Annual Report 2024

BIL 1856

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Foreword

> In the face of economic uncertainty, fluctuating interest rates, inflation and the potential impacts of upcoming trade and geopolitical conflicts, our aim is to maintain a solid bank, both financially and operationally.

At BIL, our commitment to Luxembourg's economy and society has never been stronger. Our resilience and growth are built on a clear, long-term strategy and, most importantly, the trust of our clients. Their confidence has enabled us to establish a solid foundation, ensuring financial strength and stability. Our strategy has always focused on the long term: a solid base for reinvesting as much as possible into the development of Luxembourg's economy and society. We create opportunities, we support projects. We are building together a stronger and more sustainable Luxembourg.

A SOLID BANK TO RELY ON

To fulfil our mission and pursue sustainable growth, we must remain a solid bank.

The exponential pace of new technologies, coupled with key industry trends, such as artificial intelligence, open finance, currency digitisation and digital identity is reshaping the banking sector. At BIL we chose to invest. Operational since October 2023, our new core banking system will help us face these challenges and create the services of tomorrow. Throughout 2024, we have adapted our operating model, focused on efficiency while maintaining a strict approach to risk management. These are essential conditions for lasting strength and performance.

2024 was also a year of governance transition with Jeffrey Dentzer appointed Chief Executive Officer, and Marcel Leyers appointed Chair of the Board on 1 May 2024. The Executive Committee was reshuffled to reflect the Bank's ambitions and new organisation.

SUPPORTING LUXEMBOURG'S ECONOMY, IN GOOD AND CHALLENGING TIMES

A slowing global economy, higher interest rates, more assertive regulations, climate change, and geopolitical tensions are reshaping the banking industry and capital markets. As a deeply rooted Luxembourgish bank with an international reach, we fully embrace our role as a driving force for Luxembourg's economy. And 2024 was no small challenge. European economy remained sluggish throughout 2024, with a GDP increase of 0.7% in the euro area. The effect of the rate hike initiated by the European Central Bank in 2022 to fight inflation was still being felt throughout 2024. Luxembourg's economy was not spared, and several major industrial sectors have been affected, in particular the property and construction sectors.

In this context, BIL managed to maintain loans at EUR 16.2 billion. As interest rates have started to decrease, we anticipate a recovery of loan production, albeit slow. Deposits have slightly increased, to EUR 18.8 billion and Assets under Management, at EUR 46.8 billion, grew more significantly, thanks to net new assets and a positive market effect, a sign of the trust our clients place in us. Supporting clients, in both good and challenging times, and across all sectors, remains more than ever our priority.

STABLE COMMERCIAL PERFORMANCES IN A CHALLENGING CONTEXT

From a financial perspective, the results of BIL were influenced by shifts in revenue, primarily due to the prevailing interest rate environment, which impacted both net interest income and new loan production. Thanks to the hard work of our teams, commercial activities were stable compared to 2023. Our disciplined management of costs, risks and capital helped make the Bank more robust in a slow economy. BIL Group reported a net income after tax of EUR 170 million compared with EUR 202 million at year-end 2023. This performance demonstrates the resilience of our business model in a context of fluctuating interest rates, geopolitical uncertainty and slow economy throughout the year.

BUILDING TOMORROW TOGETHER

As our strategic plan Energise Create Together 2025 comes to a close, the Executive management, under new leadership prepared the next strategic roadmap, while continuing to implement the transformation projects already underway.

In the face of economic uncertainty, fluctuating interest rates, inflation and the potential impacts of upcoming trade and geopolitical conflicts, our aim is to maintain a solid bank, both financially and operationally. We will further develop our franchise in Luxembourg, our domestic market, and in selected markets in Europe and internationally, while maintaining a disciplined approach to risk.

The launch of our new strategic plan "Building Tomorrow Together" in 2025, designed to shape the LEAD bank – Lean, Efficient, Agile, Data-driven and Digital, will be instrumental to reach this goal. 2025 will be a year of opportunities and unwavering focus, with ESG as a foundational element. All BIL management and staff are embarking on a new chapter of sustainable growth, building tomorrow together with our clients and our partners.

Marcel Leyers
Chair of the Board

Jeffrey Dentzer
Chief Executive Officer

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01. Consolidated management report

Corporate governance
(as of 31 December 2024)

The Corporate Governance Charter of BIL aims to ensure a coherent and efficient corporate governance framework, to enable BIL Group to effectively manage business operations in line with the strategic priorities as defined by the Board. BIL's corporate governance complies with the high standards laid down in the applicable laws and recognises the importance of sound corporate governance and risk culture.

The Corporate Governance defines the functions, responsibilities and authorities of BIL corporate bodies and their members and constitutes BIL Group's primary governance guidelines to be applied to all subsidiaries, branches (if any) and representative offices of BIL Group and which shall prevail in case of conflicting rules, without prejudice to mandatory local law.

The principles set out in the Corporate Governance Charter are applicable groupwide and should be adjusted to the specific situation of the relevant Group entity, taking the proportionality principle into account, without prejudice to approving their own policies based on mandatory local regulations.

In accordance with Luxembourg regulations, BIL has a robust central administration in Luxembourg, which comprises, in a broad sense, the supervision, the management, the execution and the control functions which enable the Bank to retain control over all its activities. The administrative centre of BIL includes in particular a sound administrative, accounting and IT organisation which ensures, at all times, proper administration of securities and assets, accurate and complete recording of operations and production of accurate, complete, relevant and understandable management information available without delay.

The corporate governance of BIL is articulated around the below organs:

GENERAL MEETING OF SHAREHOLDERS (GM)

The GM has the widest powers under Luxembourg law to adopt or ratify any action related to BIL.

The annual GM receives a management report from the Board on the Company's activities in the previous financial year and approves the balance sheet and profit and loss account.

The annual GM also proceeds to appoint the directors and, where necessary, attends to their replacement, without prejudice to the legal provisions on the representation of salaried staff or the statutory right for the directors, in case of vacancy, to appoint a new director temporarily, subject to regulatory approval.

The extraordinary GM has the authority as described in applicable laws, among others to amend the Company's corporate object or legal form or to decide on any other amendments to the articles of association, such as those arising from capital increases or reductions.

BOARD OF DIRECTORS (THE BOARD)

The Board has the overall responsibility for BIL. It defines, monitors and bears the responsibility for the oversight of the implementation of robust central administration, governance and internal control arrangements ensuring a sound and prudent management of the Bank. Among its missions, the Board is responsible for setting and overseeing the overall business and risk strategy including the risk appetite statements and the risk appetite framework of BIL Group.

The Board is assisted by four specialised committees:

Board Audit and Compliance Committee (BACC)

Monitors and controls the effective implementation and proper adherence to the Bank's approved charters, policies and procedures, accounting standards as well as legal and regulatory requirements, such as but not limited to the AML Risk Appetite Statement and internal audit matters and accordingly makes recommendations to the Board or to the CEO and/or the Management Board.

Board Strategy Committee (BSC)

Assists the Board in setting the strategic direction. It advises the Board on the overall Bank's strategy and budget and gives recommendations to the Board in this respect.

Board Risk Committee (BRC)

Ensures that all material risk matters are addressed and oversees all current and anticipated risks, even indirect, within the BIL Group that could jeopardise the Bank's financial and liquidity capacities and its ability to conduct its activities in a sound manner and in line with the approved risk appetite. Among others, the BRC is responsible for reviewing and challenging the Internal Capital and Liquidity Adequacy Assessment Processes (ICLAAP) and their conclusions for recommendation to the Board, at least on a yearly basis or more often if deemed necessary.

Board Remuneration and Nominations Committee (BRNC)

Sits separately in nomination and remuneration matters. The role of the BRNC is to assist and advise the Board on topics such as the definition of a global remuneration charter of the Bank. It also assists and advises the Board on matters such as the suitability assessment and the appointment/dismissal/revocation process of the members of the Board or Management Board as well as the suitability assessment of the members of the Executive Committee.

MANAGEMENT BOARD (MB) AND EXECUTIVE COMMITTEE (EXCO)

The Board has delegated the daily management of the Bank to the MB. The MB consists of the members of the management body in its executive function who are authorised by the Supervisor. The overall objective of the MB is to lead, direct and manage BIL, in order to implement the strategy and achieve the business objectives in line with the risk appetite set by the Board. The MB is collegially responsible for the effective day-to-day management of the Bank. It meets in principle on a weekly basis as an integral part of the Executive Committee (ExCo) and on an ad-hoc basis, as needed.

The ExCo consists of the MB members, as well as designated heads of support functions and business lines. The ExCo and the MB are chaired by the Chief Executive Officer (CEO). The Chief Compliance Officer, the Chief Internal Auditor and the Secretary General and General Counsel are permanent invitees to the ExCo. The Chief Compliance Officer and the Chief Internal Auditor have direct reporting lines to the Board Chair and to the Chair of the BACC (amongst other Directors).

The MB Members acting as a collegial body, are jointly responsible for the overall management of the Bank and are co-responsible for all the decisions made by the MB.

MB Members are recommended by the BRNC-N in its sub-meeting dedicated to nomination matters for election by the Board subsequent to a positive suitability assessment carried out in accordance with the standards defined in the Suitability & Succession Charter.

ExCo members are recommended by the BRNC-N in its sub-meeting dedicated to nomination matters for election by the MB subsequent to a positive suitability assessment carried out in accordance with the standards defined in the Suitability & Succession Charter.

MANAGEMENT COMMITTEES

In order to further enhance its effectiveness on transversal topics within the MB scope, which are either technical and/or require a specific emphasis, the MB delegated its decision-making power in certain areas to a number of Management Committees composed of MB members and technical experts.

BOARD OF DIRECTORS

Chair

Marcel Leyers	Non-Executive Director (as from 1 May 2024)
Jing Li	Director, VP, Managing Director of Overseas Investment of Legend Holdings Corporation (Chair ad interim up to 30 April 2024)

Vice-Chair

Jing Li	Director, VP, Managing Director of Overseas Investment of Legend Holdings Corporation (as from 1 May 2024)
Peng Li	Director, Chief Executive Officer of Legend Holdings Corporation (up to 30 April 2024)

Members

Peng Li	Director, Chief Executive Officer of Legend Holdings Corporation
Vincent Thurmes	Director, Luxembourg State Representative
Pierrot Rasqué	Director, Luxembourg State Representative
Maurice Lam	Independent Director
Charles Q. Li	Independent Director
Chris Van Aeken	Independent Director
David Pilgrim	Independent Director (as from 24 July 2024)
Marcel Leyers	Executive Director (up to 30 April 2024)
Ashley Glover	Director, Staff Representative
Benoît Migeaux	Director, Staff Representative
Claude Steffen	Director, Staff Representative
Frank Block	Director, Staff Representative (as from 30 September 2024)
Marc Terzer	Director, Staff Representative (up to 29 September 2024)

BOARD STRATEGY COMMITTEE

Chair	Members
Jing Li	Marcel Leyers (as from 1 May 2024)
	Vincent Thurmes

BOARD AUDIT AND COMPLIANCE COMMITTEE

Chair	Members
Maurice Lam	Jing Li
	Pierrot Rasqué

BOARD RISK COMMITTEE

Chair	Vice-Chair	Members
Chris Van Aeken	Jing Li	Vincent Thurmes
		Charles Q. Li
		David Pilgrim (as from 24 July 2024)

BOARD REMUNERATION AND NOMINATIONS COMMITTEE

Chair	Members
Jing Li	Peng Li
	Claude Steffen (Remuneration matters)
	Vincent Thurmes
	Charles Q. Li (as from 1 May 2024)

EXECUTIVE COMMITTEE[1]

Chair

Jeffrey Dentzer[2]	Chief Executive Officer (as from 1 May 2024)
Marcel Leyers[3]	Chief Executive Officer (up to 30 April 2024)

Members

Hédi Ben Mahmoud[2]	Chief Risk Officer
Hans-Peter Borgh	Group Head International
Claude Eyschen	Head of Wealth Management
Olivier Gorin	Chief Operating Officer
Emilie Hoël	Head of CEO Office
Helen Liang	Head of China Market
Bernard Mommens[4]	Advisor
Jérôme Nèble[5]	Head of Strategy, Secretary General Office and Balance Sheet Management
Nico Picard[2]	Chief Financial Officer
Karin Scholtes[2]	Chief of the Luxembourg Market and Corporate and Institutional Banking

Permanent Invitees

Marie Bourlond	Chief Compliance Officer
Elsa Dorschel	Chief Internal Auditor (as from 1 May 2024)
Pia Haas	Chief Internal Auditor (up to 30 April 2024)
Frédéric Sudret	Secretary General and General Counsel

[1] In January 2025, BIL announced a reorganisation of the Executive Committee.
For further details, please refer to the governance section available on www.bil.com/en/BIL-group/the-bank/Pages/Governance.aspx.
[2] Member of the Management Board
[3] Member of the Management Board up to 30 April 2024
[4] Member of the Management Board up to 15 September 2024
[5] Member of the Management Board as from 15 May 2024

Statement of conformity

Luxembourg, 28 March 2025,

Subject: Statement of conformity in relation to the consolidated financial statements and consolidated management report in accordance with Article 3 of the Transparency Law of 11 January 2008 (as amended)

We hereby inform you that, to the best of our knowledge, the annual consolidated financial statements as at 31 December 2024 of Banque Internationale à Luxembourg, established in accordance with the IFRS Accounting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss, and that the consolidated management report includes a fair review of the development and performance of the business and the position of Banque Internationale à Luxembourg and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

On behalf of the Management Board,

Nico Picard
Chief Financial Officer

Jeffrey Dentzer
Chief Executive Officer

BIL's business model

BIL is the oldest multi-business bank in Luxembourg. Since its foundation in 1856, the Bank has always played an active role in financing Luxembourg's economy. The Group offers retail, private, corporate and institutional banking as well as treasury and financial market services.

Through its national and international network, BIL offers bespoke and innovative financial services to meet the needs of a broad client base. These services help client wealth and businesses to flourish and support financial professionals in developing their activities.

BIL provides a broad range of services to meet the needs of its clients, presented as described in Note 3 by operating segment. "Retail Banking, Corporate & Institutional Banking (CIB) and Wealth Management" are reported as "Luxembourg Market & CIB and Wealth Management".

RETAIL BANKING

Retail Banking serves the diverse retail and personal banking needs of both resident and non-resident individuals. BIL is represented in Luxembourg by a network of branches and advice centres located throughout the country, integrating Personal Banking and Corporate Banking competence centres. In addition to the branch network, BIL also serves its clients through its online digital banking platform (mobile and web applications). BIL is a licensed insurance broker and offers its clients and partners a broad range of solutions, such as life insurance, pension schemes and retirement savings.

The main value proposition encompasses:

- Daily Banking (e.g. savings, payments, cards);
- Financing (e.g. mortgage loans, consumer loans, credit lines);
- Insurance (e.g. loan insurance, life insurance);
- Investment solutions (e.g. brokerage, advisory, discretionary management).

CORPORATE & INSTITUTIONAL BANKING (CIB)

CIB activities serve business owners, start-ups, small – medium – large companies, financial and non-financial institutions and public sector clients in Luxembourg and abroad.

Clients have access to a wide range of products and services, and thanks to experts in the various fields, the CIB business lines can accompany its clients throughout the entire company lifecycle.

While focusing primarily on support for the local economy, international lending is also offered and complies with pre-defined criteria limiting the expansion of the international loan portfolio.

The main value proposition includes:

- Daily Banking and Account management solutions (e.g. cash management, SWIFT, corporate credit cards).
- Financing (e.g. direct lending through credit lines or loans, leasing through BIL Lease, syndicated lending).
- Treasury Management and Global custody (e.g. Direct access to the financial markets, hedging tools, discretionary portfolio management).
- Alternative investment funds depositary (e.g. Safekeeping of assets, oversight duties, treasury solutions).

WEALTH MANAGEMENT

The Wealth Management business line (both in Luxembourg as well as Switzerland) provides financial and non-financial products and services to a wide range of clients, with a tailor-made approach, drawing on the unique capabilities of different BIL entities (BIL Luxembourg S.A. ("BIL"), BIL (Suisse) S.A. ("BIL Suisse"), and BIL Manage Invest S.A. ("BMI")).

The main value proposition includes:

- A full product suite of wealth management products (including execution-only, advisory and discretionary portfolio management investment options, alternative investment options and lending solutions).
- Access to a wide range of financial assets (including direct access to financial markets via the Bank's Transaction Desk) combined with bespoke advice from experts.
- Strong cross-border expertise for entrepreneurial clients with international needs, as well as cross-border lending and secondary home financing.
- Access to prestigious private banking booking centres in Luxembourg and Switzerland.
- Cross-border wealth planning and structuring.
- Set-up, administration, and management of regulated or unregulated structures.
- Expertise and advice on key topics for entrepreneurs through Corporate Finance services.

FINANCIAL MARKETS

Financial Markets is primarily responsible for Balance Sheet Management which includes the Investment Portfolio, Treasury (short-term liquidity and secured funding management), Long-Term Funding (Euro Medium Term Notes (EMTN) and Euro-Commercial Paper (ECP) programmes) and Asset and Liability Management (ALM).

BIL also offers a comprehensive range of professional treasury and financial market products and services, including structured products, warrants and investment funds.

These services meet the needs of a diverse client base including banks, insurance firms, large corporations and multinationals, state institutions, asset managers and investment funds. In-house trading floors in Luxembourg and Zurich handle financial market transactions for all business areas of the Bank.

Business Review and Results

1. Highlights of 2024 and early 2025

Throughout 2024, BIL relentlessly focused on its clients, individuals and corporates, by ensuring that its processes, services, and organisational framework continuously delivered quality and reliability. This focus was critical in a year defined by global economic uncertainties and transformative shifts. The Bank worked closely with its customers to address their evolving needs, providing solutions and guidance to help them navigate these challenges successfully.

2024 marked a pivotal year for BIL as it concluded the implementation of its 5-year strategic plan, Create Together 2025. Building on this foundation, the Bank undertook a thorough review and refinement of its operations, implementing a new target operating model designed to enhance customer services in the years ahead. This new model emphasises greater efficiency, simplicity and client-centricity, ensuring that both individual and corporate customers receive the seamless support they need to achieve their goals. It will also pave the way for the Bank's new 6-year strategic plan, Building Tomorrow Together 2025-2030. Focus on its core business, greater digitisation of its services and development of its wealth management franchise on selected markets will be the key drivers of its future growth.

SUPPORTING LUXEMBOURG ECONOMY

From continuing energy market volatility driven by geopolitical tensions to the Artificial Intelligence (AI) boom transforming industries, economic trends were anything but predictable. The European Central Bank (ECB) initiated a gradual decrease of its interest rate in June 2024, after a sudden hike from 0% (July 2022) to an all-time high of 4% (September 2023). Geopolitical tensions, particularly in Ukraine and the Middle East, contributed to fluctuating oil and gas prices. AI emerged as a key driver of productivity across sectors, seeing massive investments by governments and corporations alike to adopt and adapt to this technological shift.

With inflation slowly decreasing, the ECB started to ease its monetary policy. After reaching a peak of 4% at the end of 2023, the ECB gradually reduced its deposit rate to 3% by year-end 2024. Financing conditions remained tight, albeit improving. The property and construction sectors were still in disarray, hard hit after two years of crisis. Indeed, high mortgage rates left numerous households and businesses in difficulty, many choosing to postpone their projects. It is expected that a full recovery will take more time. Throughout the year, BIL remained steadfast in its commitment to support the national economy and adopted a series of measures to stimulate lending activity.

BIL multiplied commercial initiatives to boost lending activity and support its clients. Special fixed-rate mortgage loan offers were launched on the market for 10-year and 15-year loans. The objective was to bring predictability to clients who might have preferred to postpone or cancel their real estate projects due to the uncertainty that variable interest rates might entail. In addition, BIL passed on to its clients the cut in interest rates decided by the ECB, thus bringing relief to clients who had opted for a variable-rate loan. As the interest rate hike was sudden from 2022 to 2024, the Bank decided to take a proactive approach, identifying clients most likely to face monthly repayment difficulties to discuss their situation and, when needed, find temporary solutions to avoid exposing them to a risk of default. Thanks to these initiatives, combined with improving financing conditions, lending activity picked up.

GREATER FOCUS TO BETTER SERVE OUR CLIENTS

In 2024, client-centricity was the motto across all business lines of the Bank. In anticipation of its new 6-year strategic plan, the Bank initiated a streamlining of its commercial franchises to focus its strength and resources on its core business.

Retail banking: leveraging the latest technologies to improve service

BIL continued the roll out of its "phygital" concept throughout its Retail Banking activity in Luxembourg. At the heart of this approach is a deeper integration of its digital and physical services on its domestic market.

To respond to growing customer demand for more digital services, and to be at the forefront of innovation, BIL invested heavily in its IT infrastructure. BIL's new Core Banking System (CBS) was successfully deployed on October 2, 2023. This central infrastructure is essential to BIL's future. It is already facilitating the integration of the most recent technologies and can absorb the greater volume of operations anticipated for years to come. During the first months of post-go-live operations, a comprehensive organisation was put in place to tackle any potential issues that the Bank had anticipated and to support clients.

The Bank also worked on the development of its digital service offering, with the introduction of new features to improve processes and client experience. BIL launched "Berry" its virtual assistant on its online banking platform BILnet in April 2024. Powered by Artificial Intelligence (AI), Berry can help clients to get answers on credit cards' status and credit card payments. Available 24/7, in French and English, Berry can also carry out online transactions, explain why a card payment was declined (e.g. card limit reached or in case of an incorrect PIN, etc.), or keep track of a card once it has been ordered. Other features related to card management are available, and new ones will be introduced progressively.

In parallel to these digital developments, BIL continued to optimise the location of its branches throughout Luxembourg to ensure its physical presence where it is most convenient for its clients.

Wealth Management: targeting entrepreneurial clients with greater focus

Thanks to a wide range of services developed in recent years aimed at its entrepreneurial clientele, BIL continued to grow its Corporate and Wealth Management businesses, on track with its Energise Create Together 2025 strategy. As economic growth remained sluggish and markets volatile throughout 2024, BIL's Wealth Management teams in Luxembourg, Switzerland and China focused on supporting existing clients. The service offering was simplified to be more efficient and ease development. BIL Wealth Management teams were fully focused on prospection and business development, with promising results. In parallel, the Bank conducted a strategic review of its wealth management businesses to ensure that its organisation and commercial drive are fully aligned with its strategy. As a result, the Bank decided to concentrate its resources on a limited number of core markets to support customers where the Bank can bring more value, while optimising its set-up on others. In France, BIL initiated the process of setting up a commercial office in Paris, with an opening planned in 2025. Due to exacerbated competition and a slowdown of the economy, the Bank also decided at the end of 2024 to close its Hong Kong office in China, BIL Wealth Management Limited. BIL is fully committed to its Chinese clients and will continue to serve them with dedicated teams from its two Wealth Management hubs located in Luxembourg and Switzerland. BIL's representative office in Beijing remains fully operational. In Luxembourg, the Bank is closing its fully owned subsidiary specialising in real estate, Belair House S.A.

Supporting corporate and institutional clients during a challenging year

As a universal bank, BIL has the unique capability to offer entrepreneurial clients a wide range of services, catering to both their professional and personal needs.

In 2024, despite operating in a challenging macroeconomic environment, Institutional Banking activity sustained a strong momentum, further solidifying its commercial franchise. Additionally, thanks to the expertise of its teams based in Luxembourg and Switzerland, BIL Corporate Finance further expanded its activity with major M&A advisory mandates and structured finance deals, ranging from EUR 34 million to EUR 213 million.

Streamlined processes, relentless attention to clients, new services, greater focus of resources on selected markets, BIL will build on these solid foundations and will continue to improve and to adapt to support its clients and grow its business sustainably, building tomorrow together.

ALIGNING OUR GOVERNANCE WITH OUR NEW STRATEGY "BUILDING TOMORROW TOGETHER"

The new 2025-2030 strategy "Building Tomorrow Together" was validated by the Board of Directors (the Board) on 19 December 2024. Clear strategic pillars have been defined for the next six years, and it has been decided to align the organisation of the Bank to reflect this.

This new organisation brings significant changes to the management of some key business and support departments of the Bank with the aim to gain efficiency at all levels of the organisation. For more information, please refer to the governance section available on www.bil.com/en/BIL-group/the-bank/Governance.aspx.

2. Geopolitical risk

BIL Group continues to closely monitor global geopolitical risks through the assumptions underlying its stress testing and its annual risk self-assessment exercise.

The Group considers the ongoing conflict between Russia and Ukraine to be its main geopolitical risk and continues to closely monitor the situation.

In response to these events, the Group is rigorously applying the measures necessary to strictly enforce all international sanctions and restrictions as and when they are announced.

From a risk management perspective BIL's exposure to Russia remains relatively small. The direct impacts of the conflict on BIL Group's 2024 consolidated financial statements remain limited. Credit exposure towards Russia represents 0.2% of total exposures as at 31 December 2024 (0.3% of total exposures as at 31 December 2023). All exposures are collateralised and all collateral is located in Western Europe.

3. ESG (Environmental, Social and Governance)

In 2024, BIL continued to advance its Sustainability Journey with a strong emphasis on regulatory compliance and the integration of Environmental, Social, and Governance (ESG) principles throughout its operations. The Management Body dedicated significant attention to identifying material impacts, risks, and opportunities associated with sustainability.

Key initiatives included:

- ESG Training: training programs were implemented to deepen the organisation's understanding of ESG principles, ensuring that employees at relevant levels are equipped to address sustainability challenges.
- Climate Risks and Financed Emissions: BIL assessed the implications of climate risks and evaluated its financed emissions, successfully integrating these considerations into decision-making processes, including mortgage and corporate lending. New ESG indicators targeting physical and transition risks have been integrated into the Risk Appetite Framework (RAF) and are presented quarterly in the Global Risk Dashboards.
- Investment Decision Processes and ESG Integration: the Bank made amendments to enhance data supply for ESG considerations within its investment decision-making processes, ensuring that sustainability factors are more effectively integrated.
- Regulatory Compliance: BIL closely monitored evolving sustainability regulations, aligning its practices, accordingly, including the validation of its Transition Plan and adherence to various regulatory and supervisory frameworks.
- Implementation of ESG Markets in Financial Instruments Directive (MiFID) Requirements: progress was made in aligning with ESG requirements under the MiFID framework, ensuring compliance with regulatory expectations.
- Energy Performance Certificates (EPC) Data Collection Initiatives: BIL focused on initiatives for collecting (EPC) to better assess transition risks in the real estate portfolio.
- Corporate Sustainability Reporting Directive (CSRD) Preparation: preparations for compliance with the CSRD were underway, positioning the Bank to meet evolving reporting standards.

On the product and service front, BIL achieved significant milestones in responsible investment. The renewal of the LuxFlag ESG Label accreditation for 6 in-house funds marked a commitment to sustainable investment practices. Additionally, following a promising start of new issues in 2022 primarily in the form of private placements, the total amount raised by BIL in Green Bonds exceeded EUR 500 million equivalent as of the end of 2024.

On the lending side, there was a focus on enhancing risk management processes, particularly regarding residential real estate. Efforts were made to improve data quality, especially in EPC collection, and to integrate physical risk assessments into the loan origination process. Significant training initiatives were implemented across various business lines, including Corporate and Institutional Banking (CIB) advisors, with a particular focus on CSRD and ESG risks.

At the Investment Portfolio level, BIL continued its efforts to achieve the goal of having 30% of its investments in sustainable assets by 31 December 2025. As of 31 December 2024, Green, Social and Sustainable bonds accounted for 26.89% of the total portfolio. This ongoing commitment highlights the Bank's dedication to aligning its portfolio with sustainable investment principles while actively monitoring market trends in ESG bonds.

From a regulatory perspective, BIL prioritised the implementation of the CSRD in 2024, concentrating on the industrialisation of non-financial data collection while emphasising the coherence between various material risk assessments and CSRD elements.

The Bank also advanced its Transition Plan, which was approved by the Board in October 2024, taking effect in 2025. This plan identifies specific decarbonisation targets, actionable levers, and integrates climate risk mitigation strategies into the Bank's overall business strategy, ensuring alignment with long-term goals. In this context, client engagement was another major focus in 2024, with BIL implementing a Climate Transition Maturity Assessment tool to support corporate clients in transitioning to more carbon-efficient practices. Initial pilot assessments began, with the goal of engaging clients representing a significant portion of Greenhouse Gas (GHG) emissions in business loans by 2025.

BIL established a comprehensive framework to evaluate key transition and physical risk factors, integrating these assessments into credit scoring and mortgage pricing. In the latter half of 2024, new Risk Appetite Framework (RAF) indicators were introduced, which included metrics for transition and physical risk assessments across the Bank's exposures. These indicators are designed to monitor the material impacts of ESG factors and to support strategic decision-making.

On the operational front, BIL continued implementing measures to reduce its energy consumption. Initiatives included upgrading building management systems, replacing lighting with energy-efficient LEDs, and installing geothermal heating systems. In 2024, BIL internalised operational carbon footprint calculations to enhance monitoring and engagement, particularly with key internal stakeholders.

BIL also published its first Green Asset Ratio (GAR) for the year ended as of 31 December 2023, addressing reporting challenges and setting the stage for future improvements.

Training on ESG issues was emphasised across the organisation, with mandatory sessions for all staff and specialised training for management to enhance governance and oversight of ESG matters. The Board received targeted training on regulatory expectations related to ESG risks, ensuring that these considerations are integrated into strategic planning.

Looking ahead to 2025, BIL aims to further integrate ESG considerations into its core business activities, transitioning from a centralised ESG initiative to embedding sustainability within all value chains. This transition will involve governance changes, moving from a programme management approach to a "Business As Usual" (BAU) ESG oversight committee. This committee will provide global guidance on key ESG topics and monitor essential KPIs effectively.

Key projects for 2025 include establishing a comprehensive Green Loan Framework, enhancing the ESG assessment process for corporate borrowers, and improving the Principal Adverse Impact (PAI) report to better reflect the Bank's sustainability performance.

Overall, BIL's 2024 ESG journey reflects a commitment to embedding sustainability into its operations, ensuring regulatory compliance, and actively engaging with clients to facilitate their transition toward more sustainable practices. As BIL moves forward, the focus will remain on managing ESG risks effectively while supporting sustainable development initiatives.

4. Key figures

COMMERCIAL FRANCHISES

The "Luxembourg Market & CIB and Wealth Management" business areas performance remained resilient during 2024:

- Assets under Management (AuM) amounted to EUR 46.8 billion compared with EUR 43.8 billion at year-end 2023, up by 7%. This increase resulted from Net New Asset (NNA) inflows of EUR 0.7 billion primarily stemming from Institutional Banking activities in Luxembourg and a positive market effect of EUR 2.3 billion.
- Customer deposits amounted to EUR 18.8 billion compared with EUR 18.5 billion, an increase of 1.7% (EUR 0.30 billion) compared with year-end 2023. This increase occurred mainly in fixed term deposits (EUR 1.1 billion) and savings accounts, partially offset by a decrease in current accounts (EUR -0.9 billion). Throughout 2024, with changing interest rates clients opted to move their deposits from current accounts to more remunerative products and extended the duration of their deposits.
- Customer loans amounted to EUR 16.2 billion compared with EUR 16.4 billion at year-end 2023. This slight decrease is mainly due to a notably cautious recovery in mortgage loan production in Luxembourg and setbacks in corporate banking activities as the recovery of real estate development was slower than expected.

PROFITABILITY

In 2024, BIL's profitability was influenced by shifts in revenue, primarily due to the prevailing interest rate environment. Additionally, changes in the composition of expenses were noted, particularly linked to the implementation of the new Core Banking System. These factors collectively impacted the Bank's financial performance during the year.

BIL Group reported a net income after tax of EUR 170 million compared with EUR 202 million at year-end 2023, down by 16%, primarily driven by a reduction of net interest income.

Non-recurring items before tax generated a negative impact of EUR 15 million in 2024 compared with a negative impact of EUR 9 million recorded in 2023. In 2024, non-recurring items recognised before tax are composed of restructuring costs for EUR 12 million, including the closing costs of the BIL Wealth Management Limited Hong Kong and Belair House S.A. entities and a negative impact on the cost of risk by EUR 6 million, offset by capital gains realised on the Bank's Investment Portfolio amounting to EUR 2 million.

Core gross operating income, excluding non-recurring items, amounted to EUR 229 million in 2024, decreasing by EUR 37 million (-14%) in comparison to year-end 2023, when it stood at EUR 267 million.

This decline was predominantly driven by core operating revenues, which decreased by EUR 46 million mainly influenced by a negative evolution in net interest income of EUR 62 million due to the prevailing rate environment and changes in customer investment behaviour. This decline was partially offset by a favourable evolution in other net income of EUR 28 million. Core operating expenses decreased to EUR 487 million thanks to effective cost control measures.

Core operating net income before tax stands at EUR 205 million, compared to EUR 239 million in 2023, down by EUR 34 million (-14%). This was marked by a decrease in core gross operating income of EUR 37 million and a lower core cost of risk by EUR 3 million compared with year-end 2023.

LONG-TERM COUNTERPARTY CREDIT RATINGS

In 2024, BIL's ratings as assessed by both Moody's and Standard & Poor's stand at A2/Stable/P-1 and A-/Negative/A-2 respectively.

BIL Group	Dec 2023	Dec 2024	Outcome
Moody's	A2 Stable P-1	A2 Stable P-1	On 5 February 2025, Moody's Investors Service affirmed BIL's ratings following completion of a periodic review of the Bank's ratings.
S&P	A- Stable A-2	A- Negative A-2	On 30 October 2024, S&P Global Ratings affirmed BIL's ratings with a revised outlook from stable to negative. A fully updated rating analysis was published on the 11 December 2024.

The most recently published rating agency reports are available on: www.bil.com/en/bil-group/investor-relations.

5. Operating segmentation

As described in BIL's business model section, the consolidated statement of income by business line below and Note 3 figures "Information by operating segment" reflect this organisation.

6. Consolidated statement of income and consolidated balance sheet

The consolidated financial statements of BIL Group for 2024 were prepared in accordance with IFRS Accounting Standards, as adopted by the European Union. The material accounting policies are described in Note 1 to the consolidated financial statements. Unless stated otherwise, all amounts are expressed in euro (EUR).

ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

BIL Group (in EUR million)	31/12/23	31/12/24	Change versus 2023	%
Revenues	**762**	**719**	**(43)**	**(6)%**
Interest and dividend income	538	476	(62)	(12)%
Fees income	212	204	(8)	(4)%
Other income	11	39	28	247%
Expenses	**(505)**	**(499)**	**7**	**(1)%**
Staff expenses	(266)	(253)	13	(5)%
General expenses	(184)	(170)	14	(8)%
Amortisation	(55)	(75)	(20)	37%
Gross operating income	**256**	**221**	**(36)**	**(14)%**
Cost of risk and impairment on goodwill	(26)	(30)	(5)	18%
Net income before tax	**230**	**190**	**(40)**	**(17)%**
Tax expenses	(29)	(20)	8	(29)%
Net income	**202**	**170**	**(32)**	**(16)%**

CONTRIBUTION TO THE CONSOLIDATED STATEMENT OF INCOME BY BUSINESS LINE

BIL Group (in EUR million)	Commercial activities and Financial Markets		Group Center		Total		Change versus 2023	%
	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24		
Revenues	750	666	12	53	762	719	(43)	(6)%
of which core operating revenues	***746***	***665***	***17***	***51***	***763***	***716***	***(46)***	***(6)%***
Expenses	(462)	(500)	(43)	1	(505)	(499)	7	(1)%
of which core operating expenses	***(462)***	***(498)***	***(33)***	***11***	***(496)***	***(487)***	***9***	***(2)%***
Gross operating income	288	166	(31)	54	256	221	(36)	(14)%
of which core gross operating income	***283***	***167***	***(16)***	***62***	***267***	***229***	***(37)***	***(14)%***
Cost of risk and impairment on goodwill	(28)	(37)	2	7	(26)	(30)	(5)	18%
of which core operating cost of risk	***(29)***	***(25)***	***1***	***0***	***(28)***	***(25)***	***3***	***(12)%***
Net income before tax	259	129	(29)	61	230	190	(40)	(17)%
of which core operating net income before tax	***254***	***143***	***(15)***	***62***	***239***	***205***	***(34)***	***(14)%***
Tax expenses					(29)	(20)	8	(29)%
Net income					**202**	**170**	**(32)**	**(16)%**

REVENUES

Total revenues amounted to EUR 719 million, down by EUR 43 million (-6%) compared with year-end 2023. Revenue contributions are presented by operating segment and accounting category in Note 3.

Net interest income amounted to EUR 476 million compared with EUR 538 million, down by EUR 62 million, reflecting a trend consistent with the evolution observed in June 2024. Several elements contributed to this decrease, including the initial effects of shifts in the interest rate environment, as we transitioned into a period of progressive normalisation of interest rates, marked by an acceleration during the latter half of the year and a measured easing of monetary policy restrictions in Europe since the beginning of the year 2024.

2023 net interest income benefitted fully from high interest rates, in stark contrast to 2024, which was also influenced by changes in client investment behaviour. In this context, clients opted to place their deposits for longer periods since the end of 2023, switching from current accounts to more remunerated products such as fixed term deposits and capital guaranteed structured products. On the lending side, the Bank continued to provide unwavering support to all its clients, yet interest income was down, penalised by competitive pressure in a climate of economic slowdown primarily in the real estate sector in Luxembourg.

Regarding Financial Market activities, a large part of the decrease in net interest income related to Treasury and Asset and Liability Management, explained by the non-remuneration of mandatory reserves since September 2023, by the balance sheet structure and less favourable yield curves which reduced transformation margin income. 2023 net interest income was strongly influenced by the persistent rise in short-term interest rates, which was unsustainable in the long term.

Group Center net interest income generated a positive evolution compared with December 2023, which can mainly be attributed to higher net interest income on the Bank's own funds.

Net fee income totalled EUR 204 million, down by EUR 8 million in contrast to 2023 (-4%). The net fee income generated from lending activities fell due to a decrease in new loan production and to a more substantial proportion of lending fees subject to amortisation in accordance with IFRS regulations.

Other net income totalled EUR 39 million, an increase of EUR 28 million compared with December 2023. This increase is primarily attributed to a lower contribution to DGS & Resolution funds, amounting to EUR 3 million in contrast to EUR 19 million in 2023. Until 2023, BIL participated in the constitution of the Single Resolution Fund that met its targeted threshold of 1% of covered deposits at EU level by the end of 2023. Starting 2024, the Single Resolution Fund is set to uphold its targeted level of 1% of covered deposits at EU level. The net gain on financial instruments measured at fair value through profit or loss which increased to EUR 26 million from EUR 20 million in 2023, included a positive revaluation on BIL's Reinsurance S.A. investment portfolio. The remaining evolution of EUR 6 million is mainly due to a negative variation of unrealised capital gains on investment properties in 2023 compared with a stable valuation in 2024. A large part of this positive evolution is allocated to Group Center.

EXPENSES

Expenses amounted to EUR 499 million, down by EUR 7 million compared with EUR 505 million at year-end 2023, or down by 2% excluding non-recurring items.

Staff expenses decreased by EUR 13 million, primarily at BIL Luxembourg level, following a reduction in headcount and lower variable remuneration in 2024, offset by salary indexations in 2023 (February, April and September) that were fully applied in 2024.

