Pepper Money Limited

2024 Full Year Results Presentation

Script

**Results: Thursday 27 February 2025**

**SLIDE 2**

Good morning, everyone and welcome to Pepper Money Limited’s 2024 full year results presentation.

My name is Gordon Livingstone - Investor Relations at Pepper Money.

I would like to begin by acknowledging the traditional custodians of the land on which we meet today, the Gadigal people of the Eora Nation. We pay our respects to each of their Elders, past and present.

**Slide number 3**

Today, Pepper Money's CEO - Mario Rehayem - will provide a business update after which Pepper Money’s CFO - Therese McGrath - will take us through the financial performance.

After some closing remarks by Mario - there will be an opportunity to ask questions, which can be either via phone, or submitted via the portal.

I will now pass over to Pepper Money’s CEO – Mario Rehayem.

slide number 4

Thank you, Gordon. And thank you to everyone that has dialled in today.

Pepper Money delivered strong performance across all key drivers:

In total we delivered $7.0 billion in Originations in calendar year 2024.

Mortgage Originations grew 27% second half 2024 versus first half, supporting an annualised Originations growth for Mortgages of 5 per cent on PCP.

Our Asset Finance business also delivered higher Originations growth, with the second half of the year up 3 per cent versus first half. While Asset Finance Originations were down 13 per cent on PCP, this was due in part to soft market conditions, ongoing cost of living pressure suppressing demand, as well as our continued focus on the right balance of risk and returns on assets originated.

Total AUM – which is a key foundation of future profitability – closed 2024 at $19.1 billion, placing us in a strong position as we enter 2025.

Our volume growth did not come at the expense of Margin.

* Net Interest margin improved across all asset classes, supported by improved funding, product and business mix.
* Total NIM at 1.97 per cent increased 12 basis points versus the prior comparable period.
* Mortgage NIM at 1.65 per cent increased 8 basis points on PCP, and
* Asset Finance increased 5 basis points to 2.55 per cent. Asset Finance NIM expansion was not at the cost of taking on more risk – we did the opposite – and weighted originations over 2024 to low credit risk Tier A customers – who accounted for 70 per cent of calendar year 2024 Originations, and at year end make up 64 per cent of Asset Finance AUM.

Our underlying profit, being Profit before Tax and Loan loss expense, grew 9% year on year to $209.2 million. Given the increase in Loss expense taken in the first half of 2024, relating to elevated late-stage arrears and increased insolvency, Net Profit After Tax at $98.2 million closed 12% down on calendar year 2023.

In line with the funding and capital management strategy we discussed twelve months ago and at the half year - we led the market in Whole Loan Sales, completing seven transactions over the year totalling $2.5 billion. When this is taken with the $2.7 billion raised through Public securitisations in 2024, - the business drove a highly efficient and diverse funding structure over 2024.

We ended the year with $124.0 million in Unrestricted cash. As a result, the Board have declared a final fully franked dividend of 7.1 cents per share – representing a 60% payout ratio on Pro-forma Net Profit after Tax for the second half of 2024.

Incorporating the 5.0 cents per share interim dividend paid, we will return in excess of $53 million to our shareholders in fully franked dividends in respect to our performance in 2024, an uplift of 41 per cent on PCP.

Our mission is to “help people succeed” which guides our financial performance. Our X Factor program – Customer Experience, Employee Experience and Partner Experience, was launched in 2024 to provide guiding principles to how we operate. I am proud how this has translated – and our Net Promoter Score across all product classes materially outperforming the industry. In a time of when customers are facing cost of living pressures and high interest rates – our Mortgage business achieved a Net Promoter score of 16, when the industry had significant net detractors – with a score of minus 5.

Our employees continue to be highly engaged – we maintained our outstanding engagement score of 75 - over 2024. Our Managers are seen as leading from the front and our employees say they are respected and heard.

Our focus on our partners is a core competency of Pepper Money. It is why we have such a strong distribution footprint – with 4,804 active Mortgages brokers and 1,480 active Introducers in Asset Finance. Like our customer NPS, our partners continue to call Pepper Money out as the Lender they would most like to work with.

