

**SEMI-ANNUAL REPORT**

**2017**

**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            | 2017     | 2016    | 2017     | 2016    |
|---|----------|---------|----------|---------|
|   | PLN 000' |         | EUR 000' |         |
| <b>Total income</b>   | 6 110    | 6 127   | 1 439    | 1 399   |
| <b>Profit before income tax</b>                             | 52       | 53      | 12       | 12      |
| <b>Net profit for the period</b>                            | 42       | 43      | 10       | 10      |
| <b>Non-current assets</b>                                   | 200 000  | 200 000 | 47 320   | 45 193  |
| <b>Current assets</b>                                       | 1 184    | 1 088   | 280      | 246     |
| <b>Total assets</b>   | 201 184  | 201 088 | 47 602   | 45 439  |
| <b>Called up share capital</b>                              | 45       | 45      | 11       | 10      |
| <b>Total equity</b>   | 277      | 193     | 65       | 44      |
| <b>Current liabilities</b>                                  | 908      | 894     | 214      | 202     |
| <b>Non-current liabilities</b>                              | 200 001  | 200 001 | 47 321   | 45 193  |
| <b>Total liabilities</b>                                    | 200 907  | 200 895 | 47 535   | 45 395  |
| <b>Net cash inflow/(outflow) from operating activities</b>  | 6 073    | 6 101   | 1 430    | 1 393   |
| <b>Net cash inflow/(outflow) from financing activities</b>  | (6 044)  | (6 416) | (1 423)  | (1 465) |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 29       | (315)   | 7        | (72)    |
| <b>Cash and cash equivalents at the end of the period</b>   | 280      | 197     | 66       | 44      |

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 2017 and 2016 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 2017 and 2016 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 2017**

## 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 2017, interim condensed statement of financial position as at 30 June 2017, interim condensed statement of changes in equity for the six month period ended 30 June 2017, interim condensed statement of cash flows for the six month period ended 30 June 2017 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:


|   | Page |
|---|------|
| Interim condensed statement of comprehensive income | 3    |
| Interim condensed statement of financial position   | 4    |
| 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 2017.

  
Alicja Kopec  
Board Member

  
John Dahlgreen  
Board Member

  
Agnieszka Kłos  
Board Member

  
Mark Sutherland  
Board Member/ Responsible for  
maintaining the books of accounts

Warsaw, 26<sup>th</sup> July 2017

## Interim condensed statement of comprehensive income

For the six month period ended 30 June

|  | Notes | 2017<br>PLN<br>(unaudited) | 2016<br>PLN<br>(unaudited) |
|--|-------|----------------------------|----------------------------|
| Interest revenue   |       | 6 110 328,20               | 6 126 559,79               |
| <b>Total Income</b>  |       | <b>6 110 328,20</b>        | <b>6 126 559,79</b>        |
| Finance costs  |       | (6 010 013,97)             | (6 025 054,70)             |
| Operating costs  |       | (48 576,20)                | (48 660,50)                |
| <b>Total costs</b>   |       | <b>(6 058 590,17)</b>      | <b>(6 073 715,20)</b>      |
| <b>Profit before Income tax</b>                              |       | <b>51 738,03</b>           | <b>52 844,59</b>           |
| Income tax expense   | 8     | (9 830,00)                 | (10 166,00)                |
| <b>Net profit for the period</b>                             |       | <b>41 908,03</b>           | <b>42 678,59</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>41 908,03</b>           | <b>42 678,59</b>           |

