



**Interim condensed consolidated extended
financial report**
for the period January 1st–March 31st 2016



**The KRUK Group
March 31st 2016**

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I. Interim condensed consolidated financial statements

1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
For the period				
Revenue	160,675	133,233	36,887	32,113
EBIT	70,245	60,701	16,126	14,631
Profit before tax	60,089	49,929	13,795	12,034
Net profit attributable to owners of the Parent	60,910	50,596	3,350	12,195
Net cash from operating activities	24,171	51,431	5,549	12,396
Purchase of debt portfolios at prices as per agreement	(64,062)	(44,920)	(14,707)	(10,827)
Cash recoveries	216,895	187,229	49,793	45,128
Net cash from investing activities	(3,335)	274	(766)	66
Net cash from financing activities	(92,535)	(84,093)	(21,243)	(20,269)
Change in net cash	(71,699)	(32,388)	(16,460)	(7,806)
Diluted earnings per share	3.37	2.84	0.77	0.68
Average number of shares ('000)	17,463	17,110	17,463	17,110
Earnings per share	3.49	2.96	0.80	0.71
As at	Mar 31 2016	Dec 31 2015	Mar 31 2016	Dec 31 2015
Total assets	1,773,187	1,836,115	415,422	430,861
Non-current liabilities	712,189	711,914	166,852	167,057
Current liabilities	207,291	339,922	48,564	79,766
Equity	853,707	784,278	200,006	184,038
Share capital	17,515	17,398	4,103	4,083
Book value per ordinary share	48.74	45.08	11.42	10.58

The financial highlights have been translated into the euro as follows:

- items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

- for the current period – 4.3559
- for the comparative period – 4.1489

- items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

- for the current period – 4.2684
- for the comparative period – 4.2615

2. Interim condensed consolidated statement of financial position

March 31st 2016

PLN '000

	Mar 31 2016	Dec 31 2015	Mar 31 2015
Assets			
Cash and cash equivalents	69,043	140,742	38,157
Trade receivables	23,676	8,391	11,650
Investments	1,622,484	1,620,579	1,352,222
Other receivables	16,808	26,719	16,808
Inventories	608	587	405
Property, plant and equipment	19,058	19,957	19,676
Other intangible assets	12,858	11,805	10,400
Goodwill	1,024	1,024	1,024
Deferred tax asset	3,774	2,841	4,384
Other assets	3,854	3,469	2,549
Total assets	1,773,187	1,836,115	1,457,275
Equity and liabilities			
Liabilities			
Hedge derivatives	117	589	2 265
Trade and other payables	41,176	83,555	21,616
Employee benefit obligations	26,037	29,239	28,890
Current tax liability	-	3,178	-
Liabilities under borrowings and other debt instruments	851,886	935,011	766,324
Provisions	264	264	264
Total liabilities	919,480	1,051,836	819,359
Equity			
Share capital	17,515	17,398	17,110
Share premium	68,925	64,382	53,249
Exchange differences on translating foreign operations	(5,725)	(7,674)	(4,362)
Other capital reserves	70,883	68,956	58,362
Retained earnings	702,092	641,182	513,489
Equity attributable to owners of the Parent	853,690	784,244	637,848
Non-controlling interests	17	34	68
Total equity	853,707	784,278	637,916
Total equity and liabilities	1,773,187	1,836,115	1,457,275

3. Interim condensed consolidated statement of profit or loss

For the reporting period from January 1st to March 31st 2016

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revenue	160,675	133,233
Other income	654	337
Merchandise and materials sold	-	-
Employee benefits expense	(42,083)	(39,301)
Depreciation and amortisation	(3,243)	(2,944)
Contracted services	(15,486)	(9,180)
Other expenses	(30,272)	(21,444)
	(91,084)	(72,869)
EBIT	70,245	60,701
Finance income	2,090	476
Finance costs	(12,246)	(11,248)
Net finance costs	(10,156)	(10,772)
Profit before tax	60,089	49,929
Income tax	(804)	(669)
Net profit for period	60,893	50,598
Net profit attributable to:		
Owners of the Parent	60,910	50,596
Non-controlling interests	(17)	2
Net profit for period	60,893	50,598
Earnings (loss) per share		
Basic (PLN)	3.49	2.96
Diluted (PLN)	3.37	2.84

4. Interim condensed consolidated statement of comprehensive income

For the reporting period from January 1st to March 31st 2016

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Net profit for period	60,893	50,598
Other comprehensive income		
Exchange differences on translating foreign operations	1,949	(503)
Cash flow hedges	-	-
Other comprehensive income, net, for period	1,949	(503)
Total comprehensive income for period	1,949	(503)
Total comprehensive income attributable to:		
Owners of the Parent	62,842	50 095
Non-controlling interests	(17)	2
Total comprehensive income for period	62,825	50,097

5. Interim condensed consolidated statement of changes in equity

For the reporting period from January 1st to March 31st 2016

PLN '000

	Share capital	Share premium	Exchange differences on translating foreign operations	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at Jan 1 2015	17,110	53,249	(3,859)	55,624	462,893	585,017	66	585,083
Net profit for period	-	-	-	-	50,596	50,596	2	50,598
Other comprehensive income	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	(503)	-	-	(503)	-	(503)
- Valuation of hedging instruments	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(503)	-	-	(503)	-	(503)
Total comprehensive income for period	-	-	-	-	50,596	50,596	2	50,095
Contributions from and distributions to owners	-	-	-	-	-	-	-	-
- Share-based payments	-	-	-	2,738	-	2,738	-	2,738
Total contributions from and distributions to owners	-	-	-	2,738	-	2,738	-	2,738
Total equity as at Mar 31 2015	17,110	53,249	(4,362)	58,362	513,489	637,848	68	637,916
Equity as at Jan 1 2015	17,110	53,249	(3,859)	55,624	462,893	585,017	66	585,083
Comprehensive income for period	-	-	-	-	-	-	-	-
Net profit for period	-	-	-	-	204,227	204,227	34	204,261
Other comprehensive income	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	(3,815)	-	-	(3,815)	-	(3,815)
- Valuation of hedging instruments	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(3,815)	-	-	(3,815)	-	(3,815)
Total comprehensive income for period	-	-	(3,815)	-	204,227	200,412	34	200,446
Contributions from and distributions to owners	-	-	-	-	-	-	-	-
- Share-based payments	-	-	-	13,332	-	13,332	-	13,332
- Issue of shares	288	11,133	-	-	-	11,421	-	11,421
- Payment of dividend	-	-	-	-	(25,938)	(25,938)	(66)	(26,004)
Total contributions from and distributions to owners	288	11,133	-	13,332	(25,938)	(1,185)	(66)	(1,251)
Total equity as at Dec 31 2015	17,398	64,382	(7,674)	68,956	641,182	784,244	34	784,278
Equity as at Jan 1 2016	17,398	64,382	(7,674)	68,956	641,182	784,244	34	784,278
Comprehensive income for period	-	-	-	-	-	-	-	-
Net profit for period	-	-	-	-	60,910	60,910	(17)	60,893
Other comprehensive income	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	1,949	-	-	1,949	-	1,949

- Valuation of hedging instruments	-	-	-	-	-	-	-	0
Total other comprehensive income	-	-	-	-	-	-	-	1,949
Total comprehensive income for period	-	-	1,949	-	60,910	62,859	(17)	62,842
Contributions from and distributions to owners								
- Share-based payments	-	-	-	1,927	-	1,927	-	1,927
- Issue of shares	117	4,543	-	-	-	4,660	-	4,660
Total contributions from and distributions to owners	117	4,543	-	1,927	-	6,587	-	6,587
Total equity as at Mar 31 2016	17,515	68,925	(5,725)	70,883	702,092	853,690	17	853,707

6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to March 31st 2016

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Cash flows from operating activities		
Net profit for period	60,893	50,598
<i>Adjustments</i>		
Depreciation of property, plant and equipment	2,198	1,851
Amortisation of intangible assets	1,045	1,093
Change in debt portfolios purchased	(2,360)	30,430
Change in other investments	455	(2,473)
Net finance costs	15,520	8,904
(Gain)/loss on sale of property, plant and equipment	(34)	(52)
Equity-settled share-based payment transactions	1,927	2,738
Income tax	(804)	(669)
Change in inventories	(21)	119
Change in receivables	(5,374)	(975)
Change in prepayments and accrued income	(387)	(480)
Change in current liabilities, excluding financial liabilities	(45,580)	(37,752)
Income tax paid	(3,307)	(1,901)
Net cash from operating activities	24 171	51,431
Cash flows from investing activities		
Interest received	27	477
Sale of intangible assets and property, plant and equipment	35	73
Purchase of intangible assets and property, plant and equipment	(3,397)	(276)
Net cash from investing activities	(3 335)	274
Cash flows from financing activities		
Proceeds from issue of shares	4,660	-
Proceeds from bond issue	169,220	-
Increase in borrowings	236,830	110,350
Repayment of borrowings	(404,874)	(152,071)
Payments under finance lease agreements	(1,137)	(2,317)
Redemption of debt securities	(84,000)	(29,000)
Interest paid	(13,234)	(11,055)
Net cash from financing activities	(92 535)	(84,093)
Total net cash flows	(71 699)	(32,388)
Cash and cash equivalents at beginning of period	140 742	70,545
Cash and cash equivalents at end of period	69 043	38,157

Due to the limited amount of information on proceeds from debt collection and spending on debt portfolio purchases, this consolidated statement of cash flows should be read in conjunction with Note 9 to these interim condensed consolidated financial statements.