Turning now to Slide 5.

slide number 5

Our financial performance was supported by a range of notable achievements across our businesses:

In Mortgages:

* Our focus on identifying profitable segments - where customers’ needs are not best served by traditional lenders - has seen our Self-Managed Super Fund mortgage solution – launched, Q4 2023, growing to contribute 6% of Mortgage 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 2024
* Alongside new product development, we continue to review, modify and improve our credit policies - as this is a proven way to drive accretive growth.
* We expect to continue our rollout of new products throughout calendar year 2025 and have a number of new offerings which we are set to pilot in the first half of this year.
* I spoke about Pepper Product Selector – or PPS - at the half year. This is an API solution that is seamlessly integrated to Mortgage aggregators CRMs 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 June 2024, we piloted “real time” PPS with a major aggregator.  Over this period, volumes increased 29% for them, at a time when all our other channels, in Australia, increased 11%.  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.

In Asset Finance

* Our Solana originations platform continues to support our partners and customers alike. Automation and API connection direct to our partner’s CRMs has delivered 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 lead versus the competitors.

In respect to funding and capital - as I just mentioned – we raised $5.2 billion across Public term securitisations and our Whole Loan Sales program.

* Public term securitisation included our 40th Non-Conforming Mortgage Public securitisation - PRS 40 – and raised $2.7 billion in 2024 and
* We completed 7 Whole Loan Sales over 2024 totalling $2.5 billion.
* Over the past 3 years, the strength and diverse nature of our funding program has successfully raised in excess of $5 billion each year.

We retired $55 million of corporate debt in the second half of 2024 and have retired a further $27 and a half million in 2025 to date. We also implemented an on-market share buyback where we acquired 11% of stock traded over September to the end of November 2024.

Turning now to Mortgages on Slide 6.

slide number 6

While market conditions for Mortgages were generally soft, as noted at the half year if interest rates remain stable then the market should also stablise over the second half. This is what happened, and on a positive front - as interest rates start to fall – we do expect to see market growth expand.

Our Mortgage Originations, at $4.1 billion, grew 5% on PCP. Growth in the second half was strong, with Originations up 27 per cent on first half, and product mix skewed to Prime. For full year, Prime accounted for 48 per cent of our Mortgage Originations.

Mortgage volumes benefited from new products launched in Australia. Our Self Managed Super Fund Mortgage - launched in October 2023 - is performing well ahead of expectations as we focus on delivering a seemless process for brokers and customers alike. Likewise our Sharia lending is building positive momentum, all be it from a low base.

Over 2024 we executed five Mortgage Whole Loan Sales – three Prime and two Non Conforming. Whole Loan Sales see the equitable notes in loans sold to a third party, with Pepper Money retaining the servicing of the loans. AUM therefore transfers from Lending to Servicing. As Pepper Money continues to service these loans, we benefit from the generation of a capital light annuity-style income.

Mortgage Lending AUM dropped by 19 per cent on PCP to $10.2 billion. Other than the $1.5 billion transferred under Whole Loan Sales, as I noted, we also experienced high attrition in New Zealand – mainly from the HSBC portfolio acquired end of 2023. This attrition followed the 100 bps reduction in the Offical Cash rate that the New Zealand Reserve bank implemented from Q4 of 2024.

Mortgage NIM stabilised over the year. Our funding and product mix strategies allowed us to grow Mortgage NIM on a like for like basis from 1.57 per cent in 2023 to 1.65 per cent in 2024. The accelerated run off of the New Zealand portfolio also marginally benfited NIM. I also need to flag – given the growth in Prime Originations that we have continued to balance risk and returns. 75 per cent of our Mortgage portfolio is at LVRs below 70 per cent.

The Mortgage NIM walk and credit performance will be covered by Therese in the Financials. I will note however our Mortgage customers have been highly resilent – and as such our credit performance remains well within historic averages.

Turning to slide 7.

slide number 7

Our Mortgage business delivered strong growth over the second half of the year. Our expanded credit policies, tactical promotions and new products helped to deliver an uplift of half a billion in Originations second half over the first half. Growth came from Prime, with Originations nearly doubling half on half to $1.3 billion.

