



KRUK Group



REJESTR DŁUŻNIKÓW
E R I F
BIG S.A.



PRESENTATION

of Q1-Q3 and Q3 2011 results

KRUK Group

November 2011

Agenda

Introduction

Debt collection industry

Operations

Financial performance

KRUK – PLN 426m of investments in debt portfolios and PLN 52m of net profit for Q1-Q3 2011

(I) In the period from January to September 2011, the KRUK Group invested **PLN 426m** in debt portfolios purchased in Poland and Romania.

(II) The Group's **net profit** after three quarters of 2011 is **up by 82%** year on year.

(III) In the year to the end of September, the KRUK Group **issued PLN 256m in bonds** to finance new debt purchases. The Group is also successful in raising bank debt - in 2011, it entered into **loan agreements totalling PLN 125m**.

(IV) The KRUK Group entered into an agreement to purchase the first debt portfolio in the **Czech Republic**.

(V) The KRUK Group signed an agreement to acquire a company licensed to purchase debt portfolios in **Hungary**.

(VI) The Group's **debt collection strategy** is supported in Poland by the continuation of an advertising campaign and product placement in a TV series.

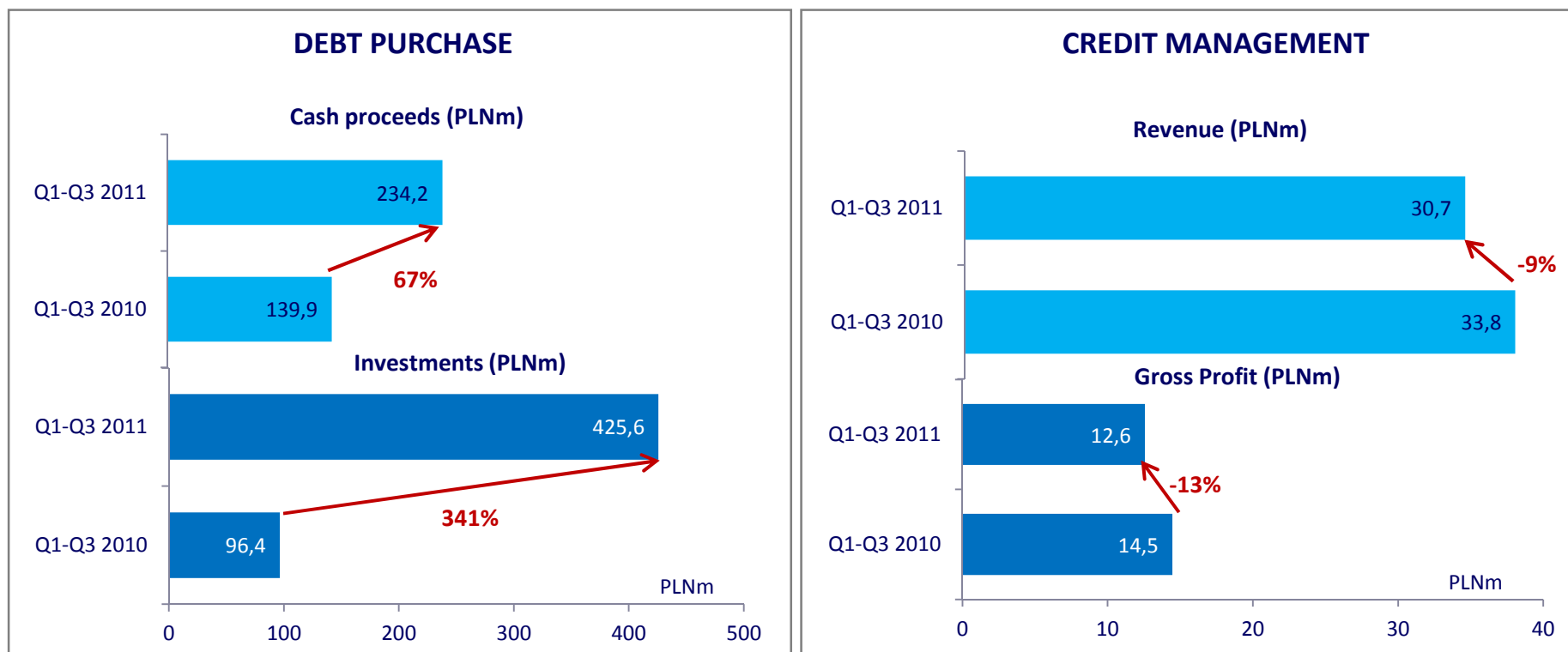
In September 2011, the KRUK Group also launched an educational and advertising campaign in Romania, as the first debt collection company in the history of that market.

(VII) According to the audit report by KPMG, in the third quarter of 2011 the **database** of the ERIF Debtors Register grew by **29%** on the previous quarter and as at the end of September 2011 contained **961 thousand items**.



Source: KRUK S.A.

