



X-TRADE BROKERS DOM MAKLEPSKI S.A.

(joint stock company with its registered office in Warsaw and address at ul. Ogrodowa 58, 00-876 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)

DISCLAIMER

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CURRENT REPORT NO 8/2018

Warsaw, 12 March 2018

Draft resolutions of the Ordinary General Meeting of X-Trade Brokers Dom Maklerski S.A.

The Management Board of X-Trade Brokers Dom Maklerski S.A. (the “**Company**”) hereby submits draft resolutions, which will be presented on the Ordinary General Meeting convened for 10 April 2017.

Concurrently, the Company submits:

- the Report of the Supervisory Board of the Company, which presentation and consideration is foreseen under point 11 of the planned agenda of the Ordinary General Meeting;
- the authorization to the Management Board to draw up the consolidated text of the Regulations of the Management Board is foreseen under point 14 of the planned agenda of the Ordinary General Meeting.

Legal basis:

Article 56.1.2 of the Act on Public Offering – current and periodic information.

**The draft resolutions to be discussed by the Annual General Meeting of
X-Trade Brokers Dom Maklerski S.A. convened on 10 April 2018**

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Ad. 2 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on appointing of the Chairperson of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A.**

§ 1

Annual General Meeting elects Mr/ Ms as the Chairperson of the Annual General Meeting

§ 2

The Resolution shall come into force on the day it has been passed.

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Ad. 4 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on adopting the agenda**

Annual General Meeting adopts the following agenda of the meeting:

1. Opening of the Annual General Meeting;
2. Appointment of the Chairperson of the Annual General Meeting;
3. Asserting that the Annual General Meeting has been convened correctly and is capable of adopting resolutions;
4. Adoption of the agenda;
5. Review and approval of the Management Board's report concerning the activity of the Group and the Company for 2017;
6. Adoption of the resolution concerning approval of the Company's separate financial statement for 2017;
7. Adoption of the resolution concerning approval of the consolidated financial statement of the Group X-Trade Brokers Dom Maklerski S.A. for 2017;
8. Adoption of the resolution concerning profit distribution;

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9. Adoption of the resolution concerning coverage of loss from previous years;
 10. Adoption of the resolutions concerning granting the vote of approval for the members of the Company's Management Board for performance of their duties in the year 2017;
 11. Review and approval of the report concerning the activity of the Company's Supervisory Board for 2017;
 12. Adoption of the resolution concerning granting the vote of approval for the members of the Company's Supervisory Board for performance of their duties in the year 2017;
 13. Adoption of the resolution on changes in the Statute of the Management Board;
 14. Adoption of the resolution authorising the Management Board to prepare a consolidated text of the Regulations of the Management Board;
 15. Other issues;
 16. Closing of the Annual General Meeting.
- =====

Ad. 5 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)**

**on reviewing and approval of the Management Board's report concerning the activity
of the Group and the Company for 2017**

§1

Annual General Meeting, after reviewing of the Management Board's report concerning the activity of the Group and the Company for 2017, hereby approves the Management Board's report concerning the activity of the Group and the Company for 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 6 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on approval of the Company's separate financial statement for 2017**

§1

Annual General Meeting, after reviewing of the Company's separate financial statement (Standalone Annual Report) for 2017, hereby approves the Company's separate financial statement (Standalone Annual Report) for 2017 prepared in accordance with International Financial Reporting Standards, consisting of:

- comprehensive income statement for the period of 1 January 2017 - 31 December 2017 which shows netto profit in the amount of PLN 87.398 thousand,
- statement of financial position on 31 December 2017, with total assets of and total liabilities and equity of PLN 853.391 thousand,
- statement of changes in equity for the financial year 1 January 2017 - 31 December 2017 presenting increase of the equity capital in the amount of PLN 48.574 thousand,
- cash flow statement which presents increase of the cash funds between 1 January 2017 and 31 December 2017 by the net amount of PLN 92.840 thousand,
- additional explanatory notes to the financial statements and other explanatory notes.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 7 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on reviewing and approval of the consolidated financial statement of the Group X-
Trade Brokers Dom Maklerski S.A. for 2017**

§1

Annual General Meeting, after reviewing of the X-Trade Brokers Dom Maklerski S.A. Capital Group's Consolidated consolidated financial statement (Consolidated Annual Report) for 2017, hereby approves the X-Trade Brokers Dom Maklerski S.A. Capital Group's consolidated financial statement (Consolidated Annual Report) for 2017 prepared in accordance with International Financial Reporting Standards, consisting of:

- comprehensive income statement for the period of 1 January 2017 - 31 December 2017 which shows netto profit in the amount of PLN 92.973 thousand,
- statement of financial position on 31 December 2017, with total assets of and total liabilities and equity of PLN 897.704 thousand,
- statement of changes in equity for the financial year 1 January 2017 - 31 December 2017 presenting increase of the equity capital in the amount of PLN 44.449 thousand,
- cash flow statement which presents increase of the cash funds between 1 January 2017 and 31 December 2017 by the net amount of PLN 80.185 thousand,
- additional explanatory notes to the financial statements and other explanatory notes.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 8 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on profit distribution**

Acting in accordance with Article 395 § 2 point 2 of the Commercial Companies Code, it is resolved as follows:

§1

Annual General Meeting hereby decides to retain the whole Company's net profit for 2017, which amounted to PLN 87.398 thousand on a reserve capital.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 9 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
concerning coverage of loss from previous years**

Acting in accordance with Article 395 § 2 point 2 of the Commercial Companies Code, it is resolved as follows:

§1

Annual General Meeting hereby decides to cover the loss from previous years in the amount of PLN 489.929,54 from the Company's reserve capital.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 10 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the former President of the Management Board
Mr. Jakub Malý**

§1

Annual General Meeting hereby grants Mr. Jakub Malý the vote of approval for performance of his duties as the President of the Management Board for the period of 1 January 2017 – 10 January 2017.

§2

The Resolution shall come into force on the day it has been passed.

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**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the former President of the Management Board
Mr. Jakub Zabłocki**

§1

Annual General Meeting hereby grants Mr. Jakub Zabłocki the vote of approval for performance of his duties as the President of the Management Board for the period of 10 January 2017 – 23 March 2017.

§2

The Resolution shall come into force on the day it has been passed.

