International Personal Finance plc
Investor presentation

September 2022

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Credit investment highlights

Resilient, global consumer credit business with a 25-year track record of responsibly meeting the needs of financially underserved customers, led by an experienced specialist team

Who we are and what we do

- Global consumer finance business helping people excluded by mainstream finance providers to access a range of regulated, affordable financial products.
- A resilient and well-diversified business, offering an essential service to 1.7 million customers in nine markets across three continents.
- Served 14+ million customers and delivered c.£1bn of profit[1] in the last decade demonstrating resilience through financial cycles.

Growth strategy and financial model

- Growth strategy focused on delivering an excellent service to existing loyal customers and increasing the number of compelling product choices to attract the next generation of customers.
- Helping previously excluded consumers build a credit history by offering a tailored suite of innovative products and channels to meet their financial needs in an affordable and transparent manner.
- Purpose and strategy underpinned by a financial model that aims to deliver an ROE of 15%+, balancing the needs of all stakeholders.

Risk management and regulatory compliance

- Successful track record of managing key risks including credit, regulation, competition and liquidity.
- Robust credit scoring and approval systems built on a database with 45 million+ loans.
- Customer representatives are remunerated primarily on customer repayments, ensuring that they lend to customers who can afford to repay and thereby avoiding over-indebtedness.
- Dynamic, well-developed control framework, processes and systems, fully integrated at all levels of the Group.

Financial performance and funding

- Profitable, resilient and cash generative business.
- Strong growth and financial performance post Covid-19.
- Diversified debt portfolio with a weighted average maturity of c.2.5 years compared with average customer lending of c.1 year (we borrow long and lend short).
- Robust balance sheet and strong funding position with 52% equity to receivables ratio and £68m in non-operational cash balances and undrawn facilities at Jun-22.
- Long track-record in the capital markets with debt funding supported by 17 banks and three bondholder groups.

1) Profit before tax and pre-exceptional items.

Who we are and what we do

Our purpose – Building a better world through financial inclusion

Playing an important role in financial inclusion and making a positive social contribution to the wider economy

Building a better world through financial inclusion

Our customers

- Providing a financial lifeline to 1.7m customers when others won't or can't.
- Providing access to regulated, affordable and flexible credit.
- Helping develop customers' credit history enabling more credit choices.

Our investors

- Delivering fair and sustainable returns.
- Maintaining an open, transparent dialogue.
- Being a force for good in society (ESG), doing business with a meaningful purpose.

Our colleagues

- Providing careers and an income for 22,000 colleagues who serve our customers.
- Investing significantly in leadership development across the Group.

Our suppliers and partners

- Strong brand reputation.
- Professional, reliable and trustworthy.
- 10,500 supplier partnerships.
- Pay invoices on time.

Our communities

- Making a positive contribution to our communities and the environment.
- Investing in valuable social initiatives and 5,000+ hours volunteering time in 2021.

NGO's

- Providing funding and support.
- Active membership of 55 sector associations.
- Open, honest debate to improve the lives of customers.

Our regulators

- Abiding by all relevant regulatory standards.
- Working with regulators to help shape regulation whilst providing financial inclusion.
- Transparent and fair practices.

Governments

- Well governed business, providing a valuable service to customers less favoured by high-street banks, thus fulfilling a key element of government inclusion strategies.
- Providing insight into the lives of the voting public.
- Paid taxes of £141m in 2021, supporting the wider economy.

Our marketplace

Long and successful track record of meeting the needs of less well served / financially excluded consumers

- 25 years expertise of operating successfully in our marketplace.
- Operating in the NBFI segment, just below the banking sector:
    - Highly regulated landscape with rate caps and affordability regulations in place in the majority of our markets.
    - Providing a more transparent, fair and responsible product suite than payday and pawn broking.
- The NBFI segment is characterised by:
    - Sector remains competitive, although a number of digital participants remain loss making, lack scale and are likely to exit the market.
    - Significant long-term demand for affordable credit from our target consumers – their needs are structural not discretionary.
    - Digital innovation continues to drive growth.
    - Consumers expecting a frictionless customer experience.
    - Growth in partnerships to serve finance in an increasingly digital, interconnected world.
- IPF has been consistently profitable and cash generative, has adapted very well to enhanced regulatory requirements, and consistently creates capacity to innovate in order to meet the evolving needs of consumers.

The consumer credit market

Banks (mainly prime)

Non-bank financial institutions

Mobile wallets
Digital credit lines
Digital loans
Home credit loans
Insurances
Credit Unions
BNPL
Payday lenders
Pawn brokers

Grey market

Family and friends
Unregulated lenders

Our customers

Looking for unsecured, small-sum credit or insurance from a company they can trust

- Underserved by banks with their high rejection rates.
- Limited credit history.
- Low to medium incomes.
- Generally from socio-economic Group C in Europe and C & D in Mexico.
- Borrow and budget carefully.
- Looking for financial products that suit their needs:
  - Small sums.
  - Transparent costs.
  - Affordable, regular repayments.
  - Forbearance and flexible repayments.
  - Personal relationships.
  - Smooth customer experience.
  - Tailored products they cannot obtain themselves (e.g. insurance).
- We have served over 14+ million customers over the last decade.

