

**REPORT OF THE
SUPERVISORY BOARD OF IPOPEMA SECURITIES S.A.
FOR THE YEAR 2015**

[adopted under the resolution of the Supervisory Board of 3 June 2016]

This Supervisory Board Report has been drafted for submission to the General Meeting of Shareholders of IPOPEMA Securities S.A. ("Company") under Article 382(3) of the Polish Code of Commercial Companies, taking into account the guidelines set out in the "Best Practice for GPW Listed Companies 2016" ("Best Practice") published by the Warsaw Stock Exchange (GPW), as well as in "Corporate Governance Principles for Supervised Institutions" published by the Polish Financial Supervision Authority on 22 July 2014.

1. Composition of the Supervisory Board

As of the date hereof, the Company's Supervisory Board is composed of:

Jacek Jonak – President of the Supervisory Board
Janusz Diemko – Vice-President
Bogdan Kryca – Member of the Supervisory Board
Zbigniew Mrowiec – Member of the Supervisory Board
Michał Dobak – Member of the Supervisory Board

The above composition of the Supervisory Board did not change in 2015 or until the date of publication hereof.

All Members of the Supervisory Board meet the criteria of independence set out in Annex II to Commission Recommendation of 15 February 2005 (2005/162/EC).

2. Supervisory Board Committees

No committees have so far been established within the Supervisory Board. An Audit Committee operated as a separate unit within the Supervisory Board until 20 June 2013, when its tasks were delegated by the General Meeting of Shareholders to the entire Supervisory Board. No other committees have been established and the tasks allocated to them are in principle within the remit of the entire Supervisory Board. Such a model is permitted under the above-referenced Commission Recommendation where the Supervisory Board has few members, as is the case at the Company. Moreover, the Supervisory Board also acts as the Remuneration Committee.

3. Supervisory Board's work in 2015

In 2015 the Supervisory Board held seven meetings and adopted resolutions by circulation. All the meetings were held in Warsaw in a formation which made it possible to adopt resolutions.

Supervisory Board meetings are held according to an annual meeting schedule, which sets out meeting dates and the business to be transacted. The schedule is open-ended, which means that additional meetings may be convoked and matters other than the business planned in the schedule may be admitted, depending on ongoing needs and circumstances.

Scheduled periodic work includes, without limitation, meetings with the Company's financial auditor. Three such meetings were held in 2015 to address the preparations for the audit of the financial statements of the Company and its group, as well as to discuss the results of the audit and the annual and semi-annual financial statement review. Moreover, the Board's periodic financial review tasks include discussing ongoing financial results, discussing financial plans and their implementation, approving the budget and issuing opinions on motions on profit distribution and financial statement approval for the General Meeting of Shareholders.

Another important area of interest for the Supervisory Board is the verification of how the internal supervision function is performed at the Company and how the legal compliance system works. In this respect, the periodic reports drafted by the Supervision Inspector are the fundamental source of information for the Supervisory Board. Regular meetings with the Supervision Inspector are organized to discuss the reports and elaborate on the information included in them. The meetings with the Supervision Inspector are included in the annual meeting schedule. The Supervisory Board also obtains information on the basis of results of external audits and of the annual Supervisory Review and Evaluation Process (SREP) conducted by the Polish Financial Supervision Authority. The findings of these review and evaluation procedures are subsequently discussed and analyzed by the Board with the participation of the Supervision Inspector, also

as regards the implementation of the recommendations made by the competent supervisory authority, which is in turn monitored by the Board.

To supplement these supervisory functions, the Board also regularly works with the Company's internal auditor, who operates as part of a separate internal audit unit. The auditor's position in the Company's overall organizational structure gives them a large degree of autonomy (within the framework of the guidelines of the Polish Financial Supervision Authority). During the regular meetings with the internal auditor, the Supervisory Board discusses the methodology for the implementation of audit-related tasks, sets audit schedules and reviews audit results and follow-up recommendations. In addition to other tasks identified in the audit schedule, the activities completed in 2015 included, among other things, a verification of the implementation by the Company of the recommendations provided by the Polish Financial Supervision Authority during earlier control activities (the report did not suggest any material irregularities in this respect). Last year, the Supervisory Board also evaluated and approved the internal audit rules and regulations for the Company.

