PFG

FY'20 Results

Provident Financial Group

10 May, 2021

Today's presentation

Highlights and Overview
Malcolm Le May

Financial Review
Neeraj Kapur

Strategy and Outlook
Malcolm Le May

Questions
Appendix
Contacts


Malcolm Le May, CEO


Neeraj Kapur, CFO

Highlights and Overview

Malcolm Le May
Chief Executive Officer

Highlights and Overview

- The Group responded effectively to the challenges of Covid-19, enabling it to continue supporting its customers
- Group adjusted profit before tax and impairment for FY'20 was £313m (FY'19: £497m)
- Group adjusted loss before tax for FY'20 was £47m (FY'19: adj. PBT of £153m)
- Vanquis Bank and Moneybarn remained profitable for 2020 as a whole
- Scheme of Arrangement for CCD launched in March with the first Court hearing in April allowing the Scheme's creditors to meet and begin voting
- The conclusion of the operational review of CCD is that the Group has decided to withdraw from the home credit market
- The Group will adopt a product-based view of its portfolio going forward, serving the needs of our customers with a range of products, i.e. credit cards, vehicle finance and unsecured personal loans.

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Capital headroom above TCR & combined buffers

£264m

CET1 Ratio

34.2%

Total liquidity at the Group

£1.0bn

Customer receivables

£1.8bn

Product Snapshot

Primary Products	Brands	Est. market size FY'20[1]	FY'20 Loan book	FY'20 Customer numbers	FY'20 Revenue yield	FY'20 Cost of funds	FY'20 Net interest margin	FY'20 ROE/ROA
Sub/Near Prime Credit cards	VANQUIS	£4.6bn (Debt outstanding)	£1.1bn (FY'19: £1.5bn)	1,667k (FY'19: 1,720k)	39.0% (FY'19: 39.8%)	2.8% (FY'19: 2.2%)	36.2% (FY'19: 37.6%)	ROE 8.9% (FY'19: 32.9%)
Unsecured Personal Loans	VANQUIS	£1.6bn (debt outstanding)						
Sub/Near Prime Vehicle Finance	moneybarn Vehicle Finance	£4.7bn (Credit issued)	£567m (FY'19: £489m)	91k (FY'19: 77k)	25.1% (FY'19: 25.1%)	4.6% (FY'19: 6.0%)	20.5% (FY'19: 19.2%)	ROA 5.4% (FY'19: 8.4%)

Discontinued in FY'21

Primary Products	Brands	Est. market size FY'20[1]	FY'20 Loan book	FY'20 Customer numbers	FY'20 Revenue yield	FY'20 Cost of funds	FY'20 Net interest margin	FY'20 ROE/ROA
Home Credit	Provident	£0.6bn (Credit issued)	£139m (FY'19: £249m)	311k (FY'19: 522k)	115.9% (FY'19: 119.5%)	6.2% (FY'19: 3.9%)	109.7% (FY'19: 115.5%)	ROA (31.5%) (FY'19: (3.6%))
Short Term Loan	Provident	£0.2bn (Credit issued)						

[1] PFG analysis of TransUnion data. Credit cards and vehicle finance market stats are based on specifically on the non-prime segment of the market.

Credit Cards – Vanquis Bank

- Vanquis Bank reported adjusted profit before tax for FY'20 of £38.0m (FY'19: £173.5m) despite challenges of Covid-19
- Vanquis Bank's liquidity at the end of December was c.£800m; PRA VREQ removed allowing dividends to the Group to resume
- Receivables declined by c.25% year-on-year driven by reduced customer bookings, a fall in customer expenditure and increased impairment
- During Q1'21:
  - Core delinquency trends remained favourable and the take-up of payment holidays continued to be low
  - Customer spending improved as the UK moved out of lockdown restrictions; spend patterns in early April comparable to 2019 levels
  - New customer bookings were lower than the previous year by approximately 30%
  - Receivables balances at the end of Q1'21 stood at c.£1bn

VANQUIS

Credit card receivables as at December

£1,075m

Payment holiday take-up as at December

c.0.5%

Total liquidity held at Vanquis Bank

£800m

Market Share[1]

c.25%

[1] Based on PFG analysis of TransUnion data (debt outstanding). Market stats are based specifically on the non-prime segment.

Unsecured Personal Loans – Vanquis Bank

- We have an existing unsecured personal loan book within Vanquis Bank with a receivables book of £19m and c.18.5k customers
- The Group will build on its existing expertise in this segment to cater to a broader set of customers
- It will target the mid-term, mid-cost sector in keeping with the findings of the Woolard Review
- Significant opportunity to pursue in a market segment of c.£1.6bn[1]

VANQUIS

Personal loans receivables as at December

c.£19m

Customer numbers as at December

c.18,500

Unsecured personal loan market opportunity[1]

£1,572m

Market Share[1]

c.2%

[1] PFG analysis of TransUnion data for market sizing (debt outstanding). Personal loans stats are based specifically on the non-prime segment of the market.

Vehicle Finance - Moneybarn

- Moneybarn reported adjusted profit before tax for FY’20 of £10.9m (FY’19: restated £21.1m) despite challenges of Covid-19
- Moneybarn continued lending throughout 2020 and took market share as a result
- Record new lending during FY’20 of more than £300m for the first time helped drive receivables growth of c.16% year-on-year to £567m
- Lending to keyworkers accounted for c.38% of new business in FY’20
- During Q1’21:
    - Arrears trends continued to improve and the take-up of payment holidays remained relatively modest
    - Good levels of customer demand despite the lockdown restrictions
    - New business for the period was above that seen in Q1’20
    - Receivables balances at the end of Q1’21 were higher by c.4% at c.£585m, ahead of growth trends seen across the wider market

moneybarn Vehicle Finance

Customer receivables as at December

£567m

Payment holiday take-up as at December

c.1.3%

Lending to keyworkers of new business

c.38%

Market Share[1]

c.9%

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[1] PFG analysis of TransUnion data for market sizing (debt outstanding). Vehicle finance stats are based specifically on the non-prime segment of the market.

Consumer Credit Division

- Operational review of CCD launched in November 2020 which concluded that CCD needed to:
  - Address the issue of rising volumes of customer complaints
  - Evolve its offering to meet changing customer preferences
- Therefore, the Group launched a Scheme of Arrangement in March to cauterize its ongoing liability of complaints
- The Group has decided to withdraw from the home credit market and will place the business into a managed run-off if a buyer cannot be found
- During Q1'21:
  - Operational changes put in place last year continued to be successful; collections levels were ahead of internal plans
  - Significantly reduced levels of new business and relending
  - Receivables balances continued to fall and stood at c.£100m at the end of Q1'21

Provident

Credit issued in the home credit market, 2014 to 2020:

£1,365m ➡ £592m

Customer numbers in home credit market, 2012 to 2020:

1,052k ➡ 655k

Customer complaint redress in FY'201

£42m[1]

[1] Reflects cash paid to customers, not including balance reductions.

Collaborative approach to evolving regulation

- The Group's divisions collaborate on all regulatory developments to ensure best practice is implemented consistently
- The Group implemented FCA Covid-19 guidance, providing forbearance and tailored support for those customers who needed it
    - Moneybarn provided payment holidays to customers ahead of FCA guidance
- The Woolard Review, published in February 2021, indicates the direction of travel for the industry:
    - Encouraging alternatives to high-cost credit
    - Promoting better access to debt advice
    - Encourage credit unions to expand their offering
- Vanquis Bank adapted its practices early to Persistent Debt guidance
- For Moneybarn, the FCA has allowed vehicle repossession activity to recommence from February 2021 onwards
- In February 2021, CCD was informed by the FCA that it had opened an enforcement investigation focusing on the consideration of affordability and sustainability of lending to customers. There is no further update at this stage.

