FINANCIAL STATEMENTS 2024

SOCIETE GENERALE LUXEMBOURG S.A.

Societe Generale Luxembourg S.A.

11 Avenue Emile Reuter
L-2420 Luxembourg

Financial Statements, Management Report and Independent auditor's report as at December 31, 2024

R.C.S. Luxembourg: B 006.061

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I. GENERAL INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Patrick Suet

Secretary of the Board of Directors, Societe Generale Group

MANAGING DIRECTOR

Frédéric Surdon

Chief Executive Officer, Societe Generale Luxembourg

DIRECTORS

Marco Cameroni

Director representing employees

Bertrand Cozzarolo

Head of Societe Generale Group Private Banking, Societe Generale Group

Marie Doucet

Independent Director
Chairman of the Remuneration Committee

Alvaro Huete
(since June 18, 2024)

Head of Societe Generale Group Private Banking, Societe Generale Group

Emmanuel Gaspard

Director representing employees

Isabelle Goubin

Independent Director
Chairman of the Risk and Compliance Committee

Mathilde Guérin

Head of Transformation & Technology Delivery, Societe Generale Securities Services, Societe Generale Group

Christophe Lattuada

Chief Operating Officer of Global Banking & Investor Solutions (GBIS), Societe Generale Group

Didier Mouget

Independent Director
Chairman of the Audit and Internal Control Committee

Frédéric Roveda

Director representing employees

Anne-Sophie Steiner

Director representing employees

1. Patrick Suet. **2.** Frédéric Surdon. **3.** Marco Cameroni. **4.** Bertrand Cozzarolo, **5.** Marie Doucet. **6.** Alvaro Huete. **7.** Emmanuel Gaspard, **8.** Isabelle Goubin. **9.** Mathilde Guérin, **10.** Christophe Lattuada. **11.** Didier Mouget. **12.** Frédéric Roveda. **13.** Anne-Sophie Steiner. **14.** Frédéric Surdon. **15.** Peggy Veniant-Cottin. **16.** Anne de Kouchkovsky.

AUTHORIZED MANAGEMENT

Frédéric Surdon

Chief Executive Officer

Peggy Veniant-Cottin

Deputy CEO in charge of Resources

Anne de Kouchkovsky

Deputy CEO in charge of the General Secretary, Risks and Compliance supervision

REGISTERED OFFICE

Societe Generale Luxembourg S.A.

11, Avenue Emile Reuter

L-2420 Luxembourg

AUDITORS

KPMG Audit S à r.l.

Société à Responsabilité Limitée

39, Avenue John F. Kennedy

L-1855 Kirchberg Luxembourg

II. MANAGEMENT REPORT

1. CHIEF EXECUTIVE OFFICER STATEMENT

SOCIETE GENERALE LUXEMBOURG, A LUXEMBOURG BANK IN THE HEART OF EUROPE

Since 1893, Societe Generale Luxembourg (hereinafter the "Bank" or the "Group") is a reference bank that contributes to the long-term structural dynamism of the financial center and the economy of the Grand Duchy.

Capitalizing on the strengths of Societe Generale Group, we are a bank proposing a diversified range of services and activities in the fields of private banking, securities services, commercial banking, and cash management, but also structured finance, capital markets and structured product issuance services. The European private banking activities are mainly carried out in Luxembourg, through the bank's branch in Italy since January 2021, the representative offices in Germany and Belgium as well as through its main subsidiaries in Switzerland (until January 2025) and Monaco.

The corporate purpose of Societe Generale drives all our actions and gives meaning to our strategy built to support our clients over the sustainable transformation of the economy.

Societe Generale Corporate Purpose

Building, together with our customers, a better and sustainable future through responsible and innovative financial solutions.

2024: A STRONG AND SUSTAINABLE PERFORMANCE

In 2024, the Bank's performance improves materially compared to 2023 thanks to a strong and sustainable business growth, strong cost control and good risk management as well as material progress in the transformation projects.

Societe Generale Luxembourg remains one of Luxembourg's largest banks by its financial position (net income of EUR 654 million, assets of EUR 50 billion at the end of 2024 and number of staff close to 1 100 employees).

In addition to this solid performance, our teams were rewarded in 2024 in the following areas:

- Luxembourg's Best International Private Bank (Euromoney);
- Luxembourg's Best for Succession Planning (Euromoney);
- Best Private Bank – Luxembourg (Global Private Banking Innovation awards);
- Financial & Tax Engineering (Luxembourg Wealth Management Awards) the best initiative award in distribution of offers and client relations, for MySGSS from the AM Tech Day Awards,
- the Capital Markets Model Bank - Digital Transformation award for MySGSS from the Celent Model Awards;

- the Best Sub-Custodian Bank awards in France, Switzerland, Czech Republic, Romania, Morocco, Ivory Coast and Tunisia from the Global Finance magazine.

A CLEAR STRATEGY FOR A SUSTAINABLE FUTURE

The Societe Generale Group is driven by a clear strategy and roadmap to secure its long-term future: to become a rock-solid bank that achieves sound and sustainable performances that contribute to the achievement of sustainable development objectives.

In a world faced with climate change and environmental challenges, Societe Generale Luxembourg has a role to play, ESG being central to its strategic roadmap.

The Societe Generale Group's ESG strategy is based on four pillars: (1) supporting clients in the environmental transition, (2) contributing to positive local impact, (3) the desire to be a responsible employer and (4) promoting a culture of responsibility in all its business sectors.

Sustainability, which remains at the heart of our priorities, is put at the core of the strategy of Societe Generale Group. In 2024, the Societe Generale Group accelerated the execution of its ESG roadmap, particularly with respect to the contribution to the environmental transition.

Societe Generale is preparing for the future by supporting new market players. This year, Societe Generale Group initiated the EUR 1 billion envelope announced for the energy transition to support emerging leaders, nature-based and impact solutions (including up to EUR 700 million in equity). An initial investment was made through the acquisition of a majority stake in Reed Management, a leader in alternative investment in new actors in the energy transition, water and waste sector. This acquisition was performed by SGIS (Europe), a Societe Generale Luxembourg fully-owned subsidiary.

The Bank is fully aligned with the Societe Generale Group 2026 Strategic Plan which will deliver our ambition to be a rock-solid, top tier European bank, built on our strong foundations: trusted long-standing client relationships, talented and committed teams, innovative and distinctive value-added businesses and pioneering ESG leadership. Having achieved its aim of contributing EUR 300 billion to sustainable finance by 2024, the Societe Generale Group has set a new target of EUR 500 billion between 2024 and 2030.

As a responsible bank, we contribute to the strength of the Luxembourg's economy and society at large and are determined to be one of the key contributors towards a sustainable future.

2. CORPORATE GOVERNANCE

2.1. CORPORATE GOVERNANCE STRUCTURE AND MAIN BODIES

2.1.1. Board Committees

The Board of Directors is assisted by four Committees:

- the Audit and Internal Control Committee;
- the Risk and Compliance Committee;
- the Remuneration Committee;
- the Nomination and Corporate Governance Committee.

Each Committee comprises at least three members. One Director representing employees sits on the Remuneration Committee. The missions of the Board of Directors' four committees are set out in their respective charters.

As of December 31, 2024, the specialized committees of the Board were:

- Audit and Internal Control Committee: As of December 31, 2024, the Audit and Internal Control Committee comprised four members including three Independent Directors: Didier MOUGET, Isabelle GOUBIN, Marie DOUCET and Patrick SUET. The Committee is chaired by Didier MOUGET. This committee's mission is to monitor and control the preparation of accounting and financial information, the independence of the statutory auditors, and the effectiveness of the internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of the accounting and financial information. It gives recommendations and advice on such matters to the Board of Directors;
- Risk and Compliance Committee ("RCC"): As of December 31, 2024, the Risk and Compliance Committee comprised three Directors, including two Independent Directors: Isabelle GOUBIN, Didier MOUGET and Mathilde GUERIN. The Committee is chaired by Isabelle GOUBIN. This committee advises the Board of Directors on the risk profile of the Bank, the quality and effectiveness of the risk monitoring framework, the appetite regarding all types of risks derived from the Bank's strategy, and the evolution of regulations and its impact on the risk profile and Bank's strategy;
- Remuneration Committee ("RC"): As of December 31, 2024, the Remuneration Committee comprised four Directors, two Bank representatives, one Independent Director and one Director representing employees: Bertrand COZZAROLO, Christophe LATTUADA, Marie DOUCET and Frédéric ROVEDA. The Committee is chaired by Marie DOUCET. This committee prepares the decisions of the Board of Directors concerning

compensation, especially those related to directors, executive officers and other having a significant impact on the Bank's risk profile and risk management;

- Nomination and Corporate Governance Committee: As of December 31, 2024, the Nomination and Corporate Governance Committee comprised two Directors and one Independent Director: Patrick SUET, Christophe LATTUADA and Marie DOUCET. The Committee is chaired by Patrick SUET. This committee identifies and recommends future company's officers (directors and executive officers) to the Board of Directors. It periodically examines (1) the Board of Directors' policies regarding selection and appointment of Key Functions Holders (Chief Risk Officer, Chief Compliance Officer, Chief Audit Officer and Chief Finance Officer) and (2) the structure, size and composition of the Board of Directors and its work effectiveness. It proposes a target in respect of the balanced representation of women and men at the Board. Moreover, it aims at implementing and supervising key internal governance principles within the Bank and its subsidiaries.

2.1.2. Executive Committees

The main executive committees are as follows:

- Management committees:
  – Executive Committee: this committee's mission is to address matters such as strategic orientations definition and implementation, business development and other transversal topics. It consists of the Authorized Management and of each Business Units and Support Units heads.
- Steering committees:
  – Finance Committee (COFI): this committee is responsible for setting out the Bank's financial strategy and for managing scarce resources (capital, liquidity, statement of financial position) in the context of the allocation and the management of structural risks; it also addresses tax-related matters. The Assets & Liabilities Committee (ALCO) is a sub-committee of the COFI focusing on asset & liability risks;
  – CSR Committee: this committee deals with topics related to the Bank's commitments and normative framework in CSR matters (including inclusion of the CSR dimension in the businesses' strategy and in the Bank's risk management framework, as well as commitments in terms of the Bank's own footprint), culture and conduct, or other topics that have an impact on the Bank's liability or reputation and not already covered by an existing Committee;
  – Human Resources Committee (HR Committee): this committee elaborates the human resources policy, addressing attractiveness, internal mobility, compensation, retention and HR regulatory-related subjects;
  – Operations and IT Management committee aims to cascade information and exchange information on the identified topics and highlights. The committee includes all SG Luxembourg Operations and IT teams.
- Enterprise Risk Management Committees:
  – Enterprise Risk Committee (ERC): the mission of this committee is to define the Bank's key priorities in terms of risk (credit, country, market, structural and operational risks), within the framework of the risk appetite and the financial targets set by the Board of Directors of the Bank, and to monitor compliance in such respect; and to maintain a sound, effective and sustainable risk management framework, taking appropriate measures in case of gaps;
  – Compliance Committee (COMCO): the mission of this committee is to define the Bank's main guidelines and principles in terms of compliance, to ensure a sound, effective and sustainable adherence to all regulations to be applied by the Bank based on an appropriate framework, and to take appropriate measures in case of gaps;
  – Internal Control Coordination Committee (ICCC): this committee is responsible for the overall architecture of the Bank's internal control system, for evaluating its efficiency, consistency and comprehensiveness, for taking corrective actions and for monitoring their implementation.

2.1.3. Diversity in Board of Directors Composition

The composition of the Board of Directors aims at reaching the balance of experience, skills and independence, while respecting gender representation et diversity.

For this purpose, the Board of Directors has the following commitments:

- 40% representation by women;
- Mapping of Board members' skills.

The Board of Directors ensures that Directors are competent, active, present, and involved through its process of recruitment, as well as through the training provided to Directors and their evaluations.

The Board of Directors endeavours to strictly comply with the recommendations of the European Banking Authority and the European Central Bank regarding the "fit and proper" procedures.

The Board of Directors also ensures the periodic renewal of its members and fulfills the recommendations of Circular CSSF 12/552 as subsequently amended regarding the independence of said members.

2.1.4. Directors Experiences

The criteria of selection regarding the Directors are their skills and their experience in the financial sector and the management of large international corporations. Furthermore, the Board of Directors ensures that its members have experience in digital and technological transformation. Every year, the Board of Directors' composition is re-examined by the Nomination and Corporate Governance Committee and the Board of Directors. The analysis of the Directors' skills must show their synergies, most notably regarding Environment Sustainability and Governance matters. Their profiles must cover the entire spectrum of the Bank's activities and the risks associated to said activities.

2.2. CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Societe Generale Group.

2.3. REMUNERATION POLICY

The Bank strictly applies the Societe Generale Group remuneration policy, which aims at guaranteeing the sustainable engagement and loyalty of its employees, while ensuring an effective and sustainable risk management, including from a compliance perspective.

3. MANAGEMENT REPORT

3.1. MAIN ACTIVITIES

The Bank has built over time a solid diversified banking model to serve its corporate, institutional and individual customers. Such model is structured around several complementary businesses enabling the Bank to benefit from strong market positions and a diversified risk profile.

3.1.1. Private Banking

At the heart of Europe, Societe Generale Private Banking Luxembourg (SGPB Luxembourg) is the European hub for Societe Generale Private Banking activities.

SGPB Luxembourg benefits from a unique position within Societe Generale Luxembourg, a multi-expertise banking group. Furthermore, the Private Banking activity has been present in Italy through a commercial branch since 2021, and in Belgium with a representative office since 2023.

Private Banking activity also operates in Monaco through its subisidiary SGPB Monaco, as well as in Switzerland through SGPB Switzerland (until January 31, 2025).

SGPB Luxembourg priority is to serve international clients with an UNWHI profile. They could be entrepreneurs, international families and financial intermediaries. We accompany them and deliver sophisticated, high value-added services, complementary to those offered by their domestic banks. We deliver cross borders expertise in wealth management and give access to a comprehensive range of expertise: wealth planning, financing, corporate solutions, investment solutions, portfolio management, art & philanthropy advisory.

The expertise of Societe Generale European Private Banking's teams contributes to the strong recognition of Societe Generale group in the private banking industry: in 2024, Societe Generale Private Banking won 41 awards, among them Best Asset Manager for ESG Investing (Global Private Banking Innovation Awards), Best Private Bank – Credit Solution (Family Wealth Report Awards), Prix de l'Innovation (Grand Prix de la Philanthropie).

Locally, SGPB Luxembourg won the following awards:

- Luxembourg's Best International Private Bank (Euromoney);
- Luxembourg's Best for Succession Planning (Euromoney);
- Best Private Bank – Luxembourg (Global Private Banking Innovation awards);
- Financial & Tax Engineering (Luxembourg Wealth Management Awards).

3.1.2. Securities Services

The Securities Services business (SGSS) in Luxembourg offers a comprehensive range of assets and securities services to Asset Managers, Asset Owners, Corporate and Financial Institutions, including:

- custody and depository bank activities, covering all asset classes;
- fund administration services for investment managers on all asset classes including complex financial products;
- private asset services for alternative investment funds covering, in the main, real estate, private equity, debt and infrastructure strategies;
- issuer services, including issuing and paying agency services to large international corporate bond programs;
- transfer agent activities, supporting fund distribution strategies of our clients in catering to investor needs and maintaining the fund's investor register and the multilateral reporting thereof;
- middle office and trade execution services.

SGSS in Luxembourg is one of the largest securities services providers given the size of its global activity and is to be perceived as a strategic entity in view of the continued development ambitions of SGSS globally as a leader in the industry.

In 2024, SGSS won:

- the best initiative award in distribution of offers and client relations, for MySGSS from the AM Tech Day Awards;
- the Capital Markets Model Bank - Digital Transformation award for MySGSS from the Celent Model Awards;
- the Best Sub-Custodian Bank awards in France, Switzerland, Czech Republic, Romania, Morocco, Ivory Coast and Tunisia from the Global Finance magazine.

3.1.3. Corporate Banking & Cash Management

The Corporate Banking and Cash Management team in Luxembourg is servicing domestic and international clients, and particularly financial institutions and large corporates with international and multinational activities. We offer flow management assistance for the commercial and corporate flows of our clients.

The business line offers a full and integrated range of solutions and services, leveraging the expertise of the Societe Generale group's global Transaction Banking business lines; specifically, it covers five activities:

- cash management;
- short & medium term financing;
- financial & commercial guarantees issuance;
- foreign exchange services and interest rate hedging;
- financial assets custody.

3.1.4. Global Banking & Advisory

The Global Banking & Advisory (GLBA) platform in Luxembourg is part of Societe Generale group's worldwide platform composed of expert teams located in Europe, the CEEMEA region, the Americas and in Asia, whose knowledge of clients and expertise on industries and local regulations are key to conducting domestic, international and cross-border activities.

Leveraging this global expertise and sectoral knowledge, the team provides clients with a full range of structured finance solutions in the following areas:

- asset-based finance (export finance, aircraft finance, shipping finance, real estate finance, and structured solutions and leasing);
- natural resources and infrastructure;
- asset-backed products and securitization;
- credit risk insurance.

Our Structured Solutions and Leasing department provides innovative financing & investment solutions for our Wholesale clients. In line with Societe Generale ESG commitments, our department seeks to use financial innovation as a tool to facilitate positive transformations and accompany our clients on their journey towards a fairer, responsible and sustainable future.

GLBA main domains of expertise are:

- Battery, Mining and Industries;
- Energy Plus Group;
- Infrastructure;
- Real Estate;
- Telecom Media Technology;
- Trade and Sustainable Commodities;
- Development and Structured Export;
- Transportation.

3.1.5. Global Markets

Part of the Societe Generale Group Global Markets Business Unit, the Issuing activity in Luxembourg is performed by SG Issuer S.A. ("SGIS") as well as through the "SOGEIS" framework based on Luxembourg's fiduciary legal framework: it provides international investors with access to the entire range of capital market-based financial engineering services and structured products. SGIS issues both secured and unsecured notes through private placements or public offerings. SG Luxembourg via SOGEIS only issues secured notes. The securities issued by SG Issuer or by SG Luxembourg via SOGEIS are fully backed by a guarantee from Societe Generale Group.

3.1.6. Insurance

Through dedicated subsidiaries, Societe Generale Luxembourg has insurance (life and credit) and re-insurance (re-insurance of certain Societe Generale Group insurance contracts) activities.

3.1.7. Corporate Center

It comprises Treasury and Asset / Liability Management (ALM) functions which are responsible for monitoring, managing and hedging structural risks (liquidity, interest rate and forex) arising from all business units within the Bank, including from the Bank's international affiliates in Monaco and Switzerland (until January 31, 2025 when the Swiss subsidiary was sold).

The Profit & Loss account of the Corporate Center covers the carrying cost of equity shareholdings in subsidiaries and related dividend payments, as well as income and expenses stemming from the Bank's Treasury center, Asset and Liability Management (ALM) function and income from the management of the Bank's assets (industrial and bank non-consolidated equity portfolio and real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Center.

3.1.8. Research and Development

The Bank focuses its research and development activities in line with the Societe Generale Group strategy to further enhance the sustainability and profitability of its model.

3.2. BANK ACTIVITY AND RESULTS

3.2.1. Bank activity and results – Income statement

(in EUR thousand)	2024	2023	Change in %	Change in value
Net interest margin	384 801	350 523	10%	34 278
Dividends on variable income securities	706 430	295 663	139%	410 767
Net fee margin	176 244	159 107	11%	17 137
Net gains and losses on financial transactions	(157 986)	(97 869)	61%	(60 117)
Net gains and losses from the derecognition of financial assets at amortised cost	(158 160)	(52 290)	202%	(105 870)
Net income from other activities	1 887	(7 933)	-124%	9 820
Net banking income	**953 216**	**647 201**	**47%**	**306 015**
Operating expenses	(265 551)	(276 815)	-4%	11 264
Gross operating income	**687 665**	**370 386**	**86%**	**317 279**
Cost of risk	(4 028)	(45 722)	-91%	41 694
Operating income	**683 637**	**324 664**	**111%**	**358 973**
Income tax	(29 909)	(319)	9276%	(29 590)
Net income	**653 728**	**324 345**	**102%**	**329 383**
Net income / total balance sheet	**1,3%**	**0,6%**		

Societe Generale Luxembourg Net Income in 2024 stood at EUR 654 million, up by +102% compared to 2023, mainly driven by a higher dividend income and a lower cost of risk.

The Net Banking Income amounted to EUR 953 million, the increase of revenues for +47% was supported by a favourable market environment and a solid commercial dynamism.

The 47% increase in **Net Banking Income** in 2024 resulted from a contrasted evolution of the various businesses:

- **Private Banking** activities had good commercial momentum with an increase on Assets Under Management (AUM) of +14 % in a positive market environment. Revenues were boosted by Transactions fees and Asset Based fees, with an increase of +7%, partially offset by lower Net Interest Margin ("NIM") of -3%.
- **Securities Services** activities had a very good commercial activity offset by lower NIM revenues driven by a decrease on cash balances (-25%) and lower overdrafts (-49%).
- **Corporate Banking and Cash Management** continued its dynamic activity development, especially with Private Equity and Real Estate clients. This revenue growth is driven by the EURO & USD interest rates increase.
- **Global Banking & Advisory** had lower loan activities in 2024 compared to 2023.
- **Global Markets** activities had lower revenue contribution on its structured products issuance activities.
- **Corporate Center** is impacted by the liquidity buffer cost increase in 2024 for regulatory reasons and the positive financial impact of the announced SGPB Switzerland sale.

Corporate Banking and Cash Management, Private Banking and Securities Services activities revenues benefited from increase in average interest rates.

Societe Generale Luxembourg maintained its investment strategy to transform its IT platform and operating model to prepare the future of its business, mainly Private Banking and Corporate Banking and Cash Management. Operating expenses stood at EUR 266 million, down by -4% compared to 2023 driven by a lower contribution to the European single resolution fund and a continuing costs discipline policy.

Gross Operating Income amounted to EUR 688 million, increasing by +86% compared to 2023. The cost income ratio stood at 27,9% down by -15 points compared to 2023.

Net cost of risk amounted to a provision of EUR 4 million, confirming the quality of the portfolio, down by 91% compared to 2023 mainly linked to no allocation to the lump-sum provision in 2024.

Overall, the **Bank's Net Income** stood at EUR 654 million in 2024 compared to EUR 324 million in 2023.

3.2.2. Bank Activity and Results – Balance Sheet

ASSETS

(in EUR thousand)	12.31.2024	12.31.2023	Change in %	Change in value
Cash due from central banks	12 685 077	11 769 203	8%	915 874
Financial assets at fair value through profit or loss	1 677 140	1 633 358	3%	43 782
Hedging derivatives	91 255	156 499	-42%	(65 244)
Financial assets at fair value through other comprehensive income	1 123 124	1 539 911	-27%	(416 787)
Due from banks at amortised cost	28 049 925	26 084 432	8%	1 965 493
Customer loans at amortised cost	4 985 377	8 029 560	-38%	(3 044 183)
Shares in affiliated undertakings	1 092 328	1 207 894	-10%	(115 566)
Tax assets	331	298	11%	33
Other assets	477 357	522 362	-9%	(45 005)
Tangible and intangible fixed assets	29 202	32 697	-11%	(3 495)
Total	**50 211 116**	**50 976 214**	**-2%**	**(765 098)**

As at December 31, 2024, the Bank balance sheet amounted to EUR 50 billion with a EUR 765 million decrease (-2%) compared to December 31, 2023.

This decrease mainly came from Customer loans at amortised cost with a variation of EUR 3 billion (-38%) compared to December 31, 2023.

Cash and balances due from central banks have increased by EUR 916 million (+8%) compared to December 31, 2023.

Financial assets at fair value through profit or loss increased with a variation of EUR 44 million (+3%) compared to December 31, 2023.

Financial assets at fair value through other comprehensive income decreased by EUR 417 million (-27%) compared to December 31, 2023.

Due from banks at amortised cost increased by EUR 2 billion (+8%) compared to December 31, 2023.

Shares in affiliated undertakings decreased by EUR 116 million (-10%) compared to December 31, 2023, due to additional impairments on two participations.

LIABILITIES

(in EUR thousand)	12.31.2024	12.31.2023	Change in %	Change in value
Financial liabilities at fair value through profit or loss	60 102	94 688	-37%	(34 586)
Hedging derivatives	19 013	2 599	632%	16 414
Revaluation differences on portfolios hedged against interest risk	6 464	22 629	100%	(16 165)
Debt securities issued	-	16 730	-100%	(16 730)
Due to banks	22 774 311	23 993 552	-5%	(1 219 241)
Customer deposits	23 147 945	22 565 165	3%	582 780
Tax liabilities	65 152	54 324	20%	10 828
Other liabilities	614 731	786 989	-22%	(172 258)
Provisions	181 944	188 926	-4%	(6 982)
Special line items with a reserve share	17 255	17 255	0%	-
Total liabilities	**46 886 917**	**47 742 857**	**-2%**	**(855 940)**
Shareholders' equity	**-**		**-%**	**-**
Issued capital	1 389 043	1 389 043	0%	-
Share premium, reserves and retained earnings	1 281 848	1 503 103	-15%	(221 255)
Net income	653 728	324 345	102%	329 383
Subtotal	**3 324 619**	**3 216 491**	**3%**	**108 128**
Unrealised or deferred gains and losses	(420)	16 866	-102%	(17 286)
Total equity	**3 324 199**	**3 233 357**	**3%**	**90 842**
Total liabilities and equity	**50 211 116**	**50 976 214**	**-2%**	**(765 098)**

Amounts due to banks decreased by EUR 1 billion (-5%) compared to December 31, 2023.

Customer deposits increased by EUR 583 million (+3%) compared to December 31, 2023.

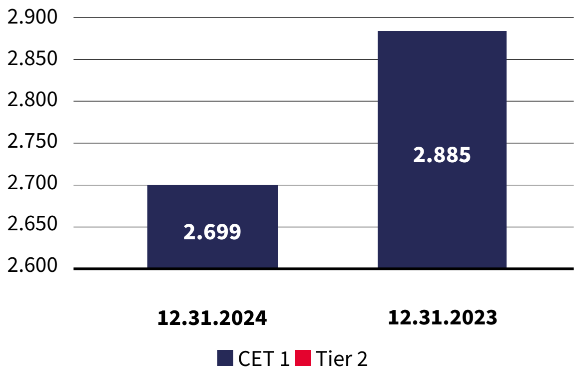
Other Liabilities decreased by EUR 172 million (-22%) compared to December 31, 2023.

Financial liabilities at fair value through profit or loss have continued to decrease with a variation of EUR 35 million (-37%) compared to December 31, 2023.

Shareholders' equity amounted to EUR 3 billion as at December 31, 2024. Details related to shareholders' equity are disclosed in Note 1 and Note 7 of the Financial Statements.

During the year 2024, the Bank did not acquire any of its own shares.

3.3. OWN FUNDS



The Bank's sole shareholder is Sogeparticipations S.A., a French Company fully owned by the Societe Generale Group.

As of December 31, 2024, the Bank's sole shareholder holds 11 024 148 shares representing 100% of the share capital of the Societe Generale Luxembourg.

As of December 31, 2024, the Bank capital is made of:

- Core Tier I capital : EUR 2 699 million (2023 : EUR 2 885 million);
- No additional eligible capital at end 2024 and end 2023.

3.4. POST CLOSING EVENTS

On January 31, 2025, the Bank has sold entirely its participation in SGPB Switzerland to Union Bancaire Privée "UBP" Group. As the sale was already announced since August 2024, the valuation of the participation has been adjusted as of December 31, 2024, to consider this announced sale as well as the related financial impacts (please refer to Note 3.12 and Note 11 of the financial statements).

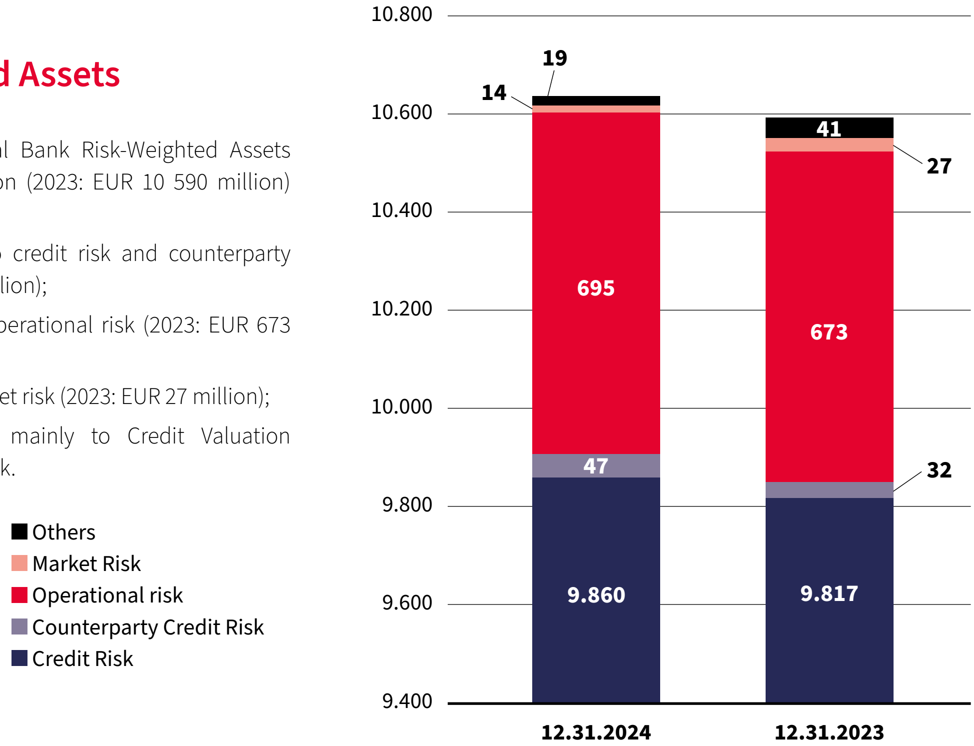
4. RISKS AND CAPITAL ADEQUACY

4.1. KEY FIGURES

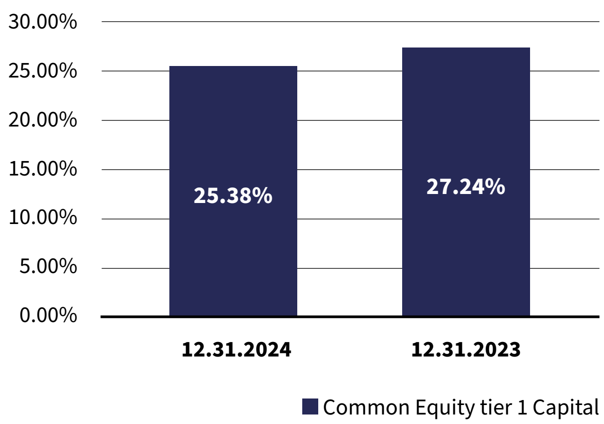
4.1.1. Risk-Weighted Assets

As of December 31, 2024, total Bank Risk-Weighted Assets amounted to EUR 10 635 million (2023: EUR 10 590 million) composed of:

- EUR 9 907 million related to credit risk and counterparty credit risk (2023: EUR 9 849 million);
- EUR 695 million related to operational risk (2023: EUR 673 million);
- EUR 14 million related to market risk (2023: EUR 27 million);
- EUR 19 million related to mainly to Credit Valuation Adjustment and Settlement risk.



