



Financial report

2024

EN



Contents

Part 1		
	Foreword	4
Part 2		
	Governance	6
Part 3		
	Management report	8
Part 4		
	Balance sheet and off-balance sheet items	12
Part 5		
	Profit and loss account	14
Part 6		
	Notes to the annual financial statements	16
Part 7		
	Report of the Réviseur d'Entreprises agréé	46
Part 8		
	Our shareholder	50
Part 9		
	Outlook	53
Part 10		
	Our branches	54



Foreword

As a banking institution with roots dating back to 1920, **Banque de Luxembourg** is one of the leading financial institutions in the Grand Duchy of Luxembourg. We support a diverse local and European clientele – including private clients, businesses, asset managers and institutional investors – at every stage of their personal, professional and financial journeys.

The 2024 financial year confirmed our prudent, client-focused and future-oriented approach. In a volatile environment marked by ongoing geopolitical uncertainties and a real estate crisis, we were able to demonstrate **prudent risk management** and an impressive capacity to adapt.

Our activities are structured around **three complementary pillars**: wealth management and tailor-made financing solutions for our private clients, dedicated services for entrepreneurs and businesses, and specialised support for third-party fund initiators and asset managers.

Our subsidiary **BLI – Banque de Luxembourg Investments** continues to complement our offering with its range of **investment funds**, which it is enhancing with new themes such as the *Towards Sustainability* range of impact funds and specific ESG mandates.

As at 31 December 2024, Banque de Luxembourg posted consolidated net profit of **EUR 79.4 million** for overall assets of **EUR 14.01 billion** and a book value of **EUR 1.084 billion**. Furthermore, as an integral part of the **Crédit Mutuel Alliance Fédérale** group, our Bank has a solid shareholder.

Beyond the financials, Banque de Luxembourg is a company with **1 150 employees** that is committed to a dynamic approach to progress, driven by its **strategic development plan** and its **B Corp certification**. Our ambition is to combine our economic performance with a positive sustainable impact through four clear commitments: **to our clients, our employees, the community and the environment**.

We would like to thank all our clients for the trust they continue to place in us, as well as express our gratitude to our employees for their commitment.

Governance

Executive Committee

Pierre Ahlborn,
Administrateur délégué

Nicole Dochen,
Talent and Diversity, Internal Communication
& Change Management, CSR

Benoît Elvinger,
Dealing Room and Financing

Sylvie Rémont,
Risk Management and Compliance

Florence Winfield-Pilotaz,
Asset Servicing

Luc Rodesch,
Private Banking, Businesses & Entrepreneurs,
Tax, Marketing, Communication & Experience

Romain Weiler,
Finance, Data, Facility, IT, Operations and
Transformation

Directors, Heads of Division

Pierre Even,
Secretary General

David Schmidt,
Banque de Luxembourg Belgium

Fanny Nosetti,
BLI – Banque de Luxembourg Investments

Board of Directors

Président

Eric Charpentier,

Directeur général of Banque Fédérative du Crédit Mutuel, *Strasbourg* and Directeur Général of CIC, *Paris*

Vice-Président

Daniel Baal,

Président of Crédit Mutuel Alliance Fédérale, *Strasbourg*

Administrateur délégué

Pierre Ahlborn,

Luxembourg

Directors

Valérie Benquet,

Directrice CIC Corporate, *Paris*

Cosita Delvaux,

Notary, *Luxembourg*

Carine Feipel,

Lawyer, *Luxembourg*

Philippe Hoss,

Lawyer, *Luxembourg*

Georges M. Lentz Jr.,

Administrateur Délégué, Brasserie Nationale, *Luxembourg*

Bich Van Ngo,

Chartered Accountant, *Luxembourg*

Pit Reckinger,

Lawyer, *Luxembourg*

Nicolas Ruggieri,

Directeur général exécutif of the Batipart Group, *Luxembourg*

Meeting secretary

Benoît Elvinger

Luxembourg



Management report

Business review

In 2024, against a backdrop of major geopolitical tensions and numerous economic, financial and political uncertainties, the Bank demonstrated its resilience and ended the year with a net profit of EUR 79.4 million as at 31 December 2024 – an increase of 5% compared to the net profit as at 31 December 2023.

The Bank pursued its business development plan in its three target client segments: private clients, Businesses & Entrepreneurs, and Asset Servicing clients, i.e. professionals in the asset management industry. The Bank continued to roll out digital tools and expand its range of services. For example, dealing room opening hours were extended in order to offer greater flexibility to institutional clients. In addition, client care has been stepped up, with an expansion in the range of services offered to key clients.

As a player committed to the well-being of future generations, the Bank, which has been B Corp certified since 2023, is implementing tangible strategies and actions that will help place sustainability at the heart of its strategy. In 2024, the Bank launched a series of workshops on sustainability to provide Luxembourg companies with practical answers and help implementing their CSR strategies. In keeping with its commitment, the Bank has initiated a new collaboration with the Fondation de Luxembourg, an umbrella foundation created by the Luxembourg state in 2008 and of which the Bank was the initiator, as part of the latter's creation of the Fondation pour le Climat to help preserve local biodiversity.

In light of regulatory developments relating to the Digital Operational Resilience Act (DORA), the Bank has significantly strengthened its digital operational resilience framework and improved the segmentation of its information system in order to combat potential operational and cyber risks.

In terms of its investment portfolio, the Bank joined a local initiative aimed at helping to revive a real estate market that has been in crisis since interest rates began to rise. Together with other banks, a stake was acquired in a state-initiated support vehicle called Prolog Luxembourg S.A.

Private clients

The Bank offers private clients tailor-made support in managing, growing and passing on their wealth as well as financing their projects. It also assists families with estate planning, governance issues and setting up philanthropic projects.

It relies on its subsidiary BLI – Banque de Luxembourg Investments to offer its clients asset management expertise through a diversified range of investment funds.

The discretionary management mandate is at the heart of the Bank's range, enabling clients to entrust the management of their portfolio to experts while benefiting from a strategic allocation that is tailored to their profile.

In Belgium, Banque de Luxembourg continues to expand through its branch, positioning itself as a key player in the medium-sized private banking segment.

Businesses & Entrepreneurs

The Bank supports businesses, family business owners, those in the liberal professions and real estate professionals with financing for their projects and cash flow management. The Bank has long-standing expertise in corporate succession planning, and as a trusted third party, it encourages the integration of the next generation and ongoing dialogue, with the aim of ensuring both the long-term future of the respective business and preserving family harmony.

There was growth in activity related to the liberal professions with an increase in new client relationships. However, the environment remains complicated for professionals in the real estate sector, with the volume of commitments remaining stable compared to the previous financial year.

The Business & Entrepreneurs division aims to continue its dynamic commercial development in the coming years, with the goal of becoming a growth driver for the Bank.

Risk management

Asset Servicing

A long-standing business area since the introduction of UCITS directives in Europe in the 1980s, the Bank continues to provide investment fund initiators and promoters with a wide range of services in relation to both liquid and illiquid assets. This support extends to central administration and custody services, assistance with the creation of regulated vehicles, and support for the international distribution of funds.

Independent asset managers, meanwhile, benefit from a wide range of tailor-made products and services, enabling them to delegate administrative tasks so that they can concentrate fully on their core activities: managing assets, advising their clients and developing their business.

In 2024, the Asset Servicing division continued to grow its assets under custody.

To ensure prudent and sound investment management, risk management and minimal non-compliance risk, the Bank has set up an internal governance system based on the “three lines of defence” principle:

- The first line of defence is the operational units that take or assume risks within the framework of a predefined policy and limits, and which carry out controls;
- The second line of defence is the support functions, including the financial and accounting function, the Compliance and Risk Management functions, which contribute to independent risk control;
- The third line of defence is the Internal Audit function, which performs an independent, objective and critical evaluation of the first two lines of defence.

These three lines of defence are complementary, with each one assuming its control responsibilities independently of the others.

The three internal control functions are Compliance, Risk Management and Internal Audit. The Internal Audit function is overseen by the Chief Executive Officer (Administrateur délégué), whereas Risk Management and Compliance report to the Chief Risk Officer, who sits on the Executive Committee. All three report to the Audit and Risk Management Committee and ultimately to the Board of Directors.

Note 3 to the financial statements details the risks inherent in the Bank's activities (market risk, credit risk, liquidity risk, operational risk, etc.) and the way in which these risks are managed.

Risk Management

The Risk Management function is responsible for anticipating, detecting, measuring, monitoring, controlling and reporting on all risks (excluding non-compliance risk) to which the institution is or could be exposed. The Risk Management department comprises the Financial Risk Management, Operational Risk Management, Enterprise Risk Management, Credit Risk Management and Information Security Management teams. The Operational Risk Management department is also tasked with implementing and coordinating the execution of the Bank's continuity plans in collaboration with the various departments.

Compliance

The areas covered by the Compliance department include anti-money laundering and combating the financing of terrorism (AML/CFT), observance of International Financial Sanctions, the prevention of market abuse and insider trading, and the integrity of markets in financial instruments including protecting the interests of clients and investors (inter alia, MiFID II).

The fundamental principles, role and responsibilities of the Compliance function within the Bank, its branch and its subsidiary are contained in a charter. This charter also defines the Compliance function's relationship with the Board of Directors, the Audit and Risk Management Committee and the Executive Committee.

Internal Audit

As well as reporting directly to the Administrateur délégué and having a duty to escalate or share information with the Audit and Risk Management Committees and the Board of Directors, Internal Audit is functionally subordinate to Crédit Mutuel Alliance Fédérale's Periodic Business Audit unit (Group Audit).

The Internal Audit department acts in accordance with the rules of the Institute of Internal Auditors. The scope of the work and how it is carried out is specified in a general four-year audit plan updated to reflect the latest risks and changes taking place at the Bank. A matrix of risks enables all activities to be ranked by risk level.

Other statutory information

The Bank has a branch in Belgium, with offices in Brussels and Ghent.

The Bank was not involved in any research activities in 2024. Development work is described in Note 12 to the annual financial statements.

During 2024, the Bank did not buy back any of its own shares.