Serving 1.7 million customers

European home credit	Mexico home credit	IPF Digital
786,000	676,000	256,000

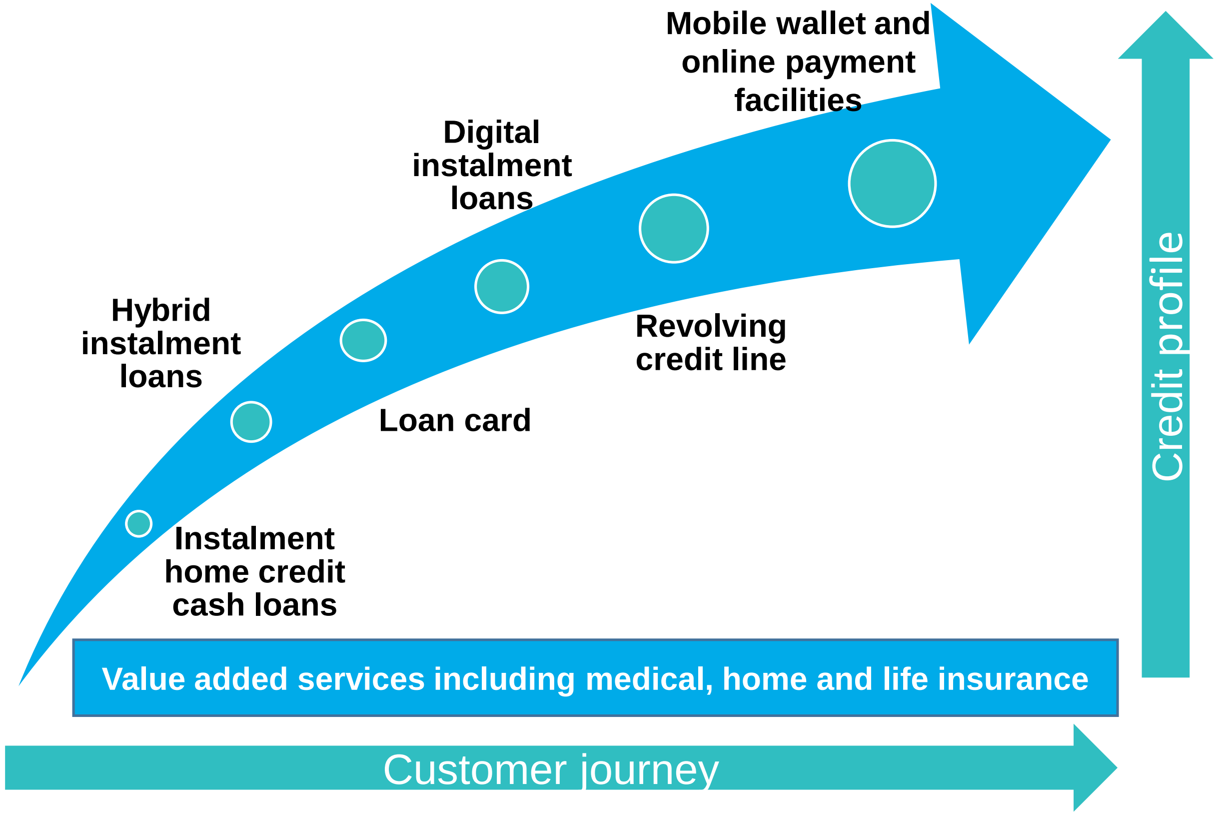
How our customers use their loans:

- Smoothing their budgets and managing unexpected expenses.
- Education and school uniform.
- Healthcare and medical expenses.
- Home improvements and household goods.
- Building a micro business (Mexico).
- Family celebrations and Christmas.

Our products and services

Offering a broad suite of traditional and innovative products and services to suit our customers' different credit profiles

- Small sum, unsecured consumer credit and insurance products.
- Evolving suite of products to meet customers' changing needs and help build a credit history.
- Instalment loans and revolving credit, supplemented with value-added services such as insurance (we sell the insurance but it is not on our balance sheet).
- Multiple channels:
  - Customer representative model (home lending - face to face).
  - Digital offering (remote lending).
  - Hybrid (a blend of customer representative and digital).
  - Retail partnerships.
- Customers offered preferential products once they have proven good repayment behaviour:
  - Discounted pricing.
  - Increased loan amounts and/or longer terms.
  - Improved credit history.
- Products offered based on our assessment of each customer's individual needs, affordability and credit profile.



	European home credit	Mexico home credit
Typical loan	£730	£290
Average term	75 weeks	45 weeks

	IPF Digital
Credit line average principal outstanding	£1,100
Instalment loan average lending value	£720

We serve our customers in a responsible way

We pride ourselves on being a responsible, ethical and trusted financial institution

Responsible lending model

- Access to regulated credit.
- Understanding of customers' financial circumstances.
- Affordability and credit worthiness checks.
- Creating opportunities to build credit profile.
- Customer representatives rewarded primarily on customer repayments.
- Forbearance and repayment flexibility.
- Low and grow lending strategy.
- Sustainable collection and debt recovery.

Our values

We are responsible
Being open and transparent in everything we do.

We are respectful
Treating others as we would like to be treated.

We are straightforward
Taking due care in all our actions and decisions.

