CAPITAL GROUP

X-Trade Brokers DM S.A.

REPORT FOR THE 3RD QUARTER 2016

DISCLAIMER

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FINANCIAL HIGHLIGHTS

FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000 NINE-MONTH PERIOD ENDED		IN EUR'000 NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Consolidated comprehensive income statement:				
Total operating income	156 617	225 188	35 849	54 151
Profit on operating activities	27 045	125 551	6 190	30 191
Profit before tax	30 312	127 682	6 938	30 704
Net profit	27 285	102 531	6 245	24 656
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,23	0,87	0,05	0,21
Consolidated cash flow statement:				
Net cash from operating activities	5 989	87 649	1 371	21 077
Net cash from investing activities	(1 129)	(866)	(258)	(208)
Net cash from financing activities	(91 657)	(78 137)	(20 980)	(18 790)
Increase (decrease) in net cash and cash equivalents	(86 797)	8 646	(19 867)	2 079

	IN PLN'000		IN EUR'000	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Consolidated statement of financial position:				
Total assets	693 644	727 119	160 864	170 625
Total liabilities	386 887	353 070	89 723	82 851
Share capital	5 869	5 869	1 361	1 377
Equity	306 757	374 049	71 140	87 774
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	2,61	3,18	0,61	0,75

The above data was translated into EUR as follows:

- items in the consolidated comprehensive income statement and consolidated cash flow statement – by the arithmetic average of exchange rates published by the National Bank of Poland as of the last day of the month during the reporting period:
  - for the current period: 4,3688;
  - for the comparative period: 4,1585;
- items of consolidated statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
  - for the current period: 4,3120;
  - for the comparative period: 4,2615.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	THREE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED)
Result of operations on financial instruments	6.1	41 494	93 679	152 588	220 139
Income from fees and charges	6.2	1 289	1 514	3 987	4 469
Other income		19	502	42	580
Total operating income	**6**	**42 802**	**95 695**	**156 617**	**225 188**
Salaries and employee benefits	7	(16 174)	(17 875)	(54 708)	(51 063)
Marketing	8	(8 041)	(5 801)	(40 341)	(17 171)
Other external services	9	(4 295)	(5 561)	(15 111)	(13 301)
Costs of maintenance and lease of buildings		(1 960)	(1 925)	(6 441)	(5 532)
Amortization and depreciation		(1 327)	(1 467)	(4 104)	(4 337)
Taxes and fees		(1 018)	(427)	(1 908)	(1 274)
Fee expenses	10	(932)	(979)	(3 243)	(2 934)
Other costs		(631)	(710)	(3 716)	(4 025)
Total operating expenses		**(34 378)**	**(34 745)**	**(129 572)**	**(99 637)**
Profit on operating activities		**8 424**	**60 950**	**27 045**	**125 551**
Finance income	11	(5 343)	1 938	4 330	4 613
Finance costs	11	2 263	267	(1 063)	(2 482)
Profit before tax		**5 344**	**63 155**	**30 312**	**127 682**
Income tax	25	(1 106)	(12 216)	(3 027)	(25 151)
Net profit		**4 238**	**50 939**	**27 285**	**102 531**
Other comprehensive income		**(4 613)**	**(3 209)**	**(3 018)**	**(4 519)**
Items which will be reclassified to profit or loss after meeting specific conditions		(4 613)	(3 209)	(3 018)	(4 519)
– foreign exchange differences on translation of foreign operations		(3 800)	(3 471)	*(3 474)*	*(4 208)*
– foreign exchange differences on valuation of separated equity		(1 004)	323	*563*	*(384)*
– deferred income tax		191	(61)	*(107)*	*73*
Total comprehensive income		**(375)**	**47 730**	**24 267**	**98 012**
Net profit attributable to shareholders of the Parent Company		4 238	50 939	27 285	102 531
Total comprehensive income attributable to shareholders of the Parent Company		(375)	47 730	24 267	98 012
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	24	0,03	0,43	0,23	0,87
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	24	0,03	0,43	0,23	0,87
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	24	0,03	0,43	0,23	0,87
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	24	0,03	0,43	0,23	0,87

The interim condensed consolidated comprehensive income statement should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
ASSETS				
Own cash and cash equivalents	13	239 817	325 328	296 285
Customers' cash and cash equivalents	13	335 445	298 138	286 943
Financial assets held for trading	14	69 620	64 254	73 065
Financial assets available for sale		205	213	199
Income tax receivables		9 639	2 443	1 409
Loans granted and other receivables	15	7 753	4 545	6 631
Prepayments and deferred costs		5 119	2 513	2 088
Intangible assets	16	10 860	13 340	14 962
Property, plant and equipment	17	3 598	4 107	4 202
Deferred income tax assets	25	11 588	12 238	12 004
Total assets		**693 644**	**727 119**	**697 788**
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	342 629	301 076	288 151
Financial liabilities held for trading	19	9 013	10 215	14 594
Income tax liabilities		3 339	4 562	3 556
Other liabilities	20	20 956	26 708	23 818
Provisions for liabilities	21	907	871	554
Deferred income tax provision	25	10 043	9 638	10 913
Total liabilities		**386 887**	**353 070**	**341 586**
Equity				
Share capital	22	5 869	5 869	5 869
Supplementary capital	22	71 608	71 608	71 608
Other reserves	22	212 554	189 092	189 092
Foreign exchange differences on translation	22	(3 659)	(641)	(1 984)
Retained earnings		20 385	108 121	91 617
Equity attributable to the owners of the parent Company		**306 757**	**374 049**	**356 202**
Total equity		**306 757**	**374 049**	**356 202**
Total equity and liabilities		**693 644**	**727 119**	**697 788**

The interim condensed consolidated statement of financial position should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2016 to 30 September 2016

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2016	**5 869**	**71 608**	**189 092**	**(641)**	**108 121**	**374 049**	**374 049**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	27 285	27 285	**27 285**
Other comprehensive income	–	–	–	(3 018)	–	(3 018)	**(3 018)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(3 018)**	**27 285**	**24 267**	**24 267**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss (note 23)	–	–	23 462	–	(115 021)	(91 559)	**(91 559)**
- dividend payment	–	–	–	–	(91 559)	(91 559)	**(91 559)**
- transfer to other reserves	–	–	23 462	–	(23 462)	–	**–**
As at 30 September 2016 (unaudited)	**5 869**	**71 608**	**212 554**	**(3 659)**	**20 385**	**306 757**	**306 757**

The interim condensed consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**189 092**	**2 535**	**66 607**	**335 711**	**335 711**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	119 035	119 035	**119 035**
Other comprehensive income	–	–	–	(3 176)	–	(3 176)	**(3 176)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(3 176)**	**119 035**	**115 859**	**115 859**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss (note 23)	–	–	–	–	(77 521)	(77 521)	**(77 521)**
- dividend payment	–	–	–	–	(77 521)	(77 521)	**(77 521)**
As at 31 December 2015 (audited)	**5 869**	**71 608**	**189 092**	**(641)**	**108 121**	**374 049**	**374 049**

The consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity for the period from 1 January 2015 to 30 September 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**189 092**	**2 535**	**66 607**	**335 711**	**335 711**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	102 531	102 531	**102 531**
Other comprehensive income	–	–	–	(4 519)	–	(4 519)	**(4 519)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(4 519)**	**102 531**	**98 012**	**98 012**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss (note 23)	–	–	–	–	(77 521)	(77 521)	**(77 521)**
- dividend payment	–	–	–	–	(77 521)	(77 521)	**(77 521)**
As at 30 September 2015 (unaudited)	**5 869**	**71 608**	**189 092**	**(1 984)**	**91 617**	**356 202**	**356 202**

The interim condensed consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		30 312	127 682
Adjustments:			
(Gain) loss on sale or disposal of items of property, plant and equipment		2	(2)
Amortization and depreciation		4 104	4 337
Foreign exchange (gains) losses from translation of own cash		(1 286)	(251)
Other adjustments	27.2	(2 998)	(4 426)
Changes			
Change in provisions		36	(11)
Change in balance of financial assets and liabilities held for trading		(6 568)	(11 841)
Change in balance of restricted cash		(37 307)	(18 977)
Change in balance of loans granted and other receivables		(3 208)	(2 727)
Change in balance of prepayments and accruals		(2 606)	(132)
Change in balance of amounts due to customers		41 553	20 119
Change in balance of other liabilities	27.1	(5 662)	1 816
Cash from operating activities		**16 372**	**115 587**
Income tax paid		(10 391)	(27 951)
Interest		8	13
Net cash from operating activities		**5 989**	**87 649**
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		–	7
Expenses relating to payments for property, plant and equipment	17	(958)	(1 157)
Expenses relating to payments for intangible assets	16	(171)	(4)
Sale (purchase) of financial assets held to maturity		–	288
Net cash from investing activities		**(1 129)**	**(866)**
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(90)	(113)
Interest paid under lease		(8)	(13)
Expenses relating to payments for acquisitions of shares in subsidiaries		–	(490)
Dividend paid to owners		(91 559)	(77 521)
Net cash from financing activities		**(91 657)**	**(78 137)**
Increase (decrease) in net cash and cash equivalents		**(86 797)**	**8 646**
Cash and cash equivalents – opening balance		**325 328**	**287 388**
Effect of FX rates fluctuations on balance of cash in foreign currencies		**1 286**	**251**
Cash and cash equivalents – closing balance	**13**	**239 817**	**296 285**

The interim condensed consolidated cash flow statement should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

ADDITIONAL EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Information about the Parent Company and composition of the Group

The Parent Company in the X–Trade Brokers Dom Maklerski S.A. Group (the "Group") is X–Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Entity", "Parent Company", "Brokerage", "XTB") with its headquarters located in Warsaw, at Ogrodowa street 58, 00–876 Warsaw.

X–Trade Brokers Dom Maklerski S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number 015803782 and a tax identification (NIP) number 527–24–43–955.

The Parent Company's operations consist of conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM–M–4021–57–1/2005.

1.1 Information on the reporting entities in the Parent Company's organizational structure

The interim condensed consolidated financial statements cover the following foreign branches which form the Parent Company:

- X–Trade Brokers Dom Maklerski Spółka Akcyjna, organizačni složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna, organizačna zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X–Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343.
- X–Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689 and was granted the following tax identification number FR61522758689.
- X–Trade Brokers Dom Maklerski S.A., Sucursal Portugesa – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and as tax identification number under No. PT980436613.

1.2 Composition of the Group

The X–Trade Brokers Dom Maklerski S.A. Group is composed of X–Trade Brokers Dom Maklerski S.A. as the Parent Company and the following subsidiaries:

COMPANY NAME	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
		30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
XTB Limited	United Kingdom	100%	100%	100%
X Open Hub Sp. z o.o.	Poland	100%	100%	100%
DUB Investments Ltd	Cyprus	100%	100%	100%
X Trade Brokers Menkul Değerler A.Ş.	Turkey	100%	100%	100%
Lirsar S.A.	Uruguay	100%	100%	100%

XTB Limited was established on 19 April 2010 under the name Tyrolese (691) Limited. The Company started its operating activities in November 2010 under a changed name – XTB UK Ltd. In 2012 it changed its name to X Financial Solutions Ltd, in 2013 to X Open Hub Limited, and on 8 January 2015 to XTB Limited. The Company's results are consolidated under the full method from the date of its establishment.

On 6 March 2013, the Parent Company acquired 100% of the shares in xStore Sp. z o.o. with its registered office in Poland. In 2014, the Company changed its name to X Open Hub Sp. z o.o. The Company's results are consolidated under the full method from the date of its establishment.

On 15 October 2013 the Parent Company acquired 100% shares in DUB Investments Limited, with its registered office in Cyprus. The Company's results are consolidated under the acquisition method as of the date of its acquisition. The fair value of the consideration paid was PLN 1 292 thousand.

As a result of the acquisition of DUB Investments Ltd, the Parent Company identified goodwill of PLN 783 thousand as the difference between the acquisition price and the fair value of the acquired assets. As at the acquisition date, the subsidiary was tested for impairment; as a result of the test the full value of goodwill was charged to costs as at that date.

On 17 April and on 16 May 2014 the Parent Company acquired 100% shares in X Trade Brokers Menkul Değerler A.Ş. with its registered office in Turkey, as a result of which on 30 April 2014 it took control over the Company. The acquisition of 100% of the shares led to taking up control by the Parent Company. 12 999 996 shares were taken up against the loan granted to Jakub Zabłocki for the purchase of the entity; as at the moment of settlement, the loan was PLN 27 591 thousand. The remaining four shares were purchased with cash. The value of shares taken up by way of settlement against the loan amounted to PLN 28 081 thousand, the shares purchased with cash amounted to PLN 8,88. The fair value of the consideration paid was PLN 28 081 thousand and it was determined on the basis of a third–party valuation. The Group accounted for the transaction under the acquisition method, in accordance with the accounting policy adopted for transactions under joint control. As at the acquisition date particular net assets of the acquired company X Trade Brokers Menkul Değerler A.Ş. were measured at fair value. As a result of the accounting an intangible asset was isolated in the form of a licence for brokerage activities on the Turkish market of PLN 8 017 thousand. The estimated amortization period for this isolated intangible asset was established over a period of 10 years.

On 21 May 2014 the Parent Company acquired 100% shares in Lirsar S.A. with its registered office in Uruguay, for PLN 16 thousand. The fair value of net assets acquired amounted to PLN 16 thousand. The Company's results are consolidated under the acquisition method as of the date of its acquisition.

1.3 Composition of the Management Board of the Parent Company

In the period covered by the interim condensed consolidated financial statements, the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Jakub Malý	Chairman of the Management Board	25.03.2014	from the 29 June appointed for the 3-years term of office ending 29 June 2019
Paweł Frańczak	Board Member	31.08.2012	from the 29 June appointed for the 3-years term of office ending 29 June 2019
Paweł Szejko	Board Member	28.01.2015	from the 29 June appointed for the 3-years term of office ending 29 June 2019

2. Basis for drafting the financial statements

2.1 Compliance statement

These interim condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. Other standards, amendments to the binding standards and interpretations of the International Financial Reporting Interpretations Committee which have been recently adopted or are expected to be adopted have no impact on the Group's operations or their impact would be immaterial.

The International Financial Reporting Standards accepted by the European Union ("IFRS") comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The interim condensed consolidated financial statements of the X–Trade Brokers Dom Maklerski S.A. Group prepared for the period from 1 January 2016 to 30 September 2016 with comparative data for the period from 1 January 2015 to 30 September 2015, as at 30 September 2016, as at 31 December 2015 and as at 30 September 2015 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

These interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of assets and liabilities held for trading and financial instruments held for sale which are measured at fair value. The Group's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities.

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The interim condensed consolidated financial statements include adjustments not recognised in the Group companies' accounting records, made in order to reconcile their financial statements with the IFRS.

The interim condensed consolidated financial statements do not cover all information and disclosures required to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group for the year 2015.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 14 November 2016. Drafting these interim condensed consolidated financial statements, the Parent Company decided that none of the standards would be applied retrospectively.

2.2 Functional currency and reporting currency

The functional currency and the presentation currency of these interim condensed consolidated financial statements is the Polish zloty ("PLN"), and unless stated otherwise, all amounts are shown in thousands of zloty (PLN'000).

2.3 Going concern

The interim condensed consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these interim condensed consolidated financial statements, the Management Board of X–Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group companies' continued operations.

2.4 Comparability of data and consistency of the policies applied

Data presented in the interim condensed consolidated financial statements is comparable and prepared under the same principles for all periods covered by the interim condensed consolidated financial statements.

2.5 Changes in the accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year which began on 1 January 2015, except for the adoption of the following new or amended Standards and Interpretations applicable to annual reporting periods beginning after 1 January 2016 as noted below.

- Annual Improvements 2010-2012 Cycle including:
  - Amendments to IFRS 2 Share-based payment

    These amendments are applied prospectively and clarify definition of market condition and vesting condition, as well as provide definition of performance and service conditions, which are a result of vesting conditions.

    Definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. Application of amendments does not impact the Group's financial position nor is Group operating result.
  - Amendments to IFRS 3 Business Combinations

    These amendments are applied prospectively and clarify that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39.

    Application of amendments does not impact the Group's financial position or Group's operating result.
  - Amendments to IFRS 8 Operating Segments

    The amendments are applied retrospectively and clarify that:
    - An entity should disclose the judgments made by the Management in applying the aggregation of segments criteria described in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics of segments used to assess whether the segments are 'similar'.
    - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

    The Group has applied the amendments and has presented the disclosures according to IFRS 8 in note 12.
  - Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets

    The amendments are applied retrospectively and clarify that the asset may be revaluated by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. Additionally, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

The amendments refer to valuation of non-current assets and immaterial assets accordingly with the revaluation model and the Group does not use this model.

- Amendments to IFRS 13 Fair value measurement

  The amendments clarify that deleting the paragraph B5.4.12 from IFRS 9 Financial instruments: recognition and measurement was not aimed at changing the requirements of short –term receivables and liabilities valuation. Accordingly, entity still has the right to value short-term non-interest-bearing liabilities and receivables at their nominal value, if the effect of discounting doesn't have a significant impact on presented financial data.

  Application of amendments does not impact the Group's financial position or Group's operating result.

- Amendments to IAS 24 Related Party Disclosures

  The amendments are applied retrospectively and clarify that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. Additionally, an entity that uses a management entity is required to disclose the expenses incurred for management services.

  The Group does not use management entity.

- Annual Improvements 2012-2014 Cycle, including:

  - Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

    Assets (or disposal groups) are usually disposed by sale or distributed to shareholders. Amendments clarify that change of one method to another is not treated as a new disposal plan, but as continuation of initial plan.

    Application of amendments does not impact the Group's financial position or Group's operating result.

  - Amendments to IAS 34 Interim financial reporting

    The amendments clarify that the required interim disclosures can 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., in the management commentary). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

    Application of amendments does not impact the Group's financial position or Group's operating result.

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

  The amendments clarify methods included in IAS 16 and IAS 38 stating that method based on revenues reflects a pattern in which an entity generates economic benefits from an item of assets rather than the expected pattern of using future economic benefits from asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. This amendment must be applied prospectively.

  Application of amendments does not impact the Group's financial position or Group's operational result.

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the Consolidation Exception

  The changes are designed to clarify the requirements for the accounting of investment entities and the introduction of additional facilities in certain circumstances. Amendment to IFRS 10 clarifies that entities which are parent companies shall be exempt from preparing consolidated financial statements if the parent company measures all of its subsidiaries at fair value through profit and loss. Amendment to IFRS 12 indicates that the investment entities which measure all their subsidiaries at fair value through profit and loss, which are exempt from preparing consolidated financial statements under IFRS 10, shall disclose the information required by IFRS 12. Amendment to IAS 28 introduces the possibility of exemption from the application of equity method for valuation of investments in associated or joint ventures if the higher level parent company prepares public financial statements in which subsidiaries are consolidated or valued in fair value through profit and loss.

  Application of amendments does not impact the Group's financial position or Group's operational result.

- Amendments to IFRS 1 Disclosure Initiative

  The amendments clarify existing IAS 1 requirements, concerning:
  - materiality,
  - aggregation and subtotals,
  - order of the notes,
  - aggregation of information on participation in other comprehensive income of associates and joint ventures accounted for using the equity method – disclosure in one line.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

  Application of amendments does not impact the Group's financial position or Group's operating result.

Moreover, the following new or amended Standards and Interpretations are applicable to annual reporting periods beginning on or after 1 January 2015, but do not concern the information presented and disclosed in Group's financial statements:

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

  Amendments concern accounting for bearer plants.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

  Amendments concern accounting for acquisitions of interests in joint operations by the acquirer.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

  Amendments concern recognition of contributions from employees or third parties when accounting for defined benefit plans

- Annual Improvements to IFRSs 2012-2014:
  - Amendments to IFRS 7 Financial instruments: Disclosure
    - Servicing contracts – the amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset.
    - Applicability of the amendments to IFRS 7 (issued in December 2011) to condensed interim financial statements.
  - Amendments to IAS 19 Defined Benefit Plans

    Amendments concern evaluation of the discount rate.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective in the light of the European Union regulations.

