



International
Personal Finance

The human face of finance

2008 Full year results

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– Chief Executive Officer
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04 March 2009



2008: Highlights

- Profit before tax up 40.3% (4.3% at CER) to £70.3 million
- Earnings per share up 44.5% (7.5% at CER) to 19.73p
- Final proposed dividend up 19.3% to 3.40p per share (full year 5.70p)
- Core funding extended to October 2011



Good progress towards medium-term objectives

| <u>OBJECTIVE</u> | <u>PROGRESS</u> |
|---|---|
| <ul style="list-style-type: none">• Exceed pre-tax profit target of £95.0 million from Central Europe by 2010 | <ul style="list-style-type: none">• PBT up 31.5% to £106.0 million• Underlying profit growth of 14.5% |
| <ul style="list-style-type: none">• Realise potential in Mexico and Romania | <ul style="list-style-type: none">• Mexico on target:<ul style="list-style-type: none">– Losses reduced by £4.6m– On track for profit in 2009• Romania on target: profit for 2010 |
| <ul style="list-style-type: none">• Progressively enter further emerging markets | <ul style="list-style-type: none">• Russia pilot commenced |



Ready for a tougher 2009

- Lending criteria tightened in October 2008
- Field management: greater focus on collections
- Localised response
- Tight cost control
- New market entry postponed



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Financial review



Profit before tax up 40.3%

Year ended 31 December

| | 2008 £m | Pro forma 2007 £m | Change % | Change At CER % |
|-------------------------------|-------------|-------------------------|-------------|-----------------------|
| Customer numbers (000s) | 2,029 | 1,937 | 4.7 | 4.7 |
| Credit issued | 791.0 | 621.1 | 27.4 | 4.5 |
| Average receivables | 504.9 | 362.1 | 39.4 | 13.9 |
| Revenue | 557.1 | 409.8 | 35.9 | 11.4 |
| Impairment | (127.2) | (83.2) | (52.9) | (27.1) |
| Other costs | (359.6) | (276.5) | (30.1) | (8.2) |
| Profit before taxation | 70.3 | 50.1 | 40.3 | 4.3 |
| Taxation | (19.7) | (15.0) | (31.3) | |
| Profit after taxation | 50.6 | 35.1 | 44.2 | |
| Earnings per share (pence) | 19.73 | 13.65 | 44.5 | |
| Dividend per share (pence) | 5.70 | 4.75 | 20.0 | |



Good progress in all markets

Year ended 31 December

| | 2008 £m | Pro forma 2007 £m | Change % | Underlying Change at CER % | Underlying Change at CER** % |
|---|---------------|-------------------------|---------------|-------------------------------------|---------------------------------------|
| Central European markets | 106.0 | 80.6 | 31.5 | 7.4 | 14.5 |
| Central costs | (13.2) | (12.5) | (5.6) | (5.6) | (5.6) |
| Net profit from established markets | 92.8 | 68.1 | 36.3 | 7.7 | 15.9 |
| Mexico | (8.7) | (13.3) | 34.6 | 37.4 | 37.4 |
| Romania | (7.8) | (4.2) | (85.7) | (77.3) | (77.3) |
| Russia (pilot) | (6.0) | (0.5) | n/a | n/a | n/a |
| Net investment in developing markets | (22.5) | (18.0) | (25.0) | (19.7) | (19.7) |
| Profit before tax* | 70.3 | 50.1 | 40.3 | 4.3 | 14.8 |

*Pro forma PBT stated before exceptional demerger costs

** Stated before impairment provision releases of £2.0m (2007 £6.0m)



Established markets generating strong returns

| | 2008 | 2007 |
|----------------------------|--------|--------|
| EPS | 26.04p | 18.55p |
| ROE* | 31.7% | 28.7% |
| Surplus capital generated* | £61.5m | £23.5m |
| Surplus cash generated | £45.9m | £7.3m |

* Based on 45% equity : receivables



Well funded balance sheet

| | Dec 2008 £m | Dec 2007 £m | Change % | Change at CER % |
|--------------------------------|----------------|----------------|-------------|--------------------|
| Fixed assets | 69.9 | 59.5 | 17.5 | 5.8 |
| Receivables | 574.4 | 443.2 | 29.6 | 8.1 |
| Cash | 62.2 | 88.8 | (30.0) | (36.9) |
| Borrowings | (434.3) | (370.8) | (17.1) | 1.1 |
| Other net liabilities | (13.4) | (17.1) | 21.6 | (5.3) |
| Equity | 258.8 | 203.6 | 27.1 | 5.9 |
| Equity to receivables | 45.1% | 45.9% | | |
| Gearing | 1.7x | 1.8x | | |
| Headroom on facilities (£m) | 229.5 | 208.6* | | |

* At constant exchange rates



Core funding in place until 2011

Extended £422.8m of funding to Oct 2011

- Sufficient to support growth of existing markets
- Margin of 225 basis points (previously 135 bps)
- No changes to covenants



Good headroom on bank covenants

| | Dec 2008 | Covenant |
|-------------------------|----------|-----------|
| Net worth - £m* | 273.0 | 125.0 min |
| Interest cover | 3.5x | 2x min |
| Receivables: borrowings | 1.3x | 1.1x min |
| Gearing* | 1.6x | 3.75x max |

* Adjusted for derivative and pension liabilities



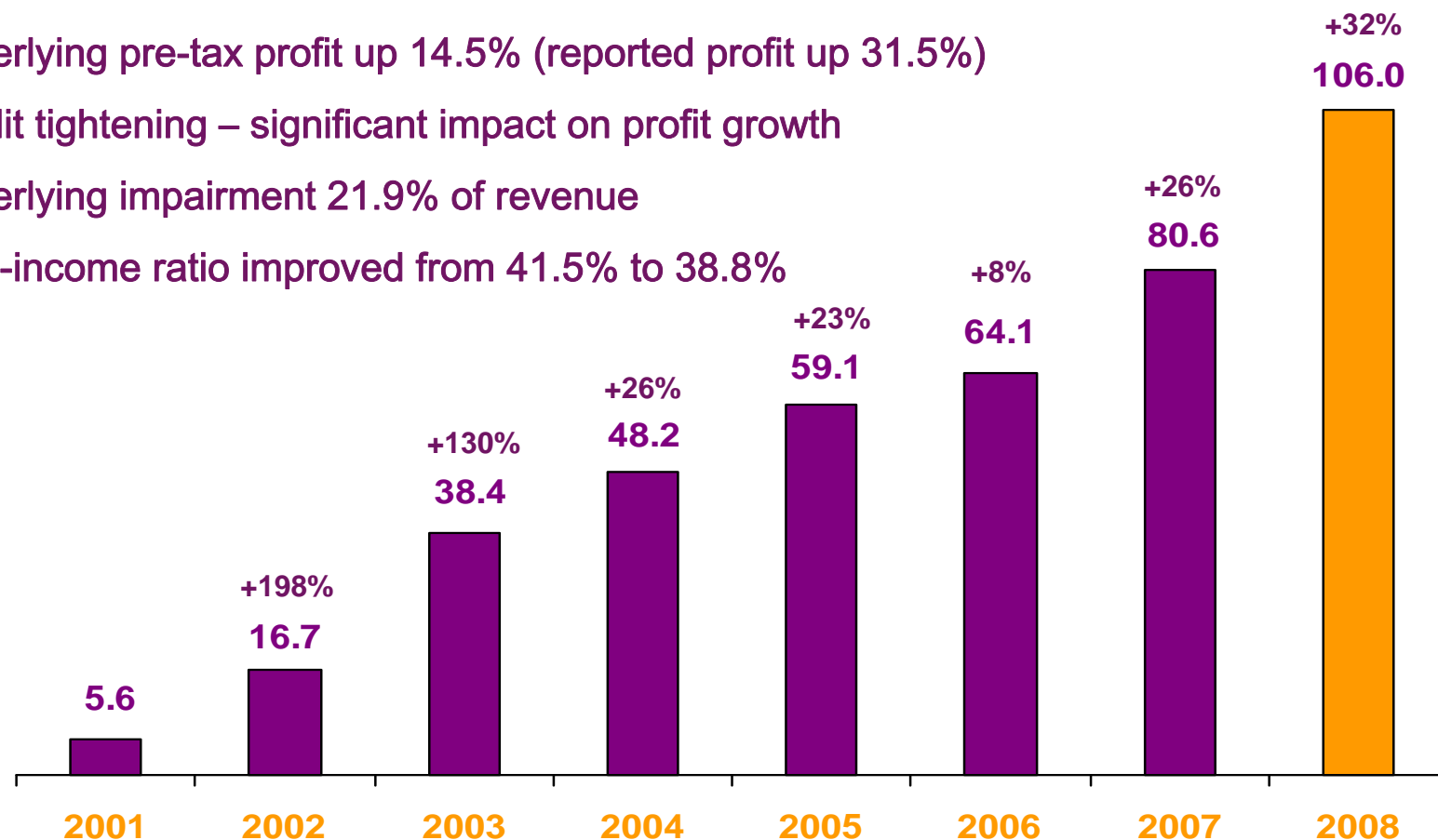
A strong financial position

- Good results
- 2009 foreign exchange profit hedging in place
- Established businesses generating cash and surplus capital
- Strong balance sheet
- Good headroom on banking facilities
- Core funding in place through to 2011



