

Provident

Provident Mexico

Delivering strong returns with
significant long-term growth
opportunities

International
Personal
Finance



Country profile



Mexico

(United Mexican States)

- Federal Presidential Republic – next elections 2024
- Population of 129m with 1% annual growth
- 15th largest world economy and 2nd largest in Latin America
- Business Friendly environment
- Unemployment 3.4% and stable; c. 60% informal economy
- Inflation 8.6% (target range 2% to 4%)
- 80% of exports and 46% of imports with USA, mainly Auto and Manufacturing Industries



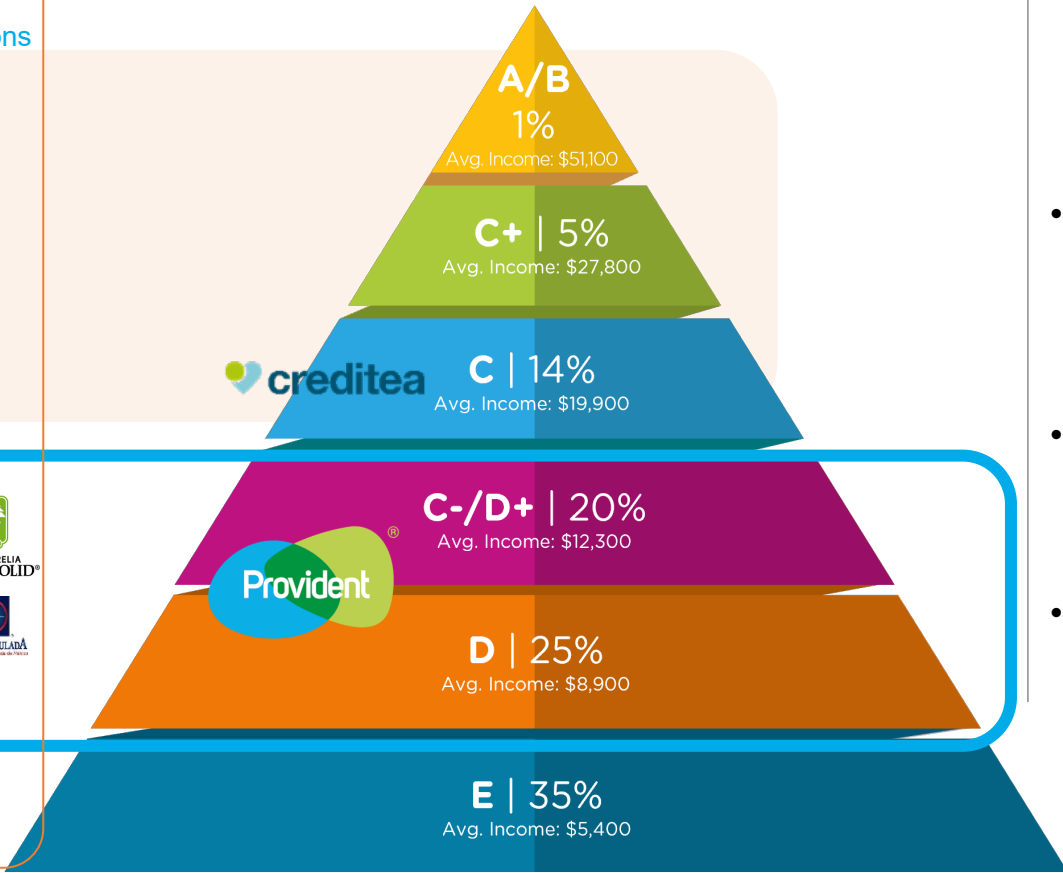
<u>Route</u>	<u>Distance (km)</u>	<u>Flight time</u>	<u>Equivalent route</u>
Tijuana to Merida	4294	4 h 10 m	Dublin to Istanbul

Market segmentation and competitive landscape



The market in Mexico

Banks	Fintech	NBFI	Popular S&L's
50 institutions	512 companies	(SOFOM's SOFIPO's) 36 institutions	(SOCAP) 155 institutions



Average monthly income figures in MXN Pesos

- Developing financial services landscape; 38% domestic credit penetration to GDP
- Low bank account penetration (47%). Top segments highly penetrated by banks
- Fintechs supporting bank account penetration and also targeting higher segments
- Large, underserved target C-/D segment: >50m people
- Majority of our segment deal in cash due to low bank account penetration

Provident in Mexico – our business



- Leading provider of individual installment loans
- 20 years on the market
- Operate in 27 of 32 states
- Served over 5m customers
- Brand awareness – 70%
- Net Promoter Score – 82%
- Recognised, award winning business



Provident Mexico – our products and services



Home Credit: individual consumer loans

- Extensive footprint across Mexico
- 2,500 employees
- 10,000 customer representatives
- 691,000 customers
- Loan terms 12 to 65 weeks (Average 42)
- Issue values from \$2,500 to \$15,000 (£100 to £600)
- Average loan size: \$7,400 (£300)



Negocio: consumer loans for micro businesses

- Mexico City
- 8,000 customers
- Loan terms 32 to 52 weeks (Average 40 weeks)
- Issue values from \$15,000 to \$50,000 (£600 to £2,000)
- Average loan size: \$24,500 (£1,000)




