Natixis Corporate and Investment Banking Luxembourg
Société Anonyme

Financial statements, management report
and audit report
for the year ended 31 December 2024

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Audit report

To the Board of Directors of
Natixis Corporate and Investment Banking Luxembourg

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Natixis Corporate and Investment Banking Luxembourg (the "Bank") as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Bank's financial statements comprise:

- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31 December 2024;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 6.8 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
IFRS conversion As explained in the note 4, the Bank has decided to change its accounting framework from Luxembourg Generally Accepted Accounting Principles (Lux GAAP) to the International Financial Reporting Standards as adopted by the European Union (IFRS accounting standards) and is preparing its financial statements under IFRS accounting standard for the first time as of 31 December 2024. The change of the accounting principles is a complex and sensitive operation as it implies from the Bank to take decisions and to make some assumptions regarding the accounting policies of the Bank. This change also implies the restatement of the opening balances of the Bank as of 1 January 2023 from Lux GAAP to IFRS accounting standards giving rise to some reclassifications and remeasurement. Due to the exceptional nature of this operation, considering its pervasive impact on the financial statements of the Bank and taking into consideration the significant level of accounting estimates used by Bank to define the new accounting framework, the conversion from Lux GAAP to IFRS accounting standards is considered as a Key Audit Matter.	In order to audit the IFRS conversion, we have performed the following procedures: • We have inquired with the Finance Department and with the Management of the Bank to obtain an understanding of the conversion process and of the controls which have been in place; • With the assistance of our own IFRS specialists, we have consulted the transition documentation prepared by the Bank to assess those were in line with the IFRS accounting standards and effectively implemented in the financial statements of the Bank; • We have reconciled the Lux GAAP balances used as basis for the first time adoption to the audited financial statements for the years ended 31 December 2022 and 31 December 2023; • We have assessed that the reclassifications, for the balances as at 1 January 2023 and for the year ended 31 December 2023 between the annual accounts under Lux GAAP and the financial statements under IFRS accounting standards were complete and accurate; • We have assessed that the remeasurements as at 1 January 2023 and for the year ended 31 December 2023, between the annual accounts under Lux GAAP and the financial statements under IFRS accounting standards were complete and accurate. • We have consulted the IFRS accounting policies adopted by the Bank and inspected they were in accordance with the IFRS accounting standards;

	• We have performed an independent review of the financial statements with the assistance of our own IFRS specialists to challenge the completeness and accuracy of the IFRS disclosures in the financial statements.
Secured notes issuance activity as a deemed separate *entity* As explained in the Notes 5.10 and 7.21, a part of the activity of the Bank involves issuing financial instruments (secured notes). As at 31 December 2024, the nominal amount of the financial instruments issued amounts to 20,000 K EUR. These financial instruments are secured by underlying assets of the same nominal amount and covered by derivatives instruments. In accordance with the IFRS accounting standards, these financial instruments and the corresponding underlying assets are not recognised in the assets and liabilities as the structure meets the definition of a deemed separate entity as at 31 December 2024. Given the significance of these financial instruments for the activity of the Bank and the potential financial impact of an incorrect assessment of the recognition of the issuance silo as detailed in the Notes 5.10 and 7.21, we identified the secured notes issuance activity as a deemed separate entity as a Key Audit Matter.	In order to audit the secured note issuances as a deemed separate entity, we have performed the following audit procedures: • We have inquired the Finance Department, the Chief Financial Officer, and the Management of the Bank to obtain an understanding of the accounting treatment and operational framework of the issuance process; • We have consulted the minutes of the Board of Directors regarding the launch of the new activity and its follow-up; • We have assessed the new accounting policies and their respective applications to assess the compliance with IFRS accounting standards; • With the support of our own IFRS specialists, we have considered the analysis prepared by the Management to assess that it complies with the IFRS accounting standards requirements; • As part of our control testing procedures, we have observed the automated process for the valuation of the financial instruments with external sources, as well as the controls for the accounting principles to be applied for the new issuance activity; • We have compared the valuation of the financial instruments and for the related derivatives instruments disclosed in the notes of the financial statements using independent data sources; • We have performed an independent review of the financial statements with the assistance of our own IFRS specialists to assess the completeness and the accuracy of the IFRS accounting standards disclosures in the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank'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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 that is sufficient and appropriate to provide a basis for our 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 Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 21 March 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

PricewaterhouseCoopers, Société cooperative — Luxembourg, 4 April 2025
Represented by

Electronically signed by:
Olivier Delbrouck

Olivier Delbrouck

GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS

To the best of our knowledge, the Financial Statements give a true and fair view of the financial position and profit and losses of Natixis Corporate and Investment Banking Luxembourg as at 31 December 2024, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Management Report includes a true and fair presentation of the evolution and performance of Natixis Corporate and Investment Banking Luxembourg, together with a description of the main risks and uncertainties that Natixis Corporate and Investment Banking Luxembourg faces.

Natixis Corporate and Investment Banking Luxembourg

INCOME STATEMENT

For the year ended 31 December 2024
(expressed in thousands of EUR)

	Notes	2024	2023
Interest and similar income	6.1	150,921	158,402
Interest and similar expense	6.2	(102,754)	(112,090)
Net interest income		**48,167**	**46,312**
Fee and commission income	6.3	15	-
Fee and commission expense	6.4	(171)	-
Net fee and commission income		**(156)**	**-**
Net gains / (losses) on financial instruments at fair value through profit or loss	6.5	(91)	43
Other income	6.6	3.901	788
Other expenses	6.7	(2.390)	(2,219)
Net other operating income		**1,420**	**(1,388)**
Net operating income		**49,431**	**44,924**
Other operating expenses	6.8	(13,958)	(17,340)
Depreciation of property, equipment and right-of-use assets	7.7	(1,452)	(1,608)
Depreciation of intangible assets	7.8	(1,856)	(1,962)
Total operating expense		**(17,266)**	**(20,910)**
Cost of risk	6.9	1,334	3,556
Net operating income		**33,499**	**27,570**
Profit before tax		**33,499**	**27,570**
Income tax expense	6.10	(7,035)	(6,545)
Profit / (loss) from continuing operations		**26,464**	**21,025**
Profit / (loss) from discontinued operations	6.11	**(499)**	**14,013**
Profit / (loss) for the year		**25,965**	**35,038**

The notes in the appendix form an integral part of the financial statements.

Natixis Corporate and Investment Banking Luxembourg

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024
(expressed in thousands of EUR)

	2024	**2023**
Profit / (loss) for the year	**25,965**	**35,038**
Other comprehensive income that will be reclassified to the income statement		
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	**25,965**	**35,038**

The notes in the appendix form an integral part of the financial statements.

Natixis Corporate and Investment Banking Luxembourg

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(expressed in thousands of EUR)

	Notes	2024	2023	1 January 2023
Assets				
Cash and cash equivalents	7.1	346,335	777,421	666,371
Financial assets at fair value through profit or loss	7.2	23	22	22
Loans and advances to credit institutions	7.3	1,411,788	1,625,842	2,756,777
Loans and advances to customers	7.4	875.479	829,152	982,249
Current tax assets	7.5	764	1,392	1,222
Deferred tax assets	6.12	-	-	2,176
Assets classified as held for sale	7.6	-	10,155	69,753
Property, equipment and right-of-use assets	7.7	2,454	4,048	5,440
Intangible assets	7.8	129	1,960	3,922
Other assets	7.9	2,299	2,501	3,076
Total assets		**2,639,271**	**3,252,493**	**4,491,008**
Liabilities				
Due to credit institutions	7.10	1,805,465	2,350,872	3,102,095
Due to customers	7.11	61,919	134,590	276,554
Current tax liabilities	7.12	14,608	7,947	1,719
Deferred tax liabilities	6.12	381	53	-
Liabilities classified as held for sale	7.13	-	-	371,821
Provisions	7.14	2,837	9,601	13,209
Other liabilities	7.15	9,370	8,819	11,240
Total liabilities		**1,894,580**	**2,511,882**	**3,776,638**
Equity				
Share capital	7.16	683,543	683,543	683,543
Retained earnings and profit of the year	7.16	25,965	35,038	9,260
Legal reserves	7.16	9,794	8,875	8,412
Other reserves	7.16	25,389	13,155	13,155
Total equity		**744,691**	**740,611**	**714,370**
Total liabilities and equity		**2,639,271**	**3,252,493**	**4,491,008**

The notes in the appendix form an integral part of the financial statements.

Natixis Corporate and Investment Banking Luxembourg

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2024
(expressed in thousands of EUR)

	Notes	Share capital	Retained earnings and profit for the year	Other comprehensive income	Legal reserves	Other reserves	Total equity
As of 1 January 2023	7.16	**683,543**	**9,260**	**-**	**8,412**	**13,155**	**714,370**
Dividends	6.13	-	(8,797)	-	-	-	(8,797)
Allocation to legal reserves	7.16	-	(463)	-	463	-	-
Profit / (loss) from discontinued operations	6.11	-	14,013	-	-	-	14,013
Profit / (loss) from continuing operations		-	21,025	-	-	-	21,025
On 31 December 2023	7.16	**683,543**	**35,038**	**-**	**8,875**	**13,155**	**740,611**
Dividends	6.13	-	(21,885)	-	-	-	(21,885)
Allocation to legal reserves	7.16	-	(919)	-	919		-
Release of prior year net wealth tax reserves	7.16	-	17,511	-	-	(17,511)	-
Allocation to net wealth tax reserves	7.16	-	(13,081)	-	-	13,081	-
Undistributable reserve	7.16	-	(16,664)	-	-	16,664	-
Net result from continuing operations	7.16	-	25,965	-	-	-	25,965
On 31 December 2024	7.16	**683,543**	**25,965**	**-**	**9,794**	**25,389**	**744,691**

The notes in the appendix form an integral part of the financial statements.

Natixis Corporate and Investment Banking Luxembourg

CASH FLOW STATEMENT

As at 31 December 2024
(expressed in thousands of EUR)

	Notes	2024	2023
Operating activities			
Profit before tax*		33,000	41,583
Adjustment for:			
Depreciation on tangible/intangible fixed assets	7.7/7.8	3,308	3,570
Charges to provisions	7.14	(6,764)	(3,608)
Other movements		(4,809)	(684)
Fair value of assets held for sale	7.9	-	(10,155)
Net changes of assets and liabilities from operating activities:			
Flows linked to credit institutions	7.3/10	(328,157)	311,143
Flows linked to customers	7.4/11	(118,839)	(215,276)
Flows linked to other operations with impact on non-financial assets and liabilities	7.9/15	753	(1,847)
Net decrease (increase) of assets liabilities from operating activities		**(421,508)**	**124,726**
Tax		2,782	(1,825)
Total net cash flows from operating activities		**(418,726)**	**122,901**
Investing activities			
Flows linked to financial assets and share investments	6.11	9,656	-
Flows linked to tangible and intangible assets and right of use assets	7.7/7.8	(131)	(3,054)
Total cash flows from investing activities		**9,525**	**(3,054)**

*Profit before tax includes interest received for 154,176 K EUR in 2024 (2023: 153,680 K EUR) and interest paid for 107,237 K EUR in 2024 (2023: 104,458 K EUR).

The notes in the appendix form an integral part of the financial statements.

CASH FLOW STATEMENT

31 December 2024

- continued -

	Notes	2024	2023
Financing activities			
Flows from or in destination of shareholders	6.13	(21,885)	(8,797)
Total net cash flows from financing activities		**(21,885)**	**(8,797)**
Opening cash and cash equivalent			
Cash and central banks	7.1	130,452	376,335
Deposits on demand with other banks (assets and liabilities)	7.1	646,969	290,075
Cash and cash equivalents at 1 January		**777,421**	**666,410**
Closing cash and cash equivalent			
Cash and central banks	7.1	133,305	130,452
Term loans to banks (assets and liabilities)	7.3	213,030	646,969
Cash and cash equivalents at 31 December		**346,335**	**777,421**
Net cash variation		**(431,086)**	**111,011**

The notes in the appendix form an integral part of the financial statements.

NOTE 1 - INCORPORATION OF THE BANK

Natixis Corporate and Investment Banking Luxembourg (previously Natixis Wealth Management Luxembourg), hereinafter “the Bank” or “NCIBL”, was incorporated in Luxembourg on 24 November 1989 in the form of a public limited company (Société Anonyme). As at 31 December 2024, the Bank was a wholly owned subsidiary of Natixis, a company governed by French law and having its registered office in France.

The Bank is included in the consolidated financial statements of BPCE, being the largest group of companies of which the Bank forms part as an indirect subsidiary. BPCE’s head office is located in France and the consolidated financial statements are available at its registered office 7, Promenade Germaine Sablon, F-75013 Paris.

The Bank is also included in the consolidated financial statements of Natixis, being the smallest group of companies of which it is itself a part and which is included in the largest group mentioned above. Natixis’ head office is located in France and the consolidated financial statements are also available at its registered office 7, Promenade Germaine Sablon, F-75013 Paris.

The Bank’s business policy and accounting policies, which are determined by Luxembourg laws and regulations, are established and monitored by the Board of Directors in accordance with those applied in Natixis group.

The Bank’s corporate purpose is to carry out all banking and financial transactions in the Grand Duchy of Luxembourg or abroad. Since 2024, the Bank’s activities are primarily issuance of secured notes and corporate banking services (including corporate loans and deposit taking). In a recent past and in the frame of its past wealth management activities, the Bank’s corporate purpose also covered insurance brokerage through one or more duly authorized natural persons. The Bank is no longer in this business since the request of withdrawal of its authorization that was accepted by the Commissariat Aux Assurances on 15 June 2023.

NOTE 2 - BASIS OF PREPARATION

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union.

The Bank’s financial statements for the fiscal year ended 31 December 2024 were adopted by the Board of Directors on 3 April 2025.

For all periods up to and including the year ended 31 December 2023, the Bank prepared its financial statements in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg (simply referred hereinto as the “Luxembourg GAAP” or “LuxGAAP”). These financial statements for year ended 31 December 2024 are the first that the Bank has prepared in accordance with IFRS Accounting Standards.

NOTE 3 - PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

The Bank has prepared the financial statements on the basis that it will continue to operate as a going concern.

Unless otherwise indicated, the figures given in the notes are expressed in thousands of euros.

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS

The Bank has adopted IFRS Accounting Standards for the first time for the year ended 31 December 2024. The transition date is 1 January 2023, which is the start of the earliest period for which full comparative information is presented in accordance with IFRS Accounting Standards.

This note explains the principal adjustments made by the Bank in restating its annual accounts from LuxGAAP to IFRS Accounting Standards in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" including the statement of financial position as at 1 January 2023 and the financial statements as of, and for, the year ended 31 December 2024.

The Bank has applied the exemption of measuring its assets and liabilities at the carrying amounts that would be included in Natixis consolidated financial statements, based on the date of transition to IFRS Accounting Standards. Natixis has been applying IFRS Accounting Standards prior to the Bank's transition to IFRS Accounting Standards.

The estimates as at 1 January 2023 and 31 December 2023 are consistent with those made for the same dates in accordance with Luxembourg GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Bank to present these amounts in accordance with IFRS Accounting Standards reflect conditions as of 1 January 2023, the date of transition to IFRS Accounting Standards and as at 31 December 2023.

