

# RatingsDirect®

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## My Money Bank

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### Table Of Contents

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Ratings Score Snapshot

Credit Highlights

Outlook

Key Metrics

Anchor: 'bbb+' For Banks Operating In France

Business Position: A Small French Retail Specialist Goes Big, Despite Low Profitability And Efficiency

Capital And Earnings: Very Strong RAC Position With A Weakening Earnings Profile

Risk Position: Riskier Credit Activity And Benefits From Acquisition

Funding And Liquidity: Diversified Funding Profile And Adequate Liquidity With Post-Acquisition Upside

Comparable Ratings Analysis: A One-Notch Uplift To Reflect The Positive Impact Of The Acquisition On MMG's Creditworthiness

Support: None

## **Table Of Contents (cont.)**

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Environmental, Social, And Governance

Group Structure, Rated Subsidiaries, And Hybrids

Key Statistics

Related Criteria

Related Research

# My Money Bank

## Ratings Score Snapshot

			Issuer Credit Rating																											
			BBB-/Negative/A-3																											
<b>SACP: bbb-</b> →		<b>Support: 0</b> →	<b>Additional factors: 0</b>																											
<table border="1"><tr><td>Anchor</td><td>bbb+</td></tr><tr><td>Business position</td><td>Constrained</td></tr><tr><td>Capital and earnings</td><td>Strong</td></tr><tr><td>Risk position</td><td>Moderate</td></tr><tr><td>Funding</td><td>Moderate</td></tr><tr><td>Liquidity</td><td>Adequate</td></tr><tr><td colspan="2">CRA adjustment</td></tr></table>		Anchor	bbb+	Business position	Constrained	Capital and earnings	Strong	Risk position	Moderate	Funding	Moderate	Liquidity	Adequate	CRA adjustment		<table border="1"><tr><td>ALAC support</td><td>0</td></tr><tr><td>GRE support</td><td>0</td></tr><tr><td>Group support</td><td>0</td></tr><tr><td>Sovereign support</td><td>0</td></tr></table>	ALAC support	0	GRE support	0	Group support	0	Sovereign support	0	<table border="1"><tr><td><b>Issuer credit rating</b></td></tr><tr><td><b>BBB-/Negative/A-3</b></td></tr><tr><td><b>Holding company ICR</b></td></tr><tr><td><b>BB+/Negative/B</b></td></tr></table>		<b>Issuer credit rating</b>	<b>BBB-/Negative/A-3</b>	<b>Holding company ICR</b>	<b>BB+/Negative/B</b>
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ALAC support	0																													
GRE support	0																													
Group support	0																													
Sovereign support	0																													
<b>Issuer credit rating</b>																														
<b>BBB-/Negative/A-3</b>																														
<b>Holding company ICR</b>																														
<b>BB+/Negative/B</b>																														

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

Key strengths	Key risks
Very strong risk-adjusted capitalization.	Weaker earnings profile after HSBC French retail acquisition due to multi-year losses and profitability headwinds in My Money Bank's (MMB) specialized finance activities.
Established market share in the French debt consolidation segment.	Business and revenue concentration in France.
The group will benefit from significant cash injections once the HSBC French retail deal closes, mitigating the risk of deposit outflows.	The bank's high cost base results in greater operational inefficiency than peers.

*S&P Global Ratings expects My Money Group's (MMG) acquisition of HSBC France's retail operations to close in early 2024.* Amendments agreed between HSBC and Promontoria MMB (My Money Group, or MMG) on June 14, 2023, are expected to address any capital shortfall at MMG post acquisition, caused by the fair-value accounting of both assets and liabilities in a higher-interest-rate environment. As a result, we anticipate MMG's pro forma common equity tier 1 (CET1) ratio will be above 15% at the end of 2023, reflecting significant capital injections from both HSBC and Cerberus, MMG's financial sponsor. We also envisage that these amendments significantly improve MMG's liquidity position.

***We expect MMG's specialized finance activities to underperform, with weaker profitability and higher credit risk over the next two years.*** MMG's specialized financing segment has a high cost base compared to peers, with a cost-to-income ratio of 88.5% at year-end 2022. The group reported a pre-tax loss of €34 million at the end of June 2023, compared with a €7 million profit the year before, excluding acquisition-related impacts. The loss stems primarily from a higher cost of risk, which was €35 million in the first half of 2023 compared to €11 million a year before, as MMG increased provisions for its professional mortgage segment to €65.1 million from €11.3 million over the same period. We view its professional mortgage portfolio as concentrated in France's larger cities, and see it as a potential pocket of risk if the real estate market deteriorates. Additionally, the fast increase in interest rates and difficult environment for professional mortgages origination led to a weaker operating performance in the first half of 2023, which we expect to stabilize over the second half of the year.

***We expect the HSBC French retail acquisition to result in weak earnings through 2025.*** The acquisition entails a lengthy and costly transformation, with elevated nonrecurring charges. Post acquisition, the group will need to return the newly acquired assets to a profitable path, which implies optimizing the cost base while investing in client retention and developing new sources of revenue. This will weigh on profitability and capital. We expect MMG's risk-adjusted capital (RAC) ratio, including additional hybrid capital issuance, to be at about 15%-15.5% over the next two years, compared with 18% at year-end 2022.

