

ANNUAL FINANCIAL REPORT
As of the 31 of December 2016

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mFinance France

A société anonyme with management board and supervisory board
with a capital of EUR 500,000
Registered office: 23 rue de la Paix – 3 place de l'Opéra – 75002 Paris
449 370 584 RCS Paris

Management report

(Fiscal year ended on December 31, 2016)

Dear Shareholders,

In accordance with the provisions of the Commercial Code and the Company's by-laws, this report has been drawn up to report to you on the Company's situation and its activity during the fiscal year ended on December 31, 2016, and to submit the accounts for this fiscal year for your approval.

The required notices were duly sent to you and all the documents and items provided for in the regulations in force were made available for you.

You will find attached to this management report, the balance sheet, income statement and appendix of this fiscal year and the table of the Company's financial results for the last five fiscal years referred to in Article R.225-102 of the French Commercial Code.

Furthermore, the statutory auditor will report to you on the performance of his duties in his report on the accounts of the past fiscal year.

1. Company Activity**1.1 Situation and development of the company's activities during the financial year**

The principal activity of the company is the issuance of bonds and the secondment of the loaned funds to the parent company.

In February 2016 an international non-deal-related investor roadshow took place with the purpose to inform investors about the developments on the issuer and guarantor side.

A new transfer pricing agreement was agreed and signed by the company with the shareholder and guarantor of the issuance programme mBank SA. The Company was compensated on a margin basis of 0.15% computed on the total volume of bonds issued since 2012.

The existing EMTN issuance programme was updated in March 2016 in the same structure as before and is now valid until March 2017.

The Company prepared and approved the 1st supplement to the EMTN Programme on the 9th of May, the 2nd supplement to the EMTN Programme on the 1st of September and provided the AMF with the semiannual financial report as of the 30th of June.

The Company signed an employment contract with Sara Aatalla starting July 1st 2016 as Financial Analyst.

The Company issued on the 26th of September 500 million EUR senior unsecured fixed rate notes due 26th of September 2020. The coupon of the bond is 1,398%, which translates into a spread of 157 bps above the corresponding swap rate.

The company received half of the remuneration of 0.15% based on the new transfer price agreement for the organization of the issue.

The Company prepared and approved the 3rd supplement to the EMNT Programme on the 2nd of December 2016

1.2 Analysis of the results, of the financial situation and of the company's debts

Based on the new transfer pricing agreement with mBank SA, the company received the corresponding payment for the years 2012-2016.

The Company was subject to a tax audit during the third quarter of 2016. The tax audit was completed by the end of September and resulted in a reassessment of the applicable corporate income taxes and CVAE (Value-added tax) for the years 2012-2015.

The reassessment of corporate income taxes resulted in a payment of Corporate Income Tax of EUR 405,374 which would have otherwise been paid for the tax year 2016 as part of the reassessment of prior years.

The Company paid EUR 24,050 in penalties relating to the reassessment.

The audit also resulted in the payment of EUR 94,846 of CVAE for those prior years.

The Company has agreed with the tax audit result so that the audit is closed and the amounts are final.

Otherwise there were no significant changes to the financial results during the fiscal year 2016.

1.3 Progress made or difficulties encountered

The company performed its statutory tasks to a satisfactory level.

1.4 Research and development activities

During the past fiscal year and given its corporate purpose, the Company did not undertake any research and development activities.

1.5 Important events which have taken place since the end of the fiscal year

No important events have taken place since the end of the fiscal year.

1.6 Future prospects and developments

The Company is preparing for the annual update of the EMTN prospectus due by March 2017.

2. Subsidiaries and holdings

2.1 Takeovers and/or acquisitions

In accordance with Article L. 233-6 of the Commercial Code, we confirm that the Company does not have any subsidiaries and did not, during the fiscal year ended on December 31, 2016, take control of any company whose registered office is located in France.

2.2 Transfer of holdings

The Company has not transferred any holding during the past fiscal year.

2.3 Controlled companies

The Company does not control any other company.

2.4 Shareholding of the Company

mBank S.A. holds 99.99% of the Company's share capital.

3. Employee shareholding

No employee holds shares of the company.

4. Social and environmental information

4.1 Social information:

The company paid the following salaries, social contributions, and expenses for the fiscal year 2016:

Salaries	EUR 147,380.48
Social contributions	EUR 72,337.32
Social expenses	EUR 219,708.26

4.2 Environmental information:

The Company's activity being purely financial does not have any environmental impact.

4.3 Information relating to the societal engagements in favor of the sustainable development:

The Company is a vehicle incorporated exclusively for the issuance of bonds and the secondment of the loaned funds to its parent company. As such it does not have any relationship with third parties.

5. Resolutions submitted to the annual general meeting

5.1 Presentation of the accounts and results

The turnover of the fiscal year amounted to EUR 1,869,664.

The operating expenses of the year amounted to EUR 1,229,180.

The operating result was therefore a positive amount of EUR 640,485.

After taking into account:

- Financial products of EUR 30,391,750
- Financial expenses for EUR 30,401,467

The pre-tax result of the year was a positive amount of EUR 630,769.

The income tax, as part of the reassessment of the tax audit for the years 2012 to 2015, is paid in the fiscal year 2016 and is amounted to EUR 405,374.

The company paid also penalties for the same period amounted to EUR 30,236 that were reported as exceptional expenses.

Finally, the result of the year is a positive amount of EUR 195,159.

