Pepper Group Limited

Macquarie Australia Conference

3 May 2017

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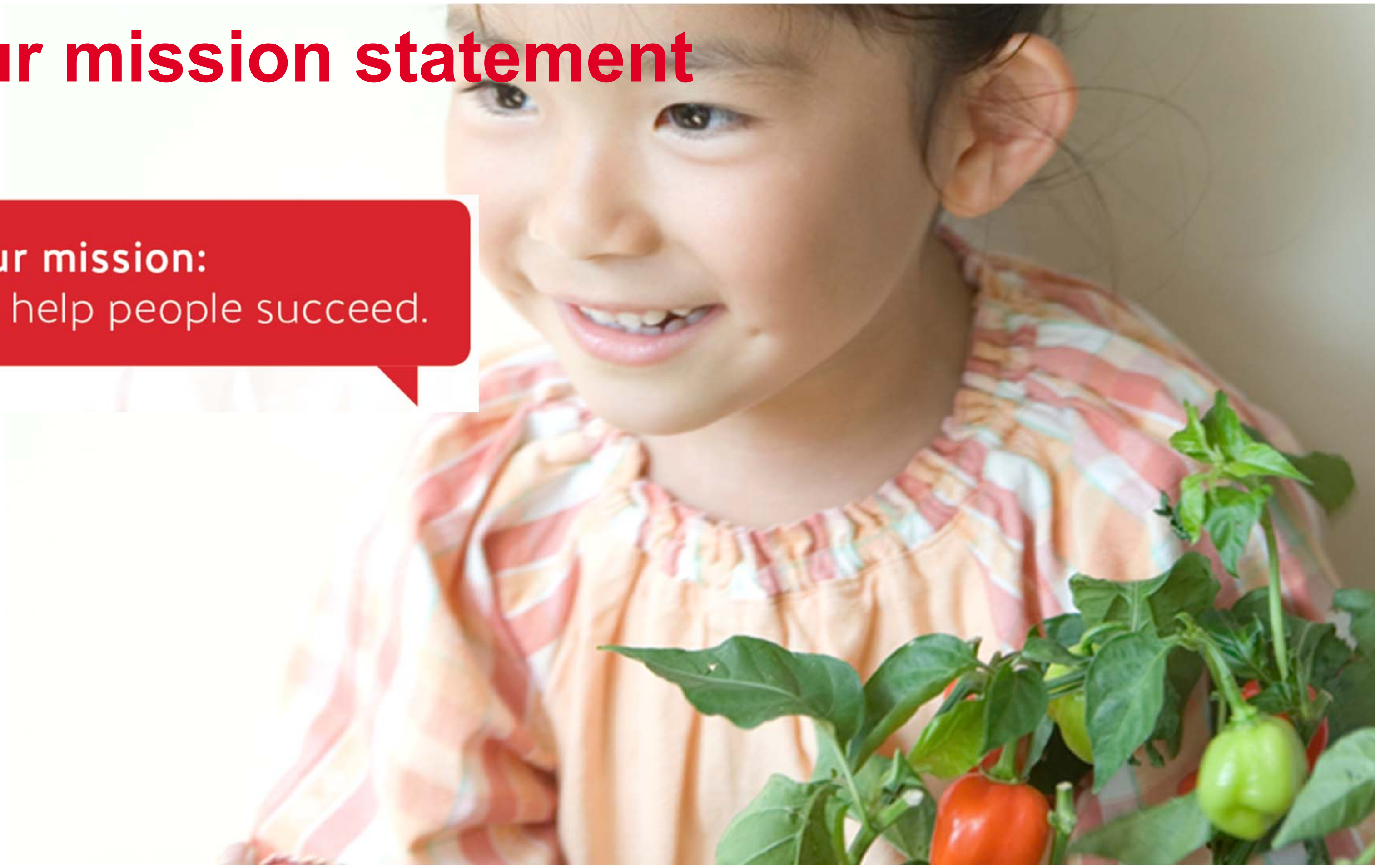
Our mission statement



Our mission:
To help people succeed.

Can do

Balanced

Real

What Pepper does

Lending

Residential Mortgages
- Prime
- Near Prime
- Non-Conforming

Consumer Lending
- Auto and Equipment Finance
- Point-of-Sale Finance
- Personal Loans
- Credit Cards

Asset Servicing

Management and administration of loans
- Own Originated
- Third Party (other banks and financial institutions)
- Performing and Non-Performing Loans
- Residential, Commercial and Consumer Loans

Advisory

Occupier Advisory and Capital Solutions
- Increasing Global reach driving CRE opportunities into Servicing and Lending business units

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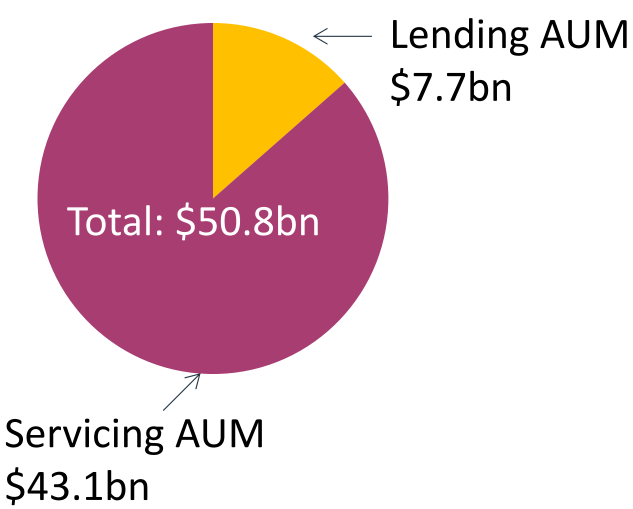
Overview of AUM as at 31 March 2017