II. Interim condensed separate financial statements

1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
For the period				
Revenue	27,772	25,579	6,376	6,165
EBIT	(10,342)	(11,793)	(2,374)	(2,842)
Profit before tax	(23,721)	(22,856)	(5,446)	(5,509)
Net profit	(22,788)	(21,992)	(5,231)	(5,301)
Net cash from operating activities	(9,830)	(9,613)	(2,257)	(2,317)
Net cash from investing activities	71,386	12,428	16,388	2,996
Net cash from financing activities	(50,554)	(20,262)	(11,606)	(4,884)
Change in net cash	11,002	(17,447)	2,526	(4,205)
Diluted earnings per share	(1.26)	(1.23)	(0.29)	(0.30)
Average number of shares ('000)	17,463	17,110	17,463	17,110
Earnings per share	(1.30)	(1.29)	(0.30)	(0.31)
As at	Mar 31 2016	Dec 31 2015	Mar 31 2016	Dec 31 2015
Total assets	1,374,032	1,441,677	321,908	338,303
Non-current liabilities	710,453	668,250	166,445	156,811
Current liabilities	180,244	273,892	42,227	64,271
Equity	483,336	499,537	113,236	117,221
Share capital	17,515	17,398	4,103	4,083
Book value per ordinary share	27.60	28.71	6.34	6.92

The financial highlights have been translated into the euro as follows:

- items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

- for the current period – 4.3559
- for the comparative period – 4.1489

- items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

- for the current period – 4.2684
- for the comparative period – 4.2615

2. Interim condensed separate statement of financial position

March 31st 2016

PLN '000

	Mar 31 2016	Dec 31 2015	Mar 31 2015
Assets			
Cash and cash equivalents	16,208	5,206	7,069
Trade receivables from related entities	14,869	10,562	9,405
Trade receivables from other entities	3,020	3,029	4,202
Investments	81,211	94,725	86,987
Other receivables	5,318	15,107	161,434
Inventories	211	232	169
Property, plant and equipment	13,263	14,027	12,464
Intangible assets	11,641	10,735	9,399
Deferred tax asset	3,798	2,863	7,616
Investments in subsidiaries	1,221,981	1,283,073	963,701
Other assets	2,511	2,118	1,792
Total assets	1 374 032	1,441,677	1,264,237
Equity and liabilities			
Liabilities			
Hedge derivatives	117	589	2,265
Trade and other payables	22,686	26,095	20,362
Employee benefit obligations	19,126	22,363	20,075
Current tax liability	-	3,178	0
Liabilities under borrowings and other debt instruments	848,768	889,916	775,912
Total liabilities	890 697	942,141	818,614
Equity			
Share capital	17,515	17,398	17,110
Share premium	68,925	64,382	53,249
Cash flow hedging reserve	-	-	0
Other capital reserves	70,884	68,957	58,362
Retained earnings	326,012	348,800	316,903
Total equity	483 336	499,537	445,624
Total equity and liabilities	1,374,032	1,441,677	1,264,237

3. Interim condensed separate statement of profit or loss

For the reporting period ended March 31st 2016

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revenue	27,772	25,579
Other income	264	235
Merchandise and materials sold	-	-
Employee benefits expense	(22,586)	(24,373)
Depreciation and amortisation	(2,202)	(1,954)
Contracted services	(7,690)	(6,400)
Other expenses	(5,900)	(4,880)
	(38,378)	(37,607)
Operating loss	(10,342)	(11,793)
Finance income	421	1,020
Finance costs	(13,800)	(12,083)
Net finance income	(13,379)	(11,063)
Profit before tax	(23,721)	(22,856)
Income tax	933	864
Net profit for period	(22,788)	(21,992)
Earnings per share		
Basic (PLN)	(1.30)	(1.29)
Diluted (PLN)	(1.26)	(1.23)

4. Interim condensed separate statement of changes in equity

For the reporting period ended March 31st 2016

PLN '000

	Share capital	Share premium	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2015	17,110	53,249	55,624	338,895	464,878
Comprehensive income for period					
Net profit for period	-	-	-	(21,992)	(21,992)
Total comprehensive income for period	-	-	-	(21,992)	(21,992)
Contributions from and distributions to owners					
- Share-based payment	-	-	2,738	-	2,738
Total contributions from and distributions to owners	-	-	2,738	-	2,738
Total equity as at Mar 31 2015	17,110	53,249	55,624	338,895	464,878
Equity as at Jan 1 2015	17,110	53,249	55,624	338,895	464,878
Comprehensive income for period					
Net profit for period	-	-	-	35,843	35,843
Total comprehensive income for period	-	-	-	35,843	35,843
Contributions from and distributions to owners					
- Payment of dividend				(25,938)	(25,938)
- Share-based payments	-	-	13,333	-	13,333
- Issue of shares	288	11,133	-	-	11,421
Total contributions from and distributions to owners	288	11,133	13,333	(25,938)	(1,184)
Total equity as at Dec 31 2015	17,398	64,382	68,957	348,800	525,475
Equity as at Jan 1 2015	17,398	64,382	68,957	348,800	499,537
Comprehensive income for period					
Net profit for period	-	-	-	(22,788)	(22,788)
Other comprehensive income	-	-	-	-	-
- Valuation of hedging instruments	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-	-	-	(22,788)	(22,788)
Contributions from and distributions to owners					
- Share-based payments	-	-	1,927	-	1,927
- Issue of shares	117	4,543	-	-	4,660
Total contributions from and distributions to owners	117	4,543	1,927	-	6,587
Total equity as at Mar 31 2015	17,515	68,925	70,884	326,012	483,336

5. Interim condensed separate statement of cash flows

For the reporting period ended March 31st 2016

PLN '000

	Note	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Cash flows from operating activities			
Net profit for period		(22,788)	(21,992)
<i>Adjustments</i>			
Depreciation of property, plant and equipment		1,304	1,097
Amortisation of intangible assets		898	857
Change in debt portfolios purchased		2,530	1,989
Change in other investments		456	(2,473)
Net finance income		12,336	9,345
(Gain)/loss on sale of property, plant and equipment		(38)	(52)
Equity-settled share-based payment transactions		1,927	2,738
Income tax		(933)	(864)
Change in inventories		20	112
Change in receivables		5,200	(454)
Change in prepayments and accrued income		(393)	(127)
Change in current liabilities, excluding financial liabilities		(3,934)	575
Change in employee benefit obligations		(3,237)	1,358
Income tax paid		(3,178)	(1,724)
Net cash from operating activities		(9,830)	(9,613)
Cash flows from investing activities			
Interest received		11	10
Loans advanced		(39,867)	(29,608)
Sale of intangible assets and property, plant and equipment		39	58
Disposal of financial assets		70,477	35,543
Purchase of intangible assets and property, plant and equipment		(2,345)	(917)
Acquisition of financial assets		(9,386)	(57,748)
Repayment of loans advanced		52,457	65,091
Net cash from investing activities		71,386	12,428
Cash flows from financing activities			
Net proceeds from issue of shares floated on stock exchange		4,660	-
Proceeds from bond issue		169,220	-
Increase in borrowings		170,380	85,770
Repayment of borrowings		(296,874)	(65,728)
Redemption of debt instruments		(84,000)	(29,000)
Payments under finance lease agreements		(717)	(678)
Interest paid		(13,223)	(10,626)
Net cash from financing activities		(50,554)	(20,262)
Total net cash flows		11,002	(17,447)
Cash and cash equivalents at beginning of period		5,206	24,515
Cash and cash equivalents at end of period		16,208	7,069

III. Interim condensed separate financial statements

1. Organisation of the KRUK Group

Parent

Name:

KRUK Spółka Akcyjna ("KRUK S.A." or "Parent")

Registered office:

ul. Wołowska 8
51-116 Wrocław, Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register,
ul. Poznańska 16-17, 53-230 Wrocław, Poland

Date of entry: September 7th 2005

Entry number: KRS 0000240829

Principal business activities of the Parent and subsidiaries

The principal business activities of the Parent and most of its subsidiaries consist primarily in the restructuring and recovery of debts purchased by the Group companies and the provision of outsourced debt collection services to financial institutions and other clients.

These interim condensed consolidated financial statements for the reporting period from January 1st to March 31st 2016 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

KRUK S.A. is the Parent of the Group.

