

# Excellent strategic execution drives strong performance



**"In 2024, we delivered a very strong performance, and are now focused on accelerating the rate of growth and the pace of change to better serve our customers."**

Gerard Ryan  
Chief Executive Officer

## Q. How would you sum up performance in 2024?

A. We had a great year, with a very strong operational performance delivering very good financial results. Considering the difficult and inauspicious start to the year, with the Polish regulator's announcement on applying the country's rate cap to credit cards, I have to say that I'm delighted with how our colleagues around the Group responded to deliver such a positive result for our customers and other stakeholders.

We also provided well over £1bn of credit facilities to customers who do not find it easy to get finance from high-street banks. That's £1bn worth of financial inclusion that otherwise might not have happened. I like to think of it as tens of thousands of needs met and aspirations supported, all through a fair and transparent process.

We delivered growth across our Group, from the Baltics to Australia, and Romania to Mexico. There's clearly strong demand for credit among our customer demographic, and by executing our Next Gen strategy, we are meeting that demand with a broader array of products and distribution channels. And it is worth noting that in meeting our customers' needs more effectively, we are also delivering better returns to our shareholders, showing that financial inclusion and strong business performance go hand in hand.

## Q. What were the most significant achievements?

A. A personal highlight for me was serving our 15 millionth customer in September. Sharing this milestone with colleagues across the Group was incredibly special – fifteen million lives impacted in a positive way. It's a reminder that financial inclusion means giving people the opportunity to improve their circumstances, no matter their starting point.

Other highlights include the broadening of our product and channel set in our markets and these developments are helping us reach more customers in meaningful ways.

Another major achievement was the successful refinancing of our Eurobond. We attracted an array of new investors who, after understanding our story and purpose, were happy to partake in the new issue, resulting in the bond being several times oversubscribed.

Finally, our share buyback programme in Q3 was very successful. Beyond its immediate benefits, it led to increased liquidity in our daily traded stock volumes, strengthening our position in the market.

## Q. How did you advance the Group's strategic priorities?

A. As a leadership team, I think we have done a great job of explaining the three pillars of our Next Gen strategy, namely, Next Gen financial inclusion, Next Gen organisation and Next Gen tech and data.

On Next Gen financial inclusion, we made excellent progress in taking products or channels that have proven successful in one or more of our markets and transporting them to serve new customers in another. In Mexico, we continued our geographic expansion with the opening of another new branch and signed up new retailers for our retail partnership model. Our mobile wallet "health check" feature proved to be very popular, helping to double the number of mobile wallet users in 2024.

For Next Gen organisation, we implemented a new field structure for European home credit. The leadership team's primary task is standardising processes across these four markets, laying the foundation for unified systems that will simplify our technology estate and make us far more efficient. We also significantly strengthened Group leadership with key appointments in information security, data operations and change management.

Undoubtedly, one of the most exciting areas has been the progress made on pillar three, Next Gen tech and data. Our customer experience is so much better thanks to new call centre technology and enhanced customer apps. Although we had a temporary issue with our technology in Mexico and had to revert to manual processes for a while, we now have a more modern and resilient infrastructure and are boosting efficiency for both our customer representatives and our customers. We also strengthened our operational risk management framework to meet the new Digital Operational Resilience Act (DORA).

And finally, it is impossible not to mention AI. It is certainly too early to claim major success, but its potential is transformative and we are beginning some very interesting developments in lead management, call centre efficiency, automated affordability checks and processes to integrate data across our different platforms.

### **Q. How significant is the large payment institution licence in Poland?**

A. The new licence offers significant growth potential for our new credit card offering, both in Poland and beyond. While our credit card created a completely new market and was proving extremely popular with customers with 130,000 cards issued by the end of 2023, we were forced to limit the amount of lending in 2024 under the rules of the old licence. The granting of the new licence in November means these restrictions have been taken away and my colleagues in Poland are really looking forward to accelerating growth. We are focusing our initial efforts on offering existing customers increased credit lines if they require them, and we began to market credit cards to new customers early in 2025. The new licence is passportable to other European countries and we are exploring the potential to introduce our credit card into our other markets.

### **Q. What were the key challenges and how did you address them?**

A. As I mentioned earlier, the major challenge was the letter that we and others received from the Polish regulator, stating its view that the existing rate cap should apply to credit cards. This news came just days before our 2023 results announcement, forcing us to delay for the first time ever – a situation I do not want to repeat. I must express my appreciation to our shareholders for their patience and confidence as we worked through the issue. Once we announced our results and detailed our response to the regulatory challenge, the market adjusted, and we moved forward with execution. This involved significant changes to our Polish business, including streamlining and an organisational restructure, which are now being successfully embedded.

Staying with regulation, in Romania we adapted to a new rate cap, a change we had anticipated for years. Our local leadership team worked hard to make sure the changes required were fully compliant by the deadline and as we have reported previously, the financial impact on the Group is not material.

In Mexico, our home credit business faced slower growth particularly in the second half due to two key issues: the impact of two underperforming regions, Sureste and Norte, and, as I mentioned earlier, a temporary reversion to manual field operations during an upgrade to a more resilient and flexible IT platform. I'm happy to say that both hurdles are largely behind us and we are looking forward to accelerating growth in 2025.

These challenges tested us, but our teams responded with resilience and focus, positioning us for stronger performance in the year ahead.

### **Q. How are you improving customer experience?**

A. Improving customer experience continues to be a key focus for us, and we have made great strides over the past year. We are leveraging technology to improve lead management, application processes and credit decisions, enabling a faster and more efficient service. Our digital platforms, such as mobile apps, support customers throughout their credit journey, offering convenience and accessibility.

