



---

**Annual Results Announcement  
for the year ended 31 December 2014**

---

<b>CONTENTS</b>	<b>PAGE</b>
Key highlights	3
Market overview	4
Performance overview	4
Strategy update – driving future growth	4
Regulation	7
Group operational performance	9
Segmental results	10
Exceptional items	10
Taxation	10
Funding and balance sheet	11
Dividend	11
Outlook	12
Operating review	
Poland and Lithuania	13
Czech Republic and Slovakia	14
Hungary	15
Romania and Bulgaria	16
Mexico	17
Consolidated income statement for the year ended 31 December	18
Statement of comprehensive income for the year ended 31 December	19
Balance sheet as at 31 December	20
Statement of changes in equity	21
Cash flow statement for the year ended 31 December	22
Notes to the financial information for the year ended 31 December	23
Information for shareholders	40
Contacts	41

**International Personal Finance plc**  
**Annual results announcement and statement of dividends**  
**Year ended 31 December 2014**

- **Strong underlying profit growth**
  - Strong underlying growth of £25.4M (21.5%) in profit before tax and exceptional items offset by additional new business investment of £9.0M and weaker FX rates of £11.0M
  - Profit before tax and exceptional items increased 5% to £123.5M
  - Costs well-managed and further improvement in efficiency with cost-income ratio 38.8% after absorbing new business costs
  - Impairment as a percentage of revenue in target range at 28.1%
  
- **Continued growth in customers and credit issued although slowed as Q4 progressed**
  - Year-on-year customer numbers and credit issued grew 2% and 5% respectively
  - Revenue for the year increased by 13%
  - Growth in the last weeks of the year below expectations
  
- **New products, channel developments and further geographic expansion will contribute to higher levels of growth in 2015 and beyond**
  - Licence to commence trading in Spain expected shortly
  - Further geographic expansion continues in Mexico, Lithuania and Bulgaria
  - Transformation for Growth (T4G) programme positively impacting business
  - Multiple new product and channel launches to broaden appeal to new and existing home credit customers
  
- **Digital business established**
  - Acquisition of MCB Finance Group plc (MCB) in February 2015 – an experienced, profitable digital consumer loans provider in five countries
  - hapiloans launched in Poland
  
- **Target capital ratio reduced and dividend pay-out ratio increased**
  - Target equity to receivables capital ratio reduced to 40% from 45%
  - Target dividend pay-out ratio increased to 35% from current 25%
  - Proposed full year dividend increase of 29% to 12.0 pence per share
  - €300M core Eurobond funding refinanced at significantly lower rate and £100M bank facilities renewed

Key stats	2014	2013	YOY change at CER
Customers (000s)	2,640	2,578	2.4%
Credit issued (£M)	1,022.0	1,050.8	4.7%
Revenue (£M)	783.2	746.8	12.7%
Impairment % revenue	28.1%	26.6%	(1.5) ppts
Cost-income ratio	38.8%	39.5%	0.7 ppts
PBT* (£M)	123.5	118.1	4.6%
Statutory PBT (£M)	100.2	130.5	
EPS* (pence)	38.0	35.5	
Statutory EPS (pence)	30.2	39.2	
Return on equity* (%)	23.6	22.9	

\* Before exceptional items - see page 10 for details on exceptional items

**Chief Executive Officer, Gerard Ryan, commented:**

"In 2014 we delivered strong underlying profit growth and invested in further expansion of our business and we now have operations in thirteen countries. We experienced a slowdown in growth in Europe in the final weeks of the year, but have taken action to address this and continue to launch new products to support future growth. We are also very pleased to have established our new digital business that we believe will broaden our appeal to a much wider customer base. In line with our commitment to focus on shareholder returns, we are happy to announce a 29% increase in our full-year dividend. Overall, we believe that the business is well placed to make good progress in 2015."

**Market overview**

There was good economic growth in all our markets in 2014 and the demand for consumer credit continues to grow. GDP forecasts are broadly positive for 2015, with growth expected to be similar to 2014 in most markets. We continue to monitor developments in the Eurozone and events in the Ukraine to assess the potential impact that they may have on the macroeconomic environment in our markets. Consumer confidence was relatively stable during the year although we have seen some reduction in some of our markets during the latter part of 2014.

In our European markets we are seeing an increase in competitive activity, with payday lenders and banks adopting high profile campaigns to buy share of voice and win market share. Poland and the Czech Republic stand out as our two most competitive markets from a pure home credit standpoint. In contrast, the competitive environment in Mexico's micro-finance sector is largely unchanged.

The rapid increase in mobile device usage is changing the way that customers access information and is supporting growth in the digital loans arena where there is a mix of established and relatively new businesses offering remote digital loans.

**Performance overview**

We delivered a record full year profit of £123.5M before tax and exceptional items with strong underlying profit growth of £25.4M (21.5%). This growth in underlying profit was offset by a £9.0M increase in our investments in new businesses and £11.0M from adverse FX movements. We also made significant progress against all four pillars of our strategy which will drive future growth.

We continued to increase customer numbers and credit issued but an increasingly competitive environment in our European markets resulted in lower-than-expected growth, particularly as we progressed through the fourth quarter. We have put in place a number of actions to reverse this recent slowdown and expect to deliver higher levels of customer and credit issued growth in 2015 by continuing to execute on the strategic initiatives launched in 2014.

**Strategy update - driving future growth**

We are focussed on delivering accelerated growth in our core agent-led business. There are substantial opportunities to expand our business in the medium and long-term through increasing our geographic footprint and building a broader portfolio of products and channels. We anticipate that this will, in turn, deliver further profitable growth and returns for our shareholders. We expect the progress made in 2014 will provide a robust platform to deliver faster growth in 2015 and beyond as initiatives are embedded in the business.

## **Expanding our footprint**

We are growing in existing markets and new markets, both organically and through acquisition.

We continue to see significant customer growth potential in Mexico. We now operate from 62 branches, two of which were opened in Mexico City in 2014. Mexico City performed in line with our expectations during the first 12 months of trading (we now serve 6,700 customers) and it is set for significant growth in 2015.

At the half year, we announced that our next new market will be Spain and we are on track to deliver our first loans to customers in Q2 once we have received authorisation from the Bank of Spain to trade as a financial credit entity. With a mainland population of around 44 million and significant potential demand from consumers for small sum loans, Spain represents another large growth opportunity for the Group. Investment in Spain in 2015 is expected to be around £8M and we are targeting break-even in 2018. We expect Spain to support a customer base of more than 400,000 at maturity.

The acquisition of MCB (see further comments below) brings us four new countries – Finland, Estonia, Latvia and Australia - as well as greatly increasing our presence in Lithuania.

## **New products**

We are broadening our product range to create a more competitive offering so as to appeal to a broader range of customers and retain existing customers.

Longer-term, higher value loans of up to 100 weeks and rewarding loyal customers with our preferential pricing offer have proven to be popular choices for our customers. In 2014, we extended our longer-term loan product to Hungary and Romania and we launched preferential pricing in Romania. Both offers have now been rolled out in all our established European markets and we plan to increase penetration of these products to high quality customers in 2015.

We are pleased by the performance of the second-stage pilot of our revised insurance offer in Hungary and a nationwide rollout is about to commence. Since April 2014, we have issued nearly 4,000 home policies with around half of these customers also choosing to take an optional family personal accident policy. Provident Plus (family life and medical assistance insurance cover) was rolled out in Mexico and more than 100,000 customers have taken up this offer since its introduction in July. The insurance risk associated with these products is assumed by our partners and has no impact on our balance sheet.

Following an initial successful pilot in Mexico, we launched a prepaid card in Slovakia to deliver our loans to customers following regulatory changes preventing the delivery of loans in cash. Customers have responded positively to the card and around 23,000 customers chose this delivery mechanism in Q4 2014. Prepaid cards form an important part of our strategy to develop longer-term relationships with our customers and we plan to roll this product out in all our markets during the coming year.

We launched our first monthly home credit loans to higher quality customers in Poland in October. For many of our customers who are paid monthly, this product better suits their lifestyle and financial rhythm. It also helps retain customers who may be looking to move from a weekly repayment format. The product has been promoted nationally on TV and we plan to launch it in all our established European markets during 2015.

We are expanding our home credit product set to target specific segments of customers so widening its appeal to more people. In Poland and the Czech Republic we introduced products with specific health and life cover benefits for our senior customers. In Poland and Mexico, we are testing a small business loan aimed at self-employed customers.

During the course of 2014, we developed a new core home credit product structure that we believe will appeal to a wider range of customers and meet their different needs. It offers enhanced clarity on pricing and additional optionality including payment flexibility for customers so making it a more competitive offering that is also expected to reduce potential regulatory risk.

### **New channels – digital hapiloans**

The development of a digital lending proposition is one of our key strategic priorities to reach new customer segments who want to borrow digitally and communicate remotely. The launch of our first fully digital business marked a major evolution for the Group.

We launched hapiloans in Poland in December to take advantage of growth in the digital credit market. hapiloans is an online provider of consumer loans that will appeal to those who want a digital-only service. New customers can borrow between 1,500PLN (£270) and 7,500PLN (£1,350) over three months to two year terms, and up to three years for repeat customers. Following the successful application of a loan, the funds are transferred directly to the customer's bank account. Fixed repayments are made monthly, good repayment behaviour is rewarded and there is forbearance flexibility for customers facing repayment difficulties. We have more than 1,000 customers and repayment performance during this entry phase is encouraging.

