

Supplementary prospectus dated 31 October 2018



**International Personal Finance plc**

*(incorporated with limited liability in England and Wales with registered number 06018973)*

**unconditionally and irrevocably guaranteed by:**

**IPF Holdings Limited**

*(incorporated with limited liability in England and Wales with registered number 01525242)*

**International Personal Finance Investments Limited**

*(incorporated with limited liability in England and Wales with registered number 00961088)*

**IPF International Limited**

*(incorporated with limited liability in England and Wales with registered number 00753518)*

**IPF Digital Group Limited**

*(incorporated with limited liability in England and Wales with registered number 06032184)*

**EUR 1,000,000,000**

*Euro Medium Term Note Programme*

This supplement (the “**Supplement**”, which definition shall also include all information incorporated by reference herein) to the base prospectus dated 8 May 2018 (the “**Prospectus**”, which definition includes the base prospectus as supplemented, amended or updated from time to time and includes all information incorporated by reference therein) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (“**FSMA**”) and is prepared in connection with the EUR 1,000,000,000 Euro Medium Term Note Programme established by International Personal Finance plc (the “**Issuer**”, or “**IPF**”) and guaranteed by IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited and IPF Digital Group Limited (formerly MCB Finance Group Limited) (each a “**Guarantor**”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, updates, must be read in conjunction with and forms part of the Prospectus and any other supplements to the Prospectus issued by the Issuer.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (“**FCA**”), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and relevant implementing measures in the United

Kingdom, as a supplement to the Prospectus. The Prospectus constitutes a base prospectus prepared in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes under the Programme.

Investors should be aware of their rights under sections 87Q(4)-(6) of FSMA. In accordance with Section 87Q(4) of FSMA, investors who have agreed to purchase or subscribe for transferrable securities before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. Investors who wish to withdraw their acceptances should contact their broker.

The Issuer and each Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and each Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

## 1. Purpose

The purpose of this Supplement is to incorporate by reference into the Prospectus (i) certain sections of, and the unaudited consolidated financial statements (as at and for the six month financial period ended 30 June 2018) from, IPF's unaudited half yearly report and financial statements 2018 as released on 25 July 2018 (the **"2018 Interim Report"**) (which 2018 Interim Report has been previously published and which has been filed with the FCA); and (ii) certain sections of IPF's third quarter trading update dated 18 October 2018 (the **"2018 Q3 Trading Update"**) (which 2018 Q3 Trading Update has been previously published and which has been filed with the FCA).

The parts of the 2018 Interim Report that are incorporated by reference into the Prospectus by this Supplement are the sections entitled "Key highlights" (on page 3), "Group performance overview" (on page 4), "Market overview" (on page 5) and "Dividend" (on page 13). The parts of the 2018 Q3 Trading Update that are incorporated by reference into the Prospectus by this Supplement are the sections entitled "Highlights" (on page 1), "Group Q3 overview" (on page 1), "European Home Credit" (on page 1), "Mexico Home Credit" (on page 2), "IPF Digital" (on page 2), "Funding" (on page 2) and "Board Changes" (on page 3).

The unaudited consolidated financial statements (and related report and notes) that are incorporated by reference into the Prospectus appear on pages 16 to 52 (inclusive) of the 2018 Interim Report.

The purposes of this Supplement may be further summarised as follows:

- (i) to incorporate the unaudited consolidated financial statements (as at and for the six month financial period ended 30 June 2018) from the 2018 Interim Report (see the section entitled '2. Incorporation of the 2018 Interim Report's financial statements' below);
- (ii) to update section B.12 of the Summary section commencing on page 8 of the Prospectus with reference to the unaudited consolidated financial statements (as

at and for the six month financial period ended 30 June 2018) from the 2018 Interim Report;

- (iii) to update the Business Description of International Personal Finance plc and the Group section commencing on page 55 of the Prospectus with reference to (i) information contained in the 2018 Interim Report concerning IPF's performance in the first half of the financial year ending 31 December 2018, and (ii) information contained in the 2018 Q3 Trading Update concerning IPF's performance and governance in the third quarter of 2018 (see the section entitled '4. Supplementing the Business Description of International Personal Finance plc and the Group section of the Prospectus' below);
- (iv) to update the Risk Factors section at page 28 of the Prospectus with respect to proposed amendments to Romanian regulations relating to Non-banking Financial Institutions (see the section entitled '5. Updating the Risk Factors section of the Prospectus' below);
- (v) to update the Risk Factors section at page 31 of the Prospectus with respect to proposed amendments to existing tax legislation in Poland (see the section entitled '5. Updating the Risk Factors section of the Prospectus' below); and
- (vi) to update the Regulatory Information section at page 82 of the Prospectus with respect to proposed amendments to Romanian regulations relating to Non-banking Financial Institutions (see the section entitled '6. Updating the Regulatory Information section of the Prospectus' below).

