3]

1,480

Asset Finance Introducers[4]

Total NIM[6]

1.97% up 12bps

Mortgages 1.65% up 8bps
Asset Finance 2.55% up 5bps

Movement: CY2024 versus CY2023

Notes: 1. All figures on this page are subject to rounding. 2. Cumulative Originations from 2000 to 31 December 2024 for Mortgages and Asset Finance. 3. Number of Pepper Money accredited mortgage brokers who introduced at least one application in CY2024. 4. Number of Pepper Money Asset Finance accredited introducers who settled at least one contract in CY2024. 5. Closing Assets Under Management (AUM) at 31 December 2024. 6. CY2023 Total and Mortgage NIM revised to reflect the change in the accounting treatment for trail commissions implemented 1 January 2024.

Funding

$5.2bn

$2.7bn Public Securitisations
$2.5bn Whole Loan Sales

NPS[10] outperformed industry

Home Loans: **+16** (industry -5)
Asset Finance: **+39** (industry +16)
Personal Loans: **+65** (industry +18)

Profit pre-tax and loan loss expense

$209.2m[7]

Up 9%

Highly engaged employees

Employee Engagement[11]: **75**
Manager Impact[12]: **86**
D&I is respected[13] : **82%**

Shareholder returns

7.1cps[8]

Final dividend
Payout ratio
60%

$53.2m

Total
Dividends[9]
up 41%[10]

Strong valued partnerships

Mortgage Broker NPS[14]: **+35**
Asset Finance Introducer NPS[15]: **+27**

7. CY2023 Pro-forma Profit before Tax and Loan loss expense. 8. Final dividend and payout ratio of 60.0% is Pro-forma NPAT for the period 1 July – 31 December 2024. 9. Being the interim and final dividend paid in respect to Pro-forma NPAT for the period 1 January to 31 December. 10) NPS – Net Promoter Score. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024. Pepper Money Home Loans NPS: +16, industry average -5. Pepper Money Asset Finance NPS: +39, industry average: +16. 11. Annual Employee Engagement Survey conducted by VIVA Glint from 16 – 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines. 12. Manager Impact Survey conducted by VIVA Glint from 1 – 12 July 2024. Represents a combined score for Australia, New Zealand and the Philippines. 13. Annual Diversity Survey conducted 18 – 22 March by VIVA Glint. 82% of employees stating diverse perspectives are respected at Pepper Money. 14. Mortgage Broker Net Promoter Survey Global October 2024. 15. Asset Finance Introducer Net Promoter Survey Global December 2024.

Chair's Letter

"Pepper Money continues to benefit from the strength of its Management team, the unwavering focus on delivering innovative customer and partner experience and its disciplined approach to executing its strategy."

Dear Shareholder,

I am honoured to have been elected to the position of **Chair**, **Pepper Money Limited**, in May 2024 following Mike Culhane's decision to stand down as Chair and Shareholder Representative of Pepper Money after the AGM. Again, on behalf of my fellow Directors, I would like to thank Mike for his enormous contribution to the success of Pepper Money over the last 24 years. With Mike stepping down we also welcomed **Vaibhav Piplapure** (VP) to the Board as Non-Executive Director and Shareholder Representative. VP is Managing Director in the London office of Kohlberg Kravis Roberts (KKR) and brings a wealth of knowledge and global experience in capital markets, specialist financing and securitisation.

As the Chair, I continue to endorse and support Pepper Money's mission to "**help people succeed.**" It is our focus on meeting the needs of our customers and partners that drives our strategy. We continue to be a true leader in the non-bank sector across Australia and New Zealand with a broad range of customer solutions spanning residential home loans, mortgages to Self-Managed Super Funds (SMSF), asset finance, commercial real estate loans, as well as loan servicing.

Our success is built on how we invest in the right people, processes, technology and data, across all areas of our business and making sure we foster the right environment to drive success. Our focus on innovation seeks to drive positive outcomes for our customers, partners, employees and ultimately our shareholders.

Performance Highlights

Pepper Money's performance over 2024 has been strong, particularly in the context of the broader Australian market, ongoing high-interest rates and cost of living pressures that have impacted customers and demand.

Pro-forma Profit before Tax and Loan loss expense for CY2024 at $209.2 million increased 9% versus CY2023[1]. Given tough market conditions, it is notable how well our Mortgage business performed – with Originations growing by 5% year on year to $4.1 billion. While our Asset Finance business did see Originations drop to $2.9 billion for CY2024 from $3.4 billion in CY2023, I am encouraged by signs that the market is stabilising – with second half Originations for Asset Finance growing 3% on the first half of 2024.

Over the year, the business continued to develop and launch new products – with our SMSF Mortgages, launched Q4 2023, growing to contribute 6% of Mortgages Originations in 2024. Our Sharia lending solution, which was only launched in June 2024, is tapping an unmet need, and at year end accounted for 2% of Mortgage Originations for CY2024. As we entered 2025, given the new partners being onboarded for Sharia lending, we expect growth of our Sharia lending solution to accelerate. Pepper Money was also awarded by the Treasury Corporation of Victoria (TCV) with the administration of their new Transition Loan Program for their Commercial and Industrial Property Tax Reform[2]. We closed the year with Total AUM of $19.1 billion, which provides a very strong start to 2025.

Cost management continues to be a key discipline of the business – and again in 2024 the Company held costs, with Operating expenses[3], excluding impairments[4], flat year on year.

Our performance shows the resilience and adaptability of our business, and the strength of our Management team. The focus on continuously improving customer experiences, our ability to deliver innovative products, and further strengthening partner relationships and expanding our distribution footprints, continues to ensure we have a sustainable business model aimed at delivering attractive returns. Our technology capabilities and ongoing process automation provide the foundation to capture efficient and scalable growth, as market conditions improve over 2025.

Capital Management

Pepper Money is known for the strength of its funding programs and is a leader in this space – we are a frequent and programmatic issuer with an unblemished 24-year history. Our funding diversification was further strengthened over 2024 with the strategic execution of seven Whole Loan Sales (WLS) – three Prime and two Non-Conforming Mortgages, and two Asset Finance. WLS raised $2.5 billion and complements the $2.6 billion raised through our Public Term Securitisation programs. Public Term Securitisations in 2024 included our 40th Non-Conforming Mortgage Public Securitisation – PRS 40 – and, at $1.25 billion, was the largest all Australian Dollar Securitisation in the history of Pepper Money. I am very encouraged by how debt capital markets and our funding activities continue to evolve.

As we enter 2025, it is noteworthy to reflect on the strong and disciplined approach to capital management of the business over 2024. WLS released $89.1 million in cash – representing gross premium received before costs. We have redeployed part of the cash released behind lending activities, and over the second half of 2024, we grew Originations, in total, by 16% versus the first half of the year. We completed the acquisition of the 35% residual shareholding in Stratton Finance Pty Ltd, funded from cash reserves, implemented the On Market Share Buy Back program and were active in acquiring shares over the period of September to end November. Further, we reduced our indebtedness by $55.0 million in total, paying down $30.0 million from the Corporate Debt Facility and retiring a further $25.0 million of Medium-Term Notes.

1. CY2023 Pro-forma Profit before Tax and Loan loss expense: $192.0 million.
2. www.peppermoney.com.au/about/media-releases/pepper-money-and-victorian-governments-cipt
3. Operating expenses being: Employee benefits, Marketing, Technology and General and admin. CY2024 $186.8 million (CY2023: $186.6 million).
4. Impairments $11.3 million (CY2023: $4.8 million)

Return to our Shareholders – Final dividend

Our approach to capital management is also focused on providing returns to our shareholders. Following the change to the Company's Dividend Policy announced 29 February 2024 [5], we increased the top end of the payout ratio from 40% to 60% (resulting in the payout range of 30-60%).

At the half year we declared a fully franked interim dividend of 5.0 cents per share, reflecting a 47.5% on Pro-forma NPAT for the six months to 30 June 2024, up from 30.0% for CY2023 interim dividend.

In declaring a dividend your Board always strives to balance the needs and interests of all of our stakeholders with our potential growth opportunities. The year's financial performance and the strong management of the Company's capital position allows for an increase in returns to shareholders. As such, the Board has determined to pay a fully franked final dividend for CY2024 of 7.1 cents per share, a payout ratio of 60.0% of the Pro-forma NPAT for the period 1 July – 31 December 2024. This sees Pepper Money deliver total dividends of 12.1[6] cents per share for CY2024, representing a payout ratio of 54.1%, up from 34.0% for CY2023, – returning an additional 3.5 cents per share to shareholders versus prior year.

Our ongoing commitment to Sustainability

Sustainability is a part of Pepper Money's foundations, given we have built our business on the mission to "**help people succeed**". We seek to create sustainable value for our customers, partners, employees, the communities in which we work, and for our shareholders.

In 2024, we formalised the governance model for our Environmental, Social and Governance ("ESG") commitment and established a **Board ESG Committee**, Chaired by Justine Turnbull. The Committees' objective is not just to ensure good governance of our sustainability initiatives, but also to ensure an end-to-end oversight, review and Board accountability for our approach to ESG objectives, targets and reporting. To learn more about our Climate Strategy and approach to ESG please refer to **www.peppermoney.com.au/about/sustainability**.

Our key sustainability focus has been to foster a culture of **diversity and inclusion (D&I)**. Pepper Money has always recognised that people are at the heart of our business – and it is through our people that we continue to deliver our mission to "**help people succeed**". Across all our operating units, Women hold **46%** of all **Senior Leadership**[7] positions at Pepper Money (42% for Pepper Money Australia as per WGEA[8] reporting), and **55%** of our **key talent**[9] are women. Our annual **Employee Engagement Survey**[10] specifically looks into whether our employees feel supported by our culture – and I am enormously proud at how high we rate on D&I – with **Inclusion, Fair Treatment** and **Equal Opportunity** all scoring 80, and a Culture of Trust scoring 77. Our annual **DE&I Survey**[11] supports this further – with **82%** of employees stating **diverse perspectives are valued** at Pepper Money, **84%** feel **comfortable being themselves at work** and **81%** feel we treat each other with respect. Our employees clearly recognise and value the inclusiveness of Pepper Money's culture.

In 2025, we intend to further refine our D&I culture in the area of **Inclusive Leadership, Gender Equality, Diversity Awareness** and initiatives that continue to contribute to our "ACE" (Allyship, Celebration and Education) program which was implemented in 2022.

5. Refer Pepper Money Limited Annual Report 2023, page 42, released 29 February 2024 and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181
6. Subject to rounding.
7. Includes all business units Senior Leaders – Australia, New Zealand and Philippines. As at December 2024.
8. WGEA: Australian Government – 2023 – 2024 Workplace Gender Equity Agency Reporting. Report date 22 May 2024.
9. Key Talent includes high performers / high potential or successor to Senior Leader. As at December 2024.
10. Annual Employee Engagement Survey conducted by VIVA Glint from 16 - 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.
11. D&I Survey was conducted between 18 – 22 March 2024 via VIVA Glint. 66% of employees based in Australia, New Zealand and Philippines, excluding Stratton employees, participated in the survey.

We continue to build our **Corporate Social Responsibility Promise** – recognising that we are bound by our mission – "**to help people succeed**". Where there are areas of need in our community that we believe can be better served, we look at how we can help fund new, or alternative pathways, to help. This has supported a number of new product development initiatives – such as Sharia Lending that I touched on above – where we believe customers' needs are not being best served by traditional lenders.

There are many more examples of commitment to sustainability – and if you would like to learn more about Pepper Money's ESG commitment then please refer to our annual **Environmental, Social and Governance Report** at **www.peppermoney.com.au/about/sustainability**.

Thank you to the team at Pepper Money

I wish to thank the incredible team at Pepper Money, led by Mario Rehayem. We are truly fortunate to have an outstanding team – recognised across the market for their talent and capabilities.

Our outlook

The Board and all Pepper Management remain focused on delivering our strategy, to generate the best long-term outcomes for all of our stakeholders. As we enter 2025, we are more optimistic that economic conditions will stabilise – and we expect to see interest rates fall over 2025. We are confident that Pepper Money's strategy will continue to increase its value to the broader society including all of our stakeholders. We have platforms and processes which are scalable, and our funding headroom are best positioned to efficiently capture growth. We continue to focus on the longer-term strategic horizon – knowing when and where to invest to drive ongoing returns to our shareholders.

Akiko Jackson
Chair, Pepper Money Limited

27 February 2025

Board of Directors

Akiko Jackson

Chair and Independent Non-Executive Director

Appointed Chair 23 May 2024
Appointed to Board 6 May 2021

Committee Membership

Audit and Risk
Renumeration and Nomination
Environmental, Social and Governance

Akiko is an internationally experienced Non-Executive Director and strategy adviser. Akiko has more than 30 years' experience as an executive in the financial services industry including with the Commonwealth Bank of Australia, Macquarie Bank and Westpac in Australia and MUFG Bank and Shinsei Bank in Japan, and as a strategy management consultant in the US and Australia. Akiko has worked in both the private and the public sectors, in large corporations and start-ups and has extensive experience in strategy and business development, risk management and large-scale transformation, including digital transformation. Akiko is a Non-Executive Director of the Australian Children's Education and Care Quality Authority ("ACECQA"), the Foundation and Friends (F&F) of the Botanic Gardens and Sir Roland Wilson Foundation, and a member of the Audit and Risk Committee of Infrastructure NSW and Transport for NSW. She is also the Chair of the Audit, Finance & Risk Committee of ACECQA and the Chair of the Finance, Audit and Risk Committee of the F&F. Akiko's past directorship include being a Non-Executive Director of 86 400 Limited, as well as being a member of the Advisory Committee of the Australian Treasury, the Portfolio Advisory Council of Services Australia and the Strategy Advisory Committee of the Department of Immigration and Border Protection. Akiko is a Fellow of FINSIA and a Graduate of the AICD. She is a Fulbright Scholar with an MBA from Stanford University in the US and has a Bachelor of Law from Keio University in Tokyo.

Mario Rehayem

Chief Executive Officer and Executive Director

Appointed 2 May 2018

Mario joined Pepper Money in 2011 and has held various roles including Managing Director, Australian Mortgages and Personal Loans, and Director of Sales and Distribution, Australian Mortgages and Personal Loans. Mario was appointed the Chief Executive Officer of Pepper Money in 2017 and is responsible for the strategy and oversight of Pepper Money's businesses across Australia and New Zealand. With over 20 years of extensive experience across banking and finance, Mario has held senior positions in ADI's as well as the non-bank sector. Mario is a known advocate of mortgage broker education and growing the specialist lending category. In 2019, 2021, 2022 and 2023 Mario has been recognised in the MPA Mortgage Global 100 List featuring leaders who are making a difference in today's mortgage industry. In 2022 Mario joined the board of the Australian Finance Industry Association ("AFIA"), and in March 2024 took on the position of Chair. Mario is a champion for building a sustainable and inclusive financial system and promotes collaboration and use of technology to deliver better customer and partner outcomes.

Mike Cutter

Independent Non-Executive Director

Appointed 6 May 2021

Committee Membership

Chair: Audit and Risk
Environmental, Social and Governance

Mike has over 37 years' experience in the financial services industry, both in Australia and abroad. Mike has extensive knowledge of comprehensive credit reporting regimes in Australia and international markets and was one of the original champions of comprehensive credit reporting in Australia. Mike is currently the Chair of PF BidCo Pty Ltd (trading as Arteva Funding) and Fairway Holdco Pty Ltd as well as being a Non-Executive Director of Tower Limited, a New Zealand and Pacific Islands general insurer. Prior to joining the Pepper Money board, Mike held various executive positions including Group Managing Director of Equifax ANZ, Chief Risk Officer ANZ Bank (Australia Division), CEO of GE Money Australia & New Zealand, and CEO of OAMP Insurance Brokers. Mike has held various directorships and chairships with Wesfarmers, GE, AFC and NIBA. Mike is a Senior Fellow of FINSIA, Graduate of the AICD, and served as a Director of the Women's Cancer Foundation.

Vaibhav Piplapure

Non-Executive Director and Shareholder Representative
Appointed 23 May 2024

Vaibhav is Managing Director in the London office of Kohlberg Kravis Roberts (KKR). Vaibhav joined KKR in 2021 as a member of the Credit team in London. Prior to joining KKR, Vaibhav helped establish and was co-head of the specialty finance investing team at M&G Investments in London, where he specialised in investing in mortgage and consumer portfolio credit opportunities in Europe. Previously, he was head of securitised products finance in EMEA at Credit Suisse. During his career, Vaibhav has also worked in New York and Tokyo. He earned his MBA from the Smith School of Business at the University of Maryland, College Park and a B.S. in Mechanical Engineering from the University of Mumbai.

Des O'Shea

Non-Executive Director and Shareholder Representative
Appointed 6 May 2021

Committee Membership
Audit and Risk
Remuneration and Nomination
Environmental, Social and Governance

Des has more than 40 years' global experience in banking and consumer finance. He was appointed to the Pepper Global Group Board in March 2014 and he Chairs Pepper Global Group Board Audit and Risk Committee. Des is currently Chair of Oodle Finance – a U.K. based auto finance business. Des was Chair of Ulster Bank Limited in Ireland until July 2020 and is a Fellow of Chartered Accountants in Ireland. He has been on the board of banks and other financial institutions in more than 12 countries in Europe, Asia, South and Central America.

Justine Turnbull

Independent Non-Executive Director
Appointed 6 May 2021

Committee Membership
Chair: Remuneration and Nomination
Chair: Environmental, Social and Governance

Justine has over 25 years' experience in driving commercial business success with her specialist legal experience on executive employment and related governance issues, in both private and public enterprises and on national and global levels. Prior to joining the Pepper Money board, Justine held various positions including being a founding Partner of Seyfarth Shaw Australia and Partner of Herbert Smith Freehills. More recently Justine has consulted to businesses on workplace behaviour and culture issues. Justine has a long association with Pepper Money, initially as lead Employment Advisor on the Australian GE Residential Mortgages acquisition in 2011, and then as ongoing employment advisor with Herbert Smith Freehills and Seyfarth Shaw. Justine is an accredited mediator, Chair of the board of directors of the Cancer Patients Assistance Society of NSW (known as Can Assist), and is a former board member for Catholic Schools NSW / ACT, Access EAP and TAFE NSW.

Rob Verlander

Independent Non-Executive Director
Appointed 6 May 2021

Committee Membership
Audit and Risk
Remuneration and Nomination
Environmental, Social and Governance

For over 35 years Rob held senior positions at investment and commercial banks, in Australia and the United Kingdom, in the areas of Fixed Income, Capital Markets, Infrastructure and Securitisation. Rob's roles have included Head of DCM Origination BZW Australia (Barclays Banking Group), Head of Fixed Income Commonwealth Bank of Australia (Europe), member of Management Committee CBA (Europe), Head of Primary Markets CBA, and a leading member of CQ (CBA's Institutional Bank Diversity and Culture Council). Prior to his retirement from the banking industry in 2019, Rob was head of the Securitisation business at the Commonwealth Bank of Australia, where he acted as banker to many of Australia's major non-bank lenders, including Pepper Money. Rob holds a Bachelor of Arts and Law (University of Melbourne), Master of Applied Finance (Macquarie University) and Graduate Diploma in Commercial Law (Monash University).

CEO's Letter

"The strength of Pepper Money continues to see us successfully manage all macro, market and business trends. For over 24 years we have been there for our customers, partners, employees and communities. This strength enables us to continually build a sustainable business for the future."

Dear Shareholder,

It is the consistent application of our strategy that has seen the business deliver results in CY2024 that reflect our ability to respond to market conditions, deliver on customer needs, leverage our diversified business portfolio to balance cyclical trends and to successfully identify and deliver on inorganic opportunities.

I am proud of the performance of the business over 2024. We balanced the need to drive volume, while improving margins and delivering the right customer experience with a strong focus on capital management and delivering improving returns to shareholders.

CY2024 Performance Highlights

Leading Customer Net Promotor Score[1]

Our commitment to customer experience and providing innovative product solutions saw Pepper Money customer NPS outperform the industry across all business segments.

Our **Mortgage** business customer NPS at +16 was 21 points better than the average for the industry. **Asset Finance** delivered an NPS +39 compared to the industry average of +16, and in **Personal Loans** we significantly outperformed with an NPS of **+65,** 47 points higher than the industry average.

At the end of 2024 Pepper Money has now helped **530,304 customers** and we have an aspiration to have helped more than 1 million customers by the end of 2029.

Mortgage

+16

vs industry -5

Asset Finance

+39

vs industry +16

Personal Loans[2]

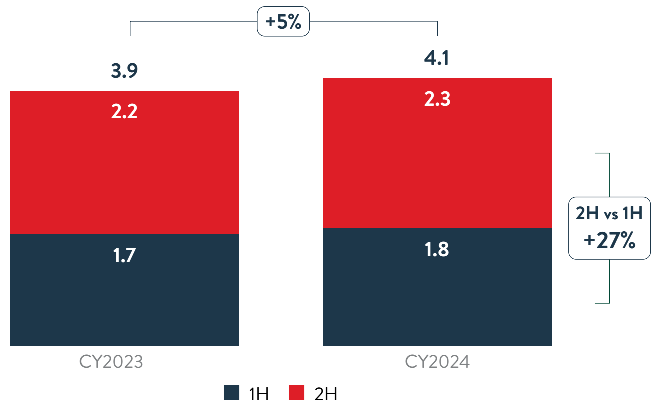
+65

vs industry +18

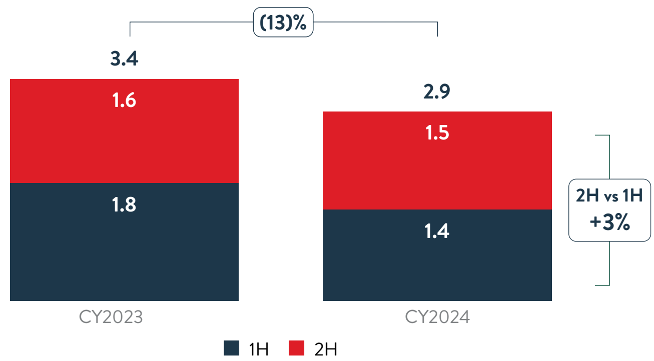
1. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.
2. Personal loans – credit is provided by Now Finance Group Pty Ltd, Australian Credit Licence Number 425142 as agent for NF Finco 2 Pty Limited ACN 164 213 030.
3. AMC = Australian Mortgage Council. ACLC – Australian Consumer Lending Council.

Volume grew over 2H 2024

Mortgage Originations ($bn)



Asset Finance Originations ($bn)



CY2024 Total Originations: $7.0bn

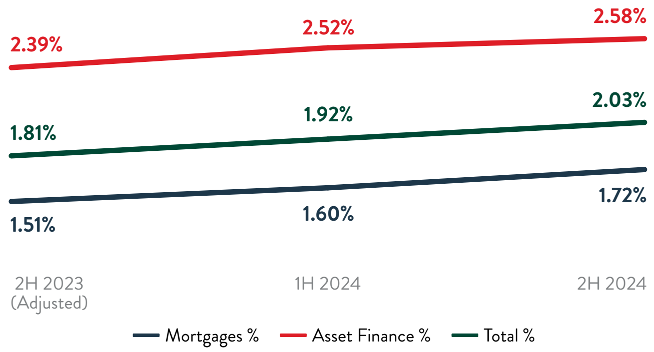
Underlying growth improved over the second half of 2024 as the business identified and capitalised on opportunities.

Mortgages Originations of $2.3 billion increased 27% 2H 2024 versus 1H 2024. For the full year, **Mortgages Originations of $4.1 billion** grew 5% on PCP.

While market conditions, the ongoing high-interest rate environment, and cost of living pressures restrained our **Asset Finance** business, growth improved with **2H 2024 Originations increasing 3%** vs 1H 2024. For the full year, Asset Finance Originations closed (13)% under CY2023.

Total Originations for CY2024 of $7.0 billion, were only (3)% down on CY2023. The focus on growth opportunities saw **2H 2024 Originations at $3.8 billion increase by 16%** on 1H 2024.

NIM[4] continued to expand over 2H 2024



Total 2H 2024 NIM: 2.03%

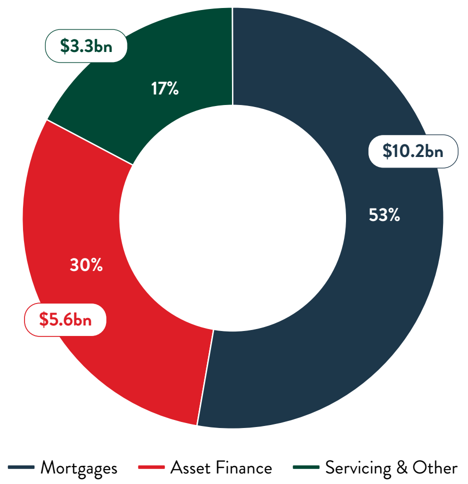
Pepper Money knows how to grow volume at the right point of the cycle.

The businesses strength in funding new product development coupled with the ability to leverage our cascading credit model to capture volume opportunities supported **Net Interest Margins improving 2H 2024 on 1H 2024 and 2H 2023**.

In **Mortgages**, NIM **improved 12bps** on 1H 2024, and **21bps** on 2H 2023. Volume growth was delivered across Prime and Non-Conforming. NIM expansion was also supported by the positive mix impact from the growth delivered in Commercial Real Estate, our new products SMSF and Sharia lending, as well as accelerated attrition from the New Zealand HSBC portfolio acquired December 2023.

Asset Finance NIM **grew by 6bps** 2H vs 1H 2024 and by **19bps** on 2H 2023. Positive funding margins and the right application of promotional activity delivered higher volumes at a stronger mix.

Closing AUM – positioning the business well for 2025



Total AUM: $19.1bn

Asset Under Management (AUM) closed CY2024 at **$19.1 billion**.

Lending AUM closed 2024 at **$15.9 billion**.

Whole Loan Sales executed over CY2024 resulted in **$2.5 billion** in AUM transferring from Lending to **Servicing AUM**. Mortgage WLS totalled $1.5 billion in AUM and Asset Finance WLS were $1.0 billion in AUM.

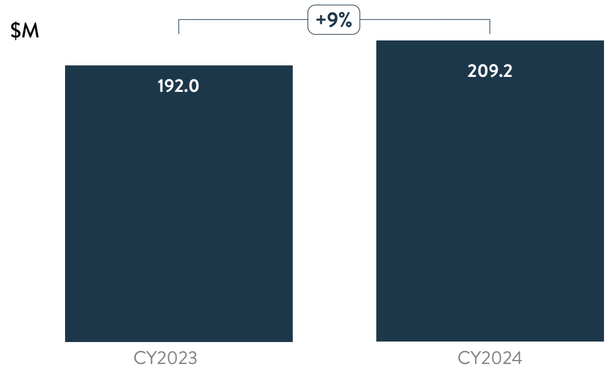
Mortgage Lending AUM closed CY 2024 at $10.2 billion (after WLS). Adjusting for WLS AUM declined by $(0.8) billion largely attributable to accelerated attrition in New Zealand – of the HSBC New Zealand portfolio acquired in December 2023 – and the slower rate of Originations over 1H 2024.

Asset Finance Lending AUM closed CY2024 at $5.6 billion (after WLS), only marginally down from $5.7 billion in December 2023.

Servicing AUM closed CY2024 at **$3.3 billion, up from $1.4 billion** December 2023, following the Whole Loan Sales program. Building the Servicing business, via Whole Loan Sales, is part of our overall capital management strategy as it is capital light and provides an annuity style income.

4. NIM: Total and Mortgages – 2023 revised to reflect the change in the accounting treatment for trail commissions implemented 1 January 2024.

Pro-forma Profit before Tax and Loan loss expense grew on PCP



Pro-forma Profit before Tax and Loan loss expense increased by 9% over CY2023[5] to $209.2 million.

Net Interest Income after adjusting CY2023 for the changing in accounting for trail commission made in CY2024, increased by 1%.

Total Operating Income pre loan losses was $455.9 million, up 6% on 2023.

Strong focus on Capital Management

Unrestricted cash closed December 2024 at $124.0 million, up from $121.1 million December 2023 and from $99.8 million as at 30 June 2024.

Cash was supported by strong operating performance and the benefits of Whole Loan Sales.

Over 2024 the business paid down $55.0 million in debt, returned a 17% increase in cash to shareholders in dividends[6] versus prior year, undertook an On-Market Share Buy Back – acquiring 11% of share volume traded over September to November, and completed the acquisition of the 35% interest in Stratton for $41.7 million funded from cash reserves.

Returning more to shareholders

Our change in Dividend payout ratio from 30-40% to 30-60%, which the Board announced at the time of our CY2023 Results[7], coupled with strong performance and our capital management strategy has seen **dividends in respect to CY2024 performance, increase by 41%** over CY2023.

Unrestricted Cash

$124.0m

Final Dividend

7.1 cps

payout ratio 60%

CY2024 Dividends

12.1 cps

up 41% on CY2023

5. CY2023 – Pro-forma Profit pre-tax and loan losses.
6. Dividends paid in 2024: $44.1 million (2023 Final $22.0 million and 2024 Interim $22.1 million) versus 2023 of $37.8 million (2022 Final $22.4 million and 2023 Interim $15.4 million).
7. Refer Pepper Money Limited Annual Report 2023, page 42, released 29 February 2024.

Our Strategy and Values

As we reached the key milestone of **having helped over 500,000**[8] customers in August 2024, the strategic pillars of the business were reviewed and our customer aspirations revised.

Our mission to **"help people succeed"** and our values of **"Can Do, Balanced** and **Real"**, remain the same – as they are the foundations of everything we do. Our vision is to be the **"People's first choice non-bank"**.

To deliver on our mission and vision, our pillars for success have been reviewed and aligned to our aspiration to help over **1 million customers**[9] by end of 2029. Our pillars of **"Experience, Performance and Brand"** link our vision and mission to our strong values and culture. **Experience** captures how we seek to always deliver market leading experiences that deliver customer, partner and employee value through every interaction. **Performance** is our operating model – our focus on continuing to create and develop a high-performance operating infrastructure that drives sustainable profitability, and **Brand** is how we are known – how we will continue to build and protect our brand to drive recognition and choice.

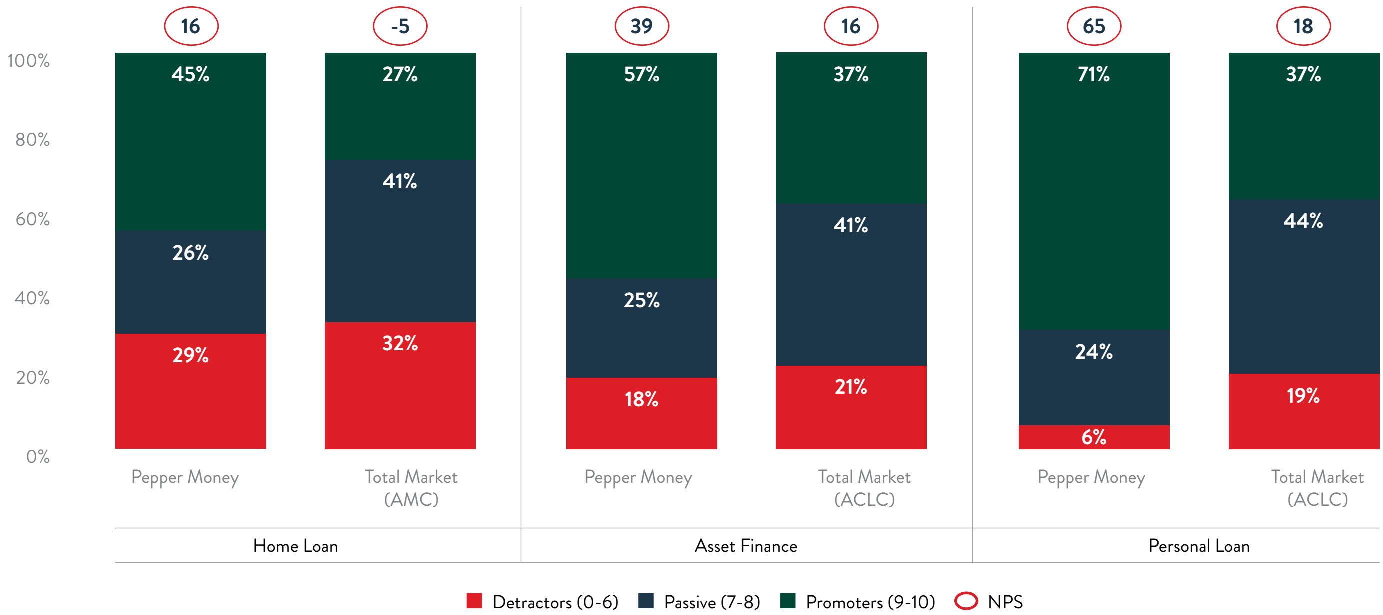
8. Cumulative number of customers from 2004 to 30 August 2024.
9. Cumulative number of customers from 2004 to 31 December 2029.

The X Factor

Customers are at the heart of how we do business given our mission to **"help people succeed"** and in support of our strategic pillar of **"Experience"** over 2024 we embarked on a business-wide effort to define and deliver consistently exceptional experiences to all our customers – unlocking the **"X" Factor**. This has seen all areas of the business working together to develop truly market leading customer experiences – across our people, processes and systems – and to build that experience excellence into every part of our ecosystem, for all our **customers** – our **partners**, and our **employees**.

The success of the work to date is delivering results – with our annual **Customer Net Promoter Scores (NPS) Survey**[10] seeing significant increases in advocacy across all core Pepper Money products, when compared to the total market: with our **Home Loan NPS** of **+16** comparing extremely favourable to the market NPS of -5, our **Asset Finance NPS** of **+39**, 26 points better than the industry average and **Personal Loans**[11] **NPS of +65**, 47 points ahead of the industry average. These scores reflect our focus on our customers.

Product Advocacy: Net Promoter Score (NPS) Pepper Money vs. Market[12]



10. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.
11. Personal loans - credit is provided by Now Finance Group Pty Ltd, Australian Credit Licence Number 425142 as agent for NF Finco 2 Pty Limited ACN 164 213 030.
12. AMC = Australian Mortgage Council. ACLC – Australian Consumer Lending Council.

Funding and Capital Management

Entering 2024, I highlighted our focus on capital management and how it is supported by our **Whole Loan Sales program**. Whole Loan Sales have formed part of the Company's funding and capital management since 2016. Whole Loan Sales see the equitable notes sold to a third party, with Pepper Money retaining the Servicing of the loans. Assets Under Management ("AUM") therefore transfer from Lending to Servicing, and as Pepper Money retains the servicing of the loans, we benefit from the generation of a **capital light annuity-style** income. WLS also allows us to recycle capital against growth opportunities or return more to shareholders. When determining whether to undertake a Whole Loan Sale, we fully evaluate the value generated of retaining the loans versus selling, and we only execute a WLS when the sale value exceeds the retained value. This is in line with our underlying focus on always managing for value to ensure best returns to our shareholders.

Over 2024 **we led the market** – successfully executing seven Whole Loan Sales, totalling $2.5 billion. Alongside WLS we raised a further $2.6 billion from public markets – through our **Public Term Residential Mortgage-Backed Securities** ("RMBS") and **Asset Back Securities** ("ABS") Securitisation programs. Our four public securitisation programs – PRS and Pepper Prime[13], SPARKZ[14] and Pepper Social[15] – are supported by over 100 investors and Pepper Money is proud to say that since commencing our securitisation program in 2003, we have called every securitisation at the first available date. I am encouraged by how debt capital markets, and our funding activities, continue to improve.

We completed the acquisition of the 35% residual shareholding in Stratton in March 2024, for a cash consideration of $41.7 million which was funded from cash reserves. In May 2024, following the maturity, and repayment, of our Corporate Debt Facility (CDF), we entered a new syndicated 3-year revolving credit facility. Demand for the facility was positive – allowing us to upsize the facility size from $200.0 million to $270.0 million, with three of the four major Australian Banks participating. At the time of establishment, the facility was drawn to $155.0 million. Given the cash released from Whole Loan Sales, $30.0 million of the facility was repaid over the second half of 2024. We have also reduced our debt with the repayment of a $25.0 million Medium Term Note in December 2024, with the drawn amount of this facility now at $90.0 million.

Through our On-Market Share Buy Back – which we commenced 2 September 2024 – we purchased on average 11% of market volume traded up until end November 2024.

We closed 2024 with unrestricted cash of $124.0 million, and, in line with the change to our Dividend payout ratio from 30-40% to 30-60%, which the Board announced at the time of our CY2023 results[16], the Board has approved a final fully franked dividend for 2024 of **7.1 cents per share**, representing 60.0% payout of the Pro-forma NPAT for the six months ending 31 December 2024. This results in a full year fully franked dividend (interim plus final) for CY2024 of **12.1 cents per share up 41%** on CY2023.

Scaled for growth

Our customer experience and industry leading product advocacy is underpinned by our technology solutions. Our purpose-built technology has been developed to support scale – and as growth starts to return, we are well positioned to capture growth efficiently. We continue to be focused on automation and streamlining processes.

Our Asset Finance business celebrated its 10th anniversary in Q4 2024. Since we started the business back in 2014, we have grown to be one of the largest asset financers in Australia, with AUM exceeding $5.6 billion. Our success in Asset Finance, is in part down to how we seek to lead the market in our technology solutions for our partners. Our Asset Finance **Solana** originations platform continues to support our partners and customers alike. Automation and API connection direct to our partner's CRMs has seen auto approvals for over 53% of Tier A customers and greater than 70% for Novated Lease customers over 2024. Our **"speed to yes"** is a key driver of customer and partner satisfaction and is strengthened further by our ability to provide **"real time payments"** – an area where we led versus the competition.

In Mortgages our ongoing investment is our digital scenario assessment and approval tool designed to streamline the Mortgage process for our customers and distribution partners. **Pepper Product Selector** – or **PPS** – is an API integrated into aggregators CRMs. As a broker captures customer information in their CRM, PPS is seamlessly integrated providing real time credit assessment, product selection and approval. PPS not only saves a broker time but gives the broker confidence of both speed and probability to yes, for the customer. PPS provides customers with more choice and transparency. From May to July 2024, we piloted "real time" PPS with a major aggregator. Over this period, volumes increased 29%[17] for them, at a time when all our other channels, in Australia, increased 11%[18]. We have now fully embedded PPS within this aggregator. Given the success we have a plan to roll out to other major aggregators over 2025.

I believe that technology, and customer centric automated processes, will be the **future of lending**. This is why we have embarked on **"The X Factor"** which is helping to inform how we can continue to evolve and innovate our technology solutions to deliver leading customer, partner and employee experience as well as to drive scale in terms of leads and approvals that support ongoing origination efficiencies.

13. PRS and Pepper Prime – Pepper Money's Residential Mortgage-Backed Securitisation (RMBS) programs.
14. SPARKZ – Pepper Money's Asset-Backed Securitisation (ABS) program.
15. Pepper Social – are Social Bonds that provide Pepper Money with funding to finance loans that deliver positive social outcomes.
16. Refer note 2.
17. Compared to the aggregator performance in 3 months prior.
18. Compared to total Australia residential mortgages business performance in 3 months prior excluding aforementioned aggregator.

Sustainability

Sustainability has been an inherent part of Pepper Money's foundations as we have built our business on the mission to **"help people succeed"**. We seek to create sustainable value for our customers, employees, the communities in which we work, and for our shareholders. We continued to make significant progress on building a sustainable business model, which will benefit not just Pepper Money, but all our stakeholders. We are well prepared for the introduction of Mandatory Climate Reporting, which comes into effect on 1 January 2025, and in support, as part of our CY2024 suite of reports, we have published our initial Climate Statement as well as our annual Environmental, Social and Governance (ESG) Report and Corporate Governance Statement. Further, we have established a Board ESG Committee to ensure not just effective governance of our sustainability initiatives but to support end to end line of accountability for ESG.

Our People

Our people continue to be highly engaged as seen through our annual **Employee Engagement Survey**[19]. In 2024, we achieved a combined score[20] of 75, with a "favourability" score of 74% – where favourability represents the positive responses distribution on a 5-point scale.

We also undertook a **Manager Impact Survey[21]** which sought from our employee's feedback on our **leadership effectiveness**. We achieved a combined score of 86, and a favourability score of 88%.

We have always fostered a diverse and inclusive culture through education and celebration, maintaining high female representation at all levels. At Pepper Money Australia, our workforce is 54% female and 46% male, and as reported in the **2024 WGEA**[22] report, women hold 42% of senior leadership roles, and 52% of managerial promotions in 2024 went to women. We are working to improve our **Gender Pay Gap** by using external market data to monitor and address internal relativity. For Pepper Money Australia, our average total remuneration gap increased from 22.9% in 2023 to 28.1% in 2024, and the median total remuneration gap improved significantly from 28.5% in 2023 to 22.9% in 2024.

Our people are respected by the industry, partners and customers. Over CY2024 our employees were recognised and celebrated by a range of industry bodies. Our General Manager Mortgages and Commercial Real Estate, Barry Saoud, was included in the prestigious 2024 MPA Global 100 List[23] – Mortgage Professional Australia comprehensive research that identifies and showcases the top professionals in the mortgage industry, ten of our Mortgage Business Development Managers ("BDMs") were recognised by Australian Broker as a "5 Star BDM".[24]

At Pepper Money, our employees are the cornerstone of our success. I thank them for their ongoing dedication in making Pepper Money the **"People's first choice non-bank"**.

Going forward

Overall, Australians are becoming more optimistic, but borrowers remain stressed about their mortgage repayments given cost of living pressures and as interest rates remain high – placing ongoing pressure on household budgets. As always, Pepper Money remains prepared to respond to borrowers who are seeking information in a changing market. As we move forward through 2025 with the expectation that interest rates will decline, we must expect competition to be heightened – and we are ready to respond.

Pepper Money led the market in customer experience, partner engagement, product innovation and in funding and capital management. Entering 2025 we have expanded our suite of products – with both SMSF and Sharia mortgage lending in Australia building momentum. We have a healthy pipeline of new product opportunities which we will look to pilot and launch to market over the coming year. We have demonstrated market demand for Whole Loan Sales as part of our funding strategy – an area we will continue to leverage where demand exists and where economics continue to be favourable. While the competitive environment continues to intensify across asset finance, and given the commoditisation of core segments of the mortgage market, it is Pepper Money's strategic focus, core competencies and values that continues to set us apart from others.

Mario Rehayem
CEO, Pepper Money

27 February 2025

19. Annual Employee Engagement Survey conducted by VIVA Glint from 16 - 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.
20. The combined score for Pepper Money Australia, New Zealand and the Philippines.
21. Manager Impact Survey conducted by VIVA Glint from 1 - 12 July. Represents a combined score for Australia, New Zealand and the Philippines.
22. WGEA: Australian Government – 2023 – 2024 Workplace Gender Equity Agency Reporting. Report date 22 May 2024.
23. MPA: Mortgages Professional Australia. The World's 100 Best Mortgage Leaders | Global 100 | Mortgage Professional Australia - www.mpamag.com/au/news/general/revealed-top-100-mortgage-professionals-across-the-globe-for-2024/517306.
24. Australian Broker: www.brokernews.com.au/best-in-mortgage/best-business-development-managers-in-australia--5star-bdms-284758.aspx.

Executive Team

Mario Rehayem
Chief Executive Officer

See Directors biographies on pages 8 to 9.

