



17 December 2008

International Personal Finance plc

Trading update

Performance

IPF remains on track to report full year results in line with expectations across its markets.

Taxation

The effective rate of tax for 2008 is expected to be 28% (2007: 30%).

Balance sheet and funding

The balance sheet remains strong, with shareholders' funds currently representing around 50% of net customer receivables. We also have significant headroom on committed bank facilities with approximately £600 million of facilities committed to March 2010, of which approximately £380 million are currently drawn. As previously announced, we agreed the early extension of £410 million of these facilities to October 2011.

Foreign Exchange Rates

Our policy is to hedge the translation of reported profits only within the reporting period. Therefore, we will review our hedging for 2009 in January. However, current rates are approximately 4% more favourable than those we expect to use to translate the results for the 2008 financial year. These rates are set out in appendix 1.

Outlook

Our business model is well placed to rapidly identify and respond to changes in economic conditions. Our agents visit our customers each week and quickly see changes in customers' circumstances. We amend our lending approach accordingly. In addition, the short term nature of our lending, with on average just 6 months of loans outstanding at any time, means that we are able to quickly change the risk profile of the loan book.

As our central planning assumption we expect slower economic growth and higher levels of unemployment in all our markets in 2009. If this occurs our collections from existing customers are likely to reduce and impairment rise. It is for this reason we tightened our credit criteria in October. This has resulted in an improvement in credit quality, which will mitigate the impact of the adverse credit conditions we expect in 2009, but constrains, and will continue to constrain, sales. In the medium term, however, a slowdown may well result in increased demand for our products.

We are keeping a very tight control of our cost base. In addition, we will not commence pilot operations in any new market until the impact of the downturn becomes clear. We do not intend any new market entry in 2009.

The preliminary announcement of our full year results for 2008 will be published on Wednesday 4 March 2009.

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Appendix 1: Estimated exchange rates for the 2008 financial year

| Currency: £1 | 2007 | 2008* |
|---------------------|-------------|--------------|
| Poland | 5.68 | 4.46 |
| Czech Republic | 40.74 | 32.20 |
| Slovakia | 48.2 | 40.21 |
| Hungary | 364.71 | 329.74 |
| Mexico | 20.82 | 20.77 |
| Romania | 4.87 | 4.94 |
| Russia | n/a | 45.78 |

* Based on actual results to end of November 2008 plus the estimated results for December translated at contract rates.