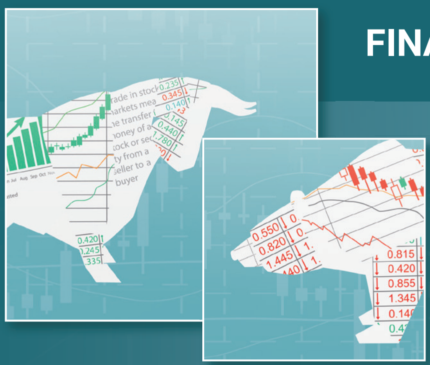
CAPITAL GROUP

X-Trade Brokers DM S.A.

REPORT FOR THE 3RD QUARTER 2017

TABLE OF CONTENTS



FINANCIAL HIGHLIGHTS

FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000 NINE-MONTH PERIOD ENDED		IN EUR'000 NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Consolidated comprehensive income statement:				
Total operating income	198 307	156 617	46 588	35 849
Profit on operating activities	91 044	27 045	21 389	6 190
Profit before tax	77 103	30 312	18 114	6 938
Net profit	60 700	27 285	14 260	6 245
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,52	0,23	0,12	0,05
Consolidated cash flow statement:				
Net cash from operating activities	15 028	5 989	3 531	1 371
Net cash from investing activities	(3 730)	(1 129)	(876)	(258)
Net cash from financing activities	(37 666)	(91 657)	(8 849)	(20 980)
Increase/(Decrease) in net cash and cash equivalents	(26 368)	(86 797)	(6 195)	(19 867)

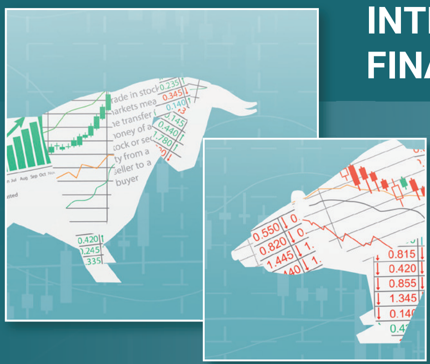
	IN PLN'000		IN EUR'000	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Consolidated statement of financial position:				
Total assets	901 898	796 753	209 301	180 098
Total liabilities	529 476	440 860	122 874	99 652
Share capital	5 869	5 869	1 362	1 327
Equity	372 422	355 893	86 427	80 446
Number of shares	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)	3,17	3,03	0,74	0,69

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: 4,2566;
  - for the comparative period: 4,3688;

- 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: 4,3091;
  - for the comparative period: 4,4240.

xtb
online trading



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED)	THREE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED)
Result of operations on financial instruments	6.1	71 996	41 494	194 956	152 588
Income from fees and charges	6.2	1 038	1 289	3 285	3 987
Other income		29	19	66	42
Total operating income	**6**	**73 063**	**42 802**	**198 307**	**156 617**
Salaries and employee benefits	7	(17 590)	(16 174)	(53 857)	(54 708)
Marketing	8	(5 563)	(8 041)	(19 283)	(40 341)
Other external services	10	(5 304)	(4 295)	(15 429)	(15 111)
Costs of maintenance and lease of buildings	9	(1 849)	(1 960)	(5 612)	(6 441)
Amortization and depreciation	19,20	(1 551)	(1 327)	(4 572)	(4 104)
Taxes and fees		(363)	(1 018)	(1 709)	(1 908)
Fee expenses	11	(1 196)	(932)	(3 817)	(3 243)
Other costs	12	(1 309)	(631)	(2 984)	(3 716)
Total operating expenses		**(34 725)**	**(34 378)**	**(107 263)**	**(129 572)**
Profit on operating activities		**38 338**	**8 424**	**91 044**	**27 045**
Impairment of intangible assets		**–**	**–**	**(5 612)**	**–**
Finance income	13	1 364	(5 343)	3 785	4 330
Finance costs	13	602	2 263	(12 114)	(1 063)
Profit before tax		**40 304**	**5 344**	**77 103**	**30 312**
Income tax	30	(8 962)	(1 106)	(16 403)	(3 027)
Net profit		**31 342**	**4 238**	**60 700**	**27 285**
Other comprehensive income		**115**	**(4 613)**	**(6 608)**	**(3 018)**
Items which will be reclassified to profit or loss after meeting specific conditions		115	(4 613)	(6 608)	(3 018)
– foreign exchange differences on translation of foreign operations		*(466)*	*(3 800)*	*(5 596)*	*(3 474)*
– foreign exchange differences on valuation of separated equity		*717*	*(1 004)*	*(1 249)*	*563*
– deferred income tax		*(136)*	*191*	*237*	*(107)*
Total comprehensive income		**31 457**	**(375)**	**54 092**	**24 267**
Net profit attributable to shareholders of the Parent Company		31 342	4 238	60 700	27 285
Total comprehensive income attributable to shareholders of the Parent Company		31 457	(375)	54 092	24 267
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	29	0,27	0,03	0,52	0,23
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	29	0,27	0,03	0,52	0,23
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	29	0,27	0,03	0,52	0,23
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	29	0,27	0,03	0,52	0,23

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	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
ASSETS				
Own cash and cash equivalents	13	262 402	290 739	239 817
Customers' cash and cash equivalents	13	462 868	375 642	335 445
Financial assets held for trading	14	148 397	94 903	69 620
Financial assets available for sale		164	190	205
Income tax receivables		670	1 016	9 639
Loans granted and other receivables	15	5 041	5 244	7 753
Prepayments and deferred costs		4 330	3 590	5 119
Intangible assets	16	4 040	10 060	10 860
Property, plant and equipment	17	3 181	3 746	3 598
Deferred income tax assets	25	10 805	11 623	11 588
Total assets		**901 898**	**796 753**	**693 644**
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	455 863	377 268	342 629
Financial liabilities held for trading	19	30 948	22 645	9 013
Income tax liabilities		4 444	4 262	3 339
Other liabilities	20	20 147	22 693	20 956
Provisions for liabilities	21	829	948	907
Deferred income tax provision	25	17 245	13 044	10 043
Total liabilities		**529 476**	**440 860**	**386 887**
Equity				
Share capital	22	5 869	5 869	5 869
Supplementary capital	22	71 608	71 608	71 608
Other reserves	22	247 992	212 554	212 554
Foreign exchange differences on translation	22	(11 553)	(4 945)	(3 659)
Retained earnings		58 506	70 807	20 385
Equity attributable to the owners of the parent Company		**372 422**	**355 893**	**306 757**
Total equity		**372 422**	**355 893**	**306 757**
Total equity and liabilities		**901 898**	**796 753**	**693 644**

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 2017 to 30 September 2017

(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 2017	**5 869**	**71 608**	**212 554**	**(4 945)**	**70 807**	**355 893**	**355 893**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	60 700	60 700	**60 700**
Other comprehensive income	–	–	–	(6 608)	–	(6 608)	**(6 608)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(6 608)**	**60 700**	**54 092**	**54 092**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss (note 23)	–	–	35 438	–	(73 001)	(37 563)	**(37 563)**
- dividend payment	–	–	–	–	(37 563)	(37 563)	**(37 563)**
- transfer to other reserves	–	–	35 438	–	(35 438)	–	**–**
As at 30 September 2017 (unaudited)	**5 869**	**71 608**	**247 992**	**(11 553)**	**58 506**	**372 422**	**372 422**

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 2016 to 31 December 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	–	–	–	–	77 707	77 707	**77 707**
Other comprehensive income	–	–	–	(4 304)	–	(4 304)	**(4 304)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(4 304)**	**77 707**	**73 403**	**73 403**
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 31 December 2016 (audited)	**5 869**	**71 608**	**212 554**	**(4 945)**	**70 807**	**355 893**	**355 893**

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 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.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	NINE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		77 103	30 312
Adjustments:			
(Gain) loss on sale or disposal of items of property, plant and equipment		36	2
Amortization and depreciation		4 572	4 104
Foreign exchange (gains) losses from translation of own cash		1 969	(1 286)
Impairment of intangible assets	16	5 612	–
Other adjustments	27.2	(6 487)	(2 998)
Changes			
Change in provisions		(119)	36
Change in balance of financial assets and liabilities held for trading		(45 191)	(6 568)
Change in balance of restricted cash		(87 226)	(37 307)
Change in balance of loans granted and other receivables		203	(3 208)
Change in balance of prepayments and accruals		(740)	(2 606)
Change in balance of amounts due to customers		78 595	41 553
Change in balance of other liabilities	27.1	(2 446)	(5 662)
Cash from operating activities		**25 881**	**16 372**
Income tax paid		(10 856)	(10 391)
Interest		3	8
Net cash from operating activities		**15 028**	**5 989**
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		175	–
Expenses relating to payments for property, plant and equipment	17	(1 023)	(958)
Expenses relating to payments for intangible assets	16	(2 882)	(171)
Net cash from investing activities		**(3 730)**	**(1 129)**
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(100)	(90)
Interest paid under lease		(3)	(8)
Dividend paid to owners		(37 563)	(91 559)
Net cash from financing activities		**(37 666)**	**(91 657)**
Increase (decrease) in net cash and cash equivalents		**(26 368)**	**(86 797)**
Cash and cash equivalents – opening balance		**290 739**	**325 328**
Effect of FX rates fluctuations on balance of cash in foreign currencies		**(1 969)**	**1 286**
Cash and cash equivalents – closing balance	**13**	**262 402**	**239 817**

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, organizační 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 %		
		30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (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 International	Belize	100%	–	–
XTB Chile SpA	Chile	100%	–	–
XTB Services Limited	Cyprus	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 18 May 2017 the Management Board of Parent Company took a decision on withdrawal from activity in Turkey through taking actions intended to phase out XTB's activity on this market and liquidation of the subsidiary in Turkey. This decision was caused by the restrictions introduced by the Turkish supervisory authority which have resulted with a significant decrease of number of clients and consequently to a substantial reduction of XTB's Group activity in Turkey. Due to the above decision the Group recognized an impairment write-off of licence for brokerage activities on the Turkish market in the amount of PLN 5 612 thousand.

The Group's intention is to close the activity on the Turkish market which from the accounting point of view means the repayment of the capital / liquidation of the assets in the perspective of the next few quarters wherein depending on among others the external factors like current market situation in Turkey the Group's intentions in this scope can be subject to change. At the time of withdrawal from the Turkish market the Group, according to the applicable accounting rules, will be obliged to take action in the scope of reclassification of foreign exchange differences arising from the translation of the subsidiary's equity from the position Foreign exchange differences on translation in equity to income statement. This operation will not influence the level of Group's total equity as at the date it is being carried. However the Group will be required to present the effect of the above mentioned translation as a result of financial activity, whereas in case of negative foreign exchange rate differences the effect of such translation will be recognized as financial expenses. The Group would like to explain that the amount of exchange rate differences concerning the investment in Turkey is derived among other the exchange rate of Turkish lira, which fluctuates therefore as at the date of these financial statements the Group is not able to precisely estimate the amount of financial exchange which will be recognized in the future.

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.

On 17 February 2017 the Parent Company established XTB Chile SpA. The Company owns 100% of shares in subsidiary. XTB Chile SpA will provide services involving the acquisition of clients from the territory of Chile.

On the 23 February 2017 the Parent Company acquired 100% of shares in CFDs Prime with its seat in Belize. On the 20 March 2017 the company changed its name from CFDs Prime Limited to XTB International Limited. The company provides brokerage services based on the obtained permission issued by the Financial Service Commission. As a result of acquisition of 100% of shares the Company took up control over the subsidiary. The fair value of the consideration paid was PLN 837 thousand and it was determined on the basis of a third–party valuation. The Group accounted for the transaction under the acquisition method. As at the acquisition date particular net assets of the acquired company XTB International Limited 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 Belize market of PLN 261 thousand. The estimated amortization period for this isolated intangible asset was established over a period of 10 years.

Fair value of main categories of assets of XTB International Limited on the date of acquisition:

	FAIR VALUE (IN USD'000)	EXCHANGE RATE	FAIR VALUE (IN PLN'000)
Cash and cash equivalents	237	4,0840	968
Receivables – liabilities	(96)	4,0840	(392)
Separated intangible asset	64	4,0840	261
Total fair value	**205**		**837**

On 27 July 2017 the Parent Company acquired 100% shares in Jupette Limited with its registered office in Cyprus for EUR 1 000. The fair value of net assets acquired amounted to EUR 1 000. The Company's results are consolidated under the acquisition method as of the date of its acquisition. On 8 August 2017 the Parent Company took up 29 000 shares in increased capital of the subsidiary keeping up its 100% share in the capital of the subsidiary. On 5 August 2017 the subsidiary changed its name to XTB Services Limited.

1.3 Composition of the Parent Company's Management Board

In the period covered by the 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; dismissed on the 10 January 2017
Jakub Zabłocki	Chairman of the Management Board	10.01.2017	delegated for the position for the period of 3 months from the 10 January to 10 April 2017; delegation cancelled on the 23 March 2017
Omar Arnaout	Chairman of the Management Board	23.03.2017	from the 23 March appointed for the new term of office
Omar Arnaout	Vice-Chairman of the Management Board	10.01.2017	from the 10 January appointed for the new term of office; on the 23 March 2017 appointed for the position of the Chairman of the Management Board
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
Filip Kaczmarzyk	Board Member	10.01.2017	from the 10 January appointed for the new term of office

2. 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 2016.

3. Basis for drafting the financial statements

3.1 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 2017 to 30 September 2017 with comparative data for the period from 1 January 2016 to 30 September 2016, as at 31 December 2016 and as at 30 September 2016 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 2016.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 13 November 2017. Drafting these interim condensed consolidated financial statements, the Parent Company decided that none of the standards would be applied retrospectively.

3.2 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).

3.3 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 with the exception of subsidiary in Turkey and Uruguay described in note 1.2.

3.4 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.

3.5 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 Company's annual consolidated financial statements for the year ended 31 December 2016. After 1 January 2016 no new or amended Standards or Interpretations have been issued that apply to the annual reporting periods beginning after 1 January 2016.

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.

3.6 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) – 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) - 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;
- Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – Amendments to IFRS 12 are effective for financial years beginning on or after 1 January 2017, while amendments to IFRS 1 and IAS 28 are effective for financial years beginning on or after 1 January 2018;

- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 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 40: Transfers of Investment Property (issued on 8 December 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;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - 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 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - 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.

3.6.1 Implementation of IFRS 15

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. The basic principle of this standard is that the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently at the stage of the preliminary analysis of the impact of IFRS 15 on its financial statements.

The Group runs homogenous business activity consisting in the sale of derivatives using the trading platforms to its customers. The Group is currently conducting a preliminary assessment of the impact of IFRS 15 on the amount of revenue from contracts with customers.

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice. The Group is currently at the stage of preparing the appropriate systems of internal control tests, policies and procedures necessary to collect and disclose the required information.

3.6.2 Implementation of IFRS 9

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group intends to apply the standard for the first time in the financial statements for 2018. The Group is currently at the stage of carrying out a preliminary analysis of the impact of IFRS 9 on its financial statements.

3.6.3 Implementation of other standards and interpretations

IFRS 16 was issued in January 2016. The new standards require lessees to recognize most of the lease contracts in their balance sheets as liabilities under the lease, together with the corresponding components of the asset for its right to use assets.

IFRS 16 is effective for annual periods beginning on January 1, 2019 onwards, with earlier application permitted. With regard to annual periods beginning on January 1, 2019 or later is required to complete retrospective application or modified retrospective application.

The Group does not expect the earlier application of the above standard. At the date of the authorization of these financial statements for publication, the Management Board has not yet completed its assessment of the impact of above standards and interpretations' implementation on the Group's accounting policies relating to its operations or financial results.

4. 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 2016, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2017.

