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Promontoria MMB S.A.S.

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from 1st January to June 30, 2023
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This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

For the period from 1st January to June 30, 2023

To the President of the Company,

In our quality of statutory auditor of the Promontoria MMB S.A.S. and in answer to your request, we conducted a review of the condensed half-yearly consolidated financial statements ("the financial statements") in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information of Promontoria MMB Group for the period from January 1st, 2023 to June 30, 2023, which are attached to this report.

These condensed half-yearly consolidated financial statements are established by the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

Paris and Paris la Défense, August 2nd 2023,

French original signed by Arnaud Bourdeille and Nicolas Bourhis for KPMG S.A. and Sébastien Martineau for RSM Paris.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30.06.2023

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I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EURO	Notes	30.06.2023	31.12.2022
Cash due from central banks		97 401	191 816
Hedging derivatives	6.1	268 923	455 263
Financial assets at fair value through profit and loss	6.2	61 682	65 818
Financial assets at fair value through other comprehensive income	6.3	192 758	150 840
Financial assets at amortised cost	6.4	85 603	-
Loans and receivables due from banks and credit institutions at amortised cost	6.4	451 440	271 281
Loans and receivables due from customers at amortised cost	6.4	6 738 679	6 937 705
Current tax assets	6.5	5 098	1 321
Deferred tax asset	6.5	24 253	-
Other assets	6.6	258 168	216 191
Non-current assets held for sale	6.7	9 443	9 443
Investment property	6.8	-	-
Property, plant and equipment	6.8	41 115	39 651
Intangible assets	6.8	33 360	27 469
Total assets		**8 267 923**	**8 366 799**

IN THOUSANDS OF EURO	Notes	30.06.2023	31.12.2022
Due to central banks		-	-
Financial liabilities at fair value through profit and loss	6.2	52 569	56 685
Hedging derivatives	6.1	346 166	378 918
Debt securities issued	6.4	1 728 071	1 721 253
Due to bank and credit institutions	6.4	315 185	391 412
Due to customers	6.4	4 534 385	4 478 529
Current tax assets	6.5	-	-
Deferred tax asset	6.5	-	2 369
Other liabilities	6.6	196 565	162 703
Provisions	6.9	61 455	54 957
Subordinated liabilities	6.4	92 003	88 629
Total liabilities		**7 326 399**	**7 335 454**
Shareholders' equity, Group share		**941 524**	**1 031 345**
Share capital		59 086	59 000
Other capital		97 820	97 820
Consolidated reserves		674 507	683 456
Unrealised or deferred capital gains and losses		167 011	197 632
Net income		(56 899)	(6 563)
Non-controlling interests		-	-
Total equity		**941 524**	**1 031 345**
Total liabilities and equity		**8 267 923**	**8 366 799**

II. CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EURO	Notes	30.06.2023	30.06.2022
Interest and similar income	7.1	205 536	120 613
Interest and similar expense	7.1	(125 906)	(37 214)
Fee income	7.2	15 252	15 315
Fee expense	7.2	(5 470)	(3 981)
Net gains and losses on financial instruments at fair value through profit and loss	7.3	(258)	393
Net gains and losses on financial instruments at fair value through other comprehensive income	7.4	28 327	25 410
Net gains and losses from the derecognition of financial assets at amortized cost	7.5	-	(200)
Income from other activities	7.6	4 963	7 647
Expenses from other activities	7.6	(1 696)	(1 508)
Net banking income		**120 749**	**126 474**
Operating expenses	7.7	(151 520)	(130 844)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	7.8	(7 040)	(5 659)
Gross operating income		**(37 812)**	**(10 029)**
Cost of risk	7.9	(35 097)	(10 550)
Operating income		**(72 908)**	**(20 580)**
Net income/expense from other assets	7.10	51	217
Other income		-	300
Earnings before tax		**(72 857)**	**(20 062)**
Income tax	7.11	15 958	6 364
Consolidated net income		**(56 899)**	**(13 698)**
Non-controlling interests		-	-
Net income, Group share		**(56 899)**	**(13 698)**

III. STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

IN THOUSANDS OF EURO	Notes	30.06.2023 *Variation*	31.12.2022 *Stock*	30.06.2022 *Variation*
Net income		**(56 899)**	**(6 563)**	**(13 698)**
Unrealised or deferred gains and losses that will be reclassified subsequently to income		**(30 377)**	**181 057**	**144 874**
Revaluation of financial assets at fair value through other comprehensive income	6.3	1 353	(3 188)	(2 229)
Revaluation of hedging derivative instruments of recyclable items	6.1	-	-	-
Hedge cost reserve	6.1	(42 309)	247 298	197 556
Tax related		10 579	(63 054)	(50 453)
Unrealised or deferred gains and losses that will not be reclassified subsequently to income		**(244)**	**16 575**	**7 341**
Actuarial gains and losses on defined benefit plans	9.2	-	21 557	8 733
Remeasurement of equity instruments at fair value through equity	6.3	(329)	791	1 165
Tax related		85	(5 772)	(2 557)
Total unrealised or deferred gains and losses		**(30 621)**	**197 632**	**152 216**
Net income and unrealised or deferred gains and losses		**(87 520)**	**191 069**	**138 518**
o/w Group share		*(87 520)*	*191 069*	*138 518*
o/w non-controlling interests		-	-	-

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group’s shareholders’ equity consists of the resources contributed by the sole shareholder in the form of capital and cumulative and retained earnings: reserves and retained earnings. Resources are also received when financial instruments are issued that meet the definition of an equity instrument as defined in IAS 32 Financial Instruments, eligible as “Additional Tier 1” capital and entailing no contractual obligation for the issuer to deliver cash to the holders of these instruments.

The remuneration paid to the holders of other equity instruments reduces the amount of reserves within shareholders’ equity.

On 15 March 2023, a capital increase was carried out under the plan to allocate free shares to certain members of Promontoria MMB's salaried staff and managers benefiting from the long-term incentive plan. These are non-voting preference shares convertible into ordinary shares (see note 9.5).

The following table “Changes in equity” shows the different movements over the period.

IN THOUSANDS OF EURO	Share capital	Items treated as capital	Unrealised or deferred gains and losses	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Total consolidated equity
Shareholders' equity at 01.01.2022	**59 000**	**97 820**	**31 070**	**724 231**	**(32 772)**	**879 349**	**879 349**
Dividend distribution	-	-	-	-	-	**-**	**-**
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unrealised or deferred gains and losses	-	-	(45 340)	-	-	**(45 340)**	**(45 340)**
Appropriation of 2021 net income	-	-	-	(32 772)	32 772	**-**	**-**
1st half of 2022 Net income for the period	-	-	-	-	(13 698)	**(13 698)**	**(13 698)**
Attributable remuneration to equity instruments	-	-	-	(4 000)	-	**(4 000)**	**(4 000)**
Hedge cost reserve	-	-	197 556	-	-	**197 556**	**197 556**
Other changes	-	-	-	3	-	**3**	**3**
Sub-total	**-**	**-**	**152 216**	**(36 769)**	**19 074**	**134 521**	**134 521**
Shareholders' equity at 30.06.2022	**59 000**	**97 820**	**183 286**	**687 462**	**(13 698)**	**1 013 870**	**1 013 870**
Dividend distribution	-	-	-	-	-	**-**	**-**
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unrealised or deferred gains and losses	-	-	(6 570)	-	-	**(6 570)**	**(6 570)**
2nd half of 2022 Net income for the period	-	-	-	-	7 135	**(7 135)**	**(7 135)**
Attributable remuneration to equity instruments	-	-	-	(4 000)	-	**(4 000)**	**(4 000)**
Hedge cost reserve	-	-	20 916	-	-	**20 916**	**20 916**
Other changes	-	-	-	(6)	-	**(6)**	**(6)**
Sub-total	**-**	**-**	**14 346**	**(4 006)**	**7 135**	**17 475**	**17 475**
Shareholders' equity at 31.12.2022	**59 000**	**97 820**	**197 632**	**683 456**	**(6 563)**	**1 031 345**	**1 031 345**
Dividend distribution	-	-	-	-	-	**-**	**-**
Increase in capital	86	-	-	(86)	-	**-**	**-**
Share-based payment plan	-	-	-	1 700	-	**1 700**	**1 700**
Sub-total of changes linked to relations with shareholders	**86**	**-**	**-**	**1 614**	**-**	**1 700**	**-**
Unrealised or deferred gains and losses	-	-	11 688	-	-	**11 688**	**11 688**
Appropriation of 2022 net income	-	-	-	(6 563)	6 563	**-**	**-**

1st half of 2023 Net income for the period	-	-	-	-	(56 899)	**(56 899)**	**(56 899)**
Attributable remuneration to equity instruments	-	-	-	(4 000)	-	**(4 000)**	**(4 000)**
Hedge cost reserve	-	-	(42 309)	-	-	**(42 309)**	**(42 309)**
Other changes	-	-	-	-	-	**-**	**-**
Sub-total	**-**	**-**	**(30 621)**	**(10 563)**	**(50 337)**	**(91 520)**	**(91 520)**
Shareholders' equity at 30.06.2023	**59 086**	**97 820**	**167 011**	**674 507**	**(56 899)**	**941 525**	**941 525**

V. Cash flow statement

IN THOUSANDS OF EURO	30.06.2023	31.12.2022	30.06.2022
Net income before tax	**(72 860)**	**(27 823)**	**(20 062)**
Non-monetary items included in pre-tax net income	**(16 634)**	**(75 635)**	**(33 669)**
Net depreciation/amortisation expense on tangible and intangible fixed assets	3 477	7 468	3 338
Net addition to provisions	6 554	(3 083)	(1 105)
Net income/loss from investments activities	(28 327)	(71 843)	(24 723)
Other changes[1]	1 662	(8 177)	(11 179)
Net increase/decrease in cash related to operating assets and liabilities	**409 086**	**(67 480)**	**(279 267)**
Interbank transactions	5 113	(2 895)	(1 195)
Customer current account transactions	(26 458)	327 965	143 485
Customer transactions	291 994	(484 449)	(488 985)
Transactions related to other financial assets and liabilities	149 000	156 160	163 005
Transactions related to non-financial assets and liabilities	(6 402)	(54 064)	(95 576)
Taxes paid	(4 161)	(10 197)	-
Net cash inflow (outflow) related to operating activities (A)	**319 592**	**(170 938)**	**(332 998)**
Net cash inflow (outflow) related to acquisition and disposal of financial assets	(125 309)	77 245	62 725
Net cash inflow (outflow) related to tangible and intangible fixed assets	(10 832)	(26 674)	(6 683)
Net cash inflow (outflow) related to investment activities (B)	**(136 141)**	**50 571**	**56 042**
Cash flow from/to shareholders	-	-	-
Other net cash flows arising from financing activities	(93 977)	(47 507)	114 729
Net cash inflow (outflow) related to financing activities (C)	**(93 977)**	**(47 507)**	**114 729**
Net inflow (outflow) in cash and cash equivalents (A + B+ C)	**89 474**	**(167 874)**	**(162 227)**
Cash and cash equivalents at the start of the year	**458 555**	**626 429**	**629 429**
Cash due from central banks (assets)	191 802	279 061	279 061
Current accounts with banks	271 217	356 878	356 878
Demand deposits and current accounts with banks	(4 464)	(9 510)	(9 510)
Cash and cash equivalents at the end of the year	**548 029**	**458 555**	**464 203**
Cash due from central banks (assets)	97 319	191 802	263 507
Current accounts with banks	451 522	271 217	202 837
Current accounts and loans from credit institutions	(812)	(4 464)	(2 142)
Net inflow (outflow) in cash and cash equivalents	**89 474**	**(167 874)**	**(162 227)**

[1] The item "Other Changes" consists mainly of deferred commissions.

