



13 August 2020

International Personal Finance plc Trading Update and notice of 2020 Half-year Report

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 July 2020.

- **Highlights**

- Almost all agents are now actively serving customers again
- Collections effectiveness continues to improve and is now 92% of pre-Covid expectations
- Credit issued, while we remain cautious, increased to 43% of pre-Covid expectations
- Continued strong net cashflow generation
- c.£45 million cash received yesterday following successful appeal against 2008 and 2009 tax audit findings

- **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. We continue to be encouraged by the extent to which our businesses are now stabilising into a 'new normal' operational environment.

Government restrictions in our European markets have now been largely lifted, almost all our agents are continuing their visits to their customers, and a phased return to work for our office-based staff is underway, both under strict safety measures.

In Mexico, where there has not been a federal government mandated nationwide lockdown, our agents' ability to visit their customers has been less impacted. Nevertheless, we have continued to ensure appropriate safety arrangements are in place for our agents and customers, particularly as the pandemic there may not yet have reached its peak.

- **Collections**

We delivered further improvements in collections effectiveness following the positive trend reported in May and June, reaching 92% of pre-Covid expectations in July (May 80%, June 88%). Each of our businesses improved month on month and we expect to see a continuation of this strong performance in the coming period.

- **Credit issued**

Whilst we continued to maintain a cautious stance on issuing credit, we have been encouraged by our consistently improving collections effectiveness following the progressive relaxation of lockdown restrictions in our markets. This gave us confidence to ease our strict credit control settings in most markets and we increased credit issued from 37% of pre-Covid levels in June to 43% in July, without compromising the quality of the loan book by focusing on our higher quality customers.



This was achieved primarily through higher lending levels in our European home credit markets where credit issued increased to 56% of pre-Covid expectations (June 2020: 43%), with a notable increase in volumes in both Romania and Poland. In addition, we eased credit settings in Mexico home credit and this resulted in an increase in credit issued from 27% in June to 35% of pre-Covid expectations in July.

Without relaxing our focus on credit quality, we intend to progressively accelerate credit issued in the coming months.

- **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 July of £46 million (May £43 million, June £42 million).

- **Cash received on conclusion of Polish tax audits**

Following a decision in March which has not been appealed by the Polish Tax Authority, the Warsaw District Administrative Court has formally confirmed that its decisions, which found in our favour on the 2008 and 2009 tax cases, are final. As a result, yesterday we were repaid c.£45 million in cash which comprises c.£35 million that we paid in January 2017 in order to appeal the tax authority decisions, plus associated interest of c.£10 million.

IPF will issue its 2020 Half-year Report on 8 September 2020 and host a webcast presentation on that date.

Gerard Ryan, CEO at IPF, commented: *“I continue to be very encouraged by the improving performance delivered in July. This has been driven by a normalisation of agent service to our customers in the last two months, and I anticipate a continuation of our positive collection trends alongside progressive increases in new lending, both of which will help deliver further improvements in our overall Group performance. I am also delighted to be able to finally report the successful conclusion of the ongoing Polish tax audits, with the reimbursement of the monies paid out in 2017, together with interest, bringing this long-running issue to a close.”*

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

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