## 2. Incorporation of financial statements

On 25 July 2018, IPF released its unaudited consolidated financial statements for the six month financial period ended 30 June 2018 (together with the review report thereon prepared by the auditors and notes thereto) as set out on pages 16 to 52 (inclusive) of the 2018 Interim Report. By virtue of this Supplement, the financial statements for the six month financial period ended 30 June 2018 (together with the review report thereon prepared by the auditors and notes thereto) as set out at pages 16 to 52 (inclusive) of the 2018 Interim Report are incorporated in and form part of the Prospectus.

## 3. Supplementing section B.12 of the Summary section of the Prospectus

- (i) Section B.12 of the Summary, which commences on page 8 of the Prospectus, shall be supplemented to reflect the publication of the 2018 Interim Report. Section B.12 as so supplemented is set out below:

B.12	Key Historical Financial Information: Issuer	Issuer		
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	Consolidated Income Statement	Unaudited Six months ended 30 June 2018 £M	Unaudited Six months ended 30 June 2017 £M
	Revenue	418.9	400.8
	Impairment	<u>(102.5)</u>	<u>(109.9)</u>
	Exceptional impairment	-	-
	<b>Revenue less impairment</b>	<b><u>316.4</u></b>	<b><u>290.9</u></b>
	Finance costs	(28.0)	(27.1)
	Other operating costs	(67.3)	(66.7)
	Administrative expenses	<u>(164.6)</u>	<u>(154.1)</u>
	Exceptional administrative expenses	-	-
	<b>Total costs</b>	<b><u>(259.9)</u></b>	<b><u>(247.9)</u></b>
	<b>Profit before taxation &amp; exceptional items</b>	<b>56.5</b>	<b>43.0</b>
	Exceptional items	-	-
	<b>Profit before taxation</b>	<b>56.5</b>	<b>43.0</b>
	Tax (expense)/income		
	- UK	-	-
	- Overseas	<u>(19.2)</u>	<u>(12.9)</u>
	<b>Total tax expense</b>	<b><u>(19.2)</u></b>	<b><u>(12.9)</u></b>
	<b>Loss after taxation – discontinued operations</b>	<b>-</b>	<b>(7.7)</b>
	<b>Profit after taxation attributable to owners of the parent</b>	<b><u>37.3</u></b>	<b><u>22.4</u></b>
	<b>Consolidated Balance Sheet</b>		
		<b>Unaudited 30 June 2018 £M</b>	<b>Unaudited 30 June 2017 £M</b>
	<b>Assets</b>		
	<b>Non-current assets</b>		
	Goodwill	23.9	23.9
	Intangible assets	33.9	34.9
	Property, plant and	19.2	24.3
	Deferred tax assets	116.8	118.9
	Non-current tax asset	35.1	36.0
	Retirement benefit asset	6.5	-
		<u>235.4</u>	<u>238.0</u>
	<b>Current assets</b>		



	<i>Net cash generated from/(used in) operating activities</i>	49.5	(14.6)
	<i>Net cash used in investing activities</i>	<u>(11.4)</u>	<u>(9.1)</u>
	<i>Net cash generated from financing activities</i>	<u>(31.0)</u>	<u>11.0</u>
	<i>Net increase/(decrease) in cash and cash equivalents</i>	7.1	(12.7)
	<i>Cash and cash equivalents at the start of the period</i>	27.4	43.4
	<i>Exchange (losses)/gains on cash and cash equivalents</i>	(0.9)	1.6
	<i>Cash and cash equivalents at the end of the period</i>	33.6	32.3

#### 4. Supplementing the Business Description of International Personal Finance plc and the Group section of the Prospectus

By virtue of this Supplement, the following sections of the 2018 Interim Report are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the 'Business Description of International Personal Finance plc and the Group' section of the Prospectus, which commences on page 55 of the Prospectus:

- the section entitled "Key highlights" on page 3 of the 2018 Interim Report;
- the section entitled "Group performance overview" on page 4 of the 2018 Interim Report;
- the section entitled "Market overview" on page 5 of the 2018 Interim Report; and
- the section entitled "Dividend" on page 13 of the of the 2018 Interim Report.

Additionally, by virtue of this Supplement, the following sections of the 2018 Q3 Trading Update are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the 'Business Description of International Personal Finance plc and the Group' section of the Prospectus, which commences on page 55 of the Prospectus:

- the section entitled "Highlights" on page 1 of the 2018 Q3 Trading Update;
- the section entitled "Group Q3 overview" on page 1 of the 2018 Q3 Trading Update;
- the section entitled "European home credit" on page 1 of the 2018 Q3 Trading Update;
- the section entitled "Mexico home credit" on page 2 of the 2018 Q3 Trading Update;

- the section entitled “IPF Digital” on page 2 of the 2018 Q3 Trading Update;
- the section entitled “Funding” on page 2 of the 2018 Q3 Trading Update; and
- the section entitled “Board changes” on page 3 of the 2018 Q3 Trading Update.