4.1.2. Capital ratios



As of December 31, 2024, the Bank Common Equity Tier 1 ratio stood at 25,38% (2023: 27,24%). As of December 31, 2024, the Bank capital ratios are significantly above the minimum regulatory requirement levels.

4.2. RISK MANAGEMENT

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

- a "first line of defence" function performed by business lines and some support functions;
- a "second line of defence" function: the credit, market and operational risk management function (RISQ), and the compliance function (CPLE);
- a "third line of defence" function: the internal audit (IGAD).

The main objectives of the Bank's risk management framework are:

- to accurately identify and measure all the risks the Bank is subject to;
- to maintain an effective oversight framework, and implement enhancement plans when needed;
- to propose to the Board of Directors an adequate risk appetite framework for its validation;
- to ensure that Societe Generale's and the Bank's risk policies are consistently and effectively applied throughout the Bank.

4.3. RISKS

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

Credit Risk: the credit risk is defined as the risk of loss resulting from the inability of the Bank's customers, sovereign issuers or other counterparties to honour their financial commitments. It also includes the counterparty risk related to the market activities.

Market Risk: the market risk is defined as the risk of loss due to unfavourable movements in market factors, such as interest rates, share prices or currency exchange rates, impacting the value of the Bank's market positions.

Interest Rate Risk: the structural interest rate risk is measured on structural activities (i.e. commercial transactions, associated hedging transactions and treasury transactions) for each of the Bank's entities.

Exchange Rate Risk: the structural exchange rate risk is the risk that a loss occurs due to an unfavourable movement of the exchange rate affecting the Bank due to existing open positions in foreign currencies.

Liquidity Risk: the liquidity risk is defined as the risk for the Bank of not being able to meet at all times its current and future cash requirements, whether or not those have been anticipated, at a reasonable cost. Liquidity is a key factor in the viability of the Bank.

Operational Risk: the operational risk is defined as the risk of loss or fraud as a result of defects in or failure of internal systems and procedures, human error or external events, including IT risk and management risk.

Particular attention is paid to **Compliance risk**, i.e. the risk of not being compliant with applicable regulations in areas, among others, of sanctions & embargoes, anti-money laundering and terrorism financing, client protection, market abuse, data protection and conduct.

4.4. RISK APPETITE

Risk Appetite is defined as the level of risk that the Bank is prepared to bear in the course of pursuing its strategic objectives.

The Bank has defined a Risk Appetite Framework which includes:

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

The Risk Appetite Statement describes the principles, policies, and metrics that set the Bank's risk appetite, which includes thresholds, limits and Crisis level.

The main risk appetite principles are summarised below:

4.4.1. Structural interest rate and exchange risks

The Bank assesses and controls structural risks. The mechanism to control interest rate risk, foreign exchange risk is based on sensitivity or stress limits adapted to each of the various businesses (entities and business lines).

4.4.2. Liquidity and funding risks

The Bank assesses the solidity of its liquidity profile based on the following:

- Controlling liquidity risk, based on internal stress tests with adapted limits;
- Controlling funding risk, with long term funding projections under base case and stressed scenarios;
- Complying with regulatory obligations, in particular Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") requirements.

4.4.3. Credit and counterparty risks

When taking credit risk, the Bank focuses on medium and long-term client relationships, targeting clients with which the Bank has an established relationship of trust and prospects offering the potential for profitable business development over the medium-term. In a credit or market transaction, credit (or counterparty) risk acceptability is based, first and foremost, on the borrower's (or counterparty's) ability to meet its commitments.

4.4.4. Market risks

The business development strategy of the Bank for market activities is focused on addressing client needs, with a full range of products and solutions. The market risk is strictly managed through various limits related to a set of appropriate market risk metrics. Overall, the Bank's appetite for market risk is limited.

4.4.5. Operational risks (including compliance risk)

The Bank has no appetite for operational risk. Over recent years, the materialization of such risk has been low.

4.4.6. Compliance risk

The Bank's policy is to comply strictly with all laws and regulations governing financial and banking activities. It has no tolerance for not complying with such laws and regulations when conducting its activities. It aims at maintaining a strong culture of compliance and adequate conduct among its employees.

Photo credit: Olivier Minaire

5. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

5.1. OUR COMMITMENT AS A BANK

BE A RESPONSIBLE EMPLOYER

- Well-being at work:
  - Training courses program associated to well-being themes in partnership with ASTF;
  - Culture and conduct seminar deployed to all employees including a focus on (i) disconnection right and (ii) Speak up culture and associated tools associated;
  - Renewal of our anti-harassment procedure by training new anti-harassment referents employees;
  - Health: continuing our physical and mental support (check-up campaign, vaccination, training of our management team, light-house program with ASTF).
- New bank collective bargaining agreement (2024-2026):
  - The Bank participated actively to the new bank collective bargain;
  - Main positives social impacts already implemented within Societe Generale Luxembourg.
- Foster diversity:
  - Implementation of Pride and Allies community with an Executive Committee member sponsorship (Head of SGSS);
  - Pursue Diversity Committee with two Executive Committee members sponsorship (HR Head and CFO); initiatives have been deployed all long year as Diversity Theater for Diversity Day, conference/Round table for Women day, Photo Contest and exposition, Disability working group in collaboration with IMS;
  - Creation of a Relay community within SG Luxembourg Business Units and Support Units;
  - Women in Finance charter 2024 objectives reached for Senior Management Team and Board of Directors ratio (30% of women).

CONTRIBUTE TO CLIMATE AND ENVIRONMENT PRESERVATION

Like any corporate, Societe Generale Luxembourg generates environmental impacts through its activity. The Bank is well-aware of its responsibility and therefore was pioneer in this matter by taking the decision, more than 10 years ago, to reduce its CO_2 emissions by:

- Responsible purchase policy: implementation of a CSR questionnaire for suppliers to assess their social and environmental policy, CSR note included in the bid evaluation grid;
- Optimize environmental impact of our premises: pursue of strict application of SENSHA project to reduce of our real estate footprint by reducing energy consumption and using less carbon-intensive energy (reduce our CO_2 emissions by 50% in 2030 compared to 2019);
- Foster responsible consumption mode: Zero Plastic Charter signed in 2019, waste responsible policy with SuperDrecksKëscht label, promote soft mobility with green vehicle and cycle promotion, reducing our paper consumption with the "FollowMe" printing initiative (since 2016, SG Luxembourg has reduced its paper consumption by EUR 4,2 million sheets of paper, which represent more than 500 trees saved);
- Helping the Institut pour le Mouvement Sociétal (IMS) by participating to their initiatives as "knowledge sharing", Diversity Day or Luxembourg Sustainability Forum 2024 (October 21) as a Gold Sponsor together with SOGELIFE and AYVENS;
- Participation in Festival AlimenTerre organized on 25th of November by our CSR Community in our Auditorium with a film projection « De l'Assiette à l'Océan »;
- Mobility: organization of a bike repair/overhaul stand dedicated to all employees (May 16, 2024) in Arsenal.

5.2. OUR COMMITMENT AS A BANK

INTENSIFY SOCIALLY RESPONSIBLE INVESTMENTS

SG Luxembourg is convinced that a strong ESG policy will be synonymous of a sustainable superior financial performance.

In Private Banking, in alignment with our philosophy of developing and transferring wealth to future generations, we systematically integrate ESG factors into our portfolio management and investment advisory decisions. We have progressively transformed the majority of our investment strategies to reflect this commitment.

With respect to our internal Moorea SICAV, 82% of the assets promote environmental and social characteristics and are classified as Article 8 under the SFDR regulation. Additionally, over 50% of these assets are invested in funds that are labeled by LuxFlag. The majority of our discretionary portfolio management mandates are also classified as Article 8, representing €1.9 billion in assets under management (AUM) (as at December 31, 2024)

Since October 2024, private banking clients can also evaluate the environmental, social and governance (ESG) performance of their portfolio via dedicated ESG reporting in their portfolio statement.

SGSS continues to promote to their institutional clients an ESG reporting solution, a system for measuring the impact of investment strategies on the environment and society. Its objective is to help investors and asset managers to better integrate ESG criteria into their investment decisions.

FOSTER SUSTAINABLE AND POSITIVE IMPACT FINANCING

The Bank is thriving to play a major role by promoting of Positive Impact Finance in the country together with partners like Luxembourg For Finance (LFF), the "Association des Banques et Banquiers du Luxembourg" (ABBL) or Luxembourg Sustainable Finance Initiative (LSFI).

ENRICH OUR ENVIRONMENTAL AND SOCIAL RISK FRAMEWORK

Accompanying the evolution of the regulation, in particular in Europe, the Bank is focusing on:

- Enrich existing risk map with E&S dimension:
  - E&S Risk factors identification has been performed since 2021 for ICAAP exercises purpose based on the ECB climate related and environmental risks guidelines;
  - From 2024, climate risk factors (physical and transition) impacts have been assessed for the following risks type:
    - Credit risk
    - Liquidity and funding risks
    - Non-financial risks
    - Market risk in the banking book
- An add on Internal Capital Need (ICAAP purpose) has been calculated by applying SG Group methodology on SGL credit portfolio;
- ESG risk analysis was introduced within corporate credit granting process when relevant (counterparties belonging to sensitive sectors);
- On Private Banking activities, enforcement of exclusion list for eligible financial collateral in Private Banking Credit Policy and EPC collect for real estate loans;
- More globally, Integration of SGL in ESG by design, SG Group program aiming at the global compliance with the ECB guidelines;
- Training;
- Mandatory all-staff E-Learning program in line with SG Group ESG training framework (launch in April 2023 and on going), close to employee and business needs with 5 levels of CSR skills development;
- Accelerate "Fresque du Climat": target of 50% of staff trained has been already achieved by end 2024.

The Sustainability Statement for Societe Generale Group has been published on March 12, 2025. This Sustainability Statement of Societe Generale Group and the related certification report are available on the website in the Universal Registration Document published by Societe Generale Group.

Reference link: https://www.societegenerale.com/sites/default/files/documents/2025-03/document-enregistrement-universel-2025.pdf#page=269

6. OUTLOOK

Governments continue to adapt to the new global geopolitical and economic paradigm:

- The deteriorating geopolitical environment marked by conflicts and protectionist policies in different parts of the world have forced governments to respond and take measures to shore up the resilience of their economic and financial systems. The EU continued its financial sanctions policy while looking further into strategic autonomy considerations, coming up with two initiatives in particular, the EU Net Zero Industry Act and the EU Critical Raw Materials Act, in response to the measures introduced by the US, notably under the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. The EU also encouraged investment in infrastructure (Next Generation EU), energy (REPowerEU) and defence (European Defence Industrial Strategy). In France, in particular, the former government carried its strategic autonomy and productive investment projects by encouraging the reindustrialisation of the economy through green and innovative projects, and enhancing the economic appeal of Paris as a marketplace.

  The economic environment continues to be a concern for regulators. In this context, European banks have already faced new measures that weighed on their profitability, such as exceptional taxes in certain member countries and tougher ECB requirements on reserves
- A resetting of political priorities is therefore underway in a historic 2024 election year in which more than half the world's population went to the polls. The re-election of Donald Trump as President of the United States suggests a return to a protectionist policy that could significantly impact European companies.
- Successive new governments in Europe have resulted in a halt in discussions on draft legislation that was not ratified in previous legislatures. However, negotiations have resumed since December 2024, following the constitution of the new Commission. The CRR3 transposing the Basel Accords entered into force in January 2025.
- Digital transformation and innovation in financial services, which will continue in 2025 under the next EU Commission, remain a regulatory priority.

The global environment is characterised by the beginning of a slowdown in the United States, and a sustained regime of slower growth in Europe, China and the rest of the world.

Company foreclosures are on the rise in the United States and Europe, while solvency issues in the weakest emerging markets remain. Bond spreads could therefore be tested for both credit and eurozone sovereign bonds. Credit spreads will come under pressure from corporate bankruptcies, while eurozone spreads could suffer from the slowdown and political uncertainty. Greater market volatility cannot be ruled out.

Geopolitical risks remain high. Protectionist measures and industrial policy are gaining ground. Prevailing uncertainty over tariffs on most imported goods announced by the United States of America in April 2025 should impact the global economy with forecasted high volatility in financial markets. This economic environment is monitored by the Bank as global economies could be adversely impacted.

Environmental issues, both physical and transitional, could increase the volatility of the inflation and growth outlook and weigh on already stretched public finances.

In this context, Societe Generale Luxembourg will capitalize on its diversified business model and the strength of its client relationship.

III. REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Board of Directors
Societe Generale Luxembourg S.A.
11 Avenue Emile Reuter
L-2420 Luxembourg
Luxembourg

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

In our opinion, the accompanying financial statements give a true and fair view of financial statements the financial position of the Bank as at December 31, 2024, 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 financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Impairment of customer loans

WHY THE MATTER WAS CONSIDERED TO BE ONE OF MOST SIGNIFICANCE IN OUR AUDIT

As at December 31, 2024, the Bank reports customer loans accounted for at amortised cost of EUR 4,985 million (December 31, 2023: EUR 8,030 million) representing 10% of total assets (December 31, 2023: 16%) and recognised individually assessed impairments on such loans amounting to EUR 8.7 million (December 31, 2023: EUR 16.9 million).

The impairment amount for loans consists of three different components being:

- Management's estimate of expected credit loss ("ECL") for loans considered credit-impaired (Stage 3), amounting to EUR 4.2 million as at December 31, 2024 (December 31, 2023: 12.1 million);

- The lifetime expected credit loss determined by model for loans where there has been a significant increase in credit risk since initial recognition (stage 2); and
- The 12-month expected credit loss determined by model for the remaining population (stage 1).

These loans are not traded in an active market, therefore significant judgments and estimates are applied by Management in its assessment of their recoverable amount, irrespective of the stage allocation.

Inappropriate judgments made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the impairment amount recorded.

These critical judgments include matters such as the definition of criteria to identify significant increase in credit risk or default, as well as estimation of input parameter for determining ECL, namely probability of default and loss given default which are derived from statistical models and should include forward-looking information. For credit-impaired assets where impairment is based on management's best estimate, the critical judgments include estimation of recoverable cash flow, the effect of guarantees received, as well as valuation of collaterals.

The current environment of enhanced geopolitical uncertainty introduces increased volatility and unpredictability in key economic factors. This uncertainty increased the level of judgement involved in the determination and calculation of expected credit losses on loans accounted for at amortised cost. Such aspects are disclosed in the Note 2.4 for the geopolitical and macroeconomic factors and in Note 9.1 for the credit risk impacts and breakdowns.

The key inputs and assumptions, as well as the accounting principles, used by Management in its assessment of loan impairment and provisions are detailed in Note 3.8 to the financial statements.

The breakdown of loans, receivables and securities accounted for at amortised cost, as well as the accounting principles, are disclosed in Note 3.5 to the financial statements.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

Our procedures included the testing of key manual and automated controls over the approval, recording and monitoring of customer loans and the measurement of impairment amounts.

We assessed the methodology to determine ECL based on the policies and procedures in place by comparing it against IFRS 9 requirements, as well as the key input data used and model application as at December 31, 2024.

We also assessed the appropriateness of modelling methodologies, giving specific consideration to the current economic uncertainty and whether management judgemental adjustments were needed by obtaining assurance from the Financial Risk Management specialists of the group auditors on the modelling methodologies and inspecting the procedures they performed as well as their conclusions.

For the allocation of customer loans to the different stages in the impairment model as at

December 31, 2024, we assessed whether it has been performed in line with criteria defined by reperforming the allocation for a sample of loans.

For ECL determined based on the implemented statistical model (stage 1 and 2), we reperformed the ECL calculations at year-end and agreed, on a sample basis, the relevant data elements to reliable source of information.

For stage 3 customer loans, where provisions are based on management's best estimate, we evaluated the Bank's individual assessment of a sample of loans by specifically challenging the Bank's assumptions used as well as underlying data, including the value of realisable collateral and the estimated recoverability. Based on a retrospective review, we further critically assessed whether the Bank revised its estimates and assumptions for specific impairment established in prior years.

The impact of the difficult market conditions, driven by geopolitical uncertainties, was followed-up by assessing the models over the parameters, the determination of overlays and booking of the related impairments.

We also tested a sample of individually significant exposures for which no specific impairment had been recorded as well as a sample of exposures which had not been identified by the Bank as being potentially impaired in order to challenge their proper staging.

We assessed the disclosures in the financial statements in relation to impairment of customer loans with reference to the requirements of the prevailing accounting standards.

Other Matter

The financial statements of the Bank as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2024.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors on April 23, 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

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

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stanislas Chambourdon

Luxembourg, April 24, 2025

IV. FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

(in EUR thousand)	*Notes*	**12.31.2024**	**12.31.2023**
Cash due from central banks	*Note 3.1*	12 685 077	11 769 203
Financial assets at fair value through profit or loss	*Notes 3.2, 3.3*	1 677 140	1 633 358
Hedging derivatives	*Note 3.3*	91 255	156 499
Financial assets at fair value through other comprehensive income	*Notes 3.4, 3.8*	1 123 124	1 539 911
Due from banks at amortised cost	*Notes 3.5, 3.8, 3.9, 3.11*	28 049 925	26 084 432
Customer loans at amortised cost	*Notes 3.5, 3.8, 3.9, 3.11*	4 985 377	8 029 560
Shares in affiliated undertakings	*Note 3.10*	1 092 328	1 207 894
Tax assets	*Note 6*	331	298
Other assets	*Note 7.3*	477 357	522 362
Tangible and intangible fixed assets	*Note 8.4*	29 202	32 697
Total		**50 211 116**	**50 976 214**

BALANCE SHEET - LIABILITIES

(in EUR thousand)	*Notes*	**12.31.2024**	**12.31.2023**
Financial liabilities at fair value through profit or loss	*Notes 3.2, 3.3*	60 102	94 688
Hedging derivatives	*Note 3.3*	19 013	2 599
Revaluation differences on portfolios hedged against interest risk	*Note 3.3*	6 464	22 629
Debt securities issued	*Note 3.6*	-	16 730
Due to banks	Notes 3.6, 3.9	22 774 311	23 993 552
Customer deposits	*Notes 3.6, 3.9*	23 147 945	22 565 165
Tax liabilities	*Note 6*	65 152	54 324
Other liabilities	*Note 4.3*	614 731	786 989
Provisions	*Notes 5.2, 8.2*	181 944	188 926
Special line items with a reserve share	*Note 8.3*	17 255	17 255
Total liabilities		**46 886 917**	**47 742 857**
Shareholders' equity	*Note 7.1*		
Issued capital		1 389 043	1 389 043
Share premium, reserves and retained earnings		1 281 848	1 503 103
Net income		653 728	324 345
Subtotal		**3 324 619**	**3 216 491**
Unrealised or deferred gains and losses	*Note 7.3*	(420)	16 866
Total equity		**3 324 199**	**3 233 357**
Total liabilities and equity		**50 211 116**	**50 976 214**

The accompanying Notes are an integral part of the financial statements.

OFF BALANCE SHEET ITEMS

(in EUR thousand)	Notes	12.31.2024	12.31.2023
Credit lines and financing commitments	*Note 3.11*	4 569 769	1 752 874
Guarantees and securities commitments	*Note 3.11*	1 417 535	1 037 370
Assets pledged as securities	*Note 3.11*	141 622	515 421
Assets under Management – Fiduciary transactions	*Note 3.11*	4 289 426	6 315 667

PROFIT AND LOSS ACCOUNT (INCOME STATEMENT)

(in EUR thousand)	Notes	2024	2023[1]
Interest and similar income	*Note 3.7*	2 029 615	1 733 352
Interest and similar expense	*Note 3.7*	(1 644 814)	(1 382 829)
Dividends on variable income securities	*Note 8.7*	706 430	295 663
Fee income	*Note 4.1*	267 846	245 133
Fee expense	*Note 4.1*	(91 602)	(86 026)
Net gains and losses on financial transactions		(157 986)	(97 869)
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.2*	*(157 986)*	*(97 869)*
o/w net gains and losses on financial instruments at fair value through other comprehensive income	*Note 3.4*	-	-
Value adjustment from shares in affiliated undertakings	*Note 3.10*	(158 160)	(52 290)
Income from other activities	*Note 4.2*	4 028	1 528
Expenses from other activities	*Note 4.2*	(2 141)	(9 461)
Net banking income		**953 216**	**647 201**
Personnel expenses	*Note 5.1*	(144 658)	(146 526)
Other operating expenses	*Note 8.1*	(111 568)	(121 742)
Amortisation, depreciation, and impairment of tangible and intangible fixed assets	*Note 8.4*	(9 325)	(8 547)
Gross operating income		**687 665**	**370 386**
Cost of risk	*Note 3.8*	(4 028)	(45 722)
Operating income		**683 637**	**324 664**
Earnings before tax		**683 637**	**324 664**
Income tax	*Note 6*	(29 909)	(319)
Net income		**653 728**	**324 345**
Net income / total balance sheet		**1,3%**	**0,6%**

(1) For comparative purposes, the figures for 2023 were adjusted to the presentation on some captions.

The accompanying Notes are an integral part of the financial statements.

V. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – OTHER STATEMENTS

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(in EUR thousand)	*Notes*	2024	2023
Net income		**653 728**	**324 345**
Unrealised or deferred gains and losses that will be reclassified subsequently into income		**(19 800)**	**(20 468)**
Revaluation of debt instruments at fair value unrealized or deferred gains and losses	*Note 7.3*	(4 464)	(2 697)
Revaluation of hedging derivatives	*Note 7.3*	(15 336)	(17 771)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income		**914**	**(1 600)**
Actuarial gains and losses on defined benefits plans	*Note 7.3*	914	(1 600)
Total unrealised or deferred gains and losses		**(18 886)**	**(22 068)**
Net income and unrealised or deferred gains and losses		**634 842**	**302 277**

All amounts presented are net of taxes.

STATEMENT OF CHANGES IN EQUITY

As at December 31, 2024

(in EUR thousand)	Capital and associated reserves: Subscribed capital	Capital and associated reserves: Additional paid-in capital and capital reserves	Capital and associated reserves: Total	Net income for the year	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): that will be reclassified to profit or loss in a subsequent period	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): that will not be reclassified to profit or loss in a subsequent period	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): Sub-total	Total equity
Shareholders' equity as at December 31, 2023	**1 389 043**	**1 503 103**	**2 892 146**	**324 345**	**18 466**	**(1 600)**	**16 866**	**3 233 357**
Allocation to retained earnings	-	322 745	322 745	(324 345)	-	1 600	1 600	-
Shareholders' equity as January 1, 2024	**1 389 043**	**1 825 848**	**3 214 891**	**-**	**18 466**	**-**	**18 466**	***3 233 357***
Appropriation of income	-	-	-	-	-	-	-	-
2023 dividends paid	-	(544 000)	(544 000)	-	-	-	-	(544 000)
Sub-total of changes linked to relations with shareholders	**-**	**(544 000)**	**(544 000)**	**-**	**-**	**-**	**-**	**(544 000)**
Gains and losses recognised directly in unrealized or deferred gains and losses	-	-	-	-	(19 800)	914	(18 886)	**(18 886)**
2024 net income	-	-	-	653 728	-	-	-	**653 728**
Other changes	-	-	-	-	-	-	-	**-**
Sub-total	**-**	**-**	**-**	***653 728***	***(19 800)***	***914***	***(18 886)***	***634 842***
Shareholders' equity as at December 31, 2024	**1 389 043**	**1 281 848**	**2 670 891**	**653 728**	**(1 334)**	**914**	**(420)**	**3 324 199**

As at December 31, 2023

(in EUR thousand)	Capital and associated reserves: Subscribed capital	Capital and associated reserves: Additional paid-in capital and capital reserves	Capital and associated reserves: Total	Net income for the year	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): that will be reclassified to profit or loss in a subsequent period	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): that will not be reclassified to profit or loss in a subsequent period	Gains and losses recognised directly in unrealized or deferred gains and losses (net of tax): Sub-total	Total equity
Shareholders' equity as at De-cember 31, 2022	**1 389 043**	**1 352 549**	**2 741 592**	**343 505**	**38 934**	**7 049**	**45 983**	**3 131 080**
Allocation to retained earnings	-	350 554	350 554	(343 505)	-	(7 049)	(7 049)	-
Shareholders' equity as January 1, 2023	**1 389 043**	**1 703 103**	**3 092 146**	**-**	**38 934**	**-**	**38 934**	***3 131 080***
Appropriation of income	-	-	-	-	-	-	-	-
2022 dividends paid	-	(200 000)	(200 000)	-	-	-	-	(200 000)
Sub-total of changes linked to relations with shareholders	**-**	**(200 000)**	**(200 000)**	**-**	**-**	**-**	**-**	**(200 000)**
Gains and losses recognised directly in unrealized or deferred gains and losses	-	-	-	-	(20 468)	(1 600)	(22 068)	**(22 068)**
2023 net income	-	-	-	324 345	-	-	-	**324 345**
Other changes	-	-	-	-	-	-	-	**-**
Sub-total	**-**	**-**	**-**	***324 345***	***(20 468)***	***(1 600)***	***(22 068)***	***302 277***
Shareholders' equity as at De-cember 31, 2023	**1 389 043**	**1 503 103**	**2 892 146**	**324 345**	**18 466**	**(1 600)**	**16 866**	**3 233 357**

NOTE 2 – CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

CORPORATE INFORMATION

Societe Generale Luxembourg (the "Bank" or "SG Luxembourg") was formed as Ingéfilux on April 11, 1956. Its name was changed to Luxbanque, Société Luxembourgeoise de Banque S.A. on May 7, 1981. In 1995, the Extraordinary Shareholders' Meeting decided to change the Bank's name to Societe Generale Bank and Trust S.A., with effect as of June 1, 1995. Furthermore, in January 2020 the Bank changed its name to Societe Generale Luxembourg.

The Bank is governed by Luxembourg banking regulations and in particular the Law of April 5, 1993, as amended, on the financial sector. The Bank was incorporated as a limited liability company ("Société Anonyme") for an unlimited duration.

The Bank provides asset management, investment advisory, financial engineering and depository services, in particular for collective investment undertakings. It is also active on the financial markets and with institutional clients, with a high volume of proprietary cash management transactions and financing operations carried out on behalf of large corporations.

As at December 31, 2024, the Bank's capital is wholly owned by Sogéparticipations, a limited liability company incorporated under French law.

In accordance with article 80 of the Law of June 17, 1992, as amended, on the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg, the Bank is exempted from the obligation to draw up consolidated accounts and a consolidated management report.

The Bank and other entities of the Bank are included in Societe Generale Group's ("The Societe Generale") consolidated financial statements. Accordingly, SG Luxembourg's financial statements are included in the consolidated financial statements of Societe Generale, whose registered office is located at 29 boulevard Haussmann, 75009 Paris, France. It constitutes the largest as well as the smallest grouping of undertakings to which the Bank belongs as a subsidiary. The consolidated financial statements are available from the registered office indicated above.

Societe Generale is a limited liability company established under French law headquartered in Paris, that prepares and publishes IFRS as adopted by the Europe Union consolidated financial statements since 2005.

The Bank holds a representation office in Germany (launched in 2018) and in Belgium since 2024 and a branch in Italy since January 2021 (former representation office opened in 2018 and transformed into a branch as at January 1, 2021).

These financial statements were approved by the Board of Directors of the Bank on April 24, 2025.

FINANCIAL STATEMENTS PRESENTATION

The Bank's accounting policies comply with the legal requirements in force in the Grand Duchy of Luxembourg and, in particular, the Law of June 17, 1992 as amended relating to the annual and consolidated financial statements of credit institutions governed by Luxembourg law.

Since December 31, 2012, the Bank elected to draw up its annual financial statements in accordance with the mixed financial reporting framework ("mixed framework" or Generally Accepted Accounting Principles in Luxembourg ["LUX GAAP"] using "IAS options").