General expenses decreased by EUR 14 million in comparison to the previous year. 2023 was impacted by higher transition costs associated with the implementation of the new Core Banking System (CBS) which necessitated additional support from external consultants, additional IT environments for testing purposes and staff training considering the new IT platform T24.

Depreciation and amortisation expenses increased by EUR 20 million compared with 2023, mainly stemming from the amortisation of intangible assets following the deployment of the new CBS in October 2023, reflecting the impact of a full year's amortisation in 2024 versus merely one quarter in 2023. In terms of operational segmentation, in 2023, Group Center incurred CBS development costs and associated general expenses up until the rollout. Post "go-live" amortisation costs are fully allocated to the commercial activities and Financial Markets.

The cost income ratio reached 69% in 2024 compared with 66% in 2023 primarily driven by a decrease in revenues. The core cost income ratio (excluding non-recurring items) stood at 68% up from 65% in 2023, in line with expectations for 2024.

GROSS OPERATING INCOME

Gross operating income amounted to EUR 221 million compared with EUR 256 million in 2023. Excluding non- recurring items, core gross operating income decreased by EUR 37 million (-14%), negatively influenced by a significant decrease in core operating revenues (EUR 46 million).

COST OF RISK

BIL Group recorded net provisions on loans and advances of EUR 30 million compared with EUR 26 million in December 2023 and EUR 25 million in 2024 excluding non-recurring items (as mentioned below).

IMPAIRMENT ON GOODWILL

In December 2024, BIL Group recorded a full impairment of EUR 3 million on the goodwill allocated to the cash-generating unit (CGU) "BIL Wealth Management Limited Hong Kong" and recognised at the initial consolidation of the company in February 2020. This follows the decision to cease the activity of the subsidiary in 2025 and is considered as a non-recurring item.

EXPECTED CREDIT LOSSES (ECL)

The cost of risk totalled EUR 28 million in 2024 compared with EUR 26 million in 2023; excluding negative non-recurring items of EUR 3 million in 2024 (e.g. the recovery on a legacy loan offset by the sale of non-performing loans), the core cost of risk totalled EUR 25 million in 2024 compared with EUR 28 million in 2023.

Against a fundamentally difficult economic and geopolitical backdrop, the Bank continued to adopt a prudent approach, particularly regarding its real estate portfolios (both residential and property development) and maintained a conservative downside scenario overweight in the calculation of Expected Credit Losses (ECL). By year-end 2024, ECL Post-Model Adjustments (PMA) increased by EUR 8 million, with management overlays rising by EUR 7 million during the year, in response to the prevailing economic climate.

The core cost of risk includes a reversal of EUR 33 million in Stage 1 and Stage 2 exposures in 2024 mainly driven by the evolution of the ECL models, as described in detail in Note 9.2 Credit Risk, versus a reversal of EUR 21 million during the first half of 2024.

The core cost of risk related to Stage 3 exposures amounted to EUR 43 million, influenced by an increase in Stage 3 exposures (non-performing loans and advances rose from EUR 776 million to EUR 839 million in June 2024 and subsequently to EUR 821 million at year-end).

Asset quality indicators concerning loans and advances are described in the Risk Management report section 3.6 Asset Quality.

NET INCOME BEFORE TAX

Net income before tax stood at EUR 190 million, down by EUR 40 million (-17%) compared to year-end 2023, negatively influenced by a marked decrease in net interest income (EUR -62 million).

TAX

In 2024, tax expenses stood at EUR 20 million, down by EUR 8 million compared to 2023. The evolution of tax expenses is in line with the lower net income before tax.

NET INCOME

In 2024, BIL Group reported a net income of EUR 170 million, a performance significantly influenced by the decline in interest rates following an extraordinary year in 2023.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET[1]

BIL Group (in EUR billion)	31/12/23	31/12/24	Change versus 2023	%
ASSETS	**30.5**	**30.7**	**0.2**	**0.7%**
Cash, balances with central banks and demand deposits	3.0	1.5	(1.4)	(48.1)%
Loans and advances to credit institutions	0.7	1.9	1.2	176.6%
Loans and advances to customers	16.4	16.2	(0.2)	(1.1)%
Financial investments	9.2	9.8	0.6	6.5%
Positive fair value of derivative products	0.5	0.5	(0.0)	(5.5)%
Other assets	0.8	0.8	0.0	3.8%
LIABILITIES	**30.5**	**30.7**	**0.2**	**0.7%**
Amounts due to credit institutions	3.7	2.8	(0.9)	(24.9)%
Amounts due to customers	18.5	18.8	0.3	1.7%
Negative fair value of derivative products	0.3	0.4	0.1	23.9%
Debt securities	4.9	5.7	0.8	16.0%
Subordinated debts	0.3	0.4	0.0	1.7%
Other liabilities	0.4	0.3	(0.1)	(16.6)%
Shareholders' equity	2.4	2.4	0.0	1.4%

ASSET MOVEMENTS

"Cash, balances with central banks and demand deposits" amounted to EUR 1.5 billion, down by EUR 1.4 billion (-48.1%). This item consists mainly of overnight deposits with Central Banks. This reduction in BIL's excess liquidity is mainly due to an increase in "Loans and advances to Credit institutions" (EUR 1.2 billion).

"Loans and advances to credit institutions" amounted to EUR 1.9 billion, up by EUR 1.2 billion similar with the situation in June 2024. This evolution is mainly influenced by an increase in reverse repurchase agreements of EUR 1.2 billion. The Bank continued to opt for an active collateral management in a favourable market backdrop and actively engaged in collateralised transactions during 2024. This strategy contributed to the growth in reverse repurchase agreement balances, which involve lending cash against high-quality bonds to enhance our liquidity position while maintaining a robust risk management framework. Market conditions were particularly supportive with a flight-to-quality trend attracting increased demand for reverse repos.

"Loans and advances to customers" amounted to EUR 16.2 billion at the end of 2024 compared with EUR 16.4 billion at the end of 2023, down by 1.1% mainly due to Corporate Banking activities as real estate and large corporates suffered during 2024. The Bank continued to support the national economy to increase lending activities, and a slight upturn was observed in the second half of the year, driven by the rate cuts and a gradual return to a climate of confidence.

"Financial investments" rose by EUR 0.6 billion to EUR 9.8 billion at the end of 2024. Most of these new investments are HQLA eligible securities either Level 1 or Level 2 LCR with Level 1 securities representing nearly 84% of the Investment Portfolio as at 31 December 2024. The Investment Portfolio is made up mainly of assets eligible for refinancing by the European Central Bank (ECB) and qualifying as liquidity reserves under the regulatory framework. These assets enable the Bank to fully comply with liquidity ratio requirements, keeping a comfortable liquidity position translating into a Liquidity Coverage Ratio (LCR) of 200% versus 174% at year-end 2023.

LIABILITY MOVEMENTS

"Amounts due to credit institutions" amounted to EUR 2.8 billion, down by 0.9 billion compared to the previous year. This decrease mainly stems from a decrease in fiduciary interbank deposits (EUR 2.7 billion in 2024 compared to EUR 3.0 billion in 2023) and cash collateral received (EUR -0.2 billion).

"Amounts due to customers" totalled EUR 18.8 billion in December 2024, up by 0.3 billion since the end of 2023. This increase occurred mainly in fixed term deposits (EUR 1.1 billion) and savings accounts, partially offset by a decrease in current accounts (EUR 0.9 billion), as driven by the shifting rate environment, clients moved their deposits from current accounts to more remunerative products and opted to place their deposits for longer durations.

[1] Variation and percentages calculated on exact numbers may bring rounding differences.

"Debt securities" increased by EUR 0.8 billion, up by 16% to EUR 5.7 billion compared with year-end 2023. Favourable market conditions enabled the Bank to opt for prefunding 2025 namely through the issuance of two Floating Rate Note (FRN) transactions amounting to EUR 300 million and EUR 400 million respectively. The remainder was raised through a combination of public and private placements subscribed by institutional and retail investors, seeking to secure favourable yields over a prolonged maturity period.

"Shareholders' equity" increased by EUR 34 million (+1.4%). This increase can mainly be attributed to the 2024 net profit of EUR 170 million, offset by the dividend paid on the 2023 net profit of EUR 80 million, by the negative evolution of the revaluation reserves of EUR 46 million and the coupon payments on AT1 instruments.

7. Movements in share capital

At year-end 2024, the Bank's share capital was fixed at EUR 146,108,270 and represented by 2,087,261 fully paid-up shares (no changes compared with 2023). In 2024, the Bank did not hold any of its own shares.

8. Research and development

DEPLOYING ARTIFICIAL INTELLIGENCE FOR CLIENTS AND EMPLOYEES

BIL is investing in Artificial Intelligence (AI) solutions, convinced that it can offer transformative benefits to banks in areas such as operational efficiency, security, risk management, auditing, IT engineering, productivity, and communication.

The Bank has been using AI to process card limit extensions for a few years. After researching the potential of human-AI interactions, in 2024, the Bank launched its virtual assistant Berry. Available on its online platform BILnet, clients can interact with Berry on matters related to card management and card payments.

The Bank is researching new areas that could be added to Berry's range of services offered to clients. AI also offers great potential in terms of productivity tools, transforming the way our colleagues work. In 2024, BIL launched BILGPT and Polaris, two fully secured solutions based on AI offering many functionalities that will simplify daily work.

9. Post-balance sheet events

On the 26 February 2025, BIL successfully issued a new Additional Tier 1 (AT1) bond for EUR 300 million at a coupon rate of 7.25%. This bond is an integral part of BIL's strategy to optimise its capital structure and to meet regulatory capital requirements. The qualification of this capital instrument as AT1 is subject to approval by the ECB.

At the same time, BIL initiated a tender offer and open market buy back for the existing AT1 notes of EUR 175 million issued in 2019. The Bank ultimately repurchased a total nominal of EUR 113.4 million, with the outstanding principal amount of these notes amounting to EUR 61.6 million and callable in May 2025.

10. Strategic outlook

FINAL PUSH ON ENERGISE CREATE TOGETHER 2025 AND VALIDATION OF NEW STRATEGIC PLAN "BUILDING TOMORROW TOGETHER"

With BIL nearing the close of its Energise Create Together 2025 plan following the deployment of a new Core Banking System (CBS) in October 2023, 2024 was a year of transformation. BIL launched a dedicated program to strengthen client centricity across all areas of the Bank, rolled out a new organisational structure which aimed at maximising benefits drawn from the new CBS and streamlined its product offering to better fit client needs and efficiency goals.

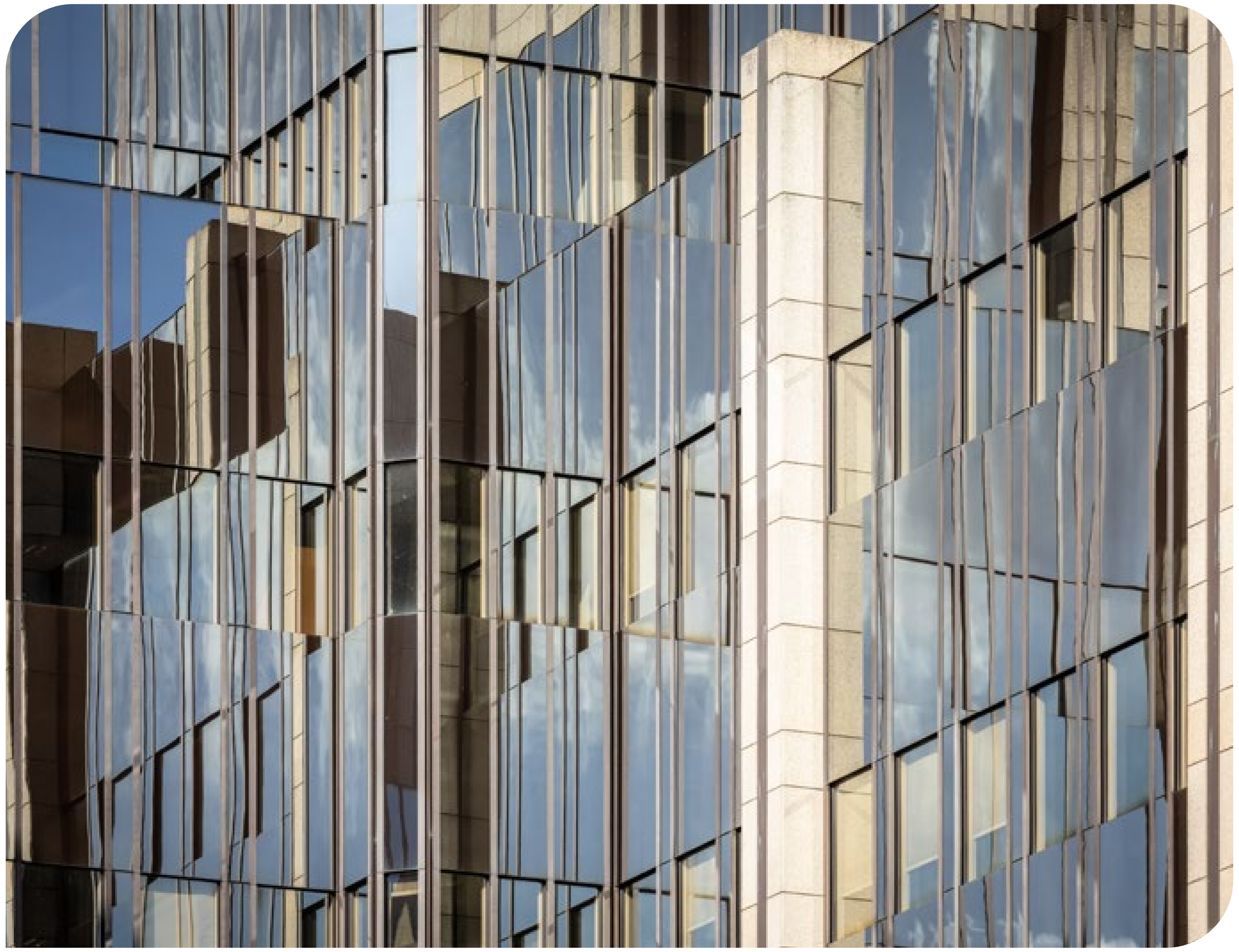
At the same time, the macroeconomic and geopolitical environment continued to weigh on the Luxembourg economy resulting in a decreased momentum in the real estate market. In this challenging context, BIL demonstrated its commitment to support both the national economy and its clients by participating in various support mechanisms and adapting its client offerings accordingly.

In December 2024, BIL's Board of Directors validated a new strategic plan covering the 2025-2030 period "Building Tomorrow Together". This plan aims to build the LEAD bank – Lean, Efficient, Agile, Data-driven and Digital-, in two phases. The first phase will focus on gaining efficiency by resetting the cost trajectory to a sustainable level, reshaping the business franchise to support capital efficiency and ability to deliver fee revenues, while also implementing digital foundations for long-term scalable and cost-efficient growth in Retail Banking, based on the new CBS foundation. The second phase will focus on achieving scalable and cost-efficient growth by maintaining an efficient cost-base, gaining scale and growing the commission share of overall revenues.

In early 2025, the Bank continued to adapt its organisation, and put in place a new governance framework for management and certain key business and support departments, to support the ambitious strategic plan for 2025-2030.

In 2024, BIL prioritised implementing the Corporate Sustainability Reporting Directive (CSRD) and developing its Transition Plan, both vital to achieving the Bank's Net Zero goal by 2050.

Looking ahead to 2025, BIL's overarching objective remains to manage ESG risks effectively, ensuring resilience and profitability while minimising negative impacts. BIL is committed to treating ESG as a foundational element, systematically integrating all aspects into the Bank's business. The focus for 2025 will continue to revolve around BIL's role as a transition facilitator, particularly through lending activities. Going forward, the Bank will capitalise on the CSRD to provide reliable ESG reports that accurately reflect its sustainability initiatives, performance, and impact.



Risk Management

1. Introduction

1.1. Key events of 2024

CORPORATE STRUCTURE AND RISK PROFILE

Strategic initiatives are regularly undertaken at Group level. Each initiative is carefully monitored by the Bank's risk management department, whose main objective is to ensure that all risks are identified, continuously monitored, managed and consistent with the institution's Risk Appetite.

1.2. Main progress achieved by the Risk teams in line with the different regulatory requirements

In 2024, BIL continued to invest significant time and resources to strengthen the risk management framework and processes and to ensure continued compliance with regulatory requirements.

Regarding credit risk, the Bank:

- Stepped up its proactive approach to clients in an increasing uncertain operating environment characterised by the ongoing slowdown in the real estate market in Luxembourg;
- Continued to dynamically manage its credit portfolios to pursue de-risking with the aim of reducing non-performing and impaired exposures, while maintaining adequate provisioning levels;
- Continued implementation of the Credit Risk & ECL ("Expected Credit Loss") Roadmap to meet regulatory expectations and further strengthen risk management.

On the Credit Risk Pillar I model framework, BIL continued to invest time and resources to ensure that it complies with the European Banking Authority's Internal Ratings Based (IRB) Repair programme:

- In 2022, the Joint Supervisory Team (JST) appointed Internal Model Investigation mission assessed the retail/wealth models and Loss Given Default (LGD) mid-corporate model and the new financial haircut model, submitted in 2021, for approval by the ECB. In Q3 2023, the Bank received the draft decision letter for approval. During 2024, the Risk Modeling Team worked on the remedial actions and on the deployment of the new approaches. The work is in progress with deadlines in 2025 and 2026.
- During 2024, the Bank revised its model strategy and decided to further simplify the model landscape: By the end of March 2025, the Bank notified the ECB of its intention to revert to the standardised approach on its Large-and Mid-Corporate portfolios as well as on its specialised lending exposures. This reversion will then be applied six months after the notification provided the regulators do not object. The Bank already utilises the standardised approach for the calculation of the Risk Weighted Assets (RWAs) related to Sovereign and Financial Institution exposures as well as exposures to market risk (moderate trading activity) and operational risk.

Beyond regulatory matters, in 2024 the Bank continued to redesign the Risk-Adjusted Return on Capital (RAROC) tool with a more agile framework for business and control functions including CRR III impacts.

The Bank also participated in the Quantitative Impact Study (QIS) on **Basel IV** to assess CRR III's impact on exposures at year-end 2023 and 2024. The Bank also conducted an in-depth assessment of the strategic implications brought by the new capital framework which entered into force in January 2025.

Interest rate risk in the Banking Book (IRRBB):

The Bank developed its non-maturing deposit, prepayment and stress test models and risk follow-up tools. More specifically, the Bank conducted a back-testing and analysis of the non-maturing deposit model in the new interest rate environment, to determine the repricing profile of Non-Maturing Deposits (NMDs), sensitive segments and adjustable-rate loans. In this context, a strategic review of the model under the supervision of the ALM Committee was performed and will be deployed in 2025.

The **ICLAAP process** (Internal Capital and Liquidity Adequacy Assessment) is strongly embedded in the Bank's decision-making process and currently covers different components including: (i) Risk Cartography, (ii) Risk Appetite Framework (RAF), (iii) Economic Capital (ECAP) computation and (iv) Capital and Liquidity Planning, in addition to the Capital and Liquidity Adequacy Statements confirmed at Board-level.

The ICLAAP process is a dynamic exercise that evolves and aligns with the Bank's strategy, builds on current market developments and incorporates different indicators as part of the developed scenarios. It plays a key role in the determination of the risk profile of the Bank and includes a comprehensive assessment of capital and liquidity risks.

During 2024, the Bank submitted the 2023 annual end-of-cycle report to the regulatory authorities after determining that the Bank is adequately capitalised considering the available management actions at the Bank's disposal to respond to the stress scenarios of increasing severity. The Bank's liquidity position was also assessed as adequate, as demonstrated through the Bank's business strategy and funding plan, its risk identification and quantification process, its strong liquidity indicators, its efficient liquidity tools, its reporting process and the sound quality assurance and validation process.

The Bank has in place sound, effective and complete strategies and processes to assess, maintain and allocate internal capital across the different risks. The amounts, types and allocations of internal capital are considered adequate to cover the nature and level of risks to which the Bank is exposed or might be exposed to. The Bank also implemented appropriate arrangements, strategies, processes and mechanisms to comply with different regulatory requirements, namely the ECB guide to the ICAAP and ILAAP as well as international best practices. Finally, the Bank is also working on enhancing the Economic Capital framework by considering a review of the approaches utilised with an aim of having an improved economic perspective of the Bank's risks.

Bank Recovery and Resolution Directive (BRRD): The Bank updated and submitted its 2024 Recovery Plan in September 2024. The Bank developed four different scenarios, both idiosyncratic and systemic, to assess if its recovery options are sufficiently varied to cope with the shocks.

The Bank also substantially increased the severity of its stress scenarios to reflect the tumultuous geopolitical developments and uncertain economic conditions leading to the Near-Default-Point (NDP). Despite the elevated stress levels, the Bank was able to improve its Overall Recovery Capacity (ORC), in line with ECB expectations, in large part due to enhancements to its recovery options framework which increased the Bank's ability and versatility in responding to various and distinct stress scenarios.

Moreover, the Bank continued to reinforce the operationalisation of its Recovery Plan, notably through a Board-level dry-run exercise conducted in 2024, which reflected the ongoing work on the overall governance framework, recovery options and the impact of the selected options on the key indicators under the predefined stress assumptions.

Regarding the resolution component, throughout 2024, the Bank continued to enhance its documentation on the different resolution workstreams, in line with the SRB's Expectations for Banks (EfB) and guidance pertaining to the seven dimensions of resolvability, namely:

- Governance and Structure;
- Loss Absorbing and recapitalisation capacity;
- Liquidity and funding in resolution;
- Operational continuity in resolution and access to Financial Markets Infrastructure (FMI) services;
- Information systems and data requirements;
- Communication; and
- Separability and restructuring.

Significant progress was made in 2024, across the various resolution planning activities, such as the Financial Markets Infrastructure Contingency Plan (FMI CP), Service Catalogue (including a library of all services, critical staff and systems essential for the continuity of operations in the event of a resolution), retention and motivation schemes for critical staff, liquidity and Separability Analysis Report (SAR).

With the Bank reaching a mature stage in terms of documenting its resolution framework, focus was also geared towards testing the various dimensions of resolvability. As part of a detailed testing programme, the Bank conducted four dry-runs during 2024, comprehensively covering a wide array of resolution topics, including: FMI CP, Bail-In Internal Execution, Bail-In and Communication and Management Information Systems (MIS) Capabilities for Valuation. The successful conclusion of the testing exercises demonstrated BIL's operational preparedness to implement its Resolution Plan, with lessons learned contributing to further enhancements in both documentation as well as future testing exercises.

2024 has been an important year for the Bank, with solid and steady progress achieved at different levels. In February 2024, the SRB adopted the Group Resolution Plan for BIL and deemed that the Bank is on track to become fully resolvable considering the phase-in of the Expectations for Banks (EfBs) and Minimum Requirement for own funds and Eligible Liabilities (MREL) policy principles. The Bank will continue to work towards enhancing its overall resolvability, in line with its dedicated 2025 Resolvability Work Programme.

With regard the Basel Committee on Banking Supervision (BCBS) 239 principles, the Bank pursued related initiatives in three sections: (i) Overarching governance and infrastructure, (ii) Risk data aggregation capabilities and, (iii) Risk reporting practices.

The Bank aims, through this project, to strengthen the data governance framework, enhance the enterprise-wide risk data aggregation capabilities and optimise the internal risk reporting practices. The roadmap followed by the Bank shows the progress on the overall project, the improvement of the entire reporting architecture and the monitoring of the compliance level of the existing risk reports.

2024 ECB Cyber Risk Stress Test Exercise: BIL has participated in the ECB Cyber-Risk Stress Test Exercise to assess the digital operational resilience to withstand a severe but plausible cybersecurity event and to take the necessary actions to ensure that the Bank is in position to correct any weaknesses and deficiencies with respect to supervisory expectations. Globally, the Bank has been able to respond to and recover adequately in broad terms from the scenario, with somehow limited impact and, generally, has appropriate plans in place. Few enhancements are currently on-going.

The Bank was also requested to participate in the 2025 EU Wide Stress Testing Exercise. In this context, BIL prepared during Q4 2024 the different elements of the exercise and the Bank worked on the first submissions for early 2025.

Environmental, Social and Governance (ESG) matters are of increasing importance in the banking world and continue to be a key focus area for BIL. In this context, the Bank set up a comprehensive ESG programme for the sustainable development of its activities and those of its clients. The Bank has a clear sustainability strategy that is fully integrated in the Bank's Global Strategy and is making demonstrable progress in the sustainable action that it takes. The main objective is to drive the ESG transformation by closely integrating it within the Bank's business lines, not only from a regulatory perspective but also from a commercial and strategic approach

On the risk management side, the Bank continued to implement the different elements of its ESG risk framework:

- ESG Pillar III: the report was published on BIL.com, with a dedicated ESG section including the new qualitative tables and quantitative templates relative to ESG risk disclosure.
- ECB Recommendations: The Bank worked on the different remedial actions to address the recommendations, with ECB feedback expected in the first half of 2025.
- ESG Cartography: For the first time the 2024 ESG Cartography was merged with the Global Risk Cartography, in line with the Double-Materiality Assessment (Corporate Sustainability Reporting Directive (CSRD) framework) in order to incorporate the impact of ESG as a risk driver impacting financial and non-financial risks through transmission channels over a medium to long-term horizon.
- ESG Stress Test: In 2024, three high-level assessments of the ESG scenarios were released to provide an overview of the impacts on classical risks: Credit Risk, Market Risk, Liquidity Risk and Non-Financial Risks (NFR).
- The Bank also reviewed and enhanced the Risk Appetite Framework with new ESG metrics covering the Bank's main activities,
- Finally, the Bank designed its first transition plan for a decarbonisation trajectory aiming to accompany and help clients with their own trajectories, with deployment on-going for 2025.

2. Risk management function – mission and objectives

To reflect a sound risk management framework and to develop an integrated risk culture, the Bank has set up an effective risk management function that is consistent with its activities and encompasses the relevant risks associated with those activities.

The risk management function has been designed to support the Management Board in achieving its defined objectives in line with BIL's strategy and regulatory requirements.

2.1. Mission

The mission of the risk management function is to facilitate and ensure the implementation of a sound risk management framework throughout the Bank. This is achieved through promoting the management of actual and potential risks to support the Management Body in compliance with the strategies, risk appetite and governance principles laid down by the Board of Directors.

As a second line of defence, the risk management function must ensure that the internal risk objectives and limits are robust and compatible with the regulatory framework, the internal strategies (embedded in the Bank's Charters) and policies, the activities, and the organisational and operational structure of the Group.

2.2. Objectives

The main objectives of the risk management function are to:

- **Ensure that all risks are under control** by identifying, measuring, assessing, mitigating, and monitoring them on an on-going basis. Risk charters, policies and procedures define the framework for controlling all types of risks by describing the methods and the limits defined, as well as escalation processes;
- Provide the Management Body (the Board of Directors, the Board Risk Committee and the Management Board) and all other relevant stakeholders with a comprehensive, objective and relevant overview of risks;
- **Ensure that the risk limits are compatible with the Risk Appetite Framework (RAF)**, which defines the level of risk the Bank is willing to assume in order to achieve its strategic and financial objectives;
- **Ensure compliance with banking regulation requirements** regarding risk management by submitting regular reports to the supervisory bodies, taking part in regulatory discussions and analysing all new requirements;
- **Ensure alignment between BIL's risk management practices and its overall strategic objectives** as detailed in the Risk Appetite Statement (RAS). This alignment is achieved through the integration of the RAS into strategic planning, governance, decision making and capital allocation. Regular monitoring and reporting, as well as dynamic adjustments to the RAS in response to changes in the internal or external environment, ensure the continued synchronisation of risk and strategy over time.

2.3. Risk management governance and organisation

GENERAL PRINCIPLES

According to CSSF Circular 12/552 (as amended), the risk management function is one of the three control functions (together with internal audit and compliance).

The BIL Group risk management framework is based on a governance structure which enables prudent and sound management of risks. This governance structure is defined by:

- The responsibilities of the Board of Directors (supported by the Board Risk Committee) and the Management Board (MB) and their roles in decision-taking and risk management.
- The roles of the various Management Committees focusing on specific risk topics in which at least one member of the MB is a participant.
- The roles of other formalised Risk Committees which include experts and operational teams, and which take decisions related to the Bank's risk monitoring as well as specific practices.
- Charters, policies, procedures, and reporting which, consistent with the Bank's Risk Appetite Framework (RAF) explain:
  - the activities of the Bank;
  - the definition of limits for risk-taking by operational units;
  - the processes of risks' detection;
  - the assessment and measurement of the risks induced by the Bank's activitie;
  - the reporting to the management.

As a general principle, the internal risk functions of each BIL entity report to the appropriate risk functions at BIL Head Office level, from both a hierarchical and functional perspectives for branches and representative offices and from a functional perspective for subsidiaries.

BIL Group risk management governance is based on a clear decision-making process supported by the following governance bodies:

BOARD OF DIRECTORS

The Board of Directors (the Board) is responsible for setting and overseeing the overall business strategy, the overall risk strategy and policy including the risk tolerance and appetite and the risk management framework.

According to CSSF circular 12/552 (as amended), the Board makes a critical assessment of the internal governance mechanisms and approves them by considering:

- The balance between the incurred risks, the ability of the Bank to manage these risks and the Bank's own funds (economic and regulatory reserves) to cover these risks.
- Strategies and guiding principles with a view to improving and adapting them to changes, internal and external, as well as current and anticipated.
- The way the MB meets its responsibilities (for instance by ensuring that corrective measures are implemented).
- The effectiveness and efficiency of internal control mechanisms.
- The adequacy of organisational and operational structures.

These assessments may be prepared by dedicated internal committees and may be based on information received from the MB, through the ICAAP and ILAAP reports, the quarterly Global and Credit Risk Dashboards and through the summary reports of the internal control functions which the Board is called upon to approve.

The Board acknowledges full responsibility for the oversight of BIL's risk management and, as part of the RAF, defines general principles, responsibilities, and processes. BIL Group's RAF relies on a robust governance allowing a prudent and sound management of risks to support the MB in its implementation, in compliance with the strategies and guiding principles laid down by the Board.

The Board is responsible for BIL's risk management and thereby for ensuring:

- That all risks are controlled with processes in place for identifying, measuring, assessing, mitigating, managing, and monitoring them on an on-going basis: global risk policies and procedures define the framework for controlling all types of risks by describing the methods used and the defined limits, as well as the escalation procedures in place.
- That the risk limits are compatible with the strategy, the business model, and the structure of the Bank through an effective RAF, which defines the level of risk that the institution is willing to take in order to achieve its strategic and financial objectives.
- Compliance with banking regulatory requirements by reviewing regular reports, participating in regulatory discussions, and analysing all new requirements related to risk management that affect the Bank's activities (i.e., regulatory watch).
- With respect to the RAF, the Board:
- Defines BIL's Risk Appetite Statement (RAS) and ensures it remains consistent with the Bank's short- medium- and long-term strategy, business and capital plans, risk capacity as well as compensation programs.

- Holds the Chief Executive Officer (CEO) and other Senior Management accountable to effectively implement a risk management framework for effective risk management in line with the set risk appetite and for the integrity of the risk appetite, including the timely identification, management and escalation of breaches in risk limits and of material risk exposures.
- Includes an assessment of risk appetite in its strategic discussions including decisions regarding mergers, acquisitions, growth in business lines or products, budget forecasting, etc.,
- Regularly reviews and monitors the actual risk profile and risk limits to ensure BIL's compliance with the defined risk appetite.
- Ensures that appropriate mechanisms are in place to allow Senior Management to act in a timely manner to effectively manage, and where necessary mitigate, material adverse risk exposures.

BOARD RISK COMMITTEE

The Board Risk Committee (BRC) assists the Board in fulfilling its duties and responsibilities in relation to risk. Among other things, the BRC is responsible for reviewing and recommending BIL Group's risk policies to the Board of Directors. The BRC also ensures that BIL's activities are consistent with its risk profile and makes positive recommendations to the Board with regards to the level of global limits for the main risk exposures.

Among others, the BRC:

- Reviews and recommends to the Board the BIL Group risk management framework, the global risk limits and capital allocation, including changes thereto;
- Reviews the BIL Group risk exposure, risk profile and related adequacy with the Bank's risk appetite (including capital adequacy) and other key Risk Management matters on a Group-wide basis;
- Reports regularly to the Board and makes recommendations amongst others with respect to any of the above-mentioned matters.

MANAGEMENT BOARD

The Management Board (MB) is responsible for the effective, sound and prudent day-to-day business (and inherent risk) management. This management shall be exercised in compliance with the strategies and guiding principles laid down by the Board and the existing laws and regulations, considering and safeguarding the institution's long-term financial interests, solvency, liquidity and profitability situation. The MB will implement the business strategy and orientation, the risk strategy and therefore amongst others the risk appetite as approved by the Board.

The MB defines and proposes the risk appetite for approval by the Board. The MB further develops, as delegated by the Board, a subsequent system of limits to support the risk appetite by ensuring that clear boundaries are set for risk takers and targeted mitigating actions can be taken.

Among its roles and responsibilities, the MB:

- May recommend changes to the BIL Group risk management framework, the global risk limits and capital allocation;
- Reviews BIL Group risk exposure, risk profile to assess the compliance with the Bank's risk appetite (including capital adequacy) and other key risk management matters on a Group-wide basis;
- Reviews, assesses and discusses with the external auditor any significant risk or exposure and relevant risk assessments, if the need arises;
- Reports regularly to the BRC and makes such recommendations with respect to any of the above or other matters.

The MB ensures that rigorous and robust processes for risk management and internal controls are in place and that the Bank is staffed in such a way that it can ensure a sound management of its activities. These processes include the establishment of a strong risk management function.

EXECUTIVE COMMITTEE

The Executive Committee (ExCo) is composed of the CEO, and MB members, as well as heads of support functions and business lines, as designated from time to time. The Chief Compliance Officer and the Chief Internal Auditor are permanent invitees to the ExCo. The ExCo exercises its duties under the supervision of the Board. The role and responsibilities of the ExCo are further defined in the Terms of Reference of the ExCo/MB and in the Articles of Association and applicable laws.

RISK COMMITTEES (MANAGEMENT COMMITTEES)

Risk Committees stand and receive their mandates from the MB within a precise scope. They facilitate the development and implementation of sound corporate governance and decision-making practices. Their responsibilities and roles, their memberships and other rules defining their working practices are described in a specific form (Terms of Reference). At least one member of the MB is part of each Risk Committee. These Risk Committees may make decisions related to the overall risk process within their defined scope of action.

Please refer to the Bank-wide Internal Governance Framework for more specific information (meeting frequency, composition, quorum, etc.) on the Management Committees listed in the table below:

Committee	Topics
Audit, Risk & Compliance Committee (ARCC)	The Audit, Risk & Compliance Committee is mandated by the MB to strengthen cooperation between the 3 lines of defence functions through coordination of the activities of each function monitoring of the Bank's Risk Profile and decision on transversal issues.
Asset Liability Management (ALM) Committee	This Committee is mandated by the MB to decide on the structural positioning of BIL Group balance sheet in terms of rates, foreign exchange, and liquidity. It also comprises the Green Bond sub-committee.
Credit Risk Committees	Staff Credit Committee (SCC): This Committee is mandated by the MB to decide for BIL and its domestic subsidiaries on all employee commitments exceeding predefined levels. It also covers loans to related parties and their relatives, with the exception of loans to our two shareholders which are reviewed by the Group Credit Committee. Group Deteriorated Debt Committee (GDDC): This Committee is mandated by the MB to review credit files that show confirmed or potential signs of difficulty and decide on the implementation of action plans to mitigate risks. It is also responsible for making provisioning decisions on non-performing files, whether they are or are not handled by the Credit Risk Management (CRM) Debt Recovery Team. Group Credit Committee (GCC): This Committee is mandated by the MB to make decisions on (i) all commitments exceeding certain amounts as defined in the credit policies and procedures, (ii) credit applications with specific features that make them eligible for this body; and (iii) some risk policy matters.
Crisis Committee	The Crisis Committee ensures a prompt and efficient management of a crisis situation.
Disciplinary Committee	This Committee is mandated by the MB to ensure that disciplinary measures taken at the encounter of employees in case of fraud, significant non-respect of internal policies and procedures and serious behavioural misconduct are fair and balanced.
International Client Acceptance Committee (ICAC)	This Committee is mandated by the MB to: • Discuss and decide on the acceptance of Politically Exposed Persons (PEP), Media Exposed Persons (MEP) and Ultra-High Net Worth individual (UHNWI) clients within BIL Group. • Review PEP/MEP/UHNWI clients on a regular basis with possible decision as regards the termination of the business relationship.
Go-Live 2022 Management Committee	This Committee ensures decision taking in relations to GL22 scope management, business simplification, change and rollout management and changes to the Bank's operating model, with the objective being to align business needs and GL22 delivery, timing and cost objectives.
New Products Committee	This Committee is responsible (i) for new products/services based on ideas coming from the entire BIL Group and for checking the relevance of the underlying business case against the BIL Group's strategy and (ii) for the monitoring of products/services manufactured and/or distributed by BIL Group entities.
Strategic Delivery Committee	This Committee is mandated by the MB to manage the Bank's strategic project investment.

Figure 1: Subjects and attributions of the Management Committees

OTHER RISK COMMITTEES

Discussions and decisions related to risk management are also governed by additional internal committees.

Those committees ensure, among others, that the processes set up for the Bank's risk management framework are in line with regulatory requirements and that the corresponding tools are used in an appropriate way, specifically:

- The Operational Risk Committee;
- The ICT Committee;
- The Model Governance Committee;
- The Model Risk Committee;
- The Third-Party Committee;
- The 3 Lines of Defence Coordination Committee;
- The Impairments Committee.

2.4. 3 Lines of Defence framework and Risk Management responsibilities as 2nd LoD

BIL Group has chosen to embed the 'three-lines-of-defence' (3LoD) framework as a fundamental principle of the Group's internal governance and its operational model. It articulates the 3LoD principles that provide an organisational instrument on a Group-wide basis to ensure effective and efficient risk management.