5.2 Breakdown of the debts towards suppliers per due payment date

We remind you that, in accordance with the provisions of Articles L.441-6-1 and D.441-4 of the Commercial Code, you will find hereafter the balance of the debts towards suppliers for the fiscal years ended on December 31, 2015 and 2016:

Debt towards suppliers	From 1 to 30 days	From 31 to 60 days
As of 31.12.2015	Primexis 14,760	-
	EY 13,200	
	DENTONS 11,685	
As of 31.12.2016	Commerzbank 19,846	-
	mBank 30,590	
	Primexis 480	
	Business Wire 720	

In accordance with the Article L. 441-6-1 of the Commercial Code, we provide also information on the accounts receivable. You will find hereafter the information for the last two fiscal years:

Accounts Receivable (in €)					
Year	Dues	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	Others
2015	0	0	0	0	0
2016	0	0	0	0	0

5.3 Proposal for the allocation of the result

We propose that you approve the annual accounts for the past fiscal year as presented to you and that you allocate the profit of the fiscal year as follows:

- To the retained earnings, EUR 181,922.36
- On the balance:
 - o 5% to the legal reserve, EUR 661.81
 - o To the retained earnings, EUR 12,574.42

In accordance with the provisions of Article 243 bis of the General Tax Code, we remind you that no dividend had been distributed for the last four fiscal years.

5.4 Non tax-deductible expenses

In accordance with the provisions of Article 223 quater of the General Tax Code we inform you that the annual accounts do not contain non-deductible charges and expenses within the meaning of Article 39-4 of the General Tax Code.

6. List of corporate duties

In accordance with the provisions of Article L. 225-102-1 of the Commercial Code, you will find hereafter the list of all offices held and duties exercised by each of the corporate officers during the past fiscal year:

- Mr. Olivier Leo Köpke, President of the management board as from December 16, 2015:
 - o Director, Head of CEE ALM, Group Treasury, Commerzbank
- Mrs. Marie-Claire Ouziel, member of the management board as from December 16, 2015:
 - o Managing Director, Financial Institutions Advisory, Commerzbank
 - o *Administrateur*, Commerzbank Holding France
- Mr. Karol Prażmo, member and chairman of the supervisory board as from December 16, 2015:

- Director, Treasury Department of mBank S.A.
 - Member of the Supervisory Board of mLeasing Sp. z o.o.
- Mr. Wojciech Chmielewski, member and vice-chairman of the supervisory board as from December 16, 2015:
- Director, Investor Relations & Group Strategy Department
 - Member of the Supervisory Board of mFactoring S.A.
 - Member of the Supervisory Board of mLocum S.A.
 - Member of the Management Board of MLV 45 sp. z o.o.
 - Member of the Management Board of BDH Development sp. z o.o.
- Mr. Paweł Szczepaniak, member of the supervisory board as from December 16, 2015:
- Deputy Head, Legal Department of mBank S.A.

7. Remuneration of the directors and officers

The Company paid remuneration to the directors and officers during the past fiscal year 2016 as it was set by the supervisory board as follows:

- Mr. Olivier Leo Köpke, President of the management board: monthly remuneration of EUR 3,000
- Mrs. Marie-Claire Ouziel, member of the management board: monthly remuneration of EUR 3,000
- Mr. Karol Prażmo, chairman of the supervisory board: monthly remuneration of EUR 1,000
- Mr. Wojciech Chmielewski, vice-chairman of the supervisory board: monthly remuneration of EUR 1,000

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After reading out the reports of the statutory auditor, we will successively submit to your vote the resolutions which will be read out to you beforehand.

Made on February 8, 2017
The management board



mFinance France

A *société anonyme* with management board and supervisory board
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Registered office: 23 rue de la Paix – 3 place de l'Opéra – 75002 Paris
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Chairman of the supervisory board's report **on organization and internal control procedures**

(Fiscal year ended on December 31, 2016)

Dear Shareholders,

In accordance with the provisions of Article L. 225-68 of the Commercial Code, it is my responsibility as Chairman of the mFinance France (the "Company") supervisory board to report herein on the conditions of preparation and organization of the board's works (I), as well as internal control and risk management procedures implemented by your Company (II) during the fiscal year ended on December 31, 2016.

1. CONDITIONS OF PREPARATION AND ORGANIZATION OF THE SUPERVISORY BOARD'S WORKS

Firstly, it should be recalled that the extraordinary general meeting of December 16, 2015 decided to modify the company's management and administration method by adopting a *directoire* (management board) and supervisory board structure to replace the board of directors implemented upon incorporation of the company. Given this modification, I will present to you the organization and operating conditions of the supervisory board (1.1), the report on the activity of the supervisory board during the past fiscal year (1.2), its preparatory works (1.3) and finally, the assessment of its members (1.4).

1.1 Organization and operating methods of the supervisory board

Composition of the supervisory board

The supervisory board is composed of three members, Mr Karol Prażmo, Mr Wojciech Chmielewski and Mr Pawel Szczepaniak.

Mr Karol Prażmo, Mr Wojciech Chmielewski and Mr Pawel Szczepaniak were appointed by decision of the extraordinary general meeting on December 16, 2015 for a three-year period which will come to an end during the ordinary general meeting convened to decide on the accounts of the fiscal year to end on December 31, 2017.

