



X-TRADE BROKERS DOM MAKLESKI 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 6/2019

Warsaw, 18 March 2019

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 15 April 2019.

Concurrently, the Company submits:

- the Report of the Supervisory Board of the Company, which presentation and consideration is foreseen under point 10 of the planned agenda of the Ordinary General Meeting;
- the Policy for verification and selection of persons being members of the Management Board and the Supervisory Board as well as key employees, which adoption is foreseen under point 12 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 15 April 2019**

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Ad. 2 of the agenda

**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(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 in 2018;
6. Adoption of the resolution concerning approval of the Company's separate financial statement for 2018;
7. Adoption of the resolution concerning approval of the consolidated financial statement of the Group X-Trade Brokers Dom Maklerski S.A. for 2018;
8. Adoption of the resolution concerning profit distribution;

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9. 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 2018;
10. Review and approval of the report concerning the activity of the Company's Supervisory Board in 2018;
11. 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 2018;
12. Adoption of the Policy regarding the verification and selection of persons being members of the Management Board and the Supervisory Board as well as the key employees;
13. Closing of the Annual General Meeting.

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Ad. 5 of the agenda

**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)**

**on reviewing and approval of the Management Board's report concerning the activity
of the Group and the Company in 2018**

§1

Annual General Meeting, after reviewing of the Management Board's report concerning the activity of the Group and the Company in 2018, hereby approves the Management Board's report concerning the activity of the Group and the Company in 2018.

§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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)**

on approval of the Company's separate financial statement for 2018

§1

Annual General Meeting, after reviewing of the Company's separate financial statement (Standalone Annual Report) for 2018, hereby approves the Company's separate financial statement (Standalone Annual Report) for 2018 prepared in accordance with International Financial Reporting Standards, consisting of:

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- comprehensive income statement for the period of 1 January 2018 - 31 December 2018 which shows netto profit in the amount of PLN 90.898 thousand,
- statement of financial position on 31 December 2018, with total assets of and total liabilities and equity of PLN 927.960 thousand,
- statement of changes in equity for the financial year 1 January 2018 - 31 December 2018 presenting increase of the equity capital in the amount of PLN 50.361 thousand,
- cash flow statement which presents increase of the cash funds between 1 January 2018 and 31 December 2018 by the net amount of PLN 86.272 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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)
on reviewing and approval of the consolidated financial statement of the Group X-
Trade Brokers Dom Maklerski S.A. for 2018**

§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 2018, hereby approves the X-Trade Brokers Dom Maklerski S.A. Capital Group's consolidated financial statement (Consolidated Annual Report) for 2018 prepared in accordance with International Financial Reporting Standards, consisting of:

- comprehensive income statement for the period of 1 January 2018 - 31 December 2018 which shows netto profit in the amount of PLN 101.471 thousand,
- statement of financial position on 31 December 2018, with total assets of and total liabilities and equity of PLN 970.074 thousand,
- statement of changes in equity for the financial year 1 January 2018 - 31 December 2018 presenting increase of the equity capital in the amount of PLN 54.814 thousand,

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- cash flow statement which presents increase of the cash funds between 1 January 2018 and 31 December 2018 by the net amount of PLN 97.167 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./2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)
on profit distribution, dividend date and the day of payment of the dividend**

Acting in accordance with Article 348 § 3 and § 4 and Article 395 § 2 point 2 of the Commercial Companies Code, it is resolved as follows:

§1

1. Annual General Meeting hereby decides to pay the dividend from the Company's net profit for 2018, which amounted to PLN 90 898 045,65 (ninety million eight hundred ninety eight thousand forty five zlotys and 65/100), in the amount of PLN 61 039 490,20 (sixty one millions thirty nine thousand four hundred ninety zlotys and 20/100), i.e. PLN 0,52 (52/100) per share, with advance payment for this dividend the amount of PLN 41.084.272,25 (forty one millions eighty four thousand two hundred seventy two zlotys and 25/100), i.e. PLN 0,35 (35/100) per share, paid to the shareholders in December 2018 as an advance payment due to expected dividend for 2018, this means that payment is subject to the amount of PLN 19 955 217,95 (nineteen millions nine hundred fifty five thousand two hundred seventeen zlotys and 95/100), i.e. PLN 0,17 (17/100) per share. The Annual General Meeting decided to retain the retaining part of the profit in the amount of PLN 29 858 555,45 (twenty nine millions eight hundred fifty five zlotys and 35/100) on a reserve capital.
2. The 25th of April is determined as the day according to which the list of shareholders entitled to the dividend is determined (dividend date).
3. The payment of the dividend will be made on 10th of May 2019 (the day of payment of the dividend).
4. All shares issued by the Company are entitled to the dividend.