2.6 New standards and interpretations which have been published but are not yet binding

The following standards and interpretations have been published by the International Accounting Standards Board but are not yet binding:

- IFRS 9 Financial Instruments (issued on 24 July 2014) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements - effective for financial years beginning on or after 1 January 2018,

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2016,

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) — not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements - effective for financial years beginning on or after 1 January 2018,

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB,

- IFRS 16 Leases (issued on 13 January 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements - effective for financial years beginning on or after 1 January 2019,

- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements - effective for financial years beginning on or after 1 January 2018,

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2017,

- Amendments to IAS 7 Disclosure Initiative (issued on 29 January 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2017,

- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2018,

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2018.

3. Adopted accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2015, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2016.

4. Material values based on professional judgements and estimates

4.1 Professional judgement and uncertainty of estimates

In the process of applying the accounting principles (policy), the Management Board of the Parent Company made judgements in the scope of classification of lease agreements, period of amortisation of intangible assets and period for settlement of the deferred tax asset. The applied assumptions are consistent with those applied in drafting the annual financial statements for the year ended 31 December 2015.

5. Seasonality of operations

The Group's operations are not seasonal.

6. Operating income

6.1 Result of operations on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
CFD				
Index CFDs	27 111	53 258	90 779	96 778
Currency CFDs	3 742	17 449	31 885	75 858
Commodity CFDs	11 609	24 109	31 047	52 661
Bond CFDs	113	98	1 351	284
Stock CFDs	389	333	944	475
Total CFDs	**42 964**	**95 247**	**156 006**	**226 056**
Options				
Currency options	757	578	1 982	1 513
Index options	177	153	786	323
Commodity options	177	126	570	333
Bond options	3	–	14	4
Total options	**1 114**	**857**	**3 352**	**2 173**
Gross gain on transactions in financial instruments	**44 078**	**96 104**	**159 358**	**228 229**
Bonuses and discounts paid to customers	(663)	(1 065)	(2 763)	(4 650)
Commission paid to cooperating brokers	(1 921)	(1 360)	(4 007)	(3 440)
Net gain on transaction in financial instruments	**41 494**	**93 679**	**152 588**	**220 139**

The decrease in income on financial instruments in nine-month period of 2016 was caused by lower volatility in the financial markets than in comparative period of 2015. Lower volatility has created less investment opportunities to XTB clients and as a consequence, similarly to its competitors with identical business model, there has been a decline in customer trading in financial instruments and thus in Group's revenues.

Bonuses paid to customers are related, among others, to trading in financial instruments by the customer with Group entities. Customers receive discounts and bonuses under bonus campaigns where the condition for awarding a bonus is the generation of a top-down determined trade volume in financial instruments in a specified period.

The Group concludes cooperation agreements with cooperating brokers who receive commissions which depend on the trade generated under the cooperation agreements. The income generated and the costs incurred between the Group and particular brokers relate to the trade between the broker and customers that are not his customers.

6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTHS PERIOD ENDED		NINE-MONTHS PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Other fees and charges	1 289	1 490	3 987	4 331
Brokerage fees on transactions in financial instruments	–	24	–	138
Total income from fees and charges	**1 289**	**1 514**	**3 987**	**4 469**

Other fees and charges refer to commission received from institutional partners, under concluded agreements, and regulatory commission charged to retail customers.

6.3 Geographical areas

(IN PLN'000)	THREE-MONTHS PERIOD ENDED		NINE-MONTHS PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Operating income				
Central and Eastern Europe	23 340	30 752	70 313	107 516
- including Poland	*15 052*	*12 596*	*41 673*	*66 046*
Western Europe	19 101	62 302	77 462	101 683
- including Spain	*7 332*	*40 683*	*36 313*	*51 871*
Latin America and Turkey	361	2 641	8 842	15 989
Total operating income	**42 802**	**95 695**	**156 617**	**225 188**

The countries from which the Group derives each time 15% and over of its revenue are: Poland and Spain. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 15%. Due to the overall share in the Group's revenue, Poland and Spain were set apart for presentation purposes within the geographical area.

Reasons for the decrease in results in Poland were described in note 6.1.

The Group breaks its revenue down into geographical area by country in which a given customer was acquired.

7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTHS PERIOD ENDED		NINE-MONTHS PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Salaries	(13 477)	(15 095)	(44 980)	(42 258)
Social insurance and other benefits	(2 216)	(2 307)	(8 146)	(7 281)
Employee benefits	(481)	(473)	(1 582)	(1 524)
Total salaries and employee benefits	**(16 174)**	**(17 875)**	**(54 708)**	**(51 063)**

8. Marketing

(IN PLN'000)	THREE-MONTHS PERIOD ENDED		NINE-MONTHS PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Marketing online	(6 948)	(5 049)	(23 980)	(13 676)
Marketing offline	(867)	(725)	(9 422)	(3 231)
Advertising campaigns	(177)	–	(6 822)	–
Competitions for customers	(49)	(27)	(117)	(264)
Total marketing	**(8 041)**	**(5 801)**	**(40 341)**	**(17 171)**

Marketing activities carried out by the Group are mainly focused on Internet marketing, which is also supported by other marketing activities. In 2016, according to the implemented global marketing in the scope of retail segment, the Group has launched global branding campaign using an actor, Mads Mikkelsen. These activities led to significant increase in marketing costs. In the third quarter, as a result of conducting limited marketing activities concerning the branding campaign due to the holiday period, marketing expenses amounted to PLN 8 million and thus returned to a level comparable with the first quarter of 2016.

9. Other external services

(IN PLN'000)	THREE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	THREE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)
Legal and advisory services	(844)	(2 155)	(4 720)	(3 548)
Support database systems	(1 211)	(699)	(3 241)	(2 160)
Market data delivery	(783)	(456)	(2 146)	(1 445)
Internet and telecommunications	(597)	(490)	(1 876)	(1 733)
Accounting and audit services	(331)	(669)	(1 279)	(1 203)
IT services	(355)	(589)	(949)	(1 809)
Recruitment	(41)	(216)	(327)	(613)
Postal and courier services	(8)	(59)	(100)	(188)
Other external services	(125)	(228)	(473)	(602)
Total other external services	**(4 295)**	**(5 561)**	**(15 111)**	**(13 301)**

10. Commission expenses

(IN PLN'000)	THREE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	THREE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)
Bank commissions	(546)	(496)	(1 695)	(1 385)
Stock exchange fees and charges	(234)	(238)	(1 282)	(958)
Commissions of foreign brokers	(152)	(245)	(266)	(591)
Total commission expenses	**(932)**	**(979)**	**(3 243)**	**(2 934)**

11. Finance income and costs

(IN PLN'000)	THREE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	THREE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)
Interest income				
Interest on own cash	1 090	958	3 457	2 391
Interest on customers' cash	308	268	806	865
Total interest income	**1 398**	**1 226**	**4 263**	**3 256**
Foreign exchange gains	(6 794)	703	–	1 314
Other finance income	53	9	67	43
Total finance income	**(5 343)**	**1 938**	**4 330**	**4 613**

(IN PLN'000)	THREE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	THREE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTHS PERIOD ENDED 30.09.2015 (UNAUDITED)
Interest expense				
Interest paid to customers	(194)	(145)	(493)	(455)
Interest paid under lease agreements	(2)	(4)	(8)	(13)
Other interest	(52)	(54)	(160)	(161)
Total interest expense	**(248)**	**(203)**	**(661)**	**(629)**
Foreign exchange losses	2 510	474	(397)	(1 835)
Other finance costs	1	(4)	(5)	(18)
Total finance costs	**2 263**	**267**	**(1 063)**	**(2 482)**

Result on foreign exchange relates to differences on the measurement of balance sheet items denominated in a currency other than the functional currency.

12. Segment information

For management reporting purposes, the Group's operations are divided into the following two business segments:

1. Retail operations, which include the provision of trading in financial instruments for individual customers.
2. Institutional activity, which includes the provision of trading in financial instruments and offering trade infrastructure to entities (institutions), which in turn provide services of trading in financial instruments for their own customers under their own brand.

These segments do not aggregate other lower-level segments. The management monitors the results of the operating segments separately, in order to decide on the implementation of strategies, allocation of resources and performance assessment. Operations in segment are assessed on the basis of segment profitability and its impact on the overall profitability reported in the financial statements.

Transfer prices between operating segments are based on market prices, according to the principles similar to those applied in settlements with unrelated parties.

The Group concludes transactions only with external clients. Transactions between operating segments are not concluded.

Valuation of assets and liabilities, incomes and expenses of segments is based on the accounting policies applied by the Group.

COMPREHENSIVE INCOME STATEMENT THREE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	40 417	1 077	41 494	41 494
CFDs				
Index CFDs	25 218	1 893	27 111	27 111
Commodity CFDs	11 176	433	11 609	11 609
Currency CFDs	3 303	439	3 742	3 742
Bond CFDs	105	8	113	113
Stock CFDs	391	(2)	389	389
Options				
Currency options	755	2	757	757
Index options	177	–	177	177
Commodity options	176	1	177	177
Bond options	3	–	3	3
Bonuses and discounts paid to customers	(663)	–	(663)	(663)
Commissions paid to cooperating brokers	(224)	(1 697)	(1 921)	(1 921)
Fee and commission income	239	1 050	1 289	1 289
Other income	19	–	19	19
Total operating income	**40 675**	**2 127**	**42 802**	**42 802**
Salaries and employee benefits	(15 811)	(363)	(16 174)	(16 174)
Marketing	(7 903)	(138)	(8 041)	(8 041)
Other external services	(4 843)	548	(4 295)	(4 295)
Costs of maintenance and lease of buildings	(1 906)	(54)	(1 960)	(1 960)
Amortization and depreciation	(1 321)	(6)	(1 327)	(1 327)
Taxes and fees	(1 016)	(2)	(1 018)	(1 018)
Commission expense	(919)	(13)	(932)	(932)
Other expenses	(556)	(75)	(631)	(631)
Total operating expenses	**(34 275)**	**(103)**	**(34 378)**	**(34 378)**
Operating profit	**6 400**	**2 024**	**8 424**	**8 424**
Finance income	(5 346)	3	(5 343)	(5 343)
Finance costs	2 263	–	2 263	2 263
Profit before tax	**3 317**	**2 027**	**5 344**	**5 344**
Income tax	(783)	(323)	(1 106)	(1 106)
Net profit	**2 534**	**1 704**	**4 238**	**4 238**

COMPREHENSIVE INCOME STATEMENT NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	145 368	7 220	152 588	152 588
CFDs				
Index CFDs	84 533	6 246	90 779	90 779
Currency CFDs	29 822	2 063	31 885	31 885
Commodity CFDs	30 576	471	31 047	31 047
Bond CFDs	1 310	41	1 351	1 351
Stock CFDs	834	110	944	944
Options				
Currency options	1 974	8	1 982	1 982
Index options	785	1	786	786
Commodity options	565	5	570	570
Bond options	14	–	14	14
Bonuses and discounts paid to customers	(2 763)	–	(2 763)	(2 763)
Commissions paid to cooperating brokers	(2 282)	(1 725)	(4 007)	(4 007)
Fee and commission income	944	3 043	3 987	3 987
Other income	42	–	42	42
Total operating income	**146 354**	**10 263**	**156 617**	**156 617**
Salaries and employee benefits	(53 316)	(1 392)	(54 708)	(54 708)
Marketing	(40 065)	(276)	(40 341)	(40 341)
Other external services	(14 433)	(678)	(15 111)	(15 111)
Costs of maintenance and lease of buildings	(6 237)	(204)	(6 441)	(6 441)
Amortization and depreciation	(4 070)	(34)	(4 104)	(4 104)
Taxes and fees	(1 901)	(7)	(1 908)	(1 908)
Commission expense	(3 195)	(48)	(3 243)	(3 243)
Other expenses	(3 392)	(324)	(3 716)	(3 716)
Total operating expenses	**(126 609)**	**(2 963)**	**(129 572)**	**(129 572)**
Operating profit	**19 745**	**7 300**	**27 045**	**27 045**
Finance income	4 327	3	4 330	4 330
Finance costs	(1 063)	–	(1 063)	(1 063)
Profit before tax	**23 009**	**7 303**	**30 312**	**30 312**
Income tax	(2 298)	(729)	(3 027)	(3 027)
Net profit	**20 711**	**6 574**	**27 285**	**27 285**

ASSETS AND LIABILITIES AS AT 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Customers' cash and cash equivalents	304 584	30 861	335 445	335 445
Financial assets held for trading	66 428	3 192	69 620	69 620
Other assets	288 017	562	288 579	288 579
Total assets	**659 029**	**34 615**	**693 644**	**693 644**
Amounts due to customers	311 768	30 861	342 629	342 629
Financial liabilities held for trading	8 164	849	9 013	9 013
Other liabilities	34 541	704	35 245	35 245
Total liabilities	**354 473**	**32 414**	**386 887**	**386 887**

COMPREHENSIVE INCOME STATEMENT THREE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	95 623	(1 944)	93 679	93 679
CFDs				
Index CFDs	60 977	(7 719)	53 258	53 258
Commodity CFDs	8 238	15 871	24 109	24 109
Currency CFDs	26 732	(9 284)	17 448	17 448
Bond CFDs	503	(170)	333	333
Stock CFDs	79	19	98	98
Options				
Currency options	518	60	578	578
Index options	157	(4)	153	153
Commodity options	104	22	126	126
Bond options	4	(4)	–	–
Bonuses and discounts paid to customers	(1 065)	–	(1 065)	(1 065)
Commissions paid to cooperating brokers	(624)	(735)	(1 359)	(1 359)
Fee and commission income	366	1 148	1 514	1 514
Other income	502	–	502	502
Total operating income	**96 491**	**(796)**	**95 695**	**95 695**
Salaries and employee benefits	(17 068)	(807)	(17 875)	(17 875)
Marketing	(5 729)	(72)	(5 801)	(5 801)
Other external services	(4 489)	(1 072)	(5 561)	(5 561)
Costs of maintenance and lease of buildings	(1 913)	(12)	(1 925)	(1 925)
Amortization and depreciation	(1 453)	(14)	(1 467)	(1 467)
Taxes and fees	(425)	(2)	(427)	(427)
Commission expense	(978)	(1)	(979)	(979)
Other expenses	(639)	(71)	(710)	(710)
Total operating expenses	**(32 694)**	**(2 051)**	**(34 745)**	**(34 745)**
Operating profit	**63 797**	**(2 847)**	**60 950**	**60 950**
Finance income	1 934	4	1 938	1 938
Finance costs	269	(2)	267	267
Profit before tax	**66 000**	**(2 845)**	**63 155**	**63 155**
Income tax	(12 777)	561	(12 216)	(12 216)
Net profit	**53 223**	**(2 284)**	**50 939**	**50 939**

COMPREHENSIVE INCOME STATEMENT NINE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	222 012	(1 873)	220 139	220 139
CFDs				
Index CFDs	101 292	(4 514)	96 778	96 778
Currency CFDs	82 288	(6 430)	75 858	75 858
Commodity CFDs	42 642	10 019	52 661	52 661
Bond CFDs	146	329	475	475
Stock CFDs	275	9	284	284
Options				
Currency options	1 474	39	1 513	1 513
Commodity options	317	16	333	333
Index options	323	–	323	323
Bond options	8	(4)	4	4
Bonuses and discounts paid to customers	(4 650)	–	(4 650)	(4 650)
Commissions paid to cooperating brokers	(2 103)	(1 337)	(3 440)	(3 440)
Fee and commission income	1 179	3 290	4 469	4 469
Other income	580	–	580	580
Total operating income	**223 771**	**1 417**	**225 188**	**225 188**
Salaries and employee benefits	(49 142)	(1 921)	(51 063)	(51 063)
Marketing	(16 534)	(637)	(17 171)	(17 171)
Other external services	(11 991)	(1 310)	(13 301)	(13 301)
Costs of maintenance and lease of buildings	(5 496)	(36)	(5 532)	(5 532)
Amortization and depreciation	(4 293)	(44)	(4 337)	(4 337)
Taxes and fees	(1 265)	(9)	(1 274)	(1 274)
Commission expense	(2 931)	(3)	(2 934)	(2 934)
Other expenses	(3 827)	(198)	(4 025)	(4 025)
Total operating expenses	**(95 479)**	**(4 158)**	**(99 637)**	**(99 637)**
Operating profit	**128 292**	**(2 741)**	**125 551**	**125 551**
Finance income	4 584	29	4 613	4 613
Finance costs	(2 460)	(22)	(2 482)	(2 482)
Profit before tax	**130 416**	**(2 734)**	**127 682**	**127 682**
Income tax	(25 690)	539	(25 151)	(25 151)
Net profit	**104 726**	**(2 195)**	**102 531**	**102 531**

ASSETS AND LIABILITIES AS AT 31.12.2015 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Customers' cash and cash equivalents	243 737	54 401	298 138	298 138
Financial assets held for trading	61 325	2 929	64 254	64 254
Other assets	364 727	–	364 727	364 727
Total assets	**669 789**	**57 330**	**727 119**	**727 119**
Amounts due to customers	246 675	54 401	301 076	301 076
Financial liabilities held for trading	9 140	1 075	10 215	10 215
Other liabilities	41 779	–	41 779	41 779
Total liabilities	**297 594**	**55 476**	**353 070**	**353 070**

ASSETS AND LIABILITIES AS AT 30.09.2015 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENT
Customers' cash and cash equivalents	242 055	44 888	286 943	286 943
Financial assets held for trading	71 772	1 293	73 065	73 065
Other assets	337 780	–	337 780	337 780
Total assets	**651 607**	**46 181**	**697 788**	**697 788**
Amounts due to customers	243 263	44 888	288 151	288 151
Financial liabilities held for trading	13 054	1 540	14 594	14 594
Other liabilities	38 841	–	38 841	38 841
Total liabilities	**295 158**	**46 428**	**341 586**	**341 586**

13. Cash and cash equivalents

Broken down by type

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
In hand	17	27	13
In current bank accounts	571 076	584 896	560 425
Short–term bank deposits	4 169	38 543	22 790
Cash and other monetary assets in total	**575 262**	**623 466**	**583 228**

Restricted own and customers' cash

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Own cash and other monetary assets	239 817	325 328	296 285
Customers' cash and other monetary assets	335 445	298 138	286 943
Cash and other monetary assets in total	**575 262**	**623 466**	**583 228**

14. Financial assets held for trading

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
CFDs			
Index CFDs	39 951	35 843	46 056
Currency CFDs	14 044	13 560	14 817
Commodity CFDs	12 141	12 045	8 310
Stock CFDs	2 642	2 751	3 797
Bond CFDs	842	55	85
Total financial assets held for trading	**69 620**	**64 254**	**73 065**

Detailed information on the estimated fair value of the instrument is presented in note 32.1.1.

15. Loans and other receivables

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Gross amounts due from customers	4 336	2 057	2 370
Impairment write–downs of receivables	(1 607)	(1 044)	(805)
Total amounts due from customers	**2 729**	**1 013**	**1 565**
Trade receivables	1 812	1 851	2 552
Statutory receivables	1 789	543	1 575
Deposits	1 724	1 524	1 374
Impairment write-downs of receivables	(301)	(386)	(435)
Total other receivables	**7 753**	**4 545**	**6 631**

Movements in impairment write-downs of receivables

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	**(1 430)**	**(796)**	**(796)**
write-downs recorded	(1 161)	(3 562)	(2 255)
write-downs reversed	394	555	346
write-downs utilized	289	2 373	1 465
Impairment write-downs of receivables – at the end of the reporting period	**(1 908)**	**(1 430)**	**(1 240)**

Write-downs of receivables created in 2016 resulted from the price gap occurred mainly in index instruments due to the volatility caused by the referendum in Great Britain in June 2016.

Write-downs of receivables created in 2015 were the result of high volatility on financial markets in January 2015 as well as the debit balances which arose in customers' accounts in that period.