Resilient global consumer finance business

Helping people excluded from mainstream finance to access simple, personal and affordable finance

Diversified geographic presence operating in nine markets

Selected awards & ESG ratings

FTSE4Good | EUROPEAN CUSTOMER CENTRICITY AWARDS | top EMPLOYERS INSTITUTE | Best Workplaces | MSCI ESG RATINGS AA

Responsible | **Respectful** | **Straightforward**

Key company information[1]

1.7m

Customers

Growing conservatively.

£770m

Net receivables

Global repayments due > £1.3bn.

c.£1bn[2]

Profit over the last decade

Profitable every year since listing in 2007, with 2020 (Covid-19) being the only exception.

25 years

Resilient business model

Long-established consumer finance business, resilient to economic downturns.

9

Markets

Geographically diversified mitigates impact of local adverse shocks and delivers competitive advantage.

52.4%

Equity to receivables

Strong historical financial performance with conservative target of 40% consistently met.

1) As at Jun-22.
2) Profit before tax and pre-exceptional items.

Growth strategy and financial model

Clear alignment between purpose, strategy and financial model

Financial model

Delivering ROE 15%+

Strategy

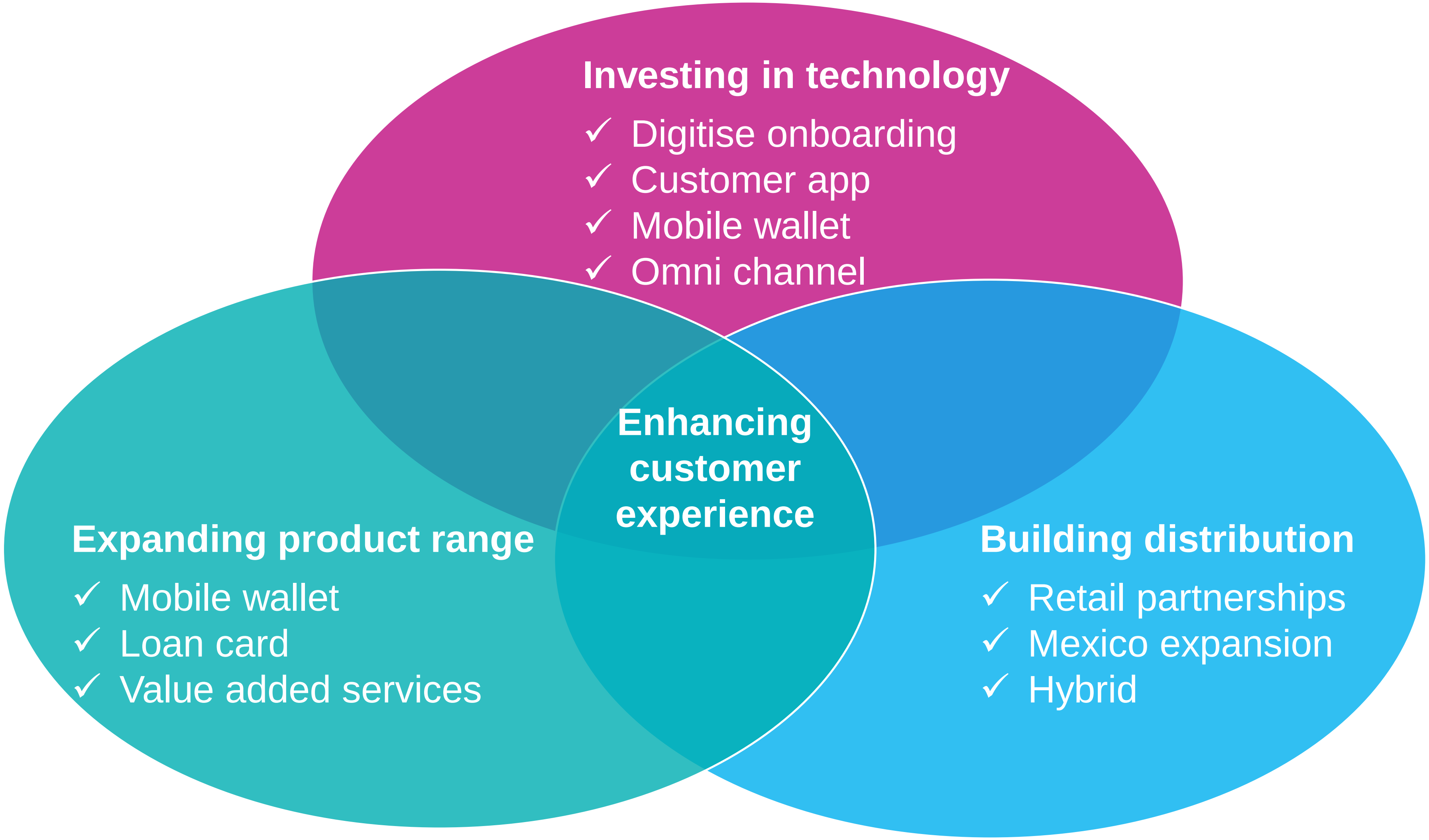
Deliver excellent service to our loyal customers and increase product choices and channels to attract the next generation