§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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(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 President of the Management Board for the period of 1 January 2018 – 31 December 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(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 2018 - 31 December 2018.

§2

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

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**Resolution No. / 2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)
on granting the vote of approval for the former 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 2018 – 25 April 2018.

§2

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

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**Resolution No. / 2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(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 1 January 2018 - 31 December 2018.

§2

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

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Resolution No. / 2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)
on granting the vote of approval for the Member of the Management Board
Mr. Jakub Kubacki

§1

Annual General Meeting hereby grants Mr. Jakub Kubacki the vote of approval for performance of his duties as the Member of the Management Board for the period of 10 July 2018 - 31 December 2018.

§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. / 2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019
(draft)
on reviewing and approval of the report concerning the activity of the Company's
Supervisory Board in 2018

§1

Annual General Meeting, after reviewing of the report concerning the activity of the Company's Supervisory Board in 2018, hereby approves the report concerning the activity of the X-Trade Brokers Dom Maklerski S.A.'s Supervisory Board in 2018.

§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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(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 2018 – 31 December 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(draft)

**on granting the vote of approval for the former 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 2018 – 7 March 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(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 2018 - 31 December 2018.

§2

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

=====

**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(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 2018 - 31 December 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(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. Michał Kędzia the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 1 January 2018 - 31 December 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(draft)

**on granting the vote of approval for the former Member of the Company's Supervisory Board
Mr. Marek Strugała**

§1

Annual General Meeting hereby grants Mr. Marek Strugała the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 7 March 2018 – 9 November 2018.

§2

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

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**Resolution No. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(draft)

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

§1

Annual General Meeting hereby grants Mr. Grzegorz Grabowicz the vote of approval for performance of his duties as the Member of the Supervisory Board for the period of 10 November 2018 – 31 December 2018.

§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. /2019
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 15 April 2019**

(draft)

**on adoption of the Policy regarding the verification and selection of persons being
members of the Management Board and the Supervisory Board as well as the key
employees**

§1

Annual General Meeting hereby adopts the Policy regarding the verification and selection of persons being members of the Management Board and the Supervisory Board as well as the key employees adopted by the resolution of the Supervisory Board no. 26/RN/2019 dated 18 March 2019.

§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 2018

I. Composition of the Supervisory Board and its Committees

1. In 2018 the Supervisory Board proceeds in the following composition:

- Between 1 January 2018 and 7 March 2018:
 - 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 7 March and 9 November 2018:
 - a) Mr. Jakub Zabłocki – Chairman of the Supervisory Board;
 - b) Mr. Marek Strugała – 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 10 November 2018 till the end of 2018:
 - a) Mr. Jakub Leonkiewicz – Chairman of the Supervisory Board;
 - b) Mr. Grzegorz Grabowicz – 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, the Nomination Committee and the Risk Management Committee, which tasks are performed in a collective manner by the Supervisory Board pursuant to the resolution of the General Meeting.

Moreover, 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) 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 ("Act on audits") 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 2018 Łukasz Baszczyński, Jarosław Jasik, Marek Strugała, Grzegorz Grabowicz and Jakub Leonkiewicz fulfilled the criteria of independence pursuant to § 20 item 2 of the Articles of Association.

In 2018 Łukasz Baszczyński, Jarosław Jasik, Marek Strugała, Grzegorz Grabowicz and Jakub Leonkiewicz fulfilled the criteria of independence pursuant to article 129 item 3 of the Act on audits.

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

2. Primary Responsibilities of the Supervisory Board

The Supervisory Board exercised in 2018, 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) performing tasks of the Risk Management Committee, including:
- preparing a draft document regarding the risk appetite of a brokerage house;
 - giving opinions on the strategy of a brokerage house developed by the Management Board in the scope of risk management;
 - supporting the Supervisory Board in overseeing the implementation of the strategy of the brokerage house in the scope of risk management by the management board;
 - verification of the remuneration policy and the rules of its implementation in terms of adjustment of the remuneration system to the risk to which the brokerage house is exposed, its capital, liquidity and probability and dates of obtaining income;
- h) granting consent to the appointment and dismissal of persons in charge of the internal audit and compliance departments of the Company;
- i) review and expressing opinion on matters to be discussed and put to a vote at the General Meeting;
- j) other legal and formal issues related to activity of the Supervisory Board.

