



INTERIM CONDENSED EXTENDED CONSOLIDATED FINANCIAL REPORT

for the period January 1st– March 31st 2017

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I. Interim condensed consolidated financial statements

1. Key consolidated financial results

Financial highlights	PLN '000		EUR '000	
	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
For the period				
Revenue	264,128	160,675	61,582	36,887
EBIT	131,124	70,245	30,572	16,126
Profit before tax	116,926	60,089	27,261	13,795
Net profit attributable to owners of the Parent	115,462	60,910	26,919	13,983
Net cash from operating activities	(45,232)	24,171	(10,546)	5,549
Purchase of debt portfolios at prices as per agreement	(213,524)	(64,062)	(49,783)	(14,707)
Cash recoveries	309,333	216,895	72,121	49,793
Net cash from investing activities	(2,247)	(3,335)	(524)	(766)
Net cash from financing activities	(71,631)	(92,535)	(16,701)	(21,243)
Change in net cash	(119,110)	(71,699)	(27,771)	(16,460)
Diluted earnings per share	6.03	3.37	1.41	0.77
Average number of shares ('000)	18,744	17,463	18,744	17,463
Earnings per share	6,16	3,49	1,44	0,80
As at	Mar 31 2017	Dec 31 2016	Mar 31 2017	Dec 31 2016
Total assets	3,069,691	3,095,696	727,449	699,750
Non-current liabilities	1,415,372	1,381,142	335,412	312,193
Current liabilities	337,595	476,690	80,003	107,751
Equity	1,316,722	1,237,504	312,034	279,725
Share capital	18,744	18,744	4,442	4,237
Book value per ordinary share	70.25	66.02	16.65	14.92

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 4.2891

for the comparative period 4.3559

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 4.2198

for the comparative period 4.4240

2. Interim condensed consolidated statement of financial position

As at March 31st 2017

PLN '000

	Mar 31 2017 Transformed Data	Mar 31 2017 Published Data	Dec 31 2016	Mar 31 2016
Assets				
Cash and cash equivalents	148,274	148,2	267,384	69,043
Trade receivables	13,097	13,097	13,452	23,676
Investments	2,764,785	2,764,264	2,676,202	1,622,484
Other receivables	36,231	36,231	28,145	16,808
Inventories	323	323	485	608
Property, plant and equipment	25,742	25,744	27,473	19,058
Other intangible assets	14,856	14,856	14,293	12,858
Goodwill	62,604	62,604	62,604	1,024
Deferred tax asset	-	-	-	3,774
Other assets	4,778	4,778	5,658	3,854
Total assets	3,069,691	3,070,097	3,095,696	1,773,187
Equity and liabilities				
Liabilities				
Hedge derivatives	-5,586	-5,586	-	117
Trade and other payables	136,705	136,322	169,248	41,176
Employee benefit obligations	37,386	37,386	34,396	26,037
Income tax payable	-	-	4,079	-
Liabilities under borrowings and other debt instruments	1,581,367	1,581,367	1,646,411	851,886
Deferred tax liability	3,095	3,095	4,057	-
Provisions	-	-	-	264
Total liabilities	1,752,967	1,752,584	1,858,191	919,48
Equity				
Share capital	18,744	18,744	18,744	17,515
Share premium	288,326	288,326	288,326	68,925
Cash flow hedging reserve	5,586	5,586	-	-
Translation reserve	-44,455	-8,320	-592	-5,725
Other capital reserves	78,66	78,660	76,658	70,883
Retained earnings	969,816	934,470	854,354	702,092
Equity attributable to owners of the Parent	1,316,677	1,317,466	1,237,490	853,69
Non-controlling interests	45	45	14	17

Total equity	1,316,722	1,317,511	1,237,504	853,707
Total equity and liabilities	3,069,691	3,070,097	3,095,696	1,773,187

3. Interim condensed consolidated statement of profit or loss

For the reporting period from January 1st to March 31st 2017

PLN '000

	Jan 1 2017 – Mar 31 2017 Transformed data	Jan 1 2017 – Mar 31 2017 Published data	Jan 1 2016 – Mar 31 2016
Revenue	264,128	254,065	160,675
Other income	1,485	1,485	654
Merchandise and materials sold	-	-	-
Employee benefits expense	-54,87	-54,87	-42,083
Depreciation and amortisation expense	-3,991	-3,991	-3,243
Contracted services	-26,152	-26,152	-15,486
Other expenses	-49,313	-49,275	-30,272
	-134,326	-134,288	-91,084
EBIT	131,124	121,262	70,245
Finance income	5,348	215	2,09
Finance costs	-19,546	-39,897	-12,246
Net finance costs	-14,198	-39,682	-10,156
Profit before tax	116,926	81,580	60,089
Income tax	-1,433	-1,433	-804
Net profit for period	115,493	80,147	60,893
Net profit attributable to:			
Owners of the Parent	115,462	80,116	60,91
Non-controlling interests	31	31	-17
Net profit for period	115,493	80,147	60,893
Earnings (loss) per share			
Basic (PLN)	6.03	4.28	3.49
Diluted (PLN)	6.16	4.19	3.37

4. Interim condensed consolidated statement of comprehensive income

For the reporting period from January 1st to March 31st 2017

PLN '000

	Jan 1 2017 – Mar 31 2017 Transformed data	Jan 1 2017 – Mar 31 2017 Published data	Jan 1 2016 – Mar 31 2016
Net profit for period	115,493	80,147	60,893
Other comprehensive income			
Exchange differences on translating foreign operations	-43,863	-7,728	1,949
Cash flow hedges	-	-	-
Other comprehensive income, net, for period	-43,863	-7,728	1,949
Total comprehensive income for period	-43,863	-7,728	1,949
Total comprehensive income attributable to:			
Owners of the Parent	71,630	72,419	62,842
Non-controlling interests	31	31	-17
Total comprehensive income for period	71,661	72,450	62,825

5. Interim condensed consolidated statement of changes in equity

Transformed data

For the reporting period from January 1st to March 31st 2017

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at Jan 1 2016	17,398	64,382	-	(7,674)	68,956	641,182	784,244	34	784,278
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	-	-	-	-	-	-	-	-	-
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
- Share capital increase at subsidiary	-	-	-	-	-	-	-	-	-
- Payment of dividends	-	-	-	-	-	-	-	-	0
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
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	-	-	-	-	-	248,663	248,663	14	248,677
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	7,082	-	-	7,082	-	7,082
Total other comprehensive income	-	-	-	7,082	-	-	7,082	-	7,082
Total comprehensive income for period	-	-	-	7,082	-	248,663	255,745	14	255,759
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	7,702	-	7,702	-	7,702
- Issue of shares	1,346	223,944	-	-	-	-	225,290	-	225,290
- Payment of dividends	-	-	-	-	-	(35,491)	(35,491)	(34)	(35,525)
Total contributions from and distributions to owners	1,346	223,944	-	-	7,702	(35,491)	197,501	(34)	197,467
Total equity as at Dec 31 2016	18,744	288,326	-	(592)	76,658	854,354	1,237,490	14	1,237,504
Equity as at Jan 1 2017	18,744	288,326	-	(592)	76,658	854,354	1,237,490	14	1,237,504
Comprehensive income for period									
Net profit for period	-	-	-	-	-	115,462	115,462	31	115,493
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	(43,863)	-	-	(43,863)	-	(43,863)
- Valuation of hedging instruments	-	-	5,586	-	-	-	5,586	-	5,586
Total other comprehensive income	-	-	5,586	-	-	-	-	-	(38,277)
Total comprehensive income for period	-	-	-	(43,863)	-	115,462	77,185	31	77,216
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	2,002	-	2,002	-	2,002
- Issue of shares	-	-	-	-	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	-	2,002	-	2,002	-	2,002

