

18 July 2025

## **HSBC CONTINENTAL EUROPE AGREES TO SELL FRENCH PORTFOLIO OF HOME AND CERTAIN OTHER RETAIL LOANS**

HSBC Continental Europe, an indirectly held subsidiary of HSBC Holdings plc ("HSBC Group"), today signed a memorandum of understanding with a consortium comprising Rothesay Life plc and CCF (together the "Consortium Buyer") regarding the sale of its French portfolio of predominantly home and certain other retail loans (the "Portfolio") retained after the disposal of its retail banking business in France<sup>1</sup> (the "Potential Transaction").

At 31 December 2024, the Portfolio had an outstanding balance of €6.7bn.

On 1 January 2025, the Portfolio was reclassified from hold-to-collect to hold-to-collect-and-sell, and during the first quarter of 2025, the HSBC Group recognised a €1.2bn (\$1.3bn<sup>2</sup>) pre-tax fair value loss through other comprehensive income on the Portfolio, and a €0.1bn (\$0.1bn<sup>2</sup>) fair value gain in the income statement on related interest rate hedges. The fair value loss on the Portfolio resulted in an approximately 0.2 percentage point reduction in the HSBC Group CET1 ratio, which stood at 14.7% at 31 March 2025<sup>3</sup>.

At completion of the Potential Transaction:

- The loss recognised in other comprehensive income will be recycled to the income statement with no further impact on HSBC Group's CET1 ratio.
- The risk weighted assets ("RWAs") of the Portfolio<sup>4</sup> will be deconsolidated, resulting in an immaterial benefit on the HSBC Group CET1 ratio.

The Potential Transaction is expected to complete in the fourth quarter of 2025, subject to the appropriate information and consultation processes with respective works councils. HSBC Continental Europe will work closely with the Consortium Buyer to enable a smooth transition.

The Potential Transaction allows HSBC Continental Europe to further strengthen its focus on being the leading corporate and institutional bank in Europe, supporting international clients. HSBC is focused on increasing its leadership and market share in the areas where it has a clear competitive advantage, and where it has the greatest opportunities to grow and support its clients.

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<sup>1</sup> [Completion of the sale of Retail Banking Business in France](#) – 1 Jan 2024, HSBC.com

<sup>2</sup> At relevant prevailing FX rates during, and at the end of, the first quarter of 2025.

<sup>3</sup> HSBC Group CET1 ratio on a PRA basis.

<sup>4</sup> Excluding Operational Risk RWAs.

## Financial impact of the transaction on HSBC Continental Europe:

- Since the reclassification of the Portfolio on 1 January 2025 from hold-to-collect to hold-to-collect-and-sell, HSBC Continental Europe recognised during the first quarter of 2025, a €1.2bn fair value pre-tax loss through other comprehensive income and a €0.1bn fair value gain in the income statement on related interest rate hedges. The fair value loss on the Portfolio resulted in an approximately 2 percentage points reduction in HSBC Continental Europe's CET1 ratio, which stood at 18.8% at 31 December 2024<sup>5</sup>.
- At completion of the Potential Transaction, the loss recognised in other comprehensive income will be recycled to the income statement with no further impact on HSBC Continental Europe's CET1 ratio. The RWAs<sup>6</sup> of the Portfolio will be deconsolidated and it is estimated that the HSBC Continental Europe CET1 ratio will increase by approximately 0.3 percentage point.

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### HSBC Continental Europe

Headquartered in Paris, HSBC Continental Europe is an indirectly held subsidiary of HSBC Holdings plc. HSBC Continental Europe comprises, in addition to corporate and institutional banking, private banking, insurance and asset management activities across Continental Europe, and includes the business activities of 10 European branches (in Belgium, Czech Republic, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain and Sweden) and two banking subsidiaries in Continental Europe (in Luxembourg and Malta). HSBC Continental Europe's mission is to serve both customers in Continental Europe for their needs worldwide and Group customers for their needs in Continental Europe.

### HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London, HSBC serves customers worldwide from offices in 58 countries and territories. With assets of US\$3.054 billion at 31 March 2025, HSBC is one of the world's largest banking and financial services organisations.

### Rothesay Life plc

Rothesay is the UK's largest pensions insurance specialist. The company has over £70 billion of assets under management, securing the pensions of more than one million people and paying out, on average, over £300 million in pension payments each month.

### CCF Group

CCF Group is a century-old French banking group specializing in wealth management and specialized financing. Wealth management services are provided under the CCF brand to 800,000 clients across France. Specialized financing focuses on personal loans and corporate financing.

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<sup>5</sup> HSBC Continental Europe CET1 ratio computed on an ECB basis.

<sup>6</sup> Excluding Operational Risk RWAs