



**International
Personal Finance**

The human face of finance

2008 Interim results

23 July 2008

Christopher Rodrigues	– Executive Chairman
John Harnett	– Chief Operating Officer
David Broadbent	– Finance Director



A strong first half

- Profit before tax up 39.0% to £22.1 million
- Mexico substantially improved
- Balance sheet remains strong and well funded
- Interim proposed dividend increased by 21.1% to 2.30p per share



Good delivery towards medium-term objectives

OBJECTIVE

- Exceed pre-tax profit target of £95 million from Central Europe by 2010
- Realise potential in Mexico and Romania
 - Mexico profit for 2009
 - Romania profit for 2010
- Progressively enter further emerging markets

PROGRESS

- 12 months to June pre-tax profit of £92 million
- on track
- on track
- Russian pilot about to commence
- Ukraine next likely pilot in 2009



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Financial review



A strong financial position

- **Strong profit growth**
- **Substantial uplift from favourable exchange rates**
- **Strong balance sheet**
- **Funding through to 2010**



Strong profit growth

Six months ended 30 June

	H1 2008 £m	H1 2007* £m	Change %	Change at CER %
Revenue	260.7	191.6	36.1	12.0
Impairment**	(61.3)	(41.8)	(46.7)	(24.1)
Finance costs	(13.9)	(10.2)	(36.3)	(11.2)
Agents' commission	(35.4)	(26.0)	(36.2)	(12.0)
Other costs	(126.0)	(97.7)	(29.0)	(7.3)
Profit before taxation and fair value adjustments	24.1	15.9	51.6	10.0
Fair value adjustments	(2.0)	-	-	-
Profit before taxation	22.1	15.9	39.0	

*Pro forma

**2008 includes £2.0m of provision releases (2007: £6.0m)



Segmental split of pre-tax profit

Six months ended 30 June

	H1 2008 £m	H1 2007* £m	Change %	Change at CER %
Central European markets	42.9	31.1	37.9	15.9
Central costs	(6.4)	(6.4)	-	-
Net profit from established markets	36.5	24.7	47.8	19.3
Mexico	(5.4)	(6.9)	21.7	20.6
Romania	(4.8)	(1.9)	(152.6)	(152.6)
Russia	(2.2)	-	-	-
Net investment in developing and pilot markets	(12.4)	(8.8)	(40.9)	(42.5)
Profit before tax and fair value adjustments	24.1	15.9	51.6	10.0
Fair value adjustments	(2.0)	-	-	-
Profit before tax	22.1	15.9	39.0	

* Pro forma



Strong balance sheet

	June 2008 £m	Dec 2007 £m	Change %	Change at CER %
Fixed assets	65.2	59.5	9.6	1.1
Receivables	522.0	443.2	17.8	1.6
Cash	59.6	88.8	(32.9)	(38.5)
Borrowings	(388.8)	(370.8)	(4.9)	8.4
Other net liabilities	(14.5)	(17.1)	15.2	13.7
Equity	243.5	203.6	19.6	4.5
Equity to receivables	46.6%	45.9%		
Gearing	1.6x	1.8x		



Funding through to 2010

Facility as at 30 June 2008	Tenor	Size*	Utilisation
Overdrafts and short-term facilities	1 year up to Oct 2008	£33.1m	33.8%
Syndicated multi-currency revolving credit facility	3 years to March 2010	£514.3m	59.6%
Other bilateral facilities	3 years up to Nov 2010	£84.6m	84.2%
		£632.0m	
Borrowings		£388.8m	61.5%
Headroom		£243.2m	

* at 30 June 2008 exchange rates



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Operational review



Business on track

- **Central Europe:** steady customer growth but stronger credit issued growth
good credit quality
improved cost-income ratios
- **Mexico:** good credit quality
accelerating growth
- **Romania:** growing to plan
- **Russian pilot:** trading about to commence

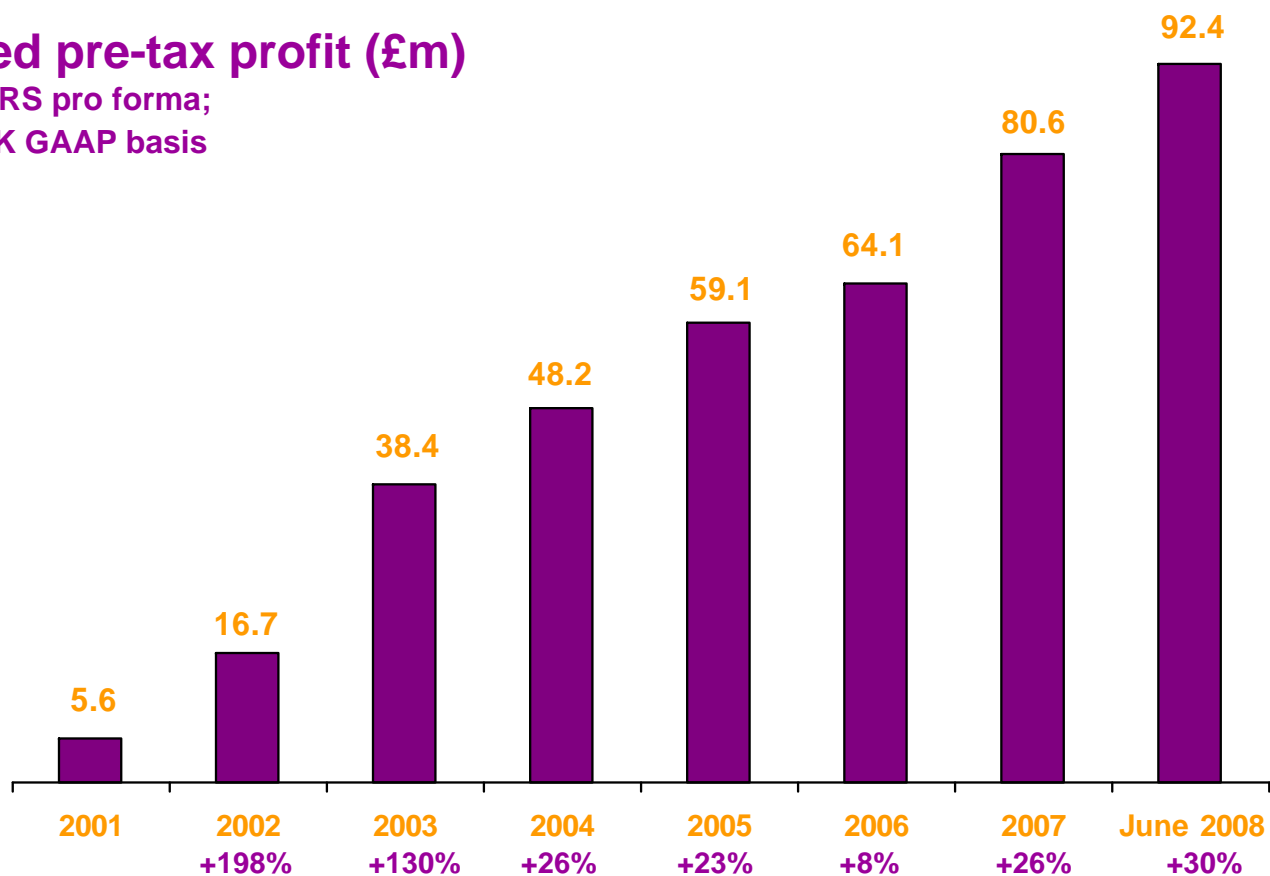


Central Europe: Ahead of plan

Annualised pre-tax profit (£m)

