



# Pepper: Your global expert servicer

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# About us

An overview of Pepper's capabilities



# What we do

		AUM	% INCOME
	<b>Lending</b>		
	<b>Residential Mortgages</b> Prime, near prime and non conforming	<b>\$11.9b</b>	<b>63%</b>
	<b>Small ticket Commercial Real Estate</b>		
	<b>Consumer Lending</b> <ul style="list-style-type: none"><li>• Auto and Equipment Finance</li><li>• Point-of-Sale Finance</li><li>• Personal Loans</li><li>• Credit Cards</li></ul>		
	<b>Asset Servicing</b>		
	<b>Management and administration of loans</b> <ul style="list-style-type: none"><li>• Own Originated</li><li>• Third Party (other banks and financial institutions)</li><li>• Performing and Non-Performing Loans</li><li>• Residential, Commercial and Consumer Loans</li></ul>	<b>\$48.0b</b>	<b>31%</b>
	<b>Advisory</b>		
	<b>Occupier Advisory and Capital Solutions</b> Increasing Global reach driving CRE opportunities into Servicing and Lending business units	<b>N/A</b>	<b>5%</b>

## About us

# Where we operate

<b>Ireland / UK</b> Est 2012 / 2013	Residential mortgages Asset servicing
<b>Spain</b> Est 2013	Residential mortgages Personal loans Auto finance
<b>South Korea</b> Est 2013	Point of sale finance Personal loans Asset servicing
<b>China &amp; Hong Kong*</b> Est 2014	Personal loans Credit cards
<b>Australia &amp; NZ</b> Est 2001	Residential mortgages Auto & equipment finance Asset servicing
<b>Emerging markets</b> Italy, Cyprus, Portugal, Greece	Consumer finance Auto and equipment finance Asset servicing



# Third party servicing

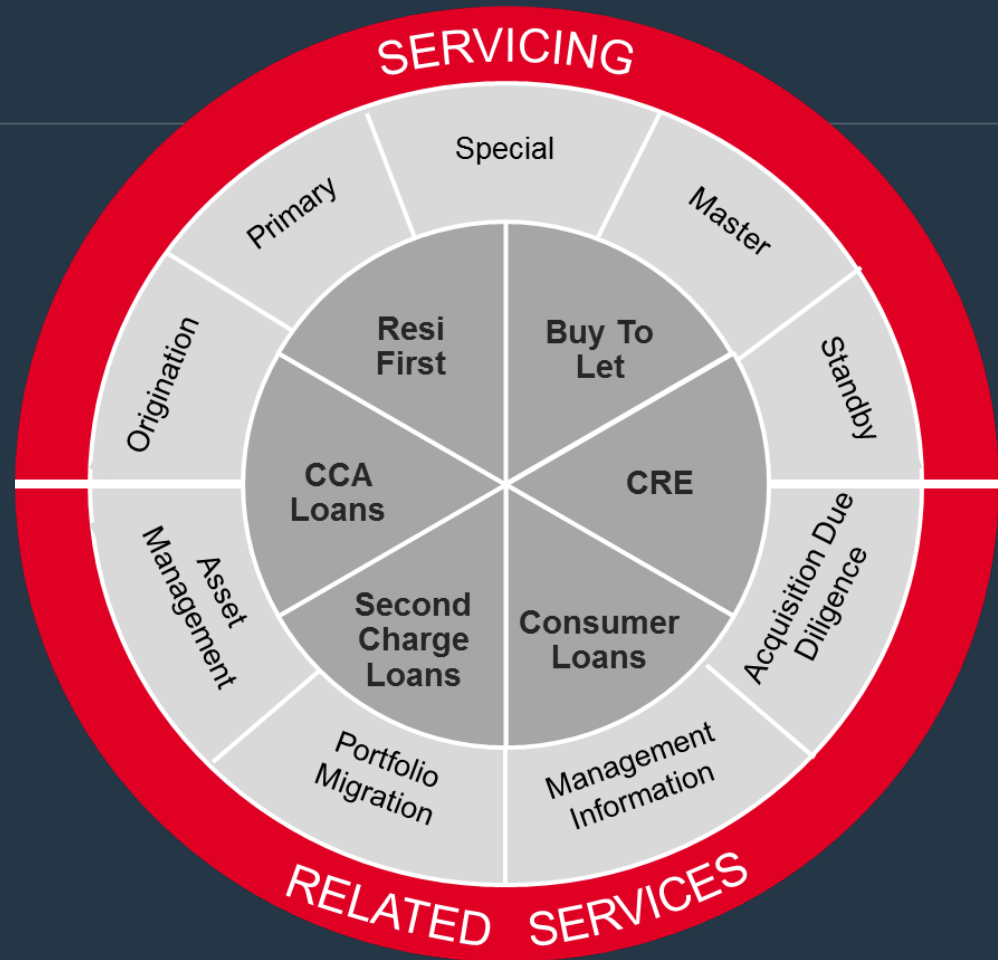
An overview of Pepper's capabilities



Third party servicing

# Fundamentals

Pepper is a specialist loan servicer that manages its own-originated and third party originated loan books across a broad range of real estate and consumer loan assets.



