

# DISCLOSURE REPORT OF INFORMATION RELATING TO THE CAPITAL ADEQUACY OF THE GROUP OF X-TRADE BROKERS DOM MAKLESKI S. A. AS OF DECEMBER 31<sup>ST</sup> 2013

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## I. Introduction

This Report results from the provisions of the Regulations of Minister of Finance on 26 November 2009 in the matter of disclosing information concerning capital adequacy (Journal of Law, 2009, No. 210, item 1615 with later amendments). Detailed scope and terms of announcing the above-mentioned information is defined in the "Information Policy at X-Trade Brokers Dom Maklerski S.A.", which has been published on the www.xtb.com website. The Report contains the information as of December 31<sup>st</sup> 2013.

Capital Group of X-Trade Brokers DM S.A. (hereinafter "X-Trade Brokers", the "Group") is a subject to the principles of the total capital requirement calculation set forth in the Regulation of Minister of Finance on November 18<sup>th</sup> 2009 concerning scope and detailed principles of determining total capital requirement, including capital requirements for brokerage houses and defining maximum amount of credits, loans and issued debt security related to the capitals (consolidated text: Journal of Law, 2013, item 959), with later amendment hereinafter "the Regulation on Capital Requirements".

X-Trade Brokers publishes the information based on the consolidated data, because as of December 31<sup>st</sup> 2013 the X-Trade Brokers was obliged to fulfil the norms of capital adequacy both in an individual as well as in a consolidated form.

**Following data concerning the financial information have been published on [the www.xtb.com](http://www.xtb.com) website:**

1. Annual financial report;
2. Introduction to the financial report constituting part of the supplementary information;
3. Balance sheet;
4. Profit and loss statement;
5. Statement of changes in equity;
6. Cash flow statement for the financial year and
7. Opinion of the chartered auditor.

## II. Business entities description

X-Trade Brokers Dom Maklerski Spółka Akcyjna with the registered office in Warsaw, at 58 Ogrodowa St, postal code 00-876 Warsaw has been entered into the Register of Entrepreneurs of the National Court Register (KRS) under No. 0000217580.

**Individual financial report covers all the foreign branches:**

1. X-Trade Brokers Dom Maklerski S.A., organizační složka – branch in the Czech Republic;
2. X-Trade Brokers Dom Maklerski S.A., Sucursal en Espana – branch in Spain;
3. X-Trade Brokers Dom Maklerski S.A., organizačná zložka – branch in Slovakia;
4. X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania – branch in Romania;
5. X-Trade Brokers Dom Maklerski S.A., German Branch – branch in Germany;
6. X-Trade Brokers Dom Maklerski S.A., Magyarorszagi Fioktelepe – branch in Hungary;
7. X-Trade Brokers Dom Maklerski S.A. – branch in France;
8. X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa – branch in Portugal and
9. X-Trade Brokers Dom Maklerski S.A., Succursale in Italia – branch in Italy.

**The consolidated financial report covered all the subsidiaries:**

1. X Open Hub Ltd, with registered office in the United Kingdom;
2. X-Trade Brokers Asesores Bursatiles S.A., with registered office in Mexico;
3. xStore Ltd. with registered office on Cyprus;
4. xStore Sp. z o.o. with registered office in Poland;
5. Dub Investments Ltd, with registered office on Cyprus.

The subsidiaries do not decrease the supervised capitals.

## III. Supervised capitals

The current capital structure of X-Trade Brokers consists in 100% of equity generated within the business and contributed by the Shareholders. As of December 31<sup>st</sup> 2013 X-Trade Brokers had large scale of business activity, thus level of the supervised capitals was the sum of called up share capitals, 2nd category supplementary capitals, 3rd category supplementary capitals and positions correcting the consolidated regulatory capital levels.

X-Trade Brokers takes into account 2nd category supplementary capitals in the supervised capitals in the amount not exceeding the total called up share capital decreased by the items specified in Art. 2, section 2 of the appendix No. 12 to the Regulation on Capital Requirements.

**X-Trade Brokers takes into account 3rd category supplementary capitals in the regulatory capitals in the amount not exceeding the capital requirements related to:**

1. market risk
2. settlement risk, delivery risk and counterparty credit risk
3. exceeding the exposure limit and large exposure limit related to the trading portfolio.

The overall sum of supervised capitals as of December 31<sup>st</sup> 2013, defined in accordance with the Appendix 12 to the Regulation on Capital Requirements, came to PLN 280 326 860 in total. All the constituents are shown in the following table.