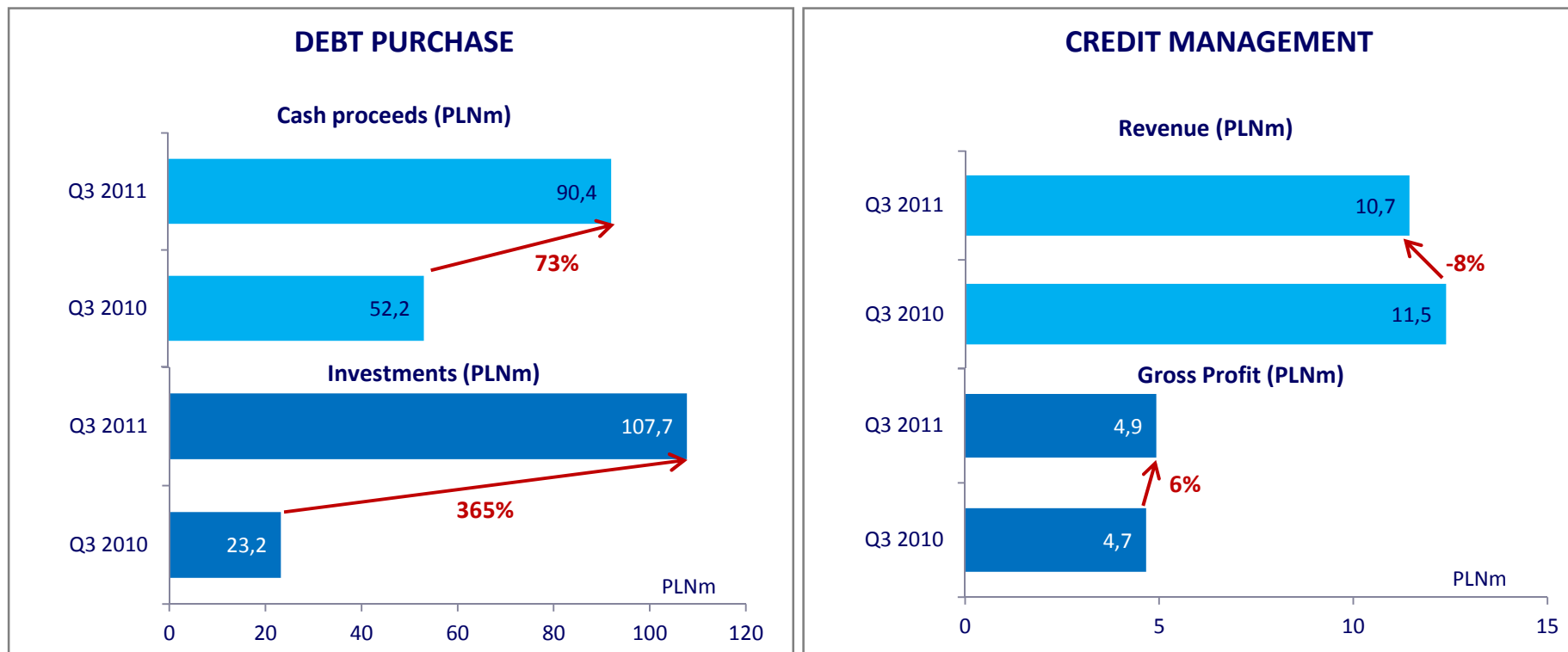
After the first three quarters of 2011, the KRUK Group's net profit is up by 82% year on year



	Q1-Q3 2011	Q1-Q3 2010	Change	2010	% of 2010 result
Revenue (PLNm)	190,6	120,4	58%	164,3	116%
EBIT (PLNm)	72,3	34,6	109%	42,6	169%
Net profit (PLNm)	52,3	28,7	82%	36,1	145%
EPS (PLN)	3,2	1,9	71%	2,34	136%
ROE	26,7%			27,4%	

Source: KRUK S.A.

In Q3 2011, KRUK's EBIT grew by 47% and its net profit improved by 17% on Q3 2010



	Q3 2011	Q3 2010	Change
Revenue (PLNm)	66,8	46,0	45%
EBIT (PLNm)	23,6	16,1	47%
Net profit (PLNm)	13,1	11,2	17%

Source: KRUK S.A.

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In H2 2011, banks in Poland and Romania continued their strong sell off of retail debt

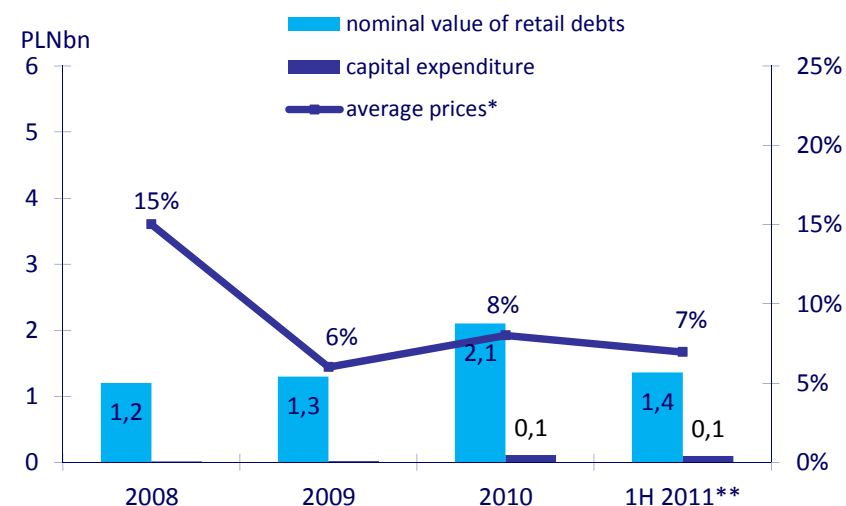
POLAND



We expect the size of the debt purchase market to double in 2011 compared with 2010.

Higher purchase prices are driven by the better quality of purchased debt, but also by competitive pressure.

ROMANIA



Relatively low prices prevail on the market, which results from the specific nature of Romanian debts and lower competition compared to Poland.

We expect that in 2011 the Romanian debt purchase market will at least maintain its 2010 level.

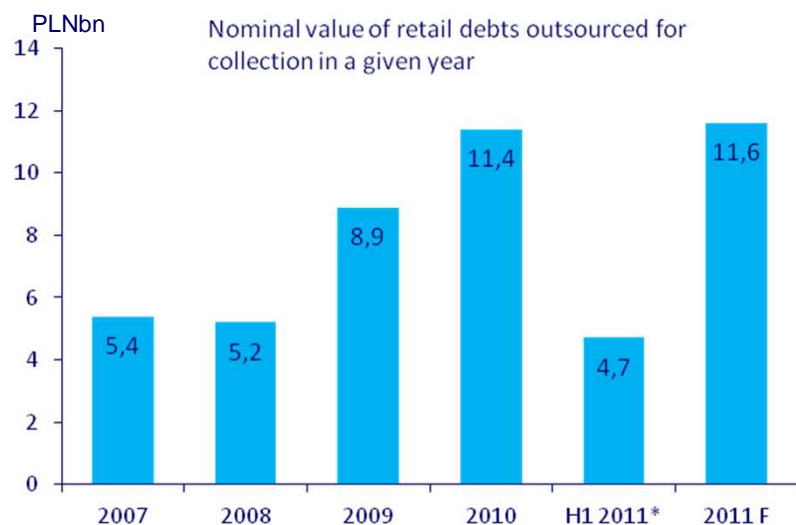
Source: KRUK S.A., IBnGR.