Value-added services: optional life and health insurance

Meet our strong and experienced leadership team



David Parkinson
Country Manager

36 years at IPF
15 years as CEO
4 years in Mexico
Vast leadership expertise



Derek Harris
Commercial Director

28 years at IPF
16 years in Mexico
Multi-country sales and service experience



Bartosz Probola
Commercial Director

11 years at IPF
3.5 years in Mexico
Experience in European sales and service



Julio Quintero
Financial Director

3 years at IPF
Blue chip corporate finance experience in Mexico, US and Latam



Gabriela Gomez
HR Director

19 years at IPF
Experience in Financial Services and Telecomm as HR lead



Alejandro Marti
Corporate Affairs Director

16 years at IPF
Financial Services and Business Development in Mexico, US and Latam



Fernandez Chavez
Legal Director

17 years at IPF
Experience in top tier legal firms in Mexico and US



Vanessa Franco
Marketing Director

1.5 years at IPF
Experience in Marketing for Retail, Telecomm and Fintech sectors



Juan Carlos Zamora
Credit and Risk Director

3.5 years at IPF
Experience in Financial Services and Retail in Mexico, US and Latam



Nestor Rodrigues
IT and Change Director

5 years at IPF
Innovation and IT transformation in Mexico and Latam

Provident Mexico – our journey to 27 of 32 states



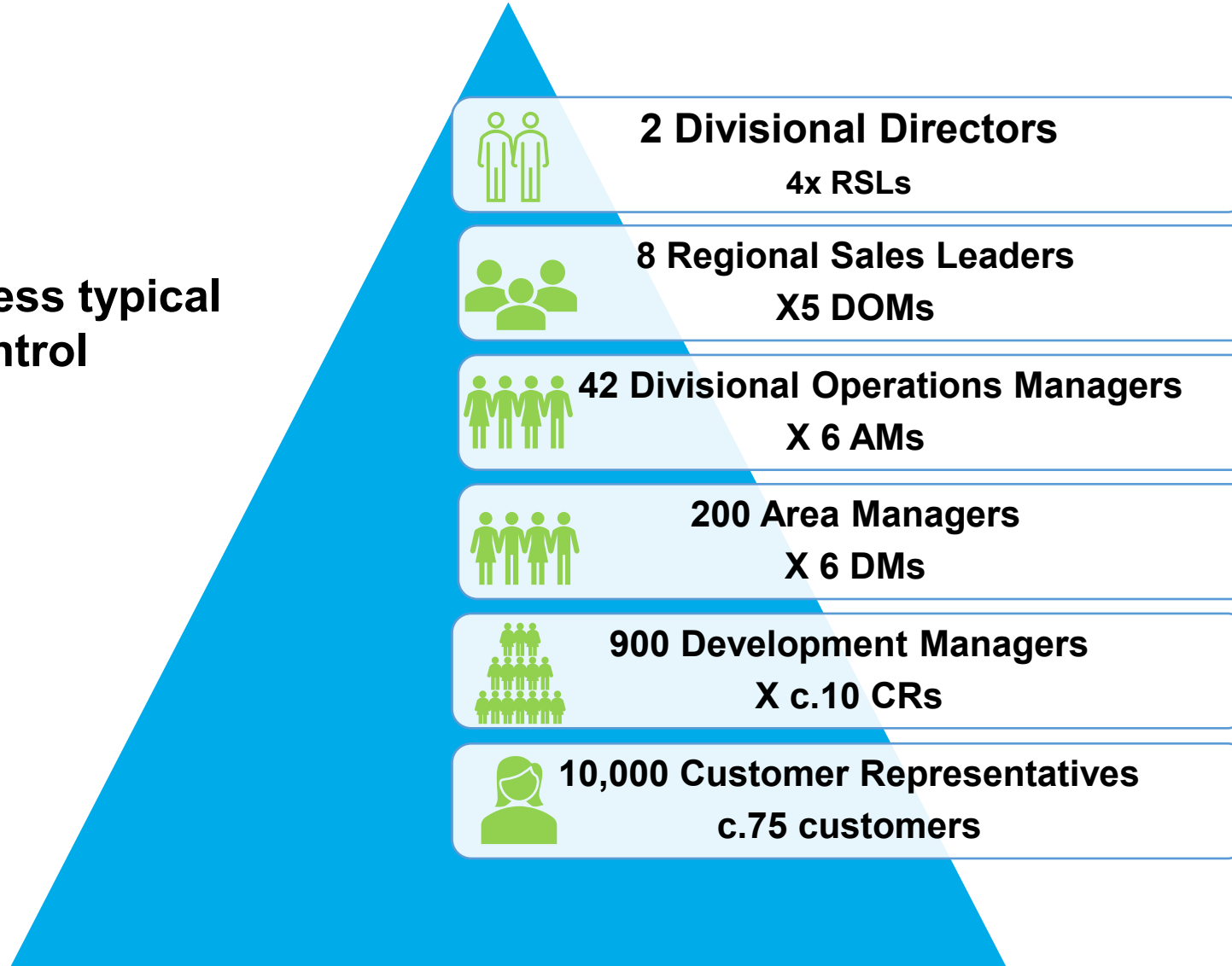
- Puebla 2003
- Veracruz/Oaxaca 2004
- Leon 2005
- Aguascalientes 2005
- Tabasco 2006
- Guadalajara 2008
- Monterrey 2010
- Mexico City 2016
- Tijuana 2022

Unique large-scale infrastructure



Difficult to replicate and takes years of experience to manage effectively

Established business typical spans of control



Meet our people



- 2,500 employees, 45% are women
- 10,000 customer representatives, 93% are women
- 33% of leaders are women
- Highly engaged and committed team
- Nationwide recognition programme for top performers
- Significant investment in providing personal development for both customer representatives and employees



