

Disclosure of information on capital adequacy

IPOPEMA Securities S.A.

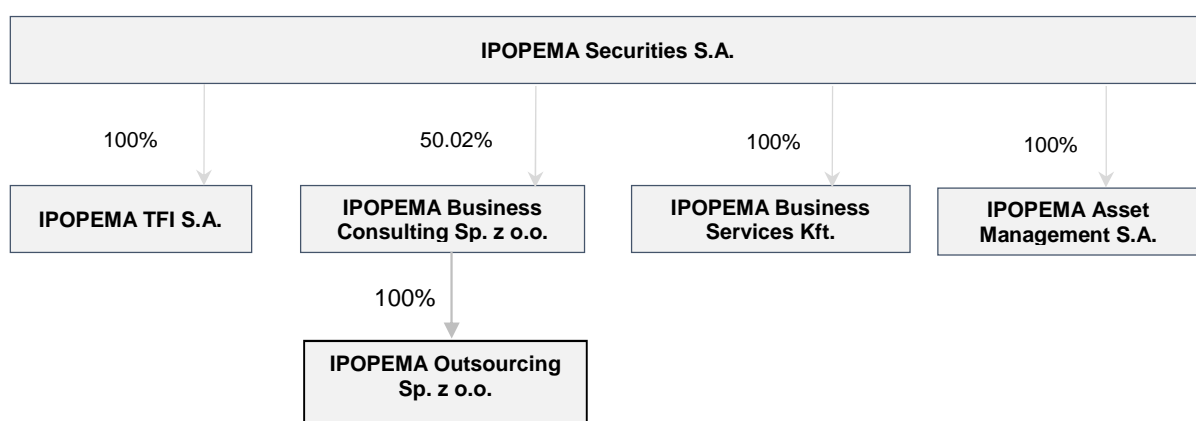
as at December 31st 2012

IPOPEMA Securities S.A. discloses information on capital adequacy on a consolidated basis.

I. Key information on the Brokerage House and its group

IPOPEMA Securities S.A. ("the Brokerage House", "IPOPEMA Securities") is the parent of the group consisting also of the following subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Asset Management S.A., IPOPEMA Business Consulting Sp. z o.o. and IPOPEMA Business Services Kft. IPOPEMA Business Consulting Sp. z o.o. has its own subsidiary IPOPEMA Outsourcing Sp. z o.o.

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Asset Management S.A. and IPOPEMA Business Consulting Sp. z o.o. are fully consolidated, whereas IPOPEMA Business Services Kft and IPOPEMA Outsourcing Sp. z o.o. are not consolidated due to immateriality and do not reduce the regulatory capital.



Any material practical or legal impediments, whether existing or foreseen, to the prompt transfer of regulatory capital or to repayment of amounts due between the parent and its subsidiaries

No such impediments exist, nor do we foresee any such impediments in the future.

Total amount of capital shortfalls at all non-consolidated subsidiaries and a list of such subsidiaries

No such shortfalls were recorded.

Financial disclosures

- Annual financial statements,
- Introduction to the financial statements being part of supplementary information,
- Balance sheet,
- Income statement,
- Statement of changes in equity,
- Statement of cash flows for the financial year,
- Auditor's opinion.

These disclosures are published on the Brokerage House's website at www.ipopema.pl ('investor relations' section).

II. Objectives and policies of risk management

The Brokerage House has in place a document entitled 'Risk and Capital Management Policy at IPOPEMA Securities S.A.', which defines its capital management strategy, as well as the manner and rules of operation of its risk management system related to the identification, monitoring, measurement and assessment of risks which are relevant to the business activity conducted by the Brokerage House and which may have an adverse effect on its

operations.

The dedicated risk control unit at IPOPEMA Securities is its Compliance Office, supported by the financial control unit.

The rules of operation of the management information system have also been defined in the 'Risk and Capital Management Policy at IPOPEMA Securities S.A.'. Under the system, dedicated units provide current and periodic information to the Management and Supervisory Boards of IPOPEMA Securities. The scope of such reports has been described in internal documents governing the individual elements of the risk management system.

III. Information on regulatory capital

The IPOPEMA Group's consolidated regulatory capital is calculated as the sum of Tier 1 capital and Tier 2 (supplementary) capital pursuant to Appendix 12 to the Finance Minister's Regulation on the scope and detailed rules of determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt securities in issue to capitals, dated November 18th 2009 (Dz.U. of 2009 No. 204, item 1571, as amended) ("the Capital Requirements Regulation").