***We reflect the acquisition's support to the rating in one notch of positive adjustment to MMG's overall creditworthiness.*** The adjustment reflects that in our base case we expect MMG to successfully manage the transformation and achieve a viable business model with sustained profitability, while maintaining strong capitalization and a stable funding profile through the retail deposit franchise.

## Outlook

The negative outlook reflects our view of the execution risks in a transformative acquisition with a complex and lengthy transformation that will weigh on MMG's profitability over the next two years, as well as the weaker profitability in its core specialized finance activity and the potential risk in its professional mortgage portfolio.

### Downside scenario

We could take a negative rating action if the acquisition does not take place. We could also lower the ratings on MMB and Promontoria MMB if the planned acquisition significantly weakens the group's creditworthiness. Specifically, this transformational acquisition carries significant execution risks that could cause the group to incur elevated nonrecurring charges and so undermine its business profile.

In addition, we could lower the ratings if MMG's earnings remain weak and its solvency weakened unexpectedly, such that its projected RAC ratio falls below 15%. This could occur if there were delays in the transformation that depress its capitalization.

We could also take a negative rating action on MMB if its strategic importance to the group diminishes after the transaction.

### Upside scenario

We could revise the outlooks on MMB and Promontoria MMB to stable if the group returned to a consolidated profit with a RAC ratio comfortably above 15%, and diversifies its funding profile through stable retail deposits. A prerequisite would be a successful execution of the acquisition and full operational ability immediately after the deal closes.

## Key Metrics

### My Money Group--Key ratios and forecasts

--Fiscal year ended Dec. 31--

(%)	2020a	2021a	2022a	2023f	2024f
Growth in operating revenue	11.2	1.2	10.9	(13.8)-(16.8)	202.5-247.5
Growth in customer loans	11.8	8.7	4.6	165.0-201.7	(0.5)-(0.6)
Growth in total assets	10.7	6.3	6.8	267.7-327.2	0.8-0.9
Net interest income/average earning assets (NIM)	2.4	2.2	2.3	0.8-0.8	1.2-1.3
Cost to income ratio	81.8	81.3	88.5	98.8-103.9	117.3-123.3
Return on average common equity	8.6	-4.3	-0.8	62.4-69.0	(3.0)-(3.3)
New loan loss provisions/average customer loans	0.7	0.0	0.4	0.3-0.3	0.1-0.1
Gross nonperforming assets/customer loans	6.9	5.0	4.1	2.5-2.8	2.6-2.8
Risk-adjusted capital ratio	16.2	20.7	18.0	15.5-16.3	15.2-16.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

## Anchor: 'bbb+' For Banks Operating In France

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating (ICR).

The anchor for banks operating primarily in France is 'bbb+', reflecting our economic risk assessment of '3' and our industry risk assessment of '4' (on a scale of 1-10, with '10' signifying the highest risk). We view the trends for economic and industry risks as stable.

Banks in France benefit from the country's open and diversified economy, and significantly higher credit growth than the eurozone average. Persistent inflation and higher interest rates have reduced growth prospects, and risks are now stacked to the downside. For France, we envisage GDP growth of 0.8% in 2023 and 0.9 % in 2024, and unemployment still below the 2019 level, stabilizing at 7.5% in 2024 and 2025. We project inflation has peaked in 2022 at 5.9%, coming down to 5.6% in 2023 and 2.6% in 2024 before reverting towards 2.0% in the following years. We expect French banks' loan growth to decelerate but remain positive at 2.5%-3.0% annually while real estate market prices have started to decrease. Domestic asset quality is structurally supported by fixed-rate mortgage loans, and hence will not be damaged by higher interest rates. While some problem loans could yet emerge this year and next, asset quality deterioration will likely stay contained. We project domestic nonperforming assets (NPAs) will increase to 2.8% of domestic assets by year-end 2025.

Regarding industry risk, we expect higher interest to be beneficial to French banks' interest income, but that this will materialize more progressively than in some other European banking markets, reflecting notably the pace of repricing in the banks' loan portfolios. Cost efficiency is a weakness for French banks compared with their European peers, notably due to a still-dense branch network. In a scenario of persistent high inflation, banks' management teams will find it harder to keep operational expenses under control. Banks also face the challenge of streamlining their operations with digitization efforts. Finally, the banking model of most French banks implies some reliance on wholesale resources, exposing the sector to market shocks.

