



Interim Condensed Consolidated Financial Report

for the period January 1st–September 30th 2016

The KRUK Group
September 30th 2016

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I. Interim condensed consolidated financial statements

1. Key consolidated financial results

Financial highlights	PLN '000		EUR '000	
	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revenue	542,262	449,238	124,122	108,029
EBIT	222,493	191,541	50,928	46,060
Profit before tax	184,518	159,778	42,236	38,422
Net profit attributable to owners of the Parent	185,758	160,232	42,519	38,531
Net cash from operating activities	(508,794)	60,441	(116,461)	14,534
Purchase of debt portfolios at prices as per agreement	(936,003)	(292,346)	(214,248)	(70,301)
Cash recoveries	701,088	604,723	160,477	145,418
Net cash from investing activities	(7,889)	(2,890)	(1,806)	(695)
Net cash from financing activities	501,083	(75,884)	114,696	(18,248)
Change in net cash	(15,600)	(18,333)	(3,571)	(4,409)
Average number of shares ('000)	17,578	17,209	17,578	17,209
Earnings per share (PLN/EUR)	10.57	9.31	2.42	2.24
Diluted earnings per share (PLN/EUR)	10.17	9.04	2.33	2.17
As at	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
Total assets	2,594,720	1,836,115	601,744	430,861
Non-current liabilities	1,247,280	711,914	289,258	167,057
Current liabilities	387,155	339,922	89,785	79,766
Equity	960,285	784,278	222,701	184,038
Share capital	17,744	17,398	4,115	4,083
Book value per ordinary share (PLN/EUR)	54.12	45.08	12.55	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 – 4,3688
- for the comparative period – 4,1585

- 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 – 4,3120
- for the comparative period – 4,2615

2. Interim condensed consolidated statement of financial position

As at September 30th 2016

PLN '000

	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Assets				
Cash and cash equivalents	125,142	137,816	140,742	52,212
Trade receivables	10,464	7,924	8,391	8,709
Investments	2,371,950	2,240,509	1,620,579	1,498,169
Other receivables	35,531	25,345	26,719	28,125
Inventories	550	601	587	449
Property, plant and equipment	23,232	20,925	19,957	18,354
Other intangible assets	16,292	13,246	11,805	10,054
Goodwill	1,024	1,024	1,024	1,024
Deferred tax asset	4,808	3,067	2,841	4,476
Other assets	5,727	3,264	3,469	3,256
Total assets	2,594,720	2,453,721	1,836,115	1,624,828
Equity and liabilities				
Liabilities				
Hedge derivatives	-	-	589	1,190
Trade and other payables	99,272	213,259	83,555	43,228
Employee benefit obligations	24,536	27,342	29,239	25,256
Current tax liability	-	-	3,178	-
Liabilities under borrowings and other debt instruments	1,510,363	1,323,938	935,011	816 786
Provisions	264	264	264	264
Total liabilities	1,634,435	1,564,803	1,051,836	886 724
Equity				
Share capital	17,744	17,744	17,398	17 291
Share premium	77,766	77,766	64,382	60 257
Cash flow hedging reserve	-	-	-	0
Exchange differences on translating foreign operations	(1,426)	3,553	(7,674)	(3 644)
Other capital reserves	74,766	72,818	68,956	66 998
Retained earnings	791,449	717,040	641,182	597 186
Equity attributable to owners of the Parent	960,299	888,921	784,244	738 088
Non-controlling interests	(14)	(3)	34	16
Total equity	960,285	888,918	784,278	738 104
Total equity and liabilities	2 594 720	2,453,721	1,836,115	1,624,828

3. Interim condensed consolidated statement of profit or loss

For the reporting period from January 1st to September 30th 2016

PLN '000

	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Revenue	542,262	201,185	449,238	162,448
Other income	1,782	122	1,218	196
Merchandise and materials sold	-	-	-	-
Employee benefits expense	(132,639)	(45,812)	(121,151)	(38,611)
Depreciation and amortisation expense	(9,821)	(3,722)	(9,270)	(3,257)
Contracted services	(53,041)	(20,206)	(33,964)	(12,399)
Other expenses	(126,050)	(40,735)	(94,530)	(42,924)
	(321,551)	(110,475)	(258,915)	(97 191)
EBIT	222,493	90,832	191,541	65,453
Finance income	6,196	36	1,042	130
Finance costs	(44,171)	(17,964)	(32,805)	(11,732)
Net finance costs	(37,975)	(17,928)	(31,763)	(11,602)
Profit before tax	184,518	72,904	159,778	53,851
Income tax	1,224	1,495	469	(1,272)
Net profit for period	185,742	74,399	160,247	52,579
Net profit attributable to:				
Owners of the Parent	185,758	74,409	160,232	52 576
Non-controlling interests	(16)	(10)	15	3
Net profit for period	185,742	74,399	160,247	52,579
Earnings (loss) per share				
Basic (PLN)	10.57	4.20	9.31	3.04
Diluted (PLN)	10.17	4.03	9.04	2.93

4. Interim condensed consolidated statement of comprehensive income

For the reporting period from January 1st to September 30th
2016

PLN '000

	<u>Jan 1 2016 - Sep 30 2016</u>	<u>Jul 1 2016 - Sep 30 2016</u>	<u>Jan 1 2015 - Sep 30 2015</u>	<u>Jul 1 2015 - Sep 30 2015</u>
Net profit attributable to:				
Owners of the Parent	185,758	74,409	160,232	52 576
Non-controlling interests	(16)	(10)	15	3
Net profit for period	<u>185 742</u>	<u>74,399</u>	<u>160,247</u>	<u>52,579</u>
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	6,249	(4,979)	215	2 996
Cash flow hedges	-	-	-	-
Other comprehensive income, net, for period	<u>6 249</u>	<u>(4,979)</u>	<u>215</u>	<u>2,996</u>
Total comprehensive income for period	<u>191 991</u>	<u>69,420</u>	<u>160,462</u>	<u>55,575</u>
Total comprehensive income attributable to:				
Owners of the Parent	192,007	69,430	160,447	55 572
Non-controlling interests	(16)	(10)	15	3
Total comprehensive income for period	<u>191 991</u>	<u>69,420</u>	<u>160,462</u>	<u>55,575</u>

5. Interim condensed consolidated statement of changes in equity

For the reporting period from January 1st to September 30th 2016

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 2015	17,110	53,249	-	(3,859)	55,624	462,893	585,017	66	585,083
Net profit for period	-	-	-	-	-	160,232	160,232	15	160,247
Payment of dividends	-	-	-	-	-	(25,938)	(25,938)	-	(25,938)
Other comprehensive income									
- Exchange differences on translating foreign operations	-	-	-	215	-	-	215	-	215
Total comprehensive income for period	-	-	-	215	-	134,294	134,509	15	134,524
Contributions from and distributions to owners									
- Payment of dividend	-	-	-	-	-	-	-	(65)	(65)
- Share-based payments	-	-	-	-	11,374	-	11,374	-	11,374
- Issue of shares	181	7,008	-	-	-	-	7,189	-	7,189
Total contributions from and distributions to owners	181	7,008	-	-	11,374	-	18,563	(65)	18,498
Total equity as at Sep 30 2015	17,291	60,257	-	(3,644)	66,998	597,187	738,089	16	738,105
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	-	-	-	-	-	204,227	204,227	34	204,261
Other comprehensive income									
- Exchange differences on translating foreign operations	-	-	-	(3,816)	-	-	(3,816)	-	(3,816)
Total comprehensive income for period	-	-	-	(3,816)	-	204,227	200,411	34	200,445
Contributions from and distributions to owners									
- Payment of dividends	-	-	-	-	-	(25,938)	(25,938)	(66)	(26,004)
- Share-based payments	-	-	-	-	13,333	-	13,333	-	13,333
- Issue of shares	288	11,133	-	-	-	-	11,421	-	11,421
Total contributions from and distributions to owners	288	11,133	-	-	13,333	(25,938)	(1,184)	(66)	(1,250)
Total equity as at Dec 31 2015	17,398	64,382	-	(7,675)	68,957	641,182	784,244	34	784,278
Equity as at Jan 1 2016	17,398	64,382	-	(7,675)	68,957	641,182	784,244	34	784,278
Comprehensive income for period									
Net profit for period	-	-	-	-	-	185,758	185,758	(15)	185,743
Payment of dividends	-	-	-	-	-	(35,491)	(35,491)	-	(35,491)
Other comprehensive income									
- Exchange differences on translating foreign operations	-	-	-	6,249	-	-	-	-	6,249
Total comprehensive income for period	-	-	-	6,249	-	150,267	150,267	(15)	156,501
Contributions from and distributions to owners									
- Valuation of hedging instruments	-	-	-	-	-	-	-	-	-
- Payment of dividends	-	-	-	-	-	-	-	(33)	(33)
- Share-based payments	-	-	-	-	5,809	-	5,809	-	5,809
- Issue of shares	346	13,384	-	-	-	-	13,730	-	13,730
Total contributions from and distributions to owners	346	13,384	-	-	5,809	-	19,539	(33)	19,506
Total equity as at Sep 30 2016	17,744	77,766	-	(1,426)	74,766	791,449	954,050	(14)	960,285

