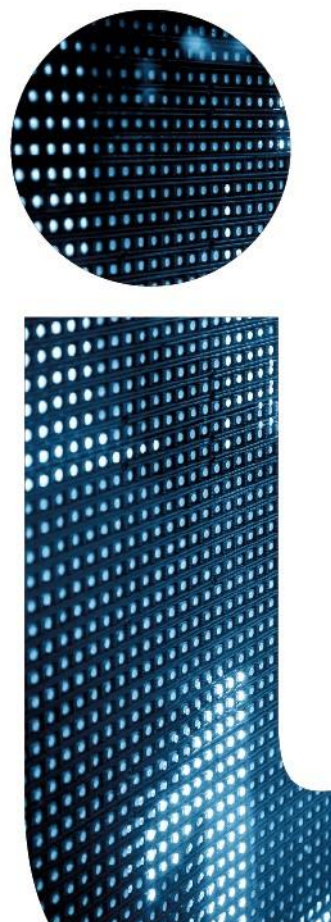


IPOPEMA Securities Group

Directors' Report

**on the operations of IPOPEMA Securities S.A.
and the IPOPEMA Securities Group
in 2015**

Warsaw, March 18th 2016



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Introduction

This Directors' Report was prepared in accordance with the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, and in accordance with the International Financial Reporting Standards ('IFRS') and the Polish Accountancy Act.

1. General information

The IPOPEMA Securities Group ('IPOPEMA Securities Group') is a financial institution specialising in the provision of brokerage services and equity research, as well as investment banking services (through the Parent – IPOPEMA Securities S.A. – the 'Company'), creation and management of closed-end and open-end investment funds and asset management services (through subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. – 'IPOPEMA TFI'), and business and IT consultancy services (through subsidiary IPOPEMA Business Consulting Sp. z o.o. – 'IPOPEMA BC').

IPOPEMA's operating history dates back to May 2003, when Dom Inwestycyjny IPOPEMA S.A. was established to provide advisory services related to the preparation and execution of capital market transactions. In pursuance of the strategy to provide comprehensive investment banking services, in June 2005 DI IPOPEMA established a subsidiary, Dom Maklerski IPOPEMA S.A., which concentrated on the services relating to the execution of public offerings. In the second half of 2006, DI IPOPEMA's business was transferred to DM IPOPEMA, whose name was changed to IPOPEMA Securities S.A. In October 2006, the range of services offered by the Company was expanded to include brokerage services on the secondary market of the Warsaw Stock Exchange and – in subsequent years – on foreign markets. The Group was extended by adding IPOPEMA TFI in 2007, IPOPEMA Business Consulting in 2008, and IPOPEMA Asset Management in 2011, with the latter merged with IPOPEMA TFI in November 2015.

As part of its brokerage business, IPOPEMA Securities provides comprehensive intermediation services for institutional clients related to securities trading, chiefly on the exchanges where it has the status of a member, i.e. the Warsaw Stock Exchange ('WSE'), the Budapest Stock Exchange ('BSE'), the Prague Stock Exchange ('PSE'), but also on other global stock exchanges. In February 2014, the Company was registered as an entity regulated by the Romanian Financial Supervision Authority, becoming a member of the Bucharest Stock Exchange Bucharest Stock Exchange in June 2014. Since 2010, the Company has been providing intermediation services in debt instruments trading outside the regulated market. The Company's partners include both high-profile international financial institutions and most of the leading local institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers. The brokerage operations of IPOPEMA Securities are supported by a team of analysts, who prepare research reports, recommendations and comments on several dozen companies listed on the WSE and foreign stock exchanges.

The Company's investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities (especially shares) – in which it acts as coordinator, offering broker and financial adviser – M&A and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. IPOPEMA Securities also specialises in the provision of comprehensive financial restructuring services and securing financing for infrastructural projects.

In February 2016, the Company started offering its brokerage services and investment products to a broader base of retail customers. These activities will be carried out directly by IPOPEMA Securities and through third parties acting as its agents. This function is already carried out by an independent financial advisory firm Expander Advisors Sp. z o.o.

IPOPEMA TFI's business focuses on the creation and management of both closed-end investment funds (targeted at high-net-worth individuals and corporate clients) and open-end investment funds (offered to a wide group of retail investors). IPOPEMA TFI also provides discretionary portfolio management services (asset management) involving personalised investment strategies, to institutional clients (insurers, investment funds, non-profit organisations) and individuals.

IPOPEMA Business Consulting Sp. z o.o. focuses on the provision of consultancy services in the area of corporate strategies and operations, as well as IT consultancy services.

2. Financial highlights and overview of the financial standing of the Group

Consolidated financial highlights (PLN '000)	2015	2014
Total revenue, including	98,015	104,182
<i>Brokerage and related services</i>	47,425	46,627
<i>Investment fund and asset management</i>	38,525	42,054
<i>Consultancy services</i>	12,065	15,501
Total cost of core activities	90,760	93,059
Profit on core activities	7,225	11,123
Operating profit	6,741	9,074
Net profit for period	3,980	5,293

Revenue

In 2015, the Group's revenue was PLN 98,015 thousand, down 5.9% on PLN 104,182 thousand recorded in 2014, mainly due to lower revenue in the investment fund management and consultancy services segments.

The revenue from brokerage services increased slightly year on year (PLN 47,425 thousand in 2015 vs. PLN 46,627 thousand in 2014) on a significantly higher revenue from investment banking services, partially eroded by a decline in revenue from securities trading. Owing to 16 successfully completed transactions with an aggregate value in excess of PLN 3bn, the Company's investment banking revenue in 2015 stood at PLN 18,565 thousand, representing a 58.2% increase year on year. In the same period, due to the Company's lower share in trading on the WSE (5.87% in 2015 vs. 6.98% in 2014), with the total trading volume down by 0.9%, revenue from securities trading was 17.6% lower year on year (PLN 28,715 thousand vs. PLN 34,861 thousand).

The investment fund and asset management business (the combined activities of IPOPEMA TFI and IPOPEMA Asset Management) generated PLN 38,525 thousand in revenue in 2015 (down 8.4% year on year), which accounted for 39.3% of consolidated revenue from core activities. As at the end of 2015, the value of investment fund assets under management (excluding white label funds) stood at PLN 618.7m (2014: PLN 582.1m), while portfolio assets under IPOPEMA TFI's management totalled PLN 334.0m (2014: PLN 1,805.1m). The total value of assets under management as at the year end was PLN 48.0bn (2014: PLN 19.8bn).

In 2015, IPOPEMA Business Consulting (the consultancy segment) posted revenue of PLN 12,065 thousand (12.3% of consolidated revenue), which represented a 22.2% decline on 2014.

