CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30.06.2022

TABLE DES MATIERES

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS	Notes	30.06.2022	31.12.2021
Cash, due from central banks		263 507	279 061
Hedging derivatives	6.1	281 678	94 903
Financial assets at fair value through profit and loss	6.2	46 218	15 902
Financial assets at fair value through other comprehensive income	6.3	184 640	241 543
Financial assets at amortised cost	6.4	(0)	4 431
Loans and receivables due from banks and credit institutions at amortised Cost	6.4	202 923	356 979
Loans and receivables due from customers at amortised cost	6.4	7 026 360	6 639 044
Current tax assets	6.5	876	876
Deferred tax asset	6.5	-	24 185
Other assets	6.6	235 065	121 242
Non-current assets held for sale	6.7	9 591	9 591
Investment Property	6.8	-	-
Property, plant and equipment	6.8	30 517	27 398
Intangibles assets	6.8	20 541	20 316
Total assets		**8 301 914**	**7 835 469**

IN THOUSANDS OF EUROS	Notes	30.06.2022	31.12.2021
Due to central banks		1	15
Financial liabilities at fair value through profit and loss	6.2	36 715	6 933
Hedging derivatives	6.1	283 748	65 934
Debt securities issued	6.4	1 861 885	2 160 651
Due to bank and credit institutions	6.4	569 376	355 832
Due to customers	6.4	4 206 260	4 079 196
Current tax assets	6.5	1 928	-
Deferred tax asset	6.5	20 530	-
Other liabilities	6.6	154 610	120 500
Provisions	6.9	57 499	67 337
Subordinated Liabilities	6.4	95 491	99 722
Total liabilities		**7 288 044**	**6 956 120**
Shareholders' equity, Group share		**1 013 871**	**879 349**
Share capital		59 000	59 000
Other capital		97 820	97 820
Consolidated reserves		687 463	724 231
Unrealised or deferred capital gains and losses		183 286	31 070
Net income		(13 698)	(32 772)
Non-controlling interests		-	-
Total equity		**1 013 871**	**879 349**
Total liabilities and equity		**8 301 914**	**7 835 469**

II. CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUROS	Notes	30.06.2022	30.06.2021
Interest and similar income	7.1	120 613	111 655
Interest and similar expense	7.1	(37 214)	(33 226)
Fee income	7.2	15 315	14 114
Fee expense	7.2	(3 981)	(5 952)
Net gains and losses on financial instruments at fair value through profit and Loss	7.3	393	479
Net gains and losses on financial instruments at fair value through other comprehensive income	7.4	25 410	-
Net gains and losses from the derecognition of financial assets at amortized Cost	7.5	(200)	-
Income from other activities	7.6	7 647	6 216
Expenses from other activities	7.6	(1 508)	-
Net banking income		**126 474**	**93 285**
Operating expenses	7.7	(130 844)	(81 666)
Amortisation, depreciation and impairment of tangible and intangible fixed Assets	7.8	(5 659)	(3 275)
Gross operating income		**(10 029)**	**8 345**
Cost of risk	7.9	(10 550)	(2 285)
Operating income		**(20 580)**	**6 060**
Net income/expense from other assets	7.10	217	374
Other income	7.11	300	-
Earnings before tax		**(20 062)**	**6 434**
Income tax	7.12	6 364	(1 341)
Consolidated net income		**(13 698)**	**5 092**
Non-controlling interests		-	-
Net income, Group share		**(13 698)**	**5 092**

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

IN THOUSANDS OF EUROS	Notes	30.06.2022 *Variation*	31.12.2021 *Stock*	30.06.2022 *Variation*
Net income		**(13 698)**	**(32 772)**	**5 092**
Unrealised or deferred gains and losses that will be reclassified subsequently into income		**144 874**	**21 962**	**42**
Revaluation of financial assets at fair value through other comprehensive income	6.3	(2 229)	784	335
Revaluation of hedging derivatives instruments of recyclables items	6.1	-	-	2 809
Hedge cost reserve	6.1	197 556	28 827	(3 085)
Tax related		(50 453)	(7 649)	(17)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income		**7 341**	**9 108**	**2 123**
Actuarial gains and losses on defined benefit plans	9.1	8 733	12 280	2 863
Remeasurement of equity instruments at fair value through equity	6.3	1 165	-	-
Tax related		(2 557)	(3 172)	(739)
Total unrealised or deferred gains and losses		**152 216**	**31 070**	**2 166**
Net income and unrealised or deferred gains and losses		**138 518**	**1 702**	**7 258**
o/w Group share		*138 518*	*1 702*	*7 258*
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 which do not entail any 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.

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

IN THOUSANDS OF EUROS	Share capital	Other equity instruments	Unrealised or deferred gains and losses	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Total consolidated equity
Shareholders' equity at 01.01.2021	**1 000**	**97 820**	**541**	**671 155**	**61 083**	**831 599**	**831 599**
Dividend distribution	-	-	-	-	-	**-**	-
Sub-total of changes linked to relations with shareholders	**-**	**-**	-	-	-	-	-
Unrealised or deferred gains and losses	-	-	5 251	-	-	**5 251**	5 251
Appropriation of 2020 net income	-	-	-	61 083	(61 083)	**-**	-
1st half of 2021 Net income for the period	-	-	-	-	5 092	**5 092**	5 092
Attributable remuneration to equity instruments	-	-	-	(4 000)	-	**(4 000)**	(4 000)
Hedge cost reserve	-	-	(3 085)	-	-	**(3 085)**	(3 085)
Other changes	-	-	-	-	-	**-**	-
Sub-total	**-**	**-**	**2 166**	**57 083**	**(55 991)**	**3 258**	**3 258**
Shareholders' equity at 30.06.2021	**1 000**	**97 820**	**2 706**	**728 238**	**5 092**	**834 857**	**834 857**
Increase in share capital	58 000	-	-	8	-	**58 008**	58 008
Dividend distribution	-	-	-	-	-	**-**	-
Sub-total of changes linked to relations with shareholders	**58 000**	**-**	**-**	**8**	**-**	58 008	58 008
Unrealised or deferred gains and losses	-	-	(9 686)	-	-	**(9 686)**	**(9 686)**
2nd half of 2021 Net income for the period	-	-	-	-	(37 865)	**(37 865)**	**(37 865)**
Attributable remuneration to equity instruments	-	-	-	(4 000)	-	**(4 000)**	(4 000)
Hedge cost reserve		-	38 050	-	-	**38 050**	38 050
Other changes	-	-	-	(15)	-	**(15)**	**(15)**
Sub-total	**-**	**-**	**28 364**	**(4 015)**	**(37 865)**	**(13 516)**	**(13 516)**

Shareholders' equity at 31.12.2021	**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**

