



International Personal Finance

4th Warsaw Stock Exchange International Companies Forum

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International Personal Finance

- Profitable growth business and strong track record
- Resilient business model
- Robust balance sheet and funding position
- Growth strategy building momentum





Profitable growth business and strong track record

Leading consumer credit provider

Poland	
2012 PBT	£54.9M
Q1 2013 customers	829,000
Established	1997

Czech-Slovakia	
2012 PBT	£27.1M
Q1 2013 customers	383,000
Established	1997/2001

Hungary	
2012 PBT	£12.5M
Q1 2013 customers	271,000
Established	2001

2.4M
customers

28,500
agents

6,330
employees

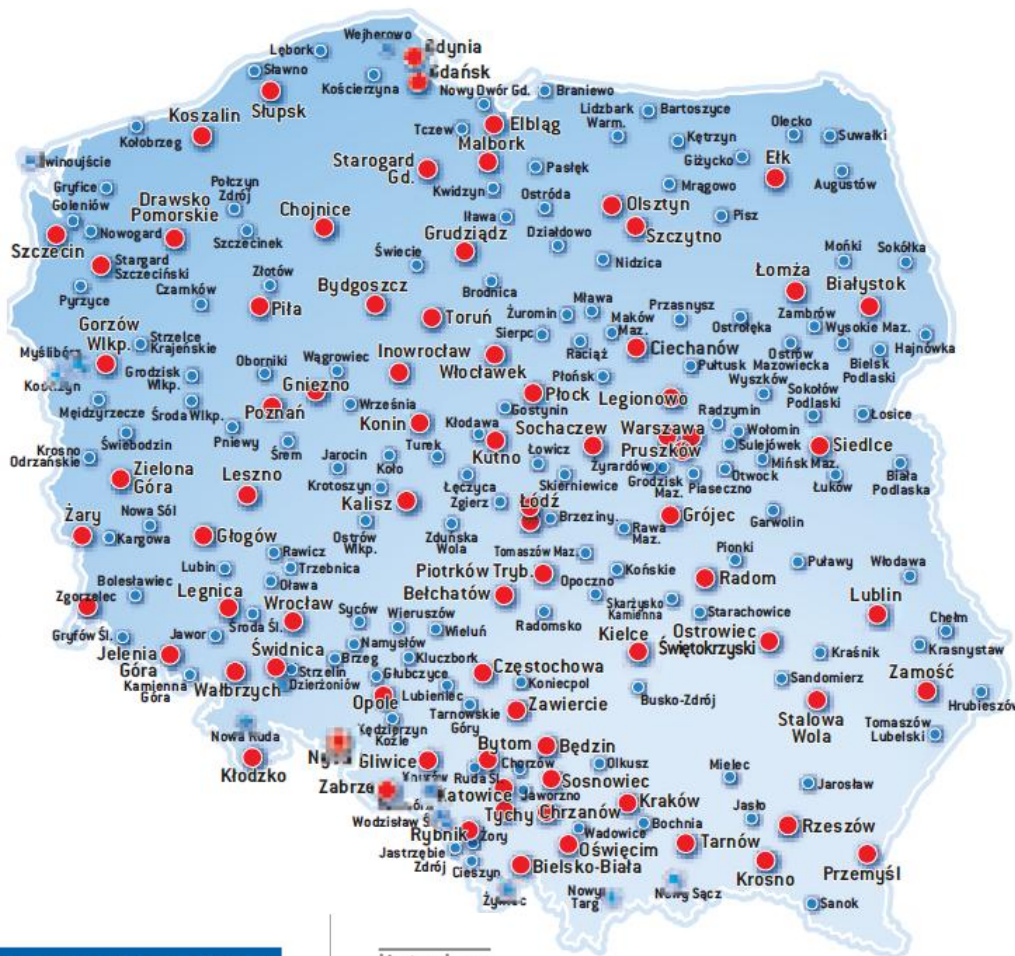
£95.1M
2012 PBT



Mexico	
2012 PBT	£9.2M
Q1 2013 customers	670,000
Established	2003

Romania	
2012 PBT	£4.5M
Q1 2013 customers	259,000
Established	2006

Our Polish business



- Provident Polska
58% PBT contribution in 2012
829,000 customers
79 branches
156 administration offices
- A major employer in Poland
2,300 employees
9,200 agents
- Employee loyalty
20% 10 years plus
61% 5 years plus
- Agent loyalty
40% 4 years plus