Therese McGrath
Chief Financial Officer

Joined Pepper Money in 2018 as Chief Financial Officer and is responsible for providing the leadership, financial and operational management necessary to ensure that Pepper Money delivers on its strategic goals and objectives. Therese has over 30 years of international experience across finance, strategy, and operations. Prior to joining Pepper Money, Therese held senior roles at companies including Diageo plc, Microsoft, SAP and Australian and New Zealand Banking, as well as various executive directorships including on the Oasis Fund Management and OnePath Custodians boards.

Anthony Moir
Treasurer

Joined Pepper Money in 2021. Anthony is responsible for the leadership of Pepper Money's treasury function including the strategic direction and execution of Pepper's multicurrency funding programs. Anthony brings more than 25 years of experience in treasury and debt capital markets, previously held positions at bank and non-bank lenders including Qudos Bank, GE Capital, AMP, Commonwealth Bank of Australia and Citigroup.

Barry Saoud
General Manager, Mortgages and Commercial Lending

Joined Pepper Money in 2021. Barry has over 20 years' experience in the financial services industry in Sales, Product Management, Legal and Company Secretary roles. Previously, Barry held leadership and management roles at Aussie Home Loans, GE Capital, HSBC and Norton Rose Fulbright.

John Williams
General Counsel and Company Secretary

Joined Pepper Money in 2012. John advises senior management and the Board on legal matters, leads Pepper Money's legal and secretariat teams and manages the work of external legal advisors. Prior to joining Pepper Money, John worked as Legal Counsel for GE Capital and as a solicitor with Mallesons Stephen Jacques (now King & Wood Mallesons).

Ken Spellacy
General Manager, Asset Finance

Joined Pepper Money in 2015, Ken brings over 25 years' experience in the asset finance industry. Prior to Pepper Money, Ken held senior leadership roles across various financial institutions including Capital Finance, St. George Bank and Westpac Banking Corporation.

Matthew Tinker

Chief Service Officer

Joined Pepper Money in 2011. Matthew is responsible for the strategic direction and operating performance of the Customer Service and Customer Solutions functions, as well as the operational responsibility for the Manila servicing division. Matthew has over 15 years of experience in financial services, specialising in operations and project management. He has previously held leadership roles at the Commonwealth Bank of Australia and Woolworths Group.

Michael Vainauskas

Chief Risk Officer

Joined Pepper Money in 2020. Michael is responsible for ensuring that the Governance, Risk, Compliance and Control Strategies and Frameworks are designed and operating effectively. Prior to Pepper Money, Michael held various senior roles at Perpetual Limited, Commonwealth Bank of Australia and Westpac Banking Corporation.

Neil Culkin

Head of Credit and Settlements – Mortgages & Commercial Lending

Joined Pepper Money in 2011, Neil has over 20 years' experience in credit provision. Neil has overall responsibility for the credit and originations function for Pepper Money's Australian and New Zealand residential and commercial mortgage products. His role oversees the underwriting, settlement and credit control of mortgage loan applications as well as being responsible for updating and implementing associated lending policies and guidelines. Prior to Pepper Money, Neil worked in various financial institutions including Members Equity, St. George Bank and non-bank lender Resimac Limited.

Sarah Pikardt

Chief Marketing Officer

Joined Pepper Money in 2011, and in 2024 was appointed Pepper Money's Chief Marketing Officer. Sarah leads the marketing effort and strategic development of the Pepper Money brand with a focus on improving customer experience. Previously, Sarah managed workforce optimisation and customer loyalty programs for Synchro Marketing across the financial services, telecommunications and automotive industries.

Steven Meek

Chief Information Officer

Joined Pepper Money in 2021 and has overall responsibility for digital, technology, data and analytics. Steven brings more than 20+ years of experience leveraging technology to drive business growth, operational performance, customer experience and innovation in organisations including Macquarie Group and Coca-Cola Amatil.

Sue Kent

Chief Human Resource Officer

Joined Pepper Money in 2009. Sue leads the human resources team for Pepper Money, providing strategic and operational initiatives to support Pepper Money's people management practice. Prior to Pepper Money, Sue held senior positions with Nestlé Australia, Philips Electronics and BHP Limited.

Operational and Financial Review

1. The History of Pepper Money

Funding

$41bn[1]

Across 64 transactions from 2003 to December 2024

Originations

$65bn[2]

In loans originated from 2000 to December 2024

2000 – Founded as a specialist mortgage lender in Australia.

2003 – Established the Non-conforming Mortgage Securitisation Program.

2011 – Purchased GE Capital's home lending business in Australia & New Zealand ($5bn).

2012 – Established the Near Prime home loan product. Acquired ADI-originated auto loan book ($150m).

2014 – Established the Prime home loan product. Acquired portfolio of residential mortgages ($230m). Asset Finance business launched.

2016 – Commenced active Whole Loan Sales funding program for Australian Mortgages.

2018 – Commenced CRE in Australia. Inaugural Green Bond Issuance. Originated loans in excess of $5bn in Mortgages and $1bn in Asset Finance.

Customers

530,304

Customers helped to December 2024[7]

Customers NPS vs Market

+21
Home Loans

+23
Asset Finance

Versus industry average[8]

Total AUM

$19bn[3]

Assets Under Management as at December 2024

Loan Performance

0.5%

Cumulative loss[4] % Total Originations[5]

2019

Established SPARKZ – ABS program. Entered New Zealand Mortgages.

2020

Implemented planned stress scenario covering origination, credit, and measures to address COVID-19. Raised $4.8bn in term securitisations in COVID-19 environment.

2021

IPO of the Australia and New Zealand business. Raised $4.8bn in term securitisations in COVID-19 environment.

2022

Raised in excess of $5.0bn in term securitisations. Acquired 65% of Stratton. Record originations $9.6bn.

2023

Raised $5.4bn over 2023 in term securitisations. Launched SMSF mortgage product in Australia. Acquired HSBC NZ$1.1bn mortgage portfolio in New Zealand. Completed first Asset Finance Whole Loan Sale.

2024

Raised in excess of $5.2bn in term securitisations: $2.7bn Public and $2.5bn via WLS. TCV[6] service contract awarded. Share Buy Back implemented.

Partners

4,804

Active Mortgage Brokers[9]

1,480

Active Asset Finance Introducers[10]

Partner Net Promoter Score[11]

+35

Mortgage Brokers

+27

Asset Finance Introducers

Notes: 1. Subject to rounding. 2. Cumulative Originations from 2000 to 31 December 2024 for Mortgages and Asset Finance. 3. Total closing AUM (Lending and Servicing) at 31 December 2024. 4. Cumulative losses for Mortgages and Asset Finance written off through Profit and Loss from 2000 to December 2024. 5. Cumulative Originations 2000 to 31 December 2024 for Mortgages and Asset Finance. 6. TCV: Treasury Corporation of Victoria. 7. Cumulative number of customers from 2004 to 31 December 2024. 8. NPS – Net Promoter Score. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024. Pepper Money Home Loans NPS: +16 versus industry average -5. Pepper Money Asset Finance NPS: +39, versus industry average: +16. 9. The number of Pepper Money accredited mortgage brokers who introduced at least one application in CY2024. 10. The number of Pepper Money Asset Finance accredited introducers who settled at least one contract in CY2024. 11. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.

2. Our Purpose and Strategy

In 2000, Pepper Money set out to provide home loans to people who fall outside the lending criteria of traditional bank and non-bank lenders. Since 2000, Pepper Money has grown to one of the **largest non-bank lenders** in the Australian mortgage and asset finance markets with a growing presence in New Zealand mortgages.

Today, Pepper Money's mission remains **"to help people succeed"** by focusing on challenging the way loans are designed, distributed and offered in Australia and New Zealand.

Pepper Money strives to be the lender that is easy to deal with, consistent in credit decisioning and focused on helping customers and partners alike. We do this through our in-house capabilities that enables the business to offer scaled platforms and streamlined processes, that removes complexity. Pepper Money's vision is to be the **"People's first choice non-bank"**, with an aspiration to have helped **1,000,000 customers** achieve their financial goal by the end of 2029.

Innovation has been at the core of Pepper Money since inception – this has seen the business develop and grow to offer a broad product range within its Mortgage and Asset Finance businesses that cater for a range of customer needs. With over 24+ years' experience in helping customers – including those who do not fit the lending criteria of traditional banks – Pepper Money continues to drive sustainable growth by leveraging its **core capabilities to build complementary customer solutions** and **expand its addressable market** into new adjacencies.

Pepper Money's capabilities enable the business to offer digitally enhanced platforms that remove the complexity for customers, brokers and introducers, and positions Pepper Money as the lender that is easy to deal with, consistent in credit decisioning and focused on helping customers succeed.

Pepper Money's strategy and outlook is structured on building sustainable **Total Assets Under Management (AUM)** at an acceptable risk-adjusted return, supported by the:

- ability to identify underserved segments in a large addressable market;
- agility to respond to market conditions;
- operation of a scalable platform;
- ongoing investment in digital tools to drive distribution;
- agility and ability to adapt to industry trends; and
- through the cycle proven experience.

Our Values

Can do

Balanced

Real

We recognise that success comes from our people, and our values of **Can Do, Balanced** and **Real** provide the foundations to how we do business and support our customers, partners and communities. We operate with three pillars for success **Experience** – **Performance** – and **Brand** – that link vision and mission to the Company's strong values.

Our Pillars

Experience

What we will create

We will design market leading experiences that deliver customer, partner and employee value through every interaction.

Performance

How we will operate

We will build a high-performance operating infrastructure that drives sustainable profitability.

Brand

How we want to be known

We will continue to build and protect our brand to drive recognition and choice.

Pepper Money's core capabilities revolve around its ability to capture and analyse the data generated from its 24+ years of customer and transactional history, and to leverage this data in identifying customer segments and developing innovative product solutions to deliver on customer needs, which are underpinned by purpose-built technology that supports its distribution partners to provide the efficient distribution of its solutions.

Our Core Competencies

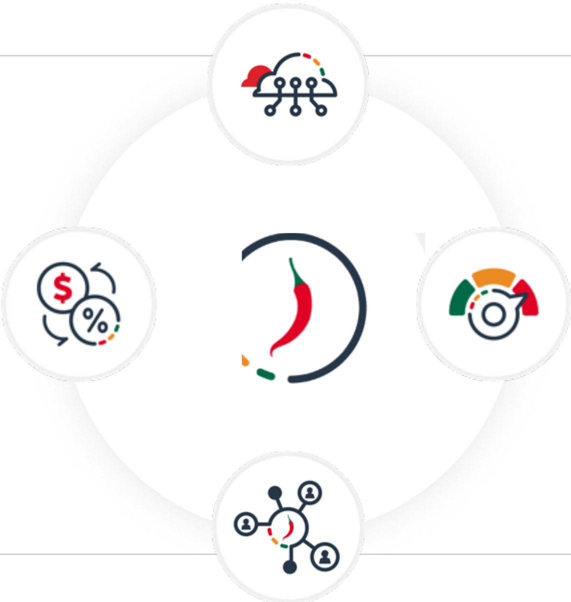
Data

Pepper Money synthesises customer and transactional data and loan performance – mined over 24+ years – with externally sourced data to enrich data sets and provide insights into credit appetite, product positioning and pricing for risk.

Using a range of different techniques, including machine learning and artificial intelligence (AI) to analyse the data and deliver real time insights to the business.

Funding

Data, credit history, loan performance and reporting functionality have allowed the business to develop a sophisticated and diversified funding model with the ability to execute a variety of transaction types to capture funder demand.



Credit and Underwriting

Credit processes and embedded decisioning engines developed with the experience of originating and managing over $65 billion of loans since 2000.

Innovative product solutions – cascading credit model delivering a faster and higher probability of yes.

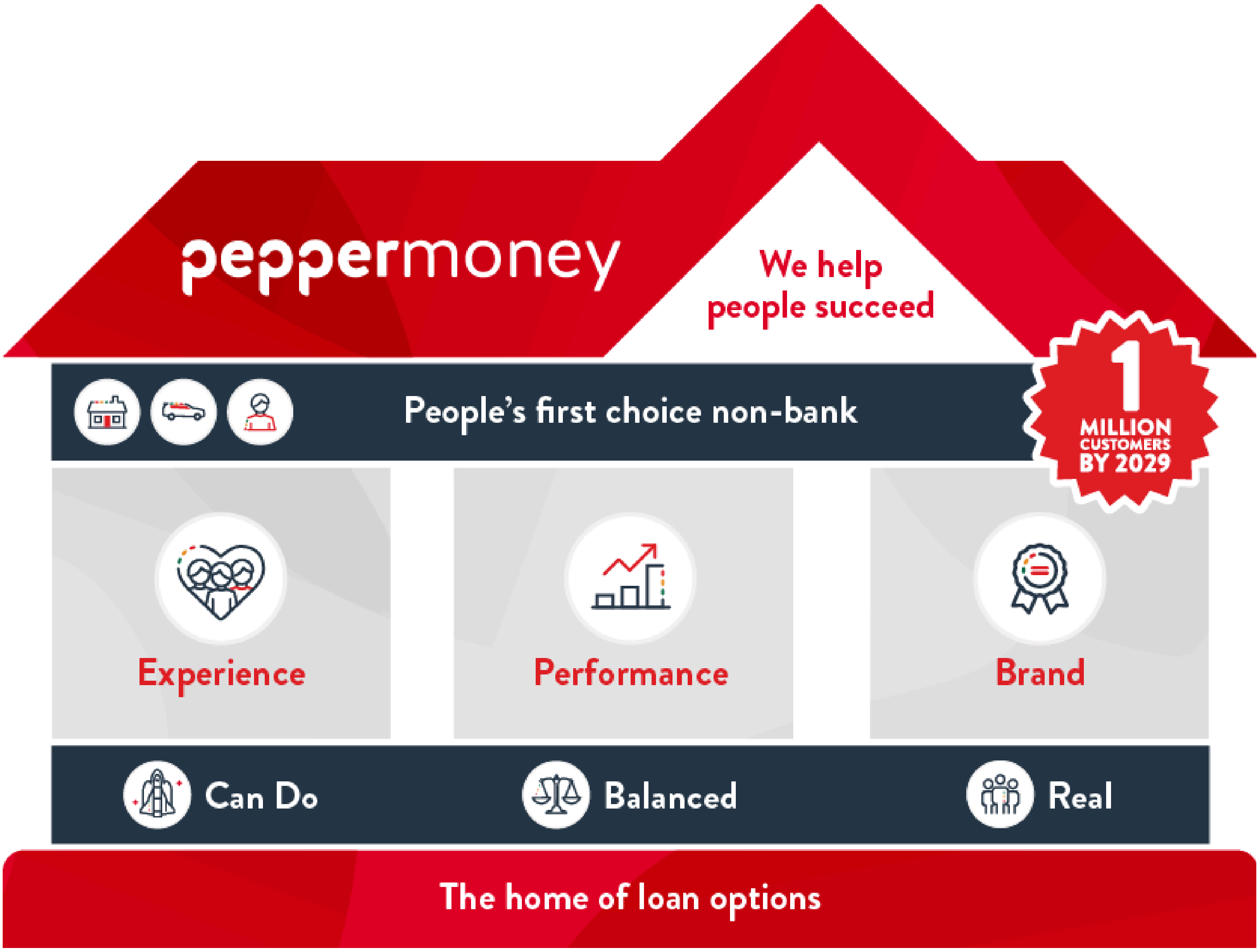
Distribution

Leading technology solutions that enhance distribution partner and customer experience while supporting efficient scaled growth.

Support to distribution partners through digital tools and data analytics that allow them to grow their business through enhanced opportunity management and supporting customer journey.

Pepper Money brings together all components of our strategy through the **Pepper Money House** – which links our mission to **"help people succeed"** to our vision to be the **"People's first choice non-bank**" with our goal to have helped **over 1 million customers by end of 2029** through our pillars of success – "**Experience, Performance and Brand"**, supported by our Values of **"Can Do, Balance and Real"**.

Pepper Money Strategy



3. Business segment overview

3.1. Addressable Market

Pepper Money operates in a large addressable market, covering $2,717 billion of credit outstanding for mortgages[1], and $246 billion of credit outstanding for asset finance[2].

Pepper Money continuously evaluates the market to identify opportunities to develop new products, or extend components of existing products, to increase the scope of addressable market in which it operates. Pepper Money's ability to identify customer niches not best served by traditional lenders, to develop compelling partner and customer solutions, its capability to apply a disciplined approach to pricing, allows the business to generate an acceptable risk-adjusted return. This has seen Pepper Money extend and grow from a specialist lender in residential mortgages in Australia, to now be one of the largest non bank lenders across mortgages, commercial real estate and asset finance in Australia and residential mortgages in New Zealand.

3.2. Mortgage Business Segment

Pepper Money established business in Australia in 2000 and commenced lending as a specialist residential home loan lender in the Australian market in March 2001, focusing on providing innovative home loan solutions to customers whose needs were not being met by traditional lenders. Since this time, Pepper Money has expanded its product range– offering increasingly higher credit quality home loans, launching its Near Prime residential mortgage product in 2012, and Prime in 2014. In 2019, Pepper Money entered New Zealand in residential mortgages, as well as launched Commercial Real Estate lending in Australia. In 2023, Pepper Money further extended it range of customer solutions, introducing SMSF lending in Australia, followed by Sharia Lending in the second half of 2024.

Pepper Money's Mortgage business segment key components are:

Mortgages: Customer

Description Finance residential home loans in Australia and New Zealand and small balance commercial real estate loans in Australia.

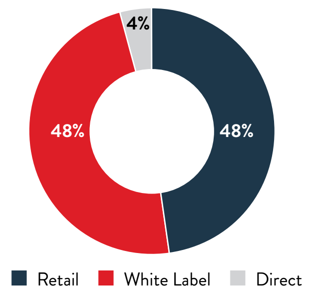
Targeted Segments	Prime	Near Prime	Specialist	Commercial Real Estate Loans	Total Mortgages
Targeted customer segment	A home loan for customers with a clear credit history. The loans typically meet traditional ADI lending criteria	A home loan for customers who do not satisfy all aspects of the traditional ADI lending criteria and require a more flexible approach	A home loan for customers whose circumstances have made getting a loan more challenging. Customers may have experienced a "life event" (for example, illness, divorce) that caused a short-term credit deterioration.	Australia only. Targets small balance commercial real estate <$3.5 million, maximum exposure of $7 million.	
CY2024 AUM at 31 December 2024	$4.3bn	$4.6bn	$0.8bn	$0.5bn	**$10.2bn**
CY2024 Originations	$1.8bn	$1.9bn	$0.2bn	$0.3bn	**$4.1bn**
Weighted Interest Rates[3]	7.36%	7.99%	8.78%	8.80%	**7.83%**
Weighted Average LVR[4]	62%	65%	60%	63%	**63%**

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. 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 2024 – December 2024 (published February 2025). Assumes market size is approximately 4x lending commitments for last 12 months, and new business loan commitments, finance lease and fixed term, purchase of vehicles, plant and equipment, ABS 5601.0 Table 29, 31 and 33, January 2024 – December 2024
3. Weighted interest rate – portfolio rate, based on closing AUM.
4. Portfolio current LVR weighted on closing balance.

Mortgages: Distribution

Market	Australia	New Zealand	Total Mortgages
No. Brokers	22,971	1,508	24,479
No. Active Brokers	4,506	298	4,804

CY2024 Originations Mix by Channel



3.3. Asset Finance Business Segment

Pepper Money established its Asset Finance business in 2014, after noting that the major Australian banks were reducing credit to this sector. Today, Pepper Money's Asset Finance business is one of the largest asset financers in Australia, with Originations exceeding $2.9 billion in CY2024. Pepper Money has grown its Asset Finance business through focusing on increasing the number of solutions available to customers, through building strong embedded relationships with introducers and partners through API connect technology solutions, as well as expanding the segments in which it operates – from Consumer to Commercial, and then launching Novated Lease in 2021.

Asset Finance: Customer

Description: Lending to consumer, commercial and novated lease customers for a range of asset types (including cars, caravans, motor bikes and boats).

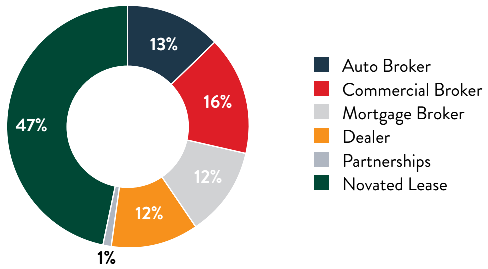
Targeted segments	Tier A	Tier B	Tier C	Total Asset Finance
Targeted customer segment	• Owns property • Stable employment (or stable time in business for Commercial customers) • Clear credit history • Stable residence	• Long-term renter • New to job (or new to business for Commercial customers) • Clear credit history	• Long-term renter • Unstable employment • Previous defaults • Limited credit history	
CY2024 AUM at 31 December 2024	$3.6bn	$1.6bn	$0.4bn	**$5.6bn**
CY2024 Originations	$2.0bn	$0.7bn	$0.2bn	**$2.9bn**
Weighted Interest Rates (portfolio)[5]	8.60%	10.52%	14.06%	**9.56%**
Targeted Products	**Consumer**	**Commercial**	**Novated Lease**	**Total Asset Finance**
CY2024 AUM at 31 December 2024	$1.8bn	$2.1bn	$1.8bn	**$5.6bn**
CY2024 Originations	$0.8bn	$0.8bn	$1.4bn	**$2.9bn**

5. Weighted interest rate – portfolio rate, based on closing AUM.

Asset Finance: Distribution

No. Brokers	2,833
No. Active Brokers	1,480

CY2024 Originations Mix



3.4. Loan and Other Servicing

Pepper Money's Loan and Other Servicing business is the provision of independent loan servicing to the market, and includes:

- servicing of loans from Pepper Money's Whole Loan Sales program;
- servicing for non-operational owners of loan portfolios – for example as administrator of the Treasury Corporation of Victoria's commercial and industrial property tax; and
- loan portfolio acquisition.

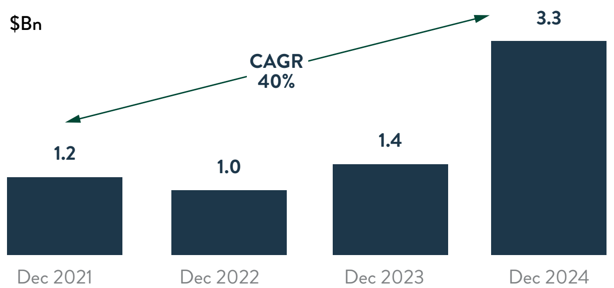
Loan and Other Servicing grew over 2024 given the extension of Pepper Money's Whole Loan Sale program into Non-Conforming Mortgages as well as further growing Whole Loan Sales in Asset Finance. Building the Loan and Other Servicing business, via Whole Loan Sales, is part of the overall capital management strategy, as this business segment:

- is capital light – Whole Loan Sales allows the capital of the loans sold to be recycled against growth opportunities;
- provides an annuity style income, at no incremental cost to the business, as the loans are already being serviced; and
- provides a defensive earnings stream across the credit cycle.

Loan and Other Servicing

Description	Ongoing management and administration for loan portfolios owned by third parties (non-bank lenders and ADIs).		
Targeted segments	Whole Loan Sales	Administration of Loan Portfolios	Loan Portfolio Acquisition

Servicing AUM



4. Financial performance

For the year ended 31 December 2024

4.1. Reconciliation of Statutory to Pro-forma Profit

To reflect Pepper Money's Pro-forma earnings, Net Profit After Tax ("NPAT") has been adjusted to exclude one-off items. Management believes the disclosure of the Pro-forma NPAT provides additional insight into the underlying performance for the period by excluding one-off, non-recurring items.

The table below reconciles Pepper Money's Statutory NPAT to the unaudited Pro-forma NPAT for the year in accordance with Australian Accounting Standards.

No Pro-forma adjustments were recorded in 2024.

In the prior comparative period, Pepper Money acquired the New Zealand mortgage portfolio of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), a wholly owned subsidiary of HSBC Holdings plc, resulting in a Proforma pre tax adjustment of $3.3 million[6]. Management believes the disclosure of the Pro-forma NPAT provides additional insight into the underlying performance for the period, by excluding one-off, non-recurring items.

During the period, Pepper Money revised its treatment of ongoing trail commission payable in respect of mortgages originated through brokers in Australia and New Zealand. As a result, the Group has:

- recognised a liability within Other financial liabilities equivalent to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Loans and advances; and
- reclassified trail commission expense from Lending expense to be amortised through Net interest income.

Statutory comparatives have not been revised for the above change in accounting treatment as the impact of this change is not material to the financial statements. The change in accounting presentation resulted in a reduction in Net interest income of $(24.8) million in CY2023 with a corresponding offset in Lending expense. The table below adjusts CY2023 Pro-forma to reflect the impact of the change in the accounting for trail commissions.

6. Pre-tax Pro-forma adjustments for 2023 of $3.3 million are one-off in nature as they related to the acquisition of the HSBC New Zealand mortgage portfolio completed 1 December 2023. Tax impact of adjustments $(0.9) million.

Statutory profit to Pro-forma profit reconciliation

$M	CY2024 Statutory and Pro-forma	CY2023 Pro-forma and Adjusted[7]	CY2023 Statutory	Change Pro-forma and Adjusted	% Change Pro-forma and Adjusted
Net interest income	**341.4**	338.4	360.9	2.9	1%
Lending fee income	**65.6**	72.2	72.2	(6.5)	(9)%
Lending expense	**(29.5)**	(29.8)	(54.6)	0.4	1%
Other operating income	**78.4**	49.3	49.3	29.1	59%
Loan losses	**(69.3)**	(39.9)	(39.9)	(29.4)	(74)%
Total operating income	**386.6**	390.1	387.9	(3.5)	(1)%
Employee benefits expense	**(126.3)**	(128.6)	(128.6)	2.3	2%
Marketing expense	**(15.4)**	(14.9)	(14.9)	(0.4)	(3)%
Technology expense	**(24.6)**	(23.8)	(23.8)	(0.8)	(3)%
Other operating expenses	**(31.8)**	(24.1)	(25.2)	(7.8)	(32)%
Depreciation and amortisation expense	**(19.4)**	(21.9)	(21.9)	2.5	11%
Corporate interest expense	**(29.2)**	(24.8)	(24.8)	(4.4)	(18)%
Tax expense	**(41.7)**	(40.9)	(40.0)	(0.8)	(2)%
Net profit after income tax	**98.2**	111.1	108.7	(12.9)	(12)%
Equity Holders of Pepper Money Limited	**98.8**	113.1	110.7	(14.3)	(13)%
Non-controlling interest	***(0.6)***	*(2.0)*	*(2.0)*		

4.2. Financial performance and key driver analysis

Pepper Money's financial results for CY2024 saw the business deliver a solid performance across all key drivers, with the second half of 2024 improving materially on first half of 2024. Strategies to drive volume and expand net interest margins supported both Originations growing 16% 2H 2024 versus prior half and Net Interest Margin (NIM) increasing – across all business segments – to close the second half of 2024 at 2.03% up from 1.92% 1H 2024 and from 1.81% 2H 2023[7]. These strategies further helped, in part, to mitigate an increase in Loan Loss Expense, experienced in the first of 2024 by the Asset Finance business due to higher late-stage arrears and an increase in insolvencies.

7. CY2023 Net interest Income adjusted to reflect the change in the accounting for trail commission, effective 1 January 2024, to provide like on like comparison.

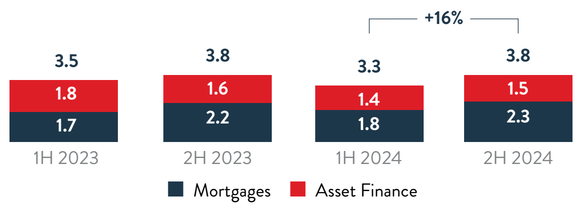
VOLUME

Originations ($bn)

Half on Half Analysis

+16%

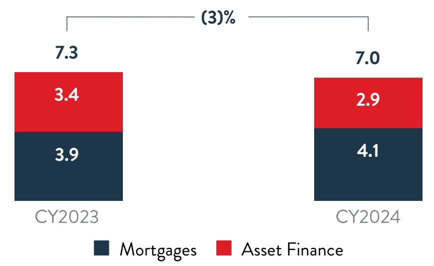
2H versus 1H 2024



CY2024

$7.0bn

(3)% versus CY2023



2H 2024 Total Originations at $3.8 billion grew 16% on 1H 2024, as the business drove strategies that delivered positive volume uplift at strong Net Interest Margins.

Mortgages: Originations closed 2H 2024 at $2.3 billion, up 27% on 1H 2024. Prime[8] drove volume growth with Originations in the second half at $1.3 billion a growth of 78% on the first half of 2024. Prime accounted for 55% of Originations mix 2H 2024 up from 40% 1H 2024. Non-Conforming Originations for 2H 2024 at $1.0 billion were marginally down from $1.1 billion 1H 2024.

Asset Finance: Over the 2H 2024, Asset Finance delivered total Originations of $1.5 billion, up 3% on 1H 2024. Price promotions supported the Consumer segment to report the highest volume growth, with Originations increasing 9% on first half, closing at $0.4 billion for 2H 2024. Novated Lease continues to deliver strong results with Originations over the second half of 2024 of $0.7 billion, increasing 2% on 1H 2024 and accounting for 47% of Originations mix for 2H 2024.

Total Originations closed CY2024 at $7.0 billion a marginal decline of (3)% on CY2023.

Mortgages: Originations for CY2024 of $4.1 billion grew 5% on PCP. Originations mix for 2024 was 48% Prime (CY2023: 37%) and 52% Non-Conforming (CY2023: 63%) Prime Originations of $2.0 billion grew +38% on PCP supported by strong performance from SMSF mortgage product – launched October 2023, and Commercial Real Estate lending. Non-Conforming Originations at $2.1 billion for CY2024 were (14)% below on PCP.

Asset Finance: Full year Originations for Asset Finance at $2.9 billion were down (13)% on CY2023. Commercial Originations declined from $1.3 billion PCP to $0.8 billion in the period given the impact of the removal of Government tax incentives from 1 July 2023. Consumer Originations at $0.8 billion declined (26)% on PCP reflecting underlying soft market conditions. Novated Lease performance continues to be strong, with CY2024 Originations at $1.4 billion growing 32% on PCP.

Overall, credit risk was skewed to higher performing customers – with Tier A customers accounting for 70% of the Originations for CY2024 (versus 62% PCP).

8. Prime includes Commercial Real Estate, and New Zealand Prime Originations.

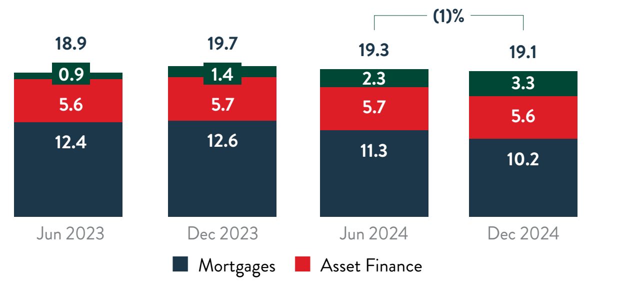
VOLUME

Total AUM ($bn)

Half on Half Analysis

(1)%

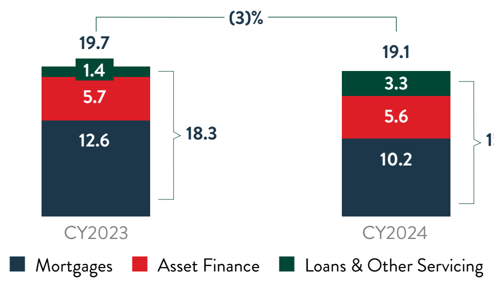
2H versus 1H 2024



CY2024

$19.1bn

(3)% versus CY2023



Total AUM closed 2H 2024 at $19.1 billion, marginally down from 1H 2024, driven by accelerated customer attrition of HSBC mortgage portfolio acquired in New Zealand in December 2023, and the flow through of lower Originations in 1H 2024.

Mortgages AUM closed December 2024 at $10.2 billion, down from $11.3 billion June 2024. Over the first half of 2024 three Mortgage Whole Loan Sales were completed – two Prime and one Non-Conforming totalling $0.6 billion in AUM. Over the second half of 2024 a further two Whole Loan Sales – a Prime and a Non-Conforming – were executed, totalling $0.9 billion in AUM. The uplift in WLS volume, coupled with customer attrition in New Zealand and lower Originations in prior periods, flowed through to closing AUM.

Asset Finance AUM closed December 2024 at $5.6 billion, marginally down from June 2024. Two Whole Loan Sales, each of $0.5 billion, were executed in June 2024 and December 2024.

Servicing AUM closed December 2024 at $3.3 billion an increase of $1.0 billion on June 2024. The increase in Servicing AUM reflects the Whole Loan Sales detailed above, as the first loss equity is sold, while the Servicing of the assets is retained, resulting in AUM transferring from the Lending business to Servicing.

Total AUM as at 31 December 2024 of $19.1 billion was (3)% below December 2023, mainly driven by heightened attrition of the mortgages portfolio in the HSBC acquired New Zealand portfolio and lower Originations.

Lending AUM closed December 2024 at $15.9 billion, following $2.5 billion in Whole Loan Sales over CY2024 (versus $0.9 billion in CY2023). Adjusting both CY2024 and PCP for WLS, Lending AUM decreased $(0.8) billion, due to heightened attrition of the HSBC Mortgage portfolio acquired December 2023, in part driven by the Reserve Bank of New Zealand's 100bps reduction in the Official Cash Rate (OCR) between August and November 2024.

Mortgages AUM closed the financial year at $10.2 billion, reflecting the $1.5 billion in Whole Loan Sales over CY2024 (versus $0.4 billion in CY2023) as well as accelerated run off of the New Zealand mortgage portfolios noted above.

Asset Finance AUM closed CY2024 at $5.6 billion, following $1.0 billion in WLS over CY2024 (versus $0.5 billion in CY2023).

Servicing AUM as at 31 December 2024 increased by $1.8 billion over CY2023 to $3.3 billion. The increase was driven by the transfer of AUM from Lending to Servicing on completion of Whole Loan Sales, marginally offset by underlying portfolio attrition over the year.

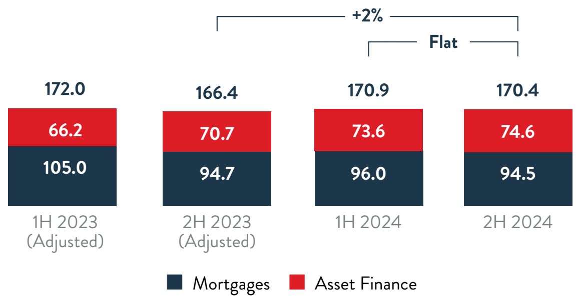
NET INTEREST

Net Interest Income[9] ($m)

Half on Half Analysis

flat

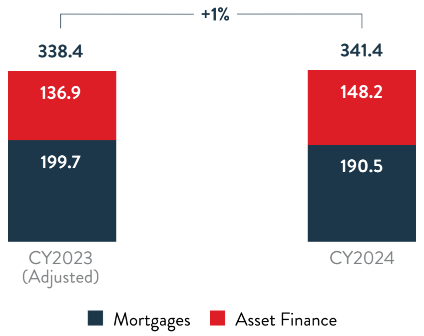
2H versus 1H 2024



CY2024

$341.4m

+1% versus CY2023



2H 2024 Net Interest Income at $170.4 million was in line with 1H 2024 and grew 2% on 2H 2023 on a like for like basis[10].

Mortgages: Net Interest Income for the second half of 2024 at $94.5 million was marginally down on 1H 2024 (-$1.5 million), given the flow through of the Whole Loan Sales executed, shifting income from Net Interest to Servicing and Other.

Asset Finance: Net Interest Income for the second half of 2024 at $74.6 million was up $1.0 million on the prior half.

Net Interest Income of $341.4 million was up 1% versus PCP on a like for like basis.

Mortgages: Net Interest Income for CY2024 of $190.5 million was (5)% down on PCP, given the flow through of the Whole Loan Sales executed, shifting income from Net Interest to Servicing and Other, coupled with accelerated customer attrition in New Zealand reducing AUM.

Asset Finance: Net Interest Income closed CY2024 at $148.2 million, growing $11.2 million, +8% on PCP, as the improvement in swap rates and funding costs helped to offset the impact of lower origination volumes and higher product mix from lower risk Novated Lease and Tier A customers.

9. Loan and Other Servicing and Corporate segments net interest income not displayed in bar chart as not material but included in the total.
10. CY2023 Net interest Income adjusted for Total and Mortgages adjusted to reflect the change in the accounting for trail commission, effective 1 January 2024. Net Interest Income impact $(24.8) million with a corresponding offset in Lending Expense

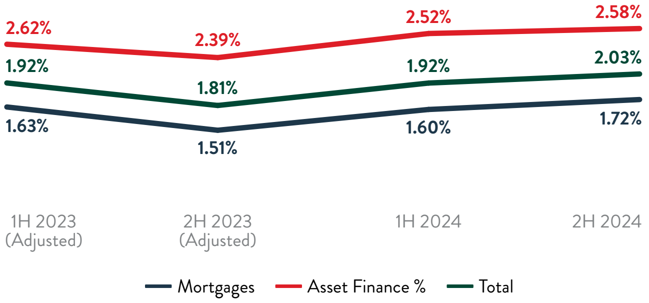
NET INTEREST

Net Interest Margin[11] (%)

Half on Half Analysis

2.03%

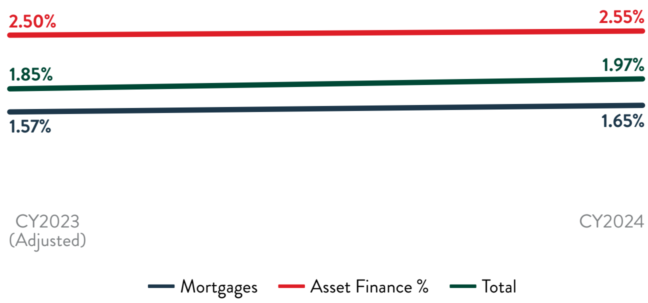
+11bps 2H versus 1H 2024



CY2024

1.97%

+12bps versus CY2023



Total Net Interest Margin (NIM) of 2.03% improved 11bps on 1H 2024 and 22bps on 2H 2023 Increases were delivered across both Mortgages and Asset Finance, as funding strategies and promotional activities to drive volume at the right mix all supported an expansion in NIM performance across all business segments. Mortgage NIM benefited from the mix impact of the accelerated run off of the HSBC acquired portfolio in New Zealand.

Mortgage NIM reported the second consecutive period improvement, increasing by 12bps to 1.72% 2H 2024 versus 1H 2024, and up 21bps on 2H 2023. Mortgage NIM benefited from improved funding, stabilisation of BBSW volatility, flow through of customer rate changes following OCR increases over 2022-2023, product and price strategies which have further supported Originations uplift and the mix impact the accelerated run off of the HSBC acquired portfolio.

Asset Finance NIM in 2H 2024 increased 6bps on the prior half as the flow through of stabilisation of swap rate and funding strategies improved underlying yield.

Total NIM improved by +12 bps CY2024 versus CY2023 on a like for like basis.

Mortgages NIM increased 8bps to close CY2024 at 1.65% versus 1.57% PCP. Customer rate increases were assisted by the stabilisation in the BBSW, and lower customer attrition in Australia given the RBA held rates stable over the year, coupled with delivery of business funding and product strategies. Mortgage NIM benefited marginally from the acceleration in customer attrition of the New Zealand HSBC acquired portfolio.

Asset Finance NIM improved by 5 bps versus PCP given swap rates / cost of funds, coupled with the positive flow through of pricing initiatives implemented.

11. CY2023 Net interest Income adjusted to reflect the change in the accounting for trail commission, effective 1 January 2024, to provide like on like comparison.

CREDIT PERFORMANCE

Loan Losses

Loan Loss Expense ($m)

$(69.3)m

Increased (74)% v PCP

Loan Loss Provisions ($m)

$116.9m

(2)% v PCP

Coverage Ratio[12]

0.74%

Increased 9bps v PCP

Loan Loss expense ($M)	CY2023	CY2024	Movement
Specific expense	(51.3)	**(72.9)**	(21.6)
Collective expense	0.3	**4.9**	4.6
Post model overlay	11.1	**(1.3)**	(12.4)
Total Loan loss expense	**(39.9)**	**(69.3)**	**(29.4)**

As at	Collective Provisions ($M)	Specific Provisions ($M)	Total Provisions ($M)	Coverage Ratio ($M)
31 December 2023				
Mortgages	29.1	1.2	30.3	0.24%
Asset Finance	51.8	37.5	89.3	1.56%
Total	80.9	38.7	119.6	0.65%
31 December 2024				
Mortgages	**19.0**	**2.2**	**21.2**	**0.21%**
Asset Finance	**58.3**	**37.4**	**95.7**	**1.70%**
Total	**77.3**	**39.6**	**116.9**	**0.74%**

Loan Loss Expense: Post Model Overlay contributed a $(1.3) million expense in CY2024. CY2023 included $11.1 million of Post Model Overlay writeback.

After normalising for Post Model Overlay impacts, Loan Loss Expense increased $(17.0) million on CY2023. Total **Specific** increased by $(21.6) million to $(72.9) million. Total **Collective** expense improved by $4.6 million on PCP to close at $4.9 million. The movement in Collective was primarily due to the release of provisions on the execution of Whole Loan Sales, as the loans they relate to are sold to a third party.

- Mortgages: CY2024 Loan Loss expense was a release of $1.6 million on PCP, driven by provision releases following Whole Loan Sales, positive portfolio mix (due to higher Prime Originations), as well as a release of $6.0 million in **Post Model Overlay** given the ongoing resilience of the mortgage market.
- Asset Finance: Loan Loss Expense at $(75.1) million, increased by $(30.9) million over PCP. Specific expense closed CY2024 at $(68.7) million (CY2023: $(49.0) million) driven by late-stage arrears and insolvencies, most notably in the first half of 2024. Collective expense benefited from releases following the two Whole Loan Sales executed over CY2024 offset by the impact of, the continued high-interest rate environment and cost of living pressures, as a result of which, Asset Finance **Post Model Overlay** was increased by $(7.3) million for the year.

Loan Loss Provision reduced by (2)% December 2024 on December 2023.

Specific Provisions increased by $0.9 million to $39.6 million as at December 2024.

Collective Provisions declined by $(3.6) million on PCP to $77.3 million. This movement was primarily driven by:

- provision releases on execution of Whole Loan Sales
- higher portfolio mix from Novated Lease / Tier A customer (70% of the Originations for CY2024 versus 63% PCP).

Post Model Overlay closed December 2024 at $10.0 million, an increase of $1.3 million on PCP, taken in 1H 2024 against the Asset Finance business. **Mortgages** released $(6.0) million **Post Model Overlay Provision** in CY2024 given the reduction in AUM. **Asset Finance Post Model Overlay Provision** was increased by $7.3 million, to close the year at $8.0 million in total, given the ongoing pressures of cost of living and high interest rates.

Coverage ratio (Total Loan Loss Provisions as a % of Lending AUM) – increased in total on CY2023 by 9bps to 0.74% of Lending AUM including Post Model Overlay.

Mortgage coverage ratio of 0.21% remains in line with long term averages.

Asset Finance coverage ratio increased on December 2023, to 1.70%. Higher Specific provisions and Post Model Overlay, offset by the Collective Provision reduction detailed above. The increase in the coverage ratio reflects a prudent approach given interest rate and macro conditions.