Central Europe: Good performance

- Underlying pre-tax profit up 14.5% (reported profit up 31.5%)
- Credit tightening – significant impact on profit growth
- Underlying impairment 21.9% of revenue
- Cost-income ratio improved from 41.5% to 38.8%

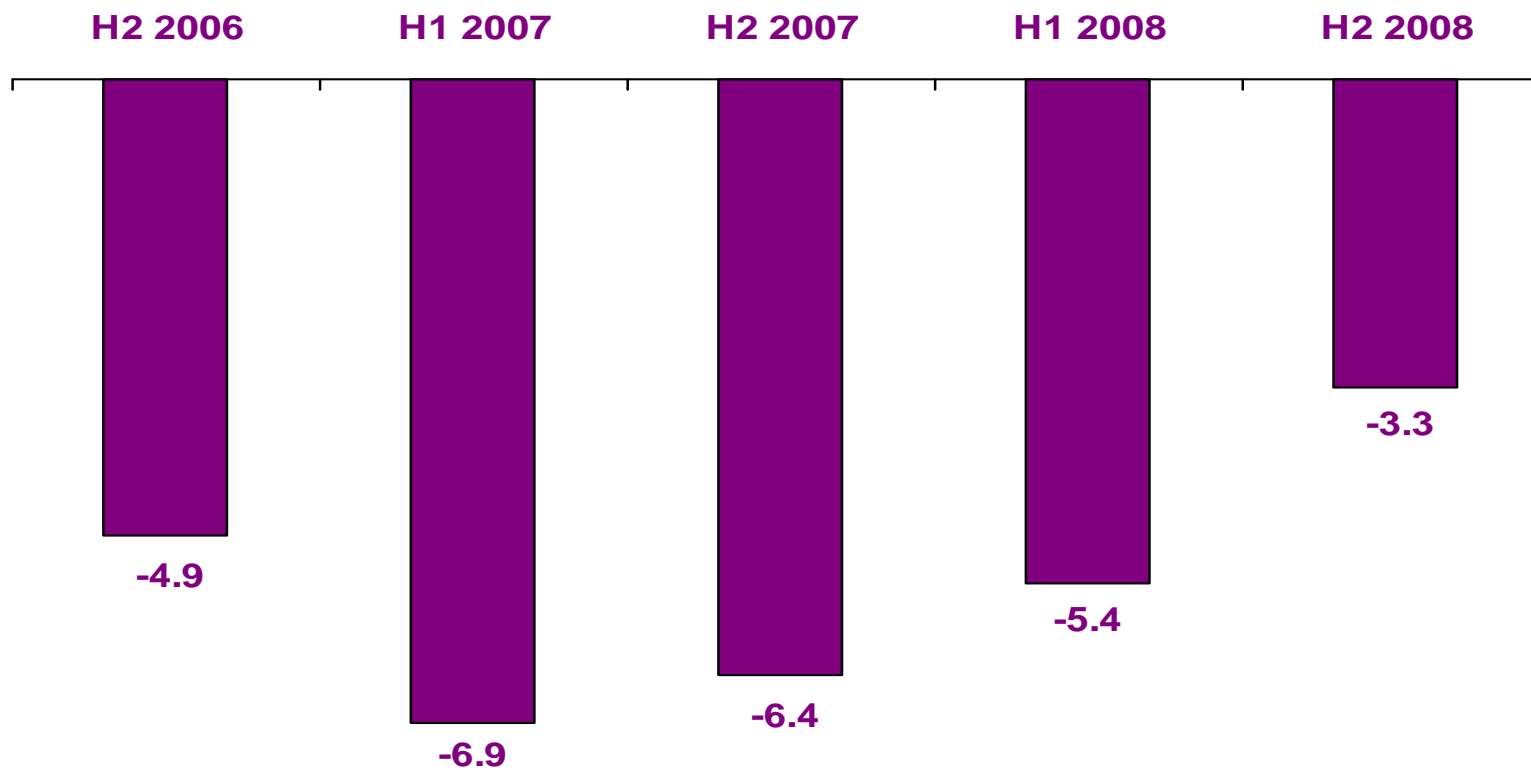


Annual pre-tax profit (£m)



