



## Presentation of 2016 results KRUK Group

February 27th 2017



# Agenda

## Introduction

Market

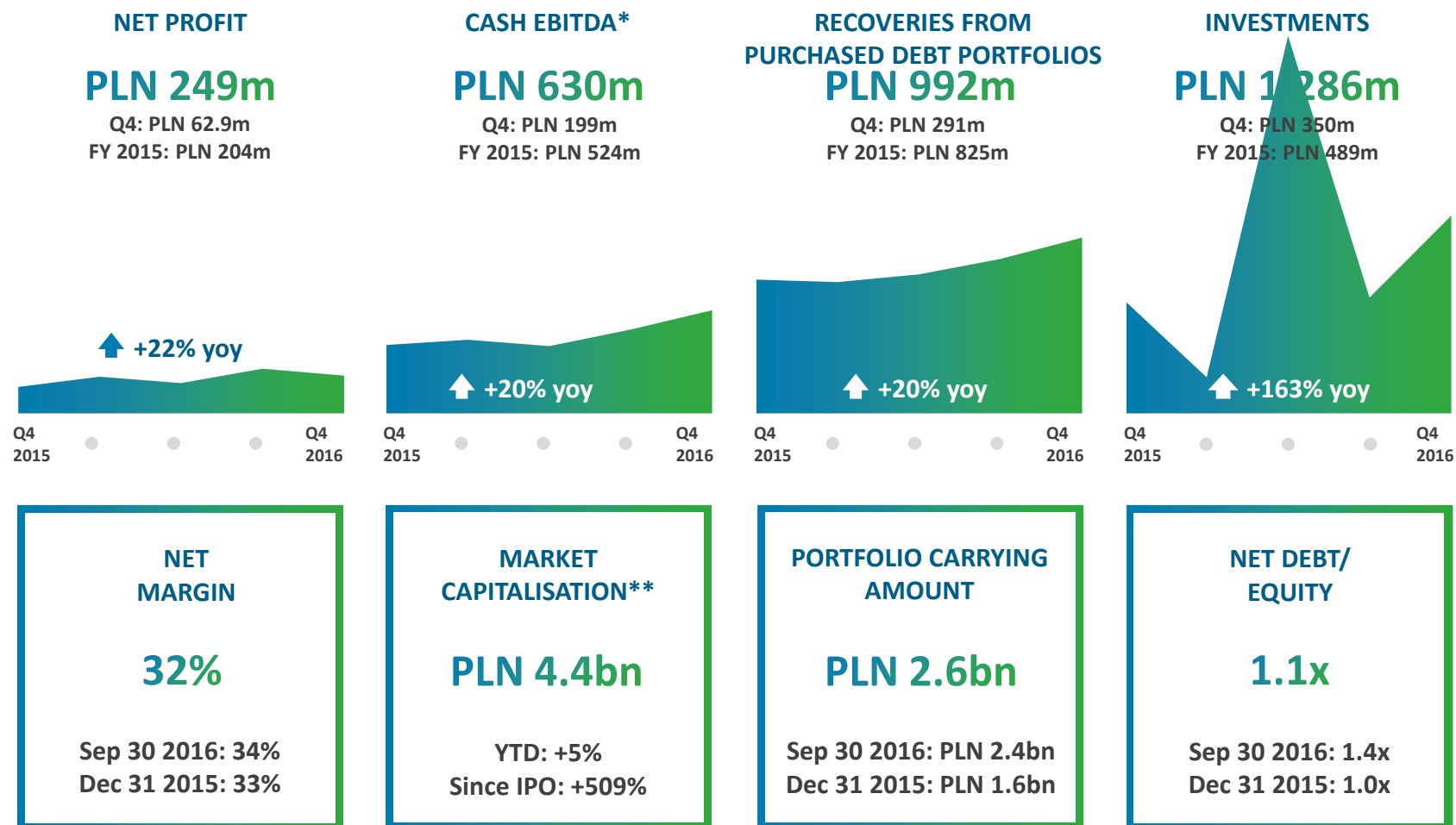
Operating activities

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# KRUK in 2016: PLN 1bn in recoveries, record-high investments and nearly PLN 250m in net profit



## In 2016, KRUK reported a 22% improvement in net profit and continued building the solid base for further growth in new markets

### Net profit

- In 2016, the KRUK Group reported net profit of PLN 248.7m, which represents a 22% increase on 2015 and its best result on record.
- In Q4 2016 alone, net profit grew to PLN 62.9m and was 43% higher than in the corresponding period of the previous year.

### Cash recoveries

- Recoveries from purchased debt portfolios reached PLN 992.2m, up 20% year on year.
- In Q4 2016, KRUK reported PLN 290.6m in recoveries, up 32% on the corresponding period of 2015. It was the best quarterly performance on record, with the growth primarily driven by 2016 investments and a constructive macro environment.

### Investments in debt portfolios

- In 2016, the KRUK Group invested a record-breaking amount of PLN 1,286m in 99 debt portfolios with a total nominal value of PLN 16.4bn. Investment expenditure grew by 163% year on year.
- The investment amount included: acquisition of the P.R.E.S.C.O. portfolio (PLN 2.4bn in nominal value), acquisition of a portfolio from the Eurobank Group of Romania jointly with International Finance Corporation (PLN 1.7bn), and acquisition of the Unicredit Group's portfolio in Italy (PLN 4.0bn).
- KRUK expects the supply of debt portfolios to remain strong in 2017.

### Geographical expansion

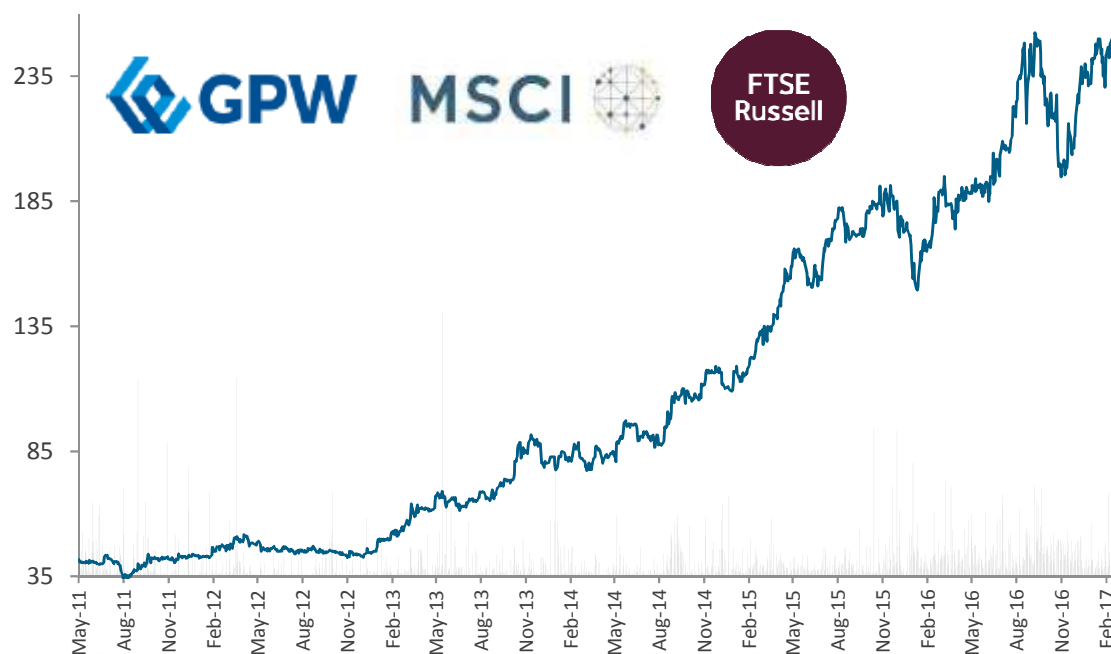
- In 2016, KRUK diversified its future recovery and revenue streams, with foreign investments representing 67% of the Group's total; investments in countries other than Poland and Romania accounted for 37%.
- KRUK's new markets, namely Germany, Italy and Spain, are attractive in terms of their size and expected rates of return. The nominal value of debt portfolios sold in auctions in which KRUK participates abroad is often several times larger than in Poland.
- In 2016, KRUK enhanced its foreign expansion in new markets through the acquisition of two local companies – Credit Base International in Italy and Grupo Espand in Spain. Earlier, the Group cooperated with both companies in portfolio valuations and debt management.

## KRUK has defined a new target: EPS growth of at least 15% annually with ROE at minimum 20%

<b>Update of the 2015-2019 strategy</b>	<ul style="list-style-type: none"> <li>▪ KRUK's Management Board updated the 2015-2019 strategy and set a new key target: <i>to grow by at least 15% annually in terms of EPS and maintain ROE at or above 20%.</i></li> <li>▪ Vision: to earn the position of the global leader among listed debt management companies in terms of market value.</li> </ul>
<b>Share capital increase</b>	<ul style="list-style-type: none"> <li>▪ In December, KRUK raised PLN 215m through the issue of one million new Series G shares, the first issue from the Company's first-time listing in 2011.</li> <li>▪ The decision was fully endorsed by KRUK's shareholders at the General Meeting. KRUK decided to allocate the issue proceeds to strategic growth projects in foreign markets, including acquisitions of other debt management players.</li> </ul>
<b>Access to attractive sources of financing</b>	<ul style="list-style-type: none"> <li>▪ In 2016, KRUK issued 11 series of PLN- and EUR-denominated bonds, with a total value of approximately PLN 830m. Total value of bonds outstanding as at the end of 2016 amounted to PLN 1,372m.</li> <li>▪ In 2016, KRUK fully utilised its Third Public Bond Issue Programme with a nominal value of PLN 300m and launched the Fourth Programme with a total value of PLN 500m. Currently, the amount available for further bond issues under the Programme is PLN 460m.</li> <li>▪ At the end of 2016, KRUK had access to PLN 682m in bank credit facilities, including PLN 240m that can be drawn in the euro.</li> <li>▪ The ratio of net debt to equity at the end of 2016 remained low at 1.1.</li> <li>▪ KRUK is considering new financing options, including in the euro.</li> </ul>
<b>KRUK on the WSE</b>	<ul style="list-style-type: none"> <li>▪ KRUK share price on the WSE climbed by 38% in 2016, reaching PLN 237 at year end. The Company's year-end market capitalisation exceeded PLN 4.2bn.</li> <li>▪ Average monthly trading volume in 2016 was in excess of PLN 150m, up 127% on 2015. Average daily trading volume reached nearly PLN 8m.</li> </ul>