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	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
CFDs				
Index CFDs	36 530	27 111	101 055	90 779
Currency CFDs	29 380	3 742	70 122	31 885
Commodity CFDs	5 544	11 609	23 388	31 047
Stock CFDs	918	389	2 871	944
Bond CFDs	171	113	(86)	1 351
Total CFDs	**72 543**	**42 964**	**197 350**	**156 006**
Options				
Currency options	987	757	3 912	1 982
Index options	364	177	1 027	786
Commodity options	25	177	178	570
Bond options	–	3	2	14
Total options	**1 376**	**1 114**	**5 119**	**3 352**
Shares and listed derivative instruments	**(3)**	**–**	**(859)**	**–**
Gross gain on transactions in financial instruments	**73 916**	**44 078**	**201 610**	**159 358**
Bonuses and discounts paid to customers	(1 051)	(663)	(2 826)	(2 763)
Commission paid to cooperating brokers	(869)	(1 921)	(3 828)	(4 007)
Net gain on transactions in financial instruments	**71 996**	**41 494**	**194 956**	**152 588**

Bonuses paid to customers are related, among others, to trading in financial instruments by the customer with Group. 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-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Other fees and charges	1 038	1 289	3 285	3 987
Total income from fees and charges	**1 038**	**1 289**	**3 285**	**3 987**

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-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Operating income				
Central and Eastern Europe	40 020	23 340	90 185	70 313
- including Poland	*24 173*	*15 052*	*48 495*	*41 673*
Western Europe	29 367	19 101	96 408	77 462
- including Spain	*11 548*	*7 332*	*40 339*	*36 313*
Latin America and Turkey	3 676	361	11 714	8 842
- including Turkey	(130)	361	4 943	8 842
Total operating income	**73 063**	**42 802**	**198 307**	**156 617**

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. 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-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Salaries	(14 385)	(13 477)	(43 089)	(44 980)
Social insurance and other benefits	(2 450)	(2 216)	(8 007)	(8 146)
Employee benefits	(755)	(481)	(2 761)	(1 582)
Total salaries and employee benefits	**(17 590)**	**(16 174)**	**(53 857)**	**(54 708)**

8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Marketing online	(4 444)	(6 948)	(13 599)	(23 980)
Marketing offline	(952)	(867)	(4 889)	(9 422)
Advertising campaigns	(167)	(177)	(711)	(6 822)
Competitions for customers	–	(49)	(84)	(117)
Total marketing	**(5 563)**	**(8 041)**	**(19 283)**	**(40 341)**

Marketing activities carried out by the Group are mainly focused on Internet marketing, which is also supported by other marketing activities.

9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Market data delivery	(1 350)	(783)	(3 402)	(2 146)
Support database systems	(1 419)	(1 211)	(3 103)	(3 241)
Legal and advisory services	(660)	(844)	(2 268)	(4 720)
Internet and telecommunications	(531)	(597)	(1 562)	(1 876)
IT services	(574)	(355)	(1 502)	(949)
Accounting and audit services	(340)	(331)	(1 242)	(1 279)
Recruitment	(7)	(41)	(206)	(327)
Postal and courier services	(11)	(8)	(95)	(100)
Other external services	(412)	(125)	(2 049)	(473)
Total other external services	**(5 304)**	**(4 295)**	**(15 429)**	**(15 111)**

Since 1 January 2017 the Group presents the costs of emailing system and sales system in the position of other external services. These costs in the period of 9 months of 2017 amounted to PLN 1 067 thousand. These costs in the analogical period of 2016 are presented as marketing online and amount to PLN 718 thousand.

10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Bank commissions	(710)	(546)	(2 074)	(1 695)
Stock exchange fees and charges	(400)	(234)	(1 536)	(1 282)
Commissions of foreign brokers	(86)	(152)	(207)	(266)
Total commission expenses	**(1 196)**	**(932)**	**(3 817)**	**(3 243)**

11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Interest income				
Interest on own cash	1 202	1 090	3 187	3 457
Interest on customers' cash	159	308	584	806
Total interest income	**1 361**	**1 398**	**3 771**	**4 263**
Foreign exchange gains	–	(6 794)	–	–
Other finance income	3	53	14	67
Total finance income	**1 364**	**(5 343)**	**3 785**	**4 330**

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Interest expense				
Interest paid to customers	(166)	(194)	(596)	(493)
Interest paid under lease agreements	(1)	(2)	(3)	(8)
Other interest	(24)	(52)	(69)	(160)
Total interest expense	**(191)**	**(248)**	**(668)**	**(661)**
Foreign exchange losses	794	2 510	(11 445)	(397)
Other finance costs	(1)	1	(1)	(5)
Total finance costs	**602**	**2 263**	**(12 114)**	**(1 063)**

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. The Group does not allocate financial activity and corporate income tax burden on business segments.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT THREE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	67 627	4 369	71 996	71 996
CFDs				
Index CFDs	32 177	4 353	36 530	36 530
Currency CFDs	26 435	2 945	29 380	29 380
Commodity CFDs	8 335	(2 791)	5 544	5 544
Stock CFDs	940	(22)	918	918
Bond CFDs	184	(13)	171	171
Options				
Currency options	987	–	987	987
Index options	364	–	364	364
Commodity options	25	–	25	25
Bond options	–	–	–	–
Shares	(3)	–	(3)	(3)
Bonuses and discounts paid to customers	(1 051)	–	(1 051)	(1 051)
Commissions paid to cooperating brokers	(766)	(103)	(869)	(869)
Fee and commission income	243	795	1 038	1 038
Other income	29	–	29	29
Total operating income	**67 899**	**5 164**	**73 063**	**73 063**
Salaries and employee benefits	(17 082)	(508)	(17 590)	(17 590)
Marketing	(4 969)	(594)	(5 563)	(5 563)
Other external services	(5 086)	(218)	(5 304)	(5 304)
Costs of maintenance and lease of buildings	(1 834)	(15)	(1 849)	(1 849)
Amortization and depreciation	(1 551)	–	(1 551)	(1 551)
Taxes and fees	(360)	(3)	(363)	(363)
Commission expense	(1 194)	(2)	(1 196)	(1 196)
Other expenses	(1 200)	(109)	(1 309)	(1 309)
Total operating expenses	**(33 276)**	**(1 449)**	**(34 725)**	**(34 725)**
Operating profit	**34 623**	**3 715**	**38 338**	**38 338**
Impairment of intangible assets	–	–	–	–
Finance income	–	–	–	1 364
Finance costs	–	–	–	602
Profit before tax	–	–	–	**40 304**
Income tax	–	–	–	(8 962)
Net profit	–	–	–	**31 342**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT NINE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	172 062	22 894	194 956	194 956
CFDs				
Index CFDs	80 091	20 964	101 055	101 055
Currency CFDs	64 333	5 789	70 122	70 122
Commodity CFDs	26 364	(2 976)	23 388	23 388
Stock CFDs	2 877	(6)	2 871	2 871
Bond CFDs	(14)	(72)	(86)	(86)
Options				
Currency options	3 912	–	3 912	3 912
Index options	1 027	–	1 027	1 027
Commodity options	178	–	178	178
Bond options	2	–	2	2
Shares	(859)	–	(859)	(859)
Bonuses and discounts paid to customers	(2 826)	–	(2 826)	(2 826)
Commissions paid to cooperating brokers	(3 023)	(805)	(3 828)	(3 828)
Fee and commission income	871	2 414	3 285	3 285
Other income	66	–	66	66
Total operating income	**172 999**	**25 308**	**198 307**	**198 307**
Salaries and employee benefits	(52 358)	(1 499)	(53 857)	(53 857)
Marketing	(18 066)	(1 217)	(19 283)	(19 283)
Other external services	(14 737)	(692)	(15 429)	(15 429)
Costs of maintenance and lease of buildings	(5 568)	(44)	(5 612)	(5 612)
Amortization and depreciation	(4 570)	(2)	(4 572)	(4 572)
Taxes and fees	(1 701)	(8)	(1 709)	(1 709)
Commission expense	(3 813)	(4)	(3 817)	(3 817)
Other expenses	(2 708)	(276)	(2 984)	(2 984)
Total operating expenses	**(103 521)**	**(3 742)**	**(107 263)**	**(107 263)**
Operating profit	**69 478**	**21 566**	**91 044**	**91 044**
Impairment of intangible assets	–	–	–	**(5 612)**
Finance income	–	–	–	3 785
Finance costs	–	–	–	(12 114)
Profit before tax	–	–	–	**77 103**
Income tax	–	–	–	(16 403)
Net profit	–	–	–	**60 700**

ASSETS AND LIABILITIES AS AT 30.09.2017 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	404 654	58 214	462 868	462 868
Financial assets held for trading	140 530	7 867	148 397	148 397
Other assets	290 334	299	290 633	290 633
Total assets	**835 518**	**66 380**	**901 898**	**901 898**
Amounts due to customers	397 649	58 214	455 863	455 863
Financial liabilities held for trading	29 278	1 670	30 948	30 948
Other liabilities	42 652	13	42 665	42 665
Total liabilities	**469 579**	**59 897**	**529 476**	**529 476**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT THREE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED 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	–	–	–	(5 343)
Finance costs	–	–	–	2 263
Profit before tax	–	–	–	**5 344**
Income tax	–	–	–	(1 106)
Net profit	–	–	–	**4 238**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT NINE-MONTH PERIOD ENDED 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED 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	–	–	–	4 330
Finance costs	–	–	–	(1 063)
Profit before tax	–	–	–	**30 312**
Income tax	–	–	–	(3 027)
Net profit	–	–	–	**27 285**

ASSETS AND LIABILITIES AS AT 31.12.2016 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	337 538	38 104	375 642	375 642
Financial assets held for trading	89 325	5 578	94 903	94 903
Other assets	324 947	1 261	326 208	326 208
Total assets	**751 810**	**44 943**	**796 753**	**796 753**
Amounts due to customers	339 164	38 104	377 268	377 268
Financial liabilities held for trading	20 399	2 246	22 645	22 645
Other liabilities	40 541	406	40 947	40 947
Total liabilities	**404 104**	**40 756**	**440 860**	**440 860**

ASSETS AND LIABILITIES AS AT 30.09.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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**

13. Cash and cash equivalents

Broken down by type

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
In hand	1	33	17
In current bank accounts	722 641	662 070	571 076
Short-term bank deposits	2 628	4 278	4 169
Cash and cash equivalents in total	**725 270**	**666 381**	**575 262**

Restricted own and customers' cash

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Customers' cash and other monetary assets	462 868	375 642	335 445
Own cash and other monetary assets	262 402	290 739	239 817
Cash and other monetary assets in total	**725 270**	**666 381**	**575 262**

14. Financial assets held for trading

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
CFDs			
Index CFDs	81 900	58 200	39 951
Currency CFDs	27 500	20 774	14 044
Commodity CFDs	14 604	13 168	12 141
Stock CFDs	4 980	2 377	2 642
Bond CFDs	95	384	842
Shares	19 318	–	–
Total financial assets held for trading	**148 397**	**94 903**	**69 620**

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)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Gross amounts due from customers	3 010	3 791	4 336
Impairment write–downs of receivables	(2 566)	(2 539)	(1 607)
Total amounts due from customers	**444**	**1 252**	**2 729**
Trade receivables	2 617	1 775	1 812
Deposits	1 861	1 772	1 724
Statutory receivables	1 045	1 013	1 789
Impairment write-downs of receivables	(926)	(568)	(301)
Total other receivables	**5 041**	**5 244**	**7 753**

Movements in impairment write-downs of receivables

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	**(3 107)**	**(1 430)**	**(1 430)**
write-downs recorded	(616)	(2 348)	(1 161)
write-downs reversed	5	282	394
write-downs utilized	226	389	289
Impairment write-downs of receivables – at the end of the reporting period	**(3 492)**	**(3 107)**	**(1 908)**

Write-downs of receivables created in 2017 and 2016 result from the debit balances which arose in customers' accounts in those periods.

16. Intangible assets

Intangible assets in the period from 1 January 2017 to 30 September 2017 (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 2017	**5 190**	**10 792**	**8 017**	**–**	**23 999**
Additions	473	–	2 409	–	2 882
Sale and scrapping	(21)	–	–	–	(21)
Impairment of intangible assets	–	–	(5 612)	–	(5 612)
Net foreign exchange differences	(21)	–	–	–	(21)
Gross value as at 30 September 2017	**5 621**	**10 792**	**4 814**	–	**21 227**
Accumulated amortization as at 1 January 2017	**(4 350)**	**(7 451)**	**(2 138)**	**–**	**(13 939)**
Amortization for the current period	(360)	(1 562)	(1 360)	–	(3 282)
Sale and scrapping	21	–	–	–	21
Net foreign exchange differences	13	–	–	–	13
Accumulated amortization as at 30 September 2017	**(4 676)**	**(9 013)**	**(3 498)**	–	**(17 187)**
Net book value as at 1 January 2017	**840**	**3 341**	**5 879**	**–**	**10 060**
Net book value as at 30 September 2017	**945**	**1 779**	**1 316**	–	**4 040**

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 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.

In the period ended 30 September 2017 the Group recognized an impairment of licence for the brokerage activity in Turkey in the amount of PLN 5 612 thousand due to the process of liquidation of subsidiary in Turkey. There was no impairment in the analogical period. The impairment was presented in comprehensive income statement in line Impairment of intangible assets.

Intangible assets in the period from 1 January 2016 to 31 December 2016 (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 2016	**4 949**	**10 792**	**8 017**	**–**	**23 758**
Additions	230	–	–	–	230
Sale and scrapping	(4)	–	–	–	(4)
Net foreign exchange differences	15	–	–	–	15
Gross value as at 31 December 2016	**5 190**	**10 792**	**8 017**	–	**23 999**
Accumulated amortization as at 1 January 2016	**(3 790)**	**(5 292)**	**(1 336)**	**–**	**(10 418)**
Amortization for the current period	(551)	(2 159)	(802)	–	(3 512)
Sale and scrapping	2	–	–		2
Net foreign exchange differences	(11)	–	–	–	(11)
Accumulated amortization as at 31 December 2016	**(4 350)**	**(7 451)**	**(2 138)**	–	**(13 939)**
Net book value as at 1 January 2016	**1 159**	**5 500**	**6 681**	**–**	**13 340**
Net book value as at 31 December 2016	**840**	**3 341**	**5 879**	–	**10 060**

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 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.

17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2017 to 30 September 2017 (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 2017	**9 534**	**7 162**	**143**	–	**16 839**
Additions	724	442	(143)	–	1 023
Sale and scrapping	(217)	(668)	–	–	(885)
Net foreign exchange differences	(114)	(208)	–	–	(322)
Gross value as at 30 September 2017	**9 927**	**6 728**	–	–	**16 655**
Accumulated amortization as at 1 January 2017	**(7 530)**	**(5 563)**	–	–	**(13 093)**
Amortization for the current period	(853)	(437)	–	–	(1 290)
Sale and scrapping	163	511	–	–	674
Net foreign exchange differences	66	169	–	–	235
Accumulated amortization as at 30 September 2017	**(8 154)**	**(5 320)**	–	–	**(13 474)**
Net book value as at 1 January 2017	**2 004**	**1 599**	**143**	–	**3 746**
Net book value as at 30 September 2017	**1 773**	**1 408**	–	–	**3 181**

Property, plant and equipment in the period from 1 January 2016 to 31 December 2016 (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 2016	**8 407**	**7 601**	**141**	**–**	**16 149**
Additions	1 342	212	–	–	1 554
Sale and scrapping	(190)	(602)	–	–	(792)
Net foreign exchange differences	(25)	(49)	2	–	(72)
Gross value as at 31 December 2016	**9 534**	**7 162**	**143**	–	**16 839**
Accumulated amortization as at 1 January 2016	**(6 638)**	**(5 404)**	**–**	**–**	**(12 042)**
Amortization for the current period	(1 094)	(817)	–	–	(1 911)
Sale and scrapping	185	602	–	–	787
Net foreign exchange differences	17	56	–	–	73
Accumulated amortization as at 31 December 2016	**(7 530)**	**(5 563)**	–	–	**(13 093)**
Net book value as at 1 January 2016	**1 769**	**2 197**	**141**	**–**	**4 107**
Net book value as at 31 December 2016	**2 004**	**1 599**	**143**	–	**3 746**

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**

Non-current assets by geographical area

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	5 018	6 802	7 175
- including Poland	*4 625*	*6 289*	*6 623*
Western Europe	594	583	637
- including Spain	*154*	*212*	*251*
Latin America and Turkey	1 609	6 421	6 646
Total non-current assets	**7 221**	**13 806**	**14 458**

18. Amounts due to clients

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Amounts due to retail customers	397 649	339 164	311 768
Amounts due to institutional customers	58 214	38 104	30 861
Total amounts due to customers	**455 863**	**377 268**	**342 629**

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)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
CFDs			
Index CFDs	18 339	14 081	4 339
Currency CFDs	7 423	3 575	1 539
Commodity CFDs	2 817	3 574	1 892
Stock CFDs	2 305	1 369	1 215
Bond CFDs	64	46	28
Financial liabilities held for trading in total	**30 948**	**22 645**	**9 013**

20. Other liabilities

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Provisions for other employee benefits	8 928	10 894	7 955
Trade liabilities	6 612	6 433	8 199
Statutory liabilities	3 861	4 287	3 954
Liabilities due to employees	517	768	512
Liabilities under finance lease	159	258	285
Amounts due to the Central Securities Depository of Poland	70	53	51
Total other liabilities	**20 147**	**22 693**	**20 956**

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 2017 the provision for variable remuneration elements amounted to PLN 350 thousand, as at 31 December 2016 it amounted to PLN 1,17 million and as at 30 June 2016 it amounted to PLN 1,19 million.