* average price calculated as a percentage of nominal value

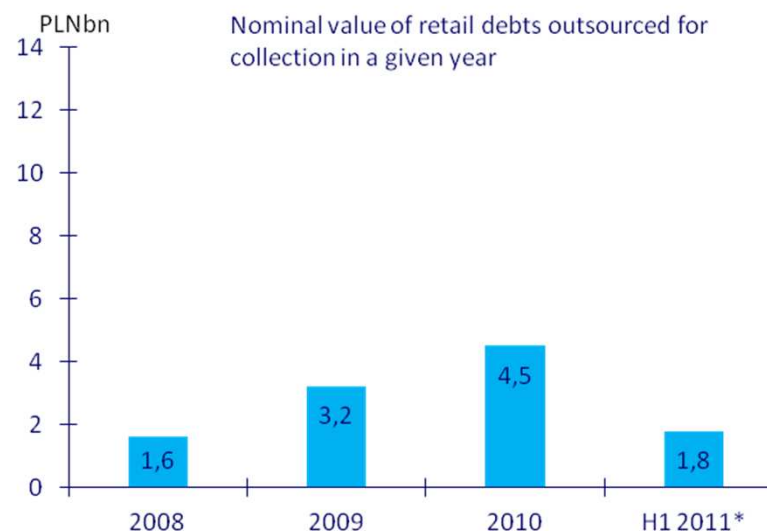
** based on KRUK's estimates

A shift towards the debt sale market and lower lending activity inhibit the growth of the credit management market

POLAND



ROMANIA



As sales of new non-mortgage loans slowed down, some banks reduced the volume of debt outsourced for collection.

There is a shift from credit management market towards the debt sale market.

Agenda

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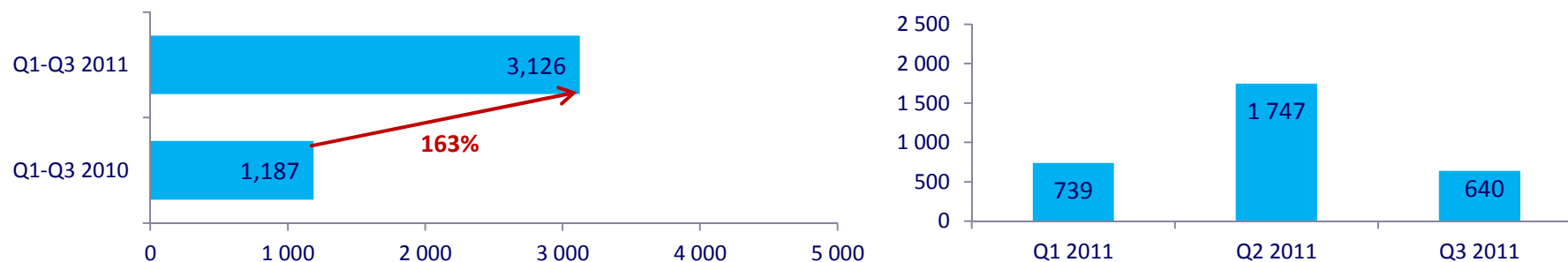
Debt collection industry

Operations

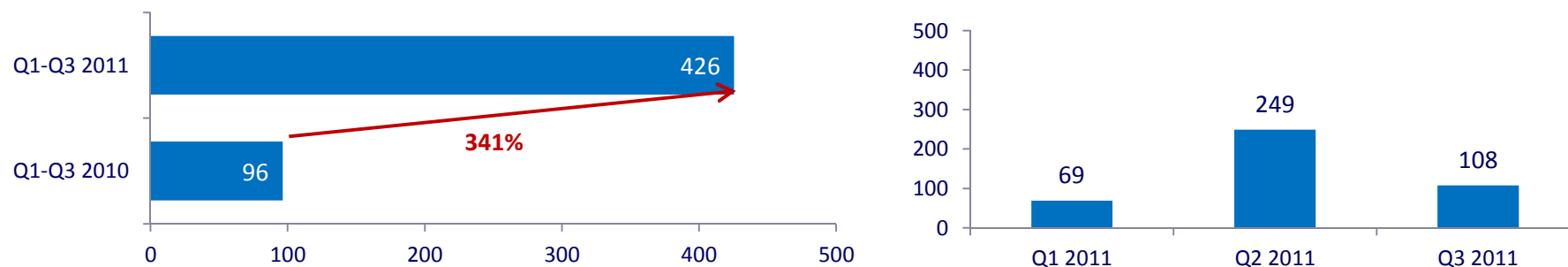
Financial performance

KRUK – investment in debt purchases

Nominal value of purchased debt (PLNm)



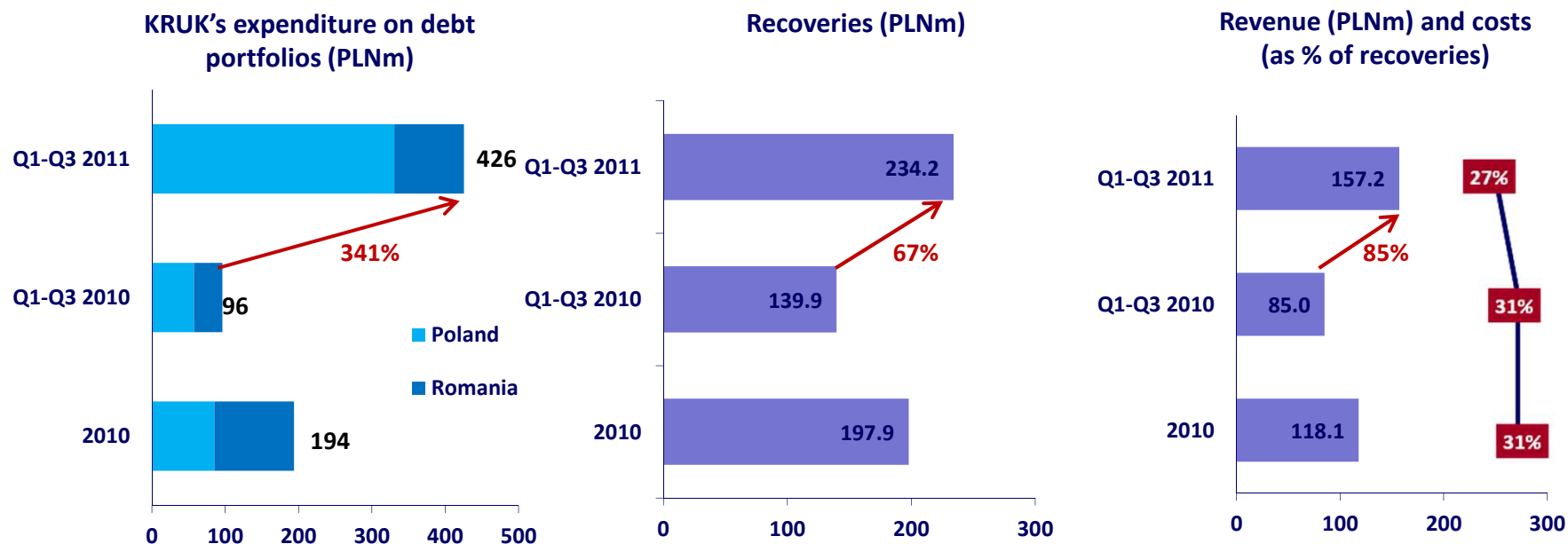
Capital expenditure on new debt portfolios (PLNm)



In Q1–Q3 2011, KRUK purchased 33 new debt portfolios.