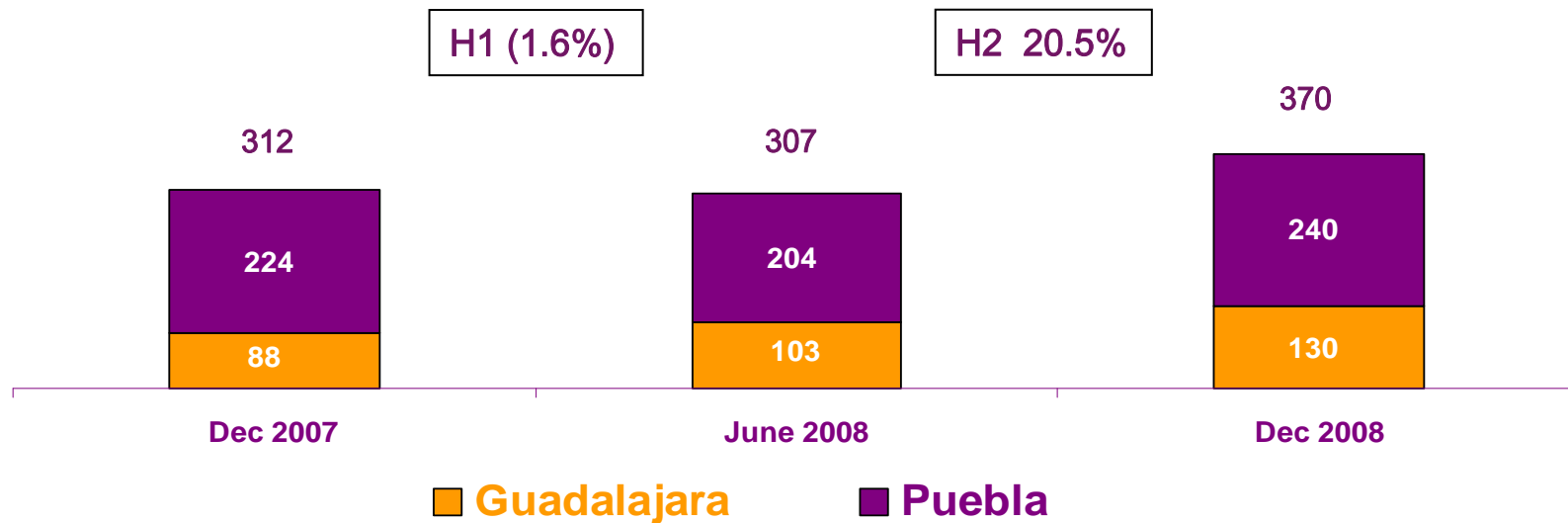
Mexico: Moving up the J-curve

Profit before tax - £m





Mexico: 20% customer growth in H2 2008



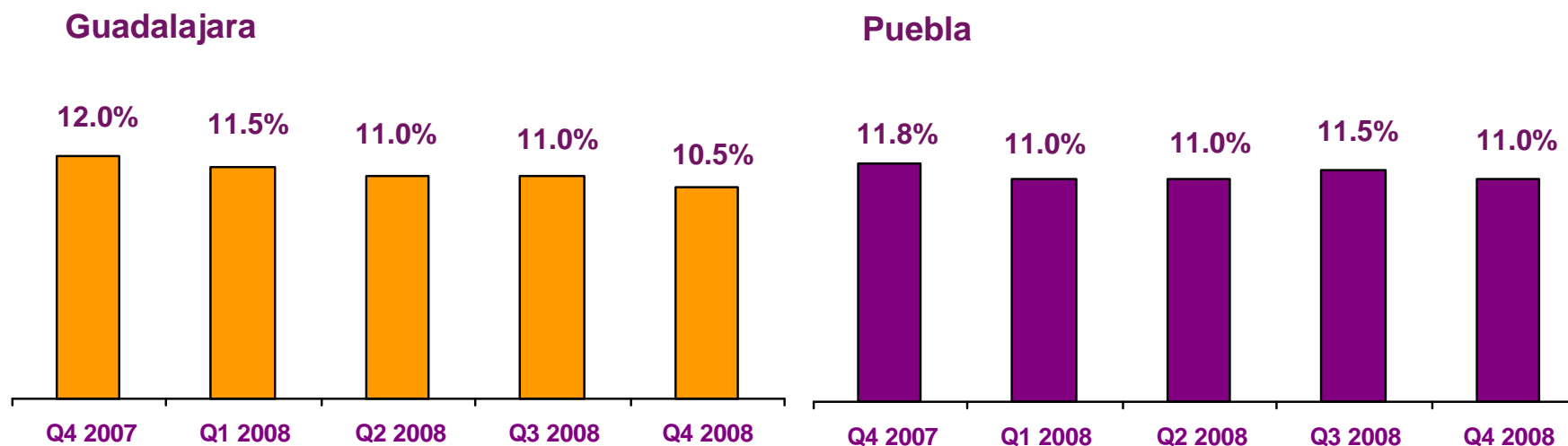
Customer numbers (000's)



Mexico: Credit quality at target level

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

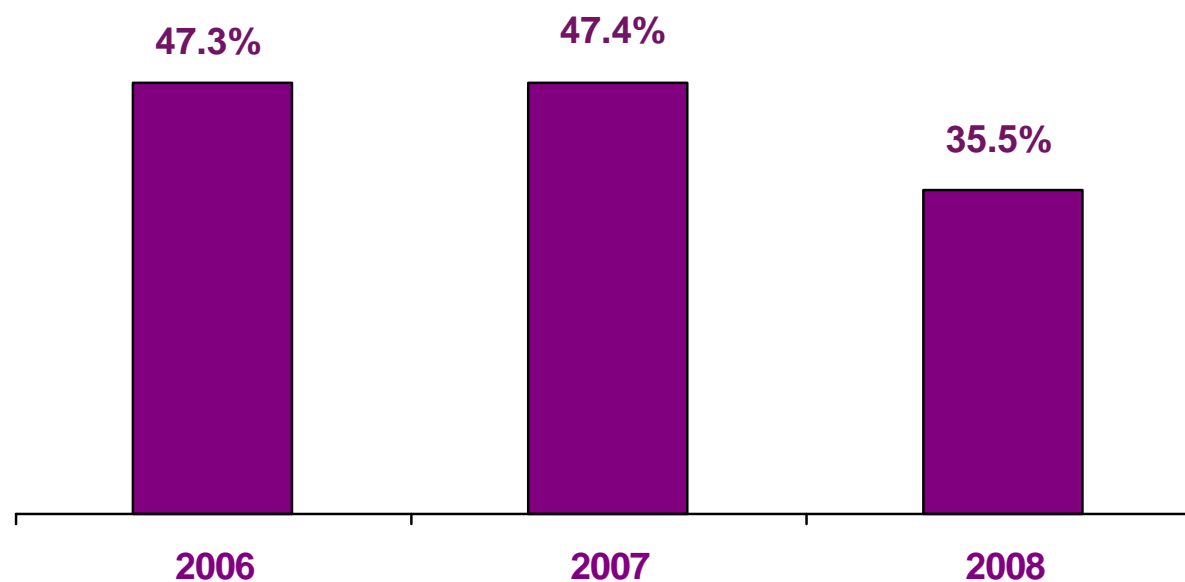
As at 31 December 2008





Mexico: Reduced level of impairment

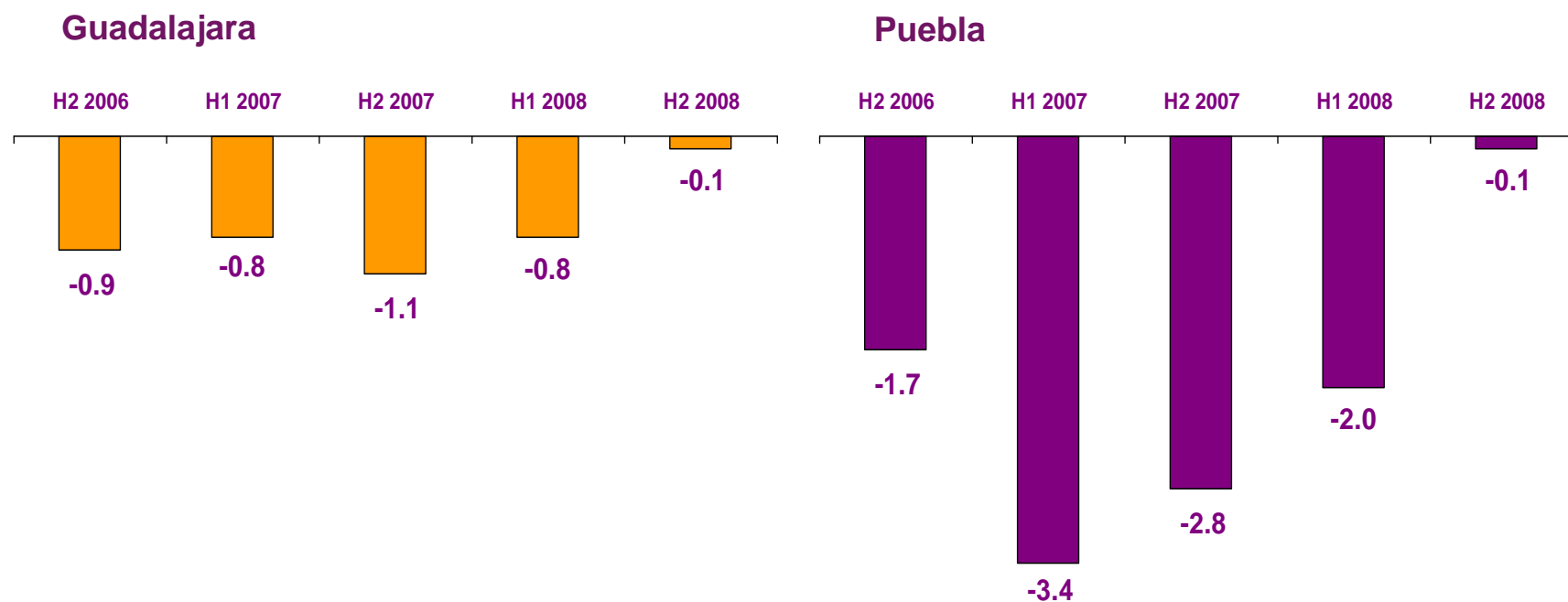
Impairment as % of revenue





Mexico: Both regions moving up the J-curve

Contribution to Mexico central costs - £m





Mexico: Substantial growth opportunity



Current coverage:

