



X-TRADE BROKERS DOM MAKLESKI S.A.

(joint stock company with its registered office in Warsaw and address at 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 6/2020

Warsaw, 20 March 2020

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 20 April 2020.

Concurrently, the Company submits:

- the Report of the Supervisory Board of the Company concerning the activity in 2019, which presentation and consideration is foreseen under point 10 of the planned agenda of the Ordinary General Meeting;
- the amended 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;
- the Remuneration Policy for members of the Management Board and the Supervisory Board, which adoption is foreseen under point 13 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 20 April 2020**

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Ad. 2 of the agenda

**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 moment it has been passed.

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Ad. 4 of the agenda

**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 2019;
6. Adoption of the resolution concerning approval of the Company's separate financial statement for 2019;
7. Adoption of the resolution concerning approval of the consolidated financial statement of the Group X-Trade Brokers Dom Maklerski S.A. for 2019;
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 2019;
 10. Review and approval of the report concerning the activity of the Company's Supervisory Board in 2019;
 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 2019;
 12. Adoption of the amended 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. Adoption of the Remuneration Policy for the Members of the Management Board and the Members of the Supervisory Board;
 14. Closing of the Annual General Meeting.
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Ad. 5 of the agenda

**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)**

**on reviewing and approval of the Management Board's report concerning the activity
of the Group and the Company in 2019**

§1

Annual General Meeting, after reviewing of the Management Board's report concerning the activity of the Group and the Company in 2019, hereby approves the Management Board's report concerning the activity of the Group and the Company in 2019.

§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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)**

on approval of the Company's separate financial statement for 2019

§1

Annual General Meeting, after reviewing of the Company's separate financial statement (Standalone Annual Report) for 2019, hereby approves the Company's separate financial statement (Standalone

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Annual Report) for 2019 prepared in accordance with International Financial Reporting Standards, consisting of:

- comprehensive income statement for the period of 1 January 2019 - 31 December 2019 which shows net profit in the amount of PLN 54.145 thousand,
- statement of financial position on 31 December 2019 with total assets of and total liabilities and equity of PLN 1.083.889 thousand,
- statement of changes in equity for the financial year 1 January 2019 - 31 December 2019 presenting increase of the equity capital in the amount of PLN 34.057 thousand,
- cash flow statement which presents increase of the cash funds between 1 January 2019 and 31 December 2019 by the net amount of PLN 23.268 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./2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)**

on reviewing and approval of the consolidated financial statement of the Group X-Trade Brokers Dom Maklerski S.A. for 2019

§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 2019, hereby approves the X-Trade Brokers Dom Maklerski S.A. Capital Group's consolidated financial statement (Consolidated Annual Report) for 2019 prepared in accordance with International Financial Reporting Standards, consisting of:

- comprehensive income statement for the period of 1 January 2019 - 31 December 2019 which shows net profit in the amount of PLN 57.701 thousand,
- statement of financial position on 31 December 2019, with total assets of and total liabilities and equity of PLN 1.138.900 thousand,

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- statement of changes in equity for the financial year 1 January 2019 - 31 December 2019 presenting increase of the equity capital in the amount of PLN 35.588 thousand,
- cash flow statement which presents increase of the cash funds between 1 January 2019 and 31 December 2019 by the net amount of PLN 17.543 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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 2019, which amounted to PLN 54 145 324.41 (fifty four million, one hundred and forty five thousand, three hundred and twenty-four zlotys and 41/100), in the amount of PLN 28 172 072.40 (twenty eight million one hundred seventy two thousand seventy two zlotys and 40/100), i.e. PLN 0,24 (24/100) per share. The Annual General Meeting decided to retain the retaining part of the profit in the amount of PLN 25,973,252.01 (twenty five million nine hundred seventy three thousand two hundred fifty two zlotys and 1/100) on a reserve capital.
2. The 30th of April 2020 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 15th of May 2020 (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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 2019 – 31 December 2019.

§2

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

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**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 2019 - 31 December 2019.

§2

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

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Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 2019 - 31 December 2019.

§2

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

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Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(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 1 January 2019 - 31 December 2019.

§2

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

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Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)
on granting the vote of approval for the Member of the Management Board
Mr. Andrzej Przybylski
§1

Annual General Meeting hereby grants Mr. Andrzej Przybylski the vote of approval for performance of his duties as the Member of the Management Board for the period of 1 May 2019 - 31 December 2019.