21. Provision for liabilities and contingent liabilities

21.1 Provisions for liabilities

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Provision for retirement benefits	140	177	147
Provision for legal risk	689	771	760
Total provisions	**829**	**948**	**907**

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 2017 to 30 September 2017 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2017	INCREASES	DECREASES		VALUE AS AT 30.09.2017
			USE	REVERSAL	
Provision for retirement benefits	177	–	–	37	140
Provision for legal risk	771	–	–	82	689
Total provisions	**948**	–	–	**119**	**829**

Movements in provisions in the period from 1 January 2016 to 31 December 2016 (audited)

(IN PLN'000)	VALUE AS AT 01.01.2016	INCREASES	DECREASES		VALUE AS AT 31.12.2016
			USE	REVERSAL	
Provision for retirement benefits	123	54	–	–	177
Provision for legal risk	748	309	286	–	771
Total provisions	**871**	**363**	**286**	–	**948**

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**

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 2017, the total value of claims brought against the Parent Company and the Group companies, uncovered with the provisions, amounted to approx. PLN 6,39 million (as at 31 December 2016: PLN 5,79 million and as at 30 September 2016: PLN 5,31 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 9 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 1 896 thousand.

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.

On 7 July 2017 the Parent Company issued a guarantee in the amount of PLN 5 373 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited i Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

22. Equity

Share capital structure as at 30 September 2017 (unaudited), 31 December 2016 (audited) and 30 September 2016 (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. The shares are A-series ordinary registered shares.

Shareholding structure of the Parent Company

To the best Company's knowledge, the shareholding structure of the Parent Company as at 30 September 2017 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 450 738	3 923	66,83%
Systexan SARL	22 280 207	1 114	18,98%
Other shareholders	16 652 690	832	14,19%
Total	**117 383 635**	**5 869**	**100,00%**

To the best Company's knowledge, the shareholding structure of the Parent Company as at 31 December 2016 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 206 465	3 910	66,62%
Systexan SARL	22 285 876	1 114	18,99%
Other shareholders	16 891 294	845	14,39%
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 Parent 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 30 September 2016 was as follows:

	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%**

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 Group'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 Parent Company or payment of dividend in the amount of PLN 247 992 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 (11 553) thousand. The detailed information on exchange differences on translation of balances in foreign currencies is presented below

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	386	514	388
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	359	649	413
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	264	227	235
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	64	382	187
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	22	122	60
X-Trade Brokers Dom Maklerski Spółka Akcyjna	22	(131)	(565)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	14	39	(12)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	7	101	11
XTB Services Limited	1	–	–
Lirsar S.A.	(23)	72	16
XTB Chile SpA	(24)	–	–
DUB Investments Ltd	(31)	69	(30)
XTB International	(203)	–	–
XTB Limited	(592)	(101)	(414)
X Trade Brokers Menkul Değerler A.Ş.	(11 819)	(6 888)	(3 948)
Total exchange differences on translation of balances in foreign currencies	**(11 553)**	**(4 945)**	**(3 659)**

23. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2016 in the amount of PLN 72 999 thousand was partially earmarked for the payment of a dividend in the amount of PLN 37 563 thousand, the remaining amount was transferred to reserve capital.

The dividend on ordinary shares for 2016, paid on 23 May 2017, amounted to PLN 37 563 thousand. The amount of dividend per share paid for 2016 was equal to PLN 0,32.

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

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	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	31 342	4 238	60 700	27 285
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
Weighted average number of shares including dilution effect	117 383 635	117 725 275	117 383 635	117 725 275
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company				
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,27	0,03	0,52	0,23
Profit from continuing operations attributable to shareholders of the Parent Company	0,27	0,03	0,52	0,23

25. Current income tax and deferred income tax

Regulations concerning the tax on goods and services, corporate income tax and the burden of social insurance are subject to frequent changes. These frequent changes result in lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could be applied. The current regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies and companies.

Tax settlements and other areas of activity (for example, customs or foreign exchange) may be subject to inspection by control authorities that are entitled to impose high penalties and fines, and any additional tax liabilities resulting from inspections must be paid together with high interest. These conditions cause that tax risk in Poland is higher than in countries with more mature tax systems.

Consequently, the amounts reported and disclosed in the financial statements may change in the future as a result of a final decision of the tax audit.

On 15 July 2016 changes have been introduced to the Tax Code to take into account the provisions of the General Anti Avoidance Rules (GAAR). GAAR is to prevent the formation and use of artificial legal structures created in order to avoid payment of tax in Poland. GAAR defines tax avoidance operation as an action made primarily in order to achieve a tax advantage being in conflict with the subject and purpose of the provisions of the Tax Act. According to GAAR such activity does not result in the achievement of a tax advantage if the behaviour was artificial. Any occurrence of (i) unjustified sharing operations, (ii) the involvement of intermediaries, despite the lack of economic justification or business, (iii) the elements mutually terminating or compensating, and (iv) other actions with a similar effect to the aforementioned, may be treated as a condition of existence false operations covered by GAAR. The new regulations will require greater judgment when assessing the tax consequences of particular transactions.

GAAR clause should apply to transactions made after its entry into force and to the transactions that were carried out prior to the entry into force of the GAAR clause but for which the benefits have been achieved or are still. The implementation of these regulations will enable the Polish tax authorities to question legal arrangements and agreements carried out by the taxpayers, such as restructuring and group reorganization.

25.1 Income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Income tax – current portion				
Income tax for the reporting period	(6 701)	3 147	(11 146)	(2 079)
Income tax – deferred portion				
Occurrence / reversal of temporary differences	(2 261)	(4 253)	(5 257)	(948)
Income tax disclosed in profit or loss	**(8 962)**	**(1 106)**	**(16 403)**	**(3 027)**

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Profit before tax	**40 304**	**5 344**	**77 103**	**30 312**
Income tax based on the applicable tax rate of 19%	**(7 658)**	**(1 015)**	**(14 650)**	**(5 759)**
Difference resulting from application of tax rates applicable in other countries	(17)	(35)	(49)	(201)
Non-taxable revenue	(27)	120	4	137
Non-deductible expenses	(43)	(210)	(358)	(491)
Realisation of tax losses for the preceding periods	22	2 282	38	2 311
Capitalization of tax losses from previous periods/(write-off of tax losses capitalized in previous periods)	–	(2 260)	–	1 088
Other items affecting the tax burden amount	(1 240)	12	(1 388)	(112)
Income tax disclosed in profit or loss	**(8 963)**	**(1 106)**	**(16 403)**	**(3 027)**

25.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 September 2017 (unaudited)

(IN PLN'000)	AS AT 01.01.2017	PROFIT OR (LOSS)	AS AT 30.09.2017
Deferred income tax assets:			
Cash and cash equivalents	–	13	13
Property, plant and equipment	100	(7)	93
Loans granted and other receivables	45	(8)	37
Financial liabilities held for trading	4 113	1 327	5 440
Provisions for liabilities	50	(2)	48
Prepayments and deferred costs	1 262	(139)	1 123
Other liabilities	22	(3)	19
Tax losses of previous periods to be settled in future periods	11 293	(641)	10 652
Total deferred income tax assets	**16 885**	**540**	**17 425**

(IN PLN'000)	AS AT 01.01.2017	PROFIT OR (LOSS)	AS AT 30.09.2017
Deferred income tax provision:			
Cash and cash equivalents	–	3	3
Financial assets held for trading	17 143	5 918	23 061
Other liabilities	1	212	213
Loans granted and other receivables	4	(3)	1
Prepayments	21	(13)	8
Property, plant and equipment	658	(320)	338
Total deferred income tax provision	**17 827**	**5 797**	**23 624**
Deferred tax disclosed in profit or (loss)	**–**	**(5 257)**	**–**

(IN PLN'000)	AS AT 01.01.2017	UJĘTE W KAPITALE	AS AT 30.09.2017
Deferred tax provision included in other comprehensive income:			
Separate equity of branches	479	(238)	241
Total deferred tax provision included in other comprehensive income	**479**	**(238)**	**241**

Change in the balance of deferred tax for the period from 1 January to 31 December 2016 (audited)

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 31.12.2016
Deferred income tax assets:			
Property, plant and equipment	124	(24)	100
Loans granted and other receivables	3	42	45
Financial liabilities held for trading	1 840	2 273	4 113
Provisions for liabilities	16	34	50
Prepayments and deferred costs	1 665	(403)	1 262
Other liabilities	20	2	22
Tax losses of previous periods to be settled in future periods	12 112	(819)	11 293
Total deferred income tax assets	**15 780**	**1 105**	**16 885**

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 31.12.2016
Deferred income tax provision:			
Financial assets held for trading	11 866	5 277	17 143
Other liabilities	–	1	1
Loans granted and other receivables	34	(30)	4
Prepayments	–	21	21
Property, plant and equipment	1 092	(434)	658
Total deferred income tax provision	**12 992**	**4 835**	**17 827**
Deferred tax disclosed in profit or (loss)	**–**	**(3 730)**	**–**

(IN PLN'000)	AS AT 01.01.2016	UJĘTE W KAPITALE	AS AT 31.12.2016
Deferred tax provision included in other comprehensive income:			
Separate equity of branches	188	291	479
Total deferred tax provision included in other comprehensive income	**188**	**291**	**479**

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 Group*

(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	UJĘTE W KAPITALE	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**

Geographical division of deferred tax assets

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	100	114	98
- including Poland	–	–	–
Western Europe	10 686	11 340	11 425
- including Spain	–	–	–
Latin America and Turkey	19	171	65
Total deferred income tax assets	**10 805**	**11 625**	**11 588**

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 2017 (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	6 617	23 862	–	17 245
Czech Republic	39	–	39	–
Slovakia	64	3	61	–
Germany	2 969	–	2 969	–
France	5 598	–	5 598	–
Great Britain	2 119	–	2 119	–
Turkey	19	–	19	–
Total	**17 425**	**23 865**	**10 805**	**17 245**

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 2016 (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	5 261	18 305	–	13 044
Czech Republic	42	–	42	–
Slovakia	72	1	71	–
Germany	3 119	–	3 119	–
France	5 854	–	5 854	–
Great Britain	2 366	–	2 366	–
Turkey	171	–	171	–
Total	**16 885**	**18 306**	**11 623**	**13 044**

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**

26. Related party transactions

26.1 Parent company

As at 30 September 2017 the key shareholder of the Parent Company is XXZW Investment Group S.A. with its registered office in Luxembourg which holds 66,83% of shares and votes in the General Meeting as per Company's best knowledge. 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 2017, 31 December 2016 and 30 September 2016 the Group had no settlements with related parties. In the periods covered by these condensed consolidated financial statements there we no revenues or expenses resulting from transactions with related entities.

26.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Benefits to the Management Board members	(385)	(361)	(2 484)	(1 957)
Benefits to the Supervisory Board members	(14)	(8)	(53)	(74)
Total benefits to the Management Board and Supervisory Board	**(399)**	**(369)**	**(2 537)**	**(2 031)**

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 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 563 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 programme in the form of share options ("Options programme"). 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.

On the 23 December 2016 two employees of X-Trade Brokers Dom Maklerski S.A. acquired 256 835 Parent Company's shares by performance of the incentive scheme. Shares were transferred by the existing shareholders XXZW Investment Group S.A. and Systexan SARL.

On the 4 January 2017 one employee of X-Trade Brokers Dom Maklerski S.A. acquired 84 805 Parent Company's shares by performance of the incentive scheme. Shares were transferred by the existing shareholders XXZW Investment Group S.A. and Systexan SARL.

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 programme and other appropriate factors affecting fair value. The Parent Company assesses the probability of acquiring the rights in the programme, which affects the programme 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

	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Unrealized rights to shares as at the beginning of the period	84 805	341 640	341 640
Granted rights to shares	–	–	–
Lost rights to shares	–	–	–
Realized rights to shares	(84 805)	(256 835)	–
Expired rights to shares	–	–	–
Unrealized rights to shares as at the end of the period	**–**	**84 805**	**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 annualised, 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

As at 30 September 2017, 31 December 2016 and 30 September 2016 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	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Change in other liabilities	(2 546)	(5 752)
Payment of finance lease liabilities	100	90
Change in balance of other liabilities	**(2 446)**	**(5 662)**

27.2 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(6 608)	(3 018)
Foreign exchange differences on translation of financial instruments held for sale	26	8
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	95	12
Change in other adjustments	**(6 487)**	**(2 998)**

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

On 17 October 2017 the Company received a notification dated on the same day that the size of funds managed by Quercus TFI S.A. exceeded the 5% threshold of the total number of votes in the Company. Exceeding of the 5% threshold of the total number of votes in the Company by the Funds jointly has occurred as a result of the transaction executed on the regulated market on 16 October 2017. As at 16 October 2017 the Funds held 6 243 759 shares of the Company, which constituted 5.32% of the Company's share capital. The shares held gave 6 243 759 votes at the General Meeting of the Company, which constituted 5.32% of the total number of votes at the General Meeting.

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

29.1 Nominal value of derivatives

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
CFDs			
Index CFDs	2 525 959	1 832 652	1 230 049
Currency CFDs	1 390 550	1 753 101	1 257 104
Commodity CFDs	412 516	422 577	344 284
Stock CFDs	104 459	63 846	63 865
Bond CFDs	23 242	32 921	29 297
Shares	19 318	–	–
Total nominal value of financial instruments	**4 476 044**	**4 105 097**	**2 924 599**

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 September 2017, transactions with brokers represent 5% of the total nominal value of instruments (as at 31 December 2016: 25% of the total nominal value of instruments, as at 30 September 2016: 7% 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)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	105	201	207
Other securities registered in customers' securities accounts	331	341	341
Total customers' financial instruments	**436**	**542**	**548**

30. Items regarding compensation scheme

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	2 687	2 204	2 204
- increases	*281*	*483*	*353*
b) closing balance	2 968	2 687	2 557
2. XTB's share in the profits from the compensation scheme	**191**	**180**	**168**

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.". 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 25 April 2017 on internal capital, risk management system, supervisory examination program and supervisory audit and evaluation, as well as variable components of remuneration policy in brokerage house (Journal of Laws 2017, item 856).

The principles of calculation of own funds are established in the CRR Resolution, "The procedure for calculating risk adequacy ratios in X–Trade Brokers Dom Maklerski S.A." 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, from 31 October 2015 includes its subsidiary XTB Limited and from 30 April 2017 includes its subsidiary XTB International.

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 consolidated financial statements the Group was obliged to maintain the capital conservation buffer and countercyclical buffer.

Key values in capital management:

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
The Company's own funds	**294 735**	**253 974**	**254 852**
Tier I Capital	294 735	253 974	254 852
Common Equity Tier I capital	294 735	253 974	254 852
Supplementary capital Tier I	–	–	–
Tier II capital	–	–	–
Total risk exposure	**2 920 972**	**1 441 592**	**1 836 769**
Capital conservation buffer	36 512	18 020	22 960
Countercyclical capital buffer	659	568	997
Combined buffer requirement	**37 171**	**18 588**	**23 957**

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 30.09.2017 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD (UNAUDITED)	AS AT 31.12.2016 (AUDITED)	AS AT 30.09.2016 (UNAUDITED)
1. Capital/Own funds	294 735	273 612	253 974	254 852
1.1. Base capital/Common Equity Tier I without deductions	324 868	298 925	289 429	289 430
1.2. Additional items of common equity/Supplementary capital Tier I	–	–	–	–
1.3. Items decreasing share capitals	(30 133)	(25 313)	(35 455)	(34 578)
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	**294 735**	**273 612**	**253 974**	**254 852**
1. Market risk	162 431	130 486	48 228	80 927
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	11 216	8 618	8 081	5 094
3. Credit risk	21 786	22 062	20 773	24 652
4. Operating risk	38 245	38 102	38 245	36 269
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	**233 678**	**199 268**	**115 327**	**146 942**
IIb. Total risk exposure	**2 920 972**	**2 490 851**	**1 441 592**	**1 836 769**
Capital conservation buffer	36 512	31 136	18 020	20 960
Countercyclical capital buffer	659	905	568	997
Combined buffer requirement	**37 171**	**32 041**	**18 588**	**23 957**

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 which includes members of the Supervisory Board. The Committees key tasks include preparation of document concerning the risk appetite, providing opinions on strategies of risk management, supporting the Supervisory Board in overseeing the realisation of the risk management strategy, verification of remuneration policy and the rules of its realisation as far as the proper aligning the remuneration system to the risks to which the brokerage house is exposed, to its capital, to liquidity and the probability and the time limits of combining the income.