We are also expanding our range of products and channels, giving customers more options that are tailored to their needs. Feedback plays a critical role in shaping our offerings,

and we actively engage with customers to understand their experiences and implement meaningful improvements.

### **Q. What trends are shaping financial services and how are you adapting?**

A. In thinking about our area of expertise, namely providing small-sum credit to the underbanked and underserved, affordability is always top of mind. Our customers have maintained their repayment performance which is clear evidence that they are conscientious borrowers and want to build a stronger credit profile. While we are well positioned to accelerate growth, we are also very aware that our customers lives have been made more difficult by high inflation and will continue to lend responsibly, including tightening credit settings quickly if this were needed.

Even though their credit choices may be limited, our customers are not shy about stating their expectations. They want faster service with fewer steps, starting an application on their phone, speaking to the call centre and then to their customer representative for fulfilment. They also want to be able to review their account or make payments online or in person. To meet these needs, we are investing in technology to deliver an omnichannel service and enhance our customer apps with richer functionality for a seamless experience. While this is an ongoing journey, I'm proud of the significant progress we have made.

### **Q. How is the competitive landscape evolving?**

A. In a word, rapidly. There is plenty of competition to fulfil customers' financial needs, but we remain uniquely positioned in our segment, offering both digital and in-person credit solutions.

In Europe, the peak of the 'buy now pay later' (BNPL) trend seems to have passed, with the industry likely entering a phase of consolidation and greater focus on returns. Regulation for BNPL providers also seems imminent – a welcome step in my view. Meanwhile, much of the enthusiasm around fintech seems to have quietened, with sustainable returns now a regular topic of conversation. In Mexico, we have seen new financial players investing heavily in their brands, targeting prime customers in the main. Their heavy promotion of credit cards and digital wallets is raising the bar for customer expectations. While these trends challenge us to evolve, I am confident our strategy aligns with these demands. We are committed to enhancing our offering in ways that truly resonate with and suit our customers.

### **Q. What progress has been made on your sustainability goals?**

A. We made good progress on our sustainability goals this year, with a focus on ethics, colleague development and governance. We implemented our refreshed Code of Ethics which is endorsed by the Board, and marked the tenth anniversary of our Ethics Week with interactive discussions on ethical practices. Colleagues also completed our annual ethics training, ensuring these values remain embedded in everything we do. We hosted our fourth Group-wide Learning Festival, blending face-to-face and virtual sessions to support colleague development, and enhanced our mental health support programmes. We also dedicated significant effort to governance and upgraded our non-financial reporting disclosures which supported improvements

in our external ESG ratings with MSCI upgrading our rating to AA and we maintained our inclusion in the FTSE4Good Index.

**Q. What are the key priorities for 2025 and your vision for the future?**

A. In 2025, our focus is on accelerating the pace of growth and change within the business to enhance our capabilities and better serve our customers. In Poland, our new payment licence means we can accelerate growth of our credit card offering while in Mexico home credit, we are ready to meet the expected strong demand and expand into new areas. We are also prioritising the extension of successful products into new markets where they are not yet available, supported by advancements in technology to further streamline the customer journey and improve operational efficiency.

Looking to the future, our vision is ambitious: to become a modern, tech-enabled business serving 2.5 million customers. This aligns with our commitment to delivering innovative, inclusive financial solutions that empower communities and drive sustainable growth.

We will remain focused on our strategic priorities, adapting to the evolving financial services landscape. By investing in new technologies and expanding our product range, we aim to stay relevant, competitive and available to our customers when they need us most. I would like to thank our shareholders, customers and colleagues for their continued support and trust.

**Gerard Ryan**  
Chief Executive Officer

**Our growth vision**

**2025: Accelerating our growth vision**

Building upon the operational and financial progress achieved in 2024, we are well-positioned to accelerate growth and drive transformation across the business. By steadfastly executing our Next Gen strategy, we aim to enhance our capabilities, better serve our customers and deliver increased value to our stakeholders.

**Accelerating the pace of growth**

<b>Credit cards</b>	Our new full payment institution licence will support faster credit card growth in Poland and allow us to passport this popular offering to other European markets.
<b>Expanding retail partnerships</b>	Our retail credit partnerships in Romania and Mexico are gaining significant momentum, positioning us for further growth in 2025.
<b>Digital offerings</b>	Our proven track record of growing our digital products will support expansion of our new digital offering in Romania.
<b>Poland recovery</b>	Our home credit and digital businesses in Poland have returned to growth, and we will focus on serving more customers and rebuilding scale in this important market.
<b>Mexico expansion and product diversification</b>	We will expand our geographic footprint with two new branches in 2025 and introduce new products to deliver sustainable, quality growth and consistent, attractive returns.
<b>IPF Digital opportunities in Mexico and Australia</b>	Our standout digital operations in Mexico and Australia represent significant long-term growth opportunities, and we will leverage our digital capabilities to expand in these markets.

**Accelerating the pace of change**

<b>Omnichannel touchpoints</b>	We are expanding our customer experience programme to ensure faster responses and enhanced service during customer engagements.
<b>Customer apps</b>	We will make our customer app available across all our home credit markets, strengthening customer engagement and providing real-time data insights to better meet customer needs.
<b>Transformation office</b>	We are establishing a Transformation Office to oversee and coordinate strategic initiatives, ensuring efficient execution of change projects across the Group.
<b>Credit card platform</b>	We are developing our credit card platform to enable expansion of this exciting offering into new markets.
<b>AI/Robotics</b>	We are exploring AI applications to improve lead generation, automate affordability checks, and support colleague training to enhance business performance.