Half-year Financial Report

for the period ended 30 June 2020

CONTENTS PAGE

Key takeaways 3
Market overview and Covid-19 response strategy 4
Group performance 5
Group liquidity, balance sheet and financing our growth strategy 8
Strategy 9
Business division performance review 11
European home credit 11
Mexico home credit 12
IPF Digital 13
Regulatory update 15
Taxation 16
Dividend 16
Principal risks and uncertainties 17
Outlook 18
Alternative performance measures 18
Condensed consolidated financial information 19
Consolidated income statement 19
Consolidated statement of comprehensive income 21
Consolidated balance sheet 22
Consolidated statement of changes in equity 23
Consolidated cash flow statement 25
Notes to the condensed consolidated financial information 26
Responsibility statement 44
APMs 45
Independent review report to the members of International Personal Finance plc 49
Investor relations and media contact 50

Notes

This report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The report should not be relied on by any other party or for any other purpose. The report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, as well as any forward-looking information. Percentage change figures for all performance measures, other than profit / (loss) before taxation and earnings / (loss) per share, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for H1 2020 to present the performance variance.

International Personal Finance plc
Half-year Financial Report for the period ended 30 June 2020
This announcement contains inside information
International Personal Finance plc specialises in providing unsecured consumer credit to 1.8 million customers across 10 markets. We operate the world's largest home credit business and a successful fintech operator, IPF Digital.

Key takeaways

- **Solid Q1 performance; swift and decisive response to Covid-19 in March**
  - Strong trading performance in first ten weeks followed by operational impacts as Covid-19 government policy responses were implemented
  - Prompt action taken to protect our people and customers
  - Measures taken to optimise cash flow, reduce costs and maintain liquidity
  - Lending volumes reduced; increasing credit issued from May focused on highest-quality customers
  - Agent service reinstated following easing of lockdown restrictions driving progressive improvement in collections effectiveness[1] to 96% in August
  - Organisational restructure to be completed in Q3

- **H1 Group financial performance impacted by Covid-19**
  - Focus on quality and liquidity resulted in a 42% year-on-year reduction in credit issued
  - Elevated impairment charge recognised due to Covid-19 impact – annualised pre-exceptional impairment as a percentage of revenue 37.5% (H1 2019: 27.7%)
  - Cost savings of £24.2 million delivered in H1
  - Pre-exceptional loss before tax of £46.8 million (H1 2019 profit: £56.1 million)
  - Net exceptional loss of £6.5 million resulting in statutory loss before taxation of £53.3 million

- **Strong capital and liquidity position; refinancing planned**
  - Well capitalised: equity to receivables ratio strengthened to 51.4% at 30 June 2020 (31 December 2019: 44.8%)
  - Significant net cash generation and inflows during and after the half-year, resulting in non-operational cash balances of £153 million versus drawings on bank facilities of £107 million as at 31 August 2020
  - Net debt reduced by £125 million since the 2019 year end to £517 million at 30 June 2020
  - All covenants at the 30 June 2020 test date passed, however we are mindful of the short-term effect of Covid-19 on our future covenant tests so have commenced discussions on amending covenants with our banks
  - Actively planning for the refinancing of the April 2021 Eurobond, for more details see pages 8 and 9

- **Sustainable, resilient business delivering credit to underserved consumers**
  - Phased strategy for a quick return to profitability and longer-term growth

Group key statistics	H1 2019	**H1 2020**	YOY change at CER
Customer numbers (000s)	2,197	**1,818**	(17%)
Credit issued (£m)	672.3	**378.2**	(42%)
Revenue (£m)	446.9	**362.2**	(15%)
Pre-exceptional annualised impairment % revenue	27.7%	**37.5%**	(9.8ppts)
Pre-exceptional annualised cost-income ratio	43.9%	**44.3%**	(0.4ppts)
Statutory PBT/(LBT) (£m)	56.1	**(53.3)**	
Statutory EPS/(LPS) (pence)	14.8	**(27.7)**	
Interim dividend per share (pence)	4.6	**-**	

[1]*Collections effectiveness defined as percentage of collections made (adjusted for portfolio size) compared to pre Covid-19 expectations*

Gerard Ryan, Chief Executive Officer at IPF commented:

"Covid-19 has created an extremely challenging trading environment but thanks to our loyal and dedicated teams we have adapted to continue serving our customers now and into the future. From the outset, our priorities have been the health and safety of our colleagues and customers, as well as protecting the business. We have reviewed and redefined our medium-term strategy to ensure we emerge from this period in a strong competitive and financial position, enabling us to fulfil the significant demand for affordable credit in our markets and put in place firm foundations for a quick return to profitability and long-term growth. Our near-term objective is the refinancing of our 2021 Eurobond, supported by our robust balance sheet and the unique position we occupy in the underbanked and underserved consumer finance market."

Market overview and Covid-19 response strategy

The onset of the Covid-19 pandemic created a rapidly changing and increasingly challenging operational landscape in our markets from mid-March. Regulators and governments introduced a range of measures in our markets, some of which have had a significant impact on our businesses:

- significant restrictions on non-essential contact prevented agents from visiting customers to collect repayments or grant new loans, and our offices had to close;
- temporary tightening of existing rate caps in Poland, Hungary and Finland; and
- government-mandated debt repayment moratoria allowing customers to suspend loan repayments temporarily.

We took immediate action to manage the business through the pandemic and our response was built around, and remains focused on, three guiding principles: to protect our people, to prioritise our loyal customers and to protect our business. This approach safeguarded the core assets of the Group, enabled progressive improvement in operational performance and created a solid platform for future success.

The policy responses introduced by governments resulted in either a partial or full suspension of our agent home service in our European markets. In Mexico, where there has been a state-by-state response rather than a central government plan, disruption to the agent service has not been market wide. To assist our customers, we provided greater access to existing remote repayment systems and invested in the development of new tools to facilitate the repayment of their loans remotely if their agent was unable to visit.

In order to ease financial difficulties for borrowers during the Covid-19 pandemic, the Hungarian government implemented a debt repayment moratorium available for all consumers until the end of 2020; borrowers there can opt out if they wish to continue to repay their loans. Temporary moratoria have been introduced in other European markets and, with the exception of Hungary, take-up has not been significant due to 'opt-in' eligibility criteria and our proactive actions to offer alternative forbearance solutions to our customers.

Temporary tightening of existing rate caps has been introduced in Poland, Hungary and Finland. In Poland, the cap on non-interest costs of credit for new lending was reduced from 1 April 2020 and will be in force until 8 March 2021, after which the cap will automatically revert to historic levels. The flat level of the cap was reduced from 25% of the loan value to 15% and the additional variable cap from 30% to 6% per annum. In Hungary, the maximum APR applicable to new consumer loans was reduced temporarily to the national bank base rate plus 5% until the end of 2020. In response, we have introduced new, shorter-term lending products in Poland and Hungary, enabling our agents to continue meeting the needs of our highest-quality customers in these markets. We are also easing credit settings in Poland in order to benefit from the improving economic returns on loans with terms that go beyond the temporary rate cap. In Finland, a temporary tightening of the existing rate cap to 10% is in place for all new lending. This legislation followed a significant reduction in the rate cap in September 2019 and significantly limits the economic returns achievable in this market. As part of our review of expected returns and capital requirements, we have decided to close our digital business in Finland and collect out the portfolio.

We are encouraged by the extent to which our businesses are now stabilising into a 'new normal' operational environment, and we have achieved month-on-month improvements in collections efficiency from 76% in April to 88% in June, and further improving to 96% in August. The phased reopening of our European economies began in May as government restrictions were eased or lifted which enabled almost all our agents to resume weekly visits to their customers during June, and this remains the case. We have undertaken a review of our Covid-19 response experience and taken the lessons learned to develop contingency plans that can be implemented swiftly should there be a second wave lockdown in our markets. This includes the sourcing of personal protective equipment, and a range of remote alternative repayment options available to customers if agents are unable to visit them.

Group performance

We made a good start to 2020 and trading in the first ten weeks of the year was in line with our plan. We delivered good operational performances in our European home credit and IPF Digital's established businesses, and saw further improvements in our Mexico collections performance where we had prioritised credit quality over growth. Both credit issued and collections were in line with our plan until mid-March when the effects of government actions to manage the Covid-19 pandemic rapidly started to be felt. As detailed above, these challenges had a significant impact across the business, both operationally and financially, and resulted in a pre-exceptional loss before tax of £46.8 million in the first half of the year. In addition, the results include a net exceptional loss of £6.5 million, details of which are set out below.

	H1 2019	**H1 2020**	Change	Change	Change at CER
	£m	**£m**	£m	%	%
Customer numbers (000s)	2,197	**1,818**	(379)	(17.3)	
Credit issued	672.3	**378.2**	(294.1)	(43.7)	(41.6)
Average net receivables	970.9	**862.9**	(108.0)	(11.1)	(7.8)
Revenue	446.9	**362.2**	(84.7)	(19.0)	(15.3)
Impairment	(123.8)	**(182.2)**	(58.4)	(47.2)	(55.5)
Net revenue	323.1	**180.0**	(143.1)	(44.3)	(42.0)
Finance costs	(31.8)	**(27.3)**	4.5	14.2	11.1
Agents' commission	(41.0)	**(36.3)**	4.7	11.5	6.9
Other costs	(194.2)	**(163.2)**	31.0	16.0	12.9
Pre-exceptional profit / (loss) before taxation	56.1	**(46.8)**	(102.9)		
Exceptional items	-	**(6.5)**	(6.5)		
Profit / (loss) before taxation	56.1	**(53.3)**	(109.4)		

In response to reduced collections, lower price caps and the risk of an economic downturn, we tightened credit settings significantly in March in order to protect credit quality and cash flow. This resulted in a 17% reduction in Group customer numbers to 1.8 million and a 42% contraction in credit issued year-on-year. As lockdown restrictions were relaxed and collections effectiveness improved, we eased credit settings from June onwards remaining focused on our higher-quality customers who have strong credit quality characteristics. Average net receivables contracted by 8% year on year, driven by a combination of restrictions on credit issued and higher impairment provisions. Revenue contracted at the slightly faster rate of 15%.

Group impairment

The application of IFRS 9 to the issues arising from Covid-19 had a significant impact on the Group's impairment charge in the first half of the year and this, together with lower revenues, was the principal driver of the reported loss compared to the profit delivered in 2019. Annualised impairment as a percentage of revenue increased year on year by 9.8 ppts to 37.5%.

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %	Change at CER %
European home credit	30.5	**94.1**	(63.6)	(208.5)	(220.1)
Mexico home credit	53.1	**45.1**	8.0	15.1	6.6
IPF Digital	40.2	**43.0**	(2.8)	(7.0)	(8.9)
Pre-exceptional impairment charge	123.8	**182.2**	(58.4)	(47.2)	(55.5)

Government imposed restrictions on the freedom of movement and the introduction of debt repayment moratoria, together with the economic impact of the pandemic on our customers, had a significant adverse impact on collection cash flows in all our businesses. These events are unprecedented and, as a consequence, we have reviewed our impairment modelling under IFRS 9. This included a full assessment of expected credit losses, including a forward-looking assessment of expected collection cash flows. As a result, we have calculated overlays to our impairment models in order to calculate the expected impact of the pandemic on the Group's impairment charge.