Our Weighted Indexed LVR remained constant at a historc low of 55 per cent

Back and front book pricing is more or less equalised, and we achieved the third consecutive period increase in NIM, with second half NIM at 1.72 per cent up from 1.60 per cent in first half 2024 and up 21 basis points on second half 2023. Net Interest Margin uplift is a factor of stable interest rates – and stable BBSW, as well as mix.

Now turning to Slide 8.

slide number 8

Pepper Money benefits from the diversification of our businesses – Mortgages, Asset Finance and a growing Servicing business. We actually reached a milestone in 2024 – with our Asset Finance business celebrating its 10th birthday – since we started from scratch back in 2014.

When the Mortgage business was facing into intense market competition, heightened customer attrition following 13 interest rate rises, and unfavourable funding margins - compared to banks who had TFF - we were able to accelerate growth from the Asset Finance business.

And, when the Asset Finance market has been soft, and competition heightened, we have been able to leverage our strengths in Mortgages to grow, as we did over the second half of 2024.

Our Asset Finance business delivered solid results for the year, given tough market conditions. Without doubt the Asset Finance industry experienced a deterioration in credit performance – as customers in this segment are being impacted by the ongoing pressures of cost of living and high interest rates, which is seeing late-stage arrears increase. As we spoke about at the half year presentation – Australia has experienced some of the highest levels of insolvencies, as the Government protections under COVID-19 have been fully removed. While the level of new insolvencies remain higher than longer term average - we are starting to see the rate stabilise.

In Asset Finance we delivered Originations of $2.9 billion, down 13% on prior comparable period. Our Novated Lease business continued to grow well ahead of system – with Originations at $1.4 billion up 32 per cent on PCP. Given macro conditions, we took a more prudent approach to our Consumer and Commercial products and focused on Tier A customers. Consumer Originations at $800 million were down 26 per cent on PCP and Commercial Originations, also at $800 million reduced by 39 per cent on 2023.

As part of our funding and capital management we executed two Whole Loan Sales in Asset Finance – one in June and one in November both for half a billion dollars. Whole Loan Sales sees the AUM move from Lending to Servicing.

After Whole Loan Sale, AUM for Asset Finance closed 2024 at $5.6 billion – down 2 per cent on December 2023,

As I noted, given both increasing insolvencies and the cost of living pressures on consumers, we focused over the first half of the year on growing our Tier A customers - while being more conservative on Tier B and Tier C. Novated Lease customers are typically Tier A. In total, Tier A customers accounted for 70 per cent of Asset Finance Originations over 2024 and represent 64 per cent of AUM at year end close.

Asset Finance Net Interest Margin at 2.55 per cent increased by 5 basis points versus 2023, driven by customer rate gains, and funding and portfolio mix.

Turning to slide 9.

slide number 9

Like our Mortgage business, Asset Finance delivered volume growth over the second half of 2024. Originations for the second half at $1.5 billion increased by 3 per cent over the first half. We continue to deliver solid growth in Novated Lease – which accounted for 47 per cent of Origination mix both in the first and second half.

Given the size of our Novated Lease portfolio – we are now getting scale benefit in how we fund – which in part has helped to deliver an increase in Net Interest Margins.

One of the keys to ongoing growth, in Asset Finance is strong and deep distribution. We had 1,480 active Introducers over 2024, and our Asset Finance Partner Net Promoter score – at 27 – highlights how we are making it simple and easy for them to do business. Our Asset Finance platform API integrates into our Introducers CRM removing the friction from them when dealing with customers – and makes a material difference in “speed to yes”.

Again, Therese will cover off NIM and credit performance in detail in the Financials, so I will turn now to Slide 10.

slide number 10

Our Loan and Other Servicing business is the provision of independent loan servicing to the market, and includes:

* our Whole Loan Sales servicing program;
* servicing for non-operational owners of loan portfolios – for example our appointment as administrator of the Treasury Corporation of Victoria’s new commercial and industrial property tax;

and

* loan portfolio acquisition.

Loan and Other Servicing AUM grew 130% versus 2023, given the extension of our Whole Loan Sale strategy into Non-Conforming Mortgages as well as a further Whole Loan Sale in Asset Finance. Over the year we completed seven Whole Loan Sales, totalling $2.5 billion, of which Asset Finance made up $1.0 billion, Non-Confirming Mortgages $900 million and Prime Mortgages $600 million. Typically, Whole Loan Sales are executed in May / June and in November / December.

