

**Natixis Corporate and Investment Banking Luxembourg
Société Anonyme
(previously Natixis Wealth Management Luxembourg)**

**Annual accounts, management report
and audit report
for the year ended 31 December 2023**

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Audit Report

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

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Natixis Corporate and Investment Banking Luxembourg (the “Bank”) as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Bank’s annual accounts comprise:

- the balance sheet and off-balance sheet items as at 31 December 2023;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

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

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 33 to the annual accounts.



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.

Key audit matter

How our audit addressed the key audit matter

Existence and valuation of the restructuring provision of the Bank

In the context of the restructuring of the Bank approved by the Board of Directors on 1 September 2021 and communicated within the Bank on 8 September 2021, a provision has been booked in the annual accounts since year-end 2022. As at 31 December 2023, this provision amounts to 4.2 million EUR.

This provision is mainly related to :

- severances linked to the social plan;
- lawyer fees for assisting the Bank in its restructuring activities;
- advisory fees for assistance in the restructuring.

These provisions were recorded as “Other provisions” in the Bank’s balance sheet as of 31 December 2023. The details of these amounts are included in the Notes 2.10 and 17 of the annual accounts.

This provision is significant in the annual accounts and requires an extensive level of judgement from the Bank’s Management.

Consequently, considering the significance of the amounts for the financial year ending 31 December 2023 and the level of judgment in the assumptions made by Management, we paid particular attention in the context of our audit to the existence and the valuation of the provisions relating to the restructuring of the Bank’s activities.

As part of the audit of the provisions relating to the reorganisation of the Bank’s activities, we carried out the following audit procedures:

- interviews with the finance, human resources and legal departments as well as with the Authorised Management of the Bank;
- consultation of the main minutes of the governance bodies following up the restructuring (Board of Directors and Executive Committee);
- consultation of the social plan signed by the Bank with staff representatives dated 13 December 2021;
- reconciliation of supporting documents (i.e. transactional agreements, lawyer fees invoices, external consultant invoices, etc.) with the amounts recorded in the accounting and in the annual accounts of the Bank as of 31 December 2023 (including the utilisation of the provision done during the year 2023);
- on a sample basis, reconciliation of the utilisation of provision during the financial year ending 31 December 2023 with the supporting evidence (e.g. monthly payroll files, supplier invoices, etc);
- verification of the presentation and disclosure of provisions for reorganization in the annual accounts.

The above mentioned procedures discussed included elements of unpredictability in response to the risk of fraud.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Management report of the Board of Directors to the ordinary general meeting of shareholders but does not include the annual accounts and our audit report thereon.

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

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

Responsibilities of the Board of Directors for the 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 the 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.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the 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 an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

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

- identify and assess the risks of material misstatement of the 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we 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 describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

The Management report of the Board of Directors to the ordinary general meeting of shareholders is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the Board of Directors on 22 June 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 21 March 2024

Olivier Delbrouck

Natixis Corporate and Investment Banking Luxembourg

BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

As at 31 December 2023
(expressed in EUR)

ASSETS

	Notes	2023	2022
Cash in hand, balances with central banks and post office banks	3, 4, 38, 39	129,616,986	375,851,894
Loans and advances to credit institutions	3, 5, 12, 38, 39	2,261,107,848	3,039,984,149
a) repayable on demand		36,254,602	18,050,626
b) other loans and advances		2,224,853,246	3,021,933,523
Loans and advances to customers	3, 5, 12, 38, 39	826,398,602	1,056,032,541
Shares and other variable-yield transferable securities	3, 6, 38, 39	9,481	428,516,758
Participating interests	3, 7, 38, 39	158,484	-
Intangible assets	3, 8, 9	1,959,737	3,921,736
Tangible assets	3, 8	464,587	473,424
Other assets	3, 10, 12	4,286,440	3,836,458
Prepayments and accrued income	3, 11, 12	14,683,948	12,028,170
TOTAL ASSETS	13	<u>3,238,686,113</u>	<u>4,920,645,130</u>

The notes in the appendix form an integral part of the annual accounts.

Natixis Corporate and Investment Banking Luxembourg
BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

As at 31 December 2023

(expressed in EUR)

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LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	2023	2022
Amounts owed to credit institutions	3, 7, 20, 38	2,336,859,475	3,594,934,998
a) repayable on demand		769,814	5,745,044
b) with agreed maturity dates or periods of notice		2,336,089,661	3,589,189,954
Amounts owed to customers	3, 20, 38	134,493,666	577,751,946
b) other debts		7,650,000	-
ba) repayable on demand		124,490,494	393,809,635
bb) with agreed maturity dates or periods of notice		2,353,172	183,942,311
Other liabilities	3, 14, 20	3,911,880	2,703,748
Accruals and deferred income	3, 15, 20	16,537,298	10,059,083
Provisions	3	16,415,367	14,304,281
b) provisions for taxation	16	10,665,511	3,145,831
c) other provisions	17	5,749,856	11,158,450
Subscribed capital	3, 18, 19	683,542,500	683,542,500
Reserves	3, 19	28,551,944	28,088,963
Profit or loss for the financial year	3, 19	18,373,983	9,259,611
TOTAL LIABILITIES	21	<u>3,238,686,113</u>	<u>4,920,645,130</u>

The notes in the appendix form an integral part of the annual accounts.

Natixis Corporate and Investment Banking Luxembourg
BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

As at 31 December 2023

(expressed in EUR)

- continued -

	Notes	2023	2022
Contingent liabilities	3, 22, 38, 39	994,843	8,357,953
<u>of which:</u>			
- guarantees and assets pledged as collateral security		994,843	8,357,953
Commitments	3, 24, 38, 39	20,000,000	46,585,586

The notes in the appendix form an integral part of the annual accounts.

Natixis Corporate and Investment Banking Luxembourg

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2023
(expressed in EUR)

	Notes	2023	2022
Interest receivable and similar income		158,541,666	68,037,777
<u>of which:</u>			
- on fixed-income marketable securities		-	-
Interest payable and similar charges		(112,166,401)	(37,754,509)
Income from transferable securities		348,430	-
- income from participating interests		348,430	-
Commissions receivable		1,144,784	11,673,538
Commissions payable		(2,614,374)	(2,573,787)
Net profit or loss on financial transactions	7	31,644	184,244
Other operating income	27	3,596,081	2,543,204
General administrative expenses		(18,912,649)	(24,901,139)
a) staff costs	30, 31	(7,869,500)	(14,146,793)
<u>of which:</u>			
- wages and salaries		(5,638,729)	(10,404,576)
- social security costs		(1,652,897)	(2,440,479)
<u>of which:</u>			
- pension costs		(1,320,593)	(1,873,475)
b) other administrative expenses	33, 35	(11,043,149)	(10,754,346)
Value adjustments in respect of intangible and tangible assets	10	(2,225,364)	(2,615,565)
Other operating charges	28	(2,281,714)	(3,854,048)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	29	(530,813)	(795,928)
Carried forward		<u><u>24,931,290</u></u>	<u><u>9,943,787</u></u>

The notes in the appendix form an integral part of the annual accounts.

