



## Presentation of 2015 results

### The KRUK Group

March 7th 2016



# Agenda

## Introduction

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## In 2015, KRUK delivered a 35% growth in net profit and invested PLN 489m in debt portfolios in six European markets

<b>Continued net profit growth</b>	<ul style="list-style-type: none"> <li>▪ In 2015, the KRUK Group reported net profit of PLN 204.3m, which represents a 35% increase on 2014 and its best result on record.</li> <li>▪ In Q4 2015 alone, net profit grew to PLN 44m and was 71% higher than in the corresponding period of the previous year.</li> </ul>
<b>Growing recoveries from purchased debt portfolios</b>	<ul style="list-style-type: none"> <li>▪ In 2015, the KRUK Group posted PLN 825.7m in recoveries from purchased debt portfolios, a 16% improvement on the previous year and its best result on record.</li> <li>▪ In Q4 2015 alone, recoveries amounted to PLN 220.9m – up 20% year on year.</li> </ul>
<b>Substantial investments</b>	<ul style="list-style-type: none"> <li>▪ In 2015, the KRUK Group companies purchased 86 debt portfolios with a total nominal value of PLN 4.9bn.</li> <li>▪ Expenditure on debt portfolios purchased in 2015 totalled PLN 489m, of which PLN 197.6m was spent in Q4. The Group invested PLN 258.3m in Poland, PLN 157.5m in Romania, and PLN 73m in other markets.</li> <li>▪ The expenditure does not include the amount of up to PLN 217m provided for in the investment agreement for the purchase of the P.R.E.S.C.O. Group's debt portfolio.</li> </ul>
<b>Portfolios purchased on two new markets and further expansion potential</b>	<ul style="list-style-type: none"> <li>▪ Under the strategy for 2015–2019, the KRUK Group is expanding its business in Europe and has purchased its first debt portfolios in Germany and Italy.</li> <li>▪ KRUK has been actively participating in further auctions on new markets and is looking at new investment opportunities, also in Spain.</li> </ul>
<b>Secondary debt trading market opens in Poland</b>	<ul style="list-style-type: none"> <li>▪ In 2015, the KRUK Group started a historic transaction to purchase P.R.E.S.C.O.'s entire Polish debt portfolio, comprising 2 million cases with a total nominal value of PLN 2.7bn.</li> <li>▪ The companies signed an investment agreement in December 2015. The transaction is expected to close, and the portfolio taken over, in Q2 2016.</li> </ul>

## Robust supply of portfolios in 2016, good access to capital and improved liquidity of shares

### Anticipated robust debt portfolio supply in 7 markets

- In 2016, we expect to participate in debt portfolio auctions of record value.
- We anticipate solid growth in sales of secured debt portfolios in Poland and Romania.
- We expect growth of the available market in Germany and significant debt supply in Italy

### Favourable financing terms for new investment projects

- At the end of 2015, KRUK had access to PLN 560m in credit facilities, including PLN 220m that can be drawn in the euro.
- The ratio of net debt to equity at the end of Q4 2015 was very low, at 1.0, which is the lowest level since Q1 2011.
- Subsequent to the end of 2015, KRUK opened the Third Public Bond Issue Programme with a nominal value of PLN 300m.
- On February 25th 2016, KRUK decided to carry out a private placement of bonds with a nominal value of PLN 150m.

### Improved liquidity of KRUK stock

- In 2015, trading in KRUK shares on the WSE increased by 87%, reaching an average daily value of PLN 3.2m.
- Given its high trading volumes, KRUK came to be the 20th most liquid company on the WSE as at the end of 2015, and was included in the prestigious MSCI Poland Small Cap index and FTSE SmallCap.

### Another dividend distribution

- The KRUK Management Board will recommend distribution of dividend of PLN 2.0 per share, i.e. approximately PLN 35m, from the consolidated net profit. The recommendation was accepted by the Supervisory Board.
- If the General Meeting approves the recommendation, it will be the second consecutive year to see KRUK share its profits with the shareholders. Last year, the dividend amounted to PLN 1.5 per share.

## KRUK is the 20th most liquid company on the WSE and with the 35th capitalisation

	2011	2012	2013	2014	2015	CAGR increase	2015 / 2011
EPS (PLN)	4.03	4.80	5.77	8.95	11.84	30.9%	2.9x
EPS growth rate	72.2%	19.1%	20.2%	55.1%	32.3%	-	-
ROE trailing*	27.9%	25.6%	23.5%	25.9%	26.1%	-	-
Net profit (PLNm)	66.4	81.2	97.8	151.8	204.3	32.4%	3.1x



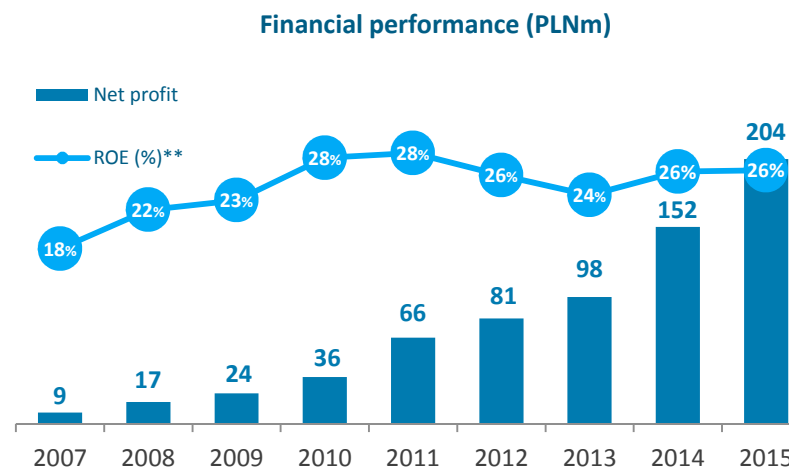
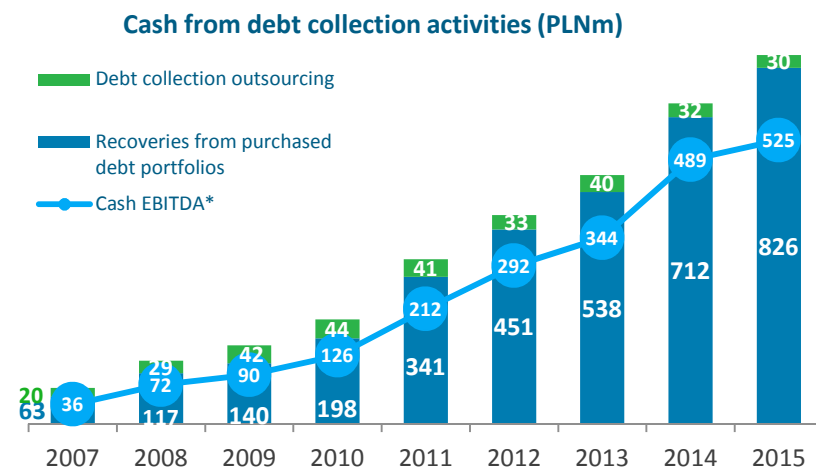
### KRUK shares on the WSE\*\*

Share price	180.90 PLN
Change 1Y/3M	+42% / +3%
Max/Min 1Y	193.10 / 125.08 PLN
Market cap.	3.2b PLN
Rank on the WSE by the market cap.	35

### Liquidity

Average daily turnover (yoy change)	3.2m PLN (+87%)
Rank on the WSE by turnover	20
Free float	77.2%

# In 2015, KRUK posted PLN 826m in recoveries from purchased debt portfolios, netting PLN 204m



PLNm	2007	2014	2015	2015/ 2014	CAGR 2007– 2015
Revenue	63.6	487.9	611.2	25%	33%
EBIT	11.5	208.2	251.4	21%	47%
Cash EBITDA*	34.2	489.0	523.9	7%	41%
Net profit	8.7	151.8	204.3	35%	48%

	2007	2015	2015/2007
Debt cases managed at year end, in millions (purchased debt portfolios and debt collection outsourcing)	1.1	3.3	200%
Nominal value of debt cases managed at year end, PLNbn (purchased debt portfolios and debt collection outsourcing)	4.7	31.4	568%
Accumulated recoveries from purchased debt portfolios (PLNm)	157	3,481	-
Number of employees***	751	2,635	251%

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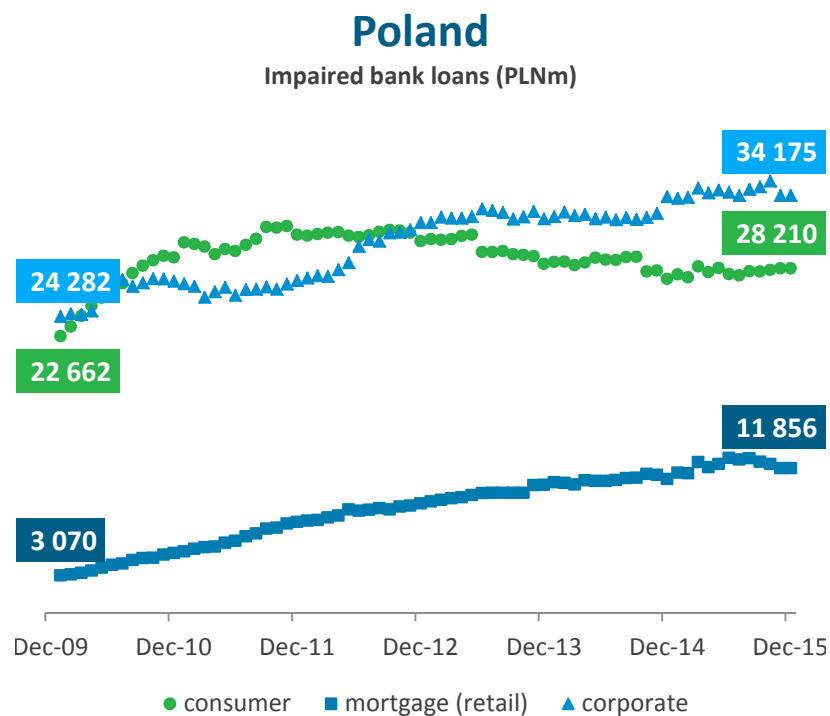
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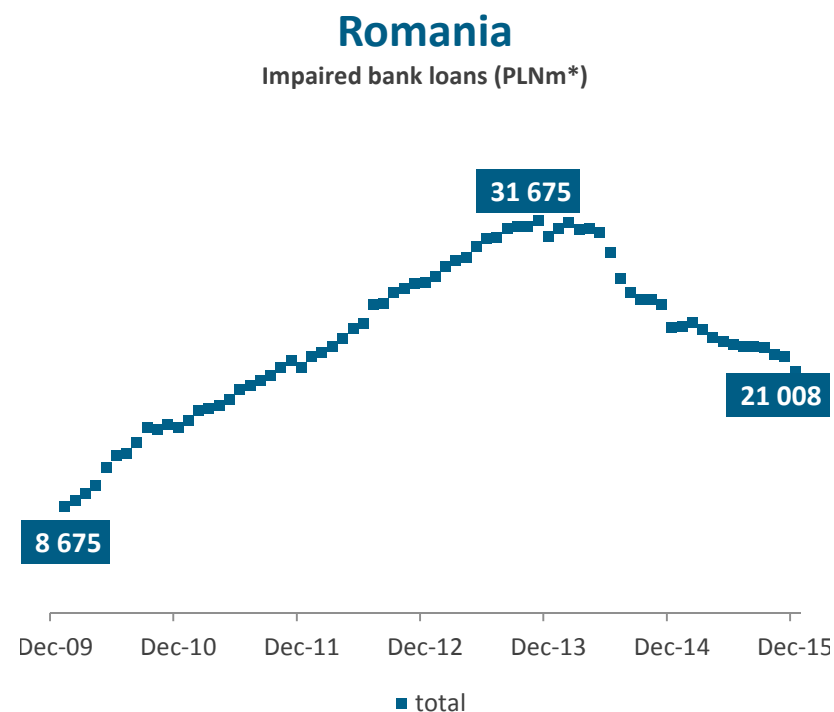
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# Non-performing bank loans: high and stable levels in Poland and growing sales by banks in Romania



- Non-performing consumer and corporate debt values remain high, at PLN 28bn and PLN 34bn, respectively.
- Non-performing mortgage debt increased almost fourfold from 2010, to PLN 11.8bn at the end of 2015.