V. CASH FLOW STATEMENT

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021	30.06.2021
Net income before tax	**(20 062)**	**(2 021)**	**6 434**
Non-monetary items included in pre-tax net income	**(33 669)**	**(15 915)**	**(9 285)**
Net depreciation/amortisation expense on tangible and intangible fixed assets	3 338	4 527	2 881
Net addition to provisions	(1 105)	(251)	(2 585)
Net income/loss from investments activities	(24 723)	-	-
Other changes[1]	(11 179)	(20 191)	(9 581)
Net increase/decrease in cash related to operating assets and liabilities	**(279 267)**	**(323 164)**	**159 315**
Interbanks transactions	(1 195)	(795)	(610)
Customers current accounts transactions	143 485	(299 598)	(219 511)
Customers transactions	(488 985)	(6 261)	389 907
Transactions related to other financial assets and liabilities	163 005	-	-
Transactions related to non-financial assets and liabilities	(95 576)	(17 433)	-
Taxes paid	-	923	(10 471)
Net cash inflow (outflow) related to operating activities (A)	**(332 998)**	**(341 100)**	**156 463**
Net cash inflow (outflow) related to acquisition and disposal of financial assets	62 725	(50 059)	(98 802)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(6 683)	(6 270)	(4 858)
Net cash inflow (outflow) related to investment activities (B)	**56 042**	**(56 329)**	**(103 661)**
Cash flow from/to shareholders	-	58 000	-
Other net cash flows arising from financing activities	114 729	157 991	(201 816)
Net cash inflow (outflow) related to financing activities (C)	**114 729**	**215 991**	**(201 816)**
Net inflow (outflow) in cash and cash equivalents (A + B+ C)	**(162 227)**	**(181 438)**	**(149 013)**
Cash and cash equivalents at the start of the year	**629 429**	**807 867**	**807 867**
Cash due from central banks (assets)	279 061	362 192	362 192
Current accounts with banks	356 878	451 802	451 802
Demand deposits and current accounts with banks	(9 510)	(6 127)	(6 127)
Cash and cash equivalents at the end of the year	**464 203**	**626 429**	**658 854**
Cash due from central banks (assets)	263 507	279 061	305 411
Current accounts with banks	202 837	356 878	361 649
Current accounts and loans from credit institutions	(2 142)	(9 510)	(8 206)
Net inflow (outflow) in cash and cash equivalents	**(162 227)**	**(181 438)**	**(149 013)**

[1] The item « Other Changes » is consist mainly of deferred commissions.

VI. Notes to the financial statements

1. Major events of the period

1.1. Update on the Covid crisis

The health context has had a limited impact on the activities of My Money Group in the first half of 2022.

However, the Covid crisis is not over and the Group remains vigilant to any potential deterioration in the health situation in the coming months, a scenario that continues to be taken into account in our provisioning policy.

The measures taken by the Group in 2020 and 2021 to address the crisis have been maintained during the first half of 2022 and have once again highlighted our values: particular attention to all our staff, partners, and customers, a high capacity to interact at distance and a strong liquidity position.

1.2. Impacts of the crisis in Ukraine

My Money Group has no activities in Ukraine or Russia, nor any credit exposure to customers based in these countries. Its activities are concentrated exclusively in metropolitan France and the DOM and are therefore not directly exposed to the consequences of this crisis.

Strengthened crisis management processes are in place to counter the possibility of a cyber-attack in the context of the Ukrainian conflict.

1.3. Update on rising interest rates and the inflationary environment

The first half saw inflationary pressures in France, Europe and the world. This context has prompted a response from central banks. The European Central Bank (“BCE”) has undertaken to reduce its various Asset Purchase Programmes (“APPs”) and announced that it will raise its key rates from July 2022.

This environment is reflected in the financial markets by a general increase in interest rates, which is likely to have an impact on banks' refinancing costs and profitability.

As part of its Asset and Liability Management (“ALM”) policy and interest rate risk hedging, My Money Group has adopted instruments to protect itself against interest rate volatility.

Against this background, My Money Group remains very cautious, closely monitoring interest and inflation rates and their impact on the economy and the financial situation of its customers in order to preserve the Group's commercial margins and profitability.

1.4. Social and environmental impacts of the Company – Effect 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 2021 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 2022.

1.5. Acquisition project

Following signature of the settlement agreement with HSBC Continental Europe (“HBCE”) on 24 November 2021 for the sale of its retail banking and wealth management activities in France (known as RBWM Distribution), My Money Group has launched a migration and integration project.

The project is proceeding to plan with the aim of implementing a robust and modern banking platform with simplified processes, based on Crédit Mutuel Arkéa's offering. To achieve this, My Money Group relies on a network of branch advisors capable of creating solutions tailored to our customers' needs.

In accordance with the applicable banking regulations, this transaction will require the prior regulatory approval of European and French banking regulators and will be contingent on the successful completion of various data migration steps. Once these conditions are fulfilled, the operation could be completed during the third quarter of 2023.

1.6. Hedging the acquisition portfolio

In conjunction with the planned acquisition of the retail banking and asset management business of HSBC Continental Europe, and in order to hedge the impact of interest rate changes on the acquired portfolio, 2021 saw the Group execute a portfolio of interest rate derivatives consisting of swaptions for a nominal amount of 8 billion euros. These derivatives were classified as cash flow hedges of a highly probable future transaction.

Following the changes in the hedged portfolio, notably with the issue of HSBC SFH's covered bonds, the overall interest rate position of this portfolio has changed. Consequently, in order to adjust the interest rate risk hedge, the Group terminated the swaption contracts entered into in 2021 and executed two new payer spread contracts (purchase and sale of swaptions) for a nominal amount of 5.2 billion euros (2.6 billion euros purchase of swaptions and 2.6 billion euros sale of swaptions).

The Group also strengthened the hedging of this portfolio in May and June 2022 by executing deferred interest rate swaps to protect the future HSBC SFH covered bond issues planned for 2022 from changing interest rates (pre-hedging activities). These swaps were classified as a cash flow hedge of a highly probable future transaction.

In parallel with the completion of HSBC SFH's 6-years 750 million euros covered bond issue in June 2022, the Group terminated the pre-hedge executed in May 2022 (see note 6.1.c).

1.7. Issuance of covered bonds

On 14 April 2022 MMB SCF, a Promontoria MMB indirect subsidiary with building society status, carried out an issue of covered bonds retained by the Group for a nominal amount of 300 million euros. These bonds, 100% subscribed by My Money Bank, are eligible for the Eurosystem's collateral framework for refinancing operations and can therefore be used as collateral for European Central Bank open market operations.

At 30 June 2022, MMB SCF’s total covered bonds represent a nominal 2 billion euros.

1.8. Purchase of ordinary shares

On 4 January 2022, the Group acquired 5 021 419 ordinary shares in First Digital Bank (now One Zero Digital Bank Ltd) for an amount of 14 867 thousand US dollars with an equivalent value of 13 148 thousand euros, representing 4.99% of the company’s share capital.

1.9. Tax audit

On 21 October 2021, My Money Bank received a notice of accounting audit from the National and International Audit Directorate (DVNI).

The audited years are 2018, 2019 and 2020 for corporation tax, and 2019 and 2020 for other taxes and duties. The audit began in late November 2021.

A further accounting audit notice was received on 18 February 2022 for the entity My Partner Bank (merged with My Money Bank on 31 December 2020). The audited years are 2019 and 2020 (except corporation tax for 2020, already audited during the My Money Bank audit).

The two audits are still in progress.