**Table 1 Supervised capitals.**

Item	SUPERVISED CAPITALS	Amount in PLN
<b>1.</b>	<b>Called up capitals</b>	<b>225 778 056</b>
<b>1.1.</b>	<b>Core capitals</b>	<b>179 664 382</b>
1.1.1.	Share capital	5 869 182
1.1.2.	Supplementary capital	71 607 772
1.1.3.	Other reserve capitals	102 187 428
<b>1.2.</b>	<b>Additional items in core capitals</b>	<b>63 173 712</b>
1.2.1.	Profit under approval	63 173 712
<b>1.3.</b>	<b>Items decreasing core capital</b>	<b>17 063 038</b>
1.3.1	Other intangible and legal assets	12 928 757
1.3.2.	Accumulated loss from previous years	4 134 282
<b>2.</b>	<b>2nd category supplementary capitals, including:</b>	<b>266 195</b>
2.1.	Revaluation reserve	266 195
<b>3</b>	<b>3rd category capital</b>	<b>54 078 883</b>

3.1	Market profit	54 078 883
3.2	3rd category capital taken into account in the supervised capitals	54 078 883
<b>4.</b>	<b>Positions correcting the consolidated regulatory capital levels</b>	<b>203 726</b>
4.1	Exchange rate differences owing to the reckoning	203 482
4.2	Minority capitals	244
<b>1. +2. +3.</b>	<b>Total</b>	<b>280 326 860</b>

#### IV. Capital requirements

X-Trade Brokers calculates total capital requirement (regulatory capital) in accordance with the Regulation on Capital Requirements.

In accordance with Art. 3, section 1 of the Regulation on Capital Requirements, X-Trade Brokers calculates and monitors the regulatory capital related to:

**1. Market risk including:**

- (a) Total requirement due to item risk calculated as defined in the Appendix No. 3 to the Regulation on Capital Requirements, including the total capital requirement related to:
  - i. equity instruments prices risk;
  - ii. commodities prices risk;
  - iii. debt instruments prices risk;
  - iv. general risk connected with the interest rates related to the trading portfolio;
  - v. participation entitlements in collective investment undertakings prices risk;
- (b) Total capital requirement due to the currency risk – calculated as defined in the Appendix No. 4 to the Regulation on Capital Requirements.

**2. Settlement risk** – calculated as defined in the Appendix No. 5 to the Regulation on Capital Requirements.

**3. Counterparty credit risk** – calculated as defined in the Appendix No. 5 to the Regulation on Capital Requirements.

**4. Credit risk** – calculated as defined in the Appendix No. 6 to No. 9 to the Regulation on Capital Requirements.

**5. Operational risk** – calculated as defined in the Appendix No. 11 to the Regulation on Capital Requirements.

**6. Excess of the exposure limit and large exposure limit** – calculated as defined in the Appendix No. 10 to the Regulation on Capital Requirements.

#### X-Trade Brokers calculates the capital for covering the 1st Pillar risks applying the following methods:

**1. risk on the market:**

- (a) Equity instruments prices specific risk– basic method;
- (b) Equity instruments prices general risk– basic method;
- (c) Commodities prices risk– maturity date method;
- (d) General interest rate risk – maturity date method;
- (e) currency risk – basic method;

**2. credit risk** – standard method;

**3. Counterparty credit risk** – standard method of determining risk-weighted exposures, method of comprehensive covering of financial collateral applying supervisory volatility adjustments;

**4. operational risk** – basic indicator method.

#### Capital requirements connected with each type of risk

Total capital requirement as of December 31<sup>st</sup> 2013 was PLN 135 446 731.

**Table 2 Total capital requirement structure**

Item	Risk type	Capital requirement in PLN	% of the total Regulatory Capital
<b>I.</b>	<b>Total capital requirement</b>	<b>135 446 731</b>	<b>100.00%</b>
<b>1.</b>	<b>Market risk</b>	<b>81 252 221</b>	<b>59.99%</b>
1.1.	Prices risk of equity instruments	19 704 506	14.55%
1.1.1.	Equity instruments prices general risk	16 297 523	12.03 %
1.1.2.	Equity instruments prices specific risk	3 406 983	2.52 %
1.2.	Commodities prices risk	8 672 736	6.40%
1.3.	General interest rate risk	94 508	0.07 %
1.4.	Currency risk	52 780 471	38.97 %
<b>2.</b>	<b>Credit risk</b>	<b>21 174 936</b>	<b>15.63%</b>
<b>3.</b>	<b>Counterparty credit risk</b>	<b>1 054 941</b>	<b>0.78 %</b>
<b>4.</b>	<b>Settlement risk</b>	<b>1 297 623</b>	<b>0.96%</b>
<b>5.</b>	<b>Excess of the exposure limit and large exposure limit</b>	<b>0</b>	<b>0</b>
<b>6.</b>	<b>Operational risk</b>	<b>30 667 011</b>	<b>22.64%</b>

**Credit risk**

In order to calculate the capital requirement the X-Trade Brokers Company distinguishes exposure classes according to Art. 20, section 1 of the Appendix No. 6 to the Regulation on Capital Requirements.