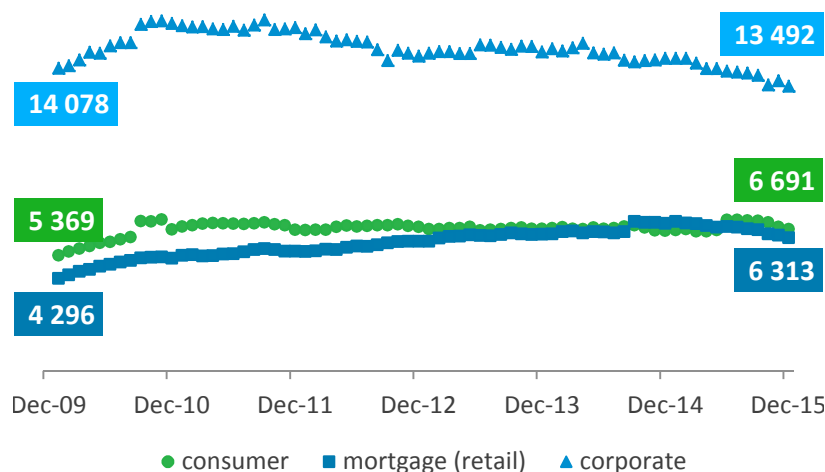
- Since mid-2014, the value of non-performing bank loans in Romania has fallen due to debt sale transactions, including several large corporate and mortgage debt sale transactions.
- KRUK is an active participant in auctions held by Romanian banks



# Potential of the non-performing debt market in the Czech Republic and Slovakia remains stable; the German market sees traditionally little volatility

## The Czech Republic and Slovakia

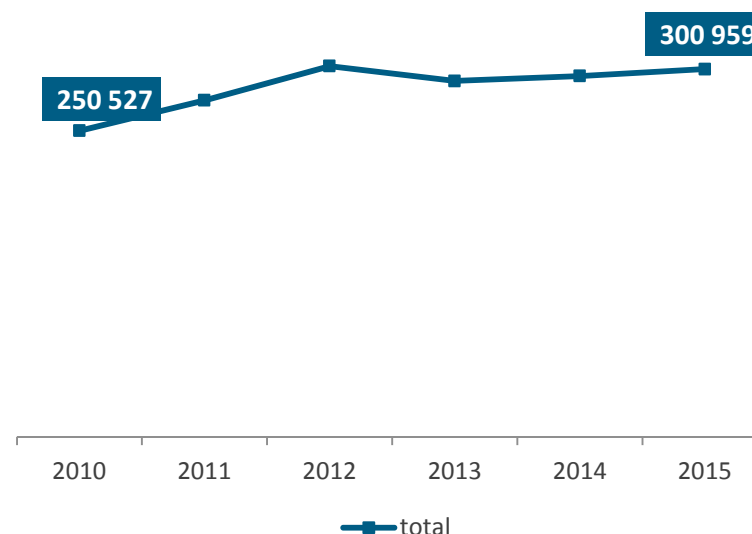
Impaired bank loans (PLNm\*)



- Non-performing debt in the Czech Republic and Slovakia totalled PLN 26.5bn at the end of 2015.
- In the last three years, the value of non-performing consumer and mortgage debts has remained stable, while corporate debt has seen a gradual decline.

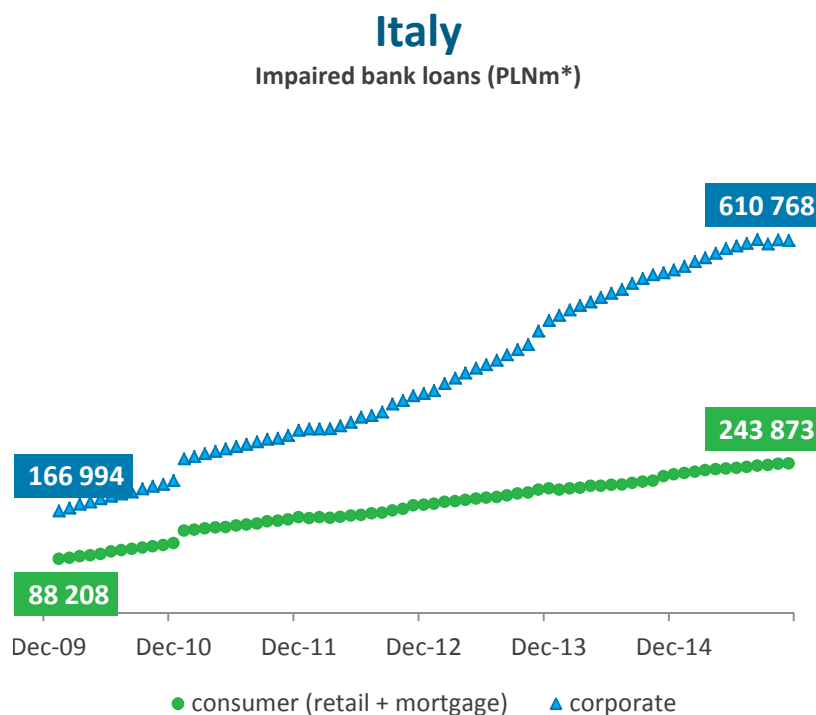
## Germany

Impaired bank loans (PLNm\*)

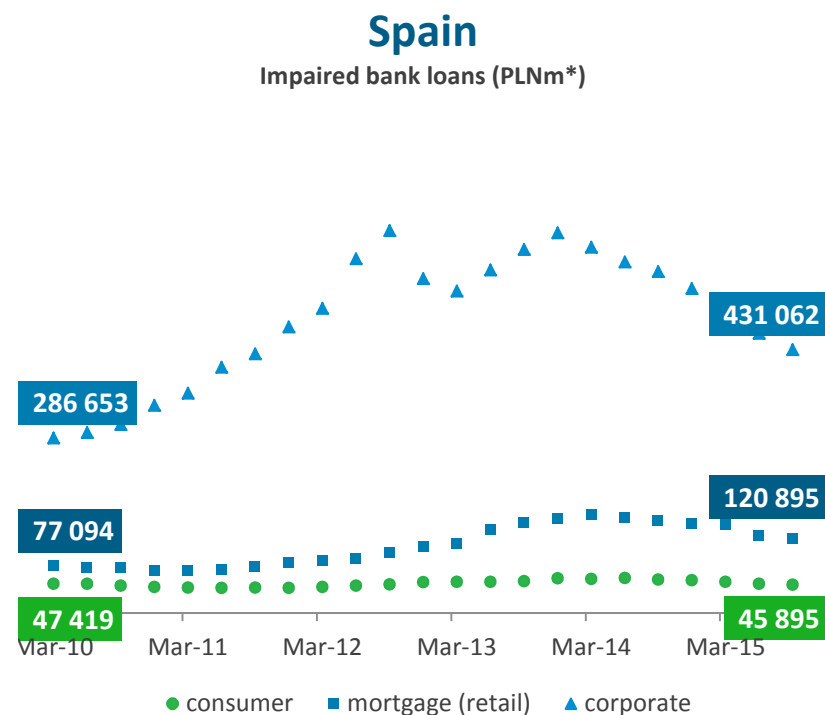


- Deutsche Bundesbank does not disclose the value of non-performing debt, but the toxic loan ratio is estimated at 3–3.5%. This translates into more than PLN 300bn in non-performing debt (three to four times more than in Poland).
- In Germany, with its developed and stable economy, the values of consumer, mortgage and corporate loans have stayed largely unchanged for six years, at PLN 1.0tn, PLN 3.7tn and PLN 3.9tn, respectively.

# Non-performing retail debt in Italy and Spain is five times higher than in Poland

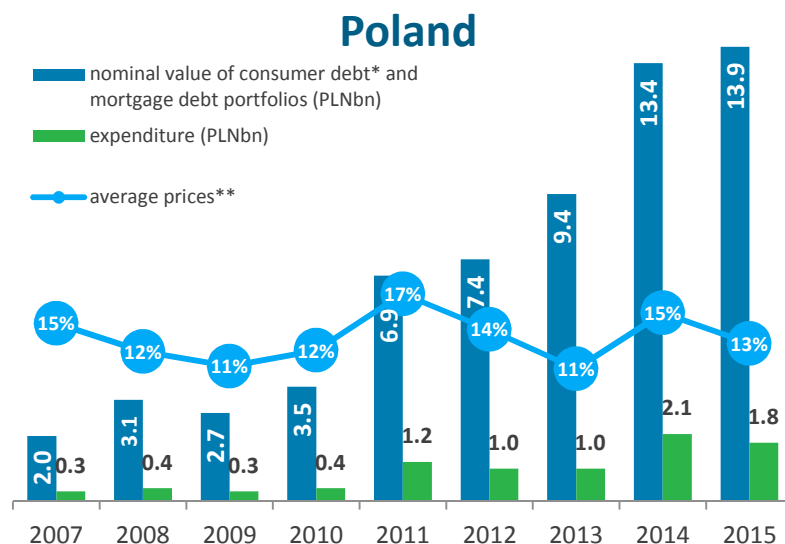


- Italian non-performing bank debt is ca. PLN 850bn, i.e. about 13% of total borrowings (significant increase from 3% in 2008).
- The non-performing retail debt base (secured and unsecured debt) is ca. PLN 240bn.

