

ANNUAL FINANCIAL REPORT
As of the 31 of December 2019

mFinance France

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Management report
(Fiscal year ended on December 31, 2019)

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, 2019, 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.

During the year of 2019, the Company has not performed any issuance of bonds.

There was the redemption of the 500m bond in the second quarter of 2019 due the 1st of April 2019.

The Company paid the interest for the following tranches:

- CHF 2,010,000.00 – 28.03.2019 (CHF 200m bonds)
- EUR 6,990,000.00 – 26.09.2019 (EUR 500m bonds)
- EUR 10,000,000.00 – 26.11.2019 (EUR 500m bonds)

According to the transfer pricing agreement that was agreed and signed by the company with the shareholder and guarantor of the issuance programme mBank SA in 2016, the company was compensated on the outstanding bonds issued with the amount of 245,701.21 EUR the 18th of January 2019.

On the 31st of July 2019, the company signed a joint annex to the agreements for organization of issues with mBank S.A. to amend the rules for the calculation and the payments of fees by the Bank to the Organizer.

The Parties agreed that the fee shall be calculated on a cost plus 5% basis.

The cost includes total operating costs of the company, incurred in connection with rendering the services.

The amended rules for the calculation and the payments of fees by the Bank to the company are to be applied retroactively to all Issue Agreements relating to notes issued and not redeemed as of 1st of January 2018 and after this date.

The company was compensated on the outstanding bonds issued with the amount of 405,817.80 EUR the 13th of August 2019 and 41,125.26 EUR the 15th of November 2019.

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

The Company reporting shows a net profit of EUR 321,382.14 as of the 31st of December 2019.

The Company is tracking its liquidity by preparing the monthly report of the cash available versus expected payments/outflows.

Otherwise there were no significant changes to the financial results during the fiscal year 2019.

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

Mr. Oliver Koepke tenders his resignation from his duties as member and chairman of the management board as from 1st January 2020. By decision of the supervisory board dated 12 December 2019, Mr. Christoph Beeck and Mrs. Sara Aatalla were appointed as members of the management board as from 1st January 2020. Mr. Christoph Beeck was appointed as chairman of the management board as from the same date.

It was specified that given the Moroccan nationality of Mrs. Sara Aatalla, she would need to obtain a residence permit ("carte de séjour") "expertise and talent" before actually being able to perform his duties as member of the management board.

The Supervisory Board decided consequently that such appointment will take effect on the date that the said permit is issued, without there being any need for a new decision of the Board.

On the date of this report, the appointment is not effective as the residence permit was not granted so far.

No other significant event occurred since the close of the last financial year.

1.6 Future prospects and developments

The Company will decide on the annual update of the EMTN prospectus and any future issuance on the first quarter of 2020.

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, 2019, 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 2019:

Salaries	EUR 137,513.16
Social contributions	EUR 64,326.64
Social expenses	EUR 201,839.80

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 731,273.50.

The operating expenses of the year amounted to EUR 410,109.56.

The operating result was therefore a positive amount of EUR 321,163.94.

After taking into account:

- Financial products of EUR 23,002,145.67
- Financial expenses for EUR 23,001,927.52

The pre-tax result of the year was a positive amount of EUR 321.382,14.

Finally, the result of the year is a positive amount of EUR 321.382,14.

5.2 Breakdown of the debts towards suppliers per due payment date

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, 2018 and 2019:

Article D. 441 I. - 1° : Invoices not settled and received by the balance sheet date of the fiscal year

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Different parts of late payments						
Number of invoices concerned	1					1
Amount of all invoices concerned HT	3227					3227
Percentage of the total amount of purchases for the year HT	1,12%					1,12%

(B) Invoices excluded from (A) relating to contentious or unposted debts

Number of invoices excluded	
Total amount of invoices excluded HT or TTC	

(C) Reference payment periods used (contractual or statutory period - Article L.441.6 or L.443-1 of the French Commercial Code

Terms of payment used for the calculation of the late payment	- Contractual periods: 30 Days - legal deadlines: 30 Days
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Article D. 441 I. - 2° : Invoices issued and outstanding at the balance sheet date of the fiscal year ending