Home credit impairment
In our home credit markets, the restrictions on freedom of movement resulted in agent service to customers being disrupted from mid-March through to the end of June albeit with a reducing impact as the restrictions were progressively eased from May onwards. We implemented alternative payment options in most of our markets, which partially mitigated the reduction in customer repayments normally collected by agents. The opt-out repayment moratorium in Hungary had a more significant impact on performance than those implemented in other European markets and is expected to result in a combination of slower collections and a larger increase in expected credit losses. In addition to these factors, some customers' incomes have been negatively impacted and this has reduced their capacity to make repayments.

The calculation of the expected credit loss ("ECL") is model driven and is based on contractual arrears and so assumes that all missed collections are as a result of credit quality deterioration, generating a disproportionately increased ECL. We have, therefore, reduced the modelled ECL based on historic customer roll rates before calculating the increase in ECL arising from the pandemic. This latter assessment is based on estimated future repayment patterns on a market by market basis, taking into account operational disruption, repayment moratoria and the expected recessionary impact. We then assessed the extent to which the reduction in cash flows is likely to be permanent or temporary. The permanent reduction in cash flows has been recorded as an increase in ECL, and this resulted in an incremental impairment provision of £23 million. We expect temporary missed repayments to be repaid at the end of the credit agreement, rather than at the point when agent service is resumed. The charges for lending are largely fixed and therefore these delayed cash flows have been discounted using the effective interest rate to arrive at a net present value. This resulted in an additional impairment charge of £36 million in the first half of the year. We expect this element of the incremental impairment charge to reverse during the next 12 months as the temporary missed payments are collected from our customers.

In addition to these impacts on impairment provisions as a result of the model overlays, the impairment charge in the home credit business was also adversely impacted by £20 million due to reduced collections during the Covid-19 impacted period.

IPF Digital impairment
The key impacts of the pandemic on the digital business has been a reduction in the number of customers regularly paying more than their minimum monthly repayment, an increase in customers requesting payment holidays (from 2% to 4%), and the disruption to forward flow arrangements with debt purchasers.

We have reviewed payment holiday request patterns in our markets alongside the expected economic impact of the pandemic on our customers' debt repayment capacity. We used this information to calculate the increased probability of customers defaulting and recorded an impairment overlay provision for this. As a result of the pandemic, some of the forward flow agreements we have with purchasers of our delinquent accounts have been temporarily suspended or repriced. As these agreements are used to calculate loss given default rates ('LGD') which form an integral part of our impairment accounting, this has resulted in an increase in LGDs in all markets and an incremental impairment charge. The combined impact of the overlay provision and the increase in LGDs on the impairment charge was £12 million.

Group costs
As noted earlier, in response to the pandemic we implemented an immediate cost reduction programme and the benefits of this are evident in Other costs which reduced year on year by 13% (£24.2 million at constant exchange rates). The senior leadership of the Group decided to forgo any bonuses for 2020 and this, combined with significant cuts to discretionary expenditure, made up the majority of the savings achieved. Collecting commission reduced at a slower rate than the contraction in revenue as we sought to support agent incomes during this very difficult period. Finance costs reduced due to lower average borrowings, a reduction in reference rates and the recognition of H1 2020 interest income in respect of the 2008 and 2009 Polish tax cases. The future impact of all cost reductions including structural cost savings are detailed in the Strategy section of this report.

Exceptional items
The income statement includes a net exceptional loss before taxation of £6.5 million which comprises a £10.6 million charge arising from the decision to close our business in Finland and a £4.1 million charge for restructuring conducted in H1 2020, partially offset by £8.2 million of interest income in respect of pre-2020 interest on the Polish tax cases. The costs arising from the decision to collect out the portfolio in Finland comprise an impairment overlay provision of £2.5 million and accelerated amortisation of intangible assets totalling £8.1 million. Further details are set out in note 7 of this report.

Group liquidity, balance sheet and financing our growth strategy

The Group continues to be very well capitalised with its equity to receivables ratio strengthening from 44.8% at the 2019 year end to 51.4% at 30 June 2020.

The Group's credit ratings were reaffirmed during the first half of the year by Moody's and Fitch Ratings at Ba3 and BB, respectively. Moody's maintained the rating on stable outlook in May and Fitch Ratings placed the rating on negative outlook in April in light of Covid-19.

At June 2020, the Group had total debt facilities of £764 million (£481 million of bonds and £283 million of bank facilities) and borrowings of £617 million, with headroom on undrawn facilities of £147 million. Total cash balances were £101 million at 30 June 2020, including £35 million that is used in our operations, and non-operational cash and undrawn debt facilities totalled £213 million. The Group generated cash before financing activities of £116 million in the first half of the year, the majority of which was generated in the second quarter as a result of our focus on liquidity management and credit quality. This resulted in net debt reducing by £125 million to £517 million, including the repayment of £84 million of bonds that matured in the second quarter. The Group also bought back €8.8 million of the 2021 Eurobonds at an average price of 87 cents, of which €3.5 million was completed in June with the balance being purchased in July.

We continued to generate operational cash inflows during July and August which, together with the receipt of £45 million in respect of the finalisation of the Polish tax dispute, resulted in an increase in non-operational cash balances to £153 million as at 31 August 2020. Since 30 June 2020 our drawings on bank facilities reduced to £107 million and therefore total non-operational cash and headroom on undrawn debt facilities at 31 August 2020 was £326 million as summarised in the following table.

	30 June 2020 £m	31 August 2020 £m
Non-operational cash	66	153
Headroom on debt facilities	147	173
Total non-operational and headroom on debt facilities	213	326

The Group has historically been funded by a combination of equity, retained cash generation, bond issues and bank facilities, and we expect that to continue to be the case, albeit that the mix may vary according to our own priorities and prevailing market conditions. The overall debt funding requirement of the Group has reduced due to contraction in the scale of the business and the strengthening of the balance sheet which resulted in reduced levels of net debt during the pandemic period.

Our covenants are tested on a 12-month look-back basis. Although we passed all our covenants at the 30 June 2020 test date, the full effect of Covid-19 is likely to temporarily affect our covenant tests in the short term. Therefore we have commenced discussions with our banks on appropriate covenant amendments and will also take appropriate measures in relation to our outstanding bonds in due course.

We have previously stated that we are mindful of the April 2021 maturity of our Eurobond, have appointed debt advisors and are actively preparing for the refinancing of this bond in 2020. The need to refinance the 2021 Eurobond and obtain covenant amendments create a material uncertainty surrounding going concern, please see pages 26 and 27 for more details.

Strategy

The long-term success of our Group is founded on making a positive difference in the lives of our customers, by offering simple, personalised credit products and services responsibly to those who might otherwise be financially excluded, and for which there has been and continues to be substantial demand. Over the last 10 years we have issued more than 25 million loans, generated £1 billion of pre-tax profit and paid £233 million in dividends to shareholders. For more than 20 years, we have operated successfully through economic cycles and regulatory change. Like many other businesses, Covid-19 has significantly impacted our organisation yet the actions we took to safeguard the business in March, and the subsequent progressive improvement in performance, demonstrates the strength and resilience of the home credit and digital business models. IPF has consistently delivered good levels of profitability, returns, and capital generation, the key drivers of which have significantly improved in the past three months as we responded effectively to the pandemic and are expected to improve further through the remainder of 2020 and into 2021.

In light of the operational impacts on our business resulting from Covid-19 and the effects on the wider economic landscape, we have redefined our core strategic goals to safeguard the business during the crisis and develop firm foundations to return quickly to strong profitability and longer-term growth. This strategy will develop the business through four strategic phases:

Phase 1: Safeguard our people and the business
The actions taken during the initial pandemic phase, as described in the Market overview and Covid-19 response strategy section of this report, are now complete. Our guiding principles in managing the impact of the pandemic ensured our people were and remain well-protected, we have retained our loyal customers and liquidity has been preserved.

Phase 2: Rightsize the business
We have taken a number of decisive steps to align the organisation to the reduced size of business post-Covid, to enable an accelerated return to profitability. An organisational restructure is almost complete with role reductions weighted towards back-office positions in order to protect the key field and agent roles that are crucial to retaining loyal customers and delivering future growth. This exercise, when combined with the restructuring completed in H1, will result in a reduction in headcount of around 1,200 and structural cost savings totalling £35 million per annum.

Following a review of the level of expected returns and the capital requirements of each business unit, we made the following changes to optimise our overall return on capital:

- Due to the further tightening of the APR cap in Finland, we decided to close our digital business in this market and will collect out the portfolio.
- Our two digital businesses in Poland (Hapiloans and Provident Direct) will be merged to create a number of operational synergies and improved credit quality.
- Four weaker-performing branches in Mexico will be closed.

Phase 3: Rebuild the business

Profitability in 2020 will be impacted by the disruption caused by Covid-19. However, the implementation of the first and second phases of our strategy during 2020 will lay the foundations for a strong 2021.

Incremental impairment charges resulting from the Covid-19 operational issues and the exceptional restructure costs will flow through our 2020 financial results. We are progressively increasing the volume of credit issued each month, and by 2021, we expect lending levels to increase towards 2019 levels as temporary rate caps and repayment moratoria expire. We will also be operating with a significantly lower structural cost base for the whole of the year.

We expect our decision to continue providing finance during the pandemic to our most credit-worthy and loyal customers will result in the retention of a high-quality customer base which will act as the foundation for rebuilding growth in 2021. We do not expect a reduction in the demand for consumer credit from our customer segment, but have already seen lower levels of supply and believe this will be a feature of the consumer credit market for the next few years.

Phase 4: Deliver longer-term growth

Beyond the return to profitability, we expect our market leading positions and unrivalled knowledge and experience of our core customer segment to create opportunities to deliver longer-term growth across the Group.

European home credit – grow the receivables portfolio

- Focus on providing slightly larger and slightly longer-term loans to improve the credit quality of our portfolio.
- Return to full-service lending when temporary rate caps and debt repayment moratoria end.
- Provide hybrid and end-to-end digital options for customers who can be successfully managed more remotely.
- Offer an increased choice of value-added services building on the success of our insurance intermediary business.
- Gain market share from competitors who have exited the market.

Mexico home credit – deliver well controlled, steady growth

- Serving one of the largest underbanked and underserved populations in the world, with 44 million people in our target segment.
- Highly experienced country manager and strengthened management team creating an operational environment to deliver on the long-term potential of this market.
- Near-term delivery of improved credit quality and operational discipline together with revised returns-focused branch infrastructure.
- Refined growth strategy to be implemented as we return to full capacity lending post-Covid-19 with a significantly reduced cost base will deliver enhanced returns.

IPF Digital – significant long-term growth opportunity

- Strong cost reduction and smart capital management will reduce the time to profitability delivered by our new markets.
- Differentiated propositions including the rollout of our Mobile Wallet enabling customers to benefit from end-to-end digital credit, payment and value-added services.
- Generate growth opportunities from the digitalisation of our home credit businesses to deliver new digital choices for customers wanting more remote lending options as they improve their credit standing.

