

16 December 2022

Statement on customer support and solutions in response to ECB rates increases

- ***Pepper establishes dedicated support and outreach for customers concerned about interest rate increases and the rising cost of living***
 - ***Forbearance options can include reduced rates and fixed repayments***

We are acutely aware this is a challenging time for many people and our team is on hand to help any customer concerned about their ability to meet payments, with a broad range of solutions which we can tailor to their individual situation.

Pepper in Ireland has setup a Helpline for customers concerned about the recent ECB rate increases now totalling 2.5% since July and the rising cost of living.

It is also planning a proactive outreach programme to what its team has already identified as the most vulnerable customers and will be contacting them proactively to offer advice and assistance.

Our priority is to help all our customers who may face financial difficulty with the rising cost of living and the four separate ECB rate increases totalling 2.5% since July.

The fourth increase in ECB rates of 0.5% announced on December 15th will initially only affect Tracker mortgage customers, where such increases are automatically passed on as part of their contract. It will have no immediate impact on variable rate customers, and no decisions have been made at this time on passing on this additional ECB rate increase which will be kept under review.

The Helpline is intended for customers who have a query on their interest rate, are concerned about the recent increases or expecting they won't be able to meet their repayments or have already fallen behind on payments.

We are here to advise, support and find solutions for Tracker and Variable Rate customers impacted by higher mortgage interest rates and the rising cost of living in 2022 and on an ongoing basis.

The Pepper team is highly experienced in helping customers manage financial difficulties and we have one of the broadest range of temporary and longer-term forbearance solutions in the Irish market. Our goal is to help people and find solutions and we have completed this process successfully for thousands of customers already this year.

Options include reduced rates and fixed reduced monthly repayments

These solutions include fixed reduced monthly repayments, interest only payments, term extensions, arrears capitalisations, interest rate discounts as well as a number of other options. While Pepper does not offer a fixed rate mortgage product, we do have the flexibility to implement solutions including interest rate discounts both for short term and extended periods based on affordability and an assessment of the customers individual circumstances.

Split Mortgage customers

Pepper currently service a large number of Split Mortgages where the mortgage is split into two parts (the Main balance and the Split balance) with the Split balance being charged an interest rate of zero. If customers with Split mortgages, are at risk of financial difficulty with making repayments on the Main balance following the recent rise in variable rates, Pepper can offer a number of solutions. These solutions will be tailored to individual circumstances and affordability and may include a term extension or an interest rate discount on the Main balance and to fix the monthly repayments for a specified period of time.

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Switching to another lender

Switching or re-financing to another mortgage lender is a viable solution for many customers and Pepper will continue to work with customers looking to switch to another lender or re-finance their mortgage. Where switching mortgage provider is not possible for a customer– for example in cases where mortgages were previously restructured or an Alternative Repayment Arrangement is in place or because of historic credit issues – we will work with customers to find a solution tailored to their individual needs and affordability, with the aim of helping them resolve their situation.

In addition to the increases in ECB rates, the cost of short-term wholesale interest rates, used to fund many of the loans that Pepper services and are often referred to as the “cost of funds”, have also increased by over 2% in recent months.

These increases in ECB rates and wholesale interest rates, which impact mortgage funding costs have regrettably necessitated the increase in rates on mortgages where Pepper has the legal and regulatory responsibility for implementing rate increases or decreases.

Pepper does not receive any commercial benefit from the increase in interest rates, which are being directly passed on and all increases in Variable Rate Mortgages, serviced by Pepper, are less than or equivalent to the 2.00% increase in ECB interest rates to date up to December 14th. Such increases are consistent with customers' existing mortgage terms and conditions and Pepper will always comply with these.

Helping customers is central to our role as a Retail Credit Firm and we are regulated by the Central Bank of Ireland, meaning we always comply with the requirements of financial services legislation, including the regulatory requirements as set out in the Central Bank's existing codes of conduct and regulations. This includes the Consumer Protection Code 2012 and the Code of Conduct for Mortgage Arrears 2013.

We work proactively with the CBI to ensure consumers rights are always protected and any questions or queries on loan contract terms and conditions are fully addressed.

(The Helpline (0818 828 828) is available on our website along with frequently asked questions and answers <https://www.peppergroup.ie>)