2004 – 2007 IFRS pro forma;

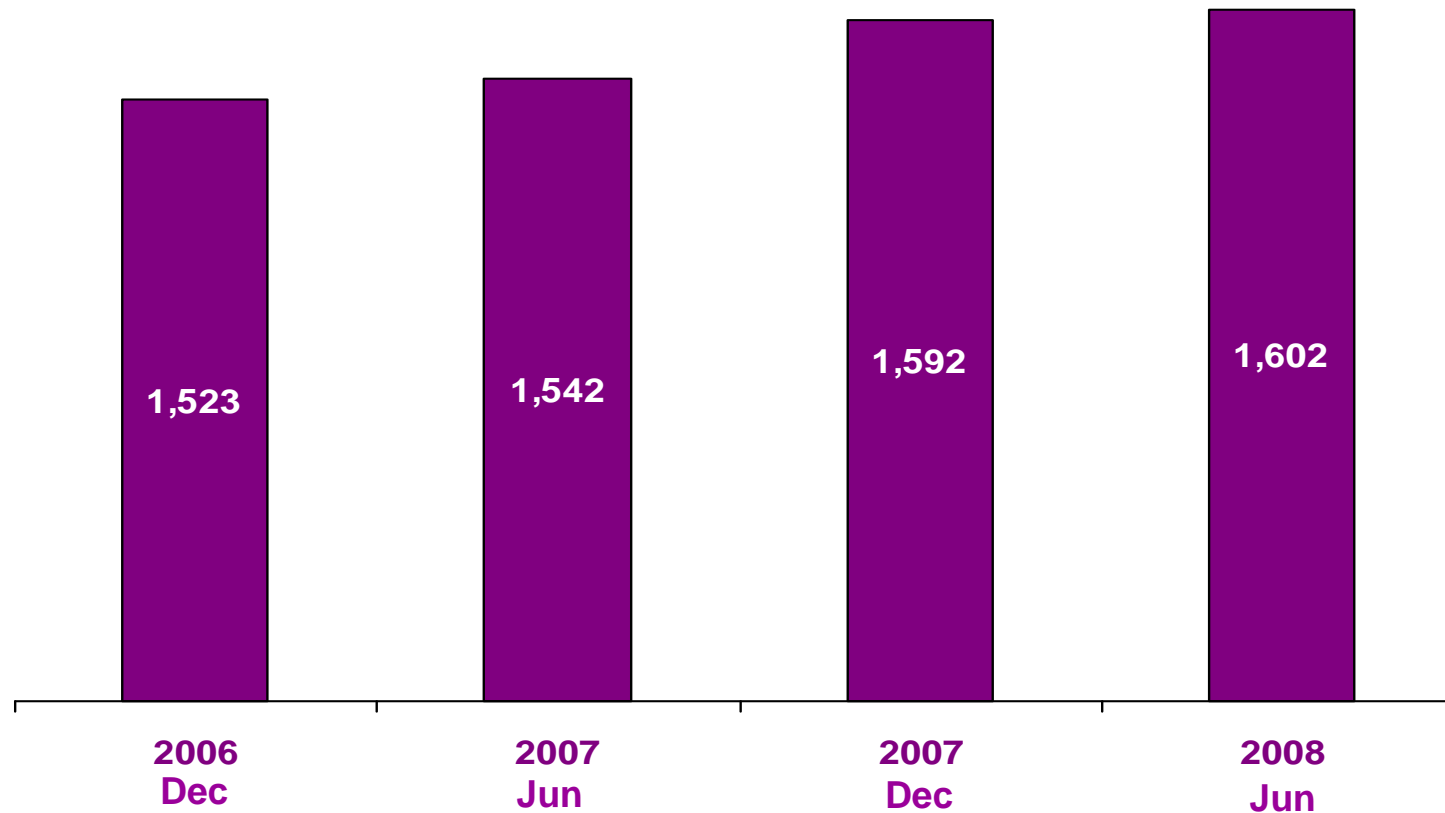
2001 – 2003 UK GAAP basis





Central Europe: Steady customer growth

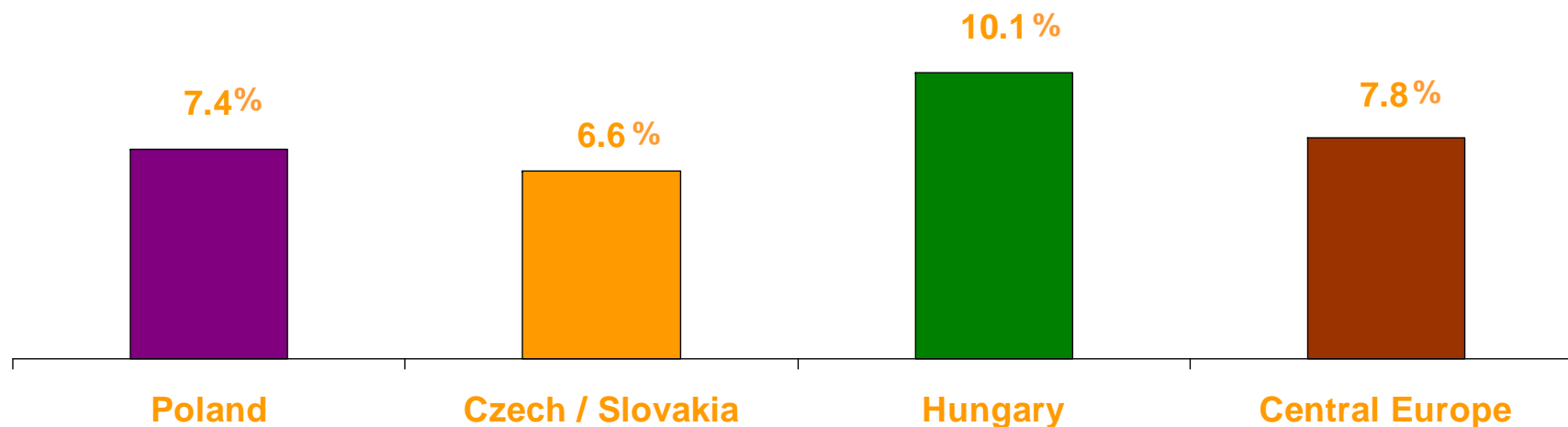
Customer numbers (000's)





Central Europe: Stronger growth in credit issued

H1 growth at constant exchange rates





Central Europe: Good stable credit quality

Underlying impairment as % of revenue
(moving annual average)