2. Events occurring after the reporting period

2.1. Ongoing health crisis

The major uncertainties surrounding the duration and intensity of the health crisis on banks remain high. However, the Group has adopted a multi-scenario approach to integrate stress tests into the plan, in order to properly measure the various possible impacts.

2.2. Group organisation

In order to simplify the Group's legal structure, the entities Société Lyonnaise de Marchand de Biens (SLMB) S.A. and Immobilière Alcor & Cie SNC concluded a merger agreement on 27 June 2022 following the decisions of the Board of Directors of SLMB and the Chairman of Immobilière Alcor & Cie approving the merger of Immobilière Alcor & Cie into SLMB by way of a simplified merger. In view of the statutory timeframe, the merger will not be effective until the second half of 2022.

2.3. Launch of a new mortgage loan business for non-residents

On 1 July 2022 the entity Banque des Caraïbes will launch a new mortgage loan business for non-residents. This business involves selling mortgage loans to French people living abroad and to non-French people wishing to buy a property in France.

This new activity fits perfectly into the Group's strategy for developing its retail bank business and for targeting "premium" customers. The Banque des Caraïbes relies on a team of about 15 people, recruited and based in Lille, with very specialised expertise to develop this niche profitably and to serve high-end customers.

The launch will be accompanied by the launch of the "My Mortgage in France" brand, with a dedicated online presence.

3. Accounting standards applied

3.1. Accounting standards applicable

The consolidated accounts of the Promontoria MMB group ("My Money Group" or "the 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 2022 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 2021.

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 2022 were adopted by the Board of Directors on 27 July 2022.

3.2. Financial statements presentation

As there is no model required by IFRS, the format of the summary statements used to present the data for the 2021 financial year was determined in line with the format proposed by the French accounting standards authority (ANC), in its Recommendation No. 2017-02 of 2 June 2017. The presentation of comparative data for the 2020 financial year has not been modified and complies with the provisions of ANC Recommendation No. 2017-02 of 2 June 2017.

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 of 2022. The information presented in these notes focuses 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 thousand euros, 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 2022

The standards and interpretations used and described in the annual financial statements at 31 December 2021 have been supplemented by the standards, amendments and interpretations that are of mandatory application to annual periods beginning on or after 1 January 2022.

New standards or amendments	Theme	Date of endorsement by the European Union (EU)	Effective date within EU
Amendment to IAS 37	Provisions, contingent liabilities and contingent assets – Onerous contracts and cost of fulfilling a contract	28 June 2021	1 January 2022
Annual improvements (2018-2020 cycles)	Annual improvements process, 2018-2020 cycles	28 June 2021	1 January 2022
Amendments to IAS 16	Property, plant and equipment – Proceeds before intended use	28 June 2021	1 January 2022
Amendments to IFRS 3	References to the Conceptual Framework	28 June 2021	1 January 2022

Amendments to IAS 37 – Onerous contracts and cost of fulfilling a contract

The amendments specify which costs an entity includes in assessing whether a contract is onerous and describe them as onerous if the expected costs exceed the expected economic benefits.

They particularly affect companies in the manufacturing, construction and service sectors. These changes may lead some companies to recognise costs earlier than in the past.

Annual Improvements to IFRSs – 2018-2020 cycles

The IASB has published minor amendments or improvements to the standards as follows:

- IFRS 1: a subsidiary that is a first-time adopter shall measure cumulative translation differences using the amounts reported by the parent, taking into account the parent's date of transition to IFRSs. The proposed amendment also applies to associates and joint ventures.
- IFRS 9: fees are now included in the ‘10 per cent’ test for derecognition of financial liabilities: in determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different from the terms of the original financial liability. The IASB proposes to clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendments to IAS 16 – Proceeds before intended use

These amendments aim to reduce diversity in the application of the standard by setting out the principles for recognising and measuring an item of property, plant and equipment as an asset.

They prohibit an entity from deducting from the cost of an asset any proceeds generated while bringing that asset to the location and condition necessary for use. Instead, an entity must recognise these proceeds of sale and the corresponding costs in profit or loss.

Amendments to IFRS 3 – references to the Conceptual Framework

These amendments update a reference in the standard to the Conceptual Framework without changing the accounting requirements for business combinations.

They add an exception to the accounting principle of the standard: for liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 respectively (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination.

So far, the Group has not been impacted by these new amendments.

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 IAS 8	Definition of accounting estimates	2 March 2022	1 January 2023
Amendments to IAS 1	Disclosures to be provided on accounting principles	2 March 2022	1 January 2023
Amendments to IFRS 17	Insurance contracts	19 November 2021	1 January 2023
Amendments to IAS 12	Income taxes – Deferred tax on assets and liabilities resulting from the same transaction	Not adopted	1 January 2023
IFRIC decision on IAS 38	Costs of configuration and customisation of the software used in a software as a service (SaaS) arrangement	March 2021	-
IFRIC decision on IFRS 9 and IAS 20	TLTRO III transactions	February 2022	-
Amendments to IAS 1	Classification of liabilities as current or non-current	Not adopted	-

3.5. Use of judgements 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 final future results 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 2022, 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 2022 (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 in the statement of financial position.

The assumptions on which the Group’s main estimates are based have been reviewed as of 30 June 2022 considering the current economic context.

4. Principles for drafting the consolidated financial statements

4.1. Determining the consolidation perimeter

The consolidation of the Group's interim financial statements at 30 June 2022 includes the accounts of Promontoria MMB SAS and of all the entities the consolidation of which has a significant impact on the consolidated accounts of the Group and that are controlled by the consolidating entity.

The scope of the entities consolidated by My Money Group 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 on its subsidiaries.