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 Company'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.

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)	30.09.2017 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets held for trading	19 318	129 079	–	**148 397**
Financial assets available for sale	–	164	–	**164**
Total assets	**19 318**	**129 243**	**–**	**148 561**
Financial liabilities				
Financial liabilities held for trading	–	30 948	–	**30 948**
Total liabilities	**–**	**30 948**	**–**	**30 948**

(IN PLN'000)	31.12.2016 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets held for trading	–	94 903	–	**94 903**
Financial assets available for sale	–	190	–	**190**
Total assets	**–**	**95 093**	**–**	**95 093**
Financial liabilities				
Financial liabilities held for trading	–	22 645	–	**22 645**
Total liabilities	**–**	**22 645**	**–**	**22 645**

(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 available 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 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 recognise 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 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:

As part of the internal procedures, the Group 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 which price is 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 2017 (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	38 036	58 558	6 926	9 994	5 679	4 228	33 668	157 089	262 402
Customers' cash and cash equivalents	42 081	235 684	2 598	46 867	4 328	6 470	5 793	343 821	462 868
Financial assets held for trading	11 567	76 226	960	12 693	2 474	2 370	1 192	107 482	148 397
Financial assets available for sale	–	–	–	–	–	–	164	164	164
Income tax receivables	–	57	–	58	–	–	555	670	670
Loans granted and other receivables	1 229	2 365	323	74	–	76	185	4 252	5 041
Prepayments and deferred costs	–	264	585	98	–	17	57	1 021	4 330
Intangible assets	–	17	–	19	–	–	46	82	4 040
Property, plant and equipment	–	559	68	282	–	42	246	1 197	3 181
Deferred income tax assets	–	8 628	2 119	39	–	–	19	10 805	10 805
Total assets	**92 913**	**382 358**	**13 579**	**70 124**	**12 481**	**13 203**	**41 925**	**626 583**	**901 898**
Liabilities									
Amounts due to customers	41 229	237 062	3 121	46 025	4 779	5 200	245	337 661	455 863
Financial liabilities held for trading	1 576	15 521	162	2 349	269	255	393	20 525	30 948
Income tax liabilities	–	183	–	–	–	–	–	183	4 444
Other liabilities	644	6 160	2 020	1 151	–	253	1 834	12 062	20 147
Provisions for liabilities	–	94	–	–	–	444	42	580	829
Deferred income tax provision	–	–	–	–	–	–	–	–	17 245
Total liabilities	**43 449**	**259 020**	**5 303**	**49 525**	**5 048**	**6 152**	**2 514**	**371 011**	**529 476**

Assets and liabilities denominated in foreign currencies as at 31 December 2016 (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	55 036	129 471	5 935	26 264	5 972	3 838	41 530	268 046	290 739
Customers' cash and cash equivalents	24 459	181 706	2 555	36 311	4 400	5 072	5 600	260 103	375 642
Financial assets held for trading	6 401	39 237	424	8 125	2 452	2 243	1 980	60 862	94 903
Financial assets available for sale	–	–	–	–	–	–	190	190	190
Income tax receivables	–	14	–	1 001	–	–	–	1 015	1 016
Loans granted and other receivables	804	2 039	417	165	2	70	1 046	4 543	5 244
Prepayments and deferred costs	–	146	482	140	–	7	212	987	3 590
Intangible assets	–	32	–	39	–	–	44	115	10 060
Property, plant and equipment	–	506	131	364	–	24	498	1 523	3 746
Deferred income tax assets	–	9 044	2 365	42	–	–	171	11 625	11 623
Total assets	**86 700**	**362 195**	**12 309**	**72 451**	**12 826**	**11 254**	**51 271**	**609 006**	**796 753**
Liabilities									
Amounts due to customers	22 744	185 106	2 886	36 092	5 028	4 941	5 682	262 479	377 268
Financial liabilities held for trading	1 761	10 490	49	1 025	288	1 008	377	14 998	22 645
Income tax liabilities	–	296	–	–	–	–	34	330	4 262
Other liabilities	422	7 195	2 719	1 429	–	344	2 751	14 860	22 693
Provisions for liabilities	–	155	–	–	–	462	65	682	948
Deferred income tax provision	–	–	–	–	–	–	–	–	13 044
Total liabilities	**24 927**	**203 242**	**5 654**	**38 546**	**5 316**	**6 755**	**8 909**	**293 349**	**440 860**

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**

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			
	30.09.2017 (UNAUDITED)		30.09.2016 (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%
Income (expenses) of the period	11 251	(11 251)	6 388	(6 388)
Equity, of which:	3 358	(3 358)	4 039	(4 039)
Foreign exchange differences on translation	3 358	(3 358)	4 039	(4 039)

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2017 (UNAUDITED)		30.09.2016 (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%
Income (expenses) of the period	11 251	(11 251)	6 388	(6 388)
Equity, of which:	3 358	(3 358)	4 039	(4 039)
Foreign exchange differences on translation	3 358	(3 358)	4 039	(4 039)

The sensitivity of equity is connected with foreign exchange differences in the translation of value in functional currencies of the foreign operations.

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. The interest rate risk is estimated as not significant for the Company'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)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Financial assets			
Cash and cash equivalents	725 270	666 381	575 262
Total financial assets	**725 270**	**666 381**	**575 262**
Financial liabilities			
Amounts due to customers	92 234	95 994	99 066
Other liabilities	159	258	285
Total financial liabilities	**92 393**	**96 252**	**99 351**

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 the period from 1 January to 30 September 2017 and from 1 January to 30 September 2016, using the average 1M interest rate in a given market.

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2017 (UNAUDITED)		30.09.2016 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit (loss) before tax	3 393	(3 393)	2 780	(2 780)

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2017 (UNAUDITED)		30.09.2016 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit (loss) before tax	3 217	(3 217)	4 336	(4 336)

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 unfavourable 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)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Financial assets held for trading			
Commodity CFDs			
Precious metals	3 761	5 227	3 228
Base metals	929	198	121
Other	9 686	7 676	8 695
Total commodity CFDs	**14 376**	**13 101**	**12 044**
Equity instruments			
Stocks	24 116	2 353	2 621
Indicies	81 576	58 078	39 758
Total equity instruments	**105 692**	**60 431**	**42 379**
Debt instruments	**94**	**380**	**841**
Total financial assets held for trading	**120 162**	**73 912**	**55 264**

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Financial liabilities held for trading			
Commodity CFDs			
Precious metals	294	979	871
Base metals	35	56	61
Other	2 259	2 473	863
Total commodity CFDs	**2 588**	**3 508**	**1 795**
Equity CFDs			
Stocks	2 128	1 345	1 194
Indicies	18 014	13 950	4 146
Total equity CFDs	**20 142**	**15 295**	**5 340**
Debt instruments	**64**	**42**	**28**
Total financial liabilities held for trading	**22 794**	**18 845**	**7 163**

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			
	30.09.2017 (UNAUDITED)		30.09.2016 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income (expenses) of the period				
Commodity CFDs				
Precious metals	(3 507)	3 507	(4 398)	4 398
Base metals	155	(155)	(8)	8
Other	(2 688)	2 688	(985)	985
Total commodity CFDs	**(6 040)**	**6 040**	**(5 391)**	**5 391**
Equity CFDs				
Stocks	439	(439)	1	(1)
Indicies	52 984	(52 984)	15 363	(15 363)
Total equity CFDs	**53 423**	**(53 423)**	**15 364**	**(15 364)**
Debt instruments	**380**	**(380)**	**1 159**	**(1 159)**
Total income (expenses) for the period	**47 763**	**(47 763)**	**11 132**	**(11 132)**

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2017 (UNAUDITED)		30.09.2016 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income (expenses) of the period				
Commodity CFDs				
Precious metals	(3 507)	3 507	(4 398)	4 398
Base metals	155	(155)	(8)	8
Other	(2 688)	2 688	(985)	985
Total commodity CFDs	**(6 040)**	**6 040**	**(5 391)**	**5 391**
Equity CFDs				
Stocks	439	(439)	1	(1)
Indicies	52 984	(52 984)	15 363	(15 363)
Total equity CFDs	**53 423**	**(53 423)**	**15 364**	**(15 364)**
Debt instruments	**380**	**(380)**	**1 159**	**(1 159)**
Total income (expenses) for the period	**47 763**	**(47 763)**	**11 132**	**(11 132)**

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.

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 2017 (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	725 270	725 270	725 270	–	–	–	–
Financial assets held for trading							
CFDs	148 397	148 397	148 397	–	–	–	–
Total financial assets held for trading	148 397	148 397	148 397	–	–	–	–
Financial instruments available for sale	164	164	–	–	–	–	164
Loans granted and other receivables	5 041	5 041	3 180	–	1 861	–	–
Total financial assets	**878 872**	**878 872**	**876 847**	–	**1 861**	–	**164**
Financial liabilities							
Amounts due to customers	455 863	455 863	455 863	–	–	–	–
Financial liabilities held for trading							
CFDs	30 948	30 948	30 948	–	–	–	–
Total financial liabilities held for trading	30 948	30 948	30 948	–	–	–	–
Other liabilities	20 147	20 147	11 019	7 563	59	–	1 506
Total financial liabilities	**506 958**	**506 958**	**497 830**	**7 563**	**59**	–	**1 506**
Contractual liquidity gap in maturities (payment dates)			379 017	(7 563)	1 802	–	(1 342)
Contractual cumulative liquidity gap			379 017	371 454	373 256	373 256	371 914

Contractual payment periods of financial assets and liabilities as at 31 December 2016 (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	666 381	666 381	666 381	–	–	–	–
Financial assets held for trading							
CFDs	94 903	94 903	94 903	–	–	–	–
Total financial assets held for trading	94 903	94 903	94 903	–	–	–	–
Financial instruments available for sale	190	190	–	–	–	–	190
Loans granted and other receivables	5 244	5 244	3 422	50	1 608	164	–
Total financial assets	**766 718**	**766 718**	**764 706**	**50**	**1 608**	**164**	**190**
Financial liabilities							
Amounts due to customers	377 268	377 268	377 268	–	–	–	–
Financial liabilities held for trading							
CFDs	22 645	22 645	22 645	–	–	–	–
Total financial liabilities held for trading	22 645	22 645	22 645	–	–	–	–
Other liabilities	22 693	22 693	15 415	7 129	149	–	–
Total financial liabilities	**422 606**	**422 606**	**415 328**	**7 129**	**149**	**–**	**–**
Contractual liquidity gap in maturities (payment dates)			349 378	(7 079)	1 459	164	190
Contractual cumulative liquidity gap			349 378	342 299	343 758	343 922	344 112

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

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)	30.09.2017 (UNAUDITED)		31.12.2016 (AUDITED)		30.09.2016 (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	725 270	725 270	666 381	666 381	575 262	575 262
Financial assets held for trading *	148 397	13 227	94 903	9 649	69 620	2 355
Financial assets available for sale	164	164	190	190	205	205
Loans granted and other receivables	5 041	5 041	5 244	5 244	7 753	7 753
Total financial assets	**878 872**	**743 702**	**766 718**	**681 464**	**652 840**	**585 575**

** As at 30 September 2017, the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 129 079 thousand (as at 31 December 2016: PLN 94 903 thousand, as at 30 September 2016: PLN 60 620 thousand). This exposure was collateralised with customers' cash, which, as at 30 September 2017, covered the amount of PLN 114 770 thousand (as at 31 December 2016: PLN 84 866 thousand, as at 30 September 2016: PLN 66 839 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 2017, the Group had deposit accounts in 47 banks and institutions (as at 31 December 2016: in 38 banks and institutions, as at 30 September 2016: in 39 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period:

30.09.2017 (UNAUDITED)		31.12.2016 (AUDITED)		30.09.2016 (UNAUDITED)	
ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)
Bank 1	179 124	Bank 1	120 491	Bank 1	101 990
Bank 2	129 551	Bank 2	98 762	Bank 2	77 564
Bank 3	81 470	Bank 3	91 342	Bank 3	69 072
Bank 4	75 396	Bank 4	76 076	Bank 4	64 187
Bank 5	41 043	Bank 5	32 713	Bank 5	31 110
Bank 6	27 469	Bank 6	29 421	Bank 6	28 615
Bank 7	26 938	Bank 7	29 222	Bank 7	25 700
Bank 8	26 837	Bank 8	28 474	Bank 8	24 580
Bank 9	21 460	Bank 9	20 745	Bank 9	22 138
Bank 10	14 482	Bank 10	14 631	Bank 10	16 786
Other	101 500	Other	124 504	Other	113 520
Total	**725 270**	**Total**	**666 381**	**Total**	**575 262**

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. Long-term assessment of the credit quality were used in case of exposures without short-term assessment of the credit quality or maturity longer than 3 months.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
Cash and cash equivalents			
Step 1	614 079	568 719	219 420
Step 2	2 571	1 782	279 319
Step 3	95 035	74 049	59 693
Step 4	11 742	21 831	16 830
Step 5	1 843	–	–
Total	**725 270**	**666 381**	**575 262**

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 Group'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 per cent 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.

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):

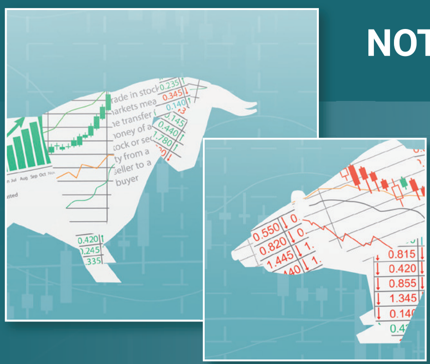
30.09.2017 (UNAUDITED)		31.12.2016 (AUDITED)		30.09.2016 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	3 344	Entity 1	892	Entity 1	637
Entity 2	964	Entity 2	840	Entity 2	188
Entity 3	755	Entity 3	838	Entity 3	113
Entity 4	430	Entity 4	669	Entity 4	94
Entity 5	416	Entity 5	429	Entity 5	74
Entity 6	409	Entity 6	390	Entity 6	59
Entity 7	385	Entity 7	385	Entity 7	58
Entity 8	364	Entity 8	299	Entity 8	53
Entity 9	307	Entity 9	159	Entity 9	45
Entity 10	254	Entity 10	155	Entity 10	45
Total	**7 628**	**Total**	**5 056**	**Total**	**1 366**

Financial assets held to maturity

As at 30 September 2017, 31 December 2016 and 30 September 2016 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 activities

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", "Parent Entity", "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, specializing 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, Belize 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.

On 10 February of 2017, the Turkish regulator, the Capital Markets Board of Turkey (CMB), amended the regulations governing the activities of investment services, investment activities and additional services. As a result of the completion on May 18, 2017 of a detailed analysis of the impact of regulatory changes in the field of investment services, investment activities and ancillary services for XTB activities in the Turkish market, the Management Board of the parent company decided to withdraw the XTB from its activities. As a result, the necessary measures have been taken to shut down and liquidate a subsidiary operating on the Turkish market, X Trade Brokers Menkul Değerler A.Ş.

In 1Q-3Q of 2017, the group focused on developing its business in Latin America. A subsidiary in Chile was established and a company in Belize and Cyprus was acquired.

The Group has also consistently expanded its product range. In the 3 quarter of 2017, XTB expanded its CFD equity and synthetic stock offerings with new equity products listed on Scandinavian markets (Denmark, Finland, Norway, Sweden). Customers have been given the opportunity to place orders outside of trading hours on equity instruments in the US and Spanish markets.

A new type of account was also launched in the French branch with Limited Liability LRA (Limited Liability Account). This action was a response to the new regulations of the French supervisor requiring an offer to protect the interests of the retail client and protect him against a negative balance on the transaction. Another important project was the introduction of a completely new methodology for collecting margin deposits, based on the total exposure of the client portfolio.

By the end of June 2017, XTB's offer expanded with CFD instruments based on cryptanalyst quotes and spot-trading indexes, with the potential to trade almost 24 hours a day. In August XTB launched the Customer Account Protection service against a negative balance in a German branch, with the prospect of extending the service to all branches of the Company.

The Board believes that the Group has built solid foundations to ensure its good standing to generate growth in the future.

2. Summary and analysis of the results of the Group

For the 3 months ended September 30, 2017 total operating income, EBITDA and net profit of the Group amounted to PLN 73.1 million, PLN 39.9 million and PLN 31.3 million respectively. In the corresponding period of 2016 total operating income, EBITDA and net profit amounted to PLN 42.8 million, PLN 9.7 million and PLN 4.2 million.