BANK OF ENGLAND
PRUDENTIAL REGULATION AUTHORITY

FCA FINANCIAL CONDUCT AUTHORITY

Summary

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- The operational changes made in H1'20 were effective meaning consistent support to our customers throughout
- The Group has launched a Scheme of Arrangement for CCD. First Court hearing in April was successful and allows creditors to begin voting on the Scheme
- Looking to the future:
  - Our credit card and vehicle finance product offerings remain well positioned as their addressable markets grow post-Covid
  - Focused on the objectives set out at our 2019 Capital Markets Day
  - We are exploring options for a 'mid-cost' unsecured personal loan product
- Macroeconomic uncertainty persists, as Government support schemes are tapered, but our balance sheet remains robust and the Group remains well capitalised and funded

Credit Cards
- Core card growth
- New card innovation and partnerships
- Cost and digital focus

Unsecured Personal Loans
- New product development
- Platform development
- Cost efficiency
- Regulatory focus

Vehicle Finance
- Platform investment
- Core market growth, distribution and digital development
- Near-prime market development
- Improved funding options

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- Capital efficiency
- Funding flexibility
- Cost improvements
- Organic growth & sector consolidation

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Financial Review

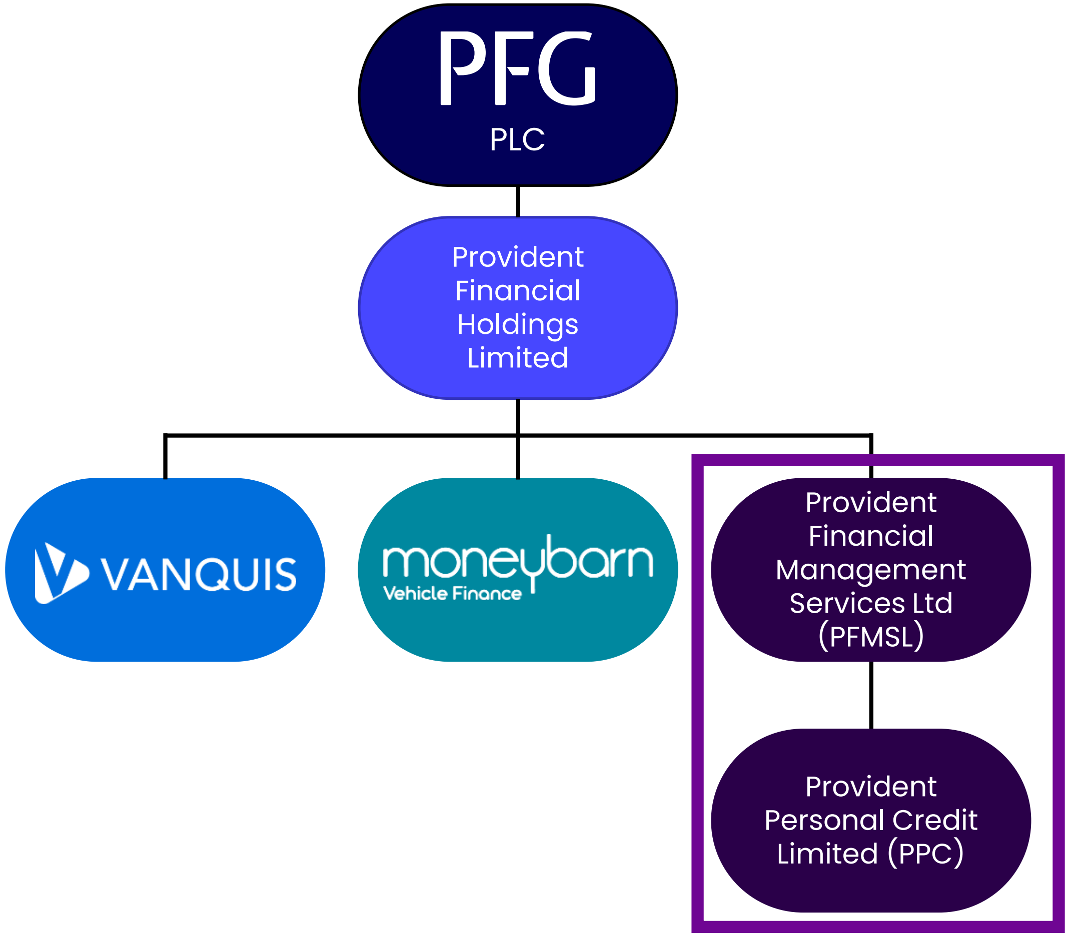
Neeraj Kapur
Chief Finance Officer

Summary financials

- Group adjusted profit before tax and impairment for FY'20 was £313m (FY'19: £497m)
- Group adjusted loss before tax for FY'20 was £47m (FY'19: adj. PBT of £153m)
- Vanquis Bank and Moneybarn remained profitable for 2020 as a whole
- Receivables decline driven by increased impairment as a result of Covid-19 but impairment reduced significantly in H2'20 vs. H1'20
- The Group continues to have sector leading capital and liquidity positions, including the benefit of a banking license within the Group
- Continue to focus on tight cost controls whilst selectively investing in the Group's digital footprint with a new Vanquis Bank customer app
- Coverage ratios across the Group remain extremely strong, reflecting our prudent approach to short-term uncertainty

	H2'20	H1'20
Net interest margin (£m)	327.6	408.7
Impairment charge (£m)	(118.3)	(241.8)
Risk-adjusted NIM (£m)	209.3	166.9
Adjusted LBT	(12.1)	(35.0)
Net receivables (£m)	1,800	1,864
Coverage ratio	34.7%	34.0%

Updated Group Structure



- The Group reorganised its corporate structure by incorporating a new intermediate holding company called Provident Financial Holdings Limited
- The new corporate structure establishes a buffer to protect the Group's balance sheet, reducing volatility risk in its reserves, benefitting debt and equity holders
- It is anticipated that the cost to the Group of a managed run-off or a sale will be up to £100m

Group results

	FY'20 £m	FY'19 £m	Change %
Adjusted profit before tax and impairment[3]	313.0	497.3	(37.1%)
Credit Cards (Vanquis Bank)[1]	38.0	173.5	(78.1%)
Vehicle Finance (Moneybarn)[2]	10.9	21.1	(48.3%)
Home Credit & HCSTC (CCD – discontinued in FY'21)	(74.9)	(20.8)	(260.1%)
Central costs	(21.1)	(21.0)	(0.5%)
Adjusted (loss)/profit before tax[4]	(47.1)	152.8	(130.8%)
Amortisation of acquired intangibles	(7.5)	(7.5)	–
Exceptional items	(58.9)	(26.3)	(124.0%)
(Loss)/profit before tax	(113.5)	119.0	(195.4%)
Total receivables	1,800	2,200	(18.2%)
Total adjusted costs	(423.3)	(426.8)	0.8%
Total borrowings inc. retail deposits	2,203	1,964	12.1%

Please refer to slide 42 for the footnotes.

Product Snapshot

Primary Products	Brands		Average receivables (£m)	Net interest margin (£m)	Impairment (£m)	Risk-adjusted net interest margin (£m)	Adjusted PBT pre-impairment (£m)	Adjusted PBT/(loss) (£m)
Credit Cards & Unsecured Personal Loans	VANQUIS	FY'20	1,233.9	447.0	(239.9)	207.1	277.9	**38.0**
		FY'19	1,459.9	549.5	(198.9)	350.6	372.4	**173.5**
Vehicle Finance	moneybarn Vehicle Finance	FY'20	533.1	109.4	(72.7)	36.7	83.6	**10.9**
		FY'19	476.9	91.4	(49.4)	42.0	70.5	**21.1**

Discontinued in FY'21

Home Credit & Short Term Loans	Provident	FY'20	166.0	182.1	(47.5)	134.6	(27.4)	**(74.9)**
		FY'19	247.3	285.7	(96.2)	189.5	75.4	**(20.8)**

Key performance indicators ('KPIs')

Shareholder KPIs	FY'20	FY'19
EPS (basic)	(32.9)	30.1
EPS (adjusted)	(11.0)	44.1
RORE[1]	(5.2%)	20.0%
ROTE[1]	(4.9%)	18.7%
ROA[1]	0.8%	7.5%

Revenue KPIs[1]	FY'20	FY'19
Revenue yield[1]	41.8%	45.6%
Net-interest margin[1]	38.1%	42.3%
Risk-adjusted net-interest margin[1]	19.5%	26.5%

Cost KPIs[1]	FY'20	FY'19
Cost of risk[1]	18.6%	15.8%
Cost of funding[1]	3.7%	3.3%
Cost to income ratio[1]	52.4%	42.8%