Natixis Corporate and Investment Banking Luxembourg

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2023

(expressed in EUR)

- continued -

	Notes	2023	2022
Brought forward:		24,931,290	9,943,787
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	29	539,713	606,569
Tax on profit or loss on ordinary activities	16	(5,527,029)	1,196,421
Profit or loss on ordinary activities after tax		19,943,974	11,746,777
Other taxes not shown under the preceding items	16	(1,569,991)	(2,487,166)
Profit or loss for the financial year		<u>18,373,983</u>	<u>9,259,611</u>

The notes in the appendix form an integral part of the annual accounts.

Natixis Corporate and Investment Banking Luxembourg

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 1 - GENERAL INFORMATION

1.1. Incorporation of the Bank

Natixis Corporate and Investment Banking Luxembourg (previously Natixis Wealth Management Luxembourg), hereinafter “the Bank” or “NCIBL”, was incorporated in Luxembourg on 24 November 1989 in the form of a public limited company (Société Anonyme).

As at 31 December 2023, the Bank was a wholly owned subsidiary of Natixis S.A., a company governed by French law and having its registered office in France.

1.2. Administration of the Bank

As at 31 December 2023, the Bank's Board of Directors is composed of directors of Natixis Group. The Bank's accounting policies, which are determined by Luxembourg laws and regulations, are established and monitored by the Board of Directors.

1.3. Nature of the Bank's activities

The Bank's corporate purpose is to carry out all banking and financial transactions in the Grand Duchy of Luxembourg or abroad, either for itself or on behalf of third parties, or in collaboration with third parties.

The Bank's corporate purpose also covered insurance brokerage through one or more duly authorised natural persons. The Bank is no longer in this business since the request of withdrawal of its authorisation that was accepted by the Commissariat Aux Assurances on 15 June 2023.

The Bank has developed a range of products and activities that it makes available to all its shareholders spread across various geographical areas, as well as to its direct customers.

NOTE 2 - MAIN ACCOUNTING POLICIES

These annual accounts have been prepared in conformity with accounting principles generally accepted in the banking sector in the Grand-Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by Law and by the Commission de Surveillance du Secteur Financier.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

The group's consolidated financial statements are available as described in note 34.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 2 - MAIN ACCOUNTING POLICIES (CONTINUED)

The main valuation rules that were applied are as follows:

2.1. Date on which transactions are recorded on the balance sheet

Assets and liabilities are stated in the Bank's balance sheet in accordance with the criterion of the date on which the funds are made available, i.e. the effective transfer date.

2.2. Translation of foreign currency items

The Bank prepares its annual accounts in euros (EUR), the currency of its share capital.

The Bank uses the multi-currency accounting method, which consists of recording all transactions in their original currency on the date on which the contract is entered into.

Income and expenses expressed in foreign currencies are translated into EUR at the exchange rates applicable on the date they are recorded.

All assets and liabilities denominated in foreign currencies, including non-current financial assets and property, plant and equipment and intangible assets, are translated into the currency of the share capital at the spot rates prevailing on the balance sheet date.

Unsettled forward currency transactions are translated into EUR at the forward exchange rate for the remaining term on the balance sheet date.

Unhedged forward transactions are valued individually based on the forward rates prevailing on the balance sheet date. Unrealised capital gains are ignored, while unrealised capital losses are provisioned in liabilities on the balance sheet under "Provisions: other provisions".

2.3. Loans and advances

Loans and advances are stated at their acquisition price.

The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts judged appropriate by the Board of Directors.

These provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist.

2.4. Shares and other variable-yield transferable securities

Transferable securities and non-current financial assets are recorded at the acquisition cost at which they are added to the Bank's portfolio.

The Bank applies the weighted average cost method to determine realised and unrealised capital gains and losses.

Transferable securities included in the non-current financial assets, investment and trading categories are measured at the lower of the acquisition cost and market value, respectively, of the fair value. As an exception, securities borrowed in connection with a securities lending transaction are measured at their redemption value, which remains equal to the initial value of these assets in accordance with the contractual terms and conditions.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 2 - MAIN ACCOUNTING POLICIES (CONTINUED)

2.5. Participating interests

Participating interests having the characteristics of financial fixed assets in which the Bank has a notable influence are valued at their acquisition cost. A value adjustment is made if the Board of Directors considers that there exists a durable depreciation in the value at the balance sheet date.

2.6. Intangible assets

Intangible assets are recorded at their historical acquisition cost.

The acquisition cost includes the costs to purchase the assets. The acquisition cost of intangible assets whose use is limited in time are depreciated on a straight-line basis over the estimated useful life or at the rates specified below.

Depending on the intangible asset, the amortisation periods range from three to ten years.

Start-up costs are amortised on a straight-line basis over a maximum period of five years.

2.7. Tangible assets

Tangible assets are recorded at their historical acquisition cost.

The acquisition cost includes the costs to purchase the assets. The acquisition cost of tangible assets whose use is limited in time are depreciated on a straight-line basis over the estimated useful life or at the rates specified below.

Depending on the tangible asset, the depreciation periods range from three to eight years.

2.8. Prepayments and accrued income

This item includes interest and commission income accrued but not yet due, as well as expenses recognised during the year, but which relate to a subsequent year.

2.9. Amounts payable

Amounts payable are recorded under liabilities at the amount of reimbursement.

When the amount of reimbursement is greater than the amount received, the difference may be accounted for as an asset. This difference shall be amortised on an annual basis and no later than the maturity date.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 2 - MAIN ACCOUNTING POLICIES (CONTINUED)

2.10. Other provisions

The Bank records provisions for liabilities and charges for the purpose of:

- covering losses or liabilities that are clearly defined as to their nature but, on the balance sheet date, are either likely to be incurred or certain to be incurred but are uncertain as to their amount or the date they will arise;
- covering charges that originated in the financial year under review or a previous financial year and that are clearly defined as to their nature but, on the balance sheet date, are either likely to be incurred or certain to be incurred but are uncertain as to their amount or the date they will arise.

