

**SEMI-ANNUAL REPORT**

**2018**

**IPF Investments Polska Sp. z o.o.**

**Content of the Semi-annual Report:**

- 1) Selected financial data**
- 2) Semi-annual Interim Condensed Financial Statements**
- 3) Management Board Report**
- 4) Management Board Statement**

## Selected financial data

### IPF Investments Polska Sp. z o. o.

As at and for the six month period ended 30 June	2018	2017	2018	2017
	PLN 000'		EUR 000'	
<b>Total income</b>	6 106	6 110	1 440	1 439
Profit before income tax	47	52	11	12
<b>Net profit for the period</b>	38	42	9	10
<b>Non-current assets</b>	200 000	200 000	45 855	47 320
<b>Current assets</b>	1 262	1 184	289	280
<b>Total assets</b>	201 262	201 184	46 144	47 602
<b>Called up share capital</b>	45	45	10	11
<b>Total equity</b>	357	277	82	65
<b>Current liabilities</b>	904	906	207	214
<b>Non-current liabilities</b>	200 000	200 001	45 855	47 321
<b>Total liabilities</b>	200 904	200 907	46 062	47 535
<b>Net cash inflow/(outflow) from operating activities</b>	6 069	6 073	1 432	1 430
<b>Net cash inflow/(outflow) from financing activities</b>	(6 044)	(6 044)	(1 426)	(1 423)
<b>Net increase/(decrease) in cash and cash equivalents</b>	25	29	6	7
<b>Cash and cash equivalents at the end of the period</b>	361	280	83	66

The amounts in PLN from the Interim condensed statement of comprehensive income and the Interim condensed statement of cash flows have been translated to EUR at the average NBP rates for the six month periods ended 30 June 2018 and 2017 respectively, which have been calculated as an arithmetical average of the NBP rates as at the end of each month in the period.

The amounts in PLN from the Interim condensed statement of financial position have been translated to EUR at the average NBP rate as at 30 June 2018 and 2017 respectively.

**IPF Investments Polska Sp. z o.o.**  
**Interim Condensed Financial Statements**  
**In accordance with IAS 34**  
**as at and for the six month period ended 30 June 2018**

**To the shareholder of IPF Investments Polska Sp. z o.o.**

## **Approval of the Interim Condensed Financial Statements**

The accompanying Interim Condensed Financial Statements comprising interim condensed statement of comprehensive income for the six month period ended 30 June 2018, interim condensed statement of financial position as at 30 June 2018, interim condensed statement of changes in equity for the six month period ended 30 June 2018, interim condensed statement of cash flows for the six month period ended 30 June 2018 and notes to the Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union and are presented in the following order:

Interim condensed statement of comprehensive income	Page 3
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Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the Interim Condensed Financial Statements	7

We hereby approve the Interim Condensed Financial Statements of IPF Investments Polska Sp. z o.o. as at and for the six month period ended 30 June 2018.

  
\_\_\_\_\_  
Alicja Kopeć  
Board Member

  
\_\_\_\_\_  
John Dahlgreen  
Board Member

  
\_\_\_\_\_  
Piotr Cybulski  
Board Member

  
\_\_\_\_\_  
Maciej Mikucki  
Board Member

Warsaw, 24<sup>th</sup> July 2018

## Interim condensed statement of comprehensive income

For the six month period ended 30 June		2018	2017
		PLN	PLN
	Notes	( <i>unaudited</i> )	( <i>unaudited</i> )
Interest revenue		6 106 319,33	6 110 328,20
<b>Total Income</b>		<b>6 106 319,33</b>	<b>6 110 328,20</b>
Finance costs		(6 005 675,38)	(6 010 013,97)
Operating costs		(53 495,60)	(48 576,20)
<b>Total costs</b>		<b>(6 059 170,98)</b>	<b>(6 058 590,17)</b>
<b>Profit before income tax</b>		<b>47 148,35</b>	<b>51 738,03</b>
Income tax expense	8	(8 958,00)	(9 830,00)
<b>Net profit for the period</b>		<b>38 190,35</b>	<b>41 908,03</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>38 190,35</b>	<b>41 908,03</b>