Costs and expenses

Despite slightly higher costs in the brokerage services segment, lower costs in the other segments in 2015 resulted in a 2.5% decrease in IPOPEMA Securities Group's total operating expenses (PLN 90,760 thousand vs. PLN 93,059 thousand in 2014).

In 2015, total operating expenses in the brokerage segment amounted to PLN 42,963 thousand, compared with PLN 42,230 thousand in 2014, up by 1.7%.

In the investment fund and portfolio management segment, total operating expenses were down 2.8% year on year (PLN 36,850 thousand).

Operating expenses recorded in 2015 by IPOPEMA Business Consulting totalled PLN 11,976 thousand, down 14.3% compared with PLN 13,979 thousand a year earlier.

Costs relating to the valuation of the Company's share option plans, as disclosed in the consolidated financial statements, were PLN 48 thousand in 2015 (2014: PLN 107 thousand).

Net profit/(loss)

In 2015, consolidated profit on core activities was PLN 7,255 thousand, with consolidated net profit at PLN 3,980 thousand (vs. 11,123 thousand and PLN 5,293 thousand respectively in the previous year).

As IPOPEMA Securities' equity interest in IPOPEMA Business Consulting is 50.02%, profit attributable to owners of the parent was PLN 3,903 thousand, and profit attributable to non-controlling interests was PLN 77 thousand.

IPOPEMA Securities' net profit for 2015 disclosed in the separate financial statements stood at PLN 3,493 thousand, compared with PLN 3,226 thousand a year earlier. The difference relative to the net profit of the brokerage services segment reported in the consolidated financial statements (PLN 2,032 thousand in 2015 and PLN 78 thousand in 2014) is due to the fact that dividends received from subsidiaries (totalling PLN 1,400 thousand in 2015 and PLN 3,000 thousand in 2014) are not disclosed in consolidated financial statements.

The lower revenue in the portfolio and investment fund management segment, despite slightly lower operating expenses, resulted in a lower net profit generated by this segment (PLN 1,907 thousand vs. PLN 3,919 thousand).

In 2015, also in the consultancy services segment, a decline in revenue translated into lower net profit (PLN 41 thousand vs PLN 1,296 thousand), despite a reduction in expenses relative to 2014.

Analysis of the Group's statement of financial position

The key items of the Company's consolidated statement of financial position are current receivables and current liabilities, which as at December 31st 2015 accounted for 50.5% and 73.2% of total assets and equity and liabilities, respectively. Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the Central Securities Depository of Poland. In the case of buy transactions executed on the WSE on behalf of clients whose accounts are maintained by custodian banks, the Company recognises liabilities towards the parties to such market transactions (brokerage offices and brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy transactions have been executed. In the case of sell transactions executed on the WSE on behalf of clients whose accounts are maintained by custodian banks, the Company recognises receivables from the parties to such market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed. As at December 31st 2015, current liabilities included a liability arising in connection with a public equity offering managed by the Company that was not yet settled as at that date, under which PLN 98,060 thousand was received from investors but not yet paid to the issuer pending share capital increase registration by the court. Consequently, as at December 31st 2015, cash stood at PLN 148,949 thousand, which accounted for 42.2% of total assets, of which PLN 104,305 thousand was clients' cash.

As at the end of 2015, equity (PLN 84,408 thousand including non-controlling interests) accounted for 23.9% of the balance sheet total. The outstanding amount of interest-bearing debt under a short-term working capital facility contracted by IPOPEMA Securities to finance stock-exchange transaction settlements amounted to PLN 15,138 thousand as at December 31st 2015 (4.3% of total equity and liabilities).

Assessment of financial resources management

IPOPEMA Securities S.A. and other Group companies meet their liabilities as they fall due. Given the fact that the high level of current liabilities related to transactions in securities is offset by the high level of receivables from such transactions, and taking into account the amount of cash held by the Company, there is no risk to the Company's liquidity.

Explanation of differences between financial performance and published financial performance forecasts

The Company did not publish any performance forecasts.

Material off-balance sheet items

As at December 31st 2015, the Company had no off-balance sheet items.

Capital expenditure

Total capital expenditure incurred by the IPOPEMA Securities Group in 2015 amounted to PLN 3,534 thousand and included expenditure on IT infrastructure and modification of trading and settlement systems following the implementation of new systems by the stock exchanges on which the Company operates (PLN 2,159 thousand for purchase of property, plant and equipment, and PLN 1,375 thousand for intangible assets). As at the date of these financial statements, the Group did not plan any material investments that would require financing other than internal funds of the Group companies.

3. Material events and factors with bearing on the financial performance

Equity market and investment banking

While the value of trading at the WSE in 2015 was slightly lower than a year earlier (down 0.9%), the value of trading on the stock exchanges in Budapest and Prague was higher than in 2014 – by 13.8% and 8.8%, respectively. Over the same period, the Company's market share shrank to 5.87% on the WSE and 2.42% on the BSE (from 6.98% and 3.40% in 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from trading in securities in 2015 declined by 17.6% year on year (PLN 28,715 thousand vs. PLN 34,861 thousand).

Despite rather pessimistic market sentiment in the first quarter of 2015, the following months brought about a constant improvement of the market environment. In 2015, IPOPEMA Securities successfully advised in 16 transactions totalling over PLN 3bn. The Company, as the most active broker in both public offerings (four IPOs) and tender offers (five transactions), generated revenue from investment banking services of PLN 18,565 thousand, up 58.2% on the challenging 2014 (PLN 11,735 thousand).

As a consequence, despite a much harsher climate for securities trading, total revenue from brokerage services increased 1.7% year on year, from PLN 46,627 thousand to PLN 47,425 thousand and net profit (on a separate basis) was PLN 3,493 thousand compared with PLN 3,226 thousand in 2014 (PLN 2,032 thousand and PLN 78 thousand in segment's profit reported in the consolidated financial statements after consolidation eliminations).

IPOPEMA TFI's and IPOPEMA AM's activities

Despite an increase in the total value of assets under management (to PLN 48.0bn at the end of 2015 vs PLN 19.8bn in the previous year), a significant decline in asset management (from PLN 1,805.1m to PLN 334.0m) translated into a decrease in revenue of the fund and portfolio management segment (by 8.4%, to PLN 38,535 thousand). Coupled with operating expenses lower only by 2.8%, this resulted in a lower net profit of the segment (PLN 1,907 thousand vs PLN 3,919 thousand a year earlier).

IPOPEMA Business Consulting

A decrease in the number of consulting projects pursued in 2015 relative to 2014 resulted in a 22.2% decline in IPOPEMA Business Consulting's revenue, which translated into a lower net profit (PLN 41 thousand vs PLN 1,296 thousand in 2014) despite a 14.3% drop in costs of operations.