For the 9 months period ended September 30, 2017 total operating income, EBITDA and net profit of the Group amounted to PLN 198.3 million, PLN 95.6 million and PLN 60.7 million. In the corresponding period of 2016 total operating income, EBITDA and net profit amounted to PLN 156.6 million, PLN 31.1 million and PLN 27.3 million.

2.1 Factors affecting operating and financial results

The Group's operating and financial results are primarily influenced by: (i) number of active accounts, transaction volume and amount of deposits; (ii) volatility in financial and commodity markets; (iii) general market, geopolitical and economic conditions; (iv) competition in the FX / CFD market; and (v) regulatory environment.

The key factors influencing the Group's financial and operating results for the 3 and 9 months ended September 30, 2017 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

2.2 Discussion of the Group's results

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2017	30.09.2016	CHANGE IN VALUE	CHANGE (%)
Result of operations on financial instruments	71 996	41 494	30 502	73,5
Income from fees and commissions	1 038	1 289	(251)	(19,5)
Other income	29	19	10	52,6
Total operating income	**73 063**	**42 802**	**30 261**	**70,7**
Salaries and employee benefits	(17 590)	(16 174)	(1 416)	8,8
Marketing	(5 563)	(8 041)	2 478	(30,8)
Other external services	(5 304)	(4 295)	(1 009)	23,5
Costs of maintenance and lease of buildings	(1 849)	(1 960)	111	(5,7)
Amortization and depreciation	(1 551)	(1 327)	(224)	16,9
Taxes and fees	(363)	(1 018)	655	(64,3)
Commission expense	(1 196)	(932)	(264)	28,3
Other expenses	(1 309)	(631)	(678)	107,4
Total operating expenses	**(34 725)**	**(34 378)**	**(347)**	**1,0**
Operating profit	**38 338**	**8 424**	**29 914**	**355,1**
Impairment write-down of intangible assets	**-**	**-**	**-**	**-**
Finance income	1 364	(5 343)	6 707	(125,5)
Finance costs	602	2 263	(1 661)	(73,4)
Profit before tax	**40 304**	**5 344**	**34 960**	**654,2**
Income tax	(8 962)	(1 106)	(7 856)	710,3
Net profit	**31 342**	**4 238**	**27 104**	**639,5**

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2017	30.09.2016	CHANGE IN VALUE	CHANGE (%)
Result of operations on financial instruments	194 956	152 588	42 368	27,8
Income from fees and commissions	3 285	3 987	(702)	(17,6)
Other income	66	42	24	57,1
Total operating income	**198 307**	**156 617**	**41 690**	**26,6**
Salaries and employee benefits	(53 857)	(54 708)	851	(1,6)
Marketing	(19 283)	(40 341)	21 058	(52,2)
Other external services	(15 429)	(15 111)	(318)	2,1
Costs of maintenance and lease of buildings	(5 612)	(6 441)	829	(12,9)
Amortization and depreciation	(4 572)	(4 104)	(468)	11,4
Taxes and fees	(1 709)	(1 908)	199	(10,4)
Commission expense	(3 817)	(3 243)	(574)	17,7
Other expenses	(2 984)	(3 716)	732	(19,7)
Total operating expenses	**(107 263)**	**(129 572)**	**22 309**	**(17,2)**
Operating profit	**91 044**	**27 045**	**63 999**	**236,6**
Impairment write-down of intangible assets	**(5 612)**	**-**	**(5 612)**	**-**
Finance income	3 785	4 330	(545)	(12,6)
Finance costs	(12 114)	(1 063)	(11 051)	1 039,6
Profit before tax	**77 103**	**30 312**	**46 791**	**154,4**
Income tax	(16 403)	(3 027)	(13 376)	441,9
Net profit	**60 700**	**27 285**	**33 415**	**122,5**

In the 3rd quarter of 2017 XTB recorded a consolidated net profit of PLN 31.3 million against PLN 4.2 million profit a year earlier. This is an increase of PLN 27.1 million, i.e. 639.5%. Operating profit (EBIT) amounted to PLN 38.3 million vs. PLN 8.4 million a year earlier. Consolidated revenues increased by PLN 30.3 million y/y (70.7%) to PLN 73.1 million

In 1Q-3Q period of 2017 the Group generated PLN 60.7 million of consolidated net profit compared to PLN 27.3 million a year earlier with sales revenue of PLN 198.3 million compared to PLN 156.6 million a year earlier.

The net result for 1Q-3Q of 2017 was shaped mainly by:

- 236.6% increase in operating result (EBIT) due to:
  - 26.6% increase in operating income resulting from higher profitability per lot and turnover in lots;
  - significant improvement in cost effectiveness with a decrease of operating expenses by PLN 22.3 million;
- factors not related to operational activities, ie.:
  - creation of a revaluation write-down of a separate intangible asset in the form of a brokerage license for the Turkish market amounting to PLN 5.6 million;
  - Negative foreign exchange differences (financial expenses) in the amount of PLN 11.4 million (1Q-3Q 2016: PLN 0.4 million) resulting from strengthening zloty against other currencies.

Revenues

Revenue growth in 3Q by 70.7% y/y from PLN 42.8 million to PLN 73.1 million, reflecting both the volume of turnover and the profitability per lot. Turnover was higher by 55.1 thousand lots and profitability by 48 PLN.

	THREE-MONTH PERIOD ENDED					
	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
Total operating income (in PLN'000)	73 063	66 526	58 718	93 959	42 802	31 050
Transaction volume in CFD instruments in lots[1]	523 769	513 814	540 082	488 660	468 686	525 108
Profitability per lot (in PLN)[2]	139	129	109	192	91	59

[1]) *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.*
[2]) *Total operating income divided by the transaction volume in CFDs in lots.*

XTB has a solid foundation for growth in the form of a constantly growing customer base. In the 3rd quarter of 2017, the number of new accounts opened increased both in relation to the 2nd quarter of 2017 and the individual quarters of 2016, while the 1st quarter of 2017 was the record for opening new accounts. The total number of new accounts opened in the 1st quarter of 2017 increased by 57.7% over the comparable period. In turn, the average number of active accounts in the above period amounted to 20 194, which represents an increase of 22.2% y/y.

	PERIOD ENDED					
	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
New accounts[1]	11 278	9 635	13 280	9 624	8 060	7 178
Average number of active accounts[2]	20 194	20 016	20 408	17 243	16 531	16 305

[1]) *The number of accounts opened by the Group's clients in the particular quarters.*
[2]) *Average quarterly number of accounts in particular periods.*

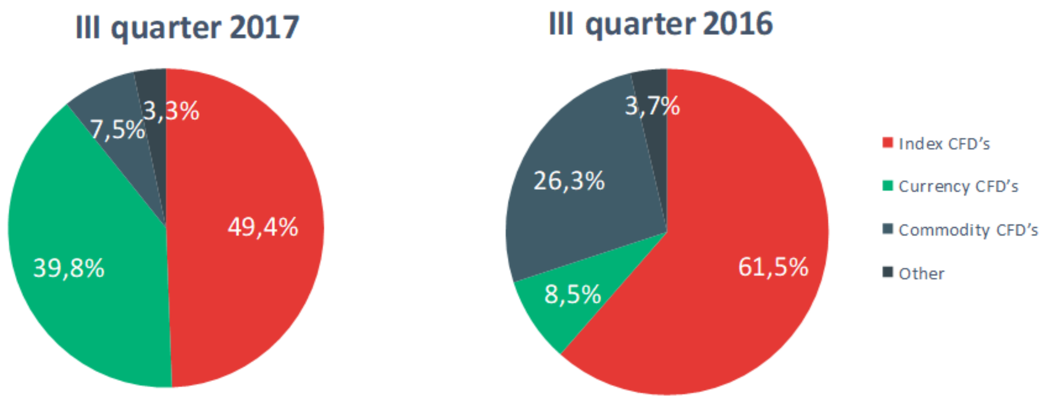
Similarly to the 1st half of 2017, the increase in accounts in 3Q was connected with the implementation of an optimized sales and marketing strategy and new products. An additional factor supporting such growth was the favorable situation on the financial markets.

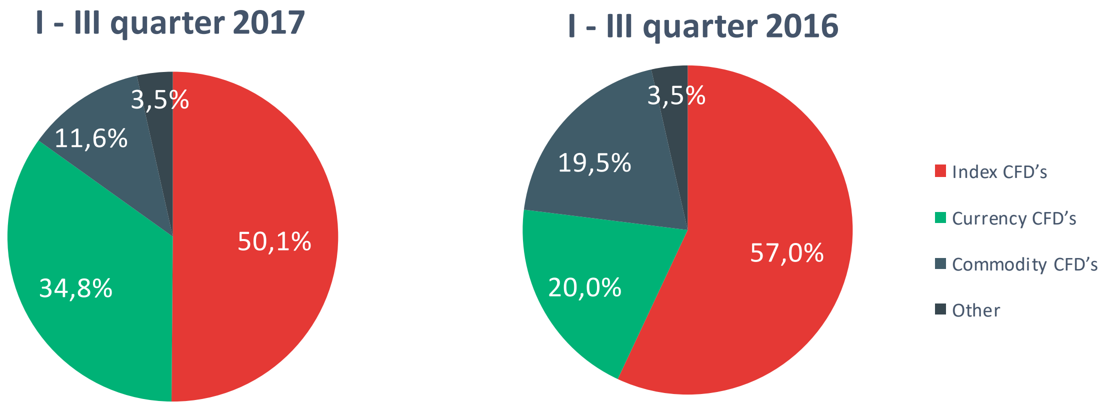
According to the Management Board, in 4Q of 2017, the growth of accounts should be accelerated due to the intensified marketing activity and introduction of new products into the XTB offer. Moreover, the Management Board maintains that the greatest potential for business growth is in the German, French and Latin American markets.

Looking at the income from the classes of instruments responsible for their origins, it is clear that, as in earlier periods, the stock-based CFD was the leader. Their share in the revenue structure in the third quarter of this year. reached 49.4% against 61.5% a year earlier. This is a consequence of the high interest of XTB clients in CFD instruments based on the German stock indices DAX (DE30) and the US indices US30 and US500.

For revenue growth in the 3rd quarter of this year are corresponding CFDs for currency, which rose to 39.7% from 8.5% y/y. This asset class was most popular with the EURUSD currency pair. Clients also actively traded in pairs: AUDUSD, EURGBP, USDJPY, BTCUSD and USDCAD.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Index CFD's	36 530	27 111	101 055	90 779
Currency CFD's	29 380	3 742	70 122	31 885
Commodity CFD's	5 544	11 609	23 388	31 047
Stock CFD's	918	389	2 871	944
Bond CFD's	171	113	(86)	1 351
Total CFD's	**72 543**	**42 964**	**197 350**	**156 006**
Options	1 376	1 114	5 119	3 352
Stocks and exchange derivatives	(3)	-	(859)	-
Gross gain on transactions in financial instruments	**73 916**	**44 078**	**201 610**	**159 358**
Bonuses and discounts paid to costumers	(1 051)	(663)	(2 826)	(2 763)
Commission paid to cooperating brokers	(869)	(1 921)	(3 828)	(4 007)
Net gain on transaction in financial instruments	**71 996**	**41 494**	**194 956**	**152 588**





Geographically, XTB revenues were well diversified. Their growth has occurred in both Central and Eastern Europe and Western Europe. Countries where the Group derives more than 15% of its revenues each are Poland (24.5%, share for 9 months of this year) and Spain (20.3%, share for 9 months of this year). The share of other countries in the geographic structure of revenues does not exceed in any case 15%. Latin America is also gaining on importance, which has already replaced the gap in Turkey.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Central and Eastern Europe	40 020	23 340	90 185	70 313
- including Poland	24 173	15 052	48 495	41 673
Western Europe	29 367	19 101	96 408	77 462
- including Spain	11 548	7 332	40 339	36 313
Latin America and Turkey	3 676	361	11 714	8 842
- including Turkey	(130)	361	4 943	8 842
Total operating income	**73 063**	**42 802**	**198 307**	**156 617**

XTB's segmental revenue diversification in becoming increasingly clear. This is due to the dynamic development of the institutional segment (X Open Hub). From 2013, the Group provides services to institutional clients. Under it, XTB provides liquidity and technology to other financial institutions, including brokerage houses.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Retail segment	67 899	40 675	172 999	146 354
Institutional segment (X Open Hub)	5 164	2 127	25 308	10 263
Total operating income	**73 063**	**42 802**	**198 307**	**156 617**

Expenses

In the 1Q-3Q of 2017 XTB significantly improved its cost effectiveness compared to the same period of the previous year, while maintaining the increase in new accounts opened and the number of active accounts. In the period, operating expenses amounted to PLN 107.3 million (1Q-3Q 2016: PLN 129.6 million), which mean decreased by 17.2% y/y. This decrease was attributed to the lower by PLN 21.1 million y/y in marketing costs, mainly due to the lower spending on advertising campaigns.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Salaries and employee benefits	17 590	16 174	53 857	54 708
Marketing	5 563	8 041	19 283	40 341
Other external services	5 304	4 295	15 429	15 111
Costs of maintenance and lease of buildings	1 849	1 960	5 612	6 441
Amortization and depreciation	1 551	1 327	4 572	4 104
Taxes and fees	363	1 018	1 709	1 908
Commission expenses	1 196	932	3 817	3 243
Other expenses	1 309	631	2 984	3 716
Total operating expenses	**34 725**	**34 378**	**107 263**	**129 572**

In 3rd quarter of this year operating expenses were comparable to the level of the corresponding period of the previous year and lower than in the two preceding quarters.

	THREE-MONTH PERIOD ENDED					
	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
Total operating expenses, including:	**34 725**	**35 973**	**36 565**	**38 889**	**34 378**	**54 730**
- Marketing	5 563	6 545	7 175	8 997	8 041	24 310
New accounts	11 278	9 635	13 280	9 624	8 060	7 178

The management expects, that in the 4th quarter of 2017 operating expenses be at a level comparable to that observed in the first three quarters of 2017. The final level will depend on the variable remuneration components paid to employees and the level of marketing expenditure. The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditure will depend on the impact of the Group on the results and profitability of the Group and on the responsiveness of the customers to the actions taken.

2.3 Selected financial ratios

The financial ratios shown in the table below are not a measure of financial performance in accordance with EU IFRS and should not be treated as a measure of financial performance or cash flow from operating activities and considered an alternative to profit. These indicators are not uniformly defined and may not be comparable of other companies, including companies operating in the same sector as the Group.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
EBITDA (in PLN'000)[1]	39 889	9 751	95 616	31 149
EBITDA margin (%)[2]	54,6	22,8	48,2	19,9
Net profit margin (%)[3]	42,9	9,9	30,6	17,4
Return on equity – ROE (%)[4]	35,1	5,5	22,2	10,7
Return on assets – ROA (%)[5]	14,2	2,5	9,5	5,1
Aggregate capital adequacy ratio (%)[6]	10,1	13,9	10,1	13,9

1) EBITDA calculated as operating profit, increased by depreciation.
2) Calculated as the quotient of operating profit, including amortization 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 the end of the prior period and as the end of the current reporting period; ratios for 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 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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Retail operations segment	**447 527**	**426 853**	**1 386 090**	**1 375 589**
Central and Eastern Europe	155 931	147 245	476 767	469 467
Western Europe	261 790	235 501	760 571	744 743
Latin America and Turkey	29 806	44 107	148 752	161 379
Institutional operations segment	**76 242**	**41 833**	**191 575**	**151 406**
Total	**523 769**	**468 686**	**1 577 665**	**1 526 995**

The table below shows: (i) the number of new accounts opened by the Group's customers in particular periods; (ii) the average number of active accounts; (iii) the total number of accounts; (iv) the value of net deposits in particular periods; (v) average operating income per active account; and (vi) volume of transactions in flights and (vii) profitability per single flight. The information presented in the table below applies to the activities of the retail segment and the institutional segment as a whole.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
New accounts[1]	11 278	8 060	34 193	21 676
Average number of active accounts[2]	20 549	16 984	20 194	16 531
Accounts in total	188 380	146 939	188 380	146 939
Net deposits (in PLN'000)[3]	56 779	60 717	272 766	197 286
Average operating income per active account (in PLN'000)[4]	3,6	2,5	9,8	9,5
Transaction volume in CFD instruments in lots[5]	523 769	468 686	1 577 665	1 526 995
Profitability per lot (in PLN)[6]	139	91	126	103

1) Number of accounts opened by the Group's clients in particular 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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
New accounts[1]	11 276	8 052	34 180	21 665
Average number of active accounts[2]	20 516	16 946	20 162	16 495
Accounts in total	188 292	146 866	188 292	146 866
Number of transactions[3]	6 126 596	6 277 560	19 374 995	20 081 489
Transaction volume in CFD instruments in lots[4]	447 527	426 853	1 386 090	1 375 589
Net deposits (in PLN'000)[5]	50 446	54 868	223 622	205 140
Average operating income per active account (in PLN'000)[6]	3,3	2,4	8,6	8,9
Average cost of obtaining an account (in PLN'000)[7]	0,5	1,0	0,6	1,9
Profitability per lot (in PLN)[8]	152	95	125	106

[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 transactions 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			
		30.09.2017		30.09.2016
Central and Eastern Europe	12 118	59,1%	10 092	59,5%
Western Europe	7 007	34,1%	5 435	32,1%
Latin America and Turkey	1 391	6,8%	1 419	8,4%
Average number of active accounts total	**20 516**	**100,0%**	**16 946**	**100,0%**

	NINE-MONTH PERIOD ENDED			
		30.09.2017		30.09.2016
Central and Eastern Europe	11 956	59,3%	9 965	60,4%
Western Europe	6 619	32,8%	5 266	31,9%
Latin America and Turkey	1 587	7,9%	1 264	7,7%
Average number of active accounts total	**20 162**	**100,0%**	**16 495**	**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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Average number of active accounts	33	38	32	36
Accounts in total	88	73	88	73

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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Trading in CFD derivatives (in lots)	76 242	41 833	191 575	151 406

The Management's current plans for the coming years are to accelerate the Group's development, in particular by expanding its client base, further penetrating its existing markets, and accelerating its geographical expansion into Latin American markets.