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.1. Reconciliation of financial position as of 1 January 2023 (date of transition to IFRS Accounting Standards)

In thousands of €	Notes	Luxembourg GAAP	Reclassification and re-measurements	IFRS
Assets				
Cash in hand, balances with central bank		375,852	(375,852)	-
Cash and cash equivalents		-	666,371	666,371
Shares and other variable-yield transferable securities	(A)	428,517	(428,517)	-
Financial assets at fair value through profit or loss	(A)	-	22	22
Loans and advances to credit institutions	(A)	3,039,984	(283,207)	2,756,777
Loans and advances to customers	(A, E)	1,056,033	(73,784)	982,249
Current tax assets		-	1,222	1,222
Deferred tax assets	(D)	-	2,176	2,176
Assets classified as held for sale	(E)	-	69,753	69,753
Property, equipment and right-of-use assets	(B)	473	4,967	5,440
Intangible assets		3,922	-	3,922
Other assets	(A)	15,864	(12,788)	3,076
Total assets		**4,920,645**	**(429,637)**	**4,491,008**
Liabilities				
Due to credit institutions	(A)	3,594,935	(492,840)	3,102,095
Due to customers	(E)	577,752	(301,198)	276,554
Current tax liabilities		-	1,719	1,719
Deferred tax liabilities	(D)	-	-	-
Liabilities classified as held for sale	(E)	-	371,821	371,821
Provisions	(C)	14,304	(1,095)	13,209
Other liabilities	(B, C)	12,762	(1,522)	11,240
Total liabilities		**4,199,753**	**(423,115)**	**3,776,638**
Equity				
Share capital		683,543	-	683,543
Retained earnings and profit of the year		9,260	-	9,260
Legal reserves		8,412	-	8,412
Other reserves		19,677	(6,522)	13,155
Total equity		**720,892**	**(6,522)**	**714,370**
Total liabilities and equity		**4,920,645**	**(429.637)**	**4,491,008**

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.2. Reconciliation of financial position as of 31 December 2023

In thousands of €	Notes	Luxembourg GAAP	Reclassification and re-measurements	IFRS
Assets				
Cash in hand, balances with central bank		776,586	(776,586)	-
Cash and cash equivalents		-	777,421	777,421
Shares and other variable-yield transferable securities	(A,E)	167	(167)	-
Financial assets at fair value through profit or loss	(A, E)	-	-	-
Loans and advances to credit institutions	(A)	1,614,139	11,703	1,625,842
Loans and advances to customers	(A)	826,399	2,753	829,152
Current tax assets		-	1,392	1,392
Deferred tax assets	(D)	-	-	-
Assets classified as held for sale		-	10,177	10,177
Property, equipment and right-of-use assets	(B)	465	3,583	4,048
Intangible assets		1,960	-	1,960
Other assets	(A)	18,970	(16,469)	2,501
Total assets		**3,238,686**	**13,807**	**3,252,493**
Liabilities				
Due to banks	(A)	2,336,859	14,013	2,350,872
Due to customers		134,494	96	134,590
Current tax liabilities		-	7,947	7,947
Deferred tax liabilities	(D)	-	53	53
Liabilities classified as held for sale		-	-	-
Provisions	(C)	16,415	(6,814)	9,601
Other liabilities	(B, C)	20,449	(11,630)	8,819
Total liabilities		**2,508,217**	**3,665**	**2,511,882**
Equity				
Issued capital		683,543	-	683,543
Retained earnings and profit of the year		18,374	16,664	35,038
Legal reserves		8,875	-	8,875
Other reserves		19,677	(6,522)	13,155
Total equity		**730,469**	**10,142**	**740,611**
Total Liabilities and equity		**3,238,686**	**13,807**	**3,252,493**

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.3. Reconciliation of income statement for the year ended 31 December 2023

In thousands of €	Notes	Luxembourg GAAP	Reclassification and re-measurements	IFRS
Interest and similar income		158,542	(140)	158,402
Interest and similar expense		(112,166)	76	(112,090)
Net interest income		**46,376**	**(64)**	**46,312**
Fee and commission income		1,145	(1,145)	-
Fee and commission expense	(F)	(2,614)	2,614	-
Net fee and commission income		**(1,469)**	**1,469**	**-**
Net gains / (losses) on financial instruments at fair value through profit or loss	(A, E)	32	10,008	10,040
Other income	(F)	3,944	(3,156)	788
Other expenses	(F)	-	(2,219)	(2,219)
Net other operating income		**3,976**	**4,633**	**8,609**
Net operating income		**48,883**	**6,038**	**54,921**
Other operating expenses	(B, F)	(22,767)	5,427	(17,340)
Depreciation, amortization and provisions for impairment of property, plant and equipment and intangible assets	(B)	(2,225)	(1,345)	(3,570)
Total operating expense		**(24,992)**	**4,082**	**(20,910)**
Cost of risk	(A)	**9**	**3,547**	**3,556**
Profit before tax		**23,900**	**13,667**	**37,567**
Income tax expense	(D)	(5,527)	(1,018)	(6,545)
Profit / (loss) from continuing operations		**18,373**	**12,649**	**31,022**
Profit / (loss) from discontinued operations	(E)	**-**	**4,016**	**4,016**
Profit or loss for the year		**18,373**	**16,665**	**35,038**

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.4. Reconciliation of total comprehensive income for the year ended 31 December 2023

In thousands of €	Luxembourg GAAP	Re-measurements	IFRS
Profit / (loss) for the year	**21,650**	**13,388**	**35,038**
Other comprehensive income that will be reclassified to the income statement			
Other comprehensive income for the year, net of tax	**-**	**-**	**-**
Total comprehensive income for the year, net of tax	**-**	**13,388**	**35,038**

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.4. Notes to the reconciliation of equity as of 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023

A - Financial Instruments (IFRS 9)

1) Derecognition of borrowed shares

Under LuxGAAP, the Bank recognized borrowed shares from its parent company as an asset and recognized a corresponding liability at reimbursement value.

At the date of transition to IFRS Accounting Standards, the Bank has assessed whether a financial asset and liability should be recognized on the basis of the facts and circumstances that exist at the date. In line with IFRS 9, the asset and liability were derecognized, since the Bank does not control the associated economic benefits related to the financial instrument as defined in the agreement. Therefore, upon transition to IFRS Accounting Standards, the Bank derecognized the borrowed shares from the statement of financial position, resulting in a decrease in assets for an amount of 428,495 K EUR in financial assets at fair value through profit or loss. The impact is also a decrease in liabilities for an amount of 428,495 K EUR in amounts due to credit institutions. This has no impact in equity as of 1 January 2023.

2) ECL on performing exposures

Under LuxGAAP, financial instruments were generally recognized at cost with impairments recorded when a durable loss was identified. IFRS 9 introduces the concept of expected credit loss (ECL) for financial assets measured at amortized cost, resulting in earlier recognition of credit losses. Upon adoption of IFRS 9, the Bank recalculated the allowance for doubtful debts using the ECL model, leading to a recognition of a ECL and a decrease of loans and advances to credit institutions and customers of respectively 5,153 K EUR and 2,271 K EUR as of 1 January 2023 and 31 December 2023.

3) Reclassification of accrued interest

Under LuxGAAP, accrued interest was classified within other assets. Under IFRS Accounting Standards, accrued interest related to financial assets has been reclassified to be part of the carrying amount of the respective financial assets, in accordance with IFRS 9 with a respective impact of 12,028 K EUR and 14,684 K EUR as of 1 January 2023 and 31 December 2023.

B - Leases (IFRS 16)

Under LuxGAAP, lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term. Under IFRS Accounting Standards, a lease is recognized as a lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS Accounting Standards, the Bank measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of transition to IFRS Accounting Standards. The impact of right-of-use assets are estimated at 4,967 K EUR in property, equipment and right-of-use assets and at 5,173 K EUR in other liabilities. The difference for an amount of 205 K EUR is recorded in other reserves.

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.4. Notes to the reconciliation of equity as of 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023 (continued)

C - Provisions (IAS 37)

LuxGAAP allow for more discretionary provisioning (i.e. provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise), whereas IAS 37 requires provisions to be recognized when:

- there is a present obligation as a result of past events;
- it is probable that an outflow of resources will be required; and
- a reliable estimate can be made.

As part of the transition to IFRS Accounting Standards, certain provisions related to the restructuring plan previously recognized under LuxGAAP were reversed or adjusted to reflect the recognition criteria under IAS 37 with no impact on the reserves.

The Bank has also classified provisions relating to future administrative expenses, time saving account, interest rebates and commissions payable towards the Natixis group. These do not qualify for recognition according to IAS 37 and have been reclassified to “other liabilities”. There are no adjustments against other reserves.

Under LuxGAAP, a lump sum provision was established to cover potential credit losses that were not individually identified. However, IFRS Accounting Standards do not permit such general reserves. Therefore, these provisions have been reversed as part of the IFRS Accounting Standards first-time adoption adjustments. The impact of this reversal amounts on other reserves is stated at 2,500 K EUR as of 1 January 2023.

D - Income Taxes (IAS 12)

IAS 12 requires the recognition of deferred tax liabilities and assets for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax basis. At the date of transition to IFRS Accounting Standards, the Bank recognized deferred tax liabilities and assets, primarily related to leases, provisions, and financial instruments. This adjustment resulted in an increase in deferred tax assets and liabilities, impacting the overall tax expense. Deferred tax adjustments are recognized in correlation to the underlying transaction in other reserves. As of 1 January 2023, the net impact of deferred tax assets is 2,176 K EUR. As of 31 December 2023, the net impact of deferred tax liabilities is 53 K EUR.

E - Non-current assets held for sale (IFRS 5)

As part of its restructuring plan initiated in 2021, the Bank had loans and advances to customers and customer deposits that meet the criteria of IFRS 5 to be accounted as held for sale.

LuxGAAP has no specific guidance for non-current assets held for sale, whereas IFRS 5 requires separate presentation and measurement.

The reclassified items (“Loans and advances to customers” and “Due to customers”) have been measured according to IFRS 5 requirements (i.e. at the lowest between the carrying value and the fair value less costs to sell) and where applicable, impairments were recognized to reflect fair value adjustments. These items are classified as “held for sale”.

NOTE 4 - FIRST TIME APPLICATION OF IFRS ACCOUNTING STANDARDS (CONTINUED)

4.4. Notes to the reconciliation of equity as of 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023 (continued)

E - Non-current assets held for sale (IFRS 5) (continued)

The difference between the carrying amount and the fair value (less costs to sell) has been adjusted in other reserves. As of 1 January 2023, the impact is 6,023 K EUR.

The total profit obtained from the sale of this activity has been reclassified in profit from discontinued operations for an amount of 5,271 K EUR as of 31 December 2023, including the sale of the insurance brokerage activity to Massena Conseil in 2023 for an amount of 2,000 K EUR.

As part of this structuring, in February 2023, the Bank also acquired shares (13,24%) in Massena Partners S.A. The shares have been measured at fair value through profit or loss.

F – Others reclassification

1) Retrocession of commissions

Under LuxGAAP, retrocessions of commissions were classified under commissions expenses. Under IFRS Accounting Standards, the retrocessions of commissions amounting to 2,022 K EUR have been reclassified in the other expenses as of 31 December 2023.

2) Other income / Other expenses

In line with the requirements of the IFRS Accounting Standards, some items have been reclassified in other operating expenses as of 31 December 2023.

NOTE 5 - MATERIAL ACCOUNTING POLICIES

5.1. Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalents if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents – for example, debt instruments with fixed redemption dates that are acquired within three months of their maturity.

The restricted cash balances correspond to deposits that are subject to regulatory restrictions and are therefore not available for general use by the Bank.

5.2. Financial instruments

In accordance with IFRS 9 "Financial instruments", on initial recognition, financial assets are recorded at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Loans.

Business model

The business model represents the way in which the Bank manages its financial assets in order to generate cash flow. The Bank's assessment of the business model is performed on a financial asset portfolio basis and determined on the basis of scenarios which are reasonably expected to occur.

The choice of business model must be made at a level which reflects the way in which groups of financial assets are managed collectively with a view to achieve a given economic objective. The business model is therefore not determined on an instrument-by-instrument basis, but rather at a higher level of aggregation, by portfolio.

The choice of business model must consider all information regarding the manner, in which cash flows were generated in the past, along with all other relevant information, for example:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

IFRS 9 provides for three business models:

- hold to collect model: in this model, financial assets are held in order to receive contractual cash flows over the life of the assets. This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if sales are made under the following conditions:
  - the disposals are due to an increase in credit risk;
  - the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed;
  - other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

For the Bank, the hold to collect model applies mainly to financing operations carried out by the Corporate & Investment Banking business.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2. Financial assets (continued)

- hold to collect and sell model: a mixed business model under which assets are managed with the objective of both receiving contractual cash flows and selling financial assets. In this model, financial assets are sold to achieve the purpose of the activity.

  The Bank applies the "hold to collect and sell" model primarily to assets resulting from wealth management activities;

- other model: a model intended for other financial assets, especially those held for trading, for which the collection of contractual cash flows is incidental.

The SPPI test

A financial asset is considered as non-complex if its contractual terms give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding amount due.

The "principal" amount is defined as the financial asset's fair value at its acquisition date. "Interest" is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be considered to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubts as to whether only the time value of money is represented must therefore be analysed. For example:

- events that would change the amount and date of the cash flows;

- the applicable interest rate features;

- prepayment and extension options.

For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional compensation for the early termination of the contract.

If a clear determination cannot be made through qualitative analysis, quantitative analysis (a "benchmark test") is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset.

Non-complex financial assets are debt instruments that include, in particular: fixed-rate or variable-rate debt securities, fixed-rate loans, variable-rate loans with no interest rate differential (mismatch) or indexation on a given rate value or a stock market index, as well as loans granted to support companies in their approach to sustainability through an incentive mechanism to revise the margin based on ESG criteria specific to the borrower or the achievement by the latter of sustainable development objectives

Any contractual option that creates risk exposure or cash-flow volatility that is not consistent with a non-complex lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as "SPPI".

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2. Financial assets (continued)

Financial assets at amortized cost

Financial assets recognized at amortized cost correspond to debt instruments, in particular loans and advances to credit institutions and to customers.

They are measured at amortized cost if they meet the following two conditions:

- the financial asset is held in a hold to collect model whose objective is to collect and hold contractual cash flows; and

- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding amount due, on specific dates.

They are initially recorded at fair value plus or minus transaction costs. In the case of loans, transaction costs include fees and any expenses directly attributable to setting up the loan.

On subsequent balance sheet dates, they are measured at amortized cost using the effective interest rate method.

The “effective interest rate” is the rate that discounts estimated future cash flows to the value of the debt instrument at inception. This rate includes any discounts and any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield.

When loans are granted at below-market interest rates, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the face value of the loan. The market rate of interest is the rate applied by the vast majority of financial institutions at any given time for instruments and counterparties with similar characteristics.

Interest accrued or received on debt instruments is recorded in net income under “Interest and similar income” using the effective interest rate method. If the instruments are sold, the gain or loss would be recorded in the income statement under “Net gains or losses resulting from the derecognition of financial instruments at amortized cost”.

Financial assets at fair value through profit or loss

Financial assets recorded in the fair value through profit or loss category correspond to equity instruments that the Bank has opted not to recognize in Other Comprehensive Income.

Financial assets at fair value through profit or loss are measured on initial recognition at market value, with transaction costs recognized in the income statement.

The market value is reviewed at each subsequent reporting date. Changes in value, including coupons, are recorded under “Net gains or losses on financial instruments at fair value through profit or loss” in the income statement.

Some of the unlisted equity instruments categorized under IFRS 9 as “Financial assets at fair value through profit or loss” consist of investments in non-consolidated companies.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3. Impairment of financial assets

General principles

Debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income, loan commitments and financial guarantee contracts that are not recognized at fair value through profit or loss, as well as lease receivables, are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

These financial assets are grouped into three stages depending on the increase in credit risk observed since their initial recognition. An impairment charge shall be recorded on outstanding amounts at each stage, as follows:

Stage 1

These are performing loans for which credit risk has not increased materially since initial recognition. Impairment or provision for credit risk on these loans is recorded in the amount of 12-month expected credit losses. Interest income on these loans is recognized in the statement of profit or loss using the effective interest rate method applied to the gross carrying amount of the instrument before impairment.

Stage 2

Performing loans for which credit risk has increased materially since initial recognition are transferred to Stage 2. The impairment or the provision for credit risk is determined on the basis of the instrument's expected credit losses at maturity (lifetime ECL). Interest income on these financial assets is recognized in the statement of profit or loss using the effective interest rate method applied to the gross carrying amount of the instrument before impairment.

Stage 3

Loans that are "impaired" as defined by IFRS 9 are classified in Stage 3. These are loans for which there is objective evidence of impairment loss due to an event that represents a counterparty risk occurring after the initial recognition of the instrument in question. The new definition of default, defined by the guidelines of the European Banking Authority (EBA) on the application of the definition of default under Article 178 of Regulation (EU) No. 575/2013 applicable from 1 January 2021, and the provisions of Regulation (EU) No. 2018/1845 of the European Central Bank relating to the threshold for assessing the importance of arrears on credit obligations, applicable no later than 31 December 2020, strengthened the consistency of practices of European credit institutions in identifying defaults.

The definition of defaulted loans is thus clarified by the introduction of a relative threshold and an absolute threshold, to be applied to payment arrears to identify situations of default, the clarification of the criteria for returning to performing loans with the imposition of a probationary period and the introduction of explicit criteria for classifying restructured loans in default.

When it is reasonably certain that all or part of the receivable will not be recovered, the amount to be written off is determined on the basis of the most objective possible external and internal factors.

The impairment or provision for credit risk is calculated according to the losses expected over the instrument's residual lifetime (expected losses at maturity) based on the recoverable value of the receivable, i.e. the present value of the estimated recoverable future cash flows after taking the impact of any collateral into account. Interest income is recognized in the statement of profit or loss based on the effective interest rate method applied to the net carrying amount of the asset after impairment.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3. Impairment of financial assets (continued)

For debt instruments recognized on the asset side of the statement of financial position at amortized cost, impairments are recorded against the line on which the asset was initially shown in the statement of financial position at its net value (irrespective of whether the asset is in stages 1, 2 or 3). Impairment charges and reversals are recorded in the statement of profit or loss under “Cost of risk”.

For loan and financial guarantee commitments, provisions are recorded on the liability side of the statement of financial position under “Provisions” (irrespective of whether the commitment is in stages 1, 2 or 3). Changes in provisions are recognized in the statement of profit or loss under “Cost of risk”.

Principles of recognition of impairment losses and provisions

Credit risk deterioration criteria

The principles for measuring the increase in credit risk and expected credit losses applicable to most of the Bank’s exposures are described below.

The significant increase in credit risk is valued on an individual basis by taking into account all reasonable and justifiable information and by comparing the default risk on the financial instrument at the closing date with the default risk on the financial instrument at the date of its initial recognition. Measuring an increase in the risk should, in most cases, lead to a downgrade to Stage 2 before the transaction is individually impaired (Stage 3).

More specifically, the change in credit risk is measured on the basis of the following criteria.

For the loan books: an increase in credit risk is measured based on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the change in rating since initial recognition. The additional qualitative criteria make it possible to classify as Stage 2 all contracts, whether 30 days past due, or recorded as assets on a non-Stage 3 Watch List, i.e. undergoing financial difficulties (forbearance). Additional criteria based on the sector rating and level of country risk are considered;

The ratings on which the measurement of the increase in risk is based are any available ratings produced by internal systems, as well as external ratings.

In accordance with IFRS 9, the recognition of guarantees does not affect the assessment of the significant increase in credit risk: this is based on changes in the credit risk of the debtor without taking into account guarantees.

The standard states that a financial instrument’s credit risk has not increased materially since its initial recognition if this risk is considered low at the closing date.

If the downgrading since the start is no longer recorded, the impairment is recognized as losses expected within 12 months.

