

# INVESTOR PRESENTATION

Capital Service S.A.  
owner of brands:



JULY 2017

# Table of contents

Disclaimer.....	3
Who we are?.....	4
Our values.....	5
Our business story.....	6
Our capital group structure.....	7
Our customers.....	8
Regulations.....	10
Market (non-bank lending).....	11
Our products.....	12
Business process.....	13
Organizational structure.....	14
Management.....	15
Sales channels: branch network.....	16
Sales channels: branch appearance.....	17
Sales channels: call centre.....	18
Sales channels: on line.....	19
Sales channels: agents and brokers.....	20
Innovative technology.....	21
Financial highlights.....	22
Current financing structure and amounts.....	23
Contact.....	24
Appendix: Profit and loss account.....	25
Appendix: Balance sheet and cash flow.....	26
Appendix: Auditor's opinion on financial statement.....	27
Appendix: Auditor's report on selected loans portfolio.....	28
and internal control system	



# Disclaimer

- > This document (the “Presentation”) has been prepared for the sole purpose of use with prospective investors and business partners, and other stakeholders. Capital Service S.A., together with its subsidiaries, is further referred to herein as the “Company”, or “Loan Originator”.
- > This Presentation is of a selective nature and is made to provide an introduction and overview of the Company’s business. This Presentation does not purport to contain all the information that a prospective investor or business partners or other stakeholder may require in evaluating the Loan Originator. The potential stakeholder should read publicly available information regarding the Loan Originator and the full Financial Statements of the Company, as well as the sample loan agreement that the Loan Originator uses in its relations with borrowers, or get information directly from the Company.
- > This Presentation contains forward-looking information that may involve risks and uncertainties concerning the Company’s growth and profitability in the future. No reliance should be placed on any statements, estimates and projections regarding future performance or developments, including, without limitation, in relation to expected market developments, estimated financial figures of the Company, or any other forward-looking statements. Actual events or results may materially differ from those described in this Presentation. No one should therefore unduly rely on these forward-looking statements as they reflect only the judgment of the Company’s management at the date of this Presentation and are not intended to give any assurances or comfort as to future results. The facts and information contained in the Presentation might be subject to revision in the future. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.
- > Neither the Company nor any of its parents or subsidiaries, or any of their directors, officers, employees and advisors, nor any other person (I) accepts any obligation to update any information contained herein or to adjust it to future events or developments; (ii) makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Presentation; (iii) shall have any liability whatsoever, in negligence or otherwise, for any loss howsoever arising, directly or indirectly, from the use of this Presentation.
- > This Presentation does not constitute any kind of offer or an invitation for the transfer of receivables resulting from the loan agreement in any jurisdiction, and neither this document, nor anything contained herein, shall form the basis of, or be relied upon in connection with any contract or commitment whatsoever.
- > All data are presented in millions of Euro, unless otherwise stated. Data for the years 2014-2016 were audited.

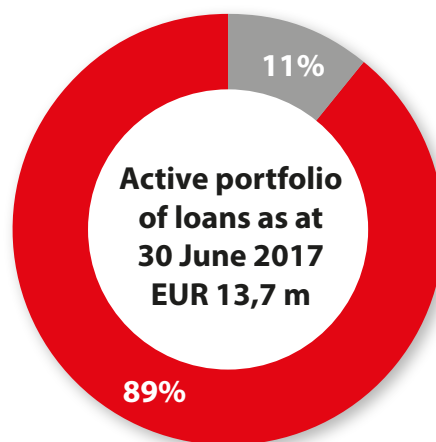
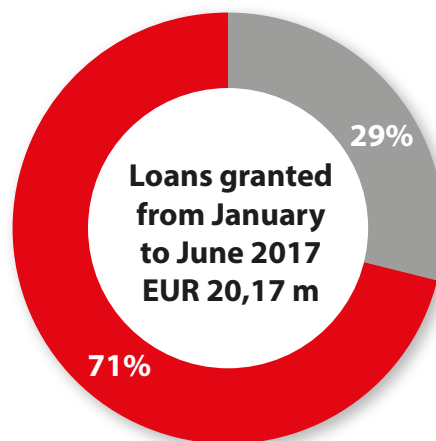
# Who we are?



originally established in 1999

2nd largest branch network of loan originator in Poland

one of the leading non-bank financial institutions in Poland



■ payday loans ■ installment loans

all data below for the 30.06.2017:



**61K+**  
active clients



**EUR 110**  
average amount of payday loan



**83,821**  
number of loans issued



**400+**  
experienced employees



**EUR 475**  
average amount of installment loan



**12 months**  
average period of installment loan

all data below for the year 2016:



**110**  
branches



**EUR 18.2m**  
revenue



**EUR 4.9m**  
equity



**EUR 3.0m**  
EBITDA

# Our values

Mission



To provide customers with simple access to cash, quickly, conveniently, at any time, any place, at reasonable cost

## Key success factors



experienced, competent  
and diverse management  
team

decisions accuracy



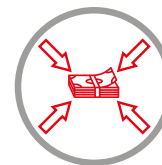
fully integrated customer  
service processes

efficiency, speed,  
convenience



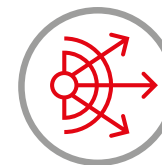
in house IT

independence, flexibility,  
agility



diverse financing

security

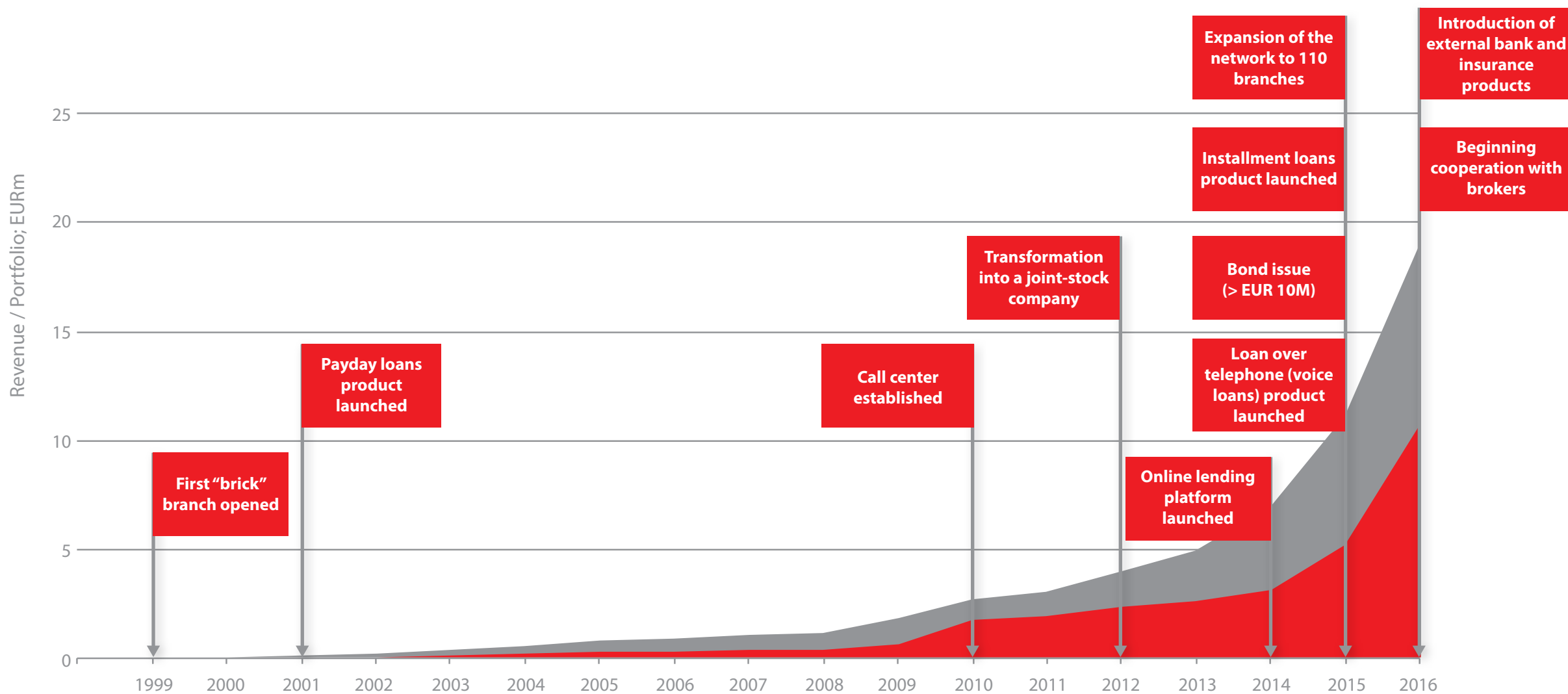


multi-channel distribution  
(a mix of traditional  
and modern channels)

