CONSOLIDATED FINANCIAL STATEMENTS

31.12.2020

CONTENTS

I. Consolidated statement of financial position 5

II. Consolidated income statement 6

III. Statement of net income and unrealised or deferred gains and losses 7

IV. Consolidated statement of changes in equity 8

V. Cash flow statement 9

VI. Notes to the financial statements 10

1. Major events of the period 10

1.1. Acquisition of SGBA 10

1.2. Sale of Socalfi 11

1.3. Update on the COVID-19 epidemic situation 11

1.4. Issuance of mortgage bonds 12

1.5. Securitisation operations 12

1.6. Merger by absorption of my Partner Bank 12

2. Events occurring after the reporting period 12

2.1. Ongoing health crisis 12

2.2. Dissolution of GIE 13

3. Accounting standards applied 13

3.1. Accounting standards applicable 13

3.2. Financial statements presentation 13

3.3. Reporting currency 13

3.4. New standards 13

3.5. Use of judgements and estimates 16

4. Principles for drafting the consolidated financial statements 16

4.1. Determining the consolidation perimeter 16

4.2. Consolidation methods 16

4.3. Consolidation rules 17

5. Consolidation scope 18

5.1. Consolidation scope at 31 December 2020 18

6. Notes on the balance sheet 20

6.1. Hedging derivative assets and liabilities 20

6.2. Financial assets at fair value through profit and loss 29

6.3. Financial assets measured at fair value through other comprehensive income 30

6.4. Financial assets measured at amortised cost 30

6.5. Current and deferred tax assets and liabilities 42
6.6. Other assets and liabilities 45
6.7. Non-current assets and liabilities held for sale 46
6.8. Tangible and intangible assets and investment properties 46
6.9. Provisions 51
6.10. Remaining balance sheet items 52
7. Notes on the income statement 52
7.1. Interest income and expense 52
7.2. Fee income and expense 53
7.3. Net gains and losses on financial assets at fair value through profit and loss 54
7.4. Net gains and losses on financial assets at fair value through other comprehensive income 54
7.5. Net gains and losses on financial assets measured at amortised cost 54
7.6. Income and expense from other activities 54
7.7. General operating expenses 55
7.8. Amortisation costs and depreciations 55
7.9. Cost of risk 56
7.10. Net gains and losses on other assets 56
7.11. Other income 56
7.12. Income tax and deferred taxes 56
8. Offsetting financial assets and financial liabilities 57
9. Employee benefits 57
9.1. Changes in the actuarial debt 59
9.2. Changes In Investment 59
9.3. Net cost analysis 60
9.4. Assumption used 60
9.5. Sensitivity of assumption 60
9.6. Major special events of the year 61
9.7. Discount Rate 61
9.8. Description of obligations in respect of defined benefit plans 61
9.9. Future cash flows 62
10. Other information 62
10.1. Risk management in the Group 62
10.2. Liquidity risk 64
10.3. Overall interest rate risk 65
10.4. Credit risk 66

10.5. Securisation risk 71
10.6. Management and adequacy of internal capital 72
11. Establishments and activities by country 73
12. Fees paid to the statutory auditors 74

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EURO	Notes	31.12.2020	31.12.2019
Cash, due from central banks		362 192	294 817
Hedging derivatives	6.1	31 742	21 624
Financial assets at fair value through profit and loss	6.2	10 803	12 285
Financial assets at fair value through other comprehensive income	6.3	182 775	159 261
Financial assets at amortised cost	6.4	17 016	37 057
Loans and receivables due from banks and credit institutions at amortised cost	6.4	451 963	407 350
Loans and receivables due from customers at amortised cost	6.4	6 096 670	5 372 082
Current tax assets	6.5	1 672	1 692
Deferred tax asset	6.5	65 744	59 892
Other assets	6.6	98 381	100 108
Non-current assets held for sale	6.7	9 847	148 776
Investment Property	6.8	-	9 847
Property, plant and equipment	6.8	26 794	24 362
Intangibles assets	6.8	18 914	15 716
Total assets		**7 374 515**	**6 664 870**

IN THOUSANDS OF EURO	Notes	31.12.2020	31.12.2019
Due to central banks		54	56
Financial liabilities at fair value through profit and loss	6.2	1 600	12 550
Hedging derivatives	6.1	50 405	52 765
Debt securities issued	6.4	2 159 919	2 075 335
Due to bank and credit institutions	6.4	325 348	14 696
Due to customers	6.4	3 815 319	3 530 615
Current tax assets	6.5	-	-
Deferred tax asset	6.5	-	-
Other liabilities	6.6	115 529	120 485
Liabilities classified as held for sale	6.7	-	7 658
Provisions	6.9	74 742	70 740
Total liabilities		**6 542 917**	**5 884 899**
Shareholders' equity, Group share		**831 599**	**779 971**
Share capital		1 000	1 000
Other capital		97 820	97 820
Consolidated reserves		671 155	675 141
Unrealised or deferred capital gains and losses		541	1 746
Net income		61 083	4 264
Non-controlling interests			-
Total equity		**831 599**	**779 971**
Total liabilities and equity		**7 374 515**	**6 664 870**

II. CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EURO	Notes	31.12.2020	31.12.2019
Interest and similar income	7.1	224 202	196 302
Interest and similar expense	7.1	(65 130)	(59 510)
Fee income	7.2	26 753	26 493
Fee expense	7.2	(11 300)	(11 521)
Net gains and losses on financial instruments at fair value through profit and loss	7.3	(467)	880
Net gains and losses on financial instruments at fair value through other comprehensive income	7.4	1 232	85
Net gains and losses from the derecognition of financial assets at amortized cost	7.5	(494)	(221)
Income from other activities	7.6	13 967	17 296
Expenses from other activities	7.6	-	-
Net banking income		**188 763**	**169 804**
Operating expenses	7.7	(162 707)	(153 821)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	7.8	(6 686)	(5 195)
Gross operating income		**19 370**	**10 788**
Cost of risk	7.9	(38 036)	(3 339)
Operating income		**(18 666)**	**7 449**
Net income/expense from other assets	7.10	4 030	(2 285)
Other income	7.11	5 934	-
Bargain purchase gain	1.1	69 127	-
Earnings before tax		**60 425**	**5 163**
Income tax	7.12	658	(899)
Consolidated net income		**61 083**	**4 264**
Non-controlling interests		0	0
Net income, Group share		**61 083**	**4 264**

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

IN THOUSANDS OF EURO	Notes	31.12.2020	31.12.2019
Net income		**61 083**	**4 264**
Unrealised or deferred gains and losses that will be reclassified subsequently into income		**412**	**(3 654)**
Revaluation of financial assets at fair value through other comprehensive income	6.3	1 173	437
Revaluation of hedging derivatives instruments of recyclables items	6.1	(327)	(5 811)
Tax related	6.5	(434)	1 721
Unrealised or deferred gains and losses that will not be reclassified subsequently into income		**(1 617)**	**5 400**
Actuarial gains and losses on defined benefit plans	9	(2 181)	7 281
Tax related		564	(1 881)
Total unrealised or deferred gains and losses		**(1 205)**	**1 746**
Net income and unrealised or deferred gains and losses		**59 878**	**6 010**
o/w Group share		59 878	6 010
o/w non-controlling interests		-	-

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EURO	Share capital	Other equity instruments	Unrealised or deferred gains and losses	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Non-controlling interests	Total consolidated equity
Shareholders' equity at 01.01.2019	1 000	-	4 522	559 520	117 640	682 682	969	683 651
Increase in share capital	-	-	-		-	**-**	-	**-**
Effect of acquisitions and disposals	-	-	-		-	**-**	(969)	**(969)**
Dividend distribution	-	-	-	-	-	**-**	-	**-**
Sub-total of changes linked to relations with shareholders	-	-	-	-	-	-	(969)	(969)
Unrealised or deferred gains and losses	-	-	(2 776)	-	-	**(2 776)**	-	**(2 776)**
Appropriation of 2018 net income	-	-	-	117 640	(117 640)	**-**	-	**-**
Net income 2019	-	-	-	-	4 264	**4 264**	-	**4 264**
Issuance fees related to equity instruments	-	97 820	-	-	-	**97 820**	-	**97 820**
Other changes	-	-	-	(2 019)	-	**(2 019)**	-	**(2 019)**
Sub-total	-	97 820	(2 776)	115 621	(113 376)	97 289	-	97 289
Shareholders' equity at 31.12.2019	1 000	97 820	1 746	675 141	4 264	779 971	-	779 971
Increase in share capital	-	-	-	-	-	**-**	-	**-**
Effect of acquisitions and disposals	-	-	(12)	-	-	**(12)**	-	**(12)**
Dividend distribution	-	-	-	-	-	**-**	-	**-**
Sub-total of changes linked to relations with shareholders	-	-	(12)	-	-	(12)	-	(12)
Unrealised or deferred gains and losses	-	-	(1 193)	-	-	**(1 193)**	-	**(1 193)**
Appropriation of 2019 net income	-	-	-	4 264	(4 264)	**-**	-	**-**
Net income for the period 2020	-	-	-	-	61 083	**61 083**	-	**61 083**
Attributable remuneration to equity instruments	-	-	-	(8 000)	-	**(8 000)**	-	**(8 000)**
Other changes	-	-	-	(250)	-	**(250)**	-	**(250)**
Sub-total	-	-	(1 193)	(3 986)	56 819	51 640	-	51 640
Shareholders' equity at 31.12.2020	1 000	97 820	541	671 155	61 083	831 599	-	831 599

V. CASH FLOW STATEMENT

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Net income before tax	**60 425**	**5 163**
Non-monetary items included in pre-tax net income and other adjustments	**(88 458)**	**(20 502)**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets	336	5 742
Net addition to provisions	(2 294)	(4 775)
Bargain purchase gain	(69 127)	-
Other changes[1]	(17 372)	(21 470)
Net increase/decrease in cash related to operating assets and liabilities	**(129 401)**	**438 129**
Net increase in transactions with credit institutions	(2 782)	417
Net increase in transactions with customers' current accounts	293 668	410 034
Net increase in transactions with customers	(419 568)	77 055
Net decrease in non-financial assets and liabilities	1 364	(47 355)
Taxes paid	(2 083)	(2 023)
Net cash inflow (outflow) related to operating activities (A)	**(157 433)**	**422 790**
Net cash inflow (outflow) related to acquisition and disposal of financial assets	253	(115 566)
Net cash inflow (outflow) related to tangible and intangible fixed assets	37 882	(23 982)
Net cash inflow (outflow) related to investment activities (B)	**38 135**	**(139 549)**
Cash flow from/to shareholders	-	
Other net cash flows arising from financing activities	320 209	(152 570)
Net cash inflow (outflow) related to financing activities (C)	**320 209**	**(152 570)**
Net inflow (outflow) in cash and cash equivalents (A + B+ C)	**200 912**	**130 671**
Cash and cash equivalents at the start of the year	**606 955**	**561 387**
Cash and cash equivalents held by the Banque des Caraïbes at the acquisition date, 02.03.2020	(85 102)	-
Cash due from central banks (assets)	294 817	125 309
Current accounts with banks	407 325	439 142
Demand deposits and current accounts with banks	(10 084)	(3 065)
Cash and cash equivalents at the end of the year	**807 867**	**692 058**
Cash due from central banks (assets)	362 192	294 817
Current accounts with banks	451 802	407 350
Current accounts and loans from credit institutions	(6 127)	(10 109)
Net inflow (outflow) in cash and cash equivalents	**200 912**	**130 671**

[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. ACQUISITION OF SGBA

On 14 July 2019, Promontoria MMB and Société Générale entered into exclusive negotiations for the acquisition by My Money Bank SA of the shares in the Société Générale de Banque aux Antilles (SGBA), a subsidiary wholly owned by the Groupe Société Générale.

All the regulatory licences as defined in the contract of sale, including the ruling of the European Central Bank (the "ECB") authorising the transaction, were obtained in February 2020, permitting the completion of the transaction and the change of control on 2 March 2020.

Since 2 March 2020 SGBA has been a subsidiary of My Money Bank SA, a credit institution approved as a bank and itself a subsidiary of Promontoria MMB S.A.S, a financial holding company under French law, affiliated to the American investment fund Cerberus. Until this date, the company was held by the Groupe Société Générale.

On 1 July 2020, the Société Générale de Banque aux Antilles became the Banque des Caraïbes, "BDC".

The group intends to integrate and steer the Banque des Caraïbes under the direct supervision of Promontoria MMB. Therefore, on 22 December 2020, My Money Bank sold its capital investment in Banque des Caraïbes to Promontoria MMB, which became its direct parent company.

SGBA is a universal retail bank offering a wide range of banking services to individual customers (everyday banking, loans, savings and insurance), professionals (everyday banking, loans, savings, cash solutions, advisory and insurance), and businesses (everyday banking, financing, investment, international operations, and insurance). SGBA currently has five branches and three business centres, enabling it to serve some 17 000 customers in Guadeloupe, Martinique and Guyana.

This transaction is in line with the implementation of the strategic priorities of the Promontoria MMB ("the Group"), in particular the aim of continued balance sheet growth. By investing in such additional activities as those offered by SGBA, the group will maintain its growth and boost its offer of individual and corporate services in the Overseas territories.

Promontoria MMB exercises control over SGBA, which has been fully consolidated.

This acquisition strengthened the Group balance sheet at the acquisition date of 2 March 2020 by 318 million euro.

This contribution is essentially made up of the following items:

- assets consisting of customer loans and credits for 372 million euro;
- liabilities consisting of amounts due to customers of 237 million euro in the form of term deposits, savings accounts and current accounts.

This operation gave rise to an acquisition gain of 69 million euro, which has been directly accounted for in profit or loss under "Acquisition income". The internal analyses conducted in accordance with requirements of IFRS 3, in particular by reassessing all the identifiable assets acquired and liabilities assumed, have led us to conclude that this acquisition meets the definition of a "bargain purchase".

The profit on this acquisition is mainly due to the particular circumstances of the transaction: the seller was keen to sell SGBA fast due to its strategy of disengagement from all the geographical areas and business lines where

it considered its assets to be non-strategic, insufficiently profitable or undersized. It had therefore decided to dispose of 100% of its business activities in Martinique and Guadeloupe.

1.2. Sale of Socalfi

My Money Bank signed a contract transferring all its shares in its New Caledonian subsidiary Socalfi to Société Générale through the intermediary of its subsidiary Credical, a specialist in consumer credit and corporate finance. The disposal of Socalfi will contribute to a simplification of My Money Group's Overseas geographical structure by focusing its business in two zones, Reunion/Indian Ocean and Antilles/Guyana. It will also make it possible to simplify the operational and IT processes generated by the administrative, legal and fiscal particularities of New Caledonia.

At 31 December 2019, Socalfi's assets and liabilities were reclassified as "assets and liabilities held for sale" (see note 6.7).

This operation was completed on 1 July 2020 after the final conditions precedent had been satisfied and the regulatory authorisations obtained.

1.3. Update on the COVID-19 epidemic situation

Against the background of the health crisis resulting from the Covid-19 pandemic, the Group activated its business continuity plan, including the widespread use of remote working.

The Group's financing capacity remained very solid throughout 2020, including during the crisis period. This financing capacity made it possible to cover, at any time, liquidity stresses based on extremely adverse assumptions, in particular an outflow of deposits over several months, without raising any new funds.

The closure of capital markets during the first weeks of the crisis did not affect the Group's liquidity position. Its finance sources are very diversified and the financing plan had not foreseen any public issues during this period.

The group's deposit programme has demonstrated its very high quality during the crisis period. It continued to grow in 2020, and early withdrawals remained very limited.

The Group succeeded in further strengthening its cash position during the crisis period. Between March and June, it carried out several financing operations:

- Through private securitisation vehicles by mobilising assets from the secured debt consolidation business and auto assets for a total of approximately 210 million euro.
- With commercial banks (repurchase transactions): starting in March, My Money Bank entered into sale and repurchase agreements ("REPO") for an amount of up to 100 million euro. These operations had maturities of between 38 and 90 days renewable.
- With the ECB: My Money Bank took part in the ECB's open market operations, including long-term refinancing operations ("LTRO") for an amount of 216 million euro maturing on 24 June 2020 and 20 million euro in short-term loans ("main refinancing operations", MRO) during April;

The cost of the risk of the Group reflects the impacts of the Covid-19 crisis. Provision levels have been determined in line with all the recommendations and decisions taken by the banking and financial supervisory bodies (see notes 6.4 b and 7.9).

The measures taken by the Group to address the crisis highlight our values: particular attention to all our staff, a high capacity to interact at distance, a strong liquidity position, flexibility and the deferment of payments for our corporate customers (general moratorium) and individual customers (on a case-by-case basis under certain conditions).

