



Pepper Residential Securities Trust No. 32 (PRS 32)

RMBS Issuance

March 2022

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This Presentation includes information regarding the past performance of Pepper.

Financial information presentation

All references to CY2021 appearing in this Presentation are to the financial year ended 31 December 2021, unless otherwise indicated.

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Figures relating to CY2021 of the Financial Information ("Historical Financial Information") have been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

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A. may from time to time be a noteholder or have a pecuniary or other interests with respect to the notes and they may also have interests relating to other arrangements with respect to a noteholder or a note; and

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ii. each Relevant Entity may indirectly receive proceeds of the notes in repayment of debt financing arrangements involving a Relevant Entity. For example, this could occur if the proceeds of the notes form the purchase price used to acquire the assets that are currently financed under existing debt financing arrangements involving a Relevant Entity and that purchase price is in turn used to repay any of the debt financing owing to that Relevant Entity;

iii. each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, the Note Interest, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;

iv. each Relevant Entity may even purchase the notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the notes at the same time as the offer and sale of the notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any offering, sale or resale of the notes to which this document relates;

v. to the maximum extent permitted by applicable law, no Relevant Entity has any duties or liabilities (including, without limitation, any advisory or fiduciary duty) to any person other than any contractual obligations of the Joint Lead Managers as set out in the transaction documents and, in

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vii. to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any party named in this document or any related bodies corporate or affiliate (a "Transaction Document Party") or to any potential investor and this document, the Offering Circular and any subsequent conduct by a relevant entity should not be construed as implying that the Relevant Entity is not in possession of such relevant information; and

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This is not a comprehensive or definitive list of all actual or potential conflicts of interest. Further information will be contained in the Offering Circular and you should consider that.

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Disclaimer

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- compliance with, including whether or not any party will retain an exposure to the securitisation as required by, Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934 (together, the "US Risk Retention Rules").

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Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending The notes (a "Distributor") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive). The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This document does not constitute a prospectus for the purposes of the Prospectus Directive. This document has been prepared on the basis that any offer of notes in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made only to a person or legal entity qualifying as a qualified investor (as defined in the Prospectus Directive). Accordingly, any person making or intending to make an offer in a Relevant Member State of notes which are the subject of the offering contemplated in this document may only do so to one or more qualified investors. None of the Trust Manager, the Trustee or any of the Joint Lead Managers has authorised, nor do they authorise, the making of any offer of notes in any Relevant Member State other than to one or more qualified investors.

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Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR") only, and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a "Distributor") should take into consideration the manufacturer's target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the distributor's target market assessment) and determining appropriate distribution channels.

On 15 March 2019, the Japanese Financial Services Agency published due diligence and risk retention rules under various Financial Services Agency Notes in respect of Japanese financial institutions ("Japan Due Diligence and Retention Rules"). The Japan Due Diligence and Retention Rules became applicable to such Japanese financial institutions from 31 March 2019. Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the scope and applicability of the Japan Due Diligence and Retention Rules; (ii) as to the sufficiency of the information described in this document and (iii) as to the compliance with the Japan Due Diligence and Retention Rules in respect of any transaction.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA – In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "CMP Regulations 2018"), the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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Credit ratings in respect of the notes are for distribution only to persons who are not "retail clients" within the meaning of section 761G of the Corporations Act and are also sophisticated, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 or Part 7.9 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this document and anyone who receives this document must not distribute it to any person who is not entitled to receive it.

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**Pepper
Residential
Securities Trust
No. 32**

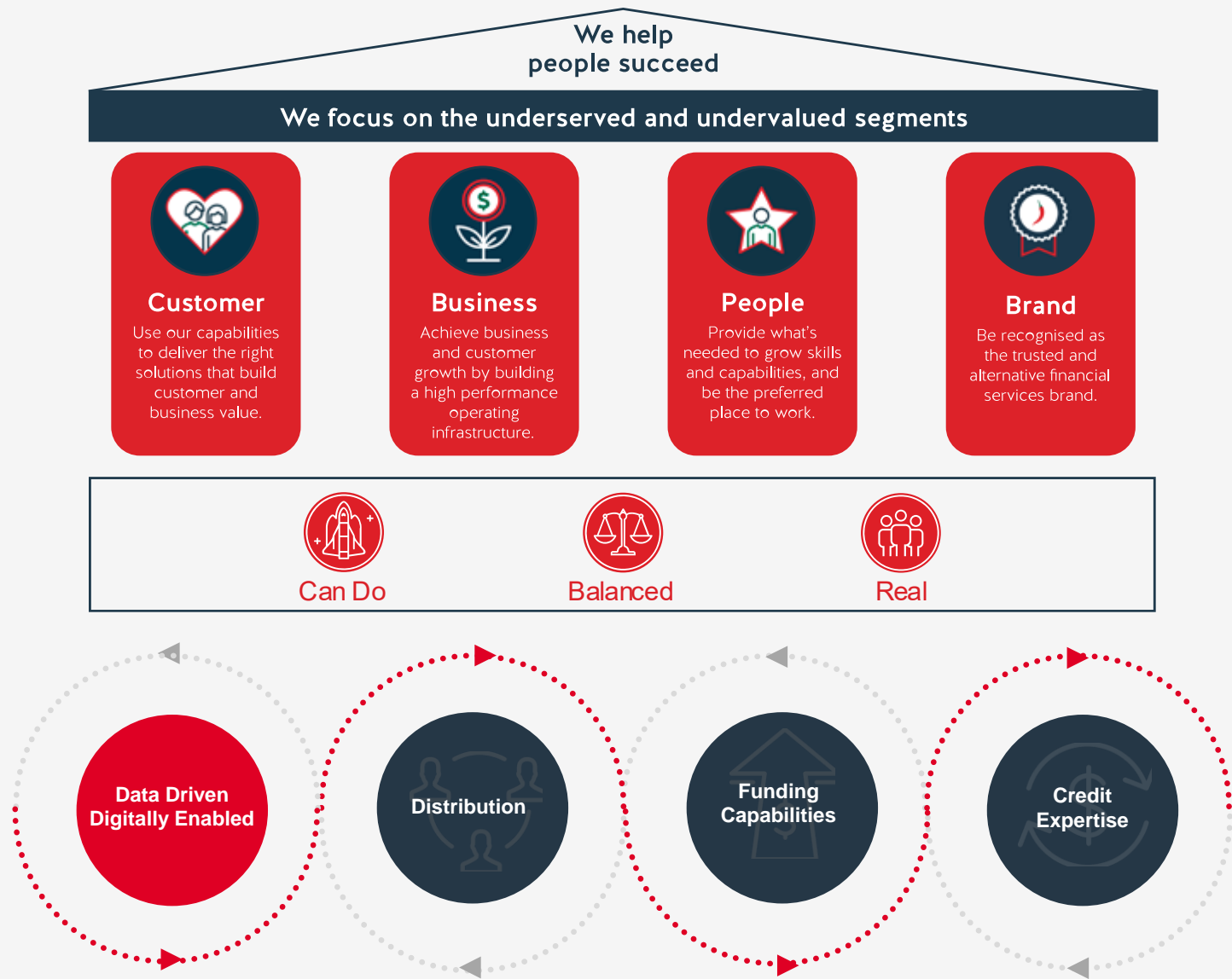
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About Pepper Money



Pepper's mission is to help people succeed

CORE COMPETENCIES



CY2021 Highlights

Profitability

PRO-FORMA NPAT

\$141.9m

↑ 34%

Exceeded the IPO forecast of \$120.7m

STATUTORY NPAT

\$130.7m

↑ 31%

FULLY FRANKED DIVIDEND

9 cents per share

Annualised yield 5.5%¹



CUSTOMER GROWTH

Originations \$8.5bn
Up 84% on PCP

New customers to Pepper Money
Up 48% on PCP

SHARE OF MARKET

Lending AUM \$15.8bn
Up 19%

Mortgages AUM \$12.3bn
Up 15% on PCP
2.3x systems 1H CY2021
2.6x systems 2H CY2021

Asset Finance AUM \$3.5bn
Up 33% on PCP
4.3x systems 1H CY2021
8.2x systems 2H CY2021

NET INTEREST MARGIN

Total NIM: 2.56%
down 10bps on PCP
IPO forecast 2.51%

Mortgages 2.33%
down 20bps on PCP
IPO forecast 2.30%

Asset Finance 3.41%
up 17bps on PCP
IPO forecast 3.32%

SCALED GROWTH

Productivity
Core productivity² up 70%
Originations / Core FTEs

Cost to Income³
43.3%
1.3% improvement on PCP

Asset Quality
Loan Losses % AUM: 0.23%
2bps improvement on PCP
Underlying - excludes
Management Overlays

One of the Largest Issuers in the Australian Securitisation Market

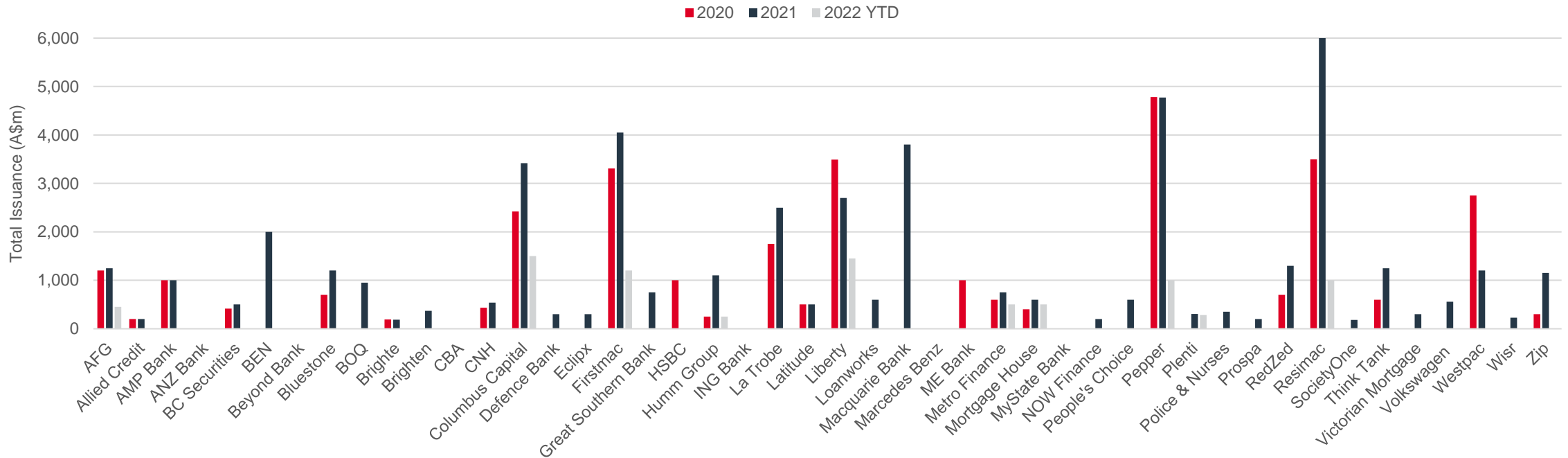
Pepper Money was the largest issuer in the Australian securitisation market during 2020, and the second largest in 2021¹

\$4.78bn

of term issuance across RMBS and ABS asset classes in 2020

\$4.78bn

of term issuance across RMBS and ABS asset classes in 2021



1. Graph and information sourced from Bloomberg data provided by Commonwealth Bank of Australia on public issuance across ABS, RMBS and SME CMBS asset classes, excludes refinances.

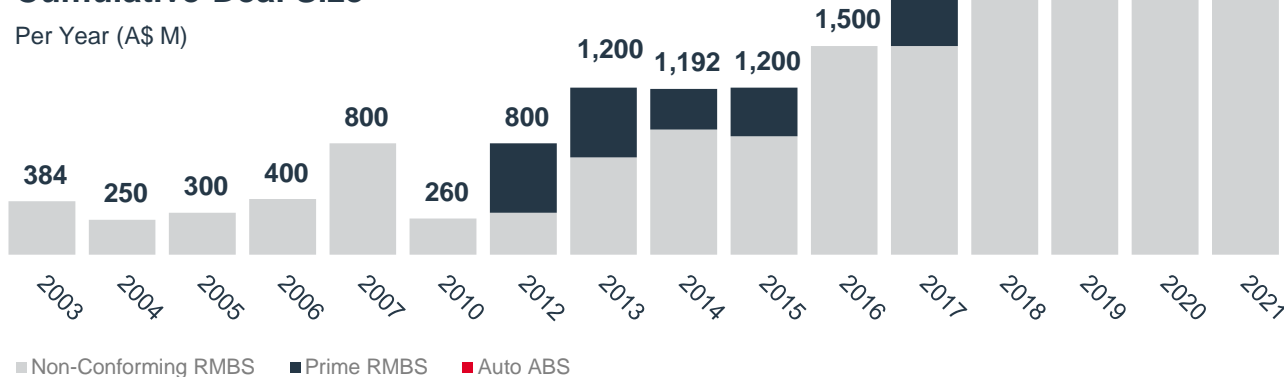
Funding Performance

In excess of **\$28.1bn**
across 47 transactions
2003 to 2021

\$18.4bn Non-Conforming RMBS
\$7.1bn Prime RMBS
\$2.6bn Auto ABS

Cumulative Deal Size

Per Year (A\$ M)



Notes: 1. Total warehouse as at 31 December 2021, excludes Pepper funded equity notes, excludes Asset Finance Revolver.. Includes committed and uncommitted facility limits
2. Weighted average margin over time excluding retained G notes.