Delivering for our people in 2022

6,300 customer representatives completed Academy Foundational level

1,100 Development Managers graduated from Leadership Academy

64 first time graduates from Power of Women Programme

30% of Development Managers were former Representatives

Meet our customer representatives



- 93% are women
- Average age 39
- High school education
- Heads of family and the breadwinner at home
- Typical length of service 4 years
- Manage around 75 customers
- Previous experience in direct sales and/or customer service
- Value flexibility to balance opportunity to grow their business with family life



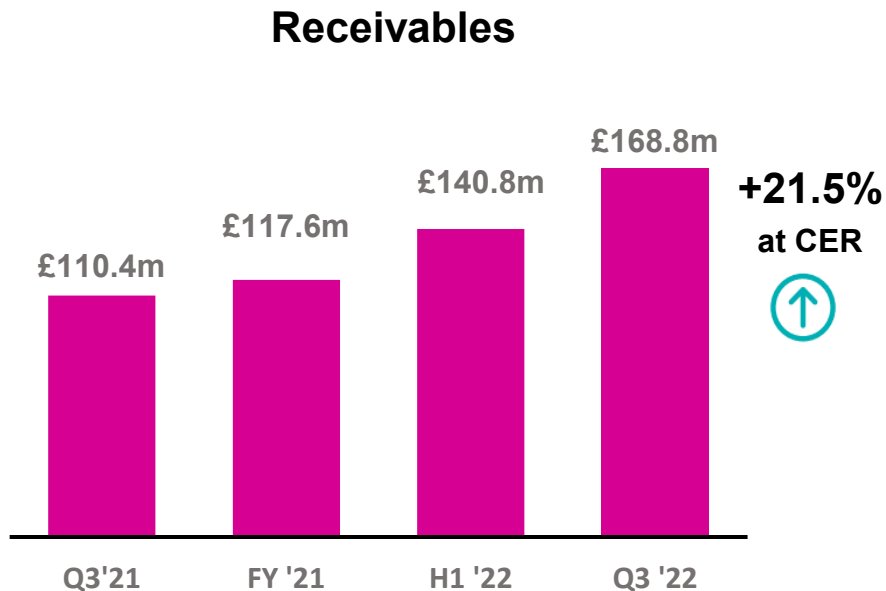
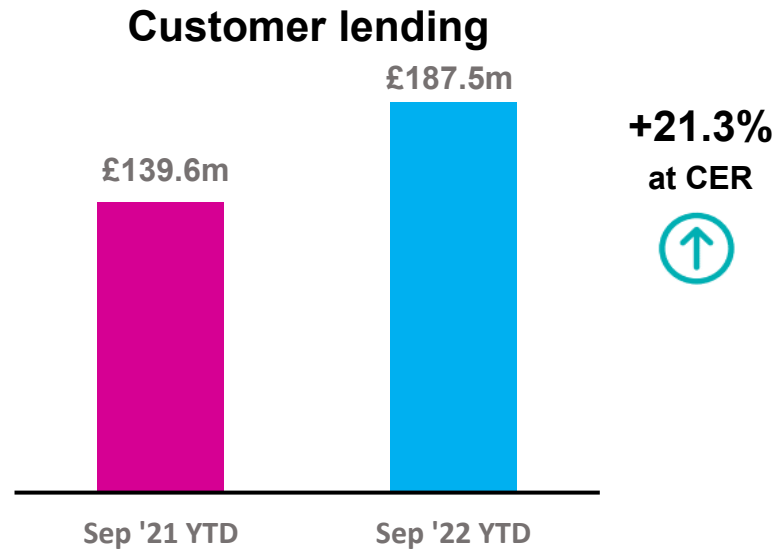
Meet our customers



- Typically aged between 30 and 50, family with children
- 74% female, heads of family or contribute to family budget
- 36% live in rural communities
- Underserved or not served by traditional banks
- Low to medium incomes with limited credit history
- Borrow and budget very carefully



Strong recent performance



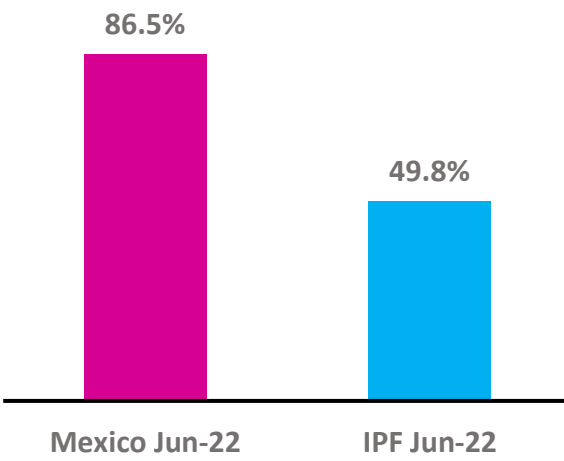
- Solid YoY lending growth of 21.3% at CER
- Strong receivables growth of 21.5% at CER YoY
- Operational excellence and good quality management main drivers of portfolio growth
- Remained profitable through the pandemic and now returning to strong profit growth:
 - Strong operational rhythm
 - Data driven planning decisions
 - Delivering sustainable customer and receivables growth