A valued and responsible business



Customer Friendly Company
2012 - Poland



Non-banking lender with most
ethical approach 2012 - Czech
Republic



Pearl of the Polish
Economy 2012 - Poland



FTSE4Good

Ranked amongst best scoring
financial services companies
for environmental and social
governance ratings



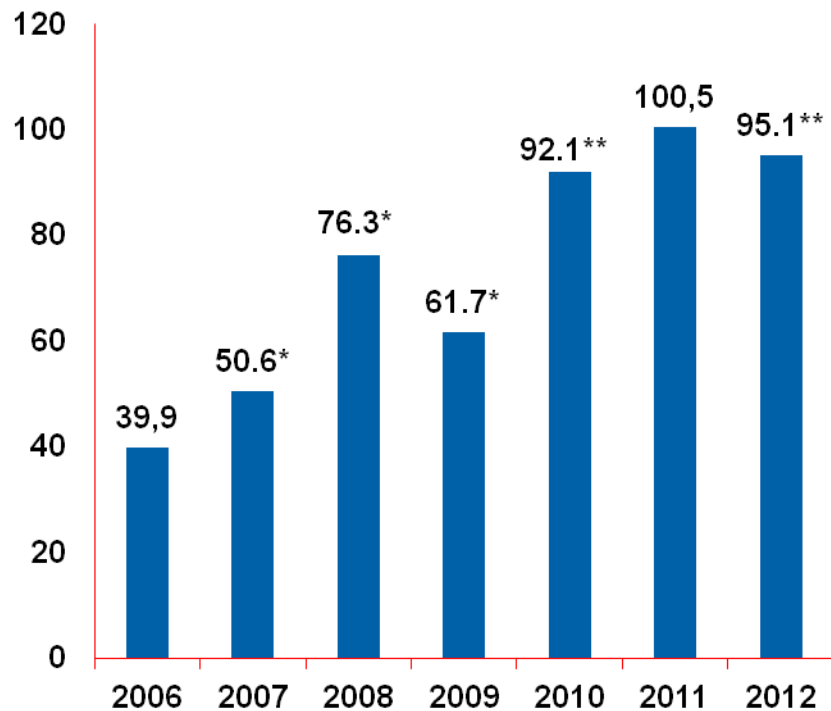
Top Employer 2013 - Poland



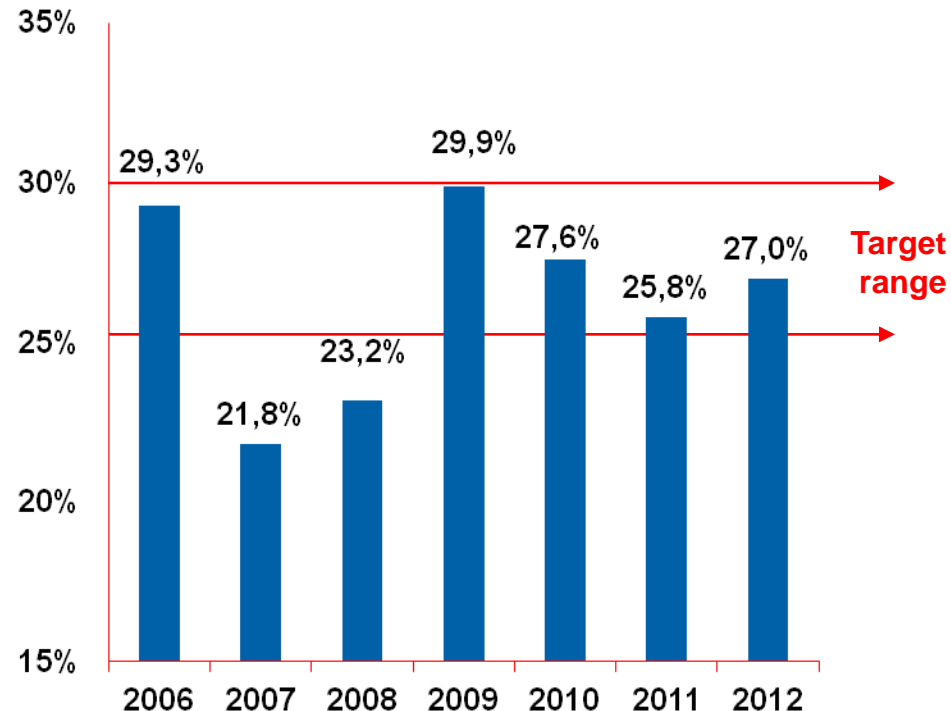
Best Workplace 2012 -
Hungary

Strong track record

Profit before tax (£M)



Impairment % revenue



* from continuing operations

** 2010 profit stated before exceptional charge of £3.9M. 2012 profit stated before exceptional restructuring charge of £4.8M

Good profit margins at maturity

Revenue	100%
Agents' commission	11 - 12%
Impairment	25 - 30%
Interest	6%
Direct expenses	30 - 35%
Profit margin	c.20 - 25%

Average loan size 2012	
Group	£291
Poland	£310
Czech-Slovakia	£452
Hungary	£306
Mexico	£179
Romania	£277



Q1 2013 performance highlights

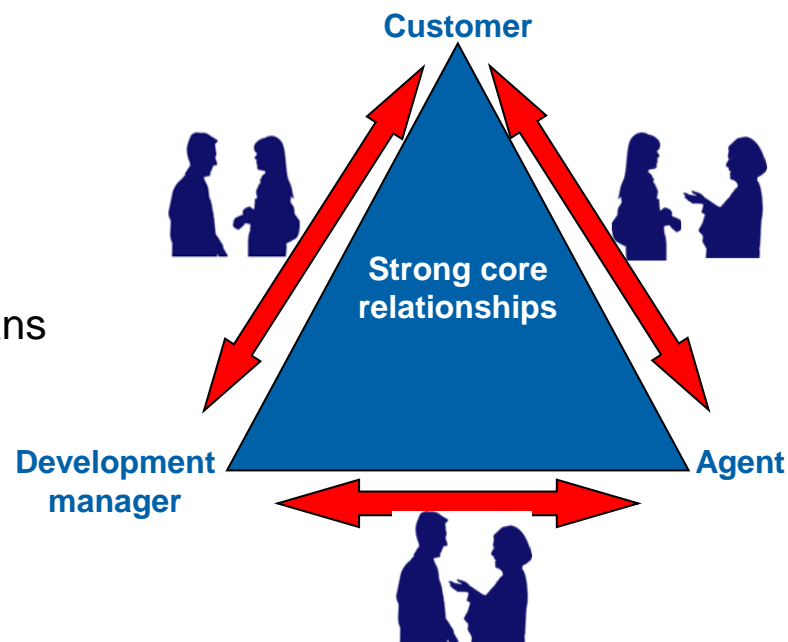
- Record Q1 profit and strong underlying profit growth
 - Profit before tax increased by 49% to £9.1M
 - Strong underlying profit growth of £5.1M before net impact of £1.3M benefit from stronger FX rates and £3.4M cost from higher ESRs
- Positive trading performance - continued good growth; robust collections performance; and on-going tight cost control
- Plans to launch operations in Bulgaria and Lithuania on track
- Inaugural seven-year retail bond issued: £70M raised with a fixed rate of 6.125%
- Successful secondary listing of IPF shares on Warsaw Stock Exchange



Resilient business model

Home credit business model

- Long-established, resilient and cash generative
- Small sum, short-term unsecured cash loans
- £50 - £1,000 loans repaid over c.12-14 months
- Loans repaid by money transfer or optional home collection service
- No default penalty charges on home collected loans
- Agents provide weekly face-to-face visits to customers in their homes
- Credit vetting in the home by agent, supported by application and behavioural scoring
- Low and grow lending strategy
- Well-recognised financial brand - national and regional advertising with internet growing in importance in marketing mix



Powerful credit management systems

Credit risk based around relationship between customer and agent, supported by application and behavioural scoring systems

Business Model

- Agents remunerated based on collections
- Lending based on disposable income not asset value
- No introductory offers