1.4. Issuance of mortgage bonds

MMB SCF, a Promontoria MMB indirect subsidiary with building society status, has contributed to the Group's response to the Covid-19 crisis. To this end, the company carried out three new covered bond issues, 100% subscribed by My Money Bank, in March, April and August 2020 for a nominal amount of 370 million euro. These bonds were used as collateral for the purposes of the European Central Bank's open market operations. In October 2020, the company redeemed the previous issues held and proceeded to a ten-year 500 million euro public issue, bringing the total for MMB SCF's mortgage bonds to 1,583 million. This issue was very successful, with an order book of around 2.5 billion euro for 90 investors, allowing the group to finance itself at a negative interest rate over a 10-year period.

1.5. Securitisation operations

In accordance with its refinancing strategy, the Group has renewed its to private securitisation operations in the course of the first half of 2020. The TopazOne operation was renewed on 20 February 2020 and the DiamondOne operation on 24 April 2020. Following lockdown in the first half of the year and in anticipation of the finance restructuring initiatives planned for the second half, some securities were partially or fully redeemed:

- **Full redemption** of the portfolio transferred to the EmeraldOne fund, for an amount of 34 million euro with full redemption of A and B tranches on 24 June 2020.
- **Partial redemption** of the portfolio transferred to the DiamondOne fund, for an amount of 65 million euro with partial redemption of A and B tranches on 29 June 2020.

In response to the critical events of the first half, the Group decided to adapt its financing strategy while retaining a high capacity to raise liquidity at controlled cost. The Group conducted a new self-subscribed securitisation operation in August 2020, the bonds issued being used as collateral for the purposes of the ECB's TLTRO III operations.

Again with a view to adapting the refinancing strategy and reducing costs, in July 2020, the Group proceeded to the full redemption of the residual loans transferred to the DiamondOne fund, entailing the end of the operation and the liquidation of the fund. The redeemed loans were used inter alia as collateral for the purposes of MMB SCF's mortgage bond programme.

My Money Bank also exercised its redemption option on the loans transferred to the FCT SapphireOne Mortgage 2016-2 on 29 December 2020. The redeemed loans could be used as collateral for the purposes of MMB SCF's mortgage bond programme.

1.6. Merger by absorption of My Partner Bank

In order to simplify the legal structure of the Group, My Money Bank absorbed My Partner Bank by a simplified merger procedure on 31 December 2020, after obtaining ECB authorisation on 16 December 2020, leading to the surrender of MPB's licence and the dissolution of the entity. It has no impact on the total outstanding loans or on the Group's management model.

2. Events occurring after the reporting period

2.1. Ongoing health crisis

There remain considerable uncertainties as to the duration and severity of the health crisis impacts for banks. Nonetheless, the Group has adopted a multi-scenario approach, integrating these events into its stress test planning in order to measure the impact of these possible scenarios.

2.2. Dissolution of GIE

As part of the group's simplification of its legal structure, the general meeting of the members of the GIE My Money Group decided on 4 March 2021 to dissolve this economic interest group, putting it into liquidation and appointing Promontoria MMB as liquidator. The assets, including the intangible fixed assets, will be transferred at their carrying value to the parent company Promontoria MMB SAS. The wind-up of the GIE My Money Group should take place during 2021.

3. Accounting standards applied

3.1. Accounting standards applicable

In application of the European Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Promontoria MMB Group has established its consolidated accounts as at 31 December 2020 in accordance with International Financial Reporting Standards (IFRS) as endorsed in the European Union and applicable at this date.

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 Consolidated financials were approved by the board of directors on April 16th, 2021. and will be submitted for shareholder approval on the general assembly scheduled for the 31st of May 2021.

3.2. Financial statements presentation

In the absence of any model imposed by IFRSs, the format of the summary statements used for the presentation of information for the 2020 reporting period is consistent with that established by the French accounting standards body, the Autorité des Normes Comptables ("ANC"), in its Recommendation 2017-02 of 2 June 2017. The presentation of comparative information for the 2019 reporting period has not been amended and remains as required by the ANC Recommendation 2013-04 of 7 November 2013.

The Notes to the consolidated financial statements relate to the events and transactions that are significant to an understanding of the development of the Group's position and financial performance during the year of 2020. The information presented in these Notes focuses on matters which are relevant and material to the Group's financial statements, its activities, and the circumstances under which these were carried out 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 euro, except where stated otherwise. The effect of rounding can generate discrepancies between the figures presented in the financial statements and those presented in the notes.

3.4. New standards

a. Standards, amendments and interpretations coming into force and applied at 1 January 2020

The standards and interpretations used and described in the annual financial statements at 31 December 2019 have been supplemented by the standards, amendments and interpretations that are of mandatory application to annual periods beginning on or after 1 January 2020.

New standards or amendments	Theme	Date of endorsement by the European Union (EU)	Effective date within EU
IFRS 3 amendments	Definition of a business	21 April 2020	1 January 2020
IFRS 16 amendments	Rent concessions due to the crisis	12 October 2020	1 June 2020
IAS 39, IFRS 7, IFRS 9, IFRS 4 and IFRS 16 amendments	Reform of interest rate benchmarks (IBOR)	14 January 2021	1 January 2020
IAS 1 and IAS 8 amendments	Definition of Material	12 December 2019	1 January 2020

AMENDMENT TO IFRS 3 *BUSINESS COMBINATIONS*

This amendment applies to acquisitions of assets and business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Early adoption is authorised.

This amendment clarifies the application guidance in IFRS 3 in order to facilitate the distinction between the acquisition of a business and the acquisition of a group of assets, for which the accounting requirements are different.

The amendment makes the following modifications:

- it clarifies that to be considered a business, an acquired set of activities and assets must include inputs and a substantive process that together significantly contribute to the creation of outputs;
- narrows the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs;
- adds a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if substantially all of the value of the assets acquired is concentrated in a single asset or group of similar assets.

The amendment to IFRS 3 is applicable prospectively and does not affect past acquisitions.

AMENDMENT TO IFRS 16 - LEASES DUE TO THE COVID-19 CRISIS

This amendment provides clarification for lessees benefiting from COVID-19-related rent concessions.

The IASB has clarified that an entity applying the practical expedient is exempt from the requirement to assess whether the rent concession is a lease modification under IFRS 16 (entailing recognition of the impacts of the relief over the lease term) or a remeasurement of the lease liability. Applying the expedient generally entails recognition of these concessions as negative variable lease payments (generating an immediate gain in profit and loss).

In 2020, Promontoria MMB has received no rent concessions due to the COVID-19 crisis.

IFRS 16 – *LEASES:* CLARIFICATIONS OF THE IFRS IC POSITION ON THE ENFORCEABLE LEASE TERM

Paragraph B34 of IFRS 16 states that "In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty."

At its meeting on 26 November 2019, the IFRIC confirmed that, to determine the enforceable lease term, an entity must take account of the broader economics of the contract, and not only contractual termination payments. Application of this decision has had no significant impact on the Group.

AMENDMENTS TO IAS 39, IFRS 7 AND IFRS 9 AND IFRS 9: "REFORMING MAJOR INTEREST RATE BENCHMARKS"

These amendments were endorsed by the European Union on 14 January 2021 and should be applied retrospectively.

Following the introduction of a regulatory framework for their determination, the EONIA benchmark rate has been replaced by ESTR and the Euribor calculation method has been reviewed. A hybrid Euribor is now applied.

- ***Euribor hybrid***

The Euribor (formerly determined from the contributions of panel banks on estimated interbank lending costs) has been replaced by a Euribor hybrid determined primarily from actual transactions. This change has had no impact on existing transactions.

- ***ESTER***

ESTER was first published on the market on 2 October 2019. It replaced the EONIA benchmark rate, whose value since this date is equivalent to ESTER + 8.5bps. After 3 January 2022, EONIA will no longer be published and will be entirely replaced by ESTR.

For liability positions, the impact of the benchmark rate transition is very limited. The group is mainly financed by deposits and covered bonds at fixed rates. Floating rate liability positions are almost entirely indexed to Euribor and include contractual fallback clauses.

For asset positions, the products offered by the Group are mostly at fixed rates (68% of loans) or indexed to Euribor (~32% of loans). Outstanding loans indexed to EONIA or Libor stand at less than 1%. Further, late payment charges on loans to commercial customers are indexed to EONIA. New contracts for commercial customers negotiated since January 2021 have made the transition to ESTR, and this is being assessed for the stock of loans.

For off-balance sheet items, in particular hedging instruments, moving from EONIA to ESTER has increased volatility, changed the discount curve and consequently altered the NPV (Net Present Value) of all OTC transactions. The clearing house Eurex has therefore applied a "cash compensation" mechanism between members to ensure a soft transition to the new rates. The valuation of Promontoria MMB's portfolio of OTC products has been revised downwards by 73 thousand euro. This amount was compensated to the Group through the clearing house in July 2020.

The replacement of EONIA by ESTER had no significant impact on the calculation of hedge effectiveness tests.

For bilateral contracts, the process of amending existing contracts is in progress.

An internal project is in progress on the impact of these rate changes on PMMB's balance sheet. The legal, pricing and treasury teams are working on this transition, in particular on fallback clauses to replace the previous benchmarks with the new ones.

The other standards, amendments and interpretations endorsed by the European Union have no significant impact on the Group's financial statements.

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
IAS 37 amendments	Onerous contracts and cost of fulfilment	Not endorsed	1 January 2022
IFRS 17	Insurance contracts	Not endorsed	1 January 2023

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 31 December 2020, 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. And the inclusion of the expected impacts of the Covid-19 crisis in the assumptions for the calculation of forward-looking information, notably by using the macro-economic forecasts of public institutions;
- the provisions recorded under liabilities in the statement of financial position;
- deferred tax assets and liabilities accounted for in the statement of financial position;

The assumptions on which the main estimates are based are of the same nature as those described in the financial statements at 31 December 2019.

4. Principles for drafting the consolidated financial statements

4.1. Determining the consolidation perimeter

The consolidation of the Group's financial statements includes the accounts of Promontoria MMB 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 exist 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

a. Retreatments and eliminations

Before consolidation, the statutory accounts of the consolidated companies undergo specific retreatment 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.

b. Business combinations

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

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

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

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

Goodwill corresponds to the difference between the consideration paid and the purchaser's share of the fair value of the identifiable assets and liabilities at the acquisition date. If positive, this difference is recorded in assets by the acquirer under "Goodwill". If negative, it is accounted for immediately in profit or loss under "Gains on acquisition".

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

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

The purchase price allocation (or "PPA") of BDC was determined on 2 March 2020, generating a "gain on acquisition" in the Group's accounts.

However, the Group has a period of 12 months after the acquisition date in which to finalise the recognition of a given business combination.

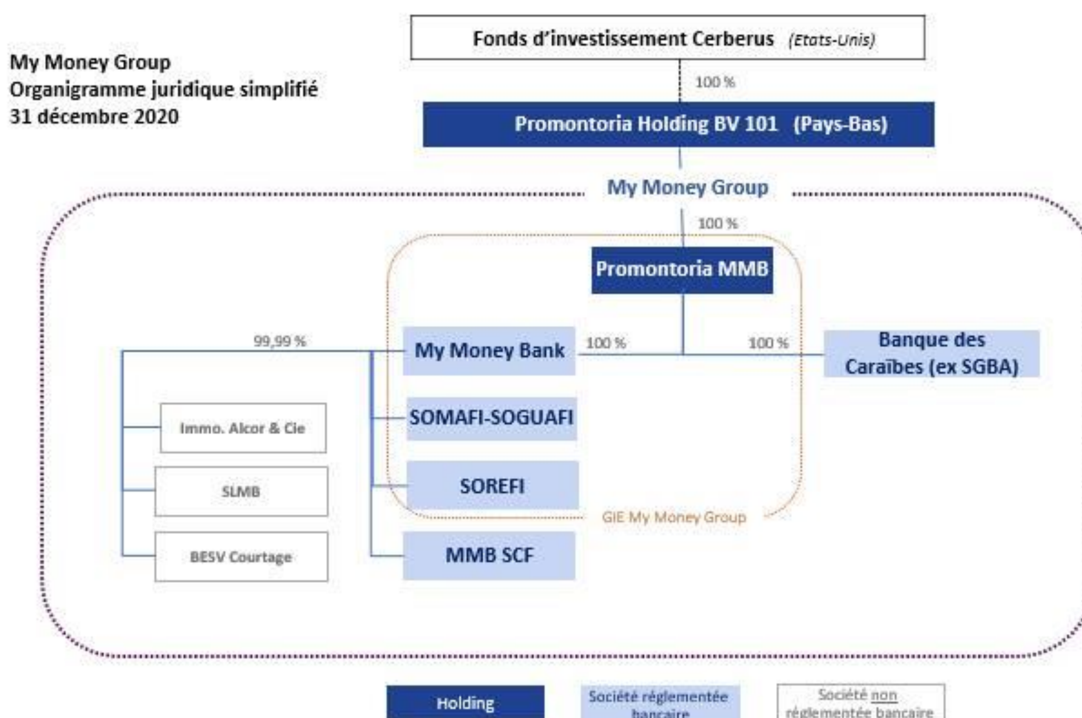
The approval of the 2019 annual accounts of Banque des Caraïbes (formerly SGBA) by the Board of Directors on 20 May 2020 and the limited review of the completion accounts as at 29 February 2020 (carried out in August 2020), led to a 3 million euro adjustment of the acquisition profit in favour of My Money Bank (69 million euro vs 66 million euro recorded at the acquisition date).

5. CONSOLIDATION SCOPE

5.1. CONSOLIDATION SCOPE AT 31 DECEMBER 2020

Promontoria MMB has the status of a financial holding company, with directly and indirectly held companies represented in the simplified organisation chart at 31 December 2020.

The main changes to the Group's consolidation circle at 31 December 2020 by comparison with 31 December 2019 are due to the merger by absorption of My Partner Bank by My Money Bank on 31 December 2020, the sale of the entity SOCALFI on 30 June 2020, the change of name on 1 July 2020 of SGBA, now Banque des Caraïbes ("BDC") and the transfer of the shares in BDC to Promontoria MMB.



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

There has been no change in the equity percentage since 31 December 2019.

Entity	Country	Method of consolidation	% of interest
Promontoria MMB SAS	Metropolitan France	Parent	
My Money Bank SA	Metropolitan France	Full consolidation	100%
SOREFI SA	Reunion	Full consolidation	100%
SOMAFI-SOGUAFI SA	Caribbean	Full consolidation	100%
Banques des Caraibes	Caribbean	Full consolidation	100%
Immobilière Alcor et Cie SNC	Metropolitan France	Full consolidation	100%
MMB SCF	Metropolitan France	Full consolidation	100%
BESV Courtage	Metropolitan France	Full consolidation	100%
SLMB	Metropolitan France	Full consolidation	100%

The consolidation perimeter of Promontoria MMB includes an economic interest group (GIE My Money Group) and the following securitisation vehicles:

Entity	Country	Method of consolidation
SapphireOne Mortgages FCT 2016-3	Metropolitan France	FC
FCT EmeraldOne	Metropolitan France / Reunion / Caribbean	FC
FCT SapphireOne Auto 2017-1	Reunion / Caribbean	FC
FCT SapphireOne Auto 2019-1	Reunion / Caribbean	FC
FCT TopazOne	Reunion / Caribbean	FC

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

Under IFRS 9, a derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in an interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or index, or another specified variable described as 'underlying';
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to behave similarly in response to changes in market factors; and
- it is settled at a future date.

In accordance with IFRS 9, derivatives are measured and recognised in the statement of financial position at fair value. These instruments are remeasured at their fair value at each reporting date. Changes resulting from this remeasurement will be accounted for differently depending on whether the derivative is held for trading or is part of a hedging relationship.

In the case of a derivative held for trading, changes in fair value are recognised in profit or loss under the heading "Net gains or losses on financial instruments at fair value through profit or loss" and interest accrued or due will be accounted for separately in profit or loss under "Interest and similar income" or "Interest and similar expenses". The derivatives held for trading by the Group are presented below.

Hedge accounting

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 qualitative criteria are accompanied by a quantitative estimate of the effectiveness of the hedging relationship in order to determine any ineffectiveness and the resulting appropriate accounting treatment.

The effectiveness of a hedging relationship is determined prospectively, at inception, and then at every reporting date and during the financial year if a significant event affects the balance of the hedging relationship.

The criteria to be observed for the fair value hedging of the rate risk on a portfolio of financial assets or liabilities are those of IAS 39 and differ from IFRS 9 at certain points, in particular in terms of the methods of measuring effectiveness. Hedge effectiveness must be tested both retrospectively and prospectively.

In the case of retrospective effectiveness, the objective is to ensure that the relationship between the fair value of the hedging instrument and the hedged item respects a ratio between 80% and 125%. If either threshold is exceeded, the hedge would no longer be effective under IAS 39.

The prospective test consists of ensuring, based on the characteristics of the hedging instrument and the hedged item, that changes in fair value are offset sufficiently to maintain the effectiveness of the hedging relationship over the remainder of its residual life at the measurement date.

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.