2H CY2021 Highlights

SECURITISATION I-PRIME Margin² vs 2H 2020
I-Prime 2021-2 at \$0.85bn issued September 2021

65 bps

Better than I-Prime 2020-1

SECURITISATION PRS Margin² vs 2H 2020
PRS 30 at \$0.85bn issued August. PRS 31 at \$0.75bn issued November 2021

63 / 51 bps

Better than PRS28 respectively

WAREHOUSE¹

Additional \$2.4bn capacity added for Prime & Non Conforming Mortgages

ABS

Sparkz4 at \$0.82bn issued December 2021

Margin² vs 2H 2020
35 bps

Better than SPARKZ3

TOTAL CAPACITY¹

As at 31 December 2021

Limit

\$9.9bn

Up 31% on PCP

Securitisation History

Consistent market participant:

- Across two Australian RMBS platforms
- Historically issuing in AUD, USD and Euro, as well as in bullet and amortising structures across varying tenors
- Excess of \$28.1bn across 47 transactions since 2003 (\$18.4bn NC RMBS, \$7.1bn Prime RMBS, \$2.6bn Auto ABS), including PRS31, SPARKZ4 and Prime 2021-2 transactions

Strong transaction performance with minimal level of losses:

- Non-Conforming (annualised cumulative losses ~0.048%)*
- Prime (annualised cumulative losses ~0.010%)*

All losses covered by excess spread with no charge offs on any Notes (rated or unrated)

Called every Note on its first available call date

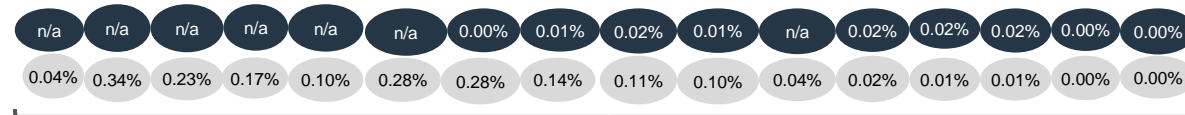
Details of recent upgrades:

- In 2021, S&P upgraded 26 classes of notes across 6 Non-Conforming issuances and 18 classes of notes across 4 Prime issuances
- In 2022, S&P upgraded 14 classes of notes across 3 Non-Conforming issuances

No Notes have been downgraded from the original rating at pricing

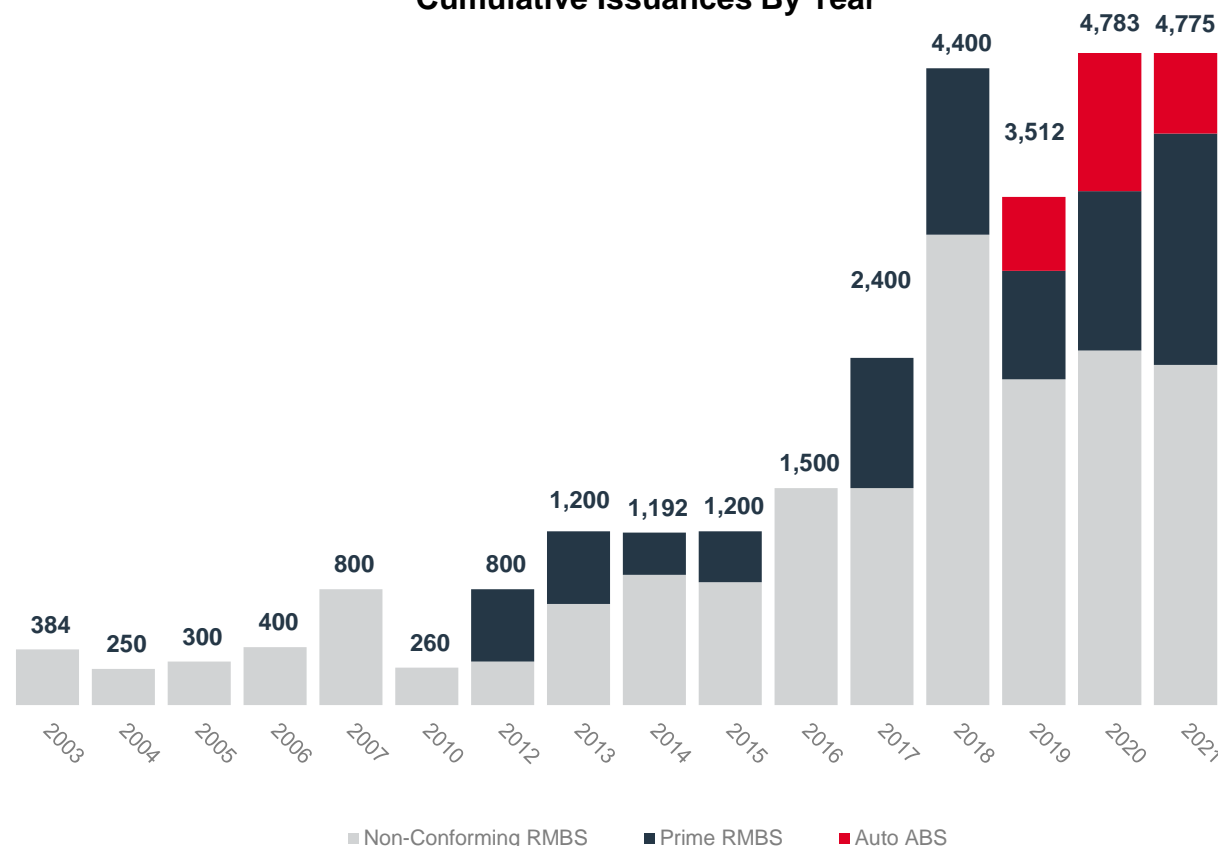
Recent RMBS Transactions

- I-Prime 2021-2 transaction (\$0.85bn) was issued on 22 September 2021
- PRS31 transaction (\$0.75bn) was issued on the 18 November 2021
- Sparkz 4 transaction (\$0.82bn) was issued on the 16 December 2021



WA Annualised Cumulative Losses

Cumulative Issuances By Year



Loss figures based on data as at 31 December 2021.

*Calculated as the weighted average of the annualised cumulative loss percentage of all term issuances with that respective category, weighted by the dollar amount of term issuances within that respective category

Pepper Money's Approach to ESG

Pepper Money's approach to **sustainability** aligns with our mission to help people succeed, by providing innovative financial solutions to the underserved. Pepper Money strives to have a positive impact for our customers, stakeholders, employees, and the environment. Pepper Money has built strong foundations of supporting the community, embedding good corporate governance and lending responsibly to our customers.

Environmental



Supporting good environmental principles through:

- Issuing green bonds to finance the construction or purchase of energy efficient and low carbon homes
- Offering Asset Finance solutions for sustainable energy including solar panels
- Financing electric vehicles
- Celebrating Pepper Money's 21st birthday in 2021 – through planting 7 hectares of protected forest with 21 trees for each Pepper Money employee¹

Social



Commitment to a diverse and inclusive workplace by:

- Leading employee engagement scores²
- Modern slavery statement

Partnering with community-based organisations with common values:

- a giving program supporting a range of community based organisations
- supporting organisations that provide social necessities of life
- working with community partners seeking an alternative or pathway to help others who are underserved by traditional support structures

Governance



- An experienced and diverse Board
- Framework aligned to the ASX Corporate Governance Principles
- Embedded risk management and compliance framework
- Established code of conduct outlining the expected behaviours of our employees
- Values of “can do, real and balanced” articulate how we do business and interact with our stakeholders

1. <https://www.pepper.com.au/about/press-release/pepper-celebrates-21st-birthday>

2. Pepper Money Organisation Survey Results – September 2020 Custom insight. An overall engagement score of 77 considered high performing with only about 10% of organisations scoring above 70.

Pepper Money's Sustainability Initiatives



Electric vehicles

Electric Vehicle Lending

Pepper Money is a leading originator of Electric Vehicles in Australia financing 11% of all fully Electric Vehicles sold in 2021. Since starting its Electric Vehicle financing program, Pepper Money has **facilitated more than 3,800 tonnes** reduction of **greenhouse gas emissions**.

As the **only finance company on the Electric Vehicle Council of Australia**, Pepper Money is actively working with council members to provide innovative customer solutions and cement its place at the forefront of this rapidly growing segment.



Energy efficient home

Green Bonds

Pepper Money has been built on discovering new ways to finance its ambition with a mission to help people succeed. In line with this mission, Pepper is actively assisting **customers to achieve a lower carbon footprint** through the construction and purchase of more energy efficient and low carbon homes, funded via accredited "**Green Bonds**".

Pepper Money was the first non-bank to issue RMBS green bonds via its PRS Non-Conforming securitisation program. In CY2022 the Green Bond initiative will be expanded further into Pepper's Prime program.

Pepper Money's Green bond framework is based on the International Capital Market Associations' Green Bond Principles (GBP). Since the introduction of program in CY2018, Pepper Money has assisted families by funding properties that have **saved 27% in Co2 emissions**.



Climate & environment

Our People

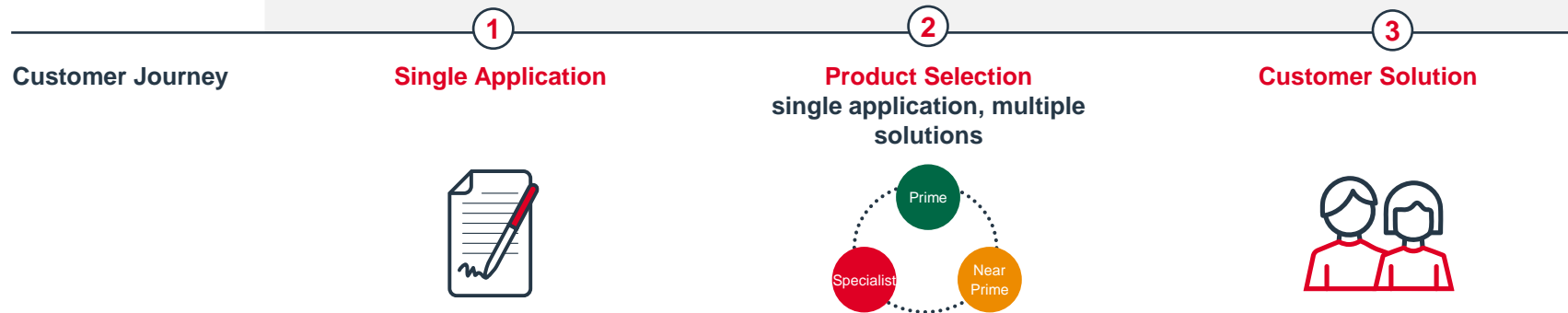
To celebrate Pepper Money's 21st birthday in 2021 over 7 hectares of protected forest were planted – 21 trees for each Pepper Money employee. This green initiative covers the geographies that Pepper Money operates in, namely Australia, New Zealand and the Philippines (where our shared service employees are based). This will absorb **24 tonnes of Co2 per hectare per year over the first 20 years of growth**

Product & Origination Mortgages

2

Customer Solutions - Mortgages

Average time to solution **6.8** hours¹



CY2021	Conforming	Non-Conforming	
Product Risk Tiers	PRIME Borrowers with a clear credit history	NEAR PRIME Borrowers who have had a minor adverse credit event	SPECIALIST Borrowers whose credit history is impacted by a "life event"
Origination² composition	58%	36%	6%
Origination² Growth on PCP	\$3.7 bn +85%	\$2.3 bn +100%	\$0.4 bn +72%
AUM Close³ Growth on PCP	\$6.2 bn +20%	\$4.7 bn +15%	\$1.3 bn -3%
Weighted Average Interest Rate⁴	3.5% Weighted average interest rate ⁴	4.5% Weighted average interest rate ⁴	5.3% Weighted average interest rate ⁴

Overview of Distribution Channels²

RETAIL

Mortgage brokers managed through various aggregators

52%

WHITE LABEL

Third party originators distribute Pepper Money's products under their own brand

45%

DIRECT

Direct to consumer origination

3%

Product Offering – Mortgages

	Non-Conforming		
	PRIME Borrowers with a clear credit history	NEAR PRIME Borrowers who have had a minor adverse credit event	SPECIALIST Borrowers whose credit history is impacted by a “life event”
Credit Profile	<ul style="list-style-type: none"> • Paid 'non-financial' defaults up to \$500 considered • Fail automated credit scoring models 	<ul style="list-style-type: none"> • Consolidation of multiple consumer debts • Irregular savings and employment history • Credit event up to \$1,000 or greater than 24 months old • Business purposes including tax debts 	<ul style="list-style-type: none"> • Illness or medical condition • Marital separation or divorce • Short term unemployment • Mortgage arrears in past 6 months • Self-employed less than 2 years
Max. Tenor	<ul style="list-style-type: none"> • 30 years • I/O for up to 5 years 	<ul style="list-style-type: none"> • 40 years • I/O for up to 5 years (where tenor is ≤ 30 years) 	<ul style="list-style-type: none"> • 40 years • I/O for up to 5 years (where tenor is ≤ 30 years)
Mortgage Arrears	X	X	✓ (< 6 months) ≤ 1 mth (ABNs > 6-12 mth) >1 mth (ABNs >12 mths)
Debt Consolidation	X (Max. 4 debts)	✓	✓
No Genuine Savings	✓	✓	✓
No LMI	✓	✓	✓
Refinances	✓	✓	✓
Credit Events	<ul style="list-style-type: none"> • Paid 'non-financial' defaults up to \$500 considered 	<ul style="list-style-type: none"> • Defaults, judgements and writs: <ul style="list-style-type: none"> – up to \$1,000 (paid or unpaid) – > \$1,000, registered > 24 months (paid or unpaid) • Discharged from bankruptcy 	<ul style="list-style-type: none"> • Defaults, judgements and writs: <ul style="list-style-type: none"> – up to \$1,000 (paid or unpaid) – > \$1,000, registered > 12 months (paid or unpaid) – from 1 credit event < 12 months (paid or unpaid) N/A for ABNs >6-12 months • Discharged from bankruptcy accepted

