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online trading

3Q 2016 Results Presentation

November 2016

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Agenda

■ Key highlights

■ Operations review

■ Consolidated financial results

■ Appendix

Key highlights

NET PROFIT (3Q / 1-3Q)

PLN 4,2 MM / PLN 27,3 MM

-92% / -73% y/y

EBITDA (3Q / 1-3Q)

PLN 9,7 MM / PLN 31,1 MM

-84% / -76% y/y

OPERATING INCOME (3Q / 1-3Q)

PLN 42,8 MM / PLN 156,6 MM

-55% / -30% y/y

NEW ACCOUNTS

8 060 / 21 676

20% / - 6% y/y

NET DEPOSITS

PLN 60,7 MM / PLN 197,3 MM

-45% / - 23% y/y

CFD VOLUME

468 686 / 1 526 995 LOTS

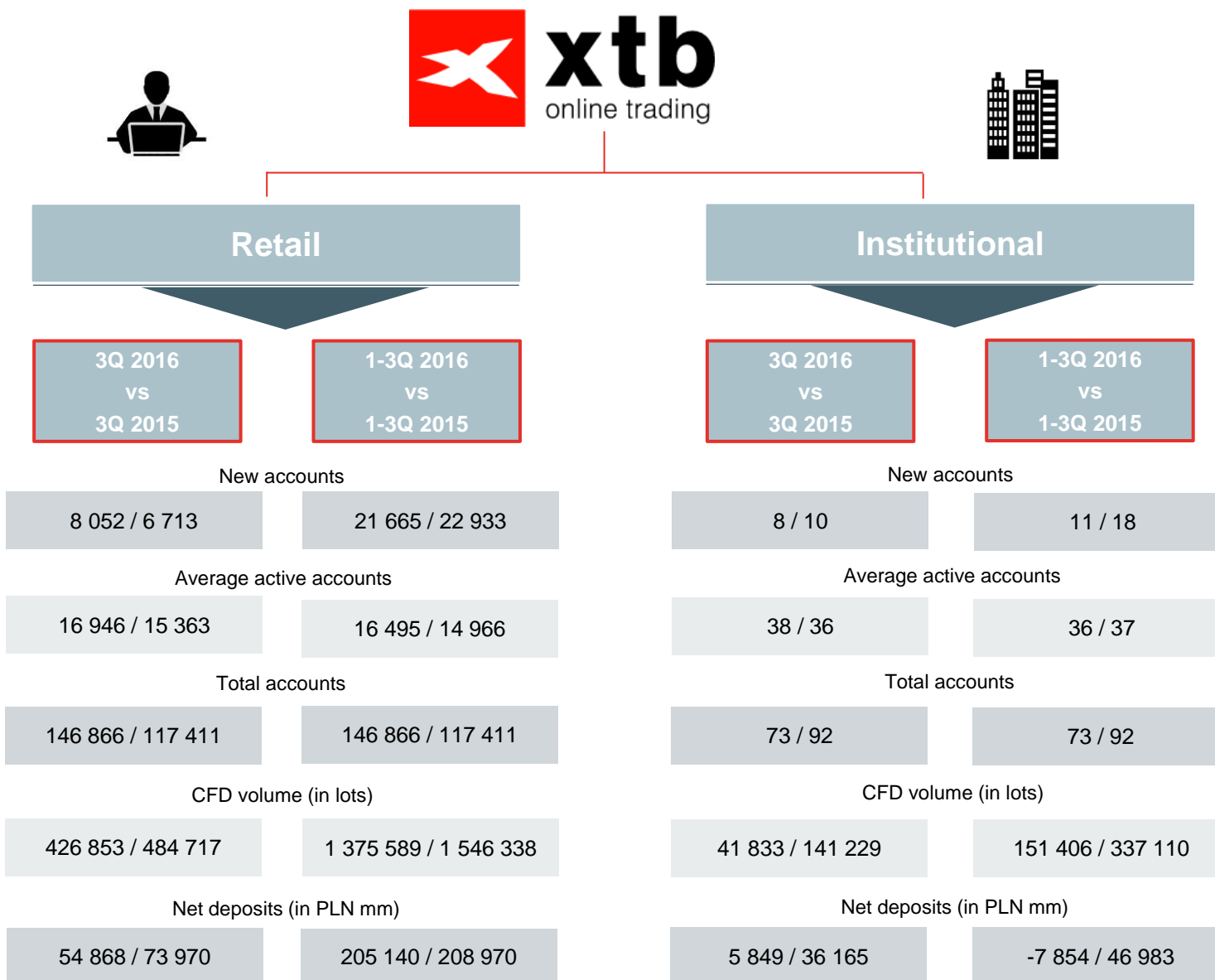
-25% / - 19% y/y

Operations review

Trading instruments and improvements introduced in 1-3Q 2016

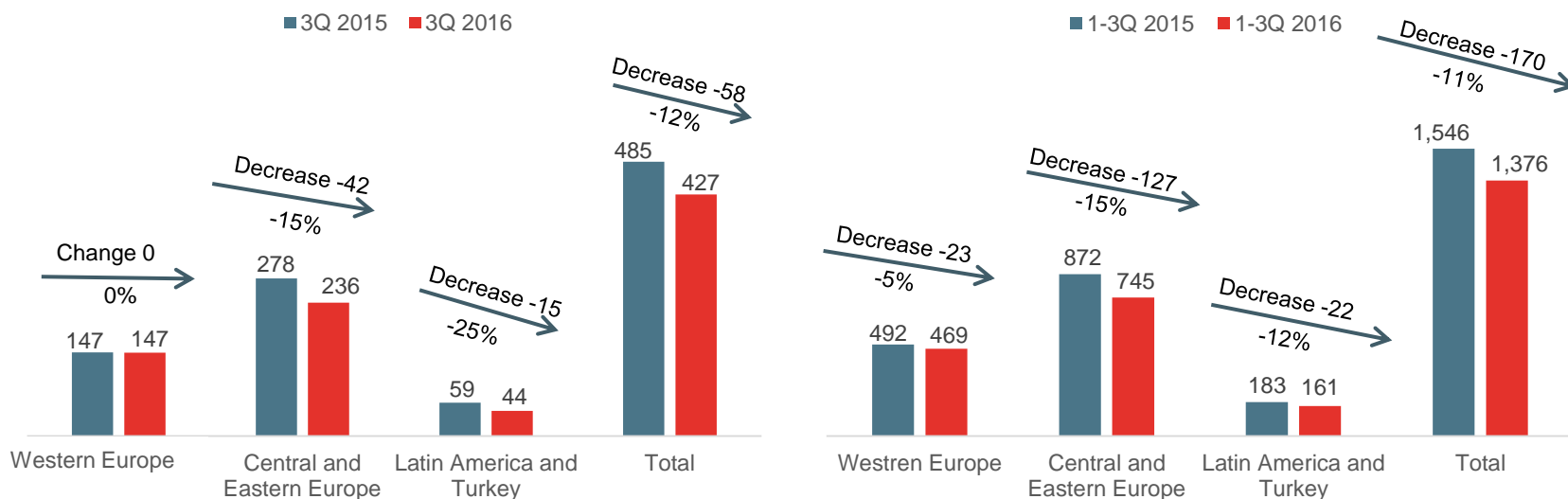
New equity CFDs	<ul style="list-style-type: none"> Several hundred new CFDs based on shares listed on global stock exchanges has been introduced.
Synthetic stocks	<ul style="list-style-type: none"> Synthetic stocks (non leveraged CFDs based on shares from the international stock exchanges.
Instruments portfolio	<ul style="list-style-type: none"> Total number of financial instruments has been increased to more than 3 000.
CRM tools	<ul style="list-style-type: none"> Consistent implementation of modern CRM tools in branches - tool for the comprehensive management of customer relations from the first contact through further service stages to signing the agreement and maintaining post-sale relations.
xStation	<ul style="list-style-type: none"> xStation for Smartwatch was released, as well as the new, improved version of xStation for Android. In the 3Q 2016 also a new version of xStation based on HTML 5 was released.
Servers update	<ul style="list-style-type: none"> Servers located in Germany were modernized, resulting in an even faster execution of the customers' orders.
Marketing activity	<ul style="list-style-type: none"> Increased marketing activity of the Group on selected markets. The Group launched a global branding campaign using an actor Mads Mikkelsen. Also educational project with participation of football player Grzegorz Krychowiak was implemented, which allows beginners to acquire necessary knowledge for trading.