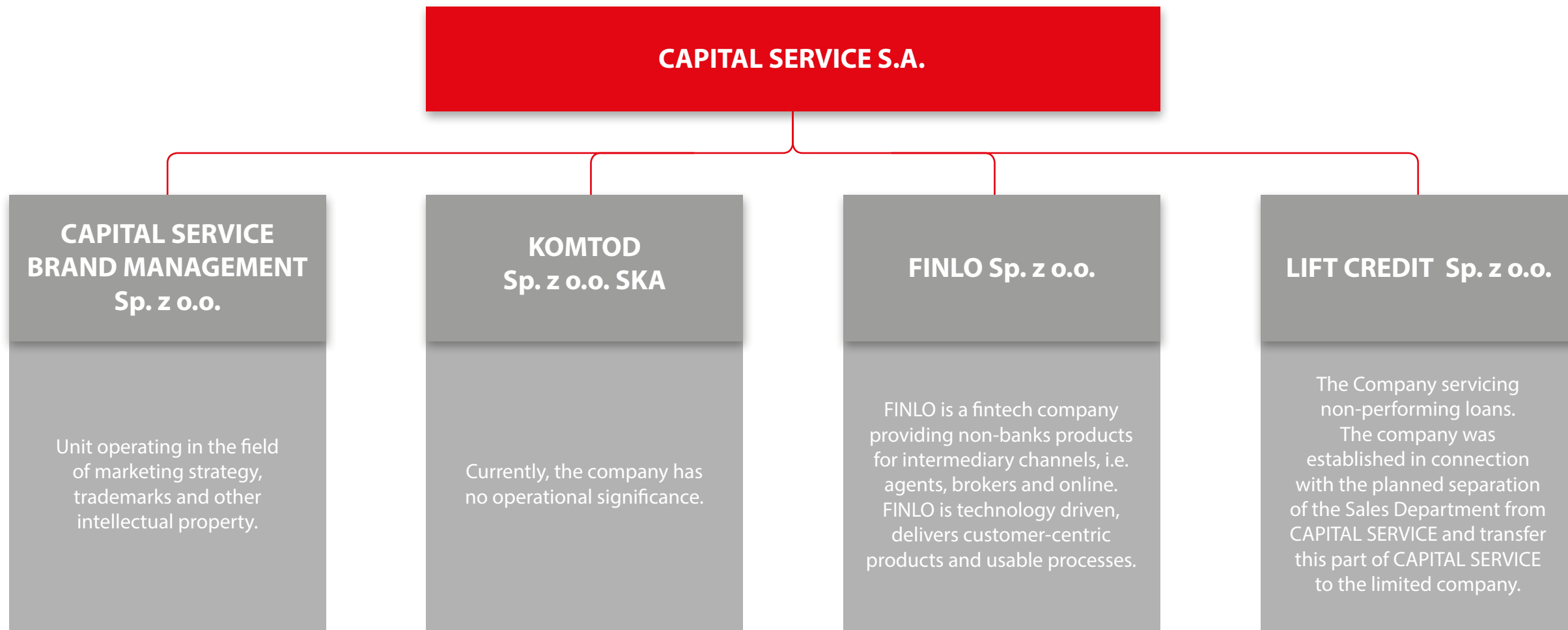
- > network of branches (110)
- > call center (40+ FTE)
- > on line
- > intermediaries: agents, brokers (3000+ POS)

scalability

# Our business story



# Our capital group structure



# Our customers

## Polish population basic data:

- > The population of Poland 38.43mln<sup>1</sup>
- > Households savings rate 1.60% in Poland vs. in the EU 10%<sup>2</sup>
- > The median of salary is 744 EUR<sup>3</sup>
- > Almost 34% surveyed household declared the use of loans<sup>4</sup>
- > The at risk of poverty or social exclusion rate in Poland is 23.4% vs. in the EU 23.7%<sup>5</sup>

Source:

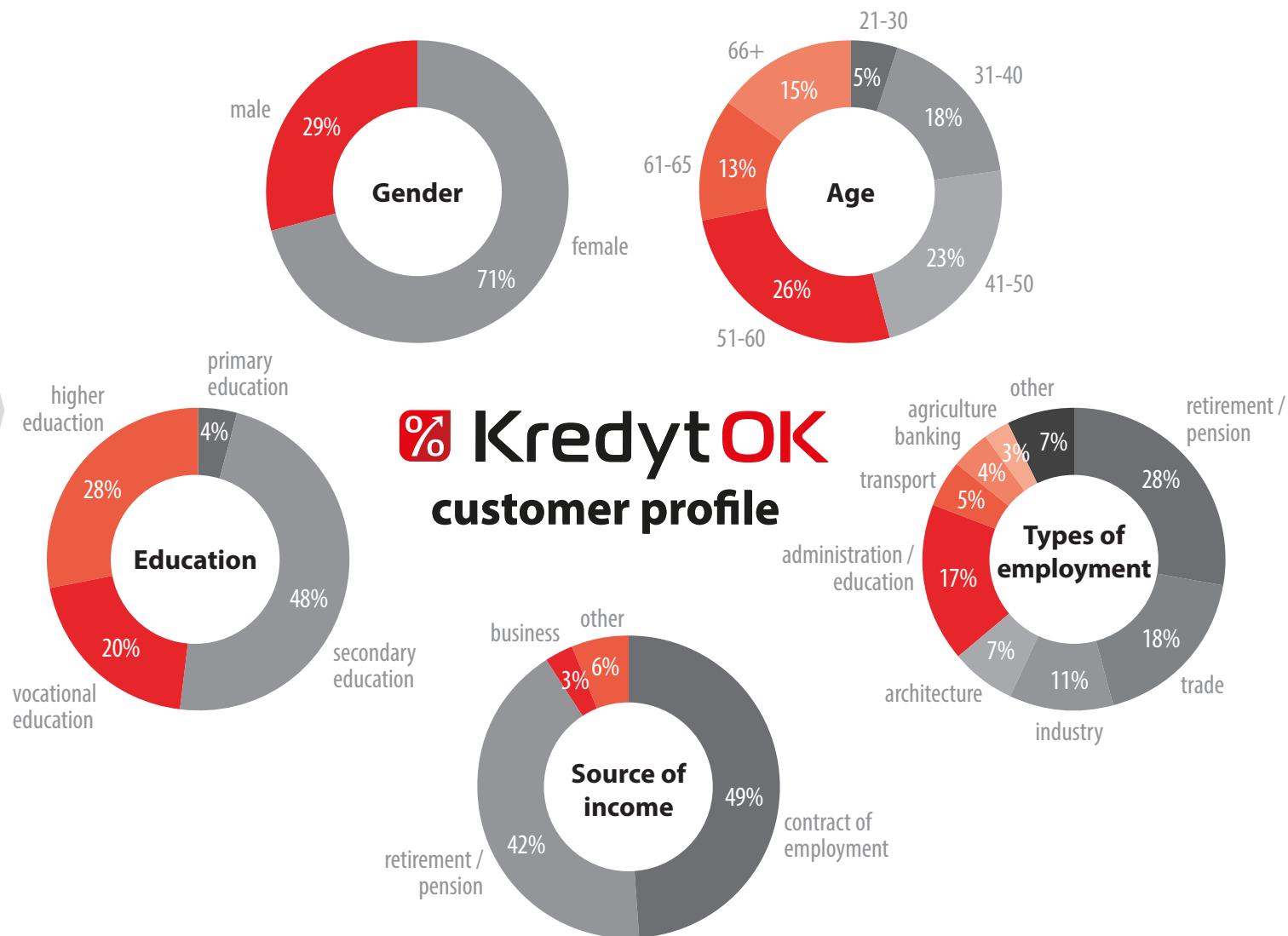
1 Central Statistical Office of Poland, 2015