## KRUK share price has grown almost 6 times since the first listing, and shares are among the most remarkable indices

	2011	2012	2013	2014	2015	2016	CAGR	2016 / 2011
EPS (PLN)	4.03	4.80	5.77	8.95	11.84	<b>14.08</b>	<b>28.94</b>	<b>3.5x</b>
EPS growth rate	72.2%	19.1%	20.2%	55.1%	32.3%	<b>18.9%</b>	-	-
ROE rolling*	27.9%	25.6%	23.5%	25.9%	26.0%	<b>24.3%</b>	-	-
Net profit	66.4	81.2	97.8	151.8	204.3	<b>248.7</b>	<b>30.2%</b>	<b>3.7x</b>



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

Share price PLN 249.00

Change 1Y/3M +35% / +19%

1Y Max/Min PLN 255.95 / PLN 170.93

Market capitalisation PLN 4.4bn

KRUK's position on the WSE according to market capitalisation: 32

### Stock trading liquidity

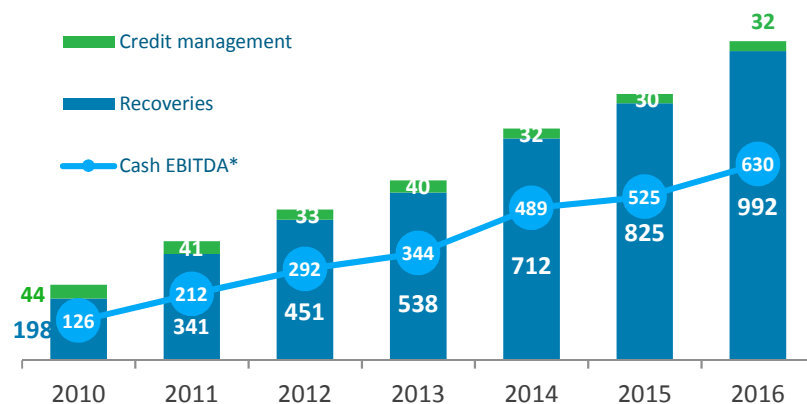
Average daily trading volume (yoy) PLN 7.5m (+ 127%)

Free float\*\*\* 78.9%

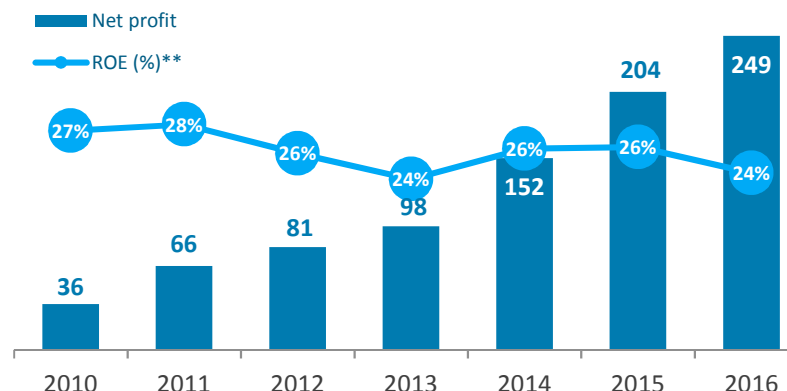
KRUK's position on the WSE according to liquidity: 31

# Another year of solid performance growth combined with high return on equity

Cash from debt collection activities (PLNm)



Financial performance (PLNm)



PLNm	2007	2015	2016	change yoy	CAGR '07-'16
Revenue	63.6	611.2	783.4	28%	32%
EBIT	11.5	252.9	349.0	39%	46%
Cash EBITDA	34.2	525.2	630.0	20%	38%
Net profit	8.7	204.3	248.7	22%	45%

	2007	2016	'16/'07
Number of debt cases managed at year end, in millions (purchased debt portfolios and credit management)	1.1	5.0	4.5x
Nominal value of debt cases managed at year end, in PLN billions (purchased debt portfolios)	4.7	36.1	7.7x
Accumulated recoveries from purchased debt portfolios (PLNm)	157	4,480	-
Number of employees***	751	3,268	4.4x

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## Operating activities

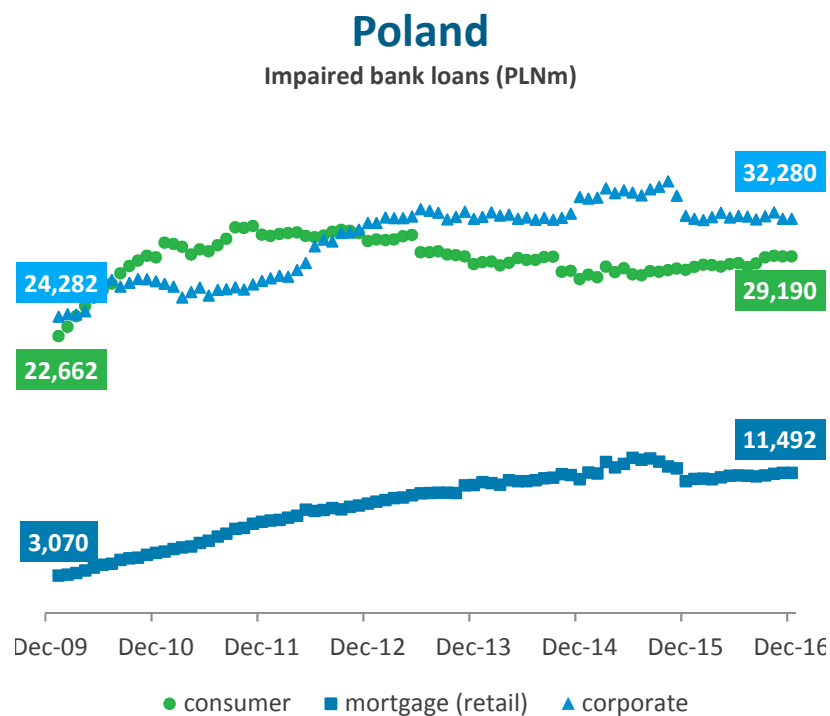
## Strategy update

## Financial performance

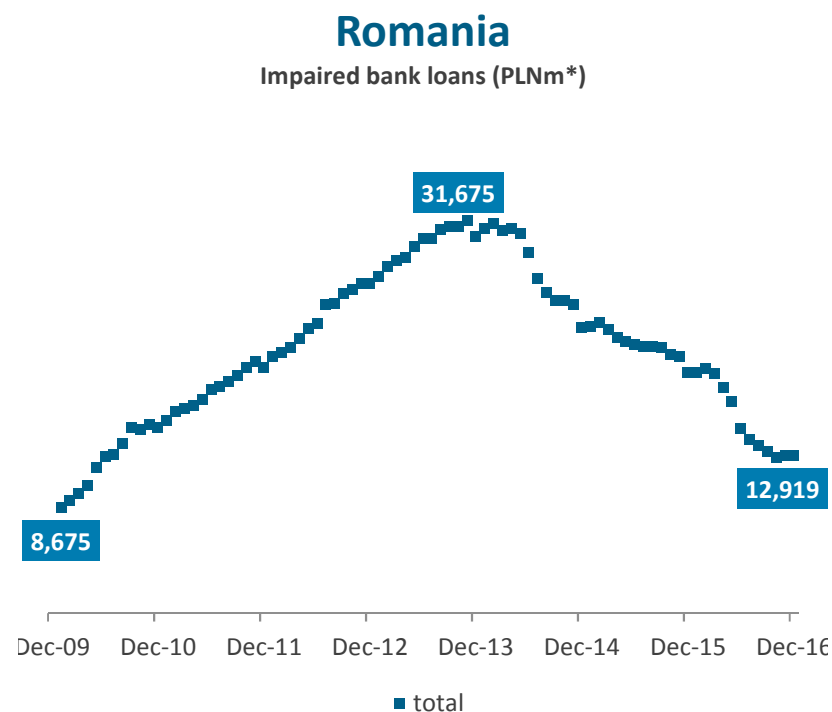
## Additional information



# Non-performing bank loans: high and stable levels in Poland and value decline in Romania



- Non-performing consumer and corporate debt values remain high, at PLN 29bn and PLN 32bn, respectively.
- Non-performing mortgage debt increased almost fourfold from 2010, to PLN 11.5bn at the end of 2016.

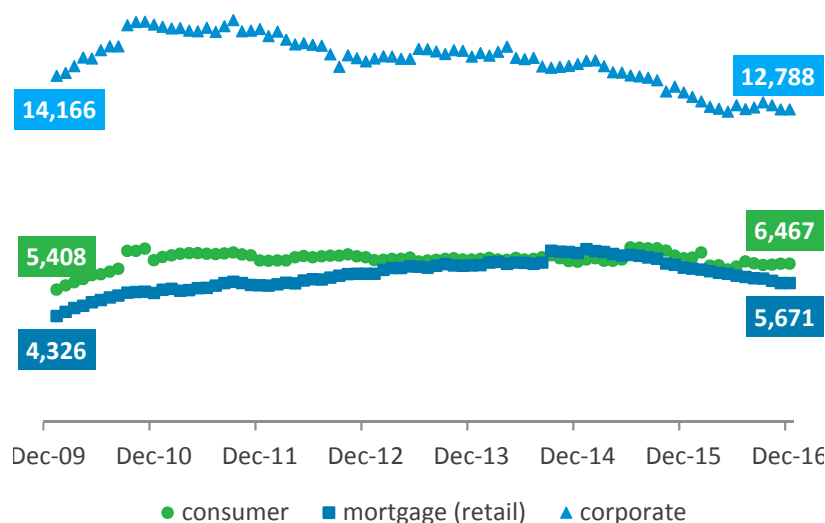


- Since mid-2014, the value of non-performing bank loans in Romania has fallen due to debt sale transactions, including large corporate and mortgage debt sale transactions.