6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to September 30th 2016

PLN '000

	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Cash flows from operating activities				
Net profit for period	185 742	74,399	160,247	52,579
<i>Adjustments</i>				
Depreciation of property, plant and equipment	5,138	2,397	6,189	2,595
Amortisation of intangible assets	4,683	1,324	3,081	662
Net finance costs	42,960	15,149	31,010	12,515
(Gain)/loss on sale of property, plant and equipment	(143)	(55)	(367)	(166)
Equity-settled share-based payment transactions	5,809	1,948	11,374	2,868
Income tax	(1,224)	(1,495)	(469)	1,272
Change in other investments	(1,347)	(910)	(7,178)	(1,573)
Change in debt portfolios purchased	(743,493)	(135,197)	(110,812)	(24,772)
Change in inventories	37	51	75	(1)
Change in receivables	(11,790)	(13,631)	(9,554)	(5,545)
Change in prepayments and accrued income	(2,258)	(2,463)	(1,186)	(1,343)
Change in current liabilities, excluding financial liabilities	11,014	(116,791)	(19,775)	(4,482)
Income tax paid	(3,921)	(246)	(2,193)	(146)
Net cash from operating activities	(508,794)	(175,521)	60,441	34,462
Cash flows from investing activities				
Interest received	336	(304)	1,104	192
Sale of intangible assets and property, plant and equipment	280	56	394	(379)
Purchase of intangible assets and property, plant and equipment	(8,505)	(2,633)	(4,388)	117
Net cash from investing activities	(7,889)	(2,881)	(2,890)	(70)
Cash flows from financing activities				
Net proceeds from issue of shares	13,730	-	7,008	(181)
Proceeds from issue of debt securities	608,286	150,386	113,360	-
Increase in borrowings	1,077,481	321,254	331,616	(121,716)
Repayment of borrowings	(1,028,373)	(251,684)	(423,984)	118,650
Payments under finance lease agreements	(2,850)	(445)	(3,598)	(1,265)
Dividends paid	(35,491)	(35,491)	(25,757)	(160,757)
Redemption of debt securities	(92,034)	(1,034)	(41,000)	(12,000)
Interest paid	(39,666)	(17,258)	(33,530)	(12,062)
Net cash from financing activities	501,083	165,728	(75,884)	(54,330)
Total net cash flows	(15,600)	(12,674)	(18,333)	(19,938)
Cash and cash equivalents at beginning of period	140,742	137,816	70,545	72,150
Cash and cash equivalents at end of period	125,142	125,142	52,212	52,212

II. Interim condensed separate financial statements

1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2016 - Sep 30 2016	Jan 1 2015- Sep 30 2015	Jan 1 2016 - Sep 30 2016	Jan 1 2015- Sep 30 2015
For the period				
Revenue	88,714	79,827	20,306	19,196
Operating loss	(40,358)	(41,586)	(9,238)	(10,000)
Profit/(loss) before tax	(97,156)	(81,020)	(22,239)	(19,483)
Net profit/(loss)	(95,580)	(79,982)	(21,878)	(19,233)
Net cash from operating activities	(46,469)	107,611	(10,637)	25,877
Net cash from investing activities	(467,597)	(108,078)	(107,031)	(25,989)
Net cash from financing activities	520,393	(14,695)	119,116	(3,534)
Change in net cash	6,327	(15,161)	1,448	(3,646)
Average number of shares ('000)	17,578	17,209	17,578	17,209
Earnings per share (PLN/EUR)	(5.44)	(4.65)	(1.24)	(1.12)
Diluted earnings per share (PLN/EUR)	(5.23)	(4.51)	(1.20)	(1.09)
As at	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
Total assets	1,911,632	1,441,677	443,328	338,303
Non-current liabilities	1,219,441	668,249	282,802	156,811
Current liabilities	304,186	273,892	70,544	64,271
Equity	388,005	499,537	89,983	117,221
Share capital	17,744	17,398	4,115	4,083
Book value per ordinary share (PLN/EUR)	21.87	28.71	5.01	6.74

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 – 4,3688
- for the comparative period – 4,1585

- 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 – 4,3120
- for the comparative period – 4,2615

2. Interim condensed separate statement of financial position

As at September 30th 2016

PLN '000

	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Assets				
Cash and cash equivalents	11,533	12,050	5,206	9,354
Trade receivables from related entities	23,222	20,127	10,562	20,970
Trade receivables from other entities	3,882	3,907	3,029	3,818
Investments	143,428	75,651	94,725	100,627
Other receivables	7,189	9,746	15,107	15,255
Inventories	228	240	232	263
Property, plant and equipment	18,049	15,408	14,027	11,943
Intangible assets	12,841	12,095	10,735	9,081
Deferred tax asset	4,440	2,673	2,863	4,489
Investments in subsidiaries	1,684,328	1,529,502	1,283,073	1,063,785
Other assets	2,492	2,032	2,118	2,505
Total assets	1,911,632	1,683,431	1,441,677	1,242,090
Equity and liabilities				
Liabilities				
Hedge derivatives	-	-	589	1,190
Trade and other payables	27,177	23,692	26,095	22,765
Employee benefit obligations	16,479	16,685	22,363	16,683
Current tax liability	-	-	3,178	-
Liabilities under borrowings and other debt instruments	1,479,971	1,229,833	889,916	823,931
Total liabilities	1,523,627	1,270,210	942,141	864,569
Equity				
Share capital	17,744	17,744	17,398	17,291
Share premium	77,766	77,766	64,382	60,257
Other capital reserves	74,766	72,818	68,957	66,998
Retained earnings	217,729	244,893	348,800	232,975
Total equity	388,005	413,221	499,537	377,521
Total equity and liabilities	1,911,632	1,683,431	1,441,677	1,242,090

3. Interim condensed separate statement of profit or loss

For the reporting period from January 1st to September
30th 2016

PLN '000

	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015- Sep 30 2015	Jul 1 2015- Sep 30 2015
Revenue	88,714	30,187	79,827	28,281
Other income	666	142	778	197
Merchandise and materials sold	-	-	-	-
Employee benefits expense	(73,678)	(25,140)	(76,882)	(24,828)
Depreciation and amortisation expense	(6,579)	(2,547)	(6,235)	(2,174)
Contracted services	(25,928)	(9,806)	(21,667)	(7,524)
Other expenses	(23,553)	(9,196)	(17,407)	(6,694)
	(129,738)	(46,689)	(122,191)	(41 220)
Operating loss	(40,358)	(16,360)	(41,586)	(12,742)
Finance income	4,187	3,207	13,266	10,982
Finance costs	(60,985)	(15,395)	(52,700)	(11,004)
Net finance (income)/costs	(56,798)	(12,188)	(39,434)	(22)
Profit/(loss) before tax	(97,156)	(28,548)	(81,020)	(12,764)
Income tax	1,576	1,384	1,038	(1,079)
Net profit/(loss) for the period	(95,580)	(27,164)	(79,982)	(13,843)
Earnings/(loss) per share				
Basic (PLN)	(5.44)	(1.53)	(4.65)	(0.75)
Diluted (PLN)	(5.23)	(1.46)	(4.51)	(0.65)

4. Interim condensed separate statement of changes in equity

For the reporting period from January 1st to September 30th 2016

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2015	17,110	53,249	0	55,624	338,895	464,878
Net profit for period	-	-	-	-	(79,982)	(79,982)
Payment of dividends	-	-	-	-	(25,938)	(25,938)
Total comprehensive income for period	-	-	-	-	(105,920)	(105,920)
Contributions from and distributions to owners						
- Share-based payments	-	-	-	11,374	-	11,374
- Issue of shares	181	7,008	-	-	-	7,189
Total contributions from and distributions to owners	181	7,008	-	11,374	-	18,563
Total equity as at Sep 30 2015	17,291	60,257	-	66,998	232,975	377,521
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
Other comprehensive income	-	-	-	-	-	-
- Valuation of hedging instruments	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for period	-	-	-	-	35,843	35,843
Contributions from and distributions to owners						
- Payment of dividends	-	-	-	-	(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	499,537
Equity as at Jan 1 2016	17,398	64,382	-	68,957	348,800	499,537
Comprehensive income for period						
Net profit for period	-	-	-	-	(95,580)	(95,580)
Payment of dividends	-	-	-	-	(35,491)	(35,491)
Total comprehensive income for period	-	-	-	-	(131,071)	(131,071)
Contributions from and distributions to owners						
- Share-based payments	-	-	-	5,809	-	5,809
- Issue of shares	346	13,384	-	-	-	13,730
Total contributions from and distributions to owners	346	13,384	-	5,809	-	19,539
Total equity as at Sep 30 2016	17,744	77,766	-	74,766	217,729	388,005