## Interim condensed statement of financial position

As at		30 June 2018	31 December 2017	30 June 2017
	Notes	PLN (unaudited)	PLN	PLN (unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Receivables from loans	4	200 000 000,00	200 000 000,00	200 000 000,00
Deferred income tax asset		-	1 160,99	-
		<b>200 000 000,00</b>	<b>200 001 160,99</b>	<b>200 000 000,00</b>
<b>Current assets</b>				
Receivables from loans	4	894 731,51	933 978,38	899 863,69
Trade and other receivables		5 833,34	-	3 611,31
Cash and cash equivalents		360 993,35	336 076,59	280 133,97
		<b>1 261 558,20</b>	<b>1 270 054,97</b>	<b>1 183 608,97</b>
<b>Total assets</b>		<b>201 261 558,20</b>	<b>201 271 215,96</b>	<b>201 183 608,97</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Debt securities in issue	5	880 418,93	918 743,55	885 337,67
Trade and other payables		16 024,00	21 340,50	13 000,00
Current income tax liabilities		7 553,00	12 004,00	7 850,00
		<b>903 995,93</b>	<b>952 088,05</b>	<b>906 187,67</b>
<b>Non-current liabilities</b>				
Debt securities in issue	5	200 000 000,00	200 000 000,00	200 000 000,00
Deferred tax liability		244,01	-	859,01
		<b>200 000 244,01</b>	<b>200 000 000,00</b>	<b>200 000 859,01</b>
<b>Total liabilities</b>		<b>200 904 239,94</b>	<b>200 952 088,05</b>	<b>200 907 046,68</b>
<b>EQUITY</b>				
Called up share capital	6	45 000,00	45 000,00	45 000,00
Retained earnings		312 318,26	274 127,91	231 562,29
<b>Total equity</b>		<b>357 318,26</b>	<b>319 127,91</b>	<b>276 562,29</b>
<b>Total equity and liabilities</b>		<b>201 261 558,20</b>	<b>201 271 215,96</b>	<b>201 183 608,97</b>

## Interim condensed statement of changes in equity

	Called up share capital PLN	Retained earnings PLN	Total equity PLN
<b>At 1 January 2018</b>	<b>45 000,00</b>	<b>274 127,91</b>	<b>319 127,91</b>
Profit for the period	-	38 190,35	38 190,35
Dividend	-	-	-
<b>At 30 June 2018 (unaudited)</b>	<b>45 000,00</b>	<b>312 318,26</b>	<b>357 318,26</b>

	Called up share capital PLN	Retained earnings PLN	Total equity PLN
<b>At 1 January 2017</b>	<b>45 000,00</b>	<b>189 654,26</b>	<b>234 654,26</b>
Profit for the period	-	41 908,03	41 908,03
Dividend	-	-	-
<b>At 30 June 2017 (unaudited)</b>	<b>45 000,00</b>	<b>231 562,29</b>	<b>276 562,29</b>

## Interim condensed statement of cash flows

For the six month period ended 30 June	2018 PLN ( <i>unaudited</i> )	2017 PLN ( <i>unaudited</i> )
<b>Profit before income tax</b>	<b>47 148,35</b>	<b>51 738,03</b>
<b>Adjusted for:</b>	<b>(110 227,59)</b>	<b>(111 280,48)</b>
Finance costs	6 005 675,38	6 010 013,97
Interest on granted loans - revenue	(6 104 753,13)	(6 109 096,59)
(Increase)/decrease in trade and other receivables	(5 833,34)	(611,31)
Increase/(decrease) in current liabilities, excluding bank and other borrowings	(5 316,50)	(11 566,55)
Income tax paid	(12 004,00)	(11 920,00)
Interest received on granted loans	6 144 000,00	6 144 000,00
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6 068 916,76</b>	<b>6 072 557,55</b>
<b>Cash flow from investing activities</b>		
<b>Net cash inflow/(outflow) from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
<b>Cash inflows:</b>	<b>-</b>	<b>-</b>
New debt securities issue	-	-
<b>Cash outflows:</b>	<b>(6 044 000,00)</b>	<b>(6 044 000,00)</b>
Dividend paid	-	-
Repayments of debt securities	-	-
Interest paid	(6 044 000,00)	(6 044 000,00)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(6 044 000,00)</b>	<b>(6 044 000,00)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24 916,76</b>	<b>28 557,55</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>336 076,59</b>	<b>251 576,42</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>360 993,35</b>	<b>280 133,97</b>

# Notes to the Interim Condensed Financial Statements (continued)

## 1. General Information

IPF Investments Polska Sp. z o. o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Inflancka 4A, Warsaw.