As part of Promontoria MMB Group strategy, the Company aims to hedge:

- the risk of variability of interest rates on the shares issued by the consolidated securitisation mutual funds in the Group (rates based on Euribor). The assets underlying these funds are portfolios of consolidated loans, car finance and mortgages. Consequently, all the hedging relationship existing within the Group qualify as cash flow hedges.
- changes in the value of its fixed-rate financial assets and liabilities measured at amortised cost. In order to hedge this risk, the Group has used the option provided by IFRS 9 to continue to apply the provisions of IAS 39 on macro fair value hedges of a credit or borrowing portfolio. The relevant provisions of IAS 39 applied by the Group are those that were endorsed by the European Union, and hence include the "carve-out" option intended to facilitate the eligibility of items such as demand deposits for macro hedges, and to relax certain IAS 39 provisions on effectiveness testing

Cash flow hedge

Under IFRS 9, in a cash flow hedge, the effective portion of the change in fair value of the derivative financial instrument is recognised in shareholders' equity on a separate line under the heading "Gains and losses recognised directly through equity", while the ineffective portion is accounted for in profit or loss under "Net gains or losses on financial instruments at fair value through profit or loss".

The amounts recorded in equity over the lifetime of the hedge are gradually transferred to profit or loss under the heading "Interest and similar income" or "Interest and similar expenses" as the performance of the hedged instrument affects the profit or loss (symmetrical recycling of the impact of the hedged item in profit or loss).

The hedged instruments themselves continue to be accounted for in accordance with the rules for their accounting category and receive no special treatment in respect of the hedging relationship to which they belong.

When the hedging relationship no longer satisfies the criteria for effectiveness while its objectives remain unchanged, the hedge ratio must be adjusted, for example by derecognising a portion of the hedging instruments, in order to correct the structural changes in the hedge ratio. IFRS 9 refers to this practice as 'rebalancing' the hedging relationship. Rebalancing will not interrupt the original hedging relationship, but the Group will identify and recognise hedge ineffectiveness before any adjustment of the hedge ratio.

When all or part of a hedging relationship no longer meets the criteria for hedge accounting, or if the risk management objectives of the Group change, the hedging relationship will cease. In this instance, the cumulative amounts recorded in equity for the remeasurement of the hedging derivative are transferred over the life of the hedge to profit or loss under the headings “Interest and similar income” or “Interest and similar expenses” if the hedged cash flows are still likely to be generated (even if they are no longer regarded as highly probable), or accounted for immediately in profit or loss if the hedged cash flows are no longer likely to occur (for example, if the hedged item is no longer held).

The Group determines the amount of exposure to which to apply hedge accounting by estimating the potential impact of an interest rate change on the cash flows attributable to the issues of variable-rate debt securities (Euribor) in the consolidated securitisation funds. This estimate is carried out using techniques such as cash flow sensitivity analyses.

The use of derivatives with external counterparties involves the exposure of the group to a credit risk in respect of these counterparties which is not offset by the hedged items. This credit risk exposure is considered as negligible by the Group, as long as the derivatives are contracted with first-rank international banking institutions and are accompanied by standard guarantee contracts of the Collateral Standard Agreement type (CSA).

For reminder, in June 2019, a new regulation, the European Market Infrastructure Regulation (EMIR) came into force. The objective of the legislation is to reduce systemic counterparty risk through the establishment of clearing houses.

Consequently, all vanilla derivatives held by Promontoria MMB will in future pass through the Eurex clearing house.

The main sources of ineffectiveness identified by the Group in its cash hedging relationships concern the impacts of the counterparty and Group credit risk on the fair value of the hedging swaps that are not reflected in the fair value of the hedged item attributable to an interest rate change, but which are hedged in accordance with the principles set out above. The systematic adjustment of the nominal value of swaps to match that of the hedged items through BGS swaps makes it possible to hedge the other potentially significant sources of ineffectiveness, such as maturity mismatches between swaps and securities due to events such as early repayments.

For the purposes of its cash flow hedging relationships, Promontoria MMB has introduced prospective effectiveness tests based on the simulation of future underlying indices (variable rates) of the hedged items, based on historical volatility. The simulations are based on several amortisation profiles to take account of the risk of modification of the nominal value of the hedging swap and of the hedged items that could arise from events such as default, early repayment or extensions.

The hedge ratio is then calculated on the basis of the ratio between the cash flows paid and those received in each simulation trajectory and will be considered as effective when this ratio falls within a given interval. Effectiveness is proven when the simulations for each amortisation profile analysed demonstrate the effectiveness of the hedge when it is equal to 100% or slightly less.

Fair value hedge

In the case of fair value hedging relationships, hedging instruments are measured at fair value, changes in fair value being accounted for in the income statement under “Net gains or losses on financial instruments at fair value through profit or loss”. Hedged items are re-measured on the balance sheet at their fair value. The counterpart of these fair value re-measurements on the balance sheet is recorded in profit or loss along with the fair value changes of the hedging instruments.

In the case of a fully effective hedge, the flows recognised in profit or loss for the hedging instrument and the hedged item offset each other exactly, while if it is ineffective, only this last will appear separately in profit or loss to express the difference.

In the event that a hedging relationship is discontinued, the hedging derivative is reclassified in the portfolio of derivatives held for trading and remeasured as appropriate for that category. The balance sheet revaluation amounts for portfolios of assets or liabilities that were initially hedged on a macro basis are amortised linearly over the residual life of the original hedging relationship. In the event of removal of the hedged item, for example due to prepayments, these sums are then immediately reclassified in profit or loss.

The hedging instruments used by Promontoria MMB in its hedging relationships for portfolios of fixed-rate loans are exclusively vanilla interest rate swaps. These swaps involve borrowing at fixed rates to hedge against adverse rate movements on its fixed-rate loans. Lender swaps are at fixed rates to hedge against adverse rate movements on its fixed-rate liabilities.

The effectiveness tests established by Promontoria MMB rely on the segmentation of hedged portfolios into maturity bands to which are assigned hedging swaps of the same maturity. A test is conducted at each reporting date in order to check, for each maturity band and each swap generation, that there is still a surplus of loans or liabilities for hedging to prevent any over-hedging that would generate effectiveness.

For prospective testing, the forecast outstanding amount is the contractual payment schedule adjusted for an attrition rate. This rate corresponds to the average observed prepayment rate, increased by the rate of impairment and the renegotiation rate. The aim is to ensure no potential over-hedging over the residual term of the hedging relationship, following the principles described above and applied to the forecast figures for the hedging swaps and the hedged items.

a. Determining fair value of financial instruments

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". At initial recognition of a financial asset or liability, its fair value is assumed to be the transaction price.

During subsequent measurements, the standard recommends giving priority to quoted prices in active markets to determine the fair value of a financial asset or liability, or, if these data are not available, to valuation techniques based on observable market inputs.

An active market is defined as one in which transactions take place for the asset or liabilities with sufficient frequency and trading volume to provide continuous price information. In application of this definition, a market will be considered as active if the prices are easily and regularly available from a stock market, broker, trader, negotiator or regulatory agency, and if these prices represent actual and regular transactions on the market under normal competitive conditions.

In the absence of an active market, the most commonly used valuation techniques include reference to recent transactions in a normal market context, the fair values of similar instruments, discounted cash flow models and option pricing models, or the use of internal models in the case of valuations based on meaningful unobservable inputs of the value of the instruments concerned.

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. The Group's financial instruments are presented in the Note 5.1.7 in accordance with the levels defined by IFRS 13:

- **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 EURO	31.12.2020			31.12.2019		
	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Level 1	Fair value Level 2	Fair value Level 3
Hedging derivatives	-	31 742	-	-	21 624	-
Financial assets at fair value through profit and loss	991	9 472	340	-	6 609	5 676
Financial assets at fair value through other comprehensive income	119 442	43 334	20 000	60 271	48 991	50 000
Financial assets at amortised cost	-	-	17 016	-	2 057	35 000
Loans and receivables due from banks and credit institutions at amortised cost	-	451 963	-	-	407 350	-
Loans and receivables due from customers at amortised cost	-	6 096 670	-	-	5 372 082	-
Non-current assets held for sale	-	9 847	-	-	148 776	-
Total financial assets	**120 433**	**6 643 028**	**37 356**	**60 271**	**6 007 489**	**90 676**
Financial liabilities at fair value through profit and loss	-	301	1 299	-	6 102	6 447
Hedging derivatives	-	45 106	5 299	-	47 793	4 972
Debt securities issued	-	2 159 919	-	-	2 075 335	-
Due to bank and credit institutions	-	325 348	-	-	14 696	-
Due to customers	-	3 815 319	-	-	3 530 615	-
Liabilities classified as held for sale	-	-	-	-	7 658	-
Total financial liabilities	**-**	**6 345 993**	**6 598**	**-**	**5 682 198**	**11 419**

The Group also hold swaps qualifying as hedging instruments and considered as belonging in level 3. These are BGS interest rate swaps (Balance Guaranteed Swaps) whose nominal value adjusts continuously to the nominal value of the hedged item. In light of these characteristics, Promontoria MMB must apply measurement assumptions that take account of early repayments or extensions of the hedged loans, or of any other parameters that might influence the maturity or the amortisation profile of these instruments. These estimations are conducted using the associated rate curve scenarios and by allocating probabilities of the occurrence of these events to these different scenarios.

Swaps have been valued by reference to comparable vanilla instruments whose data are observables via Bloomberg (breakdown of swaps into fixed or variable-rate bonds coupled with floor/cap type options), adjusted by the best probabilistic estimate of the events described above, the upper and lower limits of this adjustment corresponding respectively to minimum or maximum prepayment scenarios.

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 EURO	31.12.2020				31.12.2019			
	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	2 827 715	31 742	(45 106)	241	2 202 873	21 624	(47 793)	143
Cash Flow Hedge								
Interest Rate Swaps	213 315	-	(5 299)	-	293 318	-	(4 972)	-

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

IN THOUSANDS OF EURO	Less than 1 month		1 to 3 months		3 months to 1 year		1 to 5 years		More than 5 years		Total
	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	
Fair Value Hedge	15 058	(0.19%)	34 869	(0.07%)	167 351	0.05%	966 793	0.43%	1 813 643	(0.02%)	2 997 715
Cash Flow Hedge	-	-	6 993	0.48%	20 008	0.48%	91 622	0.48%	94 692	0.48%	213 315
Total hedging derivatives	**15 058**	**(0.19%)**	**41 862**	**0.02%**	**187 359**	**0.10%**	**1 058 415**	**0. 43%**	**1 908 334**	**0.00%**	**3 211 029**

d. Hedged items

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

Fair Value Hedge - Interest Rate Risk IN THOUSANDS OF EURO	Balance sheet item including hedging instrument	31.12.2020			31.12.2019		
		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	40 053	-	13 805	26 248	-	20 288
- Auto loans	Loans and receivables due from customers at amortised cost	347	-	493	(146)	-	(698)
- Fixed rate consumer restructured loans	Loans and receivables due from customers at amortised cost	2 917	-	337	2 581	-	1 474
- Covered Bond	Debt securities issued	-	(31 698)	(28 375)	-	(3 324)	2 702
- Financial assets at fair value through other comprehensive income	Financial assets at fair value through equity	1 177	-	1 177	1	-	1

Ineffectiveness on the Group's fair value hedging relationships stands at 53 thousand euro at 31 December 2020 and is accounted for 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 EURO	31.12.2020			31.12.2019		
	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	-	(327)	-	-	(4 436)	-
Floating rate restructured loans	-	-	-	-	(599)	-

e. Cash flow hedge effectiveness

Cash Flow Hedge - Interest Rate Risk IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	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	(327)	-	Net gains and losses on financial instruments at fair value through other comprehensive income	(5 035)	-	Net gains and losses on financial instruments at fair value through other comprehensive income

f. Equity components related to Cash Flow Hedge

Interest Rate Risk -CFH IN THOUSANDS OF EURO	Transaction related hedged items	Time related hedged items	**Total**
CFH Reserve at 31.12.2018	**(777)**	**-**	**(777)**
Effective portion of the change in fair value recognised in equity	(5 035)	-	(5 035)
CFH Reserve at 31.12.2019	**(5 811)**	**-**	**(5 811)**
Effective portion of the change in fair value recognised in equity	**(327)**	**-**	**(327)**
CFH Reserve at 31.12.2020	**(6 138)**	**-**	**(6 138)**

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.

- The financial asset is irrevocably measured at initial recognition using the fair value option in IFRS 9, provided that the financial instruments optionally classified in this category are in one of the three following situations:
  - the designation is used to eliminate or substantially reduce an inconsistency in the accounting treatment of an associated asset or liability ("accounting mismatch");
  - the instrument is part of a group of financial assets or liabilities whose management and performance are measured at fair value;
  - the instrument is a hybrid contract containing an embedded derivative and a host contract that does not qualify as a financial asset under IFRS 9.

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.

All the assets and financial liabilities held by the Group in this category correspond to trading derivatives, that is, they were not concluded and documented in the course of hedging relations. The derivatives thus concluded are exclusively swaps.

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Loans	8 797	-
Bonds	1 365	507
Trading derivatives	641	11 778
Total financial assets at fair value through profit and loss	**10 803**	**12 285**
Trading derivatives	(1 600)	(12 550)
Total financial liabilities at fair value through profit and loss	**(1 600)**	**(12 550)**

The trading derivatives are those not concluded and documented in the course of hedging relations.

There are only interest rate swaps.

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Trading derivatives	1 086 078	641	(1 600)	2 065 214	11 778	(12 550)

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

This category applies to debt instruments (e.g. bonds) satisfying the following two conditions:

- the financial asset is held in a business model in which the objective is achieved both by collecting contractual cash flows and by selling financial assets ("hold to collect and sell");
- the contractual cash flows correspond solely to payments of principal and interest (the SPPI criterion).

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

Investments in equity instruments (shares and similar securities) are measured by default at fair value in profit or loss, unless the Group makes an irrevocable election to designate them at fair value through non-recyclable equity (provided that these instruments are not held for sale and classified as such in financial assets at fair value in profit or loss) without the subsequent option to reclassify the gains and losses in profit or loss, including those resulting from disposals. By way of exception, only dividend income is recorded in profit or loss.

This option has not been used in the accounts of Promontoria MMB at 31 December 2020.

Financial assets measured at fair value through other comprehensive income, which amounts to 183 million euro at 31 December 2020, include bonds and other fixed-income securities.

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

At 31 December 2020, the Group records on these assets:

- Unrealised Gain of 1 130 thousand euro versus 215 thousand euros at 31 December 2019, and
- An impairment, measured under IFRS 9, of (480) thousand euros versus (222) thousand euros at 31 December 2019.

The net variation of impairment, recorded in equity at end of December, is amounted to 1 173 thousand euros

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).

These assets are measured after their date of initial recognition at amortised cost using the Effective Interest Rate (EIR) method. They are subject to a loss allowance for impairment on the grounds of credit risk as from their initial recognition, following the principles set out in "b".

Amortised cost is defined as the value attributed to a financial asset or a financial liability on initial recognition, decreased by principal repayments, increased or decreased by the cumulative amortisation, calculated using the EIR method, of any difference between this initial value and value at maturity, and, in the case of a financial asset, adjusted for credit risk impairment.

Interest income, calculated using an effective interest rate, will be accounted for in profit or loss under "Interest and similar income". It will be calculated on the basis of the gross carrying value of the assets, except in the special cases of impaired assets for which the interest is calculated on the net carrying value (i.e. after credit risk impairment).

Financial assets at amortised cost are registered on the balance sheet under the headings “Securities at amortised cost”, “Loans and receivables to credit institutions and similar at amortised cost” and “Loans and receivables to customers at amortised cost” depending on the asset’s economic nature and counterparty type.

DETERMINATION OF THE CHARACTERISTICS OF CONTRACTUAL CASH FLOWS: THE SPPI CRITERION

Contractual cash flows must be analysed to determine whether or not they constitute a financial asset comparable to a basic lending arrangement. A financial asset will respect this condition if its contractual cash flows represent only the repayment of the principal and interest on the principal amounts outstanding (the SPPI criterion, or Solely Payment of Principal and Interest).

In a basic lending contract, interest payments essentially represent consideration for the time value of money and the credit (or counterparty) risk associated with the principal, and other components generally admitted as forming part of this type of contract: liquidity risk, administration expenses, trading margin.

Any cash flows which do not solely reflect these provisions (for example, by introducing exposure to risks or a volatility of flows unrelated to a basic lending operation, such as indexation to a share price or a market index, or the introduction of a leverage effect), or which would distort the way in which they should be measured (for example, inconsistency between the yield obtained and the associated time value of money) make it impossible to conclude that the contract passes the SPPI test.

The financial assets of the Group therefore respect the SPPI criteria.

THE BUSINESS MODEL

The business model refers to the way in which an entity manages a portfolio of assets in order to collect cash flows. It reflects the way in which a group of financial assets is managed as a whole to achieve a given economic objective and is therefore not determined contract by contract but at a higher level of aggregation.

The economic model applied must be assessed by exercising judgment and taking account of the historical information available which helps to understand how cash flows have been generated in the past, as well as any other relevant information such as:

- how the performance of the financial assets is evaluated and reported to the entity’s key management personnel;
- the risks that affect the performance of the business model and, in particular, the way in which those risks are managed;
- how managers in charge of assets held within a given business model are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and reasons for sales in a portfolio held within a given business model and expectations about future sales activity.