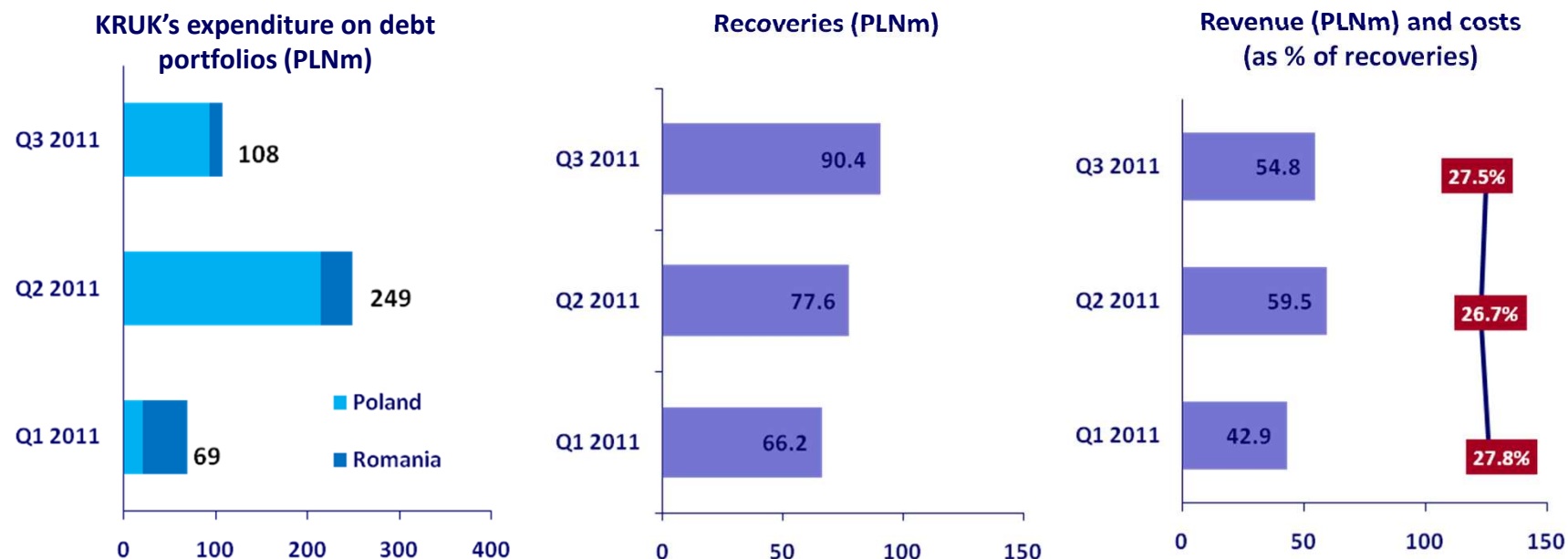
The KRUK Group purchased debt mainly from financial institutions (approximately 95% of the total nominal value of debt purchased in Q1–Q3 2011).

KRUK's debt purchase in Q1-Q3 - rapid growth and high margin



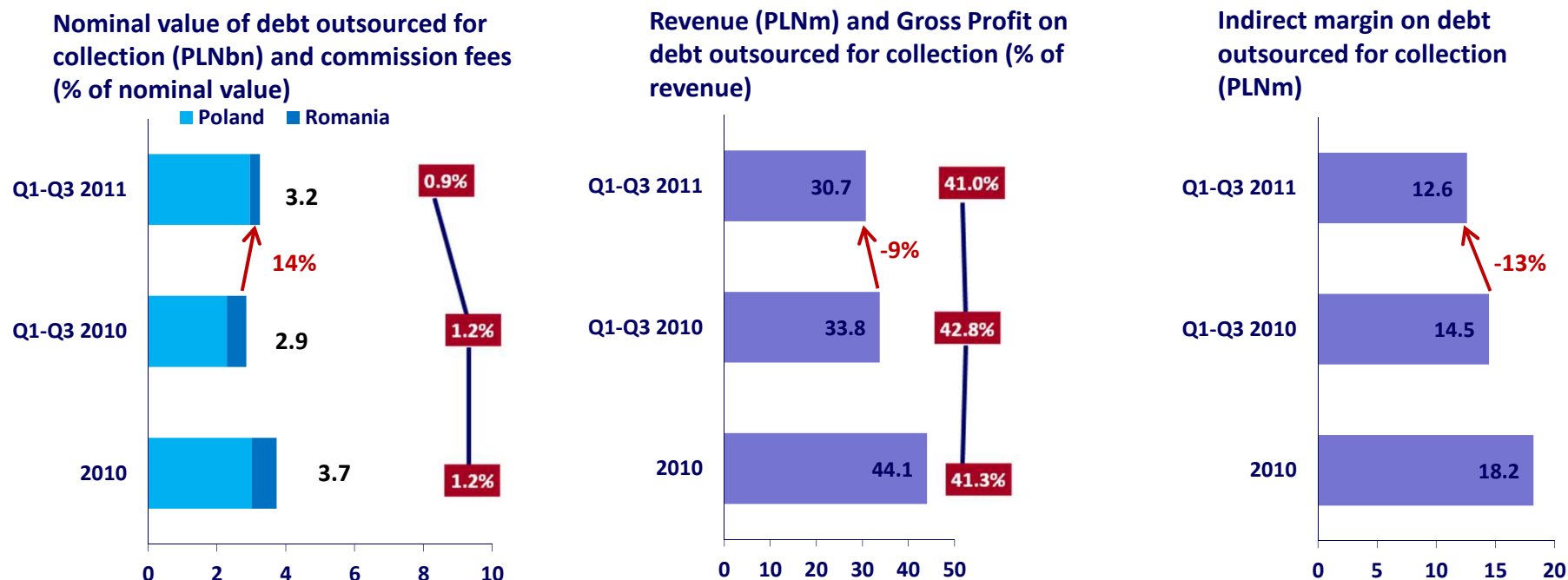
The KRUK Group reported a record-high level of expenditure on debt portfolios, and at the same time improved its operating margin in Q1–Q3 2011.

