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YOUNITED S.A.

Statutory auditors' report on the individual IFRS financial statements as at December 31, 2023, 2022 and 2021

For the years ended December 31, 2023, 2022 and 2021
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21 rue de Chateaudun – 75009 Paris



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This is a free translation into English of our audit report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, professional auditing standards applicable in France.

YOUNITED S.A.

21 rue de Chateaudun – 75009 Paris

Statutory auditors' report on the individual IFRS financial statements as at December 31, 2023, 2022 and 2021

To the Chairman of the Management Board,

Opinion

In connection with the proposed reorganization of the Company's share capital with a SPAC (Special Purpose Acquisition Company) listed on the regulated market of Euronext Amsterdam, and in response to your request, we have audited the accompanying "IFRS financial statements", of Younited S.A. for the years ended December 31, 2023, 2022 and 2021, which comprise statements of financial position as at December 31, 2023, 2022 and 2021, as well as the income statement, the statement of net income and unrealised or deferred gains and losses, the statement of changes in equity and the statement of cash-flows as at December 31, 2023, 2022 and 2021, and the notes to the financial statements (the "**Financial Statements**").

In our opinion, the Financial Statements give a true and fair view , in all material respects, of the assets and liabilities and the financial position of Younited S.A. as of December 31, 2023, 2022 and 2021, and of the results of its operations for the year then ended December 31, 2023, 2022 and 2021 in accordance with the International Financial Reporting Standards as adopted in the European Union.



Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) applicable to such engagement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the International Financial Reporting Standards as adopted in the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

These Financial Statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the Financial Statements. Our objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards applicable in France and with the professional guidance issued by the French Institute of Statutory Auditors will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Younited S.A.

Statutory auditors' report on the individual IFRS financial statements
For the years ended December 31, 2023, 2022 and 2021



Our audit of the Financial Statements does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with with professional standards applicable in France and with the professional guidance issued by the French Institute of Statutory Auditors, the statutory auditors exercise professional judgment throughout the audit and furthermore:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the Financial Statements.
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of their audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluate the overall presentation of the Financial Statements and assess whether these Financial Statements are prepared in all material respects in accordance with the framework or the basis of preparation described.

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes.



This report shall be governed by and construed in accordance with French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris la Défense, October 8, 2024

Paris La Défense, October 8, 2024

KPMG S.A.

Forvis Mazars S.A.

Ulrich Sarfati
Partner

Alexandra Kritchmar
Partner

COMPANY FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2023,
DECEMBER 31, 2022, AND DECEMBER 31, 2021**

STATEMENTS OF FINANCIAL POSITION

		As of December 31,			As of
(in € thousands)	Note	2023	2022	2021	January 1, 2021
Assets					
Cash, due from central banks	13	236,756	508	9	1
Financial assets at FVTPL ¹	15	135,403	64,397	216,275	255,359
Loans and advances to financial institutions	12, 13	73,525	137,394	161,615	154,852
Loans and advances to customers at amortised cost	14	339,347	314,940	138,350	63,557
Loans and advances to customers at FVOCI ²	14	477,287	566,425	141,548	75,697
Property and equipment	16	14,568	16,159	18,111	20,623
Intangible assets	17	36,552	29,806	17,919	13,895
Other assets	18	85,537	88,674	60,431	43,261
TOTAL ASSETS		1,398,973	1,218,304	754,258	627,245
Liabilities					
Loans and deposits from financial institutions	19	60,033	60,021	-	933
Deposits from deposit holders	20	1,126,252	956,935	508,022	472,933
Other liabilities	21	68,840	60,549	66,903	65,403
Provisions	24	466	214	55	60
TOTAL LIABILITIES		1,255,591	1,077,720	574,980	539,328
Equity					
Share capital	22	1,934	1,861	1,728	1,389
Share premium	22	380,044	351,790	292,683	185,272
Other equity instruments		289	289	177	156
Reserves and retained earnings		(210,525)	(110,875)	(95,159)	(98,900)
Loss for the period		(49,679)	(78,918)	(22,763)	-
SUB-TOTAL		122,062	164,147	176,665	87,917
Unrealised or deferred capital gains and losses		21,320	(23,563)	2,613	-
TOTAL EQUITY		143,383	140,584	179,278	87,917
TOTAL LIABILITIES AND EQUITY		1,398,973	1,218,304	754,258	627,245

¹ Fair value through profit or loss² Fair value through other comprehensive income

INCOME STATEMENT

		Twelve-month period ended December 31,		
<i>(in € thousands)</i>	<i>Note</i>	2023	2022	2021
Interest income	6	83,481	47,267	15,758
Interest expense	6	(22,092)	(8,510)	(5,445)
Net interest income		61,389	38,757	10,313
Net gains and losses from financial instruments at FVTPL	7	2,799	(17)	5,661
Net gains and losses from financial instruments at FVOCI	12	(5,318)	667	378
Income from other activities	8	42,886	59,049	42,686
Revenue		101,755	98,456	59,038
Personnel expense	9	(36,667)	(38,903)	(30,131)
Other operating expenses	10	(34,297)	(34,163)	(25,854)
Depreciation and amortisation expenses	16,17	(21,682)	(15,392)	(11,724)
Impairment losses on financial instruments	3	(57,890)	(88,661)	(13,701)
Loss before tax		(48,881)	(78,663)	(22,373)
Income tax expense	11	(799)	(255)	(390)
Loss for the period		(49,679)	(78,918)	(22,763)

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS

<i>(in € thousands)</i>	Note	Twelve-month period ended December 31,		
		2023	2022	2021
Loss for the period		(49,679)	(78,918)	(22,763)
Revaluation of debt instruments at FVOCI:				
<i>Revaluation differences of the period</i>	12	16,024	(23,011)	2,934
<i>Reclassified into income</i>	12	5,318	(667)	(378)
Unrealised or deferred gains and losses that will be reclassified subsequently into income		21,342	(23,678)	2,556
Actuarial gains and losses on defined benefit plans	9	(22)	115	57
Unrealised or deferred gains and losses that will not be reclassified subsequently into income		(22)	115	57
Total unrealised or deferred gains and losses		21,320	(23,563)	2,613
Net income and unrealised or deferred gains and losses		(28,359)	(102,481)	(20,150)

COMPANY STATEMENT OF CHANGES IN EQUITY

<i>(in € thousands)</i>	Share capital	Share premium	Other equity instruments	Loss for the period	Reserves and retained earnings	Total equity
Balance at January 1, 2021	1,389	185,272	156	-	(98,900)	87,917
Loss for the period	-	-	-	(22,763)	-	(22,763)
Transfer	-	-	-	-	-	-
Increase in capital	339	107,411	-	-	-	107,750
Equity-settled share-based payment	-	-	-	-	3,749	3,749
Remeasurement of defined benefit liability	-	-	-	-	57	57
Change in unrealised or deferred gains and losses	-	-	-	-	2,556	2,556
Other movements	-	-	21	-	(8)	13
Balance at December 31, 2021	1,728	292,683	177	(22,763)	(92,547)	179,278
Loss for the period	-	-	-	(78,918)	-	(78,918)
Transfer	-	-	-	22,763	(22,763)	-
Increase in capital	133	59,107	-	-	-	59,240
Equity-settled share-based payment	-	-	-	-	4,469	4,469
Remeasurement of defined benefit liability	-	-	-	-	115	115
Change in unrealised or deferred gains and losses	-	-	-	-	(23,768)	(23,768)
Other movements	-	-	112	-	(34)	78
Balance at December 31, 2022	1,861	351,790	289	(78,918)	(134,437)	140,584
Loss for the period	-	-	-	(49,679)	-	(49,679)
Transfer	-	-	-	78,918	(78,918)	-
Increase in capital	73	28,465	-	-	-	28,538
Equity-settled share-based payment	-	-	-	-	2,882	2,882
Remeasurement of defined benefit liability	-	-	-	-	(22)	(22)
Change in unrealised or deferred gains and losses	-	-	-	-	21,342	21,342
Other movements	-	(211)	-	-	(52)	(263)
Balance at December 31, 2023	1,934	380,044	289	(49,679)	(189,205)	143,383

COMPANY STATEMENTS OF CASH FLOWS

		Twelve-month period ended December 31,		
(in € thousands)	Note	2023	2022	2021
Cash flows from operating activities				
Loss for the period		(49,679)	(78,918)	(22 763)
Net depreciation and amortisation	16,17	21,683	15,418	11 766
Net impairment loss on loans and investment securities	3	57,890	88,661	13 701
Net interest income	6	(61,389)	(38,757)	(10 313)
Net gain (or loss) on loans and investment securities at FV	7	2,567	(621)	(6 039)
Equity-settled share-based payment transactions	9	2,882	4,469	3 749
Other income and expense	10	673	1,129	(1 009)
Net change in loans and advances to financial institutions and customers	14	33,578	(706,778)	(150 837)
Net change in loans and deposits from financial institutions and investors	19	169,328	508,935	34 156
Other assets, liabilities and provisions	18,21,24	12,390	(32,904)	(12 465)
Net interest received (or paid)	6	53,755	44,088	17 831
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		243,680	(195,279)	(122 222)
Cash flows from investing activities				
Net change in investment securities	15	(71,169)	139,855	37 292
Investment in PPE and intangible assets	16,17	(25,165)	(24,375)	(12 941)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(96,334)	115,480	24 351
Cash flows from financing activities				
Proceeds from increase in capital	22	28,538	59,352	107 770
Repayment of lease liabilities		(3,506)	(3,274)	(3 129)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		25,032	56,078	104 641
Net increase (decrease) in cash, due from central banks		172,378	(23,721)	6 771
CASH AND CASH EQUIVALENTS AT OPENING¹		137,903	161,624	154 853
CASH AND CASH EQUIVALENTS AT CLOSING¹		310,281	137,903	161 624

¹Cash and Cash equivalent comprises balances of (i) Cash, due from central banks and (ii) Loans and advances to financial institutions – which consists solely of on-demand deposit.

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NOTE 1 INFORMATION ABOUT THE COMPANY AND KEY EVENTS**COMPANY PRESENTING THE FINANCIAL STATEMENTS**

Younited (the “Company”) is a “Société Anonyme” (Public Limited Company) incorporated under the laws of France and registered with the Paris Trade and Companies Registry under number 51758637600058. The Company’s registered office is located at 21 Rue de Châteaudun, in Paris (75009) in France. Registered with the Trade and Companies Registry in October 2009, Younited has been approved as an “établissement de crédit prestataire de services d’investissements” by the Autorité de Contrôle Prudentiel (ACPR) and the Autorité des Marchés Financiers (AMF). The Company is a licensed consumer credit business with operations in France, Italy, Spain, Germany and Portugal.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS PRESENTED**For the year ended December 31, 2023.**

In June 2023, Younited entered into a financing agreement with the bank Citibank whereby it will finance most of personal loans originated by Younited in Italy.

In June 2023, Younited closed a capital increase of c. €28m.

For the year ended December 31, 2022.

H1 2022 saw a strong growth of origination volumes, followed by a sharp slow-down in H2 2022 impacted by the macro-economic unstable context (e.g., Ukraine, inflation, interest rate increase).

2022 also saw the launch of two major partnerships: one with Orange Bank (providing services to Orange Bank for their personal loan offer) and one with Bouygues Telecom (a handset financing solution, both online and in all of their points of sale).

In November 2022, Younited closed a capital increase of c. €59m.

For the year ended December 31, 2021.

In July 2021, Younited entered into a financing agreement with the asset manager M&G (junior tranche) and BNP Paribas (senior tranche) on personal loans originated by Younited in Italy.

In December 2021 in France, Younited launched its standardized Point-of-Sale financing solution, branded Younited Pay.

In Mai 2021, Younited closed a capital increase of c. €109m.

SUBSEQUENT EVENTS**For the year ended December 31, 2023.**

On February 7, 2024, Management decided to stop origination of loans and advances to customers as of May 2024 in Germany. As at December 31, 2023, loans and advances to customers in Germany amounted to €120.6 million. This led to the departure of 38 employees of the German branch between May and October 2024.

For the year ended December 31, 2022.

None.

For the year ended December 31, 2021.

As soon as the Ukrainian conflict began, Younited ran a review of its potential links with Russia, Belorussia or Ukraine, which confirmed none existed. Younited also confirmed that none of its counterparties were under EU, UK or US sanctions. Finally, no impact on liquidity has been observed between 2021 year-end and the approval of the 2021 financial statements in May 2022.

NOTE 2 BASIS OF ACCOUNTING

BASIS OF PREPARATION

Younited is in the process of filing its financial statements with the Commission de Surveillance du Secteur Financier (CSSF) for the purpose of an initial business combination (IBC) with the special purpose acquisition company (SPAC) Iris Financial. Iris Financial is an entity registered in Grand Cayman. Its shares are listed on the Euronext Amsterdam stock exchange. A SPAC is established for the purpose of acquiring a non-listed company in the form of a merger, capital stock exchange, share purchase, asset acquisition or similar transaction.

These financial statements have been prepared for the purpose of the planned SPAC transaction in accordance with International Financial Reporting Standards ("IFRS") adopted, as endorsed by the European Union as of December 31, 2023. They were approved and authorized for issue by the Management Board on October 7, 2024. The Company decided not to apply the ANC 2022-01 recommendation.

These financial statements cover the years ended December 31, 2023, December 31, 2022, and December 31, 2021, and are the first financial statements prepared in accordance with IFRS Accounting Standards endorsed by the European Union.

This single set of financial statements for three financial years corresponds to additional financial statements compared with the statutory financial statements for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, prepared in accordance with French accounting rules and methods by the Board of Directors and approved by the General Meetings.