VI. Notes to the financial statements

1. Major events of the period

1.1. Update on banking sector tensions following the failures of US banks and Crédit Suisse.

The collapse of a number of mid-sized US banks (Silicon Valley Bank, Silvergate Bank, Signature Bank) and then of Crédit Suisse has raised concerns about the banking sector and has led to tensions in the financial markets. These were reflected in the intervention of regulators in the United States and Switzerland, and in the virtual halt to debt issuance on the primary market.

These bank failures are due to weaknesses inherent in the banking institutions concerned or to the nature of their regulatory framework. Nonetheless, the concerns that these events have triggered are affecting the banking sector as a whole, including in the European Union where banks, even small ones, are subject to very strict regulation.

These tensions have not so far had any impact on My Money Group, which has a stable and diversified refinancing base.

The Group is monitoring the situation very closely, ensuring that its extremely strong liquidity position is maintained at all times.

1.2. Update on rising interest rates and the inflationary environment

After 2022, which saw inflationary pressures in France, Europe and the world, inflation has shown the first signs of slowing down. This context has prompted a response from central banks. The European Central Bank (ECB) has undertaken to reduce its various asset purchase programmes (APPs) and has raised its key rates on several occasions since July 2022.

This environment is reflected in the financial markets by a general increase in interest rates, impacting on banks' refinancing costs and profitability.

In line with its asset and liability management (ALM) and interest rate risk hedging policy, My Money Group has increased its hedging to protect itself against interest rate volatility.

It will be remembered that, in order to cope with the significant increase in its refinancing costs, My Money Group decided in September 2022 to temporarily limit the issuance of new loans to preserve its profitability. This is because the Group's ability to pass on increased refinancing costs to customers is limited by the usury rate applicable to most of its activities, which means that granting new loans could no longer meet the Group's profitability thresholds. As this was a short-term commercial decision, a gradual return to normal has been under way since the end of Q1 2023 as the usury rates in question come back in line with market rates. Since February 2023, the Banque de France has made an exceptional decision to adjust the usury rate calculation on a monthly rather than a quarterly basis.

My Money Group remains very prudent and is closely monitoring changes in interest and inflation rates, as well as their impact on the economy and the financial situation of its customers, in order to preserve the Group's commercial margins and profitability.

1.3. Social and environmental impacts of the Company - Effects of climate change and low-carbon strategy

The financial risks resulting from the effects of climate change, and the measures taken by My Money Group to reduce them, are described in the Statement of Non-Financial Performance prepared by Promontoria MMB for the 2022 financial year. The information in this statement relates to My Money Group entities as a whole.

To date, My Money Group has identified no particular exposure to environmental risks that could have a material impact on the Group's consolidated accounts at 30 June 2023 (see note 10.1).

1.4. Unwinding the acquisition portfolio hedge

In the wake of concerns caused by the defaults of certain US banks and Crédit Suisse, as well as the rise in rates due to inflationary pressures, significant volatility has been observed on the financial markets.

After revising its ALM assumptions and in order to limit the volatility of the hedge on the HBCE acquisition portfolio, the Group unwound €2.6 billion of payer spreads on 6 April 2023, thereby freezing a net premium valuation of 108 million euro (see note 6.1).

1.5. Acquisition project

On 14 June 2023, My Money Group – through its entities Promontoria MMB and Banque des Caraïbes – and HSBC Continental Europe ("HBCE") signed a memorandum of understanding amending the scope and conditions of the acquisition by My Money Group of HSBC's retail banking operations in France. This revision of the initial agreement reached in November 2021 comes in the wake of a sharp rise in interest rates since 2021 and its expected impact on the fair value of the loan portfolio taken over from HSBC. It aims to guarantee a high level of solvency for the Group at the acquisition date and beyond, and to obtain regulatory approval for the acquisition of HSBC's business.

The main changes to the initial agreement are as follows:

- Retention by HBCE of 7 billion euro in property loans, these loans being replaced by cash;
- Additional capital contributions from HSBC and Cerberus to ensure a CET1 ratio in excess of 15% at the acquisition date;
- Retention of the CCF brand by HBCE, which will allow My Money Group to use it under license;
- Extension of the life insurance and asset management distribution agreements (co-investment plans to enhance the offering to customers and support the distribution of HSBC products);
- The acquisition date has been delayed by three months and is now set for 1 January 2024.

This memorandum of understanding is subject to consultation with works councils and the approval of the governance bodies of both parties.

The acquisition remains subject to the approval of the regulators (Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank), to whom a new application has been submitted reflecting the revised terms of the operation.

1.6. URSSAF audits

On 20 January 2023 and 13 March 2023 respectively, My Money Bank and Promontoria MMB received a notice of inspection from URSSAF Nord-Pas-de-Calais in order to audit the application of legislation relating to compulsory contributions collected by the collection agencies since 1 January 2020.

Both audits are still ongoing.

1.7. Collective redundancy scheme

Negotiations between executive management and the trade unions at Banque des Caraïbes began in January and culminated on 20 April 2023 in the signing of an agreement on a collective redundancy scheme for the Antilles-Guyana region.

2. Significant post-balance sheet events

None

3. Accounting standards applied

3.1. Accounting standards applicable

The consolidated accounts of the Promontoria MMB group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the European Union and applicable at this date. This set of consolidated financial statements at 30 June 2023 was prepared in compliance with IAS 34 - Interim Financial Reporting. The notes presented therefore relate to the most significant events in the first the half of the reporting period, and must be read in conjunction with the Group's consolidated financial statements at 31 December 2022.

This body of standards includes the IFRS themselves, the International Accounting Standards (IAS), and their interpretations by the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC).

The Group's activities are not seasonal or cyclical in nature, so the first half results are not influenced by such factors. The Group's condensed consolidated financial statements at 30 June 2023 were adopted by the Board of Directors on 27 July 2023.

3.2. Consolidated Financial statements presentation

As there is no model required by IFRS, the format of the summary statements used to present the data for the 2023 financial year was determined in line with the format proposed by the French accounting standards authority (ANC), in its Recommendation No. 2022-01 of 11 March 2022. The presentation of comparative data for the 2022 financial year has not been modified and complies with the provisions of ANC Recommendation No. 2022-01 of 11 March 2022.

The notes to the consolidated financial statements relate to significant events and transactions in order to understand the changes in the Group's financial position and performance during the first half 2023. The disclosures presented in these notes focus on information that is relevant and material to the Group's financial statements, its activities and the circumstances in which they were conducted during the period.

3.3. Reporting currency

The consolidated accounts are published in euro.

The amounts presented in the financial statements are expressed in thousands of euro, except where stated otherwise. The effect of rounding can generate discrepancies between the figures presented in the financial statements and those presented in the notes.

3.4. New standards

a. Standards, amendments and interpretations coming into force and applied at 1 January 2023

The standards and interpretations used and described in the annual financial statements at 31 December 2022 have been supplemented by the standards, amendments and interpretations that are of mandatory application to annual periods beginning on or after 1 January 2023.

New standards or amendments	Theme	Date of endorsement by the European Union (EU)	Effective date within EU
Amendments to IAS 12	Income taxes – Deferred tax on assets and liabilities resulting from the same transaction	11 August 2022	1 January 2023
Amendments to IAS 1	Disclosure of accounting principles	3 March 2022	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	3 March 2022	1 January 2023
Amendments to IFRS 17	Insurance contracts	19 November 2021	1 January 2023
Amendments to IFRS 12	International Tax Reform – Pillar 2 Model Rules	Not adopted	1 January 2023

IAS 12 amendments - Taxes on income - Deferred tax on assets and liabilities resulting from the same transaction

This amendment aims to remove the initial recognition exemption for deferred taxes so that it would not apply to operations that give rise to equal and offsetting temporary differences.

It clarifies a point in the standard that, in certain circumstances, exempted entities from recognising deferred tax when initially accounting for an asset and a liability. For lease operations in particular, entities are now required to recognise deferred tax.

No accounting impact is anticipated, as the Group already applies a net approach to the recognition of deferred taxes.

Amendments to IAS 1 – Disclosure of Accounting Policies

These amendments clarify that accounting policies relating to immaterial transactions, other events or conditions are themselves immaterial and need not be disclosed. However, accounting policy information may be material in light of the nature of the transaction (event or condition), even if the amounts involved are immaterial.

These amendments are intended to provide additional disclosures in the financial statements where there is a material impact on the Group's accounts.

The accounting policies applied by the Group are already described in the financial statements. There are no new policies generating significant impacts and requiring more disclosures.

Amendments to IAS 8 – Definition of accounting estimates

The amendments clarify that an accounting policy may require line items in financial statements to be measured in a way that involves measurement uncertainty; in other words, the accounting policy may require these items to be measured at monetary amounts that cannot be observed directly and must instead be estimated.

The Group is unaffected by this amendment.

Amendments to IFRS 17 – Insurance Contracts

These amendments aim to reduce costs by simplifying certain provisions of the standard, make financial performance easier to explain and ease the transition by postponing the effective date of the standard to 2023 and providing additional relief to reduce the effort required on first-time application of IFRS 17.

My Money Group is not within scope of IFRS 17.

AMENDMENTS TO IAS 12 – INTERNATIONAL TAX REFORM – PILLAR 2 MODEL RULES

The amendment treats the “Pillar 2" additional tax as income tax and introduces a mandatory temporary exception for the deferred tax that would result from these provisions. It requires an entity to disclose its exposure to the new tax effects in the notes to the financial statements.

This amendment is applicable retrospectively.

Pending transposition of the European directive into French law, an analysis of the Pillar 2 rules is under way to determine the impacts on the Group.

b. MAIN NEW STANDARDS THAT HAVE BEEN PUBLISHED BUT ARE NOT YET EFFECTIVE

The estimated timeline for the application of these standards is as follows:

Accounting standards	Themes	Decision date	Start date
Amendments to IFRS 16	Lease liability in a sale and leaseback	Not adopted	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	Not adopted	1 January 2024
Amendments to IAS 1	Classification of liabilities as current or non-current	Not adopted	1 January 2024
Amendments to IAS 7	Supplier Finance Arrangements	Not adopted	1 January 2024

3.5. USE OF JUDGMENT AND ESTIMATES

The preparation of the financial statements involves making assumptions and estimates in certain areas that may or may not prove accurate in the future. These sources of uncertainty can affect the determination of income and expenses in the profit or loss account, the measurement of balance sheet assets and liabilities, and some items of information presented in the notes. These estimates using information available at the reporting date call for the use of judgment by preparers. The eventual future result may differ materially from these estimates in response to changes in the Group’s economic and regulatory environment and may have a significant influence on the financial statements.

