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ASX Announcement
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# Pepper Money 1H 2026 Results Announcement

Total Assets Under Management - $24.0 billion – a new record for Pepper Money.
Originations - $6.3 billion increased 40% vs 1H 2025.
Net Interest Margin[1] up 12 bps[2] on PCP[3] - closed at 2.10%.
Statutory Net Profit After Tax $50.4 million up 7% on PCP, and
Pro-forma[4] Net Profit After Tax $53.9 million up 15% on PCP.
Fully franked Interim Dividend of 7.2 cps[5] declared.
Dividend annualised yield of 9.5%[6].

## Operating and financial results[7]

**Pro-forma NPAT** of $53.9 million, increased 15% on 1H 2025.

**Statutory NPAT** of $50.4 million, an increase of 7% on PCP.

**Profit pre-Tax and Loan Loss Expense** of $127.8 million grew 17% on PCP.

**Total Originations** of $6.3 billion, are the highest achieved in any given half in Pepper Money's history and delivered growth of 40% on PCP.

- **Mortgage Originations** closed 1H 2026 at $4.5 billion, 63% on PCP - the highest reported Originations in any given half year. Growth was strongest in Prime which accounted for 79% of Originations, up from 70% in 1H 2025, with Non-conforming contributing 21% of Originations.
- **Asset Finance** closed 1H 2026 with Originations of $1.7 billion, a growth of 2% on PCP. Novated Lease delivered the strongest absolute growth, increasing 8% on 1H 2025, and contributing 52% of total Asset Finance Originations for the period. Origination mix was split Tier A: 78% Tier B: 20% and Tier C: 2% (1H 2025: 75%, 22% and 3% respectively).

**Total Assets Under Management (AUM)** reached $24.0 billion at 30 June 2026, up 20% on 30 June 2025 and 10% on 31 December 2025, setting a new record for Pepper Money:

- **Mortgage AUM** closed June 2026 at $12.5 billion, up 32% on 30 June 2025 close. A Whole Loan Sale of $0.4 billion was executed in March 2026 (1H 2025: $1.7 billion).
- **Asset Finance AUM** closed June 2026 at $6.0 billion, down (4)% on PCP following the execution of a $1.0 billion Whole Loan Sale in May 2026 (1H 2025: nil).
- **Servicing AUM** closed June 2026 at $5.5 billion, up $1.1 billion on PCP, following growth in Whole Loan Sales, net of customer attrition.



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**Net Interest Income** increased $27.2 million, 17% on PCP to $184.5 million, given the strength in Originations growth coupled with portfolio mix and cost of funds.

**Total Net Interest Margin (NIM)** at 2.10% increased 12 bps on PCP:

- **Mortgages NIM**: 1.64% increased 13 bps on PCP – benefiting from AUM growth and the flow through of improvement in cost of funds in prior periods, external margin / BBSW and bank interest. RBA interest rate increases were passed on in full.
- **Asset Finance NIM**: 2.87% increased 14 bps on PCP, with the flow through of improved cost of funds and effective hedging minimising the impact of swap rate movement.

**Credit performance: Loan Loss Provision Coverage**[8] remains strong at 0.79% in line with 1H 2025.

- **Loan Loss Expense** closed 1H 2026 at $(48.7) million versus $(40.9) million in 1H 2025. The increase of 19% is driven by portfolio volume growth, and an increase to Collective provisions following changes to the weightings of base to downside and macro-economic variables assumptions given underlying economic conditions.

**Total Operating income** of $204.0 million was 10% above PCP of $185.0 million.

**Discretionary cost management:** Pro-forma Total Expenses increased by $(8.2) million on PCP to $124.9 million:

- During 1H 2026, the Group incurred costs of $3.5 million in relation to the Non-Binding Indicative Offer for Pepper Money received from Challenger Limited that did not proceed to completion. These costs are primarily comprised of legal, financial, tax, due diligence and advisory fees.
- Adjusting for these non-recurring costs, Total Expenses increased by $(4.7) million, (4)% on PCP, in line with inflation.

**Funding and capital management:**

- **Warehouse capacity**[9]: Warehouse facility limits were materially upsized over the first half in support of Originations growth. At 30 June 2026 total facility limits were $15.1 billion, an increase of 13% on 31 December 2025 and an increase of $3.7 billion on 30 June 2025.
- **Whole Loan Sales** (WLS): of $1.4 billion (1H 2025: $1.7 billion) were executed in the half, one Prime for $0.4 billion and one Asset Finance for $1.0 billion.
- **Corporate debt**: over the first half of 2026, the Group repaid $50.0 million in Medium Term Notes and drew $(22.5) million from the Corporate Debt Facility. Total drawn **Corporate debt** closed 1H 2026 at $120.0 million, down from $187.5 million 30 June 2025 (31 December 2025: $147.5 million). On 9 July 2026, Pepper Money established a new 3–year revolving credit facility, with a total size of $275.0 million, and on better terms, with a drawn balance of $120.0 million and retired the existing Corporate Debt Facility ($270.0 million).
- **Unrestricted cash** closed 30 June 2026 at $79.4 million (30 June 2025: $142.9 million; 31 December 2025: $121.8 million).