Third party servicing

# S&P's servicer ranking

OUR RANKING

# Strong



Pepper has maintained a 'Strong' Residential Loan Servicer rating since January 2012



Most recently affirmed on 27<sup>th</sup> June 2018



We are included on S&P's Global Select Servicer List

## Opinion

Rankings: **STRONG**

The STRONG subprime and prime residential loan servicer rankings on Pepper Group (Australia Pty Ltd.) reflect its continued solid servicing quality and key servicer strengths.

- Well-established position as a primary servicer of nonconforming/subprime residential loans. Given the degree of industry knowledge and proficiency in the Australian servicing market, which is relatively limited, we believe the company has leveraged its nonconforming/subprime residential loan servicing operations to build prime loan-servicing operations comparable to its nonconforming/subprime residential loan servicing operations.
- Experienced senior management team that leads a well-qualified and skilled workforce.
- Solid loan-processing and servicing infrastructure, which provides Pepper with a competitive edge to loan origination, servicing, and management.
- Robust internal audit framework and quality assurance program.

**STANDARD  
& POOR'S**



Third party servicing

# Our clients around the world



## Third party servicing

# Regulatory & ratings oversight



\* Pepper acquisition of Banco Primus announced in August 2017, subject to Bank of Portugal approval

^ Pepper contracted to Bank of Cyprus to manage a portfolio of non performing loans

# Newly formed business offering third party servicing in November 2017

		REGULATORY BODIES	RATING AGENCIES
<b>Oceania</b>	<b>Australia</b>	Australian Securities & Investment Commission	S&P Global Ratings – Master Servicer Fitch Ratings – Master Servicer
<b>Asia</b>	<b>South Korea</b>	Financial Services Commission	N/A
	<b>Hong Kong</b>	Hong Kong Monetary Authority Hong Kong Police	Fitch Ratings – Servicer
	<b>China</b>	People’s Bank of China China Banking Regulatory Commission	N/A
<b>Europe</b>	<b>United Kingdom</b>	Financial Conduct Authority Prudential Regulatory Authority	S&P Global Ratings – Primary Servicer S&P Global Ratings – Special Servicer
	<b>Ireland</b>	Central Bank of Ireland The Financial Regulator	S&P Global Ratings – Primary Servicer S&P Global Ratings – Special Servicer
	<b>Spain</b>	Banco de Espana	N/A
	<b>Italy<sup>#</sup></b>	Commissione Nazionale per le Società e la Borsa	N/A
<b>Emerging markets</b>	<b>Portugal<sup>*</sup></b>	Bank of Portugal	DBRS Ratings – Master Servicer
	<b>Cyprus<sup>^</sup></b>	Central Bank of Cyprus	N/A
	<b>Greece<sup>^</sup></b>	Bank of Greece	N/A

# Why Pepper?

Our service offering in Australia



Why Pepper?

# An overview of our capabilities



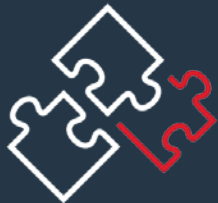
Global servicer with a lender's mindset



Proven track record of enhancing returns and managing multiple servicing contracts



Experience and infrastructure to service multiple product classes



Modular services approach to meet your specific needs



Apply the highest standards of corporate governance to our portfolios



We treat borrowers on a case by case basis ensuring the best solution for them

## Why Pepper?

# Services

WE SUPPORT FULL END-TO-END SERVICING OR TAILOR MADE SOLUTIONS

<b>Origination</b>	Application Processing	Credit Review	Credit Approval			
<b>Settlement</b>	Security Documentation	Non-legal conditions	Certification			
	Instructions	Legal conditions	Settlement			
<b>Servicing</b>	Arrears Management	Transaction Processing	Variations	Special Servicing	Broker back book management	Complaints Management
	Account Administration	Finance Processing	Collections	Reporting and Analytics	Customer Service	Hardship
<b>Transactional Service</b>	Back-up Servicing	Custody				
	Trust Management					
<b>Other Capabilities</b>	Customer Portal					
	B2B Marketing					

White Label

Why Pepper?