# Potential of the non-performing debt market in the Czech Republic and Slovakia still stable; continuation of the many-year trend of little volatility on the German market

## Czech Republic and Slovakia

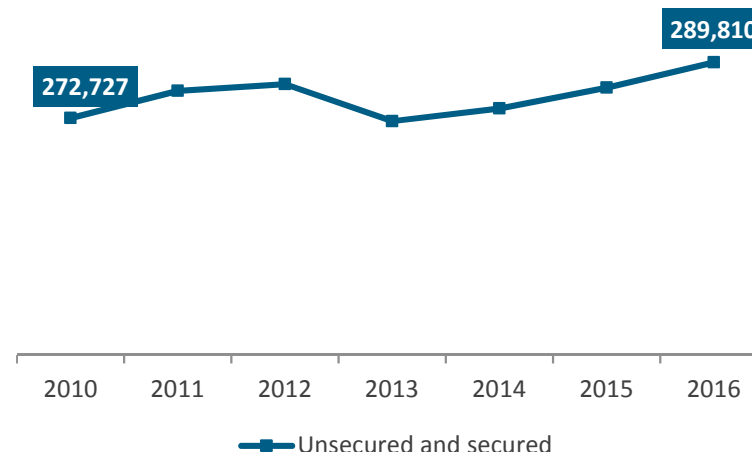
Impaired bank loans (PLNm\*)



- Non-performing debt in the Czech Republic and Slovakia totalled PLN 25bn at the end of 2016.
- 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.

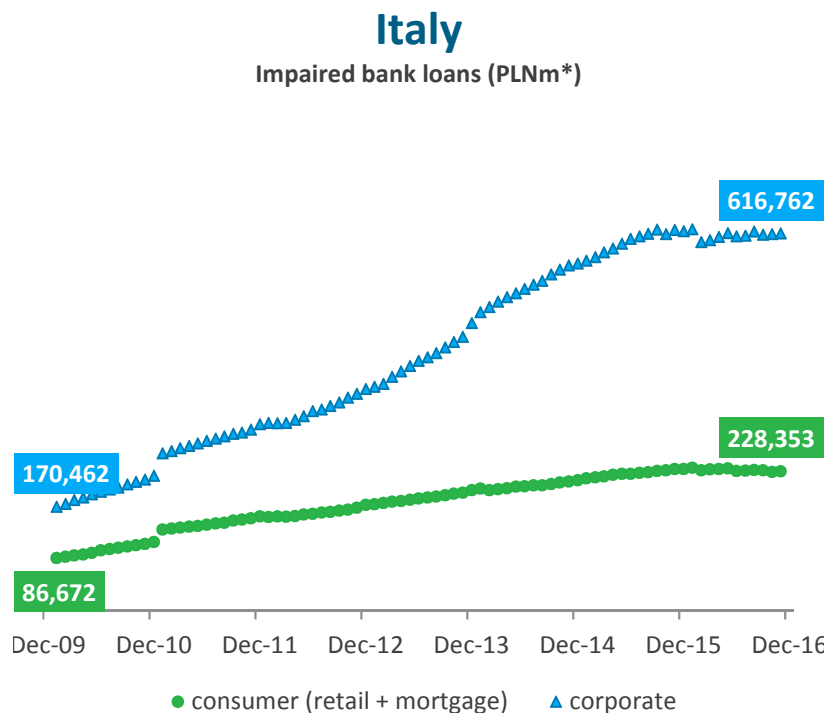
## Germany

Impaired bank loans (PLNm\*)

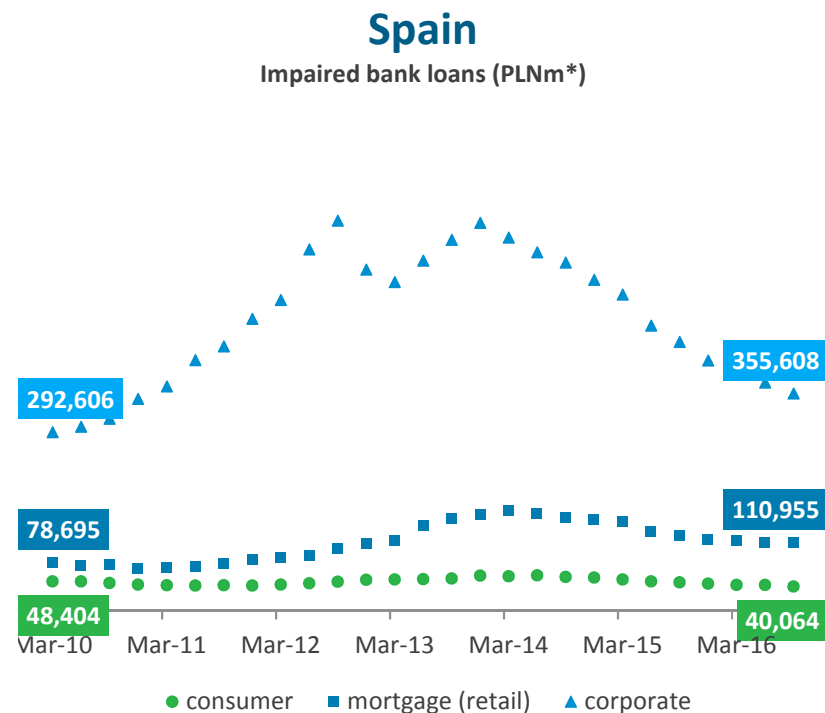


- Deutsche Bundesbank does not disclose the value of non-performing debt, but the toxic loan ratio is estimated at 3–3.5%. This translates into approximately PLN 300bn in non-performing debt (three to four times more than in Poland). In Germany, with its developed and stable economy, the values of consumer,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

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

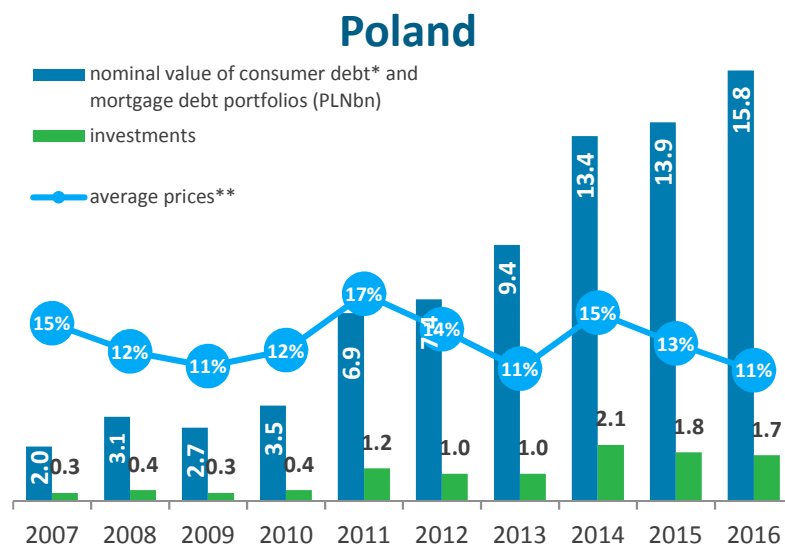


- Italian non-performing bank debt is ca. PLN 850bn, i.e. about 13% of total borrowings (significant increase from 3% in 2008).
- The non-performing retail debt base (secured and unsecured debt) is ca. PLN 230bn.

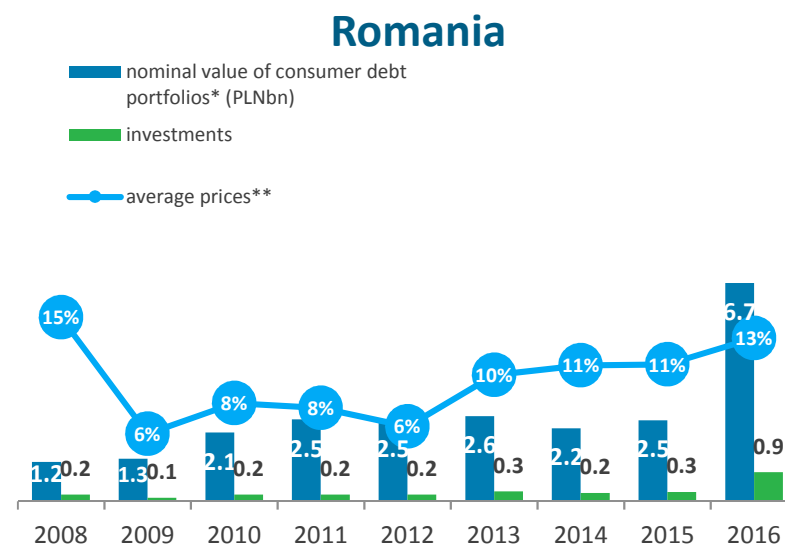


- Non-performing debt in Spain's banking sector grew from PLN 410bn in 2010 to some PLN 510bn at the end of 2016, with the loss ratio at 10%.
- This is much higher than the EU average of approximately 6%.