Business division performance review

European home credit

Our European home credit businesses are well-established, resilient operations with a long history of delivering good returns. For the majority of Q1 2020, before the onset of the Covid-19 pandemic, the business performed well and delivered continued portfolio quality. From the second half of March, the Covid-19 virus and resulting government policy responses began to impact the business as described in the Group performance section of this report. This resulted in European home credit delivering a pre-exceptional loss before tax of £25.6 million which was driven by a combination of lower revenues and incremental impairment charges, partially offset by lower costs.

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,032	**881**	(151)	(14.6)	
Credit issued	364.6	**215.2**	(149.4)	(41.0)	(39.0)
Average net receivables	549.8	**511.1**	(38.7)	(7.0)	(3.7)
Revenue	229.1	**191.2**	(37.9)	(16.5)	(13.7)
Impairment	(30.5)	**(94.1)**	(63.6)	(208.5)	(220.1)
Net revenue	198.6	**97.1**	(101.5)	(51.1)	(49.5)
Finance costs	(18.5)	**(16.3)**	2.2	11.9	8.9
Agents' commission	(25.6)	**(25.3)**	0.3	1.2	(1.6)
Other costs	(94.3)	**(81.1)**	13.2	14.0	11.5
Pre-exceptional profit / (loss) before taxation	60.2	**(25.6)**	(85.8)		

Customer numbers and credit issued contracted year on year by 15% and 39% respectively, attributable largely to the significant tightening of credit settings implemented from March onwards. Collections effectiveness, which reduced in April to 76% of the pre-Covid-19 level when agent service was suspended in a number of markets, improved progressively through the remainder of the half year reaching 87% in June as alternative collection processes were implemented and agent service resumed. This improvement enabled a modest increase in credit issued from June onwards, compared to April and May, that was focused on our loyal, higher-quality customers. Average net receivables reduced by 4% year on year, reversing higher growth in the second half of 2019, due to reductions in credit issued and incremental impairment provisions. Revenue reduced at the faster rate of 14% reflecting a continuation of the lower revenue yields that were reported in the second half of 2019 and higher early settlement rebate charges in Poland.

Annualised impairment as a percentage of revenue increased by 13.2 ppts to 28.9% at the half year due to the incremental impairment provisions explained in the Group performance section. Cost saving measures implemented across the European home credit businesses resulted in an 11% (£10.5 million at CER) reduction in costs. Agents' commission costs were broadly flat year on year, reflecting our objective of supporting agent incomes during this difficult period.

Our agent mobile technology programme is now complete in our European home credit operation, marking a major milestone in the digital transformation of how our field teams and agents serve customers. We are pleased with the improving collections performance achieved during Q2 2020 and expect this to continue alongside progressive increases in the level of credit issued in the second half of the year.

Mexico home credit

Our strategy in Mexico for 2020 had been to continue to prioritise credit quality over growth. As a result of operational actions introduced in 2019 alongside a strengthened leadership team, the early signs of recovery continued during Q1, with improved collections and credit quality being delivered. The impacts of Covid-19 reached Mexico several weeks after those experienced in Europe. Using lessons learned, we took pre-emptive action to protect our people and customers in anticipation of this market being affected further. We also placed greater emphasis on collections, tightened credit settings and implemented alternative remote payment processes for customers. The business reported a pre-exceptional loss before tax of £8.4 million in the first half of 2020 which was driven by a reduction in revenue and higher impairment as a percentage of revenue, partially offset by a lower cost base.

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %	Change at CER %
Customer numbers (000s)	861	**670**	(191)	(22.2)	
Credit issued	136.4	**72.3**	(64.1)	(47.0)	(42.1)
Average net receivables	167.8	**119.0**	(48.8)	(29.1)	(22.7)
Revenue	126.6	**91.0**	(35.6)	(28.1)	(21.3)
Impairment	(53.1)	**(45.1)**	8.0	15.1	6.6
Net revenue	73.5	**45.9**	(27.6)	(37.6)	(31.9)
Finance costs	(6.0)	**(4.3)**	1.7	28.3	21.8
Agents' commission	(15.4)	**(11.0)**	4.4	28.6	22.0
Other costs	(48.6)	**(39.0)**	9.6	19.8	13.3
Pre-exceptional profit / (loss) before taxation	3.5	**(8.4)**	(11.9)		

Our focus on delivering credit quality in Q1 and further tightening of credit settings resulting from Covid-19 led to a 22% contraction in customer numbers to 670,000 and a 42% reduction in credit issued year on year. Average net receivables reduced by 23% due to lower credit issued and incremental impairment provisions, and this resulted in a 21% contraction in revenue.

The actions taken to improve operations from the second half of 2019 had begun to deliver improved collections and credit quality, and resulted in a reduction in actual impairment year on year. Evidence of lower collections began at the end of March as some states in Mexico imposed tighter restrictions on people movement. As a result, collections effectiveness reduced to 81% in April but improved to reach 89% in June as our operational teams responded to the new operating conditions. Annualised impairment as a percentage of revenue increased to 44.4% at the half year, which represents a 3.5 ppt increase year on year and contrasts with our original expectations of a significant reduction driven by the improved operational performance before the pandemic impacted the business.

Cost reduction measures in response to Covid-19 delivered cost savings of 13% (£6.0 million at CER) and the reduction in agents' commission was driven by lower collections, partially offset by higher commission rates designed to protect agent incomes and maintain customer relationships.

Whilst infection rates in Mexico continue to increase, we are pleased with the repayment performance of our recent lending and this gives us confidence to ease the very tight credit settings that we have in place and recommence lending to new customers.

IPF Digital

IPF Digital provides an end-to-end remote lending model and, as such, experienced significantly less disruption arising from Covid-19 freedom of movement interventions. The regular contact we have with our customers, through digital channels or call centres, continued as our teams swiftly changed to undertaking their day-to-day customer service roles from home. As a result, performance during Q1 2020 was not materially impacted by the onset of the pandemic. However, in order to protect credit quality and manage cashflow we significantly tightened credit settings in the second half of March, from which point lending was focused on the very best quality new customers and higher-quality existing customers. This resulted in the business reporting a pre-exceptional loss before tax of £5.9 million driven by reduced scale and incremental Covid-19 related impairment, partially offset by lower costs.

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %	Change at CER %
Customer numbers (000s)	304	**267**	(37)	(12.2)	
Credit issued	171.3	**90.7**	(80.6)	(47.1)	(46.5)
Average net receivables	253.3	**232.8**	(20.5)	(8.1)	(7.3)
Revenue	91.2	**80.0**	(11.2)	(12.3)	(11.5)
Impairment	(40.2)	**(43.0)**	(2.8)	(7.0)	(8.9)
Net revenue	51.0	**37.0**	(14.0)	(27.5)	(27.3)
Finance costs	(7.1)	**(6.7)**	0.4	5.6	5.6
Other costs	(44.3)	**(36.2)**	8.1	18.3	17.4
Pre-exceptional loss before taxation	(0.4)	**(5.9)**	(5.5)		

Year on year, customer numbers reduced by 12% to 267,000 and credit issued contracted by 47%, driven by the restricted credit settings introduced in response to Covid-19 and our strategy to improve credit quality in our new markets. The temporary tightening of the existing rate cap in Poland and the reduced rate cap introduced in Finland in September 2019 also resulted in limiting credit provided to customers due to lower returns on lending at these rates. Average net receivables reduced by 7% and this, together with a shift in portfolio mix towards the established markets which have lower revenue yields, resulted in revenue contracting at the slightly faster rate of 12%.

Collections effectiveness reduced to 82% in April with the main drivers of this being fewer customers overpaying the minimum repayment obligation on their credit line facility together with higher payment holiday requests. Collections effectiveness improved over the course of Q2 2020 to 92% in June. Annualised impairment as a percentage of revenue increased by 7.7ppts year on year to 49.4% reflecting the incremental impairment provisions set out in the Group performance section, partially offset by an improvement in underlying credit quality in the new markets. Tight cost control resulted in a 17% reduction in costs (£7.6 million at CER) mainly driven by lower marketing expenditure and other volume-related costs.

The pre-exceptional profitability of IPF Digital is segmented as follows:

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %
Established markets	16.5	**7.0**	(9.5)	(57.6)
New markets	(9.2)	**(6.3)**	2.9	31.5
Head office costs	(7.7)	**(6.6)**	1.1	14.3
IPF Digital	(0.4)	**(5.9)**	(5.5)	

Established markets

	H1 2019 £m	**H1 2020 £m**	Change £m	Change %	Change at CER %
Customer numbers (000s)	151	**136**	(15)	(9.9)	
Credit issued	80.9	**54.8**	(26.1)	(32.3)	(32.5)
Average net receivables	134.6	**128.9**	(5.7)	(4.2)	(4.4)
Revenue	40.9	**37.4**	(3.5)	(8.6)	(8.8)
Impairment	(7.4)	**(15.0)**	(7.6)	(102.7)	(102.7)
Net revenue	33.5	**22.4**	(11.1)	(33.1)	(33.3)
Finance costs	(3.5)	**(3.5)**	-	-	-
Other costs	(13.5)	**(11.9)**	1.6	11.9	12.5
Pre-exceptional profit before taxation	16.5	**7.0**	(9.5)	(57.6)	

Year on year, our established markets delivered a reduced pre-exceptional profit before tax of £7.0 million driven by the expected lower net revenue resulting from rate cap changes in Finland and Latvia in 2019, and incremental impairment arising from Covid-19.

Credit issued contracted by 33% year on year, impacted by tighter credit settings introduced in response to Covid-19 as well as the reduction in credit issued volumes in Finland due to lower returns under the new interest rate cap. Average net receivables reduced by 4% which, together with lower revenue yields generated in Finland and Latvia, drove a 9% contraction in revenue.

Annualised impairment as a percentage of revenue increased by 11.2ppts year on year to 30.2% due to the Covid-19 related incremental impairment that is set out in the Group performance summary above. Our cost reduction programme resulted in a 13% reduction in costs (£1.7 million at CER).

New markets

	H1 2019	**H1 2020**	Change	Change	Change at CER
	£m	**£m**	£m	%	%
Customer numbers (000s)	153	**131**	(22)	(14.4)	
Credit issued	90.4	**35.9**	(54.5)	(60.3)	(59.4)
Average net receivables	118.7	**103.9**	(14.8)	(12.5)	(10.6)
Revenue	50.3	**42.6**	(7.7)	(15.3)	(13.8)
Impairment	(32.8)	**(28.0)**	4.8	14.6	12.8
Net revenue	17.5	**14.6**	(2.9)	(16.6)	(15.6)
Finance costs	(3.6)	**(3.2)**	0.4	11.1	11.1
Other costs	(23.1)	**(17.7)**	5.4	23.4	21.7
Loss before taxation	(9.2)	**(6.3)**	2.9	31.5	

Start-up losses in the new markets reduced in the first half of the year, delivering a £2.9 million improvement in loss before tax to £6.3 million. This was driven by lower net revenues offset by the benefits of our cost control measures.

Customer numbers reduced by 14% to 131,000 and credit issued contracted by 59% year on year due to a combination of credit tightening implemented in the second half of 2019 in Poland and Spain to manage credit risk together with further restrictions implemented in response to Covid-19. Average net receivables reduced by 11% and revenue contracted by 14%.