Puebla – 50%

Guadalajara – 20%

Monterrey – 0%

Northern Borders - 0%

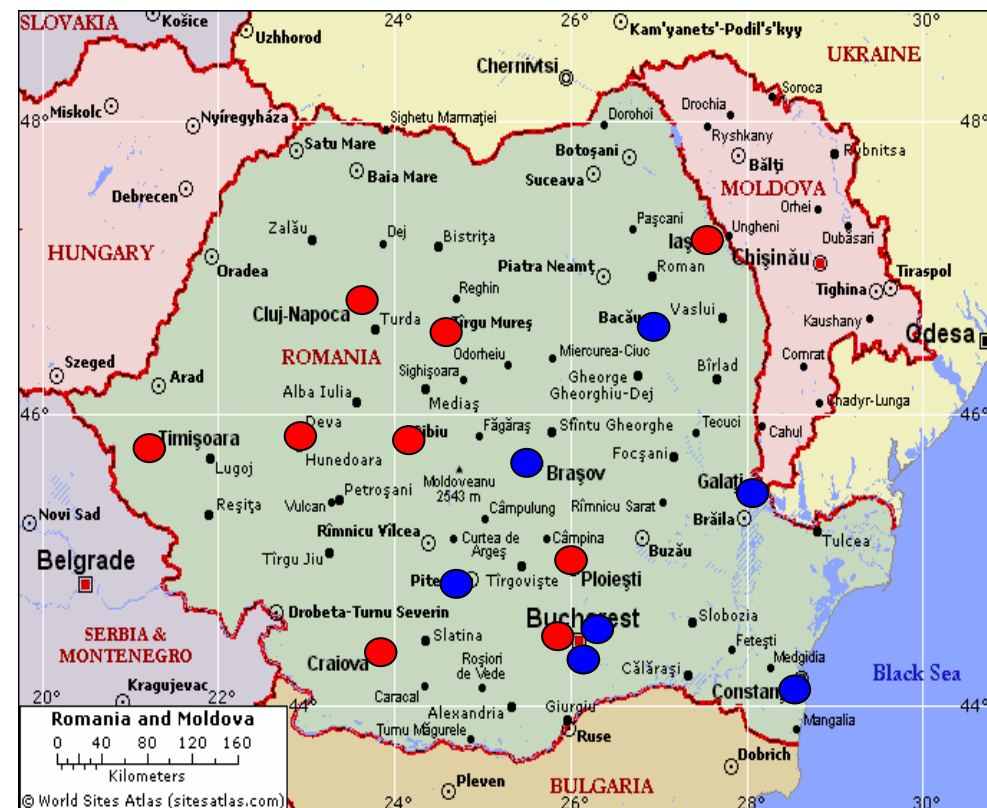
Mexico City – 0%

Overall c. 15%



Romania: Progressing well

- National roll-out progressing to plan
- Branches up from 7 to 16
- Customer numbers up from 33,000 to 85,000
- Credit quality remains good
- Much reduced loss for 2009
- On track for profit for 2010



● 2007 ● 2008



Russia: **Pilot commenced**

- Pilot commenced September in Moscow
- Operating as IPF bank
- Loans issued using Visa debit card
- Too early to draw conclusions



Regulatory environment

- Slovakian rate cap introduced
- Rate cap under discussion in Hungary and Mexico
- Flexible products to be introduced in all markets
- EU Consumer Credit Directive



October 2008 credit tightening

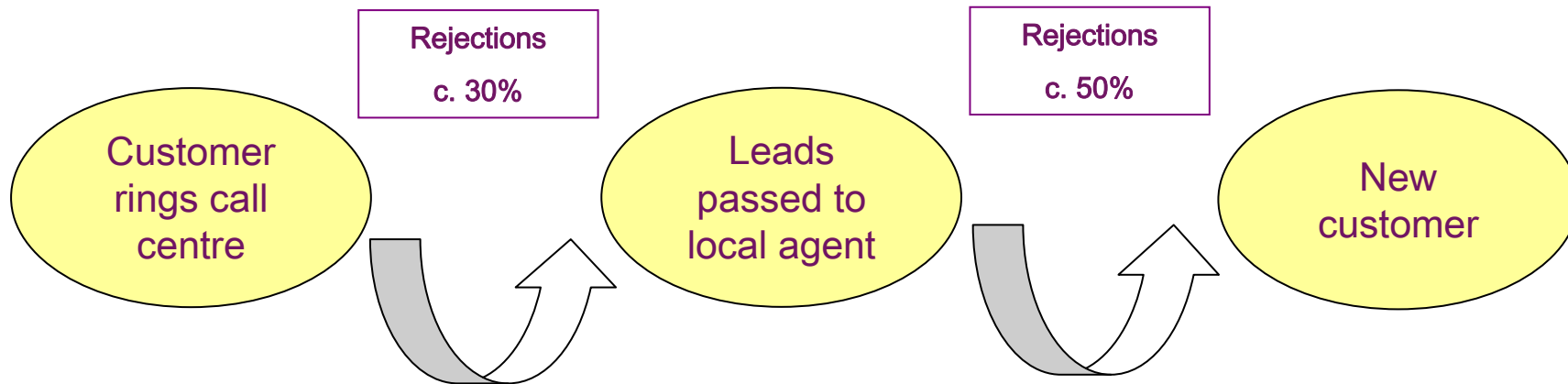


Objectives of credit tightening

- Eliminate highest risk lending
- Lower the base from which 2009 deterioration will occur
- Keep credit quality well controlled



