

*Appendix to Resolution No. 6/V/2014
of the Supervisory Board of IPOPEMA Securities S.A.
dated May 22nd 2014*

**REPORT
OF THE SUPERVISORY BOARD OF IPOPEMA SECURITIES S.A.
FOR 2013**

This Report of the Supervisory Board was prepared for submission to the General Meeting of IPOPEMA Securities S.A. (the “Company”), pursuant to Art. 382.3 of the Commercial Companies Code and Section III.1.1) of the Code of Best Practice for WSE-Listed Companies.

I. Composition of the Supervisory Board

As at the date of this Report, the composition of the Company’s Supervisory Board was as follows:

Jacek Jonak – Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Zbigniew Mrowiec – Member of the Supervisory Board, and
Michal Dobak – Member of the Supervisory Board.

Malgorzata Adamkiewicz was a member of the Supervisory Board until August 31st 2013, when her mandate expired following her resignation. On February 10th 2014, the General Meeting appointed Mr Michal Dobak as member of the Supervisory Board.

II. Activities of the Supervisory Board in 2013

In 2013, the Supervisory Board held four meetings (including one joint Supervisory Board and Audit Committee meeting) and passed resolutions by circulation (written resolutions). All the meetings were held in Warsaw, with a composition enabling the Supervisory Board to adopt resolutions. The meetings were focused primarily on discussing current business topics, including the Company's financial performance, market environment and development plans. The annual budget session was also held in 2013, during which performance against the 2012 budget was discussed and a budget for 2013 was approved. Furthermore, as in the previous years, in 2013 a meeting was held with representatives of the Company's auditor, which served to brief the Supervisory Board on the results of and conclusions from the audit of separate financial statements of IPOPEMA Securities and the consolidated financial statements of the IPOPEMA Securities Group (such meetings are held annually at the closing stage of the audit, before a final audit opinion and report are issued). Also, the auditor submitted to the Supervisory Board a representation on its independence and objectivity, in accordance with the letter and the spirit of the Act on Qualified Auditors.

In addition to the matters set out above and routine resolutions passed by the Supervisory Board every year (including a resolution to approve the consolidated text of the Articles of Association, which had been amended to reflect a change in the Company's share capital relating to the acquisition by eligible persons of another tranche of shares under the incentive scheme), in 2013 the Supervisory Board discussed and agreed the rules for implementing the Variable Component Remuneration Policy. The Policy was adopted in 2012 under the Minister of Finance's Regulation on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. In 2013, the Supervisory Board (in the exercise of the remuneration committee function) adopted detailed internal regulations implementing the Variable Component Remuneration Policy, prompted by the fact that last year variable remuneration was granted for the first time under the said Regulation. As part of the Policy implementation process, the Supervisory Board issues opinions and monitors payments of the variable remuneration components to persons who come within the scope of the Policy.

As in the previous years, in 2013 the Supervisory Board reviewed the following quarterly reports submitted by the Compliance Officer: (i) reports on the operation of the internal control function and legal compliance monitoring system, and (ii) capital adequacy reports.

III. Supervisory Board Committees

On March 12th 2010, an Audit Committee was established within the Supervisory Board, which, as a rule, operates in compliance with applicable provisions of Annex I to the Commission Recommendation of February 15th 2005. 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. No other committees have been established, and the tasks otherwise assigned to such committees are substantially within the powers of the Supervisory Board as a whole. The abovementioned Commission Recommendation permits this for small supervisory boards, which is the case with the Company's Supervisory Board. The Supervisory Board also performs the function of a remuneration committee.

IV. Evaluation of the internal control system and the material risk management system

The Company has in place an internal control and risk management system whose scope – given that IPOPEMA Securities is a regulated entity subject to oversight by the Polish Financial Supervision Authority (the PFSA) – is rather complex and is stipulated by the laws and regulations governing brokerage houses. In order to reflect changes occurring at the Company and in the regulatory landscape, the system's various components are subject to periodic assessment. As a follow-up to one such assessment, amendments to selected elements of the IPOPEMA Securities S.A. Risk and Capital Management Policy were adopted in 2013.

The Supervisory Board identified no material irregularities in the system. The lack of any significant irregularities in the internal control system was also confirmed by the Company's auditor, which reviews selected areas of the system in connection with the audit of financial statements (to the extent that such review of the system is necessary to issue an audit opinion).

As a brokerage firm, the Company is subject to annual regulatory assessment by the Polish Financial Supervision Authority as part of the Regulatory Review and Assessment (BiON) process, which also covers the risk management system in place at the Company. As was the case the year before, the Supervisory Board considers the results of the 2013 Regulatory Review and Assessment process as positive.

In addition to what has been said earlier, the Supervisory Board, relying on the opinion from the Company's auditor, assesses the quality of the financial statements preparation process as very good. According to the auditor's representatives, the quality and range of data and information supplied to the auditor were very good. The Company also works well with the auditor during the financial year, consulting with them on accounting issues with planned changes, new services and non-standard transactions, which helps develop appropriate solutions even before the preparation of financial statements. Consequently, the Company can avoid having to make adjustments to financial statements and the audit can be carried out as scheduled.

V. Assessment of the Company's business standing

In business terms, 2013 was another difficult year for brokerage companies. Although the total value of trades executed on the Warsaw Stock Exchange was up by more than 16% compared with 2012, this was achieved amid high index volatility and increased investor uncertainty around the future of pension funds. That uncertainty had a significant dampening effect on investors' and, consequently, issuers' interest in primary market transactions. Still, considering the challenging market conditions, the Supervisory Board positively assesses IPOPEMA Securities' activities in the past year. In the brokerage business, they led to the strengthening of the Company's position in the secondary market of the Warsaw Stock Exchange: with an 8.88% share in the equities trading market in 2013 (compared with 8.29% in 2012) the Company emerged as the second most active broker in the segment.