	1Q17	1Q16	% Δ
Loan originations	$1,346.8m	$1,056.3m	27.50
90+ day arrears	1.62%	1.62%	-

Lending – up 9.0% from Q4 2016

- Strong originations growth continued in Australia, South Korea, supported by growing originations in the UK and Ireland

Asset Servicing – down 4.9% from Q4 2016 adjusting for foreign currency AUM down ~0.9%

- Reduction due to expected run off of CRE servicing book in Ireland
- Awarded two servicing contracts – a €400m contract in Ireland and a contract to service Lend Invest's new originations in the UK

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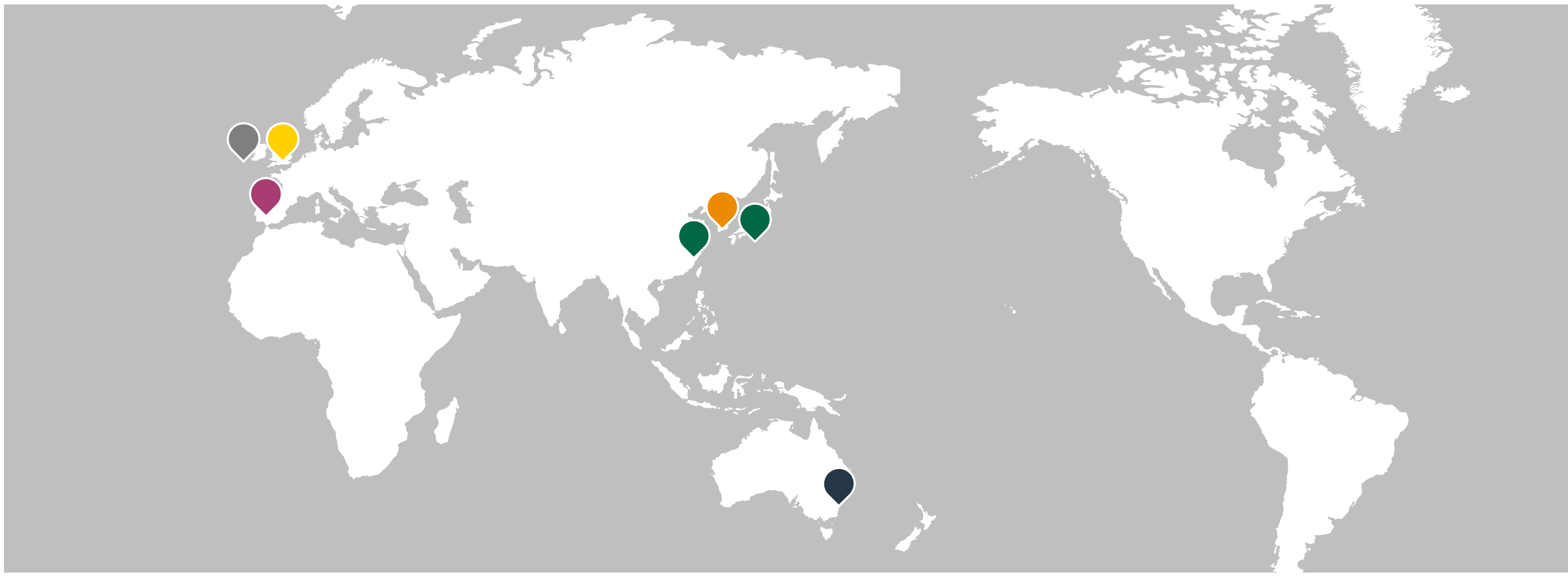
Where Pepper operates around the World



AUM: $50.8bn^

1,800 staff globally

Australia & NZ (Est 2001)	Ireland (Est 2012)	UK (Est 2013)	Spain (Est 2013)	Sth Korea (Est 2013)	China and HK* (Est 2014)
Residential mortgages Auto & equipment finance Asset Servicing Property advisory	Residential mortgages 3rd Party Asset Servicing	Residential Mortgages 3rd Party Asset Servicing	Point of Sale Finance Personal Lending 3rd Party Asset Servicing	Deposits Residential mortgages Personal Loans Auto Finance	Personal Loans Credit Cards

* Pepper has a 12% stake in Prime Credit located in Hong Kong and China ^ As at 31 March 2017