A selective credit process for new customers



Reasons for rejection

Previously written off

Demographics

Unemployed

No phone

Reasons for rejection

Income & expenditure assessment

Application scoring

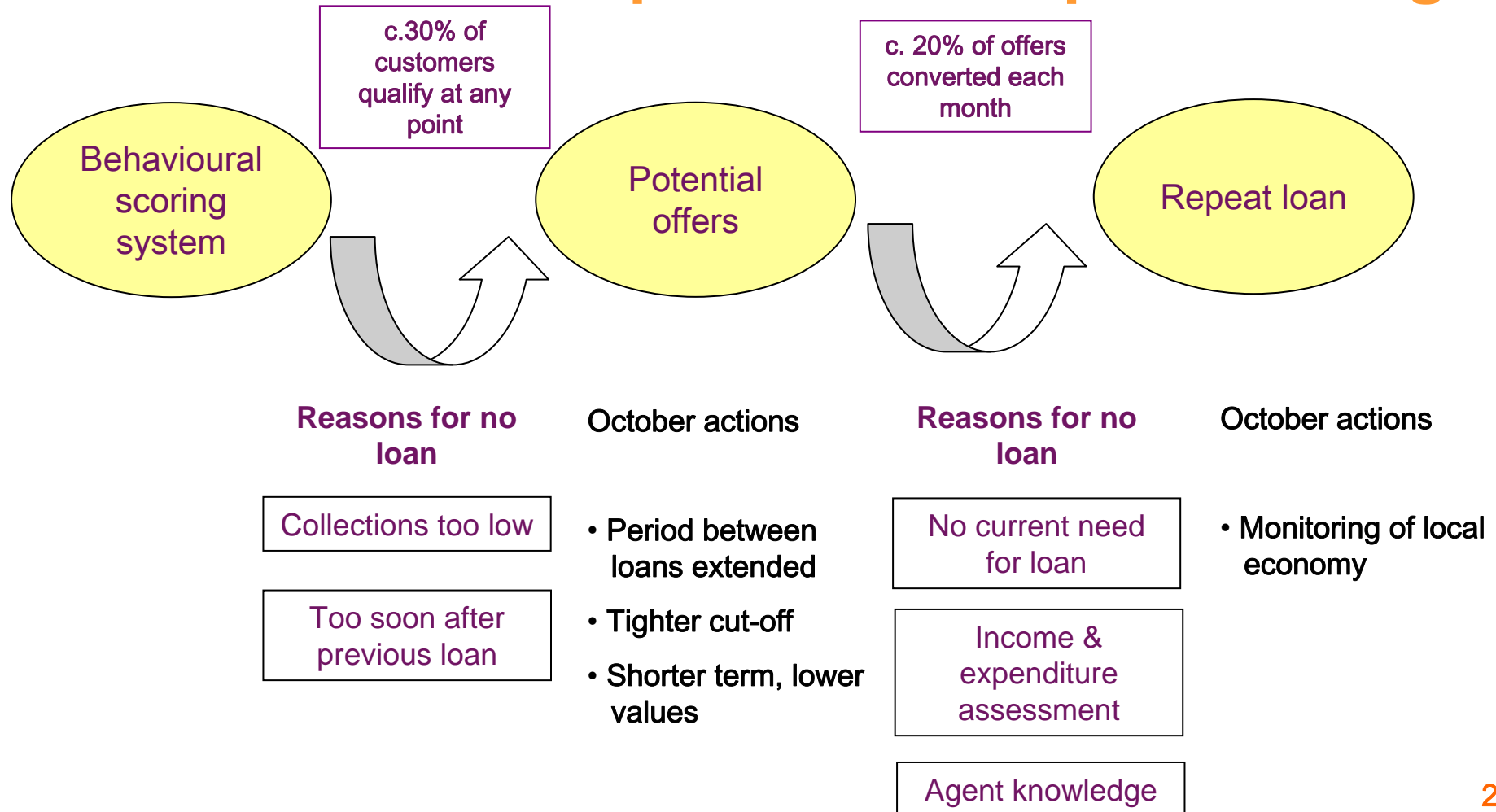
Agent knowledge

October actions

- Tighter cut off
- Shorter term, lower values
- Monitoring of local economy



A selective credit process for repeat lending





Impact of credit tightening in Central Europe

- Growth negatively impacted

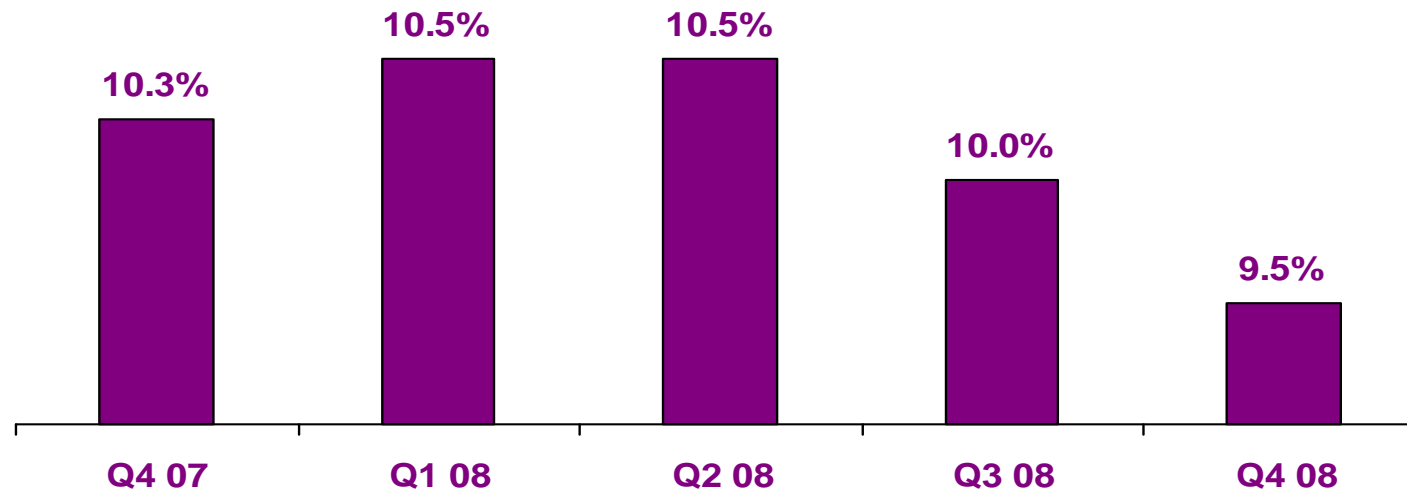
| | Q4 impact | Annualised impact |
|----------------------|-----------|-------------------|
| Customer growth | -6% | -3% |
| Credit issued growth | -25% | -5% |

- Profit in 2008 reduced by £5-6m
- Improved credit quality



Impact of credit tightening on CE credit quality

Forecast gross cash loss as at December 2008



“Lowering the base line from which 2009 deterioration will occur”



Prudent provisioning methodology

- Weekly assessment
- Impairment charge made in the event of missed payment **or portion of a payment** – even if agent fails to call
- Impairment is calculated using third party developed actuarial models to estimate amount and timing of future cash flows – over 97% predictive
- Separate models for each product in each country
- Provisions formally reviewed on a regular basis to ensure reflect current performance
- Short term loans and prudent provisioning means impairment charged to income statement quickly



Outlook



Current market conditions

- In Central Europe and Romania
 - Increase in short time working and unemployment
 - Some employers late paying wages
 - Pressure on household incomes
 - Collections performance reduced in line with expectations
 - Reduced competition
- In Mexico
 - Less affected
 - Collections performance holding up



Resilient business model

- Well funded business with good profit margins
- Agents largely incentivised on amounts collected not sales
- Small sum, short-term loans provided in local currency with an average outstanding period of c.6 months
- Agents are close to customers - they can see and quickly respond to changes in circumstances



2009: Prospects

- Expect economic slowdown or recession in all markets impacting credit quality – length and depth remain unclear
- Guidance in these circumstances less certain
- Our central planning assumption is that impairment will rise by about 5% of revenue
- Expect impact to be greater in H1 than H2
- Costs will be reduced in Central Europe by at least £10m
- No entry into new regions or countries
- We continue to expect to report a profit in Mexico in 2009 and a much reduced loss in Romania



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**Well placed to weather downturn and to
respond rapidly when conditions improve**



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Appendices



Macro-economics

Forecast year-on-year percentage change in real GDP

| % | 2006 | 2007 | 2008E | 2009F Average | 2009F Range |
|-----------------------|------|------|-------|------------------|----------------|
| UK | 2.9 | 3.1 | 0.7 | -2.8 | -1.3 to -3.3 |
| Poland | 6.1 | 6.7 | 4.7 | 1.4 | 2.1 to -0.5 |
| Czech Republic | 6.1 | 6.0 | 3.5 | -1.0 | -0.4 to -1.2 |
| Slovakia | 8.5 | 10.4 | 6.6 | 2.0 | 3.0 to 0.0 |
| Hungary | 4.0 | 1.3 | 0.6 | -3.6 | -2.5 to -5.0 |
| Mexico | 4.8 | 3.3 | 1.3 | 1.8 | -1.0 to -2.8 |
| Romania | 7.7 | 6.0 | 8.0 | 0.9 | 4.1 to -3.5 |
| Russia | 7.4 | 8.1 | 5.6 | -3.0 | -0.2 to -4.0 |



Macro-economics

Unemployment rate %

| % | 2006 | 2007 | 2008E | 2009F |
|-----------------------|------|------|-------|-------|
| UK | 5.5 | 5.3 | 6.3 | 8.5 |
| Poland | 14.9 | 11.1 | 9.5 | 12.5 |
| Czech Republic | 7.7 | 6.0 | 6.0 | 7.0 |
| Slovakia | 9.4 | 8.0 | 8.4 | 9.0 |
| Hungary | 7.5 | 7.7 | 8.0 | 8.8 |
| Mexico | 3.5 | 3.7 | 4.3 | 4.8 |
| Romania | 5.2 | 4.3 | 4.4 | 4.8 |
| Russia | 7.2 | 5.6 | 7.7 | 12.0 |



Foreign exchange rates

| | Hedged for 2009 | Closing 2008 | Closing 2007 | Average 2008* | Average 2007* |
|-----------------------|-----------------|--------------|--------------|---------------|---------------|
| Poland | 4.54 | 4.33 | 4.90 | 4.46 | 5.45 |
| Czech Republic | 29.12 | 27.92 | 36.04 | 32.94 | 39.57 |
| Slovakia | 33.14 | 31.47 | 45.68 | 40.94 | 48.53 |
| Hungary | 304.7 | 274.78 | 343.14 | 329.48 | 359.19 |
| Mexico | - | 20.07 | 21.67 | 21.13 | 21.84 |
| Romania | - | 4.19 | 4.87 | 4.68 | 4.87 |