Distribution of profit

The Board of Directors proposes to the General Meeting of Shareholders the appropriation of profit of EUR 79 389 832.24, comprising:

	EUR
net profit for the year	79 389 832.24
profit carried forward from the previous year	0.00

and, accordingly, proposes:

	EUR
allocation to free reserves earmarked for wealth tax	20 000 000.00
allocation to the Board of Directors for directors' fees	585 000.00
allocation to free reserves	58 804 832.24
i.e. a total allocation of	79 389 832.24
resulting in profit carried forward of	0.00

The Board of Directors proposes to the General Meeting of Shareholders the transfer of the special reserve held for 2019 wealth tax, i.e. EUR 18 090 000, into free reserves.

After these allocations and this transfer, the total amount of the special reserve created for financial years 2020 to 2024 amounts to EUR 114 510 000.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 100 025 328 be paid out, i.e. EUR 3 768 per share, payable from 22 April 2025. This dividend will be taken from free reserves.

After distribution of profits and payment of the dividend, total equity (including the fund for general banking risks and special items with a reserve quota portion) amounts to EUR 1 085 billion. In addition, we have reintegrated the undistributed 2023 directors' fees into free reserves in the amount of EUR 37 500.

Annual accounts

Balance sheet and off-balance sheet items

ASSETS (EUR 000)	Notes ⁽¹⁾	2023	2024
Cash in hand, balances with central banks and post office banks	4	2 846 378	1 972 653
Loans and advances to credit institutions	4, 5, 14	5 734 688	6 477 121
a) repayable on demand		535 349	593 493
b) other loans and advances		5 199 339	5 883 628
Loans and advances to clients	4, 6, 14	3 522 663	3 407 078
Bonds and other fixed income securities	4, 7, 8, 9, 12, 14, 15, 21	1 644 529	1 694 757
a) issued by public bodies		1 229 586	1 231 260
b) issued by other borrowers		414 943	463 497
Shares and other variable-yield securities	4, 7	32 731	35 857
Participating interests	7, 10, 12, 14, 21, 22	5 030	4 132
Shares in affiliated undertakings	7, 10, 12, 14, 21, 22	6 103	6 336
Intangible assets	12	12 777	15 706
Tangible assets	12, 13	90 272	88 898
Other assets	11	27 601	34 526
Accruals and deferred income		178 967	274 158
Total assets	16	14 101 739	14 011 222

(1) The notes are an integral part of the annual financial statements.

LIABILITIES (EUR 000)	Notes ⁽¹⁾	2023	2024
Amounts owed to credit institutions	4, 22	744 017	732 841
a) repayable on demand		569 710	541 699
b) with agreed maturity dates or periods of notice		174 307	191 142
Amounts owed to clients	4, 22	11 855 456	11 789 922
a) savings deposits		1 878 315	1 854 974
b) other debts		9 977 141	9 934 948
<i>ba) repayable on demand</i>		3 092 733	3 243 758
<i>bb) with agreed maturity dates or periods of notice</i>		6 884 408	6 691 190
Other liabilities	17, 31	143 460	102 531
Accruals and deferred income		96 386	76 928
Provisions for liabilities and charges		93 039	124 090
a) provisions for pensions and related obligations		1 715	1 231
b) provisions for taxation		56 310	86 121
c) other provisions	34	35 014	36 738
Special items with a reserve quota portion	18	15 662	15 525
Fund for general banking risks		343 600	380 495
Subscribed capital	19	104 784	104 784
Share premium		18 689	18 689
Reserves	20	610 954	586 027
Profit/(loss) brought forward	20	-	-
Profit/(loss) for the financial year		75 692	79 390
Total liabilities	23	14 101 739	14 011 222
OFF-BALANCE SHEET (EUR 000)	Notes⁽¹⁾	2023	2024
Contingent liabilities	4, 24	219 862	206 740
of which:			
– guarantees and assets pledged as collateral security		65 303	72 266
Commitments	4, 25	1 177 455	1 094 415
Fiduciary operations		238 853	239 412

(1) The notes are an integral part of the annual financial statements.

Annual accounts

Profit and loss account

EUR 000	Notes ⁽¹⁾	2023	2024
Interest receivable and similar income	28	608 426	659 212
of which:			
arising from fixed income securities		22 940	27 553
Interest payable and similar charges	28	(415 304)	(483 480)
Income from securities	28	40 767	64 370
a) income from shares, units and other variable-yield securities		1	-
b) income from participating interests		-	-
c) income from shares in affiliated undertakings		40 766	64 370
Commission receivable	28	146 380	150 040
Commission payable	28	(10 566)	(13 969)
Net profit/(loss) on financial operations	28	19 258	3 920
Other operating income	28, 29	8 141	8 526
General administrative expenses		(209 670)	(216 380)
a) staff costs	31	(128 796)	(134 697)
of which:			
– wages and salaries		(105 725)	(114 509)
– social security costs		(18 665)	(17 484)
of which:			
social security costs relating to pensions	31	(13 209)	(12 575)
b) other administrative expenses		(80 874)	(81 683)
Value adjustments in respect of tangible and intangible assets		(12 919)	(14 029)
Other operating expenses	30	(3 919)	(1 848)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		(41 767)	(28 217)
carried forward:		128 827	128 145

(1) The notes are an integral part of the annual financial statements.

EUR 000	Notes ⁽¹⁾	2023	2024
Brought forward:		128 827	128 145
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		17 740	14 215
Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		(1 623)	(8 303)
Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		4 606	9 483
Income from the write back of "Special items with a reserve quota portion"	18	137	137
Income from the write-back of amounts allocated to the fund for general banking risks		-	-
Transfers to the fund for general banking risks		(47 400)	(36 895)
Tax on profit/(loss) on ordinary activities		(25 193)	(25 933)
Profit/(loss) on ordinary activities after tax		77 094	80 849
Other taxes not shown in the preceding items		(1 402)	(1 459)
Profit/(loss) for the financial year		75 692	79 390

(1) The notes are an integral part of the annual financial statements.

Notes to the annual financial statements

NOTE 1

General

1.1. Corporate matters

The Bank was founded in Luxembourg on 31 March 1937 under the name Banque Mathieu Frères. On 24 May 1977, the Bank, a société anonyme (public limited company) under Luxembourg law, changed its name to Banque de Luxembourg (hereinafter the "Bank").

As at 31 December 2024, the capital of the Bank was fully held by Crédit Industriel et Commercial (CIC).

The Bank's business policy and valuation principles are determined and monitored by the Board of Directors in accordance with Luxembourg laws and regulations.

1.2. Nature of the Bank's business

The Bank's corporate object is to perform all types of banking and financial operations in the Grand Duchy of Luxembourg and abroad.

More generally, it may carry out any commercial, industrial or other transactions involving both moveable and immovable assets that may contribute directly to the fulfilment of this object.

In 1991, the Bank took over the private banking activities of the branch of Crédit Industriel d'Alsace et de Lorraine which had been active in Luxembourg since 1920.

The Bank has a branch in Belgium with offices in Brussels and Ghent.

1.3. Annual accounts

The Bank's financial year coincides with the calendar year.

The Bank prepares its annual accounts in euro (EUR), the currency in which the capital is expressed.

Pursuant to Article 80 of the Law of 17 June 1992 on the annual and consolidated accounts of credit institutions, as amended, the Bank is released from the obligation to draw up consolidated accounts.

The company that prepares the consolidated financial statements of the largest group of companies of which the Bank forms a part is Confédération Nationale du Crédit Mutuel (CNCM) and the company that prepares the consolidated financial statements of the smallest group of companies of which the Bank forms a part is Crédit Industriel et Commercial (CIC).

NOTE 2

Summary of significant accounting policies

The Bank prepares its annual accounts using the historical cost principle, in accordance with applicable laws and regulations and generally accepted accounting principles in the banking sector in the Grand Duchy of Luxembourg, and with the going concern principle. Apart from the rules imposed by law and the Commission de Surveillance du Secteur Financier, the accounting policies and valuation principles are determined and implemented by the Board of Directors.

In observing these, the following significant accounting policies are applied:

2.1. Date transactions are booked to the balance sheet

Assets and liabilities are booked in the balance sheet on the transaction date.

2.2. Foreign currencies

The Bank maintains a multi-currency accounting system, which records all transactions in the currency or currencies of the transaction on a trade-date basis.

Revenues and expenses in foreign currencies are converted into EUR daily at the prevailing exchange rates.

Assets and liabilities are converted into EUR at the spot rates applicable at the balance sheet date.

Profit or loss on open forward exchange transactions and on swap transactions are recorded in the profit and loss account for the financial year.

Hedged and unhedged forward transactions are valued individually on the basis of the forward exchange rates applicable at the balance sheet date.

Currency futures and options are revalued at their market value at the balance sheet date. The revalued amount is converted into EUR at the spot foreign exchange rate.

2.3. Definition of the trading book

The Bank has classified the following items in its trading book, for the purposes of the prudential rules defining own funds, in accordance with Article 1 paragraph 26 bis of the Law of 5 April 1993 on the financial sector (as amended):

- the securities trading book as defined in accounting law;
- securities underwriting;
- open positions in financial derivatives.

The accounting and market values of the trading book are detailed in Note 9. The financial derivatives that are included in the trading book are analysed in Note 26 b).

2.4. Financial derivatives

The Bank's commitments resulting from financial derivatives, such as currency and interest rate swaps, forward rate agreements, financial futures and options, are recorded on the transaction date as off-balance sheet items.

At year-end, where necessary, a provision is raised in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value. This provision is included on the liabilities side of the balance sheet under "Provisions: other provisions". The unrealised revaluation gains are not recognised, except for forward exchange transactions.

No provision is raised in those cases where a derivative financial instrument clearly hedges an asset or a liability and economic unity is established, or where a derivative financial instrument is hedged by a reverse transaction so that no open position exists.

2.5. Specific value adjustments in respect of doubtful and irrecoverable debts

Loans and advances to clients refer to all assets representing loans and advances to domestic and foreign clients, other than credit institutions, regardless of their designation in the present case. Receivables are recorded on the balance sheet at acquisition cost.

It is the Bank's policy to establish specific value adjustments in respect of doubtful and irrecoverable debts. Value adjustments are determined by the management of the Bank and are approved by the Board of Directors.

Value adjustments, if any, are deducted from the asset items to which they relate and are not maintained if the reasons that motivated them have ceased to exist.

2.6. Lump-sum provision for risk exposures

In accordance with Luxembourg tax legislation, the Bank establishes a lump-sum provision for risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of this provision is to take account of potential risks that have not yet been identified at the date of preparation of the annual accounts.