As at December 31st 2012, the consolidated regulatory capital amounted to PLN 67,514,034.20.

The IPOPEMA Group includes Tier 2 (supplementary) capital in its consolidated regulatory capital in an amount not exceeding the Tier 1 capital, reduced by items specified in Section 2.2 of Appendix 12 to the Capital Requirements Regulation.

The method of calculating regulatory capital depends on the scale of an entity's operations. Given that the Brokerage House conducts its business activity on a small scale, within the meaning of the Capital Requirements Regulation, its consolidated regulatory capital represents the sum of Tier 1 capital and Tier 2 (supplementary) capital.

The IPOPEMA Group did not calculate the amounts of its risk-weighted exposures under the internal ratings-based approach and did not have any securitisation exposures.

Consolidated regulatory capital – as at December 31st 2012

ITEM	As at the last day of the reporting period
1	2
SECTION I. CONSOLIDATED REGULATORY CAPITAL	67,514,034.20
I. Consolidated Tier 1 capital	63,788,215.14
1. Core capital	62,449,871.76
1.1. Share capital paid and registered, excluding shares carrying dividend preference	2,975,212.20
1.2. Reserve funds	59,474,659.56
2. Other items of consolidated Tier 1 capital	4,405,490.82
2.2. Profit pending approval	4,405,490.82
3. Items reducing consolidated Tier 1 capital	3,067,147.44
3.3. Other intangible assets	3,067,147.44
II. Consolidated Tier 2 (supplementary) capital	569,098.26
1. Revaluation capital reserve	569,098.26
6. Tier 2 capital included in regulatory capital	569,098.26
III. Consolidated Tier 3 (supplementary) capital	0.00
IV. Items adjusting consolidated regulatory capital	3,156,720.80
3. Non-controlling interests	3,156,720.80

IV. Information on compliance with capital requirements

Description of methods applied by the Brokerage House to determine the adequacy of its internal capital to support its current and future operations

IPOPEMA Securities has implemented an internal capital adequacy assessment system, described in detail in the document entitled 'Internal Capital Adequacy Assessment Process'.

Internal capital is defined as the amount estimated by a brokerage house as necessary to cover all the identified material risks inherent in its operations and changes in the economic environment, taking into account the forecast risk levels.

Risk materiality assessment consists in an analysis of risks prevalent in IPOPEMA Securities' operations and its environment, and is designed to identify risks relevant to its business, which will be further analysed during subsequent stages of the ICAAP. The Brokerage House has introduced processes intended to manage risks assessed as material and accumulated internal capital to cover those risks.

The table below presents the risks analysed by IPOPEMA, the materiality criteria and approach adopted to assess individual risks:

Risk	Materiality	Calculation of internal capital
Credit risk	Always material	Capital requirement under Pillar 1/ sensitivity analysis
Operational risk	Always material	Capital requirement under Pillar 1/ sensitivity analysis
Risk of exceeding the limit of exposure concentration	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Currency risk	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Commodity risk	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Risk related to units in collective investment undertakings	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Equity risk	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Debt instruments risk	Capital requirement under Pillar 1	Capital requirement under Pillar 1
Liquidity risk	Always material	-
Business risk	Expert opinion	
Reputation risk	Expert opinion	Capital charge – 5% of regulatory capital
Unspecified risk	Expert opinion	

Amounts representing 8% of risk-weighted exposures, separately for each exposure class specified in Section 20.1 of Appendix 6 to the Capital Requirements Regulation

Exposure class	Risk-weighted exposure	Capital requirement
Exposures to institutions	146,684,537.35	11,734,762.99
Exposures to corporates	27,584,147.01	2,206,731.76
Past due exposures	1,830,993.95	146,479.52
High risk exposures	33,789.74	2,703.18
Exposures under units in collective investment undertakings	3,500,387.07	280,030.97
Other exposures	25,443,607.87	2,035,488.63
Total	205,077,462.98	16,406,197.04

Amounts of total capital requirements for market risk, delivery settlement risk, counterparty credit risk, operational

risk and risk of exceeding the limit of exposure concentration and the limit of large exposures