Gross cash loss

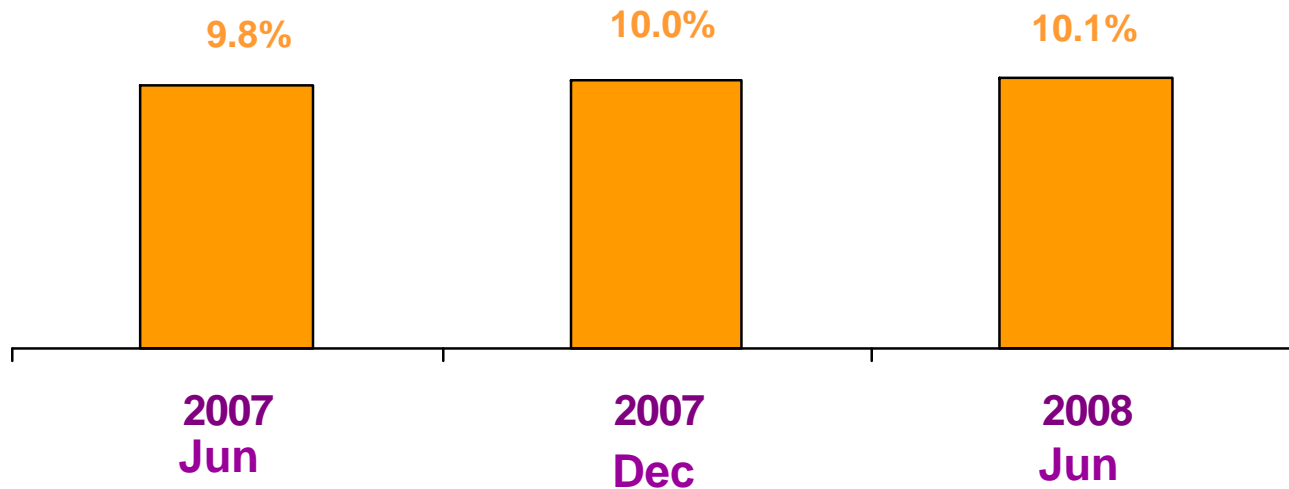
- **The percentage of contracted repayments expected not to be received**

<u>CASH</u>	£	
Credit issued	100	
Total charge for credit	65	- Revenue
	<hr/>	
Total amount payable (TAP)	165	
	<hr/>	
Amounts not expected to be collected	16.5	- Impairment
Gross cash loss % of TAP	10%	
Impairment as % of revenue	25.4%	



Central Europe: Good credit quality

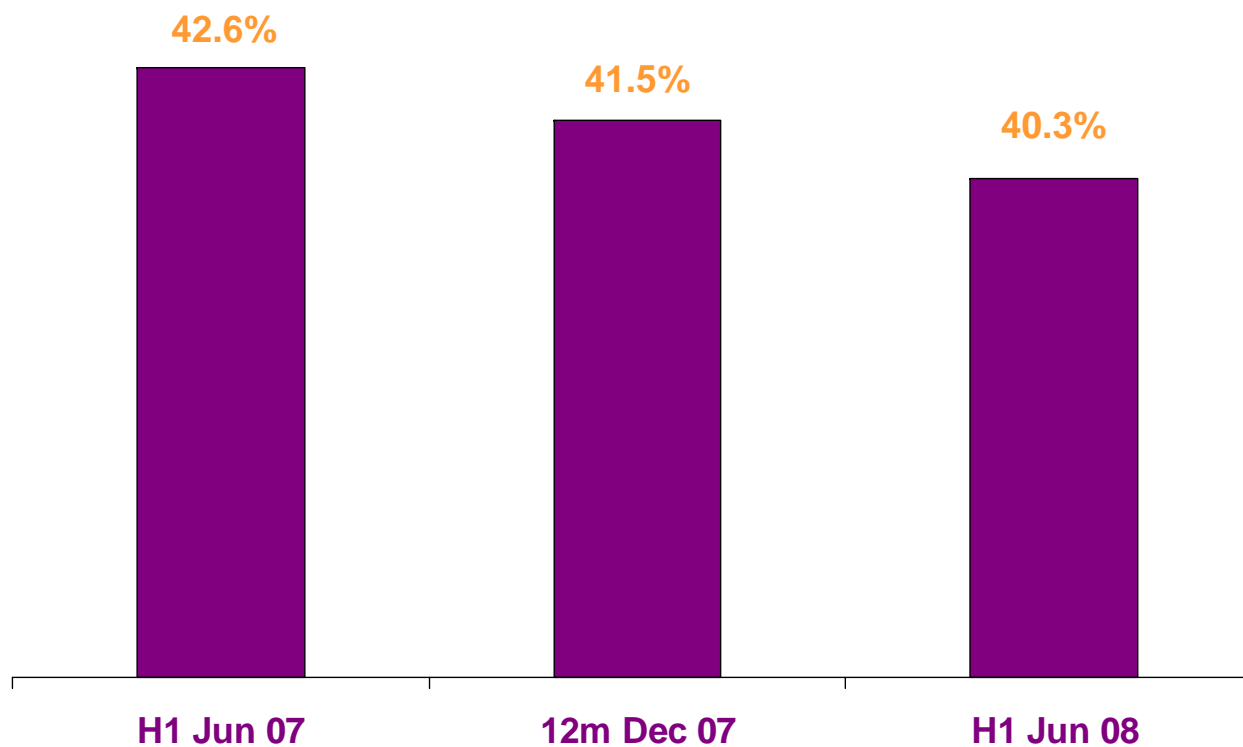
Gross cash loss as % of total amount payable (12 month cohort of all lending)





Central Europe: Improved cost-income ratios

Other costs as % of revenue





Central Europe: Prospects for H2 2008 – continued good progress

- Faster customer growth
- Controlled growth in credit issued per customer
- Credit quality to remain good
- Cost-income ratio to continue to improve
- Strong FX uplift



