



International Personal Finance plc
Q3 2021 trading update
3 November 2021

International Personal Finance plc specialises in providing unsecured consumer credit to 1.7 million customers across 11 markets. We operate the world's largest home credit business and a fintech operator, IPF Digital.

Highlights

- **Strong operational performance and well-positioned for further growth**
 - Rebuild strategy proving highly effective and delivering sustained growth momentum
 - Improving consumer demand and selective relaxation of credit settings delivered 35% increase in credit issued year on year
 - Building sales momentum delivered 8% increase in closing receivables since the 2020 year end (at CER)
 - Strong collections and high-quality lending resulted in very low annualised impairment as a percentage of revenue at 12.0%

- **Strong funding position and well-capitalised balance sheet**
 - Successful issue of SEK 450 million bond at 7% coupon, maturing October 2024
 - Fitch Ratings improved IPF outlook to Stable and reaffirmed long-term credit rating of BB-

Gerard Ryan, Chief Executive Officer at IPF commented:

"I'm delighted to report a very strong operational performance as levels of demand for credit continued to increase. Our business plays an essential role in society by providing credit to people who are underbanked or underserved, and we are successfully serving a growing number of customers in a responsible and sustainable way. Despite the ongoing challenges posed by the pandemic, we see significant long-term demand for affordable credit in all our markets and will continue to execute our rebuild strategy by increasing credit issued and growing the receivables portfolio while maintaining a clear focus on portfolio quality and costs. My thanks go to all of our colleagues who are working diligently to serve our customers safely and rebuild the business at this important time."

Group performance

Our rebuild strategy to return the business to full-year profitability and long-term growth continued to prove highly effective. We delivered a strong operational performance and sustained growth momentum in response to increasing demand for credit as freedom of movement and social distancing rules were eased in most of our markets. This resulted in a strong increase in credit issued of 35% year on year and we returned to serving 1.7 million people, adding a further 36,000 new customers in Q3.

With the company returning to growth mode we also delivered an 8% increase in closing receivables since the year end (at CER). We expect this growth trend to continue for both credit issued and receivables in the final quarter of the year which will, in turn, drive further revenue growth. Our strong collections performance and higher-quality lending resulted in a 25.4 ppt improvement in annualised impairment as a percentage of revenue since the 2020 year end to 12.0%. Other costs reduced year on year by 2% (£5.1 million at CER) reflecting our continued approach to maintaining tight control of costs while continuing to invest to deliver higher volumes of credit issued.

European home credit

Our business responded well to growing consumer demand in our European home credit markets, and we increased credit issued year on year by 48%. Customer numbers contracted year on year by 3% to 810,000 but as we successfully executed our rebuild strategy, they increased by 2,000 in Q3. Our collections performance together with the unwinding of Covid-19 impairment provisions booked in 2020 and higher-quality lending, resulted in annualised impairment as a percentage of revenue improving by 30.9 ppts since the 2020 year end to 4.7%.

Of the temporary Covid-19 related regulations introduced in 2020, only the temporary debt repayment moratorium in Hungary remains in place. This legislation was due to expire on 30 September 2021 but was further extended to 30 June 2022. The terms of the moratorium have, however, changed to an opt-in scheme and new eligibility criteria have been introduced. Customers who wished to remain in the moratorium had until the end of October to apply.

Mexico home credit

Consumer appetite for credit in Mexico is recovering and despite a third wave of the Covid-19 pandemic in Q3 exacerbated by relatively low vaccination rates in this market, we delivered a 7% increase in customer numbers year on year to 649,000, adding a further 25,000 in Q3. This, in turn, supported a 42% increase in credit issued year on year. Our operational rigour around collections and credit quality over the past two years, together with the unwinding of Covid-19 impairment provisions booked in 2020, resulted in annualised impairment as a percentage of revenue improving by 16.0 ppts since the 2020 year-end to 17.7% at 30 September 2021.

IPF Digital

Increasing demand for consumer credit is creating a good foundation on which to rebuild the digital business and deliver sustainable growth. Year on year, customer numbers reduced by 6% to 256,000 driven by suppressed demand early in 2021 as a result of the pandemic, our continued cautious credit settings in Spain and the cessation of lending in Finland. However, it is pleasing to note that we delivered an increase of 9,000 customers during Q3. The rate of credit issued also improved as the year progressed and new lending was in line year on year, with Q3 credit issued 12% higher than Q2. (Excluding Finland 19% increase year on year). Continued high-quality lending and improving collections performance resulted in a 21.7 ppt improvement in annualised impairment as a percentage of revenue to 23.7% since the 2020 year end.

Funding and balance sheet

As at 30 September 2021, the Group had total debt facilities of £572 million (£407 million of bonds and £165 million of bank facilities) and borrowings of £475 million, with undrawn facilities and non-operational cash balances of £149 million. Total cash balances at 30 September 2021 were £92 million and include £52 million that was not required for operational purposes but is available to drive receivables growth that is anticipated in the second half of the year and beyond.



In October, we successfully issued a new 3-year SEK 450 million bond priced at 7%, the proceeds of which were used to refinance the SEK bond maturing in 2022. The new notes, due in October 2024, were issued under the Group's euro medium-term note programme and extend the maturity profile of IPF's sources of debt funding.

Fitch Ratings improved the outlook for IPF to Stable and reaffirmed its long-term credit rating of BB-.

Warsaw Stock Exchange (WSE) delisting

As previously reported, IPF announced a Tender Offer for the purpose of delisting the Group's shares from trading on the WSE. The subscription period has now closed and on 18 October 2021 we submitted an application to the Polish Financial Supervision Authority to delist the shares from trading on this exchange. The final delisting is expected to be completed in the coming weeks. If IPF plc shares are still listed on the WSE on 29 November 2021, a consolidated interim management statement for the 9 months to 30 September 2021 will be published on the London and Warsaw Stock Exchanges in order to comply with listing rules in Poland.

Outlook

Our business plays an essential role in society, and we have a longstanding and successful record of providing affordable credit in a responsible way to those who are underbanked or underserved by banks. There is significant long-term demand for affordable credit from this group of consumers in all our markets and we will continue to execute our rebuild strategy by continuing to serve our customers safely, progressively and responsibly, increasing credit issued and growing the receivables portfolio while maintaining a clear focus on portfolio quality and costs.

Investor and analyst conference call

International Personal Finance will host a conference call for investors and analysts at 09.00hrs (GMT) today, Wednesday 3 November 2021.

[Click to Join](#)

Simply click the link below and enter your information to be connected. The link becomes active 15 minutes prior to the start of the call. [Click here to connect.](#)

Dial-in

If you prefer to dial-in, please use the access number and confirmation code below. Please dial-in 5-10 minutes before the start of the call.

Dial-in (UK): +44 (0)330 336 9105

Confirmation code: 9321356

Replay: An audio recording of the conference call will be available in the investors section of our website at www.ipfin.co.uk

Investor relations and media contact:

International Personal Finance

Rachel Moran

+44 (0)7760 167637 / +44 (0) 113 539 5466

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

Legal Entity Identifier: 213800II1044IRKUZB59