2.11. Lump sum provision

In accordance with the provisions of Luxembourg tax legislation, the Bank's policy consists of establishing a lump sum provision for assets at risk as defined in prudential banking regulations. The purpose of this provision is to cover potential risks that have not yet been identified at the time of preparation of the annual accounts.

The maximum rate for the provision, which is tax exempt, is 1.25% of the assets at risk.

The lump sum provision for assets at risk is broken down pro rata to the items forming the base used to calculate the provision between:

- a value adjustment portion, which is deducted from the asset items that make up the assets at risk; and
- a provision portion, which is attributable to the credit risk impacting off-balance sheet items, foreign exchange risk and market risks, and which is included in "Provisions: other provisions" in liabilities on the balance sheet.

As at 31 December 2023, the Bank established a lump sum provision, which is deducted from the asset items on which the provision is calculated, amounting to EUR 2,499,860 (2022: EUR 2,499,860).

2.12. Accruals and deferred income

This item comprises interest and commission charges accrued not yet due, as well as income received during the year, but which relates to a subsequent year.

2.13. Presentation of the comparative financial data

The figures for the year ended 31 December 2022 relating to items "Other assets", "Prepayments and accrued income", "Other liabilities" and "Provisions for taxation" have been reclassified to ensure comparability with the figures for the year ended 31 December 2023. These figures are now presented in accordance with the non-compensation principle.

This leads to an increase of "Other assets" and "Other liabilities" respectively of EUR 2,234,670 and EUR 1,244,463. This also leads to a decrease of "Prepayments and accrued income" and "Provisions for taxation" respectively of EUR 166,207 and EUR 824,000.

Please refer to notes 10, 11, 14 and 15 for more details on the reclassified items.

Natixis Corporate and Investment Banking Luxembourg
NOTES TO THE ANNUAL ACCOUNTS
31 December 2023
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NOTE 3 - ANALYSIS OF PRIMARY FINANCIAL INSTRUMENTS BY RESIDUAL MATURITY

Primary financial instruments by residual maturity as at 31 December 2023 are as follows:

(EUR millions, carrying amount after the lump sum provision)	Less than 3 months		3 months to 1 year		1 to 5 years		More than 5 years or perpetual		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<u>Instrument category (financial assets)</u>										
Cash in hand, balances with central banks and post office banks	129.6	375.9	-	-	-	-	-	-	129.6	375.9
Loans and advances to credit institutions										
- repayable on demand	36.3	18.1	-	-	-	-	-	-	36.3	18.1
- other loans and advances	705.6	903.4	58.2	80.0	1,208.8	1,646.8	252.3	391.7	2,224.9	3,021.9
Loans and advances to customers	54.2	135.9	0.9	47.7	751.9	847.0	19.4	25.4	826.4	1,056.0
Shares and other variable-yield transferable securities	-	-	-	-	-	-	-	428.5	-	428.5
Shares in affiliated undertakings	-	-	-	-	-	-	0.2	-	0.2	-
<i>Total financial assets</i>									3,217.4	4,900.4
Other balance sheet assets items									21.3	20.2
<i>Total assets</i>									3,238.7	4,920.6

The figures, for the year 2022, of "Other balance sheet assets items" mentioned above have been reclassified for comparability purpose (increase of EUR 2 million). For more details, please refer to notes 2.13, 10 and 11.

Natixis Corporate and Investment Banking Luxembourg

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 3 - ANALYSIS OF PRIMARY FINANCIAL INSTRUMENTS BY RESIDUAL MATURITY (CONTINUED)

(EUR millions, carrying amount after the lump sum provision)	Less than 3 months		3 months to 1 year		1 to 5 years		More than 5 years or perpetual		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Instrument category (financial liabilities)										
Amounts owed to credit institutions										
- <i>repayable on demand</i>	0.8	5.7	-	-	-	-	-	-	0.8	5.7
- <i>other payables with agreed maturity dates or notice periods</i>	412.9	1,135.1	340.0	557.0	1,484.2	1,896.7	99.0	0.4	2,336.1	3,589.2
Amounts owed to customers										
- <i>repayable on demand</i>	124.5	393.8	-	-	-	-	-	-	124.5	393.8
- <i>other payables with agreed maturity or notice periods</i>	-	-	1.0	106.7	9.0	40.4	-	36.8	10.0	183.9
Total financial liabilities									2,471.4	4,172.6
Other balance sheet liabilities items									767.3	748.0
Total liabilities									3,238.7	4,920.6
Contingent liabilities	-	-	-	1.2	-	0.4	1.0	6.8	1.0	8.4
Commitments	-	6.3	-	3.3	20.0	35.5	-	1.5	20.0	46.6

The figures, for the year 2022, of “Other balance sheet liabilities items” mentioned above have been reclassified for comparability purpose (increase of EUR 2 million). For more details, please refer to notes 2.13, 14 and 15.

The distinction between “repayable on demand” and “with agreed maturity dates or notice periods” is made according to the nature of the transaction and not according to the residual maturity as at 31 December 2022 and 2023.

This also applies to the tables in the following notes.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 4 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

In accordance with the requirements of the European Central Bank, the Banque Centrale du Luxembourg (hereinafter “BCL”) implemented a system of mandatory reserves that applies to all Luxembourg credit institutions with effect from 1 January 1999. As at 31 December 2023, out of a total amount of EUR 129,616,986 (2022: EUR 375,778,065) deposited with the BCL, the minimum reserve maintained by the Bank amounts to EUR 1,244,341 (2022: EUR 5,778,065).

NOTE 5 - LOANS AND ADVANCES

Loans and advances to customers and loans and advances to credit institutions are recognised at their acquisition cost and interest is prorated through the “Prepayments and accrued income” line on the assets side of the balance sheet.

As at 31 December 2023, value adjustments on loans and advances amount to EUR 180,459 (2022: EUR 189,359).