2 Polish National Bank, 2015

3 Eurostat, 2015

4 The Social Diagnosis, 2015

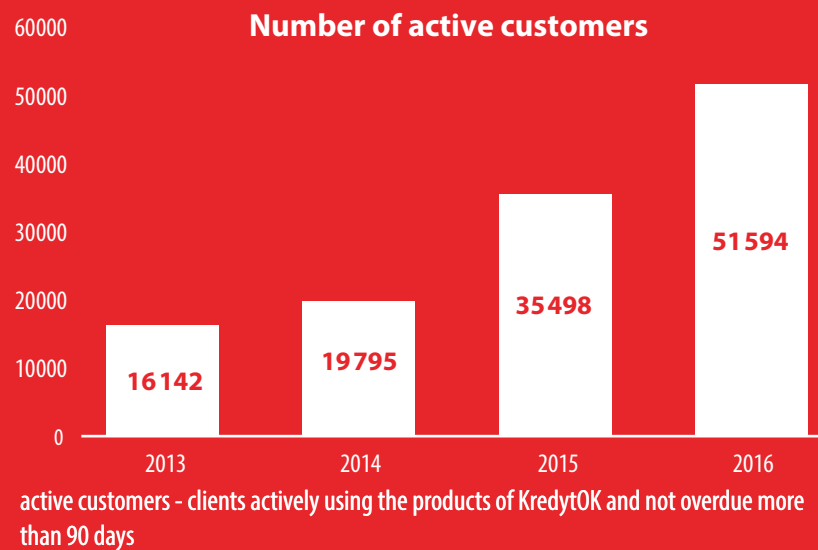
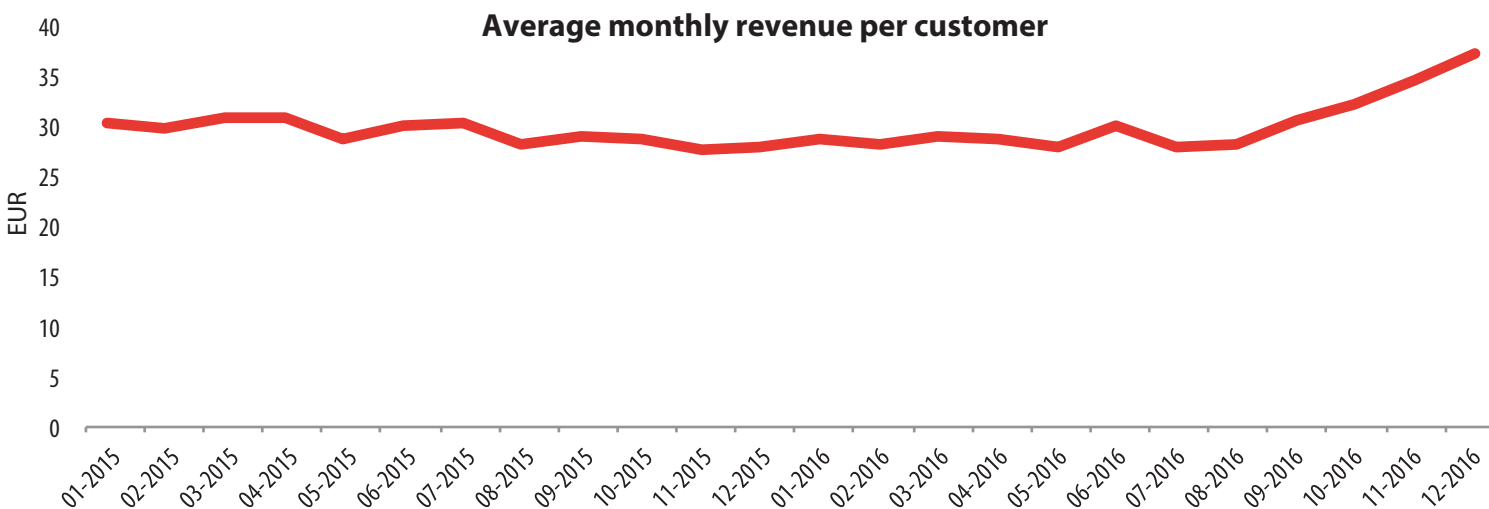
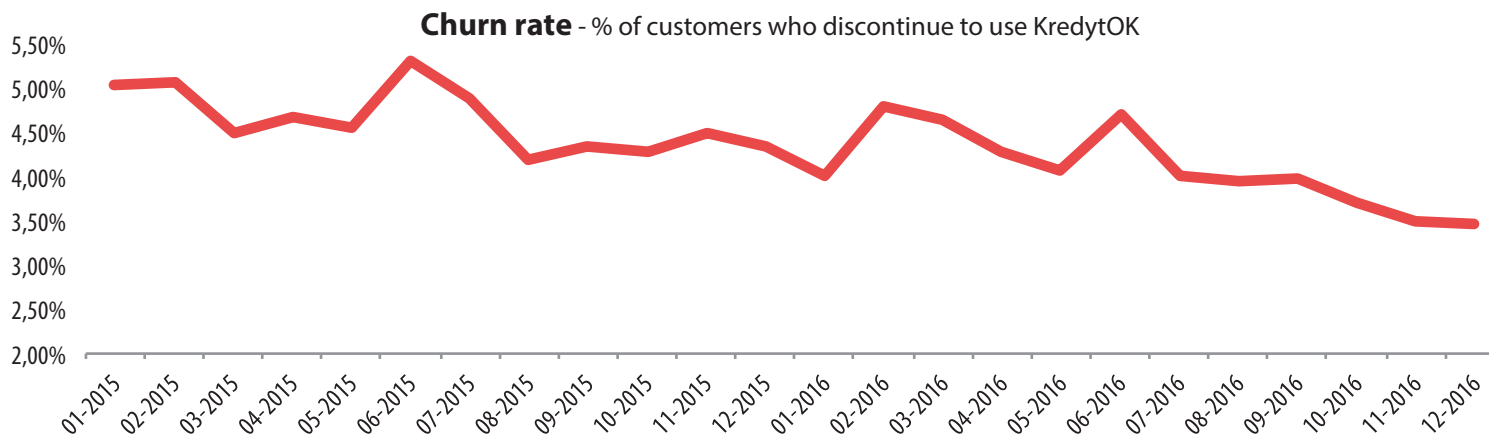
5 Eurostat, 2015





# Our customers

- > Low Churn Rate points at loyalty of customer.
- > Loyalty of customer achieved by new solutions and facilities like attractive product structuring, professional customer service in branches and on call centers.
- > Average revenue per customer increases. It's one of those parameters which shows how effective our sales forces are.
- > Cross-channel customer communication.



# Regulations



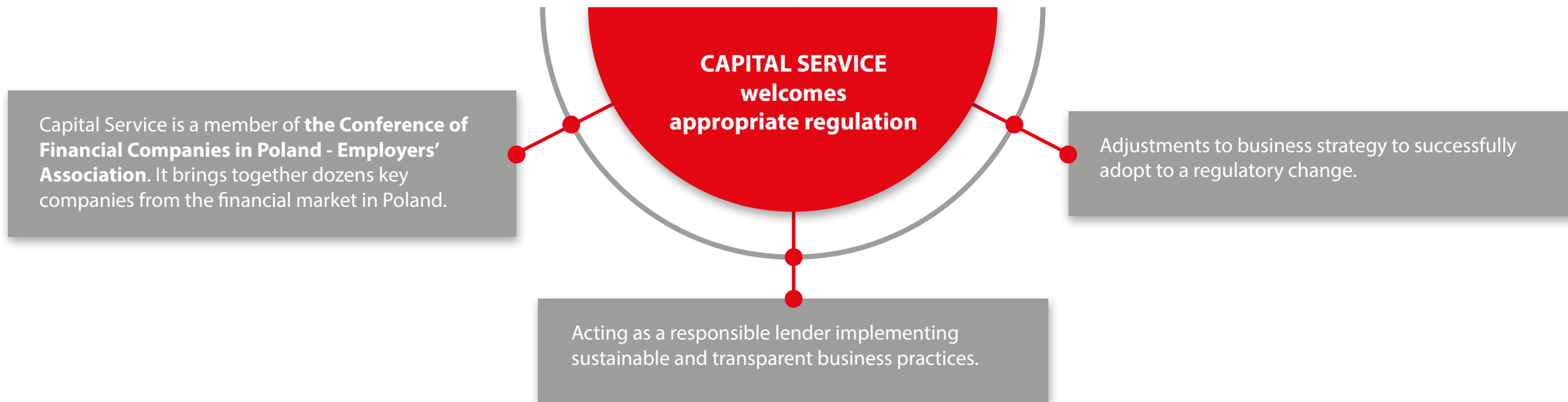
## Formal requirements for loan originator:

- > in the form of a limited company or a joint stock company
- > minimum share capital -> PLN 200 k (ca. EUR 46 k)
- > funds to cover the share capital can not come from credit, loan, bond issues or undocumented sources



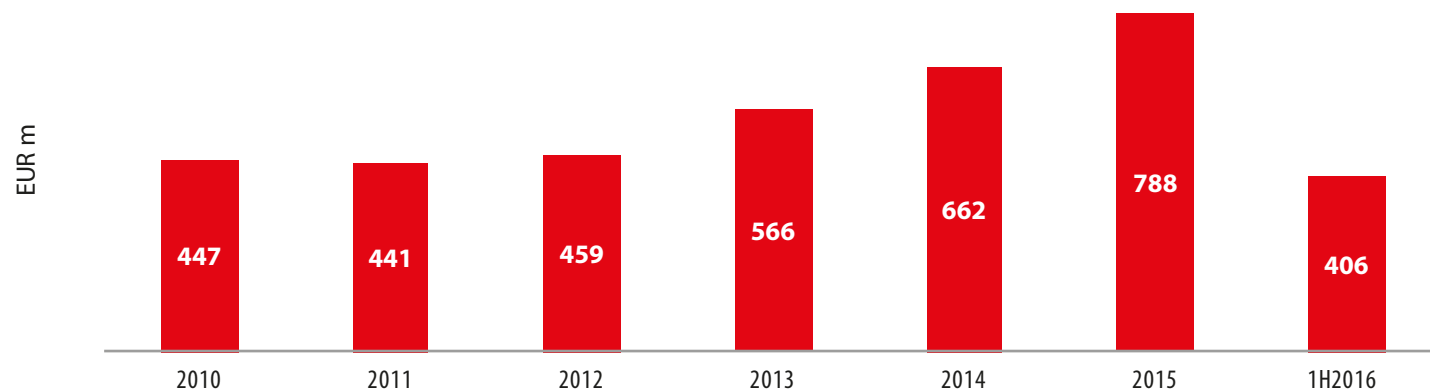
## Restrictions on lending:

- > limited non-interest costs (up to 55% p.a. in the first year)
- > total costs  $\leq$  principal amount
- > limited interest rate (currently 10% a year)
- > limited collection costs up to default interest



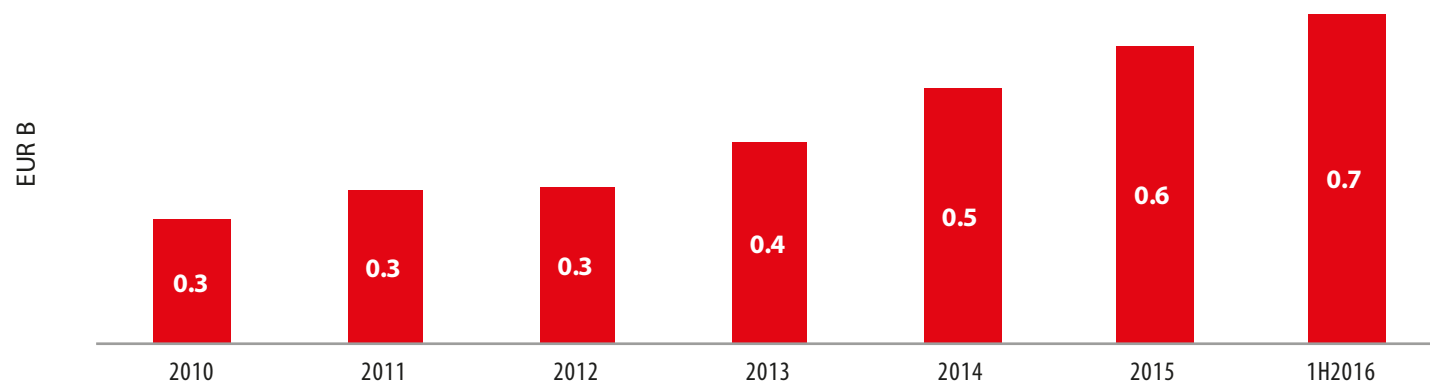
# Market (non-bank lending)

Loans granted, EUR m



- > The value of loans granted in the first half of 2016 years reached up to EUR 406 m.
- > Increase by 11.7% Comparing 1H2016 to 1H2015.
- > Systematic increase indicates a stable trend in the market of non-bank loans.

