17 October 2012

International Personal Finance plc
Interim Management Statement

Building momentum

- Strong Q3 trading performance builds on progress made in the first half of 2012
  - o Continued good year-on-year growth in customer numbers (6%), credit issued (16%) and average net receivables (11%)
  - o Revenue growth increased to 9%
  - o Stable impairment as a percentage of revenue at 26.5%
  - o Further strong progress in Mexico
- Profit before tax in line with Q3 2011 at £27.2M having absorbed the impact of £6.6M early settlement rebates ('ESRs') and weaker FX rates. YTD profit of £58.6M (2011 YTD: £62.7M) after absorbing an additional £18.4M of ESRs and weaker FX rates
- UK restructuring completed successfully
- Share buy-back programme c.60% complete

Key statistics	**Q3 2012**	Q3 2011	YOY change at CER
Customers (000s)	**2,484**	2,345	5.9%
Credit issued (£M)	**223.6**	214.2	15.8%
Revenue (£M - net of ESRs)	**162.2**	164.8	9.1%
Annualised impairment % revenue	**26.5**	26.6	0.1pps
Annualised cost-income ratio	**40.5**	40.0	(0.5)pps
PBT (£M)	**27.2**	27.0	

Chief Executive Officer, Gerard Ryan, commented:

"We had a good third quarter and are pleased with the progress made. Our growth strategy is building momentum, we have a strong financial profile and we are on track to perform well in 2012."

Operating review

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 2012 in order to present the underlying performance variance.

Group review

Profit before taxation	**2012* £M**	2011 £M
Q1	**6.1**	8.3
Q2	**25.3**	27.4
Q3	**27.2**	27.0
Q4	**-**	37.8
Full year	**-**	100.5

** Excluding an exceptional restructuring charge of £4.8M (2011: £nil)*

The Group has continued to deliver on its key objective of generating faster growth and consistent credit quality to offset the adverse impacts of higher ESRs and weaker FX rates in 2012. Profit before tax in Q3 was in line with 2011 at £27.2M having absorbed the £6.6M impact of ESRs and weaker FX rates. Profit before tax and exceptional items for the nine months to September was £58.6M (2011 YTD: £62.7M) after absorbing an additional £18.4M of ESRs and weaker FX rates. Overall our guidance on ESRs and FX rates for the year remains unchanged.

	Q3 2012 £M	Q3 2011 £M	Change at CER %	**YTD 2012* £M**	YTD 2011 £M	Change at CER %
Customers (000s)	**2,484**	2,345	5.9	**2,484**	2,345	5.9
Credit issued	**223.6**	214.2	15.8	**632.9**	620.6	13.4
Average net receivables	**587.3**	588.3	11.4	**575.0**	578.9	10.7
Revenue (net of ESRs)	**162.2**	164.8	9.1	**478.2**	491.5	8.2
Impairment	**(42.3)**	(40.9)	(14.0)	**(140.6)**	(139.4)	(11.7)
Finance costs	**(10.6)**	(11.3)	(5.0)	**(31.0)**	(33.1)	(4.7)
Agents' commission	**(18.4)**	(18.7)	(8.2)	**(54.3)**	(54.9)	(9.9)
Other costs	**(63.7)**	(66.9)	(3.4)	**(193.7)**	(201.4)	(4.8)
Profit before taxation	**27.2**	27.0		**58.6**	62.7	

** Excluding an exceptional restructuring charge of £4.8M (2011: £nil)*

Our focus on accelerating growth, whilst maintaining good credit quality, has resulted in a 6% increase in customer numbers and significantly faster credit issued growth in the quarter of 16%. The growth in credit issued reflects higher sales to existing quality customers and resulted in an 11% increase in average net receivables. Revenue growth has increased from 8% at the half year to 9% in Q3, despite the impact of higher ESRs which totalled £2.5M in Q3.

Alongside the focus on growth, our collections performance remained good throughout Q3 and annualised impairment as a percentage of revenue was stable at 26.5% (2011: 26.6%). From Q4, we plan to accelerate the transfer of written off customers from the field to our debt recovery department and we expect this to improve the level of debt recoveries. Whilst our headline number of customers will reduce by approximately 90,000, there will be no impact on revenue.

At constant exchange rates, finance costs increased by 5% which is around half the growth in average net receivables and reflects continued capital and cash generation. Agents' commission costs, which are largely based on the value of collections, increased by 8% in the quarter. Costs were tightly controlled in Q3 and, as a result, the annualised cost-income ratio improved by 0.4pps since the 2012 half year.

The management restructuring exercise to strengthen our UK functional support teams and refresh the country management teams was completed successfully in Q3.

The £25M share buy-back programme announced in our half year financial report is progressing well and so far we have bought approximately 5M shares at a cost of around £15M.

Market review

The following table shows the performance of each of our markets. We have shown the impact of additional ESR costs and weaker FX rates in order to provide a better understanding of underlying performance.