Our purpose

Building a better world through financial inclusion

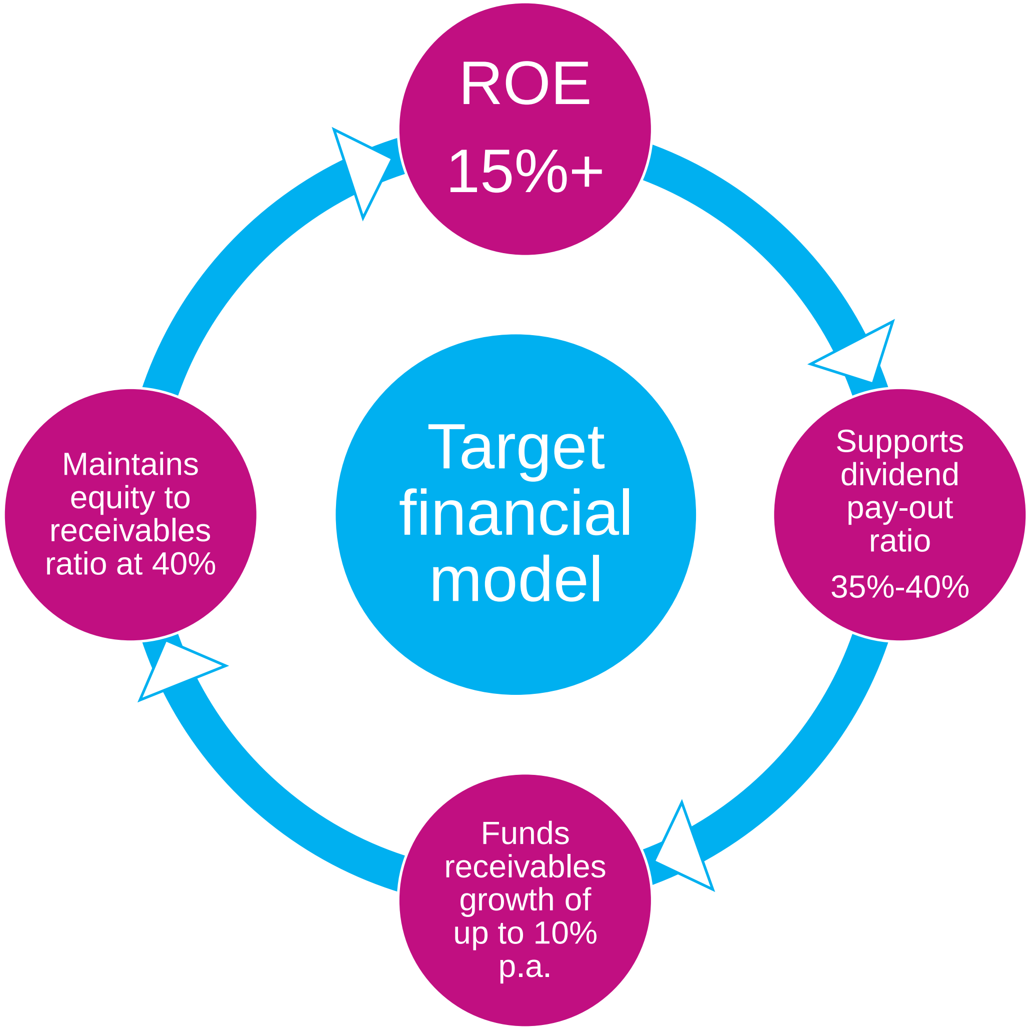
Our strategy

Enhancing our proposition to deliver excellent service to loyal customers and attract the next generation of customers



Our financial model

Sustainable returns to meet the needs of all of our stakeholders



- We are currently growing receivables at a rate greater than 10% as we rebuild scale:
  - Capital in excess of our 40% equity to receivables target is being used to fund the extra growth.
- ROE is currently <15% due to the reduction in scale during Covid-19.
- ROE being built up to our target as we deliver:
  - Strong receivables growth.
  - Progressive dividend policy.
- We consider 15%+ ROE is an appropriate return which balances the needs of all stakeholders.

Risk management and regulatory compliance

Effective risk management framework

We have a robust framework for identification, evaluation and management of key risks

Risk management roles and responsibilities

1. **Board of Directors** – Determines nature and extent of principal risks we are willing to take to achieve strategic objectives.
2. **Audit and Risk Committee** – Reviews processes for management of principal risks and internal control systems on behalf of Board.
3. **Risk Advisory Group** – Supports Audit & Risk Committee in reviewing risk exposure levels against risk appetite.
4. **Management Team** – Responsible for day-to-day risk management and internal control systems.

Assurance through three lines of defence

1. Business-level: identify, assess and control risks in business unit (including local risk and credit committees).

2. Group-level: oversight on effectiveness of risk management and internal control systems (including a Group Credit Committee).

3. Internal audit: review of operations and oversight of internal control, with Head of Internal Audit reporting to Chairman of the Audit and Risk Committee of the IPF plc Board.

Managing credit risk, inflation and economic cycles

Well placed to deal with potential inflation-related pressures; no impact to date on customer repayment performance

Underwriting

- As a precautionary measure, we have tightened underwriting to protect our customers and mitigate potential financial risk and will continue to do so as necessary.
- We can quickly and materially tighten underwriting as evidenced during Covid-19 (receivables reduced by £200m which repaid £200m of borrowings).