16. Intangible assets

Intangible assets in the period from 1 January 2016 to 30 September 2016 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2016	**4 949**	**10 792**	**8 017**	**–**	**23 758**
Additions	171	–	–	–	171
Sale and scrapping	(2)	–	–	–	(2)
Net foreign exchange differences	6	–	–	–	6
Gross value as at 30 September 2016	**5 124**	**10 792**	**8 017**	–	**23 933**
Accumulated amortization as at 1 January 2016	**(3 790)**	**(5 292)**	**(1 336)**	**–**	**(10 418)**
Amortization for the current period	(431)	(1 619)	(601)	–	(2 651)
Net foreign exchange differences	(4)	–	–	–	(4)
Accumulated amortization as at 30 September 2016	**(4 225)**	**(6 911)**	**(1 937)**	–	**(13 073)**
Net book value as at 1 January 2016	**1 159**	**5 500**	**6 681**	**–**	**13 340**
Net book value as at 30 September 2016	**899**	**3 881**	**6 080**	–	**10 860**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2.

Intangible assets in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2015	**4 772**	**12 590**	**8 017**	**–**	**25 379**
Additions	185	–	–	–	185
Sale and scrapping	(5)	(1 798)	–	–	(1 803)
Net foreign exchange differences	(3)	–	–	–	(3)
Gross value as at 31 December 2015	**4 949**	**10 792**	**8 017**	**–**	**23 758**
Accumulated amortization as at 1 January 2015	**(3 201)**	**(3 736)**	**(534)**	**–**	**(7 471)**
Amortization for the current period	(589)	(2 488)	(802)	–	(3 879)
Sale and scrapping	3	932	–	–	935
Net foreign exchange differences	(3)	–	–	–	(3)
Accumulated amortization as at 31 December 2015	**(3 790)**	**(5 292)**	**(1 336)**	**–**	**(10 418)**
Net book value as at 1 January 2015	**1 571**	**8 854**	**7 483**	**–**	**17 908**
Net book value as at 31 December 2015	**1 159**	**5 500**	**6 681**	**–**	**13 340**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2.

In 2015, the Company liquidated some of the intangible assets manufactured on its own due to the fact that they were not used in the Company's operations. The net value of the liquidated intangible assets amounted to PLN 866 thousand.

Intangible assets in the period from 1 January 2015 to 30 September 2015 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2015	**4 772**	**12 590**	**8 017**	**–**	**25 379**
Additions	4	–	–	–	4
Net foreign exchange differences	(17)	–	–	–	(17)
Gross value as at 30 September 2015	**4 759**	**12 590**	**8 017**	–	**25 366**
Accumulated amortization as at 1 January 2015	**(3 201)**	**(3 736)**	**(534)**	**–**	**(7 471)**
Amortization for the current period	(451)	(1 889)	(601)	–	(2 941)
Net foreign exchange differences	8	–	–	–	8
Accumulated amortization as at 30 September 2015	**(3 644)**	**(5 625)**	**(1 135)**	–	**(10 404)**
Net book value as at 1 January 2015	**1 571**	**8 854**	**7 483**	**–**	**17 908**
Net book value as at 30 September 2015	**1 115**	**6 965**	**6 882**	–	**14 962**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated license value under the acquisition of the subsidiary described in note 1.2.

17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2016 to 30 September 2016 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2016	**8 407**	**7 601**	**141**	**–**	**16 149**
Additions	818	175	(35)	–	958
Sale and scrapping	(18)	(6)	–	–	(24)
Net foreign exchange differences	(30)	(63)	1	–	(92)
Gross value as at 30 September 2016	**9 177**	**7 707**	**107**	–	**16 991**
Accumulated amortization as at 1 January 2016	**(6 638)**	**(5 404)**	**–**	**–**	**(12 042)**
Amortization for the current period	(850)	(603)	–	–	(1 453)
Sale and scrapping	18	6	–	–	24
Net foreign exchange differences	28	50	–	–	78
Accumulated amortization as at 30 September 2016	**(7 442)**	**(5 951)**	–	–	**(13 393)**
Net book value as at 1 January 2016	**1 769**	**2 197**	**141**	**–**	**4 107**
Net book value as at 30 September 2016	**1 735**	**1 756**	**107**	–	**3 598**

Property, plant and equipment in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2015	**7 730**	**6 848**	**418**	**–**	**14 996**
Additions	1 000	861	(277)	–	1 584
Sale and scrapping	(289)	(28)	–	–	(317)
Net foreign exchange differences	(34)	(80)	–	–	(114)
Gross value as at 31 December 2015	**8 407**	**7 601**	**141**	**–**	**16 149**
Accumulated amortization as at 1 January 2015	**(5 882)**	**(4 625)**	**–**	**–**	**(10 507)**
Amortization for the current period	(1 041)	(884)	–	–	(1 925)
Sale and scrapping	266	29	–	–	295
Net foreign exchange differences	19	76	–	–	95
Accumulated amortization as at 31 December 2015	**(6 638)**	**(5 404)**	**–**	**–**	**(12 042)**
Net book value as at 1 January 2015	**1 848**	**2 223**	**418**	**–**	**4 489**
Net book value as at 31 December 2015	**1 769**	**2 197**	**141**	**–**	**4 107**

Property, plant and equipment in the period from 1 January 2015 to 30 September 2015 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2015	**7 730**	**6 848**	**418**	**–**	**14 996**
Additions	664	672	(179)	–	1 157
Sale and scrapping	(102)	(31)	–	–	(133)
Net foreign exchange differences	(61)	(151)	–	–	(212)
Gross value as at 30 September 2015	**8 231**	**7 338**	**239**	–	**15 808**
Accumulated amortization as at 1 January 2015	**(5 882)**	**(4 625)**	**–**	**–**	**(10 507)**
Amortization for the current period	(782)	(614)	–	–	(1 396)
Sale and scrapping	96	31	–	–	127
Net foreign exchange differences	38	132	–	–	170
Accumulated amortization as at 30 September 2015	**(6 530)**	**(5 076)**	–	–	**(11 606)**
Net book value as at 1 January 2015	**1 848**	**2 223**	**418**	**–**	**4 489**
Net book value as at 30 September 2015	**1 701**	**2 262**	**239**	–	**4 202**

Non-current assets by geographical area

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	7 175	9 534	11 189
- including Poland	*6 623*	*8 885*	*10 567*
Western Europe	637	803	736
- including Spain	*251*	*322*	*322*
Latin America and Turkey	6 646	7 110	7 239
Total non-current assets	**14 458**	**17 447**	**19 164**

18. Amounts due to customers

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Amounts due to customers	342 629	301 076	288 151

Amounts due to customers are connected with transactions concluded by the customers (including cash deposited in the customers' accounts).

19. Financial liabilities held for trading

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
CFDs			
Index CFDs	4 339	5 613	11 088
Commodity CFDs	1 892	1 146	1 020
Currency CFDs	1 539	2 458	1 461
Stock CFDs	1 215	982	1 022
Bond CFDs	28	16	3
Financial liabilities held for trading in total	**9 013**	**10 215**	**14 594**

20. Other liabilities

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Trade liabilities	8 199	7 155	5 309
Provisions for other employee benefits	7 955	15 103	12 861
Statutory liabilities	3 954	3 452	3 200
Liabilities due to employees	512	580	321
Liabilities under finance lease	285	375	401
Amounts due to the Central Securities Depository of Poland	51	32	28
Liabilities due to shareholders	–	11	11
Amounts due to brokers	–	–	1 687
Total other liabilities	**20 956**	**26 708**	**23 818**

Liabilities under employee benefits include estimates, as at the balance sheet date, of bonuses for the reporting period, including from the Program of variable remuneration elements, as well as the provision for unused holiday leave, established in the amount of projected benefits, which the Group is obligated to pay in the event of payment of holiday equivalents.

Besides leasing liabilities, there are no other long-term liabilities.

Program of variable remuneration elements

Pursuant to the Variable Remuneration Elements policy applied by the Group, the employees of the Parent Company in the top management positions receive variable remuneration paid in cash and in financial instruments.

The value of provisions for employee benefits includes 50% of variable remuneration granted in cash, which is paid out directly after the employment year, in which the employee's work results are assessed, and 50% of the value based on financial instruments, paid in the years 2015–2018.

As at 30 September 2016, salaries and employee benefits included the cost of provision for variable remuneration elements in the amount of PLN (747) thousand, while in the same period it amounted to PLN 31 thousand. The provision for variable remuneration elements as at 30 September 2016 amounted to PLN 1 186 thousand, as at 31 December 2015 amounted to PLN 439 thousand and as at 30 September 2015 amounted to PLN 549 thousand.

21. Provisions for liabilities and contingent liabilities

21.1 Provisions for liabilities

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Provision for retirement benefits	147	123	99
Provision for legal risk	760	748	455
Total provisions	**907**	**871**	**554**

Provisions for retirement benefits are established on the basis of an actuarial valuation carried out in accordance with the applicable regulations and agreements connected with obligatory retirement benefits to be covered by the employer.

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these interim condensed consolidated financial statements, the Group is not able to specify when the above liabilities will be repaid.

Movements in provisions in the period from 1 January 2016 to 30 September 2016 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2016	INCREASES	DECREASES		VALUE AS AT 30.09.2016
			USE	REVERSAL	
Provision for retirement benefits	123	24	–	–	147
Provision for legal risk	748	322	310	–	760
Total provisions	**871**	**346**	**310**	–	**907**

Movements in provisions in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	VALUE AS AT 01.01.2015	INCREASES	DECREASES		VALUE AS AT 31.12.2015
			USE	REVERSAL	
Provision for retirement benefits	114	9	–	–	123
Provision for legal risk	451	297	–	–	748
Total provisions	**565**	**306**	**–**	**–**	**871**

Movements in provisions in the period from 1 January 2015 to 30 September 2015 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2015	INCREASES	DECREASES		VALUE AS AT 30.09.2015
			USE	REVERSAL	
Provision for retirement benefits	114	–	–	15	99
Provision for legal risk	451	4	–	–	455
Total provisions	**565**	**4**	**–**	**15**	**554**

21.2 Contingent liabilities

The Parent Company and the Group Companies are parties to a number of court proceedings associated with the Group's operations. The proceedings in which the Parent Company and the Group companies act as defendants relate mainly to employees' and customers' claims. As at 30 September 2016, the total value of claims brought against the Parent Company and the Group companies, uncovered with the provisions, amounted to approx. PLN 5,31 million (as at 31 December 2015: PLN 4,69 million and as at 30 September 2015: PLN 4,50 million). Parent Company has not created provisions for the above proceedings. In the assessment of the Parent Company there is low probability of loss in these proceedings.

On May 9, 2014, the Parent Company issued a guarantee in the amount of 15 thousand USD to secure an agreement concluded by a subsidiary XTB Limited, based in UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

In 2015 the Parent Company issued a guarantee to secure office lease agreement concluded between subsidiary XTB Limited, based in UK and Canary Wharf Management Limited based in UK. The guarantee is to cover any costs arising from the lease agreement and over the remaining period for which it was concluded, ie. as at the balance sheet date up to the amount of PLN 2,70 million.

On the 30 June 2016 the Parent company concluded the agreement with K3 System Sp. z o.o. for lease of computer hardware which is secured with a bill of exchange with the bill declaration for the maximum amount of PLN 200 thousand.

22. Equity

Share capital structure as at 30 September 2016 (unaudited), 31 December 2015 (audited) and 30 September 2015 (unaudited)

SERIES/ISSUE	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN)	NOMINAL VALUE OF ISSUE (IN PLN'000)
Series A	117 383 635	0,05	5 869

All shares in the Parent Company have the same nominal value, are fully paid for, and carry the same voting and profit-sharing rights. No preference is attached to any share series. On 2 September 2015, the Extraordinary General Shareholders' Meeting of the Parent Company passed a resolution on a share split and a change in the numbering of series of shares. As a result, the nominal value of the shares changed from PLN 18,25 to PLN 0,05 per share, and the number of shares changed from 321 599 to 117 383 635. The shares are now A-series ordinary registered shares.

Shareholding structure of the Parent Company

The shareholding structure of the Parent Company as at 30 September 2016 was as follows:

30.09.2016 (UNAUDITED)	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 446 216	3 922	66,83%
Systexan SARL	22 302 960	1 115	19,00%
Other shareholders	16 634 459	832	14,17%
Total	**117 383 635**	**5 869**	**100,00%**

On the 6 May 2016 the initial public offering was conducted, in which the key shareholder sold 16 433 709 shares in the Parent Company. After the allotment of the offer shares was made under the offering made on the 29 April 2016, the Company received a notification from one of its shareholders, XXZW Investment Group S.A., with its registered office in Luxembourg, in accordance with Article 69 of the Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, informing that following the sale of

16 433 709 A-series ordinary shares in the Company, the shareholder holds 78 446 216 shares/votes representing 66,83% share in the share capital/overall number of votes at the General Meeting of Shareholders.

The shareholding structure of the Parent Company as at 31 December 2015 (audited) and 30 September 2015 (unaudited) was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	94 879 925	4 744	80,83%
Systexan SARL	22 302 960	1 115	19,00%
Other shareholders	200 750	10	0,17%
Total	**117 383 635**	**5 869**	**100,00%**

Other capitals

Other capitals consist of:

- supplementary capital, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Parent Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Group or payment of dividend in the amount of PLN 212 554 thousand,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN (3 659) thousand.

23. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2015 in the amount of PLN 115 021 thousand was partially earmarked for the payment of a dividend in the amount of PLN 91 559 thousand, the remaining amount was transferred to reserve capital.

The dividend on ordinary shares for 2015, paid between 30 March to 8 April 2016, amounted to PLN 91 559 thousand (for 2014 dividend amounted to PLN 77 521 thousand).

The amount of dividend per share paid for 2015 was equal to PLN 0,78, the amount of dividend per share paid for 2014 was equal to PLN 0,66.

24. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Group uses the amount of net profit attributable to shareholders of the Parent Company as the numerator, i.e., there is no dilutive effect influencing the amount of profit (loss). The calculation of basic and diluted earnings per share, together with a reconciliation of the weighted average diluted number of shares is presented below.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	4 238	50 939	27 285	102 531
Weighted average number of ordinary shares	117 383 635	117 383 635	117 383 635	117 383 635
Shares causing dilution (share option plan)	341 640	341 640	341 640	341 640
Weighted average number of shares including dilution effect	117 725 275	117 725 275	117 725 275	117 725 275
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,03	0,43	0,23	0,87
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,03	0,43	0,23	0,87

25. Income tax and deferred income tax

25.1 Income tax

Income tax disclosed in the current period's profit or loss

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Income tax - current portion				
Income tax for the reporting period	3 147	(10 332)	(2 079)	(22 781)
Income tax - deferred portion				
Occurrence/reversal of temporary differences	(4 253)	(1 884)	(948)	(2 370)
Income tax disclosed in profit or loss	**(1 106)**	**(12 216)**	**(3 027)**	**(25 151)**

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Profit before tax	**5 344**	**63 155**	**30 312**	**127 682**
Income tax based on the applicable tax rate of 19%	**(1 015)**	**(12 000)**	**(5 759)**	**(24 260)**
Difference resulting from application of tax rates applicable in other countries	(35)	(91)	(201)	(203)
Non-taxable revenue	120	(83)	137	25
Non-deductible expenses	(210)	67	(491)	(577)
Tax losses for the reporting period not included in the deferred income tax	–	49	–	–
Usage of tax losses not included in the deferred income tax	2 282	12	2 311	36
Realisation of tax losses for the preceding periods (write-off of tax losses realised in the previous years)	(2 260)	–	1 088	–
Other items affecting the tax burden amount	12	(170)	(112)	(172)
Income tax disclosed in profit or loss	**(1 106)**	**(12 216)**	**(3 027)**	**(25 151)**

25.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 September 2016 (unaudited)

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 30.09.2016
Deferred income tax assets:			
Property, plant and equipment	124	20	144
Loans granted and other receivables	3	43	46
Financial liabilities held for trading	1 840	(217)	1 623
Provisions for liabilities	16	29	45
Prepayments and deferred costs	1 665	(576)	1 089
Other liabilities	20	–	20
Tax losses of previous periods to be settled in future periods*	12 112	354	12 466
Total deferred income tax assets	**15 780**	**(347)**	**15 433**

** Deferred tax asset on tax losses recognized in 2016 concerns tax reliefs for tax losses of liquidated branch offices claimed by the Parent Company*

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 30.09.2016
Deferred income tax provision:			
Financial assets held for trading	11 866	780	12 646
Other liabilities	–	8	8
Loans granted and other receivables	34	(33)	1
Prepayments	–	161	161
Property, plant and equipment	1 092	(315)	777
Total deferred income tax provision	**12 992**	**601**	**13 593**
Deferred tax disclosed in profit or (loss)	**–**	**(948)**	**–**

(IN PLN'000)	AS AT 01.01.2016	INCLUDED IN EQUITY	AS AT 30.09.2016
Deferred tax provision included in other comprehensive income:			
Separate equity of branches	188	107	295
Total deferred tax provision included in other comprehensive income	**188**	**107**	**295**

Change in the balance of deferred tax for the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.12.2015
Deferred income tax assets:			
Property, plant and equipment	125	(1)	124
Loans granted and other receivables	–	3	3
Financial liabilities held for trading	2 740	(900)	1 840
Provisions for liabilities	14	2	16
Prepayments and deferred costs	1 412	253	1 665
Other liabilities	–	20	20
Tax losses of previous periods to be settled in future periods	12 664	(552)	12 112
Total deferred income tax assets	**16 955**	**(1 175)**	**15 780**

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.12.2015
Deferred income tax provision:			
Cash and cash equivalents	1	(1)	–
Financial assets held for trading	11 583	283	11 866
Loans granted and other receivables	–	34	34
Property, plant and equipment	1 742	(650)	1 092
Total deferred income tax provision	**13 326**	**(334)**	**12 992**
Deferred tax disclosed in profit or (loss)	**–**	**(841)**	**–**

(IN PLN'000)	AS AT 01.01.2015	INCLUDED IN EQUITY	AS AT 31.12.2015
Deferred tax provision included in other comprehensive income:			
Separate equity of branches	241	(53)	188
Total deferred tax provision included in other comprehensive income	**241**	**(53)**	**188**

Change in the balance of deferred tax for the period from 1 January to 30 September 2015 (unaudited)

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 30.09.2015
Deferred income tax assets:			
Cash and cash equivalents	–	19	19
Property, plant and equipment	125	(9)	116
Financial liabilities held for trading	2 740	(153)	2 587
Provisions for liabilities	14	27	41
Prepayments and deferred costs	1 412	201	1 613
Tax losses of previous periods to be settled in future periods	12 664	(846)	11 818
Total deferred income tax assets	**16 955**	**(761)**	**16 194**

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 30.09.2015
Deferred income tax provision:			
Cash and cash equivalents	1	33	34
Financial assets held for trading	11 583	1 945	13 528
Property, plant and equipment	1 742	(369)	1 373
Total deferred income tax provision	**13 326**	**1 609**	**14 935**
Deferred tax disclosed in profit or (loss)	**–**	**(2 370)**	**–**

(IN PLN'000)	AS AT 01.01.2015	INCLUDED IN EQUITY	AS AT 30.09.2015
Deferred tax provision included in other comprehensive income:			
Separate equity of branches	241	(73)	168
Total deferred tax provision included in other comprehensive income	**241**	**(73)**	**168**

Geographical division of deferred tax assets

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	98	71	127
- including Poland	–	–	–
Western Europe	11 425	12 167	11 874
- including Spain	–	–	–
Latin America and Turkey	65	–	3
Total deferred income tax assets	**11 588**	**12 238**	**12 004**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 September 2016 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	3 826	13 869	–	10 043
Czech Republic	13	12	1	–
Slovakia	105	7	98	–
Germany	3 040	–	3 040	–
France	5 782	–	5 782	–
Great Britain	2 603	–	2 603	–
Turkey	64	–	64	–
Total	**15 433**	**13 888**	**11 588**	**10 043**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2015 (audited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	3 501	13 139	–	9 638
Czech Republic	30	8	22	–
Slovakia	82	33	49	–
Germany	3 102	–	3 102	–
France	5 792	–	5 792	–
Great Britain	3 271	–	3 271	–
Turkey	2	–	2	–
Total	**15 780**	**13 180**	**12 238**	**9 638**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 September 2015 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	4 150	15 063	–	10 913
Czech Republic	47	7	40	–
Slovakia	120	33	87	–
Germany	3 137	–	3 137	–
France	5 808	–	5 808	–
Great Britain	2 929	–	2 929	–
Turkey	3	–	3	–
Total	**16 194**	**15 103**	**12 004**	**10 913**

26. Related party transactions

26.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Parent Company. It holds 66,83% of shares and votes in the General Meeting. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent company for the Group and XXZW Investment Group S.A.