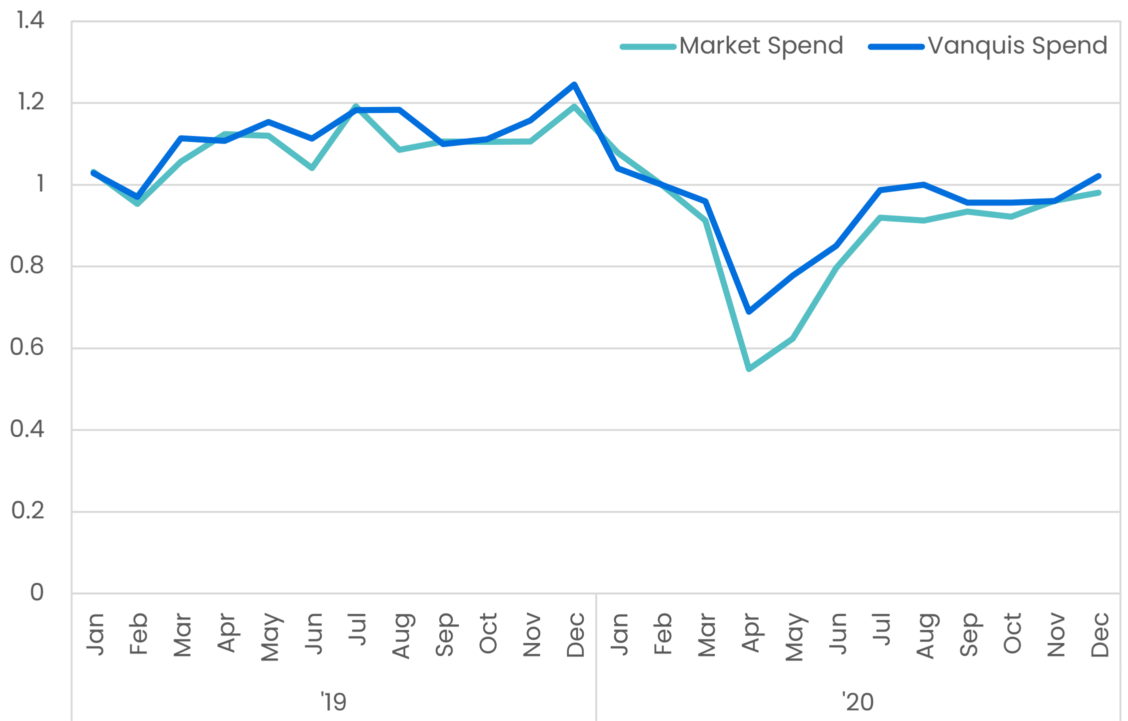
Capital & Liquidity KPIs	FY'20	FY'19
Common equity tier 1 ratio	34.2%	31.6%
Capital headroom[2]	264	140
Leverage ratio	20.8%	23.2%
Total liquidity (£m)	977	423
Liquidity headroom (£m)	948	279

[1] (adjusted).

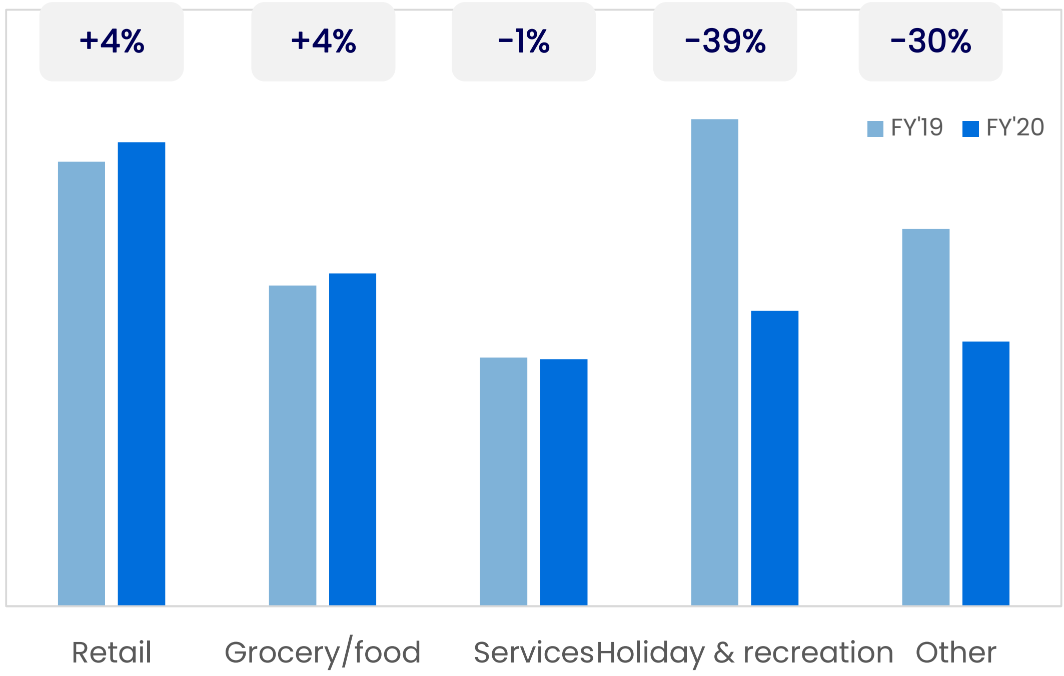
[2] Based on current capital requirements, excluding any confidential PRA buffers, if applicable.

Customer spend: Vanquis

Vanquis and Market[1] Credit Card Spend – indexed at Feb'20



Vanquis spend by category



- Spend on Vanquis credit cards was down 17% in FY'20 year-on-year, vs. a reduction of 19% for the whole credit card market
- Customer spend has started to improve quickly as lockdown restrictions eased

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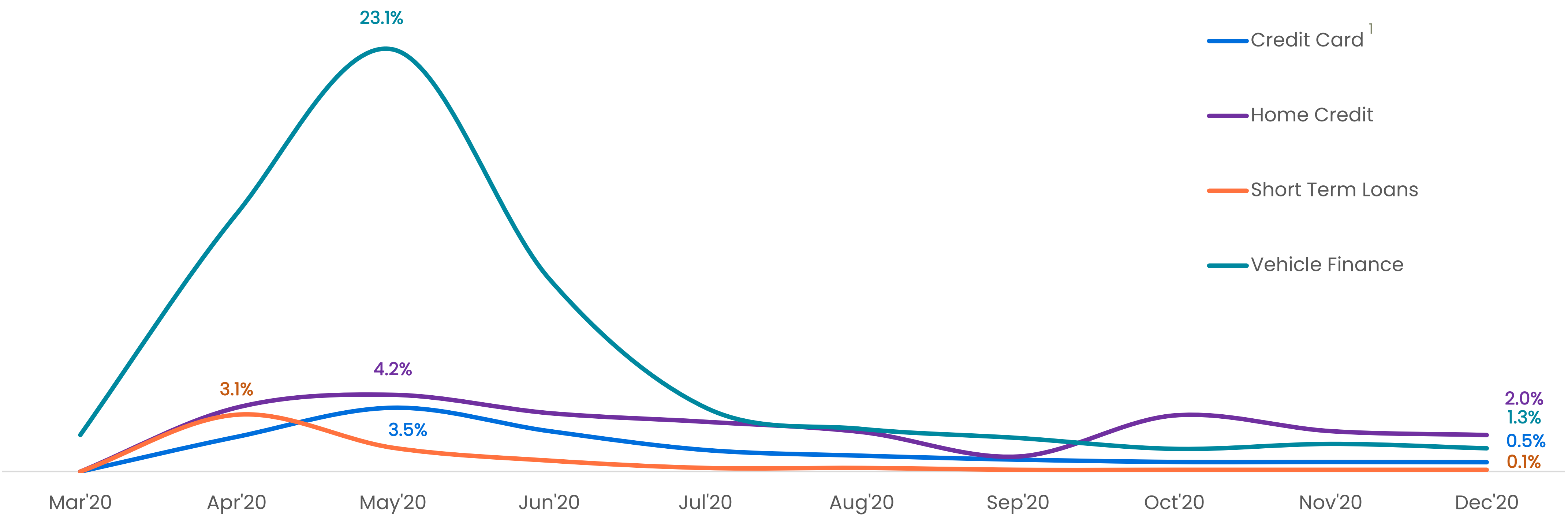
[1] UK Finance Total Market Credit Card Statistics December 2020.