### **MCB**

In February 2015, we completed the acquisition of MCB for a total consideration of £23.8M. MCB is a profitable digital consumer finance provider which brings to the Group an experienced management team, expanded geographical footprint, new products, delivery channels and two brands, Credit24 and Sving. To date, MCB's growth has been constrained by its capital structure, but as part of our Group, it will benefit from the investment support and funding required to grow the business. In the coming months we will integrate hapiloans into MCB and commence plans for the rollout of this digital business in our existing markets. Our digital business will serve customers who do not wish to choose our home service model and who have a credit score which makes them eligible to receive a digital loan offer.

We expect the acquisition of MCB to be earnings accretive in 2015. We had previously guided that we expected to invest £5M to £10M in hapiloans in 2015; we continue to expect to invest at this level in our digital business with MCB offering the opportunity to accelerate the development of this division.

### **Transformation for Growth (T4G)**

Our global change programme, T4G, underpins the transformation of our core agent business model to deliver an improved customer experience and generate incremental profit opportunities. The programme is focussed on transforming the business into a multi-channel and multi-product, provider of financial products with a significantly more efficient service model.

Modernising our systems is key to delivering a more technology-enabled approach to serving our customers. In October 2014, we launched a real-time service on our customer-facing website in Poland to give consumers an instant in-principle credit decision which is then followed by a confirmatory agent visit. Early results from this change indicate higher conversion of online applications to leads for agents to progress. Our plan is to roll out this service to our other European markets in 2015.

Our global credit decision system, which uses credit bureaux data to improve lending decisions, was implemented in Poland in 2014. We also commenced a trial of the credit bureaux in Bulgaria and expect to extend this to the Czech Republic, Slovakia and Romania in 2015. The use of credit bureaux is already integrated in our credit decision making in Hungary, Mexico and Lithuania.

We continued to implement our ProXXI programme which aims to develop a growth focussed, entrepreneurial and technology-enabled workforce. The first-phase initiatives introducing tablet technology to Development Managers, segmenting and rewarding our teams for sustainable, profitable growth and removing non-value adding tasks were rolled out in Hungary, Poland, Romania and the Czech Republic, and are being progressed in Mexico and Slovakia. More than 1,800 Development Managers are now using tablet technology on a daily basis to access customer and business data, thus significantly reducing paperwork and freeing up time to spend developing their business and supporting their agents. We expect to roll out this programme across the remaining markets in 2015.

We expect to invest around £40M in T4G capital expenditure between 2014 and 2017. The income statement impact of this investment in 2015 to 2017 is expected to be offset by other cost savings and benefits from the programme. We are targeting T4G to add over £20M to profit before tax per annum from 2018.

## **Regulation**

Regulators in our European markets have become increasingly active conducting more reviews and introducing new regulations to govern the provision of consumer finance. Regulatory changes are part of our everyday operations and our experienced market teams maintain constructive relationships and dialogue with regulators and other external stakeholders. Whilst we have a good track record of evolving our products and services to meet new regulatory requirements, it is inevitable that we may experience some disruption when change occurs.

We are currently addressing regulatory matters in Slovakia, Poland and Hungary.

As reported in our interim results, a series of regulatory changes impacted our business in Slovakia. A cap on 'remuneration charges' became effective on 1 June 2014. In addition, a ban on the delivery of loans in cash and arrears visits to customers' homes was introduced which impacted our performance as we evolved alternative practices and processes that are convenient for our customers. We amended our product offer to comply with the remuneration cap and launched a prepaid card to deliver loans to customers which has been well-received.

In Poland, there has been no update on outstanding regulatory issues since we reported our Q3 Interim Management Statement. We still await parliamentary approval of the draft proposals published by the Ministry of Finance relating to caps on mandatory non-interest charges for credit and default charges and do not currently expect the legislation to become effective before Q1 2016. Our pricing of mandatory fees falls within the proposed cap.

We also continue to await a date for the court process to begin our appeal against the findings of UOKiK, the Polish Office of Consumer Protection, which in December 2013 stated that the way we calculate APR amounts to a collective infringement of consumer interests and subjected our Polish business to a PLN 12.4M fine. UOKiK is also reviewing the practices of a number of non-bank consumer credit providers in respect of the calculation of fees for loan products. We continue to believe that these matters will not materially impact the economics of our Polish business.

In January 2015, The National Bank of Hungary introduced a limit on the proportion of an individual's net income that may be spent servicing consumer credit (50% to 60% depending on income level). We have adapted our product offering to be compliant with the new regulations and we are monitoring the impact that this change will have on customer appetite for borrowing.



## Group operational performance

### Strong underlying growth of 21.5%

We delivered a full year profit of £123.5M before tax and exceptional items with strong underlying profit growth of £25.4M (21.5%) offset by £9.0M of additional new business investment costs and £11.0M from adverse FX movements. We also made significant progress against all four pillars of our strategy which will drive future growth.

Group results are set out below:

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	<b>2,640</b>	2,578	62	2.4	2.4
Credit issued	<b>1,022.0</b>	1,050.8	(28.8)	(2.7)	4.7
Average net receivables	<b>760.6</b>	710.0	50.6	7.1	15.2
Revenue	<b>783.2</b>	746.8	36.4	4.9	12.7
Impairment	<b>(220.0)</b>	(198.6)	(21.4)	(10.8)	(18.8)
	<b>563.2</b>	548.2	15.0	2.7	10.5
Finance costs	<b>(45.3)</b>	(49.0)	3.7	7.6	0.4
Agents' commission	<b>(90.8)</b>	(86.1)	(4.7)	(5.5)	(13.4)
Other costs	<b>(303.6)</b>	(295.0)	(8.6)	(2.9)	(9.5)
Profit before taxation and exceptional items	<b>123.5</b>	118.1	5.4	4.6	
Exceptional items	<b>(23.3)</b>	12.4	(35.7)		
<b>Statutory profit before taxation</b>	<b>100.2</b>	130.5	(30.3)		

We delivered a 2% increase in customer numbers to 2.6M and credit issued growth of 5%. This level of growth was lower than expected, particularly as we progressed through the fourth quarter. Our European markets faced a more challenging trading environment as competition intensified in Poland and the Czech Republic. Whilst we have adapted to the challenges faced, this increased competition, together with the regulatory changes in Slovakia, have impacted customer number growth, certain elements of collections behaviour and the growth in credit issued. Impairment also increased in some of our markets and we responded by selectively tightening certain credit settings.

We have implemented a number of actions including customer promotions and targeted credit easing to reverse the recent slower growth. This will be underpinned by geographic expansion, and new product and channel developments. We will also invest in marketing campaigns, align incentives to support growth and improve the productivity of our agency force.

Strong credit issued growth in 2013 and the first half of 2014 resulted in a 15% increase in average net receivables which, in turn, generated revenue growth of 13%. As expected we saw some contraction of revenue yields and anticipate that this will continue in 2015 as the proportion of customers taking larger and longer-term loans and preferentially priced loans increases. However, revenue is expected to continue its strong growth trend.

Credit quality is good. At 28.1%, Group impairment as a percentage of revenue is in line with our 2014 half year result and well within our target range of 25% to 30%. At the half year, we implemented selective credit tightening in the Czech Republic, Slovakia and Romania to reduce impairment which had increased above our target range. Whilst impairment is slightly above the range in Mexico, we are comfortable with this level.

We continued to manage costs tightly and our cost-income ratio improved year-on-year by a further 0.7 percentage points to 38.8% after absorbing £5.5M of further development costs in our new markets of Lithuania and Bulgaria and £3.5M of start-up costs for Spain and hapiloans. The cost-income ratio adjusted for the latter two new investments improved to 38.3%, a reduction of 1.2 percentage points on 2013. Central costs included MCB acquisition costs totalling £1.1M

We have materially lowered the cost of funding through the Eurobond refinancing. Finance costs were in line with 2013 with the benefit of the funding costs offset by higher borrowings to fund receivables growth and acquisitions. Agents' commission costs, which are based largely on collections in order to promote responsible lending, increased by 13% to £90.8M broadly in line with growth of the business.

### Segmental results

The following table demonstrates the strength of our underlying performance in each of our markets and highlights the impact of our investment in new businesses and weaker FX rates against sterling:

	<b>2014 reported profit £M</b>	Underlying profit movement £M	New business costs £M	Weaker FX rates £M	2013 reported profit £M
Poland-Lithuania	<b>71.0</b>	16.4	(3.8)	(3.9)	62.3
Czech-Slovakia	<b>24.3</b>	(4.7)	-	(3.5)	32.5
Hungary	<b>24.0</b>	6.3	-	(1.7)	19.4
Romania-Bulgaria	<b>4.9</b>	5.4	(3.2)	(0.4)	3.1
Mexico	<b>16.5</b>	3.5	-	(1.5)	14.5
Spain	<b>(2.0)</b>	-	(2.0)	-	-
UK costs	<b>(15.2)</b>	(1.5)	-	-	(13.7)
<b>Profit before taxation</b>	<b>123.5</b>	25.4	(9.0)	(11.0)	118.1

Weaker FX rates had a significant impact on reported profit in 2014. These currency headwinds have continued into 2015 and current FX rates are weaker than the effective rates used to translate profits in 2014.

Following the acquisition of MCB Finance and the launch of hapiloans, the Board is undertaking a review of the reporting segments that it will use to assess the Group's performance going forward. As the Group expands, we anticipate reporting by business line (Home Credit and Digital) and by geographic region, and we will provide further detail in due course.

### Exceptional items

The income statement includes an exceptional loss of £23.3M. This comprised a £22.6M premium incurred on the buyback of €190.2M (£152.5M at 30 June 2014) of existing 11.5% Eurobonds due 2015 and £0.7M of unamortised arrangement fees incurred following the refinancing of £100M of bank facilities due to mature in early 2015.