KRUK's debt purchase – PLN 108m of expenditure and an average of PLN 1m of cash generated each day in Q3 2011



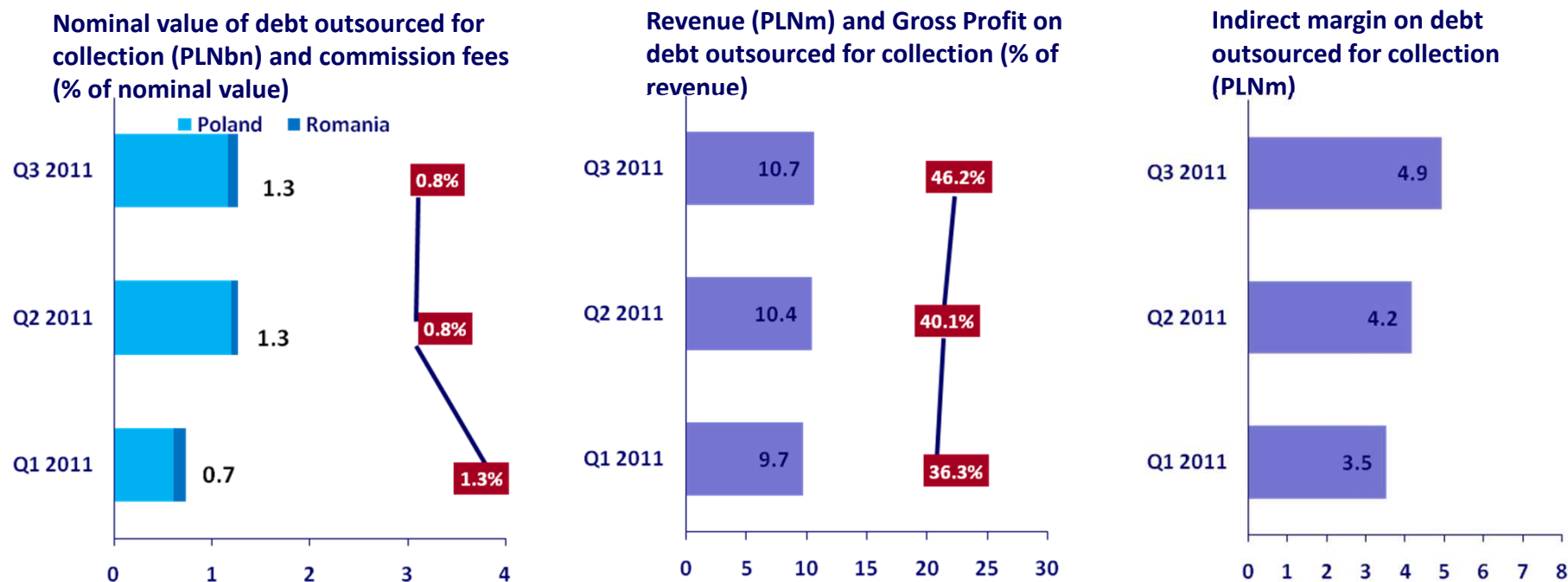
In 2011, KRUK has consistently achieved higher cost-effectiveness than in 2010 – costs as a percentage of recoveries remain below the 31% level recorded in 2010.

KRUK's credit management services in Q1-Q3 – stable and highly profitable business line



Credit management continues to be a highly profitable business line, which is strategically important to KRUK given the synergies with the debt purchase business.

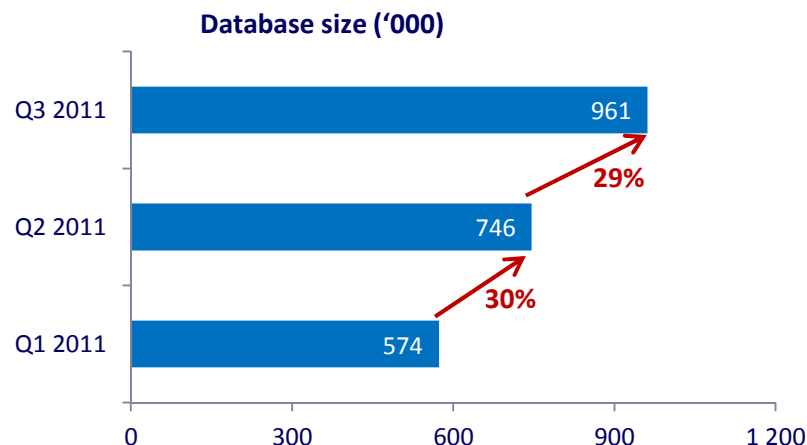
KRUK's credit management in Q3 – higher margin and profitability relative to Q1 and Q2 2011



Source: KRUK S.A.

KRUK's new projects in Poland – 960,000 entries in RD ERIF database and more than 3,000 loans sold

RD ERIF (credit information agency)

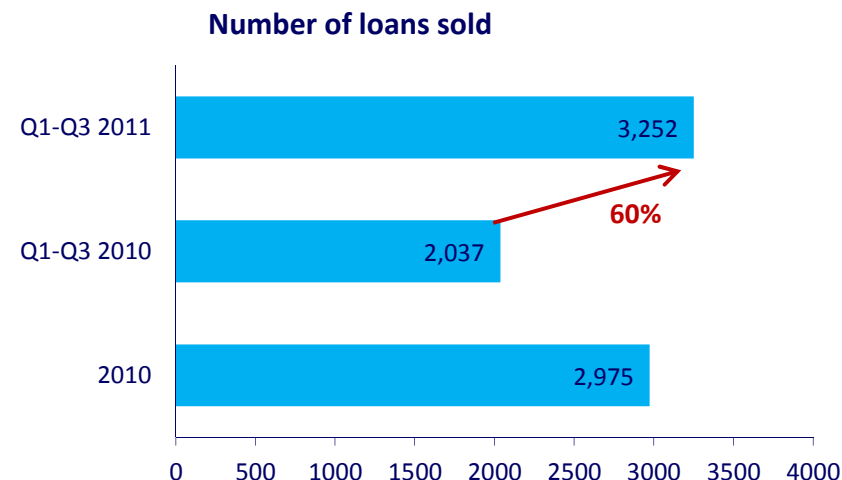


RD ERIF's database has continued to expand dynamically.