As at March 31st 2016, the Management Board of the Parent consisted of:

Piotr Krupa	President of the Management Board
Agnieszka Kułton	Member of the Management Board
Urszula Okarma	Member of the Management Board
Iwona Słomska	Member of the Management Board
Michał Zasępa	Member of the Management Board.

In Q1 2016 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q1 2016 and by the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change and was as follows:

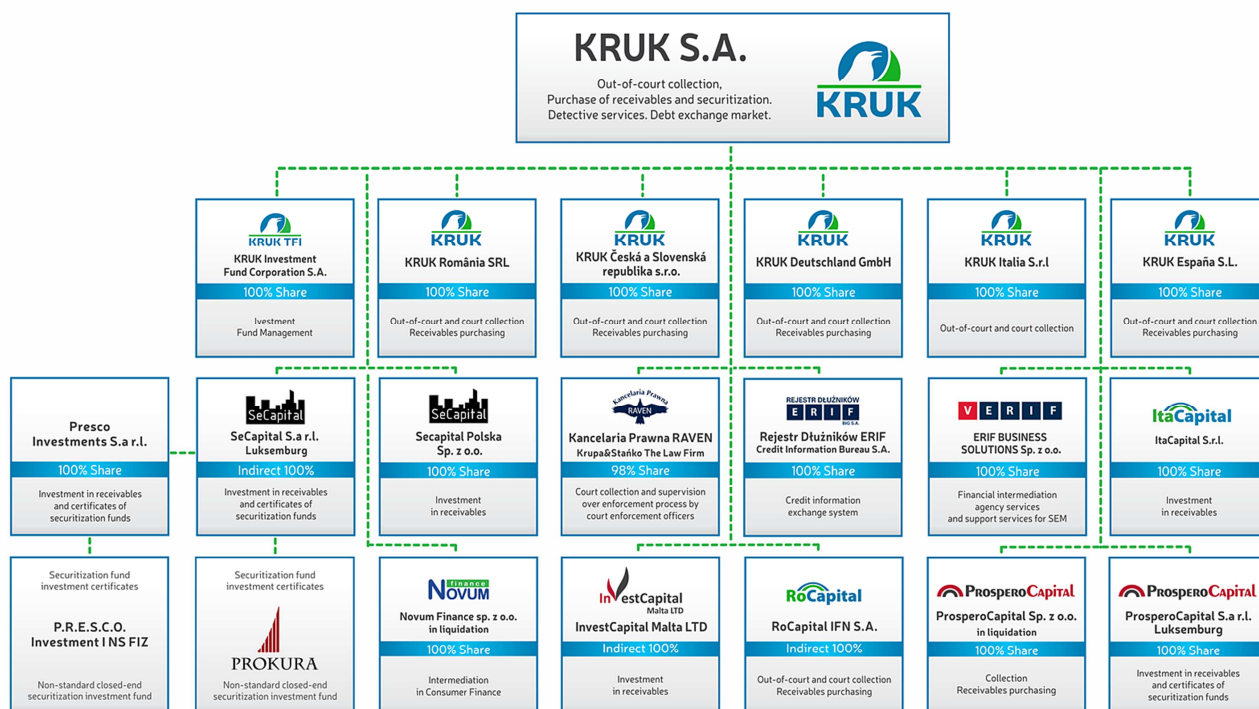
Piotr Stępnia	Chairman of the Supervisory Board
Katarzyna Beuch	Member of the Supervisory Board
Tomasz Bieske	Member of the Supervisory Board
Arkadiusz Orlin Jastrzębski	Member of the Supervisory Board
Krzysztof Kawalec	Member of the Supervisory Board
Robert Koński	Member of the Supervisory Board
Józef Wancer	Member of the Supervisory Board.

The KRUK Group

As at the date of issue of this report, the Group comprised KRUK S.A. of Wrocław and 20 subsidiaries:

- Kancelaria Prawna RAVEN Krupa & Stańko sp.k. of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit reference agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK România s.r.l. of Bucharest, Romania, a company which operates on the market of credit management services and debt purchase;
- SeCapital S.à r.l. of Luxembourg, a special-purpose securitisation vehicle whose business consists chiefly in investing in debt or debt-backed assets;
- Prokura NS FIZ securitisation funds, which are a securitisation and investment vehicle employing professional risk assessment and credit management methodologies. All certificates issued by the securitisation funds are held by SeCapital S.à r.l.;
- SeCapital Polska Sp. z o.o. of Wrocław, a company acting as a servicer of securitised debt;
- ERIF Business Solutions Sp. z o.o. of Wrocław, a company whose principal business activities consist in the provision of financial and agency services, and support for small and medium-sized enterprises;
- NOVUM FINANCE Sp. z o.o. w likwidacji of Wrocław, a company in liquidation;
- KRUK Česká a Slovenská republika s.r.o. of Hradec Králové, Czech Republic, a company which operates on the market of credit management services and debt purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, a fund management company;
- InvestCapital Malta Ltd. of Malta, an investment company whose business purpose is to invest in equity assets, including shares in KRUK Group companies;
- RoCapital IFN S.A. of Bucharest, Romania, an operating company, whose principal business activities consist in purchasing and servicing mortgage-backed debt portfolios;
- ProsperoCapital Sp. z o.o. of Wrocław, a debt collection company, whose principal business activities consist in other financial service activities n.e.c., including trade in receivables and debt collection, except insurance and pension funding;
- KRUK Deutschland GmbH of Berlin, a company whose principal business activities consist in credit management services, collection of debt portfolios purchased by the KRUK Group in Germany and other European countries, as well as debt trading;
- KRUK Italia S.r.l. of Milan, a company whose business consists in credit management services, collection of debt portfolios purchased by the KRUK Group in Italy and other European countries;
- ItaCapital S.r.l. of Milan, a company whose business consists in investing in debt or debt-backed assets;
- KRUK Espana S.L. of Milan, a company whose business consists in credit management services, collection of debt portfolios purchased by the KRUK Group in Spain and other European countries, as well as debt trading;
- ProsperoCapital S.à r.l., a special-purpose securitisation vehicle which invests in debt or debt-backed assets;
- Presco Investments S.à r.l., a special-purpose securitisation vehicle which invests in debt or debt-backed assets;
- Presco Investments I NS FIZ, a fund, which is a securitisation and investment vehicle employing professional risk assessment and credit management methodologies. All certificates issued by the securitisation fund are held by Presco Investments S.à r.l.

All the subsidiaries listed above, apart from Presco Investments S.à r.l. and Presco Investments I NS FIZ, are consolidated in these condensed consolidated financial statements as at March 31st 2016 and for the period from January 1st to March 31st 2016.



The Company operates eight field offices across Poland, in Poznań, Warsaw, Kraków, Katowice, Bydgoszcz, Łódź, Elbląg, Szczecin, Stalowa Wola and Szczawno-Zdrój.

The ownership interests held by the Parent in the subsidiaries as at the date of this report were as follows:

PLN '000	Country	Shareholdings (%)	
		Mar 31 2016	Dec 31 2015
SeCapital S.à r.l. *	Luxembourg	69.9%	69.5%
ERIF Business Solutions Sp. z o.o.	Poland	100%	100%
SeCapital Polska Sp. z o.o.	Poland	100%	100%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	100%	100%
Novum Finance Sp. z o.o. (in liquidation)	Poland	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NS FIZ*	Poland	100%	100%
ProsperoCapital Sp. z.o.o. (in liquidation)	Poland	100%	100%
InvestCapital Malta Ltd. *	Malta	99.5%	99.5%
RoCapital IFN S.A.	Romania	99.0%	99.0%
Kruk Deutschland GmbH	Germany	100%	100%
KRUK Italia S.r.l	Italy	100%	100%
ItaCapital S.r.l	Italy	100%	100%
KRUK Espana S.r.l	Spain	100%	100%
ProsperoCapital S.à r.l.	Luxembourg	100%	100%

* Subsidiaries in which the Company indirectly holds 100% of the share capital.

2. Significant accounting policies

Statement of compliance

KRUK S.A. and the KRUK Group prepare their financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union (the "EU-IFRS").

These interim condensed consolidated financial statements of the Group have been prepared in the condensed form in accordance with IAS 34 and the accounting standards applicable to interim financial statements, as endorsed by the European Union, which had been published and were effective at the time of preparation of these financial statements.

Basis of preparation

These consolidated financial statements have been prepared based on the historical cost approach, except with respect to financial instruments at fair value through profit or loss, and include data for the period from January 1st to March 31st 2016 and comparative data for the period from January 1st to March 31st 2015. The presented data has not been audited.

The data contained in these consolidated financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand. The Polish złoty is the functional currency of the Parent.

In order to prepare financial statements in accordance with the EU-IFRS, the Management Board is required to rely on judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and costs, whose actual values may differ from these estimates. The material assumptions underlying the estimates made by the Group and the applied accounting policies have been presented in the most recent consolidated full-year financial statements and in the relevant notes.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates are introduced prospectively, starting from the reporting period in which the estimate is revised.