Functioning of the supervisory board

The organization and operating methods of the supervisory board are set forth in Articles 17 and 18 of the Company's by-laws in the following provisions:

Article 17 – Supervisory board

17.1 The supervisory board is composed of at least three (3) and at most five (5) members.

The members of the supervisory board are appointed by the ordinary general meeting of the shareholders for a three (3)-year period term which comes to an end following the annual general meeting of the shareholders convened to decide on the accounts of the past fiscal year and held in the year during which the term of office expires.

The members of the supervisory board can be removed from office at any time by the ordinary general meeting of the shareholders.

17.2 The supervisory board exercises a permanent control over the management of the Company by the management board.

17.3 The supervisory board can grant one or more of its members special authorizations for one or more specific purposes.

Article 18 - Office and deliberations of the supervisory board

18.1 The supervisory board appoints, from among its members which are individuals, a Chairman and Vice-Chairman, who are responsible for convening the supervisory board and chairing its discussions.

The Chairman and Vice-Chairman exercise their duties for a term which cannot exceed their term of office as a member of the supervisory board. They can be re-elected. The board can remove them from office at any time.

The supervisory board can appoint a secretary for whom it determines the term of duties. This secretary can be chosen from outside the members of the supervisory board.

18.2 The supervisory board meets as often as the Company's interests require and at least once a quarter in the fifteen days following the delivery of the management board's periodical report.

The supervisory board is convened by the Chairman or Vice-chairman in the absence of the Chairman, or by a third of its members. Meetings of the supervisory board are held either at the registered office or any other location in France or abroad, as indicated on the convocation.

The convocation is sent to the members of the supervisory board by any written means, including by email, at least five days before the date of the meeting. This convocation contains the meeting's agenda.

Any member of the supervisory board can exempt the board from convening him to a meeting should he already be aware of the date thereof. The presence of a member of the supervisory board or his representation at a meeting constitutes a waiver of convocation.

18.3 An attendance register is kept which is signed by the members of the supervisory board participating in the meeting.

18.4 In order for the deliberations to be valid, the effective presence of at least half of the members of the supervisory board in office is necessary.

However, in accordance with legal and regulatory provisions, the internal regulations drawn up by the supervisory board can provide, for the decisions which it determines, that members of the supervisory board attending the board meeting by means of videoconference or telecommunication allowing the identification and guaranteeing the effective participation of said board members will be deemed present for the calculation of the quorum and the majority.

18.5 The decisions are made by the majority of the votes of the members present or represented, each member present or represented having one vote and each member present only being able to hold one power of attorney. In the case of a tie, the Chairman of the meeting will have the deciding vote. If only two members attend the meeting, the decisions must be made unanimously.

18.6 The members of the management board are convened to meetings of the supervisory board but only have an advisory vote.

18.7 Minutes are drawn up of the deliberations of the supervisory board, signed by the Chairman and the Secretary or by the majority of the members present. They are recorded in a special registry held at the registered office.

Moreover, the supervisory board, in its meeting of December 16, 2015, adopted internal regulations which specify the organization and operating methods of the supervisory board. These internal rules were amended on May 17, 2016.

1.2 Report on the activity of the supervisory board during the past fiscal year

During the fiscal year ended on December 31, 2016, of duration of twelve months, the supervisory board met four times.

The meetings of the supervisory board concerned the following matters:

- Approval of the minutes of the previous meeting, examination of the annual accounts and approval of the management board's management report on the Company's activity and on the accounts of the fiscal year ended on December 31, 2015; convocation of the ordinary annual general meeting of March 7, 2016. (*Supervisory board of February 19, 2016*).
- Approval of the minutes of the previous meeting and amendment to the internal rules of the supervisory board, report of the management board on the Company's activities during the 1st quarter of 2016, allocation of the management fees, and examination of an agreement to be entered into with mBank SA. (*Supervisory board of May 17, 2016*).
- Approval of the minutes of the previous meeting, report of the management board on the Company's activities during the 2nd quarter of 2016, semi-annual activity report and the

refund of expenses process of the Supervisory Board members. (*Supervisory board of August 30, 2016*).

- Approval of the minutes of the previous meeting, report of the management board on the Company's activities during the 3rd quarter of 2016, and establishing the maximum acceptable spread on the bonds that may be issued under EMTN Programme. (*Supervisory Board of November 24, 2016*).

1.3 Preparatory works for the meetings of the supervisory board

- a) Procedures regarding access by the members of the supervisory board to information necessary for their participation in board meetings

Members of the supervisory board can consult all corporate documents at the registered office.

- b) Organization and functioning of the committees

No particular committees were set up by the supervisory board.

1.4 Assessment of the members of the supervisory board

The principles for assessing members of the supervisory board mainly seek to assure the shareholders that the members of the supervisory board have real expertise necessary to perform their duties.

This matter is one of the concerns of the Chairman of the supervisory board and falls under the work methods in force in the group. Each member of the supervisory board currently has more than several years' experience and real expertise in the areas of financing and accounting.

2. INTERNAL CONTROL PROCEDURES IMPLEMENTED

2.1. - The company's objectives with respect to internal control procedures

The purposes of the internal control procedures in force in the Company are:

- On the one hand, to ensure that the management or completion of operations activities take place within the scope defined by the guidelines given to the company's activities by the corporate bodies, applicable laws and regulations and values, standards and internal regulations of the company; and
- On the other hand, to verify that the accounting, financial and management data communicated to the Company's corporate bodies accurately reflects the activity and situation of the Company. One of the objectives of the internal control procedure is to prevent and control risks resulting from the company's activity and risks of errors or fraud, in particular in the accounting and financial sectors. Like any control system, it cannot fully guarantee that these risks are completely eliminated.