## **5. Updating the Risk Factors section of the Prospectus**

The penultimate paragraph of page 28 of the Prospectus shall be deleted in its entirety and replaced with the following three paragraphs:

“The Group’s Romanian subsidiary, Provident Financial Romania Institutie Financiara Nebancara S.A. (“Provident Romania”), was previously registered in the General Register of Non-banking Financial Institutions (“NBFIs”) kept by the National Bank of Romania. Following an amendment to regulation 20 relating to NBFIs broadening the relevant qualifying criteria for NBFIs and effective from 1 October 2017, Provident Romania was required to register in the Special Registry in early 2018. This is likely to lead to further tightening of credit criteria and a reduction in the volume of loans the Group is allowed to provide to customers in that market.

A proposal to implement an APR cap of 18% for existing and new consumer lending is being debated in the Romanian Parliament. In order to achieve a more balanced outcome which is in the best interests of customers and market participants, the Group, together with its trade associations and banks, is actively engaged in this discussion by providing evidence to decision makers of the potential unintended consequences of an APR cap on consumers. As a result of more detailed discussions on the APR cap proposal than expected, the timing of the legislative process has been delayed, and parliamentary debate is expected to continue through late 2018 to enable Government stakeholders to better understand the impacts of the proposal. If the APR cap is enacted as currently proposed, it would have a material adverse effect on the Group’s Romanian business. Additionally, as previously reported, the National Bank of Romania has been considering the introduction of debt-to-income limits. These limits were formally announced on 18 October 2018, and are expected to become effective on 1 January 2019. Based on a preliminary assessment of the likely impact of the debt-to-income limits, the Group expects some reduction in sales volumes in Romania, and it will update the market as part of its next scheduled announcement.

The Group’s Romanian business had net receivables as at 31 December 2017 of £76.6m (under IFRS 9) and the Group currently expects to generate a profit before tax in Romania of around £13m in 2018, before any impact from the APR cap proposal and/or debt-to-income limits. In the event that the former is enacted as well as the latter, the Group will assess the impact and update the market accordingly in its next scheduled announcement.”

The following paragraph shall be added immediately after the third complete paragraph of page 31:

“A draft law proposing amendments to existing tax legislation in Poland has been submitted to the Polish Parliament and is currently being debated by the Parliamentary Financial Committee. Based on the usual legislative process, if the bill is approved, it will become effective on 1 January 2019. If the bill is enacted without further amendment, the Group expects certain cross-border transactions that its Polish subsidiary, Provident Polska S.A., has entered into to become economically inefficient. This would most likely give rise to an effective tax rate for the Group of

around 42% for 2019, compared to the expected rate of 34% for 2018. The Group, alongside many other financial and non-financial businesses, is making the case to key stakeholders for modification of the current draft proposals. The Group continues to engage in this debate and will update the market in its next scheduled announcement.”

## **6. Updating the Regulatory Information section of the Prospectus**

The sixth paragraph of page 82 of the Prospectus shall be deleted in its entirety and replaced with the following two paragraphs:

“The Group operates within price cap environments in all its European markets with the exception of the Czech Republic, Romania and Spain and the Group expects pricing regulations to be implemented in these markets in the future. A proposal to implement an APR cap of 18% for existing and new consumer lending was put forward in Romania in early 2018. As at the date hereof, the proposal is being debated in the Romanian parliament and the Group is contributing to this discussion. The Group believes it is highly likely that an APR cap will be enacted during 2018, however, parliamentary debate on the proposed terms is ongoing. If enacted as currently proposed, an APR cap would have a material adverse effect on the Group’s Romanian business.

The Group’s Romanian business had net receivables as at 31 December 2017 of £76.6m (under IFRS 9) and the Group currently expects to generate a profit before tax in Romania of around £13m in 2018, before any impact from the APR cap proposal. In the event that the proposal is enacted, the Group will assess the impact and update the market accordingly in its next scheduled announcement.”

The following two paragraphs shall be added immediately after the third complete paragraph of page 84:

“The National Bank of Romania formally announced the introduction of debt-to-income limits on 18 October 2018, and such limits are expected to become effective on 1 January 2019. Based on a preliminary assessment of the likely impact, the Group expects some reduction in sales volumes in Romania, and it will update the market as part of its next scheduled announcement.

The Group’s Romanian business had net receivables as at 31 December 2017 of £76.6m (under IFRS 9) and the Group currently expects to generate a profit before tax in Romania of around £13m in 2018, before any impact from the debt-to-income limits. Following the National Bank of Romania’s formal announcement introducing such debt-to-income limits on 18 October 2018, the Group will assess the impact and update the market accordingly in its next scheduled announcement.”

## **7. General**

Copies of all documents incorporated by reference in the Prospectus and this Supplement may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

On 20 August 2018 the directors of MCB Finance Group Limited resolved to change the name of that company to IPF Digital Group Limited.

Any information contained in any of the documents incorporated by reference which is not incorporated in and does not form part of this Supplement is either not relevant for investors or is covered elsewhere in the Prospectus.

If documents which are incorporated by reference in this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

To the extent that there is any inconsistency between: (a) any statement in this Supplement or any statement incorporated by reference in the Prospectus by this Supplement; and (b) any other statement in or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.