In the opinion of the Parent's Management Board, there are no facts or circumstances which could pose a significant threat to the consolidated companies of the Group continuing as going concerns. Therefore, these financial statements have been prepared on a going concern basis.

Changes in accounting policies

The accounting policies applied to prepare these condensed interim financial statements are consistent with those applied to prepare the most recent full-year consolidated financial statements as at and for the year ended December 31st 2015.

Amendments to current standards and interpretations

The following amendments to International Financial Reporting Standards and their interpretations, endorsed by the European Union (the "EU IFRS") apply to reporting periods beginning on January 1st 2015:

- IFRS 9 *Financial Instruments* (published on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of this report, the standard was not adopted by the EU,
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (published on November 21st 2013) – effective for annual periods beginning on or after July 1st 2014; within the EU, effective at the latest for annual periods beginning on or after February 1st 2015,
- Amendments to IFRS introduced as part of the 2010-2012 improvements cycle (published on December 12th 2013) – some of the amendments are effective for annual periods beginning on or after July 1st 2014, while some are effective prospectively for transactions entered into on or after July 1st 2014; within the EU, effective at the latest for annual periods beginning on or after February 1st 2015,
- IFRS 14 *Regulatory Deferral Accounts* (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the publication of its final version – not adopted by the EU as at the date of authorisation of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (published on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016,
- IFRS 15 *Revenue from Contracts with Customers* (published on May 28th 2014), including amendments to IFRS 15 *Effective Date of IFRS 15* (published on September 11th 2015) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on June 30th 2014) – effective for annual periods beginning on or after January 1st 2016,

- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (published on August 12th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on September 11th 2014); no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of these amendments; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU; the effective date of the amendments has been postponed by the IASB for an indefinite term,
- Amendments to the IFRS introduced as part of the 2012-2014 improvements cycle (published on September 25th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of authorisation of these financial statements, the amendments were not been adopted by the EU,
- Amendments to IAS 1 *Disclosure Initiative* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016.

These changes had no impact on the Group's financial position or results of operation.

The Group has not elected to apply early any other standard, interpretation or amendment that has been published but has not become effective under the EU regulations.

Standards and interpretations that have been published, but have not yet been adopted

- IFRS 9 *Financial Instruments* (published on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of this report, the standard was not adopted by the EU,
- IFRS 14 *Regulatory Deferral Accounts* (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the publication of its final version – not adopted by the EU as at the date of authorisation of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (published on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016,
- IFRS 15 *Revenue from Contracts with Customers* (published on May 28th 2014), including amendments to IFRS 15 *Effective Date of IFRS 15* (published on September 11th 2015) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on June 30th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (published on August 12th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on September 11th 2014); no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of these amendments; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU; the effective date of the amendments has been postponed by the IASB for an indefinite term,
- Amendments to the IFRS introduced as part of the 2012-2014 improvements cycle (published on September 25th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of authorisation of these financial statements, the amendments were not been adopted by the EU,
- Amendments to IAS 1 *Disclosure Initiative* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016,
- IFRS 16 *Leases* (published on January 13th 2016) – effective for annual periods beginning on or after January 1st 2019; no decision has been made as to when EFRAG will carry out the individual stages of

work leading to the approval of the amendments; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,

- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (published on January 19th 2016) – effective for annual periods beginning on or after January 1st 2017; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 7 *Disclosure Initiative* (published on January 29th 2016) – effective for annual periods beginning on or after January 1st 2017; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU.

The Management Board is currently analysing the effect of the above changes on the financial statements and financial standing of the Group.

3. Reporting and geographical segments

Reporting segments

Below, the Group presents its principal reporting segments. The President of the Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The Group's reporting segments conduct the following activities:

- Debt purchase: collection of purchased debt;
- Credit management: fee-based collection of debt on client's behalf;
- Other: financial intermediation, lending, provision of business information.

Each segment's performance is discussed below. The key performance metric for each reporting segment is gross profit, which is disclosed in the management's internal reports reviewed by the President of the Management Board of the Parent. A segment's gross profit is used to measure the segment's performance, as the management believes the gross profit to be the most appropriate metric for the assessment of the segment's results against other entities operating in the industry.

The Group's operating activities concentrate in a few geographical areas: Poland, Romania, the Czech Republic, Slovakia, Germany, Spain and Italy.

The Group's operations are also divided into three main geographical segments:

- Poland
- Romania
- Other foreign markets

Reporting segments

<i>PLN '000</i>	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revenue	160,675	133,233
Purchased debt portfolios	147,962	121,386
Collection services	7,997	7,603
Other products	4,717	4,243
Direct and indirect costs	(64,359)	(49,866)
Purchased debt portfolios	(56,556)	(42,753)
Collection services	(5,375)	(5,130)
Other products	(2,428)	(1,983)
Gross profit	96,316	83,366
Purchased debt portfolios	91,405	78,634
Collection services	2,622	2,473
Other products	2,289	2,260
Administrative expenses	(22,652)	(19,194)
Depreciation and amortisation	(3,243)	(2,944)
Other income	654	337
Other expenses (unallocated)	(830)	(865)
Finance income/costs	(10,156)	(10,772)
Profit before tax	60,089	49,929
Income tax	804	669
Net profit	60,893	50,598

Geographical segments

<i>PLN '000</i>	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revenue	160,675	133,233
Poland	85,956	70,154
Romania	65,982	58,406
Other foreign markets	8,738	4,672

Non-financial assets

<i>PLN '000</i>	Mar 31 2016	Dec 31 2015
Poland	30,999	26,675
Romania	5,270	5,600
Other foreign markets	418	512
	36,687	32,787

4. Purchased debt portfolios

<i>PLN '000</i>	
Purchased debt portfolios as at Jan 1 2015	1,366,537
Purchase of debt portfolios	489,282
Cash recoveries	(825,659)
Increase/decrease in liabilities to debtors due to overpayments	458
Valuation of loyalty scheme	4,318
Revenue from debt purchase (interest and revaluation)	563 646
Fair value translation differences (*)	(450)
Purchased debt portfolios as at Dec 31 2015	1,598,132
Purchased debt portfolios as at Jan 1 2015	1,598,132
Purchase of debt portfolios	64,062
Cash recoveries	(216,895)
Increase/decrease in liabilities to debtors due to overpayments	332
Valuation of loyalty scheme	966
Revenue from debt purchase	147 962
Fair value translation differences (*)	5,230
Purchased debt portfolios as at Mar 31 2015	1,599,789

(*) Applicable to portfolios held by the subsidiaries whose functional currencies are other than the złoty.

5. Type and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are material due to their type, size or effect

Revenue

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revenue from debt purchase	147,962	121,386
Revenue from credit management	7,997	7,603
Revenue from other services	4,717	4,244
	160,675	133,233

Revenue from debt purchase

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Interest income adjusted for actual recoveries	123,827	119,282
Revaluation of debt portfolios	23,936	2,104
Foreclosure of property	199	-
	147,962	121,386

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revision of recovery forecast	22,552	1,239
Change due to change in discount rate	656	865
Foreign currency gains	728	-
	23,936	2,104

Revenue from debt purchase includes:

Revenue from debt portfolios measured at fair value

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Interest income adjusted for actual recoveries	78,353	91,422
Revaluation of debt portfolios	32,512	(1,113)
Foreclosure of property	137	-
	111,002	90,309

Revaluation of debt portfolios measured at fair value

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revision of recovery forecast	31,259	(1,978)
Change due to change in discount rate	656	865
Foreign currency gains	597	-
	32,512	(1,113)

Re-measurement of purchased debt portfolios represents changes in the fair value of financial assets measured at fair value through profit or loss which have been designated as such at the time of their initial recognition.

Revenue forecast update is primarily based on the analysis of:

- debtors' behaviour patterns and effectiveness of the collection tools applied;
- changes in currency exchange rates against PLN (for debt portfolios purchased abroad).

Pursuant to the accounting policies applied by the Company, income and gains on financial instruments at fair value through profit or loss are presented as revenue from purchased debt portfolios under operating income.

Revenue from debt portfolios measured at amortised cost

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Interest income adjusted for actual recoveries	45,474	27,860
Revaluation of debt portfolios	(8,576)	3,217
Foreclosure of property	62	-
	36,960	31,077

Revaluation of debt portfolios measured at amortised cost

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Revision of recovery forecast	(8,707)	3,217
Foreign currency gains	131	-
	(8,576)	3,217

Pursuant to the accounting policies applied by the Company, income and gains on financial instruments at amortised cost are presented as revenue from purchased debt portfolios under operating income.