CURRENT STANDARDS AND INTERPRETATIONS

FIRST-TIME ADOPTION OF IFRS

IFRS 1 has been applied to the first financial statements to be prepared in accordance with IFRS Accounting Standards, with a date of transition to IFRS Accounting Standards as at January 1, 2021. The note "First-time adoption of IFRS" sets out the divergences from previous GAAP for first-time adoption of IFRS Accounting Standards, together with the main restatements and their impacts on the opening statement of financial position as of January 1, 2021 (transition date), and on the statement of financial positions and statements of profit or loss as of and for the years ended December 31, 2023, December 31, 2022, and December 31, 2021.

In accordance with IFRS 1, these company financial statements have been prepared in accordance with IFRS applicable for the years beginning on January 1, 2023, for all periods presented and from the transition date.

MAIN STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BY THE IASB THAT ARE NOT MANDATORY IN THE EUROPEAN UNION AS OF JANUARY 1, 2023

The Company has not early adopted any new standards or amendments to existing standards adopted or not by the European Union whose application is mandatory after December 31, 2023, and which may be applied early. The standards, interpretations and amendments published for mandatory application after December 31, 2023, that could have an impact on the Company's financial statements are as follows:

- Amendments to IAS 1 – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current,
- Amendments to IFRS 16 – Lease liability in a Sale and Leaseback,
- Amendments to IAS 21 – Absence of convertibility,
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- IFRS 17 – Insurance Contracts

The company does not expect any material impact with regards new standards and amendments described above.

FUNCTIONAL AND PRESENTATION CURRENCY

These company financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these company financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

ESTIMATION-RELATED JUDGEMENTS AND ASSUMPTIONS

Information about judgements and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3:
 - o Establishing the criteria to determine whether credit risk on financial assets has increased significantly since initial recognition, which is based on determining the methodology to incorporate forward-looking information into the measurement of expected credit losses, that is ECL, and selecting the models used to measure them, including forward-looking scenarios and their weighting; and
 - o Impairment of financial instruments, which is based on determining the inputs into ECL measurement, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

- Note 5: Measurement of the fair value of financial instruments with significant unobservable inputs.
- Note 8: Use of unobservable data for the estimation of insurance brokerage revenue.
- Note 12: Analysis of business models of financial assets and assessment of whether those instruments comply with the SPPI criteria (Solely Payment of Principal and Interests).
- Note 23: Analysis of the Company's control over special purpose vehicles used for securitisation of loans and advances to customers.

NOTE 3 FINANCIAL RISK REVIEW

This note presents information about the Company's exposure to financial risks and the Company's management of capital. For information on the Company's "Financial risk management framework", see Note 27.

CREDIT RISK

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

IFRS 9 introduces a single credit risk impairment model, 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 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 - Performing assets not downgraded

All the contracts concerned, with the exception of financial assets purchased credit-impaired (POCI), 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 – Performing assets downgraded

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

Stage 3 - Defaulted assets

- 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 defaulted 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: 61 days of unpaid amounts;
- Confirmed counterparty risk: over indebtedness procedure;
- Close-out netting.

The default definition hereby used is in accordance with the definition of default as defined by the European Banking Authority.

Expected credit losses correspond to the present value of the difference between the contractual cash flows and those that the Company 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 Company is exposed to the credit risk.

Purchased or originated credit-impaired financial assets

In some cases, financial assets are credit-impaired at their initial recognition. For these assets, the effective interest rate is calculated taking into account the lifetime expected credit losses in the initial estimated cash flows. Any change in lifetime expected credit losses since initial recognition, positive or negative, is recognised as a loss allowance adjustment in profit or loss.

Write-off

Financial assets are derecognised when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Probable recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the corresponding assets.

CREDIT QUALITY ANALYSIS

The following tables set out information about the credit quality of financial assets measured at amortised cost and at FVOCI broken down by grade at origination for each reporting date. Unless specifically indicated, the table represents gross carrying amounts of financial assets.

Loans and advances to customers at amortised cost

		As of December 31, 2023				
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
(in € thousands)						
Loans and advances to customers at amortised cost						
Grades A1-A3: Strong	0 to 3%	66,139	1,988	1,115	9	69,243
Grades A4-A6: Satisfactory	3 to 6%	103,809	56,400	18,023	223	178,232
Grades A7 and lower: Higher risk	6 to 9%	84,483	41,443	72,620	2,210	198,545
Gross carrying amount		254,432	99,831	91,758	2,443	446,021
Loss allowance		(9,851)	(16,159)	(80,664)	(2,300)	(106,674)
Net Carrying amount		244,581	83,672	11,094	144	339,347

		As of December 31, 2022				
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
(in € thousands)						
Loans and advances to customers at amortised cost						
Grades A1-A3: Strong	0 to 3%	42,117	9,251	392	10	51,760
Grades A4-A6: Satisfactory	3 to 6%	82,397	62,902	7,792	274	153,091
Grades A7 and lower: Higher risk	6 to 9%	96,017	48,541	44,683	2,154	189,241
Gross carrying amount		220,531	120,695	52,866	2,439	394,092
Loss allowance		(12,047)	(21,266)	(45,839)	(2,234)	(79,152)
Net Carrying amount		208,484	99,429	7,028	204	314,940

		As of December 31, 2021				
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
<i>(in € thousands)</i>						
Loans and advances to customers at amortised cost						
Grades A1-A3: Strong	0 to 3%	5,122	54	25	-	5,201
Grades A4-A6: Satisfactory	3 to 6%	55,403	1,097	2,087	211	58,587
Grades A7 and lower: Higher risk	6 to 9%	75,885	4,509	30,476	2,154	110,870
Gross carrying amount		136,411	5,660	32,588	2,365	174,659
Loss allowance		(5,272)	(1,745)	(29,292)	(2,117)	(36,309)
Net Carrying amount		131,138	3,915	3,296	248	138,350

Loans and advances to customers at FVOCI

As of December 31, 2023						
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
<i>(in € thousands)</i>						
Loans and advances to customers at FVOCI						
Grades A1-A3: Strong	0 to 3%	237,624	3,779	31,022	861	272,425
Grades A4-A6: Satisfactory	3 to 6%	96,597	26,737	37,178	1,098	160,512
Grades A7 and lower: Higher risk	6 to 9%	68,697	48,535	82,120	1,791	199,352
Gross carrying amount		402,918	79,051	150,320	3,750	632,289
Loss allowance		(12,844)	(13,556)	(129,791)	(3,402)	(156,192)
Fair Value adjustment		(2,869)	1,886	2,173	52	350
Net Carrying amount		387,204	67,381	22,702	401	477,287
As of December 31, 2022						
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
<i>(in € thousands)</i>						
Loans and advances to customers at FVOCI						
Grades A1-A3: Strong	0 to 3%	285,032	13,823	26,544	918	325,399
Grades A4-A6: Satisfactory	3 to 6%	133,993	7,710	29,266	1,223	170,970
Grades A7 and lower: Higher risk	6 to 9%	144,746	8,929	63,531	1,944	217,205
Gross carrying amount		563,771	30,462	119,341	4,085	713,574
Loss allowance		(15,122)	(9,133)	(102,742)	(3,702)	(126,997)
Fair Value adjustment		(21,549)	457	940	41	(20,152)
Net Carrying amount		527,100	21,786	17,539	424	566,425
As of December 31, 2021						
	12-month PD ranges	Stage 1	Stage 2	Stage 3	o/w POCI	Total
<i>(in € thousands)</i>						
Loans and advances to customers at FVOCI						
Grades A1-A3: Strong	0 to 3%	51,387	497	18,593	920	70,477
Grades A4-A6: Satisfactory	3 to 6%	25,831	853	19,511	1,221	46,196
Grades A7 and lower: Higher risk	6 to 9%	52,177	2,404	43,025	1,899	97,606
Gross carrying amount		129,396	3,754	81,129	4,039	214,279
Loss allowance		(3,476)	(1,559)	(71,222)	(3,511)	(76,256)
Fair Value adjustment		2,957	124	445	54	3,526
Net Carrying amount		128,877	2,319	10,352	583	141,548

The following table sets out the credit analysis for non-trading financial assets measured at FVTPL.

		As of December 31,		
(in € thousands)	12-month PD ranges	2023	2022	2021
Debt investment securities				
Grades 1-6: Strong	0 to 3%	135,403	64,397	216,275
Total carrying amount		135,403	64,397	216,275

Loans and advances to financial institutions comprise on-call deposits and their PD is nearly zero.

Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The probability of default (PD) as at the reporting date; with
- The PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria in determining whether there has been a significant increase in credit risk:

- A quantitative test based on movement in PD;
- Qualitative indicators; and
- A backstop of 30 days past due.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are updated twice a year and defined using (i) qualitative factors such as incidence of change in macroeconomic conditions on grading since origination and (ii) quantitative factors based on borrowers' behaviour. These factors are indicative of risk of default.

Credit risk grades are defined and calibrated such that the risk of default occurring increases as the credit risk grade deteriorates. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Grading	12-month weighted-average PD
Grades A1-A3: Strong	0 to 3%
Grades A4-A6: Satisfactory	3 to 6%
Grade A7 and lower: Higher risk	6 to 9%
Credit impaired	100%

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date.

As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling, the change in annualised lifetime PD since initial recognition is greater than 300 basis points (bps).

Incorporation of forward-looking information

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Company formulates three economic scenarios:

- *Baseline Scenario:* The central or most likely forecast of economic conditions based on current data and expected trends. The central scenario is aligned with information used by the Company for other purposes such as strategic planning and budgeting.
- *Upside Scenario:* A more optimistic scenario that assumes favourable economic conditions and improved borrower performance. This scenario typically leads to an improvement in default and recovery rate.
- *Downside Scenario:* A pessimistic scenario that assumes adverse economic conditions, higher risk of borrower default, and worsened financial performance. This scenario typically leads to a deterioration in default and recovery rate.

The link between these macroeconomic scenarios and the ECL measurement is primarily established through modelling default, recovery and prepayment probabilities as well as adjustments to migration matrices of stage definition. This allows for the measurement of expected losses for each scenario.

Each scenario is assigned a probability of occurrence and the weighted average of the ECL from these scenarios is used to determine the impairment allowance for financial assets measured at amortised cost and FVOCI.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates.

Younited has a long observable track record in France where it has been operating since 2011, and is hence using macro-economic forecast, published by the Banque de France, to establish its scenarios and assess potential ECL impacts.

For the year ended December 31, 2023

The table below lists the macroeconomic assumptions used in the base case scenarios over the forecast period, on France.

	Actuals ⁽¹⁾			Forecasts ⁽¹⁾		
	2021	2022	2023	2024	2025	2026
GDP	6,8%	2,6%	1,1%	0,8%	1,2%	1,6%

Inflation	2,1%	5,9%	5,7%	2,5%	1,7%	1,7%
Unemployment rate	7,9%	7,1%	7,5%	7,6%	7,9%	7,6%
Savings rate	19,0%	18,0%	18,0%	18,0%	17,0%	17,0%

⁽¹⁾ Source: Banque de France

Baseline scenario

In the baseline scenario, we assume a moderate economic slowdown in 2024 due to high-interest rates and persistent inflation pressures. The geopolitical tensions remain contained without further escalation, and central banks gradually ease monetary policy in 2024.

- *GDP*: Growth in the Eurozone is expected to be modest in 2024, with a slight rebound in 2025. This reflects subdued consumer demand and weak business investment due to tight monetary conditions.
- *Inflation*: Inflation is projected to decline gradually but remains above target in 2024 and close to target in 2025 onward as supply chain disruptions ease and energy prices stabilize.
- *Unemployment rate*: The unemployment rate is anticipated to increase slightly in 2024 and 2025, as economic activity remains below potential, and businesses continue cautious hiring practices.
- *Savings rate*: Consumer savings rates are expected to stabilize reflecting cautious consumer spending due to economic uncertainty and high inflation.

Upside Scenario

The upside scenario envisions a stronger economic recovery driven by improved consumer confidence, robust fiscal support, and easing of supply constraints. This scenario assumes that the central banks successfully manage to reduce inflation without triggering a recession.

- *GDP*: Growth accelerates in 2024 and 2025, driven by higher consumer spending and business investment. The Eurozone benefits from a strong rebound in global trade and productivity gains.
- *Inflation*: Inflation falls faster than expected in 2024 and reaches target in 2025, supported by improving supply chain conditions and declining energy prices.
- *Unemployment rate*: The unemployment rate declines in 2024 and 2025, reflecting improved job creation in response to stronger economic growth.
- *Savings rate*: Consumer savings rate decreases slightly as households become more confident in spending and investing, buoyed by a better economic outlook.

Downside Scenario

In the downside scenario, the economic environment deteriorates due to escalated geopolitical tensions, a deeper energy crisis, or a sharp tightening of financial conditions. This scenario reflects a significant shock to the economy, resembling a severe recession.

- *GDP*: The Eurozone economy contracts in 2024, with only a minor recovery in 2025. This reflects weak consumer spending, declining business investment, and heightened financial market volatility.
- *Inflation*: Inflation remains stubbornly high in 2024 due to ongoing supply-side constraints and geopolitical shocks affecting commodity prices, before easing in 2025.
- *Unemployment rate*: Unemployment rises sharply in 2024 and further in 2025, as businesses cut back on hiring and lay off workers in response to declining demand.
- *Savings rate*: Consumer savings rates increase as households prioritize savings amidst economic uncertainty and reduced income, dampening overall consumption.

For the year ended December 31, 2022

The table below lists the macroeconomic assumptions used in the base case scenarios over the forecast period, on France.