The 3LoD framework helps to identify the responsibilities of different parts of the Group for identifying, addressing and managing risks. Each of the lines in the framework has an important role to play and well-defined organisational responsibilities as illustrated in the below figure:

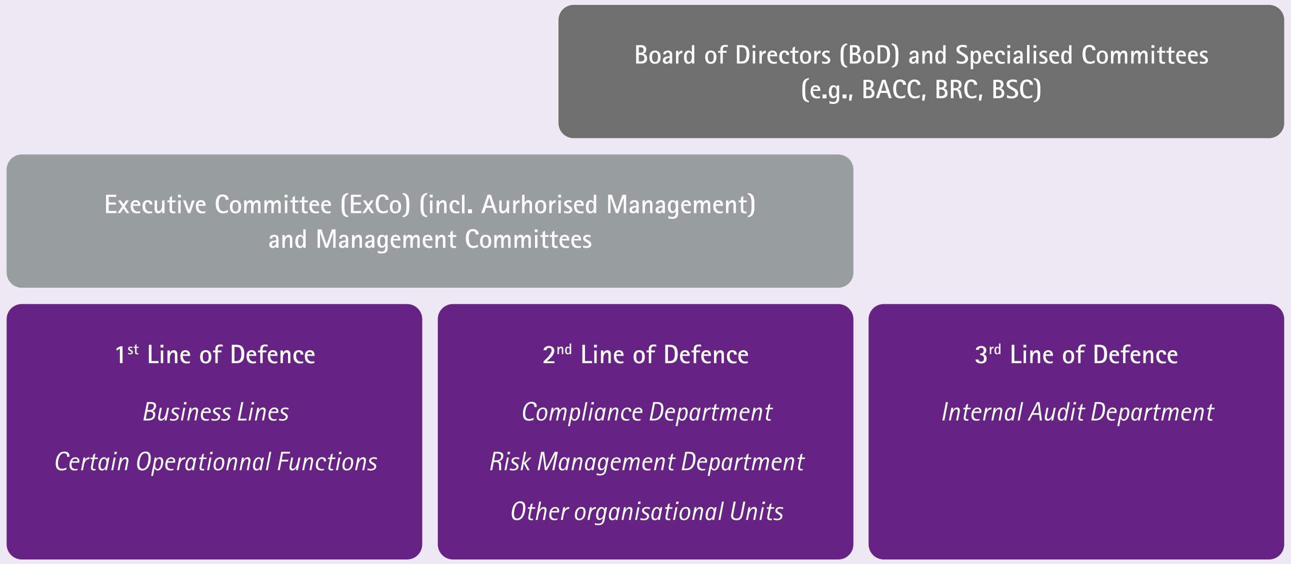


Figure 2: 3LoD Framework

The Risk Management Department, together with the Compliance Department (as well as other support functions, such as the financial and accounting function) constitute the Bank's second line of defence which controls risks on an independent basis and supports the first line of defence which owns the risks in complying with Group policies and procedures.

Risk Management facilitates and ensures the implementation of a sound risk management framework throughout the Bank. It ensures that the internal risk objectives and limits are robust and compatible with the regulatory framework, the internal strategies embedded in the Bank's Charters and Policies, the activities, and the organisational and operational structure of the Group.

As detailed in the Three Lines of Defence (3 LoD) Charter, the roles and responsibilities of risk management include:

- Monitoring compliance with the Bank's objectives and risk limits, proposing appropriate remedial measures in case of breach, maintaining compliance with the escalation procedure in case of significant breach and ensuring that the breaches are remedied as soon as possible.
- Providing guidance to the 1st LoD in the form of frameworks, policies, limits, tools, and techniques and drawing on the expertise and contribution of the 1st LoD in their development.
- Identifying, monitoring, analysing, measuring, managing, and reporting risks and forming a holistic view on all risks on an individual and consolidated basis. It challenges, advises, and assists in the implementation of risk management measures by the business lines.
- Ensuring the risk oversight and control of all risk taking within the Group.

3. Credit Risk

3.1. Definition

Credit risk refers to the risk that a borrower defaults on any type of debt by failing to make the required payments. The risk includes loss of principal and interest, disruption of cash flows and increased collection costs.

Facilities can be analysed by the nature of the client / counterparty's obligations or by the following characteristics:

- Type and purpose of the facility;
- Funded vs. unfunded;
- Committed vs. uncommitted;
- Secured vs. unsecured;
- Direct vs. contingent;
- Outstanding vs. undrawn;
- IFRS 9 classification (Stages 1, 2 or 3).

3.2. Credit Risk Policy

The BIL Group Credit Risk Management department has established a general credit policy and credit procedural framework in line with the Bank's risk appetite. This framework guides the analysis, decision making and monitoring of credit risk. The Risk Management department manages the loan issuance process by chairing the various credit and risk committees and by delegating within the limits set by the Bank's internal governance. As part of its monitoring tasks, the Credit Risk Management department supervises changes in the credit risks with regards to the Bank's credit portfolio by analysing loan applications and reviewing counterparties' ratings. The Risk Management department also draws up and implements the policy on provisions, participates in the Group Deteriorated Debt Committee (GDDC) which decides on specific provisions and asseses default cases.

3.3. Organisation and Governance

The BIL Group Credit Risk Management department oversees the Bank's credit risk, under the supervision of the MB and dedicated committees.

To streamline the decision-making process, the MB delegates its decision-making authority to credit committees or joint powers. This delegation is based on specific rules, depending on the counterparty's category, rating level and credit risk exposure. The Board remains the ultimate decision-making body for the largest loan applications or those presenting a level of risk deemed significant. The Credit Risk Management department carries out an independent analysis of each credit application presented to the Credit Committees, including the counterparty's rating, and states the main risk indicators. It also carries out a qualitative analysis of the envisaged transaction.

3.4. Credit Risk Measurement

Credit risk measurement is primarily based on internal systems introduced and developed within the Basel framework. Each counterparty is assigned an internal rating by credit risk analysts, using dedicated rating tools or by specialised systems. This internal rating corresponds to an evaluation of the level of default risk borne by the counterparty, expressed by means of an internal rating scale. Rating assessment is a key factor in the loan issuance process. Ratings are reviewed at least once a year, making it possible to identify counterparties requiring the close attention of the GDDC.

To manage the general credit risk profile and limit the concentration of risk, credit risk limits are set for each counterparty, establishing the maximum acceptable level for each one. Limits by country, economic sector and product may, for example, also be imposed by the Risk Management department. The latter actively monitors limits, which it can reduce at any time, in light of changes in related risks. The Risk Management department may freeze specific limits at any time in order to take account the latest events into account.

FOCUS ON FORBEARANCE MEASURES

BIL closely monitors forborne exposures, in line with European Directives and EBA Guidelines.

Management of forborne exposures is constantly updated to meet the latest changes in guidelines.

Forbearance measures can be defined as restructured repayment conditions of a temporary nature established to remedy financial or operational difficulties. They are only applied to debtors facing or about to face difficulties in meeting their financial commitments. These concessions aim to reduce or re-organise non-sustainable repayments.

Forbearance solutions involve short-term and/or long-term measures which also take into account sustainable considerations.

Short term measures (generally less than two years) mainly include:

- Interest-only payments;
- Reduced payment for a limited period;
- Grace period;
- Arrears / interest capitalisation;

whereas long-term measures consist of:

- Interest rate reduction;
- Extension of loan maturities;
- Rescheduled payments;
- Debt consolidation.

These listed measures are not exhaustive.

Once forbearance conditions are met and viable solutions are applied, exposures are flagged as such in the Core Banking System. From this point on, the exposures go through the various probation periods and must fulfil specific requirements to be classified as performing and shed their forbearance status.

Forbearance lists are closely monitored and reported monthly.

The main elements to highlight are:

- Forborne Exposures increased to EUR 603 million, up from EUR 526 million at year-end 2023, reflecting the challenging environment and the rising number of clients requiring financial relief. This shift represents a reversal of the previous downward trend in forbearance, indicating ongoing financial pressures among borrowers.
- For Non-Performing Loans (NPLs) please refer to Risk Management report section 3.6 Asset Quality

3.5. Credit Risk Exposure

Credit risk exposure refers to the Bank's internal concept of Maximum Credit Risk Exposure (MCRE) which is composed mainly of:

- The net carrying value of balance sheet assets other than derivative products (i.e., the carrying value after deduction of specific provisions);
- The mark-to-market valuation of derivative products;
- The total off-balance sheet commitments corresponding to unused lines of credit or to the maximum amount that BIL is committed to as a result of guarantees issued to third parties;
- The netting and financial collaterals (including cash, bond and other financial security) are deducted from net carrying amount for repurchase/reverse repurchase agreements; The netting and cash collateral amounts are deducted for other types of products;
- For derivatives a potential future exposure (PFE) add-on is added to account for potential future changes in the value of the trades.

Equity exposures, tangible/intangible assets and deferred tax assets are excluded from this perimeter.

The substitution principle applies where the credit risk exposure is guaranteed by a third party with a lower risk weighting. Therefore, counterparties presented below are final counterparties, i.e., after taking into account any eligible guarantees. As at 31 December 2024, the Bank's total credit risk exposure amounted to EUR 32.78 billion compared with EUR 33.92 billion at year-end 2023. The decrease in exposures is mainly influenced by Individuals, SME & Self Employed (EUR -1 038 million) and Central Governments (EUR -959 million).

EXPOSURES BY TYPE OF COUNTERPARTY

In 2024, Individuals, SME & Self-Employed exposure weight decreased to 33.8% from 35.8% of the overall exposure compared with the previous year, representing the Bank's largest portfolio. The Central Governments segment is the second largest segment of the Bank's portfolio, representing 28.1% of the overall exposure compared with 30.0% at year-end 2023. Finally, it is also worth noting that Corporate exposure weight increased compared with the end of 2023, representing 21.5% (19.9% at the end of 2023) of the overall exposures and the weight of Financial Institutions increased to 11.8% from 11.4% of the overall exposure.

Exposures by counterparty (in EUR million)	31/12/23	31/12/24	Variation
Individuals, SME & Self Employed	12,129	11,091	(1,038)
Central Governments	10,173	9,214	(959)
Corporate	6,758	7,031	273
Financial Institutions	3,883	3,865	(18)
Public Sector Entities	675	962	287
Securitisation	292	606	314
Others	10	9	(1)
TOTAL	**33,920**	**32,778**	**(1,142)**

EXPOSURES BY GEOGRAPHIC REGION

As at 31 December 2024, the Bank's exposure continued to be mainly concentrated in Europe, primarily in Luxembourg (54.8%), France (12.0%), Belgium (7.0%), Germany (5.8%) and Switzerland (4.0%).

Exposures by geographic region (in EUR million)	31/12/23	31/12/24	Variation
Luxembourg	19,524	17,967	(1,557)
France	3,405	3,939	534
Belgium	2,329	2,304	(25)
Germany	1,585	1,912	327
Switzerland	1,814	1,318	(496)
United States and Canada	1,218	1,191	(27)
Other EU countries	1,311	1,157	(154)
Spain	808	816	8
Others	708	776	68
Rest of Europe	357	466	109
Asia	243	451	208
China	318	248	(70)
Middle East	164	114	(50)
Russia	93	79	(14)
Australia	43	40	(3)
TOTAL	**33,920**	**32,778**	**(1,142)**

EXPOSURES BY RATING

The Bank's credit risk profile has remained stable and is of good quality. Indeed, the Investment Grade (IG) exposures represent 59.6% of the total credit risk exposure, of which 13.3% lie within the AAA range.

Exposures by rating (in EUR million)	31/12/23	31/12/24	Variation
AAA	5,649	4,344	(1,305)
AA+ to AA-	4,698	5,301	603
A+ to A-	2,898	2,359	(539)
BBB+ to BBB-	7,401	7,530	129
BB+ to BB-	7,161	6,557	(604)
B+ to B-	2,827	2,272	(555)
CCC	240	221	(19)
Default	568	658	90
Unrated	2,478	3,536	1,058
TOTAL	33,920	32,778	(1,142)

LOSSES ON IMMOVABLE PROPERTY

The following table displays the losses recorded in 2024 on exposures collateralised by residential and commercial immovable property regarding retail counterparties. The Luxembourg real estate market is in a similar situation to last year, this has led to additional provisions. These exposures are expressed in terms of Exposure-at-Default (EAD) and in millions of euros.

	31/12/23		31/12/24	
Collateralised by:	Sum of overall losses	Sum of the exposures	Sum of overall losses	Sum of the exposures
Residential property	29	7,211	3	7,006
Commercial immovable property	2	373	0	441

3.6. Asset Quality

Focus on asset quality ratio and coverage ratio	Note		31/12/23	31/12/24
Net loans and advances to credit institutions	4.3	a	691	1,912
Net loans and advances to customers	4.4	b	16,350	16,172
ECL Stage 1,2,3	4.3/4.4	c	(274)	(233)
Gross loans and advances		**d=a+b-c**	**17,315**	**18,317**
ECL Stage 1,2,3 / Gross loans and advances		c/d	1.58%	1.27%

Focus on Stage 3	Note		31/12/23	31/12/24
Total Stage 3 outstanding amount	4.3/4.4	e	776	821
ECL Stage 3	4.3/4.4	f	(212)	(200)
Coverage ratio Stage 3		**f/e**	**27.32%**	**24.36%**
Total collateral and guarantees	9.2.2.5	g	506	567
Coverage ratio Stage 3 including collateral		**(f+g)/e**	**92.53%**	**93.42%**
Non-Performing Loans (NPL) ratio (Stage 3 / Gross loans and advances)		**e/d**	**4.48%**	**4.48%**
ECL Stage 3 / total ECL (Stage 1,2,3)		**f/c**	**77.37%**	**85.84%**

Focus on Stage 1 and Stage 2	Note		31/12/23	31/12/24
Total Stage 1 outstanding amount	4.3/4.4	h	14,554	15,659
ECL Stage 1	4.3/4.4	i	(39)	(19)
Coverage ratio Stage 1		**i/h**	**0.27%**	**0.12%**
Total Stage 2 outstanding amount	4.3/4.4	j	1,985	1,836
ECL Stage 2	4.3/4.4	k	(23)	(14)
Coverage ratio Stage 2		**k/j**	**1.16%**	**0.76%**
ECL (Stage 1,2) / total ECL (Stage 1,2,3)		**(i+k)/c**	**22.67%**	**14.19%**

Focus on Cost of Risk on loans and advances to customers	Note		31/12/23	31/12/24
Net impairment on loans and advances to customers	8.12	l	(31)	(32)
Cost of Risk (in bps - annualised)		**l/(b-c)**	**19**	**20**
Non-recurring items		**m**	**2**	**(4)**
Net impairment on loans and advances to customers excl. non-recurring items		n=l-m	(33)	(28)
Cost of risk excluding non-recurring items (in bps - annualised)		**n/(b-c)**	**20**	**17**

As at December 2024, the total amount of non-performing loans (NPLs) increased to EUR 821 million, up from EUR 776 million at the end of 2023 and down from EUR 839 million at the end of June 2024.

The confluence of geopolitical tensions and rising interest rates have severely impacted the economic outlook, leading to a significant deterioration in credit quality over the past two years. This adverse effect was particularly pronounced in portfolios such as Commercial Real Estate (CRE) and medium-sized enterprises (SMEs), which are crucial to Luxembourg's economic landscape.

The NPL ratio stood at 4.48%, remaining stable with 2023. In order to mitigate the increase in NPLs, BIL proactively implemented a series of robust measures in 2024, including enhancing preventative strategies, intensifying monitoring as soon as loans are classified in Stage 2, redefining policies and governance frameworks and disposing of NPLs on the secondary market as part of a forward-looking NPL strategy.

4. Market and Liquidity Risk

4.1. Background

This section encompasses market risk, liquidity risk and counterparty risks.

Market risk is the risk of losses in the Bank's positions arising from adverse movements in market factors. It mainly consists of monitoring the interest rate risk, foreign exchange risk, price risk and spread risk:

- **Interest rate risk** is the risk of an investment's value changing due to a movement in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. The three components of interest rate risk are: basis risk, gap and option risk;
- **Foreign exchange risk** – also called FOREX risk, currency risk or exchange rate risk – is the financial risk of an investment's value changing due to currency exchange rate movements;
- **Price risk** represents the risk arising from the reduction in value of an equity or bond;
- Finally, **spread risk** is the risk of a reduction in market value of an instrument due to changes in the credit quality of the debtor or the counterparty.

Liquidity risk measures BIL's ability to meet its current and future liquidity requirements, both expected and unexpected, whether or not the situation deteriorates.

Counterparty risk measures the risk of a counterparty to a financial transaction failing to fulfil the terms and conditions of the contract, which may give rise to financial losses, including the risk arising from credit value adjustment (CVA).

Assets & Liabilities Management covers all the banking book's structural risks, namely interest rate risk and liquidity risk.

4.2. Risk Framework

To ensure integrated market and ALM risk management, BIL defined a framework based on the following:

- A robust governance for market and liquidity risk, through which the BoD is responsible for setting and overseeing the overall business and risk strategies and the ALM Committee mandated by the Management Board to decide on the structural positioning of the Bank's balance sheet, in terms of interest rate, credit spread, foreign exchange and liquidity;
- A sound procedural framework, composed of:
  - The Market and Liquidity Charter, aiming at complementing the Global Risk Charter by providing common organisational requirements, methodologies and processes for the management of the market and liquidity risk, and formalising the related business and risk strategies;
  - Three policies, namely the Market & Trading, IRRBB & CSRBB and Liquidity Risk policies, detailing the principles set out in the Market and Liquidity Risk Charter for the management of the relevant risks and activities;
  - A set of methodological and operational procedures.
- A comprehensive and granular limit system relying on an exhaustive risk measurement approach, allowing to disseminate the market and liquidity risk appetite throughout the organisation.

4.3. Organisation

Market and Liquidity Risk Management (MLRM) directly reports to the Chief Risk Officer (CRO). MLRM oversees market and liquidity risk under the supervision of the Management Board and specialised risk committees. The mission of MLRM is to independently organise the identification, measurement, monitoring, mitigation, supervision and reporting of the market and liquidity risks undertaken by BIL and its subsidiaries. In addition, MLRM is in charge of the measurement, monitoring and reporting of the counterparty risk.

These tasks are handled by three distinct units, each specialising in their respective domains of expertise:

- The Financial Markets Monitoring team, tasked with the oversight of market and counterparty risks, exercising specific supervision over Balance Sheet Management, Distribution and Structuring, as well as Markets and Execution activities at the desk level;
- The IRRBB team, dedicated to the comprehensive oversight of IRRBB and CSRBB, approaching these matters from a broader and regulatory perspective;
- The Liquidity risk team, entrusted with the responsibility of identifying, measuring, monitoring and reporting (including regulatory reporting) on liquidity risk.

These missions fall within:

- The principles and framework included in the Global Risk Charter and the Market and Liquidity Risk Charter;
- The risk appetite framework; and
- Compliance with the standards and procedures promulgated by the Regulator.

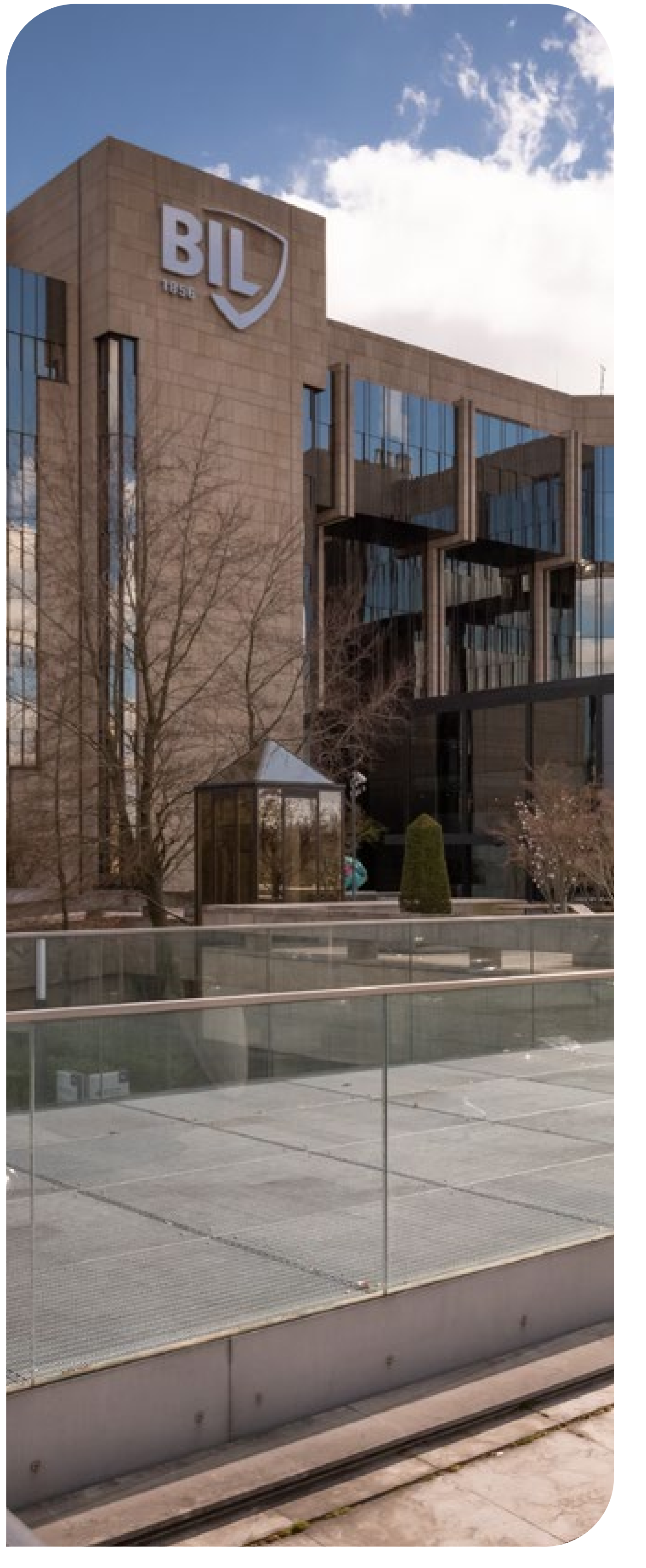
4.4. Risk Measurement and Exposures

MARKET RISK

Risk measurement

Depending on the activities and book classifications, the following methods are used for the measurement of market risks:

- For trading and treasury books, BIL has implemented a historical Value-at-Risk (VaR). The VaR is the estimation of the maximum loss which may have incurred on a portfolio in "x" number of days at a certain confidence level. The VaR is a Risk Appetite Statement metric. The VaR is supplemented by back-testing which gauges the accuracy of the VaR's model by comparing the predicted losses from calculated VaR with the actual losses incurred at the end of the specified time horizon.
- The sensitivity measures the movement of an instrument or portfolio resulting from a variation in a risk factor (1% or 1 bp). This is applied for both trading and banking books. Within the IRRBB and CSRBB framework, the Economic Value (EV) and Earnings respectively measure the net present value and the expected future profitability sensitivity to changes in interest rates or credit spreads.
- Stress testing allows the Bank to simulate exceptionally unfavourable market conditions, such as crisis or stock market crashes and to determine potential losses in extreme conditions that VaR or sensitivities cannot capture. Stress testing applies to trading book and to banking book from economic value and earnings perspectives.
- The nominal or position measure is used to assess the exposure to a specific product, which may be presented according to several dimensions; within the Investment Portfolio framework, these dimensions notably include the currency denomination, the maturity range, the sectorial and geographical classification, the credit rating or the ESG classification.
- Specific KRIs regarding fraud risk make it possible to detect inappropriate prices, time dealing or movement at the dealing room level.



RISK EXPOSURE

Treasury and trading book activities

In 2024, BIL has calculated:

- A trading VaR based on a historical approach (99%, 10 days), limited to FOREX activities;
- A treasury VaR based on a historical approach (99%, 10 days), notably to complement the treasury interest rate sensitivity (+100 bp).

The VaR calculated for trading book and treasury are detailed below. The average trading VaR was EUR 0.04 million in 2024, compared with EUR 0.12 million in 2023.

VaR (10 days, 99%) (in EUR million)		2023							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.12	0.14	0.08	0.16	0.90	0.98	1.19	1.05
	Maximum	0.25	0.29	0.24	0.20	1.16	1.39	1.28	1.20
Global Trading	Average	0.12				1.03			
	Maximum	0.29				1.39			
	End of period	0.17				1.04			
	Limit	1.00				6.00			

VaR (10 days, 99%) (in EUR million)		2024							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.07	0.04	0.03	0.01	1.01	0.91	0.66	1.54
	Maximum	0.17	0.06	0.05	0.04	1.23	1.21	0.75	3.69
Global Trading	Average	0.04				1.03			
	Maximum	0.17				3.69			
	End of period	0.01				0.91			
	Limit	1.00				6.00			

The Treasury activity is monitored daily through sensitivity limits, based on a +100 bp parallel shift.

As at 31 December 2024, the treasury sensitivity was EUR -0.83 million compared with EUR 3.78 million in 2023. In a high-interest rate environment, the Bank keeps a low / quasi-neutral sensitivity.

Sensitivity (in EUR million)		2023				2024			
		+100 bp interest rate sensitivity				+100 bp interest rate sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Treasury	Sensitivity	7.70	2.54	3.20	3.78	3.43	2.08	1.52	(0.83)
	Limit	(9.00)				(9.00)			

Asset and Liability Management

Balance Sheet Management (ALM, Treasury, Investment Portfolio and Long-Term Funding departments) has a delegated mandate from the Asset & Liabilities Management Committee (ALCO) for managing the balance sheet. It focuses on assuring funding sustainability, minimising immediate and future P&L volatility, preserving economic value and mitigating risk stemming from the material interest rate and liquidity imbalances inherent to its commercial balance sheet.

As at 31 December 2024, the ALM sensitivity amounted to EUR -43 million (compared with EUR -41 million at 2023 year-end) for a +100 bp parallel shock.

The limit of the ALM interest rate sensitivity for a 100 bp parallel shift is EUR 90 million.

In 2024, the Bank's rate position was managed with the aim of reducing the Net Interest Income (NII) sensitivity while limiting side effects on the Economic Value of Equity (EVE).

Economic Value of Equity (EVE):

In line with the EBA Guidelines on IRRBB and CSRBB (EBA/GL/2022/14) and EBA Regulatory Technical Standards on Supervisory Outlier Test (EBA/RTS/2022/10), BIL calculates and monitors the EVE impact of the six scenarios referred to in Article 98(5), point (a) of Directive 2013/36/EU.

EVE	SCENARIO	31/12/23	31/12/24
Standard interest rate shock scenarios	Parallel Up	(82)	(90)
	Parallel Down	9	10
	Steepener	(10)	7
	Flattener	1	(28)
	Short Rate Negative	(8)	8
	Short Rate Positive	(26)	(50)
EBA/GL/2022/14	**Internal trigger**	**(148)**	**(148)**
	Internal limit	**(180)**	**(180)**

The EVE outcomes as at 31 December 2024 are in line with the EVE strategy that targets a slight directional exposure in support of the NII strategy, which leads to value creation in a decreasing rate environment. No trigger or limit breach occurred in 2024

Net Interest Income (NII):

In line with the EBA Guidelines on IRRBB and CSRBB (EBA/GL/2022/14) and EBA Regulatory Technical Standards on Supervisory Outlier Test (EBA/RTS/2022/10), BIL calculates and monitors the NII impact of the two parallel scenarios referred to in Article 98(5), point (b) of Directive 2013/36/EU.

NII	SCENARIO	31/12/23	31/12/24
Standard interest rate shock scenarios	Parallel Up	19	(1)
	Parallel Down	(38)	(8)
	Internal trigger	**(70)**	**(70)**
	Internal limit	**(80)**	**(80)**

During 2024, the NII sensitivity improved by EUR 30 million from EUR -38 million to EUR -8 million in line with the NII strategy that consists of reducing its sensitivity to interest rate movements. No trigger or limit breach occurred in 2024.

Investment Portfolio

The interest rate risk of the Investment Portfolio is transferred and managed by the Treasury department or by the ALM department, depending on various criteria (i.e., maturity, sector).

The Investment Portfolio had a total nominal exposure of EUR 9.3 billion as at 31 December 2024 (compared with EUR 8.8 billion as at 31 December 2023).

Most of the bonds are classified in the "Hold-to-Collect" (HTC) portfolio measured at amortised cost: EUR 8.9 billion as at 31 December 2024 (EUR 8.5 billion as at 31 December 2023). The remaining part is classified in the "Hold-to-Collect and Sell" (HTC&S) portfolio measured at Fair Value through Other Comprehensive Income (FVOCI): EUR 0.3 billion as at 31 December 2024 (EUR 0.2 billion as at 31 December 2023).

The fair value sensitivity of the HTC&S portfolio to a one basis point widening of the spread (booked in the OCI reserve), was EUR 0.1 million as at 31 December 2024 (EUR 0.1 million per basis point as at 31 December 2023).

Investment Portfolio HTC&S

	Notional amount		+100 bps interest rate sensitivity		Spread bpv	
	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24
Treasury	247	342	(0.28)	(0.43)	(0.10)	(0.14)
ALM	0	0	0.00	0.00	0.00	0.00

LIQUIDITY RISK

The liquidity management process involves covering funding requirements with available liquidity reserves. Funding requirements are assessed carefully, dynamically and comprehensively by taking the existing and planned on- and off-balance sheet asset and liability transactions into consideration. Reserves are constituted with assets eligible for refinancing with the central banks to which BIL has access (Banque Centrale du Luxembourg (BCL) and Swiss National Bank (SNB)).

Risk Measurement and Exposure

The internal liquidity management framework includes indicators to assess BIL's resilience to liquidity risk: liquidity ratios and liquidity gaps, which compare liquidity reserves with liquidity requirements. These ratios are shared with the CSSF and the JST, on a daily and a weekly basis, respectively.

A daily liquidity report containing the liquidity forecasts of up to five days and a daily estimated LCR on a solo basis is sent to the Chief Risk Officer, the Chief Financial Officer, the ALM and Treasury teams and Risk Management.

Liquidity Coverage Ratio (LCR)

As the main short-term liquidity reference indicator, the LCR (Delegated Act based on Article 462 of the CRR) requires the Bank to hold sufficient high-quality liquid assets (HQLA) to cover total net cash outflows over 30 days.

The LCR trigger and limit were increased in 2024, respectively from 115% to 140% and from 110% to 120%, reflecting the prudent and sound management of liquidity risk.

In EUR billion	31/12/23	31/12/24
Stock of HQLA	10.13	10.63
Net Cash Outflows	5.82	5.31
LCR ratio	174%	200%
Limit	110%	120%

BIL's liquidity situation remained solid throughout 2024 and has been strengthened progressively over the course of the year. By keeping a proactive approach in managing its liquidity position, BIL Group prudently increased its LCR excess liquidity level to around EUR 5.3 billion approaching year end (versus EUR 4.3 billion as at the end of December 2023). The LCR ratio increased from 174% to 200% over the year, well above the target established by the ALM Committee and the Risk Appetite Framework level. Following the upward trend in 2023, the increase mainly occurred in the first half of the year 2024, driven by the growth in funding stemming from the issuance of senior debt securities. The ratio stabilised after the onset of the downward interest rate cycle, with on one hand a reduced recourse to external short-term funding and on the other hand a modest rise in retail deposits and a decrease in the outstanding loans. Furthermore, the increase in the LCR ratio has been amplified by a favourable numerator/denominator effect attributable to a reduction in financial sight deposits.

The Investment Portfolio purchases have been concentrated on HQLA eligible securities, LCR level 1 securities representing nearly 84% of the total Investment Portfolio as at 31 December 2024.

Net Stable Funding Ratio (NSFR)

The NSFR, reflecting the long-term liquidity position of an institution, requires the available amount of stable funding to exceed the required amount of stable funding over a one-year period of extended stress.

In EUR billion	31/12/23	31/12/24
Available Stable Funding (ASF)	18.13	18.70
Required Stable Funding (RSF)	14.52	13.94
NSFR ratio	125%	134%
Limit	104%	104%

The NSFR increased from 125% to 134% over the year. The evolution of the NSFR is explained by an increase in the ASF resulting from a rise in funding from debt securities issued, coupled with a contraction of the RSF resulting from a decrease in the outstanding loans.

Liquidity Stress Test

The Bank conducts a liquidity stress test on a weekly basis. The aim of this stress test is to quantify and anticipate BIL's potential vulnerability to liquidity and refinancing risk, taking into account the Bank's specificities.

The stress report is sent to the Chief Executive Officer, the Chief Risk Officer, the ALM Committee members, risk management, the ALM and Treasury teams and, as mentioned above, to the JST. The stress test results are presented to the ALCO with the other main liquidity indicators (e.g., LCR, NSFR, variation of customer deposits, etc.,) monthly.

The liquidity risk is captured through three scenarios:

- Market-wide, which focuses on a depreciation of the Bank's assets and additional margin calls due to general adverse market conditions;
- Idiosyncratic, which is specific to BIL's access to market funding; and
- Combined, which groups the stress events and the risk factors of the two previous scenarios; the combined scenario is the therefore most severe scenario (before the potential application of remedial actions in the scenario).

31/12/2024 (in EUR million)		Market-Wide		Idiosyncratic		Combined	
		Cumulated funding gap	Cumulated buffer	Cumulated funding gap	Cumulated buffer	Cumulated funding gap	Cumulated buffer
HORIZON	3-month	1,486	5,444	5,657	8,218	5,667	7,908
	6-month	1,476	5,183	5,920	7,932	5,269	7,598
	12-month	1,247	5,072	5,309	7,787	4,658	7,473

The cumulative buffer column shows a high level for all scenarios and all observation points. The cumulative gap levels stand substantially below the cumulated buffer. In 2024, the Liquidity Stress Tests ratio in the combined scenario remains above the internal Risk Appetite Framework trigger (105%) for every observation period. This is the result of prudential liquidity management, especially by BIL's choice to seek medium and long-term funding.

Part of the Bank's excess cash is invested in the Investment Portfolio as a liquidity buffer. This portfolio is mainly composed of central bank-eligible bonds, which are also compliant with the Basel III package requirements (i.e., the LCR and NSFR).

Asset Encumbrance

The Bank reports on key metrics and asset encumbrance limits which are based on data collected for regulatory reporting. The following metrics have been selected to provide key information:

- Level of asset encumbrance;
- Credit quality of unencumbered debt securities;
- Sources of encumbrance;
- Contingent encumbrance.

$$AE\% = \frac{\textit{Total encumbered assets} + \textit{Total collateral received re-used}}{\textit{Total assets} + \textit{Total collateral received available for encumbrance}}$$

The asset encumbrance ratio calculation above measures the asset encumbrance of credit institutions in Europe in a harmonised manner. The overall weighted average encumbrance ratio calculated and published regularly by the EBA (24.7% in the fourth quarter of 2023) is an available benchmark. By comparison, BIL's ratio was around 2% and reflects a low level of asset encumbrance. The trigger in the Risk Appetite Framework is set at 18%.

In EUR million	31/12/23	31/12/24
Encumbered assets	702	610
Collateral received re-used	0	0
Total amount	702	610
Ratio	**2%**	**2%**
RAF Limit	**20%**	**20%**

As at 31 December 2024, EUR 0.6 billion of BIL Group's balance sheet assets are encumbered and the asset encumbrance ratio is 2% (2% as at 31 December 2023).

5. Operational Risk and ICT & Security Risk

5.1. Definition

Operational risks are risks of losses due to breaches, errors, interruptions, and/or damages caused by inadequate and/or failure from internal processes, people, systems or external events. The definition provided in Basel II also includes legal risk as part of operational risks.

Information and Communication Technology (ICT) and security risk includes risk of loss due to:

- Breach of confidentiality, failure of integrity of systems and data;
- Inappropriateness or unavailability of systems and data;
- Inability to change information technology within a reasonable time and with reasonable costs when the environment or business requirements change;
- Security risks resulting from inadequate or failed internal processes;
- External events including cyber-attack; and
- Inadequate physical security to protect BIL's information and information systems.

5.2. Operational Risk Policy, ICT & Security risks policy & BCP policy

OPERATIONAL RISK POLICY

To manage its operational risks, BIL created a comprehensive Operational Risk Management Framework (ORMF). The ORMF sets out the processes, tools and organisational arrangements that ensure material operational risks faced by the Group are identified and understood. It provides assurance that appropriate responses are put in place to protect BIL and to prevent negative impact on its clients, employees, or the community, enabling the Group to meet its goals.

It should be noted that the management of the Bank's ORMF also includes the transfer of part of the financial impact of certain risks, through the Bank's insurance programme.

ICT & SECURITY RISK MANAGEMENT POLICY

The ICT & Security Risk Management charter frames the management of ICT risks, and in particular defines:

- The objective and scope of ICT & Security risk management;
- The high-level operating model as well as roles and responsibilities across the three lines of defence;
- The requirements for an ICT & Security risk management process for identifying, evaluating and handling these risks; and
- The requirements for an ICT & Security risk reporting that includes an annual report to the BRC Committee and the Board.

BUSINESS CONTINUITY PLANNING POLICY

The Business Continuity Management and Crisis Management charter defines the objectives, methodology and governance to ensure the continuity of the critical functions and processes.

5.3. Organisation and Governance

BIL's operational risk management framework relies on strong governance, with clearly defined roles and responsibilities.

The following committees are responsible for operational risk at BIL:

- The Audit Risk Compliance Committee (ARCC), a management committee with delegated powers from the MB is responsible for strengthening cooperation between the three lines of defence functions through coordination of the activities of each Internal Control function and taking decisions on cross-cutting issues related to Internal Control. The main topics discussed include: Internal audit matters (mainly audit reports, follow-up of recommendations, activity reports, audit plan), Compliance matters (mainly compliance activity reports, compliance action plan, compliance visit reports), Operational Risk Management (ORM) matters (mainly reporting on major risks, incidents), and any other matters relating to Internal control (at BIL and its entities).
- To implement the ORMF and related procedures, including a forum to evaluate the Group Operational Risk Profile in a consistent fashion, BIL has established a Group Operational Risk Management Committee (GORMC). The Group Operational Risk Management Committee is now responsible for monitoring the level of adoption of the ORMF, escalating operational risks outside BIL's approved risk appetite. The GORMC, brings together the individuals who have direct or indirect influence over Operational Risk, using BIL's Taxonomy. These individuals are qualified by dint of their expertise or position at BIL to be able to provide credible challenge to BIL's operational risk profile, on a quarterly basis. The overall goal of this forum is to provide Operational Risk Assurance to the Management Board.
- The New Product Committee (NPC) is a multidisciplinary management committee with delegated powers from the MB, and is responsible for new products, services and markets based on proposals from all the Bank's business areas, including the Innovation and Digital Forum. The Committee also checks the relevancy of the underlying business case against the Bank's strategy. The Head of Strategy, Secretary General Office and Balance Sheet Management acts as the chair.

- The Monthly Operational Committee (MOC), under the responsibility of the Financial Markets business line (FM), and with the participation of ORM, supervises BIL's FM projects and operational risks, takes decisions to address day-to-day issues and monitors other risks related to FM Luxembourg's activities.
- The ICT & Security Risks are handled by The ICT & Security Risks Committee (ISRC). The ISRC is mandated to:
  - Oversee the ICT & Security risks (as defined in the ICT & Security Risk Management charter) linked to BIL's use of information technologies and that of its subsidiaries;
  - Oversee the ICT & Security controls in place to mitigate the ICT & Security risks;
  - Take a position on the risks its members have identified and analysed in order to provide adequate protection for BIL's Information and IT assets;
  - Monitor ICT and Security incidents;
  - Ensure that the implementation and the support of a global Business Continuity Plan respects the strategy defined by the MB.
- The Crisis Committee (CC) is composed of the MB members and can decide to set up an Operational Crisis Committee (OCC), composed of different members of the functions required to manage the crisis. Depending on the nature of the crisis, this OCC is complemented by the heads of the entities concerned.

5.4. Risk Measurement and Management

The operational risk framework relies on the following elements:

- Operational Risk Event Data Collection:
  - According to the Basel Committee, the systematic recording and monitoring of operational incidents is a fundamental aspect of risk management: "Historical data on banking losses may provide significant information for assessing the Bank's operational risk exposure and establishing a policy to limit/ manage risk".
  - Recorded incidents provide information that may be used to improve the internal control system and determine the Bank's operational risk profile.

The breakdown of BIL Group's gross losses (KEUR) and proportion of occurrence for 2024 by risk event type is disclosed in the table below. The total gross impact is calculated on an absolute value basis, including losses, provisions, profits and excluding recoveries. This explains possible differences with other regulatory reports which are only based on losses.