RD ERIF is the first credit information agency to have its database audited, thus confirming its quality.

RD ERIF is developing sales to the corporate sector and institutions with large consumer debt, as well as to the SME sector.

NOVUM LOANS



The product is currently targeted at persons who have already repaid their debt to KRUK and are regularly repaying other liabilities.

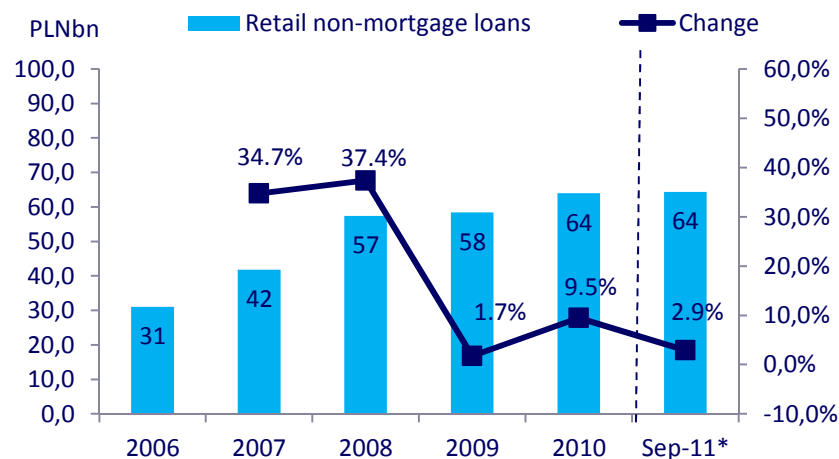
Prospective clients, due to their status and conditions prevailing on the banking market, have limited access to bank loans.

The company's significant competitive edge comes from the ability to mitigate risk thanks to its knowledge of borrowers' profiles and behaviour patterns and effective debt collection.

Source: KRUK S.A.

Hungary – KRUK intends to enter the market in Q1 2012

Nominal value of retail non-mortgage bank loans



The KRUK Group in Hungary

In October 2011, the KRUK Group executed an agreement to purchase a Hungarian company SH Money. The company has not started operations but holds licences to purchase debt in Hungary. The transaction will be closed once it is cleared by the Hungarian Financial Supervisory Authority.

The value of retail non-mortgage bank loans approximates to the value of the Romanian and Czech markets. We expect a strong interest in debt selling on the part of banks due to their difficult financial situation in Hungary.

According to the Group's preliminary estimates, annual expenditure on debt purchases amount to approximately PLN 50–75m.

THE HUNGARIAN MARKET

The Hungarian debt collection market is strongly fragmented. Entities present on the market include EOS and Intrum Justitita, which are KRUK's competitors also on other markets, as well as numerous local businesses.

Banks operating on the Hungarian market include banks which are also present in Poland and Romania: Erste Bank, Raiffeisen Bank, Cetelem Bank, Santander Consumer Finance, GE Bank.

KRUK – a pioneer in marketing communications related to debt collection in Poland...



TV ADVERTISING SPOTS – “THE NEIGHBOUR” ADVERTISEMENT

September 19th–November 25th 2011; nationwide advertising campaign in TVP, POLSAT and TVN channels.



IDEA/PRODUCT PLACEMENT IN “M JAK MIŁOŚĆ” TELEVISION SERIES

October 11th and 17th 2011; TVP2 channel, the ratings for the first episode were 7.2 million viewers, and the second – 7.8 million viewers.



WEATHER FORECAST SPONSOR SCREENS – TVP1

October 24th–30th 2011; advertisement in the form of sponsor screens displayed before and after weather forecast.



ARTICLES, ADVERTISEMENTS AND ADVICE PUBLISHED IN THE PRESS

Since September 13th 2011; educational series, published in guide magazines (e.g. *Naj*, *Poradnik*, *Chwila dla Ciebie*), regional press in all provinces as well as *Fakt* and *Super Express* tabloid newspapers.



POLISH NATIONWIDE DAY WITHOUT DEBT

November 17th 2011; the purpose of the initiative is to motivate debtors to repay their full debt amount or to make an attempt to settle their debt in instalments.



MASS MAILING USING THE IMAGE OF WELL KNOWN POLISH ACTORS

September–December 2011; delivered mail consists of a security tinted envelope featuring well known television series actors – Teresa Lipowska and Witold Pyrkosz, a leaflet and an application for debt repayment in instalments.

Source: KRUK S.A.

...makes its first media appearance in Romania!



The first-ever educational and marketing campaign in Romania by a debt management company!

TV ADVERTISING SPOTS – “THE NEIGHBOUR” ADVERTISEMENT – dubbing

September 20th–November 27th 2011; nationwide advertising campaign in Romania in Antena 1, Antena 2, Etno TV, Euforia TV, Favorit TV, gsp tv, Kanal D, Mynele TV, National TV, OTV, Pro Cinema, Pro Tv, TVR 1, TVR 2 channels.

ARTICLES, ADVERTISEMENTS AND ADVICE PUBLISHED IN THE PRESS

Since September 22nd 2011; educational series, published in guide magazines, regional press and tabloid newspapers (*Click*, *Libertatea*, *Pro TV Magazin*, *Transilvania Express*, *Monitorul de Cluj*, *Renasterea Banateana*, *Ziarul de Iasi*, *Jurnal Aradean*, *Jurnal Bihorean*, *Jurnal Caras Severin*, *Gazeta de Sud*, *Tribuna Sibiu*, *Viata Libera*, *Monitorul de Suceava*, *Informatia Maramures*).

DAY WITHOUT DEBT – as part of the “My debt” social campaign

November 17th 2011; the purpose of the initiative is to motivate debtors to contact the creditor or its representative (a debt collection company) in order to start repaying their debt, either as a bullet payment or in instalments.

Relevant advice is available at the website: www.datoriamea.ro/

MASS MAILING USING THE IMAGE OF ACTORS FROM “THE NEIGHBOUR” ADVERTISEMENT

September–December 2011; delivered mail consists of a security tinted envelope, a leaflet and an application for debt repayment in instalments.

Source: KRUK S.A.