	Actuals ⁽¹⁾			Forecasts ⁽¹⁾		
	2020	2021	2022	2023	2024	2025
GDP	-7,9%	6,8%	2,6%	0,3%	1,2%	1,8%
Inflation	0,5%	2,1%	5,9%	6,0%	2,5%	2,1%
Unemployment rate	8,0%	7,9%	7,1%	7,5%	8,2%	8,3%
Savings rate	21,0%	19,0%	18,0%	16,1%	16,5%	15,9%

⁽¹⁾ Source: Banque de France

Baseline scenario

In the baseline scenario, we assume a significant economic slowdown in 2023 due to high inflation and tightening monetary policy, followed by a gradual recovery in 2024 and 2025.

- **GDP:** Growth is projected to slow sharply to 0.3% in 2023 due to an external shock on commodities and energy prices, before rebounding to 1.2% in 2024 and 1.8% in 2025.
- **Inflation:** Inflation is expected to remain high at 6.0% in 2023, before declining significantly to 2.5% in 2024 and 2.1% in 2025.
- **Unemployment Rate:** The unemployment rate is anticipated to slightly rise to 7.5% in 2023 with a strong resilience to successive shocks since 2020, and 8.2% in 2024, before stabilizing to 8.3% in 2025.
- **Consumer Savings:** The savings rate is expected to remain higher than pre-pandemic levels at 16.1% in 2023 and 16.5% in 2024 with households still fearing economic uncertainties, before slightly decreasing to 15.9% in 2025.

Upside scenario

The upside scenario envisions a milder economic slowdown in 2023 and a stronger recovery in 2024 and 2025, driven by more rapid easing of inflation pressures and improved consumer and business confidence.

- **GDP:** The slowdown in 2023 is less pronounced, with stronger growth in 2024 and 2025.
- **Inflation:** Inflation declines more rapidly in 2023 and 2024, returning closer to target earlier.
- **Unemployment Rate:** The rise in unemployment is more limited, with a faster return to lower levels in 2024 and 2025.
- **Consumer Savings:** The savings rate declines slightly faster as economic confidence improves more quickly.

Downside scenario

The downside scenario reflects a more severe economic contraction in 2023, potentially entering a recession, with a slower recovery in 2024 and 2025.

- **GDP:** Growth turns negative in 2023, with a weaker rebound in 2024 and 2025.
- **Inflation:** Inflation remains higher for longer in 2023 and 2024, due to persistent energy price pressures and supply constraints.
- **Unemployment Rate:** The unemployment rate rises more sharply in 2023 and 2024, remaining elevated in 2025.
- **Consumer Savings:** The savings rate increases as households increase precautionary savings in response to economic uncertainty.

For the year ended December 31, 2021

The table below lists the macroeconomic assumptions used in the base case scenarios over the forecast period, on France.

Actuals ⁽¹⁾	Forecasts ⁽¹⁾
------------------------	--------------------------

	2020	2021	2022	2023	2024	2025
GDP	1,9%	-7,9%	6,8%	3,6%	2,2%	1,4%
Inflation	1,3%	0,5%	2,1%	2,5%	1,5%	1,6%
Unemployment rate	8,4%	8,0%	7,9%	7,9%	7,8%	7,7%
Savings rate	15,0%	21,0%	19,0%	15,1%	14,6%	14,8%

⁽¹⁾ Source: Banque de France

Baseline scenario

In the baseline scenario, we assume a continued economic recovery in 2022 and 2023, with growth moderating towards potential in 2024. The COVID-19 pandemic is expected to have limited impact on economic activity going forward due to widespread vaccination.

- **GDP:** Growth is projected to remain strong in 2022 at 3.6% but still driven down by supply difficulties in the automotive market, moderating to 2.2% in 2023 and 1.4% in 2024 as the recovery matures.
- **Inflation:** Inflation is expected to peak in 2022 at 2.5% driven by tensions on oil markets before declining towards the ECB's target, reaching 1.5% in 2023 and 1.6% in 2024.
- **Unemployment Rate:** The unemployment rate is anticipated to stabilize around 7.7-7.9% over the forecast horizon.
- **Consumer Savings:** The savings rate is expected to normalize gradually from its elevated pandemic levels, reaching 14.8% by 2024.

Upside scenario

The upside scenario envisions a stronger and faster economic recovery driven by higher consumer and business confidence, effective fiscal support, and a more rapid resolution of supply constraints.

- **GDP:** Growth accelerates more quickly in 2022 and remains robust in 2023, driven by stronger consumer spending and business investment.
- **Inflation:** Inflation rises slightly higher in 2022 due to stronger demand but falls back to target more quickly in 2023 and 2024.
- **Unemployment Rate:** The unemployment rate declines more rapidly, pursuing pre-pandemic decline trend over the forecast horizon.
- **Consumer Savings:** The savings rate declines faster as households become more confident in spending, supporting stronger consumption growth.

Downside scenario

The downside scenario reflects a weaker recovery due to potential new COVID-19 variants, persistent supply chain disruptions, or a premature tightening of monetary policy.

- **GDP:** Growth is weaker in 2022 and 2023, with a slower return to pre-pandemic output levels.
- **Inflation:** Inflation remains elevated for longer in 2022 and 2023 due to persistent supply constraints, before easing in 2024.
- **Unemployment Rate:** The unemployment rate remains higher for longer, reflecting a slower recovery in the labour market.
- **Consumer Savings:** The savings rate remains elevated as households maintain precautionary savings in the face of greater economic uncertainty.

Scenario weighting

Younited has taken a balanced approach in its scenario weighting, reflecting an overall positive outlook for economic recovery tempered by awareness of potential downside risks.

The scenario probability weightings applied in measuring ECL are as follows:

	As of December 31,								
	2023			2022			2021		
	Upside	Central	Downside	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	0%	50%	50%	10%	50%	40%	25%	50%	25%

Sensitivity of ECL to future economic conditions

Predicted relationships between the key indicators and default and loss rates of financial assets have been considered based on analysing historical data over the past 10 years.

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance for ECL on loans and advances to customers assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100%. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements.

(in € thousands)	As of December 31, 2023			
	Upside	Central	Downside	Probability-weighted
Gross carrying amount	1,078,309	1,078,309	1,078,309	1,078,309
Loss allowance	(239,878)	(254,972)	(270,760)	(262,866)
Proportion of assets in Stage 2	17%	17%	17%	-

(in € thousands)	As of December 31, 2022			
	Upside	Central	Downside	Probability-weighted
Gross carrying amount	1,107,666	1,107,666	1,107,666	1,107,666
Loss allowance	(183,580)	(201,484)	(217,620)	(206,148)
Proportion of assets in Stage 2	14%	14%	14%	-

(in € thousands)	As of December 31, 2021			
	Upside	Central	Downside	Probability-weighted
Gross carrying amount	388,937	388,937	388,937	388,937
Loss allowance	(108,329)	(112,781)	(116,369)	(112,565)
Proportion of assets in Stage 2	2%	2%	2%	-

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. ECL for exposures in stage 2 are calculated by multiplying the lifetime PD by LGD and EAD. ECL for exposures in

stage 3 are calculated by multiplying LGD by EAD. The methodology for estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure and the seniority of the claim. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loss allowance on loans and advances to customers at amortised cost

(in € thousands)	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	12,047	21,266	45,839	79,152
Transfer to Stage 1	(3,284)	4,512	243	1,472
Transfer to Stage 2	2,081	(11,564)	717	(8,766)
Transfer to Stage 3	1,202	7,052	(960)	7,294
Financial assets that have been derecognised	196	(62)	(2,954)	(2,820)
New financial assets originated or purchased	5,232	2,595	1,438	9,265
o/w originated	4,834	1,904	418	7,156
o/w purchased	398	690	1,020	2,108
Net remeasurement of loss allowance	(7,624)	(7,639)	36,341	21,077
Balance at 31 December	9,851	16,159	80,664	106,674

(in € thousands)	2022			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	5,272	1,745	29,292	36,309
Transfer to Stage 1	(1,108)	181	66	(861)
Transfer to Stage 2	610	(1,192)	156	(426)
Transfer to Stage 3	498	1,011	(222)	1,287
Financial assets that have been derecognised	212	(12)	(1,573)	(1,374)
New financial assets originated or purchased	8,551	16,182	8,220	32,954
o/w originated	8,055	9,833	3,220	21,107
o/w purchased	496	6,350	5,000	11,846
Net remeasurement of loss allowance	(1,989)	3,350	9,901	11,262
Balance at 31 December	12,047	21,266	45,839	79,152

	2021			
(in € thousands)	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	3,347	2,248	19,803	25,398
Transfer to Stage 1	(362)	520	233	392
Transfer to Stage 2	88	(1,891)	123	(1,680)
Transfer to Stage 3	274	1,371	(357)	1,288
Financial assets that have been derecognised	(322)	(10)	(207)	(539)
New financial assets originated or purchased	3,911	1,076	4,442	9,429
o/w originated	3,412	588	1,033	5,033
o/w purchased	499	488	3,408	4,395
Net remeasurement of loss allowance	(1,663)	(1,569)	5,254	2,022
Balance at 31 December	5,272	1,745	29,292	36,309

Loss allowance on loans and advances to customers at FVOCI

(in € thousands)	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at FVOCI				
Balance at 1 January	15,122	9,133	102,742	126,997
Transfer to Stage 1	(3,212)	3,238	349	375
Transfer to Stage 2	2,191	(10,038)	433	(7,413)
Transfer to Stage 3	1,021	6,800	(782)	7,039
Financial assets that have been derecognised	(1,316)	(3,122)	(2,121)	(6,559)
New financial assets originated or purchased	9,833	5,275	972	16,080
o/w originated	9,497	2,653	720	12,870
o/w purchased	336	2,622	252	3,210
Net remeasurement of loss allowance	(10,795)	2,271	28,198	19,674
Balance at 31 December	12,844	13,556	129,791	156,192

	2022			
(in € thousands)	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at FVOCI				
Balance at 1 January	3,476	1,559	71,222	76,256
Transfer to Stage 1	(393)	239	107	(47)
Transfer to Stage 2	83	(1,269)	126	(1,060)
Transfer to Stage 3	310	1,030	(233)	1,107
Financial assets that have been derecognised	(352)	(19)	(2,340)	(2,711)
New financial assets originated or purchased	13,305	8,302	29,056	50,663
o/w originated	11,547	7,317	6,731	25,594
o/w purchased	1,759	985	22,325	25,069
Net remeasurement of loss allowance	(1,307)	(709)	4,804	2,788
Balance at 31 December	15,122	9,133	102,742	126,997

(in € thousands)	2021			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at FVOCI				
Balance at 1 January	2,632	1,698	54,963	59,293
Transfer to Stage 1	(208)	435	500	727
Transfer to Stage 2	81	(1,296)	354	(861)
Transfer to Stage 3	127	861	(854)	134
Financial assets that have been derecognised	(357)	(16)	(314)	(687)
New financial assets originated or purchased	2,414	827	14,927	18,168
o/w originated	2,295	460	2,623	5,377
o/w purchased	119	367	12,304	12,790
Net remeasurement of loss allowance	(1,213)	(950)	1,646	(517)
Balance at 31 December	3,476	1,559	71,222	76,256

The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance for ECL per class of financial instrument; and
- the 'impairment losses on financial instruments' line item in the statement of profit or loss.

(in € thousands)	Twelve-month period ended December 31, 2023		
	Loans and advances to customers at amortised cost	Loans and advances to customers at FVOCI	Total
Derecognised financial assets	(2,820)	(6,559)	(9,378)
New financial assets originated or purchased	9,265	16,080	25,345
Net remeasurement of loss allowance	21,077	19,674	40,751
	27,522	29,195	56,718
Write-offs	1,238	659	1,897
Non-performing loans purchased	-	(724)	(724)
Impairment losses on financial instrument	28,036	29,854	57,890

(in € thousands)	Twelve-month period ended December 31, 2022		
	Loans and advances to customers at amortised cost	Loans and advances to customers at FVOCI	Total
Derecognised financial assets	(1,374)	(2,711)	(4,084)
New financial assets originated or purchased	32,954	50,663	83,617
Net remeasurement of loss allowance	11,262	2,788	14,050
	42,842	50,741	93,583
Write-offs	2,830	2,695	5,525
Non-performing loans purchased	-	(10,448)	(10,448)
Impairment losses on financial instrument	35,224	53,436	88,661

(in € thousands)	Twelve-month period ended December 31, 2021		
	Loans and advances to customers at amortised cost	Loans and advances to customers at FVOCI	Total
Derecognised financial assets	(539)	(687)	(1,226)

New financial assets originated or purchased	9,429	18,168	27,596
Net remeasurement of loss allowance	2,022	(517)	1,504
	10,911	16,963	27,874
Write-offs	709	831	1,540
Non-performing loans purchased	(3,408)	(12,304)	(15,712)
Impairment losses on financial instrument	8,212	5,490	13,701

Credit-impaired financial assets

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired loans and advances to customers.

<i>(in € thousands)</i>	2023	2022	2021
Credit-impaired loans and advances to customers at January 1 at Amortised cost	9,613	3,296	2,953
Net repayments	(346)	(688)	(133)
Disposals	(14)	(64)	(2)
Declassified as credit-impaired during the year	(622)	(261)	(209)
Classified as credit-impaired during the year	11,665	6,084	2,302
Change in ECL allowance	(9,202)	(1,339)	(1,615)
Credit-impaired loans and advances to customers at 31 December at Amortised cost	11,094	7,028	3,296

<i>(in € thousands)</i>	2023	2022	2021
Credit-impaired loans and advances to customers at January 1 at FVOCI	19,958	10,352	9,816
Net repayments	(2,151)	(3,616)	(2,581)
Disposals	(99)	(469)	(232)
Declassified as credit-impaired during the year	(879)	(427)	(508)
Classified as credit-impaired during the year	5,249	10,795	4,162
Net remeasurement of Fair Value	624	903	(304)
Credit-impaired loans and advances to customers at 31 December at FVOCI	22,702	17,539	10,352

CONCENTRATION OF CREDIT RISK

The Company monitors concentrations of credit risk by customer profiles and by geography. An analysis of concentrations of credit risk from loans and advances to customers is shown below.