Operations review continued

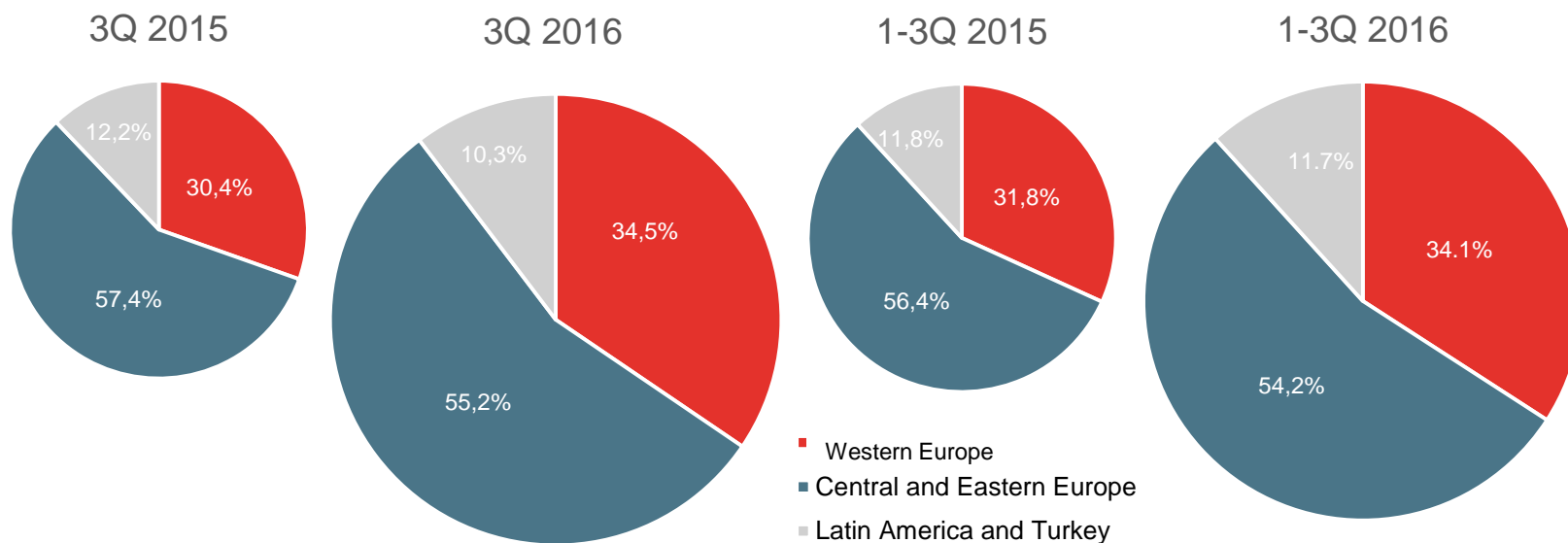


Operations review continued

Retail transaction volumes by geographical area (thousand lots)

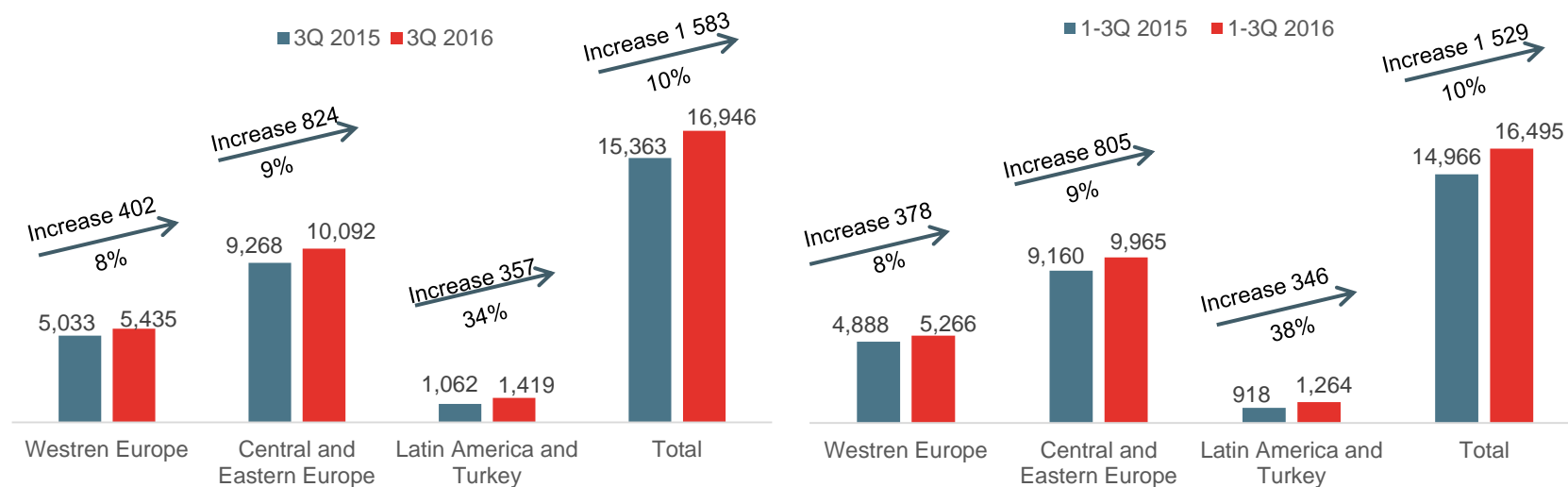


Retail transaction volumes by geographical area (% share)