12. Coverage ratio – Total Provisions (Specific, Collective and Post Model Overlays) divided by closing Lending AUM.

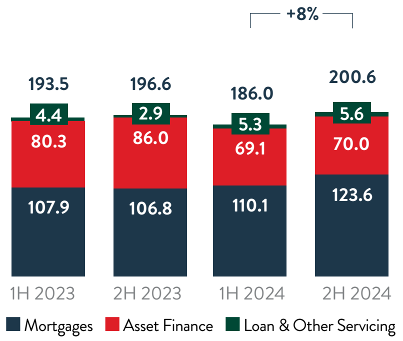
SEGMENT PERFORMANCE

Total Operating Income ($m)[13]

Half on Half Analysis

+8%

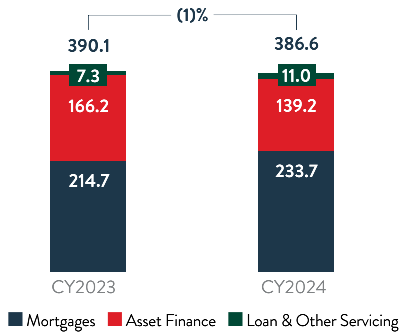
2H vs 1H 2024



CY2024

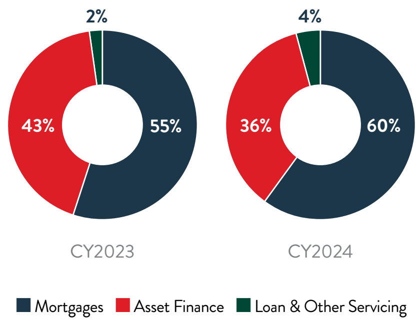
$386.6m

(1)% decrease vs CY2023



CY2024

Business Mix



2H CY2024 Total Operating Income at $200.6 million increased 8% on the first half of 1H 2024.

Mortgage Operating Income over the second half of 2024 increase to $123.6 million up 12% on 1H 2024, and 16% on 2H 2023. Volume growth and expanding NIM from funding, product and pricing initiatives, drove improved Operating Income.

Asset Finance Operating Income at $70.0 million for 2H 2024 was 1% up 1H 2024, as volume growth and funding benefits were offset by Loan Loss Expense.

Loan and Other Servicing Operating Income at $5.6 million, up from $5.3 million first half 2024 and $2.9 million for the second half of 2023, reflects the flow through of Whole Loan Sales, as AUM transfers from Lending to Servicing – delivering a capital light annuity income stream.

Total Operating Income at $386.6 million was (1)% down on PCP.

Mortgage Operating Income increased by 9% on PCP to $233.7 million for CY2024 – as the business managed both volume and margin to deliver improved returns.

Asset Finance Operating Income of $139.2 million, down (16)% on CY2023. Key drivers of the decline include:

- **market:** the impact of the roll back of Government tax incentives (1 July 2023) impacted Commercial growth, coupled with cost-of-living pressure placing downward pressure on Consumer growth;
- **credit:** the increase was driven by higher Specific expense, as late-stage arrears and insolvencies increased.

These trends have started to stabilise – with the business returning to volume growth over 2H 2024.

Loan and Other Servicing Operating Income at $11.0 million for CY2024, up from $7.3 million CY2023, reflects Servicing income earned on loans serviced by the business upon execution of a Whole Loan Sale. Whole Loan Sales increased from $0.9 billion CY2024 to $2.5 billion in CY2024. The timing of WLS are typically skewed to June / November / December.

The Company continues to benefit from the diversification of the portfolio, as Income mix shifted over CY2024, as growth opportunities, include new products, were captured in Mortgages, offsetting softer market conditions in Asset Finance. Whole Loan Sales deliver capital light Servicing Income on an ongoing basis.

For CY2024, **Mortgages** contributed 60% (CY2023: 55%) of Total Operating Income, with **Asset Finance** contributing 36% of Total Operating Income, versus 43% in CY2023. The growth in the **Loan and Other Servicing** segment supported income diversification, with this business segment contribution increasing to 4% of Total Operating in CY2024.

13. Corporate segment income is not displayed in the bar chart as not material but included in the total.

EXPENSE MANAGEMENT

Expenses

CY2024
Operating Expenses pre impairments
$186.8m
flat on PCP

CY2024
Total Operating Expenses
$198.1m
(4)% increased on PCP

CY2024
Total Expenses
$246.7m
(4)% increased on PCP

Expenses ($m)	CY2023	CY2024	% Change
Employee benefits expense	(128.6)	**(126.3)**	2%
Marketing expenses	(14.9)	**(15.4)**	(3%)
Technology expense	(23.8)	**(24.6)**	(3%)
General and admin expense	(19.3)	**(20.5)**	(6%)
Operating Expense pre impairments	(186.6)	**(186.8)**	–
Fair value gains or losses on financial assets	(0.5)	**(3.9)**	Large
Impairment losses on non financial assets	(4.3)	**(7.4)**	(72%)
Operating Expense	*(191.4)*	**(198.1)**	(4%)
Depreciation and amortisation expense	(21.9)	**(19.4)**	11%
Corporate interest expense	(24.8)	**(29.2)**	(18%)
Total Expense	(238.1)	**(246.7)**	(4%)
Total Expense pre impairments	*(233.3)*	**(235.4)**	*(1%)*

Operating Expenses of $(198.1) million increased (4)% on PCP.

Normalising for an increased in impairments **Operating Expenses** were flat year on year:

- **Employee benefit expense** decreased 2% on PCP, as by wage inflation and bonus provisions, were offset by lower FTE given process improvements and automation.
- **Marketing expense**, included the timing impact of new sponsorship arrangement. When this is excluded Marketing expense at $(14.9) million, was flat year on year.
- **Technology expense** grew by inflation, (3%), year on year from $(23.8) million CY2023 to $(24.6) million CY2024.

Impairments/Fair Value increased from $(4.8) million in CY2023 to $(11.3) million in CY2024 relating to the annual re-valuation of equity investments and intangible assets with adjustments taken through profit and loss.

Total Expenses at $(246.7) million grew by (4)% year on year as the impact of BBSY / BBSW, impacted Corporate Interest expense, only partially offset by lower Depreciation and amortisation expense.

Pre impairments **Total Expenses** only grew by (1)% year on year, as the impact of inflation was offset through discipline cost management and lower FTE given ongoing process and automation improvements.

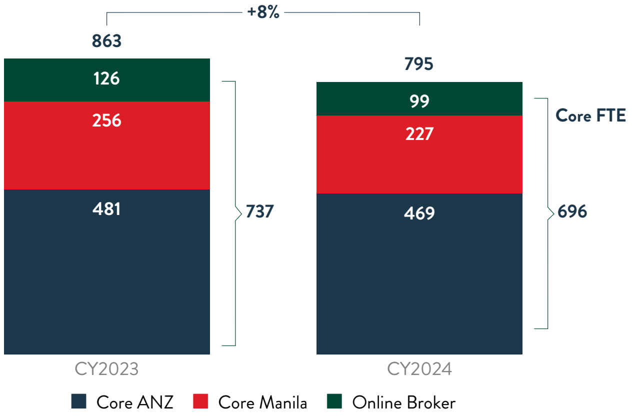
HEADCOUNT

FTE (#)

CY2024

795

Total FTE reduced by 8% year on year



The ability of the business to derive the benefits from scaled platforms and automation, is seen through the ongoing optimisation of FTE. **Total FTE** reduced by 8% year on year.

Core FTE closed the year down by 6% on PCP as the business continued to deliver gains through process automation and enhanced digitisation. Core FTE reduced by 3% in Australia / New Zealand, and 11% in the Manila captive service centre, as platform benefits continue to be derived as volume returns.

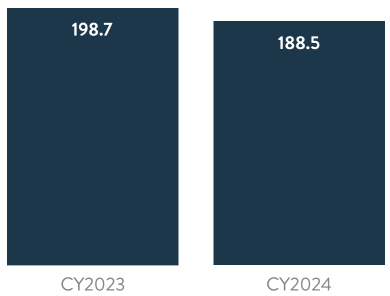
PROFITABILITY

Profit ($m)

Pro-forma EBITDA

$188.5m

(5)% versus PCP



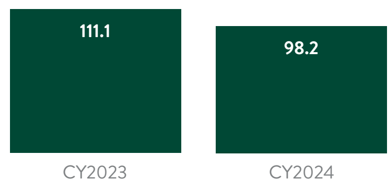
EBITDA of $188.5 million contracted (5)% on PCP.

Lower Origination volumes in 1H 2024, increased Loan Loss expense in Asset Finance, given late-stage arrears and a significant increase in insolvencies, were the primary drivers of EBITDA declining by (5)% to $188.5 million in CY2024. Profit pre-tax and Loan Loss expense increased 9% to $209.2 million versus PCP.

Pro-forma NPAT

$98.2m

(12)% versus PCP



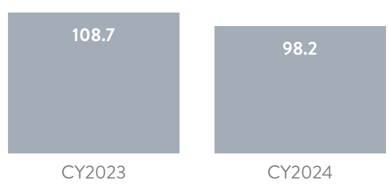
Pro forma NPAT of $98.2 million (12)% below PCP.

Lower EBITDA versus PCP coupled with higher Corporate Interest expense, driven by BBSY, resulted in Pro-forma NPAT declining by (12)% on CY2023 to $98.2 million.

Statutory NPAT

$98.2m

(10)% versus PCP



Statutory NPAT $98.2 million (10)% below PCP.

SHAREHOLDERS

Shareholder Returns

Dividend	Dividend payout ratio	Dividend paid / payable[14]
7.1	**60.0%**	**$53.2m**
Final dividend	Final dividend	CY2024
cents per share	2H CY2024 Pro-forma NPAT, up from 37.5% 2H CY2023	Up 41% on CY2023
12.1	**54.1%**	**8.6%**
Total CY2024	Total CY2024	CY2024
cents per share	CY2024 Pro-forma NPAT	Annualised yield

The Board has declared a **fully franked final dividend** for CY2024 of 7.1 cents per share, representing a **payout ratio** of 60.0% of the Pro-forma NPAT for the period 1 July – 31 December 2024 (CY2023 final payout ratio 37.5%).

In total, Pepper Money has delivered **total dividends** of 12.1[15] cents per share to shareholders in respect of 2024 financial year, representing a **payout ratio** of 54.1% (CY2023: 34.0%) and an **annualised[16] dividend yield** of 8.6% (CY2023: 6.4%).

14. Being the interim and final dividend paid in respect to Pro-forma NPAT for the period 1 January 2024 to 31 December.
15. Subject to rounding.
16. Annualised dividend yield based on average 1 January 2024 – 31 December.

5. Sustainability

This section of the Operational and Financial Review should be read in conjunction with Pepper Money's CY2024 Environmental, Social and Governance (ESG) Report and Climate Statement: **www.peppermoney.com.au/about/sustainability**

5.1. Our Sustainability Commitment

Pepper Money has been built on a mission to "help people succeed". We have a vision to be the **"People's first choice non-bank"** and have set a goal to have helped over **1 million customers by the end of 2029**. We recognise that success comes from our people, and our values of **Can Do, Balanced and Real**, which provide the foundations to how we do business and support our customers, partners and communities. We operate with three pillars for success: **Experience – Performance –** and **Brand** – that link vision and mission to the Company's strong values. As we deliver on our mission and build on our strategy, we seek to create sustainable value for our customers, employees, the communities in which we work, and our shareholders.

5.2. ESG Governance Framework

Pepper Money has always recognised the need to embed strong corporate governance and to ensure we lend responsibly, as these principles are fundamental to our ability to achieve our strategy and deliver on our mission.

Effective governance supports Pepper Money on the journey to adapt, change and mitigate ESG-related risks and opportunities. Our governance structure sets the strategic direction for Management and it ensures the Company's objectives and initiatives are aligned to strategic outcomes. Strong governance ensures ESG objectives and outcomes are monitored and evaluated and are tracked across all areas of the business. The Board, with the support of the Board Environmental, Social and Governance Committee (BESG Committee), is responsible for oversight of our governance framework.

Pepper Money's approach to governance is underpinned by the ASX Corporate Governance Principles and Recommendations, which promote value creation for our shareholders and support our people, customers and communities in our mission to **"help people succeed".**

Australia's mandatory climate reporting regime was legislated in September 2024. It requires entities meeting certain size thresholds to disclose their climate related risks and opportunities. Pepper Money will approach climate reporting as a strategic opportunity to demonstrate the value and the resilience of its business. Pepper Money is committed to being a responsible and sustainable business that supports our people, customers and communities. Since 2021, Pepper Money has taken active steps to enhance ESG governance and continues to embed ESG considerations into our strategy, risk, and business management practices.

Establishment of the BESG Committee

Over CY2024 we strengthened Pepper Money Board oversight and commitment to ESG with the establishment of the BESG Committee, with a stated objective to ensure good governance of our sustainability initiatives and to provide an end-to-end oversight, review and Board accountability for ESG Strategy, objectives, target setting, monitoring and reporting.

The BESG Committee assists the Pepper Money Board in fulfilling their obligations and responsibilities, in respect to ESG, by providing oversight of Pepper Money's initiatives to advance on existing and emerging environmental, social and governance objectives. The BESG Committee has the responsibility for oversight, review and endorsement of Pepper Money's ESG approach, objectives and performance, including ESG targets.

An overview of Pepper Money's current approach to ESG governance is detailed below.

Pepper Money's Governance Framework

ESG Working Group

Preparing ESG disclosures and driving ESG risk and opportunity identification across Pepper Money.

Pepper Money Limited Management Environmental, Social and Governance Committee

Accountable for the overall implementation of ESG strategy, engaging with key stakeholders and collecting ESG related data.

Pepper Money Limited Board Environmental, Social and Governance Committee (BESG Committee)

Responsible for the development and implementation of ESG strategies and initiatives and works with Pepper Money Limited Board Audit and Risk Committee and Pepper Money Limited Board Remuneration Committee on relevant ESG issues.

Pepper Money Limited Board

Responsible for reviewing and approving Environmental, Social and Governance (ESG) related strategy and decision-maker for major ESG decisions and reporting.

5.3. Material Themes

Pepper Money focuses on creating **financial inclusion**, by challenging the way loans are designed and distributed. **Our values** provide the guide to how we do business and how we interact with **all our stakeholders**. By linking ESG to our **strategy, mission and purpose**, we recognise that our ability to manage ESG risks and opportunities in our operating environment is critical to the achievement of our strategy and purpose.

Developing our Material Themes

Pepper Money undertook an initial materiality assessment in accordance with the Global Reporting Initiative, in 2021, to identify areas where Pepper Money could have the most meaningful positive impact for our stakeholders. Our broad range of stakeholders spanning across institutional investors (both equity and debt), brokers and introducers, community partners and our employees were engaged in the process to help the Company identify topics with the potential to most impact our people, communities, and environment. From this, a gap analysis was performed and using our stakeholders feedback several sustainability goals were identified for consideration across the ESG factors. These were consolidated and prioritised to obtain the five focus areas where Pepper Money can make the greatest impact.

Our Mission

We help people succeed

Customer Wellbeing

We provide innovative and affordable lending solutions to meet our customers' needs.

Community Contribution & Investment

We recognise the importance of supporting and building resilient communities.

Responsible Business

We commit to responsible business practices and governance to protect our stakeholders.

Climate Risks & Opportunities

We aim to reduce our impact on the environment.

Employee Engagement & Inclusion

We foster a positive environment to support an engaged and diverse workforce.

Defining our Material Themes

These following five focus areas identified under our material themes are.

E S G **Focus Areas**

Customer Wellbeing	We are focused on doing the right thing for our customers, providing innovative and affordable lending solutions that meet their financial needs and reflect responsible lending principles. Our policies and procedures are designed so that customers understand their lending commitments, understand our decisions and pricing, and have access to the right resources and support when they need it.	S G
Responsible Business	We are committed to responsible business practices. Our system of governance is designed to foster a culture that values accountability, ethical behaviour and protects our stakeholders' interests at all times. Our code of conduct and our values set the standard of how we do business and interact with our stakeholders.	G
Climate Risks & Opportunities	We recognise the importance of making positive changes to how we run the business can reduce our impact on the environment. We are committed to assisting our customers reduce their impact on the environment by providing finance for the construction of, modification to, or purchase of more energy efficient homes, and clean transportation.	E
Employee Engagement & Inclusion	We recognise the positive outcomes and better overall performance that can be achieved via an engaged and diverse workforce. We are committed to fostering an environment that supports diversity and inclusion whilst maintaining a commitment to a high-performance culture.	S
Community Contribution & Investment	Aligned with our purpose to help people succeed, we recognise the importance of supporting and building resilient communities. We partner with community-based organisations that share our values of diversity and inclusion and make a difference in areas of the community that are underserved by traditional support structures.	S

5.4. CY2024 Key Achievements by Focus Area

The initiatives undertaken in CY2024, and outcomes achieved under each focus area are set out below:

Customer Wellbeing

At Pepper Money, we not only provide tailored financial solutions to our customers in line with our mission, we also prioritise the financial wellbeing of our customers by providing helpful resources to improve their financial literacy. Listening to our customers is critical for us to understand the changing needs of our customers and find opportunities for improvements.

We provide innovative and affordable lending solutions to meet our customers' needs

Customer NPS

At the end of 2024 Pepper Money has now helped 530,304 customers[19] and has an aspiration to have helped more that 1 million customers by the end of 2029. Our annual Customer NPS Survey[20] results across all three product categories outperformed the market with a greater ratio of customer promoters as customers are at the forefront of how we do business:

Home Loans NPS of +16
+21 points vs industry average of -5

Asset Finance NPS of +39
+23 points vs industry average of +16

Personal Loans NPS of +65
+47 points vs industry average of +18

Customer Support Hub

To support our customers, we offer dedicated digital resources and tools with the aim to uplift and enhance their financial literacy and online security awareness. Our updated Financial Support Hub was launched in July 2024, combining contact details for customers in hardship, access to external support services, FAQs around hardship, as well as more information around Statement of Financial Position and Comprehensive Credit Reporting.

46,000 views in CY2024 from more than 26,000 users, significantly up from 27,000 views from more than 15,000 users in CY2023.

Security Hub

Our Security Hub was also enhanced during the year with four new articles published. This hub focuses on keeping our customers safe and secure online. The section includes information on all types of security including the latest security alerts, staying safe online, who to contact in case of emergency and access to several external cyber security resources.

874 views in CY2024 from 684 users, up from **357 views** from 233 users in CY2023

Customer Stories Program

To educate and inspire the broader community we brought to life the stories of our customers whom we were able to offer tailored financial solution that met their financial needs in order to succeed. In 2024, we delivered 20 new customer story clips from Pepper Money customers and these were leveraged across our website and social media channels.

7,000 website views from 5,500 users across Australia, and 300,000 impressions and 78,000 reached across social media channels in CY2024

17. Cumulative number of customers from 2004 to 31 December 2024.
18. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.

Employee Engagement & Inclusion

At Pepper Money, we acknowledge that an engaged and diverse workforce leads to positive outcomes and enhanced overall performance. We are dedicated to creating an environment that promotes diversity and inclusion while upholding our commitment to a high-performance culture.

We foster a positive environment to support an engaged and diverse workforce

Engagement

Our annual Employee Engagement[21] score remains strong at 75, with a favourability score of 74%.

Our high participation rate of 88% demonstrates that our employees are confident that their voice will be heard and their feedback and suggestions will lead to meaningful change.

In 2024, we launched our inaugural Manager Impact Survey[22], seeking feedback from employees on their leader's effectiveness. Our Manager Impact score was strong at 86, demonstrating that most employees are satisfied with their leader.

We complement these surveys with our annual Technology CSAT survey, that helps identify opportunities to improve our digital workplace and drive efficiencies, and our annual Diversity Survey which provides key information on the demographic profile of our workforce and feedback on equity and inclusivity.

Investment in our People

We seek to enhance the experience of our people. Initiatives delivered in 2024 included:

AI enabled across Pepper speeding content creation and knowledge navigation

Revamped our reward and recognition program to provide a greater focus on recognising employees who are providing positive experiences to their customers

Facilitated leadership forums for senior leaders to collaborate on strategic and operational solutions

Learning opportunities for personal development and career growth

Empathy training and support for our customer facing employees

Updated onboarding program to support the long-term success for new employees'

Diversity, Equity and Inclusion

As at December 2024:

Our workforce was **55% female**, **45% male**

46% of senior management roles are female

45% of our succession and key talent pool are female

Our commitment to promoting an inclusive workplace is demonstrated through feedback from employees in the CY2024 annual Employee Engagement survey:

Inclusion – Diverse perspectives are valued at Pepper Money – 80

Equal Opportunity – Regardless of background, everyone at Pepper Money has an equal opportunity to succeed – 80

Fair Treatment – I am treated fairly at Pepper Money – 80

Wellness

We remain committed to promoting and maintaining a safe and inclusive culture that supports our employees to succeed. Our wellbeing programs continued to promote a healthy workplace where our employees are supported to manage their mental health and physical wellbeing. Our programs include:

- Mental Health first aid program
- Launch of office social groups
- Continued promotion of our Employee Assistance Program

19. Annual Employee Engagement Survey conducted by VIVA Glint from 16 - 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.
20. Manager Impact Survey conducted by VIVA Glint from 01 - 12 July. Represents a combined score for Australia, New Zealand and the Philippines.

Community Contribution & Investment

Pepper Money's mission to **"help people succeed"** drives our investments in our local community. Community program selection and investment execution are made by the **Pepper Giving Committee** in accordance with **Pepper's Giving Framework**.

We recognise the importance of supporting and building resilient communities

Pepper Giving

The Giving Committee empowers employees from across Pepper Money to give back to our local communities, either financially or through volunteering opportunities. The committee allocates resources through four programs: **Big G, Medium G, Small G, and Volunteering Opportunities.**

1. **Big G:** this program sees Pepper Money partner with a charitable organisation to provide support and funding via a large annual donation. In 2024 we partnered with the Women's and Girls' Emergency Centre (WAGEC) through our Big G program.
2. **Medium G:** employees are given three opportunities throughout the year to vote for a charity to receive a generous donation. Donation recipients in 2024 covered a wide range of causes, including Youth off the Streets, Lifeline, Aboriginal Legal Service (NSW/ACT), and the National Breast Cancer Foundation.
3. **Small G:** this program empowers employees to apply for a financial contribution to a charity or cause that is important to them. Through this program, we donated to 28 causes across Australia and the Philippines in 2024.
4. **Volunteering Opportunities:** we leverage the power of our people to give back to the community through regular volunteering opportunities.

The following financial support was provided to communities and organisations through our CY2024 Pepper Giving program[21]:

CY2024

Pepper Giving Support	$'000
Domestic violence and child protection	82
Youth support and education	72
Medical support and mental health	23
Community contributions	13
Volunteering enablement	8
Animal welfare	2
Environmental Sustainability	1
Total[22]	**200**

21. Including all donations made in Australia, Philippines, and New Zealand denominated in Australian dollars.
22. Sum of all categories does not equal total due to rounding.

6. Funding and Capital Management

6.1. Funding

Pepper Money continues to be one of Australia's largest and most experienced non-bank lenders. The Company is seen as a "benchmark" Australian non-bank issuer of Residential Mortgage-Backed Securities ("RMBS") and Asset-Backed Securities ("ABS") through the history, frequency, scale, volume, performance, and diversification of its debt-funding capital markets program. Pepper Money has been issuing securitisation deals since 2003 and has a 100 per cent track record of calling every deal at the first available call date.

Pepper Money's approach is to originate loans through a combination of Warehouse Facilities – provided by key relationship banks and institutional investors, Term Securitisation transactions – both public and private, and its Whole Loan Sales program. Pepper Money's funding facilities are summarised below:

- **Warehouse Facilities:** limited recourse Funding Vehicles established by Pepper Money and provided by funding partners that finance the origination or purchase of new loan assets, or the purchase of loan assets from Term Transactions to facilitate the exercise and fulfilment of call options. Pepper Money's Warehouse Facilities are typically separated by product and jurisdiction, namely: Prime or Non-Conforming (including Near Prime Clear, Near Prime and Specialist) residential mortgages in Australia and New Zealand, Asset Finance or Commercial Real Estate loans in Australia.
- **Public Term Securitisations:** a pool of loan assets initially funded through one or more Warehouse Facilities are grouped together and sold to a new Funding Vehicle, which then issues securities against those loan assets to investors in public wholesale capital markets.
- **Private Term Securitisations:** funding transactions that are similar to Public Term Securitisations, but which result in Pepper Money raising funds from a single investor or a small number of investors.
- **Whole Loan Sales:** sale of pools of loan assets to a third-party buyer at an agreed price, being a premium to the par value of the loan assets with Pepper Money being appointed to service the sold portfolio. Post-sale, the buyer of the portfolio will benefit from the economic return on the assets but will be exposed to the credit risk of the assets [23]. Further, WLS allows Pepper Money to benefit from the loan acquirer's lower cost of capital.

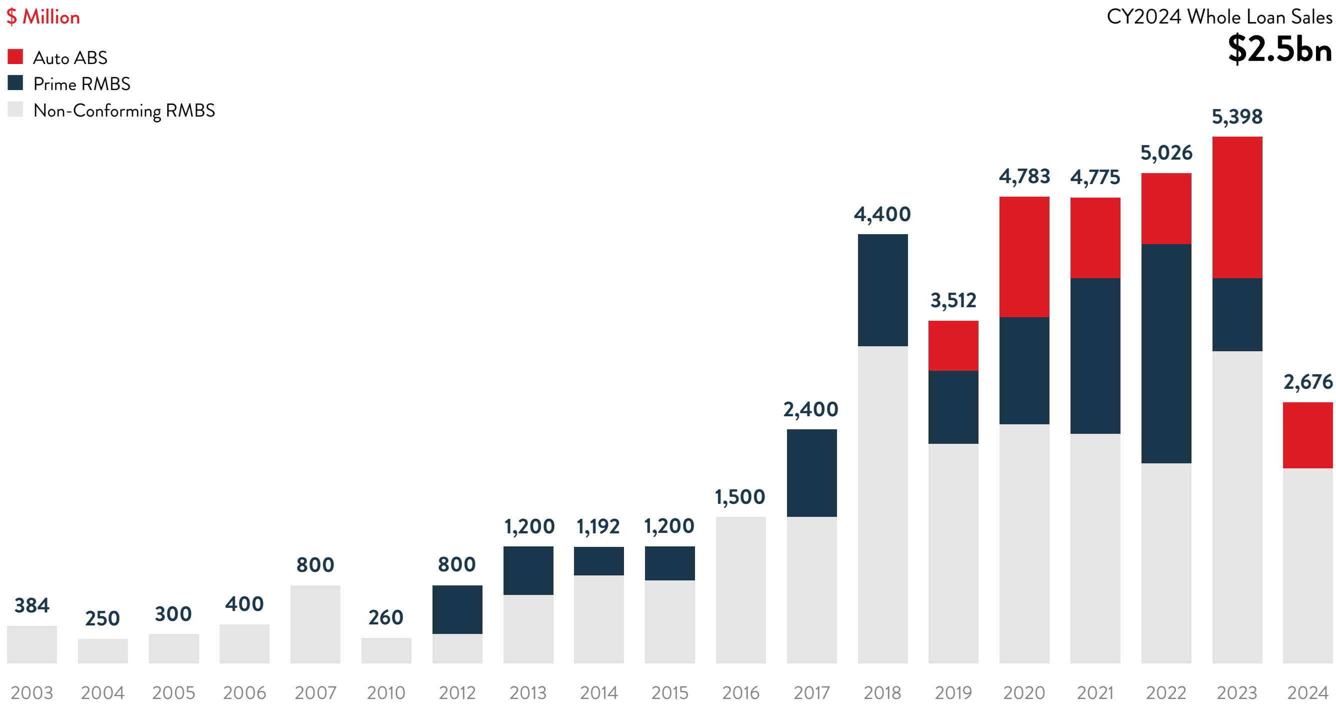
Total **Warehouse Facility** capacity at 31 December 2024 of $10.8 billion[24], increased $1.7 billion from 30 June 2024, and $1.5 billion on CY2023 close. Headroom capacity allows the business to capitalise on opportunities to accelerate originations growth, as seen through Mortgage Originations increasing 27% second half 2024 vs first half 2024. Headroom capacity also provides origination protection in the advent of funding markets experiencing a material slowdown.

Pepper Money has four **Public Term Securitisation programs** – Pepper-Prime, PRS, Pepper-Social and SPARKZ – and over CY2024, the following new issuances were made to support the growth of the business and fund assets:

Public Securitisations	Issuance size $M	Settlement date
RMBS		
Non-Conforming		
• PRS 39	$675.9	28 February 2024
• PRS 40	$1,250.0	16 August 2024
Prime		
ABS		
• SPARKZ 8	$675.9	18 April 2024
	$2,675.9	

23. Subject to standard representations and warranties provided by Pepper Money Limited.
24. Includes Pepper Money Notes.

Since 2003, Pepper Money has **securitised** in excess of $41.3 billion across 64 transactions[25]:



Pepper Money regularly sells pools of loan assets at a premium to par value as part of its Whole Loan Sale program. As part of the sale arrangements, Pepper Money is appointed as the servicer of the loan assets by the buyer and thus continues to receive ongoing monthly fees following the sale of the asset pool. Servicing fees are based on the loan balance over time. WLS allows Pepper Money to benefit from the loan acquirer's lower cost of capital. Over CY2024 Pepper Money executed 7 Whole Loan Sales as part of its programmatic funding approach. Whole Loan Sales executed were across all asset classes, as summarised below:

Asset class	Issuance size $M	Settlement date
Mortgages: Prime	$218.3	27 March 2024
	$164.7	27 June 2024
	$179.8	31 October 2024
Mortgages: Non Conforming	$226.1	27 June 2024
	$723.6	12 December 2024
Asset Finance	$500.0	12 June 2024
	$500.0	25 November 2024
Total Whole Loan Sales	**$2,512.4**	

25. Chart is total issuance size of Public Term deals (excluding refinances) by issuance year, up to 31 December 2024.

6.2. Capital and Liquidity Management

Pepper Money's cash resources, including cash funded via Pepper Money's Corporate Debt Facility and Debt Issuance Program, are used to fund Pepper Money's investment in Junior Securities in Warehouse Facilities and Term Securitisations, investment in CRR (Credit Risk Retention) Securities to meet credit risk retention requirements, funding of various loan assets (predominantly seed pools for new asset classes) and other operating expenses.

In March 2024, Pepper Money completed the acquisition of the 35% residual shareholding in Stratton Finance Pty Ltd for a cash consideration of $41.7 million funded from cash reserves.

Following the maturity, and repayment, of Pepper Money's Corporate Debt Facility (CDF), a new syndicated 3-year revolving credit facility was established on 23 May 2024. At the time of establishment, the facility was drawn to $155.0 million.

In line with Pepper Money's capital management strategy, part of the cash released from Whole Loan Sales, was used to pay down the CDF, to a drawn balance of $125.0 million as at 31 December 2024. A further $25.0 million of the Medium-Term Notes was retired in December 2024, reducing the drawn amount of the facility to $90.0 million.

The key terms of the Corporate Debt facilities are summarised below:

Facility Name	Syndicated Facility Agreement[26]	Medium Term Notes
Commencement Date	23 May 2024	13 October 2021
Facility Size	A$270 million Revolving cash advance facility	
Drawn as of 31 December 2024	A$125 million	A$90 million
Interest and Fees	At a minimum, the CDF bears interest at the 3-month BBSY[27] rate plus a variable margin. Fees paid / payable in connection with the CDF include the following: • a one-off upfront fee paid on drawdown of the CDF; • an ongoing commitment fee on the undrawn portion of the commitments.	The Medium-Term Notes bear interest at 3-month BBSW[28] plus a margin A one-off upfront fee paid on drawdown of the Notes.

26. Known as the Corporate Debt Facility ("CDF").
27. BBSY: Australia Bank Bill Swap Rate.
28. BBSW: Australian Bank Bill Swap Bid Rate.

For CY2024, Pepper Money's, sources and use of funds, are summarised below:

Sources and Uses of Cash	$M
31 December 2023 Unrestricted Cash Balance	**121.1**
Sources:	
Whole Loan Sales gross premium released	89.1
Cash generated from operations	50.3
Cash from note sales / funding	9.0
Other cash items	5.1
Total cash generated	**153.5**
Uses:	
Dividends paid	(44.1)
Acquisition of 35% residual shareholding in Stratton	(41.7)
Corporate Debt repaid	(30.0)
Medium Term Notes repaid	(25.0)
Share buy back	(2.5)
AOFM accelerated repayment	(7.4)
Total cash deployed	**(150.6)**
31 December 2024 Unrestricted Cash Balance	**124.0**

At 31 December 2024, Pepper Money had unrestricted cash balances of $124.0 million (30 June 2024: $99.8 million, 31 December 2023: $121.1 million). The drawn corporate debt facility balance at 31 December 2024 was $125.0 million (30 June 2024 and 31 December 2023: $155.0 million) and total Medium Term Notes balance was $90.0 million (30 June 2024 and 31 December 2023: $115.0 million). Available and undrawn corporate debt balance was $145.0 million at year end. The Company remains focused on maintaining prudent capital levels to provide flexibility given market uncertainty.

7. Dividend

CY2023 fully franked final dividend of 5.0 cents per share was paid on 18 April 2024[29].

CY2024 fully franked interim dividend of 5.0 cents per basic share was paid 10 October 2024[30].

For CY2024 the Board has declared a fully franked final dividend of 7.1 cents per share to be paid 17 April 2025[31]. The final dividend represents a payout ratio of 60.0% of the Pro-forma NPAT from the period 1 July 2024 to 31 December 2024, the upper end of the dividend payout ratio of 30 – 60.0% set under the existing Board Dividend Policy[32]. The Board believes the dividend recognises the ongoing capital management strategy to deliver strong and consistent returns to shareholders.

On a full year basis, fully franked dividend paid or payable of 12.1 cents per share represents a payout ratio of 54.1% on Pro-forma NPAT from 1 January 2024 to 31 December 2024 and an annualised yield of 8.6%.

	Final Dividend		Full Year	
Dividend Paid or Payable	**2H 2024 Pro-forma & Statutory**	**2H 2023 Pro-forma**	**CY2024 Pro-forma & Statutory**	**CY2023 Pro-forma**
NPAT ($ million)	**$52.2**	$52.0[33]	**$98.2**	$111.1[34]
Average share price[35]	**$1.40**	$1.38	**$1.40**	$1.35
WANOS[36] (millions) on issue	**440.7**	439.7	**440.7**	439.7
Dividend payout%	**60.0%**	37.5%[33]	**54.1%**	34.0%[34]
Dividend ($ million)	**$31.3**	$22.2	**$53.2[37]**	$37.8
Dividend per share[33]	**7.1 cents**	5.0 cents	**12.1 cents**	10.5 cents
Dividend yield[38]: Annualised			**8.6%**	6.4%[34]

29. Record date for CY2023 final dividend – 14 March 2024.
30. Record date for CY2024 interim dividend – 15 September 2024.
31. Record date for CY2024 final dividend – 20 March 2025.
32. Refer Pepper Money Limited Annual Report 2023, page 42, and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181.
33. Statutory NPAT for 2H 2023 $56.7 million giving a final dividend payout ratio of 35.2%.
34. Statutory NPAT for CY2023 $108.7 million giving a full year dividend payout ratio of 34.7% and annualised yield of 6.4%.
35. Average share price as per ASX close: 1 July 2024 – 31 December 2024. (CY2023: 1 July 2023 – 31 December 2023).
36. WANOS: weighted number of shares.
37. Subject to rounding.
38. Dividend yield based on average 1 January 2024 – 31 December 2024. (CY2023 average 1 January 2023 – 31 December 2023).

8. Risk Management Framework, Material Risks and Business Uncertainties

8.1. Risk Management Framework

Risk management is an integral part of Pepper Money's business model. We recognise that risk management drives sustainable customer and business outcomes and is core to Pepper Money delivering on its strategy, mission and purpose.

Pepper Money operates in adherence to its Risk Management Framework ("RMF"), which provides an effective and efficient approach to govern and oversee Pepper Money. This includes identifying, monitoring and mitigating risks to allow the business to deliver its strategy and to oversee business activities.

Pepper Money's Board has the ultimate accountability for risk management for the Company, including setting the risk appetite of the business (documented in the Risk Appetite Statement). Day-to-day responsibility for risk management is cascaded through the delegation of individual accountability, with reporting and escalation facilitated through the Risk Governance structures outlined below. Policies, procedures, and limits are defined to ensure activities remain within an understood and appropriate level of risk. Pepper Money continues to evolve our approach to risk management, given the ever-changing requirements of the business, our operating and regulatory environment, and our key stakeholders.

Risk Management Framework	Board and Strategy Risk Appetite Statement Risk Management Strategy	
Residual	**Financial Risks** • Credit Risk • Liquidity Risk • Funding Risk • Market Risk	**Non-Financial Risks** • Compliance • Operational • Reputational / Conduct Risk
Inherent	**Strategic Risks**	
Independent Validation and Testing	**Internal Audit (3rd Line of Accountability)**	
Risk Policies	**Risk Management (2nd Line of Accountability)** • Credit Policy • Funding Policy • Compliance Policy	 • Operational Risk Management Policy • Business Resilience Policy
Procedures and Supporting Documents	**Business (1st Line of Accountability)** • Procedures • Standards • Guides	 • Manuals • Registers

RISK CULTURE

All employees at Pepper Money have a role to play in risk management. Fundamental to the RMF is the "three lines of accountability" model, which considers Pepper Money's business and functional structures. The model delineates management accountabilities and responsibilities over risk management and the control environment, thereby creating a robust control environment to manage inherent risks. The model ensures risks are identified and issues are escalated, with a clear separation between the first, second and third lines of accountability:

1st Line: 1st line Management are accountable and responsible for management of risks, compliance obligations and controls.

2nd Line: The Risk and Compliance functions establish frameworks and policies to assist and provide oversight to 1st line activities, with the management, monitoring and reporting of risks and compliance obligations.

3rd Line: is an independent function – Internal Audit – which provides independent assurance on the adequacy and effectiveness of risk management activities.

Other key components to the RMF include:

Risk Governance

Pepper Money has established risk governance through a comprehensive committee structure to support the management of risks, including the:

- Audit and Risk Management Committee (Board).
- Remuneration and Nomination Committee (Board).
- Environmental, Social and Governance Committee (Board).
- Executive Risk Committee (Management).
- Asset and Liability Committee (Management).
- Credit Committee (Management).
- Product and Pricing Committee (Management).
- Environmental, Social and Governance Committee (Management).

Culture, Training and Awareness

The Board operates with risk management as a key focus and has implemented a "tone from the top" approach.

The importance of risk culture is driven from the Board to the Management teams and then across the organisation. This includes operating with an awareness of the three lines of accountability, Pepper Money's strategy and risk appetite and an understanding of how this translates to individual roles, responsibilities and day-to-day processes.

Risk culture is reinforced through regular training and communication across all levels of the business.

Policies and Procedures

Pepper Money has the required understanding of, and adherence to, law and regulations across the business. This helps to inform policies, business processes, and procedures, that cover all aspects of lending and loan servicing. These include, but are not limited to:

- credit, business processes;
- loan documentation;
- collections and litigation;
- complaints procedures;
- hardship procedures;
- accounting;
- investor reporting;
- anti-money laundering (AML); and
- system usage.

Escalation, monitoring & reporting

Pepper Money has established risk monitoring procedures alongside a positive risk-informed culture that encourages the escalation of incidents, including the escalation of compliance-related incidents. Risk reporting is designed to enhance improved decision making.

For further information please refer to Pepper Money's Corporate Governance Statement at:**www.peppermoney.com.au/about/corporate-governance.**

8.2. Operating environment evolving material risks

Pepper Money operates in a constantly evolving environment which places the understanding and management of risks at the forefront. Pepper Moneys' RMF provides the mechanism for the Board, Management and employees to effectively identify, evaluate and adjust for the changing risk environment.

The most significant risks that the Company face have been determined to be "Material Risks", which are risks that may affect Pepper Money's ability to deliver its strategy or meet its obligations. Pepper Money categorises key material risks into financial and non-financial as below:

Framework	Risk Management Framework		
Tolerance Levels	Risk Appetite Statement		
Material Risks Categories	Financial	• Macro-economic risk • Credit risk • Funding risk	• Liquidity risk • Interest rate risk
	Non-Financial	• Environmental, Social & Governance risk • Cyber risk • Data risk • Technology risk • Regulatory & compliance risk	• Operational risk • Conduct risk • Human capital risk • Third party risk

8.2.1 Emerging Risks

Pepper Money conducts a formal process for the identification, consideration and assessment of emerging risks and their integration into the Risk Management Frameworks where appropriate. This includes seeking regular input from participants at risk related forums and committees and the use of third-party publications and firms, often incorporating Emerging Risk survey responses from both Australian and International market participants.

Pepper Money assesses candidate "Emerging Risks" for applicability and potential impact to ensure the risks are considered, before either incorporating the risk into the Risk Management Framework as a Material Risk or ensuring that relevant component risks are adequately addressed by existing Material Risks.

8.2.2 Financial Risks:

Key Risk	How Pepper Money respond
Macro-economic risk arises from factors such as inflationary pressures, unemployment, underemployment, interest rates, lack of income growth, business investment, government spending, government policy, the volatility and strength of the global and Australian / New Zealand capital markets, currency value and exchange rates all affect the business and the economic environment.	• Pepper Money continuously monitors the risk of changes in the Australia / New Zealand and global environment that restricts access to capital. • Pepper Money manages the business responsibly, protecting the Company's strong capital position and maintaining conservative buffers to address uncertainties, in line with the Company's Liquidity Policy, Funding Strategy and Risk Appetite Statement.
Credit risk is the risk of potential financial loss arising from exposure to an entity's customer or counterparty in the event of default. A change in customer circumstance or a failure by Pepper Money to adequately assess and manage credit risk may result in credit losses, decreased operating cash flows, significant credit impairment expenses, increased funding costs, and reduced access to funding. Pepper Money is exposed to the risk that its customers do not meet their financial obligations (e.g. their obligation to repay loans) or become insolvent.	• Pepper Money has a strong, established credit risk framework that ensures a consistent credit assessment process for each customer. The key elements of the credit risk framework include: – **governance:** Pepper Money has an established Executive Risk Committee and Credit Committee to manage and implement its clearly defined risk appetite and consequent credit risk framework; – **credit risk policies:** provide the rules to determine whether Pepper Money will lend to a specific customer, capturing qualitative and quantitative data relating to the customer profile, customer requirements and objectives, data from credit bureaus, assessment of the collateral, legislative obligations and other factors; – **credit procedures:** supports Pepper Money's processes to assess, verify, price and approve a loan application from a customer; – **arrears management and collections:** policies and procedures in place to manage non-payment of loan repayments; – **hardship management:** policies and procedures that recognise, acknowledge and respond to changing regulatory requirements and customer circumstances – when they are unable to meet their obligations under a credit contract; and – **portfolio monitoring:** reporting and monitoring on the performance of loan portfolios.
Funding risk: Pepper Money's funding platform currently comprises a mix of Warehouse Facilities, Term Securitisations, Whole Loan Sales programs, Corporate Debt Facilities and balance sheet cash. Pepper Money depends on continued access to these funding sources to fund its new originations and existing lending in Mortgage and Asset Finance receivables, as well as to support its ongoing business operations.	• Pepper Money continuously monitors the risk of changes in the Australia / New Zealand and global environment that restricts access to capital. • Pepper Money maintains a Liquidity Policy and Funding Strategy which are designed to ensure sufficient funds to support new loan originations and pay maturing liabilities through a pre-defined time horizon as well as meeting specific liquidity position requirements. • Pepper Money has a Contingency Funding Plan supported by an Emergency Liquidity Management Team that may be utilised in the event of a stressed funding scenario. • Pepper Money conducts stress scenario testing on a regular basis to ensure it can operate under a wide range of operating conditions. • Pepper Money manages all operational funding requirements via its Asset and Liability Committee (Management), which meets at least monthly.