4. Factors which may affect the 2016 performance

Market situation on the Warsaw, Budapest and Prague stock exchanges and IPOPEMA Securities' position on the secondary market

The year 2015 saw strong sentiment volatility on all Company's key markets – following upward WIG and PX movements in the first months of the year, in the period from May 2015 to the first months of 2016 the indices remained slightly below the levels observed at the end of 2014. The Budapest Stock Exchange's BUX index has been trending upwards since the beginning of 2015 and is currently up by approximately 50% relative to the end of 2014. This sentiment is reflected in investor activity – in January and February 2016 the trading volume on the WSE and PSE markets was lower by 15.0% and 18.6% than in the same months of 2015, while in the first two months of 2016 the BSE market recorded volumes 27.4% higher than the year before. Still, it is hard to predict the evolution of market sentiment in the subsequent months of 2016.

IPOPEMA Securities' involvement in investment banking projects and execution of transactions in the order book

Following a moderately good 2015, the first months of 2016 suggest that the market situation this year may deteriorate, particularly in the face of low company valuations on the WSE and the continued uncertainty as to the future of pension funds. While it is difficult to predict how the market will develop in the subsequent months of 2015, the Company is working on several transactions and continues to seek new clients, including from sectors which are more resilient to stock market volatility.

Expansion of IPOPEMA Securities' retail business

In February 2016, the Company started offering brokerage services and investment products to a broad base of retail customers. As this is still a young business, it is hard to reliably predict the pace of its growth in the coming months and thus its effect on the Company's performance.

Further expansion of IPOPEMA TFI's business

Changes of the situation on capital markets are reflected in the volume of inflows of assets to investment funds. Any strong market downturn causes a decline in the value of assets under management, but also undermines investors' confidence in this type of products, which translates not only into a very limited inflow of new funds but also into unit redemptions. The downturn observed on the WSE since May 2015 through mid-January 2016 saw eight months of net outflows from retail investment funds (up to and including January 2016). While it is difficult to predict how investor sentiment will change in 2016, the prevailing record-low interest rates may still encourage transfers of savings from bank deposits to investment funds, which in turn may have a positive effect on the performance of the fund and portfolio management segment. However, a large proportion of IPOPEMA TFI's revenue (from management of closed-end funds) does not depend on the value of the funds' assets and, consequently, on market conditions.

Further expansion of IPOPEMA Business Consulting's business

In 2016, the key drivers of IPOPEMA Business Consulting's operations will include continued performance of its existing contracts and new additions to the order book, coupled with tight cost control.

5. Business profiles of IPOPEMA Securities and the IPOPEMA Securities Group

5.1 Key markets, clients and suppliers of IPOPEMA Securities and the IPOPEMA Securities Group

Key markets of the IPOPEMA Securities Group

In the area of intermediation in securities trading, the key market for IPOPEMA Securities is the Warsaw Stock Exchange. The Company also conducts brokerage activities on foreign markets, including as a member of the Budapest, Prague and Bucharest stock exchanges.

In investment banking, the Company offers services to both domestic and foreign clients, handling equity transactions and providing advisory services on the domestic market, being its key market, and abroad.

The Company's activities related to the offering launched in February 2016 targeting retail investors are currently focused on the domestic market.

IPOPEMA TFI operates on the investment fund market, managing both closed-end investment funds as well as open-end investment funds, which are targeted at a wide group of retail clients. Consistent efforts are being made to strengthen IPOPEMA TFI's market position in the open-end investment fund segment. In the area of securities portfolio management services, IPOPEMA TFI focuses on the Polish market.

IPOPEMA Business Consulting operates primarily on the Polish business and IT consultancy market, focusing on advisory services relating to strategy, operational management and IT management.

Key clients

The Company provides brokerage services to both high-profile international financial institutions and leading local intermediaries (including branches of major investment banks). IPOPEMA Securities' clients include most of the leading local institutional investors, open-end pension funds, investment fund companies, asset managers and insurers.

The investment banking services of IPOPEMA Securities are used by a wide variety of clients, including companies already listed on the WSE, for whom IPOPEMA Securities prepares secondary offerings or provides advice on M&A transactions. The Company prepares and executes initial public offerings for private companies, advises such companies on M&A transactions and capital raising, and provides financial advisory services, e.g. services related to financial restructuring. In addition, the Company arranges exits for major shareholders of public companies (both private individuals and legal persons), effected through sale of shares on the WSE or through private placements. IPOPEMA Securities also provides services related to the execution and financing of infrastructural projects.

In the retail business currently under development, the target market is a broad base of retail investors.

IPOPEMA TFI's offering of closed-end investment funds is addressed primarily to high-net-worth individuals and institutional clients, in particular major shareholders of companies listed on the WSE or large private enterprises, as well as multinational corporations (chiefly operating in the property and financial segments). The company is also consistently expanding its business in the area of open-ended investment funds targeted at a wide group of retail investors, where IPOPEMA TFI cooperates with third-party distributors. IPOPEMA TFI's asset management clients primarily include insurers, investment funds, non-profit organisations and high-net-worth individuals.

IPOPEMA Business Consulting concentrates on services to corporate clients from the following sectors: industrial, energy, consumer goods, trade and distribution, IT and telecommunications.

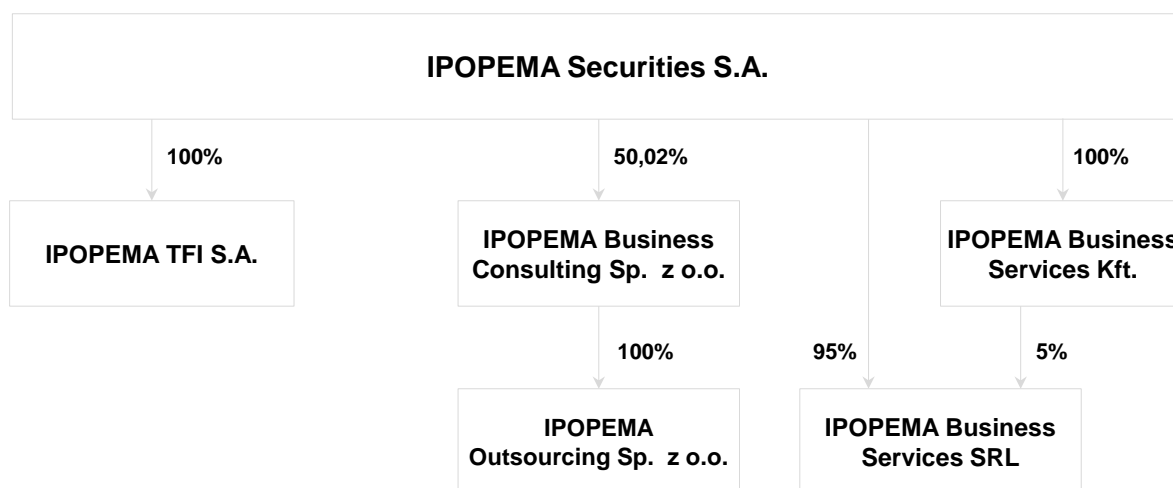
In 2015, no client accounted for more than 10% of the Group's revenue.