Payment holidays

Proportion of customers on a payment holiday

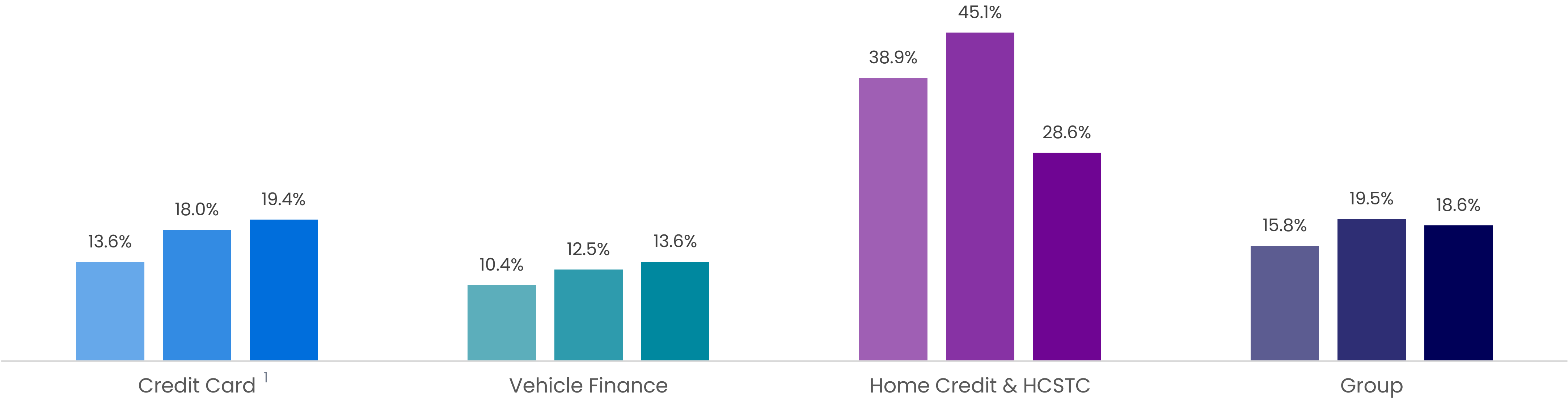


- Across the Group, only 0.7% of customers were on an active payment holiday at the end of December

[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec’20).

Increase in impairment driven by Covid-19

Impairment rates



	Credit Card			Vehicle Finance			Home Credit & HCSTC			Group		
	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20
Net Receivables	1,462	1,202	1,094	489	515	567	249	147	139	2,200	1,864	1,800

- The increase in impairment was driven predominantly by a macroeconomic overlay due to Covid-19 of c.£70m
- Underlying credit quality and core delinquency trends remained favourable during the period

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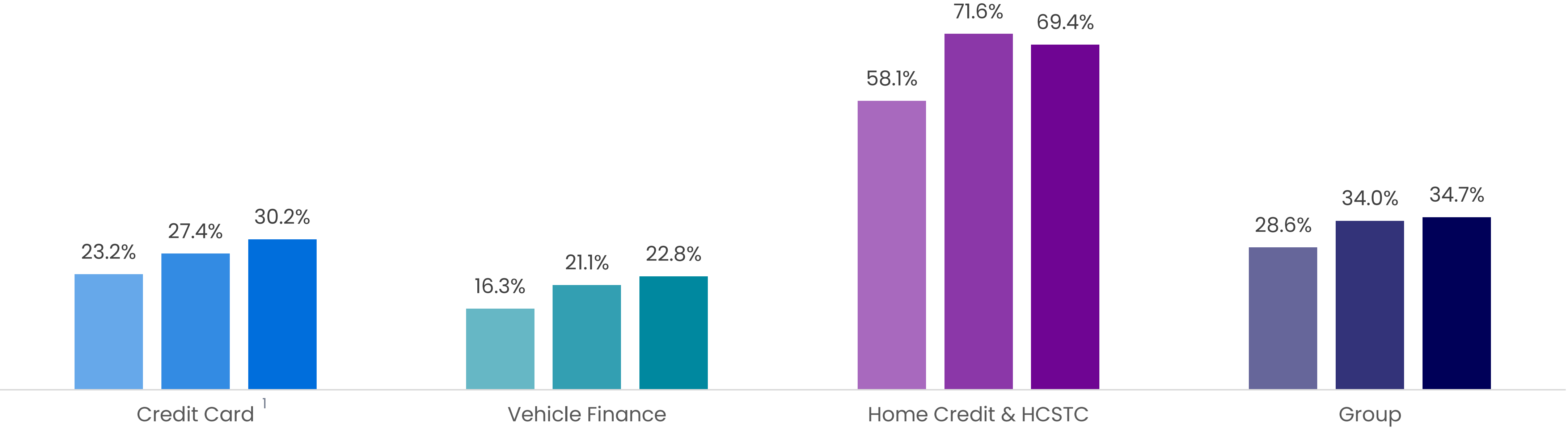
[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).

Robust coverage ratios

Coverage ratios



	Credit Card [1]			Vehicle Finance			Home Credit & HCSTC			Group		
	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20	H2'19	H1'20	H2'20
Net Receivables	1,462	1,202	1,094	489	515	567	249	147	139	2,200	1,864	1,800

- Coverage ratios have been strengthened throughout the year, despite a prudent starting point as we entered 2020
- Increases in H1'20 vs H2'19 reflect significant deteriorations in macroeconomic forecasts driven by Covid-19

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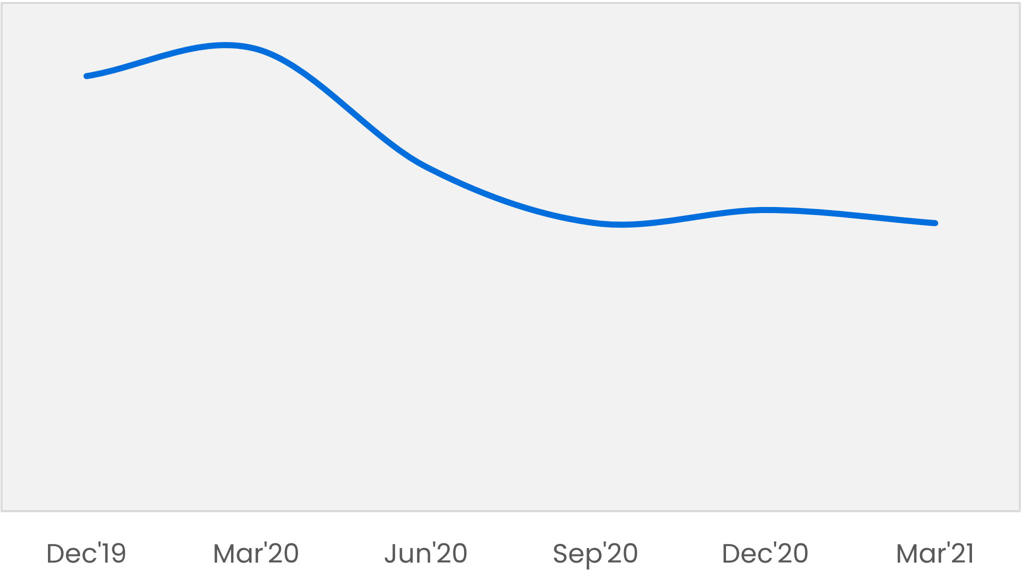
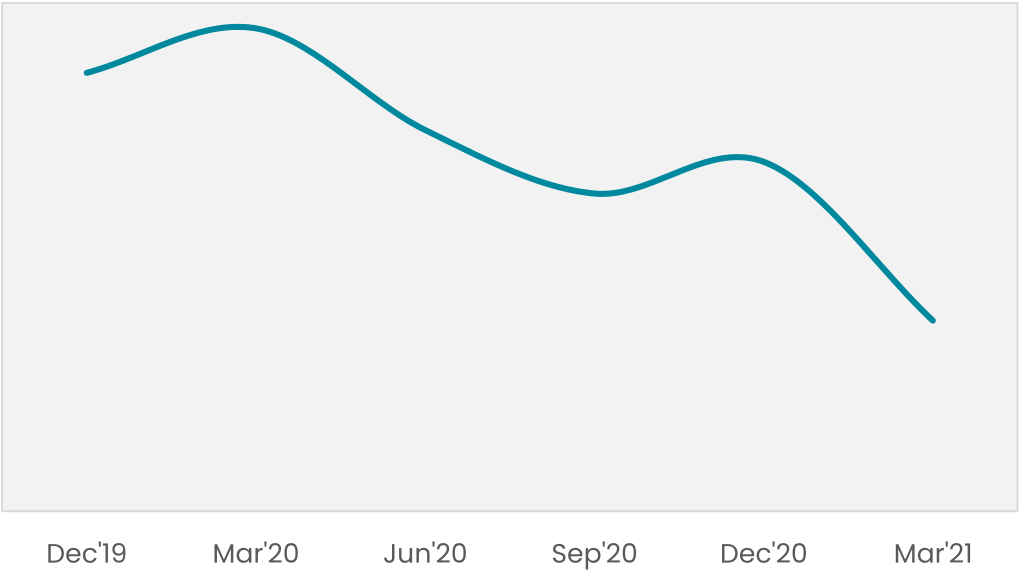
[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).

