GROUPE CCF

CONSOLIDATED FINANCIAL STATEMENTS

31.12.2023

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I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EURO	Notes	31.12.2023	31.12.2022
Cash due from central banks		37 926	191 816
Hedging derivatives	6.1	262 343	455 263
Financial assets at fair value through profit and loss	6.2	41 664	65 818
Financial assets at fair value through other comprehensive income	6.3	174 302	150 840
Financial assets at amortised cost	6.4	87 763	-
Loans and receivables due from banks and credit institutions at amortised cost	6.4	558 606	271 281
Loans and receivables due from customers at amortised cost	6.4	6 678 396	6 937 705
Current tax assets	6.5	7 661	1 321
Deferred tax assets	6.5	8 533	-
Other assets	6.6	257 730	216 191
Non-current assets held for sale	6.7	14 828	9 443
Investment property	6.8	-	-
Property, plant and equipment	6.8	38 586	39 651
Intangible assets	6.8	37 516	27 469
Total assets		**8 205 856**	**8 366 799**

IN THOUSANDS OF EURO	Notes	31.12.2023	31.12.2022
Due to central banks		-	-
Financial liabilities at fair value through profit and loss	6.2	34 422	56 685
Hedging derivatives	6.1	269 132	378 918
Debt securities issued	6.4	1 803 319	1 721 253
Due to bank and credit institutions	6.4	284 292	391 412
Due to customers	6.4	4 536 385	4 478 529
Current tax liabilities	6.5	-	-
Deferred tax liabilities	6.5	-	2 369
Other liabilities	6.6	205 050	162 703
Provisions	6.9	49 192	54 957
Subordinated liabilities	6.4	93 425	88 629
Total liabilities		**7 275 217**	**7 335 454**
Shareholders' equity, Group share		**930 639**	**1 031 345**
Share capital		117 157	59 000
Other capital		97 820	97 820
Consolidated reserves		670 434	683 456
Unrealised or deferred capital gains and losses		203 849	197 632
Net income		(158 620)	(6 563)
Non-controlling interests		**-**	**-**
Total equity		**930 639**	**1 031 345**
Total liabilities and equity		**8 205 856**	**8 366 799**

II. CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EURO	Notes	31.12.2023	31.12.2022
Interest and similar income	7.1	448 125	270 822
Interest and similar expense	7.1	(291 288)	(98 058)
Fee income	7.2	28 777	31 522
Fee expense	7.2	(11 073)	(7 901)
Net gains and losses on financial instruments at fair value through profit and loss	7.3	(1 713)	2 404
Net gains and losses on financial instruments at fair value through other comprehensive income	7.4	28 321	72 540
Net gains and losses from the derecognition of financial assets at amortized cost	7.5	-	(200)
Income from other activities	7.6	12 744	15 858
Expenses from other activities	7.6	(9 655)	(3 185)
Net banking income		**204 238**	**283 802**
Operating expenses	7.7	(305 457)	(276 196)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	7.8	(14 073)	(12 325)
Gross operating income		**(115 292)**	**(4 719)**
Cost of risk	7.9	(55 717)	(25 095)
Operating income		**(171 008)**	**(29 814)**
Net income/expense from other assets	7.10	(695)	1 691
Other income		-	300
Earnings before tax		**(171 703)**	**(27 823)**
Income tax	7.11	13 083	21 261
Consolidated net income		**(158 620)**	**(6 563)**
Non-controlling interests		-	-
Net income, Group share		**(158 620)**	**(6 563)**

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

IN THOUSANDS OF EURO	Notes	2023	2022
Net income		**(158 620)**	**(6 563)**
Unrealised or deferred gains and losses that will be reclassified subsequently to income		**5 301**	**159 094**
Revaluation of financial assets at fair value through other comprehensive income	6.3	1 830	(3 972)
Revaluation of hedging derivative instruments of recyclable items	6.1	5 318	288 998
Hedge cost reserve	6.1	-	(70 526)
Tax related		(1 846)	(55 405)
Unrealised or deferred gains and losses that will not be reclassified subsequently to income		**915**	**7 467**
Actuarial gains and losses on defined benefit plans	9.1	1 838	9 277
Remeasurement of equity instruments at fair value through equity	6.3	(604)	791
Tax related		(319)	(2 600)
Total unrealised or deferred gains and losses		**6 217**	**166 562**
Net income and unrealised or deferred gains and losses		**(152 403)**	**159 999**
o/w Group share		*(152 403)*	*159 999*
o/w non-controlling interests		-	-

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

On 22 September 2023, the Sole Shareholder resolved to increase the cash capital of Promontoria MMB, now CCF Holding, by issuing one billion (1 000 000 000) ordinary shares with a par value of 0.01 euro each and a premium of 0.048 euro per share. The newly issued shares have been fully subscribed by Promontoria Holding 101 B.V. and are fully paid up.

On 15 March and 19 December 2023, two capital increases were carried out under the plan to allocate free shares to certain members of CCF Holding's salaried staff and managers benefiting from the long-term incentive plan. These are non-voting preference shares convertible into ordinary shares (see note 10.11).

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

IN THOUSANDS OF EURO	Share capital	Items treated as capital	Unrealised or deferred gains and losses	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Total consolidated equity
Shareholders' equity at 01.01.2022	**59 000**	**97 820**	**31 070**	**724 231**	**(32 772)**	**879 349**	**879 349**
Dividend distribution	-	-	-	-	-	**-**	-
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unrealised or deferred gains and losses	-	-	(51 910)	-	-	**(51 910)**	(51 910)
Appropriation of 2021 net income	-	-	-	(32 772)	32 772	**-**	-
2022 Net income	-	-	-	-	(6 563)	**(6 563)**	(6 563)
Attributable remuneration to equity instruments	-	-	-	(8 000)	-	**(8 000)**	(8 000)
Hedge cost reserve	-	-	218 472	-	-	**218 472**	218 472
Other changes	-	-	-	(3)	-	**(3)**	(3)
Sub-total	**-**	**-**	**166 562**	**(40 776)**	**26 210**	**151 995**	**151 995**
Shareholders' equity at 31.12.2022	**59 000**	**97 820**	**197 632**	**683 456**	**(6 563)**	**1 031 345**	**1 031 345**
Capital increase	58 157	-	-	(157)	-	**58 000**	58 000
Share-based payment plan	-	-	-	1 700	-	**1 700**	1 700
Dividend distribution	-	-	-	-	-	**-**	-
Sub-total of changes linked to relations with shareholders	**58 157**	**-**	**-**	**1 543**	**-**	**59 700**	**59 700**
Unrealised or deferred gains and losses	-	-	899	-	-	**899**	899
Appropriation of 2022 net income	-	-	-	(6 563)	6 563	**-**	-
2023 Net income	-	-	-	-	(158 620)	**(158 620)**	(158 620)
Attributable remuneration to equity instruments	-	-	-	(8 000)	-	**(8 000)**	(8 000)
Hedge cost reserve	-	-	5 318	-	-	**5 318**	5 318
Other changes	-	-	-	(2)	-	**(2)**	(2)
Sub-total	**-**	**-**	**6 217**	**(14 565)**	**(152 057)**	**(160 405)**	**(160 405)**
Shareholders' equity at 31.12.2023	**117 157**	**97 820**	**203 849**	**670 434**	**(158 620)**	**930 639**	**930 639**

V. Cash flow statement

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Net income before tax	**(171 703)**	**(27 823)**
Non-monetary items included in pre-tax net income	**(20 444)**	**(75 635)**
Net depreciation/amortisation expense on tangible and intangible fixed assets	9 404	7 468
Net addition to provisions	(1 387)	(3 083)
Net income/loss from investments activities	(28 327)	(71 843)
Other changes[1]	(133)	(8 177)
Net increase/decrease in cash related to operating assets and liabilities	**559 888**	**(67 480)**
Interbank transactions	5 380	(2 895)
Customer current account transactions	(414 763)	327 965
Customer transactions	824 068	(484 449)
Transactions related to other financial assets and liabilities	149 049	156 160
Transactions related to non-financial assets and liabilities	4 306	(54 064)
Taxes paid	(8 152)	(10 197)
Net cash inflow (outflow) related to operating activities (A)	**367 741**	**(170 938)**
Net cash inflow (outflow) related to acquisition and disposal of financial assets	(105 340)	77 245
Net cash inflow (outflow) related to tangible and intangible fixed assets	(13 539)	(26 674)
Net cash inflow (outflow) related to investment activities (B)	**(118 879)**	**50 571**
Cash flow from/to shareholders	58 000	-
Other net cash flows arising from financing activities	(169 891)	(47 507)
Net cash inflow (outflow) related to financing activities (C)	**(111 891)**	**(47 507)**
Net inflow (outflow) in cash and cash equivalents (A + B+ C)	**136 971**	**(167 874)**
Cash and cash equivalents at the start of the year	**458 555**	**626 429**
Cash due from central banks (assets)	191 802	279 061
Current accounts with banks	271 217	356 878
Demand deposits and current accounts with banks	(4 464)	(9 510)
Cash and cash equivalents at the end of the year	**595 526**	**458 555**
Cash due from central banks (assets)	37 926	191 802
Current accounts with banks	557 812	271 217
Current accounts and loans from credit institutions	(212)	(4 464)
Net inflow (outflow) in cash and cash equivalents	**136 971**	**(167 874)**

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

VI. NOTES TO THE FINANCIAL STATEMENTS

1. MAJOR EVENTS IN 2023

1.1. CHANGES TO CORPORATE NAMES

The successful acquisition of HSBC's retail banking business (see notes 1.2 and 2.1) ushers in a new era for the Group, marked by the introduction of new names:

- The Banque des Caraïbes became known as Crédit Commercial de France (CCF) with effect from 28 November 2023;
- My Money Group became CCF Group at 2 January 2024; and
- Promontoria MMB became CCF Holding, also at 2 January 2024.

1.2. COMPLETION OF THE ACQUISITION OF HBCE'S BUSINESS ACTIVITIES

2023 saw the renegotiation and finalisation of the acquisition of the Retail Banking & Wealth Management activities of HSBC Continental Europe ("HBCE"), together with the HSBC (France) legal entity SFH, by the CCF Group through its parent company CCF Holding and its subsidiary CCF.

A new Memorandum of Understanding was signed on 14 June 2023, including amendments to the draft contracts previously negotiated in November 2021, with the aim of enabling the CCF Group to comply with its prudential ratios at the close of the operation.