Other expenses

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Court fees	(13,785)	(9,842)
Advertising	(185)	(209)
Raw materials and energy used	(2,362)	(1,976)
Taxes and charges	(11,055)	(6,938)
Staff training	(936)	(329)
Business trips	(752)	(309)
Entertainment expenses	(242)	(55)
Motor insurance	(279)	(151)
Losses from damage caused by motor vehicles	(214)	(130)
Property insurance	(34)	(149)
Other	(428)	(1,356)
	<u>(30,272)</u>	<u>(21,444)</u>

Finance income

PLN '000

	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Interest income on bank deposits	27	476
Net foreign exchange gains	2,063	-
	<u>2,090</u>	<u>476</u>

Finance costs

Interest expense on financial liabilities measured at amortised cost	(12,246)	(10,730)
Net foreign exchange gains	-	(518)
	<u>(12,246)</u>	<u>(11,248)</u>

Net finance costs recognised in profit or loss	(10,156)	(10,772)
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<i>PLN '000</i>	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Total interest income on financial assets	2,090	476
Total interest expense on financial liabilities	(12,246)	(10,730)

<i>PLN '000</i>	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Exchange differences on translating foreign operations	1,949	(503)
Attributable to:		
Owners of the Parent	<u>1,949</u>	<u>(503)</u>
Finance income recognised directly in other comprehensive income	<u>1,949</u>	<u>(503)</u>

Borrowings and finance lease liabilities

PLN '000

	Mar 31 2016	Dec 31 2015
Non-current liabilities		
Secured borrowings	66,150	171,318
Liabilities under debt securities (unsecured)	641,353	534,204
Finance lease liabilities	4,569	5,803
	712,072	711,325
Current liabilities		
Current portion of secured borrowings	2,995	63,503
Liabilities under debt securities	131,841	155,328
Current portion of finance lease liabilities	4,978	4,855
	139,814	223,686

On 31 March 2016 the below-defined financial ratios measured for the KRUK were:

-0.92 for Debt Ratio

1.46 for the ratio net financial debt to EBITDA Cash;

where:

Debt Ratio is the ratio of: Financial Debt to equity;

Net Financial Debt means the value of the Group's financial liabilities KRUK less the value of the Group's cash KRUK;

Equity means the equity of the Group Kruk;

Financial liabilities - means the sum of financial liabilities:

- bonds or other debt securities with characteristics similar to bonds; or
- loans; or
- bank loans; or
- financial leasing; or
- issuance of promissory notes to secure obligations of entities outside the Group Kruk; or
- guarantees or guarantees repayment of liabilities of entities outside the Group Kruk from bank loans or loans or financial leasing or bonds or other debt securities with characteristics similar to bonds, or
- accession to the debt of entities outside the Group Kruk from bank loans or loans or financial leasing or bonds or other debt securities with characteristics similar to bonds; or
- assumption of liabilities of entities outside the Group Kruk from bank loans or loans or financial leasing or bonds or other debt securities with characteristics similar to bonds; or
- liabilities arising from derivative transactions.

EBITDA Cash - means gross profit increased: financial costs, depreciation, cash flows arising from debt purchase, less revenue from debt purchase and less income from the revaluation of assets other than purchased debt portfolios and loans to consumers, if their total value for the last 12 months exceeds 5 million zł. Cash EBITDA is calculated for the Group Kruk for the last 12 months.

Earnings per share

'000	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Number of ordinary shares as at Jan 1	17,110	17,110
Effect of cancellation and issue of shares	353	-
Weighted average number of ordinary shares as at Mar 31	17,463	17,110
<i>PLN</i>		
Earnings per share	3,49	2,96

'000	Jan 1–Mar 31 2016	Jan 1–Mar 31 2015
Number of ordinary shares as at Jan 1	17,463	17,110
Effect of issue of unregistered shares not subscribed for	608	716
Weighted average number of ordinary shares as at Mar 31 (diluted)	18,071	17,826
<i>PLN</i>		
Earnings per share (diluted)	3.37	2.84

Number of employees

Headcount at the KRUK Group as at March 31st 2016

2,715

6. The Group's material achievements or failures in the reporting period, along with the most significant events related to such achievements or failures

In the area of marketing activities, the KRUK Group recorded the following achievements:

- The KRUK Group started Q1 2016 with an analysis of debtors' behaviour patterns in Italy and Spain to present materials used in debt collection process in the form of envelopes, letters, fliers, etc. The KRUK Group's marketing and PR activities are oriented towards clear and comprehensive communication. The feedback received during the meetings held in Italy and Spain allowed the

KRUK Group to optimise and adapt its communication and processes. Such market analysis is a natural move in building customer relations on each new market.

- In Germany, for the second time the Group became one of the sponsors of 8. Forderungs- und Risikomanagement Tage, a conference attended by financial institutions and major companies operating on the German debt management market. During the meetings held in Berlin, Frankfurt am Main and Munich, the Group presented the benefits of the strategy promoting amicable settlement solutions and the concept of change in communication with debtors.
- In Q1 2016, KRUK was awarded the title of “Marka Godna Zaufania 2016” (The Trusted Brand 2016) in the category of factoring and credit management services. The survey was conducted by Tarsago Polska Sp. z o.o., a publishing house issuing the My Company Polska monthly.

7. Factors and events, in particular of non-recurring nature, with a material bearing on the Group’s financial performance

The key factor with a bearing on the current period’s performance was investments in debt portfolios made in previous periods and in the reporting period. In the first quarter of 2016, investments totalled PLN 64,062 thousand.

The largest debt portfolio purchase in the period in terms of invested funds was made under the agreement executed between Prokura NS FIZ, a subsidiary of KRUK S.A., and Santander Consumer Bank S.A. Under the Agreement, Prokura NS FIZ purchased from the Bank a portfolio of unsecured retail debts with an aggregate nominal value of PLN 327,000 thousand for a price of PLN 51,900 thousand.

As at March 31st 2016, the amount of the Group’s investments in debt portfolios accounted for 90% of its assets. Equity accounts for 48% of the financing of the Company’s operations.

8. Seasonality and cyclicity of operations

The Group’s operations are not subject to seasonal or cyclical fluctuations.

9. Issue, redemption and repayment of non-equity and equity securities

On February 5th 2016, KRUK S.A. executed an annex to the revolving credit facility agreement with Bank BGŻ BNP Paribas S.A. of Warsaw, member of the BNP Paribas Group. As a result, the total estimated value of all agreements executed between the KRUK Group and the BNP Paribas Group between April 18th 2015 and the date of this report reached PLN 74,900 thousand, thus exceeding 10% of the KRUK Group’s revenue for the previous four financial quarters, which satisfies the materiality criterion. The highest-value agreement was the annex to the revolving credit facility agreement, executed between KRUK S.A. and BGŻ BNP Paribas S.A. on October 3rd 2014. Under the annex, the bank advanced to KRUK S.A. a credit facility in a total amount of PLN 100,000 thousand, available from the date of the annex. In the period between the availability date and the final maturity date (set for December 31st 2020), the credit limit will be reduced each quarter by PLN 6,250 thousand.

On February 25th 2016, the KRUK Management Board passed resolutions to issue up to 150,000 Series AA2 bonds. The Company resolved to issue up to 150,000 unsecured Series AA2 bearer bonds with a nominal value of PLN 1,000 per bond, maturing 72 months after the allotment date.

On March 21st 2016, KRUK S.A. repurchased some of the unsecured Series M1 and N1 bonds worth PLN 84,000 thousand.

On March 10st 2016, the KRUK Management Board passed resolutions to issue up to 650,000 Series AB1 bonds. The Company resolved to issue up to 650,000 unsecured Series AB1 bearer bonds with a nominal value of PLN 100 per bond, maturing 60 months after the allotment date.

On April 25th 2016, the KRUK Management Board passed resolutions to issue up to 100,000 Series AC1 bonds. The Company resolved to issue up to 100,000 unsecured Series AC1 bearer bonds with a nominal value of PLN 1,000 per bond, maturing 72 months after the allotment date.

10. Dividend paid (or declared)

On February 26th 2016, the Management Board of KRUK S.A. passed a resolution to recommend to the Parent's Annual General Meeting that a dividend of PLN 2 per share be distributed to KRUK S.A. shareholders from the net profit earned in the period January 1st–December 31st 2015.

The recommendation concerning the dividend payment and dividend amount was prepared taking into account the KRUK Group's current financial standing, as well as its further growth strategy, plans and prospects.

The Management Board may propose distribution of dividends in the future, but in each case the final decision in this respect will be made with due regard to the Group's strategic plans, growth prospects, investment financing requirements, as well as its current debt level and overall financial standing.

If the Annual General Meeting passes a resolution in line with the Management Board's recommendation, the balance of the Company's net profit for 2015 will be allocated to statutory reserve funds.

On 3 March 2016 the Supervisory Board adopted a resolution on the evaluation of the proposal of the Board regarding the distribution of the net profit of the Company Kruk SA for 2015 years. The Supervisory Board has made a positive assessment of the above. application, in which the Management Board proposes to the net profit for 2015 years for the payment of dividend to the shareholders of the Company in the amount of 2 zł per share, and the rest of the above. profit for reserve capital.