IV. Actions taken by the Supervisory Board

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 2018 the Supervisory Board held eight meetings on:

1. 23 January 2018;
2. 9 March 2018;
3. 25 April 2018;
4. 10 July 2018;
5. 20 August 2018;
6. 29 August 2018;
7. 7 November 2018;
8. 4 December 2018.

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 2018 held the meeting in accordance with the Company's internal regulations in force.

In 2018, 61 resolutions were adopted at the Supervisory Board meetings and by way of the circulation procedure. Most important of the adopted resolutions concerned:

1. Approval of the Policy of variable remuneration components and Assumptions for the implementation of the policy of variable remuneration components for 2018;
2. Approval of the Remuneration Policy of the Management Board and the Supervisory Board as well as persons whose professional activity has a significant impact on the risk profile;
3. Assessment of the activities of the Company's Management Board and its individual Members in 2017 and recommendation for the General Meeting of the Company's Shareholders regarding approval for the members of the Company's Management Board for performance of their duties in 2017;
4. Expressing opinions on the Management Board's recommendation regarding retention of profit at the Company's disposal;
5. Getting acquainted with the semi-annual Reports on the functioning of the compliance system for the second half of 2017 and the first half of 2018 and hearing information from the Compliance Officer;
6. Getting acquainted with semi-annual Reports on the functioning of the risk management system for the second half of 2017 and the first half of 2018 and hearing the Risk Management Director;
7. Amendments to the Regulations of the Management Board;
8. Changes in the Management Board of the Company;
9. Increasing the share capital and spare capital of the subsidiary XTb Limited with its seat in Cyprus;
10. Granting consent to the establishment and subscription of shares in a subsidiary XTb Africa (Pty) Ltd.;
11. Entrusting the audit of financial statements for the years 2019-2020 to the company
 1. PricewaterhouseCoopers sp. z o.o.;
12. Approval of the Diversity Policy;
13. Payment of the advance payment towards dividends;
14. Adoption of the Supervisory Board's and its committees Work Plan.

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 2018, financial statements for 2018 and the Management Board's proposal concerning the distribution of profit for 2018

The Supervisory Board presents the report on the results of evaluation of the following reports and conclusions of the Company for the financial year 2018:

1. Separate and consolidated financial statements of XTb for 2018

After reviewing the opinion and the auditor's report on the course and results of the audit of the Company's financial statements for 2018, the Supervisory Board agrees with the opinion of the auditor and states that the

Company's financial statements for the financial year 2018 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 2018.

2. Management Board's report concerning the activity of the Group and the Company in 2018

After the analysis and evaluation of the Management Board's report concerning the activity of the Group and the Company in 2018, 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 2018, the Supervisory Board requests the General Meeting to grant the vote of approval to the President of the Management Board - Mr. Omar Arnaout, former Member of the Management Board – Mr. Paweł Frańczak and the following members of the Management Board - Mr. Paweł Szejko, Mr. Filip Kaczmarzyk and Mr. Jakub Kubacki for performance of their duties in the financial year 2018.

3. Assessment of the Management Board's proposal concerning the distribution of the Company's profit for 2018

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 2018, as well as based on the discussion about the impact of the profit distribution proposed by the Management Board, the Supervisory Board approved the recommendation of the Management Board of 15 March 2019 and adopted a resolution on payment of the dividend from the profit gained in 2018 in the amount of PLN 90 898 045,65, in the amount of PLN 61 039 490,20, i.e. PLN 0,52 per one share, with advance payment of PLN 41 084 272,25, i.e. PLN 0,35 per one share, which means that in 2019, the amount of PLN 19 955 217,95 will be paid to the shareholders, i.e. PLN 0,17 per one share and to keep a profit of PLN 29 858 555,45 at the disposal of the Company, i.e. to transfer the indicated part to the Company's reserve capital. At the same time the Supervisory Board endorsed to the recommendation of the Management Board regarding set to dividend day on 25 April 2019 and the day of payment of the dividend on 10 May 2019. The recommendation of the Management Board is consistent with the Company's dividend policy.