5. Interim condensed separate statement of cash flows

For the reporting period from January 1st to September 30th
2016

PLN '000

	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015- Sep 30 2015	Jul 1 2015- Sep 30 2015
Cash flows from operating activities				
Net profit for period	(95,580)	(27,164)	(79,982)	(13,843)
<i>Adjustments</i>				
Depreciation of property, plant and equipment	3,679	1,352	3,646	1,320
Amortisation of intangible assets	2,899	1,027	2,590	855
Net finance (income)/costs	55,669	11,432	38,518	186
(Gain)/loss on sale of property, plant and equipment	(93)	21	(234)	(28)
Equity-settled share-based payment transactions	5,809	1,949	11,374	2,868
Income tax	(1,575)	(1,383)	(1,038)	1,079
Change in other current investments	(1,347)	(945)	(7,178)	(1,573)
Change in debt portfolios purchased	(1,488)	905	3,495	(917)
Change in inventories	4	12	18	(55)
Change in receivables	(4,754)	660	136,186	(753)
Change in prepayments and accrued income	(374)	(461)	(840)	(1,359)
Change in current liabilities, excluding financial liabilities	871	3,483	5,268	(264)
Change in employee benefit obligations	(5,884)	(206)	(2,033)	(2,418)
Income tax paid	(4,307)	(1,513)	(2,180)	-
Net cash from operating activities	(46,469)	(10,831)	107,611	(14,902)
Cash flows from investing activities				
Interest received	106	14	44	15
Loans advanced	(126,457)	(69,447)	(60,544)	(23,233)
Sale of intangible assets and property, plant and equipment	280	30	261	33
Dividends received	3,385	2,585	10,079	9,579
Disposal of financial assets	216,897	25,909	128,492	89,949
Purchase of intangible assets and property, plant and equipment	(7,381)	(2,428)	(3,487)	(254)
Acquisition of financial assets	(618,099)	(180,095)	(250,147)	(5,899)
Repayment of loans advanced	63,673	778	67,224	790
Net cash from investing activities	(467,597)	(222,655)	(108,078)	70,981
Cash flows from financing activities				
Net proceeds from issue of shares floated on stock exchange	13,730	-	7,008	-
Proceeds from issue of debt securities	608,286	150,386	113,360	-
Increase in borrowings	861,337	310,416	247,686	(122,716)
Repayment of borrowings	(794,141)	(173,352)	(280,576)	119,649
Redemption of debt securities	(92,034)	(1,035)	(41,000)	(12,000)
Payments under finance lease agreements	(2,850)	(1,219)	(2,240)	(606)
Dividends paid	(35,843)	(35,843)	(25,757)	(25,757)
Interest paid	(38,091)	(16,385)	(33,177)	(11,817)
Net cash from financing activities	520,393	232,969	(14,695)	(53,428)
Total net cash flows	6,327	(517)	(15,161)	2,651
Cash and cash equivalents at beginning of period	5,206	12,050	24,515	6,703
Cash and cash equivalents at end of period	11,533	11,533	9,354	9,354

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 September 30th 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 September 30th 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 Zasepa,	Member of the Management Board.

In Q3 2016 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q3 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.

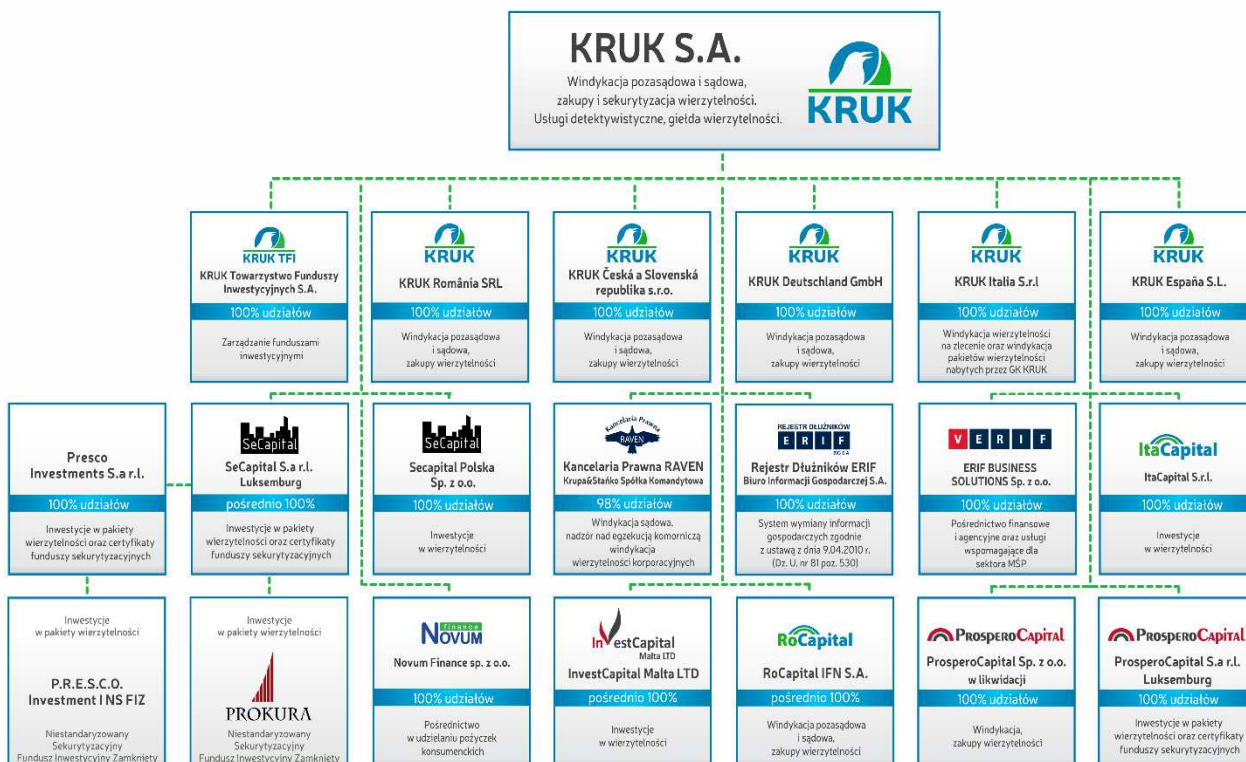
In view of the expiry of the term of office and mandates of Supervisory Board members, on May 9th 2016 the Company's General Meeting passed resolutions appointing Supervisory Board members for the subsequent term of office.

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;
- 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.;
- P.R.E.S.C.O. Investment I 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 Presco Investments 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, collection of debt portfolios purchased by the 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 Group in Spain and other European countries, as well as debt trading;
- ProsperoCapital S.a r.l. of Luxembourg, a company whose business consists in investing in debt or debt-backed assets. KRUK S.A. holds 100% of shares in the company's share capital;
- Presco Investments S.a r.l. of Luxembourg, a company whose business consists in investing in debt or debt-backed assets.

All the subsidiaries listed above have been consolidated in these condensed consolidated financial statements as at September 30th 2016 and for the period from January 1st to September 30th 2016.



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 issue of this report were as follows:

<i>PLN '000</i>	Country	Shareholdings (%)	
		Sep 30 2016	Dec 31 2015
SeCapital S.à r.l. *	Luxembourg	64.7%	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.	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 Deustschland 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%
Presco Investments S.a.r.l.	Luxembourg	100%	-
Presco Investments I NS FIZ*	Poland	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 September 30th 2016 and comparative data for the period from January 1st to September 30th 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 after January 1st 2015:

- *Amendments to IFRS introduced as part of the 2010–2012 improvements cycle:*
 - *Amendments to IFRS 2 Share-based Payment*
The amendments apply prospectively and clarify the definitions of the 'market condition' and 'vesting condition', while adding definitions of the 'service condition' and 'performance condition', both of which are vesting conditions.
 - *Amendments to IFRS 3 Business Combinations*
The amendments apply prospectively and clarify that any contingent consideration which is not classified as a component of equity should be measured at fair value through profit or loss, irrespective of whether it falls within the scope of IAS 39.
These changes had no impact on the Group's financial position or results of operation.
 - *Amendments to IFRS 8 Operating Segments*
The amendments apply retrospectively and clarify that:

