

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

Dear Shareholders,

I present to you the Annual Report detailing the financial performance and achievements of the IPOPEMA Securities Group in 2013.

The year proved to be an extremely challenging period for the brokerage business. While it saw significant volatility in stock market indices, the trading volume on the WSE went up 16.4% year on year. IPOPEMA was able to substantially strengthen its position: having expanded its market share from 8.3% in 2012 to 8.9%, it was the second most active stock broker in the Polish equity market. This contributed to increased revenue from securities trading (up 23.2%, to PLN 46.6m), which is the most significant source of revenue for the Group. 2013 was also demanding for the capital raising business. The volatile market conditions seen on the WSE, exacerbated by investors' concerns over the future of pension funds, had a dampening effect on the equity market activity of investors and issuers alike. In 2013, IPOPEMA was engaged in a number of major transactions, including two privatisation IPOs (PKP Cargo and Energa), the sale by the State Treasury of a significant equity interest in PKO BP (the largest ABB transaction in the history of the Polish stock exchange), a rights issue for Polnord, and a bond issue for Marvipol. We also successfully completed the financial restructuring of Trakcja S.A. Unfortunately, despite our involvement in the most high-profile transactions and significant commitment on the part of our capital market team, the smaller number of transactions completed in 2013 translated into lower revenue of our investment banking segment, which came in at PLN 10.8m, against PLN 13.8m in 2012.

Last year, our investment fund and asset management business (IPOPEMA TFI and IPOPEMA Asset Management) posted a year-on-year increase in revenue of 26.2% – from PLN 28.4m to PLN 35.8m. The most important driver behind the increase was a larger number of the funds and a greater value of the assets managed by IPOPEMA TFI. By the end of 2013, the number of funds had risen from 85 to 95, and the total value of their assets – from PLN 7.8bn to PLN 18.3bn. Despite the higher revenue, a nearly 30% increase in the cost of operations resulted in a year-on-year drop in the segment's net profit, from PLN 4.6m to PLN 3.1m. What should be remembered, however, is that the 2012 figure reflected a deferred tax asset recognised in respect of tax losses brought forward. In 2013, IPOPEMA TFI successfully developed its actively-managed investment fund business, with assets of its actively-managed funds rising to PLN 760.4m as at the year's end. The total asset value of the IPOPEMA SFIO umbrella fund alone, which has been on the market for two years, reached PLN 404.3m, meaning that on average nearly PLN 554 thousand was paid into the fund every day. IPOPEMA TFI's growing market importance was also evidenced by its nomination for 'The TFI of the Year' title in the 'Bulls and Bears' survey organised by the Parkiet daily.

In 2013, the revenue generated by IPOPEMA's consulting business (IPOPEMA Business Consulting) shrank year on year, from PLN 13.7m to PLN 13.2m, accounting for 12.3% of the Group's total revenue. However, the segment's lower cost of operations, coupled with an improved result on financing activities, drove up the 2013 net profit to PLN 2m, from PLN 1.7m in 2012.

I am pleased to report that in 2013 the quality of IPOPEMA Securities' services was yet again appreciated by the market in a number of rankings. In January 2013, the IPOPEMA Research Department took the first place in a Parkiet daily's ranking of top research teams, in which our

employees were also distinguished in two individual categories – Market Strategy and Fuels. In the same month, IPOPEMA came in first in the ranking of the best-performing capital market teams, compiled by the Parkiet daily (its key criterion being the total value of primary market transactions launched on the WSE in 2012). In February, IPOPEMA received an award from the Warsaw Stock Exchange for "the highest value of shares floated on the WSE as part of IPOs in 2012". Furthermore, IPOPEMA took the first place in a ranking of the best research teams according to institutional investors, which is published by the Forbes monthly. In the individual ranking, two analysts of our Research Department placed in the top ten. The portfolio managed according to their recommendations had the highest rate of return. In July, IPOPEMA was named 'The Best Equity House' by the Euromoney magazine in recognition of its involvement in the largest and most prestigious transactions on the Polish equity market. In September, the Company ranked second on the Forbes' list of best brokerage houses according to institutional investors, and took the first place in two categories (professionalism and quality of service on the secondary market), while one of our employees came in second in the individual ranking. And this year, our team took the second place in the Parkiet daily's ranking of the best research teams. In the same ranking, Piotr Zielonka, who heads our Research Department, was named best analyst and ranked first in the Construction, Trade and Energy categories, sharing the victory in the Energy category with his colleague, Tomasz Ściesiek. In March, Mr Zielonka was granted the title 'Stock Exchange Analyst of the Year' during the Parkiet daily's annual 'Bulls and Bears' gala. In January 2014, Arkadiusz Bogusz, manager of the IPOPEMA bond fund, was named 'Master of Bonds' by the Puls Biznesu daily for generating the highest returns among bond funds.

2013 was an exceptional year, not only because of the plentiful accolades we received, but also because it marked the tenth anniversary of IPOPEMA Securities, which was a good occasion to reflect on what we have achieved. From my perspective as President of the Management Board, I would like to note that over these past years we have built a strong group of companies, with a varied product mix and diversified revenue streams from several business lines contributing towards its financial performance. We enjoy a stable position on the market, and our services are highly regarded by the customers, as attested to by the numerous rankings. Our standing is further evidenced by the consistently high share in trading on the Warsaw Stock Exchange and our involvement in the most high-profile capital market transactions, often as the only independent company to lack the backing of a large international corporation.

In 2014, 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, hoping that these efforts will be reflected in improved financial performance and will contribute towards increasing the Group's value.

Yours faithfully,

Jacek Lewandowski
President of the Management Board

Warsaw, March 20th 2014