The main changes to the scope of the transfer compared with the November 2021 Framework Agreement concern:

- Retention of part of the property loan portfolio, for a total of 7.1 billion euro

- The CCF trademark, which will remain the property of HSBC. An exclusive licence agreement has been signed with CCF for the use of this trademark.

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.

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

Over the weekend of 30-31 December 2023, the migration of customer data and operations to the new infrastructure was successfully completed.

1.3. UPDATE ON RISING INTEREST RATES AND THE INFLATIONARY ENVIRONMENT

The year 2022 and the first part of 2023 were marked by inflationary pressures in France, Europe and the rest of the world, and these pressures were reflected in the financial markets by a general increase in interest rates, impacting on banks' refinancing costs and profitability.

In the second half of 2023, inflation showed the first signs of slowing down. This context prompted a response from central banks. The European Central Bank (ECB) has undertaken to reduce its various asset purchase programmes (APPs) and decided to cease raising its key rates. Following the fall in inflation, the final rate increase was made in September 2023, after which financial market players expect rates to decline from April-May 2024.

As part of its asset and liability management (ALM) and interest rate risk hedging policy, the Group has increased its hedging to protect itself against interest rate volatility.

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

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

1.4. Social and environmental impacts of the Company

The financial risks resulting from the effects of climate change, and the measures taken by the Group to reduce them, are described in the Statement of Non-Financial Performance prepared by CCF Holding for the 2023 financial year. The information in this statement relates to the Group’s entities as a whole.

To date, the Group has identified no particular exposure to environmental risks that could have a material impact on the Group’s consolidated accounts at 31 December 2023 (see note 10.1).

As our Group is already subject to the requirement to draw up an SNFP, the obligations arising from the CSRD will apply to it from 1 January 2025. In order to meet these new requirements, the Group began a CSRD scoping phase in October 2023, with a view to obtaining a comprehensive overview of what is expected under the regulations, the scope of the issues affecting our Group, and an analysis of the impact at organisational, process and information systems levels.

Our group has conducted an analysis of the materiality of the issues, and produced a double materiality matrix. An analysis of how these differ from the existing situation is currently in progress.

1.5. Unwinding the acquisition portfolio hedge

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

After revising its ALM assumptions and in order to limit the volatility of the hedge on the HBCE acquisition portfolio, the Group unwound 2.6 billion euro of payer spreads on 6 April 2023, thereby freezing a net premium valuation of 108 million euro. The net gain is 28.3 million euro (see note 7.4).

1.6. URSSAF audits

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

Both audits are still ongoing.

During the first quarter of 2024, My Money Bank and CCF Holding received a proposal for reassessment, which they have accepted. The impact of the adjustments was not considered to be material.

1.7. Tax audits

On 12 July 2023, the entity CCF was notified by the national and international audit directorate DVNI of a tax audit of all the company's returns for the 2021 and 2022 financial years (and up to 30 April 2023 in the case of VAT).

On 8 September 2023, CCF Holding was notified by the national and international audit directorate DVNI of a tax audit of all the company's returns for the 2020, 2021 and 2022 reporting periods (and for the 2018 and 2019 financial years insofar as they contributed to the overall deficit of the consolidated group).

These two audits are still in progress.

1.8. CCF collective redundancy scheme

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

2. Significant post-balance sheet events

2.1. Acquisition of HBCE business activities

Our Group, newly renamed CCF, whose historical origins date back to 1917, began a new chapter on 1 January 2024 with the acquisition of HBCE's activities and is now positioned as a wealth management bank on a human scale. CCF offers tailor-made support 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 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 specialist financing franchise. As CCF Holding controls both CCF, into which HBCE's business operations have been transferred, and the Group's new entity SFH, these entities 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) for 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
Assets		
Customer loans and credits	12 622	11 582
Property, plant and equipment	50	164
Intangible assets - CDI	-	1 479
Liabilities		
SFH - Covered bonds	3 500	3 367

According to French accounting standards, this acquisition took the legal form of a partial transfer of assets subject to the demerger regime. Consequently, the contributions were evaluated at fair value approach. 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 of 3.34 million euro (a "bargain purchase" under IFRS 3.34), 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 has 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 finalise the recognition of a given business combination. The determination of the acquisition gain is currently being finalised.

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

2.2. Second unwinding of the acquisition portfolio hedge

The terms of agreement for the acquisition of HSBC France's retail portfolio were amended in June 2023. Replacing the 7 billion euro of property loans with 7 billion euro of cash changed the portfolio's interest rate exposure. Previously, it was exposed to the risk of an interest rate rise. After the new agreement, the portfolio was instead exposed to a fall in interest rates.

To protect the newly negotiated portfolio 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 completion of the acquisition. This swaption option was valid until 4 April 2024.

Between September and 4 January, 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%). The two receiver swaptions

had a net premium valuation of 44.675 million euro. Following completion of the transaction on 1 January, the Group crystallised these 44.67 million euro, accounted for in OCI for recycling in the income statement.

2.3. MMB collective redundancy scheme

On 30 January 2024, following negotiations launched in November 2023, management and the representative trade unions signed an agreement on collective redundancy within My Money Bank.

2.4. Liquidation of FCTs

In accordance with its refinancing strategy, the Group has proceeded during the first half of 2024 to the full redemption of the portfolio transferred to the EmeraldOne and SapphireOne Auto 2022-1 funds, for the respective sums of 269 and 480 million euro, resulting in their liquidation, with full impairment of all the liabilities at 26 February 2024.

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 Group has established its consolidated accounts as at 31 December 2023 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 Group's annual consolidated financial statements as at 31 December 2023 were validated by the Board of Directors on Thursday 25 April 2024 and will be submitted to shareholders for approval at the General Meeting of 31 May 2024.

3.2. Consolidated financial statements presentation

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

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

The Group publishes its 2023 Annual Financial Report for the entity MMB SCF (a Group entity, see note 4.1) in ESEF (European Single Electronic Format) as defined by European Delegated Regulation 2019/815 and amended by Delegated Regulation 2020/1989.

3.3. Reporting currency

The consolidated accounts are published in euro.

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

3.4. New standards

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

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

New standards or amendments	Theme	Date of endorsement by the European Union (EU)	Effective date within EU
Amendments to IAS 12	Income taxes – Deferred tax on assets and liabilities resulting from the same transaction	11 August 2022	1 January 2023
Amendments to IAS 1	Disclosure of accounting principles	3 March 2022	1 January 2023
Amendment to IAS 8	Definition of accounting estimates	3 March 2022	1 January 2023
Amendments to IFRS 17	Insurance contracts	19 November 2021	1 January 2023
Amendments to IFRS 17 & IFRS 9	Initial application of standards – Comparative Information	9 September 2022	1 January 2023
Amendments to IFRS 12	International Tax Reform – Pillar 2 Model Rules	9 November 2023	1 January 2023

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

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

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

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

Amendments to IAS 1 – Disclosure of Accounting Policies

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

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

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

Amendment to IAS 8 – Definition of accounting estimates

This amendment introduced the definition of accounting estimates to help entities distinguish changes in accounting estimates from changes in accounting policies.

The Group is unaffected by this amendment.

Amendments to IFRS 17 – Insurance Contracts

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

The Group is not within scope of IFRS 17.

Amendments to IFRS 17 and IFRS 9: Initial Application – Comparative Information

These amendments concern financial assets for which the comparative information presented on initial application of the two standards has not been restated in accordance with IFRS 9, to enable entities to present comparative information as if IFRS 9 had already been applied.

The Group is not within scope of IFRS 17.

Amendments to IAS 12 – International tax reform – Pillar 2 model rules

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

This amendment is applicable retrospectively.

Pending transposition of the European directive into French law, an analysis of the Pillar 2 rules is under way to determine the impacts on the Group, which will not fall within scope of GloBE rules until 2026 according to the revenue criteria.

b. Main new standards that have been published but are not yet effective

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

Accounting standards	Themes	Decision date	Start date
Amendments to IFRS 16	Lease liability in a sale and leaseback	21 November 2023	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	Not adopted	1 January 2024
Amendments to IAS 1	Classification of liabilities as current or non-current	Not adopted	1 January 2024
Amendments to IAS 7 & IFRS 7	Supplier Finance Arrangements	Not adopted	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	Not adopted	1 January 2025

3.5. Use of judgment and estimates

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

As in the previous year, the main measurements requiring the use of assumptions and estimates are the following:

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

The assumptions on which the Group's main estimates are based have been reviewed at 31 December 2023 in light of the current economic context described above (see. note 1.3).

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 CCF Holding and of all the entities which it controls.

The scope of the entities consolidated by CCF Holding is set out in note 5.1.

4.2. Consolidation methods

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

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

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

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

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

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

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

4.3. Consolidation rules

a. Retreatments and eliminations

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

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

b. Business combinations

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

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

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

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

Goodwill corresponds (except for acquisitions in stages) to the difference between the consideration transferred and the acquirer's share of the fair value of the identifiable assets and liabilities at the acquisition date. This

difference is recorded as goodwill in the acquirer's assets if it is positive and is recognised immediately in the income statement as an "bargain purchase" if it is negative.

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

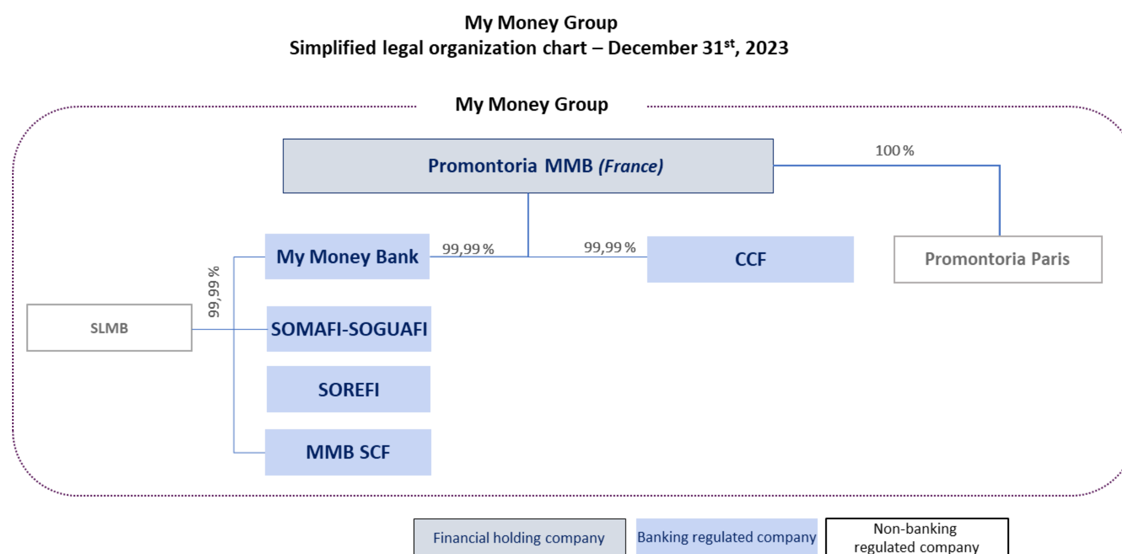
- Either on the basis of their share in the fair value of the identifiable net assets of the acquiree at the acquisition date, without accounting for goodwill for non-controlling interests (the "partial goodwill" method).
- Or at their fair value. In this case, a fraction of the goodwill will then be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

5. Consolidation scope

5.1. Consolidation scope at 31 December 2023

The simplified organisational chart below shows, under their legal corporate names, the companies held directly or indirectly by the financial holding company Promontoria MMB as at 31 December 2023. As previously mentioned, this entity has been known as CCF Holding since 2 January 2024.