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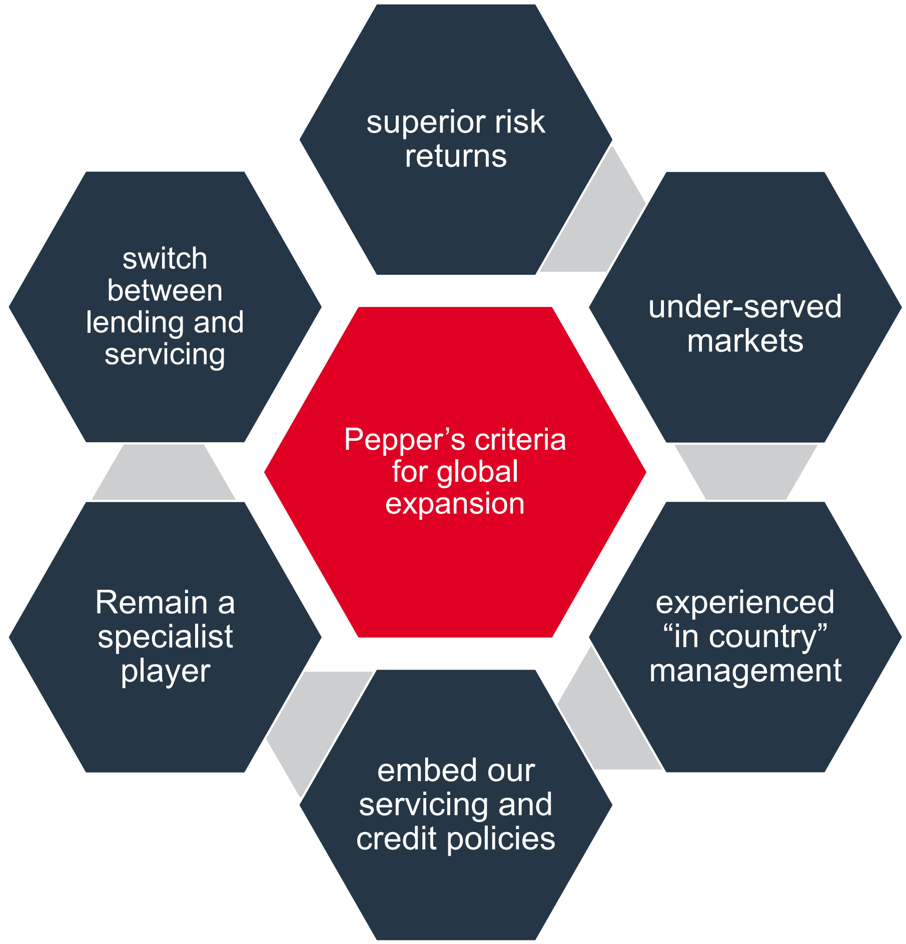
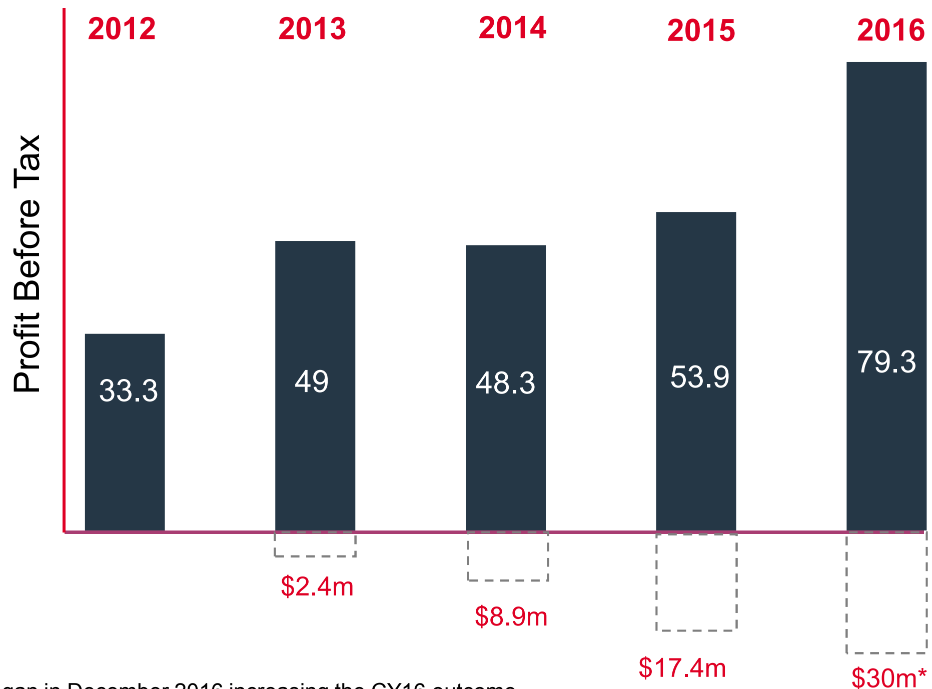
Why we are where we are

We aim to generate superior returns in market segments where banks choose not to operate