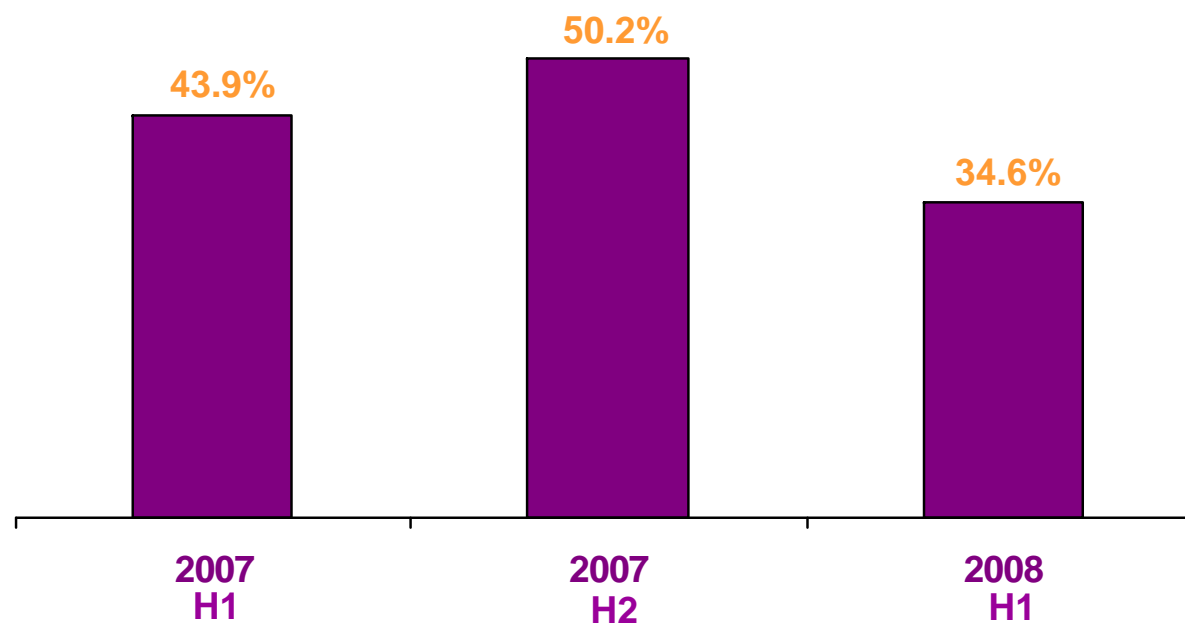
Mexico: Substantially improved

- Credit quality is good in both regions
- Longer-term products introduced to improve revenue per customer
- Customer growth on target for 20% per annum increase



Mexico: Reduced level of impairment

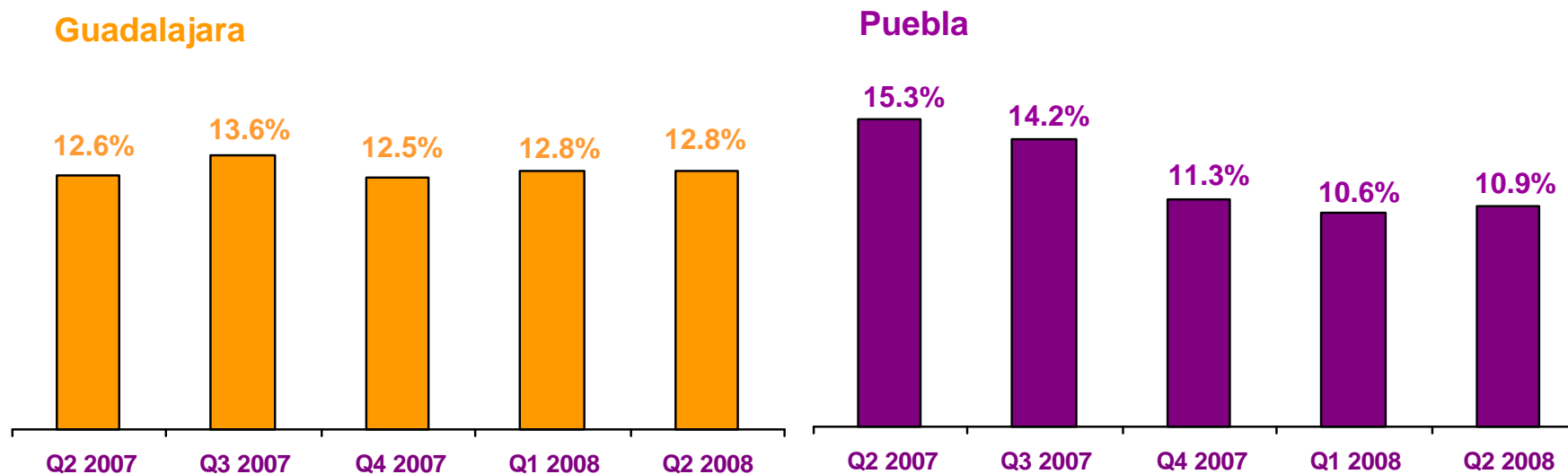
Underlying impairment as % of revenue (six months)





Mexico: Credit quality at target level

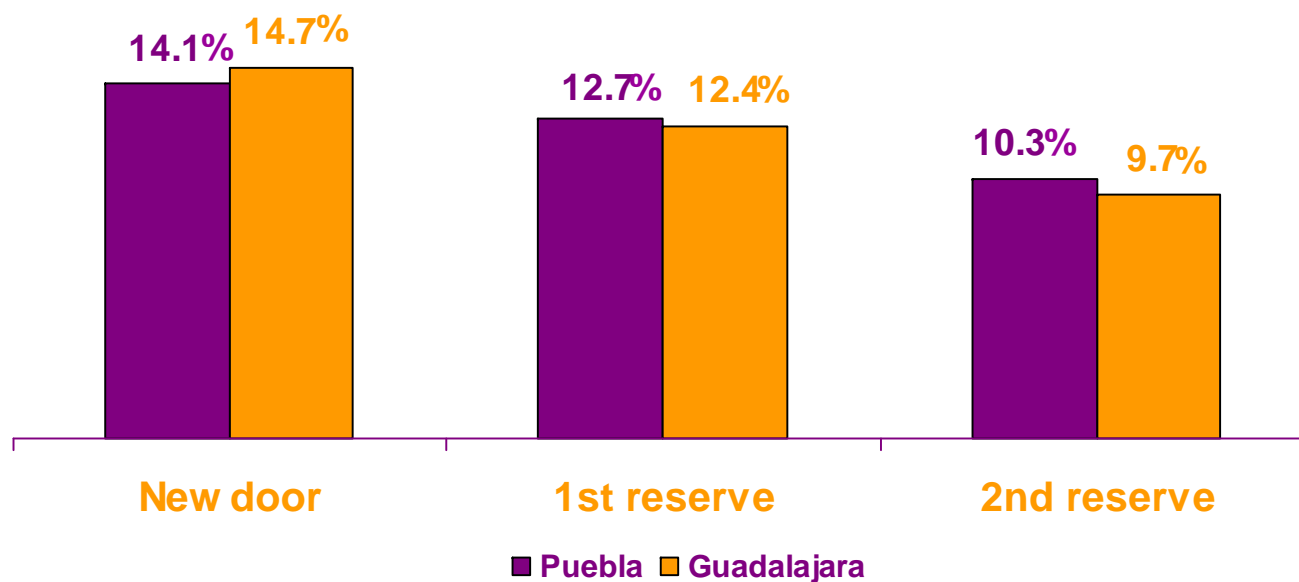
Gross cash loss as % of total amount payable (quarterly cohort of all lending)