### Taxation

The taxation charge for the year on statutory pre-tax profit was £28.4M (2013: £34.9M) which equates to an effective rate of 28.3%. The underlying tax charge on pre-exceptional profit was £33.3M which represents an effective tax rate of 27%. The effective tax rate is expected to remain broadly at this level in 2015.

## **Funding and balance sheet**

We have a key objective of making the balance sheet work harder and we are making good progress against this. The successful refinancing initiatives in 2014 have reduced financial risk and the cost of our external financing. This, in turn, allows us to lower our target equity to receivables capital ratio and increase our dividend pay-out ratio, thus enhancing shareholder returns, whilst ensuring sufficient capital for future growth.

In H1 2014 we successfully refinanced our core Eurobond by completing the issue of a new €300M 7-year Eurobond with a coupon of 5.75%, which is half the rate of the existing 5-year 11.5% Eurobond issued in 2010; and also issued a new €40M 4-year Eurobond with a coupon of 4.25%. As part of this refinancing process, we bought back about 85% of our existing 11.5% Eurobonds due to mature in July 2015. In H2 2014 we renewed £100M of bank facilities due to mature in 2015. The new facilities mature in the second half of 2017.

We have a robust funding position with a lower-cost, balanced debt portfolio including a range of bonds across a number of currencies, wholesale and retail, with varying maturities including significant long-term funding (£335M 2020/21); and a range of bank facilities from a core group of banks with a good strategic and geographic fit. Our business continues to be strongly cash and capital generative and as we expand our business we expect to use a mix of funding sources, including retail and wholesale bond market funding, building on our successful track record in accessing those markets over the last two years.

With our interim results in July 2014, we announced a target equity to receivables capital ratio of 45%, with a £50M share buyback to re-set the ratio over time. At December 2014 we had bought back about £45M of shares, and the capital ratio was 47.5%.

We have now further reviewed our target capital ratio in the light of our new lower cost, longer term funding and our overall robust balance sheet position and strong profitability; and we have concluded that it is appropriate to further reduce the target capital ratio to 40%. This means that we need to retain a lower level of capital to fund our growth. We considered carrying out a further programme of annual share buybacks but concluded that removing additional liquidity from our stock was not helpful. We have decided therefore that it is appropriate to increase the target dividend pay-out ratio to approximately 35% of post-tax earnings, from the current level of 25%. Any actions to reduce the capital ratio will accommodate the future capital needs of the business for growth.

## **Dividend**

As a first step in moving to our new target pay-out ratio of 35% of earnings, and subject to shareholder approval, a final dividend of 7.8 pence per share will be payable which will bring the full year dividend to 12.0 pence per share (2013: 9.3 pence per share), an increase of 29% for the year. The full year dividend of 12.0 pence per share represents a total payment equivalent to approximately 32% of pre-exceptional post tax earnings for the full year 2014. The final dividend will be paid on 8 May 2015 to shareholders on the register at the close of business on 10 April 2015. The shares will be marked ex-dividend on 9 April 2015.

## **Outlook**

Our immediate focus is now on generating higher levels of customer and credit issued growth. We have implemented a number of growth focussed actions and these will be underpinned by the progress we made in 2014 on expanding our geographic footprint, launching new products and establishing our digital business, all of which will support the delivery of higher levels of customer and credit issued growth in 2015 and beyond. We have already seen the early signs of these actions bearing fruit. While there is a degree of uncertainty in the macroeconomic outlook, GDP forecasts in our markets are supportive of growth and the markets sectors that we operate in continue to exhibit attractive growth opportunities. Overall, we believe that the business is well placed to make good progress in 2015.

## Operating review

### Poland and Lithuania

Poland and Lithuania delivered good growth in receivables, controlled costs tightly and achieved a strong profit performance. Reported profit before tax increased 14% to £71.0M representing a strong underlying profit growth of £16.4M, offset by a £3.8M investment in growing our new Lithuanian business and developing hapiloans. In addition, adverse FX movements of £3.9M were absorbed.

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	848	841	7	0.8	0.8
Credit issued	372.7	380.4	(7.7)	(2.0)	3.2
Average net receivables	299.5	282.6	16.9	6.0	11.5
Revenue	308.8	295.7	13.1	4.4	9.9
Impairment	(84.2)	(84.3)	0.1	0.1	(4.6)
	224.6	211.4	13.2	6.2	12.0
Finance costs	(18.7)	(20.2)	1.5	7.4	2.1
Agents' commission	(33.8)	(30.0)	(3.8)	(12.7)	(18.2)
Other costs	(101.1)	(98.9)	(2.2)	(2.2)	(7.0)
<b>Profit before taxation</b>	<b>71.0</b>	<b>62.3</b>	<b>8.7</b>	<b>14.0</b>	
Poland - home credit	76.6	64.2	12.4	19.3	
Poland - hapiloans	(1.5)	-	(1.5)	-	
Lithuania	(4.1)	(1.9)	(2.2)	(115.8)	
<b>Profit before taxation</b>	<b>71.0</b>	<b>62.3</b>	<b>8.7</b>	<b>14.0</b>	

Following a strong first half performance, we faced more challenging trading conditions as levels of competition, particularly for share of voice from payday lenders, continued to increase. These factors contributed to a slowdown in growth, particularly as we approached the year end and we delivered a 1% increase in customer numbers to 848,000 and credit issued growth of 3%. Average net receivables increased by 12% generating revenue growth of 10%.

Credit quality in Poland and Lithuania is good and we delivered a 1.2 percentage point improvement in impairment as a percentage of revenue to 27.3% compared to 2013. We also benefited by £5.5M from the sale of non-performing receivables in the year.

We continued to manage costs tightly, whilst investing in Lithuania and hapiloans, and delivered a 0.7 percentage point improvement in the cost-income ratio to 32.7%.

In Lithuania, we achieved national coverage and are now serving approximately 7,000 customers. Nationwide marketing has been implemented to accelerate customer and credit issued growth in 2015.

Looking ahead, the competitive environment is likely to remain challenging but we plan to accelerate growth through increasing product choice and making it easier for customers to access our products. This will be achieved through a combination of new product offers and utilising new distribution channels including a monthly home credit service, loans to self-employed customers and enhancing sales through brokers, a growing sales channel for consumer lending in Poland. In Lithuania, we now have full market infrastructure in place and, using the lessons taken from Poland relating to product and channel innovation, we plan to deliver continued growth in customers and credit issued.

## Czech Republic and Slovakia

Our business in the Czech Republic and Slovakia faced a challenging year in 2014. We delivered modest growth in the first half of the year but difficult trading conditions, regulatory changes and strong competition impacted the business significantly resulting in a reduction in customer numbers and credit issued. This, in turn, led to reported profit before tax decreasing to £24.3M after absorbing a £3.5M adverse impact from weaker FX rates.

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	360	381	(21)	(5.5)	(5.5)
Credit issued	195.8	230.2	(34.4)	(14.9)	(6.9)
Average net receivables	158.8	161.7	(2.9)	(1.8)	7.7
Revenue	136.9	142.8	(5.9)	(4.1)	5.1
Impairment	(42.0)	(33.8)	(8.2)	(24.3)	(35.9)
	94.9	109.0	(14.1)	(12.9)	(4.4)
Finance costs	(8.1)	(9.5)	1.4	14.7	5.8
Agents' commission	(13.8)	(15.4)	1.6	10.4	2.1
Other costs	(48.7)	(51.6)	2.9	5.6	(2.3)
<b>Profit before taxation</b>	<b>24.3</b>	<b>32.5</b>	<b>(8.2)</b>	<b>(25.2)</b>	

In the Czech Republic, competition from other home credit operators, banks and the emergence of payday lenders intensified in the second half of the year whilst demand for consumer credit remained flat. In Slovakia, our team were faced with a number of regulatory changes, the disruptive effects of which proved longer-lived and more extensive than initially anticipated. In addition, we implemented selected credit tightening in both markets in Q4. As a result of these constraints on growth, customer numbers contracted 6% year-on-year to 360,000 and credit issued decreased by 7%.

This trading environment together with a collections performance that reflected the impact of the regulatory changes in Slovakia resulted in impairment as a percentage of revenue slightly above our target range in the third quarter. Our programme of credit tightening in Q4 2014 together with the implementation of incentives for field managers and agents aligned to collections performance has resulted in impairment as a percentage of revenue stabilising at 30.7%, as anticipated, ahead of its expected return to our target range in 2015.

We have a new management team in place that is working to return the business to growth. We are responding to the challenging trading environment and will seek growth in 2015 through the introduction of new products, investing in customer promotions, targeted marketing and improved lead management. Our growth strategy is also being supported by continued strong motivation of the sales force and a focus on improving portfolio quality.

## Hungary

We delivered another strong trading performance in Hungary with a 24% increase in profit before tax to £24.0M. Underlying profit grew by £6.3M before the £1.7M adverse impact of FX rates.

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	326	307	19	6.2	6.2
Credit issued	138.7	138.5	0.2	0.1	9.7
Average net receivables	106.5	97.3	9.2	9.5	19.9
Revenue	101.9	97.6	4.3	4.4	14.2
Impairment	(20.8)	(18.4)	(2.4)	(13.0)	(26.8)
	81.1	79.2	1.9	2.4	11.4
Finance costs	(6.7)	(7.5)	0.8	10.7	2.9
Agents' commission	(14.9)	(15.8)	0.9	5.7	(3.5)
Other costs	(35.5)	(36.5)	1.0	2.7	(5.0)
<b>Profit before taxation</b>	<b>24.0</b>	<b>19.4</b>	<b>4.6</b>	<b>23.7</b>	

During the year we focussed on sustainable growth in Hungary where credit quality is excellent. We continued to ease credit selectively and incentivise our field force for growth. Other highlights included the introduction of a 100-week product in Q1 2014 and the completion of our ProXXI programme roll-out. Together, these factors resulted in a 6% increase in customer numbers to a record 326,000 which, in turn, drove credit issued growth of 10%.