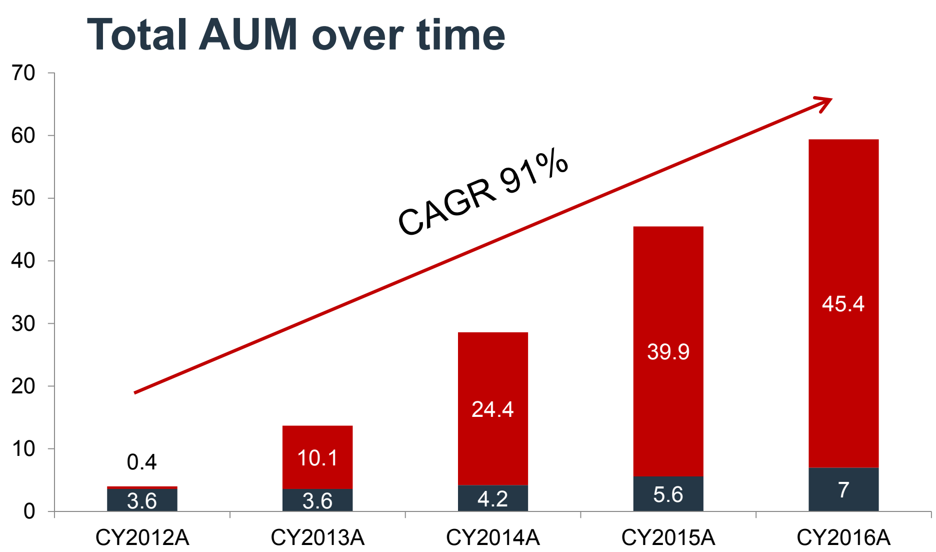


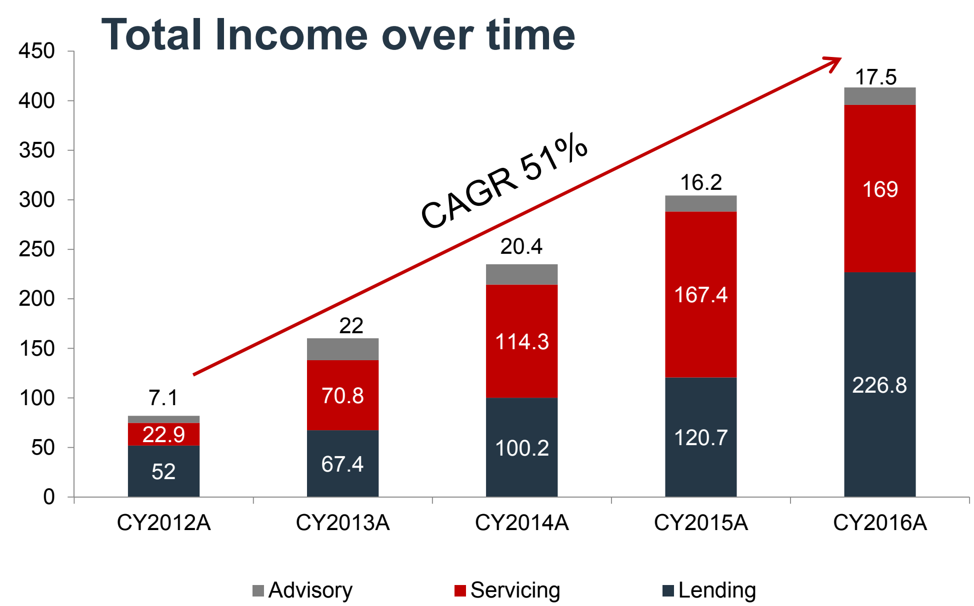
Continuing investment supports future growth



* Allocation of specific overhead costs began in December 2016 increasing the CY16 outcome

Pepper has a strong track record of growth





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South Korea – our growth strategy at work

	At acquisition	Now
AUM	₩102bn	₩1.3 trillion
Portfolio	Consumer lending	Personal Loans Residential Mortgages Auto Loans
Market ranking based on loan balance	56th/79 mutual savings banks	11th/79 Mutual savings banks
BIS Capital Ratio	6%	9.5%
Funding	100% Deposit	100% Deposit

How we transformed this business

- Acquired an existing mutual savings bank, taking it back to its core purpose
- Appointed a strong local management team
- Pepper Savings Bank is now almost equivalent in size on a gross assets basis to QT Mutual bank in Australia*

* Source: APRA 31 December 2016

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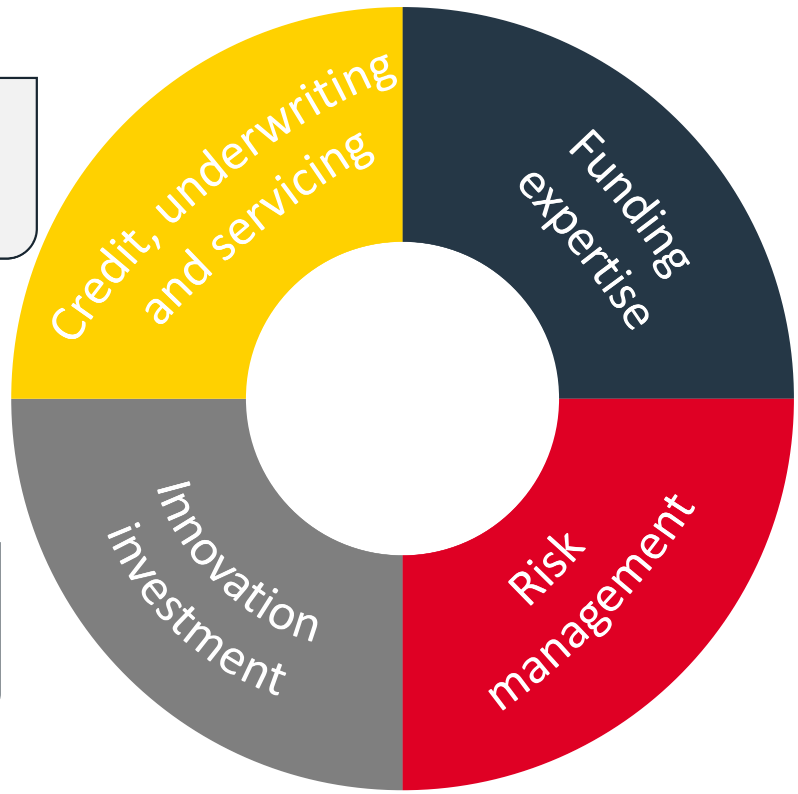
Pepper Group’s core competencies

Bespoke lending and servicing policies developed over 15 years

Extensive funding experience with long term partners



Rapid development of opportunities with attractive risk-return profiles

Holistic risk management and governance framework

We are a broad based lender across all risk profiles

Pepper Essential

A basic home loan for borrowers with a clean credit history.