Risk Event Type	% Incidents	Gross Financial Impact
Execution, Delivery & Process Management	46%	16,384
Business Disruption and system failures	39%	820
External fraud	13%	0
Clients Products & Business Practices	2%	70
Employment Practices and Workplace safety	0%	0
Internal fraud	0%	0
Damage to physical assets	0%	0
TOTAL	**100%**	**17,274**

As in previous years, the Execution, Delivery & Process Management category represented the largest both in terms of total number of operational risk events (46%) and in terms of financial impact (95%), before excluding the single exceptional risk event where a financial impact of EUR 14.8 million was made (but fully recovered), occurring within this category.

Operational risk events linked to Business Disruption & System failures, remains the second highest category contributing to 39% of operational risk events. This category contributes to a large part of the financial impact with 39% in 2024 (compared to 2% last year). Operational risk events relating to External Fraud increased by 7% to 13% compared to 2023, reflecting the general increase in activity using more sophisticated technology and artificial intelligence, in an attempt to scam our customers. However, the Bank had no financial impact in this risk event type in 2024.

ORM presents a quarterly report on operational risk matters to the ARCC and to the BRC.

The Chief Information Security Officer (CISO) presents a status on ICT & Security Risks as well as on Business Continuity management activities annually to the BRC.

SELF-ASSESSMENT OF RISKS AND ASSOCIATED CONTROLS

The annual Risk Control Self-Assessment (RCSA) and Risk Analysis (RSA) assessments are forward-looking in nature (with revised scenarios proposed) and are designed to provide overview of the various activities and existing controls in place to mitigate risk within the processing environment. Where residual risk is deemed to be outside acceptable tolerances, action plans will be defined to resolve the shortcomings.

TRAINING & AWARENESS

Regular awareness campaigns are published both internally for employees and on the Bank's website for clients. These campaigns focus on Fraud Risk or the best practices to minimise the occurrences of operational risk events.

CALCULATION OF THE REGULATORY CAPITAL REQUIREMENTS

BIL Group applies the standardised Basel approach to calculate the regulatory capital requirements for operational risk. This approach consists of applying a factor (ranging from 12% to 18%) depending on the activity, as defined by the regulator. The figures are reported in the following chapter.

6. Regulatory Capital Adequacy – Pillar 1

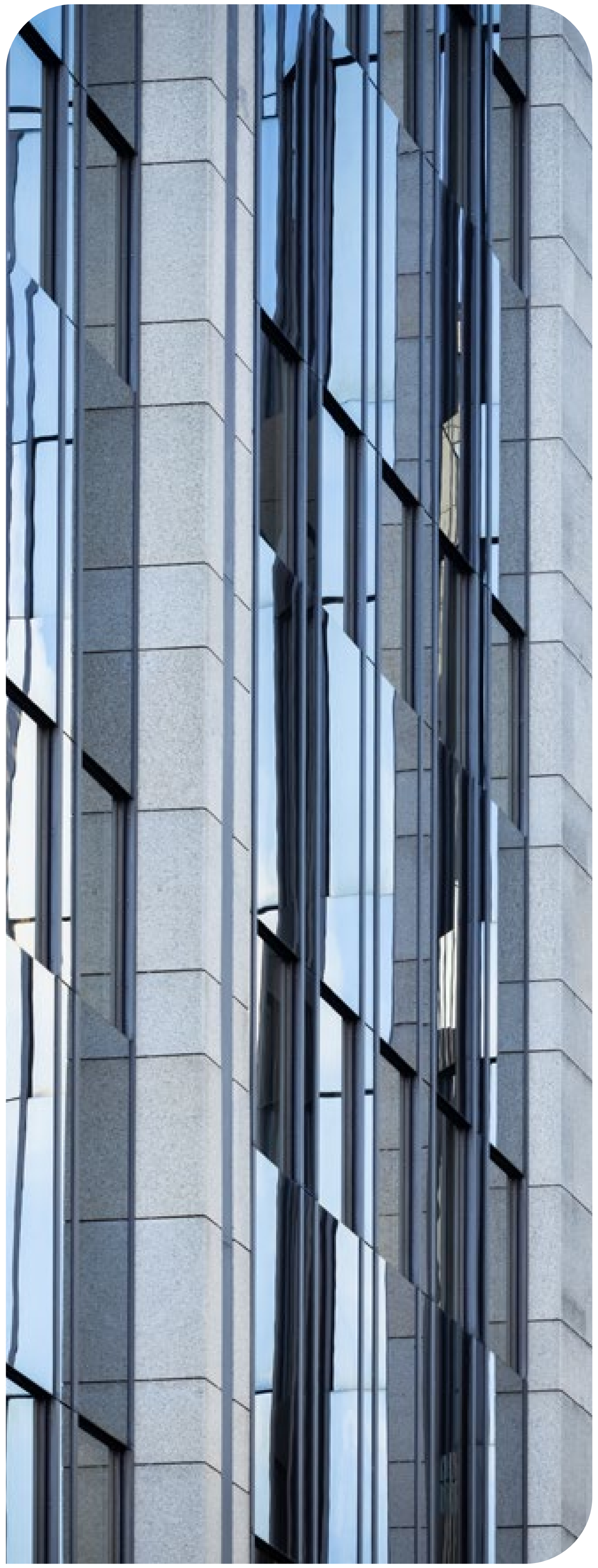
6.1. Weighted risks

Since 2008, the Bank has complied with the revised Basel framework – through its various developments – to calculate its capital requirements with respect to credit, market, operational and counterparty risk, and to publish its solvency ratios.

The Bank uses the Advanced-Internal Rating Based (A-IRB) approach for its main counterparties (i.e. SMEs and Retail) to compute associated risk weighted assets (RWAs). The Bank uses the Foundation (F-IRB) approach for Large Corporate exposures while both Sovereign and Financial Institution exposures are subject to the standardised method. For market risk, the Bank has adopted the standardised method in light of a moderate trading activity, the sole purpose of which is to assist BIL's customers by providing the best possible service for the purchase or sale of bonds, foreign currencies, equities and structured products. The standardised approach is also used to calculate the Bank's operational risks.

At the end of 2024, the Bank's total RWAs amounted to EUR 10,970 million, compared with EUR 11,787 million at the end of 2023, down by 7%. This reduction of EUR 817 million in RWAs is primarily attributable to credit risk for EUR 818 million (including Credit Value Adjustment risk), due to several key factors:

- The contraction of the commercial loans' portfolio from EUR 16.4 billion to EUR 16.2 billion, in particular a decrease in Specialised Lending;
- The reduction of RWAs resulting from the implementation of a 0% risk weight for bonds reclassified as Central Government exposures as per article 115 (CRR II) and in accordance with the official decision by the ACPR (French Prudential Authority);
- The revaluation of BIL's participation in Luxair group (level 3 equity instrument);
- Meanwhile, market risk RWAs increased by EUR 4 million, and operational risk RWAs decreased by EUR 3 million mainly driven by a decrease in revenue.



6.2. Capital adequacy ratios

(in EUR million)	31/12/23[1]	31/12/24[2]	Variation (%)
Risk Weighted Assets	11,787	10,970	(7)%
Credit risk	10,597	9,774	(8)%
Market risk	24	28	15%
Operational risk	1,154	1,151	(0)%
Credit Value Adjustment risk	12	17	43%

Regulatory Capital	31/12/23	31/12/24	Variation (%)
Common Equity Tier 1 (CET 1) Capital	1,586	1,431	(10)%
+ Additional Tier 1	*175*	*175*	*0%*
Tier 1 capital	1,761	1,606	(9)%
Tier 2 capital	334	313	(6)%
Total regulatory capital	2,095	1,918	(8)%

Solvency ratios	31/12/23	31/12/24	Variation (%)
Common Equity Tier 1 (CET 1) ratio	13.45%	13.04%	(3)%
Tier 1 ratio	14.94%	14.64%	(2)%
Capital Adequacy Ratio	17.77%	17.49%	(2)%

7. Internal Capital and Liquidity Adequacy (ICLAAP) – Pillar 2

ICLAAP is the formal internal process through which a bank identifies, measures, aggregates and monitors material risks, to ultimately build a risk profile that becomes the basis for allocating capital and its liquidity risk measures.

Under ICLAAP, BIL Group is required to identify the material risks to which it is exposed, quantify them and ensure it maintains adequate capital and liquidity measures to support them.

The ICLAAP shall fully reflect all risks to which BIL Group is or could be exposed, as well as the economic and regulatory environment within which the Bank operates or may come to operate in. The ICLAAP shall therefore not only take into account the current situation but shall also be forward-looking, in order to ensure internal capital and liquidity adequacies on an ongoing basis.

THE MAIN BUILDING BLOCKS OF BIL GROUP'S ICLAAP

In order to maintain internal capital and liquidity adequacies on an ongoing basis, the ICLAAP is anchored in BIL Group's decision-making processes, its business and risk strategies and risk management and control processes.

This objective is achieved through the development of a sound and comprehensive framework based on the following key components:

- In order to determine the adequacy of its internal capital and liquidity resources, BIL Group first translates its business and strategy plans into Risk Appetite Statements and develops and monitors the corresponding framework;
- Secondly, BIL Group has to identify the risks to which it is exposed (i.e. risk identification and mapping). Different steps are then taken within the Bank: definition of a risk glossary, identification of the risks borne by the institution, assessment of the risk materiality and drafting of the Bank's risk mapping;
- BIL Group then assesses its capital and liquidity needs to cover the economic effects of risk-taking activities. Specifically, the Economic Capital (ECAP) framework is defined as based on the potential deviation between the Group's economic value and its expected value, for a given confidence interval (depending on BIL Group's target rating), and a time horizon of one year;
- Finally, BIL Group assesses its capacity to maintain sufficient capital and liquidity resources, in terms of quantity and quality, to support its risk profile through both normal and stress-oriented scenarios. This is done through the ongoing assessment of the Bank's capital and liquidity adequacies and, at least once a year, through the forward-looking assessment of the Bank's capital and liquidity soundness (capital and liquidity planning).

[1] The capital ratios as at 31 December 2023 and published in the Annual Report as at 31 December 2023 were restated. This restatement may have implications for the Bank, including the potential for regulatory investigation and enforcement actions from the Commission de Surveillance du Secteur Financier (CSSF) or the European Central Bank.

[2] The capital ratios as at 31 December 2024 are presented before 2024 profit allocation. The binding capital ratios will include the profit allocation as approved by the AGM. Please refer to the Pillar 3 Report published on BIL.com for the binding capital ratios as at the 31 December 2024.

Alternative Performance Measures (APMs)

The Consolidated Management Report section of the Annual Report includes certain financial metrics which BIL considers to constitute "Alternative Performance Measures" (APMs) as specified by CSSF Circular 16/636 and in accordance with ESMA Guidelines. The below APMs are provided in addition and not as an alternative to, the financial performance measures reflected in the Financial Statements and prepared in accordance with the IFRS Accounting Standards, as adopted by the European Union.

Alternative Performance Measures (APMs)	Definition	Reason for use
(Core) Operating Revenues	Operating revenues = Interest and dividend income + Fee income + Other income Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance.
(Core) Operating Expenses	Operating expenses = Staff expenses + General expenses Amortisation Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating cost.
(Core) Gross Operating income	Gross operating income = Operating revenues - Operating expenses Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance.
(Core) Cost of Risk	Net impairment on financial instruments and provisions for credit commitments Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's cost of risk level
(Core) Operating income	Operating income = Gross operating income net of impairments Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance before tax.
(Core) Operating net income before tax	Net income = Operating income before tax expenses Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance before tax.
(Core) Cost/Income Ratio (CIR)	(Core) Cost to income ratio = (Core) operating expenses divided by (Core) operating revenues Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Measure of operational efficiency in the banking sector.
Non-Performing Loans Ratio	Total Stage 3 outstanding loans and advances divided by total gross loans and advances as presented in the Risk Management Report Asset Quality section.	Representative measure of the risk level in % of the volume of outstanding loans.
Coverage Ratio	Expected credit losses divided by the total outstanding of related loans by stage as presented in the Risk Management Report Asset Quality section.	Measure of provisioning for loans.

02. Consolidated financial statements

Audit report

To the Board of Directors of
Banque Internationale à Luxembourg

Report on the audit of the consolidated financial statements

OUR OPINION

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

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Group's consolidated financial statements comprise:

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

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF).

Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group 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 consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 8.10 to the consolidated financial statements.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of loans and advances to customers At 31 December 2024, the gross loans and advances to customers of the Bank amount to EUR 16,405.12 million against which an impairment of EUR 233.55 million is recorded (see Note 4.4. to the consolidated financial statements). A post-model adjustment for EUR 4.7 million remains applicable in 2024 (introduced in 2022) to consider the uncertainties linked to the actual economic environment by increasing the weight of the downside Expected Credit Loss ("ECL") scenario (see Note 9.2.1.4. to the consolidated financial statements). In 2024, a second post-model adjustment of EUR 8.6 million was introduced. The projection for a macroeconomic variable used in the IFRS 9 Loss Given Default (LGD) curves - specifically the retail real estate LGD curve - was positively revised following a recalibration of the models by the external data provider. However, the Bank deemed the revised projection to be optimistic and chose to retain the previous parameter projection, prior to the recalibration (see Note 9.2.1.4. to the consolidated financial statements).	We tested on a sample basis the design and operating effectiveness of key controls across the processes relevant to the ECL calculation and impairment assessment. This included testing of: • Entity level controls (including IT controls) and governance process over the ECL modelling process, including model review as well as the review of back-testing ECL model components (Probability of Default, macro-economic projection, loss rates) and ECL level; • Controls over the incorporation of multiple economic scenarios related to ECL models by the Bank's Credit and Executive Committees; • Controls over quarterly ECL variation analysis; • Controls over the loan origination and monitoring processes; • Controls over the specific provision process and monitoring (as well as write-offs); • Controls over the monitoring of internal credit limits; • Controls over the monitoring of loans in litigation; • Controls over the monitoring of credit collateral coverage; • Inspection of default committee minutes and Special Mention List/Watch list; and • Inspection over the validation of ECL Management overlays and post-model adjustment by the Bank.

KEY AUDIT MATTER

Impairment of loans and advances to customers (cont.)

The Bank has introduced since 2023 (in the context of successive increases in key rates since 2022) 2 Management Overlays. These are maintained in 2024:

- The first one, named "Minimum Disposable Income" ("MDI"), for EUR 1.7 million aimed at anticipating the risks of default on customers for which the MDI information is either missing or below the minimum threshold required by the Bank (see Note 9.2.1.4. to the consolidated financial statements); and
- The second one named "Outreach programme - bridge loans and maturing fixed-rate loans", for EUR 1.8 million which was implemented to anticipate the risks of default over bridge/bullet loans exposed to variable interest rates and over fixed-rate loan which rates will reset to prevailing market conditions during 2025 (see Note 9.2.1.4. to the consolidated financial statements).

A third Management Overlay "Acquisition, Development and Constructions (ADC) portfolio", for EUR 15.3 million, was introduced in 2024 against the backdrop of the uncertainty on near-term recovery prospects for off-plan sales impacting property developers (see Note 9.2.1.4. to the consolidated financial statements).

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We also performed the following substantive audit procedures:

- With the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models, as well as challenging the forward looking macro-economic scenarios especially considering the macro-economic context. This also included the assessment of updates made in the models during the year;
- We tested some key parameters to ensure accuracy of data inputs supporting the ECL models used by the Bank.

We tested a sample of loans and advances (including but not only an extended sample of loans included into the Bank Credit Watchlist and/or classified in stage 3 (including forborne exposures)) as follows:

- Form our own assessment as to whether they are classified in the appropriate stage. We examined in a critical manner the assumptions used by the Bank to determine estimated recovery from any underlying collateral;
- Perform testing over the accuracy of a sample of key input data linked to the credit activity (nominal, interest rates, beneficiaries);
- Perform testing on the valuation and validity of guarantees and collateral received by the Bank to secure its exposures; and
- Perform testing over the allocation of loans and advances into stages, including quarterly movements between stages, and the identification of defaulted loans and advances.

KEY AUDIT MATTER

Impairment of loans and advances to customers (cont.)

We considered this as a key audit matter as the measurement of impairment under IFRS 9 requires complex and subjective judgments and estimates by the Bank's Management. The Bank uses the following methods to assess the required impairment allowance:

- The ECL allowance is measured for all loans and advances based on the principles laid down by IFRS 9 and adapted by the Bank in its ECL calculation process, model and tool; and
- For defaulted loans and advances, impairment is assessed individually on a regular basis.

In particular, the determination of impairment against loans and advances to customers requires:

- Accounting interpretations and modelling assumptions used to build the models that serve as a basis to calculate the ECL;
- Inputs and assumptions to estimate the impact of multiple economic scenarios;
- The use of expert judgments and estimates for the design and setup of the internal rating system which form the basis of the allocation of loans and advances within the 3 stages (stage 1, stage 2, stage 3) foreseen by IFRS 9; and
- The use of expert judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances.

Refer to the Accounting policy Note 1.6.5. and to the Notes 4.4. and 9.2. to the consolidated financial statements as well as Sections 2 and 6 of the Business Review and Results and Section 3 of the Risk Management parts of the consolidated management report.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

In light of the credit events linked to the current macro-economic context, and in addition to the above, we also performed specific procedures as follows:

- Test of a sample of credit files under the scope of Management Overlays to verify the accuracy and completeness of the underlying population; and
- Assessment of the ECL Management Overlays and post-model adjustments methodology (including the mathematical accuracy of the amounts).

KEY AUDIT MATTER

Deferred tax assets recognition and impairment

As at 31 December 2024, the deferred tax assets on tax losses carried forward (resulting from the loss incurred in 2011 by one of the former branches of the Bank in a foreign country) recognised in the balance sheet amounts to EUR 110.8 million (see Note 6.2. to the consolidated financial statements).

We considered this as a key audit matter as the Bank makes forecast to determine the amount of tax losses carried forward which will be resorbed by future taxable profits. Those forecasts are based on subjective Bank's assumptions.

Refer to the Accounting policy Note 1.22. and to Note 6.2. to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the analysis supporting the recognition of deferred tax assets (arising on the tax losses carried forward) and the forecasts which serves as the basis to impair the deferred tax assets.

We performed the following substantive audit procedures:

- We obtained the Bank's budget for the year 2025, approved by the Board of Directors, and the business plan prepared by the Bank for the period 2026-2030 as well as the assumptions made by the Bank to extrapolate the net income before tax beyond the horizon of the business plan;
- We assessed, with the assistance of our specialists, the consistency and reasonableness of these assumptions by taking into account the impacts of the macro-economic environment, including back-testing of the assumptions made at prior year end;
- We evaluated whether updates in the Luxembourg tax laws and regulations may have an impact on the assumptions made by the Bank;
- We inspected the documentation supporting the conditions for the tax losses to be incorporated to the basis of the tax losses carried forward; and
- We tested the arithmetical accuracy of the computations, including the corporate income tax rate used.

KEY AUDIT MATTER

Impairment assessment of goodwill

As at 31 December 2024, the goodwill (arising in a business combination) which gross amount is of EUR 62.82 million, is impaired by EUR 10.08 million and thus presents a carrying amount of EUR 52.7 million (see Note 4.10. to the consolidated financial statements).

Recoverable values are primarily measured from a Dividend Discount Model ("DDM") valuation method or/and an asset under management multiples valuation method. They represent in practice, an estimation of fair value less costs of disposal.

We considered this as a key audit matter as the Group makes complex and subjective judgments with respect to the identification of the cash-generating units ("CGUs") and the estimation of the recoverable values (which are the fair value less cost to sell or the value in use) when determining the impairment to be recorded.

Refer to the Accounting policy Note 1.18. and to Note 4.10. to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the models and of the recoverable amount at year end.

We performed the following substantive audit procedures:

- We obtained the goodwill valuation methodology applied by the Group;
- We assessed whether the CGUs identified by the Group that should be subject to impairment testing are aligned with our understanding of the Group's activities;
- We assessed through the use of our valuation experts whether or not the valuation methodology used by the Group is reasonable in the circumstances, giving consideration to the:
  - Nature of the Entity being valued;
  - Premise of value;
  - Business, industry, and environment in which the Entity operates; and
  - Common practices among valuation experts.
- We identified and assessed through the use of our valuation experts significant assumptions used by the Group for each CGU and evaluated whether the information used:
  - Was reasonably available at the time of the analysis;
  - Was appropriate given the circumstances; and
  - Gave consideration to observable market prices.
- We assessed the consistency and reasonableness of these assumptions by back-testing the assumptions made at prior year-end;
- We tested the arithmetical accuracy of the calculation performed by the Group; and
- We considered whether additional impairment was required at year end by comparing the recoverable values and carrying amounts of the goodwill.

KEY AUDIT MATTER

Fair value measurement using of level 3 inputs for equity investments measured at fair value through other comprehensive income

As at 31 December 2024, the fair value of level 3 equity investments measured at fair value through other comprehensive income amount to EUR 265.6 million (see Notes 4.6.1. to the consolidated financial statements).

We consider the valuation of such investments as inherently complex due to the unavailability of prices on an active market, the limited or unavailability of observable data and the impact of the current macro-economic uncertainties which increases uncertainty in some industries (including the airline industry).

Refer to the Accounting policy Notes 1.6.3.2. - 1.6.3.3. and to Notes 4.6.1. and 9.1.2. to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the models used, the back-testing of inputs/assumptions and of the fair value determined at year end.

We performed the following substantive audit procedures:

- We obtained the fair valuation methodology applied by the Bank, specifically for an investment which operates in the airline industry. The latter valuation was mainly based on "Sum Of The Parts" approach;
- We assessed through the use of our valuation experts whether or not the valuation methodology used by the Bank was in line with industry practice given the industry and structure of the investments;
- We reconciled the inputs used in the model of the Bank to supporting documentation;
- We assessed through the use of our valuation experts the reasonableness of the assumptions used by the Bank in the model which included, interalia, benchmarking key metrics; and
- We tested the arithmetical accuracy of the calculation performed by the Bank.

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 consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit,

or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

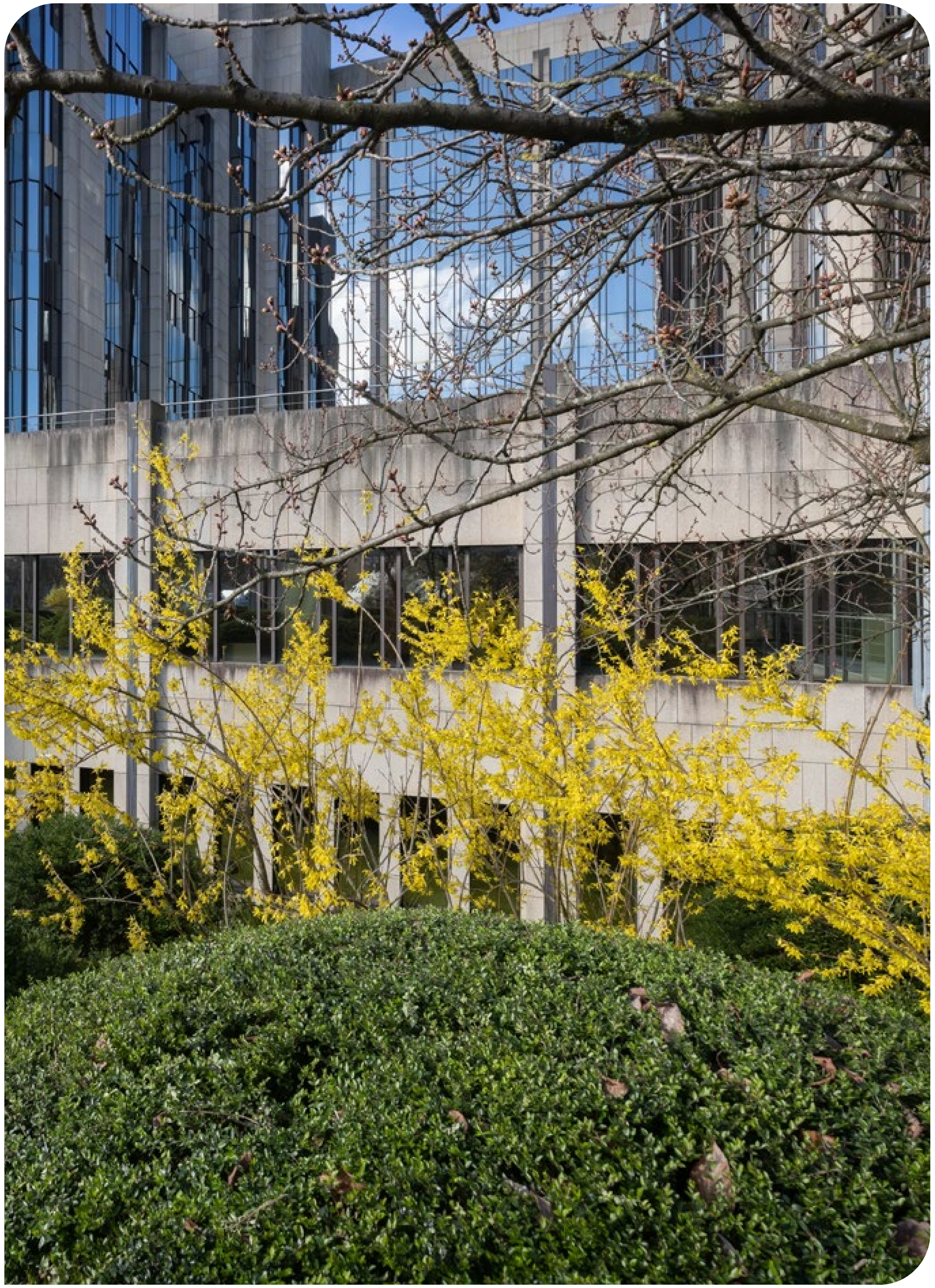
The Corporate Governance Statement is included in the consolidated management report. The information required by Article 70bis Paragraph (1) Letters c) and d) of the amended Law of 17 June 1992 on the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 13 December 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

Luxembourg, 28 March 2025

PricewaterhouseCoopers, Société coopérative
Represented by

Rima Adas Antoine Marchon



Consolidated balance sheet

ASSETS	Notes	31/12/23	31/12/24
Cash, balances with central banks and demand deposits	4.2	2,981,518,726	1,547,928,488
Financial assets held for trading	4.5	19,345,375	30,084,003
Financial investments measured at fair value	4.6	581,678,327	662,588,667
Financial investments at fair value through other comprehensive income	*4.6.1*	*550,895,485*	*629,555,261*
Non-trading financial investments mandatorily at fair value through profit or loss	*4.6.2*	*30,782,842*	*33,033,406*
Loans and advances to credit institutions	4.3	691,083,436	1,911,806,505
Loans and advances to customers	4.4	16,350,390,372	16,171,572,686
Financial investments measured at amortised cost	4.7	8,629,112,546	9,149,825,205
Derivatives	6.1	547,153,628	517,156,129
Investment property	4.9	39,815,961	39,615,961
Property, plant and equipment	4.8	108,214,376	112,882,242
Intangible fixed assets and goodwill	4.10	398,800,773	401,339,277
Current tax assets	4.11	953,109	645,934
Deferred tax assets	4.11/6.2	128,102,833	117,163,483
Other assets	4.12	59,088,017	81,375,580
TOTAL ASSETS		30,535,257,479	30,743,984,160

The notes are an integral part of these consolidated financial statements.

LIABILITIES	Notes	31/12/23	31/12/24
Amounts due to credit institutions	5.1	3,720,728,528	2,795,687,676
Amounts due to customers	5.2	18,455,039,645	18,761,707,607
Other financial liabilities	5.3	25,908,177	18,693,250
Financial liabilities measured at fair value through profit or loss	5.4	2,836,485,340	3,218,662,440
Liabilities designated at fair value		*2,836,485,340*	*3,218,662,440*
Derivatives	6.1	316,493,915	392,130,132
Debt securities	5.5	2,034,068,527	2,431,745,499
Subordinated debts	5.6	345,756,383	351,753,210
Provisions and other obligations	5.7	54,265,447	52,626,423
Current tax liabilities	5.8	1,063,915	8,749,868
Deferred tax liabilities	5.8/6.2	11,214,380	12,000,695
Other liabilities	5.9	320,867,001	252,587,101
TOTAL LIABILITIES		28,121,891,258	28,296,343,901

SHAREHOLDERS' EQUITY	Notes	31/12/23	31/12/24
Subscribed capital	6.4	146,108,270	146,108,270
Share premium		760,527,961	760,527,961
Other equity instruments		174,550,419	174,781,918
Reserves and retained earnings		901,002,600	1,013,406,394
Net income		201,767,951	169,788,790
SHAREHOLDERS' EQUITY		**2,183,957,201**	**2,264,613,333**
Gains and losses not recognised in the consolidated statement of income		229,409,020	183,026,926
Financial instruments at fair value through other comprehensive income		*246,006,027*	*200,550,561*
Other reserves		*(16,597,007)*	*(17,523,635)*
GROUP EQUITY		**2,413,366,221**	**2,447,640,259**
TOTAL SHAREHOLDERS' EQUITY		2,413,366,221	2,447,640,259
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		30,535,257,479	30,743,984,160

The notes are an integral part of these consolidated financial statements.

Consolidated statement of income

	Notes	31/12/23	31/12/24
Interest and similar income	8.1	1,450,962,214	1,678,389,023
of which: Interest revenue calculated using the effective interest method		*1,183,538,600*	*1,325,693,003*
Interest and similar expenses	8.1	(913,535,428)	(1,203,325,766)
Dividend income	8.2	987,141	991,404
Net trading income	8.3	122,247,706	1,881,718
Net income on financial instruments measured at fair value and net result of hedge accounting	8.4	(102,435,913)	23,809,100
Net income on derecognition of financial instruments measured at amortised cost	8.5	8,285,066	2,485,552
Fee and commission income	8.6	257,366,997	250,349,157
Fee and commission expenses	8.6	(45,344,703)	(46,076,509)
Other net income	8.7	(16,947,857)	10,554,952
REVENUES		**761,585,223**	**719,058,631**
Staff expenses	8.8	(266,145,674)	(253,053,204)
General and administrative expenses	8.9	(183,964,421)	(170,084,151)
Amortisation of tangible, intangible and right-of-use assets	8.11	(55,198,812)	(75,376,145)
EXPENSES		**(505,308,907)**	**(498,513,500)**
GROSS OPERATING INCOME		**256,276,316**	**220,545,131**
Impairments		(25,882,543)	(30,425,917)
Net impairment on financial instruments and provisions for credit commitments	*8.12*	*(25,618,040)*	*(28,302,253)*
Net impairment of tangible, intangible and right-of-use assets		*(264,503)*	*391,821*
Impairment on goodwill		*0*	*(2,515,485)*
NET INCOME BEFORE TAX		**230,393,773**	**190,119,214**
Tax expenses	8.13	(28,625,822)	(20,330,424)
NET INCOME		**201,767,951**	**169,788,790**
Net income - Group share		201,767,951	169,788,790
Non-controlling interests		0	0
Return on assets		0.66%	0.55%

The notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	31/12/23	31/12/24
NET INCOME RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	201,767,951	169,788,790
GAINS (LOSSES) NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	2,666,760	(46,382,094)
Items that will not be reclassified to profit or loss	**2,448,928**	**(42,864,880)**
Actuarial gains (losses) on defined benefit pension plans	(7,730,965)	3,271,306
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk	868,083	(729,638)
Fair value changes of equity instruments measured at fair value through other comprehensive income	8,108,938	(44,882,732)
Fair value changes of land and buildings - transfer to investment property	(441,101)	0
Tax on items that will not be reclassified to profit or loss	1,643,973	(523,816)
Items that may be reclassified to profit or loss	**217,832**	**(3,517,214)**
Translation adjustments	2,367,880	(1,341,430)
Gains (losses) on cash flow hedge	(2,366,993)	(1,957,165)
Fair value changes of debt instruments and loans and advances at fair value through other comprehensive income	(497,447)	(912,869)
Tax on items that may be reclassified to profit or loss	714,392	694,250
TOTAL COMPREHENSIVE INCOME, NET OF TAX	204,434,711	123,406,696
Attributable to equity holders of the parent company	204,434,711	123,406,696
Attributable to non-controlling interests	0	0

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

SHAREHOLDERS' EQUITY, GROUP	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/23	146,108,270	760,527,961	174,315,856	817,236,900	152,932,361	2,051,121,348
Dividend paid	0	0	0	(60,008,754)	0	(60,008,754)
Classification of income	0	0	0	152,932,361	(152,932,361)	0
Coupon on Additional Tier One Instrument	0	0	0	(9,187,500)	0	(9,187,500)
Realised performance on equities at fair value through other comprehensive income	0	0	0	(176,945)	0	(176,945)
Other movements	0	0	234,563	206,537	0	441,100
Net income	0	0	0	0	201,767,951	201,767,951
As at 31/12/23	146,108,270	760,527,961	174,550,419	901,002,600	201,767,951	2,183,957,201

GAINS AND LOSSES NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the consolidated statement of income
As at 01/01/23	238,292,334	3,769,310	4,279,712	(19,599,096)	226,742,260
Net change in fair value through equity - fair value through other comprehensive income	7,707,702	0	0	0	7,707,702
Net change in fair value through equity - cash flow hedges	0	(1,776,665)	0	0	(1,776,665)
Revaluation of investment properties upon reclassification from property, plant and equipment	0	0	(331,090)	0	(331,090)
Translation adjustments	5,991	0	(369,402)	2,367,880	2,004,469
Net change in other reserves	0	0	(4,937,656)	0	(4,937,656)
As at 31/12/23	246,006,027	1,992,645	(1,358,436)	(17,231,216)	229,409,020

NON-CONTROLLING INTERESTS	Shareholders' equity	Gains and losses not recognised in the consolidated statement of income	Non-controlling interests
As at 01/01/23	0	0	0
Other transfers	0	0	0
As at 31/12/23	0	0	0

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The translation adjustments comprise an amount of EUR -49,204,200 relating to net investment hedges linked to foreign exchange differences in consolidated investments.

The notes are an integral part of these consolidated financial statements.

SHAREHOLDERS' EQUITY, GROUP	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/24	146,108,270	760,527,961	174,550,419	901,002,600	201,767,951	2,183,957,201
Dividend paid	0	0	0	(79,942,096)	0	(79,942,096)
Classification of income	0	0	0	201,767,951	(201,767,951)	0
Coupon on Additional Tier One Instrument	0	0	0	(9,187,500)	0	(9,187,500)
Realised performance on equities at fair value through other comprehensive income	0	0	0	0	0	0
Other movements	0	0	231,499	(234,561)	0	(3,062)
Net income	0	0	0	0	169,788,790	169,788,790
As at 31/12/24	146,108,270	760,527,961	174,781,918	1,013,406,394	169,788,790	2,264,613,333

GAINS AND LOSSES NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the consolidated statement of income
As at 01/01/24	246,006,027	1,992,645	(1,358,436)	(17,231,216)	229,409,020
Net change in fair value through equity - fair value through other comprehensive income	(45,453,331)	0	0	0	(45,453,331)
Net change in fair value through equity - cash flow hedges	0	(1,461,584)	0	0	(1,461,584)
Revaluation of investment properties upon reclassification from property, plant and equipment	0	0	86,674	0	86,674
Translation adjustments	(2,135)	0	80,432	(1,341,431)	(1,263,134)
Net change in other reserves	0	0	1,709,281	0	1,709,281
As at 31/12/24	200,550,561	531,061	517,951	(18,572,647)	183,026,926

NON-CONTROLLING INTERESTS	Shareholders' equity	Gains and losses not recognised in the consolidated statement of income	Non-controlling interests
As at 01/01/24	0	0	0
Other transfers	0	0	0
As at 31/12/24	0	0	0

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The translation adjustments comprise an amount of EUR -48,114,702 relating to net investment hedges linked to foreign exchange differences in consolidated investments.

The notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement

	Notes	31/12/23	31/12/24
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		201,767,951	169,788,790
Adjustment for:			
- Depreciation and amortisation	4.8/4.10/8.11	55,198,812	75,376,145
- Impairment on tangible assets, intangible assets, right-of-use assets and goodwill		264,503	2,123,664
- Impairment on bonds and other assets	8.12	(4,946,402)	(12,725,349)
- Net gains / (losses) on investments	8.4/8.5	(764,360)	(1,812,090)
- Provisions (including ECL)	5.7/8.12	(25,884,294)	(35,008,482)
- Change in unrealised gains / (losses)	8.4	5,403,222	538,839
- Deferred taxes	8.13	27,325,248	12,138,121
- Other adjustments		(131,000)	157,081
- Changes in operating assets and liabilities		(1,767,445,227)	(276,838,646)
Transactions related to interbank and customers transactions		*(1,906,212,170)*	*(518,977,266)*
Transactions related to other financial assets and liabilities		*76,139,104*	*209,164,367*
Transactions related to other non-financial assets and liabilities		*62,627,839*	*32,974,253*
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,509,211,547)	(66,261,927)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	4.8/4.10	(89,715,591)	(85,651,444)
Sale of fixed assets	4.8/4.10	9,844,260	2,680,407
Purchase of non-consolidated shares		(1,121,667)	(3,382,320)
Sale of non-consolidated shares		280,014	0
Sale of subsidiaries and associates		(6,413)	(9,742)
NET CASH FLOW FROM INVESTING ACTIVITIES		(80,719,397)	(86,363,099)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of subordinated debts		100,000,000	0
Payments on lease liabilities		(6,409,120)	(6,693,946)
Dividend paid		(60,008,754)	(79,942,096)
NET CASH FLOW FROM FINANCING ACTIVITIES		33,582,126	(86,636,042)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(1,556,348,818)	(239,261,068)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		4,904,108,640	3,352,844,687
Net cash flow from operating activities		(1,509,211,547)	(66,261,927)
Net cash flow from investing activities		(80,719,397)	(86,363,099)
Net cash flow from financing activities		33,582,126	(86,636,042)
Effect of change in exchange rate on cash and cash equivalents		5,084,865	(367,835)
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	4.1	3,352,844,687	3,113,215,784
ADDITIONAL INFORMATION			
Taxes paid		(583,319)	(392,110)
Dividends received	8.2	987,141	991,404
Interest received		1,384,480,101	1,639,529,765
Interest paid		(822,873,787)	(1,181,558,776)

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 01/01/23	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 31/12/23
Subordinated debts	243,755,860	100,000,000	0	(6,256,019)	0	337,499,841
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,315,856	0	0	0	234,563	174,550,419

	As at 01/01/24	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 31/12/24
Subordinated debts	337,499,841	0	0	5,757,918	0	343,257,759
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,550,419	0	0	0	231,499	174,781,918

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

If the balance of an item is nil for the period under review as well as for the comparative period, this item may not be included in the consolidated financial statements. This rule applies to the presentation of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement as well as to the notes to th consolidated financial statements.

Note 1: Material accounting policies of the consolidated financial statements

PRELIMINARY NOTE

Presentation of the consolidated financial statements:

If the balance of an item is nil for the period under review as well as for the comparative period, this item may not be included in the consolidated financial statements. This rule applies to the presentation of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement as well as to the notes to the consolidated financial statements.

Minor differences between the figures in the notes to the financial statements and the figures in the different primary consolidated statements are rounding differences only.