IPF Investments Polska Sp. z o. o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance plc ("IPF plc" – a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange/ "the Group") to finance their lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is indefinite.

The following persons served as members of the Management Board as at 30 June 2018 and as at the date of approval of these Interim Condensed Financial Statements:

John Dahlgreen	Member since 8 December 2009
Alicja Kopeć	Member since 8 December 2009
Piotr Cybulski	Member since 18 May 2018
Maciej Mikucki	Member since 18 May 2018

During the reporting period and till the date of authorisation of these Interim Condensed Financial Statements there were the following changes in the Management Board composition:

- with effect on 18 May 2018 Agnieszka Kłos was recalled from the position of the Management Board Member, which she held since 24 July 2012,
- with effect on 18 May 2018 Piotr Cybulski was appointed for the position of the Management Board Member,
- with effect on 18 May 2018 Maciej Mikucki was appointed for the position of the Management Board Member.

## 2. Basis of preparation

These Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union.

These Interim Condensed Financial Statements do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Annual Report and Financial Statements as at and for the year ended 31 December 2017, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and were approved for issuance on 23 April 2018.

These Interim Condensed Financial Statements have been prepared on a going concern basis and under the historical cost convention.

The Company's activities are not subject to significant seasonal or cyclical trends.

The Company operates within one operating segment.

## 3. Summary of significant accounting policies

The accounting policies applied in these Interim Condensed Financial Statements are consistent with the policies applied in the Financial Statements of the Company as at and for the year ended 31 December 2017, except for the measurement of receivables valued at amortized cost based on the impairment model included in IFRS 9. However, the implementation of the model based on expected credit losses had no material impact on the carrying value of these financial assets.

**IPF Investments Polska Sp. z o.o. – Interim Condensed Financial Statements in accordance with International Accounting Standard (IAS) 34**

As at and for the six month period ended 30 June 2018

The notes on pages 7 to 13 are an integral part of these Interim Condensed Financial Statements.

# Notes to the Interim Condensed Financial Statements (continued)

## 3. Summary of significant accounting policies (continued)

### Standards and amendments effective from 2018

The following standards, amendments, improvements and clarifications to the standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the first time for financial reporting periods commencing on or after 1 January 2018:

- IFRS 9 *Financial Instruments* (issued on 24 July 2014),
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014) including amendments to IFRS 15 *Effective date to IFRS 15* (issued on 11 September 2015),
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016),
- Amendments to IAS 40 *Transfers of Investment Property* (issued on 8 December 2016),
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016),
- Annual Improvements to IFRS 2014-2016 Cycle (issued on 8 December 2016), for amendments relating to IAS 28,
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016),
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016).

Application of the standards and amendments to the standards listed above had no material impact on the Company's financial position, performance and the scope of information presented in the Company's Interim Condensed Financial Statements.

### Standards and amendments issued by IASB but not yet effective

The Company did not early adopt any of the following standards and amendments to the existing standards and interpretations, which were issued by IASB but are not yet effective:

- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019,
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (issued on 12 October 2017),
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) - effective for financial years beginning on or after 1 January 2021 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019 - not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- Amendments to IAS 28 *Long-term Interest in Associates and Joint Ventures* (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Annual Improvements to IFRS 2015-2017 Cycle (issued on 12 December 2017) - effective for financial years beginning on or after 1 January 2019 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Amendments to IAS 19 *Plan Amendment, Curtail or Settlement* (issued on 7 February 2018) - effective for financial years beginning on or after 1 January 2019 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - effective for financial years beginning on or after 1 January 2020 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,

As at the date of authorisation of these Interim Condensed Financial Statements the Management is in progress of analysing the impact of the above new standards and amendments to the existing standards on the Company's accounting policies.