Total equity as at Mar 31 2017	18,744	288,326	5,586	(44,455)	78,660	969,816	1,316,677	45	1,316,722
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Published data

For the reporting period from January 1st to March 31st 2017

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at Jan 1 2016	17,398	64,382	-	(7,674)	68,956	641,182	784,244	34	784,278
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	-	-	-	-	-	-	-	-	-
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
- Share capital increase at subsidiary	-	-	-	-	-	-	-	-	-
- Payment of dividends	-	-	-	-	-	-	-	-	0
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
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	-	-	-	-	-	248,663	248,663	14	248,677
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	7,082	-	-	7,082	-	7,082
Total other comprehensive income	-	-	-	7,082	-	-	7,082	-	7,082
Total comprehensive income for period	-	-	-	7,082	-	248,663	255,745	14	255,759
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	7,702	-	7,702	-	7,702
- Issue of shares	1,346	223,944	-	-	-	-	225,290	-	225,290
- Payment of dividends	-	-	-	-	-	(35,491)	(35,491)	(34)	(35,525)
Total contributions from and distributions to owners	1,346	223,944	-	-	7,702	(35,491)	197,501	(34)	197,467
Total equity as at Dec 31 2016	18,744	288,326	-	(592)	76,658	854,354	1,237,490	14	1,237,504
Equity as at Jan 1 2017	18,744	288,326	-	(592)	76,658	854,354	1,237,490	14	1,237,504
Comprehensive income for period									
Net profit for period	-	-	-	-	-	80,116	80,116	31	80,147
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	(7,728)	-	-	(7,728)	-	(7,728)
- Valuation of hedging instruments	-	-	5,586	-	-	-	5,586	-	5,586

Total other comprehensive income	-	-	5,586	-	-	-	-	-	(2,142)
Total comprehensive income for period	-	-	-	(7,728)	-	80,116	77,974	31	78,005
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	2,002	-	2,002	-	2,002
- Issue of shares	-	-	-	-	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	-	2,002	-	2,002	-	2,002
Total equity as at Mar 31 2017	18,744	288,326	5,586	(8,320)	78,660	934,470	1,317,466	45	1,317,511

6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to March 31st 2017

PLN '000

	Jan 1 2017 – Mar 31 2017 Transformed data	Jan 1 2017 – Mar 31 2017 Published data	Jan 1 2016 – Mar 31 2016
Cash flows from operating activities			
Net profit for period	115,493	80,417	60,893
<i>Adjustments</i>			
Depreciation of property, plant and equipment	2,957	2,957	2,198
Amortisation of intangible assets	1,034	1,034	1,045
Change in debt portfolios purchased	-129,780	-94,127	-2,360
Change in other investments	-1,663	-1,663	455
Net finance costs	6,353	6,353	15,520
(Gain)/loss on sale of property, plant and equipment	-343	-343	-34
Equity-settled share-based payment transactions	2,002	2,002	1,927
Income tax	1,433	1,433	-804
Change in inventories	162	162	-21
Change in receivables	-7,731	-7,731	-5,374
Change in prepayments and accrued income	880	880	-387
Change in current liabilities excluding financial liabilities	-30,531	-30,914	-45,580
Income tax paid	-5,496	-5,496	-3,307
Net cash from operating activities	-45,232	-45,306	24,171
Cash flows from investing activities			
Interest received	234	234	27
Sale of intangible assets and property, plant and equipment	-	-	35
Purchase of intangible assets and property, plant and equipment	-2,481	-2,481	-3,397
Net cash from investing activities	-2 247	-2 247	-3,335
Cash flows from financing activities			
Proceeds from issue of shares	-	-	4,660
Proceeds from bond issue	-	-	169,220
Increase in borrowings	265,345	265,345	236,83
Repayment of borrowings	-257,988	-257,988	-404,874
Payments under finance lease agreements	-1,559	-1,559	-1,137

	Redemption of debt securities	-60,000	-60,000	-84,000
	Interest paid	-17,429	-17,429	-13,234
Net cash from financing activities		-71,631	-71,631	-92,535
Total net cash flows		-119,110	-119,184	-71,699
Cash and cash equivalents at beginning of period		267,384	267,384	140,742
Cash and cash equivalents at end of period		148,274	148,200	69,043

II. Interim condensed separate financial statements

1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
Revenue	27,906	27,772	6,506	6,376
EBIT	(18,210)	(10,342)	(4,246)	(2,374)
Profit before tax	(14,318)	(23,721)	(3,338)	(5,446)
Net profit	(13,356)	(22,788)	(3,114)	(5,231)
Net cash from operating activities	(395)	(9,830)	(92)	(2,257)
Net cash from investing activities	(81,412)	71,386	(18,981)	16,388
Net cash from financing activities	(65,686)	(50,554)	(15,315)	(11,606)
Change in net cash	(147,492)	11,002	(34,388)	2,526
Diluted earnings per share	(0.70)	(1.26)	(0.16)	(0.29)
Average number of shares ('000)	18,744	17,463	18,744	17,463
Earnings per share	(0.71)	(1.30)	(0.17)	(0.30)
As at	Mar 31 2017	Dec 31 2016	Mar 31 2017	Dec 31 2016
Total assets	2,278,586	2,362,301	539,975	533,974
Non-current liabilities	1,369,234	1,332,117	324,478	301,112
Current liabilities	214,870	328,934	50,919	74,352
Equity	695,483	701,251	164,814	158,511
Share capital	18,744	18,744	4,442	4,237
Book value per ordinary share	37.10	37.41	8.65	8.59

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 4.2891

for the comparative period 4.3559

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 4.2198

for the comparative period 4.4240

2. Interim condensed separate statement of financial position

As at March 31st 2017

PLN '000

	Mar 31 2017	Dec 31 2016	Mar 31 2016
Assets			
Cash and cash equivalents	15,444	162,936	16,208
Trade receivables from related entities	21,935	38,883	14,869
Trade receivables from other entities	2,757	3,301	3,020
Investments	138,661	162,976	81,211
Other receivables	15,285	15,292	5,318
Inventories	97	188	211
Property, plant and equipment	19,639	21,019	13,263
Intangible assets	13,749	13,261	11,641
Deferred tax asset	-	-	3,798
Investments in subsidiaries	2,047,561	1,940,043	1,221,981
Other assets	3,458	4,402	2,511
Total assets	2,278,586	2,362,301	1,374,032
Equity and liabilities			
Liabilities			
Hedge derivatives	(5,586)	-	117
Trade and other payables	29,947	39,152	22,686
Employee benefit obligations	20,254	19,742	19,126
Income tax payable	-	3,514	-
Liabilities under borrowings and other debt instruments	1,536,434	1,594,626	848,768
Deferred tax liability	3,055	4,018	-
Total liabilities	1,584,104	1,661,052	890,697
Equity			
Share capital	18,744	18,744	17,515
Share premium	288,326	288,326	68,925
Cash flow hedging reserve	5,586	-	-
Other capital reserves	78,661	76,659	70,884
Retained earnings	304,165	317,522	326,012
Total equity	695,482	701,251	483,336
Total equity and liabilities	2,278,586	2,362,301	1,374,032

