



Premium Credit Limited

Interim Update

30 June 2017

Purpose, Vision and Values

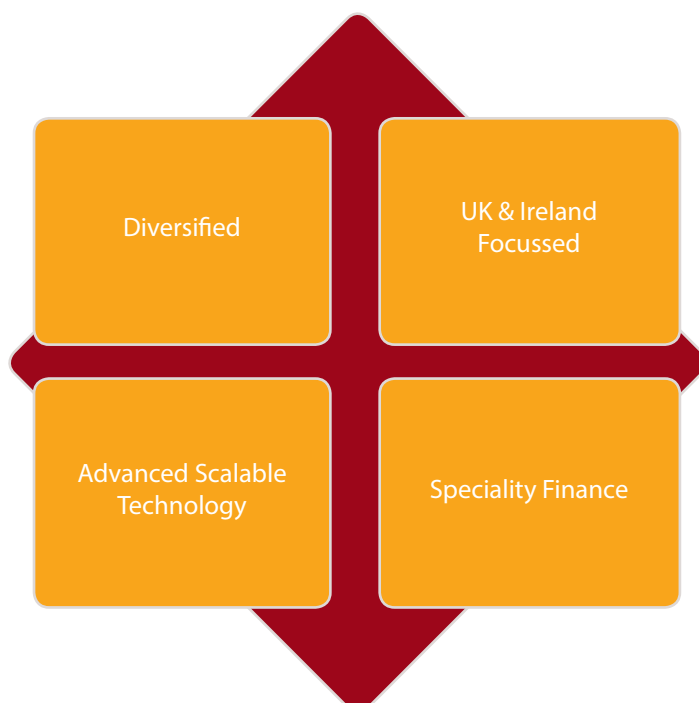
Leading the way through technological advancement

Our Purpose

We enable customers to manage their payments.

Our Vision

To be the trusted payments and finance provider in our chosen markets.



Our Values

- ✓ **Considerate**
We act with honesty and integrity, and put customer needs at the heart of everything we do.
- ✓ **Accountable**
We take accountability for our actions, deliver on our promises and proactively learn from our mistakes
- ✓ **Collaborative**
We work, succeed and celebrate together.
- ✓ **Driven**
We passionately strive for excellence and continuous improvement.

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Our Business

Premium Credit Limited ("PCL" or "the Company") provides instalment finance and payment services to businesses and individuals via our network of intermediaries in the UK and Ireland. Our intermediary network consists of firms who typically charge annually for their services, such as insurance brokers, insurance providers, membership organisations, schools and leisure facility providers. In 2016, we achieved annual net advances of over £3.5 billion, processing over 30 million direct debits.

The Company's principal objective is to provide the best service to its customers and its partners by providing efficient, profitable, payment and funding solutions. We continue to focus on our strategic objectives and improving our service offering for both, our intermediary clients and our customers.

First half 2017 Trading Update

The key highlights for the six months period ending June 30 2017 are:

- Company turnover increased by £0.8 million, or 1.2% to £65.6 million (H1 2016: £64.8 million) despite lower net advances of £1,687.3 million (H1 2016: £1,717.1 million). This was driven by a slight mix change towards Corporate and Commercial Insurance Premium Finance (IPF) business. Turnover is a non-GAAP measure and represents interest income (gross of interest expense) and net fee and commission income.
- Adjusted post-securitisation EBITDA increased by £1.4 million or 4.1% to £35.6 million (H1 2016: £34.2 million) driven by turnover growth and lower interest expense due to removal of interest rate swap contracts at the end of 2016.
- In February 2017, the Company implemented a Master Trust funding structure which was a key enabler for its inaugural Public Asset Backed Security ('ABS') transaction. This facilitated the issuance of public term notes alongside the existing private bank facility (the "VFN Facility").
- In June 2017, the Company completed its issuance of £300 million of term ABS notes from the Master Trust (the "Public ABS transaction"). The notes have a three year revolving period, which expires on June 2020. The initial public issuance consists of Class "A", "B" and "C" Notes, rated by Moody's and DBRS and listed on the Irish Stock Exchange and "D" notes which are unrated and subscribed for by PCL.
- In August 2017, the Company reduced the size of the VFN facility from £1,150 million to £850 million (removing the excess capacity created by the Public ABS transaction), and extended the term to August 2020.
- In May 2017, PCL launched EPICC, our new Point of Payment system (Electronic Payments for Insurance Customers and Clients). EPICC allows our partners to compliantly present all clients with instalment finance alongside other payment options. This maximises their ability to consistently offer a financial solution to suitable customers at the point of sale. This unique innovative service provides customers with informed choices about their payment options, improves our analytics and increases our partners' efficiency.



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Leadership

Robert Allan, Chief Financial Officer of Premium Credit, left the business in April 2017. Nayan Kisnadwala will remain as Group Chief Financial Officer.