Agents

- Development of customer relationship
- Assessment of customer character, circumstances and capacity to pay

Systems

- Application scoring
- Behavioural scoring
- Centralised arrears management
- Prudent provisioning

Collections process

Field based collections

- Agent collects weekly
- Customers in arrears managed via a combination of:
 - letters
 - Development Manager visits
 - centralised telephone calls
- Process escalates as arrears increase

Write off

Debt recovery

- Central arrears management in all markets
- Balances recovered through:
 - letters
 - calls
 - collection agencies
 - court action
- Typically collect 10 - 20% of write off

Prudent provisioning methodology

Short-term loans and prudent provisioning means impairment charged to income statement quickly

Assessment	<ul style="list-style-type: none">• Weekly
Impairment charge	<ul style="list-style-type: none">• In the event of any missed payment or portion of a payment even if agent fails to call• No re-ageing of 'poor' payers
Impairment calculated	<ul style="list-style-type: none">• Using third party developed actuarial models to estimate amount and timing of future cash flows
Models	<ul style="list-style-type: none">• Systematic, with no management intervention• Separate for each product in each country
Provisions	<ul style="list-style-type: none">• Formally reviewed on a regular basis to ensure reflects current performance

Regulation

- Quoted UK plc on FTSE250 complying with all listing requirements
- Regulated as a financial enterprise in Hungary by the PSZAF (Hungarian Financial Supervisory Authority)
- Registered in the General Register of Non-banking Financial Institutions of the National Bank of Romania
- In all other markets operating under local consumer credit legislation
- Proactive approach to monitoring regulatory change and involvement in policy development
- Operate in rate cap environments (Poland 2006, Slovakia 2010, Hungary 2011)
- EU Consumer Credit Directive now implemented in all European markets
- Globally ranked in top 3 of FTSE4Good for environmental, social and corporate governance management

Robust balance sheet and funding position

Financial fundamentals

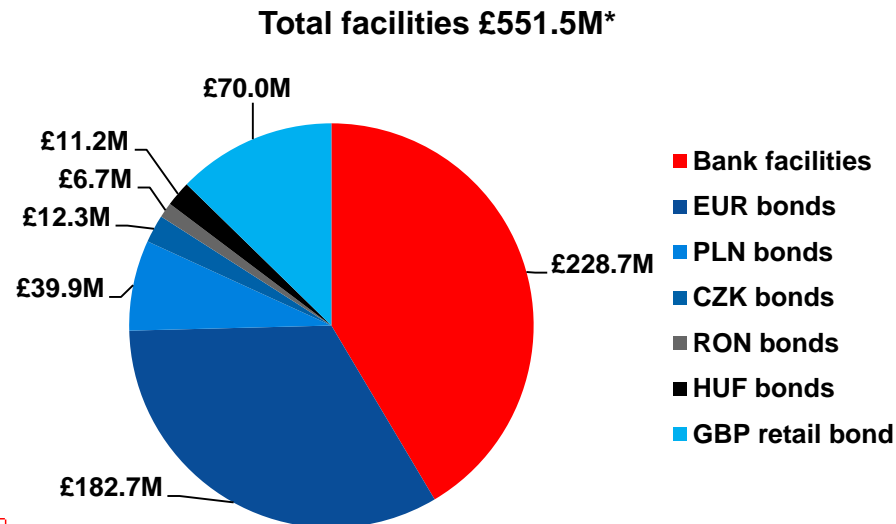
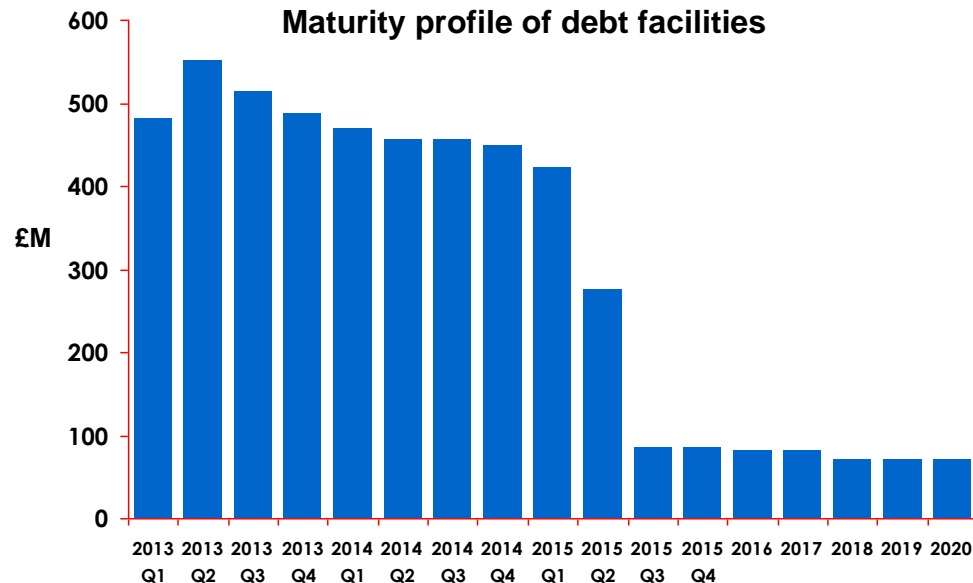
Strong cash flow and capital generation