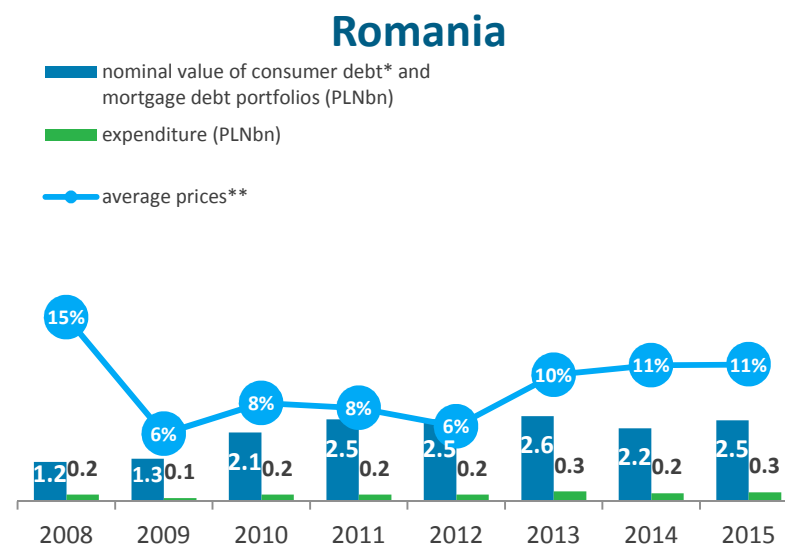


- Non-performing debt in Spain's banking sector grew from PLN 410bn in 2010 to some PLN 600bn at the end of H1 2016, with a loss ratio of 12%.
- This is much higher than the EU average of less than 7%.

## In 2015, banks continued to provide an ample supply of new debt; KRUK expects further auctions in the coming months



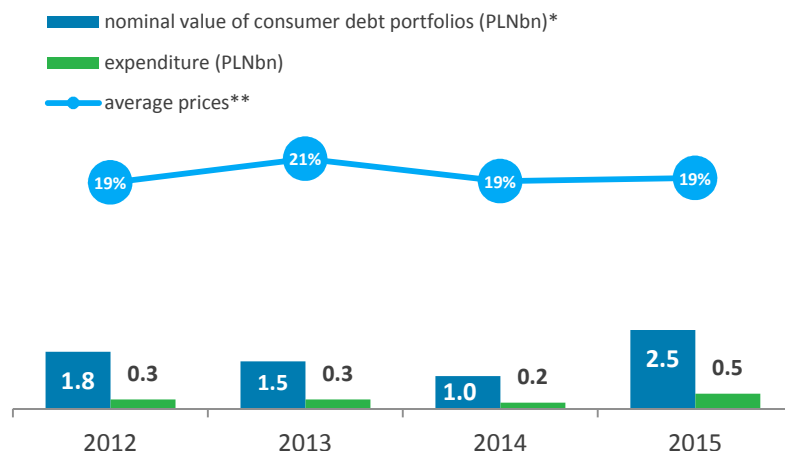
- The supply of non-performing retail debt reached a historical high of PLN 13.9bn, with expenditure on retail debt portfolios slightly lower than in 2014. The decline in expenditure and lower average prices in 2015 was attributable to a drop in mortgage debt portfolios compared to 2014.
- Consumer portfolios represented the largest share of the debt supply, with their total nominal value amounting to PLN 12.0bn.
- We expect the high supply of debt portfolios from financial institutions to continue in 2016.



- The supply of consumer debt on the Romanian market in 2015 grew to approximately PLN 300m; the nominal value was PLN 2.5bn.
- Since 2013, the prices of debt portfolios have been stabilising at 10–11% of their nominal value.
- At 62%, consumer debt portfolios represented the largest share of the debt supply.
- KRUK intends to be an active player in all segments of the Romanian market in 2016 and beyond.

# Expenditure on debt portfolios in the Czech Republic and Slovakia doubled; corporate debt market in Poland still offers untapped growth potential

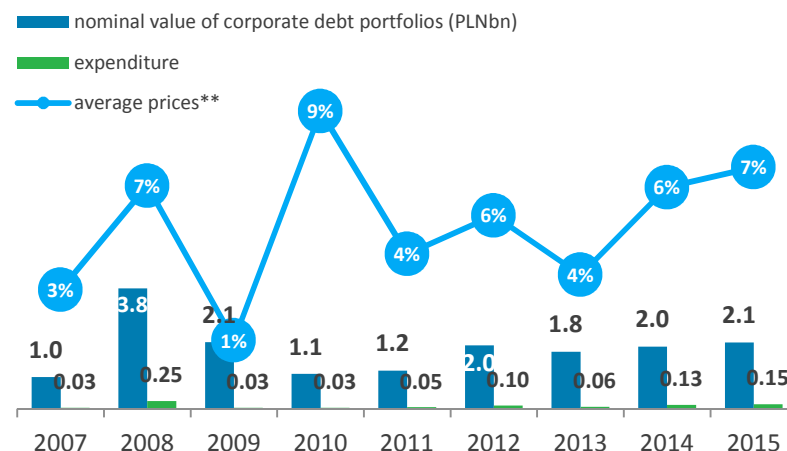
## The Czech Republic and Slovakia



- The expenditure on Czech and Slovak consumer portfolios doubled in 2015 and totalled nearly PLN 500m.

- Along with investments, the nominal value of the traded debt also increased – to some PLN 2.5bn, which is the highest level since 2012. This was chiefly due to a considerably higher supply from non-bank institutions.

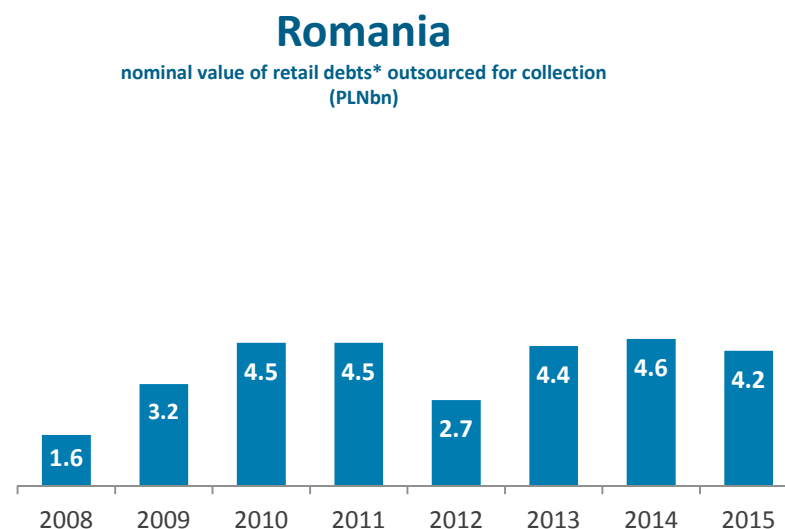
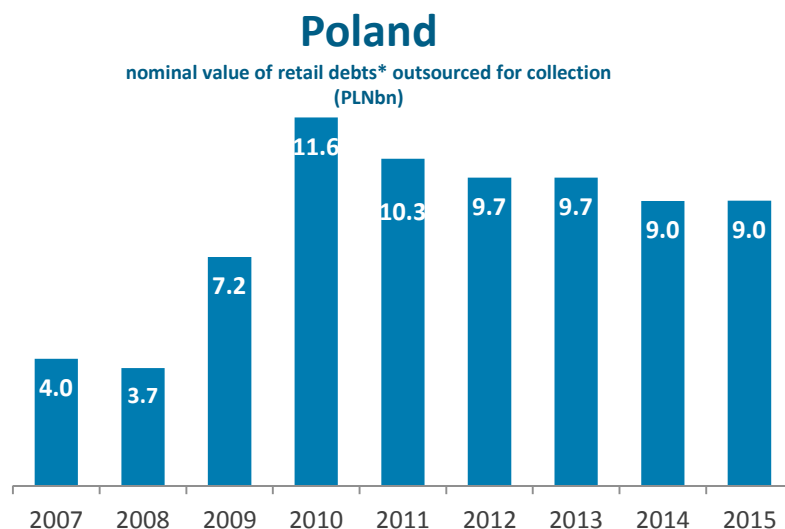
## Poland – corporate debt portfolios



- The expenditure on corporate portfolios in Poland totalled PLN 150m, with nominal value of PLN 2.1bn.

- In 2015, banks continued to be uninterested in selling corporate debt portfolios. The segment shows a potential for future growth.

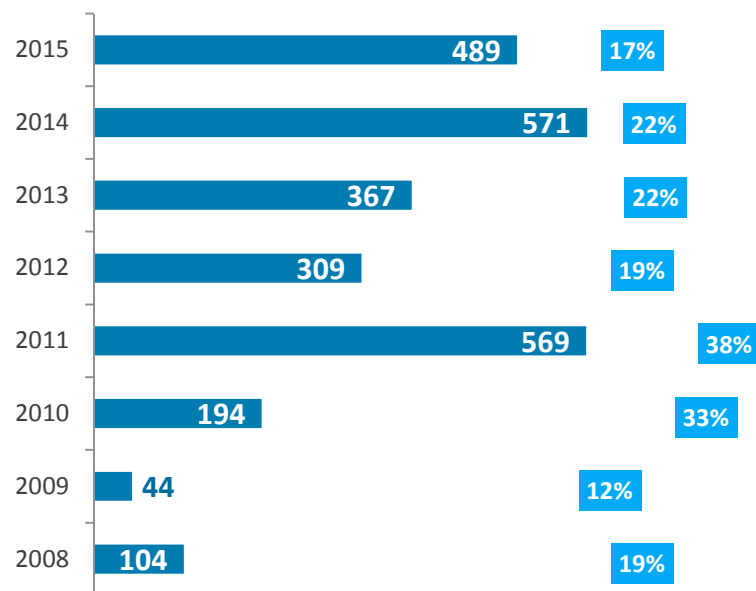
## The Polish market continues to shift focus from debt collection outsourcing to debt sale, while the Romanian debt collection outsourcing market remains stable



- In 2015, banks continued to shift focus from debt collection outsourcing to debt sale, finding measurable benefits in accelerated disposals of debt portfolios.
- The Romanian debt collection outsourcing market remains stable, with a five-year annual average of nominal value of debt outsourced for collection at PLN 4.1bn.

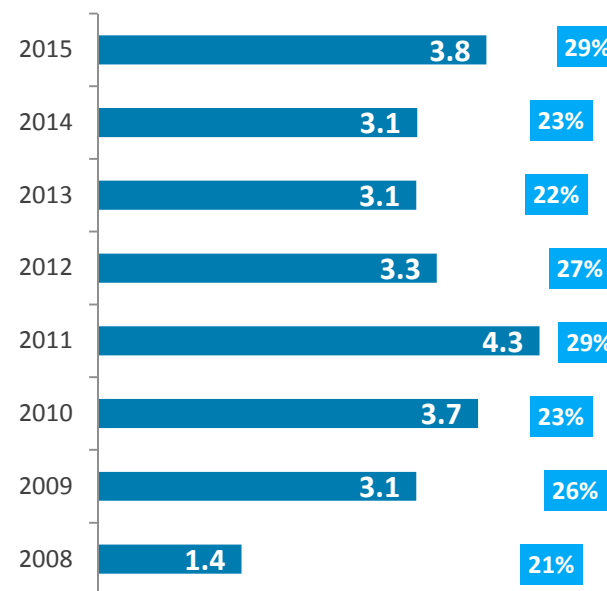
# KRUK has maintained its lead on the regional debt purchase and debt management market

**Expenditure on debt portfolios**  
(PLNm and market share\*\*)



KRUK is the leader of the debt purchase markets in Poland and Romania.