NOTE 6 - SHARES AND OTHER VARIABLE-YIELD TRANSFERABLE SECURITIES

Shares and other variable-yield transferable securities are divided as follows according to whether or not they are listed (after the lump sum provision):

	2023 Listed securities EUR	2023 Unlisted securities EUR	2023 Total EUR
Shares and other variable-yield transferable securities	-	9,481	9,481
	<u>-</u>	<u>9,481</u>	<u>9,481</u>
	2022 Listed securities EUR	2022 Unlisted securities EUR	2022 Total EUR
Shares and other variable-yield transferable securities	428,507,244	9,514	428,516,758
	<u>428,507,244</u>	<u>9,514</u>	<u>428,516,758</u>

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 6 - SHARES AND OTHER VARIABLE-YIELD TRANSFERABLE SECURITIES (CONTINUED)

As at 31 December 2023, the Bank holds unlisted shares amounting to EUR 47,446 (2022: EUR 48,801). Value adjustments are recorded on these shares for an amount of EUR 37,965 (2022: EUR 39,287) making a net amount of EUR 9,481 (2022: EUR 9,514). These shares are classified in the investment portfolio.

The variation in “Shares and other variable-income transferable securities” is mainly due to a securities lending transaction with Natixis concluded in 2022 for an amount of EUR 428.7 million. These securities borrowed in December 2022 were returned in February 2023 for the same amount. These shares were classified in the investment portfolio. This securities lending transaction also resulted in a payable to Natixis in the amount of EUR 428.7 million that was included in “Amounts due to credit institutions”.

NOTE 7 - PARTICIPATING INTERESTS

As at 31 December 2023, the Bank holds shares in participating interests for 13.24% of the share capital of the following company (2022: EUR 0):

Name	Head Office	Carrying amount	Proportion of capital held	Shareholders' equity 31/12/2023*	Profit or loss for the year ended 31/12/2023*
Massena Partners	Luxembourg	EUR 158,484	13.24%	EUR 6,345,070	EUR 1,920,551

* Unaudited figures

NOTES TO THE ANNUAL ACCOUNTS

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NOTE 8 - MOVEMENTS IN INTANGIBLE AND TANGIBLE ASSETS

Changes in the Bank's intangible and tangible assets during the year are as follows:

	Acquisition value at the beginning of the year EUR	Additions EUR	Disposals EUR	Acquisition value at the year end EUR	Value adjustment at the beginning of the year EUR	Disposals EUR	Value adjustments of the year EUR	Cumulative value adjustments at the year end EUR	Net carrying amount at the year end EUR
1. <u>Tangible assets</u>	3,961,398	264,776	(2,310,303)	1,915,871	(3,487,974)	2,310,303	(273,613)	(1,451,284)	464,587
- Plant and equipment	1,382,270	-	(11,425)	1,370,845	(1,052,998)	11,425	(208,204)	(1,249,777)	121,068
- Other fixtures and fittings, tools and furniture	2,579,128	264,776	(2,298,878)	545,026	(2,434,976)	2,298,878	(65,409)	(201,507)	343,519
2. <u>Intangible assets</u>	30,492,299	-	(4,051,645)	26,440,654	(26,570,563)	4,051,645	(1,961,999)	(24,480,917)	1,959,737
- Start-up costs	634,705	-	(634,705)	-	(634,705)	634,705	-	-	-
- Software and computer licenses	29,667,343	-	(3,226,689)	26,440,654	(25,745,607)	3,226,689	(1,961,999)	(24,480,917)	1,959,737
- Merger premium	190,251	-	(190,251)	-	(190,251)	190,251	-	-	-

Please note that some disposals of the Tangible assets and Intangible assets have been done during the year in the context of the restructuring of the Bank.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 9 - INTANGIBLE ASSETS

Intangible assets not fully amortised consist mainly of computer licence agreements, other items related to banking software and IT system developments.

NOTE 10 - OTHER ASSETS

	2023 EUR	2022 EUR
Tax unity receivable (cf. note 16)	1,392,307	1,222,074
Net Wealth Tax advance	824,000	824,000
Other	<u>2,070,133</u>	<u>1,790,384</u>
	<u><u>4,286,440</u></u>	<u><u>3,836,458</u></u>

The change in "Other" is mainly due to the increase of miscellaneous short-term receivables for the Bank.

The figures, for the year 2022 mentioned above have been reclassified for comparability purpose (increase of "Tax unity receivable" of EUR 1,213,206, "Net Wealth Tax advance" of EUR 824,000 and of "Other" of EUR 197,464). For more details, please refer to the note 2.13.

NOTE 11 - PREPAYMENTS AND ACCRUED INCOME

	2023 EUR	2022 EUR
Accrued interests	14,016,098	11,084,761
Accrued income	264,826	417,144
Prepaid expenses	<u>403,024</u>	<u>526,265</u>
	<u><u>14,683,948</u></u>	<u><u>12,028,170</u></u>

The change in "Accrued interest" is due to the rise in interest rates. Accrued interest increased by EUR 2,9 million on term loans with credit institutions compared to 2022.

The figures, for the year 2022, of "Accrued income" mentioned above have been reclassified for comparability purpose (decrease of accrued income of EUR 166,207). For more details, please refer to the note 2.13.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 12 - RELATED PARTIES - ASSETS

As at 31 December 2023, receivables from affiliated undertakings and undertakings in which the Bank has a participating interest are recognised under the following items (excluding the lump sum provision):

	Affiliated undertakings 2023 EUR	Affiliated undertakings 2022 EUR
Loans and advances to credit institutions	2,250,216,233	3,024,117,927
Loans and advances to customers	723,862,133	749,757,814
Other assets	2,017,703	1,498,467
Prepayments and accrued income	14,067,186	10,686,714
	<u>2,990,163,255</u>	<u>3,786,060,922</u>

At the Bank's request, the CSSF approved the full exemption of the exposures toward the Natixis/BPCE Group for the calculation of large exposures limits, in accordance with Article 56-1 of the amended Law of 5 April 1993 on the financial sector.

The figures, for the year 2022, of "Other assets" mentioned above have been reclassified for comparability purpose (increase of EUR 1,196,422). For more details, please refer to the note 2.13.

NOTE 13 - FOREIGN CURRENCY ASSETS

As at 31 December 2023, the total amount of assets denominated in foreign currencies (other than EUR), translated into EUR, is EUR 899,273,367 (2022: EUR 958,870,296).

NOTE 14 - OTHER LIABILITIES

	2023 EUR	2022 EUR
Preferential creditors	939,092	321,397
Various creditors	2,972,788	2,382,351
	<u>3,911,880</u>	<u>2,703,748</u>

As at 31 December 2023, "Preferential creditors" mainly consists of social security charges and other taxes payable.

As at 31 December 2023, "Various creditors" mainly consists of assets held in unclaimed customer accounts as well as tax consolidation payable detailed below.