Revenue growth was slower than average net receivables growth due to increased sales of our preferential pricing offering.

Our collections performance was good and impairment as a percentage of revenue is 20.4%. This is well below our target range of 25% to 30% and indicates the scope to grow our Hungarian business further. We will continue our programme of controlled credit easing to capture profitable growth opportunities in 2015.

Costs have been tightly managed and the cost-income ratio improved by a further 2.6 percentage points to 34.8% in 2014.

The consumer credit market in Hungary is growing and competition from banks is likely to increase. We have excellent brand awareness in this market and will invest in TV and online marketing strategies to retain high consumer awareness levels and attract customers. We will also introduce new products and channels, and rolled out our home and personal accident insurance offer nationwide in January 2015. The new payment to income legislation in Hungary is likely to have some impact on business volumes as the markets adapts to the change. We have modified our product offering to be compliant with the new regulations and we are monitoring the impact that this change will have on customer appetite for borrowing.

## Romania and Bulgaria

Our business in Romania and Bulgaria increased profit before tax to £4.9M, including £2.7M generated from a non-performing debt sale. The underlying profit growth of £5.4M was offset by an additional £3.2M investment in the development of Bulgaria and a £0.4M adverse FX impact.

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	320	305	15	4.9	4.9
Credit issued	107.0	104.8	2.2	2.1	8.1
Average net receivables	70.4	60.8	9.6	15.8	22.9
Revenue	75.3	66.8	8.5	12.7	19.3
Impairment	(23.4)	(18.9)	(4.5)	(23.8)	(30.7)
	51.9	47.9	4.0	8.4	14.8
Finance costs	(4.4)	(4.8)	0.4	8.3	2.2
Agents' commission	(7.0)	(6.8)	(0.2)	(2.9)	(9.4)
Other costs	(35.6)	(33.2)	(2.4)	(7.2)	(12.7)
<b>Profit before taxation</b>	<b>4.9</b>	<b>3.1</b>	<b>1.8</b>	<b>58.1</b>	
Romania	10.5	5.6	4.9	87.5	
Bulgaria	(5.6)	(2.5)	(3.1)	(124.0)	
<b>Profit before taxation</b>	<b>4.9</b>	<b>3.1</b>	<b>1.8</b>	<b>58.1</b>	

Our investment to grow the branch infrastructure in Romania in 2013 together with selective credit easing and the roll-out of longer-term loans delivered strong growth in the first half of the year. While we were pleased with the sales growth achieved, it also resulted in impairment as a percentage of revenue rising above our target range of 25% to 30%. We implemented selective credit tightening in the second half of the year and this resulted in a softening of the rate of growth and taking the year as a whole, customer numbers increased 5% to 320,000 and credit issued grew by 8%. The strong increase in credit issued in 2013 and the first half of 2014 contributed to very strong growth in average net receivables of 23% and a 19% increase in revenue.

Our programme of selective credit tightening together with the impact of the non-performing debt sale delivered an improvement in impairment as a percentage of revenue of 1.2 percentage points since the half year to 31.1%. We will continue to monitor credit settings and introduce credit bureaux to target improved credit quality and expect to deliver impairment into our target range of 25% to 30% during the first half of 2015.

In Bulgaria, we continued our geographic expansion in 2014 with the opening of nine locations and we now serve 12,000 customers. Investment in 2015 is expected to be around £3.5M.

Our team managed costs very tightly and, excluding the £3.2M investment in Bulgaria, the Romanian business achieved a significant 5.6 percentage point improvement in the cost-income ratio to 40.3% year-on-year.

Customer growth remains at the heart of our strategy and will be driven by enhanced acquisition channels and further developing the sales capability of our field force. We will also accelerate growth in customers and credit issued in Bulgaria as the business becomes well-established and reaches national coverage.



## Mexico

Mexico delivered another good performance and continued on its path to deliver MXN \$660 profit per customer in 2015. Strong growth delivered an increase in profit per customer from MXN \$416 in 2013 to MXN \$477. In those branches which have been open for at least two years, we delivered a 30% increase in profit per customer to MXN \$543, indicating the degree of operating leverage that we can obtain from maturing infrastructure. Reported profit increased 14% to £16.5M and underlying profit grew by £3.5M before absorbing £1.5M as a result of weaker FX rates.

	2014 £M	2013 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	786	744	42	5.6	5.6
Credit issued	207.8	196.9	10.9	5.5	15.7
Average net receivables	125.4	107.6	17.8	16.5	27.6
Revenue	160.3	143.9	16.4	11.4	21.9
Impairment	(49.6)	(43.2)	(6.4)	(14.8)	(25.6)
	110.7	100.7	10.0	9.9	20.3
Finance costs	(7.2)	(7.0)	(0.2)	(2.9)	(12.5)
Agents' commission	(21.3)	(18.1)	(3.2)	(17.7)	(28.3)
Other costs	(65.7)	(61.1)	(4.6)	(7.5)	(17.3)
<b>Profit before taxation</b>	<b>16.5</b>	<b>14.5</b>	<b>2.0</b>	<b>13.8</b>	

We increased customer numbers by 6% to 786,000 and credit issued by 16% driven, in part, by further expansion of our geographic footprint.

Substantially all of our branches in Mexico have implemented our new credit settings and this controlled credit easing together with offering higher value loans contributed to very strong growth in average net receivables and revenue of 28% and 22% respectively.

Impairment as a percentage of revenue was slightly above our target range at 30.9%. We are comfortable with this level of impairment in Mexico given the mix of new and repeat customers in this growing market.

In addition to investment in geographical expansion, our team in Mexico managed costs well which resulted in a further 1.5 percentage point improvement in the cost-income ratio to 41.0%. Agents' commission costs increased at a faster rate than revenue reflecting our strategy of agent segmentation and paying higher performance-based commission levels to our best quality agents.

In 2015, our focus will be on growing our Mexico business to reach MXN \$660 profit per customer target. To reach more customers, we plan to expand further with three branch openings, continue growth in Mexico City, and increase the size of our agency force. This will be supported by an evolving product suite which will deepen customer relationships through our Provident Plus insurance offer, prepaid cards and a new business loan proposition for self-employed customers.

## International Personal Finance plc

### Consolidated income statement for the year ended 31 December

	Notes	2014 £M	2013 £M
Revenue	4	783.2	746.8
Impairment	4	(220.0)	(198.6)
<b>Revenue less impairment</b>		<b>563.2</b>	<b>548.2</b>
Finance costs		(45.3)	(49.0)
Other operating costs		(120.0)	(112.5)
Administrative expenses		(274.4)	(268.6)
<b>Total costs</b>		<b>(439.7)</b>	<b>(430.1)</b>
<b>Profit before taxation and exceptional items</b>	4	<b>123.5</b>	118.1
Exceptional items	8	(23.3)	12.4
<b>Profit before taxation</b>	4	<b>100.2</b>	130.5
Tax income – UK		2.5	1.2
Tax expense – overseas		(30.9)	(36.1)
Total tax expense	5	(28.4)	(34.9)
<b>Profit after taxation attributable to owners of the Company</b>		<b>71.8</b>	95.6

The profit for the period is from continuing operations.

#### Earnings per share - statutory

	Notes	2014 pence	2013 pence
Basic	6	30.2	39.2
Diluted	6	29.4	38.1

#### Earnings per share – adjusted for exceptional items

	Notes	2014 pence	2013 pence
Basic	6	38.0	35.5

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

## Statement of comprehensive income for the year ended 31 December

	2014 £M	2013 £M
<b>Profit after taxation attributable to owners of the Company</b>	<b>71.8</b>	95.6
<b>Other comprehensive (expense)/income</b>		
Items that may subsequently be reclassified to income statement:		
Exchange losses on foreign currency translations	(42.3)	(3.9)
Net fair value gains/(losses) – cash flow hedges	1.1	(0.5)
Tax (charge)/credit on items that may be reclassified	(0.2)	0.3
Items that will not subsequently be reclassified to income statement:		
Actuarial (losses)/gains on retirement benefit obligation	(1.5)	1.9
Tax credit/(charge) on items that will not be reclassified	0.3	(0.4)
<b>Other comprehensive expense net of taxation</b>	<b>(42.6)</b>	(2.6)
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>29.2</b>	93.0