Key suppliers

The Company works with several providers of services (including banking services, clearing services for brokerage activities, office space lease, or IT services), however, none of them has a position which would give it advantage over the Company, including by making the Company dependent on the services of a single provider or imposing on the Company disadvantageous terms of trade. The most significant item of service costs were transaction costs (payable to stock exchanges and clearing houses), which in 2015 accounted for 9.7% of consolidated operating expenses.

5.2 Organisational structure of the IPOPEMA Securities Group

The Group of IPOPEMA Securities S.A. consists of IPOPEMA Securities S.A., which is the parent of the Group, and the following subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Business Services Kft (Hungary), IPOPEMA Business Services SRL (Romania), and IPOPEMA Outsourcing Sp. z o.o. (a subsidiary of IPOPEMA Business Consulting). IPOPEMA Securities, IPOPEMA TFI and IPOPEMA Business Consulting are consolidated, while IPOPEMA Business Services Kft, IPOPEMA Business Services SRL and IPOPEMA Outsourcing are excluded from consolidation based on the immateriality of their financial data.



In an effort to streamline the IPOPEMA Securities Group's organisational structure and align it with the business segments, IPOPEMA TFI and IPOPEMA Asset Management were merged in 2015 (the merger was formally registered on November 30th).

Furthermore, given changes to the model of operating in foreign markets, the process of winding up IPOPEMA Business Services Kft. and IPOPEMA Business Services SRLIBS SRL was launched in 2015 and 2016, respectively. The process is expected to be finalised in the second quarter of 2016.

5.3 Development prospects and strategy of the IPOPEMA Securities Group

In line with its development strategy, IPOPEMA Securities – as one of Poland's leading brokerage houses in selected segments of the brokerage and investment banking markets – will continue to consolidate its position on the CEE markets. While to date IPOPEMA Securities Group's operations were focused on services to institutional clients and high-net-worth individuals who are looking for active advice on asset management or who are major shareholders of business entities (including public companies), the Group is gradually expanding its offering to retail investors – with respect to both investment funds (IPOPEMA TFI) and brokerage services (IPOPEMA SECURITIES). With the comprehensive range of services and substantial synergies within the Group, the Company and its subsidiaries will build and tighten their relations with clients by offering them a variety of products for each stage of business development.

In the brokerage services segment, the Company is a member of four regional stock exchanges – in Warsaw, Budapest, Prague and, since mid-2014, Bucharest. At the same time, the Company provides its clients with access to trading on global exchanges. An important factor in establishing the Company's presence in the region is maintenance of its research coverage (which already includes several dozen companies) to include the largest companies listed on stock exchanges in Central and Eastern Europe. In the investment banking business, the Company intends to consolidate its position as one of the most active brokerage offices in the area of services related to capital market transactions, with diversified revenue sources.

The Company is also strategically looking to expand its offering of brokerage services and investment products targeting a broad base of retail customers. February 2016 saw the launch of the first phase of operations of this business; the subsequent months will be devoted to developing and expanding the product range.

In the portfolio and investment fund management segment (activities of IPOPEMA TFI), the objective continues to be further strengthening of the leading position on the market of investment fund companies offering closed-end funds, as well as further growth in assets under management in a consistently growing range of funds targeted at retail investors.

IPOPEMA Business Consulting intends to further consolidate its position on the consultancy services market by acquiring new clients (domestic and foreign) and establishing relations with global players on the consultancy and IT markets to implement joint projects.

5.4 Related-party transactions

In 2015, the Company did not enter into any material related-party transactions. For details of related party-transactions, see Note 25 to the full-year consolidated financial statements.

5.5 Important corporate events in 2015 and 2016 until the date of issue of the financial statements

Appointment of a Management Board member

On May 21st 2015, the Supervisory Board appointed Daniel Ścigala as member of the Company's Management Board. The appointment was connected with the efforts to broaden IPOPEMA's offering targeted at retail clients.

Change in the composition of the Management Boards of IPOPEMA TFI and IPOPEMA Asset Management

Following Aleksander Widera's resignation from the position of Vice-President of the Management Boards of IPOPEMA TFI and IPOPEMA Asset Management, on July 2nd 2015 Renata Wanat-Szelenbaum was appointed as a member of the Management Boards in charge of Sales.

Merger of IPOPEMA TFI and IPOPEMA Asset Management

On November 30th 2015, the merger of IPOPEMA TFI and IPOPEMA Asset Management was registered. This move was designed to simplify to organisational structure of the IPOPEMA Securities Group as well as to align it with the Group's business segments.

5.6 Awards and distinctions

In January 2015, the *Parkiet* daily released a new ranking, in which IPOPEMA Securities' Research Department came in second, while individually IPOPEMA team members ranked first in the 'analyst of the year', 'trade and distribution', 'energy' and 'finance' categories.

In March 2015, IPOPEMA TFI was named among the five institutions nominated for 'The TFI of the Year' award in a ranking compiled by *Parkiet*, and the manager of the IPOPEMA m-INDEKS FIO fund, received *Parkiet*'s 'Golden Portfolio' award.

In this year's edition of the *Parkiet* ranking, IPOPEMA team members topped the 'analyst of the year' and 'banks' categories.

5.7 Research and development

The Company and the IPOPEMA Securities Group are not involved in any R&D activities.

5.8 Changes in significant management policies

In 2015, the Company and its subsidiaries did not change any significant management policies.

6. Share capital and shareholding structure of IPOPEMA Securities S.A.

6.1 Change in the share capital of IPOPEMA Securities S.A.

In 2015, there were no changes in the Company's share capital.

6.2 Change in the share capital of other Group companies

In November 2015, the merger of IPOPEMA TFI and IPOPEMA Asset Management was registered, resulting in an increase of the share capital of IPOPEMA TFI to PLN 10,599,441. In 2015, there were no changes in the share capital of other companies of the IPOPEMA Securities Group.