Mexico: Credit quality in both regions is similar

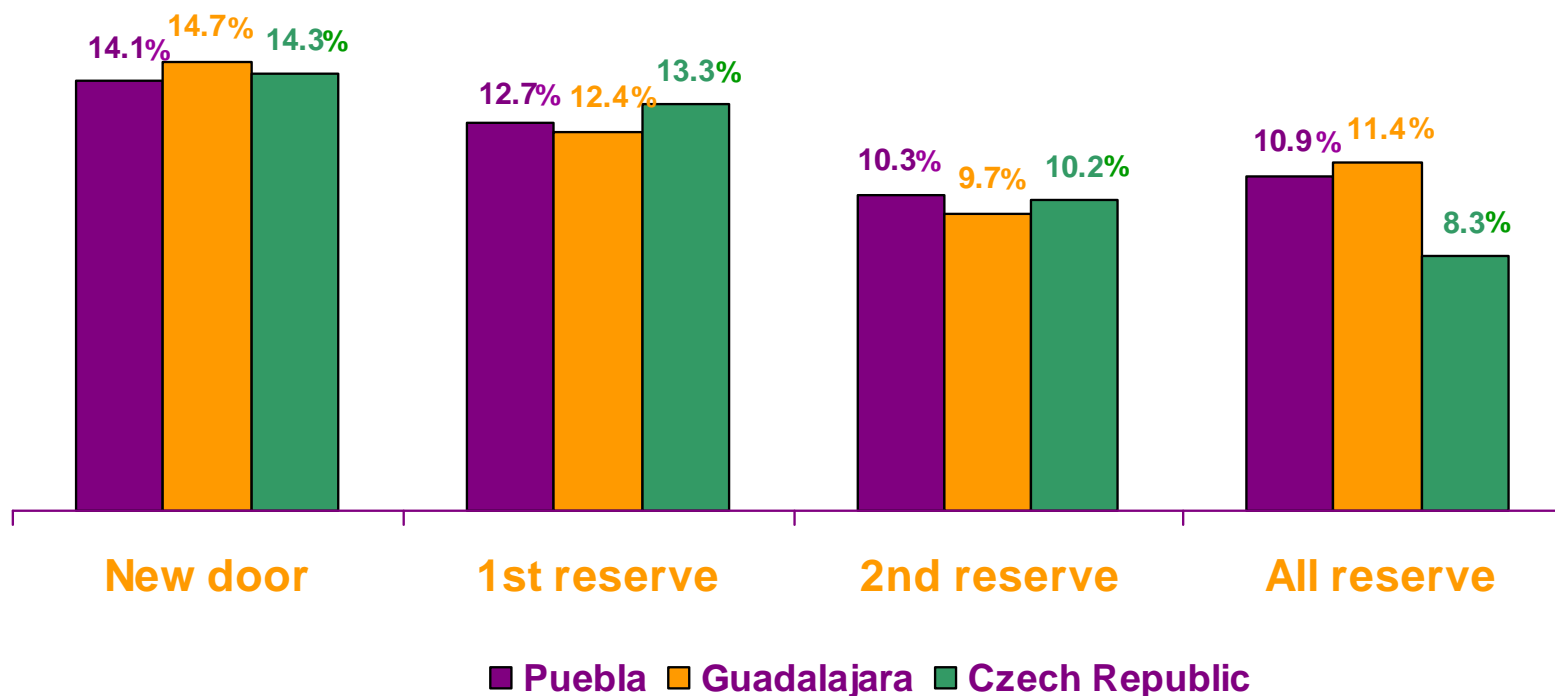
Gross cash loss as % of total amount payable by sequence of lending





Mexico: Credit quality as good as Czech

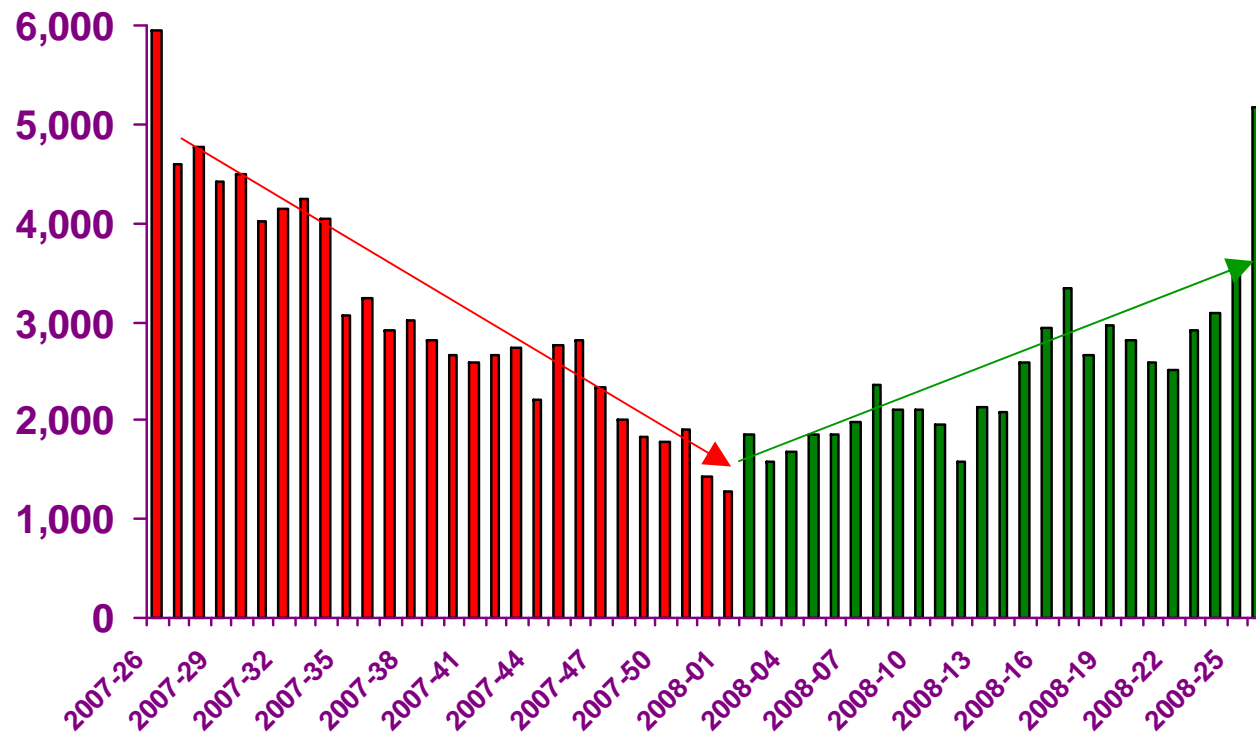
Gross cash loss as % of total amount payable by
sequence of lending