# Notes to the Interim Condensed Financial Statements (continued)

## 4. Receivables from loans

As at 30 June 2018 the Company had a receivable from only one loan, which was issued in June 2015 to a related entity for a period of 5 years at nominal value of PLN 200 million. The loan matures in June 2020. The interest on the loan is based on variable interest rate (WIBOR 6M) plus margin. The amount receivable from the loan is measured at amortized cost and equals the expected future cash flows discounted at the EIR (effective interest rate).

The repayment of the loan is guaranteed by entities from the Group (for details see note 9). The loan was neither past due nor impaired as at 30 June 2018 and 30 June 2017.

## 5. Debt securities in issue

In June 2015 the Company issued 200 000 5-year floating-rate debt securities with a par value of PLN 1 000 each and a total nominal value of PLN 200 million. The details of the bonds' features as at 30 June 2018 are the following:

ISIN code	Maturity Date	Interest basis	Carrying value PLN
PLIPFIP00033	03.06.2020	WIBOR 6M + margin	200 880 418,93
Current			880 418,93
Non-current			200 000 000,00
<b>Total</b>			<b>200 880 418,93</b>

## 6. Share capital

There were no changes to the number of shares issued in the six month period ended 30 June 2018 and 2017 (there have been no such changes since the initial capital injection).

The Company's immediate and ultimate parent and sole shareholder is International Personal Finance Plc ("IPF Plc").

## 7. Dividends

No dividend was declared nor paid in the six month period ended 30 June 2018.

## 8. Income tax

The effective tax rate for the six month period ended 30 June 2018 and 30 June 2017 approximates 19%.

## 9. Related party transactions

### (a) Relationship between IPF Investments Polska and its parent company

For the parent information, see note 6.

### (b) Transactions with key management personnel

The members of the Company's Management Board have been employed by the IPF Plc Group (the Group). During the period, the management of the Company has not received any compensation in respect of their capacity as managers of the Company. The Company's managers have been nominated by the shareholder, and were appointed in order to safeguard the shareholder's interests.

In the six month period ended 30 June 2018 and 2017 the Company did not grant any loans to the Management Board members. There were no other transactions concluded with members of the management of the Company, of the parent company nor their close family members.

# Notes to the Interim Condensed Financial Statements (continued)

## 9. Related party transactions (continued)

### (c) Group transactions

In the six month period ended 30 June 2018 and 2017 the Company was a party to transactions with the following related Group entities:

- IPF Plc
- Provident Polska S.A.
- IPF Holdings Ltd (UK)
- International Personal Finance Investments Ltd (UK)
- IPF International Ltd (UK)
- MCB Finance Group Limited (UK) (since 9 March 2018)

The nature of the transactions with the above entities was the following:

1. PLN 200 million Intra-group loan agreement concluded with Provident Polska S.A. as borrower to financially support its basic business activity and with IPF Plc, IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited and MCB Finance Group Limited as joint guarantors of repayment of the loan issued to Provident Polska S.A. The loan was issued in June 2015 for 5 years.
2. Services agreement, which regulates the provision by Provident Polska S.A. to the Company of services in relation to accounting, banking, legal and other business related services as well as rental of office space.

Only the transactions with Provident Polska S.A. had an effect on the Company's interim condensed statement of financial position and interim condensed statement of comprehensive income, which was the following:

For the six month period ended 30 June		2018	2017
		PLN	PLN
		(unaudited)	(unaudited)
<b>Revenue/(costs)</b>			
Interests from loan		6 104 753,13	6 109 096,59
Cost recharges		15 263,74	17 013,71
Service costs		(37 859,40)	(37 859,40)
		<b>6 082 157,47</b>	<b>6 088 250,90</b>

As at	30 June 2018	31 December 2017	30 June 2016
	PLN	PLN	PLN
	(unaudited)		(unaudited)
<b>Assets/(liabilities)</b>			
Receivables from loan	200 894 731,51	200 933 978,38	200 899 863,69
Trade and other receivables	5 833,34	-	3 611,31
Trade and other payables	(3 000,00)	-	(3 000,00)
	<b>200 897 564,85</b>	<b>200 933 978,38</b>	<b>200 900 475,00</b>