GHID

Noi vă ajutăm să rezolvați problema datoriilor, partea a 3-a

Aranjamentele de plată

soluția pentru persoanele cu datorii

1. Hotărâți ce sumă puteți plăti ca rată lunară
Agenții de colectare cu care intrați în contact vă vor ajuta să stabiliți suma lunară pe care o puteți aloca pentru plata datoriilor. După o analiză detaliată a sumelor de care aveți nevoie pentru plățile lunare, împreună cu agenții de colectare stabiliți suma pe care vă puteți plăti cu rată lunară.
Agentele de colectare vă va ajuta să stabiliți suma corectă!

2. Așteptați să primiți o scrisoare prin care vi se oferă un aranjament de plată.
De îndată ce alegeți condițiile de plată în rate, se va pregăti un aranjament de plată adaptat nevoilor dumneavoastră, pe care îl veți primi prin poștă.

3. Așteptați aranjamentul de plată!
Așteptați aranjamentul de plată!

4. Semnați-l și trimiteți-l înapoi în plicul deja plătit
Citiți cu atenție aranjamentul. Cuprinde detalii referitoare la sursa debitului și termenii de plată. Semnați ambele exemplare personal cu numele întreg. Nu puteți face corecturi, nu semnați doar cu inițialele numelui și nu folosiți creionul. **Important:** un exemplar al aranjamentului rămâne la dumneavoastră, plătiți-l acasă. Pe cel de-al doilea exemplar puneți în plicul pregătit cu adresa înscrisă și trimiteți-l înapoi la KRUK International.

5. Plătiți ratele la timp
Acum trebuie doar să plătiți ratele la timp. Doar așa puteți fi siguri că termenii agreeți prin aranjament vor rămâne valabili. Data menționată în aranjament este data la care banii trebuie plătiți în contul bancar al KRUK International. Asta înseamnă că trebuie să faceți din timp plățile din contul dumneavoastră, chiar o săptămână până ce banii ajung în contul creditorului. **Respectați deadline-ul de plată!**

Beneficiile aduse de un aranjament de plată:

- Posibilitatea de a vă plăti datoriile în rate convenabile, adaptate posibilităților financiare de care dispuneți.
- Achitarea cu ușurință a datoriilor restante.
- Linștea de care aveți nevoie.

Ce va conține scrisoarea de la KRUK International?

- Scrisoare de confirmare a semnării acordului cu KRUK International.
- Aranjamentul de plată în două exemplare.
- Un plic pregătit de retur, în care veți returna un exemplar al aranjamentului semnat.

Arăți datoriilor administrator de KRUK International?

031 413 2020

Contact + Convenție + Aranjament de plată = KRUK International

KRUK – Material events subsequent to Q3 2011

ROMANIA

Purchase of a large debt portfolio

On October 26th 2011, the KRUK Group executed an agreement with BANCA COMERCIALA ROMANA S.A. for the purchase of debt with a nominal value of approximately PLN 200m. The purchase price represented 12% of the debt portfolio's nominal value.

POLAND

Decision to issue bonds

On October 18th 2011, the Management Board of KRUK S.A. adopted a resolution to raise up to PLN 20m through a bond issue to finance the purchase of debt portfolios by the Group companies.

HUNGARY

Preparations to enter a new market

October 7th 2011 – execution of an agreement to purchase SH Money. The company has not started operations but holds licences to purchase debt. The transaction will be closed once it is cleared by the Hungarian Financial Supervisory Authority.

Source: KRUK S.A.

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KRUK – P&L by business segments (presentation format)

PLNm	Q1 2011	Q2 2011	Q3 2011	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011 vs. Q1-Q3 2010
DEBT PURCHASE						
Debt purchased – expenditure	-69,2	-248,6	-107,7	-425,6	-96,4	341%
Debt purchased – recoveries	66,2	77,6	90,4	234,2	139,9	67%
Amortisation of debt purchased, net	-23,3	-18,1	-35,6	-77,0	-54,8	41%
INCOME STATEMENT						
Operating income	53,2	70,7	66,8	190,6	120,4	58%
Debt purchase	42,9	59,5	54,8	157,2	85,0	85%
Including revaluation	-0,9	7,9	4,8	11,9	8,6	
Credit management	9,7	10,4	10,7	30,7	33,8	-9%
Other products and services	0,6	0,8	1,3	2,7	1,6	
Gross Profit	27,8	43,0	35,1	105,9	56,5	87%
Gross Margin	52%	61%	53%	56%	47%	
Debt purchase	24,5	38,8	29,9	93,3	42,3	120%
Credit management	3,5	4,2	4,9	12,6	14,5	-13%
Other products and services	-0,2	0,0	0,2	0,0	-0,3	
Total expenses	-8,2	-10,7	-10,0	-28,9	-19,8	46%
EBITDA	19,4	31,9	25,1	76,3	37,4	104%
<i>EBITDA margin</i>	36%	45%	38%	40%	31%	
Finance income/expenses	-3,9	-5,5	-9,6	-19,0	-5,9	
NET PROFIT	14,1	25,1	13,1	52,3	28,7	82%
<i>Net profit margin</i>	27%	36%	20%	27%	24%	
CASH EBITDA*	42,7	50,0	60,7	153,3	92,3	66%

Source : KRUK S.A. *EBITDA excluding amortisation of debt purchased, net („cost not expense”).

KRUK – P&L by geographical segments (presentation format)

PLNm	Q1 2011	Q2 2011	Q3 2011	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011 vs. Q1-Q3 2010
INCOME STATEMENT						
Operating income	53,2	70,7	66,8	190,6	120,4	58%
Poland	32,3	47,0	33,0	112,4	92,8	21%
Romania	20,9	23,6	33,7	78,2	27,6	183%
Gross Profit	27,8	43,0	35,1	105,9	56,5	87%
Gross Margin	52%	61%	53%	56%	47%	
Poland	11,3	24,1	7,6	43,0	37,6	14%
Romania	16,5	18,9	27,5	62,9	18,9	234%
Total expenses	-8,2	-10,7	-10,0	-28,9	-19,8	46%
EBITDA	19,4	31,9	25,1	76,3	37,4	104%
<i>EBITDA margin</i>	36%	45%	38%	40%	31%	
Finance income/expenses	-3,9	-5,5	-9,6	-19,0	-5,9	
NET PROFIT	14,1	25,1	13,1	52,3	28,7	82%
<i>Net profit margin</i>	27%	36%	20%	27%	24%	

Source: KRUK S.A.