Funding structure

- Our loans are small-sum, over short terms (average maturity of 1 year) whilst our borrowings have a longer duration (average maturity of 2.5 years).

Track record

- We have an excellent track record of managing impairment levels within our target range through all economic cycles.
- We have only been outside our target impairment range once in our history (Covid-19).

Market responsiveness

- We receive intelligence daily/weekly from our customer representatives enabling an extremely quick response to changes in sentiment.
- Our customers are used to managing tight budgets which means that demand is often impacted more than repayments (they are prepared to go without).

Balance sheet

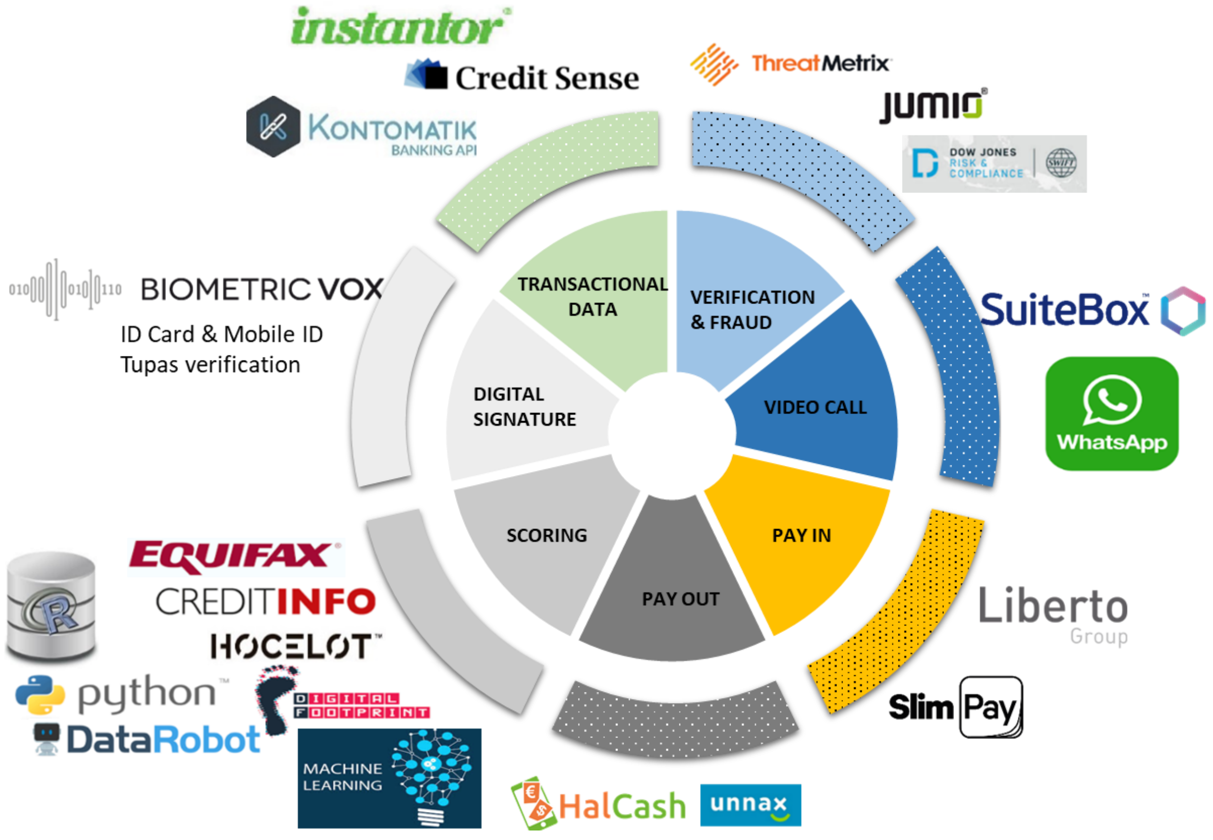
- We have a conservative balance sheet with an impairment coverage rate of 38% compared with 34% pre Covid-19 (c.£50m/ £60m of provisions above normal levels).

Robust credit scoring and approval processes

Our powerful suite of credit management systems allow us to lend responsibly and profitably

- Centralised credit management systems and dedicated credit professionals in each business unit.
- Central credit governance managed through Global Credit Committee
- Application and behavioural credit score in each market including credit bureau data.
- Scoring models built using database of over 45 million loans.
- Lending decisions focus on customers' disposable incomes, ensuring their ability to repay.
- 'Low and grow' approach.
- Centralised arrears strategy.
- Face-to-face business model drives higher approval rates and better risk outcome.

Technologies used in on-boarding customers



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Active management ensures compliance, sustainability and profitability

We operate in highly regulated environments and have a proven track record of adapting to change

Regulatory risk management strategy

- We always operate in line with local legislation and legislation:
  - Adapted to changes in price controls in our jurisdictions over many years.
  - Ability to profitably redeploy capital across the Group – exited Slovakia (home credit) and more recently Finland and Spain (digital), when it was clear they would not meet our return requirements.
- Active engagement and consistent dialogue with regulators, legislators and politicians.
- Member of 55 local sector associations.
- Open dialogue with local NGOs and consumer associations.
- Monitor legislative proposals and engage with stakeholders in order to respond appropriately.