## In 2016, banks in Poland and Romania continued to provide an ample supply of new debt



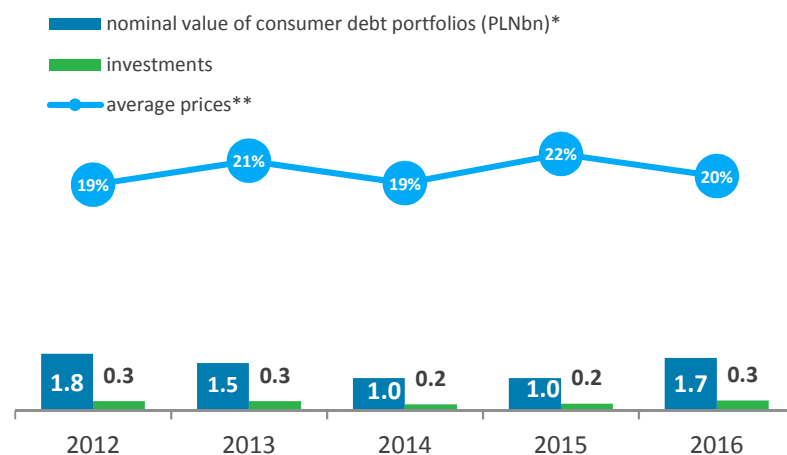
- Supply in 2016 reached PLN 15.8bn, having grown 20% year on year driven by the secondary market sale of the P.R.E.S.C.O. portfolio a nominal value of PLN 2.7bn.



- The supply of consumer debts in Romania grew to PLN 6.7bn in 2016. This increase was attributable to the acquisition, jointly with IFC, of a debt portfolio with a nominal value of PLN 1.7bn from the Eurobank Group.

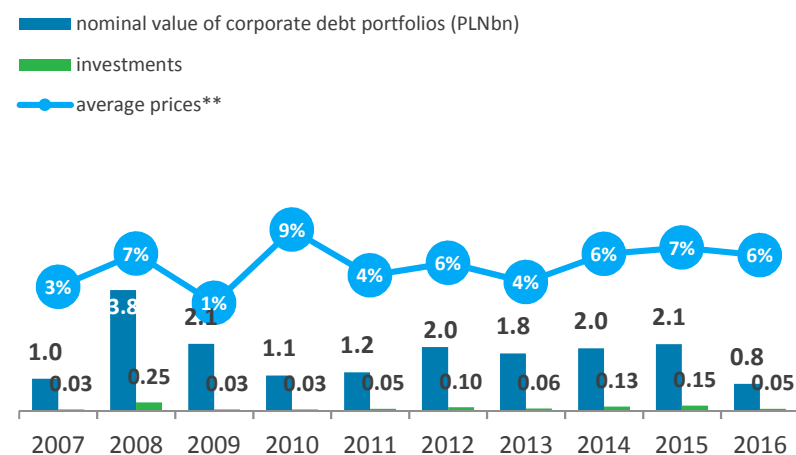
## 2016 saw an increase in consumer portfolio supply in the Czech Republic and Slovakia

### The Czech Republic and Slovakia



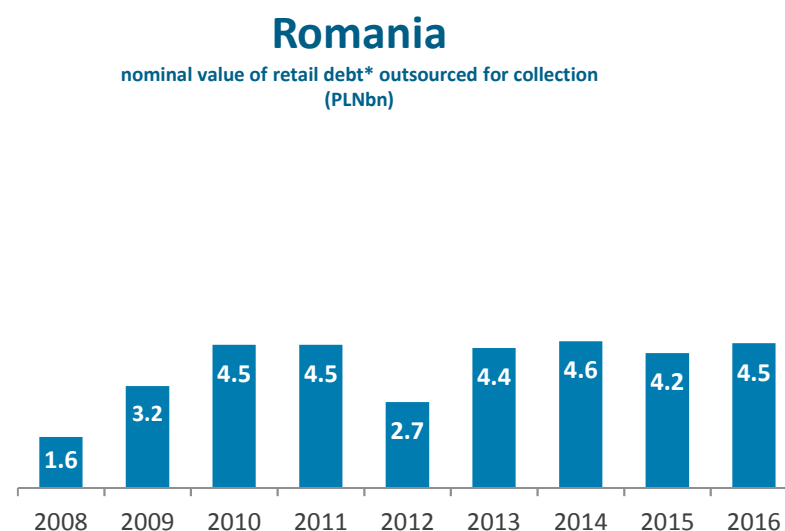
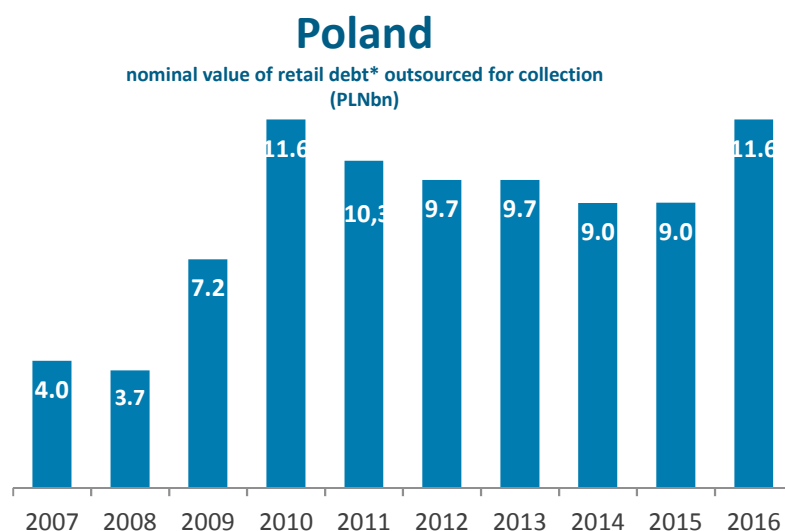
- The nominal value of debts sold in the Czech Republic and Slovakia stood at approximately PLN 1.7bn, mainly because of increased activity of non-bank institutions.

### Poland – corporate debt portfolios



- In recent years, market growth has been rather restrained. Banks continued to show little interest in selling corporate debt portfolios, but KRUK sees a potential for future growth of this market.

## The Polish market continues to shift focus from credit management to debt sale



- In 2016, the nominal value of cases outsourced for collection was PLN 11.6bn, the highest level since 2010. This growth was partly caused by the fact that a portion of credit management cases were accepted by companies twice or more.
- In 2016, banks in Romania were less willing to outsource debt for collection. Instead, they focused on selling debt portfolios and managing selected cases based on in-house resources. In 2016, the market followed similar trends.

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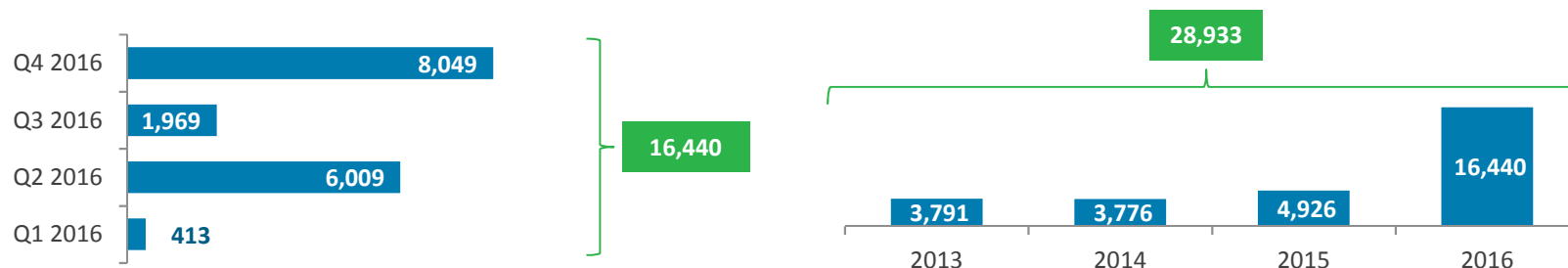
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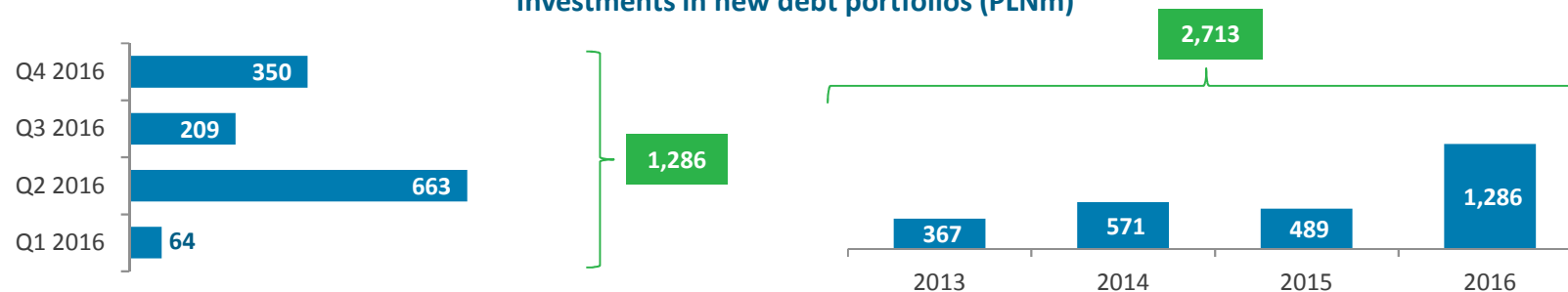
Additional information

## In 2016, KRUK invested the record-high amount of PLN 1.3bn, of which one-third was spent in Poland

Nominal value of purchased debts (PLNm)



Investments in new debt portfolios (PLNm)

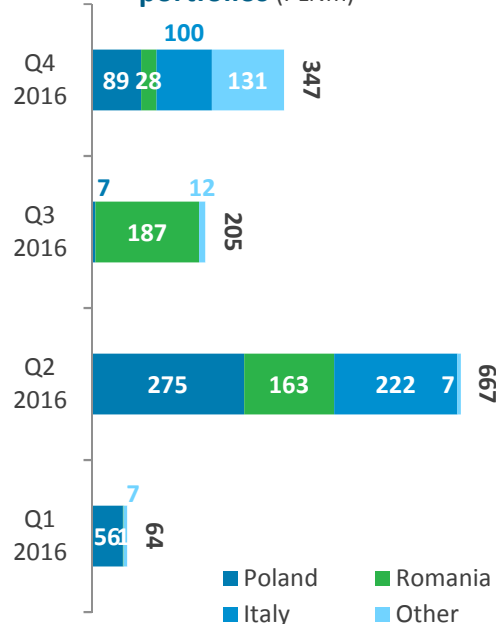


- Purchases made by KRUK in 2016 totalled PLN 1.3bn, which was spent on 99 portfolios in seven European countries: Poland, Romania, the Czech Republic, Slovakia, Germany, Spain and Italy. The nominal value of the portfolios exceeded PLN 16bn.
- The following transactions accounted for a major share of the investments: acquisition of a debt portfolio from P.R.E.S.C.O. with a nominal value of PLN 2.7bn for the total price of PLN 194m, joint investment with the World Bank in Romania (KRUK invested PLN 155m, and the nominal value of the portfolio was PLN 1.7bn, and acquisition of a debt portfolio with a nominal value of PLN 1.5bn for PLN 222m on the Italian market.