As of December 31<sup>st</sup> 2013 X-Trade Brokers had the following exposures:

**Table 3 Exposure list in PLN as on 31 December 2013**

Item	Exposure class	Exposure value	8% of the risk-weighted exposure	Average exposure in 2013
1.	To entities from the public finance sector and to entities, which do not carry out business activity	435 620	6 970	1 879 378
2.	Short-term to institutions and entrepreneurs having short-term credit worthiness	303 585 801	14 190 183	297 955 552
3.	To institutions	115 001 397	2 048 549	115 186 202
4.	To corporates	975 433	78 035	173 559
5.	Retail	1 382 239	82 934	1 337 809
6.	Overdue	5 376 642	645 197	3 789 739
7.	Other exposures	51 559 387	4 123 068	55 012 529
	<b>Total</b>	<b>478 316 519</b>	<b>21 174 936</b>	<b>475 334 768</b>

The above average values are calculated based on end-of-month values.

In order to determine scale of risks for short-term exposures to institutions and entrepreneurs X-Trade Brokers uses creditworthiness ratings provided by the following external creditworthiness rating institutions: Fitch Ratings, Moody's Investors Service and Standard and Poor's Ratings Services. Credit quality steps based on the creditworthiness are assigned in accordance with Resolution No. 391/2009 of Polish Financial Supervision Authority as on 21 December 2009.

Geographical structure of exposures, including specification of areas with material exposures, are presented below:

**Table 4 Geographical structure of exposures**

Item	Area	Net exposure
1	EU countries, outside of eurozone, including	306 081 856
1.1	Poland	225 345 853
2	Eurozone	149 135 840
3	Non EU countries	23 098 822
	<b>Total</b>	<b>478 316 519</b>

The following table shows the payment date structure for assets constituting the credit exposures divided by exposure classes. Structure of the exposures by counterparty type, including specification of material exposures, are presented below:

**Table 5 Exposures by counterparty type and exposure class, including specification of material exposures**

Item.	Counterparty type	Exposure class	Net value
1	Public sector entities	Exposure to public sector entities	435 620
2	Institution	Exposures to institutions and corporates with a short-term credit assessment	303 585 801
2.1	Institution	Banking group 1	168 716 763
2.2	Institution	Banking group 2	56 707 754
3	Institution	Exposures to institution, including:	115 001 397
3.1	Institution	Banking group 1	66 865 706
3.2	Institution	Banking group 2	484 974
4	Corporate	Exposures to corporates	975 433
5	Retail counterparty	Retail exposures	1 382 239
6		Overdue exposures, including:	5 376 642
6.1	Retail	Retail	246 994
6.1	Corporate	Corporate	4 747 017
6.1	Institution	Institution	382 631
7		Other exposures	51 559 387
		<b>Total</b>	<b>478 316 519</b>

**Table 6 Exposure structure by maturity dates divided by exposure classes as for December 31st, 2013.**

Item	Exposure class	Maturity date			Not applicable
		Up to 3 months	Above 3 months up to 1 year	Above 1 year up to 5 years	
1.	To entities from the public finance sector and to entities, which do not carry out business activity	122 341	141 585	-	171 694
2.	Short-term to institutions and entrepreneurs having short-term credit worthiness	303 585 801		-	-
3	To institutions	110 288 513	484 974	-	4 227 910
4.	To corporates	932 717	42 716	-	-
5	Retail	554 843	-	738 237	89 160
6	Overdue	5 376 642	-	-	-
7	Other exposures	341 133	27 372 285	-	23 845 969
	<b>Total</b>	<b>421 201 989</b>	<b>28 041 559</b>	<b>738 237</b>	<b>28 334 733</b>

The total amount of receivables as of December 31<sup>st</sup> 2013 was PLN 40 530 144:

**The exposures are considered overdue, if 90 days have passed since the maturity date and the exposure is at least:**

1. PLN 500 for retail customers;
2. PLN 3 000 for other exposure classes.

Exposure with identified permanent loss of value are receivables, for which write-offs have been made due to loss of value. Permanent loss of value arises, when there is much probability that the asset constituent controlled by the entity will not bring in the future the expected economic benefits in a significant part or in a whole.

