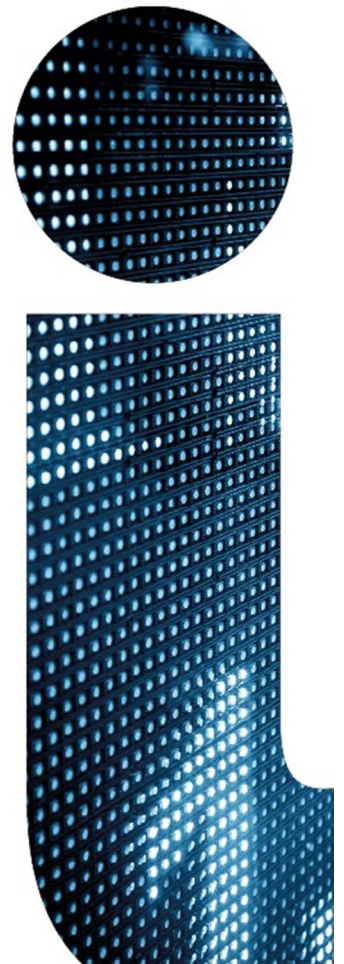


The
IPOPEMA Securities Group

Directors' Report

**on the Group's Operations
for the nine months
ended September 30th 2015**

Warsaw, November 5th 2015



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Part I

1. Financial performance

Consolidated financial highlights	Q1–Q3 2015	Q1–Q3 2014
Total revenue, including	70,479	77,956
<i>Brokerage and related services</i>	33,200	36,218
<i>Investment fund management</i>	28,303	31,506
<i>Consultancy services</i>	8,976	10,232
Total cost of core activities	65,714	66,418
Profit on core activities	4,765	11,538
Net profit for period	2,548	6,287

* Unaudited.

Revenue

Lower revenue across all the Company's operating segments translated into a 9.6% decline in consolidated revenue for January–September 2015 compared with the same period of the previous year (PLN 70,479 thousand vs PLN 77,956 thousand). The brokerage services segment (47.1% of consolidated revenue) posted an 8.3% drop in revenue as a result of lower revenue from securities trading (PLN 22,311 thousand vs PLN 27,773 thousand). The decrease was principally attributable to a lower value of trading on the WSE (down 2.3%) and a decline in the Company's market share (5.91% in Q1–Q3 2015 vs 7.10% in Q1–Q3 2014). At the same time, revenue from investment banking services was up 27.8%, to PLN 10,761 thousand, on the back of several transactions handled by the Company and successfully completed in the third quarter.

The investment fund and asset management business (the combined activities of IPOPEMA TFI and IPOPEMA Asset Management) generated PLN 28,303 thousand in revenue for January–September 2015 (down 10.2% year on year), which accounted for 40.2% of consolidated revenue from core activities. As at the end of September 2015, IPOPEMA TFI managed 106 funds and subfunds with a combined asset value of PLN 33.6bn (96 funds and PLN 26.4bn in combined assets as at the end of September 2014), while the asset value in actively managed funds (excluding white label funds) stood at PLN 608m (vs PLN 706m at the end of September 2014).

In Q1–Q3 2015, IPOPEMA Business Consulting (the consultancy segment) posted revenue of PLN 8,976 thousand (12.7% of consolidated revenue), which represented a 12.3% decline on Q1–Q3 2014.

Costs and expenses

Total operating expenses in the first nine months of 2015 were slightly lower than the year before (PLN 65,714 thousand vs PLN 66,418 thousand), as expenses in all areas were maintained close to levels from the corresponding period of the previous year. Operating expenses in the brokerage services segment were PLN 31,179 thousand (Q1–Q3 2014: PLN 31,481 thousand), in the investment fund management segment – PLN 25,620 thousand (Q1–Q3 2014: PLN 25,513 thousand), and in the consultancy services – PLN 8,915 thousand (Q1–Q3 2014: PLN 9,424 thousand).

Costs relating to the valuation of IPOPEMA Securities' share option plans (disclosed only in the consolidated financial statements) totalled PLN 48 thousand in January–September 2015 (Q1–Q3 2014: PLN 96 thousand), with the entire amount allocated to the brokerage activities segment.