	As of December 31,		
<i>(in € thousands)</i>	2023	2022	2021
Carrying amount	816,634	881,366	279,898
Concentration by sector			
Retail (unsecured)	816,634	881,366	279,898
Concentration by location			
France	197,266	253,125	47,661
Italy	278,270	310,073	93,002
Spain	142,506	130,861	92,829

Portugal	78,030	78,330	36,519
Germany	120,562	108,977	9,887
	816,634	881,366	279,898

LIQUIDITY RISK

For information on the Company's "Financial risk management framework", see Note 27.

EXPOSURE TO LIQUIDITY RISK

The key measure used by the Company for managing liquidity risk is the coverage of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market. 'Deposits from customers and short-term funding' includes deposits from banks, customers, other borrowings and commitments maturing within the next month.

Details of the reported Company net liquid assets at the reporting date and during the reporting period were as follows.

(in € thousands)	As of December 31,		
	2023	2022	2021
At closing	310,281	137,903	161,624
Average for the period	249,923	100,598	126,430
Maximum for the period	310,281	162,269	267,735
Minimum for the period	137,922	58,029	62,544

The coverage in amounts is detailed in the note thereafter.

MATURITY ANALYSIS FOR FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets.

(in € thousands)	As of December 31, 2023						
	Carrying amount	Gross nominal inflow	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Assets							
Cash, due from central banks	236,756	236,756	236,756	-	-	-	-
Loans and advances to financial institutions	73,525	73,525	73,525	-	-	-	-
Loans and advances to customers	816,634	911,933	28,907	58,580	231,093	554,296	39,057
Investment securities	135,403	135,403	135,403	-	-	-	-
Other assets	85,537	87,819	1,547	16,943	30,366	38,856	106
Incl. Contract assets	48,457	50,739	1,368	2,737	12,316	34,317	-
Total Assets	1,347,854	1,445,434	476,137	75,523	261,459	593,152	39,163
Liabilities							
Loans from financial institutions	60,033	60,033	1,219	2,429	10,742	45,643	-

Deposits from deposit holders	1,126,252	1,165,616	9,901	101,472	503,098	551,145	-
Other liabilities	68,840	68,840	31,278	19,506	2,750	15,116	190
<i>Incl. Lease liabilities</i>	16,133	16,133	306	611	2,750	12,455	11
Total Liabilities	1,255,125	1,294,489	42,398	123,407	516,589	611,903	190

As of December 31, 2022

<i>(in € thousands)</i>	Carrying amount	Gross nominal inflow	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Assets							
Cash, due from central banks	508	508	508	-	-	-	-
Loans and advances to financial institutions	137,394	137,394	137,394	-	-	-	-
Loans and advances to customers	881,366	935,245	29,175	59,565	240,476	568,686	37,343
Investment securities	64,397	64,397	64,397	-	-	-	-
Other assets	88,674	89,723	2,801	21,164	15,680	50,078	-
<i>Incl. Contract assets</i>	51,782	52,831	1,443	2,887	12,990	35,511	-
Total Assets	1,172,339	1,227,267	234,276	80,729	256,156	618,764	37,343
Liabilities							
Loans from financial institutions	60,021	60,021	2,818	2,792	12,183	42,228	-
Deposits from deposit holders	956,935	978,968	549	1,799	371,341	605,279	-
Other liabilities	60,549	60,549	18,843	21,761	2,452	15,723	1,770
<i>Incl. Lease liabilities</i>	17,943	17,943	272	545	2,452	13,013	1,661
Total Liabilities	1,077,506	1,099,539	22,210	26,351	385,977	663,230	1,770

As of December 31, 2021

<i>(in € thousands)</i>	Carrying amount	Gross nominal inflow	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Assets							
Cash, due from central banks	9	9	9	-	-	-	-
Loans and advances to financial institutions	161,615	161,615	161,615	-	-	-	-
Loans and advances to customers	279,898	296,314	9,236	20,489	80,105	174,324	12,161
Investment securities	216,275	216,275	214,265	-	2,010	-	-
Other assets	60,431	60,656	2,502	14,722	18,365	24,375	-
<i>Incl. Contract assets</i>	34,715	34,940	952	1,903	8,565	23,519	-
Total Assets	718,229	734,870	387,626	35,210	100,481	198,699	12,161
Liabilities							
Loans from financial institutions	-	-	-	-	-	-	-

Deposits from deposit holders	508,022	516,986	768	35,237	96,658	384,323	-
Other liabilities	66,903	66,903	21,009	16,825	2,403	21,812	4,854
<i>Incl. Lease liabilities</i>	20,257	20,257	267	534	2,403	12,357	4,696
Total Liabilities	574,925	583,889	21,777	52,062	99,060	406,135	4,854

The amounts stated above relates to financial instruments and have been compiled based on their undiscounted cashflows.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- Loans and advances to customers have an original contractual maturity of between 5 and 7 years but an average duration of less than two years because customers take advantage of early repayment options.
- Subscription rate of insurance contracts, extinguishment of insurance contracts and early repayment on loans behaviour of consumers have impacts on the timing and magnitude of contractual cash flows of insurance brokerage fees.

The following table sets out the carrying amounts of financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

(in € thousands)	As of December 31,		
	2023	2022	2021
Financial assets			
Cash, due from central banks	236,756	508	9
Loans and advances to financial institutions	73,525	137,394	161,615
Loans and advances to customers	311,020	338,591	109,569
Investment securities	135,403	64,397	216,275
Other assets	48,667	39,634	35,589
<i>Incl. Contract assets</i>	16,233	17,309	11,421
Total	805,370	580,525	523,057
Financial liabilities			
Deposits from financial institutions	14,390	17,794	-
Deposits from deposit holders	614,471	373,689	132,663
Other liabilities	53,534	43,056	40,237
<i>Incl. Lease liabilities</i>	3,667	3,270	3,203
Total	682,395	434,539	172,899

The following table sets out the carrying amounts of financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date.

(in € thousands)	As of December 31,		
	2023	2022	2021
Financial assets			
Loans and advances to customers	505,614	542,774	170,329
Other assets	36,870	49,040	24,843
<i>Incl. Contract assets</i>	32,224	34,473	23,294
Total	542,484	591,814	195,172
Financial liabilities			
Deposits from financial institutions	45,643	42,228	-
Deposits from deposit holders	511,781	583,246	375,359
Other liabilities	15,306	17,493	26,667

<i>Incl. Lease liabilities</i>	12,466	14,673	17,054
Total	572,730	642,967	402,026

LIQUIDITY RESERVES

As part of the management of liquidity risk arising from financial liabilities, the Company holds at all times enough liquid assets comprising cash and cash equivalents, which can be readily sold to meet liquidity requirements to cover a short-term stressed outflows scenario. In addition, the Company maintains agreed and committed lines of credit with other banks and holds unencumbered assets eligible for use as collateral for drawing on those credit lines (these amounts are referred to as the 'Company's liquidity reserves').

The following table sets out the components of the Company's liquidity reserves.

Liquidity reserves

	2023		As of December 31, 2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in € thousands)</i>						
Balances with central banks	236,756	236,756	508	508	9	9
Cash and balances with other banks	73,525	73,525	137,394	137,394	161,615	161,615
Other cash and cash equivalents	-	-	-	-	-	-
Undrawn credit lines granted	55,010	55,010	55,000	55,000	-	-
Other assets eligible to HQLA ¹	27,805	27,805	27,177	27,177	27,912	27,912
Total liquidity reserves	393,095	393,095	220,080	220,080	189,536	189,536

⁽¹⁾ High Quality Liquid Assets

MARKET RISK

For the definition of market risk and information on how the Company manages the market risks, see Note 27 "Financial Risk Management - Market risk".

The sole type of market risk to which the Company is exposed is the interest rate risk. The Company is not exposed to any customer concentration risk and the countries in which it operates are deemed politically stable.

Loans and advances to customers are at a fixed interest rate. Prepayment penalties are designed to cover the unpaid interest over the remaining maturity of the loan at the time of prepayment, which consequently prevents arbitrage opportunities in case of interest rate fluctuations. Deposits from deposit holders also are at fixed interest rate, although with no option for early repayment.

Given the information above, the Company considers that loans and advances to customers and deposits from deposit holders are not subject to material interest rate risk.

The following table sets out the allocation of assets and liabilities subject to interest rate risk:

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Investment securities	135,403	64,397	216,275
Loans and advances to customers at FVOCI	477,287	566,425	141,548
Total Assets	612,690	630,822	357,824

Investment securities are shares of HQLA fund and securitisation fund. The shares issued by these securitisation funds are redeemable within the next 7 business days following their issuance. Exposure to interest rate risk is therefore minor.

A sensitivity analysis regarding loans and advances to customers at FVOCI is disclosed in note 5.

CAPITAL MANAGEMENT

The ACPR, the Company's lead regulator, sets and monitors capital requirements for the Company.

The ACPR adopted the Basel III capital requirements with effect from 1 January 2015. The Company reports to the ACPR on the basis of its Company's statutory financial statements under French GAAP.

The Company uses the Standard Approach (SA) for the evaluation of its risk-weighted assets for credit risk and its operational risk obligations.

The Company's regulatory capital consists only of Common Equity Tier 1 capital. The later includes ordinary share capital, related share premiums, retained earnings and reserves after adjustment for dividends proposed after the year end and deductions for intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The lead regulator's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the capital resources requirement to available capital resources. The lead regulator sets Pillar 2 Guidance (P2G) and Pillar 2 Requirements (P2R) for each bank and banking group in excess of the minimum capital resources requirement of 8%. The P2G is determined by the combination of a quantitative stress-test that is reviewed and adapted during a process determined by the European Banking Authority (EBA) and the P2R is the result of the SREP ("Supervisory Review and Evaluation Process") as evaluated and reviewed by the ACPR.

NOTE 4 OPERATING SEGMENTS

Pursuant to IFRS 8, operating segments are components of a group for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker ("CODM") to assess performance and allocate resources.

According to IFRS 8, segment information is based on internal management information used by the Board of Directors, the Company's operating decision-maker. The Company is managed on a basis reflecting its global activity which is then classified as a single operating segment.

The table below sets out a breakdown of assets and liabilities of the Company by country. Such breakdown is not representative of segment information and only corresponds to geographical areas where our branches are located.

(in € thousands)	As of December 31,		
	2023	2022	2021
Assets			
France	745,799	552,820	388,153
Italy	295,264	331,956	138,877
Spain	151,077	140,116	97,872
Germany	122,497	109,368	90,719
Portugal	84,336	84,044	38,638

TOTAL ASSETS	1,398,973	1,218,304	754,258
Liabilities			
France	(1,245,488)	(1,064,414)	(564,546)
Italy	(9,432)	(9,895)	(5,932)
Spain	(2,072)	(909)	(1,023)
Germany	3,164	(1,992)	(2,954)
Portugal	(1,763)	(510)	(525)
TOTAL LIABILITIES	(1,255,591)	(1,077,720)	(574,980)

The table below sets out a breakdown of revenue of the Company by country. Such breakdown is not representative of segment information and only corresponds to geographical areas where our branches are located.

(in € thousands)	As of December 31,		
	2023	2022	2021
France	46,418	61,870	37,836
Italy	29,658	17,658	12,546
Spain	14,993	13,549	7,151
Germany	3,652	(1,459)	(1,228)
Portugal	7,033	6,838	2,735
Total Revenue	101,755	98,456	59,038
<i>including Income from other activities</i>	<i>42,886</i>	<i>59,049</i>	<i>42,686</i>

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 liability 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.

Investment securities measured at FVTPL are ranked level 1, while loans and advances to customers are categorised in level 3.

The following table provides the breakdown of financial instruments measured at fair value at each reporting date, by their level in the fair value hierarchy. The amounts are based on the values recorded in the statement of financial position.