Portfolio (EUR B)



- > The value of the loan book at the end of the first half of 2016 years amounted to EUR 0.7 B.
- > From the first half of 2008, the value of the portfolio increased almost 3-fold - over EUR 0.5 EUR B, which is about 188%.
- > Systematic increase indicates a stable trend in the market of non-bank loans.

Source:

\*Conference of Financial Companies in Poland – Association of Employers, 2016

# Our products



## payday loans



up to **250 EUR**



for **30 days**



## installment loans



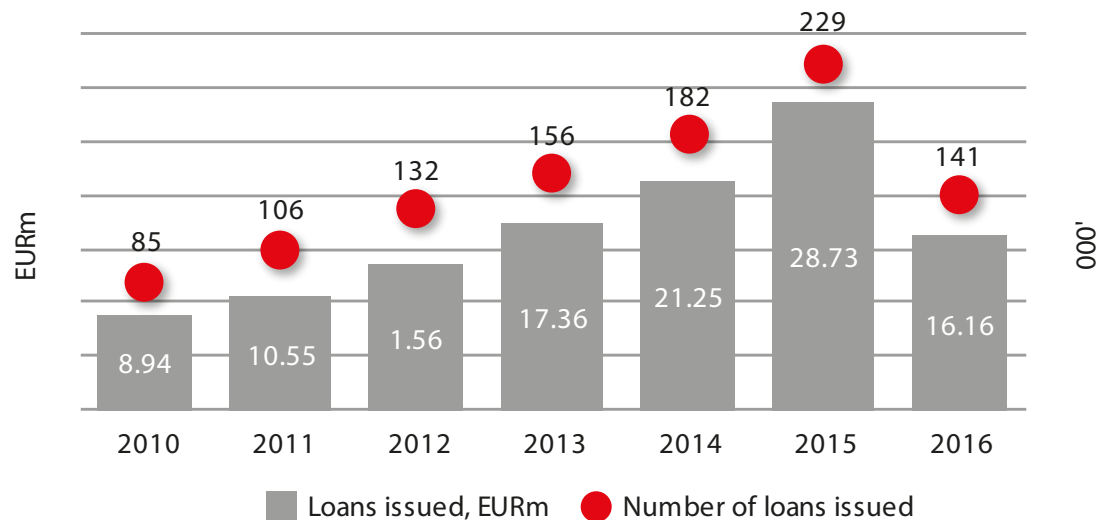
up to **4 K EUR**



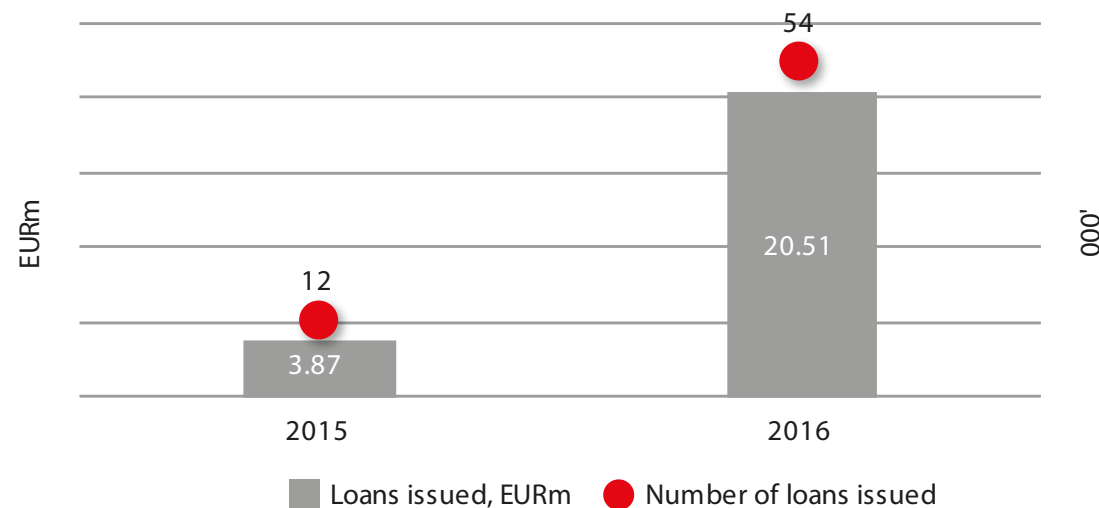
for **48 months**

**2016:** Transfer from pay day loans into installment loans (expected stabilization of the loan portfolio structure in subsequent years)