* Including impact of foreign exchange hedging



Funding through to 2011

Facilities as at 31 December 2008

| | Expiring in | | | Total* |
|---|--------------------|------------------|-------------------|---------|
| | Less than one year | One to two years | Two to five years | |
| Short-term facilities | £38.2m | - | - | £38.2m |
| Syndicated multi-currency revolving credit facility | - | £172.2m | £357.0m | £529.2m |
| Other bilateral facilities | - | £15.0m | £81.4m | £96.4m |
| | £38.2m | £187.2m | £438.4m | £663.8m |
| Borrowings | | | | £434.3m |
| Headroom | | | | £229.5m |

* at 31 December 2008 exchange rates



Capital generation

| | 12 months to Dec 2008 | 12 months to Dec 2007 |
|--|--------------------------|--------------------------|
| | £m | £m |
| Profit before tax: Central Europe | 106.0 | 80.6 |
| Taxation | (29.7) | (24.1) |
| Profit after tax | 76.3 | 56.5 |
| 45% of movement in receivables | (5.3) | (24.2) |
| Capital available | 71.0 | 32.3 |
| Central support and corporate costs after tax | (9.5) | (8.8) |
| | 61.5 | 23.5 |
| New markets | | |
| - loss after tax | (16.2) | (12.6) |
| - 45% of movement in receivables | (13.1) | (4.4) |
| | (29.3) | (17.0) |
| Surplus capital generated | 32.2 | 6.5 |



Central Europe

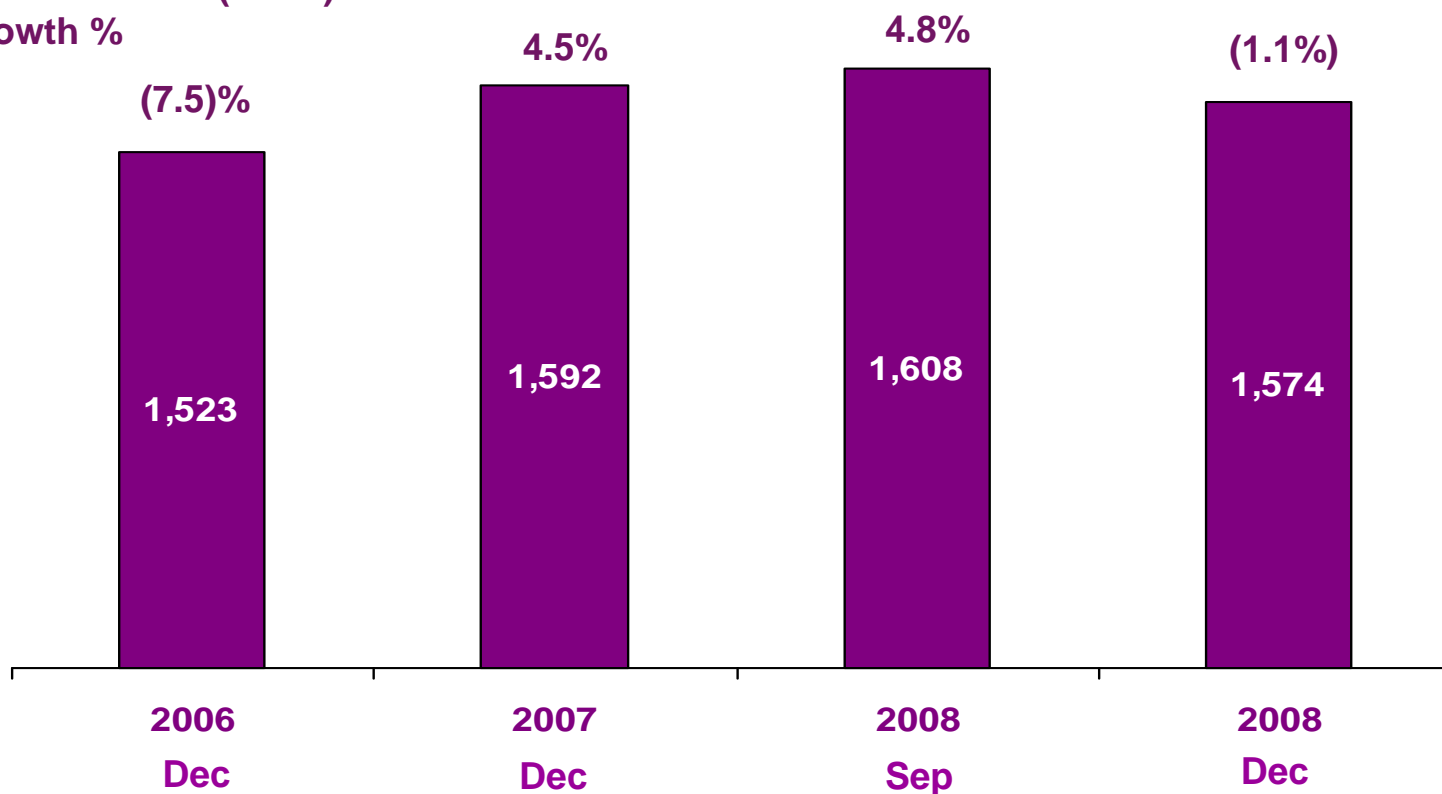
Year ended 31 December

| | 2008 £m | Pro forma 2007 £m | Change % | Change at CER % |
|------------------------------|--------------|-------------------------|-------------|-----------------------|
| Customer numbers ('000) | 1,574 | 1,592 | (1.1) | (1.1) |
| Credit issued | 690.1 | 553.8 | 24.6 | 0.8 |
| Average customer receivables | 464.1 | 336.7 | 37.8 | 11.5 |
| Revenue | 493.2 | 367.1 | 34.4 | 8.6 |
| Impairment | (106.0) | (64.3) | (64.9) | (32.7) |
| Revenue less impairment | 387.2 | 302.8 | 27.9 | 3.4 |
| Commission | (65.0) | (51.7) | (25.7) | (2.5) |
| Interest | (24.9) | (18.1) | (37.6) | (12.2) |
| Expenses | (191.3) | (152.4) | (25.5) | (0.7) |
| Profit before tax | 106.0 | 80.6 | 31.5 | 7.4 |