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**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the President of the Management Board
Mr. Omar Arnaout**

§1

Annual General Meeting hereby grants Mr. Omar Arnaout the vote of approval for performance of his duties as the Member of the Management Board starting from 10 January 2017, including his duties as the President of the Management Board for the period of 23 March 2017 – 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the Member of the Management Board
Mr. Paweł Szejko**

§1

Annual General Meeting hereby grants Mr. Paweł Szejko the vote of approval for performance of his duties as the Member of the Management Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the Member of the Management Board
Mr. Paweł Frańczak

§1

Annual General Meeting hereby grants Mr. Paweł Frańczak the vote of approval for performance of his duties as the Member of the Management Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the Member of the Management Board
Mr. Filip Kaczmarzyk

§1

Annual General Meeting hereby grants Mr. Filip Kaczmarzyk the vote of approval for performance of his duties as the Member of the Management Board for the period of 10 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 11 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on reviewing and approval of the report concerning the activity of the Company's
Supervisory Board for 2017**

§1

Annual General Meeting, after reviewing of the report concerning the activity of the Company's Supervisory Board for 2017, hereby approves the report concerning the activity of the X-Trade Brokers Dom Maklerski S.A.'s Supervisory Board for 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 12 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the Chairman of the Company's Supervisory Board
Mr. Jakub Leonkiewicz**

§1

Annual General Meeting hereby grants Mr. Jakub Leonkiewicz the vote of approval for performance of his duties as the Chairman of the Supervisory Board for the period of 1 January 2017 – 10 January 2017 and 30 May 2017 – 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the former Chairman of the Company's
Supervisory Board
Mr. Jakub Zabłocki

§1

Annual General Meeting hereby grants Mr. Jakub Zabłocki the vote of approval for performance of his duties as the Chairman of the Supervisory Board for the period of 10 January 2017 – 30 May 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018
(draft)
on granting the vote of approval for the Member of the Company's Supervisory Board
Mr. Łukasz Baszczyński

§1

Annual General Meeting hereby grants Mr. Łukasz Baszczyński the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018**

(draft)

**on granting the vote of approval for the Member of the Company's Supervisory Board
Mr. Jarosław Jasik**

§1

Annual General Meeting hereby grants Mr. Jarosław Jasik the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

=====

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018**

(draft)

**on granting the vote of approval for the Member of the Company's Supervisory Board
Mr. Michał Kędzia**

§1

Annual General Meeting hereby grants Mr. Michał Kędzia the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018**

(draft)

**on granting the vote of approval for the Member of the Company's Supervisory Board
Mr. Bartosz Zabłocki**

§1

Annual General Meeting hereby grants Mr. Bartosz Zabłocki the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 1 January 2017 - 31 December 2017.

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 13 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018**

(draft)

on changes in the Regulations of the Management Board

§1

Annual General Meeting hereby approves the changes in the Regulations of the Management Board of X-Trade Brokers Dom Maklerski S.A. accomplished by a resolution of the Supervisory Board No. 30/RN/2018 dated March 9, 2018:

1. § 16 item 1 shall read as follows:

“Meetings of the Management Board are held at the registered office of the Company, or if all members of the Management Board have agreed – in any other place in the territory of Poland. Any notice convening a meeting of the Management Board shall specify the date, the time and the place of the meeting, as well as the proposed agenda.”

2. § 18 item 3 shall read as follows:

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"Resolutions adopted in the manner specified in section 1 shall be valid if all members of the Management Board have been notified of the contents of the draft resolution by the President of the Management Board or any person authorised by him/her."

§2

The Resolution shall come into force on the day it has been passed.

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Ad. 14 of the agenda

**Resolution No. /2018
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 10 April 2018**

(draft)

**authorising the Management Board to prepare a consolidated text of the Regulations
of the Management Board**

§1

Annual General Meeting hereby authorizes the Management Board to prepare a consolidated text of the Regulations of the Management Board which includes the changes adopted by the resolution of the Annual General Meeting.

§2

The Resolution shall come into force on the day it has been passed.

=====

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Report concerning the activity of the X-Trade Brokers DM S.A.'s ("Company", "XTB") Supervisory Board in 2017

I. Composition of the Supervisory Board and its Committees

1. In 2017 the Supervisory Board proceeds in the following composition:
 - Between 1 January 2017 and 10 January 2017:
 - a) Mr. Jakub Leonkiewicz – Chairman of the Supervisory Board;
 - b) Mr. Michał Kędzia – Member of the Supervisory Board;
 - c) Mr. Łukasz Baszczyński - Member of the Supervisory Board;
 - d) Mr. Bartosz Zabocki - Member of the Supervisory Board;
 - e) Mr. Jarosław Jasik - Member of the Supervisory Board.
 - Between 10 January 2017 and 30 May 2017:
 - a) Mr. Jakub Zabłocki – Chairman of the Supervisory Board;
 - b) Mr. Michał Kędzia – Member of the Supervisory Board;
 - c) Mr. Łukasz Baszczyński – Member of the Supervisory Board;
 - d) Mr. Bartosz Zabłocki – Member of the Supervisory Board;
 - e) Mr. Jarosław Jasik – Member of the Supervisory Board.
 - Between 30 May 2017 till the end of 2017:
 - a) Mr. Jakub Leonkiewicz – Chairman of the Supervisory Board;
 - b) Mr. Michał Kędzia – Member of the Supervisory Board;
 - c) Mr. Łukasz Baszczyński – Member of the Supervisory Board;
 - d) Mr. Bartosz Zabłocki – Member of the Supervisory Board;
 - e) Mr. Jarosław Jasik – Member of the Supervisory Board.

II. Supervisory Board Committees

As part of the Supervisory Board operates the Compensation Committee, which tasks are performed in a collective manner by the Supervisory Board pursuant to the resolution of the General Meeting.

Moreover, on 13 October 2018⁷ the Company has appointed the Audit Committee which operates as a separate committee.

III. Members of the Supervisory Board fulfilling the criteria of independence

Pursuant to the Articles of Association, from the Date of First Listing, at least one member of the Supervisory Board should the criteria of independence specified in § 20 section 2 of the Articles of Association (the "**Independent Member**"). If in any term of office, there are at least 7 (seven)

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members of the Supervisory Board, at least two of them should be Independent Members, and in the case of the Supervisory Board composed of 9 (nine) members, at least three of them should be Independent Members.

Pursuant to the Articles of Association, as long as the company is an entity of public interest, within the meaning of the Act on Auditors, at least one member of the Supervisory Board should meet the criteria of independence as defined in article 86 item 5 of the Act on Auditors and should be qualified in the field of accountancy or financial auditing. In connection with revocation of the Act on Auditors by virtue of the act of May 11, 2017 on statutory audits, audit firms and on public oversight members of the Supervisory Board performed a review of fulfilment of the criteria of independence within the meaning of article 129 item 3 of the act of 11 May 2017 on statutory audits, audit firms and on public oversight.