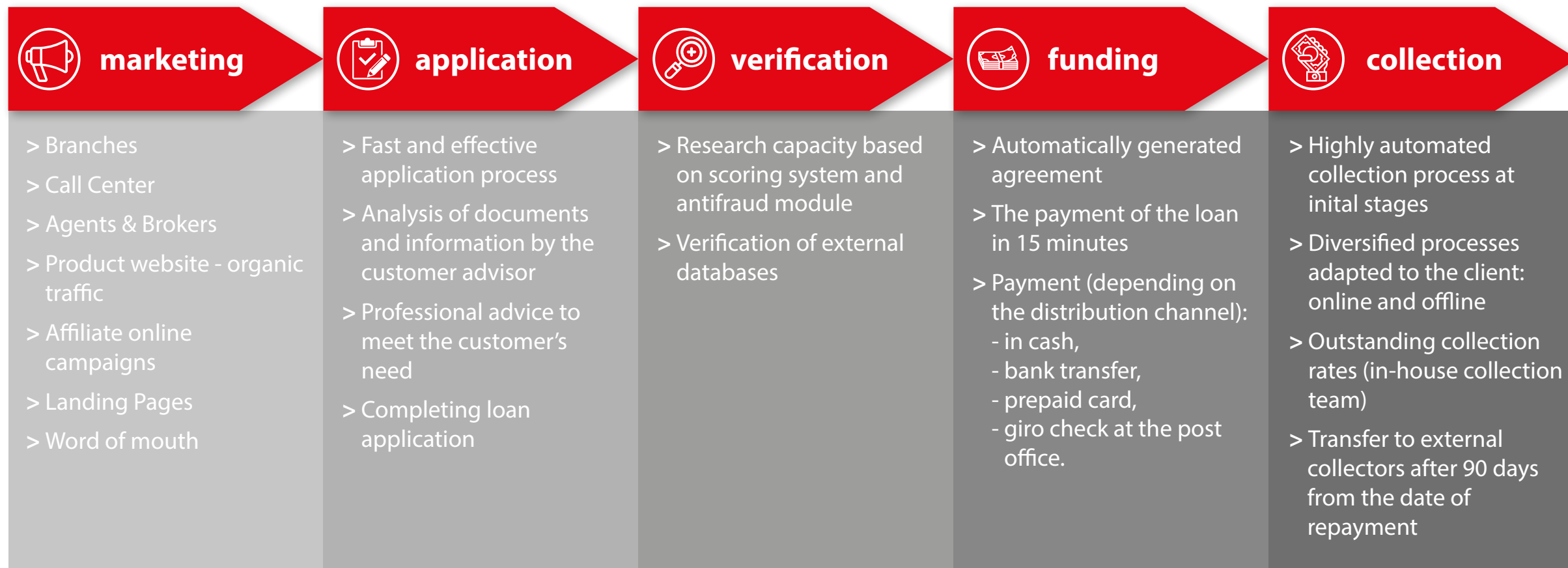
### Pay day loans



### Installment loans



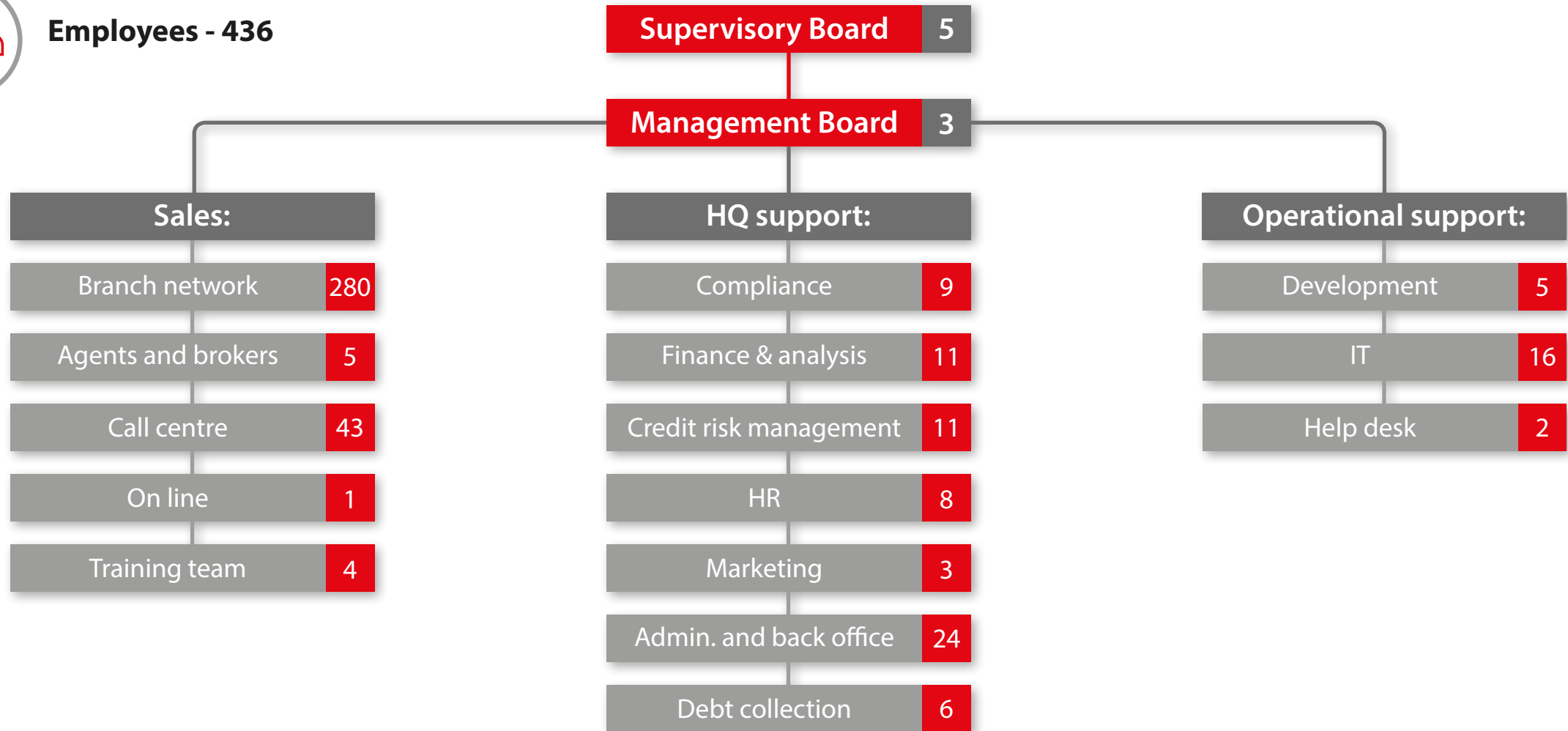
# Business process



# Organizational structure



**Employees - 436**



# Management

## Founder



### Kazimierz Dziełak

Founder and majority shareholder of the Company. Experienced and creative manager. He studied business administration at Kozminski University in Warsaw. Continuously since 1999 successfully managing joint stock company CAPITAL SERVICE. 6 years of experience in banking (managing partner of a branch of a bank) and long experience in leading in the financial services market. Member of the Supervisory Board.

## Management team



### Adam Kuszyk

Graduate of the University of Lodz, Management and Marketing, postgraduate studies at Warsaw School of Economics, Certified Internal Auditor (CIA), chartered accountant. From 2011 to mid 2014 Chief Financial Officer and Vice President of joint stock company SMT: IT and e-marketing holding (currently i.a.: iAlbatros, Intive). Previously, among others: CFO Rolmex SA (main shareholder of Indykpol SA - one of the biggest meat producers in Poland), Manager of Agora SA (one of the biggest media holding in Poland), Deloitte and BDO. CEO and President of the Management Board, in the Company since mid-2014.



### Tomasz Kaźmierski

Graduate from the School of Commerce and Law in Warsaw. Creative and success-oriented manager, who started his 15-year career developed in cooperation with the largest companies in financial intermediation and insurance in Poland. For over a year has successfully managed the Sales Department at Capital Service - rapidly responding to market needs and changes in the business environment. Responsible for sales strategy, the effectiveness of all distribution channels, and business development in new areas.



### Łukasz Jędrzejczyk

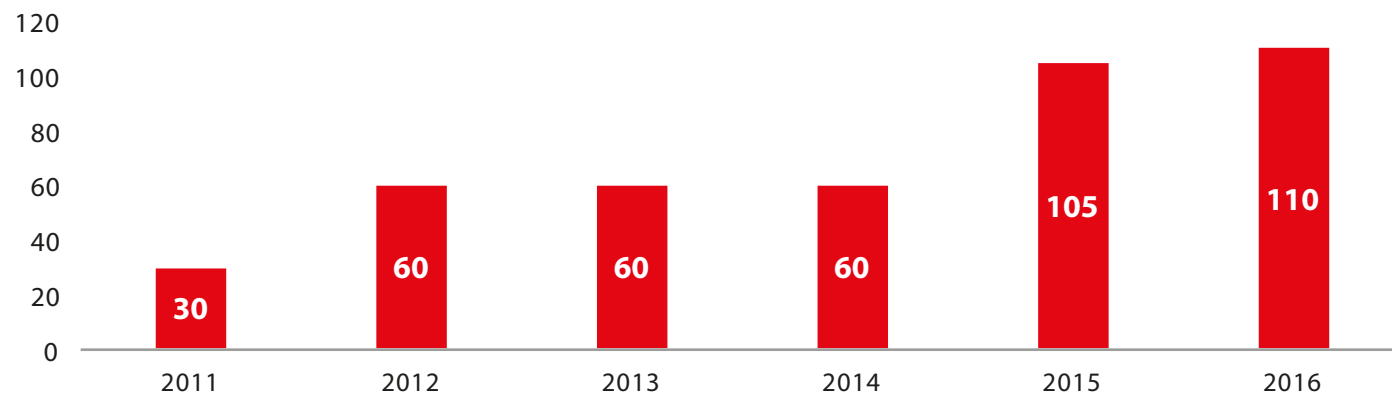
Graduate of the Institute of Informatics, Podlasie Academy in Siedlce - 2006. IT specialist with over 10 years of experience in software engineering and project management. He gained experience working for companies operating in fields such as: finance and energy. In 2011 he received a Ph.D from the Open University, Milton Keynes, England. He has been an associate with Capital Service SA for over 12 years. Initially, he was responsible for the technical aspects of the operation of the Company. Currently, he successfully runs the Department of Development. Responsible for products, business processes and technology.

# Sales channels: branch network



- > 110 branches in Poland
- > Located in cities with more than 30,000 residents
- > Operation within 30-40 kilometers of branches
- > 50 m2 average branch space
- > 2-3 advisors team

Number of branches KredytOK





# Sales channels: branch appearance

## High-quality locations

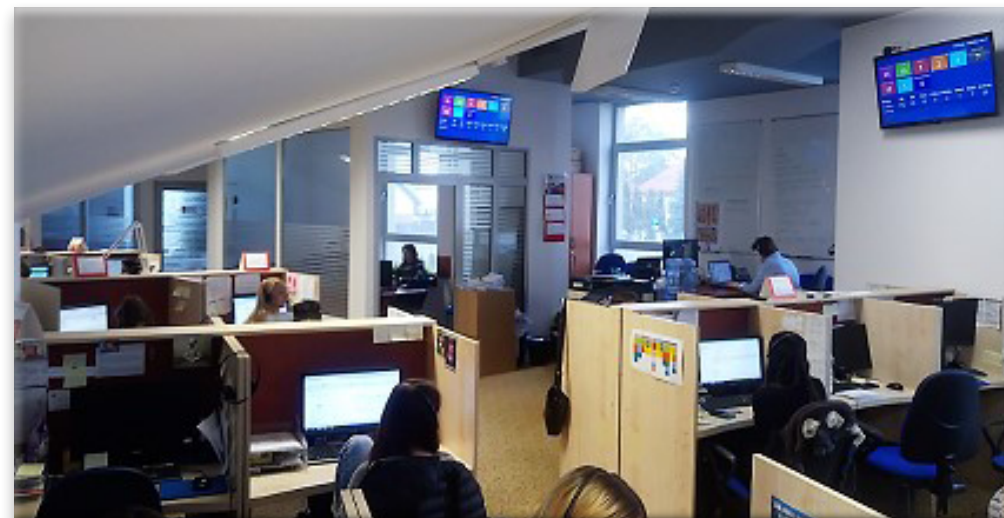
- > Located in places with high customer flow intensity
- > Easily visible all based on the ground floor with direct entrance



## Appealing interior

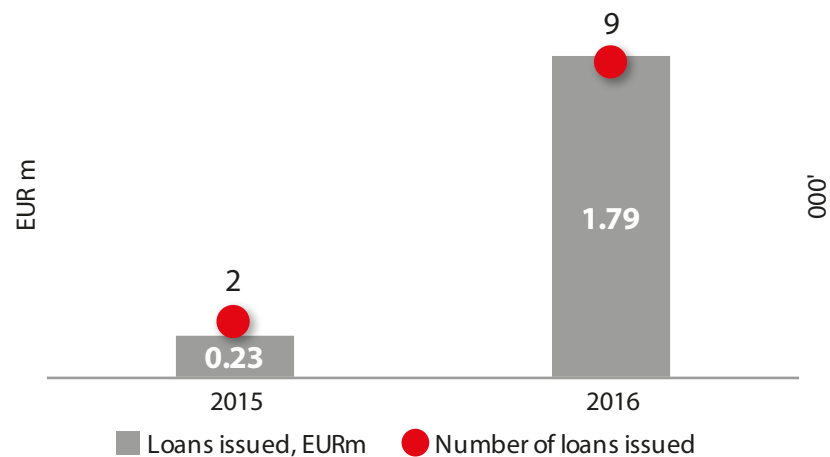
- > Uniform branch layout
- > Pleasant and attractive interior, ensuring customer-friendly environment

# Sales channels: call centre



- > more than 40 advisors
- > leads validation
- > evaluation of loan applications
- > direct selling
- > after-sales service

# Sales channels: on line



- > the fastest growing sales channel
- > quick and easy loan application
- > hassle-free process
- > cooperation with the biggest network affiliation
- > application form (call back) placed on product website and dedicated landing pages

Screenshot of the KredytOK website showing a loan application form. The form is titled "Potrzebujesz gotówki?" (Do you need cash?) and includes a progress bar indicating the amount of the loan (200 zł). The form fields are: Imię, Nazwisko, Telefon, and Adres email. A red button labeled "Wyślij" is visible. Below the form, there is a red banner with the text "15 000 zł i niska rata miesięczna!" (15,000 zł and low monthly installment!) and "SPRAWDŹ POŻYCZKĘ JAK MARZENIE" (Check the loan like a dream).