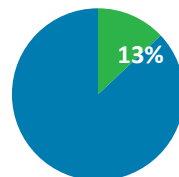
**Nominal value of debts accepted for collection**  
in Poland and Romania  
(PLNbn and market share)



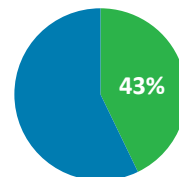
KRUK strengthened its nearly 30% share in the highly competitive debt collection outsourcing markets in Poland and Romania.

**Group's share of debt purchase market in individual countries by nominal value\***

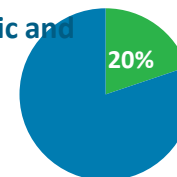
Poland



Romania



The Czech Republic and Slovakia



\* Poland and Romania – consumer, mortgage, corporate; The Czech Republic and Slovakia – consumer, mortgage, corporate and non-bank.  
\*\* Market share in Poland, Romania, the Czech Republic and Slovakia (excluding investments on German and Italian markets)

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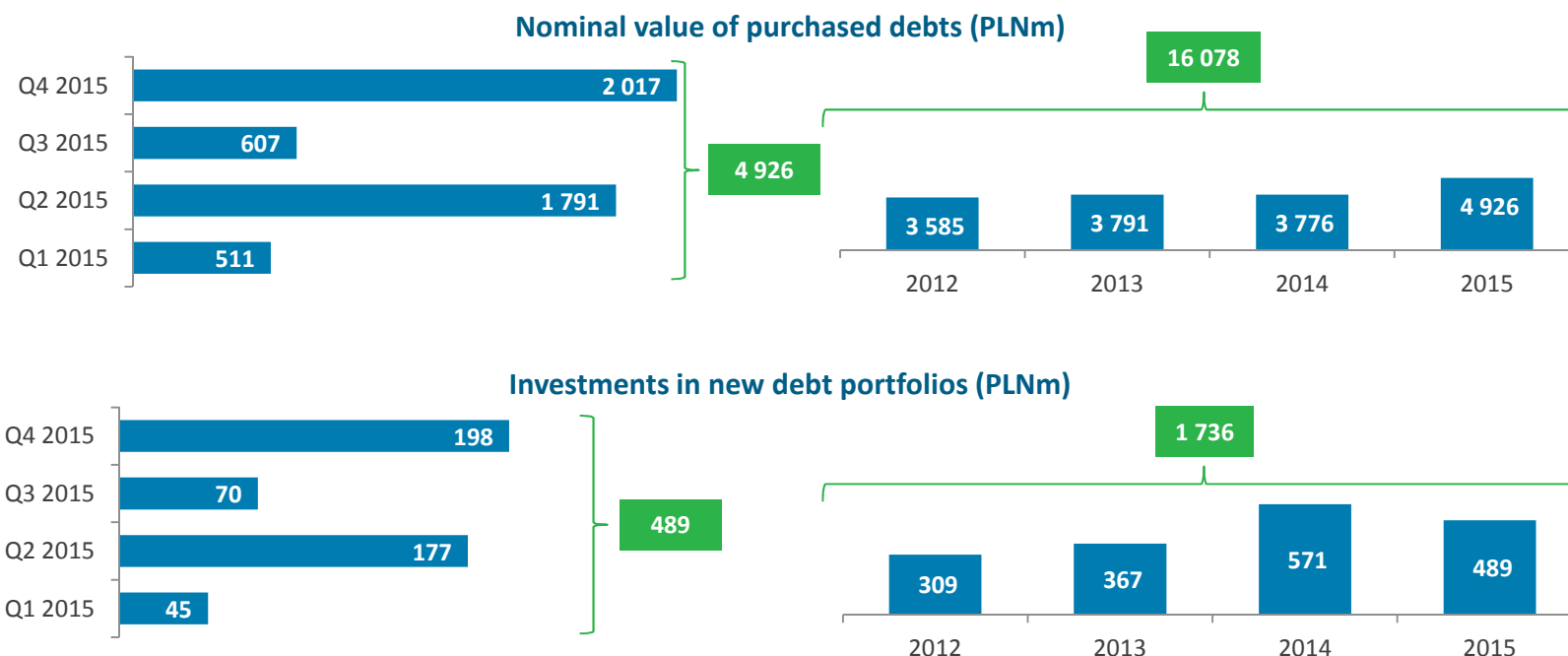
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## KRUK delivers a robust performance in a competitive environment and continues to take active part in debt portfolio auctions

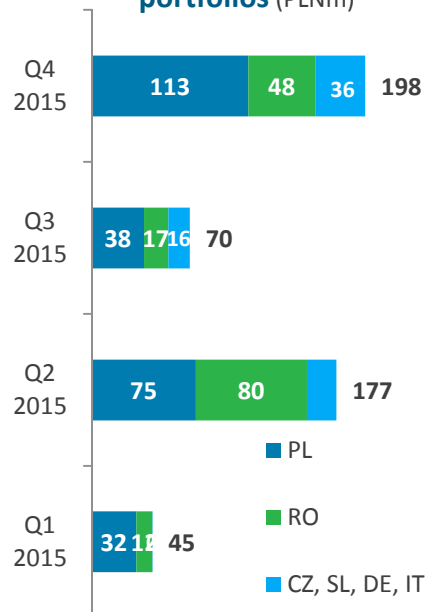


- In 2015, the KRUK Group invested PLN 489m in 86 debt portfolios with a total nominal value of PLN 4.9bn. The expenditure was 13% above the four-year average.
- The KRUK Group companies take active part in all auctions of consumer, mortgage and corporate debt portfolios in Poland and Romania, and participate in a growing number of consumer debt auctions in other markets.
- Despite operating in a highly competitive environment, KRUK consistently wins auctions and strengthens its leading position in this part of Europe.

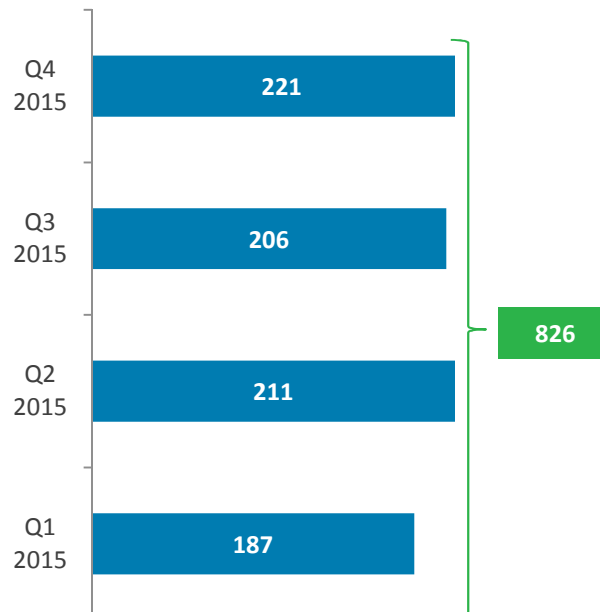


## KRUK in 2015 – yet another strong quarter, with recoveries at PLN 220m

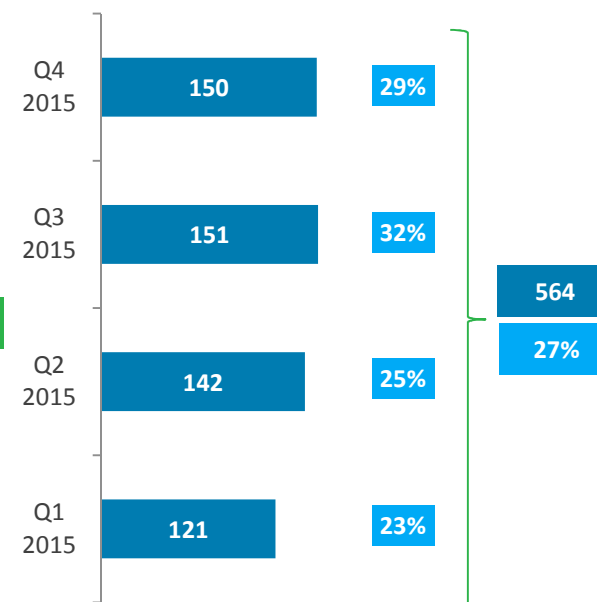
**KRUK's expenditure on debt portfolios (PLNm)**



**Recoveries (PLNm)**



**Revenue and costs**  
(PLNm and as % of recoveries)

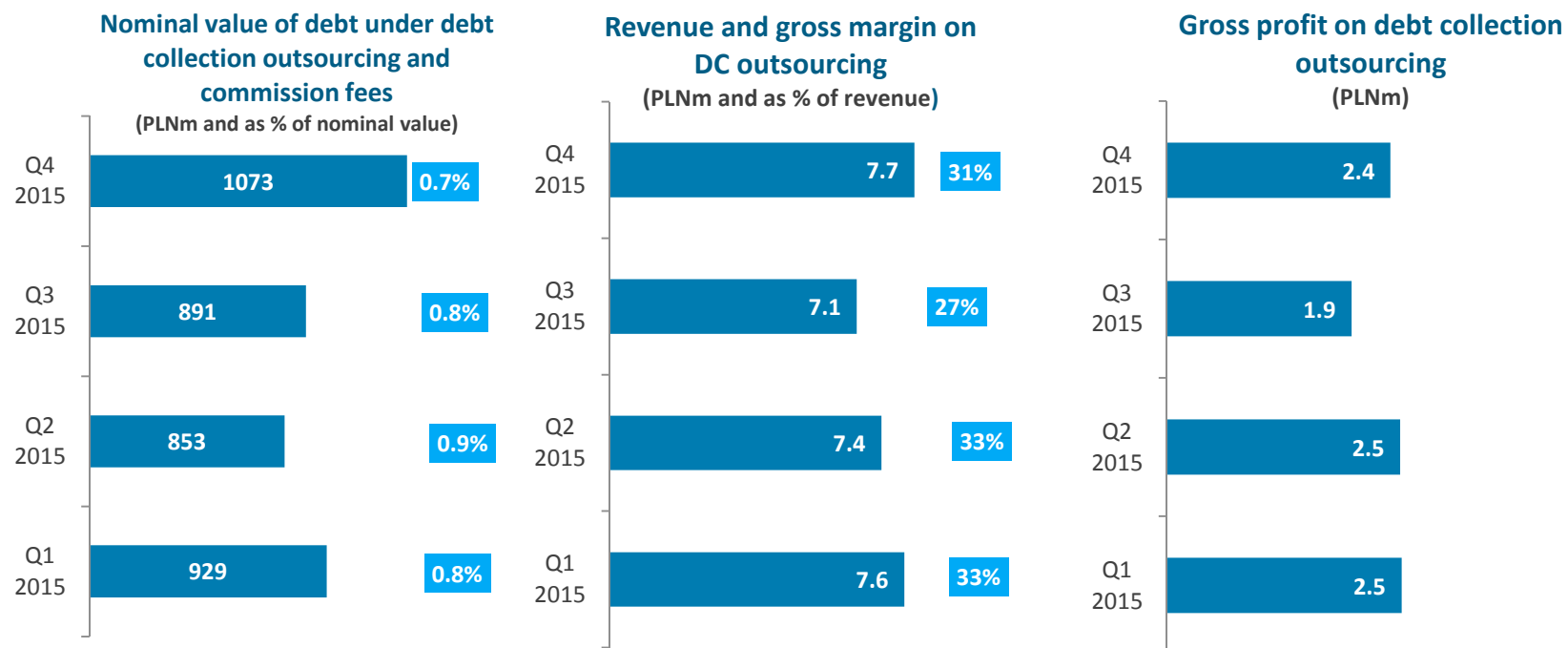


- In 2015, KRUK purchased debt portfolios on six markets, including (for the first time) Germany and Italy.
- KRUK expects strong supply of debt for sale in the coming months.