§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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)
on reviewing and approval of the report concerning the activity of the Company's
Supervisory Board in 2019

§1

Annual General Meeting, after reviewing of the report concerning the activity of the Company's Supervisory Board in 2019, hereby approves the report concerning the activity of the X-Trade Brokers Dom Maklerski S.A.'s Supervisory Board in 2019.

§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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(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 2019 – 31 December 2019.

§2

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

=====

**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(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 2019 - 31 December 2019.

§2

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

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**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(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 2019 - 31 December 2019.

§2

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

=====

**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(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 2019 - 31 December 2019.

§2

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

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**Resolution No. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(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 1 January 2019 – 31 December 2019.

§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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020**

(draft)

**on adoption of the amended 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 amended 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. 18/RN/2020 dated 19 March 2020.

§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. /2020
of the Annual General Meeting
of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw
dated 20 April 2020
(draft)
on adoption of the Remuneration Policy for the Members of the Management Board
and the Members of the Supervisory Board**

§1

Annual General Meeting hereby adopts the Remuneration Policy for members of the Management Board and the Supervisory Board adopted by the resolution of the Supervisory Board no. 18/RN/2020 dated 19 March 2020.

§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 2019

I. Composition of the Supervisory Board and its Committees

1. In 2019 the Supervisory Board proceeds in the following composition:

- Between 1 January 2019 and 31 December 2019:
 - 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.

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In 2019 Łukasz Baszczyński, Jarosław Jasik, Grzegorz Grabowicz and Jakub Leonkiewicz fulfilled the criteria of independence pursuant to § 20 item 2 of the Articles of Association.

In 2019 Łukasz Baszczyński, Jarosław Jasik, 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 2019, 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;

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- 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 2019 the Supervisory Board held nine meetings on:

1. 29 January 2019;
2. 28 February 2019;
3. 7 March 2019;
4. 18 March 2019;
5. 18 April 2019;
6. 13 June 2019;
7. 19 August 2019;
8. 22 October 2019;
9. 19 December 2019.

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 2019 held the meeting in accordance with the Company's internal regulations in force.

In 2019, 61 resolutions were adopted during the meetings of the Supervisory Board and by way of the circulation procedure. Most important of the adopted resolutions concerned:

1. 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;

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2. Assessment of the activities of the Company's Management Board and its individual Members in 2018, as well as a recommendation to the General Meeting of the Company's Shareholders regarding the discharge to the Management Board;
3. Opinion on the Management Board's recommendation regarding the distribution of profit for 2018;
4. Recommendation to the General Meeting regarding adoption of the Policy regarding the verification and selection of members of the Management Board and Supervisory Board as well as Key Employees;
5. Read the half-yearly reports on the functioning of the compliance system for the second half of 2018 and the first half of 2019 and information from the Supervision Inspector;
6. Read the half-yearly reports on the functioning of the risk management system for the second half of 2018 and the first half of 2019 and information from the Director of the Risk Management;
7. Establishing a new term of office for the Management Board and appointing members of the Management Board for a new term;
8. Consent to increase the share capital of the subsidiary XTB International Limited with its registered office in Belize;
9. Expressing consent to the appointment of a Member of the Management Board responsible for overseeing the risk management system;
10. Adoption of individual and collegial assessment of the suitability of Members of the Management Board, Supervisory Board and Key Employees;
11. Establishment and acquisition by the Company of shares in the share capital of a subsidiary with its registered office in Dubai in the United Arab Emirates and a subsidiary with its registered office in Singapore;
12. Approval of the Procedure for transactions with related entities X-Trade Brokers Dom Maklerski S.A.

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 2019, financial statements for 2019 and the Management Board's proposal concerning the distribution of profit for 2019

The Supervisory Board presents the report on the results of evaluation of the following reports and conclusions of the Company for the financial year 2019:

1. Separate and consolidated financial statements of XTB for 2019

After reviewing the opinion and the auditor's report on the course and results of the audit of the Company's financial statements for 2019, the Supervisory Board agrees with the opinion of the auditor and states that the Company's financial statements for the financial year 2019 were prepared on the basis of the properly conducted accounting

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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 2019.