**Shareholder Returns:** The Board has declared a fully franked **Interim Dividend** of 7.2 cents per share, up 0.8 cents per share from the 2025 Interim Dividend. The Interim Dividend represents a 60% payout ratio of Pro-forma Net Profit After Tax for the six months to 30 June 2026 and represents an annualised yield of 9.5%.

### Loan and Other Servicing - Business Growth:

On 31 July 2026, Pepper Money announced that it had entered into binding arrangements under which it will be appointed servicer of a portfolio of Australian home loans and personal loans originated by HSBC Bank Australia Limited (HSBC Australia) following the proposed acquisition of that portfolio by an entity wholly owned by funds managed by affiliates of Blackstone Inc. (Blackstone). The portfolio total book value at 31 March 2026 was approximately $36.0 billion. Pepper Money will act as servicer for the ongoing administration and management of the loans following completion. The transaction aligns with Pepper Money's strategy to grow its capital-light servicing business, which provides annuity-style earnings, operational scale and diversification benefits. Completion of the transaction is subject to satisfaction of a number of conditions precedent.

On 3 August 2026, Pepper Money announced that the acquisition by a consortium, with members including Pepper Money, credit funds and accounts managed by KKR, and PIMCO-managed funds (the Consortium), of the RAMS home loan portfolio from Westpac Banking Corporation completed on 1 August 2026. At 30 June 2026, the portfolio comprised approximately $15.4 billion in residential mortgages. Pepper Money has acquired legal title to the loans and has been appointed servicer of the portfolio, leveraging its operational expertise in mortgage servicing and customer engagement. Pepper Money also holds a small investment in the securitisation financing vehicle, which has acquired the beneficial interest in the loan portfolio, alongside other members of the Consortium.

## Pepper Money's CEO, Mario Rehayem commented:

### Performance:

*"Pepper Money delivered very strong results, with 1H 2026 setting a new record for Total AUM at $24.0 billion. Our continued focus on product innovation, making it easier for customers and partners to do business with us, and the strength of our distribution network supported 40% growth in Total Originations on PCP. Mortgages delivered record half-year Originations of $4.5 billion, up 63% on 1H 2025, while Asset Finance Originations grew 2% on PCP to $1.7 billion. Our outperformance in Mortgages was clear – with our Mortgage business growing 7 times system.".*

*"Our impressive volume growth was also achieved without compromising margins, with total Net Interest Margin increasing 12 bps to 2.10% from 1.98% in 1H 2025".*

*"Our underlying profit, being Pro-forma Profit pre-Tax and Loan Loss Expense, closed the half at $127.8 million, an increase of 17% on PCP. Our growth in Originations and Assets Under Management, combined with effective cost and margin management, delivered Pro-forma NPAT for the first half of 2026 at $53.9 million, marking a 15% growth on prior year".*

*"In the half we incurred $3.5 million of pre-tax costs in respect to the Non-Binding Indicative Offer for Pepper Money received from Challenger Limited that did not proceed to completion. When removing the impact of these non-recurring costs, we delivered Pro-forma NPAT of $56.4 million, an increase of 20% on 1H 2025, and managed Total Pro-forma expenses in line with inflation."*

*"Given the strength of the business performance, and the effectiveness of our ongoing capital management strategy, we have been able to again increase returns to our shareholders. The Board has held the payout ratio at the top of our policy – 60% - and has declared a Fully-franked Interim Dividend for 1H 2026 of 7.2 cents per share, an increase of 12% on last year's Interim Dividend per share and representing an annualised yield of 9.5%".*

## New Business – RAMS and HSBC:

*“I am incredibly proud that Pepper Money’s depth and breadth of customer servicing experience has been recognised through our appointment as servicer for the two largest portfolio sales in Australian history: the Westpac RAMS portfolio, which completed on 1 August 2026, and the recently announced sale of the HSBC Australian home loan and personal loan portfolios to a Blackstone-controlled entity.”*

*“We have successfully migrated $15.4 billion of loans from RAMS, which, together with the $24.0 billion in assets we already manage, brings Total AUM to just under $40.0 billion. This is a new AUM watermark for non-banks in Australia”.*

*“While the transaction with HSBC remains subject to condition precedents being met, and is likely to complete in the first half of 2027, Pepper Money has already commenced with ensuring a strong customer experience for the HSBC customers we have the privilege to be onboarding and servicing over time. Our constant focus on investing behind out technology, processes and people means we can take on this scale with room to grow”.*