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Different parts of late payments						
Number of invoices concerned						0
Total amount of invoices concerned HT or TTC						0
Percentage of the turnover of the year HT or TTC						0

(B) Invoices excluded from (A) relating to contentious or unposted Receivables

Number of invoices excluded	
Total amount of invoices excluded HT or TTC	

(C) Reference payment periods used (contractual or statutory period - Article L.441.6 or L.443-1 of the French Commercial Code

Terms of payment used for the calculation of payment delays	- Contractual delays: 30 Days - legal deadlines: 30 Days
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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 to the retained earnings whose negative balance will thus be reduced to EUR 188,378.

Given the result of the year, the shareholders equity amounts to EUR 321,382.14 for a share capital of €500,000.00 and is thus above one-half of the share capital.

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 three 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:
 - Director, Head of Central Europe, Group Treasury, Commerzbank
- Mrs. Marie-Claire Ouziel, member of the management board as from December 16, 2015:
 - Global Head of Bonds, Commerzbank
- 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. Ernest Pytlarczyk, member and vice-chairman of the supervisory board as from June 9, 2017:
 - Chief Economist, mBank S.A.
 - Director, Economic Analysis Department of mBank S.A.
 - Director, Analysis and Investor Relations Department of mBank S.A.
 - Member of the Supervisory Board of mBOX Sp. z o.o.
 - Member of the Supervisory Board of Falest Investments S.A.
 - Member of the Supervisory Board of Feronia S.A.
- 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 2019 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. Ernest Pytlarczyk, 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 28, 2020
The management board



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

Supervisory board's report **on corporate governance**

(Fiscal year ended on December 31, 2019)

Dear Shareholders,

In accordance with the provisions of Article L. 225-68 of the Commercial Code, the supervisory board of the mFinance France (the "Company") must report herein on the conditions of preparation and organization of the board's works during the fiscal year ended on December 31, 2019 (I), as well as internal control and risk management procedures implemented by your Company (II), and provide information on the corporate governance of the Company (III), and observations of the supervisory board on the management report of the management board (VI).

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 Prazmo, member and president of the supervisory board, of polish nationality, born the 3rd of March 1980 in Bialystok, Poland.
- Mr Ernest Pytlarczyk, member and vice president of the supervisory board, of Polish nationality, born the 23rd of October 1978 in Garwolin, Poland.
- Mr Pawel Szczepaniak, member of the supervisory board, born the 23rd of August 1981 in Varsovie, Poland.

Mr. Karol Prażmo and Mr. Pawel Szczepaniak were appointed by decision of the extraordinary general meeting on December 16, 2015 for a three-year period which came to an end during the ordinary general meeting convened to decide on the accounts of the fiscal year ended on December 31, 2017. This meeting decided to change the duration of the term of office of the members of the supervisory board to reduce it to one year. The term of office of Mr. Karol Prażmo and Mr. Pawel Szczepaniak was then renewed each year.

Mr Ernest Pytlarczyk was appointed by decision of the ordinary general meeting on June 9, 2017, to replace Mr Wojciech Chmielewski, who resigned, for the term of office of his predecessor, i.e. for a period which came to an end during the ordinary general meeting convened to decide on the accounts of the fiscal year ended on December 31, 2017. Its term of office was then renewed each year.

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 one (1)-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.

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, 2019, of duration of twelve months, the supervisory board met three times.

The meetings of the supervisory board concerned the following matters:



- Approval of the minutes of the previous meeting, examination of the accounts of the fiscal year ended on December 31, 2018, approval of the report of the management board on the Company's activities during the 4th quarter of 2018, convocation of the ordinary annual general meeting of the shareholders and renewal of the decision to assign the functions of the Audit Committee to the Supervisory Board. (*Supervisory board of February 26, 2019*). Mr Karol Prażmo and Mr Pawel Szczepaniak were present.
- Approval of the minutes of the previous meeting, reappointing the chairman of the Supervisory Board, reappointing the vice-chairman of the Supervisory Board, reappointing the Management Board members, reappointing the President of the Management Board and allocation of the management fees. (*Supervisory board of March 12, 2019*). Mr Ernest Pytlarczyk and Mr Pawel Szczepaniak were present.
- Approval of the minutes of the previous meeting, resignation of Mr. Oliver Koepke, appointment of two new members of the Management Board, appointment of the President of the Management Board. (*Supervisory board of December 12, 2019*). Mr Karol Prażmo and Mr Pawel Szczepaniak were present.