The Supervisory Board performed the assessment of relationships and circumstances that may affect the fulfilment of the criteria of independence by the above-mentioned Members of the Supervisory Board.

In 2017 Łukasz Baszczyński, Jarosław Jasik and Bartosz Zabłocki fulfilled the criteria of independence pursuant to § 20 item 2 of the Articles of Association, with a reservation that when Jakub Zabłocki was the Chairman of the Supervisory Board, this means between 10 January 2017 and 30 May 2017 Łukasz Baszczyński and Jarosław Jasik were the members who fulfilled criteria of independence as defined in § 20 item 2 of the Articles of Association.

In 2017 Łukasz Baszczyński, Jarosław Jasik and Jakub Leonkiewicz fulfilled the criteria of independence pursuant to article 129 item 3 of the act of May 11, 2017 on statutory audits, audit firms and on public oversight, with a reservation that when Jakub Zabłocki was the Chairman of the Supervisory Board, this means between 10 January 2017 and 30 May 2017 Łukasz Baszczyński and Jarosław Jasik were the members who fulfilled criteria of independence as defined in article 129 item 3 of the act.

Pursuant to submitted declarations, Jarosław Jasik, Michał Kędzia and Jakub Leonkiewicz possess experience in the field of accountancy or financial auditing.

2. Primary Responsibilities of the Supervisory Board

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The Supervisory Board exercised in 2017, pursuant to generally applicable law, including the Act of 15 September 2000 The Commercial Companies Code and Regulations of the Supervisory Board, supervisory and audit duties, in particular:

- a) evaluation and review of the financial statements for the last financial year and evaluation of the report of the Management Board on the activities of the Company for the last financial year, in terms of their compliance with accounting books and documents, as well as actual state of affairs and review of the distribution of profits or covering the losses proposed by the Management Board;
- b) submitting to the General Meeting the annual written report on the results of the review and evaluation referred to in point a);
- c) determining conditions of remuneration and employment of members of the Management Board;
- d) approving annual budgets, including the budget of the Company, the budgets of the Subsidiaries, and the consolidated budget of the capital group of the Company;
- e) appointing an independent auditor for the Company and the Subsidiaries;
- f) performing tasks of the Compensation Committee, including:
 - expressing opinion on the variable remuneration components policy, including the amount of remuneration and the components of remuneration;
 - expressing opinion on performing the variable remuneration components policy;
 - expressing opinion on and monitoring of payment of the remuneration variable components to the persons holding managerial positions responsible for risk management, internal audit and compliance of the brokerage house's activity with law;
 - determining list of the persons holding managerial positions in the Company, and;
 - approving the amount of remuneration and the components of remunerations of the persons holding managerial positions.
- g) granting consent to the appointment and dismissal of persons in charge of the internal audit and compliance departments of the Company;
- h) review and expressing opinion on matters to be discussed and put to a vote at the General Meeting;
- i) other legal and formal issues related to activity of the Supervisory Board.

IV. Actions taken by the Supervisory Board

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The activities undertaken by the Supervisory Board were aimed at improvement of the Company's prudent and stable management, both in the financial area and its activity in compliance with applicable laws and decisions, recommendations and guidelines issued by the relevant supervisory authorities. The Supervisory Board's actions and analysis were designed to maximize its financial performance, increase its value, provide long-term growth and stability in the marketplace, and provide an effective internal risk monitoring system and possible prevention of these risks.

In 2017 the Supervisory Board held six meetings on:

1. 10 January 2017 r.;
2. 23 March 2017 r.;
3. 25 May 2017 r.;
4. 27 June 2017 r.;
5. 13 October 2017 r.;
6. 4 December 2017 r.

According to the Regulations of the Supervisory Board during the calendar year at least four meetings of the Supervisory Board should be held, thus the Supervisory Board in 2017 held the meeting in accordance with the Company's internal regulations in force.

In 2017, 55 resolutions were adopted at the Supervisory Board meetings and by way of the circulation procedure. Most important of the adopted resolutions concerned:

1. Changes in the Company's Management Board;
2. Approval of the Company's budget for 2017;
3. Meeting with Ernst & Young Audyt Polska Sp. z o. o. Sp. K. - the statutory auditor of the Company and confirmation of its independence;
4. Acquisition of shares in company CFD's Prime Limited with its seat in Belize;
5. Adoption of report concerning the activity of the Supervisory Board in 2016;
6. Evaluation and adoption of the Company's separate financial statements and the consolidated financial statements of the XTB Capital Group for 2016 and report concerning the activity of the Management Board for the year 2016;
7. Assessment of the Company's Management Board and its members in 2016 and recommendation to the General Meeting of Shareholders of the Company to grant the vote of approval to the Management Board;
8. Opinion concerning the Management Board recommendation on the payment of dividends from the profit achieved in 2016;

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9. Getting acquainted with the semi-annual Reports on the functioning of the compliance system for the second half 2016 and the first half of 2017 and hearing the information from the Compliance Officer;
10. Getting acquainted with the semi-annual Reports on the functioning of the risk management system for the second half of 2016 and the first half of 2017 and the hearing of the Head of Risk Management;
11. Approval of procedures and internal policies related to the Company's Risk Management System;
12. Appointment of the Audit Committee and the Chairman of the Audit Committee.

At the same time, the following issues were discussed at the selected Supervisory Board meetings:

- financial results achieved by the Company, in particular as regard to the Company's liquidity, level of supervised capitals, internal capital and capital adequacy ratio;
- information about the Company's financial results (per each country) in relation to the adopted budget;
- information on the Functioning of Information Technology and ICT Environment in the Company.

V. Assessment of the Management Board's report concerning the activity of the Group and the Company in 2017, financial statements for 2017 and the Management Board's proposal concerning the distribution of profit for 2017

The Supervisory Board presents the report on the results of evaluation of the following reports and conclusions of the Company for the financial year 2017:

1. Separate and consolidated financial statements of XTB for 2017

After reviewing the opinion and the auditor's report on the course and results of the audit of the Company's financial statements for 2017, the Supervisory Board agrees with the opinion of the auditor and states that the Company's financial statements for the financial year 2017 were prepared on the basis of the properly conducted accounting books, are in compliance (in form and content) with the applicable provisions of law and provide all the information relevant for the assessment of profitability and financial result in the audited period as well as the financial standing of the Company and the Group. In view of the above the Supervisory Board requests the General Meeting to approve the separate and consolidated financial statements of XTB for the financial year 2017.

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2. Management Board's report concerning the activity of the Group and the Company in 2017

After the analysis and evaluation of the Management Board's report concerning the activity of the Group and the Company in 2017, the Supervisory Board states that it is in compliance with the books and documents of the Company. As a result, the Supervisory Board adopts the report and requests the General Meeting to approve it.