4.3. Consolidation rules

Retreatments and eliminations

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

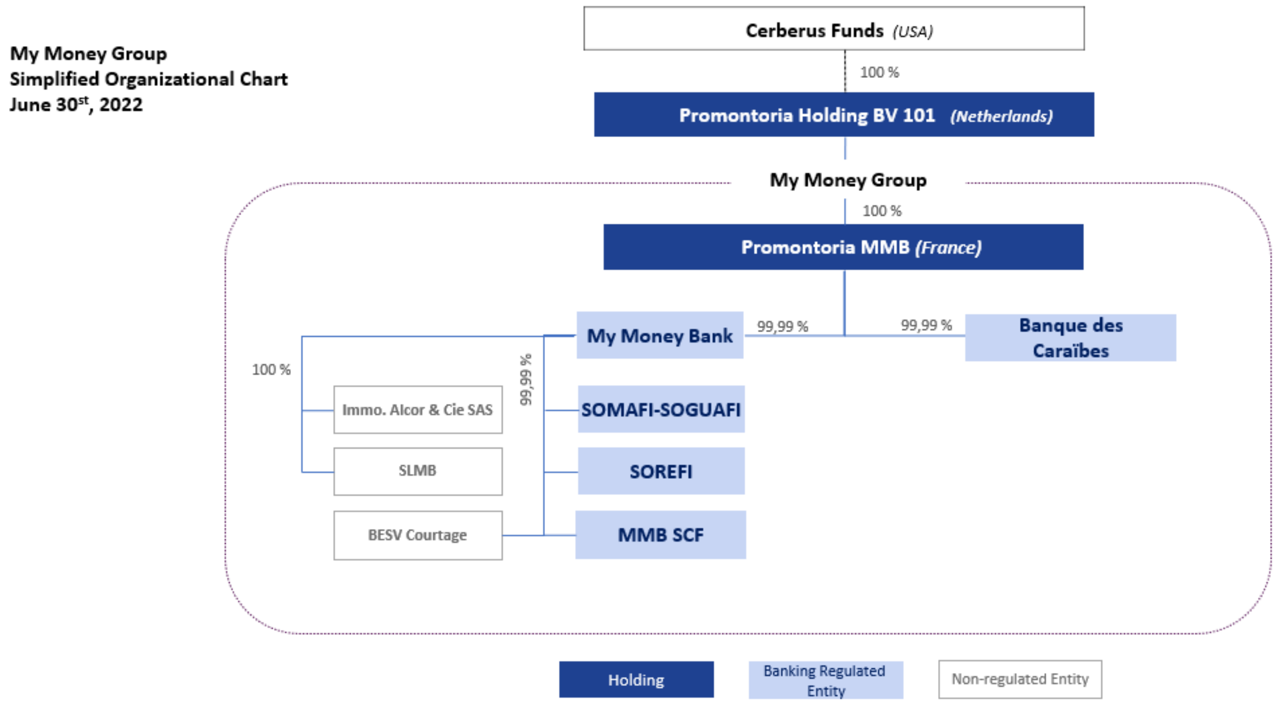
Balances and reciprocal revenues and charges resulting from internal operations are eliminated, including dividends and the gains and losses due to intra-group disposals.

5. Consolidation scope

5.1. Consolidation scope at 30 June 2022

The simplified organisational chart below shows the companies held directly or indirectly by the financial holding company Promontoria MMB as at 30 June 2022.

There are no changes to the Group's consolidation circle at 30 June 2022 by comparison with 31 December 2021.



There has been no change in the equity percentage since 31 December 2021.

Entity	Country	Method of consolidation	% of interest
Promontoria MMB S.A.S.	Metropolitan France	Parent	
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%
Immobilière Alcor et Cie S.A.S.	Metropolitan France	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
FCT TopazOne	Reunion / Caribbean	Full consolidation

In accordance with its refinancing strategy, the Group has proceeded to the full redemption of the portfolio transferred to the TopazOne fund, for an amount of 30 million euros with full impairment of all the liabilities on 24 March 2022.

All the subsidiaries are regarded as controlled by My Money Group 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 or risks inherent in measurement model or in the inputs used. Unobservable inputs shall be the subject of internal assumptions reflecting 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 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 EUROS	30.06.2022 Fair value Level 1	30.06.2022 Fair value Level 2	30.06.2022 Fair value Level 3	31.12.2021 Fair value Level 1	31.12.2021 Fair value Level 2	31.12.2021 Fair value Level 3
Hedging derivatives	-	281 678	-	-	94 903	-
Financial assets at fair value through profit and Loss	-	45 283	934	-	15 902	-
Financial assets at fair value through other comprehensive income	97 866	52 460	34 313	103 615	37 928	100 000
Financial assets at amortised cost	-	-	-	-	-	4 431
Loans and receivables due from banks and credit institutions at amortised cost	-	202 923	-	-	356 979	-
Loans and receivables due from customers at amortised cost	-	7 026 360	-	-	6 639 044	-
Non-current assets held for sale	-	9 591	-	-	9 591	-
Total financial assets	**97 866**	**7 618 295**	**35 248**	**103 615**	**7 154 347**	**104 431**
Financial liabilities at fair value through profit and Loss	-	35 685	1 030	-	6 869	64
Hedging derivatives	-	283 748	-	-	65 934	-
Debt securities issued	-	1 861 885	-	-	2 160 651	-
Due to bank and credit institutions	-	569 376	-	-	355 832	-
Due to customers	-	4 206 260	-	-	4 079 196	-
Total financial liabilities	**-**	**6 956 954**	**1 030**	**-**	**6 668 482**	**64**

The Group holds financial products classified as hedging instruments and considered to be 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 into account 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 basis of 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 or cancelled or expires.

c. Hedging instruments

IN THOUSANDS OF EUROS	30.06.2022				31.12.2021			
	Notional amount	Carrying amount		Ineffective portion accounted in profit or loss	Notional amount	Carrying amount		Ineffective portion accounted in profit or loss
		Assets	Liabilities			Assets	Liabilities	
Fair Value Hedge								
Interest Rate Swaps	3 834 399	177 647	(267 817)	108	3 610 756	34 741	(65 934)	124
Cash Flow Hedge								
Interest Rate Swaps	5 700 000	104 032	(15 931)	-	6 000 000	60 162	-	-

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 euros (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 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 euros (2.6 billion euros purchase of payer swaptions and 2.6 billion euros sale of payer swaptions) without a contingency clause. These derivatives are also classified as cash flow 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 euros, 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 euros. The amounts accumulated in equity in respect of the effective portion of the hedge for a total of 152 135 thousand euros 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 euros. The measurement of these instruments classified as cash flow hedge amounted to 104 032 thousand euros at 30 June 2022, representing a variation of 63 357 thousand euros deferred in equity.

PRE-HEDGING OF THE FUTURE HSBC SFH COVERED BOND ISSUANCES

The Group also strengthened the hedging of this portfolio in May and June 2022 by executing forward interest rate swaps fixed at end-November and end-December respectively to protect the future HSBC SFH covered bond issuances planned for 2022 from changing interest rates. These swaps, which fix future cash flows of a highly probable transaction, are classified as cash-flow hedge.

- On 18 May 2022, the Group executed an initial covered bond issue pre-hedge for a notional amount of 750 million euros with a maturity of 10 years. On 21 June 2022, HSBC SFH completed a 750 million euros covered bond issuance with a shorter maturity than initially planned, i.e. 6 years, in view of the very complicated market environment resulting in an over-hedged position.

Following this first issuance, the Group terminated the pre-hedge executed in May resulting in the derecognition of the derivative from the balance sheet and the receipt of a payment of 51 545 thousand euros:

- ➢ 26 822 thousand euros corresponding to the effective portion remain in equity until the hedged transaction occurs.
- ➢ 24 723 thousand euros corresponding to the ineffective portion of the pre-hedge have been recycled in profit and loss, resulting from the over-hedged position.

- On 23 June 2022, the Group again executed a pre-hedge operation for a notional amount of 500 million euros with a maturity of 7 years. This new operation remains prudent and takes into account the current market context. The valuation of this pre-hedge at 30 June 2022 is (15 931) thousand euros.