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.

3. CORPOARTE GOVERNANCE

3.1 Regulated Agreements

The Company does not have any agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders having a fraction of the voting rights greater than 10% of company and, on the other hand, another company, the first of which owns directly or indirectly more than half of the capital, with the exception of agreements relating to current transactions and concluded under normal conditions.

3.2 Delegations for the capital increase

None.



3.3 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:
 - Director, Head of Central Europe, Group Treasury, Commerzbank, listed, ultimate parent company.
- Mrs. Marie-Claire Ouziel, member of the management board as from December 16, 2015:
 - Global Head of Debt Capital Markets Bonds, Commerzbank, listed, Ultimate parent company.
- Mr. Karol Prażmo, member and chairman of the supervisory board as from December 16, 2015:
 - Director, Treasury Department of mBank S.A. Company under Polish Law, listed, Parent Company.
 - Member of the Supervisory Board of mLeasing Sp. z.o.o. Company under Polish Law, listed, similar to mFinance.
- Mr. Ernest Pytlarczyk, member and vice-chairman of the supervisory board as from June 9, 2017:
 - Chief Economist, mBank S.A.
 - Director, Analysis and Investor Relations Department of mBank S.A.
 - Member of the Supervisory Board of mBOX Sp. z o.o. Company under Polish Law, not listed, Belong to mBank.
 - Member of the Supervisory Board of Falest Investments S.A. Company under Polish Law, not listed, Belong to mBank.
 - Member of the Supervisory Board of Feronia S.A. Company under Polish Law, not listed, Belong to mBank.
- Mr. Paweł Szczepaniak, member of the supervisory board as from December 16, 2015:
 - Deputy Head, Legal Department of mBank S.A.

3.4 Remuneration of the directors and officers

The Company paid fixed remuneration to the directors and officers during the past fiscal year 2019 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. Ernest Pytlarczyk, vice-chairman of the supervisory board: monthly remuneration of EUR 1,000

4. OBSERVATIONS ON THE MANAGEMENT REPORT OF THE MANAGEMENT BOARD

In accordance with the provisions of the Commercial Code and the by-Laws, the Management Board has communicated to us its management report on the activity of the Company during the fiscal year ended December 31, 2019, as well as on the financial situation and the future prospects of the Company.

The balance sheet, the income statement and the appendix of the said financial year, which were established in accordance with the accounting rules and methods in force, were also communicated to us.

After having read the above documents, we inform you that we have no particular comments to make and recommend that you adopt the accounts for the fiscal year ended December 31, 2019 and the resolutions submitted to you.

Executed in Paris on 28 February 2020
The Supervisory Board



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

This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditor or verification of the management report and other documents provided to the 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

Year ended December 31, 2019

Statutory auditor's report on the financial statements

ERNST & YOUNG et Autres

mFinance France

Year ended December 31, 2019

Statutory auditor's report on the financial statements

To the Annual General Meeting of mFinance France,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of mFinance for the year ended December 31, 2019.

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 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Supervisory Board acting as Audit Committee.

Basis for Opinion

■ Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

■ Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there was no key audit matter to be communicated in our report.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

■ Information provided in the Management Report and in the Other Documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

■ Report on Corporate Governance

We confirm the existence in the Supervisory Board's Report on Corporate Governance of the information required by Article L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Report on Other Legal and Regulatory Requirements

■ Appointment of the Statutory Auditor

We were appointed as statutory auditor of mFinance France by your Annual general Meeting held on July 18, 2008.

