

15 December 2015

**REPORT
OF THE MANAGEMENT BOARD**

of mBank S.A.

with its registered seat in Warsaw

justifying the division of

mWealth Management S.A.

On 15 December 2015, the management boards of mWealth Management S.A. (“**mWM**” or the “**Company Being Divided**”), mBank (“**mBank**”) and BRE Property Partner sp. z o.o. (“**BRE PP**”) agreed upon and signed the division plan of mWM (the “**Division Plan**”) attached to this report, pursuant to Art. 536 of the Commercial Companies Code (the “**CCC**”). In connection with this, the Management Board of mBank has prepared this report to present the justification for the division (the “**Report**”).

1. Type, company name and registered seat of each of the companies participating in the division

1.1 The Company Being Divided:

mWealth Management S.A. with its registered seat in Warsaw, address: ul. Królewska 14, 00-065 Warszawa, entered in the Register of Business Entities kept by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under KRS No. 0000021519, NIP 5262473162, with a share capital value and paid-up capital of PLN 2,241,500.

1.2 Acquiring Companies:

mBank S.A. with its registered seat in Warsaw, address: ul. Senatorska 18, 00-950 Warszawa, entered in the Register of Business Entities kept by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under KRS No. 0000025237, NIP 5260215088, with a share capital value and paid-up capital of PLN 168,954,148.

BRE Property Partner sp. z o.o., with its registered seat in Warsaw, address: ul. Królewska 14, 00-065 Warszawa, entered in the Register of Business Entities kept by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under KRS No. 0000271011, NIP 1080004123, with a share capital value and paid-up capital of PLN 2,500,000.

2. Manner in which the division will be effected

The division of mWM (the “**Division**”) will be effected in accordance with the procedure specified in Art. 529 § 1.1 of the CCC, i.e.:

- through a transfer of a part of the assets and liabilities of the Company Being Divided to mBank in the form of an organised part of the enterprise of mWM connected with the provision of brokerage services involving: (i) the acceptance and transfer of orders to buy or sell financial instruments, (ii) the management of portfolios comprising one or more financial instruments, (iii) investment advisory services, (iv) the offering of financial instruments, (v) the preparation of investment analyses, financial analyses and other recommendations of a general nature relating to transactions in financial instruments as well as other activities which do not constitute the Operations

of the Office of the Real Estate Market and Alternative Investments as defined below (the “**Brokerage Business**”); and

- through a transfer to BRE PP of a part of the assets and liabilities of the Company Being Divided in the form of an organised part of the enterprise of mWM connected with advisory and intermediation services within the scope of acquiring and investing in real estate as well as other alternative investments (investment gold, investment silver, fine art) in favour of natural persons as well as the performance of analyses within the scope of the real estate market (the “**Operations of the Office of the Real Estate Market and Alternative Investments**”).

Pursuant to Art. 530 § 1 of the CCC, the Company Being Divided shall be wound up without going into liquidation on the date on which it is struck off the register, which will occur immediately upon the registration of the share capital increase of BRE PP as a result of the Division (the “**Division Date**”).

3. Legal basis of the Division

The legal basis of the Division is Art. 529 § 1.1 of the CCC, in accordance with which the Division will involve the transfer of all assets and liabilities of the Company Being Divided to mBank and BRE PP.

4. Economic justification of the Division

mBank, mWM and BRE PP resolved to divide mWM in order to integrate into a single entity (mBank) the rendering of brokerage services which are currently rendered through mWM and mBank and to integrate the activities currently conducted by Dom Maklerski mBanku S.A. (“**mDM**”). For that reason the division process of mWM will be accompanied by the division process of mDM. The objective regarding the division of mWM and the division of mDM is the integration of the brokerage activities conducted by mBank, mDM and mWM within the scope of an extended brokerage house of mBank (the “**Integration**”).

The Integration into a single structure of brokerage entities operating in the mBank group may lead to the optimisation of the brokerage services offered to all of the serviced client groups, including retail and institutional clients.

The Integration of brokerage activities will allow brokerage activities to be offered to all clients within the scope of a single entity, subject to its specific circumstances and investment objectives. The client base of the institutions in the mBank group and the dynamic growth of such client base will support the potential growth regarding the rendering of brokerage services. Following the Integration clients will be provided by the mBank brokerage house with access to all of the solutions available on the brokerage services market, from services connected exclusively to order implementation up to investment advisory services and the management of

financial instrument portfolios. All clients will have access to state-of-the-art trading platforms providing functional solutions that are adequate to their individual expectations.

As a result of the Integration, the brokerage house operating within the structures of mBank will be the competence centre for all types of brokerage services offered to clients of the mBank group. The experts presently employed by the entities participating in the proposed Integration will operate in the new structure and form the backbone of the newly formed brokerage services competence centre.

The implementation of the assumptions presented above will also allow for the optimisation of the way the sales channels are used. Synergies connected to cost and operation are also expected.

The implementation of the target model for the rendering of brokerage services by the mBank group will allow for the better use of available resources, thus increasing the potential competitive advantages of the mBank group on the brokerage services market.