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

## Balance sheet as at 31 December

	Notes	2014 £M	2013 £M
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	10.1	1.8
Property, plant and equipment	10	28.2	28.8
Deferred tax assets	11	73.7	65.2
		<b>112.0</b>	<b>95.8</b>
<b>Current assets</b>			
Amounts receivable from customers			
- due within one year		723.9	739.1
- due in more than one year		36.6	45.7
	12	<b>760.5</b>	<b>784.8</b>
Derivative financial instruments	14	5.8	6.5
Cash and cash equivalents		68.8	24.6
Other receivables		14.1	14.4
Current tax assets		1.6	1.3
		<b>850.8</b>	<b>831.6</b>
<b>Total assets</b>		<b>962.8</b>	<b>927.4</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	13	(73.7)	(14.4)
Derivative financial instruments	14	(2.7)	(3.7)
Trade and other payables		(95.3)	(102.8)
Current tax liabilities		(22.9)	(25.6)
		<b>(194.6)</b>	<b>(146.5)</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	15	(2.0)	(0.9)
Borrowings	13	(404.6)	(386.1)
		<b>(406.6)</b>	<b>(387.0)</b>
<b>Total liabilities</b>		<b>(601.2)</b>	<b>(533.5)</b>
<b>Net assets</b>		<b>361.6</b>	<b>393.9</b>
<b>Equity attributable to owners of the Company</b>			
Called-up share capital		24.0	24.0
Other reserve		(22.5)	(22.5)
Foreign exchange reserve		(32.5)	9.8
Hedging reserve		0.4	(0.5)
Own shares		(43.1)	(3.0)
Capital redemption reserve		1.7	1.7
Retained earnings		433.6	384.4
<b>Total equity</b>		<b>361.6</b>	<b>393.9</b>

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

## Statement of changes in equity

	Called-up share capital	Other reserve	Other reserves *	Retained earnings	Total equity
	£M	£M	£M	£M	£M
At 1 January 2013	24.9	(22.5)	9.7	363.7	375.8
Comprehensive income:					
Profit after taxation for the year	-	-	-	95.6	95.6
Other comprehensive (expense)/income:					
Exchange losses on foreign currency translation	-	-	(3.9)	-	(3.9)
Net fair value losses – cash flow hedges	-	-	(0.5)	-	(0.5)
Actuarial gains on retirement benefit obligation	-	-	-	1.9	1.9
Tax credit/(charge) on other comprehensive income	-	-	0.3	(0.4)	(0.1)
Total other comprehensive (expense)/income	-	-	(4.1)	1.5	(2.6)
Total comprehensive (expense)/income for the year	-	-	(4.1)	97.1	93.0
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	5.2	5.2
Deferred tax on share-based payment transactions	-	-	-	0.3	0.3
Own shares acquired	(0.9)	-	0.9	(60.0)	(60.0)
Shares granted from employee trust	-	-	1.5	(1.5)	-
Dividends paid to Company shareholders	-	-	-	(20.4)	(20.4)
At 31 December 2013	24.0	(22.5)	8.0	384.4	393.9
<b>At 1 January 2014</b>	<b>24.0</b>	<b>(22.5)</b>	<b>8.0</b>	<b>384.4</b>	<b>393.9</b>
Comprehensive income:					
Profit after taxation for the year	-	-	-	71.8	71.8
Other comprehensive (expense)/income:					
Exchange losses on foreign currency translation	-	-	(42.3)	-	(42.3)
Net fair value gains – cash flow hedges	-	-	1.1	-	1.1
Actuarial losses on retirement benefit obligation	-	-	-	(1.5)	(1.5)
Tax (charge)/credit on other comprehensive income	-	-	(0.2)	0.3	0.1
Total other comprehensive expense	-	-	(41.4)	(1.2)	(42.6)
Total comprehensive (expense)/income for the year	-	-	(41.4)	70.6	29.2
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	7.5	7.5
Deferred tax on share-based payment transactions	-	-	-	(0.7)	(0.7)
Own shares acquired	-	-	(45.1)	(0.3)	(45.4)
Shares granted from treasury and employee trust	-	-	5.0	(5.0)	-
Dividends paid to Company shareholders	-	-	-	(22.9)	(22.9)
<b>At 31 December 2014</b>	<b>24.0</b>	<b>(22.5)</b>	<b>(73.5)</b>	<b>433.6</b>	<b>361.6</b>

\* Includes foreign exchange reserve, hedging reserve, capital redemption reserve and amounts paid to acquire shares held in treasury and by employee trust.

## Cash flow statement for the year ended 31 December

	2014 £M	2013 £M
<b>Cash flows from operating activities</b>		
Cash generated from operating activities	121.7	84.2
Finance costs paid	(43.0)	(47.0)
Income tax paid	(44.8)	(38.5)
<b>Net cash generated from/(used in) operating activities</b>	<b>33.9</b>	<b>(1.3)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(11.6)	(13.9)
Proceeds from sale of property, plant and equipment	0.3	0.6
Purchases of intangible assets	(9.3)	-
<b>Net cash used in investing activities</b>	<b>(20.6)</b>	<b>(13.3)</b>
<b>Net cash generated from/(used in) operating and investing activities</b>	<b>13.3</b>	<b>(14.6)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	289.3	142.4
Repayment of borrowings	(190.1)	(47.4)
Dividends paid to Company shareholders	(22.9)	(20.4)
Acquisition of own shares	(45.4)	(60.0)
Cash received on share options exercised	0.9	0.7
<b>Net cash generated from financing activities</b>	<b>31.8</b>	<b>15.3</b>
<b>Net increase in cash and cash equivalents</b>	<b>45.1</b>	<b>0.7</b>
Cash and cash equivalents at beginning of year	24.6	24.2
Exchange losses on cash and cash equivalents	(0.9)	(0.3)
<b>Cash and cash equivalents at end of year</b>	<b>68.8</b>	<b>24.6</b>

## Notes to the financial information for the year ended 31 December 2014

### 1. Basis of preparation

The financial information, which comprises the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes, is derived from the full Group Financial Statements for the year ended 31 December 2014, which have been prepared in accordance with European Union endorsed International Financial Reporting Standards ('IFRSs') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. It does not constitute full Financial Statements within the meaning of section 434 of the Companies Act 2006. This financial information has been agreed with the auditor for release.

Statutory Financial Statements for the year ended 31 December 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's annual general meeting. The auditors have reported on those Financial Statements: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly they continue to adopt the going concern basis in preparing this financial information (see note 21 for further details).

The accounting policies used in completing this financial information have been consistently applied in all periods shown. These accounting policies are detailed in the Group's Financial Statements for the year ended 31 December 2014 which can be found on the Group's website ([www.ipfin.co.uk](http://www.ipfin.co.uk)).

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2014 but do not have any impact on the Group:

- Annual improvements to IFRSs: 2011-2013 cycle;
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment entities';
- IAS 19 (amendment) 'Defined benefit plans: employee contributions';
- IAS 32 (amendment) 'Offsetting financial assets and financial liabilities';
- IAS 36 (amendment) 'Recoverable amount disclosures for non-financial assets';
- IAS 39 (amendment) 'Novation of derivatives and continuation of hedge accounting'; and
- IFRIC 21 'Levies'.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 1. Basis of preparation (continued)

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- IFRS 9 'Financial instruments'. This standard replaces IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and will affect the Group's accounting for its financial assets. The mandatory implementation date for this standard is 1 January 2018 however it has not yet been endorsed by the European Union. The Group is in the process of assessing IFRS 9's full impact;
- Amendments to IFRS 10 and IAS 28 'Sale or contribution of assets between an investor and its associate or joint venture';
- IFRS 11 (amendment) 'Accounting for acquisitions of interests in joint operations';
- IFRS 14 'Regulatory deferral accounts';
- IFRS 15 'Revenue from contracts with customers';
- Amendments to IAS 16 and IAS 38 'Clarification of acceptable methods of depreciation and amortisation';
- Amendments to IAS 16 and IAS 41 'Agriculture: bearer plants';
- IAS 27 'Equity method in separate financial statements; and
- Annual improvements to IFRSs: 2012-2014 cycle.

### 2. Principal risks and uncertainties

In accordance with the Companies Act 2006, a description of the principal risks (and the mitigating factors in place in respect of these) is included below. Effective management of risks, uncertainties and opportunities is critical to our business in order to deliver long-term shareholder value and protect our people, assets and reputation. In 2014, we continued to face a challenging external environment, particularly from changing regulation and competition. Internally, we have embedded our operational governance framework and improved our risk management process to ensure the business continues to operate within the Board-approved levels of risk appetite. The effectiveness of operating these processes is monitored by the Audit and Risk Committee.



## Notes to the financial information for the year ended 31 December 2014 (continued)

### 2. Principal risks and uncertainties (continued)

The risks facing the business by risk category are:

Risk category	Definition	Risks	Description
MARKET CONDITIONS	The risk that we cannot identify, respond to, comply with or take advantage of external market conditions.	<ul style="list-style-type: none"> <li>• Regulatory*</li> <li>• Competition and product proposition*</li> <li>• Funding*</li> <li>• Interest rate*</li> <li>• Currency*</li> <li>• Counterparty*</li> <li>• Taxation*</li> <li>• World economic environment*</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Adapting to competitive environment</li> <li>• Funding availability to meet business needs</li> <li>• Market volatility impacting performance and asset values</li> <li>• Loss of banking partner</li> <li>• Changes to, or interpretation of, tax legislation</li> <li>• Adapting to economic conditions</li> </ul>
STAKEHOLDER	The risk that key stakeholders take a negative view of the business either as a direct result of our actions or inability to effectively manage their perception of the Group.	<ul style="list-style-type: none"> <li>• Reputation*</li> <li>• Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Maintenance of customer service standards</li> </ul>
OPERATIONAL	The risk of unacceptable losses as a result of inadequacies or failures in our internal core processes, systems or people behaviours.	<ul style="list-style-type: none"> <li>• Credit*</li> <li>• Safety*</li> <li>• People*</li> <li>• Service disruption and information security*</li> <li>• Financial and performance reporting</li> <li>• Technology</li> <li>• Business Operations</li> <li>• Fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Customers fail to repay</li> <li>• Harm to our agents/people</li> <li>• Quantity/calibre of people</li> <li>• Recoverability and security of systems and processes</li> <li>• Failure of financial reporting systems</li> <li>• Maintenance of effective technology</li> <li>• Effective operation of business model</li> <li>• Theft or fraud loss</li> </ul>
BUSINESS DEVELOPMENT	The risk that our earnings are impacted adversely by a sub-optimal business strategy or the sub-optimal implementation of that strategy, both due to internal or external factors.	<ul style="list-style-type: none"> <li>• New market and acquisition</li> <li>• Change Management*</li> <li>• Brand</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of our footprint and operations</li> <li>• Delivery of strategic initiatives</li> <li>• Strength of our customer brand</li> </ul>

\* Risks currently considered as the key risks facing the Group by the Audit and Risk Committee.