6.3 Shareholding structure of IPOPEMA Securities S.A.

As at December 31st 2015 and as at the date of approval of this Report, the shareholding structure of the Company (shareholders holding 5% or more of shares in IPOPEMA Securities S.A. and of the total vote at the Company's General Meeting) was as follows:

Shareholder	Number of shares and voting rights at GM	% of total voting rights at GM
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	9.99%
JLC Lewandowski S.K.A. ²	2,990,789	9.99%
OFE PZU Złota Jesień*	2,950,000	9.85%
IPOPEMA 10 FIZAN ³	2,851,420	9.52%
Katarzyna Lewandowska	2,136,749	7.14%
Quercus Parasolowy SFIO*	1,754,164	5.86%
Total shareholders holding over 5% of the share capital	15,673,911	52.35%

¹ Based on notifications received by the Company from the shareholders.

² The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

³ Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

* The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

The Company did not enter into any agreements which could result in future issues of shares, leading to changes in the proportion of shares held by the Company's existing shareholders.

6.4 Share buy-back

Except for transactions executed as part of the Company's brokerage activities (intermediation in equities trading on the WSE), the Company did not purchase any of its own shares.

6.5 Employee share option plans control system

For details of the employee share option plans control system, see Note 17.1 of the full-year consolidated financial statements of the IPOPEMA Securities Group.

7. Management and supervisory personnel

Remuneration of members of management and supervisory personnel

The table below presents the remuneration for 2015 (both paid and potentially payable) and additional benefits (including healthcare benefits financed by the Company) received by the Management Board members from the Company:

First name and surname	2015 (PLN '000)	2014 (PLN '000)
Jacek Lewandowski	1,239	484
Mirosław Borys	468	363
Mariusz Piskorski	838	363
Stanisław Waczkowski	685	876
Daniel Ścigała	243	-

Members of the Management Board of IPOPEMA Securities did not receive any remuneration from its subsidiaries.

The table below presents the remuneration received for 2015 from IPOPEMA Securities by the Supervisory Board members for the performance of their supervisory duties:

First name and surname	2015 (PLN '000)	2014 (PLN '000)
Jacek Jonak	30	25
Janusz Diemko	10	20
Bogdan Kryca	16	16
Zbigniew Mrowiec	8	4
Michał Dobak	24	20

In 2015, members of the IPOPEMA Securities' Supervisory Board did not receive remuneration from the subsidiaries.

Changes in the number of shares held by members of management and supervisory personnel

Except for the acquisition of shares in IPOPEMA Securities by Daniel Ścigała (Member of the Management Board), as reported by the Company in Current Report No. 14/2015, the number of shares held by members of the management and supervisory personnel did not change in 2015. The table below presents information on the number of shares held (directly or through controlled entities) by members of the management and supervisory personnel of IPOPEMA Securities as at December 31st 2015:

Person	No. of shares and votes	% of ownership interest and total vote
Jacek Lewandowski – President of the Management Board ¹	6,320,868	21.11%
Stanisław Waczkowski – Vice-President of the Management Board	3,142,855	10.50%
Mariusz Piskorski – Vice-President of the Management Board	915,000	3.06%
Mirosław Borys – Vice-President of the Management Board	696,428	2.33%
Daniel Ścigała – Member of the Management Board	99,919	0.33%
Total	11,175,070	37.33%

¹ As disclosed in the table in Section 6.3, shares in IPOPEMA Securities S.A. are also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

On January 15th 2016, the Company was notified by Daniel Ścigała, a Member of the Management Board, of the acquisition of a further 18,293 shares in the Company (Current Report No. 1/2016). The table below presents information on the number of shares held (directly or through controlled entities) by members of the management and supervisory personnel as at the date of approval of this Report:

Person	No. of shares and votes	% of ownership interest and total vote
Jacek Lewandowski – President of the Management Board ¹	6,320,868	21.11%
Stanisław Waczkowski – Vice-President of the Management Board	3,142,855	10.50%
Mariusz Piskorski – Vice-President of the Management Board	915,000	3.06%
Mirosław Borys – Vice-President of the Management Board	696,428	2.33%
Daniel Ścigała – Member of the Management Board	118,212	0.39%
Total	11,193,363	37.99%

¹ As disclosed in the table in Section 6.3, shares in IPOPEMA Securities S.A. are also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

Apart from the Company shares specified above, members of the Company's management and supervisory personnel did not hold (directly or indirectly) any shares in subsidiaries of IPOPEMA Securities.

Agreements concluded with members of management and supervisory personnel

In 2008, the Company entered into agreements with two Management Board members (Mirosław Borys and Mariusz Piskorski), under which each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

8. Court and administrative proceedings

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance by one of the funds with the provisions of its Articles of Association in 2012–2013. Even though IPOPEMA TFI presented detailed explanations and arguments, the Polish Financial Supervision Authority decided to impose a fine of PLN 50 thousand on IPOPEMA TFI. IPOPEMA TFI filed a request for re-examination of the case, which has not been considered to date.

In September 2015, IPOPEMA TFI received a decision of the General Inspector for Financial Information to impose a fine of PLN 5 thousand for failure to meet the obligation to register a transaction in 2011–2013 and failure to implement follow-up recommendations issued by the Polish Financial Supervision Authority within the prescribed time limit. IPOPEMA TFI appealed the decision to the Minister of Finance who upheld the challenged decision in December. IPOPEMA TFI then filed an appeal against the decision to the Provincial Administrative Court.

Apart from the above-mentioned proceedings, in 2015 none of the IPOPEMA Group companies was party to any other court or administrative proceedings.

9. Credit facility agreements, sureties, guarantees and other agreements

Credit facility agreements

IPOPEMA Securities is a party to agreements made on July 22nd 2009 with Alior Bank, providing for two working-capital overdraft facilities (bearing interest at variable rates based on 1M WIBOR plus bank margin in PLN) which are used for payment of liabilities to the Central Securities Depository of Poland in connection with the brokerage business conducted by the Company. The agreements are extended every year, and were also extended in 2015. Their current expiry date is September 15th 2016.

Agreements concluded in the ordinary course of business

In 2015, IPOPEMA Securities S.A. concluded a dozen or so agreements for the provision of brokerage services, as well as a similar number of agreements for the provision of investment banking services. IPOPEMA TFI entered into more than ten agreements to create closed-end investment funds, and IPOPEMA Business Consulting into several dozen agreements for the provision of consultancy services.

Given the expansion of its brokerage business targeting retail customers, the Company entered into agreements with entities who will intermediate in offering its products and services to customers as "investment firm agents".

Loans, guarantees and sureties

In 2015, the Company did not receive or provide any sureties or loans (other than loans to employees and associates). The guarantees provided to the Company, described in detail in Note 43 to the financial statements of IPOPEMA Securities, were renewed.

Shareholder agreements

The Management Board of IPOPEMA Securities S.A. is not aware of any agreements between the Company's shareholders.