Delivering strong returns with significant long-term growth potential

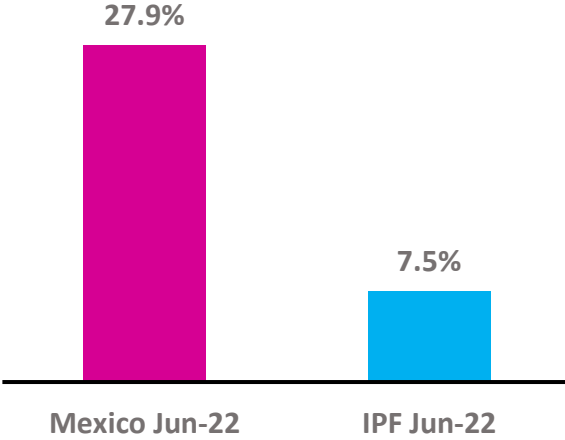


Delivers higher revenue yield reflecting higher risk profile in Mexico

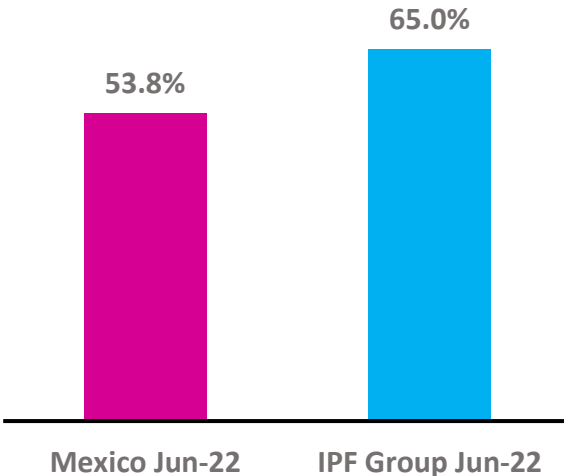
Annualised revenue yield



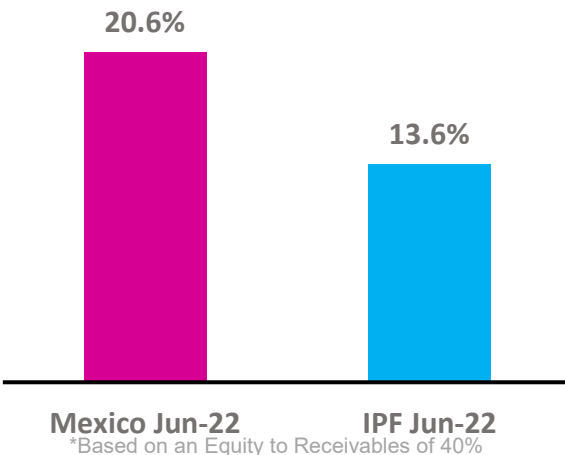
Annualised impairment rate