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

In 2018, XTB reported PLN 101 471 thousand of consolidated net profit compared to PLN 92 973 thousand profit a year earlier. This is an increase of PLN 8 498 thousand ie. 9.1%. Operating profit (EBIT) decreased y/y by PLN

12 461 thousand 9.7% to PLN 115 809 thousand. Consolidated revenues amounted to PLN 288 301 thousand to PLN 273 767 thousand a year earlier.

In 2018 the retail business segment generated approximately 93% of the total volume of the Group's turnover and the institutional business segment – approximately 7%.

The revenues in 2018 increased by 5.3% y/y ie. PLN 14 534 thousand from PLN 273 767 thousand to PLN 288 301 thousand. In the I half of 2018 XTB noted a record revenues (PLN 197 937 thousand), which resulted from the constantly growing customer base, clear trends in the financial markets, relatively high profitability per lot (an average of PLN 153) and significant customer activity expressed in the number of contracts in lots (1 291 426 lots). II half of 2018 brought reduction of revenues to the level of PLN 90 364 thousand, calmer situation in the financial markets, decreased profitability per lot (an average of PLN 116) and a decline of trading lots volume to 803 987 lots. One of the relevant factors which determined the level of revenues of XTB in 2018 was the product intervention of the European Securities and Markets Authority (ESMA) coming into force in August, which in case of the retail clients limited maximum permitted level of leverage for CFDs up to 30:1 for major currency pairs and 20:1 for non-majors currency pairs, gold and major indices. Intervention was initially implemented for the period of three months with possibility of further extension. At present, it is known that the intervention will remain in force at least till April 2019.

Operating expenses in 2018 amounted to PLN 172 492 thousand (2017: PLN 145 497 thousand) and were higher by PLN 26 995 thousand ie. 18.6% y/y. This increase was mainly higher by one-off event, which was administrative fine imposed by PFSA in the amount of PLN 9 900 thousand and higher by:

- PLN 8 481 thousand of marketing costs mainly due to higher expenditures on marketing online campaigns;
- PLN 5 328 thousand of salaries and employee benefits costs mainly due to the increase in variable remuneration elements (bonuses). The average number of employees in the Group was 391 persons in 2018 and 388 persons in 2017. Average monthly cost of remuneration and employee benefits per one employee in the Group in 2018 amounted PLN 16.7 thousand and increased in comparison to previous year (2017: PLN 15.7 thousand).
- PLN 2 966 thousand of other external services costs as a result of incurring more expenditure on:
 - legal and advisory services (increased by PLN 1 060 thousand y/y);
 - market data services (increased by PLN 995 thousand y/y) and
 - IT systems and licenses (increased by PLN 627 thousand y/y).

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.

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;
- 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 2018, the Company did not carry out any significant sponsorship and charity activities.

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

In 2018, the Company's Supervisory Board held eight 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 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 2018 it performed its duties in an efficient manner.

Jakub Leonkiewicz
President of the Supervisory
Board

Łukasz Baszczyński
Member of the Supervisory
Board

Jarosław Jasik
Member of the Supervisory
Board

Bartosz Zabłocki
Member of the Supervisory
Board

Grzegorz Grabowicz
Member of the Supervisory
Board



POLICY FOR VERIFICATION AND SELECTION OF MEMBERS OF THE MANAGEMENT BOARD, THE SUPERVISORY BOARD AND KEY FUNCTION HOLDERS

§ 1

This Policy sets out the rules for verification and selection of members of the Management Board, the Supervisory Board, and the Key Function Holders of X-Trade Brokers Dom Maklerski S.A., and has been prepared in the performance of the obligations arising from the Regulation of the Minister of Finance of 29 May 2018 on detailed technical and organisational conditions for investment firms, banks referred to in Article 70(2) of the Act on trading in financial instruments and custodian banks (the “Regulation”), and Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile Text with EEA relevance (the “EU Regulation”).