- Over the last four quarters, recoveries from purchased debt portfolios amounted to PLN 826m, which is KRUK's best result on record.
- KRUK's operating model, sound investments and the macroeconomic situation have had a positive effect on recoveries.

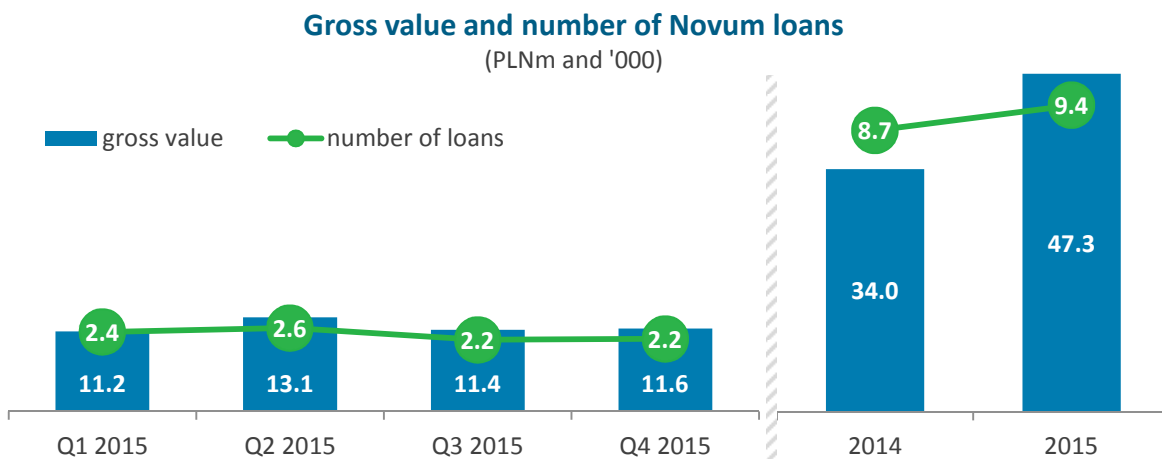
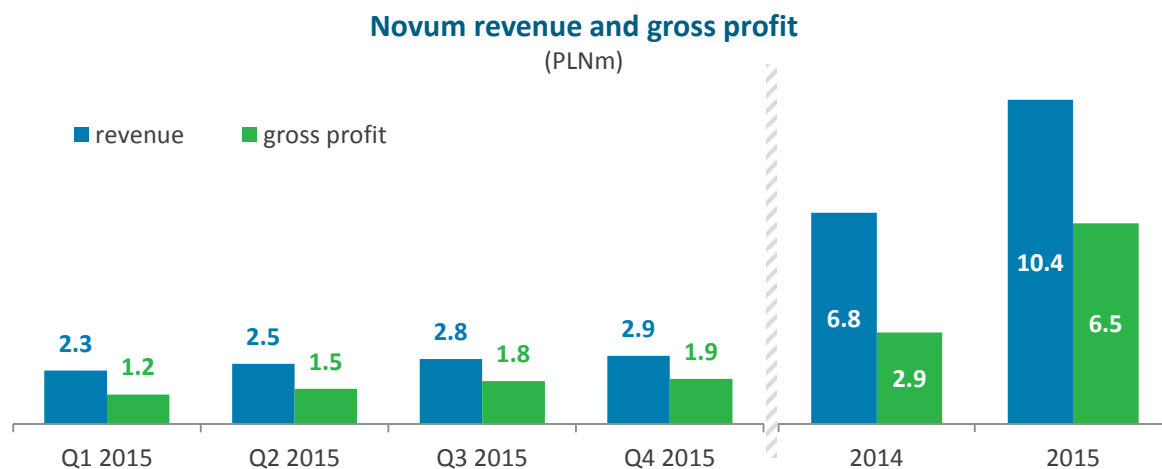
- In 2015, the share of costs in recoveries remained consistently below 30% thanks to constant efficiency improvements.
- In Q3 and Q4 2015, the share increased, chiefly as a result of a larger number of cases being passed on to court enforcement officers.

## KRUK – growing nominal value of debts accepted for collection and stable margins



- In Q4 2015, for the first time the nominal value of debts outsourced for collection to KRUK exceeded one billion złoty, with margins remaining at a stable level.
- The KRUK Group performs well on the competitive debt collection outsourcing market by leveraging economies of scale and high operational efficiency.

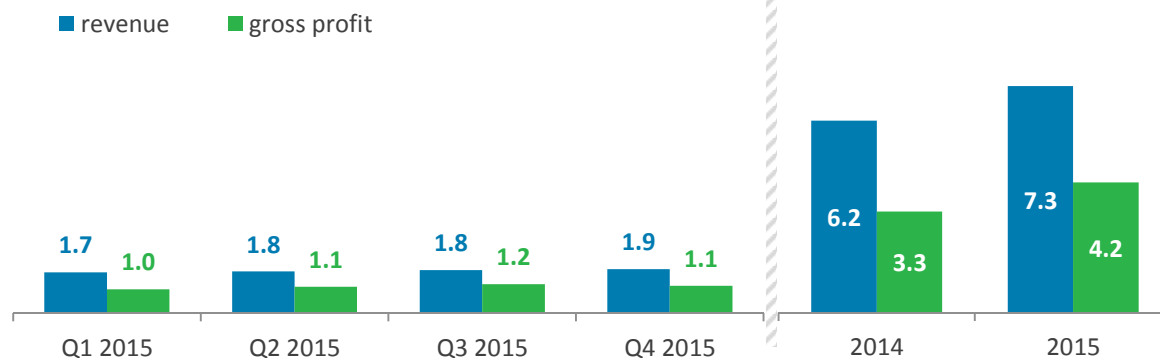
## NOVUM loans are increasing in popularity among KRUK's customers and generate growing margins



- Economies of scale – in 2015, Novum revenue increased by 53%, with margins more than doubling.
- The gross value of loans sold was up 39% on 2014, with the number of loans growing by 8%.
- In 2015, Novum introduced a product for new customer groups, while maintaining its assumed repayment ratios.
- In line with the KRUK Group's strategy for 2015–2019, KRUK intends to expand its loan business on other markets.

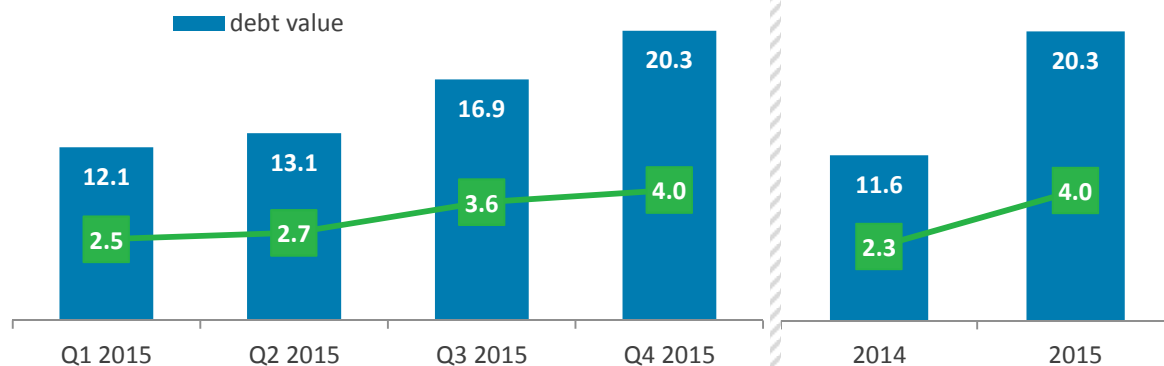
## An important debt management tool, the ERIF register generates revenue as a separate business segment.

Revenue and gross profit of Rejestr Dłużników ERIF BIG S.A.  
(PLNm)



Edyta Szymczak, President of the ERIF Management Board, was named 'Person of 2015' during the Loan Magazine Awards Gala 2015.

Number and value of cases at Rejestr Dłużników ERIF BIG S.A.  
(PLNm and '000)



- In 2015, the debtor database grew 70% in terms of case numbers and 75% in terms of value.
- As at the end of 2015, the Register comprised a total of 4 million cases with a value of over PLN 20.3bn, including more than 1.6 million cases with a good credit record.

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## KRUK's growth matrix

KRUK has a strong potential for business growth across products and geographical regions.										
Current business lines		Poland	Romania	Czech Republic	Slovakia	Germany	Italy	Spain	...	...
Debt portfolio purchases	Consumer	✓	✓	✓	✓	✓	✓			
	Mortgage	✓	✓							
	Corporate	✓	✓							
Debt collection outsourcing		✓	✓	✓	✓					
Consumer loans		✓								
Credit information		✓								

## KRUK is finalising the transaction to acquire a debt portfolio from P.R.E.S.C.O. and plans to start operations on the portfolio in H1 2016

### KRUK opens a secondary debt purchase market in Poland

- The KRUK Group and PRESCO have signed an investment agreement whereby KRUK S.A. acquired 100% of shares in Presco Investments S.à. r.l. holding, jointly with P.R.E.S.C.O. Investment I NS FIZ, a debt portfolio on the Polish market.
- The debt portfolio comprises 2 million cases with a total nominal value of PLN 2.7bn.
- The price for the shares in Presco Investments is PLN 216.8m; it will be subject to adjustments provided for in the agreement, including for recoveries within an agreed period.

### Key developments

2015

**September**

- KRUK and P.R.E.S.C.O GROUP S.A. sign a letter of intent on key terms of the proposed sale of shares

**October**

- President of UOKiK approves concentration consisting in the take-over of control over Presco Investments S.à r.l.