Pursuant to the instructions issued by the Directeur des Contributions on 16 December 1997, this provision is made before taxation and calculated as a maximum of 1.25% of the Bank's risk exposures.

The lump-sum provision for risk exposures is broken down in proportion to the weighting of the items, which form the basis for its calculation, between:

- a portion which is deemed to represent a value adjustment, and which is deducted from the asset items which constitute risk exposures; and
- a portion which is deemed to represent a provision for liabilities and charges attributable to credit risk associated with off-balance sheet items, foreign exchange risk and market risks, and which is shown on the liabilities side of the balance sheet under "Provisions: other provisions".

2.7. Fund for general banking risks

It is the Bank's policy to establish a fund for general banking risks, pursuant to article 63 of the Law on the accounts of banks, as amended.

This is shown separately on the liabilities side of the balance sheet.

Transfers to the fund for general banking risks are not tax deductible.

2.8. Transferable securities

Transferable securities are recorded at the purchase price at which they were first recorded in the Bank's portfolio.

The average cost method is used for the calculation of proceeds realised on the sales.

2.9. Bonds and other fixed income securities

The Bank has divided its portfolio of fixed income securities into three main categories:

- the bonds and other transferable securities included in the portfolio of financial fixed assets which are intended to be used on a continuing basis in the Bank's activities;
- securities included in the trading book, purchased with the intention of resale in the short term; and
- securities included in the investment portfolio which do not fall into either of the two other categories.

Fixed income securities are valued as follows:

Financial fixed assets

Fixed income securities included in the Bank's portfolio of financial fixed assets are stated at purchase price, provided that they fulfil the required conditions. Those which do not meet the criteria are stated at the lower of cost or market value. Long-term depreciations are subject to impairment, except when the securities are guaranteed.

Where the purchase price of fixed income securities that are included in the Bank's portfolio of financial fixed assets is greater or less than the amount repayable at maturity, the positive or negative difference is released to the profit and loss account in instalments over the remaining period until repayment.

Trading book

Fixed-income securities included in the Bank's trading portfolio are stated at the lower of cost or market value at the balance sheet date.

Investment portfolio

Fixed income securities included in the Bank's investment portfolio are stated at the lower of cost or market value at the balance sheet date.

Securities issued on a discounted basis

The difference between the issue value and the par value of securities issued on a discounted basis represents their sole source of income. This discount is recognised as income over the period during which the security remains in the Bank's portfolio. The discount is spread on a linear basis and is added to the book value of the security.

Fair value

To ensure fair value and for the purposes of the notes to the annual accounts, the Bank refers to the quoted market prices on an active market, if these are available. These quoted market prices are used to determine the fair value of the financial assets or liabilities.

If not available, the fair value is obtained:

- by referring to recent similar arm's length market transactions;
- by using a valuation technique (discounted cash flow analysis). The valuation technique incorporates all market inputs that the stakeholders would take into consideration when determining a price and is in accordance with the valuation methods agreed upon for the pricing of financial instruments.

2.10. Shares and other variable-yield securities

Shares and other variable-yield securities are stated at the lower of cost or market value at the balance sheet date.

2.11. Participating interests and shares in affiliated undertakings

At the balance sheet date, participating interests and shares in affiliated undertakings held as financial fixed assets are stated at purchase price. Value adjustments are made in case of permanent depreciation.

2.12. The *Beibehaltungsprinzip*

It is the Bank's policy to retain value adjustments previously made in respect of certain categories of assets but which no longer correspond to a reduction in the value of the assets in question, in accordance with Articles 56(2)(f) and 58(2)(e) of the Law on the accounts of banks, as amended.

2.13. Repurchase agreements (or "repos")

In accordance with Luxembourg legislation, the securities subject to a sale or a repurchase agreement are maintained in the balance sheet.

2.14. Intangible assets

The Bank has divided its portfolio of fixed income securities into three main categories:

The value of intangible assets with limited useful economic lives is reduced by value adjustments calculated to write off the value of such assets systematically over their estimated useful economic lives. The amortisation periods used are:

- Software and IT developments: 4 years;
- Clientele acquired for valuable consideration: 5 years.

Certain intangible assets are amortised over a different period based on their actual use by the Bank.

2.15. Tangible assets

Tangible assets are valued at purchase price.

The value of tangible assets with limited useful economic lives is reduced by value adjustments calculated to write off the value of such assets systematically over their estimated useful economic lives. The amortisation periods used are:

— Hardware:	2-4 years;
— Buildings:	15-50 years;
— Fixtures and fittings:	5-10 years;
— Equipment:	5-20 years;
— Vehicles:	3 years;
— Furniture:	5-10 years.

Certain tangible assets are depreciated over a different period based on their actual use by the Bank.

2.16. Accruals and deferred income

Income and expenses received before the balance sheet date but attributable to a subsequent financial year must be shown under the assets item "prepayments and accrued income" or the liabilities item "accruals and deferred income".

2.17. Debts

Debts are recorded as liabilities at their repayment amount.

When the amount to be repaid on debts exceeds the amount received, the difference is capitalised and amortised over the term of the debt in question.

2.18. Special items with a reserve quota portion

Special items with a reserve quota portion consist of those amounts which may be eligible for fiscal exemption. The exemption covers realised gains in accordance with Articles 53, 54 and 54bis of the Luxembourg income tax law, as amended.

2.19. Taxes

Taxes are accounted for on an accruals basis.

As at 31 December 2024, the Bank and two subsidiaries formed a consolidated tax group, the principles of which are governed by an agreement. The member companies are authorised to combine or offset their tax profit or loss during the period of application of the consolidated tax regime. As Parent company, the Bank is considered to be solely liable for tax.

It is liable for local authority income tax (IRC) and local authority business tax (ICC) payable on all the profits of the companies in the consolidated tax group, and consequently pays advance tax to the tax authorities for the whole group. It also recognises in its books a receivable from consolidated companies corresponding to their share of tax, which is apportioned in accordance with the agreement in place.

Tax consolidation does not apply to wealth tax. However, in accordance with applicable tax regulations, and on behalf of integrated companies, the Bank has established a specific reserve to offset the wealth tax liability for each such integrated company. The reserve for this purpose is equal to five times the amount of wealth tax payable and is made unavailable for a period of five years.

NOTE 3

Risk management methodology

3.1. Market risks related to Dealing Room activities

The primary market risk is exposure to interest rate risk of the banking book.

Market risk is defined as the impact of a change in interest rates on the value of financial assets and liabilities, both on- and off-balance sheet.

To measure this, the Bank uses the Kondor+ front-to-back risk management platform and a balance sheet modelling tool.

European banking supervision is based in particular on the sensitivity of economic value and the net interest margin to standardised stress scenarios.

The sensitivity of the economic value of the banking book is measured at EUR 120 million as at 31 December 2024, representing a loss of economic value of EUR 120 million in the event of a parallel increase in interest rates of 2% (31 December 2023: loss of EUR 83 million).

The supplement to this measure – the sensitivity of the net interest margin as addressed by Delegated Regulation (EU) 2024/856 – indicates a loss in the first year of EUR 3.4 million following a parallel 2% decrease in interest rates (31 December 2023: loss of EUR 31 million).

Foreign exchange risks and the risks associated with financial instruments, such as changes in equity prices, are not considered significant. Alert thresholds and limits on maximum position volumes are in place to manage these risks, which are monitored on a daily basis. These thresholds specifically include end-of-day currency positions of less than EUR 0.5 million per currency, and below EUR 5 million for the sum of the absolute values of all currency positions.

3.2. Credit risk

3.2.1 Credit risk related to Dealing Room activities:

All credit facilities related to Dealing Room activities are approved by the Crédit Mutuel Alliance Fédérale Commitments Committee. The Board of Directors approves all credit lines which are granted according to the quality of the issuer, based on ratings and equity capital. Credit lines are managed by the Front Office and Risk Management tools, and all Dealing Room operators have real-time access to any credits outstanding. Breaches are automatically reported to the Risk Management department which is in charge of monitoring the compliance of credit lines.

With regard to investments in the interbank market, the Bank generally favours the Group or the Central Bank of Luxembourg over other counterparties where possible.

The Bank may also engage in secure longer-term operations:

- For repos and buy & sell back transactions, the Bank has concluded a Global Master Repurchase Agreement (GMRA) with its counterparties, as developed by the International Capital Market Association (ICMA) and the Bond Market Association (TBMA).
- Securities lending transactions are covered by the Global Master Securities Lending Agreement (GMSLA) developed by the International Securities Lending Association (ISLA).
- The Bank concludes a Master Agreement, as developed by the International Swaps and Derivatives Association (ISDA), with all counterparties with which it enters into derivative transactions. The Bank also enters into a Credit Support Annex (CSA – annex to the ISDA Master Agreement) with its counterparties in order to establish a daily evaluation of net exposure offset and reduce the credit risk associated with derivative transactions.
- The Bank concludes a Continuous Linked Settlement (CLS) agreement with the majority of the counterparties with which it enters into foreign exchange transactions on the market. However, for foreign exchange transactions to hedge securities investments of clients in markets where the domestic currency is not freely convertible, Forex Desk operators deal directly with the Bank's securities depositaries in these countries.

3.2.2 Credit risk related to client activities:

The Bank has a selective and prudent lending policy, focuses on long-term relations and takes account of the overall context of the relationship.

A dedicated Analysis unit within the Loans department reviews loan files and its analyses are used as the basis for decision-making within the various loans committees in accordance with applicable competency thresholds.

The Risk Management department's Credit Risk service is dedicated to managing risk related to credit granted to clients and to monitoring clients' derivative transactions.

Through various ongoing and periodic checks, depending on the nature of the assets pledged as collateral and the amount of the commitment, the Credit Risk service regularly monitors all non-performing and underperforming client commitments.

Risk monitoring covers the following types of breaches in particular:

- payment defaults;
- absence of cover in relation to credit facilities granted and collateral received;
- credit limits exceeded (outstandings > commitments);
- overdrawn accounts where no credit facility exists (current account debit).

The Credit Risk service monitors and reviews the provisions calculated on counterparties using a calculation engine that is integrated into our core banking system. Significant increases will be presented to and approved by the members of the Risk Exposure Committee.