The Luxembourg regulator CSSF allows, with the Circular 08/340 as subsequently amended, credit institutions to publish their financial statements in accordance with "LUX GAAP" using certain IAS/IFRS standards ("IAS options"). These IAS options relate not only to the presenta-tion of the financial statements but also to valuation rules. Besides, the Bank has opted in line with article 2(1) of the law of June 17, 1992 for the addition of the following other statements (see Note 1):

- inclusion of a statement of changes in equity;
- inclusion of a statement of net income and unrealised or deferred gains and losses.

The Bank ensures compliance with the provisions of Articles 7 and 41 of the amended law of June 17, 1992 regarding the presentation of annual financial statements.

The accounting policies used by the Bank are based on the mixed accounting regime or LUX GAAP, with the IAS options listed below:

IAS 10 – Events after the reporting period;

IAS 12 – Income taxes;

IAS 16 – Property, plant and equipment;

IAS 19R – Employee benefits;

IAS 21 – The effects of changes in foreign exchange rates;

IAS 24 – Related parties disclosures;

IAS 32 – Financial instruments presentation;

IAS 36 – Impairment of assets;

IAS 38 – Intangible assets;

IAS 39 – Financial instruments: recognition and measurement;

IFRS 9 – Financial instruments: recognition and measurement except for shares in affiliated undertakings;

IFRS 15 – Revenue from contracts with customers.

The Bank's financial year starts on January 1, and ends on December 31, of each year.

The main accounting methods applied when preparing the financial statements are described below. Accounting principles and valuation principles are, besides the rules imposed by the law and by the CSSF, determined and implemented by the Management.

The financial statements have been prepared on an historical cost basis except for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

The carrying values of assets and liabilities that are designated as hedged items (fair value hedges) are adjusted to record changes in the fair values attributable to risks that are being hedged in effective hedge relationships. These assets and liabilities would otherwise be carried at amortised cost. The disclosures provided in the Notes to the financial statements of the Bank describe its activities and the circumstances in which it conducted its operations over the period.

In accordance with the transitional measures provided by IFRS 9, the Bank has elected to recognise hedging transactions under IAS 39 as adopted by the European Union, including measures related to macro-fair value hedge accounting (IAS 39 "carve-out").

PRESENTATION CURRENCY

The presentation currency of the financial statements is the euro.

The figures presented in the financial statements and in the Notes are expressed in EUR thousand, unless otherwise specified. The effect of rounding can generate discrepancies between the figures presented in the financial statements and those presented in the Notes.

The main spot exchange rates used as at December 31, 2024, and December 31, 2023, are presented in Note 8.5.

2. NEW ACCOUNTING STANDARDS APPLIED BY THE BANK AS OF JANUARY 1, 2024

As of January 1, 2024 no new accounting standard under Lux GAAP, nor IFRS was applicable to the Bank.

3. USE OF ESTIMATES AND JUDGMENT

The preparation of the financial statements requires the Board of Directors to make judgments, estimates and assumptions that affect the reported figures recorded in the income statement, on the valuation of assets and liabilities in the balance sheet, and on information disclosed in the Notes to the financial statements.

In order to make these assumptions and estimates, the Board of Directors uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, the Board of Directors has made judgments and assumptions on the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial management judgment and/or estimates are listed below with respect to judgments/estimates involved.

In the process of applying the Bank's accounting policies, the Board of Directors has made the following judgements and estimates, which have the most significant effect on the amounts recognized in the financial statements:

- Fair value in the balance sheet of financial instruments not quoted in an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives or assets at fair value through other comprehensive income (see respectively Notes 3.3 and 3.4);
- Classification of financial instruments, in particular the analysis of the contractual cash flow characteristics of financial assets (see Notes 3.3, 3.4 and 3.5);
- The analysis of the contractual cash flow characteristics of financial assets, assessment of the increase in credit risk observed since the initial recognition of financial assets, and the measurement of the amount of expected credit losses on these same financial assets (See Notes 3.4 and 3.5);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair-value through other comprehensive income, loan commitments granted and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Notes 3.8 and 9.1);
- Provisions in particular, provisions for disputes in a complex legal environment (see Note 8.2);
- The amount of deferred tax assets recognized in the balance sheet (see Note 6);
- The assumptions used for the supplemental defined benefit retirement plan (see Note 5.2).

CLIMATE RISK

In accordance with the Societe Generale Group approach, the Bank continues its work to gradually integrate climate risks in the preparation of its annual accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Societe Generale Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers remains one of the major climate risks for the Societe Generale Group and its subsidiaries.

4. GEOPOLITICAL AND MACROECONOMIC CONTEXT

2024 was marked by geopolitical uncertainties, with, in particular, the continuing conflict in Ukraine and the situation in the Middle-East. In the U.S.A., economic growth was higher than expected, sustained by strong consumption. In the eurozone, after a first half-year when business remained resilient especially in the services sector, economic growth slackened in the second half-year, in particular as a result of the weakness of the German economy and the political uncertainties in France. In China, the support measures only allowed for economic growth not to deteriorate any further without any actual upturn.

In this context, the Bank updated the macroeconomic scenarios chosen for the preparation of the statutory financial statements on basis of the consolidated financial statements of Societe Generale Group.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.8) and tests assessing the recoverability of deferred tax assets (see Note 6).

Societe Generale Luxembourg's approach relies on the Societe Generale Group's modelizations for macroeconomic scenario and analysis of activities.

The details of evolutions to macroeconomic scenarios and their impacts on calculation of Expected Credit Losses (ECL) under IFRS 9 are presented below.

As of December 31, 2024, the Societe Generale Group has opted for three macroeconomic scenarios to better understand the uncertainties related to the current macroeconomic context.

The assumptions selected to build these scenarios are described below:

- The central scenario ("SG Central") predicts a low growth level in the eurozone in a context of more restrictive fiscal policy than in 2024 and of persistent geopolitical concerns. Inflation should converge with the Central banks' targets and the monetary policy is expected to ease. In the U.S.A, a rebound in economic growth is expected in 2025. The economic policy ushered by the new president of the United States should initially benefit American growth but could however have a negative impact later on. It would burden the other areas and increase global uncertainty;
- The favourable scenario ("SG Favourable") describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;
- The stressed scenario ("SG Stress") corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, eurozone crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Economic and Sector Research department of Societe Generale for all Group entities, based, in particular, on the information published by statistical institutes in each country. Forecasts by institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serve as a reference to challenge the Group's forecasts.

The scenarios provided by the Societe Generale Group economists are incorporated into the expected credit loss provisioning models over a three-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period. The assumptions performed by the Societe Generale Group to develop these macroeconomic scenarios have been updated during the fourth quarter 2024.

VARIABLES

In 2024, the Societe Generale Group updated the expected credit loss measurement models. This update resulted in the identification of new economic variables relevant for estimating the expected credit losses. The major variables now used in the models are the GDP growth rates, the disposable income of households, the interest-rate differential between France and Germany, the unemployment rates, the inflation rate in France and the yield on France ten-year government bonds.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Societe Generale Group operates) for each scenario are detailed hereinafter:

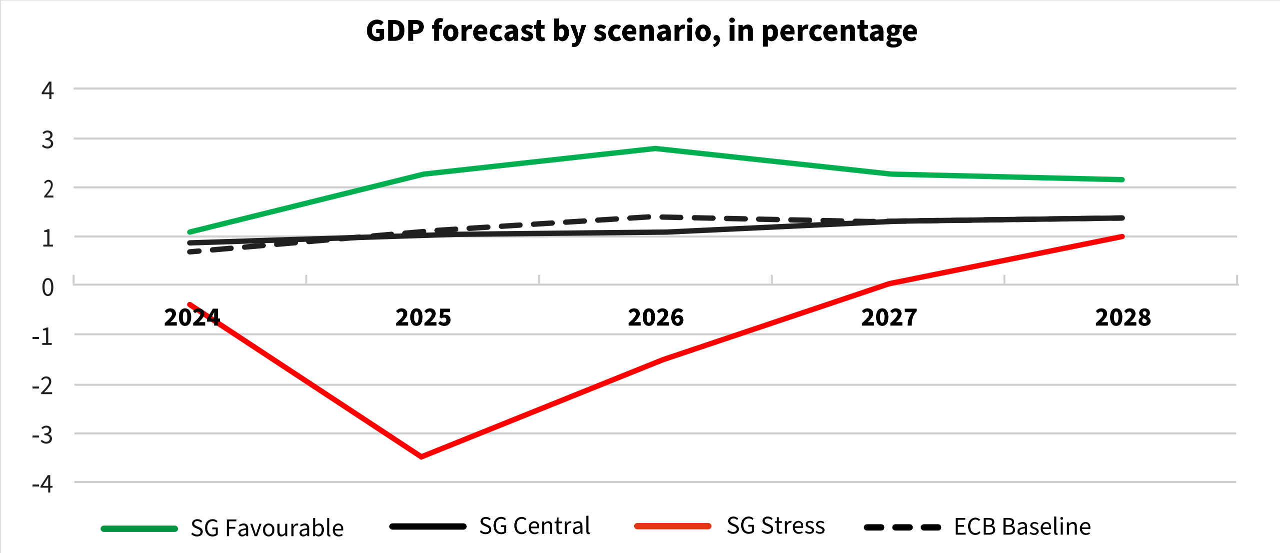
"SG Favourable" scenario	2025	2026	2027	2028	2029
France GDP	2,1	2,9	2,3	2,2	1,3
Eurozone GDP	2,3	2,8	2,3	2,1	1,2

"SG Central" scenario	2025	2026	2027	2028	2029
France GDP	0,9	1,1	1,3	1,5	1,3
Eurozone GDP	1,0	1,0	1,3	1,4	1,2

"SG Stress" scenario	2025	2026	2027	2028	2029
France GDP	(3,6)	(1,5)	0,0	1,1	1,3
Eurozone GDP	(3,5)	(1,6)	0,0	1,0	1,2

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In reality, these correlations may be impacted by geopolitical or climatic events, or by changes in behaviour, legislative environment or credit granting policy.

The graph below shows the GDP forecasts in the eurozone selected by the Societe Generale Group for each scenario and compares them with the scenarios published by the ECB in December 2024.



WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed over the past 25 years between the forecasts made by a consensus of economists regarding the U.S. GDP and the actual scenario that occurred (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal in the cycle, the Societe Generale Group applies to its scenarios a weighting methodology (mainly based on the observed output gaps for the USA and the eurozone) and assigns a higher weight to the SG Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the SG Central scenario is set at 56% as at December 31, 2024.

Presentation of the changes in weights:

	12.31.2024	06.30.2024	12.31.2023
SG Central	56%	60%	62%
SG Stress	34%	30%	28%
SG Favourable	10%	10%	10%

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF THE MODELS

As at December 31, 2024, the adjustment regarding the additional criterion for classification of certain risk expositions in Stage 2 set in 2020 following the Covid-19 crisis has been removed.

Sectoral adjustments

The Societe Generale Group may supplement the models with sectoral adjustments relating to the possible revision of the expected credit loss estimates (with no impact on the classification of the outstanding loans) for some sectors.

These adjustments allow for better anticipation of the default/recovery cycle in some sectors that have a cyclical business, have been subject to peaks of default in the past or are most exposed to the current crises and on which the Societe Generale Group's exposure exceeds a threshold that is annually reviewed and set by the Societe Generale Group Risk Division.

These sectoral adjustments are examined and updated quarterly by the Societe Generale Risk Division and validated according to materiality thresholds by Societe Generale Group Management.

The same approach for sectoral adjustments was applied at the Bank level.

The main sectors concerned as at December 31, 2024, are 'Construction' and 'Metallurgy' (2023: 'Non financial rental services', 'Consumer clothing' and 'Road and rail transport').

The total sectoral adjustments amount to EUR 0,21 million as at December 31, 2024 (December 31, 2023: EUR 0,22 million).

Specific adjustments

In 2024, on Private Banking perimeter, Societe Generale Luxembourg decided to maintain the specific adjustment on the offshore credit portfolio to Russian clients (out of sanctioned or restricted PEP counterparties) amounting to EUR 0,07 million.

On Private Banking portfolio, Societe Generale Luxembourg has maintained in 2024, the specific adjustment on financial market instability (2024: EUR 1,7 million ; 2023: EUR 1,28 million).

The total specific adjustments for the Bank amount to EUR 1,8 million as at December 31, 2024 (December 31, 2023: EUR 1,6 million).

CALCULATION OF EXPECTED CREDIT LOSSES

Based on the scenarios and weightings mentioned above and after considering the methodological adjustments, the calculation of expected credit losses led SG Luxembourg to record a Net Cost of Risk of EUR 4 million as at December 31, 2024 (December 31, 2023: EUR 4,7 million).

NOTE 3 – FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Bank's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the Bank manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

Accounting principles presented in this Note 3 are applied as from January 1, 2018 according to the IFRS 9 standard except from hedge accounting, which is applied according to IAS 39 (see Note 3.3.).

CASH DUE FROM CENTRALS BANKS

Cash and cash equivalents consist primarily of cash balances, debit balances outstanding from the current account and the mandatory minimum reserve with the Central Bank of Luxembourg.

The funds for the minimum reserves are not available for financing the current operations of the Bank. The reserve base, calculated monthly, is based on balance sheet items in accordance with accounting principles. The baseline calculation, which determines the reserve requirement, is performed by the Central Bank of Luxembourg.

CLASSIFICATION OF FINANCIAL ASSETS

At initial recognition, financial instruments are classified in the Bank's balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.

Cash flow characteristics	+	Business model	=	Accounting classification
SPPI (**S**olely **P**ayments of **P**rincipal and **I**nterest) ▪ Basic debt financial assets		Collecting contractual cash flows		Amortised cost
		Collecting contractual cash flows and selling		Fair *value* through OCI with subsequent recycling in the icome statement
		Trading portfolio		Fair value through profit or loss
		+ *Fair value option* *(to eliminate or reduce an accounting mismatch)*		Fair value through profit or loss
NON-SPPI ▪ Complex debt financial assets ▪ Equity financial assets ▪ Derivatives instruments		Regardless of the business model		Fair value through profit or loss
		+ *Fair value through OCI option* *without subsequent recycling in the income statement* *(non-trading equity financial assets)*		Fair value through OCI without subsequent recycling in the income statement

The accounting principles for classifying financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

Analysis of contractual cash flow characteristics

The aim of the analysis of contractual cash flow characteristics ("SPPI test") is to limit exclusively the recognition of revenues from financial assets using the effective interest method to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them unless fair value through other comprehensive Income option for equity instruments is applied.

Contractual cash flow that represents solely payments of principal and interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.3).

The Bank can make the irrevocable decision, on a security-by-security basis, to classify and measure an investment in an equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in Gains and losses recognised directly in unrealized or deferred gains and losses will never be reclassified into profit or loss (only dividends from those investments will be recognised as income).

Analysis of the business model

The business model represents how the financial instruments are managed in order to generate cash flows and income.

In its different business lines, the Bank uses several business models. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- value, frequency, purpose of sales of assets realised or expected.

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Held to collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Held to collect and Sell" business model);
- and a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

Fair value option

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of related financial assets and liabilities (accounting mismatch).

CLASSIFICATION OF FINANCIAL LIABILITIES

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

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

Derivative financial assets and liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.3).

RECLASSIFICATION OF FINANCIAL LIABILITIES

Reclassification of financial assets are only required in the exceptional event that the Bank changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

INITIAL RECOGNITION

Purchases and sales of financial assets recorded under *Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income* are recognised in the balance sheet at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to statement of net income and unrealized or deferred gains and losses on the accounting category of the relevant financial assets. Loans, receivables and securities at amortised cost are recorded in the balance sheet on the date they are paid or at the maturity date for invoiced services.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in the net income statement or in statement of net income and unrealized or deferred gains and losses, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Bank.

When initially recognised, financial assets and liabilities are measured at fair value including transaction costs directly attributable to their acquisition or issuance, except for financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

If the initial fair value is based on observable market data, any difference between the fair value and the transaction price, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation parameters are not observable or the valuation models are not recognised by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognised in the income statement over the lifetime of the instrument.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Bank derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Bank has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Bank also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party (“pass-through agreement”) and for which it has transferred substantially all the risks and rewards.

Where the Bank has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Bank derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset’s transfer. If the Bank has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in the income statement on the prepayment date among *Interest and similar income*.

The Bank derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Bank has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations, or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Basic financial assets (SPPI) are debt instruments which mainly include:

- cash and cash equivalents,
- fixed-rate loans,
- variable-rate loans that can include caps or floors,
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities),
- securities purchased under resale agreements (reverse repos),
- guarantee deposits paid,
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum.

Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments,
- shares and other equity instruments held by the entity,
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.).

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

The Bank has defined “significant” as:

- At each interest period of the asset, a difference higher than the threshold defined as the lower amount between of 10% of undiscounted SPPI compliant cashflows and EUR 1 million;
- Cumulatively over the lifetime of the asset, a difference higher than the threshold defined as the lower amount between 5% of the cumulated SPPI compliant cashflows and EUR 1 million.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Note 3.1. – Cash due from central banks

(in EUR thousand)	12.31.2024	12.31.2023
Cash	-	6
Balances with central banks	12 685 077	11 769 197
Total	**12 685 077**	**11 769 203**
Mandatory reserves for Central Bank of Luxembourg	*285 203*	*266 698*

Note 3.2. – Financial assets and liabilities at fair value through profit or loss

OVERVIEW OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR thousand)	12.31.2024		12.31.2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	53 129	60 102	92 522	93 704
Financial instruments mandatorily at fair value through profit or loss	1 624 011	-	1 540 836	-
Financial instruments designed at fair value through profit or loss	-	-	-	984
Total	**1 677 140**	**60 102**	**1 633 358**	**94 688**

1. TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading book contains financial assets and liabilities held or accrued for the purpose of capital markets activities.

By default, derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.3).

The financial instruments recorded in the trading portfolio are measured at fair value at the balance sheet date and recognised in balance sheet under *Financial assets or liabilities measured at fair value through profit or loss.* Changes in their fair value and revenues (except interests) are recorded in the income statement as *Net gains and losses on financial instruments at fair value through profit or loss.*

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired with the intention of selling them in the short term; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss. The trading portfolio of the Bank is strictly composed of financial derivatives. As at December 31, 2024 and 2023, trading portfolio is composed of trading derivatives.

ASSETS

(in EUR thousand)	12.31.2024	12.31.2023
Interest rate instruments	5 557	17 087
Foreign exchange instruments	34 753	15 611
Equity and index instruments	8 459	55 503
Other trading instruments1	4 360	4 321
Total	**53 129**	**92 522**

LIABILITIES

(in EUR thousand)	12.31.2024	12.31.2023
Interest rate instruments	13 636	21 802
Foreign exchange instruments	33 617	12 087
Equity and index instruments	8 489	55 502
Other trading instruments[1]	4 360	4 313
Total	**60 102**	**93 704**

(1) Other trading instruments are mainly composed of structured optional products traded with clients (back-to-back activities).

2. FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and other debt securities that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments).
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Bank at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These financial assets are recorded at fair value in the balance sheet under *Financial assets measured at fair value through profit or loss* and changes in the fair value of these instruments (excluding interest income) are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

BREAKDOWN OF FINANCIAL ASSETS MEASURED MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR thousand)	12.31.2024	12.31.2023
Bonds and other debt securities	1 584 303	1 518 448
Shares and other equity securities	39 708	22 388
Total	**1 624 011**	**1 540 836**

TRADING STATUS OF ASSETS

The public trading status of assets as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Publicly traded financial assets mandatorily measured at fair value through profit or loss	1	1
Luxembourg	*1*	*1*
Other countries	-	-
Non-publicly traded financial assets mandatorily measured at fair value through profit or loss	1 624 010	1 540 835
Total	**1 624 011**	**1 540 836**

3. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR thousand)	2024	2023
Gain (loss) on derivative instruments held for trading	(19 260)	(15 619)
Net income on equity instruments at fair value through profit or loss	(186 576)	(174 908)
Net income on financial instruments mandatorily measured at fair value through profit or loss	(1 842)	27 580
Net gain/loss on fair value hedging instruments	(42 518)	(30 510)
Revaluation of hedged items attributable to hedged risks	42 543	30 201
Net gain (loss) on foreign exchange transactions	49 667	65 387
Total	**(157 986)**	**(97 869)**

4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE

ACCOUNTING PRINCIPLES

In addition to financial assets and liabilities held for trading, and financial assets measured mandatorily at fair value through profit or loss, the same headings in the financial statements include non-derivative financial assets and liabilities that the Bank has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in the income statement under Net gains or losses on financial instruments at fair value through profit or loss. Interest income is recorded in the income statement as Interest and similar income.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

Furthermore, in order to simplify their accounting treatment by avoiding the separate recognition of embedded derivatives, the Bank applies the fair value option to convertible bonds that are not held for trading purposes.

ASSETS

As at December 31, 2024, as well as at December 31, 2023, the Bank does not hold any asset recorded under *Assets at fair value through profit and loss using fair value option.*

LIABILITIES

As at December 31, 2024, the Bank holds structured deposits for EUR nil in liabilities at fair value through profit and loss using fair value option. As at December 31, 2023 the Bank held structured deposits for EUR 984 thousand.

Note 3.3. – Financial derivatives

MAKING IT SIMPLE

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various in their nature (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as well as in their forms (forward contracts, swaps, calls and puts…).

The Bank may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Bank may also use derivative instruments to manage and hedge its own risks. In this case, they are qualified as hedging derivatives. Hedging transactions can affect individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives by default, unless they are designated as hedging instruments for accounting purposes.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument. Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Embedded derivatives are mainly options in structured products sold by the Bank.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under *Financial assets or Financial liabilities at fair value through profit or loss* under the aforementioned conditions. The host contract is classified as a financial liability and measured in accordance with its accounting category.

1. TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*.

Interest revenues linked to trading derivatives are recorded separately under *Interest and similar income / Interest and similar expense*. Trading derivatives are used by the Bank to hedge economically the transactions on structured products sold to clients or the transactions on OTC derivatives bought by clients.

BREAKDOWN OF TRADING DERIVATIVES COMMITMENTS (NOTIONAL DERIVATIVES)

(in EUR thousand)	12.31.2024		12.31.2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	850 902	850 902	1 242 166	1 242 166
Foreign exchange instruments	7 515 983	7 502 666	4 713 434	4 742 022
Equities & index Instruments	48 109	51 124	868 234	871 110
Commodities Instruments	1 372	1 372	2 102	2 102
Other trading instruments	691 245	691 245	853 617	853 617
Total	**9 107 611**	**9 097 309**	**7 679 553**	**7 711 017**

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Bank made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (equities and similar securities) are not eligible for hedge accounting regardless of their accounting classification.

In the context of the sharp increase of interest rates, the Bank has not observed any ineffectiveness outside the IAS 39 boundaries of 80-125% or disappearance of hedged items that could lead to the termination of its hedging relationships.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Bank sets up Hedging derivatives. From an accounting standpoint, the Bank designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments that are hedged.

To designate an instrument as a hedging derivative, the Bank must document the hedging relationship in detail, from the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

A derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%.

Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each month retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above hedge accounting in discontinued.

Hedging derivatives are recognised in the statement of financial position under *Hedging derivatives*. The purpose of these hedges is to protect the Bank against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the statement of financial position.

FAIR VALUE HEDGES

The purpose of these hedges is to protect the Bank against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the statement of financial position.

Changes in the fair value of the hedging derivative are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under *Interest and similar income / Interest and similar expense* – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk, which are reported in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.* To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

CASH FLOW HEDGES

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet. The purpose of these hedges is to protect the Bank against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed via a sensitivity analysis based on probable market input trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as *Unrealised or deferred gains and losses* for their effective portion, while the ineffective portion is recognised under *Net gains and losses on financial instruments at fair value through profit or loss*. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under *Interest and similar income / Interest and similar expense* symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. Amounts previously recognised directly in equity are reclassified under *Interest similar income / interest and similar expense* in the income statement over the periods during which interest income is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected, unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

PORTFOLIO HEDGES (MACRO-HEDGE)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from clients' deposits.

The Bank documents a macro fair value hedge of fixed rate assets and liabilities portfolios and applies the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk through profit or loss*.

The Bank documents a macro cash flow hedge and applies the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Bank result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

BREAKDOWN OF HEDGING DERIVATIVES

	12.31.2024		12.31.2023	
(in EUR thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge	**73 037**	**18 957**	**100 096**	**2 325**
Interest rate instruments*	73 037	18 957	100 096	2 325
Cash flow hedge	**18 218**	**56**	**56 403**	**274**
Interest rate instruments	18 025	-	56 403	117
Other forward financial instruments	193	56	-	157
Total	**91 255**	**19 013**	**156 499**	**2 599**

**o/w macro fair value hedging assets as at 12.31.2024: EUR 20 093 thousand (12.31.2023: 21 933 thousand).*

The Bank sets up hedging relationships recognised for accounting purposes as fair value and cashflows hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued, fixed-rate securities and fixed-rate customers deposits) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Through some of its operations, the Bank is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

BREAKDOWN OF HEDGING DERIVATIVES (NOTIONAL AMOUNTS)

DERIVATIVE ASSETS (NOTIONAL AMOUNT)

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Interest rate instruments	3 601 866	3 616 475
Other forward financial instruments	3 275	1 113
Total	**3 605 141**	**3 617 588**

DERIVATIVE LIABILITIES (NOTIONAL AMOUNT)

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Interest rate instruments	3 601 866	3 616 475
Other forward financial instruments	-	-
Total	**3 601 866**	**3 616 475**

BREAKDOWN OF NET GAINS/LOSSES ON HEDGING TRANSACTIONS

(in EUR thousand)	**2024**	**2023**
Net gain/loss on hedging transactions		
Net gain/loss on fair value hedging derivatives	*(42 518)*	*(30 510)*
Revaluation of hedged items attributable to hedged risks	*42 543*	*30 201*
Ineffective portion of cash flow hedge	*(15 924)*	*(16 129)*
Total of net gains and losses on financial instruments at fair value through profit or loss from hedging transactions	**(15 899)**	**(16 438)**

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

These items are presented according to the contractual maturity of the financial instruments.

(in EUR thousand)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	12.31.2024
Interest rate instruments	337 000	379 678	1 700 774	1 184 414	**3 601 866**
Foreign exchange instruments	-	-	-	-	**-**
Equity and index instruments	-	-	-	-	**-**
Other forward financial instruments	-	-	3 275	-	**3 275**
Total	**337 000**	**379 678**	**1 704 049**	**1 184 414**	**3 605 141**

(in EUR thousand)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	12.31.2023
Interest rate instruments	37 500	1 053 500	2 073 216	452 259	3 616 475
Foreign exchange instruments	-	-	-	-	-
Equity and index instruments	-	-	-	-	-
Other forward financial instruments	-	-	1 113	-	1 113
Total	**37 500**	**1 053 500**	**2 074 329**	**452 259**	**3 617 588**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	12.31.2024		
(in EUR thousand)	Carrying amount	Cumulative change in the fair value	Change in the fair value booked during the year
Hedge of interest rate risk	**3 097 711**	**(61 200)**	**36 630**
Hedged assets	1 068 633	(54 736)	20 465
Due from banks, at amortised cost	-	-	-
Customer loans, at amortised cost	*45 937*	*(7 663)*	*1 446*
Securities at amortised cost	-	-	-
Financial assets at fair value through other comprehensive income	*1 022 696*	*(47 073)*	*19 019*
Hedged liabilities	2 029 078	(6 464)	16 165
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits (macro hedged)	*2 029 078*	*(6 464)*	*16 165*
Subordinated debts	-	-	-
Hedge of currency risk	-	-	-
Hedged assets	-	-	-
Customer loans, at amortised cost	-	-	-
Hedged liabilities	-	-	-
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	-	-	-
Hedge of equity risk	-	-	-
Hedged liabilities	-	-	-
Other liabilities	-	-	-
Total	**3 097 711**	**(61 200)**	**36 630**

(in EUR thousand)	12.31.2023 Carrying amount	Cumulative change in the fair value	Change in the fair value booked during the year
Hedge of interest rate risk	**2 443 053**	**(97 830)**	**26 640**
Hedged assets	1 374 898	(75 201)	49 269
Due from banks, at amortised cost	-	-	-
Customer loans, at amortised cost	*45 191*	*(9 109)*	*3 553*
Securities at amortised cost	-	-	-
Financial assets at fair value through other comprehensive income	*1 329 707*	*(66 092)*	*45 716*
Hedged liabilities	1 068 155	(22 629)	(22 629)
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	1 068 155	(22 629)	(22 629)
Subordinated debts	-	-	-
Hedge of currency risk	-	-	-
Hedged assets	-	-	-
Customer loans, at amortised cost	-	-	-
Hedged liabilities	-	-	-
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	-	-	-
Hedge of equity risk	-	-	-
Hedged liabilities	-	-	-
Other liabilities	-	-	-
Total	**2 443 053**	**(97 830)**	**26 640**

(in EUR thousand)	12.31.2024 Commitments (notional amounts)	Fair value [1] Assets	Fair value [1] Liabilities	Change in fair value booked during the year	Ineffectiveness recognised during the year
Hedge of interest rate risk	**3 141 866**	**73 037**	**18 957**	**(42 518)**	**25**
Firm instruments – Swaps	3 141 866	73 037	18 957	(42 518)	25
For hedged assets	*1 119 252*	*52 937*	*3 518*	*(26 224)*	*211*
For hedged liabilities	*2 022 614*	*20 100*	*15 439*	*(16 294)*	*(186)*
Options	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-
Firm instruments	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-
For hedged assets	-	-	-	-	-
Hedge of equity risk	-	-	-	-	-
Options	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Total	**3 141 866**	**73 037**	**18 957**	**(42 518)**	**25**

(1) The fair value of interest rate hedging derivatives includes accrued interests.