26.2 Figures concerning related party transactions

As at 30 September 2016, the Group had no settlements with related parties. As at 31 December 2015 and 30 September 2015, the Group had a liability to the parent company in the amount of PLN 11 thousand. As at 31 December 2015 and as at 30 September 2015 there were no receivables from related parties. In the periods covered by the interim condensed consolidated financial statements there we no revenues or expenses resulting from transactions with related entities

26.3 Benefits to Management and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Benefits to the Management Board members	(361)	(339)	(1 957)	(1 082)
Benefits to the Supervisory Board members	(8)	–	(74)	–
Total benefits to the Management and Supervisory Board members	**(369)**	**(339)**	**(2 031)**	**(1 082)**

These benefits include base salaries, bonuses, contributions to social security paid for by the employer and supplementary benefits (money bills, healthcare, holiday allowances).

Members of the Management Board of the Parent Company are included in the scheme of variable remuneration elements specified in note 20 of the interim condensed consolidated financial statements. The value of the element settled in financial instruments in the years 2015 - 2018 acquired by the members of the Management Board amounts to PLN 1 186 thousand.

Members of the Management Board of the Parent Company, within the framework of the Options Program described in note 26.4 of the consolidated financial statements, acquired 341 640 rights to shares with the total value of PLN 462 thousand as at the balance-sheet date.

26.4 Share-based payments

Pursuant to the Shareholders Agreement of the Parent Company of 28 March 2011, the Parent Company introduced an incentive scheme for the key employees, who received the right to shares of the Parent Company before 2012, constituting a payment program in the form of share options ("Options program"). The value of the program depends on individual targets set for the employees in relation to the results of the Parent Company in specific years. The scheme covers the years 2011-2014. For 2011, rights to shares were acquired by three employees in the amount of 177 025 items, for 2012, one employee acquired rights to shares in the amount of 41 245 items, for 2013, one employee acquired rights to shares in the amount of 123 370 items and for 2014 and 2015, according to the best knowledge of the Parent Company's Management Board, no employee will acquire rights to shares. In total, the employees acquired 341 640 rights to shares. The estimated value of the scheme as at the balance-sheet date is PLN 462 thousand. The vesting period expired in 2015. Depending on individual contracts, the shares can be acquired starting from 2014 based on the participation rules specified in the Options Program.

	31.12.2013 (AUDITED)	31.12.2012 (AUDITED)	31.12.2011 (AUDITED)
Number of rights granted to employee 1	–	41 245	43 800
Number of rights granted to employee 2	123 370	–	95 995
Number of rights granted to employee 3	–	–	37 230
Total number of rights granted	**123 370**	**41 245**	**177 025**

No rights to shares were granted in the period covered by the interim condensed consolidated financial statements.

For the shares options granted, the fair value of services rendered by the key employees is measured in relation to the fair value of rights granted as at the date of granting. The fair value of rights is determined based on option estimation models, which include among others execution price, share price as at the date of granting, expected variability of option value during the program and other appropriate factors affecting fair value. The Parent Company assesses the probability of acquiring the rights in the program, which affects the program value in the costs for the period.

The following ratios were adopted in the valuation of the share option plan: volatility ratio of 54,69%, risk-free interest rate of 5,03%, weighted average share price of PLN 494,42.

No other features relating to grant of options were taken into consideration during fair value measurement.

Unrealized rights to shares

	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Unrealized rights to shares as at the beginning of the period	341 640	341 640	341 640
Granted rights to shares	–	–	–
Lost rights to shares	–	–	–
Realized rights to shares	–	–	–
Expired rights to shares	–	–	–
Unrealized rights to shares as at the end of the period	**341 640**	**341 640**	**341 640**

Volatility used to measure the options was calculated on the basis of the average volatility of share prices of peer companies. Volatility in the peer group of companies was calculated based on historical daily rates of return. Based on the daily rates of return, the standard deviation was calculated and annualized, on the assumption that a trading year lasts 250 days. The period for which the rates of return were accounted for complied with the options exercise period. Volatility was calculated for each option in appropriate periods. Companies which were listed for a period shorter than the option exercise period were eliminated from the peer group.

26.5 Loans granted to the Management and Supervisory Board members

As at 30 September 2016, 31 December 2015 and 30 September 2015, there are no loans granted to the Management and Supervisory Board members.

27. Supplementary information and explanations to the cash flow statement

27.1 Change in the balance of other liabilities

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Change in other liabilities	(5 752)	1 213
Payment of finance lease liabilities	90	113
Settlement of acquisition of the subsidiary	–	490
Change in balance of other liabilities	**(5 662)**	**1 816**

27.2 Other adjustments

The 'other adjustments' item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(3 018)	(4 519)
Foreign exchange differences on translation of financial instruments held for sale	8	42
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	12	51
Change in other adjustments	**(2 998)**	**(4 426)**

Foreign exchange differences on translation of movements in tangible and intangible assets include the difference between the rates as at the opening balance and as at the closing balance adopted for valuation of the gross value of tangible and intangible assets in the Group's foreign entities and the difference between the rate applied to value amortization and depreciation cost of fixed assets and intangible assets in the Group's foreign entities and the rate of translation of amortization and depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

28. Post balance sheet events

There were no significant post balance sheets events.

29. Customers' financial instruments and nominal values of transactions in derivatives (off balance sheet items)

29.1 Nominal value of derivatives

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
CFDs			
Currency CFDs	1 257 104	1 065 917	925 764
Index CFDs	1 230 049	1 140 266	1 091 004
Commodity CFDs	344 284	267 666	263 204
Stock CFDs	63 865	92 934	110 965
Bond CFDs	29 297	9 308	14 567
Total derivatives	**2 924 599**	**2 576 091**	**2 405 504**

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 September 2016, transactions with brokers represent 7% of the total nominal value of instruments (as at 31 December 2015: 12% of the total nominal value of instruments, as at 30 September 2015: 12% of the total nominal value of instruments.

29.2 Customers' financial instruments

Presented below is a list of customers' instruments deposited in the accounts of the brokerage house:

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	207	221	187
Other securities registered in customers' securities accounts	341	341	341
Total customers' financial instruments	**548**	**562**	**528**

30. Items regarding the compensation scheme

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	2 204	1 733	1 733
- increases	*353*	*471*	*354*
b) closing balance	2 557	2 204	2 087
2. XTB's share in the profits from the compensation scheme	**168**	**152**	**145**

31. Capital management

The Group's principles of capital management are established in the "Capital management policy in X–Trade Brokers Dom Maklerski S.A." of the Parent Company. The document is approved by the Parent Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Parent Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Group and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in X–Trade Brokers Dom Maklerski S.A."

As part of ICAAP, the Parent Company assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Group's operations and evaluates its quality. The Parent Company estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Group and taking into account stress test results.

The Parent Company is obligated to maintain the capitals (equity) to cover the higher of the following values:

- capital requirements calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 27 September 2012 on defining detailed technical and organizational conditions for investment firms and banks, as referred to in Article 70 par. 2 of the Act on Trading in Financial Instruments, and custodian banks and the conditions for internal capital estimation by brokerages (Journal of Laws 2012, item 1072, as amended).

The principles of calculation of own funds are established in the "The procedure for calculating risk adequacy ratios in X–Trade Brokers Dom Maklerski S.A." of the Parent Company and are not regulated by IFRS.

The parent company calculated equity in accordance with part two of the Regulation of the European Parliament and of the Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012 ("CRR"). At present, the total equity of the Group belongs to the best category – Tier 1.

Prudential consolidation according to the CRR applies to subsidiaries in excess of the threshold referred to in Article 19 of the CRR. As regards the Group, the Parent Company includes its subsidiary X-Trade Brokers Menkul Değerler A.Ş. in prudential consolidation and from 31 October 2015 includes its subsidiary XTB Limited.

In accordance with the Act on macroprudential supervision of the financial system and crisis management in the financial system of 5 August 2015, since 1 January 2016 the Group is obliged to maintain capital buffers. In the period covered by the interim condensed consolidated financial statements the Group was obliged to maintain the capital conservation buffer and countercyclical buffer.

Key values in capital management:

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
The Group's own funds	**254 852**	**240 873**	**240 424**
Tier I Capital	254 852	240 873	240 424
Common Equity Tier I capital	254 852	240 873	240 424
The Group's total risk exposure	**1 836 769**	**1 665 592**	**1 345 181**
Capital conservation buffer	22 960	N/A	N/A
Countercyclical capital buffer	997	N/A	N/A
Combined buffer requirement	**23 957**	N/A	N/A

The mandatory capital adequacy was not breached in the periods covered by the interim condensed consolidated financial statements.

The table below presents data on the level of capitals and on the total capital requirement divided into requirements due to specific types of risks calculated in accordance with separate regulations together with average monthly values. Average monthly values were calculated as an estimation of the average values calculated based on statuses at the end of specific days.

In the table below, in order to ensure comparability of the presentation, the total capital requirement was presented as 8% of the total risk exposure, calculated in accordance with the CRR.

(IN PLN'000)	AS AT 30.09.2016 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD (UNAUDITED)	AS AT 31.12.2015 (AUDITED)	AS AT 30.09.2015 (UNAUDITED)
1. Capital/Own funds	254 852	249 447	240 873	240 424
1.1. Base capital/Common Equity Tier I without deductions	289 430	276 337	265 354	263 036
1.2. Items decreasing share capitals	(34 578)	(26 890)	(24 481)	(22 612)
2. Amount of Tier II capital included in the value of capital subject to monitoring / Tier II capital	–	–	–	–
I. Level of capitals subject to monitoring / Own funds	**254 852**	**249 447**	**240 873**	**240 424**
1. Market risk	80 927	78 997	67 894	50 559
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	5 094	4 023	3 904	3 835
3. Credit risk	24 652	25 644	25 181	24 447
4. Operating risk	36 269	35 778	36 268	28 774
5. Exceeding the limit of exposure concentration and the limit of high exposures	–	–	–	–
6. Capital requirement due to fixed costs	N/A	N/A	N/A	N/A
IIa. Overall capital requirement	**146 942**	**144 442**	**133 247**	**107 615**
IIb. Total risk exposure	**1 836 769**	**1 805 520**	**1 665 592**	**1 345 181**
Capital conservation buffer	22 960	22 569	N/A	N/A
Countercyclical capital buffer	997	650	N/A	N/A
Combined buffer requirement	**23 957**	**23 219**	N/A	N/A

Pursuant to CRR the duty to calculate the capital requirement in respect of fixed costs arises only in the event that the entity does not calculate the capital requirement in respect of operating risk.

32. Risk management

There were no changes in the risk management system in the periods covered by the interim condensed consolidated financial statements.

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken, as well as to establish appropriate limits to mitigate such risk on a regular basis.

At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.

The Parent Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Group's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Group's capital adequacy. In particular, the Committee supports the Risk Control Department in the area of identifying significant risks within the Group and creating a catalogue of risks, approves policies and procedures of risk and ICAAP management, reviews and approves analyses carried out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Group.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The Department also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Group's own investments, defines the overall capital requirement and estimates internal capital. The Risk Control Department reports directly to the Member of the Management Board responsible for the operation of the Group's internal control system.

The Parent Company's Supervisory Board approves risk management system, including procedures for internal capital estimation, capital management and planning.

32.1 Fair value

32.1.1 Carrying amount and fair value

The fair value of cash and cash equivalents is estimated as being close to their carrying amount.

The fair value of loans granted and other receivables, amounts due to customers and other liabilities is estimated as being close to their carrying amount in view of the short-term maturities of these balance sheet items.

32.1.2 Fair value hierarchy

The Group discloses fair value measurement of financial instruments carried at fair value, applying the following fair value hierarchy which reflects the significance of input data used to establish the fair value:

- **Level 1**: quoted prices (unadjusted) in active markets for the assets or liabilities;
- **Level 2:** input data other than quoted prices classified in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices). This category includes financial assets and liabilities measured using prices quoted in active markets for identical assets, prices quoted in active markets for identical assets considered less active or other valuation methods where all significant inputs originate directly or indirectly from the markets;

- **Level 3:** input data for valuation of a given asset or liability is not based on observable market data (unobservable inputs).

(IN PLN'000)	30.09.2016 (UNAUDITED) LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets held for trading	–	69 620	–	**69 620**
Financial assets held for sale	–	205	–	**205**
Total assets	**–**	**69 825**	**–**	**69 825**
Financial liabilities				
Financial liabilities held for trading	–	9 013	–	**9 013**
Total liabilities	**–**	**9 013**	**–**	**9 013**

(IN PLN'000)	31.12.2015 (AUDITED) LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets held for trading	–	64 254	–	**64 254**
Financial assets held for sale	–	213	–	**213**
Total assets	**–**	**64 467**	**–**	**64 467**
Financial liabilities				
Financial liabilities held for trading	–	10 215	–	**10 215**
Total liabilities	**–**	**10 215**	**–**	**10 215**

(IN PLN'000)	30.09.2015 (UNAUDITED) LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets held for trading	–	73 065	–	**73 065**
Financial assets held for sale	–	199	–	**199**
Total assets	**–**	**73 264**	**–**	**73 264**
Financial liabilities				
Financial liabilities held for trading	–	14 195	–	**14 195**
Total liabilities	**–**	**14 195**	**–**	**14 195**

In the periods covered by the interim condensed consolidated financial statements, there were no transfers of items between the levels of the fair value hierarchy.

The fair value of contracts for differences (CFDs) is determined based on the market prices of underlying instruments, derived from independent sources, ie. from reliable liquidity suppliers and reputable news, adjusted for the spread specified by the Parent Company. The valuation is performed using closing prices or the last bid and ask prices. CFDs are measured as the difference between the current price and the opening price, taking account of accrued commissions and swap points.

The impact of adjustments due to credit risk of the contractor, estimated by the Group, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Group. Therefore, the Group does not recognize the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.

32.2 Market risk

There were no changes in the market risk management system in the periods covered by the interim condensed consolidated financial statements.

In the period covered by these interim condensed consolidated financial statements, the Group entered into OTC contracts for differences (CFDs) and digital options. The Group may also acquire securities and enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on the risk factor:

- Currency risk connected with fluctuations of exchange rates
- Interest rate risk
- Commodity price risk
- Equity investment price risk

The Group's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Group's practice in this area is consistent with the following principles:

The Management Board defines in the investment strategy short-, medium-, and long-term investment objectives, rules of establishment and methods of management of an investment portfolio, amount of funds to be invested, as well as the rules and mechanisms for hedging against excesses of the permitted exposure concentration limits and large exposures. The resolution is approved by the Supervisory Board. As part of the internal procedures, the Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.

32.2.1 Currency risk

The Group enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Group also offers instruments denominated in foreign currencies. Also, the Group has assets in foreign currencies, i.e. the so-called currency positions. Currency positions include the brokerage's own funds denominated in foreign currencies held for the purpose of settling transactions in foreign markets and connected with foreign operations.

The carrying amount of the Group's assets and liabilities in foreign currencies as at the balance sheet date is presented below. The values for all base currencies are expressed in PLN'000:

Assets and liabilities denominated in foreign currencies as at 30 September 2016 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN								CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	
Assets									
Own cash and cash equivalents	52 144	101 264	5 013	24 197	4 366	2 302	40 540	229 826	239 817
Customers' cash and cash equivalents	18 860	160 188	2 198	34 613	4 721	5 266	6 378	232 224	335 445
Financial assets held for trading	4 454	26 420	281	6 139	1 898	2 104	1 844	43 140	69 620
Financial assets available for sale	–	–	–	–	–	–	205	205	205
Income tax receivables	–	–	–	2 511	–	–	–	2 511	9 639
Loans granted and other receivables	548	3 058	739	19	5	128	1 566	6 063	7 753
Prepayments and deferred costs	–	246	434	157	–	11	410	1 258	5 119
Intangible assets	–	36	–	25	–	–	57	118	10 860
Property, plant and equipment	–	547	149	404	–	27	509	1 636	3 598
Deferred income tax assets	–	8 921	2 603	–	–	–	65	11 589	11 588
Total assets	**76 006**	**300 680**	**11 417**	**68 065**	**10 990**	**9 838**	**51 574**	**528 570**	**693 644**
Liabilities									
Amounts due to customers	21 953	162 225	2 196	34 959	4 987	5 293	5 948	237 561	342 629
Financial liabilities held for trading	492	4 327	107	582	181	543	70	6 302	9 013
Income tax liabilities	–	546	–	–	–	–	774	1 320	3 339
Other liabilities	36	6 621	2 761	1 659	–	357	1 858	13 292	20 956
Provisions for liabilities	–	151	–	–	–	459	63	673	907
Deferred income tax provision	–	–	–	2	–	–	–	2	10 043
Total liabilities	**22 481**	**173 870**	**5 064**	**37 202**	**5 168**	**6 652**	**8 713**	**259 150**	**386 887**

Assets and liabilities denominated in foreign currencies as at 31 December 2015 (audited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN								CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	
Assets									
Own cash and cash equivalents	71 732	136 172	9 001	32 734	8 711	2 620	44 221	305 191	325 328
Customers' cash and cash equivalents	28 510	150 297	2 448	25 558	3 102	4 066	3 009	216 990	298 138
Financial assets held for trading	3 277	27 844	927	4 435	1 009	1 394	1 211	40 097	64 254
Financial assets available for sale	–	–	–	–	–	–	213	213	213
Income tax receivables	–	630	–	1 567	–	–	245	2 442	2 443
Loans granted and other receivables	394	2 084	1 067	141	3	101	116	3 906	4 545
Prepayments and deferred costs	–	221	118	143	–	6	210	698	2 513
Intangible assets	–	53	–	42	–	5	33	133	13 340
Property, plant and equipment	–	625	247	454	–	27	395	1 748	4 107
Deferred income tax assets	–	8 943	3 271	22	–	–	–	12 236	12 238
Total assets	**103 913**	**326 869**	**17 079**	**65 096**	**12 825**	**8 219**	**49 653**	**583 654**	**727 119**
Liabilities									
Amounts due to customers	29 878	150 670	3 101	25 527	3 295	4 127	2 926	219 524	301 076
Financial liabilities held for trading	764	4 554	501	363	101	562	23	6 868	10 215
Income tax liabilities	–	106	–	–	–	–	–	106	4 562
Other liabilities	309	7 730	3 043	1 611	75	425	2 463	15 656	26 708
Provisions for liabilities	–	–	–	–	–	748	40	788	871
Deferred income tax provision	–	–	–	–	–	–	–	–	9 638
Total liabilities	**30 951**	**163 060**	**6 645**	**27 501**	**3 471**	**5 862**	**5 452**	**242 942**	**353 070**

Assets and liabilities denominated in foreign currencies as at 30 September 2015 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN								CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	
Assets									
Own cash and cash equivalents	53 466	147 795	5 506	25 352	8 420	2 394	39 616	282 549	296 285
Customers' cash and cash equivalents	27 964	135 146	6 699	24 391	2 519	4 342	6 909	207 970	286 943
Financial assets held for trading	1 614	34 917	1 756	4 746	739	1 371	845	45 988	73 065
Financial assets available for sale	–	–	–	–	–	–	199	199	199
Income tax receivables	–	266	–	1 143	–	–	–	1 409	1 409
Loans granted and other receivables	960	2 228	795	470	4	157	924	5 538	6 631
Prepayments and deferred costs	–	446	125	133	–	7	479	1 190	2 088
Intangible assets	–	33	–	56	–	7	37	133	14 962
Property, plant and equipment	–	566	231	432	–	32	320	1 581	4 202
Deferred income tax assets	–	9 032	2 929	40	–	–	3	12 004	12 004
Total assets	**84 004**	**330 429**	**18 041**	**56 763**	**11 682**	**8 310**	**49 332**	**558 561**	**697 788**
Liabilities									
Amounts due to customers	28 058	136 856	6 841	24 685	2 592	4 387	4 379	207 798	288 151
Financial liabilities held for trading	849	8 634	797	1 053	45	222	74	11 674	14 594
Income tax liabilities	–	205	–	–	–	–	426	631	3 556
Other liabilities	329	7 149	2 829	1 568	110	444	833	13 262	23 818
Provisions for liabilities	–	–	–	–	–	455	27	482	554
Deferred income tax provision	–	–	–	–	–	–	–	–	10 913
Total liabilities	**29 236**	**152 844**	**10 467**	**27 306**	**2 747**	**5 508**	**5 739**	**233 847**	**341 586**

A change in exchange rates, in particular, the PLN exchange rate, affects the balance sheet valuation of the Group's financial instruments and the result on translation of foreign currency balances of other balance sheet items. Sensitivity to exchange rate fluctuations was calculated with the assumption that all foreign currency rates change by ±5% to PLN. The carrying amount of financial instruments was revalued.