2. Management Board's report concerning the activity of the Group and the Company in 2019

After the analysis and evaluation of the Management Board's report concerning the activity of the Group and the Company in 2019, 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 2019, the Supervisory Board requests the General Meeting to grant the vote of approval to the President of the Management Board - Mr. Omar Arnaout and the following members of the Management Board - Mr. Paweł Szejko, Mr. Filip Kaczmarzyk, Mr. Jakub Kubacki and Mr. Andrzej Przybylski for performance of their duties in the financial year 2019.

3. Assessment of the Management Board's proposal concerning the distribution of the Company's profit for 2019

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 2019, 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 16 March 2020 and adopted a resolution on payment of the dividend from the profit gained in 2019 which amounted to PLN 54 145 324.41, in the amount of PLN 28 172 072.40, i.e. PLN 0,24 per one share, and to keep a profit of PLN 25,973,252.01 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 30 April 2020 and the day of payment of the dividend on 15 May 2020. 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 2019, XTB reported PLN 57 701 thousand of consolidated net profit compared to PLN 101 471 thousand profit a year earlier. Operating profit (EBIT) amounted to PLN 65 412 thousand to PLN 115 809 thousand a year earlier. Consolidated revenues amounted to PLN 239 304 thousand to PLN 288 301 thousand a year earlier. Total operating expenses amounted to PLN 173 892 thousand (in 2018: PLN 172 492 thousand).

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In 2019 the retail business segment generated approximately 88% of the total volume of the Group's turnover and the institutional business segment – approximately 12%.

In 2019 the revenues decreased by 17,0 y/y i.e. PLN 48 997 thousand from PLN 288 301 thousand to PLN 239 304 thousand. One of the relevant factors which determined the level of revenues of XTB was the product intervention of ESMA, coming into force in August 2018. The regulations limited maximum permitted level of leverage for retail clients, which resulted in lower volume of transactions concluded by clients. Consequently, CFDs turnover in lots amounted to 1 597 218 lots compared to 2 095 412 a year earlier. Profitability per lot increased by 8,7% y/y i.e. from PLN 138 to PLN 150.

In Q42019, the revenues increased by 109,3% compared to the Q4 2018, i.e. by PLN 46 785 thousand from PLN 42 786 thousand to PLN 89 571 thousand. This change was driven by: (i) higher profitability per lot – an increase by PLN 134 (from PLN 93 to PLN 227); (ii) lower financial instruments turnover noted in the number of concluded transactions in lots – a decrease by 64 723 lots (from 458 869 to 394 147 lots).

Operating expenses in 2019 amounted to PLN 173 892 thousand and were similar to those a year earlier (an increase by PLN 1 400 thousand y/y). The most significant changes y/y occurred in:

- salaries and employee benefits costs, an increase by PLN 7 546 thousand mainly due to new employment and employee severance payments;
- marketing costs, an increase by PLN 4 394 thousand mainly due to higher expenditures on online marketing campaigns;
- costs of maintenance and lease of buildings, a decrease by PLN 4 657 and consequently an increase in depreciation costs by PLN 2 822, relating to the entry into force of IFRS 16 Leasing;
- other costs, a decrease by PLN 9 746 thousand as a result of one-off event in Q3 2018 in the amount of PLN 9 900 thousand.

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, who starting from 1 May 2019 is also Member of the Management Board regarding Risk Management system. 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,

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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 Member of the Management Board for Legal Affairs, 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 was until 15 January 2020 was organisationally subordinated to the Member of the Management Board for Legal Affairs and starting from 15 January 2020 is organisationally subordinated to the President of the Management Board 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.

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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 2019, the Company did not carry out any significant sponsorship and charity activities.

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

In 2019, 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

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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 2019 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

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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 three 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 no. 2017/1943 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firm, 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.

§ 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. As part of the suitability assessment, the Company verifies whether the person who is to perform the function of a Member of the Management Board, Member of the Supervisory Board, Key Employee or performs such function is able to devote a sufficient amount of time to perform these functions necessary to perform the tasks assigned to the function and understanding:
 - a) activities conducted by the Company;
 - b) risks related to the business conducted by the Company;
 - c) risk management strategies;
 - d) other aspects of the business.
2. In assessing suitability for the possibility of devoting sufficient time, the following elements shall be taken into account:
 - a) the number and type of functions exercised in other entities, regardless of whether they operate on the financial market or other activities;

- b) the size of the entity and the level of complexity of its activities in which the assessed person performs the function;
- c) the geographical location in which the rated person performs the functions;
- d) the number of functions in organizations whose main purpose is not a commercial purpose;
- e) the nature of the functions performed in other entities, including the scope of performed tasks;
- f) other professional or political activity.

