

# GROUPE CCF

## ACCOUNTING STATEMENTS

31.03.2024

(NON-AUDITED ACCOUNTS)

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## I. CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EURO	31.03.2024	31.12.2023
Cash due from central banks	248 885	37 926
Hedging derivatives	197 362	262 343
Financial assets at fair value through profit and loss	62 009	41 664
Financial assets at fair value through other comprehensive income	239 728	174 302
Financial assets at amortised cost	2 270 040	87 763
Loans and receivables due from banks and credit institutions at amortised cost	10 698 012	558 606
Loans and receivables due from customers at amortised cost	17 724 477	6 678 396
Current tax assets	7 661	7 661
Deferred tax assets	169 641	8 533
Other assets	1 040 329	257 730
Non-current assets held for sale	13 534	14 828
Investment property	-	-
Property, plant and equipment	259 508	38 586
Intangible assets	1 479 556	37 516
<b>Total assets</b>	<b>34 410 743</b>	<b>8 205 856</b>

IN THOUSANDS OF EURO	31.03.2024	31.12.2023
Due to central banks	-	-
Financial liabilities at fair value through profit and loss	10 349	34 422
Hedging derivatives	325 994	269 132
Debt securities issued	5 172 714	1 803 319
Due to bank and credit institutions	38 755	284 292
Due to customers	24 451 129	4 536 385
Current tax liabilities	-	-
Deferred tax liabilities	-	-
Other liabilities	596 955	205 050
Provisions	113 903	49 192
Subordinated liabilities	94 436	93 425
<b>Total liabilities</b>	<b>30 804 235</b>	<b>7 275 217</b>
<b>Shareholders' equity, Group share</b>	<b>3 606 507</b>	<b>930 639</b>
Share capital	387 174	117 157
Other capital	97 820	97 820
Consolidated reserves	514 265	670 434
Unrealised or deferred capital gains and losses	187 133	203 849
Net income	2 420 116	(158 620)
Non-controlling interests	-	-
<b>Total equity</b>	<b>3 606 507</b>	<b>930 639</b>
<b>Total liabilities and equity<sup>1</sup></b>	<b>34 410 743</b>	<b>8 205 856</b>

## II. CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EURO	31.03.2024
Interest and similar income	373 134
Interest and similar expense	(248 634)
Fee income	55 625
Fee expense	(10 456)
Net gains and losses on financial instruments at fair value through profit and loss	266
Net gains and losses on financial instruments at fair value through other comprehensive income	20 126
Net gains and losses from the derecognition of financial assets at amortized cost	(0)
Income from other activities	8 591
Expenses from other activities	(690)
<b>Net banking income</b>	<b>197 962</b>
Operating expenses	(200 471)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	(47 672)
<b>Gross operating income</b>	<b>(50 181)</b>
Cost of risk	(11 310)
<b>Operating income</b>	<b>(61 491)</b>
Net income/expense from other assets	11
Bargain purchase <sup>1</sup>	2 465 899
<b>Earnings before tax</b>	<b>2 404 419</b>
Income tax	15 697
<b>Consolidated net income</b>	<b>2 420 116</b>
Non-controlling interests	0
<b>Net income, Group share</b>	<b>2 420 116</b>

<sup>1</sup> See note 1.1

### III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

During the first quarter of 2024, the sole shareholder resolved to increase the cash capital of CCF Holding:

- of 10 000 000 euros by issuing 2 656 250 000 of ordinary shares with a par value of 0.01 euro each and a premium of 0,054 euro per share as of January 2, 2024;
- of 16 124 025 euros by issuing 1 612 402 500 of ordinary shares with a par value of 0.01 euro each and a premium of 0.052 euro per share as of January 9, 2024; and
- by issuing 4 834 966 of preference shares with a par value of 0.01 euro each as of March 15, 2024.