TOTAL CONSOLIDATED CAPITAL ADEQUACY REQUIREMENT (amount)	27,829,510.58
1. Market risk	1,231,213.54
1.1. Equity risk	-
1.2. Commodity risk	-
1.3. Specific debt instruments risk	-
1.4. General interest rate risk	-
1.5. Risk related to units in collective investment undertakings	-
1.6. Currency risk	1,231,213.54
Settlement, delivery and counterparty credit risk	-
3. Credit risk	16,406,197.04
4. Operational risk	10,192,100.00
5. Risk of exceeding the limit of exposure concentration and the limit of large exposures	-

V. Credit risk

Definition of past due and impaired receivables

Past due receivables are receivables not paid by the due date.

Impairment takes place when it is highly probable that an asset controlled by the entity will fail to deliver, in whole or in significant part, the expected future economic benefits.

Under Section 67 of Appendix 6 to the Capital Requirements Regulation, past due receivables are understood as unsecured exposures overdue by more than 90 days, exceeding PLN 500 in the case of retail exposures and PLN 3,000 in the case of other exposure classes.

Receivables by value as at December 31st 2012 (PLN '000)

Current receivables	Dec 31 2012
1. From clients/trade receivables	156,560
a) receivables with deferred payment dates	-
b) past due receivables and disputed claims for which no impairment losses have been recognised	-
c) from clients under executed transactions	151,661
- transactions on the Warsaw Stock Exchange	144,546
- transactions on the Budapest Stock Exchange	479
- transactions on the Vienna Stock Exchange	1,419
- other	5,217
d) other	4,899
2. From related entities	832
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	305,805
a) under executed transactions	305,188
- transactions on the Warsaw Stock Exchange	289,547
- transactions on the Budapest Stock Exchange	15,641
- OTC transactions	-
b) other	617
4. From entities operating regulated securities markets and commodity exchanges	-
5. From the National Depository for Securities and exchange clearing houses	45,129
- from the clearing guarantee fund	45,129
6. From investment and pension fund companies and from investment and pension funds	6,727
7. From issuers or sellers of securities	-
8. From commercial chamber	-
9. Receivables on account of taxes, subsidies and social security	24
10. Receivables under court proceedings for which no impairment losses have been recognised	-
11. Other	3,445

Total current receivables	518,522
Non-current receivables	Dec 31 2012
Non-current receivables	1,434

Total amount of exposures excluding the effect of credit risk mitigation, and average amount of exposures over the period by class

Exposure class	Dec 31 2012	2012 average
Exposures to sovereigns and central banks	4,504,692.85	4,962,512.31
Exposures to institutions	727,740,201.40	518,457,022.46
Exposures to corporates	27,584,147.01	40,778,695.17
Past due exposures	1,220,662.63	948,599.18
High risk exposures	22,526.49	22,683.92
Exposures under units in collective investment undertakings	3,500,387.07	4,576,169.47
Other exposures	25,572,297.05	28,457,878.61
Total	790,144,914.50	598,203,561.12

Approach and methods used to determine valuation adjustments and reserves referred to in Par. 15 of the Capital Requirements Regulation

The valuation adjustment referred to in Par. 13 of the Capital Requirements Regulation did not result in any material loss in the financial year 2012 and, consequently, did not reduce the Tier 1 capital of the IPOPEMA Group. Moreover, in 2012 there was no need to establish reserves in accordance with Par. 13.3 of the Capital Requirements Regulation.

In 2012, the IPOPEMA Group's trading book comprised only financial instruments listed on the Warsaw Stock Exchange ("WSE"). Financial instruments in the trading book are measured at fair value, by reference to their market value as at the reporting date. For the purpose of the measurement, the Group takes into account the closing prices quoted by the WSE at the business day's end.

Exposures by geographical region and industry, including areas significant in terms of exposure class

When estimating credit risk, the IPOPEMA Group adopts a conservative standard method of computing credit risk exposures, where such exposures are not reduced as a result of applying external ratings. Therefore, such exposures are not broken down by geographical regions or industries.