In the particular case of the statements of 30 June 2023, the main measurements requiring the use of assumptions and estimates are the following:

- the balance sheet fair value of financial instruments not quoted in an active market active based on internal models recorded under the headings *Financial assets or liabilities at fair value in profit or loss, Hedging derivatives* and *Financial assets at fair value through equity*;
- impairment and credit risk provisions for financial assets at amortised cost, financial assets at fair value through equity and loan undertakings and financial guarantees whose measurement depends on internal models and parameters based on historical, current or forward-looking data. The inclusion of the expected impacts of the particular economic context in 2023 (war in Ukraine, inflation) in the assumptions for the calculation of forward-looking information, notably by using the macro-economic forecasts of public institutions;
- the provisions recorded under liabilities in the statement of financial position;
- deferred tax assets and liabilities accounted for in the statement of financial position.

The assumptions on which the Group’s main estimates are based have been reviewed at 30 June 2023 in light of the current economic context described above see. note 1.2.

4. Principles for drafting the consolidated financial statements

4.1. Determining the consolidation perimeter

The consolidation of the Group's financial statements at 30 June 2023 includes the accounts of Promontoria MMB and of all the entities which it controls.

The scope of the entities consolidated by Promontoria MMB is set out in note 5.1.

4.2. Consolidation methods

Under IFRS 10, control of an entity is assessed using three cumulative criteria:

- power over the investee, i.e., the effective rights that give it the current ability to direct the activities that significantly affect the entity's returns (e.g. though voting or other rights);
- exposure, or rights, to variable returns from its involvement with the investee, such as dividends, changes in the fair value of an investment, or tax benefits;
- the ability to use its power over the investee to affect the amount of the investor's returns.

For entities governed by voting rights, the Group generally controls an entity if it directly or indirectly holds the majority of the voting rights and if there are no other agreements that change the power of these voting rights.

The scope of the voting rights taken into consideration for assessing the nature of the control exercised by the Group includes the existence and impact of substantive potential voting rights, such as those that may be exercised to take decisions on the relevant activities during the next General Meeting.

The Group exercises joint control in a joint arrangement when the decisions regarding the entity's relevant activities contractually require the unanimous consent of the partners.

Significant influence is defined as the power to participate in the financial and operating policy decisions of an investee, but not to control them. It may result from representation on the board of directors or supervisory bodies, participation in strategic decisions, the existence of material transactions between the entity and the investee, the interchange of managerial personnel, or technical dependence.

Consolidation methods are applied depending on the nature of the control exercised by Promontoria MMB over its subsidiaries.

4.3. Consolidation rules

a. Retreatments and eliminations

Before consolidation, the statutory accounts of the consolidated companies undergo certain restatements to bring them into line with the accounting principles applied by the Group.

Balances and reciprocal revenues and expenses resulting from internal operations are eliminated, including dividends and the gains and losses due to intra-group disposals.

b. Business combinations

Business combinations have been accounted for by applying the acquisition method in accordance with IFRS 3 (amended) for business combinations carried out after 1 January 2010.

Under this method, the identifiable assets acquired, and the liabilities assumed from the acquiree are accounted for at their fair value on the measurement date.

The acquisition cost is equal, at the acquisition date, to the sum of the fair values of the assets given, the liabilities incurred and the equity instruments issued in exchange for control of the acquiree. Any price adjustments are included in the acquisition cost at their estimated fair value at the acquisition date and remeasured at each reporting date. Subsequent adjustments are recorded in profit or loss.

Costs directly attributable to the combination operation constitute a separate transaction and are recorded in profit or loss.

Goodwill corresponds (except for acquisitions in stages) to the difference between the consideration transferred and the acquirer's share of the fair value of the identifiable assets and liabilities at the acquisition date. This difference is recorded as goodwill in the acquirer's assets if it is positive and is recognised immediately in the income statement as a "bargain purchase gain" if it is negative.

On the date that control is obtained, non-controlling interests can be measured for each combination, at the Group's discretion:

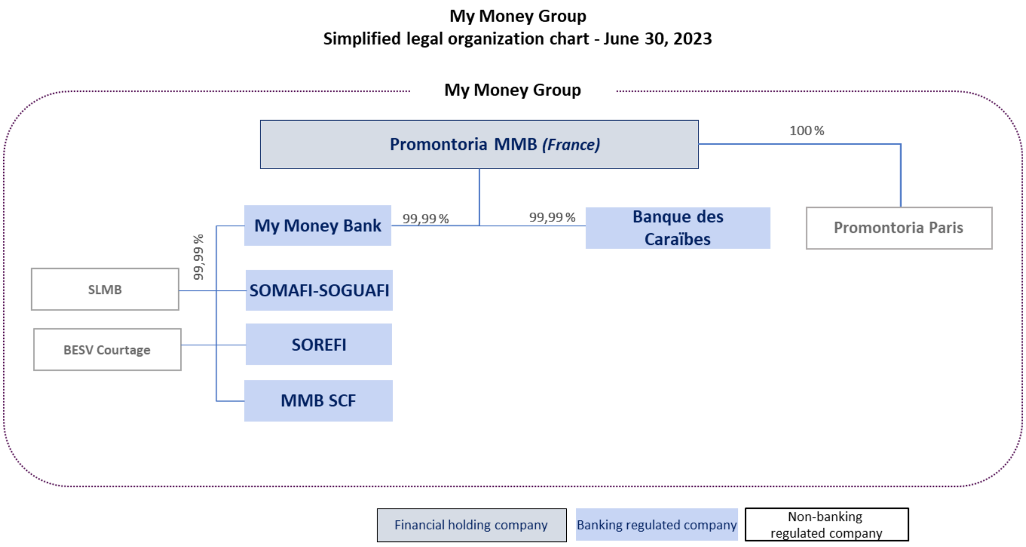
- Either on the basis of their share in the fair value of the identifiable net assets of the acquiree at the acquisition date, without accounting for goodwill for non-controlling interests (the "partial goodwill" method).
- Or at their fair value. In this case, a fraction of the goodwill will then be attributed to them (the "full goodwill" method).

5. Consolidation scope

5.1. Consolidation scope at 30 June 2023

The simplified organisational chart below shows the companies held directly or indirectly by the financial holding company Promontoria MMB as at 30 June 2023.

There are no changes to the Group's consolidation circle at 30 June 2023 by comparison with 31 December 2022.



The consolidated entities and the methods of consolidation are presented in the table below.

Entity	Country	Method of consolidation	% of interest
Promontoria MMB S.A.S.	Metropolitan France	Parent	
Promontoria Paris S.A.S.	Metropolitan France	Full consolidation	100%
My Money Bank S.A.	Metropolitan France	Full consolidation	100%
SOREFI S.A.	Reunion	Full consolidation	100%
SOMAFI-SOGUAFI S.A.	Caribbean	Full consolidation	100%
Banque des Caraïbes S.A.	Caribbean	Full consolidation	100%
MMB SCF S.A.	Metropolitan France	Full consolidation	100%
BESV Courtage S.A.	Metropolitan France	Full consolidation	100%
SLMB S.A.	Metropolitan France	Full consolidation	100%

The consolidation perimeter of Promontoria MMB includes the following securitisation vehicles:

Entity	Country	Method of consolidation
FCT EmeraldOne	Metropolitan France / Reunion / Caribbean	Full consolidation
FCT SapphireOne Auto 2019-1	Reunion / Caribbean	Full consolidation
SapphireOne Auto-FCT 2022	Reunion / Caribbean	Full consolidation

In accordance with its refinancing strategy, the Group has proceeded during the first half of 2023 to the full redemption of the portfolio transferred to the SapphireOne Auto 2019-1 fund, for an amount of 63 million euro with full impairment of all liabilities at 24 April 2023.

All the subsidiaries are regarded as controlled by Promontoria MMB and are consolidated through full integration. This consolidation method consists of replacing the carrying value of the holding with the items of the investee's assets and liabilities in the parent company's accounts.

6. Notes on the balance sheet

6.1. Hedging derivative assets and liabilities

The Group applies the provisions of IFRS 9 to its all hedging relationships, with the exception of fair value hedges of the rate risk of a portfolio of financial assets or liabilities, to which the Group applies the provisions of IAS 39 as endorsed by the European Union.

A derivative can qualify as a hedging instrument if it meets a number of criteria set out in IFRS 9. The hedging relationship will be documented at inception, indicating the hedging strategy pursued, the designation of the hedged risk and the hedged item, the hedging instrument, and the method of measuring hedge effectiveness. Effectiveness depends on three criteria reflecting the risk management objectives:

- there is an economic relationship between the hedged item and the hedging instrument (inverse correlation);
- the changes in the value of the derivative are mainly due to credit risk changes (except in the special case where changes in the underlying factor and the credit risk are both reduced);
- the hedge ratio, i.e. the relationship between the quantity of the hedged items and the quantity of the hedging instruments, corresponds to the ratio used by the Group in its operational risk management.

These instruments will be classified on the statement of financial position under the heading "Derivative hedging instruments". IFRS 9 recognises three types of hedging relationships, depending on the objective and the risk:

- **Fair Value Hedge (FVH):** hedging the risk of change in the value of an existing asset or liability, or of a firm commitment;
- **Cash Flow Hedge (CFH):** the aim is to hedge against exposure to variability in future cash flows for a highly probable forecast transaction or an existing operation with variable flows;
- **Hedge of net investments in foreign operations**: this type of hedge is used for the foreign exchange risk of a net investment (equity investments, long-term loans, unremitted income) in a consolidated entity abroad.

Existing hedging relationships within the Group are either "cash flow hedges" or "fair value hedges". All hedging relationships aim to hedge the interest rate risk

a. Determining fair value of financial instruments

For the needs of financial reporting, IFRS 13 introduces a three-level fair value hierarchy, based on the decreasing order of observability of the values and parameters used for valuation. Some instruments can use inputs available at several levels, in which case the fair value measurement is categorised at the lowest level input that is significant to the entire measurement, based on the application of judgment.

- **Level 1:** fair value is determined using quoted prices in an active market that are immediately accessible and directly usable.
- **Level 2:** the instruments are measured using valuation techniques whose significant inputs are observable on the markets, directly (prices) or indirectly (derived from prices).

- **Level 3:** this level includes the instruments valued on the basis of significant parameters that are not observable on the markets, for example in the absence of liquidity of the instrument, risks inherent in measurement model or in the inputs used. Unobservable inputs shall be the subject of internal assumptions that best reflect the assumptions that market participants would use when pricing the asset or liability. Developing these assumptions calls for judgment.

For financial instruments presented at level 3 of the fair value hierarchy, there may be a difference between the transaction price and the market value. Where it results in a gain for the Group, this margin ("day one profit") is deferred and spread in profit or loss over the anticipated period during which valuation inputs will not be observable. When originally unobservable inputs become observable, the unrecognised portion of the margin is then recognised in profit or loss.

A day one loss is immediately recognised in profit or loss in its entirety.

The majority of financial instruments held by the Group are considered as belonging in level 2. These loans are measured by a discounted cash flow technique based on significant indirectly observable inputs (including discount rates based on Euribor).