(in EUR thousand)	12.31.2023 Commitments (notional amounts)	Fair value (1) Assets	Fair value (1) Liabilities	Change in fair value booked during the year	Ineffectiveness recognised during the year
Hedge of interest rate risk	**2 497 475**	**100 096**	**2 325**	**(30 510)**	**(309)**
Firm instruments – Swaps	2 497 475	100 096	2 325	(30 510)	(309)
For hedged assets	*1 451 949*	*78 160*	*2 325*	*(53 353)*	*(495)*
For hedged liabilities	*1 045 526*	*21 936*	-	*22 843*	*186*
Options	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-
Firm instruments	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-
For hedged assets	-	-	-	-	-
Hedge of equity risk	-	-	-	-	-
Options	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Total	**2 497 475**	**100 096**	**2 325**	**(30 510)**	**(309)**

(1) The fair value of interest rate hedging derivatives includes accrued interests.

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. As at December 31, 2024 and 2023, hedged items are composed of customers deposits (Note 3.6.2.) with floating interest rates mainly in EUR and USD. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

(in EUR thousand)	12.31.2024 Change in the fair value	12.31.2023 Change in the fair value
Hedge of interest rate risk		
Hedged assets		
Due from banks, at amortised cost	-	-
Customer loans, at amortised cost	-	-
Securities at amortised cost	-	-
Financial assets at fair value through other comprehensive income	-	-
Customer loans (macro hedged)	-	-
Hedged liabilities		
Debt securities issued	-	-
Due to banks	-	-
Customer deposits	-	-
Subordinated debts	-	-
Customer deposits (macro hedged)	*20 562*	*(10 839)*
Forecast transactions	-	-
Total	**20 562**	**(10 839)**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING ITEMS

12.31.2024

(in EUR thousand)	Commitments (notional amounts)	Fair value – Assets	Fair value – Liabilities	Changes in fair value recorded during the year – Portion booked in unrealised or deferred gains and losses	Changes in fair value recorded during the year – Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**460 000**	**18 025**	**-**	**(20 559)**	**(15 924)**	**2 315**
Firm instruments – Swaps	460 000	18 025	-	(20 559)	(15 924)	2 315
For hedged assets	*460 000*	*18 025*	-	*(20 559)*	*(15 924)*	*2 315*
For hedged liabilities	-	-	-	-	-	-
Firm instruments – FRAs	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-	-
Firm instruments	-	-	-	-	-	-
For hedged assets	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Hedge of equity risk	**3 275**	**193**	**56**	**97**	-	**17**
Other forward financial instruments	3 275	193	56	97	-	17
For hedged future transactions	*3 275*	*193*	*56*	*97*	-	*17*
Total	**463 275**	**18 218**	**56**	**(20 462)**	**(15 924)**	**2 332**

12.31.2023

(in EUR thousand)	Commitments (notional amounts)	Fair value – Assets	Fair value – Liabilities	Changes in fair value recorded during the year – Portion booked in unrealised or deferred gains and losses	Changes in fair value recorded during the year – Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**1 119 000**	**56 403**	**117**	**(23 554)**	**(16 129)**	**22 874**
Firm instruments – Swaps	1 119 000	56 403	117	(23 554)	(16 129)	22 874
For hedged assets	*1 119 000*	*56 403*	*117*	*(23 554)*	*(16 129)*	*22 874*
For hedged liabilities	-	-	-	-	-	-
Firm instruments – FRAs	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-	-
Firm instruments	-	-	-	-	-	-
For hedged assets	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Hedge of equity risk	**1 113**	**-**	**157**	**(80)**	-	**(80)**
Other forward financial instruments	1 113	-	157	(80)	-	(80)
For hedged future transactions	*1 113*	-	*157*	*(80)*	-	*(80)*
Total	**1 120 113**	**56 403**	**274**	**(23 634)**	**(16 129)**	**22 794**

Note 3.4. – Financial assets at fair value through other comprehensive income

OVERVIEW OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a. Analysis by type

(in EUR thousand)	12.31.2024	12.31.2023
Debt instruments	1 123 124	1 539 911
Bonds and other debt securities	*1 123 124*	*1 539 911*
Loans, receivables, and repurchase agreements	-	-
Equities and other variable-income instruments	-	-
Total	**1 123 124**	**1 539 911**
o/w securities deposited as collateral	*25 986*	*12 135*
o/w allowances for impairment losses	*1*	*1*

b. Public trading status of assets

(in EUR thousand)	12.31.2024	12.31.2023
Publicly traded debt instruments	1 123 124	1 539 911
Luxembourg	-	-
Other countries	*1 123 124*	*1 539 911*
Non-publicly traded debt instruments	-	-

c. Analysis by maturity

Analysis by maturity is provided in Note 9.3.

1. DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

Debt instruments (loans and receivables, bonds and bond equivalents) are classified as *Financial assets at fair value through other comprehensive income* where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Held to collect and Sell business model".

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under *Interest and similar income.*

At the reporting date, these instruments are measured at fair value, and changes in fair value, excluding income, are recorded under *Unrealised or deferred gains and losses*. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under *Cost of risk* with a corresponding entry to *Unrealised or deferred gains and losses*. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HELD TO COLLECT AND SELL"

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.

Cash management

Within the Bank, the "held to collect and sell" business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve.

BREAKDOWN OF CUMULATED UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND THAT WILL BE RECLASSIFIED SUBSEQUENTLY INTO INCOME

As at December 31, 2024, as well as December 31, 2023, there was no realized gain or loss recycled in Profit or Loss from the financial assets at fair value through other comprehensive income.

	12.31.2024		
(in EUR thousand)	Cumulated unrealized gains and losses	o/w without adjustments for credit risk	o/w adjustments for credit risk»
Unrealised gains	927	**926**	1
Unrealised losses	(5 045)	**(5 045)**	-
Total	**(4 118)**	**(4 119)**	**1**

	12.31.2023		
(in EUR thousand)	Cumulated unrealized gains and losses	o/w without adjustments for credit risk	o/w adjustments for credit risk»
Unrealised gains	5 766	**5 765**	1
Unrealised losses	(3 914)	**(3 914)**	-
Total	**1 852**	**1 851**	**1**

Note 3.5. – Floans, receivables and securities at amortised cost

	12.31.2024		12.31.2023	
(in EUR thousand)	Carrying amount	o/w impairment	Carrying amount	o/w impairment
Due from banks	28 049 925	(584)	26 084 432	(506)
Customer loans	4 985 377	(8 657)	8 029 560	(16 870)
Securities	-	-	-	-
Total	**33 035 302**	**(9 241)**	**34 113 992**	**(17 376)**

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a “Held to Collect” business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income is recorded in the income statement under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under *Cost of risk* with a corresponding impairment of amortised cost under the balance sheet assets. The applicable impairment rules are described in Note 3.8.

Loans issued by the Bank may be subject to renegotiations for commercial reasons, where the borrowing customer is not experiencing financial difficulties or insolvency.

Such efforts are undertaken for customers for which the Bank agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Renegotiated loans are derecognised at the renegotiation date, and the new loans contractualised under the renegotiated terms and conditions replace the previous loans in the balance sheet at this same date. The derecognition of the original loan can generate a gain or loss for the Bank, which is recognised in the income statement.

The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as SPPI, renegotiation fees received are included in the effective interest rate of the new instrument. The applicable renegociation rules on loans are described in Note 3.8.

BUSINESS MODEL “HELD TO COLLECT”

Under this model, financial assets are managed to realise cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset's credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset's credit risk). The Bank has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

1. DUE FROM BANKS

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Current accounts	5 321 940	5 930 356
Deposits and loans	22 562 427	19 984 277
Securities and notes sold under repurchase agreements	-	-
Related receivables	166 142	170 305
Due from banks before impairment	**28 050 509**	**26 084 938**
Impairment	(584)	(506)
Total	**28 049 925**	**26 084 432**

2. CUSTOMER LOANS

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Unsecured loans(1)	1 666 957	4 194 495
Other collaterized loans	1 603 071	1 714 602
Housing loans	801 798	723 710
Overdrafts	854 281	1 349 482
Doubtful loans	29 439	24 822
Lease Financing agreements	-	-
Subordinated loans	30 000	35 000
Related receivables	16 151	13 428
Customer loans before impairment(2)	**5 001 697**	**8 055 539**
Impairment	(8 657)	(16 870)
Revaluation of hedged items	**(7 663)**	**(9 109)**
Net customer loans	**4 985 377**	**8 029 560**

(1) Unsecured loans include exposures with related parties, which are guaranteed by Societe Generale Group, amounting EUR 691 million at as December 31, 2024 (December 31, 2023: EUR 3 656 million).

(2) As at December 31, 2024, the amount due from customers classified as Stage 3 impairment (credit impaired) is EUR 4 229 thousand compared to EUR 12 064 thousand as at December 31, 2023. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.8).

Note 3.6. – Debts

ACCOUNTING PRINCIPLES

Debts include non-derivative financial liabilities that are not measured at fair value through profit or loss.

They are recognised in the balance sheet according to the type of instrument and counterparty, under *Due to banks, Customer deposits, Debt securities issued.*

Debts are initially recognised at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are measured at period-end at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments involved. Accrued or paid expenses are recorded in profit or loss under *Interest and similar expense.*

1. DUE TO BANKS

(in EUR thousand)	12.31.2024	12.31.2023
Term deposits	21 551 542	22 382 278
Demand deposits and current accounts	892 278	902 116
Securities sold under repurchase agreements	100 225	445 537
Related payables	230 266	263 621
Total	**22 774 311**	**23 993 552**

2. CUSTOMER DEPOSITS

(in EUR thousand)	12.31.2024	12.31.2023
Demand deposits	14 811 325	15 406 888
Term deposits	8 320 194	7 060 246
Related payables	16 426	98 031
Total	**23 147 945**	**22 565 165**

3. BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(in EUR thousand)	12.31.2024	12.31.2023
Non financial corporations	1 669 192	1 969 222
Individual customers	289 390	230 905
Financial customers	12 852 743	13 206 761
Total	**14 811 325**	**15 406 888**

4. DEBT SECURITIES ISSUED

(in EUR thousand)	12.31.2024	12.31.2023
Interbank certificates and negotiable debt instruments	-	16 576
Related payables	-	154
Total	**-**	**16 730**

Note 3.7. – Interest income and expense

MAKING IT SIMPLE

Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities…).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all supported by the lender for the duration of the financing agreement. The interest can also include a margin used by the lending bank to remunerate equity instruments (such as ordinary shares) that are required by prudential regulation to be issued in relation to the amount of financing granted, so as to guarantee its own solvency.

ACCOUNTING PRINCIPLES

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the income statement under *Interest and similar income and Interest and similar expense* for:

- all financial instruments measured using the effective interest rate method (instruments at amortised cost and debt instruments at fair value through other comprehensive income);
- all financial derivatives;
- all financial instruments mandatorily measured at fair value through profit and loss and;
- interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate.

Negative interest cashflows on assets are recorded under *Interest and similar expense*; positive interest cashflows on liabilities are recorded under *Interest and similar income.*

The effective interest rate discounts the future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognized in profit or loss by applying the effective interest rate to the net amount calculated by deducting the credit risk impairment applicable from the net carrying amount of the financial asset.

	2024			2023		
(in EUR thousand)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	**1 813 112**	**(1 585 386)**	**227 726**	**1 561 960**	**(1 360 700)**	**201 260**
Central banks	*445 348*	*(66)*	*445 282*	*206 582*	*(42)*	*206 540*
Bonds and other debt securities	*-*	*(517)*	*(517)*	*-*	*(1 242)*	*(1 242)*
Due from/to banks	*1 184 158*	*(1 021 572)*	*162 586*	*1 179 517*	*(908 962)*	*270 555*
Customer loans and deposits	*181 261*	*(556 222)*	*(374 961)*	*173 859*	*(437 793)*	*(263 934)*
Subordinated debt	*2 345*	*-*	*2 345*	*2 002*	*-*	*2 002*
Securities lending/borrowing	*-*	*-*	*-*	*-*	*-*	*-*
Securities purchased/sold under resale/purchase agreements and borrowings secured by notes and securities	*-*	*(7 009)*	*(7 009)*	*-*	*(12 661)*	*(12 661)*
Hedging derivatives	131 450	(59 428)	72 022	98 039	(22 129)	75 910
Financial instruments at fair value through other comprehensive income	12 383	-	12 383	22 996	-	22 996
Subtotal interest income/expense on financial instruments using the effective interest method	**1 956 945**	**(1 644 814)**	**312 131**	**1 682 995**	**(1 382 829)**	**300 166**
Financial instruments at fair value through profit or loss	72 670	-	72 670	50 357	-	50 357
Total Interest income and expense	**2 029 615**	**(1 644 814)**	**384 801**	**1 733 352**	**(1 382 829)**	**350 523**
o/w interest income from impaired financial assets	*1 009*	*-*	*1 009*	*1 354*	*-*	*1 354*

The interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, of which results are classified in Net gains or losses on financial transactions.

Note 3.8. – Impairment and provisions

MAKING IT SIMPLE

Some financial assets (loans, debt securities) involve credit risk which exposes the Bank to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To bear this risk, a portion of the contractual interest received by the Bank on those assets, called credit margin, compensates it.

This potential loss, or expected credit loss ("ECL"), is recognised in profit or loss without waiting the occurrence of a default event on a specific counterparty.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Bank, is recognised in profit or loss under *Cost of risk*. On the balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in profit or loss represent initially the credit losses expected by the Bank over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk. The losses are then reassessed if the counterparty or issuer of the security is in default.

For financial assets measured at fair value through profit or loss (including instruments held by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participant, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

RECOGNITION OF EXPECTED CREDIT LOSSES

Debt instruments classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income and income to be received, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as presented in the next page.

OBSERVED DETERIORATION IN CREDIT RISK SINCE INITIAL RECOGNITION OF THE FINANCIAL ASSET

CREDIT RISK CATEGORY	**STAGE 1** PERFORMING ASSETS	**STAGE 2** UNDER-PERFORMING OR DOWNGRATED ASSETS	**STAGE 3** CREDIT-IMPAIRED OR DEFAULTED ASSETS
Transfer criteria	Initial recognition of the instrument in stage 1 ▶ *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument has become credit-impaired / 90 days past due
Measurement of credit risk	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

EXPOSURES CLASSIFIED IN STAGE 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

EXPOSURES CLASSIFIED IN STAGE 2

To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Bank using all available past and forward-looking data (behavioral scores, loan to value indicators, macroeconomic forecast scenarios, etc.). This assessment of changes in credit risk takes into account the following three criterias:

- The counterparty's credit rating

The Bank analyses changes in the counterparty's credit rating, as well as any changes in its operating sector, in macroeconomic conditions and in the behaviors of the counterparty that may, above and beyond the review of the credit rating, be a sign of deteriorating credit risk.

If, after a review, a counterparty is deemed "sensitive" (related to credit indicators alert), all contracts between the Bank and this counterparty are transferred into Stage 2 and the related impairment and provisions are increased up to the lifetime expected credit losses. Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 2.

- The magnitude of the change in a counterparty's credit rating

This magnitude is assessed on a contract-by-contract basis, from the date of their initial recognition to the balance sheet date. To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogenous portfolio of contracts (notion of risk segment) and are calculated based on the probability-of-default curves for each (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). The thresholds are therefore differentiated based on the one-year probability of default curves; this assumes there is no distortion with respect to any comparison made with the lifetime probability-of-default curves.

- The existence of payments more than 30 days past due

There is a rebuttable presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

Once any one of these three criteria is met, the instrument is transferred from Stage 1 to Stage 2, and the related impairments or provisions are adjusted accordingly.

The first two criteria are symmetrical: a sufficient improvement in the credit rating, or removal from the watch list of sensitive counterparties, results in a return to Stage 1.

EXPOSURES CLASSIFIED IN STAGE 3

To identify Stage 3 exposures (default or credit-impaired exposures), the Bank determines whether there is an objective evidence of impairment (default event):

- a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Bank;
- concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties that would not have been granted in other circumstances;
- payments more than 90 days past due (with the exception of restructured loans during the probation period, which are deemed subject to impairment as of the first missed payment), whether or not a collection procedure is instigated;
- or, even in the absence of missed payments, the existence of probable credit risk or litigious proceedings (bankruptcy, court-ordered settlement or compulsory liquidation).

The Bank applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the Bank's exposures with the said debtor.

In case an exposure returns to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred in Stage 1. This probation period in Stage 2 is from six months to two years according to the nature of the risk portfolio to which the exposures belong.

MEASUREMENT OF DEPRECIATION AND PROVISION

Stage 1 exposures are impaired for the amount of credit losses that the Bank expects to incur within 12 months (12-months expected credit losses), based on past data and the current data information available on the counterparty and the exposure. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Bank expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in profit or loss under *Cost of risk*.

ESTIMATION OF EXPECTED CREDIT LOSSES

The methodology for calculating Stage 1 and 2 expected credit losses is based on the Basel framework, which served as the basis for determining the methods for setting calculation inputs (probability of default and loss given default for exposures under the A-IRB and F-IRB approaches, and the provisioning rate for exposures under the standardised method).

Bank portfolios have been segmented to ensure that they are consistent in terms of risk characteristics and to ensure better correlation with global and local macroeconomic variables.

This segmentation factors in all specific characteristics associated with the Bank's activities. This new segmentation is consistent or equivalent to the segmentation defined in the Basel framework in order to ensure the uniqueness of past data on defaults and losses.

The forward-looking expected credit loss approach (12-months/ lifetime) is based first and foremost on the incorporation of economic forecasts in probability of default.

The main macroeconomic variable used for SG Luxembourg is the economic growth of Luxembourg.

IFRS 9 expected credit losses are calculated using the probabilised average of 3 macroeconomic scenarios, established by SG Group economists for all entities of the Group (base scenarios and current stress scenarios, plus an optimistic scenario).

The probabilities used are based on past observations, spanning a 25-year period, of differences in outcome between the base scenario and the actual scenario (positive and negative differences).

The method is not based on expert opinion; rather it is intended to be replicated over time and updated each quarter.

The method is supplemented with a sector adjustment that increases or decreases expected credit loss in an effort to better anticipate defaults or recoveries in certain cyclical sectors.

On Private Banking perimeter, a simplified approach of expected credit losses calculation is deployed. This methodology is based on segmentation by homogeneous portfolio specification for which a provisioning rate is applied. These rates are reviewed by the business line on a quarterly basis.

Lastly, on an ancillary basis, loss allowances based on expert opinions that increase or decrease expected credit loss have been retained to factor in future risks which cannot be modelled (mainly legislative or regulatory changes). These inputs are updated at each reporting date.

RESTRUCTURED LOANS

Loans issued or acquired by the Bank may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral).

This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognized in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuration loss. This discount is equal to the negative difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to *Cost of risk* in the income statement. As a result, the amount of interest income subsequently recognised into income are still computed using the initial effective interest rate of the loan.

Post-restructuring, these financial assets are systematically classified in Stage 3 for impairment (credit-impaired exposures), as the borrowers are deemed to be in default. Stage 3 classification is maintained for at least one year, or longer if the Bank is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3, the assessment of the significant increase of credit risk will be performed by comparing the credit risk level at the closing date and the level at the initial recognition date of the loan before restructuring.

Where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognized according to the restructured terms and conditions. These new loans are then classified as financial assets measured mandatorily at fair value through profit or loss.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Bank has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(in EUR thousand)	12.31.2024	12.31.2023
Impairment of financial assets at fair value through other comprehensive income	1	1
Impairment of financial assets at amortised cost	9 634	17 376
Loans and receivables at amortised cost	9 241	17 376
Other assets at amortised cost	393	-
Total impairment of financial assets	**9 635**	**17 377**
Provisions on Financing commitments	672	700
Provisions on Guarantee commitments	1 184	149
Lump-sum provision(1)	132 000	132 000
Total credit risk provisions	**143 491**	**150 226**

(1) Please refer to Note 8.2 for more details regarding the Lump-sum provision.

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(in EUR thousand)	12.31.2023 (A)	Allocations (B)	Reversals available (C)	Net allocations (D)=(B)+(C)	Reversals used (E)	Currency and scope effects (F)	12.31.2024 (A)+(D)+(E)+(F)
Financial assets at fair value through other comprehensive income	**1**	**20**	**(21)**	**(1)**	**-**	**1**	**1**
Impairment on performing outstandings (Stage 1)	1	20	(21)	(1)	-	1	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	-	-
Financial assets at amortised cost	**17 376**	**24 911**	**(22 203)**	**2 708**	**(10 448)**	**(2)**	**9 634**
Impairment on performing outstandings (Stage 1)	5 212	19 637	(20 043)	(406)	-	(4)	4 802
Impairment on under-performing outstandings (Stage 2)	101	1 291	(789)	502	-	1	604
Impairment on doubtful outstandings (Stage 3)	12 063	3 983	(1 371)	2 612	(10 448)	1	4 228
TOTAL	**17 377**	**24 931**	**(22 224)**	**2 707**	**(10 448)**	**(1)**	**9 635**

VARIATION OF IMPAIRMENT ACCORDING TO CHANGES IN THE CARRYING AMOUNT OF FINANCIAL ASSETS

(in EUR thousand)	12.31.2023	Origination and Acquisition	Derecognition (among which write-offs) and repayments	Transfer between stages of impairment	Other variations	12.31.2024
Financial assets at fair value through other comprehensive income	**1**	**20**	**(21)**	**-**	**1**	**1**
Impairment on performing outstandings (Stage 1)	1	20	(21)	-	1	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Financial assets at amortised cost	**17 376**	**1 011**	**(11 487)**	**2 512**	**222**	**9 634**
Impairment on performing outstandings (Stage 1)	5 212	618	(796)	(429)	197	4 802
Impairment of under-performing outstandings (Stage 2)	101	393	(4)	114	-	604
Impairment on doubtful outstandings (Stage 3)	12 063	-	(10 687)	2 827	25	4 228
TOTAL	**17 377**	**1 031**	**(11 508)**	**2 512**	**223**	**9 635**

2. PROVISIONS

BREAKDOWN OF PROVISIONS

(in EUR thousand)	12.31.2023 (A)	Allocations (B)	Reversals available (C)	Net allocations (D)=(B)+(C)	Currency and scope effects (E)	12.31.2024 (A)+(D)+(E)
Financing commitments	**700**	**1 066**	**(1 094)**	**(28)**	**-**	**672**
Provisions on performing outstandings (Stage 1)	700	1 060	(1 088)	(28)	-	672
Provisions on under-performing outstandings (Stage 2)	-	6	(6)	-	-	-
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Guarantee commitments	**149**	**4 116**	**(3 081)**	**1 035**	**-**	**1 184**
Provisions on performing outstandings (Stage 1)	128	3 490	(2 838)	652	-	780
Provisions on under-performing outstandings (Stage 2)	21	626	(243)	383	-	404
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
TOTAL	**849**	**5 182**	**(4 175)**	**1 007**	**-**	**1 856**

VARIATIONS OF PROVISIONS ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

(in EUR thousand)	12.31.2023	Origination	Derecognition	Transfer between stages of impairment	Other variations	12.31.2024
FFinancing and Guarantee commitments						
Provisions on performing outstandings (Stage 1)	828	615	(101)	111	(1)	1 452
Provisions on under-performing outstandings (Stage 2)	21	118	-	265	-	404
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
TOTAL	**849**	**733**	**(101)**	**376**	**(1)**	**1 856**

3. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk only includes net allocations to impairments losses allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Bank proceeds to a write-off of irrecoverable loans and a reversal of impairment in Cost of risk when a debt is waived or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a relevant authority issues a certificate as proof that the debt is uncollectible or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case, etc…). According to this policy, the Bank doesn't proceed to partial write-off of its bad loans.

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter's fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as Amounts recovered on bad loans on the year of collection.

(in EUR thousand)	**2024**	**2023**
Cost of risk		
Net allocation to impairment losses	(2 707)	(4 760)
On financial assets at fair value through other comprehensive income	*1*	*1*
On financial assets at amortised cost	*(2 708)*	*(4 761)*
Net allocations to provisions	(1 007)	269
On financing commitments	*28*	*(69)*
On guarantee commitments	*(1 035)*	*338*
Net allocation to lump-sum provision[1]	-	(41 000)
Losses not covered on irrecoverable loans	(314)	(231)
Amounts recovered on irrecoverable loans	-	-
Other risks	**-**	**-**
Total	**(4 028)**	**(45 722)**

(1) Please refer to Note 8.2 for more details regarding the Lump-sum provision.

Note 3.9. – Fair value of financial instruments measured at amortised cost

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market inputs based on assumptions that market operators would use to set the price of the instrument in question.

The Bank analyzed the main variations in fair value of financial instruments measured at amortised cost and assessed the following:

Interest rate risk impacts mainly loans and deposits with fixed rates with maturities above 1 year. Regarding the other financial instruments at amortised cost such as debt securities and loans and deposits with variable rates or fixed rates with maturities below 1 year, the Bank considers the interest rate risk impact as non material.

With the above described approach, the fair value assessment of financial instruments measured at amortised cost is reported below as at December 31, 2024.

ASSETS

	12.31.2024				
(in EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due from banks	28 049 925	28 221 757	-	28 221 757	-
Customer loans	4 985 377	5 046 970	-	5 046 970	-
Debt securities	-	-	-	-	-
Total	**33 035 302**	**33 268 727**	**-**	**33 268 727**	**-**

ASSETS

	12.31.2023				
(in EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due from banks	26 084 432	25 824 091	-	25 824 091	-
Customer loans	8 029 560	7 896 903	-	7 896 903	-
Debt securities	-	-	-	-	-
Total	**34 113 992**	**33 720 994**	**-**	**33 720 994**	**-**

LIABILITIES

	12.31.2024				
(in EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due to banks	22 774 311	22 836 967	-	22 836 967	-
Customer deposits	23 147 945	23 153 150	-	23 153 150	-
Debt securities issued	-	-	-	-	-
Total	**45 922 256**	**45 990 117**	**-**	**45 990 117**	**-**

LIABILITIES

	12.31.2023				
(in EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due to banks	23 993 552	23 941 437	-	23 941 437	-
Customer deposits	22 565 165	22 556 994	-	22 556 994	-
Debt securities issued	16 730	16 730	-	16 730	-
Total	**46 575 447**	**46 515 161**	**-**	**46 515 161**	**-**

Note 3.10. – Shares in affiliated undertakings

ACCOUNTING PRINCIPLES

These are equity investments and shares held in associates whose long-term holding is deemed useful to the Bank's business activity and, notably, those meeting the following criteria:

- shares in companies that share directors or senior managers with SG Luxembourg under conditions which enable the exercise of significant influence over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison.

Each year, the Bank conducts an impairment test on all of its significant subsidiaries, and a value adjustment is booked whenever a permanent impairment is observed.

In the case of permanent impairment of an equity interest, a value adjustment equal to the difference between the acquisition cost and the estimated recoverable amount is recognised. The Bank regularly reviews this asset class at the end of each period and assesses whether there is any evidence that an equity interest has been impaired or recovered its value. In case of recovery of value, the impairment that were formerly recorded can be written off if the value appraisal is sustainable.

Depreciation charges or value adjustments are reported in the income statement under the heading *Value adjustment from shares in affiliated undertakings.*

Dividend income earned on these investments is booked in the income statement under *Dividends on variable income securities.*

1. AMOUNT OF AFFILIATED UNDERTAKINGS

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Consolidated ownership interests	1 092 328	1 207 894
Total	**1 092 328**	**1 207 894**

2. DETAILS OF AFFILIATED UNDERTAKINGS TRANSACTIONS

(in EUR thousand)	**Share in affiliated undertakings**
Acquisition value as at 01.01.2024	1 687 531
Acquisitions	54 816
Sales/liquidations	(33)
Reclassifications	-
Foreign exchange effect	(14 552)
Acquisition value as at 12.31.2024	**1 727 762**
Value adjustment as at 01.01.2024	(479 637)
Value adjustment allowances during the year	(158 210)
Value adjustment reversals during the year	-
Effect of reclassifications	-
Foreign exchange effect	2 413
Value correction as at 12.31.2024	**(635 434)**
Net value at close of year	**1 092 328**

Value correction as at December 31, 2024, comes from:

- the impairment of Societe Generale Private Banking Suisse S.A ("SGPB Suisse") recorded up to December 31, 2024 (EUR 508,7 million);
- the impairment of IVEFI recorded up to December 31, 2024 (EUR 54,2 million);
- the impairment of Societe Generale Financing and Distribution S.A. that was recorded in 2022 (EUR 72,6 million).

New additional impairments recorded in 2024:

- Societe Generale Private Banking Suisse S.A. impairment for EUR 131,8 million;
- IVEFI impairment for EUR 24 million.

As at December 31, 2024, participating interests before value adjustment in financial institutions amounted to EUR 1 526 984 thousand (2023: EUR 1 538 536 thousand).