Delinquency rates improving

Credit card delinquency rates



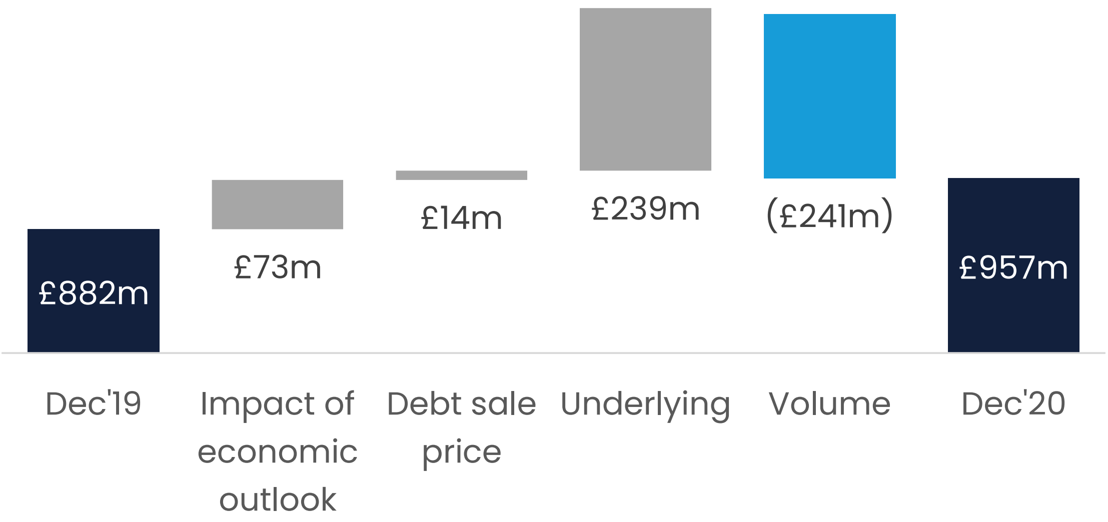
Vehicle finance delinquency rates



- Credit card delinquency rates picked up in March 2020 but have since improved significantly and stabilised
- Vehicle finance delinquency rates increased with the cessation of vehicle repossessions due to Covid-19 but have recently improved

ECL driven by significant deterioration in the macroeconomic outlook

Expected credit losses have risen by £84m

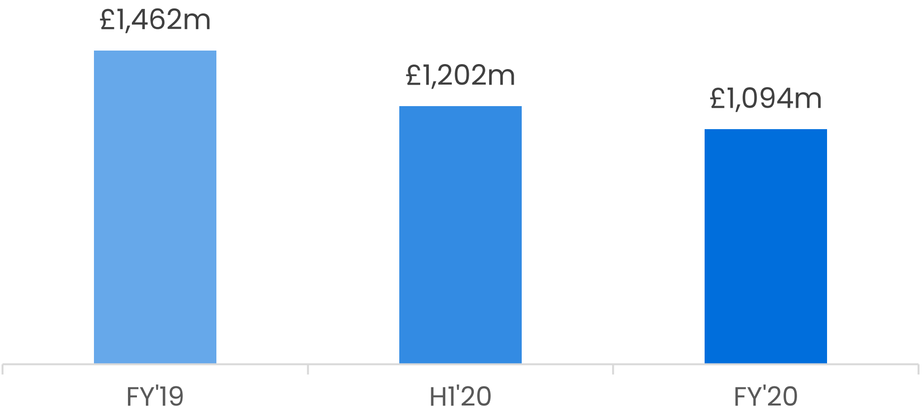


	Assumed UK unemployment	
	2021	2022
Peak Upside	6.2	5.0
Peak Base Case	7.9	6.7
Peak Downside	10.1	8.5
Peak Severe	12.7	10.4

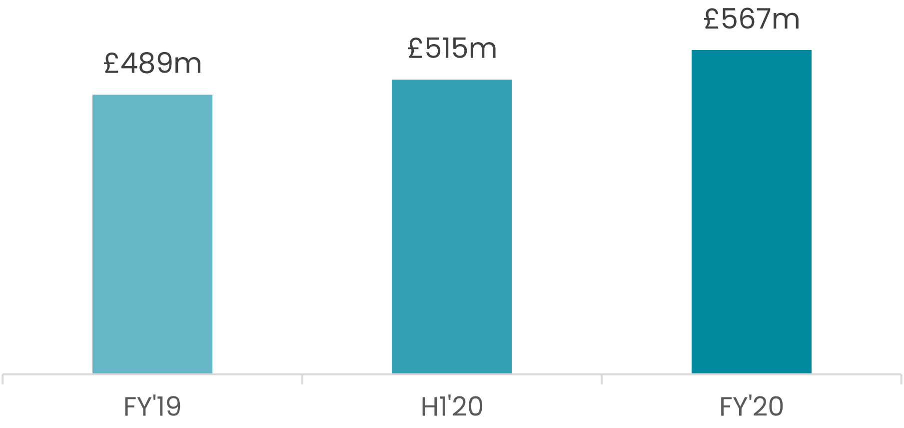
- The Group's coverage ratio rose to 35% at the end of FY'20 vs. 29% at FY'19
- The significant deterioration in the macroeconomic outlook has resulted in an uplift in ECL of £73m versus FY'19

Receivables fell due to Covid-19 impact

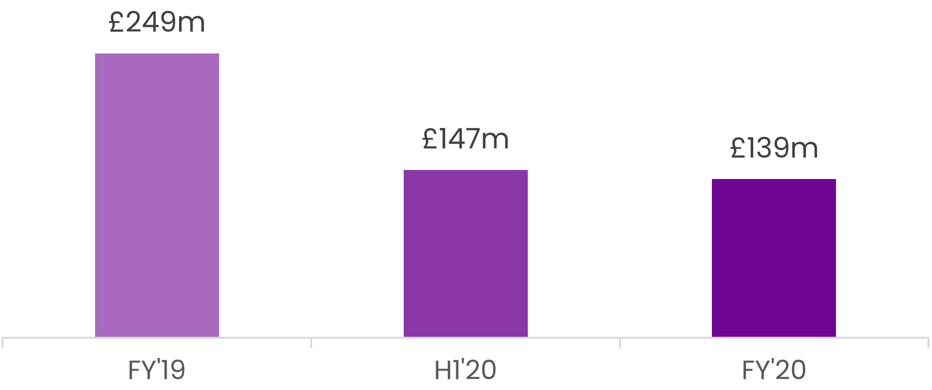
Credit card net receivables decreased 25% since FY'19[1]



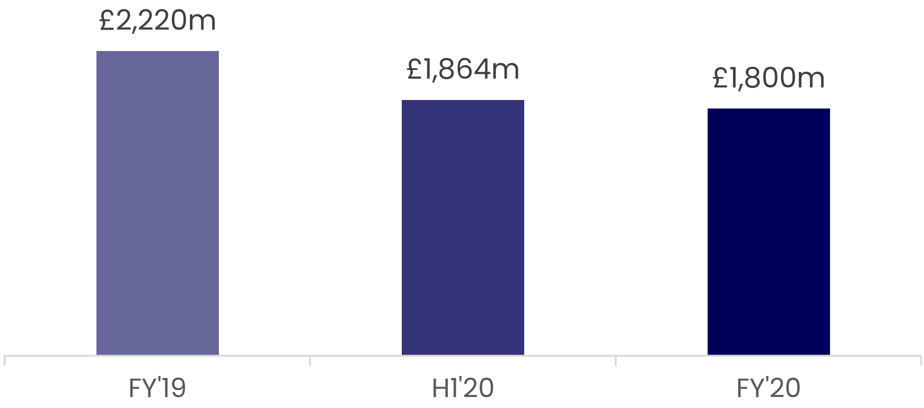
Vehicle Finance net receivables increased 16% since FY'19



