

Performance against our strategy

Our strategy centres on delivering a positive customer experience and expanded product range in European home credit to enable these businesses to revert to delivering good levels of profitability and returns. These returns will be used to maintain our investment in improving the customer journey and operational efficiency while reinvigorating growth in Mexico home credit and IPF Digital. Our underlying strategy has not changed, but in light of the pandemic, we redefined our strategic goals to safeguard the business and develop firm foundations to return quickly to profitability and long-term growth.

Strategic Priorities	2020 Progress	2020 Challenges
Reinvesting in growth	IPF Digital <ul style="list-style-type: none"> • Rolled out mobile wallet in Latvia. • Significant reduction in costs. • Merged two digital businesses in Poland to create operational synergies. 	<ul style="list-style-type: none"> • Lower customer numbers, credit issued and collections due to Covid-19. • Tightening of rate cap in Finland resulted in decision to collect out receivables portfolio. • Significant rightsizing programme.
	Mexico home credit <ul style="list-style-type: none"> • Operational actions taken in 2019 delivered improved collections and credit quality in Q1 2020. • Progressed digitisation of operations: <ul style="list-style-type: none"> • MyProvi agent mobile app pilot completed. • 8,000 colleagues using MyNews communications app. • Covid-19 lessons learned in Europe guided pre-emptive action in Mexico. • Significant reduction in costs. • Improving collections and credit issued in H2 2020 providing foundation for growth. 	<ul style="list-style-type: none"> • Lower customer numbers, credit issued and collections due to Covid-19. • Significant rightsizing programme. • Four weaker-performing branches closed.
Generating returns	European home credit <ul style="list-style-type: none"> • Good performance and continued portfolio quality delivered in Q1 2020. • Further progressed digitisation of operations: <ul style="list-style-type: none"> • Roll out of MyProvi sales and collections app completed. • MyNews communications app being used by all agents. • Launched digital offering in Czech Republic. • Significant reduction in costs. • Improving collections and credit issued in H2 2020 providing foundation for growth. 	<ul style="list-style-type: none"> • Lower customer numbers, credit issued and collections due to Covid-19. • Temporary rate caps and debt repayment moratoria reduced economic returns • Significant rightsizing programme.

Our strategic enablers

Focus on our front line

Utilise our internal talent

► Read more on our 2020 Key performance indicators on pages 24-25



Challenges and risks relating to Covid-19 impacts on the business

Strategic KPIs achieved in 2020

2021 Focus

223,000

Customers

-55%

Year-on-year credit issued

-26%

Year-on-year revenue

44.2%

Impairment % revenue

50.1%

Cost-income ratio

-£6.0m

Loss before tax

Significant long-term growth opportunity

- Rebuild receivables portfolio and accelerate new customer growth.
- Improve credit quality.
- Maintain lean cost base as regrow by improving efficiency.
- Prove mobile wallet in Latvia.
- Deliver Finland collect-out plan.

599,000

Customers

-40%

Year-on-year credit issued

-29%

Year-on-year revenue

33.7%

Impairment % revenue

45.6%

Cost-income ratio

£3.5m

Profit before tax

Deliver well-controlled steady growth

- Increase credit issued and new customer growth.
- Further improve collections performance.
- Roll out collections functionality in MyProvi agent mobile app.
- Focus on branch profitability and rigorous cost management.
- Revitalise Negocio micro-business lending model.

860,000

Customers

-35%

Year-on-year credit issued

-18%

Year-on-year revenue

36.4%

Impairment % revenue

44.2%

Cost-income ratio

-£13.6m

Loss before tax

Grow the receivables portfolio

- Increase credit issued and re-serve customers post temporary Covid-19 moratoria and rate caps.
- Retain robust collections and maintain good credit quality.
- Maintain strong cost control.
- Prove digital offering in Czech Republic.
- Implement hybrid model in all markets.

Protect the model from adverse regulation

Optimise through technology and data

► Read more in our Operational review pages 26-31