

Letter from the President of the Management Board

Ladies and Gentlemen, Dear Shareholders



A jubilee is a success when it combines reflection with plans, when the calendar favours harmony of retrospection and its conclusions with the ability to translate them into a rational project for the future. In the world of economics, the maturity of market developments and institutions is largely conditioned by the circumstances, events and achievements of the first 25 years. This is, therefore, a special date for the Warsaw Stock Exchange.

Since the first trading session on the floor of the former Central Committee of the Polish United Workers' Party, where total trade amounted to 1,990 zlotys, the Exchange has been on trajectory of a free-market economy, turning into a CEE leader, an embodiment of the success of transition, and a measure of trust in 905 companies now listed on its two markets: the Main Market and NewConnect. There is good reason to take pride in the accomplishments of GPW, which has grown and developed in the environment of a new democracy and economic turbulences of the early 1990s, when Poland was bankrupt for all practical purposes.

GPW combined two uneasy functions: building up a robust public company competing in the service industry, and pursuing the objectives of an institution which underpins the development of Poland's economy and entrepreneurship. By merging mission with business goals, GPW has developed an impressive track record of its first quarter of a century.

Successes of the past year are a significant chapter in this history, measured in benefits to investors, enterprises and local governments appreciative of the good standing of the domestic capital market in which GPW plays a leading role. The Exchange is a crucial mechanism of Polish economic growth, as evidenced by companies that use financing from the capital market to strengthen their competitive position, become more innovative, win new markets, and create jobs.

The successes of the last quarter of a century include steady reinforcement of the foundations of Poland's capital market; the challenges of the next 25 years include realignment of the Exchange with dynamic changes in the business environment in the long term. A symbiosis with the circumstances of today and tomorrow needs to rely on state-of-the-art technology, professional services, and good practice. These are laid down in GPW's strategy of growth of the capital market combined with a selection of effective tools towards that goal, including a dialogue with all market participants and the general public, as this is one of the key components of GPW's corporate responsibility. Without it, GPW cannot expect to build its reputation as a venue of safe long-term investment. The Exchange is deservedly perceived as a transparent, well managed company which is competitive and enjoys the confidence of investors who expect to gain individual benefits by earning decent returns. This is why we need to build safe and attractive mechanisms promoting long-term savings of the general public, including a system of tax incentives and reliefs for interested individuals.

It is equally important to steadily reinforce the activity of the GPW Group, securing its diversified sources of revenue and stable financial position. The challenges faced by GPW in 2015 included continued low activity of individual investors, prevailing uncertainty around the outlook of open-ended pension funds, a 13 percent decrease of the capitalisation of domestic companies, and – from a global perspective – a flight of investors from the emerging markets. Nevertheless, the value of trade in equities on the Main Market was PLN 203.5 billion, only slightly lower than PLN 205.3 billion reported in 2014. The number of listings on the Main Market increased by 16 companies, totalling 487 at the year's end.

In 2015, the GPW Group implemented a range of initiatives to improve its effectiveness. Operating expenses decreased by PLN 7.2 million to PLN 174.4 million; as a result, the cost/income ratio decreased from 57.2% to

53.2%. Consequently, the Group's operating profit increased by 12.8% to PLN 152.6 million and its net profit by 10.2% to PLN 123.7 million.

GPW's separate income increased by 0.9% year on year to PLN 191.8 million while its operating expenses decreased by PLN 10.3 million to PLN 120.4 million. As a result, the operating profit improved by 19.6% to PLN 70.6 million.

The strong financial position of GPW and the Group is a good foundation for further growth of shareholder value. In 2016, it will depend on stock market conditions as well as development of the product offer and the acquisition of more issuers and participants of the financial and commodity market. This will be bolstered by the recent decisions reducing the transaction fees on the equity market following the reduction of GPW's cost of Poland's capital market supervision.

As I congratulate all of the founders and participants of the Exchange on the success of the 25 years, I am certain that GPW faces attractive opportunities of growth, becoming a genuine expert in building shareholder value, professional operation of the market, and efficient management of the instruments of growth of the Polish economy.

Yours truly,

Malgorzata Zaleska