

Directors' Report

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

Warsaw, August 20th 2015

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PART I

1. Financial performance

Consolidated financial highlights	2015			2014		
	I-III*	IV-VI*	I-VI	I-III*	IV-VI*	I-VI
Total revenue, including	22,446	23,457	45,903	30,410	23,362	53,772
<i>Brokerage and related services</i>	9,244	10,658	19,902	16,638	10,023	26,661
<i>Investment fund management</i>	10,050	9,768	19,818	10,245	10,723	20,968
<i>Consultancy services</i>	3,152	3,031	6,183	3,527	2,616	6,143
Total cost of core activities	20,983	22,670	43,653	24,701	21,004	45,705
Profit on core activities	1,463	787	2,250	5,709	2,358	8,067
Net profit for period	128	551	679	3,780	1,264	5,049

* Unaudited.

Revenue

In H1 2015, total consolidated revenue was 14.6% lower than in the corresponding period of 2014 (PLN 45,903 thousand compared with PLN 53,772 thousand), mainly due to the brokerage services segment, whose revenue fell by 25.4%. Revenue from trading in securities was down 25.4% (PLN 14,811 thousand, compared with PLN 19,842 thousand in H1 2014), while revenue from investment banking services was PLN 5,064 thousand (compared with PLN 6,804 thousand a year earlier). Lower revenue from brokerage operations was principally attributable to lower trading volume at the WSE (drop by 4.6%) and a slight decline in the Company's market share (6.19% in H1 2015 vs. 6.86% a year earlier). Lower revenue from investment banking was largely attributable to the fact that in H1 2015 several large (in terms of expected revenue) transactions were put off to later in the year or halted, and were not completed.

At PLN 19,818 thousand (down 5.5% year on year), revenue from the fund and asset management segment (combined business of IPOPEMA TFI and IPOPEMA Asset Management) was the largest item of the IPOPEMA Group's consolidated revenue in H1 2015 (43.2% of consolidated revenue from core activities). As at the end of June 2015, IPOPEMA TFI managed 107 funds and subfunds with a combined asset value of PLN 31.2bn (94 funds and PLN 23.9bn in combined assets a year earlier), while the asset value in actively managed funds (excluding white label funds) stood at PLN 683m (PLN 712m at end of H1 2014).

In H1 2015, IPOPEMA Business Consulting (consultancy segment) posted revenue of PLN 6,183 thousand (PLN 6,143 thousand a year earlier), which accounted for 13.5% of the IPOPEMA Group's consolidated revenue.

Costs and expenses

In H1 2015, total operating costs of the IPOPEMA Group were PLN 43,653 thousand, and were down by 4.5% relative to H1 2014 (PLN 45,705 thousand), mainly due to 9.4% lower operating expenses in the brokerage services segment (PLN 19,864 thousand vs. PLN 21,921 thousand).

In other areas of IPOPEMA Group's operations, operating expenses were maintained at practically unchanged levels: in the investment fund management segment they stood at PLN 17,651 thousand compared with PLN 17,703 thousand a year earlier, and in the consultancy services segment – at PLN 6,138 thousand versus 6,081 thousand in January-June 2014.

Costs relating to the valuation of IPOPEMA Securities' share option plans (disclosed only in the consolidated financial statements) totalled PLN 36 thousand in H1 2015 (H1 2014: PLN 68 thousand), with the entire amount allocated to the brokerage activities segment.

Net profit/(loss)

In H1 2015, consolidated profit on core activities was PLN 2,250 thousand, with consolidated net profit at PLN 679 thousand (vs. 8,067 thousand and PLN 5,049 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 658 thousand, and profit attributable to non-controlling interests was PLN 21 thousand.

In the brokerage services segment, despite lower costs of operations, the significant decline in revenue translated into a net loss of PLN 933 thousand (vs. a PLN 2,412 thousand net profit in H1 2014). IPOPEMA Securities' net profit for H1 2015 disclosed in the separate financial statements was PLN 546 thousand (H1 2014: PLN 5,523 thousand) (in both years dividends received from subsidiaries (totalling PLN 1,400 thousand in H1 2015 and PLN 3,000 thousand in H1 2014) were not accounted for in the consolidated financial statements).

A slight revenue decrease in the fund management segment coupled with practically unchanged operating expenses translated into lower net profit reported by the segment (PLN 1,569 thousand vs. PLN 2,522 thousand a year earlier).

Despite slightly higher revenue, net profit earned by the consultancy services segment was PLN 43 thousand (compared with PLN 115 thousand in H1 2014), with the change caused by slightly higher operating expenses.