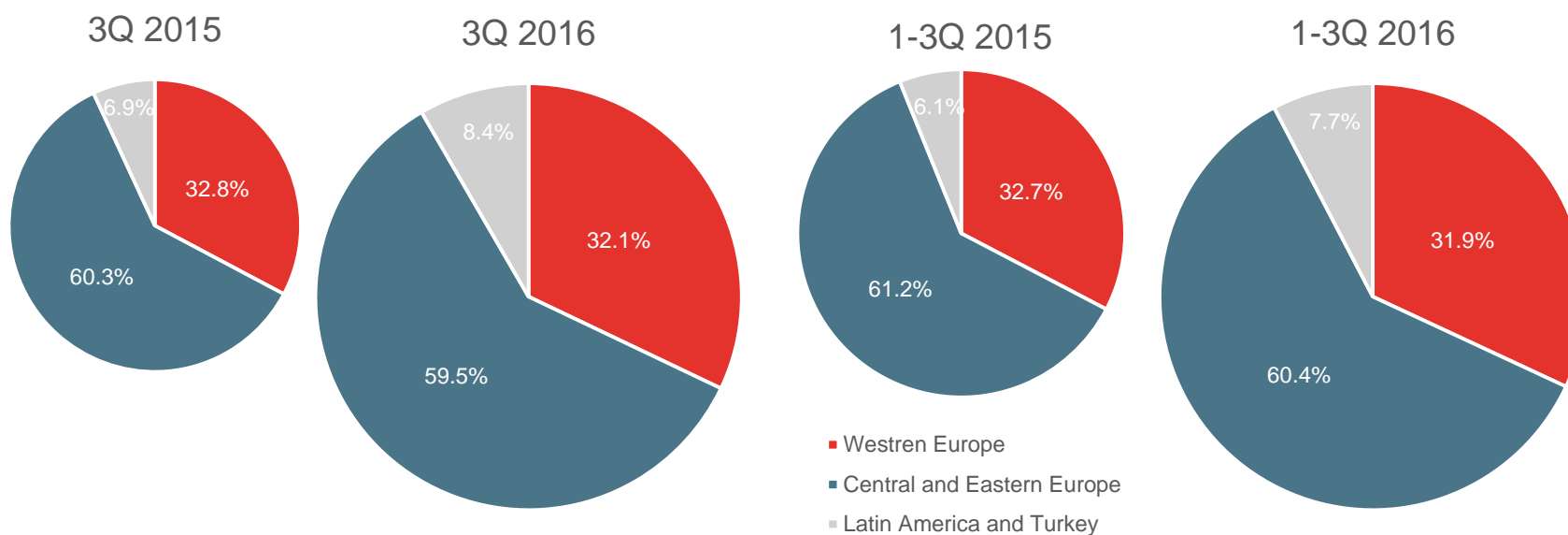


Operations review continued

Average number of retail active accounts

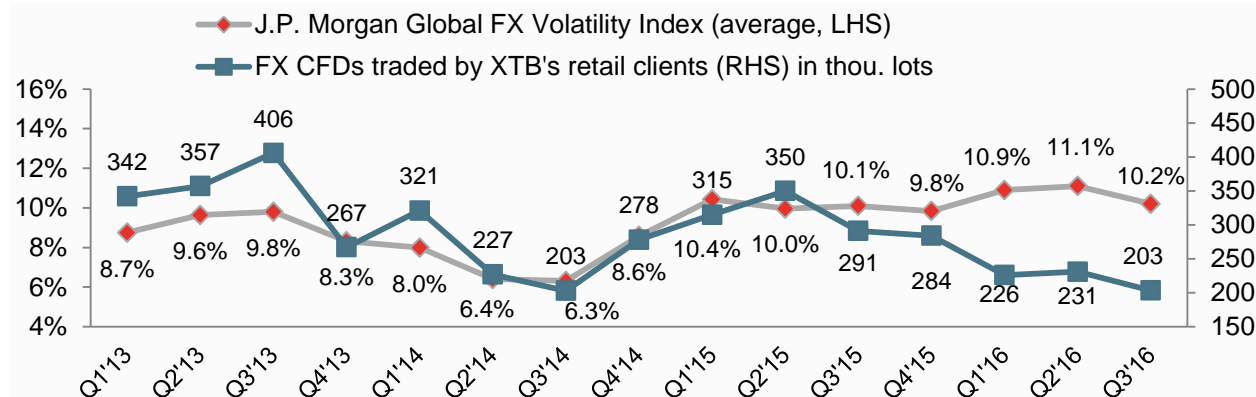


Average number of retail active accounts (%)