Successful track record of dealing with regulation

• Hungary – temporary Covid-19 repayment moratorium to end 2022.	• Less than 7k customers remain in the moratorium.
• Romania – temporary repayment moratorium to December 2022.	• Minimal impact due to eligibility criteria.
• Poland – proposal to reduce non-interest cost of credit cap.	• Continues to be debated – loan card strategy in test.
• Romania – proposal to introduce total cost of credit cap.	• Current proposal has minimal impact.
• EU review of Consumer Credit Directive.	• Expect final compromise proposal in next 6 months.

Managing regulatory risk – Poland

Potential changes to consumer credit legislation including the Total Cost of Credit cap (TCC)

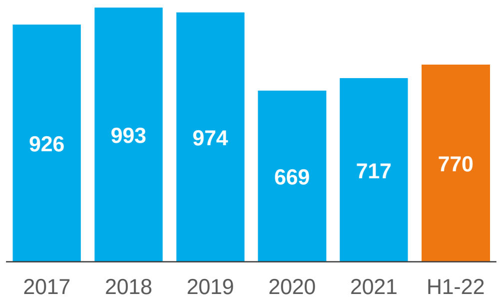
- Proposals comprise a potential tightening of existing rate cap of non-interest charges together with new affordability rules and licensing requirements.
- Continues to be in the parliamentary review process.
- It is clear that there continues to be a range of views on the merits of the proposals
- Poland remains a very important market to the Group and we have developed our strategy to deal with a change in these regulations:
    - Launched a new loan card.
    - Continue to serve our best quality customers with both home credit and digital instalment loans.
    - Extend range of value-added services as an important part of the customer proposition.
- The first test sales of the loan card commenced in Sep-22.
- Economics of the new loan card are similar to our home credit instalment loan.
- We remain confident that we will continue to meet the needs of existing and new customers in Poland whilst meeting our threshold return of a 15%+ ROE.

Financial performance and funding

Key financials

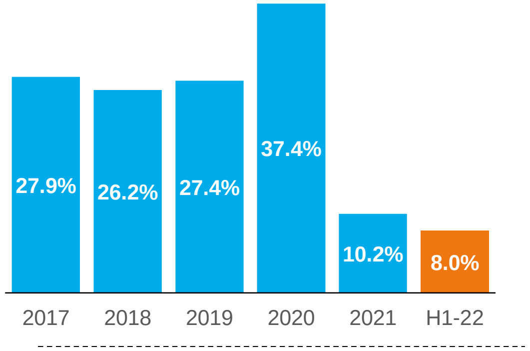
Strong through-the-cycle resilience and growth

Loan receivables (£m)



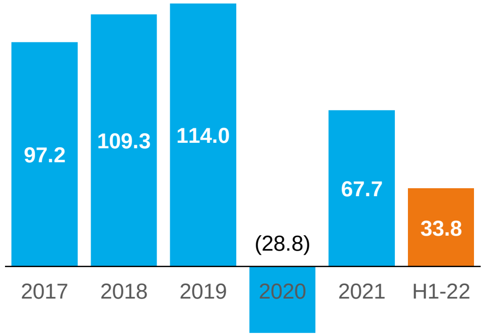
Contraction in receivables as a result of Covid-19.

Impairment[1] (%)



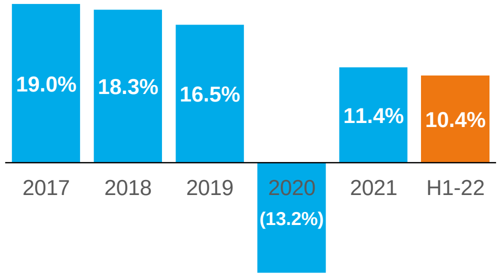
Impairment % within historic target range of 25%-30% other than during Covid-19.

Pre-exceptional PBT (£m)



Strong rebuild in PBT post Covid-19.

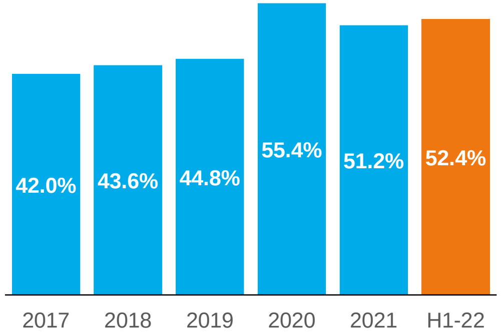
ROE (%)



Rebuilding scale post Covid-19 to meet target return threshold of 15%+.

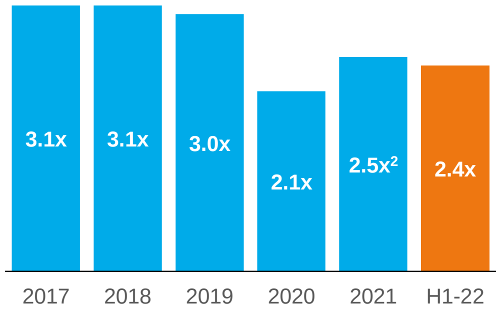
Stable financial metrics

Equity % receivables

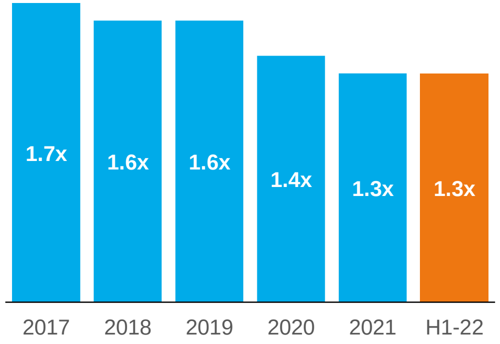


Strong capital base with an E%R target of 40%.