As at the year end, the Audit and Risk Committee considered that there are 14 key risks which require ongoing focus (noted with asterisks in the table above). Nine of these are considered to be the principal risks and uncertainties facing the Group.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 2. Principal risks and uncertainties (continued)

**Key:** Risk environment improving ↑ Risk environment stable ↔ Risk environment worsening ↓

Risk	Relevance	Mitigation	Commentary
<p><b>REGULATORY</b></p> <p>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, or an external party interpreting these in a different way.</p> <p><b>Objective</b></p> <p>We aim to ensure that effective arrangements are in place to enable us to comply with legal and regulatory obligations and take assessed and fully informed commercial risks.</p>	<p>We must ensure we operate in compliance with all applicable legal and regulatory requirements.</p> <p>We must keep up to speed with regulatory developments to ensure we can remain competitive and provide value for our customers.</p> <p>Changes in regulation or differences in interpretation can lead to challenge of our products/practices.</p>	<p>We have highly skilled and experienced legal and public affairs teams at Group level and in each of our markets.</p> <p>Expert third party advisors are used where necessary. Strong relationships are maintained with regulators and other stakeholders.</p> <p>Co-ordinated legal and public affairs teams, at a Group level and in each market, monitor political, legislative and regulatory developments.</p>	<p>↓</p> <p><b>Lead Responsibility: Chief Financial Officer</b></p> <p>A number of legislative and regulatory changes continue to be proposed and debated, particularly in Europe.</p> <p>The Group is currently subject to some challenges over its interpretation of regulation.</p> <p>We continue to maintain constructive relationships with regulators and opinion formers.</p>
<p><b>COMPETITION AND PRODUCT PROPOSITION</b></p> <p>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.</p> <p><b>Objective</b></p> <p>We aim to ensure we understand competitive threats and deliver customer focussed products to drive growth.</p>	<p>In an environment of increasing competition and broadening customer choice (including digital offerings), ensuring our product meets customers' needs is critical to deliver growth.</p>	<p>Regular monitoring of competitors and their offerings in our markets.</p> <p>Competitor advertising and share of voice monitored.</p> <p>Regular surveys of customer views on our product offerings.</p> <p>Product development committees established across the Group to manage product change and introduce new products.</p>	<p>↓</p> <p><b>Lead Responsibility: Chief Executive Officer</b></p> <p>Competition continues to increase.</p> <p>Our Strategy for Growth includes ongoing initiatives designed to improve product offerings, customer engagement and our ability to respond quickly to meet their needs.</p> <p>Process to diversify portfolio underway through introduction of hapiloans and acquisition of MCB Finance.</p>
<p><b>REPUTATION</b></p> <p>We suffer financial or reputational damage due to our methods of operation, ill-informed comment or malpractice.</p> <p><b>Objective</b></p> <p>We aim to promote a positive reputation that will enable the Group to achieve its strategic aims.</p>	<p>Our reputation can have an impact on both customer sentiment and the engagement of key stakeholders.</p>	<p>Group Reputation and Regulation Committee.</p> <p>Clearly defined corporate values and ethical standards which are communicated throughout the organisation.</p> <p>External monitoring of reputation.</p>	<p>↔</p> <p><b>Lead Responsibility: Chief Executive Officer</b></p> <p>Our businesses continue to achieve awards for ethical and effective operations.</p> <p>In light of the regulatory challenges being faced, we continue to communicate our position to investors and other key stakeholders.</p>

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 2. Principal risks and uncertainties (continued)

**Key:** Risk environment improving ↑ Risk environment stable ↔ Risk environment worsening ↓

Risk	Relevance	Mitigation	Commentary
<p><b>SAFETY</b></p> <p>The risk of personal accident or assault of our agents or employees.</p> <p><b>Objective</b></p> <p>We aim to maintain adequate arrangements that reduce the risks to be as low as is reasonably practicable.</p>	<p>A significant element of our business model involves our agents and employees interacting with our customers in their homes or travelling to numerous locations daily.</p> <p>Their safety is paramount to us and we strive to ensure that our agents and employees can carry out their work without risk of harm.</p>	<p>Group and market loss prevention committees and annual safety survey.</p> <p>Bi-annual risk mapping for each agency including mitigation planning and field safety training.</p> <p>Annual self-certification of safety compliance by managers.</p> <p>Quarterly branch safety meetings.</p> <p>Role-specific training and competence matrix.</p> <p>Safety management systems based on internationally recognised standards.</p>	<p>↔</p> <p><b>Lead Responsibility: Chief Commercial Officer</b></p> <p>We continued to make progress in our safety management systems throughout 2014.</p> <p>Safety continues to be a significant area of focus for the Group.</p>
<p><b>PEOPLE</b></p> <p>Our strategy is impacted due to 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.</p> <p><b>Objective</b></p> <p>We will have sufficient depth of personnel to ensure we can meet our growth objectives.</p>	<p>Our Strategy for Growth includes plans to expand our footprint both in existing and new markets.</p> <p>In order to achieve this growth we must continue to attract, retain and reward the right people.</p>	<p>People and Organisational Planning process operating throughout the Group.</p> <p>Group-wide personal development review process and continuous development through tools such as 360 feedback and targeted leadership programmes.</p> <p>Periodic employee and agent engagement surveys and improvement plans.</p> <p>Group standard employee competency framework aligned to Strategy for Growth.</p>	<p>↑</p> <p><b>Lead Responsibility: Chief Executive Officer</b></p> <p>Our succession and development processes ensure plans to develop key individuals are in place.</p> <p>Employee and agent retention was stable in 2014.</p> <p>Our people strategy focusses on creating a culture of high engagement, identifying and nurturing talent and empowering people.</p>

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 2. Principal risks and uncertainties (continued)

**Key:** Risk environment improving ↑ Risk environment stable ↔ Risk environment worsening ↓

Risk	Relevance	Mitigation	Commentary
<p><b>SERVICE DISRUPTION AND INFORMATION SECURITY</b></p> <p>We suffer losses or fail to optimise profitable growth due to a failure of our systems, suppliers or processes, or due to the loss or theft of sensitive information.</p> <p><b>Objective</b></p> <p>We aim to maintain adequate arrangements and controls that reduce the threat of service disruption and the risk of data loss to as low as is reasonably practicable.</p>	<p>Globally we have 2.6M customers and we record, update and maintain data for each of them on a weekly basis.</p> <p>The availability of this data, and the continued operation of our systems and processes, are essential to the effective operation of our business and the security of our customer information.</p>	<p>Agreed standard operating procedures for handling, transmitting and storing information, supported by formal training arrangements.</p> <p>Core head-office based systems operate in a virtualised environment and are supported by service level agreements.</p> <p>Agreed and tested business continuity plan for all branches and head office functions.</p> <p>Business Impact Assessments performed at least every two years.</p> <p>Group and market level governance committees that oversee our service disruption and information security arrangements.</p>	<p>↔</p> <p><b>Lead Responsibility: Chief Commercial Officer</b></p> <p>We have developed management systems based on ISO standards.</p> <p>We continue to enhance our systems and processes to ensure customer and business data is as secure as practicable and that any disruption to the business is minimised.</p> <p>Information security capability was further enhanced including implementation of various technical solutions and bolstering of the skills base across the Group.</p>
<p><b>TAXATION</b></p> <p>We suffer additional taxation or financial penalties associated with failure to comply with tax legislation or adopting an interpretation of the law which cannot be sustained.</p> <p><b>Objective</b></p> <p>We aim to generate shareholder value through effective management of tax whilst acting as a good corporate citizen.</p>	<p>In a backdrop of increasing fiscal challenges for most economies, many authorities are turning to corporate taxpayers to increase revenues, either via taxation reforms or through changes to interpretations of existing legislation.</p>	<p>Binding rulings or clearances obtained from authorities where appropriate.</p> <p>External advisors used for all material tax transactions.</p> <p>Qualified and experienced tax teams at Group level and in market.</p>	<p>↔</p> <p><b>Lead Responsibility: Chief Financial Officer</b></p> <p>We continue to ensure our interpretation of taxation legislation is defensible through maintaining a strong governance framework, ensuring each mature market and Group employs tax professionals, and taking external advice where relevant.</p> <p>Tax audits are currently being undertaken in Poland and Mexico (see note 5).</p>

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 2. Principal risks and uncertainties (continued)