Income & Verification – Mortgages

	Non-Conforming		
	PRIME Borrowers with a clear credit history	NEAR PRIME Borrowers who have had a minor adverse credit event	SPECIALIST Borrowers whose credit history is impacted by a “life event”
Full Doc – PAYG	Last 2 pay slips plus <u>one</u> of the following: <ul style="list-style-type: none"> • Letter of employment • Tax assessment notice • Latest group certificate • 3 months bank statements 	<ul style="list-style-type: none"> • Same as PRIME 	<ul style="list-style-type: none"> • Same as PRIME
Full Doc – Self Employed	<ul style="list-style-type: none"> • Last 2 years tax returns & last 2 years tax assessment notices • Last 2 years Financial Statements (if available) 	<ul style="list-style-type: none"> • Same as PRIME or • Last 1 year tax returns & tax assessment notices (clean credit only, effective 1 October 2019) 	<ul style="list-style-type: none"> • Same as PRIME
Alt Doc – Self Employed	<ul style="list-style-type: none"> • ABN registered for 24 months • GST registered for 12 months • Declaration of financial position plus <u>two</u> of the following: <ul style="list-style-type: none"> – 6 months BAS – 6 months business bank statements – Pepper accountant’s letter 	<ul style="list-style-type: none"> • Same as PRIME 	<ul style="list-style-type: none"> • ABN registered for 6 months • GST registered for 6 months • Declaration of financial position plus <u>one</u> of the following: <ul style="list-style-type: none"> – 6 months BAS – 6 months business bank statements – Pepper accountant’s letter
Alt Doc – PAYG	X	X	X

Loan Size & LVR Limits – Mortgages

		Non-Conforming					
		PRIME Borrowers with a clear credit history	NEAR PRIME Borrowers who have had a minor adverse credit event		SPECIALIST Borrowers whose credit history is impacted by a “life event”		
FULL DOC	<ul style="list-style-type: none"> Up to 95% for purchases Up to 90% for all other loan purposes 	<ul style="list-style-type: none"> Up to 95% for purchases Up to 90% for all other loan purposes 	<ul style="list-style-type: none"> Up to 95% for purchases Up to 90% for all other loan purposes 	<ul style="list-style-type: none"> Up to 95% for purchases Up to 85% for all other loan purposes 			
ALT DOC	<ul style="list-style-type: none"> Up to 80% for all loan purposes 	<ul style="list-style-type: none"> Up to 85% for purchases Up to 80% for all other loan purposes 	<ul style="list-style-type: none"> Up to 85% for purchases Up to 80% for all other loan purposes 	<ul style="list-style-type: none"> Up to 85% for purchases Up to 80% for all other loan purposes 			
LVR³		FULL DOC	ALT DOC	FULL DOC	ALT DOC	FULL DOC	ALT DOC
Up to 65%		\$2.0m	\$2m	\$2.5m	\$2.5m	\$2.5m	\$2.5m
>65-70%		\$2.0m	\$2m	\$2.0m	\$2.0m	\$2.0m	\$2.0m
>70- 75%		\$1.5m	\$1.5m	\$2.0m (Sydney/Melbourne) \$1.75m (all other)	\$1.75m	\$1.75m	\$1.75m
>75- 80%		\$1.5m (Sydney / Melbourne metro) \$1m (all other)	\$1m	\$1.75m (Sydney/Melbourne) \$1.5m (all other)	\$1.5m	\$1.25m	\$1.25m
>80- 85%		\$1.25m (Sydney / Melbourne metro) \$850k (all other)	–	\$1.0m	\$650k ²	\$750k	\$650k ²
>85- 90%		\$1m (Sydney / Melbourne metro) \$750m (all other)	–	\$1.0m	–	\$750k ²	–
>90-95%		\$1m (Sydney/Melbourne) \$750k (all other)		\$900k (Sydney/Melbourne) \$750k (all other)		\$650k ²	

• Lower limits apply for certain non-metro locations
 • Maximum exposure per security is \$1,500,000 for Prime and Near Prime. Any Prime and Near Prime loan amount exceeding \$1,500,000 requires 2 acceptable security properties subject to the maximum loan amount cap per category
 • Exceptions to the above can be approved by a Senior Credit Officer
 1. Subject to changes in Covid-19 credit appetite effective 30 March to 16 November 2020
 2. Purchases Only
 3. Loans with LVR > 90% required to satisfy minimum 1.35 times NSR (applicable from 14 August 2018, previously 1.25 times)

Mortgages, Credit & Underwriting

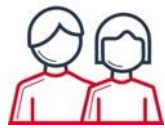
3

Credit Process



Loan Submission

- Supporting documents



Who Is Our Customer? (AML/ CTF¹)

- Borrowing structure
- Background
- AML/CTF verification
- Vulnerable Customer flags
- Substantial Benefit



What Are Their Requirements And Objectives?

- What is the purpose of the loan?
- Any foreseeable changes in circumstances?
- Is the product suitable?



Review Credit History

- Bureau check
- CCR² for repayment history & debt position
- Adverse credit or repayment histories are understood and critically evaluated
- Where there is a concern that the customers adverse circumstance has not cured the application is declined



Can They Afford The Loan?

- Granular inquiry of living expenses (13 per LIXI³)
- Living expenses = > of
 - declared expenses or
 - income indexed HEM
- Assessment rate = > of
 - actual rate + 2.50% or
 - floor rate of 5.50%
- External mortgages assessed at actual repayment + 25%
- 3.82% credit card limits
- 80% rental income
- Serviceability test on NSR⁴ (>1x or >1.35x if LVR>90%)



Security Valuation

- Valuation methodologies in Automate Valuation Method (AVM) Electronic Valuation Report (EVR) and Full Inspection valuations. Additional policies apply to AVMs & EVRs)
- Value is lower of purchase price or valuation amount
- Pepper's panel valuers are accredited and hold necessary Professional Indemnity Insurance
- CoreLogic undertake valuer monitoring



NCCP/ Responsible Lending

- Does the loan meet customers requirement and objectives
- Won't put customer in financial hardship
- Not unsuitable assessment
- Conflicting information is investigated

Unacceptable Property Types & Lending Area LVRs



Examples of Unacceptable Property Types



- ⊗ Studio apartments, bed-sitters, serviced Apartments, 1-bedroom houses
- ⊗ Restrictive encroachments / easements / covenants
- ⊗ Poorly maintained properties (subject to cost of repairs or reinstatement and valuation report)
- ⊗ Heritage-listed properties and income-producing securities
- ⊗ Affected by Statutory restrictions (e.g. road widening)
- ⊗ Units that do not meet high density requirement
- ⊗ Relocatable and mobile homes
- ⊗ Units with total internal living area < 50 sq. meters (exceptions allowed)
- ⊗ Residences converted to commercial use
- ⊗ Real estate used as a display home or part of a display village
- ⊗ Dilapidated or condemned properties
- ⊗ Dwellings used for commercial, industrial or farming purpose
- ⊗ Environmentally affected properties
- ⊗ Dual key Units

Lending Areas Maximum LVR

Category	Lending Areas	Max. LVR
1	Major Metro > 25,000 people within 10km radius	95%
2	Major Regional > 25,000 people within 10km radius	95%
3	Regional < 25,000 people within 10km radius	75%
4	Minor Regional < 10,000 people within 10km radius	70%
5	Areas deemed not suitable for residential lending	Not eligible

Approach to Unit Lending

Pepper's approach to unit lending has been to control lending by use of specific criteria.



Utilisation of high density postcode locations – any Unit that falls into a high density postcode cannot be part of a development comprising of more than 35 Units.

For units under 12 months old the maximum LVR is restricted to 75%

Where an applicant owns multiple Units within a concentrated area we will only take up to 3 Units or 25% of the development whichever is the lower and our high density restriction on development size also applies.

Units are required to be greater than or equal to 50 sq. metres in size (exceptions allowed down to a minimum 40 sq. metres based on the overall strength of the borrower and unit quality).

Fraud Detection & Prevention – Mortgages

Pepper is a member of the Fraud Focus Group (FFG) facilitated by Equifax.



- ✓ Pepper attends the Fraud Focus forums which provide the opportunity for disparate groups within the finance industry to share knowledge and information on trends in fraud practices. Participants include the 4 major Banks, numerous second tier banks, Credit Unions and other industry participants such as telecommunications providers, auto finance providers and asset financiers.
- ✓ Fraud checks on applicants against an industry fraud database
- ✓ Access to a network of finance institutions to assist in fraud investigations and document authentication
- ✓ Use of VALEX for security property valuation
- ✓ ABN checks
- ✓ Income verification calls on Alt doc loans
- ✓ A broker Watchlist with daily monitoring of loan applications and dedicated Fraud Investigations officer
- ✓ Fraud detection is part of the Credit Assessors training program

Security Valuation

- Pepper has **three valuation methodologies**: Full inspection valuations, Electronic Valuation Reports (EVR), also known as ‘Desktops’ and Automated Valuation Models (AVM).
- **Prior to 19th November 2021**, full inspection valuations were the only acceptable valuation method.
- The three valuation methods are facilitated through **Peppers valuation partner ‘CoreLogic’**. The policy rules and exclusions are built into the system to ensure the correct method adheres to the Credit Policy.
- **The table below** refers to when each valuation method can be used subject to the AVM & EVR exclusion rules stated

LVR	≤55%	55≤60%	60≤65%	65≤70%	70≤75%	75≤80%	80≤85%	85≤90%	90≤95%
AVM Purchase (FSD)	≤12%	≤12%	≤12%	≤10%	≤10%	≤8%	⊗	⊗	⊗
Max Security Value	\$1.5m	\$1.5m	\$1.5m	\$1.5m	\$1m	\$1m	\$0	\$0	\$0
AVM Refinance (FSD)	≤12%	≤12%	≤12%	≤10%	≤8%	≤5%	⊗	⊗	⊗
Max Security Value	\$1.5m	\$1.5m	\$1.5m	\$1m	\$1m	\$800K	\$0	\$0	\$0
EVR	✓	✓	✓	✓	✓	✓	⊗	⊗	⊗
Max Security Value	\$1.5m	\$1.5m	\$1.5m	\$1.5m	\$1.25m	\$1m	\$0	\$0	\$0
Full Valuation	✓	✓	✓	✓	✓	✓	✓	✓	✓

- **Full inspection valuations** are completed by an accredited API certified valuer and include an onsite inspection of the security property. These valuations are supported by the valuers Professional Indemnity insurance.
- **EVR** is a valuation completed by accredited API certified valuer who is otherwise qualified to complete a Full Valuation, however the valuer will not inspect the property but undertake valuation remotely.
- **AVM** is a computer-generated estimate of the market value of a given residential property at a point in time. The estimated value is generated using a combination of modelling approaches; indexation of prior sale information, appraisal emulation of comparable sales, machine learning and hedonic regression which considers the characteristics of the subject property.

AVM & EVR EXCLUSION RULES

The following property or transaction characteristics are excluded:




- Purchase transactions not through a Real Estate agent
- Locations outside of specified AVM and EVR postcodes
- Vacant land (AVM)
- Construction loans
- Securities valued at <\$250K
- Non-arm’s length and favourable purchases
- Purchase transactions where the buyer is located in a different state to the purchased property
- New units < 24 months old
- Units located in Pepper’s high density postcodes (regardless of number of dwellings in the development)
- Properties not zoned Residential or for solely residential use
- Properties with adverse features identified
- Properties with more than one dwelling on the same title

Collections and Hardship

4

Hardship Assistance & Arrears Management Operations

Mortgages

Inbound & Early Collections	Collections calls prior to a relationship manager being assigned 						
Account Managed Collections	Customer relationship managers 						
Enforcement Admin	Litigation tasks from Field calls, DFN through to judgment and possession 						
Hardship	A request for hardship can be received at any time during the collections process (up to eviction) and must be assessed on its merits. All Legal and collections activity must cease whilst a hardship arrangement is being assessed or is in progress.						
	0-30 days	31 - 60 days	61 - 90 days	91 – 120 days	121 – 150 days	150+ days	

Collections Timeline

Mortgages



0-5	01	02	26	34	74+
Due Date	Collections Call	Fee Letter	Final Demand	Issue Power of Sale and S.88 Notice	Issue Statement of Claim
110	140	140	141	155	156-163
Judgement / Writing of Possession	Eviction	Possession Obtained	Lock up Report Received	Valuation and Appraisals Received	Provision Set
177	~207	~237	240	241+	
Marketing to Commence	Auction	Settlement	Write-off	Review for Recovery (if required)	

DAYS

Enforcement / asset recovery process

Pepper Money's loan enforcement process is coordinated by its late-stage collections and enforcement team.

Pepper Money engages a law firm from its panel in order to make a claim for arrears and possession. Solicitors on the panel are Dentons (formally Gadens) and Thomson Greer

Once a security property has been taken into possession, the Legal team will appoint one of Pepper Money's preferred property presenters, Australian Property Auction Company ("APAC") or Scout Corp.

APAC and Scout Corp have extensive experience and geographical knowledge of Australia's real estate markets. They primarily assist Pepper Money in selecting the most appropriate real estate agent to manage the sale of each property in possession.

Sale prices (including private treaty and auction reserve prices) for all properties in possession are determined by Pepper Money senior management – using a current property valuation report and two real estate agent valuation appraisals, buyers' opinion, and APAC's or Scout Corp's sale price recommendation.

Pepper Money management typically adopts the highest sale price figure as the 'reserve' price at auction.

Pepper Money maintains a database of sale prices achieved by security property, geographical location, and by loan portfolio. This provides a historical record of recoveries achieved on loan enforcement, benchmark data by geographical area, etc.