As at December 31, 2024, the main share in affiliated undertakings are as follows:

(in EUR thousand)

Company	Registered office	Currencies (*)	Percentage owned directly 12.31.2024	2024 acquisition cost	Capital + reserves excluding net income for 2024 12.31.2024	Net income for 2024	Currency effect on acquisition cost for 2024	Value adjustment 12.31.2024
Societe Generale Private Banking Suisse S.A. (1)	Switzerland	CHF	100,00%	886 777	251 506	4 376	(14 552)	(508 684)
Societe Generale Private Banking (Monaco) S.A.	Monaco	EUR	100,00%	7 980	123 862	24 659	-	-
SGBT CI S.A.	Luxembourg	EUR	100,00%	72 688	64 843	7 927	-	-
SG Issuer S.A.	Luxembourg	EUR	99,80%	2 636	2 200	234	-	-
SGBT Finance Ireland Limited(2)	Ireland	EUR	100,00%	100	(1 748)	2 140	-	-
Montalis Investment B.V. (2)	The Netherlands	EUR	95,00%	1 900	1 981	204	-	-
Societe Generale Private Wealth Management S.A.	Luxembourg	EUR	100,00%	3 999	7 015	12 572	-	-
Societe Generale Life Insurance Broker S.A.	Luxembourg	EUR	100,00%	500	551	811	-	-
Sogelife S.A.	Luxembourg	EUR	39,86%	81 166	325 433	35 049	-	-
Societe Generale Ré S.A. (4)	Luxembourg	EUR	0,00%	-	-	-	-	-
Societe Generale Capital Market Finance S.A.	Luxembourg	EUR	100,00%	9 002	158 284	673	-	-
Societe Generale Financing and Distribution S.A.	Luxembourg	EUR	100,00%	123 400	50 936	11 660	-	(72 553)
Société immobilière de l'Arsenal (2)	Luxembourg	EUR	100,00%	4 612	83	2 867	-	-
IVEFI S.A. (3)	Luxembourg	EUR	100,00%	417 201	345 278	17 381	-	(54 197)
Societe Generale Luxembourg Leasing	Luxembourg	EUR	100,00%	801	2 241	3 614	-	-
SGL Ré S.A	Luxembourg	EUR	100,00%	70 000	80 677	18 346	-	-
Societe Generale Luxembourg Credit Insurance	Luxembourg	EUR	100,00%	45 000	48 409	8 565	-	-

(1) The affiliated undertaking has been sold after the year-end, please refer to Note 3.12 and Note 11 – Events after the date of balance sheet.

(2) In the opinion of the Bank's Board of Directors, the valuation of the participating interest at December 31, 2024, does not justify the recognition of a permanent impairment.

(3) In the opinion of the Bank's Board of Directors, the valuation of the participating interest at December 31, 2024, does not justify an additional recognition nor a reversal of the permanent impairment

(4) Liquidation of Societe Generale Ré S.A. in June 2024

(*) Functional currencies of the affiliated entities.

Note 3.11. – Commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit and loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for Impairment and provisions (see Note 3.8).

GUARANTEE COMMITMENTS

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of the failure of a specified debtor to make a payment at maturity at the initial or modified terms in the debt instrument.

When considered as non-derivative financial instruments, financial guarantees issued by the Bank are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for guarantee commitments given is recognised on the liabilities side of the balance sheet (see Note 8.2).

SECURITIES COMMITMENTS

Securities bought and sold, which are booked under *Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost* are recognised on the off-balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognized on the off-balance sheet. Changes in the fair value of securities measured at fair value through profit or loss and securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or equity, depending on the accounting classification of the securities.

FIDUCIARY ASSETS

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the balance sheet, as they are not assets of the Bank.

1. COMMITMENTS GRANTED

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act. Guarantees and standby letters of credit carry a similar credit risk to loans.

CREDIT LINES AND FINANCING COMMITMENTS

(in EUR thousand)	12.31.2024	12.31.2023
Loan commitments	**4 569 769**	**1 752 874**
To banks	2 990 002	554 928
To customers	1 579 767	1 197 946

GUARANTEES AND SECURITIES COMMITMENTS

(in EUR thousand)	12.31.2024	12.31.2023
Guarantee commitments	**984 080**	**766 727**
On behalf of banks	*384 910*	*251 972*
On behalf of customers	*599 170*	*514 755*
Securities commitments	**433 455**	**270 643**

2. ASSETS PLEDGED AS SECURITIES

(in EUR thousand)	12.31.2024	12.31.2023
Book value of assets pledged as security for transactions in financial instruments	141 622	515 421
Total	**141 622**	**515 421**

3. ASSETS UNDER MANAGEMENT

(in EUR thousand)	12.31.2024	12.31.2023
Fiduciary transactions	4 289 426	6 315 667
Total	**4 289 426**	**6 315 667**

The Bank provides management and representation services to third parties, particularly wealth management services, custody and administration of securities, fiduciary representation and agent functions. A fiduciary issuance program has been launched by Societe Generale Luxembourg in 2017, according to the Luxembourg Law of the March 27, 2003 on fiduciary operations.

During 2024, the Bank issued 2 fiduciary notes in EUR for a nominal amount of EUR 2,2 billion.

As at December 31, 2024, the Bank had 29 outstanding notes (December 31,2023: 61), not listed on stock exchanges, amounting to EUR 4,0 billion (December 31,2023: 6,0 billion).

- 9 notes in EUR for a nominal amount of EUR 2,3 billion and an outstanding amount of EUR 2,2 billion (December 31, 2023: 36 notes in EUR for a nominal amount of EUR 4,4 billion and an outstanding amount of EUR 3,2 billion);
- 17 notes in JPY for a nominal amount of JPY 139,4 billion and an outstanding amount of JPY 142,6 billion (December 31, 2023: 20 notes in JPY for a nominal amount of JPY 390,7 billion and an outstanding amount of JPY 268,4 billion);
- 2 notes in USD for a nominal amount of USD 702,7 million and an outstanding amount of USD 869,6 million (December 31, 2023: 2 notes in USD for a nominal amount of USD 688 million and an outstanding amount of 866,7 million);
- 1 note in CHF for a nominal amount of CHF 2,5 million and an outstanding amount of CHF 2,8 million (December 31, 2023: 1 note in CHF for a nominal amount of CHF 300 million and an outstanding amount of CHF 279,9 million);
- 0 notes in GBP (December 31, 2023: 1 note in GBP for a nominal amount of GBP 3 million and an outstanding amount of GBP 5,9 million);
- 0 notes in SGD (December 31, 2023: 1 note in SGD for a nominal amount of SGD 7 million and an outstanding amount of SGD 8,1 million).

The Group fiduciary issuance with the Parent Company Societe Generale represents EUR 104.1 million as at December 31, 2024 (December 31, 2023: EUR 377.3 million). The total amount of fiduciary transactions also includes other single fiduciary operations with some corporate client.

Note 3.12. – Companies with shareholdings in the process of being sold

ACCOUNTING PRINCIPLES

Shares in affiliated undertakings which are in the process of being sold are measured at their carrying value, which corresponds to the value to be recovered through a sale of the participation.

Accounting principles applicable to the shares in affiliated undertakings which are in the process of being sold are the same as in Note 3.10.

(in EUR thousand)

Company	Registered office	Currencies	Percentage owned directly 12.31.2024	2024 acquisition cost	Capital + reserves excluding net income for 2024 12.31.2024*	Net income for 2024*	Currency effect on acquisition cost for 2024	Value adjustment 12.31.2024
Societe Generale Private Banking Suisse S.A.	Switzerland	CHF	100.00%	886 777	251 506	4 376	(14 552)	(508 684)

* *Figures based on annual report in Swiss GAAP published by the subsidiary on March 11, 2025.*

Please also refer to Note 11 Events after the date of the balance sheet.

NOTE 4 – OTHER ACTIVITIES

Note 4.1. – Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under *Interest and similar income and Interest and similar expense* (see Note 3.7).

Sundry services provided includes the fees from customers from the other activities (in particular interchange fees funds management fees or fees on insurance products sold within the network).

The Bank recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services custody fees or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity finder's fees, received arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation whether they are paid in kind or in cash, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities (see Note 4.3):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities:

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

	2024			2023		
(in EUR thousand)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	**442**	**(1 113)**	**(671)**	**343**	**(1 664)**	**(1 321)**
Transactions with customers	**35 340**	**-**	**35 340**	**32 808**	**-**	**32 808**
Financial instruments operations	**91 730**	**(68 668)**	**23 062**	**84 600**	**(65 491)**	**19 109**
Securities transactions	44 243	(68 315)	(24 072)	41 112	(64 792)	(23 680)
Primary market transactions	44 145	-	44 145	39 292	-	39 292
Foreign exchange transactions and financial derivatives	3 342	(353)	2 989	4 196	(699)	3 497
Loan and guarantee commitments	**2 338**	**(78)**	**2 260**	**1 726**	**(418)**	**1 308**
Sundry service	**111 602**	-	**111 602**	**100 536**	-	**100 536**
Asset management fees	*46 345*	-	*46 345*	*42 725*	-	*42 725*
Means of payment fees	*4 456*	-	*4 456*	*4 194*	-	*4 194*
Fund administration fees and custody fees	*60 801*	-	*60 801*	*53 617*	-	*53 617*
Others[1]	**26 394**	**(21 743)**	**4 651**	**25 120**	**(18 453)**	**6 667**
Total	**267 846**	**(91 602)**	**176 244**	**245 133**	**(86 026)**	**159 107**

(1) Mainly relates to fund distribution activities indemnity fees and management fees.

Note 4.2. – Income and expenses from other activities

ACCOUNTING PRINCIPLES

Other activities gather all services that are not directly in scope of banking activities. The income and expense from other activities mainly relate to:

- Sundry activities that are not the main banking activities but are considered as an extension to banking services;
- Non-financing services.

(in EUR thousand)	2024	2023
Income from other activities		
Other income from banking activities	2 322	329
Tax reinvoicing	348	190
Other miscellaneous income (non-banking activities)	258	1
Reversal of provisions for risks associated with the banking activity	1 100	1 008
Total of income	**4 028**	**1 528**
Expenses from other activities		
Other expenses from banking operations	(1 607)	(2 523)
Other miscellaneous expenses (non-banking activities)	-	(6 938)
Allocation to provisions for risks associated with the banking activity	(534)	-
Total of expenses	**(2 141)**	**(9 461)**

Note 4.3. – Other assets and liabilities

1. OTHER ASSETS

(in EUR thousand)	12.31.2024	12.31.2023
Guarantee deposits paid (1)	59 002	88 338
Settlement accounts on securities transactions	182 941	238 185
Prepaid expenses	3 970	3 600
Miscellaneous receivables	231 444	192 239
Amounts receivable and prepayments (2)	*121 509*	*77 785*
Other(3)	*109 935*	*114 454*
Net amount	**477 357**	**522 362**

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken to be the same as their book value net of impairment for credit risk.
(2) Amounts receivable and prepayments include securities services business for EUR 12 116 thousand (2023: EUR 9 085 thousand).
(3) Other miscellaneous receivables primarly include transaction settlement, pay-off and other amounts under regularisation.

2. OTHER LIABILITIES

(in EUR thousand)	12.31.2024	12.31.2023
Guarantee deposits received [1]	75 796	165 387
Settlement accounts on securities transactions	245 948	230 222
Expenses payable on employee benefits	32 145	32 412
Deferred income	1 331	3 808
Miscellaneous payables [2]	259 511	355 160
Total	**614 731**	**786 989**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value of which is taken to be the same as their book value.

(2) Miscellaneous payables mainly include fee expenses to be paid and trade payables.

NOTE 5 – PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

MAKING IT SIMPLE

Employee benefits correspond to the compensation granted by the Bank to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it will be paid to employees or to outside social security agencies;
- whether it will be paid during the annual reporting period or to be paid by the Bank in the future as entitlements to employees (pension plans, retirement benefits…);
- whether it will be paid in cash or in Societe Generale shares (free share plans, stock options).

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- Short-term employee benefits which are employee benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- Termination benefits.

Note 5.1. – Personnel expenses

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and long-term benefits are described in Note 5.2.

(in EUR thousand)	2024	2023
Employee compensation	(122 319)	(124 521)
Social security, social insurance and supplemental insurance	(13 115)	(14 285)
Pension expenses	(6 445)	(4 747)
Temporary employee expenses	(742)	(593)
Employee benefits linked to the profit-sharing plan	(1 405)	(1 803)
Other expenses	(632)	(577)
Total	**(144 658)**	**(146 526)**

For the financial year 2024, the Bank has an average headcount of 1 082 (at December 31, 2023: 1 082), including three persons at the branch in Italy and one at the representation office in Belgium.

Staff may be broken down as follows:

For the year ended	12.31.2024	12.31.2023
General Management	3	3
Other corporate officers	11	11
Senior managers	200	202
Other employees	868	866
Total	**1 082**	**1 082**

As at December 31, 2024, and December 31, 2023, no retirement commitments were made to former members of General Management, no guarantees were given and no advances or loans were issued to members of General Management or the bank's governance bodies. As at December 31, 2024, and December 31, 2023, no compensation was paid to Societe Generale employees in connection with their mandates as members of the Board of Directors.

EMPLOYEE BENEFITS FOR KEY MANAGEMENT PERSONNEL

Key management personnel include the authorized management of the Bank, their respective spouses and any children residing in the family home.

The remuneration allocated to SG Luxembourg's General Management amounts to EUR 1 401 thousand (2023: EUR 2 186 thousand). The main items details are as follows:

(in EUR thousand)	2024	2023
Short-term benefits	1 223	1 704
Long-term benefits	105	167
Post-employment benefits	-	-
Share-based payments	73	315
Total	**1 401**	**2 186**

Note 5.2. – Employee benefits

The Bank awards its employees:

- post-employment benefits, such as pension plans or retirement benefits.
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(in EUR thousand)	Provisions at 01.01.2024	Allocations	Reversals available	Net allocation	Reversals used	Actuarial gains and losses	Other flows	Provisions at 12.31.2024
Provisions for employee benefits	**43 454**	5 105	(5 437)	(332)	(2 537)	(1 223)	3 606	**42 968**

1. POST-EMPLOYMENT BENEFITS

ACCOUNTING PRINCIPLES

Post-employment benefits can be broken down into two categories: defined contribution pension plans and defined benefit pension plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Bank's liability to the subscriptions paid into the plan but do not commit the Bank to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

DEFINED BENEFIT PLANS

Defined benefit plans commit the Bank, either formally or tacitly, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

The Bank previously chose to finance defined benefit plans through assets held by a long-term employee benefit fund or by qualifying insurance policies. Since then, the Bank transferred employees to a defined contributions plan on voluntary basis.

Funding assets, made by funds are classified as plan assets if they are held by an entity (a fund) that is legally separated from the reporting entity and are available to be used only to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets are displayed separately in the assets of the balance sheet under financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in statement of changes in equity under *Unrealised or deferred gains and losses* and they cannot be subsequently reclassified as income.

In the Bank's financial statements, these items, that cannot be subsequently reclassified as income, are displayed separately in the statement of net income and Unrealised or deferred gain and losses, but are transferred immediately to retained earnings in the statement of changes in equity so that they are presented directly under *Retained earnings* on the liabilities side of the balance sheet.

Where a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under *Personnel expenses* for defined benefit plans consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset);
- plan settlements.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

The Bank offers a supplemental defined benefit retirement plan to all eligible employees at its headquarters in Luxembourg.

Under the defined benefit retirement plan, payment of a supplementary pension to the Luxembourg government pension starting from age 65 is planned. The goal of the business pension plan is to grant, for 35 years of service benefits equal to approximately 60% of salary at retirement, including Luxembourg Social Security.

More specifically, for 35 years of service in the Bank, the retirement benefit will be equal to 8,33% of the portion of the final pensionable salary, limited to the pension ceiling plus 62,5% of the final pensionable salary that surpasses this ceiling. The salary used for calculation purposes is the annual base salary. The pension benefit is a planned joint and survivor annuity of 60% to the survivor after retirement.

The plan allows for payment of capital instead of the planned supplemental retirement annuity. By its nature, this defined benefit retirement plan exposes SG Luxembourg to certain associated actuarial risks, such as investment risk, interest rate risk, longevity, inflation and the effect of an increase in payroll.

Investment risk	The present value of the defined benefit commitment is calculated using a discount rate determined by reference to the interest rates of high-quality corporate bonds. If the return on plan assets is below this rate, this will create a plan deficit. The plan assets are limited to those of a reduced insurance group that benefits from a guaranteed return from an insurer.
Interest rate risk	A decline in interest rates for bonds will increase the plan's commitments.
Longevity risk	The present value of the pension commitment is calculated taking into account the estimated mortality tables. The objective being to best reflect the mortality of the pension plan's participants. However, an increase in the life expectancy of participants will increase the plan's commitments.
Risk of payroll growth	The present value of the pension commitment is calculated under the assumption that the pension plan's participants' salaries will increase. Any future increase that is greater than the estimate will increase the plan's commitments.
Inflation risk	The inflation rate directly affects the changes in payrolls and the pension ceiling. An increase in the inflation rate will cause an increase in the current value of the pension commitments.

Risks related to benefits paid to beneficiaries in the event of the death of a plan participant before retirement age is insured by an insurance company.

The main assumptions used for measuring pension fund obligations are summarized below:

	12.31.2024		12.31.2023	
Discount rate	3,23%		3,15%	
Inflation rate	1,93%		2,15%	
Expected rate of return on assets	N/A		N/A	
Compensation increase rate	Age	Rate	Age	Rate
	<35 years	1,9% - 2%	<35 years	1,9% - 2%
	35 years <= age < 45 years	1% - 1,3%	35 years <= age < 45 years	1% - 1,3%
	45 years <= age < 55 years	0,3% - 0,65%	45 years <= age < 55 years	0,3% - 0,65%
	55 years <= age < 65 years	0% - 0,7%	55 years <= age < 65 years	0% - 0,7%

The discount rate used as at December 31 of the year in question is based on the yield curve for corporate bonds rated AA.

This curve is observed in October of each year based on the Merrill Lynch Index.

IAS 19R requires using the same rate for the expected return. The inflation rates used are in line with the long-term objectives of the central banks of the Euro zone.

The cost of services rendered and the net interest on net liabilities (assets) are reported under Staff expenses in profit or loss.

Following the adoption of IAS 19R, the "corridor" method is no longer used: net actuarial gains are now reported at their total amount on the liability side of the balance sheet.

Revaluations of net liabilities (assets) are reported in the other items of comprehensive income.

PENSION PLAN LIABILITIES

The pension plan's liabilities according to IAS 19R breaks down as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Defined benefit obligation	34 958	35 997
Fair value of plan assets	(159)	(182)
Net defined benefit (asset)/liability	**34 799**	**35 815**

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

(in EUR thousand)	12.31.2024	12.31.2023
Insurance contract	159	182
Equity	-	-
Bonds	-	-
Real Estate	-	-
Others	-	-
Total	**159**	**182**

CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

The reconciliation of opening and closing obligation balances related to defined benefits for the current year is as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Obligation in relation to defined benefits - Opening	**35 997**	**32 755**
Total (expense)/ revenue recognized in the income statement	2 739	2 736
Paid benefits	(2 569)	(1 631)
Transfer between group entities	(5)	(17)
Actuarial gains and losses	(1 204)	2 154
Obligation in relation to defined benefits - Closing	**34 958**	**35 997**

CHANGES IN THE FAIR VALUE OF PLAN ASSETS AND SEPARATE ASSETS

(in EUR thousand)	12.31.2024	12.31.2023
Balance as at January 1	**182**	**197**
Interest income	5	7
Expected return on plan assets	-	-
Expected return on separate assets	-	-
Actuarial gains and losses due to assets	-	-
Employee contributions	-	-
Employer contributions to plan assets	-	-
Paid Benefits	(32)	(25)
Return on assets excluding amounts included in interest income	4	3
Transfers and others	-	-
Balance as at December 31	**159**	**182**

For SG Luxembourg, the fair value of plan assets is comprised of mathematical reserves of past insurance contracts of the Group to which no contributions have been made since 1997. These reduced insurance contracts benefit from a guaranteed return by the insurer. These assets are not quoted on an active market.

SENSITIVITY ANALYSIS

Actuarial assumptions which are significant in determining pension commitments are: discount rates, inflation and future payroll growth.

The calculation's sensitivity to these individual key assumptions was analyzed on the date of the calculation, i.e. December 31, 2024, using the same projection method (projected unit credit method).

The impact of each individual assumption is not representative of the potential impact of a sensitivity analysis based on combined variations of assumptions.

DBO sensitivity to a change of assumptions by +0,5%, -0,5% would have the following effect as at December 31, 2024:

12.31.2024

Sensitivity	Defined benefit obligation	Service cost	Expected expenses N+1
Discount rate (0,5%):	5,08%	4,52%	-2,27%
Discount rate +0,5%:	-4,72%	-4,18%	2,00%
Inflation rate (0,5%):	-3,18%	-3,91%	-3,66%
Inflation rate +0,5%:	3,35%	4,11%	3,85%
Salary increase +0,5%:	5,43%	6,85%	6,35%

12.31.2023

Sensitivity	Defined benefit obligation	Service cost	Expected expenses N+1
Discount rate (0,5%):	5,30%	4,70%	(2,08%)
Discount rate +0,5%:	(4,92%)	(4,38%)	1,72%
Inflation rate (0,5%):	(3,41%)	(4,13%)	(3,88%)
Inflation rate +0,5%:	3,60%	4,32%	4,06%
Salary increase +0,5%:	5,91%	7,43%	6,84%

PLAN FINANCING

Luxembourg law does not require companies to outsource pension obligations to a pension fund or an insurance group.

The Bank's retirement plan is funded directly by the payment of benefits when they become due. In order to provide the benefits expected, the Bank recognizes accounting reserves in balance sheet liabilities. The retirement plan can be considered as an internally-funded retirement plan. Pension plan liabilities are recognized in the balance sheet of the Bank while pension plan assets are included in the assets used in the Bank's business activities. Should the Bank become insolvent, a mechanism to protect pension rights is provided through insolvency insurance with the German pension security fund ("Pensionssicherungsverein" - PSV). Finally, for staff hired before 1997, a small part of the retirement obligation is funded in a former insurance group that no longer receives additional inflows of contributions. There is also a reduced hedging insurance reserve.

Plan duration:

In years	12.31.2024	12.31.2023
Plan duration	10,0	10,4

Expected future benefit payments are as follows:

	12.31.2024		12.31.2023
Years	*(in EUR thousand)*	Years	*(in EUR thousand)*
2026	1 507	2025	2 101
2027	1 188	2026	1 489
2028	1 807	2027	1 471
2029-2034	23 093	2028-2033	22 004

TREATMENT OF ENTITIES THAT PARTICIPATE IN THE PLAN BUT ARE NOT PART OF SG LUXEMBOURG'S GROUP

For entities that participate in the plan but are not part of SG Luxembourg Group, the plan is treated as a multiemployer plan.

There are two possible scenarios, depending on whether the entity does or does not have sufficient data to categorise the plan in its books as a defined benefit or defined contribution plan.

The number of employees (active or retired) benefiting from the plan in each entity must be considered as a major feature. In fact, the use of projection techniques (IAS 19R's projected unit credit method) and all demographic parameters based on a small number of people cannot give truly pertinent results and generates significant statistical volatility each time there is a change in personnel. In such cases the results could be considered insufficiently reliable.

Furthermore, some of these entities have an employee policy based on the use of employees that stay with the entity for a short period (four to five years) and come from/return to SG Luxembourg, effectively resulting in high employee turnover. Similarly, in this context, projecting these employees' compensation over the long term does not make much sense as, by design, they do not remain with the Bank although they stay with the Group.

Within this framework, and in order to prevent administrative work that does not take into account financial challenges at the SG Luxembourg's Group level, we propose that these entities treat this plan as a defined benefit plan and pay SG Luxembourg's their share of the total annual cost of financing the plan, proportional to the percentage of total eligible employees represented by the entities' employees, through a contractual agreement.

The materiality threshold has been set at 20 people (i.e. 3% of the total number of employees benefiting from the plan) as defined with the actuary in charge of the work.

TREATMENT OF ENTITIES THAT PARTICIPATE IN THE PLAN AND ARE PART OF SG LUXEMBOURG'S GROUP

Each of the entities in question (of which a list current at the time this instruction was published is provided in the Notes to the Financial Statements) have a small number of employee plan members (less than five full-time equivalent employees).

Furthermore, the various entities related to SG Luxembourg are part of the general agreements covering the reinvoicing of services that they receive (not only with respect to human resources) and also signed an agreement involving the employee and SG Luxembourg that confirms their financial contribution to the supplementary pension plan.

In light of these factors, SG Luxembourg, as the employer, may justifiably be considered to keep the total liability for these employees on its books and invoice the entities in question for their share of the financing of this plan in the form of a contribution to the plan's net expenses.

For simplicity's sake, these expenses are determined annually and invoiced on a monthly basis. The amount of these expenses is a share of the plan's total cost proportional to the percentage of total eligible employees.

This payment transaction is a related party transaction. If the entities publish notes to their financial statements in accordance with IFRS, they declare this transaction.

TREATMENT OF ENTITIES THAT DO NOT PARTICIPATE IN THE PENSION PLAN AND EMPLOY STAFF FROM AN AFFILIATED ENTITY

This occurs when Societe Generale assigns its personnel to other Societe Generale Group entities. From the employees' perspectives, they expressly benefit from the maintenance of their entitlements in the supplementary pension plan under their assignment contracts.

From the perspective of the unaffiliated entity to which an employee is assigned, it has no obligation, not even an implicit one, to the defined benefit plan. These obligations continue to be borne by the original affiliated company.

The rules of corporate law prevent a company from bearing employee-related expenses without compensation in the form of services. The original entity therefore invoices the expense of maintaining the employee's entitlements under the supplementary pension plan to the entity to which the employee is assigned, as it does for other employee benefits. Societe Generale has implemented a standard reinvoicing contract that the assigning entity must use, filling out the appendices with the various benefits due to the employee in question.

Accordingly, the accounting treatment used is the one used for intra-Group billing of payroll expenses in the entity to which an employee is assigned and for defined benefits in the original entity. Income received from each entity contributes to the financing of the plan at the original entity.

For simplicity's sake, the invoicing principles will be based on a fixed amount, defined annually in proportion to the length of time that employees are assigned to an entity and based on the annual cost of the plan and the percentage represented by assigned employees in the total number of eligible employees in the plan.

As a result, a company that is assigned two full-time employees out of a total of 800 eligible people must pay 2/800 of the net annual expense of the plan.

DEFINED CONTRIBUTION PLAN

Starting in 2015, all new incoming SG Luxembourg employees enroll in a defined contribution pension plan.

RETIREMENT CAPITAL

Retirement capital, or Early Retirement capital, is paid to Plan Members when they retire at normal retirement age or when they take early retirement, respectively.

Plan Members have the option of taking all the benefit as a pension payable monthly or taking part or all the benefit as a lump sum.

DEATH BENEFIT

If a Plan Member dies before retirement age, the retirement savings at the time of death are paid in the form of capital to the Beneficiaries designated in the event of death.

EMPLOYER CONTRIBUTIONS

Employer contributions are calculated as follows: 2,5% S1 + 9% S2

Where:

- S1 represents the portion of semester below the annual cap on contributions to Social Security in force as at the calculation date;
- S2 represents the portion of S which exceeds this cap;
- S represents January's monthly salary x 13.

The employer contribution is multiplied by the percentage of employee time as at the calculation date.

The employer contribution for the year of enrolment in the plan may be paid, in accordance with the plan's administrative provisions, in the year of enrolment or in the following year.

SG Luxembourg allocated EUR 2 420 thousand as employer contribution in 2024 (2023: 2 500) for defined benefits and defined contributions.

PERSONAL CONTRIBUTIONS

The Plan Member may elect to contribute to the Plan and can choose the monthly or annual contribution amount at the time of enrolment.

FUNDING VEHICLE

The Plan Member may choose from among three financial management and investment formulas for investing the investment of employer contributions, and for the transfer of any entitlements resulting from employer contributions.

However, according to current legal provisions, personal contributions may only be invested in a fund with a guaranteed rate of return at least equal to the rate set by the Commissariat aux Assurances (Luxembourg Insurance Commission).

FINANCE

The Bank guarantees the payment of benefits and contributions provided by the supplementary pension plan.

To accomplish this, The Bank signed a group insurance contract with the AXA insurance company.

PLAN INCOME

Amounts comprising comprehensive income related to the pension plan are as follows:

(in EUR thousand)	2024	2023
Cost of services rendered	1 624	1 561
Cost of services rendered during the reporting period	*1 624*	*1 561*
Cost of past services and profit or loss resulting from liquidation	-	-
Net interest on the net liabilities (assets)	1 110	1 168
Amounts recognised in net income	**2 734**	**2 729**
Revaluations of net liabilities (assets) to be recognised directly in equity	(1 223)	2 135
Impact of changes to demographic assumptions	-	-
Impact of changes to financial assumptions	*(804)*	*1 109*
Impact of adjustments due to experience	*(415)*	*1 029*
Return on plan assets excluding amounts included in interest income	*(4)*	*(3)*
Return on hedging assets excluding amounts included in interest income	-	-
Amount to be recognised directly in equity	**(1 223)**	**2 135**

CHANGE IN REDEMPTION RIGHTS

The reconciliation of opening and closing obligation balances of the fair value of redemption rights for the current year is as follows:

(in EUR thousand)	2024	2023
Redemption entitlements at fair value - Opening	**454**	**469**
Interest income	14	17
Employer contributions	-	-
Repaid benefits	(67)	(48)
Transfers between group entities	-	-
Return on redemption entitlements excluding amounts included in interest income	15	16
Redemption entitlements at fair value - Closing	**416**	**454**

2. LONG-TERM BENEFITS

ACCOUNTING PRINCIPLES

Long-term employee benefits are benefits other than post-employment and termination benefits that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Long-term benefits are measured and recognised in the same way as post-employment benefits, to the exception of actuarial gains and losses, which are immediately recognised in the statement of net income and unrealized or deferred gains and losses.

EMPLOYEE BENEFITS - JUBILEE AWARDS

PLANS' PROVISIONS AND ASSUMPTIONS

SG Luxembourg employees are entitled to a plan that provides for a jubilee award which is a function of their seniority in the Bank.

