



Pepper Group Limited
Final results as at 31 December 2015
Investor presentation

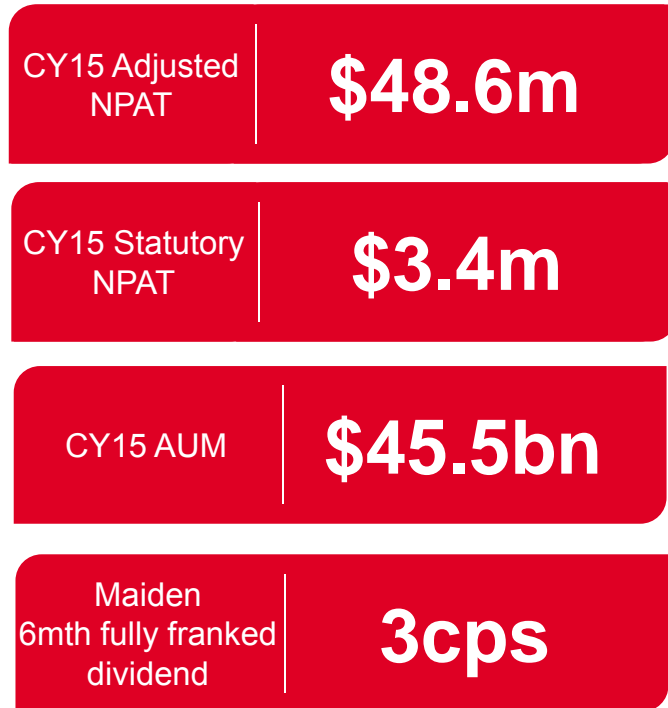
Patrick Tuttle & Mike Culhane - Co-Group CEOs
Cameron Small – Chief Financial Officer

26 February 2016



Delivering on growth in CY15

Pepper's financial results in line with CY15 prospectus forecast



Financial performance

\$ millions	Pro forma		YOY % change
	CY2014 Actual	CY2015 Prospectus	
Total income	234.9	304.0	304.3 ↑ 30%
Adjusted NPAT	35.1	47.0	48.6 ↑ 38%
AUM	28,623.2	41,282.3	45,538.2 ↑ 59%
Servicing AUM	24,440.2	35,934.5	39,926.0 ↑ 63%
Lending AUM	4,183.0	5,347.8	5,612.2 ↑ 34%
Loan originations	1,650.3	3,059.5	3,255.8 ↑ 97%

- Strong growth in Australian mortgage business underpinned by multi-channel distribution strategy
- Significant servicing contract wins offshore in Q4
- Continued investment in new business opportunities to drive future growth

Dividend record date: 4 April 2016, payment date: 20 April 2016

Income diversified across capabilities, asset classes and geographies

Pepper is a global provider of residential mortgages and consumer loans and a specialist loan servicer that has positioned itself as a challenger to traditional banks

Australian non-bank financial institution

\$5.6bn

Lending AUM¹

(CY15 Weighted average \$4.7bn)

Established servicer of portfolios for banks and financial investors

\$39.9bn

Servicing AUM²

(CY15 Weighted average \$32.5bn)

Growing presence in 5 target offshore markets

57.8%

International Income in CY15³

High quality, diversified growth profile

29.5%

CY14–CY15
Income growth

Lending⁴



20.5% income increase

Servicing



46.5% income increase

1. As at 31 December 2015. The total value of loan assets originated or acquired by Pepper and held either (i) on balance sheet (mainly in South Korea), or (ii) in limited-recourse Funding Vehicles where Pepper holds an Equity Note interest and/or an interest in the residual income unit. This excludes assets held by PrimeCredit as these are not consolidated in Pepper's financial statements

2. As at 31 December 2015. The total value of assets where Pepper has servicing and/or Funding Vehicle management contracts in place with third- parties under which it earns fee income. This excludes assets held in Pepper controlled limited-recourse Funding Vehicles and includes portfolios of loans acquired by Pepper and sold to third-parties.

3. Income is Pepper's measure of revenue and is represented net of funding costs

4. Lending comprises Lending Income and Loan Origination Fee Income

Organic and acquisitive growth strategy

Pepper continues to execute organic and bolt-on strategies, which will drive growth into the medium and long term

Australia & NZ Division

International Division

Outcomes in CY15

Lending growth strategies

- Increase lending volumes across all distribution channels
- Achieve above system growth & improve penetration in prime, near prime mortgages and auto loans
- Investment in brand positioning to improve retail consumer awareness

- Target niches in residential and consumer lending in South Korea
- Focus on consumer lending in Spain and residential mortgage lending in UK, priced for risk
- Leverage strong market share in consumer lending in Hong Kong and seek future growth in China

- Record residential lending and auto loan volumes in Australia
- Lending division started in UK in CY15 Strong lending run rates in South Korea and Spain, continuing into CY16
- Investment in brand positioning to boost consumer awareness – expected to continue in CY16

Servicing growth strategies

- Servicing AUM will grow in Australia based on the growth of core lending activity and the acquisition of portfolios of assets that arise from time to time

- As deleveraging continues in Europe so our Spanish, Irish and UK platforms will benefit
- In addition to banks selling we are seeing increasing business flows from banks outsourcing discrete and servicing and origination functions

- Multiple servicing mandates won, particularly in Ireland and the UK during CY15
- Onboarding of new contracts will drive CY16 growth

Further acquisitive growth

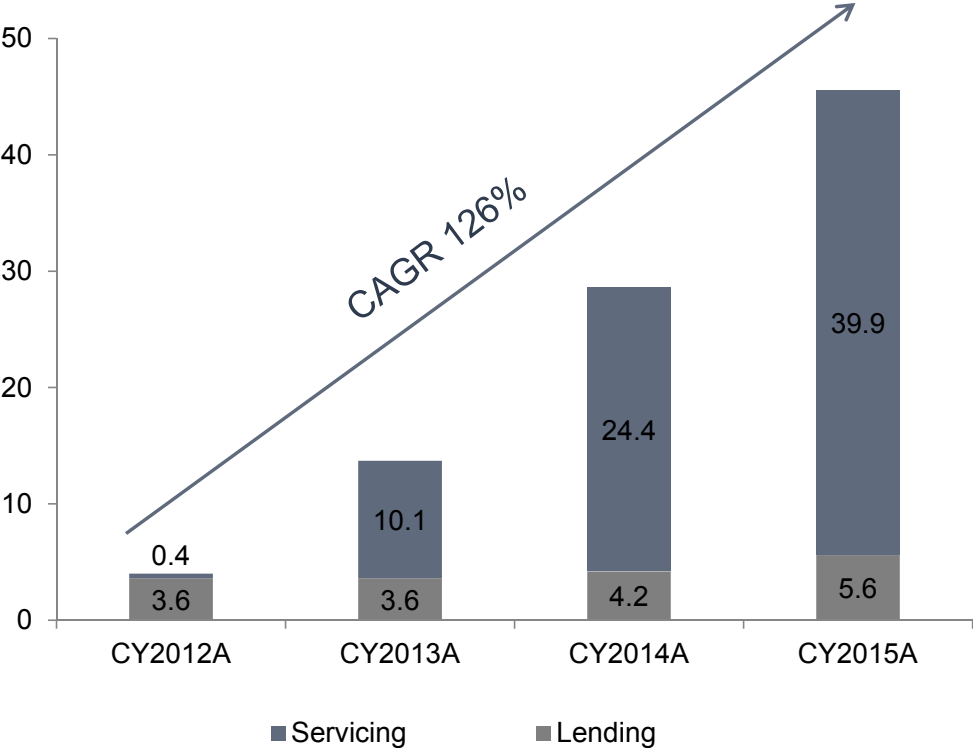
- IN ANZ we typically see more platform opportunities
- In CY2015 we publicly reviewed the GE Consumer and Esanda transactions
- We will continue to review opportunities as they become available