IFRS 9 defines three business models:

“*hold to collect*”, where the objective is to hold the contractual assets until maturity in order to collect the contractual cash flows. Despite the stated aim of holding the assets, the standard provides for some exceptions that are not inconsistent with this business model, where sales occur under the following circumstances:

- sales due to an increase in the assets’ credit risk;
- sales taking place shortly before the maturity of the financial assets, for an amount approximating to the residual contractual cash flows;
- sales for other reasons (such as sales made to manage credit concentration risk) if they are infrequent, or insignificant in value;

- "*hold to collect and sell*", a mixed business model in which the objective is achieved both by collecting contractual cash flows and by selling financial assets.
- "*other business models*", corresponding to neither of the two preceding models. These models include trading activities in which cash flows are realised through sales. The collection of contractual cash flows is incidental to achieving the business model's objective.

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:

DC	DOM	REAL ESTATE	NON CORE	BDC
- DC Secured [2] - DC Unsecured [3]	- Auto - Personal loan - Revolving Credit - Dealer	-Commercial Mortgage	- Commercial Banking - Structured Finance -Trailing	- Commercial - Mortgage - SME -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.

[2] Consolidation of mortgages

[3] Consolidation of consumer loans

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Bonds and other fixed-income securities	17 016	36 081
Shares and other variable-income securities	-	338
Other investment securities	-	712
Investment securities before provisions	**17 016**	**37 130**
Individual provisions	**-**	**(73)**
Investment securities at amortised cost	**17 016**	**37 057**
Current accounts	452 007	407 604
Loans and receivables due from banks and credit institutions before provisions	**452 007**	**407 604**
Individual provisions	**(44)**	**(253)**
Loans and receivables due from banks and credit institutions	**451 963**	**407 350**
Consolidated debts (mortgages and personal loans)	3 140 411	2 940 557
DOM	1 126 504	1 185 214
BDC	393 246	-
Trailing	231	418
Real Estate	1 371 426	1 172 010
Non Core	175 195	253 225
Loans and receivables at amortised cost	**6 207 013**	**5 551 424**
Collective provisions	**(110 342)**	**(69 256)**
Loans and receivables due from customers	**6 096 670**	**5 482 169**
Total financial assets at amortised cost	**6 565 649**	**5 926 576**

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.

IFRS 9 introduces a single credit risk impairment model, now based on expected credit losses rather than incurred losses. These impairment methods apply to all financial assets measured at amortised cost or fair value through recyclable equity, lease receivables, loan commitments and financial guarantee contracts.

This mechanism requires recognition of a loss allowance for impairment as from the initial recognition of the exposures concerned. This initial loss allowance corresponds to the expected credit losses (ECL) given default over the next 12 months (stage 1). If the credit risk increases significantly after initial recognition, the expected credit losses will be measured over the residual lifetime of the instrument (stage 2). Finally, if the credit quality deteriorates to the point where the recoverability of the receivable is threatened, the lifetime expected losses must be provisioned (stage 3), taking into consideration in the calculation of the increase in the risk by comparison with the loss allowances estimated in stage 2 (including the use of 100% probability of default).

Expected credit losses are therefore recognised progressively, reflecting the increase in the risk of the instrument. The main characteristics of the different stages of provisioning can be summarised as follows:

- **Stage 1:**
  - All the contracts concerned are initially accounted for in this category
  - The amount of credit risk impairment is calculated on 12-month expected credit losses
  - Interest revenue is recognised in profit or loss using an effective interest rate applied to the gross carrying value of the asset before impairment.

- **Stage 2:**
  - In the event of significant deterioration since initial recognition, the financial asset is transferred to this category from stage 1;
  - The amount of credit risk impairment is then calculated on the remaining lifetime expected loss (losses expected at maturity)
  - Interest revenue is recognised in profit or loss using an effective interest rate applied to the gross carrying value of the asset before impairment.
  - the significant increase in credit risk is based on an assessment of the change in the risk of default over the lifetime of the instrument, rather than a change in the amount of the expected credit losses.

The Group assesses the significant increase in credit risk mainly in terms of the payments past due criterion, where payments more than 30 days past due automatically move to stage 2 of provisioning.

A significant increase in credit risk can be determined individually (instrument by instrument) or collectively, on the basis of portfolios of similar financial assets.

- **Stage 3:**
  - Financial assets that have suffered a default event will be downgraded to this category
  - The amount of credit risk impairment continues to be calculated on the remaining lifetime expected loss (losses expected at maturity), but the calculation method will take account of an addition increase in credit risk;
  - Interest revenue is recognised in profit or loss using an effective interest rate applied to the net carrying value of the asset (after impairment).

A financial instrument is considered as impaired when one or more events occur with a detrimental effect on its future estimated cash flows. Indications of impairment include any credit event corresponding to one of the following situations:

- probable or certain risk of non-collection: more than three months past due for equipment loans and leases, and six months past due for property loans and leases;
- confirmed counterparty risk: deterioration of financial situation, warning procedure;
- existence of litigation proceedings with the counterparty.

For a given counterparty, classification of financial assets as impaired, or stage 3 of provisioning, leads to an identical classification for all that counterparty's financial instruments.

Expected credit losses correspond to the present value of the difference between the contractual cash flows and those that the group expects to receive, which are calculated on the basis of estimations relying on the probability of realistically achievable scenarios, under circumstances existing at the reporting date, and the macro-economic forecasts available (without having to incur unreasonable costs or efforts to obtain them). These credit losses are calculated on the maximum contractual period (including options for extension) during which the group is exposed to the credit risk.

The calculation of expected losses relies on three main parameters: probability of default (« PD »), loss given default (« LGD ») and exposure at default (« EAD »), taking account of amortisation profiles. Expected losses are calculated using the formula PD x LGD x EAD. These parameters are the subject of estimations based on internal models. In compliance with IFRS 9, forward-looking information, based a model including the probability of various scenarios, is taken into account in the Group's estimations.

Several exceptions and simplifications are provided by the standard in the part relating to impairment:

- According to the standard, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This presumption has not been used by the Group for the 2020 financial year;

- The standard also states that it can be considered that the credit risk of a financial instruments has not increased significantly since initial recognition if the risk is low at the reporting date (for example, a financial instrument that has been given a very good rating such as “investment grade” by an external ratings agency). This measure has not been applied at this stage by the Promontoria MMB Group.
- Simplified approaches have been provided for commercial loans and loans on leases. Under certain conditions, these approaches allow entities to dispense with monitoring credit quality over time in order to recognise impairment over the residual lifetime of the receivable.

Further, the standard provides special measures for Purchased or Originated Credit Impaired financial assets « POCI », which are financial assets acquired or created and already credit-risk impaired at initial recognition. These financial assets are an exception in terms of impairment, insofar as the expected credit losses at maturity are directly reflected in the estimated cash flows for the calculation of the effective interest rate of the instrument at initial recognition. Changes in expected credit losses at maturity are then accounted for under the heading “Cost of risk”. Subsequent impairment is calculated by remeasuring the recoverable flows using the revised effective interest rate. If the revised estimate of flows is higher than the recoverable flows, a gain may be recognised in profit or loss.

Payments to reserves for expected credit losses are accounted for in profit or loss under the heading “Cost of risk” against a provision account on the balance sheet reducing the amount of the financial instrument in question.

Allowances may be subject to reversals accounted for in profit or loss under the same heading, where the probability of counterparty default falls to a level such than the instrument can be transferred to a higher provisioning category.

The methods applied to the impairment of financial assets and the quantitative impacts within Promontoria MMB are presented below.

COLLECTIVE IMPAIRMENTS ON LOANS

Financial instruments that are not individually impaired undergo a risk analysis by portfolios representing the same level of risk. Given the structure of the Group’s products, information that would capture the variations in credit risk before payments are past due are not available at contract level.

Collective provisions are therefore calculated on portfolios the uniformity of which has been identified in terms of:

- product type (consolidation loans, consumer loans, car loans, loans to private individuals and equipment financing for enterprises).
- the geographic area to which the instruments belong (continental or overseas territories);
- the background of the financial instruments, depending on whether or not they have been subject to modifications not resulting in derecognition.

> This segmentation of the Group’s financial assets into homogenous portfolios relies on the Group’s internal ratings system based on historical data, adjusted if necessary, to reflect circumstances at the reporting date.

The methods of recognition and measurement of expected credit losses, and the description of the models and main assumptions used, are clarified in Note 10, *Risk management*.

All the models used to calculate collective provisions are subject to an independent internal review.

INDIVIDUAL IMPAIRMENTS ON LOANS

In the former My Partner Bank portfolio, stage 2 and 3 assets for the Commercial Real Estate product and stage 3 assets for other products are individually measured for the associated provisions. This is based on an analysis of each asset and expert knowledge of the associated counterparty.

For the Banque des Caraïbes portfolio, all stage 3 assets for the Commercial and Mortgage segments, and stage 3 assets with an outstanding amount above €100 000 for other products, are individually measured for the associated provisions. This is based on an analysis of each asset and expert knowledge of the associated counterparty.

MODIFIED FINANCIAL ASSETS

A modified financial asset is an asset whose initial contractual flows have been renegotiated or otherwise modified, but without leading to derecognition in accordance with IRFS 9. For this asset category, the gross carrying amount of the financial asset must be recalculated as the present value of the renegotiated or modified contractual cash flow at the original interest rate. The profit or loss resulting from this modification is recognised in profit and loss.

For the purposes of credit risk provisioning, it is also necessary to assess whether the modification has brought about a significant increase in credit risk by comparing the probability of default at the reporting date, according to the amended contractual data, with the probability of default at the date of initial recognition, in accordance with the initial unaltered contractual arrangements.

TREATMENT OF DEFERMENTS DUE TO COVID-19 CRISIS

The unprecedented health crisis caused by Covid-19, has impacted all economic and commercial activities on an international scale. The impacts have been observed in every business sector and every geographical zone.

To address this crisis, emergency measures had to be introduced. A number of customers came forward to request a deferment of their loan repayments. Against this background, Promontoria MMB, like other banking entities, decided to relax the rules for the implementation of deferments.

Normally, under IFRS 9, deferments entail the downgrading of dossiers to stage 2 or 3 and are akin to forbearance.

Given the particular nature of the Covid-19 crisis and the uncertainties it brings, the banking supervisory authorities have determined that moratoriums applied to existing loans have no impact on classification as forbearance where these are granted under a generalised scheme.

Since in France these generalised measures have only concerned corporate customers, this new guideline may only be applied to such customers.

In these cases, deferment applications have not been taken to be indicators of a significant increase in credit risk such as to give rise to downgrading to stage 2 or 3.

When these customers resume their loan payments, particular attention will be paid to their payment behaviour.

After analysis, we have also concluded that some of the deferment requests from individual customers have also been due to the health crisis (partial unemployment, reduced incomes) rather than to a deterioration in their circumstances independently of the crisis. Consequently, customers meeting a number of criteria relating to their pre-crisis circumstances have also been excluded from the scope of forbearance.

The recommendations of the banking supervisory authorities expired on 30 September 2020. In early December the EBA issued new guidance, indicating that it was possible to extend this treatment of generalised moratoriums until 31 March 2021.

We therefore continued to apply these measures to all corporate deferrals after 1 October. For individual customers, however, given the lesser impact after the first lockdown period, we have returned to a traditional approach.

EFFECTS OF SUPPORT MEASURES ON EXPOSURES AND EXPECTED LOSSES

- **Moratorium effects:** As described above, deferments granted in order to address the impacts of the crisis have not generally been downgraded to stage 2 or 3.
- **Loans guaranteed by the French State «PGE»:** These loans granted by enterprises to address the impacts of crisis are guaranteed by the State to a maximum of 90%. To take account of this particular aspect, the calculation of impairment for expected credit losses has been adapted, applying an appropriate LGD parameter Loss Given Default”**.**

The application of these moratoriums does not give rise to modification losses. Furthermore, the accounting treatment of these moratoriums is the same as that applied to other moratoriums offered as part of our recovery solutions for customers (see Modified financial assets).

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%.

Since the start of the Covid-19 crisis, My Money Group has included a review of economic prospects in the forward-looking parameter used in calculating impairment for expected credit losses, ECL. The main source of forecasts is the Bank of France publication of June 2020, updated in December 2020.

In December 2020 two scenarios were used: a base scenario, derived from the outcome of the scenarios weighted by the Bank of France, and an adverse scenario reflecting the forecasts based on the Bank of France’s adverse scenario. Given the uncertain nature of the health crisis in December 2020 (second lockdown under way), a weighting of 80% has been attributed to the base scenario and a 20% weighting to the adverse scenario.

The existing internal models for the DC and DOM portfolios have been used to estimate the additional risk due to the economic crisis. Throughout the year, sensitivity tests have been carried out to measure the impact of macro-economic data on our models.

We have also adjusted our models to isolate the crisis effect already taken into account from the forward-looking effect. The time horizon has been adjusted in our PD calculations (from 12 to 9 matrices to capture the crisis effect in each matrix).

For the former My Partner Bank portfolio, an individual analysis has been carried out on the Real Estate and LBO portfolios to estimate the additional risk due to the economic crisis.

As no forward-looking model has yet been developed for the Banque des Caraïbes portfolio, benchmarking against our other portfolios has been used to estimate the additional risk due to the economic crisis.

At 31 December 2020, the additional risk due to the health crisis on the Group is estimated at 34 million euro, of which 25 million are recorded in cost of the risk and 9 million in the acquisition gain, being linked to the BDC PPA.

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 EURO	Expected losses at 12 months (S1)	Expected losses at maturity (collective evaluation) (S2)	Expected losses at maturity (individual evaluation) (S3)
Book value at 01.01.2020	**4 858 450**	**207 585**	**300 568**
Financial assets transferred to S1	-	(90 978)	(16 915)
Financial assets transferred from S1	-	127 191	72 843
Financial assets transferred to S2	(140 404)	-	(46 268)
Financial assets transferred from S2	83 272	-	22 819
Financial assets transferred to S3	(80 444)	(26 613)	-
Financial assets transferred from S3	15 069	47 219	-
Financial assets created or acquired during the year	1 905 856	15 432	9 031
Write-offs	(5 204)	(156)	(871)
Financial assets derecognised during the year	(102 754)	(2 827)	(3 155)
Amortisation	(987 917)	(41 969)	(67 191)
Other changes	-	-	-
Book value at 31.12.2020	**5 545 923**	**234 885**	**270 861**

At 31 December 2020, outstanding POCI loans, not included above, stand at 155 million euro (185 million at 31 December 2019). Outstanding POCI loans are detailed in the table below.

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
DC (mortgages and personal loans)	74 537	90 835
DOM	11 029	16 242
BDC	10 037	-
Trailing	226	223
Real Estate	53 025	69 468
Non Core	6 490	8 052
Total POCI	**155 343**	**184 820**

Provisions IFRS 9 IN THOUSANDS OF EURO	Expected losses at 12 months (S1)	Expected losses at maturity (S2)	Expected losses at maturity (individual evaluation) (S3)
Provisions at 01.01.2020	**19 259**	**6 528**	**43 468**
- Transfer to S1	617	(2 094)	(2 955)
- Transfer to S2	(534)	5 755	(3 693)
- Transfer to S3	(293)	(1 634)	20 615
Amortisation	(4 506)	(1 062)	(6 931)
Financial assets derecognised during the year	(488)	(225)	(1 499)
Financial assets created or acquired during the year	17 060	2 963	2 730
Write-offs	(32)	(3)	(372)
Change of models / re-estimation of parameters)	10 755	2 338	4 574
Foreign exchange effects and other movements	-	-	-
Provisions at 31.12.2020	**41 838**	**12 567**	**55 937**

CREDIT RISK EXPOSURES

Credit risk exposure by payment delay (in days) – Customer loans portfolio						
	2020					2019
IN THOUSANDS OF EURO	Not due or < 30 days	> 30 days	> 60 days	> 90 days	Total	Total
Personnal loans - Book value						
On the basis of the expected credit losses at 12 months	167 348	-	-	-	167 348	176 425
On the basis of the expected credit losses at maturity	4 775	1 818	939	10 820	18 352	14 259
POCI *(Purchased or Originated Credit Impaired)*	4	-	-	76	80	305
Mortgage loans - Book value						
On the basis of the expected credit losses at 12 months	2 552 878	-	-	-	2 552 878	2 399 814
On the basis of the expected credit losses at maturity	156 556	10 746	8 667	64 569	240 538	195 258
POCI *(Purchased or Originated Credit Impaired)*	24 594	203	76	48 764	73 637	89 453
Auto - Book value						
On the basis of the expected credit losses at 12 months	849 891	-	-	-	849 891	914 543
On the basis of the expected credit losses at maturity	21 933	8 702	13 942	35 307	79 884	64 163
POCI *(Purchased or Originated Credit Impaired)*	6 430	5	3	4 512	10 949	15 937
Restructured loans (exc. mortgage) - Book value						
On the basis of the expected credit losses at 12 months	250 059	-	-	-	250 059	238 283
On the basis of the expected credit losses at maturity	11 617	1 384	994	8 408	22 403	15 824
POCI *(Purchased or Originated Credit Impaired)*	224	-	-	902	1 126	1 606
Real Estate book value						
On the basis of the expected credit losses at 12 months	1 229 395	-	-	-	1 229 395	914 731
On the basis of the expected credit losses at maturity	41 828	-	169	47 009	89 006	187 811
POCI *(Purchased or Originated Credit Impaired)*	3 805	-	-	49 220	53 025	69 468
Unsecured - book value						
On the basis of the expected credit losses at 12 months	124 290	-	-	-	124 290	214 359
On the basis of the expected credit losses at maturity	19 244	1 614	-	23 556	44 415	30 814
POCI *(Purchased or Originated Credit Impaired)*	1 549	-	-	4 941	6 490	8 052
BDC excluded Leasing - Book Value						
On the basis of the expected credit losses at 12 months	311 970	-	-	-	311 970	-
On the basis of the expected credit losses at maturity	5 774	1 104	517	3 486	10 881	-
POCI *(Purchased or Originated Credit Impaired)*	1 724	-	92	8 216	10 032	-
BDC Leasing - Book Value						
On the basis of the expected credit losses at 12 months	60 092	-	-	-	60 092	-
On the basis of the expected credit losses at maturity	100	-	-	165	265	-
POCI *(Purchased or Originated Credit Impaired)*	3	-	-	2	5	-

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”.