As at December 31, 2019, we were in the 2nd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Supervisory Board acting as Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

■ Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

■ Report to the Supervisory board acting as Audit Committee

We submit to the Supervisory Board acting as Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Supervisory Board acting as Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Supervisory Board acting as Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Supervisory Board acting as Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 3, 2020

The Statutory Auditor
French original signed by
ERNST & YOUNG et Autres

Claire Rochas

Balance Sheet

	Gross	Depreciation	Net as of 31/12/19	Net as of 31/12/18
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 equipme				
Other Tangible Assets				
Construction work in progress/Advance P				
Financial Investments				
Investment & related advances & down p				
Other Investments				
Loans	1 186 728 235		1 186 728 235	1 687 625 470
Other Financial Assets				
CAPITAL ASSETS	1 186 728 235		1 186 728 235	1 687 625 470
Inventory				
Raw materials & Other supplies				
Work in progress goods				
Work in progress services				
Intermediate & Finished goods				
Commodities				
Accounts Receivable				
Clients & related accounts	38 619		38 619	
Suppliers				
Employee				
State, Taxes on Income				
State, Taxes on Turnover				
Other accounts receivable	4 425		4 425	832
Miscellaneous				
Advances & Down payments on Orders				
Short terms investments				
Cash	334 788		334 788	28 367
Prepaid expenses	1 413		1 413	3 437
CURRENT ASSETS	379 245		379 245	32 636
Cost of loan issues	72 170		72 170	96 226
Redemption premium on bonds	1 786 156		1 786 156	3 030 663
Translation adjustment – Assets	2 764 326		2 764 326	9 525 556
TOTAL ASSETS	1 191 730 133		1 191 730 133	1 700 310 551

Balance Sheet

	Net as of 31/12/19	Net as of 31/12/18
LIABILITIES AND EQUITY		
Share Capital	500 000	500 000
Premiums, share premiums, ...		
Revaluation adjustments		
Legal reserve	17 094	17 094
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	-509 604	-277 866
Annual Balance	321 382	-231 738
Capital grants		
Regulated provisions		
SHAREHOLDER'S EQUITY	328 873	7 491
Revenue of securities issue		
Avances conditionnées		
Other Equities		
Provisions for risks		
Provisions for expenses		
PROVISIONS FOR RISKS AND EXPENSES		
Convertible bonded debts		
Other bonded debts	1 188 504 334	1 690 621 477
Loans		
Uncovered balance and accomodation		11 000
Loans and debts with credit institutions		11 000
Miscellaneous financial loans & debts		
Miscellaneous financial loans & debts – Associates		
Advances & Down payments received on current orders		
Supplier debts & related accounts	91 840	78 991
Employee	4 783	3 721
Social organisms	20 302	21 966
State, Taxes on Income		
State, Taxes on Turnover		
State, Guaranteed bonds		
Other Fiscal & Social debts	5 617	5 693
Fiscal & Social debts	30 702	31 380
Debts on Capital assets & related accounts		
Other Debts		
Deferred revenue		
DEBTS	1 188 626 877	1 690 742 848
Translation adjustment – Liabilities	2 774 383	9 560 212
TOTAL LIABILITIES AND EQUITY	1 191 730 133	1 700 310 551

Income Statement

	From 01/01/19 to 31/12/19 12 Months	From 01/01/18 to 31/12/18 12 Months
REVENUE		
Sales of goods		
Sold production	731 264	272 823
Stored production		
Operating subsidies		
Other revenue	10	2
Total	731 274	272 825
Consumption of goods & raw materials		
Purchases of goods		
Stock variation (goods)		
Raw materials purchases & other supplies		
Stock variation (raw materials)		
Other purchases & external expenses	144 462	268 141
Total	144 462	268 141
MARGIN ON GOODS & RAW MATERIALS	586 812	4 684
EXPENSES		
Taxes and assimilated payments	27 714	31 761
Salaries and Treatments	137 513	138 420
Social expenses	64 327	71 772
Depreciations and provisions	24 057	24 057
Other expenses	12 037	12 003
Total	265 648	278 013
OPERATING INCOME	321 164	-273 329
Financial revenue	23 002 146	49 663 378
Financial expenses	23 001 928	49 621 788
Financial result	218	41 591
Operations in common Income	321 382	-231 738
Exceptional revenue		
Exceptional expenses		
Exceptional result		
Employees' profit-sharing		
Taxes on Income		
NET PROFIT/LOSS	321 382	-231 738

Notes

To the balance sheet presented before net income appropriation for the financial year ending December 31st, 2019, with a total of € 1 191 730 133 and to the income statement for the period, presented as a list and showing a gain of € 321 382.