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

IN THOUSANDS OF EUROS	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	7 196	(0,26%)	53 317	0,35%	58 870	(0,13%)	1 182 710	0,37%	2 702 306	0,08%	4 004 399
Cash Flow Hedge	-	-	-	-	-	-	5 200 000	2,12%	500 000	2,61%	5 700 000
Total hedging derivatives	**7 196**	**(0,26%)**	**53 317**	**0,35%**	**58 870**	**(0,13%)**	**6 382 710**	**1,80%**	**3 202 306**	**0,48%**	**9 704 399**

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 EUROS	Balance sheet item including hedging instrument	30.06.2022			31.12.2021		
		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 mortgage restructured loans	Loans and receivables due from customers at amortised cost	(154 909)	-	(152 914)	(1 995)	-	(20 027)
- Auto loans	Loans and receivables due from customers at amortised cost	(742)	-	(683)	(59)	-	(162)
- Fixed rate consumer restructured loans	Loans and receivables due from customers at amortised cost	(7 384)	-	(8 300)	916	-	(1 171)
- Covered Bond	Debt securities issued	-	(257 330)	224 878	-	32 452	32 659
- Securities	Financial assets at fair value through equity	(12 693)	-	(10 744)	(1 949)	-	(36)
- Tiers 2	Subordinated debt	-	(8 234)	6 848	-	1 386	1 386

The ineffectiveness resulting from the Group's fair value hedges amounted to 76 thousand euros at 30 June 2022 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 covered in cash flow hedges.

Cash Flow Hedge - Interest Rate Risk IN THOUSANDS OF EUROS	30.06.2022			31.12.2021		
	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	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	-	197 556	-	-	34 965	-

e. Cash flow hedge effectiveness

Cash Flow Hedge - Interest Rate Risk IN THOUSANDS OF EUROS	30.06.2022			31.12.2021		
	Gains / Losses recognised in OCI	Ineffective portion accounted in profit or losses	Item in comprehensive income including ineffective portion of hedge	Gains / Losses recognised in OCI	Ineffective portion accounted in profit or losses	Item in comprehensive income including ineffective portion of hedge
Interest rate swaps	197 556	-	Net gains and losses on financial instruments at fair value through other comprehensive income	34 965	-	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 EUROS	Effective portion of the hedge	Hedge cost	**Total**
CFH Reserve at 31.12.2020	**(6 138)**	**-**	**(6 138)**
Fair value of derivatives recognised in equity	30 432	4 532	34 965
CFH Reserve at 31.12.2021	**24 294**	**4 532**	**28 827**
Fair value of derivatives recognised in equity	259 186	(61 630)	197 556
CFH Reserve at 30.06.2022	**283 481**	**(57 098)**	**226 383**

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 are presented separately on the line “Interest and similar income” of 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 EUROS	30.06.2022	31.12.2021
Loans	7 147	7 703
Bonds	2 451	1 330
Trading derivatives (*)	36 619	6 869
Total financial assets at fair value through profit and loss	**46 218**	**15 902**
Trading derivatives (*)	(36 715)	(6 933)
Total financial liabilities at fair value through profit and loss	**(36 715)**	**(6 933)**

(*) Interest rate swaps and “mirror” swaps. Since the implementation of EMIR, it is no longer possible to cancel hedging instruments, there is an obligation to “mirror” the swaps that are to be cancelled.

	30.06.2022			31.12.2021		
		Carrying amount			Carrying amount	
IN THOUSANDS OF EUROS	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Trading derivatives	809 585	36 619	(36 715)	839 655	6 869	(6 933)

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

a. 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 amounted to 185 million euros at 30 June 2022 versus 244 million euros at 31 December 2021.

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

At 30 June 2022, the Group records on these assets:

- an unrealised capital loss of (1 653) thousand euros versus 446 thousand euros at 31 December 2021, and
- an impairment, measured under IFRS 9, of (271) thousand euros versus (141) thousand euros at 31 December 2021.

The net variation of impairment, recorded in equity at end of June, is amounted to 1 969 thousand euros versus 346 thousand euros at 31 December 2021.

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

Following the acquisition of the 5 021 419 ordinary shares in the company One Zero Digital Bank Ltd, 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 2022, the Group recorded a foreign exchange gain of 1 165 thousand euros 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 continental 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.

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		- Commercial Banking	- Mortgage
	- Revolving Credit		- Trailing	- SME
	- Dealer			- Particular

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.

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Bonds and other fixed-income securities	-	4 431
Shares and other variable-income securities	-	-
Other investment securities	0	-
Investment securities before provisions	**0**	**4 431**
Individual provisions	**(0)**	**-**
Investment securities at amortised cost	**(0)**	**4 431**
Current accounts	202 966	357 022
Loans and receivables due from banks and credit institutions before provisions	**202 966**	**357 022**
Individual provisions	**(43)**	**(43)**
Loans and receivables due from banks and credit institutions	**202 923**	**356 979**
Debt Consolidation (mortgages and personal loans)	3 580 443	3 446 738
DOM	1 197 505	1 178 886
BDC	411 486	392 673
Real Estate	1 886 004	1 646 659
Non Core	61 848	80 373
Loans and receivables at amortised cost before provisions	**7 137 286**	**6 745 585**
Collective provisions	**(110 926)**	**(106 541)**
Loans and receivables due from customers	**7 026 360**	**6 639 044**
Total financial assets at amortised cost	**7 229 282**	**7 000 454**

[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.

b. 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 those observed during the 2008/2009 crisis. In Q4 2019, three scenarios were used: Favourable, Base and Adverse, respectively weighted at 10%, 60% and 30%.

During the Covid-19 crisis, the Group has conducted a quarterly review of economic forecasts. The main source of projections has been the Banque de France publication ("BDF"), which is updated quarterly.

At the end of 2021, 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 projections of the Banque de France's adverse scenario.

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

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 into account 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 the individual customers in our other portfolios.
- for professional customers, a sectoral impact analysis has been used to determine a 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 2022, a weighting of 50% was attributed to the "base" scenario and a 50% weighting to the "adverse" scenario.

Summary of weightings from 2019 to 2022

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%	

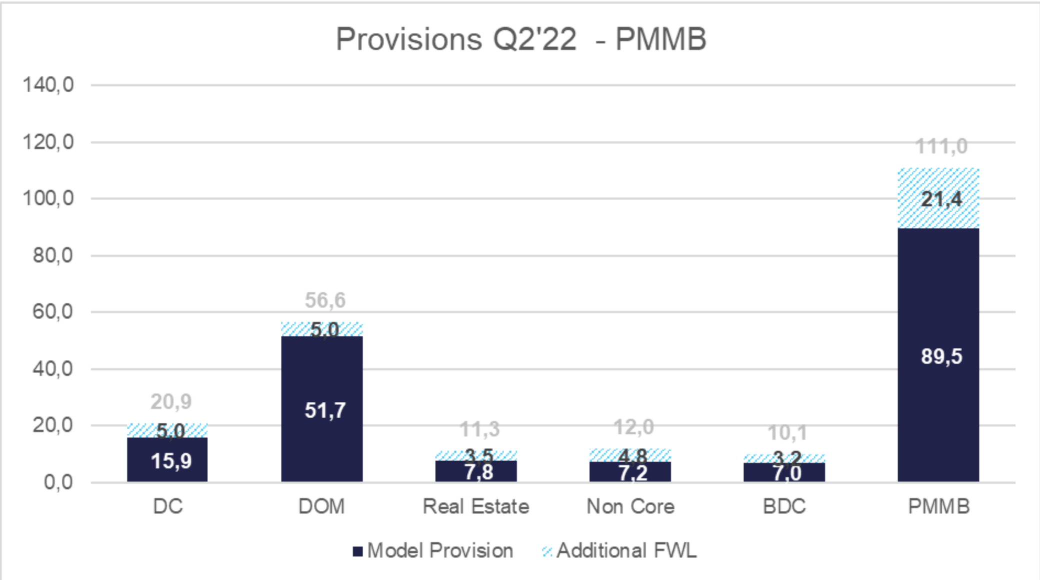
SENSITIVITY OF THE SCENARIOS AT 30 JUNE 2022