3. Interim condensed separate statement of profit or loss

For the reporting period ended March 31st 2017

PLN '000

	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
Revenue	27,906	27,772
Other income	639	264
Merchandise and materials sold	-	-
Employee benefits expense	(28,185)	(22,586)
Depreciation and amortisation expense	(2,743)	(2,202)
Contracted services	(8,524)	(7,690)
Other expenses	(7,303)	(5,900)
	<u>(46,755)</u>	<u>(38,378)</u>
Operating loss	(18,210)	(10,342)
Finance income	22,732	421
Finance costs	(18,840)	(13,800)
Net finance income	3,892	(13,379)
Profit before tax	(14,318)	(23,721)
Income tax	962	933
Net profit for period	(13,356)	(22,788)
Earnings per share		
Basic (PLN)	(0.71)	(1.30)
Diluted (PLN)	(0.70)	(1.26)

4. Interim condensed separate statement of changes in equity

For the reporting period ended March 31st 2017

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2016	17,398	64,382	-	68,957	348,800	499,537
Comprehensive income for period						
Net profit for period					(22,788)	(22,788)
Total comprehensive income for period	-	-	-	-	(22,788)	(22,788)
Contributions from and distributions to owners						
- Payment of dividends	-	-	-	-	-	-
- Share-based payment	-	-	-	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 2016	17,515	68,925	-	70,884	326,012	483,336
Equity as at Jan 1 2016	17,398	64,382	-	68,957	348,800	499,537
Comprehensive income for period						
Net profit for period					4,212	4,212
Total comprehensive income for period	-	-	-	-	4,212	4,212
Contributions from and distributions to owners						
- Payment of dividends	-	-	-	-	(35,491)	(35,491)
- Share-based payments	-	-	-	7,702	-	7,702
- Issue of shares	1,346	223,944	-	-	-	225,290
Total contributions from and distributions to owners	1,346	223,944	-	7,702	(35,491)	197,501
Total equity as at Dec 31 2016	18,744	288,326	-	76,659	317,521	701,251
Equity as at Jan 1 2017	18,744	288,326	-	76,659	317,521	701,251
Comprehensive income for period						
Net profit for period	-	-	-	-	(13,356)	(13,356)
Other comprehensive income	-	-	-	-	-	-
- Valuation of hedging instruments	-	-	5,586	-	-	5,586
Total other comprehensive income	-	-	5,586	-	-	5,586
Total comprehensive income for period	-	-	5,586	-	(13,356)	(7,770)
Contributions from and distributions to owners						
- Share-based payments	-	-	-	2,002	-	2,002
- Issue of shares	-	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	2,002	-	2,002
Total equity as at Mar 31 2017	18,744	288,326	5,586	78,661	304,165	695,483

5. Interim condensed separate statement of cash flows

For the reporting period ended March 31st 2017

PLN '000

<i>Note</i>	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
Cash flows from operating activities		
Net profit for period	(13,356)	(22,788)
<i>Adjustments</i>		
Depreciation of property, plant and equipment	1,688	1,304
Amortisation of intangible assets	1,034	898
Change in debt portfolios purchased	3,931	2,530
Change in other investments	-	456
Net finance income	(3,947)	12,336
(Gain)/loss on sale of property, plant and equipment	(292)	(38)
Equity-settled share-based payment transactions	2,002	1,927
Income tax	(962)	(933)
Change in inventories	90	20
Change in receivables	18,482	5,200
Change in prepayments and accrued income	944	(393)
Change in current liabilities, excluding financial liabilities	(7,006)	(3,934)
Change in employee benefit obligations	512	(3,237)
Income tax paid	(3,514)	(3,178)
Net cash from operating activities	(395)	(9,830)
Cash flows from investing activities		
Interest received	113	11
Loans advanced	(14,383)	(39,867)
Sale of intangible assets and property, plant and equipment	314	39
Dividends received	14,505	-
Disposal of financial assets	40,076	70,477
Purchase of intangible assets and property, plant and equipment	(1,848)	(2,345)
Acquisition of financial assets	(130,245)	(9,386)
Repayment of loans advanced	10,056	52,457
Net cash from investing activities	(81,412)	71,386
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	246,745	170,380
Repayment of borrowings	(234,755)	(296,874)
Redemption of debt instruments	(60,000)	(84,000)
Payments under finance lease agreements	(1,309)	(717)
Interest paid	(16,367)	(13,223)
Net cash from financing activities	(65,686)	(50,554)
Total net cash flows	(147,492)	11,002
Cash and cash equivalents at beginning of period	162,936	5,206
Cash and cash equivalents at end of period	15,444	16,208

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 2017 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 2017, the Management Board of the Parent consisted of:

Piotr Krupa	President of the Management Board
Agnieszka Kulon	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 2017 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q1 2017 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 Stępnik	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.