CCD's net receivables decreased 44% since FY'19



The Group's net receivables decreased 18% since FY'19



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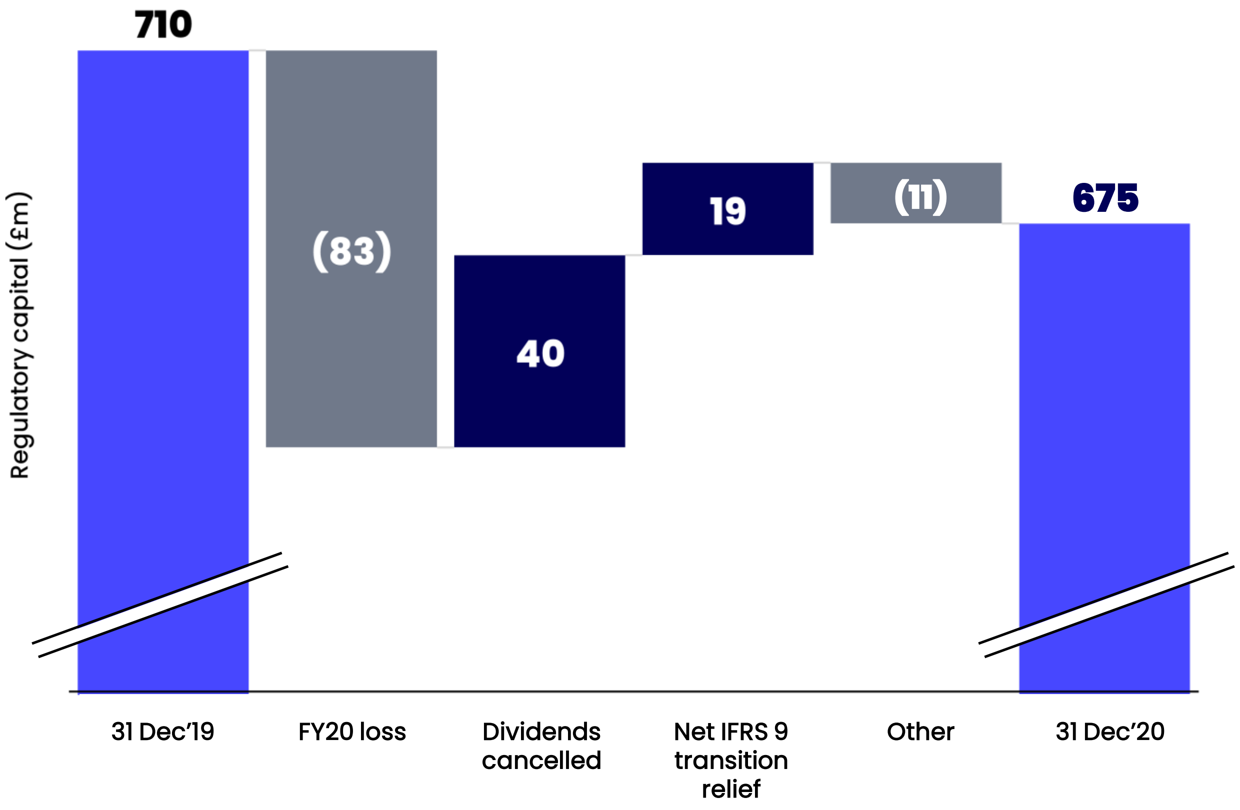
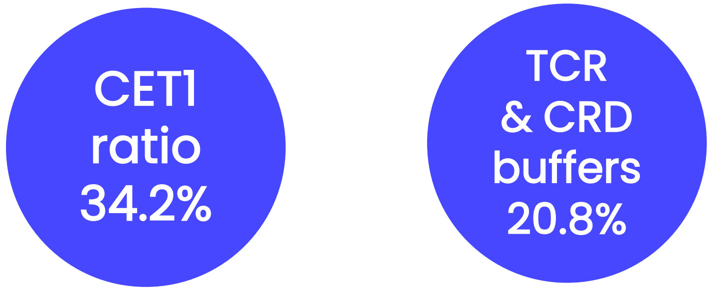
[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).

Regulatory capital

Resilient and appropriate capital base including the transitional relief



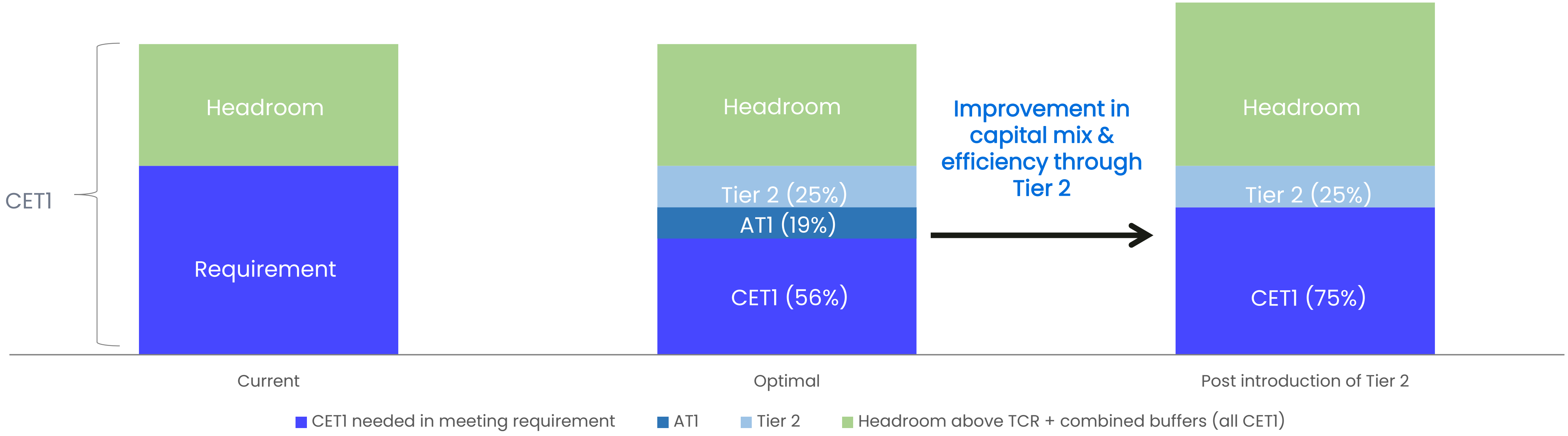
Capital ratio meets regulatory requirements over the next three years



- Regulatory capital assessed over a three year view
- Total capital ratio (after inclusion of £65m impact of CCD Scheme) is 34.2%, +2.6% year on year, driven by:
  - Preserving capital through cancellation of the 2019 dividend
  - Lower RWE in respect of customer receivables
  - Relief from Covid-19 measures in respect of IFRS 9 transition

The Board's current view on risk appetite is to maintain a capital buffer of at least £100m above P1, P2A, capital conservation buffers.

Opportunity to improve the capital stack



- Capital stack is currently held entirely in CET1 capital; all growth currently funded by CET1
- There is an opportunity to support growth through a more cost effective and efficient capital stack
- To lower the overall cost of capital, Tier 2 issuance would be the Group's initial focus and this provides additional capacity for growth and an improved RORE

Diversified funding mix across the Group

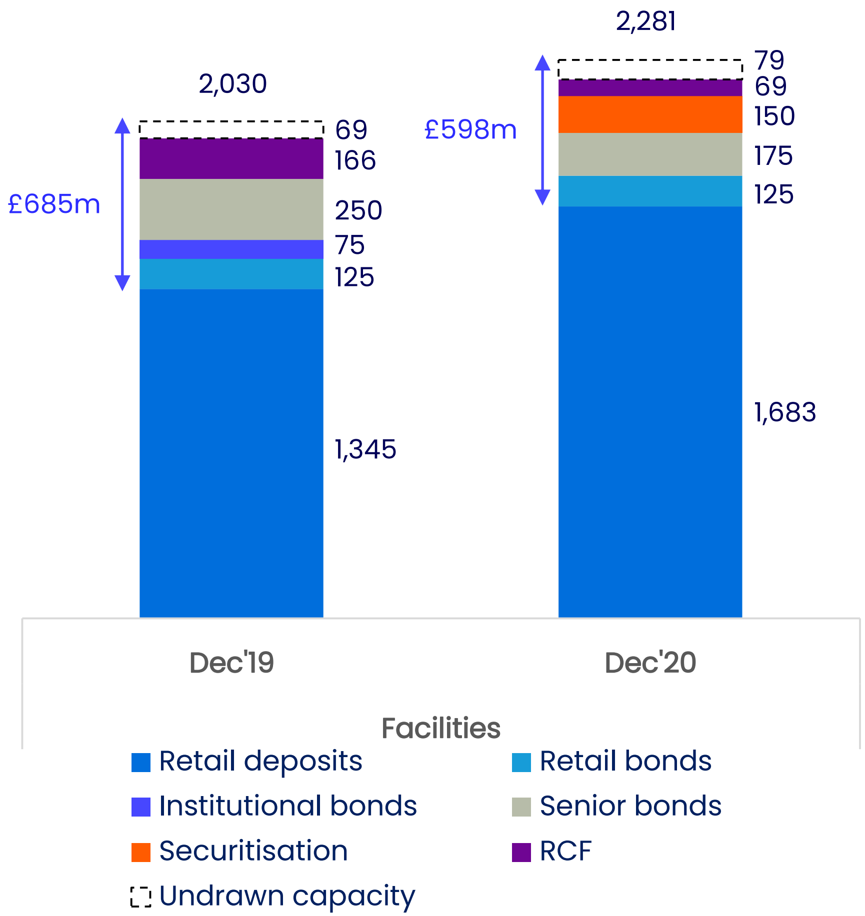
Liquidity and Funding Profile

- Highly liquid position, with liquid assets of £800m held by Vanquis Bank above Group Liquidity Coverage Ratio requirements, and a ratio of 2,830%
- Cash and undrawn liquidity at non-Bank Group of £144m
- Well diversified funding mix, with prudent Loan to Deposit Ratio of 82%
- Strong deposit raising capacity in Vanquis Bank with £658m raised in 2020 at stable tenors from 1-5 years
- Leverage Ratio of 20.8% facilitating increased lending