# Australian case studies



## Large onboarding with flexible features

We boarded a significant portfolio of mature loans for customers with a range of flexible product features



## Non-performing portfolio

Our collections management capabilities ensured a significant reduction in arrears following acquisition and servicing by Pepper



## White label servicing

We worked closely with our partner to provide a scalable platform and deliver a white label service to their rapidly expanding customer base.

# A deep dive into our processes



Our processes

# Underwriting expertise

Pepper's credit and underwriting capability is underpinned by technical know-how and ongoing training and QA.



## Underwriting Expertise

- Minimum 2 years loan underwriting experience.
- Minimum 3 – 6 month internal training programme.
- Certificate IV - Credit Management.
- In-house training is provided in respect to alternative income verification (Alt Doc) loan products.

## Bespoke Behavioural Scoring Models

- Ability to assess correlations between individual borrower characteristics.
- Access to bespoke behavioural scoring models (based on historical pool performance).
- Each loan application is individually underwritten.

## Quality Assurance (QA)

- Monthly QA procedures are performed on each underwriter, reviewing the number of loan applications assessed during that month, the percentage of loan approvals to declines, and arrears/ realised losses incurred post-settlement on loans approved by the relevant underwriter.
- We monitor the number of calls and type of calls received within the department to better meet the needs of our customers



Our processes

# Fraud prevention expertise

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



- ✓ Fraud checks on applicants against an industry fraud database
- ✓ Access to a network of finance institutions to assist in fraud investigations and document authentication
- ✓ Random Addressing Tool (“RAT”) providing barcode verification on Bank Statements
- ✓ Use of VALEX
- ✓ ABN check
- ✓ Self-Employment check
- ✓ Fraud detection is part of the Credit Assessors training program

Our processes

# Focus on customer service

Pepper has a specialised customer service team that are equipped to manage omni-channel integrations.



## Customer Service Performance

Achieves superb performance and is measured through their productivity, grade of service, abandonment rate and net promoter score results.

## Managing to key outcomes

- Maximise retention opportunities understanding the balance between excellent customer service and a growing portfolio
- Manage requests inclusive of loan variations, amendments and more.
- Additional specialised team to provide premium level of service

## Tailoring the service to your brand

Pepper's customer service team ensures they apply the tone and approach required by each of our clients and are adequately equipped to ensure are clients brands are well represented.

Our processes

# Hardship assistance

Pepper's approach sees a significant number of customers able to recover and resume payments.



Policy adheres to the National Consumer Credit Protection Act 2009 (NCCP)

Ensures all customers are treated equally, fairly, respectfully and are given the opportunity to participate in the process

A proactive process

Assists customers who may be experiencing hardship wherever possible:

- Resume their obligations
- Provide temporary relief while a more permanent resolution is reached

Our processes

# Arrears management

Pepper believes the frequency of contact and the quality of interactions are key to reducing and reversing arrears.



## Early detection and quick response times

- Customers allocated to a single loans specialist when account goes into arrears
- Telephone contact is maintained throughout entire collections life-cycle
- Regular follow up until customer is cured or underlying security is taken into possession

## Integrated Collections Management (ICM) System

- Advanced queue management capability allocates work to agents and tracks all activity
- Collection targets are established and monitored daily
- Team and portfolio performance continuously measured against established benchmarks

## Continuous feedback loops

Credit and Collections teams work together to identify trends in pool performance that can be fed back into product architecture and underwriting criteria

Our processes

# Ongoing focus on quality & standards

There is **structured roll-out plans** for any changes including regulatory changes, system, product or process change

**Regular coaching programmes** are put in place between each team leader and team member focussing on performance management and personal development

## Quality & Standards Program

A structured onboarding and role specific **training program**

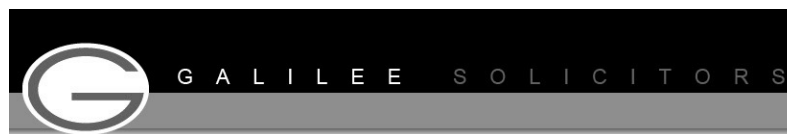
Regular **ongoing compliance modules** are run in both a classroom and an e-learning format

A front line **quality assurance program**

Our processes

# Supported by strong industry partners

All service providers go through a rigorous vetting process prior to joining our panel and are monitored for performance.