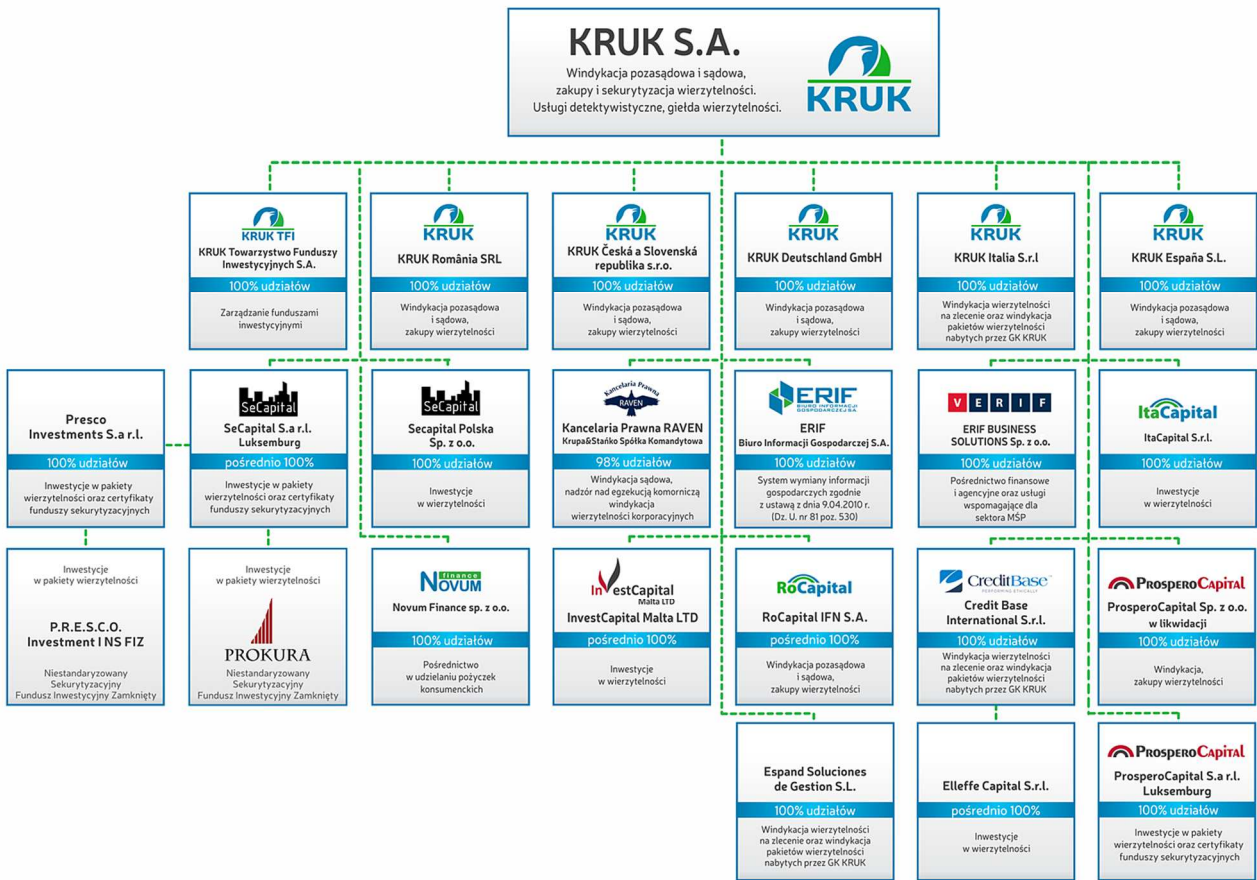
The KRUK Group

As at the date of issue of this report, the Group comprised KRUK S.A. of Wrocław and 23 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;
- 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.a.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 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 Secapital S.a.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. of Wrocław, a lending institution within the meaning of the Consumer Credit Act;
- KRUK Česká a Slovenská republika s.r.o. of Hradec Kralove, 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. w likwidacji of Wrocław, a company in liquidation;
- 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 and 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 Madrid, 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.a r.l., a special-purpose securitisation vehicle which invests in debt or debt-backed assets;
- Presco Investments S.a.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.a.r.l.;
- Credit Base International S.r.l – a company whose business consists in credit management services and collection of debt portfolios purchased by the KRUK Group companies in Italy;
- Elleffe Capital S.r.l. – a company whose business consists in investing in debt or debt-backed assets;
- Espan Solutions de Gestion S.L. – a company whose business consists in credit management services and collection of debt portfolios purchased by the KRUK Group companies in Spain;
- Corbul S.r.l- a company which deliver detectives services in Romania, company related by management

All the subsidiaries listed above were consolidated in these condensed consolidated financial statements as at March 31st 2017 and for the period from January 1st to March 31st 2017.



The Company operates 11 offices across Poland, in Poznań, Warsaw, Kraków, Katowice, Bydgoszcz, Łódź, Elbląg, Szczecin, Stalowa Wola, Szczawno-Zdrój, and Piła.

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 2017	Dec 31 2016
SeCapital S.à r.l. *	Luxembourg	100%	100%
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.	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	100%	100%
RoCapital IFN S.A.*	Romania	100%	100%
Kruk Deustschland GmbH	Germany	100%	100%
KRUK Italia S.r.l	Italy	100%	100%
ItaCapital S.r.l	Italy	100%	100%
KRUK Espana S.L.	Spain	100%	100%
ProsperoCapital S.à r.l.	Luxembourg	100%	100%
Presco Investments S.a.r.l.*	Luxembourg	100%	100%
P.R.E.S.C.O INVESTMENT I NS FIZ*	Poland	100%	100%
Credit Base International S.r.l	Italy	100%	100%
Elleffe Capital S.r.l.*	Italy	100%	100%
Espand Soluciones de Gestion S.L.	Spain	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 2017 and comparative data for the period from January 1st to March 31st 2016. 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.

As of January 1, 2017, Invest Capital Ltd. changed the functional currency from PLN to EUR. The change was made as a result of the assessment of the base currency of the economic environment (functional currency) in which the Subsidiary operates. In making this assessment, the InvestCapital Management Board followed its own judgment to establish a functional currency that reflects the growing share of investment and financing in euro.

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 2016.

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 2016:

- IFRS 9 *Financial Instruments* (issued on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018;

On November 22nd 2016, the European Commission published the final text of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: recognition and measurement*. IFRS 9 covers the classification and measurement of financial instruments, impairment of financial instruments and trade receivables, as well as hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1st 2018, with an early adoption option. Requirements concerning classification, measurement and impairment apply retrospectively; however, presentation of comparative data is not mandatory. Requirements concerning hedge accounting apply prospectively, with few exceptions.

The Group intends to adopt the new standard as of its effective date. In 2016, the Group performed an initial assessment of the impact of its implementation in all the three areas. The initial assessment was based on the then available information and is subject to change depending on further detailed analyses or availability of new information to the Group in the future. The Group expects a significant effect of the new standard on its assets and equity.

(a) Classification and measurement

IFRS 9 requires that, after initial recognition, a debt financial asset should be measured at amortised cost or at fair value based on the entity's business model of financial asset management and on the asset's contractual cash flow characteristics.

The Group initially assessed that the debt portfolios purchased prior to January 1st 2014 and measured at fair value would be measured at amortised cost, after the standard takes effect. The Group's business model provides for maintaining financial assets in order to generate cash flows from purchased debt portfolios, and the cash flows relate exclusively to repayments of principal and payments of interest on the outstanding principal amount.

The Group does not expect the new standard to materially affect its other financial assets, including loans advanced. The current classification of loans advanced is compliant with the new standard.

(b) Impairment

IFRS 9 requires recognition of the effect of expected credit losses on all financial assets measured at amortised cost, that is on purchased debt portfolios, loans advanced and trade receivables.

Debt portfolios which are currently measured at amortised cost are adjusted for the effect of future expected credit losses. As the Group purchases materially impaired debt portfolios, the effect of the impairment is already included in the purchase price.

Accordingly, the Group does not expect the new regulations concerning recognition of expected credit losses to have a material effect on the measurement of its financial assets.

(c) Hedge accounting

As at the reporting date, the Group had no open hedging contracts. The Group believes that the hedging contracts it entered into in the past would still qualify for hedge accounting under IFRS 9 and would have no effect on profits for past years.

- Amendments to IAS 19 *Defined Benefit Plans: employee contributions* (issued 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 IFRSs introduced as part of the Annual Improvements cycle 2010-2012 (issued 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;
- Amendments to IFRS 11: *Accounting for acquisitions of interests in joint operations* (issued 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* (issued on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016;
- IFRS 15 *Revenue from Contracts with Customers* (issued on May 28th 2014), including amendments to IFRS 15: *effective date of IFRS 15* (issued on September 11th 2015) – effective for annual periods beginning on or after January 1st 2018;

- Amendments to IAS 16 and IAS 41 *Agriculture: bearer plants* (issued on June 30th 2014) – effective for annual periods beginning on or after January 1st 2016;
- Amendments to the IFRSs introduced as part of the Annual Improvements cycle 2012–2014 (issued 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* (issued on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 1: *Disclosures* (issued on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016.

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

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

- IFRS 14 *Regulatory Deferral Accounts* (issued 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 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture* (issued on September 11th 2014) – work leading to the approval of the amendments was postponed by the EU for an indefinite period, the effective date was postponed by the IASB for an indefinite period;
- IFRS 16 *Leases* (issued on January 13th 2016) – effective for annual periods beginning on or after January 1st 2019; as at the date of authorisation of these financial statements, the standard was not adopted by the EU;
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on September 12th 2016) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of these financial statements, the standard was not adopted by the EU;
- Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses* (issued 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* (issued 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;
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on April 12th 2016) – 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 IFRS 2: *Classification and measurement of share-based payment transactions* (issued on June 20th 2016) – 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 IFRSs introduced as part of the Annual Improvements cycle 2014–2016 (issued on December 8th 2016); as at the date of authorisation of these financial statements, the amendments were not adopted by the EU; amendments to IFRS 12 and IFRS 1 are effective for annual periods beginning on or after January 1st 2017; amendments to IAS 28 are effective for annual periods beginning on or after January 1st 2018;
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (issued on December 8th 2016) – 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 40: *Transfers of investment property* (issued on December 8th 2016) – 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.