Building our Loan and Other Servicing business, via Whole Loan Sales, is part of our overall capital management strategy, as:

* it is capital light. Whole Loan Sales allows us to recycle capital against growth opportunities;
* it provides an annuity style income, and no incremental cost to the business given the loans are already being serviced;

and

* it provides us with a defensive earnings stream across the credit cycle.

Servicing AUM closed 2024 at $3.3 billion up from $1.4 billion at the end of last year. Total Operating Income increased to $11.0 million for 2024, which represents 4% of Total Operating Income for the year.

Now turning to funding on Slide 11.

slide number 11

Total Warehouse capacity at 31 December 2024 was $10.8 billion, 16% higher than 31 December 2023. This reflects the increased Origination volume in Mortgages and Asset Finance over the second half of 2024.

As always – we take a balance approach to funding - and we maintain around 4 months of warehouse funding headroom. This allows us to continue to originate if markets lock up, and importantly, are also able to fund growth as opportunities emerge.

Over 2024 we completed three Public Term securitisations – two Residential Mortgage-Backed Securities transactions and one Asset-Backed Securities transaction, raising $2.7 billion from public markets. As previously noted, we complemented our Public Term securitisations, with a further $2.5 billion raised from Whole Loan Sales, bringing our total funds raised to $5.2 billion.

We have now raised more than $41 billion from debt markets across 64 transactions since 2003. We have long, strong relationships with investors – with over 100 always supporting the business. Our reputation and performance is exemplary – we have called every note at the first available call date. In 2024 we completed our 40th Non-Conforming Mortgage Public securitisation - PRS 40 – which at $1.25 billion was the largest Australian Dollar securitisation in our 24-year history.

Before turning over to Therese to run through the financials I would like to just spend some time touching on our ESG strategy and initiatives. Turning to Slide 12.

slide number 12

Pepper Money has been built on a mission to “help people succeed”. As we deliver on our mission and continue to build on our strategy, we seek to create sustainable value for our customers, employees, the communities in which we work, and for our shareholders.

Over 2024 we strengthened the Pepper Money Board’s oversight and commitment to ESG with the establishment of the Board Environmental, Social and Governance Committee, with a stated objective of ensuring good governance and our sustainability initiatives and providing end-to-end oversight for our ESG strategy. This in line with existing and emerging environmental, social and governance considerations including mandatory climate-related financial and other reporting requirements.

I won’t run through all our 2024 ESG achievements, as I have covered some of the Customer and Partner initiatives already – so today I will just focus on Community and Our People.

Our key community programs are brought together under Pepper Giving – an initiative run by volunteers across the Company - and our way to empower employees from across Pepper Money to give back to local communities, either financially or through volunteering opportunities. The committee allocates resources through four programs: of Big G, Medium G, Small G, and Volunteering Opportunities, and over 2024 we donated $200,000 – based on employee recommendations – to a range of charities and community programs.

You have heard me say that our people are at the heart of our success. The ongoing strength of our employee engagement is a testament to the capability of our leaders and the culture we have built, which is underpinned by our values of Can Do, Balanced and Real. Our annual employee engagement score remains strong at 75, with a favourability score of 74. Our high participation rate of 88% demonstrates our employees are confident that their voices will be heard.

Pepper Money fosters an environment that values diversity at all levels through a desire to achieve understanding, respect, inclusion and continuous learning. As at December 2024, our workforce was 55% female, 45% male and 46% of senior management roles were held by females.

I will hand over now to Therese to run through the financials, after which I will make some closing comments before opening to questions.

slide number 13

Thank you, Mario, and good morning, everyone.

Slide 13 provides the summary of the key financial measures of our business. As Mario has already covered volume in detail, today I will on focus on Net Interest Margin, Credit performance, Expense management and returns.

Turning to Net Interest Margin, on Slide 14.

slide number 14

At the time of our first half results I noted we changed our accounting treatment for Mortgage Trail Commission, to align with market practice, following a shift across the banking industry.

We adopted the change effective 1 January 2024.