Financial assets where there is objective evidence of impairment loss due to an event which represents a known counterparty risk, and which occurs after their initial recognition are classified as Stage 3. Asset identification criteria are like those under IAS 39 and are aligned with the concept of default in prudential terms.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3. Impairment of financial assets (continued)

Accordingly, loans and receivables are categorized as Stage 3 if both of the following conditions are met:

- there are objective indications of impairment: these are “trigger events” or “loss events” that characterize a counterparty risk and occur after the initial recognition of the loans concerned. On an individual basis, probable credit risk arises from default events defined in Article 178 of Regulation (EU) No. 575/2013 dated 26 June 2013 relating to prudential requirements applicable to credit institutions. Objective evidence of impairment includes any payments exceeding the relative and absolute thresholds by EUR 500 or 1% of gross exposure, that are past due by at least 90 consecutive days, or regardless of whether any payment has been missed, the observation of financial difficulties experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered or to the initiation of legal proceedings. Restructured loans are classified as defaulted when the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring;

- these events are liable to lead to the recognition of losses incurred, that is, expected losses for which the probability of occurrence has become certain.

Provision recording method

Calculation of expected losses on Stage 1 or Stage 2 assets

Expected credit losses on Stage 1 or Stage 2 assets are calculated using the following formula:

$$\sum_{t} EAD(t) \times PD(t) \times LGD$$

which is the sum, discounted for each projection year, of the product of the EAD, PD and LGD parameters:

- EAD(t) (Exposure at Default): the amount of loss that the institution may be exposed to on the loan in question during year t, including accelerated amortization and credit conversion factors where necessary;

- PD(t) (Probability of Default): the probability that the counterparty will default during year t;

- LGD (Loss Given Default): the amount of unrecovered contractual cash flows after the recovery phase if the counterparty defaults on the loan in question.

The Bank draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory capital requirements (capital adequacy ratios) and on projection models like those used in the stress test mechanism. Certain adjustments are made to comply with the specifics of IFRS 9:

- IFRS 9 parameters therefore aim to provide an accurate estimate of losses for accounting provision purposes, whereas prudential parameters are more cautious for regulatory framework purposes. Several safety buffers included in the prudential parameters are therefore restated, such as the PD and LGD downturn add-on, regulatory floors, and internal costs;

- the IFRS 9 parameters used to calculate provisions on loans classified as Stage 2 must enable lifetime expected credit losses to be calculated, whereas prudential parameters are defined for the purposes of identifying 12-month default rates. 12-month parameters are thus projected over longer timescales;

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3. Impairment of financial assets (continued)

- IFRS 9 parameters must be forward-looking and consider the expected economic environment over the projection period, whereas prudential parameters correspond to the cycle's average estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the flows expected over the lifetime of the instrument). The PD and LGD prudential parameters are therefore also adjusted based on the expected economic environment.

As indicated above, a sector adjustment on the PD is calculated based on the assessment of the rating of the economic sectors over 6-12 months forecasts.

The average sector-weighted forward-looking PD, produced from the transition matrices, is compared and adjusted to converge toward the equivalent PD in anticipation of the sector's rating.

Parameters are adjusted to economic conditions by defining three economic scenarios developed over a three-year period. For consistency with financial oversight processes, the central scenario corresponds to the strategic plan's budget scenario. Two variants – an optimistic view and a pessimistic view – are also developed around this scenario based on observations of macro-economic parameters.

The best case and worst-case economic scenarios aim to represent the uncertainty surrounding the estimated economic variables in the central scenario.

The variables defined in each of these scenarios mean that PD and LGD parameters can be , and an expected credit loss can be calculated for each economic scenario.

Parameters for periods longer than three years are projected on the principle of a gradual return to their long-term average. For consistency, the models used to alter the PD and LGD parameters are based on those developed in the stress test mechanism. These economic scenarios are associated with probabilities of occurrence, ultimately making it possible to calculate an average probable loss used as the IFRS 9 impairment amount.

The method for determining probabilities of occurrence is based on an analysis of the market economic consensus and a measurement of the distance between the Natixis group's economic scenarios and this market consensus. This means that the closer an economic scenario is to the consensus, the higher its probability of occurrence.

All three scenarios are defined using the same organization structure and governance as for the budget process, with an annual review based on proposals with the support of the Natixis group's Economic Research Department.

The parameters thus defined are used to assess the credit losses of all rated exposures.

The mechanism for validating IFRS 9 parameters is fully integrated in the validation framework for existing models within Natixis and Groupe BPCE. As such, model validation undergoes a review process with the support of an independent model validation unit with the support of the Natixis group.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3. Impairment of financial assets (continued)

Calculation of expected credit losses on Stage 3 assets

Impairments for expected credit losses on Stage 3 financial assets are determined as the difference between the amortized cost and the recoverable value of the receivable, i.e. the present value of estimated recoverable future cash flows, whether these cash flows come from the counterparty's activity or from the potential execution of guarantees. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Expected credit losses arising from Stage 3 financing or guarantee commitments are considered through provisions recognized on the liabilities side of the statement of financial position. Specific impairment is calculated for each receivable based on the maturity schedules determined based on historical recoveries for each category of receivable.

For the purposes of measuring expected credit losses, pledged assets and other credit enhancements that form an integral part of the contractual conditions of the instrument and that the entity does not recognize separately are considered in the estimate of expected cash flow shortfalls.

5.4. Leases

These are leases in which the Bank is the lessee.

Leases taken out by the Bank are recognized on the statement of financial position under “Property, equipment and right-of-use assets” on the assets side and under “other liabilities” on the liabilities side in respect of rents and other payments made over the duration of the lease, unless the lease term is 12 months or less or the underlying asset has a low value.

Lease term

The use of rights is amortized on a straight-line basis and financial liabilities are amortized on an actuarial basis over the term of the lease. In accordance with IFRS 16, the lease term corresponds to the non-cancellable lease period plus any periods covered by termination options that the lessee is reasonably certain not to exercise. In general, the term is nine years for “3/6/9” real estate leases under Luxembourg law. For contracts subject to automatic renewal, the lease term is determined, firstly, on the basis of the Bank's assessment in view of its real estate strategy, and secondly, in the absence of ad hoc information, by limiting the duration on the basis of the timeframe set by the Bank's Medium-Term Plan (MTP), namely three years.

The Bank assesses whether it is reasonably certain to exercise an option by considering all relevant facts and circumstances that create an economic incentive for it to exercise, or not to exercise, the option, such as:

- contractual terms and conditions for the optional periods compared with market rates (amount of payments for the lease including payments resulting from termination penalties and residual value guarantees);

- significant leasehold improvements undertaken;

- costs relating to the termination of the lease (negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the lessee's needs, costs associated with returning the underlying asset in a contractually specified condition, etc.);

- the importance of the underlying asset for the Bank's operations considering whether it is a specialized asset, or its location;

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4. Leases (continued)

- its past practice of renewing leases of similar assets, but also its strategy regarding the future use of the asset.

Measurement of lease liabilities

At the lease commencement date, payments considered to determine lease liabilities include payments for the right to use the underlying asset during the lease term that are not paid at the commencement date, i.e.:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable. In-substance fixed lease payments are payments that may, in form, contain variability but that, in substance, are unavoidable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- and where applicable, any amounts expected to be payable by the Bank to the lessor under residual value guarantees, purchase options or payments of penalties for terminating the lease.

In accordance with IFRS 16, lease payments are discounted at the interest rate implicit in the lease, i.e. the lessee's incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank applies the marginal rate to its lease payments. The rate used by the Bank is based on an available interbank rate with similar maturity than the lease liability.

Lease liabilities are booked under "Other liabilities" in the statement of financial position. The interest expense relating to the financial liability is recognized under "Interest and similar expense".

Recognition of a right-of-use asset

At the inception of the lease, the right-of-use asset is recognized at a value equal to the lease liability amount at that date, adjusting for payments made to the lessor prior to or on that date and not therefore included in the measurement of the lease liability, less any lease incentives received. Where applicable, this amount is adjusted to take into account the initial direct costs incurred by the lessee and an estimate of the costs of dismantling and refitting, to the extent that the terms and conditions of the lease so require, in which case an outflow is likely and can be estimated to a sufficient degree of reliability.

Right-of-use assets are recognized under "Property, equipment and right-of-use" in the statement of financial position, within the same line item as assets of the same nature.

The value of rights of use may be subsequently adjusted in the event the lease is amended or the lease term re-estimated, and to factor in any contractual rent changes stemming from the application of an index or rate.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5. Transactions in foreign currencies

The method used to account for assets and liabilities relating to foreign currency transactions entered by the Bank depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate prevailing at the reporting date. Foreign exchange gains and losses differences resulting from this conversion are recognized in the income statement.

Non-monetary items denominated in foreign currencies and measured at historical cost are translated at the exchange rate on the transaction date.

Non-monetary items denominated in foreign currencies and measured at fair value are translated at the prevailing exchange rate at the end of the closing date. Gains or losses on a non-monetary item (e.g. equity instruments) denominated in a foreign currency are recognized as income if the asset is classified as "Financial assets at fair value through profit or loss".

5.6. Fair value of financial instruments

General principles

The fair value of an instrument (asset or liability) is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the valuation date.

Fair value is therefore based on the exit price.

The fair value of an instrument on initial recognition is normally the transaction price, i.e. the price paid to acquire the asset or received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

Identifying an active market

The following criteria are used to determine whether a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data of prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- large bid-ask price spread;
- steep price volatility over time or between different market participants.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.6. Fair value of financial instruments (continued)

Financial assets and liabilities measured and presented at fair value are categorized based on the following scale:

- level 1: market value is determined directly using prices quoted on active markets for identical assets and liabilities;
- level 2: market value is determined using valuation techniques based on significant data that may be directly or indirectly observed on the markets;
- level 3: market value is determined using unrecognized models and/or models based on non-observable market data, where they are liable to materially impact the valuation.

5.7. Property, equipment, right-of-use and intangible assets

Fixed assets recorded in the statement of financial position include property, plant and equipment and intangible assets. The rights of use in respect of leased assets are presented under fixed asset lines corresponding to similar assets owned of which the Bank has full ownership.

Measurement on initial recognition

When IFRS Accounting Standards were first applied, property, plant and equipment were maintained at their historical cost pursuant to IFRS 1.

Property, plant, and equipment are recorded at their purchase price, including directly attributable costs (transfer duties, fees, commissions, and registration expenses).

Computer software developed in-house is recognized under “Intangible assets” at its direct cost of development, which includes the related hardware costs, service costs, payroll costs directly attributable to the production and preparation of the software for use.

Expenses incurred during the development phase are capitalized if they meet the criteria for recognition as intangible assets set out in IAS 38: these include technical feasibility, the intention to complete the asset and use or sell it, the probability that the asset will generate future economic benefits, the availability of resources, and the ability to reliably measure the expenditure attributable to the asset’s development. Costs incurred during the research phase are not capitalized but are recognized in expenses.

Subsequent measurement

After acquisition, fixed assets are carried at cost minus any cumulative impairment, amortization, and impairment losses.

Depreciation and amortization

As soon as they are in a condition to be used by the Bank in the manner in which they were intended, property, plant and equipment and intangible assets are depreciated or amortized over their estimated useful lives on a straight-line, declining or increasing balance basis, whichever best reflects the pattern in which the economic benefits are consumed. The residual value of the asset is deducted from its depreciable or amortizable amount when it can be measured reliably.

Items other than land are assigned a residual value of zero.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.7. Property, equipment, right-of-use and intangible assets (continued)

In line with IAS 16, a specific impairment schedule is defined for each significant component of an item of property, plant and equipment which has a different useful life or is expected to consume future economic benefits differently from the item as a whole. For buildings used in the business the following components and depreciation periods have been identified:

Equipment and other fixtures and fittings, tools and furniture are depreciated over their estimated useful lives, generally 5 to 8 years.

When the fixed assets relate to a leased building, their depreciation period is made consistent with that of the leases.

Purchased software is amortized on a straight-line basis over its estimated useful life, which in most cases is three years.

Depreciation periods must be reviewed annually and, where applicable, the impact of any change in estimate is recognized prospectively, in the income statement, from the date of the change.

Capital gains or losses on the disposal of non-current operating assets are recorded in the income statement.

Impairment

Assets are tested for impairment whenever there is objective evidence that they may be impaired. The Bank considers whether there is any evidence of impairment at each reporting date. If any such evidence exists, the recoverable value of the individual asset is estimated wherever possible. The recoverable value is the higher of fair value minus selling costs and value in use, which is the present value of future cash flows. If the recoverable value of the asset is lower than its carrying amount, an impairment loss is recognized in income under “Depreciation, of property, equipment, and right-of-use assets” or “Depreciation of intangible assets”.

Impairments may be reversed if there has been a change in the conditions that initially resulted in the impairment (for example there is no longer any objective evidence of impairment).

Gains or losses on disposals

Capital gains or losses on the disposal of non-current operating assets would be recorded in the income statement under “Gains or losses on other assets”.

5.8. Assets and liabilities held for sale and discontinued operations

A non-current asset (or group of assets or liabilities) is meant to be disposed of when its carrying amount is recovered by means of a sale. This asset (or group of assets) must be immediately available for sale, and it must be highly likely that the sale will happen within 12 months.

A sale is highly likely to happen if:

- a plan to sell the asset (or group of assets) involving active marketing is set by management;
- a non-binding offer has been submitted by at least one potential buyer;
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.8. Assets and liabilities held for sale and discontinued operations (continued)

The relevant assets are classified in the “Non-current assets held for sale” line item and cease to be amortized as soon as they are reclassified. An impairment loss is recognized if their carrying amount is higher than their fair value. Associated liabilities are also identified on a separate line of the statement of financial position.

The group may include the Bank’s assets and liabilities, including current assets, current liabilities and assets that are outside the scope of the measurement provisions under IFRS 5. If a non-current asset within the scope of the measurement provisions under IFRS 5 is part of a group held for sale, the measurement provisions under IFRS 5 apply to the group as a whole, which means that the group is measured at the lower of its carrying amount or its fair value.

When the fair value of the group of assets and liabilities is lower than their overall net carrying amount, the Bank limits the amount of impairment to non-current assets (intangible assets and property, plants and equipment) measured in accordance with IFRS 5.

If the sale has not taken place within 12 months of classification in “Non-current assets held for sale”, the asset or group of assets ceases to be classified in this category, barring unusual circumstances independent of the Bank’s control.

A discontinued operation is a clearly identifiable component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations;

- without constituting a separate major line of business or geographic area of operations, the component is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or

Assets and liabilities relating to discontinued operations are accounted for in the statement of financial position in the same way as groups of assets held for sale. Gains or losses from these operations are presented on a separate line of the income statement and include the net income after tax resulting from operations discontinued before disposal and from the sale or valuation of assets or groups of assets held for sale at fair value less the selling costs.

5.9. Derecognition

The Bank derecognizes all or part of a financial asset if the contractual rights over the cash flows from the financial asset expire. It also derecognizes all or part of a financial asset if these contractual rights or substantially all of the risks and rewards of ownership are transferred.

If the Bank has neither transferred the contractual rights nor substantially retained all the risks and rewards, it then determines whether it has transferred control of the asset. If control is lost, the asset is derecognized. While the Bank retains control, the asset remains on the statement of financial position up to the level of “continuing involvement”.

A financial liability is derecognized when it is settled, cancelled, or expires.

Securities borrowing

Securities borrowing transactions do not involve the transfer of a financial asset within the meaning of IFRS Accounting Standards. Consequently, these transactions do not lead to the derecognition of the securities lent. Borrowed securities are not recognized by the borrower.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.10. Secured notes issuance

The Bank has launched in the second half of 2024 a new activity of secured notes issuance.

5.10.1 Secured notes activity

A deemed separate entity is an entity (whether it is a legal entity or not) that often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the deemed separate entity to investors;
- insufficient equity to permit the deemed separate entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Bank considers the activities associated with the issuance of the secured notes to meet the criteria of a deemed separate entity and treats the related assets and liabilities as a silo.

The portion of the assets and liabilities were treated as a deemed separate entity because the following condition was satisfied:

- Specified assets of the silo are the only source of payment for specified liabilities of the silo;
- Parties other than those with the specified liability do not have rights or obligations related to the specified assets or to residual cash flows from those assets;
- In substance, none of the returns from the specified assets of the silo can be used by the Bank and none of the liabilities of the silo are payable from the assets of the Bank;
- All the assets and liabilities of that silo are ring-fenced from the overall Bank.

5.10.2 Control over silo

For a deemed separate entity with a limited range of activities, power is assessed based on which activities, if any, significantly affect the deemed separate entity’s returns, and if so, which investor, has existing rights that give it the current ability to direct those activities. The following considerations may also be relevant when determining which investor, has power (and possibly control):

- An investor’s ability to direct the activities of a deemed separate entity only when specific circumstances arise or events occur may constitute power if that ability relates to the activities that most significantly affect the deemed separate entity’s returns;
- An investor does not have to actively exercise its power to have power over a deemed separate entity;

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.10. Secured notes issuance (continued)

5.10.2 Control over silo (continued)

- An investor is more incentivised to obtain power over a deemed separate entity the greater its obligation to absorb losses or its right to receive benefits from the deemed separate entity.

As at 31 December 2024, it was determined that NCIBL does not control the silo as the Bank is only receiving instructions on the issuance of the financial instruments. The design of the financial instruments is done at Natixis group level, based on customers/investors needs.

The activity of issuance of secured notes has also the following characteristics:

- Transactions are operated on a back-to-back basis with Natixis;
- The Bank acts as an agent on behalf of the investors and not as a principal;
- The Bank does not collect cash on its own account;
- The Bank holds the underlying assets of each issuance solely on behalf of the investors;
- The Bank does not benefit from this underlying and does not bear the risks.

Secured notes are therefore not eligible for the bail-in. In conclusion, this activity can be considered as a “pass through instrument”.