The effects of the Company's activities in the capital raising segment are also positively assessed by the Supervisory Board. Last year, the Company was actively engaged in three large privatisation transactions, including the initial public offerings of PKP Cargo and Energa (the largest IPOs in 2013) and the sale of PKO Bank Polski shares (the largest accelerated book-building transaction in the history of the Polish stock market). In addition, the Company carried out transactions involving private companies (share and bond issues, financial restructuring, etc).

The Supervisory Board noted improvement in revenue (PLN 57.7m, compared with PLN 52.1m in 2012) and growth in profit from the brokerage business (PLN 9.5m, compared with PLN 9m the year before). With regard to net profit, which was down by PLN 2.9m year on year in 2013, the Supervisory Board noted that the amount of dividends received by the Company from its subsidiaries was PLN 1m, compared with PLN 4.9m in 2012.

Independently from the Supervisory Board's positive assessment of the Company's operations, the high quality of teams and services provided by the Company was also recognised, with the Company winning numerous awards and top positions in industry ranking tables, which were presented by the Management Board in its report on the Company's operations for 2013.

VI. Assessment of the Directors' Report on the Operations of IPOPEMA Securities and the IPOPEMA Securities Group, and the separate and consolidated financial statements for 2013

Acting pursuant to Art. 382.3 of the Commercial Companies Code and Art. 16.3a)–c) of the Articles of Association of IPOPEMA Securities S.A., the Supervisory Board assessed the Company's operations in 2013 based on the following submitted documents:

1. Introduction to the financial statements;
2. Balance sheet as at December 31st 2013;
3. Income statement for the period January 1st–December 31st 2013;
4. Statement of changes in equity for the period January 1st–December 31st 2013;
5. Statement of cash flows for the period January 1st–December 31st 2013;
6. Notes to the financial statements;
7. Directors' Report on the operations of IPOPEMA Securities S.A. and the IPOPEMA Securities Group in 2013.

According to the documents listed above:

- a) balance sheet as at December 31st 2013 shows total assets amounting to:
 - PLN 322,486 thousand in the separate financial statements,
 - PLN 352,513 thousand in the consolidated financial statements;
- b) income statement for the period January 1st–December 31st 2013 shows net profit amounting to:
 - PLN 5,619 thousand in the separate financial statements,
 - PLN 9,370 thousand in the consolidated financial statements;
- c) statement of changes in equity for the period January 1st–December 31st 2013 shows equity amounting to:
 - PLN 65,894 thousand in the separate financial statements,
 - PLN 85,343 thousand in the consolidated financial statements;
- d) statement of cash flows shows a net decrease in cash in the period January 1st–December 31st 2013 by:
 - PLN 200,918 thousand in the separate financial statements,
 - PLN 198,049 thousand in the consolidated financial statements.

In assessing the financial statements, the Supervisory Board, in addition to the documents listed above, took into account the auditor's opinion and report on the audit of the Company's financial

statements for 2013 and the auditor's opinion and report on the audit of the IPOPEMA Securities Group's financial statements for 2013.

Based on the documents listed above, particularly the auditor's opinion and report, the Supervisory Board gives a positive opinion on the Company's financial statements for the financial year ended December 31st 2013, the IPOPEMA Securities Group's consolidated financial statements for the financial year ended December 31st 2013, Directors' Report on the Operations of IPOPEMA Securities and the IPOPEMA Securities Group for 2013, and recommends that the General Meeting approve said documents.

The Supervisory Board further recommends that the General Meeting grant discharge in respect of performance of duties in 2013 to all Management Board members.

VII. Assessment of the Management Board's proposal on allocation of profit for 2013 and appropriation of reserve funds

Having reviewed the Management Board's analysis of capital requirements in 2013 and relevant projections for 2014, the Supervisory Board approves the IPOPEMA Securities Management Board's proposal to:

1. allocate the Company's entire net profit generated in the financial year ended December 31st 2013 of PLN 5,619,462.51 for payment of dividend;
2. use the Company's statutory reserve funds, with PLN 3,380,537.49 (representing a portion of funds transferred to statutory reserve funds from net profit for prior financial years) allocated for payment of dividend to the Company's shareholders.

It should be noted that the allocation of a portion of statutory reserve funds for dividend payment will not reduce the reserve funds below the threshold specified in Art. 396.1 of the Commercial Companies Code, and – according to the analysis referred to above – it will not have an adverse effect on the Company's compliance with applicable capital requirements.

Given the above, in line with the Management Board's proposal, a total of PLN 9,000,000 (nine million zloty) will be allocated for payment of dividend to shareholders, where:

- dividend record date as recommended by the Management Board will be June 25th 2014;
- dividend payment date as recommended by the Management Board will be July 9th 2014.

The Supervisory Board also recommends that the Annual General Meeting of IPOPEMA Securities S.A. pass a resolution on allocation of the 2013 profit and use of statutory reserve funds in line with the Management Board's proposal specified above.

Jacek Jonak – Chairman of the Supervisory Board _____

Janusz Diemko – Secretary of the Supervisory Board _____

Bogdan Kryca – Member of the Supervisory Board _____

Zbigniew Mrowiec – Member of the Supervisory Board _____

Michal Dobak – Member of the Supervisory Board _____