# Servicing platforms

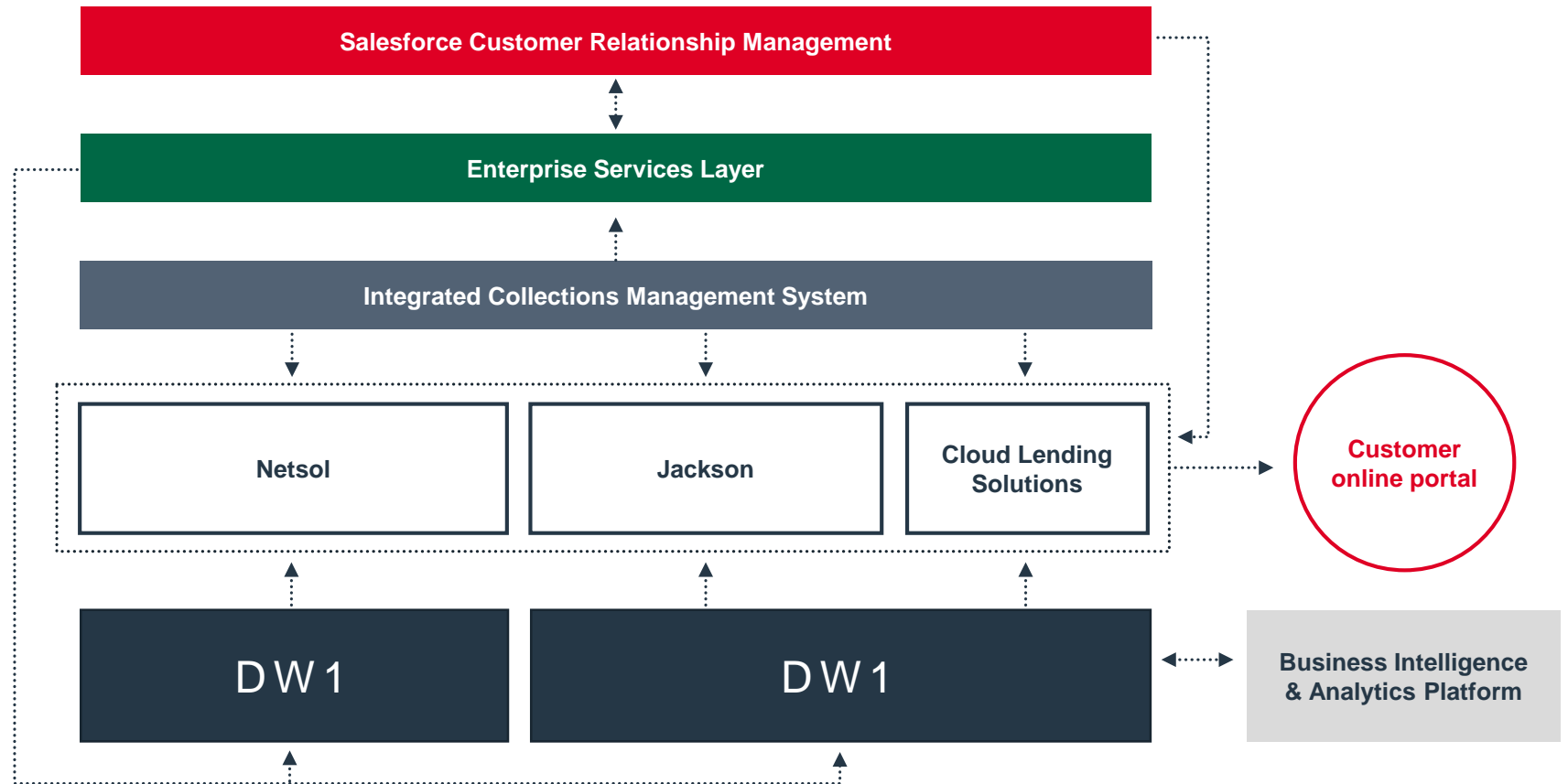
Overview of Pepper's technology platforms.



## Servicing platforms

# Enterprise grade technology

Pepper's platform comprises a combination of specialised product systems underpinned by an enterprise data warehouse and feeds into the Pepper CRM via an enterprise service bus.





# Integrated collections management system

The collections system provides:



## Strong compliance

ASIC debt collection guidelines, defines how many customer contacts are reasonable and specific time periods for collection notices. Automated controls are built into the platform.



## Workflow management

We are able to allocate work appropriately and redistribute the workload if staff are absent, on leave and or have capacity.