OUR PARTNERS

Borrower Assist



Property Presenters



Legal Representatives



Hardship options available for our customers

Pepper Money provides a booklet to walk our customers through potential options when loan affordability becomes challenging due to life circumstances



Support options that we can provide our customers with include, but may not be limited to:

- reduced repayments for a period of time to assist them get back on their feet;
- allowing customers time to sell their property;
- providing engagement with a service that assists them to sell their home;
- when a property is being sold, we can also assist with expenses related to:
 - property maintenance;
 - rental bonds for new accommodation;
 - removalists.

Options are designed so that our customers feel in control of the process. Where our customers prefer it, we can ease the 'burden' by taking control of the process.

Australian Mortgage Portfolio Performance

5

Prime Loans Originated Since January 2014

Other Stats (Current Balance)	31-Dec-21
WA Coupon	3.45%
LVR	68.57%
Self Employed > 3 years (at application)	24.13%
Credit Impaired (at application)	0.04%
Full Doc	88.10%
Owner Occupied	53.01%
Interest Only	31.82%

31-Dec-21	Full Doc	Alt Doc	Total
Total Original Balance (A\$m)	12,246.67	2,155.70	14,402.36
30+ Day Arrears ¹	0.79%	0.62%	0.77%

Realised Losses

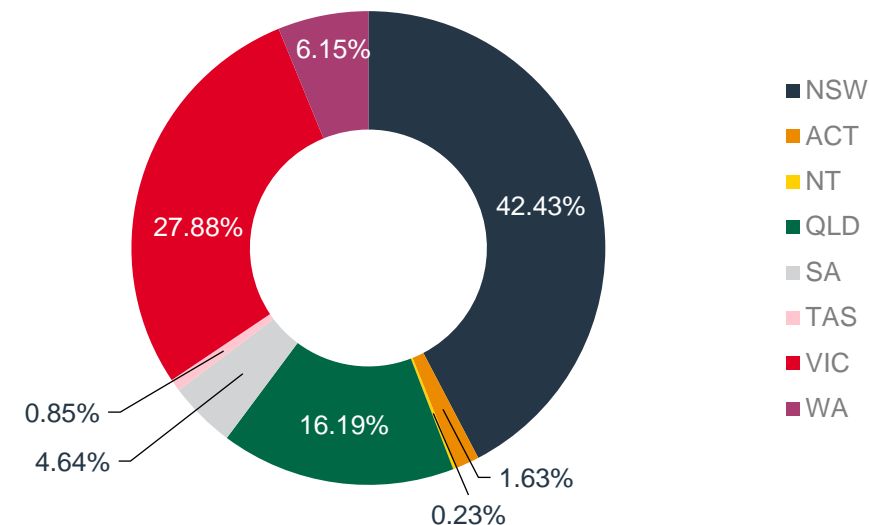
	Full Doc	Alt Doc	Total
Amount (A\$m)	6.99	0.85	7.84
No. of Loans	69	5	74
Basis Points	5.7	3.9	5.4

31-Dec-21	Interest Only	Principal & Interest	Total
Total Original Balance (A\$m)	6,085.02	8,317.35	14,402.36
30+ Day Arrears ¹	0.39%	0.95%	0.77%

Realised Losses

	Interest Only	Principal & Interest	Total
Amount (A\$m)	5.48	2.36	7.84
No. of Loans	43	31	74
Basis Points	9.0	2.8	5.4

Geographic Breakdown of Prime Loans Settlements (January 2014 to December 2021)



31-Dec-21	Investment	Owner Occupied	Total
Total Original Balance (A\$m)	6,876.13	7,526.23	14,402.36
30+ Day Arrears ¹	0.55%	0.96%	0.77%

Realised Losses

	Investment	Owner Occupied	Total
Amount (A\$m)	5.38	2.46	7.84
No. of Loans	47	27	74
Basis Points	7.8	3.3	5.4

Data as at 31 December 2021, based on all Prime loans originated in Australia from January 2014 to December 2021

1. Arrears percentage based on total amount in 30+ days arrears for loans falling in that respective column category, divided by current balance of all loans falling in that respective column category

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

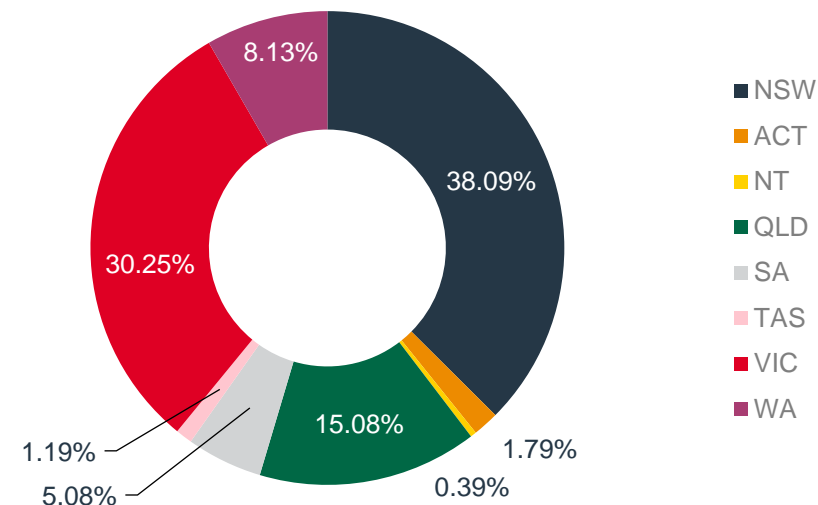
Non-Conforming Loans Originated Since August 2009

Other Stats (Current Balance)	31-Dec-21
WA Coupon	4.62%
LVR	67.13%
Self Employed > 3 years (at application)	45.66%
Credit Impaired (at application)	29.91%
Full Doc	54.58%
Owner Occupied	77.61%
Interest Only	12.70%

31-Dec-21	Full Doc	Alt Doc	Total
Total Original Balance (A\$m)	8,901.58	6,453.71	15,355.29
30+ Day Arrears ¹	3.36%	2.19%	2.83%
Realised Losses			
Amount (A\$m)	15.28	7.63	22.91
No. of Loans	184	70	254
Basis Points	17.2	11.8	14.9

31-Dec-21	Interest Only	Principal & Interest	Total
Total Original Balance (A\$m)	3,656.31	11,698.98	15,355.29
30+ Day Arrears ¹	2.16%	2.93%	2.83%
Realised Losses			
Amount (A\$m)	7.09	15.82	22.91
No. of Loans	184	70	254
Basis Points	19.4	13.5	14.9

Geographic Breakdown of Non-Conforming Loans Settlements (August 2009 to June 2021)



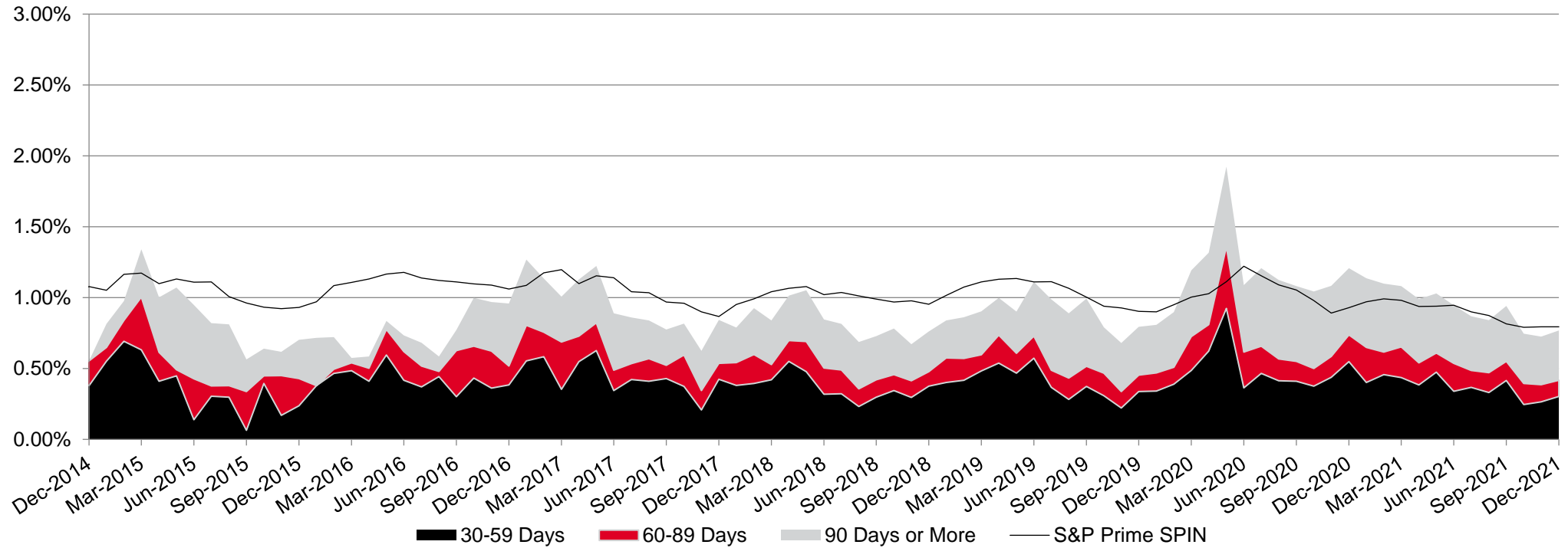
31-Dec-21	Investment	Owner Occupied	Total
Total Original Balance (A\$m)	3,492.02	11,863.26	15,355.29
30+ Day Arrears ¹	2.42%	2.95%	2.83%
Realised Losses			
Amount (A\$m)	6.65	16.26	22.91
No. of Loans	62	192	254
Basis Points	19.1	13.7	14.9

Data as at 31 December 2021, based on all Non-Conforming loans originated in Australia from August 2009 to December 2021

1. Arrears percentage based on total amount in 30+ days arrears for loans falling in that respective column category, divided by current balance of all loans falling in that respective column category

Prime Mortgage Portfolio Arrears

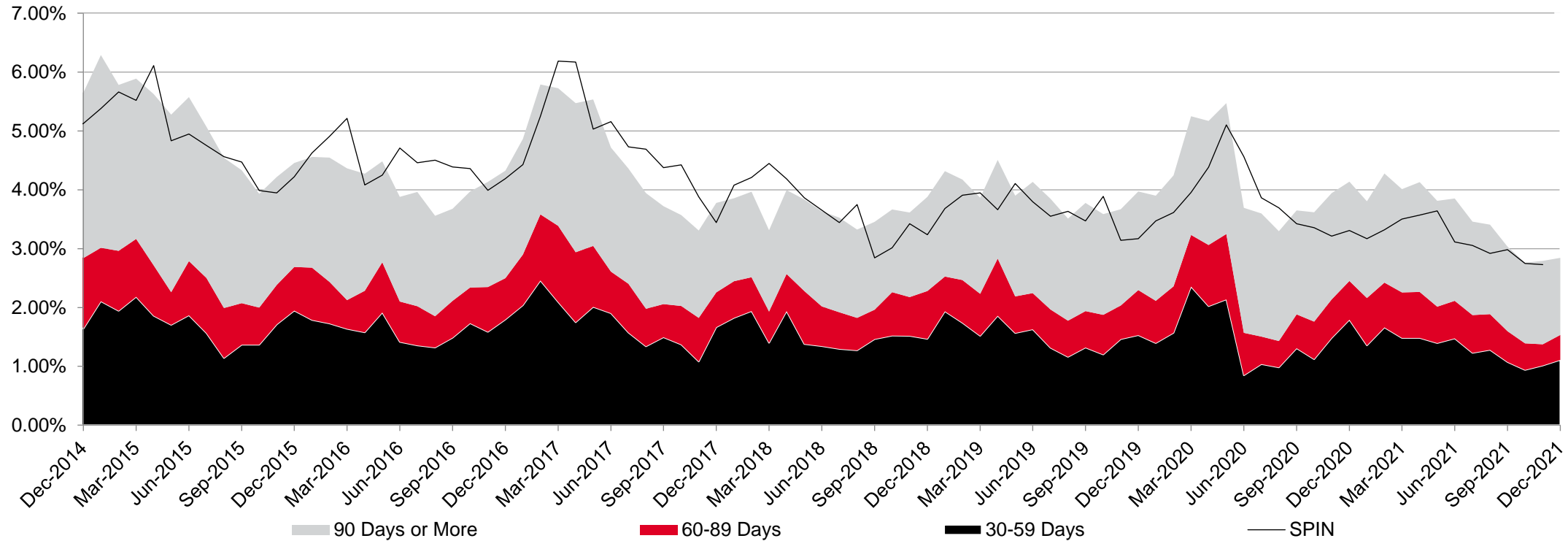
Historical Performance



Pepper data includes all Pepper originated Prime loans that are serviced by Pepper.
 Pepper's treatment for COVID-19 impacted borrowers is consistent with the Australian Securitisation Forum guideline released on 6th May 2020 for the reporting of COVID-19 impacted loans, aligning an industry approach to that of the views from APRA and the RBA (please see the following link <https://www.securitisation.com.au/Site/media/website/pdf/ASF-Guideline-on-Treatment-of-COVID-Hardship-6-May-2020.pdf>)
 All data as at 31 December 2021
 Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Non-Conforming Mortgage Portfolio Arrears

Historical Performance



Pepper's arrears performance has converged towards SPIN over time. Contributing factors include:

- Progressively over time, Pepper's portfolio has formed an increasing proportion of the index. In March 2005 Pepper issues comprised 13.0% of the index whilst at 30 June 2019 our issues comprised 60.5% of the index.
- A number of transactions from 2 issuers that are included in the index include prime loans, which would be expected to have lower arrears than NC.