- We partnered in Hong Kong / China to acquire Prime Credit from Standard Chartered Bank
- We continue to actively explore partnership and platform opportunities in Europe

- Expanded our geographic footprint in Asia into Hong Kong and China
- Continued to define European expansion strategy

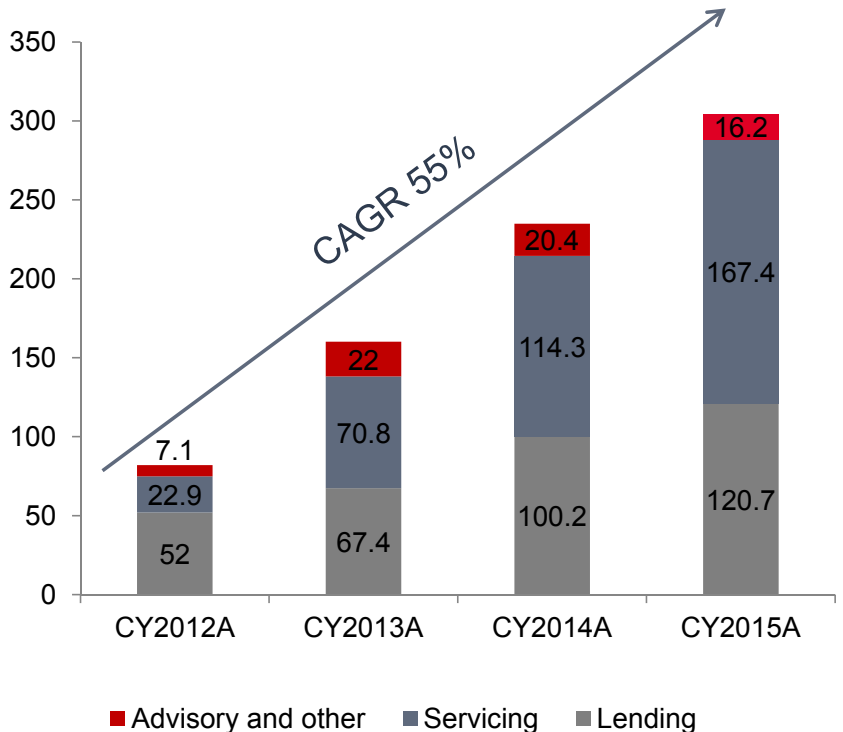
Strong growth in CY15 supports Pepper's long term agenda

Total AUM over time



AUM ahead of prospectus forecasts by 10.3%

Total Income over time



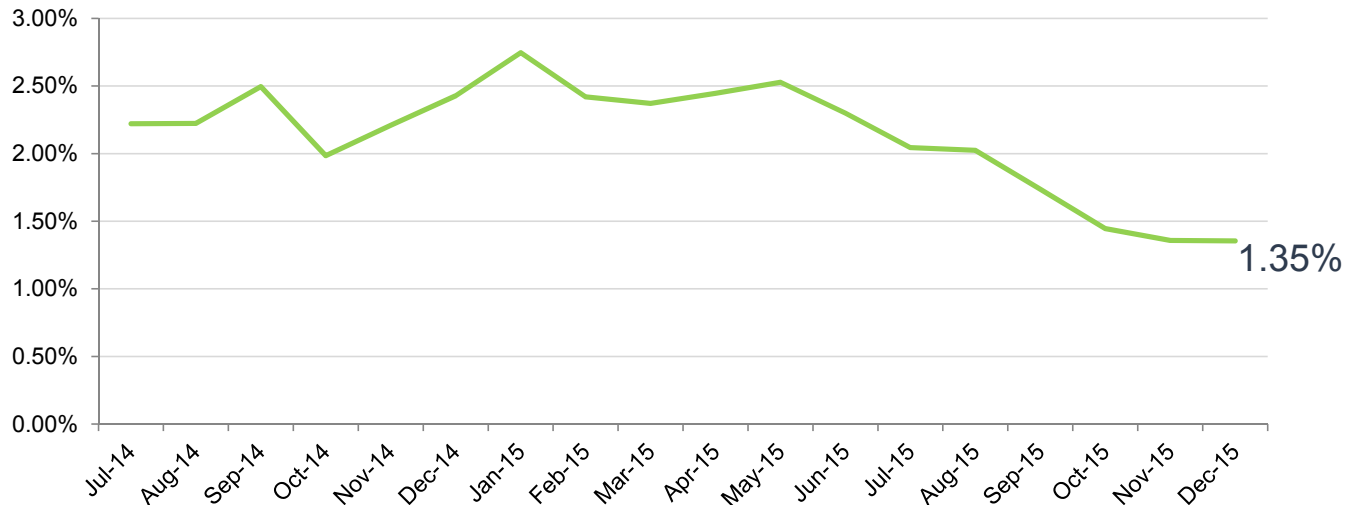
Income in line with prospectus forecasts



Australia and New Zealand arrears

Strong improvement in 2H15 delinquency rate

90+ Delinquency Rate – Pepper originated prime and non-conforming mortgages



Pepper's collection approach

- Early detection, early resolution
- Adopts a cradle to grave collection approach
- Specialist, dedicated team – collectors relieved of administrative tasks

Pepper's credit exposure discipline

- Ceased lending in large mining areas 18 months ago (eg Hunter Valley, WA, FNQ)
- Continual monitoring of housing market valuations by post code through RP Data Core Logic

Pepper's strong growth platform

Record domestic originations via multiple channels

Continuing investment in new business opportunities

Significant offshore asset servicing wins

Diversified funding mix to support lending growth

Diversified growth and earnings across lending and servicing businesses



Financials

Cameron Small, CFO

Pro forma Income and NPAT

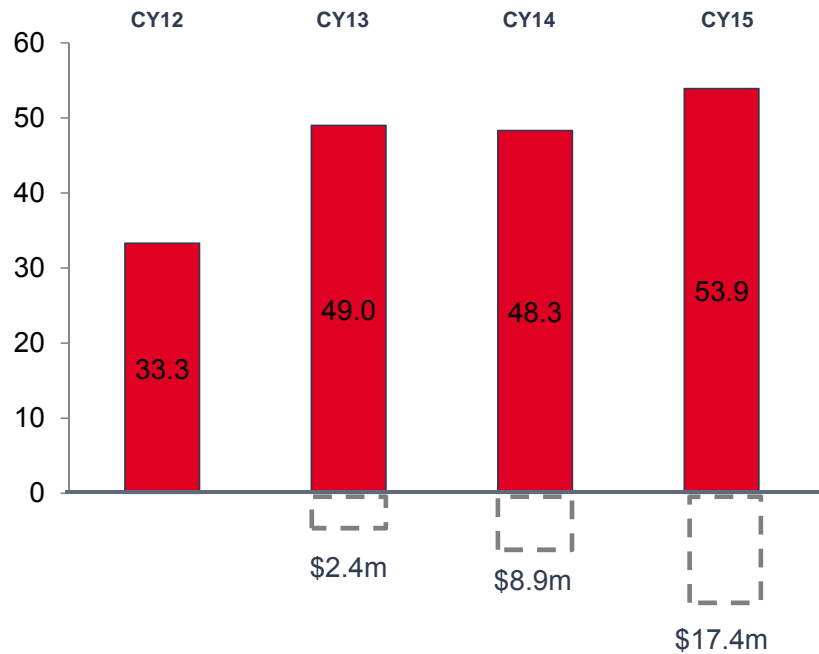
Pepper's growth is coming from continuing organic growth in core businesses and recent new lending initiatives