The policy in the scope of making write-offs and reserves related to loss of value of assets to the counterparty credit risk was described in the introduction to the financial statement , which is part of the additional information.

**Table 7 Structure of overdue exposures divided by exposure classes as for December 31<sup>st</sup>, 2013**

Counterparty	With identified permanent loss of value	Overdue exposures (not written off)
Retail	1 046 352	246 994
Corporate	0	4 747 017
Institution	0	382 631
<b>Total</b>	<b>1 046 352</b>	<b>5 376 642</b>

**Table 8 The change of state of corrections of value and reserves due to exposure with identified loss of value.**

<b>Write-downs of receivables at the beginning of the reporting period</b>	<b>(443 988)</b>
making write-offs	(602 364)
usage	-
<b>Write-downs of receivables at the end of the reporting period</b>	<b>(1 046 352)</b>

X-Trade Brokers does not have any exposures related to securitisation of assets and does not use any advanced method of calculating the capital amount.

Counterparty credit risk

**Table 9 Exposures secured by an approved financial security after applied volatility adjustment as of December 31<sup>st</sup> 2013**

Item	Exposure class	Exposure value adjusted by volatility factor
1	To institutions	600 921
2	To institution with a short term credit risk assessment	477 777
3	To corporates	4 360 844
4	Retail	11 289 129
	<b>Total</b>	<b>16 728 671</b>

There is no risk of disadvantageous change to the collateral amount, because the collateral consists of financial means of Customers deposited on the account of X-Trade Brokers.

**Interest rate risk related to the non-trading portfolio**

In general, change in the market interest rates does not have a significant impact on the financial condition of the brokerage house. The occurrence of adverse for X-Trade Brokers mismatch of interest rates is minimal, therefore the interest rate risk related to the non-trading portfolio has been recognised as insignificant.

**V. Capital adequacy**

**Trading in Financial Instruments Act imposes on the brokerage houses an obligation to keep supervised capital in the amount not lower than the higher of the following values:**

1. total capital requirement defined by the brokerage house under the relevant regulations (regulatory capital),
2. amount assessed by the brokerage house pursuant to the relevant regulations, required to cover all the significant identified types of risks existing within the activity carried out by the brokerage house and other significant types of risk, which may arise within the course of this activity in the future, called the internal capital.

As of December 31<sup>st</sup> 2013 ratio of the supervised capital to total capital requirement was 2.07 (capital rate), whereas capital adequacy ratio was 16.56 %. The capital adequacy ratio is calculated as quotient of the capital rate by 12.5 coefficient.

The amount of supervised capital calculated regardless of the scale of the business activity carried out was over 70 times higher than the minimum amount of equity for carrying out the brokerage activity. The requirements provided by the external regulations have been fulfilled.

**VI. Evaluation of the internal capital and information on the risk management policy**

X-Trade Brokers DM S.A. is exposed to a range of risks connected with the operating activity. Aim of the risk management is to ensure that X-Trade Brokers accepts a risk in a conscious and controlled manner. The risk management policies are prepared in order to identify and measure the accepted risks, and to determine appropriate limits limiting the scale of exposure of X-Trade Brokers to those risks on the regular basis.

The management board is responsible for defining and monitoring the risk management policy at the strategic level. Each type of risk is monitored and controlled in relation to the nature of the business activity carried out and amount of the capital required to ensure safe operation in terms of capital requirements.

In the dominant entity Risk Management Committee has been appointed, which primarily fulfils control, consultation and advisory functions for the statutory organs of the Group in the domain of capital management strategy, risk management policy, method of risk calculation, capital plans and the assessment of the capital adequacy of the Group. In particular, supports Risk Control Department in the process of identification of significant risks in the Group and in building the catalogue of risks, approves policies and procedures for managing each risk type and ICAAP process, verifies and approves analysis made by owners of each risk and Risk Control Department within the risk management system and ICAAP process in the Group.

The Risk Control Department assists the Management Board in shaping, reviewing and updating the ICAAP principles, if new types of risk arise, major changes to the strategy and plans of action in the external environment, in which the Company operates, monitors adequacy and efficiency of the employed risk management system, identifies, monitors and controls the market risk for the own investments of the Company, determines total capital requirement and assesses internal capital.