11. Events subsequent to the reporting date, not disclosed in these financial statements, but potentially having a material bearing on the Group's future performance

On April 15th 2016, KRUK S.A.'s subsidiary SeCapital S.à r.l. signed a statement to the effect that the condition for the transaction closing was fulfilled and the ownership of the shares was transferred, whereby the ownership title to 390,050 shares in Presco Investments S.à r.l., free and clear of any

encumbrances, restrictions or third-party rights, with a total par value of PLN 39,005 thousand, was transferred to SeCapital S.à r.l. along with the right to the debt portfolios of P.R.E.S.C.O. Investment I NS FIZ purchased on the Polish market.

The purchase price of the shares referred to above on the transaction closing date was PLN 193,700 thousand and was reduced by PLN 3,580 thousand under dividend payable to the seller from Presco Investments S.à r.l.'s profit for 2015.

The price is to be paid within 15 business days from the date on which the Buyer receives a correct and updated debt database after the transaction closing date. The price will be reduced by an advance payment of PLN 15,000 thousand paid by the buyer on January 6th 2016 and PLN 31,400 thousand deferred until 2017-2022 as security for the performance of the Agreement.

The criterion based on which the acquired assets are considered significant is that the value of the debt portfolio exceeds 10% of the Company Group's revenue for the last four financial quarters.

The acquisition of the assets is financed with the SeCapital S.à r.l.'s internally generated funds. In SeCapital's accounting books, the carrying amount of the assets is PLN 193,700 thousand.

On April 18th 2016, KRUK S.A.'s subsidiary InvestCapital Malta Ltd. of Malta won an auction to purchase a debt portfolio from BIGBANK AS Consumer Finance SE of Madrid.

The nominal value of the portfolio is EUR 3,000 thousand.

On April 27, 2016., KRUK SA and the International Finance Corporation in Washington, which belongs to the World Bank Group (IFC) have received a positive decision on the acceptance of the bid submitted in the framework of the investment project on the Romanian market, for which the information was announced in Current Report No. 52/2015 of 31 July 2015 . the offer was accepted subject to the agreement and the signing of the sales contract. The nominal value of the debt portfolio of consumer loans is approximately 597,000 thousand. Euros.

12. Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year

Security for future liabilities

Following the execution of a revolving facility agreement between Prokura NS FIZ, KRUK S.A. and mBank S.A. on July 2nd 2015 to establish security for the liabilities of Prokura NS FIZ under the agreement:

- on January 4th 2016, POKURA NS FIZ and mBank S.A. concluded four agreements on a registered pledge over a set of rights. The pledges were entered in the pledge register. The registered pledges secure claims up to a maximum amount of PLN 150,000 thousand. As at March 31st 2016, the total amount of the pledged assets in KRUK S.A.'s accounting books was PLN 35,300 thousand;
- on March 2nd 2016, POKURA NS FIZ and mBank S.A. concluded an agreement on a registered pledge over a set of rights. On March 14th 2016, the company applied to the court for the entry of the pledge in the pledge register, but as at March 31st 2016 it did not receive the court's decision. The registered pledge is to secure claims up to a maximum amount of PLN 150,000 thousand. As at March 31st 2016, the amount of the pledged assets in KRUK S.A.'s accounting books was PLN 37,400 thousand.

13. Effects of changes in the structure of the Group, including through business combinations, acquisitions or divestments of Group entities, long-term investments, divisions, restructurings or discontinuation of operations

On April 15th 2016, SeCapital S.à r.l., a subsidiary of KRUK S.A., and Presco Investments Limited of Malta signed a representation on fulfilment of a condition and the transfer of shares, as a result of which SeCapital S.à r.l. became the owner of all shares in Presco Investments S.à r.l. The business of Presco Investments S.à r.l. consists in management of securitised debt.

P.R.E.S.C.O. Investment and NS FIZ is entered in the register of investment funds maintained by the Regional Court in Warsaw, VII Civil Registry under number RFI 640. From 15.04.2016r. the only participant in the Fund holding 100% of investment certificates, ie .: 39878730 CI is a subsidiary KRUK SA Secapital S.A.R.L.

The company's business Presco Investments S.à amp; It is to manage securitized debts.

14. Management Board's position on the feasibility of meeting previously published forecasts for a given year

The Management Board of KRUK S.A. did not publish any forecasts concerning the performance of KRUK S.A. or its Group.

15. Shareholders holding, directly or indirectly, 5% or more of total voting rights at the General Meeting of the Company as at the report issue date, and changes in large holdings of Company shares since the issue of the previous interim report.

As at the date of issue of the previous periodic report, i.e. November 1st 2015

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	2,037,662	11.78	2,037,662	11.71
Aviva OFE	1,446,000	8.36	1,446,000	8.31
N-N PTE*	1,950,000	11.28	1,950,000	11.21
Generali OFE	1,100,000	6.36	1,100,000	6.32

(*) Joint shareholding of N-N OFE and N-N DFE, managed by N-N PTE S.A. (**) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on June 23rd 2015.

As at the date of issue of this interim report.

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	1,969,427	11.24	1,969,427	11.24
Aviva OFE	1,446,000	8.26	1,446,000	8.26
N-N PTE*	1,950,000	11.13	1,950,000	11.13
Generali OFE	1,100,000	6.28	1,100,000	6.28

(*) Joint shareholding of N-N OFE and N-N DFE, managed by N-N PTE S.A. (**) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on June 23rd 2015.

Information concerning changes in the structure of major holdings

In the period from the issue of the previous quarterly report, i.e. the extended consolidated report for Q3 2015, to the date of issue of this interim report, the following changes took place in the holdings of Company shares by significant shareholders of KRUK S.A.

On November 20th 2015, the Company received a notification from Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder in the Company, concerning sale transactions in KRUK S.A. shares including: a block trade executed on November 16th 2015 in which he sold 5,000 shares at the average price of PLN 190 per share; and ordinary transactions executed on the Warsaw Stock Exchange during trading sessions on November 16th 2015 in which he sold 500 shares at the average price of PLN 190 per share, on November 17th 2015 in which he sold 785 shares at the average price of PLN 190 per share, and on November 19th 2015 in which he sold 1,450 shares at the average price of PLN 188 per share.

On December 15th 2015, the Company received a notification from Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder in the Company, concerning the sale of 3,000 KRUK S.A. shares at the average price of PLN 170 per share in ordinary transaction executed during a trading session on the Warsaw Stock Exchange on December 14th 2015.

On January 5th 2016, the Company received a notification from Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder in the Company, concerning the sale of 10,000 KRUK S.A. shares at the average price of PLN 171.50 per share in a block trade executed on the Warsaw Stock Exchange on January 4th 2016.

After the end of the reporting period, on April 4th 2016 the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A., given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Krupa had sold 17,500 shares in KRUK S.A., at the average price of PLN 182.85 per share, in an ordinary transaction executed at a trading session on the Warsaw Stock Exchange on March 31st 2016, and 30,000 shares in KRUK S.A., at the average price of PLN 178 per share, in a block trade executed on the Warsaw Stock Exchange on April 1st 2016.

On February 25th 2016, the Central Securities Depository of Poland registered 117,398 Series E shares of the Company, issued as part of a conditional share capital increase. On that date, the shares were registered in the investors' securities accounts and consequently (in accordance with Art. 452.1 in conjunction with Art. 451.3 of the Commercial Companies Code) an increase in KRUK S.A.'s share capital within the limits of the conditional share capital pursuant to Resolution No. 1/2011 of the Extraordinary General Meeting of March 30th 2011, was effected. For more information, see Current Report No. 12/2016 of February 23rd 2016. Following the registration of the shares in the investors' securities accounts, KRUK S.A.'s share capital totals PLN 17,515,746 and is divided into 17,515,746 shares.

In the period from April 1st 2016 to the date of issue of these financial statements, the amount and structure of the Company's share capital changed.

16. Members of the management or supervisory personnel holding Company shares or rights to Company shares as at the date of issue of this interim report, and changes in their holdings after the issue of the previous interim report

Name and surname	Position	Number of shares held
Piotr Krupa	CEO and President of the Management Board	1,969,427
Urszula Okarma	Member of the Management Board	107,001
Agnieszka Kułton	Member of the Management Board	52,020
Iwona Słomska	Member of the Management Board	32,120
Michał Zasępa	Member of the Management Board	11,497
Tomasz Bieske	Member of the Supervisory Board	642

Apart from the change in the number of shares held by Piotr Krupa, President of the Management Board (see section 'Information concerning changes in the structure of major holdings'), in the period from the issue of the previous quarterly report (the consolidated report for Q3 2015, issued on November 1st 2015) to the date of issue of this interim report, there were also changes in the number of Company shares held by Iwona Słomska, Urszula Okarma, Agnieszka Kułton, Michał Zasępa, and Tomasz Bieske (a Supervisory Board Member).

On November 24th 2015, the Company received a notification from Mr Michał Zasępa (a Management Board Member), given under Art. 160.1 of the Act on Trading in Financial Instruments, of his sale of 408 KRUK S.A. shares at the average price of PLN 189,75 per share in ordinary transactions executed during the trading session on the Warsaw Stock Exchange on November 18th 2015.