## Business Position: A Small French Retail Specialist Goes Big, Despite Low Profitability And Efficiency

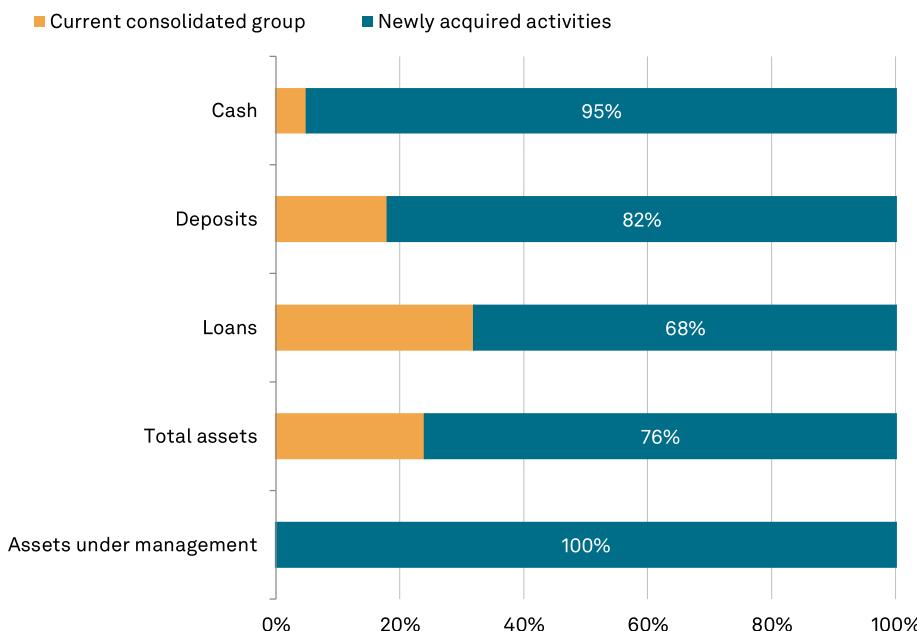
*The acquisition of HSBC's French retail activities will be transformative by increasing MMG's size and expanding its retail product offering.* The acquisition, once complete, will significantly increase the size of the consolidated group, to €33.4 billion from €8.3 billion based on data for the end of June 2023. New commercial activity will mainly be around French mortgages, which are characterized by modest profitability, intense competition, low revenues, and high costs. The bank will also offer insurance and wealth management products thanks to contractual distributional agreements with HSBC that will bring significant fees and commissions to complement its interest income. Nevertheless, we see limited synergy between the newly acquired activities and MMG's current specialized finance business lines.

HSBC Continental Europe (HSBC CE) will now retain a portfolio of €7 billion of home loans which was originally part of the transaction, with HSBC CE including an equivalent amount of cash in the transaction. The additional cash

provided will generate additional revenue. We expect this to be well managed in terms of unrealized losses.

### Chart 1

#### Illustrative side-by-side contributions, as of June 2023



Source: Company information.

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**MMG is currently a small retail specialist and MMB is the group's main operating company.** MMG's current business position reflects the concentration of its business activity under MMB's brand. It is relatively specialized, compared with other more diversified French retail banks. MMG has a narrow business focus: its revenue mainly comes from three business lines in France, and nearly all is channelled through its main operating entity, MMB. Debt refinancing represents 51% of the loan book; professional mortgages 26%, and auto and consumer loans via local subsidiaries in overseas French departments and territories a further 17%.

It had total assets of about €8.4 billion, as of the end of June 2023, making MMG a small player within the French banking system. That said, its good market share and the limited competitive pressure on its core activities are all positive factors.

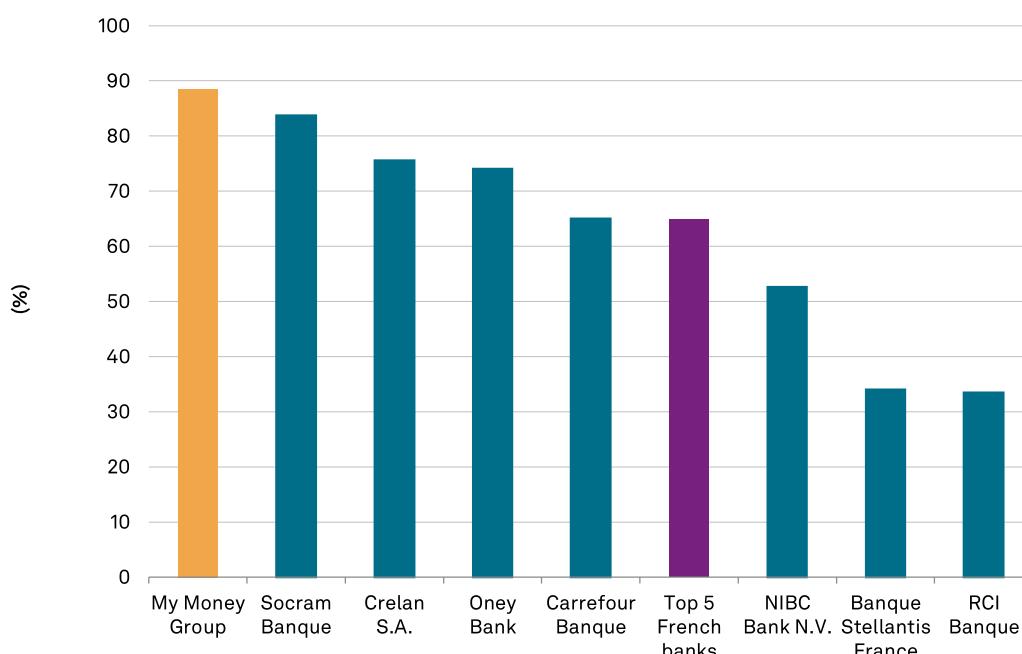
**Given its high cost base, MMG's operating entities are less efficient than other European retail bank peers.** The cost-to-income ratio was 88.47% at year-end 2022. We expect MMG to address the high cost base in its specialized financing activity to achieve higher efficiency. The HSBC acquisition will initially weigh on MMG's cost-to-income ratio, but the planned transformation should reduce the ratio over time, depending on MMG's ability to transform the acquired activities.