Pepper Easy

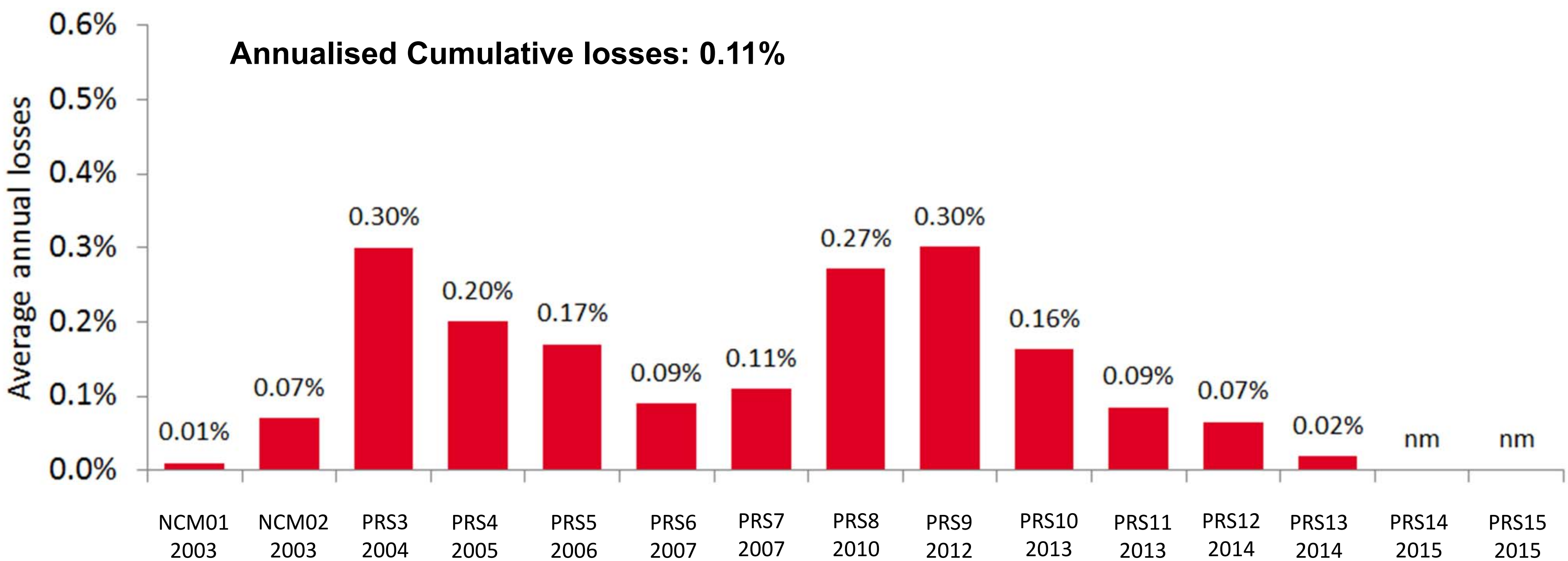
A home loan with flexible features for borrowers who haven't had a credit impairment in the last two years.

Pepper Advantage

A home loan for those who are unable to meet the criteria of banks or mortgage insurers.

Strong credit performance over 15 years

The result of credit underwriting, servicing procedures and ability to price for risk



All data as of December 2015

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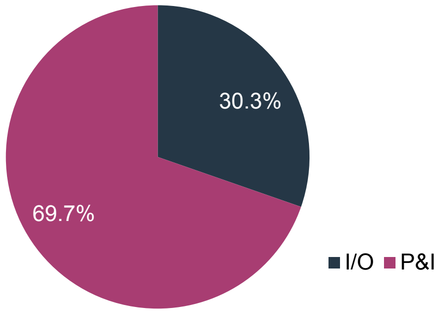
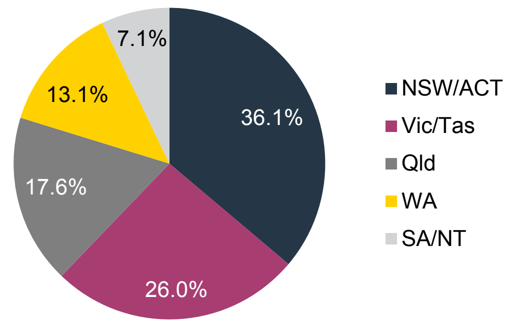
Composition of Pepper's Australian residential loan portfolio