	31.12.2020		31.12.2019	
IN THOUSANDS OF EURO	Outstandings	Provision	Outstandings	Provision
Loan undertakings	352 212	3 690	292 019	1 092
Guarantees	187 978	375	193 979	22

d. Recognition date of financial assets

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

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

e. Financial liabilities measured at amortised cost

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Debt securities	2 158 233	2 073 643
Related payables	1 686	1 692
Sub-total debt securities	**2 159 919**	**2 075 335**
Current account and related payables	6 206	10 126
Term loans and advances	316 614	-
Other financial liabilities	2 528	4 570
Sub-total due to bank and credit institutions	**325 348**	**14 696**
Current account	1 280 830	1 018 268
Term loans and advances	2 506 983	2 491 455
Related payables	20 324	16 082
Other financial liabilities	7 182	4 810
Sub-total due to customers	**3 815 319**	**3 530 615**
Total financial liabilities at amortised costs	**6 300 586**	**5 620 646**

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 Promontoria MMB.

Promontoria MMB 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 496 million euro at 31 December 2020.

These debts also include the covered bonds issued since October 2018 by the building society MMB SCF, for an amount of 1 583 million euro at 31 December 2020, including 1.7 million euro of related debts at 31 December 2020.

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

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

At 31 December 2020, Promontoria MMB had issued 80.3 million euro in commercial paper with an average weighted rate of 0.09% and an average maturity of 6 months.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND SIMILAR

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

The terms of TLTRO III make it possible to offer long-term refinancing with an interest rate incentive adjustment if a predefined growth rate for eligible lending is reached, applied over the term of the operation. In the current circumstances, an additional temporary incentive applies to the period from June 2020 to June 2021, 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 2020 to June 2021. To date, My Money Bank is reasonably confident that the level of eligible lending will meet the conditions required to obtain this additional incentive, enabling the group to support its lending activities at a very competitive funding cost (-1% in the first year).

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 2020 is presented under the heading "*Interest and similar income*".

AMOUNTS OWED TO CUSTOMERS

The deposits programme has been expanded since the 2017 reporting period, in particular via an expanded product range (deposits offered to customers that are SMEs) and the establishment of a partnership with a large German bank in order to increase the retail customer base. This programme, which aims to provide the bank with an additional finance source, allows for short-term asset refinancing (around two years).

At 31 December 2020, deposits stand at around 3.7 billion euro, compared with 3.5 billion euro at 31 December 2019. The rise of around 6% is mainly due to the integration of the deposits programme in the Banque de Caraïbes Savings portfolio, following its acquisition by the Group.

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 2020 Finance Act of 28 December 2019, published in the Official Journal on 29 December 2019 (Law 2019-1479), has amended the downward trajectory of corporation tax rates introduced by the 2018 Finance Act.

While for 2022 and the following years the 25% rate is still planned, the normal corporation tax rate for entities with turnover equal to or above 250 million euro has, exceptionally, been raised back to 31% (for taxable profits above 500 000 euro) for 2020, and to 27.5% for total taxable profits in 2021, to which must be added the additional social contribution on profits (CSB) of 3.3% (after application of relief of 0.76 million euro).

The table below summarises the new rates applicable (note that in 2020, the 28% rate remains applicable to the proportion of the taxable result below 500 thousand of euro):

Applicable Rates	2020	2021	2022 and subsequent years
Corporation tax rates	31%	27,5%	25%
Social contribution of 3.3% of corporation tax	1%	0,9%	0,8%
Total corporation tax rate	**32,02%**	**28,41%**	**25,83%**

Two entities that are not part of the Promontoria MMB tax consolidation group in 2020 use different corporation tax rates: Socalfi, with a rate of 30% (basic corporation tax applicable in New Caledonia) and BDC, with a rate of 28.92% (28% plus the 3.3% social contribution on profits, the corporation tax rate applicable to entities with turnover below 250 million euro).

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 capitalisation of deferred tax assets derived from tax losses carried forward is based on the Group's Business Plan, validated by the Board of Directors. This Business Plan, drawn up by the Group's Management Control service, was developed on the basis of favourable and unfavourable assumptions used to estimate future taxable profits. This business plan, updated annually, has also been sensitivity-tested in order to ensure that it is robust. The board has decided to limit to capitalisation of tax losses over a 5-year maximum horizon.

CURRENT AND DEFERRED TAXES

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Current taxes	1 692	1 692
Deferred taxes	65 744	59 892
Current and deferred tax assets	**67 416**	**61 584**
Current taxes	-	(1 340)
Deferred taxes	-	(2 566)
Current and deferred tax liabilities	**-**	**(3 906)**

Breakdown of deferred tax assets and liabilities by nature

IN THOUSANDS OF EURO		31.12.2020	31.12.2019
Financial assets at amortised costs and at fair value through P&L and equity (OCI)		3 338	(4 669)
Unrealized leasing reserves		(14 104)	(14 030)
Provisions for employee benefit - pension		16 404	15 284
Other non-deducted provision (including credit risk)		5 633	3 460
Tax losses carried forward		54 472	57 281
Net deferred taxes		**65 744**	**57 326**
	O/w deferred tax assets	65 744	*59 892*
	O/w deferred tax liabilities	-	*(2 566)*

Deferred tax assets on unrecognised tax losses carried forward

IN THOUSANDS OF EURO	Legal duration of the carry-forward	Forecast horizon for recovery	31.12.2020	31.12.2019
Promontoria MMB Fiscal Group	Indefinite	5 years	24 148	21 609
My Money Bank SA	Indefinite	5 years	26 533	31 346
Somafi-Soguafi SA	Indefinite	3 years	2 786	3 154
Sorefi SA	Indefinite	1 year	1 005	1 173
MMB SCF SA	Indefinite	-	-	-
Total deferred tax assets			**54 472**	**57 281**

Changes in deferred taxes

IN THOUSANDS OF EURO	Changes in profit or loss	Changes in equity	Other changes	Total
Net deferred taxes at 31.12.2019				**57 326**
Changes in scope	-	-	-	**-**
Financial assets at amortised costs and at fair value through P&L and equity (OCI)	3 151	288	4 485	**7 924**
Tax rate impact on financial assets at fair value through P&L and equity (OCI)	246	(163)	-	**83**
Changes in unrealized leasing reserve	(3 127)	-	1 413	**(1 713)**
Tax rate impact on unrealized leasing reserve	1 639	-	-	**1 639**
Changes in provisions for employees benefits - pension	834	-	286	**1 120**
Tax rate impact on provisions for employees benefits - pension	-	-	-	**-**
Changes in other non-deducted provisions (including credit risk)	1 989	-	733	**2 722**
Tax rate impact on other non-deducted provisions	(548)	-	-	**(548)**
Changes in tax losses carried forward (before limitation / recognition)	3 644	-	432	**4 076**
Impact of unrecognised tax losses carried forward / prior years unrecognition catch up	(2 568)	-	(432)	**(3 000)**
Tax rate impact on tax losses carried forward	(3 885)	-	-	**(3 885)**
Net deferred taxes at 31.12.2020	**1 376**	**125**	**6 917**	**65 744**

6.6. Other assets and liabilities

a. Other assets

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Suppliers	4 627	924
Insurance	1 715	1 144
Deposits, advances	21 969	11 534
Taxes	9 954	5 674
Values received on collection	5 774	10 105
Deferred expenses	4 738	4 072
Other adjustment accounts	5 318	8 801
Other assets	13 423	13 678
Prepaid expenses	4 435	3 982
Accrued income	26 428	40 194
Total other assets	**98 381**	**100 108**

b. Other liabilities

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Security deposits	162	167
Suppliers	6 999	9 014
Tax and social security liabilities	27 580	19 537
Insurance	2 802	2 397
Other adjustment accounts	15 296	18 709
Other liabilities	18 592	21 619
Lease liability IFRS 16	19 624	19 029
Accrued expenses	17 672	21 299
Deferred income	6 801	8 714
Total other liabilities	**115 529**	**120 485**

c. Breakdown of lease liabilities by due date

IN THOUSANDS OF EURO	Less than 1 year	From 1 to 5 years	More than 5 years	**Total 31.12.2020**
- Commercial leases	32	2 560	16 227	18 819
- Vehicle leases	31	314	-	345
- Long-term vehicle leases	52	304	-	356
- Other	5	99	-	104
Total lease liabilities under IFRS 16	**120**	**3 277**	**16 227**	**19 624**

6.7. Non-current assets and liabilities held for sale

When the Group decides to sell non-current assets, and when it is highly probably that the sale will occur within twelve months, these assets are presented separately on the balance sheet under the heading "Non-current assets held for sale". Liabilities related to them are also presented separately under "Debts related to non-current assets held for sale".

For the sale to be highly probable, the Group must be committed to a plan to sell the asset or disposal group and have launched an active program to locate a buyer. The asset (or disposal group) must be marketed for sale at a price that is reasonable in relation to its current fair value.

Once they are classified in this category, non-current assets and groups of assets and liabilities are valued at the lower of their carrying value and their fair value less costs to sell.

These assets are no longer amortised after their reclassification. An impairment loss is recorded in profit or loss in the event that an asset or group of assets and liabilities is found to have lost value. Impairment losses recognised on this basis are reversible until the disposal date.

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Loans and receivables due from banks and credit institutions at amortised cost	-	110 087
Other assets	-	3 258
Property, plant and equipment	9 847	35 430
Total non-current assets held for sale	**9 847**	**148 776**
Due to customers	-	596
Deferred tax assets	-	2 566
Other liabilities	-	4 496
Total non-current liabilities held for sale	**-**	**7 658**

At 31 December 2019, Socalfi's assets and liabilities, sold on 1 July 2020, were reclassified as "assets and liabilities held for sale". They continue to be measured in accordance with the standard applying to them: deferred tax assets (IAS 12, Taxes); financial assets in the scope of IFRS 9, etc.) except in the case of property, plant and equipment, which are no longer amortised.

Gains or losses on disposals have been accounted for under *Net gains or losses on other assets*.

The Georges Mandel building, classified under tangible fixed assets in the table above, was sold in January 2020.

At 31 December 2020, the investment property held by the entity SLMB is available for sale in its existing condition. It has been reclassified under this heading.

6.8. Tangible and intangible assets and investment properties

The fixed assets on the Group's balance sheet consist of tangible and intangible operating assets, i.e. used for administrative purposes, as well as investment property. Investment property consists of property held for rental income or capital gains, rather than for normal operating purposes.

At their acquisition date, fixed assets are recognised at the transaction price plus costs directly attributable to the acquisition (transfer rights, fees) and any necessary costs to bring them into working condition for use.

After initial recognition, fixed assets are valued at cost less accumulated depreciation and any loss of value. The amortisable value of a fixed asset corresponds to the cost less its residual value in the case of tangible fixed assets where this is significant.

Assets are amortised on a straight-line or reducing balance basis when the regulation so permits over the asset's expected useful life to the Group. Buildings are amortised over 40 years, equipment over three to five years, furniture and other categories over between five and ten years. Software is amortised over one year for common software packages and up to five years for complex software that has undergone significant customisation.

Amortisable fixed assets are subject to impairment tests when, at the reporting date, evidence of a decline in value is identified. Non-amortisable fixed assets are subject to impairment tests when, at the reporting date, evidence of a decline in value is identified, and at least once a year.

If there is evidence of impairment, the new recoverable amount is compared with the net carrying value of the asset. In the case of loss of value, an impairment loss is recorded in profit or loss. This also modifies the future depreciable base. The impairment is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment.

Allowances for amortisation costs and impairments are accounted for under the heading "Allowances for amortisation costs and impairments of intangible and tangible assets".

Gains and losses on the sale of fixed operating assets are recognised in profit or loss under "Net gains or losses on other assets".

IN THOUSANDS OF EURO	Gross value 31.12.2019	Change in consolidation scope and other	Increase	Decrease	Gross value 31.12.2020	Impairment and amortisation 31.12.2019	Increase	Decrease	Net value 31.12.2020
Investment Properties	**9 847**	**(9 847)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Tangible assets	**30 253**	**3 626**	**5 569**	**(1 653)**	**37 795**	**(5 460)**	**(5 719)**	**179**	**26 794**
Buildings	-	468	-	-	468	-	(34)	-	434
Office and IT equipment	4 123	600	756	(67)	5 412	(2 051)	(1 104)	3	2 259
Fittings and facilities	3 509	1 093	923	(135)	5 391	(725)	(703)	-	3 962
Tangible assets in progress	746	358	905	(1 427)	583	-	-	-	583
Right of use asset IFRS 16	21 860	673	2 984	(24)	25 493	(2 684)	(3 850)	177	19 135
- Lease	*20 057*	765	2 909		*23 731*	(2 088)	(3 301)	98	*18 440*
- Other	*1 804*	(92)	75	(24)	*1 762*	(596)	(549)	79	*696*
Other	14	434	-	-	449	-	(27)	-	422
Intangible assets	**19 351**	**1 672**	**17 385**	**(13 863)**	**24 544**	**(3 635)**	**(2 110)**	**115**	**18 914**
Total tangible and intangible assets	**59 451**	**(4 549)**	**22 953**	**(15 516)**	**62 339**	**(9 095)**	**(7 828)**	**294**	**45 709**

a. Investment property

The investment property consists of real estate goods held by SLMB, which is a real estate trader. It mainly consists of land which is listed for sale in 2020. They have therefore been reclassified under heading 6.7 *Non-current assets and liabilities held for sale*.

b. 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*.

IFRS 16 introduces a single lessee accounting model for all leases based on the recognition of a right-of-use asset, representing the lessor's right to make use of the asset during the lease period in consideration of a lease liability representing the discounted lease payments.

The right-of-use asset is depreciated on a straight-line basis and the financial liability is amortised actuarially over the lifetime of the lease. The amortisation expense of the asset and the interest expense on the debt will be presented separately in the income statement, in the items *Allowances for amortisation costs and impairment of tangible and intangible assets* and *Interest and similar expenses* respectively.

Most of the leases identified by the Group are commercial "3/6/9" leases, leases on company vehicles and IT equipment leases. The identification and analysis of the Group's leases has resulted in the exclusion of IT licences and equipment maintenance contracts from the application scope of the standard.

The Group has chosen to apply the reliefs allowing it to exclude leases with a term of less than one year (including renewal options), or contracts on low unit-value goods (less than or equal to USD 5 000).

The right-of-use asset and the lease debt on leases are calculated by discounting the remaining lease payments. A discount rate has been applied reflecting the type of contract.

The Group has applied the incremental borrowing rate to the following: real estate, IT equipment and vehicle leases.

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
ASSETS		
Property, plant and equipment (right-of-use assets)	**25 335**	**21 860**
- *Commercial leases*	23 624	20 057
- *Leasing vehicles*	738	890
- *Long-term lease vehicles*	811	795
- *Photocopiers / Printers*	162	118
Deferred tax asset	1 828	1 233
LIABILITIES		
Other liabilities (lease liability)	19 624	19 466
Consolidated income statement		
Interest expense	318	261
Depreciation and amortisation of right of use assets	3 963	2 684

c. Intangible assets

At 31 December 2020, the intangible fixed assets, essentially consisting of software, include 14 million euro of assets in progress, relating to software and information systems developed internally.

Changes to the consolidation scope are due to the sale of the Georges Mandel building, the acquisition of Banque de Caraïbes and the sale of Socalfi.

6.9. Provisions

The provisions recorded under liabilities on the Group's statement of financial position, other than those concerning financial instruments and employee commitments, mainly relate to provisions for disputes, fines, penalties and tax risks.

A provision is constituted when it is probable that an outflow of economic resources will be necessary to extinguish an obligation arising from a past event and where the amount of the obligation cannot be reliably estimated. The estimated amount of the obligation is discounted to present value to determine the size of the provision, where this discounting has a significant impact.