## Interim condensed statement of financial position

| As at                               | Notes | 30 June 2017<br>PLN<br>( <i>unaudited</i> ) | 31 December 2016<br>PLN | 30 June 2016<br>PLN<br>( <i>unaudited</i> ) |
|-------------------------------------|-------|---|-------------------------|---|
| <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           |       | -   | 1 120,99                | -   |
|                                     |       | <b>200 000 000,00</b>                       | <b>200 001 120,99</b>   | <b>200 000 000,00</b>                       |
| <b>Current assets</b>               |       |   |                         |   |
| Receivables from loans              |       | 899 863,69                                  | 934 767,10              | 890 900,37                                  |
| Trade and other receivables         |       | 3 611,31                                    | 3 000,00                | 5,50  |
| Cash and cash equivalents           |       | 280 133,97                                  | 251 576,42              | 196 595,42                                  |
|                                     |       | <b>1 183 608,97</b>                         | <b>1 189 343,52</b>     | <b>1 087 501,29</b>                         |
| <b>Total assets</b>                 |       | <b>201 183 608,97</b>                       | <b>201 190 464,51</b>   | <b>201 087 501,29</b>                       |
| <b>LIABILITIES</b>                  |       |   |                         |   |
| <b>Current liabilities</b>          |       |   |                         |   |
| Debt securities in issue            | 5     | 885 337,67                                  | 919 323,70              | 875 976,45                                  |
| Trade and other payables            |       | 13 000,00                                   | 24 566,55               | 10 000,00                                   |
| Current income tax liabilities      |       | 7 850,00                                    | 11 920,00               | 7 984,00                                    |
|                                     |       | <b>906 187,67</b>                           | <b>955 810,25</b>       | <b>893 960,45</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              |       | 859,01                                      | -                       | 936,01                                      |
|                                     |       | <b>200 000 859,01</b>                       | <b>200 000 000,00</b>   | <b>200 000 936,01</b>                       |
| <b>Total liabilities</b>            |       | <b>200 907 046,68</b>                       | <b>200 955 810,25</b>   | <b>200 894 896,46</b>                       |
| <b>EQUITY</b>                       |       |   |                         |   |
| Called up share capital             | 6     | 45 000,00                                   | 45 000,00               | 45 000,00                                   |
| Retained earnings                   |       | 231 562,29                                  | 189 654,26              | 147 604,83                                  |
| <b>Total equity</b>                 |       | <b>276 562,29</b>                           | <b>234 654,26</b>       | <b>192 604,83</b>                           |
| <b>Total equity and liabilities</b> |       | <b>201 183 608,97</b>                       | <b>201 190 464,51</b>   | <b>201 087 501,29</b>                       |

## Interim condensed statement of changes in equity

|                                    | Called up<br>share capital<br>PLN | Retained<br>earnings<br>PLN | Total<br>equity<br>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>      |

|                                    | Called up<br>share capital<br>PLN | Retained<br>earnings<br>PLN | Total<br>equity<br>PLN |
|------------------------------------|-----------------------------------|-----------------------------|------------------------|
| <b>At 1 January 2016</b>           | <b>45 000,00</b>                  | <b>454 926,24</b>           | <b>499 926,24</b>      |
| Profit for the period              | -                                 | 42 678,59                   | 42 678,59              |
| Dividend                           |                                   | (350 000,00)                | (350 000,00)           |
| <b>At 30 June 2016 (unaudited)</b> | <b>45 000,00</b>                  | <b>147 604,83</b>           | <b>192 604,83</b>      |