Additional activities could also bring much needed scale, allowing MMG to amortize the group's cost structure, and supporting increased operational efficiency. We expect it will take some years for the bank's cost-to-income ratio to fall closer to the average for its peers. MMG's ability to deliver on the transformation while returning to profitability on its specialized finance activities is critical to our future assessment of the group's business position.

### Chart 2

#### MMG's operating entities have a high cost base and are relatively inefficient

Cost-to-income ratio, year-end 2022



Source: S&P Global Ratings.

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## Capital And Earnings: Very Strong RAC Position With A Weakening Earnings Profile

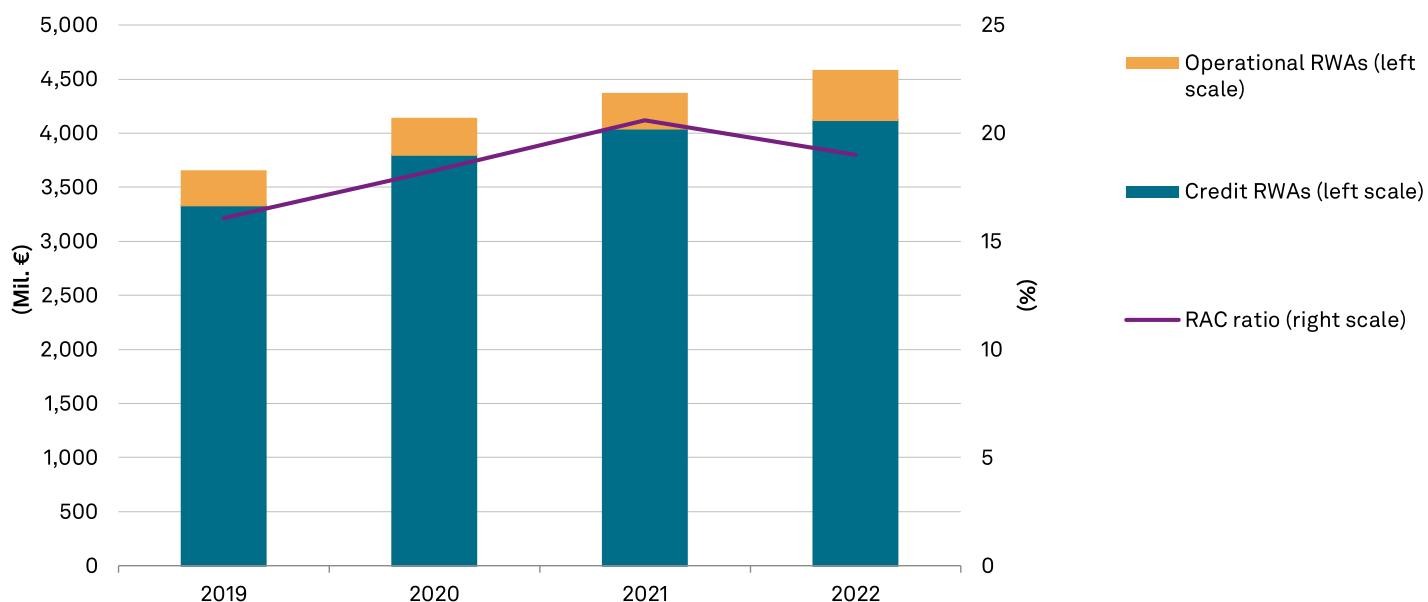
*We forecast MMG's RAC ratio will remain above 15% in the next two years.* MMG's capital position deteriorated over 2022, and its S&P Global Ratings-RAC ratio fell by 262 bps to 18.0% at year-end 2022. This reflects increased loan activity coupled with the €7 million net loss at year-end 2022. Surplus RAC above the 15% threshold could decline significantly over the next two years.

The large transformational charges associated with the acquisition are likely to produce multiyear profit losses, coupled with the headwinds on its specialized finance profitability, and therefore we expect the RAC ratio to drop significantly, to about 15%-15.5% by the end of 2025. This assumes that MMB returns to profitability and supports its capital trajectory through the issuance of new capital instruments. The bank's future capital management and

shareholder support are critical if it is to retain a long-term rating in the investment-grade category.

### Chart 3

#### MMG had a significant buffer above the 15% RAC threshold at year-end 2022



RWA--Risk weighted assets. RAC--Risk adjusted capital. Source: S&P Global Ratings, companies financial reports.

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**We consider MMG's capital to be of weaker quality than peers.** In calculating total adjusted capital, we consider that 75% was high-quality common equity at end-June 2023, which remains weaker than peers'. The bank intends to return to a share of hybrids below 20% over the next two years.

**We also consider that MMG's earnings profile over the next two years is weakening--its core earnings are negative and it will see recurring losses.** We expect MMG to produce recurring losses over the rating horizon driven by related acquisition charges, which impairs the ability of MMG to generate profits and build capital over a prolonged time. MMG posted a higher cost-to-income ratio (88.47%) at year-end 2022, the highest among its rated peers, reflecting how its high cost base was not matched with corresponding revenue.

We expect operational efficiency to remain low until the integration and transformation of the acquired activities has been successfully completed, and core specialized finance activities should return to profitability.