The Credit Risk service:

- Carries out second-level controls to ensure ongoing and periodic checks on all types of breaches, as well as regulatory controls on underperforming and non-performing loans, restructured loans and impairments;
- Analyses client portfolios to authorise breaches subject to a credit check (credit violation) on pledged and/or unsecured accounts;
- Monitors and tracks credit portfolio commitments;
- Identifies bad debts to be reported every two weeks to the Risk Exposure Committee and monitors the implementation of corrective measures by account managers in order to control credit risks.

This service also monitors clients' derivative transactions.

3.3. Liquidity risk

According to the nature of its balance sheet, the Bank does not refinance its activities in the non-secured interbank lending market (apart from transactions with its parent company) and does not issue debt securities. Liabilities are mainly constituted by clients' deposits. Except for interbank deposits with its parent company and loans and advances to clients, assets are essentially made up of a portfolio of investment grade debt securities, eligible for repo transactions with banking counterparties. As at 31 December 2024, the client loan/deposit ratio (calculated net of value adjustments) was 28.9% (31 December 2023: 29.7%).

The Bank monitors its liquidity by identifying significant maturities of deposits and investments on a balance-sheet level and relies on a liquidity risk monitoring framework based on the follow-up of:

- the liquidity buffer;
- the securities available for refinancing operations;
- the LCR (Liquidity Coverage Ratio);
- the NSFR (Net Stable Funding Ratio);
- the ALMMs (Additional Liquidity Monitoring Metrics);
- the granularity of customer deposits;
- liquidity stress test scenarios over a period of one year;
- an intra-day liquidity stress test scenario over three days;
- the static liquidity gap and Basel III liquidity gap; and
- the dynamic liquidity gap based on projected cash flows from one to five years.

In case of a liquidity requirement, the quality of the Bank's securities portfolio enables it to refinance its activities via several sources:

- bilateral and tripartite repo transactions with market counterparties;
- repo transactions with the Central Bank of Luxembourg; and
- financing via its parent company, Crédit Mutuel Alliance Fédérale.

At the end of the 2024 financial year, the Bank's LCR was 157.4% (31 December 2023: 159.5%) compared with a regulatory minimum of 100%. As at 31 December 2024, the Bank's NSFR was 132.4% (31 December 2023: 138.4%) against a regulatory minimum of 100%.

3.4. Operational risk

As defined by the Basel Committee, operational risk is the risk of "direct or indirect losses resulting from inadequate or failed internal processes, people and systems or from external events". The Operational Risk Management (ORM) department is responsible for managing the operational risk of the Bank.

The Bank's operational risk management is consistent with the Advanced Measurement Approach (AMA) and has two main focuses:

- risk prevention; and
- Risk analysis.

Risk prevention is achieved through the development of risk maps covering all activities of the Bank. They are reviewed annually, or every two years in some cases, with business experts in the relevant field. They allow measures to be defined and implemented in order to reduce the risk in the most vulnerable processes.

The purpose of analysing identified risks is first to identify all operational incidents within the Bank, regardless of the financial impact. Data on operational losses has been collected since 1996 and covers all departments and subsidiaries/branches of the Bank.

Communication channels and specific accounting procedures have been put in place to enable ORM to centralise these events. Each operational incident is then analysed to identify its causes, and develop action plans to strengthen the internal control system and to prevent further problems.

These data are included in the model calculation of equity capital according to the AMA.

The Risk Management department is involved in enhancing the quality of internal controls and its aim is to constantly improve the banking systems used as well as the processing procedures. The department also defines and controls the information systems security policy.

In accordance with CSSF Regulation 16-07, all client complaints are processed centrally by ORM, which ensures that they are handled with the necessary diligence, transparency and objectivity.

Each claim is analysed to identify possible improvements to the functioning of the Bank. This analysis is delegated to the Legal department if their expertise is sought for investigation of the case.

Defined action plans are documented and monitored semi-annually.

Quarterly reports are prepared and presented to the members of the Executive Committee, as well as the heads of the Legal & Compliance and Internal Audit departments.

Each department in the Bank has its own set of detailed procedures that are either stored in a dedicated database or in a procedures manual.

The Bank has insured a major part of property and business risks.

The continuity plan of the Bank, which is tested on a regular basis, covers the risks having an impact on the continuity of the Bank's activities and its information systems.

3.5. Permanent control

The business line permanent control system is an integral part of the Bank's risk management operations. It operates via an internal control portal in which the results of the main business lines' controls are documented. This IT application is provided by the Bank's parent company.

The Permanent Control function, which is part of the Risk Management department, aims to develop and monitor the supervision of internal control portals.

Its role is to determine – in collaboration with the business lines – controls to cover their main risks, including those that have already been implemented and those that are still to be put in place, in order to regularly input the outcomes in the internal control portal. Operational and financial risk management activities help it to cover the Bank's main risks using the controls in the portal.

Risk Management monitors these controls every quarter. Through this supervision, it also helps to improve the reliability of control methods or broaden their objectives in order to improve overall risk coverage.

A semi-annual report on these monitoring activities is subsequently prepared for the business line heads, the relevant management team and Permanent Control at Crédit Mutuel Alliance Fédérale.

A summary of changes to and results from the internal control portal is provided semiannually to the Risk Management Committee and the Board of Directors' Audit and Risk Management Committee.

The Bank's activities are covered by 21 control portals, which contain a total of 338 controls and account for 1 119 control deadlines over the course of the year (excluding compliance).

NOTE 4

Breakdown of primary financial instruments by residual maturity

The primary financial assets and liabilities are presented according to their remaining maturity:

2023 EUR 000 (book value)	Less than 3 months or indefinite	3–12 months	1–5 years	More than 5 years	Total
Cash in hand, balances with central banks and post office banks	2 846 378	-	-	-	2 846 378
Loans and advances to credit institutions	1 813 255	1 713 702	2 003 275	204 456	5 734 688
Loans and advances to clients	1 054 634	165 829	590 919	1 711 281	3 522 663
Bonds and other fixed income securities	40 544	223 364	858 311	522 310	1 644 529
Shares and other variable-yield securities	32 731	-	-	-	32 731
Total	5 787 542	2 102 895	3 452 505	2 438 047	13 780 989
Amounts owed to credit institutions	727 046	12 511	4 460	-	744 017
Amounts owed to clients	9 649 660	1 679 685	347 709	178 402	11 855 456
Debts evidenced by certificates	-	-	-	-	-
Total	10 376 706	1 692 196	352 169	178 402	12 599 473
Collateral granted	114 969	44 541	39 767	20 585	219 862
Commitments	431 546	121 556	400 810	223 543	1 177 455
Total	546 515	166 097	440 577	244 128	1 397 317
2024 EUR 000 (book value)	Less than 3 months or indefinite	3–12 months	1–5 years	More than 5 years	Total
Cash in hand, balances with central banks and post office banks	1 972 653	-	-	-	1 972 653
Loans and advances to credit institutions	2 132 403	1 928 952	2 211 577	204 189	6 477 121
Loans and advances to clients	1 036 429	239 649	539 312	1 591 688	3 407 078
Bonds and other fixed income securities	16 479	203 320	922 693	552 265	1 694 757
Shares and other variable-yield securities	35 857	-	-	-	35 857
Total	5 193 821	2 371 921	3 673 582	2 348 142	13 587 466
Amounts owed to credit institutions	710 379	20 552	1 910	-	732 841
Amounts owed to clients	10 253 620	1 092 388	280 833	163 081	11 789 922
Debts evidenced by certificates	-	-	-	-	-
Total	10 963 999	1 112 940	282 743	163 081	12 522 763
Collateral granted	130 705	15 505	38 011	22 519	206 740
Commitments	490 996	92 122	316 831	194 466	1 094 415
Total	621 701	107 627	354 842	216 985	1 301 155

The handling of transit accounts (on securities brokerage) was reviewed as part of the preparation of the 2024 annual report to reflect the nature of these positions. As at 31 December 2023, these were presented under the headings of receivables/payables vis-à-vis credit institutions and clients. At 31 December 2024, they were reclassified as other assets/liabilities.

NOTE 5

Loans and advances to credit institutions

The geographical breakdown of loans and advances to credit institutions, including those repayable on demand, is shown in the table below:

EUR 000	2023	2024
European Union	5 318 487	6 044 824
United States	260 262	275 190
Other OECD countries	139 169	142 466
Other countries	16 770	14 641
Total	5 734 688	6 477 121

The maximum credit risk on loans and advances to credit institutions is represented by the notional amount of the loans and advances.

As at 31 December 2024, reverse repurchase agreement transactions with credit institutions amounted to EUR 2 118 466 thousand (31 December 2023: EUR 1 429 676 thousand).

At the Bank's request, the CSSF has approved the full exemption of the risk exposure to the Crédit Mutuel group, for the purpose of calculating large exposure limits, in accordance with part XVI, point 24 of CSSF Circular 06/273, as amended and then replaced by Article 400(2) of Regulation (EU) No 575/2013 on prudential requirements for credit institutions ("CRR"). As at 31 December 2024, loans and advances to credit institutions on group companies amounted to EUR 5 898 323 thousand (31 December 2023: EUR 5 191 117 thousand), as described in Note 14.

The portion of the lump-sum provision for risk exposures that relates to loans and advances to credit institutions amounted to EUR 25 713 thousand at 31 December 2024 (31 December 2023: EUR 15 119 thousand).

The handling of transit accounts (on securities brokerage) was reviewed as part of the preparation of the 2024 annual report to reflect the nature of these positions. As at 31 December 2023, these were presented under receivables from credit institutions in the amount of EUR 281 thousand. As at 31 December 2024, they were allocated to other assets in the amount of EUR 1 332 thousand.

NOTE 6

Loans and advances to clients

The geographical breakdown of loans and advances to customers is shown in the table below:

EUR 000	2023	2024
European Union	3 410 881	3 344 068
United States	396	407
Other OECD countries	50 048	29 628
Other countries	61 338	32 975
Total	3 522 663	3 407 078

The table below shows the breakdown of loans and advances to clients according to the type of security obtained by the Bank:

EUR 000	2023	2024
Secured lending	3 133 582	2 995 417
Unsecured lending	389 081	411 661
Total	3 522 663	3 407 078

Value adjustments deducted from loans and advances to clients amounted to EUR 91 755 thousand as at 31 December 2024 (31 December 2023: EUR 78 083 thousand).

The portion of the lump-sum provision for risk exposures that relates to loans and advances to clients amounted to EUR 27 963 thousand at 31 December 2024 (31 December 2023: EUR 34 634 thousand).