The defined benefit obligation corresponding to this plan was estimated according to the standard IAS 19R. For this plan, the actuarial gains and losses are immediately recognized in the income statement account.

The principal assumptions used for measuring the jubilee plan obligations are summarized below:

	12.31.2024		12.31.2023	
SG Luxembourg				
Discount rate	3,13%		4,08%	
Inflation rate	N/A		N/A	
Expected rate of return on assets	N/A		N/A	
Compensation increase rate	Age	Rate	Age	Rate
	<35 years	1,90% - 2,00%	<35 years	1,90% - 2,00%
	35 years <= age < 45 years	1,00% - 1,30%	35 years <= age < 45 years	1,00% - 1,30%
	45 years <= age < 55 years	0,30% - 0,65%	45 years <= age < 55 years	0,30% - 0,65%
	55 years <= age < 65 years	0,00% - 0,70%	55 years <= age < 65 years	0,00% - 0,70%

PLAN RESULTS

The cost associated with jubilee awards is reported under Staff expenses in income statement and breaks down as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Service cost	169	167
Financial cost	72	67
Actuarial gains and losses	136	(42)
Past service cost/curtailments	-	-
Total	**377**	**192**

CHANGES IN THE PLAN'S LIABILITIES

Change in liabilities for long-services estimated according to IAS19R can be broken down as follows:

(in EUR thousand)	2024	2023
Liability position at January 1	**1 848**	**1 826**
Net expenses recognised in profit or loss	241	234
Reassessment – residual differences	136	(42)
Paid benefits	(190)	(170)
Transfer between group entities	-	-
Liability position at December 31	**2 035**	**1 848**

NOTE 6 – INCOME TAX

MAKING IT SIMPLE

Income tax expenses are presented separately from other taxes which are classified under Other operating expenses. They are calculated according to the rates and tax regulations applicable in Luxembourg.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period.
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

ACCOUNTING PRINCIPLES

CURRENT TAXES

Current tax is based on the taxable profits of each taxable entity and determined in accordance with the rules established by the taxation authority, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the income statement.

DEFERRED TAXES

Deferred taxes are recognised whenever the Bank identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each taxable entity considering rules established by the local taxation authorities.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if the entity affected is likely to recover these assets within a set of time.

Temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forward review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognized deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognized in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognized in the income statement under Income tax. However, deferred taxes related to gains and losses recorded under *Unrealized or deferred gains and losses* are also recognized under the same heading in the statement of net income and unrealized or deferred gains and losses.

TAX INTEGRATION

Since financial year 2005, SG Luxembourg has elected to be considered as an integrated group for tax purposes ("intégration fiscale" or tax integration).

As at December 31, 2024, 16 subsidiaries were included in the tax Group filing a consolidated return (2023: 14 subsidiaries). In accordance with a tax integration agreement entered into with SG Luxembourg, some affiliates recognize in their financial statements the tax which they would have paid had they not been included in SG Luxembourg's Group tax scope.

1. INCOME TAX

(in EUR thousand)	**2024**	**2023**
Current taxes	(29 904)	(336)
Deferred taxes	(5)	17
Total taxes	**(29 909)**	**(319)**

This statutory rate combines «Impôt sur le Revenu des Collectivités” (IRC) and “Impôt Commercial Communal” (ICC).

As at December 31, 2024, the rate applied to calculate deferred taxes is 25,26 % (2023: 25,075 %).

The 2024 increase compared to 2023 of tax expense for EUR 29 million is mainly explained by the increase of the taxable income.

The table below provides the explanation for the difference between the standard tax rate in Luxembourg and the effective tax rate of the Bank as at December 31, 2024, and December 31, 2023:

(in EUR thousand)	**2024**	**2023**
Income before tax	683 637	324 664
Tax rate applicable at the end of the year	(25.26)	(25.08)
Theoretical income tax	**(172 687)**	**(81 409)**
Tax implications:		
Dividends and other tax-exempt income	*164 617*	*58 927*
Tax implications of non-deductible expenses	*(50 031)*	*(3 995)*
Tax credits and other chargeable credits	*25 053*	*14 849*
Tax credits transferred to net banking income	*(3 252)*	*(2 371)*
Reinvoicing of fiscally integrated subsidiaries	*6 391*	*13 680*
Total tax expense excluding adjustments for past periods	**(29 909)**	**(319)**
Adjustments for the year	-	-
Total income tax	**(29 909)**	**(319)**

Tax credits on income from receivables and the securities portfolio - when used to settle income tax for the year - are recognised under the same heading as the related income.

The corresponding tax charge is maintained under the heading Income tax which explains the transfer to net banking income.

The tax implications of non-taxable income stem mainly from the receipt of income from participations held by the Bank in resident and non-resident fully taxable entities eligible to the parent-subsidiary regime, enabling to avoid the economic double-taxation of said income.

2. PROVISIONS FOR TAX ADJUSTMENTS

ACCOUNTING PRINCIPLES

Provisions for tax adjustments represent liabilities whose timing or amount cannot be precisely determined. The expected outflows are then discounted to present value to determine the amount of the provision where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to the income statement under *Income tax*.

Provisions may be recorded:

- where by virtue of a commitment to a third-party the Bank will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange;
- and when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to Current taxes in the income statement under Income tax.

Information on the nature and the amount of the associated risks is not disclosed when the Bank considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

As at December 31, 2024, no provision for tax adjustment has been recorded by the Bank.

3. TAX ASSETS AND LIABILITIES

TAX ASSETS

(in EUR thousand)	12.31.2024	12.31.2023
Current tax assets	289	260
Deferred tax assets	42	38
Total Tax Assets	**331**	**298**

TAX LIABILITIES

(in EUR thousand)	12.31.2024	12.31.2023
Current tax liabilities	64 201	47 062
Deferred tax liabilities	951	7 262
Total Tax Liabilities	**65 152**	**54 324**

The change in deferred taxes is analysed as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Balance as at December 31, 2023	**(7 224)**	**(14 533)**
Items recognized directly in profit and loss	(5)	19
Items recognized directly in equity	6 320	7 290
Balance as at December 31, 2024	**(909)**	**(7 224)**

PILLAR 2: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE

In October 2021, 137 of the 140 jurisdictions of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate income tax rate of 15% on the profits by country of multinational groups with annual revenues exceeding EUR 750 million. A model of rules referred to as "Pillar 2", published by the OECD on 20 December 2021 specifies the mechanism which applies in particular in Europe and in France since the adoption of European council directive (EU) 2022/2523 and its transposition into French law by article 4 of the French Finance act for 2024. From January 1, 2024, on, the minimum level of tax will take the form of an additional "top-up" tax determined according to rules compliant with the directive. Transitional Safe Harbour set out by the OECD for the first three fiscal years also included in the law. The Luxembourg law of December 22, 2023 (as amended) incorporates the directive into Luxembourg law. The minimum level of tax will take the form of Qualifying Domestic Minimum Top-up Tax "top-up tax" determined according to rules compliant with the directive. The temporary simplification rules as provided for by the OECD for the first three financial years are also included in the Luxembourg law.

Based on 2024 data, the Pillar 2 effective tax rate estimated exceed 15% in the Luxembourgish jurisdiction. As at December 31, 2024, no top-up tax is due by the Luxembourg entities.

4. BREAKDOWN OF DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	December 31, 2024			
(in EUR thousand)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Income Statement**	**OCI**
Provisions	-	1 403	(16)	(309)
Impairment allowance for loans and advances to customers	-	-	-	-
Fair value of financial instruments through profit or loss	-	-	-	-
Revaluation of hedging derivatives	-	590	21	5 126
Revaluation of debt instruments at fair value through other comprehensive income	-	(1 042)	-	1 506
Foreign currency translation reserve	-	-	-	-
Derivative financial instruments	-	-	-	-
Net gain on hedge of net investment	-	-	-	-
Other temporary differences	42	-	(10)	(3)
Total	**42**	**951**	**(5)**	**6 320**

	December 31, 2023			
(in EUR thousand)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Income Statement**	**OCI**
Provisions	-	1 078	(9)	535
Impairment allowance for loans and advances to customers	-	-	-	-
Fair value of financial instruments through profit or loss	-	-	-	-
Revaluation of hedging derivatives	-	5 737	-	5 863
Revaluation of debt instruments at fair value through other com-prehensive income	-	464	-	892
Foreign currency translation reserve	-	-	-	-
Derivative financial instruments	-	-	-	-
Net gain on hedge of net investment	-	-	-	-
Other temporary differences	38	(17)	28	-
Total	**38**	**7 262**	**19**	**7 290**

5. DEFERRED TAX ON UNREALIZED OR DEFERRED GAINS AND LOSSES

Deferred tax on unrealized or deferred gains and loss are broken down as follows:

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Tax impact on items that will be subsequently reclassified into income	**452**	**(6 180)**
Revaluation of debts instruments at fair value through other comprehensive income	1 042	(464)
Hedging derivatives	(590)	(5 716)
On items that will not be subsequently reclassified into income	**(1 361)**	**(1 044)**
Actuarial gain / (loss) on post-employment benefits	(1 361)	(1 044)
Total	**(909)**	**(7 224)**

NOTE 7 – EQUITY

MAKING IT SIMPLE

Equity are the resources contributed to the Bank by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments (such as certain perpetual subordinated notes).

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the shareholders' equity.

The "Statement of changes in equity" presents the various changes that affect the components of equity over the reporting period.

Note 7.1. – Shareholders' equity

SHARE CAPITAL

SHAREHOLDERS' EQUITY

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Subscribed capital (A)	1 389 043	1 389 043
Share premium account	2 817	2 817
Legal reserve (B) *	138 905	138 905
Special reserves for net wealth tax (C) *	229 056	237 881
Profits carried forward from previous years and other effects on reserves	911 070	1 123 500
Gains and losses recognised directly in equity *	(420)	16 866
Net income for the year *	653 728	324 345
Total	**3 324 199**	**3 233 357**

* *Legal reserve (B) and special reserves for net wealth tax (C) are considered unavailable reserves. Part of gains and losses recognised directly in equity and of net income for the year are considered unavailable reserves under CSSF regulation 14-02, the amounts are presented in Note 7.2. below.*

(A) SUBSCRIBED CAPITAL

As at December 31, 2024, and December 31, 2023, the fully paid-up subscribed share capital amounted to EUR 1 389 043 thousand and was made up of 11 024 148 registered shares with a nominal value of EUR 126 each.

(B) LEGAL RESERVE

In accordance with legal requirements, 5% of the net income for the period must be allocated to a legal reserve. This allocation is no longer required once this reserve reaches 10% of the subscribed and paid-up share capital. The legal reserve cannot be used for dividend payments. As at December 31, 2024, the legal reserve reached 10% of the capital and amounted to EUR 138 905 thousand (2023: EUR 138 905 thousand).

(C) SPECIAL RESERVE FOR NET WEALTH TAX

For the reporting periods ended December 31, 2018 until December 31, 2024, the Bank reduced its net wealth tax liability in accordance with tax legislation; i.e. by setting up an unavailable reserve (under "Additional paid-in capital and capital reserves") in an amount equal to five times the amount of the payable wealth tax. The balance of the special reserve for wealth tax amounted to EUR 229 056 as at December 31, 2024, (December 31, 2023: EUR 237 881 thousand). This reserve is unavailable for a period of five years starting from January 1, of the year following the year that the wealth tax was charged against corporate income tax.

(in EUR thousand)	12.31.2024	12.31.2023
2018	-	42 525
2019	41 283	41 283
2020	40 139	40 139
2021	42 738	42 738
2022	41 924	41 924
2023	29 272	29 272
2024	33 700	-
Total	**229 056**	**237 881**

Note 7.2. – Dividends paid and proposed

	12.31.2024	12.31.2023
Declared and paid during the year		
Dividends on ordinary shares *(In KEUR)*	544 000	200 000
Dividends per share *(In EUR)*	49	18
Proposed for approval at Annual General Meeting (not recognized as a liability as at December 31)		
Dividends on ordinary shares *(In KEUR)*	595 000	544 000
Dividends per share *(In EUR)*	54	49

In accordance with ECB and CSSF recommendations, a EUR 544 million dividend was paid by SG Luxembourg during the year 2024. For the year 2025, a EUR 595 million dividend will be proposed for approval at Annual General Meeting on May 31, 2025.

Under CSSF regulation 14-02, amounts unavailable for distribution from gains and losses recognised directly in equity and of net income for the year represent EUR 151,7 million. The distribution of dividends on distributable amounts available is compliant with CSSF regulation 14-02.

Note 7.3. – Gains and losses recognised in unrealized or deferred gains and losses income

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	01.01.2024			Variation			12.31.2024		
(in EUR thousand)	Gross value	Tax	Net value	Gross value	Tax	Net value	Gross value	Tax	Net value
Revaluation of debt instruments at fair value through other comprehensive income	1 852	(464)	1 388	(5 970)	1 506	(4 464)	(4 118)	1 042	(3 076)
Revaluation of hedging derivatives	22 794	(5 716)	17 078	(20 462)	5 126	(15 336)	2 332	(590)	1 742
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**24 646**	**(6 180)**	**18 466**	**(26 432)**	**6 632**	**(19 800)**	**(1 786)**	**452**	**(1 334)**
Actuarial gains and losses on defined benefit plans[1]	(2 135)	535	(1 600)	3 358	(844)	2 514	1 223	(309)	914
Revaluation of equity instruments at fair value through other comprehensive income(1)	-	-	-	-	-	-	-	-	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**(2 135)**	**535**	**(1 600)**	**3 358**	**(844)**	**2 514**	**1 223**	**(309)**	**914**
Total of unrealised gains and losses	**22 511**	**(5 645)**	**16 866**	**(23 074)**	**5 788**	**(17 286)**	**(563)**	**143**	**(420)**

(1) Gains and losses presented in these items are transferred into Retained earnings at the opening of the next financial year.

NOTE 8 – ADDITIONAL DISCLOSURES

Note 8.1. – Other operating expenses

ACCOUNTING PRINCIPLES

The Bank records operating expenses, according to the type of services to which they refer and the rate of use of said services.

Other operating expenses mainly includes building maintenance and other costs, travel and business expenses and advertising expenses.

(in EUR thousand)	2024	2023
IT expenses	(23 511)	(23 793)
Telecommunications expenses	(2 576)	(3 132)
Marketing, advertising and public relations	(1 299)	(1 644)
Professional fees	(10 573)	(10 277)
Equipment leases and premises	(8 895)	(14 939)
Service and maintenance	(7 481)	(8 144)
Other general and administrative expenses(1)	(57 233)	(59 813)
Total	**(111 568)**	**(121 742)**

(1) The single resolution fund is booked in other general and administrative expenses.

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The Bank records the expenses due from its contribution to bank resolution mechanisms under *Other operating expenses*.

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE n°806/2014 of July 15, 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF) represented in Luxembourg by the “Fonds de Résolution Luxembourgeois” (Luxembourg Resolution Fund). In addition to this instrument, the “Fonds Nationaux de Résolution” (National Resolution Funds) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2024, the available financial means of the Fund reached 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions was provided through irrevocable payment commitments (IPC).

Please find below the detailed amount paid by the Bank for the Single Resolution Fund contribution:

(in EUR thousand)	2024	2023
Net contribution paid	-	22 046
IPC deposit (22.5% of net contribution applied for 2024, 15% for 2023)	-	(4 960)
Total	**-**	**17 086**

In a judgment delivered on October 25, 2023, the General Court of the European Union dismissed the action brought by a French credit institution against the Single Resolution Board (SRB) following the latter’s refusal to surrender the security deposit covering the irrevocable payment commitment made for the 2015 contribution period. The return of the deposit, requested by the institution after the withdrawal of its authorisation obtained from the European Central Bank, had been refused by the Single Resolution Board, which required, in order to honour it, the prior payment of the amount of the irrevocable payment commitment secured by this deposit. The institution concerned by this case decided to appeal the judgment of the General Court of the European Union to the European Court of Justice. Societe Generale Luxembourg will keep abreast of new developments in this matter and will analyse the possible consequences on its financial statements.

Note 8.2. – Provisions

ACCOUNTING PRINCIPLES

Under the liabilities in balance sheet, *Provisions* are comprised of provisions for financial instruments, disputes, employee benefits and income tax adjustments.

Provisions, other than those for credit risk or employee benefits, are recognized when the Bank has a present obligation (legal, contractual or implicit) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. *Provisions* are discounted when the effect of the time value of money is material using a discount rate that reflects current market assessments of the time value of money.

Provisions include provisions for credit risk related to guarantee commitments granted to third parties by the Bank and to contingent liabilities whose timing or amount cannot be precisely determined (primarily legal disputes and restructuring).

Probable losses incurred by the Bank in identifying objective evidence of credit risk related to loan and guarantee commitments are recorded in the income statement of under *Cost of risk* against a liability booked under *Provisions* in the balance sheet.

Provisions and impairments for credit risk are disclosed in Note 3.8.

Information relating to the nature and the amount of the relevant risks is not disclosed if the Bank considers that it could cause the Bank serious harm in a dispute with third parties on the matter covered by the provision.

1. BREAKDOWN OF PROVISIONS

(In EUR thousand)	Total as at 01.01.2024	Allocations	Reversals	Net allocation	Utilisation	Actuarial gains and losses	Currency and others	Total as at 12.31.2024
Provisions for employee benefits[1]	**43 454**	5 105	(5 437)	(332)	(2 537)	(1 223)	3 606	**42 968**
Provisions for litigation	**3 177**	534	(1 100)	(566)	-	-	258	**2 869**
Lump-sum provision	**132 000**	-	-	-	-	-	-	**132 000**
Fund for general banking risks	**2 251**	-	-	-	-	-	-	**2 251**
Provisions for financing commitments	**700**	1 066	(1 094)	(28)	-	-	-	**672**
Provisions for guarantee commitments	**149**	4 116	(3 081)	1 035	-	-	-	**1 184**
Other provisions[2]	**7 195**	-	(6 937)	(6 937)	-	-	(258)	**-**
Total	**188 926**	**10 821**	**(17 649)**	**(6 828)**	**(2 537)**	**(1 223)**	**3 606**	**181 944**

(1) The item "Provisions for employee benefits" primarily relates to obligations for services defined for the pension plan and jubilee awards.

(2) The line «Other provisions» correspond to a provision for future building rental charges.

(In EUR thousand)	Total as at 01.01.2023	Allocations	Reversals	Net allocation	Utilisation	Actuarial gains and losses	Currency and others	Total as at 12.31.2023
Provisions for employee benefits	**39 201**	3 987	(602)	3 385	(1 606)	2 135	339	**43 454**
Provisions for litigation	**4 187**	-	(1 008)	(1 008)	-	-	(2)	**3 177**
Lump-sum provision	**91 000**	41 000	-	41 000	-	-	-	**132 000**
Fund for general banking risks	**2 251**	-	-	-	-	-	-	**2 251**
Provisions for financing commitments	**631**	651	(582)	69	-	-	-	**700**
Provisions for guarantee commitments	**487**	372	(710)	(338)	-	-	-	**149**
Other provisions	**-**	7 195	-	7 195	-	-	-	**7 195**
Total	**137 757**	**53 205**	**(2 902)**	**50 303**	**(1 606)**	**2135**	**337**	**188 926**

2. PROVISIONS FOR LITIGATIONS AND OTHER PROVISIONS

Other provisions include provisions for restructuring, provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Entities of the Societe Generale Group, including Societe Generale Luxembourg (together referred as "Societe Generale"), are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately 150 million of American dollars from the Societe Generale entities. The Societe Generale entities are defending the action. In decisions dated November 22, 2016 and October 3, 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated February 25, 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On June 1, 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on April 29, 2022. The motion was denied by order dated October 7, 2022. Proceeding is still pending. The risk incurred by Societe Generale Luxembourg are covered by a provision in the accounts of Societe Generale S.A. following a financial guarantee provided by Societe Generale S.A. to Societe Generale Luxembourg.

3. SUPERVISORY PROVISIONS

Other than provisions for pensions and similar obligations and provisions for taxes, the provisions recorded on the liabilities side of the balance sheet include, among others, the supervisory provisions allowed by Luxembourg banking regulations.

Supervisory provisions include:

- **the lump-sum provision:** the policy of the Bank is to recognise, in line with the requirements of Luxembourg tax legislation, a lump-sum provision for risky assets as defined by prudential banking rules. This provision is intended to cover probable but as yet unidentified risks at the time the annual accounts were drawn up.
  - In accordance with the directives issued by the Director of the Tax Administration on

    December 16, 1997, the maximum percentage of the provision, which is tax-exempt, stands at 1,25% of risky and off-balance sheet assets.
  - The Bank opted not to break down the lump-sum provision in relation to the risky asset items in question but to show it in full in the item "Provisions" on the liability side of the balance sheet.
- **the fund for general bank risks:** the Bank has established a fund for general banking risks in order to cover the particular risks inherent in banking transactions in accordance with Article 63 of the Law on Bank Accounts. Appropriations to the fund are made from after-tax profits but before determination of net income and are not deductible for tax purposes.
- **AGDL/FGDL/FRL provisions:** the previous system for guaranteeing deposits and compensating investors, in force since 1989, was replaced in 2016 by a contributory scheme for guaranteeing deposits and compensating investors. Therefore, the Association pour la Garantie des Dépôts Luxembourg (Luxembourg Association for Guaranteeing Deposits, "AGDL") has been replaced by the Fonds de garantie des dépôts Luxembourg (Luxembourg Deposit Guarantee Fund, "FGDL").

  These changes result from the law of December 17, 2015, enacting into Luxembourg law European Directive 2014/59/EU on the recovery and resolution of financial institutions and Directive 2014/49/EU on deposit guarantee and investor compensation schemes.

The scheme guarantees:

i) all eligible deposits from the same depositor up to EUR 100 000 and;

ii) investments up to EUR 20 000. The law also provides that deposits resulting from specific transactions or fulfilling a social objective or even linked to specific life events are protected over and above EUR 100 000 for a period of 12 months.

Note 8.3. – Special line items with a reserve share

The amount shown under Special line items with a reserve share consisted entirely of capital gains from investments in the amount of EUR 17 255 thousand as at December 31, 2024, and December 31, 2023, resulting from the application of Article 54 of the Law on Income Tax.

Note 8.4. – Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet less depreciation, amortisation and impairment.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using a linear approach with depreciation periods for fixed assets other than buildings depending on their useful life, which is usually estimated between 3 and 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Income from other activities (Note 4.2).

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

12.31.2024

(in EUR thousand)	Gross book value as at January 1, 2024	Acquisitions	Disposals	Reclassifications	Other movements in the period	Gross value as at December 31, 2024	Accumulated depreciation and amortisation of assets at January 1, 2023	Allocations to amortisation and depreciation in the period	Impairment of assets in the period	Reversals from amortisation and depreciation in the period	Reclassifications	Net book value as at December 31, 2024
Intangible assets												
Software, EDP development costs	24 505	37	-	-	-	24 542	(23 998)	(493)	-	-	-	51
Internally generated assets	59 146	-	-	7 130	1	66 277	(49 204)	(6 392)	-	-	(1)	10 680
Assets under development	5 561	3 316	-	(7 130)	-	1 747	-	-	-	-	-	1 747
Sub-total	**89 212**	**3 353**	**-**	**-**	**1**	**92 566**	**(73 202)**	**(6 885)**	**-**	**-**	**(1)**	**12 478**
Property and Equipment												
IT Equipment	5 147	233	-	-	-	5 380	(3 100)	(527)	-	-	1	1 754
Furnitures and refurbishments	51 582	97	-	4 135	-	55 814	(39 617)	(1 913)	-	-	-	14 284
Assets under development	2 675	3 517	(1 370)	(4 135)	(1)	686	-	-	-	-	-	686
Sub-total	**59 404**	**3 847**	**(1 370)**	**-**	**(1)**	**61 880**	**(42 717)**	**(2 440)**	**-**	**-**	**1**	**16 724**
Property and equipment and other intangible assets	**148 616**	**7 200**	**(1 370)**		**-**	**154 446**	**(115 919)**	**(9 325)**		**-**	**-**	**29 202**

12.31.2023

(in EUR thousand)	Gross book value as at January 1, 2023	Acquisitions	Disposals	Reclassifications	Other movements in the period	Gross value as at December 31, 2023	Accumulated depreciation and amortisation of assets at 01 January	Allocations to amortisation depreciation in the period	Impairment of assets in the period	Reversals from amortisation and depreciation in the period	Reclassifications	Net book value as at December 31, 2023
Intangible assets												
Software, EDP development costs	24 463	42	-	-	-	24 505	(23 239)	(759)	-	-	-	507
Internally generated assets	55 250	-	-	3 896	-	59 146	(43 879)	(5 325)	-	-	-	9 942
Assets under development	4 267	5 190	-	(3 896)	-	5 561	-	-	-	-	-	5 561
Sub-total	**83 980**	**5 232**	**-**	**-**	**-**	**89 212**	**(67 118)**	**(6 084)**	**-**	**-**	**-**	**16 010**
Property and Equipment												
IT Equipment	2 737	2 410	-	-	-	5 147	(2 730)	(370)	-	-	-	2 047
Furnitures and refurbishments	39 231	1 775	-	10 576	-	51 582	(37 524)	(2 093)	-	-	-	11 965
Assets under development	901	12 479	(130)	(10 575)	-	2 675	-	-	-	-	-	2 675
Sub-total	**42 869**	**16 664**	**(130)**	**1**	**-**	**59 404**	**(40 254)**	(2 463)	**-**	**-**	**-**	**16 687**
Property and equipment and other intangible assets	**126 849**	**21 896**	**(130)**	**1**	**-**	**148 616**	**(107 372)**	**(8 547)**	**-**		**-**	**32 697**

Note 8.5. – Foreign exchange transactions

ACCOUNTING PRINCIPLES

At the date of the balance sheet, monetary assets and liabilities denominated in foreign currencies are translated into Euro at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

Forward foreign exchange transactions are recognized at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealized gains and losses are recognized in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 3.2), except when hedge accounting is applied to a cash-flow hedge transaction (see Note 3.3).

Non-monetary financial assets measured at Fair value through profit or loss and denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the spot exchange rate prevailing at the end of the period. Foreign exchanges losses or gains are recognised either in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*, or under *Unrealised and deferred gains and losses* depending on the accounting of the gains or losses relative to these assets/liabilities.

The main spot exchange rates used as at December 31, 2024, and December 31, 2023, are as follows:

(in EUR thousand)	12.31.2024	12.31.2023	
EUR 1 =	1,0389	1,1050	USD
EUR 1 =	0,8292	0,8691	GBP
EUR 1 =	0,9412	0,9260	CHF
EUR 1 =	7,4578	7,4529	DKK
EUR 1 =	11,7950	11,2405	NOK
EUR 1 =	163,06	156,33	JPY

Note 8.6. – Fees paid to statutory auditors

Further to the publication of the European regulation on audit reform, a new approval policy of the non-audit services of statutory auditors and their network was set up in 2016 to verify the compliance of these missions in relation to the new regulation before the validation by the Audit committee.

The fees paid to the Bank's independent auditors, KPMG S.à r.l. during 2024 and Ernst & Young S.A. during 2023, in relation with Societe Generale Luxembourg S.A., were as follows:

(in EUR thousand)	12.31.2024	12.31.2023
Statutory audit of the financial statements	(1 055)	(1 144)
Other assurance services*	(472)	(148)
Tax consulting services	-	-
Other services**	(75)	-
Total	**(1 602)**	**(1 292)**

* *2024 including first quarter 2024 limited review by EY for EUR 42 thousand*

** *related to reports produced in 2024 by KPMG, previously not produced by EY*

Note 8.7. – Transactions with related parties

The Bank enters into transactions with Societe Generale Group entities. Transactions with related parties are conducted at arm's length.

The following tables display the outstanding balance at year end:

1. OUTSTANDING ASSETS WITH RELATED PARTIES

	2024			
(in EUR thousand)	**Parent**	**Subsidiaries**	**Other related parties**	**Total related parties**
Financial assets at fair value through profit or loss	9 677	1 592 434	16 445	**1 618 556**
Hedging derivatives	91 255	-	-	**91 255**
Financial assets at fair value through other comprehensive income	-	-	-	**-**
Securities at amortised cost	-	-	-	**-**
Due from banks at amortised cost	21 008 662	5 868 505	2 712	**26 879 879**
Customers loans at amortised cost	91	995 529	954 648	**1 950 268**
Share in affiliated undertakings	-	1 092 328	-	**1 092 328**
Other assets	47 650	65 486	1 565	**114 701**
Total assets	**21 157 335**	**9 614 282**	**975 370**	**31 746 987**

	2023			
(in EUR thousand)	**Parent**	**Subsidiaries**	**Other related parties**	**Total related parties**
Financial assets at fair value through profit or loss	24 295	1 521 082	-	**1 545 377**
Hedging derivatives	156 499	-	-	**156 499**
Financial assets at fair value through other comprehensive income	-	-	-	**-**
Securities at amortised cost	-	-	-	**-**
Due from banks at amortised cost	19 821 244	5 915 550	(15 162)	**25 721 632**
Customers loans at amortised cost	-	744 746	4 268 941	**5 013 687**
Share in affiliated undertakings	-	1 207 894	-	**1 207 894**
Other assets	59 271	59 176	4 097	**122 544**
Total assets	**20 061 309**	**9 448 448**	**4 257 876**	**33 767 633**

2. OUTSTANDING ASSETS WITH RELATED PARTIES

	2024			
(in EUR thousand)	**Parent**	**Subsidiaries**	**Other related parties**	**Total related parties**
Financial liabilities at fair value through profit or loss	20 784	669	45	**21 498**
Hedging derivatives	19 013	-	-	**19 013**
Debt securities issued	-	-	-	**-**
Due to banks	16 159 044	6 226 837	69 936	**22 455 817**
Customers deposits	2 194	1 494 284	1 316 306	**2 812 784**
Tax liabilities	-	-	-	**-**
Other liabilities	160 504	15 556	11 768	**187 828**
Total liabilities	**16 361 539**	**7 737 346**	**1 398 055**	**25 496 940**

(in EUR thousand)	2023 Parent	Subsidiaries	Other related parties	Total related parties
Financial liabilities at fair value through profit or loss	24 296	1 098	47	**25 441**
Hedging derivatives	2 325	-	-	**2 325**
Debt securities issued	-	-	-	**-**
Due to banks	17 152 789	6 515 101	95 873	**23 763 763**
Customers deposits	14 263	1 275 359	1 532 948	**2 822 570**
Tax liabilities	-	-	-	**-**
Other liabilities	223 695	16 325	8 082	**248 102**
Total liabilities	**17 417 368**	**7 807 883**	**1 636 950**	**26 862 201**

3. OFF-BALANCE SHEET ITEMS WITH RELATED PARTIES

(in EUR thousand)	2024 Parent [(1)]	Subsidiaries	Other related parties	Total related parties
Financing commitments given	2 523 796	761 966	3 500	**3 289 262**
Financing commitments received	2 393 506	12 855	4 127	**2 410 488**
Financial guarantees given	4 068	105 000	305	**109 373**
Financial guarantees received	11 500 191	-	-	**11 500 191**
Other commitments given	5 369 870	650 479	2 768	**6 023 117**
Other commitments received	5 775 827	626 749	605	**6 403 181**
Fiduciary transactions	-	107 076	-	**107 076**
Off-balance sheet total	**27 567 258**	**2 264 125**	**11 305**	**29 842 688**

(1) The commitments towards Parent Company do not include the fiduciary notes issued by the Bank and disclosed in Note 3.11.