The main change to the Group's consolidation scope at 31 December 2023 occurring since 31 December 2022 is the transaction transferring all the assets of BESV Courtage to MMB on 20 July 2023.



There has been no change in the equity percentage since 31 December 2022.

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

The consolidation perimeter of CCF Holding includes the three following securitisation vehicles:

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

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

All the subsidiaries are regarded as controlled by CCF Holding 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 of 100% or slightly less.

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.

The Group’s strategy 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 debt consolidation, vehicle financing 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 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 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 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, the Group 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 that the effectiveness of the hedge 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 remeasured 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 the Group 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 the Group 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 inefficiency.

For prospective testing, the forecast outstanding amount is the contractual payment schedule adjusted by an early prepayment 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.

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

As part of its market risk management policy, the Group may be required to document interest rate options as hedging instruments, for which effectiveness is assessed on the basis of changes in intrinsic value. In this case, the time value of these options is treated as a hedging expense, recognised in the consolidated statement of comprehensive income and reclassified to profit or loss depending on the type of risk hedged.

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.

- **Level 1:** fair value is determined using quoted prices in an active market that are immediately accessible and directly usable.
- **Level 2:** the instruments are measured using valuation techniques whose significant inputs are observable on the markets, directly (prices) or indirectly (derived from prices).
- **Level 3:** this level includes the instruments valued on the basis of significant parameters that are not observable on the markets, for example in the absence of liquidity of the instrument, risks inherent in measurement model or in the inputs used. Unobservable inputs shall be the subject of internal assumptions that best reflect the assumptions that market participants would use when pricing the asset or liability. Developing these assumptions calls for judgment.

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

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

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

IN THOUSANDS OF EURO	31.12.2023 Fair value Level 1	31.12.2023 Fair value Level 2	31.12.2023 Fair value Level 3	31.12.2022 Fair value Level 1	31.12.2022 Fair value Level 2	31.12.2022 Fair value Level 3
Hedging derivatives	-	185 796	76 547	-	455 263	-
Financial assets at fair value through profit and loss	-	40 638	1 026	-	60 174	5 644
Financial assets at fair value through other comprehensive income	112 548	45 500	16 254	89 148	47 754	13 939
Financial assets at amortised cost	87 763	-	-	-	-	-
Loans and receivables due from banks and credit institutions at amortised cost	-	558 606	-	-	271 281	-
Loans and receivables due from customers at amortised cost	-	6 678 396	-	-	6 937 705	-
Non-current assets held for sale	-	14 828	-	-	9 443	-
Total financial assets	**200 311**	**7 523 765**	**93 827**	**89 148**	**7 781 620**	**19 583**
Financial liabilities at fair value through profit and loss	-	(33 312)	(1 111)	-	50 952	5 733
Hedging derivatives	-	(269 132)	-	-	378 918	-
Debt securities issued	-	1 803 319	-	-	1 721 253	-
Due to bank and credit institutions	-	284 292	-	-	391 412	-
Due to customers	-	4 536 385	-	-	4 478 529	-
Total financial liabilities	**-**	**6 321 553**	**(1 111)**	**-**	**7 021 064**	**5 733**

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

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

b. Derecognition of financial assets or liabilities

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

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

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

c. Hedging instruments

IN THOUSANDS OF EURO	31.12.2023				31.12.2022			
	Notional amount	Carrying amount		Ineffective portion accounted for in profit or loss	Notional amount	Carrying amount		Ineffective portion accounted for in profit or loss
		Assets	Liabilities			Assets	Liabilities	
Fair value hedge								
Interest rate swaps	4 621 262	185 796	(269 132)	(959)	4 654 401	292 281	(378 918)	2 123
Cash flow hedge								
Interest rate swaps	3 300 000	76 547	-	-	5 200 000	162 982	-	-

Hedging the acquisition portfolio

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

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

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

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

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

On 14 June 2023, My Money Group and HBCE revised the terms of the Framework Agreement signed in November 2021 through a Memorandum of Understanding (MoU). The completion date of the acquisition was amended to 1 January 2024. PMMB decided to execute the hedge in order to protect itself against falling interest rates. On 13 September 2023, PMMB entered into 2 receiver swaptions for a total amount of 3.3 billion euro. These instruments are contingent on completion of the acquisition ("Deal Contingent Swaps & Swaptions") and would cease to exist in the event of no deal.

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

- Unwinding of the earlier hedge with a nominal value of 8 billion euro, resulting in the derecognition of the derivatives from the balance sheet in exchange for the receipt of a net cash amount of 152,135 thousand euro. The amounts accumulated in equity in respect of the effective portion of the hedge for a total of 152,135 thousand euro remain in equity until the hedged transaction occurs,
- Execution of new hedges on 25 March 2022, resulting in the payment of a premium of 40,675 thousand euro. The measurement of these instruments, classified as cash flow hedges, stands at 162,627 thousand euro including an ineffective portion of 47,120 thousand euro recognised directly in profit or loss as a result of mismatches between the derivatives and the hedged item.
- Unwinding of the swaptions portfolio of nominal value of 5.2 billion euro with a net value of 149,000 thousand euro. This transaction resulted in the recognition of 75,448 thousand euro in the income statement (including the ineffective portion of 47,120 thousand euro recognised at the end of 2022) and 32,877 thousand euro accounted for in OCI to be recycled in the income statement at the conclusion of the acquisition transaction, spread as of the first year.

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

IN THOUSANDS OF EURO	Less than 1 month		1 to 3 months		3 months to 1 year		1 to 5 years		More than 5 years		Total
	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	Notional amount	Average price/rate	
Fair value hedge	2 396	(0.23%)	15 303	0.50%	216 964	2.06%	2 021 365	1.22%	2 535 233	0.24%	4 788 866
Cash flow hedge	-	-	-	-	3 300 000	3,28%	-	-	-	-	3 300 000
Total hedging derivatives	**2 396**	**(0.203)**	**15 303**	**0.50%**	**3 516 964**	**3.20%**	**2 021 365**	**1.22%**	**2 535 233**	**0.24%**	**8 091 262**

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	31.12.2023			31.12.2022		
		Carrying value of hedged item		Change in fair value for the calculation of the ineffective portion	Carrying value of hedged item		Change in fair value for the calculation of the ineffective portion
		Assets	Liabilities		Assets	Liabilities	
- Fixed rate restructured mortgage loans	Loans and receivables due from customers at amortised cost	(158 431)	-	101 651	(260 081)	-	(258 087)
- Vehicle loans	Loans and receivables due from customers at amortised cost	2 300	-	(3 253)	(1 659)	-	(1 599)
- Fixed rate restructured consumer loans	Loans and receivables due from customers at amortised cost	(7 469)	-	4 787	(12 256)	-	(13 172)
- Covered bonds	Debt securities issued	-	(248 375)	(116 304)	-	(364 680)	332 228
- Securities	Financial assets at fair value through equity	(9 483)	-	6 444	(14 861)	-	(12 911)
- Tier 2	Subordinated debt	-	(7 694)	(4 800)	-	(12 493)	11 107

The ineffectiveness resulting from the Group's fair value hedges amounted to 959 thousand euro at 31 December 2023 and is recognised under "Net gains or losses on financial instruments at fair value through profit or loss" (see Note 7.3).

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

Cash flow hedge - Interest rate risk IN THOUSANDS OF EURO	31.12.2023			31.12.2022		
	Change in fair value for the calculation of the ineffective portion	Cash flow hedge reserve on hedging instruments	Cash flow hedge reserve on discontinuation of the hedging relationship	Change in fair value for the calculation of the ineffective portion	Cash flow hedge reserve on hedging instruments	Cash flow hedge reserve on discontinuation of the hedging relationship
Floating rate notes	-	-	-	-	-	-
Highly probable future transaction	-	252 616	-	-	247 298	-

e. Cash flow hedge effectiveness

Cash flow hedge - Interest Rate Risk IN THOUSANDS OF EURO	31.12.2023			31.12.2022		
	Gains / Losses recognised in OCI	Ineffective portion accounted in profit or loss	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	252 616		Net gains and losses on financial instruments at fair value through other comprehensive income	247 298	71 843	Net gains and losses on financial instruments at fair value through other comprehensive income

f. Equity components related to Cash Flow Hedge

Interest Rate Risk - CFH IN THOUSANDS OF EURO	Effective portion of the hedge	Hedge cost	Total
CFH Reserve at 31.12.2021	**24 294**	**4 532**	**28 827**
Fair value of derivatives recognised in equity	288 998	(70 526)	218 472
CFH Reserve at 31.12.2022	**313 292**	**(65 994)**	**247 298**
Fair value of derivatives recognised in equity	5 318	-	5 318
CFH Reserve at 31.12.2023	**318 610**	**(65 994)**	**252 616**

6.2. Financial assets at fair value through profit and loss

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

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

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

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

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

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

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

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Loans	209	6 586
Bonds	7 118	2 635
Trading derivatives (*)	34 337	56 596
Total financial assets at fair value through profit and loss	**41 664**	**65 818**
Trading derivatives (*)	(34 422)	(56 685)
Total financial liabilities at fair value through profit and loss	**(34 422)**	**(56 685)**

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

IN THOUSANDS OF EURO	31.12.2023			31.12.2022		
	Notional amount	Carrying amount		Notional amount	Carrying amount	
		Assets	Liabilities		Assets	Liabilities
Trading derivatives	1 455 360	34 337	(34 422)	1 576 827	56 596	(56 685)

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

This category applies financial assets meeting 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).

Financial assets measured at fair value through other comprehensive income are mainly debt instruments (bonds and other fixed-income securities). These debt instruments stood at 167 million euro at 31 December 2023 compared with 152 million euro at 31 December 2022.