Exposures by maturity (PLN '000)

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2012
a) up to 1 month	509,918
b) over 1 month to 3 months	737
c) over 3 months to 1 year	-
d) over 1 year to 5 years	1,434
e) over 5 years	-
f) past due	8,219
Total gross receivables	520,308
g) impairment losses on receivables (negative value)	-352
Total net receivables	519,956

Impaired and past due exposures (PLN '000)

Gross past due receivables by period of delay	Dec 31 2012
a) up to 1 month	5,636
b) over 1 month to 3 months	1,009
c) over 3 months to 1 year	873
d) over 1 year to 5 years	701
e) over 5 years	-

Total gross receivables	8,219
g) impairment losses on receivables (negative value)	-352
Total net receivables	7,867

VI. Counterparty credit risk

Calculations of capital requirements for counterparty credit risk depend on the scale of an entity's operations. Given that IPOPEMA Securities conducts its business activity on a small scale, within the meaning of the Capital Requirements Regulation, the Group does not calculate its capital requirement for counterparty credit risk.

In 2012, IPOPEMA Securities did not execute any transactions described in Section 8 of Appendix 5 to the Capital Requirements Regulation as part of its trading book transactions.

VII. Operational risk

IPOPEMA Securities uses the Basic Indicator Approach to calculate its capital requirement for operational risk. As at December 31st 2012, its consolidated capital requirement for operational risk was PLN 10,192,100.00.

VIII. Non-trading book equity exposures

Exposure types and adopted valuation methods

As at December 31st 2012, the IPOPEMA Group's non-trading book included equities (shares in a non-consolidated subsidiary) with a value of PLN 7 thousand.

In 2012, there were no impairment losses on financial instruments held for sale.

Shares in non-consolidated subsidiaries are measured at cost less impairment losses.

Carrying amount and fair value of non-trading book equity exposures (PLN '000)

Equity instrument	Carrying amount as at Dec 31 2012	Fair value as at Dec 31 2012
shares and other equity interests	7	7

Equities included in the Group's non-trading book are not traded on a regulated market.

2012 gains/losses on non-trading book equities (PLN '000)

Equity instrument	Realised gains/losses on sale	Total unrealised gains/losses
shares and other equity interests	0	0

IX. Policy on variable remuneration components

Procedures for developing, approving, implementing and updating the policy on variable remuneration components

- i) *Persons involved in developing, approving, implementing and updating the policy on variable remuneration components, and their respective responsibilities*

The IPOPEMA Securities policy on variable remuneration components (the "Policy"), put in place to ensure compliance with the Finance Minister's Regulation on the rules for establishment of a variable remuneration components policy for persons holding management positions at brokerage houses, dated December 2nd 2011 (the "Regulation"), pertains to variable components of remuneration payable to the management personnel of IPOPEMA Securities S.A.

The Policy has been established in order to:

- ensure proper and effective risk management and discourage risk taking in excess of the levels acceptable to the Brokerage House,
- support the implementation of the business strategy adopted by the Brokerage House,
- support efforts aimed at preventing conflicts of interest.

The Company's Management Board is responsible for implementing and updating the Policy. The management positions are classified by the Management Board, with the classification subject to approval by the Supervisory

Board. The Management Board is responsible for drawing up a list of persons in management positions. The list of management positions and the list of persons in management positions are reviewed on an as-needed basis, at least annually, particularly when variable remuneration is to be awarded to an employee.

ii) Composition and remit of the Remuneration Committee

In discharge of the obligation arising under Par. 5.1 of the Regulation, and further considering that IPOPEMA Securities meets the criteria of a significant brokerage house within the meaning of Par. 1.4 of the Regulation and that its Supervisory Board did not comprise more than five members, a decision was made that no separate remuneration committee would be appointed and that a remuneration committee's responsibilities would be carried out by the Supervisory Board (the assumption of responsibilities of a remuneration committee by the Supervisory Board was sanctioned by the General Meeting in its resolution dated June 28th 2012).

The Policy and any amendments thereto are subject to approval by the Supervisory Board. The responsibilities of the Supervisory Board (Remuneration Committee) include, without limitation:

- providing opinions on draft texts of the Policy, including on the amounts and components of remuneration,
- providing opinions on the Policy as it is implemented at IPOPEMA Securities,
- providing opinions on and monitoring of payment of variable remuneration components to persons in management positions dealing with risk management, internal control and legal compliance, and
- reviewing and assessing progress in the implementation of the Policy at IPOPEMA Securities.

iii) External consultant whose services have been used in drafting the policy on variable remuneration components

IPOPEMA Securities S.A.'s policy on variable remuneration components has been developed in consultation with an external law firm.