GENERAL INFORMATION

The parent company of BIL Group is Banque Internationale à Luxembourg, a Luxembourgish public limited company (hereafter "BIL" or the "Bank"). Its registered office is situated at 69, route d'Esch, L-1470 Luxembourg.

BIL Group is integrated in the consolidated financial statements of Legend Holdings Corporation, comprising the largest body of undertakings of which BIL forms part as a subsidiary. The registered office of Legend Holdings Corporation is located at 1701, B-17, Raycom Info Tech Park, No.2 Ke Xue Yuan South Road, Haidian District, Beijing 100190. BIL Group is integrated in the consolidated financial statements of Beyond Leap Limited, comprising the smallest body of undertakings of which BIL forms part as a subsidiary. The registered office of Beyond Leap Limited is located at Suite 06, 70/F Two International Finance Centre, No.8 Finance Street, Central, Hong Kong, and its consolidated financial statements are available at the same address.

The object of BIL is to undertake all banking and financial operations, for its own account or for the account of third parties, in Luxembourg or abroad – including the establishment of subsidiaries, branches and representative offices – and to carry out all financial, industrial and commercial operations, as well as to take deposits of funds and to hold items of value on deposit.

These consolidated financial statements were approved for publication by the Board of Directors on 28 March 2025, and signed by Jeffrey Dentzer, Chief Executive Officer of BIL Group.

These consolidated financial statements cover the period beginning on 1 January 2024 and ending on 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

The principal accounting policies adopted in preparation of these consolidated financial statements are set out below.

The commonly used abbreviations below are:

- IASB: International Accounting Standards Board;
- IFRIC: International Financial Reporting Interpretations Committee;
- IFRS accounting standards: International Financial Reporting Standards.

MATERIAL ACCOUNTING POLICIES AND METHODS

1.1. Basis of accounting

1.1.1. Statement of compliance

BIL's consolidated financial statements have been prepared in accordance with all IFRS Accounting Standards as adopted by the European Union (EU) and endorsed by the European Commission (EC) up to 31 December 2024.

The consolidated financial statements are prepared on a "going-concern basis" and are presented in euro (EUR) unless otherwise stated.

1.1.2. Accounting estimates and judgments

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported. To make these assumptions and estimates, management uses information available at the date of preparation of the consolidated financial statements and exercises its judgment. While management believes that it has considered all available information in developing these estimates, actual results may differ from the estimates and the differences could be material to the consolidated financial statements.

Judgments are made principally in the following areas:

- Determination on whether BIL controls the investee, including special purpose entities (refer to 1.3);
- Financial instruments for which no quoted market prices on active markets are available are valued by means of valuation techniques. The determination as to whether or not there is an active market is based on criteria such as number of contributors, bid offer spread and issue size (refer to 1.7 and 9.1);
- Determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets and determination of the lease term of lease contracts (refer to 1.15, 1.16, 1.20, 4.8, 4.9, 4.10 and 8.11); and
- Existence of a present obligation with probable outflows in the context of litigation (refer to 1.24 and 5.7).

These judgments are entered into the corresponding sections of the accounting policies.

Estimates are principally made in the following areas:

- Measurement of the expected credit loss allowance (refer to 1.6.5, 8.12 and 9.2);
- Determination of fair value for financial instruments measured at fair value by means of valuation techniques and determination of the market value correction to adjust for market value and model uncertainty (refer to 1.7 and 9.1);
- The measurement of hedge effectiveness in hedging relations (refer to 1.12 and 6.1);
- Estimation of the recoverable amount of cash-generating units for goodwill impairment (refer to 1.18 and 4.10);
- Estimation of future taxable profit for the recognition and measurement of deferred tax assets (refer to 1.22 and 8.13); and
- Actuarial assumptions related to the measurement of employee benefits obligations and plan assets (refer to 1.23 and 5.7).

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going-concern basis.

1.2. Changes in accounting principles and policies since the previous annual publication that may impact BIL Group

The overview of the texts below is made up to the reporting date of 31 December 2024.

1.2.1. IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2024

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023): No impact for BIL.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020): No impact for BIL.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on 15 July 2020): No impact for BIL.

- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (issued on 22 September 2022): No impact for BIL.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022); No impact for BIL.

1.2.2. ASB and IFRIC texts issued and endorsed by the European Commission during current periods but period but not yet applicable as at 1 January 2024

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023): No impact for BIL.

1.2.3. IASB and IFRIC texts issued during the current period but neither endorsed nor applicable by the European Commission nor applicable as at 1 January 2024

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024): BIL is assessing the impact.
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024): No impact for BIL.
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024): No impact for BIL.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024): No impact for BIL.

1.2.4. Reclassifications made in accordance with IAS 8

Compared to the previous consolidated financial statements, BIL has made a reclassification in the statement of income and the balance sheet in order to align with the regulatory reporting classification.

RECLASSIFICATIONS IN THE BALANCE SHEET:

Two reclassifications were made in the balance sheet in 2024 and impact the financial position as at 31 December 2023 as illustrated in the below table:

- One reclassification from other assets to loans and advances to customers for an amount of EUR 21.9 million corresponding to an advance made to a credit card provider.
- One reclassification from other assets to loans and advances to credit institutions for an amount EUR 16.8 million corresponding to a margin call linked to derivatives.

ASSETS	31/12/23	31/12/23 restated	Impact of reclassification
Loans and advances to credit institutions	674,274,516	691,083,436	16,808,920
Loans and advances to customers	16,328,530,371	16,350,390,372	21,860,001
Other assets	97,756,939	59,088,018	(38,668,921)
TOTAL ASSETS	30,535,257,479	30,535,257,479	0

RECLASSIFICATION IN THE STATEMENT OF INCOME

Provisions for legal litigation were reclassified in 2024 from Impairment and Provision for legal litigation line items to other net income in order to align with the regulatory reporting classification and impact the statement of income for the year 2023 as follows:

STATEMENT OF INCOME	31/12/23	31/12/23 restated	Impact of reclassification
Other net income	(16,551,316)	(16,947,857)	(396,541)
REVENUES	761,981,764	761,585,223	(396,541)
EXPENSES	(505,308,907)	(505,308,907)	0
GROSS OPERATING INCOME	256,672,857	256,276,316	(396,541)
Impairments	(26,240,305)	(25,882,543)	357,762
Net impairment on financial instruments and provisions for credit commitments	(25,975,802)	(25,618,040)	357,762
Provisions for legal litigations	(38,779)		38,779
NET INCOME BEFORE TAX	230,393,773	230,393,773	0
NET INCOME	201,767,951	201,767,951	0

CORRECTION OF THE DISCLOSURES RELATED TO CREDIT RISK MITIGATION

In addition to the reclassification made in the primary financial statements, the Notes 9.2.2.3 and 9.2.2.5 were corrected due to underestimated collateral. These changes also impact the Credit Risk Exposure amounts in the Notes 9.2.2.1 and 9.2.2.2 which are presented net of effect of cash collateral.

1.3. Consolidation

1.3.1. Subsidiaries

Subsidiaries are those entities over whose financial and operating policies BIL may, directly or indirectly, exercise control.

According to IFRS 10, an investor controls an investee if and only if the investor has all of the following elements:

- Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of the investor's returns.

In practice, the Bank uses the board composition, the percentage of voting rights owned and the articles of incorporation of the company in order to determine whether it controls an investee.

Subsidiaries are fully consolidated as of the date upon which effective control is transferred to BIL and are no longer consolidated as of the date upon which BIL's control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions among BIL Group's companies have been eliminated. Where necessary, the subsidiaries' accounting policies have been amended to ensure consistency with the policies BIL has adopted.

Changes in BIL's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

When BIL loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

The fair value of any investment retained in the former subsidiary as of the date on which control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, where applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

1.3.2. Associates

Associates are consolidated by the equity method. Associates are participating interests in which the parent company exerts a significant influence without having control. In general, participating interests in which the parent company owns between 20% and 50% of the voting rights are classified in this category. Nevertheless, the IFRS 10 and IAS 28 principles are used to determine whether BIL has control over the entity or only exerts a significant influence.

The net result for the financial year on which the owning percentage is applied is booked as the result of the associate and the participation in the associate is booked in the balance sheet for an amount equal to the net assets, including value adjustments after applying the owning percentage.

Consolidation using the equity method ends when the amount of the participating interest reaches zero, except if the parent company has to take responsibility for or to guarantee commitments of the associate. If necessary, rules and accounting methods of associates are adapted to be consistent with those of the parent company.

1.3.3. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by BIL, the liabilities incurred by BIL to former owners of the acquiree and the equity interests issued by BIL in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date.

Non-controlling interests may be initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. The equity and net income attributable to the non-controlling interests are shown separately in the balance sheet and statement of income respectively.

When the consideration transferred by BIL in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in the fair value of the contingent consideration are typically recognised in the consolidated statement of income.

When a business combination is achieved in stages, BIL's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date on which BIL obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

1.4. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset (and consequently, only the net amount is reported) when BIL has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax assets and liabilities that meet the two criteria set out in the accounting standard are offset in the balance sheet.

1.5. Foreign currency translation and transactions

1.5.1. Foreign currency translation

On consolidation, the statements of income and cash flow statements of foreign entities that have a functional currency different from BIL's presentation currency are translated into BIL's presentation currency (EUR) at the average exchange rates for the year and their assets and liabilities are translated at the respective year-end exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries and of borrowings and other currency instruments designated as hedges of such investments, are recorded as a cumulative translation adjustment within shareholders' equity. On disposal of a foreign entity, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss upon disposal.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

1.5.2. Foreign currency transactions

For individual BIL entities, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances denominated in foreign currencies are translated at year-end exchange rates for monetary items and non-monetary items carried at fair value.

Historical rates are used for non-monetary items carried at cost.

The resulting exchange differences from monetary items are recorded in the consolidated statement of income; except for the foreign exchange impact related to fair value adjustments on debt instruments measured at fair value through other comprehensive income, which is recorded under "Other comprehensive income". For non-monetary items carried at fair value, the exchange differences are governed by the same accounting treatment as for fair value adjustments.

1.6. Financial instruments

1.6.1. Measurement methods

AMORTISED COST AND EFFECTIVE INTEREST RATE

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest-rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

INITIAL MEASUREMENT

All financial assets (except trade receivables) are initially recognised at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

If the Bank determines that the fair value at initial recognition differs from the transaction price, the instrument is accounted at that date as follows:

- at the measurement required by IFRS 9 §5.1.1, if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The difference between the fair value at initial recognition and the transaction price is recorded as a gain or loss; and
- in all other cases, at the measurement required by IFRS 9 §5.1.1, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the deferred difference is recorded as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

1.6.2. Recognition and derecognition of financial instruments

BIL recognises financial assets held for trading on trade date. For these financial assets, BIL recognises in the consolidated statement of income and on the trade date any unrealised gains or losses arising from revaluing the contract to fair value at the reporting date. BIL recognises these unrealised gains and losses under "Net trading income".

All other "regular way" purchases and sales of financial assets are recognised and derecognised on the settlement date, which is the date of delivery to or by BIL.

BIL derecognises financial assets when the contractual rights to the cash flows from the financial asset expire, or the financial asset is transferred and the transfer qualifies for derecognition.

BIL recognises the financial liabilities on its balance sheet when it becomes party to the contractual provisions of the instrument.

BIL derecognises financial liabilities only when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

1.6.3. Classification and subsequent measurement of financial assets

The financial assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income (without recycling to P&L for equities), or at fair value through profit or loss. In addition, financial assets may, at initial recognition, be irrevocably designated as measured at fair-value through profit or loss ("P&L") if doing so eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch").

The classification is based on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Bank has documented its business models for both the loans and the securities through internal policies.

1.6.3.1 Debt instruments

BUSINESS MODELS

The first element driving the classification of a financial asset is the business model. There are three types of business models: hold-to-collect (HTC), hold-to-collect and sell (HTC&S) and other business models.

Hold-to-collect (HTC)

Financial assets that are within the "Hold-to-collect" (HTC) business model are managed to realise cash flows by collecting contractual payments over the life of the instrument. Sales are not an integral part of the business model but may be consistent with the HTC cash flows business model when they are insignificant even if frequent, infrequent even if significant in value, realised close to the maturity of the instrument or due to an increase in credit risk.

HTC financial assets are recorded under the items "Loans and advances to credit institutions", "Loans and advances to customers" and "Financial Investments measured at amortised cost".

Hold-to-collect-and-sell (HTC&S)

Financial assets that are within the "Hold-to-collect and sell" (HTC&S) business model are managed to realise cash flows by both collecting contractual cash flows and selling financial assets. Selling financial assets is integral to achieving the business model's objective and compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. HTC&S financial assets are recorded under the item "Financial assets at fair value through other comprehensive income".

Other business models

Financial assets which are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are included in the remaining business model category.

These financial assets are either held-for-trading, designated at fair value through profit or loss or mandatorily at fair value through profit or loss and are recorded under the items "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss" and "Derivatives".

Held-for-trading

Held-for-trading financial instruments are securities acquired for generating a profit from short-term fluctuations in price or dealer margins, or are securities included in a portfolio in which a pattern of short-term profit-taking exists.

Designated at fair value through profit or loss (also called Fair Value Option/ "FVO")

These are financial assets designated at fair value through profit or loss. Financial assets may be irrevocably designated by the entity at FVTPL at initial recognition in case of accounting mismatch.

Mandatorily at fair value through profit or loss

Financial assets mandatorily at fair-value through profit or loss include non-trading financial assets which failed the "solely payments of principal and interest" ("SPPI") test, and non-trading financial assets managed on a fair-value basis.

CONTRACTUAL CASH FLOW CHARACTERISTICS OF A FINANCIAL ASSET

The second element driving the classification of a financial asset is the contractual cash flow characteristics.

Contractual cash flows that are SPPI on the principal amount outstanding allow the classification of financial assets either at amortised cost or at fair-value through OCI according to the business model.

Contractual cash flows that are not SPPI imply the measurement of financial assets at fair-value through profit or loss (no matter which business model is chosen).

Contractual cash flows that are "SPPI" are consistent with a basic lending arrangement meaning that the interests include the consideration for the time value of money, a compensation for credit risk, other basic lending risks (such as liquidity risk), and costs (for example, administrative costs), and include a potential profit margin that is consistent with a basic lending arrangement.

BIL has documented the following policies to cover the SPPI process for both loans and securities.

CHANGES IN BUSINESS MODEL AND RECLASSIFICATION OF FINANCIAL ASSETS

Reclassification of financial assets could occur when, and only when there is a change in business model for managing financial assets. The affected financial assets are then reclassified accordingly to the business model and to the cash flow characteristics. Changes in business model are expected to be very infrequent, as they are determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties.

In the event of a reclassification, the reclassification applies prospectively from the reclassification date. Any previously recognised gains, losses (including impairment gains or losses) or interest shall not be restated.

1.6.3.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

BIL measures all equity investments at fair value through profit or loss, except where BIL has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

1.6.3.3 Subsequent measurement

- Financial assets at amortised cost

Financial assets are classified and therefore subsequently measured at amortised cost when they meet the following conditions:

  – the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Interest on financial assets at amortised cost is recognised using the effective interest rate method and is recorded under the item "Interest revenue calculated using the effective interest method" in the consolidated statement of income.

- Financial assets at fair-value through other comprehensive income (FVOCI)

Financial assets are classified and therefore subsequently measured at fair value through other comprehensive income when they meet the following conditions:

  – the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (HTC&S); and
  – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Equity instruments that the entity has irrevocably designated at FVOCI at initial recognition are subsequently measured at fair-value through other comprehensive income. This refers to an option left to the discretion of the Bank to irrevocably classify at initial recognition and measure equity instruments that are not held for trading. This election is made on an instrument-by-instrument (i.e. share-by-share) basis. BIL has elected the FVOCI option for its investments in equity as well as equity funds which are not open-ended.

Interest on debt instruments at FVOCI is recognised using the effective interest rate method and recorded under the item "Interest revenue calculated using the effective interest method" in the consolidated statement of income. Dividends received from equity instruments at FVOCI are recorded under the item "Dividend Income" in the consolidated statement of income.

Unrealised gains and losses from changes in the fair value of financial instruments at FVOCI are recorded within equity. When debt instruments at FVOCI are disposed, the Bank recycles the related accumulated fair value adjustments in the consolidated statement of income under the item "Net income on financial instruments measured at fair value and net result of hedge accounting" while gains and losses on equity instruments at FVOCI are never recycled to profit or loss.

- Financial assets at fair-value through profit or loss (FVTPL)

Gains and losses on financial assets at FVTPL are included in the "Net trading income" item in the consolidated statement of income.

Interest on debt instruments at FVTPL is recognised using the effective interest rate method and recorded under the item "Interest revenue calculated using the effective interest method" in the consolidated statement of income. Dividends are recognised on equity instruments at FVTPL and recorded under the item "Dividend Income".

Unrealised gains and losses from changes in the fair value of financial instruments at FVTPL are recorded in the consolidated statement of income under the item "Net income on financial instruments at fair value and net result of hedge accounting".

1.6.4. Classification and subsequent measurement of financial liabilities

All financial liabilities are classified as financial liabilities at amortised cost and subsequently measured as such, unless they fall into the following categories:

- Financial liabilities held for trading which are measured at fair value through profit or loss (including derivatives);
- Financial liabilities designated at fair value through profit or loss (also called Fair Value Option/"FVO"): an entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss in case: it eliminates or significantly reduces an accounting mismatch or in case a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis.

Financial liabilities at amortised cost are recorded under items "Amounts due to credit institutions", "Amounts due to customers", "Debt securities" and "Subordinated debts".

Financial liabilities held for trading and designated at FVPTL are recorded under the item "Financial liabilities at fair value through profit or loss".

Fair value changes on financial liabilities at FVTPL are reported to the statement of income similarly to financial assets at FVPTL, while the recognition of the change in own credit risk is recorded in other comprehensive income without any reclassification into the statement of income.

Finally, financial liabilities are not subject to reclassification, they are irrevocably classified at initial recognition.

BORROWINGS

BIL recognises borrowings initially at fair value, generally at their issue proceeds, net of any transaction costs incurred.

Subsequently, borrowings are measured at amortised cost. BIL recognises any difference between their initial carrying amount and the reimbursement value in the consolidated statement of income over the period of the borrowings using the effective interest-rate method.

The distinction between interest-bearing instruments and equity instruments issued is based on the substance of their underlying contracts, rather than their legal form.

1.6.5. Impairment of financial instruments

IMPAIRMENT ASSESSMENT

BIL assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. BIL recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects a weighted average of credit losses, with the respective risks of a default occurring in a given time period.

Note 9.2 provides more details of how the expected credit loss allowance is measured.

ACCOUNTING TREATMENT OF THE IMPAIRMENT

Impairment losses and releases are recorded as an adjustment of the financial asset's gross carrying value and provision for ECLs for undrawn loan commitments are recorded under the item "Provision and other obligations."

BIL recognises changes in ECL in the consolidated statement of income and reports them as "Impairment on financial instruments and provisions for credit commitments".

When an asset is determined by management to be uncollectable, the outstanding specific impairment is reversed via the consolidated statement of income under the item "Impairment on financial instruments and provisions for credit commitments" and the loss is recorded under the same item.

1.6.6. Derivatives

Derivatives not designated in a hedge relationship are deemed to be held for trading. The main types of derivatives are foreign exchange and interest-rate derivatives. BIL, which also makes use of credit derivatives and equity derivatives, initially and subsequently measures all derivatives at the fair value obtained from quoted market prices, discounted cash flow models or pricing models, as appropriate. All changes in fair value are recognised in the consolidated statement of income.

BIL reports derivatives as assets when fair value is positive and as liabilities when fair value is negative under item "Derivatives".

BIL treats some derivatives embedded in other financial instruments as separate derivatives:

- when their risks and characteristics are not closely related to those of the host contract; and
- when the hybrid contract is not carried at fair value with unrealised gains and losses reported in the consolidated statement of income.

For derivatives in a hedge relationship, please refer to note 1.12.

1.7. Fair value of financial instruments

1.7.1. Valuation principles as per IFRS 13

IFRS 13 defines fair value as 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.

Quoted market prices on an active market for identical instruments are to be used as fair value, as they are the best evidence of the fair value of a financial instrument.

If a financial instrument is not traded on an active market, recourse is provided by valuation models. The objective of a valuation model is to determine the value that is most representative of fair value under current market conditions.

The valuation model should take into account all factors that market participants would consider when pricing the financial instrument. Measuring the fair value of a financial instrument requires consideration of current market conditions. To the extent that observable inputs are available, they should be incorporated into the model.

Financial assets and liabilities measured at fair value are categorised into one of three fair value hierarchy levels. The following definitions used by the Bank for the hierarchy levels are in line with IFRS 13:

- Level 1: quoted prices (unadjusted) on active markets for identical assets and liabilities;
- Level 2: valuation techniques based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly;
- Level 3: valuation techniques for which significant inputs are not based on observable market data.

Changes between levels may occur in case of (i) improvements in internal models and satisfactory back-testing results or (ii) changes in market characteristics.

Bilateral collateral arrangements, master netting agreements and other credit enhancement or risk mitigation tools reduce the credit exposure associated with a liability (or asset) and are considered in determining the fair value of the liability. Although these agreements reduce credit exposure, they typically do not eliminate the exposure completely.

1.7.2. Valuation techniques used by the Bank

The Bank's approach for the valuation of its financial instruments (financial instruments at fair value through profit or loss, financial assets at fair value through OCI and valuations for disclosures) can be summarised as follows:

1.7.2.1 Financials instruments measured at fair value (financial assets held for trading, financial investments measured at fair value, financial liabilities at fair value, derivatives)

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FOR WHICH RELIABLE QUOTED MARKET PRICES ARE AVAILABLE

If the market is active, market prices are the most reliable evidence of fair value and therefore shall be used for valuation purposes.

The use of market prices quoted on an active market for identical instruments with no adjustments qualifies for inclusion in Level 1 within IFRS 13 fair value hierarchy, contrary to the use of quoted prices on inactive markets or the use of quoted spreads.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FOR WHICH NO RELIABLE QUOTED MARKET PRICES ARE AVAILABLE AND FOR WHICH VALUATIONS ARE OBTAINED BY MEANS OF VALUATION TECHNIQUES

Financial instruments for which no quoted market prices are available on an active market are valued by means of valuation techniques. The models used by the Bank range from standard market models (discount models) to in-house developed valuation models.

In order for a fair value to qualify for Level 2 inclusion, observable market data should be significantly used. The market data incorporated in the Bank's valuation models are either directly observable data (prices), indirectly observable data (spreads) or own assumptions about unobservable market data. Fair value measurements that rely significantly on own assumptions qualify for Level 3 disclosure.

For derivatives, the Bank integrates the notions of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA). A CVA reflects the counterpart's risk of default and a DVA reflects the Bank's own credit risk.

When determining the CVA / DVA, the Bank considers the market of uncollateralised derivatives, where there is a risk on the fair value of the derivative at the balance-sheet date and also on the expected change of value over the life of the derivative.

Based on projections, positive expected exposures are used for a CVA calculation and negative expected exposures are used for a DVA calculation.

CVA and DVA calculations are based on the Probability of Default (PD) and the Loss Given Default (LGD) parameters from credit risk data.

For liabilities at fair value through profit or loss (Fair Value Option), the Bank integrates the notion of Own Credit Risk (OCR) adjustment which is determined based on credit spread evolution on the Bank's issuance observed on the market.

1.7.2.2 Financial instruments measured at amortised cost (disclosures of the fair value)

Loans and advances, financial investments measured at amortised cost and liabilities at amortised cost are valued based on the following valuation principles.

GENERAL PRINCIPLES

For bonds classified in HTC since inception and measured at amortised cost, the valuation is done as for bonds classified in HTC&S.

INTEREST-RATE PART

- the fair value of fixed-rate loans or liabilities and mortgages reflects interest-rate movements since inception;
- embedded derivatives, like caps, floors and prepayment options are included in determining the fair value of financial assets or liabilities at amortised cost;
- the fair value of variable-rate loans or liabilities is assumed to be approximately the same as their carrying amounts.

CREDIT RISK PART

Credit spread changes since inception are reflected in the fair value.

1.8. Financial guarantees, letters of credit and undrawn loan commitments

BIL issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amounts initially recognised less cumulative amortisation recognised in the consolidated statement of income and an ECL provision.

The premium received is recognised in the consolidated statement of income under the item "Fee and commission income" on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, BIL is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, undrawn loan commitments are under the scope of ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in note 9.2.

1.9. Interest and similar income and expense

Interest income and expense are recognised in the statement of income for all interest-bearing instruments on an accrual basis, using the effective interest-rate method based on the initial carrying value (including transaction costs) for financial instruments not valued at fair value through profit or loss.

Negative interest expense arising on financial liabilities resulting from a negative effective interest rate, are presented as a separate line item in the notes on the statement of income in "Interest income in liabilities". Negative interest income arising on financial assets resulting from a negative effective interest rate, are presented as a separate line item in the notes on the statement of income in "Interest expenses on assets".

Discretionary interests on compound instruments issued are recognised in equity as those payments relate to the equity component.

Transaction costs are the incremental costs directly attributable to the acquisition of a financial asset or liability and are included in the calculation of the effective interest-rate. An incremental cost is one that would not have been incurred if the entity had not acquired the financial instrument.

Accrued interest, positive or negative, is reported in the same line as the related financial asset or liability in the balance sheet.

Once an interest-bearing financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets or based on the effective interest rate for subsequently credit-impaired financial asset that are not purchased or originated credit-impaired financial assets.

1.10. Fee and commission income and expenses

Commissions and fees arising from most of BIL's activities are recognised on an accrual basis over the life of the underlying transaction.

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of loans, equity securities or other securities or the purchase or sale of businesses, are recognised when the significant act has been completed. For asset management operations, revenue consists principally of unit trust and mutual fund management and administration fees. Revenue from asset management is recognised as earned when the service is provided. Performance fees are recognised when all underlying conditions are met and thus acquired.

Loan commitment fees are recognised as part of the effective interest-rate if the loan is granted, and recorded as revenue on expiry, if no loan is granted.

1.11. Insurance and reinsurance activities

1.11.1. Insurance

BIL Group mainly leads banking activities. Some of the financial products distributed or invested by the group may include components that meet the definition of an insurance contract but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract (for example, loan with death waivers). In that case, BIL Group will use the policy election to apply either IFRS 17 or IFRS 9 to such contracts on a portfolio basis, the choice for each portfolio being irrevocable.

1.11.2. Reinsurance

BIL Group leads reinsurance activities mainly to reinsure its own risks (reinsurance captive). Reinsurance contracts with third parties meeting the definition of insurance risk are measured and accounted for in accordance with IFRS 17. The use of Premium Allocation Approach ("PAA") for the measurement of reinsurance contracts is applied if criteria for such approach are met.

1.12. Hedging derivatives

As permitted, BIL chose to continue to apply the hedge accounting requirements of IAS 39 for all its hedging relationships on first application of IFRS 9 as of 1 January 2018 and until a new standard on macro hedging is introduced.

Hedging derivatives are categorised as either:

- a hedge of the fair value of a recognised asset or liability or a firm commitment (fair value hedge); or
- a hedge of a future cash flow attributable to a recognised asset or liability or a forecast transaction (cash flow hedge); or
- a hedge of a net investment in a foreign operation.

BIL designates derivatives as hedging instruments if certain criteria are met:

- formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is available before hedge accounting is applied;
- the hedge is documented in such a way as to show that it is expected to be highly effective (within a range of 80 % to 125 %) in offsetting changes in the fair value or cash flows attributable to the hedged risk in the hedged item throughout the reporting period; and
- the hedge is effective at inception and on an ongoing basis. BIL records changes in the fair value of derivatives that are designated and qualify as fair value hedges in the statement of income, along with the corresponding change in fair value of the hedged assets or the liabilities that are attributable to that specific hedged risk.

If the hedge no longer meets the criteria for a fair value hedge, BIL amortises the adjustment to the carrying amount of a hedged interest-bearing financial instrument into the consolidated statement of income over the remaining life of the hedged instrument, if shorter by an adjustment of the yield of the hedged item.

BIL recognises the effective part of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges in "Other comprehensive income" under the heading "Gains and losses not recognised in the statement of income" (see "Consolidated statement of changes in shareholders' equity"). Any non-effective portion of the changes in fair value of the hedging instrument is recognised in the statement of income. Amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the periods during which the hedged firm commitment or forecast transaction affects the statement of income.

1.13. Hedge of the interest-rate risk exposure of a portfolio

As explained in 1.1.1 "Statement of compliance", BIL makes use of the provisions of IAS 39 as adopted by the European Union ("IAS 39 carveout") because it better reflects the way in which BIL manages its financial instruments.

Hedge accounting is intended to reduce the interest-rate risk exposure stemming from the selected category of assets or liabilities designated as the qualifying hedged items.

BIL performs an overall analysis of interest-rate risk exposure.

This involves assessing fixed-rate exposure, taking into account all the exposure coming from balance sheet and off-balance sheet items. This global analysis may exclude certain components of the exposure, such as financial market activities, provided that the risk exposure stemming from the excluded activities is monitored on an activity-by-activity basis.

BIL applies the same methodology to select which assets and / or liabilities will be entered into the portfolio's hedge of interest-rate risk exposure. Assets and liabilities are included in all the time buckets of the portfolio. Hence, when they are removed from the portfolio, they must be removed from all the time buckets in which they had an impact. Demand deposits and savings accounts may be included in the portfolio, based on behavioural study to estimate expected maturity date. BIL may designate as qualifying hedged items different categories of assets or liabilities such as financial investments or loan portfolios.

On the basis of this gap analysis, which is carried out on a gross basis, BIL defines, at inception, the risk exposure to be hedged, the length of the time bucket, the test method and the frequency of the tests.

The hedging instruments are a portfolio of derivatives, which may contain offsetting positions. BIL recognises the hedging items at fair value with adjustments accounted for in the consolidated statement of income.

BIL reports the revaluation of elements carried at amortised cost which are on the consolidated balance sheet under the line "Fair value revaluation of portfolios hedged against interest-rate risk".

1.14. Day one profit or loss

The day one profit or loss is applicable to all transactions measured at fair value through profit or loss.

The day one profit or loss is the difference between:

- the transaction price and the quoted market price; in cases where the transaction is quoted; or

- the transaction price and the fair value determined by using a valuation technique, (mark-to-model) adjusted with some market value adjustments, such as a liquidity adjustment, model adjustment or credit adjustment, in cases where the transaction is not quoted.

If BIL considers the main parameters of the model as observable and if risk management validates the model, the day one profit or loss is recognised immediately in the consolidated statement of income.

If BIL does not consider the main parameters as observable or if risk management does not validate the model, the day one profit or loss is amortised linearly over the expected life of the transaction. However, if the data becomes observable subsequently, BIL recognises the remaining portion of day one profit or loss in the consolidated statement of income.

In cases of early termination, the remaining portion of day one profit or loss is recognised in the consolidated statement of income.

In cases of partial early termination, BIL recognises in the consolidated statement of income the part of the day one profit or loss relating to the partial early termination.

1.15. Tangible fixed assets

Tangible fixed assets include property, plant and equipment and investment properties.

All property, plant & equipment are stated at their cost less accumulated depreciation and impairments. Subsequent costs are, where necessary, included in the carrying amount of the asset or recognised as a separate component, if it is probable that future economic benefits will flow to BIL and the cost of the asset can be reliably measured.

Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives.

Typical useful lives are linked to asset categories as follows:

- Buildings (including acquisition costs and non-deductible taxes): 20 to 50 years;
- Computer equipment: 2 to 6 years;
- Leasehold improvements, equipment and furniture: 2 to 12 years;
- Vehicles: 2 to 5 years.

An item of property, plant & equipment can be composed of significant parts with individual varying useful lives. In such a case, each part is depreciated separately over its estimated useful life. The following parts have been defined:

- Structure of the building: 50 years;
- Roof, and frontage: 30 years;
- Technical installations: 10 to 20 years;
- Fixtures and fittings: 10 to 20 years.

As borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, they are capitalised. Other borrowing costs are recognised as an expense.

Tangible fixed assets are tested for impairment when an indication of impairment loss exists. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Where the recoverable amount of an asset cannot be determined individually, BIL determines the recoverable amount of the cash generating unit (CGU) or group of CGUs to which the asset belongs.

Depreciation on assets (excluding investment properties) given in operating lease are booked under "Other net income".

Investment properties are those properties held to earn rentals or appreciate in value. BIL may also partly use such properties. If the "own use" portions can be sold separately or leased out separately under finance lease, then these portions are accounted for separately. If the "own use" portions cannot be sold separately, the property will be considered as an investment property only if BIL holds an insignificant portion for its own use.

Investment properties are recorded at their fair value. The market value is generally determined on the basis of appraisals by independent external experts. The statement of income for a given year records the change in value for each property.

Fair value changes on investment properties are calculated by comparison with their latest market value recorded in the balance sheet of the previous financial year and are included under "Other net income".

Capital gains and losses on disposals of property and equipment and investment property are determined by reference to their carrying amount and are included under " Other net income ".

1.16. Intangible assets

Intangible assets consist mainly of (a) internally-generated and (b) acquired software. Costs associated with maintaining computer software are recognised as expenses when incurred.

However, expenditure that enhances or extends the benefits of computer software beyond one year is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, from the time the software is available for use. This amortisation period is usually between three and five years, except for core business applications, for which the amortisation period can be up to 10 years.

As borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, they are capitalised. Other borrowing costs are recognised as an expense.

Intangible assets (other than goodwill) are tested for impairment when an indication of impairment loss exists.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of intangible assets are determined by reference to their carrying amount, and are included under "Net income on investments".

1.17. Non-current assets held for sale and discontinued operations

If the carrying amount of a non-current asset (or disposal group) is recovered principally through a sale transaction, rather than through continuing use, it will be classified as "held for sale" or as "discontinued operations", if the disposal group represents a segment of activities.

BIL measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount or its fair value less costs to sell. Non-current assets (or disposal groups) classified as held for sale are presented separately in the consolidated balance sheet, without restatement for previous years. These assets are no longer depreciated once they qualify as assets (or disposal groups) held for sale. Intercompany accounts between the continuing activities and the disposal group held for sale continue to be eliminated.

A discontinued operation is defined as a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation. Post-tax profit or loss of discontinued operations is presented under a separate line in the income statement. A restatement for the previous period is performed.

When a disposal group is classified as held for sale or discontinued operations, the related elements of its Other Comprehensive Income are isolated in a separate line of the equity. The carrying amount of a disposal group, being the difference of assets less liabilities and non-controlling interests, is composed of the group part of the equity. If this equity includes other comprehensive income (OCI) elements, this OCI part is recycled in the consolidated statement of income at the sale of the disposal group. It may therefore happen that the result of the sale of a disposal group is recorded in two different periods, mainly when the fair value less cost to sell is lower than the carrying amount and the carrying amount includes negative OCI that will be recorded in the following accounting period, when the disposal is realised.

The disposal group held for sale and discontinued operations consist mainly of financial assets, as the group is active in financial activities. If the disposal group's fair value less costs to sell is lower than its carrying amount after impairing the non-current assets that are in the IFRS 5 measurement scope, the difference is allocated to the other assets of the disposal group, including financial assets, and is accounted for in the consolidated statement of income for the period. The difference will be adjusted at each year-end until the sale.

If a non-current asset ceases to be classified as held for sale, due to a change in market conditions or to the impossibility of selling it because of a lack of counterparties or other reasons, it will be reclassified in its original portfolio and restated at the value at which it would have been recognised if it had never been classified as held for sale. In this case, the difference between the fair value less cost to sell and the value, if no reclassification had taken place, is reversed.

1.18. Goodwill

MEASUREMENT OF GOODWILL

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

It is measured as the difference between:

- the sum of the following elements:
- Consideration transferred;
- Amount of any non-controlling interests in the acquiree;
- Fair value of the acquirer's previously held equity interest in the acquiree (if any); and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, this difference is negative ("negative goodwill"), it is recognised immediately in the consolidated statement of income as a bargain purchase gain.

Variations in the percentage of ownership in fully-consolidated companies are considered to be transactions with shareholders.

Therefore, neither fair value adjustments nor goodwill adjustments are made whenever percentage increases or decreases take place without any change in the consolidation method. The difference between the purchase or the sale of a net asset and the purchase or sale price is directly recorded in equity.

IMPAIRMENT OF GOODWILL

The carrying amount of goodwill is reviewed at each year-end. For the purpose of this impairment testing, BIL allocates goodwill to cash-generating units (CGUs) or groups of such units.

When circumstances or events indicate that there may be uncertainty about the carrying amount, goodwill is written down for impairment when the recoverable amount of the CGU or group of CGUs to which it has been allocated is lower than the carrying value.

The recoverable amount is the "fair value less cost to sell" or the "value in use" (whichever is higher). The "value in use" is the sum of the future cash flows expected to be derived from a CGU.

The calculation of the "value in use" shall also reflect the time value of money (current market risk-free rate of interest) adjusted for the price for bearing the uncertainty inherent in the asset. This is reflected in the discount rate.

For subsidiaries operating in economically mature and financially stable markets, the discount rate used is BIL's Cost of Equity defined under a dividend discount model. For subsidiaries operating on emerging markets, a specific discount rate is applied on a case-by-case basis.

1.19. Other assets

Other assets mainly include accrued incomes (non-interest related), prepayments, operational taxes and other accounts receivable as well as insurance products (reinsurance, insurance premiums receivable, etc.), and plan assets relating to employee benefit obligations. These other assets are measured in accordance with the applicable standards, less any allowance for impairment if applicable. Plan assets are recognised in accordance with IAS 19 requirements.

1.20. Leases

A finance lease is one that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

1.20.1. BIL is the lessee

RIGHT-OF-USE ASSETS

BIL recognises right-of-use assets at commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless BIL is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

LEASE LIABILITIES

At the commencement date of the lease, BIL recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by BIL and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, BIL uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease (IRIIL) is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE

BIL applies the short-term lease recognition exemption to its short-term leases.

It also applies the recognition exemption to leases that are considered immaterial to BIL. The assessment of whether the underlying asset is material and is within the scope or excluded from the recognition requirements of IFRS 16 is based on the concept of materiality in the Conceptual Framework and IAS 1. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

JUDGMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL/TERMINATION OPTIONS

BIL determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under some of its leases, BIL has the option to lease the assets for additional terms or to terminate the lease before its legal term. BIL applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or to terminate. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal/the termination. After the commencement date, BIL reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew/to terminate (e.g., a change in business strategy).

BIL included the results of the renewal/termination options as part of the lease term for leases.

1.20.2. BIL is the lessor

BIL grants both operating and finance leases.

Revenue from operating leases is recognised in the consolidated statement of income on a straight-line basis over the lease term. The underlying asset is accounted for in accordance with the accounting policies applicable to this type of asset.

For finance leases, BIL recognises "leases receivable" at an amount equal to the net investment in the lease.

The interest-rate implicit in the lease contract acts as the discount rate. Interest income is recognised over the term of the lease using the interest-rate implicit in the lease.

1.21. Sale and repurchase agreements and lending of securities

Securities sold subject to a linked repurchase agreement ("repos") are not derecognised and remain in their original category. The corresponding liability is recorded under "Amounts due to credit institutions" or "Amounts due to customers", as appropriate. The asset is reported as "pledged" in the notes.