	2009	2010	2011	2012
Gearing* (Covenant max. 3.75x)	1.2x	1.0x	0.9x	0.8x
Interest cover (Covenant min. 2.0x)	3.2x	3.8x	3.4x	3.3x
Equity to receivables (equivalent to a Tier 1 ratio)	49.4%	54.5%	58.5%	57.8%
Return on equity	17.6%	22.2%	22.7%	20.1%

* adjusted for derivatives and pension liabilities

Robust balance sheet and funding position

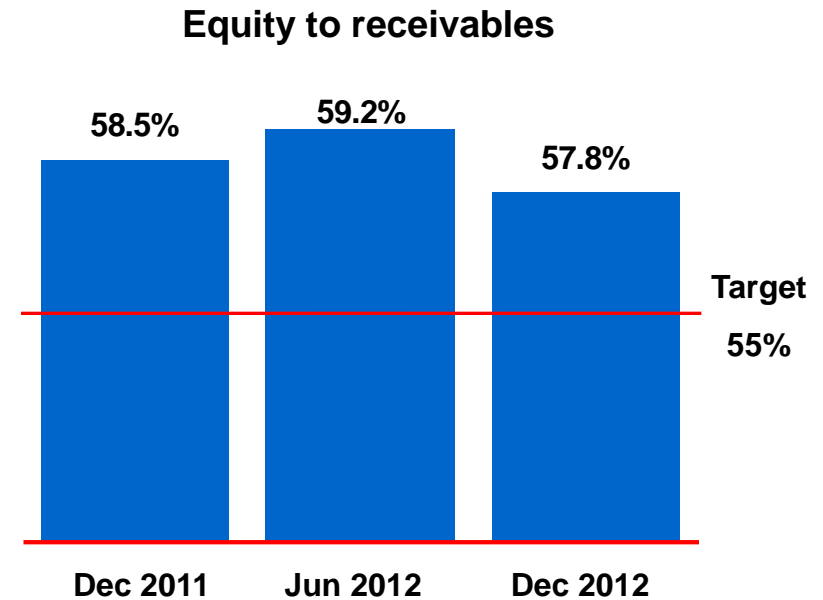
- We lend short, borrow long
- Significant headroom on bank facilities
- Further diversification of funding achieved – first retail bond completed successfully
- Local currency bond funding in all European markets
- Targeting further reductions in the cost of funding



*At 24 April 2013

Robust balance sheet and funding position

- Gearing low and stable at 0.8x
- £25M share buyback completed in 2012
- Equity represents 57.8% of receivables
- Capacity to invest in growth opportunities
- Progressive dividend policy