- An entity should disclose the judgements made by the management in applying the aggregation criteria to operating segments as described in paragraph 12 of IFRS 8, and should include a short description of the segments that were aggregated and a description of the segments' economic characteristics which were taken into account when analysing similarity between the segments.
- Reconciliation of the segments' assets to the entity's total assets is required only if such amounts are provided to the chief operating decision maker.
- **Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets***
The amendments apply retrospectively and clarify that an asset may be revalued by reference to observable market data by adjusting the asset's gross carrying amount to its market value or by changing the gross carrying amount of the asset proportionately, so that the carrying amount of the asset after revaluation equals its market value. In addition, depreciation or amortisation is equal to the difference between the gross and net carrying amounts of an asset.
- **Amendments to IFRS 13 *Fair Value Measurement***
The amendments clarify that removing paragraph B5.4.12 of IFRS 9 *Financial Instruments: Recognition and Measurement* was not intended to change the guidance related to the measurement of short-term receivables and payables. As a result, entities may still measure short-term receivables and payables with no stated interest rate at invoice amounts, if the effect of discounting does not have a material bearing on the presented financial data.
- **Amendments to IAS 24 *Related Party Disclosures***
The amendments apply retrospectively and clarify that an entity providing key management personnel services should be treated as a related party for the purpose of related-party disclosures. In addition, an entity which uses the services provided by such management entity is required to disclose the costs of such services.
- **Amendments to IFRS introduced as part of the 2012–2014 improvements cycle:**
 - **Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations***
Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendments to IFRS 5 clarify that a change of the applied method should not be considered as a new plan of disposal; instead, it should be treated as a continuation of the original plan.
 - **Amendments to IAS 34 *Interim Financial Reporting***
The amendments state that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g. the management commentary). The other information within the interim financial statements must be available to users on the same terms as the interim financial statements and at the same time.
- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***
The amendments clarify the provisions of IAS 16 and IAS 38, stating with reference to the revenue-based method that revenue represents the generation of expected economic benefits rather than consumption of the expected future economic benefits embodied in the asset. Accordingly, the revenue-based method may not be used for depreciation of property, plant and equipment, and its application for the amortisation of intangible assets may be appropriate only in certain circumstances. The amendments apply prospectively.
- **Amendments to IAS 1 *Disclosure Initiative***
The amendments clarify the existing IAS 1 requirements concerning:
 - materiality,
 - aggregation and subtotals,
 - order of notes,
 - aggregation of information on an entity's share of other comprehensive income of equity-accounted associates and joint ventures (single line disclosure).

- Moreover, the amendments explain the requirements which apply when additional subtotals are presented in the statement of financial position, statement of profit or loss and other comprehensive income.

In addition, the following new or amended standards and interpretations are effective for annual periods beginning after January 1st 2015, but do not apply to the information presented and disclosed in the Group's financial statements:

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***
The amendments refer to the recognition of bearer plants.
- **Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations***
The amendments address the accounting for an acquired interest in a joint operation by the acquirer.
- **Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions***
The amendment refers to contributions from employees or third parties, which should be included when accounting for defined benefit plans.
- **Amendments to IFRS introduced as part of the 2012–2014 improvements cycle:**
 - **Amendments to IFRS 7 *Financial Instruments: Disclosures***
 - I. Servicing contracts – the amendment clarifies that a servicing contract that provides for a fee for servicing the financial asset can constitute continuing involvement in the financial asset.
 - II. Applicability of the amendments to IFRS 7 (issued in December 2011) to condensed interim financial statements.
 - **Amendments to IAS 19 *Employee Benefits***
The amendment refers to determination of the discount rate.

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 endorsed by the EU

- 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 these financial statements, 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,
- 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 IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on September 11th 2014) – work leading to the approval of the amendments was deferred by the EU for an indefinite period – effective date was deferred by the IASB for an indefinite period,
- 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,

- IFRS 9 *Leases* (published 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 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,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (published 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* (published 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.

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 are concentrated 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 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revenue	<u>542,262</u>	<u>449,238</u>
Purchased debt portfolios	503,449	414,009
Collection services	23,200	22,102
Other products	15,612	13,127
Direct and indirect costs	<u>(230,157)</u>	<u>(182,140)</u>
Purchased debt portfolios	(203,078)	(161,118)
Collection services	(16,967)	(15,253)
Other products	(10,111)	(5,770)
Gross profit	312,105	267,098
Purchased debt portfolios	300,371	252,891
Collection services	6,233	6,849
Other products	5,501	7,357
Administrative expenses	(77,284)	(64,645)
Depreciation and amortisation expense	(9,821)	(9,270)
Other income	1,782	1,218
Other expenses	(4,290)	(2,859)
Finance income/costs	(37,975)	(31,763)
Profit before tax	<u>184,517</u>	<u>159,778</u>
Income tax	1,224	469
Net profit	<u><u>185,742</u></u>	<u><u>160,247</u></u>

Geographical segments

<i>PLN '000</i>	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revenue	542,262	449,238
Poland	284,014	249,433
Romania	221,739	181,013
Other foreign markets	36,508	18,792

Non-financial assets

<i>PLN '000</i>	Sep 30 2016	Dec 31 2015
Poland	33,766	26,675
Romania	5,927	5,600
Other foreign markets	856	512
	40,549	32,787

4. Purchased debt portfolios

<i>PLN '000</i>	
Value of 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)
Value of purchased debt portfolios as at Dec 31 2015	1,598,132
Value of purchased debt portfolios as at Jan 1 2016	1,598,132
Purchase of debt portfolios	936,003
Purchase price adjustment for discount	(1,209)
Cash recoveries	(701,088)
Value of property	(5,293)
Sale of property	(731)
Increase/(decrease) in liabilities to debtors due to overpayments	870
Valuation of loyalty scheme	3,726
Revenue from debt purchase (interest and revaluation)	503 449
Fair value translation differences	8,892
Value of purchased debt portfolios as at Sep 30 2016	2,342,751

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 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revenue from debt purchase	503,449	414,009
Revenue from fee-based credit management services	23,200	22,102
Revenue from other products	15,612	13,127
Revenue from sale of merchandise and materials	-	-
	542,262	449,238

Revenue from debt purchase

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Interest income adjusted for actual recoveries	448,631	381,676
Revaluation of debt portfolios	51,975	32,333
Foreclosure of property	2,707	-
Sale of property	727	-
Cost of debts sold	(591)	-
	503,449	414,009

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revision of recovery forecast	51,235	29,777
Change due to change in discount rate	115	790
Exchange differences	625	1,769
	51,975	32,336

Revenue from debt purchase includes:

Revenue from debt portfolios measured at fair value

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Interest income adjusted for actual recoveries	237,817	280,670
Revaluation of debt portfolios	100,911	68,426
Foreclosure of property	1,625	-
Sale of property	14	-
	340,367	349,096

Revaluation of debt portfolios measured at fair value

<i>PLN '000</i>	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revision of forecast	99,448	66,550
Change due to change in discount rate	115	790
Exchange differences	1,348	1,086
	<u>100,911</u>	<u>68,426</u>

Revenue from debt portfolios measured at amortised cost

<i>PLN '000</i>	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Interest income adjusted for actual recoveries	210,814	101,006
Revaluation of debt portfolios	(48,936)	(36,093)
Foreclosure of property	1,082	-
Sale of property	713	-
Cost of debts sold	(591)	-
	<u>163,082</u>	<u>64,913</u>

Revaluation of debt portfolios measured at amortised cost

<i>PLN '000</i>	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Revision of recovery forecast	(48,213)	(36,773)
Exchange differences	(724)	683
	<u>(48,936)</u>	<u>(36,090)</u>

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.

Employee benefits expense

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Salaries and wages	(101,668)	(88,696)
Other social security contributions	(7,782)	(6,889)
Old-age and disability pension contributions	(16,525)	(13,372)
Contribution to the State Fund for the Disabled	(855)	(820)
Equity-settled cost of stock option plan	(5,809)	(11,374)
	<u>(132,639)</u>	<u>(121,151)</u>

Other expenses

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Stamp duties, court and bailiff fees	(45,660)	(52,745)
Advertising	(2,827)	(2,137)
Raw materials and energy used	(7,845)	(6,787)
Taxes and charges	(60,157)	(25,042)
Staff training	(1,634)	(1,648)
Business trips	(1,975)	(1,287)
Entertainment expenses	(513)	(306)
Motor insurance	(420)	(500)
Losses from damage caused by motor vehicles	(567)	(430)
Property insurance	(71)	(172)
Other	(4,381)	(3,476)
	<u>(126,050)</u>	<u>(94,530)</u>

Finance income

PLN '000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015
Interest income on bank deposits	335	1,042
Net foreign exchange gains	5,861	-
	<u>6,196</u>	<u>1,042</u>

Finance costs

Interest expense on financial liabilities measured at amortised cost	(44,171)	(37,409)
Net foreign exchange gains	-	(1,311)
	<u>(44,171)</u>	<u>(38,720)</u>

Borrowings and finance lease liabilities

PLN '000

	<u>Sep 30 2016</u>	<u>Dec 31 2015</u>	<u>Sep 30 2015</u>
Non-current liabilities			
Secured borrowings	224,210	171,318	209,770
Liabilities under debt securities (unsecured)	1,017,268	534,204	475,492
Finance lease liabilities	5,802	5,803	6,695
	<u>1,247,280</u>	<u>711,325</u>	<u>691,957</u>
Current liabilities			
Current portion of secured borrowings	59,756	63,503	33,877
Liabilities under debt securities	191,887	155,328	85,383
Current portion of finance lease liabilities	11,440	4,855	5,569
	<u>263,083</u>	<u>223,686</u>	<u>124,829</u>