2.2. - General organization of internal control procedures

Given the Company's activity, limited to the issuance of bond loans and making available of funds borrowed from its parent company, accounting is externalized and all financial documentation is prepared by an external firm.

2.2.1 Accounting and financial procedure

The internal control system implemented in the Company is based on the following tools:

- The drawing up of monthly accounts
- A regular review with the external service provider of the matters defined in formalized frameworks.

2.2.2 Implementation of control procedures at general management level

Monthly accounting and budgetary data is examined and analyzed with the external service provider.

The Company ensures, in the context of the legal management of the group and in collaboration with its usual counsel, the processing of files and/or litigations of the Company likely to generate substantial risks.

2.3 Internal control procedures specific to the activities of the company

2.3.1 Insurance policies

The Company has taken out all the necessary insurance policies to protect the assets, entities and risks of any kind.

2.3.2 Organization of the preparation of financial and accounting data intended for shareholders

It is prepared by external service providers under the supervision of the management board.

2.4 External control procedures

2.4.1. Statutory auditor

The statutory auditor has a permanent and independent mission which involves verifying the Company's accounting values and documents, controlling the compliance of accounts with regulations in force and verifying consistency with the

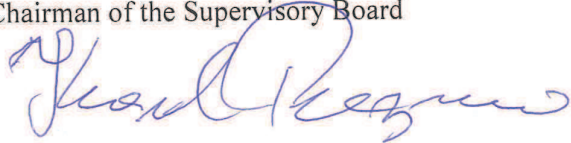
annual accounts and the accuracy of the information given in the management board's reports and in the documents sent to the shareholders on the Company's financial situation and accounts.

2.4.2. Specialized external service providers

The Company reserves the right to occasionally use specialized external service providers.

Executed in Paris on March 1, 2017

Karol Prazmo
Chairman of the Supervisory Board



This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

MFinance France

23 rue de la Paix – 3 place de l'Opéra

75002 Paris

Statutory auditor's report on the financial statements

For the year ended December 2016, 31st

In compliance with the assignment entrusted to us by your your ordinary general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of December 2016, 31st
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by supervisory board held on February 2017, 8th
Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 2016, 31st and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we do not bring to your attention the any matter.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris, on February 2017, 14th

The statutory auditor
PricewaterhouseCoopers Audit

Pierre Clavié
Partner

Balance Sheet

	Gross	Depreciation	Net as of 31/12/16	Net as of 31/12/15
ASSETS				
Uncalled subscribed capital				
Intangible Assets				
Establishment fees				
Research and Development fees				
Concessions, patents and similar rights				
Goodwill				
Other Intangible Assets				
Tangible Assets				
Land				
Buildings				
Technical installations, plant and equipment				
Other Tangible Assets				
Construction work in progress/Advance payment				
Financial Investments				
Investment & related advances & down payment				
Other Investments				
Loans	1 711 224 839		1 711 224 839	1 207 306 107
Other Financial Assets				
CAPITAL ASSETS	1 711 224 839		1 711 224 839	1 207 306 107
Inventory				
Raw materials & Other supplies				
Work in progress goods				
Work in progress services				
Intermediate & Finished goods				
Commodities				
Accounts Receivable				
Clients & related accounts				41 459
Suppliers				
Employee				
State, Taxes on Income	9 218		9 218	28 810
State, Taxes on Turnover				
Other accounts receivable	930		930	
Miscellaneous				
Advances & Down payments on Orders				
Short terms investments				
Cash	762 974		762 974	416 665
Prepaid expenses	33 803		33 803	5 729
CURRENT ASSETS	806 926		806 926	492 663
Cost of loan issues				
Redemption premium on bonds	6 289 482		6 289 482	6 698 145
Translation adjustment – Assets	23 732 739		23 732 739	22 081 277
TOTAL ASSETS	1 742 053 986		1 742 053 986	1 236 578 191

Balance Sheet

	Net as of 31/12/16	Net as of 31/12/15
LIABILITIES AND EQUITY		
Share Capital	500 000	500 000
Premiums, share premiums, ...		
Revaluation adjustments		
Legal reserve	16 433	16 433
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	-181 922	-85 253
Annual Balance	195 159	-96 670
Capital grants		
Regulated provisions		
SHAREHOLDER'S EQUITY	529 669	334 510
Revenue of securities issue		
Other Equities		
Provisions for risks	120 983	112 460
Provisions for expenses		
PROVISIONS FOR RISKS AND EXPENSES	120 983	112 460
Convertible bonded debts		
Other bonded debts Loans	1 717 635 304	1 214 116 712
Uncovered balance and accommodation		318
Loans and debts with credit institutions		318
Miscellaneous financial loans & debts		
Miscellaneous financial loans & debts – Associates		
Advances & Down payments received on current orders		
Supplier debts & related accounts	100 579	39 645
Employee	945	
Social organisms	17 662	
State, Taxes on Income		
State, Taxes on Turnover		
State, Guaranteed bonds		
Other Fiscal & Social debts	37 087	
Fiscal & Social debts	55 695	
Debts on Capital assets & related accounts		
Other Debts		
Deferred revenue		5 729
DEBTS	1 717 791 577	1 214 162 404
Translation adjustment – Liabilities	23 611 756	21 968 816
TOTAL LIABILITIES AND EQUITY	1 742 053 986	1 236 578 191