Key Risk	How Pepper Money respond
Liquidity risk is the risk of an adverse impact to the earnings or operations of Pepper Money that may result in having insufficient funds to meet obligations when they become due, customer demands for funds or any other financial obligations. This includes liquidity obligations with respect to Pepper Money's AFSL[39] financial requirements.	• Pepper Money maintains a Liquidity Policy and Funding Strategy which are designed to ensure sufficient funds to support new loan originations and pay maturing liabilities through a pre-defined time horizon as well as meeting specific liquidity position requirements. • Pepper Money has a Contingency Funding Plan supported by an Emergency Liquidity Management Team that may be utilised in the event of a stressed funding scenario. • Pepper Money manages operating liquidity requirements through its Cashflow Forum, comprised of the CFO, Treasurer, Corporate Development and Treasury representatives. The Cashflow forum meets at least 2 times a month to review Pepper Money's Cash Needs Requirement under the Liquidity Policy; and conduct liquidity stress tests (at least monthly) for a variety of Pepper Money-specific and market-wide events across a rolling 12-month period.
Interest rates risk: Pepper Money is exposed to the risk that: 1. Customers are unable to meet their financial obligations or become insolvent as a result of increases in the customer's payment obligations caused by rising interest rates or cost of living expenses. 2. Fixed rate loans are inappropriately hedged.	• Pepper Money monitors the risk of changes to customer circumstances and applies data analytics to monitor and access impacts of macroeconomic and other factors (for example changes to house prices) on customers' ability to meet their obligations. • Pepper Money manages ongoing oversight of customers under the Risk Management Framework via the Credit Committee. • Pepper Money conducts stress scenario testing on its portfolio on a regular basis, using combinations of possible and plausible macroeconomic conditions, to better understand the potential impacts on both customer and Pepper Money. • Pepper Money enters into interest rate swap contracts to offset the variability in cash flows from changing interest rates. • Pepper Money utilises pre hedging and hedging activities.
Environmental, Social & Governance (ESG) risk: is the risk of failure to appropriately identify and manage material environmental, social and governance risks and opportunities. ESG Risk is an area that is continually evolving, with regulatory, compliance and reporting obligations for companies changing over time.	• Pepper Money has established an ESG Committee (Board) and an ESG Committee (Management) and manages ESG risk through its ESG Framework, which seeks to create the structure, processes and policies for the identification of ESG risks and how the Company manages, within agreed base measures. • Pepper Money's ESG Framework is evolving as ESG regulatory, compliance and reporting obligations evolve, to ensure Pepper Money meets emerging ESG reporting requirements (AASB S2[40]), as well as develops greater rigour in the Company's ESG reporting to market.

39. AFSL: Australian Financial Service Licence
40. Australian Sustainability Reporting Standard – S2: Climate-related Disclosure, for reporting periods beginning on or after 1 January 2025.

Key Risk	How Pepper Money respond
Cyber risk: Pepper Money is dependent on the operation of its technology platforms to accurately assess customers, provide reliable services and accurate and timely reporting. There has been an observable increase in high profile cyberattacks on companies in Australia and globally. Any disruption to Pepper Money's technology platform through direct cyberattacks or attacks to our system managed by suppliers can result in serious disruption to critical business functions, create material data protection issues, and could adversely affect Pepper Money's business, customers, operations, reputation or financial performance. Pepper Money continuously invests to protect our systems, minimise disruption and to ensure data protection for all stakeholders.	• Recognising the size and complexity of the threat, Pepper Money has a dedicated team to operate and continue to improve the maturity of its cyber security control framework. • Pepper Money has a framework of standards, policies and systems to address cyber, privacy and data governance risks. This framework is reviewed at regular intervals to ensure it supports the Company's ability to respond to the changing cyber threat environment. • Pepper Money maintains a 24 x 7 security threat monitoring service and third party security operations centre that identifies potential breaches and responds during the early stages of any attack to minimise impact on the business, customer and partners. • Pepper Money maintains, and regularly tests cyber security and disaster recovery procedures across critical systems, including company-wide security and cyber security awareness and education for all employees. • Pepper Money maintains a compliance program which includes periodic audits of the Company's cyber security program, including ISO 27001 recertification and assurance testing.
Data risk: refers to the potential for loss, harm or regulatory non-compliance arising from mishandling, unavailability, poor quality or loss of data. Pepper Money is dependent on appropriately managing, maintaining and protecting data to ensure integrity in decision making, meeting regulatory obligations and providing accurate, timely and compliant services to stakeholders.	• Pepper Money maintains strong data governance and controls through an enterprise-wide Data Governance Framework that supports the business in protecting its data, and customer data, to ensure adherence to privacy laws. • Data is utilised by Pepper Money to appropriately evaluate the credit risk of a potential customer as well as monitor and report on the performance of its portfolio. • Structured systems user access management is used in combination with data loss prevention mechanisms and a series of other cyber protection mechanisms to further protect Pepper Money from inadvertent or intentional data exfiltration.
Technology risk: There is a risk of disruption to Pepper Money's business activities, due to an externally driven crisis, the failure of information technology platforms, or, system failures. This also applies where Pepper Money's operations are dependent on access to third party technology and data providers to undertake informed, accurate and timely assessments of potential applicants. If disruption was to occur, Pepper Money could face significant costs and / or business disruption.	• Pepper Money has designed and implemented resilience programs and modern systems and processes to enhance the reliability of its platform. This includes increasing the scale and capability of its shared service operations in the Philippines, to enhance flexibility to work across multiple locations in any event of disruption in one workplace. • Pepper Money maintains disaster recovery and business continuity plans, which are reviewed and tested at least annually. Tests of critical systems take place annually to ensure technical configuration for disaster recovery is compliant with these policies and standards. • Where Pepper Money depends on third parties to provide technology services, solutions and (cloud) platforms, regular vendor management and governance activities assure that these providers are delivering services in a manner compliant with standards and policies. • Pepper Money is ISO-27001 compliant.

Key Risk	How Pepper Money respond
Regulatory and Compliance risk is the risk of legal or regulatory sanctions, financial loss, as a result of its failure to comply with all applicable laws, regulation, codes of conduct and standards of good practice relevant to Pepper Money. Pepper Money operates within regulated markets that are subject to a range of legislative and compliance requirements. In both Australia and New Zealand (noting that Australia represents the substantial majority of the Group's operations), Pepper Money must comply with statutory obligations in relation to, among other things, licensing, responsible lending, anti-money laundering, counter terrorism financing, privacy, customer identification, credit reporting, unfair contract terms and disclosures to customers and investors. Pepper Money may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice relevant to the entity.	• Pepper Money's objective is to manage regulatory and compliance risk such that Pepper Money is compliant with all applicable laws, regulations, codes of conduct and standards of good practice, and manage operational risk so as to balance the avoidance of financial loss and damage to the Company's reputation, against excessive cost and control procedures that restrict initiative and creativity. • Regulatory and Compliance risk is a subset of operational risk and managed with policies, processes and practices aligned to the Risk Management Framework. • The Company's Compliance function, in conjunction with Pepper Money's Legal team, provides independent advice, oversight and challenge on regulatory compliance as well as providing advice to individual business divisions to assist with the implementation of regulatory change.
Operational risk is the risk of loss to the earnings or operations resulting from inadequate or failed internal processes, people and systems, and / or from external events. Operational risks for Pepper Money include people, data, fraud, outsourcing, technology, information security, business disruption and general process management.	• Pepper Money has a framework for the management of operational risk that is the totality of systems, structures, policies, processes and people that identify, analyse, respond, monitor and review all internal and external sources of risk that could have a material impact on Pepper Money. • Pepper Money has specific capabilities, policies and procedures to manage and monitor operational risks. These include, but are not limited to, processes for customer identification, credit assessment, internal and external fraud monitoring and frameworks. • Pepper Money maintains a Resilience Policy and Framework including crisis management, business continuity and disaster recovery plans, which are reviewed annually. • Tests of critical systems and processes take place annually to ensure technical configuration for disaster recovery is compliant with Pepper Money's policies and standards and ensure the ability to recover from a disruption event. • Where Pepper Money depends on third parties to provide services, regular vendor management and governance activities assure that these providers are delivering services in a manner compliant with Pepper Money's standards and policies.
Conduct risk is the risk of delivering unfair outcomes for Pepper Money's customers, partners, investors, employees and communities in which we operate from inappropriate, unethical, or unlawful behaviour, action or omission by Management, employees or business partners which may be deliberate or inadvertent. Poor conduct is a cause of operational risk. Pepper Money can be exposed to both intentional and unintentional misconduct risks.	• Pepper Money manages conduct risk through its policies, processes and practices which are aligned to the Risk Management Framework. • Pepper Money's Code of Conduct supports the Company's values and culture and seeks to minimise conduct risk • Pepper Money has monitoring and reporting in place to identify potential misconduct. • Pepper Money has performance measures and remuneration practices in place that, amongst other things, rewards good conduct.

Key Risk	How Pepper Money respond
Human capital risk: Exposure to changes in personnel, including an inability to attract and retain quality and appropriate people or loss of key personnel. Also, the risk of breaching employment legislation, mismanaging employee relations, and failing to ensure a safe work environment.	• Pepper Money is committed to operating with an inclusive and open work environment where everyone is treated fairly, is given respect and has the opportunity to achieve success. Pepper Money believes that diversity and inclusion are key to not just the business' success but the success of all employees. • Pepper Money undertakes regular remuneration benchmarking against industry peer groups, in line with FIRG's[41] 50th percentile for similar size organisations, to ensure we remain competitive within the market and reward our employees for displaying the right behaviours of a high performing culture. • Pepper Money supports employees through a range of policies including but not limited to remuneration reward and recognition programs, Health and Wellness programs[42] and through investment in learning, development and personal growth. • Pepper Money aligns its workforce planning strategy with the efficiencies created by technological process improvement and digitalisation. Pepper Money's move to a hybrid model of working allows employees to work from different locations in order to support a more productive and balanced way of working. • Pepper Money monitors the engagement and retention of its employees through regular feedback opportunities. • Pepper Money regularly reviews its succession planning pipeline and tables this as a standing agenda item with the Remuneration and Nomination Committee. • Pepper Money invests in the growth and development of its key leaders and talent pipeline.
Third party risk: The risk of failing to manage third party relationships and risks appropriately, including risks resulting from the outsourcing of services or functions.	• Pepper Money has a framework of standards, policies and systems to supplier management, procurement policies, procedures and governance frameworks. This framework is reviewed at regular intervals to ensure they support the Company's ability to respond to the changing environment. • Pepper Money regularly reviews the performance of third party suppliers including an assessment of their compliance obligations and undertakes annual Cyber and Information Security audits depending on criticality.

41. FIRG: Finance Industry Remuneration Group.
42. Health & Wellness programs includes gym membership, mental health support and education, and full access to Employee Assistance Program (EAP).

9. Outlook

Pepper Money is well positioned to deliver long-term sustainable growth for stakeholders. Recognising the difficulties of the operating environment of the last few years, with high interest rates, high inflation and the cost-of-living pressures on consumers, Pepper Money is positioned to capitalise on opportunities to grow the business, as interest rates start to reduce in Australia over CY2025 and inflation continues to moderate.

Looking ahead to CY2025-2029, Pepper Money's strategy continues to be structured around building sustainable AUM at an acceptable risk-adjusted return. Pepper Money has a 24+ year history of adapting to and managing through all cycles – the business again clearly demonstrated its resilience, with the results delivered.

Pepper Money continues to focus on the long-term view and has proven ability to adjust accordingly – adapting to and managing through all cycles. Pepper Money remains committed to building sustainable value for shareholders, customers, partners and communities. Pepper Money is able to do this through:

The ability to identify opportunities in large addressable markets

- **Track record of deliver customer segment and product opportunities:** Pepper Money operates in a large total addressable market of $2.7+ trillion. Within this large total addressable market, Pepper Money continues to identify, and capitalise on, product innovation to customer niches. Pepper Money delivers value for customers and generates an appropriate risk-adjusted return for its business, as shown through the launch of Pepper Money's "Super Smart" SMSF and Sharia Lending mortgage products in Australia.
- **Disciplined approach:** to credit, underwriting, leveraging 24+ years of experience and pricing for risk.

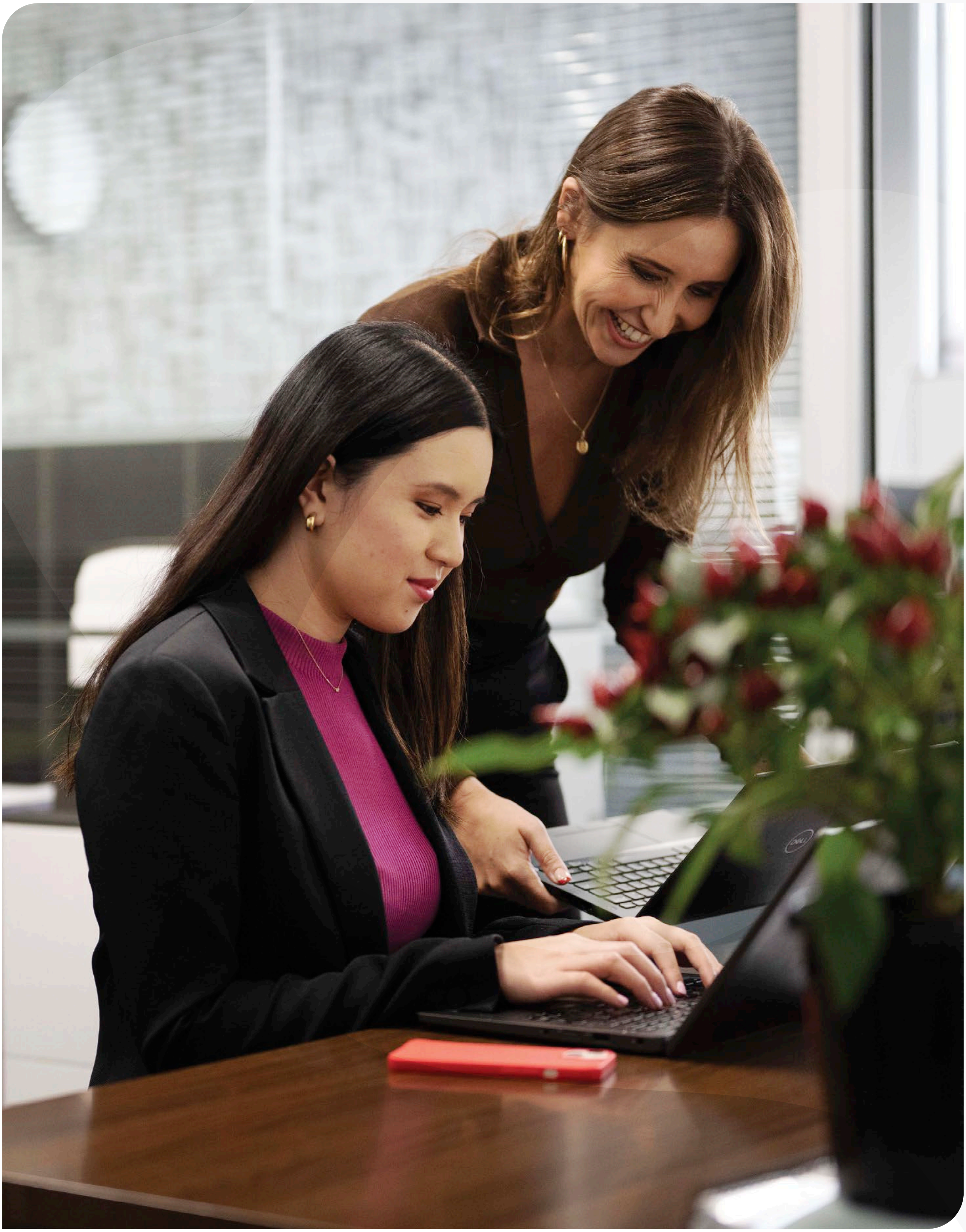
Agility to adapt and respond to changing market conditions

- **Business diversification:** Pepper Money has capitalised on changing market and consumer behaviour to build new business opportunities. Pepper Money's Asset Finance business commenced in 2014 and as at the end of 2024 accounts for 38% of Total Operating Income, with $5.6 billion in Assets Under Management.
- **Funding diversification:** Pepper Money responded to changing investor appetite for Whole Loan Sales to capitalise on opportunities, leading the market in 2024, executing seven Whole Loan Sales, totalling $2.5 billion. This has released capital to fund new origination growth, reduce indebtedness and increase returns to shareholders through increased dividends (up 41% year on year increase).
- **Capital light segment diversification:** on execution of a Whole Loan Sale, Pepper Money retains the servicing of the loans, while releasing the capital. Pepper Money Loan and Other Servicing business segment, as such, has seen Total Operating Income grow to $11.0 million in CY2024 up 50% on 2023.

Scaled platforms supporting efficient growth

- **Strength across the value chain:** Pepper Money has developed a comprehensive business model designed to scale, with key strengths across customer acquisition and distribution, underwriting capabilities, customer service, distribution partner support, centralised data and investment into data analytics, loan servicing and processing, and credit management.
- **Purpose built technology platform:** providing flexibility to efficiently respond to increased (and decreased) demand to drive performance across the business.

Directors' Report



The Directors of Pepper Money Limited ("Pepper Money" or the "Company") present their report, together with the financial statements of Pepper Money Limited and its controlled entities ("the Group") for the year ended 31 December 2024 ("the period") which is designed to provide shareholders with a clear and concise overview of Pepper Money's operations and the financial position of the Group. The review complements the financial report.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report is as follows:

Board of Directors

The profiles of the Directors' have been included on pages 8 to 9.

The following persons were Directors of the Company during the year and up to the date of this report:

Akiko Jackson

Chair and Independent Non-Executive Director
Appointed Chair 23 May 2024
Appointed to the Board 6 May 2021

Mario Rehayem

Chief Executive Officer

Mike Cutter

Independent Non-Executive Director

Des O'Shea

Non-Executive Director and Shareholder Representative

Vaibhav Piplapure

Appointed to the Board 23 May 2024
Non-Executive Director and Shareholder Representative

Justine Turnbull

Independent Non-Executive Director

Rob Verlander

Independent Non-Executive Director

Michael Culhane

Ceased 23 May 2024
Chair and Shareholder Representative

Directors' meetings

The number of Directors' meetings (excluding circulating resolutions) held during the year and each Director's attendance at those meetings is set out in the table below:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee		Environmental, Social and Governance Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Akiko Jackson[1]	8	8	7	7	3	3	1	1
Mario Rehayem	8	7	x	x	x	x	x	x
Mike Cutter	8	8	7	7	x	x	1	1
Vaibhav Piplapure[2]	5	4	x	x	x	x	x	x
Des O'Shea	8	8	7	7	3	3	1	1
Justine Turnbull	8	8	x	x	3	3	1	1
Rob Verlander	8	8	7	7	3	3	1	1
Michael Culhane[3]	3	3	2	2	1	1	x	x

X: not a Member of the Committee.
1. Akiko Jackson elected Chair 23 May 2024.
2. Vaibhav Piplapure commenced as a Non-Executive Director and Shareholder Representative on 23 May 2024.
3. Michael Culhane ceased as Chair and Shareholder Representative on 23 May 2024.

Director's interests

Refer to the Remuneration Report for details of each Director's relevant interests in the shares and rights of the Group at 31 December 2024.

Company Secretary

John Williams.

Key Management Personnel

Remuneration information of the Key Management Personnel ("KMP") of the Company during or since the end of the year-ended 31 December 2024 is detailed in the Remuneration Report section of this Directors' Report.

The term KMP refers to those individuals having authority and responsibility for planning, directing and controlling the activities of the Group, including any Director of the Group (Executive or otherwise).

Remuneration Report

The Remuneration Report can be found from pages 68 to 91 and forms part of the CY2024 Directors' Report.

Principal activities

Pepper Money is one of the largest non-bank lenders in the Australian mortgage and asset finance markets. Pepper Money commenced business in Australia in 2000 as a provider of home loans to consumers who fall outside the lending criteria of traditional bank and non-bank lenders, otherwise known in Australia as the non-conforming or specialist mortgage market. Pepper Money has subsequently broadened its Australian business activities to also include the origination of prime residential mortgages, commercial real estate loans, mortgage loans to self-managed super funds (SMSF), auto and equipment finance, third party loan servicing and broker servicing. Pepper Money also provides residential mortgages in New Zealand.

Pepper Money's business model provides a diversified base of revenue generated at multiple points across the customer relationship and includes loan origination, lending and loan servicing.

The three core segments which Pepper Money operates in are as follows:

- **Mortgages:** financing residential home loans, small balance commercial real estate loans and SMSF mortgages;
- **Asset Finance:** financing a range of asset types for consumer and commercial customers; and
- **Loan and Other Servicing:** independent loan servicing for mortgages, asset finance and personal loans.

Pepper Money's operating model combines risk-based credit underwriting expertise with customer focused operations, servicing and collections management. Together these deliver strong performance in both the lending and servicing businesses across multiple asset classes from residential and commercial mortgages to consumer and commercial asset financing.

Presentation of financial information

Results and key financial drivers of the current and prior periods are set out in the Directors' Report and are on a Pro-forma basis, reflecting the one-off adjustments incurred in the prior comparable period as a result of the costs associated with the acquisition of The Hong Kong and Shanghai Banking Corporation Limited New Zealand residential mortgage portfolio on 1 December 2023. No Pro-forma costs have been incurred in the current reporting period.

Dividends

The Board of Pepper Money declared a fully franked final dividend 7.1 cents per share on 27 February 2025.

The final dividend represents a payout ratio of 60.0% of the Pro-forma NPAT from the period 1 July 2024 to 31 December 2024, and is consistent with the payout ratio of 30.0% – 60.0% set under the current Board Dividend Policy.[1]

The Record Date is 20 March 2025. The payment date will be 17 April 2025.

The dividend has not been provided for in the financial report.

Further details on the dividend are provided in Section 7 of the Operational and Financial Review and in Note 3(H) of the Consolidated Financial Statements.

1. Refer Pepper Money Limited Annual Report 2023, page 42, released 29 February 2024 and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181.

Operating and Financial Review

The Operating and Financial Review can be found from pages 22 to 62.

Governance and Risk

The Directors have the ultimate accountability for risk management in the organisation, including setting the risk appetite of the business (documented in the Risk Appetite Statement). Day-to-day responsibility for risk management is cascaded through the delegation of individual accountability, with reporting and escalation facilitated through the Risk Governance structures. Policies, procedures, and limits are defined to ensure activities remain within an agreed level of risk. The Company's Governance and Risk frameworks are detailed in Section 8 of the Operational and Financial review.

Pepper Money's CY2024 Corporate Governance Statement can be found at:
www.peppermoney.com.au/about/corporate-governance.

Environmental, Social and Governance

The Group conducts business in a way that seeks to support a sustainable environment. Pepper Money is setting transparent environmental, social and governance performance reporting and targets as part of its sustainability commitment. The Company's CY2024 initiatives to reduce environmental impact and support social responsibilities are covered in Section 5 of the Operational and Financial Review.

Pepper Money's Environmental, Social and Governance Report can be found at:
www.peppermoney.com.au/about/corporate-governance.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Auditor independence

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 93 and forms part of this report.

Non-audit services

Deloitte Touche Tohmatsu are the Auditors of the consolidated entity and continue in office in accordance with section 327 of the *Corporations Act 2001*.

During the year, fees were paid or payable for non-audit services provided by the auditor of the consolidated entity, its related practices and non-related audit firms.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- none of the services undermine the general principles as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the audit and non-audit fees paid or payable for services provided by the auditors are detailed in Note 17 to the Financial Report.

Insurance of officers and indemnities

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liabilities and the amount of the premium. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against liabilities incurred.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Events since the end of the period

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Rounding of amounts

The Company is a company of a kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the directors' report. Unless otherwise indicated, amounts in the Directors' report and full-year Financial Report have been rounded off in accordance with the instrument to the nearest million dollars.

Significant changes in the state of affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company during the year, except as otherwise noted in this report.

This report is signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001.*

On behalf of the Directors of Pepper Money Limited.

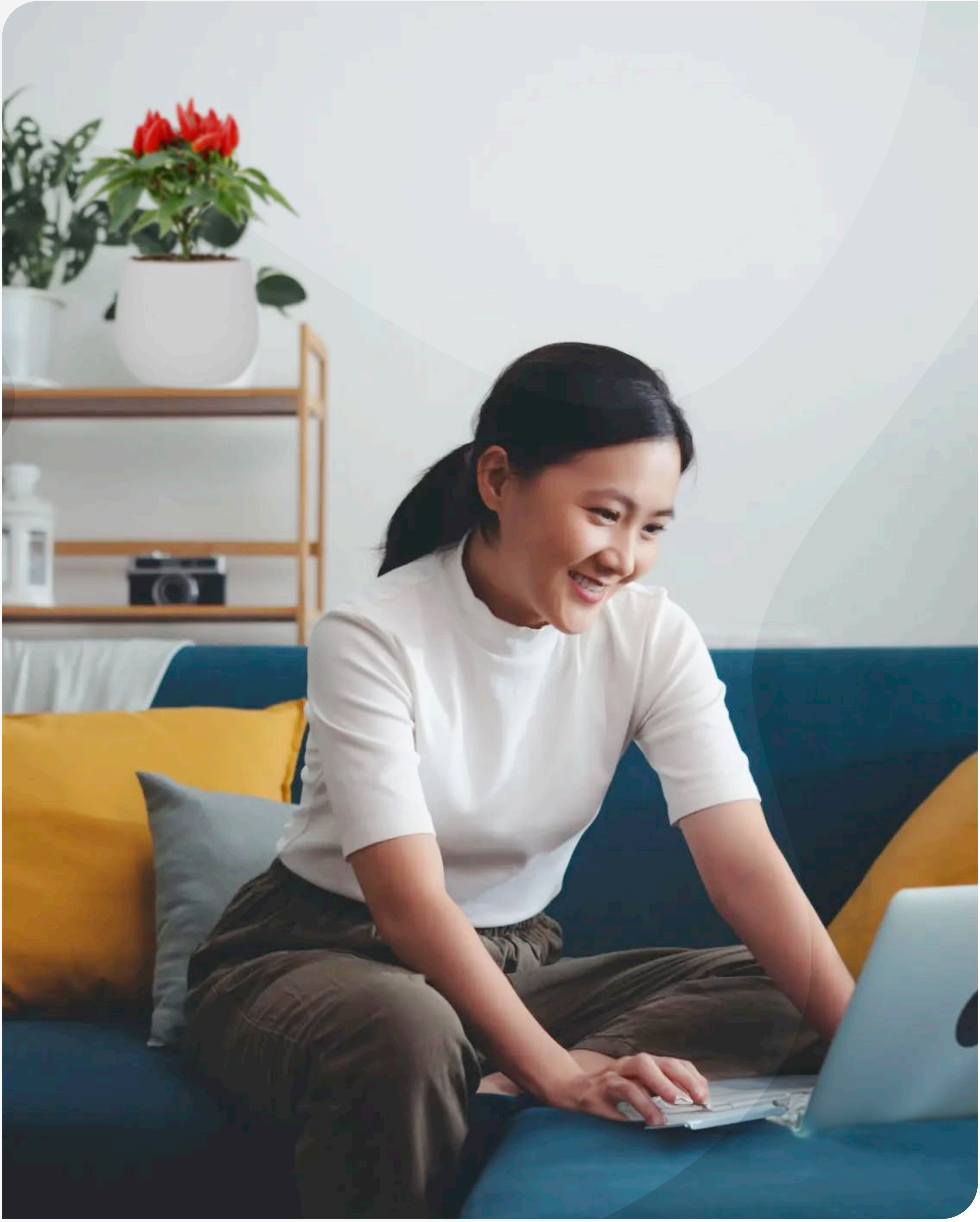
Akiko Jackson
Chair

27 February 2025

Mario Rehayem
CEO and Director

27 February 2025

Remuneration Report



Letter from the Chair of the Remuneration & Nomination Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present Pepper Money Limited's Remuneration Report for the financial year ending 31 December 2024.

Pepper Money continues to maintain its strong value proposition and strategic focus. This includes a strong focus on capital management to deliver higher shareholder return, delivering volume uplift while improving margins as well as continuing the disciplined approach to cost management and operational efficiency that the business is known for. Additionally, in 2024 we launched Project X to create sustainable, differentiated value for the Pepper Money brand through excellence in customer, partner and employee experiences, ultimately delivering long-term shareholder value.

Considering the higher interest rate environment and ongoing cost of living pressures, the Pepper Money team has again demonstrated exceptional capabilities in delivering both strong financial and non-financial results. This success is reflected in the returns to shareholders for this year, with the Board approving a final dividend for 2024, of 7.1 cents per share, a payout ratio of 60.0% – the top of the payout range. Pepper Money continues to be well positioned to swiftly capitalise on the expected opportunities that will emerge as interest rates improve over the coming year.

Changes to Non-Executive Directors

On 23 May 2024, our Chair of the Board, Michael Culhane, resigned. The Board expressed their gratitude for Mike's role played since founding Pepper Money in 2000, and his significant contributions to the success of the business.

Following Mike's resignation, Pepper Money announced subsequent changes to the Company's Board of Directors, effective the same date, as follows:

- Akiko Jackson, Independent Non-Executive Director, was appointed as the new Chair of the Board; and
- Vaibhav Piplapure joined the Board as a Non-Executive Director and Shareholder Representative.

Remuneration outcomes for CY2024

The Remuneration & Nomination Committee (RNC) continues to focus on aligning reward outcomes with Pepper Money's business strategy, performance and the interests of our shareholders.

For CY2024, adjustments were made to the Long Term Variable Remuneration ("LTVR") plan to better align Executive rewards with Pepper Money's long-term strategy and shareholder interests. The changes included:

- **40% of LTVR subject to Relative Total Shareholder Return ("TSR"):** Updated peer group, removing Yellow Brick Road which was delisted.
- **40% of LTVR subject to Earnings Per Share ("EPS"):** Replaced Return on Equity ("ROE") with EPS, setting the target annually.
- **20% of LTVR subject to Service Hurdles:** Vesting tied to service and performance conditions.

Due to the set outcome of a service hurdle target, these adjustments subsequently reset the maximum LTVR opportunity from 200% to 180% of annual fixed pay.

The RNC also assessed CY2024's performance against pre-defined strategic, financial and non-financial performance metrics. Detailed assessment information is provided in Section 3 from pages 76 to 84.

Pepper Money reported Net Profit After Tax ("NPAT") of $98.2 million. For Short Term Variable Remuneration ("STVR") purposes one-time items, such as impairment in equity investments, are removed from the NPAT calculation. The Pepper Money team delivered exceptional results underpinned by the business performance, particularly volume growth over the second half of the year, improvement in Net Interest Margin as well as the capital management strategy supported by our **Whole Loan Sales program**. The STVR outcome for the Chief Executive Officer ("CEO") was **131.7%** of target, and the STVR outcome for the Chief Financial Officer ("CFO") was **132.5%** of target. These outcomes are primarily driven by Pepper Money's NPAT results and the Return on Invested Capital ("ROIC") performance. Additionally, the successful execution of our capital management strategy and notable ESG-related achievements have significantly contributed to these results.

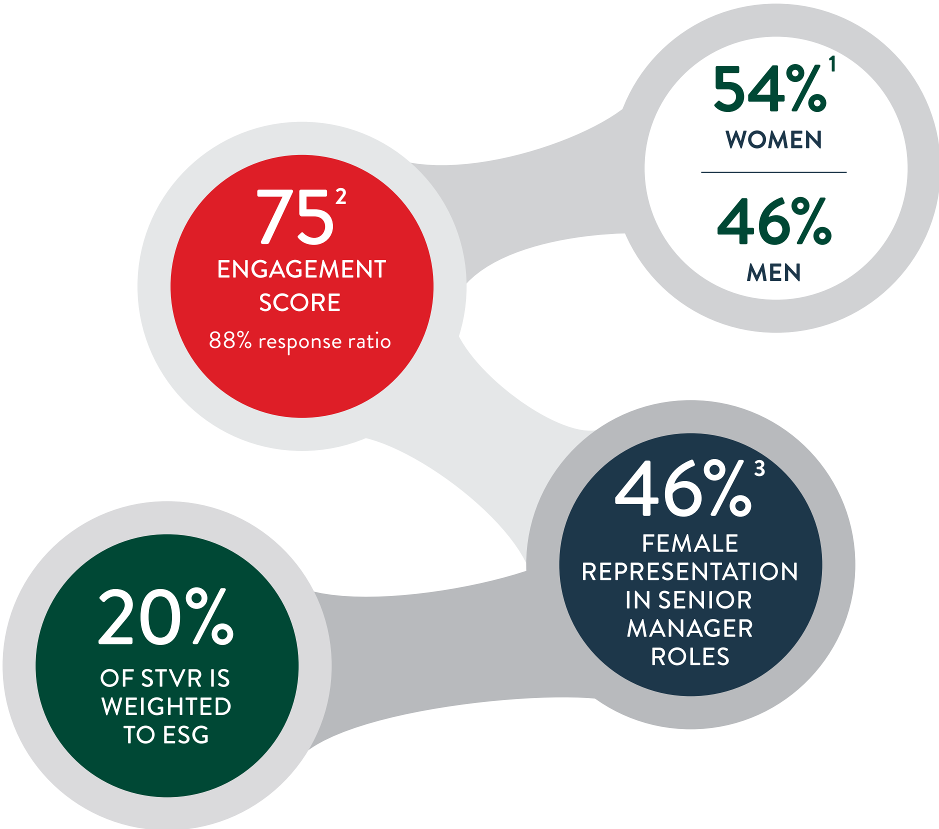
Additionally, the following equity awards are due to vest or release in March 2025:

- the deferred STVR Restricted Rights relating to the CY2022 performance year;
- the second tranche of the one-off Equity Recognition Award, equivalent to 70% of the award.

The Return on Equity for LTVR granted in CY2022, measuring the performance from CY2022 to CY2024, was achieved at 16% being the threshold of 16%. Consequently, 25% of the ROE tranche is scheduled to vest in March 2025. However, the threshold for the Indexed Total Shareholder Return (TSR) was not met, resulting in nil vesting for the LTVR Indexed TSR tranche.

No Executive KMP received a fixed pay increase in CY2024.

The Board and RNC believe that the remuneration outcomes appropriately reflect the performance of the Company and align with the expectations of our shareholders.



Inclusive metrics

In line with our commitment to fostering a diverse and inclusive workplace, the inclusive metrics are designed to ensure that our leadership team is accountable for promoting diversity and inclusion across all levels of the organisation.

Over the past year, Pepper Money made significant progress in enhancing diversity and inclusion initiatives. For instance, the Company has maintained and enhanced the representation of women in leadership positions. Additionally, the annual employee engagement surveys showed higher satisfaction levels among diverse employee groups, reflecting our efforts to create an inclusive work environment.

Pepper Money is dedicated to maintaining transparency and accountability in our reporting on inclusive metrics to ensure our shareholders have a clear understanding of the progress and impact in this critical area.

Looking ahead

As we enter CY2025, the strategy is designed to build on our values of **Can Do, Balanced, and Real**. We continue to focus on creating market-leading experiences that deliver value to customers, partners, and employees through every interaction, building a high-performing operating infrastructure that drives sustainable profitability, and protecting our brand to drive recognition and choice.

We appreciate the support and feedback from shareholders over this challenging time. We recognise the trust shareholders place in us as we guide Pepper Money towards an even brighter future.

Sincerely,

Justine Turnbull

Chair, Remuneration and Nomination Committee

1. All FTEs for all business units - Australia, New Zealand and Philippines. As at December 2024.
2. Annual Employee Engagement Survey conducted by VIVA Glint from 16 - 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.
3. Includes all business units Senior Leaders – Australia, New Zealand and Philippines. As at December 2024.

1. Introduction

The Remuneration Report for the year ended 31 December 2024 forms part of the Directors' Report. It has been prepared in accordance with the *Corporations Act 2001* (Cth) (the Act) and AASB 124 *Related Party Disclosures*, and has been audited as required by the Act. This report also includes additional information and disclosures that are intended to provide shareholders with a deeper understanding of Pepper Money's remuneration governance and practices.

1.1. Key Management Personnel

This report covers Key Management Personnel ("KMP") who are defined as those who have the authority and responsibility for planning, directing and controlling the activities of Pepper Money Limited.

			Committee membership		
Name	**Role at Year-End**	**KMP in CY2024**	**Audit & Risk**	**Remuneration & Nomination**	**Environmental, Social and Governance[1]**
Non-Executive KMP					
Akiko Jackson	Chair and Independent Non-Executive Director	Full year	✓	✓	✓
Mike Cutter	Independent Non-Executive Director	Full year	C	S	✓
Des O'Shea	Non-Executive Director and Shareholder Representative	Full year	✓	✓	✓
Vaibhav Piplapure	Non-Executive Director and Shareholder Representative	Part year	S	S	S
Justine Turnbull	Independent Non-Executive Director	Full year	S	C	C
Rob Verlander	Independent Non-Executive Director	Full year	✓	✓	✓
Executive KMP					
Mario Rehayem	Chief Executive Officer	Full year	n/a	n/a	n/a
Therese McGrath	Chief Financial Officer	Full year	n/a	n/a	n/a

✓ = Member, **C** = Chair, **S** = Standing invitation to attend meetings.

1. Committee established on 2 December 2024 to oversee ESG related matters.

1.2. CY2024 KMP Changes

The following changes to Pepper Money Limited's Board of Directors occurred on 23 May 2024:

- Michael Culhane resigned as Chair and Non-Executive Director.
- Pepper Money Independent Non-Executive Director, Akiko Jackson was appointed as Chair; and
- Vaibhav Piplapure was appointed as a Non-Executive Director and Shareholder Representative.

2. Remuneration snapshot and summary

2.1. Mission, values and remuneration principles

Pepper Money's remuneration framework is crafted to attract, retain, and motivate Pepper Money's Executives by providing competitive market remuneration. It is also designed to ensure alignment with the creation of sustained shareholder value and robust risk management practices.

Our Mission

Help people succeed

Our Values

Can Do | **Balanced** | **Real**

Pepper Money Remuneration Principles

Aligned with Shareholder Interests: Ensuring that executive remuneration is closely tied to the interests and expectations of shareholders.

Transparent and Clear Communication: Maintaining openness and clarity in how remuneration policies and outcomes are communicated.

Aligned with Leadership Principles: Ensuring that remuneration practices reflect and support the Company's leadership values and principles.

Market Competitive: Offering competitive remuneration packages to attract and retain highly capable executives.

Balanced and Performance-Based: Structuring remuneration so that a significant portion is at risk and only earned through outstanding performance.

Focused on Risk Management: Implementing clear practices to minimise potential conflicts of interest and enable effective and aligned decision making.

2.2. CY2024 CEO remuneration snapshot and key changes for CY2025

CY2024 CEO Remuneration Snapshot

64%
of Total Remuneration Package outcome is performance based

88%
of Maximum STVR awarded

12%
of LTVR vested

43%
of Total Remuneration Package outcome delivered in equity

CY2025 Executive KMP Remuneration Changes

Fixed Pay

5% fixed pay increase applied to Executive KMPs.

Considerations

Strong Financial Performance: Pepper has demonstrated robust financial outcomes.

Market Alignment: The average forecast (from Executive remuneration market data report, prepared by EY on 12 November 2024) for CEO fixed pay increase is 5.0% for FY25, compared to an average increase of 3.7% in FY24.

Historical Context: Our Executive KMPs have not received a fixed pay increase in three years.

STVR

80% STVR target for the CEO, increased from 70%

50% STVR target for the CFO, increased from 40%

Considerations

Recognition of Leadership: Acknowledge the significant accomplishment of leading the business through a challenging market environment.

Enhanced Performance-Based Remuneration: Increase the performance-based portion of the remuneration package to better align with company goals and incentivise high performance.

Market Alignment: Ensure the STVR targets are in line with market practice.

LTVR

10 Relative TSR comparators, reduced from 14 organisations

Considerations

Investor Feedback: This adjustment responds to investor feedback by removing organisations with small market caps and one investment company.

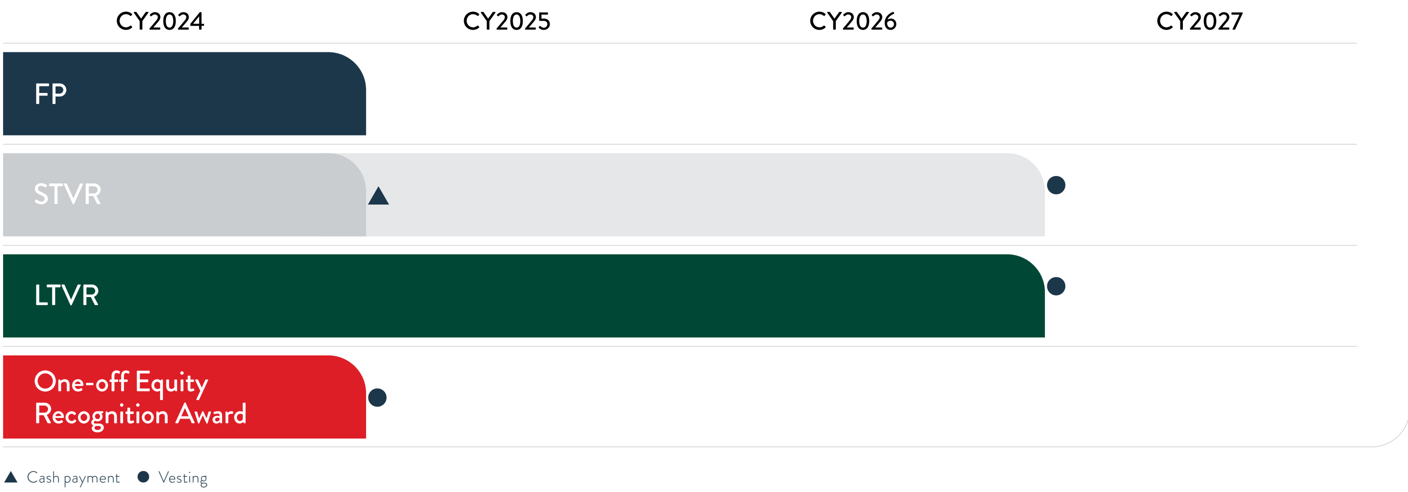
Enhanced Relevance: The updated comparator group better reflects a direct link with our core comparator group, ensuring more meaningful and accurate performance comparisons.

