

**mBank S.A. MANAGEMENT BOARD'S RATIONALE FOR RESOLUTION  
OF THE XXXIII ORDINARY GENERAL MEETING OF SHAREHOLDERS DATED  
27.03.2020 concerning division of the 2019 net profit  
(Resolution No. 3)**

The General Meeting is required to pass Resolution No. 3 because the Bank has to comply with the mandatory regulations of Article 395.2.2. of the Code of Commercial Partnerships and Companies. Article 395.2 provides as follows: "The following matters shall be presented to the ordinary general meeting of shareholders:

1. examination and approval of the management board's report of company activities and the financial statements for the preceding financial year;
2. adoption of a resolution on the distribution of profit or on covering losses;
3. granting a vote of acceptance to members of a company bodies to confirm the discharge of their duties."

Furthermore, passing the Resolution No. 3 by the General Meeting of Shareholders satisfies the requirements of § 11 letter b) of the By-laws of the Bank.

The Management Board of mBank S.A. recommends that the Ordinary General Meeting divides the net profit earned in 2019 in the following manner:

The net profit earned by mBank S.A. in 2019, amounting to PLN 980 979 554.44 shall be allocated: in the amount of PLN 48 702 922.05 to the dividend for shareholders of the Bank, and the amount of dividend per one share shall amount to PLN 1.15.

The remaining part of profit in the amount of PLN 932 276 632.39 is left undivided.

The rationale behind the proposed manner of division of profit stems from the letter from the Polish Financial Supervision Authority ("PFSA") dated March 6, 2020, in which the PFSA recommends to increase own funds of the Bank by retaining at least 95% of the net profit generated between January 1 and December 31, 2019.

In its recommendation, the PFSA confirmed that as of December 31, 2019, in terms of the basic criteria of the dividend policy of commercial banks, the Bank met the requirements for dividend payment in the amount of 75% of the net profit generated between January 1 and December 31, 2019. After applying additional criteria related to a significant portfolio of foreign currency housing loans for households held by the Bank, the dividend payout ratio was adjusted by 70 pp. Consequently, the dividend payout ratio after application of the additional criteria amounts to 5%.

Taking into account good actual and forecasted financial and capital position of the Bank, the Management Board decides to recommend dividend payout at maximum possible level.

Leaving the remaining part of that net profit earned in 2019 in the amount of PLN 932 276 632.39 undivided aims at preserving the possibility of its distribution in the future in a manner including payment of dividend.