10. Risk factors and threats

Below are presented risk factors specific to the business of the IPOPEMA Securities Group as a whole or its individual companies, which the Management Board believes to be the most material and which – should they materialise – may have an adverse effect on the operations, financial standing, performance or development prospects of the Company and the Group.

Risk related to the situation on capital markets

The Company's financial results depend primarily on capital market conditions, especially in Poland. The economic slowdown adversely affects global stock markets and the CEE stock markets where the Company operates. The capital market downturn affects the Company's revenue through lower trading volumes on the stock exchanges and the challenging conditions for execution of public offerings of securities.

With respect to IPOPEMA TFI, such adverse market conditions discourage investment in listed securities (mainly equities) and thereby affect revenue from active management services. To date, this has had a limited effect on the performance of IPOPEMA TFI, as it focused on creating closed-end private equity funds. However, since the company is expanding its offering addressed to individuals, a prolonged market downturn may erode revenues and earnings of IPOPEMA TFI (particularly due to difficulties in acquiring new assets for management or even maintaining their current volumes). Likewise, in the asset management business, the factor of crucial importance to its operations is the market sentiment, which drives equity and debt instrument prices, thus affecting the value of assets under management and revenue from portfolio management services.

Risk related to competition in the services markets on which IPOPEMA Securities and other Group companies operate

IPOPEMA Securities is exposed to strong competition across all its markets, both from well-established Polish brokerage houses and foreign financial institutions, which are increasingly active in the CEE region (operating as foreign-based brokerage houses or through local offices). The competitive pressure is particularly evident in Poland, as in the recent years Warsaw grew to become the largest and most important capital market in this part of Europe. The growing competition may result in the Company losing some of its market share and in higher pressure on prices, which may have an adverse effect on the Company's financial performance.

Similarly, IPOPEMA TFI and IPOPEMA Business Consulting compete against companies with established market positions and against new market entrants. IPOPEMA TFI is currently the largest investment fund management company in terms of total assets under management, and one of the market leaders in creating closed-end investment funds. Moreover, IPOPEMA TFI continues to expand its offering and consolidate its position on the market of actively managed funds. IPOPEMA Business Consulting is consistently expanding its client base and order book. Nonetheless, there can be no assurance that the competitors' activities will not stand in the way of the development plans of IPOPEMA TFI and IPOPEMA Business Consulting; if so, this may have an adverse effect on the future performance of the IPOPEMA Securities Group as a whole.

Risk related to dependence on the management personnel, necessity to retain key employees, acquisition of highly qualified specialists and level of remuneration

The IPOPEMA Securities Group's business and development prospects largely depend on the expertise, experience and qualifications of the management personnel. Their work for the Group has been a key factor behind its success to date. Hence, if any of the members of the Group's management personnel decides to leave the Company, this may have an adverse effect on the operations and financial standing of the Company and its subsidiaries, as well as on their financial performance and development prospects.

Furthermore, in order to deliver an adequate quality of service, the Group companies must retain highly qualified staff. The nature of the Company's business requires that part of IPOPEMA Securities' and IPOPEMA TFI's employees, in addition to having relevant experience, meet formal requirements to be able to provide brokerage or investment advisory services. Besides, to ensure continued development of the Group, it is necessary to hire new employees with relevant expertise and experience.

Given the strong competition and a limited availability of qualified professionals that guarantee the required level of service, with a view to ensuring stability of the key staff, the Company's Management Board seeks to apply appropriate incentive mechanisms to motivate employees to link their future with the Group. However, the pursuit of those plans may require increased expenditure on employee remuneration, which, given the considerable share of salaries and wages in total operating expenses, may have an adverse effect on the financial results of the Group companies in the future.

Risk related to settlement of stock exchange transactions

The Company is a clearing member of the Polish national securities depository KDPW_CCP, which means that on the clearing date it is required to pay for executed buy transactions and deliver securities in order to clear executed sell transactions. The Company executes transactions for clients (holding accounts with custodian banks), who should deliver cash for executed buy transactions or securities for executed sell transactions on the clearing date. However, a client may fail to provide the cash or securities on time. In such a case, until the client has settled the relevant liabilities, for the purpose of the transaction clearing the Company must use its own resources (buy transactions) or deliver securities acquired on the market (sell transactions). Additionally, if the client fails to pay for a buy transaction, there is also a risk that the Company may acquire securities which it may be unable to sell on equally favourable terms or which it may be unable to sell at all. In the case of sell transactions, there is a risk that the Company may need to acquire the securities on the market at a price higher than the price at which the client was supposed to deliver such securities or that it will be impossible to acquire such securities. Such a situation does not limit the Company's right to assert claims against the client on account of the client's failure to perform obligations under an agreement (order) concerning a transaction in securities.

Risk related to the nature of investment banking services

The Company's services in the area of investment banking, in particular advisory services to companies seeking introduction of their shares to trading on the WSE as well as M&A transactions, are characterised by relatively long execution periods (typically not less than several months). Given the volatile nature of capital markets and changes of investment plans by the Company's clients, there is a risk that some of the projects commenced by the Company may be postponed or the clients may decide to abandon execution of the transaction (in particular when faced with adverse market conditions). As success fees account for a substantial portion of the Company's consideration in the case of such projects, any such decisions may have an adverse effect on the Company's financial performance.

Risk related to the expansion of IPOPEMA Securities' retail business

In February 2016, the Company started offering brokerage services and investment products to a broad base of retail customers. As this is still a young business, it is hard to reliably predict its growth in the coming months. Consequently, if this business fails to expand at the expected pace, its effect on the Company's financial performance may be lower than anticipated.

Risk related to the business of IPOPEMA TFI

Given the strong competition on the market of investment funds as well as the dependence of individual funds' performance on the economic situation (in particular the situation on the capital markets) and correctness of investment decisions made by the IPOPEMA TFI fund managers, there is a risk that the funds may not yield the expected rate of return (or, in an extreme case, they may incur losses) and the clients may lose confidence in the fund managers, which may eventually lead to some clients discontinuing their relationship with the funds managed by IPOPEMA TFI or make attracting new clients more difficult. In connection with the above and the fact that in the case of selected funds IPOPEMA TFI's consideration depends on the funds' performance against an agreed benchmark rate of return, the risk that the fund managers will not meet the targets and that the clients will discontinue their relationship with IPOPEMA TFI may cause IPOPEMA TFI to be unable to generate the assumed level of revenue.

The rate of IPOPEMA TFI's business growth depends to a certain extent on whether the company is able to secure relevant administrative approvals (particularly to create new funds), as well as the direction of possible changes in the legal environment relevant to the business of investment funds and taxation of investment funds and unit holders.

As regards asset management, IPOPEMA TFI's business is primarily exposed to investment risk. It cannot be ruled out that the IPOPEMA TFI's managers will not make wrong decisions or pursue wrong investment strategies, which may result in the loss of current clients and difficulties in winning new clients, and may thus have an adverse effect on IPOPEMA TFI's performance.