5.11. Provisions

IAS 37 requires provisions to be recognized when:

- there is a present obligation as a result of past events;
- it is probable that an outflow of resources will be required; and
- a reliable estimate can be made.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the closing date. This amount is discounted when the effect of discounting is material. Provisions are reviewed at each closing date and adjusted if necessary. Provisions recognized in the statemen of financial position, other than provisions to cover employee benefits, are mainly related to restructuring, risks, and litigation.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.11. Provisions (continued)

Restructuring provision

A provision for restructuring costs is recognized when the two following conditions are met:

- There is a detailed formal plan for the restructuring on the closing date, identifying at least:
  - the activities concerned:
  - the principal locations affected:
  - the location, function, and approximate number of employees who will be compensated upon termination of their services:
  - the expenses that will be incurred: and
  - the date the plan will be implemented.
- Provisions for restructuring costs include only expenditures directly related to the restructuring.

Provisions for risks, procedures, and litigation

Changes in provisions are recognized in the statement of profit or loss.

5.12. Employee benefits

In accordance with IAS 19, employee benefits are classified in one of four categories:

- "short-term benefits", including salaries, social security contributions, annual leave, employee profit-sharing, incentive plans, top-up contributions and bonuses payable for the period;
- "severance payments", comprising employee benefits granted in return for termination of a staff member's employment before the normal retirement age, resulting from a decision by the entity, or a decision by the employee to accept a severance package in exchange for terminating their employment;
- "post-employment benefits", such as pension plans, other supplementary retirement benefits applicable to the banking industry, end-of-career awards, and other contractual benefits payable to retirees;
- "other long-term benefits", including long-service awards, amounts due under the Time Savings Account and deferred compensation paid in cash and cash indexed to a valuation formula that does not represent fair value.

Short-term employee benefits are recognized as an expense in the period in which the employee provides the service in exchange for said benefits.

A provision is accrued for termination benefits when the employer is demonstrably committed to providing such benefits, or when the employer recognizes the costs of restructuring providing for the payment of such benefits.

In accordance with the principles of recognition set out in IAS 19, the Bank has a post-employment benefit defined contribution plans.
Contributions paid under defined contribution plans are made in the period in which the employee rendered the service in exchange for said contributions.

Other long-term benefits are recognized directly as an expense.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.13. Fee and commission income

Under IFRS 15 “Revenue from contracts with customers”, the entity must recognize income arising from ordinary activities in an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of goods and services promised to clients. Revenue is recognized in five stages:

- identification of contracts with clients;
- identification of specific performance obligations (or items) to be recognized separately from one another;
- determination of overall transaction price.
- allocation of transaction price to the various specific performance obligations;
- recognition of income when performance obligations are met.

This approach applies to all contracts with clients except for leases (covered by IFRS 16) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are specified under a different standard, these will be applied first.

The following are recognized in the income statement:

- fee and commission income, from banking services if this income is not included in the effective interest rate, or from asset management or financial engineering services;
- income from other activities, in particular for services included in leases.

Commission income is recognized in income, according to the type of services rendered and the method of accounting for the financial instruments to which the service rendered is attached.

If uncertainty remains regarding the measurement of a fee amount (performance fee for asset management, variable financial engineering fee, etc.), only the amount for which the Bank’s entitlement is already assured given the information available on the reporting date is recognized.

Fees for services are analysed to separately identify their various components (or performance obligations) and assign to each component the share of income due to it. Each component is then recognized in income, according to the type of services rendered and the method of accounting for the financial instruments to which the service rendered is attached:

- fees and commissions for ongoing services, such as guarantee fees or management fees, are deferred over the period during which the service is provided;
- fees and commissions for one-off services, such as business provider fees, are recognized in income as soon as the service is provided.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees for loan set-up, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than as a commission income”.

Any mismatch between the date of payment and the date of implementation of the service will generate an asset or liability depending on the type of contract and the nature of the mismatch and would be recorded under “Other assets” and “Other liabilities”.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.14. Tax expenses

The tax expense for the fiscal year comprises:

- the tax payable by the various Luxembourg companies at the rate of 24.94%;
- deferred taxes arising from temporary differences between the carrying amount of assets and liabilities and their tax basis, which are calculated using the balance sheet liability method at the rate of 23.87%.

Deferred taxes are not discounted.

Deferred tax assets are only recognized at the reporting date if the Bank is likely to recover tax savings over a fixed time period. These savings will be realized by the deduction of temporary differences or tax loss carried forward from estimated future taxable income within that time period.

Deferred tax assets and liabilities are offset.

All temporary differences have been recognized regardless of their recovery or payment date.

Pillar II: Tax reform – Global minimum tax rate

Directive 2022/2523 was adopted by the European Union on 14 December 2022. This directive transposes into European law the recommendations of the Organization for Economic Co-operation and Development (“OECD”) on international tax reform (known as “Pillar II”).

This reform aims to introduce a minimum corporate income tax rate of 15% for certain international groups from 1 January 2024.

The accounting impact of this reform was taken into account by the International Accounting Standards Board (IASB) via the amendment to IAS 12 adopted on 8 November 2023. This amendment deals specifically with the expected accounting impact of the introduction of the so-called “Pillar II” tax rules and provides an exemption from recognition of the deferred taxes associated with this additional taxation, with corresponding disclosures in the notes to the financial statements.

The Bank participates in Groupe BPCE’s project (group-wide reporting entity), the aim of which is to monitor the various associated regulations as well as compliance with Pillar II rules and the additional information requirements introduced by these amendments to IAS 12.

The BPCE group performed an impact assessment of the OECD transitional safe harbour rules. The BPCE Group concluded that the Bank should not be subject to top-up tax for the current year.

5.15. Financing and guarantee commitments

a) Financial guarantees

Commitments given

Financial guarantee commitments not classified as derivatives are contracts requiring the issuer to make specific payments to repay the business guaranteed for a loss that it has incurred owing to the failure of a debtor to make the contractual instalments due. Exercising these rights is subject to the occurrence of an uncertain future event.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.15. Financing and guarantee commitments (continued)

Financial guarantees given are stated initially at fair value, then subsequently at the higher of:

- the amount initially recognized upon inception less, where appropriate, the amount of amortization recorded in line with the principles outlined in IFRS 15 “Revenue from contracts with customers”. This amortization represents the deferred recognition of the fees received over the period covered by the guarantee;

  and the amount of the provision determined according to the provisions of the expected credit loss model.

Guarantee commitments received

No IFRS accounting standard addresses financial guarantees received. In the absence of specific guidance, the accounting treatment applied must be determined by analogy with the accounting treatment prescribed by other standards in similar situations. Accordingly, guarantees received meeting the definition of a financial guarantee for an issuer are accounted for in accordance with:

- IFRS 9, for guarantees received in respect of financial assets (debt instruments). The measurement of the expected credit losses associated with financial assets must in fact consider the flows generated by guarantees considered an integral part of the debt instrument;

- IAS 37, for guarantees received in respect of non-financial liabilities falling within the scope of IAS 37.

b) Financing commitments

Financing commitments are irrevocable commitments by the Bank to grant a loan under pre-defined conditions.

Most of the financing commitments granted by the Bank give rise to loans granted at market rates at the initial date and recognized at amortized cost. As such, and in accordance with IFRS 9, the commitment to lend and the loan itself are considered successive stages of one and the same instrument. The commitment to lend does not, therefore, fall within the scope of IFRS 9: it is treated as an off-balance sheet transaction and is not revalued. Financing commitments are eligible for the provisioning mechanism under IFRS 9, however IFRS 9 provides that the issuer of a financing commitment must apply provisioning criteria to loan commitments that do not fall within the scope of this standard.

5.16. Mutual deposit guarantee and investor compensation scheme

The Law on the resolution, reorganisation and winding up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (the “Law”), transposing into Luxembourg law Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, and Directive 2014/49/EU on deposit guarantee and investor compensation schemes, was passed on 18 December 2015.

The deposit guarantee and investor compensation scheme in place until then, implemented by the Association pour la Garantie des Dépôts Luxembourg (Association for the Guarantee of Luxembourg Deposits - AGDL), was replaced by a new contribution-based deposit guarantee and investor compensation scheme. The new scheme covers all eligible deposits of the same depositor up to an amount of 100,000 EUR, and investments up to an amount of 20,000 EUR. The Law also provides that deposits resulting from specific transactions or serving a social purpose or linked to particular life events, are protected over and above 100,000 EUR for a period of 12 months.

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.16. Mutual deposit guarantee and investor compensation scheme (continued)

Provisions recognized in the Bank's financial statements over the years to meet the obligations to the AGDL, where applicable, are used as and when they contribute to the new Fonds de Résolution Luxembourg (Luxembourg Resolution Fund - FRL) and Fonds de Garantie des Dépôts Luxembourg (Luxembourg Deposit Guarantee Fund - FGDL).

The financial means of the FRL shall reach, by 31 December 2024, at least 1% of the amount of covered deposits, as defined in Article 1(36) of the Law, of all credit institutions authorized in all participating Member States. This amount must be collected from credit institutions through annual contributions from 2017 to 2024.

The target level of the financial means of the FGDL is set at 0.8% of the amount of covered deposits, as defined in Article 163(8) of the Law, of the member institutions and was reached at the end of 2018 through the annual contribution.

Since the level of 0.8% was reached, Luxembourg credit institutions have had to continue contributing for an additional eight years in order to constitute an additional buffer of 0.8% of covered deposits, as defined in Article 163(8) of the Law.

The contributions paid by the Bank in 2024 in relation to these mechanisms amounted to 0 EUR (2023: 1,567,324 EUR).

5.17. Use of estimates and judgment

In preparing its financial statements, the Bank is required to make certain estimates and assumptions based on available information which are likely to require expert judgment.

These estimates and assumptions constitute sources of uncertainty which may affect the calculation of income and expenses in the statement of profit or loss, the value of assets and liabilities in the statement of financial position and/or certain disclosures in the notes to the financial statements. Thus, future results of certain transactions could prove to be significantly different from the estimates used for the closing of the financial statements as at 31 December 2024, particularly in the current extremely uncertain environment.

Accounting estimates requiring assumptions to be made are mainly used to measure the items set out below:

- Business model assessment: classification of the financial instruments according to the business models that have been defined by the Bank (note 5.2);
- Models and assumptions used in the model for the calculation of the Expected Credit Losses (ECL): Probability of Default (PD) and Loss Given Default (LGD), Significant Increase in Credit Risk (SICR) (notes 7.3, 7.4, 7.13 and 7.14);
- Determination of the useful life and residual values of the tangible and intangible assets (notes 7.7 and 7.8);
- Determination of the duration of the lease duration (notes. 7.8 and 7.15);
- Fair valuation of the unlisted financial instruments (note 7.20);
- Determination of the valuation of the provisions (note 7.14);
- Determination of the incremental borrowing rate in the context of the calculation of the lease liabilities (note 7.15);

NOTE 5 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.17. Use of estimates and judgment (continued)

- Judgements made in applying accounting policies that have the most significant effects on the secured notes issuance (note 7.21).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

NOTE 6 - NOTES TO THE INCOME STATEMENT

6.1. Interest and similar income

In thousands of €	**2024**	**2023**
Interest income calculated using the effective interest method		
Cash and cash equivalents	16,796	23,925
Loans and advances to credit institutions	60,695	61,034
Loans and advances to customers	73,430	73,421
Negative interest on interest bearing liabilities	-	22
Total interest and similar income	**150,921**	**158,402**

6.2. Interest and similar expense

In thousands of €	**2024**	**2023**
Interest expense calculated using the effective interest method		
Due to credit institutions	(102,719)	(110,810)
Due to customers	(17)	(1,256)
Negative interest on interest bearing assets	(18)	(24)
Total interest and similar expense	**(102,754)**	**(112,090)**

6.3. Fee and commission income

In thousands of €	**2024**	**2023**
Clients’ transactions	8	-
Securities transactions	1	-
Financial services	6	-
Total Fee and commission income	**15**	**-**

6.4. Fee and commission expense

In thousands of €	**2024**	**2023**
Clients’ transactions	(11)	-
Securities transactions	(115)	-
Financial services	(45)	-
Total Fee and commission expense	**(171)**	**-**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.5. Net gains/ (losses) on financial instruments at fair value through profit or loss

In thousands of €	**2024**	**2023**
Financial assets at fair value through profit or loss	(91)	43
Total	**(91)**	**43**

6.6. Other income

In thousands of €	**2024**	**2023**
Tax reclaims	2,532	-
Cost related to issuance recharged to the parent entity	1,350	-
Dividend income	-	348
Other income	19	440
Total	**3,901**	**788**

The Bank has received a tax reclaim for an Irish stamp dated from 2022 for an amount of 2,532 K EUR.

Since 2024, the Bank’s activities are primarily issuance of secured notes and corporate banking services (including corporate loans and deposits taking). The cost of this activity is recharged to the parent company, Natixis for an amount of 1,350 K EUR in 2024.

6.7. Other expenses

In thousands of €	**2024**	**2023**
Recharges by the Natixis and BPCE groups for services provided	(1.567)	(2,017)
Other expenses	(823)	(202)
Total	**(2,390)**	**(2,219)**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.8. Other operating expenses

In thousands of €	2024	2023
Wages and salaries	(4,721)	(4,226)
Social security contributions	(221)	(76)
Pension and similar expenses	(926)	(1,188)
Allocation to reserves for restructuring – Staff costs	-	(990)
Other	(609)	(458)
Staff expenses	**(6,477)**	**(6,938)**
Information Technology expenses	(1,176)	(1,483)
Consulting and professional services	(2,144)	(2,185)
Leasing expenses	(697)	(286)
Taxes and duties	(695)	(2,265)
Contributions to resolution funds and deposit guarantee schemes	(3)	(1,249)
Other	(2,766)	(2,934)
Other administrative expenses	**(7,481)**	**(10,402)**
Total other operating expenses	**(13,958)**	**(17,340)**

Professional services include fees payable (net of VAT and administrative costs) to the statutory auditor of 392 K EUR as detailed below:

In thousands of €	2024	2023
Audit	(345)	(199)
Audit related	(19)	(19)
Other fees related to permissible non-audit services	(28)	(8)
Total	**(392)**	**(226)**

Other fees related to permissible non-audit services are mainly composed of generic assistance on tax matters and trainings.

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.9 Cost of risk

The table below shows the ECL charges on financial instruments for the year recorded in the income statement. Derecognition and write-offs have been treated as movements in the ECL loss allowance.

2024	Stage 1	Stage 2	Stage 3	Total
In thousands of €				
Cash and cash equivalent	-	-	-	-
Loans and advances to credit institutions	753	-	-	753
Loans and advances to customers	552	(5)	(44)	503
Undrawn loan commitments	36	-	-	36
Financial guarantees	42	-	-	42
Total Impairment Loss	**1,383**	**(5)**	**(44)**	**1,334**

2023	Stage 1	Stage 2	Stage 3	Total
In thousands of €				
Cash and cash equivalent	-	-	-	-
Loans and advances to credit institutions	1,154	-	-	1,154
Loans and advances to customers	719	-	9	728
Assets held for sale	1,000			1,000
Undrawn loan commitments	111	-	-	111
Financial guarantees	313	-	-	313
Total Impairment Loss	**3,297**	**-**	**9**	**3,306**

In the income statement, cost of risk in 2023, include also a provision for customer litigation for an amount of 250 K EUR.

6.10. Income tax

The Bank is the head of a tax consolidation group consisting of Natixis Corporate and Investment Banking Luxembourg and other companies forming part of the BPCE Group. The tax charge is determined by applying the tax rules applicable to each entity and is recognised by the various members of the tax consolidation group. The consolidating company is liable for the income tax (corporate income tax including unemployment fund and municipal business tax).

The components of income tax expense for the years ended 31 December 2024 and 2023 are, as follows:

In thousands of €	2024	2023
Luxembourg current income tax	(7,735)	(6,099)
Adjustment of current income tax of prior years	(151)	-
Income tax sharing related to tax consolidation	1,193	530
Total current income tax	**(6,693)**	**(5,569)**
Deferred income tax	(328)	(976)
Adjusted deferred income tax of prior years	(14)	-
Total deferred income tax	**(342)**	**(976)**
Total	**(7,035)**	**(6,545)**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.10. Income tax (continued)

Effective tax rate

For 2024 and 2023, the nominal statutory effective tax rates were:

	2024	**2023**
Luxembourg		
Nominal current tax rate	24.94%	24.94%
Nominal deferred tax rate	23.87%	24.94%
Effective tax rate (Income tax / Profit before tax)	21.00%	23.74%

As of 31 December, the reconciliation between the effective tax rate and the nominal current tax rate is explained as follow:

In thousands of €	**2024**	**2023**
Profit / (loss) from continuing operations	26,464	21,025
Income tax expense	(7,035)	(6,545)
Profit / (loss) from continuing operations before tax	**33,499**	**27,570**
Dividend received	-	(348)
Impact of tax consolidation group	(1,025)	(1,189)
Non-deductible net wealth tax	(20)	1,463
Other non-deductible expense	-	30
Permanent differences	**(1,045)**	**(44)**
Profit / (loss) from continuing operations including permanent differences	**32,454**	**27,526**
Nominal current tax rate	24,94%	24,94%
Theoretical income tax expense	**(8,094)**	**(6,865)**
Impact of tax consolidation group - income tax sharing	1,193	530
Tax from previous period	(151)	-
Other	17	(210)
Total income tax expense	**(7,035)**	**(6,545)**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.11. Discontinued operations

As of December 2022, the Board of Directors of the Bank has decided to transform the activities from the Wealth Management activities to the Corporate & Investment Banking activities.

The associated loans assets and liabilities portfolio were sold on 2023 and are consequently presented as held for sale as at 1 January 2023.

The Bank has also sold its insurance brokerage activity to Massena Conseil in 2023 for an amount of 2,000 K EUR.

