MANAGEMENT BOARD REPORT

of

IPF Investments Polska Sp. z o. o.

for the year ended 31 December 2019

Alicja Maria Kopeć

Elektronicznie podpisany przez Alicja Maria Kopeć
Data: 2020.04.20 07:50:21 +02'00'

Alicja Kopeć

Board Member

Maciej Mikucki

Elektronicznie podpisany przez Maciej Mikucki
Data: 2020.04.20 08:55:15 +02'00'

Maciej Mikucki

Board Member

Piotr Jacek Cybulski

Elektronicznie podpisany przez Piotr Jacek Cybulski
DN: c=PL, serialNumber=PNOPL-77060401236, cn=Piotr Jacek Cybulski, givenName=Piotr Jacek, sn=Cybulski
Data: 2020.04.20 09:37:30 +02'00'

Piotr Cybulski

Board Member

Warsaw, 20 April 2020

To the Shareholder,

This report covers the year ended 31 December 2019.

1. Organizational matters

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/ together called "the Group") to finance their lending business.

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

The following persons served as members of the Management Board as at the date of authorization of these report:

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

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

- on 27 March 2019, effective from 29 March 2019, John Dahlgreen resigned from the position of the Management Board Member, which he held since 8 December 2009.

.

2. Significant events in 2019

Interest coupon payments on bonds

On 3 June and 3 December 2019 the Company made the eighth and ninth coupon payment of PLN 6.0 million and PLN 6.1 million respectively on the floating rate bonds from the 3 June 2015 issue with a maturity date of 3 June 2020 and total par value of PLN 200 million. The interest on the loan is based on floating interest rate.

Interest on loan granted to Provident Polska S.A.

On 3 June and 3 December 2019 the Company received the eighth and ninth interest payment in the amount of PLN 6.1 million and PLN 6.2 million respectively on the loan granted to Provident Polska S.A.

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

3. Financial position and result

In 2019 the Company made a net profit of PLN 134.9 thousand. As at 31 December 2019 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, i.e. within 12 months from the balance sheet date.

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 on 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 and other receivables and payables are non-interest bearing.

Minimisation of the interest rate risk is achieved by the perfect matching of the parameters of loans issued to the Group companies 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 will be automatically reflected in loan contract conditions. Therefore, if interest rates increased/ decreased by 50 bps in the period from 1 January to 31 December 2019 and 2018 this would have no significant effect on net interest revenue (revenue less interest expense).

Currency risk

In 2019 and 2018 the Company was not exposed to any currency risk.

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 and its equivalents.

Credit quality of cash deposits is good. They are held only with banks with high raitings, which meet the criteria set out within treasury policies to ensure the risk of loss is minimised.

The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from other Group companies who have Fitch Agency rating BB (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 because the term and conditions of amounts receivable from loans are matched with those of debt securities in issue. In addition, the level of cash accumulated by the Company in the process of its current operations ensures the settlement of current liabilities, therefore the Management Board does not recognise the risk of the Company's lack of liquidity in the foreseeable future., i.e. within 12 months from the balance sheet date.

5. COVID-19 pandemic

In first months of 2020 an unknown virus causing acute infectious respiratory disease (COVID-19) spread all over the word. The first information on COVID-19 appeared in December 2019 and in mid-March 2020 the World Health Organization (WHO) declared the outbreak as pandemic.

The spread of the virus has large-scale social and economic effects in Poland and many countries around the world. Number of restrictions related to movement and interpersonal contacts were imposed on polish citizens, while many branches of the economy were temporarily restricted or even blocked the possibility of running a relatively normal business, which in turn caused dynamic reactions on financial and capital markets.

The Management closely monitors the situation and regularly analyzes the impact of the pandemic on the Company and as disclosed in the 'Basis of preparation' in the Financial Statements, in the Management's opinion, there is no threat for Company's going concern in foreseeable future, i.e. within 12 months from the balance sheet date.

6. 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.

The maturity of the bonds held by the Company and the repayment date of the loan granted to a related entity are due to June 2020. As at the date of authorisation of these Financial Statements, the Company does not yet have specific plans to obtain new external financing. Nevertheless, the intention of the Management Board and the owner of the Company is to maintain the Company for at least 12 months from the balance sheet date for the purpose for which it was established.