# Notes to the Interim Condensed Financial Statements (continued)

## 10. Fair value of financial assets and liabilities by category and fair value hierarchy

The fair value and carrying value of the financial assets and liabilities of the Company are set out below:

As at	30 June 2018		31 December 2017		30 June 2017	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
	PLN	PLN	PLN	PLN	PLN	PLN
<b>Financial assets</b>	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>
Cash and cash equivalents	360 993,35	360 993,35	336 076,59	336 076,59	280 133,97	280 133,97
Receivables from loans	203 865 986,12	200 894 731,51	206 176 000,00	200 933 978,38	205 296 473,34	200 899 863,69
Trade and other receivables	5 833,34	5 833,34	-	-	3 611,31	3 611,31
<b>Total</b>	<b>204 232 812,81</b>	<b>201 261 558,20</b>	<b>206 512 076,59</b>	<b>201 270 054,97</b>	<b>205 582 218,62</b>	<b>201 183 608,97</b>
<b>Financial liabilities</b>						
Debt securities in issue	190 572 000,00	200 880 418,93	190 850 000,00	200 918 743,55	173 596 000,00	200 885 337,67
Trade and other payables	16 024,00	16 024,00	21 340,50	21 340,50	13 000,00	13 000,00
<b>Total</b>	<b>190 588 024,00</b>	<b>200 896 442,93</b>	<b>190 871 340,50</b>	<b>200 940 084,05</b>	<b>173 609 000,00</b>	<b>200 898 337,67</b>

The fair value of amounts receivable from loans for the disclosure purposes has been assessed by discounting contractual future cash flows at an appropriate current market rate of similar instruments available for the Company.

The fair value of debt securities in issue has been obtained by reference to the Catalyst market listings (as at the end of half year 2018, year 2017 and half year 2017 respectively). Due to the small number of transactions in the market resulting from limited number of bonds and their relatively high nominal value per unit the debt securities in issue have been classified into level 2 of fair value hierarchy.

For other financial assets and liabilities, which are all short-term in nature, the carrying value is a reasonable approximation of fair value.

All financial assets and financial liabilities of the Company are categorised as *subsequently measured at amortised cost*.

The IFRS 13 fair value hierarchy of the Company's financial assets and liabilities as at 30 June 2018, 31 December 2017 and 30 June 2017 is set out below:

# Notes to the Interim Condensed Financial Statements (continued)

## 10. Fair value of financial assets and liabilities by category and fair value hierarchy (continued)

As at 30 June 2018  
(unaudited)

	Level 1	Level 2	Level 3	Total
	PLN	PLN	PLN	PLN
<b>Financial assets</b>				
Cash and cash equivalents	360 993,35	-	-	360 993,35
Receivables from loans	-	203 865 986,12	-	203 865 986,12
Trade and other receivables	-	5 833,34	-	5 833,34
<b>Total</b>	<b>360 993,35</b>	<b>203 871 819,46</b>	<b>-</b>	<b>204 232 812,81</b>
<b>Financial liabilities</b>				
Debt securities in issue	-	190 572 000,00	-	190 572 000,00
Trade and other payables	-	16 024,00	-	16 024,00
<b>Total</b>	<b>-</b>	<b>190 588 024,00</b>	<b>-</b>	<b>190 588 024,00</b>

As at 31 December 2017

	Level 1	Level 2	Level 3	Total
	PLN	PLN	PLN	PLN
<b>Financial assets</b>				
Cash and cash equivalents	336 076,59	-	-	336 076,59
Receivables from loans	-	206 176 000,00	-	206 176 000,00
Trade and other receivables	-	-	-	-
<b>Total</b>	<b>336 076,59</b>	<b>206 176 000,00</b>	<b>-</b>	<b>206 512 076,59</b>
<b>Financial liabilities</b>				
Debt securities in issue	-	190 850 000,00	-	190 850 000,00
Trade and other payables	-	21 340,50	-	21 340,50
<b>Total</b>	<b>-</b>	<b>190 871 340,50</b>	<b>-</b>	<b>190 871 340,50</b>