At the same time, after getting acquainted with the Management Board's report concerning the activity in the year 2017, the Supervisory Board requests the General Meeting to grant the vote of approval to the former President of the Management Board - Mr. Jakub Maly, former President of the Management Board – Mr. Jakub Zabłocki, President of the Management Board – Mr. Omar Arnaout and the following members of the Management Board - Mr. Paweł Frańczak, Mr. Filip Kaczmarzyk and Mr. Paweł Szejko for performance of their duties in the financial year 2017.

3. Assessment of the Management Board's proposal concerning the distribution of the Company's profit for 2017

After reviewing the separate and consolidated financial statements of X-Trade Brokers Dom Maklerski S.A. and the Management Board's proposal concerning the distribution of profit for 2017, as well as based on the discussion about the impact of the profit distribution proposed by the Management Board on the Company's operations, the Supervisory Board approved the recommendation of the Management Board of 8 March 2018 and adopted a resolution on the retainment the profit in the amount of [X], this means allocation of profit to reserve Capital.

VI. Assessment of the Company's situation, including assessment of the effectiveness of the operation of the following systems: risk management, compliance, internal control and internal audit

The Supervisory Board has been exercising constant supervision over the Company's operating activities and has been analysing the Company's financial results. In particular, the Supervisory Board acquainted with information on the Company's performance, including the results of particular branches, information on the liquidity situation of the brokerage house, the level of supervised capital, internal capital and capital adequacy ratio, and information on the feasibility of the annual budget in 2017.

The Group's operating and financial results are primarily influenced by:

- number of active accounts, transaction volume and amount of deposits;

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- volatility in the financial and commodity markets;
- general market, geopolitical and economic conditions;
- FX / CFD market competition; and
- regulatory environment.

In 2017, XTB reported PLN 92 973 thousand of consolidated net profit compared to PLN 77 707 thousand profit a year earlier. This is an increase of PLN 15 266 thousand ie. 19.6%. Operating profit (EBIT) increased y/y by PLN 46 155 thousand 56.2% to PLN 128 270 thousand. Consolidated revenues amounted to PLN 273 767 thousand to PLN 250 576 thousand a year earlier.

The net result for 2017 was shaped mainly by:

- 56,2% increase in operating profit (EBIT) due to:
 - 9,3% increase in operating income resulting from the higher volume of turnover generated by XTB customers with comparable profitability per lot;
 - significant improvement in cost effectiveness as reflected by a decrease in operating costs by PLN 22 964 thousand;
- factors not related to the main operating activity, i.e .:
 - 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 5 612 thousand (one-off event);
 - occurrence of negative exchange rate differences (financial costs) on own funds held by XTB in the amount of PLN 13 588 thousand (2016: positive exchange rate differences amounting to PLN 6 402 thousand) being a consequence of the strengthening of the zloty against other currencies.

In 2017 the retail business segment generated approx. 88% of the total volume of the Group's turnover and the institutional business segment - approx. 12%.

Increase of revenues in 2017 by 9.3% y/y, ie. PLN 23 191 thousand from PLN 250 506 thousand to PLN 273.767 thousand, results mainly from the increase in the volume of trading calculated in lots with comparable profitability per lot. Turnover was higher by 180,9 thousand lots and unit profitability by PLN 0.3.

In 2017, XTB significantly improved cost efficiency in relation to the same period of the previous year, while maintaining increases in new accounts opened and the number of active accounts. During this period operating expenses amounted to PLN 145 497 thousand (2016: PLN 168 461 thousand), which

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means a decrease by 13.6% y/y. This decline was contributed by PLN 24 497 thousand lower marketing costs resulting mainly from lower expenditures on advertising campaigns.

The Supervisory Board correctly assesses the Group's situation and emphasise that the activity is conducted in an adequate and effective manner and that the achieved financial results place the Group at a satisfactory level.

According to the requirement specified in § 10 pt. a) of the Regulations of the Supervisory Board of X-Trade Brokers Dom Maklerski S.A. of 26 April 2016 and the Warsaw Stock Exchange (GPW) Best Practices, we present below an assessment of the effectiveness of the operation of the following systems and functions: risk management, compliance, internal control and internal audit.

1. Risk management system

The Supervisory Board is constantly monitoring the various types of risk, approving internal procedures related to the operation of the risk management system, and regularly gets acquainted with periodic reports of the Risk Management System submitted by the Head of Risk Management. So far, the reports that have been obtained allow us to claim that the risk management system works effectively. Also the current cooperation with the Head of Risk Management makes it possible to accurately assess the functioning of the Risk Control Department and, consequently, the Risk Management System model adopted in the Company. Therefore, the Supervisory Board assess the functioning of the risk management system in the Company as adequate and effective.

2. Compliance system

The compliance system in the Company is the responsibility of the Legal Compliance Supervision Team, which is established under the Legal and Compliance Department and directly subordinated to the President of the Management Board, headed by the Compliance Officer. The Supervisory Board regularly receives reports on the Compliance System and approves changes to the internal procedures governing the operation of the compliance department in the Company. Therefore, the Supervisory Board assess the functioning of the compliance system in the Company as adequate and effective.

3. Internal control system

The Internal Control Team, which is a separate entity within the Legal and Compliance Department, is responsible for proper functioning of the Company's internal control system.

Based on the received reports, the Supervisory Board assess the functioning of the internal control system in the Company as adequate and effective.

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4. Internal audit system

The internal audit is performed by the Internal Audit Department, which is organisationally subordinated to the Member of the Management Board for Legal Affairs and Risk and is subordinated functionally to the Supervisory Board. The Internal Auditor is responsible for the functioning of the Department. The Supervisory Board constantly supervises the internal audit issues, approves the Audit Plan and the Audit Program, and regularly receives the Internal Audit System reports. Therefore, the Supervisory Board assess the functioning of the internal audit system in the Company as adequate and effective.

VII. Assessment of the Company's compliance with information obligations concerning the application of the corporate governance rules specified in The Warsaw Stock Exchange Rules and regulations concerning current and periodic information provided by issuers of securities

Considering the Company's obligation to comply with the information duties regarding the application of corporate governance rules under The Warsaw Stock Exchange Rules and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of Laws of 2009, No. 33, item 259, as amended), the Supervisory Board submits to the General Meeting the Company's assessment of compliance with the obligation described herein.

According to point I.Z.1.13. of the "Best Practice for GPW Listed Companies 2016" the Company presents on its website a statement on the Company's compliance with the corporate governance recommendations and principles contained therein. The information identifies the reasons why the Company does not apply individual recommendations and addresses those that do not apply.