Income Statement

	From 01/01/16 to 31/12/16 12 Months	From 01/01/15 to 31/12/15 12 Months
REVENUE		
Sales of goods production sold	1 869 664	158 703
Stored production		
Operating subsidies		
Other revenue	1	2
Total	1 869 665	158 704
Consumption of goods & raw materials		
Purchases of goods		
Stock variation (goods)		
Raw materials purchases & other supplies		
Stock variation (raw materials)		
Other purchases & external expenses	897 223	161 069
Total	897 223	161 069
MARGIN ON GOODS & RAW MATERIALS	972 442	-2 365
EXPENSES		
Taxes and assimilated payments	111 247	739
Salaries and Treatments	147 380	
Social expenses	72 328	
Depreciations and provisions		
Other expenses	1 002	
Total	331 957	739
OPERATING INCOME	640 485	-3 104
Financial revenue	30 391 750	39 836 109
Financial expenses	30 401 467	39 929 675
Financial result	-9 716	-93 565
Operations in common Income	630 769	-96 670
Exceptional revenue		
Exceptional expenses	30 236	
Exceptional result	-30 236	
Employees' profit-sharing		
Taxes on Income	405 374	
NET PROFIT/LOSS	195 159	-96 670

Notes

To the balance sheet presented before net income appropriation for the financial semester ending December 31st, 2016, with a total of € 1 742 053 986 and to the income statement for the period, presented as a list and showing a profit of € 195 159. During this period, the turnover amounts to 1 869 665 €.

ACTIVITY OF THE COMPANY

The principal activity of the company is the issuance of bonds and the secondment of the loaned funds to the parent company.

RELEVANT FACTS

The Supervisory Board authorized as of December, 16th 2015, the payment of a monthly remuneration to the President and the vice-president of the Supervisory Board and to the members of the Management Board from this date. As of December 31st, 2016 these remunerations represent around 90% of the employee's costs on the income statement. For information, a first employee was hired since the 1st of July 2016.

The company mFinance France SA signed as of January, 1st 2016 a new transfer price agreement with the guarantor of the issuance Programme mBank SA. The company was compensated on a margin basis of 0.15 % computed on the total volume of bonds issued since 2012. An adjustment regarding the 2012 to 2015 fiscal years has been booked in 2016 for 1 374 701 €.

The company mFinance France SA was subject to a tax audit regarding the 2013, 2014 and 2015 fiscal years. A reassessment of corporate income tax is booked in 2016 for an amount of 405 374 €. The tax on added value was also recorded, for the same period, for 90 474 €. Interests for late payment concerning the reassessment is booked in exceptional charges for 30 236 €.

The company mFinance France SA issued on September 26th, 2016, Senior unsecured fixed rate notes at nominal value of 500 000 000 EUR for a maturity of four years with a redemption premium. The issue price amounts to 498 750 000 EUR and the redemption premium amounts to 1 250 000 EUR.

At the same date, the company has made available a loan amounting to 498 750 000 EUR for MBANK SA.

ACCOUNTING RULES AND PRINCIPLES

The Statutory Accounts are established in accordance with regulation n°2014-03 of the ANC (replacing regulation N°99-03) and with the French commercial code, articles from L123-12 to L123-24.

General accounting conventions were applied, whilst respecting the prudence principle, according to the following basic assumptions:

- going concern status,
- consistent accounting methods,
- conservatism,

and in accordance with the general rules for establishing and presenting annual financial statements.

The Statutory Accounts are prepared under the historical cost convention.

No change of accounting method occurred during the period.

The notes and statements below are an integral part of the Annual Accounts.

The main accounting policies adopted are described below.

1. Operation in foreign currency

Receivable and payable accounts denominated in foreign currency in balance sheets at closing are converted by exchange rates prevailing at that date.

Liabilities, accounts receivable and cash in foreign currencies other than the euro are revalued on balance sheet at year-end exchange rates. The difference resulting from the revaluation of liabilities and accounts receivable in foreign currencies at the latter rate is recorded in the “Translation adjustment”.

For any net unrealized losses, a provision is recorded.

As of December 31st, 2016, unrealized exchange gains and losses amounts respectively to 23 732 739 € and 23 611 756 €. A provision for foreign exchange loss has been recorded for the difference of 120 983 €.

Indeed, it was considered that, because of mirror transactions (bond and loan to the parent company, the same currency and for the same maturity), the risk of unrealized currency exchange loss was covered by the unrealized exchange gain.

2. Current income

The items relating to the current activities, even if they are extraordinary as a result of their frequency or of their amount, are registered in the current income.

3. Auditor fees

All the 2016 auditors fees of 13 430 € relate exclusively to statutory auditing. This amount includes the PwC fees accrual for 6 000 € in accordance with the terms of the engagement letter.

4. Loan

Loans are valued at their nominal value.

On September 26th, 2016, the company entered into a loan agreement with MBANK SA company for the total amount of 498 750 000 €.

As of December 31st, 2016, the accrued interests for the loans agreements with MBANK S.A. amount to:

- CHF loan signed on October 2013 : 1 073 450 €,
- CZK loan signed on December 2013 : 29 812 €.
- EUR loan signed on April 2014 : 8 946 918 €,
- EUR loan signed on November 2014 : 986 301 €,
- EUR loan signed on September 2016 : 1 857 616 €

5. Redemption premium

The redemption premium is written down in equal amounts over the term of the issues, regardless of the repayment intervals.