IN THOUSANDS OF EURO	30.06.2023			31.12.2022		
	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Level 1	Fair value Level 2	Fair value Level 3
Hedging derivatives	-	268 923	-	-	455 263	-
Financial assets at fair value through profit and loss	-	54 904	6 779	-	60 174	5 644
Financial assets at fair value through other comprehensive income	127 504	48 725	16 530	89 148	47 754	13 939
Financial assets at amortised cost	85 603	-	-	-	-	-
Loans and receivables due from banks and credit institutions at amortised cost	-	451 440	-	-	271 281	-
Loans and receivables due from customers at amortised cost	-	6 738 679	-	-	6 937 705	-
Non-current assets held for sale	-	9 443	-	-	9 443	-
Total financial assets	**213 106**	**7 572 114**	**23 308**	**89 148**	**7 781 620**	**19 583**
Financial liabilities at fair value through profit and loss	-	45 680	6 889	-	50 952	5 733
Hedging derivatives	-	346 166	-	-	378 918	-
Debt securities issued	-	1 728 071	-	-	1 721 253	-
Due to bank and credit institutions	-	315 185	-	-	391 412	-
Due to customers	-	4 534 385	-	-	4 478 529	-
Total financial liabilities	**-**	**6 969 487**	**6 889**	**-**	**7 021 064**	**5 733**

The Group holds financial products classified as hedging instruments and assessed as belonging in level 3. These are BGS interest rate swaps (Balance Guaranteed Swaps) for which the nominal value is always adjusted to the nominal amount of the hedged item. With regard to the characteristics of the BGS, Promontoria MMB must use valuation assumptions taking account of early repayments or extensions of the hedged loans, or any other parameters that may affect the maturity or amortisation profile of these instruments. These estimates are based on the scenarios of changes in the associated yield curve and on the probability of these events occurring attributed to these different scenarios.

The Group's Balance Guaranteed Swaps portfolio currently consists of two "back-to-back" reverse swaps with the same characteristics. These swaps cancel each other out without any material impact on profit or loss.

b. Derecognition of financial assets or liabilities

According to IFRS 9, financial assets are derecognised when the contractual rights to the cash flows on the asset expire, or these rights and substantially all of the risks and rewards of ownership of the asset are transferred.

Where the Group has neither transferred nor retained substantially all of the risks and rewards associated with the asset, the transfer of control of the asset is analysed. If control is lost, the asset is derecognised. If control is retained, the asset continues to be accounted for on the balance sheet to the extent of the continuing involvement (for example, in the form of a guarantee or a written and/or purchased option on the transferred asset). A liability representing the obligations resulting from the transfer is also recognised.

A financial liability is derecognised if the contractual obligation is discharged, cancelled or expires.

c. Hedging instruments

IN THOUSANDS OF EURO	30.06.2023				31.12.2022			
	Notional amount	Carrying amount		Ineffective portion accounted for in profit or loss	Notional amount	Carrying amount		Ineffective portion accounted for in profit or loss
		Assets	Liabilities			Assets	Liabilities	
Fair value hedge								
Interest rate swaps	4 708 015	268 923	(346 166)	(239)	4 654 401	292 281	(378 918)	2 123
Cash flow hedge								
Interest rate swaps	-	-	-	-	5 200 000	162 982	-	-

Hedging the acquisition portfolio

In conjunction with the signature of the memorandum of understanding with HBCE for the acquisition of its French retail bank, and in order to hedge the impact of interest rate changes on the acquired portfolio, the Group has executed a portfolio of interest rate derivates composed of swaptions for a nominal amount of 8 billion euro (4 billion payer and receiver swaptions to reconstitute 2 billion payer swaps, 2 billion receiver swaptions and 2 billion payer swaptions).

These instruments were executed on 21 June 2021 and were contingent on completion of the acquisition ("deal-contingent swaps & swaptions").

These derivatives were classified as a cash flow hedge, thereby fixing the future cash flows of a highly probable future transaction.

In order to adjust the hedge following changes in the underlying portfolio, these instruments were terminated and new swaptions were entered into on 25 March 2022 for a nominal amount of 5.2 billion euro (2.6 billion euro purchase of payer swaptions and 2.6 billion euro sale of payer swaptions) without a contingency clause. These derivatives are also classified as a cash flow hedge, thereby fixing the future cash flows of a highly probable future transaction.

On 6 April 2023, the Group decided to terminate the entire 5.2 billion euro payer spread in order to avoid volatility in P&L linked to changes in the value of the ineffective portion of the hedge.

More precisely, the adjustment of the hedges is materialised by the following operations:

- Unwinding of the earlier hedge with a nominal value of 8 billion euro, resulting in the derecognition of the derivatives from the balance sheet in exchange for the receipt of a net cash amount of 152,135 thousand euro. The amounts accumulated in equity in respect of the effective portion of the hedge for a total of 152,135 thousand euro remain in equity until the hedged transaction occurs,

- Execution of new hedges on 25 March 2022, resulting in the payment of a premium of 40,675 thousand euro. The measurement of these instruments, classified as cash flow hedges, stands at 162,627 thousand euro including an ineffective portion of 47,120 thousand euro recognised directly in profit or loss as a result of mismatches between the derivatives and the hedged item.
- Unwinding of the swaptions portfolio of nominal value of 5.2 billion euro with a net value of 149,000 thousand euro. This transaction resulted in the recognition of 75,448 thousand euro in the income statement (including the ineffective portion of 47,120 thousand euro recognised at the end of 2022) and 32,877 thousand euro accounted for in OCI to be recycled in the income statement at the conclusion of the acquisition transaction, spread as of the first year.

The table below breaks down the notional amounts of hedging derivatives by maturity date and their average rate by maturity bands:

IN THOUSANDS OF EURO	Less than 1 month		1 to 3 months		3 months to 1 year		1 to 5 years		More than 5 years		Total
	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	
Fair value hedge	57 168	0.46%	10 345	0.02%	52 549	0.43%	1 894 759	1.49%	2 693 196	0.25%	4 708 015
Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Total hedging derivatives	**57 168**	**0.46%**	**10 345**	**0.02%**	**52 549**	**0.43%**	**1 894 759**	**1.49%**	**2 693 196**	**0.25%**	**4 708 015**

d. Hedged items

The table below presents detailed information on the items hedged in a fair value hedging relationship.

Fair value hedge - Interest rate risk IN THOUSANDS OF EURO	Balance sheet item including hedging instrument	30.06.2023			31.12.2022		
		Carrying value of hedged item		Change in fair value for the calculation of the ineffective portion	Carrying value of hedged item		Change in fair value for the calculation of the ineffective portion
		Assets	Liabilities		Assets	Liabilities	
- Fixed rate restructured mortgage loans	Loans and receivables due from customers at amortised cost	(237 438)	-	22 644	(260 081)	-	(258 087)
- Vehicle loans	Loans and receivables due from customers at amortised cost	(3 253)	-	(1 595)	(1 659)	-	(1 599)
- Fixed rate restructured consumer loans	Loans and receivables due from customers at amortised cost	(11 278)	-	978	(12 256)	-	(13 172)
- Covered bonds	Debt securities issued	-	(332 931)	(31 748)	-	(364 680)	332 228
- Securities	Financial assets at fair value through equity	(13 999)	-	861	(14 861)	-	(12 911)
- Tier 2	Subordinated debt	-	(11 722)	(771)	-	(12 493)	11 107

The ineffectiveness resulting from the Group's fair value hedges amounted to 260 thousand euro at 30 June 2023 and is recognised under "Net gains or losses on financial instruments at fair value through profit or loss" (see Note 7.3).

The following information provides details on the items hedged in cash flow hedges.

Cash flow hedge - Interest rate risk IN THOUSANDS OF EURO	30.06.2023 Change in fair value for the calculation of the ineffective portion	Cash flow hedge reserve on hedging instruments	Cash flow hedge reserve on discontinuation of the hedging relationship	31.12.2022 Change in fair value for the calculation of the ineffective portion	Cash flow hedge reserve on hedging instruments	Cash flow hedge reserve on discontinuation of the hedging relationship
Floating rate notes	-	-	-	-	-	-
Highly probable future transaction	-	204 989	-	-	247 298	-

e. Cash flow hedge effectiveness

Cash flow hedge - Interest Rate Risk IN THOUSANDS OF EURO	30.06.2023 Gains / Losses recognised in OCI	Ineffective portion accounted in profit or loss	Item in comprehensive income including ineffective portion of hedge	31.12.2022 Gains / Losses recognised in OCI	Ineffective portion accounted in profit or losses	Item in comprehensive income including ineffective portion of hedge
Interest rate swaps	204 989	-	Net gains and losses on financial instruments at fair value through other comprehensive income	247 298	71 843	Net gains and losses on financial instruments at fair value through other comprehensive income

f. Equity components related to Cash Flow Hedge

Interest Rate Risk - CFH IN THOUSANDS OF EURO	Effective portion of the hedge	Hedge cost	Total
CFH Reserve at 31.12.2021	**24 294**	**4 532**	**28 827**
Fair value of derivatives recognised in equity	288 998	(70 526)	218 472
CFH Reserve at 31.12.2022	**313 292**	**(65 994)**	**247 298**
Fair value of derivatives recognised in equity	(42 309)	-	(42 309)
CFH Reserve at 30.06.2023	**270 983**	**(65 994)**	**204 989**

6.2. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include assets which satisfy one of the following conditions:

The financial asset is mandatorily measured at fair value from initial recognition because:

- Either its contractual cash flows cannot be regarded as constituting a simple loan (failure to respect the SPPI criterion); or
- Its cash flows meet the SPPI criterion but the financial asset is managed under an "Other" business model.
- IFRS 9 allows for the designation of a financial asset as measured at fair value through profit or loss only when it eliminates or significantly reduces an accounting mismatch.

The market value of these assets is reviewed at each reporting date following the approach described in Note 6.1.a. The fair value variations resulting from these remeasurements, the dividends on variable-yield securities and gains or losses on disposals are accounted for in profit or loss on the line "Gains or losses on financial instruments at fair value in profit or loss" on the consolidated income statement.

Income on fixed-yield securities is presented separately on the line "Interest and similar income" in the consolidated income statement.

The financial assets and liabilities of this category carried by the Group correspond to:

- loans and securities that do not meet the SPPI criteria in accordance with IFRS 9.
- derivatives held for trading, meaning that they are not entered into and documented as part of a hedging relationship. These derivatives are only swaps.

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Loans	6 586	6 586
Bonds	2 638	2 635
Trading derivatives (*)	52 458	56 596
Total financial assets at fair value through profit and loss	**61 682**	**65 818**
Trading derivatives (*)	(52 569)	(56 685)
Total financial liabilities at fair value through profit and loss	**(52 569)**	**(56 685)**

(*) Interest rate swaps and "mirror" swaps. Since the implementation of EMIR, it is no longer possible to cancel hedging instruments, they must be offset by a back-to-back or "mirror" swap.

IN THOUSANDS OF EURO	30.06.2023			31.12.2022		
	Notional amount	Carrying amount		Notional amount	Carrying amount	
		Assets	Liabilities		Assets	Liabilities
Trading derivatives	1 455 360	52 458	(52 569)	1 576 827	56 596	(56 685)

6.3. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are mainly debt instruments (bonds and other fixed-income securities). These debt instruments stood to 190 million euro at 30 June 2023 compared with 152 million euro at 31 December 2022.

a. Remeasurement of financial assets at fair value through equity with recycling

At 30 June 2023, the Group records on these assets:

- an unrealised capital loss of (2,071) thousand euro versus (3,287) thousand euro at 31 December 2022, and
- an impairment, measured under IFRS 9, of (243) thousand euro versus (381) thousand euro at 31 December 2022.

