18 November 2020

International Personal Finance plc
October 2020 Trading Update

*International Personal Finance plc (IPF) specialises in providing unsecured consumer credit to around 1.7 million customers across 10 markets. We operate the world's largest home credit business and a leading fintech business, IPF Digital***.**

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

- **Highlights**
  - Continued improvements in trading performance
  - Collections effectiveness increased 2 ppts to 97% of pre-Covid expectations
  - Further increase in credit issued to 60% of pre-Covid expectations
  - Net cashflow of £7 million reflecting the progressive shift towards growth
  - Successful bond exchange and refinancing of the Group

  Gerard Ryan, CEO at IPF, commented: *"I'm very pleased to report a further improvement in our collections performance and that we are carefully increasing lending to our highest quality customers. We are well-prepared for operating during the second wave of the Covid pandemic, with our priority being the health and safety of our colleagues and customers. Successfully completing the refinancing of the business provides the financial foundation on which we will continue to provide credit responsibly to under-served consumers and deliver long-term growth and value to all our stakeholders."*

- **Continued improvements in trading performance**
  We continued to deliver progressive improvements in our operational performance in October with a further increase in credit issued and a good collections performance. The second wave of the pandemic has resulted in rising Covid cases in all our European markets. Various restrictions have been introduced by governments, but our agents continue to serve their customers effectively. Whilst freedom of movement restrictions are beginning to result in a slight reduction in demand, the expected negative impact on collections for which we had planned has not arisen. In Mexico, reported Covid cases are stable and various state-by-state restrictions remain in place. Safeguarding our people and customers remains our priority and, applying the lessons learned in the first wave of the pandemic, we are well-prepared, providing safety guidance and PPE for all of our field-based colleagues and agents, and alternative repayment options for affected customers.

- **Strong collections effectiveness**
  We continued to deliver a strong level of collections effectiveness, rising to 97% of pre-Covid expectations in October. All of our businesses (excluding Hungary where an opt-out moratorium is in place) delivered a good performance. As reported in our Q3 2020 statement, we continue to expect a modest reduction in collections effectiveness during the winter period, notwithstanding the fact we have seen improvements in the month of October.

- **Good credit issued**
  The robust collections effectiveness delivered since the half year has enabled a progressive relaxation of credit settings in order to increase lending and reduce the rate of contraction of our receivables portfolio. This strategy has driven an increase in credit issued to 60% of pre-Covid expectations, primarily in our home credit operations in Europe and Mexico. Our plan remains to continue increasing credit issued during the remainder of the year while maintaining a clear focus on portfolio quality and the macroeconomic effects of Covid.

- **Net cashflow generation**
  Net cashflow generation in October was £7 million. This more modest level of cash generation compared to recent months was expected and reflects our strategic decision to increase lending cautiously to rebuild the portfolio, together with tax payments falling due in a number of our jurisdictions in the month.

- **Successful refinancing of the business**
  As previously reported, a new 5-year bond issue and amended covenant package across all the Group's bonds has been successfully completed. This, together with the Group's bank facilities, totals £560 million of funding with amended covenants that is available to support future growth of the business. This compares to borrowings net of non-operational cash balances of £401 million at the end of October.

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

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