KRUK – Selected balance-sheet items (presentation format)

PLNm	Q1 2011	Q2 2011	Q3 2011	2010
ASSETS				
Non-current assets	19,4	19,4	19,3	18,8
Current assets	386,1	581,6	680,8	298,7
including: investment in debt purchase	307,0	533,9	608,7	263,2
Cash	31,2	27,9	31,1	20,8
Total assets	405,5	601,0	700,1	317,6
EQUITY AND LIABILITIES				
Equity	146,0	211,9	223,5	132,0
including retained earnings	122,1	147,1	158,4	108,0
Liabilities	259,5	389,1	476,6	185,5
including: loans and leases	39,8	70,6	63,3	25,6
Bonds	95,9	233,9	321,9	95,9
Total equity and liabilities	405,5	601,0	700,1	317,6
RATIOS				
Interest debt	135,7	304,5	385,2	121,5
Net interest debt	104,5	276,6	354,1	100,7
Net interest debt to equity	0,7	1,3	1,6	0,8
Interest debt to 12-month cash EBITDA *	1,0	1,9	2,1	1,0

Source : KRUK S.A. *EBITDA excluding amortisation of debt, net („cost not expense”).

KRUK – Cash-flow highlights (presentation format)

	Q1 2011	Q2 2011	Q3 2011	Q1-Q3 2011	2010
Cash flows from operating activities :	42,4	46,5	35,3	124,2	124,1
Debt purchased – recoveries	66,2	77,6	90,4	234,2	197,9
Operating expenses related to debt purchased	-18,4	-20,7	-24,8	-63,9	-60,7
Operating Gross Profit on credit management	3,5	4,2	4,9	12,6	18,2
General expenses	-8,2	-10,7	-10,0	-28,9	-28,1
Other cash flows from operating activities	-0,7	-3,9	-25,2	-29,9	-3,2
Cash flows from investing activities:	-71,1	-250,5	-109,9	-431,4	-201,0
Debt purchased – expenses	-69,2	-248,7	-107,7	-425,6	-194,0
Other cash flows from investing activities	-1,9	-1,8	-2,1	-5,8	-7,0
Cash flows from financing activities	39,1	200,7	77,8	317,6	73,9
Increase in loans and lease liabilities	19,8	67,5	33,3	120,5	17,2
Bond issue	0,0	138,0	118,0	256,0	112,0
Repayment of loans and lease liabilities	-5,8	-36,8	-37,3	-79,9	-37,9
Redemption of bonds	0,0	0,0	-30,0	-30,0	-34,0
Other cash flows from financing activities	25,1	32,1	-6,1	51,0	16,6
Net cash flows:	10,4	-3,3	3,2	10,4	-3,0

Source: KRUK S.A.

KRUK – set for robust growth

Effective collection process is the key to success in the long term – the innovative strategy of amicable settlement allows KRUK to secure a large market share and above-average profitability.

KRUK has **good access to financing** (both on the bond and bank debt markets), which supports its growth.

KRUK has developed a **unique business model** relying on both debt purchase and credit management (successfully introduced in Romania, currently deployed in the Czech Republic and Slovakia).

The **debt collection market** is expanding and showing resilience in the face of the economic slowdown. We expect the value of investment in debt purchase in Poland to double in 2011 relative to 2010, from approximately PLN 0.4bn to PLN 0.8bn

KRUK is developing **new business ventures**, such as RD ERIF credit information agency and NOVUM consumer loans.

KRUK is looking to explore new **foreign markets** and acquisition opportunities in Poland.



*Source: KRUK S.A. * Nominal value of cases; data for H1 2011 is KRUK estimate.*

Agenda

Appendices

KRUK - business model and milestones

KRUK Group's business model

Creditors

Banks~ 70%**

banks insurers telecom operators cable TV operators other media

Credit management

Debt purchase

debt collection process

shared debt collection platform, tools and infrastructure
(IT, telco, call centre)

Debtors

Retail~ 70%**

Retail debtors

Corporate debtors

B2B debtors (receivables)

We help people pay their debts

as 76% of all debtors are willing to pay their overdue liabilities*

Source: KRUK S.A. * Długi jako wstydlivy problem, CBnZE, 03/2010 (Debt as a shameful problem), ** of total debt in collection in 2009, according to IBnGR, *** in terms of the nominal value of debt

KRUK Group's milestones – innovation leader

2000 Launch of the credit management business

2001 Introduction of the "success only fee" in CMS

Debt portfolio market emerges – decision to raise new equity

2003 KRUK as the CMS market leader***
Enterprise Investors invests USD 21m (PEF IV)
Purchase of the first debt portfolio

2005 First securitisation process in Poland
Branch launched in Wałbrzych

Decision to replicate business outside of Poland

2007 Entry into the Romanian market
Acquisition of Rejestr Dłużników ERIF BIG S.A.

Innovative approach to debtors

2008 Amicable settlement solutions (voluntary settlement or litigation) introduced on a mass scale

2010 Legislative changes enable ERIF to use TV commercials as a mass debt collection tool

Prospects of a large supply of NPL

2011 IPO on the WSE
Entry into the Czech and Slovakian markets

How does KRUK recognise revenue from purchased debt portfolios?

Purchased debt - division into interest and principal

- for each purchased debt portfolio, the discount rate (IRR for recovery) is calculated based on projected recoveries,
- the product of the discount rate for a given debt portfolio and the portfolio's fair value is recognised as revenue in a period,
- the difference between recoveries and revenue reduces the portfolio's fair value in the balance sheet (debt portfolio amortisation),
- each debt portfolio is reviewed quarterly, any changes in the actual or projected recoveries or expenses are used to remeasure fair value based on the original discount rate, and the difference is recognised in P&L as revaluation.

Example calculation of recoveries and revenue from purchased debt portfolio

	PERIOD				
	0	1	2	3	Σ
purchase value	100				
planned recoveries	-100	70	70	70	110
discount rate	49%				
valuation at beginning of period		100	79	47	-
recoveries:		70	70	70	210
- revenue /interest/		49	38	23	110
- amortisation		21	32	47	100
valuation at end of period		79	47	0	-

outcome of planned recoveries and purchase price

product of value and discount rate

difference between recoveries and revenue

starting value reduced by amortisation

Source: KRUK S.A.

KRUK Group



REJESTR DŁUŻNIKÓW
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