As of December 31st, 2016, the amortizations of the redemptions premiums for the bonds amount to :

- redemption premium of the CHF bond signed on October 2013 : 543 335 €.
- redemption premium of the EUR bond signed on April 2014 : 2 150 425 €,
- redemption premium of the EUR bond signed on November 2014 : 1 314 642 €,
- redemption premium of the EUR bond signed on September 2016 : 83 048 €.

6. Bonds

CHF bond

The company issued, during the 2013 financial year, Senior Unsecured Notes out of the Euro Medium Term Programme of 3 000 000 000 € with a redemption premium. The main characteristics of this tranche are presented below :

- Nominal value : 200 000 000 CHF (186 237 080 € at closing date) ;
- Issue price : 198 967 000 CHF (185 275 165 € at closing date);
- Redemption premium : 1 033 000 CHF (840 931 €);
- Interest : interest is annually calculated at the rate of 2,50 %;
- Issue date : October 8th 2013;
- Period : until October 8th 2018;
- Amortization of the bonds: bonds are amortized ultimately.

As of December 31st, 2016, the accrued interests amounts to 1 073 450 €.

CZK bond

The company issued, during the 2013 financial year, Senior Unsecured Notes out of the EMTN Programme. The main characteristics of this tranche are presented below :

- Nominal value : 500 000 000 CZK (18 504 126 € at closing date);
- Issue price : 500 000 000 CZK (18 504 126 € at closing date);
- Interest : interest is annually calculated at the rate of 2,32 %;
- Issue date : December 6th 2013;
- Period : until December 6th 2018;
- Amortization of the bonds: bonds are amortized ultimately;
- No share premium has been recorded.

As of December 31st, 2016, the accrued interests amounts to 29 812 €.

EUR bond

The company issued, during the 2014 financial year, Senior Unsecured Notes out of the EMTN Programme with a redemption premium. The main characteristics of this tranche are presented below :

- Nominal value : 500 000 000 EUR ;
- Issue price : 496 095 000 EUR ;
- Redemption premium : 3 905 000 EUR ;

- Interest : interest is annually calculated at the rate of 2,375 % ;
- Issue date : April 1st 2014 ;
- Period : until April 1st 2019 ;
- Amortization of the bonds: bonds are amortized ultimately.

As of December 31st, 2016, the accrued interests amounts to 8 946 918 €.

EUR bond

The company issued, during the 2014 financial year, Senior Unsecured Notes out of the EMTN Programme with a redemption premium. The main characteristics of this tranche are presented below :

- Nominal value : 500 000 000 EUR ;
- Issue price : 495 615 000 EUR ;
- Redemption premium : 4 385 000 EUR ;
- Interest : interest is annually calculated at the rate of 2 % ;
- Issue date : November 26th 2014 ;
- Period : until November 26th 2021 ;
- Amortization of the bonds: bonds are amortized ultimately.

As of December 31st, 2016, the accrued interests amounts to 986 301 €.

EUR bond

The company issued, during the 2016 financial year, Senior Unsecured Notes out of the EMTN Programme with a redemption premium. The main characteristics of this tranche are presented below :

- Nominal value : 500 000 000 EUR ;
- Issue price : 498 750 000 EUR ;
- Redemption premium : 1 250 000 EUR ;
- Interest : interest is annually calculated at the rate of 1.398 % ;
- Issue date : September 26th 2016 ;
- Period : until September 26th 2020 ;
- Amortization of the bonds: bonds are amortized ultimately.

As of December 31st, 2016, the accrued interests amounts to 1 857 616 €.

7. Accounts payable at the end of the financial year

In accordance with the requirements of articles L441-6-1 and D441-4 of the French Commercial Code, a breakdown of payables as of December 31st, 2016, by due date, is presented below:

Maturity of payables in euros:

	0 to 30 days	31 to 60 days
Mbank fees	30 590 €	
Commerzbank fees	19 487 €	
Others	1 200 €	

8. Structure of the turnover

The turnover until the end of 2015, was composed of the margin on the cost recharges to MBANK S.A in connection with the loan granted to MBANK SA.

As of January, 1st 2016, a new transfer price agreement has been concluded. The company is compensated on a margin basis of 0.15% computed on the total volume of bonds issued since 2012.

As of December, 31st 2016, the company received its remuneration based on the transfer price agreement of the value of 1 869 665 € including 1 374 701 € for the years 2012 to 2015.