The handling of transit accounts (on securities brokerage) was reviewed as part of the preparation of the 2024 annual report to reflect the nature of these positions. As at 31 December 2023, these were presented under client receivables for an amount of EUR 3 229 thousand. As at 31 December 2024, they were allocated to other assets for an amount of EUR 10 109 thousand.

Advances and credits granted to the Bank's management

As at 31 December 2024, loans and advances (including any guarantees and sureties) granted to Board members amounted to EUR 8 231 thousand (31 December 2023: EUR 8 924 thousand) and those granted to senior managers amounted to EUR 13 433 thousand (31 December 2023: EUR 12 213 thousand).

NOTE 7

Transferable securities

Transferable securities included under "Debt securities and other fixed income securities", "Shares and other variable-yield securities", "Participating interests" and "Shares in affiliated undertakings" are broken down as follows into listed and unlisted securities (on an active market):

2023 EUR 000	Listed securities	Unlisted securities	Total
Bonds and other fixed income securities	1 644 529	-	1 644 529
of which: Portfolio of financial fixed assets (Note 8)	1 644 412	-	1 644 412
Trading book (Note 9)	117	-	117
Investment portfolio	-	-	-
Shares and other variable-yield securities	-	32 731	32 731
Participating interests and shares in affiliated undertakings (Note 10)	-	11 133	11 133
Total	1 644 529	43 864	1 688 393
2024 EUR 000	Listed securities	Unlisted securities	Total
Bonds and other fixed income securities	1 694 757	-	1 694 757
of which: Portfolio of financial fixed assets (Note 8)	1 693 180	-	1 693 180
Trading book (Note 9)	1 577	-	1 577
Investment portfolio	-	-	-
Shares and other variable-yield securities	-	35 857	35 857
Participating interests and shares in affiliated undertakings (Note 10)	-	10 468	10 468
Total	1 694 757	46 325	1 741 082

Value adjustments on securities and value adjustments previously made and maintained in accordance with the "Beibehaltungsprinzip" (hereinafter "BBH") are as follows:

2023 EUR 000	Value adjustments	BBH
Bonds and other fixed income securities	59 301	21 652
of which: Portfolio of financial fixed assets	59 294	21 647
Trading book	7	5
Investment portfolio	-	-
Shares and other variable-yield securities	2 816	1 711
Participating interests and shares in affiliated undertakings (Note 10)	-	-
Total	62 117	23 363
2024 EUR 000	Value adjustments	BBH
Bonds and other fixed income securities	52 822	23 998
of which: Portfolio of financial fixed assets	52 808	23 991
Trading book	14	7
Investment portfolio	-	-
Shares and other variable-yield securities	1 806	1 806
Participating interests and shares in affiliated undertakings (Note 10)	3 309	-
Total	57 937	25 804

NOTE 8

Financial fixed assets

Transferable securities are included under financial fixed assets if they are to be used on a continuing basis in the Bank's activities.

8.1. Structure of the financial fixed asset portfolio

The portfolio of financial fixed assets has the following structure, reflecting its exposure to risk:

a. Breakdown by type of issuer:

EUR 000	2023	2024
Public issuers	1 229 586	1 231 260
Credit institutions	349 548	413 553
Other issuers	65 278	48 367
Total	1 644 412	1 693 180

b. Breakdown by geographic area of issuer:

EUR 000	2023	2024
European Union	1 327 634	1 304 314
United States	230 686	257 496
Other OECD countries	86 092	117 293
Other countries	-	14 077
Total	1 644 412	1 693 180

c. Breakdown by issuer rating (source: Moody's ratings):

EUR 000	2023	2024
Aaa	1 006 243	1 111 377
Aa1	179 623	210 698
Aa2	247 383	30 135
Aa3	197 842	324 204
A1	1 034	16 766
6Baa1	-	-
Baa3	12 287	-
Total	1 644 412	1 693 180

8.2. Valuation methods

The securities in the financial fixed asset portfolio break down as follows according to their valuation method as defined in Note 2.9:

EUR 000	2023	2024
Valuation at purchase price (Note 8.2.a)	1 136 944	1 167 813
Valuation at adjusted purchase price (Note 8.2.b)	28 166	25 253
Valuation at the lower of cost or market value (Note 8.2.c)	479 302	500 114
Total	1 644 412	1 693 180

The cumulative amortisation since the date of acquisition of premiums and discounts on debt securities and other fixed income securities held as financial fixed assets was as follows:

EUR 000	2023	2024
Premiums	(12 192)	(11 736)
Discounts	7 331	12 779
Total	(4 861)	1 043

As at 31 December 2024 and 2023, the Bank had no repurchase agreements on its books.

a. Portfolio of financial fixed assets, valued at the purchase price:

EUR 000	2023	2024
Financial fixed assets valued at purchase price	1 136 944	1 167 813

The portfolio of financial fixed assets valued at purchase price is fully hedged by interest rate swaps.

b. Portfolio of financial fixed assets, valued at the adjusted purchase price:

EUR 000	2023	2024
Portfolio of financial fixed assets valued at the adjusted purchase price	28 166	25 253

During the 2008 financial year, with the approval of the CSSF, the Bank reclassified its FRN (Floating Rate Note) portfolio corresponding to a reinvestment of client deposits as "financial fixed assets, valued at the adjusted purchase price".

In this regard, the CIC has issued a guarantee in favour of the Bank to cover the risk of default for a group of specific securities. This guarantee applies to a portfolio whose residual securities are derived from securitisations. The value of these securities as at 31 December 2024 was EUR 9 181 thousand (31 December 2023: EUR 15 884 thousand).

c. Portfolio of fixed financial securities valued at the lower of cost or market value:

EUR 000	2023	2024
Financial fixed assets valued at the lower of cost or market	479 302	500 115

The portfolio of fixed financial securities valued at the lower of cost or market value forms part of the Bank's liquidity buffer.

NOTE 9

Transferable securities: trading book

The transferable securities belonging to the trading book (defined in Note 2.3) are valued at the lower of cost or market. They are as follows:

2023 EUR 000	Accounting Value	Fair value
Bonds and other fixed income securities	117	122

2024 EUR 000	Accounting Value	Fair value
Bonds and other fixed income securities	1 577	1 585

NOTE 10

Participating interests and shares in affiliated undertakings

"Participating interests" are deemed to be rights in the capital of other companies with the aim of creating a lasting affiliation and contributing to their business. When a stake in the capital of another company exceeds twenty per cent, it is presumed to be a participating interest.

"Affiliated undertakings" are undertakings included or likely to be included in the same consolidated group.

"Participating interests" and "shares in affiliated undertakings" break down as follows:

EUR 000	2023	2024
Shares in affiliated undertakings	6 103	6 336
Participating interests	5 030	4 132
Total	11 133	10 468

As at 31 December 2024, the Bank held a participating interest of at least 20% in the capital of the following companies:

Company name	Percentage of share capital held	Equity capital ⁽¹⁾ as at 31 December 2023 EUR 000	Net profit at 31 December 2023 EUR 000
BL General Partner S.à r.l.	100.00%	3 477	953
BLI - Banque de Luxembourg Investments	100.00%	71 854	64 695
Tradhold S.A.	50.00%	13 404	1 011

(1) Total equity capital including the net profit/loss as at 31 December 2023 because the audited annual financial statements as at 31 December 2024 have yet to be published, except for BLI - Banque de Luxembourg Investments which presents equity capital of EUR 63 904 thousand and a net profit/loss of EUR 56 002 thousand as at 31 December 2024.

All these companies have their registered office in Luxembourg.

As at 31 December 2024 and 2023, the Bank had no participating interests in other credit institutions.

In 2024, the significant events relating to participating interests and shares in affiliated undertakings were as follows:

- The Bank joined a local initiative aimed at helping to revive a real estate market that has been in crisis since interest rates began to rise. Together with other banks, a stake valued at EUR 1 258 thousand as at 31 December 2024 was acquired in a state-initiated support vehicle called Prolog Luxembourg S.A.;
- The Bank recorded a value adjustment of EUR 2 188 thousand for i-Hub S.A., in which it holds a 10% stake. This is based on a discounted cash flow valuation of EUR 2 158 thousand as at 31 December 2024 (31 December 2023: EUR 4 306 thousand).

NOTE 11

Other assets

EUR 000	2023	2024
Short-term receivables	23 005	29 124
Precious metals	3 234	3 187
Other	1 362	2 215
Total	27 601	34 526

NOTE 12

Changes in fixed assets

The Bank's fixed assets changed as follows over the course of the financial year:

EUR 000 ITEMS	Acquisition price at the beginning of the financial year	Additions	Disposals	Transfers	Foreign exchange difference	Acquisition price at the end of the financial year	Value adjustments at the end of the financial year		Net value at the end of the financial year
							Total reversals/adjustments	Lump-sum provision for risk exposures	
1. Participating interests	6 219	1 290	-	-	-	7 509	(3 309)	(68)	4 132
2. Shares in affiliated undertakings	8 512	-	-	-	-	8 512	-	(2 176)	6 336
3. Debt securities and other fixed income securities ⁽¹⁾	1 704 177	296 243	(276 221)	-	22 281	1 746 480	(52 808)	(492)	1 693 180
4. Intangible assets	91 400	8 609	-	-	-	100 009	(84 303)	-	15 706
of which:									
a. Development costs	64 404	7 915	-	-	-	72 319	(58 341)	-	13 978
b. Concessions, patents, licences, trademarks and similar rights and assets	26 996	694	-	-	-	27 690	(25 962)	-	1 728
c. Goodwill	-	-	-	-	-	-	-	-	-
5. Tangible assets	256 234	6 496	(1 048)	-	-	261 682	(171 837)	(947)	88 898
of which:									
a. Land and buildings	209 418	3 299	(76)	-	-	212 641	(133 549)	(834)	78 258
b. Plant and machinery	35 459	2 188	(947)	-	-	36 700	(29 348)	(77)	7 275
c. Other fixtures and fittings, tools and furniture	11 357	1 009	(25)	-	-	12 341	(8 940)	(36)	3 365

(1) This item contains only the debt securities considered as financial fixed assets held on a long-term basis.

NOTE 13

Tangible assets

As at 31 December 2024, tangible assets included a net amount of EUR 78 258 thousand (31 December 2023: EUR 78 466 thousand) which represents the land and buildings used by the Bank for its own activities.