# Sales channels: agents and brokers

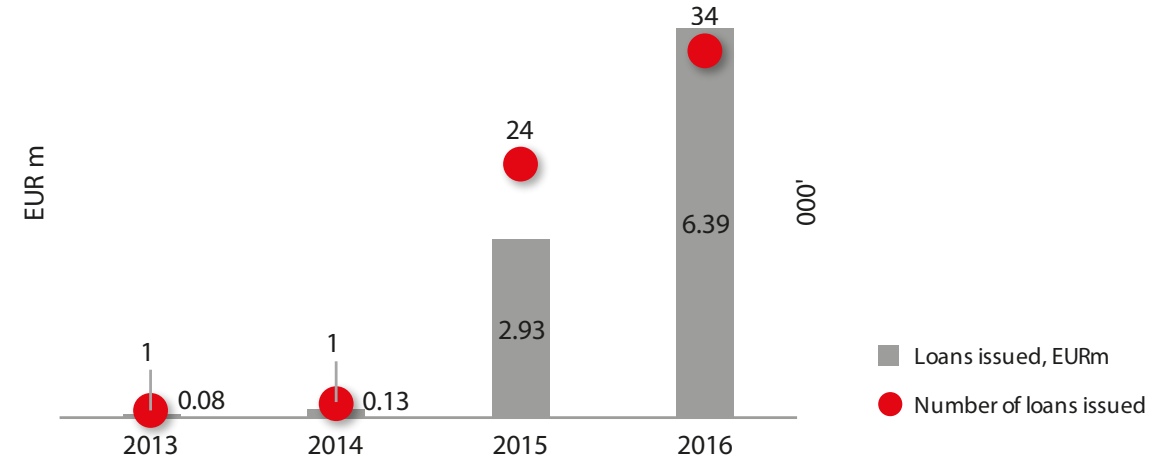
In 2015 there was a dynamic growth of cooperation with agents. In 2016 we started API Agent + so that agents have the ability to fully support the proposal and sale of KredytOK.

## The main advantages of Agent API+:

- > easy intuitive, modern design platform,
- > credit lending decision in 15 seconds after sending the application,
- > simple conditions of the offer.

The screenshot displays the KredytOK Agent API+ interface. At the top, there's a header with the KredytOK logo, contact information (Infolinia sprzedaży: 601-500-500), and navigation links (Zaloguj się jako: Agent, Klient, Administrator, Moja Firma). Below the header, there's a navigation bar with tabs: Wniosek, Nowy Wniosek, Kalkulator, and Moja Firma. The main content area shows a 'Przelicz raty' (Calculate payments) form. The form includes a 'Kwota pożyczki' (Loan amount) of 12200 zł, a 'Rok na raty' (Term in years) of 48, and a 'Przebieg' (Progress) bar. Below the form, there's a table with the following data:

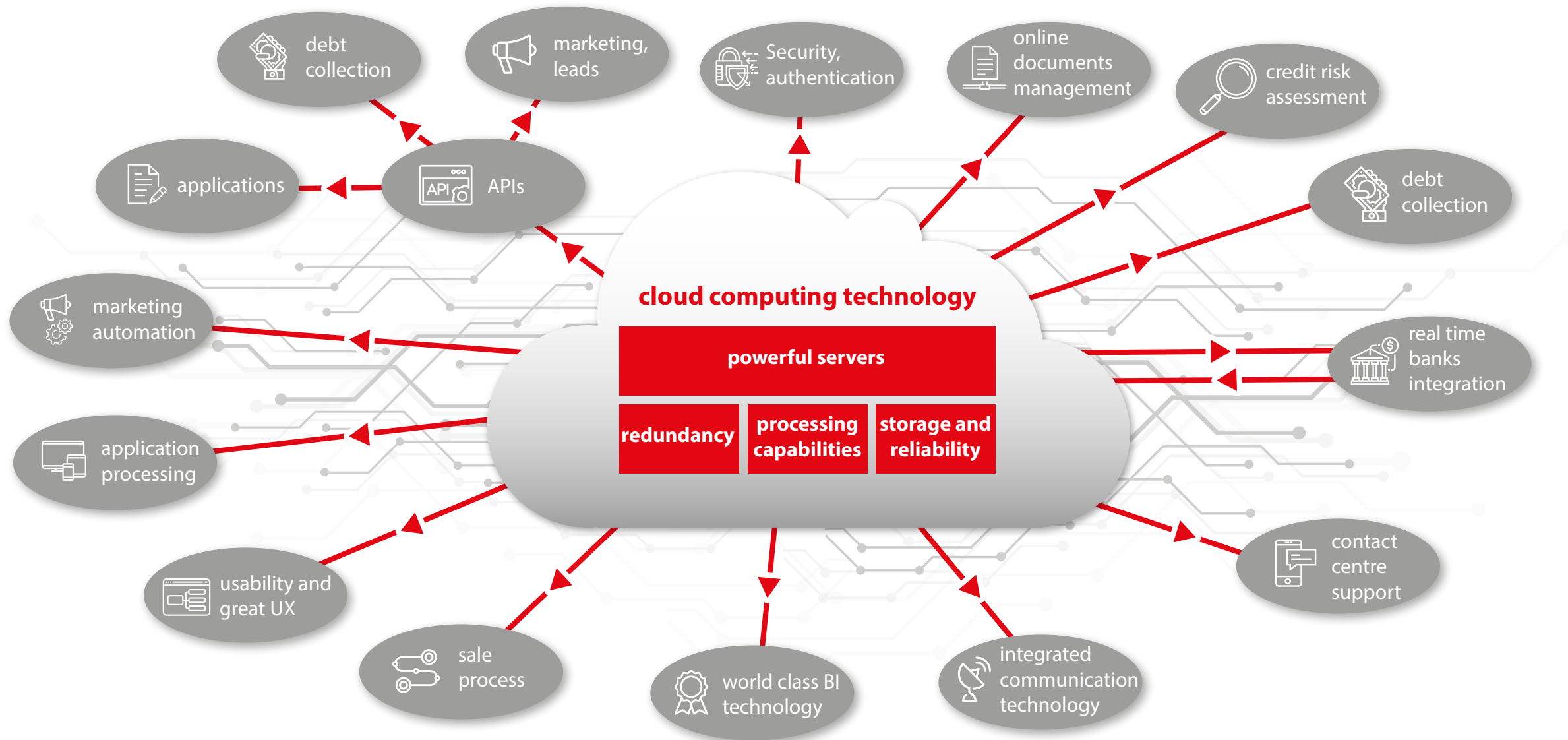
Kwota pożyczki (zł)	Rata miesięczna (zł)	Całkowita kwota do spłaty (zł)	Rok na raty
12200.00	611.94	27242.54	48



## The possibilities available to agents in Agent API+:

- > completing loan applications
- > real time credit decision
- > document generation process
- > on-site sale completion