As at 30 June 2017  
(unaudited)

	Level 1	Level 2	Level 3	Total
	PLN	PLN	PLN	PLN
<b>Financial assets</b>				
Cash and cash equivalents	280 133,97	-	-	280 133,97
Receivables from loans	-	205 298 473,34	-	205 298 473,34
Trade and other receivables	-	3 611,31	-	3 611,31
<b>Total</b>	<b>280 133,97</b>	<b>205 302 084,65</b>	<b>-</b>	<b>205 582 218,62</b>
<b>Financial liabilities</b>				
Debt securities in issue	-	173 596 000,00	-	173 596 000,00
Trade and other payables	-	13 000,00	-	13 000,00
<b>Total</b>	<b>-</b>	<b>173 609 000,00</b>	<b>-</b>	<b>173 609 000,00</b>

There were no transfers between the levels during the period.

# Notes to the Interim Condensed Financial Statements (continued)

## 11. Post balance sheet events

There were no events after the reporting date up to the date of the signing the Interim Condensed Financial Statements that would require additional disclosure in the Interim Condensed Financial Statements.

**MANAGEMENT BOARD REPORT**

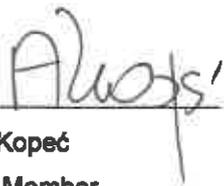
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**IPF Investments Polska Sp. z o. o.**

**for the six month period ended 30 June 2018**

Management Board Report of IPF Investments Polska Sp. z o.o.  
for the six month period ended 30 June 2018

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Alicja Kopeć  
Board Member



John Dahlgreen  
Board Member



Piotr Cybulski  
Board Member



Maciej Mikucki  
Board Member

Warsaw, 24<sup>th</sup> July 2018

**Management Board Report of IPF Investments Polska Sp. z o.o.  
for the six month period ended 30 June 2018**

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Dear Shareholder,

This report covers the six month period ended 30 June 2018.

**1. General information**

IPF Investments Polska Sp. z o. o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Inflancka 4A, Warsaw.

IPF Investments Polska Sp. z o. o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance plc ("IPF plc" – a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange/ "the Group") to finance their lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is indefinite.

The following persons served as members of the Management Board as at 30 June 2018 and as at the date of approval of this report:

John Dahlgreen	Member since 8 December 2009
Alicja Kopeć	Member since 8 December 2009
Piotr Cybulski	Member since 18 May 2018
Maciej Mikucki	Member since 18 May 2018

During the reporting period and till the date of authorisation of this report there were the following changes in the Management Board composition:

- with effect on 18 May 2018 Agnieszka Kłos was recalled from the position of the Management Board Member, which she held since 24 July 2012,
- with effect on 18 May 2018 Piotr Cybulski was appointed for the position of the Management Board Member,
- with effect on 18 May 2018 Maciej Mikucki was appointed for the position of the Management Board Member.

**2. Significant events in 2018**

**Interest coupon payments on bonds**

On 3 June 2018 the Company made the sixth coupon payment of PLN 6,044 million on the floating rate bonds from the 2015 issue with the maturity date of 3 June 2020 and total par value of PLN 200 million.

**Interest on loans to Provident Polska S.A.**

On 3 June 2018 the Company received the sixth interest payment in the amount of PLN 6,144 million.

The loan agreement for PLN 200 million for home credit business financing purposes was concluded in June 2015 with Provident Polska S.A. as a borrower and IPF Plc, IPF Holdings Limited, International

**Management Board Report of IPF Investments Polska Sp. z o.o.  
for the six month period ended 30 June 2018**

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Personal Finance Investments Limited, IPF International Limited (entities from the Group) as guarantors. The maturity of the loan and interest payments intervals match those of the commercial bonds issued by the Company.

On 9 March 2018 the company MCB Finance Group Limited joined the intra-group loan agreement as additional guarantor of the repayment of the loan.