The net variation of impairment, recorded in equity at end of December, amounted to 1,353 thousand euro versus (3,972) thousand euro at 31 December 2022.

The remeasurement of securities backed by hedging instruments stands at 17 million euro compared with 15 million euro at 31 December 2022.

b. Remeasurement of equity instruments at fair value through equity without recycling

On 23 February 2023 Promontoria MMB took part in a new financing round by the company One Zero Digital Bank Ltd. Following this operation, Promontoria MMB holds 1,044,935 new ordinary shares or 6,066,372 shares in total.

An analysis of control was conducted in accordance with IFRS 10, showing that the Group does not have control.

These are ordinary shares without redemption rights and with no maturity date. The Group has made an irrevocable election to classify and measure this batch of shares at fair value through non-recyclable equity, in accordance with IFRS 9.5.7.5.

The changes in fair value thus accumulated in equity will not be reclassified to profit or loss during subsequent financial periods.

At 30 June 2023, the Group recorded a foreign exchange gain of 462 thousand euro recognised in unrecyclable equity in accordance with IAS 21.

6.4. Financial assets measured at amortised cost

a. Financial assets measured at amortised cost

A financial asset must be measured at amortised cost if the following two conditions are fulfilled:

- the financial asset is held in a business model in which the objective is to hold financial assets in order to collect their contractual cash flows (“hold to collect”);
- the contractual cash flows correspond solely to payments of principal and interest (the SPPI criterion).

Product segmentation

The analyses conducted in Promontoria MMB have grouped the financial assets into portfolios segmented by two criteria: the product type and the geographical area (distinguishing between mainland France and the overseas entities).

Since 2020, a geographical segmentation has been added to the Overseas portfolio, an analysis of the recent past recent having shown a significant difference in customer behaviours. PD/LGD models have been adjusted to take account of this segmentation.

Since 2022, the "My Mortgage In France" segment has been incorporated into the Banque des Caraïbes portfolio. This business involves mortgage financing for non-resident customers.

During the integration of Banque des Caraïbes portfolios, an analysis was conducted to segment the assets by two criteria: the type of customer, and product type. Business models were then assigned in accordance with IFRS 9 to each type of portfolio presented below:

Debt Consolidation - DC	DOM[2]	REAL ESTATE	NON-CORE	BDC
- DC Secured	- Auto	- Real Estate	- Structured Finance (LBO)	- Commercial
- DC Unsecured	- Personal loan		- Others	- Mortgage
	- Revolving Credit			- SME
	- Dealer			- Particular
				- MMIF (My Mortgage in France)

A study of the business model criteria has led the Group to conclude that all the portfolios presented are held in accordance with the "hold to collect" business model.

As a result, all the portfolios presented above meet the SPPI test criteria and are held in accordance with the "hold to collect" business model. In consequence, they are measured at amortised cost.

[2] The DOM portfolio includes the Overseas entities Sorefi and Somafi-Soguafi as they have similar activities. The Banque des Caraïbes is analysed as another portfolio with different segments.

FINANCIAL ASSETS AT AMORTISED COST

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Bonds and other fixed-income securities	85 622	-
Shares and other variable-income securities	-	-
Other investment securities	-	-
Investment securities before provisions	**85 622**	**-**
Individual provisions	**(19)**	**-**
Investment securities at amortised cost	**85 603**	**-**
Current accounts	451 483	271 324
Loans and receivables due from banks and credit institutions before provisions	**451 483**	**271 324**
Individual provisions	**(43)**	**(43)**
Loans and receivables due from banks and credit institutions	**451 440**	**271 281**
Debt consolidation (mortgages and personal loans)	3 692 515	3 785 723
DOM	1 200 123	1 198 912
BDC	398 511	412 536
Real Estate	1 786 783	1 884 045
Non-core	64 317	50 982
Loans and receivables at amortised cost before provisions	**7 142 249**	**7 332 198**
Collective provisions	**(151 601)**	**(120 497)**
Remeasurement of hedged items	**(251 969)**	**(273 996)**
Loans and receivables due from customers	**6 738 679**	**6 937 705**
Total financial assets at amortised cost	**7 275 722**	**7 208 987**

b. Fair value of financial assets measured at amortised cost

IN THOUSANDS OF EURO	FV at 30.06.2023	NBV at 30.06.2023
Bonds and other fixed-income securities	85 142	85 603
Shares and other variable-income securities	-	-
Other investment securities	-	-
Investment securities at amortised cost	**85 142**	**85 603**

c. Depreciations for loans and receivables at amortised cost

Credit risk is expressed through the impairment provisions recognised for expected credit losses as defined by IFRS 9.

MANAGEMENT OF THE (NEW) RISKS ENGENDERED BY THE CRISIS AND MEASURES APPLIED

Since the application of IFRS 9, Promontoria MMB has included a forward-looking parameter in the calculation of impairment for expected credit losses.

Until December 2019, the scenarios and weightings were revised annually. The most adverse scenarios were based on observations made during the 2008/2009 crisis. In Q4 2019, three scenarios were used: favourable, baseline and adverse, respectively weighted at 10%, 60% and 30%.

During the 2020 health crisis, the Group conducted a quarterly review of economic forecasts. The main source of projections was the Banque de France publication (BDF), which is updated quarterly.

Until March 2022, existing internal models for debt consolidation and DOM portfolios were used to estimate the additional risk due to the economic crisis.

To forecast macroeconomic factors, two scenarios were used: the baseline scenario, based on the outcome of the scenarios weighted by the Banque de France, and an adverse scenario based on the Banque de France's adverse scenario.

For several months, international events and an unprecedented economic context have heavily influenced the economic indicators of our internal models, making it necessary to take them into account appropriately in determining credit risk.

Accordingly, the Group has decided to enhance its credit risk estimates by taking account of the following elements:

- an analytical approach to the impact of the fall in purchasing power has been carried out on the debt consolidation portfolios and on individual customers in our other portfolios.
- for professional customers, a sectoral impact analysis has been used to determine the forward-looking impact. Counterparties were segmented according to their sector of activity (based on the NAF code). Four levels of risk were identified based on the impact that the current crisis could have on these activities. The forward-looking impact is therefore dependent on the activity and risk associated with each counterparty.

An individual analysis has been carried out on the professional real estate and non-core portfolios to estimate the additional risk due to the economic crisis.

The nature of the risk is related to a decrease in the valuation of the collateral for all professional real estate contracts and an increase in the risk of counterparty default for non-core contracts (PD downgraded by rating and industry).

We continue to apply two scenarios. In June 2023, a weighting of 50% was attributed to the baseline scenario and a 50% weighting to the adverse scenario.

SUMMARY OF WEIGHTINGS FROM 2019 TO 2023

Period	Favourable	Baseline	Adverse	Severely adv
31 December 2019	10%	60%	30%	
30 June 2020		BDF scenario		
31 December 2020		80%	20%	
30 June 2021		80%	20%	
31 December 2021		70%	30%	
30 June 2022		50%	50%	
31 December 2022		50%	50%	
30 June 2023		50%	50%	

SENSITIVITY OF THE SCENARIOS AT 30 JUNE 2023

Segments subject to analysis by portfolio:

Sensitivity of scenarios S1'23	Consolidated debts		DOM-Individual		DOM-Pro	
Reference	**16.7**		**50.8**		**8.8**	
	Amount	**Delta**	**Amount**	**Delta**	**Amount**	**Delta**
Baseline scenario	18.2	1.5	52.3	1.5	10.8	1.9
Adverse scenario	25.9	9.3	56.0	5.2	12.1	3.2

Credit risk is calculated by type of customer.

Throughout the year, sensitivity tests have been carried out to measure the impact of macro-economic data in our ECL estimations.

For example, provision calculated on the debt consolidation portfolio by the models is set at 16.2 million euro. In a baseline forward-looking scenario, the additional provision is 1.4 million euro, i.e. a provision of 17.7 million euro. In an adverse forward-looking scenario, the additional provision is 8.7 million euro, in total 25.0 million euro. The sensitivity of each scenario is therefore assessed in comparison with the ECL models before forward-looking.

Segments subject to individual analysis:

On the professional mortgage and non-core portfolios, an individual analysis is carried out to estimate the additional risk related to the economic crisis.

The nature of the risk is linked to a decrease in the valuation of the guarantee for all commercial real estate contracts and to the increase in the risk of counterparty default for corporate contracts (PD downgraded by rating and business sector). At the end of June 2023, the estimated additional amount to cover this risk was 13.9 million euro.

On the professional real estate portfolio, in addition to these analyses a management overlay has been determined and applied since the third quarter of 2021 to stage 1. This is because the level of provision obtained using the models was below a reasonable estimate for this parameter. This is due to an overall improvement in the quality of the portfolio at acquisition and increased monitoring of non-performing loans. However, given the volatility of the professional real estate portfolio due to the high disparity of tickets and the unfavourable economic climate (particularly the rise in interest rates and the cost of raw materials), it was decided to maintain a minimum level of provision (above the model level).

The rule is as follows: two minimum thresholds have been set, a threshold in terms of the provision amount of 5.5 million euro and a threshold in terms of the provision rate of 0.4%. The higher of these amounts is retained.

This management overlay is assessed during quarterly credit risk monitoring meetings. At 30 June 2023, it was the rate threshold that was retained on stage 1 of this portfolio, or a management overlay of 6.3 million euro.

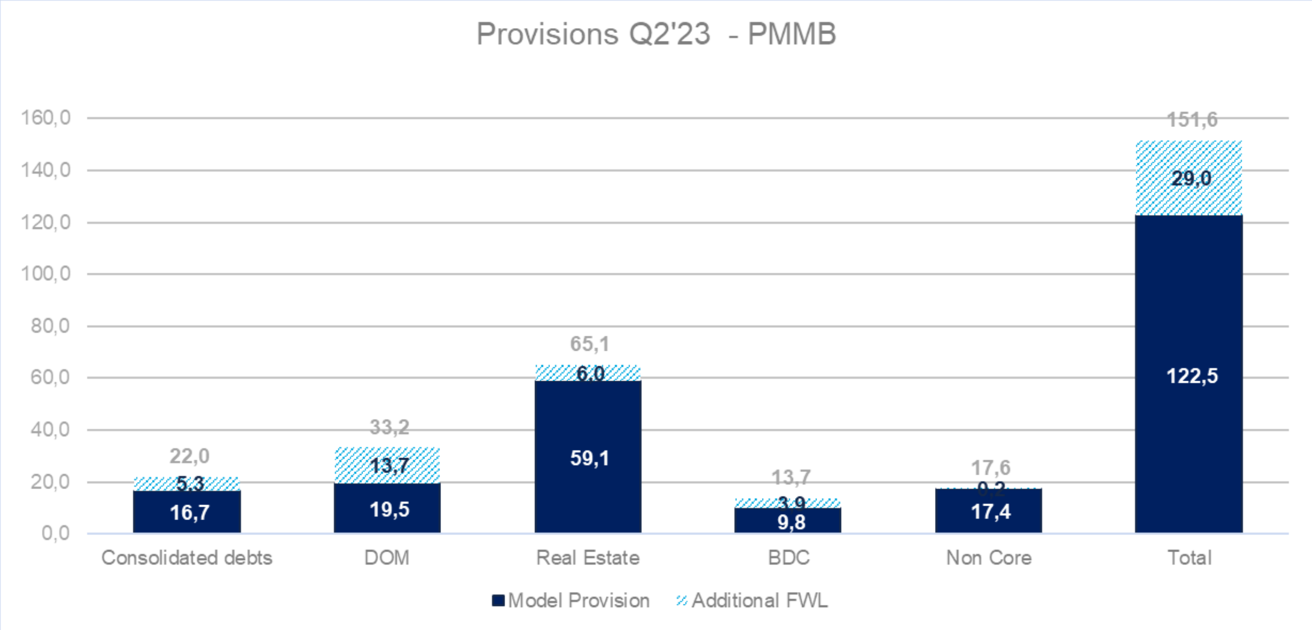
The "expected losses" on My Money Group tables below present only the loans classified at stages 1, 2 and 3 (S1, S2 and S3) and hence exclude the financial assets classified as POCI (Purchased or Originated Credit Impaired).