The change results in a financial asset and financial liability being booked, that reflect an estimate of the Net Present Value of ongoing trail commission expense over the expected life of the underlying mortgage.

Historically, we recognised trail commission liability and trail commission expense on a monthly accrual basis. As this amount has been deemed immaterial, 2023 has not been restated in the financial statements.

However – to provide a like on like comparison in this presentation - Net Interest Margin has been revised across all periods. Total Operating Income remains constant.

The positive trend in Net Interest Margin experienced over the first half of 2024 continued over the second half.

NIM for the second half of 2024 at 2.03 per cent improved 11 basis points on first half 2024, following the first half where NIM improved 11 basis points over second half of 2023.

The improvement in Net Interest Margin was delivered by:

* the flow through of pricing initiatives, which drove a further 15 basis points improvement in Customer Rates and;
* the stabilisation in BBSW.

The marginal variance in funding margins:

* is down to mix, following Whole Loan Sales.
* Overall we continue see funding margins improve.

Turning to Mortgages

Our Mortgage business reported the third consecutive period on period improvement, with NIM increasing by 12 basis point to 1.72 per cent second half 2024 versus first half 2024, and up 21 basis points on second half 2023. Mortgage NIM benefited from:

* the ongoing flow-through of customer rate changes following OCR increases over 2022-2023
* stable BBSW; and
* mix of business – including both product and business mix given the accelerated run off of the New Zealand HSBC portfolio acquired December 2023.

Our Asset Finance business – which is the graph on the lower right-hand side – also saw NIM increase versus both the first half of 2024, and second half of 2023 - in much the same way as Mortgages:

* pricing initiatives improved the average Customer Rates by 32 basis points, net of mix, versus the first half of 2024. Our Asset Finance customers and partners value our speed to yes and our ease of doing business.
* While we did still see some swap rate volatility in the third quarter of 2024 – in the main - swap rates have proved more stable – and only impacted second half 2024 NIM by 15 basis points, versus the adverse movement of 32 basis points experienced in half one 2024 .

Now turning to Slide 15 – Credit performance.

slide number 15

Without doubt the economic environment, and cost of living pressures, have proven challenging for a number of customers.

On the positive front - the mortgage market has proven to be very resilient – and our Mortgage customers have been managing.

However, we experienced some deterioration in credit quality – particularly over the first half of 2024 – in our Asset Finance business, so I will cover Asset Finance Provisions first.

As I noted at the time of our first half results - we have seen a heightened number of insolvencies in Australia as well as an increase in late-stage arrears, both of which impacted Asset Finance.

This saw us lift Specific Provisions for Asset Finance to $42.1 million at June 2024 versus $37.5 million December 2023.

Over the second half of 2024 – while insolvencies and late-stage arrears - continued to be elevated versus historic rates – the rate of increase has stabilised. Further, some companies who were in administration have now cured allowing prior period provisions to be revised.

This has help support a release in Specifics at year end, of $4.7 million versus the half year of 2024. As such Asset Finance Specific Provision remains flat year on year.

In terms of Asset Finance Collective Provisions: following the completion of the Whole Loan Sales in June and November, we released the Collective Provision held against the pool of loans sold.

The Collective Provision for Asset Finance also saw the benefit from favourable customer mix as Originations continued to be weighted more heavily to customers with the lowest probability of default - namely Tier A customers – which include high proportion of Novated Lease. Tier A customer made up 64 per cent of Asset Finance closing AUM.

However, we considered it prudent, given the pressure of interest rates and cost of living and how they are weighing on Asset Finance customers, to increase the Post Model Overlay for this segment, by $(7.3) million on December 2023. This is included in Collective. Therefore, our Asset Finance Collective Provisions increased by $6.5 million net on December 2023, and $11.1 million on June 2024.

The net changes in Provisions resulted in our Coverage Ratio for Asset Finance increasing to 1.70 per cent up from 1.57 per cent June 2024 and up from 1.56 per cent as at December 2023. Over the same periods, Asset Finance AUM remained constant.

I should note – our approach to risk saw us shift Originations over 2024 in Asset Finance to Tier A customer, so as we move through 2025 the overall profile for Asset Finance should start to rebalance, given 64 per cent of the closing AUM is made up of customer with the lowest probability of default.