\$ millions	CY2014 Actual	Pro forma CY2015 Prospectus	CY2015 Actual
Income			
Lending income	83.6	110.0	105.9
Loan origination fees	16.6	21.5	14.8
Servicing and loan administration fees	114.3	152.5	167.4
Advisory and other income	20.4	20.0	16.2
Total income	234.9	304.0	304.3
Share of profit from associate	-	5.0	5.9
Total expenses	(186.6)	(252.3)	(256.3)
Profit before tax	48.3	56.7	53.9
Income tax expense	(14.1)	(13.2)	(11.8)
NPAT	34.2	43.5	42.1
Non-controlling equity interests	0.1	0.1	-
NPAT attributable to owners of the Company	34.3	43.6	42.1
Acquisition Amortisation	0.8	3.4	6.5
Adjusted NPAT	35.1	47.0	48.6

Proforma income and PBT growth

Strong PBT growth notwithstanding material investment in start-up businesses and additional costs to support new servicing contract wins not forecast at time of IPO

PBT growth and investment in new business

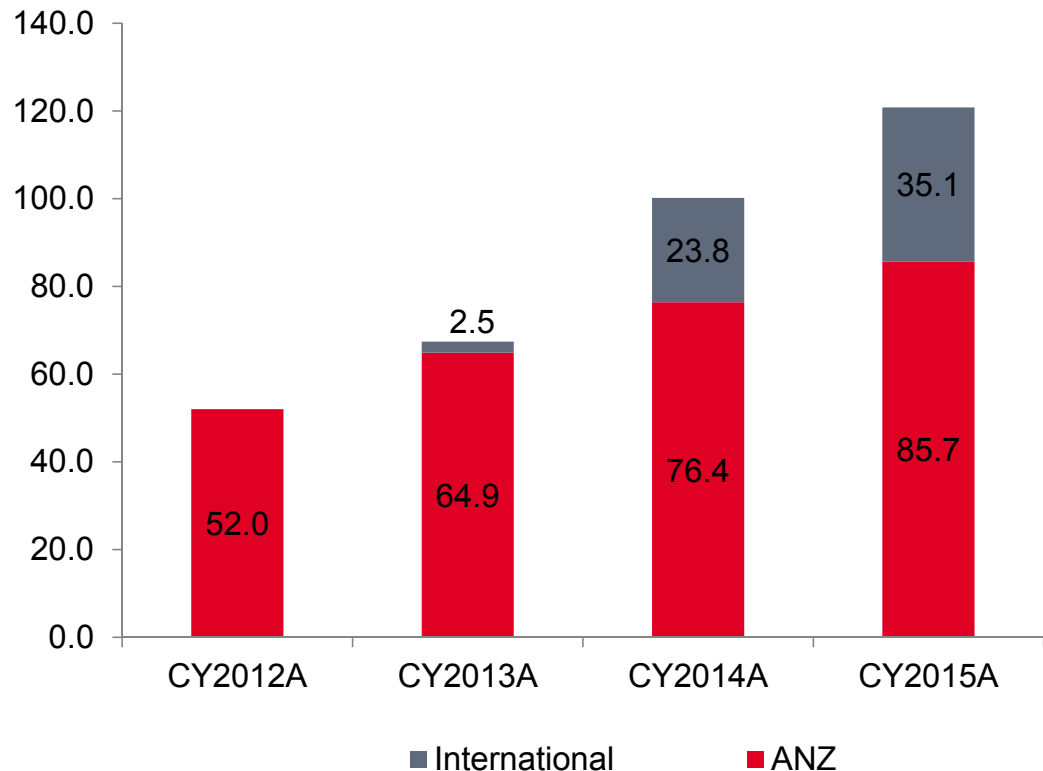


Without these investments through P&L, PBT would have been \$4m higher



Spending on new lending initiatives highlighted in the prospectus and costs to support recent servicing contract wins not forecast at time of IPO

Lending income – robust growth achieved



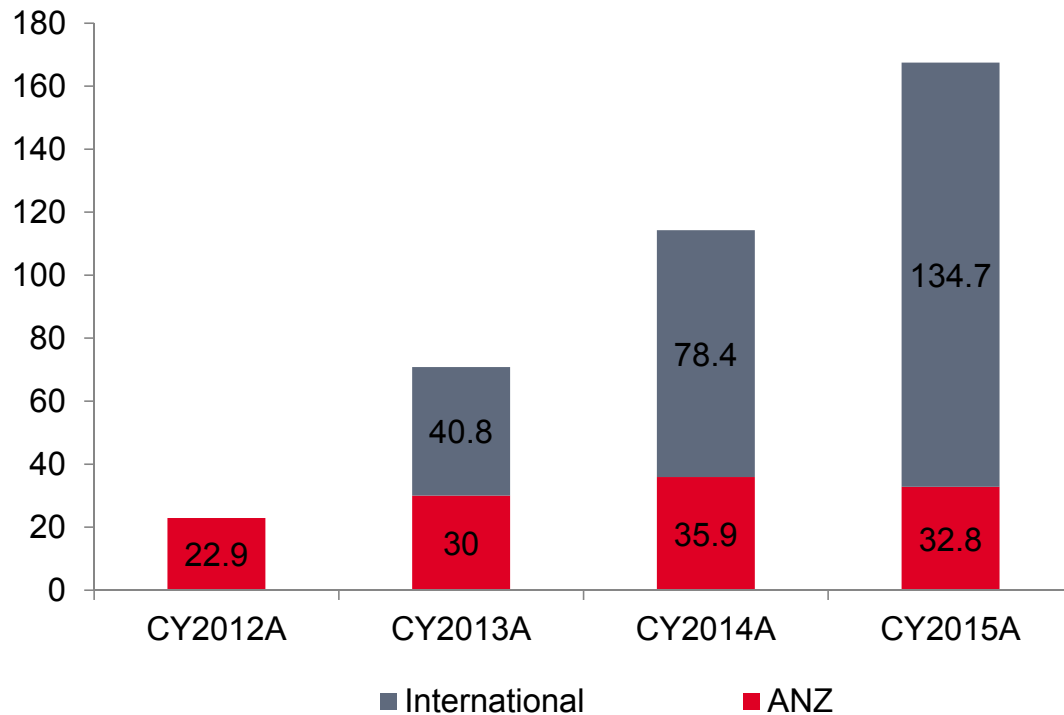
Drivers of International lending income

- Expansion of consumer loan product offering in Korea
- Strong consumer lending activity in Spain
- Slower than forecasted ramp-up in UK mortgage lending

Drivers of ANZ lending income

- Record originations in mortgages of \$1.86bn up 36%
- Benefit from back book re-pricing effective 1 December
- Slower ramp up of PAF originations in favour of bedding in service standards

Servicing and loan administration fees – strong growth achieved



Drivers of International servicing income

- Income is a combination of running contract margin boarding fees, performance fees and exit fees earned during the year
- Boarded a record 20 new servicing portfolios in UK, Ireland and Spain
- Strong annuity earnings from average AUM growth

Drivers of ANZ servicing income

- Further amortisation of GE mortgage portfolio acquired in mid 2011
- Excess capacity in third party servicing being redeployed to growth in new mortgage and auto lending in Australia

Significant liquidity on balance sheet provides financial flexibility for growth

Net cash on
balance
sheet

\$225.8m

Significant liquidity on balance sheet
Capacity in corporate facility allows future growth

Net assets as at
31 Dec 2015

\$409.4m *

IPO in July 2015 enhances an already
sound net asset position

* Equates to \$2.26 book value per share

Statutory and pro-forma balance sheet

31 December 2015

\$million	Statutory (including limited-recourse funding vehicles)	Impact of excluding limited -recourse Funding Vehicles	Pro Forma (excluding limited- recourse Funding Vehicles)
Assets			
1 Cash and cash equivalents	555.7	(329.9)	225.8
Securities	1.2	-	1.2
Derivative financial assets	23.1	(23.1)	-
Receivables	70.7	11.7	82.4
Other assets	13.4	-	13.4
Loans and advances	5,652.3	(4,920.6)	731.7
Deferred tax assets	16.5	(0.8)	15.7
Investments	136.5	109.7	246.2
Property, plant and equipment	12.6	-	12.6
Goodwill	24.7	-	24.7
Intangible assets	39.7	-	39.7
Total assets	6,546.4	(5,153.0)	1,393.4
Liabilities			
Deposits	760.3	-	760.3
Trade and other payables	25.4	(2.1)	23.3
Current tax liabilities	3.3	-	3.3
Borrowings	5,201.6	(5,163.6)	38.0
Other liabilities	116.8	11.9	128.7
Provisions	29.6	-	29.6
Deferred tax liabilities	0.8	-	0.8
Total liabilities	6,137.8	(5,153.8)	984.0
Net assets	408.6	0.8	409.4
Equity			
Issued Capital	296.1	-	296.1
Other Reserves	(5.1)	0.8	(4.3)
Retained earnings	118.4	-	118.4
Total equity excl. non-controlling interests	409.4	0.8	410.2
Non-controlling interests	(0.8)	-	(0.8)
Total equity	408.6	0.8	409.4

1 Statutory includes cash held at corporate level, as well as cash held in non-recourse Funding Vehicles as collateral for warehouse funders.