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.

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

At 31 December 2023, the Group records on these assets:

- an unrealised capital loss of (1,605) thousand euro versus (3,287) thousand euro at 31 December 2022, and
- an impairment, measured under IFRS 9, of (233) thousand euro versus (381) thousand euro at 31 December 2022.

The net variation of impairment, recorded in equity at end of December, amounted to 1,830 thousand euro versus (3,972) thousand euro at 31 December 2022.

The remeasurement of securities backed by hedging instruments stands at 9 million euro compared with 15 million euro at 31 December 2022.

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

On 23 February 2023 CCF Holding took part in a new financing round by the company One Zero Digital Bank Ltd. Following this operation, CCF Holding holds 1,044,935 new ordinary shares or 6,066,354 shares in total for a total value of 16.3 million euro at 31 December 2023.

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

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

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

At 31 December 2023, the Group recorded a foreign exchange gain of 187 thousand euro recognised in unrecyclable equity in accordance with IAS 21.

6.4. Financial assets measured at amortised cost

a. Financial assets measured at amortised cost

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

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

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 criterion.

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 CCF Holding have grouped the financial assets into portfolios segmented by two criteria: the product type and the geographical area (distinguishing between mainland France and the overseas entities).

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

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

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

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

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

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

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

FINANCIAL ASSETS AT AMORTISED COST

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Bonds and other fixed-income securities	87 783	-
Shares and other variable-income securities	-	-
Other investment securities	-	-
Investment securities before provisions	**87 783**	**-**
Individual provisions	**(20)**	**-**
Investment securities at amortised cost	**87 763**	**-**
Current accounts	558 650	271 324
Loans and receivables due from banks and credit institutions before provisions	**558 650**	**271 324**
Individual provisions	**(43)**	**(43)**
Loans and receivables due from banks and credit institutions	**558 606**	**271 281**
Debt consolidation (mortgages and personal loans)	3 722 980	3 785 723
DOM	1 174 196	1 198 912
BDC	373 103	412 536
Real Estate	1 664 048	1 884 045
Non-core	21 477	50 982
Loans and receivables at amortised cost before provisions	**6 955 804**	**7 332 198**
Collective provisions	**(113 809)**	**(120 497)**
Remeasurement of hedged items	**(163 599)**	**(273 996)**
Loans and receivables due from customers	**6 678 396**	**6 937 705**
Total financial assets at amortised cost	**7 324 766**	**7 208 987**

b. Fair value of financial assets measured at amortised cost

IN THOUSANDS OF EURO	FV at 31.12.2023	NBV at 31.12.2023
Bonds and other fixed-income securities	86 338	87 763
Investment securities at amortised cost	**86 338**	**87 763**

c. Depreciations for loans and receivables at amortised cost

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

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 account 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 additional 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 rebutted by the Group for the 2023 financial year.
- The standard also states that it can be considered that the credit risk of a financial instrument 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 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 the Group 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 (debt consolidation, loans and consumer credit, vehicle and equipment financing and structured finance);
- 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 homogeneous portfolios relies on the Group's internal ratings system based on historical data, adjusted where necessary, to reflect circumstances at the reporting date.

Individual impairments on loans

For the professional mortgage portfolio, stage 2 or 3 assets are individually measured for the associated provisions.

For the non-core portfolio, all assets are concerned.

For the BDC portfolio, all assets reaching stage 3 for the corporate and mortgage segments, and those that have reached stage 3 with outstandings of more than 100 000 euro for other products, are subject to an individual assessment of the corresponding provision. This is based on the 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.

Effects of support measures on exposures and expected losses

French State-Guaranteed Loans (SGLs): these loans, granted to companies in response to the crisis, feature a government guarantee of up to a maximum of 90%. To take this into account, the calculation of impairment for expected credit losses was adjusted, applying an adequate Loss Given Default (LGD) component.

SGLs implying an adequate LGD in IFRS 9 provision models

IN THOUSANDS OF EURO	Number of SGLs	Outstandings Amount	Provision Amount
My Money Bank	4	2 353	n/a (provision at customer level)
BDC	108	14 849	940

Management of the (new) risks engendered by the crisis and measures applied

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

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

During the 2020 health crisis, the Group conducted a quarterly review of economic forecasts.

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

In 2022, international events and an unprecedented economic context heavily influenced the economic indicators of our internal models, making it necessary to take them into account appropriately in determining credit risk.

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

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

Over the third quarter of 2023, since the introduction of this method of analysis and despite an adverse economic situation, we have seen no significant increase in default probability. However, there were signs of a rise in stage impairments (confirmed by the Risk and Collection teams, etc.), which led to an increase in core provisions. These increases ultimately amounted to no more than the materialisation of the difficulties anticipated in the forward-looking scenario. As a result, it no longer seemed appropriate to create a new forward-looking provision (macro-economic forecasts having stabilised overall). For this reason, we decided to define the FWL layer of the second quarter of 2023 as the reference and initiated the consumption phase of this layer from the third quarter of 2023.

This assumption will only hold if the situation does not deteriorate again. Therefore, we are continuing to monitor economic projections through two scenarios. In December 2023, a weighting of 50% was attributed to the baseline scenario and a 50% weighting to the adverse scenario.

SUMMARY OF WEIGHTINGS FROM 2019 TO 2023

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

SENSITIVITY OF THE SCENARIOS AT 31 DECEMBER 2023

Segments subject to analysis by portfolio:

Sensitivity of scenarios Q4'23	Consolidated debts		DOM-Individual		DOM-Pro	
Reference	**16.7**		**50.8**		**8.8**	
	Amount	**Delta**	**Amount**	**Delta**	**Amount**	**Delta**
Baseline scenario	18.2	1.5	52.3	1.5	10.8	1.9
Adverse scenario	25.9	9.3	56.0	5.2	12.1	3.2

Until the second quarter, sensitivity tests were carried out to measure the impact of macro-economic data in our ECL estimations. Since the introduction of forward-looking consumption methodologies, these sensitivity calculations are no longer carried out. As a reminder, we present the most recent sensitivities calculated before the switch to the consumption phase, i.e. the reference position at June 2023.

For example, provision calculated on the loan consolidation portfolio by the models in June 2023 was set at 16.7 million euro. In a baseline forward-looking scenario, the additional provision is 1.5 million euro, i.e. a provision of 18.2 million euro. In an adverse forward-looking scenario, the additional provision is 9.3 million euro, i.e. a provision of 25.9 million euro. The sensitivity of each scenario was therefore assessed in comparison with the ECL models before forward-looking.

At end-December 2023, the additional forward-looking provision for the loan consolidation portfolio was 5.3 million euro, 2.3 million euro for the DOM “individual” portfolio and 1.5 million euro for the DOM Professional portfolio.

Segments subject to individual analysis:

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

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

Management overlays

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

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

This management overlay is assessed during quarterly credit risk monitoring meetings. At 31 December 2023, it was the rate threshold that was retained on stage 1 of this portfolio, or a management overlay of 3.4 million euro.

In the case of the BDC portfolio, a management overlay was determined in order to anticipate future deterioration and collection difficulties given the cessation of commercial activities. This is because the reduction in staff numbers in the context of the corporate debt redemption (see note 1.8) and the complications associated with this particular situation give rise to fears of an increase in the number of defaults and a reduction in the efficiency of debt collection. It was therefore decided to stress the statistical provision rates from the fourth quarter onwards to anticipate any further losses that might be incurred on this portfolio. The additional amount estimated to cover this risk is 4 million euro and is incorporated in forward-looking.

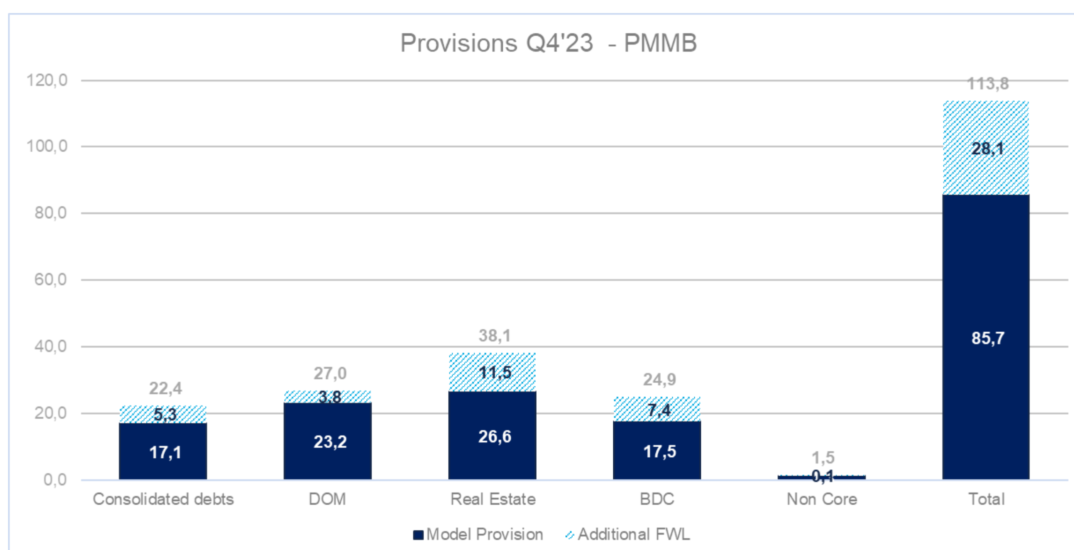
Expected losses on My Money Group products

The “expected losses” on My Money Group products shown 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).