Now turning to Mortgages

Our Mortgage customers have proven resilient. This has seen us release $6.0 million in Post Model Overlay, versus December 2023, from Collective Provisions, which have also reduced in line with AUM, following the five Whole Loan Sales executed over 2024. Mortgages Specific Provisions remain low – and relate to a small number of loans. Typically, Specific Provisions in Mortgages are around 2 to 4 basis points of Mortgage AUM. In total our provision Coverage Ratio for Mortgages remains strong, and at 0.21 per cent at December 2024 and remains in line with the long-term average.

To close out on Credit performance, let’s turn now to Slide 16.

slide number 16

As I covered the key movements under Provisions I will just focus on arrears.

90+ days arrears are a strong indicator of future losses:

* Mortgages closed December 2024 at 1.47 per cent - marginally down from June 2024 and in line with the long-term average - when the experience under COVID - is removed. As previously noted, our Mortgage customers have remained very resilient.
* Likewise, Asset Finance 90+ days arrears at 0.32 per cent of AUM at December 2024 is marginally down versus June 2024. As I mentioned, as the Origination profile for Asset Finance over the year was weighted to Novated Lease / Tier A customers - I do expect the overall arrears profile, as we move through 2025, will start to rebalance.

And again – we remain well provisioned, and continue to hold, $10 million in Post Model Overlays - $8 million against Asset Finance and $2 million against Mortgages.

So, turning to Expenses on Slide 17.

slide number 17

We are discipline in our approach to cost management

Our focus on driving efficiencies given our scaled platforms and ongoing process improvement program, continues to deliver benefits.

Normalising for the movement in Impairments, our Operating expenses were flat year on year:

* + Ongoing process efficiencies supported an 8 per cent reduction in FTE year on year. The reduction in headcount in turn helped deliver an overall decrease of 2 per cent in Employee expenses – offsetting salary and wage inflation and higher bonuses.
  + The increase of 3 per cent in Marketing expense is down to the timing of the start of a new sponsorship arrangement. Normalising for timing, Marketing expense remain flat year on year.
  + Technology costs increased by inflation of 3 per cent, as we continue to derived benefits from our scaled platforms.

After Impairments, Operating Expenses increased by 4 per cent. The increase in Impairments and Fair Value relate to the re-valuation of equity investments and intangible assets – which we undertake at least annually – to reflect their current market estimates. Adjustments are taken through the face of the profit and loss.

Following on from Other Expenses, Corporate Interest increased due to higher BBSY, and margin, versus prior comparable period. Total Expenses closed 2024 at $246.7 million – up only 4 per cent on PCP.

Turning to our Pro-forma Income Statement on Slide 18.

slide number 18

I have covered most of the key movements already in the P&L so to summarise:

Total Operating Income reduced only marginally - (1) per cent - on PCP. The increase in Net Interest Income and gains from Whole Loan Sales, did not fully offset the increase in Loan Loss expense, experienced in the first half of 2024.

Strong cost management, FTE reduction and efficiency gains were offset by one-off increase in impairments and fair value as well as the impact of BBSY on Corporate interest expense.

These factors resulted in EBITDA reducing 5 per cent versus PCP to $188.5 million

Net Profit After Tax, on both a Statutory and Pro forma basis, was $98.2 million for the year.

However, our underlying profit – measure by Profit pre- Tax and Loan loss expense - at $209.2 million was up 9 per cent on PCP.

slide number 19

For completeness I have included our Core Operating metrics on **Slide 19**. As these have been covered, I will turn directly to cash on **Slide 20** and then onto the balance sheet

slide number20

Unrestricted cash closed December 2024 at $**124.0 million, up from $121.1 million December 2023**

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

Over 2024 the business paid down $55 million in debt, returned a 17 per cent increase in cash to shareholders in dividends versus prior year and undertook an On-Market Share Buy Back – acquiring 11 per cent of share volume traded over September to November, and completed the acquisition of the 35 per cent interest in Stratton for $41.7 million all funded from cash reserves.

Post year end we have retired a further $27 and a half million in Corporate Debt. This will support lower Corporate interest expense over 2025.