2.3. Executive remuneration key features

The CY2024 remuneration framework for Executive KMPs is outlined below:

	Fixed Pay (FP)	Short Term Variable Remuneration (STVR)	Long Term Variable Remuneration (LTVR)
Purpose	To attract and retain highly capable executive talent.	To reward for short term execution of the business performance and strategic initiatives in the relevant calendar year.	To reward for execution of sustained long-term strategy and shareholder value.
Approach	Fixed remuneration is benchmarked against relevant comparator companies to ensure market competitiveness. This benchmarking process considers the relevant industry experience, impact levels and complexity of the roles, enabling a fair comparison.	STVR is linked to a balanced scorecard representing key strategic priorities aligned to deliver shareholder returns. Delivered as 65% cash and 35% deferred as restricted rights for 2 years.	LTVR offers an annual grant of Rights to receive Pepper Money Shares, subject to LTVR performance metrics over a 3-year measurement period.
Link to Performance	Motivation to drive a strong culture, aligned to values and deliver on business strategy and performance.	STVR scorecards are designed to include a mix of financial and non-financial performance targets for the relevant year: • Financial metrics (CEO: 60% and CFO: 40%) • Strategic metrics (CEO: 20% and CFO: 40%) • Individual metrics linked to ESG (20%)	LTVR is linked to three-year performance under: • Relative TSR: 40% • EPS: 40% • Service: 20%
Governance	The Board reviews the remuneration principles and framework and determines the STVR and LTVR outcomes for Executive KMP. These outcomes are subject to the Board's discretion, allowing for the reduction or forfeiture of any unvested awards if deemed inappropriate.		

2.4. CY2024 Remuneration timeline



3. Executive remuneration framework and outcomes

The Board and RNC consider the remuneration outcomes for CY2024 to be well-aligned with stakeholder interests, reflecting both Company and individual performance against objectives, as well as the Executives' progress towards strategic goals. The majority of LTVR lapsed due to the vesting conditions not being met, which is tied to challenging shareholder return hurdles. However, alternative financial performance measures, such as NPAT and ROIC, have resulted in appropriate remuneration outcomes for Executive KMP.

3.1. Fixed Pay increases

Executive KMP remuneration is benchmarked annually. In CY2024, there were no base salary changes for either the Chief Executive Officer or Chief Financial Officer. The increase in the Fixed Pay in 2024 was due to the statutory superannuation contribution uplift from 11.0% to 11.5% that applied from 1 July 2024.

3.2. STVR plan summary and outcomes

The following table outlines the STVR that was offered in CY2024:

<table>
<tr><th></th><th>Short Term Variable Remuneration (STVR)</th></tr>
<tr><td>Purpose</td><td>To provide at-risk remuneration that rewards executives for performance against annual objectives set by the Board at the beginning of the calendar year. Objectives selected are designed to support value creation for shareholders, and link to strategy on an annual basis.</td></tr>
<tr><td>Performance Period</td><td>One year from 1 January 2024 to 31 December 2024</td></tr>
<tr><td>Opportunity</td><td>The Board sets individual STVR opportunity as a percentage of Fixed Pay (FP). Individual performance is assessed against financial, strategic and operational Key Performance Indicators (KPI) on a scale of 0% to 150% of target
<table>
<tr><th></th><th colspan="2">Opportunity as % of FP</th></tr>
<tr><th></th><th>Target</th><th>Stretch</th></tr>
<tr><td>Chief Executive Officer</td><td>70%</td><td>105%</td></tr>
<tr><td>Chief Financial Officer</td><td>40%</td><td>60%</td></tr>
</table></td></tr>
<tr><td>Instrument</td><td>• 65% in cash.
• 35% of any STVR Award is to be settled in the form of a grant of Restricted Rights subject to an Exercise Restriction until the end of CY2026. Any grant of deferred STVR Restricted Rights will be calculated based on the volume-weighted average price of Pepper Money Shares over the 10 trading days following the release of the prior year financial statements.</td></tr>
</table>

	Short Term Variable Remuneration (STVR)
Outcome Metrics and Weightings	For CY2024, the following metrics and weightings applied: • For the CEO, Mario Rehayem: – Group Pro-forma NPAT – 40% – Return on Invested Capital (ROIC) – 20% – Cost of funds reduction – 10% – Accelerated Cost Reduction – 10% – Individual Effectiveness (including ESG–related metrics) – 20% • For the CFO, Therese McGrath: – Group Pro-forma NPAT – 30% – Return on Invested Capital (ROIC) – 10% – ROIC by segment – 10% – Deliver Corporate Debt Facility (CDF) renewal – 10% – Capital Management Strategy – 10% – Accelerated non-employee cost reduction – 10% – Individual Effectiveness (including ESG-related metrics) – 20% These metrics were viewed by RNC as being the key drivers of value creation and capital management strategy, as applicable to the role, for CY2024.
Gate/Modifier	**Gate opener:** CY2024 NPAT threshold performance achieved. **Risk modifier:** Incorporates ESG-aligned factors to adjust the award upwards to maximum or downwards including to zero by reference to circumstances and management response, for any reportable regulatory breaches and compliance failures. Assessed by the Board Audit & Risk Committee ("BARC") considering the likely impact or actual consequences such as regulator imposed enforceable undertakings, regulator legal proceedings, fines and/or negative impact on Pepper Money's reputation.
Corporate Actions	For unpaid awards: in the event of a Change in Control (including a takeover) the Board has the discretion to: • terminate the plan and vest pro-rata awards based on the completed proportion of the Measurement Period, considering outcomes up to the date of the Change in Control; or • continue the STVR but make interim non-refundable pro-rata Awards based on the completed proportion of the Measurement Period, considering outcomes up to the date of the Change in Control; or • allow the STVR to continue without change. For deferred awards: Restricted Rights will cease to be subject to Exercise Restrictions prior to a return of capital or demerger, on the date determined by the Board.
Board Discretion	The Board has the discretion to vary awards upwards or downwards, including to nil, if the award is viewed as inappropriate given circumstances that prevail over the Measurement Period (such as in the case of harm to Pepper Money's stakeholders for which award participants are accountable).
Malus & Clawback	Pepper Money's Malus Policy applies to unpaid variable remuneration opportunities (including unpaid STVR and deferred remuneration (including deferred STVR)), while the Clawback Policy applies to deferred remuneration only (deferred STVR), that is, it does not apply to cash already paid.
Term and Lapse	The Term of the Restricted Right is 15 years from the Grant Date. Rights lapse automatically if not exercised prior to the end of the Term or when there is no further opportunity for them to vest
Leaver provisions	Nil

STVR outcomes for the Chief Executive Officer

	Metric/Measure	Weighting	Performance	Outcome (% of Target)	% of Target % Payable
Financial – 60%	**Group Pro-forma NPAT ($M)**				
Financial – 60%	**Group Pro-forma NPAT** – excluding one off non recurring items – provides the insight on the underlying performance for the period	40%	$109.5	150% (Threshold 50%, Target 100%, Stretch 150%)	60.0%
Financial – 60%	**Return on Invested Capital (ROIC)**				
Financial – 60%	Driving **portfolio ROIC** delivers ongoing improved returns to shareholders	20%	0.8% above stretch	150% (Threshold 50%, Target 100%, Stretch 150%)	30.0%
Strategy – 20%	**Strategic Objectives**				
Strategy – 20%	**Cost of fund improvement**, and warehouse cost reduction, supports origination growth and improved operating margins	10%	$4.4M	150% (Threshold 50%, Target 100%, Stretch 150%)	15.0%
Strategy – 20%	**Disciplined cost management** – reducing costs as inflation increases – supports positive returns	10%	@ 95% of Target	50% (Threshold 50%, Target 100%, Stretch 150%)	5.0%
Individual – 20%	**Individual Effectiveness (linked to ESG)**				
Individual – 20%	**Customer Net Promoter Score ahead of industry**	5%	>2 pp better than industry average across all business segments	150% (Threshold 50%, Target 100%, Stretch 150%)	7.5%
Individual – 20%	**Leadership Effectiveness** 1. Executive Engagement 2. Executive Attrition 3. Board 360	5%	1. Achieved employee engagement score of 100 2. Nil turnover 3. >3	133% (Threshold 50%, Target 100%, Stretch 150%)	6.7%
Individual – 20%	**Risk & Governance:** 1. Credit Risk – default rates, credit quality, risk levels of loans in portfolio 2. Cyber Maturity Score	10%	1. Loan loss % AUM + 2. Cyber maturity score has increased >15%	75% (Threshold 50%, Target 100%, Stretch 150%)	7.5%
	Total Weighting	**100%**		**Total % of Target achieved**	**131.7%**

STVR outcomes for the Chief Financial Officer

	Metric/Measure	Weighting	Performance	Outcome (% of Target)	% of Target % Payable
Financial – 40%	**Group Pro-forma NPAT ($M)**				
	Group Pro-forma NPAT – excluding one off non recurring items – provides the insight on the underlying performance for the period	30%	$109.5	▼150% (Threshold 50%, Target 100%, Stretch 150%)	45.0%
	Return on Invested Capital (ROIC)				
	Driving **portfolio ROIC** delivers ongoing improved returns to shareholders	10%	0.8% above stretch	▼150% (Threshold 50%, Target 100%, Stretch 150%)	15.0%
Strategy – 40%	**Strategic Objectives**				
	Return on Invested Capital (ROIC) by segments 1. ROIC – Mortgage 2. ROIC – Asset Finance	10%	1. 9.4% above stretch 2. (0.9)% below threshold	▼75% (Threshold 50%, Target 100%, Stretch 150%)	7.5%
	Deliver Corporate Debt Facility (CDF) renewal	10%	Renewed at $270.0M. Closed 23rd May at 375bps	▼150% (Threshold 50%, Target 100%, Stretch 150%)	15%
	Capital Management Strategy	10%	Year end of cash $124.0M, supporting payout ratio of 57.5% up from CY2023 payout ratio of 34.0%. $55.0M debt repaid	▼150% (Threshold 50%, Target 100%, Stretch 150%)	15.0%
	Non employee costs against Budget ($ Million)	10%	@95% of Target	▼50% (Threshold 50%, Target 100%, Stretch 150%)	5.0%
Individual – 20%	**Individual Effectiveness (linked to ESG)**				
	Customer NPS	5%	>2 pp better than industry average across all business segments	▼150% (Threshold 50%, Target 100%, Stretch 150%)	7.5%
	Risk & Governance	10%	1. Implement annual control self-attestations 2. Update Supplier Management Standard by 31 Dec 2024 3. Key person succession and retention – no Tier 2 and/or key person losses	▼150% (Threshold 50%, Target 100%, Stretch 150%)	15.0%
	Leadership	5%	Achieved employee engagement score of 89	▼150% (Threshold 50%, Target 100%, Stretch 150%)	7.5%
	Total Weighting	**100%**		**Total % of Target achieved**	**132.5%**

CY2024 STVR outcomes

	STVR awarded as % of target	STVR awarded as % of Fixed Pay	STVR award	Cash Payment	Deferred Amount
Mario Rehayem	131.7%	92.2%	$1,009,424	$656,126	$353,298
Therese McGrath	132.5%	53.0%	$387,663	$251,981	$135,682

3.3. LTVR plan summary and outcomes

The LTVR plan for 2024 operated under the Pepper Money Limited Executive Rights Plan, described below:

	Long Term Variable Remuneration (LTVR)
Purpose	To create a strong link between performance and reward for senior executives over the long term and align the interests of participants with those of stakeholders through share ownership and performance testing.
Performance Period	Three years: 1 January 2024 to 31 December 2026
Opportunity	The Board determines LTVR opportunity as a percentage of Fixed Pay (FP) converted to rights at face value based on the following formula: **Target LTVR $ x Tranche Weight at Target ÷ Right Value ÷ % Vesting at Target** where Right Value is based on the volume-weighted average price of Pepper Money Shares over the 10 trading days following the release of CY2023 financial statements – Annual dividend x years to exercise.
Instrument	80% of the LTVR (TSR and EPS tranches) is delivered in Performance Rights with a nil Exercise Price, which are subject to performance and service vesting conditions. 20% of the LTVR (Service tranche) is delivered in Service Rights.

Opportunity (within the Opportunity row):

	Opportunity as % of FP	
	Target	**Stretch**
Chief Executive Officer	80%	144%
Chief Financial Officer	40%	72%

Long Term Variable Remuneration (LTVR)

Outcome Metrics and Weightings

The Board has discretion to set Vesting Conditions for each tranche of each Invitation. For the CY2024 LTVR grants, the following Vesting Conditions applied:

Tranche 1 (40% weight at Target) is subject to a Relative Total Shareholder Return (TSR) vesting condition. The vesting of such Performance Rights will be determined by comparing Pepper Money's TSR over CY2024 to CY2026 with the TSR of the peer group from the finance sector, according to the following vesting scale:

Performance Level	PPM's Relative TSR Compared to the peer group	% of Tranche Vesting
Stretch – Incentive/Upside	>= 75th percentile	100%
Between Target and Stretch	> 50th percentile and < 75th percentile	Pro-rata
Target - Expected Outcome /At-Risk	= 50th percentile	50%
Between Threshold and Target	> 35th percentile and < 50th percentile	Pro-rata
Threshold – Minimum Acceptable Outcome	= 35th percentile	25%
Below Threshold	< 35th percentile	0%

TSR aligns management with shareholders and provides a clear incentive to outperform a peer group and maximise returns to shareholders.

Executives have some influence on Relative TSR with the advantage that if external factors influence the peer group's share prices, Pepper Money will likely be similarly affected (positively or negatively).

This metric was selected as the best measure of value creation for shareholders within Pepper Money's peer group. The peer group is defined at the start of CY2024 as follows:

Security	Issuer Name	Security	Issuer Name
WGB	WAM Global Limited	HUM	Humm Group Limited
MME	Moneyme Limited	ABA	Auswide Bank Ltd
PGL	Prospa Group Limited[1]	LFG	Liberty Financial Group
PLT	Plenti Group Limited	AFG	Australian Finance Group Ltd
WZR	Wisr Limited	RMC	Resimac Group Ltd
ZIP	ZIP Co Limited.	LFS	Latitude Group Holdings Limited
ECX	Eclipx Group Limited	JDO	Judo Capital Holdings Limited
MAF	MA Financial Group Limited		

1. Prospa was delisted on 1 August 2024.

	Long Term Variable Remuneration (LTVR)
Outcome Metrics and Weightings *continued*	**Tranche 2 (40% weight at Target) is to be subject to a Company's Earnings Per Share (EPS) vesting condition:** EPS target is set annually. It is calculated as statutory NPAT divided by the time weighted average number of shares ("WANOS") on issue over the Measurement Period. The vesting of this Tranche will be calculated as one third x % vesting for year 1, one third x % vesting for year 2 and one third x % vesting for year 3. The EPS will be advised at the start of each year of the Measurement Period. EPS directly measures the Company's profitability and provides an indicator of how much profit each outstanding share has earned. Additionally, it aligns to the Company's capital management strategy, creating a direct link between earnings and shareholder value. **Tranche 3 (20% weight at Target) is subject to Service.** This vesting condition assesses whether the participants remain employed by the Group as at the end of the Measurement Period, and any termination prior to this date, for any reason, will result in full forfeiture of the Rights unless otherwise determined by the Board. No retesting facility is available under the Rights Plan Rules. This measurement acknowledges long-term commitment, fostering a stable and dedicated team to deliver our long-term strategy.
Gate/Modifier	The rating for Pepper Money's Risk measurement must be at least "meets expectations" in the final year of the measurement period. If this is not met, then nil vesting will occur.
Corporate Actions	In the case of a Change in Control, the default approach is for awards to remain on-foot with no change to the vesting timeline or conditions. In the case of delisting of Pepper Money's Shares, automatic vesting will occur based on the increase in the Share Price since the start of the Measurement Period for Rights with a nil Exercise Price, with Board discretion regarding the lapsing or vesting of any remainder. In the case of a major return of capital or demerger, the Board has discretion to bring forward vesting or to alter the number of Rights or the Exercise Price or to alter Vesting Conditions to ensure that the outcomes are fair to Participants. This is because following such an event the share price is likely to be materially different from the basis of the grant, and performance conditions previously set may be unable to be met.
Board Discretion	The Board has discretion to vary vesting upwards or downwards, including to nil, in the circumstance that the outcome would otherwise be likely to be viewed as inappropriate given the circumstances that prevailed over the Measurement Period (such as in the case of harm to Pepper Money's stakeholders for which a Participant or Participants are accountable).
Malus & Clawback	Pepper Money's Malus Policy applies to unpaid variable remuneration opportunities (including unvested LTVR). LTVR grants are not subject to deferral following vesting, so cannot be clawed back, however, the pool of deferred STVR could be used as a source of clawback for overpaid LTVR.
Term and Lapse	The Term of the Right is 15 years from the Grant Date. Rights lapse automatically if not exercised prior to the end of the Term or when there is no further opportunity for them to vest.
Leaver provisions	Under the Rules, in addition to the performance conditions, continued service during the full first year of the Measurement Period is a requirement for all Rights to become eligible to vest for Tranche 1 and 2. Termination during the first year will generally result in pro-rata forfeiture for the incomplete portion of the year, unless otherwise determined by the Board. For Tranche 3 (Service Rights), continued service during the full Measurement Period is a requirement for Service Rights to become eligible to vest.

CY2024 LTVR outcomes: the 3-year measurement period for the CY2022 grant of LTVR has been completed.

- ROE achieved at 16%, resulting in 25% vesting in LTVR ROE tranche.
- Due to the challenging measures and economic conditions, performance testing resulted in nil vesting for the LTVR Indexed TSR tranche.

Performance Hurdle	Weighting	Threshold	Target	Stretch	Actual Performance	% of grant that vested
ROE	50%	16%	18%	20%	16%	25%
Indexed TSR	50%	= Index Movement	Index Movement + 2.5% CAGR	≥ Index Movement + 5% CAGR	<Index Movement	0%

The LTVRs granted in CY2023 and CY2024 are still within performance periods. Their vesting outcomes will be assessed in the coming years.

3.4. One-off Equity Recognition Award

Additionally, the one-off Equity Recognition Award was granted as part of the CY2023 Executive Total Remuneration Package. The first tranche, equivalent to 30% of the award vested in March 2024 and the second tranche, the remaining 70% of the award, is due to vest in March 2025. It is operated under the Pepper Money Limited Executive Rights Plan.

Given the challenging vesting levels for LTVR, resulting in a small portion of LTVR to vest, the outcome of vesting the one-off equity award is deemed appropriate.

3.5. Board discretion

The Board has not exercised any discretion in relation to STVR outcome or LTVR vesting.

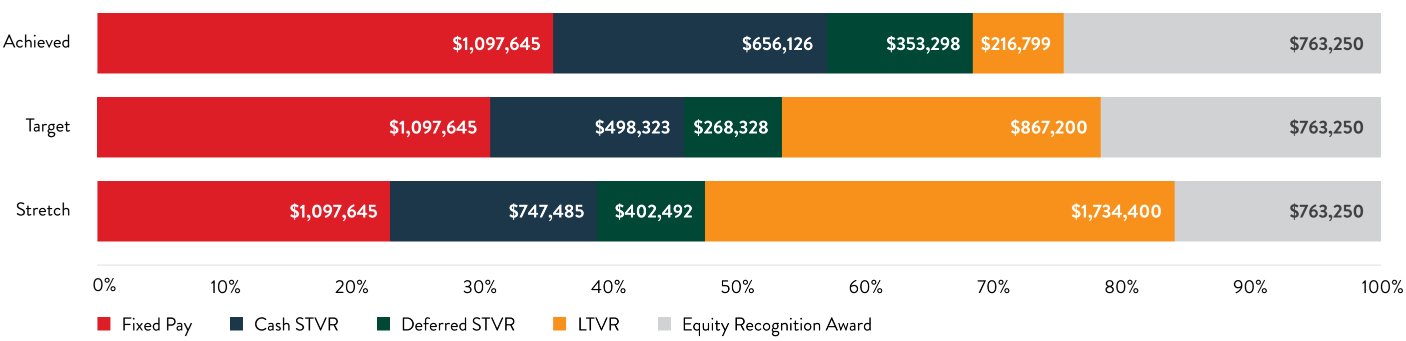
3.6. Achieved Executive Remuneration

The remuneration mix for Executive KMP is weighted towards at risk performance-based remuneration to ensure a strong focus on the Group's short-term and long-term strategic objectives. A portion of Executive remuneration is delivered in equity (deferred STVR and LTVR) to align our executives with shareholder interests.

Chart A below outlines the remuneration opportunity under Pepper Money's Executive Remuneration structures, with outcomes dependent on performance over CY2024 for STVR and LTVR, and the "Achieved"[1] Remuneration payable in respect of the completed CY2024 year.

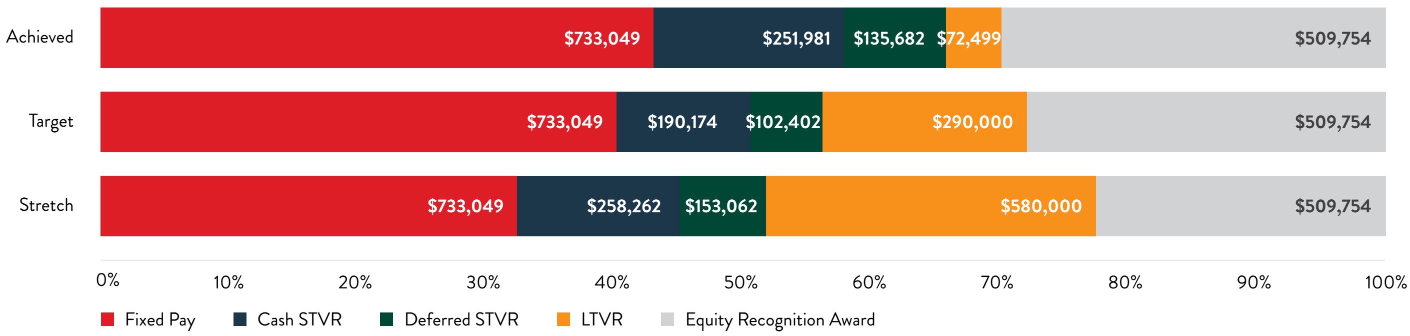
Chart A – CY2024 Executive KMP Remuneration mix

CEO Remuneration mix



1. "Achieved" refers to:
   - Fixed Pay received in the current reporting period.
   - Cash STVR awarded in respect of the current reporting period.
   - Deferred STVR payable in respect of the current reporting period that is not subject to vesting conditions (i.e. awarded after the end of the year).
   - The portion of LTVR grant value that is due to vest in March 2025, following performance testing for the CY2022 to CY2024 Measurement Period.
   - The grant value of the second tranche of the Equity Recognition Award for the related Measurement Period.

CFO Remuneration mix



3.7. Non-KMP Executive Remuneration

For Executives who report to the CEO, and who are not classified as KMP, the Board has determined that the same remuneration policies, principles, processes and structures will apply, as applies to KMP. This is intended to ensure that the Executive team is aligned with the interests of other stakeholders including shareholders. To the extent appropriate, performance metrics and weightings are applied consistently across the group to support that alignment, however, in the case of the STVR there is some variation to recognise differences in role responsibility and organisational impact below the Group level metrics. The one-off Equity Recognition Award is also available to Executives at an appropriate level to their role.

4. Non-Executive Director (NED) Remuneration

4.1. Fee Policy

Non-Executive Directors' fees are recommended by the Remuneration and Nomination Committee and determined by the Board. External consultants may be used to source the relevant data and commentary or to obtain independent recommendations, given the potential for a conflict of interest in the Board setting its own fees. The combination of cash Board Fees, equity (if any), Committee fees and benefits such as superannuation (together Board Package) is intended to align with the 50th percentile of the market benchmark.

Non-Executive Directors can elect how they wish to receive their fees – i.e. as cash, superannuation contributions or equity. To preserve independence and impartiality, Non-Executive Directors are not entitled to any form of variable remuneration payments, and the level of their fees is not set with reference to measures of Pepper Money's performance.

The Environmental, Social and Governance (ESG) Committee was established in June 2024 and held its first meeting on 2 December 2024. Payments to committee members will be reflected in the CY2025 Remuneration Report as they are backdated to this date.

Role/Function	Board	Chair
Board Chair	$115,000	$119,000

Role/Function	Board	Audit & Risk Committee	Remuneration & Nomination Committee	Environmental, Social and Governance Committee
Committee Chair	$115,000	$26,000	$26,000	$26,000
Committee Member		$13,000	$13,000	$13,000

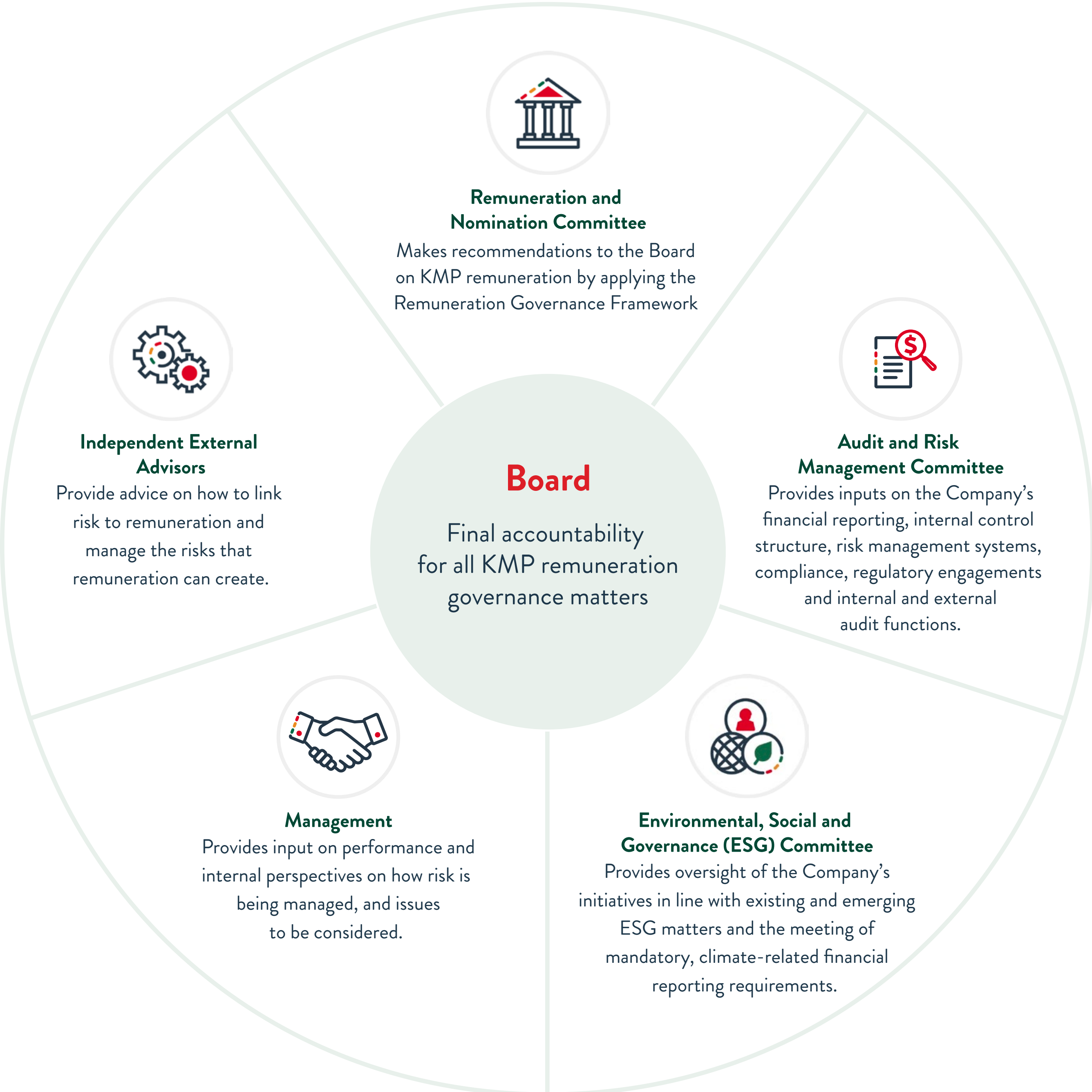
The total amount of fees paid to Non-Executive Directors for the year ended 31 December 2024 is within the aggregate amount of $1,221,000 per year. Grants of equity approved by shareholders are excluded from counting towards the aggregate Board Fees, in accordance with the ASX Listing Rules.

4.2. NED Fee Sacrifice Equity Plan

There were no grants under the NED Equity Plan in CY2024.

5. Remuneration governance

The following outlines the interaction between the Board, Committees, management and external advisors when discussing remuneration strategy, framework and outcomes and highlights the intersection of the Remuneration Governance Framework and the Risk Management Framework:



Remuneration and Nominations Committee Responsibilities

The RNC is responsible for developing the remuneration strategy, framework and policies for NEDs, Executive KMP and the Executive Committee for Board approval.

The responsibilities of the RNC are outlined in the RNC's Charter, available at www.peppermoney.com.au/about/corporate-governance which is reviewed and approved annually by the Board. The primary accountabilities of the RNC are as follows:

- Reviewing and recommending to the Board for approval Pepper Money's remuneration practices, which cover Executive KMP, other Executive members and all other Pepper Money employees.
- Reviewing and approving the Group's Scorecard, annual performance objectives and KPIs for the CEO, Executive KMP and other Executive members.
- Recommending to the Board for approval, CEO, Executive KMP and other Executives' fixed pay increases and annual incentive payments.
- Reviewing and recommending to the Board any Director fee changes, including proposals regarding the Directors' aggregate fee pool.
- Reviewing and recommending to the Board the approval of the Code of Conduct and other key policies.
- Reviewing and recommending to the Board the approval of the Diversity Policy, including identification of measurable objectives for achieving diversity (including beyond gender) and progress towards those objectives.
- Reviewing and approving processes and information on talent assessments, leadership development and succession planning.
- Reviewing processes and metrics for measuring culture and behaviours, including risk culture areas.
- Overseeing general people and culture practices including the risk of gender or other bias in remuneration.

The following summarises the key remuneration governance matters that were the focus of consideration in CY2024:

a. benchmarking Executive and Director remuneration against market comparator groups to inform quantum and mix decisions intended to meet strategy and market position;

b. development of STVR and LTVR plans intended to align performance with reward and to meet stakeholder expectations and relevant legislative requirements, including the focus on ESG;

c. equity structures that are compliant with governance requirements;

d. reviewing and adjusting performance hurdles for LTVR to better align management with shareholders and provide a clear incentive to outperform a peer group and maximise returns to shareholders.

5.1. KMP Service Agreements

Executive KMP Service Agreements

The following outlines current Executive KMP service agreements:

				Period of Notice		
Name	**Position Held at Close of CY2024**	**Employing Company**	**Contract Type**	**From Company**	**From KMP**	**Termination Payments[1]**
Mario Rehayem	Chief Executive Officer	Pepper Money Limited	Permanent	12 months	12 months	n/a
Therese McGrath	Chief Financial Officer	Pepper Money Limited	Permanent	6 months	6 months	n/a

1. Under the Corporations Act, broadly the Termination Benefit Limit is 12 months average Salary (over prior 3 years) unless shareholder approval is obtained.

Non-Executive Directors (NEDs) Service Agreements

The appointment of Non-Executive Directors is subject to a letter of engagement. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party.

6. Other statutory disclosures

The following outlines Pepper Money's performance in CY2024, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

Table 1 – Statutory performance disclosure

CY End Date	Pro-forma NPAT ($M)[1]	Statutory NPAT ($M)	Share Price (beginning of period)	Share Price (end of period)	Change in Share Price $	Dividend per share (paid or declared for the period) $	Change in Shareholder Wealth (SP Change + Dividends) $ per share
31 December 2024	$98.2	$98.2	$1.23	$1.41	$0.18	$0.121	$0.296
31 December 2023	$111.1	$108.7	$1.42	$1.23	($0.19)	$0.085	($0.105)
31 December 2022	$142.0	$140.5	$2.16	$1.42	($0.74)	$0.105	($0.635)
31 December 2021	$141.9	$130.7	$2.61	$2.16	($0.45)	$0.090	($0.360)

1. For incentive purposes one-time items, such as impairment in equity investments, are removed from the NPAT calculations.

6.1. Executive KMP Statutory Remuneration for CY2024

The following table outlines the statutory remuneration of executive KMP:

Table 2 – Executive KMP statutory remuneration[2]

		Short term benefits			Post-employment benefits		Share Based Payments[1]			
Name	**Year**	**Cash Salary[2]**	**STVR cash[3]**	**Non-monetary benefits[4]**	**Super-annuation Benefits**	**Termination Benefits**	**STVR Deferral[5]**	**LTVR awards**	**One-off Equity Recognition Award**	**Total**
Mario Rehayem	**CY2024**	**$1,052,279**	**$453,436**	**$16,700**	**$28,666**		**$251,441**	**$934,208**	**$748,260**	**$3,484,990**
	CY2023	$1,090,582	$479,049	$16,700	$26,346		$257,949	$928,082	$341,545	$3,140,253
Therese McGrath	**CY2024**	**$643,909**	**$170,180**	**$16,700**	**$72,440**		**$94,369**	**$312,035**	**$499,922**	**$1,809,555**
	CY2023	$643,909	$209,187	$16,700	$75,899		$112,639	$310,300	$288,108	$1,656,742

1. The value of current year accruals represents the accounting value.
2. Includes the payment of cash allowances such as car allowance, annual leave cashout and cash amount equivalent to superannuation contribution exceeding the superannuation guarantee contribution cap, assessed quarterly.
3. Reflects 65% of STVR that was paid in cash in March 2024.
4. Non-monetary benefits may include items such as car parking, annual medical insurance and phone charges.
5. Reflects 35% of STVR granted as restricted rights, deferred for 2 years.

2. Excludes annual leave and long service leave accrued.

6.2. NED statutory remuneration

The following table outlines the statutory and audited remuneration of NEDs:

Table 3 – NED statutory remuneration

Name	Year	Board Fees	Committee/ Chair Fees[1]	Super-annuation[2]	Other Benefits	Equity Grant Expense	Termination Benefits	Total
Akiko Jackson[3]	**CY2024**	**$103,371**	**$73,776**	**$20,011**	–	–	–	**$197,158**
	CY2023	$103,838	$23,476	$13,685	–	–	–	$141,000
Des O'Shea[4]	**CY2024**	**$115,000**	**$26,000**	–	–	–	–	**$141,000**
	CY2023	$115,000	$26,000	–	–	–	–	$141,000
Mike Cutter	**CY2024**	**$103,371**	**$23,371**	**$14,258**	–	–	–	**$141,000**
	CY2023	$103,838	$23,476	$13,685	–	–	–	$141,000
Justine Turnbull	**CY2024**	**$103,371**	**$23,371**	**$14,258**	–	–	–	**$141,000**
	CY2023	$103,838	$23,476	$13,685	–	–	–	$141,000
Rob Verlander	**CY2024**	**$103,371**	**$23,371**	**$14,258**	–	–	–	**$141,000**
	CY2023	$103,838	$23,476	$13,685	–	–	–	$141,000
Vaibhav Piplapure[5]	**CY2024**	**$67,083**	–	–	–	–	–	**$67,083**
	CY2023	–	–	–	–	–	–	–
Former NED								
Michael Culhane[6]	**CY2024**	**$97,500**	**$10,833**	–	–	–	–	**$108,333**
	CY2023	$234,000	$26,000	–	–	–	–	$260,000

1. The first ESG committee meeting was held on 2 December 2024. The committee members will receive their fees in January 2025.
2. Des O'Shea, Vaibhav Piplapure and Michael Culhance are not entitled to Superannuation as they are located overseas.
3. Akiko Jackson was appointed as Independent Non-Executive Chair on 23 May 2024.
4. The total remuneration for Des O'Shea was paid to Pepper Group ANZ Holdco Limited, which passed on the full amount to him.
5. Vaibhav Piplapure was appointed as Non-Executive Director and Shareholder Representative on 23 May 2024. The total remuneration for him was paid to Pepper Group ANZ Holdco Limited and treated as a recovery cost.
6. Michael Culhane ceased as Non-Executive Chair and Shareholder Representative on 23 May 204. He was remunerated as CEO by the Pepper Global Group. The total remuneration for him was paid to Pepper Group ANZ Holdco Limited and treated as a recovery cost.

6.3. Other Statutory Disclosures

Loans to KMP and their related parties

During CY2024, no loans was made to KMPs or related parties. In CY2021, a Management Loan of $3,132,712 was provided to Mario Rehayem. Refer page 147 of the Notes to the Financial Statements.

As at 31 December 2024, loans to Directors and their related parties of $4.4 million have been provided in the normal course of the Group's Mortgage and Asset Finance lending business. All loans are on arm's length commercial terms. Refer page 147 of the Notes to the Financial Statements.

Other transactions with KMP

There were no other disclosable transactions with KMP for CY2024.

7. Other required disclosures

7.1. KMP equity interests and changes during CY2024

Movements in equity interests held by KMP during the reporting period, including their related parties, are set out below:

Table 4 – KMP equity movement

Name	Instrument	Balance 1 January 2024	Granted	Forfeited, cancelled or lapsed	Exercised or Shares received	Purchases (Sales)	Balance 31 December 2024	% of Holding Policy Met as at 31 December 2024[1]
Executive KMP								
Mario Rehayem	Shares	2,430,487	–	–	610,566	(29,287)	3,011,766	434%
	Vested Rights	404,495	172,220	–	(197,457)	–	379,258	
	Unvested Rights	4,065,487	1,183,394	(398,927)	(413,109)	–	4,436,845	
Therese McGrath	Shares	101,704	–	–	280,606	–	382,310	103%
	Vested Rights	157,578	64,636	–	(67,171)	–	155,043	
	Unvested Rights	1,625,650	395,163	(120,672)	(213,435)	–	1,686,706	
	Total	**8,785,401**	**1,815,413**	**(519,599)**	**–**	**(29,287)**	**10,051,928**	
Non-Executive KMP								
Akiko Jackson	Unrestricted Shares	34,603	–	–	–	–	34,603	91%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Des O'Shea	Unrestricted Shares	41,523	–	–	–	20,000	61,523	75%
	Restricted Shares	–	–	–	–	–	–	
	Restricted Rights	–	–	–	–	–	–	
Mike Cutter	Unrestricted Shares	17,302	–	–	–	–	17,302	70%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Justine Turnbull	Unrestricted Shares	10,000	–	–	–	–	10,000	61%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Rob Verlander	Unrestricted Shares	51,905	–	–	–	–	51,905	98%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Vaibhav Piplapure[2]	Unrestricted Shares	–	–	–	–	–	–	n /a
	Restricted Shares	–	–	–	–	–	–	
	Restricted Rights	–	–	–	–	–	–	
Former Non-Executive KMP								
Michael Culhane	Unrestricted Shares	–	–	–	–	–	–	0%
	Restricted Shares	–	–	–	–	–	–	
	Restricted Rights	–	–	–	–	–	–	
	Total	**314,501**				**20,000**	**334,501**	

1. % of the holding policy met is calculated by reference to the number interests in full shares (including Vested but unexercised Rights with nil exercise price) held at the end of the financial year, multiplied by the closing share price for the year. CEO and CFO are required to accumulate and maintain significant holdings of 100% and 50% of their annualised fixed pay respectively in a maximum of three years. NEDs are required to accumulate and maintain significant holdings of no less than one year's Board Fees in a maximum of three years.

   In 2023, the Board determined to extend the holding requirement period for a further 18 months by December 2025 due to the changing share price dynamics.
2. Vaibhav Piplapure's remuneration is paid to Pepper Group and treated as a recovery cost. Therefore, he is excluded from the minimum shareholding requirement.

The following outlines the accounting values and potential future costs of equity remuneration for Executive KMP:

Table 5 – Executive KMP equity remuneration

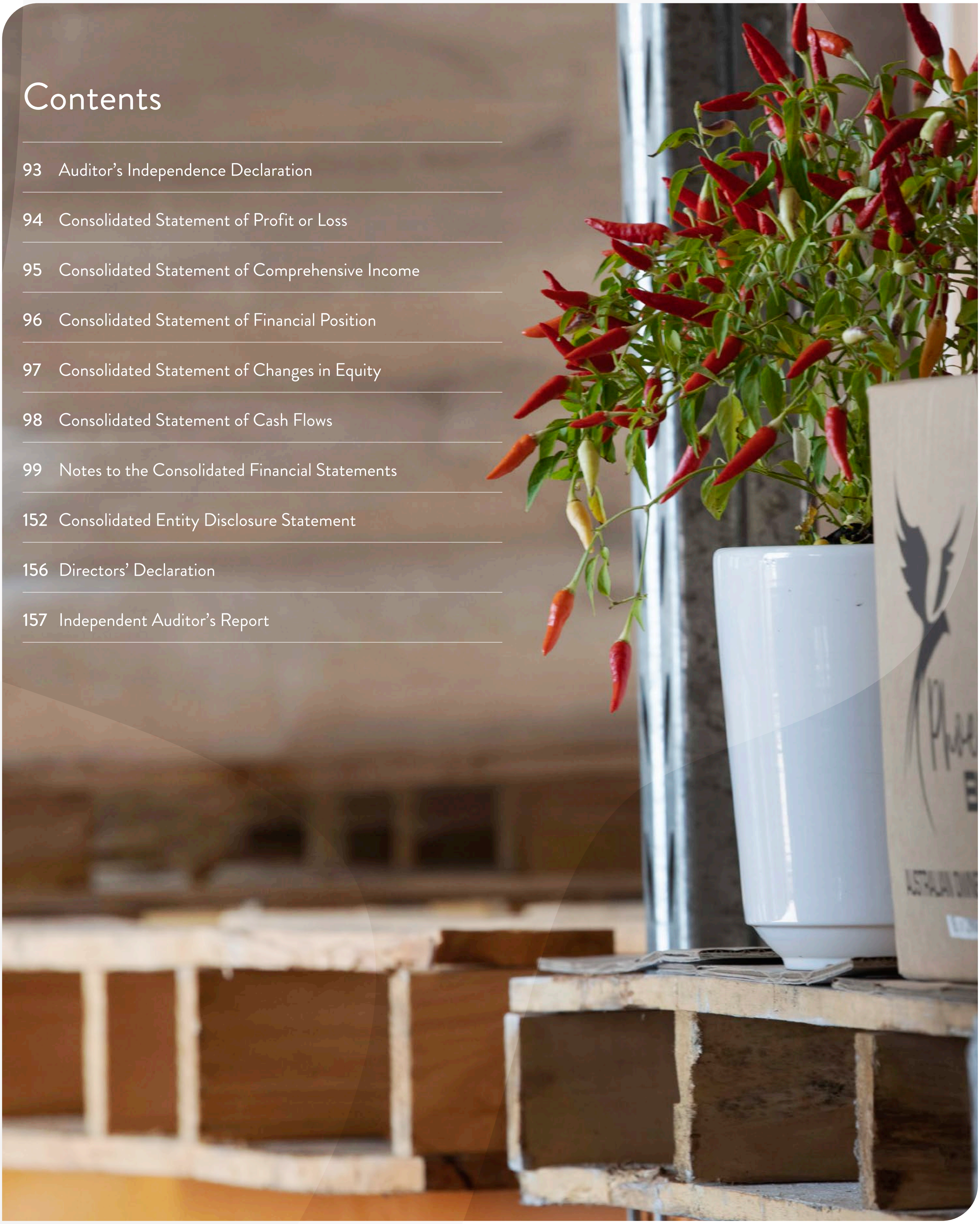
Details of the rights granted as remuneration and held, and the applicable vesting profile as at 31 December 2024 for each Executive KMP is presented in the table below. Rights are granted for nil consideration (i.e. zero exercise price).