### **3. Financial position and result**

In the six month period ended 30 June 2018 the Company made a net profit of PLN 38,2 thousand. As at 30 June 2018 the Company's assets consisted of only one loan, which was issued to a related entity for a period of 5 years, with a nominal value of PLN 200 million, which was financed by debt securities in issue in the same nominal amount and with the same maturity.

The Management Board expects that the Company will continue to operate and generate profits in the foreseeable future.

### **4. Risk arising from financial instruments**

The Company follows treasury policies approved by the Group Board. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a service agreement.

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

#### ***Interest rate risk***

The Company is exposed to interest rate risk arising from changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure (the interest risk in relation to overnights and deposits is assessed as insignificant, trade receivables and payables are non interest bearing). This is achieved by the perfect matching of the parameters of loan issued to the Group company with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue are automatically reflected in loan contract conditions. Therefore, if interest rates increased/decreased by 50 bps in the period from 1 January 2018 to 30 June 2018 this would have no significant effect on net interest revenue (revenue less interest expense).

#### ***Credit risk***

The Company is subject to credit risk in respect of the amounts receivable from loans and the cash held on deposit with banks. Credit quality of these assets is good.

The cash deposits are held only with banks, which meet the criteria set out within treasury policies to ensure the risk of loss is minimised. In addition the amounts held with the banks are minimised.

The risk of material unexpected credit losses in respect of amounts receivable from loans is limited as the Company lends only to the Group entity and obtained from major holding companies of IPF Group guarantees for the loan agreement. The long-term Fitch Agency credit rating of IPF Group is currently BB with outlook negative.

#### ***Liquidity risk***

The Company is not subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plans for growth as it has a stable source of long term finance in the form of debt securities. The nature of the Company's business and its policy is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue.

**5. Anticipated development**

The Company was formed as a special purpose entity for the purpose of raising funds, mainly from commercial bond issues, and the provision of finance to entities owned by IPF Plc. Therefore its strategy is to sustain long term finance at levels which meet the needs of the Group. There are no anticipated changes to the nature of the Company over the foreseeable future.

**IPF Investments Polska Sp. o.o.  
MANAGEMENT BOARD STATEMENT**

**in relation to the Interim Condensed Financial Statements and the Management Board Report of IPF Investments Polska Sp. z o.o. as at and for the six month period ended 30 June 2018**

The Management Board of IPF Investments Polska Sp. z o.o. hereby confirms that according to their best knowledge the attached Interim Condensed Financial Statements as at and for the six month period ended 30 June 2018 and the comparative data have been prepared in accordance with the applicable accounting principles and they present a true, fair and clear view of the property and financial situation of IPF Investments Polska Sp. z o.o. and its financial result. The Management Board also confirms that the Management Board Report for the six month period ended 30 June 2018 presents a true picture of the development and achievements and the situation of IPF Investments Polska. Sp. z o.o., including a description of main threats and risks.



**Alicja Kopeć**  
Board Member



**John Dahlgreen**  
Board Member



**Piotr Cybulski**  
Board Member



**Maciej Mikucki**  
Board Member

**Warsaw, 24<sup>th</sup> July 2018**



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www.ipfn.co.uk

**Compliance Certificate**

To: Bondholders

From: International Personal Finance plc

Dated: 25<sup>th</sup> July 2018

Dear Sirs

**IPF Investments Polska S.A. PLN 200,000,000 bearer bonds  
series IPFIP030620 (ISIN PLIPFIP00033)**

1. We refer to terms and conditions of series IPFIP030620 (ISIN PLIPFIP00033) floating rate guaranteed bonds ("Terms and Conditions"). This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that as at 30<sup>th</sup> June 2018:
  - (a) Consolidated EBITA is £187.1m; Consolidated Interest Payable is £56.1m; the ratio of Consolidated EBITA to Consolidated Interest Payable is 3.3:1.0;
  - (b) Consolidated Total Borrowings are £650.7m; Consolidated Net Worth is £486.7m; the ratio of Consolidated Total Borrowings to Consolidated Net Worth is 1.3:1.0;
- 3 This Compliance Certificate is given without personal liability on the part of the signatory.

Signed:  .....

Director  
International Personal Finance plc

Signed:  .....

Director/Secretary  
International Personal Finance plc