Provisions and reversals of provisions are entered in profit or loss on the lines appropriate to the nature of the future expenditure covered.

IN THOUSANDS OF EURO	01.01.2020	Change in consolidation scope	(+) Increase	(-) Reversal (utilized provisions)	(-) Reversal (surplus provisions)	Change in actuarial assumptions	31.12.2020
Pensions and other post-employment benefits [4]	59 162	1 118	1 852	-	(850)	2 164	63 446
Other long-term employee benefits	1 477	262	110	-	-	-	1 848
Restructuring	1 112	-	943	(1 500)	-	-	555
Fiscal and legal risks	1 385	-	418	(121)	(747)	-	935
Commitments and guarantees given	2 497	690	2 261	(453)	(930)	-	4 065
Other provisions	5 108	1 762	1 158	(3 208)	(927)	-	3 893
Total	**70 740**	**3 832**	**6 742**	**(5 283)**	**(3 454)**	**2 164**	**74 742**

Changes to the consolidation scope are due to the acquisition of Banque de Caraïbes and the sale of Socalfi.

[4] *See notes 9*

6.10. Remaining balance sheet items

IN THOUSANDS OF EUROS	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total 31.12.2020
Cash and central banks	362 192				362 192
Hedging derivatives	-	-	31 677	65	31 742
Financial assets at fair value in profit or loss	-	-	-	10 803	10 803
Financial assets measured at fair value through equity	104	2 000	44 683	135 988	182 775
Financial assets measured at amortised cost	-	-	17 016	-	17 016
Loans and receivables due from credit institutions and similar, at amortised cost	451 963				451 963
Loans and receivables due from customers, at amortised cost	841 110	705 754	2 477 197	2 072 609	6 096 670
Total financial assets	**1 655 369**	**707 755**	**2 570 573**	**2 219 466**	**7 153 162**
Central banks	54				54
Financial liabilities at fair value in profit or loss	-	-	-	1 600	1 600
Hedging derivatives	-	-	-	50 405	50 405
Debts represented by a security	-	80 300	-	2 079 619	2 159 919
Amounts owed to credit institutions and similar	38 441	3 250	283 658		325 348
Amounts owed to customers	1 582 071	832 724	1 400 524	-	3 815 319
Total financial liabilities	**1 620 566**	**916 274**	**1 684 182**	**2 131 624**	**6 352 646**

The table above presents the residual contractual maturities of the Group's derivative and non-derivative financial liabilities. In the case of derivatives, the amounts shown correspond to fair value at the reporting date, to the extent that the residual contractual maturities do not reflect the liquidity risk on these positions. In the case of non-derivative financial liabilities, the amounts presented are the undiscounted contractual cash flows in accordance with the due dates provided for in the contract.

Expected cash flows may vary from the data presented in this table for some financial liabilities. These differences mainly result from the fact that cash outflows might occur significantly sooner than the data suggest, because the group has the option to make early repayments of securitisation fund units issued.

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.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument in such a way as to obtain the gross carrying amount (or amortised cost) of the financial asset (or liability). The calculation of this rate takes account of all the contractual terms of the financial instrument (e.g. early repayment options, extension options, etc.) and includes all the commissions and costs received or paid that are by nature an integral part of the effective contract rate, and transaction costs, premiums or discounts.

In the particular case of purchased or originated credit-impaired financial assets, the effective interest rate will be also take account of the expected credit losses in estimations of future cash flows.

IN THOUSANDS OF EURO	31.12.2020 Income	Expense	Net	31.12.2019 Income	Expense	Net
Loans and receivables from credit institutions	1 210	-	1 210	81	-	81
Loans and receivables from customers	175 368	(19 614)	155 754	158 656	(13 684)	144 972
Securities	84	-	84	82	-	82
Financial lease	37 762	(5 624)	32 138	34 626	(3 952)	30 674
Due to central banks	-	(506)	(506)	-	(1 704)	(1 704)
Due to banks	-	(1 991)	(1 991)	-	(1 327)	(1 327)
Due to customers	-	(16 679)	(16 679)	-	(15 435)	(15 435)
Debt securities issued	-	-	-	-	-	-
Financial instruments at amortised cost	**214 424**	**(44 414)**	**170 009**	**193 444**	**(36 102)**	**157 342**
Financial instruments at fair value through profit or loss	-	(3 055)	(3 055)	-	(4 998)	(4 998)
Lease agreements[5]	-	(318)	(318)	-	(347)	(347)
Financial instruments at fair value through other comprehensive income	1 340	(6 360)	(5 020)	302	(7 969)	(7 667)
Hedging derivatives	8 438	(10 983)	(2 545)	2 556	(10 093)	(7 538)
Total interest income and expense	**224 202**	**(65 130)**	**159 072**	**196 302**	**(59 510)**	**136 792**

7.2. Fee income and expense

The Group recognises commission in profit or loss on the basis of the services performed and of the method of recognition of the financial instruments to which the service is attached:

Commissions remunerating ongoing services are spread in profit or loss over the duration of the service (commission on methods of payment).

Commissions remunerating one-off services or remunerating a major undertaking are recognised in their entirety in profit or loss when the service is performed or the undertaking conducted.

Commissions that 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.

[5] *IFRS 16 "Leases", lease operations present the interest on lease liabilities.*

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Income	Expense	Net	Income	Expense	Net
Transaction with customers	9 574	(5 994)	3 581	11 448	(5 584)	5 863
Securities transactions	-	(1 125)	(1 125)	-	(2 863)	(2 863)
Transactions with payment instruments	2 000	(1 086)	914	2 479	(711)	1 769
Financial services	11 089	(2 669)	8 420	10 045	(1 487)	8 558
Other	4 089	(426)	3 663	2 521	(876)	1 645
Total fee income and expense	**26 753**	**(11 300)**	**15 453**	**26 493**	**(11 521)**	**14 972**

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

The net loss at 31 December 2020 on financial instruments at fair value in profit or loss stands at 53 thousand euro, corresponding to the negative 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 entry stands at 1 232 thousands of euro at 31 December 2020 and corresponds to a gain on disposal of investment securities; the latent gains and losses are accounted for in equity before recycling in profit or loss.

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

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Gains / (Losses) on financial assets at amortised cost	**(494)**	**(221)**
Loans and receivables due from customers	(494)	(221)
Gains / (Losses) on financial liabilities at amortised cost	-	-
Total Gains / losses on financial assets and liabilities at amortised cost	**(494)**	**(221)**

7.6. Income and expense from other activities

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Total other expenses	-	-
Insurance income	7 909	9 381
Files fees	1 940	2 697
Uncollected VAT to be written back	1 225	3 462
Other	2 893	1 756
Total other income	**13 967**	**17 296**
Total income and expense from other activities	**13 967**	**17 296**

7.7. General operating expenses

IN THOUSANDS OF EURO	31.12.2020	31.12.2019 [6]
Reversal of provisions for risks and expenses	5 299	6 175
Provisions for risks and expenses	(4 902)	(5 152)
Employee profit-sharing and incentive schemes	(1 022)	(791)
Payroll taxes, duties and similar levies	(4 604)	(4 253)
Pension expenses	(5 599)	(5 438)
Wages and salaries	(56 112)	(55 317)
Other social security expenses	(20 949)	(19 418)
Total employee costs	**(87 889)**	**(84 194)**
Lease	(2 564)	(2 276)
External services provided by Group entities	4 610	7 758
Transport and travel	(680)	(1 557)
Other external services	(64 167)	(65 221)
Miscellaneous operating expenses	(500)	(732)
Total operational expenses	**(63 303)**	**(62 028)**
Taxes	(7 634)	(5 508)
Other	(3 881)	(2 091)
Total operating expenses	**(162 707)**	**(153 821)**

7.8. Amortisation costs and depreciations

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Depreciation and amortisation on intangible assets	(1 074)	(854)
Depreciation and amortisation on tangible assets	(1 649)	(1 229)
Depreciation and amortisation on financial assets	-	96
Depreciation and amortisation on right of use assets	(3 963)	(3 208)
Reversals of provisions for depreciation	-	-
Total Amortisation, depreciation and impairment of tangible and intangible fixed assets	**(6 686)**	**(5 195)**

[6] The presentation has been revised in June 2020

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 EURO	31.12.2020	31.12.2019
Net provisions on transactions with customers	(29 935)	981
Net provisions for guarantees given on assigned loans	(1 291)	(2 083)
Net POCI re-evaluation	5 482	6 902
Net losses on transactions with customers	(12 034)	(9 286)
Net provisions on other risks	(257)	147
Total cost of risk	**(38 036)**	**(3 339)**

The impact of the health crisis on cost of risk stood at 25 million euro at 31 December 2020 (see note 6.4.b).

7.10. Net gains and losses on other assets

IN THOUSANDS OF EURO	31.12.2020	31.12.2019
Gains on disposals of tangible assets	4 950	522
Losses on disposals of tangible assets	(920)	(216)
Impairment on non-current assets held for sale	-	(2 592)
Total gains or losses on other assets	**4 030**	**(2 285)**

The net gains over the period relate to the sale of the Georges Mandel building and to the reversal of provisions on SLMB following works carried out on various sites.

7.11. Other income

The gain on this item consists mainly of the 4.7 million euro price adjustment related to the acquisition of the former My Partner Bank and the 1 million euro compensation due in the Immo Vauban case.

7.12. Income tax and deferred taxes

Tax expense for the financial year 2020 includes the tax due from companies situated in France at the rates of 31% for entities with a turnover equal to or exceeding 250 million euro (plus the social contribution on profits of 3.3%, a total of 32.02%), 28% for the proportion of taxable profits above 500 000 euro (or 28.92% with CSB), and 28% for the proportion below 500 000 euro.

For SOCALFI in New Caledonia, the basic rate is 30%, with a sliding scale rising with the level of taxable profit to a maximum rate of 45% (above €3 352 000)

The deferred tax rates are shown in section 6.5. Current and deferred tax assets and liabilities

IN THOUSANDS OF EURO		31.12.2020	31.12.2019
Net income - Group share		61 083	4 264
Net income - Non-controlling interests		-	-
Income tax charge		658	(899)
Earnings before tax		**60 425**	**5 163**
Theoretical tax rate		32,02%	34,43%
Theoretical tax		**(19 348)**	**(1 778)**
Permanent differences		1 479	214
Tax rates differences for consolidated entities		169	(574)
Low rate taxation (dividends)		(52)	(868)
Unrecognised carry forward tax losses		(2 568)	(1 049)
Impact of the change in tax rate on deferred tax		(2 547)	(1 282)
Tax hit for prior period adjustments		(57)	4 530
Tax on bargain purchase gain		23 640	-
Miscellaneous		(57)	(93)
Tax charge for the period		**658**	**(899)**
	w/o tax payables	*(718)*	*1 738*
	w/o deferred tax	*1 376*	*(2 636)*

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

Employee benefits represent consideration of all kinds provided by the Group for the services rendered by staff or as post-employment benefits. They fall into four categories, in accordance with IAS 19R:

- **Short-term employee benefits,** such as wages and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses payable within twelve months of the end of the period. They are recognised as expenses for the financial year in which the staff members rendered the services corresponding to these benefits.
- **Employee termination benefits** are employee benefits provided in consideration of the termination of employment resulting either from the group's decision to end an employment contract before the statutory retirement age or the decision of the staff member to accept the offer of a severance benefit in exchange for the termination of employment. Employee termination benefits include severance pay or compensation due under voluntary redundancy plans.
  Provision is set aside for these benefits in the same way as the provisions estimated for defined post-employment benefit plans.

- **Post-employment benefits** are the employee benefits (other than employee termination benefits and short-term employee benefits) that are payable after the end of employment, such as pensions, lump sums on retirement and other contractual benefits paid to retired employees.

- The Group distinguishes defined contribution plans from defined benefit plans:
  - Defined contribution plans are characterised by the payment of defined contributions to a separate entity that absolves the employer of any subsequent legal or implicit obligation towards staff members. The amount of contributions paid during the financial year is recognised in expenses.
  - Defined benefit plans are characterised by a commitment on the part of the Group to an amount or level of benefits. They give rise to recognition of an allowance in liabilities in order to express this commitment.

The provisions recognised for defined benefit plans correspond to the present value of the obligations and are subject to an actuarial calculation using the projected unit credit method. These estimations use demographic and financial assumptions that are reviewed annually, such as the staff turnover rate, the wage growth of beneficiaries, the discount rate and the inflation rate.

The net liability recognised for post-employment plans is the difference between the present value of the defined benefit obligations and the fair value of the plan assets (if such exist). When the value of the plan assets exceeds the value of the commitment, an asset is recognised if it represents a future economic benefit to the group in the form of a saving in future contributions or an expected repayment of some of the amounts paid into the plan.

The annual expense recognised under staff costs for defined benefit plans includes:

- past service cost, representing the rights earned during the period by each beneficiary;
- the net interest linked to the discounting of the net defined benefit liability (or asset);
- the past service cost resulting from any plan amendments or plan curtailments, and the consequences of any plan wind-ups.

Net defined benefit liability (or asset) remeasurements are recognised directly in equity without possibility of recycling in profit or loss. They include the actuarial differences resulting from changes in actuarial assumptions, the return on plan assets and any changes in the effect of the asset ceiling.

- **Other long-term employee benefits** include all benefits other than short-term employee benefits, post-employment benefits and termination benefits, including long-service awards. These commitments are the subject of provision corresponding to their value at the reporting date. They are measured using an actuarial method identical to that used for defined benefit post-employment benefits, with the exception of the liability remeasurements which are recognised directly in profit or loss and not in equity.

9.1. CHANGES IN THE ACTUARIAL DEBT

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
Actuarial debt at the opening (former consolidation scope)	**68 846**	**2 178**	**71 024**	**68 688**	**1 965**	**70 654**
Change in consolidation scope [7]	(839)	1 364	525	-	-	-
Actuarial debt at the opening	**68 007**	**3 542**	**71 549**	**68 688**	**1 965**	**70 654**
Current service cost	539	192	731	232	123	355
Past service cost	146	-	146	-	-	-
Actuarial debt interest charges	511	25	536	1 038	30	1 069
Purchases and sales	801	-	801	-	-	-
Actuarial gains and losses, due to changes in demographic assumptions	(112)	(74)	(186)	-	-	-
Actuarial gains and losses, due to changes in financial assumptions	1 776	133	1 909	3 175	143	3 319
Actuarial gains and losses due to experience adjustments	823	(186)	636	(1 456)	(16)	(1 471)
Benefit paid	(3 176)	(87)	(3 263)	(2 833)	(68)	(2 901)
Actuarial debt at the closing	**69 314**	**3 544**	**72 858**	**68 846**	**2 178**	**71 023**
With a partial or total hedging asset in return	*7 564*	-	*7 564*	*58 468*	-	*58 468*
Without hedging asset	*61 750*	*3 544*	*65 294*	*9 539*	*2 178*	*11 717*

9.2. CHANGES IN INVESTMENT

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
Fair value of the investment at the opening	**10 396**	-	**10 396**	**12 191**	-	**12 191**
Interest income on investments	53	-	53	137	-	137
Amendments plans	-	-	-	-	-	-
Benefit paid	(3 136)	-	(3 136)	(2 793)	-	(2 793)
Actuarial losses or gains	251	-	251	862	-	862
Fair value of the investment at the closing	**7 564**	-	**7 564**	**10 396**	-	**10 396**
Actuarial return on investments	3,4%	0,0%	3,4%	8,8%	0,0%	8,8%
Composition of investments in percentage	-	-	-	-	-	-
Shares	10,9%	0,0%	10,9%	11,2%	0,0%	11,2%
Bonds	83,2%	0,0%	83,2%	82,5%	0,0%	82,5%
Other	5,9%	0,0%	5,9%	6,2%	0,0%	6,2%

[7] See note 9.6

9.3. Net cost analysis

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
Current service cost	539	192	731	423	123	545
Interest on actuarial debt	511	25	536	1 038	30	1 069
Impact of reductions /Plan modifications	146	-	146	-	-	-
Interest on investment	(53)	-	(53)	(137)	-	(137)
Actuarial losses and (gains) related to other long-term liabilities	(5)	(51)	(56)	(3)	37	33
Total net cost analysis	**1 137**	**166**	**1 303**	**1 321**	**189**	**1 511**

9.4. Assumption used

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
To determine commitments as of December 31						
Discount rate included inflation	0,30%	0,30%	0,30%	0,80%	0,80%	0,80%
Growth rate of the expected wage	2,25%	2,25%	2,25%	2,25%	2,25%	2,25%
Expected rate of the plan assets	0,30%	N/A	0,30%	0,80%	N/A	0,80%
Rate of inflation of pensions	1,80%	N/A	1,80%	2,00%	N/A	2,00%
Rate of inflation of medical costs	3,00%	N/A	3,00%	3,00%	N/A	3,00%
To determine expense for the period						
Discount rate included inflation	0,80%	0,80%	0,80%	1,60%	1,60%	1,60%
Growth rate of the expected wage	2,25%	2,25%	2,25%	2,25%	2,25%	2,25%
Expected rate of the plan assets	0,80%	N/A	0,80%	1,60%	N/A	1,60%
Rate of inflation of pensions	1,80%	N/A	1,80%	2,00%	N/A	2,00%
Rate of inflation of medical costs	3,00%	N/A	3,00%	3,00%	N/A	3,00%

9.5. Sensitivity of assumption

IN THOUSANDS OF EURO	31.12.2020			31.12.2019		
	Reference discount rate - 0,25 %	Reference discount rate	Reference discount rate + 0,25 %	Reference discount rate - 0,25 %	Reference discount rate	Reference discount rate + 0,25 %
Fair value of the commitment as of December 31	74 490	72 858	71 266	71 815	70 185	68 621
Current services costs	894	860	828	708	670	635

IN THOUSANDS OF EURO	Reference inflation rate - 0,25 %	Reference inflation rate	Reference inflation rate + 0,25 %	Reference inflation rate - 0,25 %	Reference inflation rate	Reference inflation rate + 0,25 %
Fair value of the commitment as of December 31	71 175	72 858	76 657	68 267	70 185	74 152
Current services costs	889	860	826	692	670	644

9.6. Major special events of the year

The entity My Partner Bank was merged with My Money Bank on 31 December 2020.
This event has been accounted for as:
- an acquisition of €800 978 for lump sums paid on retirement (balance sheet impact)
- a past service cost totalling €145 586 for long service awards (no scheme in place in this entity in 2019).
The staff are not eligible for the health insurance scheme and CRCC plan at 31 December 2020.