Puebla: Improved customer recruitment

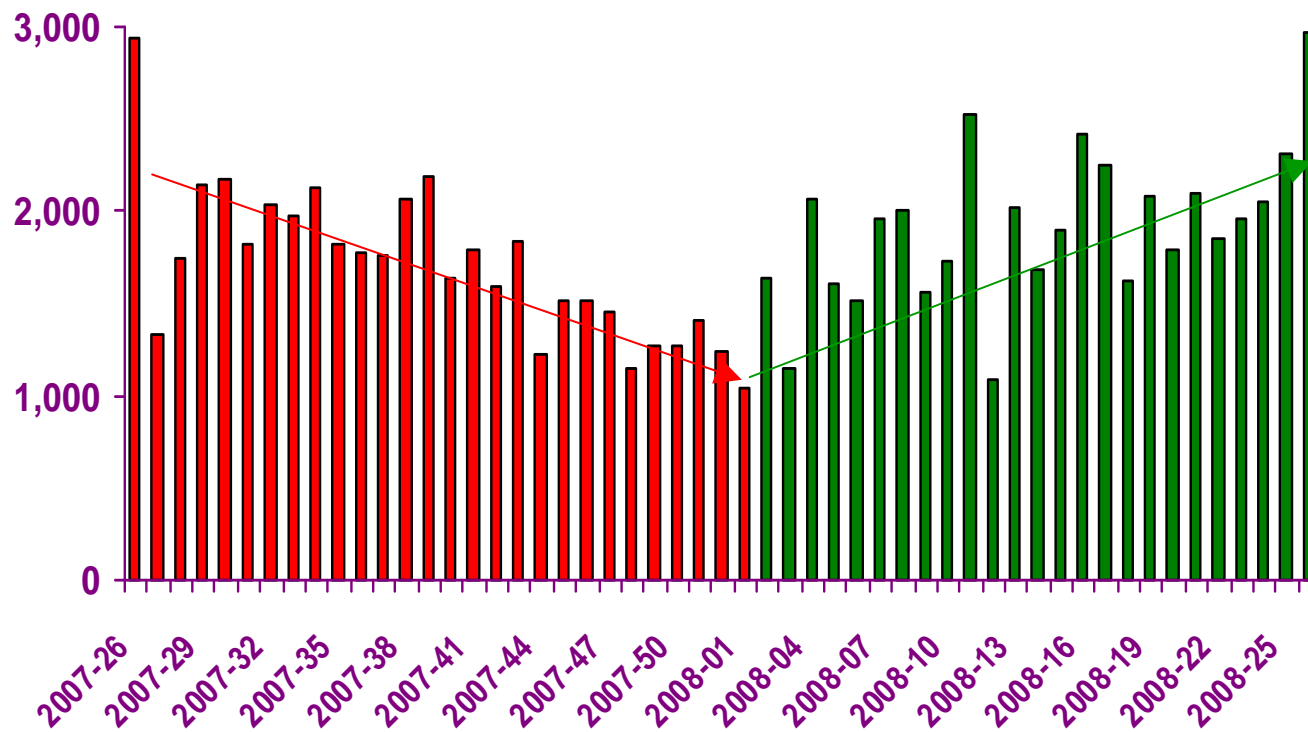
New customer recruitment per week; June 2007 – June 2008





Guadalajara: Improved customer recruitment

New customer recruitment per week; June 2007 – June 2008





Mexico: Roadmap to profit for 2009*

- **Maintain good credit quality**
- **Controlled growth of good quality customers: increase 20% p.a.**
- **Focus larger loans to quality customers: average customer receivables to grow 20% p.a.**
- **Control costs: reduce operating costs from 67% of revenue to below 50%**

* As stated in March 2008 presentation of 2007 full year results



Romania: Performing well

- Customer growth to 51,000
- Good credit quality
- Branches increased from 7 to 14
- First TV campaign launched in May
- Loss of c.£6–7m expected this year
- On track for profit for 2010



Key: ● H108 new branches opened
● Branches as at Dec 2007



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Russia: Trading about to commence

- Head office and first branch opened in Moscow
- Pilot team assembled
- Regulatory approvals obtained
- First loans in next few weeks
- Pilot expected to cost £5–6m this year



ИПФ Банк

ЛИЧНЫЙ КРЕДИТ



Regulatory environment

- **EU Consumer Credit Directive**
- **Slovakia rate cap introduced**
 - Cap effective from July 2008
 - Rate cap set at 112% APR
 - Systems and products amended
 - Operational transition very smooth
 - No adverse impact on profitability expected



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Prospects



Managing economic risk

- **Monitor internal and external early warning signs for all markets**
 - External data**
 - unemployment rates
 - factors affecting disposable income etc
 - Internal data**
 - close customer relationships
 - missed payments, gross cash loss trends
- **No signs of downturn**
- **Resilient business model**
 - low & grow
 - short-term loans
 - good margins



Prospects continue to be good

- **Central Europe:**
 - continued growth
 - strong uplift from favourable exchange rates
- **Developing markets on track for profit:**
 - Mexico: on track for profit in 2009
 - Romania: on track for profit in 2010
- **Pilot markets:**
 - Russia: trading to commence shortly
 - Ukraine: likely entry 2009
- **Excellent first year as public company**



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Questions



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Appendices



Provisioning methodology

- **Weekly assessment**
- **Impairment charge made for any missed payment or portion of a payment**
- **Impairment is calculated using actuarial models to estimate amount and timing of future cash flows**
 - calculation for each country, product and customer arrears stage
 - future cash flows discounted to present value
 - outcome compared to balance sheet value
- **All impairment is charged to the income statement**



Average and closing foreign exchange rates

	Average H1 2007	Closing June 2007	2007 year	Closing Dec 2007	Average H1 2008	Closing June 2008	Contract H2 2008
Poland	5.69	5.61	5.53	4.90	4.51	4.23	4.27
Czech Republic	41.69	42.76	40.54	36.04	32.64	30.19	31.44
Slovakia	50.42	50.25	49.33	45.68	41.67	38.16	39.49
Hungary	370.55	365.29	366.75	343.14	327.23	297.19	314.84
Mexico	21.56	21.62	21.85	21.67	20.95	20.50	20.55
Romania	4.93	4.71	4.87	4.87	4.73	4.60	4.63
Russia	51.5	51.6	51.2	48.8	47.2	46.7	46.4



Macro-economics

Forecast year-on-year percentage change in real GDP

%	2006	2007	2008E	2009E	CAGR
UK	2.9	2.8	1.7	1.5	2.2
Poland	6.1	6.6	5.4	4.7	5.7
Czech Republic	6.4	6.6	4.7	4.8	5.6
Slovakia	8.5	10.4	7.7	6.6	8.3
Hungary	3.9	1.3	2.3	3.2	2.7
Mexico*	4.8	3.3	2.7	3.6	3.6
Romania*	7.7	6.0	7.3	5.5	6.6
Russia*	7.4	7.7	7.0	6.6	7.2
India*	9.1	8.4	8.0	7.8	8.3
Ukraine*	7.0	7.6	6.8	n/a	7.1



Macro-economics

Unemployment rate %

%	2006	2007	2008E	2009E
UK	5.5	5.3	5.6	5.8
Poland	14.9	11.1	9.8	9.5
Czech Republic	7.7	6.0	5.5	5.5
Slovakia	9.4	8.0	7.7	7.4
Hungary	7.5	7.7	7.6	7.4
Mexico	3.5	3.7	3.9	3.7
Romania	5.2	4.3	4.0	3.8
Russia	7.2	5.6	5.4	5.4