Statutory and pro forma cash also includes:

- \$90.3m of restricted cash held in Pepper Savings Bank which is unable to be transferred from South Korea
- \$22.8m held on trust as part of Pepper's day-to-day clearing and origination operations.

1. Also includes the impact of PrimeCredit settlement



Pro forma Income and PBT - ANZ

Strong CY15 result supported by strong Australian residential mortgage lending volumes and supplemented by increasing auto & equipment finance lending volumes

\$ millions	Pro forma		
	CY2014 Actual	CY2015 Prospectus	CY2015 Actual
Australia and New Zealand Division			
1 Lending income	60.3	72.5	72.1
2 Loan origination fees	16.1	21.5	13.6
Servicing and loan administration fees	35.9	33.2	32.8
Advisory and other income	12.4	17.2	13.9
Total income	124.7	144.4	132.3
Commission and direct marketing expenses	(10.8)	(21.4)	(16.5)
Employee compensation and benefits expenses	(38.5)	(51.2)	(48.9)
Occupancy expenses	(3.1)	(3.6)	(3.6)
Professional expenses	(3.0)	(1.9)	(2.2)
Depreciation and amortisation expenses	(2.3)	(2.8)	(2.7)
General and administration expenses	(9.9)	(14.6)	(9.2)
Profit before tax (Australia and New Zealand Division)	57.1	48.9	49.2
AUM			
Servicing AUM	932.4	1,215.1	1,004.1
Lending AUM	3,984.8	4,457.3	4,761.2
Loan originations	1,452.5	1,989.7	2,260.7

- 1
- Originations YTD
 - Mortgages \$1,862.7m
 - Asset Finance \$ 398.0m
 - Small benefit from rate increase effective 1 December

- 2
- Record originations in mortgages of \$1.86bn up 36%
 - Benefit from back book re-pricing effective 1 December
 - Slower ramp up of PAF originations in favour of bedding in service standards

Pro forma Income and PBT - International

Strong PBT performance notwithstanding frontloading of costs for Q4 contract wins

	CY2014 Actual	Pro forma CY2015 Prospectus	CY2015 Actual
\$ millions			
International Division			
1 Lending income	23.3	37.5	33.9
Loan origination fees	0.5	-	1.2
2 Servicing and loan administration fees	78.4	119.3	134.7
Advisory and other income	6.8	2.5	2.3
Total income	109.0	159.3	172.0
Share of profit from associate	-	5.0	5.9
Commission and direct marketing expenses	(2.9)	(5.7)	(7.6)
3 Employee compensation and benefits expenses	(58.5)	(87.9)	(93.0)
Occupancy expenses	(6.3)	(9.3)	(9.2)
Professional expenses	(7.7)	(6.8)	(8.3)
Depreciation and amortisation expenses	(4.0)	(5.9)	(10.9)
General and administration expenses	(18.3)	(16.1)	(21.4)
Profit before tax (International Division)	11.3	32.6	27.5
AUM	23,706.0	35,609.9	39,772.9
Servicing AUM	23,507.8	34,719.4	38,921.9
Lending AUM	198.2	890.5	851.0
Loan originations	197.8	1,069.8	995.2

1

- Expansion of consumer loan product offering in Korea
- Strong consumer lending activity in Spain
- Slower than forecasted ramp-up in UK mortgage lending

2

- Servicing income driven by:
 - Income is a combination of running contract margin boarding fees, performance fees and exit fees earned during the year
 - Boarded a record 20 new servicing portfolios in UK, Ireland and Spain
 - Strong annuity earnings from average AUM growth

3

Employee costs front loaded ahead of Irish and UK servicing wins and opportunities which will generate CY2016 revenue

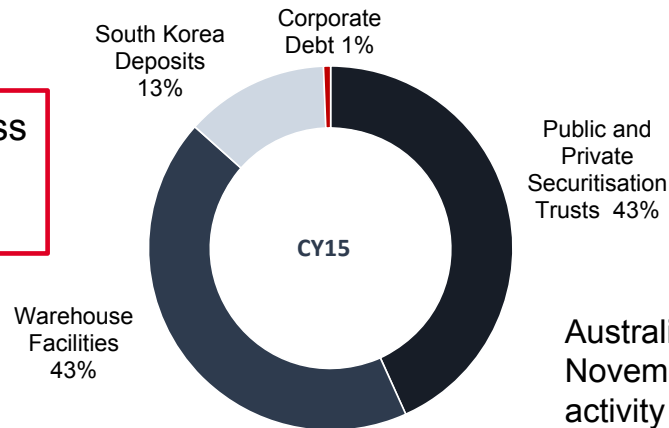


Funding update

Patrick Tuttle and Mike Culhane, Co Group CEOs

Diversified Group funding solutions for all environments

We maintain adequate headroom across all warehouses commensurate with current lending run rates



Australian warehouse balances naturally increase over November – February period with minimal securitisation activity industry wide

Global sources of funding as at 31 December 2015

- **Term securitisation** – attracting domestic and international investors from Australia, US, Asia and Europe
- **Retail deposits** in South Korea
- **Senior warehouse facilities** of differing tenors in all jurisdictions*, repricing on different roll dates in 2016 and 2017
- **Active whole loan sale programs** (Australia and South Korea in particular, Ireland in future)
- **Corporate debt facilities and cash**

* Excluding Sth Korea as it is deposit funded

How we manage expected increases in funding costs

- Pepper has the capacity to manage funding cost increases (and hence NIM pressure) through **active portfolio repricing**
- Term funding costs are **locked in for the life of each transaction**, (typically 3 year weighted average life for RMBS) meaning short term volatility does not have a material impact on overall Group funding costs
- Constantly monitor portfolio pricing on our front and back mortgage books relative to current market conditions and competitor activity
- Options available to Pepper
 - Do not fully pass on the full extent of future RBA cash rate reductions
 - Pursue out-of-cycle interest rate increases
- Funding margins are proactively managed via staggered warehouse facility roll dates, periodic term securitisation refinancing and whole loan sales across multiple jurisdictions

Impact of higher funding costs on Australian mortgage book

- Pepper expects RMBS funding margins to **remain elevated** for the duration of 2016
- Anticipating wider margins, Pepper **increased interest rates across its entire portfolio by 20bps** from 1 December 2015 and new business lending rates in November 2015
- For example, if Pepper raised A\$500 million with a senior funding margin of 40bps relative to the PRS15 transaction which priced in October 2015, the weighted average increase in funding costs across the entire portfolio would be **only 5.5bps**
- A \$500m securitisation represents only 14% of our entire Australian mortgage book which is currently outstanding



Industry commentary and outlook

Patrick Tuttle and Mike Culhane, Co Group CEOs

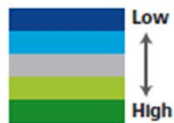
Multi-channel Distribution has driven domestic lending growth