## Risk Position: Riskier Credit Activity And Benefits From Acquisition

**The acquisition will benefit MMG's asset quality metrics.** We expect the upcoming acquisition to tilt MMG's portfolio toward prime mortgages. The increased scale post-acquisition will reduce concentration risks in its current specialized finance portfolio. But such large asset growth could pose operational difficulties in terms of risk management, until the integration of the acquired activities is successfully completed. The latest amendments agreed with HSBC will also provide MMG with €7 billion of cash to be invested, for which the group will need to manage credit and interest rate risks prudently.

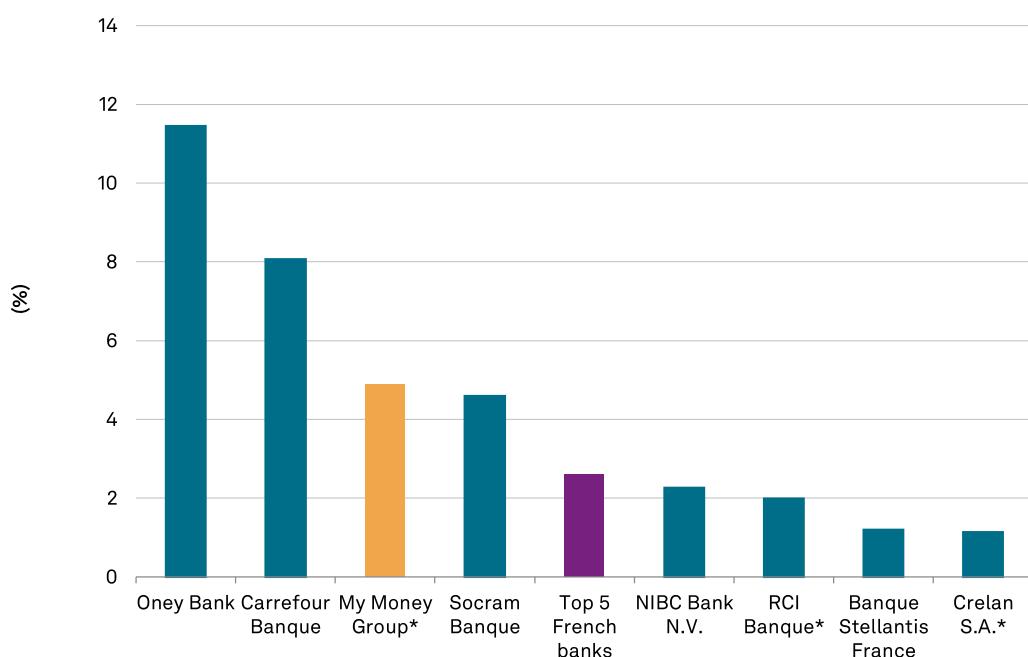
**Its specialized finance activities' asset quality metrics show higher sensitivity to credit risk.** We consider the bank's loan portfolio to be geographically concentrated compared with diversified banks. This presents higher credit risk for some business segments, like unsecured debt refinancing, professional mortgages, and consumer finance. Although most of the portfolio is secured, we also view debt that needs refinancing as more vulnerable than the underlying loans. In our opinion, business in overseas French departments and territories is more vulnerable than in mainland France. In addition, MMG's risk is primarily related to credit risk.

**MMG's operating entities' asset quality metrics have deteriorated.** NPLs in past years were on a positive trajectory, reaching a historical low at year-end 2022 with a reported NPL ratio of 3.7%. The ratio increased in the first half of 2023, reaching 4.4%, because of the transition to default of some professional mortgages and non-core portfolio exposures, and in general higher credit risk in its specialized finance activities. We expect the NPL ratio to continue increasing to about 5% on the historical portfolio in 2023. But the NPL ratio currently remains lower than pure consumer finance peers, and will, post-acquisition, remain higher than large French banks that have more diversified credit exposures.

**We see professional mortgage activity as less granular and a source of risk in a more difficult environment.** Rising rates and inflation will affect funding and construction costs, which could affect borrowers as well as asset valuations. The average loan to value (LTV) of the portfolio was below 70% at the end of June 2023, which leaves some room to absorb potential asset revaluations. Of the real estate projects being financed, 83% are in the Paris region. The group has significantly slowed down new originations amid more difficult sectoral conditions, and has a prudent provisioning policy. It set aside additional provisions in the first half of 2023 in anticipation of a deteriorating macroeconomic environment and higher inflation. We expect cost of risk to settle at around 80 bps at year-end 2023 on the specialized finance portfolio.

**Chart 4****MMG's asset quality indicators are higher than peers**

Gross nonperforming assets/customer loans + other real estate owned as of end-2022



\*Data as of June 30, 2023. Source: S&amp;P Global Ratings.

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## Funding And Liquidity: Diversified Funding Profile And Adequate Liquidity With Post-Acquisition Upside

**The acquisition will benefit the funding and liquidity profile of the bank.** The acquisition will give MMG access to stable retail deposits and this will lower the group's reliance on wholesale funding, with a relatively sticky deposit base. MMG will need to invest in client retention and develop its deposits franchise amid a more competitive environment for French savings. The group will also benefit from the €7 billion of cash that it will receive as part of the new terms of the transaction with HSBC. We expect the group to invest it in safe assets that will improve the group's liquidity position. The high level of cash post-acquisition will also mitigate the risk of deposit outflows.