Annualised cost-income ratio



Annualised return on required equity*

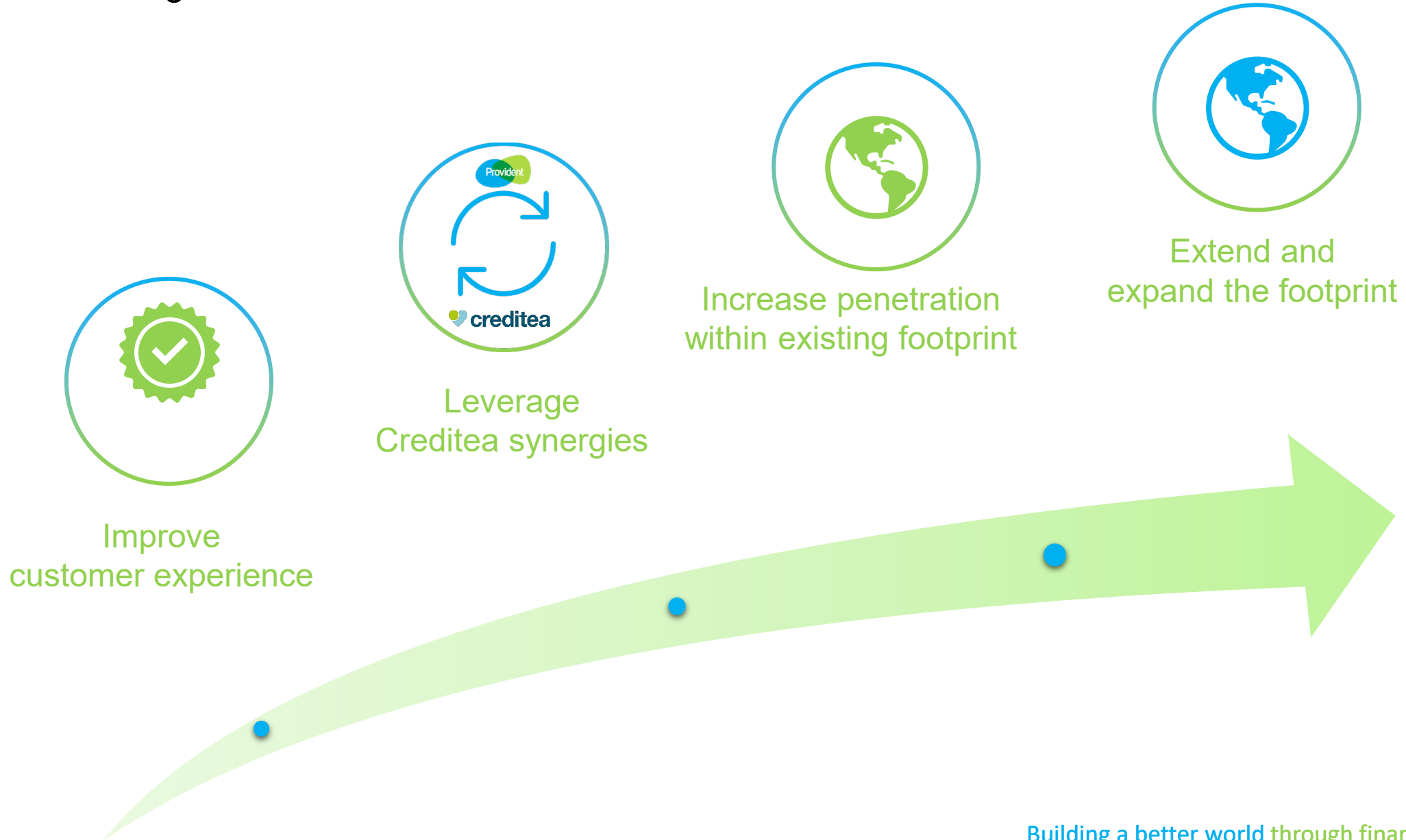


*Based on an Equity to Receivables of 40%

Our growth strategy to capture Mexico potential



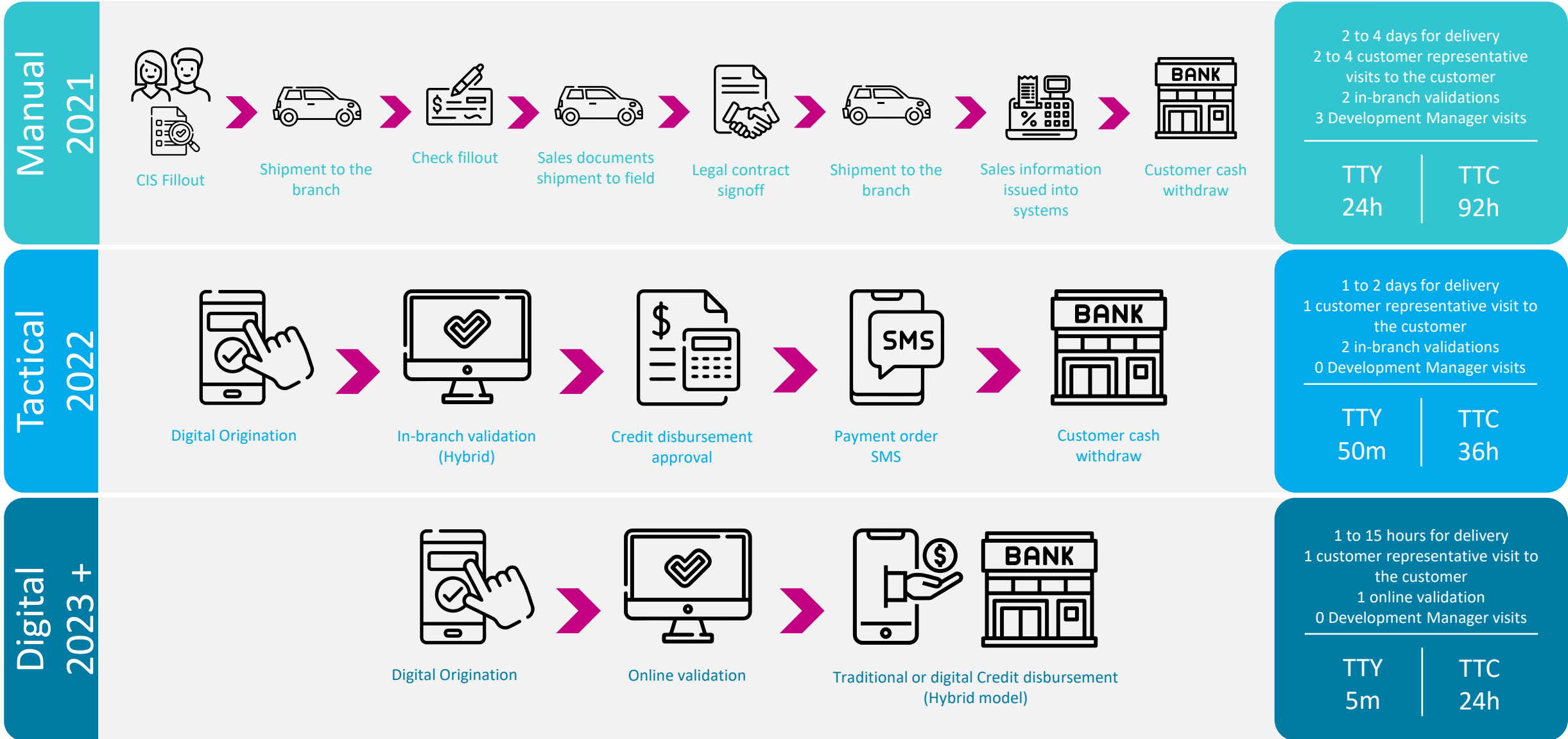
Sustainable growth to ensure consistent returns