Underpins material above-system growth in Pepper's Australian mortgage business

- Pepper's multi-channel distribution strategy has delivered solid YoY volume growth across our Australian residential mortgage book
- YoY mortgage settlements increased by 36% from 2014 to 2015
- YoY settlement growth by distribution channel:
 - **Broker 37% increase**
 - **Direct-to-Consumer 57% increase**
 - **White Label 30% increase**
- Mortgage broker utilisation up 35% from 2014 to 2015 (excluding Direct and White Label)
- Pepper's total mortgage broker market penetration estimated to be only 13% demonstrating growth opportunity over and above mortgage system growth
- Brokers are currently responsible for circa 54% of all residential mortgages written in Australia
- Continued brand investment will underpin ongoing growth of Direct-to-Consumer channel
- Increasing penetration of online B2C mortgage managers driving growth in White Label business

Further bank deleveraging in Europe expected to provide servicing opportunities for Pepper

Expected level of activity in 2016



Key factors driving portfolio sales activity

- Size of Non-Core universe c. €2 trillion
 - Ever increasing regulatory pressure and oversight (Basel III, SII, IFRS, SSM)
 - Market pressure to clean house and focus on return on capital
 - Growing buyer demand for European assets
- (Source: Deloitte)

Why Pepper enjoys success in Servicing

- Flexible IT platform capable of adopting regulatory requirements
- We service portfolios with a lender's mentality – driving superior returns
- Deep servicing experience across all jurisdictions
- Strong relationships with portfolio buyers

Outlook – momentum from CY15 set to continue

Subject to market conditions, and based on our expectation of wider funding margins, Pepper is targeting an Adjusted NPAT of at least \$59 million for CY16.

CY16 builds on CY15 momentum driven by:

- Australian monthly loan completions running at record levels in the mortgage segment and growing quickly in the PAF business segment
- European servicing AUM and NPAT growth as portfolios boarded last year benefit from the full year effect as well as portfolios won last year that will be boarded in CY2016
- Continued earnings growth in South Korea driven by increasing consumer lending volumes and balance sheet scale
- Actively pursuing new partnership and platform opportunities in Europe



Appendices

Statutory and pro forma reconciliation

Pro forma financial statements

This presentation predominantly deals with pro forma financial information



Statutory financial statements

See page 26



Deconsolidation of Funding Vehicles

Better reflects the commercial realities of Pepper's business

- Pepper's ability to commercially influence trusts is limited
- Borrowings on Funding Vehicles are limited recourse to Pepper
- Pepper's income from Funding Vehicles is net of costs
- Deconsolidation of PIM holdings¹



Adjustment for timing of certain acquisitions

- Adjustment for financial timing of acquisitions in Ireland, Spain and PrimeCredit



Adjustments to reflect IPO

Enable comparability between historical and forecast periods

- Overlay of new management incentive plan and costs associated with being listed
- Revised capital structure
- Includes adjustment for acquisition of PrimeCredit (May 2015)

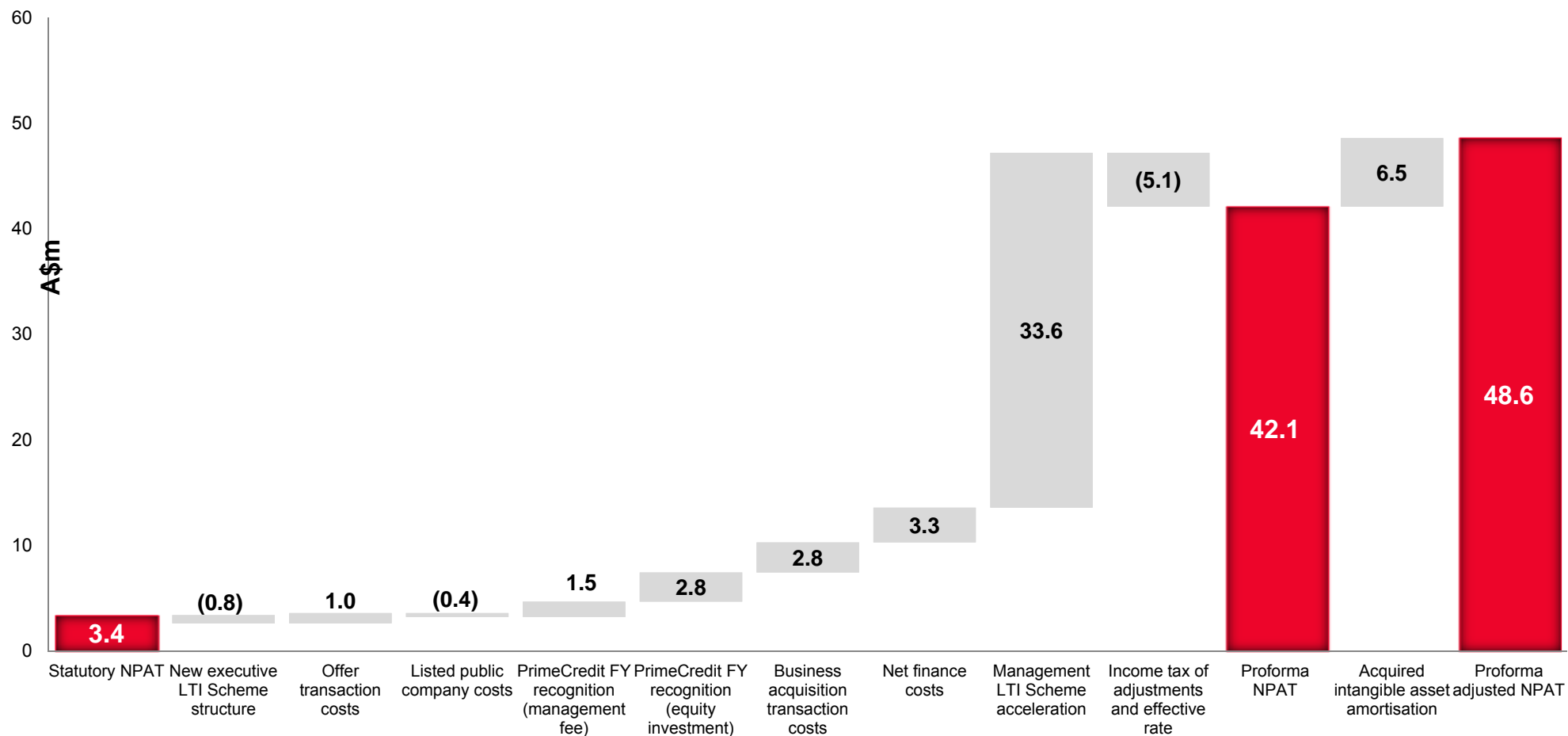


1. Pepper Investment Management. See Prospectus section 2.7.4 for more information

Statutory income statement

\$ millions	Statutory		
	CY2014 Actual	CY2015 Prospectus	CY2015 Actual
Revenue	423.4	509.5	527.2
Share of profit from associate	-	0.8	3.1
Employee compensation and benefits expenses	(111.0)	(190.3)	(196.0)
Depreciation and amortisation expenses	(5.3)	(8.8)	(14.1)
Borrowing costs	(189.9)	(210.3)	(209.8)
Other expenses from operations	(72.5)	(89.2)	(100.3)
Profit before tax	44.7	11.7	10.2
Tax expense	(6.7)	(10.4)	(6.8)
NPAT	38.0	1.3	3.4
Non-controlling equity interests	0.1	0.1	-
NPAT attributable to owners of the Company	38.1	1.4	3.4