Earnings per share

'000

	<u>Jan 1 2016 - Sep 30 2016</u>	<u>Jan 1 2015 - Dec 31 2015</u>	<u>Jan 1 2015 - Sep 30 2015</u>
Number of ordinary shares as at Jan 1	17,398	17,110	17,110
Effect of cancellation and issue of shares	180	133	99
Weighted average number of ordinary shares	<u>17,578</u>	<u>17,243</u>	<u>17,209</u>
PLN			
Basic earnings per share	<u>10.57</u>	<u>11.84</u>	<u>9.31</u>

'000

	Jan 1 2016 - Sep 30 2016	Jan 1 2015 - Dec 31 2015	Jan 1 2015 - Sep 30 2015
Weighted average number of ordinary shares	17,578	17,243	17,209
Effect of share option issue	689	550	508
Weighted average number of ordinary shares (diluted)	18,267	17,793	17,717
PLN			
Earnings per share (diluted)	10.17	11.48	9.04

The statement of financial position is split into current and non-current items

As at September 30th 2016,

PLN '000

	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Assets				
Non-current assets				
Property, plant and equipment	23,232	20,925	19,957	18,354
Other intangible assets	16,292	13,246	11,805	10,054
Goodwill	1,024	1,024	1,024	1,024
Deferred tax asset	4,808	3,067	2,841	4,476
Total non-current assets	45,356	38,262	35,628	33,908
Current assets				
Inventories	550	601	587	449
Investments	2,371,950	2,240,509	1,620,579	1,498,169
Trade receivables	10,464	7,924	8,391	8,709
Other receivables	35,531	25,345	26,719	28,125
Prepayments and accrued income	5,727	3,264	3,469	3,256
Cash and cash equivalents	125,142	137,816	140,742	52,212
Total current assets	2,549,364	2,415,459	1,800,487	1,590,920
Total assets	2,594,720	2,453,721	1,836,115	1,624,828
Equity and liabilities				
Equity				
Share capital	17,744	17,744	17,398	17,291
Share premium	77,766	77,766	64,382	60,257
Cash flow hedging reserve	-	-	-	0
Exchange differences on translating foreign operations	(1,426)	3,553	(7,674)	(3,644)
Other capital reserves	74,766	72,818	68,956	66,998
Retained earnings	791,449	717,040	641,182	597,186
Equity attributable to owners of the Parent	960,299	888,921	784,244	738,088
Non-controlling interests	(14)	(3)	34	16
Total equity	960,285	888,918	784,278	738,104
Non-current liabilities				
Non-current liabilities under borrowings and other debt instruments	1,247,280	1,062,067	711,325	691,957
Hedge derivatives	-	-	589	1,190
Total non-current liabilities	1,247,280	1,062,067	711,914	693,147
Current liabilities				
Current liabilities under borrowings and other debt instruments	263,083	261,871	223,686	124,829
Trade and other payables	99,272	213,259	83,555	43,228
Current tax liability	-	-	3,178	-
Employee benefit obligations	24,536	27,342	29,239	25,256
Current provisions	264	264	264	264
Total current liabilities	387,155	502,736	339,922	193,577
Total liabilities	1,634,435	1,564,803	1,051,836	886,724
Total equity and liabilities	2,594,720	2,453,721	1,836,115	1,624,828

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.
- In Q2 2016, the most important PR projects included preparation and implementation of a PR drive related to the largest transaction on the Polish market and launch of a new operating branch in Piła. The project's main objective was to promote the presence of KRUK as a new resident of Piła and a good employer. To this end, a press conference was held, attended by Mr Piotr Krupa, President of the Management Board of KRUK S.A., Ms Iwona Słomska, Member of the Management Board of KRUK S.A., Mr Piotr Głowski, Mayor of Piła, and his Deputy Ms Beata Dudzińska. The opening ceremony at the Group's new operating branch concluded with a meeting with the most prominent members of local media.
- Industry conferences organised in the second quarter included another insurance workshop for our business partners, which addressed the newest trends on the insurance claim market. In Germany, we attended a conference devoted to debt issues, with a view to promoting our Germany-based subsidiary among prospective business partners. In the Czech Republic, we commemorated the second anniversary of our presence in Hradec Králové, with the event featuring a second conference for the business partners of KRUK Česká a Slovenská republika. Rejestr Dlužníků ERIF became the main partner in the event addressed to the non-banking lending sector, the Lending Sector Congress.
- In Q3 2016, in Poland, we launched "Mały krok, wielka szansa" (Small step, giant chance), a series of workshops for indebted individuals. All beneficiaries of local Municipal Social Welfare Centres and Municipal Family Welfare Centres were invited to attend the workshops. During these meetings, run by psychologist Roman Pomianowski, participants learnt how to tackle the debt problem and effectively begin the change that will enable them to clear their debts.
- In the same period, in Poland, we also conducted a public survey on 'Intergenerational Talks about Debt'. It was meant to garner media attention to debt in the intergenerational context and to show how Polish people discuss this topic (if they do at all). Press releases concerning this project attracted great interest from journalists, which enabled us to reach more debtors, including the KRUK Group customers.

- Since Q3 2016, Rejestr Dłużników ERIF has operated as ERIF Biuro Informacji Gospodarczej S.A. The decision to change the name was made in view of changing market trends and a constantly growing amount of positive credit information in ERIF's database. The new name is a natural response to the evolution observed on the credit information market, which ERIF has co-created and actively promotes. For a few years now, the company has educated consumers and entrepreneurs about the importance of having a track record of and access to positive credit information. ERIF also promotes among its customers and partners the idea of a comprehensive view on recipients of products and services. In Poland, positive credit information provided by credit reference agencies (like in other mature markets) is becoming increasingly important. Information about potential borrowers and future customers is increasingly subject to qualitative analysis in risk assessment processes. Therefore, the change of company's name is taking place under the slogan 'ERIF Builds Histories' – positive track records of consumers and businesses. The new name should be neutral and should not imply that ERIF compiles solely negative information. Currently, about half of ERIF's database comprises positive information – evidence of timely repayment of debt by consumers and entrepreneurs. The information is about loan instalments, bills, invoices and other liabilities.

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 three quarters of 2016, investments totalled PLN 936m.

As at September 30th 2016, the amount of the company's investments in debt portfolios accounted for 90% of its assets. Equity accounts for 37% of the financing of the Group's operations.

The above expenditure on debt portfolios in Q1–Q3 2016 includes the transaction in which a Kruk Group company purchased a 100% interest in Presco Investments S.a r.l and the right to P.R.E.S.C.O.'s debt portfolios purchased on the Polish market. Investment I NS FIZ.

On April 15th 2016, a statement was signed 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.a r.l., free and clear of any encumbrances, restrictions or third-party rights, with a total par value of PLN 39,005,000, was transferred to Secapital S.a 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 193.7m and was reduced by PLN 3.58m under a dividend payable to the seller from Presco Investments S.a r.l.'s profit for 2015.

The price was paid within 15 business days from the date on which the buyer received a correct and updated debt database after the transaction closing date. The price will be reduced by the PLN 15m prepayment made by the buyer on January 6th 2016 and by the amount of PLN 31.4m deferred until 2017–2022 in order to secure 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 KRUK Group's revenue for the last four financial quarters.

The acquisition of the assets was financed with the buyer's internally generated funds. In Secapital's accounting books, the carrying amount of the assets is PLN 193.7m.

Another significant transaction executed by the Group in Q1–Q3 2016 was the purchase of unsecured consumer debts with a total nominal value of PLN 1.5bn for PLN 222m from Banca Monte dei Paschi di Siena S.p.A. It was the highest-value debt purchase transaction yet executed by the Kruk Group on the

Italian market. On June 27, 2016, he was the condition precedent concerning. The above-mentioned agreement in the form of payment of prices resulting from the Agreement. At the same time as a result of the fulfillment of the condition precedent of the transfer of the debt portfolio on ItaCapital. The subject of the Agreement was the acquisition by ItaCapital from the Bank of receivables due to unsecured consumer loans with a total nominal value of approx. EUR 352 million (according to NBP average exchange rate of 23 June 2016. 1.5 billion zł) for a price of approximately EUR 50.6 million (acc. to the average National Bank of Poland on 23 June 2016. 221.6 mln zł).

On May 20, 2016. Concluded a significant binding contract between subsidiary KRUK SA - ProsperoCapital S.à amp; based in Luxembourg, and the entities belonging to the Group of Eurobank in Romania - Bancpost SA ERB and Retail Services IFN S.A based in Bucharest and Dutch subsidiary of the Group Eurobank - ERB New Europe Funding II BV based in Amsterdam. The subject of the Agreement was the acquisition of the three debt portfolios with a nominal value of EUR 597 million (2.6 billion PLN according to the exchange rate on May 20, 2016.). The Group's share of investment in Kruk is approx. EUR 46 million (203 million PLN according to the exchange rate of 20 May 2016.). Investors communicate to buyers agents, in amounts proportionate to their share in the project, to cover the total purchase prices, they have committed to pay for the debts.

The total of expenditure incurred in the first three quarters of 2016 includes expenditure related to an agreement signed in Romania under which the Kruk Group purchased a debt portfolio in a partnership with International Finance Corporation (a member of the World Bank Group). The Group spent PLN 155m on the transaction. Comprising debts with a nominal value of PLN 2.6m (nominal value of the entire portfolio), the transaction has been the Group's largest ever investment in unsecured debt on the Romanian market, taking the Group's total investments by nominal value on that market to above PLN 10bn.