As at 31 December 2023, the tax consolidation payable stands at EUR 1,379,200 (2022: EUR 1,379,200) for BPCE Life S.A., EUR 333,200 (2022: EUR 162,000) for Natixis Structured Issuance S.A., EUR 0 (2022: EUR 0) for Kennedy Financement Luxembourg S.à r.l. and EUR 177,600 (2022: EUR 177,600) for Kennedy Financement Luxembourg 2 S.à r.l., i.e. a total of EUR 1,890,000 (2022: 1,718,800). Please refer to the note 16 for more details.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 14 - OTHER LIABILITIES (CONTINUED)

The figures, for the year 2022, of “Preferential creditors” and “Various creditors” mentioned above have been reclassified for comparability purpose (increase of “Preferential creditors” of EUR 7,816 and of “Various creditors” of EUR 1,236,647). For more details, please refer to the note 2.13.

NOTE 15 - ACCRUALS AND DEFERRED INCOME

	2023	2022
	EUR	EUR
Accrued interests	14,109,235	6,607,763
Accrued expenses	2,428,063	3,451,320
	<u>16,537,298</u>	<u>10,059,083</u>

The change in “Accrued interests” is mainly due to the rise in interest rates and the decrease in negative interest rates overall. The increase of EUR 7.5 million is due to accrued interest on term loans with credit institutions.

NOTE 16 - PROVISIONS FOR TAXATION

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

As at 31 December 2023, the provisions for taxation of EUR 10,665,511 (2022: EUR 3,145,831) include the provisions for Corporate Income Tax (CIT) amounting to EUR 4,356,405 (2022: EUR 0), the provision for Municipal Business Tax (MBT) amounting to EUR 1,700,406 (2022: EUR 0) and the provision for wealth tax amounting to EUR 4,608,700 (2022: EUR 3,145,831).

The entity belongs to a Group that is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Bank is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023. Since the Pillar Two legislation was not effective at the closing date of the financial year, the Bank has no related current tax exposure. Considering the complexity of the calculation of Pillar Two legislation, the determination of the potential impact is ongoing.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 17 - OTHER PROVISIONS

As at 31 December 2023, the other provisions amount to EUR 5,749,856 (2022: EUR 11,158,450).

In EUR	Other employee benefits	Restructuring	Pending legal issues and tax litigation	Other provisions	Total
Balance as at 1 January 2023	1,851,792	8,892,974	-	413,684	11,158,450
Additions, including increases in existing provisions	703,071	1,397,562	250,000	335,271	2,685,904
(-) Amounts used	-1,105,711	-6,059,788	-	-399,139	-7,564,638
(-) Unused amounts reversed during the period	-511,600	-	-	-18,260	-529,860
Balance as at 31 December 2023	937,552	4,230,748	250,000	331,556	5,749,856

Other provisions in relation to the restructuring of the Bank covers variable compensation for staff and current provisions for liabilities and charges.

NOTE 18 - SUBSCRIBED SHARE CAPITAL

As at 31 December 2023, the Bank has share capital of EUR 683,542,500 (2022: EUR 683,542,500), represented by 273,417 shares with a nominal value of EUR 2,500 each.

NOTE 19 - CHANGES IN SHAREHOLDERS' EQUITY

In EUR	Subscribed share capital	Legal reserve	Other reserves	Profit (loss) for the year	Total
Balance as at 1 January 2023	683,542,500	8,411,848	19,677,115	9,259,611	720,891,074
Allocation of 2022 result	-	462,981	-	(462,981)	-
Distribution of Dividends	-	-	-	(8,796,630)	(8,796,630)
Profit for the year ended 31 December 2023	-	-	-	18,373,983	18,373,983
Balance as at 31 December 2023	683,542,500	8,874,829	19,677,115	18,373,983	730,468,427

The allocation of the 2022 result was decided by the General Meeting of 27 April 2023.

19.1. Legal reserve

In accordance with Luxembourg law, each year, the Bank must allocate to the legal reserve an amount equivalent to 5% of the net profit for the financial year until this reserve reaches 10% of the subscribed share capital. Distribution of the legal reserve is prohibited except upon dissolution of the Bank.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 19 - CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

19.2. Other reserves

In accordance with the prevailing tax legislation, the Bank has reduced its wealth tax charge. As a result, the Bank may allocate to non-distributable reserves an amount corresponding to five times the amount of the wealth tax that can be reduced based on the applicable legislation.

In 2023 and 2022, the Bank has not made any allocations to other reserves.

NOTE 20 - RELATED PARTIES - LIABILITIES

As at 31 December 2023, payables to affiliated undertakings and undertakings in which the Bank has participating interests are recognised under the following items:

	2023 EUR	2022 EUR
Amounts due to credit institutions	2,336,089,661	3,160,744,749
Amounts due to customers	98,333,509	67,916,330
Other liabilities	2,600,219	2,611,050
Accruals and deferred income	14,019,997	6,409,742
	<u>2,451,043,386</u>	<u>3,237,681,871</u>

The figures, for the year 2022, of "Other liabilities" mentioned above have been reclassified for comparability purpose (increase of EUR 1,196,422). For more details, please refer to the note 2.13.

NOTE 21 - FOREIGN CURRENCY LIABILITIES

As at 31 December 2023, the total amount of liabilities denominated in foreign currencies (other than EUR), translated into EUR, is EUR 898,097,931 (2022: EUR 957,723,731).

NOTE 22 - CONTINGENT LIABILITIES

	2023 EUR	2022 EUR
Guarantees and other direct credit substitutes	<u>996,443</u>	<u>8,357,953</u>

As at 31 December 2023 and 31 December 2022, contingent liabilities do not include any guarantees or other direct credit substitutes with respect to affiliated undertakings or participating interests.

NOTE 23 - ASSETS PLEDGED BY THE BANK AS COLLATERAL FOR ITS OWN COMMITMENTS

As at 31 December 2023 and 31 December 2022, the Bank has not pledged any assets as collateral for its own commitments.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 24 - COMMITMENTS

The Bank's commitments consist mainly of undrawn confirmed credit lines in the amount of EUR 20,000,000 (2022: EUR 46,585,586).

The Bank has no commitments in respect of undertakings in which it has a participating interest or in respect of affiliated undertakings.

The Bank has entered into certain other commitments (commitments to pay fixed rents for leased buildings or for leased assets under a lease agreement) that are not included on the balance sheet or in off-balance sheet items, but knowledge of which is useful for the purpose of assessing the financial position. The commitments concerned are as follows:

	2023 EUR	2022 EUR
Commitments	4.218.629	5,689,791

NOTE 25 - TRANSACTIONS LINKED TO EXCHANGE RATES OR INTEREST RATES

As at 31 December 2023 and 31 December 2022, the Bank's books do not contain any transactions linked to interest rates or exchange rates.