Delivered in 2020

- Moneybarn first securitisation signed in January 2020
- Repaid M&G facility in full (£50m, £25m of which was ahead of contractual maturity)
- In line with contractual maturity, repaid a £25m bond in April
- Successful tender for £75m of senior bonds
- Intragroup funding from Vanquis Bank (£70m) after VREQ removed by the PRA
- Continued reduction in the syndicated Revolving Credit Facility from £235m to £148m

PFG funding (£m)



Strategy and Outlook

Malcolm Le May
Chief Executive Officer

Our purpose: 'We help put people on a path to a better everyday life'

Blueprint embedded across the Group:

Purpose: unifies and gives long term direction

Strategic drivers: critical pillars to delivering purpose

Behaviours: continuously embed an improved culture

Supported by:
- Training & development
- Performance management
- KPI measurement

Unifying colleagues

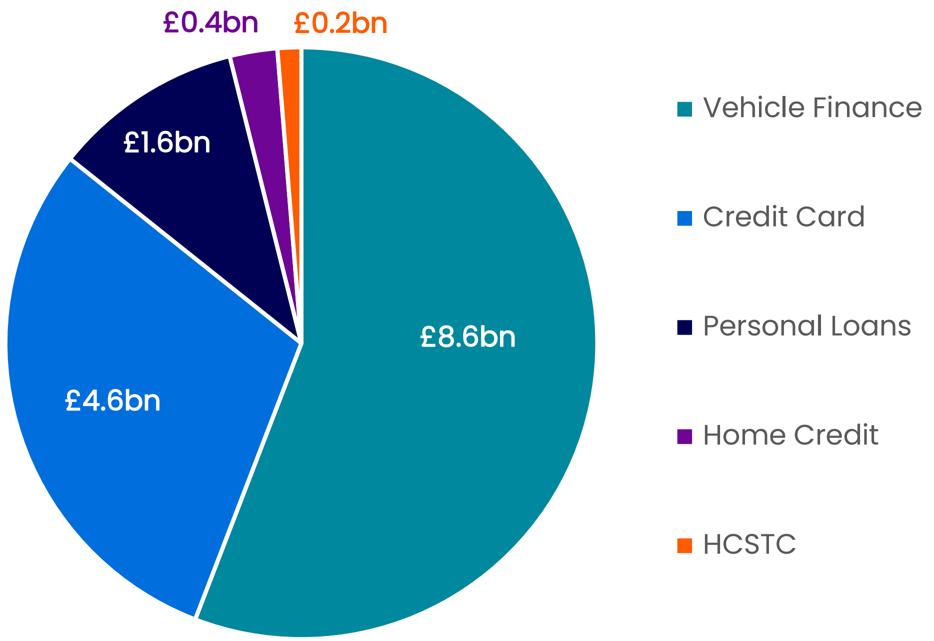
Increased focus on more sustainable business models

Increased customer centricity

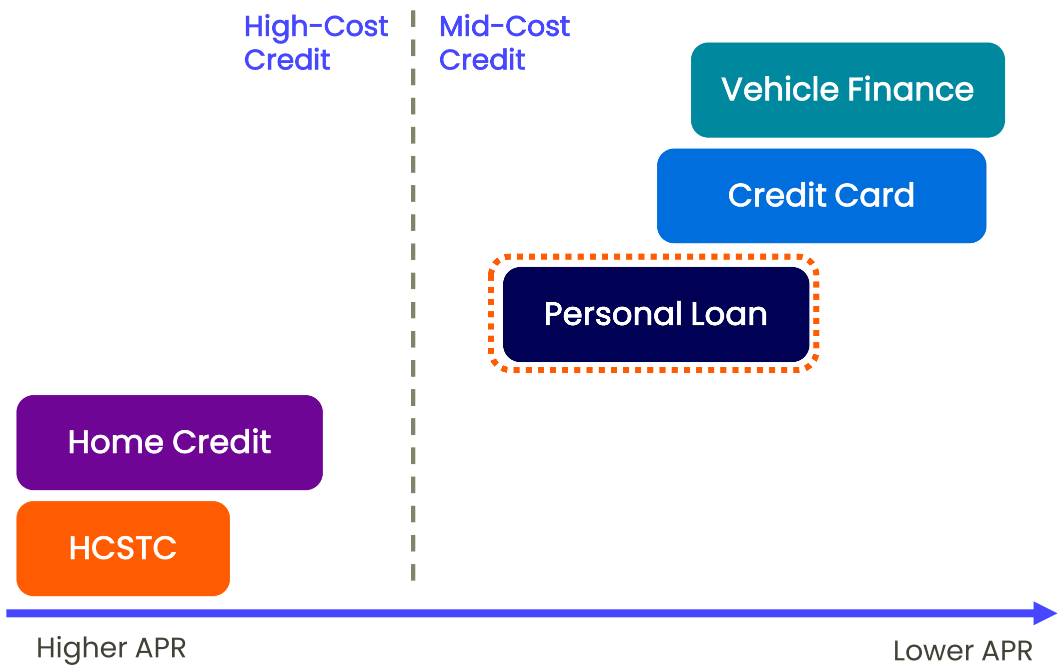
Ensuring ESG leadership in our sector

Product offering evolution

Market size (outstanding debt)



Illustrative product portfolio based on av. APR



- The Group intends will build upon its existing expertise in the unsecured personal loan segment
- The new product will be 'mid-term' and 'mid-cost'

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[1] Based on PFG analysis of TransUnion data (debt outstanding). Credit cards, personal loans and vehicle finance market stats are based specifically on the non-prime segment.

Vision for the Future

Credit cards

- Core market card growth
- New card innovation and partnerships
- Cost and digital focus

Unsecured Personal Loans

- New product development
- Platform development
- Cost efficiency
- Regulatory focus

Vehicle finance

- Core market growth, distribution and digital development
- Near-prime market development
- Improved funding options
- Platform investment to support growth

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- Capital and cost efficiency
- Funding flexibility
- Sustainable dividend approach
- Organic growth and sector consolidation

Outlook

- Our credit card and vehicle finance offerings have reported improving trends for Q1'21 as customer behavior has normalised post lockdown restrictions
- Macroeconomic uncertainty persists but there are reasons to be optimistic:
  - Well capitalised balance sheet
  - Growth in each of our end markets
  - Adaptive approach to evolving regulatory change
  - Well positioned to take advantage of industry opportunities
- The Board remains committed to reinstating a sustainable dividend policy
- The Group remains focused on the objectives set out at its 2019 Capital Markets Day:
  - Expand our digital footprint, e.g. new Vanquis Bank app
  - Invest in new products, e.g. new unsecured loan product
  - Focus on funding efficiencies, e.g. utilise the banking license more widely
  - Focused on becoming the banking group for the financially underserved customer

> PFG remains committed to delivering long-term, sustainable returns to its shareholders as we target our growing market segments…

Malcolm Le May
CEO

Questions

- Appendix
- Contacts

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Provident
Financial Group

Appendix

Group results – P&L

	FY'20 £m	FY'19 £m	Change %
Customer numbers ('000)	2,070	2,319	(10.7%)
Period end receivables	1,800	2,200	(18.2%)
Average receivables	1,933	2,184	(11.5%)
Revenue	808	996	(18.9%)
Interest	(72)	(72)	0.7%
Net interest margin	736	924	(20.3%)
Revenue yield	*41.8%*	*45.6%*	*(3.8%)*
Cost of funding	*3.7%*	3.3%	*(0.4%)*
Net-interest margin	*38.1%*	42.3%	*(4.2%)*
Impairment	(360)	(345)	(4.5%)
Risk-adjusted net interest margin	376	580	(35.1%)
Costs	(423)	(427)	0.8%
Adjusted (loss)/profit before tax	(47)	153	(130.8%)
Cost income ratio	*52.4%*	42.8%	*(9.6%)*
Return on assets	*0.8%*	7.5%	*(6.7%)*