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

3. Reporting and geographical segments

Reporting segments

Below, the Group presents its principal reporting segments. The division into segments presented below is based on the criterion of materiality of revenue in the consolidated financial statements. 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
- Italy
- Other foreign markets

In the presentation of data by geographical segments, segments' revenue is recognised based on the location of debt collection offices.

Revenue from credit management and revenue from other products represent external revenue.

For the reporting period ended March 31st 2017

	Poland	Romania	Italy	Other foreign markets	TOTAL
Revenue	135,708	87,520	19,447	21,453	264,128
Purchased debt portfolios	123,515	85,633	18,316	15,162	242,626
Collection services	6,538	1,882	1,131	6,290	15,842
Other products	5,656	5	-	-	5,660
Direct and indirect costs					-97,509
Purchased debt portfolios	-	-	-	-	-85,211
Collection services	-	-	-	-	-10,245
Other products	-	-	-	-	-2,053
Gross profit					166,619
Purchased debt portfolios	-	-	-	-	157,415
Collection services	-	-	-	-	5,597
Other products	-	-	-	-	3,607
Administrative expenses	-	-	-	-	-30,424
Depreciation and amortisation expense	-	-	-	-	-3,991
Other income	-	-	-	-	1,322
Other expenses (unallocated)	-	-	-	-	-2,401
Finance income/costs	-	-	-	-	-14,198
Profit before tax	-	-	-	-	116,926
Income tax	-	-	-	-	-1,433
Net profit	-	-	-	-	115,493
Carrying amount of debt portfolios	1,305,683	706,234	444,027	269,643	2,725,587

For the reporting period ended March 31st 2016

	Poland	Romania	Italy	Other foreign markets	TOTAL
Revenue	85,956	65,982	190	8,548	160,675
Purchased debt portfolios	74,141	65,225	190	8,405	147,962
Collection services	7,098	756	-	143	7,997
Other products	4,717	-	-	-	4,717
Direct and indirect costs					-64,359
Purchased debt portfolios	-	-	-	-	-56,556
Collection services	-	-	-	-	-5,375
Other products	-	-	-	-	-2,428
Gross profit					96,316
Purchased debt portfolios	-	-	-	-	91,405
Collection services	-	-	-	-	2,622
Other products	-	-	-	-	2,289
Administrative expenses	-	-	-	-	-22,652
Depreciation and amortisation expense	-	-	-	-	-3,243
Other income	-	-	-	-	654
Other expenses (unallocated)	-	-	-	-	-831
Finance income/costs	-	-	-	-	-10,156
Profit before tax	-	-	-	-	60,089
Income tax	-	-	-	-	804
Net profit	-	-	-	-	60,893
Carrying amount of debt portfolios	1,048,355	431,982	19,595	99,857	1,599,789

4. Purchased debt portfolios

PLN '000

Value of purchased debt portfolios as at Jan 1 2016	1,598,132
Purchase of debt portfolios	1,285,899
Purchase price adjustment for discount	(1,209)
Cash recoveries	(992,406)
Value of property	(6,551)
Increase/decrease in liabilities to debtors due to overpayments	1,024
Valuation of loyalty scheme	5,173
Revenue from debt purchase (interest and revaluation)	724,931
Translation differences on debt portfolios(*)	25,953
Value of purchased debt portfolios as at Dec 31 2016	2,640,946
Data transformed	
Value of purchased debt portfolios as at Jan 1 2017	2,640,946
Purchase of debt portfolios	213,524
Cash recoveries	(309,333)
Value of property	(1,815)
Increase/decrease in liabilities to debtors due to overpayments	112
Valuation of loyalty scheme	1,679
Revenue from debt purchase	242,626
Translation differences on debt portfolios (*)	(62,523)
Purchased debt portfolios as at Mar 31 2017	2,725,216
Data transformed	
Value of purchased debt portfolios as at Jan 1 2017	2,640,946
Purchase of debt portfolios	213,524
Cash recoveries	(309,333)
Value of property	(1,815)
Increase/decrease in liabilities to debtors due to overpayments	112
Valuation of loyalty scheme	1,679
Revenue from debt purchase	232,726
Translation differences on debt portfolios (*)	(52,161)
Purchased debt portfolios as at Mar 31 2017	2,725,678

(*) 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 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Revenue from debt purchase	242,626	232,726	147,962
Revenue from credit management	15,842	15,841	7,997
Revenue from other services	5,660	5,660	4,717
	264,128	254,228	160,675

Revenue from debt purchase

PLN '000

	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Interest income adjusted for actual recoveries	211,276	211,262	123,827
Revaluation of debt portfolios	28,717	18,831	23,936
Sale of debts	135	135	-
Foreclosure of property	2,281	2,281	199
Sale of property	882	882	-
Value of property sold	(665)	(665)	-
	242,626	232,726	147,962

PLN '000

	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Revision of recovery forecast	33,328	33,291	22,552
Change due to change in discount rate	(347)	(347)	656
Foreign currency gains	(4,264)	(14,113)	728
	28,717	18,831	23,936

Revenue from debt purchase includes:

Revenue from debt portfolios measured at fair value

PLN '000

	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Interest income adjusted for actual recoveries	82,156	82,156	78,353
Revaluation of debt portfolios	31,691	31,691	32,512
Sale of debts	40	40	-
Foreclosure of property	397	397	137
	114,284	114,284	111,002

Revaluation of debt portfolios measured at fair value

PLN '000

	Jan 1 2017 – Mar 31 2017	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
	Data Transformed	Data Published	
Revision of recovery forecast	34,768	34,768	31,259
Change due to change in discount rate	(347)	(347)	656
Foreign currency gains	(2,730)	(2,730)	597
	31,691	31,691	32,512

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.

The recovery forecast update is primarily based on an 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 2017 – Mar 31 2017	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
	Data Transformed	Data Published	
Interest income adjusted for actual recoveries	129,106	129,106	45,474
Revaluation of debt portfolios	(2,974)	(12,860)	(8,576)
Sale of debts	95	95	-
Foreclosure of property	1,884	1,884	62
Sale of property	882	882	-
Value of property sold	(665)	(665)	-
	128,342	118,442	36,960

Revaluation of debt portfolios measured at amortised cost

PLN '000

	Jan 1 2017 – Mar 31 2017	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
	Data Transformed	Data Published	
Revision of recovery forecast	(1,477)	(1,477)	(8,707)
Foreign currency gains	(1,534)	(11,383)	131
	(2,974)	(12,860)	(8,576)

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

<i>PLN '000</i>	Jan 1 2017 – Mar 31 2017	Jan 1 2016 – Mar 31 2016
Court fees	(27,686)	(13,785)
Advertising	(1,568)	(185)
Raw materials and energy used	(2,786)	(2,362)
Taxes and charges	(8,432)	(11,055)
Staff training	(1,021)	(936)
Business trips	(1,493)	(752)
Entertainment expenses	(164)	(242)
Motor insurance	(460)	(279)
Losses from damage caused by motor vehicles	(224)	(214)
Property insurance	(117)	(34)
Other	(5,324)	(428)
	(49,275)	(30,272)

Finance income

<i>PLN '000</i>	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Interest income on bank deposits	215	215	27
Net foreign exchange gains	5,133	-	2,063
	215	215	2,090

Finance costs

Interest expense on financial liabilities measured at amortised cost	(19,546)	(19,546)	(12,246)
Net foreign exchange gains (*)	-	(20,351)	-
	(19,546)	(39,897)	(12,246)