On December 1st 2015, the Company received a notification from Mr Michał Zasępa (a Management Board Member), given under Art. 160.1 of the Act on Trading in Financial Instruments, of his sale of 5,000 KRUK S.A. shares at the average price of PLN 189,74 per share in ordinary transactions executed during the trading session on the Warsaw Stock Exchange on November 26th 2015.

On January 8th 2016, the Company received a notification from Mr Tomasz Bieske (a member of the Company's Supervisory Board), given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Bieske had sold 5,038 shares in KRUK S.A., at the average price of PLN 162.75 per share, in ordinary transactions executed at trading sessions on the Warsaw Stock Exchange on January 8th 2016.

On February 25th 2016, the Company received a notification from Ms Urszula Okarma (a Management Board Member) of her acquisition of 16,130 Series E shares in the Company. According to the notification, the shares were acquired on February 25th 2016, when 16,130 Series E shares were registered in the securities account of the notifying party as a result of the exercise of the rights attached to 16,130 Series D subscription warrants issued as part of an incentive scheme, authorising the notifying party to subscribe for the shares at the issue price of PLN 39.70 per share.

On March 30th 2016, the Company received notifications from three members of KRUK S.A.'s Management Board, given under Art. 160.1 on the Act on Trading in Financial Instruments, to the effect that Ms Iwona Słomska had sold 8,880 shares in KRUK S.A. at the average price of PLN 183 per share on March 29th 2016; Mr Michał Zasępa had sold 6,120 shares in KRUK S.A. at the average price of PLN 183.02 per share on March 29th 2016; and Ms Agnieszka Kułton had sold 5,721 shares in KRUK S.A. at the average price of PLN 184.01 per share on March 23rd 2016 and 5,000 shares at the average price of PLN 183 on March 29th 2016, in ordinary transactions executed at trading sessions on the Warsaw Stock Exchange.

Also, after the reporting date on April 13th 2016 the Company received a notification from Mr Michał Zasępa, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Zasępa had sold 3,689 shares in KRUK S.A., at the average price of PLN 182.01 per share, and 5,000 shares in KRUK S.A., at the average price of PLN 181.11 per share, in ordinary transactions executed at trading sessions on the Warsaw Stock Exchange on April 11th 2016 and April 12th 2016, respectively.

To the best of the Company's knowledge, apart from Mr Tomasz Bieske, other Supervisory Board members did not hold any Company shares or rights to Company shares in the period from the issue of the previous interim report, i.e. the consolidated report for Q3 2015 issued on November 1st 2015, to the date of issue of this Q1 2016 report, i.e. May 9th 2016.

Incentive Scheme at KRUK S.A.

Incentive scheme for 2011-2014

The KRUK Group operates an incentive scheme for key management personnel of the Parent and Group companies (Incentive Scheme, Scheme).

The rules of the Incentive Scheme for 2011–2014 were passed by Resolution No. 1/2011 of KRUK's Extraordinary General Meeting of March 30th 2011, and amended by a resolution of the Extraordinary General Meeting of August 29th 2011. Under the Scheme, eligible persons will have the right to acquire Company shares on preferential terms, set forth in the Resolution and in the Rules of the Incentive Scheme. The eligible persons are members of the Management Board (excluding the President), Company employees and employees of the Group companies, on condition they were in an employment relationship with the Parent or its subsidiary or in other legal relationship under which they provided services to the Parent or its subsidiary for a period of at least twelve months in the calendar year preceding the year in which the offer to acquire/subscribe for subscription warrants is made.

In connection with the Incentive Scheme, the Extraordinary General Meeting approved a conditional share capital increase of up to PLN 845,016 through an issue of up to 845,016 Series E ordinary bearer shares. The purpose of the conditional share capital increase is to grant the right to subscribe for Series E shares to holders of subscription warrants that will be issued under the Incentive Scheme. Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series E Shares at an issue price equal to the issue price of Company shares in the initial public offering, i.e. PLN 39.70 per share, not earlier than six months after the subscription for the warrants and not later than on June 30th 2016.

Subscription warrants will be issued in four tranches, one for each year of the reference period, i.e. for the financial years 2011–2014.

Subscription warrants for a given financial year will be granted by the KRUK Supervisory Board on condition that two financial ratios reflecting the Group's consolidated results – EPS and EBITDA or ROE – reach predefined levels, according to the following criteria:

- Increase of EPS in the financial year preceding the year in which subscription warrants of a given Tranche are offered is no less than 17.5%;
- In the financial year preceding the year in which the subscription warrants are to be offered in a given tranche, EBITDA increases by at least 17.5%;
- ROE in the financial year preceding the year in which subscription warrants of a given Tranche are offered is no less than 20%.

Tranche 1

Under Tranche 1, eligible persons, including Management Board Members, were offered subscription warrants pursuant to the Supervisory Board's resolution of July 20th 2012 on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2011, and determining the list of eligible persons under Tranche 1 for 2011 and the list of persons eligible under Tranche 1 for 2011 from the Reserve Pool.

On this basis, in 2012 eligible persons, including Management Board Members, subscribed for 189,790 warrants, of which 165,233 warrants were converted into Series E Company shares in 2013–2015.

As at March 31st 2016 and as at the issue date of this report, persons eligible under Tranche 1 held a total of 21,291 subscription warrants. 168,499 warrants were converted into Series E Company shares.

Tranche 2

On August 5th 2013, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2012, and determining the list of eligible persons under Tranche 2 for 2012. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 2 for 2012 had been fulfilled, and determined the list of eligible persons in Tranche 2 for 2012 and the list of persons eligible in Tranche 2 for 2012 from the Reserve Pool.

Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2012 Management Stock Option Plan to the persons named in the lists, including members of the Management Board. 201,758 subscription warrants were delivered to the eligible persons on October 1st 2013, of which 172,987 warrants were converted into Series E Company shares in 2013–2015.

As at March 31st 2016 and as at the issue date of this report, persons eligible under Tranche 2 held a total of 24,634 subscription warrants. 177,124 warrants were converted into Series E Company shares.

Tranche 3

On June 12th 2014, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2013, and determining the list of eligible persons under Tranche 3 for 2013. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 3 for 2013 had been fulfilled, and determined the list of eligible persons in Tranche 3 for 2013 and the list of persons eligible in Tranche 3 for 2013 from the Reserve Pool.

Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2013 Management Stock Option Plan to the persons named in the lists, including Management Board Members. 190,651 subscription warrants were delivered to the eligible persons on June 26th 2014, of which 159,788 warrants were converted into Series E Company shares in 2015.

As at March 31st 2016 and as at the issue date of this report, persons eligible under Tranche 3 held a total of 20,687 subscription warrants. 169,964 warrants were converted into Series E Company shares.

Tranche 4

On July 3rd 2015, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2014, and determining the list of eligible persons under Tranche 4 for 2014. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 4 for 2014 had been fulfilled, and determined the list of eligible persons in Tranche 4 for the year.

Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2014 Management Stock Option Plan to the persons named in the lists, including Management Board Members. 262,817 subscription warrants were delivered to the eligible persons on July 7th 2015.

As at March 31st 2016 and as at the issue date of this report, persons eligible under Tranche 4 held a total of 162,998 subscription warrants. 99,819 warrants were converted into Series E Company shares.

Number of subscription warrants held by Management Board Members as at March 31st 2016

Name and surname	Position	Number of warrants held under Tranches 1, 2 and 3 for 2011, 2012, 2013 and 2014
Urszula Okarma	Member of the Management Board	0
Agnieszka Kułton	Member of the Management Board	16,130
Iwona Słomska	Member of the Management Board	14,880
Michał Zasępa	Member of the Management Board	32,637

Incentive scheme for 2015-2019

On May 28th 2014, the Annual General Meeting of KRUK passed Resolution No. 26/2014 on setting the rules of an incentive scheme for the years 2015-2019, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights disappplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association. The incentive scheme for 2015-2019 (the "2015-2019 Scheme") is addressed to the key management personnel of the Parent and Group companies.

Under the 2015-2019 Scheme, eligible persons will have the right to acquire Series F Company shares on preferential terms set forth in the Resolution. The eligible persons comprise members of the Management Board, including the President, as well as Company employees and employees of the Group companies, on condition they were in an employment relationship with the Parent or its subsidiary or in other legal relationship under which they provided services to the Parent or its subsidiary for a period of at least twelve months in the calendar year preceding the year in which the offer to subscribe for subscription warrants is made.

For the purposes of the 2015-2019 Scheme, the General Meeting approved a conditional share capital increase of up to PLN 847,950, through an issue of up to 847,950 Series F ordinary bearer shares. The objective of the conditional share capital increase is to grant the right to subscribe for Series F shares to holders of subscription warrants that will be issued under the 2015-2019 Scheme. Holders of the subscription warrants will be entitled to exercise the rights to subscribe for Series F Shares attached to subscription warrants at an issue price equivalent to the average closing price of Company shares on all trading days in the period February 27th 2014 to May 27th 2014. Holders of subscription warrants who are not Management Board members will be entitled to exercise the rights to subscribe for Series F Shares attached to the subscription warrants not earlier than six months after the date of subscription for the subscription warrants, whereas Management Board members will be able to exercise these rights twelve months after the date of subscription (lock-up for subscription of Series F shares by holders of subscription warrants). The right to subscribe for Series F shares may be exercised by holders of subscription warrants no later than on December 31st 2021.