Pepper's treatment for COVID-19 impacted borrowers is consistent with the Australian Securitisation Forum guideline released on 6th May 2020 for the reporting of COVID-19 impacted loans, aligning an industry approach to that of the views from APRA and the RBA (please see the following link <https://www.securitisation.com.au/Site/media/website/pdf/ASF-Guideline-on-Treatment-of-COVID-Hardship-6-May-2020.pdf>)

Pepper data includes all originated NC loans, both securitised and warehoused. Any prime loans included in our securitisations are excluded from this analysis

All data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Prime Mortgage Portfolio Default and Loss Rates

Vintage	Loans Originated (A\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted (A\$m)	Default Rate by Balance	Original balance of Loans that Experienced Loss (A\$m)	Loss Rate By Balance	Amount of Loss (A\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
2014	419.92	2.92%	6.18	1.47%	5.59	1.33%	2.05	33.12%	36.60%	0.49%
2015	703.74	4.89%	14.17	2.01%	11.57	1.64%	2.89	20.39%	24.97%	0.41%
2016	963.35	6.69%	6.86	0.71%	4.92	0.51%	1.37	19.96%	27.79%	0.14%
2017	1,562.87	10.85%	6.87	0.44%	4.14	0.26%	0.64	9.32%	15.47%	0.04%
2018	2,950.69	20.49%	6.89	0.23%	4.39	0.15%	0.81	11.70%	18.34%	0.03%
2019	2,295.92	15.94%	1.97	0.09%	0.71	0.03%	0.09	4.53%	12.52%	0.00%
2020	1,930.40	13.40%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2021	3,575.47	24.83%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Total	14,402.36	100.00%	42.93	0.30%	31.33	0.22%	7.84	18.26%	25.02%	0.05%

State	Loans Originated (A\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted (A\$m)	Default Rate by Balance	Original balance of Loans that Experienced Loss (A\$m)	Loss Rate By Balance	Amount of Loss (A\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
ACT	235.50	1.64%	0.45	0.19%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
NSW	6,110.89	42.43%	5.45	0.09%	2.60	0.04%	0.27	4.88%	10.25%	0.00%
NT	33.33	0.23%	1.43	4.29%	1.43	4.29%	0.55	38.71%	38.71%	1.66%
QLD	2,331.23	16.19%	7.26	0.31%	6.62	0.28%	1.31	18.03%	19.76%	0.06%
SA	668.25	4.64%	0.86	0.13%	0.65	0.10%	0.19	21.58%	28.58%	0.03%
TAS	122.13	0.85%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
VIC	4,014.81	27.88%	6.64	0.17%	0.73	0.02%	0.15	2.31%	21.03%	0.00%
WA	886.24	6.15%	20.84	2.35%	19.30	2.18%	5.37	25.77%	27.83%	0.61%
Total	14,402.36	100.00%	42.93	0.30%	31.33	0.22%	7.84	18.26%	25.02%	0.05%

Data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Default includes loans taken into possession and loans not taken into possession but on which a loss was incurred.

Default Rate represents the proportion of loans (by balance) originated in a given year that defaulted.

Loss Rate represents the proportion of loans (by balance) originated in a given year on which a loss has been experienced.

No loss has been incurred by any Pepper notes, rated or unrated.

Non-Conforming Mortgage Portfolio Default and Loss Rates

Vintage	Loans Originated (A\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original Balance of Loans That Defaulted (A\$m)	Default Rate By Balance	Original Balance of Loans That Experienced Loss (A\$m)	Loss Rate By Balance	Amount of Loss (A\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
2001	44.87	0.25%	0.75	1.68%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2002	179.18	0.98%	2.78	1.55%	1.60	0.89%	0.23	8.11%	14.05%	0.13%
2003	237.13	1.30%	6.19	2.61%	4.80	2.02%	0.63	10.24%	13.22%	0.27%
2004	349.11	1.91%	27.63	7.91%	20.08	5.75%	3.91	14.15%	19.47%	1.12%
2005	393.99	2.15%	31.04	7.88%	23.13	5.87%	3.96	12.75%	17.11%	1.00%
2006	654.01	3.58%	49.14	7.51%	30.74	4.70%	6.16	12.53%	20.03%	0.94%
2007	943.58	5.16%	93.15	9.87%	75.67	8.02%	16.58	17.80%	21.91%	1.76%
2008	124.27	0.68%	19.25	15.49%	16.51	13.28%	3.41	17.73%	20.68%	2.75%
2009	11.73	0.06%	1.13	9.62%	0.99	8.45%	0.17	15.34%	17.46%	1.47%
2010	35.03	0.19%	1.11	3.17%	0.61	1.75%	0.00	0.00%	0.01%	0.00%
2011	170.39	0.93%	7.31	4.29%	5.86	3.44%	1.34	18.38%	22.93%	0.79%
2012	419.60	2.29%	23.23	5.54%	14.15	3.37%	3.53	15.18%	24.93%	0.84%
2013	800.74	4.38%	30.84	3.85%	20.24	2.53%	5.52	17.89%	27.26%	0.69%
2014	952.43	5.21%	25.73	2.70%	18.84	1.98%	4.46	17.34%	23.68%	0.47%
2015	1,158.97	6.34%	18.81	1.62%	14.03	1.21%	3.28	17.46%	23.40%	0.28%
2016	1,566.46	8.57%	16.57	1.06%	10.37	0.66%	2.26	13.62%	21.78%	0.14%
2017	1,679.94	9.19%	15.48	0.92%	8.93	0.53%	1.48	9.58%	16.62%	0.09%
2018	2,461.25	13.46%	20.40	0.83%	10.57	0.43%	0.75	3.69%	7.11%	0.03%
2019	2,194.33	12.00%	9.20	0.42%	4.00	0.18%	0.18	1.95%	4.49%	0.01%
2020	1,306.71	7.15%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2021	2,601.39	14.23%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Total	18,285.13	100.00%	399.74	2.19%	281.11	1.54%	57.86	14.47%	20.58%	0.32%

Data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Default includes loans taken into possession and loans not taken into possession but on which a loss was incurred.

Default Rate represents the proportion of loans (by balance) originated in a given year that defaulted.

Loss Rate represents the proportion of loans (by balance) originated in a given year on which a loss has been experienced.

No loss has been incurred by any Pepper notes, rated or unrated.

Non-Conforming Mortgage Portfolio Default and Loss Rates

State	Loans Originated (A\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original Balance of Loans That Defaulted (A\$m)	Default Rate By Balance	Original Balance of Loans That Experienced Loss (A\$m)	Loss Rate By Balance	Amount of Loss (A\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
ACT	344.08	1.88%	7.52	2.19%	5.58	1.62%	0.98	12.97%	17.48%	0.28%
NSW	6,579.48	35.98%	92.60	1.41%	60.12	0.91%	10.39	11.22%	17.28%	0.16%
NT	73.90	0.40%	4.36	5.90%	3.42	4.63%	0.85	19.40%	24.71%	1.14%
QLD	3,071.83	16.80%	83.45	2.72%	62.73	2.04%	17.20	20.61%	27.41%	0.56%
SA	920.86	5.04%	24.09	2.62%	13.46	1.46%	2.14	8.90%	15.92%	0.23%
TAS	238.13	1.30%	7.52	3.16%	4.75	2.00%	0.56	7.47%	11.81%	0.24%
VIC	5,212.61	28.51%	71.68	1.38%	44.64	0.86%	5.79	8.08%	12.97%	0.11%
WA	1,844.23	10.09%	108.53	5.88%	86.41	4.69%	19.96	18.39%	23.10%	1.08%
Total	18,285.13	100.00%	399.74	2.19%	281.11	1.54%	57.86	14.47%	20.58%	0.32%

Default includes loans taken into possession and loans not taken into possession but on which a loss was incurred.

Default Rate represents the proportion of loans (by balance) originated in a given year that defaulted.

Loss Rate represents the proportion of loans (by balance) originated in a given year on which a loss has been experienced.

No loss has been incurred by any Pepper notes, rated or unrated.

Data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Prime Securitisation & Loss Track Record

Deal Name	Deal size (A\$m)	Issuance Date	Date Called	Cumulative Loss (A\$k)	% Loss of Origination Pool	Annualised Cumulative Losses
2012-1	500.00	20-Nov-12	November 2017	103	0.02%	0.004%
2013-1	500.00	14-Aug-13	July 2018	162	0.03%	0.007%
2014-1	292.00	10-Apr-14	July 2018	276	0.09%	0.022%
2015-1	350.00	27-Apr-15	May 2018	103	0.03%	0.010%
I-Prime 2017-2	500.00	17-Aug-17	February 2021	481	0.10%	0.027%
I-Prime 2017-3	400.00	14-Dec-17	June 2021	145	0.04%	0.010%
I-Prime 2018-1	550.00	25-May-18		716	0.13%	0.036%
I-Prime 2018-2	600.00	11-Oct-18		195	0.03%	0.010%
I-Prime 2019-1	750.00	17-Apr-19		376	0.05%	0.019%
I-Prime 2020-1	1,100.00	29-Oct-20		0	0.00%	0.00%
I-Prime 2021-1	750.00	25-Mar-21		0	0.00%	0.00%
I-Prime 2021-2	850.00	22-Sept-21		0	0.00%	0.00%
Total	7,142			2,558	0.036%	0.010%

All Australian Public deals have been rated by S&P, Moody's or Fitch. All Trusts have issued rated notes from AAA with various classes of subordinated notes to a lowest rating of B/B2/B. No rated notes have ever been downgraded and no rated or unrated note has been charged off.

Loss data for prime is after Lenders Mortgage Insurance (LMI) recovery where applicable. Prime 2012-1, 2013-1 and 2014-1 are securitisations of acquired GE loans.

Data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Non-Conforming Securitisation & Loss Track Record

Deal Name	Deal size (A\$m)	Issuance Date	Date Called	Cumulative Loss (A\$k)	% Loss of Origination Pool	Annualised Cumulative Losses
NCM01	184.05	01-Apr-03	February 2006	42	0.02%	0.008%
NCM02	200.00	01-Oct-03	February 2007	464	0.23%	0.070%
PRS 3	250.00	01-Sep-04	April 2007	2,173	0.87%	0.337%
PRS 4	300.00	11-Jun-05	October 2008	2,267	0.76%	0.228%
PRS 5	400.00	15-May-06	August 2010	2,848	0.71%	0.169%
PRS 6	600.00	13-Mar-07	December 2011	2,477	0.41%	0.087%
PRS 7	200.00	30-Nov-07	March 2012	928	0.46%	0.109%
PRS 8	260.00	23-Dec-10	January 2014	2,192	0.84%	0.279%
PRS 9	300.00	10-May-12	May 2015	2,537	0.85%	0.284%
PRS10	350.00	18-Apr-13	April 2017	1,957	0.56%	0.141%
PRS11	350.00	22-Oct-13	February 2018	2,069	0.59%	0.138%
PRS12	500.00	24-Apr-14	June 2018	2,625	0.52%	0.128%
PRS13	400.00	09-Oct-14	September 2019	1,943	0.49%	0.099%
PRS14	550.00	12-Jun-15	June 2020	1,979	0.36%	0.072%

All Australian Public deals have been rated by S&P, Moody's or Fitch. All Trusts have issued rated notes from AAA with various classes of subordinated notes to a lowest rating of B/B2/B. No rated notes have ever been downgraded and no rated or unrated note has been charged off.

Non-Conforming Securitisation & Loss Track Record

Deal Name	Deal size (A\$m)	Issuance Date	Date Called	Cumulative Loss (A\$k)	% Loss of Origination Pool	Annualised Cumulative Losses
PRS15	300.00	02-Nov-15	November 2020	1,983	0.66%	0.131%
PRS16	700.00	31-Mar-16	March 2021	1,513	0.22%	0.044%
PRS17	800.00	13-Oct-16	October 2021	1,174	0.15%	0.029%
PRS18	900.00	29-May-17		209	0.02%	0.005%
PRS19	600.00	02-Nov-17		664	0.11%	0.027%
PRS20	1,000.00	28-Mar-18		462	0.05%	0.012%
PRS21	1,000.00	31-Jul-18		518	0.05%	0.015%
PRS22	1,250.00	06-Dec-18		232	0.02%	0.006%
PRS23	750.00	27-Feb-19		247	0.03%	0.012%
PRS24	750.00	23-May-19		142	0.02%	0.007%
PRS25	750.00	07-Nov-19		211	0.03%	0.013%
PRS26	700.00	18-Jun-20		0	0.00%	0.000%
PRS27	1,000.00	20-Aug-20		0	0.00%	0.000%

Non-Conforming Securitisation & Loss Track Record

Deal Name	Deal size (A\$m)	Issuance Date	Date Called	Cumulative Loss (A\$k)	% Loss of Origination Pool	Annualised Cumulative Losses
PRS28	750.00	19-Nov-20		0	0.00%	0.000%
PRS29	750.00	05-May-21		0	0.00%	0.000%
PRS30	850.00	19-Aug-21		0	0.00%	0.000%
PRS31	750.00	18-Nov-21		0	0.00%	0.000%
Total	18,444.05			\$33,855.39	0.18%	0.048%

Data as at 31 December 2021

Past financial performance should not be considered a reliable indicator of future performance and prospective investors are cautioned that the data is not a guarantee of performance.