Operations review continued

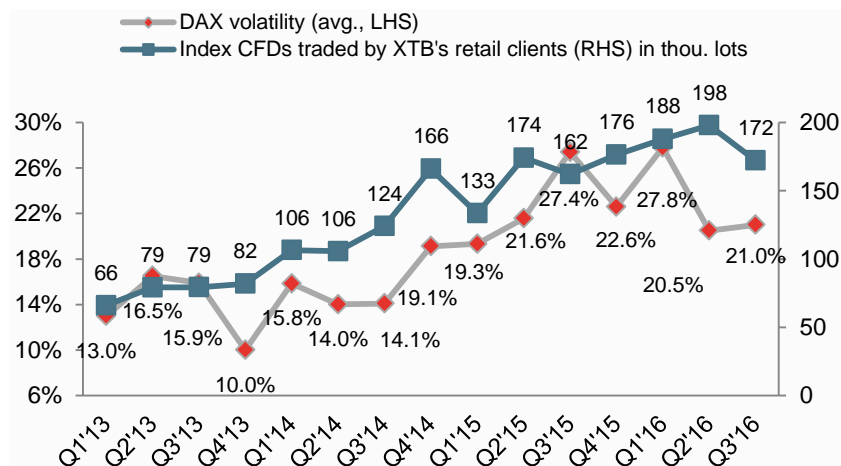
FX volatility on the market



Source: Bloomberg, XTB

■ Gradual increase of FX volatility driven by geopolitical events and divergent monetary policies among the developed countries is accompanied by growing volatility of stocks and commodities

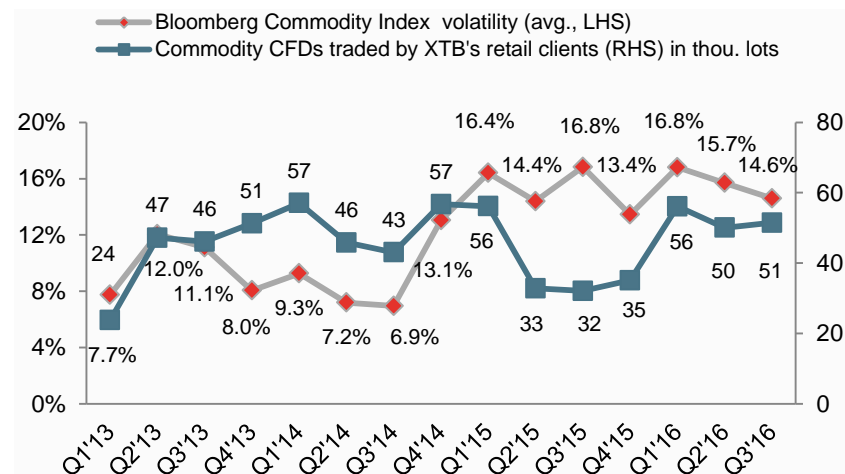
Volatility of equity market¹



Source: Bloomberg, XTB

¹ Volatility of German blue chip index DAX 30 and Bloomberg Commodity Index is calculated as an annualized historical daily volatility based on 30-day period standard deviation

Volatility of commodity market¹



Consolidated financial results

Consolidated comprehensive income statement

PLNmm	3Q 2016	3Q 2015	Change	1-3Q 2016	1-3Q 2015	Change
Result of operations on financial instruments	41,5	93,7	(52,2)	152,6	220,1	(67,5)
Other income	1,3	2,0	(0,7)	4,0	5,0	(1,0)
Total operating income	42,8	95,7	(52,9)	156,6	225,1	(68,5)
Salaries and employee benefits	(16,2)	(17,9)	1,7	(54,7)	(51,1)	(3,6)
Marketing	(8,0)	(5,8)	(2,2)	(40,3)	(17,2)	(23,1)
Other operating expenses	(10,2)	(11,1)	0,9	(34,5)	(31,4)	(3,1)
Total operating expenses	(34,4)	(34,8)	0,4	(129,5)	(99,7)	(29,8)
Operating profit	8,4	60,9	(52,5)	27,1	125,4	(98,3)
Finance income	(5,3)	1,9	(7,2)	4,3	4,6	(0,3)
Finance costs	2,2	0,3	1,9	(1,1)	(2,5)	1,4
Profit before tax	5,3	63,1	(57,8)	30,3	127,5	(97,2)
Income tax	(1,1)	(12,2)	11,1	(3,0)	(25,2)	22,2
Net profit	4,2	50,9	(46,7)	27,3	102,3	(75,0)

Historical quarterly financial results vs. volatility on the markets

PLNmm	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016
Total operating income	95,5	34,0	95,7	57,3	82,8	31,0	42,8
Total operating expenses	(31,5)	(33,3)	(34,8)	(41,8)	(40,5)	(54,7)	(34,4)
Operating profit (loss)	64,0	0,6	60,9	15,5	42,3	(23,7)	8,4
Net profit (loss)	49,8	1,7	50,9	16,5	31,9	(8,8)	4,2