(in EUR thousand)	2023 Parent [(1)]	Subsidiaries	Other related parties	Total related parties
Financing commitments given	13 405	555 153	2 530	**571 088**
Financing commitments received	160 060	52 412	86	**212 558**
Financial guarantees given	37 877	105 000	305	**143 182**
Financial guarantees received	11 566 239	-	-	**11 566 239**
Other commitments given	4 607 186	625 003	2 359	**5 234 548**
Other commitments received	4 879 023	740 248	-	**5 619 271**
Fiduciary transactions	-	213 521	-	**213 521**
Off-balance sheet total	**21 263 790**	**2 291 337**	**5 280**	**23 560 407**

(1) The commitments towards Parent Company do not include the fiduciary notes issued by the Bank and disclosed in Note 3.11.

4. NET BANKING INCOME WITH RELATED PARTIES

	2024			
(in EUR thousand)	**Parent**	**Subsidiaries**	**Other related parties**	**Total related parties**
Interest and similar income	1 106 574	304 468	23 084	**1 434 126**
Interest and similar expenses	(790 157)	(304 663)	(67 199)	**(1 162 019)**
Dividends on variable income securities	-	515 033	191 397	**706 430**
Fee income	8 592	12 519	2 480	**23 591**
Fee expense	(32 433)	(22 420)	(18 688)	**(73 541)**
Net gains and losses on financial instruments at fair value through profit or loss	(50 134)	(10 403)	39	**(60 498)**
Net gains and losses on financial assets at amortized cost	-	(158 160)	-	**(158 160)**
Income from other activities	87	340	6	**433**
Expenses from other activities	(280)	(1)	(30)	**(311)**
Personnel expenses	(880)	256	-	**(624)**
Income from re-invoicing of general expenses	7 367	17 149	1 561	**26 077**
Other operating expenses	(57 915)	(6 363)	(12 125)	**(76 403)**
Total	**190 821**	**347 755**	**120 525**	**659 101**

	2023			
(in EUR thousand)	**Parent**	**Subsidiaries**	**Other related parties**	**Total related parties**
Interest and similar income	910 451	246 024	23 434	**1 179 909**
Interest and similar expenses	(644 097)	(287 829)	(25 732)	**(957 658)**
Dividends on variable income securities	-	285 546	9 704	**295 250**
Fee income	7 670	10 773	2 273	**20 716**
Fee expense	(33 888)	(22 132)	(11 560)	**(67 580)**
Net gains and losses on financial instruments at fair value through profit or loss	(20 696)	(27 713)	-	**(48 409)**
Net gains and losses on financial assets at amortized cost	-	(52 290)	-	**(52 290)**
Income from other activities	329	-	-	**329**
Expenses from other activities	(153)	(5)	-	**(158)**
Personnel expenses	(734)	296	-	**(438)**
Income from re-invoicing of general expenses	7 966	17 446	1 231	**26 643**
Other operating expenses	(46 007)	(3 378)	(11 205)	**(60 590)**
Total	**180 841**	**166 738**	**(11 855)**	**335 724**

NOTE 9 – NOTE ON RISK EXPOSURES

The understanding, identification, mitigation and management of risk are essential elements for the successful management of the Bank. The Bank deployed a strategy to ensure the implementation of robust and efficient risk management and monitoring organization where the main objectives is:

- to contribute to the development of the Bank's business lines by optimizing the overall profitability in consideration of assumed risks;
- to ensure the Bank's sustainability by rolling out a high-performance organization for the analysis, valuation and monitoring of risks: global risk policies and procedures define the framework for controlling all types of risks by describing the methods used, defining limits, as well as setting escalation procedures;
- to provide the Board of Directors with a comprehensive, objective and relevant overview of the risks;
- to design dedicated risk monitoring reports sent and presented to the Chief Risk Officer (CRO) on a regular basis;
- to ensure that the risk limits are compatible with the Bank's strategy, business model and structure through an effective risk appetite framework, which defines the level of risk the Bank is willing to take in order to achieve its strategic and financial goals;
- to ensure compliance with banking regulation requirements by submitting regular reports to the regulators (Comité de Surveillance du Secteur Financier, European Central Bank, European Banking Activity and Banque centrale du Luxembourg), taking part in regulatory discussions and analyzing all new requirements related to risk management that could affect the regulatory monitoring of the Bank's activities.

The governance of risk management relies on an active involvement from all the company's managers, a clear and well-defined structure of internal rules, procedures and monitoring actions, performed by independent operational management teams, to structure the underwriting of new risks.

The Bank's Enterprise Risk Committeen, chaired by the Chief Executive Officer, meets quarterly to review risk management and, if necessary, to determine whether to accept or manage risks.

It aims to:

- inform Executive Management about the nature and magnitude of the risks to which the Bank is exposed and, accordingly, to provide analyses of the credit portfolio on a periodic basis;
- identify possible remedial measures for identified risks;
- examine provisions from a prudential perspective;
- report on the progresses of each Risk Department initiatives finalized to manage each counterparty, market, credit and operational risk.

To reflect a sound management of risk and develop an integrated risk culture, the Bank has set up an effective Risk Management organisation, encompassing the relevant risks resulting from the activities.

The overall Risk Management framework remains under the CRO's responsibility, who is responsible for providing any relevant information on risks to the Management Board.

The CRO delegates the day-to-day supervision of the risk department to the Head of the Bank's Risk Management.

Note 9.1. – Credit risk

1. GENERAL APPROACH

Credit risk is defined by the Bank as the risk of loss resulting from the inability of the Bank's customers, sovereign issuers or other counterparties to honor their financial commitments. This risk may be further amplified by individual, country and sector concentration risk. It includes:

- the risk linked to securitisation activities;
- the underwriting risk which is the risk of loss arising from debt syndication activities where the bank fails to meet its final take target due to market conditions, inaccurate reading of investor demand, miscalculated credit profile of the borrower or credit deterioration of the borrower during the syndication phase of the loan/the bond.

It also includes the counterparty risk relating to the market activities conducted by the Group entities.

The Bank has established a Global credit risk policy covering all of its activities that specified the risk tolerance of the various business lines and established a number of common principles relating to the acceptance and monitoring of risk. This policy has been validated by the Bank's Board of Directors.

The approval of risks complies with rules common to all business lines:

- all transactions resulting in a counterparty risk are subject to a prior analysis by a unit monitoring credit risk and to an authorization process;
- the Bank's internal organization makes appropriate arrangements to monitor clients' creditworthiness. This approach primarily relates large exposures to "corporations" or financial institutions and limits concentration risk;
- with support from their associated risk departments, the business lines are responsible for analyzing and approving risk insofar as their delegations of authority permit;
- the comparison of the commercial interest, driven by a profitability/risk pairing on the one hand, and the independent opinion of the risk departments on the other hand, supports the decision-making. In the event of a disagreement between the parties, an arbitration process for the decision exists, with limits on the amount;
- all decisions in respect of the granting of credit must automatically take into account the risk ratings attributed internally to the counterparties, such as were communicated by the business lines and approved by the SG Luxembourg's risk management team;

- Private Banking division are predominantly granted to Ultra High Networth clients who hold assets with this department, or prospects who have a significant potential development for Private Banking Division target. The credit approach relies primarily on the assessment of the ability of the debtor to repay on time (and more generally meet its obligations under the credit documentation) and the economical rationale of the proposed transaction, then on the appraisal of the collateral and on the bank's operational capacity to track changes in each loan's collateral. Loan to Value is determined by applying haircuts to the value of the collateral based on its quality, liquidity, volatility, and the diversity of its assets. The Bank implements a daily monitoring mechanism for detecting deterioration in collateral and defining, with its clients, measures for regularizing shortfalls.

For corporate and institutional clients, the acceptance of any credit commitment is based on a credit application including a detailed analysis of financial performance and evidencing in-depth client knowledge and a thorough understanding of the purpose, the structure and the sources of debt repayment.

In a credit transaction, risk acceptability is based, first, on the borrower's ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

The Bank has specific credit policies and/or limits for sectors or types of credit transactions which have a specific or intrinsically higher concentration risk or risk profile. In addition, certain types of specific transactions benefit from the expertise from specialized business line teams within Societe Generale Group, with the required expertise (in particular: LBOs, financing of real estate professionals, securitization, hedge fund transactions, commodities trade financing, aircraft and shipping, and project financing).

GTPS credit approach is in line with a comprehensive banking relationship that disallows the approval of credit in the absence of a business relationship with Societe Generale Group.

GLBA (within SG Luxembourg S.A.) is structuring and providing specialized financing and debt fund-raising, in order to propose integrated solutions to corporate and institutional clients.

A Credit Committee, chaired by an approved member from SG Luxembourg's General Management, approves the Bank's main exposures within the limits of the Committee's delegated responsibilities. The Risk Department is responsible for monitoring exposure, compiling reports and issuing alerts accordingly as well as for the regular updating of analyses.

2. CREDIT RISK CONSIDERATIONS UNDER IFRS 9

ESTIMATING EXPECTED CREDIT LOSSES

The Bank is exposed to counterparty and concentration risks, which may have a material adverse effect on the Bank's business, results of operations and financial position. The Bank is exposed to credit risk with respect to numerous counterparties in the ordinary course of its trading, lending, issuing and deposit-taking, clearing settlement and other activities. These counterparties include, among others, institutional clients, brokers and dealers, commercial and investment banks, corporates, clearing houses, hedge funds, and sovereign states. The Bank may realise losses if a counterparty defaults on its obligations, if the Bank encounters legal or other difficulties in enforcing its collateral or/and if the value of the collateral is not sufficient to fully recover the exposure.

Many of the Bank's hedging and other risk management strategies also involve transactions with financial services counterparties. Any default or insolvency from them may impair the effectiveness of the Bank's hedging and other risk management strategies.

Following the financial crisis, regulators have encouraged or imposed the mandatory netting of certain financial instruments formerly traded over-the-counter which has increased the exposure of the Bank and other financial market participants to the clearing houses: the default of any one of them or of one of their members could affect the financial markets and could have negative consequences for the Bank.

Consequently, the default of one or more significant counterparties of the Bank could have a material adverse effect on the Bank.

This risk is increased if exposures are concentrated on a particular counterparty, borrower or issuer (including sovereign issuers), or on a particular country or industry. The devices and methods the Bank uses to ensure the diversification of its credit and counterparty risks may prove insufficient or defective in preventing the concentration of credit risk. Such a concentration of risk could result in losses for the Bank, even when economic and market conditions are generally favourable for its competitors and may have a material adverse impact on the Bank's business, results of operations and financial position.

The Bank's results of operations and financial position could also be adversely affected by a late or insufficient provisioning of credit exposures.

The Bank regularly records provisions for loan losses in connection with its lending activities in order to anticipate the occurrence of losses and moderate the volatility of its results. The amount of loan loss provisions is based on the most accurate assessment to date of the recoverability of the debts in question. This assessment relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recoverability of the debt, taking into account any security interests. In some cases (loans to individual customers) the provisioning method may call for the use of statistical models based on the analysis of loss and recovery historical data.

The Bank could be required to substantially increase its provisions for loan losses, following an increase in defaults or a re-evaluation of recovery prospects. A significant increase in loan loss provisions, or the occurrence of loan losses in excess of its provisions, could have a material adverse effect on Bank's cost of risk, results of operations and financial position.

Since January 1, 2018, the Bank has been recording provisions on performing loans under the IFRS 9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on macroeconomic scenarios. The Bank's cost of risk could be negatively impacted by a proven or anticipated deterioration in the quality of the outstanding loan portfolios or macroeconomic prospects. In addition, IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment or result in enhanced volatility in the event of fluctuations in the economic prospects. This could lead to a significant and/or not fully anticipated change in the cost of risk and therefore in the Bank's results.

Accounting policies having to do with determining the outstandings to be provisioned as well as the principles for classification in stages of provisioning are described in Note 3.8.

3. RISK MEASUREMENT AND INTERNAL RATINGS

To calculate its capital requirements under the IRB method, SG Luxembourg estimates its Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty and all measures taken to mitigate risk.

To calculate its RWA, SG Luxembourg uses its own Basel parameters, which are estimated using its internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Bank's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (loans, receivables, accrued income, market transactions, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the Bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The Bank, in accordance with SG Group's principles, also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favourable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is factored in either at the level of the LGD models for the pools affected or on a line-by-line basis.

The Bank manages the credit quality of financial assets using internal risk ratings. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. Internal rating is based on a detailed analysis of qualitative and financial information of the counterparty, the economic, sector or juridical background, etc.

The internal ratings are regularly assessed and reviewed by the Risk Division, at least once a year.

The rating determines the level of probability of default of the counterparty and is directly influenced by the level of risk weight. There's a correspondence between internal and external ratings:

Counterparty internal rating	Indicative equivalent FitchRatings	Indicative equivalent Moody's	Indicative equivalent S&P	Probability of Default (one year)
1	AAA	Aaa	AAA	0,01%
2	AA+ à AA-	Aa1 à Aa3	AA+ à AA-	[0,01%,-0,03%]
3	A+ à A-	A1 à A3	A+ à A-	[0,03%,-0,09%]
4	BBB+ à BBB-	Baa1 à Baa3	BBB+ à BBB-	[0,09%,-0,74%]
5	BB+ à BB-	Ba1 à Ba3	BB+ à BB-	[0,74%,-3,88%]
6	B+ à B-	B1 à B3	B+ à B-	[3,88%,-12,79%]
7	CCC+ à CCC-	Caa1 à Caa3	CCC+ à CCC-	[12,79%,-100%]
8 9 and 10	CC and below	Ca and below	D and below	100%

4. ANALYSIS OF GROSS OUTSTANDINGS AND PROVISIONS FOR CREDIT RISK

The following tables detail the outstandings provisioned (balance sheet and off-balance sheet) subject to impairment in accordance with IFRS 9 provisions by stage.

The scope of these tables includes:

- securities (excluding securities received under repurchase agreements), customer loans and due from banks measured at amortised cost;
- financing and guarantee commitments.

TABLE 1: BASEL PORTFOLIO BREAKDOWN OF PROVISIONED OUTSTANDINGS

	12.31.2024				12.31.2023			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	-	-	-	-	-	-	-	-
Financial Institutions	31 158 120	-	-	**31 158 120**	26 752 246	-	-	**26 752 246**
Corporates	6 195 624	35 829	11 039	**6 242 492**	8 753 582	8 459	5 315	**8 767 356**
Retail	1 166 869	12 512	18 399	**1 197 780**	1 087 884	23 977	19 507	**1 131 368**
Total	**38 520 613**	**48 341**	**29 438**	**38 598 392**	**36 593 712**	**32 436**	**24 822**	**36 650 970**

Institutions are credit institutions (such as banks) or investment firms (professional entities of the financial sector).
Sovereign relate to nations and governments as well as agencies and entities owned by governments or central banks.
Corporates are companies and entities with legal personality and a defined purpose among various activity sectors, and different from institutions.
Retail are single persons, group of persons or small or medium size companies acting for their own.

TABLE 2: GEOGRAPHICAL BREAKDOWN OF PROVISIONED OUTSTANDINGS

	12.31.2024				12.31.2023			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Luxembourg	3 837 072	24 041	13 093	**3 874 206**	6 062 348	3 175	84	**6 065 607**
Africa and Middle East	79 114	-	16	**79 130**	110 406	-	-	**110 406**
Asia Pacific	70 689	-	3 720	**74 409**	62 545	-	-	**62 545**
Eastern Europe (excluding EU)	1 500	-	-	**1 500**	1 547	-	-	**1 547**
Eastern Europe EU	6 325	-	-	**6 325**	43 532	-	-	**43 532**
Latin America and Caribbean	906 647	-	-	**906 647**	353 794	-	-	**353 794**
North America	57 957	-	-	**57 957**	40 240	-	-	**40 240**
Western Europe (excluding Luxembourg)	33 561 309	24 300	12 609	**33 598 218**	29 919 300	29 261	24 738	**29 973 299**
Total	**38 520 613**	**48 341**	**29 438**	**38 598 392**	**36 593 712**	**32 436**	**24 822**	**36 650 970**

TABLE 3: BASEL PORTFOLIO BREAKDOWN OF PROVISIONS AND IMPAIRMENT FOR CREDIT RISK

	12.31.2024				12.31.2023			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	-	-	-	-	-	-	-	-
Financial Institutions	705	-	-	**705**	524	-	-	**524**
Corporates	5 051	499	1 290	**6 840**	4 767	97	3 359	**8 223**
Retail	498	115	2 939	**3 552**	749	24	8 705	**9 478**
Total	**6 254**	**614**	**4 229**	**11 097**	**6 040**	**121**	**12 064**	**18 225**

TABLE 4: GEOGRAPHICAL BREAKDOWN OF PROVISIONS AND IMPAIRMENT FOR CREDIT RISK

	12.31.2024				12.31.2023			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Luxembourg	2 166	356	1 368	**3 890**	3 425	82	1	**3 508**
Africa and Middle East	80	-	15	**95**	57	-	-	**57**
Asia Pacific	50	-	185	**235**	49	-	-	**49**
Eastern Europe (excluding EU)	-	-	-	**-**	1	-	-	**1**
Eastern Europe EU	2	-	-	**2**	4	-	-	**4**
Latin America and Caribbean	226	-	-	**226**	44	-	-	**44**
North America	-	-	-	**-**	-	-	-	**-**
Western Europe (excluding Luxembourg)	3 730	258	2 661	**6 649**	2 460	39	12 063	**14 562**
Total	**6 254**	**614**	**4 229**	**11 097**	**6 040**	**121**	**12 064**	**18 225**

TABLE 5: PROVISIONED OUTSTANDINGS, PROVISIONS AND IMPAIRMENT FOR CREDIT RISK BY RATING OF COUNTERPARTY

	12.31.2024							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	-	-	-	**-**	-	-	-	**-**
2	417 498	-	-	**417 498**	-	-	-	**-**
3	32 211 099	-	-	**32 211 099**	682	-	-	**682**
4	874 538	-	-	**874 538**	244	-	-	**244**
5	1 439 447	22 757	-	**1 462 204**	3 150	358	-	**3 508**
6	18 081	1 350	-	**19 431**	42	45	-	**87**
7	2 394	9	-	**2 403**	72	13	-	**85**
Default (8 9 10)	-	-	29 438	**29 438**	-	-	4 229	**4 229**
Other method	3 557 556	24 225	-	**3 581 781**	2 064	198	-	**2 262**
TOTAL	**38 520 613**	**48 341**	**29 438**	**38 598 392**	**6 254**	**614**	**4 229**	**11 097**

	12.31.2023							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	3 800	20	-	**3 820**	-	-	-	**-**
2	369 117	-	-	**369 117**	-	-	-	**-**
3	31 511 650	-	-	**31 511 650**	829	-	-	**829**
4	594 830	-	-	**594 830**	285	-	-	**285**
5	842 323	-	-	**842 323**	363	-	-	**363**
6	1 808	4 193	-	**6 001**	-	9	-	**9**
7	285	-	-	**285**	-	-	-	**-**
Default (8 9 10)	-	-	24 822	**24 822**	-	-	12 064	**12 064**
Other method	3 269 899	28 223	-	**3 298 122**	4 563	112	-	**4 675**
TOTAL	**36 593 712**	**32 436**	**24 822**	**36 650 970**	**6 040**	**121**	**12 064**	**18 225**

TABLE 6: PROVISIONED OUTSTANDINGS, PROVISIONS AND IMPAIRMENT FOR CREDIT RISK BY SECTOR

	12.31.2024							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central administrations	-	-	-	**-**	-	-	-	**-**
Credit institutions	31 158 120	-	-	**31 158 120**	705	-	-	**705**
Other financial corporations	4 357 709	21 491	5 226	**4 384 426**	2 030	132	1 006	**3 168**
Non-financial corporations(1)	1 837 915	14 338	5 813	**1 858 066**	3 021	367	284	**3 672**
Retail customers	1 166 869	12 512	18 399	**1 197 780**	498	115	2 939	**3 552**
TOTAL	**38 520 613**	**48 341**	**29 438**	**38 598 392**	**6 254**	**614**	**4 229**	**11 097**

(1) Detail of non-financial corporations:

(in EUR thousand)	12.31.2024
Mining and quarrying	-
Manufacturing	308 056
Electricity, gas, steam and air conditioning suply	360
Water supply	-
Construction	52 254
Wholesale and retail trade	25 943
Transport and storage	66 404
Accomadation and food service activities	30 637
Information and communication	875
Real estate activities	384 215
Professional, scientific and technical activities	176 580
Administrative and support service activities	704 502
Other services	108 240
Total	**1 858 066**

	12.31.2023							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central administrations	-	-	-	**-**	-	-	-	**-**
Credit institutions	26 752 246	-	-	**26 752 246**	524	-	-	**524**
Other financial corporations	4 065 250	6 678	-	**4 071 928**	1 908	69	-	**1 977**
Non-financial corporations(1)	4 688 332	1 781	5 315	**4 695 428**	2 859	28	3 360	**6 247**
Retail customers	1 087 884	23 977	19 507	**1 131 368**	749	24	8 704	**9 477**
TOTAL	**36 593 712**	**32 436**	**24 822**	**36 650 970**	**6 040**	**121**	**12 064**	**18 225**

(1) Detail of non-financial corporations:

(in EUR thousand)	**12.31.2023**
Mining and quarrying	-
Manufacturing	7 868
Electricity, gas, steam and air conditioning suply	2
Water suply	-
Construction	68 247
Wholesale and retail trade	24 203
Transport and storage	79 184
Accomadation and food service activities	30 214
Information and communication	937
Real estate activities	428 885
Professional, scientific and technical activities	193 625
Administrative and support service activities	3 804 309
Other services	57 954
Total	**4 695 428**

TABLE 7: PROVISIONING OF DOUBTFUL LOANS

(in EUR thousand)	**12.31.2024**	**12.31.2023**
Gross book outstandings	38 598 392	36 650 970
Doutbful loans	29 438	24 822
GROSS DOUBTFUL LOANS RATIO	**0,08%**	**0,07%**
Stage 1 provisions	6 254	6 040
Stage 2 provisions	614	121
Stage 3 provisions	4 229	12 064
GROUP GROSS DOUBTFUL LOANS COVERAGE RATIO (STAGE 3 PROVISIONS / DOUBTFUL LOANS)	**14%**	**49%**

Scope: customer loans, amounts due from banks, operating leases, lease financing and similar agreements.

5. ANALYSIS OF MAXIMUM CREDIT RISK EXPOSURE

The following table shows the maximum exposure to credit risk by class of financial asset and commitment. It also shows the total fair value of collateral.

Any collateral surplus (the extent to which the fair value of collateral held is greater than the exposure to which it relates) is not presented.

	12.31.2024		12.31.2023	
(in EUR thousand)	**Credit risk exposures**	**Collateral**	**Credit risk exposures**	**Collateral**
Financial assets at fair value through profit or loss	-	-	-	-
Hedging derivatives	91 255	-	156 499	-
Financial assets at fair value through other comprehensive income	1 123 124	-	1 539 911	96 202
Securities at amortised cost	-	-	-	-
Due from banks at amortised cost (1)	28 049 925	956 090	26 084 432	237 611
Customers loans at amortised cost (2)	4 985 377	3 545 870	8 029 560	6 610 907
Other assets	147 571	-	150 713	-
Total	**34 397 252**	**4 501 960**	**35 961 115**	**6 944 720**
Loan commitments	4 569 769	128 538	1 752 874	248 157
Financial guarantees	984 080	149 668	766 727	130 192
Other commitments	433 455	-	270 643	-
Total	**5 987 304**	**278 206**	**2 790 244**	**378 349**

(1) Below is detailed as of December 31 the financial effect of the collateral related to due from banks at amortised cost:Due from banks at amortised cost

(2) Below are detailed as at December 31 the financial effect of the collateral related to customers loans at amortised cost:

DUE FROM BANKS AT AMORTISED COST

(in EUR thousand)	12.31.2024	12.31.2023
Other collateralized loans	**956 090**	**172 583**
Cash	-	-
Other	*956 090*	*172 583*
Financial guarantees received	**-**	**65 028**

CUSTOMERS LOANS AT AMORTISED COST

(in EUR thousand)	12.31.2024	12.31.2023
Mortgage loans	**675 128**	**649 687**
Residential	*539 321*	*531 921*
Commercial	*135 807*	*117 766*
Other collateralized loans	**1 590 083**	**1 670 007**
Cash	*92 947*	*125 786*
Others	*1 497 136*	*1 544 221*
Financial guarantees received	**1 280 659**	**4 291 213**

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- for securities lending and reverse repurchase transactions: cash or securities;
- for commercial lending: charges over real estate properties, inventory and trade receivables;
- for retail lending: mortgages over residential properties.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries.

For securities collateral, a loan to value is determined by applying discounts to the value of the surety based on its quality, liquidity, volatility, and the diversity of its assets.

The Risk department monitors the market value and the loanable value of collateral and will request additional collateral in accordance with the underlying agreement.

For real estate, the Bank obtains a detailed real estate expert appraisal, including market analysis by an independent company for all financing of more than 3 M€ for residential real estate and 1 M€ for commercial real estate. A loan to value is also determined, generally between 30 and 85% depending on the type of credit and the location.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio but engages external agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and treated as non-current held for sale.

The Bank also makes use of master netting agreements and other arrangements not eligible for netting under IAS 32 with its counterparties. Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Although, these master netting arrangements do not normally result in an offset of balance sheet assets and liabilities (as the conditions for offsetting under IAS 32 may not apply), they nevertheless reduce the Bank's exposure to credit risk.

Although master netting arrangements may significantly reduce credit risk, it should be noted that the credit risk is eliminated only to the extent of amounts due to the same counterparty.

CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED

In the context of the application of IFRS 9 standard, the Bank records Expected Credit Losses on financial assets financial guarantees and other financial commitments on basis of Bank calculation rules defined in Note 3.8. The Bank determines that "individually impaired" financial assets refer mainly to financial assets classified in Stage 3 under IFRS 9.

6. RESTRUCTURED DEBT

Bank "restructured" debt refers to loans whose amount, term or financial conditions have been contractually modified due to the borrower's insolvency (whether insolvency has already occurred or will occur unless the debt is restructured). The Bank aligned its definition of restructured loans with the EBA definition.

	12.31.2024	12.31.2023
Non-performing restructured debt	7 100	1 314
Performing restructured debt	11 425	13 252
Total	**18 525**	**14 566**

Note 9.2. – Market risk

1. GENERAL

Market risk is defined as the risk of loss due to unfavorable movements in market factors, such as interest rates, share prices or currency exchange rates, impacting the value of the Bank's proprietary positions.

Although the primary responsibility of the monitoring of risks lies down with the managers of the trading rooms (Front Office), the organization of the supervision relies on the independent structures which, in particular, are in charge of:

- the calculation, on a daily basis, of market risks based on a formal and secure procedure;
- the daily monitoring of compliance with the limits notified for each activity;
- the preparation of a daily report on the use of the limits, sent to the general management of the entities referred to the front office and to the SG Luxembourg's market risk department.

The Bank's market risk assessment is based on daily indicators, which are used to define exposure limits:

- 99% Value at Risk (VaR) and Stressed Value-at-Risk (SVaR) in accordance with the internal regulatory model used to calculate capital: synthetic indicator for day-to-day monitoring of market risks incurred by SG Luxembourg as part of its trading activities. The "historical simulation" method is used, which takes into account shocks and correlations between various markets using a one-day horizon calculated on a rolling one-year basis (for the VaR) and on a stresses annual window chosen a long-term period (for the SVaR);
- the stress testing, based on ten-year risk indicators. Stress testing makes it possible to limit exposure to systemic risks

and to cases of exceptional market shock. A stress test estimates the loss resulting from an extreme shift in market prices over a period corresponding to the time required to unwind or hedge the positions affected (5 to 20 days for most trading positions). This estimate uses historical scenarios as well as theoretical scenarios that are regularly reviewed and updated by the SG Luxembourg Risk Division. At the end of the most recent review, the stress test used 12 scenarios (3 historical and 9 theoretical);

- additional indicators (in sensitivity, nominal, holding or modify duration, etc.) enable to ensure consistency between the overall risk limits and the operational thresholds used by the Front Office. These limits also allow mitigating the risks which would only partially be caught by the "VaR" or stress testing.