Turning now to our Balance Sheet on Slide 21.

slide number 21

As you would expect, the main movement has been in Loans and Advances which, at $16.0 billion at December 2024, has followed the movement in AUM, including Whole Loan Sales, net of loan loss provisions.

We originated $7.0 billion in new financial assets over 2024 – asset growth financed by the issuance of three Public Term securitisations of $2.7 billion, and a further $2.5 billion of Whole Loan Sales.

Given the increase in Mortgage Originations, particularly over the second half of 2024, we increased warehouse capacity to $10.8 billion over the period, up from $9.3 billion December 2023.

Net Assets at 31 December 2024 at $856 million were marginally down from $863 million December 2023, given the movement in Loans and Advances.

Net Tangible Assets to Loans and Advances at 4.3 per cent was up from 3.8 per cent PCP

Following the maturity, and repayment, of Pepper Money’s Corporate Debt Facility, a new syndicated 3-year revolving credit facility was established on the 23rd of May 2024. Given demand, we were able to increase the size of the facility from $200 million to $270 million. At the end of 2024 the facility, was drawn at $125 million. As I just noted, subsequent to year end a further $27.5 million has been retired.

I have already covered sources and uses of cash. We closed December 2024 with an unrestricted cash balance of $124.0 million.

Retained earnings reflect the profit delivered by the business, net of dividends paid.

And given the strength of our capital position the Board has lifted the final Dividend payout ratio to 60 per cent - the upper point of the range – which will see a Final Dividend of 7.1 cents per share paid on the 17th of April, 2025. Overall, for the NPAT delivered in calendar year 2024 - 12.1 cents per share – or $53.2 million – will be returned to shareholders in dividends. An uplift of 41 per cent on 2023.

Thank you and I will now hand back to Mario for closing comments.

slide number 22

Thanks Therese

Before running through the Outlook and opening to questions I just want to touch on how we have continued to evolve our strategy, as we reached a key strategic milestone of having helped over 500,000 customers in August 2024

Our mission- which has been constant for 24 years -– “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 has been reframed – and we seek to be the “People’s first choice non-bank”. This has seen us set a new aspiration - to help over 1 million customers by the end of 2029

To deliver on our mission and vision, our pillars for success have been reviewed and aligned to our aspiration. 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.

slide number 23

This then translated into what we call the Pepper Money House

This house is what guides what we do. It is why our employee engagement remains so consistently high as it provides all employees with a clear vision, mission and guardrails for our culture and how we deliver on our commitment to our customers and our partners, while always operating with the highest integrity to build and protect our brand to drive recognition and ultimately become the People’s fist choice non-bank.

So, to close with what I think 2025 will bring – let’s turn to Slide 24

slide number 24

We have just seen the RBA reduce the OCR – the first reduction since May 2022. There is expectation of further interest rate reductions to come.

And we are finally seeing inflation moderate and consumer confidence improve.

Funding markets have weathered the storms of the last few years – and have come out strong.

We have seen the intense competition in the Mortgage market, largely fuelled by the TFF held by the banks, ease materially - as bank funding advantage is removed as they pay back TFF.

And our performance over the second half of 2024 has been strong with both, Mortgage and Asset Finance volume increasing and NIM expanding.

I am encouraged by how resilient most of our mortgage customers remain. But I also recognise that conditions for some Asset Finance customers still remain difficult

But all in all, I do feel confident as we move through 2025. We are prepared to capture more opportunities as they become available.

Over the 24 years we have been in business we have successfully managed through all cycles. We have managed our customers through the rate rises, we have sought new opportunities, and we have launched new products such as Self-Managed Super Fund Mortgages and Sharia lending.

Our constant investment has delivered scaled technology and processes.

We have sufficient funding headroom available. We have shown how we are positioned to capitalise on growth as it returns.

We are diversified, both in terms of the scale of our two-core lending businesses of Mortgages and Asset Finance, as well as the growth from our Loan and Other Servicing business unit which delivers a capital light annuity style income stream from our Whole Loan Sales strategy.

We are disciplined: whether it be how we manage credit, expenses or capital. We remain, as always, well provisioned.

With $19.1 billion in Assets under Management today this provides us with a strong base to deliver in 2025

Thank you and I will now hand back to the operator for questions.