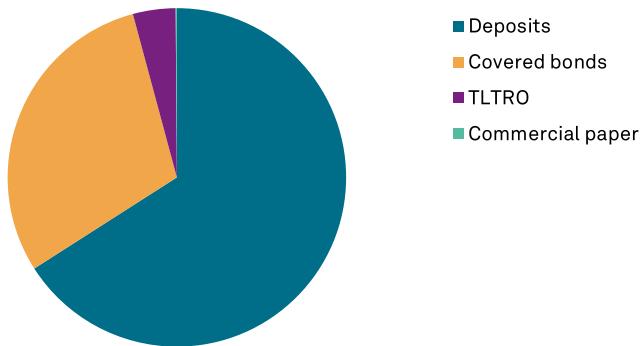
**MMG's current funding profile is diversified, but less favorably than other French banks.** MMG collects deposits through intermediaries and had total deposits of €4.5 billion at the end of June 2023, which represented 64.8% of total funding. In our view, those intermediated deposits are more sensitive to pricing than for the average diversified French bank, which benefits from a long-standing franchise. This is because we believe depositors primarily favor returns, rather than maintaining long-term relationships. Therefore, we see such deposit funding sources as less stable and more confidence sensitive.

The loan-to-deposit ratio was 148.6% at the end of June 2023, requiring a high share of wholesale funding--this is the case for most consumer retail and specialized retail banks in Europe. The stable funding ratio was 106.1% in mid-2023.

Asset encumbrance was relatively high, at 27.0%, as of mid-2023, given the reliance on covered bonds. The asset encumbrance ratio is likely to decrease to around 20%.

#### Chart 5

##### MMG's funding mix



Data as of June 30, 2023. TLTRO--Targeted longer-term refinancing operation. Source:

S&P Global Ratings; companies financial reports.

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**MMG maintains sufficient liquidity.** We assess MMG's liquidity position as adequate because we consider that liquid assets and committed funding lines cover MMG's short-term funding needs. The broad liquid assets over short-term wholesale funding (BLAST) ratio was at 6.58x at the end of June 2023, indicating that the bank has enough liquid assets to cover its short-term debts. The regulatory liquidity coverage ratio was 325% at the end of June 2023.

MMG's liquidity management is prudent and it has access to potential undrawn liquidity sources, such as repurchase agreements and eligible assets at the European Central Bank, which gave it €1.0 billion of immediate liquidity, available as of year-end 2022. We consider that this liquidity buffer could allow it to go without market funding for about 11 months.

The acquisition will provide access to a large pool of high-quality liquid assets, increasing MMG's contingent liquidity reserves.

#### Comparable Ratings Analysis: A One-Notch Uplift To Reflect The Positive Impact Of The Acquisition On MMG's Creditworthiness

We added one notch to MMG's group stand-alone credit profile (SACP) under our comparable ratings analysis. This reflects our view that the HSBC retail acquisition will benefit MMG's credit factors and support the group SACP at 'bbb-'.

## Support: None

We view MMG as having low systemic importance in France. Therefore, we believe the bank would be subject to liquidation, rather than a resolution scenario.

## Environmental, Social, And Governance

Environmental, social, and governance factors are neutral to our assessment of MMG's creditworthiness. Social and environmental credit factors are in line with those of peers in the banking industry, while the bank's governance standards are comparable with standard practices in its home country.

## Group Structure, Rated Subsidiaries, And Hybrids

### Rated entities: Branches, core entities, and highly strategic subsidiaries

**Group credit profile and group SACP:** The group credit profile (GCP) and the group SACP both stand at 'bbb-'. Our analysis is based on the consolidated MMG.

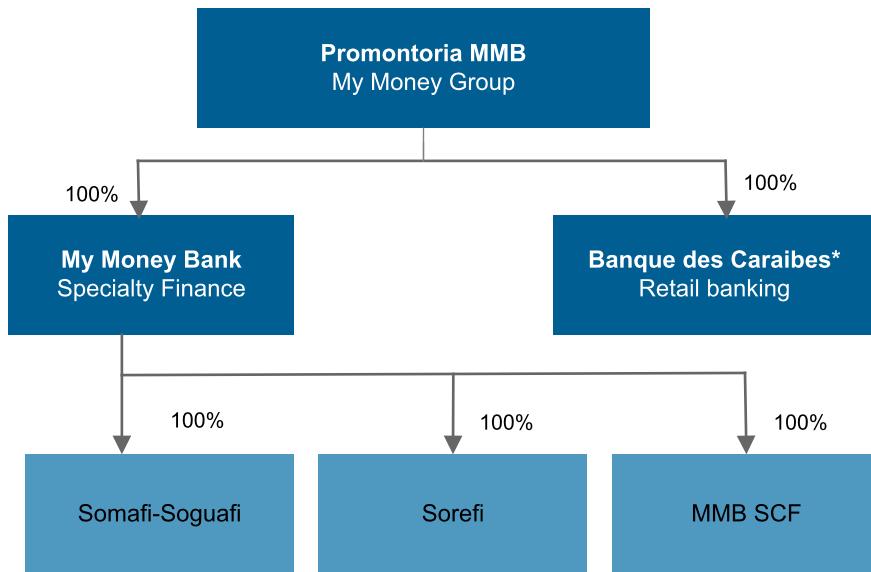
**Operating companies:** MMB is the main operating company and we assess it as a core subsidiary of the group under our group rating methodology. We could revise our view if the strategic importance to the group diminishes after the acquisition and transformation of HSBC's French retail operations.