Securities purchased under agreements to resell ("reverse repos") are recorded as off-balance sheet items and the corresponding loans recorded as "Loans and advances to credit institutions" or "Loans and advances to customers".

The difference between the sale and the repurchase price is treated as interest income or expense and is accrued over the life of the agreements using the effective interest-rate method.

Securities lent to counterparties are not derecognised but, rather, recorded in the consolidated financial statements in the same heading. Securities borrowed are not recognised in the consolidated balance sheet.

If they are sold to third parties, the gain or loss is recorded under "Net trading income" and the obligation to return them is recorded at fair value under "Financial liabilities measured at fair value through profit or loss".

1.22. Deferred tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The principal temporary differences arise from the depreciation of property, plant & equipment, the revaluation of certain financial assets and liabilities (including derivative contracts, provisions for pensions and other post-retirement benefits), provisions for loans and other impairments and, in relation to acquisitions, from the difference between the fair value of the net assets acquired and their tax base.

The rates enacted or substantively enacted at the balance-sheet date are used to determine the deferred income tax.

Deferred tax assets and liabilities are not discounted. Deferred tax assets on deductible temporary differences and tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences and tax losses can be utilised.

Deferred tax liability is provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax related to the fair value re-measurement of financial assets at FVOCI and cash flow hedges, and other transactions recorded directly in equity, are also credited or charged directly to equity.

1.23. Employee benefits

1.23.1. Short-term benefits

Short-term benefits, payable within 12 months of the service being rendered, are measured on an undiscounted basis and recognised as an expense.

Expenses relating to bonuses which are payable at a future date subject only to the requirement for continued employment for a further period (the 'loyalty' period) are recognised as the employees render the service that increases the amount to be paid. As the amount of the bonus does not increase after the earning period, BIL measures the obligation - for the full amount expected to be paid taking into consideration the expected forfeitures - in its entirety as from the end of the earning period.

1.23.2. Post-employment benefits

If BIL has a legal or constructive obligation to pay post-employment benefits, the plan is either classified as "defined benefit" or "defined contribution" plan. BIL offers a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held by insurance companies or pension funds. These pension plans are generally funded by payments from both BIL and its employees. In some cases, BIL provides post-retirement health care benefits to its retirees.

1.23.2.1 Defined benefit plans

Employee benefit obligations are measured at the present value of the estimated future cash outflows using the interest-rates of AA-rated corporate bonds (Iboxx Corp AA), which have terms to maturity approximating the terms of the related liability. The valuation technique for the assessment of pension expenses incorporates actuarial assumptions including both demographic assumptions and financial assumptions such as the inflation rate.

Pension costs are determined based on the projected units credit method, under which each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. Net cumulative unrecognised actuarial gains and losses are recognised in other comprehensive income.

The amount recognised in the balance sheet is the present value of the defined benefit obligation (i.e., the present value of the expected future payments required to settle the obligation resulting from the employee service in the current and prior periods) and reduced by the fair value of plan assets at the balance sheet date. The defined obligation is presented net of plan assets as a liability or an asset. Therefore, an asset may arise where a plan has been overfunded and are recorded separately, if those assets are held by an entity of the Group.

Any asset recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Qualified external actuaries carry out valuations of these obligations. All the valuations' assumptions and results are reviewed and validated by an external actuary for BIL, which ensures that all calculations are harmonised and calculated in compliance with IAS 19 Revised.

1.23.2.2 Defined contribution pension plans

BIL's contributions to defined contribution pension plans are charged to the statement of income for the year to which they relate. Under such plans, BIL's obligations are limited to the contributions that BIL agrees to pay into the insurance company or the pension fund on behalf of its employees.

1.23.2.3 Post-employment medical care

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period.

1.23.3. Other long-term benefits

These mainly include provisions for jubilee premiums that employees receive after completion of specified periods of service.

Unlike defined benefit plans, remeasurements relating to these benefits are immediately recognised. All past service costs are recognised immediately in the consolidated statement of income.

Employee entitlement to annual leave or long-service leave is recognised when it is granted to the employee. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance-sheet date.

1.23.4. Termination benefits

A termination benefit provision is only recorded when BIL is obliged to terminate the employment before the normal date of retirement or to provide benefits as a result of an offer made in order to encourage voluntary redundancy. In such cases, BIL has a detailed formal plan and no realistic possibility of withdrawal.

1.24. Provisions

Provisions are mainly recognised for litigations claims, restructuring, and loan commitments.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Provisions are recognised when:

- BIL has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

1.25. Share capital, treasury shares and other equity instruments

1.25.1. Share and other equity instruments issue costs

External incremental costs directly attributable to the issue of new equity instruments, other than as part of a business combination, are deducted from equity, net of any related income tax.

1.25.2. Dividends on BIL's ordinary shares

BIL recognises its dividends on its ordinary shares as a liability from the date upon which they are declared.

1.25.3. Preferred shares

BIL classifies preferred shares that are non-redeemable and upon which dividends are declared, at the directors' discretion, as equity.

1.25.4. Treasury shares

Where BIL or one of its subsidiaries purchases BIL's share capital or is obliged to purchase a fixed number of treasury shares for a fixed amount of cash, the consideration paid - including any attributable transaction costs, net of income taxes - is shown as a deduction from total shareholders' equity. Gains and losses on sales of own equity securities are charged or credited to the treasury share account within equity.

1.26. Fiduciary activities

Assets and income arising thereon, together with related undertakings to return such assets to customers, are excluded from these consolidated financial statements in cases where BIL acts in a fiduciary capacity such as nominee, trustee or agent.

1.27. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with an initial maturity of 3 months from acquisition date, included within cash and balances with central banks, loans and advances to credit institutions and financial assets in the HTC&S portfolio.

Note 2: Scope of consolidation

NAME	Country	Activity	Reason for non-inclusion	31/12/23 Consolidation method	31/12/23 % of capital held	31/12/24 Consolidation method	31/12/24 % of capital held	Ref
Head office								
Banque Internationale à Luxembourg S.A.	Luxembourg	bank						
Consolidated subsidiaries								
Banque Internationale à Luxembourg (Suisse) S.A.	Switzerland	bank		full consolidation	100	full consolidation	100	
Belair House S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100	(1)
BIL Manage Invest S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100	
BIL Reinsurance S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100	
BIL Wealth Management Limited	China	financial services		full consolidation	100	full consolidation	100	(2)
Société du 25 juillet 2013 S.A. (liquidated)	France	financial services		full consolidation	100			(3)
Société Luxembourgeoise de Leasing BIL-LEASE S.A.	Luxembourg	leasing		full consolidation	100	full consolidation	100	
Non material associates								
Europay Luxembourg, Société coopérative	Luxembourg	financial services		not consolidated	46.67	not consolidated	46.67	
LuxConstellation S.A.	Luxembourg	financial services				not consolidated	24.67	(4)
Non-consolidated subsidiaries								
BIL Private Invest Management S.à r.l.	Luxembourg	financial services	insignificant	not consolidated	100	not consolidated	100	
Biltrust Limited	Guernsey	financial services	insignificant	not consolidated	100	not consolidated	100	
Private II Wealth Management S.à r.l.	Luxembourg	financial services	insignificant	not consolidated	100	not consolidated	100	

(1) As of 17 January 2024, Belair House S.A. is no longer a licensed as Family Office. The Board of Belair House S.A. has decided to cease the activity of Belair House S.A. as at 20 December 2024.

(2) The Board of BIL Wealth Management Limited has decided to cease the activity of BIL Wealth Management Limited as at 19 December 2024.

(3) Société du 25 Juillet 2013 S.A. was liquidated on 7 August 2024.

(4) The Bank has acquired shares in LuxConstellation S.A. on 4 July 2024.

Note 3: Business reporting

3.1. Information by operating segment

AA segment is a distinguishable component of BIL that is engaged either in providing specific products or services (operating segment) or in providing specific products or services within a particular economic environment (geographic segment), which is subject to risks and returns that differ from those of other segments. Segments for which a majority of their revenue is earned from sales to external customers and for which income, income before tax or assets represent 10% or more of the total are reported separately.

In January 2024, BIL defined a new organisation and governance aligned with the vision defined by its strategic plan Energise Create Together 2025:

- **"Retail Banking, Corporate & Institutional Banking and Wealth Management" are now reported as "Luxembourg Market & CIB and Wealth Management"** and divided into two business lines: "Luxembourg Market & CIB", which includes the international dimension of the CIB business line and "Wealth Management", which includes wealth management services for both domestic and international cross border clients from Luxembourg and Switzerland. This redefinition of business lines does not impact the disclosure of the figures by operating segment below.
- **"Financial Markets"** includes Balance Sheet Management (namely the Investment Portfolio, Treasury, Long-Term Funding, and Asset & Liability Management), Market activities (Investment Management and Market Access) and BIL Manage Invest S.A. (BMI).
- **"Group Center"** mainly includes dividends from unconsolidated shareholdings and the results of non operating entities as well as certain types of costs not attributable to the other business lines mentioned above such as DGS, Resolution Funds' contributions and funding costs (of senior non-preferred and subordinated debts).

From the 1 January 2024, the following changes have occurred: BIL Manage Invest S.A. was transferred from the "Luxembourg Market & CIB and Wealth Management" operating segment to the "Financial Markets" operating segment and the "Forex and Warrants" activities were transferred from the "Financial Markets" operating segment to the "Luxembourg Market & CIB and Wealth Management" operating segment. 2023, figures have been restated to reflect this new organisation.

INCOME (in EUR thousands)	31/12/23 Revenues	*of which interest and dividend income*	*of which fees income*	*of which other net income*	Net income before tax
Luxembourg Market & CIB and Wealth Management	695,318	*469,980*	*205,968*	*19,371*	**218,309**
Financial Markets	54,744	*39,448*	*5,536*	*9,760*	**40,934**
Group Center	11,523	*28,986*	*518*	*(17,982)*	**(28,849)**
TOTAL	761,585	*538,414*	*212,022*	*11,149*	230,394
Net income before tax					**230,394**
Tax expenses					**(28,626)**
NET INCOME					201,768

INCOME (in EUR thousands)	31/12/24 Revenues	*of which interest and dividend income*	*of which fees income*	*of which other net income*	Net income before tax
Luxembourg Market & CIB and Wealth Management	641,400	*420,068*	*201,441*	*19,892*	**129,402**
Financial Markets	24,895	*13,121*	*3,328*	*8,446*	**(6)**
Group Center	52,764	*42,866*	*(496)*	*10,393*	**60,723**
TOTAL	719,059	*476,055*	*204,273*	*38,731*	190,119
Net income before tax					**190,119**
Tax expenses					**(20,330)**
NET INCOME					169,789

ASSETS AND LIABILITIES	31/12/23		31/12/24	
(in EUR thousands)	Assets	Liabilities	Assets	Liabilities
Luxembourg Market & CIB and Wealth Management	16,350,390	21,533,445	16,171,573	22,257,674
Financial Markets	13,113,033	5,307,861	13,520,735	4,752,881
Group Center	1,071,834	1,280,585	1,051,676	1,285,789
TOTAL	30,535,257	28,121,891	30,743,984	28,296,344

OTHER SEGMENT INFORMATION	31/12/23				
(in EUR thousands)	Capital expenditures	Depreciation and amortisation	Impairments		Other non-cash expenses
			Allowances	Write-backs and recoveries	
Luxembourg Market & CIB and Wealth Management	89,459	(55,199)	(97,099)	62,989	0
Financial Markets			(4,473)	10,243	0
Group Center			0	2,458	(16,252)
TOTAL	89,459	(55,199)	(101,572)	75,690	(16,252)

OTHER SEGMENT INFORMATION	31/12/24				
(in EUR thousands)	Capital expenditures	Depreciation and amortisation	Impairments		Other non-cash expenses
			Allowances	Write-backs and recoveries	
Luxembourg Market & CIB and Wealth Management	85,504	(75,376)	(124,157)	83,519	0
Financial Markets			(1,323)	4,982	0
Group Center			0	6,553	(20,214)
TOTAL	85,504	(75,376)	(125,480)	95,054	(20,214)

"Capital expenditures" include the acquisitions for the year of tangible and intangible assets for which the allocation by business line is not available.

"Impairments" include those on goodwill, on tangible and intangible assets, on securities, on loans and provisions for credit commitments with a breakdown between allowances and write-backs.

"Other non-cash expenses" include net allowances to provisions for restructuring costs, net allowances to provisions related to IAS 19 and capital losses on exchange of assets.

3.2. Information by geographic area

GEOGRAPHIC BREAKDOWN (in EUR thousands)	China	France	Luxembourg	Switzerland	TOTAL
Staff (in average FTE)	8	0	1,888	108	2,004
Revenues	216	68	700,679	60,622	761,585
Net income before tax	(2,015)	50	216,248	16,111	230,394
Tax expenses	0	0	(28,205)	(421)	(28,626)
NET INCOME AS AT 31/12/23	(2,015)	50	188,043	15,690	201,768
Staff (in average FTE)	7	0	1,827	115	1,949
Revenues	343	0	657,827	60,888	719,059
Net income before tax	(4,987)	(19)	192,475	2,650	190,119
Tax expenses	0	0	(20,171)	(159)	(20,330)
NET INCOME AS AT 31/12/24	(4,987)	(19)	172,304	2,491	169,789

The geographic zone is determined by the country of the company or the branch concluding the transaction and not by the country of the transaction's counterpart.

BANKING ACTIVITIES

Banque Internationale à Luxembourg S.A.

BIL is an authorised credit institution with its headquarter in Luxembourg, identified as an "Other Systemically Important Institution" in accordance with the law of 5 April 1993 on the financial sector, as amended. BIL is also classified as a significant supervised entity and as such, it falls under the direct prudential supervision of the European Central Bank ("ECB") in the framework of the Single Supervisory Mechanism (jointly supervised by the ECB and the Commission de Surveillance du Secteur Financier ("CSSF")).

BIL has been serving retail and business customers since 1856. It is a key player in the Luxembourg market. Recognised as a cornerstone of the Luxembourg financial centre, BIL plays an active role in developing the local economy. Through its retail banking, wealth management, corporate banking and financial markets' activities, the Bank boasts one of the best credit ratings in Luxembourg's banking sector (A-) and is among the country's top three banks. BIL is majority-owned by Legend Holdings Corporation – a leading diversified investment group that is, headquartered in Beijing, China and listed on the Hong Kong Stock Exchange.

Banque Internationale à Luxembourg S.A. Beijing Representative Office (the "Representative Office")

The Representative Office was opened by BIL in Beijing, in the People's Republic of China (PRC) in September 2019. Regulated by the China Banking and Insurance Regulatory Commission, the Representative Office mainly conducts market research and promotes the BIL brand in identified market segments in the PRC.

Banque Internationale à Luxembourg (Suisse) S.A. ("BIL Suisse")

BIL Suisse, incorporated in 1985, is a licensed credit institution with its headquarters in Zurich, Switzerland, supervised by the Swiss Financial Market Supervisory Authority (FINMA). BIL Suisse is a wholly owned subsidiary of BIL, which offers a full range of private banking services for individuals consisting of integrated financial and non-financial solutions such as asset structuring, life insurances, credit solutions, wealth, estate and succession planning as well as client management services and business development support for professional clients including administration, reporting and custody services, investment advisory tools, direct access to the trading floor and financial products such as open architecture solutions and investment vehicles. BIL Suisse also provides lending and advisory services to entrepreneur clients to support their business banking needs via a growing Corporate and Institutional Banking team.

BIL GROUP'S SPECIALISED SUBSIDIARIES

Société Luxembourgeoise de Leasing BIL- LEASE S.A. ("BIL Lease")

BIL Lease, incorporated in 1991 in Luxembourg, is a wholly owned subsidiary of BIL, dedicated to the management of leasing services. BIL Lease offers financial leasing solutions to corporate customers, for all professionally used moveable capital equipment including IT systems, vehicles and various types of machinery.

BIL Manage Invest S.A. ("BMI")

BMI, a wholly owned subsidiary of BIL, established in Luxembourg in June 2013, is a duly authorised independent third-party fund management company, which is regulated and supervised by the CSSF. BMI's wide range of open architecture services includes fund structuring and portfolio and risk management of regulated (UCITS and AIF) and non-regulated investment vehicles targeting financial, real estate and private equity asset classes.

Belair House S.A.

Belair House S.A. is a wholly owned subsidiary of BIL, incorporated in Luxembourg in 2014 and is covering the entire real estate value chain, from acquisition to exit, including advisory, intermediation and investment analysis, transaction structuring, real estate management, real estate letting coordination, project development and valuation and research. The Board of Belair House S.A. Limited decided to cease the activity of the entity on 20 December 2024.

BIL Wealth Management Limited

BIL Wealth Management Limited, incorporated in March 2017, is a duly licensed asset manager specialised in securities dealing, advisory and discretionary services, based in Hong Kong, PRC and regulated by the Securities and Futures Commission in Hong Kong, PRC. BIL Wealth Management Limited is a wholly owned subsidiary of BIL, which was acquired by BIL in February 2020. BIL Wealth Management Limited provides financial services to ultra-high net worth individuals and entrepreneurs including investment advisory, portfolio management and inter-generational wealth planning solutions such as trusts and family office set-ups. The Board of BIL Wealth Management Limited decided to cease the activity of the entity on 19 December 2024.

Note 4: Notes on the assets of the consolidated balance sheet

4.1. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents may be broken down as follows (balances with initial maturity less than 90 days):

ANALYSIS BY NATURE	31/12/23	31/12/24
Cash and balances with central banks	2,749,867,037	1,383,270,790
Other demand deposits	230,176,350	164,492,694
Loans and advances to credit institutions	372,801,300	1,565,452,300
TOTAL	3,352,844,687	3,113,215,784

4.2. Cash and balances with central banks and demand deposits

ANALYSIS BY NATURE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Cash in hand	67,704,978	0	67,704,978
Balances with central banks other than mandatory reserve deposits	2,517,894,366	(949)	2,517,893,417
Mandatory reserve deposits	165,775,209	0	165,775,209
Other demand deposits	230,176,365	(31,243)	230,145,122
TOTAL	2,981,550,918	(32,192)	2,981,518,726
of which included in cash and cash equivalents	*2,980,043,387*	*0*	*2,980,043,387*

ANALYSIS BY NATURE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Cash in hand	132,712,090	0	132,712,090
Balances with central banks other than mandatory reserve deposits	1,065,733,504	0	1,065,733,504
Mandatory reserve deposits	185,000,000	0	185,000,000
Other demand deposits	164,492,784	(9,890)	164,482,894
TOTAL	1,547,938,378	(9,890)	1,547,928,488
of which included in cash and cash equivalents	*1,547,763,484*	*0*	*1,547,763,484*

"Cash and balances with central banks" include the mandatory reserves deposited by credit institutions with the Central Bank of Luxembourg or other central banks. The average minimum requirement amounts to EUR 219,015,678 from 20 December 2023 to 30 January 2024 and amounts to EUR 218,302,125 for the period from 18 December 2024 to 4 February 2025.

ANALYSIS BY STAGE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	2,981,418,999	(28,638)	2,981,390,361
Stage 2	131,919	(3,554)	128,365
Stage 3	0	0	0
TOTAL	2,981,550,918	(32,192)	2,981,518,726

ANALYSIS BY STAGE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	1,547,935,564	(9,828)	1,547,925,736
Stage 2	2,814	(62)	2,752
Stage 3	0	0	0
TOTAL	1,547,938,378	(9,890)	1,547,928,488

4.3. Loans and advances to credit institutions

All loans and advances to credit institutions are held under the business model held-to-collect and are measured at amortised cost.

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Cash collateral	265,521,938	0	265,521,938
Reverse repurchase agreements	313,546,016	0	313,546,016
Loans and other advances	112,128,193	(112,711)	112,015,482
TOTAL	691,196,147	(112,711)	691,083,436
of which included in cash and cash equivalents	*372,801,300*	*0*	*372,801,300*

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Cash collateral	227,349,932	0	227,349,932
Reverse repurchase agreements	1,535,840,262	0	1,535,840,262
Loans and other advances	148,690,199	(73,888)	148,616,311
TOTAL	1,911,880,393	(73,888)	1,911,806,505
of which included in cash and cash equivalents	*1,565,452,300*	*0*	*1,565,452,300*

ANALYSIS BY STAGE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	691,194,444	(112,631)	691,081,813
Stage 2	1,702	(80)	1,622
Stage 3	0	0	0
TOTAL	691,196,146	(112,711)	691,083,435

ANALYSIS BY STAGE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	1,911,879,400	(73,879)	1,911,805,521
Stage 2	964	(5)	959
Stage 3	29	(4)	25
TOTAL	1,911,880,393	(73,888)	1,911,806,505

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

Cash collateral is primarily paid or received based on the market value of collateralised derivatives.

The collateralised derivatives used by the Bank are mainly derivatives that hedge fixed rate assets and liabilities and financial liabilities designated at fair value.

The cash collateral is not considered as a cash equivalent as it fluctuates in the short term. It has therefore been excluded from cash equivalents.

4.4. Loans and advances to customers

All loans and advances to customers are held under the business model held-to-collect and are measured at amortised cost.

ANALYSIS BY COUNTERPART	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	36,939,146	(133,040)	36,806,106
Other	16,586,373,364	(272,789,098)	16,313,584,266
TOTAL	16,623,312,510	(272,922,138)	16,350,390,372

ANALYSIS BY COUNTERPART	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	100,088,145	(960)	100,087,185
Other	16,305,035,226	(233,549,725)	16,071,485,501
TOTAL	16,405,123,371	(233,550,685)	16,171,572,686

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
On demand and short notice	1,537,421,579	(107,435,750)	1,429,985,829
Finance leases	268,437,093	(2,752,080)	265,685,013
Other term loans	14,817,453,838	(162,734,308)	14,654,719,530
of which: loans collateralised by immovable property	*11,521,395,881*	*(109,634,837)*	*11,411,761,044*
of which: consumer credits	*388,984,888*	*(10,273,952)*	*378,710,936*
TOTAL	16,623,312,510	(272,922,138)	16,350,390,372

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
On demand and short notice	1,447,315,317	(104,128,910)	1,343,186,407
Finance leases	292,805,767	(3,631,701)	289,174,066
Other term loans	14,665,002,287	(125,790,074)	14,539,212,213
of which: loans collateralised by immovable property	*10,824,385,101*	*(122,513,060)*	*10,701,872,041*
of which: consumer credits	*402,278,157*	*(10,320,155)*	*391,958,002*
TOTAL	16,405,123,371	(233,550,685)	16,171,572,686

ANALYSIS BY STAGE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	13,862,916,704	(38,597,229)	13,824,319,475
Stage 2	1,984,583,163	(22,544,957)	1,962,038,206
Stage 3	775,812,643	(211,779,952)	564,032,691
TOTAL	16,623,312,510	(272,922,138)	16,350,390,372

ANALYSIS BY STAGE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	13,747,494,057	(18,997,833)	13,728,496,224
Stage 2	1,836,498,895	(14,145,534)	1,822,353,361
Stage 3	821,130,419	(200,407,318)	620,723,101
TOTAL	16,405,123,371	(233,550,685)	16,171,572,686

4.5. Financial assets held for trading

ANALYSIS BY COUNTERPART	31/12/23	31/12/24
Public sector	992,584	0
Credit institutions	18,352,791	30,084,003
TOTAL	19,345,375	30,084,003

ANALYSIS BY NATURE	31/12/23	31/12/24
Bonds issued by public bodies	992,584	0
Other bonds and fixed-income instruments	18,352,791	30,084,003
TOTAL	19,345,375	30,084,003

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

4.6. Financial investments measured at fair value

	31/12/23	31/12/24
Financial investments at fair value through other comprehensive income	550,895,485	629,555,261
Non-trading financial investments mandatorily at fair value through profit or loss	30,782,842	33,033,406
TOTAL	581,678,327	662,588,667

4.6.1. Financial investments at fair value through other comprehensive income

ANALYSIS BY COUNTERPART	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	5,633,384	(998)	5,632,386
Debt securities	*5,633,384*	*(998)*	*5,632,386*
Credit institutions	193,976,695	(25,384)	193,951,311
Debt securities	*193,976,695*	*(25,384)*	*193,951,311*
Other	351,331,291	(19,503)	351,311,788
Debt securities	*45,208,765*	*(19,503)*	*45,189,262*
Equity instruments	*306,122,526*		*306,122,526*
TOTAL	550,941,370	(45,885)	550,895,485

ANALYSIS BY COUNTERPART	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	293,745,385	(11,209)	293,734,176
Debt securities	*293,745,385*	*(11,209)*	*293,734,176*
Credit institutions	33,829,010	(7,931)	33,821,079
Debt securities	*33,829,010*	*(7,931)*	*33,821,079*
Other	302,002,479	(2,473)	302,000,006
Debt securities	*36,360,124*	*(2,473)*	*36,357,651*
Equity instruments	*265,642,355*		*265,642,355*
TOTAL	629,576,874	(21,613)	629,555,261

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	5,633,384	(998)	5,632,386
Other bonds and fixed-income instruments	239,185,460	(44,887)	239,140,573
Equity and variable-income instruments	306,122,526		306,122,526
TOTAL	550,941,370	(45,885)	550,895,485

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	293,745,385	(11,209)	293,734,176
Other bonds and fixed-income instruments	70,189,134	(10,404)	70,178,730
Equity and variable-income instruments	265,642,355		265,642,355
TOTAL	629,576,874	(21,613)	629,555,261

ANALYSIS BY STAGE (DEBT INSTRUMENTS)	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	244,818,844	(45,885)	244,772,959
TOTAL	244,818,844	(45,885)	244,772,959

ANALYSIS BY STAGE (DEBT INSTRUMENTS)	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	363,934,519	(21,613)	363,912,906
TOTAL	363,934,519	(21,613)	363,912,906

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

4.6.2. Non-trading financial investments mandatorily at fair value through profit or loss

ANALYSIS BY COUNTERPART	31/12/23	31/12/24
Public sector	0	0
Other	30,782,842	33,033,406
TOTAL	30,782,842	33,033,406

ANALYSIS BY NATURE	31/12/23	31/12/24
Equity and variable-income instruments	30,782,842	33,033,406
TOTAL	30,782,842	33,033,406

QUALITATIVE ANALYSIS

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

4.7. Financial investments measured at amortised cost

ANALYSIS BY COUNTERPART	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	5,506,310,895	(1,297,213)	5,505,013,682
Credit institutions	1,824,721,399	(166,634)	1,824,554,765
Other	1,301,529,000	(1,984,901)	1,299,544,099
TOTAL	8,632,561,294	(3,448,748)	8,629,112,546

ANALYSIS BY COUNTERPART	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	5,833,352,706	(559,594)	5,832,793,112
Credit institutions	2,019,192,182	(90,312)	2,019,101,870
Other	1,301,196,595	(3,266,372)	1,297,930,223
TOTAL	9,153,741,483	(3,916,278)	9,149,825,205

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	5,506,310,894	(1,297,211)	5,505,013,683
Other bonds and fixed-income instruments	3,126,250,400	(2,151,537)	3,124,098,863
TOTAL	8,632,561,294	(3,448,748)	8,629,112,546

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	5,833,352,705	(559,593)	5,832,793,112
Other bonds and fixed-income instruments	3,320,388,778	(3,356,685)	3,317,032,093
TOTAL	9,153,741,483	(3,916,278)	9,149,825,205

ANALYSIS BY STAGE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	8,504,521,537	(2,814,920)	8,501,706,617
Stage 2	128,039,757	(633,828)	127,405,929
Stage 3	0	0	0
TOTAL	8,632,561,294	(3,448,748)	8,629,112,546

ANALYSIS BY STAGE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	9,129,719,764	(1,809,407)	9,127,910,357
Stage 2	15,001,595	(9,515)	14,992,080
Stage 3	9,020,124	(2,097,356)	6,922,768
TOTAL	9,153,741,483	(3,916,278)	9,149,825,205

4.8. Property, plant and equipment

	Land and buildings		Office furniture and other equipment		Total
	Own use owner	Right-of-use	Own use owner	Right-of-use	
ACQUISITION COST AS AT 01/01/23	314,805,845	49,960,652	140,960,193	583,878	506,310,568
- Acquisitions	5,051,714	405,166	2,212,466	0	7,669,346
- Subsequent expenditures	0	256,801	0	0	256,801
- Disposals	(1,542,020)	0	(42,968)	0	(1,584,988)
- Cancellations	0	0	0	0	0
- Other transfers	0	(86,883)	0	0	(86,883)
- Translation adjustments	(6,319)	1,514,525	405,170	37,013	1,950,389
ACQUISITION COST AS AT 31/12/23 (A)	318,309,220	52,050,261	143,534,861	620,891	514,515,233
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/23	(241,853,812)	(23,585,961)	(123,892,288)	(254,432)	(389,586,493)
- Booked	(4,452,130)	(6,782,443)	(4,153,662)	(193,419)	(15,581,654)
- Recognised	0	936,716	0	0	936,716
- Other transfers	(1,245,089)	82,056	22,590	0	(1,140,443)
- Translation adjustments	5,015	(721,538)	(186,832)	(25,628)	(928,983)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/23 (B)	(247,546,016)	(30,071,170)	(128,210,192)	(473,479)	(406,300,857)
NET CARRYING VALUE AS AT 31/12/23 (A) + (B)	70,763,204	21,979,091	15,324,669	147,412	108,214,376

	Land and buildings		Office furniture and other equipment		Total
	Own use owner	Right-of-use	Own use owner	Right-of-use	
ACQUISITION COST AS AT 01/01/24	318,309,220	52,050,261	143,534,861	620,891	514,515,233
- Acquisitions	2,612,025	929,742	16,318,899	0	19,860,666
- Subsequent expenditures	0	0	0	0	0
- Disposals	(588,724)	(1,471,070)	0	0	(2,059,794)
- Cancellations	(3,520,027)	(5,273,767)	0	(603,047)	(9,396,841)
- Other transfers	0	(145,409)	0	0	(145,409)
- Translation adjustments	11,632	(324,594)	(98,652)	(17,844)	(429,458)
ACQUISITION COST AS AT 31/12/24 (A)	316,824,126	45,765,164	159,755,108	0	522,344,398
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/24	(247,546,016)	(30,071,170)	(128,210,192)	(473,479)	(406,300,857)
- Booked	(4,547,057)	(5,933,785)	(4,539,128)	(143,176)	(15,163,146)
- Recognised	0	391,821	0	0	391,821
- Write-off	0	1,201,219	0	0	1,201,219
- Cancellations	3,520,027	5,273,767	0	603,047	9,396,841
- Other transfers	107,965	778,880	(196)	0	886,649
- Translation adjustments	(11,100)	84,095	38,714	13,608	125,317
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/24 (B)	(248,476,181)	(28,275,173)	(132,710,802)	0	(409,462,156)
NET CARRYING VALUE AS AT 31/12/24 (A) + (B)	68,347,945	17,489,991	27,044,306	0	112,882,242

The impairment of EUR 1,201,219 booked in 2023 was reversed in 2024.

4.9. Investment property

	2023	2024
ACQUISITION COST AS AT 1 JANUARY	27,391,831	19,990,215
- Acquisitions	0	41,462
- Disposals	(7,401,616)	0
ACQUISITION COST AS AT 31 DECEMBER (A)	19,990,215	20,031,677
FAIR VALUE ADJUSTMENTS AS AT 1 JANUARY	32,356,481	19,825,746
- Revaluation Investment Property	(5,462,476)	(241,462)
- Transfers and cancellations	(7,068,259)	0
FAIR VALUE ADJUSTMENTS AS AT 31 DECEMBER (B)	19,825,746	19,584,284
NET CARRYING VALUE AS AT 31 DECEMBER (A) + (B)	39,815,961	39,615,961

- As at 31 December 2024, Investment properties are mostly composed of land plots for a total amount of EUR 39.6 million (EUR 39.8 million as at 31 December 2023) and are all classified as Level 3 under IFRS 13. Main evolutions in 2024 are related to:
- The revaluation of the Investment properties for EUR -0.2 million that occurred during the year ended 31 December 2024 is mainly related to the remeasurement of a land classified under Investment property which forms part of the headquarter perimeter of the Group. The revaluation made in 2022 was related to an increase of the building potential of this Investment property, adjusted downwards in 2023 for EUR 5.5 million to reflect market conditions in 2023. The fair value of the main property amounts to EUR 37 million as at 31 December 2024 (EUR 37.2 million as at 31 December 2023) including an acquisition cost of EUR 10.3 million (EUR 10.3 million as at 31 December 2023). Its remeasurement is based on the valuation report of a mandated external expert and is made in application of the "highest and best use for non-financial assets" principle of IFRS 13 and is reviewed at each reporting period.
- The valuation techniques used to estimate the fair value are based on the fair value of the building potential less estimated construction costs. The valuation techniques used are the comparison method and the capitalisation method and the main unobservable inputs used are the following:
  - Rental market prices;
  - Price per square metre;
  - Constructions costs;
  - Capitalisation rate.
- A decrease (increase) in the rental market prices and/or in the price per square metre will decrease (increase) the fair value. An increase (decrease) in the capitalisation rate and/or in the constructions costs will decrease (increase) the fair value.
- The other investment properties are measured at fair value based on independent valuation expert and are composed of residential property for sale which form part of former own-use properties or property or received by taken possession of collateral on the credit activity.

4.10. Intangible fixed assets and goodwill

	Goodwill	Software / internally developped	Other intangible fixed assets	Total
ACQUISITION COST AS AT 01/01/23	61,744,333	493,293,650	131,498,643	686,536,626
Acquisitions	0	77,338,063	4,451,381	81,789,444
Translation adjustments	1,468,825	0	605,635	2,074,460
ACQUISITION COST AS AT 31/12/23 (A)	63,213,158	570,631,713	136,555,659	770,400,530
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/23	(7,473,662)	(233,512,031)	(88,025,346)	(329,011,039)
Booked	0	(32,362,716)	(8,455,660)	(40,818,376)
Transfers and cancellations	0	(1,082,421)	0	(1,082,421)
Translation adjustments	(130,900)	0	(557,021)	(687,921)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/23 (B)	(7,604,562)	(266,957,168)	(97,038,027)	(371,599,757)
NET CARRYING VALUE AS AT 31/12/23 (A) + (B)	55,608,596	303,674,545	39,517,632	398,800,773

	Goodwill	Software / internally developped	Other intangible fixed assets	Total
ACQUISITION COST AS AT 01/01/24	63,213,158	570,631,713	136,555,659	770,400,530
Acquisitions	0	56,845,366	8,798,166	65,643,532
Transfers and cancellations	0	(535,954)	535,954	0
Translation adjustments	(397,922)	0	(162,591)	(560,513)
ACQUISITION COST AS AT 31/12/24 (A)	62,815,236	626,941,125	145,727,188	835,483,549
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/24	(7,604,562)	(266,957,168)	(97,038,027)	(371,599,757)
Booked	(2,515,485)	(53,357,944)	(6,855,054)	(62,728,483)
Transfers and cancellations	0	302,532	(301,820)	712
Translation adjustments	35,462	0	147,794	183,256
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/24 (B)	(10,084,585)	(320,012,580)	(104,047,107)	(434,144,272)
NET CARRYING VALUE AS AT 31/12/24 (A) + (B)	52,730,651	306,928,545	41,680,081	401,339,277

The origin of the goodwill is detailed as the following:

- EUR 30.6 million as at 31 December 2024 and 31 December 2023, corresponds to the goodwill allocated to the cash-generating unit "Wealth Management Luxembourg" (Level 3) from the acquisition of Bikuben Girobank International S.A. Luxembourg. The impairment test is based on two valuation methodologies:
  - observation of transactions related to comparable businesses; and
  - dividend discount model methodology with indefinite lifetime assumption where cash flows are assumed to be stable. They have been computed as revenue of the generating unit less direct and indirect costs, and after taxes.

No further impairment is required as at the end of 2024 based on both methodologies. Sensitivity test: +0.5% increase of the discount rate generates EUR -5.7 million goodwill value whereas -0.5% decrease of this rate generates EUR +6.3 million goodwill value. A decrease or an increase of 10bps on the Asset under Management (AuM) multiple generates a EUR 7.7 million increase (EUR -7.7 million decrease respectively).

- EUR 22.1 million (CHF 20.8 million) as at 31 December 2024 against EUR 22.4 million (CHF 20.8 million) as at 31 December 2023, corresponds to the carrying amount of the goodwill from the acquisition of KBL (Switzerland) Ltd in 2015. This goodwill is allocated to the CGU "KBLS" represented by ex-KBL (Switzerland) Assets under Management (AuM) (Level 3).

  The impairment test is based on the valuation of the related AuM through multiples observed from transactions related to comparable business. No further impairment is required as at the end of 2024.

  The sensitivity test of +/-10bps on multiples generates a EUR +/-1.9 million increase/decrease of goodwill valuation and +/-5% on AuM generates EUR +/-1.3 million increase/decrease of goodwill valuation.
- The goodwill from the acquisition of BIL Wealth Management Ltd. in February 2020 allocated to the CGU "BIL Wealth Management Ltd." (Level 3) was totally impaired for an amount of 2.5 million as at 31 December 2024 after the decision to cease the activity of BIL Wealth Management Ltd.

Other intangible fixed assets include, inter alia purchased softwares.

The line "Acquisitions" corresponds to software internally generated that are mainly linked to the continuing development of the new core banking system of the Bank.

4.11. Tax assets

ANALYSIS BY NATURE	31/12/23	31/12/24
Current tax assets	953,109	645,934
Deferred tax assets (see Note 6.2)	128,102,833	117,163,483
TOTAL	129,055,942	117,809,417

4.12. Other assets

	31/12/23	31/12/24
Other assets *	54,799,558	77,838,395
Other assets specific to insurance activities	4,288,459	3,537,185
TOTAL	59,088,017	81,375,580

* ANALYSIS BY NATURE	31/12/23	31/12/24
Accrued Income	10,058,106	10,682,729
Prepaid fees	4,263,517	4,850,156
Other receivables	20,165,537	39,838,193
Pension plan assets	13,683,000	20,616,001
Precious metals	1,155	0
Operating taxes	5,136,106	1,581,158
Other assets	1,492,137	270,158
TOTAL	54,799,558	77,838,395

The line items "Other receivables" and "Other assets" are mainly composed of transactions linked to current business awaiting settlement.

4.13. Leasing

4.13.1. BIL as lessor

FINANCE LEASE

GROSS INVESTMENT IN FINANCE LEASE	31/12/23	31/12/24
Less than 1 year	131,088,742	78,500,788
More than 1 year and less than 5 years	264,625,187	306,838,654
More than 5 years	28,685,595	70,046,121
SUBTOTAL (A)	424,399,524	455,385,563
UNEARNED FUTURE FINANCE INCOME ON FINANCE LEASE (B)	(157,969,530)	(170,724,480)
NET INVESTMENT IN FINANCE LEASE (A)-(B)	266,429,994	284,661,083

NET INVESTMENT IN FINANCE LEASE MAY BE ANALYSED AS FOLLOWS:	31/12/23	31/12/24
Less than 1 year	82,295,033	49,070,768
More than 1 year and less than 5 years	166,126,687	191,804,551
More than 5 years	18,008,274	43,785,764
TOTAL	266,429,994	284,661,083

	31/12/23	31/12/24
Amount of doubtful debts on finance leases included in the loan loss provision at the end of the financial year	2,752,080	3,631,700
Estimated fair value of finance leases	266,429,994	284,661,083
Accumulated provision for irrecoverable minimum lease payments	2,007,099	2,665,787

Overview of the significant provisions of leasing contracts

The assets managed by BIL Lease S.A. may be broken down as follows:

- 81.34% of the assets is composed of vehicles, mainly passenger cars but also commercial vehicles.
- 6.71% of the assets is composed of IT equipment.
- 11.95% of the assets is composed of industrial equipment : machinery, medical equipment, etc.