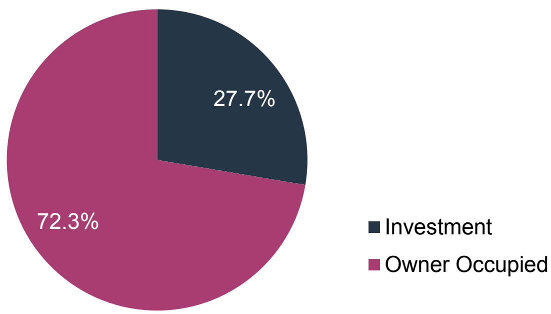
Payment Type



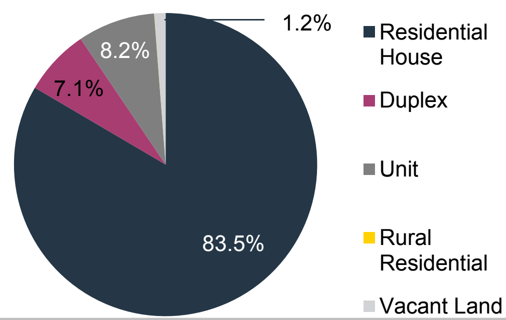
Geography



Occupancy Type



Dwelling Type



As at 31 December 2016

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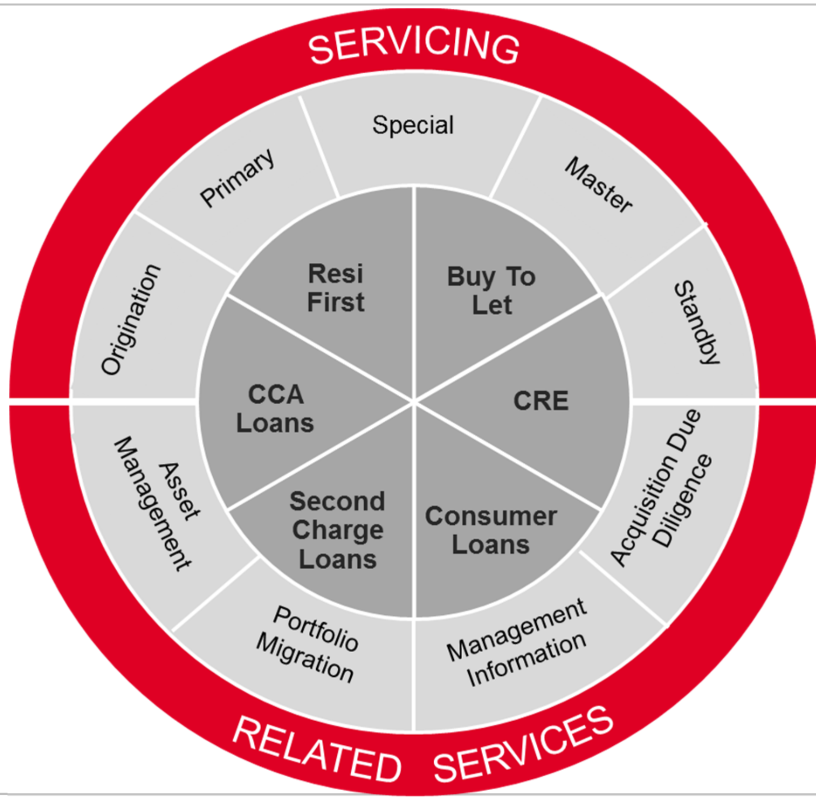
Asset Servicing fundamentals

We service loan portfolios



In return for trust manager, servicer and promote fees

How the credit cycle influences asset servicing

Acceptance

bank balance sheet crisis resulted in state intervention

Provisioning

Banks provision against bad assets

Limited asset sales

Resolution & Repair

Banks dispose of non / sub performing loan assets and non core business units.

Raise capital for further asset write downs

Recovery

Banks sell largely performing loan assets.

Challenger banks and non-bank lenders emerge providing servicing opportunities for loan originations

Non performing — Type of assets serviced — Mostly performing

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Expertise in risk management

Strong risk culture

- Strong governance, compliance and operational risk culture.
- Rigorous lending process: strong underwriting and collection processes and controls.
- Strong culture of risk-based pricing throughout the Group.

Diversification

- We diversify our risk in three main ways:
  - business model
  - asset class and
  - geographic
- Ability to optimise between cyclical business (lending) vs countercyclical business (servicing)

Appropriately structured

- Corporate structure limits liability to a subsidiary which holds funding vehicles.
- First loss equity provides significant protection to our RMBS investors.
- No loss experienced on any junior notes in Pepper's history.

Being smart about risk

Pepper undertakes stress tests on lending portfolios across the Group

Australian mortgage portfolio scenario

Stress test frequency	Every 6 months

Assumption	Concurrent overnight change
Property prices	35% fall
Delinquencies	7x increase

Trust level scenario
Run down / “lock up” assesses repayment to trust investors under a stress scenario

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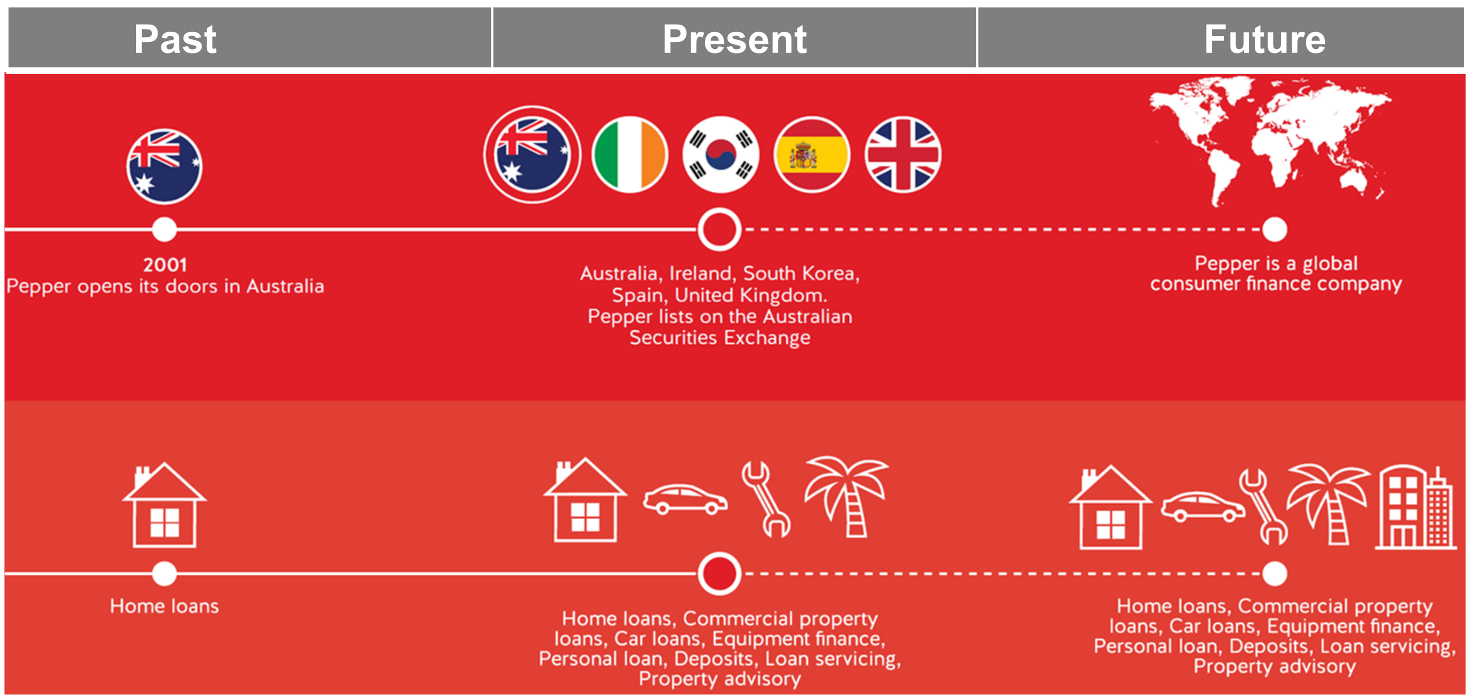
Pepper's strategic priorities