2. Material events and factors with a bearing on the financial performance

Equity market and investment banking

After large-scale upward index movements in the Company's main markets between January and April, in May and June 2015 sentiment more (WSE and PSE) or less (BSE) cooled. However, while the trading volume at the WSE was lower than a year earlier (down 4.6%), the trading volume in Budapest and Prague was higher than in the first six months of 2014 – by 7.2% and 15.6%, respectively. Over the same period, the Company's market share shrunk to 6.19% on the WSE and 2.32% on the BSE (from 6.86% and 3.63% in H1 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from trading in securities in H1 2015 declined by 25.4% year on year (PLN 14,811 thousand vs. PLN 19,842 thousand).

While in Q1 2015 the equity market practically came to a standstill, the following months saw a slight recovery. Unfortunately, the tense economic situation in Greece and the related uncertainty among investors led to the halting of two transactions handled by the Company, originally planned to be carried out in the first half of the year. Still, the transactions and projects that the Company did carry out in the first six months of the year yielded investment banking revenue of PLN 5,064 thousand (vs. PLN 6,804 thousand a year earlier).

As a result of the above factors, on a consolidated basis the brokerage services segment posted a net loss of PLN 933 thousand in H1 2015 (relative to a PLN 2,412 thousand net profit in the previous year) despite lower operating expenses.

Activities of IPOPEMA TFI and IPOPEMA Asset Management

Despite an increase in the total value of assets under management (to PLN 31.2bn at the end of June 2015 vs. PLN 23.9bn in the previous year), the decline in assets in actively managed funds (from PLN 712m to PLN 683m) translated into a slight revenue decrease in the fund and portfolio management segment (by 5.5%, to PLN 19,818 thousand). Coupled with practically unchanged operating expenses, that translated into lower net profit of the segment (PLN 1,569 thousand vs. PLN 2,522 thousand a year earlier).

IPOPEMA Business Consulting

Despite a slight year-on-year increase in revenue generated by IPOPEMA Business Consulting in H1 2015 (up 0.7%), the concurrent increase in operating expenses (up 0.9%) translated into lower net profit (PLN 43 thousand vs. PLN 115 thousand in H1 2014).

3. Factors with potential bearing on the H2 2015 results

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

The first half of 2015 saw strong sentiment volatility on all Company's key markets – following large-scale WIG and PX index movements in the first months of the year, the indices are now roughly where they were at the beginning of the year. The Budapest stock exchange's BUX index proved more resilient to downward pressure and is currently about 30% higher than at the beginning of the year. Concurrently, while the H1 2015 trading volumes at the BSE and PSE were respectively 7.2% and 15.6% higher year on year, investor activity at the WSE was 4.5% lower than a year earlier. It is difficult to predict the developments on the Company's markets in subsequent months of 2015.

IPOPEMA Securities' current investment banking projects and transaction pipeline

After a challenging first quarter on the equity market, the following months of 2015 saw the market pick up markedly (despite the sentiment having been unsettled due to the risk of Greece's bankruptcy). It is difficult to say whether the current climate will continue in the months to come. Nonetheless, the Company is currently working on several transactions scheduled to be finalised later in the year and continues to seek new customers, also from sectors which are more resilient to stock market volatility.

Further expansion of IPOPEMA TFI and IPOPEMA Asset Management

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. Following three years of a steady inflow of assets into retail funds, in July 2015 the funds reported an excess of redemptions over subscriptions. While it is difficult to predict how investor sentiment will change in subsequent months, the prevailing interest rates, still at their record lows, may continue to encourage transfers of savings from bank deposits to investment funds, which 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.

Expansion of IPOPEMA Business Consulting's business

In the subsequent months of 2015, 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.

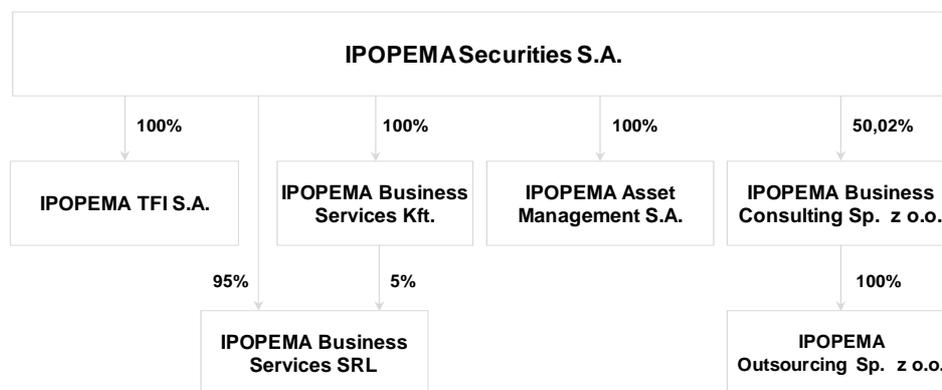
4. Performance vs. forecasts

The Company did not publish any separate or consolidated profit guidance.