2.5 Factors which in the Management's Board belief may impact the Group's operations in the perspective of at least next quarter

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations until the end of 2017 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 the Group's business model. To illustrate this, historical quarterly financial and operating results of the Group were presented below:

	THREE-MONTH PERIOD ENDED					
	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
Total operating income (in PLN'000)	73 063	66 526	58 718	93 959	42 802	31 050
Transaction volume in CFD instruments in lots[1]	523 769	513 814	540 082	488 660	468 686	525 108
Profitability per lot (in PLN)[2]	139	129	109	192	91	59

[1]) 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.
[2]) Total operating income divided by the transaction volume in CFDs in lots.

- Starting from 2013, the Group also provides services to institutional clients, including brokers, start-up businesses and other financial institutions within the institutional business line (X Open Hub). As of the date of the foregoing report the Group is in the process of development of this segment's operations, which still is in the early stage of development. Products and services offered by the Group within X Open Hub operations differ from those offered within retail operations. Therefore they are associated with different risks and challenges. As a consequence, the Group's income from this segment may be subject to large fluctuations in subsequent periods. The table below presents the percentage share of the institutional segment in the total operating income.

	30.09.2017	2016	2015	2014	2013
% share of operating income from institutional operations in total operating income	12,8%	7,8%	4,7%	14,1%	4,6%

Possible low volatility on the financial and commodity markets, or any possible adverse regulatory developments, may adversely affect the viability of the institutional partners of XTB and thus lead to a decrease in the volume of trading in the flights and the revenue of the XTB from these customers. On the other hand, the XTB Board can not rule out greater customer turnover in the institutional segment.

- The Management Board expects that operating expenses in the 4 quarter of 2017 should be at a level comparable to that of the first three quarters of 2017. The final level of operating expenses will depend on the variable remuneration components paid to employees and the level of marketing expenditure. The amount of variable remuneration components will influence the results of the Group. The level of marketing expenditures will depend on the impact of their impact on the performance and profitability of the Group and on the responsiveness of customers to the actions taken. Due to the uncertainty regarding future economic conditions, expectations and predictions of the Management Board are subject to a particularly high degree of uncertainty.
- On 18 May 2017, the Management Board of the Parent Undertaking decided to withdraw the Group from its activities in Turkey by undertaking activities aimed at extinguishing its activities on this market and liquidating its subsidiary X Trade Brokers Menkul Değerler A.Ş. This decision is due in particular to restrictions imposed by the Turkish regulator, which has led to a significant decline in the number of customers and consequently to a significant reduction in the Group's activity in Turkey. As a result of the decision, the Group recognized impairment allowance for brokerage fees in the Turkish market of PLN 5,612 thousand.

  The Group's intention is to close its activity on the Turkish market, which from the point of view of recognition in the Company's books of accounts should be understood as the payment of equity capital / liquidation of assets held in the next few months. From external factors such as the current situation in the Turkish economy, the Group's intentions in this area may change. At the time of exit from the Turkish market, the Group will, in accordance with the applicable accounting rules, take action on, inter alia, Reclassification of foreign exchange differences resulting from the conversion of the share capital of the Turkish company from the Foreign exchange difference arising from the translation of equity in the profit and loss account. This operation will not affect the total amount of the Group's equity at the date of its carrying out. However, the Company will be required to demonstrate the effects of the aforementioned. Conversion within the result from financial activities, in the case of negative exchange rate differences the effects of these translations will constitute financial cost. The Company explains that the amount of foreign exchange differences relating to investments in Turkey is derived from, inter alia, As a result of the fluctuation of the Turkish lira course, the Group is unable to accurately estimate the future financial cost as at the date of this report.
- The current regulatory changes in the industry at national and international level may change its face in the long run. On the one hand, the European Securities and Markets Authority (ESMA) published on 29 June this year. Statement on the preparatory work on legislation on CFD contracts, binary options and other highly speculative financial products. In the statement the subject was discussed on issues such as: Limit leverage, prohibit the offering of bonuses, protect against negative balance and ban advertising. According to the Company, any regulatory changes resulting from the work of ESMA should be implemented at the earliest in January 2018. On the other hand, in Poland in July this year. The draft amendment to the Act on the Amendment to the Financial Market Supervision Act has been published and some other laws from which the government is planning to lower the maximum leverage to 1:25 for FX / CFD players.

  The proposed restrictions on the FX / CFD market are aimed at protecting retail investors primarily against market abuse, which undermined trust in the entire securities and securities industry. In the opinion of the Company, as regards the Polish market from which the Group currently achieves 19.4% of its revenues, it will be crucial to ensure uniform operating conditions for all market participants so that legislative actions do not harm Polish investors by supporting the development of the so- The gray zone of foreign entities, where the domestic investor will look for products that are optimal for his investment portfolio. Introducing the proposed one-sided restrictions for the domestic FX / CFD industry while neglecting the actions of foreign entities will be detrimental to the Polish client and the entire market. It should be noted that we are currently dealing with a project, which is not clear with the mere adoption of the changes in the shape presented in it. The legacy of our parliamentary legislative experience (for example, in determining the final amount of MAR sanctions) shows that, as part of the work on the project, it has undergone further changes, evolving to a final version that has not always coincided with the originally announced project. At this moment it is therefore not at all determined that the proposed changes will be enacted and will become effective.

Due to the uncertainty regarding the future economic conditions, expectations and anticipation of the Management Board are particularly fraught with uncertainty.

3. Company's authorities

3.1 Management Board

As at 30 September 2017 and as at the date of publication of this interim report, the composition of the Management Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout	Chairman of the Management	10.01.2017*	29.06.2019
Paweł Frańczak	Board Member	31.08.2012	29.06.2019
Paweł Szejko	Board Member	28.01.2015	29.06.2019
Filip Kaczmarzyk	Board Member	10.01.2017	29.06.2019

** Omar Arnaout was appointed on 10.01.2017 for the position of the Management Board member responsible for sales in rank of Vice-President of the Management Board. On 23.03.2017 he was appointed to the position of the President of the Management Board*

During the reporting period the following changes occurred in the composition of the Management Board:

- on 10 January of 2017 Mr Jakub Malý was dismissed from the position of the President of the Management Board,
- on 10 January 2017 a resolution was adopted that the Management Board of the Company will consist of five persons, including the President of the Management Board, the Vice-President of the Management Board and three members of the Company's Management Board. At the same time, on the same day, the Management Board of the Company was appointed:
  - Mr. Omar Arnaout, taking up the position of the Member of the Management Board responsible for Sales in the position of the Vice President of the Management Board and,
  - Mr. Filip Kaczmarzyk, who assumed the position of Member of the Management Board responsible for Trading,
- Mr. Jakub Zabłocki was delegated to perform the activities of the Chairman of the Management Board for the period from 10 January 2017 to 10 April 2017,
- on March 23, 2017, Mr. Jakub Zabłocki was recalled from the function of the President of the Management Board. At the same time, Mr. Omar Arnaout was appointed the Chairman of the Management Board on the same day.

In the reporting period and until the date of publication of this periodic report there were no changes in the composition of the Management Board other than described above.

3.2 Supervisory Board

As at 30 September 2017 and as at the date of submission of this interim report, the composition of the Supervisory Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Jakub Leonkiewicz	Chairman of the Supervisory Board	30.05.2017	09.11.2018
Łukasz Baszczyński	Board Member	09.11.2015	09.11.2018
Jarosław Jasik	Board Member	09.11.2015	09.11.2018
Michał Kędzia	Board Member	09.11.2015	09.11.2018
Bartosz Zabłocki	Board Member	09.11.2015	09.11.2018

In the reporting period the following changes in the composition of the Supervisory Board occurred:

- on January 10, 2017, Mr. Jakub Leonkiewicz resigned from the Supervisory Board of the Company and held the position of Chairman to enable Mr. Jakub Zabłocki to assume the post of Chairman of the Supervisory Board, who appointed, with effect on the same day, himself to the Supervisory Board of the Company acting as its Chairman.
- on May 30, 2017, Mr. Jakub Zabłocki resigned from the position of the Chairman of the Supervisory Board of the Company, while at the same time appointing Mr. Jakub Leonkiewicz.

During the reporting period and until the date of publication of this periodic report there was no change in the composition of the Supervisory Board other than described above.

4. Information about shares and shareholding

4.1 Equity

As at 30 September 2017 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 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.

4.3 Shareholding structure

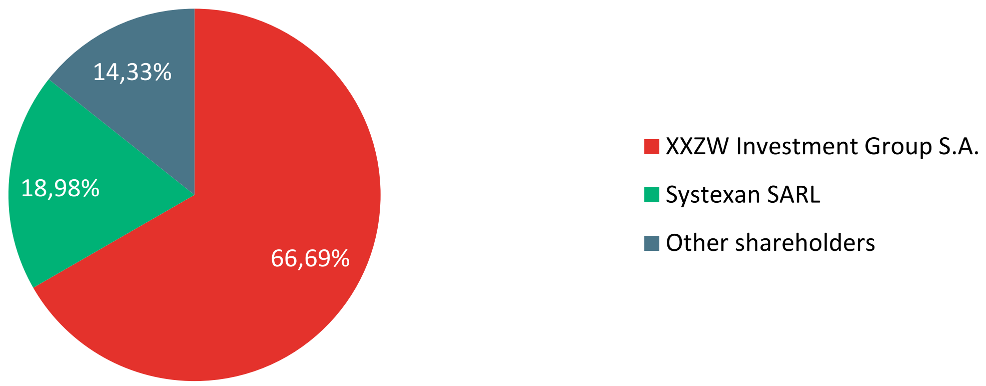
To the best of the Company's Management Board knowledge, as at 24 August 2017, i.e. as at the submission date of the previous quarterly report (report for the I half 2017), the shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting were as follows:

	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (IN PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A.[1]	78 282 983	3 914	66,69%
Systexan SARL[2]	22 280 207	1 114	18,98%
Other shareholders	16 820 445	841	14,33%
Total	**117 383 635**	**5 869**	**100%**

[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 is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.*

The shareholding structure as at 24 August 2017 is presented on the graph below:



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.

According to the best knowledge of the Management Board of the Company as at 30 September 2017, the shareholders holding directly or through subsidiaries of at least 5% of the total number of votes at the General Meeting of the Parent Company were as follows:

	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (IN PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A. [1]	78 450 738	3 923	66,83%
Systexan SARL[2]	22 280 207	1 114	18,98%
Other shareholders	16 652 690	832	14,19%
Total	**117 383 635**	**5 869**	**100%**

[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 is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.*

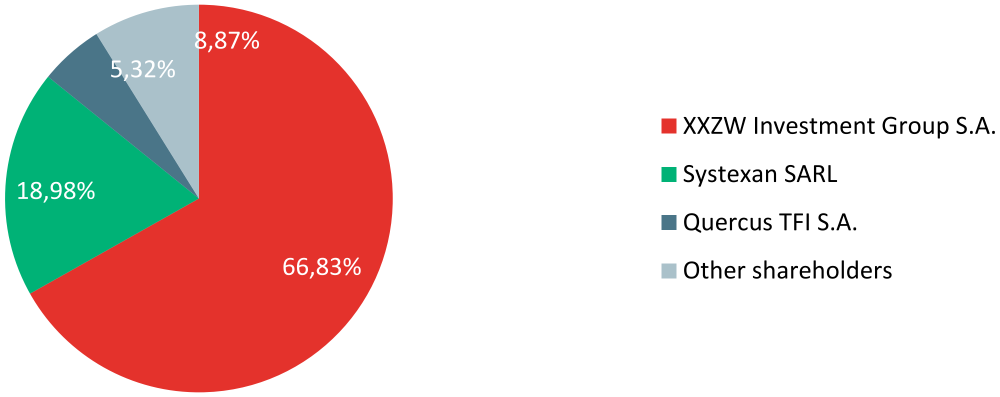
On October 17 of 2017, the Company received a notification of the exceeding date of funds being managed by Quercus TFI S.A. 5% of the total number of votes in the Company. According to Article 69 paragraph 4 pt 2 of the Act before the change of share The funds held 2 966 488 shares of the Company, which constituted 2.53% of the share capital of the Company. According to Article 69 paragraph 4 pt 3 of the Act as at October 16, 2017. The funds held 6 243 759 shares of the Company, which constituted 5.32% of the Company's share capital.

To the best knowledge of the Management Board of the Company as of the date of publication of this periodic report, the shareholders holding directly or through subsidiaries at least 5% of the total number of votes at the General Meeting of the Parent Company were as follows:

As of the publication date	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (IN PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A.	78 450 738	3 923	66,83%
Systexan SARL	22 280 207	1 114	18,98%
Quercus TFI S.A.	6 243 759	312	5,32%
Other shareholders	10 408 931	520	8,87%
Total	**117 383 635**	**5 869**	**100%**

[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 is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.*

The shareholding structure as at the date of this report is presented below:



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

The below table presents shares held by Members of the Management and Supervisory Board as at the submission date of the previous and current report.

NAME AND SURNAME	FUNCTION	NUMBER OF SHARES AS AT 23.08.2017	NUMBER OF SHARES HELD AS AT THE DATE OF THIS RAPORT
Paweł Frańczak	Board Member	37 328	37 328

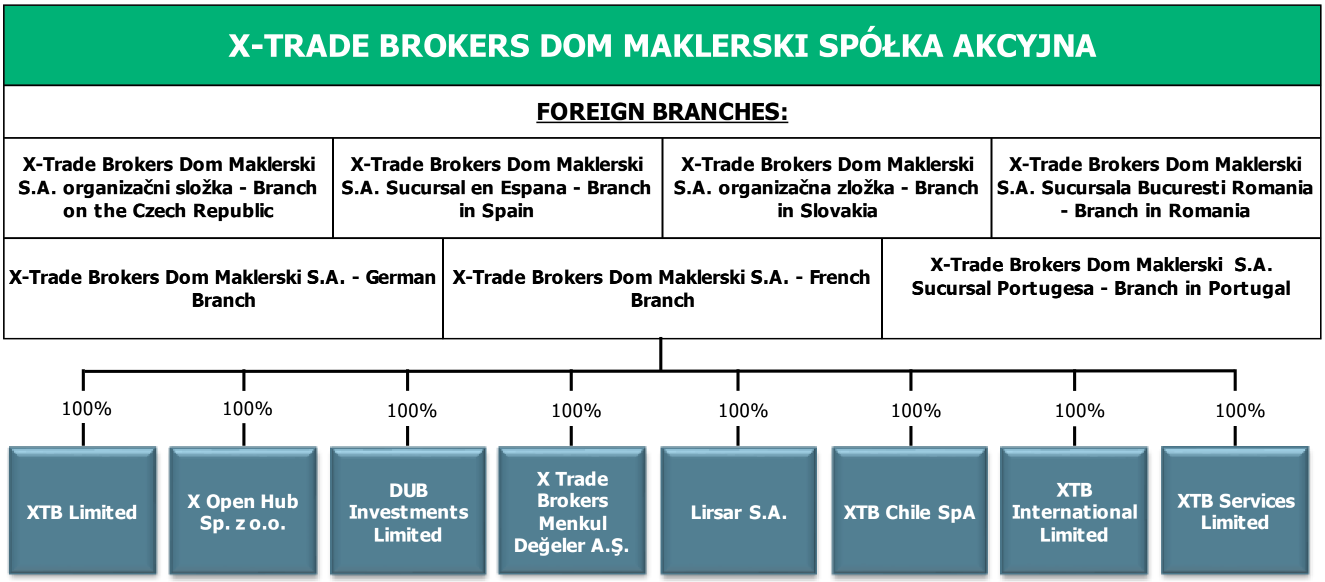
On 5 January 2017 the Company received a notification from XXZW Investment Group, which informed on the sale of 79 552 shares in connection with the performance by the participants of the Incentive Scheme entitlements from options granted under the Program. Other managing and supervising persons did not have, at the end of the reporting period and at the date of this report, share the Company's shares. Management and supervisory personnel did not hold, at the end of the reporting period and as of the date of this report, the entitlements to the Company's shares.