**Non-operating holding company:** We assigned our 'BB+' long-term issuer credit rating to the nonoperating holding company, Promontoria MMB, one notch below the GCP, in line with our treatment for nonoperating holding companies (NOHCs) of entities that have a GCP in the investment-grade category. We believe this standard negative adjustment of one notch fully captures the NOHC's creditworthiness, relative to that of its operating entities.

### Simplified legal structure of the group

## Simplified Legal Structure Of My Money Group

Regulatory supervision



\*To be rebranded as Credit Commercial de France on acquisition date. Source: S&P Global Ratings.

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## Hybrids

The 'B-' and 'B' issue-level ratings on the AT1 and Tier 2 notes reflect our analysis of the proposed instruments.

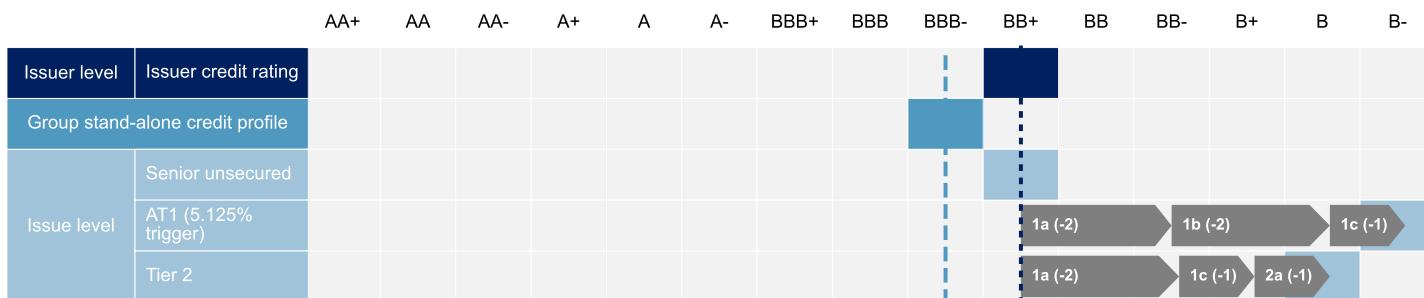
Hybrids are notched from the ICR on Promontoria MMB.

**AT1 issue-level rating:** We expect Promontoria MMB to display a maximum distributable amount (MDA) buffer over 200 bps by year-end 2023. An MDA buffer significantly and durably below 200 bps could lead us to consider the deduction of one additional notch to reflect the higher likelihood of nonpayment to the investor.

**Tier 2 notes:** These include a conversion or write-down trigger if the applicable Basel III CET1 ratio falls below 7%. We consider this high enough to be a going-concern trigger, and it could lead us to consider lowering the issue rating on the tier 2 notes, depending on the cushion between the actual ratio and the trigger level. We anticipate that the ratio will remain 301 bps-700 bps above the 7% threshold over the next 12-24 months, which is commensurate with the one-notch deduction.

Our approach to rating Promontoria MMB's hybrids is summarized in the table below:

## Promontoria MMB: NOHC Notching



### Key to notching

- Group stand-alone credit profile
- Issuer credit rating
- 1a Contractual subordination
- 1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
- 1c Mandatory contingent capital clause or equivalent
- 2a Mandatory going-concern, regulatory capital-based trigger (either statutory or contractual)

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.

AT1--Additional tier 1.

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## Key Statistics

### My Money Group--Key figures

--Year-ended Dec. 31--

(Mil. €)	2023*	2022	2021	2020	2019
Adjusted assets	8,235	8,339	7,815	7,356	6,649
Customer loans (gross)	6,890	7,058	6,746	6,207	5,553
Adjusted common equity	609	683	701	657	598
Operating revenues	92	212	191	189	170
Noninterest expenses	92	188	155	154	134
Core earnings	-26	12	37	30	30

Note: \*Data as of June 30, 2023.

### My Money Group--Business position

--Year-ended Dec. 31--

(Mil. €)	2023*	2022	2021	2020	2019
Total revenue from business line (currency in millions)	121	286	192	268	170

## My Money Group--Business position (cont.)

(Mil. €)	--Year-ended Dec. 31--				
	2023*	2022	2021	2020	2019
Commercial and retail banking/total revenue from business line	100	100	100	100	100
Return on average equity (%)	-12.8	-0.8	-4.3	8.6	0.6

Note: \*Data as of June 30, 2023.

## My Money Group--Capital and earnings

(%)	--Year-ended Dec. 31--				
	2023*	2022	2021	2020	2019
Tier 1 capital ratio	15.0	16.0	17.7	17.7	17.3
S&P Global Ratings RAC ratio before diversification	N/A	18.0	20.6	18.3	N/A
Adjusted common equity/total adjusted capital	75.3	77.4	77.8	86.8	85.7
Net interest income/operating revenues	86.2	81.5	82.1	84.3	80.6
Fee income/operating revenues	10.6	11.1	9.2	8.2	8.8
Market-sensitive income/operating revenues	-0.3	1.5	0.0	0.4	0.6
Cost to income ratio	99.1	88.5	81.3	81.8	78.9
Preprovision operating income/average assets	0.0	0.3	0.5	0.5	0.6
Core earnings/average managed assets	-0.6	0.2	0.5	0.4	0.5

Note: \*Data as of June 30, 2023. RAC--Risk adjusted capital. N/A--Not available.