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

IN THOUSANDS OF EURO	Share capital	Items treated as capital	Unrealised or deferred gains and losses	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Total consolidated equity
<b>Shareholders' equity at 01.01.2023</b>	<b>59 000</b>	<b>97 820</b>	<b>31 070</b>	<b>724 231</b>	<b>(32 772)</b>	<b>879 349</b>	<b>879 349</b>
Capital increase	58 157	-	-	(157)	-	<b>58 000</b>	<b>58 000</b>
Share-based payment plan	-	-	-	1 700	-	<b>1 700</b>	<b>1 700</b>
Dividend distribution	-	-	-	-	-	-	-
<b>Sub-total of changes linked to relations with shareholders</b>	<b>58 157</b>	<b>-</b>	<b>-</b>	<b>1 543</b>	<b>-</b>	<b>59 700</b>	<b>59 700</b>
Unrealised or deferred gains and losses	-	-	899	-	-	<b>899</b>	<b>899</b>
Appropriation of 2022 net income	-	-	-	(6 563)	6 563	-	-
2023 net income	-	-	-	-	(158 620)	<b>(158 620)</b>	<b>(158 620)</b>
Remuneration related to equity instruments	-	-	-	(8 000)	-	<b>(8 000)</b>	<b>(8 000)</b>
Hedge cost reserve	-	-	5 318	-	-	<b>5 318</b>	<b>5 318</b>
Other changes	-	-	-	(2)	-	<b>(2)</b>	<b>(2)</b>
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>6 217</b>	<b>(14 565)</b>	<b>(152 057)</b>	<b>(160 405)</b>	<b>(160 405)</b>
<b>Shareholders' equity at 31.12.2023</b>	<b>117 157</b>	<b>97 820</b>	<b>203 849</b>	<b>670 434</b>	<b>(158 620)</b>	<b>930 639</b>	<b>930 639</b>
Capital increase	270 017	-	-	2 041	-	<b>272 058</b>	<b>272 058</b>
Share-based payment plan	-	-	-	410	-	<b>410</b>	<b>410</b>
Dividend distribution	-	-	-	-	-	-	-
<b>Sub-total of changes linked to relations with shareholders</b>	<b>270 017</b>	<b>-</b>	<b>-</b>	<b>2 451</b>	<b>-</b>	<b>272 468</b>	<b>272 468</b>
Unrealised or deferred gains and losses	-	-	6 367	-	-	<b>6 367</b>	<b>6 367</b>
Appropriation of 2023 net income	-	-	-	(158 620)	158 620	-	-
Net income in the 1 <sup>st</sup> quarter of 2024	-	-	-	-	2 420 116	<b>2 420 116</b>	<b>2 420 116</b>
Remuneration related to equity instruments	-	-	-	-	-	-	-
Hedge cost reserve	-	-	(23 083)	-	-	<b>(23 083)</b>	<b>(23 083)</b>
Other changes	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>(16 716)</b>	<b>(158 620)</b>	<b>2 578 736</b>	<b>2 403 400</b>	<b>2 403 400</b>
<b>Shareholders' equity at 31.03.2024</b>	<b>387 174</b>	<b>97 820</b>	<b>187 133</b>	<b>514 265</b>	<b>2 420 116</b>	<b>3 606 507</b>	<b>3 606 507</b>

## IV. NOTES TO THE FINANCIAL STATEMENTS

### 1. MAJOR EVENTS IN THE FIRST QUARTER OF 2024

#### 1.1. ACQUISITION OF HBCE'S BUSINESS ACTIVITIES

The first quarter of 2024 was marked by the completion of the acquisition of the Retail Banking & Wealth Management activities of HSBC Continental Europe ("HBCE"), together with the legal entity HSBC SFH (France), by the CCF Group through its parent company CCF Holding and its subsidiary CCF.

This operation took the legal form of a partial transfer of assets subject to the demerger regime from HBCE (the transferring entity) to CCF (the transferee). This contribution is legally structured as a complete branch of retail banking activity in France, the 100% stake in HSBC SFH (France) and approximately 3% in the entity Crédit Logement and certain assets and liabilities, together with the transfer of the employment contracts of the staff taken over by the transferee.

As a reminder, the partial transfer agreement between the parties was signed on September 27, 2023. All regulatory approvals were obtained on December 1, 2023, enabling the operation to be completed on January 1, 2024.

Our Group, now renamed CCF, whose historical origins date back to 1917, began a new chapter on January 1, 2024 with the acquisition of HBCE's activities and is now positioned as a wealth management bank with a human scale. CCF offers tailor-made solutions to both individuals and professional customers, offering excellence in customer relations, expertise, fluidity and simplicity. CCF has a strong network of 244 branches and a staff of around 3,000 employees serving 800,000 customers.

This operation forms part of the Group's strategic diversification, with the addition of retail banking and wealth management activities to complement My Money Bank's specialty finance franchises. CCF Holding controls both CCF, into which HBCE's business operations have been transferred, as well as HSBC SFH now renamed CCF SFH. CCF and CCF SFH will be fully consolidated in accordance with IFRS 10.

IFRS 3R (B7) states that a business consists of inputs, the processes applied to those inputs, and outputs. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together contribute to the ability to create output (IFRS 3 - B8). The analyses carried out by the Group show that the activities acquired meet the definition of a business.