NOTE 26 - INVESTMENT MANAGEMENT AND REPRESENTATION SERVICES

At the end of June 2023, the Bank has stopped its main wealth management services:

- discretionary portfolio management;
- advisory portfolio management.

At the end of 2023, the Bank only offers custody and administration of transferable securities.

The Bank has stopped the activity of depositary for undertakings for collective investment at the end of 2022.

NOTE 27 - OTHER OPERATING INCOME

	2023 EUR	2022 EUR
Other operating income	1,524,918	2,241,123
Natixis Trust services	50,000	150,000
Other	2,021,163	152,081
	3,596,081	2,543,204

The item "Other" consists mainly of proceeds from the sale of the insurance brokerage portfolio to Massena Partners for EUR 2,000,000 (2022: EUR 0).

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 28 - OTHER OPERATING CHARGES

	2023 EUR	2022 EUR
Expenses related to the Bank's reorganisation	1,090,000	3,125,000
Other	<u>1,191,714</u>	<u>729,048</u>
	<u><u>2,281,714</u></u>	<u><u>3,854,048</u></u>

The amount of EUR 1,090,000 (2022: EUR 3,125,000) corresponds to expenses related to the reorganisation of the Bank, announced in 2021, whose effects are spread over the 2022 and 2023 financial years. This amount comprises staff costs (redundancy plan) for an amount of EUR 990,000 (2022: EUR 1,725,000) and external consultancy services for EUR 100,000 (2022: EUR 1,400,000).

NOTE 29 - VALUE ADJUSTMENTS AND RE-ADJUSTMENT IN RESPECT OF LOANS AND ADVANCES AND PROVISIONS FOR CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2023, the Bank reversed a value adjustment on miscellaneous loans and advances for EUR 539,713 (2022: EUR 606,569). The Bank also booked a value adjustment on loans and advances for an amount of EUR 530,813 (2022: EUR 795,928).

NOTE 30 - NUMBER OF EMPLOYEES

As at 31 December 2023 and 31 December 2022, the number of staff employed by the Bank is broken down as follows:

	2023	2022
Management	3	3
Executives	36	47
Other employees	<u>10</u>	<u>41</u>
	<u><u>49</u></u>	<u><u>91</u></u>

In 2023, the "Management" category comprises the three members of the Bank's Authorised Management.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 31 - COMPENSATION AND PENSION COMMITMENTS OF MEMBERS OF THE BANK'S VARIOUS BODIES

31.1. Compensation of members of the Bank's various bodies

EUR	Compensation paid in 2023	Compensation paid in 2022
Members of the administrative bodies	30,000 1 member	30,000 1 member
Management	865,000 (*) 3 members	1,108,000 (*) 3 members

(*) In 2023, these are the three members of the Authorized Management.

31.2. Pension commitments of members of the Bank's various bodies

EUR	2023	2022
Members of the administrative bodies	-	-
Management	133,704 3 members	130,250 3 members

NOTE 32 - ADVANCES, LOANS AND COMMITMENTS TO MEMBERS OF THE BANK'S VARIOUS BODIES

As at 31 December 2023 and 2022, the Bank has not granted any advances, loans or commitments to members of the Bank's various bodies.

NOTE 33 - FEES OF THE STATUTORY AUDITORS

The fees, excluding taxes, invoiced to the Bank by the statutory auditor and its network are as follows (excluding VAT):

	2023 EUR	2022 EUR
Audit fees	198,550	288,765
Audit-related fees	18,810	119,025
Other fees related to permissible non audit services	7,838	105,570
	<u>225,198</u>	<u>513,360</u>

Other services include reports required by the regulators (agreed upon procedures on insurance brokerage activity for the *Commissariat Aux Assurances*; for the Single Resolution Fund for the CSSF; and reports requested by the CSSF Circular 22/821, as amended), limited reviews requested by the Bank and advisory services related to regulatory ratios.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 34 - PARENT COMPANY

Since 1 August 2023, the Bank is a subsidiary of Natixis S.A, which has its registered office in France.

The Bank is included in the consolidated financial statements of BPCE, being the largest group of companies of which the Bank forms part as an indirect subsidiary. BPCE's head office is located in France and the consolidated financial statements are available at the following address:

7, Promenade Germaine Sablon
F-75013 Paris

The Bank is also included in the consolidated financial statements of Natixis, being the smallest group of companies of which it is itself a part and which is included in the largest group mentioned above. Natixis' head office is located in France and the consolidated financial statements are available at the following address:

7, Promenade Germaine Sablon
F-75013 Paris

NOTE 35 - MUTUAL DEPOSIT GUARANTEE AND INVESTOR COMPENSATION SCHEME

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

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

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

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

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

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 35 - MUTUAL DEPOSIT GUARANTEE AND INVESTOR COMPENSATION SCHEME (CONTINUED)

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

The contributions paid by the Bank in 2023 in relation to these mechanisms amounted to EUR 1,567,324 (2022: EUR 1,331,207), of which EUR 1,214,676 (2022: EUR 1,133,026) is recorded in "Other administrative expenses" and EUR 352,648 (2022: EUR 198,181) is recorded in "Other assets" as an Irrevocable Payment Commitment.

NOTE 36 - CREDIT RISK INFORMATION

The financial information presented in this note corresponds to the amounts used in the calculation of the solvency ratio, which is established in accordance with IFRS prepared for the purposes of the CSSF FinRep reports, and not from the annual accounts under Lux GAAP.

Financial instruments EUR mios	Risk exposures 2023	Weighted credit risk* 2023	Weighted credit risk* 2022
<i>Balance sheet items</i>			
Risk assets	3,240.7	1,373.7	1,807.1
<i>Off-balance sheet items Other than derivatives</i>			
Contingent liabilities and commitments	21.0	5.7	24.1

* The credit risk is weighted according to the standard method in accordance with EU Regulation 575/2013.

The Bank does not hold any derivatives as at 31 December 2023 or 31 December 2022

NOTE 37 - BREAKDOWN OF DERIVATIVE FINANCIAL INSTRUMENTS BY INSTRUMENT CATEGORY AND RESIDUAL MATURITY

The Bank does not hold any derivative financial instruments as at 31 December 2023 or 31 December 2022.