5. Other information

5.1 Description of the Group's organization

As of the date of submission of this report, the Group constituted the Parent Company and 8 subsidiaries of the Company. The Company owns 7 foreign branches.

The chart below presents the Group's structure, including the Company's foreign branches, including its share in the share capital / number of votes at the general meeting or the shareholders meeting to which the shareholder or shareholder is entitled.



The results of all subsidiaries are fully consolidated from the date of their creation / acquisition.

Neither the Parent Company nor any Group company holds shares in other companies that may have a material impact on its assets and liabilities, financial position and profit or loss.

Subsidiaries

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

XTB Limited, Great Britain

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.

X Open Hub Sp. z o.o., Poland

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

DUB Investments Ltd, Cyprus

DUB Investments Limited 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., Turkey

X Trade Brokers Menkul Değerler A.Ş. Conducts business including: (i) investment advice, (ii) trading derivatives, (iii) leveraged trading on the forex market, and (iv) brokerage. On May 18, 2017, the Management Board of the Parent Undertaking decided to withdraw the Group from its activities in Turkey by taking action to liquidate its activities on the market and liquidating its subsidiary X Trade Brokers Menkul Değerler A.Ş. This decision is due to limitations imposed by the Turkish regulator, which has led to a significant decline in the number of customers and consequently to a significant reduction in the Group's activity in Turkey. As a result of the decision, the Group recognized impairment allowance for brokerage fees in the Turkish market of PLN 5.6 million.

Lirsar S.A., Uruguay

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

XTB Chile SpA, Chile

On 17 February 2017 the Company established a subsidiary XTB Chile SpA. The Company owns 100% shares in subsidiary. XTB Chile SpA will conduct services consisting in acquiring new customers from the territory of Chile.

XTB International Limited, Belize

On 23 February 2017 the Company purchased 100% of shares in CFDs Prime with its seat in Belize. On 20 March 2017 the company changed its name from CFDs Prime Limited to XTB International Limited. CFDs Prime provides brokerage services based on obtained permission issued by International Financial Service Commission.

XTB Services Limited, Cyprus

On 27 July 2017, the Parent Company acquired 100% of shares in Jupette Limited with its registered office in Cyprus. The Company provides marketing, marketing and sales services.

In the reporting period, i.e. from 1 January 2017 to 30 June 2017 and as at the submission date of this report there were no changes in the X-Trade Brokers Dom Maklerski S.A. Group's structure other than described above.

5.2 Information on transactions with related parties

In 9 month period ended 30 September 2017 and 30 September 2016 there were no 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)	01.01.2017 - 30.09.2017 REVENUE	30.09.2017 RECEIVABLES	01.01.2016 - 30.09.2016 REVENUE	31.12.2016 RECEIVABLES	30.09.2016 RECEIVABLES
Shareholders Subsidiaries:					
XTB Limited	16 941	153	11 712	6 111	3 445
Dub Investments	115	13	118	24	13
X Open Hub Sp. z o.o.	1 396	765	1 294	516	736
X-Trade Brokers Menkul Degerler A.S	5 006	-	8 437	1774	2 300
Lirsar S.A.	-	-	18	730	658
XTB International	5 271	814	-	-	-

(IN PLN'000)	01.01.2017 - 30.09.2017 COSTS	30.09.2017 LIABILITIES	01.01.2016 - 30.09.2016 COSTS	31.12.2016 LIABILITIES	30.09.2016 LIABILITIES
Podmioty zależne:					
XTB Limited	(11 437)	1 944	(19 590)	3 115	4 702
Dub Investments	(1 043)	128	(912)	–	84
X Open Hub Sp. z o.o.	(189)	27	(92)	79	11
X-Trade Brokers Menkul Degerler	(4 769)	2	(12 125)	3 648	3 585
XTB International	(7 100)	784	-	-	-

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 2017 and in the reporting period, i.e. from 1 January 2017 to 30 September 2017, 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 2017.

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

As at 30 September 2017 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 the submission date of this report, the total value of the claims brought against the Company and/or the Group Companies amounted to approximately PLN 6,66 million, of which suits brought by the employees pending before court four proceedings where the total value of claims was PLN 5,93 million and nine suits brought by clients with the total value of claims of PLN 0,68 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 the submission date of this report, the claim was accounted for at the total value of the claims demanded against the Company of approximately PLN 5,6 million.

Proceedings 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 an appellation against this decision. The Warsaw Court of Appeal upheld the appeal and changed the challenged judgment by securing XTB's claim against XFR and has banned XFR from using (i) word marks and word-figurative marks "XTB", "X-Trade", "XTrade" , "X" and (ii) the word mark xtrade.eu, as an indications of its company or services.

The Company has also launched a German court proceedings aimed at cessation of infringement of the Company trademark by XFR. According to the court judgment received by the Company, the court has prohibited XFR from using in Germany marks „XTRADE" and „XTRADE EUROPE Ltd" confirming that these marks are confusingly similar to the trademarks registered by the Company. In addition, XFR is also obliged to provide information indicating scope and number of use of those marks in the past and to pay damages, amount of which has not yet been specified. In its judgment the court pointed out that the company has the right to challenge XFR marks and to submit appropriate motion for cancellation of registration XFR marks. The judgment is not final.

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.

As part of exercising supervisory powers over the Company, the Polish Financial Supervision Authority (PFSA) has performed checks on compliance with legal regulations and internal regulations, (i) the provision of certain brokerage services, (ii) the mode and conditions of dealing with clients, (iii) the organization and operation of the internal control system, the system of compliance with law and the internal audit system, and (iv) technical and organizational conditions for conducting brokerage activities. The audit ended on September 16, 2016.

On October 14, 2016, the Company received a control report indicating that the inspectors found irregularities and deficiencies in the implementation and enforcement of the applicable laws and regulations by the Company, in response to which the Company has lodged substantiated objections in accordance with the applicable regulations. The PFSA did not take into account the Company's objections and therefore issued post-control recommendations, which required the Company to implement appropriate measures to remove the detected irregularities.

The Company applied due care in order to implement all the recommendations of the KNF. As to the post-inspection objections, the Management Board submitted to the KNF extensive substantive and legal objections as well as detailed analyses, pointing that remarks included in the control protocol are groundless.

On October 13, 2017 an article was published, from which follows that there are pending prosecutorial proceedings by way of the KNF's notice. The Management Board has not received yet any information from the KNF or prosecutor's office regarding ongoing proceedings. The Management Board finds no grounds for the objections regarding Company's business misconduct. The Company finds groundless the information presented in the article referring to deliberate actions performed by the Company aiming at unreliable execution of orders.

Acting in the best interest of the Company, its employees and shareholders, as well as having clients best interest in mind, the Management Board is planning to take determined actions to defend against these objections.

If the Commission determines that the Company has improperly implemented recommendations or due to identified violations or irregularities in the implementation and enforcement of applicable laws and regulations by the Company, the PFSA may impose sanctions or other supervisory measures on the Company, inter alia (i) limit or revoke the license to conduct brokerage activity, (ii) impose a fine of up to 10% of the revenue disclosed in the most recent audited financial statements or apply other sanctions.

As part of exercising supervisory powers over the Company, the PFSA has exercised its control over the Company's compliance with its obligations under the provisions of the Anti-Money Laundering Act and the Financing of Terrorism Act of 16 November 2000, among others, obligations relating to (i) keeping a register of transactions, (ii) monitoring of transactions, (iii) having appropriate procedural solutions, (iv) identifying clients. The audit took place from March 20, 2017 to April 20, 2017. Due to the identified weaknesses in the implementation and application of the applicable provisions of law and regulations, on 19 June 2017 the PFSA submitted post-inspection recommendations which required the Company to implement Appropriate measures to remove detected irregularities.

The Company has adjusted its activity to the PFSA's post-inspection recommendations with due diligence. Nevertheless, no assurance may be given that the Company's way of activity adjustment to the particular PFSA's recommendation will not be considered as unlawful or non-compliant with PFSA's attitude to the issue, therefore detected infringements in Company's brokerage activity may constitute basis to, inter alia, initiation of administration proceeding against Company as to impose penalty or other administrative sanctions within supervisory powers of PFSA or other authorities.

Romanian Financial Supervisory Authority („ASF"), within the scope of its supervisory powers with respect to the Company's branch in Romania, has initiated the process of reviewing the branch's compliance with the local law and internal regulations. Scope of control includes, inter alia, review of (i) operational activity, as well as documents and information forwarded to clients and potential clients, (ii) organization and functioning of internal control system, (iii) transactions registers and the manner of its archiving, (iv) policies and internal mechanisms for money laundering prevention.

On 19 September 2017 the Company received a control report indicating that inspectors found irregularities and deficiencies in the implementation and enforcement of the applicable laws and regulations by the Company and branches, in response to which the Company has lodged substantiated objection in accordance with the applicable regulations.

No assurance may be given that if based on any breach or irregularities in the implementation of prevailing laws and regulations by the Company's branch the ASF will not, inter alia: (i) issue warning, (ii) issue recommendations requiring the branch to implement relevant measures to remedy a breach, (iii) restrict or withdraw the Company's permit to conduct brokerage activities in Romania, or (iv) impose a cash penalty ranging from RON 1 000 to RON 1 000 000 (from PLN 0,9 thousand to PLN 926,9 thousand) or up to 5% of the turnover pertaining to the financial year from before it being sanctioned, or impose other sanctions.

On 27 September 2017 the Company obtained a PFSA resolution on the suspension of a proceeding on a license to use the delta calculated on the basis of its option pricing model. The Company received an expert opinion in which it was stated that the CRR Regulation is not applicable to the specificity of the binary options in respect of use of delta. In the near future the Company is planning to ask the European Banking Authority for an interpretation of the CRR Regulation in the area of binary options and use of delta.

At first the proceeding was initiated by the Company in March 2014, then suspended and resumed by the Company on March 5, 2015. The Company introduced Up & Down options in 2012 on the basis of exceptions stemming from the provisions of the Polish Capital Requirements Regulation Offering Up & Down was not required by the PFSA. Due to the entry into force on January 1, 2014, the CRR Regulation abrogating the Polish Capital Requirement Regulation risks to say that the Group offers Up & Down options without the PFSA's consent, and that the Company may be subject to penalties or other sanctions by the PFSA from this title.

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 inter alia (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. Transposition of the MiFID II Directive into the national law by the particular Member States was about to proceed till 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.

Poland is currently working on the implementation of the MiFID II / MiFIR Package into the Polish legal order and consultations are being drafted on the amendment of the Act on Trading in Financial Instruments and some other acts.

At the submission date of this report, the Company undertakes efforts in order to adapt its business activity to above-mentioned provisions. The Company is not able to accurately estimate the full impact of the referred regulations on the activity of the Group. It cannot be excluded that the process of adaptation to the changes may result in the necessity to incur a significant financial outlays by the Group, implementation of significant organizational changes, or even cause the need to reduce its business activity, which may affect financial position and results of the Group as well as the price of shares.

Plans for further limitation of CFD’s leverage in Poland - draft bill amending act on supervision over financial market and other acts

Draft bill, dated July 10 2017, which amends act on supervision over financial market has been published on July 12, 2017. Based on this act, most important provisions concern, inter alia, (i) increase of requirements of margin deposits for Polish clients in regard to transactions in CFDs, from 1% to 4%, and therefore decrease of financial leverage to 1:25, and (ii) powers granted to PFSA, which allows PFSA to keep record of internet domains and block internet domains of investment firms, used for the purposes of providing non-compliant financial services.

As of the date of this report, the project is being consulted. It is not known yet how the final shape of the bill will look. The entry into force of the leverage restriction in the projected shape will most likely increase the transaction costs for the Company's clients from Poland, which may adversely affect their ability and interest in trading instruments offered by the Company, particularly when clients have access to foreign investment firms' Polish regulations, which in turn may have a negative impact on the volume of trading in instruments offered by the Company in Poland, and thus on the Company's business, financial position and results.

Changes in the scope of protection of personal data - the so-called the GDPR

On 4 May 2016 in the Official Journal of the European Union a legislative package on a new EU legal framework for data protection has been published. The package consists of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation – the GDPR) and the Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA. Implementation of the Directive by the Member States, with some exceptions, shall take place by 6 May 2018. The GDPR does not require implementation and will be used directly by all of the countries of the Community as of 25 May 2018. It is important to note that the obligations arising from the GDPR will also affect those entities which are established outside the EU but offer their services to EU citizens.

The purpose of the aforementioned regulations is to ensure a high and uniform level of data protection throughout the European Union, as well as rise a sense of legal certainty in this area. The following main legal changes will be introduced by the GDPR: (i) an increase of administrative penalties, which depending on the violations, may amount to EUR 20 million, or 4% of the worldwide turnover for the previous year, depending on which amount will be higher, (ii) an obligation to notify a personal data protection authority (in Poland: GIODO) not later than 72 hours after having become aware of any breach of data security, (iii) the introduction of the requirement to ensure the security of personal data processing by entrepreneurs by keeping detailed documentation, including documents confirming the compliance of data processing with applicable laws and regulations, (iv) the introduction of the requirement to design the services or products in a way which enables the use of the minimum possible amount of personal data processed for their support, (v) regulation of the data subjects’ rights and strengthening of existing rights by limiting the data processing, (vi) granting the GIODO broad powers e.g. the power to impose an obligation to temporarily or permanently reduce data processing by the entrepreneur, including the prohibition on personal data processing, (vii) regulation of the right to data portability, enabling the person to request for transfer its data between entrepreneurs, (viii) the new obligation to establish the Data Security Administrator in each enterprise if: a state authority is a personal data administrator, data processing is the core business of the enterprise or large amounts of sensitive data are processed, (ix) facilitation of processing of personal data within the capital group, which carry on the same activity, (x) the introduction of the “one stop shop” mechanism enabling to choose the supervisory authority for the whole capital group, e.g. the Polish GIODO.

Poland is currently working on the implementation of the above-mentioned regulations into the Polish legal order.

At the submission date of this report, the Company is not able to accurately estimate the impact of the above-mentioned regulations on the activity of the Group. It cannot be excluded, that the process of adaptation to the changes may result in the necessity of to incur a significant financial outlays by the Group, or implementation of significant organizational changes.

The exchange of tax information with other countries - implementation of Common Reporting Standard (CRS) and the so-called Euro-FATCA

Act on the exchange of tax information with other countries of March 9, 2017, entered into force on April 3, 2017. The purpose of the Act is the implementation into the Polish legal system the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation as well as regulations enabling the automatic exchange of tax information with other than EU countries on the basis on a Common Reporting Standard (CRS). The Republic of Poland declared in the multilateral agreement of the competent authorities concerning the automatic exchange of financial information for tax purposes, signed on 29 October 2014, that will implement above-mentioned acts. Poland did not implement the aforementioned directive at the given time. These regulations are aimed to create a system of exchange of tax information between countries, in order to effectively combat tax evasion made by tax residents from each jurisdiction, regarding to their taxable income earned abroad.

According to this Act, financial institutions are required to: (i) the application of due diligence procedures and reporting procedures involving identification and reporting of accounts belonging to tax residents form other countries (ii) registration of undertaken actions with due diligence (iii) collecting the documentation required in application of due diligence procedures, in particular statements about the tax residence of account holders or persons controlling this accounts and documentary evidences. In addition, institutions are obliged to store the reports, records of activities and documentation indicated above for a period of 5 years from the end of the year in which the obligation to provide information about the account arose. If a financial institution fails to meet these obligations dissuasive sanctions may be imposed.

The Company has exercised due diligence in order to comply with its obligations under the Act. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the Act 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.