<i>PLN '000</i>	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Exchange differences on translating foreign operations	(43,863)	(7,728)	1,949

Attributable to:

Owners of the Parent	(43,863)	(7,728)	1,949
Finance income recognised directly in other comprehensive income	(43,863)	(7,728)	1,949

Borrowings and finance lease liabilities

PLN '000

	Mar 31 2017	Dec 31 2016
Non-current liabilities		
Secured borrowings	187,752	143,246
Liabilities under debt securities (unsecured)	1,224,135	1,227,027
Finance lease liabilities	5,976	6,812
	1,417,863	1,377,085
Current liabilities		
Short-term portion of secured borrowings	78,706	124,106
Liabilities under debt securities	78,449	138,106
Short-term portion of finance lease liabilities	6,349	7,147
	163,504	269,359

As at March 31st 2017, the KRUK Group's financial ratios were as follows:

1.09 – Debt Ratio

2.08 – Net Financial Debt / Cash EBITDA Ratio;

where:

Debt Ratio means the ratio of Net Financial Debt to Equity;

Net Financial Debt represents the KRUK Group's Financial Liabilities less the KRUK Group's cash;

Equity means the KRUK Group's equity;

Financial Liabilities means total financial liabilities under:

- Bonds or other similar debt securities; or
- Non-bank borrowings; or
- Bank borrowings (credit facilities); or
- Finance leases; or
- Promissory notes issued by way of security for liabilities of non-KRUK Group entities; or
- Guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- Accession to debt owed by non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- Assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- Liabilities arising under derivatives contracts;

Cash EBITDA represents profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt, less revenue from purchased debt and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m. Cash EBITDA is computed for the KRUK Group for the last 12 months.

Earnings per share

<i>'000</i>	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Number of ordinary shares as at Jan 1	18,744	18,744	17,110
Effect of cancellation and issue of shares	-	-	353
Weighted average number of ordinary shares as at Mar 31	18,744	18,744	17,463
<i>PLN</i>			
Earnings per share	6,16	4.28	3.49

<i>'000</i>	Jan 1 2017 – Mar 31 2017 Data Transformed	Jan 1 2017 – Mar 31 2017 Data Published	Jan 1 2016 – Mar 31 2016
Number of ordinary shares as at Jan 1	18,744		17,463
Effect of issue of unregistered shares not subscribed for		18,744	
Weighted average number of ordinary shares as at Mar 31 (diluted)	403	403	608
	19,147	19,147	18,071
<i>PLN</i>			
Earnings per share (diluted)	6.03	4.19	3.37

Number of headcount

Headcount at the KRUK Group as at March 31st 2017

2,748

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:

- Our marketing and PR activities at the beginning of a year focus on adopting the strategic plans and objectives we wish to achieve in the coming quarters. By initiating media campaigns and creating a positive image of the Group, we aim to increase the value of the company and the KRUK brand. We are committed to promoting the amicable settlement strategy among our current and future clients by highlighting its benefits in our communication with trading partners, journalists, and industry representatives.

- As regards our public relations activities, in January we officially launched a press conference in Madrid, where we met key journalists from the Spanish media. Our communication centers around the uniqueness of our amicable settlement strategy and inclusion of the Espand Group into the KRUK Group structure.
- In January, ERIF Biuro Informacji Gospodarczej was the official sponsor of the Loan Magazine Awards Gala 2016. The event was attended by representatives of the largest lending and financial institutions in Poland. The highlight of the evening was the presentation of awards and distinctions to entities which last year stood out for their activity on the FinTech market in Poland, thus significantly contributing to its development.

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 the current and previous periods.

Investments in debt portfolios purchased by the Company in Q1 2017 totalled PLN 214m.

The largest debt portfolio purchase in the period in terms of invested amount was made under the agreement executed between ItaCapital s.r.l., a subsidiary of KRUK S.A., and Banca IFIS. The agreement provides for the acquisition by ItaCapital s.r.l. of unsecured consumer debts with a total nominal value of PLN 3.26bn for a purchase price of PLN 117m.

In 2017, the Company and Bank Zachodni WBK S.A. entered into two cross currency interest rate swap contracts ("CIRS"). The contracts hedge both the currency and the interest rate risk as they effectively replace the Company's debt contracted in the złoty with EUR-denominated liabilities:

- A contract executed on January 9th 2017 hedges the 3M WIBOR-linked coupon on bonds with a nominal value of PLN 100m. The Company pays at a fixed rate of 3.06%, while Bank Zachodni WBK pays at a floating rate equal to 3M WIBOR plus a margin of 3.10%. Interest payments are made every three months (interest period). Settlement of the contract will involve exchange of the hedged nominal amount and will be made on June 4th 2021. On that day, the Company will receive PLN 100m from BZ WBK and will pay EUR 22.8m to BZ WBK.
- A contract executed on January 13th 2017 hedges the 3M WIBOR-linked coupon on bonds with a nominal value of PLN 90m. The Company pays at a fixed rate of 2.97%, while Bank Zachodni WBK pays at a floating rate equal to 3M WIBOR plus a margin of 3.00%. Interest payments are made every three months (interest period). Settlement of the contract will involve exchange of the hedged nominal amount and will be made on November 10th 2021. On that day, the Company will receive PLN 90m from BZ WBK and will pay EUR 20.6m to BZ WBK.

As at March 31st 2017, the Group's investments in debt portfolios accounted for 89% of its assets. Equity accounted for 43% of the financing for the Group's operations.

8. Seasonality or cyclicity of business

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

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

On April 13th 2017, the KRUK Management Board passed resolutions to issue up to 20,000 Series AE1 bonds. The Company resolved to issue up to 20,000 unsecured Series AE1 bearer bonds with a nominal value of EUR 1,000 per bond, maturing 60 months after the allotment date.

10. Dividends paid (or declared)

On March 28th 2017, the Management Board of KRUK S.A. passed a resolution to recommend to the Parent's Annual General Meeting distribution of dividend of PLN 2 per share to KRUK S.A. shareholders from the net profit earned by the Company in 2016 and increased by an amount transferred from statutory reserve funds.

The recommendation on dividend payment and dividend amount was prepared taking into account the KRUK Group's current financial condition as well as its further growth strategy, plans and prospects. The Management Board may recommend 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 condition.

In its resolution, effective as of March 31st 2017, on the assessment of the Management Board's proposal on distribution of KRUK S.A.'s net profit for 2016 and evaluation of the dividend recommendation, the Supervisory Board approved the proposals.

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

After the end of the first quarter, there were no events with a potentially material bearing on the Group's future performance.

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 on December 19th 2016 of annex No. 2 to the framework agreement on the procedure for execution and settlement of transactions of June 13th 2013 between KRUK S.A. and Bank Zachodni WBK SA, on January 9th 2017 KRUK S.A. issued a blank promissory note with a promissory note declaration in favour of Bank Zachodni WBK S.A., securing KRUK S.A.'s liabilities under treasury transactions made on the basis of the framework agreement of June 13th 2013, as amended. In accordance with the promissory note declaration, the promissory note may be cashed by Bank Zachodni WBK S.A. for up to PLN 99,000 thousand until the derivative transactions are settled and any related claims of the Bank are satisfied. The framework agreement on the procedure for execution and settlement of treasury transactions, as amended, does not create any obligation to enter into treasury transactions.