The sensitivity of the Group's equity and profit before tax to a 5% increase or decrease of the PLN exchange rate is presented below:

(IN PLN'000)	THREE-MONTH PERIOD ENDED				NINE-MONTH PERIOD ENDED			
	30.09.2016 (UNAUDITED)		30.09.2015 (UNAUDITED)		30.09.2016 (UNAUDITED)		30.09.2015 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income (expenses) of the period	6 388	(6 388)	12 505	(12 505)	6 388	(6 388)	12 505	(12 505)
Equity, of which:	4 039	(4 039)	3 563	(3 563)	4 039	(4 039)	3 563	(3 563)
Foreign exchange differences on translation	4 039	(4 039)	3 563	(3 563)	4 039	(4 039)	3 563	(3 563)

32.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Group to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Group, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates. The basic interest rate risk for the Group is the mismatch of interest rates: paid to customers in connection with funds deposited in cash accounts in the Group, and of the bank account and bank deposits where the Group's customers' funds are invested.

In addition, the source of the Group's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments.

As a rule, the change in bank interest rates does not significantly affect the Group's financial position, since the Group determines interest rates for funds deposited in customers' cash accounts based on a variable formula, in an amount not higher than the interest rate received by the Group from the bank maintaining the bank account in which customers' funds are deposited. Interest rates applicable to cash accounts are floating, and related to WIBID/WIBOR/LIBOR/EURIBOR rates. Therefore, the risk of interest rate mismatch adverse to the brokerage house is very low.

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Group's operations.

Sensitivity analysis of financial assets and liabilities where cash flows are exposed to interest rate risk

The structure of financial assets and liabilities where cash flows are exposed to interest rate risk is as follows:

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Financial assets			
Cash and cash equivalents	575 262	623 466	583 228
Total financial assets	**575 262**	**623 466**	**583 228**
Financial liabilities			
Amounts due to customers	99 066	62 132	60 064
Other liabilities	285	375	401
Total financial liabilities	**99 351**	**62 507**	**60 465**

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in three quarters of 2016 and 2015, using the average 1M interest rate in a given market.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)		THREE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2015 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit (loss) before tax	2 780	(2 780)	3 059	(3 059)	4 336	(4 336)	4 104	(4 104)

Sensitivity analysis of financial assets and liabilities whose fair value is exposed to interest rate risk

In the period covered by these interim condensed consolidated financial statements and in the comparative period, the Group did not hold any financial assets or liabilities whose fair value would be exposed to the risk of changes in interest rates.

32.2.3 Other price risk

Other price risk is exposure of the Group's financial position to unfavorable changes in the prices of commodities, equity investments (equity, indices) and debt instruments (in a scope not resulting from interest rates).
The carrying amount of financial instruments exposed to other price risk is presented below:

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Financial assets held for trading			
Commodity CFDs			
Precious metals	3 228	3 146	2 217
Base metals	121	335	186
Other	8 695	8 322	5 860
Total commodity CFDs	**12 044**	**11 803**	**8 263**
Equity instruments			
Stocks	2 621	2 237	3 083
Indicies	39 758	35 376	45 278
Total equity instruments	**42 379**	**37 613**	**48 361**
Debt instruments	**841**	**55**	**85**
Total financial assets held for trading	**55 264**	**49 471**	**56 709**
Financial liabilities held for trading			
Commodity CFDs			
Precious metals	871	200	364
Base metals	61	17	50
Other	863	895	589
Total commodity CFDs	**1 795**	**1 112**	**1 003**
Equity instruments			
Stocks	1 194	764	384
Indicies	4 146	5 526	10 845
Total equity instruments	**5 340**	**6 290**	**11 229**
Debt instruments	**28**	**16**	**3**
Total financial liabilities held for trading	**7 163**	**7 418**	**12 235**

The Group's sensitivity to fluctuations in the prices of specific commodities and equity investments by ±5% with regard to equity and profit before tax is presented below.

(IN PLN'000)	THREE-MONTH PERIOD ENDED				NINE-MONTH PERIOD ENDED			
	30.09.2016 (UNAUDITED)		30.09.2015 (UNAUDITED)		30.09.2016 (UNAUDITED)		30.09.2015 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income (expenses) of the period								
Commodity CFDs								
Precious metals	(4 398)	4 398	(270)	270	(4 398)	4 398	(270)	270
Base metals	(8)	8	(84)	84	(8)	8	(84)	84
Other	(985)	985	(1 836)	1 836	(985)	985	(1 836)	1 836
Total commodity CFDs	**(5 391)**	**5 391**	**(2 190)**	**2 190**	**(5 391)**	**5 391**	**(2 190)**	**2 190**
Equity instruments								
Stocks	1	(1)	(303)	303	1	(1)	(303)	303
Indicies	15 363	(15 363)	(5 984)	5 984	15 363	(15 363)	(5 984)	5 984
Total equity instruments	**15 364**	**(15 364)**	**(6 287)**	**6 287**	**15 364**	**(15 364)**	**(6 287)**	**6 287**
Debt instruments	**1 159**	**(1 159)**	**594**	**594**	**1 159**	**(1 159)**	**594**	**594**
Total income (expenses) for the period	**11 132**	**(11 132)**	**(7 883)**	**7 883**	**11 132**	**(11 132)**	**(7 883)**	**7 883**

32.3 Liquidity risk

For the Group, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in X–Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts.

In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Parent Company uses the liquidity model described in the procedure for the management of own cash and cash equivalents. The essence of the model is to determine the safe area of the state of free cash flow that does not require corrective action.

Where the upper limit is achieved, the Parent Company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Parent Company makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Tasks relating to the maintenance and updating of the rules of the liquidity model are performed by the Parent Company's Trading Department. Trading Department employees are required to analyse liquidity at least once a week, as well as to transfer the relevant information to the Parent Company's Accounting Department in order to make certain operations in the accounts. Selected accounts are monitored on a daily basis.

The subsidiaries manage liquidity by analysing the anticipated cash flows and by matching the maturities of assets with the maturities of liabilities. The subsidiaries do not use any models for managing liquidity. Liquidity management based on the liquidity gap analysis is effective and sufficient – in subsidiaries, there were no incidents related to lack of liquidity or the lack of possibility of meeting financial obligations. In extraordinary cases, the subsidiaries' liquidity may be provided by the Parent Company.

The procedure also provides for the possibility of deviating from its application, and such procedure requires the consent of at least two members of the Parent Company's Management. Information on deviations is transmitted to the Risk Control Department of the Parent Company.

The Parent Company has also implemented liquidity contingency plans, which were not used in the period covered by the consolidated financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Parent Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Parent Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration.

Supervision and control operations concerning the balance of cash accounts are also performed by the Risk Control Department of Parent Company on a daily basis.

The contractual payment periods of financial assets and liabilities are presented below. The marginal and cumulative contractual liquidity gap, calculated as the difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.

Contractual payment periods of financial assets and liabilities as at 30 September 2016 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	575 262	575 262	575 262	–	–	–	–
Financial assets held for trading							
CFDs	69 620	69 620	69 620	–	–	–	–
Total financial assets held for trading	69 620	69 620	69 620	–	–	–	–
Financial instruments available for sale	205	205	–	–	–	–	205
Loans granted and other receivables	7 753	7 753	6 027	2	1 565	159	–
Total financial assets	**652 840**	**652 840**	**650 909**	**2**	**1 565**	**159**	**205**
Financial liabilities							
Amounts due to customers	342 629	342 629	342 629	–	–	–	–
Financial liabilities held for trading							
CFDs	9 013	9 013	9 013	–	–	–	–
Total financial liabilities held for trading	9 013	9 013	9 013	–	–	–	–
Other liabilities	20 956	20 956	14 309	6 466	181	–	–
Total financial liabilities	**372 598**	**372 598**	**365 951**	**6 466**	**181**	**–**	**–**
Contractual liquidity gap in maturities (payment dates)			284 958	(6 464)	1 384	159	205
Contractual cumulative liquidity gap			284 958	278 494	279 878	280 037	280 242

Contractual payment periods of financial assets and liabilities as at 31 December 2015 (audited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	623 466	623 466	623 466	–	–	–	–
Financial assets held for trading							
CFDs	64 254	64 254	64 254	–	–	–	–
Total financial assets held for trading	64 254	64 254	64 254	–	–	–	–
Financial instruments available for sale	213	213	–	–	–	–	213
Loans granted and other receivables	4 545	4 545	2 901	–	1 644	–	–
Total financial assets	**692 478**	**692 478**	**690 621**	**–**	**1 644**	**–**	**213**
Financial liabilities							
Amounts due to customers	301 076	301 076	301 076	–	–	–	–
Financial liabilities held for trading							
CFDs	10 215	10 215	10 215	–	–	–	–
Total financial liabilities held for trading	10 215	10 215	10 215	–	–	–	–
Other liabilities	26 708	26 708	13 446	13 013	249	–	–
Total financial liabilities	**337 999**	**337 999**	**324 737**	**13 013**	**249**	**–**	**–**
Contractual liquidity gap in maturities (payment dates)			365 884	(13 013)	1 395	–	213
Contractual cumulative liquidity gap			365 884	352 871	354 266	354 266	354 479

Contractual payment periods of financial assets and liabilities as at 30 September 2015 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	583 228	583 228	583 228	–	–	–	–
Financial assets held for trading							
CFDs	73 065	73 065	73 065	–	–	–	–
Total financial assets held for trading	73 065	73 065	73 065	–	–	–	–
Financial instruments available for sale	199	199	–	–	–	–	199
Loans granted and other receivables	6 631	6 631	4 825	226	1 055	232	293
Total financial assets	**663 123**	**663 123**	**661 118**	**226**	**1 055**	**232**	**492**
Financial liabilities							
Amounts due to customers	288 151	288 151	288 151	–	–	–	–
Financial liabilities held for trading							
CFDs	14 594	14 594	14 594	–	–	–	–
Total financial liabilities held for trading	14 594	14 594	14 594	–	–	–	–
Other liabilities	23 818	23 818	15 070	8 469	279	–	–
Total financial liabilities	**326 563**	**326 563**	**317 815**	**8 469**	**279**	**–**	**–**
Contractual liquidity gap in maturities (payment dates)			343 303	(8 243)	776	232	492
Contractual cumulative liquidity gap			343 303	335 060	335 836	336 068	336 560

The Group does not expect the cash flows presented in the maturity analysis to occur significantly earlier or in significantly different amounts.

32.4 Credit risk

The chart below shows the carrying amounts of financial assets corresponding to the Group's exposure to credit risk:

(IN PLN'000)	30.09.2016 (UNAUDITED)		31.12.2015 (AUDITED)		30.09.2015 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	575 262	575 262	623 466	623 466	583 228	583 228
Financial assets held for trading *	69 620	2 355	64 254	1 830	73 065	8 580
Financial assets available for sale	205	205	213	213	199	199
Loans granted and other receivables	7 753	7 753	4 545	4 545	6 631	6 631
Total financial assets	**652 840**	**585 575**	**692 478**	**630 054**	**663 123**	**598 638**

** As at 30 September 2016, the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 69 620 thousand (as at 31 December 2015: PLN 64 254 thousand, as at 30 September 2015: PLN 73 065 thousand). This exposure was collateralised with customers' cash, which, as at 30 September 2016, covered the amount of PLN 66 839 thousand (as at 31 December 2105: PLN 61 331 thousand, as at 30 September 2015: PLN 62 619 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralised.*

The credit quality of the Group's financial assets is assessed based on external credit quality assessments, risk weights assigned based on the CRR, taking account of the mechanisms used to mitigate credit risk, the number of days past due, and the probability of counterparty insolvency.

The Group's assets fall within the following credit rating brackets:

- Fitch Ratings - from F1+ to B
- Standard & Poor's Ratings Services – from A-1+ to B
- Moody's – from P-1 to NP

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and customers' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 30 September 2016, the Group had deposit accounts in 39 banks and institutions (as at 31 December 2015: in 39 banks and institutions, as at 30 September 2015: in 41 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period.

30.09.2016 (UNAUDITED)		31.12.2015 (AUDITED)		30.09.2015 (UNAUDITED)	
ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)
Bank 1	101 990	Bank 1	96 946	Bank 1	87 083
Bank 2	77 564	Bank 2	71 302	Bank 2	83 018
Bank 3	69 072	Bank 3	62 549	Bank 3	53 449
Bank 4	64 187	Bank 4	60 058	Bank 4	51 054
Bank 5	31 110	Bank 5	46 973	Bank 5	33 535
Bank 6	28 615	Bank 6	36 647	Bank 6	27 153
Bank 7	25 700	Bank 7	26 786	Bank 7	23 874
Bank 8	24 580	Bank 8	26 265	Bank 8	23 496
Bank 9	22 138	Bank 9	25 213	Bank 9	22 707
Bank 10	16 786	Bank 10	24 201	Bank 10	21 028
Other	113 520	Other	146 526	Other	156 831
Total	**575 262**	**Total**	**623 466**	**Total**	**583 228**

The table below presents a short-term assessment of the credit quality of the Group's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
Cash and cash equivalents			
Step 1	219 420	237 400	347 327
Step 2	279 319	314 378	172 499
Step 3	59 693	54 355	55 100
Step 4	16 830	17 333	8 302
Step 5	–	–	–
Step 6	–	–	–
Total	**575 262**	**623 466**	**583 228**

Financial assets held for trading

Financial assets held for trading result from transactions in financial instruments entered into with the Group's customers and the related hedging transactions.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Company's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 30% or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

Transactions executed by customers on a regulated market practically did not carry significant credit risks, as instructions are covered with funds in cash accounts or securities in securities accounts. The Group's hedging methods and conditions for accepting orders comply with the applicable regulations.

Due to the mechanisms in place, used to mitigate credit risk, the credit quality of financial assets held for trading is high and does not show significant diversity.

The Group's top 10 exposures to counterparty credit risk taking into account collateral (net exposure) are presented in the table below (numbering of counterparties determined individually for each period):

30.09.2016 (UNAUDITED)		31.12.2015 (AUDITED)		30.09.2015 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	637	Entity 1	299	Entity 1	828
Entity 2	188	Entity 2	211	Entity 2	707
Entity 3	113	Entity 3	172	Entity 3	704
Entity 4	94	Entity 4	131	Entity 4	670
Entity 5	74	Entity 5	100	Entity 5	545
Entity 6	59	Entity 6	90	Entity 6	425
Entity 7	58	Entity 7	78	Entity 7	386
Entity 8	53	Entity 8	56	Entity 8	304
Entity 9	45	Entity 9	54	Entity 9	267
Entity 10	45	Entity 10	50	Entity 10	243
Total	**1 366**	**Total**	**1 241**	**Total**	**5 079**

Financial assets held to maturity

As at 30 September 2016 and in the comparative periods, there were no financial assets held to maturity.

Other receivables

Other receivables do not show a significant concentration, and they arose in the normal course of the Group's business. Non-overdue other receivables are collected on a regular basis and, from the perspective of credit quality, they do not pose a material risk to the Group.

NOTES TO QUARTERLY REPORT

NOTES TO THE QUARTERLY REPORT

1. Information about the Group's operations

The Parent Company in the X–Trade Brokers Dom Maklerski S.A. Group (the "Group") is X–Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Company", "Brokerage", "XTB") with its headquarters located in Warsaw, ul. Ogrodowa 58, 00-876 Warszawa.

The Group is an international provider of trading and investment products, services and solutions, specialising in OTC markets with a particular focus on CFDs, which are investment products with returns linked to the changes in the prices and values of underlying instruments and assets. The Group conducts its operations through two business segments: retail operations and institutional operations. The Group's retail business is focused on providing online trading in various instruments based on assets and underlying instruments from the financial and commodities markets to individual clients. For its institutional clients, the Group offers technologies that allow clients to set up their own trading environment under their own brands and acts as a liquidity provider to its institutional clients. The Group operates on the basis of licences granted by regulators in Poland, the UK, Turkey, Cyprus and Uruguay. The Group's business is regulated and supervised by competent authorities on the markets on which the Group operates, including EU countries, where it operates on the basis of a single European passport. Currently, the Group is focusing on growing its business in 12 key countries, including Poland, Spain, the Czech Republic, Turkey, Portugal, France and Germany and has prioritised Latin America as a region for future development.

Group strategy is to actively strenghten its position as an international supplier of technologically advanced products, services and solutions in terms of financial instruments turnover in EU Countries, Turkey and Latin America by increasing brand recognition, attract new customers to it's trading platforms and building up longterm investment profile and loyalty of customers. The strategic plan of the Group includes supporting growth through expansion into new markets and further penetration of existing markets as well as expanding product and service offer.

The Board believes that the Group has built a solid foundation to provide its good position to generate profitable growth in the future.

2. Summary and analysis of the Group's results

In the 3 month period ended 30 September 2016 the Group's total operating income, EBITDA and net profit amounted to PLN 42,8 million, PLN 9,7 million and PLN 4,2 million. In the corresponding period of 2015 the Group's total operating income, EBITDA and net profit amounted to PLN 95,7 million, 62,4 million and 50,9 million.

In the 9 months period ended 30 September 2016 the Group's total operating income, EBITDA and net profit amounted to PLN 156,6 million, PLN 31,1 million and PLN 27,3 million. In the corresponding period of 2015 the Group's total operating income, EBITDA and net profit amounted to PLN 225,2 million, PLN 129,9 million and PLN 102,5 million.

2.1 The factors affecting the Group's financial and operating results

The Group's operating and financial results are mainly affected by: (i) the number of active accounts, transaction volumes and deposit amounts; (ii) volatility on financial and commodity markets; (iii) general market, geopolitical and economic conditions; (iv) competition on the FX/CFD market; and (v) regulatory environment.

The key factors affecting the Group's financial and operating results in the 3 and 9 month period ended 30.09.2016 are discussed below. The Management Board believes that these factors had and may continue to have an effect on the business activities, operating and financial results, financial condition and development perspectives of the Group.

2.2 Discussion od the Group's results

The table below shows selected items of the consolidated statement of comprehensive income for the periods indicated.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 30.09.2016	30.09.2015	CHANGE (IN PLN'000)	CHANGE (%)
Result of operations on financial instruments	41 494	93 679	(52 185)	(56%)
Income from fees and commissions	1 289	1 514	(225)	(15%)
Other income	19	502	(483)	(96%)
Total operating income	**42 802**	**95 695**	(52 893)	(55%)
Salaries and employee benefits	(16 174)	(17 875)	1 701	(10%)
Marketing	(8 041)	(5 801)	(2 240)	39%
Other external services	(4 295)	(5 561)	1 266	(23%)
Costs of maintenance and lease of buildings	(1 960)	(1 925)	(35)	2%
Amortisation and depreciation	(1 327)	(1 467)	140	(10%)
Taxes and fees	(1 018)	(427)	(591)	138%
Commission expense	(932)	(979)	47	(5%)
Other expenses	(631)	(710)	79	(11%)
Total operating expenses	**(34 378)**	**(34 745)**	367	(1%)
Operating profit	**8 424**	**60 950**	(52 526)	(86%)
Finance income	(5 343)	1 938	(7 281)	(376%)
Finance costs	2 263	267	1 996	748%
Profit before tax	**5 344**	**63 155**	(57 811)	(92%)
Income tax	(1 106)	(12 216)	11 110	(91%)
Net profit	**4 238**	**50 939**	**(46 701)**	**(92%)**

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016	30.09.2015	CHANGE (IN PLN'000)	CHANGE (%)
Result of operations on financial instruments	152 588	220 139	(67 551)	(31%)
Income from fees and commissions	3 987	4 469	(482)	(11%)
Other income	42	580	(538)	(93%)
Total operating income	**156 617**	**225 188**	(68 571)	(30%)
Salaries and employee benefits	(54 708)	(51 063)	(3 645)	7%
Marketing	(40 341)	(17 171)	(23 170)	135%
Other external services	(15 111)	(13 301)	(1 810)	14%
Costs of maintenance and lease of buildings	(6 441)	(5 532)	(909)	16%
Amortisation and depreciation	(4 104)	(4 337)	233	(5%)
Taxes and fees	(1 908)	(1 274)	(634)	50%
Commission expense	(3 243)	(2 934)	(309)	11%
Other expenses	(3 716)	(4 025)	309	(8%)
Total operating expenses	**(129 572)**	**(99 637)**	(29 935)	30%
Operating profit	**27 045**	**125 551**	(98 506)	(78%)
Finance income	4 330	4 613	(283)	(6%)
Finance costs	(1 063)	(2 482)	1 419	(57%)
Profit before tax	**30 312**	**127 682**	(97 370)	(76%)
Income tax	(3 027)	(25 151)	22 124	(88%)
Net profit	**27 285**	**102 531**	(75 246)	(73%)

Operating income

The Group's income is primarily derived from its retail activities and consists of: (i) spreads (the difference between the offer price and the bid price); (ii) net result (profits offset by losses) from the Group's market making activities; (iii) fees and commissions charged by the Group to its clients; and (iv) swap points charged by the Group (being the difference between the notional forward rate and the spot rate of a given financial instrument).