The recommendation contained in point IV.R.2. does not apply. According to this recommendation if justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;

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- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

The Company does not apply in a permanent manner of this recommendation because it identifies threats to the proper conduct of the General Meeting, especially legal risks, which in the opinion of the Company would exceed the potential benefits. Slight dissemination of practice of conducting the general meetings by means of electronic communication and inadequate preparation of the market may lead to increased risk of organizational and technical problems that might disrupt the proper running of the general meeting, as well as the risk of a possible undermining of the adopted resolutions of the general meeting, in particular due to technical defects. For the same reasons, the Company does not apply the rule I.Z.1.20 - an audio or video recording of a general meeting and IV.Z.2. according to which, if justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Apart from the above exceptions, the Supervisory Board does not find violations of the " Best Practice for GPW Listed Companies 2016". Consequently, it correctly assesses the manner how the Company fulfills its information duties regarding the application of corporate governance rules.

VIII. Assessment of the rationality of the Company's sponsorship policy

In 2017, the Company did not carry out any significant sponsorship and charity activities.

IX. Self-assessment of the Supervisory Board's operation

In 2017, the Company's Supervisory Board held six meetings where the current activities of the Management Board and the Company's financial activity were assessed.

All convened meetings of the Supervisory Board were held in the composition enabling adoption of valid resolutions. During the meetings the Supervisory Board considered issues arising from the provisions of the Commercial Companies Code, other provisions of the applicable law as well as from the needs of the Company's current operation.

During the discussed period, the Supervisory Board remained in regular contact with the Management Board, analysing and consulting important aspects of the Company's activity, as well as evaluating the Company's situation on an ongoing basis.

The Supervisory Board confirms that the cooperation with the Company's Management Board was correct. In addition, the Management Board has provided technical and organizational resources to

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enable the Supervisory Board to perform its duties correctly, has performed its reporting obligations, and information were submitted in a fair and complete manner.

In view of the above, the Supervisory Board believes that in 2017 it performed its duties in an efficient manner.

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Report of the Company's Audit Committee for 2017

I. Composition of the Audit Committee

1. On 13 October 2017 the Supervisory Board has adopted a resolution no. 43/RN/2017 on the appointment of the Audit Committee in the following composition:
 - a. Mr. Jakub Leonkiewicz – Chairman of the Supervisory Board;
 - b. Mr. Michał Kędzia – Member of the Supervisory Board;
 - c. Mr. Łukasz Baszczyński - Member of the Supervisory Board;
 - d. Mr. Bartosz Zabocki - Member of the Supervisory Board;
 - e. Mr. Jarosław Jasik - Member of the Supervisory Board.

The Audit Committee operates as a separate committee.

Composition of the Audit Committee has not changed since the day of appointment by the Supervisory Board.

II. Members of the Audit Committee fulfilling the criteria of independence

Pursuant to article 129 item 1 of the act of 11 May 2017 on statutory audits, audit firms and on public oversight (the "**Act**") at least one member of the audit committee should be qualified in the field of accountancy or financial auditing.

Pursuant to submitted declarations Mr. Jarosław Jasik, Mr. Michał Kędzia and Mr. Jakub Leonkiewicz are qualified in the field of accountancy or financial auditing, therefore the composition of the Audit Committee fulfils the requirements mentioned in article 129 item 1 of the Act.

Pursuant to article 129 item 3 of the Act majority of the Audit Committee's members, including the chairman of the Audit Committee, is independent of such public-interest entity, if he fulfils the criterions mentioned in article 129 item 3 of the Act.

In 2017 Mr. Łukasz Baszczyński, Mr. Jarosław Jasik and Mr. Jakub Leonkiewicz fulfilled the criterions mentioned in article 129 item 3 of the Act.

III. Basic assignments taken by the Audit Committee:

The Audit Committee takes the following control and supervisory actions:

- a) monitoring the financial reporting process;
- b) monitoring Company's SLC systems, SIC systems, SIA systems including SRM;
- c) monitoring the performance of financial audit activities, particularly an audit performed by an audit firm, taking into account any conclusions and findings of an inspection carried out at the audit firm by the Audit Oversight Commission;

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- d) checking and monitoring the independence of the statutory auditor of permitted non-audit services;
- e) informing the Supervisory Board on the results of the audit and explaining in what way the audit contributed to the honesty of the financial reporting process in the Company, as well as what was the role of the audit committee in the audit process;
- f) monitoring the independence of the statutory auditor and granting consent for performance of services permitted by him other than financial audits;
- g) establishing an audit firm selection policy;
- h) establishing the policy for the provision of permitted non-audit services by the audit firm or member of the audit firm network;
- i) establishing the procedure of an audit firm selection and presenting the recommendation regarding selection of the certified accountants or audit firms to the Supervisory Board;
- j) providing recommendations to ensure reliability of the public-interest entity's financial reporting process.

IV. Actions taken by the Audit Committee

In 2017 the Audit Committee held two meetings on:

- 1. 13 October 2017;
- 2. 4 December 2017.

In 2017 the Audit Committee adopted 3 resolutions on meetings and by way of a circulation voting. Those concerned:

- 1. Submission to adoption the following documents by the Supervisory Board:
 - (a) Policy for selecting the audit company;
 - (b) Audit company selection procedure;
 - (c) Policy for the provision of permitted non-audit services by the audit firm;
- 2. Assessment of effectiveness of SLC and SIC, this means Compliance Report for the I half year of 2017; Report of the Risk Management for the I half year of 2017; Report of the effectiveness of the Internal Audit for the I half of 2017.
- 3. Granting consent for performance of authentication services by E&Y from Luxembourg to XX ZW Investment Group S.A., in which a report regarding payment of the interim dividend by XX ZW Investment Group S.A.

Moreover, during its meetings the Audit Committee met the representative of the Company's auditor – Ernst & Young Polska spółka z ograniczoną odpowiedzialnością sp. k. for the purpose of discussion of the financial reporting process for 2017, including the summary of the screening appointment and the plan of the final audit.

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V. Assessment of the Company's situation within the scope of the Audit Committee's responsibilities

Since appointment of the Audit Committee it supervised the Company's activity within the scope mentioned in the Act. In particular the Audit Committee developed a Policy for selecting the audit company, Audit company selection procedure and took the following actions:

- monitoring the performance of financial audit activities;
- monitoring the compliance systems;
- monitoring the effectiveness of internal control systems;
- monitoring the internal audit;
- monitoring the risk management systems.

As a result of the actions taken the Audit Committee ascertains that all above-mentioned processes and systems are working properly.

The Audit Committee systematically informed the Supervisory Board on its activity and results of the actions taken.