Book value IN THOUSANDS OF EURO	Expected losses at 12 months (S1)	Expected losses at maturity (collective evaluation) (S2)	Expected losses at maturity (individual evaluation) (S3)
Book value at 01.01.2023	**6 424 054**	**357 590**	**214 866**
Financial assets transferred to S1	-	(102 747)	(6 577)
Financial assets transferred from S1	-	429 492	139 919
Financial assets transferred to S2	(434 469)	-	(20 083)
Financial assets transferred from S2	91 689	-	49 577
Financial assets transferred to S3	(149 948)	(52 863)	-
Financial assets transferred from S3	5 190	18 144	-
Financial assets created or acquired during the year	858 970	8 876	7 739
Write-offs	(301)	(16 384)	(6 892)
Financial assets derecognised during the year	-	-	-
Assets held for sale	(2 379)	(3 970)	(39 903)
Amortisation	(951 181)	(43 322)	(29 353)
Other changes	-	-	-
Book value at 31.12.2023	**5 841 624**	**594 816**	**309 292**

At 31 December 2023, outstanding POCI loans, not included above, stand at 59 million euro versus 74 million euro at 31 December 2022:

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Consolidated debts	32 920	41 205
DOM	-	1
BDC	6 907	8 418
Real estate	18 065	22 890
Non-core	723	1 465
Total POCI	**58 615**	**73 980**



IFRS 9 provisions IN THOUSANDS OF EURO	Expected losses at 12 months (S1)	Expected losses at maturity (S2)	Expected losses at maturity (individual evaluation) (S3)
Provisions at 01.01.2023	**29 853**	**20 179**	**70 466**
Variations attributable to financial instruments recognised at 1 January:	(2 719)	7 491	26 554
- Transfer to S1	225	(3 562)	(2 341)
- Transfer to S2	(2 022)	13 871	(3 874)
- Transfer to S3	(922)	(2 818)	32 769
Amortisation	(7 264)	(2 143)	(8 414)
Financial assets derecognised during the year	-	8 942	(794)
Financial assets created or acquired during the year	6 615	1 252	3 531
Write-offs	(2)	(16 272)	(4 935)
Change of models / re-estimation of parameters)	7 935	5 239	5 286
Assets held for sale	(1 289)	(2 190)	(33 510)
Foreign exchange effects and other movements	-	-	-
Provisions at 31.12.2023	**33 129**	**22 497**	**58 184**

CREDIT RISK EXPOSURES

Credit risk exposure by payment delay (in days) – Customer loans portfolio						
	2023					2022
IN THOUSANDS OF EURO – Book Value	Not due or < 30 days	> 30 days	> 60 days	> 90 days	Total	Total
Personal loans						
On the basis of expected credit losses at 12 months	246 021	-	-	-	**246 021**	218 723
On the basis of expected credit losses at maturity	3 811	1 565	905	12 191	**18 472**	27 073
POCI *(Purchased or Originated Credit Impaired)*	-	-	-	-	**-**	-
Debt consolidation secured						
On the basis of expected credit losses at 12 months	2 792 943	-	-	-	**2 792 943**	2 859 285
On the basis of expected credit losses at maturity	249 862	16 817	9 078	56 476	**332 233**	274 533
POCI *(Purchased or Originated Credit Impaired)*	19 093	142	196	13 576	**33 007**	41 438
Vehicle						
On the basis of expected credit losses at 12 months	870 192	-	-	-	**870 192**	884 420
On the basis of expected credit losses at maturity	9 874	3 556	2 246	26 135	**41 812**	68 695
POCI *(Purchased or Originated Credit Impaired)*	-	-	-	0	**0**	1
Debt consolidation unsecured						
On the basis of expected credit losses at 12 months	355 173	-	-	-	**355 173**	299 919
On the basis of expected credit losses at maturity	28 230	2 580	1 043	11 724	**43 576**	36 499
POCI *(Purchased or Originated Credit Impaired)*	69	0	-	76	**149**	299
Professional mortgage						
On the basis of expected credit losses at 12 months	1 248 586	0	0	-	**1 248 586**	1 775 484
On the basis of expected credit losses at maturity	259 356	0	-	119 941	**379 297**	88 636
POCI *(Purchased or Originated Credit Impaired)*	-	-	-	18 065	**18 065**	22 890

Non-core						
On the basis of expected credit losses at 12 months	28 695	-	-	-	**28 695**	28 330
On the basis of he expected credit losses at maturity	4 902	-	-	5 258	**10 159**	30 795
POCI *(Purchased or Originated Credit Impaired)*	0	-	-	723	**723**	1 465
BDC excluding leasing						
On the basis of expected credit losses at 12 months	245 225	-	-	-	**245 225**	306 358
On the basis of expected credit losses at maturity	14 838	15 212	13 284	31 171	**74 505**	36 014
POCI *(Purchased or Originated Credit Impaired)*	1 683	467	83	4 601	**6 834**	8 280
BDC leasing						
On the basis of expected credit losses at 12 months	54 816	-	-	-	**54 816**	51 535
On the basis of expected credit losses at maturity	3 413	-	-	616	**4 029**	10 211
POCI *(Purchased or Originated Credit Impaired)*	69	-	-	4	**73**	138

d. Finance undertakings and guarantees given

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

These impairments are also presented under the heading “7.9. Provisions for risks and expenses”.

	31.12.2023		31.12.2022	
IN THOUSANDS OF EURO	Outstandings	Provision	Outstandings	Provision
Loan undertakings	305 389	2 844	417 257	2 858
Guarantees	67 968	356	25 224	1 134

d. Recognition date of financial assets

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

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

e. Financial liabilities measured at amortised cost

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Debt securities	2 050 000	2 084 233
Related payables	1 695	1 700
Remeasurement of hedged items	(248 375)	(364 680)
Sub-total debt securities	**1 803 319**	**1 721 253**
Current account and related payables	29 181	4 511
Term loans and advances	250 768	385 472
Other financial liabilities	4 343	1 430
Sub-total due to bank and credit institutions	**284 292**	**391 412**
Current account	866 423	1 328 552
Term loans and advances	3 604 056	3 114 562
Related payables	62 239	19 073
Other financial liabilities	3 668	16 343
Sub-total due to customers	**4 536 385**	**4 478 529**
Subordinated term loans	100 000	100 000
Related payables	1 119	1 122
Remeasurement of hedged items	(7 694)	(12 493)
Subordinated debts	**93 425**	**88 629**
Total financial liabilities at amortised cost	**6 717 421**	**6 679 823**

DEBTS REPRESENTED BY A SECURITY

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

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

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

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

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

As part of its refinancing activities, the Group carries out securitisation programmes for some of its customer loan portfolios (loan consolidation, motor vehicle leases and personal loans). The securities issued via these operations can either be placed with external investors, for the purposes of refinancing on the capital markets, or bought by the issuer and made available for repurchase agreements, not least in the context of the ECB's open market operations. The securitisation mutual funds are consolidated as the Group remains exposed to the

majority of risks and rewards of these loans. Following the purchase of the SapphireOne Auto 2019-1 FCT, the Group now holds all the securities issued for these securitisation transactions in its own name. At 31 December 2022, securities issued excluding treasury shares stood at 1.2 million euro.

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

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

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

Amounts owed to credit institutions and similar

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

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

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

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

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

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

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

Impact of rate changes

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

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

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

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

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

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

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

During 2023, the different interest rate changes were treated as changes in market rates and a new blended rate was determined at each increase.

On 27 September 2023, the maturity date, My Money Bank repaid in full the drawdown of 280 million euro under the TLTRO III programme. The total cost of the TLTRO III operation, including interest and incentives, stood at 0.1868%.

The total amount of interest and incentives on the TLTRO III operation, recorded under Interest and similar income, stands at 1.6 million euro.

Amounts owed to customers

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

At 31 December 2023, deposits stand at around 4.5 billion euro, compared with 4.5 billion euro at 31 December 2022 (and 3.9 billion euro at 31 December 2021).

6.5. Current and deferred tax assets and liabilities

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

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

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

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

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

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

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

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

Current and deferred taxes

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Current taxes	7 661	1 321
Deferred taxes	8 533	-
Current and deferred tax assets	**16 195**	**1 321**
Current taxes	-	-
Deferred taxes	-	(2 369)
Current and deferred tax liabilities	**-**	**(2 369)**

Breakdown of deferred tax assets and liabilities by nature

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Financial assets	(18 856)	(38 366)
Unrealised leasing reserves	(14 201)	(12 502)
Provisions for employee benefits – pensions	7 797	12 274
Other non-deducted provision (including credit risk)	7 358	9 790
Tax losses carried forward	26 436	26 436
Net deferred taxes	**8 533**	**(2 369)**
O/w deferred tax assets	*8 533*	-
O/w deferred tax liabilities	-	*(2 369)*

Deferred tax assets on unrecognised tax losses carried forward

IN THOUSANDS OF EURO	Legal duration of the carry-forward	Forecast horizon for recovery	31.12.2023	31.12.2022
CCF Holding Fiscal Group	Indefinite	> 5 years	52 473	21 129
CCF Holding Fiscal Group unrecognised deficits	Indefinite	> 5 years	(52 473)	(21 129)
My Money Bank SA	Indefinite	5 years	23 799	23 799
Somafi-Soguafi SA	Indefinite	4 years	2 637	2 637
Sorefi SA	Indefinite	N/A	-	-
Total deferred tax assets			**26 436**	**26 436**

CHANGES IN DEFERRED TAXES

IN THOUSANDS OF EURO	Changes in profit or loss	Changes in equity	Other changes	Total
Net deferred taxes at 31.12.2022	**31 452**	**(58 006)**	**-**	**(2 369)**
Financial assets at amortised cost and at fair value through P&L and equity (OCI)	21 676	(2 165)	-	**19 511**
Changes in unrealised leasing reserve	(1 700)	-	-	**(1 700)**
Changes in provisions for employee benefits - pensions	(4 477)	-	-	**(4 477)**
Changes in other non-deducted provisions (including credit risk)	(2 432)	-	-	**(2 432)**
Changes in tax losses carried forward (before limitation / recognition)	31 346	(2)	-	**31 344**
Impact of unrecognised tax losses carried forward / “catch-up” of unrecognised losses of previous years	(31 344)	-	-	**(31 344)**
Net deferred taxes at 31.12.2023	**13 069**	**(2 167)**	**-**	**8 533**

6.6. OTHER ASSETS AND LIABILITIES

a. OTHER ASSETS

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Insurance	423	808
Deposits, advances	24 305	32 000
Taxes	34 580	12 491
Values received on collection	13 274	12 838
Deferred expenses	5 206	6 237
Other adjustment accounts	11 829	4 456
Other assets	7 830	6 548
Prepaid expenses	45 150	23 526
Accrued income	115 134	117 287
Total other assets	**257 730**	**216 191**

b. OTHER LIABILITIES

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Security deposits	129	183
Suppliers	3 504	6 652
Tax and social security liabilities	49 283	39 926
Insurance	2 669	2 740
Other adjustment accounts	23 687	15 847
Other liabilities	52 620	31 218
Lease liability IFRS 16	25 463	27 559
Accrued expenses	43 493	32 769
Deferred income	4 202	5 807
Total other liabilities	**205 050**	**162 703**

c. Breakdown of lease liabilities by due date

IN THOUSANDS OF EURO	Less than 1 year	From 1 to 5 years	More than 5 years	Total 31.12.2023
Commercial leases	82	2 947	21 901	24 930
Vehicle leases	4	-	-	4
Long-term vehicle leases	1	506	-	507
Other	3	19	-	21
Total lease liabilities under IFRS 16	**90**	**3 472**	**21 901**	**25 463**

6.7. Non-current assets 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 programme 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	31.12.2023	31.12.2022
Property, plant and equipment	4 670	9 443
Loans and receivables due from customers at amortised cost	10 158	-
Total non-current assets held for sale	**14 828**	**9 443**

At 31 December 2023, the properties held by the entity SLMB is still available for sale in its existing condition. The one-year timeframe was exceeded for reasons beyond management control, mainly due to a delay in obtaining administrative permits, the slow pace of the compliance process, etc.