NOTE 14

Loans and advances to affiliated undertakings and entities in which the Bank has a participating interest

As at 31 December 2024 and 2023, loans and advances to affiliated undertakings (i.e. group entities in the context of this Note) and entities in which the Bank has a participating interest were as follows:

2023 EUR 000	Affiliated undertakings	Participating interests
Loans and advances to credit institutions	5 191 117	-
Loans and advances to clients	936	-
Bonds and other fixed income securities	12 862	-
Total	5 204 915	-

2024 EUR 000	Affiliated undertakings	Participating interests
Loans and advances to credit institutions	5 898 323	-
Loans and advances to clients	3	-
Bonds and other fixed income securities	17 649	-
Total	5 915 975	-

Debt securities and bonds are shown net of value adjustments.

NOTE 15

Subordinated assets

Subordinated assets held by the Bank are mainly included under "Debt securities and other fixed income securities" and amounted to EUR 16 072 thousand as at 31 December 2024 (31 December 2023: EUR 12 287 thousand).

NOTE 16

Foreign currency assets

As at 31 December 2024, the aggregate amount of the Bank's assets denominated in foreign currencies, converted into EUR, corresponds to EUR 1 462 846 thousand (31 December 2023: EUR 1 354 348 thousand).

NOTE 17

Other liabilities

EUR 000	2023	2024
Short-term payables	92 014	48 197
Preferential creditors	29 381	31 592
Staff pension fund	4 375	4 050
Other	17 690	18 692
Total	143 460	102 531

"Short-term payables" includes cash inflows and purchases/sales of transferable securities undergoing settlement with a trade date prior to 31 December 2024.

The amount of EUR 4 050 thousand shown in the entry "Staff pension fund" at 31 December 2024 relates only to current pension payments.

As part of the staff remuneration policy of the Bank, some of the "variable" compensation is paid over a period of four years: at 31 December 2024, this amount is included under "Other" for EUR 18 421 thousand (31 December 2023: EUR 17 230 thousand).

NOTE 18

Special items with a reserve quota portion

The amount recorded under "Special items with a reserve quota portion" is mainly composed of the tax-exempt capital gains on the sale of buildings and on the sale of participating interests.

NOTE 19

Subscribed capital

The authorised, subscribed and paid-up share capital of the Bank amounted to EUR 104 784 thousand, represented by 26 546 no-par-value shares.

NOTE 20

Changes in reserves and profit/(loss) brought forward

EUR 000	Legal reserves	Other reserves	Profit/(loss) brought forward
Balance as at 1 January 2024	10 478	600 476	-
Profit/(loss) for the financial year ended 31 December 2023	-	-	75 692
Allocation of profit/(loss):			
Transfer to reserves	-	(24 927)	24 927
Dividend	-	-	(100 025)
Directors' fees	-	-	(594)
Balance as at 31 December 2024	10 478	575 549	-

Under Luxembourg law, the Bank must levy an amount equivalent to at least 5% of the annual net profit to a legal reserve until such reserve is equal to 10% of the share capital. This allocation is made the following year.

The distribution of the legal reserve is not allowed.

As at 31 December 2024, the specific reserve linked to the reduction in the wealth tax amount (see Note 2.18), which appears under "Other reserves", was EUR 112 600 thousand (31 December 2023: EUR 110 680 thousand).

As at 31 December 2024, the rate of return on assets was 0.57% (31 December 2023: 0.54%)

EUR 000	2023	2024
Total assets	14 101 739	14 011 222
Net profit	75 692	79 390
Return on assets	0.54%	0.57%

NOTE 21

Assets pledged by the Bank as collateral for its own commitments

As at 31 December 2024, the Bank had pledged assets as security for its own liabilities in an amount of EUR 243 608 thousand (31 December 2023: EUR 256 614 thousand).

These assets relate to the maintenance of the minimum reserve with the Central Banks and *collateral management*.

2023 EUR 000	Book value of pledged assets	Fair value of pledged assets	Book value of unpledged assets	Fair value of unpledged assets
The Bank's assets	256 614	N/A	13 845 125	N/A
Own funds instruments	-	-	43 864	106 344
Debt securities	-	-	1 644 529	1 615 189
Other assets	256 614	N/A	12 156 732	N/A

2024 EUR 000	Book value of pledged assets	Fair value of pledged asse ts	Book value of unpledged assets	Fair value of unpledged assets
The Bank's assets	243 608	N/A	13 767 613	N/A
Own funds instruments	-	-	46 325	111 543
Debt securities	-	-	1 694 757	1 661 882
Other assets	243 608	N/A	12 026 531	N/A

NOTE 22

Amounts owed to affiliated undertakings and companies in which the Bank has a participating interest

As at 31 December 2024 and 2023, amounts owed to affiliated undertakings (i.e. group entities in the context of this Note) and entities in which the Bank has a participating interest were as follows:

2023 EUR 000	Affiliated undertakings	Participating interests
Amounts owed to credit institutions	178 256	-
Amounts owed to clients	112 555	-
Total	290 811	-

2024 EUR 000	Affiliated undertakings	Participating interests
Amounts owed to credit institutions	139 679	-
Amounts owed to clients	102 045	-
Total	241 724	-

NOTE 23

Foreign currency liabilities

As at 31 December 2024, the aggregate amount of liabilities denominated in foreign currencies and converted into EUR was EUR 3 481 655 thousand (31 December 2023: EUR 3 312 621 thousand).

NOTE 24

Contingent liabilities

The Bank's contingent liabilities are as follows:

EUR 000	2023	2024
Guarantees and other direct substitutes for credit	219 713	206 740
Documentary credits	150	-
Total	219 863	206 740

As at 31 December 2024, the Bank's commitments towards affiliated undertakings (i.e. group entities in the context of this Note) amounted to EUR 2 thousand (31 December 2023: EUR 24 232 thousand), and EUR 0 thousand of contingent liabilities towards entities in which the Bank has a participating interest (31 December 2023: EUR 0 thousand).

NOTE 25

Commitments

The Bank's commitments are as follows:

EUR 000	2023	2024
Confirmed credits, not used	1 105 441	994 135
Other commitments	72 014	100 280
Total	1 177 455	1 094 415

As at 31 December 2024, the Bank's commitments towards affiliated undertakings (i.e. group entities in the context of this Note) amounted to EUR 347 thousand (31 December 2023: EUR 11 160 thousand).

As at 31 December 2024, the Bank's commitments to entities in which it has a participating interest amounted to EUR 0 thousand (31 December 2023: EUR 0 thousand).

The Bank has entered into certain other commitments which are not disclosed in the balance sheet or in the off-balance sheet items but which are significant for the purposes of assessing the Bank's financial situation. These commitments relate to 11 real estate rental contracts with a maximum remaining term of 8 years.

NOTE 26

Financial derivatives

a. Non-trading book transactions - Breakdown by type of instrument and remaining maturity

The financial derivatives that are not included in the trading book (as defined in Note 2.4), linked to exchange rates, interest rates and credit risk, are broken down by type of instrument, market and residual maturity.

2023 EUR 000	Nominal				Grand total	Market value	
	Less than 3 months	3–12 months	1–5 years	More than 5 years		positive	(negative)
Transactions linked to currency exchange rates							
Over-the-counter (OTC) contracts	-	-	-	-	-	-	-
Forward exchange transactions and swaps	4 230 843	1 870 398	5 707	-	6 106 948	56 198	(68 587)
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Total	4 230 843	1 870 398	5 707	-	6 106 948	56 198	(68 587)
Transactions linked to interest rates							
Over-the-counter (OTC) contracts	-	-	-	-	-	-	-
Interest rate swaps	38 428	232 376	1 057 938	1 207 035	2 535 777	156 239	(25 231)
Cap floor purchase	-	-	-	-	-	-	-
Total	38 428	232 376	1 057 938	1 207 035	2 535 777	156 239	(25 231)
Transactions linked to own funds							
Transactions on a regulated market	-	-	-	-	-	-	-
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Equity futures purchase	-	-	-	-	-	-	-
Equity futures sale	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Over-the-counter (OTC) transactions	-	-	-	-	-	-	-
Accumulator swap purchase	-	-	-	-	-	-	-
Accumulator swap sale	-	-	-	-	-	-	-
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Warrant	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

2024 EUR 000	Nominal				Grand total	Market value	
	Less than 3 months	3–12 months	1–5 years	More than 5 years		positive	(negative)
Transactions linked to currency exchange rates							
Over-the-counter (OTC) contracts	-	-	-	-	-	-	-
Forward exchange transactions and swaps	5 472 915	1 312 142	4 933	-	6 789 990	97 030	(64 866)
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Total	5 472 915	1 312 142	4 933		6 789 990	97 030	(64 866)
Transactions linked to interest rates							
Over-the-counter (OTC) contracts	-	-	-	-	-	-	-
Interest rate swaps	30 512	264 322	1 116 119	1 190 930	2 601 883	122 129	(24 871)
Cap floor purchase	-	-	-	-	-	-	-
Total	30 512	264 322	1 116 119	1 190 930	2 601 883	122 129	(24 871)
Transactions linked to own funds							
Transactions on a regulated market	-	-	-	-	-	-	-
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Equity futures purchase	-	-	-	-	-	-	-
Equity futures sale	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Over-the-counter (OTC) transactions	-	-	-	-	-	-	-
Accumulator swap purchase	-	-	-	-	-	-	-
Accumulator swap sale	-	-	-	-	-	-	-
Options purchase	-	-	-	-	-	-	-
Options sale	-	-	-	-	-	-	-
Warrant	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

All outstanding foreign exchange and interest rate transactions as at 31 December 2024 and 2023 which are not included in the trading book have been entered into for hedging purposes.

Transactions linked to other market rates relate to listed derivative financial instruments and are traded on regulated markets on behalf of clients.

b. Trading book transactions

The Bank had no trading book positions on financial derivatives as at 31 December 2024 and 2023.

NOTE 27

Credit risk information relating to financial derivatives

a. Information on replacement cost

The following table provides the replacement cost of financial derivatives traded over-the-counter (OTC).

The current replacement cost, potential future risks, the global replacement cost and the net credit risk exposure are calculated in accordance with the requirements of Regulation (EU) No 575/2013 on the definition of capital ratios pursuant to Article 56 of the Law of 5 April 1993 on the financial sector (as amended).