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 38 - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET ITEMS BY GROUP OF COUNTRIES

The table below shows the breakdown of primary financial instruments by group of countries as at 31 December 2023 and 2022.

Assets (after the lump sum provision)	Country area	2023 EUR millions	2022 EUR millions
Cash in hand, balances with central banks and post office banks	European Union	2,390.2	3,415.0
	Other Zone A countries	0.5	0.8
Loans and advances to customers	European Union	94.0	292.0
	Other Zone A countries	732.4	760.3
	Other	-	3.7
Shares and other variable-yield transferable securities	European Union	-	428.5
Shares in affiliated undertakings	European Union	0.2	-
Liabilities			
Amounts owed to credit institutions	European Union	2,336.9	3,594.9
Amounts owed to customers	European Union	124.9	498.7
	Other Zone A countries	2.9	30.4
	Other	6.7	48.7
Off-balance sheet items			
Contingent liabilities	European Union	0.9	5.3
	Other Zone A countries	-	2.1
	Other	-	1.0
Commitments	European Union	20.0	45.0
	Other Zone A countries	-	1.6

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 39 - BREAKDOWN OF ASSETS AND OFF-BALANCE SHEET ITEMS BY ECONOMIC SECTOR

The breakdown of assets by economic sector for the most significant items is as follows:

Economic sector	Assets (carrying amount, in EUR millions and after the lump sum provision)	2023 EUR millions	2022 EUR millions
Central banks	Balances with central banks	129.6	375.8
Other banks	Loans and advances	2,261.1	3,040.0
Undertakings for collective investment	Loans and advances	-	4.9
Holding companies	Loans and advances	724.2	749.7
Other companies	Loans and advances	85.6	228.2
	VIMS	-	428.5
	Shares In Affiliated Undertakings	0.2	-
Households	Loans and advances	16.8	73.2

VIMS: Variable-income marketable securities

The table below shows off-balance sheet items by economic sector as at 31 December 2023 and 2022.

Economic sector	Type of outstanding	2023 EUR millions	2022 EUR millions
Other companies	Contingent liabilities	-	2.4
	Commitments	20	38.3
Households	Contingent liabilities	1.0	6.0
	Commitments	-	3.3
Insurance	Commitments	-	5.0

NOTES TO THE ANNUAL ACCOUNTS

31 December 2023

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NOTE 40 - FOREIGN EXCHANGE POSITIONS

The main foreign exchange positions as at 31 December 2023 are as follows (short positions are shown in brackets):

	Net forward positions 2023 (EUR millions)	Net spot positions 2023 (EUR millions)	Equivalent value of net positions 2023 (EUR millions)	Equivalent value of net positions 2022 (EUR millions)
EUR	-	1.2	1.2	1.1
USD	-	(1.1)	(1.1)	(0,8)
Overall net position	-	0.1	0.1	0.3

NOTE 41 - RETURN ON ASSETS

The return on the Bank's assets as at 31 December 2023 is 0.57% (2022: 0.19%).

Return on assets is calculated by dividing the net profit for the year by the total balance sheet.

NOTE 42 - SIGNIFICANT EVENTS DURING THE YEAR

As expected under the Bank's restructuring project, 2023 was a transition year marked by the transfer in several batches of Wealth Management assets. Four batches of assets were transferred in February, March, April and September respectively for amounts of EUR 797 million, EUR 239 million, EUR 118 million and EUR 69 million for a total of EUR 1.22 billion.

With an effective date of 24 March 2023, the Bank decided to change its trade name to Natixis Corporate and Investment Banking Luxembourg.

Since 1 August 2023, the Bank is now a direct subsidiary of Natixis S.A., which has its registered office in France.

NOTE 43 - EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT REPORT

31 December 2023

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

In accordance with the Articles of Association, we are pleased to present the balance sheet and profit and loss account for the year ended 31 December 2023, as well as our management report.

1 – 2023 ACCOUNTS

1.1 ALLOCATION OF THE PROFIT

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

	EUR
Profit for the financial year as at 31 December 2023	18,373,983
Result brought forward as at 1 January 2023	-
Reversal of the 2018 and 2019 Net Wealth Tax reserve made available	17,511,004
TOTAL	35,884,987

Legal reserve	918,699
Allocation to the 2024 Net Wealth tax reserve	13,081,250
Distribution of dividends	21,885,038
TOTAL	35,884,987

For information:

Balance as at 31 December 2023 of the Net Wealth Tax reserve	19,677,115
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The Bank shareholders equity (share capital, reserves and profit for the year) amounted to EUR 730,468,427 as at 31 December 2023 compared with EUR 720,891,074 as at 31 December 2022, with a balance sheet total of EUR 3,238,686,113 compared with EUR 4,920,645,130 as at 31 December 2022. As of 2023, the Bank stopped netting certain balance sheet items, most of which are included in other assets or liabilities and accruals. For comparability reasons, the 2022 balance sheet total has been adjusted from EUR 4,918,576,667 to EUR 4,920,645,130.

MANAGEMENT REPORT

31 December 2023

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1 - 2023 ACCOUNTS (CONTINUED)

1.2 BALANCE SHEET ANALYSIS

The main changes in the balance sheet are as follows:

1.2.1 Assets

- “Cash in hand, balances with central banks and post office banks“: the decrease of EUR 246.3 million compared with the end of 2022 mainly concerns the deposit made with the Banque Centrale du Luxembourg. This deposit allows a high-quality asset structure to be maintained in the context of optimisation of the management of the LCR (liquidity coverage ratio) and NSFR (net stable funding ratio) and compliance with the amount of the mandatory reserve.
- “Loans and advances to credit institutions“: the decrease of 25.6% which totalled EUR 2,261.1 million at the end of 2023, corresponds to the transfer of Wealth Management assets as part of the Focus project.
- “Shares and other variable-yield transferable securities“: The changes in “Shares and other variable-yield transferable securities” are mainly due to a securities lending transaction with Natixis in 2022 for an amount of EUR 428.7 million. These securities borrowed in December 2022 were returned in February 2023 for the same amount.
- “Intangible assets“ and “tangible assets“: the decrease in the net amount of these assets results from the impact of disposals and depreciation charges during the 2023 financial year.
- “Prepayments and accrued income“: the EUR 2.7 million increase mainly concerns accrued interests not yet due on loans granted. This can be explained by the global rise of interest rates.