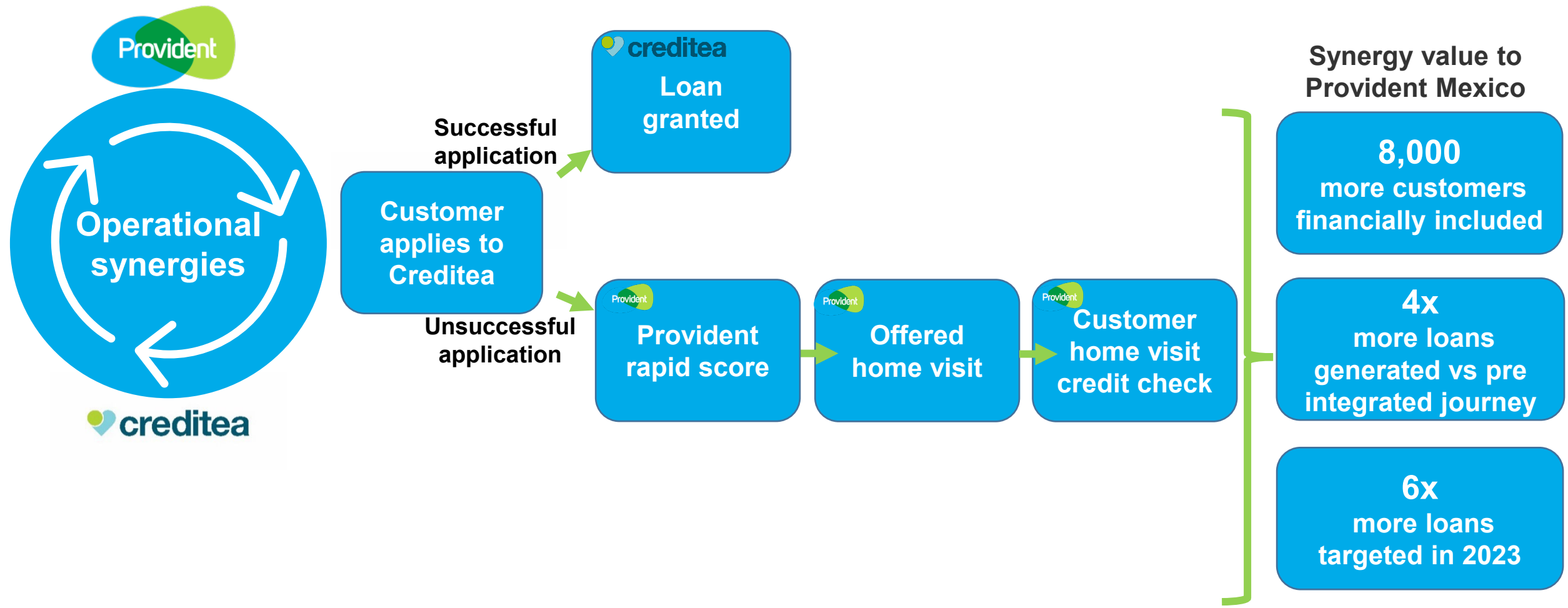
Improving our customer experience



Digitalisation strategy to speed up the 'Time to yes' (TTY) and 'Time to cash' (TTC)