Consolidated financial results continued

Key financial indicators

	3Q 2016	3Q 2015	1-3Q 2016	1-3Q 2015	2015
EBITDA margin (%)	22,8	65,2	19,9	57,7	52,0
Aggregate capital adequacy ratio (%)	13,9	17,9	13,9	17,9	14,5
Return on equity – ROE (%)	5,5	61,3	10,7	39,5	33,5
Return on assets – ROA (%)	2,5	30,4	5,1	20,2	17,2
Net profit margin (%)	9,9	53,2	17,4	45,5	42,1

Retail

3Q 2016
vs
3Q 2015

1-3Q 2016
vs
1-3Q 2015

Revenues

40 675 / 96 491

146 354 / 223 771

Net profit

2 534 / 53 223

20 711 / 104 726

Net profit share

59,8% / 104,5%

75,9% / 102,1%

Profitability per lot

95 / 199

106 / 145

Institutional

3Q 2016
vs
3Q 2015

1-3Q 2016
vs
1-3Q 2015

Revenues

2 127 / (796)

10 263 / 1 417

Net profit

1 704 / (2 284)

6 574 / (2 195)

Net profit share

40,2% / -4,5%

24,1% / -2,1%

Profitability per lot

51 / -6

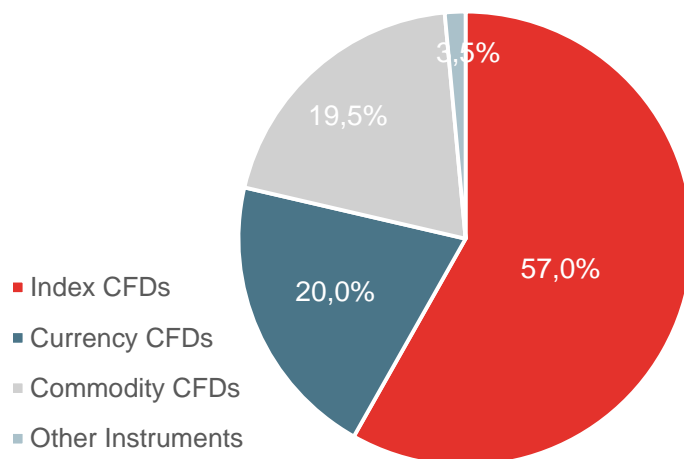
68 / 4

Consolidated financial results continued

The result of operations on financial instruments

PLNmm	3Q 2016	3Q 2015	Change (%)	1-3Q 2016	1-3Q 2015	Change (%)
CFDs						
Index CFDs	27 111	53 258	(49,1)	90 779	96 778	(6,2)
Currency CFDs	3 742	17 449	(78,6)	31 885	75 858	(58,0)
Commodity CFDs	11 609	24 109	(51,8)	31 047	52 661	(41,0)
Bond CFDs	113	98	15,3	1 351	284	375,7
Equity CFDs	389	333	16,8	944	475	98,7
Total CFDs	42 964	95 247	(54,9)	156 006	226 056	(31,0)
Option derivatives	1 114	857	30,0	3 352	2 173	54,3
Gross result of operations on financial instruments	44 078	96 104	(54,1)	159 358	228 229	(30,2)
Bonuses and discounts paid to clients	(663)	(1 065)	(37,7)	(2 763)	(4 650)	(40,6)
Commissions paid to cooperating brokers	(1 921)	(1 360)	41,3	(4 007)	(3 440)	16,5
Net result of operations on financial instruments	41 494	93 679	(55,7)	152 588	220 139	(30,7)

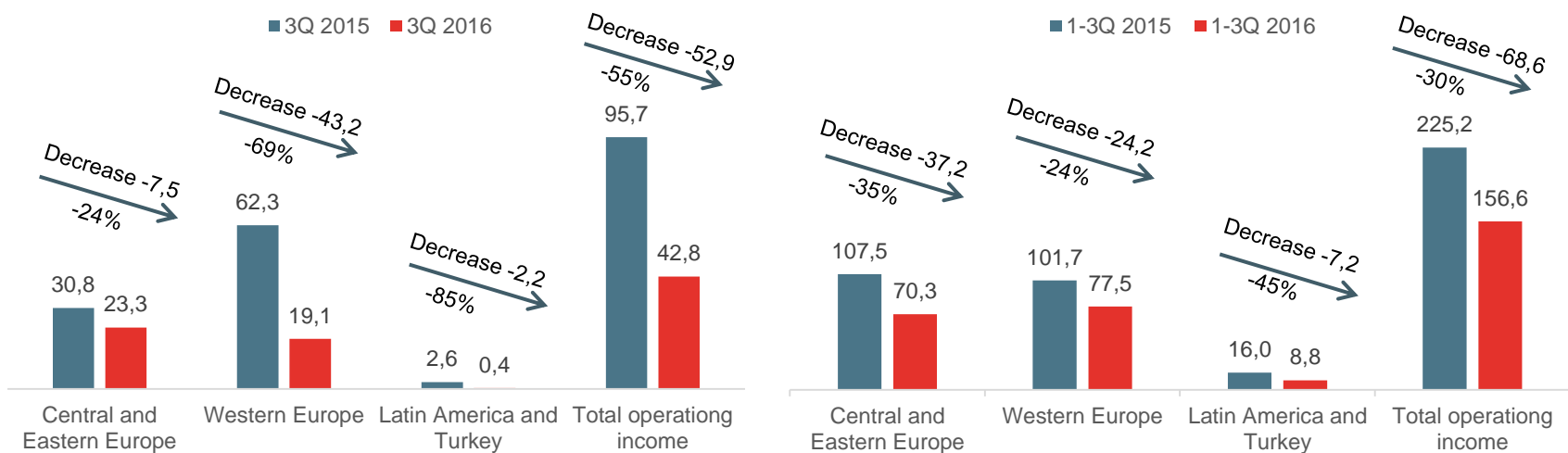
Revenue by class of instrument 1-3Q 2016



