



Interim Update

30 June 2020

Company Number 2015200

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Our Business

Premium Credit Limited, the trading entity of the group, is a speciality provider of instalment financing to support the purchase of largely non-discretionary insurance premiums and a range of annually charged services, including professional memberships, golf club memberships, tax, school fees and season tickets. We lend over £3 billion each year to over 2 million customers through a network of more than 3,000 partners.

At Premium Credit, we aspire to be the trusted payments and finance provider in our chosen markets, delivering affordable solutions through seamless technology to facilitate the daily needs of our customers.

Our End Customers

We provide critical products to our end customers, allowing them to make the annual cost of mandatory or important payments more affordable, by spreading them over regular instalments. We serve over 2 million personal, SME and corporate customers, with a focus on good customer outcomes. This is reflected in our suite of customer satisfaction scores, for example we are rated “Excellent” on Trustpilot.

Our Distribution Partners

We have a diversified network of over 3,000 partners, who outsource the provision of instalment finance to Premium Credit. Our partner types span insurance brokers, insurance providers, membership organisations, schools and leisure facility providers. As a B2B2C provider, we have high brand awareness within our strong partner networks. Our relationships with partners are long-term and multi-faceted across their sales, operations and IT functions. Partners choose to outsource and work with us given our track record of reliable service, significant investment in IT integration for seamless customer journeys, and strong focus on regulatory compliance.



Operating for the benefit of all our stakeholders

The Board’s approach

By understanding the differing needs and concerns of our stakeholders, the Board can then ensure careful consideration of the potential impact of their decision-making on each stakeholder group. Detailed below are the Company’s key stakeholders, their material interests, how we engage with them and key outcomes delivered for each group.

Customers

We are committed to helping our clients with their credit needs, by knowing and understanding them and designing the products required to accomplish this. Our aim is to offer a seamless experience to our customers from the moment they select a product offered by one of our intermediary partners, to the last of their monthly payments, in a regulatory-compliant journey. During 2020 we have actively engaged with customers throughout the pandemic assisting where necessary with a forbearance process.

Intermediary partners

Aside from regular meetings, performance reviews and the provision of insights through the use of data analytics, during 2020 we have actively engaged with our partners during the pandemic and forbearance process.

Colleagues

Our colleagues are a fundamental asset of the Company, critical to the success of the business. We invest and develop talent and the Board has considered the interest of the employees throughout the year in key decisions.

We strive to develop our colleagues and are continually focused on improving engagement, endeavouring to provide a working environment where employees feel valued and respected.

We encourage a diverse and inclusive culture with health and safety being a priority for our employees. Our equal opportunities policy ensures we oppose all forms of discrimination, and we advocate all employees, partners, suppliers and customers should be treated fairly regardless of race, colour, nationality, gender, age, religion, marital status, sexual orientation, disability or any other personal characteristics.

The Board constantly endorses high values of business conduct, by undertaking activities such as designing, developing and embedding a competency framework that enables us to achieve superior results, and by aligning performance and behaviours to purpose, values and core strategic outcomes.

The significant investments in the business’ core systems and infrastructure over the last five years, enabled the business to seamlessly transition over 99% of its workforce to home working at the of end March this year, in response to the Covid-19 lockdown.

Shareholders

Our value-creation activities have been updated during the year as we continue to reshape through enhanced technology and business processes. The drivers of the value creation processes for our shareholders come from a commercial mindset that is pervasive across the business; identifying and improving the controls in place to generate income, improve margins and manage costs, thereby ensuring all sources of value are protected and well managed.

The business generates long-term value for its shareholders by ensuring all decisions made are aligned to its long-term priorities. The Board ensures this happens through its engagement with the Executive at regular board meetings and through regular one to one meetings.

The Board manages the needs and concerns of all stakeholders, to ensure there is visibility of relevant stakeholder engagement activities within the boardroom, which informs decision-making and the delivery of the group’s strategy.

Debt investors

The business aims to deliver sustainable returns to its funders. It engages with its investor base through monthly (for asset-backed securities), or quarterly (for senior notes) reporting, investor presentations and non-deal roadshows. The senior notes were refinanced over 12 months prior to maturing debt, whilst the business asset-backed securities were extended and increased to an extent commensurate with the growth of our receivables book.

Regulators

The business works actively with its regulator as well as industry bodies and other relevant stakeholders to ensure its services remain at the forefront of compliance. Colleagues receive quarterly compliance training with modules during the year including financial crime, anti-money laundering & bribery and competition law. During 2020 we have actively engaged with the FCA throughout the pandemic to determine the agreed approach for the forbearance process and payment holidays.

Community

We have an active Corporate Social Responsibility committee of volunteers, who meet regularly to discuss initiatives and to identify opportunities for the Company to deliver economic, social and environmental benefits.

Each year the Company selects local charities to partner with; during 2020 the committee chose to partner with the Alzheimer’s Society and Insurance United Against Dementia as our national charity partner, helping people living with dementia. In addition to an initial corporate donation to offer immediate support during these difficult times, we have also committed to contributing through ongoing fundraising, creating awareness and volunteering to assist those affected by the condition. The Company also supports colleagues who fundraise by matching their funds and offers a ‘give as you earn’ (GAYE) scheme.

The Board and its committees are comfortable that all needs and concerns of all stakeholders are managed effectively. There is visibility of relevant stakeholder engagement activities within the boardroom to inform decision-making and the delivery of strategy.



Covid-19 pandemic

Following the outbreak of Covid-19 in the UK and the government response to the pandemic, we were quick to implement changes to our business, to ensure our colleagues remained safe, our customers continued to be well served and our business was able to meet the challenges of the pandemic. The safety of our colleagues is of paramount importance to us and we quickly transitioned our business to a remote working model.

To support our customers during these times, we focussed our efforts to ensure our contact centre was at maximum operational capability, in order to assist with queries and where appropriate, we extended short-term concessions to customers by way of payment holidays and payment freezes.

Market impact

The Covid-19 outbreak has caused material disruptions to the UK economy. However, demand for group services remains strong, with our products providing consumers and SME's relevant and flexible financing solutions to assist in the management of their liquidity, through this period of economic uncertainty.

Financial

From a funding perspective, following the outbreak of the pandemic, the group increased the liquidity within each of its funding facilities to ensure it could continue to finance the growth of the business through this period of uncertainty.

The group has not required lending assistance from any Government Scheme.

Operational Risk

System and Process

Since the outbreak of Covid-19 the group has undergone a review and updated all processes impacted in the move to working from home.

Cyber

The group has introduced additional measures to ensure its employees and systems are kept safe from Cyber-attacks following the changes in working practises resulting from the Covid-19 outbreak. These include increased frequency of updating and testing security controls, together with implementing enhanced cyber intelligence and advanced phishing controls.

Business Risk

Economic and Competition

The group continues to monitor the uncertainty around the UK's withdrawal from the European Union, the impacts of Covid-19 and the further possibility of interest rate changes. By maintaining a strong financial and liquidity position we aim to be able to absorb any short-term economic downturns.





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