Subscription warrants will be issued in five tranches, one for each year of the reference period, i.e. for the financial years 2015–2019.

Subscription warrants for a given financial year will be granted to eligible persons on condition that the annual EPS, calculated based on the Group's consolidated financial statements, increases by no less than 13.00%.

Under the Scheme, the Company may finance purchase of Series F shares by eligible persons on the terms defined in the resolution.

Subscription warrants may be inherited, but may not be encumbered and are not transferable.

In its Resolution of September 8th 2014, the Supervisory Board determined and approved Rules for the Management Stock Option Scheme for 2015-2019.

On September 2nd 2014, the Management Board of KRUK S.A. determined the list of persons who are Members of the Company's Management Board and are eligible to participate in the 2015-2019 Stock Option Scheme (the "Base List of Management Board Members") and the list of persons who are not Members of the Company's Management Board but are eligible to participate in the 2015-2019 Stock Option Scheme (the "Base List of Non-Management Board Members").

The list of eligible persons who are not Members of the Company's Management Board was subsequently amended and extended under the Management Board's Resolution No. 79/2015 of September 3rd 2015 and Resolution No. 113/2015 of October 29th 2015.

The Company's Management Board Members hold no rights to KRUK shares other than those attached to the subscription warrants.

17. Litigation, arbitration or administrative proceedings.

Proceedings with the largest value of claims, not exceeding 10% of KRUK S.A.'s equity

Litigation involving potential liabilities – five largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Plaintiff</i>	<i>Defendant</i>	<i>Kruk S.A.'s position</i>
Action for voiding an assignment agreement	PLN 27,490,030.68	Aug 4 2014	Barbu Cristian	SeCapital S.à r.l. Luxembourg	we expect the action to be dismissed
Action for voiding an assignment agreement due to the use of a prohibited clause	PLN 23,208,400.70	Feb 8 2016	Farcas Ioan	SeCapital S.à r.l. Luxembourg	we expect the action to be dismissed
Action for voiding an assignment agreement	PLN 23,071,828.45	Jul 8 2014	Susman Daniela	SeCapital S.à r.l. Luxembourg	action dismissed by the court of first instance; the ruling is not final

Action for voiding an assignment agreement due to the use of a prohibited clause	PLN 11,208,519.64	Mar 19 2015	Isac Daniel Alexandru	SeCapital S.à r.l. Luxembourg, Kruk S.A.	action dismissed by the court of first instance; the ruling is not final
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Action for voiding an assignment agreement	PLN 11,208,519.64	Mar 27 2015	Petraru Nicuta	SeCapital S.à r.l. Luxembourg	action dismissed by the court of first instance; the ruling is not final
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Litigation involving potential receivables – five largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Plaintiff</i>	<i>Defendant</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings	PLN 31,525,232.79	February 26 2015	Prokura NS FIZ	ZAKŁADY PRZETWÓRSTWA TWORZYW "EKO-PET" sp. z o.o. W UPADŁOŚCI LIKWIDACYJNEJ	In liquidation bankruptcy trustee acknowledged the debt, the list of claims was approved; trustee attempts sale of the bankrupt enterprise as a whole. On 31.03.2016, the reduced price of calls to the company's sales by 10% (ie. To 5 045 000,00 zł)
Bankruptcy proceedings	PLN 30,828,937.83	Mar 17 2011	Prokura NS FIZ	LIBERTÓW SP. Z O.O w UPADŁOŚCI (IN BANKRUPTCY)	security is created on an unfinished residential project in Libertów near Kraków; bankruptcy proceedings at final stage; bid for the purchase of the property was selected in March
Bankruptcy proceedings	PLN 16,298,062.55	May 22 2012	Prokura NS FIZ	Steinhauser Sp. z o.o. w upadłości (in bankruptcy)	the final demerger plan was prepared, under which Prokura would receive PLN 83,339.03
Bankruptcy proceedings	PLN 10,816,585.56	Dec 4 2013	SeCapital S.à r.l. Luxembourg	NGA SOFT PRODUCTION SRL	the creditor expects its claim to be satisfied

Bankruptcy proceedings	PLN 8,166,955.44	Sep 19 2011	KRUK S.A.	INTFOR S.A. BANCPOST S.A.	proceedings pending
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The cases presented above are cases with the largest value of claims from among all court proceedings in which the Group is involved on a mass scale as part of its debt collection business.

Given the nature of the Group's business, placing assets under court proceedings is a typical step in the debt recovery process, provided for in the Group's operating procedures, and the related risk is taken into account in the fair value measurement of the debts.

(*) The value of the claim is based on the nominal value of debts, purchased by the Group for a considerably lower value.

Total number of court cases as at March 31st 2016

	<i>Total number of cases</i>	<i>Total amount (PLN)</i>
Total number of court proceedings (including bankruptcy proceedings) instigated by the Group companies and total value of the Group's claims	326,825	7,262,030,213.51
Total number of enforcement proceedings instigated by the Group and total value of claims	628,181	8,977,278,446.00
Total number of court proceedings instigated against the Group and total value of claims	2,342	258,885,381.00

18. Related-party transactions concluded by the Parent

Transactions with subsidiaries as at and for the period ended March 31st 2016

Balance of liabilities, receivables and loans as at the reporting date

<i>PLN '000</i>	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
SeCapital S.à r.l.	198	933	-	636
ERIF Business Solutions Sp. z o.o.	-	22	-	23
Novum Finance Sp. z o.o. (in liquidation)	434	44	-	-
SeCapital Polska Sp. z o.o.	-	1	50	1
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1,251	2,997	1 000	17
KRUK Romania S.r.l	624	1,303	-	178
Rejestr Dłużników ERIF BIG S.A.	35	219	-	-
NS FIZ Prokura	2,618	5,715	-	-
KRUK Česká a Slovenská republika s.r.o.	69	363	3,440	-
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	2,786	-	-
InvestCapital Malta Ltd.	-	81	200	877
KRUK Deutschland GmbH	-	278	-	-
KRUK Deutschland (Branch)	-	23	-	-
RoCapital IFN S.A.	-	60	8,900	60
KRUK Italia S.r.l	-	2	-	-
KRUK Espana S.L.	-	1	-	-
	5,229	14,828	13,590	1,792

Revenue from mutual transactions

<i>PLN '000</i>	Revenue from sale of materials and services	Revenue from sale of debt collection services	Interest and dividends
SeCapital S.à r.l.	-	356	-
ERIF Business Solutions Sp. z o.o.	18	-	17
Novum Finance Sp. z o.o. (w liquidation)	11	1	-
SeCapital Polska Sp. z o.o.	4	-	1
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	279	-	(802)
KRUK Romania S.r.l	234	-	178
Rejestr Dłużników ERIF BIG S.A.	89	-	-
NS FIZ Prokura	17	-	-
KRUK Česká a Slovenská republika s.r.o.	96	-	150
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	16	7,454	-
InvestCapital Malta Ltd.	48	-	-
KRUK Deutschland GmbH	4	-	-
KRUK Deutschland (Branch)	3	-	-
RoCapital IFN S.A.	(63)	-	49
Prospero Capital Sp. z o.o.	4	-	-
	760	7,811	(407)

Costs of mutual transactions

<i>PLN '000</i>	Purchase of services
ERIF Business Solutions Sp. z o.o.	225
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	613
KRUK Romania S.r.l	1,887
Rejestr Dłużników ERIF BIG S.A.	83
KRUK Česká a Slovenská republika s.r.o.	101
	2,909

19. Sureties for repayment of loans and guarantees issued by KRUK S.A. or its subsidiary

In the reporting period, neither KRUK S.A. nor any of the Group companies issued any sureties or guarantees for repayment of loans to other business entities.

20. Other information relevant to the assessment of the staffing levels, assets, financial standing and financial performance, or changes in any of the foregoing, and information relevant to the assessment of the Company's ability to meet its obligations

In the Company's opinion, there is no information – other than the information disclosed above – relevant for the assessment of the staffing levels, assets, financial standing and financial performance of KRUK S.A. or the KRUK Group, or for the assessment of the Company's or the Group's ability to meet their liabilities.

21. Factors with a potential bearing on the Group's results in the next quarter or in a longer term

KRUK S.A. did not identify any factors with a potential bearing on its performance in the next quarter or in a longer term.

Piotr Krupa

*CEO and President of the
Management Board*

Agnieszka Kułton

*Member of the Management
Board*

Urszula Okarma

*Member of the Management
Board*

Iwona Słomska

Member of the Management Board

Michał Zasępa

Member of the Management Board

Katarzyna Racziewicz

*Person responsible for maintaining
the accounting records*

Wrocław, May 8th 2016