Net profit/(loss)

In Q1–Q3 2015, consolidated profit on core activities was PLN 4,765 thousand, with consolidated net profit at PLN 2,548 thousand (vs PLN 11,538 thousand and PLN 6,287 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 2,527 thousand, and profit attributable to non-controlling interests was PLN 21 thousand.

The revenue decrease in the brokerage services segment coupled with practically unchanged operating expenses translated into lower net profit (PLN 575 thousand vs PLN 855 thousand a year earlier). IPOPEMA Securities' net profit for Q1–Q3 2015 as disclosed in the separate financial statements was PLN 2,055 thousand (Q1–Q3 2014: PLN 4,014 thousand). The difference can be explained by the fact that dividends received from subsidiaries (totalling PLN 1,400 thousand in Q1–Q3 2015 and PLN 3,000 thousand in Q1–Q3 2014) are not accounted for in the consolidated financial statements.

A decrease in net profit was also reported by the investment fund management business (PLN 1,961 thousand vs PLN 4,712 thousand a year earlier) as a result of lower revenue and expenses remaining flat on the comparative period.

Also in the consultancy services segment, a decline in revenue translated into lower net profit (PLN 12 thousand vs PLN 720 thousand in Q1–Q3 2014), despite the reduction in expenses relative to the previous year.

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

Equity market and investment banking

While the value of trading at the WSE in the first three quarters of 2015 was lower than a year earlier (down 2.3%), the value of trading on the stock exchanges in Budapest and Prague was higher than in the first nine months of 2014 – by 6.7% and 13.7%, respectively. Over the same period, the Company's market share shrank to 5.89% on the WSE and 2.21% on the BSE (from 7.10% and 3.51% in Q1–Q3 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from trading in securities in January–September 2015 was down 19.7% year on year (PLN 22,311 thousand vs PLN 27,773 thousand).

While in the first months of 2015 the equity market practically came to a standstill, the second quarter saw a slight recovery. Unfortunately, the tense economic situation in Greece at the end of June and beginning of July and the related uncertainty among investors led to the halting of two transactions handled by the Company. The end of summer vacation brought some improvement in market sentiment with several successful transactions handled by the Company. As a result, revenue from investment banking services in January–September 2015 came to PLN 10,761 thousand, having grown by nearly 30% year on year (PLN 8,418 thousand).

Total revenue of the brokerage services segment after the first nine months of 2015 was down 8.3% on the previous year, which given the practically unchanged level of operating expenses translated into a consolidated net profit of PLN 575 thousand (compared with PLN 855 thousand a year earlier). However, as a result of the slight improvement in market sentiment and successful completion of several transactions by the Company, in Q3 2015 alone revenue of the brokerage services segment amounted to PLN 13,298 thousand (vs PLN 9,558 thousand in Q3 2014), which represents 40% of the segment's YTD revenue (for Q1–Q3 2015). This translated directly into significantly higher net profit, which in Q3 2015 was PLN 1,507 thousand (whereas Q3 2014 saw a net loss at a similar level).

Activities of IPOPEMA TFI and IPOPEMA Asset Management

Despite an increase in the total value of assets under management (to PLN 33.6bn at the end of September 2015 vs PLN 26.4bn in the previous year), a decline in assets of actively managed funds (from PLN 706m to PLN 608m) translated into a decrease in revenue of the fund and portfolio management segment (by 10.2%, to PLN 28,303 thousand). Coupled with practically unchanged operating expenses, this resulted in a lower net profit of the segment (PLN 1,961 thousand vs PLN 4,712 thousand a year earlier).

IPOPEMA Business Consulting

A decrease in the number of consulting projects in the first nine months of 2015 relative to the corresponding period of 2014 brought about a 12.3% decline in IPOPEMA Business Consulting's revenue, which translated into a lower net profit (PLN 12 thousand vs PLN 720 thousand in Q1–Q3 2014) despite a 5.4% drop in operating expenses.

3. Factors with a potential bearing on the Q4 2015 results

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

The first nine months of 2015 saw strong sentiment volatility on all Company's key markets – following upward WIG and PX 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 about 30% higher than at the beginning of the year. In January–September 2015, the value of trading at the BSE and PSE was respectively 6.7% and 13.7% higher year on year, while investor activity at the WSE, being the key market for the Company's brokerage revenue, was 2.3% lower than a year earlier. It is difficult to predict developments on the Company's markets in the remaining months of 2015, particularly as long as the new government and its economic agenda are not presented.