2. MEASUREMENT OF MARKET RISK AND DEFINITION OF LIMITS

Market risk is managed through procedures that explain how and when to activate and monitor limits for SG Luxembourg independently and for its subsidiaries.

Although primary responsibility for risk monitoring naturally falls into front office managers, the oversight mechanism also relies on independent structures.

From an organizational viewpoint, responsibility for managing market risk within SG Luxembourg is distributed as follows:

- Societe Generale's Market Risk Department establishes the risk measurement methods and control procedures, centrally handles Societe Generale Group's market risk reporting, examines and validates the limits requests from the various activities;
- SG Luxembourg has a dedicated risk team, independent from the business lines, in charge of managing risks resulting from market activities. The daily market risk calculation and monitoring and the limits and methodologies validation are under the accountability of the Risk department.

Market risk management is based on a combination of several types of indicators:

- The internal VaR model was introduced at the end of 1996 and has been approved by the French supervisor within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM). The Value at Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets as well as general and specific risk. It is based on the following principles:
  - storage in a database of the risk factors that are representative of the Bank's positions (i.e. interest rates share prices. Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
  - definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period: these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
  - the application of these 260 scenarios to the market parameters of the day;
  - revaluation of daily positions on the basis of the 260 sets of adjusted market parameters: in most cases, this calculation involves a full re-pricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

  Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios corresponds to the weighted average of the second and third largest losses computed (39% of the second highest risk and 61% of the third highest risk), without applying any weighting to the other scenarios.
- The Stressed VaR (SVaR) model was introduced at the end of 2021 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model this approval was renewed in 2020 at the Target Review of Internal Models (TRIM). The calculation method used for the 99% one-day SVaR is the same as the one for VaR. It consists in carrying out an historical simulation with one-day shocks and a 99% confidence interval. SVaR uses a fixed one-year historical window of scenarios corresponding to a period of significant financial tension;
- The Market Stress Test focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 12 scenarios (3 historical and 9 hypothetical). The main principles are as follows:
  - The scenario considered in the market stress test is the worst of the different scenarios defined;
  - The shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
  - Risks are calculated every day for each of the Bank's market activities (all products together) using each of the historical and hypothetical scenarios.
  - **Historical scenarios:** this method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, 2 new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). In 2024, the historical rebound scenario in financial markets observed in 2020 was replaced by two hypothetical scenarios based on the

same market context. Societe Generale Group is currently using 3 historical scenarios in the calculation of the stress test, which cover the monthly periods of October 2008, December 2008 and March 2020;

- **Hypothetical scenarios:** the hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. European crisis, a drop in assets, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined 9 hypothetical scenarios. In 2024, an obsolete scenario corresponding to the Russian crisis of 1998 was replaced by a new theoretical scenario centered on an inflationary crisis and 2 new hypothetical scenarios corresponding to bull markets were added.

- Risks are calculated daily for each market activity of the Societe Generale Group all products included. A limit in "stress-test" is set for the global activity of the Societe Generale Group;
- Different Stress test scenarios are subject to regular review and improvements from teams of economists of the Societe Generale Group;
- These scenarios are supplemented by a set of adverse stress tests calculated by activity or risk factor to take extreme risks on a specific market into account (dislocation, liquidity, concentration, etc.):
  - An "Emerging Countries" stress test combining shocks calibrated to the history of fluctuations observed in the past. The calibration is created from the 99% quantile of the shock distribution by risk factor for each country. An aggregation by country, region, and worldwide is used to quantify the risk by geographical area. The Stress Test limit relates to the most sensitive area.
  - "Sensitivity" and "nominal" indicators control position size: sensibilities are calculated using the major valuation risk factors (e.g. sensitivity of an option to changes in underlying asset prices); nominal values are used for significant positions in terms of risk.

2024 METRICS

SG Luxembourg	Limit (€k)	Average use (€k)	Number of overruns observed	Maximum use (€k)	Maximum period of overrun
VaR	250	4,30	-	44,80	N/A
SVaR	400	12,26	-	68,11	N/A
Stress Test	500	37,19	-	323,43	N/A
Emerging Stress Test	500	3,16	-	7,85	N/A
10bp sensitivity	15	0,13	-	0,44	N/A
Nominal FX Postion	2 000	201,39	-	1 003,34	N/A

2023 METRICS

SG Luxembourg	Limit (€k)	Average use (€k)	Number of overruns observed	Maximum use (€k)	Maximum period of overrun
VaR	250	3,86	-	13,86	N/A
SVaR	400	5,60	-	23,19	N/A
Stress Test	500	14,99	-	39,37	N/A
Emerging Stress Test	500	3,03	-	8,09	N/A
10bp sensitivity	15	0,05	-	0,23	N/A
Nominal FX Postion	2 000	79,05	-	441,20	N/A

Over 2024, the principal metrics levels, VaR, SVaR and Stress Test, remained low overall way under the limits validated by the head office. These indicators never reached their limit over 2024.

3. MEASUREMENT AND MONITORING OF STRUCTURAL INTEREST RATE RISKS

The Bank uses several indicators to measure its overall interest rate risk. The two most important indicators are:

- **Value sensitivity**
  - NPV sensitivity – Net Present Value sensitivity of fixed rate residual positions to interest rate changes according to several interest rate scenarios;
  - EVE sensitivity – Economic Value of Equity sensitivity represents the NPV after exclusion of own funds, investments in subsidiaries and intangible assets;
  - macro hedging is set up mainly through the use of interest rate swap in order to maintain net present value within the limits;
  - as at December 31, 2024, the sensitivity of SG Luxembourg for a 0,1% parallel increase in the yield curve was -0,31 MEUR (2023: -0,24 MEUR);
  - structured finance (GLBA) activities within SG Luxembourg's balance sheet are micro hedged and present limited interest rate risk.
- **Revenue sensitivity**

  NIM sensitivity – Based on a dynamic budget related to business units' assumptions, the NIM includes forward interest rates, a split of the Net Interest Income into different components and a revamp of the client rate considering optionality on the client remuneration. Since June 2024, to comply with EBA/GL/2023/14 on IRRBB, a SOT NII is calculated.

INTEREST RATE RISK ANALYSIS

To quantify its exposure to structural interest rate risks, the Bank analyses all fixed-rate assets and liabilities in the future. These positions come from transactions remunerated or charged at fixed rates and from interest rate refixing date.

Assets and liabilities are analyzed separately, without any a priori matching. The maturities of outstanding assets and liabilities are determined based on the contractual terms of transactions, on models or conventional assumptions (particularly for sight deposits, early loan repayments, and shareholders' equity).

NPV sensitivities resulting from these gaps are as follows:

		Dec-24					Dec-23				
Currency	**Scenario**	**ST**	**MT**	**LT**	**Global**	**Limit**	**ST**	**MT**	**LT**	**Global**	**Limit**
GLOBAL	**+10bps_F**	(2,77)	0	(0,41)	(0,31)	(8,13)	(1,20)	(0,16)	(0,03)	(0,24)	(20,26)
GLOBAL	**-10bps_F**	(0,38)	(1,34)	(2,7)	(1,55)	(13,13)	(0,06)	(0,25)	(5,14)	(4,28)	(20,26)
GLOBAL	**+100bps PILO0102**	(27,24)	0	(4,52)	(3,06)	(81,25)	(11, 82)	(1,06)	(0,29)	(2,48)	(202,59)
GLOBAL	**-100bps PILO0202**	(3,87)	(13,04)	(28,48)	(16,11)	(131,25)	(0,65)	(2,56)	(53,35)	(43,64)	(202,59)

4. CURRENCY RISK

Structural exchange risk is the risk that a loss occurs due to an unfavourable movement of the exchange rate that would affect the Bank due to existing opened positions in foreign currencies.

Structural exchange rate risk is mainly caused by:

- foreign currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by certain foreign subsidiaries in a currency other than the one used for their equity funding, for regulatory reasons.

OBJECTIVE OF THE BANK

The Bank's policy consists in calibrating the hedging of its net investments in foreign entities in such a way as to reduce the sensitivity of its Common Equity Tier 1 ratio to fluctuations in exchange rates as much as possible. To this end, it enters into hedging transactions to maintain a currency exposure reducing such sensitivity to within limits. The Bank quantifies its exposure to structural foreign exchange rate risks by analyzing all assets and liabilities denominated in foreign currencies.

5. MEASUREMENT AND MONITORING OF STRUCTURAL FOREIGN EXCHANGE RATE RISKS

The Bank settles forward foreign exchange transactions that are systematically backed by spot transactions. The residual position on those operations corresponds to interests of the currency in which the forward operation has been concluded and therefore represents an interest rate position monitored by the treasury desk.

The structural currency risk is monitored through monitoring process of the market currency risk. Those monitoring processes cover both natures of currency risks.

BREAKDOWN OF BANK ASSET AND LIABILITIES IN CURRENCY

As at December 31, 2024, and December 31, 2023, the breakdown of total asset and liabilities in currencies is as follows:

	12.31.2024		12.31.2023	
(in EUR thousand)	**Assets**	**Liabilities and equity**	**Assets**	**Liabilities and equity**
EUR	36 049 057	34 881 831	37 384 799	37 340 357
USD	9 247 119	10 168 994	7 127 404	8 011 351
GBP	1 637 279	1 925 115	1 638 076	1 636 897
CHF	1 923 147	1 835 205	2 323 509	1 452 989
DKK	87 037	87 091	128 488	128 972
NOK	67 910	67 995	21 450	17 519
SEK	94 350	108 353	101 818	105 453
Other currencies	1 105 217	1 136 532	2 250 670	2 282 676
Total	**50 211 116**	**50 211 116**	**50 976 214**	**50 976 214**

MONITORING OF FOREIGN CURRENCY RISK EXPOSURE

The Bank sets an overnight global limit to EUR 2 million that breaks down as follows:

Currency	Limit
AUD	
CHF	
GBP	+/-1 MEUR
JPY	
USD	
CAD	
DKK	
NOK	+/-0 5 MEUR
NZD	
SEK	
SGD	

Currency	Limit
BRL	
CNY	
CZK	
HKD	
KRW	
MXN	+/-0 5 MEUR
PLN	
RMB	
RUB	
TRY	

Currency	Limit
COP	
EGP	
HUF	
IDR	
ILS	
INR	
MYR	
OMR	+/-0 2 MEUR
PEN	
PHP	
RON	
RSD	
THB	
TWD	
ZAR	

Currency	Limit
AED	
BGN	
BHD	+/-0 2 MEUR
ISK	
QAR	
SAR	
ARS	+/-0 1 MEUR

As at December 31, 2024 the opened positions are as follows:

Currency	Position (in EUR)
CHF	(6 218)
USD	(45 591)
GBP	218 409
AUD	(1 481)
JPY	(1 787)
CAD	(1 630)
NOK	(258)
CZK	(458)
SEK	81
SGD	(178)
MXN	15
HKD	(1 423)
THB	3
TRY	20
PLN	12
ZAR	-
RON	-

Note 9.3. – Liquidity Risk

Liquidity risk is defined as the SG Luxembourg's inability to meet its financial obligations at a reasonable cost: debt repayments, collateral supply. SG Luxembourg assesses this risk over various time horizons, including intraday, considering market access restriction risk (generalized or specific to SG Luxembourg).

SG Luxembourg assesses the solidity of its liquidity profile based on three complementary focuses:

- controlling liquidity risk;
- controlling funding risk;
- complying with regulatory obligations (Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)).

SG Luxembourg also assesses and specifically monitors their liquidity profile in conjunction with their "mother company. Controlling and setting targets for liquidity and funding risks is part of the SG Luxembourg's ILAAP process.

Liquidity risk calibration and control is based on:

- **Four complementary metrics**, the Business as Usual (BAU) static gap, the Combined (CMB) stressed dynamic gap, and since end f 2024, Idiosyncratic (IDIO) and Systemic (SYST):
  - BAU static gap measures the price risk, meaning the economic risk, without taking into account new productions in a non-stressed environment, (no impact on assets prices, for instance). This price risk is symmetrical (both a long and a short funding position can generate P&L losses) and therefore managed using an indicator based on average and with low and high limits. Threshold and/or limit breaches are monitored on a monthly basis during SG Luxembourg ALCO (Asset and Liability Committee). Liquidity thresholds/Limits are also part of SG Luxembourg Risk Appetite Statement (RAS) framed liquidity metrics. The limit framework is validated and notified by the second line of defense (LoD2) and defined for all currencies together, main currencies (EUR, USD, CHF, GBP) aggregate (other currencies), and for each currency (every currency not framed otherwise) on the different time buckets (from O/N to 10Y), allowing to capture the whole risk on a currency by currency basis;
  - the CMB stressed dynamic gap is used to measure the lethal risk. That risk is asymmetrical - i.e. the risk that SG Luxembourg could not meet all its liquidity commitments in a stressed environment due to a short liquidity position. It is calibrated using stress scenarios (some systemic and some idiosyncratic) and calibrated on quantiles representing the probability of occurrence of these scenarios. The resulting CMB stressed dynamic gap is used to calibrate the liquidity buffers in order to ensure a survival horizon of 6 months, in line with the current Risk Appetite Statement.CMB is part of the SG Group liquidity under stress scenario set (LST);
  - the IDIO dynamic gap aims at capturing a risk specific to SG Group. Similarly to CMB, it is part of the LST;
  - the SYST dynamic gap would capture a shock on global markets. This scenario too is part of LST.
- **maintaining sufficient liquidity reserve** in an amount and quality to cover short-term financial obligations in stress scenarios. The calibration of the liquidity reserve includes an assessment of its quality and diversification; in particular, it takes into consideration compliance with local regulatory requirements that may restrict the transferability of liquid amounts within the consolidated perimeter;
- **controlling "liquidity gaps"** to control the risk of inconsistent maturities between cash inflows and outflows. SG Luxembourg's policy is to comply with limits provided by Societe Generale Group ALM team. These limits are managed by SG Luxembourg ALM function and monitored via the ALCO.

1. BREAKDOWN OF FINANCIAL ASSETS BY RESIDUAL MATURITY

	12.31.2024					
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Undetermined**	**Total**
Cash due from central banks	12 685 077	-	-	-	-	**12 685 077**
Financial assets at fair value through profit or loss	981 190	202 768	364 823	128 359	-	**1 677 140**
Hedging derivatives	-	-	-	91 255	-	**91 255**
Financial assets at fair value through other comprehensive income	187 303	106 566	752 876	76 379	-	**1 123 124**
Securities at amortised cost	-	-	-	-	-	**-**
Due from banks at amortised cost	12 559 535	3 168 399	5 798 404	6 523 587	-	**28 049 925**
Customer loans at amortised cost	734 226	1 040 552	1 899 877	1 310 722	-	**4 985 377**
Shares in affiliated undertakings	-	-	-	-	1 092 328	**1 092 328**
Total	**27 147 331**	**4 518 285**	**8 815 980**	**8 130 302**	**1 092 328**	**49 704 226**

(in EUR thousand)	12.31.2023 Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Cash and balances with central banks	11 769 203	-	-	-	-	**11 769 203**
Financial assets at fair value through profit or loss	787 764	179 323	409 326	256 945	-	**1 633 358**
Hedging derivatives	56 403			100 096		**156 499**
Financial assets at fair value through other comprehensive income	33 412	496 526	915 889	94 084	-	**1 539 911**
Securities at amortised cost	-	-	-	-	-	**-**
Due from banks at amortised cost	11 806 637	2 955 301	4 792 341	6 530 153	-	**26 084 432**
Customer loans at amortised cost	998 005	2 291 392	3 262 986	1 477 177	-	**8 029 560**
Shares in affiliated undertakings	-	-	-	-	1 207 894	**1 207 894**
Total	**25 451 424**	**5 922 542**	**9 380 542**	**8 458 455**	**1 207 894**	**50 420 857**

2. BREAKDOWN OF FINANCIAL LIABILITIES BY RESIDUAL MATURITY

(in EUR thousand)	12.31.2024 Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Financial liabilities at fair value through profit or loss	5	-	-	60 097	-	**60 102**
Hedging derivatives	-	-	-	19 013	-	**19 013**
Due to Banks	5 185 425	3 002 097	13 807 114	779 675	-	**22 774 311**
Customers deposits	22 699 664	95 608	269 496	83 177	-	**23 147 945**
Debt securities issued	-	-	-	-	-	**-**
Total	**27 885 094**	**3 097 705**	**14 076 610**	**941 962**	**-**	**46 001 371**

(in EUR thousand)	12.31.2023 Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Financial liabilities at fair value through profit or loss	1 250	-	-	93 438	-	**94 688**
Hedging derivatives	117	-	-	2 482	-	**2 599**
Due to Banks	5 715 076	3 891 832	12 764 322	1 622 322	-	**23 993 552**
Customers deposits	22 001 418	111 215	270 397	182 135	-	**22 565 165**
Debt securities issued	16 730	-	-	-	-	**16 730**
Total	**27 734 591**	**4 003 047**	**13 034 719**	**1 900 377**	**-**	**46 672 734**

3. BREAKDOWN OF COMMITMENTS AND FIDUCIARY OPERATIONS BY RESIDUAL MATURITY

COMMITMENTS GRANTED

(in EUR thousand)	12.31.2024 Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financing commitments	1 649 345	154 852	2 140 390	625 182	**4 569 769**
Guarantee commitments	984 080	-	-	-	**984 080**
Securities commitments	417 748	-	-	15 707	**433 455**
Total	**3 051 173**	**154 852**	**2 140 390**	**640 889**	**5 987 304**

(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	12.31.2023				
Financing commitments	1 448 975	159 770	140 456	3 673	**1 752 874**
Guarantee commitments	142	-	-	766 585	**766 727**
Securities commitments	250 043	-	-	20 600	**270 643**
Total	**1 699 160**	**159 770**	**140 456**	**790 858**	**2 790 244**

FIDUCIARY

(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	12.31.2024				
Fiduciary	25 246	2 491 656	1 320 464	452 060	**4 289 426**
Total	**25 246**	**2 491 656**	**1 320 464**	**452 060**	**4 289 426**

(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	12.31.2023				
Fiduciary	840 505	242 260	2 396 865	2 836 037	**6 315 667**
Total	**840 505**	**242 260**	**2 396 865**	**2 836 037**	**6 315 667**

COMMITMENTS RECEIVED

(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	12.31.2024				
Financing commitments	340 080	14 000	2 131 578	67 140	**2 552 798**
Guarantee commitments	2 000	20 000	11 500 520	2 370	**11 524 890**
Securities commitments	417 741	-	-	15 381	**433 122**
Other commitments	-	-	-	1 153 824	**1 153 824**
Total	**759 821**	**34 000**	**13 632 098**	**1 238 715**	**15 664 634**

(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	12.31.2023				
Financing commitments	236 455	3 762	4 029	32 606	**276 852**
Guarantee commitments	-	67 568	11 520 442	2 449	**11 590 459**
Securities commitments	250 036	-	-	19 883	**269 919**
Other commitments	-	-	-	250 396	**250 396**
Total	**486 491**	**71 330**	**11 524 471**	**305 334**	**12 387 626**

4. BREAKDOWN OF DERIVATIVES BY RESIDUAL MATURITY

DERIVATIVES ASSETS

(in EUR thousand)	Notional amounts less than 3 months	Notional amounts between 3 months and 1 year	Notional amounts between 1 year and 5 years	Notional amounts more than 5 years old	Total notional amounts
			12.31.2024		
Trading transactions					
Interest rate instruments	799 512	-	48 375	3 015	**850 902**
Foreign exchange instruments	7 283 440	226 935	5 608	-	**7 515 983**
Equity and index instruments	48 109	-	-	-	**48 109**
Commodity instruments	1 372	-	-	-	**1 372**
Other forward financial instruments	691 245	-	-	-	**691 245**
Fair value hedging transactions					
Interest rate instruments	3 141 866	-	-	-	**3 141 866**
Cash flow hedging transactions					
Interest rate instruments	460 000	-	-	-	**460 000**
Other forward financial instruments	-	-	-	3 275	**3 275**
Total notional amounts and fair value of derivative assets	**12 425 544**	**226 935**	**53 983**	**6 290**	**12 712 752**

(in EUR thousand)	Notional amounts less than 3 months	Notional amounts between 3 months and 1 year	Notional amounts between 1 year and 5 years	Notional amounts more than 5 years old	Total notional amounts
			12.31.2023		
Trading transactions					
Interest rate instruments	1 209 231	-	32 935	-	**1 242 166**
Foreign exchange instruments	4 550 480	162 954	-	-	**4 713 434**
Equity and index instruments	868 234	-	-	-	**868 234**
Commodity instruments	2 102	-	-	-	**2 102**
Other forward financial instruments	853 617	-	-	-	**853 617**
Fair value hedging transactions					
Interest rate instruments	2 497 475	-	-	-	**2 497 475**
Cash flow hedging transactions					
Interest rate instruments	1 119 000	-	-	-	**1 119 000**
Other forward financial instruments	-	-	-	1 113	**1 113**
Total notional amounts and fair value of derivative assets	**11 100 139**	**162 954**	**32 935**	**1 113**	**11 297 141**

DERIVATIVES LIABILITIES

(in EUR thousand)	Notional amounts less than 3 months	Notional amounts between 3 months and 1 year	Notional amounts between 1 year and 5 years	Notional amounts more than 5 years old	Total notional amounts
			12.31.2024		
Trading transactions					
Interest rate instruments	799 512	-	48 375	3 015	**850 902**
Foreign exchange instruments	7 270 926	226 132	5 608	-	**7 502 666**
Equity and index instruments	51 124	-	-	-	**51 124**
Commodity instruments	1 372	-	-	-	**1 372**
Other forward financial instruments	691 245	-	-	-	**691 245**
Fair value hedging transactions					
Interest rate instruments	3 141 866	-	-	-	**3 141 866**
Cash flow hedging transactions					
Interest rate instruments	460 000	-	-	-	**460 000**
Total notional amounts and fair value of derivative liabilities	**12 416 045**	**226 132**	**53 983**	**3 015**	**12 699 175**

(in EUR thousand)	Notional amounts less than 3 months	Notional amounts between 3 months and 1 year	Notional amounts between 1 year and 5 years	Notional amounts more than 5 years old	Total notional amounts
			12.31.2023		
Trading transactions					
Interest rate instruments	1 209 232	-	32 934	-	**1 242 166**
Foreign exchange instruments	4 575 631	166 391	-	-	**4 742 022**
Equity and index instruments	871 110	-	-	-	**871 110**
Commodity instruments	2 102	-	-	-	**2 102**
Other forward financial instruments	853 617	-	-	-	**853 617**
Fair value hedging transactions					
Interest rate instruments	2 497 475	-	-	-	**2 497 475**
Cash flow hedging transactions					
Interest rate instruments	1 119 000	-	-	-	**1 119 000**
Total notional amounts and fair value of derivative liabilities	**11 128 167**	**166 391**	**32 934**	**-**	**11 327 492**

Note 9.4. – Operational risk

Operational risk is defined as the risk of loss or fraud as a result of defects in or failure of internal systems and procedures, human error or external events including legal, IT risk and management risk. Particular attention is paid to the risk of compliance which is the subject of enhanced structural organization.

The Bank is engaged in the process of strengthening the control and steering the operational risks implemented by SG Luxembourg. This approach is steered by the operational risks department, attached to SG Luxembourg Group's risk management division.

The valuation of operational risk is based on the advanced assessment approaches deployed under the Basel II reforms. The AMA (*Advanced Measurement Approach*) method is used to calculate the regulatory capital requirement for operational risk.

The primary responsibility for risk management falls to department heads within the business lines and to support functions, who are expected to promote the culture of operational risk awareness among their employees daily.

Since December 2018, the second-level permanent control activity has been carried out by a shared team conducting controls for the second lines of defence of the compliance, finance, and risk functions. It reports to the Bank's Corporate Secretary. The goal is to ensure that the first-level controls are being properly carried out and that they are useful for risk hedging.

The follow-up organization relies mainly on four processes supervised by the operational risk departments and within SG Luxembourg:

i. the periodic self-assessment of the risks and controls (*Risk and Control Self-Assessment*- RCSA) which aims to:

- identify and measure the operational risks inherent in each activity and department of the bank;
- assess the quality of prevention and control systems in place to reduce these risks and thereby measure exposure to the latent risks with which each activities/department must contend;
- implement corrective action plans.

ii. the gathering of internal data relating to losses associated with operational risks with a comprehensive declaration and on a specific tool, providing all the information necessary for analysis and monitoring this data being relayed to the senior management. The approach closely follows the formulation and follow-up of corrective actions that have to be subject to a degree of criticality a deadline and the appointment of a manager;

iii. the continuous monitoring mechanism, including the organization and coordination of a set of first-level controls and key risk indicators and the production of summary reporting intended for the Bank's General Management and Societe Generale Group's central operational risk teams;

iv. analyses of scenarios targeting particularly sensitive functions and processes within the Bank. These are assessments of severe operational risks which the Bank may face under certain conditions. These analyses aim to assess rarely occurring but extremely severe potential losses.

Furthermore, the Bank has defined an information security policy and ensures its enforcement. This policy covers the management of computer access and rights, the prevention of information leaks, anonymisation rules, the conducting of intrusion tests, and the monitoring of the bank's websites. Prevention and employee awareness-raising campaigns are conducted regularly in conjunction with the implementation of a Clean Desk policy.

These processes are supplemented by a crisis management mechanism and a business continuity plan, the purpose of which is to develop the inherent capacity of the Bank's activities to withstand crises. This is done by combining the organisations' own capacities (robust systems) and special resources (business continuity plans).

Furthermore, the Bank's constant innovations in terms of the products and services proposed to its clients must be approved by a New Products Committee, which determines the necessary conditions, in terms of both operations and acceptable risks, including an analysis of compliance risks.

NOTE 10 – CAPITAL

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios).

SG Luxembourg has fully complied with all its externally imposed capital requirements over the reported period.

Note 10.1. – Capital management

As part of managing its capital, the Bank (under the supervision of the Finance Division) ensures that its solvency level is always compatible with the following objectives:

- meeting its regulatory requirement;
- maintaining its financial solidity and respecting the Risk Appetite targets;
- preserving its financial flexibility to finance organic growth, within SG Group risk weighted assets allocation;
- maintaining the Bank's resilience in the event of stress scenarios.

The Bank approves its internal solvency targets in accordance with these objectives and regulatory requirements.

The Bank has an internal process (Internal Adequacy Assessment Process "ICAAP") for assessing the adequacy of its capital that measures the adequacy of the Bank's capital ratios in light of regulatory constraints and future regulatory changes.

The assessment of this adequacy is based on a selection of key metrics that are relevant to the Bank in terms of risk and capital measurement, such as solvency ratios (CET1, Tier 1 and Total Capital), leverage ratio and MREL ratios.

The capital regulatory indicators are supplemented by an assessment of the internal capital needs by available CET1 capital, thus confirming the relevance of the targets set in the risk appetite.

As at December 31, 2024, the Bank's Common Equity Tier 1 ratio stood at 25,38 % (2023: 27,24%) and the total capital ratio at 25,38% (2023: 26,15%).

LARGE EXPOSURES

The CRR (European Capital Requirements Regulation) incorporates the provisions regulating large expo-sures. As such the SG Luxembourg Group must not have any exposure where the total amount of net risks incurred on a single beneficiary exceeds 25% of the Group's Tier 1 capital.

The eligible capital used to calculate the large exposure ratio is the total regulatory capital with a limit on the amount of Tier 2 capital. Tier 2 capital cannot exceed one-third of Tier 1 capital.

On December 31, 2024 and on December 31, 2023, SG Luxembourg Group had no additional RWA requirements due to the large exposures framework.

Note 10.2. – Regulatory capital

TIER 1 CAPITAL

According to CRR 2/CRD5 regulations Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of the statement of net income and unrealized or deferred gains and losses;
- other reserves.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payment;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealized capital gains and losses on cash flow hedging;
- any positive difference between expected losses on customer loans and receivables risk-weighted using the Internal Ratings Based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- value adjustments resulting from the requirements of prudent valuation;
- excess of deduction from T2 items in CET1 capital;
- insufficient coverage for non-performing exposures.

ADDITIONAL TIER 1 CAPITAL

SG Luxembourg has no Additional Tier 1 capital.

TIER 2 CAPITAL

According to CRR2/CRD5 regulations, Tier 2 capital is made up primarily of the following:

- IRB Excess of provisions over expected losses eligible;
- Deduction of T2 instruments of financial sector entities where the institution has a significant investment.

SG Luxembourg is benefiting from a favorable assessment by the rating agency Standard & Poor's with regard to the Bank's financial stability: A-1 in the short-term A in the long term.

The Bank has not issued any hybrid securities or subordinated borrowings not eligible for prudential capital.

NOTE 11 – EVENTS AFTER THE DATE OF BALANCE SHEET

On January 31, 2025, the Bank has sold entirely its participation in SGPB Switzerland to Union Bancaire Privée "UBP" Group. As the sale was already announced since August 2024, the valuation of the participation has been adjusted as of December 31, 2024, to consider this announced sale as well as the related financial impacts (please refer to Note 3.12).

Since the end of December 2024, no other subsequent significant event occurred.

Société Générale Luxembourg
Société Anonyme
11, avenue Emile Reuter
L-2420 Luxembourg

R.C.S. Luxembourg: B 006.061

SOCIETE GENERALE