Expected losses on My Money Group products

Book value IN THOUSANDS OF EURO	Expected losses at 12 months (S1)	Expected losses at maturity (collective evaluation) (S2)	Expected losses at maturity (individual evaluation) (S3)
Book value at 01.01.2023	**6 424 054**	**357 590**	**214 866**
Financial assets transferred to S1	-	(85 746)	(6 048)
Financial assets transferred from S1	-	250 188	26 374
Financial assets transferred to S2	(255 044)	-	(12 729)
Financial assets transferred from S2	78 949	-	65 104
Financial assets transferred to S3	(27 778)	(66 109)	-
Financial assets transferred from S3	5 483	11 971	-
Financial assets created or acquired during the year	401 016	2 273	1 805
Write-offs	(68)	(35)	(4 695)
Financial assets derecognised during the year	-	-	-
Amortisation	(514 173)	(29 178)	(15 049)
Other changes	-	-	-
Book value at 30.06.2023	**6 112 437**	**440 955**	**269 627**

At 30 June 2023, outstanding POCI loans, not included above, stand at 67 million euro versus 74 million euro at 31 December 2022:

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Consolidated debts	37 278	41 205
DOM	-	1
BDC	7 459	8 418
Real estate	21 278	22 890
Non-core	1 010	1 465
Total POCI	**67 026**	**73 980**



IFRS 9 provisions IN THOUSANDS OF EURO	Expected losses at 12 months (S1)	Expected losses at maturity (S2)	Expected losses at maturity (individual evaluation) (S3)
Provisions at 01.01.2023	**29 853**	**20 179**	**70 466**
Variations attributable to financial instruments recognised at 1 January:	(1 114)	(6 254)	32 118
- Transfer to S1	313	(3 488)	(2 226)
- Transfer to S2	(1 237)	7 750	(2 500)
- Transfer to S3	(190)	(10 517)	36 844
Amortisation	(3 541)	(1 065)	(4 863)
Financial assets derecognised during the year	-	-	(775)
Financial assets created or acquired during the year	3 346	315	543
Write-offs	-	(4)	(3 696)
Change of models / re-estimation of parameters)	10 497	1 326	4 270
Foreign exchange effects and other movements	-	-	-
Provisions at 30.06.2023	**39 041**	**14 496**	**98 063**

d. Finance undertakings and guarantees given

Finance undertakings (confirmed credit facilities, overdrafts) and guarantees (rental deposits, sureties against completion of works) are subject to impairment for expected losses due to credit risk.

These impairments are also presented under the heading “6.9. Provisions for risks and expenses”.

	30.06.2023		31.12.2022	
IN THOUSANDS OF EURO	Outstandings	Provision	Outstandings	Provision
Loan undertakings	397 388	2 919	417 257	2 858
Guarantees	22 985	750	25 224	1 134

d. Recognition date of financial assets

Securities acquired or sold are respectively recognised and derecognised on the settlement date, whatever the accounting category to which they belong.

Derivative financial instruments are recognised on the negotiation date. Changes in fair value between the negotiation date and the settlement date are accounted for in profit or loss or in equity, depending on their accounting classification. Loans and receivables at amortised cost are registered on the balance sheet at the disbursement date.

e. Financial liabilities measured at amortised cost

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Debt securities	2 058 000	2 084 233
Related payables	3 002	1 700
Remeasurement of hedged items	(332 931)	(364 680)
Sub-total debt securities	**1 728 071**	**1 721 253**
Current account and related payables	897	4 511
Term loans and advances	310 418	385 472
Other financial liabilities	3 871	1 430
Sub-total due to bank and credit institutions	**315 185**	**391 412**
Current account	1 264 648	1 328 552
Term loans and advances	3 218 963	3 114 562
Related payables	44 576	19 073
Other financial liabilities	6 198	16 343
Sub-total due to customers	**4 534 385**	**4 478 529**
Total financial liabilities at amortised cost	**6 577 641**	**6 591 194**

DEBTS REPRESENTED BY A SECURITY

Debts which are not classified in financial liabilities at fair value are initially recorded at their fair value, corresponding to the acquisition price at this date or at their issue date, net of any directly attributable transaction costs.

At the reporting date, they are measured at amortised cost using the effective interest rate method and recognised on the balance sheet under the headings Amounts owed to credit institutions, Customer deposits and Debts represented by a security.

Amounts owed to credit institutions and customer deposits are broken down by initial duration or nature: on demand (demand deposits, current accounts) or term loans.

Financial instruments issued are classified as debt instruments if the issuer has a contractual obligation to deliver liquidities or another financial asset to another entity or to exchange the instruments under potentially unfavourable conditions.

Debts represented by a security consist mainly of covered bond issues and the securitisation mutual fund issues (FCT) consolidated within the Group.

As part of its refinancing activities, the Group carries out securitisation programmes for some of its portfolios of customer loans (loan consolidation, motor vehicle leases and personal loans). The securities issued via these operations can either be placed with external investors, for the purposes of refinancing on the capital markets, or bought by the issuer and made available for repurchase agreements, not least in the context of the ECB’s open market operations. The securitisation mutual funds are consolidated as the Group remains exposed to the majority of risks and rewards of these loans. Following the purchase of the SapphireOne Auto 2019-1 FCT, the Group now holds all the securities issued for these securitisation transactions in its own name. At 31 December 2022, securities issued excluding treasury shares stood at 1.2 million euro.

These debts also include the covered bonds issued since October 2018 by the building society MMB SCF, for an amount of 2 053 million euro at 30 June 2023, including 3 million euro of related debt versus 2 052 million euro at 31 December 2022.

Further, in order to diversify its finance sources, in March 2019 the Group launched a programme for the issuance of commercial paper. This programme will ensure short-term liquidity. Its main characteristics are the following:

- Rating: A-3 (short-term rating by S&P)
- Maturity: 1 to 12 months
- Size: 500 million euro

At 30 June 2023, the Group had issued 8 million euro in commercial paper with an average weighted rate of 2.75% and an average maturity of 1.5 months.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND SIMILAR

In September 2020, My Money Bank borrowed 280 million euro under the TLTRO III programme.

The TLTRO III terms make it possible to offer long-term refinancing with an incentive interest rate reduction if a predefined rate of growth in “eligible” loans is achieved, applied to the maturity of the operation. In the current circumstances, an additional temporary incentive applies to the period from June 2020 to June 2022, also under predefined growth conditions. The interest rate applied is the average interest rate of the deposit facility for the whole term of the operation, plus this additional incentive, a 50-basis points reduction in the average interest rate of the deposit facility with a floor rate set at (1%).

However, in order to address the high inflation affecting countries in the euro area, the ECB is in the process of normalising its monetary policy, and successively raised its key rates during the second half of 2022.

At its meeting on 27 October 2022, the Governing Council of the ECB also decided to adjust the interest rates applicable to TLTRO III from 23 November 2022 until the maturity or early redemption date of each outstanding TLTRO III operation. The recalibration of TLTRO III conditions will contribute to the normalisation of bank financing costs.

The current calculation method was maintained for the period from the respective settlement dates of each TLTRO III operation until 22 November 2022, with indexation at the applicable ECB interest rates expiring on that date.

Hence from 23 November 2022 until the maturity (or early redemption) date of each outstanding TLTRO III operation, the interest rate on TLTRO III operations will be indexed to the ECB's applicable average interest rate for the period.

In addition, three further voluntary early redemption dates were introduced to give participants additional opportunities to redeem part or all of their respective TLTRO III loans before maturity.

Impact of rate changes

My Money Bank has carried out an impact assessment in line with the recalibration of the conditions described above. The Group's strategy is to hold the TLTRO III funds until maturity in September 2023. This strategy has not been modified following the ECB's decision of 27 October, applicable since 23 November 2022.

To date My Money Bank has submitted all the statistical and audit reports required to the Banque de France. The Banque de France has confirmed to the Group the deviation of its outstandings over the following three periods:

- ✓ **Second reference period: 1 April 2019 - 31 March 2021**
- ✓ **Special reference period: 1 March 2020 - 31 March 2021**
- ✓ **Additional special reference period: 1 October 2020 – 31 December 2021**

After examining the credit data relating to the periods mentioned above, it shows that the net amounts of eligible loans during:

- ✓ **the second reference period exceed (deviation >= 1.15%) the reference value of the net lending amount.**
- ✓ **the special reference period equal or exceed the reference value of the net lending amount.**

These elements allow the Group to claim the reduced interest rate and the temporary additional incentive applied to the special interest rate period as well as to the additional special interest rate period.

My Money Bank has therefore decided to spread the interest income "including the additional incentive" calculated on the basis of a weighted rate over the term of the operation.

During 2022, the different interest rate changes were treated as changes in market rates and a new blended rate was determined.

At 30 June 2023 the total cost of the TLTRO III operation including interest and incentives stood at 0.17% against (0.79%) at inception. The Group has calculated the expected return over the entire period and spread the impact of the rate change over the remaining period.

The total amount of interest and incentives on the TLTRO III operation recorded under Interest and similar income stands at 704 thousand euro.

AMOUNTS OWED TO CUSTOMERS

This programme, which aims to provide the bank with an additional finance source, allows for short-term asset refinancing (around two years).

At 30 June 2023, deposits stand at around 4.5 billion euro, compared with 4.5 billion euro at 31 December 2022.

6.5. Current and deferred tax assets and liabilities

Deferred taxes are recognised when there are temporary differences between the carrying value and the tax basis of assets or liabilities, save for some exceptions (for example, the taxable temporary differences generated by the initial recognition of goodwill). They are calculated using the liability method at the tax rate applying in the period during which the temporary difference will reverse, on the basis of tax rates and regulations which have been or will be adopted before the reporting date. Their calculation is not discounted.

The standard corporate income tax rate in France is 25% for 2023 and subsequent years, to which is added a social contribution on profits (CSB) of 3.3% (after application of relief of 0.76 million euro), or a deferred tax rate of 25.83%.

Deferred tax assets or liabilities are offset when they originate in the same tax group, concern the same tax authority and where there is a legal right of set-off.