In thousands of €	**2024**	**2023**
Interest and similar income	-	110
Interest and similar expense	-	(75)
Net interest income from discontinued operations	-	**35**
Fee and commission income	-	1,145
Fee and commission expense	-	(592)
Net operating income from discontinued operations	-	**553**
	-	
Gain from loans held for sale	-	5,052
Gain from insurance brokerage activity held for sale	-	2,000
Gain / (loss) on the sale of the wealth management activity*	(499)	9,997
Net other operating income from discontinued operations	**(499)**	**17,049**
Net operating income from discontinued operations	-	**17,637**
Total operating expense from discontinued operations	-	**(2,413)**
Profit before tax from discontinued operations	-	**15,223**
Income tax expense	-	43
Deferred tax expense	-	(1,253)
Profit / (loss) from discontinued operations	**(499)**	**14,013**

* The gain on the sale of the wealth management activity results in the variation between net carrying assets, liabilities and off-balance sheet items disposed and fair value of consideration received which is 13.24% of Massena Partners. For further details on Massena Partners, please refer to the note 7.6.

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.11. Discontinued operations (continued)

Cash flow statement for discontinued operations

	2024	2023
Net cash flows from operating activities	**-**	**2,175**
Net cash flows from investing activities (sale of the shares of Massena Partners in 2024)	**9 656**	**-**
Net cash flows from financing activities	**-**	**-**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.12. Deferred tax

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the income tax expense:

	Basis			Deferred tax (23,87%)			
31 December 2024 *In thousands of €*	Deferred tax basis as of 01.01.2024	Variation of the period	Deferred tax basis as of 31.12.2024	Deferred tax assets - (liabilities) as of 01.01.2024	Deferred tax profit and (loss) of the period	Impact of tax rate change through profit and (loss)	Deferred tax assets - (liabilities) as of 31.12.2024
Right-of-use assets	3,583	(1,407)	2,176	(894)	336	38	(520)
Leases liabilities	(3,498)	1,256	(2,242)	872	(300)	(38)	534
ECL for loans and advances	(2,271)	1,256	(1,015)	568	(300)	(24)	244
ECL for financial guarantees and undrawn loan commitments	(114)	78	(36)	29	(19)	(1)	9
Financial assets at fair value through profit or loss	12	1	13	(3)	-	-	(3)
Others	1	199	200	(1)	(48)	1	(48)
Cancellation of lump sum provision	2,500	-	2,500	(624)	-	27	(597)
Total	**213**	**1,383**	**1,596**	**(53)**	**(331)**	**3**	**(381)**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.12. Deferred tax (continued)

31 December 2023 *In thousands of €*	Basis			Deferred tax (24.94%)			
	Deferred tax basis as of 01.01.2023	Variation of the period	Deferred tax basis as of 31.12.2023	Deferred tax assets – (liabilities) as of 01.01.2023	Deferred tax profit and (loss) of the period	Impact of tax rate change through profit and (loss)	Deferred tax assets – (liabilities) as of 31.12.2023
Right-of-use assets	4,967	(1,384)	3,583	(1,239)	345	-	(894)
Leases liabilities	(5,173)	1,675	(3,498)	1,290	(418)	-	872
ECL for loans and advances	(4,153)	1,882	(2,271)	1,036	(468)	-	568
ECL for financial guarantees and undrawn loan commitments	(538)	424	(114)	134	(105)	-	29
Loans classified as held for sales	(6,023)	6,023	-	1.502	(1,502)	-	-
Financial assets at fair value through profit or loss	12	-	12	(3)	-	-	(3)
Others	(319)	322	1	80	(81)	-	(1)
Cancellation of lump sum provision	2,500	-	2,500	(624)	-	-	(624)
Total	**(8,729)**	**8,942**	**213**	**2,176**	**(2,229)**	**-**	**(53)**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.13. Dividends

The shareholders annual general meeting on 25 April 2024 approved a dividend for an amount of 21,885 K EUR and is included as a separate line item in the statement of changes of equity for the year.

The 2022 dividend paid in 2023 amounted to 8,797 K EUR.

6.14. Segment information

During 2024 and 2023, the Bank has been organized into 2 operating segments based on products and services as follows:

- Corporate and Investment Banking; and
- Wealth Management.

The analysis of the segment has been done based on the core activities of the Bank and based on the lines of business used for the internal reporting.

31 December 2024 *In thousands of €*	**Corporate and Investment Banking**	**Wealth Management**	**Total**
Interest and similar income	150,387	534	150,921
Interest and similar expense	(102,753)	(1)	(102,754)
Net interest income	**47,634**	**533**	**48,167**
Fee and commission income	-	15	15
Fee and commission expense	-	(171)	(171)
Net fee and commission income	-	**(156)**	**(156)**
Net gains / (losses) on financial instruments at fair value through profit or loss	(91)	-	(91)
Other income	1,350	2,551	3,901
Other expenses	(2,044)	(346)	(2.390)
Net other operating income	**(785)**	**2,205**	**1,420**
Net operating income	**46,849**	**2,582**	**49,431**
Other operating expenses	(8,028)	(5,930)	(13,958)
Depreciation of property, equipment and right-of-use assets	(1,161)	(291)	(1,452)
Depreciation of intangible assets	(64)	(1,792)	(1,856)
Total operating expense	**(9,253)**	**(8,013)**	**(17,266)**
Cost of risk	1,201	133	1,334
Profit / (loss) before tax	**38,797**	**(5,298)**	**33,499**
Income tax expense	(8,253)	1,218	(7,035)
Profit / (loss) from continuing operations	**30,544**	**(4,080)**	**26,464**
Profit / (loss) from discontinued operations		**(499)**	**(499)**
Profit / (loss) for the year	**30,544**	**(4,579)**	**25,965**
Total Assets	**2,028,441**	**610,830**	**2,639,271**
Total Liabilities	**1,326,560**	**568,020**	**1,894,580**

NOTE 6 - NOTES TO THE INCOME STATEMENT (CONTINUED)

6.14. Profit segments (continued)

31 December 2023 *In thousands of €*	**Corporate and Investment Banking**	**Wealth Management**	**Total**
Interest and similar income	139,787	18,615	158,402
Interest and similar expense	(99,538)	(12,552)	(112,090)
Net interest income	**40,249**	**6,063**	**46,312**
Fee and commission income	-	-	-
Fee and commission expense	-	-	-
Net fee and commission income	**-**	**-**	**-**
Net gains / (losses) on financial instruments at fair value through profit or loss	-	43	43
Other income	-	788	788
Other expenses	-	(2,219)	(2,219)
Net other operating income	**-**	**(1,388)**	**(1,388)**
Net operating income	**40,249**	**4,675**	**44,924**
Other operating expenses	(7,914)	(9,426)	(17,340)
Depreciation of property, equipment and right-of-use assets	(468)	(1,140)	(1,608)
Depreciation of intangible assets	-	(1,962)	(1,962)
Total operating expense	**(8,382)**	**(12,528)**	**(20,910)**
Cost of risk	1,305	2,251	3,556
Profit / (loss) before tax	**33,172**	**(5,602)**	**27,570**
Income tax expense	(5,710)	(835)	(6,545)
Profit / (loss) from continuing operations	**27,462**	**(6,437)**	**21,025**
Profit / (loss) from discontinued operations	**-**	**14,013**	**14,013**
Profit / (loss) for the year	**27,462**	**7,576**	**35,038**
Total Assets	**2,477,028**	**775,465**	**3,252,493**
Total Liabilities	**1,681,935**	**829,947**	**2,511,882**

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION

7.1. Cash and cash equivalents

In thousands of €	**2024**	**2023**	**1 January 2023**
Available cash			
Cash on hand	*-*	*-*	*74*
Balances with central banks other than mandatory reserve deposits	*132,152*	*128,373*	*370,000*
Deposits on demand with other banks	*213,030*	*646,969*	*290,036*
Restricted cash			
Non-available mandatory reserve deposits with central banks	*318*	*1,244*	*5,778*
Irrevocable payment commitments to SRB	*835*	*835*	*483*
Total	**346,335**	**777,421**	**666,371**

Mandatory reserve deposits with central banks are not available for use in the Bank's day-to-day operations. The Bank has made irrevocable payment commitments to Single Resolution Board (SRB) and constituted cash collateral in favour of the SRB.

The restricted cash balances are subject to regulatory restrictions and are therefore not available for general use by the Bank.

For other banks, the Bank is carefully selecting its counterparties and is working will investment grade counterparties.

7.2. Financial assets at fair value through profit or loss

Financial assets at fair value are divided as follows according to whether or not they are listed:

In thousands of €	**2024**	**2023**	**1 January 2023**
Unlisted securities	23	22	22
Total	**23**	**22**	**22**

As at 31 December 2024, the Bank holds unlisted shares amounting to 23 K EUR (2023: 22 K EUR).

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.3. Loans and advances to credit institutions

In thousands of €	**2024**	**2023**	**1 January 2023**
Placements with other banks	1,411,983	1,626,790	2,758,879
Less: Allowance for ECL	(195)	(948)	(2,102)
	1,411,788	**1,625,842**	**2,756,777**

The maximum exposure to credit risk presented as gross of allowance for ECL is 1,411,983 K EUR as at 31 December 2024 and, 1,626,790 K EUR and 2,757,879 K EUR respectively as at December 2023 and as at 1 January 2023.

The Bank is mostly working with the BPCE group for the loans and advances to credit institutions. For other credit institutions, the Bank is carefully selecting its counterparties and is working will investment grade counterparties.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.3. Loans and advances to credit institutions (continued)

Impairment allowance for loans and advances to credit institutions (continued)

A reconciliation of changes in ECL allowances by stage for Loans and advances to credit institutions is, as follows:

In thousands of €	Opening balance	New assets originated or purchased	Payments and assets derecognized	Changes due to change in credit risk (net)	Changes due to modifications without de- recognition (net)	Changes due to update in the Bank's methodology for estimation	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
31 December 2024									
Stage 1	948		-	(753)	-	-	-	-	195
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-
Total	**948**		**-**	**(753)**	**-**	**-**	**-**	**-**	**195**
31 December 2023									
Stage 1	2,102	-	-	(1,154)	-	-	-	-	948
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-
Total	**2,102**	**-**	**-**	**(1,154)**	**-**	**-**	**-**	**-**	**948**

During the years 2024 and 2023, there were no transfers between stages. The total income statement charge for the allowance for ECL was 753 K EUR as at 31 December 2024.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.4. Loans and advances to customers

In thousands of €	2024	2023	1 January 2023
Non-financial corporations	22,478	28,240	30,848
Financial corporations	840,622	785,472	905,749
Retail customers	13,199	16,763	47,703
Less: Allowance for ECL	(820)	(1,323)	(2,051)
Total	875,479	829,152	982,249

Impairment allowance for loans and advances to customers

The Bank has aligned its definition of credit impaired assets under IFRS 9 to the EBA definition of non-performing loans ("NPLs").

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of allowance for ECL.

31 December 2024	Stage 1	Stage 2	Stage 3	Total
In thousands of €				
Internal rating grade Performing	875,942	5	-	875,947
Non-performing	-	-	352	352
Total	**875,942**	**5**	**352**	**876,299**

31 December 2023	Stage 1	Stage 2	Stage 3	Total
In thousands of €				
Internal rating grade Performing	827,056	-	-	827,056
Non-performing	-	-	3,419	3,419
Total	**827,056**		**3,419**	**830,475**

1 January 2023	Stage 1	Stage 2	Stage 3	Total
In thousands of €				
Internal rating grade Performing	973,175	-	-	973,175
Non-performing	-	-	11,125	11,125
Total	**973,175**		**11,125**	**984,300**

Collateral of loans and advances to customers includes cash, properties and securities. The fair value of collateral was estimated by the Bank with reference to the latest available external valuations adjusted for recent experience in disposal of collateral as well as the market conditions.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.4. Loans and advances to customers (continued)

Impairment allowance for loans and advances to customers (continued)

A reconciliation of changes in ECL allowances by stage for loans and advances to customers is, as follows:

In thousands of €	Opening balance	New assets originated or purchased	Payments and assets derecognized	Changes due to change in credit risk (net)	Changes due to modifications without de-recognition (net)	Changes due to update in the Bank's methodology for estimation	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
31 December 2024									
Stage 1	1,143	361	(398)	(368)	-	-	-	(147)	591
Stage 2	-	-	-	5	-	-	-	-	5
Stage 3	180	-	(141)	185	-	-	-	-	224
Total	**1,323**	**361**	**(539)**	**(178)**	**-**	**-**	**-**	**(147)**	**820**
31 December 2023									
Stage 1	1,862	261	(2,232)	328	-	-	-	924	1,143
Stage 2	-	392	(427)	35	-	-	-	-	-
Stage 3	189	-	(159)	150	-	-	-	-	180
Total	**2,051**	**653**	**(2,818)**	**513**	**-**	**-**	**-**	**924**	**1,323**

There were no transfers between stages during the years 2024 and 2023.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.5. Current tax assets

In thousands of €	**2024**	**2023**	**1 January 2023**
Tax consolidation assets			
BPCE Life S.A.	-	1,102	1,119
Natixis Structured Issuance S.A.	457	209	94
Kennedy Financement Luxembourg 2 S.à.r.l.	307	81	9
Total	764	1,392	1,222

Please refer to the note 6.10 for further details on the tax consolidation group in which the Bank is included.

7.6. Assets classified as held for sale

In thousands of €	**2024**	**2023**	**1 January 2023**
Massena Partners shares	-	10,155	-
Loans and advances to customers	-	-	70,596
Accrued interests	-	-	157
Less: Allowance for ECL	-	-	(1,000)
Total	**-**	**10,155**	**69,753**

As part of its restructuring plan, the Bank has transferred loans and advances to customers to Natixis Paris for an amount of 70,596 K EUR. Impairment allowance for these loans is stated at 1,000 K EUR. For further details on the restructuring and discontinued operations, please refer to the note 6.11.

The shares in Massena Partners (Luxembourg incorporated company) correspond to the sale of the Bank's Wealth Management activities. As part of the contribution in kind to Massena Partners, the Bank received 12,000 shares and held a 13.24% stake in Massena Partners (at the time of the acquisition) estimated at fair value for an amount of 10,155 K EUR. This stake (after dilution following allocation of free shares to other minority shareholders) of 13.14% was sold in December 2024.

The shares of Massena Partners are classified as level 3 financial instruments. The valuation is done based on a combination of techniques (including discounted cash flow methods, , multiple methodology and comparable transactions).

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.7. Property, equipment and right-of-use assets

For the year ended 31 December 2024

In thousands of €	Acquisition value at the beginning of the year	Additions	Disposals	Acquisition value at the year end	Cumulative value adjustments at the beginning of the year	Value adjustments disposals	Depreciation expense of the year	Cumulative value adjustments at the year end	Net carrying amount at the year end
1. Tangible assets	**1,916**	**-**	**-**	**1,916**	**(1,451)**	**-**	**(187)**	**(1,638)**	**278**
- Property and equipment	1,371	-	-	1,371	(1,250)	-	(43)	(1,293)	78
- Other fixtures and fittings, tools and furniture	545	-	-	545	(201)	-	(144)	(345)	200
2. Right of use assets	**9,999**	**35**	**-**	**10,034**	**(6,416)**	**(177)**	**(1,265)**	**(7,858)**	**2,176**
- Office	9,999	35	-	10,034	(6,416)	(177)	(1,265)	(7,858)	2,176

The Bank has decided that the lease for the office will not be renewed upon its term in September 2026.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.7. Property, equipment and right-of-use assets (continued)

For the year ended 31 December 2023

In thousands of €	Acquisition value at the beginning of the year	Additions	Disposals	Acquisition value at the year end	Cumulative value adjustments at the beginning of the year	Value adjustments disposals	Depreciation expense of the year	Cumulative value adjustments at the year end	Net carrying amount at the year end
1. Tangible assets	**3,962**	**265**	**(2,311)**	**1,916**	**(3,488)**	**2,310**	**(273)**	**(1,451)**	**465**
- Property and equipment	1,383	-	(12)	1,371	(1,053)	11	(208)	(1,250)	121
- Other fixtures and fittings, tools and furniture	2,579	265	(2,299)	545	(2,435)	2,299	(65)	(201)	344
2. Right of use assets	**10,199**	**-**	**(200)**	**9,999**	**(5,232)**	**151**	**(1,335)**	**(6,416)**	**3,583**
- Office	10,199	-	(200)	9,999	(5,232) -	151	(1,335)	(6,416)	3,583

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.8. Intangible assets

For the year ended 31 December 2024

In thousands of €	**Acquisition value at the beginning of the year**	**Additions**	Disposals	**Acquisition value at the year end**	**Cumulative value adjustments at the beginning of the year**	**Depreciation expense of the year**	**Cumulative value adjustments at the year end**	**Net carrying amount at the year end**
Intangible assets	**26,441**	**25**	**-**	**26,466**	**(24,481)**	**(1,856)**	**(26,337)**	**129**
Software and computer licenses	26,441	25	-	26,466	(24,481)	(1,856)	(26,337)	129

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.8. Intangible assets (continued)

For the year ended 31 December 2023

In thousands of €	**Acquisition value at the beginning of the year**	**Additions**	**Disposals**	**Acquisition value at the year end**	**Cumulative value adjustments at the beginning of the year**	**Value adjustments disposals**	**Depreciation expense of the year**	**Cumulative value adjustments at the year end**	**Net carrying amount at the year end**
Intangible assets	**30,493**	**-**	**(4,052)**	**26,441**	**(26,571)**	**4,052**	**(1,962)**	**(24,481)**	**1,960**
- Software and computer licenses	30,493	-	(4,052)	26,441	(26,571)	4,052	(1,962)	(24,481)	1,960

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.9. Other assets

In thousands of €	**2024**	**2023**	**1 January 2023**
Intercompany receivable	1,493	1,003	655
Accrued expenses	451	177	526
Other receivable	341	334	465
VAT receivable	14	147	166
Other tax receivable	-	824	824
Unsettled securities transactions	-	16	440
Total	**2,299**	**2,501**	**3,076**

As of 31 December 2024, the intercompany receivable includes the income from Services Level Agreement (SLA) with Natixis in relation with issuance activities for an amount of 1,350 K EUR.