Growth strategy building momentum



Good growth prospects

Our strategy for growth

Expand footprint

Existing Countries
Organic / Acquisition

New Country
Greenfield / Acquisition

Improve customer engagement

Customer
Acquisition

Customer
Experience

Customer
Retention

Customer
Profitability

Develop sales culture

Recruitment &
Development

Reward &
Recognition

Marketing
Expertise

Execution

Clear Strategy
Aligned Goals

CM Functional
Leader
Partnership

Smart Central
Functions

IT Enabling &
Strong Credit
Control

Planned market entries in 2013

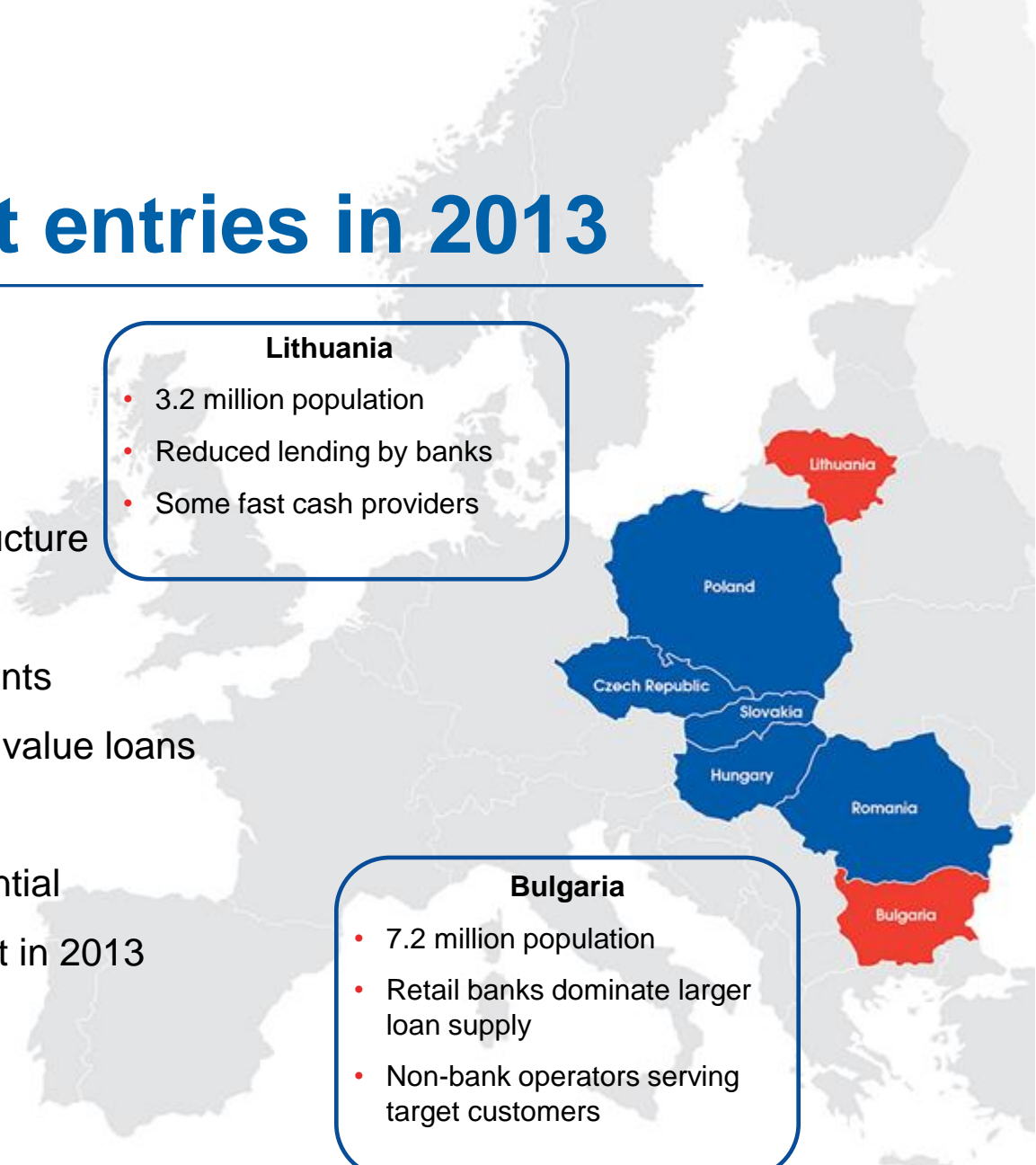
- Adjacent market strategy
 - Shorten J-curve
 - Leverage existing infrastructure
 - Reduce costs
- Favourable business environments
- Demand for shorter-term, lower value loans
- Positive economic prospects
- Controlled pilots to assess potential
- Expected £4M - £5M investment in 2013