OPERATING LEASE

The Group did not act as lessor for operational leases as at 31 December 2023 and as at 31 December 2024.

4.13.2. BIL as lessee

FINANCE LEASE

The Group is not involved in any financial lease.

OPERATING LEASE

FUTURE NET MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE	31/12/23	31/12/24
Less than 1 year	361,913	258,192
Between 1 year to 2 years	229,772	110,607
Between 2 years to 3 years	204,499	83,462
Between 3 years to 4 years	178,414	66,670
Between 4 years to 5 years	153,602	48,169
More than 5 years	191,415	38,940
TOTAL	1,319,615	606,040

LEASE AND SUBLEASE PAYMENTS RECOGNISED AS AN EXPENSE DURING THE FINANCIAL YEAR:	31/12/23	31/12/24
- lease payments	469,512	238,758
TOTAL	469,512	238,758

Note 5: Notes on the liabilities of the consolidated balance sheet

5.1. Amounts due to credit institutions

ANALYSIS BY NATURE	31/12/23	31/12/24
On demand	222,946,342	131,662,058
Term	2,081,660,716	1,908,703,411
Cash collateral	369,355,680	262,101,315
Repurchase agreements	353,449,872	287,455,151
Central banks	456,272	2,591,776
Other borrowings	692,859,646	203,173,965
TOTAL	3,720,728,528	2,795,687,676

ANALYSIS OF THE FAIR VALUE

see Note 9.1

QUALITATIVE ANALYSIS

see Note 9.3

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

5.2. Amounts due to customers

ANALYSIS BY NATURE	31/12/23	31/12/24
Demand deposits	8,243,275,743	7,287,227,727
Saving deposits	2,948,635,482	3,087,513,584
Term deposits	7,262,877,800	8,386,690,855
Cash collateral	250,620	275,441
TOTAL	18,455,039,645	18,761,707,607

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

5.3. Other financial liabilities

ANALYSIS BY NATURE	31/12/23	31/12/24
Other financial liabilities	25,908,177	18,693,250
of which lease liabilities	*25,908,177*	*18,693,250*
TOTAL	25,908,177	18,693,250

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

5.4. Financial liabilities measured at fair value through profit or loss

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-subordinated liabilities	2,836,485,340	3,218,662,440
TOTAL	2,836,485,340	3,218,662,440

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

BIL Group primarily uses the fair value option (FVO) to eliminate or at least significantly reduce the measurement or recognition inconsistency (also known as the accounting mismatch) that would arise from measuring financial assets or liabilities or recognising the gains and losses on these assets and liabilities on a different basis.

The fair value of unlisted financial instruments was determined using pricing tools and procedures established by Group Risk Management. These pricing tools are discounted cash flow models that allow the current value to be determined on the basis of an interest rate curve that is applicable to similar securities and takes into account the Bank's own credit rating.

The evolution between 31 December 2023 and 31 December 2024 is explained both by net new issuance of structured products and fair value changes.

5.5. Debt securities

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-convertible bonds	2 034 068 527	2 431 745 499
TOTAL	2 034 068 527	2 431 745 499

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

5.6. Subordinated debts

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-convertible subordinated debts	345,756,383	351,753,210
TOTAL	345,756,383	351,753,210

ANALYSIS OF THE FAIR VALUE

see Note 9.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

The list of "Non-convertible subordinated debts" is available upon request.

On 1 February 2023, BIL issued a subordinated debt for a notional of EUR 100 million, eligible as Tier 2 capital since 27 February 2023. During 2024, no subordinated debt eligible as Tier 2 capital was issued.

5.7. Provisions and other obligations

5.7.1. Analysis by nature

	31/12/23	31/12/24
Litigation	10,969,089	7,802,587
Restructuring (including garden leave)	4,758,541	9,205,518
Defined benefit plans	2,332,613	4,860,816
Other long-term employee benefits (including jubilee and time saving account)	18,333,298	16,995,962
Provision for off-balance sheet credit commitments	16,498,462	13,054,022
Onerous contracts	730,523	324,362
Other provisions	642,921	383,156
TOTAL	54,265,447	52,626,423

The provisions for litigation, include those for staff and tax-related litigation.

5.7.2. Analysis by movement

	Litigation	Restructuring	Pensions and other employee benefits	Provision for off-balance sheet credit commitments	Other provisions and onerous contracts
AS AT 01/01/23	13,246,049	3,645,631	17,017,769	13,243,945	2,238,578
Exchange differences	229,153	2,608	120,973	(7,763)	48,636
Additional provisions	437,680	4,184,860	4,799,690	0	0
Changes due to change in credit risk	0	0	0	(6,045,598)	0
Changes due to update in the institution's methodology for estimation	0	0	0	4,516,494	0
Increases due to origination or acquisition	0	0	0	6,279,577	0
Decreases due to derecognition	0	0	0	(1,488,193)	0
Revaluation through reserves	0	0	1,794,171	0	0
Unused amounts reversed	(1,497,457)	(280,622)	(1,479,871)	0	(337,189)
Used during the year	(1,284,607)	(2,793,936)	(3,386,821)	0	(576,581)
Transfers	(161,729)	0	1,800,000	0	0
AS AT 31/12/23	10,969,089	4,758,541	20,665,911	16,498,462	1,373,444

	Litigation	Restructuring	Pensions and other employee benefits	Provision for off-balance sheet credit commitments	Other provisions and onerous contracts
AS AT 01/01/24	10,969,089	4,758,541	20,665,911	16,498,462	1,373,444
Exchange differences	(76,081)	13,560	(5,108)	(204,379)	(12,600)
Additional provisions	403,932	8,145,063	3,053,570	0	355,150
Changes due to change in credit risk	0	0	0	1,174,667	0
Changes due to update in the institution's methodology for estimation	0	0	0	(7,883,120)	0
Increases due to origination or acquisition	0	0	0	10,033,121	0
Decreases due to derecognition	0	0	0	(6,564,729)	0
Revaluation through reserves	0	0	2,351,584	0	0
Unused amounts reversed	(2,118,733)	0	(557,158)	0	0
Used during the year	(1,375,620)	(3,877,100)	(3,652,021)	0	(277,953)
Transfers	0	165,454	0	0	(730,523)
AS AT 31/12/24	7,802,587	9,205,518	21,856,778	13,054,022	707,518

For the line item "Revaluation through reserves" refer to point 1.23 of Note 1.

5.7.3. Provision for pension

RECONCILIATION OF DEFINED BENEFIT OBLIGATIONS	2023	2024
Defined benefit obligations at the beginning of the year	172,607,452	173,740,292
Current service cost	4,110,176	4,447,922
Interest cost	5,160,993	4,127,496
Past service cost and gains and losses arising from settlements	346,000	203,000
Actuarial gains/losses	10,969,548	(3,372,063)
Stemming from changes in demographic assumptions	0	(3,015,000)
Stemming from changes in financial assumptions	8,187,735	1,054,794
Stemming from experience adjustments	2,781,813	(1,411,857)
Benefits paid	(22,586,702)	(14,128,851)
Out of which: amounts paid in respect of settlements	0	0
Pension plan participant contributions	1,138,470	1,237,676
Currency adjustment	2,757,829	(664,787)
Business combination and disposals	0	0
Other	(763,474)	(746,767)
DEFINED BENEFIT OBLIGATIONS AS AT THE END OF THE YEAR	173,740,292	164,843,918

RECONCILIATION OF FAIR VALUE OF PENSION PLAN ASSETS	2023	2024
Fair value of pension plan assets at the beginning of the year	189,563,217	185,090,678
Actual return on pension plan assets	9,501,741	4,341,133
Interest income	5,812,669	4,539,977
Return on pension plan assets (excluding interest income)	3,689,072	(198,844)
Employer contributions	5,642,443	5,515,530
Pension plan participant contributions	1,138,470	1,237,676
Benefits paid	(22,586,702)	(14,128,851)
Out of which: amounts paid in respect of settlements	0	0
Currency adjustment	2,641,305	(659,950)
Business combination and disposals	0	0
Other	(809,796)	(797,113)
FAIR VALUE OF PENSION PLAN ASSETS AS AT THE END OF THE YEAR	185,090,678	180,599,103

RECONCILIATION OF THE EFFECT OF THE ASSET CEILING	2023	2024
Effect of the asset ceiling at the beginning of the year	0	0
Interest on the effect of the asset ceiling	0	0
Change in the effect of the asset ceiling	0	0
Other	0	0
EFFECT OF THE ASSET CEILING AT THE END OF THE YEAR	0	0

NET ASSET / (NET LIABILITY)	11,350,386	15,755,185

FUNDED STATUS	31/12/23	31/12/24
Pension plan assets in excess of benefit obligation	(13,683,000)	(20,616,001)
Unrecognised assets	0	0

MOVEMENT IN NET DEFINED BENEFIT PENSION LIABILITY OR ASSET	2023	2024
Net Asset / (Net liability) at the beginning of the year	16,955,765	11,350,386
Net periodic pension cost recognised in the income statement	(3,850,821)	(4,288,787)
Remeasurements recognised in OCI	(7,280,476)	3,173,219
Employer contributions	5,642,443	5,515,530
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Business combination and disposals	0	0
Currency adjustments	(116,525)	4,837
Other	0	0
NET ASSET / (NET LIABILITY) AT THE END OF THE YEAR	11,350,386	15,755,185

MOVEMENT IN THE IAS 19 REMEASUREMENT RESERVE IN EQUITY	2023	2024
Recognised reserve at the beginning of the year	(3,857,421)	(11,588,387)
Remeasurements recognised in OCI	(7,730,966)	3,271,307
Transfers	0	0
RECOGNISED RESERVE AT THE END OF THE YEAR	(11,588,387)	(8,317,080)

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	31/12/23	31/12/24
Current service cost	4,110,176	4,447,922
Net interest on the defined benefit liability/asset	(651,676)	(412,481)
Past service cost	346,000	203,000
Gains and losses arising from settlements	0	0
Other	46,321	50,346
ACTUARIALLY DETERMINED NET PERIODIC PENSION COST	3,850,821	4,288,787

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	31/12/23	31/12/24
Actuarial gains/losses on the defined benefit obligation	10,969,548	(3,372,063)
Actual return on plan assets (excluding amounts included in interest income)	(3,689,072)	198,844
Other	0	0
Currency adjustments	450,490	(98,088)
TOTAL OTHER COMPREHENSIVE INCOME	7,730,966	(3,271,307)

Expected contributions for next year	5 378 174

BREAKDOWN OF DEFINED BENEFIT OBLIGATION	31/12/23	31/12/24
Actives	117,952,367	117,145,255
Deferred (including pending payments)	10,522,000	11,072,000
Retirees (incl. disabled)	45,265,924	36,626,663
TOTAL DEFINED BENEFIT OBLIGATION	173,740,292	164,843,918

ACTUAL RETURN ON PENSION PLAN ASSETS (%)	31/12/23	31/12/24
	5.07%	2.37%

BREAKDOWN OF PENSION PLAN ASSETS	31/12/23	31/12/24
Fixed income		
Quoted market price on an active market	73.37%	73.58%
Equities		
Quoted market price on an active market	16.29%	17.85%
Alternatives		
Quoted market price on an active market	3.84%	1.74%
Real estate		
Quoted market price on an active market	0.63%	0.64%
Unquoted	4.11%	4.61%
Cash	1.35%	1.07%
Other	0.41%	0.51%
TOTAL	100.00%	100.00%

The assets do not include any own transferable financial instruments issued by the Bank nor any assets occupied or used by the Bank itself.

Significant actuarial assumptions used (at the end of the year)

	Luxembourg		Switzerland	
	31/12/23	31/12/24	31/12/23	31/12/24
Discount rate	3.00%	3.00%	1.50%	1.00%
Salary increase	0.75% - 2.50%	0.75% - 1.75%	2.50%	2.00%
Inflation	2.50%	2.10%	2.00%	1.50%

ADDITIONAL DESCRIPTIONS

Description of the plan - Events in the financial year - Focus on risk exposures

In Luxembourg, for active people, two hybrid pension plans are valued as Defined Benefit (DB) pension plans under IAS 19. For retirees, the pension plan is a DB plan. No specific event occurred in Luxembourg during the year 2024. The plan dedicated to "retirees" provides indexed lifelong benefits: this plan generates an inflation risk as well as a longevity risk. The other plans generate a risk exposure to salary growth increase and to inflation. They generate a longevity risk as well, however the lumpsum payment option reduces this impact. All these plans generate an exposure to financial risk, on the pension asset side (market volatility of the pension fund assets) as well as on the pension liability side, as the projected benefits are discounted using corporate bond yields.

In Switzerland, the main pension plan is considered as a DB plan under IAS 19. No specific event occurred in Switzerland during the year 2024. This plan is funded through a cooperative foundation which bears the longevity risk of retirees, where the pension option payment is chosen by the retiree. This plan generates a financial risk exposure, on the pension assets side, in case of foundation underfunding and on the pension liabilities side as well, as the projected benefits are discounted using corporate bond yields.

Methods and assumptions used in preparing the sensitivity analysis

DBO SENSITIVITY TO CHANGES IN DISCOUNT RATE	
Scenario DR +0.5 %	4.05%
Scenario DR +0.5 %	-3.64%

DBO SENSITIVITY TO CHANGES IN EXPECTED RATE OF SALARY INCREASE (INFLATION INCLUDED)	
Scenario SR -0.5 %	-0.86%
Scenario SR +0.5 %	1.06%

The duration of the DBO of the pension plans in EUR as of 31 December 2024 is 5.37 (5.89 in 2023).

The duration of the DBO of the Swiss pension plan as of 31 December 2024 is 13.7 (12.9 in 2023).

A full recalculation with alternative assumptions is performed to obtain the above-mentioned sensitivities and duration.

Description of Asset-Liability Management ("ALM") strategies

In Luxembourg the pension fund investment strategy is based on ALM objectives trying to align as far as possible assets maturities with liabilities profile and is also based on return objectives with limited risks exposure. Investment strategy also aims at protecting the funding surplus (surplus according to Funding vehicle local GAAP). Part of the portfolio is invested in inflation-linked bonds to cover the inflation risk. In Switzerland, the investment strategy is in the hands of the cooperative foundation.

Description of funding arrangements

In Luxembourg, part of the closed pension plans are funded through pension fund arrangements.

In the pension plans for "active people", employer contributions are calculated according to an Aggregate Cost method. In the pension plans for "retirees", pensions are fully funded. For these plans, minimum funding applies according to the legislation in force, and the employer is due to make additional contributions in case assets do not meet the funding requirements. Asset ceiling under IAS 19 does not apply.

In Switzerland, the pension plan is funded through a multi-employer cooperative foundation. This pension plan is subject to asset ceiling under IAS 19 however the plan shows a net liability.

5.8. Tax liabilities

ANALYSIS BY NATURE	31/12/23	31/12/24
Current tax liabilities	1,063,915	8,749,868
Deferred tax liabilities (see Note 6.2)	11,214,380	12,000,695
TOTAL	12,278,295	20,750,563

5.9. Other liabilities

	31/12/23	31/12/24
Other liabilities*	316,294,604	248,663,988
Other liabilities specific to insurance activities	4,572,397	3,923,113
TOTAL	320,867,001	252,587,101

*ANALYSIS BY NATURE	31/12/23	31/12/24
Accrued costs	6,870,546	7,533,722
Deferred income	4,380,625	5,987,889
Other payables	173,168,335	111,896,311
Other granted amounts received	418,229	372,508
Salaries and social security costs (payable)	89,077,918	86,664,619
Other operating taxes	32,629,000	30,190,323
Other liabilities	9,749,951	6,018,616
TOTAL	316,294,604	248,663,988

The line item "Other payables" mainly comprises the amounts of the coupons to be paid to clients of the parent company, the amounts of stock exchange transactions and transactions being liquidated.

Note 6: Other notes on the consolidated balance sheet

6.1. Derivatives and hedging activities

Derivatives instruments are split in two categories:

- Derivatives held for trading;
- Derivatives designated in a hedge relationship.

The Bank applies hedge accounting in four separate strategies where derivatives and non-derivatives instruments are used as hedging elements.

FAIR VALUE HEDGE

The fair value hedge strategies are used to hedge the interest rate risk arising from a portion of the Investment Portfolio. Generally speaking:

- The hedged items are fixed-rate bonds exposed to a change in fair value due to the movement in market interest rates;
- The hedging items are receive-floating interest rate swaps.

Only the interest rate risk is hedged.

The interest rate risk is determined as the change in fair value of the bonds arising from changes in the relevant yield curves.

Two different hedge ratios are computed to assess the effectiveness of each fair value hedge strategy.

- At the initiation of the strategy, the ratio between the interest rate sensitivity (+100bps) of each item must be in the range [90%; 110%] (prospective test);
- At the end of each month, the ratio between the evolution of the fair value arising from the interest rate risk of each item must be in the range [80%; 125%] (retrospective test).

Sources of ineffectiveness arise from the floating leg of the hedging instruments.

CASH FLOW HEDGE

Interest rate risk

The cash flow hedge is used to hedge the interest rate risk arising from revolving instruments. Generally speaking:

- The hedged items are revolving short-term money market loans and deposits exposed to a change in earnings due to the movement in market interest rates;
- The hedging items are interest rate swaps.

Only the interest rate risk is hedged.

The interest rate risk is determined as the change in the earnings arising from changes in the benchmark interest rates when the contract is renewed.

The efficiency assessment is based on the comparison between the cash flows (interest and nominal) generated by the short-term loans and deposits and the cash flows generated by the floating legs of the interest rate swaps. For each currency and index, the cumulative amount of cash flows of interest rate swaps must not exceed the cumulative amount of cash flows of the short-term instrument.

Foreign currency risk

The cash flow hedge is used to hedge the foreign currency risk that may arise from highly probable forecast transactions denominated in another currency than the functional currency of any entity of the Group.

The Bank aims to set the hedge ratio to 100%.

PORTFOLIO HEDGE

The carve out is used to hedge the interest rate risk arising from loans and deposits not already hedged within the fair value or the cash flow hedge framework. Generally speaking:

- The hedged items are loans and deposits in the banking book exposed to a change in fair value due to the movement in market interest rates;
- The hedging items are interest rate swaps.

Only the interest rate risk is hedged.

The interest rate risk is determined as the change in fair value arising from changes in the relevant yield curves.

The efficiency assessment is based on a cumulative gap of the hedged instruments and the fixed-rate legs of the interest rate swaps. For each predetermined bucket, the amount of interest rate swaps must not exceed the amount of the loans and the deposits.

Sources of ineffectiveness arise from the floating leg of the hedging instruments.

NET INVESTMENT IN FOREIGN OPERATIONS

The Bank hedges the currency risk arising from its net investment in foreign operations using foreign currency-denominated liabilities. The Bank has net investments in a number of foreign locations and currencies and designates the hedged risk as the risk of the foreign currency changes against the EUR, in order to reduce fluctuations in the value of the Bank's net investment in its subsidiaries due to movements in the EUR exchange rate. The effective portion of foreign exchange gains and losses on the hedging instruments is recognised in OCI. The Bank aims to set the hedge ratio to 100% and the efficiency assessment is made on a monthly basis.

6.1.1. Analysis by nature

	31/12/23		31/12/24	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	102,823,373	211,700,885	142,262,893	203,462,472
Derivatives designated as fair value hedge	437,464,116	103,624,375	362,156,918	187,377,882
Derivatives designated as cash flow hedge	6,866,139	1,168,655	12,736,318	1,289,778
TOTAL	547,153,628	316,493,915	517,156,129	392,130,132

6.1.2. Detail of derivatives held for trading

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**5,886,535,101**	**5,913,640,884**	**42,136,249**	**83,403,429**
FX forward	5,737,918,469	5,750,127,553	38,758,555	57,278,283
Cross currency swap	147,304,820	162,201,519	3,361,930	26,109,383
FX options	1,311,812	1,311,812	15,763	15,763
Interest rate derivatives	**1,403,131,520**	**1,406,515,130**	**13,586,830**	**65,048,924**
IRS	1,403,131,520	1,404,231,520	13,586,830	65,048,924
Interest futures	0	2,283,610	0	0
Equity derivatives	**1,621,356,165**	**1,427,987,780**	**47,100,294**	**63,248,532**
Equity futures	214,752,385	0	0	0
Equity options	25,006,982	25,006,982	10,767,763	9,512,362
Other equity derivatives	1,381,596,798	1,402,980,798	36,332,531	53,736,170
TOTAL	8,911,022,786	8,748,143,794	102,823,373	211,700,885

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**5,593,851,251**	**5,554,715,781**	**85,460,397**	**57,230,647**
FX forward	5,434,289,054	5,376,086,727	76,471,410	26,305,825
Cross currency swap	158,573,287	177,640,144	8,988,063	30,923,899
FX options	988,910	988,910	923	923
Interest rate derivatives	**1,530,430,182**	**1,532,894,382**	**20,388,860**	**46,478,467**
IRS	1,530,430,182	1,530,430,182	20,388,860	46,478,467
Interest futures	0	2,464,200	0	0
Equity derivatives	**2,067,547,774**	**1,763,747,652**	**36,413,636**	**99,753,358**
Equity futures	303,223,530	748,800	0	0
Equity options	63,700,390	63,700,390	7,016,876	1,042,330
Other equity derivatives	1,700,623,854	1,699,298,462	29,396,760	98,711,028
TOTAL	9,191,829,207	8,851,357,815	142,262,893	203,462,472

6.1.3. Detail of derivatives designated as fair value hedge

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**6,396,725**	**7,742,145**	**12,761**	**1,558,869**
Cross currency swap	6,396,725	7,742,145	12,761	1,558,869
Interest rate derivatives	**5,999,679,832**	**5,958,254,492**	**437,451,355**	**102,065,506**
IRS	5,999,679,832	5,958,254,492	437,451,355	102,065,506
TOTAL	6,006,076,557	5,965,996,637	437,464,116	103,624,375

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**6,132,712**	**7,742,145**	**12,177**	**1,779,362**
Cross currency swap	6,132,712	7,742,145	12,177	1,779,362
Interest rate derivatives	**6,170,390,580**	**6,170,390,580**	**362,144,741**	**185,598,520**
IRS	6,170,390,580	6,170,390,580	362,144,741	185,598,520
TOTAL	6,176,523,292	6,178,132,725	362,156,918	187,377,882

6.1.4. Detail of derivatives designated as cash flow hedge

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**223,998,341**	**221,734,913**	**4,247,627**	**521,014**
FX forward	133,500,603	132,153,259	396,186	0
Cross currency swap	90,497,738	89,581,654	3,851,441	521,014
Interest rate derivatives	**189,196,921**	**189,196,921**	**2,618,512**	**647,641**
IRS	189,196,921	189,196,921	2,618,512	647,641
TOTAL	413,195,262	410,931,834	6,866,139	1,168,655

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**177,778,969**	**170,859,336**	**8,084,207**	**528,353**
FX forward	81,523,314	81,277,682	155,244	0
Cross currency swap	96,255,655	89,581,654	7,928,963	528,353
Interest rate derivatives	**181,900,000**	**181,900,000**	**4,652,111**	**761,425**
IRS	181,900,000	181,900,000	4,652,111	761,425
TOTAL	359,678,969	352,759,336	12,736,318	1,289,778

Cash flows in respect of the hedging instruments relating to the statement of income are recorded therein on a continual basis as interest is paid.

6.1.5. Breakdown of derivatives designated as cash flow hedge by residual maturity

	31/12/23				
	Less than 1 year	Between 1 year and 5 years	Between 5 years and 10 years	More than 10 years	Total
Assets	396,186	6,469,953	0	0	**6,866,139**
Liabilities	0	1,168,655	0	0	**1,168,655**

	31/12/24				
	Less than 1 year	Between 1 year and 5 years	Between 5 years and 10 years	More than 10 years	Total
Assets	4,807,355	7,928,963	0	0	**12,736,318**
Liabilities	761,425	528,353	0	0	**1,289,778**

6.1.6. Maturity profile of hedging instruments used in micro fair value hedge relationships

	31/12/23			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Micro FVH for fixed rate corporate loans (notional amount)	0	80,547,724	0	80,547,724
Micro FVH for fixed rate FVTOCI debt instruments (notional amount)	0	171,079,638	76,000,000	247,079,638
Micro FVH for fixed rate amortised cost debt instruments (notional amount)	147,254,514	2,439,725,729	2,678,646,887	5,265,627,130
Micro FVH for fixed rate amortised cost debt instruments issued (notional amount)	0	260,742,145	112,000,000	372,742,145
TOTAL	147,254,514	2,952,095,236	2,866,646,887	5,965,996,637

	31/12/24			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Micro FVH for fixed rate corporate loans (notional amount)	0	0	50,000,000	50,000,000
Micro FVH for fixed rate FVTOCI debt instruments (notional amount)	0	277,120,000	64,800,000	341,920,000
Micro FVH for fixed rate amortised cost debt instruments (notional amount)	174,096,265	1,900,202,225	2,944,872,090	5,019,170,580
Micro FVH for fixed rate amortised cost debt instruments issued (notional amount)	0	599,642,145	167,400,000	767,042,145
TOTAL	174,096,265	2,776,964,370	3,227,072,090	6,178,132,725

6.1.7. Maturity profile of hedging instruments used in micro cash flow hedge relationships

	31/12/23			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Cross-currency interest rate swaps - Notional	0	89,581,654	0	89,581,654
Cross-currency interest rate swaps - Average fixed rate		5.01%		
Other currency derivatives - Notional	788,630	0	0	788,630
TOTAL	788,630	89,581,654	0	90,370,284

	31/12/24			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Cross-currency interest rate swaps - Notional	0	89,581,654	0	89,581,654
Cross-currency interest rate swaps - Average fixed rate		5.01%		
Other currency derivatives - Notional	0	0	0	0
TOTAL	0	89,581,654	0	89,581,654

6.1.8. Hedged items in fair value hedge relationships

	31/12/23	
	Carrying amount of hedged items	Accumulated amount of fair value adjustments on hedged items
Micro fair value hedges		
Loans and advances measured at amortised cost	78,440,728	(3,252,422)
Debt securities measured at FVTOCI	229,926,226	(13,325,003)
Debt securities measured at amortised cost	4,941,589,092	(366,369,359)
TOTAL ASSETS	5,249,956,046	(382,946,784)
Debt instruments issued	215,390,369	(7,645,253)
Borrowings and deposits	55,238,469	1,026,901
TOTAL LIABILITIES	270,628,838	(6,618,352)

	31/12/24	
	Carrying amount of hedged items	Accumulated amount of fair value adjustments on hedged items
Micro fair value hedges		
Loans and advances measured at amortised cost	49,642,506	(466,100)
Debt securities measured at FVTOCI	349,002,976	5,251,940
Debt securities measured at amortised cost	4,866,738,960	(202,761,837)
TOTAL ASSETS	5,265,384,442	(197,975,997)
Debt instruments issued	321,543,706	(2,990,586)
Borrowings and deposits	456,974,328	3,737,594
TOTAL LIABILITIES	778,518,034	747,008

6.1.9. Hedge effectiveness for fair value hedge relationships

	31/12/23		
	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
	Hedged instrument	Hedging instrument	
Micro fair value hedge relationships	381,507,192	(381,447,437)	59,755
Portfolio fair value hedge	(11,872)	11,371	(501)
TOTAL	381,495,320	(381,436,066)	59,254

	31/12/24		
	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
	Hedged instrument	Hedging instrument	
Micro fair value hedge relationships	180,003,354	(180,300,731)	(297,377)
Portfolio fair value hedge	0	0	0
TOTAL	180,003,354	(180,300,731)	(297,377)

6.1.10. Hedge effectiveness for cash flow hedge relationships

	31/12/23					
	Notional amount	Carrying value		Change in fair value of hedging instruments in the year used for ineffectiveness measurement		
		Assets	Liabilities	Total	Effective portion	Hedge ineffectiveness
Derivatives instruments						
Macro cash flow hedge	320,561,550	3,010,009	647,641	690,879	690,879	0
Micro cash flow hedge	90,370,284	3,856,130	521,014	(3,057,872)	(3,057,872)	0
Non-derivatives instruments						
Macro cash flow hedge	0	0	0	0	0	0
TOTAL	410,931,834	6,866,139	1,168,655	(2,366,993)	(2,366,993)	0

	31/12/24					
	Notional amount	Carrying value		Change in fair value of hedging instruments in the year used for ineffectiveness measurement		
		Assets	Liabilities	Total	Effective portion	Hedge ineffectiveness
Derivatives instruments						
Macro cash flow hedge	263,177,682	4,807,355	761,425	(321,532)	(321,532)	0
Micro cash flow hedge	89,581,654	7,928,963	528,353	(1,635,633)	(1,635,633)	0
Non-derivatives instruments						
Macro cash flow hedge	0	0	0	0	0	0
TOTAL	352,759,336	12,736,318	1,289,778	(1,957,165)	(1,957,165)	0

6.1.11. Detail of hedge of net investment in foreign operations against foreign exchange movements

HEDGING INSTRUMENTS	31/12/23			
	Carrying amount of hedging instruments	Change in fair value of hedging instruments used for measurement hedge ineffectiveness		
		Effective portion recognised in OCI	Hedge ineffectiveness recognised in the income statement	Reclassified into income statement
Deposits in CHF	141,576,675	(8,439,678)	0	0
Deposits in HKD	13,517,567	510,955	0	0
TOTAL MICRO NET INVESTMENT HEDGES	155,094,242	(7,928,723)	0	0

	31/12/23
HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS	Change in a fair value of hedged item for ineffectiveness assessment
Investments in CHF subsidiaries	8,439,678
Investments in HKD subsidiaries	(510,955)
TOTAL	7,928,723

HEDGING INSTRUMENTS	31/12/24			
	Carrying amount of hedging instruments	Change in fair value of hedging instruments used for measurement hedge ineffectiveness		
		Effective portion recognised in OCI	Hedge ineffectiveness recognised in the income statement	Reclassified into income statement
Deposits in CHF	139,290,268	2,286,406	0	0
Deposits in HKD	3,519,571	(1,196,908)	0	0
TOTAL MICRO NET INVESTMENT HEDGES	142,809,839	1,089,498	0	0

	31/12/24
HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS	Change in a fair value of hedged item for ineffectiveness assessment
Investments in CHF subsidiaries	(2,286,406)
Investments in HKD subsidiaries	1,196,908
TOTAL	(1,089,498)

6.1.12. Hedging activities impact on equity

EQUITY RECONCILIATION	2023		
	Cash flow hedging reserve	Translation reserve	Net investment hedge reserve
OPENING BALANCE AS AT 1 JANUARY	3,769,310	(19,599,096)	0
Cash flow hedges			
Effective portion of change in fair value arising from:			
Cross currency interest rate swaps	(3,057,872)		
Interest rate swaps	690,879		
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Net investment hedges			
Foreign currency revaluation on the hedging financial investments		**7,928,723**	
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Foreign currency revaluation on the unhedged net foreign operations		**(5,560,844)**	
Tax impact on the above	**590,328**		
CLOSING BALANCE AS AT 31 DECEMBER	1,992,645	(17,231,217)	0

EQUITY RECONCILIATION	2024		
	Cash flow hedging reserve	Translation reserve	Net investment hedge reserve
OPENING BALANCE AS AT 1 JANUARY	1,992,645	(17,231,217)	0
Cash flow hedges			
Effective portion of change in fair value arising from:			
Cross currency interest rate swaps	(1,750,685)		
Interest rate swaps	(206,480)		
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Others (including FX translation)			
Net investment hedges			
Foreign currency revaluation on the hedging financial investments		**(1,089,498)**	
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Foreign currency revaluation on the unhedged net foreign operations		**(251,932)**	
Tax impact on the above	**495,581**		
CLOSING BALANCE AS AT 31 DECEMBER	531,061	(18,572,647)	0

6.2. Deferred tax

ANALYSIS	31/12/23	31/12/24
Net deferred tax assets	128,102,833	117,163,483
Deferred tax liabilities	(11,214,380)	(12,000,695)
NET DEFERRED TAX	116,888,453	105,162,788

MOVEMENTS	2023	2024
AS AT 1 JANUARY	141,835,819	116,888,453
Movements during the financial year:		
- Amounts recognised in the statement of income	(27,325,246)	(5,556,876)
- Items directly computed by equity	2,168,581	240,058
- Effect of change in tax rates - statement of income	0	(6,581,243)
- Effect of change in tax rates - equity	0	(55,501)
- Exchange differences	40,497	(6,338)
- Other movements	168,802	234,235
AS AT 31 DECEMBER	116,888,453	105,162,788

DEFERRED TAX COMING FROM ASSETS	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Cash loans and loss provisions	15,263,643	(9,216,530)	8,043,307	(7,218,557)
Securities	3,880,914	(65,787)	3,354,167	(871,307)
Derivatives	(662,091)	0	(166,510)	0
Tangible and intangible fixed assets	(3,299,880)	3,377,299	(3,105,594)	96,763
TOTAL	15,182,586	(5,905,018)	8,125,370	(7,993,101)

DEFERRED TAX COMING FROM LIABILITIES	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Borrowings, deposits and issuance of debt securities	(2,559,500)	152,807	(1,286,076)	849,144
Provisions	2,754,203	(220,629)	1,459,178	(1,285,987)
Pensions	(2,595,221)	(373,447)	(3,616,979)	(83,085)
Other liabilities specific to insurance companies	(9,586,196)	(1,184,060)	(10,390,780)	(804,585)
TOTAL	(11,986,714)	(1,625,329)	(13,834,657)	(1,324,513)

DEFERRED TAX COMING FROM OTHER ITEMS	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Tax losses carried forward	195,831,488	(44,394,899)	161,261,635	(34,569,853)
less: impairments	(82,138,907)	24,600,000	(50,389,560)	31,749,347
TOTAL	113,692,581	(19,794,899)	110,872,075	(2,820,506)

The net amount of EUR 117.2 million of deferred tax assets comprises mainly deferred tax assets of EUR 161.2 million related to the tax losses carried forward following the liquidation of a former foreign branch and impaired for an amount of EUR 50.4 million as at 31 December 2024.

Considering that :

- A large part of the unused tax losses results from identifiable causes which are unlikely to recur (the significant amount of 2011 losses result indeed from the sale of the Legacy portfolio, from sales of participations and from deleveraging impacts);
- BIL decided to re-focus on its historical business which is unlikely to generate such losses in the future but rather a stable to increasing profitability over the next years;
- BIL new strategies are clear with a limited risk appetite, which again limits the risk that significant unexpected losses may occur in the future.

BIL analysis on future taxable profit over the next years concludes that the Bank will be able to use the unused tax losses over a medium-term period (no time restriction applied in Luxembourg on tax losses generated before the tax reform).

Based on these considerations, BIL recognises the amount of tax losses that can be used over this medium-term period.

The line item "Tax losses carried forward" comprises EUR 110.8 million after impairment as at 31 December 2024 (EUR 108.3 million after impairment as at 31 December 2023) which are related to the liquidation of the former foreign branch.

During 2024, the Bank started to consume the tax losses carried forward generated from the liquidation of the former foreign branch. Until 2023, the Group used the tax losses carried forward related to the head office, BIL Luxembourg.

The breakdown of deferred tax assets by jurisdiction country is set out below:

	31/12/23			
	Total deferred tax assets related to tax losses carried forward		Total investment tax credits carried forward	
	Of which recognised	*Of which not recognised*	*Of which recognised*	*Of which not recognised*
Luxembourg	*194,961,351*	*1,416,353*	*870,137*	*5,207,992*
Switzerland	*0*	*5,835,183*	*0*	*0*
China (Hong Kong)	*0*	*1,795,371*	*0*	*0*
TOTAL	*194,961,351*	*9,046,907*	*870,137*	*5,207,992*

	31/12/24			
	Total deferred tax assets related to tax losses carried forward		Total investment tax credits carried forward	
	Of which recognised	*Of which not recognised*	*Of which recognised*	*Of which not recognised*
Luxembourg	*161,183,907*	*1,561,170*	*870,137*	*6,804,206*
Switzerland	*0*	*5,702,980*	*0*	*0*
China (Hong Kong)	*0*	*2,239,194*	*0*	*0*
TOTAL	*161,183,907*	*9,503,344*	*870,137*	*6,804,206*

Tax losses can be carried forward without time limit or for a maximum period depending on the jurisdictions concerned.

Investment tax credits can be used in Luxembourg in the tax year during which the investment is made and the remaining investment tax credit can be carried forward for the ten subsequent tax years.

6.3. Related party transactions

	31/12/23				
	Key management	Parent and entities with joint control or significant influence	Subsidiaries	Associates and joint ventures	Other related parties
Loans and advances	6,658,966	79,383,730	1	0	0
Equity instruments	0	0	86,167	594,782	0
Deposits	4,332,348	575,194	68,253	431,537	1,361,121
Loan commitments, financial guarantees and other commitments given	45,530	0	115,068	2,500,000	0
Interest received	46,312	2,916,709	94	1,911	0
Interest paid	(1,643)	0	0	(1,134)	0
Fee and commission expenses	(7)	326	0	0	0
Fee and commission income	4,638	75,342	1,906	20	0

	31/12/24				
	Key management	Parent and entities with joint control or significant influence	Subsidiaries	Associates and joint ventures	Other related parties
Loans and advances	14,372,044	80,146,262	0	1,689,300	0
Equity instruments	0	0	86,167	594,782	0
Deposits	8,698,331	360,485	39,205	1,151,399	1,353,093
Loan commitments, financial guarantees and other commitments given	1,193,604	0	120,601	4,163,874	8,790,800
Interest received	634,774	5,022,656	85,297	0	0
Interest paid	(283,726)	0	(10,158)	0	(13,329)
Fee and commission expenses	629	0	(550)	0	0
Fee and commission income	42,237	553	20,345	0	35,017

For the details regarding the Remuneration of Board members and Management members, please refer to Note 8.8 Staff expenses.

All loans with related parties are granted at market conditions. No stage 3 impairment was recorded on the loans to the related parties.

6.4. Subscribed and authorised capital

By share category	31/12/23	31/12/24
Number of shares authorised and not issued	2,927,025	2,927,025
Number of shares issued and fully paid up	2,087,261	2,087,261
Capital	146,108,270	146,108,270
Value per share (accounting par value)	EUR 70	EUR 70
Number of treasury shares	0	0

Following the extraordinary general meeting of 25 April 2024, and in accordance with the articles of association, the Board of Directors of the Bank is authorised to increase the share capital to a maximum of EUR 351 million, without prejudice to possible renewals, until 24 April 2029.

6.5. Acquisitions and disposals of consolidated companies

6.5.1. Main acquisitions

YEAR 2023

None.

YEAR 2024

None.

6.5.2. Main disposals

YEAR 2023

None.

YEAR 2024

None.

