**X-TRADE BROKERS DOM MAKLERSKI S.A.**

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

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**CURRENT REPORT NO 11/2021**
Warsaw, 29 June 2021

# Information on supervisory assessment (BION) issued for the Company

The Management Board of X-Trade Brokers Dom Maklerski S.A. (the „Issuer", „Company", „XTB") hereby announces that on 28 June 2021 Company received from the Polish Financial Supervision Authority („KNF", "Commission") a supervisory assessment (BION) of 2 [2,46]. The supervisory rating was assigned to 31 December 2020.

At the same time, the Issuer explains that the supervisory survey and evaluation given in the BION process conducted in a given calendar year constitutes one of several criteria taken into consideration by KNF in formulating annual recommendations for brokerage houses on dividend policy. Published by the KNF on 22 May 2018 the announcement on the position regarding the dividend policy in the medium term, aimed at facilitating financial market entities supervised by the KNF with financial framework planning related to the payment of dividends in the medium term, indicates that the current supervisory assessment for XTB complies with the criteria recommended by the KNF, which should allow the Company to potentially pay out dividends for the current financial year in accordance with these criteria.

The position of the KNF on the dividend policy in 2021, published on 16 December 2020, indicates that the current supervisory assessment for XTB is at the level recommended by KNF, which should allow the Company to potentially pay out the dividend for the current financial year, in accordance with these criteria.
For example, in the KNF Position on dividend policy in 2021 published on 16 December 2020, the KNF recommended that the dividend in 2021 should be paid only by brokerage houses that met the following criteria jointly:

A. Dividend in the amount not higher than 75% of the net profit for 2020:

I. for entities subject to capital adequacy requirements pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012 (Journal EU L 176 of 27.06.2013, as amended, hereinafter: "Regulation 575/2013") as of 31 December 2020:

- common equity Tier I ratio was at least 6%;
- Tier I capital ratio was at least 9%;
- the total capital ratio was at least 14%;

II. for entities not subject to capital adequacy requirements pursuant to Regulation 575/2013 as at 31 December 2020, the ratio being the share of equity in total assets is at least 50%;

III. the last supervisory grade assigned in the BION process is 1 or 2;

IV. the entity in 2020 and until the date of approval of the financial statements and adoption of the resolution on the distribution of profit for 2020 did not violate the provisions on capital requirements contained in Regulation 575/2013 and the Act of 29 July 2005 on Trading in Financial Instruments (Journal of Laws of 2020, item 89, as amended) and provision regarding large exposure limits, excluding violations of clients cash limits.

B. Dividend in the amount not higher than 100% of the net profit for 2020:

I. fulfills all the criteria listed in the letter A;

II. for entities subject to capital adequacy requirements pursuant to Regulation 575/2013 the criteria referred to in point A (I) are fulfilled at the end of each quarter of 2020;

III. for entities not subject to capital adequacy requirements pursuant to Regulation 575/2013 the criteria referred to in point A (II) are fulfilled at the end of each quarter of 2020.

C. Dividend in the amount exceeding the net profit for 2020:

I. fulfills all the criteria listed in the letter A and achieved the net profit for 2020;

II. the last supervisory grade assigned in the BION process is 1;

III. for entities subject to capital adequacy requirements pursuant to Regulation 575/2013, which adopt a resolution on dividend payment before 26 June 2021:

- common equity Tier 1 capital ratio may not fall below 12% as a result of adopting a resolution on dividend payment;
- Tier 1 capital ratio may not fall below 15% as a result of adopting a resolution on dividend payment;
- the total capital ratio may not fall below 20% as a result of adopting a resolution on dividend payment;

IV. for entities not subject to capital adequacy requirements in accordance with Regulation 575/2013, which will adopt a resolution on dividend payment before 26 June 2021, the ratio of equity in total assets as a result of adopting a resolution on dividend payment may not fall below 75%;

V. for entities that adopt a resolution on a dividend payment on 26 June 2021 or later (they will be subject to the already applicable Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (Official Journal EU L 314 of 05.12.2019, hereinafter referred to as : "Regulation 2019/2033")):

*Legal basis:*

*Article 17 paragraph 1 MAR – inside information.*

- ratio specified in Article 9(1)(a) of Regulation 2019/2033 may not fall below 150% as a result of adopting a resolution on dividend payment;
- ratio specified in Article 9(1)(b) of Regulation 2019/2033 may not fall below 187.5% as a result of adopting a resolution on dividend payment;
- ratio specified in Article 9(1)(c) of Regulation 2019/2033 may not fall below 250% as a result of adopting a resolution on dividend payment.

In addition, in the Position, the Commission indicated that brokerage houses should take into account additional capital needs when deciding on the amount of dividend in the perspective of twelve months from the moment of approval of the financial statements for 2020 as well as the current financial situation of the brokerage house at the time of approval of the financial statements and adoption of the resolution on the distribution of profit for 2020, in particular the amount of the current financial result of the brokerage house. The Commission also pointed out that brokerage houses obliged under applicable law to maintain additional capital requirements increase ratios referred to in A (I) by the amount additional capital requirements.

Further, the Issuer explains that the positions of the KNF are not binding legal acts, but rather of instructional value, but they can constitute a significant recommendation for statutory bodies of supervised entities.

*Legal basis:*

*Article 17 paragraph 1 MAR – inside information.*