Sensitivity of scenarios Q4-21	Consolidated debts		Somafi-Soguafi		Sorefi	
Reference	**15,9**		**33,7**		**19,7**	
	Mt	***Delta***	***Mt***	***Delta***	***Mt***	***Delta***
Baseline scenario	17,4	1,5	35,3	1,6	20,8	1,1
Adverse scenario	24,5	8,6	38	4,3	22,5	2,8

In the case of Professional real estate, in addition to these analyses a management overlay has been determined and applied since the third quarter 2021 to stage 1. This is because the level of provision obtained with the models was below a reasonable estimate for this perimeter. This is due to an overall improvement in the quality of the portfolio at acquisition and increased monitoring of Non-Performing Loans ("NPLs"). However, given the volatility of the Professional real estate portfolio due to the high disparity of tickets and the background of the health crisis, 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 amount of provisions of 5.5 million euros and a threshold in terms of the provision rate of 0.4%. The higher of these amounts is retained.

This management overlay is applied and discussed each quarter at the quarterly credit risk monitoring meetings. At 30 June 2022, it is the rate threshold that is applied to stage 1 of this portfolio.



The “Expected losses” 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 EUROS	Expected losses at 12 months (S1)	Expected losses at maturity (collective evaluation) (S2)	Expected losses at maturity (individual evaluation) (S3)
Book value at 01.01.2022	**6 104 026**	**302 309**	**224 925**
Financial assets transferred to S1	-	(33 345)	(6 699)
Financial assets transferred from S1	-	103 372	23 882
Financial assets transferred to S2	(139 459)	-	(15 599)
Financial assets transferred from S2	30 572	-	53 971
Financial assets transferred to S3	(28 352)	(55 559)	-
Financial assets transferred from S3	5 759	14 494	-
Financial assets created or acquired during the year	1 223 990	3 014	3 192
Write-offs	(229)	(34)	(5 346)
Financial assets derecognised during the year	-	-	-
Amortisation	(678 208)	(36 744)	(54 174)
Other changes	-	-	-
Book value at 30.06.2022	**6 518 100**	**297 506**	**224 151**

At 30 June 2022, outstanding POCI loans, not included above, stand at 98 million euros versus 114 million euros at 31 December 2021 :

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Consolidated debts	47 968	55 125
DOM	5 327	6 057
BDC	8 295	8 529
Real Estate	33 982	40 538
Non Core	1 957	3 846
Total POCI	**97 529**	**114 324**

Provisions IFRS 9 IN THOUSANDS OF EUROS	Expected losses at 12 months (S1)	Expected losses at maturity (S2)	Expected losses at maturity (individual evaluation) (S3)
Provisions at 01.01.2022	**28 365**	**11 381**	**66 795**
- Transfer to S1	155	(1 873)	(2 586)
- Transfer to S2	(580)	6 231	(3 356)
- Transfer to S3	(275)	(2 484)	17 212
Amortisation	(2 947)	(1 356)	(5 748)
Financial assets derecognised during the year	-	-	(973)
Financial assets created or acquired during the Year	5 475	439	823
Write-offs	(1)	(5)	(4 607)
Change of models / re-estimation of parameters)	(454)	2 896	(1 602)
Foreign exchange effects and other movements	-	-	-
Provisions at 30.06.2022	**29 737**	**15 229**	**65 959**

c. 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”.

IN THOUSANDS OF EUROS	30.06.2022 Outstandings	30.06.2022 Provision	31.12.2021 Outstandings	31.12.2021 Provision
Loan undertakings	525 629	2 986	492 656	2 929
Guarantees	32 130	955	46 832	526

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 EUROS	30.06.2022	31.12.2021
Debt securities	1 858 882	2 158 952
Related payables	3 003	1 699
Sub-total debt securities	**1 861 885**	**2 160 651**
Current account and related payables	2 178	40 921
Term loans and advances	563 285	310 937
Other financial liabilities	3 913	3 973
Sub-total due to bank and credit institutions	**569 376**	**355 832**
Current account	1 116 005	1 033 384
Term loans and advances	3 049 670	3 011 052
Related payables	29 525	28 919
Other financial liabilities	11 060	5 841
Sub-total due to customers	**4 206 260**	**4 079 196**
Total financial liabilities at amortised costs	**6 637 521**	**6 595 679**

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 Group.

The Group holds securitised assets on its balance sheet, acquired either as originator in the course of its financing activities, or through the securitisation of several portfolios of customer loans (loan consolidation, motor vehicle leases and personal loans). The total for the securities issued in these securitisation operations stands at 46 million euros at 30 June 2022 compared with 121 million euros at 31 December 2021.

These debts also include the covered bonds issued since October 2018 by the building society MMB SCF, for an amount of 2 053 million euros at 30 June 2022, including 3 million euros of related debt versus 2 052 million euros at 31 December 2021.

At 30 June 2022, Promontoria MMB had issued 20 million euros in commercial paper with an average weighted rate of 0.33% and an average maturity of 2 months.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND SIMILAR

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

The TLTRO III terms notably make it possible to offer long-term refinancing with a bonus 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%) over the one-year period from June 2021 to June 2022. However, in order to address the high inflation affecting countries in the euro area, the European Central Bank is in the process of normalising its monetary policy and is expected to announce successive dates for increases in the deposit rate, which the market estimates will rise from -0.5% today to 0% by September. An increase in the ECB deposit rate will have an impact on the overall TLTRO interest rate. As a reminder, the overall rate is the weighted average of the special period interest rates (at -1%) and the average rate of the deposit facility over the remaining period, i.e. from June 2022 to September 2023.

Following the statistical reports and audit reports submitted during the financial year, the Banque de France 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 reduction applied over the period from June 2021 to June 2022.

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. Interest income for the 2022 is presented under the heading “Interest and similar income”.

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 2022, deposits stand at around 4,1 billion euro, compared with 3.9 billion euros at 31 December 2021. The rise of around 4% is mainly due to growth in the group’s various deposit programmes.

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 expected to apply 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 is 25% for 2022 and subsequent years, to which is added a social contribution on profits (CSB) of 3.3% (after application of relief of 0.76 million euros), 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 expenses 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 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. This business plan is updated each year and is also subject to sensitivity tests in order to ensure its robustness. 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.

However, the taxable profit generated by the end of the swaptions in 2021 should make it possible to use part of these deficits in 2022.

At 30 June 2022, the net deferred tax position was impacted by the event described in note 6.1.c, which led to the recognition of a deferred tax liability of approximately 58 million euros reversing as a result temporarily the net asset position at 31 December 2021.

Regarding the tax loss carryforwards generated before the creation of the tax group - pre-integration - and which can only be used at the level of entities that create these losses (MMB, Sorefi, Somafi-Soguafi), the related deferred tax assets remain fully recognised (26.8 million euros as at 30 June 2022).