The entity Banque des Caraïbes joined the Group on 2 March 2020. Commitments at 31 December 2020 stand at:
- Retirement lump sums: €1 073 969
- Long-service awards: €198 041.

9.7. Discount rate

The discount rate has been determined with reference to the performance at 31 December 2020 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.

9.8. 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).

9.9. Future cash flows

The average plan duration is around 9 years.

IN THOUSANDS OF EUROS	2020		
	Metropolitan France	Overseas	Total
Performance expected in 2021	8 221	156	**8 377**
Performance expected in 2022	2 944	184	**3 128**
Performance expected in 2023	4 377	261	**4 638**
Performance expected in 2024	4 779	273	**5 052**
Performance expected in 2025	3 982	301	**4 283**
Performance expected in 2026 à 2030	24 887	1 341	**26 228**

10. Other information

Through its activity the My Money Group is exposed to the following risks on the financial instruments it holds:

- Credit risk;
- Liquidity risk;
- Overall interest rate risk;
- Securitisation risk.

The framework for managing these risks is presented below in accordance with IFRS 7 – Financial instruments: Disclosures. It has been introduced in accordance with the 3rd of November 2014 decree on the internal control of businesses in the banking sector, payment services and investment services subject to the supervision of the ACPR (“Autorité de Contrôle Prudentiel et de Résolution”).

10.1. Risk management in the Group

a. Liquidity risk, overall interest rate risk and securitisation risk

Management and control of liquidity risk, interest rate risk and securitisation risk form part of a comprehensive policy established and applied within My Money Group’s Treasury department to oversee the definition, measurement and supervision of these risks in line with the objectives and the Group’s Risk Appetite Statement.

The principle objectives of this policy are to:

- establish the strategy and risk appetite for each type of risk exposure;
- develop and implement the processes and procedures for measuring and reporting risk exposure;
- monitor compliance with the limits and principles defined by the Group;
- define escalation procedures in the event of failure to respect the limits and principles of risk management, and action plans to address such situations;
- set out clear roles and responsibilities for risk management and reduction.

This comprehensive policy has been validated by the Asset Liability Committee (ALCO) and the Internal Audit and Risk Committee. It is revised at least annually by ALCO. The same committee monitors its implementation quarterly at group level.

The Asset Liability Committee consists of the following permanent members: the Chairman, Finance Director, Risk Officer, and the officers responsible for permanent control and the Treasury. They may be joined by additional invited members, depending on the subjects addressed. Its main tasks are:

- reviewing and recommending approval of the Treasury's comprehensive policy and any changes following its annual revision;
- reviewing the Group's position in terms of the limits and principles set;
- reviewing and approving any exceptions to the Treasury policy;
- approving the annual modelling assumptions for liquidity and interest rate risk stress tests;
- approving the warning thresholds defined for market indicators to be monitored by the Group (CAC 40, Euribor rates, etc.);
- determining the Group's refinancing capacity based on the market indicators monitored;
- defining and approving urgent financing action plans if an event occurs materially affecting the Group's refinancing capacity;
- approving distributions of dividends as part of the capital management strategy and the regulatory capital adequacy requirements;
- approving the securitisation of assets in dedicated financing structures;
- approving the use of hedging operations to modify the Group's risk profile in respect of interest rates or foreign exchange rates;
- reviewing the information on the list of authorised investments;
- annually approving the Treasury's operational management directives.

In operational terms, these responsibilities are in part addressed and implemented by the Treasury department, whose role consists of the operational management of the group's refinancing requirements through the different authorised channels, within the applicable risk mandates and limits. The Treasury department is directly involved in drafting the comprehensive policy, inter alia by developing the Group Contingency Plan and by providing ALCO with information for its approval (e.g. the calculation of regulatory liquidity ratios, risk exposures or the development of stress tests).

b. Credit risk

The framework for monitoring credit risks is piloted by the Promontoria MMB Group Risk Department in compliance with the Decree of 3 November 2014 on risk monitoring. The scope of the Risk Department's intervention therefore addresses credit risk in line with the definition given in Regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR of 26 June 2013), in particular articles 387 to 403 and 493. This defines credit risk as the risk incurred in the event of default of a counterparty or counterparties considered as a single beneficiary.

The Risk Department establishes approval policies and documentation for each customer type and financing type. Credit approval delegations are defined in a formalised document.

Officers responsible for giving approval must respect these procedures, and first and second level controls are carried out in order to monitor compliance. These controls provide for subsequent verification of compliance with policies for approval and documentation, and with delegations. The results of controls are presented to the Permanent Oversight Committee and will lead to staff corrective measures if necessary.

The Risk Department ensures weekly, monthly and quarterly monitoring of credit risk by activity (mortgage loans as provider, credit consolidation, vehicle loans and consumer loans, corporate finance and structured finance).

Checks are carried out to verify this risk monitoring and respect for risk procedures in case management. Any anomalies found will give rise to actions ranging, in addition to an interview with the staff member responsible,

from a general reminder of the rules to a specific action plan decided upon either by the staff member's manager or by the Permanent Oversight Committee when such anomalies are presented to this committee.

The Risk Department also monitors vehicle loans deemed to be in a state of rapid deterioration. These are cases with a missed payment within the six months following the first payment due after the loan is granted; missed payment monitoring is reported weekly to the Marketing Department and Debt Collection. The Risk Department also continues to monitor the risk of outstanding that are the subject of securitisation operations.

10.2. Liquidity risk

Liquidity risk is defined by the order of 3 November 2014 as the risk that the entity cannot meet its due obligations or unwind or offset a particular position, because of market or idiosyncratic factors, within a specified time and at reasonable cost.

a. Liquidity risk management objectives

The objective of the Group's liquidity strategy is to ensure access to sufficient funds to meet its commercial needs and financial obligations at a reasonable cost, while aiming for a sufficient diversity of financing types and maturities to meet the limits and constraints of existing or potential risks.

In this context, the Group has sold a material portion of its outstanding consolidated loans to a number of securitisation mutual funds and has developed a deposit programme for private individuals and SMEs, not least in order to diversify its refinancing sources. This diversification limits the overall liquidity risk, giving the bank access to different potential sources with diverse characteristics (in terms of rate, duration, amount, etc.). This strategy has been continued and strengthened during 2020, in particular via a new public issue of mortgage bonds by the subsidiary MMB SCF for an amount of 500 million euro with a 10-year maturity, a participation in the TLTRO III programme for an amount of 280 million euro with a 3-year maturity and a growth of the deposit programme, which reached a total of 3.7 billion euro at end-2020.

The 120 million euro Revolving Credit Facility (RCF) was also renewed for eighteen months with various banks. At 31 December 2020, there were no drawings on this credit facility. The Group also has access to refinancing from the ECB (MRO, LTRO and TLTRO).

My Money Bank has also obtained the approval of the Bank of France to issue short and medium-term securities through its Negotiable Commercial Paper (NEU CP) and Negotiable MediumTerm Notes (NEU MTN) programmes.

The Group's strategic objectives in terms of liquidity prioritise short-term resilience (one year) in the event of a deterioration in the Group's liquidity profile and its capacity to absorb short-term shocks resulting from stresses in the economic and financial environment.

b. Exposure to liquidity risk

The Group's liquidity risk exposure pertains to its two main refinancing sources, market financing via securitisation structures and customer deposits.

Inability to access the finance markets and significant withdrawals over a prolonged period can affect the entity's capacity to fund its current operations. Failure to maintain a sufficient stock of liquid assets can materially increase the liquidity risk. The timings of inflows and outflows of cash necessary to meet commitments can also contribute to the liquidity risk.

Additionally, the Company has conditional exposures to undrawn loan commitments to customers which could lead to unplanned increases in liquidity requirements.

Breakdown of financial liabilities by contractual due date (undiscounted cash flows) is presented in Note 6.10.

c. Measures and monitoring of liquidity risk

The main liquidity monitoring indicator used by the Group is the Free Available Cash Equivalent (FACE).

The FACE is used to determine the cash amounts or cash equivalents available to the group for its economic activities. It is then applied to stressed liquidity needs over 3 or 6 months to ensure the group's resilience to adverse scenarios. The indicator is measured daily and consists of the following assets, depending on their cycle of availability:

- Immediately available or within 48 hours:
  - liquidity reserve, including High Quality Liquid Assets (HQLA);
  - undrawn lending facilities (RCF).
- Available within one month:
  - balance sheet assets eligible for immediate securitisation or Covered Bonds.
  - Assets qualifying for ECB REPO and bank REPO

Liquidity management relies on forecasts and analyses of scenarios, as well as the following three pillars:

- key liquidity indicators (Ratio LCR and NSFR, FACE, 3 and 6-month stress scenarios (Economic Liquidity Buffer (ELB) and Counterbalancing Capacity (CBC));
- market indicators (Early Warning Indicators, EWI) monitored on a daily basis;
- a contingency plan.

10.3. Overall interest rate risk

Overall interest rate risk is defined by the 3rd of November 2014 decree as the risk incurred in the event of interest rate change affecting balance-sheet and off-balance sheet operations, with the exception, where applicable, of operations subject to market risks. This risk results from exposure to adverse movements that could affect interest rate markets, their volatility or their spreads.

a. General policy for the management of overall interest rate risk

The Group’s policy for the management of the overall interest rate risk is not intended to hold speculative positions on the portfolios concerned in a lasting and structural manner.

In order to limit its exposure to interest rate risks, the Group seeks to:

- refinance its debt by loans with matching rate type and maturity. Variable rate assets must be backed by variable rate liabilities, and fixed rate assets must be backed by fixed rate liabilities, with equivalent maturities. Interest rate risk is thus taken into account for fixed and variable rate operations;
- where the economic characteristics of financial assets and liabilities do not allow for natural set-off of the risks, establish hedging operations for all exposures to overall interest rate risk and foreign exchange risk, while respecting the limits set by the overall Treasury policy. These hedges comply with IFRS accounting standards and are presented in Note 6.1 *Derivative financial instruments and hedge accounting.*

b. Exposure to the overall interest rate risk

The Group is exposed to the interest rate risk through its lending activities, its financing operations and its investments. The main source generating overall interest rate risk are the timing differences between the application of new rates to assets and liabilities (depending on references and maturities).

Furthermore, a significant portion of the Group’s variable-rate assets contain optionalities that restrict the possibility of passing on these variable rates to borrowers. These assets also contain clauses allowing a switch

to fixed rate, necessitating a regular rebalancing of structural positions on the balance sheet to take account of the changes in the rate risk due to the exercise of these options.

c. Measuring and monitoring the overall rate risk

The approach to monitoring the Group's rate risk uses measures of economic sensitivity, within limits set by ALCO.

To assess its internal capital adequacy, the Group considers:

- The six interest rate shock scenarios prescribed by the IRRBB, to calculate the sensitivity of the economic value of equity;
- instantaneous parallel up and downwards shocks of +/- 200 bps, to calculate the sensitivity of the net interest margin.

The calculation and monitoring of risk indicators and limits are reported to ALCO every month, as are overall interest rate risk hedging operations.

10.4. Credit risk

a. General principles for lending and the selection of credit operations

My Money Group lending and investment guidelines have been developed in compliance with articles 111 and 112 of the 3rd of November 2014 Decree on the internal control of businesses in the banking sector, payment services and investment services subject to the supervision of the ACPR.

The appraisal and decision process depend on eligibility conditions, an analysis and the determination of a financial rating specific to each segment, and in some cases obtaining guarantees.

Loan approval decisions are taken in the course of delegations granted jointly to the business lines by the Risk Department. These delegations are granted on an individual basis and are validated annually. Delegations correspond to a ceiling amount or a specific authorisation defining the exceptions or exemptions to the rules laid down by the Risk Department. When a case exceeds the delegation threshold of the approvals service, it is escalated for approval to the Investment Committee, consisting of the Risk Officer and the Chief Executive, and in the final resort to the Group Board of Directors.

Launch of a new product or significant modification of an existing product

For all operations, any new product launch or significant product changes are accompanied by a presentation containing a description of the product, financial forecasts, the product risk profile, standards for approval and monitoring criteria.

The process of bringing new products to the market requires the approval of the Group Management Committee (including the Finance, Risks, Legal, Compliance and Operations departments). When the Management Committee has validated a request to market a product, it submits the application for the approval of the Board of Directors of Promontoria MMB.

Approving and monitoring business introducers

For the car loan, credit consolidation and deposits businesses, product distribution is largely dependent on business introducers. These introducers therefore act as an initial selection filter. For example, any financing dossier submitted requires the introducer's prior approval. All the rules for this process are set out in the KYI policy ("know your introducer").

In order to approve new introducers, the Marketing Department collects all the documents necessary to acquire a solid knowledge of the introducers, in accordance with the current approval procedure. Significant introducers,

or those presenting an unusual risk or compliance profile, receive special treatment (as set out in the KYI policy) and must obtain the agreement of the Marketing, Risk and Compliance Departments for definitive approval.

The situation of active and inactive introducers is reviewed every four months by the Risk, Marketing, Sales and Compliance departments in a meeting of the Introducer Monitoring Committee, based on a list drawn up by the Risk Department. The approvals officer for each activity is also invited to attend. The Committee determines the future of the business relationship with the introducer. It may decide to continue or terminate the relationship, or to monitor it through various operational measures.

Finally, *ad hoc* committees can also meet in the event of any alerts or one-off anomalies.

GUARANTEES AND COLLATERAL

Each real estate loan granted is accompanied by a first mortgage. The valuation of loan collateral is carried out when the loan application is examined.

Several types of valuation may be considered by the Group, whether a physical survey or a statistical valuation of the asset (via MEILLEURSAGENTS.COM)

The choice of valuation type depends on several aspects, namely geographical location, amount of financing, the “loan to value" mortgage ratio determined by comparing the amount of the loan with the retained value in the asset(s) taken as security.

My Money Bank carries out a quarterly update of the value of the mortgage guarantees. It does so using a generic statistical method, in compliance with regulatory requirements, applying a discount factor to the initial valuation of the guarantee. This factor is standardised for dossiers completed in the same quarter of a year, secured by collateral of the same nature (apartment/house) and located in the same region.

The distinction by region is limited to Ile De France, PACA and Rhône-Alpes. The other regions are not differentiated.

There are therefore eight different strata crossing regions and collateral type.

The data sources are based on the French Notaries-Insee index. This index uses completed transaction prices, enabling an accurate approach to the pricing of old housing.

APPROVAL OF APPLICATIONS

The Risk Department establishes approval policies for each type of customer (individual or corporate) and financing type. It sets out all the rules and conditions for granting loans, and the list of customer documents required in order to study and approve a financing application.

The approval process relies on rigorous customer knowledge, in particular through analyses of indebtedness and solvency based on a wide range of available information sources (Banque de France records, evidence of financial position provided by the customer, financial statements in the case of legal persons, etc.).

In the cases of vehicle finance for private individuals and mortgage consolidation, specific analyses of the value of the goods financed or used to guarantee the loan are carried out. The values of these goods are checked using external sources, comparative market studies or expert analyses.

b. RATING SYSTEMS AND METHODS OF ESTIMATING CREDIT RISK

Promontoria MMB applies the standardized approach and therefore does not calculate its regulatory capital requirement using internal rating systems. Where there is no external credit rating directly applicable to a banking portfolio exposure, the Bank’s customer databases may, depending on the case and after analysis, make it possible to apply a rating based in part on an internal or external rating of the issuer (or of its guarantor if any). The Risks Department monitors the Banque de France borrower ratings, which are automatically updated monthly.