Pepper Residential Securities Trust No. 32

Pepper Residential Securities Trust No. 32

6.1 – Indicative Term Sheet & Transaction Structure

6

Proposed Capital Structure (A\$500m)

Note Class	Issue Size ² \$m	Currency	Repayment Type	Expected Ratings ¹ (S&P / Moody's)	Initial Credit Support	Indicative Required CE ² (S&P / Moody's)	Coupon	Modelled WAL ³	Legal Final Maturity
A1-s	[100.00]	AUD	Pass through	[AAA] (sf) / [Aaa] (sf)	[25.00]%	[7.27]% / [11.90]%	1m BBSW + [•]%	[0.4] yrs	[July] 2063
A1-a	[275.00]	AUD	Pass through	[AAA] (sf) / [Aaa] (sf)	[25.00]%	[7.27]% / [11.90]%	1m BBSW + [•]%	[2.9] yrs	[July] 2063
A2	[65.00]	AUD	Pass through	[AAA] (sf) / [Aaa] (sf)	[12.00]%	[7.27]% / [11.90]%	1m BBSW + [•]%	[2.9] yrs	[July] 2063
B	[34.00]	AUD	Pass through	[AA] (sf) / NR	[5.20]%	[5.08]% / --	1m BBSW + [•]%	[4.0] yrs	[July] 2063
C	[9.75]	AUD	Pass through	[A] (sf) / NR	[3.25]%	[3.15]% / --	1m BBSW + [•]%	[4.0] yrs	[July] 2063
D	[6.75]	AUD	Pass through	[BBB] (sf) / NR	[1.90]%	[1.79]% / --	1m BBSW + [•]%	[4.0] yrs	[July] 2063
E	[4.00]	AUD	Pass through	[BB] (sf) / NR	[1.10]%	[0.94]% / --	1m BBSW + [•]%	[4.0] yrs	[July] 2063
F	[3.00]	AUD	Pass through	[B] (sf) / NR	[0.50]%	[0.40]% / --	1m BBSW + [•]%	[2.8] yrs	[July] 2063
G ⁴	[2.50]	AUD	Pass through	NR/NR	--	--	1m BBSW + [•]%	[5.0] yrs	[July] 2063

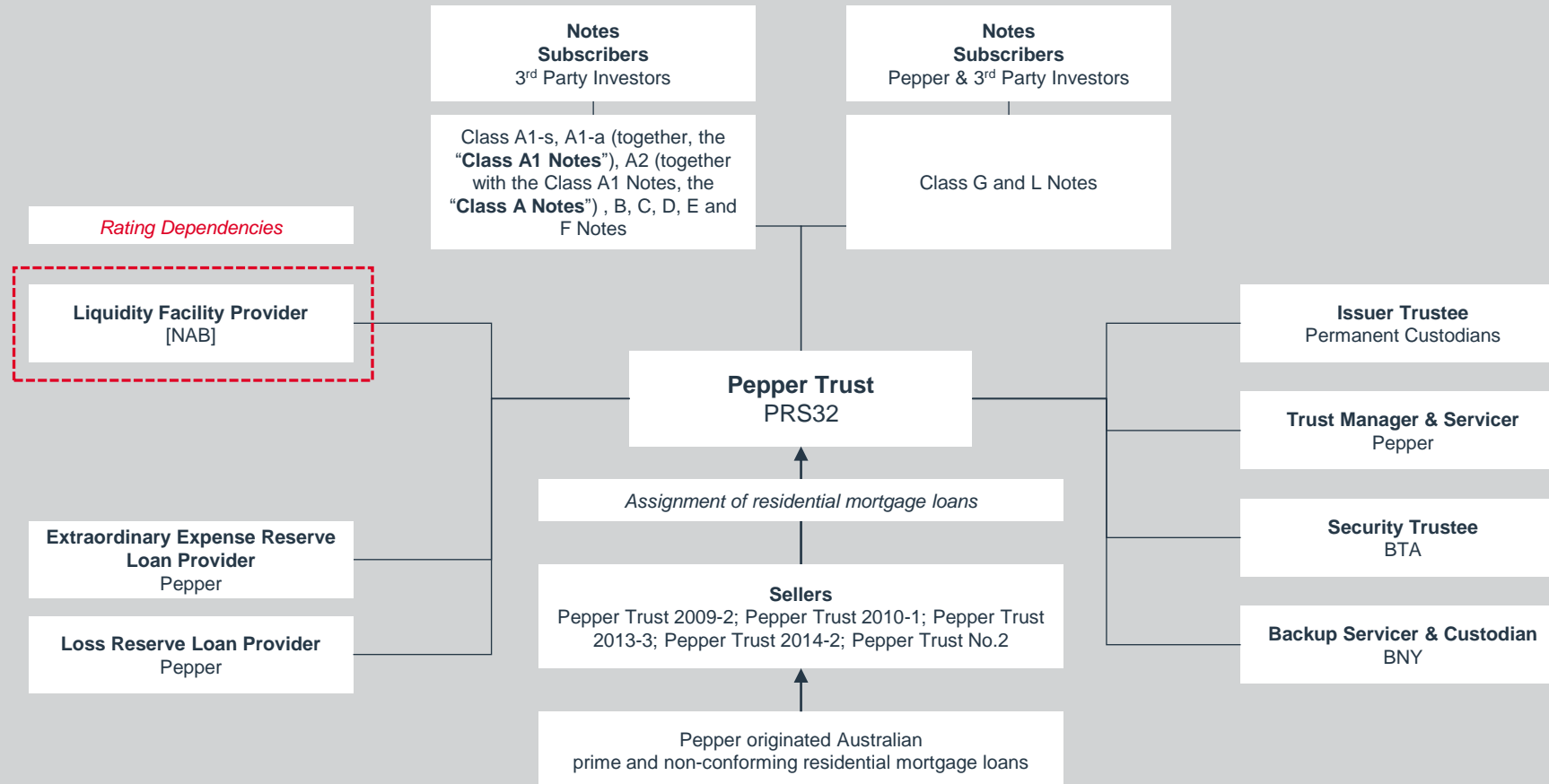
¹ Ratings and tranche sizes are subject to final confirmation from S&P and Moody's.

² Indicative S&P and Moody's required CE based on the A\$[500]m launch pool.

³ The expected WAL and expected maturity for each Note Class are based on full amortisation with a CPR ramp from [17]% to [28]% from the Settlement Date for the first 12 Collection Periods, and then a CPR equal to [28]% from period 13 onwards. Also assumed are the Stepdown Criteria being met at the earliest possible date, and the Call Option being exercised at the first available opportunity.

⁴ The Class G Notes consist of Class G1 Notes and Class G2 Notes.

Structural Diagram



Principal Allocations

Principal Allocations

Stepdown Criteria are not satisfied

Principal Collections (after funding of Principal Draws and redraws) are allocated sequentially to all Notes beginning with the Class A Notes¹ through to the Class G Notes² until repaid in full.

Stepdown Criteria are satisfied

Principal Collections (after funding of Principal Draws and redraws) are allocated to Notes pari passu and rateably, to the Class A Notes¹, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes² until repaid in full.

¹Class A Note Principal

Class A Note Principal is allocated first to the Class A1-s Notes and then pari passu and rateably to the Class A1-a Notes and Class A2 Notes prior to the first possible Call Option Date.

(If on or after the first possible Call Option Date, then sequentially to the A1-a and the A2 Notes)

²Class G Notes

The Class G Notes receive no Principal whilst any other Notes are outstanding. The Class G Note Principal Allocation is redirected into the "Turbo Principal Allocation" part of the Principal Waterfall. Please see Distribution of Turbo Principal Allocation (Class G) on next slide.

Principal Collections*



Class A1-s

Pari Passu and Rateably:
Class A1-a and A2

Class B

Class C

Class D

Class E

Class F

Class G

*Diagram in reference to Stepdown Criteria not being satisfied.

Payment Structure / Mechanism

All AUD Notes are pass-through Notes.

Principal Stepdown Tests ("Stepdown Criteria")

The Stepdown Criteria will be satisfied on a Payment Date if:

- The Payment Date is on or after two years from the Closing Date;
- The Subordinated Note Percentage (Class A2) is at least [24.00]%;
- Cumulative losses on the Mortgage Loans are less than:
 - [0.50]% on or after 2 years and before 3 years following the Closing Date;
 - [0.85]% on or after 3 years and before 4 years following the Closing Date;
 - [1.10]% on or after 4 years following the Closing Date;
- The percentage of Trust Mortgage Loans that are equal to or greater than 90 days in arrears is less than [6.0]%;
- The Payment Date is not on or after the Call Option Date;
- There are no unreimbursed Principal Draws; and
- There are no Charge-Offs which remain unreimbursed on any of the Notes.

Call Option Date

The Payment Date which is the earlier of:

- The Payment Date scheduled to fall in [March] 2027; and
- The Payment Date when the aggregate Invested Amount of the Notes outstanding is less than [15]% of the aggregate issued Invested Amount of the Notes (excluding the Class L Notes).

Principal Acceleration, Reserves and Liquidity Support

Principal Acceleration

Distribution of Turbo Principal Allocation (Class G) (Pre-Call Option Date)

- Where the Stepdown Criteria have been satisfied, principal repayment (in reverse order of seniority and excluding the Class G Notes) to outstanding rated Notes will be accelerated by using the Distribution of Turbo Principal Allocation (Class G) (which will be zero until Stepdown Criteria are satisfied).

Amortisation Amount

- The Amortisation Amount for any Payment Date is determined as follows:
 - Where an Amortisation Event is subsisting: $(1 - \text{the then prevailing corporate tax rate applicable in Australia})$ multiplied by the remaining Available Income at item [18] of the “Income Waterfall”^{*};
 - Otherwise, zero.
- The Amortisation Amount is applied to the Amortisation Ledger and distributed in accordance with the “Principal Waterfall”.

Retention Mechanism

- On each Payment Date prior to and including the first Call Option Date, an amount equal to the Retention Amount (0.05% p.a. of the balance of Mortgage Loans) will be paid under item [17] of the “Income Waterfall”^{*}, to the most junior rated class of Notes outstanding as principal redemption. With this payment, an equal and offsetting balance is applied to a Retention Amount Ledger, which can then be used to cover any losses, after first applying any available excess spread.
- The Retention Amount Ledger is subject to reimbursement for any Charge-Offs applied against it, under item [15(ii)] of the “Income Waterfall”^{*}.

Yield Enhancement Reserve Release (Post-Class A and B Repayment)

- For the single Payment Date following the Payment Date when the Invested Amount of the Class A Notes and Class B Notes are reduced to zero, the Trust Manager must direct the Trustee to release all amounts from the Yield Enhancement Reserve Account and distribute “Distribution of Yield Enhancement Reserve Account Release” and credit an equal amount to the Yield Enhancement Ledger.

Reserves

Yield Enhancement Reserve (Pre-Call Option Date)

- On each Payment Date prior to and including the first Call Option Date, an amount equal to the Yield Enhancement Amount will be paid under item [16] of the “Income Waterfall”^{*} to the Yield Enhancement Reserve Account.
- Yield Enhancement Reserve Amount, for each payment date prior to and including the first Call Option Date, is the lesser of A\$[1,250,000] and $[0.30]\%$ p.a. of the aggregate Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period.
- If, on any Payment Date there is insufficient Available Income (after adjusting for Principal Draws and Liquidity Draws) to pay Required Payments, the balance of the Yield Enhancement Reserve Account may be used to pay the shortfall. It may also be used on a Payment Date to apply any interest income received by the Trustee in respect of the Yield Enhancement Reserve Account as Available Income.

Liquidity Support and Liquidity Facility

Liquidity Support

- If on any Determination Date there is insufficient Available Income for the relevant Payment Date to meet Required Payments, the Trust Manager must direct the Trustee to do the following, in order of application:
 - Principal Draw;
 - Liquidity Draw; and
 - Yield Enhancement Reserve Draw.

Liquidity Facility

- The Liquidity Facility will have a limit equal to $[1.5]\%$ of the aggregate Invested Amount of all Notes (other than the Class L Notes), subject to a floor of A\$[750,000].

^{*} Refer to Indicative Term Sheet, Income Distribution (pre-enforcement).