Name	Tranche	Type	Number granted	Vesting Conditions	Grant Date	Fair Value Each At Grant Date	Total Fair Value at Grant	Value Expensed in CY2024	Remaining Expense for future years
Mario Rehayem	CY2024 LTVR Performance Rights	LTVR	525,953	Relative TSR	10/07/2024	$0.95	$499,655	$166,552	$333,103
	CY2024 LTVR Performance Rights	LTVR	525,953	EPS	10/07/2024	$1.18	$620,625	$206,875	$413,750
	CY2024 LTVR Service Rights	LTVR	131,488	Service	10/07/2024	$1.18	$155,156	$51,719	$103,437
	CY2023 LTVR Performance Rights	LTVR	764,560	Relative TSR	07/06/2023	$0.75	$573,420	$348,911	$98,462
	CY2023 LTVR Performance Rights	LTVR	764,560	ROE	07/06/2023	$1.08	$825,725	–	–
	CY2022 LTVR Performance Rights	LTVR	555,861	iTSR	12/05/2022	$0.735	$408,558	$50,957	–
	CY2022 LTVR Performance Rights	LTVR	555,861	ROE	12/05/2022	$1.575	$875,481	$109,194	–
	CY2024 Deferred STVR Restricted Rights	STVR	172,220	Exercise Restriction	10/07/2024	$1.46	$251,441	$251,441	–
	CY2023 Deferred STVR Restricted Rights	STVR	207,038	Exercise Restriction	07/06/2023	$1.275	$263,973	–	–
	CY2023 One-off Equity Recognition Award – 30%	Service Rights	242,140	Service	07/06/2023	$1.275	$308,729	$211,973	–
	CY2023 One-off Equity Recognition Award – 70%	Service Rights	612,609	Service	07/06/2023	$1.275	$781,076	$536,287	–
	Total		**5,058,243**				**$5,563,839**	**$1,933,909**	**$948,752**

Name	Tranche	Type	Number granted	Vesting Conditions	Grant Date	Fair Value Each At Grant Date	Total Fair Value at Grant	Value Expensed in CY2024	Remaining Expense for future years
Therese McGrath	CY2024 LTVR Performance Rights	LTVR	175,628	Relative TSR	10/07/2024	$0.95	$166,847	$55,616	$111,231
	CY2024 LTVR Performance Rights	LTVR	175,628	EPS	10/07/2024	$1.18	$207,241	$69,080	$138,161
	CY2024 LTVR Service Rights	LTVR	43,907	Service	10/07/2024	$1.18	$51,810	$17,270	$34,540
	CY2023 LTVR Performance Rights	LTVR	255,314	Relative TSR	07/06/2023	$0.75	$191,486	$116,514	$32,880
	CY2023 LTVR Performance Rights	LTVR	255,314	ROE	07/06/2023	$1.08	$275,739	–	–
	CY2022 LTVR Performance Rights	LTVR	185,885	iTSR	12/05/2022	$0.735	$136,625	$17,040	–
	CY2022 LTVR Performance Rights	LTVR	185,885	ROE	12/05/2022	$1.575	$292,769	$36,515	–
	CY2024 Deferred STVR Restricted Rights	STVR	64,636	Exercise Restriction	10/07/2024	$1.46	$94,369	$94,369	–
	CY2023 Deferred STVR Restricted Rights	STVR	90,407	Exercise Restriction	07/06/2023	$1.275	$115,269	–	–
	CY2023 One-off Equity Recognition Award – 30%	Service Rights	161,718	Service	07/06/2023	$1.275	$206,190	$141,750	–
	CY2023 One-off Equity Recognition Award – 70%	Service Rights	409,145	Service	07/06/2023	$1.275	$521,660	$358,172	–
	Total		**2,003,467**				**$2,260,005**	**$906,326**	**$316,812**

Consolidated Financial Statements

for the year ended 31 December 2024



Contents

Auditor's Independence Declaration

Deloitte.

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Sydney NSW 2000
Australia

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www.deloitte.com.au

27 February 2025

The Board of Directors
Pepper Money Limited
Level 27, 177 Pacific Hwy
North Sydney, NSW 2060

Dear Board Members,

Auditor's Independence Declaration to Pepper Money Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Pepper Money Limited.

As lead audit partner for the audit of the financial report of Pepper Money Limited for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss

	Notes	Year ended 31 December 2024 $M	Year ended 31 December 2023 $M
Interest income	3(A)	**1,436.1**	1,402.2
Interest expense[1]	3(A)	**(1,094.7)**	(1,041.3)
Net interest income[1]	3(A)	**341.4**	**360.9**
Lending fee income	3(B)	**65.6**	72.2
Lending expense	3(B)	**(29.5)**	(54.6)
Whole loan sales gain		**42.8**	11.9
Loan losses	4(B)	**(69.3)**	(39.9)
Servicing fees and other income	3(B)	**35.6**	37.4
Total operating income		**386.6**	387.9
Employee benefits expense	3(D)	**(126.3)**	(128.6)
Marketing expense		**(15.4)**	(14.9)
Technology expense		**(24.6)**	(23.8)
General and admin expense		**(20.5)**	(20.4)
Fair value losses on financial assets		**(3.9)**	(0.5)
Impairment losses on non-financial assets	10(B)	**(7.4)**	(4.3)
Depreciation and amortisation expense	10(A), 10(B)	**(19.4)**	(21.9)
Corporate interest expense	3(D)	**(29.2)**	(24.8)
Operating expenses		**(246.7)**	(239.2)
Profit before income tax		**139.9**	148.7
Income tax expense	3(E)	**(41.7)**	(40.0)
Net profit after income tax		**98.2**	108.7
Attributable to equity holders of Pepper Money Limited		**98.8**	110.7
Attributable to non-controlling interests		**(0.6)**	(2.0)

	Note	Cents per share	Cents per share
Earnings per share (EPS)	3(F)		
Basic EPS		**22.29**	24.71
Diluted EPS		**21.34**	23.83

1. Excludes corporate interest expense.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying Notes.

Consolidated Statement of Comprehensive Income

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Net profit after tax	**98.2**	108.7
Other comprehensive (expense) / income that may be recycled to profit or loss		
Currency translation movement	**(0.6)**	(0.1)
Changes in fair value of hedging instruments	**(36.7)**	(81.7)
Income tax relating to items that may be recycled to profit or loss	**11.0**	24.5
Total other comprehensive (expense) that may be recycled to profit or loss	**(26.3)**	(57.3)
Total comprehensive income for the period	**71.9**	51.4
Total comprehensive income attributable to:		
Owners of Pepper Money Limited	**72.5**	53.4
Non-controlling interests	**(0.6)**	(2.0)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying Notes.

Consolidated Statement of Financial Position

	Notes	As at 31 December 2024 $M	As at 31 December 2023 $M
Assets			
Cash and cash equivalents	4(A)	**1,226.2**	1,528.7
Receivables		**13.9**	21.2
Derivative financial assets	8(B)(h)	**21.0**	52.4
Loans and advances	4(B)	**15,991.8**	18,379.4
Other financial assets	4(C)	**15.3**	19.2
Other assets		**13.4**	12.0
Deferred tax assets	3(E)	**37.1**	21.8
Property, plant and equipment	10(A)	**25.4**	32.0
Goodwill and intangibles	10(B)	**128.3**	141.0
Total assets		**17,472.4**	20,207.7
Liabilities			
Trade payables		**16.0**	17.1
Current tax		**12.5**	9.5
Provisions	7	**27.7**	23.6
Derivative liabilities	8(B)(h)	**10.3**	4.0
Borrowings	5(A)	**16,467.4**	19,257.0
Other liabilities	5(B)	**29.1**	33.7
Other financial liabilities	6	**53.8**	–
Total liabilities		**16,616.8**	19,344.9
Total net assets		**855.6**	862.8
Equity			
Issued capital	9(A)	**730.7**	729.8
Other reserves	9(B)	**24.6**	50.0
Retained earnings		**100.3**	45.6
Total equity attributable to owners of Pepper Money Limited		**855.6**	825.4
Non-controlling interests		**–**	37.4
Total equity		**855.6**	862.8

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity

	Issued capital $M	Currency translation reserve $M	Cash flow hedge reserve $M	Share-based payments reserve $M	Business combinations reserve $M	Retained earnings $M	Attributable to owners of the Group $M	Non-controlling interests $M	Total equity $M
1 January 2023									
Opening balance	729.6	(0.3)	90.3	9.8	–	(27.5)	801.9	39.4	841.3
Profit for the period	–	–	–	–	–	110.7	110.7	(2.0)	108.7
Currency translation movements	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
Cash flow hedge movements	–	–	(57.2)	–	–	–	(57.2)	–	(57.2)
Total comprehensive income	–	(0.1)	(57.2)	–	–	110.7	53.4	(2.0)	51.4
Ordinary shares issued	0.2	–	–	–	–	–	0.2	–	0.2
Dividends paid	–	–	–	–	–	(37.8)	(37.8)	–	(37.8)
Share-based payments	–	–	–	7.7	–	–	7.7	–	7.7
Transfer of share-based payments reserve to retained earnings	–	–	–	(0.2)	–	0.2	–	–	–
Balance as at 31 December 2023	729.8	(0.4)	33.1	17.3	–	45.6	825.4	37.4	862.8
1 January 2024									
Opening balance	**729.8**	**(0.4)**	**33.1**	**17.3**	**–**	**45.6**	**825.4**	**37.4**	**862.8**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**98.8**	**98.8**	**(0.6)**	**98.2**
Currency translation movements	**–**	**(0.6)**	**–**	**–**	**–**	**–**	**(0.6)**	**–**	**(0.6)**
Cash flow hedge movements	**–**	**–**	**(25.7)**	**–**	**–**	**–**	**(25.7)**	**–**	**(25.7)**
Total comprehensive income	**–**	**(0.6)**	**(25.7)**	**–**	**–**	**98.8**	**72.5**	**(0.6)**	**71.9**
Ordinary shares issued	**3.2**	**–**	**–**	**–**	**–**	**–**	**3.2**	**–**	**3.2**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(44.1)**	**(44.1)**	**–**	**(44.1)**
Repayment of management loan	**0.2**	**–**	**–**	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Share-based payments	**–**	**–**	**–**	**5.7**	**–**	**–**	**5.7**	**–**	**5.7**
Share buyback cancelled shares	**(2.5)**	**–**	**–**	**–**	**–**	**–**	**(2.5)**	**–**	**(2.5)**
Other equity movements	**–**	**–**	**–**	**–**	**(4.8)**	**–**	**(4.8)**	**–**	**(4.8)**
Derecognition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(36.8)**	**(36.8)**
Balance as at 31 December 2024	**730.7**	**(1.0)**	**7.4**	**23.0**	**(4.8)**	**100.3**	**855.6**	**–**	**855.6**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2024 $M	31 December 2023 $M
Cash flows from operating activities			
Interest received		**1,407.9**	1,365.5
Interest paid		**(1,108.2)**	(1,023.2)
Receipts from loan fees and other income		**100.4**	112.4
Payments of net loans to borrowers		**(136.0)**	(953.3)
Payments to suppliers and employees		**(223.7)**	(247.5)
Income taxes paid		**(43.0)**	(59.0)
Proceeds from sale of loan portfolios		**2,601.5**	903.4
Net cash inflow from operating activities	4(A)	**2,598.9**	98.3
Cash flows from investing activities			
Payment for intangibles and other assets		**(7.4)**	(7.1)
Payments for business acquired		**(41.7)**	–
Payments for investments		**(0.2)**	(0.4)
Net cash (outflow) from investing activities		**(49.3)**	(7.5)
Cash flows from financing activities			
Proceeds from borrowings		**8,489.1**	13,697.3
Repayment of borrowings		**(11,287.6)**	(13,458.6)
Repayment of lease liabilities		**(7.2)**	(6.6)
Share buy back		**(2.5)**	–
Repayment of management loan		**0.2**	–
Payment of dividends	3(H)(a)	**(44.1)**	(37.8)
Net cash (outflow) / inflow from financing activities		**(2,852.1)**	194.3
Net (decrease) / increase in cash and cash equivalents		**(302.5)**	285.1
Cash and cash equivalents at the beginning of the financial period		**1,528.7**	1,243.6
Cash and cash equivalents at end of year	4(A)	**1,226.2**	1,528.7

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

1. General information

The information presented in Note 1 is considered relevant to an understanding of the consolidated financial statements.

A. Reporting entity

These consolidated financial statements are for the consolidated Group consisting of Pepper Money Limited ("Pepper Money" or "the Company") and its controlled entities ("the Group") and were approved and authorised for issue in accordance with a resolution of the Directors on 27 February 2025.

Pepper Money Limited is a public company limited by shares incorporated and registered in Australia. The ASX ticker code is PPM.

The principal accounting policies adopted in the preparation of this financial report are set out below or in the accompanying Notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The principal activities of the Group and nature of the Group's operations are detailed in the Directors' Report.

B. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transaction during the reporting period:

- on 20 March 2024, the Group exercised its call option to acquire the remaining 35% of shares in Stratton Finance Pty Ltd ("Stratton");
- the transaction completed on 28 March 2024 for a cash consideration of $41.9 million and was funded from existing cash reserves; and
- subsequent revaluation of Stratton's working capital position resulted in additional cash inflows of $0.2 million, reducing the net cash consideration to $41.7 million.

As a result of this transaction, a non-controlling interest in respect of Stratton is no longer present.

C. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and investments that have been measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets.

The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards ("IFRS"). The consolidated financial statements are presented in Australian dollars ($), which is Pepper Money's functional and presentation currency. All amounts are rounded to nearest millions, except when otherwise indicated.

The Directors consider the Group able to pay their debts as and when they fall due, and therefore the Group can continue as a going concern.

Trail commission payable

During the reporting period, the Group revised its treatment of ongoing trail commission payable in respect of mortgages originated through brokers in Australia and New Zealand. As a result, the Group has:

- recognised a liability within Other financial liabilities equivalent to the present value of expected future trail commission payments and a corresponding increase in Capitalised brokerage costs in Loans and advances; and
- reclassified current year Trail commission expense from Lending expense, to be amortised through Net interest income.

Comparatives have not been revised for the above change in accounting treatment as the impact of this change is not material to the financial statements.

Refer to Note 6 for further information.

D. Statement of compliance

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements comprise the consolidated financial statements of the Group. Pepper Money Limited is a for-profit entity for the purpose of preparing these consolidated financial statements.

E. Accounting estimates

The preparation of the consolidated financial statements requires the use of judgement, estimates and assumptions about the carrying value of assets, liabilities, revenues and expenses that are not readily apparent from other sources. Should different assumptions or estimates be applied, the resulting values may change, impacting the net assets and income of the Group. These accounting estimates and assumptions are reviewed on an ongoing basis.

The nature of significant estimates and judgements that the Directors have made in the process of applying the Group's accounting policies, are noted below.

a. Determination of impairment losses on loans and advances

The Group recognises an allowance for expected credit losses ("ECLs" or "Provisions for loan impairment") for all debt instruments held at amortised cost or at fair value through other comprehensive income.

Credit risk on other financial assets held at amortised cost, including Cash and cash equivalents and debt investments held at amortised cost, is assessed as low and probability of default negligible. Accordingly, the expected credit loss ("ECL") recognised on these financial assets is immaterial.

The Group's approach to ECL estimation in respect of Loans and advances is detailed below. The ECL required in respect of other credit risk exposures is not material to the Group.

ECL for loans and advances

The Group's approach consists of three components, being:

1. modelled collective ECL;
2. post-model overlay adjustments; and
3. specific provisions.

ECLs are monitored on a monthly basis as part of the Group's overall approach to monitoring, measuring and managing credit risk. A portfolio approach is taken in managing credit risk, with the individual management of facilities / customers applied to address specific circumstances as the credit life-cycle develops. The Group has aligned its approach to estimating ECL with its credit risk management practices and the requirements of AASB 9 *Financial Instruments*, which incorporates classification between the following three stages at each reporting date:

	Stage	Required provision	Provision approach
Stage 1	Performing loans and advances less than 30 days past due	Losses that arise from a default event in the next 12 months	Modelled collective provision, post-model overlay adjustments
Stage 2	All loans and advances where a significant increase in credit risk has occurred since origination (see below for further detail)	Loss provision equal to the expected loss over the expected lifetime of the asset	Modelled collective provision, post-model overlay adjustments
Stage 3	All loans and advances 90+ days in arrears, other loans and advances which are considered credit impaired (e.g. where the counterparty has been declared bankrupt)	Lifetime ECL provision incorporating a 100% probability of default	Modelled collective provision, post-model overlay adjustments, specific provisions

Key estimates for expected credit loss

The following items are the key matters of judgement in estimating ECL:

Significant increase in credit risk ("SICR")	An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative (e.g. watch lists), quantitative (e.g. 30+ days in arrears, hardships), and other reasonable, supportable forward-looking information.
Probability of default ("PD")	An estimate of the likelihood of default over a given time horizon. The Group's PDs are estimates considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to consider estimates of future conditions that will impact PD.
Loss given default ("LGD")	An estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering the cash flow capacity of the borrower (including collateral). The LGD is net of recoveries and other costs (e.g. collection charges and legal fees).
Exposure at default ("EAD")	The estimated outstanding amount of credit exposure at the time of default, considering repayment of principal and interest, expected additional drawdowns and accrued interest.
Forward-looking adjustments	Captures estimated impacts of scenario weighted macro-economic assumptions. The Group uses macro-economic factors including unemployment rates, target cash rate and GDP growth rates analysed across three scenarios – base case, upside and downside. The Group's analysis is informed by a combination of publicly available macro-economic forecasts in respect of the Australian and New Zealand economies, combined with Group portfolio information, judgment and analysis. The macro-economic variables used in the base case, upside and downside scenarios, as well as the weighting applied to the three scenarios has changed since 31 December 2023. Refer to Note 8(B)(c) for more information.
Post-model overlay adjustments	The Group applies adjustments to the modelled ECL result to ensure that the provision balance is sufficiently responding to changes in the credit risk profile of the loans which are not modelled in the above assumptions. As at 31 December 2024, the post-model overlay adjustment was $10.0 million given ongoing high interest rate environment, cost of living pressures and heightened level of insolvencies (31 December 2023: $8.7 million).

b. Goodwill and intangibles

Goodwill on acquisitions of subsidiaries is included in Goodwill and intangibles in the statement of financial position. The Group determines whether goodwill and other intangible assets with indefinite useful lives, are impaired at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Impairment testing requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangible assets with indefinite useful lives are allocated, or where impairment indicators are identified.

Refer to Note 10(B) for further information, including the key assumptions used.

c. Share-based payments valuation

In measuring and recognising various equity-settled share-based payment arrangements, the Group utilises valuation models which require judgement, such as grant date fair value and vesting probability. Refer to Note 11 for further information on the key models and valuation assumptions.

d. Fair value of equity investments

The Group carries its unlisted equity investments at fair value with changes in the fair value recognised in the statement of profit or loss.

Management undertake valuations of equity investments at each reporting period, at which time Management update their assessment of the fair value of each investment, taking into account the most recent valuation.

e. Net present value of trail commission payable

The recognition of expected future trail commission payable in the statement of financial position is an accounting estimate, given the valuation techniques and assumptions applied in the modelling.

Key assumptions underlying the estimation of the present value of future cash flows include the run-off rate and discount rate. These assumptions are determined based on experience and current and forecast economic factors.

Refer to Note 6 for further information, including the key assumptions used.

F. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2. Application of new and revised accounting standards

A. New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- Amendments to AASB 10 and AASB 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to AASB 9 and AASB 7 *Contracts Referencing Nature-dependent Electricity (AASB 2025-1)*
- Amendments to AASB 1 and AASB 121 *Lack of exchangeability (AASB 2023-5)*
- Amendments to AASB 9 and AASB 7 *Classification and measurement of financial instruments (AASB 2024-2)*
- Amendments to AASB 1 and AASB 7 and AASB 9 and AASB 10 and AASB 107 *Annual improvements Volume 11 (AASB 2024-3)*
- AASB 18 *Presentation and disclosure in financial statements*

The Directors do not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements in future years.

B. Accounting standards adopted in the period

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments were mandatorily effective for the year ended 31 December 2024 but did not have a material impact on the consolidated financial statements of the Group.

Pillar Two Tax Reform

The Group has completed an initial assessment of the 15% global minimum tax under the OECD Pillar Two model rules, in conjunction with the ultimate parent entity Pepper Global Topco Limited.

The initial assessment is that the Group is excluded from the scope of the OECD Pillar Two model rules, pursuant to the United Kingdom financial reporting principles for consolidated revenue applicable to the ultimate parent entity, which adopt certain net revenues as permitted by the OECD Administrative Guidance. This status is not expected to change in the foreseeable future.

3. Financial performance

A. Interest income and interest expense

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Interest income:		
Interest from customers	**1,382.5**	1,357.2
Bank interest	**53.6**	45.0
Total interest income	**1,436.1**	1,402.2
Interest expense:		
Interest expense	**(1,094.7)**	(1,041.3)
Net interest income	**341.4**	360.9

Loans and advances are measured on an amortised cost basis on the consolidated statement of financial position. Interest income is recognised over the life of the loan, taking into account all income and expenditure directly attributable to the origination of the loan. The rate at which interest income is recognised is referred to as the effective interest rate ("EIR") and is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life to the net carrying value of the loan. The revenue stream includes interest revenue, loan protection fees or mortgage risk fees (together referred to as "mortgage protection fees") received at loan settlement and early termination interest adjustments payable upon early redemption of a loan. Transaction costs, such as broker commissions, are also spread across the expected life of the loan in interest income. Interest income is recognised in the consolidated statement of profit or loss by applying the effective interest rate to the net carrying amount of any financial asset classified in Stage 3 for impairment.

Interest expense is also recognised on an EIR basis and includes costs directly associated with bringing to account the funding facilities used to fund the Group's lending assets. These are transaction costs incurred by the Group in facilitating the issue of debt securities. These costs are amortised to the consolidated statement of profit or loss over the average expected life of the debt securities using the EIR. On a consolidated basis, these costs are included as part of the amortised cost of the debt securities.

B. Non-interest income and expenses

Lending fee income

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Settlement fees	**29.5**	32.8
Post-settlement fees	**36.1**	39.4
Total lending fee income	**65.6**	72.2

Lending fee income includes fees other than those that are an integral part of EIR (see Note 3(A)) and includes loan fees paid by the customer such as application fees, discharge fees, settlement fees and post-settlement fees. The performance obligation for these fees is met at a point in time (settlement and discharge) and over time (loan administration) when the fee is charged to the customer and revenue is recognised.

Lending expense

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Trail commission expense	–	(24.8)
Trustee and other special purpose vehicle (SPV) expenses	**(2.9)**	(3.4)
Enforcement costs	**(10.0)**	(9.8)
GST input tax loss	**(4.1)**	(3.8)
Origination expense	**(4.8)**	(6.3)
Other lending expense	**(7.7)**	(6.5)
Total lending expense	**(29.5)**	(54.6)

Lending expenses includes valuation, trustee, custodian and servicer fees, unrecoverable GST and other lending-related fees which are expensed when incurred.

During the reporting period, Trail commission expense of $19.4 million was reclassified from Lending expense to be amortised through Interest income. Refer to Note 1(C) for further information.

Servicing fees and other income

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Loan and other servicing income	**5.7**	5.9
Brokerage commissions	**11.4**	13.1
Volume bonuses and incentives	**6.8**	10.5
Other income	**11.7**	7.9
Total servicing fees and other income	**35.6**	37.4

Loan and other servicing fees are negotiated per contract. They include a base and variable component and typically include a performance-based element linked to the achievement of performance milestones, as well as financial outcomes for the owners of the loan assets. The servicing rates charged vary depending on the complexity of the portfolio, size of mandate and other relevant factors.

Servicing fee income is recognised over time as the servicing activities are performed and the Group earns the right to consideration, as identified in the contractual pricing arrangements the Group has with its customers.

Brokerage commissions are recognised on an accrual basis upon settlement of the loan.

Volume bonuses and incentives are recognised over time as the hurdles which trigger bonuses / incentives are met.

C. Disaggregation of revenue from contracts with customers

The below table summarises revenue from contracts with customers recognised under AASB 15 *Revenue from Contracts with Customers*, and how this revenue is disaggregated by revenue type and timing of revenue recognition.

The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to Note 3(G)).

	Mortgages		Asset Finance		Loans and Other Servicing		Corporate		Total	
Year ended 31 December	**2024 $M**	**2023 $M**	**2024 $M**	**2023 $M**	**2024 $M**	**2023 $M**	**2024 $M**	**2023 $M**	**2024 $M**	**2023 $M**
Revenue Type:										
Lending fee income	**22.6**	22.0	**43.0**	50.2	**–**	–	**–**	–	**65.6**	72.2
Whole loan sales income	**31.5**	6.4	**11.3**	5.5	**–**	–	**–**	–	**42.8**	11.9
Servicing fees and other income	**0.3**	0.1	**24.2**	30.0	**11.0**	7.3	**0.1**	–	**35.6**	37.4
Total revenue from contracts with customers	**54.4**	28.5	**78.5**	85.7	**11.0**	7.3	**0.1**	–	**144.0**	121.5
Timing of revenue recognition:										
Service transferred at a point in time	**54.4**	28.5	**71.7**	75.2	**5.2**	7.3	**0.1**	–	**131.4**	111.0
Services transferred over time	**–**	–	**6.8**	10.5	**5.8**	–	**–**	–	**12.6**	10.5
Total revenue from contracts with customers	**54.4**	28.5	**78.5**	85.7	**11.0**	7.3	**0.1**	–	**144.0**	121.5
Lending expense	**(17.1)**	(42.4)	**(12.4)**	(12.2)	**–**	–	**–**	–	**(29.5)**	(54.6)
Other operating income as reported in Note 3(G) Segment reporting	**37.3**	(13.9)	**66.1**	73.5	**11.0**	7.3	**0.1**	–	**114.5**	66.9

Whole loan sales are the equitable notes of loans (originated by the Group) sold to a third party, with the Group retaining the servicing of the loans, generating servicing fees.

D. Expenses

Employee benefits expense

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Salaries and wages	**(97.0)**	(101.3)
Employee incentive and share-based payments	**(23.8)**	(21.8)
Other personnel expenses	**(5.5)**	(5.5)
Total employee benefits expense	**(126.3)**	(128.6)

Employee benefits expenses are recorded primarily in respect of wages and salaries, superannuation, bonuses, share-based payments, annual leave and long service leave and are recognised in respect of employees' services up to the end of the reporting period.

Refer to Note 11 for detail on the share-based payment schemes.

Corporate interest expense

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Corporate debt facility	**(26.8)**	(22.7)
Lease liability interest	**(2.4)**	(2.1)
Total corporate interest expense	**(29.2)**	(24.8)

Corporate interest expenses relate to interest paid on corporate debt facilities measured under the EIR method. Refer to Note 5(A) for further disclosures.

Lease liability interest is recognised on the Group's lease liability. Refer to Note 5(B).

E. Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except where it relates to a business combination, or items recognised in equity or other comprehensive income.

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

b. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax base used for income tax purposes. Deferred tax assets and liabilities are not recognised in respect of temporary differences arising from:

- the initial recognition of other assets and liabilities (other than in a business combination) that affects neither the taxable income nor the accounting profit and does not give rise to equal taxable and deductible temporary differences;
- investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- the initial recognition of goodwill.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is determined using the tax rates that are expected to apply in the periods in which the temporary differences reverse, based on income tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and the Group intends to settle them on a net basis.

	Year ended	
	31 December 2024 $M	31 December 2023 $M
(i) Income tax recognised in profit or loss		
Current tax		
Current tax expense in respect of the current year	**47.7**	46.8
Adjustments recognised in the current year in relation to the current tax of prior years	**(1.6)**	(3.4)
Total current tax expense	**46.1**	43.4
Deferred tax		
Deferred tax benefit recognised in the current year	**(4.8)**	(2.4)
Adjustments recognised in the current year in relation to the deferred tax of prior years	**0.4**	(1.0)
Total deferred tax benefit	**(4.4)**	(3.4)
Total income tax expense recognised in the current year	**41.7**	40.0
(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income tax expense	**139.9**	148.7
Tax at the Australian tax rate of 30% (2023 – 30%)	**42.0**	44.6
Effect of different tax rates of operations in foreign jurisdictions	**(0.4)**	(0.5)
Effect of expenses that are not deductible in determining taxable profit	**1.3**	0.3
	42.9	44.4
Adjustments recognised in current year in relation to income tax of prior years	**(1.2)**	(4.4)
Income tax expense	**41.7**	40.0

The tax rate used for the reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on the taxable profits under Australian tax law.

	Year ended	
	31 December 2024 $M	31 December 2023 $M
(iii) Deferred tax balance movements		
Opening balance	**21.8**	(6.1)
Adjustment for prior periods	**(0.4)**	1.0
Adjusted opening balance	**21.4**	(5.1)
Current year tax recognised in the statement of profit or loss	**4.7**	2.4
Current year tax recognised in other comprehensive income	**11.0**	24.5
Closing balance	**37.1**	21.8

	Year ended	
	31 December 2024 $M	31 December 2023 $M
(iv) Deferred tax balances		
Breakdown of closing balance as follows:		
Employee expenses	10.4	8.7
Provisions	0.2	0.3
Deferred expenses	(4.1)	(5.4)
Loan loss provisions and other doubtful debts	35.0	35.7
Other financial assets	(0.3)	(0.4)
Derivatives	(3.3)	(13.9)
Recognition of tax assets relating to tax losses	1.7	2.4
Recognition of tax liabilities relating to intangibles in business combination	(3.4)	(5.9)
Right of use assets	(7.1)	(7.2)
Lease liabilities	8.7	8.5
Trail commission payable	16.1	–
Capitalised trail commission	(16.1)	–
Other	(0.7)	(1.0)
	37.1	21.8
Deferred tax balances are presented in the balance sheet as follows:		
Deferred tax assets	37.1	21.8
	37.1	**21.8**

A deferred tax asset has not been recognised for $1.3 million of unused capital losses carried forward in Australia (2023: $1.3 million).

c. Australian tax consolidated group

Pepper Money Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation for Australian income tax purposes. The deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

The head entity, Pepper Money Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Pepper Money Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax sharing and funding agreement under which the wholly-owned entities fully compensate Pepper Money Limited for any current tax payable assumed and are compensated by Pepper Money Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Pepper Money Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' standalone financial statements.

Assets or liabilities arising under the tax sharing and funding agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax sharing and funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Stratton Finance Pty Ltd and its wholly-owned Australian entities joined the Pepper Money Limited tax consolidated group from 28 March 2024.

F. Earnings per share

a. Methodology

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

b. EPS calculation inputs

	Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Profit from continuing operations attributable to ordinary equity holders of the Group ($M)	**98.2**	108.7
Weighted average number of ordinary shares (WANOS) used in the calculation of basic EPS (millions of shares)	**440.7**	439.7
Dilutive effect of share options (millions of shares)	**19.6**	16.3
WANOS used in the calculation of diluted shares (millions of shares)	**460.3**	456.0

c. Basic earnings per share

	Year ended	
	31 December 2024 Cents	**31 December 2023 Cents**
Basic EPS	**22.29**	24.71
Total basic EPS attributable to the ordinary equity holders of the Group	**22.29**	24.71

d. Diluted earnings per share

	Year ended	
	31 December 2024 Cents	**31 December 2023 Cents**
Diluted EPS	**21.34**	23.83
Total diluted EPS attributable to the ordinary equity holders of the Group	**21.34**	23.83

G. Segment reporting

Operating segments are presented on a basis that is consistent with information provided internally to the Group's Board and Executive Committee (the chief operating decision makers).

The accounting policies of the reportable segments are the same as the Group's accounting policies. All assets and liabilities are allocated to reportable segments and no intersegment revenues occur. The Mortgages and Asset Finance segments include the relevant structured entities which hold the Group's mortgage and asset finance assets and liabilities. There is no equity in these structured entities and as a result segment assets equal segment liabilities.

The chief operating decision makers examine the Group's performance from a portfolio perspective and have identified the following operating and reportable segments:

- The **Mortgages** segment includes both residential mortgages and commercial real estate and includes the revenues and direct expenses associated with the origination of residential mortgages in Australia and New Zealand and with the origination of small balance commercial real estate and Self Managed Super Fund ("SMSF") loans in Australia. Mortgage lending comprises prime and non-conforming mortgages.
- The **Asset Finance** segment includes the revenues and direct expenses associated with the origination and ongoing ownership of loans secured over a range of assets, including new and used cars, caravans, small commercial equipment and novated leasing in Australia. The Group's wholly owned subsidiary, Stratton, is included within this segment given common customer base, revenues and cost synergies.
- The **Loan and Other Servicing** segment includes the revenues and direct expenses associated with the servicing and / or administration of loan portfolios for third parties conducted by the Group.

In addition to those segments identified above, Management has identified the Corporate division for inclusion in this disclosure. Although not meeting the strict definition of an operating segment by virtue of the fact it does not earn revenues, Management believe that the Corporate division is essential to understanding how the business operates.

a. Segment income statement

Information regarding these segments is presented below. All revenue is derived from external customers.

The following is an analysis of the Group's revenue and results by reportable operating segments:

	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
Year ended 31 December 2024					
Interest income	955.4	478.1	(0.1)	2.7	1,436.1
Interest expense	(764.8)	(329.9)	–	–	(1,094.7)
Net interest income	190.6	148.2	(0.1)	2.7	341.4
Other operating income	37.3	66.1	11.0	0.1	114.5
Loan losses	5.8	(75.1)	–	–	(69.3)
Total segment reporting income	233.7	139.2	10.9	2.8	386.6
Corporate costs	–	–	–	(198.1)	(198.1)
Depreciation and amortisation	–	–	–	(19.4)	(19.4)
Corporate interest expense	–	–	–	(29.2)	(29.2)
Profit before income tax	233.7	139.2	10.9	(243.9)	139.9
Income tax expense	–	–	–	(41.7)	(41.7)
Net profit after tax	233.7	139.2	10.9	(285.6)	98.2

	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
Year ended 31 December 2023					
Interest income	995.8	404.7	(0.1)	1.8	1,402.2
Interest expense	(771.4)	(267.7)	–	(2.2)	(1,041.3)
Net interest income	224.4	137.0	(0.1)	(0.4)	360.9
Other operating income	(13.9)	73.5	7.3	–	66.9
Loan losses	4.2	(44.2)	0.1	–	(39.9)
Total segment reporting income	214.7	166.3	7.3	(0.4)	387.9
Corporate costs	–	–	–	(192.5)	(192.5)
Depreciation and amortisation	–	–	–	(21.9)	(21.9)
Corporate interest expense	–	–	–	(24.8)	(24.8)
Profit before income tax	214.7	166.3	7.3	(239.6)	148.7
Income tax expense	–	–	–	(40.0)	(40.0)
Net profit after tax	214.7	166.3	7.3	(279.6)	108.7

b. Segment balance sheet

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
As at 31 December 2024					
Segment assets	**10,725.3**	**5,430.0**	**0.8**	**1,316.3**	**17,472.4**
Segment liabilities	**(10,725.3)**	**(5,435.7)**	**(0.8)**	**(442.5)**	**(16,604.3)**
Current tax asset / (liability)	**–**	**3.3**	**–**	**(15.8)**	**(12.5)**
Total	**–**	**(2.4)**	**–**	**858.0**	**855.6**
As at 31 December 2023					
Segment assets	13,452.1	5,659.8	0.8	1,095.0	20,207.7
Segment liabilities	(13,452.1)	(5,656.1)	(0.8)	(226.4)	(19,335.4)
Current tax asset / (liability)	–	–	–	(9.5)	(9.5)
Total	–	3.7	–	859.1	862.8

The Corporate division represents the Group's support functions not specifically aligned to business operations in the other divisions listed above (specifically Finance, Treasury, Risk, Human Resources, Administration, Legal and Technology) as well as the Group's executives' costs. Operating foreign exchange gains or losses are also presented as part of the Corporate division.

H. Dividends

a. Declared and paid during the reporting period

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Final 2023 dividend: $0.050 (2022: $0.050)	22.0	22.3
Interim 2024 dividend: $0.050 (2023: $0.035)	22.1	15.5
Total	44.1	37.8

All dividends were fully franked at 30%.

b. Proposed dividends not recognised as a liability at the end of the reporting period

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Final 2024 dividend: $0.071 (2023: $0.050)	31.2	22.0

The final dividend recommended after 31 December 2024 will be fully franked at 30%.

c. Franking credits

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Franking credits available for future years at 30%, adjusted for the payment of income tax and dividends payable or receivable	127.1	103.1
Impact on the franking account of dividends proposed before the financial report was issued, but not recognised as a distribution to equity holders during the year	(13.4)	(9.4)

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

4. Financial assets

A. Cash and cash equivalents

Cash and cash equivalents comprise the Group's unrestricted cash (i.e. cash at bank and cash in transit) and restricted cash held in the limited recourse financing vehicles. Restricted cash includes monies in the Special Purpose Vehicles ("SPVs") and securitisation trusts on behalf of members in those Trusts and various clearing accounts. Restricted cash is not available for operational use.

	As at	
	31 December 2024 $M	31 December 2023 $M
Cash at bank	124.0	121.1
Restricted cash	1,102.2	1,407.6
Total cash and cash equivalents	1,226.2	1,528.7

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Reconciliation of profit after tax for the year to net cash flows from operating activities		
Net profit after income tax	98.2	108.7
Non-cash items:		
Depreciation and amortisation expense	19.4	21.9
Amortisation of debt issuance transaction costs	9.9	44.4
Loan loss expense	69.3	39.9
Amortisation of loan origination fees and commissions	124.7	84.0
Employee benefits and share based-payment expenses	12.7	5.8
Fair value losses on financial assets	3.9	–
Impairment losses on intangible assets	7.4	–
Other non-cash operating items	(1.0)	(2.5)
Total non-cash items	246.3	193.5
Cash movements in:		
Receivables	7.5	–
Loans and advances	2,246.7	(184.7)
Other assets	(1.7)	0.1
Trade payables	(2.3)	(0.3)
Current tax liabilities	4.2	(19.0)
Total cash movements in assets and liabilities	2,254.4	(203.9)
Net profit after non-cash items	344.5	302.2
Total operating cash movements	2,598.9	98.3

	Reconciliation of Financing Activities			
	Issued Capital $M	Borrowings $M	Lease liability (in Other liabilities) $M	Total $M
As at 31 December 2023	729.8	19,257.0	32.6	20,019.4
Financing cash flow	(2.3)	(2,798.6)	(7.2)	(2,808.1)
Non-cash movements	3.2	(9.1)	2.8	(3.1)
Other cash movements	–	18.1	–	18.1
As at 31 December 2024	**730.7**	**16,467.4**	**28.2**	**17,226.3**

B. Gross loans and advances

	As at	
	31 December 2024 $M	31 December 2023 $M
Gross loans and advances		
Loans and advances	**15,879.8**	18,307.0
Deferred transaction costs	**226.8**	251.7
Capitalised brokerage costs[1]	**53.8**	–
Mortgage risk fee	**(51.7)**	(59.7)
Provision for loan impairment	**(116.9)**	(119.6)
	15,991.8	18,379.4
Provision for loan impairment		
Specific provision	**(39.6)**	(38.7)
Collective provision	**(77.3)**	(80.9)
	(116.9)	(119.6)
Specific provision		
Opening balance	**(38.7)**	(29.8)
Provided for during the year	**(72.9)**	(51.4)
Loans previously provided for written-off or sold	**72.0**	42.5
Specific provision closing balance	**(39.6)**	(38.7)
Collective provision		
Opening balance	**(80.9)**	(92.4)
Released during the year	**3.6**	11.5
Collective provision closing balance	**(77.3)**	(80.9)

1. Capitalised brokerage costs represents the revised accounting treatment of trail commission payable to mortgage brokers.

Accounting policy

Initial recognition

Loans and advances are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions. Loans and advances are initially measured at fair value plus transaction costs directly attributable to the origination of the loans. Refer to Note 1(E)(a) for further information.

Classification

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Loans and advances are measured at amortised cost if both of the following conditions are met:

- they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of each contract give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's loans and advances meet the above criteria and therefore are measured at amortised cost.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Transaction costs include broker fees and commissions capitalised on the balance sheet as part of loans and advances. These costs are amortised to the consolidated income statement in line with the reduction in the underlying mortgage portfolio as part of the effective interest rate.

Derecognition

Loans and advances are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantively all of the risks and rewards of ownership are transferred (eg. a whole loan sale) or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control.

Upon derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised as a gain or loss on the consolidated income statement.

C. Other financial assets

Other financial assets comprise of equity and debt portfolio investments held at fair value through profit or loss ("FVTPL") or amortised cost.

Investments held at amortised cost have been assessed for credit risk as required under AASB 9 *Financial Instruments*. The ECL has been assessed as immaterial and no provision has been recognised.

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Equity investments held at FVTPL	**15.3**	19.0
Debt investments held at amortised cost	**–**	0.2
Total other financial assets	**15.3**	19.2

Equity Investments

The Group holds equity investments in several private companies that are not traded in an active market. These investments were designated on initial recognition at FVTPL and are disclosed at fair value at the end of each reporting period.

5. Financial liabilities

A. Borrowings

All borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are measured at amortised cost using the EIR method.

	As at	
	31 December 2024 $M	31 December 2023 $M
Non-recourse facilities	**16,250.5**	18,978.0
Government structured finance	–	7.4
Corporate debt facilities	**216.9**	271.6
Total borrowings	**16,467.4**	19,257.0

Non-recourse facilities are secured on the assets of each of the individual trusts. Refer to Note 8(B)(f) for more detail.

Corporate debt facilities secured over certain assets of the Group were also in place in the years ended 31 December 2023 and 31 December 2024.

In 2021, the Group entered into a secured syndicated facility agreement to provide an IPO bridge term loan facility. Upon listing on 25 May 2021, this converted into a secured, syndicated 3-year revolving credit facility and was partially paid down with funds raised in the IPO. This facility was fully repaid on 23 May 2024, ahead of its maturity date. A new secured, syndicated 3-year revolving credit facility was established on 23 May 2024.

As at 31 December 2024, $125.0 million was drawn down on the total facility of $270.0 million (2023: $155.0 million drawn on a total facility of $200.0 million). This facility carries a floating interest rate at 90-day BBSY plus a margin (2023: floating interest rate at 90-day BBSY plus a margin).

Transaction costs directly attributable to the facility have been capitalised and are amortised over the facility term.

A debt issuance programme was established in October 2021. As at 31 December 2024, the value of outstanding floating rate notes was $90.0 million (2023: $115.0 million). These notes carry a floating interest rate at 3-month BBSW plus a margin. Transaction costs directly attributable to the notes have been capitalised and are amortised over the facility term.

B. Other liabilities

	As at	
	31 December 2024 $M	31 December 2023 $M
Lease-related liabilities	**28.2**	32.6
Other provisions	**0.9**	1.1
Total other liabilities	**29.1**	33.7

Other provisions include related party balances (refer to Note 12(A)(b)) and miscellaneous liabilities.

The below table summarises the Group's remaining expected maturity for its lease liabilities with agreed repayment periods and specifically relates to lease liabilities.

The table details the undiscounted cash flows of lease liabilities based on the earliest date on which the Group can be required to pay and hence will not necessarily reconcile with the amounts disclosed in the consolidated statement of financial position. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Not later than 1 year	**7.6**	7.0
Later than 1 year	**26.9**	32.6
Total commitments	**34.5**	39.6

6. Other financial liabilities

Trail commission payable

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Present value of trail commission payable	**53.8**	–
Total other financial liabilities	**53.8**	–

The Group makes trail commission payments in respect of mortgages originated through brokers in Australia and New Zealand. These payments are based on monthly loan balances outstanding (excluding 0% commission rate loans and "in-arrears" loans).