7.10. Due to credit institutions

In thousands of €	**2024**	**2023**	**1 January 2023**
Current accounts	142,813	130,618	145,480
Term deposits	1,662,652	2,220,254	2,956,615
Total	**1,805,465**	**2,350,872**	**3,102,095**

The decrease in the amounts due to credit institutions is mainly due to intragroup deals that were not renewed.

7.11. Due to customers

In thousands of €	**2024**	**2023**	**1 January 2023**
Non-financial corporations	31,189	6,334	11,210
Current accounts	*31,189*	*6,334*	*11,210*
Financial corporations	27,141	121,755	220,565
Current accounts	*27,141*	*114,010*	*162,471*
Term deposits	-	*7,745*	*58,094*
Retail customers	3,589	6,501	44,779
Current/saving accounts	*3,589*	*4,146*	*41,157*
Term deposits	-	*2,355*	*3,622*
Total	**61,919**	**134,590**	**276,554**

The decrease of the amounts in mostly due to the discontinuation of the Wealth Management business in the context of the restructuring of the Bank.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.12. Current tax liabilities

In thousands of €	**2024**	**2023**	**1 January 2023**
Tax consolidation liabilities			
BPCE Life S.A.	-	1,379	1,379
Natixis Structured Issuance S.A.	488	333	162
Kennedy Financement Luxembourg 2 S.à.r.l.	178	178	178
Total tax consolidation liabilities	**666**	**1,890**	**1,719**
Provisions for taxation			
Provisions for Corporate Income Tax	10,158	4,357	-
Provisions for Municipal Business Tax	3,784	1,700	-
Total provisions for taxation	**13,942**	**6,057**	**-**
Total	**14,608**	**7,947**	**1,719**

Please refer to the note 6.10 for further details on the tax consolidation group in which the Bank is included.

7.13. Liabilities classified as held for sale

In thousands of €	**2024**	**2023**	**1 January 2023**
Due to credit institutions	-	-	70,405
Due to customers	-	-	301,416
	-	**-**	**371,821**

As part of its restructuring plan, the Bank has transferred loans liabilities to customers to Natixis for an amount of 70,405 K EUR. The Bank has also transferred customers' accounts at their carrying amounts for an amount of 301,146 K EUR in 2023.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.14. Provisions

The movement in provisions during 2024 and 2023 respectively is, as follows:

In thousands of €	**Financial guarantees and undrawn loan commitments**	**Other**	**Total**
1 January 2023	**538**	**12,671**	**13,209**
Changes in ECL	(424)	-	(424)
Amounts written off	-	(530)	(530)
Utilized	-	(2,654)	(2,654)
31 December 2023	**114**	**9,487**	**9,601**
Changes in ECL	(78)	-	(78)
Utilized	-	(6,686)	(6,686)
31 December 2024	**36**	**2,801**	**2,837**

For the years ended 31 December 2024 and 31 December 2023, the Bank does not have any provisions for litigation.

The variation of the other provision is linked to the utilisation of the provision linked to the restructuring of the Bank.

Financial guarantees and undrawn loan commitment

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank. Guarantees commit the Bank to make payments on behalf of customers in the event of a specific act. Guarantees and standby letters of credit carry a similar credit risk to loans. The nominal values of such commitments are listed below:

Financial guarantees and undrawn loan commitments (continued)

In thousands of €	**2024**	**2023**	**1 January 2023**
Financial guarantees nominal	29	996	8,358
Undrawn loan commitments nominal	13,000	20,000	46,586
Total	**13,029**	**20,996**	**54,944**

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.14. Provisions (continued)

Impairment losses on financial guarantees and undrawn loan commitments (continued)

A reconciliation of changes in outstanding exposures and corresponding allowance for ECL by stage for financial guarantees and undrawn loan commitments is, as follows:

In thousands of €	Opening balance	New exposures originated or purchased	Payments and exposures derecognized	Changes due to change in credit risk (net)	Changes due to modifications without de-recognition (net)	Changes due to update in the Bank's methodology or estimation	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
31 December 2024									
Stage 1	114	-	(2)	(98)	-	-	-	22	36
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-
Total	**114**	**-**	**(2)**	**(98)**	**-**	**-**	**-**	**22**	**36**
31 December 2023									
Stage 1	538	2	(477)	31	-	-	-	20	114
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-
Total	**538**	**2**	**(477)**	**31**	**-**	**-**	**-**	**20**	**114**

No transfers between stages for financial guarantees and undrawn loan commitments based on gross carrying amount has been done for the years ended 31 December 2024 and 31 December 2023.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.15. Other liabilities

In thousands of €	**2024**	**2023**	**1 January 2023**
Lease liability	2,242	3,498	5,173
Accrued expenses	4,693	3,751	5,137
Other financial liabilities	717	631	870
Financial other liabilities	**7,652**	**7,880**	**11,180**
Taxes and VAT payable	1,718	939	60
Non-financial other liabilities	**1,718**	**939**	**60**
Total	**9,370**	**8,819**	**11,240**

7.16. Share capital, reserves and other equity instruments

Share capital

In thousands of €	**2024**	**2023**	**1 January 2023**
Ordinary shares (in number of shares)	273,417	273,417	273,417
Issued and fully paid (in thousands of €)	683,543	683,543	683,543

Profit of the year

Profit of the year comprises as of 31 December 2024 the following items:

In thousands of €	**2024**
Profit unavailable to allocate to legal reserve	1,298
Profit available for distribution	24,667
Profit of the year	**25,965**

The return on assets of the Bank is the following:

In thousands of €	**2024**	**2023**
Profit of the year	25,965	35,038
Total assets	2,639,271	3,252,493
Return on assets	0.98%	1.08%

Legal reserves

Under Luxembourg law, the Bank must allocate to a legal reserve an amount equal to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. The legal reserve is not distributable.

In thousands of €	**2024**	**2023**	**1 January 2023**
Legal reserves	9,794	8,875	8,412

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.16. Share capital, reserves and other equity instruments (continued)

Other reserves

This item comprises two aggregates undistributable components as described below, i.e. the special reserve for net wealth tax and other reserves related to IFRS adjustments.

In thousands of €	**2024**	**2023**	**1 January 2023**
Special reserve for net wealth tax	15,247	19,677	19,677
Other reserves related to IFRS adjustments	10,142	(6,522)	(6,522)
Total	**25,389**	**13,155**	**13,155**

The Bank does not have any reserves for unrealised gain as at 31 December 2024.

Special reserve for net wealth tax

In accordance with Luxembourg tax law, the Bank has, where relevant, made yearly allocations of an amount equal to 5 times the theoretical net wealth tax amount to the special reserve for net wealth tax reduction, which it committed to maintain for 5 years from the year of the respective allocations.

The special reserve for net wealth tax reduction may be analysed as follows:

In thousands of €	**2024**	**2023**	**1 January 2023**
Special reserve in relation to the 2018 net wealth tax	-	10,739	10,739
Special reserve in relation to the 2019 net wealth tax	-	6,772	6,772
Special reserve in relation to the 2022 net wealth tax	2,166	2,166	2,166
Special reserve in relation to the 2024 net wealth tax	13,081	-	-
Total	**15,247**	**19,677**	**19,677**

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.17. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the Effective Interest Rate. Issued debt reflects the contractual coupon amortisation.

As at 31 December 2024 *In thousands of €*	**On Demand**	**Less than 3 months**	**Less than 6 months**	**Less than 12 months**	**Less than 5 years**	**After 5 years**	**Total**
Assets							
Cash and cash equivalents	1,305	345,030	-	-	-	-	346,335
Financial assets at fair value through profit or loss	23	-	-	-	-	-	23
Loans and advances to credit institutions	-	30,267	110,389	132,823	934,212	204,097	1,411,788
Loans and advances to customers	4,261	57,000	750	6,789	787,672	19,007	875,479
Assets classified as held for sale	-	-	-	-	-	-	-
Current tax assets	764	-	-	-	-	-	764
Property, equipment and right-of-use assets	-	-	-	-	2,454	-	2,454
Intangible assets	129	-	-	-	-	-	129
Other assets	2,299	-	-	-	-	-	2,299
Total assets	**8,781**	**432,297**	**111,139**	**139,612**	**1,724,338**	**223,104**	**2,639,271**
Liabilities							
Due to credit institutions	-	208,338	135,967	114,577	1,250,628	95,955	1,805,465
Due to customers	61,919	-	-	-	-	-	61,919
Current tax liabilities	14,608	-	-	-	-	-	14,608
Deferred tax liabilities	381	-	-	-	-	-	381
Provisions	-	459	459	918	1,001	-	2,837
Other liabilities	9,370	-	-	-	-	-	9,370
Total liabilities	**86,278**	**208,797**	**136,426**	**115,495**	**1,251,629**	**95,955**	**1,894,580**

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.17. Maturity analysis of assets and liabilities (continued)

As of 31 December 2023 *In thousands of €*	**On Demand**	**Less than 3 months**	**Less than 6 months**	**Less than 12 months**	**Less than 5 years**	**After 5 years**	**Total**
Assets							
Cash and cash equivalents	130,452	646,969	-	-	-	-	777,421
Financial assets at fair value through profit or loss	22	-	-	-	-	-	22
Loans and advances to credit institutions	-	96,295	59,733	-	1,213,893	255,921	1,625,842
Loans and advances to customers	2,578	53,550	-	953	752,599	19,472	829,152
Assets classified as held for sale	-	-	-	10,155	-	-	10,155
Current tax assets	1,392	-	-	-	-	-	1,392
Property, equipment and right-of-use assets	-	-	-	-	4,048	-	4,048
Intangible assets	1,960	-	-	-	-	-	1,960
Other assets	2,501	-	-	-	-	-	2,501
Total assets	**138,905**	**796,814**	**59,733**	**11,108**	**1,970,540**	**275,393**	**3,252,493**
Liabilities							
Due to credit institutions	-	373,820	121,227	261,147	1,493,197	101,481	2,350,872
Due to customers	124,587	-	-	953	9,050	-	134,590
Current tax liabilities	7,947	-	-	-	-	-	7,947
Deferred tax liabilities	53	-	-	-	-	-	53
Provisions	-	2,113	2,113	4,226	1,149	-	9,601
Other liabilities	8,819	-	-	-	-	-	8,819
Total liabilities	**141,406**	**375,933**	**123,340**	**266,326**	**1,503,396**	**101,481**	**2,511,882**

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.18. Capital

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Commission de Surveillance du Secteur Financier (CSSF). The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the European Banking Authority (EBA) in supervising the Bank. The Bank has complied in full of all its externally imposed capital requirements over the reported period.

Capital Management

The Bank follows the principles below with regard to capital management:

- Adequate capital and sustainable development. Follow the lead of the strategic planning of the Bank's development; and maintain the high quality and adequacy of capital so as to meet regulatory requirements, support business growth, and advance the sustainable development of the scale, quality and performance of the business in the Bank;

- Allocation optimisation and benefit augmentation. Allocate capital properly by prioritising the asset businesses with low capital occupancy and high comprehensive income, and steadily improve the efficiency and return of capital, to achieve the reciprocal matchup and dynamic equilibrium among risks, assets and returns;

- Refined management and capital level improvement. Optimize the capital management system by sufficiently identifying, calculating, monitoring, mitigating, and controlling various types of risks; incorporate capital restraints into the whole process of product pricing, resource allocation, structural adjustments, performance evaluation, etc., ensuring that the capital employed is commensurate with the related risks and the level of risk management.

Capital adequacy and regulatory capital are monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the EBA, for supervisory purposes. The required information is filed with the CSSF on a quarterly basis.

The Bank's capital adequacy ratios are required to meet the requirements of the CSSF, that is, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should be no less than 7.86%, 9.55% and 11.80% respectively.

The Bank's regulatory capital is managed by its capital management related departments and consists of the following:

- Common equity tier 1 capital, including common shares, capital reserve, surplus reserve, general reserve, undistributed profits, eligible portion of minority interests and others;

- Additional tier 1 capital, including additional tier 1 capital instruments issued and related premium and eligible portion of minority interests;

- Tier 2 capital, including tier 2 capital instruments issued and related premium, and eligible portion of minority interests.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.18. Capital (continued)

Regulatory capital, total amount of weighted risks and solvency ratios

In thousands of €	**2024**	**2023**	**1 January 2023**
Total Regulatory Capital (CET1 + AT1 + T2)	**718,616**	**703,700**	**701,352**
Common Equity Tier 1 (CET1) capital	**718,616**	**703,700**	**701,532**
Capital, share premium and own shares	683,543	683,543	683,543
Reserves, retained earnings and eligible result	35,183	22,029	21,567
Regulatory and transitional adjustments	(110)	(1,872)	(3,578)
Additional Tier 1 Capital (AT1)	**-**	**-**	**-**
Tier 2 Capital (T2)	**-**	**-**	**-**
Risk weighted assets	**1,347,762**	**1,454,209**	**1,904,305**
Solvency Ratios			
CET1 capital ratio	53.32%	48.39%	36.83%
Tier 1 ratio	53.32%	48.39%	36.83%
Capital adequacy ratio	53.32%	48.39%	36.83%

The figures are computed in accordance with the Basel III rules, the Capital Requirements Regulation (CRR) 575/2013 as amended and the CSSF Regulation 18-03.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.19. Related party disclosures

The following table provides balances with related parties:

	Parent and parent entities with joint control			Subsidiaries and other entities of the same group		
In thousands of €	**2024**	**2023**	**1 January 2023**	**2024**	**2023**	**1 January 2023**
Statement of financial position						
Cash and cash equivalents	209,532	635,242	275,068	-	-	-
Loans and advances to credit institutions	1,324,375	1,518,396	2,594,223	87,413	-	162,554
Loans and advances to customers	-	-	-	775,410	834,190	752,636
Assets classified as held for sale	-	-	-	-	10,155	-
Due to credit institutions	1,790,455	2,334,912	3,131,721	15,010	15,191	35,332
Due to customers	14,110	91,647	32,617	30,159	4,803	35,318
Income statement						
Interest and similar income	71,530	79,718		75,347	71,155	
Interest and similar expense	105,301	109,994		690	1,099	
Fee and commission income	1	1		-	85	
Fee and commission expense	4	3		-	-	
Net gains / (losses) on financial instruments at fair value through profit or loss	-	-		-	348	
Other income	1,350	-		-	348	
Other expenses	1	93		-	-	
Profit / (Loss) from discontinued operations	-	5,052		(499)	11,997	
Off balance sheet						
Guarantees and commitments received	707,373	667,447	688,788	-	-	-

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.19. Related party disclosures (continued)

There is nil balance with any other related parties such as associates, joint ventures, key management personnel of the Bank or its parent.

Transactions with key management personnel and Board of Directors members: The Bank does not offer senior management any borrowing facility.

Compensation of key management personnel of the Bank

In thousands of €	**2024**	**2023**
Short-term employee benefits (payable within one year)	722	895
Post-employment pension and medical benefits	137	134
Total	**859**	**1,029**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

The Bank did not pay any remuneration to the current Board of Directors members.

Number of employees

As of 31 December 2024, 31 December 2023 and 1 January 2023, the number of staff employed by the Bank is broken down as follows:

	2024	**2023**	**1 January 2023**
Management	3	3	3
Executives	9	36	47
Other employees	39	10	41
Total	**51**	**49**	**91**

The “Management” category comprises the three members of the Bank’s Authorised Management.

7.20. Fair value measurement

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below:

- Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the statement of financial position date;

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.20. Fair value measurement (continued)

Valuation principles (continued)

- Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3;
- Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2024 *In thousands of €*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Equity instruments	-	-	23	23
Total assets measured at fair value on a recurring basis	**-**	**-**	**23**	**23**
Total financial assets measured at fair value	**-**	**-**	**23**	**23**

There are no liabilities measured at fair value.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.20. Fair value measurement (continued)

Assets and liabilities by fair value hierarchy (continued)

31 December 2023 *In thousands of €*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Equity instruments	-	-	22	22
Total assets measured at fair value on a recurring basis	**-**	**-**	**22**	**22**
Total financial assets measured at fair value	**-**	**-**	**22**	**22**

There are no liabilities measured at fair value.

1 January 2023 *In thousands of €*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Equity instruments	-	-	22	22
Total assets measured at fair value on a recurring basis	**-**	**-**	**22**	**22**
Total financial assets measured at fair value	**-**	**-**	**22**	**22**

There are no liabilities measured at fair value.

Valuation techniques

Equity instruments

The equity instruments are exclusively composed of unquoted shares. The Bank classifies these securities as Level 3 where valuation inputs are unobservable.

Transfers between levels

There have been no transfers of financial assets or liabilities measured at fair value between levels in 2023 and 2024.

Fair value of financial instruments not measured at fair value

Financial assets and liabilities not presented at fair value in the statement of financial position mainly represent “Cash and cash equivalents”, “Loans and advances to credit institutions”, “Loans and advances to customers”, and “Due to credit institutions”.