Within the internal procedures, among others, the limits minimising the market risk connected with keeping open position on the financial instruments. The Risk Control Department checks the use of limits and relevance of possible securing transactions on the regular basis.

The credit risks applicable to financial means is minimised by selecting banks with high credit rating provided by international rating services and by diversification of banks, where the accounts are opened.

In accordance with the ICAAP (Internal Capital Adequacy Assessment Process and assessment of capital adequacy) X-Trade Brokers calculates its internal capital in order to determine total capital requirement for covering all significant types of risk and in order to perform its quality assessment. The Internal Capital Adequacy Assessment Process takes into account the strategy of the brokerage house, the risk management policy and the capital plans of the brokerage house. This process forms an integral part of the risk management system, it is on a current basis adapted to changes in the business activity carried out by X-Trade Brokers, including in particular the situations, when new types of risks, major changes in the strategy and plans of action appear.

Since 17 June 2010, that is, since the obligation of applying the ICAAP process by the brokerage houses has been imposed, the dominant entity each day determines and monitors the amount of internal capital. The internal capital is maintained at a lower level than the regulatory capital, thus it does not determine the amount of total capital requirement directly.

The dominant entity calculates internal capital applying the method of capital charges (multipliers) on 1st Pillar capital requirements on each risk. The subsidiaries calculate the internal capital in accordance with internal rules taking into account specific local regulations. The results of the ICAAP process are sent on a regular basis and at request to the dominant entity.

## **Consolidated internal capital is a sum of internal capital calculated by particular entities (institutions only).**

1. The ICAAP process at X-Trade Brokers consists of the following:
  - (a) identification of the relevant risks;
  - (b) assessment and allocation of the internal capital;
  - (c) aggregation of the capital for covering the risks;
  - (d) tests under stress conditions;
  - (e) monitoring of supervised capital as compared to the assessed capital requirement.

The Internal Capital Adequacy Assessment Process (ICAAP) is a subject to regular annual reviews.

The Management Board of X-Trade Brokers is in charge of the entire internal capital management process, capital assessing and keeping process, including the processes connected with assessment of adequacy of this capital in various economic conditions and assessment of results of tests in stress conditions and their influence on amount of the internal capital.

The Supervisory Board of X-Trade Brokers performs supervision over the internal capital assessment process.

## **VII. Information on the variable remuneration components**

X-Trade Brokers introduced the policy related to variable remuneration components for employees holding managing positions, including the pension benefits non defined upfront, executed by the brokerage house, hereinafter the "Policy".

### **Preparing, approving, implementing and updating the Policy**

1. The Management Board of X-Trade Brokers is responsible for preparing, implementing and updating the Policy.
2. The Policy is a supplement to the risk management system relevant in the brokerage house, strategy adopted by X-Trade Brokers and system of preventing conflicts of interests.
3. The Supervisory Board of X-Trade Brokers, acting also as a Remuneration Committee approves the Policy and supervises its execution.
4. The Policy is also a subject to opinion of the Supervisory Board acting as Remuneration Committee.
5. Policy execution is the subject of a review at least once a year. A review is made by person performing a task in the scope of risk management in X-Trade Brokers.
6. Based on the review mentioned in the section 5, the entity, who makes a review, prepares a written report defining status of Policy execution. The report is submitted to the Remuneration Committee.

### **Members and duties of the Remuneration Committee**

1. There is the Remuneration Committee in X-Trade Brokers, which duties are entrusted to the Supervisory Board. The Supervisory Board consists of 5 members appointed by the General Meeting of the Company Shareholders of X-Trade Brokers.
2. The Remuneration Committee at least once a year:
  - (a) gives its opinion on variable remuneration component policy, including the amount and the constituents of the remuneration;
  - (b) gives its opinion on the variable remuneration components policy;
  - (c) gives its opinion and monitors payment of variable remuneration components to employees holding management positions connected with risk management, internal control and analysing compliance of brokerage house operation with the regulations of law;
  - (d) defines a list of employees holding management positions at X-Trade Brokers;
  - (e) in the beginning of each financial year it approves the planned amount and variable remuneration components of employees holding management positions for this financial year, taking into account the rules defined in the Policy.