Following the execution, on December 15th 2016, of annex No. 3 to the revolving credit facility agreement of October 3rd 2014 between KRUK S.A. and Bank BGŻ BNP Paribas S.A., on March 17th 2017 an agreement was signed to create a registered pledge under Luxembourg law over 17,073 Class D shares in a compartment of SeCapital S.à.r.l. The pledge agreement was concluded between KRUK S.A., SeCapital S.à.r.l. and Bank BGŻ BNP Paribas S.A. The pledge secures Bank BGŻ BNP Paribas S.A.'s claims under the revolving credit facility agreement, including the principal of up to PLN 120,000 thousand plus interest, fees and commissions, and expenses (if any). As at March 31st 2017, a pledge existed over 94,456 Class D shares in compartment D of Secapital S.à.r.l., with a carrying amount, as disclosed in KRUK S.A.'s accounting books, of PLN 103,901 thousand.

In connection with the revolving credit facility agreement of April 8th 2011, as amended, between KRUK S.A. and Bank Zachodni WBK SA, on March 2nd 2017 KRUK S.A. and Bank Zachodni WBK concluded:

- Agreement on termination of the registered pledge agreement of April 14th 2011, as amended, under which a pledge was created in favour of Bank Zachodni WBK S.A. over 5,389 Class E shares in sub-fund E of Secapital S.à.r.l., with a carrying amount, as disclosed in KRUK S.A.'s accounting books, of PLN 5,389 thousand;
- Agreement on termination of the registered pledge agreement of May 14th 2012, as amended, under which a pledge was created in favour of Bank Zachodni WBK S.A. over 1,735 Class E shares in sub-fund E of Secapital S.à.r.l., with a carrying amount, as disclosed in KRUK S.A.'s accounting books, of PLN 1,735 thousand;
- Agreement on termination of the registered pledge agreement of June 9th 2014, as amended, under which a pledge was created in favour of Bank Zachodni WBK S.A. over 30,000 Class E shares in sub-fund E of Secapital S.à.r.l., with a carrying amount, as disclosed in KRUK S.A.'s accounting books, of PLN 30,000 thousand;
- Annex No. 3 to the registered pledge agreement of May 7th 2014, as amended, between KRUK S.A., SeCapital S.à.r.l. and Bank Zachodni WBK S.A. In accordance with the annex, 49,180 shares with a carrying amount, as disclosed in KRUK S.A.'s accounting books, of PLN 49,180 thousand are pledged in favour of Bank Zachodni WBK S.A.

Following execution of a non-revolving working capital facility agreement of December 5th 2016 between POKURA NS FIZ, KRUK S.A. and PKO BP S.A., in order to secure PROKURA NS FIZ's liabilities,

- on January 12th 2017 PROKURA NS FIZ and KRUK TFI S.A. signed annex No. 1 to an agreement on a registered pledge over a set of rights, dated July 8th 2016, creating a pledge over debts purchased by PROKURA NS FIZ in favour of Bank PKO BP S.A. On February 7th 2017, the pledge was entered in the pledge register. As at March 31st 2017, the total carrying amount of the pledged assets in KRUK S.A.'s accounting books was PLN 77,094 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

In the first quarter of 2017, there were no changes in the structure of the KRUK Group.

14. Management Board's position on the feasibility of meeting previously published forecasts for the financial 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 2016

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	1,918,427	10.81	1,918,427	10.81
Aviva OFE	1,448,000	8.16	1,448,000	8.16
N-N PTE*	2,000,000	11.27	2,000,000	11.27
Generali OFE*	1,144,000	6.45	1,144,000	6.45

(*) 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 May 9th 2016.

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	1,955,841	10.43	1,955,841	10.43
Aviva OFE	1,992,000	10.63	1,992,000	10.63
N-N PTE*	1,100,000	5.87	1,100,000	5.87
Generali OFE	1,065,000	5.68	1,065,000	5.68

(*) Data based on the list of shareholders holding 5% or more of total voting rights at the Extraordinary General Meeting of KRUK S.A. held on November 29th 2016.

Information on 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 2016, to the date of issue of this interim report, the following changes took place in the holdings of Company shares by major shareholders of KRUK S.A.

- On December 7th 2016, the Company received a notification from Piotr Krupa to the effect that on December 7th 2016 Mr Krupa had acquired 1,414 shares in KRUK S.A., at the average price of PLN 211.56 per share, in ordinary session trades on the Warsaw Stock Exchange.
- On December 22nd 2016, the Company received a notification from Piotr Krupa to the effect that on December 22nd 2016 Mr Krupa had acquired 50,000 shares in KRUK S.A., at the average price of PLN 215 per share, outside a trading venue.

- On February 7th 2017, the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, registered an increase of the Company's share capital, effected through the issue of 1,000,000 Series G ordinary bearer shares, and amendments to the Company's Articles of Association. Upon registration, the Company's share capital amounts to PLN 18,744,216 and is divided into 18,744,216 shares with a par value of PLN 1 per share.
- On March 23rd 2017, the Company received a notification from Piotr Krupa to the effect that on March 22nd 2017 Mr Krupa had sold 14,000 shares in KRUK S.A., at the average price of PLN 231.55 per share, in ordinary session trades on the Warsaw Stock Exchange.

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	1,955,841
Urszula Okarma	Member of the Management Board	107,001
Agnieszka Kułton	Member of the Management Board	56,000
Iwona Słomska	Member of the Management Board	41,110
Michał Zasepa	Member of the Management Board	35,383
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, in the period from the issue of the previous quarterly report (the consolidated report for Q3 2016, issued on November 1st 2016) to the date of issue of this interim report, there were also changes in the number of Company shares held by Agnieszka Kułton and Michał Zasepa.

On December 9th 2016, the Company received a notification from Michał Zasepa, given under Art. 19 of the MAR, to the effect that on December 8th 2016 Mr Zasepa had acquired 250 shares in KRUK S.A., at the average price of PLN 215.96 per share, in ordinary session trades on the Warsaw Stock Exchange.

On March 20th 2017, the Company received a notification from Agnieszka Kułton, given under Art. 19 of the MAR. According to the notification, Ms Kułton had sold, in ordinary session trades on the Warsaw Stock Exchange, 611 shares in KRUK S.A. at the average price of PLN 242.80 per share on March 15th 2017, 2,535 shares in KRUK S.A. at the average price of PLN 240.69 per share on March 16th 2017, and 2,465 shares in KRUK S.A. at the average price of PLN 239.41 per share on March 17th 2017.

To the best of the Company's knowledge, apart from 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 2016 issued on November 1st 2016, to the date of issue of this Q1 2017 report, i.e. April 27th 2017.

Incentive scheme at KRUK S.A.

Incentive scheme for 2015–2019

The incentive scheme for 2015–2019 was adopted under Resolution No. 26/2014 of the Annual General Meeting of KRUK S.A. of May 28th 2014, (2015–2019 Incentive Scheme).

The 2015–2019 Incentive Scheme is the second incentive plan operated by the KRUK Group. Details of the previous 2011–2014 Incentive Scheme can be found in the Directors' Report on the operations of the KRUK Group in 2015.

The 2015–2019 Incentive Scheme is addressed to the key management personnel of the Parent and Group companies. Under the 2015–2019 Incentive Scheme, eligible persons will have the right to acquire Series F Company shares on preferential terms set forth in the Resolution.

For the purposes of the 2015–2019 Incentive 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 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, grows, on an annualised average basis, by no less than 13% relative to the base year.

Details of the 2015–2019 Incentive Scheme can be found in the Directors' Report on the operations of the KRUK Group in 2016.