9. Events subsequent to the financial year closing

None

10. Cash flow**Cash flow of mFinance France S.A**

	In Euro	
	2016	2015
Net profit (A)	195 159	-96 670
Amortization and provisions (B)	1 667 186	2 248 266
Cash flows (A) + (B)	1 862 344	2 151 596
Change in working capital	-1 515 716	- 2 148 966
Increase of capital		275 000
Net cash from operations	346 628	277 631
Cash as at January 1st	416 347	138 716
Cash as at December 31st	762 974	416 347
Variation in Cash	346 628	277 631

11. Exceptional charges and products

The exceptional charges and products include elements that are not related to the normal activity of the company

FIXED ASSETS

			In Euro
	<i>Gross value beginning of period</i>	<i>Increase Revaluation</i>	<i>Increase Acquisitions</i>
Intangible fixed assets			
Start-up expenses			
Other intangible fixed assets			
Tangible fixed assets			
Machinery & equipment			
General installations and various fixtures			
Transportation equipment			
Office equipment, computers and furniture			
Fixed assets in-progress			
Investments			
Other controlling interests			
Loans and Other long term investments	1 207 306 107	1 630 781	529 153 910
TOTAL	1 207 306 107	1 630 781	529 153 910

	<i>Decrease By transfer</i>	<i>Decrease By sale</i>	<i>Gross value end of period</i>	<i>Revaluation Value of origin</i>
Intangible fixed assets				
Other intangible fixed assets				
Start-up expenses				
Tangible fixed assets				
Machinery & equipment				
General installations and various fixtures				
Transportation equipment				
Office equipment, computers and furniture				
Fixed assets in-progress				
Investments				
Other controlling interests				
Loans and Other long term investments	26 865 959	1 711 224 839	1 711 224 839	
TOTAL	26 865 959	1 711 224 839	1 711 224 839	

AMORTIZATION

	In Euro			
	<i>Gross value beginning of period</i>	<i>Increase (straight-line method)</i>	<i>Decrease</i>	<i>Gross value end of period</i>
Intangible fixed assets				
Start-up expenses				
Other intangible fixed assets				
Tangible fixed assets				
Machinery & equipment				
General installations and various fixtures				
Transportation equipment				
Office equipment, computers and furniture				
Redemption premium	6 698 145	1 250 000	1 658 663	6 289 482
TOTAL	6 698 145	1 250 000	1 658 663	6 289 482

PROVISION AND DEPRECIATION

	<i>Gross value beginning of period</i>	<i>Increase (straight-line method)</i>	<i>Decrease</i>	In Euro <i>Gross value end of period</i>
Regulated provisions				
Provisions for liabilities				
Provision for exchange losses	112 460	8 522		120 983
Redemption premium				
	112 460	8 522		120 983

ACCOUNTS RECEIVABLE

	In Euro		
	<i>Gross amount</i>	<i>Within 1 year</i>	<i>Beyond 1 year</i>
Loans (1)	1 711 224 839	12 894 098	1 698 330 741
Doubtful accounts, receivables in dispute			
Other trade accounts and notes receivable			
Personnel and related accounts			
Tax and social receivable			
Income tax	9218	9 218	
VAT			
Current accounts - group and associates			
Other receivables	930	930	
Prepaid expenses	33 803	27 984	5819
TOTAL	1 711 268 790	12 932 230	1 698 336 560

(1) loans granted during the year: 498 750 000 €

ACCOUNTS PAYABLE

	In Euro			
	<i>Gross amount</i>	<i>Within 1 year</i>	<i>Between 1 and 5 years</i>	<i>Beyond 5 years</i>
Bond issues (1)	1 717 635 304	12 894 098	1 704 741 206	
Bank borrowings				
- within 1 year at the origin				
- beyond 1 year at the origin				
Accounts payables	100 579	100 579		
Personnel and related accounts	945	945		
Tax and social liabilities	17 662	17662		
Income tax				
VAT				
Other taxes	37 087	37 087		
Payables to fixed assets suppliers				
Current accounts - group and associates				
Other payables				
Prepaid income				
TOTAL	1 717 791 577	13 050 371	1 704 741 206	

(1) loans taken during the year: 500 000 000 €

ACCRUED RECEIVABLES

In Euro

	31/12/16	31/12/15
Loans		
Accrued interest S2 T1 CHF	1 073 450	1 063 939
Accrued interest S3 T1 CZK	29 812	29 810
Accrued interest S4 T1 EUR	8 946 918	8 946 918
Accrued interest S5 T1 EUR	986 301	986 301
Accrued interest S6 T1 EUR	1 857 616	
Capitalization premium SI T2 CHF	543 335	375 149
Capitalization premium SI T4 EUR	2 150 425	1 369 425
Capitalization premium SI T5 EUR	1 314 642	688 213
Capitalization premium SI T6 EUR	83 048	
	16 985 547	13 459 755
Trades and accounts receivables		
Accrued income		41 459
		41 459
TOTAL	16 985 547	13 501 214

ACCRUED LIABILITIES**In Euro**

	31/12/16	31/12/15
Bonds		
Accrued interest S2 T1 CHF	1 073 450	1 063 939
Accrued interest S3 T1 CZK	29 812	29 810
Accrued interest S4 T1 EUR	8 946 918	8 946 918
Accrued interest S5 T1 EUR	986 301	986 301
Accrued interest S6 T1 EUR	1 857 616	
	12 894 098	11 026 968
Accounts payable and related		
Accrued Primexis fees	17 240	10 200
Accrued auditors fees	6 000	13 200
Accrued advisors fees	11 685	11 685
Accrued rent fees	14 017	
	48 942	35 085
Fiscal debts		
Accrued tax	19 959	
Accrued tax on salary	14 944	
Accrued withholding tax	376	
Accrued tax for professional formation	809	
Accrued apprenticeship tax	1 000	
Accrued social debt	1 370	
	38 458	
TOTAL	12 981 497	11 062 053