Group results – Balance sheet

Assets	FY'20 £m	FY'19 £m	Change %
Cash and balances at central banks	920	354	159.9%
Amounts receivables from customers	1,800	2,198	(18.1%)
Pension asset	80	78	2.6%
Goodwill and other intangibles	117	115	1.7%
Other assets	162	163	(0.6%)
Total assets	*3,078*	*2,908*	*5.8%*

Liabilities and equity			
Retail deposits	1,683	1,345	25.1%
Bank and other borrowings	520	618	(15.9%)
Trade and other payables	65	89	(27.0%)
Other liabilities	162	126	28.6%
Total liabilities and equity	*2,430*	*2,179*	*11.5%*

Credit Cards (Vanquis Bank) results[1]

	FY'20 £m	FY'19 £m	Change %
Customer numbers ('000)	1,667	1,720	(3.1%)
Period end receivables	1,094	1,462	(25.1%)
Average receivables	1,234	1,460	(15.5%)
Revenue	481	581	(17.1%)
Interest	(34)	(31)	(9.6%)
Net interest margin	447	550	(18.7%)
Revenue yield	*39.0%*	*39.8%*	*(0.8%)*
Cost of funding	*(2.8%)*	*(2.2%)*	*(0.6%)*
Net-interest margin	*36.2%*	*37.6%*	*(1.4%)*
Impairment	(240)	(199)	(20.6%)
Risk-adjusted net interest margin	207	351	(40.9%)
Costs	(169)	(177)	4.5%
Adjusted profit before tax	38	174	(78.1%)
Cost income ratio	*35.1%*	*30.5%*	*(4.6%)*
Return on assets	*4.6%*	*10.4%*	*(5.8%)*
Return on equity	*8.9%*	*32.9%*	*(24.0%)*

PFG

[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).

Vehicle Finance (Moneybarn) results

	FY'20 £m	FY'19 £m	Change %
Customer numbers ('000)	91	77	18.7%
Period end receivables	567	489	15.8%
Average receivables	533	477	11.8%
Revenue	134	120	11.9%
Interest	(25)	(28)	13.4%
Net interest margin	109	91	19.7%
Revenue yield	*25.1%*	*25.1%*	–
Cost of funding	*(4.6%)*	*(6.0%)*	*1.4%*
Net-interest margin	*20.5%*	*19.2%*	*1.3%*
Impairment	(73)	(49)	(47.2%)
Risk-adjusted net interest margin	37	42	(12.6%)
Costs	(26)	(21)	(23.4%)
Adjusted profit before tax	11	21	(48.3%)
Cost income ratio	*19.3%*	*17.4%*	*(1.9%)*
Return on assets	*5.4%*	*8.4%*	*(3.0%)*

Home Credit & Short Term Loans (CCD – discontinued in FY'21) results

	FY'20 £m	FY'19 £m	Change %
Customer numbers ('000)	311	522	(40.3%)
Period end receivables	139	249	(44.2%)
Average receivables	166	247	(32.9%)
Revenue	192	295	(34.9%)
Interest	(10)	(10)	(6.2%)
Net interest margin	182	286	(36.3%)
Revenue yield	*115.9%*	*119.5%*	*(3.6%)*
Cost of funding	*(6.2%)*	*(3.9%)*	*(2.3%)*
Net-interest margin	*109.7%*	*115.5%*	*(5.8%)*
Impairment	(48)	(96)	50.6%
Risk-adjusted net interest margin	135	190	(29.0%)
Costs	(210)	(210)	0.4%
Adjusted loss before tax	(75)	(21)	(260.1%)
Cost income ratio	*108.9%*	*71.2%*	*(37.7%)*
Return on assets	*(31.5%)*	*(3.6%)*	*(27.9%)*

Our ESG credentials

- The Board and senior management elected to a 20% pay cut for three months from April and the Group repaid all furlough support received from HMRC
- The Group committed c.£1.2m to its Social Impact Programme in 2020
- PFG's Social Impact Funds allocated £265k to 44 small organisations to help address a range of financial and social inclusion issues
- Through School-Home Support, 1,710 interventions were made with families in urgent need of support during the pandemic
- With a sustainability score of 61, PFG continue to be included in both the DJSI World and DJSI Europe indices
- In 2020, the Group offset 4,507 tonnes of CO_2e, accounting for its operational footprint, and is targeting to be net carbon neutral by 2040, ahead of the UK Government's target of 2045

National Literacy Trust

SOCIAL MOBILITY BUSINESS PARTNERSHIP smbp

National Numeracy for everyone, for life

StepChange Debt Charity

MONEY ADVICE TRUST

IncomeMax

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ADVICE YOU CAN TRUST

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good

ISS ESG

Net Zero Carbon 2040

Scheme of Arrangement timeline

15 Mar'21
- PSL Issued
- Scheme website opens

22 Apr'21
- First Court Hearing

Mid-May'21
- Claims Portal Opens
- Customers to register for voting

Mid-Jul'21
- Scheme Meeting

Late Jul'21
- Second Court Hearing
- Scheme is effective if sanctioned by Court
- Customers continue to submit claims

Feb'22
- Claims submission deadline
- Claims portal closed
- No further claims can be submitted

H1'22
- Payments made and Scheme terminated

- The Group launched a Scheme of Arrangement in order to address the issue of rising customer complaint volumes within CCD
- First Court hearing required the Company to convene the Scheme Meeting and allowed Scheme creditors to vote on the Scheme

Group results footnote

1. Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).
2. 2019 comparatives have been restated to retrospectively reflect the Moneybarn accelerated IFRS 9 point of default from the termination a customer contract to when the customer has missed 3 contractual repayments.
3. Adjusted profit before tax and impairment is shown before exceptional items (detailed below) and impairment charges of £360.1m (2019: £344.5m).
4. Adjusted (Loss)/profit before tax is stated before: (i) £7.5m of amortisation in respect of acquisition intangibles established as part of the acquisition of Moneybarn in August 2014 (FY'19: £7.5m); and (ii) exceptional costs of £58.9m (2019 £26.3m) which includes (i) the Scheme of Arrangement costs for CCD of £65m; (ii) a further release of provisions following the completion of the ROP refund programme in Vanquis Bank (£8.3m); combined with a funding credit following the £75m tender of the senior bonds in August (£1.9m); offset by restructuring costs (£2.0m); the costs in respect of the intermediate holding company (£1.4m); and pension GMP equalisation costs (£0.7m). This compares to exceptional costs in 2019 as a result of: (i) bid defence costs following NSF's unsolicited offer for the group (£23.8m); (ii) restructuring costs (£19.3m); (iii) a release of provisions following the completion of the ROP refund programme in Vanquis Bank (£14.2m); and (iv) a release of the Moneybarn FCA provision (£2.6m).

Alternative Performance Measure Calculations

Alternative Performance Measures	Method of Calculation
Adjusted basic earnings per share (EPS)	Profit after tax, excluding the amortisation of acquisition intangibles and exceptional items, divided by the weighted average number of shares in issue
Annualised Return on Average Required Capital (RORE)	Return on average required regulatory capital reflects annualised statutory profit after tax divided by the annualised average monthly regulatory capital requirement
Annualised Return on Tangible Equity (ROTE)	Return on tangible equity reflects annualised statutory profit after tax divided by the annualised equity less intangible assets
Average Receivables	Average of month-end net receivables for the 12 months ended 31 December
Common Equity Tier 1 (CET1) Ratio	The ratio of the Group's regulatory capital to the Group's risk-weighted assets measured in accordance with CRD IV
Cost Income Ratio	Costs, comprising administrative and other operating costs, as a percentage of revenue for the 12 months ended 31 December
Cost of Funds	Finance costs divided by average receivables
Cost of Risk	Impairment charge for the 12 months ended 31 December divided by average receivables
Coverage Ratio	Impairment provision as a proportion of gross receivables as at 31 December
Funding Headroom	Committed bank and debt facilities less borrowings on those facilities
Impairment Rate	Impairment charge for the 12 months ended 31 December divided by average receivables
Net-Interest Margin (£)	Revenue less finance costs
Net-Interest Margin (%)	Revenue less finance costs divided by average receivables
Revenue Yield	Revenue divided by average receivables
Return on Assets (ROA)	Adjusted profit before interest after tax as a percentage of average receivables
Return on Equity (ROE)	Adjusted profit after tax as a percentage of average equity. Equity is stated after deducting the Group's pension asset, net of deferred tax, and the fair value of derivative financial instruments
Risk-Adjusted Net-Interest Margin	Net-interest margin less impairment charge, divided by average receivables

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