§ 11

The assessment of the suitability of the person who is to perform the function of a Member of the Management Board, Member of the Supervisory Board, Key Employee or a person performing such functions should take into account available information regarding:

- a) the insolvency of the person covered by the assessment;
- b) insolvency of the entity in which the person covered by the assessment performs or held a function in the management board or the supervisory board;
- c) circumstances indicating that the person covered by the assessment unreasonably refused to cooperate or hindered cooperation with supervisory authorities;
- d) other circumstances indicating a failure by a person covered by the assessment of high standards of conduct.

§ 12

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.

§ 13

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.

§ 14

1. Within the scope of assessment of suitability of the Management Board of the Company as a collective body, the following shall be assessed:
 - a) the Management Board's ability to make decisions taking into account 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.

§ 15

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.

§ 16

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.

§ 17

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.

§ 18

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.

§ 19

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.

§ 20

In the scope of the diversity criteria the Diversity Policy binding the Company shall apply accordingly.

§ 21

In the scope of the obligations and requirements for the individual functions in the Management Board, Supervisory Board and Key Function Holders the Policy regarding the maintenance and improvement of competences by Members of the Management Board, Supervisory Board and Key Function Holders of X-Trade Brokers Dom Maklerski S.A. shall apply accordingly.

§ 22

This Policy is subject to approval of the General Meeting and confirmation of the Company's Management Board and Supervisory Board.

§ 23

This Policy is public for all Company's employees.

§ 24

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



REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

X-Trade Brokers Dom Maklerski S.A.

dated 5 March 2020

This document, hereinafter referred to as the Remuneration Policy, sets out the rules for remuneration of Members of the Management Board and Members of the Supervisory Board of X-Trade Brokers Dom Maklerski S.A. The legal basis for this Policy are the provisions of the Act on Public Offering.

I. Definitions

§1

Whenever referred to herein:

- (a) Member of the Supervisory Board – shall mean a Member of the Supervisory Board of the Company;
- (b) Member of the Management Board – shall mean a Member of the Management Board of the Company;
- (c) Group – shall mean the Company, the Branch Offices and the Subsidiaries;
- (d) Financial Instruments – shall mean derivative instruments whose value is linked to the financial standing of the Company;
- (e) Remuneration Committee – shall mean the remuneration committee of the Company;
- (f) Branch Offices – shall mean foreign branch offices of the Company;
- (g) Remuneration Policy – shall mean this remuneration policy for Members of the Management Board and Members of the Supervisory Board;
- (h) Supervisory Board – shall mean the Supervisory Board of the Company;
- (i) Company – shall mean X-Trade Brokers Dom Maklerski S.A.;
- (j) Subsidiaries – shall mean of the subsidiaries of the Company;
- (k) Remuneration Report – shall mean the report on remuneration containing a summary of remunerations received by particular Members of the Management Board and Members of the Supervisory Board or due to particular Members of the Management Board and Members of the Supervisory Board in the last financial year, in accordance with § 15 of this Remuneration Policy;
- (l) Act on Trading – shall mean the Act of 29 July 2005 on Trading in Financial Instruments, as amended;
- (m) Act on Public Offering – shall mean the Act of 25 July 2005 on Public Offering, Conditions for Introducing Financial Instruments to Organised Trading and Pubic Companies, as amended;
- (n) General Meeting – shall mean the general meeting of shareholders of the Company;
- (o) Management Board – shall mean the management board the Company.



II. General

§2

- 1) The Management Board prepares, implements and updates this Remuneration Policy.
- 2) The Remuneration Committee expresses opinions on this Remuneration Policy
- 3) The Supervisory Board approves this Remuneration Policy and supervises the implementation hereof.
- 4) This Remuneration Policy is subject to approval by a resolution of the General Meeting adopted by simple majority of votes.
- 5) Each year, the Supervisory Board reviews the application of the Remuneration Policy and prepares a Remuneration Report.

§3

The purposes of the Remuneration Policy are:

- 1) to carry out the business strategy adopted by the Company;
- 2) to achieve the long-term interests assumed by the Company; and
- 3) to maintain the stability of the Company.