Annualised impairment as a percentage of revenue was 65.0% at the half year, which represents a 2.3 ppt increase year on year. Underlying improvements in credit quality were offset by the impact of incremental Covid-19 related impairment charges. Costs reduced by 22% year on year (£4.9 million at CER), driven principally by lower marketing and other volume-related costs as we reduced our credit issued volumes.

We expect further progressive improvements in IPF Digital collections effectiveness in the second half of the year alongside easing of our credit settings in most markets. Credit issued volumes will continue to be significantly lower than the second half of 2019 due to our decision to stop lending in Finland together with a cautious positioning in other markets until the economic impacts of the pandemic are clearer.

Regulatory update

As previously reported, UOKiK, the Polish competition and consumer protection authority, is conducting a comprehensive review of rebating practices by banks and other consumer credit providers on early loan settlement, including those of the Group's Polish businesses. In light of this and a recent European Court of Justice declaratory judgment on the matter, new market standard rebating practices are evolving in Poland. When we have full clarity on the new emerging standards, our Polish businesses will conform their rebating practices accordingly. At the 2019 year end, we estimated the potential annual financial impact to be in the range of £10 million to £15 million. Our current expectation is that the annual financial impact on profit before tax is now more likely to be in the range of £5 million to £10 million and we are working on a number of mitigating strategies.

In Romania, legislation was enacted by parliament in May 2020 which implemented a cap on the total amount payable on a consumer loan agreement, being twice the amount borrowed for loans below 3,000 EUR, while defining an APR cap of 15% plus base rate for the rest of consumer credit. This legislation is being challenged by political opponents and the Constitutional Court is scheduled to consider this matter in September 2020, pending which the legislation is suspended. The vast majority of the Group's Romanian business' current portfolio would be subject to the 100% total cost of credit limit and not the 15% APR cap.

Taxation

The taxation charge on the pre-exceptional loss for the first six months of 2020 (£8.0 million) has been based on an expected pre-exceptional effective tax rate for 2020 of negative 11%, increased by the write-off of deferred tax assets totalling circa £2.7 million. The total pre-exceptional tax charge for the first six months of 2020 represents an effective tax rate of negative 18%. The tax charge arises due to a combination of factors but is largely driven by an increase in the non-tax deductible impairment charge arising from an increase in expected credit losses, liability to certain taxes that are computed with reference to profits for prior periods rather than current year, and the write-off of deferred tax assets.

The exceptional tax charge of £0.2 million includes a £1.1 million write-off of a deferred tax asset held in respect of the Finnish business.

Our appeal against the Polish Tax Chamber's decisions for 2008 and 2009 was heard in the Warsaw District Administrative Court in March and the court found in our favour. The Court has formally confirmed that the decision is final and we received repayment of the tax that was paid in January 2017 together with interest up to the repayment date in August 2020. Interest of £9.6 million has been included in the income statement for the half year, of which the element relating to before 2020, £8.2 million, has been treated as an exceptional item.

There is no change to our position with respect to the European Commission's State Aid challenge to the UK's Group Financing Exemption contained in the UK controlled foreign company rules, which remains as set out in our 2019 full-year results statement published on 26 February 2020.

Dividend

The Board has considered the trading performance of the business in the first half of the year and expectations for the second half together with the Group's liquidity position and concluded that it is not appropriate to declare an interim dividend (30 June 2019: 4.6 pence per share).

Principal risks and uncertainties

Risk management process
We operate a formal risk management process, the details of which are set out on page 44 of the Annual Report and Financial Statements for the year ended 31 December 2019. Details of our principal risks can be found on pages 46 to 52 of the Annual Report and Financial Statements and are summarised below:

- the risk that we suffer losses or fail to optimise profitable growth due to a failure to operate in compliance with, or effectively anticipate changes in, all applicable laws and regulations (including GDPR), or due to a regulator interpreting these in a different way or due to changes in legislation that challenge the viability of the Group's business models;
- the risk that we suffer losses or fail to optimise profitable growth through not responding to the competitive environment or failing to ensure our proposition meets customer needs;
- the risk that we suffer additional taxation or financial penalties associated with failure to comply with tax legislation or adopting an interpretation of the law that cannot be sustained;
- the risk that we suffer losses or fail to optimise profitable growth due to a failure to develop and maintain effective technology solutions or manage change in an effective manner;
- the risk that our strategy is impacted by not having sufficient depth and quality of people or being unable to retain key people and treat them in accordance with our values and ethical standards;
- the risk that we suffer losses or fail to optimise profitable growth due to a failure of our systems, suppliers or processes or due to the loss, theft or corruption of information;
- the risk that we suffer financial or reputational damage due to our methods of operation, ill-informed comment or malpractice;
- the risk that we suffer financial loss as a result of a failure to identify and adapt to changing economic conditions adequately;
- the risk of personal injury or harm to our agents or employees;
- the risk that we suffer financial loss if our customers fail to meet their contracted obligations; and
- the risk of insufficient availability of funding, unfavourable pricing, a breach of debt facility covenants; or that performance is significantly impacted by interest rate or currency movements, or failure of a banking counterparty.

Risk management response to Covid-19
As set out in the Market overview and Covid-19 response strategy of this report, the pandemic had a significant impact on the Group's operations. We acted swiftly and implemented a governance forum involving key members of the Group's leadership team which met regularly to co-ordinate our overall response. The impact of Covid-19 on our principal risks was managed by Group-level risk owners as part of our formal risk management process.

The key risks impacted by Covid-19 were safety; business continuity; credit risk; and funding, market and counterparty risk. A core pillar of our Covid-19 response was to protect our people and we took a series of steps to manage their health and safety including the provision of personal protective equipment, the temporary suspension of agent service and a revision to field operational protocols. These issues were managed by the local management teams and coordinated through the Group governance forum. Following the implementation of lock downs in most of our markets, we transitioned the vast majority of our office-based teams to remote working. This involved invoking our business continuity protocols and the roll out of new collaboration tools to our teams. This work was overseen by the Group governance forum.

In response to a reduction in collection cash flows and the uncertain macro-economic environment, we implemented a very significant tightening of credit risk standards across all businesses in order manage liquidity and credit risk. These decisions were managed through the Group governance forum as were the decisions to relax some of these credit standards towards the end of the second quarter following an improvement in the operating environment.

Capital markets were disrupted by the pandemic in general and, more specifically, for companies that operate in our sector with similar credit characteristics. This resulted in a delay in our plans to refinance the Group's April 2021 5.75% Eurobond and we now plan to address this maturity in the second half of the year. The management of this risk and the associated response was subject to governance by the Board.

Outlook

Covid-19 has created a very challenging trading environment across the Group's markets, but our leadership team, people and businesses have proven resilient. We entered the period with a strong balance sheet and funding position which, together with robust liquidity management actions and our ability to serve our customers well, will ensure we emerge in a strong competitive and financial position. There is significant demand from underbanked and underserved customers for affordable credit in our markets, and we expect to increase our volume of new lending to fulfil this. Our key focus is on refinancing our 2021 Eurobond in 2020 and we are actively working on this. IPF has a history of consistently delivering good levels of profitability, returns and capital generation, and we have put in place firm foundations for a quick return to profitability and delivering long-term growth.

Alternative Performance Measures

This half-year Financial Report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide stakeholders with important additional information on our business. To support this we have included an accounting policy note on APMs in the notes to this Half-year Financial Report, a glossary indicating the APMs that we use, an explanation of how they are calculated and how we use them, and a reconciliation of the APMs we use to a statutory measure, where relevant.

Condensed consolidated interim financial information for the six months ended 30 June 2020

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2020 Pre-exceptional £m**	**Unaudited Six months ended 30 June 2020 Exceptional items (note 7) £m**	**Unaudited Six months ended 30 June 2020 £m**	Unaudited Six months ended 30 June 2019 £m	Audited Year Ended 31 December 2019 £m
Revenue	3	**362.2**	**-**	**362.2**	446.9	889.1
Impairment	3	**(182.2)**	**(2.5)**	**(184.7)**	(123.8)	(243.5)
Revenue less impairment		**180.0**	**(2.5)**	**177.5**	323.1	645.6
Finance costs	22	**(27.3)**	**8.2**	**(19.1)**	(31.8)	(63.5)
Other operating costs		**(54.7)**	**-**	**(54.7)**	(69.1)	(137.3)
Administrative expenses		**(144.8)**	**(12.2)**	**(157.0)**	(166.1)	(330.8)
Total costs		**(226.8)**	**(4.0)**	**(230.8)**	(267.0)	(531.6)
(Loss)/profit before taxation	3	**(46.8)**	**(6.5)**	**(53.3)**	56.1	114.0
Tax expense						
– UK		**-**	**-**	**-**	-	2.2
– Overseas		**(8.0)**	**(0.2)**	**(8.2)**	(23.0)	(44.4)
Tax expense	4	**(8.0)**	**(0.2)**	**(8.2)**	(23.0)	(42.2)
(Loss)/profit after taxation attributable to owners of the Company		**(54.8)**	**(6.7)**	**(61.5)**	33.1	71.8

(Loss)/earnings per share - statutory

	Notes	**Unaudited Six months ended 30 June 2020 pence**	Unaudited Six months ended 30 June 2019 pence	Audited Year ended 31 December 2019 pence
Basic	5	**(27.7)**	14.8	32.2
Diluted	5	**(26.3)**	14.0	30.3

The notes to the financial information are an integral part of this consolidated financial information.

(Loss)/earnings per share – pre-exceptional items

	Notes	**Unaudited Six months ended 30 June 2020 pence**	Unaudited Six months ended 30 June 2019 pence	Audited Year ended 31 December 2019 pence
Basic	5	**(24.7)**	14.8	32.2

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2020 pence**	Unaudited Six months ended 30 June 2019 pence	Audited Year ended 31 December 2019 pence
Interim dividend	6	**-**	4.6	4.6
Final dividend	6	**-**	-	7.8
Total dividend		**-**	4.6	12.4

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2020 £m**	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
Interim dividend of nil (2019: interim dividend of 4.6 pence) per share	6	**-**	-	10.3
Final 2019 dividend of nil (2019: final 2018 dividend of 7.8 pence) per share	6	**-**	17.4	17.4
Total dividends paid		**-**	17.4	27.7

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2020 £m	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
(Loss)/profit after taxation attributable to owners of the Company	**(61.5)**	33.1	71.8
Other comprehensive income			
Items that may subsequently be reclassified to income statement			
Exchange gains/(losses) on foreign currency translations	**9.2**	1.2	(42.2)
Net fair value gains – cash flow hedges	**1.4**	0.8	0.6
Tax charge on items that may be reclassified	**(0.3)**	(0.2)	(0.1)
Items that will not subsequently be reclassified to income statement			
Actuarial gains/(losses) on retirement benefit asset	**0.2**	(1.4)	(1.7)
Tax (charge)/credit on items that will not be reclassified	**(0.1)**	0.3	0.2
Other comprehensive income/(expense) net of taxation	**10.4**	0.7	(43.2)
Total comprehensive (expense)/income for the period attributable to owners of the Company	**(51.1)**	33.8	28.6