On initial recognition of a mortgage loan at settlement, the Group recognises a trail commission financial liability which is recognised based on the net present value ("NPV") of expected future trailing commission payable to brokers.

A corresponding capitalised trail commission asset is capitalised to the loan as part of the transaction costs.

The following key assumptions have been used in the determination of the estimated future cash flows:

	As at 31 December 2024
Run-off rate	between 16.4% – 44.3% (depending on product and loan seasoning)
Discount rate	10.5%

Run-off rate

The run-off rate consists of discharges, prepayments and scheduled loan repayments and is the most sensitive factor in the NPV modelling. It is calculated based on observed portfolio seasoning performance and reflects expected behavioural life. It incorporates historical averages, key run-off drivers and prior-year trends.

If later seasoning months show excessive volatility due to a small pool factor, rates from a comparable product are used instead.

Discount rate

For the purposes of the valuation technique, the post-tax discount rate is set each remeasurement date.

The discount rate reflects the current market assessment of the time value of money and the risks that are specific to the estimated future cash flows. It is calculated using the Group's post-tax weighted average cost of capital ("WACC") and is set semi-annually at each reporting date for new originations settled within the preceding six-month period.

Sensitivity analysis

Sensitivity analysis on the trail commission payable has been performed on both the run-off rate and discount rate:

- the impact of a +/- 2% movement in the run-off rate is $2.3 million; and
- the impact of a +/- 1% movement in the discount rate is $1.0 million.

7. Provisions

	As at 31 December 2024			As at 31 December 2023		
	<12 months $M	>12 months $M	Total	<12 months $M	<12 months $M	Total
Bonus and other employee benefits	**19.9**	**6.0**	**25.9**	16.8	5.3	22.1
Provisions	**1.8**	**–**	**1.8**	1.5	–	1.5
Total provisions	**21.7**	**6.0**	**27.7**	18.3	5.3	23.6

a. Employee benefits

Employee benefit liabilities are recognised for benefits accruing to employees predominantly in respect of wages and salaries, bonuses, annual leave and long service leave and are recognised in respect of employees' services up to the end of the reporting period. Bonuses are dependent upon the financial and other key performance measures of the Group.

8. Financial instrument disclosures

A. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following assets and liabilities are measured at fair value by the Group for financial reporting purposes:

			As at	
	Fair value hierarchy	Valuation technique and key inputs	31 December 2024 $M	31 December 2023 $M
Equity investments at FVTPL	Level 2	Arms' length market transaction	**8.4**	19.0
Equity investments at FVTPL	Level 3	Market approach based on acquisition value and financial performance since acquisition, adjusted for changes in macroeconomic factors	**6.9**	–
Derivative financial assets and liabilities	Level 2	Discounted cash flow, forward interest rates, contract interest rates, counterparty valuations	**10.7**	48.4
Total			**26.0**	67.4

For the period to 31 December 2024, there has been no change in the valuation techniques applied to any of the balances above.

Level 3 equity investments at FVTPL	$M
Opening balance as at 1 January 2024	–
Transfer to Level 3 equity investments at FVTPL	**10.7**
Fair value (losses) on financial assets	**(3.6)**
Closing balance as at 31 December 2024	**6.9**

Fair value of financial assets and liabilities not measured at fair value

The Group has considered all financial assets and liabilities not carried at fair value to determine whether the carrying value is an accurate reflection of fair value. For financial assets and liabilities whose carrying value does not accurately reflect the fair value, the Group performed a discounted cash flow valuation to determine fair value at the balance date.

Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair value.

B. Financial risk management

a. Overview

The Group has exposure to those risks associated with most financial services organisations. The more notable risks are as follows:

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, loans and advances.	Credit risk analysis, Credit ratings.
Market risk – foreign exchange	Future commercial transactions, recognised foreign currency financial assets and liabilities.	Cash flow forecasting, Sensitivity analysis.
Market risk – interest rate	Mismatch in interest rates between assets and liabilities.	Sensitivity analysis.
Market risk – equity price risk	Exposure to movements in enterprise value of investees.	Sensitivity analysis.
Liquidity risk	Borrowings, derivative financial liabilities and other liabilities.	Rolling cash flow forecasts.

Roles and responsibilities

The Board is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has oversight of the Group's Risk Management Program, which includes operating within the Board-approved Risk Appetite.

The Group's Risk Management Framework focuses on the unpredictability of financial markets and the effectiveness of controls to manage risks in a way which seeks to minimise potential adverse effects on the financial performance and reputation of the Group. The Group's Risk Management Framework leverages the "Three Lines of Accountability" model that ensures there is independent oversight of business activities and process by the Group Risk and Compliance function, and Internal Audit.

The Board has established an Audit and Risk Committee ("BARC") which is responsible for managing risk as follows:

- identifying and monitoring the emerging and changing risk profile of Group;
- ensuring that risk activities are governed by appropriate policies and procedures and that financial risks are identified; and
- reviewing the adequacy and effectiveness of internal systems, controls and procedures managing risks faced by the Group.

The BARC is supported by the following Management Committees:

1. Executive Risk Committee;
2. Credit Committee;
3. Asset and Liability Committee;
4. Product and Pricing Committee; and
5. Environmental, Social and Governance Committee.

Reporting

Monitoring and controlling risk is primarily based on limits established by the Board and BARC. The Chief Financial Officer and Chief Risk Officer report regularly to the Board and BARC.

b. Credit risk

Credit risk is the risk that a counterparty will not meet its contractual obligations leading to a financial loss. The Group's primary credit risk exposures relate to its lending activities in its mortgage and asset finance portfolios.

The Board of Directors is responsible for determining the Group's overall appetite for credit risk and monitoring the quality and performance of the mortgage and asset finance portfolios.

i. Maximum exposure to credit risk and the relative credit quality of financial assets

		Relative credit quality of assets	
31 December 2024 $M	**Maximum exposure to credit risk**	**Rated***	**Unrated**
Cash and cash equivalents	1,226.2	Investment grade	–
Derivative financial instruments	21.0	Investment grade	–
Gross Mortgages loans and advances (including undrawn facilities)	11,558.1	–	
LVR Band 90%+			220.1
LVR Band 75-90%			3,073.5
LVR Band 60-75%			3,373.0
LVR Band <60%			4,891.5
Gross Asset Finance loans and advances	5,633.2	–	
Commercial			2,060.9
Consumer			1,778.9
Novated			1,793.4
Receivables	13.9	–	13.9
Total	**18,452.4**	–	**17,205.2**

		Relative credit quality of assets	
31 December 2023 **$M**	**Maximum exposure to credit risk**	**Rated***	**Unrated**
Cash and cash equivalents	1,528.7	Investment grade	–
Derivative financial instruments	52.4	Investment grade	–
Gross Mortgages loans and advances (including undrawn facilities)	14,117.8	–	
LVR Band 90%+			214.2
LVR Band 75-90%			3,721.9
LVR Band 60-75%			4,139.3
LVR Band <60%			6,042.4
Gross Asset Finance loans and advances	5,730.7	–	
Commercial			2,469.9
Consumer			2,204.9
Novated			1,055.9
Receivables	21.2	–	21.2
Other financial assets	0.2	–	0.2
Total	**21,451.0**	**–**	**19,869.9**

* Investment grade: AAA to BBB by Standard & Poor's.

As at 31 December 2024 the Group had $1,301.3 million of undrawn customer facilities (2023: $1,528.3 million).

Undrawn customer commitments and redraw balances which can be cancelled at any time by the Group are not recognised on the statement of financial position. The Group recognises ECL on undrawn credit commitments as required by AASB 9 *Financial Instruments*. The ECL has been assessed as immaterial and no provision has been recognised.

Mortgage loans are secured by a first registered mortgage over the property. This provides the Group with first priority over the proceeds of any sale of the property to repay the outstanding balance of the loans.

Asset Finance loans are secured by a Purchase Money Security Interest ("PMSI") registered with the personal property security register over the financed asset. This provides the Group with first priority over the proceeds of any sale of the asset to repay the outstanding balance of the loans.

Collateral valuations are obtained at origination. Collateral valuations are updated in limited circumstances, such as when the Group becomes a mortgagee in possession.

ii. Analysis of loans and advances by past due status

The table below provides an analysis of the gross carrying amount of loans and advances by past due status:

	Loans and advances ($M) 31 December 2024			Loans and advances ($M) 31 December 2023		
Days in arrears	**Mortgages**	**Asset Finance**	**Total**	**Mortgages**	**Asset Finance**	**Total**
0 days and less than 30 days	**10,036.6**	**5,581.7**	**15,618.3**	12,211.4	5,709.2	17,920.6
30 days and less than 90 days	**182.4**	**91.7**	**274.1**	226.6	130.4	357.0
90 days and less than 180 days	**68.8**	**37.6**	**106.4**	76.6	41.5	118.1
180 days and less than 365 days	**45.5**	**24.7**	**70.2**	55.8	19.2	75.0
365 days and over	**32.8**	**6.9**	**39.7**	19.3	9.0	28.3
Total	**10,366.1**	**5,742.6**	**16,108.7**	12,589.7	5,909.3	18,499.0

c. Expected credit loss provisions

Macro-economic scenarios

The provision coverage of the Group has been strengthened via forward looking adjustments for macro-economic assumptions. The ECL model includes macro-economic forecasts detailed in the table below representing the Group's view of future economic conditions. The Group applies a base case macroeconomic scenario plus two alternative macroeconomic scenarios (upside and downside) to reflect unbiased, probability weighted ranges of possible future outcomes in estimating ECL. As at 31 December 2024 the weighting applied to each of these scenarios was as follows:

- **Base case scenario** 65% (2023: 60%) – considers economists' and RBA forecasts as well as the Group's base case assumptions used in Management's strategic planning and forecasting.
- **Upside scenario** 5% (2023: 5%) – considers the potential impact of more favourable economic conditions which are less likely to occur than in the base case scenario.
- **Downside scenario** 30% (2023: 35%) – considers the potential impact of possible, but less likely, adverse macroeconomic conditions.

The table below summarises the macro-economic variables used in the base case, upside and downside scenarios as at 31 December 2024. Multipliers are derived qualitatively from stress test results and by comparison to other scenarios.

	2024					
	Upside case (5%)		**Base case (65%)**		**Downside case (30%)**	
	Mortgages	**Asset Finance**	**Mortgages**	**Asset Finance**	**Mortgages**	**Asset Finance**
Macroeconomic variable:						
GDP (quarter on quarter % change)	**N/A**	**0.7%**	**N/A**	**0.5%**	**N/A**	**0.0%**
Unemployment rate (%)	**4.0%**	**4.0%**	**4.5%**	**4.5%**	**5.0%**	**5.0%**
Cash rate (%)	**3.0%**	**3.0%**	**3.5%**	**3.5%**	**4.0%**	**4.0%**

Post-model overlay adjustments

	Mortgages		Asset Finance		Total	
	31 December 2024 $M	31 December 2023 $M	31 December 2024 $M	31 December 2023 $M	31 December 2024 $M	31 December 2023 $M
Management overlay	**(2.0)**	(8.0)	**(8.0)**	(0.7)	**(10.0)**	(8.7)
Total	**(2.0)**	(8.0)	**(8.0)**	(0.7)	**(10.0)**	(8.7)

The post-model overlay adjustments comprise of a Management overlay.

Management overlay

As at the reporting date, the Group maintained a Management overlay by applying adjustments to the modelled ECL results to ensure that the provision balance is sufficiently responding to both known and potential changes in credit risk that would not be captured by the ECL model assumptions (i.e. the ECL model is deemed insufficient provision coverage).

Management continue to assess the level of provision coverage on a monthly basis and all overlays are reviewed by Management and approved by the Board at each reporting period.

d. Sensitivity of provisions

The Group applies three macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL.

The below table provides approximate levels of provisions for impairment under the base case and downside scenarios for the Group. It assumes 100% weighting was applied to each scenario and holding all other assumptions constant.

These scenarios and their associated weights have been selected based on the expected range of potential future loss outcomes.

	31 December 2024 $M	31 December 2023 $M
Reported probability-weighted ECL	**60.3**	64.8
100% base case scenario	**56.4**	59.2
100% downside scenario	**71.5**	76.6

Sensitivity of provisions for impairment to SICR assessment criteria

If 2% of Stage 1 credit exposures as at 31 December 2024 was included in Stage 2, provisions for impairment would **increase** by approximately $8.0 million (2023: $4.0 million – sensitivity was 1%).

If 1% of Stage 2 credit exposures as at 31 December 2024 was included in Stage 1, provisions for impairment would **decrease** by approximately $0.1 million (2023: $0.09 million).

e. Staging analysis by loans and advances and provisions for impairment

The following tables show movements in:

- the gross carrying amount of financial assets subject to impairment requirements; and
- allowance for expected credit losses;

for the years ended 31 December 2024 and 31 December 2023.

Deferred transaction costs, mortgage risk fee, capitalised brokerage costs and loans and advances are incorporated in the gross carrying amount of loans and advances.

Loans and advances ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Gross carrying amount as at 1 January 2024	17,869.1	398.3	231.6	18,499.0
Transfer to Stage 1	242.4	(195.0)	(47.4)	–
Transfer to Stage 2	(393.5)	414.2	(20.7)	–
Transfer to Stage 3	(121.9)	(45.1)	167.0	–
Financial assets that have been derecognised during the period	(6,010.5)	(123.2)	(103.2)	(6,236.9)
New financial assets originated	4,830.4	59.8	14.5	4,904.7
Net repayments and interest for the period	(1,049.0)	(2.4)	(6.7)	(1,058.1)
Gross carrying amount as at 31 December 2024	15,367.0	506.6	235.1	16,108.7

Provision for loan impairment ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Loss allowance as at 1 January 2024	53.3	9.2	48.4	110.9
Transfer to Stage 1	10.3	(4.0)	(6.3)	–
Transfer to Stage 2	(1.0)	2.9	(1.9)	–
Transfer to Stage 3	(0.6)	(1.2)	1.8	–
Financial assets that have been derecognised during the period	(7.0)	(2.9)	(21.6)	(31.5)
New financial assets originated	6.4	4.3	4.0	14.7
Net repayments and interest for the period	(15.9)	3.7	25.0	12.8
Total	45.5	12.0	49.4	106.9
Post-model overlay adjustments	–	–	–	10.0
Loss allowance as at 31 December 2024	45.5	12.0	49.4	116.9

Loans and advances ($M)	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount as at 1 January 2023	17,983.3	264.5	202.2	18,450.0
Transfer to Stage 1	185.2	(141.7)	(43.5)	–
Transfer to Stage 2	(328.9)	339.9	(11.0)	–
Transfer to Stage 3	(127.3)	(34.8)	162.1	–
Financial assets that have been derecognised during the period	(5,548.9)	(86.1)	(91.4)	(5,726.4)
New financial assets originated	6,646.7	57.6	19.7	6,724.0
Net repayments and interest for the period	(941.0)	(1.1)	(6.5)	(948.6)
Gross carrying amount as at 31 December 2023	17,869.1	398.3	231.6	18,499.0

Provision for loan impairment ($M)	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance as at 1 January 2023	56.2	3.2	43.0	102.4
Transfer to Stage 1	6.7	(1.7)	(5.0)	–
Transfer to Stage 2	(0.8)	1.9	(1.1)	–
Transfer to Stage 3	(0.6)	(0.5)	1.1	–
Financial assets that have been derecognised during the period	(7.0)	(0.9)	(16.1)	(24.0)
New financial assets originated	20.7	4.3	6.0	31.0
Net repayments and interest for the period	(21.9)	2.9	20.5	1.5
Total	53.3	9.2	48.4	110.9
Post-model overlay adjustments	–	–	–	8.7
Loss allowance as at 31 December 2023	53.3	9.2	48.4	119.6

The value of the collateral held as security for loans in the Stage 1, Stage 2 and Stage 3 collective provision as at 31 December 2024 is $20.1 billion (2023: $24.6 billion).

The value of the collateral held as security for loans in Stage 3 specific provision as at 31 December 2024 is $6.1 million (2023: $2.1 million).

f. Economic exposure to credit risk in Loans and advances

The Group's exposure to loans and advances is limited, as they are legally owned by SPVs in the form of trusts, with limited recourse to the Group. The financial results of these SPVs have been consolidated with the results of the Group, as presented in this financial report.

The Group is required to invest in Credit Risk Retention ("CRR") Securities to meet CRR requirements of regulatory agencies in various investor jurisdictions. Specific debt financing arrangements are entered into by the Group with banks or other investors in order to fund the acquisition of these CRR Securities. These borrowings are full recourse to the Group to the extent that payments or proceeds are insufficient to cover the Group's obligations under the debt financing arrangements.

The nature and extent of the Group's interests can be summarised as follows:

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Investments in trust notes	**454.1**	513.2
Cash collateral	**76.1**	79.6
	530.2	592.8
CRR obligations	**550.1**	693.8
Total exposure	**1,080.3**	1,286.6

g. Market risk

Market risk is the risk of an adverse impact on the Group's earnings resulting from changes in market factors, including interest rates, foreign exchange rates and equity prices. Financial instruments affected by market risk include loans and borrowings, debt, equity investments and derivative financial instruments.

i. Interest rate risk

Interest rate exposure is created due to mismatches in interest rates between assets and liabilities (i.e. borrowing at floating interest rates and lending with fixed interest rates). Interest rate risk may be managed by entering into interest rate swaps subject to the Group's hedging and derivatives policies.

Of the Group's lending portfolio of $15.9 billion as at 31 December 2024 (2023: $18.4 billion), $6.1 billion is made up of loans and advances with fixed interest rates (2023: $6.5 billion) that are subject to interest rate risk.

Interest rate risk is managed by the Group by the use of interest rate swap contracts, in accordance with the Group's hedging and derivative policies, where the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on interest rates and the fair value risk of changing interest rates.

The Group designates the interest rate swaps as cash flow hedges and fair value hedges.

Sensitivity analysis

The majority of the Group's liabilities are issued through warehouse facilities and term securitisations in special purpose vehicles. Under such arrangements, the repayment profile of the bonds is typically matched to the repayments collected from the loan assets.

For illustrative purposes, the Group has calculated the impact of a potential increase or decrease in borrowing costs in limited recourse entities for the year in the event of an increase / (decrease) 10bps change in interest rates, as shown in the table below:

	Impact on pre-tax profit +/- Year ended	
	31 December 2024 $M	**31 December 2023 $M**
Loans and advances in special purpose entities	**17.2**	18.3
Borrowing costs in special purpose entities	**18.7**	20.1

ii. Foreign currency risk

The Group's financial reports are prepared in Australian dollars. The Group's revenues, expenses, cash flows, assets and liabilities in regions outside Australia are denominated in local currencies, which include the New Zealand Dollar. The Group is exposed to exchange rate fluctuations relating to non-Australian dollar borrowings as well as its investments in foreign operations. The Group manages its foreign exchange risk by matching the currency of loan receivables and funding and by monitoring the cash flow requirements of the business on an ongoing basis. The Group also uses cross currency interest rate swap contracts to hedge fair value interest rate risk and foreign exchange risk when debt is issued in foreign currencies.

The Group hedges exposure to foreign currency risks with derivative instruments such that at 31 December 2024 there is no sensitivity to movements in foreign exchange rates. There is no material unhedged foreign exchange exposure as at 31 December 2024.

The Group does not currently hedge its offshore earnings or the capital invested in the overseas operations, thereby accepting the foreign currency translation risk on capital and offshore earnings.

iii. Equity price risk

The Group's equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through performing pre-acquisition due diligence on investees, ensuring strategic alignment with the Group's objectives and actively monitoring the ongoing financial performance of investees against budgets. The Group's Board of Directors reviews and approves all equity investment decisions.

The Group has determined that an increase / (decrease) of 10% could have an impact of approximately $1.5 million increase / (decrease) on the income and equity (2023: $1.9 million).

h. Derivatives and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross-currency interest rate swaps and interest rate swaps.

Derivatives are used for hedging financial risks as part of the Group's approach to risk management. They are not used for speculative purposes.

Accounting policy

Initial recognition and ongoing measurement

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as profit or loss immediately, adjusted for those derivatives in designated hedge relationships, as described below.

Netting of derivative financial assets and liabilities

The Group currently has a legally enforceable right under an International Swap and Derivatives Association (ISDA) master agreement in place to net off the derivative assets and liabilities where they relate to the same trust and counterparty. Derivative payments and settlements are done on a net basis where they relate to the same trust and counterparty and the Group intend to continue this netting arrangement.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, or cash flow hedges, as appropriate.

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group has applied the hedge ratio of 1:1 to all hedge relationships.

Treatment of gains or losses

The fair value gain or loss associated with the effective portion of derivatives that are designated and qualify as cash flow hedges is recognised initially in other comprehensive income and then recycled to the income statement in the same period the hedged item affects the income statement. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

Gains or losses from remeasuring the hedging instruments designated as a fair value hedge are recognised in the income statement. In addition, changes in the fair value of the hedged item are recognised in the income statement.

Discontinuation

If the hedge no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a financial asset the amount recognised in equity is reclassified to profit or loss in the same period that the hedged item affects the statement of profit or loss and other comprehensive income.

Interest rate swap contracts – cash flow hedges

The Group enters into interest rate swap contracts to offset the variability in cash flows from changing interest rates. As the critical terms of the interest rate swap contracts and the corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the cash flows of the interest rate swap contracts and the cash flows of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates and offset one another.

Interest rate swap contracts – fair value hedges

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

Cross-currency interest rate swap contracts

The Group designates the cross-currency interest rate swap contracts in:

- fair value hedges of changing interest rates on foreign currency fixed rate borrowings; and
- cash flow hedges of foreign currency exposure on foreign currency borrowings.

The foreign currency basis spread of a cross-currency interest rate swap is excluded from the designation of that financial instrument as the hedging instrument. Changes in fair value of the foreign currency basis spread of a financial instrument is accumulated in the cash flow hedge reserve ("CFHR"), and is amortised to profit or loss on a rational basis over the term of the hedging relationship.

As the critical terms of the cross-currency interest rate swap contracts and their corresponding hedged items match, the Group performs a qualitative assessment of effectiveness. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the funding structure's credit risk on the fair value of the cross-currency interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Impacts of hedge accounting

The table below sets out the outcome of the Group's hedging strategy, as described above, including the notional and the carrying amounts of the derivatives the Group uses as hedging instruments.

Derivative financial assets / (liabilities):

	Fair value of derivative			Change in value		CFHR			
31 December 2024	**Notional $M**	**Assets $M**	**Liabilities $M**	**Hedging instrument $M**	**Hedged item $M**	**Opening Dr/(Cr) $M**	**Movement Dr/(Cr) $M**	**Transfer to P&L Dr/(Cr) $M**	**Closing Dr/(Cr) $M**
Cash flow hedges									
Interest rate swaps	**6,044.1**	**21.0**	**(10.3)**	**58.4**	**(58.4)**	**(33.4)**	**(16.1)**	**42.1**	**(7.4)**
Cross-currency interest rate swaps	**–**	**–**	**–**	**(0.5)**	**0.5**	**0.3**	**0.5**	**(0.8)**	**–**
Total	**6,044.1**	**21.0**	**(10.3)**	**57.9**	**(57.9)**	**(33.1)**	**(15.6)**	**41.3**	**(7.4)**

	Fair value of derivative			Change in value		CFHR			
31 December 2023	**Notional $M**	**Assets $M**	**Liabilities $M**	**Hedging instrument $M**	**Hedged item $M**	**Opening Dr/(Cr) $M**	**Movement Dr/(Cr) $M**	**Transfer to P&L Dr/(Cr) $M**	**Closing Dr/(Cr) $M**
Cash flow hedges									
Interest rate swaps	7,095.2	51.4	(3.8)	(82.2)	82.2	(90.9)	9.3	48.2	(33.4)
Cross-currency interest rate swaps	114.1	1.0	(0.2)	(0.1)	0.1	0.6	0.1	(0.4)	0.3
Total	7,209.3	52.4	(4.0)	(82.3)	82.3	(90.3)	9.4	47.8	(33.1)

The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, which is mainly due to the (gain) / loss from the hedged item spot rate revaluation and the foreign currency basis spread ("FCBS") amortised to profit or loss on a rational basis over the term of the hedging relationship. The 2024 opening balance of the CFHR contained $0.3 million FCBS (2023: $1.4 million) that subsequently increased by $0.2 million (2023: reduced by $0.04 million) during the year due to changes in fair value, partially offset by $0.5 million (2023: $1.0 million) transferred to profit and loss.

No significant hedge ineffectiveness was recorded in either the current or prior period.

Derivatives maturity profile

The following table details the portion of notional principal amounts reduced each year:

31 December 2024	Average contracted fixed rate	< 1 year	1 – 2 years	2 – 5 years	> 5 years
Interest rate swap contracts					
Notional amount $M	**3.30%**	**2,199.4**	**1,797.9**	**2,000.0**	**46.8**
Cross-currency interest rate swap contracts (AUD / USD)					
Notional amount $M	–	–	–	–	–
Cross-currency interest rate swap contracts (AUD / EUR)					
Notional amount $M	–	–	–	–	–

As at 31 December 2024, all Cross-Currency Interest Rate Swap (CCIRS) contracts had matured.

31 December 2023	Average contracted fixed rate	< 1 year	1 – 2 years	2 – 5 years	> 5 years
Interest rate swap contracts					
Notional amount $M	3.34%	2,708.1	2,050.4	2,250.0	86.7
Cross-currency interest rate swap contracts (AUD / USD)					
Notional amount $M	$0.6961	11.3	–	–	–
Cross-currency interest rate swap contracts (AUD / EUR)					
Notional amount $M	$0.6226	102.8	–	–	–

i. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's funding platform currently comprises a mix of secured warehouse facilities, term securitisations, corporate debt, debt issuance programme and equity. Refer to Notes 5(A) and 9 for more information on the Group's borrowings and equity respectively.

The majority of the Group's liabilities represent bonds issued by special purpose vehicles ("SPV") through warehouse facilities and term securitisation transactions. Under such arrangements, bondholder recourse is limited to the assets of the relevant special purpose vehicle to which the liability relates and the repayment profile of the bonds is matched to the repayments collected from the loan assets. Given the limited recourse nature of these borrowings, they have not all been included in the table below.

The Group's policy is to retain access to sufficient liquidity in the form of unencumbered liquid assets (i.e. unrestricted cash and readily available capital from corporate debt facilities) to meet potential funding requirements arising from potential stress events, without incurring unacceptable losses or risking damage to the Group's reputation. The amount of liquidity held is determined by policy, judgement and internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events.

The Group has cultivated strong long-term relationships with a range of domestic and international banks and professional investors as one of its key liquidity risk mitigants.

For the year ended 31 December 2024 there were no material breaches of any warehouse triggers and / or covenants that were not waived by the relevant funder(s) in the ordinary course of business.

The following table details the Group's remaining expected maturity for its financial liabilities and derivatives. The tables are based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group can be required to meet the obligation. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

Contractual maturities of financial liabilities At 31 December 2024	Carrying amount $M	3 months or less $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total contractual cash flows $M
Payables and other liabilities	(16.0)	(16.0)	–	–	–	(16.0)
Borrowings – non-recourse facilities	(2,281.8)	(44.5)	(828.6)	(1,689.1)	–	(2,562.2)
Future trail commission payable	(53.8)	(6.0)	(15.1)	(37.3)	(9.9)	(68.3)
Derivative liabilities	(10.3)	(0.7)	(2.0)	(7.1)	(0.6)	(10.3)
Total	(2,361.9)	(67.2)	(845.7)	(1,733.5)	(10.5)	(2,656.8)

Contractual maturities of financial liabilities At 31 December 2023	Carrying amount $M	3 months or less $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total contractual cash flows $M
Payables and other liabilities	(17.1)	(17.1)	–	–	–	(17.1)
Borrowings – non-recourse facilities	(2,587.9)	(36.6)	(1,110.8)	(1,730.0)	–	(2,877.4)
Derivative liabilities	(4.0)	(0.2)	(0.6)	(2.5)	(0.4)	(3.7)
Total	(2,609.0)	(53.9)	(1,111.4)	(1,732.5)	(0.4)	(2,898.2)

j. Compliance and operational risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the entity may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice relevant to the entity. Operational risks are the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes risks such as data, IT, security, outsourcing and legal, but excludes strategic and reputational risks.

The Group's objective is to manage:

- **Compliance risk** to ensure that the Group is compliant with all applicable laws, regulations, codes of conduct and standards of good practice; and
- **Operational risk** so as to balance the avoidance of financial loss and damage to the Group's reputation, against excessive cost and control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to executives across the business. This responsibility is supported by the development of the Group's overall standards for management of compliance and operational risk in the following areas:

- compliance with regulatory and other legal requirements;
- adherence to the Group's overall compliance and operating standards and policies;
- third party supplier relationships, including the risk of modern slavery;
- business continuity and contingency planning;
- people and key person risk including training and professional development;
- outsourcing risk associated with materially outsourced services;
- competition risk;
- fraud risk;
- execution of the Group's standard operating procedures;
- technology risk;
- cyber risk;
- data risk; and
- reputation risk.

9. Equity

A. Issued capital

All ordinary shares are fully paid. Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either by person or by proxy, at a meeting of the Group. Ordinary shares carry one vote per share and carry the right to dividends.

a. Movements in ordinary shares:

	Number of shares (millions)	$M
Opening balance 1 January 2023	439.7	729.6
Ordinary shares issued to NEDs and employees as part of share-based payment schemes	0.1	0.2
Balance 31 December 2023	439.8	729.8

	Number of shares (millions)	$M
Opening balance 1 January 2024	**439.8**	**729.8**
Ordinary shares issued to NEDs and employees as part of share- based payment schemes	**2.0**	**3.2**
Repayment of Management Loan	**–**	**0.2**
Share buyback cancelled shares (average price $1.36 per share)	**(1.8)**	**(2.5)**
Balance 31 December 2024	**440.0**	**730.7**

During the period, the Group:

- issued additional ordinary shares to employees in accordance with Pepper Money equity plans; and
- acquired 1,809,440 shares for $2,465,027 (average price of $1.36 per share) under the Group's on-market share buyback scheme. These shares were cancelled prior to 31 December 2024.

B. Other reserves

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Currency translation reserve	**(1.0)**	(0.4)
Cash flow hedge reserve	**7.4**	33.1
Business combinations reserve	**(4.8)**	–
Share-based payments reserve	**23.0**	17.3
Total other reserves	**24.6**	50.0

Nature and purpose of other reserves

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the re-translation of the Group's net investment in foreign operations.

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in the cash flow hedge reserve will be reclassified to the statement of profit or loss only when the hedged transaction affects the profit or loss.

Business combinations reserve

The balance in the business combinations reserve represents the difference between the amount of non-controlling interest derecognised following the acquisition of the remaining 35% interest in Stratton and the fair value of the consideration paid.

Share-based payments reserve

The share-based payments reserve represents the value of equity-settled shared-based payment schemes. Refer to Note 11 for further information on each of the schemes.

10. Non-Financial Assets

A. Property, plant and equipment

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Property, plant and equipment		
Right of use assets	**23.2**	28.7
Leasehold improvements	**1.7**	2.1
Plant and equipment	**0.5**	1.2
Total	**25.4**	32.0

	As at	
	31 December 2024 $M	**31 December 2023 $M**
Right of use assets		
Carrying amount at start of period	**28.7**	14.4
Additions	–	20.8
Depreciation expense	**(5.6)**	(6.5)
Derecognition of right of use assets	**0.1**	–
	23.2	28.7
Leasehold improvements		
Carrying amount at start of period	**2.1**	3.9
Additions	–	0.1
Depreciation expense	**(0.4)**	(1.9)
	1.7	2.1
Plant and equipment		
Carrying amount at start of period	**1.2**	0.7
Additions	–	0.6
Depreciation expense	**(0.7)**	(0.1)
	0.5	1.2
Total property, plant and equipment	**25.4**	32.0

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The expected useful lives are as follows:

Right of use assets	The shorter of the asset's useful life and the lease term
Leasehold improvements	Not greater than the reasonably certain term of the lease of the premises
Plant and equipment	Between 3 and 5 years

B. Goodwill and intangibles

	As at	
	31 December 2024 $M	31 December 2023 $M
Goodwill and intangibles		
Goodwill	**98.2**	98.2
Other intangible assets	**11.7**	20.0
Software	**18.4**	22.8
Total	**128.3**	141.0

	As at	
	31 December 2024 $M	31 December 2023 $M
Goodwill		
Opening balance	**98.2**	98.2
	98.2	98.2
Other intangible assets with an indefinite useful life		
Opening balance	**16.7**	21.0
Impairment	**(7.4)**	(4.3)
	9.3	16.7
Other intangible assets		
Opening balance	**3.3**	4.2
Amortisation expense	**(0.9)**	(0.9)
	2.4	3.3
Software		
Opening balance	**22.8**	28.9
Additions	**7.4**	6.4
Amortisation expense	**(11.8)**	(12.5)
	18.4	22.8
Total goodwill and intangibles	**128.3**	141.0

a. Goodwill

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

Goodwill of $98.2 million arising on the acquisition of Stratton has been allocated for impairment testing purposes to the Asset Finance CGU.

Impairment assessment

The Group has performed goodwill impairment testing in December 2024.

Indicators of impairment

Several indicators of impairment have been considered by Management, across all CGUs. These include both internal and external sources of information such as:

- significant changes (historical and future) in the market, economic, legal or technological environment which would have an adverse impact on the Group;
- interest rate changes which impact the discount rate used in modelling;
- evidence of a worsening financial position;
- plans to discontinue operations; and
- macro-economic conditions.

As the Group's market capitalisation is below the net asset position of the Group as at 31 December 2024, Management considered that this factor is an indicator of impairment.

Recoverable amount

The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. In assessing the value in use, the impact of market and macroeconomic conditions on future cash flows, and profit to be generated, have been considered. Management have incorporated latest forecasts and other assumptions from previous impairment testing to reflect market and macroeconomic conditions at 31 December 2024.

Management uses the value in use method to determine the recoverable amount of the Mortgages and Asset Finance CGUs. The following key assumptions have been used in determining the recoverable amount:

	31 December 2024		31 December 2023	
	Mortgages CGU	**Asset Finance CGU**	**Mortgages CGU**	**Asset Finance CGU**
Post-tax discount rate	**11.7%**	**11.7%**	14.6%	14.6%
Long-term growth rate	**2.5%**	**2.5%**	3.0%	3.0%

A post-tax discount rate of 11.7% is applied to the cash flow projections. The discount rate represents the current market assessment of the risks specific to the respective CGUs, considering the time value of money and specific risks of the underlying assets that have not been incorporated into the cash flow projections. The discount rate is calculated using the cost of equity and reflects Management's estimation of specific risks assumed in the cash flow projections. The discount rate is identical as both CGUs operate primarily in the same country (Australia) and are mostly exposed to similar market conditions.

A long-term growth rate of 2.5% is applied to the last year's projected cash flow and into the terminal period. The terminal growth rate is based on the expected long-term performance for the industry and generally accepted future consumer price index ("CPI") rate.

Sensitivity analysis

Sensitivity analysis has been performed on the cost of equity.

For the base case, the recoverable amount of the Mortgages and Asset Finance CGUs are in excess of the carrying amount and any reasonable changes in key assumptions will not lead to an impairment.

The post-tax discount rates which would result in zero headroom / impairment are 35.3% (Mortgages CGU) and 19.2% (Asset Finance CGU).

Mortgages CGU

Discount rate sensitivity (1% increment)			**Base case**		
Discount rate	9.7%	10.7%	**11.7%**	12.7%	13.7%
Headroom to CGU carrying value ($M)	1,404.8	1,172.5	**992.5**	848.5	731.5
Headroom %	487.2%	406.7%	**344.3%**	294.3%	253.7%

Asset Finance CGU

Discount rate sensitivity (1% increment)			**Base case**		
Discount rate	9.7%	10.7%	**11.7%**	12.7%	13.7%
Headroom to CGU carrying value ($M)	619.1	484.5	**379.7**	295.4	226.5
Headroom %	151.6%	118.7%	**93.0%**	72.3%	55.5%

Sufficient headroom exists as Management have determined that the CGU recoverable amount exceeds the carrying value as at 31 December 2024.

Impairment charge

Based on the impairment testing performed, the recoverable amount of the Mortgages and Asset Finance CGUs are higher than the carrying amount and no impairment is recognised as at 31 December 2024.

b. Intangible assets with finite lives

Intangible assets are measured on the cost basis, less amortisation and impairment losses.

Intangible assets that have a finite life are amortised on a straight line basis over the expected useful life of the asset. Amortisation periods used for each class of asset are:

- product development costs: 3-5 years.
- computer software and licences: 3 years.
- customer relationships: 5 years.

The customer relationships were acquired as part of the Stratton acquisition and recognised at fair value at the acquisition date.

At the reporting date, no impairment loss has been recognised on intangible assets with finite lives held by the Group.

c. Brand

The brand was acquired as part of the Stratton acquisition. The Stratton brand is classified as an indefinite life intangible asset given the length of time it has been in use and the likelihood that a market participant acquiror would have retained this key asset of the business.

The brand is not subject to amortisation and is tested annually for impairment, or more frequently, if events or changes in circumstances indicate that it might be impaired.

Impairment assessment

The brand has been valued as an individual asset for impairment test purpose. The Group performed its impairment testing in December 2024.

Recoverable amount

The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Management uses the relief from royalty (RfR) method to determine the recoverable amount of the Stratton brand. This is a commonly used and widely accepted method for valuing trade names. The following key assumptions have been used in determining the recoverable amount:

- **Revenue projections:** estimated revenue is based on a 5-year business plan. In developing revenue projections, current economic conditions, expected business performance and impact of macroeconomic conditions are considered.
- **Royalty rate:** Management has considered several factors when determining an appropriate royalty rate, including the brand's position in the market, the brand's profitability and royalty rate benchmark in similar industries. On balance, Management determined a royalty rate of 4.0% (2023: 5.0%) to reflect Management expectations of revenue contribution to the business and plans to invest and develop the brand going into the foreseeable future.
- **Post-tax discount rate:** a post-tax discount rate of 14.5% (2023: 14.5%) is applied in valuing the brand. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects Management's estimation of specific risks assumed in the cash flow projections.
- **Long-term growth rate:** a long-term growth rate of 3.0% (2023: 3.0%) is applied in the calculation, considering the brand has an indefinite useful economic life. The growth rate is based on the expected long-term performance for the industry and forecast CPI rate.

Sensitivity analysis

Management has performed sensitivity analysis of the reasonably possible changes in the key assumptions used in the model, including changing the royalty rate from a minimum of 2.0% to a maximum of 6.0%. Further, Management has sensitised the post-tax discount rate from 11.5% to 15.5%.

Impairment charge

Based on the impairment testing performed, the recoverable amount of the Stratton brand is lower than the carrying amount.

The decrease in the recoverable amount of the brand largely reflected the impact of ongoing high interest rates and cost of living pressures, coupled with increasing competition, moderating the outlook for the business. An impairment loss of $7.4 million was recognised as at 31 December 2024 (2023: $4.3 million).

11. Share-based payments

During the current and prior year, the Group provided benefits to executives and employees of the Group through share-based incentives. Relevant employees are paid for their services or incentivised for their performance in part through shares or rights over shares ("equity-settled transactions").

As at 31 December 2024, the Group did not have any cash-settled share-based payment arrangements.

Accounting policy

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model, as detailed below.

The cost is recognised in employee benefits expense (Note 3(D)), together with a corresponding increase in equity (other reserves), over the measurement period in which the vesting conditions are fulfilled. The share-based payments reserve is used to record the value of equity benefits provided to employees as part of their remuneration.

Fair value estimation

The Group is required to measure the fair value of the rights granted and the estimation of the fair value of share-based payment awards requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology has been determined by the structure of the awards, particularly the vesting conditions. The applicable valuation methodology for each scheme is outlined below.

The number of rights granted to executives and employees is calculated in accordance with the performance-based formula approved by the Pepper Money Limited Board and Remuneration and Nomination Committee. The formula rewards employees to the extent of the Group's and individual's achievement judged against both qualitative and quantitative criteria.

The below table details the number and weighted average exercise prices ("WAEP") and movements in share rights during the year and prior comparative period. 2021 was the first year where share schemes were issued in Pepper Money Limited.

As at 31 December 2024, there were no share schemes which had an exercise price.

	2024 Number of rights	2024 WAEP ($)	2023 Number of rights	2023 WAEP ($)
Outstanding at 1 January	**16,189,333**	–	6,923,961	–
Granted	**6,021,678**	–	10,518,075	–
Forfeited	**(290,181)**	–	(75,996)	–
Exercised	**(1,992,132)**	–	(112,528)	–
Expired	**(1,757,397)**	–	(1,064,179)	–
Outstanding at 31 December	**18,171,301**	–	16,189,333	-
Exercisable at 31 December	**5,783,783**	–	2,855,012	–

The following plans were exercisable as at 31 December 2024:

- Employee service rights plan (2021, 2022 and 2023);
- Executive deferred short-term variable remuneration (“STVR”) restricted rights plan (2021 and 2022);
- Senior employees STVR restricted rights plan (2023);
- Executive performance rights plan (2021 and 2022 – Tranche 2 only for both years); and
- Executive equity recognition plan (2023 – Tranches 1 and 2).

Total expenses arising from equity-settled share-based payment transactions recognised during the year as part of employee benefits expense were $8.9 million (2023: $7.5 million).

There have been no cancellations or modifications to the awards in 2024 or 2023. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (refer to Note 3(F)).

As at 31 December 2024, the Group had the following share-based payment schemes in place:

a. Executive Performance Rights Plan

Executive Performance Rights Plans were awarded in both 2024 and 2023.

Under the 2024 Executive Performance Rights Plan, performance rights were granted to eligible executives subject to both market and non-market based vesting conditions. There are three tranches to the plan and each tranche is summarised below.

The rights will only vest to the extent that the conditions are satisfied over the relevant performance periods, as follows:

- The participant achieving a performance rating of at least “met expectations” in the final year of the measurement period.
- The rating for Pepper Money Risk Scorecard must be at least “met expectations” in the final year of the measurement period.
- Total Shareholder Return (“TSR”), Earnings per Share (“EPS”) performance and service hurdle over the performance period, as follows:

Tranche 1:

- The TSR of the Group is compared to the relative TSR ranking against peer companies for the purpose of determining the relative performance / ranking of the Group.
- The rank is converted to a percentile ranking which is used to determine the proportion of awards that vest, as per a sliding scale.
- For the TSR metric, a minimum ranking must be achieved before any awards of this tranche vest.
- The higher the ranking, the more awards vest.

Tranche 2:

- The vesting of Tranche 2 is subject to the Group’s EPS performance levels against a range of pre-specified levels of EPS.
- For the EPS metric, a minimum ranking must be achieved before any awards of this tranche vest.
- The higher the ranking, the more awards vest.
- The EPS target is set annually over the three-year performance period.

Tranche 3:

- The vesting of Tranche 3 is subject to a service condition in which the participant must remain employed with the Group and consistently receive a minimum performance rating of “meets expectations”.

The Group may offer additional grants to eligible participants over time, in accordance with the rules of the Executive Performance Rights Plan.