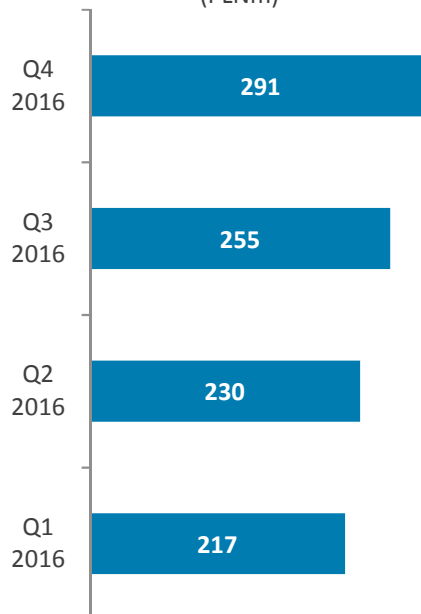
## Significant prior years' investments translated into higher recoveries of PLN 992m

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



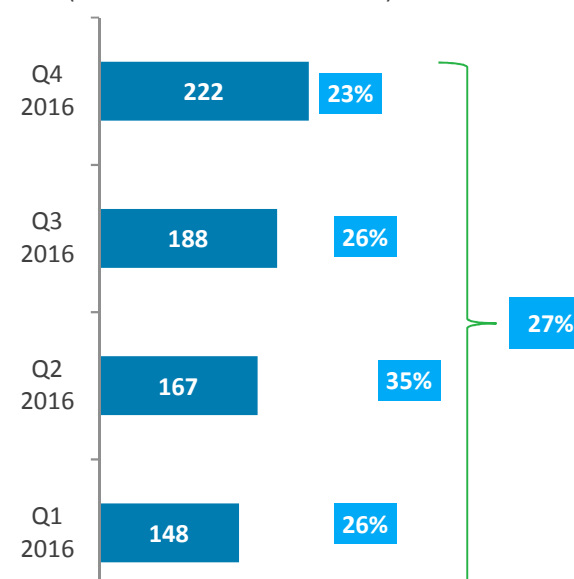
- 2016 was a record-breaking year for KRUK in terms of investments.
- The geographical structure of investments was further diversified: 33% were made in Poland, 29% in Romania, 25% in Italy and 12% in other countries.

**Recoveries (PLNm)**



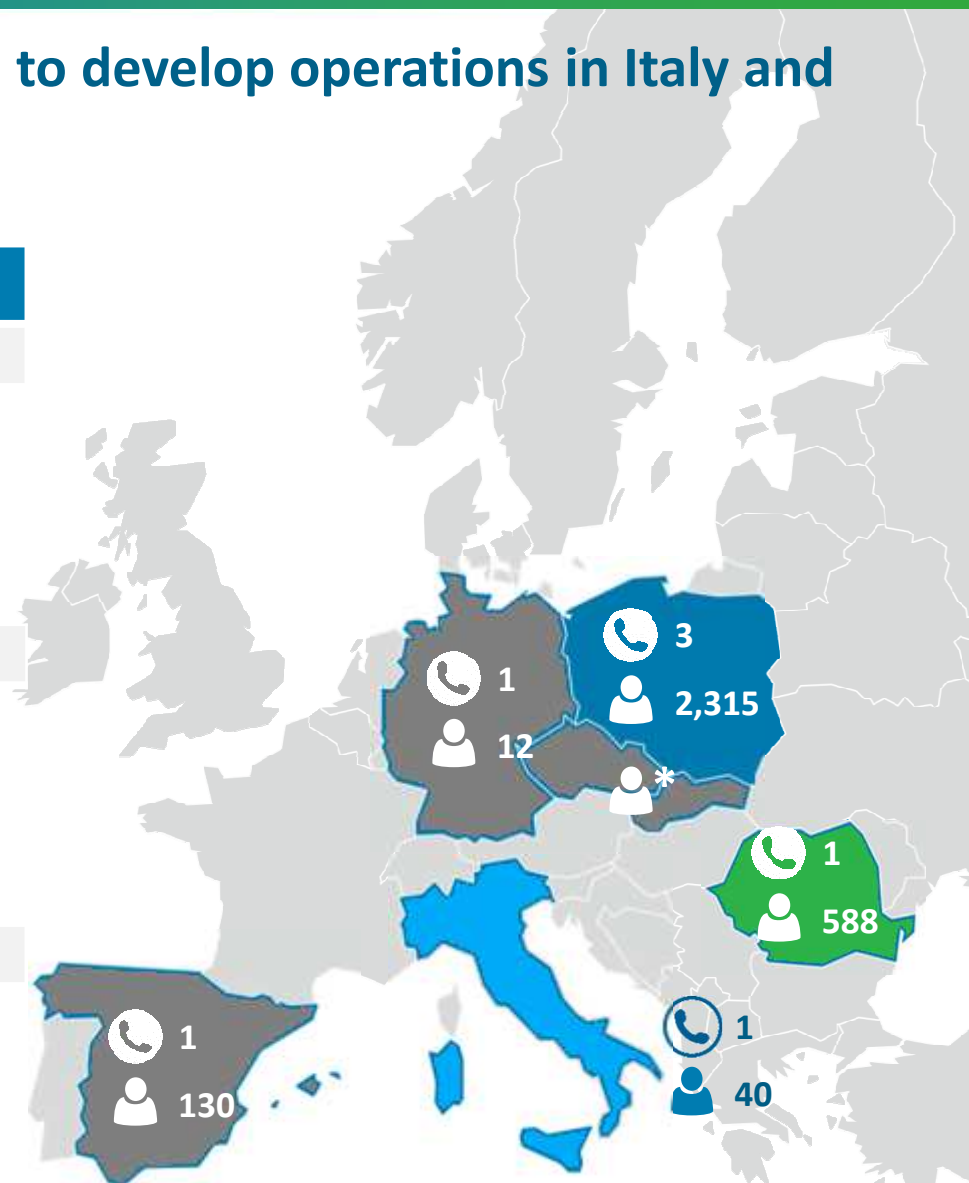
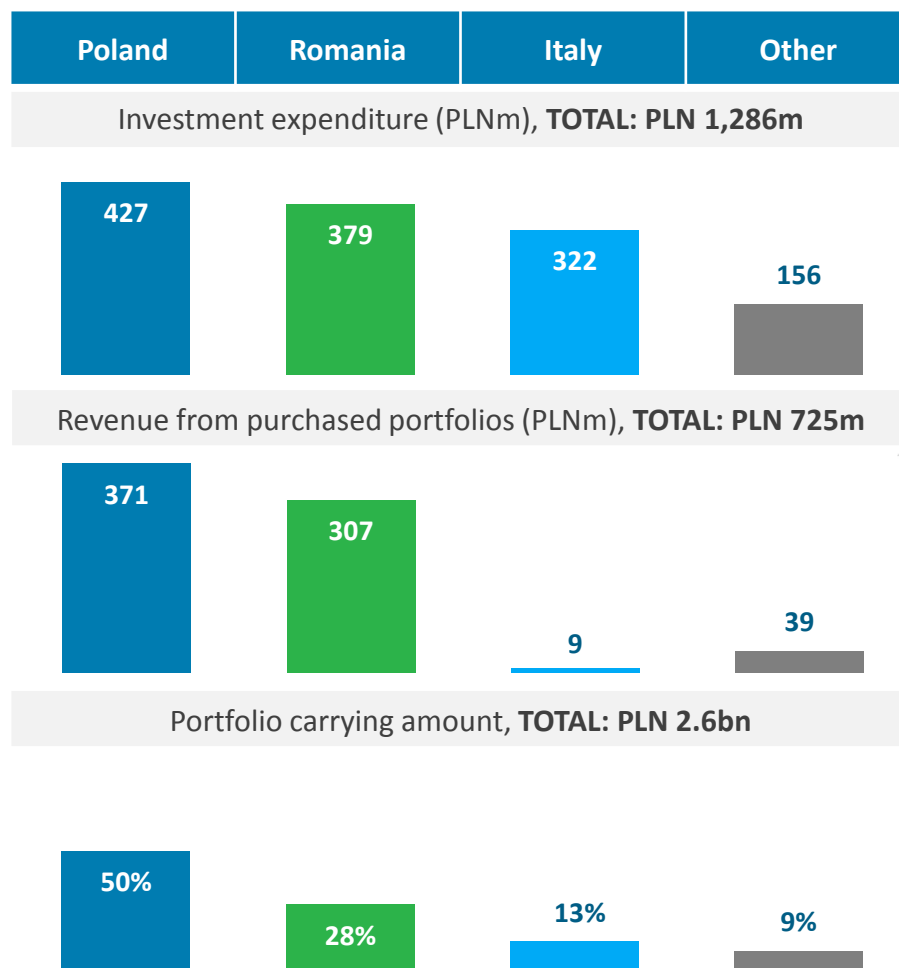
- Improved recoveries in Q4 were attributable to growing amounts recovered from P.R.E.S.C.O. and the fact that the operations related to the Eurobank portfolio in Romania were included for the whole quarter.
- Strong recoveries justify an upward revaluation of the purchased portfolio assets.