Support global growth	Foster ongoing lending growth in all our markets Build on installed revenue base in third party servicing
Seek new operating markets offshore	Several earnings accretive lending and servicing opportunities being evaluated
Expense management	Seek to leverage operating efficiencies across our markets
Optimise use of capital	Deploy capital to support lending growth objectives

What does Pepper look like in 5 years' time?



Pepper's strategy is delivering strong earnings growth

- Record originations via multiple channels and geographies
- Investment in organic and inorganic opportunities
- Well positioned across asset servicing life cycle
- Lending growth supported by diversified funding mix

Increased earnings are achieved through organic growth and disciplined strategic acquisitions

Pepper's 2016 financial result

CY16 Adjusted NPAT	$61.0m	+ 26%
CY16 Statutory NPAT	$61.6m	Large
CY16 AUM	$52.4bn	+ 15%

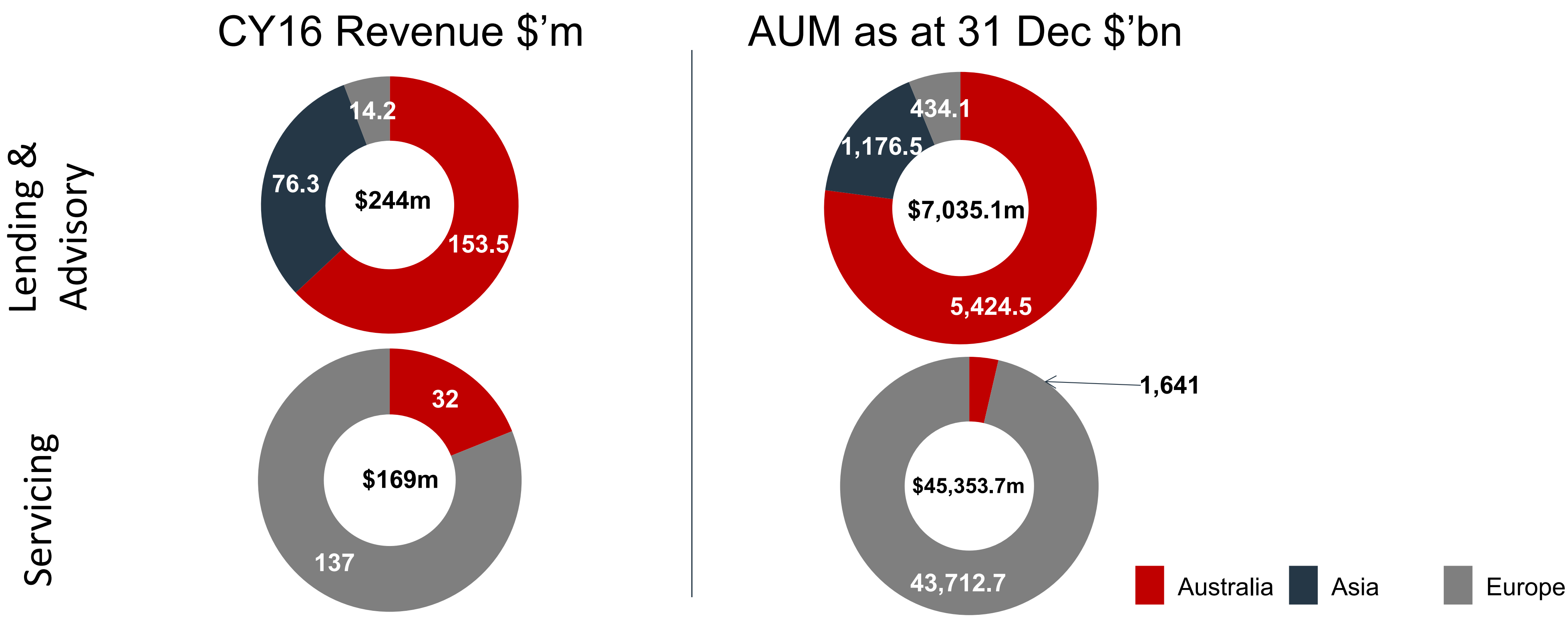
Financial performance

	CY15 Actual	CY16 Actual	PCP% change
Total income $'m	304.3	413.2	⬆ 36%
Adjusted NPAT $'m	48.6	61.0	⬆ 26%
AUM $'bn	45.5	52.4	⬆ 15%
Servicing AUM $'bn	39.9	45.4	⬆ 14%
Lending AUM $'bn	5.6	7.0	⬆ 25%
Loan originations	$3,255.8m	$4,928.5m	⬆ 51%
FTE headcount	1,485	1,846	⬆ 24%


Questions?