§4

- 1) The Company's business strategy is published on the Company's website in the "Investor Relations" section.
- 2) The grounds for determining the total amount of the remuneration of Members of the Management Board and Members of the Supervisory Board shall be the assessment of the performance of the given person and of the organisational unit in reference to the general performance of the Company.
- 3) Remuneration paid to the members of the Management Board and Members of the Supervisory Board shall take into account the current situation of the Company.

III. Remuneration structure

§5

- 1) The remuneration model for Members of the Management Board covers fixed pay, variable pay and non-cash benefits.
- 2) The remuneration model for Members of the Supervisory Board covers fixed pay and non-cash benefits.
- 3) The components of remuneration for Members of the Management Board and Members of the Supervisory Board shall be paid in a transparent manner which ensures effective implementation of the Remuneration Policy.



- 4) While determining the rules for remuneration for Members of the Management Board and Members of the Supervisory Board, the rules for remuneration for all the employees of the Company shall be taken into account, and the situation on the labour market shall be analysed.

§6

- 1) Members of the Management Board shall be paid remuneration under their employment contracts or under appointment relationship.
- 2) The rules for and amount of the remuneration of Members of the Management Board shall be determined by the Supervisory Board.

§7

- 1) Members of the Supervisory Board shall be paid remuneration under the appointment relationship, namely in respect of their holding the office in the Supervisory Board. Members of the Supervisory Board are appointed for a common term of office of three years.
- 2) The rules for and amount of the remuneration of Members of the Supervisory Board shall be determined by the General Meeting.
- 3) There are three thresholds of remuneration granted to the Members of the Supervisory Board:
 - a) remuneration of the Chair of the Supervisory Board;
 - b) remuneration of Members of the Supervisory Board who simultaneously act as a member of at least one committee of the Supervisory Board; and
 - c) remuneration of other Members of the Supervisory Board who do not hold any office in a committee of the Supervisory Board.

§8

- 1) If the entire remuneration is divided into fixed components and variable components, the fixed components shall constitute a portion of the total remuneration which is high enough to enable flexible policy regarding the variable remuneration components, including reduction or non-payment of such components.
- 2) Subject to paragraph (3) below, the proportion of the variable remuneration components to the fixed remuneration components must not exceed 100% for each Member of the Management Board.
- 3) Subject to consent from the General Meeting, a higher maximum relation of the variable remuneration components to the fixed remuneration components may be applied, but no higher than 200%. The consent referred to in the previous sentence shall be expressed in the form of a resolution adopted by a majority of 2/3 of votes in the presence of persons representing at least half of the share capital, or if quorum is not present, the resolution shall be adopted by a majority of 3/4 of votes.



Fixed components of the remuneration

§9

- 1) Members of the Management Board and Members of the Supervisory Board, to whom this Remuneration Policy apply, shall be paid fixed remuneration for work reflecting the type of their work and the qualifications necessary in order to perform the same, taking into account:
 - a) the quantity,
 - b) the assessment, and
 - c) the quality of their work.
- 2) The fixed components of remuneration are:
 - a) the base pay, and
 - b) other benefits granted under generally applicable provisions of law.
- 3) The amount of the fixed pay shall be determined for each Member of the Management Board and each Member of the Supervisory Board individually, based on the level of the person's education, knowledge, qualifications and professional experience, the nature of the position to be held by the given person, the scope of duties and scope of responsibilities for the given position, as well as the situation on the local labour market, so that to ensure that the remuneration level does not encourage the given person to assume excessive risk in order to obtain the variable component of remuneration.

Variable components of remuneration

§10

- 1) Members of the Management Board, to whom this Remuneration Policy applies, may be paid variable pay (annual bonus on the achievement of management goals).
- 2) The variable pay for Members of the Management Board depends on the performance of particular Members of the Management Board and the performance of the Company.
- 3) The Supervisory Board is authorised to determine the amount of the variable pay for each Member of the Management Board.
- 4) In a situation where the variable components of remuneration are paid in instalments, the long-term interest of the Company shall be taken into account.
- 5) While granting or paying out the variable components of remuneration, the following shall be taken into account: the size of the Company, the financial results of the Company, the risk involved in the Company's operations, the internal organisation, as well as the scope and level of complexity of the Company's business.
- 6) The financial results of the Company adopted in order to determine the variable components of the remuneration should take into account the level of the risk assumed and the cost of capital and restriction of liquidity.
- 7) Members of the Management Board shall be informed about the goals and assessment rules by the end of the first quarter for which the variable components of remuneration are to be paid.
- 8) The performance assessment shall be based on the data for at least last three financial years, and for persons with less than three years of services – the data from the date of commencement of employment, to ensure that the actual payment of the Company performance-related



components of remuneration covers a period which takes into account the business cycle and risk involved in the Company's business.