Interest cover ratio (x)[2]



Gearing (x)



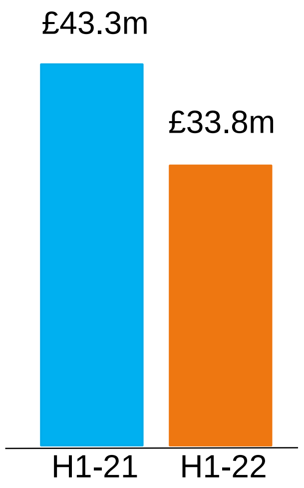
1) Prior to 2022, impairment % revenue was the metric used to assess impairment performance with a target rate of 25% to 30%. This metric has now changed to impairment rate (i.e. impairment % gross receivables) with a target rate of 14% to 16%.
2) The basis for calculating interest cover changed from EBITA to EBITDA in 2020.

H1-22 results

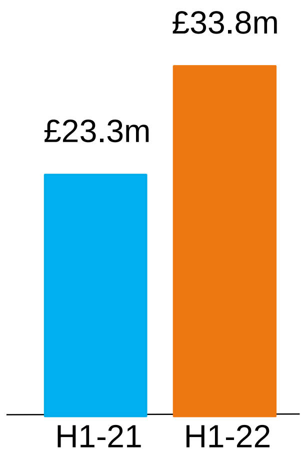
Delivered strong financial performance

- Excellent operational performance and strengthened customer proposition.
- All businesses profitable.
- Robust funding position and well-capitalised balance sheet.
- Strong growth in customer lending and excellent credit quality:
  - Strategy successful in returning the Group to sustainable growth.
  - Meeting improvement in consumer demand with broadening product range.
  - Customer lending growth in all our businesses.
  - Excellent portfolio quality and robust customer repayments.
  - Continued tight credit standards in light of uncertain macroeconomic environment.

Reported profit before tax



Underlying profit before tax[1]



Customer lending £513m ↑ 14%[2]

Closing net receivables £770m ↑ 14%[2]

Customers 1.7m ↑ 2%

1) Prior to Covid-19 impairment provisions releases of £20m in H1-21 which not been repeated in H1-22.
2) At constant exchange rates.

Progressing towards our target KPIs

Delivering a 15%+ ROE

	Targets	H1-22	FY-19
Equity to receivables	40%	52%	45%
Revenue yield	53%-56%	50%	59%
Impairment rate	14%-16%	8%	16%
Cost-income ratio	52%-54%	65%	53%
ROE	**15%+**	**10.4%**	**16.5%**

- We have established a number of KPIs to deliver our target ROE of 15%+.
- Our target revenue yield of 53%-56% reflects a more sustainable level than FY-19 following:
  - Changes in rebate methodology in Poland.
  - Closure of Finland and price caps in the Baltics.
  - Changes to pricing in European home credit due to regulation and competition.
- Current impairment rate of 8% is lower than normal (target 14%-16%) due to:
  - The impact of Covid-19 provision releases in FY-21.
  - Restricting credit to best quality customers in FY-20 and FY-21.
- The cost-income ratio will reduce to the target of 52%-54% as we regain scale post-Covid-19.
- Each of our businesses is capable of delivering our target returns.
- See Appendix 2 for a worked example of the interlinkage between our financial model and target KPIs.

Funding overview

Strong and balanced funding position and a long track-record in the capital markets

Borrow long and lend short

Average life of receivables	< 1 year
Average maturity of debt facilities	~ 2.5 years

Modestly geared balance sheet

Receivables	£770m
Borrowings	£(508)m
Equity	£404m
Other net assets	£142m

EMTN programme – platform for bond issuance across a range of currencies

3 geographically diversified bondholder groups

GBP 78,100,000	**SEK 450,000,000**	**EUR 341,228,000**
Senior Unsecured Bond 2019/2023	Senior Unsecured Bond 2021/2024	Senior Unsecured Bond 2020/2025
Dec 2023	**Oct 2024**	**Nov 2025**

Maturity

Moody's	FitchRatings
Long Term Issuer Rating	**Long Term Issuer Rating**
Ba3	**BB-**
(Stable Outlook)	*(Stable Outlook)*

Financing overview

Well diversified funding and balanced funding maturity profile

Key credit metrics

Key credit metrics	Jun-22 (£m)	Covenant	Headroom[3]
Interest cover[1]	2.4x	Min. 2.00x	£11.4m
Gearing[2]	1.3x	Max. 3.75x	£257.9m

- £68m* liquidity headroom available for business growth.
- Bank funding extensions of £46m completed recently.
- All H1-22 covenants met with adequate headroom.