## Interim condensed statement of cash flows

For the six month period ended 30 June

|   | 2017<br>PLN<br><i>(unaudited)</i> | 2016<br>PLN<br><i>(unaudited)</i> |
|---|-----------------------------------|-----------------------------------|
| <b>Profit before income tax</b>   | <b>51 738,03</b>                  | <b>52 844,59</b>                  |
| <b>Adjusted for:</b>  | <b>(111 260,48)</b>               | <b>(105 555,72)</b>               |
| Finance costs   | 6 010 013,97                      | 6 025 054,70                      |
| Interest on granted loans - revenue   | (6 109 096,59)                    | (6 124 680,82)                    |
| (Increase)/decrease in trade and other receivables                              | (611,31)                          | 5 410,40                          |
| Increase/(decrease) in current liabilities, excluding bank and other borrowings | (11 566,55)                       | (11 340,00)                       |
| <b>Income tax paid</b>  | <b>(11 920,00)</b>                | <b>(12 059,00)</b>                |
| Interest received on granted loans  | 6 144 000,00                      | 6 166 000,00                      |
| <b>Net cash inflow/(outflow) from operating activities</b>                      | <b>6 072 557,55</b>               | <b>6 101 229,87</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>(6 416 000,00)</b>             |
| Dividend paid   | -                                 | (350 000,00)                      |
| Repayments of debt securities   | -                                 | -                                 |
| Interest paid   | (6 044 000,00)                    | (6 066 000,00)                    |
| <b>Net cash inflow/(outflow) from financing activities</b>                      | <b>(6 044 000,00)</b>             | <b>(6 416 000,00)</b>             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                     | <b>28 557,55</b>                  | <b>(314 770,13)</b>               |
| <b>Cash and cash equivalents at the beginning of the period</b>                 | <b>251 576,42</b>                 | <b>511 365,55</b>                 |
| <b>Cash and cash equivalents at the end of the period</b>                       | <b>280 133,97</b>                 | <b>196 595,42</b>                 |

# Notes to the Interim Condensed Financial Statements

## 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 home 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 2017 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 |
| Agnieszka Klos  | Member since 24 July 2012    |
| Mark Sutherland | Member since 31 October 2013 |

During the reporting period and till the date of approval of these Interim Condensed Financial Statements for issuance there were no changes in the Management Board composition.

## 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 2016, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and were approved for issuance on 24 February 2017.

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 2016.

### Standards and amendments effective from 2017

There are no standards or amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU, which became effective for the first time for the financial reporting periods beginning on or after 1 January 2017.

# Notes to the Interim Condensed Financial Statements (continued)

## 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 9 *Financial Instruments* (issued on 24 July 2014) - effective for financial years beginning on or after 1 January 2018,
- 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) – effective for financial years beginning on or after 1 January 2018,
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements (the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard),
- IFRS 16 *Leases* (issued on 13 January 2016) - 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,
- 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,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) and further amendments - effective date was deferred indefinitely until the research project on the equity method has been concluded - not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (issued on 19 January 2016) - effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Amendments to IAS 7 Disclosure Initiative (issued on 29 January 2016) - effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016) - effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016) - effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016) - effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval these Interim Condensed Financial Statements,
- Annual Improvements to IFRS 2014-2016 Cycle (issued on 8 December 2016) - effective for financial years beginning on or after 1 January 2017 (for IFRS 12) and 1 January 2018 (for IFRS 1 and IAS 28) – not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018 - not yet endorsed by EU till the date of approval of these Interim Condensed Financial Statements,
- Amendments to IAS 40 *Transfers of Investment Property* (issued on 8 December 2016) - effective for financial years beginning on or after 1 January 2018 - not yet endorsed by EU till the date of approval of 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.

## Notes to the Interim Condensed Financial Statements (continued)

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.

### 4. Receivables from loans

As at 30 June 2017 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 2017 and 30 June 2016.

### 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 2017 are the following:

| ISIN code    | Maturity Date | Interest basis    | Carrying value<br>PLN |
|--------------|---------------|-------------------|-----------------------|
| PLIPFIP00033 | 03.06.2020    | WIBOR 6M + margin | 200 885 337,67        |
| Current      |               |                   | 885 337,67            |
| Non-current  |               |                   | 200 000 000,00        |
| <b>Total</b> |               |                   | <b>200 885 337,67</b> |

### 6. Share capital

There were no changes to the number of shares issued in the six month period ended 30 June 2017 and 2016 (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 2017.

### 8. Income tax

The effective tax rate for the six month period ended 30 June 2017 and 30 June 2016 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.

## Notes to the Interim Condensed Financial Statements (continued)

In the six month period ended 30 June 2017 and 2016 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.