No amounts are paid or payable by the participant on receipt of the rights. If the rights remain unexercised after a period of 15 years from the date of grant, the rights expire. Subject to the performance testing outcome, the rights may convert into one ordinary share each on vesting at an exercise price of nil.

The Executives do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period. If an Executive ceases to be employed by the Group during the first year of the measurement period, the rights will be forfeited in the proportion that the remainder of the first year of the measurement period compares to a full year. Remaining rights will continue to be held for vesting at the end of the measurement period, except in limited circumstances that are approved by the Board on a case-by-case basis.

Further details of the Plans are as follows:

2024 Plan

	Tranche 1	Tranche 2	Tranche 3
Conditions			
Grant date	10 July 2024	10 July 2024	10 July 2024
Share price at grant date	$1.46	$1.46	$1.46
Vesting period	1 January 2024 to 31 December 2026	1 January 2024 to 31 December 2026	1 January 2024 to 31 December 2026
Vesting date	March 2027	March 2027	March 2027
Assumptions			
Expected volatility – Pepper Money Limited	34%	34%	34%
Dividend yield	8.2%	8.2%	8.2%
Risk-free interest rate	4.06%	4.06%	4.06%
Expected life	2.6 years	2.6 years	2.6 years
Other information			
Weighted average fair value at measurement date ("WAFV")	$0.95	$1.18	$1.18
Expense for the period	$551,372	$684,862	$171,214
Number of rights granted	1,741,175	1,741,175	435,290
Vested at the end of the period	None	None	None
Valuation methodology	Monte Carlo	Binomial	Binomial

There were no rights granted in prior years and there will be expense incurred in future years.

The volatility assumption is representative of the level of uncertainty expected in the movements of the Group's share price over the life of the award. The following factors have been determined in assessing the expected volatility of the Group's share price:

- the historic volatility of the market price of the Group's share price;
- the mean reversion tendency of volatilities;
- the tendency of newly listed entities to show decreasing volatility early in their life; and
- up to 4 years historic volatility of comparable companies.

The expected volatility of the index is determined based on up to 4 years historic volatility of the index.

2023 Plan

	Tranche 1	Tranche 2
Conditions		
Grant date	7 June 2023	7 June 2023
Share price at grant date	$1.28	$1.28
Vesting period	1 January 2023 to 31 December 2025	1 January 2023 to 31 December 2025
Vesting date	March 2026	March 2026
Assumptions		
Expected volatility – Pepper Money Limited	36%	36%
Dividend yield	6.25%	6.25%
Risk-free interest rate	3.70%	3.70%
Expected life	2.7 years	2.7 years
Other information		
Weighted average fair value at measurement date ("WAFV")	$0.75	$1.08
Expense for the prior period	$412,562	Nil
Expense for the current period	$1,142,019	Nil
Number of rights granted	2,502,476	2,502,476
Vested at the end of the period	None	None
Valuation methodology	Monte Carlo	Binomial

There were no rights granted in prior years and there will be expense incurred in 2025 only.

The volatility assumption is representative of the level of uncertainty expected in the movements of the Group's share price over the life of the award. The following factors have been determined in assessing the expected volatility of the Group's share price:

- the historic volatility of the market price of the Group's share price;
- the mean reversion tendency of volatilities;
- the tendency of newly listed entities to show decreasing volatility early in their life; and
- volatility of comparable companies.

The expected volatility of each company in the peer group is determined based on the historic volatility of the companies' share prices.

2022 Plan

The measurement period for Tranche 2 of the 2022 plan has now passed and 439,345 rights are to be exercised in March 2025.

As the vesting conditions for Tranche 1 were not met, the rights lapsed as at 31 December 2024.

b. Employee Service Rights

Eligible employees were invited to participate in separate Employee Service Rights schemes in both 2024 and 2023. The rights vest when applicable performance and service conditions have been fulfilled.

Service rights require eligible employees to be employed by the Group at the date of vesting and the employee must achieve a "meets expectation" rating in the final year of the measurement period.

No vesting will occur prior to the elapsing of the measurement period and additional rights cannot be applied for.

Rights are granted under the Employee Service Rights schemes for no consideration and carry no dividend or voting rights.

The below tables summarise both the 2024 and 2023 schemes:

2024

Conditions	
Grant date	**10 July 2024**
Share price at grant date	**$1.46**
Vesting period	**1 January 2024 to 31 December 2025**
Vesting date	**March 2026**
Other information	
WAFV	**$1.46**
Number of rights granted	**1,213,949**
Expense for the prior period	**None**
Expense in the current period	**$886,183**
Vested at the end of the period	**None**
Valuation methodology	**Rights valued based on grant date share price, subject to holding restrictions**

There will be expense incurred in CY2025 only.

2023

Conditions	
Grant date	7 June 2023
Share price at grant date	$1.28
Vesting period	1 January 2023 to 31 December 2024
Vesting date	March 2025
Other information	
WAFV	$1.28
Number of rights granted	1,307,363
Expense in the prior period	$604,601
Expense in the current period	$1,062,287
Vested at the end of the period	None
Valuation methodology	Rights valued based on grant date share price, subject to holding restrictions

No expense will be incurred in future years.

The measurement period has now passed and 1,065,014 rights are due to vest in March 2025.

c. Employee Share Save Scheme

A scheme under which shares were issued by the Group to Australian employees for no cash consideration was approved by the Board in October 2021.

All Australian permanent full time or part time employees (excluding Directors and the CFO) were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees could elect to salary sacrifice a minimum of $1,000 or maximum of $20,000 in exchange for fully paid ordinary shares in Pepper Money Limited. Employees may vary the amount of salary sacrifice in relation to earnings for future work at any time, but not more than twice per annum, unless approved by the Board.

Exercise restrictions apply for 90 days after the grant date and have a term of 14 years from their date of grant.

Nil expense was incurred in the period (2023: Nil) and 48,373 rights were exercised in the period (2023: 9,171).

d. Deferred STVR Restricted Rights – Executives

Under the scheme, 35% of the Executive's STVR is deferred in the form of restricted rights:

- A deferral of 35% of any short-term variable remuneration applies to both the CY2024 STVR and CY2023 STVR.
- Deferred awards are made in the form of "restricted rights".
- The number of rights to be granted will be calculated by reference to the award for each participant in respect of CY2023 and CY2024, the deferral rate of 35%, and divided by the 10 trading day VWAP following the release of the 2023 and 2024 annual results respectively.

The fair value of the Scheme equates to 35% of the calculated STVR amount.

	2024 scheme	2023 scheme
Conditions		
Grant date	**June 2025**	10 July 2024
Adjusted VWAP over the 10 trading days following the release of the annual results	**TBC**	$1.42
Exercise restrictions	**1 January 2025 to 31 December 2026**	1 January 2024 to 31 December 2025
Vesting date	**Upon grant**	Upon grant
Other information		
Number of rights granted	**TBC**	599,325
Expense for the prior period	**Nil**	$943,588
Expense for the current period	**$875,015**	Nil
Exercised at the end of the period	**None**	None
Valuation methodology	**Shares valued based on 35% of STVR award**	Shares valued based on 35% of STVR award

The measurement period for the 2022 plan has now passed and 740,069 rights are due to vest in March 2025.

e. Deferred STVR Service / Restricted Rights – Senior Employees

Under the Scheme, 20% of eligible Senior Employees' STVR is deferred in the form of either service rights (2024 scheme) or restricted rights (2023 scheme):

- A deferral of 20% of any short-term variable remuneration applies to both the CY2024 STVR and CY2023 STVR.
- Deferred awards are made in the form of either "service rights" or "restricted rights".
- The number of rights to be granted will be calculated by reference to the award for each participant in respect of CY2023 and CY2024, the deferral rate of 20%, and divided by the 10 trading day VWAP following the release of the 2023 and 2024 annual results respectively.

The fair value of the Scheme equates to 20% of the calculated STVR amount.

	2024 scheme	2023 scheme
Conditions		
Grant date	**June 2025**	10 July 2024
Adjusted VWAP over the 10 trading days following the release of the annual results	**TBC**	$1.42
Exercise restrictions	**1 January 2025 to 31 December 2026**	1 January 2024 to 31 December 2025
Vesting date	**March 2027**	Upon grant
Other information		
Number of rights granted	**TBC**	290,764
Expense for the prior period	**Nil**	$487,801
Expense for the current period	**$424,515**	Nil
Exercised at the end of the period	**None**	None
Valuation methodology	**Shares valued based on 20% of STVR award**	Shares valued based on 20% of STVR award

The measurement period for the 2022 scheme has now passed and 382,589 rights are due to vest in March 2025.

f. Equity Recognition Plan

A one-off Equity Recognition Plan was introduced in 2023 to recognise, motivate and retain key management personnel ("KMP") and other key executives to continue to deliver Pepper Money's strategy and operating performance.

Under the Scheme, 30% of the award vested in March 2024 (as the achievement of the performance gate opener and service conditions were met as at 31 December 2023). The remaining 70% of the award is delivered in Tranche 2 (subject to performance and service vesting conditions).

	Tranche 1	Tranche 2
Conditions		
Grant date	7 June 2023	7 June 2023
Vesting period	1 January 2023 to 31 December 2023	1 January 2023 to 31 December 2024
Vesting date	18 March 2024	March 2025
Share price at grant date	$1.28	$1.28
Adjusted VWAP over the 10 trading days following the release of the 2022 annual results	$1.35	$1.25
Other information		
Number of rights granted	873,403	2,209,699
Expense for the prior period	$369,531	$862,239
Expense for the period	$809,755	$1,889,428
Vested at the end of the period	873,403	None
Valuation methodology	Rights valued based on grant date share price, subject to holding restrictions	Rights valued based on grant date share price, subject to holding restrictions

The measurement period for Tranche 1 and Tranche 2 has now passed:

- Tranche 1: 873,403 rights vested in March 2024; and
- Tranche 2: 2,209,699 rights are due to vest in March 2025.

12. Related party transactions

A. Related party disclosures

a. Subsidiaries

Interests in the Group's subsidiaries at the end of the reporting period are set out below. These subsidiaries are in addition to the consolidated structured entities, which are 100% owned. Refer to Note 14 for more detail.

Name of subsidiary (controlled companies)	Principal activity	Place of incorporation and operation	31 December 2024	31 December 2023
Pepper Homeloans Pty Limited	Mortgage originator	Australia	**100%**	100%
Pepper Finance Corporation Limited	Australian mortgage lender of record and trustee	Australia	**100%**	100%
Well Nigh Capital No. 1 Pty Ltd	Australian mortgage lender of record and trustee	Australia	**100%**	100%
Pepper Asset Finance Pty Ltd	Australian asset finance originator and lender of record	Australia	**100%**	100%
Habanero Asset Finance Pty Limited	Trustee	Australia	**100%**	100%
Pepper Europe Holdings Pty Ltd	Holding company	Australia	**100%**	100%
Pepper Chipotle Investments Pty Limited	Dormant	Australia	**100%**	100%
Pepper Chipotle Investments No. 2 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Chipotle Investments No. 3 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Chipotle Investments No. 4 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Chipotle Investments No. 5 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Jalapeno Investments Pty Limited	Dormant	Australia	**100%**	100%
Pepper Jalapeno Investments No. 2 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Jalapeno Investments No. 3 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Jalapeno Investments No. 4 Pty Limited	Special purpose vehicle	Australia	**100%**	100%
Pepper Jalapeno Investments No. 5 Pty Limited	Dormant	Australia	**100%**	0%
Pepper Jalapeno Investments No. 6 Pty Limited	Dormant	Australia	**100%**	0%
Pepper Jalapeno Investments No. 7 Pty Limited	Dormant	Australia	**100%**	0%
PEPL Holdings Pty Ltd	Dormant	Australia	**100%**	100%
Pepper New Zealand Limited	New Zealand mortgage originator and lender of record	New Zealand	**100%**	100%
Pepper New Zealand (Beneficiary) Limited	Dormant	New Zealand	**100%**	100%
Pepper New Zealand (Settlor) Limited	Dormant	New Zealand	**100%**	100%
PSO (Manila) Limited	Management services	United Kingdom	**100%**	100%
Stratton Finance Pty Ltd	Asset finance broking	Australia	**100%**	65%
Stratton Franchise Pty Ltd	Asset finance broking	Australia	**100%**	65%
Stratton Connect Pty Ltd	Asset finance broking	Australia	**100%**	65%
Stratton Marine and Outdoor Finance Pty Ltd	Asset finance broking	Australia	**100%**	65%

The ultimate parent entity of Pepper Money Limited is Pepper Global Topco Limited ("Topco"), an entity incorporated in Jersey. Topco owns 100% of the shares in Pepper Global Midco Limited ("Midco") which in turn owns 100% of the shares in Pepper Group ANZ Holdco Limited ("Holdco"). Holdco owns 60.53% of the shares of Pepper Money Limited (and its controlled entities).

b. Transactions and balances with related party entities

The following table details the total amount of transactions that have been entered into with related parties during the years ended 31 December 2023 and 31 December 2024, as well as balances with related parties as at 31 December 2023 and 31 December 2024:

$'000	Dividend paid	Other fee	Other fee expense	Receivable	Payable
Entity with control over the Group:					
Pepper Group ANZ Holdco Limited – 2024	**(26,631)**	**–**	**–**	**–**	**–**
Pepper Group ANZ Holdco Limited – 2023	(22,901)	–	–	–	–
Pepper Group Services Australia Pty Ltd – 2024	**–**	**168**	**(185)**	**149**	**–**
Pepper Group Services Australia Pty Ltd – 2023	–	304	(1,162)	–	(313)
Pepper Group Assets Australia Pty Ltd – 2024	**–**	**–**	**(425)**	**–**	**(234)**
Pepper Group Assets Australia Pty Ltd – 2023	–	–	(425)	–	(39)
Other related parties of Pepper Money Limited – 2024	**–**	**42**	**–**	**51**	**–**
Other related parties of Pepper Money Limited – 2023	–	–	–	7	–

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

c. Loans to/from related parties

	As at	
	31 December 2024 $'000	**31 December 2023 $'000**
Loans to Key Management Personnel of the Group	**3,132.7**	3,132.7
Loans to Directors and their related parties	**4,438.2**	2,025.8
Total loans to related parties	**7,570.9**	5,158.5

KMP loans

In 2021, interest-free loans were provided to certain Management. The loans were made as part of an offer for those Management to reinvest proceeds from the sale of their shares in TopCo to purchase shares in the Group at the time of listing on the ASX. The loan amounts were calculated to equal amounts retained from the proceeds of the sale of the TopCo shares to: (a) repay existing loans to management; and (b) estimate tax liabilities for those management as a result of the sale of the TopCo shares.

The receivable is classified as treasury shares as the receivables are limited recourse to the Pepper Money Limited shares held by Management.

Director loans

As at 31 December 2024, loans to Directors and their related parties of $4.4 million (loan balance) have been provided in the normal course of the Group's Mortgage and Asset Finance lending businesses (31 December 2023: $2.0 million). All loans are at arm's length commercial terms.

Provision on all loans

The expected credit losses on these balances are immaterial.

d. Key Management Personnel Compensation

The remuneration of Directors and Key Management Personnel ("KMP") is determined by the Remuneration and Nomination Committee having regard to the performance of individuals and market trends.

Detailed remuneration disclosures are provided in the Remuneration Report (refer to pages 68 to 91).

	Year ended	
	31 December 2024 $'000	31 December 2023 $'000
Key management personnel remuneration		
Short-term employee benefits	**(2,454)**	(2,558)
Long-term benefits	**(1,246)**	(1,238)
Share-based payment benefits	**(1,594)**	(371)
Total key management personnel remuneration	**(5,294)**	(4,167)

13. Parent entity financial information

A. Summary financial information

Pepper Money Limited is the parent entity of the Group, as at and throughout the year ended 31 December 2024.

The individual consolidated financial statements for the parent entity of the Group's continuing operations show the following aggregate amounts:

	As at	
	31 December 2024 $M	31 December 2023 $M
Total assets	**1,790.3**	1,715.3
Total liabilities	**250.5**	292.1
Total net assets	**1,539.8**	1,423.2
Equity		
Issued capital	**730.7**	729.8
Other reserves	**23.0**	17.3
Retained earnings	**786.1**	676.1
Total equity	**1,539.8**	1,423.2

	Year ended	
	31 December 2024 $M	31 December 2023 $M
Net profit after tax	**166.4**	292.4
Total comprehensive income	**166.4**	292.4

B. Guarantees, contingent assets and contingent liabilities

As at 31 December 2024, there were no financial guarantees or contingent assets with respect to the parent company (2023: Nil).

The parent has provided guarantees over funding facilities provided by several external parties to the Group. As at balance date, the balance drawn on the guaranteed facilities was $506.8 million (2023: $635.7 million).

The fair value of the guarantees, as assessed using market-based assumptions and expected credit loss methodology in accordance with AASB 9 *Financial Instruments*, is $489.6 million as at 31 December 2024 (2023:$616.0 million).

Financial guarantees are initially recognised at fair value, which is determined based on the present value of expected future payments. Subsequent measurement is at the higher of:

- the initial fair value less cumulative amortisation; or
- the expected credit loss allowance.

Financial guarantees are presented as a component of 'Borrowings' on the statement of financial position. Changes in the carrying amount are recognised in the statement of profit or loss.

C. Contractual commitments for the acquisition of property, plant or equipment

The parent has not entered into any contractual commitments for the acquisition of property, plant or equipment in 2024 or 2023.

D. Determining the parent entity financial information

The financial information for the parent entity Pepper Money Limited has been prepared on the same basis as the consolidated financial statements, except as set out below:

a. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost (less accumulated impairment loss, if any) in the financial statements of the parent entity.

b. Tax consolidation legislation

Refer to Note 3(E)(c) for further information.

14. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements. The Group considers all limited recourse entities in which it has interests to be structured entities.

Consolidated structured entities

Pepper Money Limited primarily utilises warehouse facilities and the securitisation markets to fund the origination of new loans.

Once loans are originated into funding vehicles, they are funded by third-party senior and mezzanine debt and equity, or other "first loss" capital, contributed by the Group as part of a warehouse facility arrangement. The majority of warehouse facility funding is represented by the senior debt facilities, which are typically provided by highly-rated, regulated financial institutions and are available to the Group on a revolving basis subject to eligibility criteria and other terms specific to each warehouse facility.

Periodically, assets assigned to warehouse facilities are refinanced through term securitisations involving the issuance of asset-backed securities which are long term and typically match funding transactions placed by the Group through the debt capital markets to a range of financial investors.

In both warehouse facility and term securitisation structures, the third-party providers of liquidity facilities and the senior notes have first ranking priority over cash flows generated by the loans held by the funding vehicle and their contractual interest and principal repayments rank at or near the top of payment waterfalls (after certain expenses). Mezzanine funding providers' priority ranks below that of the senior funding providers. The Group, as the provider of "first loss" capital and the residual unitholder, receives its distributions only when the senior and mezzanine funders have received their contractual payments. As the residual income unitholder, the Group benefits from any additional incremental profits generated in the funding vehicle.

The Group's limited-recourse financing structures partially transfers the risk of credit losses on portfolios to the capital providers to the funding vehicles. The Group's exposure to losses is therefore limited to its rights to current and future residual income from its funding vehicles, along with the value of the equity notes that the Group contributes as "first loss" capital to the funding vehicles and in certain circumstances, CRR notes.

Should a material increase in losses on the Group's portfolios occur, the level of income available for distribution from the funding vehicles will decline, resulting in a reduction in equity note coupons and residual income paid to the Group by the funding vehicles.

As losses increase beyond certain thresholds, the funding vehicles would cease distributing residual income and making distributions on the Group's equity notes, and cash will instead be applied to repay the senior and mezzanine funding components of the funding vehicles, however, the Group will have no legal obligation to contribute additional capital to offset the realised losses. In such a scenario, the Group is able to increase the interest rate that it charges to its portfolio customers (where the customer rate is variable) in order to offset the reduction in income due to credit losses.

The Group is deemed to control these funding structures for accounting purposes due to the combination of the Group's investment in each funding vehicle (exposure to variable interest) and the Group's role as servicer (power to influence those variable returns). As a result, the Group consolidates the assets and liabilities, income and expenses of most of these entities in accordance with AASB 10 *Consolidated Financial Statements*.

15. Commitments

A. Capital commitments

There were no capital commitments as at the end of the financial year or arising since balance date (2023: Nil).

B. Lease commitments: group as lessee

The Group has provided guarantees in respect of the leases over its office premises of $4.1 million (2023: $3.2 million).

16. Contingent liabilities

The Directors were not aware of any contingent liabilities as at the end of the financial year or arising since balance date.

17. Remuneration of auditors

The following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Year ended	
	31 December 2024 $	**31 December 2023 $**
Deloitte Touche Tohmatsu		
Audit and review of financial statements		
– Group	**1,472,500**	1,471,000
– Subsidiaries	**–**	51,657
– Compliance audit	**40,000**	38,600
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**222,910**	168,132
	1,735,410	1,729,389
Other auditors		
Audit and review of financial statements		
– Subsidiaries	**52,514**	–
Other services		
– Internal audit services	**496,551**	635,931
– Tax consulting services	**156,954**	374,158
– Tax compliance services	**60,234**	26,846
	766,253	1,036,935
Total remuneration	**2,501,663**	2,766,324

Non-audit services

The auditor of the Group is Deloitte Touche Tohmatsu ("Deloitte"). It is the Group's policy to employ Deloitte on assignments additional to their statutory audit duties, in compliance with the Group's independence policies, where Deloitte's expertise and experience with the Group are important.

18. Business combination

Acquisition of residual interest in Stratton Finance Pty Ltd

On 20 March 2024, the Group exercised its call option to acquire the remaining 35% interest in Stratton Finance Pty Ltd ("Stratton").

The transaction completed on 28 March 2024. Under the terms of the deal, the Group paid cash of $41.7 million for the 35% interest, funded from existing cash balances.

A non-controlling interest in respect of Stratton is no longer present, as the residual interest was acquired by exercising the fair value option held by Pepper. No gain or loss was recognised at the transaction date.

There were no other acquisitions in the year ending 31 December 2024.

19. Events occurring after the reporting period

Final dividend declared

The Pepper Money Limited Board declared a fully-franked final dividend of $0.071 per share on 27 February 2025. The Record Date is 20 March 2025 and the payment date will be 17 April 2025.

The dividend has not been provided for in this financial report.

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Consolidated Entity Disclosure Statement

as at 31 December 2024

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are Pepper Money Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest included in the consolidated financial statement.

In developing the disclosures in the statement, the current tax laws of the country of incorporation has been used to support the determination of residency, together with a formal double tax treaty residency determination for the United Kingdom incorporated entity.

Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Money Limited	Body corporate	Australia	N/A	Australia(ii)
Pepper Homeloans Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Finance Corporation Limited(i)	Body corporate	Australia	100%	Australia(ii)
Pepper Asset Finance Pty Ltd(i)	Body corporate	Australia	100%	Australia(ii)
Habanero Asset Finance Pty Limited(i)	Body corporate	Australia	100%	Australia(ii)
Pepper Europe Holdings Pty Ltd	Body corporate	Australia	100%	Australia(ii)
Pepper Chipotle Investments Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Chipotle Investments No. 2 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Chipotle Investments No. 3 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Chipotle Investments No. 4 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Chipotle Investments No. 5 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 2 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 3 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 4 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 5 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 6 Pty Limited	Body corporate	Australia	100%	Australia(ii)
Pepper Jalapeno Investments No. 7 Pty Limited	Body corporate	Australia	100%	Australia(ii)
PEPL Holdings Pty Ltd	Body corporate	Australia	100%	Australia(ii)
Well Nigh Capital No. 1 Pty Ltd(i)	Body corporate	Australia	100%	Australia(ii)
Stratton Finance Pty Ltd	Body corporate	Australia	100%	Australia(ii)
Stratton Franchise Pty Ltd	Body corporate	Australia	100%	Australia(ii)
Stratton Connect Pty Ltd	Body corporate	Australia	100%	Australia(ii)
Stratton Marine and Outdoor Finance Pty Ltd	Body corporate	Australia	100%	Australia(ii)
PSO (Manila) Limited	Body corporate	United Kingdom	100%	Australia(ii)
Pepper New Zealand Limited(i)	Body corporate	New Zealand	100%	New Zealand
Pepper New Zealand (Settlor) Limited	Body corporate	New Zealand	100%	New Zealand
Pepper New Zealand (Beneficiary) Limited	Body corporate	New Zealand	100%	New Zealand

Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Mortgage Warehouse Trust 2009-2	Trust	Australia	–	Australia(ii)
Pepper Mortgage Warehouse Trust 2010-1	Trust	Australia	–	Australia(ii)
Pepper Mortgage Warehouse Trust 2014-2	Trust	Australia	–	Australia(ii)
Pepper Mortgage Warehouse Trust 2014-3	Trust	Australia	–	Australia(ii)
Pepper NAB Prime Mortgage Warehouse Trust	Trust	Australia	–	Australia(ii)
Pepper Prime Mortgage Origination Warehouse Trust No. 2	Trust	Australia	–	Australia(ii)
Pepper Prime Mortgage Origination Trust 2013-3	Trust	Australia	–	Australia(ii)
Pepper Prime Mortgage Origination Trust 2021-1	Trust	Australia	–	Australia(ii)
Pepper Prime Mortgage Origination Warehouse Trust 2021-3	Trust	Australia	–	Australia(ii)
Pepper NC Mortgage Warehouse Trust 2021-1	Trust	Australia	–	Australia(ii)
Pepper NC Mortgage Trust 2022-2	Trust	Australia	–	Australia(ii)
Pepper Prime Mortgage Origination Warehouse Trust 2022-1	Trust	Australia	–	Australia(ii)
Pepper Mortgage Innovation Trust No.1	Trust	Australia	–	Australia(ii)
Pepper Settlement Trust	Trust	Australia	–	Australia(ii)
Pepper Settlement Trust 2018-1	Trust	Australia	–	Australia(ii)
Pepper Commercial Real Estate Warehouse Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper Commercial Real Estate Warehouse Trust No. 2	Trust	Australia	–	Australia(ii)
Pepper Construction Warehouse Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 22	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 23	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 24	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 25	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 26	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 27	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 28	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 29	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 30	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 31	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 32	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 33	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 34	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 35	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 36 Private Placement	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 37	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 38	Trust	Australia	–	Australia(ii)
Pepper Residential Securities Trust No. 39	Trust	Australia	–	Australia(ii)

Consolidated Entity Disclosure Statement

Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Residential Securities Trust No. 40	Trust	Australia	–	Australia(ii)
Pepper NC Mortgage Revolver Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper I-Prime 2020-1 Trust	Trust	Australia	–	Australia(ii)
Pepper I-Prime 2021-1 Trust	Trust	Australia	–	Australia(ii)
Pepper I-Prime 2021-2 Trust	Trust	Australia	–	Australia(ii)
Pepper Prime 2022-1 Trust	Trust	Australia	–	Australia(ii)
Pepper Prime 2022-2 Trust	Trust	Australia	–	Australia(ii)
Pepper Prime 2023-1 Trust	Trust	Australia	–	Australia(ii)
Pepper Social Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Warehouse Trust 2014-1	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Warehouse Trust 2015-1	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Private Placement No. 1 Trust	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Syndicated Facility No. 1 Trust	Trust	Australia	–	Australia(ii)
PAF Settlement Trust 2018-2	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Novated Lease Warehouse Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Private Placement No. 2 Trust	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Revolver No. 1 Trust	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Revolver No. 2 Trust	Trust	Australia	–	Australia(ii)
Pepper Asset Finance Revolver No. 3 Trust	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 1	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 2	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 3	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 4	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 5	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 6	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 7	Trust	Australia	–	Australia(ii)
Pepper SPARKZ Trust No. 8	Trust	Australia	–	Australia(ii)
Pepper Personal Loans Warehouse Trust 2016-1	Trust	Australia	–	Australia(ii)
The Collection Service Trust 1	Trust	Australia	–	Australia(ii)
Well Nigh Bare Trust No. 1	Trust	Australia	–	Australia(ii)
Well Nigh Bare Trust No. 2	Trust	Australia	–	Australia(ii)
Pepper Large Ticket Commercial Lending Collections Trust	Trust	Australia	–	Australia
Pepper Asset Finance Collection and Funding Trust	Trust	Australia	–	Australia
Pepper Collections Trust	Trust	Australia	–	Australia
Pepper 2016 Collections and Funding Trust	Trust	Australia	–	Australia
Pepper Origination Trust	Trust	Australia	–	Australia
Pepper Asset Finance Asset Trust 2014-1	Trust	Australia	–	Australia

Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Auto and Equipment Asset Trust 2012-1	Trust	Australia	–	Australia
Pepper Mortgage Origination NZ Warehouse Trust No. 1	Trust	New Zealand	–	New Zealand(iii)
Pepper Mortgage Nevada Trust 2023	Trust	New Zealand	–	New Zealand(iii)
Pepper NZ Collections Trust	Trust	New Zealand	–	New Zealand
Pepper NZ Collections Trust No. 2	Trust	New Zealand	–	New Zealand

Notes

i. Trustee of a trust in the consolidated entity.

ii. Part of a tax consolidated group under Australian taxation law, for which Pepper Money Limited is the head entity.

iii. Elected to be consolidated for New Zealand taxation law purposes with Pepper New Zealand Limited.

Directors' Declaration

The Directors of Pepper Money Limited declare that, in the Directors' opinion:

a. there are reasonable grounds to believe that Pepper Money Limited will be able to pay its debts as and when they become due and payable;

b. the attached consolidated entity disclosure statement is true and correct;

c. the Directors have been given the declarations required by s295A of the *Corporations Act 2001*;

d. the consolidated financial statements of Pepper Money Limited (as defined in Note 1) including the Notes set out on pages 94 to 151:

   i. are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

   ii. comply with International Financial Reporting Standards and other mandatory professional reporting requirements.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Akiko Jackson
Chair

27 February 2025

Mario Rehayem
CEO and Director

27 February 2025

Independent Auditor's Report

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Independent Auditor's Report to the Members of Pepper Money Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pepper Money Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Expected credit loss on loans and advances
 	
As at 31 December 2024, the Group has recognised $116.9m of expected credit loss ("ECL") on loans and advances held at amortised cost in accordance with *AASB 9 Financial Instruments ("AASB 9")* as disclosed in Note 4(B).
 	
Loans and advances subject to AASB 9's impairment requirements include both the residential Mortgage Lending and Asset Finance portfolios.
 	
Significant management judgement was necessary in determining expected credit losses, including:
 	
• The application of the requirements of AASB 9 as reflected in the Group's ECL models, particularly considering the current macroeconomic environment, including sustained raised interest rates;
• Assumptions used in the ECL models including Probability of Default ("PD"), Loss Given Default ("LGD") and forward-looking macroeconomic factors, as disclosed in Note 1(E)(a) and Note 8(B)(c);
• The identification of indicators of a Significant Increase in Credit Risk ("SICR"); and
• Judgements used in the estimation of post-model overlays.
	Our procedures, in conjunction with our specialists, included, but were not limited to:
	
	• Obtaining an understanding of credit risk judgements made by Management in the ECL models;
	• Testing the design and implementation of relevant key controls, throughout the period, in relation to loan originations, collections and arrears management as well as controls over the use and review of AASB 9 ECL models;
	• Assessing the reasonableness of key judgements and assumptions applied by Management, including:
	    o timing and recognition of loss event and significant increase in credit risk;
	    o timing of expected cash flows; and
	    o assumptions used in modelling including PDs, LGDs and forward-looking assumptions and scenarios.
	• Testing the accuracy of modelled PDs and LGDs against historical losses;
	• Testing the mathematical accuracy of the ECL models through re-performance on a sample of loans;
	• Identifying key inputs used in calculation of collective provisions, and testing a sample of the source data for completeness and accuracy; and
	• Challenging Management's judgements in respect post-model adjustments recognised considering current macroeconomic environment.
	
	We also assessed the appropriateness of the disclosures in Notes 4(B) and 8(B)(c) to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 68 to 91 of the Financial Statements for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Pepper Money Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Sydney, 27 February 2025

Shareholder Information

Additional information required by the ASX and not disclosed elsewhere in the report is set out below. The information is current as at 31 January 2025.

Opting in for electronic communication

43.56% of our shareholders have opted in to receive electronic communications. Consistent with our commitment to reduce paper consumption and in turn our environmental footprint, we encourage more shareholders to opt-in for electronic communications.

Number of holders of equity securities

Ordinary share capital: 439,973,206 fully paid ordinary shares are held by 3,083 shareholders.

Voting rights

All issued ordinary shares carry one vote, and each member is entitled to one vote for every ordinary share held via poll or show of hands as permitted under the Company's constitution.

Distribution of members of their holdings

The number of equity securities by size of holding is set out below:

Holdings Ranges	Holders	Total Units	%
1 – 1,000	1,325	612,964	0.140
1,001 – 5,000	839	2,333,824	0.530
5,001 – 10,000	363	2,851,059	0.650
10,001 – 100,000	502	15,102,155	3.430
100,001 – 999,999	54	419,073,204	95.250
Totals	**3,083**	**439,973,206**	**100.000**

Unmarketable parcel

As at 31 January 2025 there were 676 holdings of less than a marketable parcel (less than $500 in value or 349 number of shares based on the market price of $1.43 per share).

Substantial shareholders

The names of the substantial shareholders of the Company and the number of equity securities in which they have a relevant interest as disclosed in substantial shareholding notices given to the Company are set out below:

Shareholder	Number of shares	%
Pepper Group ANZ Holdco Ltd	266,309,851	60.59%
AustralianSuper Pty Ltd	50,289,929	11.43%
National Nominees Ltd ACF Australian Ethical Investment Limited	22,236,910	5.05%

Pepper Money twenty largest shareholders

The 20 largest shareholders of ordinary shares on the Company's register at 31 January 2025 were:

Shareholder	Number of shares	%
Pepper Group ANZ Holdco Ltd	266,309,851	60.529%
J P Morgan Nominees Australia Pty Limited	60,669,695	13.789%
HSBC Custody Nominees (Australia) Limited	39,406,249	8.957%
Citicorp Nominees Pty Limited	14,394,772	3.272%
Netwealth Investments Limited <Wrap Services A/C>	8,491,514	1.930%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	5,465,529	1.242%
BNP Paribas Noms Pty Ltd	2,701,233	0.614%
Denise Aoun	2,387,234	0.543%
Merrill Lynch (Australia) Nominees Pty Limited	2,362,587	0.537%
HSBC Custody Nominees (Australia) Limited – GSI EDA	2,289,341	0.520%
Neweconomy Com AU Nominees Pty Limited <900 Account>	1,459,313	0.332%
Mr David Moore <D & S Moore Family A/C>	1,400,000	0.318%
UBS Nominees Pty Ltd	988,836	0.225%
Rhodium Capital Pty Limited <Rhodium Investment A/C>	900,000	0.205%
John Williams	637,858	0.145%
Sue Kent	618,964	0.141%
Sally Jane Thompson	595,501	0.135%
Mr Mario Rehayem	581,279	0.132%
Buttonwood Nominees Pty Ltd	439,718	0.100%
Warragal Holdings Pty Ltd <Gole Family A/C>	436,741	0.099%
% Total of Securities of Top 20	**412,536,215**	**93.764%**
Total of Securities	**439,973,206**	

Managing your shareholding

The Company's share register is managed by Boardroom Pty Limited ("Boardroom").

The Investor Centre website **www.peppermoney.com.au/about/shareholders** is the fastest, easiest, and most convenient way to view and manage your shareholding.

The Investor Centre enables a shareholder to:

- view the Company share price;
- change your address (for non-CHESS sponsored holdings);
- update your dividend instruction;
- update your Tax File Number (TFN), Australian Business Number (ABN), or exemption;
- select your email and communication preference; and
- view your transaction history.

When communicating with Boardroom or accessing your holding online you will need your Securityholder reference number (SRN), or Holder Identification Number (HIN) as shown on your Issuer Sponsored / CHESS statements.

You can also access Boardroom by:

Website:	**www.boardroomlimited.com.au**
Address:	Level 8 210 George Street, Sydney NSW 2000
Post:	GPO Box 3993 Sydney NSW 2001
Contact:	1300 737 760 (in Australia) +61 (0) 2 9290 9600 (International)

Information on Pepper Money Limited

Pepper Money website

Up-to-date information on the Company can be obtained from the Company's website **www.peppermoney.com.au**

Securities exchange listing

The Company's shares are listed on the Australian Securities Exchange (ASX) and the Home Exchange is Sydney. Ordinary shares are traded under the code, ASX: PPM.

Share prices can be accessed from Pepper Money's Shareholder Centre at the Company's website, major Australian newspapers, or at: **www.asx.com.au**.

Glossary of Terms

Term	Meaning
1H	first half of the financial; year for the six months ending 30 June
2H	second half of the financial; year for the six months ending 31 December
AAS or **Australian Accounting Standards**	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
AASB	Australian Accounting Standards Board
ABN	Australian business number
ABS	asset-backed securities
ADI	authorised deposit-taking institution
Asset Finance	a segment of Pepper Money product, as defined in Section 3 of the Operating and Financial Review
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange that it operates, as the context requires
ASX Listing Rules	the listing rules of ASX
ASX Recommendations	the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition, 2019)
AUM – Lending closing	assets under management originated and serviced (securitised and Pepper Money balance sheet lending)
AUM – Servicing closing	assets under management portfolios of third parties which are serviced by Pepper Money
Board or **Board of Directors**	the Board of Directors of the Company
CAGR	compound annual growth rate
calendar year or **CY**	year to 31 December
capital expenditure	includes investment in property and equipment and intangible software and licensed assets
Company	Pepper Money Limited (ACN 094 317 665) (Formerly Pepper Group Pty Ltd)
CGS	Corporate Governance Statement as per Section 7 of the Operating and Financial Review
Corporations Act	*Corporations Act 2001* (Cth)
CPR	conditional prepayment rate. The proportion of the principal of a pool of loans that is expected to be paid off prematurely in each payment period
CRE	commercial real estate
CTI	cost to income ratio is defined as Pro-forma Total Expenses (including depreciation, amortisation and corporate interest) divided by Total Operating Income before Loan Losses
Director	a member of the Board of Pepper Money Limited
Distribution Partners	Pepper Money's network of distributors
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
Effective Interest Rate	an annual interest rate that takes into account the effect of compound interest and fees
Eligible Employees	in respect of the Employee Gift Offer, all Australian and New Zealand employees excluding Non-executive Directors, as selected by the Board in its sole discretion

Term	Meaning
Equity Loans, Equity Notes, Junior Loans, Junior Notes or **Junior Securities**	investment interests in Term Securitisations or Warehouse Facilities that have a lower priority than other funders in the event of default
Executive Rights Plan	as defined in Section 3 of the Remuneration Report
Expected Credit Losses	as defined in the Financial Statements
FTE	full time equivalent
Funding Vehicle	a special purpose vehicle, typically a trust, established to fund and hold financial assets as part of a Warehouse Facility or Term Securitisation
FVTPL	fair value through profit or loss, as defined in the Financial Statements
GST	goods and services tax imposed in Australia
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Independent Non-Executive Director	each of Mike Cutter, Akiko Jackson, Justine Turnbull and Rob Verlander
Junior Securities	securities which are in substance the most junior class of debt securities issued in a Warehouse Facility or Term Securitisation such that any losses in respect of the assets funded by the Warehouse Facility or Term Securitisation are applied to this class of securities first, also referred to as "first loss" capital
Listing	admission of the Company to the official list of ASX
Loan and Other Servicing	A segment that includes the revenues and direct expenses associated with the servicing of loan portfolios for third parties conducted by the Group in Australia. It also includes loan broker servicing (administration and compliance support) which commenced in Q4 2020 and ceased 30 September 2023
LPF	loan protection fee
LTVR	long-term variable remuneration
LVR	loan to value ratio
Management	current management employees of the Company
Mortgages	a segment of Pepper Money product, as defined in Section 3 of the Operating and Financial Review
MPF	mortgage protection fee
Non-Conforming or **Non-Prime**	home loans not adhering to the traditional standard lending criteria of ADIs
NCI	non-controlling interest
Non-Executive Director	a member of the Board of Directors who does not form part of Management
Non-IFRS financial measures	measures used to manage and report on the business that are neither recognised under AAS or IFRS but that are included as in the Directors opinion they are considered useful for the users of this Annual Report
NIM	Net interest margin: 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)
NIM %	net interest income divided by average lending AUM expressed on an annualised basis
NPAT	net profit after tax

Glossary of Terms

Term	Meaning
Originations	new loans originated during the period
PAYG	pay as you go
Performance Rights	the entitlements granted to individuals to receive equity that vest based on the achievement of pre-determined performance conditions
PCP	refers to prior comparative period being December 2023
Pepper Direct	Pepper's direct distribution platform including **www.peppermoney.com.au** and supported by a dedicated in-house call centre.
Pepper Money or **the Company**	Pepper Money Limited (ACN 094 317 665)
Prime	home loans adhering to the traditional standard lending criteria of an ADI
Private Term Securitisations	funding transactions that are similar to Public Term Securitisations but which result in Pepper Money raising funds from a single investor or a small number of investors
PRS	Pepper Residential Securities
Public Term Securitisations	a pool of loan assets initially funded through one or more Warehouse Facilities are grouped together and sold to a new Funding Vehicle, which then issues securities against those assets to investors in public wholesale capital markets
RMBS	residential mortgage-backed securities
ROE	return on shareholder equity
Service Rights	the entitlement granted to individuals to receive equity that vest based on service conditions
Servicing AUM	as defined in Section 3 of the Operating and Financial Review
Share Registry	Boardroom Pty Limited (ABN 14 003 209 836)
Shareholder Representative Director	each of Des O'Shea and, effective 23 May 2024, Vaibhav Piplapure, following resignation of Michael Culhane as Chair and Shareholder Representative Director, 23 May 2024
STVR	short-term variable remuneration
Term Securitisation	an arrangement under which a pool of financial assets is sold to a Funding Vehicle which funds those financial assets in the capital markets through an issue of limited-recourse debt securities generally having a legal final maturity similar to the expected term of the financial assets in the pool, and includes Private Term Securitisations and Public Term Securitisations
TFN	tax file number
VWAP	volume weighted average price
WANOS	weighted average number of shares for the period 1 January to 31 December
Warehouse Facility	An arrangement under which financial assets are originated in the name of, or sold to, a Funding Vehicle which funds those financial assets through drawing on committed funds provided by funding banks and / or other investors during a relatively short-term availability period. Funding is through a limited-recourse facility for a term which does not necessarily match the term of those financial assets. Warehouse Facilities are often established with a view to selling the assets to another Funding Vehicle pursuant to a Term Securitisation or as part of a Whole Loan Sale
White-label	Pepper provides an unbranded product or service for the originator to sell and distribute the product or service under its own brand to sell to their customers
Whole Loan Sale	An arrangement under which pools of financial assets are sold to an unrelated third-party purchaser which purchases those financial assets using its own resources and / or a funding structure for which they are the sponsor. Pepper may continue to act as servicer of the financial assets if agreed with the purchaser and may make an investment in the pool in connection with that appointment

Corporate Directory

Secretary

John Williams

Principal registered office in Australia

Level 27
177 Pacific Highway,
North Sydney NSW 2060

Share register

Boardroom Registry

Level 8
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Website: www.boardroomlimited.com.au

Contact: 1300 737 760 (in Australia)
+61 (0) 2 9290 9600 (International)

Auditor

Deloitte Touche Tohmatsu

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