

13 June 2023

## Pepper Advantage increases variable mortgage rates for some customers by 0.5-1% following recent increases in European Central Bank rates

- *Change affects fewer than half of the residential variable rate customers managed by Pepper.*
- *Average rate of 5.9% on residential variable rate mortgages as of 31 May 2023 will increase to 6.3%.*

Following three interest rate increases this year, totalling 1.25%, announced by the European Central Bank (ECB) in February, March and May 2023, Pepper has started notifying certain customers of an additional increase in their variable rate, ranging from 0.5% to 1.0%.

Residential owner occupier variable rate mortgages serviced by Pepper represent just under 2.9% of the total residential mortgage market in Ireland. The rate increases will be passed on to just under 45% of the approximately 21,000 residential variable rate mortgages serviced by Pepper.

### Variable rates and increases implemented to date:

- No Pepper variable rate customer has received an increase of the full 3.75% ECB base rate.
- Pepper does not receive a commercial benefit from the increase in interest rates.
- The average rate will increase from 5.9% to an average of 6.3% across Pepper residential variable rate mortgages noting some loans will have a higher rate and some loans will have a lower rate.
- Typically, higher interest rate mortgages are associated with loans which transferred to Pepper at rates higher than the market average at the time.

### Continued Support for Customers:

We are aware that this continues to be a challenging time for many customers. We ask any customer concerned about their ability to meet their new mortgage payments to contact our team on 0818 828 828. Our team will work with and help customers who engage with us to find the best possible solution for them, based on their individual situation. We encourage customers to please talk to us.

Pepper continues to support customers impacted by the rising cost of living and rising interest rates in the following ways:

#### Switching:

Pepper has supported hundreds of customers switching since interest rates started to rise and will continue to support customers switching.

#### Proactive customer outreach:

In addition to writing to 16,000 vulnerable customers at the start of 2023, Pepper launched a campaign to reach out to customers paying higher than average interest rates on their home loan. Over the past 3 months, Pepper have proactively written to over 2,500 residential mortgage customers with accounts on rates above the current average at 5.9%. This customer outreach campaign is ongoing.

To date, just under 6% of customers have responded and provided a Standard Financial Statement (SFS) to allow Pepper to assess their affordability. We would encourage any of our customers who

find themselves with affordability issues to engage with our team and send us an SFS for assessment and our team will explore potential options and solutions for their individual circumstances.

**Pepper Customer Support Helpline:**

We continue to engage with our customers via the Pepper customer support Helpline for interest rate queries and the rising cost of living. In that time, we have engaged with hundreds of customers daily, assisting them with general queries they may have on interest rates and where they are concerned about making payments, working with those customers to put a solution in place that addresses their unique and individual circumstances.

**Broad range of temporary solutions for customers who seek help:**

For customers in financial difficulty, we are here to help so please contact us. We offer a broad range of temporary and longer-term solutions including interest only payments, term extensions, arrears capitalisations, fixed reduced monthly repayments and interest rate discounts, both for short term and extended periods.

All solutions are offered based on affordability and an assessment of each customers' individual circumstances as set out in their Standard Financial Statement which is assessed in accordance with the Central Bank's Code of Conduct for Mortgage Arrears 2013.

Pepper is not a mortgage lender and therefore we cannot offer fixed-rate mortgage products to customers. However, if customers are not in a position to switch to a new mortgage lender, we have many other proven solutions to help customers with affordability issues.

Should customers have any questions on the above or are concerned about the recent increases in mortgage rates they should contact our Helpline 0818 828 828, which is available on our website along with frequently asked questions and answers (<https://www.peppergroup.ie>)

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