As at September 30th 2016, the KRUK Group's financial ratios were as follows:

1.44 – Debt Ratio

2,46 – Net Financial Debt / Cash EBITDA Ratio;

where:

the Debt Ratio represents 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 represents the KRUK Group's equity;

Financial Liabilities represent total financial liabilities under:

- bonds or other similar debt securities; or
- loans; or
- bank borrowings; 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 repayment of liabilities of non-KRUK Group entities under bank borrowings, loans, finance leases, bonds or other similar debt securities, or
- accession to debt owed by non-KRUK Group entities under bank borrowings, loans, finance leases, bonds or other similar debt securities; or
- assumption of liabilities of non-KRUK Group entities under bank borrowings, loans, 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.

The key strategic objective of the KRUK Group for 2015–2019 is to achieve the position of one of the three leading debt management companies in Europe in terms of net profit. The Group plans to achieve this goal through:

- Product range development and geographical expansion.
- Improvement of efficiency.
- Improvement of research and analyses.

8. Seasonality or cyclical 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 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 notes. The Company resolved to issue up to 150,000 unsecured Series AA2 bearer notes with a nominal value of PLN 1,000 per note, maturing 72 months after the allotment date.

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

On March 10th 2016, the KRUK Management Board passed resolutions to issue up to 650,000 Series AB1 notes. The Company resolved to issue up to 650,000 unsecured Series AB1 bearer notes with a nominal value of PLN 100 per note, 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 notes. The Company resolved to issue up to 100,000 unsecured Series AC1 bearer notes with a nominal value of PLN 1,000 per note, maturing 72 months after the allotment date.

On May 9th 2016, the KRUK Management Board passed resolutions to issue up to 135,000 Series AB2 notes. The Company resolved to issue up to 135,000 unsecured Series AB2 bearer notes with a nominal value of PLN 1,000 per note, maturing 60 months after the allotment date.

On June 9th 2016, the KRUK Management Board passed resolutions to issue up to 50,000 Series AD1 notes. The Company resolved to issue up to 50,000 unsecured Series AD1 bearer notes with a nominal value of PLN 1,000 per note, maturing 36 months after the allotment date.

On June 16th 2016, the KRUK Management Board passed resolutions to issue up to 650,000 Series AB3 notes. The Company resolved to issue up to 650,000 unsecured Series AB3 bearer notes with a nominal value of PLN 100 per note, maturing 60 months after the allotment date.

On June 20th 2016, in connection with a non-revolving working capital facility agreement executed by its subsidiary PROKURA NS FIZ, KRUK S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw. In accordance with the surety agreement, KRUK S.A. guaranteed liabilities towards the Bank under the facility agreement, whether existing at the time of the surety execution or arising in the future, including in particular interest and costs of court and enforcement proceedings incurred by the Bank, and thus became a joint and several debtor in respect of those liabilities. The surety was issued for up to PLN 52,971,106.80. It will expire not later than on December 19th 2022.

On July 29th 2016, to finance an agreement with the following entities of the Eurobank Group: Bancpost S.A. and ERB Retail Services IFN S.A., both headquartered in Bucharest, Romania, and Eurobank's Dutch subsidiary ERB New Europe Funding II B.V. of Amsterdam, providing for the purchase of three debt portfolios with a nominal value of EUR 597m, ProsperoCapital executed a senior note issuance agreement. The parties to the

note issuance agreement are ProsperoCapital, International Finance Corporation (a member of the World Bank Group) of Washington (IFC), and InvestCapital Malta Ltd. of Malta, a subsidiary. Under the note issuance agreement, ProsperoCapital will issue registered senior notes of up to RON 255m (PLN 249.5m, at the exchange rate quoted by the NBP for July 29th 2016). The issuance will be applied towards payment of the purchase price of the receivables as well as any other expenses to be incurred by ProsperoCapital in accordance with the note issuance agreement. Investors will subscribe for the senior notes issued towards payment of the price on a pro rata basis, which is 33% in respect of IFC and 67% in respect of ICM. The issuance of the senior notes is conditional upon the investors having confirmed to ProsperoCapital that all conditions precedent listed in the note issuance agreement have been met. The senior notes mature after 72 months from the date falling five business days after ProsperoCapital's submission of an invitation to acquire the notes or a later date jointly agreed on by ProsperoCapital and the investors. Interest on the senior notes will be paid to the investors on a monthly basis. The interest amount will depend on net cash flows from the collection of receivables, and will be calculated in accordance with the formula defined in the note issuance agreement.

On August 5th 2016, the KRUK Management Board passed resolutions to issue up to 20,000 Series AA3 notes. The Company resolved to issue up to 20,000 unsecured Series AA3 bearer notes with a nominal value of EUR 1,000 per note, maturing 36 months after the allotment date.

On September 19th 2016, the KRUK Management Board passed a resolution to issue up to 350,000 Series AB4 notes. The Company resolved to issue up to 350,000 unsecured Series AA4 bearer notes with a nominal value of PLN 100 per note, maturing on September 30th 2021.

On October 14th 2016, the KRUK Management Board passed a resolution to issue up to 75,000 Series AA4 notes. The Company resolved to issue up to 75,000 unsecured Series AA4 bearer notes, with a nominal value of PLN 1,000 per note, maturing 72 months after the allotment date.

On October 14th 2016, the KRUK Management Board passed a resolution to issue up to 75,000 Series AA5 notes. The Company resolved to issue up to 75,000 unsecured Series AA5 bearer notes, with a nominal value of PLN 1,000 per note, maturing 36 months after the allotment date.

10. Dividends 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 dividends 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 March 3rd 2016, the Company's Supervisory Board passed a resolution on the assessment of the Management Board's proposal concerning the allocation of KRUK S.A.'s net profit for 2015.

The Supervisory Board favourably assessed the proposal, in which the Management Board recommended that the 2015 net profit be distributed as dividends of PLN 2 per share to the Company's shareholders, with the balance allocated to statutory reserve funds.

On May 9th 2016, the General Meeting of KRUK S.A. passed a resolution to distribute the profit for 2015 as dividends. The dividend record date was set for July 8th 2016. The dividends were paid out on July 29th 2016.

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 October 19th 2016, KRUK S.A.'s subsidiary ItaCapital s.r.l. of Milan entered into firm agreements with the UniCredit Group's UniCredit S.p.A. of Milan and Arena NPL One S.r.l. of Verona.

The agreements provide for the purchase of unsecured consumer loan debts with a total nominal value of approximately EUR 938m.

On October 28, 2016 years Kruk SA was informed of the adoption by existing shareholders offer to acquire shares in the company operating in the area of debt management in the Italian market. According to the offer, KRUK SA will acquire a total of 100% free from any encumbrances and third party rights of the shares. Consolidated revenues of the Company in 2015 amounted to EUR 2.2 million (according to the NBP average exchange rate of 28 October 2016 years 9.5 million zł). The parties agreed that the conclusion of the purchase of shares will take place no later than 21 November 2016 year.

On October 31, 2016, the Company published a notice of the Extraordinary General Meeting of KRUK SA, which is scheduled for 29 November 2016. Agenda covers the following points:

1. Adopting resolutions on:

(i) increase the share capital by issuing new shares of series G, depriving existing shareholders pre-emptive rights of all shares of the new issue of Series G, and offer the shares in a private placement directed to no more than 149 investors;

(ii) dematerialization and application for admission of the rights to series G shares and new shares series G to trading on the regulated market operated by the Warsaw Stock Exchange in Warsaw SA and

2. Adopting a resolution concerning consent to the taking over by the members of the Supervisory Board and Management Board members of bonds issued by KRUK SA

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, PROKURA 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 June 30th 2016, the total amount of the pledged assets in KRUK S.A.'s accounting books was PLN 35,300 thousand;
- On March 2nd 2016, PROKURA NS FIZ and mBank S.A. concluded an agreement on a registered pledge over a set of rights. On March 14th 2016, an application was filed with the court to enter the pledge in the pledge register. The registered pledge secures claims up to a maximum amount of PLN 150,000 thousand. As at June 30th 2016, the amount of the pledged assets in KRUK S.A.'s accounting books was PLN 37,400 thousand.
- On July 6th 2016, PROKURA NS FIZ and mBank S.A. concluded two 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 September 30th 2016, the total amount of the pledged assets in KRUK S.A.'s accounting books was PLN 27,289 thousand.

- On July 6th 2016, KRUK S.A. and mBank S.A. signed Annex 1 to a surety agreement of July 2nd 2015, announced by the Company in Current Report No. 39/2015. Under the annex, the validity of the surety provided by KRUK S.A. for up to PLN 150m in respect of obligations incurred by PROKURA NS FIZ towards mBank S.A. under a credit facility agreement was extended to July 1st 2024.