Risk related to the level of equity and financial requirements of IPOPEMA Securities and the Group

In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund managed by KDPW_CCP. Currently, each day the Company makes a contribution to the Fund using a credit facility. In the case of any events with an adverse effect on the Company's financial performance, the Company's ability to use debt financing may be limited and it may be necessary for the Company to scale down its business or increase its equity base.

To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount available under the credit facility ensures safe continuation of business on the current scale or even a substantial increase in business volumes. It should also be noted that, if the Company's clients fail to settle transactions concluded on the basis of their orders in a timely manner, the Company may be required to execute such transactions using its own funds if the available credit facility is not sufficient to cover the liabilities.

Moreover, as a brokerage house, the Company is obliged to meet the capital requirements, including the separate and consolidated capital adequacy requirements, which to a large extent depend on the scope and scale of brokerage activities. IPOPEMA Securities' equity on a separate and consolidated basis (as at December 31st 2015: PLN 63,627 thousand and PLN 84,408 thousand, respectively) is maintained at a level ensuring an appropriate surplus over the capital requirements. However, it cannot be ruled out that a rapid business expansion, in particular as a result of implementation of new business projects, and legal and regulatory changes will require the equity to be increased. The necessity to increase the equity may also extend to IPOPEMA TFI, which may be subject to additional risk estimation and capital requirement obligations as a result of potential regulatory changes affecting investment fund companies.

Risk related to the function of payment bank

In order to be able to start and conduct operations on the WSE, the Company (as well as other brokerage houses which are direct members of the WSE) is required to have a valid agreement on payment bank services with a bank which is a member of the CSDP. The Company's payment bank is currently Alior Bank S.A. If the agreement on payment bank services was terminated, the Company would need to enter into a new agreement with another bank, which would take time and require the Company to agree new terms of business. Any difficulties in finding a successor payment bank could even pose a risk that the Company might have to temporarily suspend its brokerage until a new agreement is signed.

A similar risk exists with respect to the Hungarian and Romanian branches of Raiffeisen Bank, with which the Company executed agreements in relation to transactions executed on the Budapest Stock Exchange and the Bucharest Stock Exchange, as well as with respect to the Polish branch of Raiffeisen Bank, which clears the Company's transactions on the other foreign stock exchanges.

Risk related to the IT and telecommunications systems

A particularly significant aspect of the Company's activities is the need to ensure uninterrupted and secure operation of its IT and telecommunications systems. Any serious system failure may not only expose the Company to the risk of financial liability to clients for not executed or incorrectly executed orders, but may also undermine the client's confidence in the long term. The Company purchased and implemented a dedicated IT system for providers of brokerage services, which has been upgraded and modified on a continual basis. The objective behind the purchase of the system and the ongoing steps taken by the Company in order to ensure the best possible security solutions for its IT and telecommunications infrastructure, is to mitigate the risk of adverse effects of possible failure of the IT systems, unauthorised access to the data stored on the servers used by the Company, or loss of such data. In spite of all the steps taken by the Company, the potential materialisation of risks in this area cannot be ruled out.

Risk related to mistakes and errors of IPOPEMA Securities' employees and breaches of law

The IPOPEMA Securities Group's position on the markets on which it is present depends primarily on the degree of client confidence in the Group companies and their employees. The nature and scope of the Group's services require its employees not only to possess the relevant expertise and experience, but also to comply with the procedures in place at each company of the Group, designed to limit the risk of mistakes and errors in the course of the Group's operations. Although each employee of the IPOPEMA Securities Group is obliged to know and apply the operational procedures in effect at a given company, there can be no assurance that mistakes or errors will not occur in day-to-day operations. Any such errors or mistakes may, depending on their scale, affect the financial standing and financial performance of the IPOPEMA Securities Group. Given the nature of the Group's operations, the risk of mistakes is particularly relevant in the case of staff operating directly on the secondary market.

In line with the applicable laws, a company authorised to conduct brokerage activities is required to have a unit which exercises ongoing supervision over compliance of the employees who provide brokerage and investment advice services with legal regulations and internal rules of procedure (including those applicable to inside information and market manipulation). Although as at date of this Report there were no instances of criminal or unethical conduct on the part of the Company's employees, there can be no assurance that such events will not occur in the future. Any such incident may expose the Company to administrative sanctions from competent authorities, including the Polish Financial Supervision Authority, and may lead to financial losses and loss of reputation.

11. Auditor of the financial statements

For information on the date of the agreement concluded with the qualified auditor of financial statements and its remuneration, see Note 35 of the annual consolidated financial statements of the IPOPEMA Securities Group.

12. Statement of compliance with corporate governance standards

Corporate governance code applicable to the Company

IPOPEMA Securities complies with the corporate governance rules defined by the WSE. Until December 31st 2015, these rules were set out in the document 'Code of Best Practice for WSE Listed Companies' ('Best Practices'), adopted by Resolution No. 17/1249/2010 of the WSE Supervisory Board, dated May 19th 2010, and amended pursuant to subsequent resolutions of the WSE Supervisory Board: No. 15/1282/2011 of August 31st 2011, No. 20/1287/2011 of October 19th 2011 and No. 19/1307/2012 of November 21st 2012. However, on January 1st 2016, new corporate governance rules for listed companies entered into force. These are set out in the document 'Code of Best Practice for WSE Listed Companies 2016', adopted by Resolution of the WSE Supervisory Board, dated October 13th 2015 (the relevant statement on compliance with these rules is available on the Company's website). The consolidated texts of both documents are available at: www.corp-gov.gpw.pl, in the 'Regulations' section.

Corporate governance rules which the Issuer does not comply with, including the extent of and reasons for such non-compliance

In 2015, the Company complied with the recommendations set forth in the Code of Best Practice and did not depart from them, except as indicated in the statement included in the Annual Report for 2014. In particular, the departures from Best Practices may relate to:

- Section II.1-2, concerning the scope of information published on the corporate website – according to the indicated rules, a corporate website must also be published in English, although the publication of some information in English may be delayed relative to its publication in Polish; in terms of the scope of information and documents, the Company largely complies with the rules set out in Section II.1. The absence of some information may result from the fact that the events specified in the above Section of Best Practices did not occur at the Company;
- Section II.1.6 and III.1.1, concerning annual reports on the activities of the Supervisory Board and the Supervisory Board's assessment before the General Meeting – the contents of such reports and the scope of such assessments remain at the discretion of the Supervisory Board;
- Section III.8, concerning responsibilities and operation of supervisory board committees – the Company established an Audit Committee, whose operation substantially complied with the relevant provisions of Annex I to the Commission Recommendation of February 15th 2005, to which the practice described in Section III.8 of Best Practices refers. The Audit Committee operated as a separate body until June 20th 2013, when the General Meeting resolved to assign the audit committee function to the Supervisory Board. As regards other committees – in particular those referred to in the abovementioned regulations – the Company adopted a similar approach, i.e. it did not set up the committees and their functions are performed by the Supervisory Board as a whole; the Commission Recommendation accepts such situation in the case of small supervisory boards, which is true of the Company's Supervisory Board.
- Section IV.10, concerning remote participation of shareholders in General Meetings – due to the complexity of issues related to the access to General Meetings, identification of shareholders and their proxies, ensuring adequate two-way communication, the Company did not comply in 2015 and does not plan to comply in 2016 with the rules set forth in this Section of Best Practices.