## Meaningful reporting

Reporting on individual / team productivity and call quality will ensure greater consistency, professionalism and allows us to identify and solve systemic issues faster.



## Improved effectiveness

Effective collections management through a more structured and data-driven fact-based approach which will allow Team Leaders to identify and prioritise training / performance needs of staff.



## A variety of contact methods

SMS, email, letters and telephony methods are all built into the platform.



## Greater productivity

Through the Dialler capability and automated communications.

## Servicing platforms

# Multiple asset classes

Pepper's technology platform has the ability to originate secured and unsecured consumer and commercial products.

The products available include but are not limited to:



**Mortgages (including reverse mortgages)**



**Consumer & commercial asset finance**



**Personal loans**



**Commercial real estate**

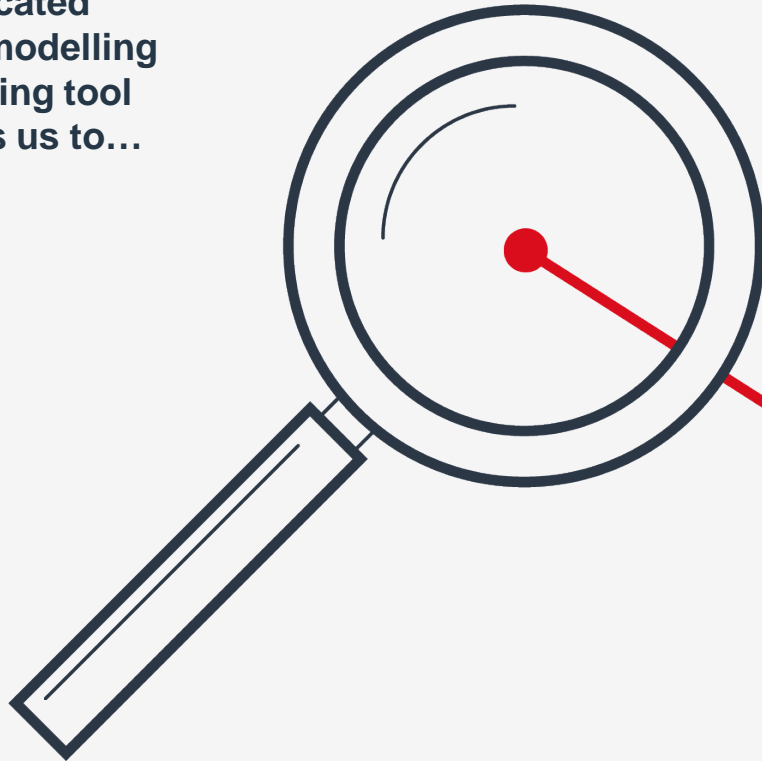


**Large ticket commercial development**

**All our products have a large suite of features that would be expected by customers. These include an online loan portal, debit cards and many more.**

# Business intelligence and analytics

A sophisticated analysis, modelling and reporting tool that allows us to...



**Easily customise** reports on the performance of the business.

**Respond quickly** and safely to market changes and opportunities.

**Model** what if scenarios.

**Analyse return** for risk across credit risk tiers, asset types/age, introducers, products and many other variables.

**Be nimble** and to obtain unique market insights – a key competitive advantage.

# Next steps



# Recap on our strengths

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## AN OVERVIEW OF PEPPER'S CAPABILITIES

### Our experience

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Our team is vastly experienced across five international markets.

We've grown our servicing portfolio in excess of \$40bn

### Our approach

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Pepper applies its lender's mind-set to its loan servicing activities to deliver strong customer management and collections outcomes

### Our technology

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We combine an off the shelf loan accounting platform with our own in house systems to provide a leading edge origination, servicing, reporting and CRM capability

# Next steps

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1

## Scope

Undertake a review of your business needs and requirements to determine scope.



2

## Preliminary servicing plan

Outline a plan and pricing model that is tailored to your business needs

# Contacts

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**Mario Rehayem**  
Chief Executive Officer  
(Australia)

**M** +61 421 737 737  
**E** mario@pepper.com.au



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**Matthew Tinker**  
Head of Collections, Solutions  
& Third Party Servicing

**M** +61 404 479 944  
**E** mtinker@pepper.com.au



The logo for Pepper, featuring the word "pepper" in a lowercase, rounded, sans-serif font. The letter 'p' is white with a green shadow or outline, while the remaining letters 'e', 'p', 'p', 'e', 'r' are solid white. The logo is centered within a thin white rectangular border on a red background.

pepper

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