**November**

- Investment agreement is negotiated

**December**

- President of UOKiK approves concentration consisting in the take-over of control over P.R.E.S.C.O. Investment I NS FIZ of Warsaw
- KRUK Supervisory Board approves the investment agreement with Presco Investments Limited.
- Investment agreement with Presco Investments Limited is signed

2016

**January**

**February**

- Operations begin on the purchased portfolio

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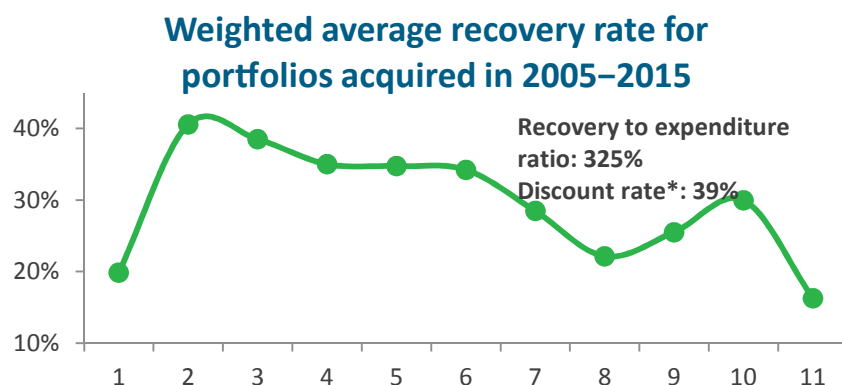
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# KRUK Group – historical recovery to expenditure curve for 2005–2015

Weighted average recovery rate for portfolios acquired in calendar years	Total	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y	11Y
Investments made in 2005–2015	325%	20%	41%	39%	35%	35%	34%	28%	22%	26%	30%	16%



## Factors with a bearing on the recovery curve:

- Effectiveness of the tools used:
  - Effectiveness of conciliation activities, including telephone calls, doorstep collection, and media communication
  - Effectiveness of court collection
  - Effectiveness of the RD ERIF credit reference agency
- Debtor behaviour
- Macroeconomic situation
- Legal environment

## Recoveries (as at the end of 2015)

PLNm	Historical (until the end of 2015)	Forecast (ERC**) as at Dec 31 2015
Financial inflows	3,481	2,836

## Expected recovery breakdown

period / PLN '000	As at Dec 31 2015	% of total	Cumulatively	Cumulatively as % of total
Less than 6 months	390,928	14%	390,928	14%
From 6 to 12 months	344,869	12%	735,797	26%
From 1 to 2 years	558,887	20%	1,294,684	46%
From 2 to 5 years	1,246,595	44%	2,541,279	90%
Over 5 years	294,229	10%	2,835,508	100%
<b>Total</b>	<b>2,835,508</b>			

## KRUK – fast-growing and highly profitable business with strong cash flows

PLNm	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015	2015/2014
<b>Debt portfolios purchased</b>							
Expenditure on debt portfolios	44.9	177.3	70.1	197.0	575.1	489.3	-15%
Recoveries	187.2	211.5	206.0	221.0	711.8	825.7	16%
<b>Statement of profit or loss</b>							
<b>Revenue</b>	<b>133.2</b>	<b>153.6</b>	<b>162.4</b>	<b>162.0</b>	<b>487.9</b>	<b>611.2</b>	<b>25%</b>
Revenue from own debt portfolios	121.4	141.7	150.9	149.6	442.4	563.6	27%
including revaluation	2.1	8.9	21.4	20.5	7.5	52.8	>100%
Revenue from collection services	7.6	7.3	7.2	7.7	31.4	29.8	-5%
Revenue from other products and services	4.2	4.5	4.4	4.7	14.1	17.8	26%
<b>Gross profit</b>	<b>83.4</b>	<b>93.2</b>	<b>90.5</b>	<b>90.8</b>	<b>293.9</b>	<b>357.9</b>	<b>22%</b>
<i>Gross margin</i>	63%	61%	56%	56%	60%	59%	-
Own debt portfolios	78.6	88.3	86.0	85.7	276.0	338.6	23%
Collection services	2.5	2.4	1.9	2.4	12.1	9.2	-24%
Other products and services	2.3	2.5	2.6	2.7	5.8	10.1	74%
<b>Administrative expenses</b>	<b>19.2</b>	<b>24.1</b>	<b>21.3</b>	<b>29.8</b>	<b>72.6</b>	<b>94.4</b>	<b>30%</b>
including the cost of management stock options	2.7	5.8	2.9	2.8	7.3	13.3	82%
<b>EBITDA</b>	<b>63.6</b>	<b>68.5</b>	<b>68.7</b>	<b>61.1</b>	<b>221.2</b>	<b>261.9</b>	<b>18%</b>
<i>EBITDA margin</i>	48%	45%	42%	38%	45%	43%	-
<b>NET PROFIT</b>	<b>50.6</b>	<b>57.1</b>	<b>52.6</b>	<b>44.0</b>	<b>151.7</b>	<b>204.3</b>	<b>35%</b>
<i>net profit margin</i>	38%	37%	32%	27%	31%	33%	-
<i>ROE rolling</i>	25%	23%	25%	26%	26%	26%	-
<b>CASH EBITDA*</b>	<b>129.5</b>	<b>138.2</b>	<b>123.8</b>	<b>132.0</b>	<b>490.7</b>	<b>523.9</b>	<b>7%</b>

Source: KRUK S.A.

\*Cash EBITDA = EBITDA + recoveries from purchased debt portfolios - revenue from collection of purchased debt

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

PLNm	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015	2015/ 2014
<b>Revenue</b>	<b>133.2</b>	<b>153.6</b>	<b>162.4</b>	<b>162.0</b>	<b>487.9</b>	<b>611.2</b>	25%
Poland	70.2	92.3	86.9	82.8	284.4	332.2	17%
Romania	58.4	54.9	67.7	77.2	182.7	258.2	41%
Other countries	4.7	6.4	7.8	1.9	20.9	20.8	0%
<b>Gross profit</b>	<b>83.4</b>	<b>93.2</b>	<b>90.5</b>	<b>90.8</b>	<b>293.9</b>	<b>357.9</b>	22%
<i>Gross margin</i>	<i>63%</i>	<i>61%</i>	<i>56%</i>	<i>56%</i>	<i>60%</i>	<i>59%</i>	-
<b>Administrative expenses</b>	<b>-19.2</b>	<b>-24.1</b>	<b>-21.3</b>	<b>-29.8</b>	<b>-72.4</b>	<b>-94.4</b>	-
EBITDA	63.6	68.5	68.7	61.1	219.5	261.9	19%
<i>EBITDA margin</i>	<i>48%</i>	<i>45%</i>	<i>42%</i>	<i>38%</i>	<i>45%</i>	<i>43%</i>	-
<b>Finance income/costs</b>	<b>-10.8</b>	<b>-9.4</b>	<b>-11.6</b>	<b>-17.0</b>	<b>-55.3</b>	<b>-41.6</b>	-
<b>Net profit</b>	<b>50.6</b>	<b>57.1</b>	<b>52.6</b>	<b>44.0</b>	<b>151.8</b>	<b>204.3</b>	35%
<i>Net profit margin</i>	<i>38%</i>	<i>37%</i>	<i>32%</i>	<i>27%</i>	<i>31%</i>	<i>33%</i>	-

## The KRUK Group – strong cash flows ensuring high liquidity of operations

PLNm	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015	2015/2014
<b>Cash flows from operating activities:</b>	<b>114.3</b>	<b>132.1</b>	<b>87.0</b>	<b>131.3</b>	<b>432.3</b>	<b>464.7</b>	<b>7%</b>
Recoveries from debtors – purchased debt portfolios	187.2	211.5	206.0	220.6	711.8	825.7	16%
Operating costs – purchased debt portfolios	-42.8	-53.4	-64.9	-64.9	-166.5	-225.0	35%
Operating margin – debt collection outsourcing	2.5	2.4	1.9	2.4	12.4	9.2	-26%
Administrative expenses	-19.2	-24.2	-21.3	-29.3	-72.6	-94.4	29%
Other operating cash flow	-13.6	-52.6	-34.7	2.3	-52.9	-50.7	-5%
<b>Cash flows from investing activities:</b>	<b>-46.8</b>	<b>-178.9</b>	<b>-72.8</b>	<b>-198.1</b>	<b>-582.1</b>	<b>-496.6</b>	<b>-15%</b>
Expenditure on debt portfolio purchases	-44.9	-176.6	-70.1	-198.0	-570.7	-489.3	-14%
Other investing cash flow	-1.9	-2.3	-2.7	-0.1	-11.4	-7.3	-36%
<b>Cash flows from financing activities</b>	<b>-99.9</b>	<b>80.8</b>	<b>-34.2</b>	<b>156.1</b>	<b>185.2</b>	<b>102.1</b>	<b>-45%</b>
Increase in borrowings and lease liabilities	212.8	241.4	111.6	373.7	1,698.8	939.5	-45%
Issue of bonds	0.0	113.4	0.0	130.0	45.0	243.4	441%
Decrease in borrowings and lease liabilities	-254.8	-289.8	-115.3	-383.0	-1,462.3	-1,042.8	-
Redemption of bonds	-29.0	0.0	-12.0	0.0	-129.9	41.0	-132%
Other financing cash flow	-28.9	15.8	-18.5	35.4	33.6	-79.0	-
<b>Net cash flows:</b>	<b>-32.4</b>	<b>34.0</b>	<b>-20.0</b>	<b>88.6</b>	<b>35.3</b>	<b>70.2</b>	<b>99%</b>

## The KRUK Group – selected items of the statement of financial position (presentation format)

PLNm	2014	2015
<b>ASSETS</b>		
Cash and cash equivalents	70.6	140.7
Investments in debt portfolios and loans	1,366.5	1,620.6
Other assets	79.9	74.8
<b>Total assets</b>	<b>1,516.6</b>	<b>1,836.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>585.1</b>	<b>784.3</b>
including: Retained earnings	462.9	641.2
<b>Liabilities</b>	<b>931.6</b>	<b>1,051.8</b>
including: Borrowings and leases	349.2	245.7
Bonds	489.5	692.4
<b>Total equity and liabilities</b>	<b>1,516.6</b>	<b>1,836.1</b>
<b>METRICS</b>		
<b>Interest-bearing debt</b>	<b>838.6</b>	<b>938.1</b>
<b>Net interest-bearing debt</b>	<b>768.1</b>	<b>797.4</b>
Net interest-bearing debt to equity	1.3	1.0
Net interest-bearing debt to 12-month cash EBITDA	1.6	1.5

# KRUK has good access to financing in the form of bank loans and bonds

## Bank loans

(PLNm)	Credit facilities granted as at Dec 31 2015	Amount drawn as at Dec 31 2015	Percentage drawn as at Dec 31 2015
Bank loans	560	235	42.0%
Lenders	BZ WBK, Getin Noble Bank, BGŻ BNP Paribas, mBank, Bank Pocztowy	<b>Bank loans – latest developments</b> <ul style="list-style-type: none"> <li>On February 5th 2016, KRUK S.A. and BGŻ BNP Paribas S.A. signed an annex to a credit facility agreement, increasing the facility amount from PLN 50m to PLN 100m, including PLN 100m which may be drawn in EUR.</li> </ul>	
Interest rate	1M/3M WIBOR + margin of 1.0-3.0 pp		
Maturity date of the longest facility	2024		