5. Share exchange ratio

The share capital the Company Being Divided is PLN 2,241,500 and is divided into 22,415 shares with the nominal value of PLN 100 each. According to the applied method of valuation based on the book value, the book value of the estate of the Company Being Divided as at 1 November 2015 is PLN 39,438,927.98 (thirty-nine million, four hundred and thirty-eight thousand, nine hundred and twenty-seven and 98/100), while the book value of the organised part of the enterprise connected with the Operations of the Office of the Real Estate Market and Alternative Investments is PLN 140,790.90 (one hundred and forty thousand, seven hundred and ninety and 90/100) which constitutes 0.357% of the balance sheet value of the Company Being Divided. The balance sheet value of 1 share of the Company Being Divided as at 1 November 2015 is PLN 1,759.4882 (PLN 39,438,927.98/ 22,415 shares). The value of the estate that constitutes the organised part of the enterprise connected with the Operations of the Office of the Real Estate Market and Alternative Investments as at 1 November 2015 reflects 80 shares in the Company Being Divided (140,790.90 / 1,759.4882).

The share capital of BRE PP is PLN 2,500,000 and is divided into 5,000 shares with the nominal value of PLN 500 each. According to the applied method of valuation based on the book value, the book value of the estate of BRE PP as at 1 November 2015 is PLN 1,747,341.13 (one million, seven hundred and forty-seven thousand, three hundred and forty-one and 13/100). The balance sheet value of 1 share in BRE PP as at 1 November 2015 is PLN 349.4682 (PLN 1,747,341.13/ 5,000 shares). Since the balance sheet value of 1 share is below the nominal value of a share in BRE PP, the determination of the exchange ratio based on the balance sheet value of the shares will result in the situation where the nominal value of the newly

established shares will not be covered in full by the value of the assets of the organised part of the enterprise connected with the Operations of the Office of the Real Estate Market and Alternative Investments, it was decided that the exchange ratio will be determined on the basis of the nominal value of the shares in BRE PP.

The value of the estate represented by the organised part of the enterprise connected with the Operations of the Office of the Real Estate Market and Alternative Investments, in accordance with the calculation based on the nominal value of the shares in BRE PP corresponds, as at 1 November 2015 to 281 shares in BRE PP (PLN 140,790.90/ PLN 500).

In view of the above, the exchange ratio for the shares in the Company Being Divided into the shares in the acquiring company, i.e. BRE PP, is as follows: every 79.7686832740214 shares in the Company Being Divided entitles to one newly issued share in the increased share capital of BRE PP (the “**Share Exchange Ratio**”).

In order to determine the Share Exchange Ratio, the estate of BRE PP as well as the assets related with the Operations of the Office of the Real Estate Market and Alternative Investments which will be taken over by BRE PP in result of the division have been valued. The valuations were made based on the book value of the assets subject to the valuation. The choice of the book value is based on its simplicity and clarity of interpretation of the valuation result. In addition, the choice of such method is supported by the fact that the companies subject to the valuation, BRE PP and mWM (and thus the part of the assets of mWM to be carved-out, i.e. the estate related with the Operations of the Office of the Real Estate Market and Alternative Investments) are subject to the joint control of the same parent entity, mBank and that the Division will not result in any change of control over those entities. The adopted method of valuation also does not impact the economic result of the transaction. In accordance with the valuation methodology, the calculation of the value of equity based on book value comes down to determination of the difference between the balance sheet value of the assets and liabilities as of the valuation date. Such values are stated as at 1 November 2015, i.e. the valuation date. Consequently, in view of the objective of valuation and the above-described justification of the choice of the valuation method, the determined value of equity equals the book value of the net assets of the companies.

Since the methodology of determination of the share exchange ratio is connected with rounding up the results and, in addition, the Division is between entities which are under joint control, the results of the above calculations were rounded down to the nearest integer.

Following a review of the results of the above assessments, the management boards of mBank, mWM and BRE PP agreed upon the above-mentioned Share Exchange Ratio.

Pursuant to Article 550 of the CCC, due to the fact that mBank is the sole shareholder of the Company Being Divided, no increase in the share capital of mBank is envisaged in connection with the acquisition by mBank of a part of the assets and liabilities of the Company Being Divided. Consequently, mBank will not award any shares in exchange for the assets and liabilities of the Company Being Divided which it will acquire.

6. Division criteria

As a result of the Division, an organised part of the enterprise connected to running the Brokerage Business will be transferred to mBank, and an organised part of the enterprise connected to running the Operations of the Office of the Real Estate Market and Alternative Investments will be transferred to the BRE PP.

7. Summary and recommendation

Given the foregoing, the management board of mBank recommends that the shareholders of mBank approve the concept of the Division of mWM as described above, and adopt a resolution on the Division of mWM in the form presented in the schedule to the Division Plan.

For and on behalf of mBank S.A.

Cezary Stypułkowski

Cezary Kocik

SCHEDULE:

- The Division Plan of mWealth Management S.A.