Moreover, the Management Board continuously informed the Audit Committee on the actions taken within the financial reporting process and financial revision taken in the Company, as well as on functioning and reviews of the risk management audit systems and internal audit, therefore it fulfilled the obligations resulting from §6 item 4 of the Audit Committee Regulations.

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REGULATIONS GOVERNING THE MANAGEMENT BOARD OF THE COMPANY X-TRADE BROKERS DOM MAKLEPSKI S.A.

Chapter I GENERAL PROVISIONS

§ 1

1. The Regulations (“**Regulations**”) specify the organization and mode of work of the Management Board of X-Trade Brokers Dom Maklerski S.A.
2. The Management Board is an executive body of the Company which functions on the basis of the regulations of the law, in particular the Code of Commercial Companies and Partnerships, under the Articles of Association and under these Regulations.
3. Whenever used in the Regulations, the following terms shall have the following meanings:
 - a) **Board or the Supervisory Board** - the Supervisory Board of the Company,
 - b) **The Management Board** - the Management Board of the Company,
 - c) **A General Meeting** - a General Meeting of the Company
 - d) **President of the Management Board** - the president of the Management Board,
 - e) **The Company** - X-Trade Brokers Dom Maklerski Spółka Akcyjna having its registered office in Warsaw,
 - f) **Articles of Association** - the Articles of Association of the Company,
 - g) **The Code of Commercial Companies and Partnerships** shall mean the Act of 15 September 2000, i.e. the Code of Commercial Companies and Partnerships (Journal of Laws of 2000 No. 94 item 1037 as amended).
 - h) **The WSE Good Practice** - the principles specified in the attachment to Resolution no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. on passing “Good Practice For WSE-Listed Companies 2016”,
 - i) **A Subsidiary** - a subsidiary within the meaning of the accounting regulations which apply to the Company.

§ 2

1. The Management Board shall run the Company’s affairs and represent it outside.
2. The Management Board shall have the right to run all of the Company’s affairs which have not been reserved for the competences of the General Meeting or the Supervisory Board.
3. When running the Company’s affairs, the Management Board shall make decisions taking the Company’s interest into consideration, prepare draft developmental strategies for the Company and specify the key goals of its operations.

Chapter II MEMBERS AND APPOINTMENT OF THE MANAGEMENT BOARD

§ 3

1. The Management Board can be composed of 3 (three) to 6 (six) members, including the President of the Management Board and two Deputy Presidents of the Management Board.
2. The President of the Management Board shall head the works of the Management Board.

§ 4

1. Members of the Management Board shall be appointed by the Supervisory Board for a joint three-year term of office.
2. The resolution on appointment of Members of the Management Board shall specify the number of Members of the Management Board.
3. Each newly appointed member of the Management Board shall file a written statement confirming that they have read these Regulations and specify their mailing address, electronic mail address or fax number for service.
4. The Management Board should be composed of at least two members of:
 - a) higher education,
 - b) at least three-year work experience in financial market institutions; and
 - c) good standing in connection with the functions held.
2. Mandates of members of the Management Board shall expire upon the date of the General Meeting confirming the Company's financial statements for the last full financial year of their service and in other cases, as specified in the Code of Commercial Companies and Partnerships.

Chapter III PRINCIPLES OF REPRESENTING THE COMPANY

§ 5

Two members of the Management Board acting in concert shall be authorized to make declarations of will behalf of the Company.

§ 6

1. All statements addressed to the Company and letters served on at least one member of the Management Board or a holder of a commercial power of attorney cause legal effects for the Company.
2. If the content of a statement accepted by a member of the Management Board (including a holder of a commercial power of attorney) can in their view cause a disclosure obligation for the Company under applicable regulations of the law, the member of the Management Board should also undertake activities for meeting that obligation on time.

§ 7

1. The Management Board can appoint holders of a commercial power of attorney or attorneys-in-fact to perform activities on behalf of the Company.
2. Appointment of a holder of a commercial power of attorney shall require consent of all members of the Management Board expressed in the form of a Management Board resolution.
3. Each member of the Management Board can independently revoke the commercial power of attorney.

Chapter IV
OBLIGATIONS OF MEMBERS OF THE MANAGEMENT BOARD

§ 8

1. A Member of the Management Board shall immediately inform the Management Board about every existing or potential conflict of interest in connection with their function and should refrain from discussing and voting on resolutions in cases in which a conflict of interest exists or can exist.
2. A Member of the Management Board should refrain from any professional or non-professional activities which could lead to a conflict of interest or otherwise have a negative influence on their reputation as a member of the Management Board.
3. A Member of the Management Board cannot accept benefits which might affect their impartiality and objectivism in making decisions or have a negative influence on the evaluation of independence of their opinions and judgments.
4. If a Member of the Management Board decides that a decision of the Management Board contradicts the interest of the Company, they can demand that their stance on the issue be included in the minutes of the Management Board's meeting.
5. Members of the Management Board should take part in General Meeting deliberations in a composition enabling provision of substantial answers to questions asked during the General Meeting.
6. A Member of the Management Board shall comply with limitations stemming from the status of the Company as a public company within the meaning of applicable regulations of the law, including those on trade in the Company's securities, confidential information and closed periods and manipulation in the share price of the Company's securities.

§ 9

1. Without consent from the Supervisory Board, Members of the Management Board cannot get involved in any operations competitive to the Company, be involved in any competitive company as shareholders in a private partnership, a partnership or members of a governing body of any competitive company or members of a governing body of any competitive legal entity. The ban also includes holding shares in a competitive company, if the Member of the Management Board holds at least a 10 percent stake or the right to appoint at least one Member of the Management Board.
2. Sitting on management boards or supervisory boards of companies from outside the capital group of the Company shall require Members of the Management Board to acquire consent of the Supervisory Board.

§ 10

1. The Management Board shall collect and archive documents connected with its operations for at least 5 (five) years.
2. Any disclosure of the Management Board's documents to third parties shall require consent of one member of the Management Board given in writing, however the limitation shall not apply to public administration bodies, advisors to the Company or disclosure of minutes from the Management Board's meetings to chartered accountants in connection with their audits of the Company's financial statements.