# Innovative technology





# Financial highlights

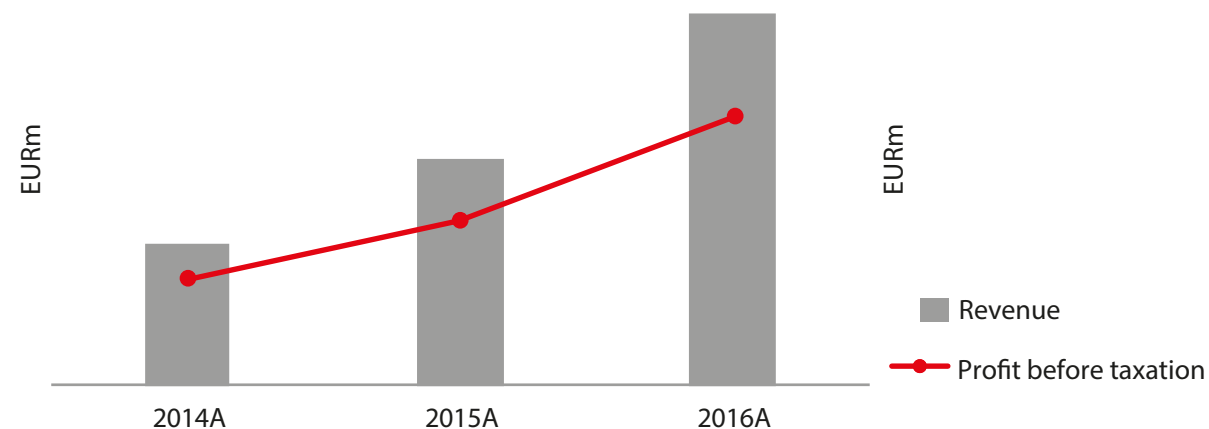
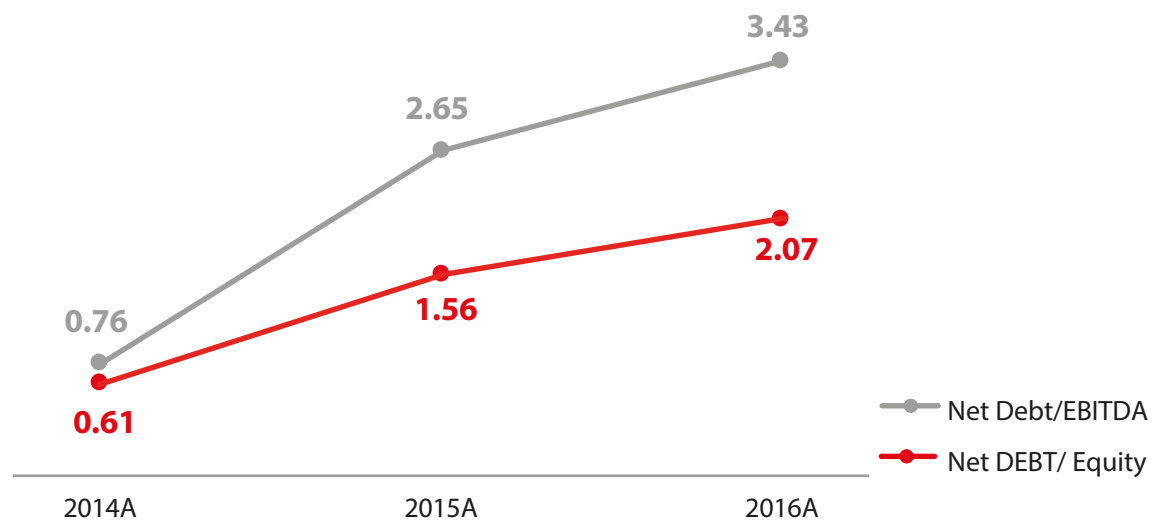
KEY FINANCIALS, EUR m	2014A	2015A	2016A
Revenue	7.3	11.6	19.2
EBITDA	1.5	2.3	4.0
Profit before taxation	0.7	1.1	1.8
Net profit	0.5	2.0	1.2
Equity	1.8	3.8	4.9
Net Debt	1.1	6.0	10.2
Receivables from customers (net)	2.5	5.4	10.4
Total assets	3.8	13.5	17.4

## 2017 - ESTIMATION

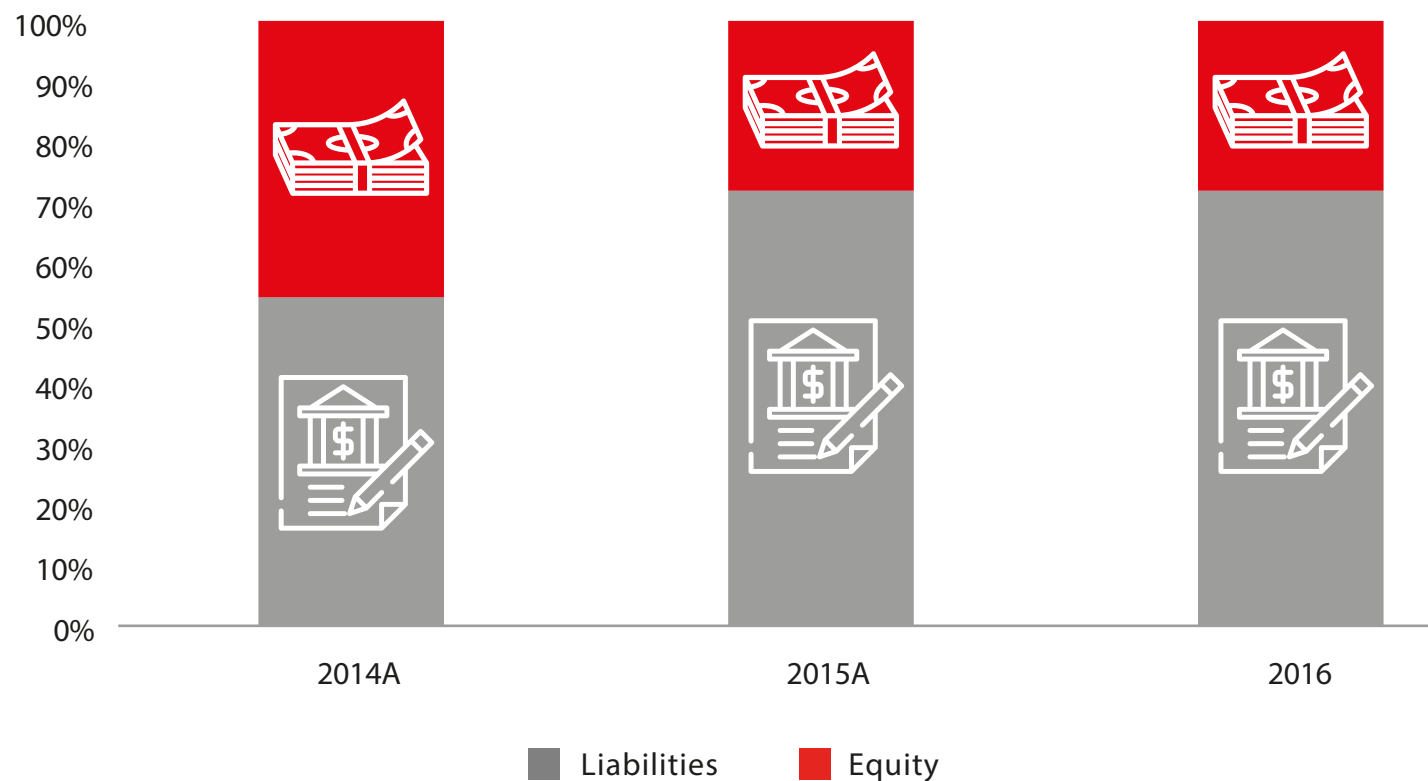
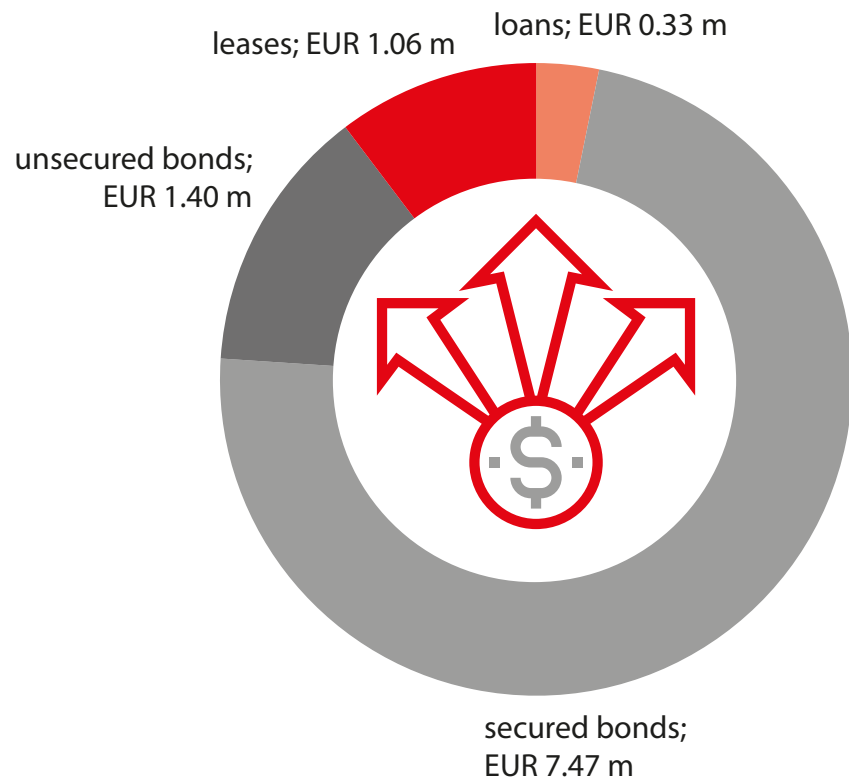
	26.7
	4.4
	6.4
	2.7
	7.8
	17.6
	24.6
	29.1



## FINANCIAL RATIOS



# Current financing structure and amounts



# Contact

## CAPITAL SERVICE S.A.



ul. Korczaka 73  
07-409 Ostrołęka  
Poland



[www.capitalservice.pl](http://www.capitalservice.pl)  
[www.kredytok.pl](http://www.kredytok.pl)  
[www.finlo.pl](http://www.finlo.pl)



[biurozarzadu@capitalservice.pl](mailto:biurozarzadu@capitalservice.pl)