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

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 for a while due to the risk of Greece's bankruptcy). It is hard to say whether the current climate will continue in the months to come, especially pending the announcement of details of the new government's economic agenda. Nonetheless, the Company is currently working on several transactions scheduled to be finalised later in the year and continues to seek new clients, 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 nearly three years of a steady inflow of assets into retail funds, September was a third month in a row when those funds reported net outflows. 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. Importantly, in a longer term this part of IPOPEMA TFI's activity may be significantly influenced by the final shape of the currently discussed legal solutions involving potential taxation of assets held in investment funds (including closed-end funds).

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.

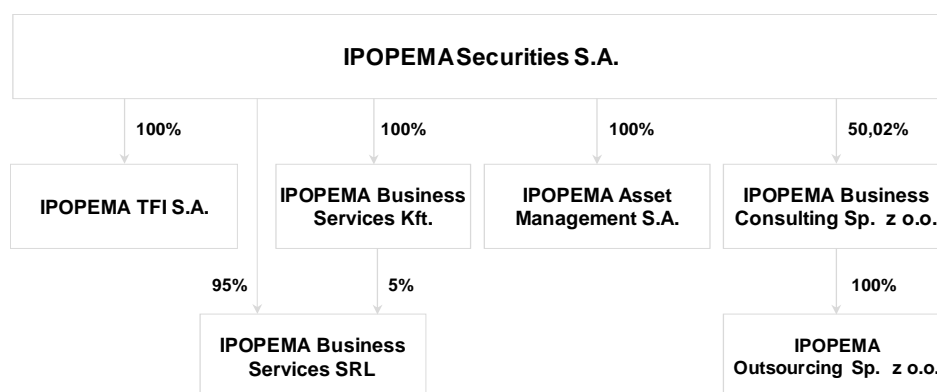
4. Performance vs forecasts

The Company did not publish any performance forecasts.

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 Q1–Q3 2015, there were no changes in the structure of the IPOPEMA Securities Group.

As at the date of this Report, a liquidation procedure was initiated at IPOPEMA Asset Management S.A., the purpose of which is to simplify the Group's structure and reduce operating costs. These activities are not having and will not have any negative effect on the scope of the Group's operations and will not limit its ability to generate current revenue. Therefore, the discussed change is relevant from the organisational and operational point of view, but not in the business context.

Additionally, with a view to simplifying the corporate structure and reducing expenses, a decision was made to open liquidation proceedings with respect to IPOPEMA Business Services Kft of Hungary. It will not have, however, any material effect on the operations of IPOPEMA Securities and the Group. In particular, it will not lead to any downscaling of its activity on the Budapest Stock Exchange, which will be continued within the present scope.

3. Shareholding structure of IPOPEMA Securities S.A.

As at September 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.

As at 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 September 30th 2015 (as well as at June 30th 2015 and as at the date of this Report), members of the management staff held, directly or indirectly through their subsidiaries or related parties (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 5.7 thousand, no non-equity or equity securities of IPOPEMA Securities S.A. were issued, redeemed or repurchased in Q1–Q3 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 Q1–Q3 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 and material information

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 was connected with plans to broaden IPOPEMA's offering targeted at retail clients.

Dividends distributed by IPOPEMA Asset Management and IPOPEMA Business Consulting

In Q1–Q3 2015, IPOPEMA AM and IPOPEMA BC resolved to pay dividends 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 by one of the funds with the provisions of its Articles of Association. 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.

In May 2014, the President of the Office of Competition and Consumer Protection issued a final decision imposing a fine of PLN 17.7 thousand (EUR 4 thousand) on IPOPEMA Asset Management S.A. The fine was related to procedural irregularities which took place prior to the acquisition of Credit Suisse Asset Management (Polska) S.A. ('CSAM') by IPOPEMA Securities S.A. (CSAM belonged then to the Credit Suisse Group). As at the date of this Report, the fine had been paid.

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 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 Ministry of Finance.

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 Q1–Q3 2015, the Company did not execute any material related-party transactions. For details of related-party transactions, see Note 24 to the interim condensed consolidated financial statements.

10. Material events subsequent to the reporting date

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

Warsaw, November 5th 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