In addition, a call to tender has been launched for the sale of non-performing receivables covering an entire portfolio of non-performing loans relating to the DOM portfolio. The sale is expected to take place in the second half of 2024.

6.8. Tangible and intangible assets

The fixed assets on the Group’s balance sheet consist of tangible and intangible operating assets, i.e. those 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 31.12.2022	Reclassification[3]	Increase	Decrease	Gross value 31.12.2023	Impairment and amortisation 31.12.2022	Reclassification	Increase	Decrease	Net value 31.12.2023
Tangible assets	**57 737**	**(6)**	**9 625**	**(8 422)**	**58 935**	**(18 086)**	**3**	**(7 684)**	**5 419**	**38 586**
Buildings	542	-	-	-	542	(112)	-	(160)	-	270
Office and IT equipment	8 047	0	742	(1 985)	6 805	(3 882)	6	(1 456)	1 860	3 332
Fittings and facilities	7 797	28	664	(1 335)	7 154	(2 804)	(3)	(1 441)	796	3 702
Tangible assets in progress	595	(34)	4 594	(3)	5 152	-	-	-	-	5 152
Right-of-use asset IFRS 16	40 663	-	3 624	(5 099)	39 188	(11 209)	-	(4 627)	2 762	26 115
- Lease	*39 513*	-	*3 350*	*(4 717)*	*38 147*	*(10 605)*	-	*(4 339)*	*2 380*	*25 583*
- Other	*1 150*	-	*274*	*(382)*	*1 041*	*(604)*	-	*(287)*	*382*	*532*
Other	93	-	-	-	93	(79)	-	-	-	14
Intangible assets	**37 671**	**6**	**16 440**	**(635)**	**53 482**	**(10 202)**	**(3)**	**(6 398)**	**635**	**37 516**
Software	27 475	6	140	22 643	50 264	(10 202)	(3)	(6 398)	635	44 498
Intangible assets in progress	10 197	-	16 300	(23 278)	3 219	-	-	-	-	3 219
Total tangible and intangible assets	**95 408**	**0**	**26 065**	**(9 057)**	**112 417**	**(28 289)**	**0**	**(14 082)**	**6 055**	**76 102**

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

a. Right of use

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

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 on 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. The effective term corresponds to the expected period of use, generally nine years (contractual term) for commercial leases and until the end of the contractual term for vehicles and equipment.

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
ASSETS		
Property, plant and equipment (right-of-use assets)	**39 189**	**40 663**
➢ Commercial leases	38 147	39 513
➢ Leasing vehicles	107	241
➢ Long-term lease vehicles	859	785
➢ Photocopiers / Printers	75	124
LIABILITIES		
Other liabilities (lease liabilities)	**25 463**	**27 560**
➢ Commercial leases	24 930	27 012
➢ Leasing vehicles	4	51
➢ Long-term lease vehicles	507	453
➢ Photocopiers / printers	21	43
Consolidated income statement		
Interest expense	(647)	(432)
Depreciation and amortisation of right-of-use assets	(4 627)	(4 329)

b. Intangible assets

At 31 December 2023, the intangible fixed assets essentially consist of software and information systems developed internally.

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 concerned that is covered.

IN THOUSANDS OF EURO	01.01.2023	(+) Increase	(-) Reversal (utilised provisions)	(-) Reversal (surplus provisions)	Change in actuarial assumptions	31.12.2023
Pensions and other post-employment benefits[4]	47 518	2 167	(17 096)	(567)	(1 838)	30 184
Other long-term employee benefits	1 601	85	-	(157)	-	1 529
Restructuring	-	8 478	-	-	-	8 478
Fiscal and legal risks	1 493	1 413	(1 934)	(29)	-	943
Commitments and guarantees given	3 992	368	(392)	(768)	-	3 200
Other provisions	352	4 553	-	(49)	-	4 857
Total	**54 957**	**17 065**	**(19 422)**	**(1 570)**	**(1 838)**	**49 192**

[4] See note 8

6.10. Remaining balance sheet items

IN THOUSANDS OF EURO	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total 31.12.2023
Cash and central banks	37 926	-	-	-	37 926
Hedging derivatives	-	-	223	262 120	262 343
Financial assets at fair value in profit or loss	-	-	608	41 056	41 664
Financial assets measured at fair value through equity	667	-	49 133	124 502	174 302
Financial assets at amortised cost	1 944	-	24 090	61 729	87 763
Loans and receivables due from credit institutions and similar, at amortised cost	558 606	-	-	-	558 606
Loans and receivables due from customers, at amortised cost	806 838	657 392	164 350	5 049 816	6 678 396
Total financial assets	**1 405 982**	**657 392**	**238 404**	**5 539 223**	**7 841 001**
Central banks	-	-	-	-	-
Financial liabilities at fair value in profit or loss	-	-	608	33 815	34 422
Hedging derivatives	-	-	18 723	250 408	269 132
Debts represented by a security	1 695	-	456 396	1 345 228	1 803 319
Amounts owed to credit institutions and similar	254 135	-	30 157	-	284 292
Amounts owed to customers	1 197 339	1 260 575	2 078 471	-	4 536 385
Total financial liabilities	**1 453 168**	**1 260 575**	**2 584 355**	**1 629 451**	**6 927 550**

The table above presents the residual contractual maturities of the Group's derivative and non-derivative financial assets and 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 over 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, together with transaction costs, premiums or discounts.

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

IN THOUSANDS OF EURO	31.12.2023 Income	Expense	Net	12.12.2022 Income	Expense	Net
Loans and receivables from credit institutions	7 784	-	7 784	1 471	-	1 471
Loans and receivables from customers	261 942	(30 716)	231 226	214 639	(31 171)	183 468
Securities	3 112	-	3 112	57	-	57
Financial lease	37 726	(1 702)	36 024	33 100	(1 913)	31 187
Due to central banks	6 606	-	6 606	337	(96)	241
Due to banks	-	(9 273)	(9 273)	-	(13 386)	(13 386)
Due to customers	-	(101 563)	(101 563)	-	(17 271)	(17 271)
Debt securities issued	-	-	0	-	-	-
Financial instruments at amortised cost	**317 170**	**(143 254)**	**173 916**	**249 605**	**(63 836)**	**185 768**
Financial instruments at fair value through profit or loss	-	-	0	-	-	-
Lease agreements[5]	-	(647)	(647)	-	(432)	(432)
Financial instruments at fair value through other comprehensive income	3 937	(5 615)	(1 679)	827	(5 790)	(4 962)
Hedging derivatives	127 018	(141 771)	(14 753)	20 390	(28 000)	(7 610)
Total interest income and expense	**448 125**	**(291 288)**	**156 837**	**270 822**	**(98 058)**	**172 764**

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

IN THOUSANDS OF EURO	31.12.2023 Income	Expense	Net	31.12.2022 Income	Expense	Net
Transaction with customers	9 183	(8 488)	694	10 750	(6 310)	4 440
Securities transactions	-	(99)	(99)	-	(47)	(47)
Transactions with payment instruments	535	(1 469)	(934)	1 377	(853)	524
Financial services	12 718	(978)	11 740	13 187	(666)	12 521
Other	6 341	(39)	6 302	6 208	(25)	6 183
Total fee income and expense	**28 777**	**(11 073)**	**17 704**	**31 522**	**(7 901)**	**23 621**

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

7.3. NET GAINS AND LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The net loss on this line item at 31 December 2023 is 598 thousand euro, compared with a net gain of 2,404 thousand euro at the end of 2022, and corresponds to the positive fair value changes in the trading derivatives held by the Group.

7.4. NET GAINS AND LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This line item is constituted of debt instruments (bonds and other debt securities).

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

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

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

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Gains / (Losses) on financial assets at amortised cost	**-**	**(200)**
Loans and receivables due from customers	-	(200)
Gains / (Losses) on financial liabilities at amortised cost	**-**	**-**
Total Gains / losses on financial assets and liabilities at amortised cost	**-**	**(200)**

7.6. INCOME AND EXPENSE FROM OTHER ACTIVITIES

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Marginal costs / Commissions	(8 230)	(3 185)
Other	(1 425)	-
Total other expenses	**(9 655)**	**(3 185)**
Insurance income	5 561	8 265
Servicing	1 559	2 019
Uncollected VAT to be written back	172	356
Other	5 451	5 217
Total other income	**12 744**	**15 858**
Total income and expense from other activities	**3 090**	**12 673**

7.7. General operating expenses

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Reversal of provisions for risks and expenses	17 771	3 918
Depreciation of provisions for risks and expenses	(10 346)	(2 222)
Employee profit-sharing and incentive schemes	(286)	(1 510)
Payroll taxes, duties and similar levies	(5 963)	(4 074)
Pension expenses	(23 122)	(6 647)
Wages and salaries	(72 015)	(65 999)
Other social security expenses	(28 889)	(25 499)
Total employee costs	**(122 850)**	**(102 034)**
Lease	(2 758)	(2 239)
External services provided by Group entities	(94)	(4 884)
Transport and travel	(1 733)	(1 300)
Other external services	(158 119)	(151 379)
Miscellaneous operating expenses	(1 308)	(900)
Total operational expenses	**(164 012)**	**(160 702)**
Taxes	(17 486)	(12 210)
Other	(1 109)	(1 249)
Total operating expenses	**(305 457)**	**(276 196)**

7.8. Amortisation costs and depreciations

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Depreciation and amortisation of intangible assets	(5 836)	(5 896)
Depreciation and amortisation of tangible assets	(3 622)	(2 100)
Reversal of provisions for depreciation of property, plant and equipment	11	-
Depreciation and amortisation of right-of-use assets	(4 627)	(4 329)
Total Amortisation, depreciation and impairment of tangible and intangible fixed assets	**(14 073)**	**(12 325)**

7.9. Cost of risk

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

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Net provisions on transactions with customers	(30 534)	(14 585)
Net provisions for guarantees given on assigned loans	792	(454)
Net POCI re-evaluation	4 966	8 578
Net losses on transactions with customers	(30 920)	(18 634)
Net provisions on other risks	(20)	-
Total cost of risk	**(55 717)**	**(25 095)**

7.10. Net gains and losses on other assets

IN THOUSANDS OF EURO	31.12.2023	31.12.2022
Gains on disposals of tangible assets	215	6 844
Losses on disposals of tangible assets	(663)	(5 392)
Impairment of non-current assets held for sale	(247)	238
Total gains or losses on other assets	**(695)**	**1 691**

7.11. Income tax and deferred taxes

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

The deferred tax rates used are indicated in Section 7.5. Current and deferred tax assets and liabilities.