During this period, the turnover amounts to € 731 264.

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

On April 1st, 2019, the EUR S4T1 bond loan has been reimbursed for 500 000 000 EUR of nominal. On the same day, the company M Finance SAS was reimbursed for a loan of 500 000 000 EUR.

As at July 31st, it was decided that the services provided by the Organiser to the Bank shall be calculated on the cost plus 5% basis.

ACCOUNTING RULES AND PRINCIPLES

The Statutory Accounts are established in accordance with regulation n°2016-07 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.

The company has decided, from the financial year closing as at December 31st 2017, to take the option to write off the expenses related to bond issues over the period of the bonds concerned. This option is taken

for two years and for all new bonds issued. These fees were booked for their full amount in charges during the year these occurred.

No other changes 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 at December 31st, 2019, unrealized exchange gains and losses amounts respectively to 2 764 326 € and 2 774 383 €.

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 2019 auditors fees of € 24 000 relate exclusively to statutory auditing.

4. Loan

Loans are valued at their nominal value.

As at December 31st, 2019, the accrued interests for the loans agreements with MBANK S.A. amount to:

- EUR loan signed on November 2014 : € 983 607,
- EUR loan signed on September 2016 : € 1 852 541,
- CHF loan signed on March 2017: € 1 404 321.

5. Redemption premium

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

As at December 31st, 2019, the amortizations of the redemptions premiums for the bonds amount to :

- redemption premium of the EUR bond signed on November 2014 : € 3 193 928,
- redemption premium of the EUR bond signed on September 2016 : € 1 020 548,
- redemption premium of the CHF bond signed on March 2017 : € 312 382.

6. Bonds

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 at December 31st, 2019, the loan is fully reimbursed.

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 at December 31st, 2019, the accrued interests amounts to € 983 607.

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 at December 31st, 2019, the accrued interests amounts to € 1 852 541.

CHF bond

The company issued, during the 2017 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 : 200 000 000 CHF (€ 177 478 038 at closing date) ;
- Issue price : 199 275 000 CHF (€ 176 834 679 at closing date);
- Redemption premium : 725 000 CHF (€678 014);
- Interest : interest is annually calculated at the rate of 1.005%;
- Issue date : March 28th 2017;
- Period : until March 28th 2023;
- Amortization of the bonds: bonds are amortized ultimately.

As at December 31st, 2019, the accrued interests amounts to € 1 404 321.

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, 2019, by due date, is presented below:

Maturity of payables in euros amounts to € 3 227 (not due at closing date)

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

As at July 31st, it was decided that the services provided by the Organiser to the Bank shall be calculated on the cost plus 5% basis. The company received its remuneration based on the transfer price agreement of the value of € 731 264.

9. Events subsequent to the financial year closing

None

10. Cash flow**Cash flow of M FINANCE France S.A**

	In Euro	
	2019	2018
Net profit (A)	321 382	-231 738
Amortization and provisions (B)	1 244 506	1 920 517
Cash flows (A) + (B) + (C)	1 565 888	1 688 779
Change in working capital	- 1 273 065	-1 870 592
Capital increase		
Net cash from operations	317 422	-158 007
Cash as at January 1st	17 367	175 374
Cash as at December 31st	334 788	17 367
Variation in Cash	317 422	-158 007

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	1 687 625 470		29 570 473
TOTAL	1 687 625 470		29 570 473

	<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	530 467 709	1 186 728 235		1 186 728 235
TOTAL	530 467 709	1 186 728 235		1 186 728 235

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	3 030 663		1 244 506	1 786 156
Expenses related to bond issue	96 226		24 057	72 170
TOTAL				

ACCOUNTS RECEIVABLE

	In Euro		
	<i>Gross amount</i>	<i>Within 1 year</i>	<i>Beyond 1 year</i>
Loans (1)	1 186 728 235	504 011 016	682 717 219
Doubtful accounts, receivables in dispute			
Other trade accounts and notes receivable	38 619	38 619	
Personnel and related accounts			
Tax and social receivable			
Income tax			
VAT			
Other	4 042	4 042	
Current accounts - group and associates			
Other receivables	383	383	
Prepaid expenses	1 413	1 413	
TOTAL	1 186 772 692	504 055 474	682 717 219