Allocation of Losses

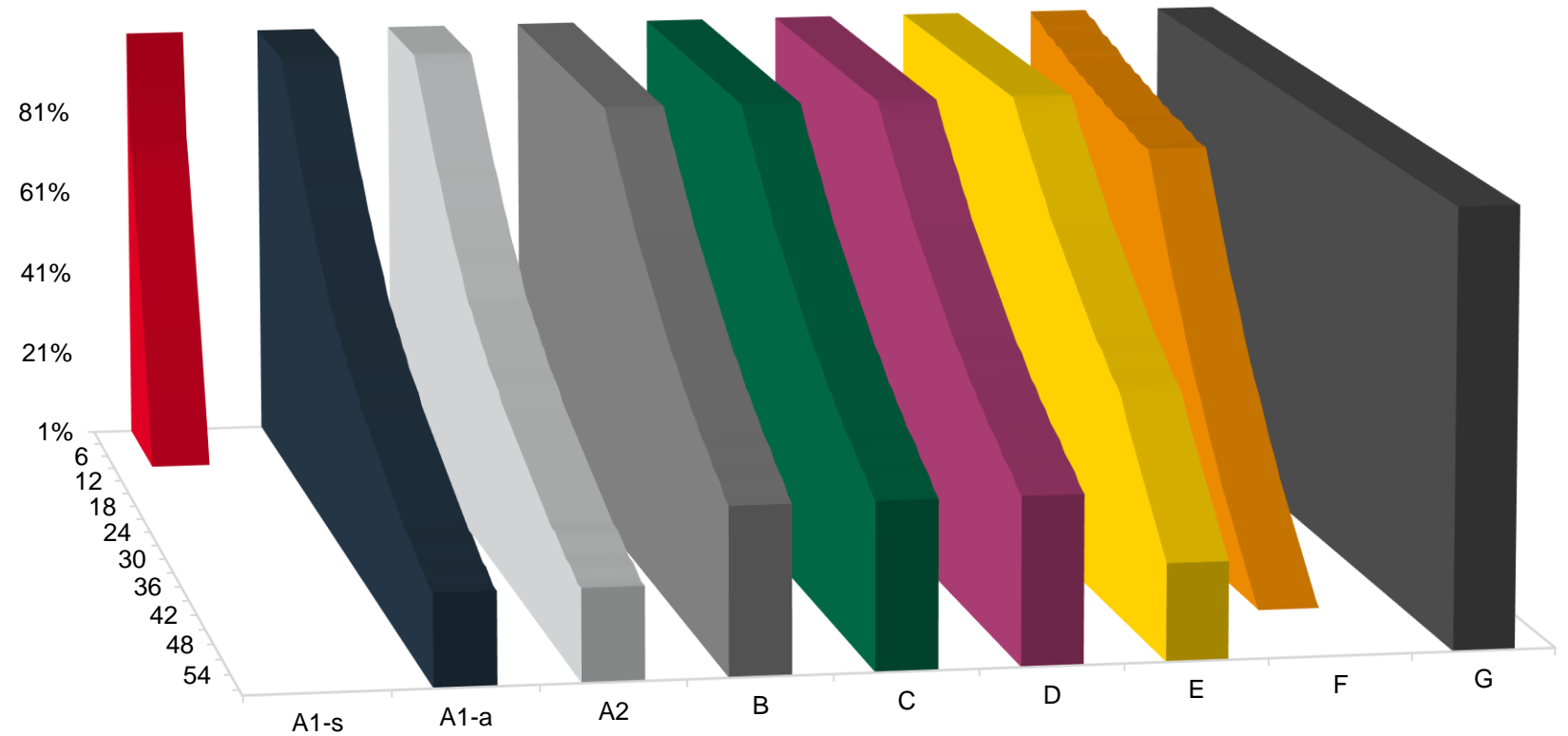
Cumulative Credit Enhancement

Borrowers Equity	Weighted average current LVR as at the Cut-Off Date is [65.38]%, therefore weighted average borrower's equity is [34.62]%.
Excess Spread	Excess spread generated by the Trust will be available to all Notes for primary loss absorption prior to Charge-Offs.
Retention Amount Ledger	Amounts standing to the credit of the Retention Amount Ledger will be available to all Notes for loss absorption.
Amortisation Ledger	Amounts standing to the credit of the Amortisation Ledger will be available to all Notes for loss absorption.
Yield Enhancement Ledger	Amounts standing to the credit of the Yield Enhancement Ledger will be available to all Notes for loss absorption.
Class G – Credit Support N/A	The Class G Notes benefit from subordination provided by the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class F – Credit Support [0.50]%	The Class F Notes benefit from subordination provided by the Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class E – Credit Support [1.10]%	The Class E Notes benefit from subordination provided by the Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class D – Credit Support [1.90]%	The Class D Notes benefit from subordination provided by the Class E Notes, Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class C – Credit Support [3.25]%	The Class C Notes benefit from subordination provided by the Class D Notes, Class E Notes, Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class B – Credit Support [5.20]%	The Class B Notes benefit from subordination provided by the Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class A2 – Credit Support [12.00]%	The Class A2 Notes benefit from subordination provided by the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.
Class A1 – Credit Support [25.00]%	The Class A1 Notes benefit from subordination provided by the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, the Yield Enhancement Ledger, the Amortisation Ledger and the Retention Amount Ledger.

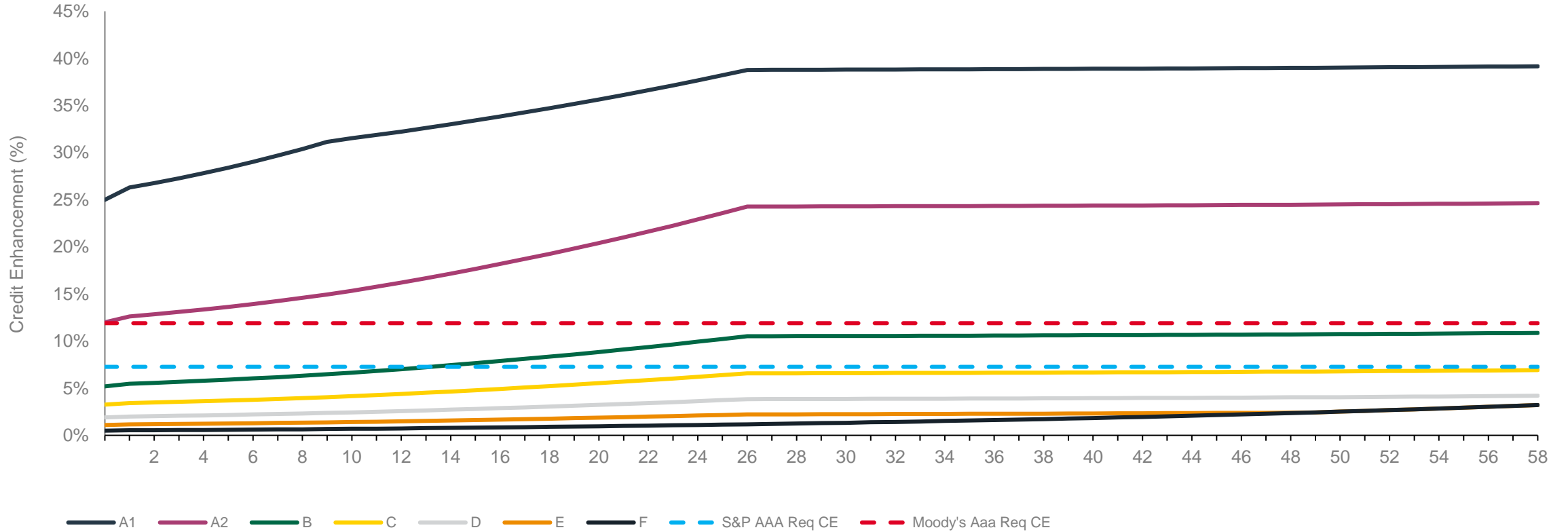
Note Amortisation Profile

Key points

The expected WAL and expected maturity for each Note Class are based on full amortisation with a CPR ramp from [17]% to [28]% from the Settlement Date for the first 12 Collection Periods, and then a CPR equal to [28]% from period [13] onwards. Also assumed are the Stepdown Criteria being met at the earliest possible date, and the Call Option being exercised at the first available opportunity.

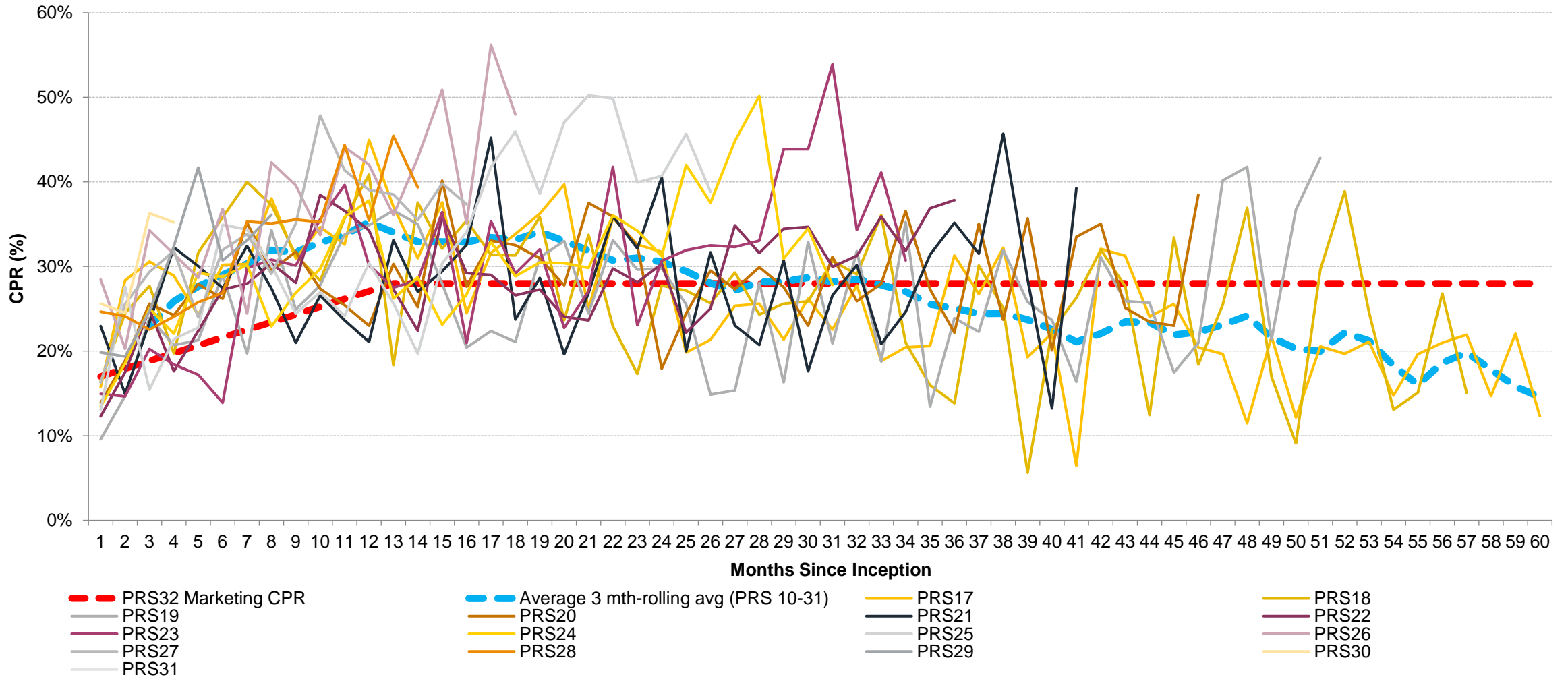


Credit Enhancement Over Time



Note the actual rate of payments (including prepayments) of principal cannot be predicted and will depend on future events and a variety of factors. No assurance can be given as to the rate of principal repayments.

Prepayment History



Note that this chart is provided for information purposes only. The prepayment performance of PRS32 may differ significantly from the prepayment performance of other Pepper PRS Trusts. There is no guarantee that the prepayment performance of PRS32 will be similar to the prepayment performance of other Pepper PRS Trusts.

Prepayment Sensitivity on WAL (Years)

Prepayment Assumption*

	50% Stressed CPR	75% Stressed CPR	Marketing CPR	125% Stressed CPR	150% Stressed CPR
Class A1-s	[0.8]	[0.6]	[0.4]	[0.4]	[0.3]
Class A1-a	[4.0]	[3.4]	[2.9]	[2.4]	[1.9]
Class A2	[4.0]	[3.4]	[2.9]	[2.4]	[1.9]
Class B	[4.9]	[4.6]	[4.0]	[3.5]	[3.1]
Class C	[4.9]	[4.6]	[4.0]	[3.5]	[3.1]
Class D	[4.9]	[4.6]	[4.0]	[3.5]	[3.1]
Class E	[4.9]	[4.6]	[4.0]	[3.4]	[3.1]
Class F	[4.2]	[3.6]	[2.8]	[2.5]	[2.4]
Class G	[5.0]	[5.0]	[5.0]	[4.6]	[3.7]

*The expected WAL and expected maturity for each Note Class under the Marketing CPR are based on full amortisation with a CPR ramp from [17]% to [28]% from the Settlement Date for the first 12 Collection Periods, and then a CPR equal to [28]% from period [13] onwards. Also assumed are the Stepdown Criteria being met at the earliest possible date, and the Call Option being exercised at the first available opportunity.

Pepper Residential Securities Trust No. 32

6.2 – Collateral Pool

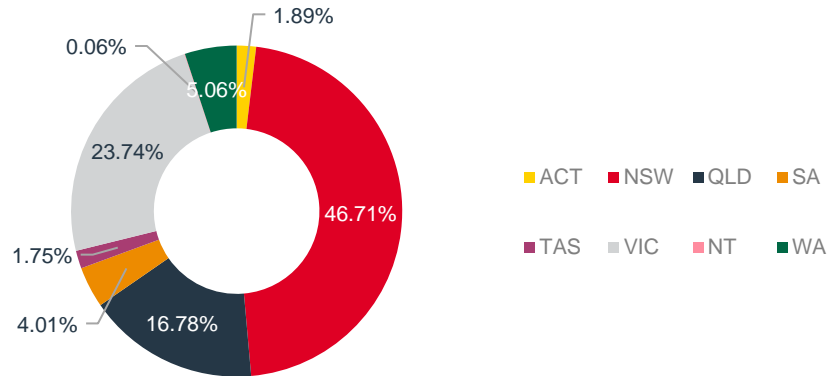
6

Pool Statistics

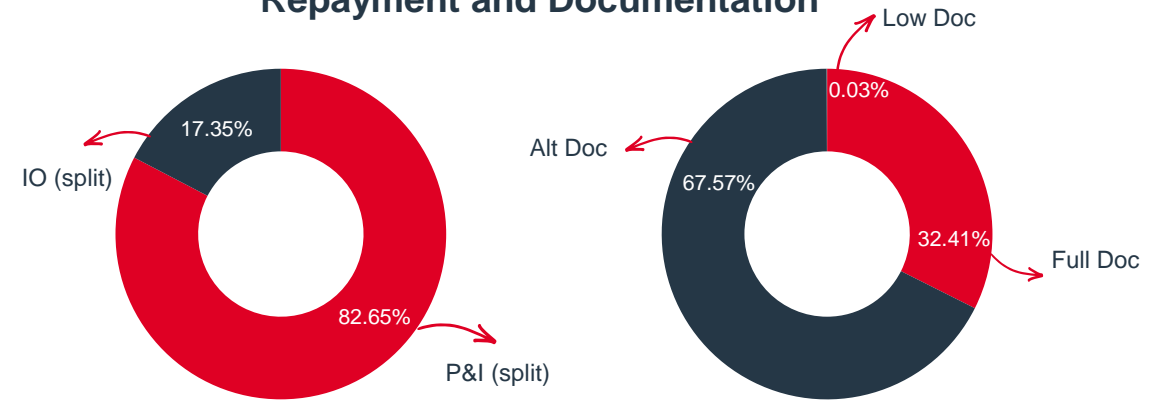
Pool Summary

Pool Size	\$499,995,291
No. of Loans (consolidated)	918
Average Loan Size (consolidated)	\$544,657
WA LVR	65.38%
Maximum Loan Size (consolidated)	\$2,498,941
WA Seasoning	11.35 months