## My Money Group--Risk-adjusted capital framework data

(Mil. €)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
<b>Credit risk</b>					
Government and central banks	346.8	0.2	0.1	8.9	2.6
Of which regional governments and local authorities	30.8	0.0	0.1	1.1	3.6
Institutions and CCPs	795.1	160.8	20.2	183.9	23.1
Corporate	2,529.3	2,056.1	81.3	1,967.3	77.8
Retail	4,897.1	2,212.8	45.2	1,940.1	39.6
Of which mortgage	3,497.8	1,217.2	34.8	1,002.7	28.7
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	308.1	326.9	106.1	347.5	112.8
Total credit risk	8,876.5	4,756.8	53.6	4,447.8	50.1
<b>Credit valuation adjustment</b>					
Total credit valuation adjustment	--	0.1	--	0.5	--
<b>Market risk</b>					
Equity in the banking book	0.0	0.0	0.0	0.0	0.0
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	0.0	--	0.0	--
<b>Operational risk</b>					
Total operational risk	--	352.6	--	451.9	--

### My Money Group--Risk-adjusted capital framework data (cont.)

Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
<b>Diversification adjustments</b>				
RWA before diversification	--	5,109.6	--	4,900.1
Total diversification/ Concentration adjustments	--	--	--	510.5
RWA after diversification	--	5,109.6	--	5,410.6
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital
				S&P Global Ratings' RAC ratio (%)
<b>Capital ratio</b>				
Capital ratio before adjustments		819.2	16.0	883.3
Capital ratio after adjustments‡		819.2	16.0	883.3

\*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets.

RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31 2022, S&P Global Ratings.

**Table 5**

### My Money Group--Risk position

(%)	--Year-ended Dec. 31--				
	2023*	2022	2021	2020	2019
Growth in customer loans	-4.8	4.6	8.7	11.8	11.1
New loan loss provisions/average customer loans	1.01	0.36	0.03	0.65	0.06
Gross nonperforming assets/customer loans + other real estate owned	4.9	4.1	5.0	6.9	8.0
Loan loss reserves/gross nonperforming assets	45.0	41.7	31.4	25.9	16.0

Note: \*Data as of June 30, 2023.

**Table 6**

### My Money Group--Funding and liquidity

(%)	--Year-ended Dec. 31--				
	2023*	2022	2021	2020	2019
Core deposits/funding base	65.6	64.4	61.5	60.0	52.6
Customer loans (net)/customer deposits	148.6	154.9	162.8	161.2	185.5
Long term funding ratio	98.6	95.1	96.7	92.3	89.3
Stable funding ratio	106.1	102.6	103.2	100.7	95.9
Short-term wholesale funding/funding base	1.6	5.7	3.8	8.7	12.2
Regulatory net stable funding ratio	125.0	123.0	123.0	110.0	N/A
Broad liquid assets/short-term wholesale funding (x)	6.6	1.4	3.0	1.7	1.1
Broad liquid assets/total assets	8.8	6.4	9.7	12.3	11.4
Regulatory liquidity coverage ratio (LCR) (x)	3.3	2.3	4.4	3.5	N/A
Short-term wholesale funding/total wholesale funding	4.3	14.7	9.2	21.0	24.7

Note: \*Data as of June 30, 2023. N/A--Not available.

## My Money Group--Rating component scores

Issuer credit rating	BBB-/Negative/A-3
SACP	bbb-
Anchor	bbb+
Economic risk	3
Industry risk	4
Business position	Constrained
Capital and earnings	Strong
Risk position	Moderate
Funding	Moderate
Liquidity	Adequate
Comparable ratings analysis	+1
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Large French Banks' Net Interest Income Should Pick Up From Mid-2024, Sept. 26, 2023
- Economic Outlook Eurozone Q4 2023: Slower Growth, Faster Tightening, Sept. 25, 2023
- Banking Industry Country Risk Assessment Update: July 2023, July 28, 2023
- Research Update: My Money Bank Off CreditWatch; 'BBB-/A-3' Ratings Affirmed; Outlook Negative, July 18, 2023

- Economic Outlook Eurozone Q3 2023: Short-Term Pain, Medium-Term Gain, June 26, 2023
- French Banks 2023 Outlook: Withstanding The Slowdown, Jan. 30, 2023
- Banking Industry Country Risk Assessment: France, Oct. 11, 2022

### Ratings Detail (As Of November 21, 2023)\*

#### **My Money Bank**

Issuer Credit Rating	BBB-/Negative/A-3
Commercial Paper	
<i>Local Currency</i>	A-3
Senior Unsecured	BBB-

#### **Issuer Credit Ratings History**

18-Jul-2023	BBB-/Negative/A-3
19-Apr-2023	BBB-/Watch Neg/A-3
28-Jul-2022	BBB-/Stable/A-3
26-Jul-2021	BBB-/Developing/A-3
18-Jun-2021	BBB-/Watch Dev/A-3
16-Apr-2020	BBB-/Negative/A-3

#### **Sovereign Rating**

France	AA/Negative/A-1+
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#### **Related Entities**

<b>MMB SCF</b>	
Senior Secured	AAA/Negative
<b>Promontoria MMB</b>	
Issuer Credit Rating	BB+/Negative/B
Junior Subordinated	B-
Subordinated	B

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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