### (c) Group transactions

In the six month period ended 30 June 2017 and 2016 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)

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 and IPF International 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 |                       | 2017                  | 2016                  |
|--|-----------------------|-----------------------|-----------------------|
|  |                       | PLN                   | PLN                   |
|  |                       | (unaudited)           | (unaudited)           |
| <b>Revenue/(costs)</b>                 |                       |                       |                       |
| Interests from loan                    |                       | 6 109 096,59          | 6 124 680,82          |
| Cost recharges                         |                       | 17 013,71             | 14 000,00             |
| Service costs                          |                       | (37 859,40)           | (37 859,40)           |
|  |                       | <b>6 088 250,90</b>   | <b>6 100 821,42</b>   |
| <b>As at</b>                           |                       |                       |                       |
|  | 30 June 2017          | 31 December 2016      | 30 June 2016          |
|  | PLN                   | PLN                   | PLN                   |
|  | (unaudited)           |                       | (unaudited)           |
| <b>Assets/(liabilities)</b>            |                       |                       |                       |
| Receivables from loan                  | 200 899 863,69        | 200 934 767,10        | 200 890 900,37        |
| Trade and other receivables            | 3 611,31              | 3 000,00              | -                     |
| Trade and other payables               | (3 000,00)            | (3 226,05)            | -                     |
|  | <b>200 900 475,00</b> | <b>200 934 541,05</b> | <b>200 890 900,37</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 2017          |                       | 31 December 2016      |                       | 30 June 2016          |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | 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    | 280 133,97            | 280 133,97            | 251 576,42            | 251 576,42            | 196 595,42            | 196 595,42            |
| Receivables from loans       | 205 298 473,34        | 200 899 863,69        | 206 013 004,18        | 200 934 767,10        | 206 290 236,01        | 200 890 900,37        |
| Trade and other receivables  | 3 611,31              | 3 611,31              | 3 000,00              | 3 000,00              | 5,50                  | 5,50                  |
| <b>Total</b>                 | <b>205 582 218,62</b> | <b>201 183 608,97</b> | <b>206 267 580,60</b> | <b>201 189 343,52</b> | <b>206 486 836,93</b> | <b>201 087 501,29</b> |
| <b>Financial liabilities</b> |                       |                       |                       |                       |                       |                       |
| Debt securities in issue     | 173 596 000,00        | 200 885 337,67        | 175 730 000,00        | 200 919 323,70        | 199 666 000,00        | 200 875 976,45        |
| Trade and other payables     | 13 000,00             | 13 000,00             | 24 566,55             | 24 566,55             | 10 000,00             | 10 000,00             |
| <b>Total</b>                 | <b>173 609 000,00</b> | <b>200 898 337,67</b> | <b>175 754 566,55</b> | <b>200 943 890,25</b> | <b>199 676 000,00</b> | <b>200 885 976,45</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 2017, year 2016 and half year 2016 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 of the Company are categorised as *loans and receivables* while all its financial liabilities are categorised as *financial liabilities measured at amortized cost*.

The IFRS 13 fair value hierarchy of the Company's financial assets and liabilities as at 30 June 2017, 31 December 2016 and 30 June 2016 is set out below:

As at 30 June 2017  
(unaudited)

| Financial assets             | Level 1           | Level 2               | Level 3  | Total                 |
|------------------------------|-------------------|-----------------------|----------|-----------------------|
|                              | PLN               | PLN                   | PLN      | PLN                   |
| 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> |