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

Tranche 1

On June 9th 2016, the Supervisory Board declared, by way of resolution, that the condition set forth in the Stock Option Scheme for offering subscription warrants under Tranche I for 2015 had been met. On June 17th 2016, the Company's Management Board passed a resolution to determine the list of persons other than Management Board members who were eligible to acquire Tranche 1 subscription warrants for 2015 under the 2015–2019 Stock Option Scheme.

Acting under the resolution, on June 22nd 2016, the Management Board invited the eligible persons other than Management Board members to acquire Tranche 1 subscription warrants. As a result, 86,435 subscription warrants were delivered to the eligible persons on July 1st 2016.

On August 27th 2016, the Company's Management Board passed a resolution to determine the list of Management Board members who were eligible to acquire Tranche 1 subscription warrants for 2015 under the 2015–2019 Stock Option Scheme, which was later amended by the Management Board resolution of October 24th 2016. On this basis, the Supervisory Board invited the eligible Management Board members to acquire Tranche 1 subscription warrants under the 2015–2019 Stock Option Scheme. On October 27th 2016, 20,000 subscription warrants were delivered to the eligible Management Board members.

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

Name and surname	Position	Number of warrants held under Tranche 1 for 2015
Piotr Krupa	CEO and President of the Management Board	7,000
Urszula Okarma	Member of the Management Board	3,250
Agnieszka Kułton	Member of the Management Board	3,250
Iwona Słomska	Member of the Management Board	3,250
Michał Zasępa	Member of the Management Board	3,250

17. Litigation, arbitration or administrative proceedings

Subject matter	Value of claim [PLN]*	Date instigated	Plaintiff	Defendant	Kruk S.A.'s position
Action for voiding an agreement due to prohibited clauses	PLN 39,161,394.83	Jan 12 2017	Negru Danut	Kruk Romania s.r.l.	we expect the action to be dismissed
Action for voiding an agreement due to prohibited clauses	PLN 24,804,645.21	Aug 4 2014	Barbu Cristian	SeCapital s.a.r.l	we expect the action to be dismissed
Action for voiding an agreement due to prohibited clauses	PLN 26,737,787.23	Apr 20 2016	Petrea Marius	SeCapital s.a.r.l	we expect the action to be dismissed
Action for voiding an agreement due to prohibited clauses	PLN 17,589,610.47	May 25 2016	Decă Elena	SeCapital s.a.r.l I Kruk Romania s.r.l.	we expect the action to be dismissed
Action for voiding an agreement due to prohibited clauses	PLN 16,279,483.44	Nov 24 2010	Gura u Anca	SeCapital s.a.r.l I Kruk Romania s.r.l.	we expect the action to be dismissed

Subject matter	Value of claim [PLN]*	Date instigated	Plaintiff	Defendant	Kruk S.A.'s position
Filing claims in bankruptcy proceedings	PLN 51,374,205.88	2015	Credit Base Intenrnational s.r.l.	Villani Giovanna	We expect partial satisfaction of claims
Filing claims in bankruptcy proceedings	PLN 31,525,232.79	Feb 26 2015	PROKURA Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	ZAKŁADY PRZETWÓRSTWA TWORZYW EKO-PET Sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy)	We expect partial satisfaction of claims
Filing claims in bankruptcy proceedings	PLN 30,828,937.83	Mar 17 2011	PROKURA Niestandaryzowany Sekurytyzacyjny Fundusz	LIBERTÓW Sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy)	We expect partial satisfaction of claims
Filing claims in bankruptcy proceedings	PLN 26,536,604.40	Mar 13 2013	InvestCapital Malta Ltd.	Tierras De Valencia SA	We expect partial satisfaction of claims
Filing claims in bankruptcy proceedings	PLN 26,305,140.83	Feb 11 2016	Kruk Romania s.r.l.	Helco s.r.l.	We expect partial satisfaction of claims

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 2017

	<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	566,803	11,688,491,673.00
Total number of enforcement proceedings instigated by the Group and total value of claims	967,719	14,505,162,564.43
Total number of court proceedings instigated against the Group and total value of claims	6,082	1,849,845,122.33

18. Related-party transactions concluded by the Parent

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

<i>PLN '000</i>	<u>Liabilities</u>	<u>Receivables</u>	<u>Loans advanced</u>	<u>Interest accrued on loans advanced</u>
SeCapital S.à. r.l	3,020	866	-	-
ERIF Business Solutions Sp. z o.o.	-	22	-	-
Novum Finance Sp. z o.o.	406	111	22,088	68
SeCapital Polska Sp. z o.o.	-	1	77	3
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1 105	959	-	-
KRUK Romania S.r.l	1,882	2,203	76,951	897
Rejestr Dłużników ERIF BIG S.A.	25	271	-	-
NSFIZ PROKURA	12,686	9,699	-	-
KRUK Česká a Slovenská republika s.r.o.	122	3,039	-	-
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	3,636	-	-
InvestCapital Malta Ltd.	-	265	-	1,077
KRUK Deutschland GmbH	-	249	-	-
KRUK Deutschland (Branch)	-	38	-	-
Rocapital IFN S.A.	-	9	285	-
KRUK Italia S.r.l.	-	95	-	-
ItaCapital S.r.l.	-	456	-	-
KRUK Espana S.L.	-	149	-	-
Presco Investments S.a.r.l.*	815	-	-	-
P.R.E.S.C.O INVESTMENT I NS FIZ	519	299	-	-
ProsperoCapital S.à r.l.	-	-	-	-
ProsperoCapital Sp. z.o.o. (in liquidation)	-	3	-	-
Credit Base International S.r.l	-	-	1,683	3
Espand Soluciones de Gestion S.L.	-	68	-	-
	<u>20,580</u>	<u>22,438</u>	<u>101,084</u>	<u>2,048</u>

Revenue from mutual transactions

<i>PLN '000</i>	Revenue from sale of materials and services	Revenue from credit management services	Interest and dividends
SeCapital S.à. r.l	-	158	-
ERIF Business Solutions Sp. z o.o.	18	-	21
Novum Finance Sp. z o.o.	148	-	-
SeCapital Polska Sp. z o.o.	2	-	1
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	533	-	1,495
KRUK Romania S.r.l	416	-	876
Rejestr Dłużników ERIF BIG S.A.	205	-	-
NSFIZ PROKURA	17	-	-
KRUK Česká a Slovenská republika s.r.o.	141	-	248
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	11,139	-
InvestCapital Malta Ltd.	281	-	14,505
KRUK Deutschland GmbH	227	-	-
KRUK Deutschland (Branch)	54	-	-
Rocapital IFN S.A.	-	-	-
ProsperoCapital Sp. z.o.o. (in liquidation)	2	-	1
KRUK Italia S.r.l.	114	-	-
ItaCapital S.r.l.	98	-	-
KRUK Espana S.L.	144	-	-
Presco Investments S.a.r.l.	2,742	-	-
P.R.E.S.C.O INVESTMENT I NS FIZ	7	-	-
ProsperoCapital S.à r.l.	-	-	-
Credit Base International S.r.l	-	-	78
	5,149	11,297	17,225

Costs of mutual transactions

<i>PLN '000</i>	Purchase of services
ERIF Business Solutions Sp. z o.o.	1
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	438
KRUK Romania S.r.l	2,191
Rejestr Dłużników ERIF BIG S.A.	74
KRUK Česká a Slovenská republika s.r.o.	122
	2,826

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 condition 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 condition 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

President of the Management Board

Agnieszka Kulon

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasepa

Member of the Management Board

Monika Grudzień - Wiśniewska

*Person responsible for maintaining
the accounting records*

Wrocław, September 5th 2017