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. According to the position of the PFSA's 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.

The Company has exercised due diligence in order to comply with the PFSA Guidelines. However, it cannot be excluded that a given rule or requirement will be interpreted by the Company in a manner inconsistent with the PFSA approach which may be connected with risk of supervisory activities and sanctions specified in binding laws and may require incurring by the Company significant financial outlays and implementation of the significant organizational changes.

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 supposed to enter in force on 31 December 2016. On 9 November 2016 European Commission proposed delaying Regulation's entry into force to

1 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.

At the submission date of this report 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.

Preventing use of the financial system for money laundering or terrorist financing - the so-called IV AML Directive

The European Union is working on the adaptation of national legal systems to the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (the Directive). The main changes resulting from the new legislation are among others: (i) highlight of the importance of a comprehensive approach to the analysis of the risk of money laundering and terrorist financing, at transnational, national and institutional levels, (ii) clarification of the methods of the real beneficiaries identification, (iii) extension of the definition of politically exposed persons (PEP) by adding domestic persons to that group, (iv) extension of the scope of the new regulations on entities receiving cash payments above EUR 10 000, instead present EUR 15 000.

Polish legislator has not transposed the Directive within the required time, which expired on 26 June 2017. The draft bill amending act on counteracting money laundering and terrorism financing implementing to Polish jurisdiction provisions of Directive is under consultations of Legal Committee. Most important provisions of draft bill concern, inter alia, (i) change of definition of beneficial owner and politically exposed person, (ii) necessity of introduction procedures concerning identification and risk assessment regarding the money laundering and terrorism financing in relation to business activity, (iii) obligation of implementing unified AML procedure for entire capital group, (iv) reduction of time period for transaction reporting to GIIF up to 7 days after given transaction, (v) decrease of cash transaction limit to EUR 10 000, (vi) increase of fines and penalties for infringement of AML act in the amount equivalent to EUR 1 000 000 or EUR 5 000 000 or up to 10% of the revenue shown in the Company's last audited financial statements.

At the submission date of this report the Company is not able to accurately estimate the full impact of the referred regulations on the activity of the Group. It cannot be excluded that the process of adaptation to the changes may result in the necessity to incur a significant financial outlays by the Group or implementation of significant organizational changes, which may affect financial position and results of the Group as well as the price of shares.

Amendment of Trading in Financial Instruments Act

On April 29, 2017, the Act of 9 March 2017 amending the Trading in Financial Instruments Act and certain other acts entered into force. The most important assumptions introduced by the amendment are, inter alia, the following: (i) the abolition of the regulated market division into the stock exchange market and over-the-counter market, (ii) the introduction of the derivative account definition - provisions indicate entities authorized to maintain derivatives records and specify the scope of permits allowing those entities to keep such records, (iii) the change of the authority authorized to issue permissions for operating a regulated market from the minister responsible for financial institutions into the PFSA and (iv) the promotion of brokerage services. As of the date of entry of this Act into force, clients or potential clients acquisition, including information on the scope of brokerage services and concluding agreements for providing of brokerage services by a financial institution, may be conduct solely by a financial institution or tied agent of investment institution, provided that the investment institution may entrust the promotion of its services to other entities only if the information provided by these entities is directed at the same time to a broad group of clients or potential clients, or to the undefined recipient.

The Company has exercised due diligence in order to comply with the Act. However, it cannot be excluded that measures undertaken by Company in order to implement above requirements will be interpreted by the Company in a manner inconsistent with the Act which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Company significant financial outlays and implementation of the significant organizational changes.

Activity of the European Securities and Markets Authority ("ESMA")

The group is witnessing continuous regulatory changes in the industry at an international level that may change over time. The European Securities and Markets Authority (ESMA) published on 29 June this year. Statement regarding possible product interventions for CFDs, binary options and other highly speculative financial products that would take place under MIFIR. In a statement, ESMA informed that Limiting the level of leverage, banning the offering of bonuses, introducing the so-called protection against negative balance and introduction of restrictions on advertising and promotion. The company is not able to predict the final shape of planned changes related to the abovementioned restrictions. As stated by ESMA, intervention restrictions may enter into force at the earliest from 3 January 2018.

The Company is not in a position to predict the final shape of planned changes related to the abovementioned restrictions. According to ESMA's statement, intervention restrictions may enter into force at the earliest as of 3 January 2018. It cannot be ruled out that the restriction introduced by ESMA will have a significant impact on the way the Group offers and promotes financial products, and further on the results. The Group's financial and will require the Group to incur further significant financial outlays and implement significant organizational changes.

France

In France the works on the introduction of restrictions on promoting the services in the scope of, inter alia, derivatives on the OTC market were completed. The act, passed by the French parliament on 8 November 2016 entered into force on 11 December 2016. As a consequence of the implementation of the act French supervisory authority - AMF adapted its own regulations applicable to investment firms providing services on French territory. The restrictions are one of the other underlying assumptions included in the French Monetary and Financial Code. The Act introduces, inter alia, 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 for which a client is unable to estimate maximum exposure to 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 Company has exercised due diligence in order to comply with the amended regulations. However, it cannot be excluded that measures undertaken by the Company in order to implement above requirements will be interpreted by the Company in a manner inconsistent with the Act which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Company significant financial outlays and implementation of the significant organizational changes.

Turkey

On 10 February 2017 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. Key assumptions include the reduction of used leverage to 1:10 and the introduction of minimum deposit of TRY 50 thousand (or the equivalent in foreign currency – approx. 12 thousand USD). The changes referred to above entered into force with immediate effect for all customers and open positions from 10 February 2017, and in relation to the positions opened before that date was a deadline 45 days to adjust the current state to the new regulations.

With regard to detailed analysis completed on 18 May 2017 on impact of the regulatory changes of principles concerning investment services and ancillary services on Company operations on the Turkish market the Company decided to withdraw from this market. In relation to the above, the necessary actions have been made in order to liquidate X Trade Brokers Menkul Değerler A.Ş.

Germany

On 8 May 2017 German supervisory authority - BaFin published General Administrative Act limiting the promotion, distribution and sale of CFD financial instruments, of which transactions may result that on client's account will occur debt. Such debt is the result of transactions where the loss exceeds the value of client's deposits.

The Company has made every effort to comply with the above regulations. However, it cannot be ruled out that a given rule or requirement will be interpreted by the Company in a manner incompatible with the BaFin approach, which may involve application to the Company of the supervisory activities and sanctions provided for in the applicable legislation and may require the Company to incur further significant financial expenses and Implementation of significant organizational changes.

Great Britain

On 6 December 2016 British supervisory authority - FCA submitted for consultation the document called Enhancing conduct of business rules for firms providing contract for difference products to retail clients. The main assumptions of legal changes include among others reduction of leverage offered depending on the client's investment in derivatives experience. Under the proposed assumptions for experienced retail clients i.e. those who have done at least 40 transactions in a continuous period of 12 months over the last 3 years, or at least 10 transactions per quarter in the four quarters over the last three years the maximum leverage level will be 1:50. For other clients leverage was set at the maximum level 1:25. Further proposals indicated in the document assume preventing offering of bonuses or rebates, which depend on the opening of an account or payment of deposit by the client. The document also envisages the introduction of obligation to publish standardized information on the risks of investing in derivative instruments and information on the percentage of accounts, on which gain or loss was reported in the preceding quarter and the preceding 12 months.

According to the FCA information, the publication of final version of the document has been delayed, pending the outcome of discussions being conducted within the European Securities and Markets Authority ("ESMA") about the possible use of its product intervention powers under article 40 of MiFIR. At the date of this report, the Company cannot exclude the possibility that the provided restrictions will have a material adverse impact on the operations, financial position and results of the Group on the United Kingdom market, as well as the price of Shares.

Spain

On 17 March 2017 Spanish supervisory authority (Comisión Nacional del Mercado de Valores – CNMV) has required financial institutions offering CFD financial instruments and binary options which use leverage higher than 1:10, to include relevant information and warnings and to apply mechanisms which enforce client to acquaint with them and to accept the risks related with these products, inter alia, during the process of brokerage services agreement conclusion, before usage of such services and, as well, during usage of such services by client. Required by the CNMV warnings enforce clients of financial institutions to become acquainted with the risks related with products, and in case of willingness to use these products, to express unequivocal acceptation of this risk. Regulations are designed to protect individual investors.

The Company has exercised due diligence in order to comply with the above regulations. However, it cannot be excluded that measures undertaken by Company in order to implement above requirements will be interpreted by the Company in a manner inconsistent with the regulations which may be connected with risk of administrative sanctions and other administrative measures specified in binding laws and may require incurring by the Company significant financial outlays and implementation of the significant organizational changes.

Romania

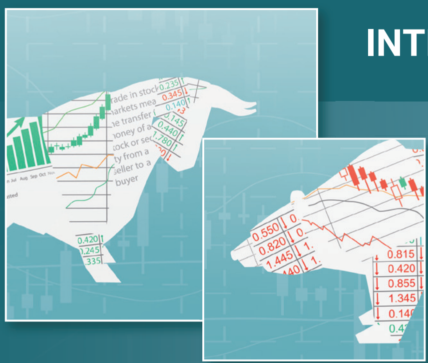
Romania is working on amending the Capital Markets Act No. 24/2017. The Romanian Regulatory Authority - Autoritatea de Supraveghere Financiară ("ASF") has submitted to the Ministry of Finance a draft amendment, which maintains a prohibition on the distribution of CFD derivatives and binary options to retail clients in Romania. Currently, work is underway to determine the exact scope of the constraints and the final shape of the project. It is envisaged that the amending law may be adopted at the beginning of 2018, while the entry into force could take place in mid-2018. The draft amendment is in the process of consultation and it is not yet known what the final shape of the bill will look like.

Financial transaction tax

As at the submission date of this report 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. 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. As at the submission date of this report there is no official information about the possible date of the imposition of such a tax.

xtb
online trading



INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)	30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Result of operations on financial instruments	67 733	33 135	177 650	122 134
Income from fees and charges	1 032	1 237	3 124	3 596
Other income	29	19	66	42
Total operating income	**68 794**	**34 391**	**180 840**	**125 772**
Salaries and employee benefits	(14 654)	(12 304)	(43 464)	(42 084)
Marketing	(5 083)	(6 260)	(17 472)	(31 564)
Other external services	(4 989)	(3 483)	(14 399)	(12 724)
Costs of maintenance and lease of buildings	(1 342)	(1 327)	(4 038)	(4 260)
Amortization and depreciation	(962)	(1 055)	(3 027)	(3 287)
Taxes and fees	(166)	(777)	(1 411)	(1 075)
Fee expenses	(979)	(783)	(3 213)	(2 781)
Other costs	(647)	(258)	(1 520)	(2 294)
Total operating expenses	**(28 822)**	**(26 247)**	**(88 544)**	**(100 069)**
Profit on operating activities	**39 972**	**8 144**	**92 296**	**25 703**
Impairment of investments in subsidiaries	**–**	**–**	**(9 720)**	**–**
Finance income	296	(5 892)	762	2 035
Finance costs	614	1 590	(12 069)	(2 534)
Profit before tax	**40 882**	**3 842**	**71 269**	**25 204**
Income tax	(7 864)	(808)	(13 765)	(2 029)
Net profit	**33 018**	**3 034**	**57 504**	**23 175**
Other comprehensive income	**969**	**(940)**	**(741)**	**60**
Items which will be reclassified to profit or loss after meeting specific conditions	969	(940)	(741)	60
– foreign exchange differences on translation of foreign operations	*388*	*(127)*	*271*	*(396)*
– foreign exchange differences on valuation of separated equity	*717*	*(1 004)*	*(1 249)*	*563*
– deferred income tax	*(136)*	*191*	*237*	*(107)*
Total comprehensive income	**33 987**	**2 094**	**56 763**	**23 235**
Earnings per share:				
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	0,28	0,03	0,49	0,20
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	0,28	0,03	0,49	0,20
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	0,28	0,03	0,49	0,20
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	0,28	0,03	0,49	0,20

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	30.09.2017 (UNAUDITED)	31.12.2016 (AUDITED)	30.09.2016 (UNAUDITED)
ASSETS			
Own cash and cash equivalents	215 348	233 942	187 255
Customers' cash and cash equivalents	420 968	352 830	313 293
Financial assets held for trading	140 639	90 224	66 566
Investments in subsidiaries	59 334	66 095	66 095
Income tax receivables	115	1 016	9 634
Loans granted and other receivables	3 930	12 036	11 442
Prepayments and deferred costs	3 680	2 891	4 268
Intangible assets	2 677	4 136	4 723
Property, plant and equipment	2 867	3 115	2 936
Deferred income tax assets	8 667	9 086	8 921
Total assets	**858 225**	**775 371**	**675 123**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to customers	407 993	350 821	320 752
Financial liabilities held for trading	28 333	21 647	8 543
Income tax liabilities	4 443	4 227	2 565
Other liabilities	17 742	20 438	19 036
Provisions for liabilities	787	883	844
Deferred income tax provision	15 452	13 080	10 081
Total liabilities	**474 750**	**411 096**	**361 821**
Equity			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	247 854	212 416	212 416
Foreign exchange differences on translation	1 132	1 873	724
Retained earnings	57 012	72 509	22 685
Total equity	**383 475**	**364 275**	**313 302**
Total equity and liabilities	**858 225**	**775 371**	**693 644**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2017 to 30 September 2017

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2017	**5 869**	**71 608**	**212 416**	**1 873**	**72 509**	**364 275**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	57 504	**57 504**
Other comprehensive income	–	–	–	(741)	–	**(741)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(741)**	**57 504**	**56 763**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	35 438	–	(73 001)	**(37 563)**
- dividend payment	–	–	–	–	(37 563)	**(37 563)**
- transfer to other reserves	–	–	35 438	–	(35 438)	**–**
As at 30 September 2017 (unaudited)	**5 869**	**71 608**	**247 854**	**1 132**	**57 012**	**383 475**

Statement of changes in equity for the period from 1 January 2016 to 31 December 2016

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION 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	–	–	–	–	72 999	**72 999**
Other comprehensive income	–	–	–	1 209	–	**1 209**
Total comprehensive income for the financial year	**–**	**–**	**–**	**1 209**	**72 999**	**74 208**
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 31 December 2016 (audited)	**5 869**	**71 608**	**212 416**	**1 873**	**72 509**	**364 275**

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 TRANSLATION 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**

INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2017 (UNAUDITED)	30.09.2016 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	71 269	25 204
Adjustments:		
(Gain) loss on sale or disposal of items of property, plant and equipment	37	2
Amortization and depreciation	3 027	3 287
Foreign exchange (gains) losses from translation of own cash	1 966	(1 278)
(Gain) Loss from investment activity	9 720	–
Other adjustments	(726)	38
Changes		
Change in provisions	(96)	13
Change in balance of financial assets and liabilities held for trading	(43 729)	(5 247)
Change in balance of restricted cash	(68 138)	(30 500)
Change in balance of loans granted and other receivables	7 376	2 498
Change in balance of prepayments and accruals	(789)	(2 087)
Change in balance of amounts due to customers	57 172	31 467
Change in balance of other liabilities	(2 596)	(6 889)
Cash from operating activities	**34 493**	**16 508**
Income tax paid	(9 857)	(10 974)
Interest	3	(9)
Net cash from operating activities	**24 639**	**5 525**
Cash flow from investing activities		
Proceeds from sale of items of property, plant and equipment	65	–
Expenses relating to payments for property, plant and equipment	(980)	(723)
Expenses relating to payments for intangible assets	(457)	(120)
Repayment of loans granted	732	–
Expenses relating to payments for investments in subsidiaries	(2 958)	–
Net cash from investing activities	**(3 598)**	**(843)**
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(100)	(90)
Interest paid under lease	(3)	(8)
Expenses relating to the increase of subsidiaries' capital	–	(2 648)
Dividend paid to owners	(37 563)	(91 559)
Środki pieniężne netto z działalności finansowej	**(37 666)**	**(94 305)**
Increase (decrease) in net cash and cash equivalents	**(16 625)**	**(89 623)**
Cash and cash equivalents – opening balance	**233 942**	**275 592**
Effect of FX rates fluctuations on balance of cash in foreign currencies	**(1 969)**	**1 286**
Cash and cash equivalents – closing balance	**215 348**	**187 255**

Warsaw, November 13th 2017

Omar Arnaout President of the Management Board	Paweł Frańczak Member of the Management Board
Paweł Szejko Member of the Management Board	Filip Kaczmarzyk Member of the Management Board
Ewa Stefaniak The person responsible for bookkeeping	

xtb
online trading

www.xtb.pl