

Letter from the President of the Management Board to the Shareholders of IPOPEMA Securities S.A.

Dear Shareholders,

I have the pleasure to present our Annual Report detailing the financial performance and achievements of the IPOPEMA Securities Group in 2015, which proved to be a challenging year for our business.

As regards our brokerage business, while the trading volumes on the Budapest and Prague Stock Exchanges rose year on year (by 13.8% and 8.8%, respectively), investor activity on the Warsaw Stock Exchange, our core market, declined 0.9% compared with the year before. In addition, our market share on the WSE declined from 5.87% in 2014 to 6.98% because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from securities trading fell 17.6% year on year, from PLN 34.9m in 2014 to PLN 28.7m.

Despite an equally challenging capital market landscape, in 2015 IPOPEMA Securities delivered record-high revenue from the investment banking business of PLN 18.6m, representing an increase of nearly 60% on 2014, on the back of 16 successful transactions with a total value in excess of PLN 3bn. It should also be noted that IPOPEMA was the most active broker in both public offerings (four IPOs) and tender offers (five transactions).

It is worth noting that IPOPEMA TFI has become Poland's largest fund management company with total assets under management having increased to PLN 48.0bn at the end of 2015. However, a material decline in assets under management in the portfolio management business (from PLN 1.8bn to PLN 0.3bn) translated into an 8.4% drop in revenue of the fund and portfolio management segment, to PLN 38.5m. Yet another important development, the merger of IPOPEMA TFI and IPOPEMA Asset Management was completed in November 2015 in an effort to streamline the IPOPEMA Securities Group's organisational structure and align it with the business segments.

The consultancy services segment also felt the impact of difficult market conditions in 2015, with a year-on-year decline in the number of completed projects dragging down IPOPEMA Business Consulting's revenue by 22.2%, to PLN 12.1m.

I am happy to say that in February 2016 IPOPEMA Securities 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 or through third parties acting as its agents. This function has already been entrusted to Expander Advisors, an independent financial advisory firm.

In 2016, all companies of the IPOPEMA Securities Group will continue to focus on strengthening our market position and enhancing our competitive advantage across all business segments, while maintaining consistent cost discipline. We hope these efforts, as well as the new business of IPOPEMA Securities, will be reflected in improved financial performance and will contribute towards increasing the Group's value.

With best regards,

Jacek Lewandowski
President of the Management Board

Warsaw, March 18th 2016