Meetings with the Supervision Inspector and Internal Auditor are included in the annual schedule of Supervisory Board meetings - according to the plan, three separate meetings each were held in 2015 with the Inspector and the Auditor.

In addition to the above-described tasks of the Supervisory Board, it also performs other activities and operations, including, without limitation: (i) analyses of the Company's fulfilment of capital adequacy requirements (on the basis of periodic reports submitted to the Board on a regular basis), (ii) review of compliance with the Authority's guidelines on the corporate governance of supervised institutions, (iii) review of the implementation of the variable salary component policy at the Company, as well as (iv) decisions on bonuses for Management Board Members (including decisions about their release upon the expiry of the deferral period in compliance with the relevant policy and the detailed provisions on its implementation).

Furthermore, the Supervisory Board is involved in discussing new business ventures undertaken (or potentially undertaken) by the Company, both in terms of the potential economic results and their impact on the Company's risk profile. One sample project which was in the spotlight last year was the growth of the Company's offering addressed to individual customers and enhanced collaboration with "investment company agents".

In performance of the provisions of Rule no. II.Z.10.2. of the Best Practice, the Supervisory Board performed an assessment of its own activity in 2015 and found it satisfactory, arguing that its supervisory duties had been discharged with due diligence and suitable commitment. This may be attested to by the extent and number of cases examined by the Board, as well as the range of its operations.

4. Evaluation of the Company's control systems and mechanisms

As a financial institution supervised by the Polish Financial Supervision Authority, the Company has a range of control systems and mechanisms in place - these are quite complex in scope and are to a large degree governed by legal regulations applicable to the operations of brokerage houses. In particular, the Company has adopted suitable systems for internal control, compliance, risk management and financial reporting, as well as for communication with the Polish Financial Supervision Authority, which also incorporate tools necessary to monitor the implementation of the Authority's recommendations. The effectiveness of the systems is monitored by the Supervisory Board on an ongoing basis as part of its activities referred to in Section 3 above.

The Supervisory Board has a positive view of the effectiveness of the aforementioned control systems, which are continuously developed and adjusted to the current risk profile and regulatory requirements due to ongoing changes to the Company's operations and legal environment. The Supervisory Board is involved in that process by assessing the implemented control mechanisms and approving specific regulatory solutions at the Company. Modifications to the systems reflect the recommendations of the Polish Financial Supervision Authority given in the course of its supervision and control activities, but are often also introduced in the wake of numerous and frequent changes to legal regulations. In this context, it is worth noting the large number of legal amendments which enter into force to regulate an increasingly wide range of aspects of the operation of financial institutions, also imposing an increasing number of diverse obligations on them. This requires ever growing efforts related to the fulfilment of such new requirements, both on the part of the Company, as regards their implementation and application, and on the part of the Supervisory Board, in terms of its supervisory function.

The Board also positively assesses the internal audit function at the Company, which is performed by a separate internal audit unit in the Company's structure. The Supervisory Board is actively involved in the audit process described above to the extent detailed in Section 3 above.

The opinion of the Supervisory Board about the financial reporting process is equally positive. It is mainly based on meetings with the Company's financial auditor and his opinions. Just as in previous years, the Company's auditor found no irregularities in this area, considering the financial reports reliable, accurate and complete.

5. Remuneration Policy review

The Company has a variable salary component policy in place, which has been introduced in compliance with the requirements set out in the Regulation of the Minister of Finance of 2 December 2011 on the Principles of Determination of Variable Salary Components Policy for Brokerage House Managers. Under the policy and its detailed implementing provisions, the variable components (bonuses) of the salary of Management Board Members are paid on a deferred basis and are spread over a period of three years. The value of such variable components is not based on permanent parameters and is each time approved by the Supervisory Board.

As stated in Section 3, the Supervisory Board performs periodic assessment of the implementation of the Variable Salary Components Policy, whose results have been positive. In particular, the Supervisory Board finds that the remuneration policy at the Company is correct and fit for purpose - both as regards facilitating the Company's efficient operations and as regards appropriate risk management and encouraging the aversion of risk exceeding the accepted level.

The remuneration of the Supervisory Board is fixed, linked to participation in the body's meetings and set as a specific amount by the General Meeting of Shareholders. The Supervisory Board finds this form of compensation to be adequate to the nature of its responsibilities.