- 9) While assessing the individual performance, both financial and non-financial criteria shall be taken into account.
- 10) The financial criteria referred to in paragraph (9) above may include, but are not limited to:
 - a) implementation the organisational unit's budget,
 - b) performance of tasks which bring additional unplanned revenues or savings, taking into account the risk involved in the performance of such tasks,
 - c) contributing to losses which objectively could have been prevented – as a negative assessment factor.
- 11) The non-financial criteria referred to in paragraph (9) above may include, but are not limited to:
 - a) participation in activities which affect the Company's reputation – as a positive or a negative assessment factor,
 - b) a failure to meet the expectations regarding competences – as a negative assessment factor,
 - c) timely performance of assigned tasks, taking into account the objective conditions in which they are performed,
 - d) attitude to risk,
 - e) implementation of the strategy in the supervised areas, and
 - f) active participation or initiative in the area of business social activities.
- 12) The guaranteed variable components of remuneration, which are not subject to relevant provisions regarding variable components of remuneration, are of exceptional nature, may be granted only at the moment of entering into the employment relationship and are limited to the first year of employment only.
- 13) The persons who are subject to the Remuneration Policy are obliged not to use personal hedging strategies or insurance regarding remuneration and liability in order to challenge the consequences of risk in the remuneration system which applies to them.

§11

- 1) The amount of the variable components of remuneration granted must not restrict the Company's ability to increase its capital base.
- 2) The amount of the variable components of remuneration may be reduced, and the payment thereof may be suspended, if the Company shows permanent balance sheet loss.
- 3) Remuneration for earlier termination of the contract should reflect the work volume, productivity and quality over at least the last three years of holding the given office with the Company, and if the person has held the office for a period shorter than three years – for the period from the moment the person took over the office. The rules regarding such payments should be formulated in a manner which prevents remunerating poor performance, taking into account the basis and criteria described above.
- 4) At least 40% of the variable components of remuneration shall depend on the performance of the given person and shall take into account the risk of operations of the Company.



- 5) At least 50% of the variable components of remuneration shall be granted in the form of Financial Instruments. This provision shall not apply to the variable components of remuneration if their total value in the given year does not exceed 50% of the fixed pay.
- 6) At least 40% of the variable component of remuneration paid in the form of a Financial Instruments as referred to in paragraph (5) shall be settled and paid within a period of from three to five years, whereas such a period shall be determined taking into account the business cycle, the nature of and risk involved in the business and the obligations of the given persons. If the total amount of the remuneration of the given person in the previous financial year exceeded the Polish zloty equivalent of 1,000,000 euro determined at the average exchange rate published by the National Bank of Poland applicable on the last day of the previous year, the above shall apply to 60% of the variable components of remuneration.
- 7) The rights under the Financial Instruments referred to in paragraphs (5) and (6) above must not be transferred to a third party or encumbered in favour of a third party. The rights under the Financial Instruments shall be exercised by demanding the Company to fulfil payment obligation of a specified value.
- 8) The demand referred to in paragraph (7) may be filed no more than once in a given calendar year.
- 9) The demand referred to in paragraph (7) above must not be filed before the General Meeting approves the financial statements of the Company for the financial year preceding the year in which the demand is filed. Simultaneously, the Member of the Management Board must not file the demand in a given year if the approved financial statements of the Company for the immediately preceding financial year show loss at the consolidated level. In the event referred to in the preceding sentence, it is not possible to file the demand until the value of the loss suffered by the Company plus any consecutive losses is not offset with the value of consecutive profits of the Company.

Non-cash benefits

§12

Members of the Management Board and Members of the Supervisory Board to whom this Remuneration Policy applies, shall receive remuneration in the form of non-cash benefits which are available to other employees of the Company, including inter alia:

- (a) the possibility of using the Company's equipment, including Company car, computer, telephone,
- (b) access to trade literature and press,
- (c) additional fringe benefits, including a multisport card, private healthcare, and
- (d) training.