GENERAL METHODS OF CALCULATING EXPECTED CREDIT LOSSES

Credit risk is expressed through the impairment provisions recognised for expected credit losses as defined by IFRS 9 and set out in Note 6.4.b *Impairment and restructuring of financial assets*.

The calculation of expected losses relies on three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), taking account of amortisation profiles. Expected losses are calculated using the formula PD x LGD x EAD and are discounted at the effective interest rate determined on initial recognition of the financial instrument. For all exposures, the assessment of the ECL is carried out in a way that reflects the reasonable and justifiable information on past events, current conditions and forecasts for future economic conditions that can be obtained at the reporting date without excessive costs or efforts ("forward looking").

Forward-looking information has been incorporated in the default probability models for all products since March 2018, with the exception of the former MPB exposures. For the newly-acquired Banque des Caraïbes portfolio, forward-looking information is currently applied by segment, either on a flat-rate basis or as a benchmark based on the group's other portfolios. For the DC and DOM portfolios, an internal statistical model, based on historical data, has been used to establish a connection between macro-economic data and the probability of default. In addition, assumptions regarding property market trends are taken into account when determining the LGD on the DC Secured portfolio; these have a direct impact on the estimated amount of the mortgage guarantee at the time the good is sold. The outcome of this methodology is more significant in the IFRS 9 calculation of DOM and DC portfolios.

Market assumptions are determined and weighted by the board. Normally revised biannually, these assumptions and weightings have been revised quarterly during 2020.

Assumptions for all the data used in the model were therefore reviewed in December 2020 to take account of the most recent economic forecasts.

At 31.12.2019, with a year of experience, the board demonstrated the absence of correlation between economic variables in the former MPB portfolio because of the low volume of loans and the presence of loan characteristics proper to each dossier. However, to take account of any impacts of the crisis on the former MPB portfolio, an individual analysis has been carried out on the Real Estate and LBO portfolios to estimate the additional risk due to the economic crisis. This has been integrated in the forward-looking component of impairment.

ESTIMATIONS OF PROBABILITY OF DEFAULT

Estimations of the probability of default are based on the situation of a counterparty at a point in time and are calculated using transition matrices per tranche of outstanding. The migration of a counterparty or an exposure between the various tranches will entail a change in the estimated PD. Calculation of PD takes into consideration the contractual maturities of exposures, as well as estimates of early repayments. Transition matrices are differentiated, depending on whether the PD is calculated over 12 months or at maturity, and sub-segmentation is carried out in order to distinguish unmodified financial assets and those that have been modified in an immaterial manner.

In the special case of financing associated with the dealer portfolio, PD estimations rely on internal scores attributed to dealers with a view to segmenting them in accordance with their estimated probability of default and/or judicial liquidation.

Special attention has been paid this year to financial assets that have benefited from deferment (due to the COVID background). A specific default probability model has been applied.

Calculation of the LGD

The LGD represents the rates of expected loss on a given exposure in the event of default. Loss given default is calculated on the basis of the history of losses (total or partial) observed on the Group's defaulted contracts, and the residual future recovery curves for contracts classified in stage 3. Depending on default seniority, these curves provide the residual recovery rates in comparison with the cumulative recovery rate calculated for an instrument entering default. The final rate of loss applied is a weighted average incorporating each possible scenario for emerging from default (e.g. reclassification as a healthy debt, closure without loss, reclassification as disputed, or write-off).

Dossiers are written off when the receivable is recognised as irrecoverable (i.e. when a refusal of payment or the debtor's insolvency make it definitively impossible to recover an amount).

In the case of the DC Secured portfolio, the systematic constitution of guarantees to cover exposure is included when determining the LGD of the portfolio, taking account of:

- the valuation of guarantees and the progress of recovery;
- new parameters in the default exit scenarios used for the calculation of the final loss rates, reflecting the methods of disposal of guarantees (amicable sale, judicial sale).

For the former My Partner Bank portfolio, an individual analysis of the LGD attributed to each dossier in default is taken into account in the calculation of the LGD of the portfolio as a whole.

Methods of determining the EAD

The EAD is the expected exposure at the time of counterparty default. The Group determines the EAD on the basis of the current exposure at the estimate date, taking account of the impact of expected events on the contract until the default date, such as exposure amortisation or early repayment. The EAD at the estimate date is equal to the carrying value of the instrument. Variations in the EAD between the reporting date and the date of default are modelled and integrated into the estimations of probability of default, which take account of amortisation and drawdowns before default.

Time horizon for assessing expected credit losses

The Group measures the expected credit losses on the instruments it holds over the maximum contractual period, including options for extension, during which it is exposed to the credit risk.

However, in the case of revolving credits, this period can be extended beyond contractual maturity to behavioural life, when Group's contractual right to demand repayment and to terminate an undrawn loan commitment does not limit its exposure to credit losses beyond the contractual notice period. This extension beyond contractual maturity is determined by considering such factors as credit risk mitigation measures, including the reduction or removal of unused limits, which the group proposes to take should the credit risk on the financial instrument increase. The behavioural life of revolving credits is calculated by the Group in consideration of historical information and experience of similar financial instruments in terms of the period of credit risk exposure, the time period for the occurrence of default following a significant increase in the credit risk, and the measures to mitigate the risk in the event of such an increase (limitation or removal of unused limits).

c. Measurement and monitoring of credit risk

Credit risk is managed and monitored by the Risk Department using three main drivers:

- lending limits;
- an analysis of profitability of credit operations;
- regular monitoring of collection performance.

LENDING LIMITS

Promontoria MMB has strict limits, set by the Board of Directors, depending on the nature of the operations and the guarantees attached. These limits are reviewed annually. Each new product or activity launch is submitted for the approval of the Promontoria MMB Board of Directors.

ANALYSIS OF PROFITABILITY OF CREDIT OPERATIONS

The Risk Department and the Pricing Service regularly conduct a review of the profitability of the relationship with each introducer or partner whose inventories the Bank finances. For the affected financing (vehicles, finance at the point of sale), introducer risk monitoring is conducted at least quarterly on the basis of several risk indicators. Where appropriate, this makes it possible - in consultation with the Marketing Department and acting on a proposal from the Risk Department - to terminate the relationship with introducers with negative profitability.

Reports on commercial and financial margins are prepared by the Finance Pricing Service and distributed to all the entity's departments and support functions on a weekly basis. Changes in the margins and volumes of the various activities are analysed during Management Committee meetings, or in ad-hoc Pricing Committees.

Two indicators in particular are tracked:

- the gross margin, calculated as a percentage, which is the difference between the nominal rate and the refinancing rate;
- the risk-adjusted margin, incorporating the refinancing cost and the cost of risk. This corresponds to the gross margin adjusted for expenses received (administrative charges, management expenses, late fees and collection fees), additional insurance revenues, commissions paid to introducers and the cost of risk.

A monthly review of profitability is conducted by the Pricing Services and the Marketing Department, making it possible to assess:

- new volumes in comparison with the entity's targets;
- the profitability of credit operations based on US accounting standards, in comparison with the entity's targets;
- a summary of current pricing operations;
- future pricing operations to be developed.

Finally, Group Management carries out monthly follow-up based on an analysis of the profitability of lending operations per activity conducted by the Pricing Service. This analysis includes the NBI, acquisition costs, cost of risk and overheads.

MONITORING COLLECTION PERFORMANCE

The collection process uses internal software for managing and monitoring cases of arrears (including the management of reminders and urging letters, and follow-up of promises to pay).

Two teams operate at different stages in the processing of arrears, depending on the loan type:

- for vehicle loans and consumer loans, a reminder team intervenes to conduct amicable negotiation, with the support of a proceedings team for cases of litigation;
- for mortgages and credit consolidation, a pre-litigation collection team provides individualised customer management until the 6th payment failure, and a litigation collection team takes over cases beyond that point.

In conjunction with the criteria used to assess a significant increase in default risk for the purposes of IFRS 9 provisioning (moving to stage 2 or stage 3), the main management indicators used to monitor arrears and the effectiveness of collection are as follows:

- 0+ (cases presenting no failures to pay);
- 2+ (2 or more payment failures, cases in judicial settlement, judicial liquidation, forfeiture of term or payment moratorium);
- 4+ (4 or more payment failures, cases in judicial settlement, judicial liquidation, forfeiture of term or payment moratorium);

The results of call campaigns are also monitored, with the number of calls made (in the reference month), changes in contact rates per customer segment, and the rate of payment promises kept per product.

These aspects are followed up regularly through:

- weekly monitoring of collection service performance per activity (vehicle loans, consumer credit, mortgages, and credit consolidation) by the Risk Department on the basis of an estimate per structure (amicable, pre-litigation, litigation, etc.) and by level of arrears,
- monthly reports presented to the full Management Committee during the monthly review of the Bank's activities.

d. CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigation is a technique for the reduction of the credit risk incurred by the bank in the event of total or partial counterparty default.

The Group relies on traditional proven risk mitigation techniques that are adapted to its activities:

- for motor vehicle financing, the Group uses collateral in cases where the amount of finance is significant and applies a reservation of title clause in other cases, in accordance with its acquisition credit risk policy.
- continuous first and second level controls are carried out to validate the respect of formalities and the legal validity of the guarantee. The collateral rate, i.e. the ratio between the number of guarantees recorded and the number to be taken, is monitored regularly to ensure that the cases concerned are adequately covered;
- in the case of mortgage consolidation finance, whether or not including the takeover of a real estate loan, the Group takes a first mortgage. Continuous first and second level controls are carried out to validate the respect of formalities and the validity of the mortgage and of its renewal.

10.5. SECURISATION RISK

For the purposes of active liquidity management, Promontoria MMB holds and manages a portfolio of liquid securities in order to optimise the liquidity of the bank and respect the regulatory Liquidity Coverage Ratio (LCR). Promontoria MMB invests in securities that are within the scope of the Investment Policy approved by the Board of Directors. The bank invests in particular in senior and mezzanine tranches of public securitisations. As a recurrent issuer of public and private securitisation operations itself, Promontoria MMB has developed in-depth expertise in the structure and analysis of operations of this type.

The investment policy sets out the general framework for treasury investments. It indicates the type of underlying operations in which the group may invest. It also introduces concentration limits to control the risk when liquidity is deployed.

Before each investment, the team responsible for managing the securities portfolio ensures that the issuer will retain a net material economic interest which shall not be less than 5%, as stipulated in the Capital Requirements Regulation, article 405, paragraph 1. The team also conducts an analysis of the risks associated with the securitisation, based inter alia on the legal and commercial documentation provided by the issuer, and the ratings published by ratings agencies.

Checks are carried out on:

- The structure of the operation and the associated risk factors;
- The payment waterfall, and the credit enhancement method;
- The credit risk of the underlying portfolio, based on historical performance data and the default definition and thresholds;
- If the operation is notified as STS, in accordance with article 27, whether it meets the requirements of the articles mentioned in the Securitisation Regulation;
- The performance of previous securitisations if the issuer is not a first-time issuer.

The securities portfolio is monitored daily and is also monitored every month by the ALCO.

As part of its refinancing activities, Promontoria MMB carries out securitisation programmes for some of its portfolios of customer loans (loan consolidation, motor vehicle leases and personal loans). The securities issued via these operations can either be placed with external investors, for refinancing purposes, or bought by the issuer and made available for repurchase agreements. The securitisation vehicles containing the transferred loans are consolidated, and hence Promontoria MMB remains exposed to the majority of risks and rewards of these loans.

The total securities issued at 31 December 2020 stood at around 1 090 million euro for My Money Bank and its subsidiaries Sorefi and Somafi-Soguafi. These assigning entities hold all the junior tranches issued by the funds, to a total of 202 million euro, in compliance with the regulatory provisions of the CRR (articles 404 to 410).

The five securitisation operations existing at 31 December 2020 are consolidated. Therefore, the assignors retain all the junior tranches issued by the securitisation mutual funds, and support the first losses.

In the course of these operations, servicing contracts have been established between:

- My Money Bank: the servicer of the operations for which it is the assignor, and the agent of servicers on behalf of its subsidiaries Sorefi and Somafi-Soguafi,
- EuroTitrisation or France Titrisation: the management company,
- BNP Paribas or Société Générale: the custodian.

These servicing contracts mean inter alia that My Money Bank is responsible for the management of the securitised assets on behalf of the management company and ensures that its subsidiaries employ the necessary resources to manage their securitised assets. Therefore, My Money Bank continues to provide the same collection and recovery services as previously for the securitised loans. The only difference is that these services are now carried out on behalf of third parties and no longer on its own account.

A specific monitoring tool has been established including first-level controls within the Treasury, covering cash flows, data transferred to the management company and external reporting. The data transferred to the management company is subject to a second-level control by the Finance Director and the Risk Officer. The performance of securitisation vehicles is also reviewed monthly, as a second-level control, by ALCO.

10.6. Management and adequacy of internal capital

a. Regulatory capital

Promontoria MMB is included in the consolidation perimeter of Promontoria MMB SAS, the entity responsible for evaluating internal capital adequacy.

The method for evaluating internal capital adequacy must enable credit institutions and other investment entities to assess the extent to which their capital is sufficient to cover all their actual or potential risks. The Group must comply with the prudential regulations defined in the Basel III agreements: Directive 2013/36/EU and Regulation (EU) no 575/2013 of the European Parliament and of the Council.

The regulatory capital requirement is calculated on a consolidated basis by the parent company Promontoria MMB SAS.

The standardized approach is used to quantify the total Pillar I capital requirement for credit risk and operational risk. Additional analyses of the Group's other risk exposures under Pillar II (mainly the overall interest rate risk and liquidity risk) are conducted in order to measure any necessity for an additional allocation of capital in order to comply with the Basel principles.

In terms of solvency, three levels of capital are defined:

- Common Equity Tier 1 (CET1). This category of equity includes the Group's accounting equity (capital, issue premiums, reserves, annual result), less the proposed distribution of dividends, and restated for the applicable regulatory adjustments, including deferred taxes on carry-forwards, the deduction of goodwill and intangible assets (net of tax liabilities) or other adjustments related to OCI accounted for directly in equity (e.g. fair value reserves related to gains or losses on cash flow hedges);
- Tier 1 equity, consisting of Common Equity Tier 1 and Additional Tier 1 capital (AT1). This category includes securities with no specified maturity date;
- Total equity, which consists of tier 1 and tier 2 equity, and includes subordinated debt in addition to the previous levels.

b. Monitoring and management of equity

The Group's capital management strategy consists of maintaining a level of equity sufficient to cover potential losses, guarantee respect of its regulatory requirements and ensure its solvency.

This strategy is implemented through a management system addressing all the operational processes required to achieve these objectives:

- the development of an internal approach to the measurement of the capital requirement and the monitoring of the group's resilience in a high-stress environment (ICAAP);
- forecasting capital requirements and their allocation reflecting the needs of business lines, and profitability targets;
- a system for the analysis of the consumption of equity by business lines and of their profitability, based on weighted assets in Basel III/CRR;
- the monthly monitoring of internal capital adequacy indicators (solvency ratios, CET1, RWA) in the ALCO committee;
- an analysis and approval by ALCO and the Promontoria MMB Board of Directors of any planned distributions of dividends.

11. Establishments and activities by country

Article L. 511-45 of the Monetary and Financial Code requires credit institutions, (mixed) financial holding companies and financing entities to publish information on the establishments and activities included in the consolidation scope in each country or territory.

The Group's staff, like all its activities, are located in France and stand at 828 FTE. The Group's establishments are presented in Note 4, *Consolidation scope*

Since all the operations of Promontoria MMB are located in France only, all the other information required by Article L. 511-39 of the Monetary and Financial Code, aggregated for this State, is reported directly in the following Notes to the consolidated financial statements:

Required information	Note to the consolidated financial statements
Net banking income	II – Consolidated income statement
Profit / loss before tax	II – Consolidated income statement
Amounts of taxes on profits	II – Consolidated income statement
w/o current taxes	*7.11 Income tax and deferred taxes*
w/o deferred taxes	*6.5 Current and deferred tax assets and liabilities* *7.11 Income tax and deferred taxes*
Public subsidies received	N/A

12. Fees paid to the statutory auditors

The Statutory Audit Board provided services other than the certification of the accounts, mainly corresponding to the issuance of letters of comfort for MMB SCF SA in connection with prospectus updates and covered bond issues, to work relating to the integration of the Banque des Caraïbes on behalf of My Money Bank SA and a certificate of not holding a boat on behalf of My Money Bank S.A.

KPMG SA also issued a limited audit report on the sale of Socalfi SAS and has audited the consolidated extra-financial performance declaration by an independent third party.

RSM Paris also carried out a review of the extension of the accounting/management reconciliation tool set up within My Money Bank S.A.

IN THOUSANDS OF EUROS	2020			2019			
	KPMG Audit	RSM Paris	Total	KPMG Audit	RSM Paris	Grant Thornton	Total
Independent audit, certification and examination of the separate and consolidated accounts	772	202	**974**	673	205	12	**890**
Services other than the certification of accounts	117	88	**205**	46	181	-	**227**
Total	**889**	**290**	**1 179**	**719**	**386**	**12**	**1 117**

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