## Bonds

(PLNm)	2015	2016	2017	2018	2019	2020	2021
Issued	243	-	-	-	-	-	-
Redeemed	41	154	135	115	0	88	200
<b>Bonds outstanding at end of period</b>	<b>692</b>	<b>538</b>	<b>403</b>	<b>288</b>	<b>288</b>	<b>200</b>	<b>0</b>
Financing entities	Institutional investors: OFE, TFI Retail investors <b>Floating:</b> 3M WIBOR + margin of 2.9–4.6 pp <b>Fixed:</b> 4.5% 48–72 months						<b>Bonds – latest developments</b> <ul style="list-style-type: none"> <li>On February 25th 2016, KRUK decided to carry out a private placement of bonds with a nominal value of PLN 150m.</li> </ul>
Interest rate							
Maturity (counting from issue date)							

# Agenda

Introduction

Market

Operating activities

Development plans

Financial performance

**Appendices**

## Italy – a large market where institutions have been selling non-performing retail debt since 2012

EURbn	Italy	Poland
GDP	1,949	498
Unemployment rate [%]	12.8%	9.0%
Population [million]	69.9	38.5
Unsecured and secured consumer loans	596.6	139.5
Consumer NPLs	47.7	9.2
Loss ratio [%]	8.0%	6.6%
<b>Estimated unsecured debt portfolio purchase market (nominal value)</b>	<b>4.4</b>	<b>3.2</b>

Selected institutions selling debt portfolios	Selected companies purchasing debt portfolios
UniCredit Group	Hoist Finance
Intesa SaoPaolo	Banca IFIS
MPS	AnaCap
UBI Banca	Fortress
Banco Popolare	Cerberus
BCC	PVE Capital

### KRUK – factors taken into account when choosing the Italian market

- Italy is the Eurozone's third largest economy
- Large population means a potentially large debt and general consumer finance market.
- Despite its relatively recent character, the country's unsecured retail debt market is already one of Europe's largest in terms of nominal value.
- KRUK would be the only company on the local market with such a well-defined and comprehensive strategy for collecting debts from purchased portfolios.
- Given the presence of financial investors, a secondary debt purchase market may emerge in Italy in the coming years.
- The idea of an amicable collection company is well perceived in Italy. Based on surveys, we assume debtors approve of KRUK's amicable collection strategy.

### KRUK – strategy for entering the Italian market

- Entering the market through an organisation structured according to a hybrid model – operations will be carried out in Poland or Romania and Italy.
- First, we intend to purchase unsecured debt portfolios.
- KRUK will consider an initial partnership with an experienced local debt servicing company.
- In the long term, we are also looking to enter the debt collection outsourcing market





## Spain – banking crisis boosts debt supply

EURbn	Spain	Poland
GDP	1,277	498
Unemployment rate [%]	24.5%	9.0%
Population [million]	46.7	38.5
Unsecured consumer loans	110.2	139.5
Consumer NPLs	12.6	9.2
Loss ratio [%]	11.4%	6.6%
<b>Estimated unsecured debt portfolio purchase market (nominal value)</b>	<b>8.0</b>	<b>3.2</b>

Selected institutions selling debt portfolios	Selected companies purchasing debt portfolios
CaixaBank	AnaCap
BBVA	Fortress
CatalunyaCaixa	Cerberus
Banco Popular	Blackrock
Santander	DE Shaw&Co
	PRA Group
	EOS Spain
	Lindorff

### KRUK – factors taken into account when choosing the Spanish market

- The Eurozone's fourth largest economy, Spain has a considerable population.
- Debt in the banking sector at the end of 2014 was close to EUR 1.4bn, with a loss ratio of 12.5%.
- After the United Kingdom's, the country's unsecured retail debt market is Europe's second largest in terms of nominal value.
- KRUK would be the only company on the local market with such a well-defined and comprehensive strategy for collecting debts from purchased portfolios.
- As investment funds, which are the key players on the debt purchase market, do not specialise in debt collection, KRUK is well positioned to deploy more effective collection solutions and partner with funds on joint investments and portfolio management.
- Given the presence of financial investors, a secondary debt purchase market may emerge in Spain in the coming years.

### KRUK – strategy for entering the Spanish market

- Entering the market through an organisation structured according to a hybrid model – operations will be carried out in Poland or Romania and Spain.
- First, we intend to purchase unsecured debt portfolios.
- KRUK will consider an initial partnership with an experienced local debt servicing company.
- In the long term, we are also looking to enter the debt collection outsourcing market.



## The KRUK Group is expanding its business on the German market, handling a growing number of cases

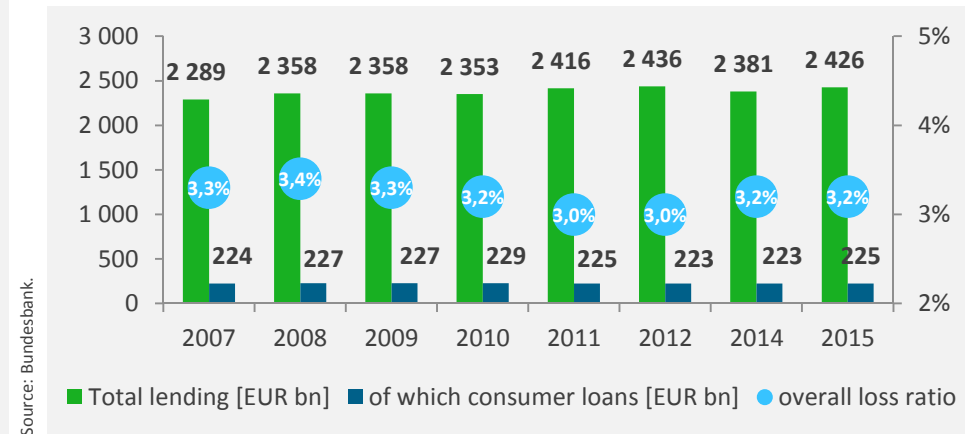
### First transactions in Germany

- In Q3 2015, the KRUK Group executed a consumer debt purchase contract in Germany.
- The contract was concluded for an indefinite term, with the nominal value of debt to be purchased under the contract over the next 15 months estimated at EUR 37.5m.
- Contracts of this type are known as 'forward flow contracts', and they provide for regular inflows of debts from the seller over a specified period of time.
- Under the contract, the KRUK Group purchases debt portfolios that are typical for its business – the contract covers only unsecured retail debt with an average nominal value per debt of up to EUR 3 thousand.
- The portfolios include high-quality debt cases that on average are only several months delinquent.
- The KRUK Group is expanding its business on the German market, with close to 5,000 cases handled as at the end of 2015.

### German market

- Bank loans to the private sector amount to nearly EUR 2.4tn, of which consumer loans account for about 10% – more than four times the figure reported for Poland
- There are nearly 6.7m debtors in Germany (ca. 10% of population aged over 18)\*.
- Total expenditure on the unsecured retail debt market is estimated at approximately EUR 300m–350m.
- KRUK's main competitors in the German market include Creditreform, EOS, GFKL, Lindorff, Intrum Justitia, PRA Group, Hoist and Arvato.

### Bank consumer loans in Germany (EURbn)



# The mortgage debt market in Poland and Romania is poised for strong growth

## Experience

The KRUK Group has the most extensive experience on the market in the valuation, purchase and management of mortgage debt portfolios:

- Mortgage in the debt collection outsourcing segment since 2005, smaller mortgage debt portfolios acquired in previous years,
- Mortgage debts included in consumer portfolios,
- In 2014, expenditure on mortgage debt portfolios exceeded PLN 300m – KRUK acquired two large portfolios from Getin Noble Bank and BZ WBK, as well as several smaller portfolios,
- In 2015, KRUK purchased further mortgage, corporate and consumer debt,
- The aggregate base of more than 3 thousand debt cases acquired combined with its experience in debt valuation give KRUK a significant competitive edge in the growing market,
- Banks in Poland and Romania plan to continue to sell their mortgage debt portfolios.

### The largest mortgage debt portfolios purchased by KRUK in 2014

Seller	Date	Expenditure (PLNm)	Nominal value (PLNm)	Price %	Number of cases
Getin Noble Bank	March 2014	230	710	32%	1,800+
BZ WBK	December 2014	70	443	16%	1,100+
<b>TOTAL</b>		<b>300</b>	<b>1,153</b>		

## Collection process

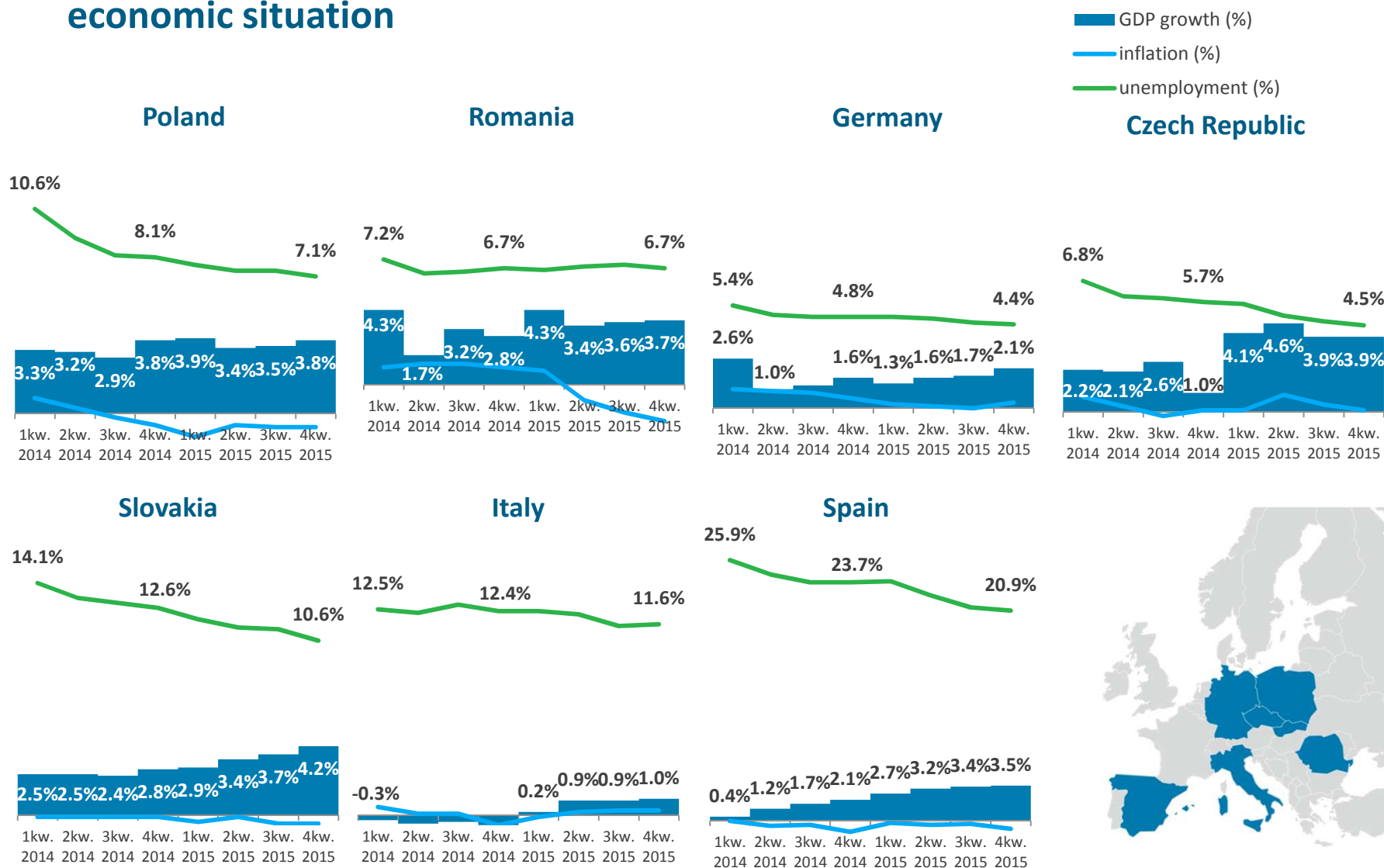
KRUK strives to use amicable solutions in the process of collection of mortgage debts.

