25 April 2013

International Personal Finance plc
Interim Management Statement

Further strong progress

- **Record Q1 profit and strong underlying profit growth**
  - Profit before tax increased by 49% to £9.1M
  - Strong underlying profit growth of £5.1M before net impact of £1.3M benefit from stronger FX rates and £3.4M cost from higher ESRs

- **Positive trading performance**
  - Continued good growth: credit issued (up 11%), average net receivables (up 13%) and revenue (up 8%)
  - Robust collections performance: good credit quality and impairment as a percentage of revenue maintained in target range at 27.6%
  - On-going tight cost control: cost-income ratio further improved to 39.3%

- **Plans to launch operations in Bulgaria and Lithuania on track**

- **Inaugural seven-year retail bond issued: £70M raised with a fixed rate of 6.125%**

- **Successful secondary listing of IPF shares on Warsaw Stock Exchange**

Key statistics	**Q1 2013**	Q1 2012	YOY change at CER
Customers (000s)	**2,412**	2,349*	2.7%
Credit issued (£M)	**232.8**	203.9	11.1%
Revenue (£M)	**177.6**	159.7	8.1%
Annualised impairment % revenue	**27.6%**	26.0%	(1.6ppt)
Annualised cost-income ratio	**39.3%**	41.3%	2.0ppt
PBT (£M)	**9.1**	6.1	

**Q1 2012 customer numbers have been restated to show a like-for-like comparison throughout this statement*

Chief Executive Officer, Gerard Ryan, commented:

"We have made a positive start to the year, building on our strong 2012 trading performance and delivering a record Q1 profit. I am delighted with the success of our retail bond offering which I see as further endorsement of our ability to fund the business at lower cost and I am confident that IPF is well positioned for further good progress in 2013."

Operating review

Macroeconomic conditions in our European markets continue to be characterised by low economic growth and low but stable consumer confidence, and there are some early signs of increasing competition. In contrast, economic growth and trading conditions in Mexico are stronger.

Against this backdrop we have made a positive start to the year, building on our strong 2012 trading performance, with a record Q1 profit before tax of £9.1M. This represents a year-on-year increase of 49%, reflecting strong underlying profit growth of £5.1M, before a £1.3M benefit as a result of favourable FX rates and a £3.4M adverse impact from higher ESRs in Poland.

Group review

	Q1 2013	Q1 2012	Change	Change	Change at CER
	£M	£M	£M	%	%
Customers (000s)	**2,412**	2,349	63	2.7	2.7
Credit issued	**232.8**	203.9	28.9	14.2	11.1
Average net receivables	**664.2**	571.9	92.3	16.1	13.0
Revenue (net of ESRs)	**177.6**	159.7	17.9	11.2	8.1
Impairment	**(69.3)**	(60.7)	(8.6)	(14.2)	(10.5)
Finance costs	**(11.4)**	(10.1)	(1.3)	(12.9)	(8.6)
Agents' commission	**(19.8)**	(17.8)	(2.0)	(11.2)	(7.6)
Other costs	**(68.0)**	(65.0)	(3.0)	(4.6)	(4.1)
Profit before taxation	**9.1**	6.1	3.0	49.2	

The key driver of this strong result was credit issued growth of 11%. We achieved this by increasing customer numbers and growing loan values through selective credit easing and re-serving quality customers with longer-term loans. This strategy increased average net receivables by 13% to £664.2M and revenue by 8% whilst annualised impairment as a percentage of revenue only increased by 0.6 percentage points to 27.6% since the 2012 year end (Q1 2012: 26.0%). ESR costs in Poland were £3.4M higher than in 2012 but within our expected range.

Finance costs grew by 9% and as planned have been allocated between our markets using the methodology set out in our 2012 results announcement. Agents' commission costs, which are based largely on the value of collections, increased by 8%. We continued to manage costs tightly and this resulted in a 0.5 percentage point improvement in the annualised cost-income ratio to 39.3% since the year end (Q1 2012: 41.3%).

Our plan to launch home credit operations in Bulgaria and Lithuania during 2013 remains on track. In addition we are continuing to pilot longer-term loans in Poland, the Czech Republic and Slovakia; preferential pricing in Poland and Hungary; and home insurance in Hungary.

We have also diversified our funding sources further and extended the term of our debt facilities with the issue of our inaugural seven-year retail bond which raised £70M with a fixed rate of 6.125%.

We were also pleased to introduce a secondary listing of IPF shares on the Warsaw Stock Exchange which will allow Polish investors, particularly pension funds, to invest in the business more easily. This listing was completed on 27 March 2013.

Market review

The following table shows the performance of each of our markets, highlighting solid underlying profit growth, higher ESRs in Poland and favourable FX rates.