Lithuania

- 3.2 million population
- Reduced lending by banks
- Some fast cash providers

Bulgaria

- 7.2 million population
- Retail banks dominate larger loan supply
- Non-bank operators serving target customers



New product development

Longer-term loans

- 90-week loan in Poland
 - 100-week loan in Czech Republic and Slovakia
 - Lowest risk customers
 - Customers qualify after 12 months
-

Preferential pricing

- Reduced interest rates for loyal customers
 - Rolled out in Slovakia, testing in Poland and Hungary
 - High-quality customers
 - Sales uplift on credit offers; lower yield but higher average issue values in Slovakia
-

Home insurance test

- Hungary – partnership with QBE Insurance (Europe) Ltd
- Agents selling and introducing insurance – qualification dependent.
- QBE handling collections of premiums and claims
- Commission paid by QBE on sale of insurance



Appendices

Group

Year ended 31 December 2012

	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	2,415	2,323	4.0
Credit issued	882.1	844.5	13.2
Average net receivables	588.3	575.5	11.2
Revenue (net of ESRs)	651.7	649.5	8.8
Impairment	(176.2)	(167.7)	(14.3)
Finance costs	(41.6)	(42.9)	(4.8)
Agents' commission	(74.9)	(72.9)	(11.3)
Other costs	(263.9)	(265.5)	(4.6)
Profit before taxation*	95.1	100.5	

* Excluding an exceptional restructuring charge of £4.8M

Poland

Year ended 31 December 2012

	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	821	791	3.8
Credit issued	326.6	318.6	11.0
Average net receivables	235.7	236.8	8.3
Revenue	268.8	273.2	6.8
Impairment	(79.5)	(83.2)	(4.6)
Finance costs	(17.4)	(18.2)	(2.4)
Agents' commission	(27.1)	(27.3)	(7.1)
Other costs	(89.9)	(81.9)	(11.3)
Profit before taxation	54.9	62.6	

Czech-Slovakia

Year ended 31 December 2012

	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	383	385	(0.5)
Credit issued	206.6	209.5	6.8
Average net receivables	145.3	148.3	6.4
Revenue	133.4	144.8	-
Impairment	(34.2)	(30.2)	(23.5)
Finance costs	(8.8)	(9.5)	4.3
Agents' commission	(14.8)	(15.2)	(5.7)
Other costs	(48.5)	(55.4)	4.3
Profit before taxation	27.1	34.5	

Hungary

Year ended 31 December 2012

	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	268	244	9.8
Credit issued	114.2	104.3	20.7
Average net receivables	76.6	71.6	18.8
Revenue	78.2	74.2	16.9
Impairment	(11.9)	(9.0)	(46.9)
Finance costs	(6.3)	(6.0)	(21.2)
Agents' commission	(13.4)	(13.3)	(11.7)
Other costs	(34.1)	(35.0)	(4.6)
Profit before taxation	12.5	10.9	

Romania

Year ended 31 December 2012

	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	260	241	7.9
Credit issued	85.8	87.7	10.1
Average net receivables	52.0	51.1	14.5
Revenue	57.2	54.4	17.9
Impairment	(18.3)	(14.2)	(43.0)
Finance costs	(4.1)	(4.3)	(10.8)
Agents' commission	(5.6)	(5.5)	(14.3)
Other costs	(24.7)	(25.0)	(12.8)
Profit before taxation	4.5	5.4	