The tables below summarize the carrying amounts and fair values of “Loans and advances to credit institutions” and “Due to credit institutions” not presented at fair value at the financial reporting date.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.20. Fair value measurement (continued)

31 December 2024	Carrying amount	Fair value			
In thousands of €		Level 1	Level 2	Level 3	Total
Financial assets	**2,287,267**		**2,366,364**		**2,366,364**
Loans and advances to credit institutions	1,411,788	-	1,430,839	-	1,430,839
Loans and advances to customers	875,479	-	935,525	-	935,525
Financial liabilities	**1,805,465**	**-**	**1,745,150**	**-**	**1,745,150**
Due to credit institutions	1,805,465	-	1,745,150	-	1,745,150

31 December 2023	Carrying amount	Fair value			
In thousands of €		Level 1	Level 2	Level 3	Total
Financial assets	**2,454,994**		**2,518,552**		**2,518,552**
Loans and advances to credit institutions	1,625,842	-	1,631,282	-	1,631,282
Loans and advances to customers	829,152	-	887,270	-	887,270
Financial liabilities	**2,350,872**	**-**	**2,267,805**	**-**	**2,267,805**
Due to credit institutions	2,350,872	-	2,267,805	-	2,267,805

1 January 2023	Carrying amount	Fair value			
In thousands of €		Level 1	Level 2	Level 3	Total
Financial assets	**3,739,026**		**3,817,099**		**3,817,099**
Loans and advances to credit institutions	2,756,777	-	2,766,001	-	2,766,001
Loans and advances to customers	982,249	-	1,051,098	-	1,051,098
Financial liabilities	**3,102,095**		**2,992,484**	**-**	**2,992,484**
Due to credit institutions	3,102,095	-	2,992,484	-	2,992,484

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Bank’s financial statements. These fair values were calculated for disclosure purposes only.

Loans and advances to credit institutions and customers

Fair values of loans and advances to credit institutions and customers are based on a discounted cash flow model which use a current yield curve appropriate for the remaining term to maturity.

Due to credit institutions

Fair values of due to credit institutions are based on a discounted cash flow model which use a current yield curve appropriate for the remaining term to maturity.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.21. Secured note activity as a deemed separate entity

NCIBL has issued one Guaranteed secured Note that is backed by pledged assets in accordance with a Luxembourg account pledge agreement under the 2005 Collateral Law, with Natixis acting as the internal dealer and trader.

The note issued to investors via Natixis as the dealer, is collateral-linked, with a nominal amount of 20 M EUR, subject to increase up to 80 M EUR. The note has an interest rate of 4.025% per annum, payable annually. The repayment of this note is linked to the performance of the bonds issued by the Kingdom of Spain. These bonds are used as a collateral for the note issued.

The nominal amount of the bonds are 20 M EUR, subject to increase up to 80 M EUR. The bonds have a coupon rate of 4.00% per annum, payable annually.

NCIBL also entered into a derivative agreement (asset swap) to exchange cash flows with Natixis. This mean that the coupons received from the bonds were transferred to Natixis in exchange for the amount of interest payable to the noteholders. NCIBL then transferred that interest amount to the noteholders without any delay.

Based on the agreement under the 2005 Collateral Law, this note will benefit from “limited recourse” and “non-petition” mechanisms, meaning:

- the issuer’s obligations to the noteholders will be contractually limited to recourse to the pledged assets;

- the noteholders will not have access to other assets than those pledged in their favour and will not be able to take any action or initiate any procedure to obtain the dissolution, administration, or liquidation (or any other similar procedure) of NCIBL.

The structure of this transaction meets the definition of a deemed separate entity or a silo under IFRS 10 as the bonds and the note were ring-fenced from NCIBL’s other assets and liabilities.

Control over the silo is determined based on its ability to direct the relevant activities and its exposure to variable returns from the silo. As at 31 December 2024, it was determined that NCIBL does not have control over the silo.

The role of NCIBL is limited to establishing the silo and setting up the legal structure. NCIBL bears no risk associated with any default relating to the silo. NCIBL did not receive any fees associated with the issuance from the silo.

For each client transaction a dedicated hedging strategy is put in place. The objective is to perfectly mirror the characteristics of the hedged instrument. Following criteria are strictly monitored:

- All instruments are part of a comprehensive approach for each transaction;

- The hedging instruments are booked at inception and simultaneously;

- All hedged and hedging instruments are structured (through notional, currency, maturity and rates) in order to reach a full neutralization of any P&L.

All the instruments are static. None of the financial instruments (Assets, Derivative and Note) exist on their own. It means that they are linked in all circumstances: all active or all matured. They are part of a same economic unit.

NOTE 7 - NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

7.21. Secured note activity as a deemed separate entity (continued)

NCIBL transfers all the risks and rewards of its assets and derivative to the investors. It keeps no risk:

- the assets and derivative expose NCIBL to risks;
- issuance perfectly hedge NCIBL against all these risks;
- all the instruments have the same nominal and maturity.

According to the conditions of Secured Notes on limited recourse, segregation between Collateral Pools and non-petition, (a) obligations of the Issuer towards the Noteholders are contractually limited in recourse to the Collateral Assets contained in the relevant Collateral Pool, (b) Noteholders may not have access to any other assets than those in the relevant Collateral Pool and (c) Noteholders may not take any steps or initiate proceedings to procure the winding-up, administration or liquidation (or any other similar proceeding) of NCIBL.

The protection mechanisms applicable to the Collateral Assets are very robust. NCIBL may be subject to preventive and resolution measures stemming from the Bank Recovery and Resolution Directive (BRRD), including bail-in measures. However, to the extent they are fully secured throughout the life of the relevant tranche of Secured Notes and governed by contractual terms that oblige the debtor to maintain the relevant liability fully collateralized, secured notes should be considered as “secured liabilities” not subject to bail-in.

In thousands of €	**2024**	**2023**	**1 January 2023**
Assets			
Cash and cash equivalents	10	-	-
Financial assets at fair value through profit or loss	21,250	-	-
Total assets	**21,260**		**-**
Liabilities			
Debt securities	18,995	-	-
Hedging derivatives	2,253	-	-
Other liabilities	12		
Total liabilities	**21,260**	**-**	**-**

All the instruments are classified as level 1 and level 2.
The valuation of these instruments is done according to the principles laid down in the note 5.6.

NOTE 8 - EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period that could have a significant impact on these financial statements.

NOTE 9 - RISK MANAGEMENT

Overview

The understanding, identification, mitigation and control of risks are essential elements of the successful management of the Bank. In accordance with circular CSSF 12/552 as amended, the Bank's internal governance is based on a "three-lines-of-defence" model which relies on distinct internal control functions:

- a "first line of defence" function performed by business lines and support functions;
- a "second line of defence" function: the credit, market and operational risk management function that are linked to the risk department and the regulatory compliance linked to the compliance department;
- a "third line of defence" function: the internal audit.

The Bank's main business lines include:

- Secured notes issuance;
- Corporate loans;
- Wealth Management (WM) run off that is a legacy of private banking during the strategic move from WM to Corporate and Investment Banking (CIB) activities.

In the frame of CIB activities that will be become the core business lines of the Bank in 2024, the risk management department will follow as much as possible policies and procedures of Natixis regarding CIB activities while managing the risk related to the WM run-off activity. The main objectives of the Bank's risk management framework include:

- to accurately identify and measure all the risks that the Bank is subject to;
- to maintain an effective oversight framework, and implement mitigation/enhancement plans when needed;
- to propose to the Authorized management and Board of Directors an adequate risk appetite framework for its validation;
- to ensure the consistency between the risk framework and the capital and liquidity internal adequacy assessment;
- to perform a regulatory watch and ensure that the risk framework is in line with the regulatory changes related to risk mitigation and monitoring.

Regarding secured notes issuances, the Bank as issuer has Natixis as unique counterparty. This means that credit, market and liquidity risks are borne by Natixis.

Risks

The Bank's monitoring process identifies several main risk categories:

Credit Risk

The credit risk is defined as the risk of loss resulting from the inability of the counterparties to honour their financial commitments. Main credit risk is coming from corporate loans, intragroup loans, WM run-off loans granted to WM clients and from financial institutions where the Bank has some cash deposits.

The corporate loans activity was so far limited to clients linked to WM activities.

The Bank manages limits and controls concentrations of credit risk in particular, to individual/group of customers. As required by the large exposure requirements, a daily control of exposure to individual/group of customers will be done to ensure that the 25% of Tier-1 limit is not breached.

The loans granted to WM clients were done with a guarantee in order to cover the Bank in case of a client defaulting. The loan to value for the guarantee was usually fixed as greater than 120%. For corporate loans activity, the loans will not be systematically guaranteed, as it was the case for WM.

NOTE 9 - RISK MANAGEMENT (CONTINUED)

At the end of 2024, the intragroup exposure represents 90.4% of the overall assets. On the liabilities side, the intragroup funding amounted to 96% of the overall funding.

	2024		2023		1 January 2023	
	Group	Out Of Group	Group	Out Of Group	Group	Out Of Group
Assets	90.40%	9.60%	92.33%	7.67%	84.24%	15.76%
Liabilities	96.84%	3.16%	97.80%	2.20%	85.73%	14.27%

The fact that the Bank is highly concentrated in the BPCE group on both side of the balance sheet is due to the current transition period from the run-off wealth management to the effective launch and ramp up phase of CIB activities.

The Bank conducts assessment of ECL (Expected Credit Losses) with reference to forward-looking information and uses a number of models and assumptions in its measurement of expected credit losses. The ECL model used for IFRS-9 Stage 1 and Stage 2 is the one developed by Natixis. For stage-3, the Bank's Risk has the freedom to assign the ECL level taking into account the risk mitigation factors as the guarantees per example. The key parameters in ECL measurement include probability of default (PD), loss given default (LGD), and exposure at default (EAD).

In thousands of €	**2024**	**2023**	**1 January 2023**
Stage 1	822	2,205	4,502
Stage 2	5	-	-
Stage 3	224	180	189
Total	**1,051**	**2,385**	**4,691**

The Bank continuously monitors the credit in default. Even if the overall amounts are quite small, regular discussions are going on with the related counterparties to remediate to the default payment and to find a solution.

In thousands of €	**2024**	**2023**	**1 January 2023**
Default	352	3,419	11,125

The decrease of ECL and the default from 2023 to 2024 is due to the massive transfer of WM assets/liabilities in the strategic change from WM to CIB activity done during 2023, and the termination of some contracts related to WM during 2024. As of 31 December 2024, for the two defaulting credits, an agreement has been found for one of them and regular monthly payments are done. That loan should be completely paid by the end of 2025. The other defaulting loan is in litigation. However, the risk is mitigated as NCIBL has some financial instruments as collateral. The remaining exposure for the Bank is 352 K EUR.

Market Risk

The market risk is defined as the risk of loss due to unfavourable movements in market factors, such as interest rates, share prices or currency exchange rates, affecting the value of the Bank's market positions. The Bank has limited impact from market risk due to the restriction of its risk mandate. Only spot positions are allowed in the operations performed by the ALM-Treasury. The Bank does not have mandate to have derivatives or own account financial instruments (except minor legacy items (22 K EUR as at 31 December 2024) or in the context of the notes issuance) in its statement of financial position.

NOTE 9 - RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

The interest rate risk is the risk of mismatch between the Bank's funding (liabilities) interest rate and the Bank's assets. As at 31 December 2024, the risk is limited as the WM is managed in such a way that no new credit will be granted in the future. The remaining WM credit book is expected to mature by 2037 and represented as of 31 December 2024 a nominal amount of 41,300 K EUR. For corporate loans activity, it is expected to have a perfect matching between the funding (granted by Natixis) and the corporate loans (granted to corporates).

The Bank performed on a quarterly basis the interest rate risk in the Banking Book stress test. Here below is a summary of the results given in EUR million for the economical value of equity (EVE) and for the net interest income (NII).

	Changes of the economic value of equity					
	2024		**2023**		**1 January 2023**	
In millions of euros	**EVE**	**In % of own Funds**	**EVE**	**In % of own Funds**	**EVE**	**In % of own Funds**
SOT Up	-2.52	0.35%	-1.98	0.28%	-2.26	0.32%
SOT Down	1.22	0.17%	0.99	0.14%	-2.04	0.29%
Parallel up	-2.52	0.35%	-1.98	0.28%	-2.23	0.32%
Parallel down	1.22	0.17%	0.99	0.14%	-2.10	0.30%
Flattener	-0.95	0.13%	-0.27	0.04%	-4.19	0.60%
Steepener	0.23	0.03%	-0.05	0.01%	1.87	0.27%
Short rates up	-1.64	0.23%	-0.83	0.12%	-4.93	0.70%
Short rates down	0.77	0.11%	0.42	0.06%	1.35	0.19%

As it can be seen, the impact of the IRRBB is limited with respect to the own funds of the Bank for the EVE.

The IRRBB stress tests consists of 2 standard scenarios and 6 additional scenarios defined in the EBA guidelines (EBA/GL/2022/14) as follow:

- The increase of 200 bps of the interest rates also called SOT Up (standard shock);
- The decrease of 200 bps of the interest rates also called SOT Down (standard shock);
- The parallel up scenario which differs from the standard shock in the sense that the interest rate increase level depends on each currency;
- The parallel down scenario which differs from the standard shock in the sense that the interest rate decrease level depend on each currency;
- The steepener shock that consists of shocking the short-term rates down and the long-term rates up;
- The flattener shock that consists of shocking the short-term rates up and the long-term rates down;
- The short-term rates shock up that consists of shocking to the increase mainly the short term rates;
- The short-term rates shock down that consists of shocking to the decrease mainly the short term rates.

The NII stress test consists of applying the standard shock of 200 bps (increase/decrease) and to evaluate the impact on the NII with respect to the baseline scenario which consists of forecasting the NII based on the knowledge of the balance sheet of the Bank.

NOTE 9 - RISK MANAGEMENT (CONTINUED)

The results for the NII are summarized here below:

	Changes of the net interest income					
	2024		2023		1 January 2023	
In millions of euros	**NII**	**In % of own Funds**	**NII**	**In % of own Funds**	**NII**	**In % of own Funds**
Parallel up	-1.65	0.23%	-0.53	0.08%	-0.8	0.12%
Parallel down	0.79	0.11%	0.53	0.08%	0.8	0.12%

As for the EVE, the NII would have limited impact with respect to the own funds of the Bank.

Exchange Rate Risk

The structural exchange rate risk is the risk that a loss occurs due to an unfavourable movement of the exchange rate affecting the Bank's income statement due to existing open positions in foreign currencies. This risk is mitigated since the Bank's risk mandate does not allow operations other than spot foreign exchange transactions.

The breakdown of assets/liabilities as of 31 December 2024 in currency show that there is a good distribution in term of currency mismatch between the assets and liabilities. The overall hedging of FX currencies between USD and EUR is ensured through the BPCE group. With the launch of corporate loans, it is expected to reduce the USD dependence in both sides of the balance sheet as most of the corporate loans are expected to be in EUR.

	2024			2023			1 January 2023		
	EUR	**USD**	**Other**	**EUR**	**USD**	**Other**	**EUR**	**USD**	**Other**
Assets	65.12%	34.86%	0.02%	72.30%	26.60%	1.09%	78.64%	19.92%	1.44%
Liabilities	65.14%	34.84%	0.02%	71.61%	27.29%	1.09%	74.63%	23.67%	1.70%

From 2023 to 2024, the breakdown is well distributed with the FX currency being reduced as the liabilities are used for assets with limited need for FX currency. The balance sheet side has been reduced from 2023 to 2024 and the size of the GBP (included in "other") has been considerably reduced.

Considering the abovementioned items, the Bank did not disclose the sensitivity analysis on its foreign currencies exposures as the risk is considered as limited thanks to a weekly follow-up.

Liquidity Risk

The liquidity risk is defined as the risk for the Bank of not being able to meet at any time its cash requirements, whether or not those have been anticipated, at a reasonable cost. Liquidity is a key factor of the bank sustainability.

The main source of funding of the Bank is intragroup as of 2024 year-end. On assets side, there are two loans granted to intragroup corporate representing 29.27% of the entire statement of financial position as of 2024 year-end. The two corporates are located in United States of America and the loans have been granted in USD.

NOTE 9 - RISK MANAGEMENT (CONTINUED)

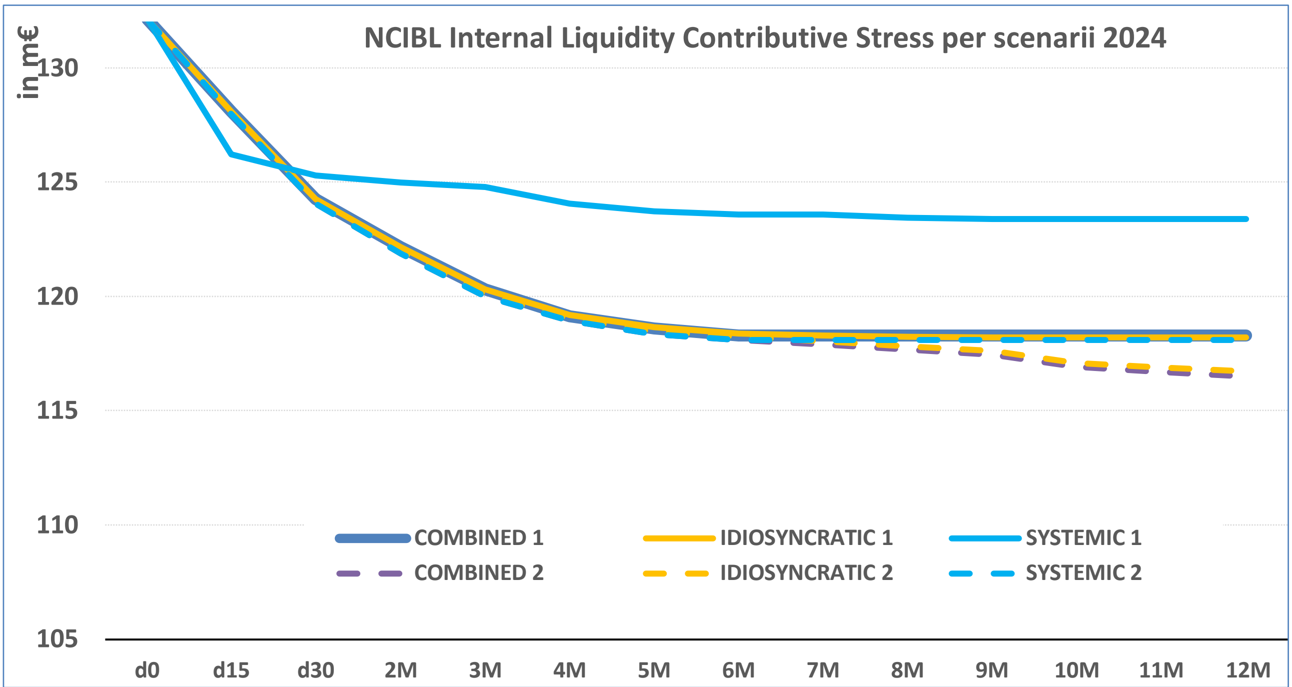
The liquidity is managed carefully with a one week/month forward looking to estimate all the inflows/outflows that will impact the liquidity ratios (LCR, NSFR). This gives more visibility to the management and mitigate the risk of breaching one of these regulatory ratios.