<i>(in € thousands)</i>	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
Retail customers	-	-	477,287	477,287
Investment securities				
Asset-backed securities	135,403	-	-	135,403
Retained interests in securitisations	-	-	-	-
Total	135,403	-	477,287	612,690

<i>(in € thousands)</i>	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
Retail customers	-	-	566,425	566,425
Investment securities				
Asset-backed securities	64,397	-	-	64,397
Retained interests in securitisations	-	-	-	-
Total	64,397	-	566,425	630,822

<i>(in € thousands)</i>	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
Retail customers	-	-	141,548	141,548
Investment securities				
Asset-backed securities	215,366	-	-	215,366
Retained interests in securitisations	-	-	909	909
Total	215,366	-	142,457	357,824

LEVEL 3 FAIR VALUE MEASUREMENTS

RECONCILIATION

The following table shows a reconciliation from the beginning to the ending balances of financial instruments measured at fair value:

2023

	Loans and advances to customers	Retained interests in securitisations	Total
<i>(in € thousands)</i>			
Balance at 1 January	566,425	-	566,425
Amortisation and Depreciation	(222,366)	-	(222,366)
Originated or purchased	229,082	-	229,082
Derecognised	(117,196)	-	(117,196)
FV remeasurement	21,342	-	21,342
Balance at 31 December	477,287	-	477,287
Total gain or losses recognised in profit or loss	5,318	-	5,318
Net change in FVOCI	16,024	-	16,024

	Loans and advances to customers	2022 Retained interests in securitisations	Total
<i>(in € thousands)</i>			
Balance at 1 January	141,548	909	142,457
Amortisation and Depreciation	(52,216)	-	(52,216)
Originated or purchased	532,091	-	532,091
Derecognised	(31,321)	(909)	(31,230)
FV remeasurement	(23,678)	-	(23,678)
Balance at 31 December	566,425	-	566,425
Total gain or losses recognised in profit or loss	(667)	-	(667)
Net change in FVOCI	(23,011)	-	(23,011)

	Loans and advances to customers	2021 Retained interests in securitisations	Total
<i>(in € thousands)</i>			
Balance at 1 January	75,697	2,398	78,095
Amortisation and Depreciation	(23,072)	-	(23,072)
Originated or purchased	109,810	-	109,810
Derecognised	(23,443)	(1,489)	(24,932)
FV remeasurement	2,556	-	2,556
Balance at 31 December	141,548	909	142,457
Total gain or losses recognised in profit or loss	(378)	-	(378)
Net change in FVOCI	2,934	-	2,934

UNOBSERVABLE INPUTS USED IN MEASURING FAIR VALUE

The following table sets out information about significant unobservable inputs in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

	Valuation technique	Significant unobservable input	Rate	Effect on OCI		Method for effect calculation
				Favourable	Unfavourable	
December 31, 2023						+/- 100 bps included in

Loans and advances to customers	Discounted cash flow	Credit risk-adjusted discount rate	7.0%	7 597	(6 982)	the discount rate
Total				7 597	(6 982)	
December 31, 2022						
Loans and advances to customers	Discounted cash flow	Credit risk-adjusted discount rate	7.1%	8 889	(8 578)	+/- 100 bps included in the discount rate
Total				8 889	(8 578)	
December 31, 2021						
Loans and advances to customers	Discounted cash flow	Credit risk-adjusted discount rate	4.2%	2 132	(2 056)	+/- 100 bps included in the discount rate
Total				2 132	(2 056)	

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in which each fair value measurement is categorised:

<i>(in € thousands)</i>	Level 3	Total fair value	Total carrying amount
December 31, 2023			
Assets			
Loans and advances to customers	334,084	334,084	339,347
Liabilities			
Loans and deposits from financial institutions	60,033	60,033	60,033
Deposits from deposit holders	1,163,485	1,163,485	1,126,252
December 31, 2022			
Assets			
Loans and advances to customers	296,619	296,619	314,940
Liabilities			
Loans and deposits from financial institutions	60,021	60,021	60,021
Deposits from deposit holders	982,602	982,602	956,935
December 31, 2021			
Assets			
Loans and advances to customers	139,519	139,519	138,350
Liabilities			
Loans and deposits from financial institutions			
Deposits from deposit holders	505,392	505,392	508,022

NOTE 6 NET INTEREST INCOME

Interest income and expense are accounted for in profit or loss for all the financial instruments measured at amortised cost and fair value through recyclable equity, using *the effective interest rate method*.

The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument in such a way as to obtain the gross carrying amount (or amortised cost) of the financial asset (or liability).

The calculation of this rate takes into 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 rate, together with transaction costs, premiums, or discounts.

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

The tables below set out the breakdown of interest income and expense by underlying type of financial instruments:

(in € thousands)	Twelve-month period ended December 31		
	2023	2022	2021
Interest income			
Cash, due from central banks	6,564	99	-
Financial assets measured at amortised cost	32,290	26,681	4,753
Financial assets measured at FVOCI	44,627	20,486	11,004
Total interest income	83,481	47,267	15,758
Interest expense			
Financial liabilities measured at amortised cost	(22,092)	(8,510)	(5,445)
Total interest expense	(22,092)	(8,510)	(5,445)
Net interest income	61,389	38,757	10,313

NOTE 7 NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTPL

Net income from other financial instruments at FVTPL relates to financial assets mandatorily measured at FVTPL. The line item includes fair value changes and interest.

(in € thousands)	Twelve-month period ended December 31,		
	2023	2022	2021
Net income from financial instruments mandatorily measured at FVTPL			
Investment securities:	(2,799)	17	(5,661)
HQLA	(2,799)	17	(5,661)

NOTE 8 INCOME FROM OTHER ACTIVITIES

Income from other activities

Income from other activities is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies under IFRS 15
Access to its platform	The Company sells access to the Younited Credit platform to its B2B partners allowing them to provide credit offers to their clients. Such service is paid by the partners either through a license fee or through a transaction-based fee corresponding to a percentage of the credit sold by the partner.	Revenue from “Access to the platform” is recognised over time as the services are provided. Revenue related to transactions is recognised point in time when the transaction takes place.
Professional services	As part of the access to the Younited Credit platform to its B2B partners, the company provides professional services surrounding personalisation of the platform and/or specific request to develop features to the platform. Such services are invoiced on an individual basis as the services are delivered.	Revenue from “Professional services” is recognised point in time or over the duration of the services delivered.
Insurance distribution	The Company offers insurance distribution services whereby it acts as an intermediary distributor between customers and an insurance company to sell insurance coverage of the corresponding loans originated. Younited does not assume any insurance like risk. The Company receives fees as a fixed percentage of monthly premium payments as well as a portion of insurance profit sharing from the insurance company.	Revenue from “Insurance distribution services” is recognised point in time as the brokerage services are performed at the inception of the loan contract.
Leads sales	Leads sales consist in sales of leads to other financial institutions as Younited does not cover this segment.	Revenue from “Leads sales” is recognised point in time when the transaction takes place.
Sub-rent income	Income from subletting consists of renting a part of the building that is not used by Younited. As Younited retains substantially all the risks and rewards of the leased asset, the lease can be classified as an operating lease.	Revenue from “Sub-rent income” is recognised over time on the lease duration contract.
Asset management	The company provides asset management services. Such fees are calculated based on a fixed percentage of the value of assets managed.	Revenue from “SPV management” is recognised over time on a straight-line basis as the service is provided
<u>Account receivables and Contract assets</u>		
The timing of income recognition may differ from the timing of customer invoicing. Receivables represent an unconditional right to receive the contractual consideration. On the other hand, contract assets refer to revenue amounts recognised under IFRS 15 but for which the right to the contractual consideration is not yet acquired.		

BREAKDOWN BY TYPE OF SERVICE

<i>(in € thousands)</i>	Twelve-month period ended December 31,		
	2023	2022	2021
Access to its platform	7,525	6,972	4,289
Professional services	624	1,430	3,341
Insurance distribution	18,943	35,324	23,158
Leads sales	7,059	8,084	6,477
Sub-rent income	2,033	1,672	1,496
Asset management	4,323	4,158	2,693
Other	2,378	1,408	1,232
Total Income from other activities	42,886	59,049	42,686

ACCOUNTS RECEIVABLES AND CONTRACT ASSETS

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Account receivables	16,044	17,757	10,395
Contract assets	48,563	52,661	35,408

NOTE 9 PERSONNEL EXPENSE

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as personnel expense, with a corresponding increase in equity, over the vesting period of the awards.

<i>(in € thousands)</i>	Twelve-month period ended December 31,		
	2023	2022	2021
Wages and salaries	(25,260)	(24,400)	(18,537)
Social security contributions	(8,480)	(9,969)	(7,782)
Equity-settled share-based expenses	(2,882)	(4,469)	(3,749)
Expenses related to post-employment defined benefit plans	(45)	(65)	(62)
Total Personnel Expense	(36,667)	(38,903)	(30,131)

SHARE-BASED PAYMENTS ARRANGEMENTS

DESCRIPTION OF THE PLANS

Over the twelve-month period ended December 31, 2021, December 31, 2022, and December 31, 2023, the Company had the following share-based payment arrangements.

Free share plans - Equity-settled

The Board decided to allocate free ordinary shares (AGA) to the Company's managers and employees, as follows:

Name of the plan	AGA 2019	AGA 2020	AGA 2021	AGA 2022-1	AGA 2022-2	AGA 2022-3	AGA 2023
Grant date	05/30/2019	05/25/2020	05/03/2021	01/26/2022	04/28/2022	09/22/2022	11/23/2023
Number of instruments granted	4,075	15,756	21,400	2,845	12,976	2,175	39,855
Number of instruments received	2,475	12,873	18,598	2,758	12,535	-	-
Number of instruments forfeited	1,600	2,883	2,802	87	441	100	-
Vesting period	2 years	2 years	2 years	2 years	2 years	2 years	1 year
Conservation period	-	-	-	-	-	-	1 year
Fair value at grant date (€)	226.5	260.5	260.5	264.3	264.3	264.3	1.0
Delivery date	05/29/2021	05/24/2022	05/02/2023	01/25/2024	04/27/2024	09/21/2024	11/22/2024

The shares will definitely vest to the beneficiaries who remain actively employed by the Company until the end of the vesting period.

Younited carried out its valuation on the basis of the last available equity value (less than one year), primarily on the basis of independent valuation reports when available or, failing that, on the basis of the share value resulting from the round of financing preceding the grant, adjusted for differences in contractual terms associated with the shares issued.

Options plans and share warrants - Equity-settled

Name of the plan	BSPCE 2018-1	BSPCE 2018-2	BSPCE 2018-3	BSA 2020	BSA 2021
Grant date	07/10/2018	07/10/2018	07/10/2018	06/23/2020	04/28/2022
Number of options	17,150	31,500	36,000	3,600	3,100
Exercise price	224.4	224.4	224.4	347.3	361.0
Fair value at grant date	26.97	26.97	26.97	34.7	36.1
Contractual life of options	10 years	10 years	10 years	10 years	10 years

Younited carried out its valuation on the basis of the last available equity value (less than one year), primarily on the basis of independent valuation reports when available or, failing that, on the basis of the share value resulting from the round of financing preceding the grant.

Impacts of the plans

At December 31, 2021, December 31, 2022, and December 31, 2023, the Company has recorded the following impacts in the statement of profit or loss with respect to the share-based payment arrangements with a counterparty in equity. As the share warrants were subscribed at fair value, no expense was recognised in the income statement.

Twelve-month period ended December 31,

<i>(in € thousands)</i>	2023	2022	2021
AGA 2023	(4)	-	-
AGA 2022-3	(250)	(68)	-
AGA 2022-2	(1,490)	(1,011)	-
AGA 2022-1	(327)	(304)	-
AGA 2021	(812)	(2,422)	(1,610)
AGA 2020	-	(663)	(1,677)
AGA 2019	-	-	(115)
BSPCE 2018-3	-	-	(169)
BSPCE 2018-2	-	-	(138)
BSPCE 2018-1	-	-	(40)
Total	(2,882)	(4,469)	(3,749)

RECONCILIATION OF OUTSTANDING SHARE OPTIONS

The number and weighted-average exercise prices of share options are as follows.

	2023		2022		2021	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at January 1	134,469	194.5	131,956	190.7	173,584	164.8
Forfeited during the period	(1,158)	192.2	(418)	219.2	(3,763)	197.8
Exercised during the period	(263)	106.4	(169)	224.4	(37,865)	71.1
Granted during the period	-	-	3,100	361.0	-	-
Outstanding at December 31	133,048	194.7	134,469	194.5	131,956	190.7
Exercisable at December 31	133,048	194.7	134,469	194.5	131,956	190.7

DEFINED BENEFIT PLANS

The Company's net obligation under its sole defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The

Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

<i>(in € thousands)</i>	2023	2022	2021
Evolution of employee benefits liability			
As of January, 1	(109)	(158)	(152)
Current service cost	(45)	(65)	(62)
Interest expense	(4)	(2)	(0)
Actuarial gains or losses	(22)	115	57
As of December, 31	(180)	(109)	(158)
Charge included in statement of profit or loss			
Current service cost	(45)	(65)	(62)
Interest expense	(4)	(2)	(0)
Charge for the period	(49)	(66)	(63)
Included in other comprehensive income			
Effect of changes in financial assumptions	(22)	115	57

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	As of December 31,		
	2023	2022	2021
Discount rate	3,2%	3,8%	1,0%
Future salary growth	5%	5%	5%
Retirement age	65 yrs	65 yrs	65 yrs
Mortality table	TH/F 00-02	TH/F 00-02	TH/F 00-02

NOTE 10 OTHER EXPENSES

<i>(in € thousands)</i>	Twelve-month period ended December 31,		
	2023	2022	2021
General administrative expenses	(31,599)	(30,605)	(24,300)
Software licensing and other IT costs	(2,166)	(2,428)	(1,097)
Other	(632)	(1,131)	(457)
Total	(34,397)	(34,163)	(25,854)

General administrative expenses mainly comprise external fees and various taxes.

NOTE 11 INCOME TAXES

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent of items recognised directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual branches of the Company.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the way the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the following criteria are met:

- The entity has a legally enforceable right to offset current tax assets and liabilities;
- The deferred tax assets and liabilities relate to income tax levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously in each period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

AMOUNTS RECOGNISED IN PROFIT OR LOSS

(in € thousands)	As of December 31,		
	2023	2022	2021

Current year	(799)	(255)	(390)
Current tax expense	(799)	(255)	(390)

RECONCILIATION OF EFFECTIVE TAX RATE

(in € thousands)	As of December 31,		
	2023	2022	2021
Profit/(loss) before tax	(48,881)	(78,663)	(22,373)
Statutory tax rate in France	25.8%	25.8%	27.4%
Theoretical income tax benefit (expenses)	12,623	20,315	6,124
<i>Reconciliation between the theoretical tax rate and the effective tax rate</i>	-	-	-
Effect of tax rates in foreign jurisdictions	488	848	343
Tax effect of:			
<i>Unrecognised deferred tax assets</i>	(13,111)	(21,157)	(6,467)
<i>French CVAE¹</i>	(284)	(255)	(390)
<i>Portugal Taxes</i>	(515)	-	-
<i>Other</i>	-	(6)	-
Total income tax expense	(799)	(255)	(390)
Effective tax rate	(1.6%)	(0.3%)	(1.7%)

¹CVAE stands for "Cotisation sur la Valeur Ajoutée des Entreprises".