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". The Group has consulted independent experts for the fair value measurement of transferred assets and liabilities applying the references and techniques best suited to their nature, such as market prices, specific benchmarks, etc.

The scope of this acquisition essentially consists of the following items:

#### Assets:

- Customer loans and credits (mainly mortgage loans), standing at 12.6 billion euro; and
- Property, plant and equipment (chiefly consisting of bank branches) of around 50 million euro.

#### Liabilities:

- Amounts due to customers of 20.1 million euro in the form of term deposits, savings accounts and current accounts; and
- Covered bonds for 3.5 billion euro obtained through the transfer of 100% of HSBC SFH securities.

While measuring the fair value of the assets and liabilities acquired, CCF Group identified and determined the existence of a "CDI - Core Deposit Intangible" asset corresponding to the economic benefit associated with the deposits acquired, which represent a more advantageous source of financing for CCF than the market.

The total value of the transferred business was determined by HBCE and Groupe CCF on the basis of an agreed price of one euro.

IN MILLIONS OF EURO	NBV at 01.01.2024	FV at 01.01.2024
<b>Assets</b>		
Customer loans and credits	12 622	11 582
Property, plant and equipment	50	164
Intangible assets - CDI	-	1 479
<b>Liabilities</b>		
SFH - Covered bonds	3 500	3 367

Deferred taxes were determined solely on the basis of fair value differences between French and IFRS accounting standards and amounted to 139.5 million euro.

This operation will give rise to an acquisition gain (a "bargain purchase" under IFRS 3.34 or badwill), to be directly accounted for in profit or loss under "Acquisition income". The latter is essentially the result of the particularly advantageous terms of the transaction given that HBCE had wanted to sell this business for several years in order to pursue its strategy of divesting from retail banking and specialising in private banking and asset management.

The CCF Group was subject to a statutory period of 168 calendar days from the completion date of the transaction to finalise and confirm the accounts of the business transferred between the two parties.

Under IFRS 3, the Group also has a period of 12 months after the acquisition date in which to finalize the recognition of a given business combination.

**The acquisition gain resulting from this transaction with particularly advantageous terms ("bargain purchase or badwill") amounts to approximately 2 466 million euro.**

The main variations of the first quarter of 2024 in the Group's balance sheet and income statement are linked to the acquisition of HBCE's retail banking activities.

## 1.2. UNWINDING THE ACQUISITION PORTFOLIO HEDGE

The terms of the agreement for the acquisition of HBCE's retail banking activities were amended in June 2023. The replacement of 7 billion euro of home loans with 7 billion euro of cash modified the portfolio's interest rate exposure. Initially, the transferring activities were exposed to a risk of losses in the event of a rise in interest rates. Following the new agreement, it was instead exposed to losses in the event of falling interest rates.

To protect the newly negotiated transferring scope against a fall in interest rates, the Group executed receiver swaptions worth 3.3 billion euro in September 2023: 2.2 billion euro with a maturity of 2 years and 1.1 billion euro with a maturity of 5 years, these swaptions being contingent on the completion of the acquisition. This swaption option was valid until April 4, 2024.

Between September 2023 and the 4<sup>th</sup> of January 2024, the date when this hedge was unwound, rates fell sharply (the 2-year mid swap rate fell from 3.7% to 2.8% and the 5-year mid swap rate from 3.3% to 2.4%). As a result, the two receiver swaptions had a net premium valuation of 44.675 million euro. Following completion of the



transaction on January 1, the Group crystallised this 44.67 million euro gain, accounted for in OCI for recycling in the income statement.

### 1.3. MMB COLLECTIVE REDUNDANCY SCHEME

On January 30, 2024, following negotiations launched in November 2023, the management of the bank and the representative trade unions signed an agreement on the terms and conditions of a collective redundancy scheme on a voluntary basis within My Money Bank.

### 1.4. LIQUIDATION OF SECURITIZATION SPV'S

In accordance with its funding strategy, during the first quarter of 2024 the Group has repurchased in full the loans and leases portfolio transferred to the EmeraldOne and SapphireOne Auto 2022-1 SPVs, for the respective sums of 269 and 480 million euro, resulting in their liquidation, with full amortization of all related liabilities on the 26<sup>th</sup> of February 2024.

## 2. ACCOUNTING STANDARDS APPLIED

CCF Group's consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable at that date.

These principles have been applied and complied with in the preparation of these accounting statements as at March 31, 2024.

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).

As the Group's activities are not of a seasonal or cyclical nature, first-quarter results are not influenced by these factors.

The Group's consolidated accounting statements as of March 31, 2024 were validated by the Board of Directors on April 25, 2024.