2023 EUR 000	Notional amount	Positive replacement cost ⁽¹⁾	Potential future risk ⁽²⁾	Global replacement cost ⁽¹⁺²⁾	Net credit risk ⁽³⁾
Transactions linked to currency exchange rates					
Forward exchange transactions and swaps	1 914 734	19 100	28 807	47 907	47 832
Currency options	-	-	-	-	-
Total	1 914 734	19 100	28 807	47 907	47 832
Transactions linked to interest rates					
Interest rate swaps	-	-	-	-	-
Total	-	-	-	-	-
Transactions linked to own funds					
Equity futures	-	-	-	-	-
Equity options	-	-	-	-	-
Warrant	-	-	-	-	-
Total	-	-	-	-	-
Transactions with counterparties under a clearing agreement	6 738 160	34 076	56 788	90 864	29 496

(1) Contracts which have a positive value when marked to market.

(2) Potential future risk that may be incurred during the remaining life of the financial derivatives. It is calculated on the basis of the nominal amount depending on the time to maturity.

(3) Corresponds to the weighted global replacement cost depending on the type of the counterparty.

2024 EUR 000	Notional amount	Positive replacement cost ⁽¹⁾	Potential future risk ⁽²⁾	Global replacement cost ⁽¹⁺²⁾	Net credit risk ⁽³⁾
Transactions linked to currency exchange rates					
Forward exchange transactions and swaps	2 051 337	52 643	34 393	87 036	86 796
Currency options	-	-	-	-	-
Total	2 051 337	52 643	34 393	87 036	86 796
Transactions linked to interest rates					
Interest rate swaps	-	-	-	-	-
Total	-	-	-	-	-
Transactions linked to own funds					
Equity futures	-	-	-	-	-
Equity options	-	-	-	-	-
Warrant	-	-	-	-	-
Total	-	-	-	-	-
Transactions with counterparties under a clearing agreement	7 360 255	32 872	71 330	104 202	54 599

(1) Contracts which have a positive value when marked to market.

(2) Potential future risk that may be incurred during the remaining life of the financial derivatives. It is calculated on the basis of the nominal amount depending on the time to maturity.

(3) Corresponds to the weighted global replacement cost depending on the type of the counterparty.

b. Breakdown by counterparty rating

The following table provides a breakdown of the global replacement costs for financial derivatives traded over-the-counter (OTC), broken down by counterparty credit rating.

2023 EUR 000	Notional amount	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Ba1	Unrated	Total
Credit risk												
Transactions linked to currency exchange rates												
Forward exchange transactions and swaps	1 914 734	-	-	-	-	-	-	-	-	-	47 907	47 907
Currency options	-	-	-	-	-	-	-	-	-	-	-	-
Total	1 914 734	-	-	-	-	-	-	-	-	-	47 907	47 907
Transactions linked to own funds												
Equity futures	-	-	-	-	-	-	-	-	-	-	-	-
Equity options	-	-	-	-	-	-	-	-	-	-	-	-
Warrant	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Transactions linked to interest rates												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with counterparties under a clearing agreement	6 738 160	-	93	53 815	20 082	6 912	-	-	-	-	9 962	90 864
2024 EUR 000	Notional amount	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Ba1	Unrated	Total
Credit risk												
Transactions linked to currency exchange rates												
Forward exchange transactions and swaps	2 051 337	-	-	-	-	-	-	-	-	-	87 036	87 036
Currency options	-	-	-	-	-	-	-	-	-	-	-	-
Total	2 051 337	-	-	-	-	-	-	-	-	-	87 036	87 036
Transactions linked to own funds												
Equity futures	-	-	-	-	-	-	-	-	-	-	-	-
Equity options	-	-	-	-	-	-	-	-	-	-	-	-
Warrant	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Transactions linked to interest rates												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with counterparties under a clearing agreement	7 360 255	-	4 312	4 563	63 053	10 767	-	-	-	-	21 507	104 202

c. Geographical breakdown

The following table provides a geographical breakdown of the total replacement costs for financial derivatives traded over-the-counter (OTC).

EUR 000	2023	2024
European Union	133 564	186 019
United States	-	-
Other OECD countries	5 099	4 609
Other countries	108	610
Total	138 771	191 238

d. Collateral exchange convention

In accordance with the European Market Infrastructure Regulation (EMIR), to govern collateral exchanges (variation margin) for OTC derivatives transactions, the Bank signed ISDA contracts including the Variation Margin-Credit Support Annex (VM-CSA) with its counterparties. As at 31 December 2024, VM-CSA contracts had been signed with 39 counterparties (31 December 2023: 41). Any future transactions will be entered into with one of these 39 eligible counterparties.

NOTE 28

The Bank's main items of income

2023 EUR 000	Non-domestic	Domestic	Total
Interest margin	(12 340)	205 462	193 122
Net commissions	15 061	120 753	135 814
Income from securities	-	40 767	40 767
Net profit/(loss) on financial operations	1	19 257	19 258
Other operating income	1 906	6 235	8 141
Total	4 628	392 474	397 102

2024 EUR 000	Non-domestic	Domestic	Total
Interest margin	(17 695)	193 427	175 732
Net commissions	16 003	120 068	136 071
Income from securities	-	64 370	64 370
Net profit/(loss) on financial operations	(2)	3 922	3 920
Other operating income	209	8 317	8 526
Total	(1 485)	390 104	388 619

The Bank provides its clients with the following services:

- Portfolio management and investment advice;
- Custody and administration of securities;
- Safe deposit box hire;
- Fiduciary representation.

As part of its portfolio management and investment advice activities, as well as the custody and administration of securities, the Bank receives trailer fees from UCITS.

A large proportion of these commissions are passed on to the original investors. These commissions receivable and passed on to investors (commissions paid) form a single economic unit, and are presented in the annual LuxGAAP report as a net value under commissions received in the profit and loss account.

Details of this type of commission are provided below:

EUR 000	2023	2024
Commissions received: Trailer fees	28 154	37 576
Commissions paid: Trailer fees	(24 188)	(33 672)
Total	3 966	3 904

NOTE 29

Other operating income

Other operating income can be broken down as follows:

EUR 000	2023	2024
Refund of VAT from previous years	4 221	4 386
State contribution to training expenses	372	382
Rental income	832	1 263
Gain on disposal of fixed assets	86	46
Other	2 630	2 449
Total	8 141	8 526

"Other" comprises services recharged to affiliated undertakings (i.e. group entities in the context of this Note) in the amount of EUR 1 591 thousand in 2024 (EUR 1 341 thousand in 2023).

NOTE 30

Other operating expenses

EUR 000	2023	2024
Disposal of fixed assets	1	19
Net loss on order transmission errors	528	602
Charges on structured credit transactions	3 390	1 227
Total	3 919	1 848

NOTE 31

Staff

As at 31 December 2024 (31 December 2023), the Bank, including the branch in Belgium, employed, on average, 1 050 (992) staff, including 30 (30) senior managers and 1 020 (962) middle managers and employees.

Salaries paid to staff and amounts paid in respect of retirement schemes and other related costs amounted to EUR 134 697 thousand (2023: EUR 128 796 thousand).

Of this amount, EUR 10 156 thousand were paid to the 30 senior managers (2023: 30 senior managers, EUR 9 838 thousand). The amounts paid to the members of the Board of Directors are disclosed in Note 20.

In 2024, the Bank paid EUR 22 473 thousand to the Luxembourg tax authorities (2023: EUR 21 368 thousand) in relation to taxes withheld on salaries in Luxembourg.

There were no significant changes to report with regard to the company pension scheme in 2024. In addition to pension coverage (employer and personal contributions), the payment of a lump sum and income support in the event of death or invalidity was included.

Contributions to the pension scheme (Luxembourg Pension Fund), including future pension provisions for employees of the Bank and its subsidiaries, were calculated based on an actuarial method and a 3.25% predicted return on the fund's assets.

At 31 December 2024, the contribution paid into the pension fund was EUR 4 044 thousand (31 December 2023: EUR 4 742 thousand).

NOTE 32

Parent company

Banque de Luxembourg's financial statements are consolidated by:

- Crédit Industriel et Commercial (CIC);
- Banque Fédérative du Crédit Mutuel (BFCM), whose consolidation scope includes CIC;
- Caisse Fédérale de Crédit Mutuel within the Crédit Mutuel Alliance Fédérale group consolidation scope which includes BFCM;
- the Crédit Mutuel group whose central entity is the Confédération Nationale du Crédit Mutuel (CNCM) and which includes Crédit Mutuel Alliance Fédérale.

The consolidated financial statements of CIC can be obtained from the following address: <https://www.cic.fr/en/institutional-website/investors/regulated-financial-information.html>

The consolidated financial statements of BFCM and Crédit Mutuel Alliance Fédérale can be obtained from the following address: <https://investors.bfcm.creditmutuel.fr/investor-relations/regulated-financial-information>

The financial statements of the Crédit Mutuel group can be obtained from the following address: <https://www.creditmutuel.com/fr/publications/rapports-annuels.html>

However, Luxembourg credit institutions must also contribute to a second compartment in order to build up an additional safety buffer of 0.8% of covered deposits, as defined by the law. The loading phase for this compartment runs from 2019 to 2026. Similarly, contributions to maintain target levels may then be required on an annual basis (particularly if the fund is utilised).

Contributions to the FGDL for 2024 amount to EUR 1 093 thousand (2023: EUR 598 thousand).

SRF – Single Resolution Fund

The Single Resolution Fund is governed by the Single Resolution Mechanism Regulation (known as SRMR or Regulation (EU) No 806/2014). As a European Regulation does not need to be transposed into national law, it is directly applicable as law.

This law stipulates that the target level of the SRF's financial resources is set at 1% of total deposits covered at European level. The fund's loading phase ran from 2015 to 2023. Contributions to maintain this target level may then be required on an annual basis (particularly if the SRF is utilised).

The contribution to maintain this target level unchanged amounted to a contribution to the SRF of EUR 0 thousand for 2024 (2023: EUR 6 869 thousand).

NOTE 33

FGDL and SRF

As part of its legislative arsenal, the European framework for managing banking crises includes two emergency funds to which banks must make cash contributions (based on criteria related to their balance sheet size and specific risks):

- a deposit guarantee fund (national jurisdiction, see FGDL), to directly protect amounts deposited at banks by savers;
- a single resolution fund (European jurisdiction, see SRF), to bail out banks at risk of bankruptcy without using taxpayer money.