Impact of FX on H1 profit

Six months ended 30 June

	H1 2008 £m	Underlying change £m	Impact of FX £m	H1 2007* £m
Central European markets	42.9	5.9	5.9	31.1
Central costs	(6.4)	-	-	(6.4)
Established markets	36.5	5.9	5.9	24.7
Mexico	(5.4)	1.4	0.1	(6.9)
Romania	(4.8)	(2.9)	-	(1.9)
Russia	(2.2)	(2.2)	-	-
Net investment in developing and pilot markets	(12.4)	(3.7)	0.1	(8.8)
Profit before tax and fair value adjustments	24.1	2.2	6.0	15.9
Fair value adjustments	(2.0)	-	(2.0)	-
Profit before tax	22.1	2.2	4.0	15.9

*Pro forma PBT



Central Europe

Six months ended 30 June

	H1 2008 £m	H1 2007 £m	Change %	Change at CER %
Customer numbers ('000)	1,602	1,542	3.9	3.9
Credit issued	336.4	252.6	33.2	7.8
Average customer receivables	443.5	316.6	40.1	14.2
Revenue	234.8	173.1	35.6	9.9
Impairment	(53.0)	(34.2)	(55.0)	(27.4)
Revenue less impairment	181.8	138.9	30.9	5.6
Interest	(12.0)	(10.1)	(18.8)	1.6
Commission	(32.3)	(23.9)	(35.1)	(9.9)
Expenses	(94.6)	(73.8)	(28.2)	(1.2)
Profit before tax	42.9	31.1	37.9	15.9



Key statistics: Poland

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	877	857
	2.3%	(5.1%)
Credit issued (£m)	168.6	123.8
	7.4%	5.7%
Average customer receivables (£m)	243.5	169.9
	16.1%	6.7%
Revenue (£m)	116.9	84.9
	8.7%	(11.8%)
Impairment (£m)	(20.9)	(9.6)
	(69.9%)	75.8%
Revenue less impairment (£m)	96.0	75.3
	0.8%	33.1%



Poland: Gross cash loss





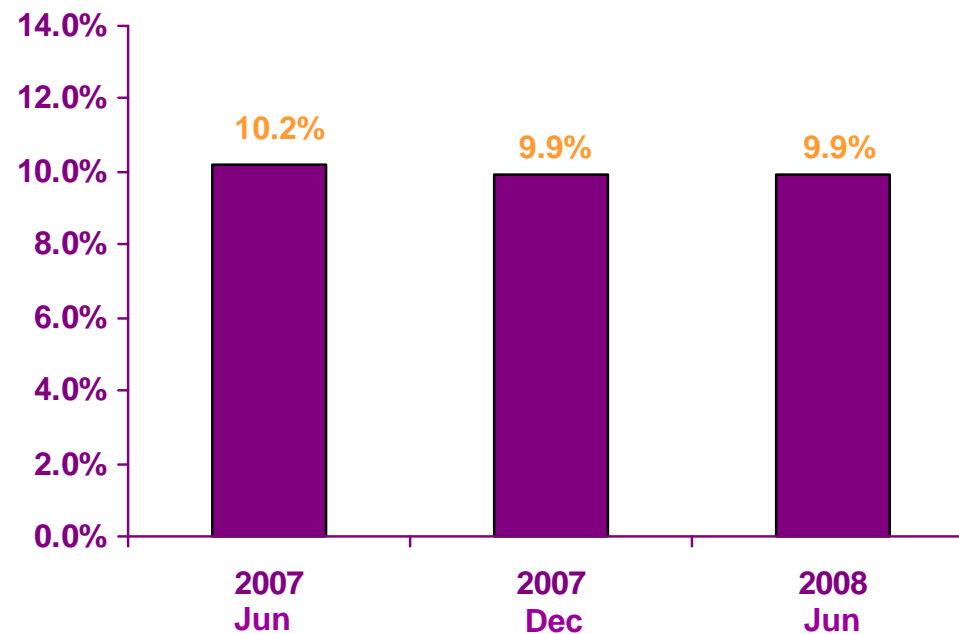
Key statistics: Czech Republic & Slovakia

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	402	392
	2.6%	5.1%
Credit issued (£m)	92.6	68.7
	6.6%	9.6%
Average customer receivables (£m)	112.4	82.5
	6.2%	11.5%
Revenue (£m)	62.1	46.9
	4.7%	11.9%
Impairment (£m)	(15.2)	(13.6)
	10.1%	(12.4%)
Revenue less impairment (£m)	46.9	33.3
	10.6%	11.7%



Czech / Slovakia: Gross cash loss





Key statistics: Hungary

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	323	293
	10.2%	(3.9%)
Credit issued (£m)	75.2	60.1
	10.1%	9.3%
Average customer receivables (£m)	87.6	64.2
	20.4%	7.7%
Revenue (£m)	55.8	41.3
	19.0%	7.8%
Impairment (£m)	(16.9)	(11.0)
	(36.3%)	12.7%
Revenue less impairment (£m)	38.9	30.3
	12.8%	17.9%



Hungary: Gross cash loss





Mexico

Six months ended 30 June

	H1 2008 £m	H1 2007 £m	Change %	Change at CER %
Customer numbers ('000)	307	317	(3.2)	(3.2)
Credit issued	27.0	30.7	(12.1)	(14.8)
Average customer receivables	23.9	21.1	13.3	9.1
Revenue	21.1	17.1	23.4	19.2
Impairment	(7.3)	(7.5)	2.7	5.2
Revenue less impairment	13.8	9.6	43.8	38.0
Finance costs	(1.8)	(1.9)	5.3	10.0
Agents' commission	(2.6)	(2.0)	(30.0)	(23.8)
Other costs	(14.8)	(12.6)	(17.5)	(16.5)
Profit before tax	(5.4)	(6.9)	21.7	20.6



Mexico: segmental split

Six months ended 30 June

	H1 2008 £m	H1 2007 £m	Change £m	Change %
Puebla	(2.0)	(3.4)	1.4	41.2
Guadalajara	(0.8)	(0.8)	-	-
Head office	(2.6)	(2.7)	0.1	3.7
Profit/(loss) before tax	(5.4)	(6.9)	1.5	21.7