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

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)	1 188 594 334	504 240 469	684 263 866	
Bank borrowings				
- within 1 year at the origin				
- beyond 1 year at the origin				
Accounts payables	91 840	91 840		
Personnel and related accounts	4 783	4 783		
Tax and social liabilities	20 302	20 302		
Income tax				
VAT				
Other taxes	5 617	5 617		
Payables to fixed assets suppliers				
Current accounts - group and associates				
Other payables				
Prepaid income				
TOTAL	1 188 626 877	504 363 011	684 262 866	

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

ACCRUED RECEIVABLES

In Euro

	<i>31/12/19</i>	<i>31/12/18</i>
Loans		
Accrued interest S4 T1 EUR		8 946 918
Accrued interest S5 T1 EUR	983 607	986 301
Accrued interest S6 T1 EUR	1 852 541	1 857 616
Accrued interest S7 T1 CHF	1 404 321	1 352 604
Capitalization premium SI T4 EUR		3 712 425
Capitalization premium SI T5 EUR	3 193 928	2 567 499
Capitalization premium SI T6 EUR	1 020 548	708 048
Capitalization premium SI T7 CHF	312 382	199 379
Trades and accounts receivables	8 767 326	20 330 791
Accrued income	38 619	
TOTAL	8 805 945	20 330 791

PREPAID CHARGES**In Euro**

	<i>31/12/19</i>	<i>31/12/18</i>
Prepaid charges	1 413	3 437
TOTAL	1 413	3 437

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

AVERAGE NUMBER OF EMPLOYEES

	<i>Salaried employees</i>	<i>Staff provided</i>
Senior Supervisor and technicians Employees Workers	1	
TOTAL	1	0

UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

	<i>Amount</i>
Unrealized FX Loss	2 764 326
Unrealized FX Gain	- 2 774 383
	- 10 057

Unrealized FX Loss corresponds to the loans in CHF S7T1 (€2 764 326)

Unrealized FX Gain corresponds to the bonds in CHF S7T1 (€2 774 383)

EQUITY VARIANCE

	In Euro
	AMOUNTS
EQUITY YEAR -1, AFTER RESULT AND BEFORE SHAREHOLDER'S MEETING (-) DISTRIBUTIONS	7 491
EQUITY AT BEGINNING OF PERIOD	7 491
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	7 491
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)	 (231 738) 231 738
VARIANCE DURING PERIOD	0
EQUITY AT ENDING OF PERIOD	7491
RESULT FOR PERIOD	321 382
EQUITY FOR PERIOD AFTER RESULT AND BEFORE SHAREHOLDER'S MEETING	328 873

**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

In Euros

	<i>12/31/2015</i>	<i>12/31/2016</i>	<i>12/31/2017</i>	<i>12/31/2018</i>	<i>12/31/2019</i>
Equity at the end of the accounting period					
Legal capital	500 000	500 000	500 000	500 000	500 000
Number of common stock	50 000	50 000	50 000	50 000	50 000
Number of preferred share					
Operations and income					
Gross income (H.T)	158 703	1 869 664	389 722	272 823	731 264
Net results before taxes	2 151 596	2 267 718	1 628 949	1 712 836	1 589 945
Income tax		405 374			
Employee profit-sharing					
Net results after taxes	- 96 700	195 160	(290 440)	(231 738)	321 382
Income					
Income per share					
Result after tax, profit-sharing, before depreciation expense	43.03	53.46	32.58	34.26	31.80
Result after tax, profit-sharing, depreciation expense	-1.93	3.90	-5.81	-4.63	6.43
Dividends distributed					
Employees					
Total personnel employed		1	1	1	1
Gross wages		147 380	137 239	138 420	137 513
Employer social charges (social security, unemployment, retirement)		72 328	69 873	71 772	64 327

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, 27 May 2020
Christoph Beeck
President of the Management Board