Chapter V
SCOPE OF THE MANAGEMENT BOARD'S COMPETENCES

§ 11

1. The scope of the Management Board's competences shall include running the Company's affairs, directing its business, representing it outside and management of its assets within the scope stemming from applicable regulations of the law.
2. In particular, the competences of the Management Board shall include the following:
 - a) making statements on behalf of the Company and representing it before third parties,
 - b) preparing the Company's periodical reports within deadlines enabling their publication in accordance with applicable regulations of the law,
 - c) subjecting financial statements to chartered accountants' audits or reviews,
 - d) filing a management board's report on the Company's operations and financial statements with a chartered accountant's opinion (if required by regulations of the law) for review by the Supervisory Board,
 - e) convening General Meetings on time, filing motions for the General Meeting and preparation of draft resolutions of the body,
 - f) presenting for the General Meeting's review and acceptance a report on the Company's operations and financial statements for the last financial year with a chartered accountant's opinion,
 - g) preparation and passing of regulations connected with the operations of the Company, if not reserved for the competences of another body of the Company,
 - h) preparation of draft annual budgets which shall include the budgets of: the Company, its Subsidiaries and the consolidated budget of the Company's capital group to be presented for the Supervisory Board's acceptance,
 - i) performance of disclosure obligations required from brokerage houses,
 - j) other matters which have not been reserved for other bodies of the Company.
3. If required by the provisions of the Articles of Association or regulations of the law, before engaging in a given activity, the Management Board shall acquire consent of the Supervisory Board or the General Meeting respectively.

§ 12

The Management Board shall have the right to:

- a) request the president of the Supervisory Board of to convene a Supervisory Board meeting,
- b) participate in Supervisory Board meetings on conditions specified in its regulations,
- c) convene a General Meeting on the conditions specified in particular in the Code of Commercial Companies and Partnerships and the Articles of Association.

§ 13

1. The Management Board shall perform the legally required activities connected with the business register in which the Company is registered.

2. The Management Board shall run a book of General Meeting minutes, disclose it to the shareholders for review and issue self-certified copies of resolutions passed by the General Meeting at their request.

§ 14

1. Each member of the Management Board can independently handle matters which do not exceed the scope of the Company's ordinary business, as part of completion of their tasks.
2. Each member of the Management Board can require the Management Board to pass a resolution prior to performing any activities.
3. When performing their tasks, the member of the Management Board shall take into account the interest of the Company and undertake any and all measures to ensure proper protection of its interest and image.
4. Within the scope of their tasks, when performing an activity which is also within the competence of another member of the Management Board due to its scope, the member of the Management Board shall act in agreement with that member of the Management Board.
5. Each member of the Management board shall immediately notify the President of the Management Board about every incident whose consequences might have negative influence on the Company's interest or image.

Chapter VI ORGANIZATION AND PRINCIPLES OF FUNCTIONING OF THE MANAGEMENT BOARD

§ 15

The President of the Management Board shall manage the works of the Management Board and specify the internal division of tasks and competences among Members of the Management Board. In particular, the President of the Management Board can entrust management of separate departments of the Company to separate members of the Management Board.

§ 16

1. Meetings of the Management Board are held at the registered office of the Company, or if all members of the Management Board have agreed - in any other place in the territory of Poland. Any notice convening a meeting of the Management Board shall specify the date, the time and the place of the meeting, as well as the proposed agenda.
2. The notification about the Management Board meeting should be served at least 3 days before the date of the Management Board meeting or sent by fax or email to the address, email address or fax number specified as proper for service by the member of the Management Board and it shall be sufficient to send the notification about the Management Board meeting in at least one of said manners. The date of the meeting should be set so that to enable participation in it as well as preparation for it, if necessary, for every member of the Management Board. Notification sent by registered mail shall be deemed served on the date of confirmation of receipt or on the date on which the deadline for collecting the registered mail from a post office lapsed, if the addressee did not collect it before the lapse of that date. Notifications sent by means of remote communications, i.e. fax or electronic mail shall be deemed served on the date of confirmation of data transfer or on the date of sending by the means of electronic communication so that the addressee could read their content.

3. The Management Board can hold a meeting without formal convention if all members of the Management Board are present and none object to holding of the meeting or including specific items on the agenda.
4. The President of the Management Board shall convene meetings of the Management Board and chair them. The President of the Management Board can authorize other members of the Management Board to convene meetings of the Management Board and chair them. If the President of the Management Board is absent or the position of the President of the Management Board is vacant, meetings of the Management Board shall be convened by the oldest member of the Management Board. The President of the Management Board or another person who convenes the meeting in accordance with the principles above shall specify the agenda of the Management Board's meeting.
5. The Management Board meeting can be attended by members of the Supervisory Board and other invitees, without the right to take part in the voting.
6. The President of the Management Board shall have the duty to convene a Management Board meeting upon the request of a member of the Management Board submitted in writing or by electronic mail.
7. The meeting referred to in item 7 above should be held no later than within 5 working days since submission of the request.

§ 17

1. The Management Board's resolutions shall be passed at the Management Board's meetings, but the Management Board shall also be able to pass resolutions outside of the meeting, as specified in § 18 item 1.
2. Voting at Management Board's meetings shall be held by open ballot. Upon the request of a member of the Management Board, the chair of the Management Board's meeting shall order a vote by secret ballot.
3. For the Management Board's resolutions to be valid, all members of the Management Board have to have been invited and at least a half of its members should be present at the meeting.
4. The Management Board's resolutions shall be passed by an absolute majority of cast votes. In the case of an equal number of votes, the vote of the President of the Management Board shall prevail.
5. Members of the Management Board can take part in the passing of the Management Board's resolutions by casting their vote in writing via another member of the Management Board. A written vote cannot be cast on matters introduced to the agenda at the Management Board's meeting.
6. An outvoted Member of the Management Board can:
 - a) if a resolution is passed contrary to their stance - file a dissenting opinion with justification to be included in the minutes from the Management Board's meeting,
 - b) if the resolution they voted for is not passed - file an oral or written statement to be included in the minutes from the Management Board's meeting.