As the Bank is actually mainly exposed to intragroup exposure/funding, the liquidity stress test are showing a strong resilience of NCIBL in term of liquidity risk. Indeed, there is intragroup reduced stress in the assumptions used. However, it is expected to have changes once the corporate loans are launched, particularly during the ramp up phase.

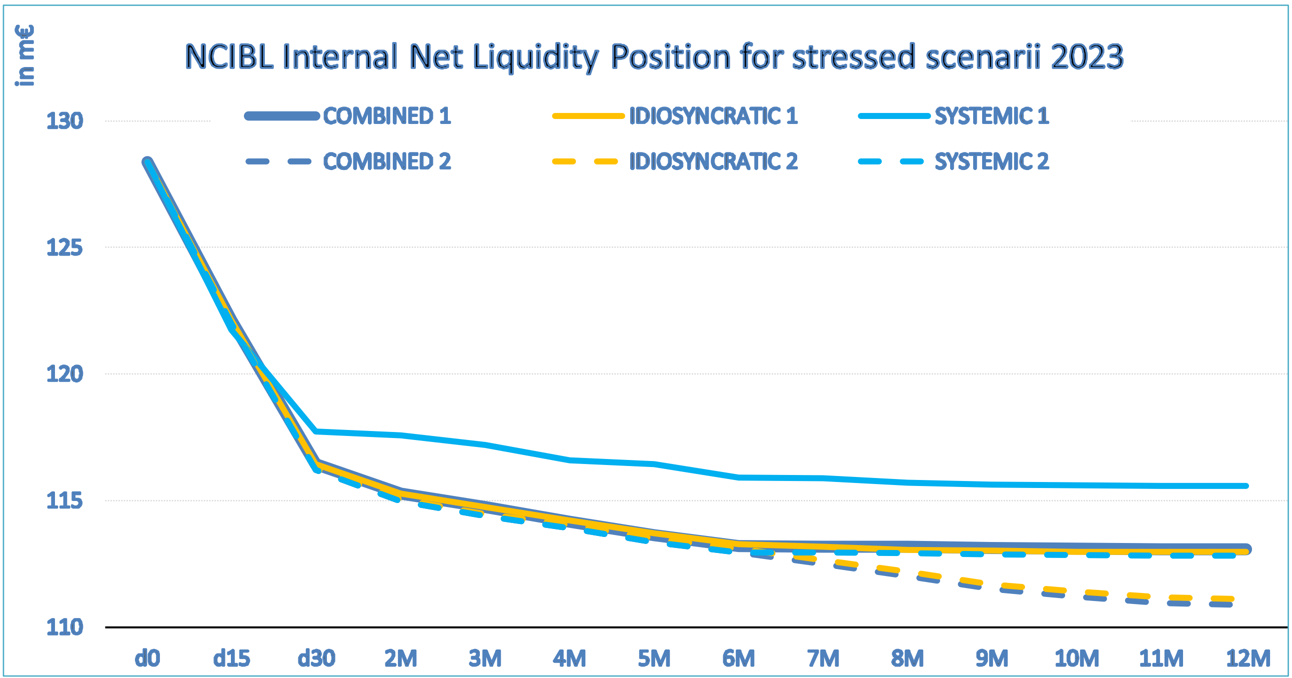
The Bank also performs since the end of 2023 the liquidity stress tests based on three main scenarios defined by the EBA guidelines. The three scenarii are:

- Idiosyncratic scenario: negative outlook on the BPCE group's rating leading to a deterioration of the credit risk score of the Bank;
- Systemic/global scenario: simulation of a 6-months economic and/or banking crisis;
- Combined scenario (taking the worst case of the two scenarii above).

As of year-end 2024, the Bank ran the liquidity stress test and the results are shared below for the 3 main scenario used with two levels of stress:



NOTE 9 - RISK MANAGEMENT (CONTINUED)



Above is provided the results of the stress test scenario done with two level of intensity for 2023. The initial counterbalancing capacity in 2023 was 128,000 K EUR of cash at the Banque centrale de Luxembourg.

What can be seen above is that in the worst case, the Bank would still have available more than 111,106 K EUR as liquidity after assuming some additional losses during to stressed conditions.

Going from a counter balancing capacity of more than 132,000 K EUR, the above figures show that the Bank resilience is high. Indeed, in the worst case the Bank is left with more than 116,510 K EUR to manage its liquidity needs.

The overall liquidity risk of the Bank remains low in 2024 as the financial liquidity ratios have been above the threshold over the year and the stress tests are showing a good resilience of the Bank to sustain to stressed conditions.

Operational Risk

The operational risk is defined as the risk of loss or fraud as a result of defects in or failure of internal systems and procedures, human error or external events, including IT risk and management risk. Compliance risk, i.e. the risk of not being compliant with applicable regulations in areas, among others, of sanctions & embargoes, anti-money laundering and terrorism financing, client protection, market abuse, data protection and conduct draws a key attention from the regulator and is closely monitored by the Authorized Management of the Bank.

In terms of operational risk, the Bank suffered an important loss of 2,300 K EUR at the end of 2022 due to a booking error in a transaction of securities resulting in the payment of an undue stamp duty; the amount has been fully recovered in November 2024 from the Irish tax authorities. In 2024, there has been no major incident in terms of financial impact.

	2024	2023	1 January 2023
Number of incidents	29	26	40
Financial impact* (in EUR K)	295.6	99.4	2,456

* absolute impact until 2023, included net impact from 2024

NOTE 9 - RISK MANAGEMENT (CONTINUED)

Risk Appetite

The Risk Appetite is defined as the level of risk that the Bank is willing to bear in the course of pursuing its strategic objectives and its sustainable growth.

The Bank has defined a Risk Appetite Framework, which includes:

- a governance over an identified scope;
- a mechanism composed of a set of policies, instructions, procedures, and controls;
- a risk culture favouring risk awareness.

The Risk Appetite Statement (RAS) describes the principles, policies, and metrics that set the entity risk appetite, including thresholds and limits. The RAS is reviewed on a yearly basis and is validated by the Board of Directors. The main risk appetite principles are summarized below for 2024:

	Internal limits	
	2024	**2023**
CAR	16%	16%
LR	5%	5%
LCR	110%	110%
NSFR	101%	101%

The internal limits and thresholds for all financial ratios have been defined since mid-2023.

For the years ended 31 December 2024 and 31 December 2023, the Bank has respected the abovementioned internal limits and was thus above the regulatory requirements.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING

In accordance with the Articles of Association, we are pleased to present the financial statements for the year ended 31 December 2024, as well as our management report.

1 – 2024 FINANCIAL STATEMENTS

1.1 ALLOCATION OF THE PROFIT

Subject to the approval of the appropriation of the profit by the Annual General Meeting, the retained earnings and the available wealth tax reserve as shown in the table below:

	K EUR
Profit for the financial year as at 31 December 2024	25,965
Distributable reserves	9,997
TOTAL	**35,962**

Legal reserve	1,298
Allocation to the 2025 Net Wealth tax reserve	20,624
Distribution of dividends	14,040
TOTAL	**35,962**

For information:

Balance as at 31 December 2024 of the Net Wealth Tax reserve	**15,247**

The Bank shareholders equity (share capital, reserves and profit for the year) amounted to 744,691 K EUR as at 31 December 2024 compared with 740,611 K EUR as at 31 December 2023, with a balance sheet total of 2,639,271 K EUR compared with 3,252,493 K EUR as at 31 December 2023.

1 - 2024 ACCOUNTS (CONTINUED)

1.2 STATEMENT OF FINANCIAL POSITION ANALYSIS

The main changes in the balance sheet are as follows:

	2024 (KEUR)	2023 (KEUR)	Variation	Comments
ASSETS				
Cash and cash equivalents	346,335	777,421	-55.5%	Stable deposit made with the Banque Centrale du Luxembourg (130 MEUR). It allows a high-quality asset structure to be maintained in the context of optimisation of the management of the LCR (liquidity coverage ratio) and NSFR (net stable funding ratio) and compliance with the amount of the mandatory reserve. The main other part of this cash section corresponds to the Nostri with the Group allowing the liquidity ratios management
Loans and advances to credit institutions	1,411,788	1,625,842	-13.2%	Drop due to intragroup deals that were not renewed in 2024
Loans and advances to customers	875,479	829,152	5.6%	Rise mainly due to the strengthening of the dollar against the euro linked to a 800 million USD credit line
Intangible assets and tangible assets and right-of-use assets	2,583	6,008	-57.0%	The fall in the net amount of these assets results from the impact of disposals and depreciation charges during the 2024 financial year
Other assets	2,299	2,501	-8.1%	The decrease in Other assets is mainly due to the cancellation of the Net Wealth Tax advance following the assessment by the Tax Authorities combined with an increase in Other receivables (mainly intragroup linked to SLAs)
LIABILITIES				
Due to credit institutions and similar items	1,805,465	2,350,872	-23.2%	Drop due to intragroup deals that were not renewed in 2024
Amounts due to customers	61,919	134,590	-54.0%	This decline corresponds to a drop in customer deposits linked to the transfer of Wealth Management activities
Other liabilities	9,370	8,819	6.2%	The increase in Other liabilities is mainly due to a rise in VAT payable and accrued expenses combined with a 30% fall of lease liability
Provisions	2,837	9,601	-70.5%	The drop is mainly due to the decrease in the provision for the Net Wealth Tax and the use of the provision for reorganization

2 - HIGHLIGHTS IN 2024 AND DEVELOPMENTS AND OUTLOOK

2.1 Board of Directors

There has been no change in the Board of Directors over the year.

The Board of Directors is composed of:

- Mrs Cécile Pissis – Chairwoman;
- Mr. Damien Chapon;
- Mr. Guillaume Chevassus-Marche;
- Mrs Nathalie Desreumaux;
- Mr. Nicolas Drouhin;
- Mr. Edouard de Saint Maurice;
- Mr. Emmanuel Strauss.

2.2 Authorized Management

There has been no change in the Authorized Management over the year.

The Authorized Management is composed of:

- Mr. Damien Chapon;
- Mr. Guillaume Chevassus-Marche;
- Mr. Nicolas Drouhin.

2.3 Control functions

There has been no change in the control functions over the year.

- Chief Internal Auditor: Mrs Mylène Senser;
- Chief Risk Officer: Mr Paul Akam-Bita;
- Chief Compliance Officer: Mr Théo Arcorio.

2.4 Treasury shares

The Bank did not acquire any treasury shares during the financial year.

2.5 Research and development

The Bank does not conduct any research and development.

2.6 Branches

The Bank does not have any branches as at 31 December 2024.

2 - HIGHLIGHTS IN 2024 AND DEVELOPMENTS AND OUTLOOK (CONTINUED)

2.7 Developments and outlook

After a pivotal year in 2023 for the Focus project, marked by the transfer of 1.22 billion EUR assets to the Investment Fund Manager, Massena Partners, 2024 was another year of transformation and transition from Wealth Management activities to Corporate and Investment Banking ones. This was an opportunity for the Bank to strengthen the robustness of its processes throughout the diverse functions (i.e. support, control and business) but also to set up and prepare the launch of the new Corporate and Investment Banking activities.

In accordance with the business strategy, the Bank's initial objective is to develop its global market activities through the secured notes issuance business on the one hand and the Corporate Banking activity on the other hand. The first secured note was traded in September 2024. This issuance, like the upcoming ones, is part of a much larger 30 billion EUR Natixis group program. The launch of the Corporate Banking business initially foreseen during the second semester of 2024 has been postponed and is now expected to take place in the second quarter of 2025.

In terms of results, the year 2025 remains specific as the Net Banking Income (NBI) generated does not come from pure Corporate and Investment Banking activities. The main income exclusively consists of the net interest margin for 48.2 million EUR. The split of the net interest margin is as follows: 20.5 million EUR on intra-group loans to Natixis US Holdings Inc. (NUSHI) and Natixis North America LLC (NNA), 24.1 million EUR from treasury activities (remuneration of the capital and excess of liquidity to Banque centrale de Luxembourg) and 0.5 million EUR on the Wealth Management loan book. The Bank also recorded in "Other income" the revenues from the notes issuance activity, i.e. 1.3 million EUR. This income is calculated based on the cost plus methodology.

In 2024, the total operating expense drop by 17.4% compared to 2023 to land at 17.3 million EUR mainly due to a significant decrease of other operating expenses by 3.4 million EUR. The main reasons are the lack of contribution to the resolution fund (-1.2 million EUR), a reduction in the tax burden (-1.6 million EUR) and lower wage costs (-0.5 million EUR).

The 2024 Profit after tax of NCIBL amounts to 26.0 million EUR.

Looking ahead to 2025, Natixis CIB Luxembourg aims to establish itself as a key player in the Notes Issuance landscape of Natixis. The Bank envisions broadening its offerings to encompass a comprehensive suite of Fixed Income and Equity payoffs while simultaneously starting and expanding its Corporate Financing activities.

The Natixis Financing Chain implementation is expected to take place during Q2 2025 and will materialize the launch of the Corporate Banking activity. Both Notes issuance and Corporate Banking activities are expected to generate combined revenues of 3 to 3.5 million EUR in 2025. These will be added to recurrent revenues from intra-group loans NUSHI and NNA as well as revenues from treasury activities. As part of the press release on a joint venture between Natixis Investment Management and Generali Asset Management, which is due to close in early 2026, the intra-group loan of 500 MUSD with NUSHI, which is part of the Asset and Wealth Management universe, could be repaid in advance with the same horizon or even earlier, meaning by the end of 2025. Other intra-group loans are currently being considered within the Natixis group to replace the NUSHI loan, which should limit the impact in terms of P&L for NCIBL in the coming years.

3 - RISK MANAGEMENT

The actions implemented with respect to risk management, the monitoring of systems and controls ensure that transactions are secure.

For further details on the risk management policies of the Bank and the various risks the Bank is exposed to, please refer to the note 9 of the Financial Statements.

3.1 Risk control

The main role of risk control is to ensure that all incurred risks are monitored and controlled by ensuring that they are identified, assessed and mitigated continuously. To this end, policies and procedures are setup and constitute part of the risk control framework for all types of risks and limits, as described below.

- **Credit and counterparty risk**

Credit risk management involves risk analysis, decision-making and monitoring functions within the framework defined by the Wealth Management (WM) business line risk policies for the WM run-off portfolio credits and, for the Corporate and Investment Banking (CIB) activity, which is ruled by the CIB business line risk policies and procedures. NCIBL credit risk management also involves procedures that are aligned with the Bank's risk appetite.

The Bank remains selective when granting loans to corporations. The Bank will not grant additional credit to the WM clients, but will continue to monitor the remaining ones until they mature. As of 31 December 2024, the WM run-off loans represent 41.2 million EUR that will mature from 2025 until 2037.

Although fairly concentrated, loans and advances to credit institutions represent a minimal level of exposure to a few top-tier counterparties. The duration of the investments as well as exposure (non-group) or their location mainly in the European Economic Area limit the potential risks.

The Bank continuously assesses and monitors credit risk in terms of non-performing loans, and counterparty risks by analysing the legal and financial documentation. The monthly risk committee is used for discussion and/or action regarding the credit risk. The credit rating review for WM loans is frequently done for the remaining loans to ensure that the annual credit rating review is up to date for all of them.

- **Market risk:**

Market risks are identified, analysed and monitored using various indicators: choice of currencies, and regular monitoring of the interest rate sensitivity via the regulatory interest rate risk in the banking book or via the weekly sensitivity report that is shared with Natixis S.A. As per NCIBL risk mandate, only FX spot transactions are allowed. FX Swap and other FX derivatives are not allowed in the risk mandate, which limits and mitigate NCIBL overall market risk.

- **Operational risk:**

The Bank's operational risk management mechanism facilitates the following:

- recording of operational incidents via Osirisk (Natixis operational risks platform);
- implementation of key risk monitoring indicators;
- oversight of risk and control self-assessment exercises;
- monitoring of action and remediation plans.

Furthermore, the Operational Risk is an important part of the monthly risk committee. One of the goals of the risk department is to foster the risk culture and risk awareness within the Bank and among all staff. Regular reminders on the operational incidents are done to all employees. Risk department performs a yearly training to all employees regarding the risk culture and operational incidents.

3 - RISK MANAGEMENT (CONTINUED)

With regard to operational risks, the Bank recorded a 10% increase in terms of occurrences, i.e. there were 29 incidents in 2024 versus 26 in 2023. The absolute value of these incidents for the year 2024 rose significantly to 296 K EUR vs. 99 K EUR in 2023.

It is important to highlight that the operational risk for NCIBL remains high. There has been issues in terms of HR during end of 2024. Actions to remediate the resignations have been put in place. A continuous caution should be put on HR and on operational incidents to ensure the smooth management of WM run-off and the launch and ramp-up of CIB activities.

The Bank fully intends to continue this prudent policy during 2025.

4 - EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

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The Board of Directors would like to thank the Bank’s management and all employees for their efforts during the 2024 financial year.