



Management Board  
Admiral Markets AS  
Ahtri 6a  
10151 Tallinn

23 May 2017

**Memorandum on the Audit of the Annual Accounts of Admiral Markets AS for the Period Ended 31 December 2016 (in Accordance with the Requirements Arising from § 111(2) of the Securities Market Act)**

We have audited the annual accounts of Admiral Markets AS (hereinafter the Enterprise) for the period ended 31 December 2016, in respect of which we submitted an independent sworn auditor's report on 10 May 2017. The following are our comments and recommendations in relation to the business activities, accounting and internal audit systems and procedures of the Enterprise.

During the examination of the internal audit systems of accounting, we only conducted audit procedures we considered necessary for providing our opinion on the annual accounts in accordance with international standards on auditing. It cannot be presumed that all shortcomings of the system would be revealed as a result of our work and therefore, the information described in this document may not cover all potential deficiencies of the system.

The Enterprise's Management Board has a responsibility to develop and implement adequate risk management and internal audit systems, as well as to ensure correct and regular keeping of accounts. The objective of this report is to assist the management of the Enterprise in the fulfillment of these responsibilities; and the information contained herein is not to be used for any other purpose by any other persons except the Management Board of the Enterprise and the Financial Supervision Authority. This memorandum or copies thereof shall not be made available, in full or in part, to any third party (except other enterprises in the Admiral Markets Group AS group) without a written permission from AS PricewaterhouseCoopers.

Our comments and recommendations for improvement are based on the observations made during the audit and are specified in the appendix to this memorandum. We would be happy to discuss with you the information presented herein, as well as our observations and recommendations.

We would hereby also like to thank you and your employees for cooperation during the audit and we hope to have new opportunities for cooperation in the future.

Sincerely,

/digitally signed/

Tiit Raimla  
AS PricewaterhouseCoopers

/digitally signed/

Verner Uiho  
Sworn Auditor

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**Prudential Requirements Established for the Enterprise's Own Funds**

Pursuant to § 111(2) of the Securities Market Act, an auditor has to submit a report, on the basis of the auditor's audit, assessing the prudential requirements established for own funds of the Enterprise.

Based on the annual accounts prepared as at 31 December 2016 and audited by us, the share capital of the Enterprise is 2,586,000 euros, equity 22,752,000 euros and own funds 15,410,000 euros.

During the audit, we did not identify anything that would suggest that the prudential requirements applicable for the Enterprise's own funds, which were disclosed in the annual accounts that we audited, were not fulfilled.

**Sufficiency and Efficiency of the Internal Audit System**

Pursuant to § 111(2) of the Securities Market Act, an auditor has to provide an opinion, based on the auditor's audit, on the sufficiency and efficiency of the internal audit system.

During the audit, we examined the important measures of internal audit applied by the Enterprise and the work performed by the internal audit department with the purpose of relying, if possible, on the audits implemented by the Enterprise or conducted by the internal audit department within the framework of the audit of the Enterprise's annual accounts.

During the testing of internal audit procedures, we did not identify any significant weaknesses of the internal audit that we should point out in this document.

The Enterprise's measures of internal audit that we tested and the audit procedures implemented by the internal auditor only covered some of the areas important for the audit and did not cover all internal audit measures applied by the Enterprise; therefore, we cannot provide an assessment on the sufficiency and efficiency of the internal audit measures as a whole. We did not conduct special works to assess the sufficiency and efficiency of internal audit measures. Had we conducted such works, our observations might be different from the ones presented in this document.