§ 18

1. The Management Board's resolutions can be passed by the Management Board outside of the meeting via:

- a) the written mode
 - b) means of remote communications.
2. A vote in the manners referred to in item 1 shall be ordered by the President of the Management Board upon their own initiative or upon a request of a member of the Management Board.
 3. Resolutions adopted in the manner specified in section 1 shall be valid if all members of the Management Board have been notified of the contents of the draft resolution by the President of the Management Board or any person authorised by him/her.
 4. If a resolution is passed in the mode referred to in item 1.a) above, members of the Management Board shall file their statements as to the manner of voting in separate letters with identical content of the resolution, specifying when they cast the vote and whether they voted “for”, “against” or “abstained from voting”. A draft resolution signed this way shall be sent by members of the Management Board by electronic mail or fax to the President of the Management Board while the original resolution shall be delivered to the Company immediately in person.
 5. Passing of resolutions in the manner referred to in 1.b) above can take place by phone, audio conference, video conference or electronic mail.
 6. The Management Board passes resolutions by electronic mail as a means of remote communication by the President of the Management Board or a person authorized by them sending the draft resolution in writing by electronic mail to all members of the Management Board to the email addresses which they had specified. After reading the draft resolution, every member of the Management Board notifies the President of the Management Board or a person authorized by them by electronic mail whether they vote “for”, “against” or “abstain from voting” on the resolution. If a member of the Management Board does not return the information as to how they vote in the above manner within 7 (seven) days from delivery of the draft to their address, it shall be deemed that such member of the Management Board abstained from voting. Resolutions voted in the above manner shall be deemed passed when the last member of the Management Board casts their vote or upon the lapse of 7 (seven) days from delivery of the draft resolution to members of the Management Board (or another shorter period as specified by the President of the Management Board).
 7. The Management Board passes resolutions by phone, audio conference or a video conference as a means of remote communication by the President of the Management Board or a person authorized by them reading the draft resolution in writing at the same time to all members of the Management Board who take part in the vote. After having been read the draft, each member of the Management Board tells the President of the Management Board or a person authorized by them whether they vote “for”, “against” or “abstained from voting”. The President of the Management Board or a person authorized by them prepares minutes from such vote, has them signed by all members of the Management Board who voted and includes them in the Management Board’s books of minutes. Resolutions voted in the above manner shall be deemed passed upon the end of the vote.

§ 19

1. Meetings and resolutions of the Management Board shall be recorded in minutes. Minutes shall also be prepared after a vote in the manners specified in § 18 item 1 on the basis of statements collected from members of the Management Board.

2. The minutes shall be prepared by a recording clerk appointed each time by the chair of the Management Board's meeting.
3. The minutes shall be signed by all members of the Management Board present at the meeting. If a member of the Management Board does not sign the minutes, the chair of the Management Board's meeting shall make a memo in which they shall explain why the document was not signed and attach it to the minutes.
4. Minutes from the meeting of the Management Board should state:
 - a) number of the minutes, date and place of signing and how the meeting was held,
 - b) information that all members of the Management Board were notified about the Management Board's meeting.
 - c) names and surnames of the members of the Management Board who were present at the Management Board's meeting, the recording clerk and other attendees,
 - d) the agenda,
 - e) content of passed resolutions,
 - f) number of votes cast for, against and abstaining,
 - g) reservations and dissenting opinions of members of the Management Board as to the passed resolutions.
5. Minutes from the meetings and resolutions passed outside a meeting with proofs of passing should be collected in the Management Board's book of minutes.

§ 20

1. The President of the Management Board shall convene meetings of the Management Board and chair them as well as exercising the following activities:
 - a) managing the deliberations,
 - b) making sure that the principles applicable to the agenda and voting are complied with
 - c) giving the right to speak,
 - d) ordering recesses,
 - e) accepting motions,
 - f) ordering voting,
 - g) calculating votes cast in passing resolutions,
 - h) declaring that resolutions have been passed.
2. Should the need arise, guests and employees of the Company who are in charge of a given area of the Company's operations which is discussed at the meeting can be invited to meetings of the Management Board. Participation of said persons in the Management Board's meeting shall require prior consultation with the person who convenes the meeting.
3. The persons referred to in item 2 shall take part in the Management Board's meeting with an advisory vote, without the right to take part in the voting.

Chapter VII
INTERNAL SYSTEMS IN THE COMPANY

**THE MANAGEMENT BOARD'S DUTIES IN CONNECTION WITH THE INTERNAL
CONTROL SYSTEM, SYSTEM FOR SUPERVISING COMPLIANCE WITH THE LAW,
RISK MANAGEMENT SYSTEM AND INTERNAL AUDIT SYSTEM**

§ 21

1. The Management Board shall be responsible for implementation and maintenance of effective systems for internal control, risk management, compliance with the law and an internal audit function.
2. Those in charge of risk management, supervision over compliance with the law and internal audit shall report directly to the President of the Management Board or a Member of the Management Board specified by them.
3. The Management Board, together with the person in charge of internal audit, shall present the Supervisory Board at least once a year with their own evaluation of the effectiveness of the systems and functions referred to in § 21 item 1 together with a proper report.

§ 22

1. The Management Board shall cooperate with Legal and Compliance Department for effective performance of tasks under the System of Internal Control (“**SIC**”), System of Legal Compliance (“**SLC**”) and the System of Internal Audit (“**SIA**”).
2. At least once every six months, the Management Board shall review SIC, SLC and SIA reports provided in accordance with internal organizational procedures.
3. The Management Board shall ensure the Legal and Compliance Department’s organizational and functional independence in the performance of tasks and arrangements as part of SIC, SLC and SIA processes.
4. The Management Board shall take all reasonable recommendations, guidelines and comments from SIC, SLC and SIA reports into account.

§ 23

1. The Management Board shall cooperate with the Risk Control Department for effective performance of tasks under the System of Risk Management (“**SRM**”).
2. At least once every six months, the Management Board shall review the SRM report provided in accordance with internal organizational procedures.
3. The Management Board shall ensure the Risk Control Department’s organizational and functional independence in the performance of tasks and arrangements as part of the SRM process.
4. The Management Board shall take all reasonable recommendations, guidelines and comments from the SRM report into account.

§ 24

1. The Management Board shall cooperate with the Internal Audit Department for effective performance of tasks under the System of Internal Audit (“**SIA**”).

2. At least once every six months, the Management Board shall review the SIA reports provided in accordance with internal organizational procedures.
3. The Management Board shall take all reasonable recommendations, guidelines and comments from the SIA reports into account.
4. Once every six months, the Management Board shall provide the Supervisory Board with information about acting on the recommendations and comments included in SIA reports.

Chapter VIII

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD, AGREEMENTS AND DISPUTES WITH MEMBERS OF THE MANAGEMENT BOARD

§ 25

1. Members of the Management Board shall have the right to remuneration for serving on their functions.
2. The principles of employment and remuneration of members of the Management Board shall be specified individually by the Supervisory Board. An agreement with a member of the Management Board on behalf of the Supervisory Board shall be signed by the President of the Supervisory Board. Any amendment to the agreement under which a member of the Management Board works or provides services to the Company shall each time require prior Supervisory Board resolution.
3. In disputes between the Company and members of the Management Board, the Company shall be represented by the Supervisory Board.

Chapter IX

FINAL PROVISIONS

§ 26

1. Any and all amendments hereto shall require proper Supervisory Board resolution.
2. The Management Board can request the Supervisory Board to pass the resolution referred to in § 26 item 1 above.
3. The provisions of the Code of Commercial Companies and Partnerships and the Articles of Association shall apply to matters not regulated herein.