Charlie Cutler was appointed the General Counsel and Company Secretary in July 2017, succeeding Jasan Fitzpatrick in this role.

We would like to thank Rob and Jasan for their significant contribution and many years of loyal service to Premium Credit.

Regulatory Landscape

In July 2017, we received full FCA authorisation for our UK business. Our Irish business is independently authorised as a Money Lender by the Central Bank of Ireland.

We continue to invest considerable resources to ensure the governance, conduct and operation of our business is in compliance with the principles and spirit of the regulatory and legal environment within which the Company operates.

Business Development Activities

The Company aims to achieve sustainable organic growth through improving integration, enhancing customer journeys, offering new products and utilising new technologies, deepening its intermediary relationships, increasing penetration of finance and developing opportunities in new markets.

We have identified a range of initiatives that will help us grow the business organically and improve our efficiency, including:

- Further investment in digital integration and payments services for our intermediaries;
- Continued focus on value-based services, leveraging the distinctive capabilities that we can bring to our clients;
- Improving our intermediary and customer service, enabling greater customer self-service through a range of channels and tools; and
- Leveraging an efficient and scalable platform.

Employee and HR Activities

The Company is committed to attracting, developing and retaining the best talent in order to achieve its strategic objectives. The key initiatives include:

- A colleague engagement programme, which is focusing on improved communication, performance management, and training and development. An example is the introduction of engaging face to face training to cover mandatory, regulatory topics which colleagues find more interesting and meaningful;
- Improvements in colleague communication, such as updates on business performance and the progress of key projects. There have been two large scale employee communication events in the first half of 2017 and monthly Town Hall briefings. A colleague engagement group was set up after the last employee survey, presenting the opportunity for dialogue and continuous improvement;
- Investing in building skills in important areas to develop organisational capability, such as technology, data analytics, sales and marketing. We have also launched an apprenticeship programme to develop our future workforce;
- A review of the employee benefits offer, and the launch of MyBenefits, a new flexible benefits portal, has created greater choice and awareness for colleagues regarding benefits. Remuneration structures are competitive and recognise and reward performance.

The Company is committed to employment policies which follow best practice on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company.

The Company gives due regard to human rights considerations, as defined under the European Convention on Human Rights and the UK Human Rights Act 1998, and in H1 2017 the Company published its first statement on Modern Slavery.

At the end of June 2017, we had over 419 employees working in UK and Ireland. We employ individuals with diverse backgrounds and have a 48% female and 52% male gender split.

In July 2017, Charlie Cutler was appointed to our Executive Committee, she is looking forward to the challenges ahead.

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Environmental Impact

The Company is engaged in the financing of insurance premiums and instalment services, and therefore its overall environmental impact is low.

PCL complies with all applicable environmental laws and regulations. We are committed to the reduction of physical waste within the business through improved efficiency and are currently running a paper reduction project to reduce our carbon footprint. In particular, we are working to reduce the number of paper letters that we send. At our Head Office, we encourage the use of mobile devices, and digital screens in meetings and we have reduced the number of available printers and upgraded to more energy-efficient models. We continue to invest in digital solutions that encourage our customers to adopt “e-signing” for credit agreements and to use online portals to monitor and manage their accounts.

In November 2016, we moved our Head Office to Leatherhead, to a more modern building which is energy efficient, reducing our gas and electricity consumption.

The Company operates out of two main offices located in Leatherhead and Dublin, and distributes its products through a network of partners. There is consequently an amount of business related travel between sites and to our partners’ offices. The Company has begun to measure this impact, seeking wherever possible to minimise it using alternative technologies. It continues to review all activities to identify opportunities for reducing our carbon footprint.

Corporate Social Responsibility

The Company is working actively with industry bodies, regulators, and other relevant stakeholders to ensure its services are relevant to disadvantaged and vulnerable people, financially excluded people and communities, or those suffering financial hardship. We have a documented Vulnerability policy, and monitor and track our actions, including Forebearance, at our Customer committee.

We have an active Corporate Social Responsibility (“CSR”) committee, comprised of internal volunteers who represent the whole business at monthly meetings to monitor our progress. The team works closely with the local community and charities, and encourages staff to support and participate in local community activities. We currently have a number of formal initiatives underway in which our employees have been making a difference to our local communities. These include:

- Fundraising – supporting local community organisations, and holding quarterly fundraising days; for example, we recently held a Wimbledon themed event.
- We also support colleagues who fundraise by matching their funds; this initiative has had a good take up in H1;
- Food banks – regular contributions are made to local food banks, with the aim of providing 430kg annually;
- Volunteering – we promote local volunteering opportunities to our staff, which they may elect to participate in outside of work; and
- Donations – donated Easter and Christmas gifts to local disadvantaged children.

We want to be a great company to work for... with clear opportunities for development and career progression.



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