### **Criteria and manner of shaping the variable remuneration components policy**

1. When paying or granting the variable remuneration components, the Management Board takes into account size of X-Trade Brokers, risk connected with its business activity, internal organisation, scope and degree of complexity of the business activity carried out by the brokerage house.
2. The Management Board in the beginning of each financial year submits to the Supervisory Board the planned amount and remuneration components of employees holding management positions for this financial year, taking into account the rules defined in the Policy.
3. Each time after approving the budget for the subsequent financial year, the Supervisory Board approves the amount of bonuses to the management board and to key employees covered with the Variable Remuneration Component Policy for the subsequent year.
4. The amount and payout of the variable remuneration components paid to the members of the management board of the brokerage house depend on the percentage of the budget execution of X-Trade Brokers for the given period. The distribution of the variable remuneration components must be approved by the Supervisory Board on the request of President of the Management Board.
5. The assessment of results is based on the data from at least three recent financial years, and for people employed for a shorter period than three years – on the data from the moment of commencement of the employment relationship, so that the actual payment of remuneration components depending on the performance of the brokerage house that is distributed for the period taking into account the economic fluctuations and the risk connected with the business activity carried out by the brokerage house.
6. The basis for determining the total amount of the remuneration is the assessment of performance of each person and the data related to the organisational unit in relation to the general performance of the brokerage house – assessment of individual performance takes into account financial and non-financial criteria.
7. The Variable Remuneration Components paid to the employees performing duties related to the process of supervision over compliance with the relevant regulations of law as well as related to risk management that are defined by the President of the X-Trade Brokers Management Board and depend on fulfilment of tasks entrusted to them, based on the internal organisation regulations of the departments they lead.
8. The guaranteed Variable Remuneration Components, which are not a subject to the regulations of the decision, are of extraordinary nature, may be granted only at the moment of entering into employment relationship and are limited to the first year of employment.
9. If the remuneration is divided into constant and variable components – the constant ones should constitute a sufficiently high proportion of total remuneration in order that it is possible to carry out a flexible policy concerning variable remuneration components, including reducing the amount of these components or not paying them at all.
10. Amount of the granted variable remuneration components cannot limit ability of X-Trade Brokers to increase its capital base.
11. Due to early termination of the Agreement the severance remuneration should reflect the amount of work, its efficiency and quality for the period of at least three last years of holding the management position at the brokerage house, and for employees holding the management position for the period shorter than three years – for the period of accepting this position; the terms related to those payments should be defined in such a way that they prevent rewarding poor performance, in the same time taking into account the grounds and the criteria defined in the section 4.
12. At least 50% of the variable remuneration components will be granted in shares in X-Trade Brokers or in financial instruments, which value is associated with the financial condition of the brokerage house.
13. At least 40% of the variable remuneration components will depend on the performance of a given employee and will take into account the risk of business activity of X-Trade Brokers.
14. Part of the variable remuneration component described in the section 13 will be settled and paid within the period of three to five years, whereas this period will be defined considering economic fluctuations, nature and risk of the activity carried out and duties of this employee. If the amount of the total remuneration to this employee in the previous financial year exceeded the equivalence of EUR 1 000 000 in PLN defined according to the average exchange rate announced by the National Bank of Poland (NBP) for the last day of the previous year, this applies to 60% variable remuneration components.



15. The variable remuneration components should be granted or paid, if they reflect the financial condition of the brokerage house and are justified by the performance of this brokerage house, the performance of the organisational unit, which an employee worked for and performance of this employee. Amount of the variable remuneration components may be reduced, and their payment suspended, if the brokerage house shows a permanent balance loss.
16. The employees being subject to the Policy are obliged not to use their personal hedging strategy and insurance related to the remuneration and liability for the purpose of undermining the effects of taking into account the risk in the remuneration system they are subject to.
17. The financial result of the brokerage house assumed in order to determine variable remuneration components, should take into account the incurred risk, cost of capital and limitations of liquidity.

### **Total quantitative information on remuneration of persons holding management positions in X-Trade Brokers for the year ended on 31 December 2013**

<b>Category</b>	
<b>Fixed components of remuneration</b>	<b>PLN 2 639 535,38</b>
<b>Variable components of remuneration granted for 2013</b>	<b>PLN 1 560 000,00</b>
<b>Paid out variable components of remuneration</b>	<b>PLN 780 000,00</b>
<b>Total</b>	<b>PLN 4 199 535,38</b>

For the year 2013 variable components of remuneration were paid. Among of that 50% of variable components of remuneration were granted in derivative rights on the shares of X-Trade Brokers, which settlement and remuneration out may follow during next three years.

Revealing more precise information on the variable remuneration components policy, in the opinion of the Board could result an unfavourable influence on X-Trade Brokers market position or may breach legally protected secrets.