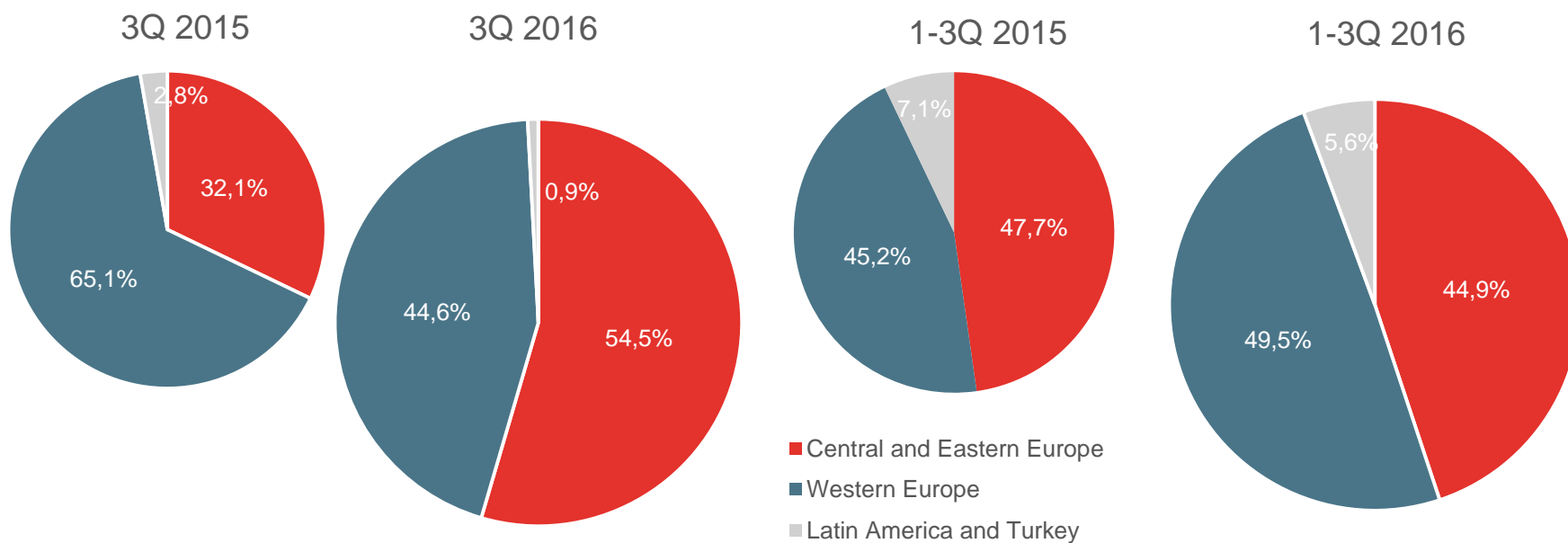
- High volatility on the markets at the beginning of 2016; in March lower volatility flatten revenue with significant impact on 1Q 2016 results.
- Range trading with no significant trends, growth of markets supported by low interest rates commitment resulted in the drop of financial instruments volume traded in lots and in lower revenues generated by the Group in 2Q and 3Q 2016.
- No significant volatility caused by Brexit, due to precautionary actions undertaken by the financial markets

Consolidated financial results continued

Revenue by geographical area (PLNmm)



Revenue by geographical area (%)