On June 20th 2016, in connection with a non-revolving working capital facility agreement executed by its subsidiary PROKURA NS FIZ, KRUK S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw. In accordance with the surety agreement, KRUK S.A. guaranteed liabilities towards the Bank under the facility agreement, whether existing at the time of the surety execution or arising in the future, including in particular interest and costs of court and enforcement proceedings incurred by the Bank, and thus became a joint and several debtor in respect of those liabilities. The surety was issued for up to PLN 52,971,106.80. It will expire not later than on December 19th 2022.

On July 8th 2016, PROKURA NS FIZ entered into an agreement with Powszechna Kasa Oszczędności Bank Polski S.A. on a registered pledge over a set of rights. On July 14th 2016, the company applied to the court for the entry of the pledge in the pledge register, but as at September 30th 2016 it did not receive the court's decision. The registered pledge is to secure claims up to a maximum amount of PLN 52,971,106.80. As at September 30th 2016, the total amount of the pledged assets in KRUK S.A.'s accounting books was PLN 44,940 thousand.

In connection with a PLN 20m share capital cancellation completed on April 20th 2016 in InvestCapital Malta Ltd., on April 20th 2016 KRUK S.A. issued a corporate guarantee to InvestCapital Malta for up to PLN 20m. The guarantee expired on July 29th 2016 after the share cancellation was declared final. The purpose of the guarantee was to secure the interests of creditors in InvestCapital Malta Ltd, who could challenge the share cancellation by July 29th 2016.

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.a r.l., a subsidiary of KRUK S.A., and Presco Investments Limited of Malta signed a representation on fulfilment of the condition precedent and transfer of shares, as a result of which Secapital S.a r.l. became the owner of all shares in Presco Investments S.a.r.l. and acquired the right to the debt portfolios of P.R.E.S.C.O. Investment I NS FIZ.

P.R.E.S.C.O. Investment I NS FIZ is entered in the Register of Investment Funds maintained by the Regional Court in Warsaw, 7th Civil and Registry Division, under entry No. RFI 640. Since April 15th 2016, KRUK S.A.'s subsidiary SeCapital S.a.r.l. has been the sole holder of the Fund's investment certificates, holding 39,878,730 certificates.

The business of Presco Investments S.a r.l. consists in management of securitised debt.

On July 29th 2016, the Management Board of KRUK S.A., the sole shareholder of NOVUM FINANCE sp. z o.o., resolved to revoke the pending liquidation of that company. The relevant resolution was passed by the General Meeting. Ms Agnieszka Kufon was appointed as member of the Company's Management Board.

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 interim report, i.e. May 8th 2016

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 OFE, 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	1,918,427	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%

(*) 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 May 9th 2016.

Information concerning changes in the structure of major holdings

The following changes took place in the holdings of Company shares by major shareholders of KRUK S.A.

in the period from the issue of the previous quarterly report, i.e. the extended consolidated report for Q1 2016, to the date of issue of this interim report:

On July 15th, July 26th and September 30th 2016, the Company received notifications from Piotr Krupa, President of the KRUK S.A. Management Board and a major shareholder in the Company, concerning sale of KRUK S.A. shares in ordinary trades executed on the Warsaw Stock Exchange on July 13th 2016 (32,000 shares for an average price of PLN 209.00), July 25th 2016 (10,000 shares for an average price of PLN 205.90 per share), and September 29th 2016 (9,000 shares for an average price of PLN 245.72 per share).

On June 22nd 2016, the Management Board of the Warsaw Stock Exchange (Warsaw Stock Exchange, "WSE") adopted Resolution No. 644/2016 to admit and introduce to stock-exchange trading on the WSE Main Market Series E ordinary bearer shares in the Company ("Resolution"). In the Resolution, the WSE Management Board stated that, pursuant to Par. 19.1 and 19.2 of the WSE Rules, 228,470 Series E ordinary bearer shares with a par value of PLN 1.00 per share were admitted to trading on the main market. Further, under the Resolution, pursuant to Par. 38.1 and 38.3 of the WSE Rules, the WSE Management Board decided to introduce, under the ordinary procedure, the Company shares referred to above to trading on the main market as of June 27th 2017, provided that on that day the Central Securities Depository of Poland registers the shares and assigns them ISIN code No. PLKRK0000010.

On June 27th 2016, the Company's Management Board received information that the Operations Department of the Central Securities Depository of Poland issued an announcement stating that on June 27th 2016 a total of 228,470 shares in the Company was registered with the Central Securities Depository of Poland, under ISIN code: PLKRK0000010.

The Company further announced that on the date of registration with the Central Securities Depository of Poland of the above KRUK S.A. shares issued as part of a conditional share capital increase, 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 the Company's share capital within the limits of the conditional share capital, through the issue of 228,470 Series E ordinary bearer shares with a par value of PLN 1 per share pursuant to Resolution No. 1/2011 of the Extraordinary General Meeting of March 30th 2011, was effected.

Following registration of the Company's shares in the investors' securities accounts, its share capital is PLN 17,744,216 and is divided into 17,744,216 shares conferring the right to 17,744,216 votes at the Company's General Meeting.

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	Position	Number of shares held
Piotr Krupa	CEO and President of the Management Board	1,918,427
Urszula Okarma	Member of the Management Board	107,001
Agnieszka Kułton	Member of the Management Board	61,611
Iwona Słomska	Member of the Management Board	41,110
Michał Zasepa	Member of the Management Board	35,133

In the period from the issue of the previous interim report, i.e. the extended consolidated report for Q1 2016 issued on May 9th 2016, to the date of issue of this interim report, there were changes in the holdings of Company shares by Ms Iwona Słomska, Ms Agnieszka Kułton, Mr Michał Zasepa and Mr Tomasz Bieske.

On June 24th 2016, the Company received a notification from Mr Tomasz Bieske (member of the Company's Supervisory Board), given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that on June 24th 2016 Mr Bieske had sold 642 shares in KRUK S.A., for an average price of PLN 191.08 per share, in ordinary trades on the Warsaw Stock Exchange.

On June 28th 2016, the Company received a notification from Ms Iwona Słomska of her acquisition of 14,880 Series E shares in the Company. According to the notification, the shares were acquired on June 27th 2016, when 14,880 Series E shares were registered in the securities account of the notifying party as a result of the exercise of the rights attached to 14,880 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 June 28th 2016, the Company received a notification from Ms Agnieszka Kułton of her acquisition of 16,130 Series E shares in the Company. According to the notification, the shares were acquired on June 27th 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 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 June 28th 2016, the Company received a notification from Mr Michał Zasepa of his acquisition of 32,637 Series E shares in the Company. According to the notification, the shares were acquired on June 27th 2016, when 32,637 Series E shares were registered in the securities account of the notifying party as a result of the exercise of the rights attached to 32,637 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 July 4th 2016, the Company received a notification from Ms Agnieszka Kułton, given under Art. 19 of MAR. According to the notification, the notifying party had sold, in ordinary trades on the Warsaw Stock Exchange, 39 shares in KRUK S.A. for an average price of PLN 200.00 per share on June 30th 2016 and 500 shares in KRUK S.A. for an average price of PLN 200.82 per share on July 1st 2016.

On July 15th 2016, the Company received a notification from Michał Zasępa, given under Art. 19 of MAR. According to the notification, the notifying party had sold, in ordinary trades on the Warsaw Stock Exchange, 2,982 shares in KRUK S.A. for an average price of PLN 209.83 per share on July 12th 2016 and 2,018 shares in KRUK S.A. for an average price of PLN 209.06 per share on July 13th 2016. On September 30th 2016, the Company received a notification from Michał Zasępa, given under Art. 19 of the MAR, of the sale of 4,001 Company shares in ordinary trades on the Warsaw Stock Exchange, for an average price of PLN 246.89 per share.

On July 25th 2016, the Company received a notification from Iwona Słomska, given under Art. 19 of MAR. According to the notification, the notifying party had sold, in ordinary trades on the Warsaw Stock Exchange, 2,890 shares in KRUK S.A. for an average price of PLN 206.00 per share on July 20th 2016 and 3,000 shares in KRUK S.A. for an average price of PLN 206.00 per share on July 25th 2016.

On September 30, 2016. Company received a notification from Mr. Michael Zasępy, made pursuant to Art. MAR 19, in which he informed about the disposal by themselves, on 29 September 2016. 4,001 shares Kruk SA the average price of 446.89 zł on the Stock Exchange in Warsaw in ordinary session transactions.

To the knowledge of the Company in the period from the previous quarterly report, ie. The extended consolidated report for the first quarter of 2016. ie. From 8 May 2016. Until the date of publication of this report, the remaining members of the Supervisory Board of KRUK SA They do not hold any shares of the Company and the rights to them. However, according to the knowledge of the Company after the reporting period, the members of the Supervisory Board of KRUK SA They do not hold any shares of the Company and rights to them.

Incentive scheme for 2011-2014

Until June 30th 2016, the KRUK Group operated an incentive scheme for key management personnel of the Parent and Group companies, covering the years 2011–2014 ('Incentive Scheme' or 'Scheme').