MOVEMENT IN DEFERRED TAX BALANCES

The Company did not recognise any deferred tax asset at each reporting date.

(in € thousands)	As of December 31, 2023					
	Opening balance	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
Right of use	(5,196)	388	-	(4,808)	-	(4,808)
Lease liabilities	6,283	(496)	-	5,787	5,787	-
Financial instruments measured at FVOCI	5,459	-	(5,842)	(383)	-	(383)
Allowance for expected credit losses	19,654	(410)	-	19,245	19,245	-
Contract asset	(15,617)	910	-	(14,706)	-	(14,706)
Tax losses carried forward	53,140	11,554	-	64,694	64,694	-
Other	1,207	(1,380)	-	(173)	-	(173)
Netting	(47,342)	(25,914)	5,842	(67,414)	(20,071)	20,071
Limitation of Deferred Tax Assets	(17,587)	15,347	-	(2,240)	(69,654)	-
Tax assets (liabilities)	-	-	-	-	-	-

<i>(in € thousands)</i>	Opening balance	Recognised in profit or loss	Recognised in OCI	As of December 31, 2022		
				Net	Deferred tax assets	Deferred tax liabilities
Right of use	(5,725)	529	-	(5,196)	-	(5,196)
Lease liabilities	6,916	(634)	-	6,283	6,283	-
Financial instruments measured at FVOCI	(1,023)	-	6,482	5,459	-	5,459
Allowance for expected credit losses	5,183	14,471	-	19,654	19,654	-
Contract asset	(10,944)	(4,672)	-	(15,617)	-	(15,617)
Tax losses carried forward	43,602	9,537	-	53,140	53,140	-
Other	(324)	1,531	-	1,207	-	1,207
Netting	(33,195)	(7,666)	(6,482)	(47,342)	(14,147)	14,147
Limitation of Deferred Tax Assets	(4,491)	(13,097)	-	(17,587)	(64,929)	-
Tax assets (liabilities)	-	-	-	-	-	-

<i>(in € thousands)</i>	Opening balance	Recognised in profit or loss	Recognised in OCI	As of December 31, 2021		
				Net	Deferred tax assets	Deferred tax liabilities
Right of use	(6,376)	651	-	(5,725)	-	(5,725)
Lease liabilities	7,668	(752)	-	6,916	6,916	-
Financial instruments measured at FVOCI	(323)	-	(700)	(1,023)	-	(1,023)
Allowance for expected credit losses	4,294	889	-	5,183	5,183	-
Contract asset	(8,063)	(2,881)	-	(10,944)	-	(10,944)
Tax losses carried forward	35,547	8,055	-	43,602	43,602	-
Other	(417)	93	-	(324)	-	(324)
Netting	(15,179)	(18,716)	700	(33,195)	(18,016)	18,016
Limitation of Deferred Tax Assets	(17,152)	12,661	-	(4,491)	(37,685)	-
Tax assets (liabilities)	-	-	-	-	-	-

UNRECOGNISED DEFERRED TAX ASSETS

<i>(in € thousands)</i>	As of December 31,					
	2023		2022		2021	
	Gross amount	Tax effect	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses - France	117,696	30,395	93,849	24,236	85,090	23,293
Tax losses - Italy	46,097	12,677	33,625	9,247	25,920	7,128
Tax losses - Spain	33,313	9,994	26,742	8,023	18,325	5,498
Tax losses - Germany	18,962	5,675	18,962	5,675	10,162	3,041
Total	216,068	58,740	173,178	47,181	139,497	38,960

NOTE 12 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
Recognition and initial measurement

The Company initially recognises loans and advances, deposits, debt securities issued on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option.
- Debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Business Model

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Younited's operations in France and Italy are "held to collect and sell", while operations in the remaining countries follow the "held-to-collect" business model.

Assessment of whether contractual cashflows are solely payment of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Company considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;

Cashflow arising from loans and advances to customers, loans and advances to financial institutions, loans and deposits from financial institutions and deposits from deposits holders are SPPI.

Derecognition - Financial assets

See Note 23 below.

Derecognition - Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	As of December 31, 2023			
	Mandatorily at FVTPL	FVOCI - debt instruments	Amortised cost	Total carrying amount
<i>(in € thousands)</i>				
Loans and advances to financial institutions	-	-	73,525	73,525
Loans and advances to customers	-	477,287	339,347	816,634
Financial assets at FVTPL	135,403	-	-	135,403
Other assets	-	-	85,537	85,537
Total financial assets	135,403	477,287	498,408	1,111,098
Loans and deposits from financial institutions	-	-	60,033	60,033
Deposits from deposit holders	-	-	1,126,252	1,126,252
Other liabilities	-	-	68,840	68,840

<i>Including lease liabilities</i>	-	-	16,133	16,133
Total financial liabilities	-	-	1,255,125	1,255,125

As of December 31, 2022				
	Mandatorily at	FVOCI - debt	Amortised	Total carrying
<i>(in € thousands)</i>	FVTPL	instruments	cost	amount
Loans and advances to financial institutions	-	-	137,394	137,394
Loans and advances to customers	-	566,425	314,940	881,366
Financial assets at FVTPL	64,397	-	-	64,397
Other financial assets	-	-	88,674	88,674
Total financial assets	64,397	566,425	541,008	1,171,830
Loans and deposits from financial institutions	-	-	60,021	60,021
Deposits from deposit holders	-	-	956,935	956,935
Other liabilities	-	-	60,549	60,549
<i>Including lease liabilities</i>	-	-	17,943	17,943
Total financial liabilities	-	-	1,077,506	1,077,506

As of December 31, 2021				
	Mandatorily at	FVOCI - debt	Amortised	Total carrying
<i>(in € thousands)</i>	FVTPL	instruments	cost	amount
Loans and advances to financial institutions	-	-	161,615	161,615
Loans and advances to customers	-	141,548	138,350	278,898
Financial assets at FVTPL	216,275	-	-	216,275
Other financial assets	-	-	60,431	60,431
Total financial assets	216,275	141,548	360,396	718,219
Loans and deposits from financial institutions	-	-	-	-
Deposits from deposit holders	-	-	508,022	508,022
Other liabilities	-	-	66,903	66,903
<i>Including lease liabilities</i>	-	-	20,257	20,257
Total financial liabilities	-	-	574,925	574,925

NOTE 13 CASH, DUE FROM CENTRAL BANKS AND LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

As of December 31,			
<i>(in € thousands)</i>	2023	2022	2021
Cash, due from central banks	236,756	508	9
Loans and advances to financial institutions	73,525	137,394	161,615
Total cash, due from central banks and loans and advances to financial institutions	310,281	137,903	161,624

NOTE 14 LOANS AND ADVANCES TO CUSTOMERS

The “loans and advances to customers” line item in the statement of financial position includes:

- Loans and advances measured at amortised cost, including the effect on the income statement of the effective interest method and the ECL model; and
- Loans and advances measured at FVOCI.

(in € thousands)	As of December 31,		
	2023	2022	2021
Loans and advances to customers at amortised cost	446,021	394,092	174,659
Impairment loss allowance	(106,674)	(79,152)	(36,309)
	339,347	314,940	138,350
Loans and advances to customers at FVOCI	477,287	566,425	141,548
Total loans and advances to customers	816,634	881,366	279,898

NOTE 15 FINANCIAL ASSETS AT FVTPL

The “Financial assets at FVTPL” caption in the statement of financial position includes debt and equity investment securities mandatorily measured at FVTPL.

Financial assets mandatorily measured at FVTPL

(in € thousands)	As of December 31,		
	2023	2022	2021
Financial assets mandatorily measured at FVTPL	135,403	64,397	216,275
Total	135,403	64,397	216,275

Financial assets at FVTPL comprise SPV shares in securitisation funds and HQLA.

NOTE 16 PROPERTY AND EQUIPMENT

Property plant and equipment

Property and equipment consist of tangible assets used for administrative purposes (IT equipments, fixtures and fittings).

At their acquisition date, tangible 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, tangible assets are valued at cost less accumulated depreciation and any loss of value. The amortisable value of a tangible asset corresponds to the cost less its residual value in the case where this is significant.

Assets are amortised on a straight-line basis over the asset’s expected useful life to the Company.

Fixtures and fitting are amortised over 3 to 10 years, and IT equipment over 3 years.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company leases several office premises and mainly for its headquarters located in Paris for an initial term of 9 years. Some leases provide for additional rent payments that are based on changes in local price indices.

The Company also leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

(in € thousands)	Right of Use		IT equipment		Fixtures and fittings		Total
	Gross Value	Accumulated depreciation	Gross Value	Accumulated depreciation	Gross Value	Accumulated depreciation	
Balance at January 1, 2021	23,415	(4,288)	705	(597)	2,256	(869)	20,623
Additions	374	-	35	-	177	-	586
Disposals	-	-	-	-	(62)	-	(62)
Depreciation for the year	-	(2,752)	-	(74)	-	(209)	(3,036)
Impairment loss	-	-	-	-	-	-	-
Balance at December 31, 2021	23,789	(7,040)	740	(671)	2,371	(1,078)	18,111
Additions	925	-	65	-	162	-	1,152
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(2,856)	-	(59)	-	(189)	(3,104)
Impairment loss	-	-	-	-	-	-	-
Balance at December 31, 2022	24,714	(9,896)	805	(730)	2,533	(1,267)	16,159
Additions	1,644	-	5	-	47	-	1,696
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(3,060)	-	(38)	-	(189)	(3,287)
Impairment loss	-	-	-	-	-	-	-
Balance at December 31, 2023	26,358	(12,956)	810	(768)	2,580	(1,456)	14,568

For the twelve-months period ended December 31, 2021, December 31, 2022, and December 31, 2023, the exempted leases liabilities amounted to €756 thousand, €743 thousand and €566 thousand respectively, and are mainly low-value contracts.

NOTE 17 INTANGIBLE ASSETS

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate:

- that the product is technically and commercially feasible,
- its intention and ability to complete the development and use the software in a manner that will generate future economic benefits,
- and that it can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

<i>(in € thousands)</i>	Purchased software		Developed software		Total
	Gross Value	Accumulated depreciation	Gross Value	Accumulated depreciation	
Balance at January 1, 2021	1,497	(720)	33,359	(20,240)	13,895
Additions	548	-	12,180	-	12,729
Disposals	-	-	-	-	-
Depreciation for the year	-	-	-	(8,705)	(8,705)
Impairment loss	-	-	-	-	-
Balance at December 31, 2021	2,045	(720)	45,539	(28,945)	17,919
Additions	312	-	23,836	-	24,148
Disposals	-	-	-	-	-
Depreciation for the year	-	-	-	(12,261)	(12,261)
Impairment loss	-	-	-	-	-
Balance at December 31, 2022	2,358	(720)	69,375	(41,206)	29,806
Additions	537	-	24,575	-	25,112
Disposals	-	-	-	-	-
Depreciation for the year	-	-	-	(18,367)	(18,367)
Impairment loss	-	-	-	-	-
Balance at December 31, 2023	2,895	(720)	93,950	(59,572)	36,552

NOTE 18 OTHER ASSETS

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Accounts receivable and prepayments	22,048	22,378	16,098
Contract assets	48,563	52,661	35,408
Restricted deposits with central banks	3,432	1,586	856
Tax receivables	10,759	10,393	7,778
Other	734	1,656	292
Total	85,537	88,674	60,431

Accounting principles related to accounts receivable and prepayments and contract assets are described in Note 8.

NOTE 19 LOANS AND DEPOSITS FROM FINANCIAL INSTITUTIONS

Loans and deposits from financial institutions consist of a collateralized credit line with Natixis.

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Loans and deposits from financial institutions	60,033	60,021	-
Total	60,033	60,021	-

NOTE 20 DEPOSITS FROM DEPOSIT HOLDERS

Deposits from customers only consist of fixed-maturity (from 1 up to 5 years) and fixed-rate term deposits raised from retail customers. They are recognised at amortised cost and meet the SPPI criteria.

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Deposits from deposit holders	1,126,252	956,935	508,022
Total	1,126,252	956,935	508,022

NOTE 21 OTHER LIABILITIES

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Lease liabilities	16,133	17,943	20,257
Short-term employee benefits	7,974	9,522	5,945
Trade payables and other creditors	14,814	15,896	12,658
Tax liabilities	1,774	4,046	2,412
Other	28,145	13,142	25,631
Total other liabilities	68,840	60,549	66,903

The "Other" line item mainly includes premiums collected on behalf of the insurance company and debts corresponding to cash received from securitised loans and to be paid to the securitisation funds.

CHANGES IN LEASE LIABILITIES

<i>(in € thousands)</i>	Total
Balance at January 1, 2021	23,004
Additions	-
Rent indexation	382
Repayment of lease liabilities	(3,129)
Balance at December 31, 2021	20,257
Additions	-
Rent indexation	959
Repayment of lease liabilities	(3,274)
Balance at December 31, 2022	17,943
Additions	656
Rent indexation	1,040

Repayment of lease liabilities	(3,506)
Balance at December 31, 2023	16,133

MATURITY OF LEASE LIABILITIES

(in € thousands)	As of December 31,		
	2023	2022	2021
Less than one year	3,667	3,270	3,203
Between one and five years	12,455	13,013	12,357
More than five years	11	1,661	4,696
Total	16,133	17,943	20,257

NOTE 22 CAPITAL

SHARE CAPITAL

As of December 31, 2023, the share capital of Younited consisted of 1,934,360 ordinary shares fully paid up with a par value of 1 euro each. On June 23, 2023, 54,277 shares were issued resulting in a net proceed including equity premium of €28,538 thousand.