§ 2

When used in this Policy the following expressions shall have the following meaning:

1. **Key Function Holder** – a staff member whose professional activity has a material impact on the Company’s risk profile;
2. **Authority** – the Financial Supervision Authority [*Polish: Komisja Nadzoru Finansowego*];
3. **Policy** – this Policy for verification and selection of members of the Management Board and the Supervisory Board of X-Trade Brokers Dom Maklerski S.A.;
4. **Supervisory Board** – the supervisory board of the Company;
5. **Company** – X-Trade Brokers Dom Maklerski S.A.;
6. **Act** – the Act of 29 July 2005 on trading in financial instruments (Journal of Laws [*Polish: Dz.U.*] 2005 No. 183 item 1538 as amended);
7. **General Meeting** – the general meeting of the Company;
8. **Management Board** – the management board of the Company.

§ 3

This Policy is designed to guarantee selection of relevant persons to hold offices in the Management Board of the Company and the Supervisory Board of the Company and Key Function Holders, taking into account the criterion of suitability and in the performance of the obligation set out in the Regulation, the Act and the EU Regulation.

§ 4

1. The Company carries out assessment of suitability in respect of Members of the Management Board, Members of the Supervisory Board, and Key Function Holders. Furthermore, the Company carries out assessment of suitability in respect of the Management Board and the Supervisory Board acting collectively.
2. The assessment of suitability is carried out in particular in a situation where:
 - a) new Members of the Management Board or of the Supervisory Board are to be appointed, or a new Key Function Holder is to be appointed;
 - b) requirements regarding the given office of a Member of the Management Board, a Member of the Supervisory Board, or a Key Function Holder, have changed;
 - c) a Member of the Management Board, a Member of the Supervisory Board, or a Key Function Holder is to be assigned a new function;
 - d) there are justified fears that the given Member of the Management Board, the given Member of the Supervisory Board, or the given Key Function Holder, or the Management Board or the Supervisory Board as collective bodies, do not meet the suitability requirement.

§ 5

1. The assessment of suitability takes into account requirements regarding the following:
 - a) professional qualifications, namely: knowledge, experience, and skills necessary for effective, correct and prudent management of the Company, including risk management, taking into account the scope, scale and complexity of the business conducted;
 - b) reputation, including information about consequences of incidents, criminal and administrative proceedings, activities which could have an adverse impact on managing the Company, and good repute regarding the offices held;
 - c) other criteria regarding management, including but not limited to:
 - i. potential conflicts of interest;

- ii. conducting competitive activities;
- d) ability to devote sufficient time to the Company;
- e) independent judgement;
- f) restrictions regarding the number of offices held by a candidate member of the management board or a candidate member of the supervisory board in other enterprises, namely a Member of the Management Board must not hold simultaneously more than one office of a member of a management board or two offices of a member of supervisory boards, and a Member of the Supervisory Board must not hold simultaneously more than four offices of a member of supervisory boards or one office of a member of a management board and one office of a member of a supervisory board.

§ 6

1. While assessing the suitability, also other financial and non-financial factors regarding the candidate are taken into account, including those publically available, which may affect his/her performance of his/her duties.
2. In particular it should be taken into account whether:
 - a) the person under assessment conducts business activity or maintains or has maintained during the last 2 years, business relationships with any of persons or institutions listed in Article 4(a)(ix) of the EU Regulation, or whether he/she is engaged in legal proceedings with any of such persons or institutions;
 - b) the person under assessment or his/her relatives by blood in direct line, siblings or relatives by affinity have any interest which is in conflict with the interest of the Company, its parent undertaking or subsidiaries;
 - c) the person under assessment had been or is to be appointed a representative of one of the shareholders in the Company;
 - d) the person under assessment has any financial liabilities towards the Company, its parent undertaking or subsidiaries;
 - e) the person under assessment holds or has held during the last 2 years any political function which may have an impact on or significance for the business activity conducted by the Company.