Accordingly, the Group's ability to generate long-term revenue growth depends largely on its ability to expand its customer base (acquisition of new, retention and reactivation of existing ones) through effective marketing, the development of new innovative products and services, the introduction of new distribution channels and expand into new markets.

In the 9 month period ended 30 September 2016, the retail operations segment generated approximately 90% of the total turnover of the Group, and the institutional operations segment generated approximately 10%.

The table below shows information on the Group's operating income for the periods indicated.

			THREE-MONTH PERIOD ENDED	
		30.09.2016		30.09.2015
	PLN'000	(%)	PLN'000	(%)
Result of operations on financial instruments	41 494	97,0%	93 679	97,9%
Income from fees and charges	1 289	3,0%	1 514	1,6%
Other income	19	0,0%	502	0,5%
Total operating income	**42 802**	**100,0%**	**95 695**	**100,0%**

			NINE-MONTH PERIOD ENDED	
		30.09.2016		30.09.2015
	PLN'000	(%)	PLN'000	(%)
Result of operations on financial instruments	152 588	97,4%	220 139	97,8%
Income from fees and charges	3 987	2,6%	4 469	2,0%
Other income	42	0,0%	580	0,2%
Total operating income	**156 617**	**100,0%**	**225 188**	**100,0%**

The greatest source of the Group's operating income is the result of operations on financial instruments representing 97,4% and 97,8% of the total operating income in the 9 month period ended 30 September 2016 and 30 September 2015, respectively.

The largest share in the result of operations on financial instruments has three classes of products: index CFDs, currency CFDs and commodity CFDs, that constituted in the 9 month period of 2016 respectively 57,0%, 20,0% and 19,5% (2015 respectively: 42,4%, 33,2%, 23,1%). Other products, such as bond CFDs and equity CFDs, and option derivatives constituted 3,5% and 1,3%, respectively, of the result of operations on financial instruments in the described periods.

The result of operations on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED 30.09.2016	30.09.2015	CHANGE (%)
CFDs			
Index CFDs	27 111	53 258	(49,1)
Currency CFDs	3 742	17 449	(78,6)
Commodity CFDs	11 609	24 109	(51,8)
Bond CFDs	113	98	15,3
Equity CFDs	389	333	16,8
Total CFDs	42 964	95 247	(54,9)
Option derivatives	1 114	857	30,0
Gross result of operations on financial instruments	**44 078**	**96 104**	**(54,1)**
Bonuses and discounts paid to customers	(663)	(1 065)	(37,7)
Commission paid to cooperating brokers	(1 921)	(1 360)	41,3
Net result of operations on financial instruments	**41 494**	**93 679**	**(55,7)**

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016	30.09.2015	CHANGE (%)
CFDs			
Index CFDs	90 779	96 778	(6,2)
Currency CFDs	31 885	75 858	(58,0)
Commodity CFDs	31 047	52 661	(41,0)
Bond CFDs	1 351	284	375,7
Equity CFDs	944	475	98,7
Total CFDs	156 006	226 056	(31,0)
Option derivatives	3 352	2 173	54,3
Gross result of operations on financial instruments	**159 358**	**228 229**	**(30,2)**
Bonuses and discounts paid to customers	(2 763)	(4 650)	(40,6)
Commission paid to cooperating brokers	(4 007)	(3 440)	16,5
Net result of operations on financial instruments	**152 588**	**220 139**	**(30,7)**

The third quarter of 2016, analogously to the second quarter, was a period free from the unexpected and extraordinary market events or strong long-term trends. The clearly lower volatility observed in the nine-month period of 2016, in comparison to the same period of the previous year, created fewer investment opportunities to the XTB clients. In making the investments decistions, the Group's clients search for instruments with high volatility, which they believe may generate higher profits. High volatility, accompanied by significant declines in stock market indices, was recorded only in the first two months of the year, while starting from March the volatility observed in the markets was limited, with no clear downward or upward trends. As a result, there has been a decline in the volume of financial instruments traded in lots, as well as the level of income generated by the Group in the second and third quarter of the year, which mostly affected the total result from financial instruments for 9 months of 2016. Additionally, this situation allows experienced customers to better anticipate the short- and medium-term price movements and thus generate a profit.

An important event in the 2016 was Brexit, i.e. voting of Great Britain on possible exit or remaining of the country within the European Union. Thanks to the precautionary actions undertaken by the financial markets, volatility on the markets caused by the referendum did not repeat the scenario from January last year, when excessive market volatility was recorded as a result of an unexpected SNB decision to discontinue the policy of defending the CHF exchange rate. Preparing to the voting, the Group raised minimal deposits on instruments exposed to sharp movements (currency pairs with GBP, European indices). This action was undertaken in order to limit the clients' exposure to the above mentioned instruments and this goal was achieved.

In spite of the limited market volatility observed during the current year (which resulted in lower average operating income per active account), XTB consequently builds up clients base for future growth. The number of new accounts and average number of active accounts is growing in the subsequent quarters of 2016. In the third quarter of the year the number of new accounts increased by 20% y/y and average number of active accounts increased by 10% y/y. The Management Board believes that increasing number of new and active accounts and a strong brand in combination with more favorably market volatility are solid foundations for future growth.

Operating expenses

In the third quarter of 2016 operating costs decreased by 37% (i.e. PLN 20 million) compared to the previous quarter of this year which resulted mainly from the decrease of marketing expenses and other external services.

In the second quarter of 2016 years, the Group incurred higher marketing expenses associated with the start of a global branding campaign. Group treats such expenses as an investment that should bring tangible benefits in the long term. In the third quarter, as a result of conducting limited marketing activities related to the aforementioned campaign, among others, due to the holiday period, marketing costs stood at PLN 8 million and thereby returned to a level comparable with the first quarter of this year.

Total operating expenses in the third quarter of 2016 years reached a similar value to the corresponding costs incurred in the third quarter of 2015.

In the second quarter of 2016, the Company incurred cost related to the IPO. No similar costs in the third quarter was reflected in a decrease in costs of the other external services by 37% q/q (ie. PLN 2,6 million).

2.3 Selected financial ratios

The financial ratios presented in the following table are not a measure of the financial results in accordance with the IFRS nor should they be treated as a measure of the financial results or cash flows from operating activities, or considered an alternative to a profit. These ratios are not defined in a harmonised manner and may not be comparable with the ratios presented by other companies, including companies operating in the same sector as the Group.

	THREE-MONTH PERIOD ENDED OR AS AT		NINE-MONTH PERIOD ENDED OR AS AT	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
EBITDA (in PLN'000)[1]	9 751	62 417	31 149	129 888
EBITDA margin (%)[2]	22,8	65,2	19,9	57,7
Net profit margin (%)[3]	9,9	53,2	17,4	45,5
Return on equity – ROE (%)[4]	5,5	61,3	10,7	39,5
Return on assets – ROA (%)[5]	2,5	30,4	5,1	20,2
Agregate capital adequacy ratio (%)[6]	13,9	17,9	13,9	17,9

[1]) *EBITDA calculated as operating profit, including amortisation and depreciation.*
[2]) *Calculated as the quotient of operating profit, including amortisation and depreciation, and operating income.*
[3]) *Calculated as the quotient of net profit and operating income.*
[4]) *Calculated as the quotient of net profit and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period; ratios for 3 and 9-months periods were annualized).*
[5]) *Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period; ratios for 3 and 9-months periods were annualized).*
[6]) *Calculated as the quotient of equity and total risk exposure.*

2.4 Selected operating data

The table below shows data on the Group's transaction volumes (in lots) by geographical area for the periods indicated.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Retail operations segment	**426 853**	**484 717**	**1 375 589**	**1 546 338**
Western Europe	147 245	147 401	469 467	491 839
Central and Eastern Europe	235 501	278 478	744 743	871 715
Latin America and Turkey	44 107	58 838	161 379	182 784
Institutional operations segment	**41 833**	**141 229**	**151 406**	**337 110**
Total	**468 686**	**625 946**	**1 526 995**	**1 883 448**

The table below shows data on the Group's revenue by geographical area for the periods indicated.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Gain on transactions in financial instruments:	**41 494**	**93 679**	**152 588**	**220 139**
Central and Eastern Europe	22 344	29 650	67 521	105 020
Western Europe	18 788	61 410	76 251	99 245
Latin America and Turkey	361	2 619	8 816	15 874
Fee and commission income:	**1 289**	**1 514**	**3 987**	**4 469**
Central and Eastern Europe	976	600	2 750	1 916
Western Europe	313	892	1 211	2 438
Latin America and Turkey	-	22	26	115
Other income:	**19**	**502**	**42**	**580**
Central and Eastern Europe	19	502	42	580
Western Europe	-	-	-	-
Latin America and Turkey	-	-	-	-
Total operating income[1]:	**42 802**	**95 695**	**156 617**	**225 188**
Central and Eastern Europe, including:	23 340	30 752	70 313	107 516
- Poland[2]	15 052	12 596	41 673	66 046
Western Europe, including:	19 101	62 302	77 462	101 683
- Spain[2]	7 332	40 683	36 313	51 871
Latin America and Turkey	361	2 641	8 842	15 989

[1]) *The countries where the Group always generates 15% or more of its revenues include Poland and Spain. The share of any of the other countries in the Group's revenue structure by geographical area does not exceed 15%.*
[2]) *The country which generates the highest revenue in the region.*

The table below presents: (i) the number of new accounts opened by the Group's clients in individual periods; (ii) the number of active accounts; (iii) the aggregate number of accounts; (iv) the amount of net deposits in the individual periods; (v) average operating income per one active account; and (vi) the transaction volume in lots; and (vii) profitability per lot. The information presented in the table below is related to the aggregate operations in the retail and institutional operations segments.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
New accounts[1]	8 060	6 723	21 676	22 951
Average number of active accounts[2]	16 984	15 399	16 531	15 003
Accounts in total	146 939	117 503	146 939	117 503
Net deposits (in PLN'000)[3]	60 717	110 135	197 286	255 953
Average operating income per active account (in PLN'000)[4]	2,5	6,2	9,5	15,0
Transaction volume in CFD instruments in lots[5]	468 686	625 946	1 526 995	1 883 448
Profitability per lot (in PLN)[6]	91	153	103	120

[1]) *The number of accounts opened by the Group's clients in the individual periods.*
[2]) *The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[3]) *Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.*
[4]) *The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[5]) *A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.*
[6]) *Total operating income divided by the transaction volume in CFDs in lots.*

Retail operations segment

The table below presents key operational data in the retail operations segment of the Group for the respective periods indicated therein.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
New accounts[1]	8 052	6 713	21 665	22 933
Average number of active accounts[2]	16 946	15 363	16 495	14 966
Accounts in total	146 866	117 411	146 866	117 411
Number of transactions[3]	6 277 560	5 741 869	20 081 489	16 538 899
Transaction volume in CFD instruments in lots[4]	426 853	484 717	1 375 589	1 546 338
Net deposits (in PLN'000)[5]	54 868	73 970	205 140	208 970
Average operating income per active account (in PLN'000)[6]	2,4	6,3	8,9	15,0
Average cost of obtaining an account (in PLN'000)[7]	1,0	0,9	1,8	0,7
Profitability per lot (in PLN)[8]	95	199	106	145

[1]) *The number of accounts opened by the Group's clients in the individual periods.*
[2]) *The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[3]) *Total number of open and closed transations in a given period.*
[4]) *A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.*
[5]) *Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.*
[6]) *The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[7]) *Average cost of obtaining an account comprise total marketing costs of the Group divided by the number of new accounts in given period.*
[8]) *Total operating income divided by the transaction volume in CFDs in lots.*

The table below presents the average quarterly number of accounts maintained by the Group on which at least one trade was executed in the last three months, by geographical location. The locations of active accounts have been determined based on the location of the Group's office (that maintains the account) except for accounts maintained by XTB Limited. The accounts maintained by XTB Limited have been classified based on the client's country of residence rather than the location of the Group's office.

			THREE-MONTH PERIOD ENDED	
		30.09.2016		30.09.2015
Western Europe	5 435	32,1%	5 033	32,8%
Central and Eastern Europe	10 092	59,5%	9 268	60,3%
Latin America and Turkey	1 419	8,4%	1 062	6,9%
Total	**16 946**	**100,0%**	**15 363**	**100,0%**

			NINE-MONTH PERIOD ENDED	
		30.09.2016		30.09.2015
Western Europe	5 266	31,9%	4 888	32,7%
Central and Eastern Europe	9 965	60,4%	9 160	61,2%
Latin America and Turkey	1 264	7,7%	918	6,1%
Total	**16 495**	**100,0%**	**14 966**	**100,0%**

Institutional operations segment

Since 2013, the Group has provided its services to institutional clients, including brokerage houses and other financial institutions.

The table below presents information regarding to the number of accounts in the Group's institutional operations segment in the periods indicated.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Average number of active accounts	38	36	36	37
Accounts in total	73	92	73	92

The table below presents the Group's turnover (in lots) in the institutional operations segment in the periods indicated.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Trading in CFD derivatives (in lots)	41 833	141 229	151 406	337 110

3. Company's authorities

3.1 Management Board

In the reporting period the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXIRATION DATE OF THE CURRENT TERM
Jakub Malý	Chairman of the Management Board	25.03.2014	29.06.2019
Paweł Frańczak	Board Member	31.08.2012	29.06.2019
Paweł Szejko	Board Member	28.01.2015	29.06.2019

In connection with the expiry of the term of office of the Management Board of the Company on 28 June 2016, acting pursuant to § 11 Section 3 - 5 of the Company's Articles of Association, the Issuer's Supervisory Board appointed on 23 June 2016 the Management Board of the Company for the common three year term of office, i.e. from 29 June 2016 till the end of 29 June 2019.

In the reporting period and till the submission date of this report there were no changes, apart from the changes described above, in the composition of the Management Board of the Parent Company.

3.2 Supervisory Board

As at 30 September 2016 and as at the submission date of this periodic report, the Supervisory Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	START DATE OF THE CURRENT TERM	EXIRATION DATE OF THE CURRENT TERM
Jakub Leonkiewicz	Chairman of the Supervisory Board	9.11.2015	9.11.2018
Łukasz Baszczyński	Board Member	9.11.2015	9.11.2018
Jarosław Jasik	Board Member	9.11.2015	9.11.2018
Michał Kędzia	Board Member	9.11.2015	9.11.2018
Bartosz Zabłocki	Board Member	9.11.2015	9.11.2018

In the reporting period and as at the submission date of this periodic report there were no changes in the composition of the Supervisory Board of the Parent Company.

4. Information on the shares and the shareholding

4.1 Equity

As at 30 September 2016 and as at the submission date of the foregoing report, share capital of X-Trade Brokers Dom Maklerski S.A. comprised of 117 383 635 A-series ordinary shares. The nominal value of the shares is PLN 0,05 per share.

4.2 Shares in the free float

On 13 April 2016 the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) (the "PFSA") approved the Prospectus prepared in relation to the initial public offering of the Company's shares sold by the key shareholder.

On 26 April 2016 the final number of shares (16 433 709) and final share's price (PLN 11,50) in the initial public offering was set.

On 26 April 2016 the Central Securities Depository of Poland (KDPW) adopted a resolution on dematerialization of 16 433 709 shares of the Company subject to the public offering and contingent dematerialization of other shares, i.e. 100 949 926 shares of the Company.

On 29 April 2016 the final allotment of 16 433 709 ordinary bearer shares was made under the offering. In connection with the final allotment of the offer shares, 1 644 000 of the offer shares were allotted to individual investors, whereas 14 789 709 of the offer shares were allotted to institutional investors.

On 4 May 2016 the Management Board of the WSE adopted a resolution regarding the admission of the Company's offer shares to exchange trading on the main market of the WSE. The Resolution came into force as of the day of its adoption. On 5 May 2016 the Management Board of the WSE adopted a resolution to introduce the Company's shares, as of 6 May 2016, to regular exchange trading on the main market.

On 6 June 2016 X-Trade Brokers Dom Maklerski S.A. received a letter from Pekao Investment Banking S.A., which was serving as a stabilisation manager, in the meaning ascribed thereto in the Company's prospectus, that in the stabilisation period, i.e. in the period from the date of the first quotation of shares in the Company on the regulated market maintained by Giełda Papierów Wartościowych w Warszawie S.A. (i.e. from 6 May 2016) to the end of the stabilization period (i.e. 5 June 2016) no actions aimed at stabilizing the shares were undertaken, and that the Stabilisation Manager did not acquire any of the shares in the Company for the purpose of stabilizing the price thereof in accordance with the stabilization agreement, in the meaning ascribed thereto in the Prospectus.

The value of the completed public offering of the sale of 16 433 709 Offer Shares was PLN 189,0 million.

Total costs connected with the public offering of the Offer Shares incurred by the Company amounted to PLN 5,1 million, of which:

- the cost of the preparation and conduct of the offer: PLN 1,5 million;
- the cost of preparation of the prospectus, including advisory costs: PLN 3,4 million;
- the cost of promotion of the offer: PLN 0,2 million.

Aforementioned costs in the amount of PLN 5,1 million impact the Company's result and were recognised in the financial statements in operating expenses, out of which PLN 2,5 million was recognized in 2016 result and the remaining part was recognized in the costs in the previous year.

Average cost per Offer Share was PLN 0,31.

4.3 Shareholding structure

In the reporting period the initial public offering was conducted, in which the key shareholder sold 16 433 709 shares in the Company. On 29 April 2016 the allotment of the offer shares was made under the offering. After the allotment, the Company received a notification from one of its shareholders, XXZW Investment Group S.A., with its registered office in Luxembourg, in accordance with Article 69 of the Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, informing that following the sale of 16 433 709 A-series ordinary shares in the Company, the shareholder holds 78 446 216 shares/votes representing 66,83% share in the share capital/overall number of votes at the General Meeting of Shareholders. Detailed information concerning the above mentioned notification was submitted in the current report No. 8/2016 dated 6 May 2016.

To the best of the Company's Management Board knowledge, as at the submission date of the previous periodic report for the 1st quarter and as at the submission date of the foregoing report, the shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting were as follows:

	NUMBER OF SHARES	SHARE (%)
XXZW Investment Group S.A. [1]	78 446 216	66,83%
Systexan SARL[2]	22 302 960	19,00%
Other shareholders	16 634 459	14,17%
Total	**117 383 635**	**100,00%**

[1]) *XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.*
[2]) *SYSTEXAN S.à r.l. with its registered office in Luxembourg jest is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.*

Percentage share in the share capital of the Parent Company of the above mentioned shareholders is equal to the percentage share in total votes at the General Shareholders' Meeting.

4.4 Shares and rights held by Members of the Management and Supervisory Board

In the reporting period and as at the submission date of the foregoing report the supervising persons held no shares or options authorising them to acquire the shares of the Parent Company.

Under the Incentive Plan, three persons authorized to participate in the Incentive Plan acquired options authorizing them to acquire or subscribe for total of 341 640 shares in the Company, with Jakub Malý subscribing for 219 507 shares in the Company and Paweł Frańczak subscribing for 37 328 shares in the Company.