Key:	Risk environment improving ↑	Risk environment stable ↔	Risk environment worsening ↓
<p><b>Risk</b> <b>CHANGE MANAGEMENT</b> We suffer losses or fail to optimise profitable growth due to a failure to manage change in an effective manner.</p> <p><b>Objective</b> We aim to effectively manage the design, delivery and benefits realisation of major global change initiatives and deliver according to requirements, budgets and timescales.</p>	<p><b>Relevance</b> Our global change programme, T4G, is key to delivering our Strategy for Growth. Effective management of the initiatives within this programme is essential.</p>	<p><b>Mitigation</b> Executive Director and Country Manager level prioritisation of key initiatives. Standard project management methodology principles defined. Governance structure in place to oversee ongoing change at Group and market levels.</p>	<p><b>Commentary</b> ↑ <b>Lead Responsibility: Chief Commercial Officer</b> Our change programme is now in flight and we have successfully delivered key initial technologies. We are actively working with our IT partner to help us deliver a more technology-enabled approach to serving our customers.</p>
<p><b>Risk</b> <b>WORLD ECONOMIC ENVIRONMENT</b> We suffer financial loss as a result of a failure to identify and adapt to changing economic conditions adequately.</p> <p><b>Objective</b> We aim to have business processes which allow us to respond to changes in economic conditions and optimise business performance.</p>	<p><b>Relevance</b> Changes in economic conditions have a direct impact on our customers' ability to make repayments.</p>	<p><b>Mitigation</b> Treasury and Credit Committees review economic indicators. Daily monitoring of economic, political and national news briefings. Strong, long-term customer relationships inform us of individual customer circumstances.</p>	<p><b>Commentary</b> ↔ <b>Lead Responsibility: Chief Financial Officer</b> There were good macroeconomic conditions in our markets in 2014 but forecasts moderated during the year. GDP growth forecasts for 2015 are positive.</p>

### 3. Related parties

The Group has not entered into any material transactions with related parties during the year ended 31 December 2014.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 4. Segmental analysis

Geographical segments

	2014 £M	2013 £M
<b>Revenue</b>		
Poland-Lithuania	308.8	295.7
Czech-Slovakia	136.9	142.8
Hungary	101.9	97.6
Mexico	160.3	143.9
Romania-Bulgaria	75.3	66.8
	<b>783.2</b>	746.8
<b>Impairment</b>		
Poland-Lithuania	84.2	84.3
Czech-Slovakia	42.0	33.8
Hungary	20.8	18.4
Mexico	49.6	43.2
Romania-Bulgaria	23.4	18.9
	<b>220.0</b>	198.6
<b>Profit before taxation</b>		
Poland-Lithuania	71.0	62.3
Czech-Slovakia	24.3	32.5
Hungary	24.0	19.4
Mexico	16.5	14.5
Romania-Bulgaria	4.9	3.1
Spain	(2.0)	-
UK costs*	(15.2)	(13.7)
<b>Profit before taxation – pre-exceptional items</b>	<b>123.5</b>	118.1
Exceptional items	(23.3)	12.4
<b>Profit before taxation</b>	<b>100.2</b>	130.5

\*Although UK costs are not classified as a separate segment in accordance with IFRS 8 'Operating segments', they are shown separately above in order to provide a reconciliation to profit before taxation.

Notes to the financial information for the year ended 31 December 2014 (continued)

4. Segmental analysis (continued)

	2014 £M	2013 £M
<b>Segment assets</b>		
Poland-Lithuania	322.0	339.9
Czech-Slovakia	176.0	190.0
Hungary	120.0	127.2
Mexico	183.3	160.9
Romania-Bulgaria	72.8	73.0
Spain	1.1	-
UK	87.6	36.4
	<b>962.8</b>	<b>927.4</b>
<b>Segment liabilities</b>		
Poland-Lithuania	135.9	102.7
Czech-Slovakia	121.7	120.6
Hungary	56.5	58.9
Mexico	134.7	110.2
Romania-Bulgaria	40.7	40.3
Spain	1.7	-
UK	110.0	100.8
	<b>601.2</b>	<b>533.5</b>
<b>Capital expenditure</b>		
Poland-Lithuania	2.9	1.5
Czech-Slovakia	1.4	0.9
Hungary	1.2	2.6
Mexico	3.1	1.2
Romania-Bulgaria	0.6	0.8
Spain	0.2	-
UK	2.2	6.9
	<b>11.6</b>	<b>13.9</b>
<b>Depreciation</b>		
Poland-Lithuania	1.4	1.4
Czech-Slovakia	1.2	1.2
Hungary	1.6	1.5
Mexico	1.1	1.0
Romania-Bulgaria	0.7	0.7
Spain	-	-
UK	4.3	3.8
	<b>10.3</b>	<b>9.6</b>

The segments shown above are the segments for which management information is presented to the Board which is deemed to be the Group's chief operating decision maker. The Board considers the business from a geographic perspective. Following the acquisition of MCB Finance and the launch of hapiloans, the Board is undertaking a review of the reporting segments that it will use to assess the Group's performance going forward. As the Group expands, we anticipate reporting by business line (Home Credit and Digital) and by geographic region, and we will provide further detail in due course.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 5. Tax expense

The taxation charge for the year on statutory pre-tax profit is £28.4M (2013: £34.9M) which equates to an effective rate of 28.3% (2013: 26.7%). Excluding exceptional items the effective tax rate was 27.0% (2013: 27.0%). The effective tax rate is expected to remain broadly at this level in 2015.

Currently we have tax audits ongoing in Poland and Mexico. While such proceedings are by their nature uncertain, we do not at this stage, expect them to have a material impact on the tax charge when they are concluded.

### 6. Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to shareholders of £71.8M (2013: £95.6M) by the weighted average number of shares in issue during the period of 237.6M (2013: 244.0M) which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust.

For diluted EPS, the weighted average number of IPF plc ordinary shares in issue is adjusted to 244.4M to assume conversion of all dilutive potential ordinary share options relating to employees of the Group (2013: adjusted to 251.1M).

	2014 pence	2013 pence
Basic EPS	30.2	39.2
Dilutive effect of awards	(0.8)	(1.1)
<b>Diluted EPS</b>	<b>29.4</b>	<b>38.1</b>

The adjusted earnings per share, of 38.0 pence (2013: 35.5 pence), shown in the financial highlights of this report has been presented before exceptional items, in order to better present the underlying performance of the Group.

### 7. Dividends

#### Dividend per share

	2014 pence	2013 pence
Interim dividend	4.2	3.8
Final proposed dividend	7.8	5.5
<b>Total dividend</b>	<b>12.0</b>	<b>9.3</b>

#### Dividends paid

	2014 £M	2013 £M
Interim dividend of 4.2 pence per share (2013: interim dividend of 3.8 pence per share)	9.8	9.4
Final 2013 dividend of 5.5 pence per share (2013: final 2012 dividend of 4.5 pence per share)	13.1	11.0
<b>Total dividends paid</b>	<b>22.9</b>	<b>20.4</b>



## Notes to the financial information for the year ended 31 December 2014 (continued)

### 7. Dividends (continued)

The directors are recommending a final dividend in respect of the financial year ended 31 December 2014 of 7.8 pence per share which will amount to a full year dividend payment of £27.9M. If approved by the shareholders at the annual general meeting, this dividend will be paid on 8 May 2015 to shareholders who are on the register of members at 10 April 2015. This dividend is not reflected as a liability in the balance sheet as at 31 December 2014 as it is subject to shareholder approval.

### 8. Exceptional items

Profit before taxation includes an exceptional loss of £23.3M. This comprised £22.6M incurred on the buyback of €190.2M (£152.5M at 30 June 2014) of existing 11.5% Eurobonds due 2015, and £0.7M of unamortised arrangement fees incurred following the refinancing of £100M of bank facilities due to mature in early 2015. The loss on the buyback arose because the existing Eurobonds were bought back at a premium to par value.

The exceptional credit in 2013 comprised £15.9M profit on the sale of impaired receivables originating from loans issued in Poland and a write down in the carrying value of IT assets of £3.5M. The impairment of IT assets arose from a review of future technology platforms needed to support our growth strategy, which identified assets that were no longer compatible with that vision.

### 9. Intangible assets

	2014 £M	2013 £M
Net book value at 1 January	1.8	3.2
Additions	9.3	-
Disposals	-	(0.3)
Amortisation	(1.0)	(1.1)
<b>Net book value at 31 December</b>	<b>10.1</b>	<b>1.8</b>

Intangible assets comprise computer software.

### 10. Property, plant and equipment

	2014 £M	2013 £M
Net book value at 1 January	28.8	28.3
Exchange adjustments	(1.5)	(0.1)
Additions	11.6	13.9
Disposals	(0.4)	(3.7)
Depreciation	(10.3)	(9.6)
<b>Net book value at 31 December</b>	<b>28.2</b>	<b>28.8</b>

As at 31 December 2014 the Group had £7.1M of capital expenditure commitments contracted with third parties that were not provided for (2013: £3.6M).

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 11. 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.

### 12. Amounts receivable from customers

All lending is in the local currency of the country in which the loan is issued.

	2014 £M	2013 £M
Polish zloty	293.3	310.0
Lithuanian litas	2.3	0.4
Czech crown	100.3	114.4
Euro (Slovakia)	51.9	55.6
Hungarian forint	109.5	112.5
Mexican peso	132.5	122.5
Romanian leu	68.4	69.0
Bulgarian lev	2.3	0.4
<b>Total receivables</b>	<b>760.5</b>	<b>784.8</b>

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 of 121% (2013: 126%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 5.6 months (2013: 5.8 months).

The Group has one class of loan receivable and no collateral is held in respect of any customer receivables. The Group does not use an impairment provision account for recording impairment losses and, therefore, no analysis of gross customer receivables less provision for impairment is presented.

Revenue recognised on amounts receivable from customers which have been impaired was £458.6M (2013: £421.7M).