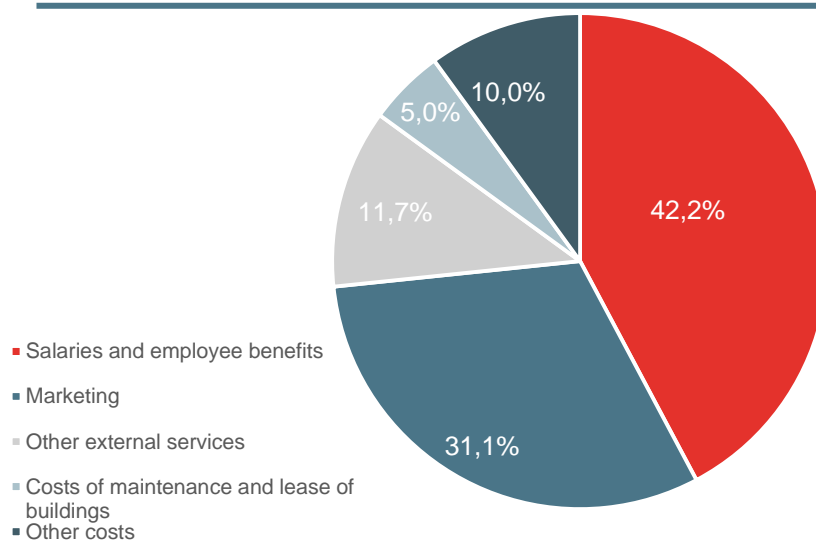


Consolidated financial results continued

Operating expenses

PLNmm	3Q 2016	3Q 2015	Change (%)	1-3Q 2016	1-3Q 2015	Change (%)
Salaries and employee benefits	(16,2)	(17,9)	(10)	(54,7)	(51,1)	7
Marketing	(8,0)	(5,8)	39	(40,3)	(17,2)	135
Other external services	(4,3)	(5,6)	(23)	(15,1)	(13,3)	14
Costs of maintenance and lease of buildings	(2,0)	(1,9)	2	(6,4)	(5,5)	16
Amortisation and depreciation	(1,3)	(1,5)	(10)	(4,1)	(4,3)	(5)
Taxes and fees	(1,0)	(0,4)	138	(1,9)	(1,3)	50
Fee expenses	(0,9)	(1,0)	(5)	(3,2)	(2,9)	11
Other costs	(0,6)	(0,7)	(11)	(3,8)	(4,0)	(8)
Total operating expenses	(34,4)	(34,8)	(1)	(129,5)	(99,6)	30

Operating expenses structure 1-3Q 2016



- Decrease of marketing costs in 3Q as compared to 2Q by 37% (i.e. PLN 20 mm)
- Marketing costs in the 3Q returned to the level from 1Q, due to limited marketing actions related to branding campaign undertaken in the 3Q 2016
- Lower costs of other external services in the 3Q due to lack of costs related to the public offering which occurred in previous quarters.
- Total operating costs in the 3Q 2016 reached comparable level as for 3Q 2015

Appendix

Appendix

Consolidated statement of financial position

PLNmm	30-Sep-16	31-Dec-15	30-Sep-15
Own cash and cash equivalents	240	325	296
Clients' cash and cash equivalents	335	298	287
Financial assets held for trading	70	64	73
Loans granted and other receivables	8	5	7
Intangible assets	11	13	15
Property, plant and equipment	4	4	4
Deferred income tax assets	12	12	12
Other assets	14	6	4
Total assets	694	727	698
Liabilities to clients	343	301	288
Financial liabilities held for trading	9	10	15
Reserve for deferred income tax	10	10	11
Other liabilities	25	32	28
Total liabilities	387	353	342
Shareholders' equity of the owners of the Parent Company	307	374	356
Non-controlling interests	-	-	-
Total liabilities and shareholders' equity	694	727	698

Appendix continued

Consolidated cash flow statement

PLNmm	1-3Q 2016	1-3Q 2015
Profit before tax	30,3	127,7
Depreciation	4,1	4,3
(Positive)/negative FX differences on translation of cash	(1,3)	(0,3)
Change in balance of financial assets and liabilities held for trading	(6,6)	(11,8)
Change in balance of restricted cash	(37,3)	(19,0)
Change in balance of loans granted and other receivables	(3,2)	(2,7)
Change in balance of liabilities to clients	41,6	20,1
Other adjustments and changes	(11,2)	(2,7)
Cash from operating activities	16,4	115,6
Income tax paid	(10,4)	(28,0)
Interest expense	-	-
Net cash from operating activities	6,0	87,6
Expenses relating to payments for property, plant and equipment	(0,9)	(1,2)
Expenses relating to payments for intangible assets	(0,2)	(0,0)
Other	-	0,3
Net cash from investing activities	(1,1)	(0,9)
Dividend paid to owners	(91,6)	(77,5)
Other cash flow from financial activities	(0,1)	(0,6)
Net cash from financing activities	(91,7)	(78,1)
Increase in net cash and cash equivalents	(86,8)	8,6



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