Mr. Paweł Szejko holds no options authorising him to acquire or subscribe for shares in the Company.

The managing persons hold no shares in the Company.

5. Other informations

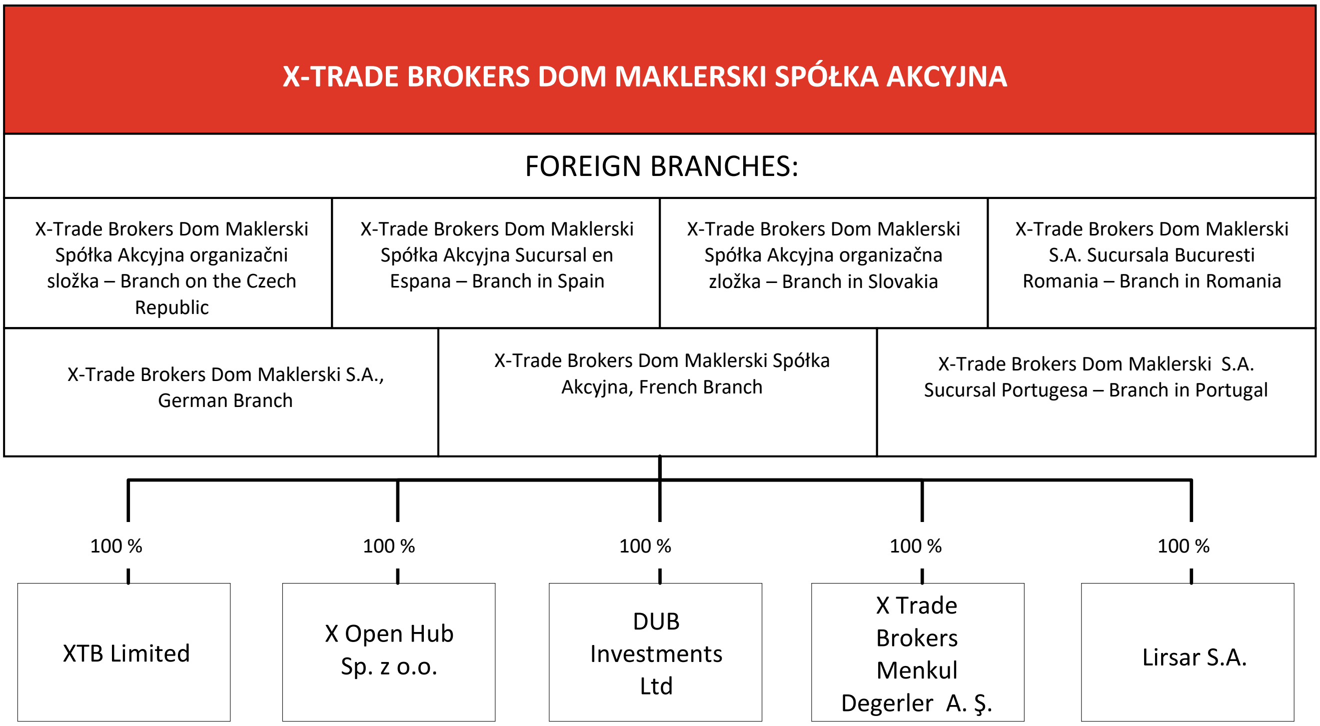
5.1 Description of the Group's organization

The Parent Company in the X–Trade Brokers Dom Maklerski S.A. Group (the "Group") is X–Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Company", "Brokerage", "XTB") with its headquarters located in Warsaw, ul. Ogrodowa 58, 00-876 Warszawa.

The business of the Parent Company is conducting brokerage activities in the stock market and the OTC market (derivatives on currencies, commodities, indices, stocks and bonds). The Parent Company is subject to supervision by the Financial Supervision Commission and operates regulated under a permit of 8 November 2005, No. DDM-M-4021-57-1 / 2005.

As at the submission date of the foregoing report the Group comprised 5 subsidiaries. The Company has 7 foreign branches.

The chart below presents the corporate structure of the Group, including subsidiaries, together with the share in the share capital/in the number of votes at the general meeting or the meeting of shareholders which may be exercised by a given shareholder.



All subsidiaries' results are fully consolidated since the date of foundation/ acquisition. In the reporting period all subsidiaries have been subject to consolidation.

Neither the Parent company nor any Group Company holds any shares in other undertakings which could materially impact the assessment of its assets and liabilities, financial condition and profits and losses.

Subsidiaries

Basic information about the Group companies, which are directly or indirectly dependent on the Company, is provided below.

<u>XTB Limited</u>

XTB Limited business comprises, among other things, the following types of operations: (i) arranging (bringing about) investment deals; (ii) dealing in investments as an agent; and (iii) dealing in investments as the principal.

<u>X Open Hub sp. z o.o.</u>

Main scope of business of the company is offering electronic applications and trading technology.

<u>DUB Investments Ltd</u>

DUB Investments Ltd business comprises: (i) accepting and forwarding orders relating to one or more financial instruments; and (ii) managing share packages.

On 12 July 2016 Cypriot Securities and Exchange Commission "CySEC" approved to expand the brokerage licence of the company by the following investment services: (i) execution of orders on behalf of clients, (ii) dealing on own account and following ancillary services (i) safekeeping and administration of financial instruments on behalf of clients, including custodianship and related services such as cash/collateral management, (ii) granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, and (iii) foreign exchange services where these are connected to the provision of investment services. Expanding of the brokerage license includes all financial instruments listed in Section C of the Annex 1 of MiFiD Directive.

X Trade Brokers Menkul Değerler A.Ş.

X Trade Brokers Menkul Değerler A.Ş. business encompasses among others: (i) investment consulting, (ii) trading in derivatives, (iii) leveraged trading on the forex market and (iv) trading intermediation.

Lirsar S.A.

Lirsar S.A. business comprises conducting operations within the scope of investment consulting.

In the period from 1 January 2016 to 30 September 2016 and as at the submission date of the foregoing report there were no changes in the X-Trade Brokers Dom Maklerski S.A. Group's structure.

5.2 Information on transactions with related parties

In 9 month period ended 30 September 2016 and 30 September 2015 there were noo related parties transactions concluded on other than arm's length basis.

The table below shows the Group's transactions and balances of settlements with related parties:

(IN PLN'000)	30.09.2016 REVENUE	30.09.2016 RECEIVABLES	30.09.2015 REVENUE	31.12.2015 RECEIVABLES	30.09.2015 RECEIVABLES
Shareholders					
Subsidiaries:					
XTB Limited	11 712	3 445	4 392	5 543	2 040
Dub Investments	118	13	112	13	13
X Open Hub Sp. z o.o.	1 294	736	915	468	401
X-Trade Brokers Menkul Degerler A.S	8 437	2 300	19 343	4 885	3 178
Lirsar S.A.	18	658	8	658	651

(IN PLN'000)	30.09.2016 COSTS	30.09.2016 LIABILITIES	30.09.2015 COSTS	31.12.2015 LIABILITIES	30.09.2015 LIABILITIES
Shareholders					
Subsidiaries:					
XTB Limited	(19 590)	4 702	(15 378)	3 849	5 713
Dub Investments	(912)	84	(773)	49	83
X Open Hub Sp. z o.o.	(92)	11	(266)	34	101
X-Trade Brokers Menkul Degerler A.S	(12 125)	3 585	(9 740)	6 574	4 945
Lirsar S.A.	–	–	–	–	–

5.3 Information on loan sureties or guarantees of at least 10% of the Parent Company's equity granted by the Parent Company or its subsidiaries to one entity or its subsidiary

As at 30 September 2016 and in the reporting period, i.e. from 1 January 2016 to 30 September 2016, neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, whose combined value would amount to at least 10% of the Parent Company's equity.

5.4 The Management Board's position concerning the realization of previously published forecasts of the results for the current

The Management Board of X-Trade Brokers Dom Maklerski S.A. did not publish any forecasts of the results for 2016.

5.5 The information on the significant court proceedings, arbitration authority or public administration authority

As at 30 September 2016 and as at the submission date of this report the Parent company and its subsidiaries were not a party to the proceedings pending before court, arbitration authority or public administration authority, the value of which could constitute at least 10% of the Issuer's equity.

Court proceedings

The Company and the Group Companies are party to several court proceedings related to the Group's business. The proceedings in which the Company and the Group Companies act as plaintiffs relate mostly to employee and client claims. As at 30 September 2016, the total value of the claims brought against the Company and/or the Group Companies amounted to approximately PLN 5,6 million, of which suits brought by the employees pending before court seven proceedings where the total value of claims was PLN 5,15 million and four suits brought by clients with the total value of claims of PLN 0,43 million. Below the most significant, in the Company's view, were presented.

As at the submission date of this report, the Company is party to proceedings initiated by a former employee of the Company's branch in France. The matter was brought to court on 21 December 2012. Under the Court judgement of 4 November 2014 the sum adjudicated in favour of the former employee is the equivalent of PLN 100 000. On 14 December 2014, the plaintiff submitted an appeal. Although the judgement issued in the first instance was favourable to the Company, there is still a risk that the Company will lose the dispute. In view of the complex nature of the dispute and the claim, as at the submission date of this report it is difficult to reliably assess the risks involved in the case. The original value of the claim was set at PLN 2,2 million. However, based on the representation of the law firm that is conducting the case, it should be theoretically assumed that the value of the claim may increase until it is finally settled by approximately EUR 20 000 per month. In view of the above, as at 30 September 2016, the claim was accounted for at the total value of the claims demanded against the Company of approximately PLN 4,53 million.

The Company is also a party of a proceeding against XFR Financial Ltd. The Company filed suit against XFR Financial Ltd., with its registered office in Cyprus ("XFR"), requesting the discontinuation of a breach of a trademark registered by the Company. The Company requested the Regional Court in Warsaw to secure its claim against XFR by: (i) prohibiting XFR from using the verbal and figurative mark "XTRADE"; and (ii) prohibiting XFR from using the verbal mark "XTRADE" in internet domain names. XFR conducts competitive business with respect to the Company and abuses, in the opinion of the Company, the significant recognition of the Company's brand in European countries, thus misleading the Group's existing and potential clients. The Company was notified that the request for protection of his claim against the XFR was dismissed therefore the Company filed a complaint against this decision, which also has been dismissed. Taking this into account the Company is considering taking further legal actions against XFR. The company has also launched a German court proceedings aimed at cessation of infringement of the Company trademark by XFR.

Administrative and control proceedings

The Company and the Group Companies are party to several administrative and control proceedings related to the Group's business. The Company believes that below are presented the most significant among them.

The PFSA, within the scope of its supervisory powers with respect to the Company, has completed the process of reviewing the Company's compliance with the law and internal regulations in terms of, inter alia: (i) the rendering of specific brokerage services, (ii) the terms and conditions of rendering client services, (iii) the organization and operation of internal control system, compliance system and internal audit system, and (iv) the technical and organizational conditions of conducting brokerage activities. Control proceedings have been completed on 16 September 2016. On 14 October 2016 the Company received the control protocol indicating infringements and/or deficiencies in implementation of binding laws and regulations by the Company. The Company has submitted substantiated objections to the control protocol in accordance with the provisions in force.

No assurance may be given that due to identified breach or irregularities in the implementation of binding laws and regulations by the Company, the PFSA will not, inter alia: (i) issue recommendations requiring the Company to implement relevant measures to remedy a breach; (ii) restrict or withdraw the Company's permit to conduct brokerage activities; or (iii) impose a cash penalty of up to 10% of the revenue shown in the Company's last audited financial statements.

As at 30 September 2016 the Company is in the process of obtaining the PFSA's authorization to use a delta ratio calculated based on the Company's own valuation model. This proceedings were initiated by the Company in March 2014, then suspended and resumed by the Company on 5 March 2015. The Company introduced to its offer the Up&Down options in 2012 relying on certain exemptions and provisions under the Polish Regulation on Capital Requirements, on the basis of which offering the Up&Down options did not require an authorization granted by PFSA. With the CRR Regulation entering into force from 1 January 2014, repealing Polish Regulation of the Capital Requirements there is a risk that the Up&Down options without required authorization from PFSA, therefore PFSA may impose the penalty in this virtue.

With relation to an order dated 21 January 2016 concerning a breach by the Company certain reporting and information requirements applicable to the Company with respect to transactions executed thereby and orders submitted by the clients of the Czech branch of the Company, on 4 October 2016 the Company submitted notification of adoption of additional recommendations of the Ceska Narodni Banka. In addition, according to the Czech Act on the obligations on the capital markets when the measures adopted by the Company will not cause the irregularities and shortcomings in fulfilling the Company's obligations reporting are removed, Ceska Narodni Banka, after informing the regulatory authority of the home country of the Company will be able to take other supervisory measures, sanctions or penalties, including imposing a fine of up to CZK 20 million (equivalent to approx. PLN 3,2 million according to the average exchange rate of CZK to PLN announced by the National Bank of Poland on 30 September 2016).

Regulatory environment

The Group operates in a highly regulated environment imposing on it certain obligations regarding the respect of complying with many international and local regulatory and law provisions. The Group is subject to regulations concerning m.in .: (i) sales practices, including customer acquisition and marketing activities, (ii) maintaining the capital at a certain level, (iii) practices applied in the scope of preventing money laundering and terrorist financing and procedures for customer identification (KYC), (iv) reporting duties to the regulatory authorities and reporting to the trade repository, (v) the obligations regarding the protection of personal data and professional secrecy, (vi) protection obligations in the scope of investors protection and communicating of relevant information on the risks associated with the brokerage services, (vii) supervision over the Group's activity, (viii) inside information and insider dealing, preventing the unlawful disclosure of inside information, preventing market manipulation, and (ix) providing information to the public as the issuer.

The sections below describe the most relevant, from the Company's point of view, changes of regulatory obligations occurring during the period covered by this report and the changes that will enter into force in the forthcoming period.

- **Changes to the requirements on the subject of providing the brokerage services by the investment firms – the MiFID II/MIFIR system**

The deadline for the entry into force of the MiFID II Directive and MIFIR Regulation (the "MiFID/MiFIR package") was postponed to 3 January 2018. The deadline for transposing the MiFID II Directive into the national law by the particular Member States was postponed to 3 July 2017. The principal assumptions of the MiFID II/MiFIR Package include, inter alia: (i) increasing the powers of supervision authorities; (ii) extending the information requirements of investment firms; (iii) the introduction of additional requirements in terms of managing conflicts of interest and stricter requirements in terms of incentives applied; (iv) the introduction of additional requirements within the scope of trading in derivative instruments in connection with the EMIR Regulations; (v) stricter risk management and internal audit requirements, including the greater role of the compliance department (compliance officer); (vi) the introduction of periodic verification of the appropriateness of a given product for a given client; (vii) the introduction of the obligation to register all client communications in terms of client transactions and providing access to the recordings of conversations and email correspondence (or confirmations) with clients in specific circumstances; and (viii) the introduction of a new category of OTF (organized trading facility) market.

As a result of the implementation of the MiFID II/MiFIR Package, investment firms will need to adjust their operations to the requirements specified in the MiFID II/MiFIR Package, which may involve costs and result in a significant restriction of the existing operations of investment firms.

- **Changes in the scope of the prevention of market abuse from the MAR Regulations (market abuse regulation) and the MAD Directive (the directive on criminal sanctions for market abuse)**

The MAR Regulation are directly applicable in its entirety in all EU Member States since 3 July 2016. New regulations provided many requirements primarily in the scope of prevention of fraud and market manipulation, and publication of investment recommendation and statistics. In case of breach of obligations in the scope of prevention of market manipulation and drawing-up and distribution of the recommendation, as well as other information PFSA may apply administrative sanctions and other administrative measures including i.a. an order requiring the person responsible for the breach to cease specific conduct and to refrain from repetition of that conduct, a withdrawal or suspension of an authorization for an investment firm and fines in the amount specified in the Act on Trading in Financial Instruments.

The Company used the best efforts to adjust to the new requirements of the MAR Regulations. Despite the fact that on the date of this report, in the opinion of the Company, the Group complied with the requirements specified in the MAR Regulations, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the Regulations and/or with the approach of the regulators which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Group significant financial outlays and implementation of the significant organizational changes.

- **Forced restructuring of the brokerage house**

The BRRD states that the resolution framework should provide for the timely resolution before a credit institution or an investment firm is balance-sheet insolvent and before all equity has been fully wiped out. Therefore, the principal condition for resolution is the determination that a credit or an investment firm, respectively, is failing or likely to fail. Under the BRRD, a failing institution should be maintained through the use of resolution tools as a going concern with the use, to the extent possible, of private funds. The costs of resolution should be covered by the financial industry. The EU member states were required to establish their own financial solutions to be financed with contributions paid by banks and investment firms on a pro rata basis in terms of their liabilities and risk profile (by 31 December 2024) the target level of financing at least 1% of the covered deposits of all the institutions authorized in the territory of a relevant EU member state. If the ex ante financial instruments are not sufficient to cover the resolution of financial institutions, extraordinary ex post contributions may be raised to cover the additional costs, losses or expenses.

Act of 10 June 2016 on the Banking Guarantee Fund, the system of guarantees for deposits and mandatory recovery and resolution implementing the BRRD entered into force on 9 October 2016. Amongst the main provisions of the act include: (i) awarding the Bank Guarantee Fund a role of an authority of obligatory restructuring, (ii) introduction of provisions governing conditions for use of bail-in tool, (iii) conferring to the Bank Guarantee Fund power to suspense during mandatory recovery and resolution proceedings i.a. the brokerage activities conducted by an investment firm, (iv) addition of unit 2c in the Act on Trading in Financial Instruments "Recovery plans and rules governing early intervention for some of the brokerage houses." Some of the main obligations are in particular the obligation of preparing a recovery and resolution plan (and a group recovery and resolution plan ensuring the coordination of recovery and resolution with respect to the dominant entity, its subsidiaries and significant branches), which is an element of the management system, and the requirement for that plan and its amendments to be approved by by the PFSA. The PFSA may, during the proceedings, in cases set forth in the act, order to amend the activities of the brokerage house. In particular, imposed changes may include: (i) change of the risk profile, (ii) taking actions in order to ensure the timely recapitalization of the brokerage house, (iii) review of the strategy and organizational structure of the brokerage house, (iv) make changes to the funding strategy, which will reduce the level of risk in the scope of core business lines and critical functions, (v) introduction of changes in the risk-management system of the brokerage house. The PFSA's decisions in that regard shall be immediately enforceable. Investment firms shall adjust to the requirements set out in the new regulations until 9 April 2017. In terms of the measures applied, the Bank Guarantee Fund may, in certain circumstances, issue guidelines applicable to an entity subject to recovery and resolution. In particular, such guidelines may relate to: (i) the imposition of additional information requirements; (ii) the sale of an entity's assets; (iii) a restriction on or discontinuation of the conduct of specific business by an entity; (iv) a restriction on the introduction and development of new products or business lines; and (v) changes in the organizational and legal structure to simplify the structure or separate types of business activity. In addition, domestic entities are required to maintain their own funds and liabilities, subject to cancellation or conversion at a certain minimum level. In addition PFSA will be granted additional powers in terms of early intervention measures, which include the powers of, inter alia, demanding: (i) the implementation of a recovery and resolution plan, including taking specific action set out in the plan; (ii) the convocation of an extraordinary general meeting to review the circumstances that a company is in, or the introduction of certain matters requested by the PFSA to the agenda of a general meeting; (iii) the development of and agreeing on the restructuring of receivables or other debts with the company's creditors, in accordance with a recovery and resolution plan; (iv) the introduction of changes to the company's strategy; (v) the introduction of changes to the articles of association, or management structure, including to the organizational structure; (vi) the dismissal of a member of the management board whose actions or omissions resulted in a situation that necessitates the application of early intervention measures, where the applied early intervention measures proved ineffective or insufficient; and (vii) the suspension of a member of the management board in his duties until a resolution on his dismissal is adopted.

At the date of submitting this report the Company is taking actions to adjust to the provisions of the Act. There is no assurance, whether solutions related to forced restructuration or taking any actions currently provided in the Act implementing BRRD will not have a material adverse impact on the business, financial condition or results of the Group, as well as the price of the Shares.