PART II

1. 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 Asset Management S.A., 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, IPOPEMA Asset Management 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.



2. Changes in the structure of the IPOPEMA Securities Group

In H1 2015, there were no changes in the structure of the IPOPEMA Securities Group.

3. Shareholding structure of IPOPEMA Securities S.A.

As at June 30th 2015, the following shareholders held more than 5% of shares in IPOPEMA Securities S.A.:

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%

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

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

Until the date of this report, there were no changes in the group of shareholders directly or indirectly holding 5% or more of the Company shares and of total voting rights at the Company's General Meeting.

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

As at March 31st 2015 and June 30th 2015, members of the management staff held, directly or indirectly through their subsidiaries or related entities (including dedicated funds), the following shareholdings in IPOPEMA Securities S.A.

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%
Total	11,075,151	36.99%

¹ As disclosed in the table in Section 3, shares in IPOPEMA Securities S.A. are also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

5. Issue, redemption and repayment of equity and non-equity securities

Except for the issue of registered bonds with a total nominal value of PLN 4 thousand, no non-equity or equity securities of IPOPEMA Securities S.A. were issued, redeemed or repurchased in H1 2015 or the comparative period. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company, and the issue is related to the Variable Remuneration Component Policy implemented at the Company. For more information, see Note 10 to the interim condensed separate financial statements and Note 14 to the interim condensed consolidated financial statements.

6. Loans, guarantees, sureties

In H1 2015 (and in the comparative period) the Company did not receive and did not provide any sureties or loans. The guarantees provided to the Company, disclosed in Note 11 to the interim condensed financial statements of IPOPEMA Securities, were renewed.

7. Selected corporate events in H1 2015

Appointment of a Management Board member

On May 21st 2015, the Supervisory Board appointed Daniel Ścigała as member of the Company's Management Board. The appointment is connected with the planned broadening of IPOPEMA's offer targeted at retail clients.

Dividends distributed by IPOPEMA Asset Management and IPOPEMA Business Consulting

In H1 2015, IPOPEMA AM and IPOPEMA BC resolved to pay dividend of PLN 1,000 thousand and 400 thousand, respectively, to IPOPEMA Securities. The dividend amounts represent the Company's finance income and are disclosed in its separate financial statements, but are eliminated in the Group's consolidated financial statements.

8. Litigation and court proceedings

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance with the provisions its Articles of Association by one of the funds. 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.

Furthermore, in July 2015, IPOPEMA TFI obtained a decision of the General Inspector for Financial Information to instigate proceedings to impose a fine for failure to meet the obligation to register a transaction and failure to implement follow-up recommendations issued by the Polish Financial Supervision Authority within the prescribed time limit. IPOPEMA TFI presented detailed explanations in the proceedings.

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

9. Related-party transactions

In H1 2015, the Company did not execute any material related party transactions. For more information on related party transactions, see Note 24 to the interim condensed consolidated financial statements.

10. Material events subsequent to the reporting date

In the period between June 30th 2015 and the issue date of the financial statements, there were no material events with a bearing on the Company's operations.

11. Risk factors

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. At present, it is difficult to predict the developments on the Company's markets in the future, especially given the political tensions in Ukraine and economic turmoil in Greece.

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 active management business, 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 case of IPOPEMA Asset Management, 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, IPOPEMA Asset Management and IPOPEMA Business Consulting compete against companies with established market positions and against new market entrants. IPOPEMA TFI is currently one of the largest investment fund management companies 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 AM is one of the longest-standing businesses on the Polish asset management market. After more than ten years of operations (formerly as Credit Suisse Asset Management (Polska) S.A.), the company holds a firm position and enjoys extensive experience in asset management for institutional and individual investors. 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, IPOPEMA AM, 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', IPOPEMA TFI's and IPOPEMA AM'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 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 (June 30th 2015: PLN 60,679 thousand and PLN 77,586 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 other Group companies, namely to IPOPEMA AM, which, being a brokerage house, is subject to the same regulatory requirements as IPOPEMA Securities S.A.; and to IPOPEMA TFI S.A., 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 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.

Risk related to the business of IPOPEMA Asset Management

IPOPEMA AM's business is primarily exposed to investment risk. It cannot be ruled out that the IPOPEMA AM'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 AM's performance.

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 Polish NDS. 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 Czech branches of Deutsche Bank, with which the Company executed agreements in relation to transactions executed on the Budapest Stock Exchange and the Prague Stock Exchange, as well as with respect to the Romanian branch of Raiffeisen Bank, which clears the Company's transactions on the Bucharest Stock Exchange.

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.

Warsaw, August 20th 2015

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 Ścigała
Member of the
Management Board