Statutory to pro forma adjusted NPAT reconciliation



Reconciliation of statutory and pro forma statements

\$ millions	CY2014 Actual	CY2015 Prospectus	CY2015 Actual
Total Income			
Statutory revenue	423.4	509.5	527.2
Adjustments to de-consolidate the Funding Vehicles			
1 De-consolidation of income recorded by the limited-recourse Funding Vehicles	(272.8)	(316.0)	(330.1)
2 Recognition of coupon interest and distribution income received from the Funding Vehicles	64.4	93.9	96.2
Recognition of servicing and administration income received from the Funding Vehicles	20.9	21.8	25.3
Subtotal: Adjustments to exclude the limited-recourse Funding Vehicles	(187.5)	(200.3)	(208.6)
Adjusted total income (excluding limited-recourse Funding Vehicles)	235.9	309.2	318.6
Other adjustments			
3 Reporting reclassifications	(1.0)	(6.6)	(15.7)
PrimeCredit full year recognition (management fee)	-	1.4	1.5
Pro forma total income	234.9	304.0	304.3
NPAT			
Statutory NPAT	38.0	1.3	3.4
Net finance costs	4.8	5.4	3.3
Business acquisition transaction costs	-	3.0	2.8
4 New executive management LTI Scheme structure	(0.1)	(1.2)	(0.8)
Management LTI Scheme structure acceleration	-	32.2	33.6
Listed public company costs	(1.1)	(0.5)	(0.4)
PrimeCredit full year recognition (management fee)	-	1.4	1.5
PrimeCredit full year recognition (equity investment)	-	4.1	2.8
Offer transaction costs	-	0.6	1.0
Income tax effect of adjustments and effective rate	(7.4)	(2.8)	(5.1)
Pro forma NPAT	34.2	43.5	42.1

1 Recognition on a pro forma basis of income received from first-loss capital and residual income units held by Pepper in limited recourse Funding Vehicles.
On a statutory basis income recognised by Funding Vehicle is recognised within the consolidated group.

2 Represents the recognition on a pro forma basis of income received by Pepper as contracted service and management provider to the limited recourse Funding Vehicles.
On a statutory basis, the consolidation process eliminates these transactions between Pepper and the limited-recourse vehicles.

3 The net adjustment for certain items presented differently for statutory and pro forma disclosure purposes between Income and expenses eg:

- Deposit interest and loan losses
- Broker commissions

4 An adjustment made for the proposed executive management incentive structure for Pepper Group as a publicly listed business has been overlaid across the historical period.
The adjustment reflects a "top up" above the existing incentive costs.

Pro forma and Statutory consolidated cash flows

Cash flows from operating activities remain consistent with expectations

\$ millions	Statutory CY2015	Pro Forma ¹ CY2015
Operating activities		
Fee revenue receipts from customers	279.3	273.3
Payment to Suppliers and employees	(304.2)	(268.5)
Interest received	352.6	134.7
Interest and other finance costs paid	(208.7)	(13.5)
Income taxes paid	(15.5)	(16.8)
1 Net operating cash flow	103.5	109.2
2 Net Investing activities	(1,599.5)	(487.3)
3 Net Financing activities	1,584.8	443.0
Effects of exchange rates	4.5	4.5
Net increase/(decrease) in cash	93.3	69.4
Balance at beginning of year ²	462.4	156.4
Balance at end of year	555.7	225.8

1

- Includes increase in cash held on trust under servicing arrangements in Australia and Ireland. Refer Page 31 for reconciliation to NPAT

2

- Refer Page 28 for breakdown

3

- Refer Page 28 for breakdown

1. Pro Forma - Statutory excluding limited recourse funding vehicles and adjusted for the impact of the Offer and Prime Credit acquisition as per Page 107 of the prospectus

2. Pro Forma Balance at beginning of year has been adjusted from the value disclosed in the Prospectus (\$159.6m) to reflect the actual impact of Offer and Prime Credit acquisition costs for consistency.

Pro forma and Statutory consolidated cash flows

\$ millions	Statutory CY2015	Pro Forma CY2015
Reconciliation of operating activities		
Profit after tax	3.4	48.6
Non cash expenses / (revenue)		
Share of profit from associate	(3.1)	(5.9)
Taxation	6.8	11.9
1 Depreciation and amortisation	14.1	7.6
Securitisation deal cost amortisation	10.2	6.0
Upfront broker fee amortisation	8.5	8.5
Unearned Income amortisation	(5.3)	(7.2)
2 Loan write-offs	24.4	11.8
3 Management incentive expense	32.9	1.3
Employee related provisions	9.5	9.5
Management Fee ex associate	(2.1)	(2.1)
Accrued interest on deposits (Korea)	10.2	10.2
Interest rate hedge expenses	(1.9)	-
Cash (expenses) / revenue		
Tax paid	(15.6)	(16.9)
4 Upfront broker fee paid	(43.8)	(27.3)
Unearned Income received	16.8	16.8
Broker assumption costs	(2.0)	(2.0)
Movement in working capital / balance sheet items		
Trade and other receivables (including intercompany)	(19.3)	(21.9)
Payables and sundry balances	0.9	1.4
Net operating cash flow (excl cash held on trust)		
5 Cash clearing balances	58.9	58.9
Net operating cash flow	103.5	109.2

1

- Pro Forma adjustment for impact of amortisation of intangibles assets ion UK and Hong Kong

2

- Loan losses recorded primarily in limited recourse funding vehicles

3

- MIS schemes accelerated on listing and adjusted as Pro Forma excluding new LTIP arrangements.

4

- Upfront payments for origination of assets in Australia and Korea. Asset Finance originations in Australia are offset in Pro Forma by funds raised in a limited recourse funding vehicle and disclosed for Statutory purposes as a Financing activity.

5

- Cash held on Trust for third parties under servicing contract arrangements. Generally settled in month after receipt.

Pro forma and Statutory consolidated cash flows

	Statutory CY2015	Pro Forma CY2015
\$ millions		
Investing activities		
Property, plant and equipment and intangibles	(12.7)	(12.7)
1 Net disposal of Investments	15.4	15.4
(Advanced to) / received from related parties	1.6	(11.2)
Arrangement fees	(7.8)	(6.7)
2 (Payment) / repayment of notes	-	(17.7)
(Payment) / repayment of securities	73.0	73.0
Net loan advances and collections	(1,634.1)	(680.1)
Net on disposal of subsidiaries	(1.7)	-
3 Investment in associate	(80.0)	-
Purchase / sale of loan portfolios	46.8	152.7
Net cash from investing activities	(1,599.5)	(487.3)
Financing activities		
Proceeds from Issue of capital	150.9	-
Redemption of preference shares	(36.1)	-
4 Proceeds from / (Repayment) of Borrowings	1,065.0	38.0
Net increase in deposits	406.9	406.9
Dividend (paid)	(1.9)	(1.9)
Net cash from financing activities	1,584.8	443.0

- 1
- Repayment of investments in PIM funds (utilised in investing in Notes below)
 - Realisation of cash Pegaso investment (Ireland) (utilised in Spanish lending vehicle)

- 2
- Investments in Limited recourse funding vehicles

- 3
- Investment in Prime Credit Limited

- 4
- Net drawdown on Corporate facility

Pepper Group today

A diversified lender and specialist loan servicer in global markets underserved by banks