Debt facilities maturity profile

Bonds (£m)	2022	2023	2024	2025	2026	Total
Euro	-	-	-	293.3	-	293.3
Swedish Kroner	-	-	36.3	-	-	36.3
Retail - Sterling	-	78.1		-	-	78.1
Total bonds	**-**	**78.1**	**36.3**	**293.3**	**-**	**407.7**

Multi-currency bank facilities(£m)	2022	2023	2024	2025	2026	Total
Term loans	-	9.6	34.4	-	11.8	55.8
Revolving credit facilities	10.8	38.0	24.6	-	-	73.7
On demand facilities	34.3	-	-	-	-	34.3
Total bank facilities	**45.1**	**47.6**	**59.0**	**-**	**11.8**	**163.5**
Total debt facilities	**45.1**	**125.7**	**95.3**	**293.3**	**11.8**	**571.2**

Financials as of H1-22:

1) Calculated as Consolidated EBITDA to Consolidated Interest Payable on a 12 months basis.
2) Calculated as Consolidated Total Borrowings to Consolidated Net Worth.
3) As of Jun-22 testing date.

* Represents total undrawn debt facilities and non-operational cash

Credit investment highlights

Resilient, global consumer credit business with a 25-year track record of responsibly meeting the needs of financially underserved customers, led by an experienced specialist team

Who we are and what we do

- Global consumer finance business helping people excluded by mainstream finance providers to access a range of regulated, affordable financial products.
- A resilient and well-diversified business, offering an essential service to 1.7 million customers in nine markets across three continents.
- Served 14+ million customers and delivered c.£1bn of profit[1] in the last decade demonstrating resilience through financial cycles.

Growth strategy and financial model

- Growth strategy focused on delivering an excellent service to existing loyal customers and increasing the number of compelling product choices to attract the next generation of customers.
- Helping previously excluded consumers build a credit history by offering a tailored suite of innovative products and channels to meet their financial needs in an affordable and transparent manner.
- Purpose and strategy underpinned by a financial model that aims to deliver an ROE of 15%+, balancing the needs of all stakeholders.

Risk management and regulatory compliance

- Successful track record of managing key risks including credit, regulation, competition and liquidity.
- Robust credit scoring and approval systems built on a database with 45 million+ loans.
- Customer representatives are remunerated primarily on customer repayments, ensuring that they lend to customers who can afford to repay and thereby avoiding over-indebtedness.
- Dynamic, well-developed control framework, processes and systems, fully integrated at all levels of the Group.

Financial performance and funding

- Profitable, resilient and cash generative business.
- Strong growth and financial performance post Covid-19.
- Diversified debt portfolio with a weighted average maturity of c.2.5 years compared with average customer lending of c.1 year (we borrow long and lend short).
- Robust balance sheet and strong funding position with 52% equity to receivables ratio and £68m in non-operational cash balances and undrawn facilities at Jun-22.
- Long track-record in the capital markets with debt funding supported by 17 banks and three bondholder groups.

1) Profit before tax and pre-exceptional items.

Appendices

Appendix 1 – Today's presenters

Gerard Ryan
Chief Executive Officer

- Joined in 2012.
- Previously:
  - CFO of Garanti Bank, Turkey.
  - CEO of GE Money Bank, Prague.
  - CEO for Citi's consumer finance businesses in the Western Europe, Middle East and Africa region.
  - Director of Citi International plc, Egg plc and Morgan Stanley Smith Barney UK.

Gary Thompson
Chief Financial Officer

- Joined in April 2022.
- Previously:
  - CFO of Vanquis Bank Limited, the major subsidiary of Provident Financial plc.
  - Director of Group Finance and Investor Relations at Provident Financial Group plc.
  - Chartered Accountant at PricewaterhouseCoopers and spent 10 years working in professional practice.

Kris Adamski
Group Treasurer

- Joined over 20 years ago.
- Has held a number of senior finance leadership roles across the Group.
- Head of Finance at IPF Digital.
- Finance Director of European home credit's businesses in the Czech Republic and Slovakia.
- Previously:
  - Polish Bank Przemyslowy.
  - Provident Financial plc.

Appendix 2 – Fair, transparent pricing, KPIs and ROE

We balance the needs of all our stakeholders

Customer lending	Assume that we advance a £100 instalment loan to a typical customer for a term of 1 year.	£100
Customer repayments	Assume that the customer is due to repay us 12 monthly payments of £15 (i.e. undiscounted).	£180
Customer receivables	The discounted value of customer repayments, using an Effective Interest Rate pursuant to IFRS 9 which takes into account all the contractual terms together with the extent and timing of customer early settlement behaviour.	£150

Calculations

Revenue	£80	Customer repayments less customer lending	Revenue yield = 80 / 150 = 53%	KPI: 53-56%
Impairment	£(21)	Provision for impairments	Impairment rate = 21 / 150 = 14%	KPI: 14-16%
Costs	£(42)	Salaries, IT, overheads, corporate costs etc.	Cost-income ratio = 42/80 = 53%	KPI: 52-54%
Funding costs	£(6)	Interest on IPF's bonds and bank debt	Funding rate = 6/60 = 10%	e.g.: 10%
Tax	£(5)	Blended group tax rate of 40%	Tax rate = 5/11	e.g.: 40%
Profit after tax	£6	Customer repayments less customer lending	ROE = 6/40* = 15%	KPI: 15%+

** We assume that we fund the £100 customer lending with £40 of equity and £60 of debt*

Appendix 3 – Contacts

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