Criteria and procedures for determining variable remuneration components

The remuneration of persons covered by the policy on variable remuneration components comprises both fixed and variable components.

Under the Policy adopted by the Brokerage House, the variable components can take one of the two forms:

- remuneration linked to the Brokerage House's performance provided for in the contract with an employee (performance bonus system),
- discretionary remuneration in the form of a cash reward (discretionary bonus).

Under the Policy, if the performance-linked remuneration system is put in place, particularly in the form of an incentive scheme or a performance bonus system written into the contract with an employee:

- the aggregate amount of the employee's remuneration is determined based on the employee's individual performance and the performance of the employee's business unit relative to the Company's overall performance; the individual performance being evaluated against both financial and non-financial criteria,
- performance is evaluated based on the data for at least three last financial years, or in the case of employees who have been in service for less than three years – based on the data since the start of their employment relationship, so that the actual payment of remuneration components linked to the Company's performance is spread over a period reflecting the Company's business cycle and allowing for the risks associated with its business.

The Management Board is required to notify the Remuneration Committee of its intention to introduce, or write into the contract with an employee or prospective employee, a performance bonus system, an incentive scheme or a similar arrangement which would give rise to an obligation (or a contingent obligation) on the part of the Company to pay to that employee remuneration meeting the definition of variable remuneration as set out in the Policy and the Regulation. The Remuneration Committee issues its opinion on the proposed introduction of such system and on its terms.

If an employee is to be awarded a variable component of remuneration on a discretionary basis, particularly a cash reward or a discretionary bonus, the Management Board is required to provide the Remuneration Committee with information on the proposed amount and terms of such remuneration, together with reasons for its award.

All variable components of remuneration for 2012 were granted on a discretionary basis.

The variable remuneration consists of a cash component and a non-cash component in the form of financial instruments. Payment of the non-cash component is contingent upon non-occurrence of certain events – as specified in the Policy – which could threaten the proper operation of the Brokerage House, as well as upon non-occurrence of certain other events specified individually for each person covered by the Policy.

Payment of the variable remuneration may be deferred for up to three years from the end of the period for which it was granted. With this procedure in place, the remuneration can be reduced if any of the adverse events mentioned above were to materialise.

Performance which provides the basis for receipt of financial instruments by each eligible person

The variable remuneration is discretionary and its amount is not directly linked to the Brokerage House's performance. However, payment of the variable remuneration determined and awarded on a discretionary basis is contingent upon non-occurrence of certain adverse events, as described in the 'Criteria and procedures for determining variable remuneration components'.

Aggregate quantitative information on remuneration by business line

Due to the scope and scale of its business, IPOPEMA Securities does not apply a standard method for measuring its operational risk, and so does not break down its income and expenses by business lines defined in accordance with Appendix 11 to the Capital Requirements Regulation. The Company uses the Basic Indicator Approach to calculate its capital requirement for operational risk.

Aggregate quantitative information on remuneration for persons in management positions

i) Amounts of remuneration for 2012, broken down into fixed and variable components

Management positions	Total remuneration	Fixed components	Variable components	Number of persons
Members of the Management Board	4,576	1,656	2,920	4
Persons in management positions dealing with risk management*)	-	-	-	-
Other	-	-	-	-

*) Remuneration of persons in management positions dealing with risk management is presented in the 'Members of the Management Board' line

ii) Amounts of variable remuneration for 2012 by form of payment

Management positions	Variable components	Cash	Financial instruments	Number of persons
Members of the Management Board	2,920	635	2,285	4
Persons in management positions dealing with risk management*)	-	-	-	-
Other	-	-	-	-

*) Remuneration of persons in management positions dealing with risk management is presented in the 'Members of the Management Board' line

iii) Amounts of variable remuneration for 2012 broken down into paid and payable

Management positions	Variable components	Paid	Payable	Reduced	Number of persons
Members of the Management Board	2,920	635	2,285	-	4
Persons in management positions dealing with risk management*)	-	-	-	-	-
Other**)	-	-	-	-	-

*) Remuneration of persons in management positions dealing with risk management is presented in the 'Members of the Management Board' line

iv) Amounts of variable remuneration for 2012 paid on entering or leaving service

No variable remuneration was awarded or paid by IPOPEMA Securities for 2012 in connection with a person in a management position entering or leaving service (within the meaning of the Regulation).