The rules of the Incentive Scheme for 2011–2014 were adopted by way of 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 were issued in four tranches, one for each year of the reference period, i.e. for the financial years 2011–2015.

Subscription warrants for a given financial year were granted by the KRUK Supervisory Board on condition that two financial ratios reflecting the KRUK 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.

By June 30th 2016, 188,650 warrants were converted into Series E Company shares. The remaining 1,140 Tranche 1 warrants held by eligible persons expired on June 30th 2016.

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 Management Board Members. On October 1st 2013, 201,758 subscription warrants were delivered to the Eligible Persons.

By June 30th 2016, all subscription warrants issued in Tranche 2 were exchanged for Series E 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.

By June 30th 2016, all subscription warrants issued in Tranche 3 were exchanged for Series E 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.

By June 30th 2016, all subscription warrants issued in Tranche 4 were exchanged for Series E shares.

As at September 30th 2016, no warrants issued under the 2011–2014 Incentive Scheme were held by Management Board members.

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). Tranche 1 subscription warrants may not be exercised by their holders until at least 12 months after the subscription date. 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").

Tranche 1

On June 9th 2016, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of a condition set forth in the Stock Option Scheme for offering Tranche 1 subscription as a reward for meeting the targets set in the 2015-2019 incentive scheme in 2015. The Supervisory Board declared that the condition was met. On June 17th 2016, the Company's Management Board passed a resolution to determine the list of Non-Management Board Members who are Eligible Persons entitled to acquire Tranche 1 Subscription Warrants for 2015 as part of the 2015-2019 Stock Option Scheme.

Acting under the resolution, on June 22nd 2016, the Management Board invited the Eligible Persons who are not Management Board Members to acquire Tranche 1 Subscription Warrants. As a result, 86,435 Subscription Warrants were issued 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 Non-Management Board Members who are Eligible Persons entitled to acquire Tranche 1 Subscription Warrants for 2015 as part of the 2015-2019 Stock Option Scheme. In compliance with the Scheme terms, the resolution was approved by a Supervisory Board resolution of September 1st 2016.

On October 27, 2016. The Board passed a resolution on the amendment of the list of Eligible Persons who are members of the Management Board to acquire the Subscription Warrants Tranche And for 2,015 years in the framework of Option Plan for the years 2015-2019. The present resolution was approved by resolution of the Supervisory Board dated 27 October 2016. On this basis the Supervisory Board Members of the Board made the offer to acquire warrants in the Tranche managerial Programme for the years 2015-2019. Issue of warrants to Authorised Persons, who are members of the Board, took place on 27 October 2016. In the amount of 20 000 pieces.

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

Name	Position	Number of warrants held Tranche 1 for 2015
Piotr Krupa	CEO and President of the Management Board	7000
Urszula Okarma	Member of the Management Board	3250
Agnieszka Kułton	Member of the Management Board	3250
Iwona Słomska	Member of the Management Board	3250
Michał Zasepa	Member of the Management Board	3250

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>Parties</i>	<i>Kruk S.A.'s position</i>
Annulment of contract/abusive clauses	PLN 27,884,886.43	2014-08-04	Barbu Cristian, Secapital SaRL	Favourable ruling expected in the dispute as the plaintiff has no arguments to support the claim
Annulment of contract/abusive clauses	PLN 27,884,886.43	2016-04-20	Petrea Marius, Secapital SaRL	Favourable ruling expected in the dispute as the plaintiff has no arguments to support the claim
Annulment of contract/abusive clauses	PLN 18,344,236.42	2016-05-25	Decă Elena, BCR, Secapital and Kruk Romania	Favourable ruling expected in the dispute as the plaintiff has no arguments to support the claim
Annulment of contract/abusive clauses	PLN 16,977,902.58	2010-11-24	Gurau Anca, Secapital, Kruk Romania SRL and BCR	Favourable ruling expected in the dispute as the plaintiff has no arguments to support the claim
Annulment of contract/abusive clauses	PLN 11,369,514.32	2016-03-19	Isac Daniel Alexandru, Secapital, Kruk SA	Favourable ruling expected in the dispute as the plaintiff has no arguments to support the claim

Litigation involving potential receivables – five largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Parties</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings	PLN 23,104,779.05	2014-11-18	PROKURA NSFIZ, P.H. ARKO sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy)	Proceedings are nearing completion. The receiver is liquidating last items of the bankruptcy estate, but their value is insignificant. The Fund's claim is classified in a category not expected to be satisfied.
Bankruptcy proceedings	PLN 30,828,937.83	2011-03-17	PROKURA NSFIZ, LIBERTÓW sp. z o.o. w upadłości (in bankruptcy)	Bankruptcy proceedings at the final stage. A separate plan of distribution of the proceeds from sale of property has been drawn up; distribution planned for the second half of the year
Bankruptcy proceedings	PLN 16,298,062.55	2012-05-22	PROKURA NSFIZ, STEINHAUSER w upadłości (in bankruptcy)	The final distribution plan has been implemented; we are awaiting decision to close the bankruptcy proceedings.
Bankruptcy proceedings	PLN 31,525,232.79	2015-02-26	PROKURA NSFIZ, ZAKŁADY PRZETWÓRSTWA TWORZYW EKO-PET sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy)	The receiver acknowledged our claim; the list of claims has been approved. The receiver is currently attempting to sell the bankrupt's business as a whole. On June 9th 2016, the receiver signed a preliminary agreement for the sale of the business, with the ask price reduced by 30% (to PLN 3,924,000). The final agreement is to be concluded within six months of signing the preliminary agreement
Bankruptcy proceedings	PLN 20,266,666.68	2012-06-19	PROKURA NSFIZ, Marian Pierzchała - Przetwórstwo i Wyrób Wędlin w upadłości likwidacyjnej (in liquidation bankruptcy)	Liquidation bankruptcy proceedings are pending; the receiver has brought actions for declaring the actions performed to the detriment of the estate ineffective.

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 September 30th 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	542,471	10,073,996,488.07
Total number of enforcement proceedings instigated by the Group and total value of claims	417,447	9,452,130,125.32
Total number of court proceedings instigated against the Group and total value of claims	2,711	336,458,421.87

18. Related-party transactions concluded by the Parent

Parent's transactions with subsidiaries as at September 30th 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
ERIF Business Solution Sp. z o.o.	-	22	-	-
SeCapital S.à. r.l.	1,832	-	-	-
Novum Finance Sp. z o.o.	435	46	-	-
SeCapital Polska Sp. z o.o.	-	1	70	8
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1 308	4 331	1 500	43
KRUK Romania S.r.l.	780	3,168	64,782	1,319
Rejestr Dłużników ERIF BIG S.A.	36	276	-	-
NFIZ PROKURA	2,813	6,197	-	-
KRUK Česká a Slovenská republika s.r.o.	38	2,185	2,444	638
KRUK TFI	-	2,948	-	-
ProsperoCapital Sp. z o.o. (in liquidation)	-	1	-	-
InvestCapital Malta Ltd.	-	73	-	-
RoCapital IFN S.A.	-	7	-	-
Kruk Deustschland Gmbh	-	284	-	-
KRUK Deutschland Gmbh (Branch)	-	102	-	-
KRUK Italia S.r.l.	-	45	-	-
ItaCapital S.r.l.	-	260	-	-
KRUK Espana S.L.	-	131	-	-
ProsperoCapital S.à r.l.	-	-	-	-
Presco S.a.r.l.	-	34	-	-
	7,242	20,111	68,796	2,008

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	-	1,052	2,521
ERIF Business Solution Sp. z o.o.	54	-	44
Novum Finance Sp. z o.o.	32	-	-
SeCapital Polska Sp. z o.o.	10	-	1
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1,522	-	22
KRUK Romania S.r.l.	1,867	-	822
Rejestr Dłużników ERIF BIG S.A.	561	-	-
NFIZ PROKURA	50	-	-
KRUK TFI	-	24,929	-
KRUK Česká a Slovenská republika s.r.o.	900	-	349
ProsperoCapital Sp. z o.o. (in liquidation)	9	-	1
InvestCapital Malta Ltd.	144	-	-
RoCapital IFN S.A.	(63)	-	52
Kruk Deustschland GmbH	817	-	-
KRUK Deutschland GmbH (Branch)	171	-	-
KRUK Italia S.r.l	337	-	-
ItaCapital S.r.l	293	-	-
KRUK Espana S.r.l	440	-	-
ProsperoCapital S.à r.l.	-	-	-
Presco S.a.r.l.	34	-	-
	7,178	25,981	3,812

Costs of mutual transactions

<i>PLN '000</i>	Purchase of debt collection services
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1,936
KRUK Romania S.r.l.	6,364
Rejestr Dłużników ERIF BIG S.A.	251
KRUK Česká a Slovenská republika s.r.o.	305
	8,856

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, other than those specified in Section 9.

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.

Headcount at the KRUK Group as at September 30th 2016 was 3,011.

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 Kułton
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

Katarzyna Raczkiewicz
Person responsible for maintaining
the accounting records

Wrocław, November 1st 2016