Mexico

Year ended 31 December 2012

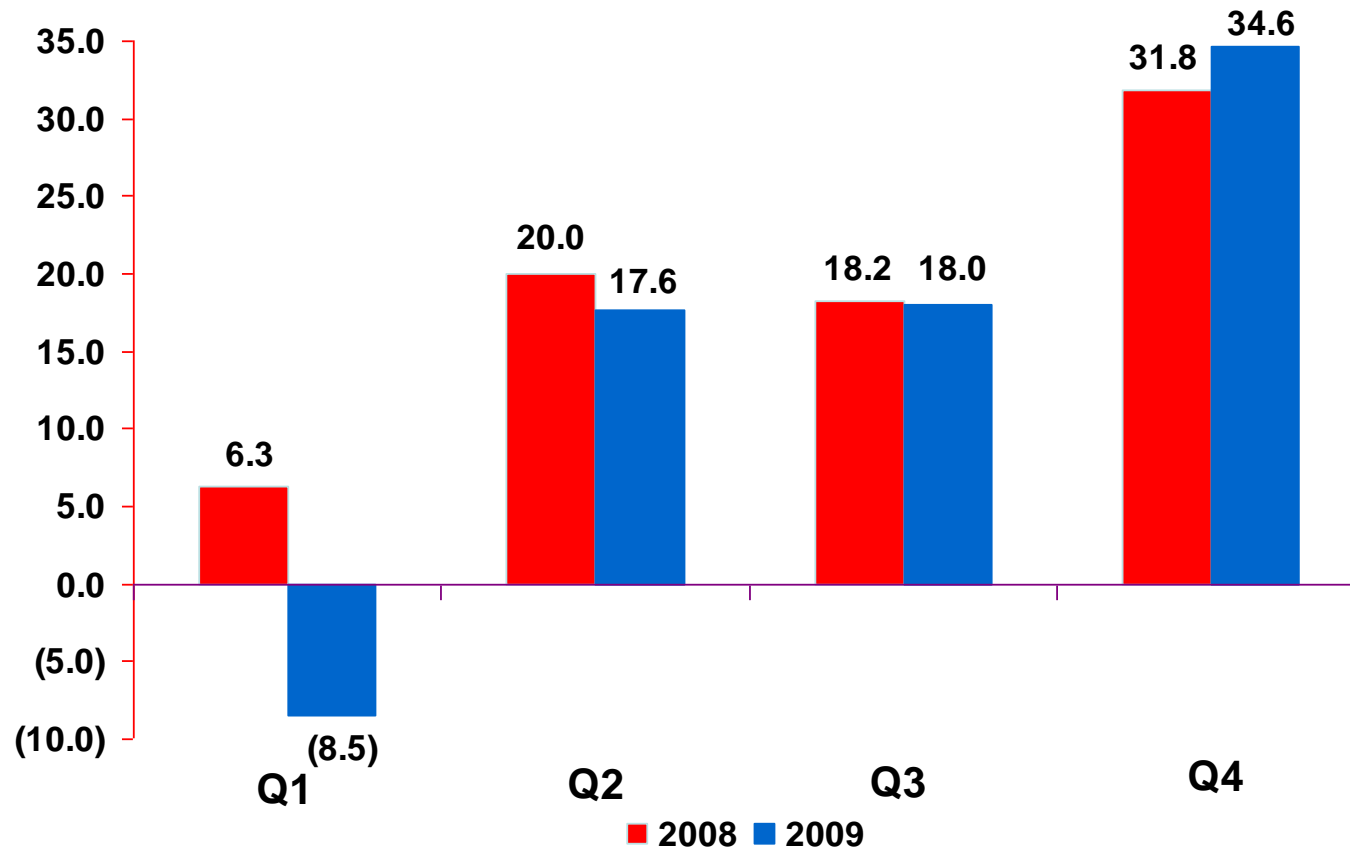
	2012 £M	2011 £M	Change at CER %
Customer numbers (000s)	683	662	3.2
Credit issued	148.9	124.4	25.1
Average net receivables	78.7	67.7	21.5
Revenue	114.1	102.9	15.7
Impairment	(32.3)	(31.1)	(9.1)
Finance costs	(5.0)	(4.9)	(8.7)
Agents' commission	(14.0)	(11.6)	(26.1)
Other costs	(53.6)	(51.0)	(8.9)
Profit before taxation	9.2	4.3	

Balance sheet

	Dec 2012 £M	Dec 2011 £M	Change at CER %
Fixed assets	31.5	34.2	(9.5)
Receivables	650.3	560.4	12.7
Cash	24.2	17.9	32.2
Borrowings	(310.8)	(276.5)	(9.9)
Other net liabilities	(19.4)	(8.3)	(145.6)
Equity	375.8	327.7	

Rapid recovery from recession

Profit before tax (£M)





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