# Notes to the Interim Condensed Financial Statements (continued)

As at 31 December 2016

|                              | Level 1           | Level 2               | Level 3  | Total                 |
|------------------------------|-------------------|-----------------------|----------|-----------------------|
|                              | PLN               | PLN                   | PLN      | PLN                   |
| <b>Financial assets</b>      |                   |                       |          |                       |
| Cash and cash equivalents    | 251 576,42        | -                     | -        | 251 576,42            |
| Receivables from loans       | -                 | 206 013 004,18        | -        | 206 013 004,18        |
| Trade and other receivables  | -                 | 3 000,00              | -        | 3 000,00              |
| <b>Total</b>                 | <b>251 576,42</b> | <b>206 016 004,18</b> | <b>-</b> | <b>206 267 580,60</b> |
| <b>Financial liabilities</b> |                   |                       |          |                       |
| Debt securities in issue     | -                 | 175 730 000,00        | -        | 175 730 000,00        |
| Trade and other payables     | -                 | 24 566,55             | -        | 24 566,55             |
| <b>Total</b>                 | <b>-</b>          | <b>175 754 566,55</b> | <b>-</b> | <b>175 754 566,55</b> |

As at 30 June 2016  
(unaudited)

|                              | Level 1           | Level 2               | Level 3  | Total                 |
|------------------------------|-------------------|-----------------------|----------|-----------------------|
|                              | PLN               | PLN                   | PLN      | PLN                   |
| <b>Financial assets</b>      |                   |                       |          |                       |
| Cash and cash equivalents    | 196 595,42        | -                     | -        | 196 595,42            |
| Receivables from loans       | -                 | 206 290 236,01        | -        | 206 290 236,01        |
| Trade and other receivables  | -                 | 5,50                  | -        | 5,50                  |
| <b>Total</b>                 | <b>196 595,42</b> | <b>206 290 241,51</b> | <b>-</b> | <b>206 486 836,93</b> |
| <b>Financial liabilities</b> |                   |                       |          |                       |
| Debt securities in issue     | -                 | 199 666 000,00        | -        | 199 666 000,00        |
| Trade and other payables     | -                 | 10 000,00             | -        | 10 000,00             |
| <b>Total</b>                 | <b>-</b>          | <b>199 676 000,00</b> | <b>-</b> | <b>199 676 000,00</b> |

There were no transfers between the levels during the period.

## 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**

**of**

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

**for the six month period ended 30 June 2017**



Management Board Report of IPF Investments Polska Sp. z o.o.  
for the six month period ended 30 June 2017

---



Alicja Kopeć  
Board Member



John Dahlgreen  
Board Member



Agnieszka Kłos  
Board Member



Mark Sutherland  
Board Member/ Responsible for  
maintaining the books of accounts

Warsaw, 26<sup>th</sup> July 2017

**Management Board Report of IPF Investments Polska Sp. z o.o.  
for the six month period ended 30 June 2017**

---

Dear Shareholder,

This report covers the six month period ended 30 June 2017.

**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 home 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 2017 and as at the date of approval of this report:

|                 |                              |
|-----------------|------------------------------|
| John Dahlgreen  | Member since 8 December 2009 |
| Alicja Kopeć    | Member since 8 December 2009 |
| Agnieszka Kłos  | Member since 24 July 2012    |
| Mark Sutherland | Member since 31 October 2013 |

During the reporting period and till the date of approval of this report there were no changes in the Management Board composition.

**2. Significant events in 2017**

**Interest coupon payments on bonds**

On 3 June 2017 the Company made the fourth 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 2017 the Company received the fourth 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 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.

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

In the six month period ended 30 June 2017 the Company made a net profit of PLN 41,9 thousand. As at 30 June 2017 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 2017 to 30 June 2017 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. On 8 June 2017, as part of the annual review, Fitch downgraded the rating by one notch from BB+ with outlook negative, what, together with main reasons for the downgrade mentioned by Fitch, had been announced by IPF Group to the markets. There are no further significant developments on these issues at this stage.

#### **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 2017**

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 2017 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 2017 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



Agnieszka Kłos  
Board Member



Mark Sutherland  
Board Member/ Responsible for  
maintaining the books of accounts

Warsaw, 26<sup>th</sup> July 2017