

10 July 2020

International Personal Finance plc Trading Update

International Personal Finance plc (IPF) specialises in providing unsecured consumer credit to around two million customers across 11 markets. We operate the world's largest home credit business and a leading fintech business, IPF Digital.

As part of our strategy to regularly inform and update investors on key operational performance metrics during the Covid-19 pandemic, IPF is publishing the following information for June 2020.

- **Progressive resumption of operating environment**

Our guiding principles to protect our people, our customers and the business continue to be at the forefront of our response to Covid-19. Against that background, we are encouraged by the extent to which our businesses are now stabilising into a 'new normal' operational environment.

During June, as government restrictions in our European markets were eased or lifted, almost all our agents resumed weekly visits to their customers, and a phased return to work for our office-based staff is underway, both under strict safety measures. We have shared lessons learned and best practice across the Group.

In Mexico, where there has not been a government-required national lockdown, our agents' ability to visit their customers has been less impacted, although we have of course ensured appropriate safety arrangements for our agents and customers. Plans are in place for our office-based colleagues to return to the workplace in the next couple of months.

- **Collections**

Having remained resilient in April and May, Group collections effectiveness continued to improve in June, reaching 88% of pre-Covid expectations (April 2020: 76%; May 2020: 80%).

The recovery was greatest in European home credit, which increased to 87% of pre-Covid expectations (April 2020 73%; May 2020: 80%) despite a more significant impact in Hungary where a higher proportion of customers have taken advantage of the temporary opt-out repayment moratorium.

Although reduced operational challenges may be partially offset by a recessionary impact on customer incomes in the second half of 2020, we expect collections effectiveness to progressively improve in the coming months.

- **Credit issued**

It is clear that there is continuing strong demand for our products and, had we chosen, we could have issued significantly higher new credit volumes. We have, however, prudently chosen to prioritise collections, liquidity and the quality of our loan book, and accordingly have carefully managed the volume of new loans issued.

As lockdown restrictions progressively relaxed and our collections effectiveness improved, we increased credit issued, and in June we lent 37% of pre-Covid

expectations, up from 30% during both of April and May. This was achieved primarily through higher lending levels in our European home credit markets, where credit issued increased to 43% of pre-Covid expectations (April and May 2020: 34%), despite continued significantly restricted sales in Poland where a temporary rate cap limits economic returns in the short term.

We expect to progressively accelerate credit issued in the coming months with lending remaining focused on our higher quality customers.

- **Net cashflow generation**

The continued improving collections performance, the impact of cost reductions and the effective management of credit issued resulted in net cash flow generation in June of £42 million (May 2020: £43 million).

During the past month, we made on-market purchases of €8.8 million of the Group's 5.75% bonds due April 2021 at an average price of 87 cents. These bonds will be cancelled.

Gerard Ryan, CEO at IPF, commented: *"I am very encouraged by the continued improving performance delivered in June, both in terms of customer collections and credit issued. Most of our agents have resumed their weekly visits to customers and, as we steadily increase new lending across our home credit and IPF Digital businesses, we expect to deliver further improvements in performance. Our business plays a key role in society by providing credit responsibly to consumers who are underbanked or underserved, and we are well-placed to continue to meet their credit needs after the impact of Covid-19 subsidies."*

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A copy of this statement can be found on our website – www.ipfin.co.uk

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