- Collection processes carried out in cooperation with the debtor, or the client, is more effective than collection through courts:
  - Payments are adjusted to the client's financial situation,
  - The client's entire debt is removed,
  - When real property is sold on an amicable basis, it can be sold at a lower discount than in the case of sale carried out through court/enforcement procedure.

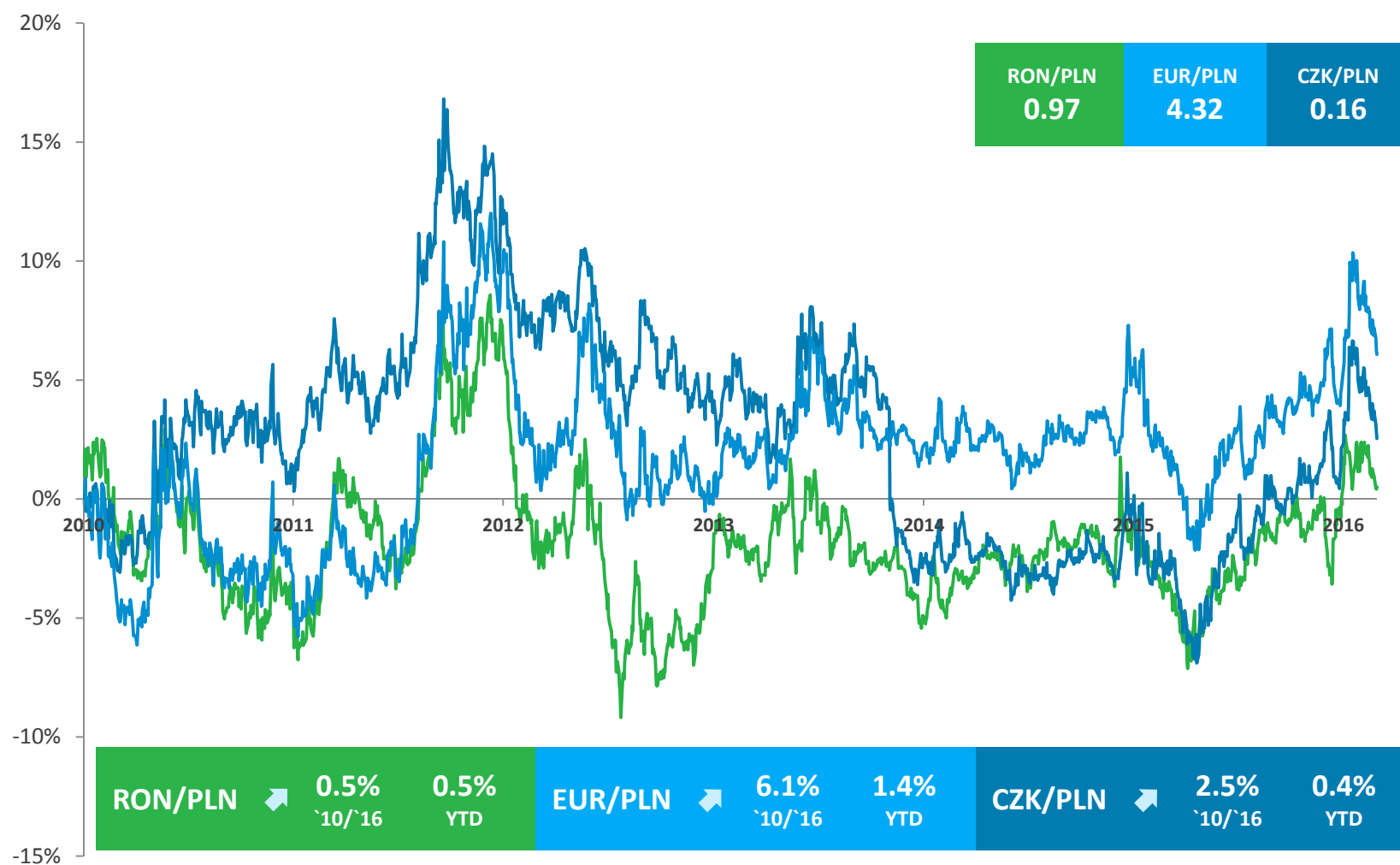
### Process simulation

Debt nominal value		PLN 350 thousand	
Property market value		PLN 250 thousand	
Court procedure		Amicable collection	
Sale of real property through court procedure	PLN 150 thousand	I. Sale of real property in cooperation with the debtor or its foreclosure on an amicable basis (and cancellation of a portion of debt)	
		PLN 250 thousand (-PLN 100 thousand)	
Outstanding debt	PLN -200 thousand	II. Debt repayment in instalments	PLN 350 thousand

## The KRUK Group actively operates on markets of varying structures and economic situation



## The Polish złoty exchange rate against the Romanian leu, the euro and the Czech koruna remains stable



## As at the end of 2015, the KRUK Group had a non-performing debt portfolio with a nominal value of PLN 26.6bn

Purchased debt portfolios PLNm	2011	2012	2013	2014	2015
Nominal value of purchased debt portfolios	4,469	3,585	3,791	3,776	4,926
Accumulated nominal value of purchased debt portfolios	10,542	14,126	17,917	21,693	26,619
Cash recoveries	341	451	538	712	826
Accumulated cash recoveries	954	1,405	1,943	2,655	3,481
Fair value	719	873	1,054	1,367	1,621
Fair value revaluation	20	5	-13	8	53
Share of the revaluation in fair value (%)	2.7%	0.5%	1.3%	0.6%	3.3%

### Operational initiatives undertaken by the KRUK Group with a view to enhancing its effectiveness in debt recovery

Development and optimisation of the field adviser network in Poland, Romania and the Czech Republic

Development of court collection in Romania  
Development of amicable collection in the Czech Republic and Slovakia

Enhancement of the effectiveness of marketing measures providing access to indebted individuals

Increase in the operating scale and awareness of RD ERIF BIG S.A.

## Accolades, marketing and PR initiatives in 2015

2014 Listed Company of the Year

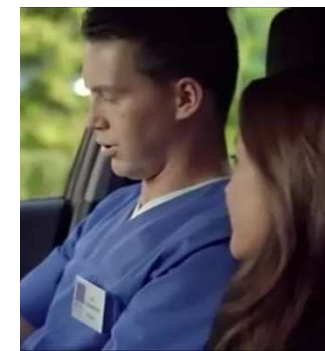
KRUK Deutschland as a partner of 7. Forderungs- und Risikomanagement tage, one of the largest debt management conferences in Germany

The first advertising campaign in the Czech Republic and Slovakia

A young surgeon and financial problems – KRUK appeared in the 'Na dobre i na złe' TV show

An educational campaign at Municipal Social Aid Centres – distribution of educational materials

Two issues of the 'Financial Courier' – an educational gazette sent to the Group's customers



### 8. Forderungs- und Risikomanagement Tage

08.03.2016 Berlin | 17.03.2016 Frankfurt a.M. | 07.04.2016 München

Erfolgstreiber für das Payment und Forderungsmanagement





# Investor Relations in 2015–2016

## IR events in 2015

**February 6th** US roadshow (New York)

**March 17th–19th** PKO BP's *Polish Capital Market 2015 conference* (London)

**March 23rd–24th** Roadshow in Scandinavia and Germany (Stockholm, Copenhagen, Frankfurt)

**March 26th** CC Group conference (Warsaw)

**April 8th–10th** US roadshow (Chicago, Boston, Miami)

**May 18th** Auerbach/Ipopema's *Poland Capital Markets Day* conference (New York)

**May 29th–31st** Retail Investors Association's *Wall Street 19 conference* (Karpacz)

**June 11th–12th** *Wood&Co Emerging Europe Financials Conference* (Warsaw)

**September 3rd–4th** UK roadshow (London)

**October 8th–9th** Erste conference (Stegersbach)

**October 13th** ING conference (Warsaw)

**October 15th** Societe Generale conference *Polish Capital Markets Day* (Paris)

**December 1st–4th** Wood's Winter in Prague

## Forthcoming IR plans for 2016

**March 9th–10th** Roadshow in Germany and Scandinavia (Frankfurt, Stockholm)

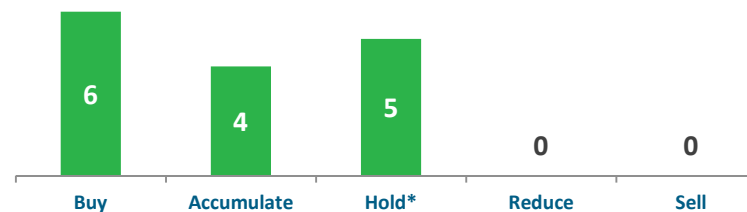
**March 11th** Carnegie Debt Purchase Seminar 2016 (Stockholm)

**March 15th–17th** PKO BP Polish Capital Market 2016 Conference (London)

## Most recent stock recommendations

Date	Institution	Recommendation	TP
February 2016	Ipopema	<i>accumulate</i>	PLN 200.00
February 2016	DM mBanku	<i>accumulate</i>	PLN 185.12
December 2015	Erste Group	<i>accumulate</i>	PLN 206.00

## Recommendations received in 2015



## Sell-side analysts issuing recommendations on Company stock

Institution	Analyst
DM BDM	Maciej Bobrowski
DM BZ WBK	Dariusz Górski
DI Investors	Michał Fidelus
Erste Group	Adam Rzepecki
Haitong	Łukasz Jańczak
Ipopema	Iza Rokicka
mBank	Michał Konarski
Trigon DM	Grzegorz Kujawski
Wood & Co.	Paweł Wilczyński





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