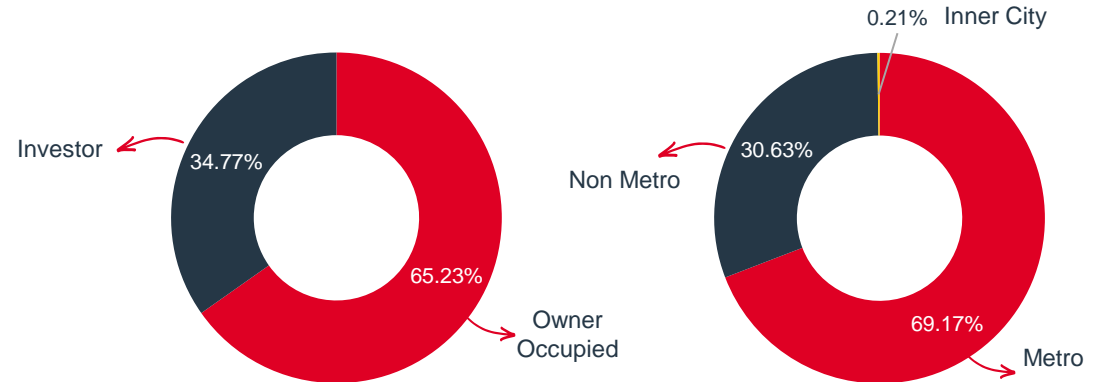
Geographic Distribution



Repayment and Documentation

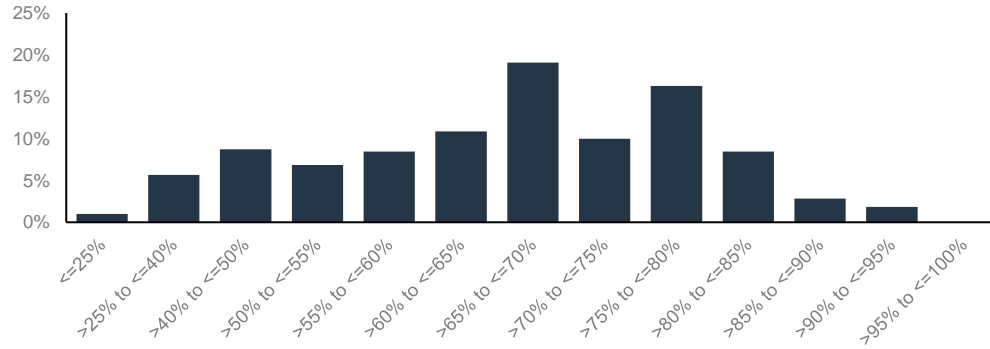


Borrower Type and Location

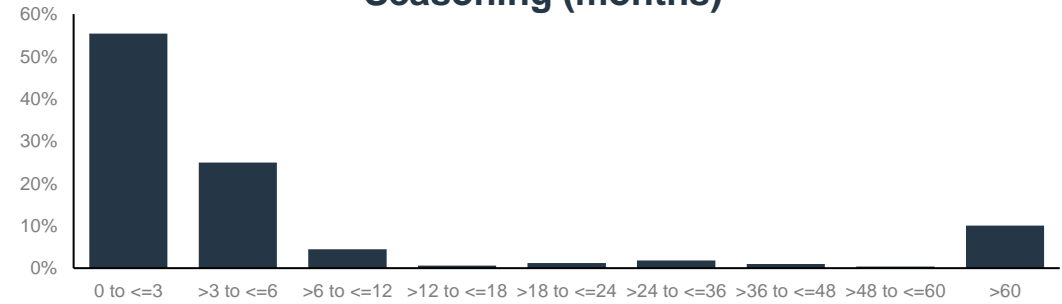


Pool Statistics

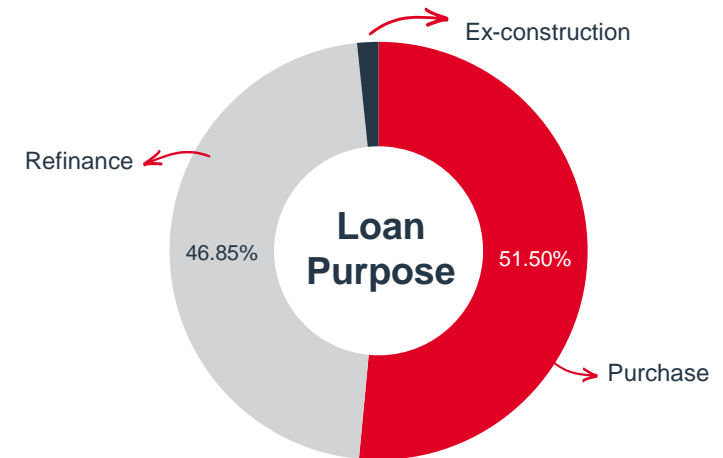
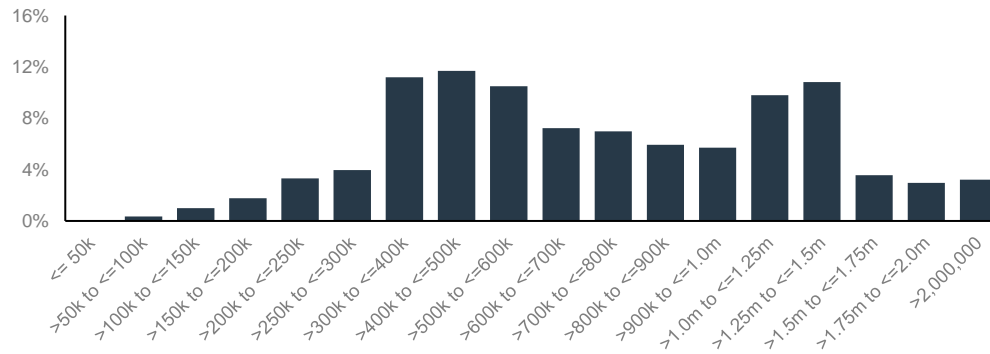
LVR Distribution



Seasoning (months)



Current Principal Balance Distribution



Recent Pepper Non-Conforming Deals

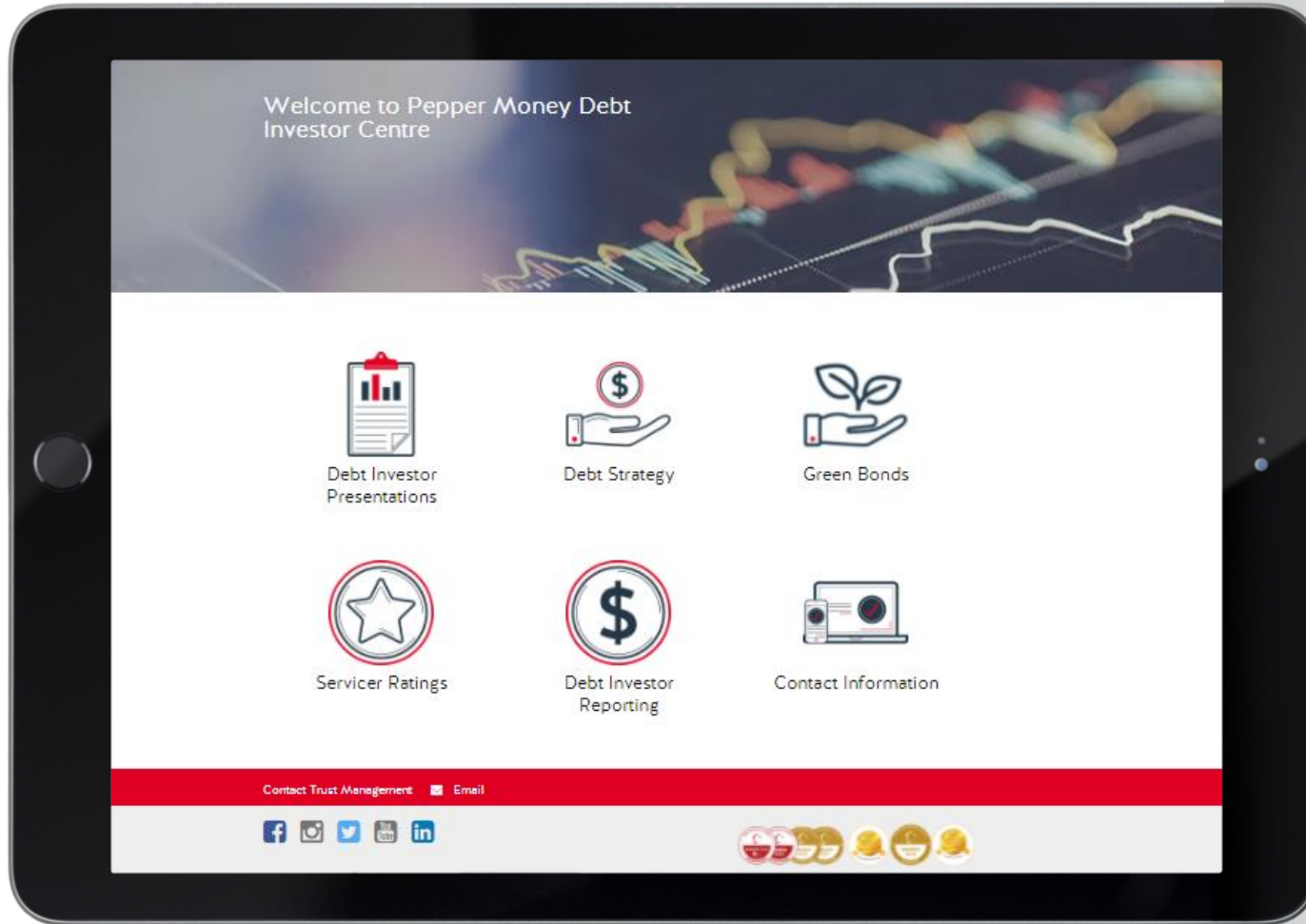
	Pepper PRS32	Pepper PRS31	Pepper PRS30	Pepper PRS29	Pepper PRS28	Pepper PRS27	Pepper PRS26	Pepper PRS25
Closing Date	[Mar-22]	Nov-21	Aug-21	May-21	Nov-20	Aug-20	Jun-20	Nov-19
Senior Tranche WAL (years)	[0.4 / 2.9]	0.4 / 2.9	2.3 / 2.3	2.3/2.3	0.5/3.0	0.6/3.2	0.6/3.1	1.5/2.3/2.3
Pool Balance	[\$500m]	\$750m	\$850m	\$750m	\$750m	\$1,000m	\$700m	\$750m
Average Loan Size	[\$544,657]	\$478,927	\$461,956	\$394,945	\$441,176	\$431,779	\$435,594	\$463,882
Max Loan Size	[2,498,941]	1,986,008	\$1,948,236	\$1,977,043	\$1,957,347	\$2,440,727	\$2,020,825	\$2,306,902
Max LVR	[94.6%]	94.8%	94.9%	95.0%	94.9%	95.0%	94.7%	95.0%
WA LVR	[65.4%]	68.3%	71.3%	69.8%	69.5%	70.0%	71.6%	71.7%
WA Seasoning (mths)	[11.4]	5.0	5.0	23.3	9.6	14.9	10.4	4.2
Geographic Distribution	[NSW: 46.7% VIC: 23.7% QLD: 16.8%]	NSW: 41.8% VIC: 22.3% QLD: 16.6%	NSW: 39.5% VIC: 26.5% QLD: 18.6%	NSW: 40.1% VIC: 24.3% QLD: 19.9%	NSW: 43.0% VIC: 32.5% QLD: 13.0%	NSW: 39.7% VIC: 29.9% QLD: 14.9%	NSW: 39.8% VIC: 29.6% QLD: 15.6%	NSW: 40.7% VIC: 31.7% QLD: 16.1%
Owner Occupied	[65.2%]	72.5%	75.1%	70.0%	71.6%	72.5%	65.5%	64.4%
Interest Only	[17.4%]	17.0%	13.5%	14.4%	16.3%	18.7%	27.0%	28.2%
Altdoc / Low Doc	[67.6%]	41.4%	39.2%	32.3%	39.5%	39.8%	38.0%	40.0%
Required AAA CE (S&P / Moody's)	[7.3% / 11.9%]	7.9% / 12.1%	9.5% / 12.4%	8.7%/12.5%	9.3%/12.3%	10.5%/13.5%	11.2%/13.0%	11.6%/13.8%
Credit Support Provided (A1 / A2)	[25.0% / 12.0%]	25.0% / 12.2%	25.0% / 12.5%	25.0%/13.0%	25.0%/12.6%	30.0%/14.5%	30.0%/14.5%	27.5%/14.2%

Pepper Residential Securities Trust No. 32

6.3 – Investor Reporting

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Investor Reporting



Pepper investor website contains reporting on a trust by trust basis and includes:

- Key trust transaction documents such as Prospectus, Series Notice and Facility Agreements
- Month by month trust snapshot summarising current pool and capital structure information
- Month by month pool cuts, determination statements and investor reports detailing pool statistics and trust cashflows
- Any trust notices such as call notice

[www.pepper.com.au/
investors/debt-investors](http://www.pepper.com.au/investors/debt-investors)

Further Information



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