IN THOUSANDS OF EURO		31.12.2023	31.12.2022
Earnings before tax		**(158 620)**	**(27 823)**
Tax income/expense for the period		13 083	21 261
Net income - Group share		(171 703)	(6 563)
Net income - Non-controlling interests		-	-
Theoretical tax rate		25.83%	25.83%
Theoretical tax		**44 351**	**7 187**
Permanent differences		(402)	1 099
Tax rates differences for consolidated entities		-	27
Low rate taxation (dividends)		(9)	(6)
DTA on limited previous tax losses and deductible time differences for the period		(31 344)	-
Use of DTA on limited tax losses and deductible temporary differences over previous periods		-	11 038
Effect of changing corporation tax rates on the measurement of deferred taxes		-	-
Tax hit for prior period adjustments		486	1 902
Tax on bargain purchase gain		-	-
Miscellaneous		2	15
Tax income/charge for the period		**13 083**	**21 261**
	w/o tax payables	*14*	*(10 197)*
	w/o deferred tax	*13 069*	*31 457*

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 19 as revised:

- **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.

Revaluations of net defined benefit liabilities (assets) are recognised directly in equity, with no possibility of reclassification to profit or loss. They include actuarial gains and losses arising from changes in actuarial assumptions, the return on plan assets and changes in the effect of any asset cap.

- **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	31.12.2023			31.12.2022		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
Actuarial debt at opening	**50 910**	**2 484**	**53 394**	**61 112**	**2 939**	**64 051**
Current service cost	403	144	548	586	174	760
Past service cost	(201)	(805)	(1 006)	-	-	-
Actuarial debt interest charges	1 597	84	1 680	571	28	599
Purchases and sales	-	-	-	-	-	-
Actuarial gains and losses, due to changes in demographic assumptions	-	-	-	-	-	-
Actuarial gains and losses, due to changes in financial assumptions	(2 085)	51	(2 034)	(9 265)	(524)	(9 789)
Actuarial gains and losses due to experience adjustments	-	-	-	-	79	79
Benefits paid	(2 356)	(116)	(2 472)	(2 094)	(213)	(2 307)
Actuarial debt at closing	**48 268**	**1 842**	**50 110**	**50 910**	**2 484**	**53 394**
With a partial or total hedging asset in return	*42 167*	-	*42 167*	*45 081*	-	*45 081*
Without hedging asset	*6 102*	*1 842*	*7 943*	*5 829*	*2 484*	*8 313*

9.2. Changes In Investment

IN THOUSANDS OF EURO	31.12.2023			31.12.2022		
	Metropolitan France	Overseas	Total	Metropolitan France	Overseas	Total
Fair value of the investment at opening	**3 754**	**-**	**3 754**	**5 506**	**-**	**5 506**
Interest income on investments	150	-	150	55	-	55
Employer contributions	16 237	-	16 237	-	-	-
Amendments plans	-	-	-	-	-	-
Benefit paid	(2 044)	-	(2 044)	(1 545)	-	(1 545)
Actuarial losses or gains	(221)	-	(221)	(262)	-	(262)
Other	-	-	-	521	-	521
Fair value of the investment at closing	**18 397**	**-**	**18 397**	**4 275**	**-**	**4 275**
Actuarial return on investments	(1.7%)	-	(1.7%)	(3.8%)	-	(3.8%)
Composition of investments in percentage						
Shares	11.5%	-	11.5%	9.6%	-	9.6%
Bonds	82.0%	-	82.0%	85.5%	-	85.5%
Other	6.4%	-	6.4%	4.9%	-	4.9%

9.3. Net cost analysis

IN THOUSANDS OF EURO	31.12.2023 Metropolitan France	Overseas	Total	31.12.2022 Metropolitan France	Overseas	Total
Current service cost	403	144	548	586	174	760
Interest on actuarial debt	1 597	84	1 680	571	28	599
Impact of reductions /Plan modifications	(201)	(805)	(1 006)	-	-	-
Interest on investment	(150)	-	(150)	(55)	-	(55)
Actuarial losses and (gains) related to other long-term liabilities	12	13	25	(117)	(54)	(171)
Total net cost analysis	**1 662**	**(564)**	**1 098**	**985**	**148**	**1 133**

9.4. Assumption used

	31.12.2023 Metropolitan France	Overseas	Total	31.12.2022 Metropolitan France	Overseas	Total
To determine commitments at 31 Dec						
Discount rate included inflation	3.20%	3.20%	3.20%	3.50%	3.50%	3.50%
Growth rate of expected wages	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected rate of plan assets	3.20%	N/A	3.20%	3.50%	N/A	3.50%
Rate of inflation of pensions	2.00%	N/A	2.00%	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	3.50%	3.50%	3.50%	1.00%	1.00%	1.00%
Growth rate of expected wages	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected rate of plan assets	3.50%	N/A	3.50%	2.00%	N/A	2.00%
Rate of inflation of pensions	2.00%	N/A	2.00%	1.90%	N/A	1.90%
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	31.12.2023 Reference discount rate - 0,25 bps	Reference discount rate	Reference discount rate + 0,25 bps	31.12.2022 Reference discount rate - 0,25 bps	Reference discount rate	Reference discount rate + 0,25 bps
Fair value of the commitment at 31 Dec	51 044	50 110	49 183	54 222	53 394	52 587
Current service costs	562	552	541	569	548	528

IN THOUSANDS OF EURO	Reference inflation rate - 0,25 bps	Reference inflation rate	Reference inflation rate + 0,25 bps	Reference inflation rate - 0,25 bps	Reference inflation rate	Reference inflation rate + 0,25 bps
Fair value of the commitment at 31 Dec	49 930	50 110	50 298	53 221	53 394	53 573
Current service costs	550	552	554	542	548	566

9.6. Significant events

Pensions reform

The pensions reform, finally adopted on 20 March 2023, has been effective since 1 September 2023. The flagship measure of this reform is the gradual increase in the statutory retirement age from 62 to 64 for generations born in or after 1968.

This postponement of retirement age is accompanied by an acceleration in the prolongation of the contribution period, which began with the Touraine reform of 2014 and which will eventually reach 43 years by 2027 instead of 2035.

Agreement on collective redundancy scheme at CCF (formerly BDC)

The impact of this collective redundancy scheme was taken into account at the end of 2023 (departure of the employees concerned) and was accounted for as a reduction in the income statement.

9.7. Discount Rate

The discount rate has been determined with reference to the performance at 31 December 2023 of investment-grade corporate bonds carrying an AA rating or higher with a maturity comparable with the average maturity of Group commitments in each zone.

9.8. Description of obligations in respect of defined benefit plans

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

The main defined benefit plans are:

- **lump sums paid on retirement**, which correspond to the payment of a capital sum to the employee by the entity on retirement. The lump sum paid on retirement is determined by the national collective agreement that covers the Group, and the terms of the Group's internal agreement.
  - My Money Bank employees are covered by the national collective agreement for banking personnel. There is also an internal agreement entitling staff to a more generous settlement than the retirement lump sum provided for by the collective agreement. On retirement, employees receive either the lump sum provided for in the My Money Bank internal agreement (in accordance with the criteria set out in that agreement) or the lump sum provided for by the collective agreement, whichever is the more favourable.
  - Overseas employees are covered by the collective agreement for the finance sector. This has no specific requirements for lump sums on retirement, which are determined in accordance with the internal agreement of each entity.
- **the long-service awards scheme**, corresponding to a capital sum paid to employees reaching total seniority (since the beginning of their careers) of between 15 and 40 years, depending on the Group entity concerned.
- **the healthcare expenses plan for retirees**, the obligations of which take effect when the Group:
  - assumes the total or partial financing of the contribution of retirees to the healthcare expense plan,

  - does not pay the retiree's contribution directly, but the mutual plan for current and retired employees. In this instance, there is nevertheless a benefit from mutualisation; the participation of the employer in the asset plan indirectly funds the retirees' plan.
- **the CRCC plan**, revised following the agreement of 3 July 2008, which is a closed retirement plan with two populations: current plan members (active employees, future pensioners) and current pensioners. Rights were frozen at the plan closure date and have been remeasured since based on the annual level of the social security pension (but may not be lower than an increase based on the AGIRC plan index).

9.9. Future cash flows

The average plan duration is around 9 years.

	2023		
IN THOUSANDS OF EURO	Metropolitan France	Overseas	**Total**
Performance expected in 2023	8 029	158	**8 187**
Performance expected in 2024	3 581	229	**3 810**
Performance expected in 2025	4 267	188	**4 455**
Performance expected in 2026	4 730	140	**4 871**
Performance expected in 2027	3 368	264	**3 632**
Performance expected in 2028 - 2031	13 062	1 003	**14 064**

9.10. Plan for the allocation of performance-related shares

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

a. Information on ongoing performance share plans

	31.12.2023	31.12.2022
Par value (in EUR)	0.01	0.01
Fair value (in EUR)	0.067	0.067
Expense recorded (in EUR)	1 700 000	-
Number of performance-related shares awarded at the start of the period	**25 532 592**	**19 057 181**
Shares awarded	-	-
Shares acquired by beneficiaries	15 658 162	-
Shares cancelled	-	-
Number of shares remaining at year-end	**9 874 430**	**19 057 181**

b. Information on the evolution of ongoing performance share plans

Board of Directors' dates	14.12.2023	15.03.2023	14.12.2022	15.03.2022	**Total**
Number of performance-related shares awarded	-	6 475 411	7 042 254	12 014 927	**25 532 592**
Definitive acquisition date of shares awarded	14.12.2024	15.03.2024	14.12.2023	15.03.2023	**-**
Spread of acquisition from the definitive acquisition date	-	Over 4 years	-	Over 4 years	**-**
Number of shares acquired by beneficiaries	7 057 416	8 600 746	-	-	**15 658 162**

10. Other information

Through its activities. the Group is exposed to the following risks on the financial instruments it holds:

- Climate risk;
- Credit risk;
- Liquidity risk;
- Overall interest rate risk; and
- 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 decree of 3 November 2014 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. Climate risk

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

a. Physical risks :

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

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

b. Transition risks :

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

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

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

All these financial risks resulting from the effects of climate change, and the measures taken by the Group to mitigate them, are described in the Statement of Non-Financial Performance prepared by CCF Holding for the 2023 financial year. The information in this statement relates to the Group's entities as a whole.