+48 29 694 48 20



+48 29 764 59 88



# Appendix: Profit and loss account

CONS. INCOME STATEMENT, EUR m	2014A	2015A	2016A
Revenue	7.3	11.6	18.2
Impairment	-0.9	-0.9	-4.2
<b>Revenue less impairment</b>	<b>6.5</b>	<b>10.7</b>	<b>14.0</b>
Operating expenses	-5.3	-8.8	-11.5
Finance cost	-0.5	-0.8	-0.6
<b>Total costs</b>	<b>-5.8</b>	<b>-9.6</b>	<b>-12.1</b>
<b>Profit before taxation</b>	<b>0.7</b>	<b>1.1</b>	<b>1.9</b>
Tax income	-0.2	0.9	-0.6
<b>Net Profit</b>	<b>0.5</b>	<b>2.0</b>	<b>1.3</b>
EBITDA	1.5	2.3	3.0

Source:

\* Based on consolidated financial statement

# Appendix: Balance sheet and cash flow

BALANCE SHEET, EURm	2014A	2015A	2016A	CASH FLOW STATEMENT, EURm	2014A	2015A	2016A
Non-current and intangible assets	0.6	3.0	3.2	Net income	0.5	2.0	1.3
Receivables from customers (net)	2.5	5.4	12.1	Operating activities			
Other assets	0.2	1.9	1.1	Depreciation and amortization	0.3	0.3	0.5
Cash	0.5	3.2	1.5	Decrease (increase) in accounts receivable	-0.3	-4.6	-5.8
<b>Total assets</b>	<b>3.8</b>	<b>13.5</b>	<b>17.9</b>	Increase (decrease) in liabilities	0.1	0.4	0.1
				Increase ( decrease) in other activities	0.5	-1.2	0.6
Share capital and reserves	1.3	1.8	2.9	<b>Net cash flow from operating activities</b>	<b>1.2</b>	<b>-3.0</b>	<b>-3.3</b>
Retained earnings	0.0	0.0	0.8	<b>Investing activities</b>			
Profit/ loss for the current year	0.5	2.0	1.3	Capital expenditures	-0.3	-0.6	-0.2
<b>Equity</b>	<b>1.8</b>	<b>3.8</b>	<b>5.0</b>	Sale of property and equipment	0.0	0.4	1.5
Interest- bearing debt	1.1	8.2	10.2	Other cash flow from investing activities	0.0	0.1	0.2
Trade payables and other liabilities	1.0	1.5	2.7	<b>Net cash flows from investing activities</b>	<b>-0.3</b>	<b>-0.1</b>	<b>1.4</b>
<b>Liabilities</b>	<b>2.0</b>	<b>9.7</b>	<b>12.9</b>	<b>Financing activities</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3.8</b>	<b>13.5</b>	<b>17.9</b>	Increase (decrease) in debt	-0.1	6.1	1.4
				Other cash flow from financing activities	-0.5	-0.4	-1.2
				<b>Net cash flows from financing activities</b>	<b>-0.5</b>	<b>5.8</b>	<b>0.3</b>
				<b>Net increase (decrease) in cash and cash equivalents</b>	<b>0.3</b>	<b>2.7</b>	<b>-1.6</b>

Source:

\* Based on consolidated financial statement

# Appendix: Auditor's opinion on financial statement

Capital Service S.A.  
ul. Janusza Korczaka 73  
07-409 Ostrołęka

## Independent Auditor's Opinion and Report on the financial statements for the period from 1 January to 31 December 2015

### INDEPENDENT AUDITOR'S OPINION for the General Meeting and Supervisory Board of Capital Service S.A.

We have audited the accompanying financial statements of Capital Service S.A. ("the Company") with its registered office in Ostrołęka, 07-409, ul. Janusza Korczaka 73, consisting of:

- introduction to the financial statements,
- the balance sheet prepared as at 31 December 2015,
- the profit and loss account for the period from 1 January to 31 December 2015,
- the statement of changes in equity for the period from 1 January to 31 December 2015,
- the statement of cash flows for the period from 1 January to 31 December 2015,
- notes to the financial statements.

The Company's Management Board is responsible for the preparation in accordance with binding regulations of the financial statements and the Directors' Report on the Company's activities.

The Company's Management Board and members of its Supervisory Board are responsible for ensuring that the financial statements and the Directors' Report meet the requirements of the Accounting Act of 29 September 1994 (2013 Journal of Laws, item 330 with subsequent amendments), hereinafter referred to as "the Accounting Act".

Our responsibility was to audit the financial statements and to express an opinion on the consistency of these financial statements with the applicable accounting policies, and on whether the financial statements give a true and fair view, in all material respects, of the Company's financial result and financial position, as well as on the accuracy of the books of account constituting the basis for their preparation.

We performed the audit in accordance with:

- 1/ Chapter 7 of the Accounting Act,
- 2/ the auditing standards issued by the National Council of Certified Auditors in Poland.

We planned and performed the audit to obtain reasonable assurance that the financial statements are free of material misstatements. In particular, our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provided a reasonable basis for our opinion.

This document is a translation.  
The Polish original should be referred to in matters of interpretation.

In our opinion, the audited financial statements, in all material respects:

- a) give a true and fair view of the Company's financial position as at 31 December 2015, as well as of its financial result for the period from 1 January to 31 December 2015,
- b) have been prepared in accordance with the applicable accounting methods (policies), as well as on the basis of properly kept books of account,
- c) are consistent with the applicable laws and regulations, and with the Company's statute.

The Directors' Report on the Company's activities includes all information required by Article 49 of the Accounting Act, and the information contained therein is consistent with the information presented in the audited financial statements.

Warsaw, 29 April 2016

BDO Sp. z o.o.  
ul. Postępu 12  
02-676 Warszawa  
Authorized Audit Company No. 3355

Auditor in charge:

Hanna Sztuczynska  
Certified Auditor No. 9269

This document is a translation.  
The Polish original should be referred to in matters of interpretation.

# Appendix: Auditor's report on selected loans portfolio and internal control system



## REPORT OF FACTUAL FINDINGS

To the Management Board of Capital Service S.A.

We have performed agreed with you and listed in the following report procedures with regard to the financing received by Capital Service S.A. (hereinafter: **'the Company'**) in the form of bonds' issuance. Registered pledge over receivables resulting from the loan agreements granted by the Company, constitutes a collateral for the bonds' issuance. Loans granted by the Company comprise:

- cash loans granted by the Company to natural persons and
- installment cash loans granted by the Company to natural persons.

Pledged loan receivables encompass the outstanding principal without any interest or other fees, overdue by not more than 30 days from their due date as of 31 December 2016.

The purpose of procedures performed by us was to confirm the nominal value of the portfolio of loans granted by the Company which were overdue by not more than 30 days as of 31 December 2016 being the collateral of the bond issuance (the nominal value of outstanding principal of loans as of 31 December 2016 without interest or other fees, referred hereinafter as **'the loan portfolio'**). Our engagement was undertaken in accordance with the International Standards on Related Services applicable to the agreed-upon procedures engagements.

The nominal value of the loan portfolio as of 31 December 2016 amounted to PLN 41 407 917,01 (comprising PLN 5 469 378,26 of cash loans and PLN 35 938 538,75 of installment cash loans), and encompassed the population of 39 866 individual loans (comprising 11 123 cash loans and 28 743 installment cash loans).

In order to confirm the nominal value of the loan portfolio we have performed the following procedures:

1. We obtained a detailed schedule of loans granted by Company as of 31 December 2016. The schedule was generated from the CRM system used by the Company during the loan granting process.

We obtained trial balance prepared as of 31 December 2016 and reconciled it to the loan portfolio schedule generated by CRM system.

2. We discussed the loan granting process of with the Company's representatives responsible for particular stages of the process. Our work resulted in:

- identification of potential risks of misstatements which could have a significant impact on the value of the loan portfolio and
- identification of internal control procedures implemented by the Company in order to eliminate the risk of misstatements which could have a significant impact on the Company's loan portfolio.

We confirmed occurrence and efficiency of identified internal control procedures by sample testing of selected internal control procedures.

3. We performed substantive tests based on random sampling in order to confirm occurrence and value of the loan portfolio.



4. We have obtained written confirmation from the Company's Management that the Management is responsible for completeness and true and fair presentation of information included both in the CRM system used by the Company for recording the loans and in the accounting records, as well as that the Management is responsible for implementation and operation of the accounting and internal control systems which are designed to prevent and detect errors and mistakes.

We report our findings below:

- a) with respect to item 1 – the schedule of loan portfolio generated from the company's CRM system reconciles with the trial balance prepared as of 31 December 2016,
- b) with respect to item 2 – we did not identify any significant material differences or misstatements which could indicate that the loan granting process and corresponding built-in control procedures are inefficient,
- c) with respect to item 3 – we did not identify any material differences or misstatements which could indicate that the nominal value of the portfolio is incorrect,
- d) with respect to item 4 – on 30 January 2017 the Management Board provided the certified auditor with signed representation letter dated 30 January 2017.

Since the aforementioned procedures do not constitute either an audit or a review in accordance with the International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the value of the loan portfolio as of 31 December 2016. On the basis of performed procedures we declare that we did not identify material misstatements which would not allow us to confirm the value of the loan portfolio as of 31 December 2016.

Had we performed any additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention, which would have been reported to you. We would also like to draw your attention to the fact that our procedures were not directed at fraud and embezzlement detection. We are not therefore liable for any potential differences between the real value of the loan portfolio and the value recognized in the accounting records due to potential fraud activities.

Our report is solely for the purpose set in our agreement and it is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the granted loans' portfolio and items specified above and does not extend to any financial statements of the Company, taken as a whole.

Anita Bis



Certified auditor no. 12233  
TPA Group Sp. z o.o.  
ul. Młyńska 12-18, 61-730 Poznań  
Entity entitled to audit financial statements  
entered under number 3082 on the list of entities  
authorized to provide audit services.