**Portfolio revenue and costs (PLNm and as % of recoveries)**



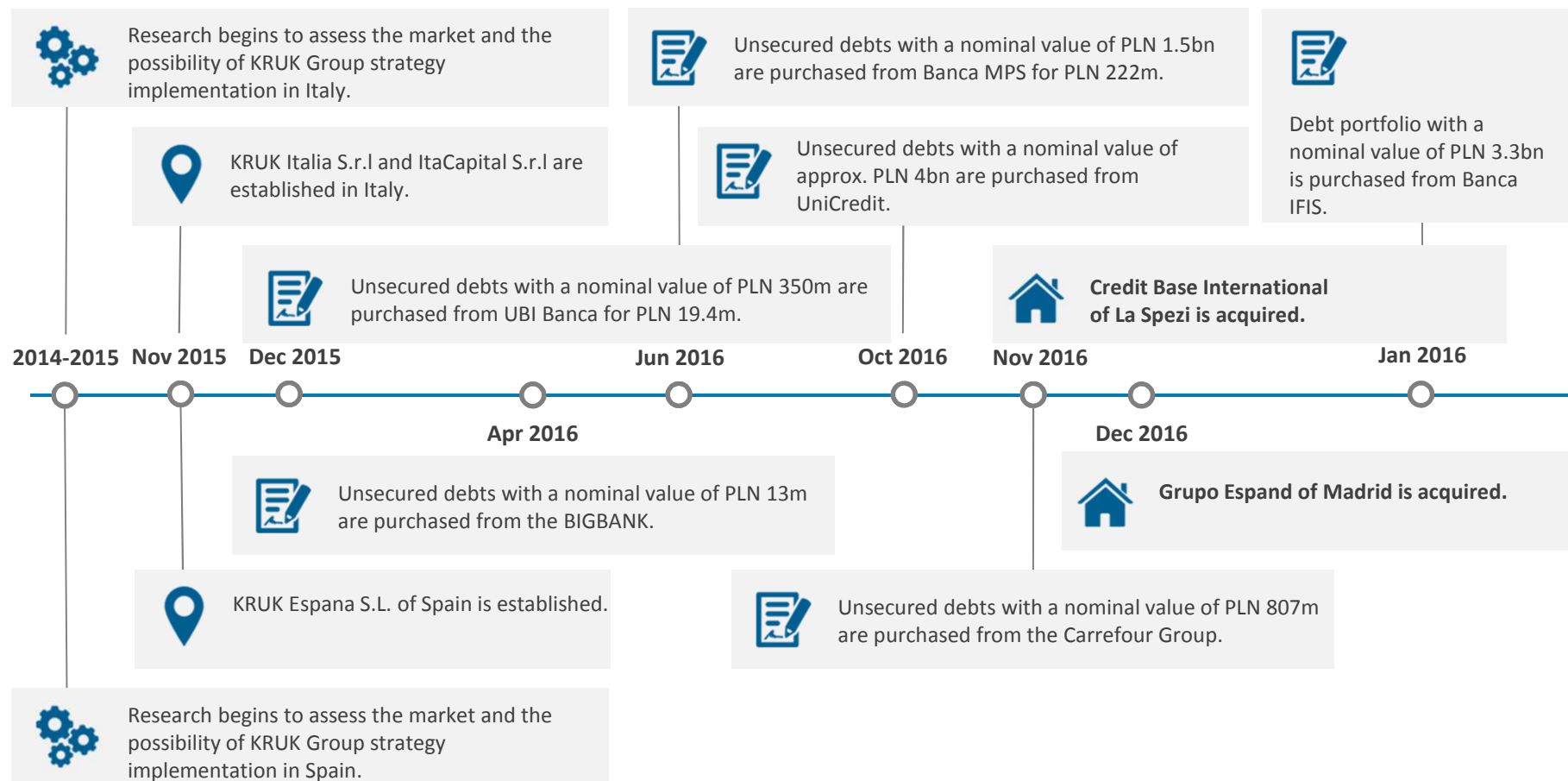
- In Q2, the Company recognised a provision for operating expenses (in taxes and charges); in Q4, there was a change in allocation to taxes.
- Cost to recovery ratio in 2016 stayed flat year on year at 27%.
- KRUK continued to report sound cost efficiency despite an increased number of cases referred for enforcement.

## In 2016, the KRUK Group started to develop operations in Italy and Spain

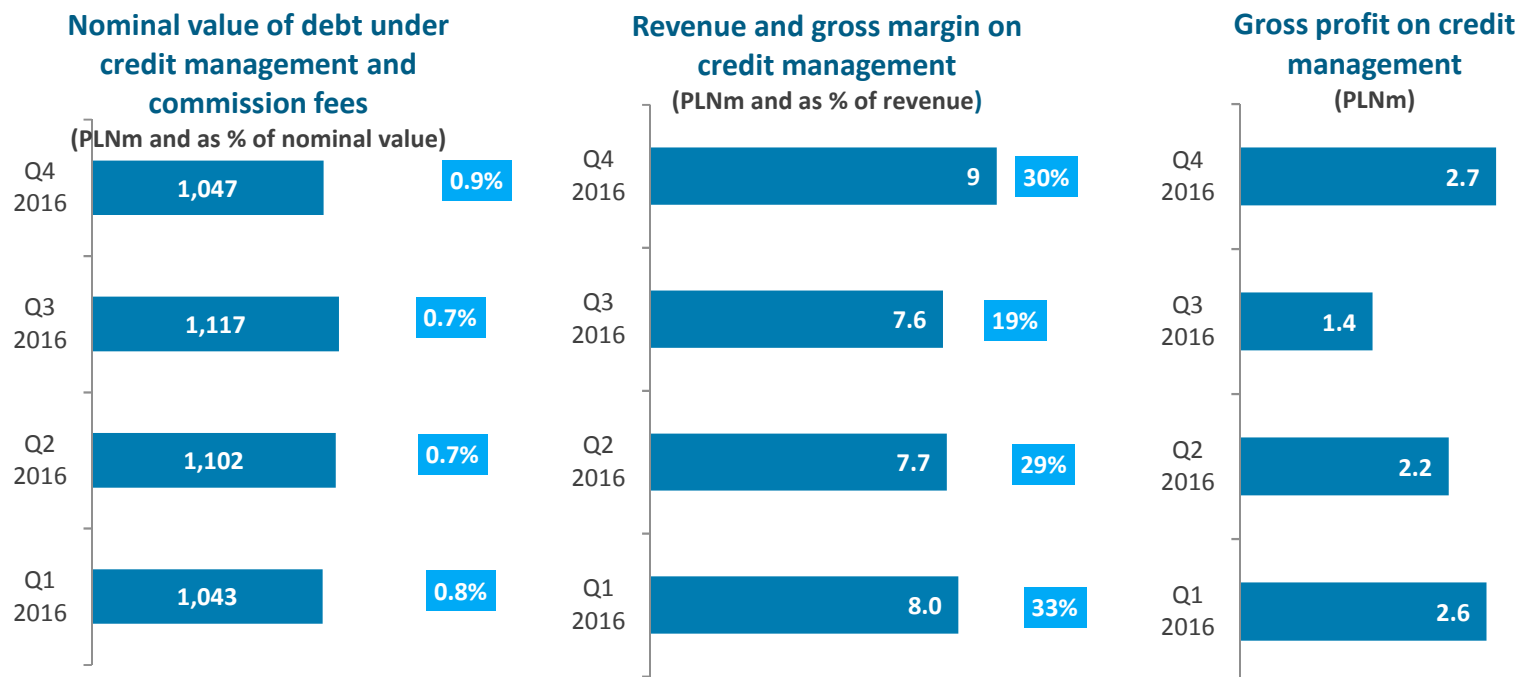


\* The Czech Republic and Slovakia:  
183 employees, 1 CC.

## KRUK strengthens its presence in Italy and Spain: 230 thousand cases with a nominal value of PLN 8.1bn purchased since its market entry in the two countries



## KRUK fares well on the competitive credit management market thanks to its high operational efficiency

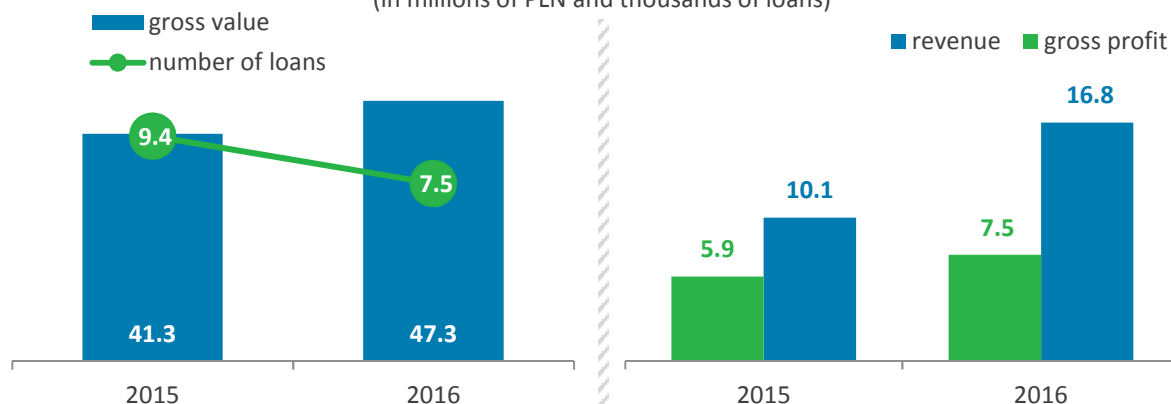


KRUK performs well on the competitive credit management market by leveraging economies of scale and high operational efficiency.