Impact of credit tightening on CE customer growth

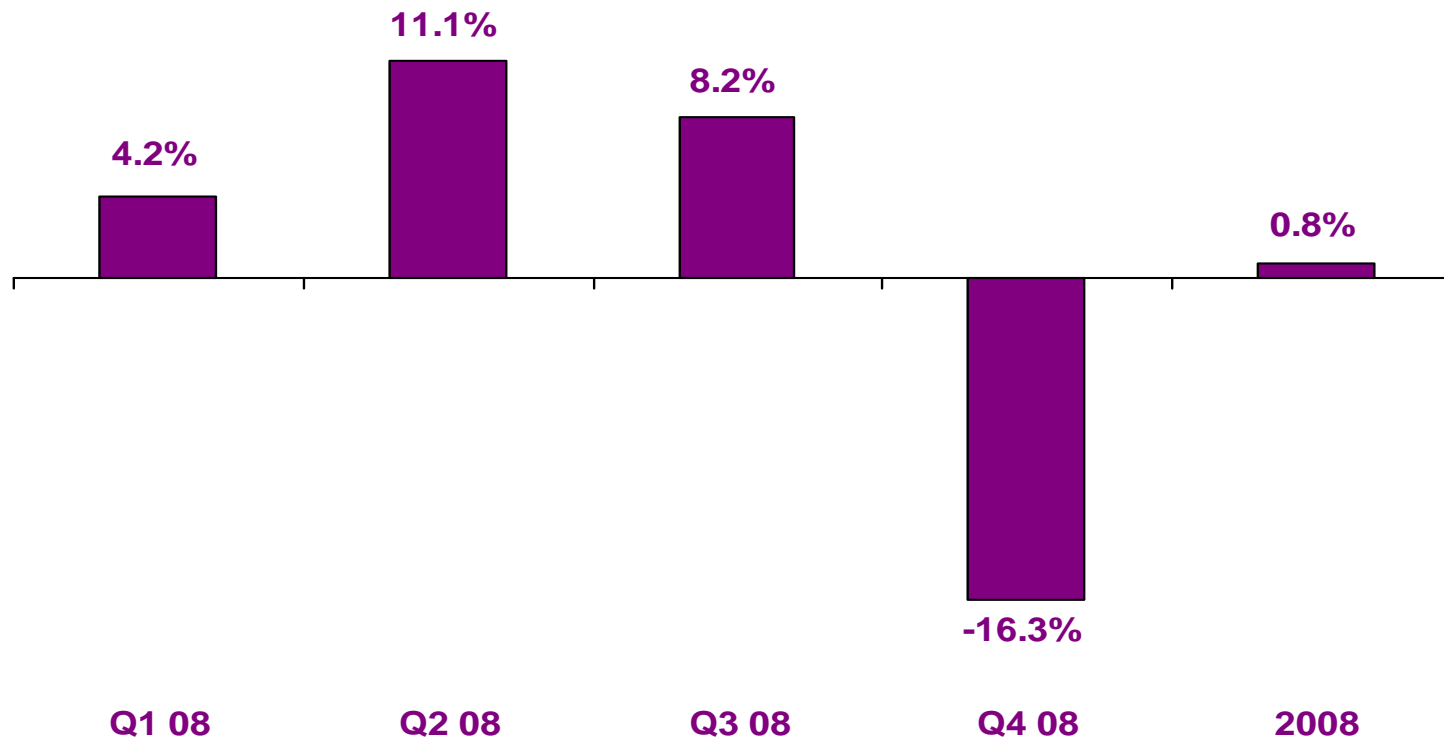
Customer numbers (000's)
YOY growth %





Impact of credit tightening on CE credit issued growth

Quarterly growth compared to prior year





Key statistics: Poland

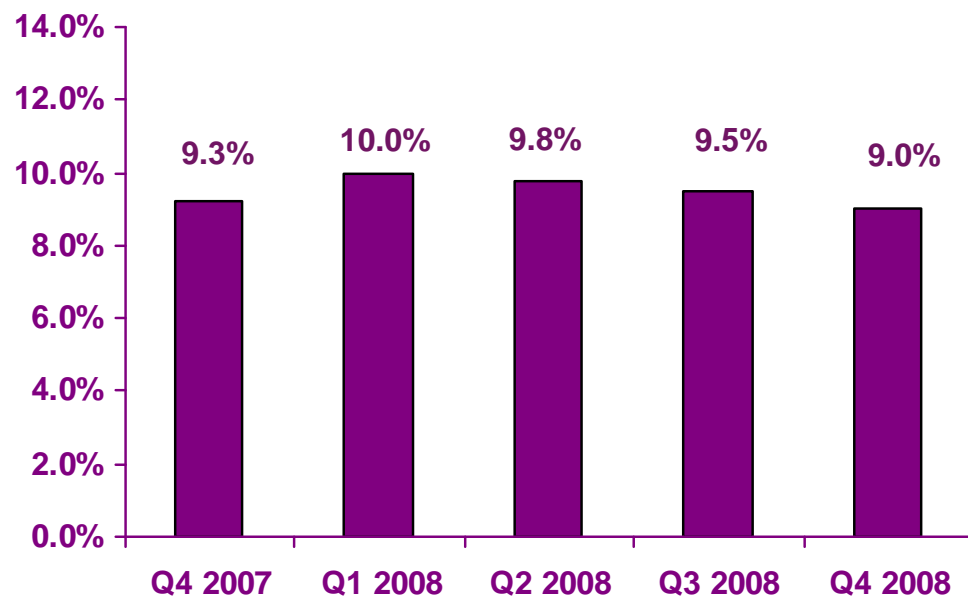
Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|---------|--------|
| Customer numbers ('000) | 856 | 871 |
| | (1.7)% | 2.0% |
| Credit issued (£m) | 344.9 | 270.9 |
| | 2.0% | 10.8% |
| Average customer receivables (£m) | 255.5 | 181.0 |
| | 13.5% | 7.3% |
| Revenue (£m) | 249.6 | 183.1 |
| | 9.2% | (4.3)% |
| Impairment (£m) | (48.2) | (26.4) |
| | (45.8)% | 53.3% |
| Revenue less impairment (£m) | 201.4 | 156.7 |
| | 3.1% | 16.2% |

% changes are shown at constant exchange rates



Poland: Gross cash loss





Key statistics: Czech Republic/Slovakia

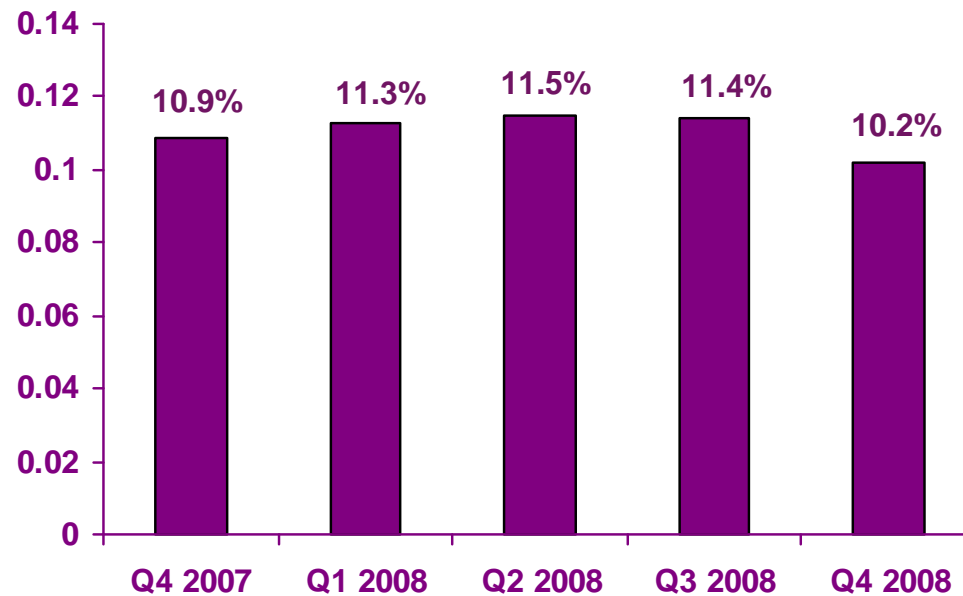
Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|---------|--------|
| Customer numbers ('000) | 397 | 402 |
| | (1.2)% | 4.4% |
| Credit issued (£m) | 195.1 | 152.9 |
| | (0.2)% | 6.0% |
| Average customer receivables (£m) | 118.7 | 87.6 |
| | 6.0% | 9.0% |
| Revenue (£m) | 130.5 | 96.9 |
| | 5.0% | 11.1% |
| Impairment (£m) | (32.0) | (20.5) |
| | (20.1)% | 13.3% |
| Revenue less impairment (£m) | 98.5 | 76.4 |
| | 0.8% | 10.6% |

% changes are shown at constant exchange rates



Czech / Slovakia: **Gross cash loss**





Key statistics: Hungary

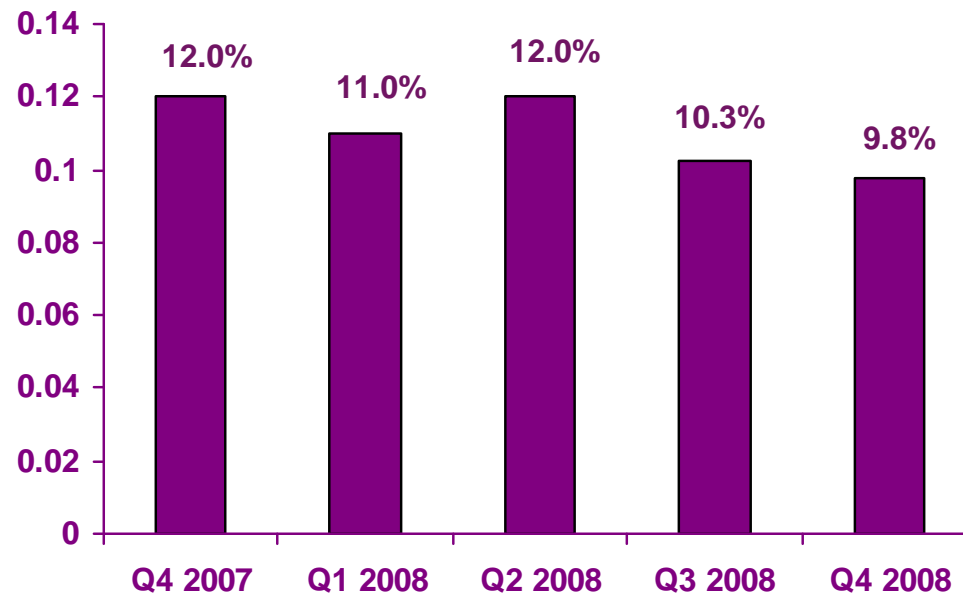
Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|---------|--------|
| Customer numbers ('000) | 321 | 319 |
| | 0.6% | 12.3% |
| Credit issued (£m) | 150.1 | 130.0 |
| | (0.6)% | 19.7% |
| Average customer receivables (£m) | 89.9 | 68.1 |
| | 13.8% | 12.4% |
| Revenue (£m) | 113.1 | 87.1 |
| | 11.6% | 17.1% |
| Impairment (£m) | (25.8) | (17.4) |
| | (28.1)% | 2.2% |
| Revenue less impairment (£m) | 87.3 | 69.7 |
| | 7.5% | 23.1% |