As of December 31, 2022, the share capital of Younited consisted of 1,861,342 ordinary shares fully paid up with a par value of 1 euro each. On November 22, 2022, 115,435 shares were issued as part resulting in a net proceed including equity premium of €59,240 thousand.

As of December 31, 2021, the share capital of Younited consisted of 1,732,865 ordinary shares fully paid up with a par value of 1 euro each. On May 28, 2021, 303,324 shares were issued resulting in a net proceed including equity premium of €107,750 thousand.

The tables below give details of changes in the number of shares, share capital and additional paid-in capital during the 2023, 2022 and 2021 financial years:

(in € thousands)	2023		2022		2021	
	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital
In issue at January 1	1,861,342	1,861	1,732,865	1,733	1,389,201	1,389
Issued for cash	54,277	54	115,435	115	303,324	303
Exercise of share options	18,741	19	13,042	13	40,340	40
In issue at December 31 - fully paid	1,934,360	1,934	1,861,342	1,861	1,732,865	1,733

DIVIDENDS

No dividend has been approved for the years ended December 31, 2023, December 31, 2022, and December 31, 2021.

NOTE 23 SECURITISATION OPERATIONS

Derecognition - Financial assets

In accordance with IFRS 9 par.3.2.1, the Company assesses the nature of the control it exercises over the securitisation vehicles to which it transfers financial instruments and consolidates them where appropriate in accordance with IFRS 10.

The Group (in the absence of a consolidated group, the Company) derecognises all or part of a financial asset when the contractual rights to the asset's cash flows expire, or when it transfers the asset on the basis of a transfer of the contractual rights to its cash flows as well as substantially all the risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Company does not consolidate any of the securitisation vehicles in which it holds an interest, either because of their immaterial nature or duration, or because it has no power over the relevant activities. The company perform various services on behalf of the securitisation vehicles solely as an agent as the Company is subject to a substantive right of revocation as defined by IFRS 10.

Securitisations of loans to customers by the Company are accompanied by the transfer of all the risks and rewards associated with these loans and as such result in their derecognition.

The securitisations provide the Company with financing leverage and also enable the Company to generate income from the sale of loans and from services provided on behalf of the securitisation vehicles. The securitisation vehicles are financed by the issuance of single-tranche units to investors. When the Company subscribes to units, they are recognised as financial assets at FVTPL (see Note 15).

The table below shows the total amount outstanding in the securitisation funds and the interest retained in these funds by the Company at each balance sheet date.

<i>(in € thousands)</i>	2023	2022	2021
Securitisation vehicles total asset	1 658 502	1 450 271	1 309 898
Carrying amount of SPV shares on the company balance sheet	107 519	37 219	186 352
Servicing fees invoiced to SPVs	4 323	4 158	2 693

For year ended 31 December 2023, 2022, and 2021, the Company recognised a net loss of 5,318 thousand euros, a net gain of 667 thousand euros and a net gain of 378 thousand euros respectively from loans to customers securitization operations.

NOTE 24 PROVISIONS

<i>(in € thousands)</i>	2023	2022	2021
Balance at January 1	214	55	60
Provisions made during the year	258	236	303
Provisions reversed during the year	(6)	(77)	(308)
Balance at December 31	466	214	55

Contingencies mainly refer to customer-related disputes in Spain and Italy or employee-related ones.

As of December 31, 2023, 2022 and 2021, the Company was not aware of any significant contingent liabilities. To the best of the company's knowledge, the Company is not engaged in any legal proceedings that could have a material adverse effect on its financial position other than those for which a provision has been made.

NOTE 25 RELATED PARTIES

Related parties

IAS 24 defines a related party as a person or entity that is related to the entity that is preparing its financial statements.

A person is considered as a related party if the person has a significant influence over the entity or is a member of the key management personnel of the entity.

The only transactions with related parties involve the members of the Company's executive committee. They received the following compensation at each reporting date:

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Short-term employee benefits	3,089	2,828	2,607
Share-based payments	2,141	2,874	1,997
Total	5,231	5,701	4,604

NOTE 26 OFF BALANCE SHEET

<i>(in € thousands)</i>	As of December 31,		
	2023	2022	2021
Financing commitments	9,491	16,710	10,174
Guarantee commitments	82,753	78,960	-
Given commitments	92,244	95,670	10,174
Financing commitments	55,010	55,000	-
Received commitments	55,010	55,000	-

The financing commitments given corresponds to loans granted during the last week before the closing, for which the withdrawal period is maximum 7 days.

The given guaranteed commitments are collateralised receivables in connection with the Natixis credit line (cf. Note 19)

NOTE 27 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

The chart below illustrates the Company's tiered governance structure for monitoring and managing financial risks, at both supervisory and executive levels.



This note presents information about the Company's objectives, policies, and processes for measuring and managing risk.

RISK MANAGEMENT FRAMEWORK

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Board Risk Committee (BRC), which is responsible for approving and monitoring Company risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit Committee.

CREDIT RISK

'Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, country, and sector risk.

Management of credit risk

The Board of Directors created the Monthly Risk Committee for the oversight of credit risk. A separate Company Credit department, reporting to the Monthly Risk Committee, is responsible for managing the Company's credit risk, including the following.

- *Formulating credit policies* in consultation with business units, covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Limiting concentrations of exposure* to counterparties, geographies, credit rating band.
- *Developing and maintaining the Company's risk gradings* to categorise exposures according to the degree of risk of default. The current risk grading framework consists of 7 grades reflecting varying degrees of risk of default. Risk grades are subject to regular reviews by *Company Risk*.
- *Developing and maintaining the Company's processes for measuring ECL*: This includes processes for:
 - o initial approval, regular validation and back-testing of the models used;
 - o determining and monitoring significant increase in credit risk; and
 - o incorporation of forward-looking information.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Company Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- *Providing advice, guidance, and specialist skills* to business units to promote best practice throughout the Company in the management of credit risk.

Each business unit is required to implement Company credit policies and procedures, with credit approval authorities delegated from the Company Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to local management and the Company Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to central approval.

LIQUIDITY RISK

'Liquidity risk' is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Company's operations and investments.

Management of liquidity risk

The Company's Management Team created the Company Asset and Liability Management Committee (ALCO) for managing liquidity risk and oversight of the implementation. ALCO approves the Company's liquidity policies and procedures created by the Central Treasury department. Central Treasury manages the Company's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of both the Company and operating foreign branches. A summary report, including any exceptions and remedial action taken, is submitted to ALCO or ad hoc when predefined thresholds are breached.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key elements of the Company's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of deposits and maintaining contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by counterparty risk and maturity.
- Monitoring maturity mismatches, behavioural characteristics of the Company's financial assets and financial liabilities, and the extent to which the Company's assets are encumbered and so not available as potential collateral for obtaining funding.
- Stress testing of the Company's liquidity position against various exposures and global, country specific and Company-specific planned events.

Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed considering both Company specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters, or other catastrophes).

MARKET RISKS

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return on risk.

Management of market risks

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through sales of portfolios. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities. These day-to-day activities include monitoring changes in the Company's interest rate exposures, which include the impact of the Company's outstanding or forecast debt obligations. ALCO is responsible for setting the overall collect and sell strategy of the Company. Central Treasury is responsible for implementing that strategy by putting in place the portfolio sale transactions.

Currency risk

The Company does not have operation in foreign currency and thus is not affected by currency risk.

Equity price risk

Equity price risk is subject to regular monitoring by Company Market Risk but is not currently significant in relation to the Company's overall results and financial position.

OPERATIONAL RISK

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.

A separate Enterprise Risk Management (ERM) department, reporting to the Board Risk Committee or the Cyber Risk Committee when relevant, is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company standards by ERM, Compliance and Internal Control departments for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified (*Risk and Cartography Self-Assessment – RCSA*);
- requirements for the reporting of operational losses and proposed remedial action;
- development of Business Continuity and Business Recovery plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by:

- A permanent control programme undertaken by Internal Control and Compliance departments. The results of permanent controls reviews are discussed in monthly Internal Control and Compliance committees then submitted to the BRC and senior management of the Company, and Cyber risk committee when relevant.
- Periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are submitted to the BRC and senior management of the Company.

FIRST-TIME ADOPTION OF IFRS

As stated in Note 2 Basis of Accounting, these financial statements, as of and for the year ended December 31, 2023, 2022 and 2021 are the first set of financial statements prepared under IFRS Accounting Standards as endorsed by the European Union. In preparing the financial statements, the Company's opening statement of financial position was prepared as of January 1, 2021, the Company's date of transition to IFRS. For periods up to and including the year ended December 31, 2023, the Company prepared its financial statements in accordance with French GAAP – Plan Comptable des Etablissements de Crédit (PCEC), which is the framework applicable to financial institutions in France.

This note explains, the principal adjustments made by the Company, including the statement of financial of financial position as of January 1, 2021, and the financial statements as of and for the years ended December 31, 2023, 2022 and 2021.

MANDATORY EXCEPTIONS AND OPTIONAL EXEMPTIONS APPLIED

IFRS 1 establishes two categories of exceptions and exemptions to the principles to which an entity's adopting IFRS must comply:

- Exceptions to retrospective application of certain requirements of standards,
- Exemptions from certain requirements of standards.

The Company has applied the following mandatory exceptions:

Estimates

The estimates used by the Company to determine the IFRS restatements as at the transition date reflect the conditions existing as of January 1, 2021, consistently with those made under French GAAP as at the same date.

Derecognition of financial assets and financial liabilities

The Company applies the derecognition requirements according to IFRS 9 prospectively for transactions occurring on or after January 1, 2021.

Classification and measurement of financial instruments

The Company assessed whether a financial asset meets the conditions in paragraph 4.1.2 of IFRS 9 or the conditions in paragraph 4.1.2A of IFRS 9 based on the facts and circumstances that existed as of January 1, 2021. The Company has applied paragraph 5.5 of IFRS 9 retrospectively.

The other mandatory exemptions are not applicable to the Company.

The Company has applied the following optional exemptions:

Share-based payment transactions

The Company applied *IFRS 2 – Share-based payment transactions* for the plans alive at the date of transition to the IFRS (i.e., IFRS 2 has been applied only to the plans for which the vesting period was live as of January 1, 2021).

Leases

The Company did not elect any exemption relating to the application of IFRS 16. Instead, the Company elected to apply the full retrospective approach:

- The lease liability is equal to the remaining lease payments at the date of the transition as if IFRS 16 had been applied since the commencement date of the leases;
- The carrying amount of right-of-use asset has been measured as if IFRS 16 had been applied since the commencement date of the lease, discounted using the lessee's incremental borrowing rate at the commencement date of the lease.

Financial assets at FVTPL

The Company elected to measure its investment in securitisations funds according to IFRS 9 at its fair value at the date of transition (debt instrument).

Designation of previously recognised financial instruments

The Company did not elect to designate its financial assets or liabilities at fair value through profit or loss. Instead, loans are measured at fair value through OCI (when their corresponding business model is 'hold to collect and sell') or at their amortized cost respective of their business model according to IFRS 9. The classification has been performed based on the facts and circumstances at the transition date. EIR has been applied retrospectively to the existing loan portfolios as at the transition date.

RECONCILIATION TO THE PREVIOUS GAAP

Reconciliation of the statement of financial position as of January 1, 2021, for the Company (IFRS transition date):

<i>(in € thousands)</i>	As of January 01, 2021 PCEC	IFRS 9 EIR	IFRS 9 ECL	IFRS 9 Fair Value	IFRS 15 Insurance brokerage	IFRS 16 Leases	IFRS 2 Share- based payments	Other adj.	As of January 01, 2021 IFRS
Assets									
Cash, due from central banks	1	-	-	-	-	-	-	-	1
Financial assets at fair value through profit or loss	255,359	-	-	-	-	-	-	-	255,359
Loans and advances to financial institutions	154,852	-	-	-	-	-	-	-	154,852
Loans and advances to customers at amortised cost	68,837	830	(6,110)	-	-	-	-	-	63,557
Loans and advances to customers at FVOCI	81,386	112	(6,771)	970	-	-	-	-	75,697
Property and equipment	1,496	-	-	-	-	19,127	-	-	20,623
Intangible assets	13,966	-	-	-	-	-	-	(72)	13,895
Other assets	18,540	-	-	-	24,189	-	-	532	43,261
TOTAL ASSETS	594,438	942	(12,881)	970	24,189	19,127	-	460	627,245
Liabilities									
Loans and deposits from financial institutions	933	-	-	-	-	-	-	-	933
Deposits from deposit holders	472,933	-	-	-	-	-	-	-	472,933
Other liabilities	42,246	-	-	-	-	23,004	-	152	65,403
Provisions	60	-	-	-	-	-	-	-	60
TOTAL LIABILITIES	516,172	-	-	-	-	23,004	-	152	539,328
Equity									
Share capital	1,389	-	-	-	-	-	-	-	1,389
Share premium	185,272	-	-	-	-	-	-	-	185,272
Other equity instruments	156	-	-	-	-	-	-	-	156
Reserves and retained earnings	(108,551)	942	(12,881)	970	24,189	(3,877)	-	308	(98,900)
Loss for the period	-	-	-	-	-	-	-	-	-
SUB-TOTAL	78,266	942	(12,881)	970	24,189	(3,877)	-	308	87,917
Unrealised or deferred capital gains and losses	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	78,266	942	(12,881)	970	24,189	(3,877)	-	308	87,917
TOTAL LIABILITIES AND EQUITY	594,438	942	(12,881)	970	24,189	19,127	-	460	627,245