	Q1 2013 reported profit £M	Underlying profit movement £M	Additional ESR costs £M	Stronger FX rates £M	Q1 2012 reported profit* £M
Poland	**5.1**	2.6	(3.4)	0.8	5.1
Czech-Slovakia	**4.8**	-	-	0.3	4.5
Hungary	**1.0**	0.7	-	-	0.3
Mexico	**1.9**	0.6	-	0.3	1.0
Romania	**(0.5)**	1.1	-	(0.1)	(1.5)
UK costs	**(3.2)**	0.1	-	-	(3.3)
Total	**9.1**	5.1	(3.4)	1.3	6.1

** Q1 2012 profit adjusted to account for change in interest allocation*

Our Polish business continues to perform well reporting profit before tax of £5.1M which reflects very strong underlying growth of £2.6M before the £3.4M adverse impact of higher ESRs and a £0.8M benefit resulting from stronger FX rates. This was achieved by increasing customer numbers by 3% to 829,000 and growing credit issued by 12% driven mainly by sales of higher value loans to existing, quality customers. Our collections performance remains good and has resulted in a further improvement in annualised impairment as a percentage of revenue to 29.2% (Q1 2012: 30.3%).

Profit in the Czech Republic and Slovakia was £4.8M, £0.3M higher than Q1 2012 including the impact of stronger FX rates. Revenue increased by 5% with ESRs now embedded fully in the 2012 and 2013 income statements. As a result of selective credit easing and the introduction of larger, longer-term loans to high quality customers, credit issued increased by 9% and we maintained customer numbers at 383,000. As planned, the relaxation of credit rules has resulted in annualised impairment as a percentage of revenue progressively moving into our target range and it is now at 26.5% (Q1 2012: 21.1%).

Hungary continues to deliver strong profitable growth reporting profit before tax of £1.0M; a £0.7M improvement on Q1 2012. Customer numbers grew by 10% year-on-year to 271,000 and credit issued and revenue increased by 16% and 27% respectively. Annualised impairment as a percentage of revenue increased to 18.3% (Q1 2012: 12.9%), which reflects our on-going growth strategy supported by controlled credit easing, and remains well below our target range of 25% to 30%.

In Mexico, we reported profit before tax of £1.9M which reflects further strong underlying growth of £0.6M together with a £0.3M benefit from favourable FX rates. Our key objective is to reach £33 profit per customer by 2015 which we aim to achieve by increasing revenue per customer, maintaining impairment as a percentage of revenue in our target range of 25% to 30%, and reducing the cost-income ratio to 40%. We maintained customer numbers year-on-year at 670,000 and grew credit issued by 12% which contributed to a 16% increase in revenue. Annualised impairment as a percentage of revenue increased to 30.2% (Q1 2012: 28.6%) which is in line with our target range and reflects the transition from collections to a growth focus from Q2 2012.

Romania's year-on-year first quarter performance was much improved with the business achieving underlying profit growth of £1.1M before a £0.1M impact from weaker FX rates. The key driver of this improved result was an 8.2 percentage point reduction in the impairment to revenue ratio compared with last year's weather-affected first quarter and has resulted in impairment as a percentage of revenue on an annualised basis moving back to our target range at 30.3%. Customer numbers grew by 4% to 259,000, credit issued increased by 6% and revenue grew at the faster rate of 11%. We are well positioned to focus on growth during 2013.

Investor relations and media contacts:

RLM Finsbury	*Matthew Newton/Anastasia Gorokhova* +44 (0) 20 7251 3801
International Personal Finance plc	*Rachel Moran – Investor Relations* +44 (0)113 285 6798 / +44 (0)7760 167637 *John Mitra - Media* +44 (0)113 285 6784 / +44 (0)7739 702230

IPF will host a conference call for investors and analysts at 08:30hrs (BST) today.
Dial in number: +44 (0) 20 3003 2666 (standard international access)
Password: IPF

A recording of this call will be available until 15 May 2013.
Dial in number: +44 (0) 20 8196 1998 (from within the UK) Click here for international replay numbers. Access code: 9468593.

A copy of this statement and the historical average FX rates to March 2013 can be found on the company's websites at www.ipfin.co.uk and www.ipf-relacjeinwestorskie.pl

Notes

In accordance with the UK Listing Authority's Disclosure and Transparency Rules, the purpose of this Interim Management Statement is to provide an update on the performance and financial position of IPF since 1 January 2013 up to the date of publication. The quarterly figures presented in this statement are unaudited.

Percentage change figures for all performance measures, other than profit or loss before taxation, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for 2013 in order to present the underlying performance variance.