Current and deferred taxes are recognised as tax income or expense in profit or loss, with the exception of those relating to a transaction or an event directly accounted for in equity (such as fluctuations in the value of cash flow hedge derivatives or unrealised gains or losses on instruments classified at fair value through equity), which are also allocated to equity.

The recognition of deferred tax assets arising from tax loss carryforwards and temporary time differences is based on the Group Business Plan validated by the Board of Directors. This Business Plan, drawn up by the Group’s Management Control Department, is based on favourable and adverse assumptions enabling future taxable profits to be documented. The Business Plan is updated each year and is also subject to sensitivity tests in order to ensure its resilience. Management has decided to limit the recognition of tax losses to a maximum of five years.

At 31 December 2021, deferred tax assets relating to tax loss carryforwards created by the tax group since 2018 have been reversed in full, as the Business Plan does not demonstrate the Group's ability to utilise these losses within the five-year horizon, due to the costs generated by the potential acquisition of HSBC's retail banking activities in France. They remain fully deactivated at 30 June 2023.

With regard to deferred tax assets relating to tax loss carryforwards generated before the creation of the tax group - known as "pre-consolidation" - and available for use only by the entities generating these losses (MMB and Somafi-Soguafi, since Sorefi used the remainder of its losses in 2022), the related deferred tax assets remain activated in full (26.4 million euro at end June 2023).

The Business Plan provides for sufficient profits for these entities to allow the full use of these tax losses within a five-year horizon.

CURRENT AND DEFERRED TAXES

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Current taxes	5 098	1 321
Deferred taxes	24 253	-
Current and deferred tax assets	**29 351**	**1 321**
Current taxes	-	-
Deferred taxes	-	(2 369)
Current and deferred tax liabilities	**-**	**(2 369)**

BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Financial assets	(6 122)	(38 366)
Unrealised leasing reserves	(13 555)	(12 502)
Provisions for employee benefits – pensions	11 139	12 274
Other non-deducted provision (including credit risk)	6 355	9 790
Tax losses carried forward	26 436	26 436
Net deferred taxes	**24 253**	**(2 369)**
O/w deferred tax assets	24 253	-
O/w deferred tax liabilities	-	*(2 369)*

DEFERRED TAX ASSETS ON UNRECOGNISED TAX LOSSES CARRIED FORWARD

IN THOUSANDS OF EURO	Legal duration of the carry-forward	Forecast horizon for recovery	30.06.2023	31.12.2022
Promontoria MMB Fiscal Group	Indefinite	> 5 years	23 931	21 129
Promontoria MMB Fiscal Group unrecognised deficits	Indefinite	> 5 years	(23 931)	(21 129)
My Money Bank SA	Indefinite	5 years	23 799	23 799
Somafi-Soguafi SA	Indefinite	4 years	2 637	2 637
Sorefi SA	Indefinite	N/A	-	-
Total deferred tax assets			**26 436**	**26 436**

CHANGES IN DEFERRED TAXES

IN THOUSANDS OF EURO	Changes in profit or loss	Changes in equity	Other changes	Total
Net deferred taxes at 31.12.2022				(2 369)
Financial assets at amortised cost and at fair value through P&L and equity (OCI)	9 409	22 835	-	**32 244**
Changes in unrealised leasing reserve	(1 053)	-	-	**(1 053)**
Changes in provisions for employee benefits - pensions	(1 134)	-	-	**(1 134)**
Changes in other non-deducted provisions (including credit risk)	(3 435)	-	-	**(3 435)**
Changes in tax losses carried forward (before limitation / recognition)	2 802	-	-	**2 802**
Impact of unrecognised tax losses carried forward / “catch-up” of unrecognised losses of previous years	(2 802)	-	-	**(2 802)**
Net deferred taxes at 30.06.2023	**3 786**	**22 835**	**-**	**24 252**

6.6. OTHER ASSETS AND LIABILITIES

a. OTHER ASSETS

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Insurance	384	808
Deposits, advances	29 307	32 000
Taxes	24 781	12 491
Values received on collection	13 256	12 838
Deferred expenses	5 454	6 237
Other adjustment accounts	11 319	4 456
Other assets	18 364	6 548
Prepaid expenses	26 186	23 526
Accrued income	129 117	117 287
Total other assets	**258 168**	**216 191**

b. OTHER LIABILITIES

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Security deposits	147	183
Suppliers	5 501	6 652
Tax and social security liabilities	42 401	39 926
Insurance	2 666	2 740
Other adjustment accounts	27 887	15 847
Other liabilities	34 274	31 218
Lease liability IFRS 16	26 165	27 559
Accrued expenses	51 146	32 769
Deferred income	6 378	5 807
Total other liabilities	**196 565**	**162 703**

c. Breakdown of lease liabilities by due date

IN THOUSANDS OF EURO	Less than 1 year	From 1 to 5 years	More than 5 years	Total 30.06.2023
Commercial leases	240	2 491	22 902	25 633
Vehicle leases	24	-	-	24
Long-term vehicle leases	6	472	-	478
Other	3	27	-	30
Total lease liabilities under IFRS 16	**273**	**2 990**	**22 902**	**26 165**

6.7. Non-current assets held for sale

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
Property, plant and equipment	9 443	9 443
Total non-current assets held for sale	**9 443**	**9 443**

At 30 June 2023, the properties held by the entity SLMB is still available for sale in its existing condition. The one-year timeframe was exceeded for reasons beyond management control, mainly due to a delay in obtaining administrative permits, the slow pace of the compliance process, etc.

6.8. Tangible and intangible assets

IN THOUSANDS OF EURO	Gross value 31.12.2022	Reclassification[3]	Increase	Decrease	Gross value 30.06.2023	Impairment and amortisation 31.12.2022	Reclassification	Increase	Decrease	Net value 30.06.2023
Tangible assets	**57 737**	**16**	**8 179**	**(4 244)**	**61 688**	**(18 086)**	**(338)**	**(4 068)**	**1 917**	**41 115**
Buildings	542	-	-	-	542	(112)	-	(149)	-	282
Office and IT equipment	8 047	(21)	418	(45)	8 400	(3 882)	(336)	(1 302)	557	3 436
Fittings and facilities	7 797	37	274	(548)	7 559	(2 804)	(2)	(258)	9	4 504
Tangible assets in progress	595	-	4 381	-	4 975	-	-	-	-	4 975
Right-of-use asset IFRS 16	40 663	-	3 106	(3 651)	40 118	(11 209)	-	(2 358)	1 351	27 904
- Lease	*39 513*	-	*2 972*	*(3 488)*	*38 998*	*(10 605)*	-	*(2 210)*	*1 188*	*27 370*
- Other	*1 150*	-	*134*	*(163)*	*1 120*	*(604)*	-	*(148)*	*163*	*531*
Other	93	-	-	-	93	(79)	-	-	-	14
Intangible assets	**37 671**	**81**	**8 789**	**(614)**	**45 928**	**(10 202)**	**(3)**	**(2 917)**	**555**	**33 360**
Total tangible and intangible assets	**95 408**	**98**	**16 968**	**(4 858)**	**107 616**	**(28 289)**	**(341)**	**(6 985)**	**2 471**	**74 475**

[3]Reclassifications mainly correspond to changes in the allocation of tangible assets to intangible assets.

a. Right of use

The Group has applied IFRS 16 - Leases, now accounting for the rights of use in leased assets under the heading *tangible assets*.

IN THOUSANDS OF EURO	30.06.2023	31.12.2022
ASSETS		
Property, plant and equipment (right-of-use assets)	**40 121**	**40 663**
➢ Commercial leases	39 000	39 513
➢ Leasing vehicles	199	241
➢ Long-term lease vehicles	797	785
➢ Photocopiers / Printers	124	124
LIABILITIES		
Other liabilities (lease liabilities)	**26 165**	**27 560**
➢ Commercial leases	25 633	27 012
➢ Leasing vehicles	24	51
➢ Long-term lease vehicles	478	453
➢ Photocopiers / printers	30	43
Consolidated income statement		
Interest expense	(318)	(432)
Depreciation and amortisation of right-of-use assets	(2 358)	(4 329)

b. Intangible assets

At 30 June 2023, the intangible fixed assets essentially consist of software and information systems developed internally.

6.9. Provisions

IN THOUSANDS OF EURO	01.01.2023	(+) Increase	(-) Reversal (utilised provisions)	(-) Reversal (surplus provisions)	Change in actuarial assumptions	30.06.2023
Pensions and other post-employment benefits[4]	47 518	-	(4 392)	-	-	43 126
Other long-term employee benefits	1 601	-	-	-	-	1 601
Fiscal and legal risks	1 493	4	(1 432)	-	-	65
Commitments and guarantees given	3 992	804	(392)	(735)	-	3 669
Other provisions	352	12 642	-	-	-	12 994
Total	**54 957**	**13 449**	**(6 216)**	**(735)**	**-**	**61 455**

[4] See notes 9

7. Notes on the income statement

7.1. Interest income and expense

Interest income and expense are accounted for in profit or loss for all the financial instruments measured at amortised cost and fair value through recyclable equity, using the effective interest rate method.

	30.06.2023			30.06.2022		
IN THOUSANDS OF EURO	Income	Expense	Net	Income	Expense	Net
Loans and receivables from credit institutions	1 317	-	1 317	1 225	-	1 225
Loans and receivables from customers	125 944	(13 636)	112 308	97 693	(11 003)	86 690
Securities	1 240	-	1 240	57	-	57
Financial lease	17 171	(745)	16 426	15 492	(936)	14 556
Due to central banks	3 745	-	3 745	-	(73)	(73)
Due to banks	-	(4 430)	(4 430)	-	(8 489)	(8 489)
Due to customers	-	(41 710)	(41 710)	-	(7 501)	(7 501)
Debt securities issued	-	-	-	-	-	-
Financial instruments at amortised cost	**149 417**	**(60 522)**	**88 895**	**114 467**	**(28 001)**	**86 466**
Financial instruments at fair value through profit or loss	-	-	-	-	137	137
Lease agreements[5]	-	(318)	(318)	-	(133)	(133)
Financial instruments at fair value through other comprehensive income	2 058	(2 996)	(938)	314	(2 553)	(2 238)
Hedging derivatives	54 061	(62 070)	(8 010)	5 831	(6 664)	(833)
Total interest income and expense	**205 536**	**(125 906)**	**79 630**	**120 613**	**(37 214)**	**83 399**

7.2. Fee income and expense

Commissions that are considered to be part of the return on a financial instrument, such as commissions for the granting of loans, constitute additional interest and are included at the effective interest rate. These commissions are therefore accounted for under interest income and expense, and not under commissions.

	30.06.2023			30.06.2022		
IN THOUSANDS OF EURO	Income	Expense	Net	Income	Expense	Net
Transaction with customers	5 070	(4 065)	1 005	5 236	(2 990)	2 245
Securities transactions	-	19	19	-	(26)	(26)
Transactions with payment instruments	479	(837)	(359)	701	(471)	230
Financial services	6 367	(562)	5 805	6 641	(325)	6 316
Other	3 337	(26)	3 312	2 738	(169)	2 569
Total fee income and expense	**15 252**	**(5 470)**	**9 782**	**15 315**	**(3 981)**	**11 334**

[5] IFRS 16 “Leases”, lease operations present the interest on lease liabilities.