Annexures

Key drivers of Pepper's strong 2016 financial result



Australia & NZ – Annual highlights

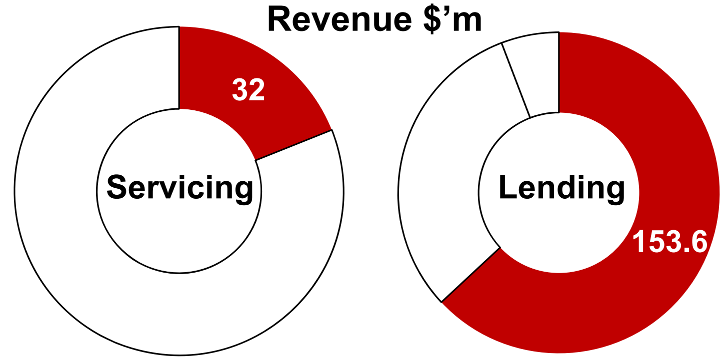
Operational Highlights

- Record origination growth in mortgages and asset finance being driven by increased distribution and reach
  - Total mortgages originations of $2.5bn up 36% on CY15
  - Asset finance originations of $673m up 69% YOY
- Successful completion of 2 non-conforming RMBS transactions totalling $1.5bn in addition to $1.0 billion in whole loan sales
- Continued to successfully manage net interest margin via proactive interest rate pricing strategy.

Strategic Initiatives

- Lending growth benefiting from continued investment in brand positioning to boost awareness (eg launch of Pepper Money)
- Soft launch of Personal Loans – a wholly online product
- Continued focus on diversified distribution via brokers, direct channel and white label partners including B2C digital marketplace platforms

2016
Revenue $'m



AUM	**7,065.5**
Servicing AUM	1,641.0
Lending AUM	5,424.5
Loan originations	**3,205.5**

Asia – Annual highlights

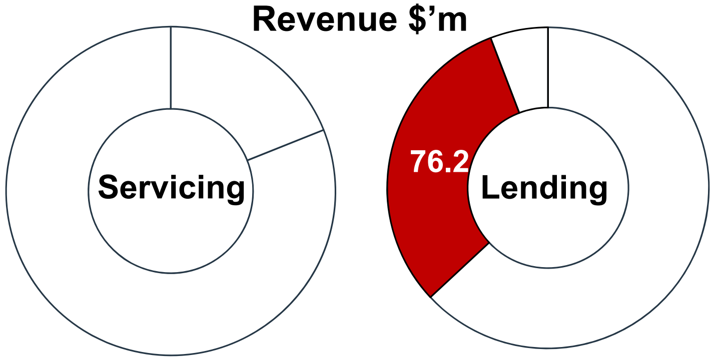
Operational Highlights

- Record loan origination volumes in South Korea of $1.28bn up 53% on prior year
- At year end South Korea had approximately 100,000 customers across lending and deposits
- Increase in BIS ratio from 7.1% to 9.5%
- Hong Kong ahead of budget despite challenging economic conditions

Strategic Initiatives

- Continued focus on South Korean secured auto lending via wholesale car supermarts
- Build out mobile digital capability to support direct consumer loan origination in South Korea
- Hong Kong successfully rolled out WeWa credit card targeting millennials
- China business granted online license in Chongqing (only 28 licenses granted)

2016
Revenue $'m



AUM	**1,176.5**
Lending AUM	1,176.5
Loan originations	**1,283.1**

Europe – annual highlights

Operational Highlights

Lending

- UK exceeded its lending targets
- In Ireland we are the first new lender to enter the market since 2008
- Point of sale lending in Spain performing well

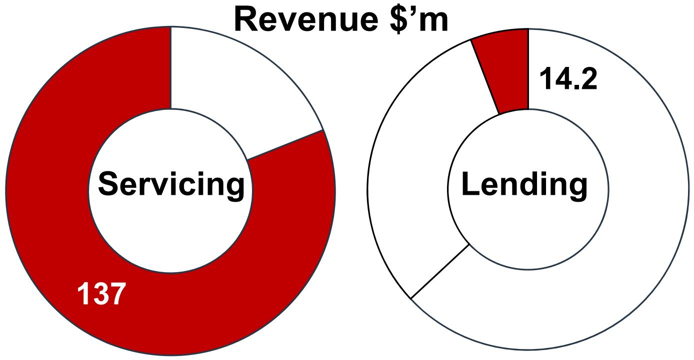
Servicing

- In the UK, installed AUM base is growing through originations flowing from challenger bank contracts
- Ireland continues to see servicing opportunities from banks outsourcing and funds buying portfolios

Strategic Initiatives

- Spanish JV discussions continuing
- Exploring CRE options to use across Europe
- Opportunity to utilise existing infrastructure in Pan European expansion
- Continuing to evaluate a number of attractive opportunities across Southern Europe
  - Niche European banks
  - Servicing operations in Central Europe, including Italy

2016 Revenue $'m



AUM	**44,146.8**
Servicing AUM	43,712.7
Lending AUM	434.1
Loan originations	**439.9**

CY2017 outlook

- Pepper Group's outlook is underpinned by the quality and sustainability of its core earnings.
- 2017 will see continued investment in emerging lending businesses in Australia and Europe and growth in our annuity based income streams
- Subject to market conditions, and exclusive of performance fees, Pepper is **targeting an Adjusted NPAT of at least $67.5m** for CY17.

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