The business plan provides for sufficient profits for these entities to allow the full use of these deficits within a five-year horizon.

CURRENT AND DEFERRED TAXES

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Current taxes	876	876
Deferred taxes	-	24 185
Current and deferred tax assets	**876**	**25 060**
Current taxes	(1 928)	-
Deferred taxes	(20 530)	-
Current and deferred tax liabilities	**(22 458)**	**-**

BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Financial assets at amortised costs and at fair value through P&L and equity (OCI)	(52 961)	(10 929)
Unrealized leasing reserves	(12 111)	(12 675)
Provisions for employee benefit – pension	12 490	14 690
Other non-deducted provision (including credit risk)	5 279	4 463
Tax losses carried forward	26 773	28 636
Net deferred taxes	**(20 530)**	**24 185**
O/w deferred tax assets	*-*	*24 185*
O/w deferred tax liabilities	*(20 530)*	*-*

DEFERRED TAX ASSETS ON UNRECOGNISED TAX LOSSES CARRIED FORWARD

IN THOUSANDS OF EUROS	Legal duration of the carry-forward	Forecast horizon for recovery	30.06.2022	31.12.2021
Promontoria MMB Fiscal Group	Indefinite	> 5 years	-	-
My Money Bank SA	Indefinite	4 years	23 559	24 912
Somafi-Soguafi SA	Indefinite	5 years	2 778	2 778
Sorefi SA	Indefinite	2 years	436	946
Total deferred tax assets			**26 773**	**28 636**

CHANGES IN DEFERRED TAXES

IN THOUSANDS OF EUROS	Changes in profit or loss	Changes in equity	Other changes	Total
Net deferred taxes at 31.12.2021				**24 185**
Financial assets at amortised costs and at fair value through P&L and equity (OCI)	10 975	(53 007)	-	**(42 032)**
Tax rate impact on financial assets at fair value through P&L and equity (OCI)	-	-	-	**-**
Changes in unrealized leasing reserve	564	-	-	**564**
Tax rate impact on unrealized leasing reserve	-	-	-	**-**
Changes in provisions for employees benefits - pension	(2 200)	-	-	**(2 200)**
Changes in other non-deducted provisions (including credit risk)	817	-	-	**817**
Tax rate impact on other non-deducted provisions	-	-	-	**-**
Changes in tax losses carried forward (before limitation / recognition)	(2 419)	-	-	**(2 419)**
Impact of unrecognised tax losses carried forward / prior years unrecognition catch up	556	-	-	**556**
Tax rate impact on tax losses carried forward	-	-	-	**-**
Net deferred taxes at 30.06.2022	**8 292**	**(53 007)**	**-**	**(20 530)**

6.6. OTHER ASSETS AND LIABILITIES

a. OTHER ASSETS

IN THOUSANDS OF EUROS	31.12.2021	31.12.2021
Suppliers	614	264
Insurance	2 022	954
Deposits, advances	33 510	26 694
Taxes	10 767	4 439
Values received on collection	9 878	11 504
Deferred expenses	6 027	6 504
Other adjustment accounts	12 247	5 766
Other assets	27 197	14 835
Prepaid expenses	15 041	6 098
Accrued income	117 761	44 183
Total other assets	**235 065**	**121 242**

b. Other liabilities

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Security deposits	181	184
Suppliers	5 207	11 394
Tax and social security liabilities	42 354	33 957
Insurance	2 695	1 894
Other adjustment accounts	25 186	13 641
Other liabilities	34 006	17 735
Lease liability IFRS 16	19 480	18 422
Accrued expenses	20 724	18 392
Deferred income	4 776	4 881
Total other liabilities	**154 610**	**120 500**

c. Breakdown of lease liabilities by due date

IN THOUSANDS OF EUROS	Less than 1 year	From 1 to 5 years	More than 5 years	Total 30.06.2022
Commercial leases	140	3 217	15 765	19 122
Vehicle leases	25	62	-	87
Long-term vehicle leases	33	182	-	215
Other	1	56	-	56
Total lease liabilities under IFRS 16	**199**	**3 516**	**15 765**	**19 480**

6.7. Non-current assets held for sale

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
Property, plant and equipment	9 591	9 591
Total non-current assets held for sale	**9 591**	**9 591**

At 30 June 2022, the investment property held by the entity SLMB is still available for sale in its existing condition.

6.8. TANGIBLE AND INTANGIBLE ASSETS

IN THOUSANDS OF EUROS	Gross value 31.12.2021	Reclassification[3]	Increase	Decrease	Gross value 30.06.2022	Impairment and amortisation 31.12.2021	Reclassification	Increase	Decrease	Net value 30.06.2022
Tangible assets	**41 860**	**(6)**	**8 241**	**(4 346)**	**45 749**	**(14 463)**	**2**	**(3 020)**	**2 251**	**30 517**
Buildings	468	86	-	(11)	542	(75)	-	(19)	-	449
Office and IT equipment	5 387	(22)	1 097	(111)	6 352	(2 745)	1	(499)	82	3 189
Fittings and Facilities	5 856	16	2 424	(0)	8 296	(1 961)	1	(408)	-	5 929
Tangible assets in Progress	1 110	-	1 664	(2 056)	717	-	-	-	-	717
Right of use asset IFRS 16	28 591	-	3 056	(2 168)	29 479	(9 624)	-	(2 080)	2 168	19 943
- Lease	*27 060*	-	*3 056*	*(1 851)*	*28 265*	*(8 614)*	-	*(1 910)*	*1 851*	*19 592*
- Other	*1 531*	-	-	*(317)*	*1 214*	*(1 010)*	-	*(170)*	*317*	*351*
Other	449	(86)	-	-	362	(58)	-	(14)	-	290
Intangible assets	**25 556**	**28**	**9 806**	**(6 901)**	**28 489**	**(5 240)**	**(2)**	**(2 707)**	**-**	**20 541**
Total tangible and intangible assets	**67 416**	**22**	**18 047**	**(11 247)**	**74 238**	**(19 703)**	**-**	**(5 727)**	**2 251**	**51 059**

[3] The reclassifications mainly corresponding to a correction of the opening balance

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 and intangible assets.

IN THOUSANDS OF EUROS	30.06.2022	31.12.2021
ASSETS		
Property, plant and equipment (right-of-use assets)	**29 479**	**28 591**
➢ Commercial leases	28 265	27 060
➢ Leasing vehicles	461	588
➢ Long-term lease vehicles	616	807
➢ Photocopiers / Printers	137	137
LIABILITIES		
Other liabilities (lease liability)	19 480	18 422
Consolidated income statement		
Interest expense	133	280
Depreciation and amortisation of right of use assets	2 013	3 934

b. Intangible assets

At 30 June 2022, the intangible fixed assets, essentially consisting of software and information systems developed internally.