	Q3 2012 reported profit £M	Underlying profit movement £M	Additional ESR costs £M	Weaker FX rates £M	Q3 2011 reported profit £M
Poland	**16.4**	3.1	(1.1)	(2.7)	17.1
Czech-Slovakia	**8.0**	0.5	(1.4)	(0.6)	9.5
Hungary	**3.8**	1.3	-	(0.7)	3.2
Mexico	**0.8**	0.4	-	(0.1)	0.5
Romania	**1.6**	0.5	-	-	1.1
UK – central costs	**(3.4)**	1.0	-	-	(4.4)
Profit before taxation	**27.2**	6.8	(2.5)	(4.1)	27.0

Poland, which reached its 15th anniversary in August, continued its strong operational performance into Q3. Customer numbers grew to 843,000 (+4% year-on-year) and credit issued grew at the faster rate of 15%, which was partially driven by the introduction of larger, longer-term loans to quality customers. Credit quality was good with annualised impairment as a percentage of revenue of 30.0% (2011: 30.7%). These ingredients resulted in underlying profit growth of £3.1M before absorbing £1.1M of higher ESRs and £2.7M of weaker FX rates.

The new senior management team in Czech-Slovakia is now in place and is focussed on improving employee and agent engagement and motivation. We expect it will take a few months before we see the impact of these improvements on growth and performance. In terms of Q3, year-on-year customer and credit issued growth were 3% (to 403,000) and 4%, respectively. Credit quality remains good with annualised impairment as a percentage of revenue below our target range at 23.5% (2011: 21.8%) and costs continue to be tightly controlled. Underlying profit growth in Q3 was £0.5M, whilst reported profit was £1.5M lower than last year due to higher ESRs (£1.4M) and weaker FX rates (£0.6M).

Our Hungarian business is performing very strongly. Year-on-year, customer numbers grew by 8% to 264,000 and credit issued increased at the faster rate of 26%, which reflects higher sales to existing quality customers supported by selective easing of credit controls. Collections performance remained good and, as expected, the annualised impairment as a percentage of revenue increased to 14.7% (2011: 11.1%), reflecting the more relaxed credit positioning. Underlying profit grew strongly by £1.3M in Q3 and reported profit was £0.6M higher following the impact of weaker FX rates.

Progress in our Mexican business continues to accelerate with customer numbers reaching 703,000 (+7% year-on-year) and stronger growth in credit issued of 28%. This was driven by a strong underlying performance in the business together with the positive impact of our strategic credit tests that were extended from 8 to 18 of Mexico's 54 branches in Q3. Although we are at an early stage of the credit tests, collections performance remains promising and annualised impairment as a percentage of revenue is in our target range at 28.1% (2011: 32.2%). Underlying profit grew by £0.4M to £0.8M in the quarter.

Trading conditions in Romania continue to be challenging due to the impact of austerity measures, low consumer confidence and a weak currency. In this context we were pleased with customer growth of 15% (to 271,000) and credit issued growth of 18% compared to 11% in the first half. Annualised impairment as a percentage of revenue was 29.8% (2011: 30.2%). Profit in Q3 increased by £0.5M compared to 2011.

For further information

Investor Relations
Rachel Moran – IPF plc
+44 (0)113 285 6798

Media Relations
James Leviton – RLM Finsbury
+44 (0)20 7251 3801

Conference call

IPF will host a conference call for investors and analysts at 09:30hrs (BST) today. Standard International Access: +44 (0) 20 3003 2666 Password: IPF

For more information and a copy of this statement visit www.ipfin.co.uk

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 July 2012 up to the date of publication. The quarterly figures presented in this statement are unaudited.

YTD reported and underlying profit analysis

The following table shows the YTD performance of each of our markets. We have shown the impact of additional ESR costs and weaker FX rates in order to provide a better understanding of underlying performance.

	YTD 2012 reported profit* £M	Underlying profit movement £M	Additional ESR costs £M	Weaker FX rates £M	YTD 2011 reported profit £M
Poland	**40.9**	7.7	(1.8)	(6.9)	41.9
Czech-Slovakia	**20.4**	1.8	(6.3)	(1.9)	26.8
Hungary	**5.7**	2.1	-	(1.3)	4.9
Mexico	**1.3**	2.9	-	-	(1.6)
Romania	**-**	(1.4)	-	(0.2)	1.6
UK – central costs	**(9.7)**	1.2	-	-	(10.9)
Profit before taxation	**58.6**	14.3	(8.1)	(10.3)	62.7

** Excluding an exceptional restructuring charge of £4.8M (2011: £nil)*

Foreign exchange rates against Sterling

The table below shows the average exchange rates for relevant reporting periods, closing exchange rates at the relevant period ends, together with the rates at which the Group has economically hedged a proportion of its expected profits for the remainder of the year.

	Average Q3 2012	Average Q3 2011	Closing Sep 2012	Closing Dec 2011	Contract Q4 2012
Poland	5.40	4.65	5.17	5.34	5.39
Czech	30.81	28.90	31.01	30.65	30.93
Slovakia	1.21	1.15	1.25	1.20	1.20
Hungary	375.85	306.32	352.23	377.94	385.23
Mexico	21.55	19.60	20.86	21.67	21.77
Romania	5.20	4.94	5.64	5.18	5.37