The above commentary refers to the rules set forth in Sections II-IV of Best Practices, which are covered by the 'comply or explain' mechanism in line with WSE's implementation guidelines. The guidelines contained in Section I of Best Practices, which represent recommendations regarding best practices, are not covered by the mechanism, but they are subject to annual reporting. In view of the foregoing, the Company reports that it complies with most of the guidelines listed in Section I of Best Practices, with the following exceptions:

- Recommendation contained in Section I.9, concerning an equal proportion of men and women in management and supervisory positions – the Company does not apply any restrictions or obstacles to women serving in such positions, and employment at the Company or appointment to its bodies is based exclusively on a candidate's merits;
- Recommendation contained in Section I.12, concerning the possibility of exercising voting rights at a general meeting, personally or by proxy, using means of electronic communication – in 2016, the Company is not planning to abide by this recommendation given the complex nature of procedural, legal and IT issues relevant to the safety and effectiveness of such form of participation in a General Meeting.

Key features of the risk control and management system used in the preparation of financial statements

The risk control and management system used by the Company in the process of preparation of financial statements (both separate and consolidated) aims to ensure that the financial statements are reliable, complete and compliant with applicable regulations – both with respect to their contents and timely publication. The system meeting the above criteria is based on the following items:

- Adopted and employed rules for circulation and approval of documents, which facilitate prompt and complete recognition of all accounting data;
- Proper flow of information to be registered in accounting records between designated persons from appropriate organisational units and persons engaged in the preparation of financial statements;
- Use of appropriate software and IT systems to facilitate internal reporting and financial information processing;
- Adoption of proper criteria for selection and evaluation of employees engaged in the reporting process, possessing the competences, knowledge and experience relevant to the functions and tasks they are charged with;
- Ensuring cooperation between the Company's auditor and its Supervisory Board to ensure exchange of information related to the financial statements (especially at the audit plan preparation stage, and at its final stage, but before the audit process is complete);
- Division of tasks and responsibilities related to the preparation of financial statements between various internal units to facilitate independent assessment and cross-verification of the documentation prepared, taking into account the cooperation that is necessary for the process (i.e. allocation of accounting and financial controlling tasks, engaging the Management Board at an early stage of the report preparation, ongoing cooperation with the Company's auditor);
- Ensuring proper communication and information flow between Group companies with respect to the timing and form of information.

Considering the above, the Management Board believes that the risk control and management system employed by the Company in the preparation of financial statements fulfils the aims defined above and is adequate given the structure of the Company and the Group.

Major holdings of shares in the Company

For a list of shareholders holding over 5% of shares in IPOPEMA Securities S.A., see Section 6.3 of this Report.

Holders of any securities conferring special control rights

There are no securities of IPOPEMA Securities S.A. conferring special control rights.

Restrictions on voting rights

There are no restrictions on the voting rights attached to IPOPEMA Securities S.A. shares.

Restrictions on transfer of ownership rights to the Company's securities

As at the date of approval of the financial statements, there are no restrictions on transferability of the Company's securities.

Rules governing appointment and removal of the Company's management personnel; powers of the management personnel, including in particular the authority to resolve to issue or buy back shares

The Management Board is composed of two to five members, including the President, who are appointed for a three-year term and removed from office by the Supervisory Board. The Management Board acts in accordance with the Rules of Procedure for the Management Board, adopted by the Supervisory Board.

The Management Board's authorisation to increase the Company's share capital within the limit of the authorised capital by an aggregate amount of up to PLN 350,000 through the issue of up to 3,500,000 new shares by way of one or more share capital increases expired in September 2014. While the authorisation was effective, the Management Board made no decision to issue shares within the limit of the authorised capital.

Rules governing amendments to the Company's Articles of Association

The rules governing amendments to the Company's Articles of Association provided in the Articles of Association do not differ from those set forth in the Polish Commercial Companies Code.

Manner of operation and basic powers of the General Meeting, shareholders' rights and the procedure for their exercise

As the Company did not introduce rules of procedure for the General Meeting, the manner of operation of the General Meeting of IPOPEMA Securities, its basic powers as well as the shareholders' rights and the procedure for their exercise are as defined in the Polish Commercial Companies Code, as well as 'Code of Best Practice for WSE Listed Companies' applied by the Company.

Composition and activities of the Company's management, supervisory and administrative bodies or of their committees; changes in their composition in the last financial year

The table below presents the composition of the Management Board of IPOPEMA Securities S.A. as at the date of this Report. In the past year, Daniel Ścigała was appointed member of the Company's Management Board.

First name and surname	Position	Appointment date ¹
Jacek Lewandowski	President of the Management Board	May 16th 2014
Mirosław Borys	Vice-President of the Management Board	May 16th 2014
Mariusz Piskorski	Vice-President of the Management Board	May 16th 2014
Stanisław Waczkowski	Vice-President of the Management Board	May 16th 2014
Daniel Ścigała	Member of the Management Board	May 21st 2015

¹ Date of appointment for the current term of office.

The table below presents the composition of the Supervisory Board of IPOPEMA Securities S.A. as at the date of this Report.

First name and surname	Position	Appointment date ¹
Jacek Jonak	Chairman of the Supervisory Board	June 17th 2014
Janusz Diemko	Secretary of the Supervisory Board	June 17th 2014
Michał Dobak	Member of the Supervisory Board	June 17th 2014
Bogdan Kryca	Member of the Supervisory Board	June 17th 2014
Zbigniew Mrowiec	Member of the Supervisory Board	June 17th 2014

¹ Date of appointment for the current term of office.

The Company believes that all members of the Supervisory Board met the independence criterion provided for in Annex II to the Commission Recommendation (2005/162/EC) of February 15th 2005.

Information on holdings of Company shares by the management and supervisory personnel is presented in Section 7 of this Report.

Warsaw, March 18th 2016

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Daniel Ścigala
Member of the
Management Board