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated balance sheet

	Notes	**Unaudited 30 June 2020 £m**	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Assets				
Non-current assets				
Goodwill	8	**24.7**	24.4	23.1
Intangible assets	9	**36.8**	41.8	43.2
Property, plant and equipment	10	**18.0**	19.3	20.0
Right-of-use assets	11	**17.9**	19.5	18.8
Amounts receivable from customers	13	**175.9**	247.7	245.3
Deferred tax assets	12	**137.2**	138.0	151.7
Non-current tax asset	14	**-**	36.2	34.2
Retirement benefit asset	16	**4.5**	3.7	3.4
		415.0	530.6	539.7
Current assets				
Amounts receivable from customers	13	**580.5**	762.1	728.3
Derivative financial instruments		**8.1**	1.4	0.3
Cash and cash equivalents		**100.6**	37.9	37.4
Other receivables		**26.1**	25.4	16.9
Current tax assets	14	**36.6**	4.9	0.1
		751.9	831.7	783.0
Total assets	3	**1,166.9**	1,362.3	1,322.7
Liabilities				
Current liabilities				
Borrowings	15	**(387.1)**	(132.9)	(112.7)
Derivative financial instruments		**(1.2)**	(10.4)	(16.2)
Trade and other payables		**(92.0)**	(123.4)	(123.9)
Provisions for liabilities and charges		**(12.1)**	-	-
Lease liabilities	11	**(9.0)**	(6.6)	(8.7)
Current tax liabilities		**(26.7)**	(29.9)	(30.3)
		(528.1)	(303.2)	(291.8)
Non-current liabilities				
Deferred tax liabilities		**(12.1)**	(8.5)	(20.0)
Lease liabilities	11	**(10.0)**	(14.0)	(10.8)
Borrowings	15	**(228.2)**	(582.7)	(563.7)
		(250.3)	(605.2)	(594.5)
Total liabilities	3	**(778.4)**	(908.4)	(886.3)
Net assets		**388.5**	453.9	436.4
Equity attributable to owners of the Company				
Called-up share capital		**23.4**	23.4	23.4
Other reserve		**(22.5)**	(22.5)	(22.5)
Foreign exchange reserve		**18.3**	52.5	9.1
Hedging reserve		**1.0**	-	(0.1)
Own shares		**(45.5)**	(44.4)	(46.1)
Capital redemption reserve		**2.3**	2.3	2.3
Retained earnings		**411.5**	442.6	470.3
Total equity		**388.5**	453.9	436.4

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated statement of changes in equity

	Unaudited				
	Called-up share capital £m	Other reserve £m	*Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2019	23.4	(22.5)	7.9	424.2	433.0
Comprehensive income					
Profit after taxation for the period	-	-	-	33.1	33.1
Other comprehensive income/(expense)					
Exchange gains on foreign currency translation (note 19)	-	-	1.2	-	1.2
Net fair value gains – cash flow hedges	-	-	0.8	-	0.8
Actuarial losses on retirement benefit asset	-	-	-	(1.4)	(1.4)
Tax (charge)/credit on other comprehensive income	-	-	(0.2)	0.3	0.1
Total other comprehensive income/(expense)	-	-	1.8	(1.1)	0.7
Total comprehensive income for the period	-	-	1.8	32.0	33.8
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	4.5	4.5
Shares granted from treasury and employee trust	-	-	0.7	(0.7)	-
Dividends paid to Company shareholders	-	-	-	(17.4)	(17.4)
At 30 June 2019	23.4	(22.5)	10.4	442.6	453.9
At 1 July 2019	23.4	(22.5)	10.4	442.6	453.9
Comprehensive income					
Profit after taxation for the period	-	-	-	38.7	38.7
Other comprehensive (expense)/income					
Exchange losses on foreign currency translation (note 19)	-	-	(43.4)	-	(43.4)
Net fair value losses – cash flow hedges	-	-	(0.2)	-	(0.2)
Actuarial losses on retirement benefit asset	-	-	-	(0.3)	(0.3)
Tax credit/(charge) on other comprehensive income	-	-	0.1	(0.1)	-
Total other comprehensive expense	-	-	(43.5)	(0.4)	(43.9)
Total comprehensive (expense)/income for the period	-	-	(43.5)	38.3	(5.2)
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	0.1	0.1
Shares acquired by employee trust	-	-	(2.1)	-	(2.1)
Shares granted from treasury and employee trust	-	-	0.4	(0.4)	-
Dividends paid to Company shareholders	-	-	-	(10.3)	(10.3)
At 31 December 2019	23.4	(22.5)	(34.8)	470.3	436.4

Consolidated statement of changes in equity (continued)

	Unaudited				
	Called-up share capital £m	Other reserve £m	*Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2020	**23.4**	**(22.5)**	**(34.8)**	**470.3**	**436.4**
Comprehensive income					
Loss after taxation for the period	**-**	**-**	**-**	**(61.5)**	**(61.5)**
Other comprehensive income/(expense)					
Exchange gains on foreign currency translation (note 19)	**-**	**-**	**9.2**	**-**	**9.2**
Net fair value gains – cash flow hedges	**-**	**-**	**1.4**	**-**	**1.4**
Actuarial gain on retirement benefit asset	**-**	**-**	**-**	**0.2**	**0.2**
Tax charge on other comprehensive income	**-**	**-**	**(0.3)**	**(0.1)**	**(0.4)**
Total other comprehensive income	**-**	**-**	**10.3**	**0.1**	**10.4**
Total comprehensive income/(expense) for the period	**-**	**-**	**10.3**	**(61.4)**	**(51.1)**
Transactions with owners					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**3.2**	**3.2**
Shares granted from treasury and employee trust	**-**	**-**	**0.6**	**(0.6)**	**-**
At 30 June 2020	**23.4**	**(22.5)**	**(23.9)**	**411.5**	**388.5**

* Includes foreign exchange reserve, hedging reserve, own shares and capital redemption reserve.

Consolidated cash flow statement

	Notes	**Unaudited Six months ended 30 June 2020 £m**	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
Cash flows from operating activities				
Cash generated from operating activities	18	**176.0**	76.9	169.2
Finance costs paid		**(39.7)**	(41.5)	(64.0)
Income tax paid		**(12.5)**	(21.9)	(41.0)
Net cash generated from operating activities		**123.8**	13.5	64.2
Cash flows used in investing activities				
Purchases of intangible assets	9	**(6.4)**	(10.6)	(21.2)
Purchases of property, plant and equipment	10	**(1.9)**	(3.3)	(10.2)
Proceeds from sale of property, plant and equipment		**0.2**	0.2	0.2
Net cash used in investing activities		**(8.1)**	(13.7)	(31.2)
Net cash generated from/(used in) operating and investing activities		**115.7**	(0.2)	33.0
Cash flows from financing activities				
Proceeds from borrowings		**64.7**	82.1	119.9
Repayment of borrowings		**(111.9)**	(69.0)	(120.3)
Principal elements of lease payments	11	**(5.3)**	(4.0)	(9.9)
Shares acquired by employee trust		**-**	-	(2.1)
Dividends paid to Company shareholders	6	**-**	(17.4)	(27.7)
Net cash used in financing activities		**(52.5)**	(8.3)	(40.1)
Net increase/(decrease) in cash and cash equivalents		**63.2**	(8.5)	(7.1)
Cash and cash equivalents at beginning of period		**37.4**	46.6	46.6
Exchange losses on cash and cash equivalents		**-**	(0.2)	(2.1)
Cash and cash equivalents at end of period		**100.6**	37.9	37.4

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed consolidated interim financial information should be read in conjunction with the Annual Report and Financial Statements ('the Financial Statements') for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This condensed consolidated interim financial information was approved for release on 8 September 2020.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2019 were approved by the Board on 26 February 2020 and delivered to the Registrar of Companies. The Financial Statements contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Financial Statements are available on the Group's website (www.ipfin.co.uk).

Going Concern

In considering whether the Group is a going concern, the Board has taken into account the Group's financial forecasts, its principal risks with particular reference to funding and regulatory risks; and the expected depth and duration of the Covid-19 impact. The financial forecasts have been prepared for the period through to December 2022 and include projected profit and loss, balance sheet, cashflows, borrowings, headroom against debt facilities and funding requirements. These forecasts represent the best estimates of the expected impact of Covid-19 on the Group's businesses, and in particular on collection and credit issuance cash flows. The forecasts assume that temporary price controls introduced in Hungary and Poland return to historic levels based on the sunset clauses included in the respective implementing legislation.

The forecast indicates that for the 2020 year end and the 2021 half year, the Group will meet three of the four financial covenants in its bank facilities but is unlikely to pass its current interest cover covenant as a result of the Covid-19 pandemic. The Group has therefore commenced a covenant amendment process with its banks and plans to take appropriate measures in relation to its outstanding bonds in due course. The outcome of this process is unknown at present but based on their assessment of the available information, the Directors have a reasonable expectation of an acceptable outcome from this process. The Group's €397 million Eurobond matures in April 2021 and the Group's forecast assumes that this is substantially refinanced ahead of this date. The Group has appointed debt advisors and a detailed and credible refinancing plan has been prepared and it is intended that it will be executed in the second half of the year. Therefore the Board has a reasonable expectation of a refinancing transaction in respect of the 2021 Eurobond being executed alongside the covenant amendment processes.

The Group has prepared a reverse stress test on its forecasts to assess the extent to which collections effectiveness would need to deteriorate in order to cause a breach of the proposed amended interest cover covenant (the most performance-sensitive covenant). This showed that collections effectiveness would need to deteriorate significantly from the forecast in order for the proposed revised interest cover covenant levels to be breached. The Directors have a reasonable expectation that collections are unlikely to deteriorate to the level required to breach the proposed revised interest cover covenant levels.

Given the upcoming refinancing of the 2021 Eurobond and obtaining covenant amendments as appropriate, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, having considered all the available information, the Directors have a reasonable expectation that the Group will have adequate resources to continue trading for the foreseeable future (12 months from the date of this report) and accordingly the Directors have continued to adopt the going concern basis in preparing this Half-year Financial Report.

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the directors consider should be disclosed separately to enable a full understanding of the Group's underlying results.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial information requires the Group to make estimates and judgements that affect the application of policies and reported accounts. Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. Estimates and judgements are continually evaluated and are based on historical experience. Actual results may differ from these estimates.
The judgements and estimates which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Critical accounting judgements

Accounting judgements have been made over the going concern status of the Group given the complexities attached to the refinancing as summarised above; and over whether the EU State Aid investigation requires a provision or disclosure as a contingent liability, see below for further details.

Key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make estimations that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information.

Amounts receivable from customers

The Group's accounting policy for the impairment of loans and advances to customers is explained on page 123 of the 2019 Annual Report and Financial Statements.

The Group reviews its portfolio of customer loans and receivables for impairment on a weekly or monthly basis. The Group reviews the most recent collections performance to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows.

For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into stages based on days past due as this is considered to be the most reliable predictor of future payment performance. The level of impairment is calculated using historical payment performance to generate both the estimated expected loss and also the timing of future cash flows for each agreement. The expected loss is calculated using probability of default and loss given default parameters.

