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## Strong lending originations underpin Pepper Group's first quarterly AUM figures

Pepper Group Limited (ASX:PEP) advises that its' Assets Under Management (AUM) as at 31 March 2016 were \$44.4 billion. This represents a 2.53% decrease on Pepper's 31 December 2015 disclosure.

Strong growth in Pepper's lending activities was masked by unfavourable foreign exchange movements during the period.

Total AUM comprised \$6 billion in lending assets and a servicing portfolio of \$38.4 billion.

The strong performance in lending was driven primarily by the Australian mortgage lending business along with record monthly originations in the Pepper Asset Finance business. Loan originations for the quarter were \$1,056.3 million, which is more than double the originations achieved in the same quarter the previous year.

Third party servicing AUM remained stable, in line with minimal tender activity industry-wide in Pepper's servicing markets. The previously announced \$400 million Whole Loan Sale and ~\$8.3 billion<sup>1</sup> Lloyds Banking Group contract in Ireland will markedly increase third party servicing AUM in the 2<sup>nd</sup> quarter.

Pepper's Australian 90 day mortgage arrears performance for the quarter remained strong at 1.62%. This is a pleasing outcome considering the typically seasonal increase in arrears performance at this time of year. This performance is based on its portfolio of Australian Pepper originated prime and non-conforming mortgages.

This is the first time Pepper has released quarterly AUM and arrears data since listing in July 2015.

The company intends to release this data on a quarterly basis in future.

### AUM Analysis

| \$ millions               | As at<br>31 December 2015 | As at<br>31 March 2016              | % change |
|---------------------------|---------------------------|-------------------------------------|----------|
| AUM                       | \$45,538.2                | \$44,385.0                          | -2.53%   |
| Servicing AUM             | \$39,926.0                | \$38,376.8                          | -3.88%   |
| Lending AUM               | \$5,612.2                 | \$6,008.2                           | +7.06%   |
| Loan Originations         | \$3,255.8<br>(full year)  | \$1,056.3<br>(3 months to 31 March) | n/a      |
| 90+ days mortgage arrears | 1.35%                     | 1.62%                               | +0.27%   |

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<sup>1</sup> Approximately €5.6bn based on AUD:EUR exchange rate of 0.67 (as at 31 March 2016)