A hybrid digital and home credit journey



Expanding our footprint growth potential



Branch expansion

5.5m* target consumers in large cities outside current footprint

Extension around existing business

2.4m* target consumers living 10-30km from existing operations

Near extension

7.7m* target consumers living within 10km of existing footprint

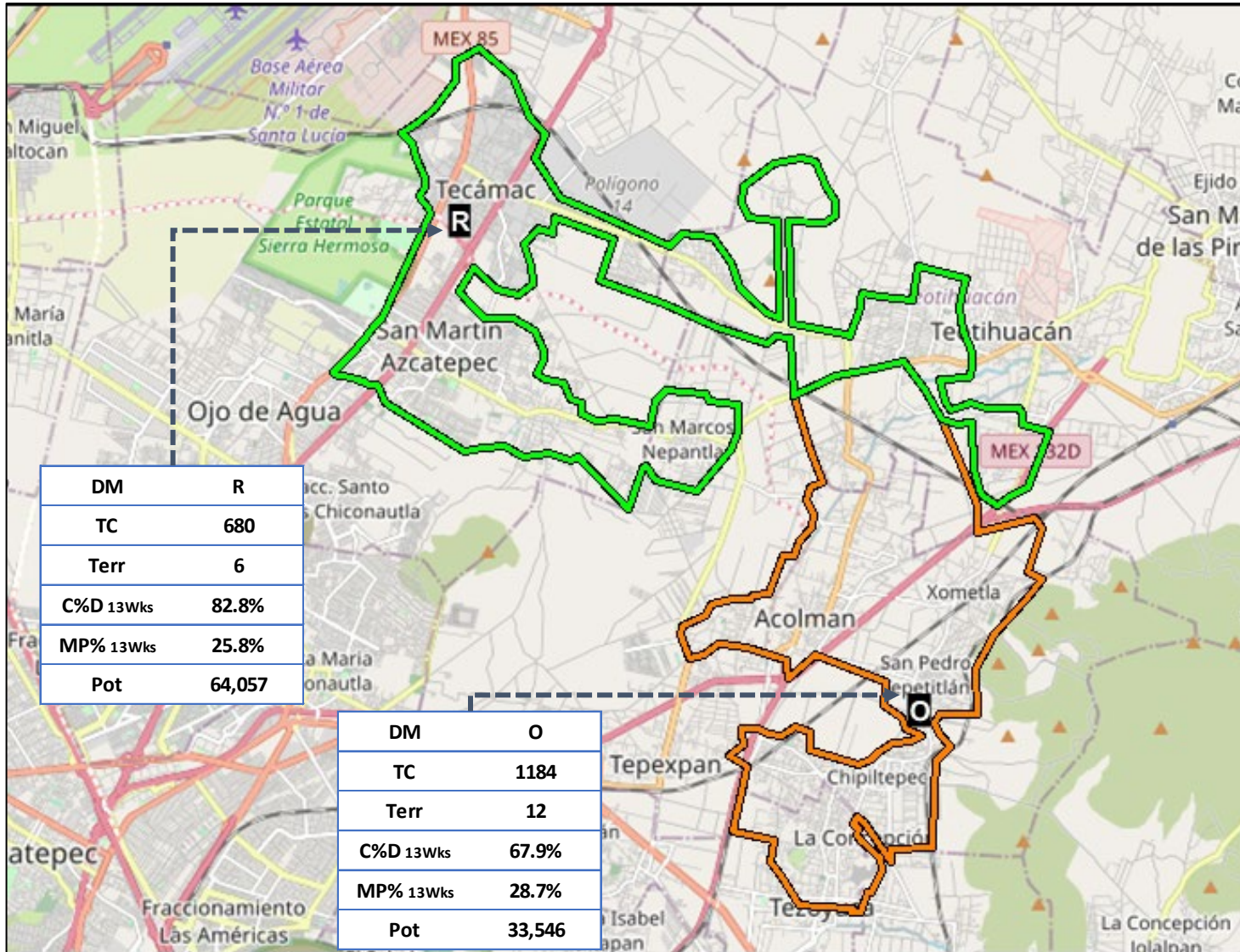
Existing business

27.7m* target consumers already accessible – Optimisation strategy

8.68m* outside of possible expansion scope

* Population meeting basic approval criteria (e.g., age) and in the C-/D socio economic segments.

Texcoco | Existing Feb '23



Criteria	New DM
Distance (From Branch as starting point)	32.1 km
Traveling time	30 min
Population (C-,D's)	56,844
Households	15,655
Potential Population (C-,D's)	29,710
Historical Wos (CP codes estimated)	597



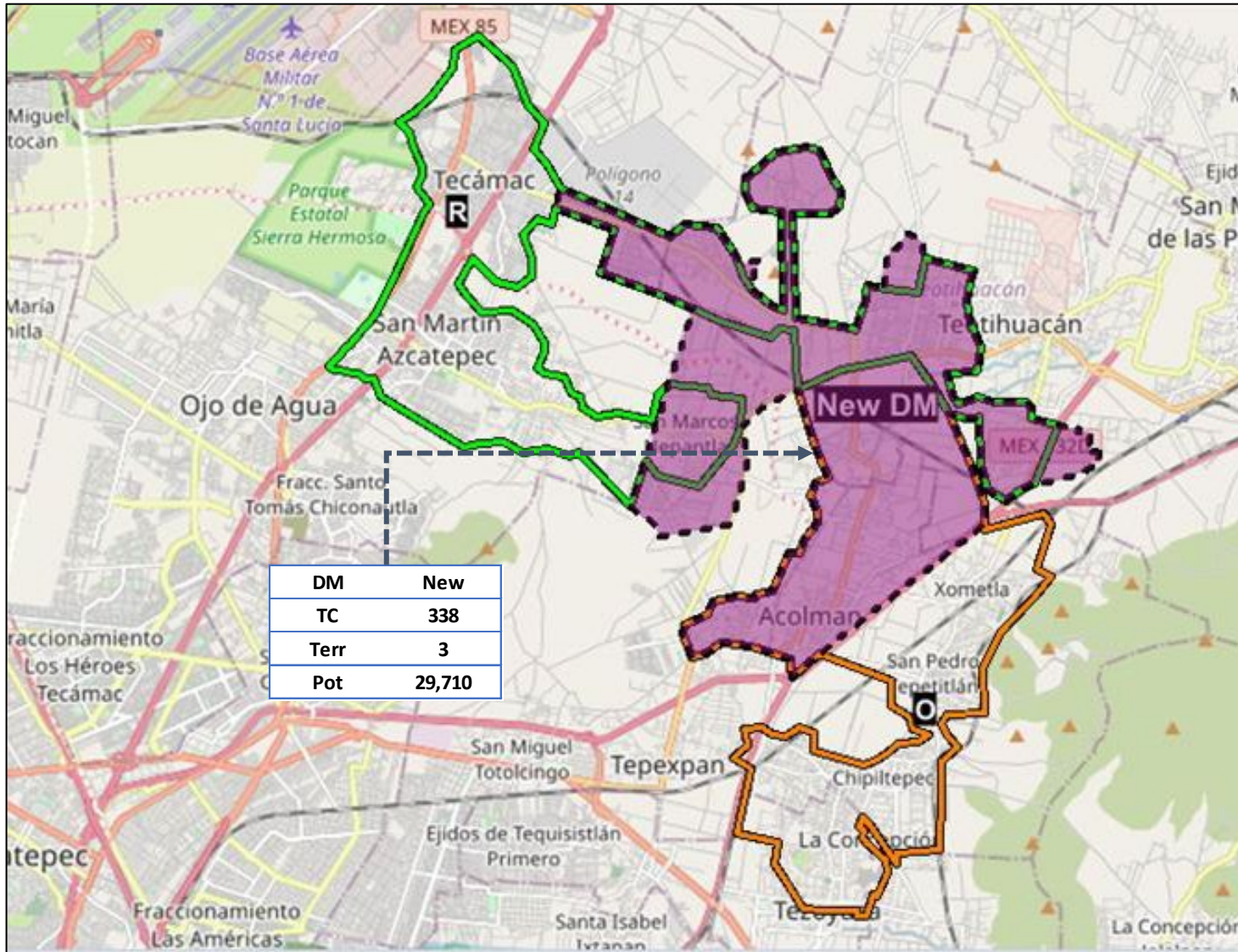
Proposal

- Add a new section between sections O & R

Texcoco | Existing Feb '23



Transition



Criteria	New DM
Distance (From Branch as starting point)	32.1 km
Traveling time	30 min
Population (C-,D's)	56,844
Households	15,655
Potential Population (C-,D's)	29,710
Historical Wos (CP codes estimated)	597