Impact of Covid-19 on amounts receivable from customers
As discussed on page 6 of this report, Covid-19 had a significant impact on our businesses in the first half of the year. Government imposed restrictions on the freedom of movement and the introduction of debt repayment moratoria, together with the economic impact of the pandemic on our customers, had a significant adverse impact on collection cash flows in all our businesses. These events are unprecedented and, as a consequence, we have reviewed our impairment modelling under IFRS 9. This included a full assessment of expected credit losses, including a forward-looking assessment of expected collection cash flows. As a result, we have calculated post model overlays (PMOs) to our impairment models in order to calculate the expected impact of the pandemic on the Group's impairment provisions. The impact of these PMOs was to increase impairment provisions at 30 June 2020 by £30.2 million as set out below.

	Group £m
Home credit	**(23.9)**
IPF Digital	**(6.3)**
Total	**(30.2)**

Home credit amounts receivable from customers
Missed collections as a result of government imposed restrictions on the freedom of movement and the introduction of debt repayment moratoria is not considered to be an indicator of a significant increase in credit risk (SICR). However, our impairment models cannot distinguish between a missed payment arising from these factors and a missed payment arising from a customer not making a payment. Therefore we have reduced the modelled expected credit loss ('ECL') based on historic customer roll rates before calculating the increase in ECL arising from the pandemic. This latter assessment is based on estimated future repayment patterns on a market by market basis, taking into account operational disruption, repayment moratoria and the expected recessionary impact. We then assessed the extent to which the reduction in cash flows is likely to be permanent or temporary. The estimated permanent difference in cashflows has been recorded as an increase in ECL.

We expect temporary missed repayments to be repaid at the end of the credit agreement, rather than at the point when agent service is resumed. The charges for lending are largely fixed and therefore these delayed cash flows have been discounted using the effective interest rate which results in an additional impairment provision that is expected to unwind during the next 12 months.

We have performed analysis on the home credit businesses to show the estimated variation to the amounts receivable from customers based on the following collection scenarios:

- A 5ppt reduction in collections effectiveness in July 2020 compared to our projections followed by progressive monthly improvements of 1ppt per month during the second half of the year. The impact of this would be an increase in the PMO of £6.6 million.
- Temporary missed repayments that are assumed to be repaid at the end of the loan are received three months later than forecast. The impact of this would be an increase in the PMO of £8.5 million.

IPF Digital amounts receivable from customers
The key impacts of the pandemic on the digital business has been a reduction in the number of customers regularly paying more than their minimum monthly repayment, an increase in customers requesting payment holidays, and the disruption to forward flow arrangements with debt purchasers. The disruption to forward flow arrangements with debt purchasers has led to a £5.9 million increase in our loss given default (LGD) parameters which form an integral part of our impairment accounting, and therefore no PMO was required. We have reviewed payment holiday request patterns in our markets alongside the expected economic impact of the pandemic on our customers' debt repayment capacity. We used this information to calculate the increased probability of customers defaulting. The estimated increase in probability of default (PD) has been included as PMO.

The nature of the calculation of these PMOs means that they have not been allocated to individual loans and therefore they are not reported against stages in the table in note 13.

Polish early settlement rebates
The Regulatory update section of this report (page 15) sets out details of a comprehensive review being conducted by UOKiK, the Polish competition and consumer protection authority, of rebating practices by banks and other consumer credit providers on early loan settlement, including those of the Group's Polish businesses. We reviewed the likelihood of the resolution of this matter resulting in higher early settlement rebates being payable to customers that settled their agreements early before the balance sheet date. A number of risks and uncertainties remain, in particular with respect to future claims volumes relating to historic rebates paid and the nature of any customer contact exercise required. The total amount provided of £12.1 million (30 June 2019: £nil; 31 December 2019: £4.0 million) represents the Group's best estimate of the likely future cost of increasing historic customer rebates, based on its current strategy to achieve resolution. Whilst the volume of claims could differ from the estimates, the Group's expectation at this stage is that claims rates are unlikely to be more than double the assumed rate.

Tax

Estimations must be exercised in the calculation of the Group's tax provision, in particular with regard to the existence and extent of tax risks. This exercise of estimation with regards to the EU State Aid investigation, which is disclosed in note 20, could have a significant effect on the Financial Statements, as there are significant uncertainties in relation to the amount and timing of associated cash flows.

In respect of deferred tax assets, which arise largely from timing differences between the accounting and tax treatments of revenue and impairment transactions, estimations must be made regarding the extent to which the timing differences will reverse and a tax deduction will be obtained in future periods.

All other accounting policies adopted in this condensed consolidated interim financial information are consistent with those adopted in the Financial Statements for the year ended 31 December 2019 and are detailed in those Financial Statements.

There are no new standards adopted by the Group in 2020, and there are no new standards not yet effective and not adopted by the Group from 1 January 2020 which are expected to have a material impact on the Group.

Alternative Performance Measures

In reporting financial information, the Group presents alternative performance measures, 'APMs' which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board.

Each of the APMs used by the Group is set out on pages 45 to 46 including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports percentage change figures for all performance measures, other than profit or loss before taxation and earnings per share, after restating prior year figures at a constant exchange rate. The constant exchange rate, which is an APM, retranslates the previous year measures at the average actual periodic exchange rates used in the current financial year. These measures are presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory measures in order to derive APMs where relevant. The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

2. Related parties

The Group has not entered into any material transactions with related parties in the first six months of the year.

3. Segment analysis

	Unaudited Six months ended 30 June 2020 £m	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
Revenue			
European home credit	**191.2**	229.1	452.2
Mexico home credit	**91.0**	126.6	247.6
Digital	**80.0**	91.2	189.3
Revenue	**362.2**	446.9	889.1
Impairment			
European home credit	**94.1**	30.5	56.0
Mexico home credit	**45.1**	53.1	102.3
Digital	**43.0**	40.2	85.2
Impairment – pre-exceptional item	**182.2**	123.8	243.5
Exceptional item	**2.5**	-	-
Impairment	**184.7**	123.8	243.5
Profit before taxation			
European home credit	**(25.6)**	60.2	115.1
Mexico home credit	**(8.4)**	3.5	10.5
Digital	**(5.9)**	(0.4)	3.2
UK costs[1]	**(6.9)**	(7.2)	(14.8)
Profit before taxation – pre-exceptional items	**(46.8)**	56.1	114.0
Exceptional items	**(6.5)**	-	-
Profit before taxation	**(53.3)**	56.1	114.0

[1] Although UK costs are not classified as a separate segment in accordance with IFRS 8 ‘Operating Segments’, they are shown separately in order to provide a reconciliation to profit before taxation.

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Segment assets			
European home credit	**608.3**	708.1	710.0
Mexico home credit	**164.6**	248.3	230.3
Digital	**254.5**	330.4	314.9
Slovakia and Lithuania	**-**	0.5	-
UK[2]	**139.5**	75.0	67.5
Total	**1,166.9**	1,362.3	1,322.7
Segment liabilities			
European home credit	**216.8**	323.1	297.2
Mexico home credit	**108.1**	174.5	147.0
Digital	**181.2**	248.1	225.8
Slovakia and Lithuania	**-**	3.3	-
UK[2]	**272.3**	159.4	216.3
Total	**778.4**	908.4	886.3

[2] Although the UK is not classified as a separate segment in accordance with IFRS 8 'Operating Segments', it is shown separately above in order to provide a reconciliation to consolidated total assets and liabilities.

4. Tax expense

The taxation charge on the pre-exceptional loss for the first six months of 2020 (£8.0 million) has been based on an expected pre-exceptional effective tax rate for 2020 of negative 11%, increased by the write-off of deferred tax assets totalling circa £2.7 million. The total pre-exceptional tax charge for the first six months of 2020 represents an effective tax rate of negative 18% (30 June 2019: 41%, 31 December 2019: 37%). The tax charge arises due to a combination of factors but is largely driven by an increase in the non-tax deductible impairment charge arising from an increase in expected credit losses, liability to certain taxes that are computed with reference to profits for prior periods rather than current year, and the write-off of deferred tax assets.

The exceptional tax charge of £0.2 million includes a £1.1 million write-off of a deferred tax asset held in respect of the Finnish business.

The Group is subject to tax audits in Mexico (regarding 2017) and Spain (regarding 2015-2017). The Polish tax audit in respect of 2008 and 2009 was successfully concluded in the period with further details set out in notes 14 and 21 .

5. (Loss)/earnings per share

	Unaudited Six months ended 30 June 2020 pence	Unaudited Six months ended 30 June 2019 pence	Audited Year ended 31 December 2019 pence
Basic (L)/EPS	**(27.7)**	14.8	32.2
Dilutive effect of awards	**1.4**	(0.8)	(1.9)
Diluted (L)/EPS	**(26.3)**	14.0	30.3

Basic (loss)/earnings per share ('(L)/EPS') is calculated by dividing the loss attributable to shareholders of £61.5 million (30 June 2019: profit of £33.1 million, 31 December 2019: profit of £71.8 million) by the weighted average number of shares in issue during the period of 222.2 million which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (30 June 2019: 223.4 million, 31 December 2019: 223.1 million).

For diluted (L)/EPS the weighted average number of shares has been adjusted to 234.2 million (30 June 2019: 237.2 million, 31 December 2019: 237.1 million) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

6. Dividends

As declared in our announcement on 1 April 2020, the Board believes that conserving cash and maximising financial flexibility is in the long term best interests of the business and its stakeholders. The Board therefore decided to cancel the proposed annual final dividend payment of 7.8p per share which resulted in a cash saving of £17.3 million. The Board has further considered the trading performance of the business in the first half of the year and expectations for the second half together with the Group's liquidity position and concluded that it is not appropriate to declare an interim dividend (2019: 4.6 pence per share).

7. Exceptional items

The income statement includes an exceptional loss of £6.7 million which comprises a pre-tax exceptional loss of £6.5 million and an exceptional tax charge of £0.2 million.

	Pre-tax £m	Tax £m	Post-tax £m
Finland closure	(10.6)	(1.1)	(11.7)
Restructuring costs	(4.1)	0.9	(3.2)
Interest income	8.2	-	8.2
Exceptional items	(6.5)	(0.2)	(6.7)

The decision to close our business in Finland and to collect out the portfolio following a tightening of the rate cap resulted in a loss of £11.7 million. It comprises a £10.6 million charge against loss before tax and the write-off of a deferred tax asset of £1.1 million that we no longer expect to be realised. The pre-tax loss comprises a provision taken against the carrying value of the receivables book based on our best estimate of the value of collections of £2.5 million and £8.1 million from accelerated amortisation of intangible assets. The restructuring charge of £4.1 million arose in connection with a downsizing exercise that was conducted in H1 2020 and there is an associated tax credit of £0.9 million relating to this item. A further group-wide restructuring exercise was announced in July 2020 and is expected to result in a further exceptional charge of around £6 million in the second half of the year (see note 21 for more details). In addition, the profit and loss account includes exceptional interest income of £8.2 million, relating to the interest accrued on the payments to the Polish tax authority made in January 2017 in respect of the 2008 and 2009 cases for 2017 to 2019 (see page 16 for further details).

8. Goodwill

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Net book value at start of period	**23.1**	24.5	24.5
Exchange adjustments	**1.6**	(0.1)	(1.4)
Net book value at end of period	**24.7**	24.4	23.1

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount is determined from a value in use calculation. The key assumptions used in the value in use calculation relate to the discount rates and cash flows assumed. We adopt discount rates which reflect the time value of money and the risks specific to the legacy MCB business. The cash flow forecasts are based on the most recent financial forecasts which includes our best estimates of the impact of Covid-19 and include the decision to collect out the Finnish business. The rate used to discount the forecast cash flows is 9% (2019: 9%). The discount rate would need to increase to 15% before indicating that part of the goodwill may be impaired.