§ 7

In order to carry out the assessment of suitability, the Company is obliged to collect and verify the following documents:

- a. a certified copy of an identity document containing at least the name, surname, date and place of birth, and image;
- b. curriculum vitae, documents confirming the education, qualifications and professional experience, as well as a statement regarding the current residence address;
- c. extract from the National Criminal Register [*Polish: Krajowy Rejestr Karny*] no older than 3 months on the date of assessment, and in case of persons whose place of residence during the last 10 years preceding that date was outside the Republic of Poland – issued by the National Criminal Register and by competent authorities of the countries where such persons had their place of residence during the period of 10 years preceding the date of assessment;
- d. statement about administrative and disciplinary proceedings ended with punishment;
- e. statement about completed court proceedings in commercial cases, proceedings regarding liquidation, bankruptcy, liquidation of the bankrupt's estate, or reorganisation proceedings [*Polish: postępowanie naprawcze*], as well as information about completed proceedings regarding liquidation, bankruptcy, liquidation of the bankrupt's estate, or reorganisation proceedings conducted against an entity in which the person holds or held an office in a managing or supervisory and controlling body;
- f. statement regarding the following proceedings pending:
 - i. criminal proceedings regarding an intentional offence, except for offences prosecuted at the injured's request, or proceedings in cases regarding a fiscal offence, including those relating to liability referred to in legal provisions regarding collective entities' liability for acts prohibited under penalty,
 - ii. disciplinary and administrative proceedings against such a person for imposing a penalty or another administrative sanction,
 - iii. court proceedings in commercial cases against such a person, proceedings regarding liquidation, bankruptcy, liquidation of the bankrupt's estate, or restructuring proceedings, as well as proceedings regarding liquidation, bankruptcy, liquidation of the bankrupt's estate or restructuring proceedings conducted against an entity in which the person under assessment holds or held an office in a managing or supervisory and controlling body;
- g. a statement regarding events of refusal or withdrawal of any permit or consent in respect of the conducted or planned activity or in respect of holding functions on the financial market, with quoting the reasons;
- h. a statement regarding events of termination, by the employer's or the principal's initiative, of employment in any form with an institution conducting activity on the financial market, with quoting the reasons;

- i. a certificate from competent tax authorities confirming that there are no tax arrears or specifying the amount of tax arrears and a certificate issued by a competent social insurance institution confirming that there are no arrears in payment of social insurance contributions, or a statement where it is not possible to receive such a certificate;
- j. a statement containing business names of companies and partnerships in which the person was a member of administrative, management or supervisory bodies, a commercial attorney [*Polish: prokurent*] or a partner or a shareholder;
- k. a statement containing names of organisations whose main objectives are not for-profit objectives, and in which the person was or is a member of administrative, management or supervisory bodies, or a commercial attorney;
- l. statement about other offices held, at the date of assessment, with other entities or professional activity conducted, which are material given the engagement in terms of time spent;
- m. description of the nature of duties performed in respect of the offices referred to in subparagraphs (j)-(l);
- n. extract from the register of business activities or from another respective register confirming the conducting of business activity;
- o. undertaking to spend specific amount of time for the fulfilment of tasks related to the function held with the brokerage house and a statement that in case of increased activity of the brokerage house the person will be able to devote additional time to fulfil his/her duties within the scope of the function held in accordance with applicable laws.

§ 8

1. A person to hold or holding the office of a Member of the Management Board meets the requirement to have specialised knowledge if he/she:
 - a) has education in at least one field of knowledge referred to in § 70 of the Act or is registered on the list of investment advisors or securities brokers;
 - b) demonstrates detailed knowledge of issues related to the scope of duties to be performed by that person;
 - c) demonstrates understanding of the rules and activity conducted by the brokerage house and the related risks.
2. A person to hold or holding the office of a Member of the Supervisory Board meets the requirement to have specialised knowledge if he/she:
 - a) has education in at least one field of knowledge referred to in § 70 of the Act or is registered on the list of investment advisors or securities brokers;

- b) understands the rules and activity conducted by the brokerage house and the related risks, to the extent allowing to perform the supervisory actions effectively.

§ 9

1. Within the scope of the assessment of suitability, the Company verifies the good repute of the person to hold or holding the office of a Member of the Management Board, a Member of the Supervisory Board or to be or being a Key Function Holder.
2. A person referred to in paragraph 1 above meets the requirement to have the good repute in a situation where:
 - a) has not been declared by a final and valid decision to be guilty of commitment of offences referred to in Article 82(1)(2) of the Act and has not been punished in administrative mode by a competent supervisory authority for a breach of legal provisions referred to in that provision;
 - b) has not conducted himself/herself in a manner grossly contrary to moral, ethical and legal standards, which could affect the confidence in that person as a Member of the Management Board or a Member of the Supervisory Board.