## Robust performance and substantial database growth at ERIF BIG; growth in NOVUM loans following change of revenue recognition method

### Novum yoy performance – financial highlights

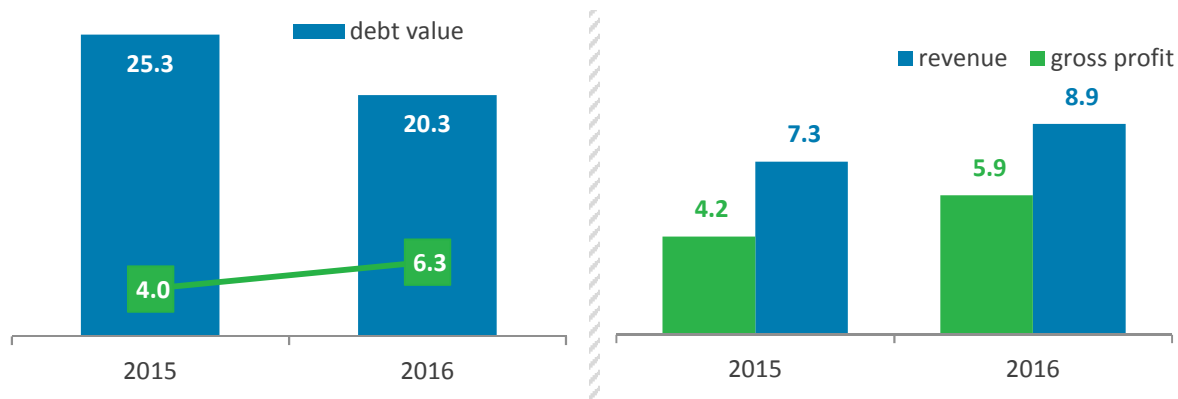
(in millions of PLN and thousands of loans)



- The 66% increase in NOVUM's revenue followed chiefly from a change in the revenue recognition method and one-off recognition of revenue of PLN 5.3m.
- In 2016, the Company launched a project to sell NOVUM loans on Romania's internal market.

### ERIF Biuro Informacji Gospodarczej – financial highlights

(in millions of PLN and thousands of cases)



- ERIF BIG's revenue for 2016 reached PLN 8.9m, with the margin at 66%.
- ERIF contains more than 3.5m positive credit history entries, accounting for 56% of all information contained in the database.

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## Update of the 2015-2019 strategy

**Target:** to grow by at least 15% annually in terms of EPS and maintain ROE at or above 20%

**Vision:** to become a global leader among listed debt management companies in terms of market value

Current business lines		Poland	Romania	Czech Republic	Slovakia	Germany	Spain	Italy	...	...
Debt portfolio purchases	Consumer	●	●	●	●	◐	◐	◐	○	○
	Mortgage	●	●	○	○	○	○	○		
	Corporate /SMEs	●	●	○	○	○	◐	○		
Credit management		●	●	●	●	◐	●	◐		
Consumer loans		●	◐							
Credit information		●	○	○	○	○	○	○		

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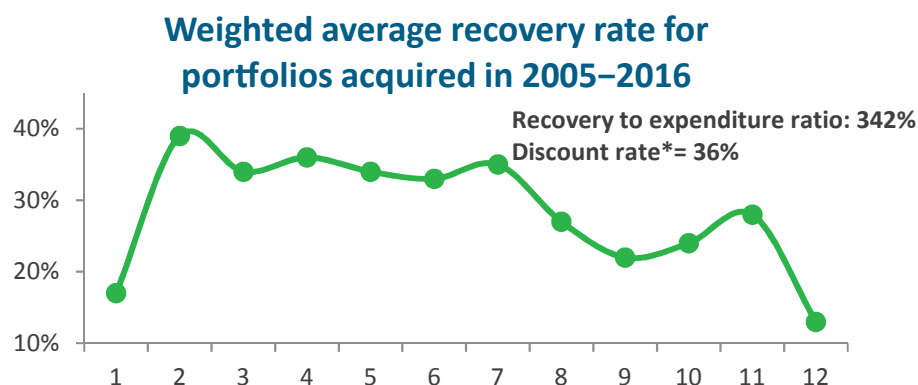
**Financial performance**

Additional information



# 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	12Y
Investments made in 2005–2016	342%	17%	39%	34%	36%	34%	33%	35%	27%	22%	24%	28%	13%



## 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 2016, PLNm)

PLNm	Historical data	Expected ERC**
Financial inflows	5,286	5,037

## Expected recovery breakdown

period / PLN	As at Dec 31 2016	% of total	Cumulatively	Cumulatively as % of total
Less than 6 months	563,555,218	11%	563,555,218	11%
From 6 to 12 months	580,261,779	12%	1,143,816,997	23%
From 1 to 2 years	1,047,675,129	21%	2,191,492,126	44%
From 2 to 5 years	1,965,730,799	39%	4,157,222,925	83%
Over 5 years	879,901,528	17%	5,037,124,453	100%
<b>Total</b>	<b>5,037,124,453</b>			

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

PLNm	2016	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2015	2016/2015	Q4 '16/ Q4 '15
<b>Debt portfolios purchased</b>								
Expenditure on debt portfolios	1 285.9	64.1	663.4	208.5	349.9	489.3	163%	78%
Recoveries	992.4	216.9	229.6	255.4	290.5	825.7	20%	31%
<b>Statement of profit or loss</b>								
<b>Operating income</b>	<b>783.4</b>	<b>160.7</b>	<b>180.4</b>	<b>201.2</b>	<b>241.1</b>	<b>611.2</b>	<b>28%</b>	<b>49%</b>
Own debt portfolios	724.9	148.0	167.4	188.1	221.4	563.6	29%	48%
including revaluation	84.2	23.9	11.0	17.0	32.3	52.8	59%	50%
Collection services	32.2	8.0	7.7	7.6	8.9	29.8	8%	16%
Other products and services	26.3	4.7	5.3	5.6	10.7	17.8	48%	128%
<b>Gross profit</b>	<b>476.6</b>	<b>96.3</b>	<b>91.3</b>	<b>124.5</b>	<b>164.5</b>	<b>357.9</b>	<b>33%</b>	<b>81%</b>
<i>Gross margin</i>	<i>61%</i>	<i>60%</i>	<i>51%</i>	<i>62%</i>	<i>68%</i>	<i>59%</i>	-	-
Own debt portfolios	454.3	91.4	87.2	121.8	153.9	338.6	34%	80%
Collection services	8.9	2.6	2.2	1.4	2.7	9.2	-3%	13%
Other products and services	13.4	2.3	1.8	1.4	7.9	10.1	33%	193%
<b>Administrative expenses</b>	<b>-117.3</b>	<b>-22.7</b>	<b>-25.8</b>	<b>-28.8</b>	<b>-40.0</b>	<b>-94.4</b>	<b>24%</b>	<b>34%</b>
including the cost of management stock options	-7.7	-1.9	-2.0	-1.9	-1.9	-13.3	-42%	-32%
<b>EBITDA</b>	<b>362.6</b>	<b>73.5</b>	<b>64.3</b>	<b>94.6</b>	<b>130.2</b>	<b>261.9</b>	<b>38%</b>	<b>113%</b>
<i>EBITDA margin</i>	<i>46%</i>	<i>46%</i>	<i>36%</i>	<i>47%</i>	<i>54%</i>	<i>43%</i>	-	-
<b>NET PROFIT</b>	<b>248.7</b>	<b>60.9</b>	<b>50.4</b>	<b>74.4</b>	<b>63.0</b>	<b>204.3</b>	<b>22%</b>	<b>43%</b>
<i>Net profit margin</i>	<i>32%</i>	<i>38%</i>	<i>28%</i>	<i>37%</i>	<i>26%</i>	<i>33%</i>	-	-
<i>ROE rolling</i>	<i>24%</i>	<i>25%</i>	<i>23%</i>	<i>24%</i>	<i>24%</i>	<i>26%</i>	-	-
<b>CASH EBITDA*</b>	<b>630.0</b>	<b>142.4</b>	<b>126.4</b>	<b>161.9</b>	<b>199.3</b>	<b>523.9</b>	<b>20%</b>	<b>51%</b>

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

PLNm	2016	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2015	2016/2015	Q4 '16/ Q4 '15
<b>Operating income</b>	<b>783.4</b>	<b>160.7</b>	180.4	201.2	241,1	<b>611.2</b>	28%	49%
Poland	423.8	86.0	88.0	110.0	139,8	332.2	28%	69%
Romania	311.9	66.0	77.0	78.8	90,1	258.2	21%	17%
Italy	9.1	8.7	15.4	12.4	11,2	-0.1	-	489%
Other countries	38.6					20.8	85%	
<b>Gross profit</b>	<b>476.6</b>	<b>96.3</b>	<b>91.2</b>	<b>124.5</b>	<b>164,6</b>	<b>357.9</b>	<b>33%</b>	<b>81%</b>
<i>Gross margin</i>	61%	60%	51%	62%	68%	59%	-	-
<b>Administrative expenses</b>	<b>-117.3</b>	<b>-22.7</b>	<b>-25.8</b>	<b>-28.8</b>	<b>-40,0</b>	<b>-94.4</b>	<b>24%</b>	<b>34%</b>
EBITDA	362.6	73.5	64.3	94.6	130,2	261.9	38%	113%
<i>EBITDA margin</i>	46%	46%	36%	47%	54%	43%	-	-
<b>Finance income/costs</b>	<b>-62.7</b>	<b>-10.2</b>	<b>-9.9</b>	<b>-17.9</b>	<b>-24,7</b>	<b>-41.6</b>	<b>51%</b>	<b>152%</b>
<b>Net profit</b>	<b>248.7</b>	<b>60.9</b>	<b>50.4</b>	<b>74.4</b>	<b>63,0</b>	<b>204.3</b>	<b>22%</b>	<b>43%</b>
<i>Net profit margin</i>	32%	38%	28%	37%	26%	33%	-	-