9. Intangible assets

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Net book value at start of period	**43.2**	38.0	38.0
Additions	**6.4**	10.6	21.2
Amortisation	**(14.5)**	(6.8)	(14.8)
Exchange adjustments	**1.7**	-	(1.2)
Net book value at end of period	**36.8**	41.8	43.2

Intangible assets comprise computer software. As noted in note 7, following a decision to close our digital business in Finland and to collect out the portfolio, we have booked an exceptional charge of £8.1 million from accelerated amortisation of intangible assets.

10. Property, plant and equipment

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Net book value at start of period	**20.0**	19.9	19.9
Exchange adjustments	**(0.2)**	-	(0.9)
Additions	**1.9**	3.3	10.2
Disposals	**(0.1)**	(0.2)	(0.7)
Depreciation	**(3.6)**	(3.7)	(8.5)
Net book value at end of period	**18.0**	19.3	20.0

As at 30 June 2020 the Group had £2.1 million of capital expenditure commitments with third parties that were not provided for (30 June 2019: £2.3 million, 31 December 2019: £2.7 million).

11. Right-of-use assets and lease liabilities

The recognised right-of-use assets relate to the following types of assets:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Properties	**10.9**	13.0	12.4
Motor vehicles	**6.9**	6.4	6.4
Equipment	**0.1**	0.1	-
Total right-of-use assets	**17.9**	19.5	18.8

The movement in the right-of-use assets in the period is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Net book value at start of period	**18.8**	21.2	21.5
Exchange adjustments	**(0.4)**	0.2	(0.7)
Additions	**4.5**	2.5	7.1
Depreciation	**(5.0)**	(4.4)	(9.1)
Net book value at end of period	**17.9**	19.5	18.8

The movement in lease liabilities in the period is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Lease liabilities at start of period	**19.5**	21.2	21.5
Exchange adjustments	**(0.4)**	0.1	(0.7)
Additions	**4.5**	2.5	7.1
Interest	**0.7**	0.8	1.5
Lease payments	**(5.3)**	(4.0)	(9.9)
Lease liabilities at end of period	**19.0**	20.6	19.5

Analysed as:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Current	**9.0**	6.6	8.7
Non-Current:			
- between one and five years	**9.9**	14.0	10.6
- greater than five years	**0.1**	-	0.2
	10.0	14.0	10.8
Lease liabilities at end of period	**19.0**	20.6	19.5

12. Deferred tax assets

Deferred tax assets have been recognised in respect of tax losses and other temporary timing differences (principally relating to recognition of revenue and impairment) to the extent that it is probable that these assets will be utilised against future taxable profits.

At the half year, a review of the recoverability of deferred tax assets recognised at 31 December 2019 resulted in net write-offs of circa £4 million.

13. Amounts receivable from customers

Amounts receivable from customers comprise:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Amounts due within one year	**580.5**	762.1	728.3
Amounts due in more than one year	**175.9**	247.7	245.3
Total receivables	**756.4**	1,009.8	973.6

All lending is in the local currency of the country in which the loan is issued. The currency profile of amounts receivable from customers is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Polish zloty	**260.5**	365.4	339.7
Czech crown	**57.1**	65.1	68.6
Euro*	**151.8**	185.8	178.2
Hungarian forint	**111.5**	131.6	135.6
Romanian leu	**57.1**	71.7	70.3
Mexican peso	**97.7**	170.6	158.1
Australian dollar	**20.7**	19.6	23.1
Total receivables	**756.4**	1,009.8	973.6

*Includes receivables in Estonia, Finland, Latvia, Lithuania and Spain.

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows receivable discounted at the average effective interest rate ('EIR') of 101% (30 June 2019: 108%, 31 December 2019: 105%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 12.0 months (30 June 2019: 12.1 months, 31 December 2019: 12.2 months).

Determining an increase in credit risk since initial recognition

IFRS 9 requires the recognition of 12 month expected credit losses (the expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1) and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

When determining whether the risk of default has increased significantly since initial recognition the Group considers both quantitative and qualitative information based on the Group's historical experience.

The approach to identifying significant increases in credit risk is consistent across the Group's products. In addition, as a backstop, the Group considers that a significant increase in credit risk occurs when an asset is more than 30 days past due.

Financial instruments are moved back to stage 1 once they no longer meet the criteria for a significant increase in credit risk.

Definition of default and credit impaired assets

The Group defines a financial instrument as in default, which is fully-aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria: the customer is more than 90 days past due on their contractual payments in home credit and 60 days past due on their contractual payments in IPF Digital;
- Qualitative criteria: indication that there is a measurable movement in the estimated future cash flows from a group of financial assets. For example, if prospective legislative changes are considered to impact the collections performance of customers.

The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Group's expected credit loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

The breakdown of receivables by stage is as follows:

30 June 2020	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Covid-19 PMO £m**	**Total net receivables £m**
Home credit	**343.5**	**74.2**	**154.6**	**(23.9)**	**548.4**
IPF Digital	**199.8**	**11.9**	**2.6**	**(6.3)**	**208.0**
Group	**543.3**	**86.1**	**157.2**	**(30.2)**	**756.4**

As noted on page 29, no adjustment is made in the table above to reflect the proportion of balances deemed likely to have experienced a SICR for which no evidence exists and for which a Covid-19 PMO has been calculated.

30 June 2019	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total net receivables £m**
Home credit	458.7	90.4	192.0	741.1
IPF Digital	248.2	18.1	2.4	268.7
Group	706.9	108.5	194.4	1,009.8

31 December 2019	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total net receivables £m**
Home credit	448.8	85.7	186.9	721.4
IPF Digital	232.5	18.8	0.9	252.2
Group	681.3	104.5	187.8	973.6

The Group has one class of loan receivable and no collateral is held in respect of any customer receivables.

14. Current tax asset

Current tax asset includes an amount of £34.9 million in respect of the tax paid to the Polish Tax Authority (30 June 2019 and 31 December 2019: included as a non-current tax asset). Our appeal against the Polish Tax Chamber's decisions for 2008 and 2009 was heard in the Warsaw District Administrative Court in March and the court found in our favour. The Court has formally confirmed that the decision is final and we received repayment of the tax that was paid in January 2017 together with interest up to the repayment date in August 2020. Interest of £9.6 million has been included in the income statement for the half year, of which the element relating to before 2020, £8.2 million, has been treated as an exceptional item.

15. Borrowing facilities and borrowings

The maturity of the Group's bond and bank borrowings is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Repayable			
- in less than one year	**387.1**	132.9	112.7
- between one and two years	**81.4**	393.9	366.7
- between two and five years	**146.8**	188.8	197.0
	228.2	582.7	563.7
Total borrowings	**615.3**	715.6	676.4

Borrowings is stated net of deferred debt issuance costs of £2.1 million (30 June 2019: £4.5 million; 31 December 2019: £2.8 million).

The maturity of the Group's bond and bank facilities is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Repayable			
- on demand	**11.4**	23.8	23.7
- in less than one year	**425.3**	201.1	171.5
- between one and two years	**146.5**	413.5	424.9
- between two and five years	**180.7**	273.7	241.5
Total facilities	**763.9**	912.1	861.6

The undrawn external bank facilities is as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Expiring within one year	**48.9**	91.4	82.3
Expiring between one and two years	**65.1**	18.4	57.1
Expiring in more than two years	**32.5**	82.2	43.0
Total	**146.5**	192.0	182.4

Undrawn external facilities above does not include unamortised arrangement fees.

The average period to maturity of the Group's external bonds and committed external borrowings is 1.5 years (30 June 2019: 1.5 years; 31 December 2019: 1.7 years).

The Group complied with all four of its covenants at 30 June 2020. Each covenant calculation has been made in accordance with the terms of the relevant funding documentation, after making any applicable adjustments.

16. Retirement benefit asset

The amounts recognised in the balance sheet in respect of the retirement benefit asset are as follows:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Diversified growth funds	**8.1**	6.7	6.9
Corporate bonds	**20.2**	17.7	18.3
Liability driven investments	**23.8**	20.1	18.7
Other	**0.8**	0.9	1.9
Total fair value of scheme assets	**52.9**	45.4	45.8
Present value of funded defined benefit obligations	**(48.4)**	(41.7)	(42.4)
Net asset recognised in the balance sheet	**4.5**	3.7	3.4

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (6 months ended 30 June 2019: £nil, 12 months ended 31 December 2019: £0.1 million credit).

17. Fair values of financial assets and liabilities

IFRS 7 requires disclosure of fair value measurements of derivative financial instruments by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's derivative financial instruments held at fair value fall into hierarchy level 2 (30 June 2019 and 31 December 2019: all of the Group's derivative financial instruments held at fair value fell into hierarchy level 2). The fair value of derivative financial instruments has been calculated by discounting expected future cash flows using interest rate yield curves and forward foreign exchange rates prevailing at the relevant period end.

Except as detailed in the following table, the carrying value of financial assets and liabilities recorded at amortised cost, which are all short-term in nature, are a reasonable approximation of their fair value:

	Carrying value			Fair value		
	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m	**Unaudited 30 June 2020 £m**	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Financial assets						
Amounts receivable from customers	**756.4**	1,009.8	973.6	**1,050.2**	1,410.1	1,340.4
	756.4	1,009.8	973.6	**1,050.2**	1,410.1	1,340.4
Financial Liabilities						
Bonds	**479.2**	581.8	539.1	**413.9**	558.4	533.4
Bank borrowings	**136.1**	133.8	137.3	**136.1**	133.8	137.3
	615.3	715.6	676.4	**550.0**	692.2	670.7

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (as used to calculate the carrying value of amounts due from customers), net of agent collection costs, at the Group's weighted average cost of capital.

The fair value of the bonds has been calculated by reference to their market value.

The carrying value of bank borrowings is deemed to be a good approximation of their fair value. Bank borrowings can be repaid within six months if the Group decides not to roll over for further periods up to the contractual repayment date. The impact of discounting would therefore, be negligible.