§ 10

1. The suitability of the person to hold or holding the office of a Member of the Management Board, a Member of the Supervisory Board, or to be or being a Key Function Holder, includes the independence of his/her judgement.
2. Independence of judgement in case of a person to hold or holding the office of a Member of the Management Board means, but is not limited to, independence in such person's making and carrying out decisions.
3. Independence of judgement in case of a person to hold or holding the office of a Member of the Supervisory Board means, but is not limited to, independence in assessment of decisions made by the Management Board.
4. Determining, based on relevant legal provisions or based on good practice, that a person to hold or holding an office of a Member of the Supervisory Board is independent is not equivalent to determining independent judgement of such a Member of the Supervisory Board.
5. While assessing the independence of judgment of a person to hold or holding the office of a Member of the Management Board or a Member of the Supervisory Board, to be or being a Key Function Holder, in particular conflict of interest should be taken into account.

§ 11

1. The Company is obliged to ensure that the requirement regarding the number of offices of a member of a management board or of a supervisory board held is met on a continuous basis.
2. The Company is obliged to review, as the need arises, but no less than annually, the number of offices that may be held simultaneously by a Member of the Management Board or a Member of the Supervisory Board.
3. In order to perform the obligation referred to in paragraph 2 above, the Company is obliged to obtain from the Member of the Management Board or the Member of the Supervisory Board necessary documents and information in order to determine the number of offices held simultaneously by such a person.

§ 12

1. Within the scope of assessment of suitability of the Management Board of the Company as a collective body, the following shall be assessed the Management Board's ability to make decisions taking into account:
 - a) the Company's business model;
 - b) the level of risk appetite;
 - c) the Company's operation strategy, and;
 - d) the market environment in which the Company operates.
2. With the scope of suitability of the Supervisory Board of the Company as a collective body, the Supervisory Board's ability to analyse and assess the decision made by the Management Board of the Company is assessed.
3. The Management Board of the Company as a whole and the Supervisory Board of the Company as a whole should have knowledge at least on the following:
 - a) material areas of the business activity conducted by the Company and related major risks;
 - b) accountancy and financial reporting;
 - c) risk management;
 - d) legal compliance of the Company's activities and internal audit;
 - e) information technology and security;
 - f) local, regional or global markets – as applicable;
 - g) regulatory environment;
 - h) strategic planning;

- i) managing the Company or the organisation;
- j) managing domestic or international groups of companies and risk factors involved in the structure of such groups – where applicable.

§ 13

1. Members of the Management Board, Members of the Supervisory Board, and Key Function Holders should identify and report to the Company any and all circumstances which may give rise to conflict of interest and pose threat to their independent judgement.
2. Members of the Management Board and Members of the Supervisory Board should refrain from voting or should be excluded from a meeting of the Management Board or of the Supervisory Board respectively in issues in which they are affected by conflict of interest.
3. Key Function Holders should identify and report to the Company any and all circumstances which may give rise to conflict of interest.

§ 14

The Company shall inform the Authority immediately about an identified conflict of interest which may affect the independence of judgement of a Member of the Management Board, a Member of the Supervisory Board, or a Key Function Holder.

§ 15

1. The Company shall inform the Authority immediately if, as a result of the assessment of suitability, a Member of the Management Board, a Member of the Supervisory Board, a Key Function Holder, or any of those bodies acting collectively, is found to have ceased to meet the suitability requirement.
2. The Company should enclose with the information about the assessment outcome a description of actions planned to achieve compliance with the suitability requirement.
3. The Company shall also immediately inform about the outcome of the assessment as referred to in paragraph 2 above the Member of the Management Board, the Member of the Supervisory Board or the Key Function Holder involved.

§ 16

1. The assessment of suitability relating to a person to hold an office of the President of the Management Board or a Member of the Management Board responsible for risk management

shall be carried out by the Supervisory Board, before a request for consent as referred to in Article 102a(1) of the Act is filed with the Authority.

2. While carrying out the assessment as referred to in paragraph 1 above, the Supervisory Board shall carry out the assessment of suitability in respect of the Management Board as a collective body, taking into account the membership of such a person in the Management Board.

§ 17

Members of the Management Board, Members of the Supervisory Board, or Key Function Holders are obliged to report to the Company a change in any circumstances covered by this Policy.

§ 18

In issues not governed by this Policy, generally applicable provisions of law and internal regulations of the Company shall apply.