6. Evaluation of the manner in which the Company fulfils its disclosure obligations

The Supervisory Board has found no irregularities as regards the Company's disclosure obligations, neither in terms of the application of the rules of corporate governance of the Warsaw Stock Exchange nor those laid down in regulations on ongoing and periodic reporting by securities issuers.

7. Assessment of the rationality of the Company's policy as referred to in Recommendation I.R.2 of the Best Practice

The Company does not have the operational policy referred to in Recommendation I.R.2 of the Best Practice (sponsoring, charity and related activities), as it does not conduct such operations.

8. Evaluation of the Management Board's report on the operations of IPOPEMA Securities and IPOPEMA Securities Group and of the separate and consolidated financial statements for the year 2015

Acting under Article 382(3) of the Code of Commercial Companies and clause 16(3)(b) and (d) of the Articles of Association of IPOPEMA Securities S.A., the Supervisory Board has evaluated the Company's operations in 2015 on the basis of the following documents:

1. introduction to the financial statements,
2. balance sheet as at 31 December 2015,
3. profit and loss statement for the period from 1 January 2015 to 31 December 2015,
4. statement of changes in equity between 1 January 2015 and 31 December 2015,
5. cash flow statement for the period from 1 January 2015 to 31 December 2015,
6. additional information and notes to the financial statements,
7. Management Board's report on the operations of IPOPEMA Securities S.A. and IPOPEMA Securities S.A. Group for the year 2015.

According to the documents listed above:

- a) the total assets and liabilities in the balance sheet as at 31 December 2015 amount to:
 - PLN 323,575,000 in the standalone financial statements,
 - PLN 353,310,000 in the consolidated financial statements,

- b) the net profit in the profit and loss statement for the period from 1 January 2015 to 31 December 2015 amounts to:
 - PLN 3,493,000 in the standalone financial statements,
 - PLN 3,980,000 in the consolidated financial statements,
- c) the equity at the end of the period given in the statement of changes in equity between 1 January 2015 and 31 December 2015 amounts to:
 - PLN 63,627,000 in the standalone financial statements,
 - PLN 84,408,000 in the consolidated financial statements,
- d) the cash flow statement shows an increase in net cash between 1 January 2015 and 31 December 2015 by:
 - PLN 100,471,000 in the standalone financial statements,
 - PLN 98,095,000 in the consolidated financial statements.

When evaluating the financial statements, the Supervisory Board relied on the documents listed above, as well as on the opinion and report of a chartered auditor from the audit of the Company's financial statements for the year 2015 and on the opinion and report of a chartered auditor from the audit of the consolidated financial statements of the IPOPEMA Securities Group for the year 2015.

On the basis of the above-referenced documents and principally guided by the aforementioned opinion and report of the chartered auditor, the Supervisory Board issues a positive opinion on the financial statements of the Company for the financial year ending on 31 December 2015, the consolidated financial statements of the IPOPEMA Securities Group for the financial year ending on 31 December 2015, the report of the Management Board on the operations of IPOPEMA Securities and the IPOPEMA Securities Group for the year 2015 and recommends that the General Meeting of Shareholders approve the financial statements of the Company for the financial year ending on 31 December 2015, the consolidated financial statements of the IPOPEMA Securities Group and the report of the Management Board on the operations of IPOPEMA Securities and IPOPEMA Securities Group for the year 2015.

In light of the above, the Supervisory Board recommends that the satisfactory discharge of duties by all Members of the Company's Management Board in 2015 be acknowledged.

9. Evaluation of the Management Board's motion on the distribution of profits for 2015

Acting under Article 382(3) of the Code of Commercial Companies and clause 16(3)(c) and (d) of the Articles of Association of IPOPEMA Securities S.A., the Supervisory Board has examined the motion submitted by the Company's Management Board to allocate all net profits for the financial year ending on 31 December 2015, i.e. PLN 3,493,000 (PLN 3,492,819.18) to be distributed as dividend and:

- to set the dividend record date to 8 July 2016;
- to set the dividend payment date to 27 July 2016.

Following the above examination, the Supervisory Board raises no objections as regards the motion and the grounds provided therein by the Management Board and recommends that the General Meeting of Shareholders adopt a resolution to distribute profits for 2015 as proposed by the Management Board.

Supervisory Board of IPOPEMA Securities S.A.