Proposal

- Add a new section between sections O & R

Texcoco | Existing Feb '23



Current

Section	TC	Agcy	Elig Pop
O	1,177	12	33,546
R	669	6	64,057
New	-	-	-
Total	1,846	18	97,603

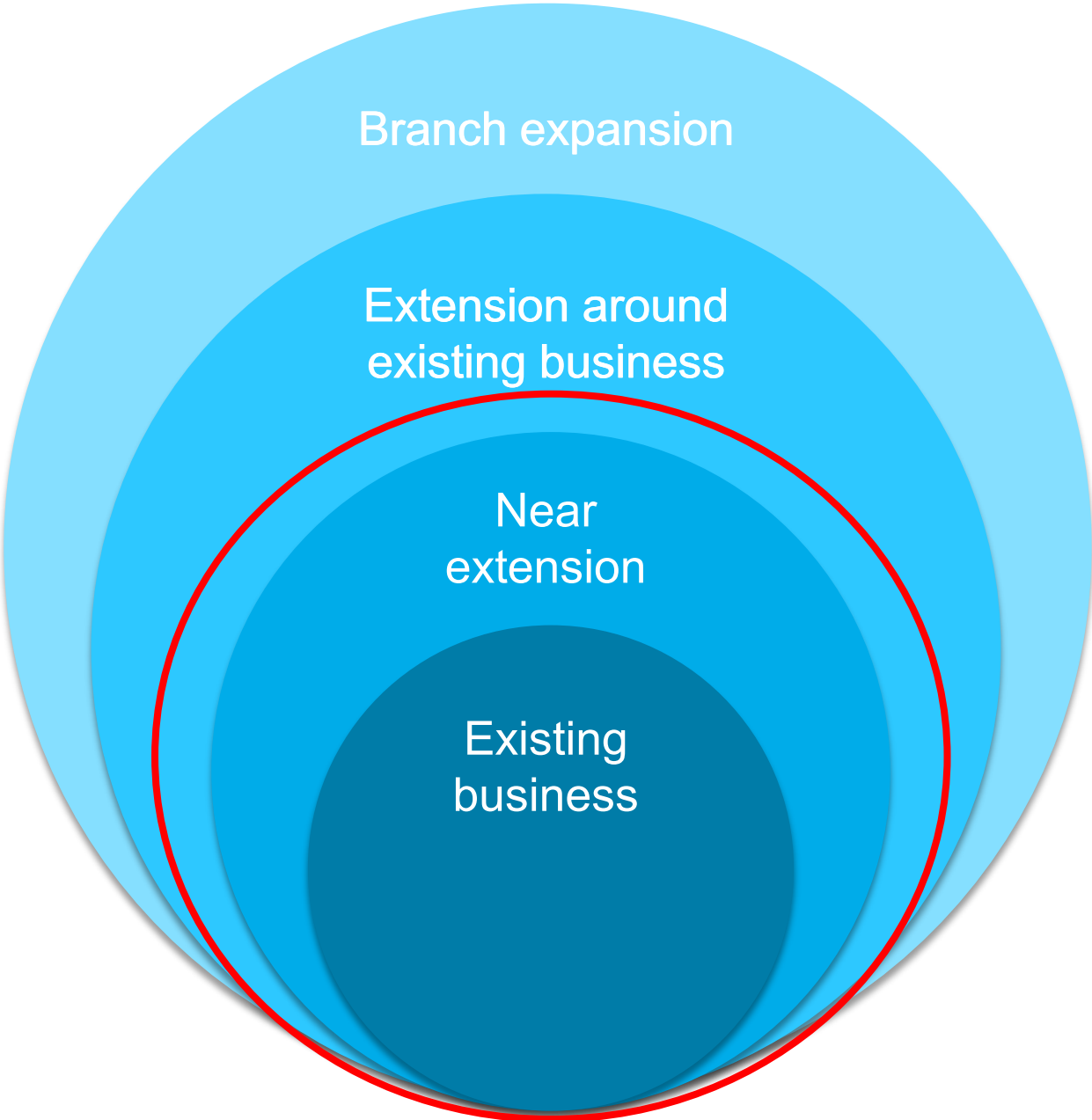
Proposal

TC	Agcy	Elig Pop	Main Comp	Creditea Rejections	%C-
1,025	11	22,327	1,934	107	23%
483	4	46,585	3,432	156	36%
338	3	29,710	3,042	76	24%
1,846	18	98,622	8,408	339	29%

*Elig Pop in a new area 1,019



Growth from optimising the existing business in 2022



1 m
additional eligible
population covered

72
new sections
created

659
new agencies
added

55,700
additional new
customers

Data from September '21 to September '22

Clear extension and expansion opportunities



Expansion strategy		Eligible additional population
Existing business	●	27.7 m
Near extension	●	7.7 m
Extension around exiting business	●	2.4 m
Branch expansion	●	5.5 m
Total		43.3m

Provident Mexico – significant growth potential



- Delivering target returns
- Strong and capable team
- Significant long-term prospects with strong demand for credit
- Clear strategy for growth
- Vision to financially include 1 million customers



Provident

Questions?



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