### 13. Borrowing facilities and borrowings

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

	2014		2013	
	Borrowings £M	Facilities £M	Borrowings £M	Facilities £M
Repayable:				
– in less than one year	73.7	102.0	14.4	45.3
– between one and two years	14.1	42.1	247.5	361.3
– between two and five years	59.5	171.4	38.3	67.7
– greater than five years	331.0	334.6	100.3	101.5
	<b>404.6</b>	<b>548.1</b>	<b>386.1</b>	<b>530.5</b>
<b>Total borrowings</b>	<b>478.3</b>	<b>650.1</b>	<b>400.5</b>	<b>575.8</b>

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 14. Derivative financial instruments

At 31 December 2014 the Group had an asset of £5.8M and a liability of £2.7M (2013: £6.5M asset and £3.7M liability) in respect of foreign currency contracts and interest rate swaps. Foreign currency contracts are in place to hedge volatility on the retranslation of foreign currency monetary assets and foreign currency cash flows. Interest rate swaps are used to cover a proportion of current borrowings relating to the floating rate Polish bond and a proportion of floating rate bank borrowings. These cash flow hedges are effective and in accordance with IFRS, movements in their fair value are taken directly to reserves.

### 15. Retirement benefit obligations

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

	2014 £M	2013 £M
Equities	19.5	18.2
Bonds	9.2	8.2
Index-linked gilts	8.1	6.7
Other	0.1	0.1
Total fair value of scheme assets	36.9	33.2
Present value of funded defined benefit obligations	(38.9)	(34.1)
<b>Net obligation recognised in the balance sheet</b>	<b>(2.0)</b>	<b>(0.9)</b>

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (2013: £0.1M).

### 16. 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 financial instruments held at fair value fall into hierarchy level 2 (2013: all of the Group's 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.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 16. Fair values of financial assets and liabilities (continued)

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:

	2014		2013	
	Fair value £M	Carrying value £M	Fair value £M	Carrying value £M
<b>Financial assets</b>				
Amounts receivable from customers	1,078.3	760.5	1,079.7	784.8
	<b>1,078.3</b>	<b>760.5</b>	<b>1,079.7</b>	<b>784.8</b>
<b>Financial liabilities</b>				
Bonds	452.1	462.4	401.9	371.1
Bank borrowings	15.9	15.9	29.4	29.4
	<b>468.0</b>	<b>478.3</b>	<b>431.3</b>	<b>400.5</b>

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.

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

	2014 £M	2013 £M
Profit after taxation	71.8	95.6
Adjusted for:		
Tax charge	28.4	34.9
Finance costs	45.3	49.0
Share-based payment charge	4.9	3.1
Defined benefit pension cost	-	0.1
Depreciation of property, plant and equipment (note 10)	10.3	9.6
Loss on disposal of property, plant and equipment	0.1	3.1
Amortisation of intangible assets (note 9)	1.0	1.1
Loss on disposal of intangible assets	-	0.3
Changes in operating assets and liabilities:		
Amounts receivable from customers	(36.3)	(143.1)
Other receivables	(1.9)	0.9
Trade and other payables	(2.2)	35.2
Retirement benefit obligation	(0.4)	(0.5)
Derivative financial instruments	0.7	(5.1)
<b>Cash generated from operating activities</b>	<b>121.7</b>	<b>84.2</b>

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 18. Contingent liabilities

The Group's Polish business received a notice from the Polish Office of Consumer Protection and Competition ('UOKiK') in December 2013 stating that the way it calculates APRs amounts to a collective infringement of consumer interests and issued a fine of PLN 12.4M (£2.4M). UOKiK believes that the fee for the optional home service and an associated additional preparatory fee should be included in the total cost of credit and, therefore, the APR figure. On the basis of legal advice received, the Group believes that it is calculating the total cost of credit and APR correctly and has appealed against the decision. Consequently the Group has not made a provision in this financial information for the cost of the fine because it does not believe it constitutes a probable cash outflow from the Group.

### 19. Post balance sheet events

On 6 February 2015 the Group acquired 100% of the issued share capital of MCB Finance Group plc ('MCB'), a profitable digital consumer finance provider established in 2006, for a cash consideration of £23.8M.

The acquisition supports IPF's digital strategy and brings expertise, technical platforms and four new geographies to our portfolio as well as increasing our presence in Lithuania. MCB provides an online loan offering and credit line product together with new distribution and service channels. We will also benefit from the experienced management who can help accelerate the development of our digital lending business. Our plan is to integrate the digital hapiloans business into MCB Finance and commence plans for the rollout of this digital business into our existing markets. MCB will also benefit from our investment support and funding to further grow the business which we expect to be earnings accretive in 2015.

Acquisition-related costs, included in administrative expenses in the Group consolidated income statement, amounted to £1.1M.

The allocation of the consideration is subject to a full purchase price allocation exercise, which due to the timing of the acquisition has not yet been completed as at 25 February 2015 and, therefore, the initial accounting for the business combination is incomplete. As a result, the Group is unable to disclose the following information regarding the acquisition:

- the gross contractual amount, fair value amount, or estimated contractual cash flows not expected to be collected from the receivables acquired;
- the amounts recognised as at the acquisition date for each major class of assets and liabilities acquired/assumed;
- the existence of or the values relating to any contingent liabilities recognised upon acquisition; and
- the amount of goodwill acquired and the amount of goodwill that is expected to be deductible for tax purposes.

This information will be detailed within the financial information for the year ending 31 December 2015.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 20. Average and closing 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.

	<b>Average 2014</b>	<b>Closing 2014</b>	Average 2013	Closing 2013
Poland	<b>5.2</b>	<b>5.5</b>	5.0	5.0
Lithuania	<b>4.3</b>	<b>4.4</b>	4.1	4.2
Czech Republic	<b>34.2</b>	<b>35.6</b>	30.3	32.9
Slovakia	<b>1.2</b>	<b>1.3</b>	1.2	1.2
Hungary	<b>385.0</b>	<b>407.0</b>	347.2	357.6
Mexico	<b>22.0</b>	<b>23.0</b>	20.2	21.6
Romania	<b>5.5</b>	<b>5.8</b>	5.2	5.4
Bulgaria	<b>2.4</b>	<b>2.5</b>	2.3	2.4
Spain	<b>1.3</b>	<b>1.3</b>	-	-

The £42.3M exchange loss on foreign currency translations shown within the 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 2013 and December 2014 shown in the table above.

### 21. Going concern

The Board has reviewed the budget for the year to 31 December 2015 and the forecasts for the four years to 31 December 2019 which include projected profits, cash flows, borrowings and headroom against facilities. The Group's strategy is to have long-term debt capital at competitive cost for future growth. The Group maintains good access to those debt markets, and will use them as appropriate for the development of the business. The Group's committed funding through a combination of bonds and committed bank facilities, combined with its debt strategy and a successful track record of accessing debt funding markets, is sufficient to fund the planned growth of our existing operations and new markets for the foreseeable future. Taking these factors into account, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Board has adopted the going concern basis in preparing this financial information.

## Notes to the financial information for the year ended 31 December 2014 (continued)

### 22. Responsibility statement

This statement is given pursuant to Rule 4 of the Disclosure and Transparency Rules.

It is given by each of the directors, namely: Christopher Rodrigues, Chairman; Gerard Ryan, Chief Executive Officer; Adrian Gardner, Chief Financial Officer; David Broadbent, Chief Commercial Officer; Dan O'Connor, Chairman-elect and non-executive director; Tony Hales, senior independent non-executive director; Richard Moat, non-executive director; Nicholas Page, non-executive director; and Cathryn Riley, non-executive director.

To the best of each director's knowledge:

- a) the financial information, prepared in accordance with the IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- b) the management report contained in this report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

## Information for shareholders

1. The shares will be marked ex-dividend on 9 April 2015.
2. The final dividend, which is subject to shareholder approval, will be paid on 8 May 2015 to shareholders on the register at the close of business on 10 April 2015. Dividend warrants/vouchers will be posted on 6 May 2015.
3. A dividend reinvestment scheme is operated by Capita Registrars. For further information contact them at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (telephone 0871 664 0300. Calls cost 10 pence per minute plus network extras, or +44 (0)20 8639 3367 (from outside the UK charged at the local standard rate). Lines are open 8.30am to 5.30pm Monday to Friday excluding bank holidays).
4. The Annual Report and Financial Statements 2014, the notice of the annual general meeting and a proxy card will be posted on 18 March 2015 to shareholders who have elected to continue receiving documents from the Company in hard copy form. All other shareholders will be sent a proxy card and a letter explaining how to access the documents on the Company's website from 19 March 2015 or an email with the equivalent information.
5. The annual general meeting will be held at 10.30am on 30 April 2015 at the Company's registered office, Number Three, Leeds City Office Park, Meadow Lane, Leeds, LS11 5BD.

*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, underlying any such forward-looking information. Percentage change figures for all performance measures, other than profit before taxation and earnings per share, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for 2014 in order to present the underlying performance variance.*



**Investor relations and media contacts:  
International Personal Finance plc**

*Rachel Moran - Investor Relations*  
+44 (0)7760 167637 / +44 (0)113 285  
6798

*Gergely Mikola - Media*  
(+3620) 339 02 25

**FTI Consulting**

*Neil Doyle*  
+44 20 3727 1141 / +44 7771 978 220  
*Paul Marriott*  
+44 20 3727 1341 / +44 7710 426 131

International Personal Finance will host a live webcast of its full year results presentation at 09:00hrs (GMT) today which can be accessed at [www.ipfin.co.uk/investors](http://www.ipfin.co.uk/investors).

The team will also host a conference call for analysts and investors at 16:00hrs (GMT) today.

**Dial-in (UK):** +44 (0)20 3427 1906  
**Dial-in (US):** +1 646 254 3362  
**Passcode:** 9523601

A copy of this statement can be found on the Company's website – [www.ipfin.co.uk](http://www.ipfin.co.uk).