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

PLNm	2016	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2015	2016/2015	Q4 '16/ Q4 '15
<b>Cash flows from operating activities:</b>	<b>572.1</b>	<b>107.0</b>	<b>205.8</b>	<b>76.5</b>	<b>182.8</b>	<b>464.7</b>	<b>23%</b>	<b>39%</b>
Recoveries from debtors – purchased debt portfolios	992.4	216.9	229.6	255.3	290.6	825.7	20%	32%
Operating costs – purchased debt portfolios	-270.2	-56.6	-69.8	-76.4	-67.4	-225.0	20%	4%
Operating margin – credit management	8.9	2.6	2.2	1.6	2.5	9.2	-3%	4%
Administrative expenses	-117.3	-22.7	-25.8	-28.8	-40.0	-94.4	24%	37%
Other operating cash flow	-42.0	-33.2	4.6	-10.3	-2.8	-50.7	-18%	-
<b>Cash flows from investing activities:</b>	<b>-1,361.4</b>	<b>-67.5</b>	<b>-671.1</b>	<b>-211.7</b>	<b>-411.1</b>	<b>-496.6</b>	<b>174%</b>	<b>108%</b>
Expenditure on debt portfolio purchases	-1,285.9	-64.1	-663.4	-208.5	-349.9	-489.3	163%	77%
Other investing cash flow	-75.5	-3.4	-7.7	-3.2	-61.2	-7.3	934%	>1000%
<b>Cash flows from financing activities</b>	<b>915.9</b>	<b>-111.2</b>	<b>534.0</b>	<b>122.5</b>	<b>370.6</b>	<b>102.1</b>	<b>796%</b>	<b>138%</b>
Capital raise	215.0	0.0	0.0	0.0	215.0	0.0	-	-
Increase in borrowings and lease liabilities	1,590.4	239.9	522.0	343.4	485.1	939.5	69%	30%
Issue of bonds	833.3	169.2	288.7	150.4	225.0	243.4	242%	73%
Decrease in borrowings and lease liabilities	-1,557.0	-406.4	-373.2	-276.0	-501.3	-1,042.8	49%	31%
Redemption of bonds	-154.0	-84.0	0.0	0.0	-70.0	41.0	276%	-
Other financing cash flow	-16.5	-34.6	96.5	-95.2	16.8	-79.0	34%	-
<b>Net cash flows:</b>	<b>126.6</b>	<b>-71.7</b>	<b>68.7</b>	<b>-12.7</b>	<b>142.3</b>	<b>70.2</b>	<b>80%</b>	<b>59%</b>

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

PLNm	31.12.2014	31.12.2015	31.12.2016
<b>ASSETS</b>			
Cash and cash equivalents	70.6	140.7	267.4
Investments in debt portfolios and loans	1 366.5	1,620.6	2,676.2
Other assets	79.9	74.8	152.1
<b>Total assets</b>	<b>1,516.6</b>	<b>1,836.1</b>	<b>3,095.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>585.1</b>	<b>784.3</b>	<b>1,237.5</b>
including: Retained earnings	462.9	641.2	854.4
<b>Liabilities</b>	<b>931.6</b>	<b>1,051.8</b>	<b>1,858.2</b>
including: Borrowings and leases	349.2	247.5	266.6
Bonds	489.5	692.4	1,371.7
<b>Total equity and liabilities</b>	<b>1,516.6</b>	<b>1,836.1</b>	<b>3,095.7</b>
<b>METRICS</b>			
<b>Interest-bearing debt</b>	<b>838.6</b>	<b>938.1</b>	<b>1,638.3</b>
<b>Net interest-bearing debt</b>	<b>768.1</b>	<b>797.4</b>	<b>1,370.9</b>
Net interest-bearing debt to equity	1.3	1.0	1.1
Interest-bearing debt to 12-month cash EBITDA	1.6	1.5	2.2

## KRUK has access to financing in the form of bank loans and bonds, including in the euro

### Bank loans

(PLNm)	Credit facilities granted as at Dec 31 2016	Amount drawn as at Dec 31 2016	Percentage drawn as at Dec 31 2016
Bank loans	682	265	39%
Lenders	BZ WBK, Getin Noble Bank, mBank, BGŻ BNP Paribas, PKO BP		
Interest rate	WIBOR 1M/3M + margin of 1.0-2.25 pp		
Maturity date of the longest facility	2024		

### Bonds

(PLNm) *	2016	2017	2018	2019	2020	2021	2022
Issued	833	-	-	-	-	-	-
Redeemed	154	135	115	211	88	540	283
<b>Bonds outstanding at end of period</b>	<b>1,372</b>	<b>1,237</b>	<b>1,122</b>	<b>911</b>	<b>823</b>	<b>283</b>	<b>0</b>

Financing entities	Institutional investors: OFE, TFI Retail investors
Interest rate	<b>Floating:</b> 3M WIBOR + margin of 2.5-4.6 pp <b>Fixed:</b> 3.0-4.5 pp
Maturity (counting from issue date)	36-72 months

### Equity

In December, KRUK raised PLN 215m through the issue of one million new Series G shares, the first issue from the Company's first-time listing in 2011.

# Agenda

Introduction

Market

Operating activities

Financial performance

Strategy update

**Additional information**

## Debt portfolios regularly revalued upwards in the course of business, attesting to the strength of Group assets

KRUK Group assets as at Dec 31 2016	Recoveries historical vs forecast	Recoveries as % of portfolio	Debt portfolio revaluation
<p>Nominal value</p> <p><b>PLN 43.0bn</b></p>	<p>Recoveries in 2014–2016</p> <p><b>PLN 2.5bn</b></p>	<p>Historical recoveries as % of expenditure in 2005–2016*</p> <p><b>342%</b></p>	<ul style="list-style-type: none"> <li>Upward adjustments to debt portfolio values have been a recurring item on KRUK's income statement for many years, reflecting a conservative approach to planning future recoveries and continuous operational efficiency improvement.</li> <li>KRUK regularly performs above the forecast levels, helped by such factors as the effective amicable debt collection strategy, enhanced operational efficiency, and improved macroeconomic environment.</li> <li>The quality of assets and the future recovery potential are assessed on an ongoing basis, with any movements in the carrying amounts of the assets reported by KRUK each quarter.</li> <li>An upward revaluation adjustment is always a cash gain, as the difference between cash recovered and the sum of price paid and costs incurred is always a cash gain for KRUK.</li> <li>As the key element of the revaluation process, an upward adjustment is made to recoveries expected in the next four quarters, which means that it is largely consumed during the current year.</li> </ul>
<p>Carrying amount of debt portfolios</p> <p><b>PLN 2.6bn</b></p>	<p>Expected recoveries in 2017–2026</p> <p><b>PLN 5.0bn</b></p>	<p>Expected recoveries in 2017–2026 up to carrying amount**</p> <p><b>185%</b></p>	

\* Historical weighted average value of recoveries as a percentage of expenditure incurred on portfolios purchased in 2005–2016.

\*\* Recoveries expected over the next ten years from the portfolio held as at the end of 2015 as a percentage of the portfolio carrying amount.



## Marketing and PR activities

- 'Small step, giant chance' workshop for beneficiaries of Municipal Social Welfare Centres and Municipal Family Welfare Centres
- Name change of ERIF Biuro Informacji Gospodarczej S.A.
- Business partners in the banking sector invited to participate in a conference hosted by KRUK in September
- 'Day without Debts' – 8th edition in Poland, 7th in Romania, 5th in the Czech Republic and 4th in Slovakia
- Billboard campaign in Szczawno-Zdrój and Piła
- Implementation of new website
- Official opening of the Piła branch – for employees and their families, but also for the press
- Advertising campaigns in Romania and product placement in Poland
- Development of educational board game



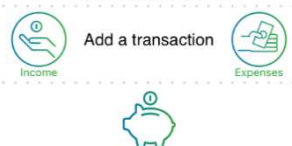
ZOBACZ JAK SIĘ ZMIENIAMY



Thursday, 15 December 2016

8000

You saved over the last month



Plant your own herbs. Instead of buying herbs, plant your own ones on your balcony, window sill or in your garden.



Savings



# IR events

## Financial statements release dates in 2017

Date	Financial statements
February 27th	2016 annual financial statements
April 27th	Q1 2017 financial statements
September 6th	H1 2017 financial statements
October 29th	Q3 2017 financial statements

## Selected IR events planned for 2017

Date	Event
March 1st-2nd	J.P. Morgan 2017 CEEMEA Conference in London
March 7th	Debt Purchase Seminar in Oslo
March 20th	Debt Collectors Day in Stockholm
March 21st-22nd	PKO BP Polish Capital Market – London 2017
March 27th-28th	Roadshow in Continental Europe
May 17th-19th	Roadshow in the US
June 2nd-4th	WallStreet 2017 Conference
June 8th	Wood Emerging Europe Financials Conference in Warsaw
September 14th-15th	Roadshow in Paris and London
September 21st-22nd	Roadshow in the US
October 6th	mBank Conference in Warsaw
October 12th-13th	ERSTE Conference in Stegersbach
December 6th-7th	Wood's Winter in Prague 2017

## Most recent stock recommendations

Date	Institution	Recommendation	Price target
February 2017	Wood&Co.	<i>buy</i>	PLN 294.0
January 2017	DM BKO BP	<i>hold</i>	PLN 260.0
December 2016	DM Trigon	<i>hold</i>	PLN 244.0

For more details, go to:

[pl.kruk.eu/relacje-inwestorskie/raporty/raporty-analityczne](http://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-analityczne)

## Sell-side analysts covering KRUK

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