% changes are shown at constant exchange rates



Hungary: Gross cash loss





Mexico

Year ended 31 December

| | 2008 £m | Pro forma 2007 £m | Change % | Change at CER % |
|------------------------------|--------------|-------------------------|-------------|-----------------------|
| Customer numbers ('000) | 370 | 312 | 18.6 | 18.6 |
| Credit issued | 67.4 | 58.1 | 16.0 | 8.1 |
| Average customer receivables | 28.9 | 22.3 | 29.6 | 20.9 |
| Revenue | 48.4 | 38.8 | 24.7 | 16.2 |
| Impairment | (17.2) | (18.4) | (6.5) | (12.7) |
| Revenue less impairment | 31.2 | 20.4 | 52.9 | 42.0 |
| Commission | (5.5) | (4.6) | (19.6) | (12.2) |
| Interest | (4.0) | (3.0) | (33.3) | (24.1) |
| Expenses | (30.4) | (26.1) | (16.5) | (9.5) |
| Loss before tax | (8.7) | (13.3) | 34.6 | 37.4 |



Mexico: segmental split 12 months to December

| | H1 2008 £m | H2 2008 £m | 2008 £m | 2007 £m | Change £m | Change % |
|---------------------------------|---------------|---------------|--------------|------------|--------------|-------------|
| Puebla | (2.0) | (0.1) | (2.1) | (6.2) | 4.1 | 66.1 |
| Guadalajara | (0.8) | (0.1) | (0.9) | (1.9) | 1.0 | 52.6 |
| Head office | (2.6) | (3.1) | (5.7) | (5.2) | (0.5) | (9.6) |
| Profit/(loss) before tax | (5.4) | (3.3) | (8.7) | (13.3) | 4.6 | 34.6 |



Key statistics: Puebla

Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|--------|---------|
| Customer numbers ('000) | 240 | 224 |
| | 7.1% | 6.2% |
| Credit issued (£m) | 42.6 | 43.1 |
| | (7.9)% | 8.8% |
| Average customer receivables (£m) | 19.8 | 17.6 |
| | 5.2% | 37.5% |
| Revenue (£m) | 31.3 | 29.8 |
| | (2.0)% | 33.0% |
| Impairment (£m) | (11.0) | (15.3) |
| | 32.5% | (39.1)% |
| Revenue less impairment (£m) | 20.3 | 14.5 |
| | 29.8% | 27.2% |

% changes are shown at constant exchange rates



Key statistics: Guadalajara

Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|---------|----------|
| Customer numbers ('000) | 130 | 88 |
| | 47.7% | 114.6% |
| Credit issued (£m) | 24.8 | 15.0 |
| | 53.9% | 212.5% |
| Average customer receivables (£m) | 9.1 | 4.7 |
| | 79.1% | 327.3% |
| Revenue (£m) | 17.1 | 9.0 |
| | 75.8% | 350.0% |
| Impairment (£m) | (6.2) | (3.1) |
| | (82.3)% | (416.7)% |
| Revenue less impairment (£m) | 10.9 | 5.9 |
| | 72.4% | 321.4% |

% changes are shown at constant exchange rates



Romania

Year ended 31 December

| | 2008 £m | Pro forma 2007 £m | Change % | Change at CER % |
|------------------------------|--------------|-------------------------|---------------|-----------------------|
| Customer numbers ('000) | 85 | 33 | 157.6 | 157.6 |
| Credit issued | 33.5 | 9.2 | 264.1 | 244.1 |
| Average customer receivables | 11.9 | 3.1 | 283.9 | 262.3 |
| Revenue | 15.5 | 3.9 | 297.4 | 274.9 |
| Impairment | (4.0) | (0.5) | (700.0) | (667.9) |
| Revenue less impairment | 11.5 | 3.4 | 238.2 | 218.2 |
| Commission | (1.5) | (0.4) | (275.0) | (228.5) |
| Interest | (2.4) | (0.5) | (380.0) | (391.2) |
| Expenses | (15.4) | (6.7) | (129.9) | (118.5) |
| Loss before tax | (7.8) | (4.2) | (85.7) | (77.3) |



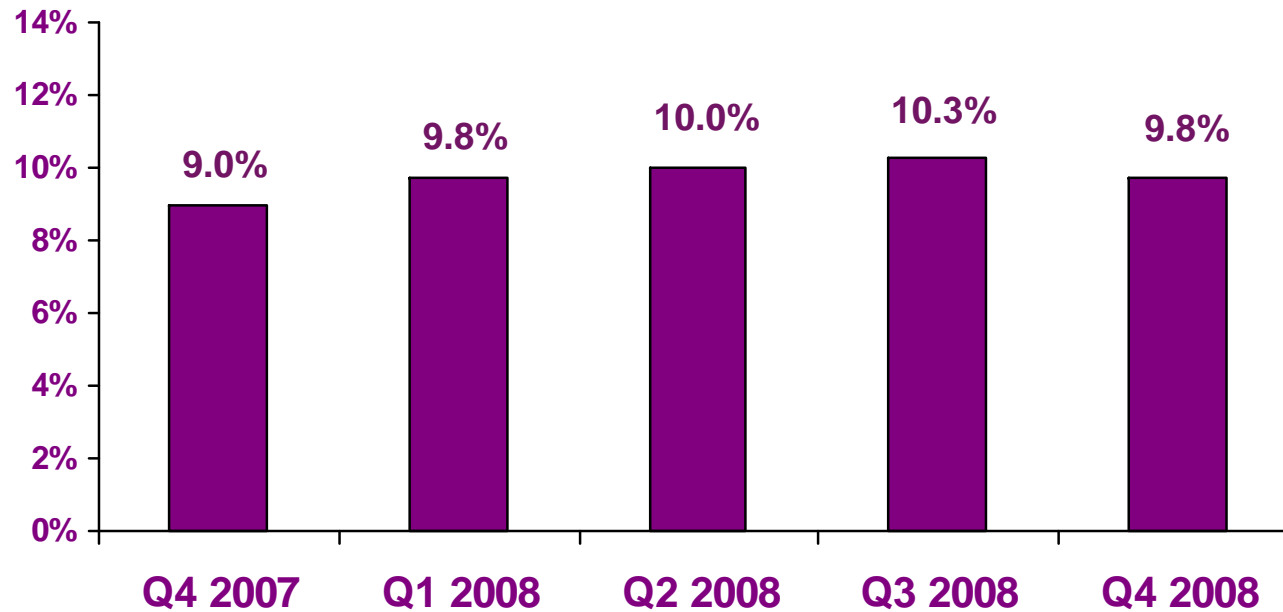
Key statistics: **Romania**

Year ended 31 December

| | 2008 | 2007 |
|-----------------------------------|-------|-------|
| Customer numbers ('000) | 85 | 33 |
| Credit issued (£m) | 33.5 | 9.2 |
| Average customer receivables (£m) | 11.9 | 3.1 |
| Revenue (£m) | 15.5 | 3.9 |
| Impairment (£m) | (4.0) | (0.5) |
| Revenue less impairment (£m) | 11.5 | 3.4 |



Romania: Gross cash loss





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