18. Reconciliation of profit after taxation to cash generated from operating activities

	Unaudited Six months ended 30 June 2020 £m	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
(Loss)/profit after taxation	**(61.5)**	33.1	71.8
Adjusted for			
Tax charge	**8.2**	23.0	42.2
Finance costs	**19.1**	31.8	63.5
Share-based payment charge	**1.8**	2.3	2.4
Amortisation of intangible assets (note 9)	**14.5**	6.8	14.8
(Profit)/loss on disposal of property, plant and equipment	**(0.1)**	-	0.5
Depreciation of property, plant and equipment (note 10)	**3.6**	3.7	8.5
Depreciation of right-of-use assets (note 11)	**5.0**	4.4	9.1
Short term and low value lease costs	**0.9**	-	2.9
Changes in operating assets and liabilities			
Amounts receivable from customers	**211.9**	(15.8)	(34.3)
Other receivables	**1.1**	(3.4)	(3.7)
Trade and other payables	**(18.3)**	(12.1)	(18.3)
Provision for liabilities and charges	**12.1**	-	-
Retirement benefit asset	**(0.9)**	(1.0)	(1.0)
Derivative financial instruments	**(21.4)**	4.1	10.8
Cash generated from operating activities	**176.0**	76.9	169.2

19. Foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods and closing exchange rates at the relevant period ends.

	Average H1 2020	**Closing June 2020**	Average H1 2019	Closing June 2019	Average Year 2019	Closing December 2019
Polish zloty	**5.1**	**4.9**	4.9	4.8	4.9	5.0
Czech crown	**30.4**	**29.4**	29.2	28.6	29.2	30.1
Euro	**1.1**	**1.1**	1.1	1.1	1.1	1.2
Hungarian forint	**401.1**	**381.6**	366.7	361.5	370.0	391.0
Romanian leu	**5.5**	**5.3**	5.4	5.3	5.4	5.7
Mexican peso	**28.8**	**27.8**	24.7	24.4	24.6	25.0
Australian dollar	**1.9**	**1.8**	1.8	1.8	1.8	1.9

The £9.2 million exchange gain on foreign currency translations shown within the consolidated statement of comprehensive income arises on retranslation of net assets denominated in currencies other than sterling, due to the change in foreign exchange rates against sterling between December 2019 and June 2020 shown in the table above.

20. Contingent Liability Note

State Aid investigation

As previously reported, in late 2017 the European Commission opened a State Aid investigation into the Group Financing Exemption contained in the UK controlled foreign company rules, which were introduced in 2013. On 2 April 2019 the EU announced its finding that the Group Financing Exemption is partially incompatible with EU State Aid rules. In common with other UK-based international companies whose intra-group finance arrangements are in line with current controlled foreign company rules, the Group is affected by this decision. The total tax benefit obtained by the Group in all years as a result of the structure affected by the decision is estimated at up to £13.9 million. The amount repayable by the Group under the decision however is expected to be lower than this as the final decision only found the UK tax regime to be partially incompatible. The final amount will be subject to agreement with HMRC, and a process of information gathering and assessment is ongoing with affected taxpayers, including IPF, for this purpose. The UK government has announced that it has filed an annulment application before the General Court of the EU. In common with a number of other affected taxpayers, IPF has also filed its own annulment application. Nevertheless, the amount of finally agreed State Aid will need to be paid by the Group to HMRC in accordance with the State Aid rules. Based on legal advice received by management regarding the strength of the technical position set out in the annulment applications, it is expected to be more likely than not that any payment that the Group makes under the decision will ultimately be repaid. HMRC has stated that it does not consider that the timing and form of the UK's exit from the EU will have any practical impact on this matter.

21. Post Balance Sheet Events

In July 2020, a Group-wide restructuring exercise was announced to align the organisation to the reduced size of the business post Covid-19. This together with restructuring completed in H1, is expected to result in a reduction in headcount of around 1,200 and structural cost savings totalling £35 million per annum. The one-off cost of this exercise is expected to be approximately £6 million, which is in addition to the £4.1 million that was reported as an exceptional item in the first half of the year.

In August 2020 the Group received c£45 million from the Polish Tax Authority in repayments of amounts paid to appeal tax assessments for the 2008 and 2009 tax years together with associated interest. Further details are set out in note 14.

22. Finance costs

Total finance costs of £19.1 million comprise finance costs of £28.7 million partially offset by finance income of £9.6 million. The finance income represents amounts received from the Polish tax authority following the successful conclusion of a dispute (see note 7 for details) and £8.2 million of this income has been disclosed as an exceptional item.

Responsibility statement

The following statement is given by each of the directors: namely; Stuart Sinclair, Chairman; Gerard Ryan, Chief Executive Officer; Justin Lockwood, Chief Financial Officer; Richard Moat, Senior independent non-executive director; Deborah Davis, non-executive director; Richard Holmes, non-executive director; John Mangelaars, non-executive director; Cathryn Riley, non-executive director and Bronwyn Syiek, non-executive director.

The directors confirm that to the best of their knowledge:

- the condensed consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the half-year Financial Report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the half-year Financial Report includes a fair review of the information required by DTR 4.2.8 (disclosure of related parties' transactions and changes therein).

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Alternative performance measures

This financial report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide readers with important additional information on our business. To support this we have included a reconciliation of the APMs we use, where relevant, and a glossary indicating the APMs that we use, an explanation of how they are calculated and why we use them.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income statement measures			
Credit issued growth (%)	None	Not applicable	Credit issued is the principal value of loans advanced to customers and is an important measure of the level of lending in the business. Credit issued growth is the period-on-period change in this metric which is calculated by retranslating the previous half-year's credit issued at the average actual exchange rates used in the current financial year. This ensures that the measure is presented having eliminated the effects of exchange rate fluctuations on the period-on-period reported results.
Average net receivables (£m)	None	Not applicable	Average net receivables are the average amounts receivable from customers translated at the average monthly actual exchange rate. This measure is presented to illustrate the change in amounts receivable from customers on a consistent basis with revenue growth.
Average net receivables growth at constant exchange rates (%)	None	Not applicable	Average net receivables growth is the period-on-period change in average net receivables which is calculated by retranslating the previous half-year's average net receivables at the average actual exchange rates used in the current financial year. This ensures that the measure is presented having eliminated the effects of exchange rate fluctuations on the period-on-period reported results.
Revenue growth at constant exchange rates (%)	None	Not applicable	The period-on-period change in revenue which is calculated by retranslating the previous half-year's revenue at the average actual exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Revenue yield (%)	None	Not applicable	Revenue yield is reported revenue divided by average net receivables and is an indicator of the gross return being generated from average net receivables.
Impairment as a percentage of revenue (%)	None	Not applicable	Impairment as a percentage of revenue is reported impairment divided by reported revenue and represents a measure of credit quality that is used across the business. This measure is reported on a rolling annual basis (annualised).
Cost-income ratio (%)	None	Not applicable	The cost-income ratio is other costs divided by reported revenue. Other costs represent all operating costs with the exception of amounts paid to agents as collecting commission. This measure is reported on a rolling annual basis (annualised). This is useful for comparing performance across markets.
Balance sheet and returns measures			
Equity to receivables ratio (%)	None	Not applicable	Total equity divided by amounts receivable from customers, this is a measure of balance sheet strength.
Headroom (£m)	Undrawn external bank facilities	None	Headroom is an alternative term for undrawn external bank facilities.
Net debt	None	Not applicable	Borrowings less cash
Other measures			
Customers	None	Not applicable	Customers that are being served by our agents or through our money transfer product in the home credit business and customers that are not in default in our digital business.

Constant exchange rate reconciliations

The period-on-period change in IFRS 9 profit and loss accounts is calculated by retranslating the 2019 half-year's profit and loss account at the average actual exchange rates used in the current year.

H1 2020

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	**881**	**670**	**267**	**-**	**1,818**
Credit issued	**215.2**	**72.3**	**90.7**	**-**	**378.2**
Average net receivables	**511.1**	**119.0**	**232.8**	**-**	**862.9**
Revenue	**191.2**	**91.0**	**80.0**	**-**	**362.2**
Impairment	**(94.1)**	**(45.1)**	**(43.0)**	**-**	**(182.2)**
Net revenue	**97.1**	**45.9**	**37.0**	**-**	**180.0**
Finance costs	**(16.3)**	**(4.3)**	**(6.7)**	**-**	**(27.3)**
Agents' commission	**(25.3)**	**(11.0)**	**-**	**-**	**(36.3)**
Other costs	**(81.1)**	**(39.0)**	**(36.2)**	**(6.9)**	**(163.2)**
Pre-exceptional loss before tax	**(25.6)**	**(8.4)**	**(5.9)**	**(6.9)**	**(46.8)**

H1 2019 performance, at average H1 2019 foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	1,032	861	304	-	2,197
Credit issued	364.6	136.4	171.3	-	672.3
Average net receivables	549.8	167.8	253.3	-	970.9
Revenue	229.1	126.6	91.2	-	446.9
Impairment	(30.5)	(53.1)	(40.2)	-	(123.8)
Net revenue	198.6	73.5	51.0	-	323.1
Finance costs	(18.5)	(6.0)	(7.1)	(0.2)	(31.8)
Agents' commission	(25.6)	(15.4)	-	-	(41.0)
Other costs	(94.3)	(48.6)	(44.3)	(7.0)	(194.2)
Profit/(loss) before tax	60.2	3.5	(0.4)	(7.2)	56.1

Foreign exchange movements

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Credit issued	(11.9)	(11.6)	(1.7)	-	(25.2)
Average net receivables	(18.9)	(13.8)	(2.3)	-	(35.0)
Revenue	(7.6)	(10.9)	(0.8)	-	(19.3)
Impairment	1.1	4.8	0.7	-	6.6
Net revenue	(6.5)	(6.1)	(0.1)	-	(12.7)
Finance costs	0.6	0.5	-	-	1.1
Agents' commission	0.7	1.3	-	-	2.0
Other costs	2.7	3.6	0.5	-	6.8
Profit/(loss) before tax	(2.5)	(0.7)	0.4	-	(2.8)

Constant exchange rate reconciliations (continued)

H1 2019 performance, at average H1 2020 foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Credit issued	352.7	124.8	169.6	-	647.1
Average net receivables	530.9	154.0	251.0	-	935.9
Revenue	221.5	115.7	90.4	-	427.6
Impairment	(29.4)	(48.3)	(39.5)	-	(117.2)
Net revenue	192.1	67.4	50.9	-	310.4
Finance costs	(17.9)	(5.5)	(7.1)	(0.2)	(30.7)
Agents' commission	(24.9)	(14.1)	-	-	(39.0)
Other costs	(91.6)	(45.0)	(43.8)	(7.0)	(187.4)

Year-on-year movement at constant exchange rates

%	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Credit issued	(39.0%)	(42.1%)	(46.5%)	-	(41.6%)
Average net receivables	(3.7%)	(22.7%)	(7.3%)	-	(7.8%)
Revenue	(13.7%)	(21.3%)	(11.5%)	-	(15.3%)
Impairment	(220.1%)	6.6%	(8.9%)	-	(55.5%)
Net revenue	(49.5%)	(31.9%)	(27.3%)	-	(42.0%)
Finance costs	8.9%	21.8%	5.6%	100%	11.1%
Agents' commission	(1.6%)	22.0%	-	-	6.9%
Other costs	11.5%	13.3%	17.4%	1.4%	12.9%

Independent review report to the members of International Personal Finance plc

We have been engaged by the company to review the condensed set of financial statements in the half-year Financial Report for the six months ended 30 June 2020 which comprises the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 22. We have read the other information contained in the half-year Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-year Financial Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-year Financial Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material uncertainty related to going concern

We draw attention to note 1 in this Half-year Financial Report regarding the Company's ability to continue as a going concern. A material uncertainty has been noted over the going concern basis due to the Company's primary bond maturing in April 2021 and seeking a covenant amendment from its lenders. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor
Leeds, United Kingdom
8 September 2020

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International Personal Finance will host a webcast of its 2020 half-year results presentation at 09.00hrs (BST) today – 8 September 2020, which can be accessed in the Investors section of our website at www.ipfin.co.uk.

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

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