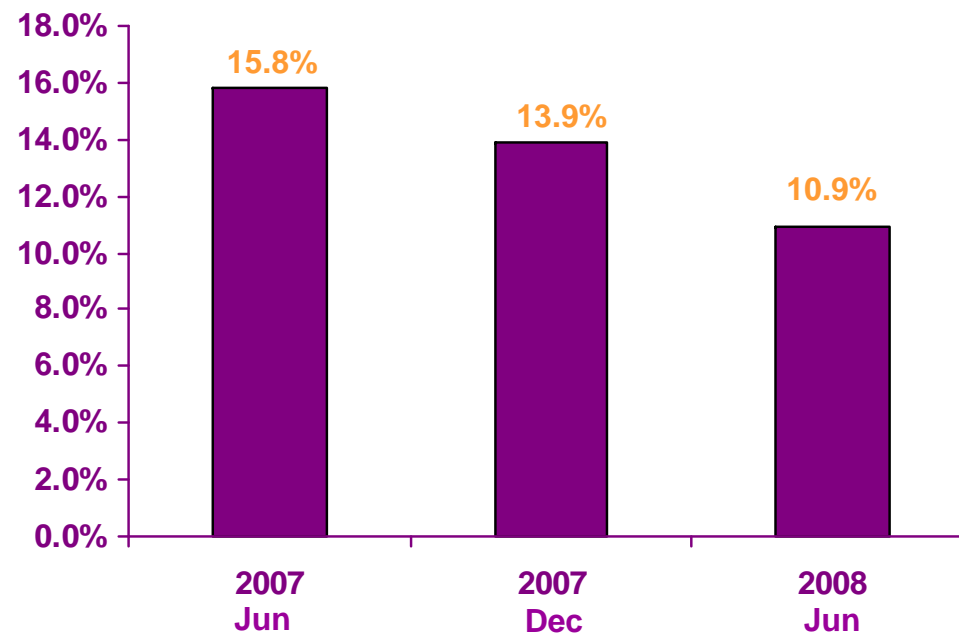
Key statistics: Puebla

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	204 (18.1%)	249 44.8%
Credit issued (£m)	17.0 (32.0%)	24.2 35.2%
Average customer receivables (£m)	16.5 (8.8%)	17.4 56.8%
Revenue (£m)	13.8 (2.8%)	13.8 38.0%
Impairment (£m)	(4.8) 28.4%	(6.6) (43.5%)
Revenue less impairment (£m)	9.0 20.0%	7.2 33.3%



Puebla: Gross cash loss





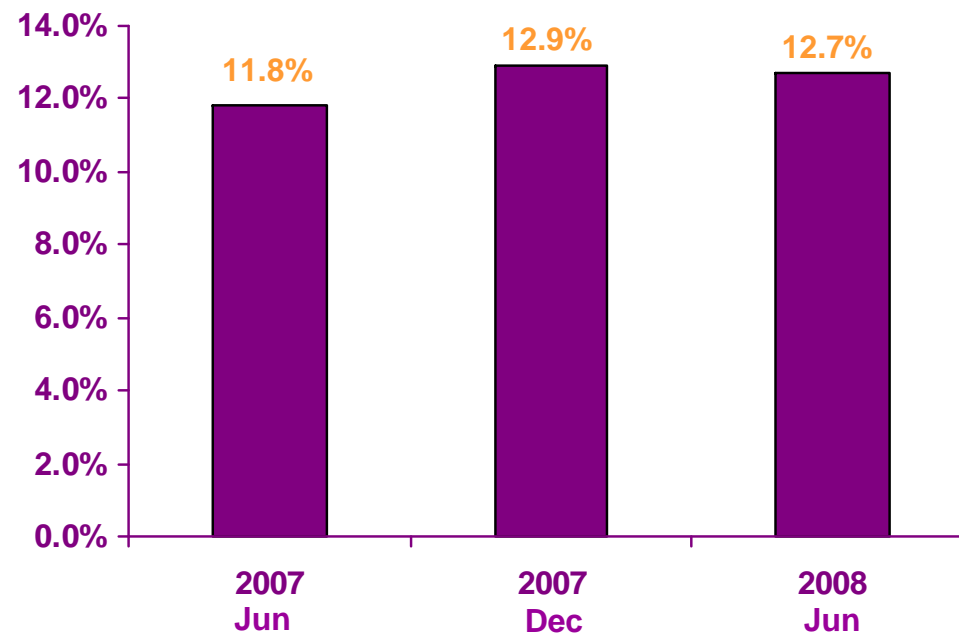
Key statistics: Guadalajara

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	103	68
	51.5%	
Credit issued (£m)	10.0	6.5
	49.3%	
Average customer receivables (£m)	7.4	3.7
	94.7%	
Revenue (£m)	7.3	3.3
	108.6%	
Impairment (£m)	(2.5)	(0.9)
	150.0%	
Revenue less impairment (£m)	4.8	2.4
	92.0%	



Guadalajara: Gross cash loss





Romania

Six months ended 30 June

	H1 2008 £m	H1 2007 £m	Change £m
Customer numbers ('000)	51	17	34
Credit issued	10.4	3.2	7.2
Average customer receivables	7.4	1.9	5.5
Revenue	4.8	1.4	3.4
Impairment	(1.0)	(0.1)	(0.9)
Revenue less impairment	3.8	1.3	2.5
Finance costs	(1.1)	(0.2)	(0.9)
Agents' commission	(0.5)	(0.1)	(0.4)
Other costs	(7.0)	(2.9)	(4.1)
Profit before tax	(4.8)	(1.9)	(2.9)



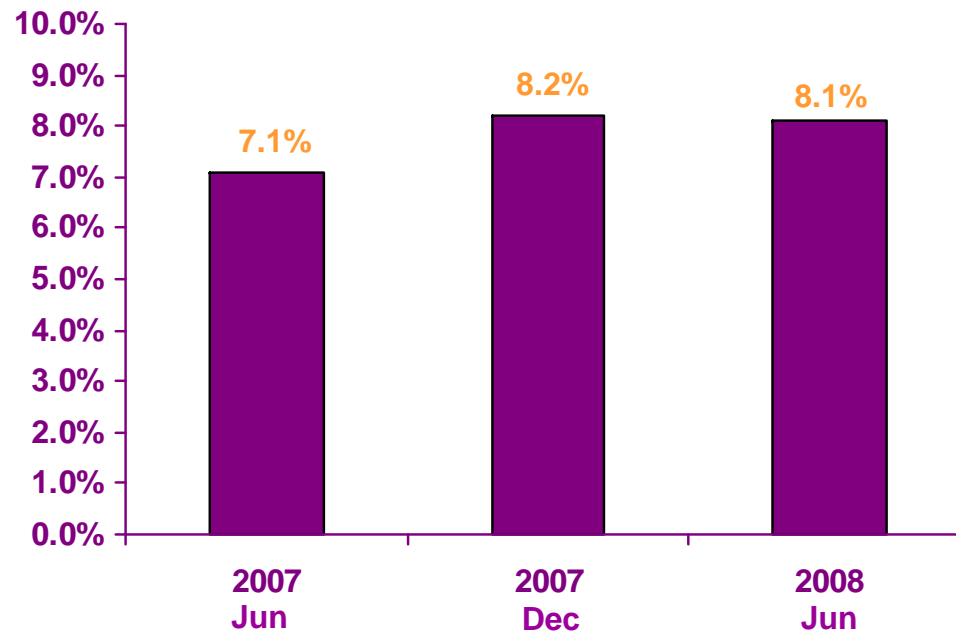
Key statistics: Romania

Six months ended 30 June

	H1 2008	H1 2007
Customer numbers ('000)	51	17
Credit issued (£m)	10.4	3.2
Average customer receivables (£m)	7.4	1.9
Revenue (£m)	4.8	1.4
Impairment (£m)	(1.0)	(0.1)
Revenue less impairment (£m)	3.8	1.3



Romania: Gross cash loss





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