7.3. Net gains and losses on financial assets at fair value through profit and loss

The net loss on this line item at 30 June 2023 is 258 thousand euro, compared with a net gain of 393 thousand euro net gain, and corresponds to the positive fair value changes in the trading derivatives held by the Group.

7.4. Net gains and losses on financial assets at fair value through other comprehensive income

The net gain on this line item is 28,327 thousand euro, (recycled from unrealised or deferred capital gains and losses in the income statement).

This gain corresponds to the ineffectiveness of the payer spread, as the hedge was unwound on 6 April (see note 6.1.c).

7.5. Net gains and losses on financial assets measured at amortised cost

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Gains / (Losses) on financial assets at amortised cost	**-**	**(200)**
Loans and receivables due from customers	-	(200)
Gains / (Losses) on financial liabilities at amortised cost	**-**	**-**
Total Gains / losses on financial assets and liabilities at amortised cost	**-**	**(200)**

7.6. Income and expense from other activities

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Marginal costs / Commissions	(1 696)	(1 508)
Total other expenses	**(1 696)**	**(1 508)**
Insurance income	1 834	4 150
Servicing	826	1 070
Uncollected VAT to be written back	134	219
Other	2 169	2 208
Total other income	**4 963**	**7 647**
Total income and expense from other activities	**3 267**	**6 138**

7.7. General operating expenses

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Miscellaneous operating income	38	60
Reversal of provisions for risks and expenses	5 772	835
Depreciation of provisions for risks and expenses	(12 142)	(447)
Employee profit-sharing and incentive schemes	(186)	(66)
Payroll taxes, duties and similar levies	(3 298)	(2 151)
Pension expenses	(7 742)	(3 207)
Wages and salaries	(36 123)	(32 270)
Other social security expenses	(13 063)	(12 953)
Total employee costs	**(66 743)**	**(50 198)**
Lease	(1 296)	(913)
External services provided by Group entities	(47)	(2 110)
Transport and travel	(869)	(397)
Other external services	(72 483)	(70 069)
Miscellaneous operating expenses	(750)	(450)
Total operational expenses	**(75 446)**	**(73 938)**
Taxes	(8 367)	(6 540)
Other	(963)	(169)
Total operating expenses	**(151 520)**	**(130 844)**

7.8. Amortisation costs and depreciations

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Depreciation and amortisation of intangible assets	(2 917)	(2 707)
Depreciation and amortisation of tangible assets	(1 765)	(939)
Depreciation and amortisation of right-of-use assets	(2 358)	(2 013)
Total Amortisation, depreciation and impairment of tangible and intangible fixed assets	**(7 040)**	**(5 659)**

7.9. Cost of risk

The cost of risk includes provisions net of reversals on credit risk, net impact on POCI re-evaluation, loans and receivables written off and recoveries of bad debts written off.

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Net provisions on transactions with customers	(31 337)	(3 938)
Net provisions for guarantees given on assigned loans	324	(486)
Net POCI re-evaluation	3 684	1 338
Net losses on transactions with customers	(7 748)	(7 465)
Net provisions on other risks	(19)	-
Total cost of risk	**(35 097)**	**(10 550)**

7.10. Net gains and losses on other assets

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Gains on disposals of tangible assets	103	5 453
Losses on disposals of tangible assets	(52)	(5 235)
Impairment of non-current assets held for sale	-	-
Total gains or losses on other assets	**51**	**217**

7.11. Income tax and deferred taxes

Tax expense of the year 2023 includes the tax due from companies situated in France at the rate of 25% (plus the 3.3% social contribution on profits where corporation tax exceeds 763 000 euro, giving a rate of 25.83%.)

The deferred tax rates used are indicated in Section 6.5. Current and deferred tax assets and liabilities.

IN THOUSANDS OF EURO	30.06.2023	30.06.2022
Earnings before tax	**(72 857)**	**(20 062)**
Tax income/expense for the period	15 958	6 364
Net income - Group share	(56 899)	(13 698)
Net income - Non-controlling interests	-	-
Theoretical tax rate	25.83%	25.83%
Theoretical tax	**18 819**	**5 182**
Permanent differences	(51)	515
Tax rates differences for consolidated entities	-	41
Low rate taxation (dividends)	(9)	(6)
DTA on limited previous tax losses and deductible time differences for the period	(2 802)	-
Use of DTA on limited tax losses and deductible temporary differences over previous periods	-	556
Effect of changing corporation tax rates on the measurement of deferred taxes	-	-
Tax hit for prior period adjustments	-	-
Tax on bargain purchase gain	-	77
Miscellaneous	1	(1)
Tax charge for the period	**15 958**	**6 364**
w/o tax payables	-	*(1 928)*
w/o deferred tax	*15 958*	*8 292*

8. Offsetting financial assets and financial liabilities

Pursuant to IAS 32, a financial asset and a financial liability shall be set off, and the net amount presented in the statement of financial position when, and only when, the entity has a legally enforceable right to set off the recognised amounts and if it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The derivatives concluded by the Group with a single banking counterparty, and which are subject to a framework agreement respecting these two criteria, are set off in the balance sheet.

9. Employee benefits

9.1. 2023 pensions reform

The new pensions reform, which raises the statutory retirement age to 64, was adopted on 14 April 2023 and comes into effect on 1 September 2023. This reform applies to all employees and also increases the contribution period required to qualify for a full-rate pension to 43 years from 2027.

An initial estimate of the impact has been carried out but no significant adjustments have been identified as at 30 June 2023. Any adjustments will be taken into account at the year-end.

9.2. Discount Rate

The discount rate has been determined with reference to the performance at 30 June 2023 of investment-grade corporate bonds carrying an AA rating or higher with a maturity comparable with the average maturity of Group commitments in each zone.

9.3. Description of obligations in respect of defined benefit plans

Retirement obligations include retirement and other post-employment benefits, including termination benefits.

The main defined benefit plans are:

- **lump sums paid on retirement**, which correspond to the payment of a capital sum to the employee by the entity on retirement. The lump sum paid on retirement is determined by the national collective agreement that covers the Group, and the terms of the Group's internal agreement.
  - My Money Bank employees are covered by the national collective agreement for banking personnel. There is also an internal agreement entitling staff to a more generous settlement than the retirement lump sum provided for by the collective agreement. On retirement, employees receive either the lump sum provided for in the My Money Bank internal agreement (in accordance with the criteria set out in that agreement) or the lump sum provided for by the collective agreement, whichever is the more favourable.
  - My Money Outre-Mer employees (including Banque des Caraïbes) are covered by the collective agreement for the finance sector. This has no specific requirements for lump sums on retirement, which are determined in accordance with the internal agreement of each entity.
- **the long-service awards scheme**, corresponding to a capital sum paid to employees reaching total seniority (since the beginning of their careers) of between 15 and 40 years, depending on the Group entity concerned.
- **the healthcare expenses plan for retirees**, the obligations of which take effect when the Group:
  - assumes the total or partial financing of the contribution of retirees to the healthcare expense plan,
  - does not pay the retiree's contribution directly, but the mutual plan for current and retired employees. In this instance, there is nevertheless a benefit from mutualisation; the participation of the employer in the asset plan indirectly funds the retirees' plan.

- **the CRCC plan**, revised following the agreement of 3 July 2008, which is a closed retirement plan with two populations: current plan members (active employees, future pensioners) and current pensioners. Rights were frozen at the plan closure date and have been remeasured since based on the annual level of the social security pension (but may not be lower than an increase based on the AGIRC plan index).

9.4. Changes in employee benefits at 30 June 2023

All assumptions, including the discount rate applied at 31 December 2022, remain unchanged at 30 June 2023.

Consequently, the Group has not remeasured its employee commitments, but will do so at the annual reporting date.

9.5. Plan for the allocation of performance-related shares

The Board of Directors (“Conseil d’Administration”) has awarded certain free performance-related shares and set the conditions and criteria for their attribution.

a. Information on ongoing performance share plans

	30.06.2023	31.12.2022
Par value (in EUR)	0.01	0.01
Fair value (in EUR)		0.067
Expense recorded (in EUR)	1 700 000	-
Number of performance-related shares awarded at the start of the period	**25 532 592**	**19 057 181**
Shares awarded	-	-
Shares acquired by beneficiaries	8 600 746	-
Shares cancelled	-	-
Number of shares remaining at year-end	**16 931 846**	**19 057 181**

b. Information on the evolution of ongoing performance share plans

Board of Directors’ dates	15.03.2023	14.12.2022	15.03.2022	**Total**
Number of performance-related shares awarded	6 475 411	7 042 254	12 014 927	**25 532 592**
Definitive acquisition date of shares awarded	15.03.2024	14.12.2023	15.03.2023	**-**
Spread of acquisition from the definitive acquisition date	Over 4 years	-	Over 4 years	**-**
Number of shares acquired by beneficiaries	8 600 746	-	-	**8 600 746**

10. Other information

10.1. Climate risk

My Money Group has drawn up an initial inventory of the direct and indirect risks associated with the effects of climate change on these financial instruments.

Physical risks

- The direct or indirect impact of climate change on people and property (drought, flooding, extreme weather events, etc.) arising from the Group's exposures is relatively limited.

  - For property owned by the bank, the risk is limited, because there are few branches; this risk is covered by current insurance policies.
  - In the debt consolidation and professional real estate portfolios, the risk is borne mainly by collateral. If a property is seized to recover the debt, there may be a risk of impairment, particularly in the case of properties located in flood zones. However, assets located in mainland France are not currently considered to be particularly vulnerable, given existing climate change scenarios. It is also worth noting that France has an effective system for dealing with natural disasters and support provided by insurers, which also reduces the risk of non-recovery borne by the bank.
  - The overseas portfolio faces indirect risks associated with extreme weather events (hurricanes) and environmental impacts (Sargasso, coastal risks, etc.). In addition to the impact on our guarantees, covered by the measures described above, such a disaster could have a major impact on the tourism sector and hence indirectly on the solvency of our customers. In this case too, support from the French government has helped to limit the impact in the past. This risk, which lags behind the actual event, could be taken into account in the Group's forward-looking assumptions.

Transition risks

- These risks relate to the impact on the Group's exposures of the implementation of energy policies or technological changes.

  - The risk to the professional real estate portfolio is borne by the valuation of real estate assets. This is because the advent of new legislation, such as the Climate and Resilience Act, which introduces a reform of the Energy Performance Diagnosis (EPD) and has an impact on rental properties in particular, means that non-performing real estate assets will be marked down on the financial markets in the future. However, the maturities of the loans granted by My Money Bank on this market are relatively short (3 years on average), which considerably reduces this risk for the existing housing stock.
  - To reduce future risks on this portfolio, My Money Group is committed to a responsible investment strategy. The proportion of green financing in the new volume, thanks to our Green offering, is an indicator which is measured and reported to the Risk Committee, with minimum expected thresholds.
  - In the debt consolidation portfolio, the transition risk is borne mainly by real estate pledged as collateral.

The climate change risks identified do not therefore constitute a new risk category, but rather an added factor for the categories already covered by My Money Group's risk management system.

All these financial risks resulting from the effects of climate change, and the measures taken by My Money Group to mitigate them, are described in the Statement of Non-Financial Performance prepared by Promontoria MMB for the 2022 financial year. The information in this statement relates to My Money Group entities as a whole.