## Outlook:

*“From a lending perspective, we delivered an exceptionally strong first half in 2026, supported by a robust application pipeline built through Q4 2025 and into 1H 2026, which drove Originations and AUM growth. Following the Federal Government’s changes to CGT, Negative Gearing and Self-Managed Super Fund (SMSF) residential lending, the market has seen a reduction in new application activity. However, we remain well positioned. We will continue to focus on product innovation, deepen our distribution network, and roll out efficiency tools across the business, including in our call centre, where our investment in AI is already delivering results ahead of expectations. These initiatives will help us reduce the cost to originate and serve, while continuing to deliver the X factor for customers and partners through faster decisions and improved user experiences. Together with the growth of our Loan and Other Servicing segment through opportunities such as the Westpac RAMS mortgage portfolio and HSBC mortgage and personal loans portfolio, we remain well placed to navigate future challenges, should they arise”.*

# Financial and Operational Metric Summary

| | 1H 2026 | 2H 2025 | 1H 2025 | 1H 2026 versus 2H 2025 % | 1H 2026 versus 1H 2025 % |
|---|---|---|---|---|---|
| Statutory NPAT ($m) | 50.4 | 57.6 | 47.0 | (12)% | 7% |
| **Pro-forma NPAT ($m)** | **53.9** | **57.8** | **47.0** | **(7)%** | **15%** |
| Profit pre-Tax and Loan Loss Provision | 127.8 | 128.2 | 109.2 | (0)% | 17% |
| **Originations ($bn)** | **6.3** | **5.9** | **4.5** | **7%** | **40%** |
| Lending AUM ($bn) | 18.5 | 16.7 | 15.8 | 11% | 18% |
| **Total AUM ($bn)** | **24.0** | **21.8** | **20.1** | **10%** | **20%** |
| Net Interest Income | 184.5 | 178.3 | 157.3 | 3% | 17% |
| **Net Interest Margin (NIM %)** | **2.10%** | **2.13%** | **1.98%** | **(3)bps** | **12bps** |
| Loan Losses % Lending AUM[10] (average) | 0.56% | 0.59% | 0.52% | 4bps | (4)bps |
| **Total Operating Income ($m)** | **204.0** | **203.8** | **185.0** | **0%** | **10%** |
| Pro-forma Total Expenses ($m) | (124.9) | (125.4) | (116.7) | 0% | (7)% |
| *Pro-forma Total Expenses excluding transaction costs ($m)* | *(121.4)* | *(125.4)* | *(116.7)* | *3%* | *(4)%* |
| Pro-forma Cost to Income (CTI) Ratio[11] | 49.4% | 49.4% | 51.7% | 0% | 2% |
| *Pro-forma CTI Ratio excluding transaction costs* | *48.0%* | *49.4%* | *51.7%* | *1%* | *4%* |
| **Interim Dividend (cents per share)** | **7.2** | | **6.4** | | **12%** |
| Interim Dividend Payout Ratio | 60% | | 60% | | - |
| Interim Dividend Annualised Yield | 9.5% | | 7.1% | | 2.4% |

ENDS

This announcement was authorised for release by the Board.

**About Pepper Money**

Pepper Money is one of Australia and New Zealand's leading non-bank lenders. It was established in 2000 as a specialist residential home loan lender in Australia with a focus on providing innovative home loan solutions to customers. Today, Pepper Money has a broad product offering of residential home loans, asset finance, commercial real estate and novated leases in Australia and residential home loans in New Zealand, as well as providing independent loan servicing for mortgages, asset finance and personal loans. For more information visit **www.peppermoney.com.au**


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1 Net Interest Margin: Annualised Net Interest Income divided by average Lending AUM for the relevant period.

2. bps – basis points.

3. PCP: prior comparative period being the 6 months to 30 June 2025.

4 Pro-forma items are one-off in nature and relate to merger and acquisitions and business development transactions that proceed. Transactions that are not successful are not Pro-forma'd. In the six months to 30 June 2026 $3.5 million Pro-forma adjustments (post-tax) were recorded (1H 2025: $Nil, 2H 2025: $0.3 million post-tax). Pro-forma adjustments relate to Pepper Money's appointment as the servicer of the RAMS mortgage portfolio, which was acquired by a Consortium of investors. The transaction completed 1 August 2026.

5. cps – cents per share. Fully franked Interim Dividend of 7.2 cents per share payable on Pro-forma NPAT for the period 1 January 2026 – 30 June 2026, declared 20 August 2026, payment date 8 October 2026.

6. Annualised dividend yield: Interim Dividend payable, based on 30 June 2026 closing share price ($1.51) and 30 June 2025 closing share price ($1.80).

7. Subject to rounding.

8. Total Loan Loss Provisions as a percent of Lending AUM (closing).

9. Committed and uncommitted facility limits. Includes Pepper Money Notes.

10 Loan Loss Expense % : Annualised Loan Loss Expense divided by average Lending AUM for the relevant period.

11. Cost to Income Ratio defined as Pro-forma Total Expenses divided by Total Operating Income before Loan Loss Expense.