6.9. Provisions

IN THOUSANDS OF EUROS	01.01.2022	(+) Increase	(-) Reversal (utilized provisions)	(-) Reversal (surplus provisions)	Change in actuarial assumptions	30.06.2022
Pensions and other post-employment benefits [4]	56 813	280	-	(66)	(8 733)	48 294
Other long-term employee benefits	1 733	-	-	(207)	-	1 526
Restructuring	24	-	-	(24)	-	-
Fiscal and legal risks	2 933	167	(539)	-	-	2 561
Commitments and guarantees given	3 538	668	-	(182)	-	4 024
Other provisions	2 297	15	(588)	(630)	-	1 094
Total	**67 337**	**1 129**	**(1 127)**	**(1 108)**	**(8 733)**	**57 499**

[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.

IN THOUSANDS OF EUROS	30.06.2022			30.06.2021		
	Income	Expense	Net	Income	Expense	Net
Loans and receivables from credit institutions	1 225	-	1 225	1 256	-	1 256
Loans and receivables from customers	97 693	(11 003)	86 690	89 488	(11 028)	78 460
Securities	57	-	57	265	-	265
Financial lease	15 492	(936)	14 556	17 614	(3 108)	14 506
Due to central banks	-	(73)	(73)	-	(427)	(427)
Due to banks	-	(8 489)	(8 489)	-	(1 015)	(1 015)
Due to customers	-	(7 501)	(7 501)	-	(9 820)	(9 820)
Debt securities issued	-	-	-	-	-	-
Financial instruments at amortised cost	**114 467**	**(28 001)**	**86 466**	**108 622**	**(25 398)**	**83 224**
Financial instruments at fair value through profit or loss	-	137	137	-	(95)	(95)
Lease agreements[5]	-	(133)	(133)	-	(148)	(148)
Financial instruments at fair value through other comprehensive income	314	(2 553)	(2 238)	254	(2 719)	(2 465)
Hedging derivatives	5 831	(6 664)	(833)	2 779	(4 866)	(2 087)
Total interest income and expense	**120 613**	**(37 214)**	**83 399**	**111 655**	**(33 226)**	**78 429**

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 among interest income and expenses, and not among commissions.

IN THOUSANDS OF EUROS	30.06.2022			30.06.2021		
	Income	Expense	Net	Income	Expense	Net
Transaction with customers	5 236	(2 990)	2 245	5 626	(3 335)	2 291
Securities transactions	-	(26)	(26)	-	(634)	(634)
Transactions with payment instruments	701	(471)	230	1 089	(469)	620
Financial services	6 641	(325)	6 316	5 363	(1 355)	4 008
Other	2 738	(169)	2 569	2 037	(159)	1 877
Total fee income and expense	**15 315**	**(3 981)**	**11 334**	**14 114**	**(5 952)**	**8 162**

[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 gain on this line item at 30 June 2022 is 76 thousand euros, compared with 472 thousand euros at the end of June 2021, and corresponds to the positive fair value changes of 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 25.4 million euros, generated by the following operations:

- 690 thousand euros in capital gains from the sale of investment securities
- 24.7 million euros for the ineffective portion of the pre-hedge unwound on 21 June 2022 (see Note 6.1.c).

7.5. NET GAINS AND LOSSES ON FINANCIAL ASSETS MEASURED AT AMORTISED COST

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
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 EUROS	30.06.2022	30.06.2021
Marginal costs / Commissions	(1 508)	-
Total other expenses	**(1 508)**	-
Insurance income	4 150	3 625
Servicing	1 070	
Uncollected VAT to be written back	219	713
Other	2 208	1 878
Total other income	**7 647**	**6 216**
Total income and expense from other activities	**6 138**	**6 216**

7.7. General operating expenses

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
Miscellaneous operating income	60	-
Reversal of provisions for risks and expenses	835	1 525
Provisions for risks and expenses	(447)	(720)
Employee profit-sharing and incentive schemes	(66)	(278)
Payroll taxes, duties and similar levies	(2 151)	(4 215)
Pension expenses	(3 207)	(3 002)
Wages and salaries	(32 270)	(28 154)
Other social security expenses	(12 953)	(11 068)
Total employee costs	**(50 198)**	**(45 911)**
Lease	(913)	(775)
External services provided by Group entities	(2 110)	2 296
Transport and travel	(397)	(232)
Other external services	(70 069)	(31 244)
Miscellaneous operating expenses	(450)	(178)
Total operational expenses	**(73 938)**	**(30 134)**
Taxes	(6 540)	(4 059)
Other	(169)	(1 562)
Total operating expenses	**(130 844)**	**(81 666)**

7.8. Amortisation costs and depreciations

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
Depreciation and amortisation on intangible assets	(2 707)	(634)
Depreciation and amortisation on tangible assets	(939)	(676)
Depreciation and amortisation on right of use assets	(2 013)	(1 965)
Total Amortisation, depreciation and impairment of tangible and intangible fixed assets	**(5 659)**	**(3 275)**

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 on bad debts written off.

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
Net provisions on transactions with customers	(3 938)	3 592
Net provisions for guarantees given on assigned loans	(486)	920
Net POCI re-evaluation	1 338	(1 199)
Net losses on transactions with customers	(7 465)	(5 333)
Net provisions on other risks	-	(266)
Total cost of risk	**(10 550)**	**(2 285)**

7.10. Net gains and losses on other assets

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
Gains on disposals of tangible assets	5 453	374
Losses on disposals of tangible assets	(5 235)	(1)
Impairment on non-current assets held for sale	-	-
Total gains or losses on other assets	**217**	**374**

7.11. Other Income

The gain on this item is associated with the payment to be received on a claim following the acquisition of the former My Partner Bank for 300 thousand euros.

7.12. Income tax and deferred taxes

Tax expense for the first half 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 euros or 25.83%.)

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

IN THOUSANDS OF EUROS	30.06.2022	30.06.2021
Net income - Group share	(13 698)	5 092
Net income - Non-controlling interests		
Income tax charge	6 364	(1 341)
Earnings before tax	**(20 062)**	**6 434**
Theoretical tax rate	25,83%	28,41%
Theoretical tax	**5 182**	**(1 828)**
Permanent differences	515	743
Tax rates differences for consolidated entities	41	(287)
Low rate taxation (dividends)	(6)	(5)
Unrecognised carry forward tax losses	-	-
Impact of the change in tax rate on deferred tax	556	-
Effect of changing corporation tax rates on the measurement of deferred taxes	-	-
Tax hit for prior period adjustments	0	18
Tax on bargain purchase gain	77	-
Miscellaneous	(1)	17
Tax charge for the period	**6 364**	**(1 341)**
w/o tax payables	*(1 928)*	*18*
w/o deferred tax	*8 292*	*(1 360)*

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. Discount Rate

The discount rate has been determined with reference to the performance at 30 June 2022 of investment-grade corporate bonds carrying an AA rating or higher with a maturity comparable to the average maturity of Group commitments in each zone.

9.2. Description of obligations in respect of defined benefit plans

Retirement obligations include retirement and other postemployment 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.
- **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).

9.3. Changes in employee benefits at 30 June 2022

The Group has taken into account the change in the discount rate (3.25% at 30 June 2022 compared with 1% at 31 December 2021) in order to remeasure its employee benefit obligations at the half-yearly reporting date. Other data and assumptions remain unchanged since the calculations on 31 December 2021 (see note 6.9).