- **Guidelines for the brokerage services on the OTC derivatives market**

On 24 May 2016 Polish Financial Supervision Authority (the "PFSA") adopted and issued guidelines concerning the rendering of brokerage services on the OTC derivatives market" (the "PFSA Guidelines"). Contents of the PFSA Guidelines are available on the Company's website. The PFSA Guidelines apply to many aspects of offering services on the OTC market, including, inter alia, the role of supervisory boards and management boards in the process of offering services, the promotion of such services, soliciting clients, outsourcing client solicitation, providing clients with information on the characteristics of and the risks involved in investing on the OTC market, the method of testing if the services provided are adequate to individual client knowledge and experience, the nature of margin collateral, financial leverage and the stop-out mechanism, as well as their practical application, the time required to execute client instructions, information for clients about OTC market profitability statistics, the terminology applied in contracts with clients, transaction costs and the process of the annulment and correction of transactions.

The Company used the best efforts to implement the PFSA Guidelines. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the PFSA approach which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Group significant financial outlays and implementation of the significant organizational changes.

- **The PFSA Guidelines on the management of information technology and ICT environment security for investment firms**

The purpose of these guidelines is to present investment firms with supervisory expectations concerning prudent and stable management of the IT and ICT environment, including specifically the risk associated therewith. The PFSA expects that the standards specified in the above-mentioned guidelines will be implemented by the investment firms no later than by 31 December 2016. The guidelines should be applied on a 'comply or explain' basis in terms of the manner of implementation of the specific guidelines, subject to prudential approach, acceptable risk levels and the need to comply with applicable law.

Currently the Company is working on the full implementation of the guidelines.

- **Document including key information on Financial product („KID" – Key Information Document)**

Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) was suppose to enter in force on 31 December 2016. 9th November 2016 European Commission proposed delaying Regulation's entry into force to 1st January 2018. PRIIP Regulation imposes an obligation on specified financial institutions of preparing document which contains key information of given financial product and defines the manner of its presentation to individual investors. KID document needs to be prepared for each packaged retail and insurance-based investment product. These products also include derivatives, such as options and CFDs. PRIIP Regulation precisely defines the elements and the sequence in which they shall be included in KID, that is: (i) product name, (ii) data identifying product manufacturers, (iii) information concerning supervision authority of manufacturer, (iv) appropriate warning if product is difficult to understand, (v) main characteristics of product, (vi) description of risk and return, (vii) costs related with investment, (viii) determine the duration of the possession of the product, (ix) information on methods of claim submission, (x) and other relevant information. In cases of infringement of the obligations arising from PRIIP Regulation the supervisory authority may impose following administrative sanctions and measures: (i) prohibition of the product's being placed on the market, (ii) order to suspend placing the product's on the market, (iii) placing the person responsible for the infringement on the list of the public notices, indicating the nature of the breach, (iv) the prohibition of dissemination KID not satisfying the requirements available and publication of the new version, (v) in case of legal persons administrative sanctions up to EUR 5 000 000, or in member states, whose currency is not the euro the equivalent in national currency at 30th December 2014, or up to 3% the total annual turnover of this legal person in accordance with the most recent available financial statement or up to twice the amount of the profits gained or losses avoided because of the breach, in case where fair value can be determined, (vi) in case of natural persons administrative sanctions up to EUR 700 000, or in member states, whose currency is not the euro the equivalent in national currency at 30th December 2014, or up to twice the amount of the profits gained, or losses avoided because of the breach, in case where fair value can be determined . The Regulation becomes directly applicable in all member states.

As at the date of providing this report the Company carries out the adjustments in order to satisfy the requirements of the Regulation. However, due to the lack of detailed rules and technical standards supplementing the Regulation it is not possible to assess the full impact of the obligations arising from the PRIIP Regulations on the Group's activities and there is no certainty if adjusting to the obligations and requirements provided at present in the Regulations will not have significant negative impact on the operations, financial position and results of the Group as well as the price of shares.

- **The ESMA Guidelines on the offering retail clients CFDs and other instruments of a speculative nature under the MiFID Directive**

On 8 April 2016 the ESMA Guidelines were published „Questions and Answers Relating to the provision of CFDs and other speculative products to retail investors under MiFID" („The ESMA Guidelines") for the application of the MiFID Directive, which lays down the requirements on provision of services by the investment firms, including the Group, as well as the MiFID II/MiFIR Package after its entering into force with regard to advertising and offering to retail clients the derivatives. The ESMA Guidelines pertain the two issues: (i) issuing by competent national authorities the authorizations to the entities offering derivatives online; and (ii) a conflict of interest arising as a result of the nature of a business model, on the basis of which given entity, offering derivatives operates. The first issue provides description for specific rules and requirements with which given entity should comply with in the respect of their operations, in order to the authorization could be issued in accordance with the MiFID Directive. With regard to conflicts of interest where however the examples of the elements of a business model which exceed the risk of potential conflict of interest of the entity offering certain instruments and the interests of clients and the ways of managing them by the investment firm. On 1 June 2016, 25 July 2016 and 11 October 2016 ESMA published further guidelines under the form of questions and answers indicating specific answers for the example questions. concerning further issues such as: (iii) information presented to the clients and potential clients about functioning of the derivative instruments; (iv) the adequacy evaluation of the service to individual client's knowledge and experience; and (v) the factors that supervision authorities should take into account when evaluating the arrangements between authorized entities when offering derivative instruments. Following the entry into force of the MiFID II Package ESMA announced that it will also work on the guidelines resulting from the Package of MiFID II. It cannot be ruled out that there will be more ESMA guidelines on the application of the MiFID Directive and the MiFID II Package.

Currently the Group is working on full implementation of the amended ESMA Guuidelines. Despite the fact that on the date of this report, in the opinion of the Company, the Group complied with most of the requirements specified in the ESMA Guidelines, the Group may be required to verify or change already introduced solutions and procedures. In addition, because the interpretation of the part of the ESMA Guidelines is not clear, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the ESMA approach which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Group significant further financial outlays and implementation of the further significant organizational changes.

- **France**

In France there are an ongoing works on the introduction of restrictions on promoting the services in the scope of i.a. derivatives on the OTC market. Introduction of the limitations is one of the assumptions in the draft amendments to the French Monetary and Financial Code, presented to the French government on 30 March 2016. The draft introduces ban on, indirect and direct transfer through electronic means of transmission promotional materials relating to financial services for non-professional clients and to prospective clients. The ban refers to the services in respect of which the client is unable to estimate maximum exposure to the risk at the time of the transaction, in respect of which the risk of financial losses may exceed the value of the initial margin or which the potential risk is not readily apparent due to the ability of the potential benefits The regulation was passed by the French parliament on 8 November 2016 and is currently awaiting the publication in the respective official journal. As a result of making a change in law, the French regulator will amend the self-regulations applicable to the investment firms operating in France, which will most likely be made at the beginning of January 2017. It is not clear what will be the precise final shape of the regulations, which are to be issued by the French regulator and due to this fact it is difficult to evaluate fully if the changes will have material impact on the results and, thus the price of the Company's shares. At present the Company is analyzing the overall potential impact of the above-mentioned changes on the Company's activities in France and financial position of the Group and promotion methods of the services of the Group in France. It cannot be excluded that implementation of the changes by the Company may require incurring by the Group significant further financial outlays and implementation of the further significant organizational changes and may severely restrict the possibility of promoting the services of the Group in France, which may have a negative influence on the financial situation of the Group and, thus the price of the Company's shares.

- **Turkey**

On 14 January 2016 the Communiqué on the changes in the III-37.1 Communiqué on principles regarding investment services, activities and ancillary services have been published in the Official Journal. The amendments entered into force on the date of its publication. Key assumptions include applying rules of the consumer's law to promote transactions with the use of leverage, in particular the provisions of the Regulations on commercial advertising and unfair market practices. According to the legislative changes from 15 April 2016 the requirements for opening the new investments accounts were introduced. Before a customer opens an investment account which enables the use of the leverage, he is obliged to open a demo account. In addition, in relation to the demo account the customer must meet certain requirements (i) use the account for at least 6 days, and (ii) make at least 50 trades. Financial institutions are required to record and archive data on the above-mentioned process.

The Group company - X Trade Brokers Menkul Değerler has used best efforts to adapt the process of opening new investment accounts to implemented requirements. It cannot be excluded however that a given rule or requirement will be interpreted by the Group in a manner inconsistent with regulations and the approach of the regulators which may expose the Group Company to the risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Group significant further financial outlays and implementation of the further significant organizational changes.

- **Financial transaction tax**

At 30 September 2016 the only jurisdictions where the Group conducts its business and where financial transactions tax was payable were Italy (the tax applies from 1 September 2013) and France (the tax applies from 1 August 2012).

Notwithstanding the above, the work on the pan-European legislation imposing a financial transaction tax a portion of the proceeds of which would be contributed directly to the EU budget is in progress. As at 30 September 2016 there is no clear information regarding the timing of imposing such new tax. The original proposal regarding the introduction of such tax provided that the minimum tax rates will be 0.1% on any trading in shares and bonds and 0.01% on any trading in derivative instruments. On 8 December 2015, a working draft of a summary of the meeting of the Economic and Financial Affairs Council, which was held on the same day, was published. It presented the principal assumptions for the future tax on financial trades regarding: (i) shares; and (ii) derivatives. According to that document, the tax should apply to all transactions involving shares, although a more precise definition of its territorial scope was left to the legislative initiative of the European Commission. The document states that the tax will also apply to transactions in derivative instruments executed within the scope of market making activities. It was stated in the document that the other issues, including the tax rates, should be agreed by the end of June 2016 but during the meeting of Economic and Financial Affairs Council on 17 June 2016 further work on draft was delayed for the second half of 2016. and still continue.

6. Factors which in the Management's Board belief may impact the Group's operations for at least next quarter

The Management Board believes that the following trends have impacted and will maintain and continue to impact the Group's operations until the end of 2016 and in some cases also longer:

- The Group's revenue depends directly on the volume of transactions concluded by the Group's clients which in turn is correlated with the general level of transaction activity on the FX/CFD market. In principle, the level of Group's revenue is positively affected by higher volatility on the FX/CFD market due to the fact that in the periods of increased volatility on financial and commodity markets, a higher level of transactions concluded by the Group's clients is observed. As a result, high volatility on financial and commodity markets, in principle, leads to an increased volume of transactions on the Group's trading platforms. On the other hand, lower volatility on financial and commodity markets and the related drop in transaction activity of the Group's clients, in principle, leads to a drop in the Group's operating income. In view of the above, the Group's operating income and profitability may drop in the periods of low volatility on financial and commodity markets and lower transaction activity on these markets. Moreover, a more predictable trend may appear whereby the market is moving within a limited price range. This leads to market trends that may be predicted with higher probability than in the case of higher volatility on the markets, which creates favourable conditions for range trading. In such case, a higher number of transactions are observed that bring profits to clients, which leads to a drop in the Group's market making results.

  The volatility on FX/CFD markets may significantly influence revenues generated by the Group in subsequent quarters. This is typical for Group's business model. To illustrate this, historical quarterly financial results of the Group were presented below:

(IN PLN'000)	3-MONTH PERIOD ENDED						
	31.03.2015	30.06.2015	30.09.2015	31.12.2015	31.03.2016	30.06.2016	30.09.2016
Total operating income	95 510	33 983	95 695	57 354	82 765	31 050	42 802
Total operating expenses	(31 548)	(33 344)	(34 745)	(41 835)	(40 464)	(54 730)	(34 378)
Profit (loss) on operating activities	63 962	639	60 950	15 519	42 301	(23 680)	8 424
Net profit (loss)	49 842	1 750	50 939	16 504	31 859	(8 812)	4 238

- Starting from 2013 The Group is providing services to institutional clients, including brokerage firms, start-ups and other financial institutions in the framework of the institutional segment (X Open Hub). At the date of this report, the Group is in the middle of the process of developing this business segment, which is still at an early stage of development. Products and services offered by the Group in X Open Hub differ from those offered in the segment of retail businesses for which are associated with different risks and challenges. Therefore, the Group's revenues from this segment are exposed to large fluctuations from period to period. The following table shows the percentage of the institutional segment revenues from operations together.

	I-III Quarter 2016	2015	2014	2013
% share of the institutional segment revenues in total operating income	6,6%	4,7%	14,1%	4,6%

The Management Board expects that the lower volatility in financial and commodity markets in 2016, regulatory changes as well as other factors could adversely affect the condition of the institutional XTB partners and lead in the coming period to a decline in trading volume in flight, as well as revenue XTB of these customers. On the other hand, the Management Board of XTB can not rule out higher customer churn in the institutional segment in the coming quarters.

- The Management Board predicts that in the 4th quarter of 2016 total operating costs may remain at a level comparable to the quarterly average of 2015 or to the 3rd quarter of 2016., but may be lower than in the second quarter of 2016. The final operating costs level will depend on the amount of the variable components of remuneration paid to employees and the level of marketing expenses. The size of variable remuneration will be affected among others by Group's results. Final level of marketing expenses will depend on the evaluation of their impact on the Group's results and profitability and the degree of clients' responsiveness to undertaken marketing activities. The Management Board assumes Branding campaign using the image of actor Mads Mikkelsen that began in the second quarter of 2016 will be implemented in the fourth quarter to a limited extent.

Due to the uncertainty regarding future economic conditions, expectations and predictions of the Management Board are subject to a particularly high degree of uncertainty.

INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Result of operations on financial instruments	33 135	85 184	122 134	196 724
Income from fees and charges	1 237	760	3 596	3 559
Other income	19	502	42	580
Total operating income	**34 391**	**86 446**	**125 772**	**200 863**
Salaries and employee benefits	(12 304)	(13 863)	(42 084)	(41 144)
Marketing	(6 260)	(4 924)	(31 564)	(14 226)
Other external services	(3 483)	(4 660)	(12 724)	(10 283)
Costs of maintenance and lease of buildings	(1 327)	(1 408)	(4 260)	(3 969)
Amortization and depreciation	(1 055)	(1 179)	(3 287)	(3 561)
Taxes and fees	(777)	(147)	(1 075)	(421)
Fee expenses	(783)	(798)	(2 781)	(2 424)
Other costs	(258)	(115)	(2 294)	(2 710)
Total operating expenses	**(26 247)**	**(27 094)**	**(100 069)**	**(78 738)**
Profit on operating activities	**8 144**	**59 352**	**25 703**	**122 125**
Finance income	(5 892)	870	2 035	2 951
Finance costs	1 590	232	(2 534)	(2 684)
Profit before tax	**3 842**	**60 454**	**25 204**	**122 392**
Income tax	(808)	(11 708)	(2 029)	(23 956)
Net profit	**3 034**	**48 746**	**23 175**	**98 436**
Other comprehensive income	**(938)**	**85**	**60**	**110**
Items which will be reclassified to profit or loss after meeting specific conditions	(938)	85	60	110
– foreign exchange differences on translation of foreign operations	(125)	(177)	*(394)*	*421*
– foreign exchange differences on valuation of separated equity	(1 004)	323	*563*	*(384)*
– deferred income tax	191	(61)	*(107)*	*73*
Total comprehensive income	**2 096**	**48 831**	**23 235**	**98 546**
Earnings per share:				
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	0,03	0,42	0,20	0,84
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	0,03	0,42	0,20	0,84
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	0,03	0,41	0,20	0,84
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	0,03	0,41	0,20	0,84

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	30.09.2016 (UNAUDITED)	31.12.2015 (AUDITED)	30.09.2015 (UNAUDITED)
ASSETS			
Own cash and cash equivalents	187 255	275 592	256 875
Customers' cash and cash equivalents	313 293	282 793	268 241
Financial assets held for trading	66 556	62 452	71 198
Investments in subsidiaries	66 095	63 447	63 447
Income tax receivables	9 634	2 198	1 409
Loans granted and other receivables	11 442	13 930	9 862
Prepayments and deferred costs	4 268	2 181	1 482
Intangible assets	4 723	6 626	8 043
Property, plant and equipment	2 936	3 457	3 641
Deferred income tax assets	8 921	8 966	9 073
Total assets	**675 123**	**721 642**	**693 271**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to customers	320 752	289 285	276 147
Financial liabilities held for trading	8 543	9 686	13 615
Income tax liabilities	2 565	4 561	3 130
Other liabilities	19 036	26 015	23 845
Provisions for liabilities	844	831	528
Deferred income tax provision	10 081	9 638	10 913
Total liabilities	**361 821**	**340 016**	**328 178**
Equity			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	212 416	188 954	188 954
Foreign exchange differences on translation	724	664	716
Retained earnings	22 685	114 531	97 946
Total equity	**313 302**	**381 626**	**365 093**
Total equity and liabilities	**675 123**	**721 642**	**693 271**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2016 to 30 September 2016

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2016	**5 869**	**71 608**	**188 954**	**664**	**114 531**	**381 626**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	23 175	23 175
Other comprehensive income	–	–	–	60	–	60
Total comprehensive income for the financial year	**–**	**–**	**–**	**60**	**23 175**	**23 235**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	23 462	–	(115 021)	(91 559)
- dividend payment	–	–	–	–	(91 559)	(91 559)
- transfer to other reserves	–	–	23 462	–	(23 462)	–
As at 30 September 2016 (unaudited)	**5 869**	**71 608**	**212 416**	**724**	**22 685**	**313 302**

Statement of changes in equity for the period from 1 January 2015 to 31 December 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**188 954**	**606**	**77 031**	**344 068**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	115 021	115 021
Other comprehensive income	–	–	–	58	–	58
Total comprehensive income for the financial year	**–**	**–**	**–**	**58**	**115 021**	**115 079**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	–	–	(77 521)	(77 521)
- dividend payment	–	–	–	–	(77 521)	(77 521)
As at 31 December 2015 (audited)	**5 869**	**71 608**	**188 954**	**664**	**114 531**	**381 626**

Interim condensed statement of changes in equity for the period from 1 January 2015 to 30 September 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**188 954**	**606**	**77 031**	**344 068**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	98 436	98 436
Other comprehensive income	–	–	–	110	–	110
Total comprehensive income for the financial year	**–**	**–**	**–**	**110**	**98 436**	**98 546**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	–	–	(77 521)	(77 521)
- dividend payment	–	–	–	–	(77 521)	(77 521)
As at 30 September 2015 (unaudited)	**5 869**	**71 608**	**188 954**	**716**	**97 946**	**365 093**

INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	30.09.2015 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	25 204	122 392
Adjustments:		
(Gain) loss on sale or disposal of items of property, plant and equipment	2	3
Amortization and depreciation	3 287	3 561
Foreign exchange (gains) losses from translation of own cash	(1 278)	(415)
Other adjustments	38	113
Changes		
Change in provisions	13	5
Change in balance of financial assets and liabilities held for trading	(5 247)	(11 042)
Change in balance of restricted cash	(30 500)	(19 027)
Change in balance of loans granted and other receivables	2 498	2 081
Change in balance of prepayments and accruals	(2 087)	240
Change in balance of amounts due to customers	31 467	21 176
Change in balance of other liabilities	(6 889)	2 351
Cash from operating activities	**16 508**	**121 438**
Income tax paid	(10 975)	(27 714)
Interest	(9)	5
Net cash from operating activities	**5 525**	**93 729**
Cash flow from investing activities		
Proceeds from sale of items of property, plant and equipment	–	3
Expenses relating to payments for property, plant and equipment	(723)	(912)
Expenses relating to payments for intangible assets	(120)	(1)
Loans granted	–	(622)
Net cash from investing activities	**(843)**	**(1 532)**
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(90)	(112)
Interest paid under lease	(8)	(13)
Expenses relating to payments for acquisitions of shares in subsidiaries	(2 648)	(16 144)
Dividend paid to owners	(91 559)	(77 521)
Net cash from financing activities	**(89 623)**	**(93 790)**
Increase (decrease) in net cash and cash equivalents	**(89 623)**	**(1 593)**
Cash and cash equivalents – opening balance	**275 592**	**258 055**
Effect of FX rates fluctuations on balance of cash in foreign currencies	**1 286**	**413**
Cash and cash equivalents – closing balance	**187 255**	**256 875**

Warsaw, November 14th 2016

Jakub Malý President of the Management Board	**Paweł Frańczak** Member of the Management Board	**Paweł Szejko** Member of the Management Board

Ewa Stefaniak
The person responsible
for bookkeeping

online trading