CY15 AUM^{1,2}


















\$45.5bn

CY15
Pro forma
Income

\$304.3m

CY15 Adjusted
NPAT

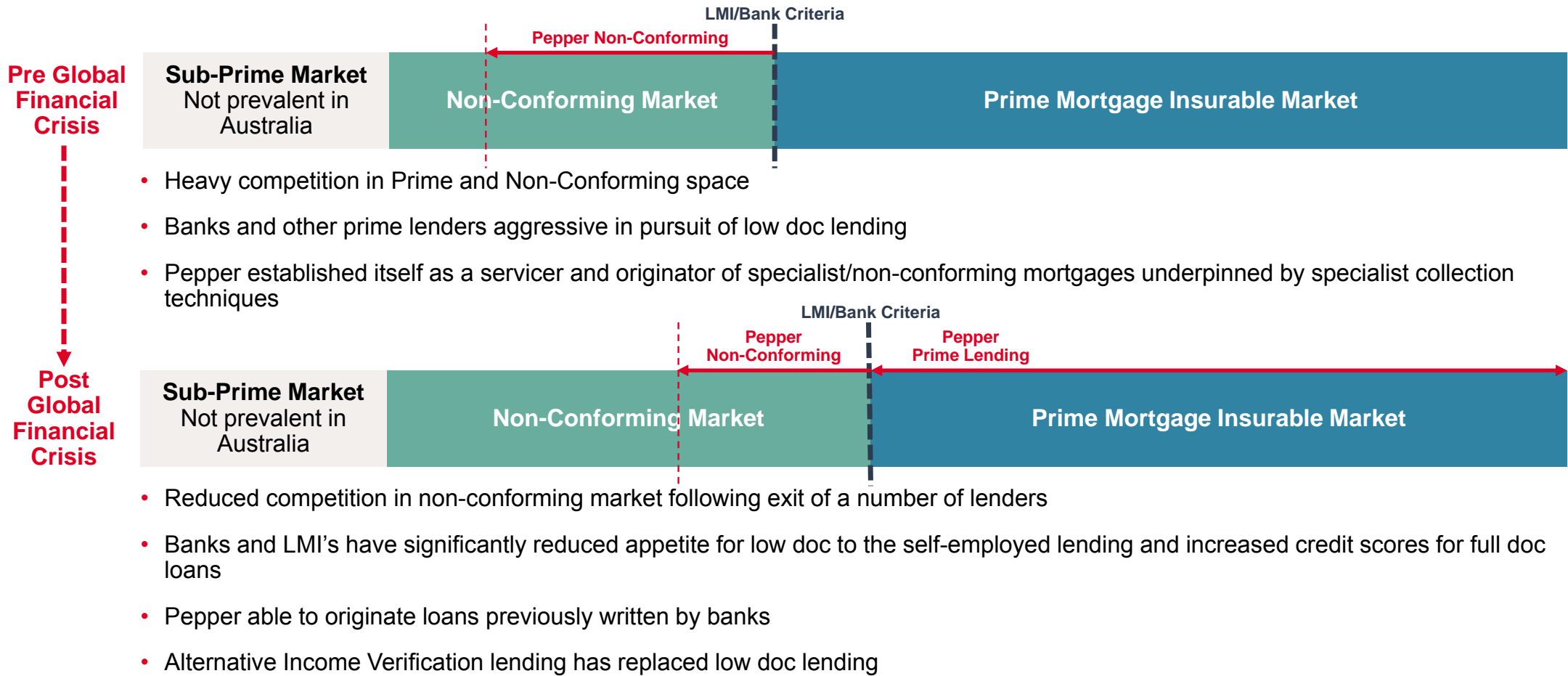
\$48.6m

Operations	Pepper's regions		Pepper's products		AUM ¹
	ANZ	International			
Mortgage lending		 	 	<ul style="list-style-type: none"> — Non-conforming, near prime and prime residential lending — Some legacy acquired prime portfolios 	~\$4.5bn
Consumer lending		 		<ul style="list-style-type: none"> — Personal loans, point of sale lending, auto loans, equipment finance and credit cards 	~\$1.1bn
Third party servicing			 	<ul style="list-style-type: none"> — Residential mortgages, commercial mortgages and consumer finance receivables 	~\$39.9bn
Advisory		 		<ul style="list-style-type: none"> — Commercial property advisory — Portfolio due diligence services — Management fees 	NA



1. As at 31 December 2015
2. Excludes PrimeCredit in which Pepper holds a 12% non controlling interest

How Pepper's lending scope has changed



Lending Customer Risk Profiles

PRIME

Customers who qualify for a loan product from a major bank.

- No credit impairment

- Full doc
- Alternative Doc
- PAYG
- Self-employed
- Purchases
- Re-finances
- Investors
- Homeowners

NEAR PRIME

Customers who fail to qualify for a major bank product due to a minor impairment.

- Fail credit score
- Consolidation of multiple debts
- Irregular savings history

- Full doc
- Alternative Doc
- PAYG
- Self-employed
- Purchases
- Re-finances
- Investors
- Homeowners

NON CONFORMING

Customers who have suffered a life event resulting in an adverse credit file.

- Illness
- Divorce
- Loss of employment

- Full doc
- Alternative Doc
- PAYG
- Self-employed
- Purchases
- Re-finances
- Investors
- Homeowners

Why can borrowers be classified as non-conforming?

Main reason(s) for being non-conforming



Unusual income
33%



Credit impairment
20%



Self-employed
18%



Need a high loan
to valuation ratio
15%



Gifted savings
14%



Require loan for
debt
consolidation
14%



Uncommon
employment
14%



Alternative
documentation
11%



Uncommon
property
5%

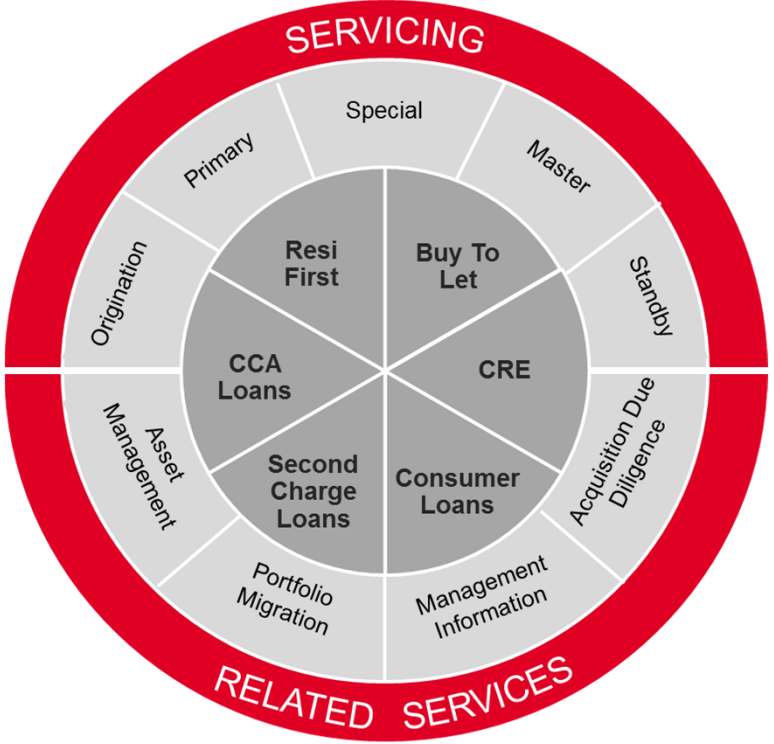
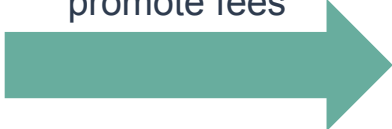
Asset Servicing fundamentals



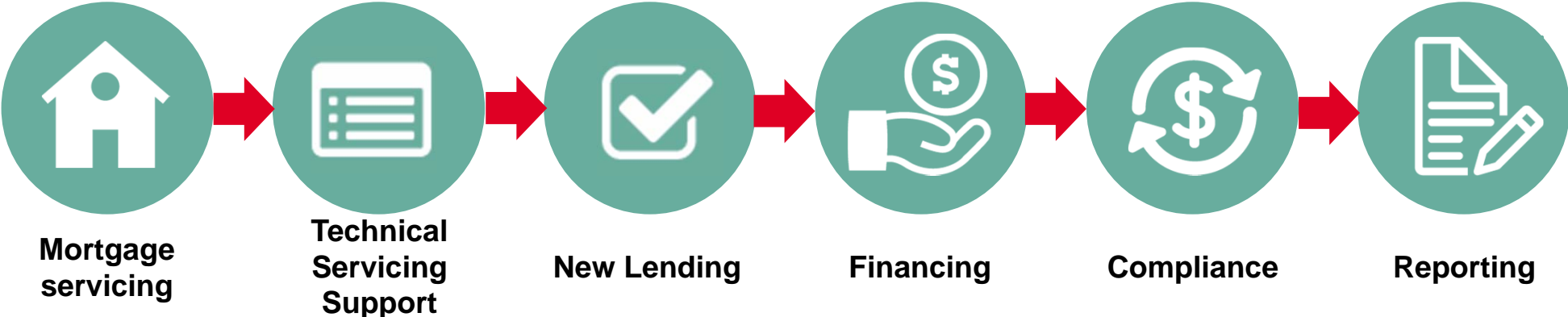
Pepper services loan portfolio and provides ancillary services