Reconciliation of the statement of financial position as of December 31, 2023, for the Company (closing date of the last period presented under French GAAP):

<i>(in € thousands)</i>	As of December 31, 2023 PCEC	IFRS 9 EIR	IFRS 9 ECL	IFRS 9 Fair Value	IFRS 15 Insurance brokerage	IFRS 16 Leases	IFRS 2 Share- based payments	Other adj.	As of December 31, 2023 IFRS
Assets									
Cash, due from central banks	236,756	-	-	-	-	-	-	-	236,756
Financial assets at FVTPL	135,537	-	-	-	-	-	-	(134)	135,403
Loans and advances to credit institutions	73,525	-	-	-	-	-	-	-	73,525
Loans and advances to customers at amortised cost	373,822	3,155	(37,630)	-	-	-	-	-	339,347
Loans and advances to customers at FVOCI	508,549	(2,584)	(29,867)	1,190	-	-	-	-	477,287
Property and equipment	1,166	-	-	-	-	13,402	-	-	14,568
Intangible assets	36,554	-	-	-	-	-	-	(3)	36,552
Other assets	36,974	-	-	-	48,457	-	-	106	85,537
TOTAL ASSETS	1,402,882	571	(67,497)	1,190	48,457	13,402	-	(30)	1,398,973
Liabilities									
Loans and deposits from financial institutions	60,033	-	-	-	-	-	-	-	60,033
Deposits from deposit holders	1,126,252	-	-	-	-	-	-	-	1,126,252
Other liabilities	52,527	-	-	-	-	16,133	-	180	68,840
Provisions	466	-	-	-	-	-	-	-	466
TOTAL LIABILITIES	1,239,278	-	-	-	-	16,133	-	180	1,255,591
Equity									
Share capital	1,934	-	-	-	-	-	-	-	1,934
Share premium	380,255	-	-	-	-	-	-	(211)	380,044
Other equity instruments	289	-	-	-	-	-	-	-	289
Reserves and retained earnings	(168,187)	(5,475)	(68,994)	(20,152)	51,782	(3,176)	2,882	795	(210,525)
Loss for the period	(50,688)	6,046	1,497	-	(3,325)	445	(2,882)	(772)	(49,679)
SUB-TOTAL	163,603	571	(67,497)	(20,152)	48,457	(2,731)	-	(188)	122,062
Unrealised or deferred capital gains and losses	-	-	-	21,342	-	-	-	(22)	21,320
TOTAL EQUITY	163,603	571	(67,497)	1,190	48,457	(2,731)	-	(210)	143,383
TOTAL LIABILITIES AND EQUITY	1,402,882	571	(67,497)	1,190	48,457	13,402	-	(30)	1,398,973

Reconciliation of the Company's statement of profit or loss for the year ended December 31, 2023 (closing date of the last period presented under French GAAP):

	As of December 31, 2023 PCEC	IFRS 9 EIR	IFRS 9 ECL	IFRS 9 Fair Value	IFRS 15 Insurance brokerage	IFRS 16 Leases	IFRS 2 Share- based payments	Other adj.	As of December 31, 2023 IFRS
<i>(in € thousands)</i>									
Interest income	76,025	7,373	-	-	64	-	-	18	83,481
Interest expense	(21,823)	-	-	-	-	(264)	-	(4)	(22,092)
Net interest income	54,202	7,373	-	-	64	(264)	-	14	61,389
Net gains and losses from financial instruments at FVTPL	2,751	-	-	-	-	-	-	48	2,799
Net gains and losses from financial instruments at FVOCI	(5,299)	-	-	-	-	-	-	(18)	(5,318)
Income from other activities	48,375	(1,327)	-	-	(3,389)	-	-	(773)	42,886
Revenue	100,028	6,046	-	-	(3,325)	(264)	-	(729)	101,755
Personnel expenses	(33,740)	-	-	-	-	-	(2,882)	(45)	(36,667)
Other operating expenses	(38,167)	-	-	-	-	3,770	-	-	(34,397)
Depreciation and amortisation expenses	(18,623)	-	-	-	-	(3,060)	-	2	(21,682)
Impairment losses on financial instruments	(59,388)	-	1,497	-	-	-	-	-	(57,890)
Loss before tax	(49,889)	6,046	1,497	-	(3,325)	445	(2,882)	(772)	(48,881)
Income tax expense	(799)	-	-	-	-	-	-	-	(799)
LOSS FOR THE PERIOD	(50,688)	6,046	1,497	-	(3,325)	445	(2,882)	(772)	(49,679)

Reconciliation of the Company's statement of other comprehensive income for the year ended December 31, 2023 (closing date of the last period presented under French GAAP):

<i>(in € thousands)</i>	As of December 31, 2023 PCEC	IFRS 9 EIR	IFRS 9 ECL	IFRS 9 Fair Value	IFRS 15 Insurance brokerage	IFRS 16 Leases	IFRS 2 Share- based payments	Other adj.	As of December 31, 2023 IFRS
Loss for the period	(50,688)	6,046	1,497	-	(3,325)	445	(2,882)	(772)	(49,679)
Revaluation of debt instruments at FVOCI:									
<i>Revaluation differences for the period</i>	-	-	-	21,342	-	-	-	(5,318)	16,024
<i>Reclassified into income</i>	-	-	-	-	-	-	-	5,318	5,318
Unrealised or deferred gains and losses that will be reclassified subsequently into income	-	-	-	21,342	-	-	-	-	21,342
	-	-	-	-	-	-	-	(22)	(22)
Unrealised or deferred gains and losses that will not be reclassified subsequently	-	-	-	-	-	-	-	(22)	(22)
Total unrealised or deferred gains and losses	-	-	-	21,342	-	-	-	(22)	21,320
Net income and unrealised or deferred gains and losses	(50,688)	6,046	1,497	21,342	(3,325)	445	(2,882)	(794)	(28,359)

EFFECTIVE INTEREST RATE

Under French GAAP – PCEC all transaction costs (including borrower’s upfront fees and other directly related transaction costs) to “Loans and advances to customers” are recognised on a straight-line basis over the duration of the loan in accordance with ANC regulation 2014-07. Under IFRS Accounting Standards, transaction costs are recognised over the duration of the loan using the Effective Interest Rate. The effective interest rate is the rate that exactly, discounts estimated future cash receipts through the loan expected life to the gross carrying amount of the financial asset. When calculating the effective interest rate under IFRS Accounting Standards, the Company estimated cash flows, considering all of the loan contractual terms.

The company grants interest-free loans to customers as part of certain merchant arrangements. Those contracts are multiple arrangement contracts consisting of an IFRS 9 loan component and an IFRS 15 revenue component. Such multiple arrangements contracts have been restated to account for the loan component according to their corresponding fair value interest rate, according to IFRS 9, and impacting the other component, i.e. the IFRS 15 revenue component towards the related merchant.

The application of the effective interest rate leads the Company to increase its amount of Loans and Advances to Customers at amortised cost by €830 thousand and €3,155 thousand as of January 1, 2021, and December 31, 2023, respectively, and to increase its amount of Loans and Advances to Customers at fair value through other comprehensive income by €112 thousand as of January 1, 2021 versus a decrease by €2,584 thousand as of December 31, 2023. This application led to a corresponding entry in Retained Earnings or Profit (loss) for the period. In the statement of profit or loss, Net interest income and Income from other activities increased by €7,373 thousand and decreased by €1,327 thousand respectively as of January 1, 2021 and December 31, 2023.

EXPECTED CREDIT LOSS

Under French GAAP - PCEC, and in accordance with ANC regulation 2014-07, Younited recognizes impairment whenever an outstanding loan presents a proven risk. Doubtful loans are therefore provisioned on the basis of their discounted expected cash flows. In accordance with article 2131-4 of the French Commercial Code, forecast cash flows are discounted only if the impact of discounting is significant in relation to their prudently estimated amounts. Younited discounts forecast cash flows according to the target performance rate of loans at origination. All impairments are deducted from doubtful, non-impaired and impaired loans recorded as assets.

Under IFRS, as stated in Note 3, IFRS 9 introduces a single credit risk impairment model, 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 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 adoption of the ECL under IFRS lead the Company to increase its impairment related to Loans and Advances to Customer at amortised cost by €6,110 thousand and €37,630 thousand, respectively as of January 1, 2021, and December 31, 2023, and to increase its impairment related to Loans and Advances to

Customer at fair value through profit or loss by €6,771 thousand and €29,867 thousand respectively as of January 1, 2021 and December 31, 2023. This application led to a counterpart in Retained Earnings or Profit (loss) for the period. In the statement of profit or loss, Impairment losses on financial instruments increased by €1,497 thousand for the year ended December 31, 2023.

FAIR VALUE

Under French GAAP, all the on-balance sheet loan are recognised at their amortized cost. According to IFRS 9, the loan portfolios which belong to the “hold to collect and sell” business model are accounted for at fair value through OCI. Younited loan portfolio in France and Italy are SPPI and hold to collect and sell, as such they are accounted for accordingly.

Accounting for loans at fair value through OCI under IFRS leads the Company to increase its Loans and Advances to Customer by €970 thousand and €1,190 thousand as of January 1, 2021, and December 31, 2023, respectively, with a counterpart in Reserves and Unrealised or deferred gains and losses.

INSURANCE BROKERAGE FEES

Under French GAAP – PCEC, Insurance brokerage fees are recognised as earned over the life of the insurance contract. Under IFRS, such revenue fees are recognised at the point in time when the intermediary (The Company) has satisfied its performance obligation. Where the only service provided is placement, this typically occurs at the point when the terms of the insurance policy have been agreed contractually by the insurer and policyholder and the insurer has a present right to payment from the policyholder. This difference of accounting method leads the Company to increase its amount of Income from Other Activities by €3,389 thousand for the year ended December 31, 2023. In the statement of financial position, the Company recognised an increase in Other Asset of €48,457 thousand as of December 31, 2023, respectively with a corresponding entry split in Equity between Profit (Loss) for the period and Retained Earnings.

LEASES

Under French accounting rules, a lease is classified as either a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the term of the lease. Finance leases are recognised as an asset under *Property, plant and equipment* with a corresponding liability in the statement of financial position, and depreciation and finance interest are recognised in the statement of profit or loss over the lease term.

Under IFRS, as described in note 16, the Company, as lessee, applies a single recognition and measurement approach to all leases, except for short-term leases (and leases with less than 12 months residual term at the transition date) and leases of low-value assets.

The impact of IFRS restatements in respect of leases is as follows:

- At the transition date, the Company recognised €23,004 thousand of lease liabilities, and €19,127 thousand of rights-of-use assets.
As of December 31, 2023, the Company recognised €16,133 thousand of lease liabilities and €13,402 thousand of right-of-use asset. In the statement of profit or loss for the year ended December 31, 2023, the Company recognised an additional Depreciation and Amortization Expenses of €3,060 thousand and an increase in Interest Expense of €264 thousand, and a cancellation of leases expenses of €3,770 thousand in Other Expense.

SHARE-BASED PAYMENTS

Under French GAAP – PCEC, the Company did not recognize any entries related to free shares plans and BSPCE plans treated as equity-settled compensation plans. Under IFRS, as stated in Note 9, it is required to fair value the free shares and BSPCE at grant date using a pricing option model and to recognize such fair value over the vesting period in Personnel Expense with an increase of capital in counterparty).

Therefore, the Company reserves increased by €3,109 thousand and €14,210 thousand as of January 1, 2021, and December 31, 2023, respectively with corresponding entries in retained earnings which decreased by €3,109 thousand and €11,327 thousand as of January 1, 2021, and December 31, 2023, respectively and in the statement of profit or loss in which personnel expenses increased by €2,882 thousand for the year ended December 31, 2023.

OTHER ADJUSTMENTS

Other Adjustments relate to list of individually nonmaterial adjustments such as:

- The impact of recording defined benefit plans obligation. Under French accounting policies, provisions and service costs were not recorded in the Company financial statements. Under IFRS, as stated in Note 9, such provision is valued using projected unit credit method by qualified actuary. Such provisions amount to €152 thousand and €180 thousand as of January 1, 2021, and December 31, 2023, respectively. The impact of recognition Defined Benefit Plans in the statement of profit or loss for the year ended December 31, 2023, was €45 thousand.
- The Company recorded €211 thousand of Treasury Shares as of December 31, 2023. Under IFRS, treasury shares are presented net against equity. The cancellation of capitalized costs of capital increase and the Company start-up costs for €27 thousand and €45 thousand respectively as of January 1, 2021. Such amounts were €0 thousand and €3 thousand respectively as of December 31, 2023. Such costs can be capitalised under IFRS Accounting Standards and are presented net against Equity.

PRESENTATION RECLASSIFICATION

The main reclassifications, which do not affect profit for the period or retained earnings at the transition date in the statement of profit or loss as of the year ended December 31, 2023, relate to:

- French Crédit Impôt Recherche ("CIR"). Under French GAAP – PCEC, CIR is classified as current tax income. CIR does not qualify as current tax under IAS 12 and has been reclassified from current tax to other expense for a total amount of €2,850 thousand for year ended December 31, 2023.
- French Cotisation sur la Valeur Ajoutée des Entreprises ("CVAE"). Under French GAAP – PCEC, CVAE is classified as other expense. CVAE qualify as current tax expense under IAS 12 and has been reclassified from other expense to current tax expense for a total amount of €284 thousand for year ended December 31, 2023.