10.2. 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 the 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 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 servicer, debt consolidation, vehicle and consumer financing, 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 cases of files that quickly deteriorate in quality in the vehicle loan activity. These are files with payment past due within six months of the first payment due after the loan has been granted; this monitoring of payments past due is sent weekly to the Sales Department and the Collections Department. The Risk Division also continues to monitor the risk associated with exposures subject to securitisation transactions.

10.3. 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 set up several financing programmes on the capital markets and has developed a savings deposit programme with individuals and businesses (SMEs), in particular in order to diversify its funding sources. This diversification makes it possible to limit overall liquidity risk by making different potential sources available to the bank, with different characteristics (in terms of interest rate, duration, amount, etc.). This strategy was continued and strengthened during 2022, in particular through the issue of three new retained mortgage bonds via the subsidiary MMB SCF for an amount of 530 million euro with a weighted average maturity of 2.7 years, and growth in the deposits programme, which reached an outstanding amount of 4.5 billion euro at the end of 2022.

My Money Bank also has NEU CP (Negotiable Commercial Paper) and NEU MTN (Negotiable Medium-Term Notes) programmes to issue short and medium-term securities.

The Group's strategic liquidity objectives aim to favour short-term resilience (six months) in the event of a deterioration in the Group's liquidity profile and ensure its ability to absorb short-term shocks resulting from a situation of stress 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.

A 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 three or six 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 (MRO and LTRO) and bank REPO

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

- key liquidity indicators (Ratio LCR and NSFR, FACE, three and six-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.

10.4. Overall interest rate risk

Overall interest rate risk is defined by the decree of 3 November 2014 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).

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.

- An internal interest rate shock scenario, simulating a gradual increase in interest rates replicating scenarios during past crises.
- The calculation and monitoring of risk indicators and limits are reported to the ALCO Committee on a monthly basis, as are overall interest rate risk hedging transactions.

10.5. Credit risk

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

The Group's lending and investment guidelines have been developed in compliance with articles 111 and 112 of the Decree of 3 November 2014 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 processes 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 CCF Holding.

Approving and monitoring business introducers

For vehicle financing, debt consolidation and deposits, the distribution of products is largely carried out by business introducers. These providers are therefore the first filter in the transaction selection process. Thus, all financing applications submitted require the prior approval of the business 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, including geographical location, amount of financing, and 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 financing for private customers and debt consolidation secured, 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

The Group applies the standardised 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”).

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 estimation 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 estimation date is equal to the net 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.

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 outstanding tranche. 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.

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 professional mortgage 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.

INDIVIDUAL IMPAIRMENTS

Impairment losses for the following are determined on the basis of an individual case-by-case analysis and expert knowledge of the associated counterparty:

- stages 2 and 3 of the Professional Real Estate portfolio

- all assets in the Non-Core portfolio
- For the BDC portfolio, all stage 3 assets for the Corporate and Residential Property segments and stage 3 assets with an outstanding amount above 100 000 euro for other products

Forward-looking

Forward-looking information has been incorporated in the ECL calculation for all products since March 2018.

Since the second quarter of 2022, for the group's "individual" customers (debt consolidation, DOM and BDC portfolios) the forward-looking component is taken into account through an analytical approach to the impact of the fall in purchasing power. An analysis was carried out to estimate the impact of a fall in the purchasing power of our individual customers on payment behaviour. On the basis of this analysis, scenarios for increased charges, reflecting the inflationary context, allow us to incorporate the forward-looking component into our PD forecasts.

For the group's "professional" customers (Non-Core, DOM and BDC portfolios), the forward-looking component is taken into account through a sectoral impact analysis. Counterparties were segmented according to their sector of activity (based on the NAF code). Four levels of risk were identified based on the impact that the current crisis could have on these activities. The forward-looking impact is therefore dependent on the activity and risk associated with each counterparty.

Since the beginning of 2023, we have begun to see a deterioration in our default rates on loan consolidation and DOM portfolios. However, macro-economic forecasts remain broadly unchanged. The deterioration in our portfolio thus reflects the risk anticipated by the FWL, and it would be too conservative to translate this deterioration into an increase in provisioning. Since the third quarter of 2023, we have therefore implemented a forward-looking consumption method which consists of capping stressed PD rates and reducing the forward-looking layer as and when we see significant defaults.

For the Professional Mortgage portfolio, the forward-looking component involves applying a discount to the measurement of the collateral (expert appraisal or indexed measurement). Discount levels are revised quarterly and vary depending on the location (Paris, Paris area, Other), the use of the property (residential, office) and the type of customer (developers, real estate traders).

Since the second quarter of 2023, projections for the commercial property market have stabilised, but we are beginning to see the falls in valuation anticipated by forward-looking. In the same way as for the Group's other portfolios, we have therefore introduced a forward-looking consumption method which consists of freezing the discounted valuation (for as long as it remains lower than the valuation amount), based on the principle that a fall in valuation does not necessarily reflect an increase in risk but rather the materialisation of the risk anticipated by forward-looking. This method avoids increasing the level of the provision while the asset value remains higher than the estimated sale price of the collateral (discounted valuation).

Market assumptions are determined and weighted by the Board. They have been revised quarterly since the 2020 COVID crisis.

Overlays – post-model adjustments

Professional real estate – Minimum provision thresholds

In the case of professional real estate, in addition to these analyses a management overlay has been determined and applied since the third quarter 2021 to stage 1. This is because the level of provision obtained using the models was below a reasonable estimate for this perimeter. This is due to an overall improvement in the quality of the portfolio at acquisition and increased monitoring of non-performing loans (NPLs). However, given the volatility of the professional real estate portfolio due to the high disparity of tickets and the adverse economic background (including increases in interest rates and the cost of raw materials), it was decided to maintain a minimum level of provision (above the model level). The rule is as follows: two minimum thresholds have been

set, a threshold of 5.5 million euro in terms of the amount of provision, and a provision rate threshold of 0.4%. The higher of these amounts is retained.

SOFI – Special treatment of rejected instalment payments

For SOFI portfolios, in the interests of operational efficiency, a large number of representations of unpaid instalments are made in the last days of the month. By default, these instalments are deemed to be paid as soon as they are presented on the customer's account, but a significant number are rejected in the first few days of the following month. To offset the fact that the cases concerned may have been under-provisioned at the end of the month by being mistakenly treated as performing, a post-model adjustment is calculated each quarter and used to correct the provision rate.

CCF - Special treatment in the context of ceasing commercial operations

In the case of the BDC portfolio, a management overlay was determined in order to anticipate future deterioration and collection difficulties given the cessation of activities. As the accounts have been closed since 2 November 2023, we expect all overdrafts to fall into stage 3 in the first quarter of 2024. In the area of loans, many customers have still not provided us with the banking details (RIB) of the account from which we will be able to deduct their instalments from now on. Accordingly, we expect these cases too to deteriorate to stage 3. We have therefore decided to increase the level of provision for overdrafts and loans without RIB.

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 the profitability of credit operations;
- regular monitoring of collection performance.

Lending limits

The Group 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 CCF Holding 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 financing and consumer loans, a reminder team intervenes to conduct amicable negotiation, with the support of a proceedings team for cases of litigation;
- for debt consolidation, a pre-litigation collection team provides individualised customer management until the sixth 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 financing, consumer credit and debt 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 debt consolidation secured financing, 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.

10.6. SECURITISATION RISK

For the purposes of active liquidity management, the Group 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). The Group invests in securities that are within the scope of the investment policy approved by the Board of Directors and in particular in senior and mezzanine tranches of public securitisations. As a recurrent issuer of public and private securitisation operations itself, the Group 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 ALCO.

As part of its refinancing activities, the Group carries out securitisation programmes for some of its portfolios of customer loans (debt consolidation, 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 the Group remains exposed to the majority of risks and rewards of these loans.

The total securities issued at 31 December 2023 stood at around 755 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 93 million euro, in compliance with the regulatory provisions of the CRR (articles 404 to 410).

The two securitisation operations existing at 31 December 2023 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 dedicated 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.

10.7. Management and adequacy of internal capital

a. Regulatory capital

CCF Holding is 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 CCF Holding.

The standardised 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) capital. This category of equity includes shareholders' equity, Group share (capital, issue premiums, reserves, profit or loss for the year), restated for applicable regulatory adjustments such as deferred tax on tax losses carried forward, goodwill deductions and intangible assets (net of associated tax liabilities) or other adjustments related to other comprehensive income recognised directly in equity (for example, fair value reserves relating to gains and losses generated by cash flow hedges);
- Tier 1 or Tier 1 capital, consisting of Common Equity Tier 1 and Additional Tier 1 (AT1) capital. This category notably includes undated securities;
- Total Capital, which consists of Tier 1 capital and Tier 2 capital, and which includes subordinated loans in addition to previous levels.
- Tier 2 capital corresponds to subordinated debt instruments with a minimum maturity of 5 years.

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 CCF Holding 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 its activities, are located in France and stand at 854 FTE. The Group's establishments are presented in Note 5, *Consolidation scope.*

Since all the operations of the Group are located in France only, all the other information required by Article L. 511-45 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

The Group's exposures at 31 December 2023 are almost entirely concentrated in France, including the Overseas Departments. The Group also holds an investment portfolio with very limited exposure to other geographical areas, mainly in eurozone countries. The Group sets limits by counterparty to ensure that it does not have too much exposure to a single counterparty. The Group is also subject to the large exposure regime. Within the investment portfolio, a number of concentration limits have been set (by currency, geography, rating, industry, etc.).

12. Fees paid to the statutory auditors

IN THOUSANDS OF EURO	31.12.2023			31.12.2022		
	KPMG Audit	RSM Paris	Total	KPMG Audit	RSM Paris	Total
Independent audit, certification and examination of the separate and consolidated accounts	806	344	**1 150**	685	303	**988**
Services other than the certification of accounts	488	97	**585**	104	51	**156**
Total	**1 294**	**441**	**1 735**	**789**	**354**	**1 143**

For 2023 financial year, services other than the certification of accounts were mainly related to the IT migration audit, legal and regulatory certificates, comfort letters and financial analysis of certain transactions related to the acquisition project mentioned under "Significant post-balance sheet events".