FGDL – Fonds de Garantie des Dépôts Luxembourg

The deposit guarantee fund is governed by the Deposit Guarantee Schemes Directive (known as the DGSD or Directive 2014/49/EU). This Directive was transposed into Luxembourg law through the law of 18 December 2015 on the failure of credit institutions and certain investment firms.

This law stipulates that the target level of the FGDL's financial resources (in light of the European minimum) is set at 0.8% of covered deposits (first compartment). The bank's contributions were paid annually, mainly between 2016 and 2018 (loading phase), and contributions to maintain target levels may then be required annually (particularly if the fund is utilised).

NOTE 34

Other provisions

The amount of "Other provisions" is mainly composed of provisions for litigation, compensation and bonuses.

NOTE 35

Related parties

The Bank did not enter into any material transactions with related parties that were not carried out in accordance with the arm's length principle during the periods ending 31 December 2024 and 31 December 2023.

NOTE 36

Fees for the approved independent auditor

The approved independent auditor's fees during 2024 and 2023 were as follows:

EUR 000	2023	2024
Audit expenses	497	513
Other insurance services	167	174
Other fees	15	-
Total	679	687

NOTE 37

Pillar II

The Law of 22 December 2023, transposing into national legislation Directive (EU) 2022/2523 on Pillar Two of the OECD and G20 project Base Erosion and Profit Shifting (BEPS), came into force from 1 January 2024. This aims to ensure a minimum worldwide tax level of 15% for multinational groups and large national groups in the European Union with a consolidated turnover of EUR 750 000 thousand or more.

To achieve this, Pillar II provides for the application of a top-up tax on profits made in a jurisdiction where the effective tax rate of a multinational enterprise group in that jurisdiction is below the minimum rate required. The Bank will contribute to the implementation of the Directive through its parent company, working with all its national and international entities to define the terms and conditions for its implementation within the deadlines set by the law.

The Bank prepares its annual accounts in LuxGAAP and maintains its accounts in IFRS. Deferred tax liabilities under IFRS arise from the difference between LuxGAAP and IFRS and from untaxed capital gains.

As at 31 December 2024, deferred tax liabilities amounted to EUR 28 578 thousand (31 December 2023: EUR 30 197 thousand) and the Bank had no tax losses carried forward (31 December 2023: no tax losses carried forward).

NOTE 38

Post-balance sheet events

No event likely to have a material impact on the annual accounts as at 31 December 2024 occurred between the balance sheet date and the date of this report.

Report of the Réviseur d'Entreprises agréé

To the Board of Directors of
Banque de Luxembourg, société anonyme
14, boulevard Royal
L-2449 Luxembourg

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Banque de Luxembourg S.A. (the "Bank"), which comprise the balance sheet as at 31 December 2024 and the profit and loss account for the financial year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at 31 December 2024, and of the results of its operations for the financial year then ended, in accordance with current Luxembourg legal and regulatory requirements relating to the preparation and presentation of annual accounts.

Basis for opinion

We conducted our audit in accordance with Regulation (EU) No 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and the International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under Regulation (EU) No 537/2014, the Law of 23 July 2016 and ISA standards as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") are further described in the "Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts" section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including international standards of independence, published by the International Ethics Standards Board for Accountants (the "IESBA Code") as adopted for Luxembourg by the CSSF, as well as the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

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

Assessment of loans and advances to clients

Key matter

Loans and advances to clients amounted to EUR 3 407 million at 31 December 2024 (31 December 2023: EUR 3 523 million), representing 24.3% of the Bank's assets at 31 December 2024 (31 December 2023: 25.0%). Value adjustments deducted from loans and advances to clients amounted to EUR 92 million as at 31 December 2024 (31 December 2023: EUR 78 million), as detailed in Note 6 of the annual accounts.

Lending is one of the Bank's core businesses. The Bank reviews its loans and advances to clients on an ongoing basis to assess whether a value adjustment should be recorded.

Taking into account the factors set out below, we have identified the assessment of loans and advances to clients as a key audit matter:

- These loans are not traded on an active market, so significant judgements and estimates must be applied by Management in assessing their recoverable amount;
- Inappropriate judgements concerning the methodology and data used, or the assumptions made, may have a material impact on the amount of value adjustments recorded;
- These critical judgements include issues such as the identification and assessment of potential indicators of value adjustment, as well as discounted cash flow forecasting techniques, the valuation of collateral received and renegotiation measures applied.

The assessment of value adjustments associated with loans and advances to clients is therefore considered a key financial audit risk, due to the potential impact on the valuation of assets and on the Bank's profit or loss.

Audit approach to this key matter:

As part of our audit, we tested the appropriateness of the design and implementation as well as the effectiveness of key controls relating to the monitoring and valuation of client loans and receivables, namely:

- The Bank's process for approving and granting loans to clients;
- The process for monitoring payment defaults, absence in cover in relation to credit facilities granted and guarantees received, and credit limits exceeded;
- The process for periodic revaluation of mortgage guarantees;
- The process for monitoring receivables at risk.

We also performed the following substantive procedures to validate the valuation of loans and advances to clients:

- We reviewed internal documentation and held discussions with the heads of the Bank's Credit Risk, Risk Management and Legal Recovery departments in order to validate the approach applied to the valuation of value adjustments associated with loans and advances to clients;
- On the basis of a sample of loans and advances to clients, selected using a risk-based approach adapted to current market conditions, and using our professional judgement, we have critically reviewed (i) the assumptions used by the Bank to determine the value adjustments associated with these client loans; (ii) the evidence supporting the analysis performed by the Bank; and (iii) the consistency of the value adjustments recognised in the annual accounts.

Recognition of private banking fees

Key matter

As at 31 December 2024, private banking fees amounted to EUR 88.9 million (31 December 2023: EUR 84.3 million), thus representing one of the Bank's main sources of income. These fees mainly comprise brokerage, management and custody fees charged, inter alios, to private banking clients, as detailed in Note 28 of the annual accounts.

Taking into account the factors below, we have identified the calculation and accounting of private banking fees as a key audit matter:

- The Bank has standard fee schedules for its private banking services, but may grant special conditions to clients depending on the volume of transactions and assets held with the Bank;
- Private banking fees are mainly calculated automatically by the Bank's system on the basis of the fee structure agreed when the relationship is established;
- Although fee calculation and accounting is in theory an automated process, such special conditions mean that manual interventions are necessary.

The assessment of the calculation and accounting of the latter is therefore considered to be a key financial audit risk, due to the potential impact on the Bank's profit or loss and the possible risk of fraud.

Audit approach to this key matter:

As part of our audit, we tested the appropriateness of the design and implementation and the effectiveness of key controls relating to the calculation and recognition of private banking fees, namely:

- Approval of exceptions made to the standard pricing conditions granted to clients, in particular at the time when the relationship was established, depending on their profile, their assets under management and the type of management;
- Approval of transactions initiated by clients.

We also performed the following procedures to validate the calculation and recognition of private banking fees:

- Detailed tests on brokerage fees based on the transaction details of and fee conditions agreed with clients;
- Detailed tests of custody and management fees based on clients' assets and their pricing conditions;
- Detailed tests on the provisioning and collection of performance fees by the Bank;
- Substantive analytical procedures on main private banking fees.

Other information

The Board of Directors is responsible for other information. Other information comprises the information included in the management report, but does not include the annual accounts and the report of the réviseur d'entreprises agréé thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance on such information.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the course of 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, to communicate any doubts in relation thereto, and to apply 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 annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the Réviseur d'Entreprises agréé that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance Regulation (EU) No 537/2014, the Law of 23 July 2016 and the 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 the annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, 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 audit 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;
- Reach a conclusion 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 report to the disclosures in the annual accounts about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the annual accounts. Our conclu-

sions are based on information available to us at the date of our 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

We were appointed as réviseur d'entreprises agréé by the General Meeting of the Board of Directors on 26 March 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

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

We confirm that the prohibited non-audit services referred to in the Regulation (EU) No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 1 April 2025

KPMG Audit S.à.r.l.
Approved independent auditor
F. Thill
Réviseur d'entreprises agréé

Our shareholder

Banque de Luxembourg, formed from CIAL and CIC, is part of the Crédit Mutuel Alliance Fédérale group, which took over Crédit Industriel et Commercial (CIC) in 1998.

As one of France's leading bancassurers, with 77 000 employees serving 31 million clients, Crédit Mutuel Alliance Fédérale offers a full range of services to individual clients, local professionals and businesses of all sizes, via more than 4 000 sales outlets. As one of Europe's strongest banking groups, it has equity of EUR 66 billion and a CET1 ratio of 18.8% at 31 December 2024.

As France's leading "Mission-led Bank", it achieved an all-time record performance in 2024, with net profit of EUR 4.1 billion. Deeply committed to the mutual model, Crédit Mutuel Alliance Fédérale has pledged to pay out a societal dividend of 15% of its net profit each year. These funds are intended to be used to finance projects that, among other things, help combat global warming and social inequalities. In 2024, the societal dividend made it possible to raise EUR 574 million to support entrepreneurs committed to climate action, to promote inclusive bancassurance ranges, and to support local associations and major NGOs alike.

In 2024, Crédit Mutuel's excellent external ratings were confirmed by Moody's (A1), Fitch Ratings (Senior Preferred: AA-) and S&P Global Ratings (A+), with a stable outlook. The three agencies highlight the solidity of Crédit Mutuel's bancassurance model and its good level of profitability, asset quality, capitalisation and liquidity.







Outlook

As a company that cares and a B corp, respect for the interests of all stakeholders is enshrined in the Bank's Articles of Association. CSR (Corporate Social Responsibility) and ESG (Environmental, Social and Governance) are therefore key components of the Bank's development plan.

Despite an uncertain macroeconomic and geopolitical environment, the Bank is continuing to develop its strategic plan for 2027, while remaining attentive to market developments and potential risks.

With its high-quality business, resilient balance sheet, solid governance, recurring profitability, attractive ratios, a solid shareholder and good reputation, Banque de Luxembourg is well prepared for the years ahead.

Pierre Ahlborn

Administrateur délégué

Luxembourg, 1 April 2025

Eric Charpentier

Chairman of the Board of Directors

Luxembourg, 1 April 2025

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