1.2.2 Liabilities

- “Amounts due to credit institutions“: these deposits decreased by EUR 1,258.0 million.
- “Amounts due to customers“: this item decreased by 77% or EUR 443.3 million essentially due to the cessation of Wealth Management activity.
- “Accruals and deferred income“: the EUR 6.5 million increase of this item mainly concerns accrued interests not yet due on borrowings. This can be explained by the global rise of interest rates.
- “Provisions“: with a total of EUR 16.4 million, this caption corresponds to:
 - the provisions for taxation of EUR 10,665,511 including the provisions for IRC amounting to EUR 4,356,405, the provision for ICC amounting to EUR 1,700,406 and the provisions for wealth tax amounting to EUR 4,608,700;
 - Other provision amounting to EUR 5,749,856 which covers variable compensation for staff and current provisions for liabilities and charges.

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2 - HIGHLIGHTS IN 2023 AND DEVELOPMENTS AND OUTLOOK

NCIBL held an Extraordinary General Meeting (EGM) on 10 February 2023 to transfer its Wealth Management activity to Massena Partners.

The Bank changed its trade name to Natixis Corporate and Investment Banking Luxembourg at the Extraordinary General Meeting of 24 March 2023.

A change in the company's shareholder structure took place on 1 August 2023. The Bank is now a direct subsidiary of Natixis SA.

2.1 Board of Directors and Authorized Management

Major changes over the year include:

- the resignation of Mr. Philippe Guénet as Authorized Manager and member of the Board of Directors,
- the resignation of Mrs Audrey Koenig as member and Chairwoman of the Board of Directors,
- the resignation of Mr. Olivier Bouvet as member of the Board of Directors,
- the resignation of Mrs Evelyne Etienne as member of the Board of Directors,
- the appointment of Mr. Damien Chapon as Authorized Manager and member of the Board of Directors,
- the appointment of Mr. Guillaume Chevassus-Marche as Authorized Manager and member of the Board of Directors,
- the appointment of Mr. Nicolas Drouhin as member of the Board of Directors,
- the appointment of Mrs Cécile Pissis as member and Chairwoman of the Board of Directors,
- the appointment of Mr. Edouard de Saint Maurice as member of the Board of Directors.

2.2 Control functions

Major changes over the year include:

- the appointment of Mrs Mylène Senser as Chief Internal Auditor,
- the appointment of Mr Paul Akam-Bita as Chief Risk Officer,
- the appointment of Mr Théo Arcorio as Chief Compliance Officer.

2.3 Treasury shares

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

2.4 Research and development

The Bank does not conduct any research and development.

2.5 Branches

The Bank does not have any branches as at 31 December 2023.

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2.6 Developments and outlook

As expected under the Focus reorganization project, 2023 was a transition year marked by the transfer in several batches of Wealth Management assets. Four batches of assets were transferred in February, March, April and September respectively for amounts of EUR 797 million, EUR 239 million, EUR 118 million and EUR 69 million for a total of EUR 1.22 billion.

At the same time, the majority of the staff who were to join the management company Massena Partners accompanied these various lots until September 2023. Both discretionary and advisory portfolio management activities were stopped on 30 June 2023.

In terms of results, the year 2023 is therefore a particular one with the gradual shutdown of Wealth Management activities until the end of the first semester. The operating income therefore consists mainly of the following two elements, namely the net interest margin for EUR 46.4 million and the Wealth Management commissions for EUR 1.5 million. The split of the net interest margin is as follows: EUR 21.3 million on intra-group loans Natixis US Holdings Inc. (NUSHI) and Natixis North America LLC (NNA), EUR 24.2 million from treasury activities and EUR 0.9 million on the Wealth Management loan book. The Bank also recorded in other income the proceeds of the sale of its insurance brokerage business to Massena Partners for EUR 2 million.

Regarding the charges, they land in line with the budget. Staff costs amounted to EUR 7.9 million at 31 December 2023 with a stabilisation of the monthly charge of EUR 500 thousand in the last months of the year. Both other administrative expenses and amortisation costs amount respectively to EUR 11 million and EUR 2.2 million as at 31 December 2023.

2024 will be a strategic turning point for the Bank, which, in addition to managing the finalisation of the run-off of Wealth Management activities, is to launch its Corporate and Investment Banking (CIB) activities. The first issuances of collateralised notes are expected to take place during the second quarter of 2024 while the first corporate loans are expected to be booked during the last quarter of 2024. The Loan IQ software implementation project dedicated to corporate loans was recently launched at the end of February. These new CIB activities are expected to generate combined first revenues of between EUR 3 and 4 million in 2024. These will be added to revenues from intra-group loans NUSHI and NNA as well as revenues from treasury activities.

Moreover, from a strictly operational point of view, 2024 will also be an opportunity to converge to the Corporate and Investment Banking ecosystem. First, potentially, the Business As Usual of Wealth Management activities will be executed by an external firm under the close supervision of the operational managers and the Authorised Management of the Bank. This will allow the Bank's operational forces to fully absorb the new processes and tools of the Group and the CIB. This will include for instance IT convergence and control plans that will bring a standardisation of the Bank's operational and control practices with those of BPCE and Natixis.

3 - RISK MANAGEMENT

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

3.1 Risk control

The main role of risk control is to ensure that all risks are controlled by ensuring that they are identified, assessed, mitigated and monitored at all times. To this end, policies and procedures define in particular the control framework for all types of risks and limits, as described below.

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- **Credit and counterparty risk**

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

The Bank remains selective when granting loans to corporations. The Bank will not grant additional credit to the WM clients.

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

The Bank continuously assesses and monitors credit risk in terms of non-performing loans, and counterparty risks by analysing the legal and financial documentation. The monthly risk committee is used for discussion and/or action regarding the credit risk. A dedicated credit risk committee will be held for the corporate loans and the committee decisions will be kept within the committee minutes.

- **Market risk:**

Market risks are identified, analysed and monitored using various indicators: choice of currencies, and regular monitoring the interest rate sensitivity via the regulatory interest rate risk in the banking book or via the weekly sensitivity report that is shared with Natixis S.A.

- **Operational risk:**

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

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

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

With regard to operational risks, the Bank recorded a significant decrease in terms of occurrences, i.e. there were 26 incidents in 2023 versus 40 in 2022 and 68 in 2021. The total financial impact for the year 2023 amounted to EUR 61,566. The total impact in absolute terms for 2023 is EUR 106,070 (compared with EUR 2.5 million in 2022).

The Bank fully intends to continue this prudent policy for 2024.

4 - EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period.



The Board of Directors would like to thank the Bank's management and all employees for their efforts during the 2023 financial year.