PREPAID CHARGES**In Euro**

	31/12/16	31/12/15
Prepaid charges	33 803	5 729
TOTAL	33 803	5 729

The prepaid charges are including annual administrative fees for loans

SHARE CAPITAL

In Euro

<i>Type of securities</i>	<i>Nominal value</i>		<i>Number of shares</i>			
	<i>Beginning of period</i>	<i>End of period</i>	<i>Beginning of period</i>	<i>Created during the period</i>	<i>Refunded during the period</i>	<i>End of period</i>
Shares	10	10	50 000			50 000

ITEMS RELATING TO SEVERAL BALANCE SHEET HEADINGS

In Euro

	<i>Amounts concerning the companies</i>		<i>Amounts of payables and receivables represented by trade notes</i>
	<i>Affiliated companies</i>	<i>Companies with controlling interests</i>	
Investments			
Equity participation			
Loans		1 711 224 838	
Other investments			
Total fixed assets		1 711 224 838	
Receivables			
Trade notes and accounts receivable			
Other receivables			
Total receivables			
Short term investments			
Cash		762 974	
Liabilities			
Various debts and liabilities			
Trade notes and accounts payable		50 437	
Total liabilities		50 437	

The financial income includes interests on the loans granted to MBANK SA for an amount of 30 391 750 euros.

UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

	<i>Amount</i>
Financial assets	23 611 756
Financial liabilities	(23 732 739)
	- 120 983

Financial assets correspond to the loans in CHF (185 275 165 €) and in CZK (18 504 126 €).

Financial liabilities correspond to the bonds in CHF (186 237 080 €) and in CZK (18 504 126 €).

EQUITY VARIANCE

In Euro

	AMOUNTS
EQUITY YEAR -1, AFTER RESULT AND BEFORE SHAREHOLDER'S MEETING (-) DISTRIBUTIONS	334 510
EQUITY AT BEGINNING OF PERIOD	334 510

VARIANCE OF SHARE CAPITAL VARIANCE OF PAID IN CAPITAL VARIANCE FOR LONG TERM INVESTMENTS AND REGULATED PROVISIONS OTHER VARIANCE	
CONTRIBUTION RECEIVED WITH RETROACTIVE EFFECT TO THE BEGINNING OF PERIOD	

EQUITY AT BEGINNING OF PERIOD AFTER CONTRIBUTION WITH RETROACTIVE EFFECT	334 510
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VARIANCE OF SHARE CAPITAL VARIANCE OF PAID IN CAPITAL VARIANCE OF REVALUATION DIFFERENCE VARIANCE OF LEGAL RESERVE , STATUTORY, CONTRACTUAL AND OTHER VARIANCE OF REGULATED RESERVES VARIANCE OF RETAINED EARNINGS VARIANCE OF INVESTMENT SUBSIDIES AND REGULATED PROVISION RESULT YEAR-1 ALLOCATED IN EQUITY (WITHOUT DISTRIBUTION)	 (96 670) (96 670)
VARIANCE DURING PERIOD	0

EQUITY AT ENDING OF PERIOD	334 510
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RESULT FOR PERIOD	195 159
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EQUITY FOR PERIOD AFTER RESULT AND BEFORE SHAREHOLDER'S MEETING	529 669
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**IDENTITY OF PARENT COMPANIES CONSOLIDATING THE COMPANY'S
ACCOUNTS**

<i>Corporate name</i>	<i>Legal form</i>	<i>Capital</i>	<i>Head office</i>
MBANK S.A	SA	169 015 724 PLN	Senatorska 18, 00-950 VARSOVIE POLOGNE

INCOME AND OTHER ELEMENTS ABOUT THE COMPANY DURING THE LAST FIVE YEARS

	<i>12/31/2012</i>	<i>12/31/2013</i>	<i>12/31/2014</i>	<i>12/31/2015</i>	<i>12/31/2016</i>
Equity at the end of the accounting period					
Legal capital	225 000	225 000	225 000	500 000	500 000
Number of common stock	22 500	22 500	22 500	50 000	50 000
Number of preferred share					
Operations and income					
Gross income (H.T)	47 478	138 369	150 298	158 703	1 869 664
Net results before taxes	164 980	810 802	1 568 577	2 151 596	2 267 718
Income tax		1 212			405 374
Employee profit-sharing					
Net results after taxes	21	26 932	- 10 787	- 96 670	195 159
Income					
Income per share					
Result after tax, profit-sharing, before depreciation expense	7.33	36.04	69.71	43.03	37.25
Result after tax, profit-sharing, depreciation expense	0,00	1.20	-0.48	-1.93	3.90
Dividends distributed					
Employees					
Total personnel employed					1
Gross wages					147 380
Employer social charges (social security, unemployment, retirement)					72 328

In Euros

mFinance France**AMOUNT OF FEES
TO THE EXTERNAL AUDITOR**

The fees of the statutory auditors as of the 31st of December 2016 amount to 13 430 € and they relate exclusively to the statutory auditing mission of the company. This amount includes PricewaterhouseCoopers fees accrual for 6 000 € in accordance with the terms of the engagement letter.

mFinance France**CERTIFICATE OF THE RESPONSIBLE
OF THE ANNUAL FINANCIAL REPORT**

I hereby declare that I have taken all reasonable steps to ensure that the information contained in this report is, to the best of my knowledge, correct and does not contain any omission likely to alter its meaning.

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and that the management report contained in this report provides a fair presentation of the Company's business, results and financial position and a description of the main risks and uncertainties it faces.

Paris, 17 March 2017
Oliver Koepke
President of the Management Board