IV. Pension scheme and early retirement scheme

§13

- 1) The Management Board takes care that the policy regarding retirement benefits is in compliance with the business strategy, objectives and values of the Company and that it is aimed at ensuring special attention to the Company's interest in a long-term perspective.
- 2) The Company does not operate any early retirement schemes or additional pension schemes.



- 3) A Member of the Management Board who is a party to a terminated contract for provision of work and has reached the retirement age, shall be obliged not to dispose of the Financial Instruments for a period of five years from the date of termination of the contract under which they provided work.

V. Avoidance of conflict of interest

§14

This Remuneration Policy is aimed at guaranteeing identification and mitigation of any possible conflict of interest relating to remuneration for Members of the Management Board and Members of the Supervisory Board. The decision-making process with regard to granting remuneration is transparent and multi-level, while the performance assessment rules are clear and transparent.

VI. Remuneration reports

§15

- 1) Each year, the Supervisory Board shall prepare the Remuneration Report which shall set out the comprehensive review of remuneration, including all the benefits in whatever form, received by particular Members of the Management Board and Members of the Supervisory Board or due to particular Members of the Management Board and Members of the Supervisory Board in the previous financial year, in accordance with this Remuneration Policy.
- 2) Members of the Supervisory Board shall be liable for the information contained in the Remuneration Report.
- 3) The Remuneration Report shall specify in particular the following:
 - a) the amount of the total remuneration split into components, as well as the proportions of such remuneration components;
 - b) the clarification of the manner in which the total remuneration is in compliance with the adopted Remuneration Policy, including the manner in which it contributes to achieving the Company's long-term performance;
 - c) information about the manner in which the performance criteria are applied;
 - d) information about changes in the remuneration over the year, the Company's performance and the average remuneration of the Company's employees who are not Members of the Management Board or members of the Supervisory Board, in the period of at least last five financial years, in aggregate, in a manner enabling comparison;
 - e) amount of remuneration from Group members;
 - f) the number of Financial Instruments granted or offered and the key terms and conditions for exercising the rights under the Financial Instruments, including the price and date of the exercise and change thereto;
 - g) information about using the possibility of demanding refund of the variable components of remuneration; and



- h) information regarding deviations from the procedure of implementation of the Remuneration Policy, including clarification of the reasons and mode, as well as specification of the elements, to which the deviations pertained.
- 4) The first Remuneration Report shall be prepared for the years 2019 and 2020 collectively.
- 5) Information regarding the financial years for which the Supervisory Board was not obliged to prepare the Remuneration Report may be quoted based on estimates.
- 6) The Remuneration Report shall not include personal data of Members of the Management Board and Members of the Supervisory Board.
- 7) If the remuneration of Members of the Management Board and the Member of the Supervisory Board comprises cash or non-cash benefits granted for their family members, the Remuneration Report shall contain information about the value of such benefits. A family member shall include a spouse, a descendant, an ascendant, a brother, a sister, a relative by affinity in the same line or the same degree, a person in the adoption relationship and such a person's spouse, as well as spouse equivalent.
- 8) The General Meeting shall adopt a resolution expressing an opinion on the Remuneration Report. Resolution mentioned in the previous sentence has an advisory nature.
- 9) The Remuneration Report shall contain clarification as how the resolution referred to in paragraph (8) above was taken into account in that Remuneration Report.
- 10) The Company shall publish the Remuneration Report on its website and shall make the same available free of charge for a period of at least 10 years after end of the proceedings of the General Meeting.
- 11) The Remuneration Report shall be subject to assessment by the certified auditor in respect of the information contained therein and required under paragraphs (1) – (6) and paragraph (10) above.

VII. Final provisions

§16

- 1) In cases not governed by this Remuneration Policy, other internal regulations of the Company and generally applicable provisions of law, including the Act on Trade and the Act on Public Offering, shall apply.
- 2) Each material change to the Remuneration Policy shall require a resolution of the General Meeting.
- 3) A resolution of the General Meeting regarding the Remuneration Policy shall be adopted no less than once in four years.
- 4) Remuneration of Members of the Management Board and Members of the Supervisory Board shall be determined on the basis of this Remuneration Policy.
- 5) This Remuneration Policy is published on the Company's website.