In return for trust manager, servicer and promote fees

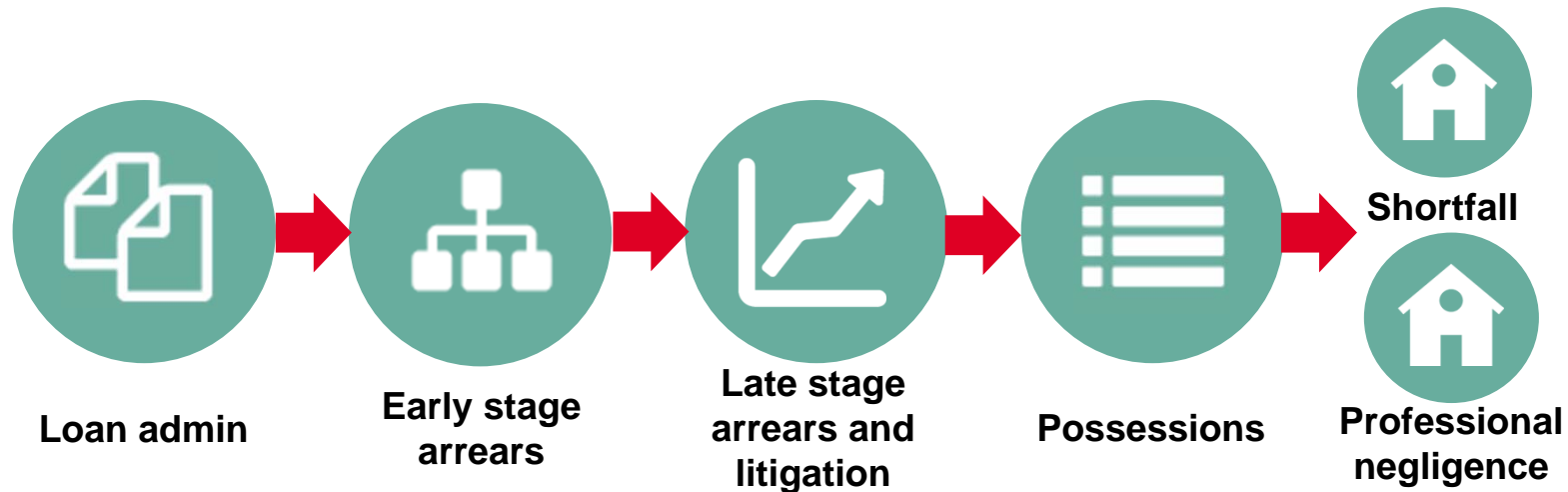


Asset Servicing fundamentals – Primary servicing



Payment processing	Portfolio traders	Further advances	Daily bank reconciliation	Suspicious transaction reporting	SQL data warehouse and Crystal reporting
Redemptions	Account set up and rework	Draw downs	Financial control	Data protection	Business Objects OLAP
Deeds management	Rate changes	Porting	Invoicing	Liaison with law enforcement	Secure Web portal
Insurance	Year end processing	Transfer of equity	General Account	Respond to Court orders	Full P&I reporting
Complaint management	Imaging	Origination			Full service level regime
Account Admin	Systems and IT				

Asset Servicing fundamentals – Special servicing



For non performing loans, Pepper uses sophisticated portfolio performance analysis to deliver the best exit route as defined by investor goals.

- **Some cases can't be resolved via the normal arrears management process and yield better results through bespoke workout strategies, (e.g.; Loan modifications, assisted sales, discounted settlements etc). Special Servicing staff are empowered through having:**
 - All the information required to make decisions
 - The relative merits of each collections strategy clearly demonstrated
 - A robust audit, control and feedback structure to demonstrate the efficacy of decisions and learn lessons
- **Some loans can not/do not respond to workout strategies. For these cases efficient bulk processes are required to deliver them through the court process and into an efficient asset disposal mechanism where the aim is to:**
 - Deliver best value from property portfolio – via private treaty, auction or receivership
 - Derive best value using all available options

Glossary

Term	Inclusions
Income	
Lending income	<p>Includes:</p> <ul style="list-style-type: none"> • Net income distributed from Pepper's Funding Vehicles as residual income and equity note coupons (distributed net of interest expenses and other Funding Vehicle costs) • Interest on loan notes in third party trusts • Net interest income on loans in South Korea
Loan origination fees	<p>Includes:</p> <ul style="list-style-type: none"> • Application fee • Mortgage risk fees
Servicing and loan administration fees	<p>Includes:</p> <ul style="list-style-type: none"> • Servicing and trust management fees on Pepper-originated or acquired Funding Vehicles • Servicing fees received from third party trusts • Performance fees, which accrue where trusts meet discrete performance benchmarks
Advisory and other income	<p>Includes:</p> <ul style="list-style-type: none"> • Advisory Income from Pepper Property Group • Advisory Income from due diligence services in Ireland • Management services fees from PrimeCredit
Statutory and Pro forma Balance Sheet	
Cash and cash equivalents	<p>Statutory includes cash held at corporate level, as well as cash held in non-recourse Funding Vehicles as collateral for warehouse funders. Statutory and pro forma cash also includes:</p> <ul style="list-style-type: none"> • \$70m of restricted cash held in Pepper Savings Bank which is unable to be transferred from South Korea • \$22.2m held on trust as part of Pepper's day-to-day clearing and origination operations.
Deferred tax assets	<p>Primarily relates to:</p> <ul style="list-style-type: none"> • Customer loan receivables and lease receivables held at the limited-recourse Funding Vehicle level • Loans and advances from Pepper Savings Bank, which are held on balance sheet (net of provisions for doubtful debts)
Property, Plant and Equipment	<p>On a statutory basis primarily relates to:</p> <ul style="list-style-type: none"> • Capitalised deal costs • Investments in third party Funding Vehicles held in Pepper Ireland • Investment property held in Pepper Savings bank <p>On a pro forma basis this item additionally recognises the investments in Pepper owned trusts</p>

Glossary

Term	Inclusions
Other liabilities	Primarily relates to: <ul style="list-style-type: none"> ● Drawn debt financing facilities including notes and warehouse facility funding at the limited recourse Funding Vehicles ● Accrued interest payable to funding providers at the limited-recourse Funding Vehicle level ● Corporate debt Pro forma presentation removes borrowings held at limited-recourse Funding Vehicle level
Statutory Income Statement	
Revenue	Statutory revenue comprises the aggregate income of the consolidated Pepper group under the statutory presentation and includes: <ul style="list-style-type: none"> ● Gross interest income on loans ● Servicing fees from third parties ● Other income from third parties Statutory income is not shown net of funding costs
Borrowing costs	Statutory borrowing costs consist of: <ul style="list-style-type: none"> ● Interest paid on corporate debt borrowed and guaranteed by Pepper ● Interest paid by Pepper controlled limited-recourse Funding Vehicles to third party note holders and lenders ● Excludes interest expense paid to Pepper on Funding Vehicle equity notes and units held in the PIM funds

Disclaimer

This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Certain statements in the presentation relate to the future. Such statements involve known and unknown risks and uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. Pepper Group Limited does not give any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this presentation will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

This presentation has not been subject to auditor review.