Note 7: Notes on the consolidated off-balance sheet items

7.1. Regular way trade

	31/12/23	31/12/24
Loans to be delivered	906,028,008	775,611,557
Borrowings to be received	927,145,767	784,278,227

7.2. Guarantees

	31/12/23	31/12/24
Guarantees given to credit institutions	153,465,265	29,370,449
Guarantees given to customers	670,568,334	605,126,388
Guarantees received from credit institutions	66,174,769	64,082,116
Guarantees received from customers	842,513,644	832,060,131

7.3. Loan commitments

	31/12/23	31/12/24
Unused credit lines granted to credit institutions	195,840,239	156,380,431
Unused credit lines granted to customers	3,682,160,534	3,625,266,143

7.4. Other commitments

	31/12/23	31/12/24
Banking activity - Other commitments given	42,981,942,195	51,589,495,343
Banking activity - Other commitments received	217,866,649,005	194,895,493,624
of which Assets held on behalf of third parties	*205,817,433,602*	*182,034,824,301*

Note 8: Notes on the consolidated statement of income

8.1. Interest and similar income – Interest and similar expenses

	31/12/23	31/12/24
INTEREST AND SIMILAR INCOME	1,450,962,214	1,678,389,023
Interest and similar income of assets not measured at fair value through profit or loss	**924,010,858**	**1,032,000,252**
Cash and balances with central banks	84,824,210	71,712,083
Loans and advances to credit institutions	35,313,280	42,636,276
Loans and advances to customers	622,934,051	680,077,865
Financial investments measured at fair value	20,918,463	11,351,007
Financial investments measured at amortised cost	158,745,004	222,446,904
Other	1,275,850	3,776,117
Interest and similar income of assets measured at fair value through profit or loss	**525,936,541**	**645,910,010**
Financial assets held for trading	281,245	2,164,276
Derivatives held for trading	264,851,703	346,276,864
Derivatives used for hedging purposes	260,803,593	297,468,870
Interest income on liabilities	**1,014,815**	**478,761**
INTEREST AND SIMILAR EXPENSES	(913,535,428)	(1,203,325,766)
Interest and similar expenses of liabilities not measured at fair value through profit or loss	**(487,301,633)**	**(639,371,732)**
Amounts due to credit institutions	(161,757,595)	(225,819,248)
Amounts due to customers	(272,779,988)	(331,782,843)
Debt securities	(37,526,729)	(65,752,925)
Subordinated debts	(14,891,454)	(15,756,113)
Lease liability	(339,266)	(260,007)
Other	(6,601)	(596)
Interest and similar expenses of liabilities measured at fair value through profit or loss	**(424,987,789)**	**(563,436,737)**
Financial liabilities held for trading	(47,862)	(3,800)
Financial liabilities designated at fair value through profit or loss	(136,366,667)	(134,797,516)
Derivatives held for trading	(159,491,594)	(281,017,562)
Derivatives used for hedging purposes	(129,081,666)	(147,617,859)
Interest expenses on assets	**(1,246,006)**	**(517,297)**
NET INTEREST INCOME	537,426,786	475,063,257

In order to ensure the comparability with the figures for the year 2024, the amounts of "Cash and balances with central banks" and "Loans and advances to credit institutions" have been reclassified for the year 2023.

8.2. Dividend income

	31/12/23	31/12/24
Financial investments measured at fair value	987,141	991,404
TOTAL	987,141	991,404

8.3. Net trading income

	31/12/23	31/12/24
Net income from trading transactions	8,716,363	15,059,851
of which income from trading securities	*1,793,787*	*5,399,439*
of which income from trading derivatives	*6,922,576*	*9,660,412*
Net income from hedging derivatives classified in the accounts as trading derivatives (accounting mismatch)	107,794,113	(21,992,206)
Net foreign exchange gain/(loss)	5,737,230	8,814,073
TOTAL	122,247,706	1,881,718

The "Net income from hedging derivatives" is mainly impacted by derivatives hedging financial liabilities designated at fair value through profit or loss (see Note 8.4). Important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

8.4. Net income on financial instruments measured at FV and net result of hedge accounting

	31/12/23	31/12/24
Net income on financial investments measured at fair value through other comprehensive income	721,530	375,974
Net income on financial investments at fair value through profit or loss	3,016,388	3,580,351
of which financial investments mandatorily fair value through profit or loss	*3,016,388*	*3,580,351*
Net income on financial liabilities designated at fair value through profit or loss	(106,233,085)	20,150,152
NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE	(102,495,167)	24,106,477
Fair value hedge	**59,755**	**(297,377)**
Change in the fair value of the hedged item attributable to the hedged risk	381,507,192	180,003,354
Fair value revaluation (+: gains/ -: losses) / Derivative Financial Instruments / Derivative Financial Instruments - Fair Value Hedge	(381,447,437)	(180,300,731)
Portfolio hedge against interest rate risk	**(501)**	**0**
Fair value revaluation - Portfolio hedge - Hedged items	(11,872)	0
Fair value revaluation - Derivatives - Portfolio hedge	11,371	0
Discontinuation of cash flow hedge accounting (cash flows not expected to occur)	**0**	**0**
NET RESULT OF HEDGE ACCOUNTING	59,254	(297,377)
TOTAL	(102,435,913)	23,809,100

Important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

8.5. Net income on derecognition of financial instruments measured at amortised cost

	31/12/23	31/12/24
Net income on loans and advances measured at amortised cost	2,446,972	808,019
of which : gains on derecognition on loans and advances	*2,446,972*	*808,019*
Net income on financial investments measured at amortised cost	5,780,584	1,469,869
of which : losses on derecognition on debt securities	*(12,052,497)*	*(916,319)*
of which : gains on derecognition on debt securities	*17,833,081*	*2,386,188*
Net income on financial liabilities at amortised cost	57,510	207,664
TOTAL	8,285,066	2,485,552

8.6. Fee and commission income and expenses

	31/12/23			31/12/24		
	Income	Expenses	Net	Income	Expenses	Net
Management of unit trusts and mutual funds	30,374,733	(12,178,351)	18,196,382	32,525,732	(14,516,996)	18,008,736
Insurance activity	5,229,563	(1,122,144)	4,107,419	4,620,660	(1,180,331)	3,440,329
Credit activity	28,808,949	(1,117,751)	27,691,198	23,105,058	(1,109,074)	21,995,984
Purchase and sale on securities	20,321,635	(4,294,341)	16,027,294	35,017,539	(2,021,933)	32,995,606
Payment services	39,717,244	(369,391)	39,347,853	47,165,020	(22,937)	47,142,083
Commissions to non-exclusive brokers	0	(173,455)	(173,455)	0	(237,655)	(237,655)
Financial engineering	247,982	(41,355)	206,627	288,508	(61,821)	226,687
Services on securities other than safe keeping	5,082,165	(541,615)	4,540,550	3,234,913	(1,308,684)	1,926,229
Custody	29,569,228	(5,242,877)	24,326,351	31,385,033	(4,827,160)	26,557,873
Issues and placements of securities	14,014,667	(11,086,403)	2,928,264	875,000	(14,485,227)	(13,610,227)
Private banking	48,034,244	(5,846,877)	42,187,367	35,949,800	(712,529)	35,237,271
Clearing and settlement	20,762,156	(2,504,881)	18,257,275	16,955,687	(1,471,983)	15,483,704
Securities lending	60,766	(58,461)	2,305	0	(35,394)	(35,394)
Other	15,143,665	(766,801)	14,376,864	19,226,207	(4,084,785)	15,141,422
TOTAL	257,366,997	(45,344,703)	212,022,294	250,349,157	(46,076,509)	204,272,648

8.7. Other net income

	31/12/23	31/12/24
Operating taxes	1,513,111	0
Rental income	80,047	325,137
Gains on tangible fixed assets	770,773	2,046,454
Technical margins insurance companies (income)	2,368,078	2,045,145
Other income on other activities	18,172,593	21,108,364
OTHER INCOME	22,904,602	25,525,100
Operating taxes	(3,392,711)	(3,560,786)
Other bank charges	(18,575,096)	(3,013,324)
Losses on tangible fixed assets	0	(224,622)
Technical margins insurance companies (expenses)	(1,665,495)	(1,496,282)
Fair value adjustments on investment property	(5,462,476)	(241,462)
Loss on other receivables	(356,475)	0
Loss on other assets	(1,287)	0
Provisions - Legal litigation claims - Other Operational	(38,779)	(403,932)
Other expenses on other activities	(10,360,140)	(6,029,740)
OTHER EXPENSES	(39,852,459)	(14,970,148)
TOTAL	(16,947,857)	10,554,952

The line item "Other income on other activities" primarily consists of write-backs of accrued expenses and provisions related to previous reporting periods.

The line item "Other bank charges" consists of contributions paid to the Fonds de garantie des dépôts Luxembourg, the Single Resolution Fund and the Fonds de résolution Luxembourg.

The line item "Other expenses on other activities" consists primarily of provisions for litigation and extraordinary loss.

8.8. Staff expenses

8.8.1. Staff expenses

	31/12/23	31/12/24
Wages and salaries	(222,802,076)	(203,193,695)
Social security and insurance costs	(23,797,003)	(25,929,080)
Staff benefits	(12,183,231)	(12,068,572)
Restructuring expenses	(4,069,219)	(8,145,063)
Other expenses	(3,294,145)	(3,716,794)
TOTAL	(266,145,674)	(253,053,204)

8.8.2. Workforce

(in average FTE)	2023	2024
Senior management	45	48
Employees	1,959	1,901
TOTAL	2,004	1,949

	2023			
(in average FTE)	Luxembourg	Other Europe	Other Non-Europe	Total BIL group
Senior management	44	1	0	45
Employees	1,844	107	8	1,959
TOTAL	1,888	108	8	2,004

	2024			
(in average FTE)	Luxembourg	Other Europe	Other Non-Europe	Total BIL group
Senior management	46	1	1	48
Employees	1,781	114	6	1,901
TOTAL	1,827	115	7	1,949

8.8.3. Remuneration of BIL Group's administrative and managerial bodies

During the financial year, the Group granted emoluments to the current Board members of senior management and has made contributions in respect of retirements pensions on their behalf as follows:

	Remuneration		Retirement pensions	
	31/12/23	31/12/24	31/12/23	31/12/24
Board members	1,398,774	1,764,833	0	0
Senior Management	18,801,014	22,507,786	1,623,827	1,966,803
TOTAL	20,199,788	24,272,619	1,623,827	1,966,803

8.8.4. Defined contribution plan expenses

	31/12/23	31/12/24
Defined contribution plan expenses	7,943,430	8,465,719
TOTAL	7,943,430	8,465,719

8.9. General and administrative expenses

	31/12/23	31/12/24
Occupancy	(11,813,626)	(9,330,622)
Operating leases	(983,975)	(427,056)
Professional fees	(42,367,902)	(31,634,662)
Marketing, advertising and public relations	(7,739,180)	(7,445,142)
Technology and system costs	(51,280,623)	(46,532,512)
Software costs and maintenance expenses	(28,929,889)	(27,981,430)
Repair and maintenance expenses	(1,198)	(81,541)
Operational taxes	3,000,789	2,175,010
Restructuring costs other than staff	164,981	0
Other general and administrative expenses	(44,013,798)	(48,826,196)
TOTAL	(183,964,421)	(170,084,151)

The line item "Other general and administrative expenses" primarily comprises the cost of financial information, of payment cards issued, professional contributions, insurance covers and the transport of valuables.

8.10. Independent auditor's fees

The fees for the services rendered by the independent auditor (including network firms) for the years 2023 and 2024 are as follows (VAT excluded).

	2023	2024
Statutory audit	2,461,543	2,084,981
Audit-related fees	297,608	316,306
Tax services	61,720	4,500
Other services	141,018	361,085
TOTAL	2,961,889	2,766,872

The non-audit services that the independent auditor have provided to the Bank and its controlled undertakings for the year then ended are the following:

- Issuance of reports required by the regulators;
- Issuance of agreed upon procedures reports;
- Issuance of comfort letters on debt instruments issuance;
- Provision of generic trainings;
- Provision of tax advice;
- Provision of advice on onboarding of third-party fund.

8.11. Amortisation of tangible, intangible and right-of-use asset

	31/12/23	31/12/24
Depreciation on land and buildings	(4,452,130)	(4,547,057)
Depreciation on other tangible fixed assets	(1,083,465)	(1,251,998)
Depreciation on IT equipment	(3,070,197)	(3,287,130)
Depreciation on intangible fixed assets	(40,818,377)	(60,212,999)
Depreciation on right-of-use	(5,774,643)	(6,076,961)
TOTAL	(55,198,812)	(75,376,145)

8.12. Impairment on financial instruments and provisions for credit commitments

	31/12/23			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and demand deposits	**28,813**	**45,607**	**0**	**74,420**
Financial assets measured at amortised cost	**16,043,397**	**9,434,153**	**(48,463,605)**	**(22,986,055)**
Loans and advances to credit institutions measured at amortised cost	1,033,742	8,442	1,569	1,043,753
Loans and advances to customers measured at amortised cost	9,171,422	9,569,225	(48,465,174)	(29,724,527)
Debt securities measured at amortised cost	5,838,233	(143,514)	0	5,694,719
Financial assets measured at fair value through other comprehensive income	**193,503**	**(16)**	**0**	**193,487**
Debt securities measured at fair value through other comprehensive income	193,503	(16)	0	193,487
Other receivables	**0**	**0**	**362,388**	**362,388**
Off-balance sheet commitments	**(67,946)**	**(839,236)**	**(2,355,098)**	**(3,262,280)**
TOTAL IMPAIRMENTS	16,197,767	8,640,508	(50,456,315)	(25,618,040)

	31/12/24			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and demand deposits	**(2,958)**	**3,551**	**0**	**593**
Financial assets measured at amortised cost	**20,949,470**	**9,217,473**	**(61,729,064)**	**(31,562,121)**
Loans and advances to credit institutions measured at amortised cost	(36,116)	1,730	(26)	(34,412)
Loans and advances to customers measured at amortised cost	19,982,756	8,592,843	(59,453,967)	(30,878,368)
Debt securities measured at amortised cost	1,002,830	622,900	(2,275,071)	(649,341)
Financial assets measured at fair value through other comprehensive income	**24,322**	**0**	**0**	**24,322**
Debt securities measured at fair value through other comprehensive income	24,322	0	0	24,322
Other receivables	**0**	**0**	**(5,108)**	**(5,108)**
Off-balance sheet commitments	**4,898,091**	**(26,898)**	**(1,631,132)**	**3,240,061**
TOTAL IMPAIRMENTS	25,868,925	9,194,126	(63,365,304)	(28,302,253)

As at 31 December 2023:

- Loans and advances to customers classified under Stage 1 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -8.19 million and (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.5 million. Refer to the section "ECL Management Overlays" of note 9.2.1 on Expected Credit Losses measurement.
- Loans and advances to customers classified under Stage 2 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -2.73 million and (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.1 million. Refer to the section "ECL Management Overlays" of note 9.2.1 on Expected Credit Losses measurement.
- The figures as at 31 December 2023 have been reclassified to ensure the comparability with the figures as at 31 December 2024. (refer note 1.2.4).

As at 31 December 2024:

- Loans and advances to customers classified under Stage 1 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -1.01 million, (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -1.28 million and (iii) the "Acquisition, Development and Construction portfolio" Management Overlay for an amount of EUR -4.18 million. Refer to the section "ECL Management Overlays" of note 9.2.1 on Expected Credit Losses measurement.
- Loans and advances to customers classified under Stage 2 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -0.70 million, (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.47 million and (iii) the "Acquisition, Development and Construction portfolio" management overlay for an amount of EUR -1.48 million. Refer to the section "ECL Management Overlays" of note 9.2.1 on Expected Credit Losses measurement.

8.13. Tax expenses

	31/12/23	31/12/24
Income tax for current financial year	(1,300,574)	(8,263,139)
Deferred taxes	(29,605,405)	(12,138,121)
Tax on current financial year result (A)	**(30,905,979)**	**(20,401,260)**
Income tax for previous year	0	70,836
Deferred taxes for previous year	2,280,157	0
Other tax expenses (B)	**2,280,157**	**70,836**
TOTAL (A)+(B)	(28,625,822)	(20,330,424)

EFFECTIVE CORPORATE INCOME TAX RATE

The standard tax rate applicable in Luxembourg was 24.94% in 2023 and 2024. Starting from 2025, the standard tax rate applicable is 23.87%.

The effective BIL tax rate was 13.41% in 2023 and 10.59% in 2024.

The difference between both rates may be analysed as follows:

	31/12/23	31/12/24
NET INCOME BEFORE TAX	230,393,773	190,119,214
Tax base	**230,393,773**	**192,634,699**
Applicable tax rate at year-end	24.94%	24.94%
Theoretical corporate income tax at standard rate	**(57,460,207)**	**(48,043,094)**
Effect of different tax rates in other countries	777,585	(226,914)
Tax effect of non-deductible expenses	(1,495,986)	(1,659,656)
Tax effect of non-taxable income	527,634	4,951,889
Effect of change in tax rates \ Other	0	(6,581,242)
Tax effect on the use of previous tax losses not recognised in the assets	24,600,000	28,917,847
Other	2,144,995	2,239,910
Tax on current financial year result	**(30,905,979)**	**(20,401,260)**
EFFECTIVE TAX RATE	13.41%	10.59%

The accounting effective tax rate does not take into account adjustments under Pillar 2 model rules. The specific adjustments expected in the Pillar 2 model rules give rise to a different GloBE effective tax rate.

BIL Group, as part of Legend Holdings Group, is within the scope of the OECD/EU Pillar Two rules. Pillar 2 legislation has been enacted or substantively enacted in certain jurisdictions in which BIL Group operates. The Intermediate Parent Entity is located in Luxembourg and, therefore, applies the Income Inclusion Rule ("IIR"), for the entities controlled in jurisdictions where Pillar 2 rules were not (fully) enacted. The legislation came into effect for the BIL Group's financial year beginning on or after 31 December 2023.

Under the legislation, BIL Group is liable to pay a top-up tax for the difference between its Pillar 2 effective tax rate per jurisdiction and the 15% minimum tax rate.

The Group performed an impact assessment of the OECD transitional safe harbour rules and the full Pillar 2 rules and concluded that it should not be subject to top-up tax for the current year.

BIL Group applies the mandatory and temporary exception to the accounting recognition of the deferred tax assets and liabilities related to Pillar 2 regulation, according to the amendments to IAS 12 issued in May 2023.

Note 9: Notes on risk exposures and other information on financial instruments

9.1. Fair value of financial instruments

9.1.1. Breakdown of Fair Value

FAIR VALUE OF ASSETS	31/12/23			31/12/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and balances with central banks and demand deposits	2,981,518,726	2,981,518,726	0	1,547,928,488	1,547,928,488	0
Financial assets held for trading	19,345,375	19,345,375	0	30,084,003	30,084,003	0
Financial investments measured at fair value	581,678,327	581,678,327	0	662,588,667	662,588,667	0
Financial assets at fair value through other comprehensive income	*550,895,485*	*550,895,485*	*0*	*629,555,261*	*629,555,261*	*0*
Non-trading financial assets mandatorily at fair value through profit or loss	*30,782,842*	*30,782,842*	*0*	*33,033,406*	*33,033,406*	*0*
Loans and advances to credit institutions	691,083,436	691,071,139	(12,297)	1,911,806,505	1,912,218,847	412,342
Loans and advances to customers	16,350,390,372	15,814,270,897	(536,119,475)	16,171,572,686	15,833,961,468	(337,611,218)
Financial investments measured at amortised cost	8,629,112,546	8,559,448,464	(69,664,082)	9,149,825,205	9,035,335,854	(114,489,351)
Derivatives	547,153,628	547,153,628	0	517,156,129	517,156,129	0
TOTAL	29,800,282,410	29,194,486,556	(605,795,854)	29,990,961,683	29,539,273,456	(451,688,227)

FAIR VALUE OF LIABILITIES	31/12/23			31/12/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Amounts due to credit institutions	3,720,728,528	3,720,727,734	(794)	2,795,687,676	2,790,468,962	(5,218,714)
Amounts due to customers	18,455,039,645	18,443,262,388	(11,777,257)	18,761,707,607	18,763,137,808	1,430,201
Financial liabilities measured at fair value through profit or loss	2,836,485,340	2,836,485,340	0	3,218,662,440	3,218,662,440	0
Derivatives	316,493,915	316,493,915	0	392,130,132	392,130,132	0
Debt securities	2,034,068,527	1,979,456,238	(54,612,289)	2,431,745,499	2,410,832,456	(20,913,043)
Subordinated debts	345,756,383	322,142,429	(23,613,954)	351,753,210	332,855,477	(18,897,733)
TOTAL	27,708,572,338	27,618,568,044	(90,004,294)	27,951,686,564	27,908,087,275	(43,599,289)

In accordance with our valuation rules, the fair value of certain items is equal to their carrying value.

With the exception of the items "Financial liabilities held for trading" and "Financial liabilities designated at fair value", the yield differential due to the Bank's own credit quality was deemed unchanged for the purpose of calculating the fair value.

9.1.2. Analysis of the fair value of financial assets and liabilities

The table below provides an analysis of the fair value of financial instruments measured at fair value after their initial recognition, grouped in three levels from 1 to 3, according to the degree of observability of the fair value:

- Level 1: fair value measurements are based on (unadjusted) prices quoted on active markets for similar assets or liabilities.
- Level 2: fair value measurements are based on data other than the quoted prices included in Level 1, which are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives).
- Level 3: fair value measurements are based on valuation techniques that include assets or liabilities data that are not based on observable market data (non-observable data).

Fair value of financial instruments which are not fair valued according to their classification and nature is considered as Level 2.

	31/12/23			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	691,071,139	0	691,071,139
Loans and advances to customers	0	15,814,270,897	0	15,814,270,897
Financial assets measured at fair value				
Financial assets held for trading	0	15,601,889	3,743,486	19,345,375
Financial investments measured at fair value	229,926,226	42,064,118	309,687,983	581,678,327
Financial assets at fair value through other comprehensive income	*229,926,226*	*14,846,733*	*306,122,526*	*550,895,485*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*27,217,385*	*3,565,457*	*30,782,842*
Derivatives	0	521,865,776	25,287,852	547,153,628
TOTAL	229,926,226	17,084,873,819	338,719,321	17,653,519,366

	31/12/24			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	1,912,218,847	0	1,912,218,847
Loans and advances to customers	0	15,833,961,468	0	15,833,961,468
Financial assets measured at fair value				
Financial assets held for trading	0	28,538,689	1,545,314	30,084,003
Financial investments measured at fair value	349,002,977	44,360,962	269,224,728	662,588,667
Financial assets at fair value through other comprehensive income	*349,002,977*	*14,909,929*	*265,642,355*	*629,555,261*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*29,451,033*	*3,582,373*	*33,033,406*
Derivatives	0	495,141,078	22,015,051	517,156,129
TOTAL	349,002,977	18,314,221,044	292,785,093	18,956,009,114

Fair value may also be calculated by the interpolation of market prices.

Level 3 financial assets measured at fair value are composed mainly of equity instruments.

	31/12/23			
LIABILITIES	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	3,720,727,734	0	3,720,727,734
Amounts due to customers	0	18,443,262,388	0	18,443,262,388
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,729,239,842	1,107,245,498	2,836,485,340
Derivatives	0	274,397,897	42,096,018	316,493,915
TOTAL	0	24,167,627,861	1,149,341,516	25,316,969,377

	31/12/24			
LIABILITIES	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	2,790,468,962	0	2,790,468,962
Amounts due to customers	0	18,763,137,808	0	18,763,137,808
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,999,450,082	1,219,212,358	3,218,662,440
Derivatives	0	322,915,394	69,214,738	392,130,132
TOTAL	0	23,875,972,246	1,288,427,096	25,164,399,342

Fair value may also be calculated by the interpolation of market prices.

9.1.3. Transfer between Level 1 and Level 2

ASSETS

No transfer was made between Level 1 and Level 2 on assets in 2023 and 2024.

LIABILITIES

No transfer was made between Level 1 and Level 2 on liabilities in 2023 and 2024.

9.1.4. Level 3 reconciliation

31/12/23											
ASSETS	Opening	Total gains and losses in statement of income	Gains and Losses in other comprehensive income-realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Transfer from Level 3	Conversion differences	Other	Closing
Financial assets held for trading	2,660,405	40,304	0	2,295,750	(1,252,973)	0	0	0	0	0	3,743,486
Financial assets measured at fair value	300,319,940	72,003	7,805,857	1,948,793	(100)	(470,554)	0	0	12,043	0	309,687,983
Derivatives	6,697,829	(4,625,828)	0	23,215,851	0	0	0	0	0	0	25,287,852
TOTAL	309,678,174	(4,513,521)	7,805,857	27,460,394	(1,253,073)	(470,554)	0	0	12,043	0	338,719,321

31/12/24											
ASSETS	Opening	Total gains and losses in statement of income	Gains and Losses in other comprehensive income-realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Transfer from Level 3	Conversion differences	Other	Closing
Financial assets held for trading	3,743,486	67,640	0	843,274	(3,109,086)	0	0	0	0	0	1,545,314
Financial assets measured at fair value	309,687,983	16,916	(44,689,232)	4,212,947	0	0	0	0	(3,888)	0	269,224,728
Derivatives	25,287,852	(23,747,392)	0	20,474,591	0	0	0	0	0	0	22,015,051
TOTAL	338,719,321	(23,662,836)	(44,689,232)	25,530,812	(3,109,086)	0	0	0	(3,888)	0	292,785,093

31/12/23									
LIABILITIES	Opening	Total gains and losses in statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Transfer from Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	746,719,924	18,162,318	932,622,439	(588,936,589)	0	0	0	(1,322,594)	1,107,245,498
Derivatives	78,082,292	(61,555,808)	25,569,534	0	0	0	0	0	42,096,018
TOTAL	824,802,216	(43,393,490)	958,191,973	(588,936,589)	0	0	0	(1,322,594)	1,149,341,516

31/12/24									
LIABILITIES	Opening	Total gains and losses in statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Transfer from Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	1,107,245,498	(9,910,751)	1,070,996,177	(951,519,153)	0	0	0	2,400,587	1,219,212,358
Derivatives	42,096,018	(15,657,240)	42,775,960	0	0	0	0	0	69,214,738
TOTAL	1,149,341,516	(25,567,991)	1,113,772,137	(951,519,153)	0	0	0	2,400,587	1,288,427,096

9.1.5. Valuation techniques used for Level 2 and Level 3 instruments

Description	Valuation techniques (Level 2 and Level 3 instruments)
Unlisted equity securities	- Unobservable transaction prices - Net asset method - Income approach (Discounted Cash Flow method) - Market approach (Comparable company valuation multiples)
Derivatives and Structured Bonds	- Use of quoted market prices or dealer quotes for similar instruments - Discounted cash-flow models - For interest rate swaps, present value of the estimated future cash flows based on observable yield curves - For foreign currency forwards, present value of future cash flows based on the forward exchange rates at the balance sheet date - For foreign currency options, options pricing models (Black-Scholes, Garman-Kohlhagen and others models)

9.1.6. Valuation techniques, valuation inputs and relations to fair value for Level 3 instruments

Description	Unobservable inputs (Level 3 instruments)	Impact on valuation and sensitivity of level (Level 3 instruments)
Unlisted equity securities	- multiples of comparable - discount rate used for discounting cash-flows - expected cash-flows - discount / haircut	The most significant stand-alone level 3 equity instrument is BIL's participation in the Luxair group whose valuation is determined based on observables and unobservable inputs.
Derivatives and Structured Bonds	- credit spreads - liquidity premiums - illiquidity adjustment	The effects of sensitivity mostly impact structured issuances recognised at fair value through profit or loss (Fair-value option). These effects are, however, offset by a reverse sensitivity at the level of the economic hedge measured at fair value through profit or loss (no accounting mismatch). The net sensitivity to unobservable inputs is not considered as significant.

The Bank has developed a procedure to define the notions of an active market (such as the bid & ask) spread, the issuance size, the number of prices, contributors and of observable and non-observable inputs.

Level 3 financial assets held for trading are the result of buy backs of the Bank's structured bonds issued.

9.2. Credit risk

9.2.1. Expected credit losses measurement

9.2.1.1 Expected Credit Losses (ECL) methodology

DEFINITION OF CREDIT RISK

Credit Risk is the risk that a borrower will default on any type of debt by failing to make the required payments. The risk includes loss of principal and interest, disruption of cash flows, and increased collection costs. Facilities can be analysed by the nature of the client/counterparty's obligations or by the following characteristics:

- Type and purpose of the facility;
- Funded vs. unfunded;
- Committed vs. uncommitted;
- Secured vs. unsecured;
- Direct vs. contingent;
- utstanding vs. undrawn;
- Classification in IFRS 9 staging (1, 2 or 3).

DEFINITION OF DEFAULT

Default is defined as the inability of a borrower or guarantor to meet obligations vis-à-vis one or more creditors at any given time or on a continuing basis. The Bank must include all products and positions that are potentially at risk. Default is defined in the Basel II context (Art. 178 CRR) as follows:

"A default shall be considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse to actions such as the realisation of the collateral (if held);
- The obligor is more than 90 days past due on any material credit obligation to the bank group. The materiality of a past due credit obligation is assessed using a threshold, which comprises two components: an absolute and a relative component. The past due credit obligation is considered material when both the absolute and relative components are exceeded for more than 90 consecutive days."

The absolute component is a limit in terms of the sum of all amounts past due owed by the obligor to BIL Group, (hereinafter the 'credit obligation past due') and is set at:

- EUR 100 for retail exposures;
- EUR 500 for exposures other than retail exposures.

The relative component is a limit in terms of the amount of the past due credit obligation in relation to the total amount of all on-balance sheet exposures to that obligor for BIL Group, excluding equity exposures and is set at 1%.

WRITE-OFF POLICY

Problem loans are written-off, in full or in part, as soon as the Bank considers that there is no reasonable expectation of recovery of the outstanding balance (or part thereof) whether or not the legal claim against the borrower remains. Write-offs are normally made by using previously recognised provisions for loan losses. Write-offs are approved by the Group Deteriorated Debt Committee.

IFRS 9 STAGING ASSESSMENT

The transition to the IFRS 9 credit loss provisioning standard has impacted the way the Bank classifies a financial instrument according to its credit risk dynamics over time – the so-called Staging process. Basically, there are three IFRS 9 Stages, which can be broadly conceptualised as follows:

- Stage 1 groups financial instruments that have a performing status and for which no significant deterioration in credit quality has occurred since their origination;
- Stage 2 comprises financial instruments that have experienced a significant increase in credit risk (SICR) since their origination;
- Stage 3 covers financial instruments having a credit-impaired status.

This classification requires BIL to clearly define both quantitative and qualitative approaches for assessing a significant increase in credit risk and a credit-impaired status for its financial instruments which are within the scope of IFRS 9.

SIGNIFICANT INCREASE IN CREDIT RISK

The Group has implemented a quantitative SICR mechanism which is based on the comparison of IFRS 9 Lifetime PD parameters – instead of a purely rating-based approach – between the origination and a given reporting date. Following this new (PD-based) approach, a SICR is triggered if the (annualised) IFRS 9 Lifetime PD has increased by more than a pre-determined threshold which depends on the type of exposure (e.g. retail, corporates…). These thresholds correspond to the expected average PD multiples (in case of deteriorated creditworthiness between the origination and the reporting date) that have been determined by means of a statistical approach on historical data.

Moreover, some qualitative elements and backstop indicators are also used to determine the SICR of a particular exposure, counterparty, portfolio or sub-portfolio as set out in the BIL Group IFRS 9 Staging policy. These qualitative and/or backstop indicators are based on internal credit risk management practices which aim at targeting exposures that are subject to (i) forbearance measures, (ii) the occurrence of past-due events (higher than 30 days), and (iii) potential financial difficulties. In particular, the client outreach programmes and other proactive credit risk management measures aim to identify qualitative elements that could trigger a SICR.

LOW CREDIT RISK EXEMPTION

The Bank applies the low credit risk exemption (LCRE) which allows to maintain an exposure in Stage 1 even though a SICR has occurred between the origination and a given reporting date. The LCRE is effective as soon as one of the two following conditions is satisfied (at the reporting date):

- The (annualised) IFRS 9 Lifetime PD is lower than 30bps;
- The external rating (if available) is higher than BBB- (i.e. within the investment-grade category).

CREDIT-IMPAIRED STATUS

As for Stage 2 assessment, some qualitative or backstop indicators are used to identify credit-impaired (or Stage 3) exposures. Basically, an exposure will be classified in Stage 3 when either (or both) of the two following conditions are met:

- The exposure is in default (or non-performing) considering the trigger of unlikeliness-to-pay (UTP) criteria, and;
- The exposure is past due more than 90 days.

CURE PERIOD

Conversely, if the quantitative and/or qualitative factors of a given exposure improve, its corresponding IFRS 9 Stage may improve over time. Nevertheless, some cure (or probation) periods may apply, particularly in the following circumstances:

- Exit from forborne non-performing to forborne performing status: a one-year period has elapsed since the extension of forbearance;
- Exit from forbearance: a minimum two-year period has elapsed from the date the forborne exposure was considered as performing;
- Exit from Stage 2 (resp. Stage 3) due to 30 (resp. 90) days past due: a cure period of 30 (resp. 90) days is applied.

MEASUREMENT OF ECL – EXPLANATION OF INPUTS, ASSUMPTIONS AND ESTIMATION TECHNIQUES

Modelled ECL (Stage 1, Stage 2 and certain Stage 3 credit risk exposures)

In addition to Pillar I models which focus on the unexpected credit loss, IFRS 9 also defines principles to estimate the Expected Credit Loss (ECL). Under IFRS 9, the ECL is a probability-weighted average of credit losses, considering the respective weight of several representative macroeconomic scenarios. Moreover, two types of ECL are proposed:

- 12-month ECL: representing the ECL resulting from default events within 12 months on a financial instrument – applicable to Stage 1 exposures only;
- Lifetime ECL: representing the ECL resulting from all possible default events over the expected lifetime of a financial instrument – applicable to both Stage 2 and Stage 3 exposures.

The Expected Credit Loss (ECL) is computed as follows:

$$ECL = \sum_{i=1}^{3}\sum_{t=1}^{M} \omega_i \times \left(CPD_{i,t} - CPD_{i,t-1}\right) \times EAD_{i,t} \times LGD \times D_t$$

Where:

- ω_i is the weight (or probability of occurrence) assigned to the macroeconomic scenario i (three distinct scenarios are calibrated: baseline, upside and downside);
- $CPD_{i,t}$ represents the cumulative probability of default at the date t in the scenario i;
- $EAD_{i,t}$ (Exposure At Default) represents the amount of a credit that the Bank is exposed to at the date t in the scenario i;
- LGD (Loss Given Default) is defined as the loss rate in the event of default;
- D_t represents the discount factor at the date t, and;
- M represents the residual maturity of the financial instrument (M is capped at a 12-month horizon for Stage 1 exposures).

Every key parameter has been estimated based on BIL internal models.

IFRS 9 ECL parameter approaches

IFRS 9 credit risk parameters must exhibit the following properties:

- Incorporate forward-looking information by relying on a relevant set of business/financial cycle indicators that are projected according to several macroeconomic scenarios;
- Remain unbiased (i.e. neither too prudent, nor too optimistic) with respect to ex-post observed credit risk parameters.

Firstly, for the Probability of Default (PD) parameters, one may indicate that the two previous properties are satisfied. On the one hand, forward-looking information is incorporated by relying on both econometric models and the calibration of three distinct macroeconomic scenarios. On the other hand, the historical observation of average default rates is used as an essential component in forecasting IFRS 9 PDs.

Secondly, the Loss Given Default (LGD) parameters are not biased in that they do not include either conservatism margins or downturn effects (contrary to the regulatory parameters). For retail and mid-corporates, secured LGD curves were developed where statistically significant correlation with macroeconomic indicators can be observed. In the specific case of mortgage loans, a forward-looking mechanism operates in a distinct way according to the Stage of the underlying exposure:

- For Stage 1 and Stage 2 exposures, an unsecured (constant) LGD parameter is used for the real estate exposures since the eligible collaterals are deducted from the EAD parameters. For the other products in the retail and mid-corporate segment, a secured forward-looking LGD curve is used where a statistically significant relationship was found – otherwise a long run average LGD is used. CF below for the description of the underlying forward-looking mechanism;

- For Stage 3 exposures, a secured LGD parameter is applied by means of a calibrated macroeconometric model.

Finally, the Exposure At Default (EAD) parameters are partially in line with the two IFRS 9 principles. They rely on regulatory Credit Conversion Factor (CCF) parameters for the measurement of the undrawn part of a financial instrument. Furthermore, a forward-looking mechanism is only effective in the case of mortgage loans with the application of scenario-conditional forecasts of property prices (at country-level) to modify the collateral values over time.

BIL's overview of active models for IFRS 9 impairment

- The Bank has 6 active PD models:
- 1 for Retail (with 3 distinct segments);
- 3 for Corporates (small, medium and large);
- 1 for Banks; and
- 1 for Sovereigns.

LGD models were considered for 8 retail products and 5 mid-corporate products. In the end, statistically significant relationships between LGD and macroeconomic variables were found for 3 retail products and for mid-corporate products. The other products receive a long run average LGD.

Finally, the Bank uses Pillar I models for both the credit conversion factor (CCF) parameters and the financial haircuts which are applied for the calculation of EAD parameters.

EXPERT-JUDGMENT ECL (STAGE 3 CREDIT EXPOSURES ONLY)

BIL Group estimates provisions for some credit-impaired exposures within Stage 3 that are not measured through models. These exposures are assessed individually within the dedicated committees and the related provisions are calculated using an expert judgment to take into account the specifics of each exposure and associated collateral and other credit enhancements.

The provisions are calculated using the discounted expected future cash flow method. Cash flows from collateral and other credit enhancements are included in the measurement of ECL of the related financial asset when it is a part or integral to the contractual terms of the financial asset. Due to individual assessment, specific factors are taken into consideration and have a larger impact than macroeconomic factors.

FORWARD-LOOKING PARAMETERS

In accordance with the IFRS 9 requirements, BIL Group considers forward-looking information for measuring Expected Credit Losses (ECL). Basically, this consists in using a combination of relevant macro-financial indicators (i.e. useful for explaining the dynamics of IFRS 9 credit risk parameters) and several representative macroeconomic scenarios that are regularly updated over time.

BIL has mainly identified strong dependencies between certain macroeconomic factors and historical default rates (or PD models) by distinguishing high- and low-default risk portfolios.

High Default Portfolios (HDP) consider retail counterparts and small and mid-size enterprises using internal default data. The main macroeconomic indicators for forecasting the occurrence of default events for the HDP segment being (i) labour market indicators (unemployment) and (ii) opinion surveys data from Luxembourgish private economic agents (households and the manufacturing sector).

Low Default Portfolios (LDP) consider three distinct types of exposures (large corporates, banking institutions and sovereigns) using external default data (source: Moody's Analytics). In this regard, the cyclical dynamics of corporate and banking default rates can be apprehended by means of equity prices measured at both the eurozone and US levels, as well as by using monetary aggregates and market-based risk measures reflecting the build-up or the materialisation of financial vulnerabilities in the euro area notably. For sovereign exposures, the IFRS 9 PD parameters are projected according to scenario-conditional forecasts of three macroeconomic indicators in the eurozone: the real GDP growth, the unemployment rate and the public debt-to-GDP ratio.

Additional forward-looking components are considered in the ECL modelling process, especially for addressing some credit risk mitigation effects in the case of residential and commercial mortgage loans. Specifically, collateral valuation is directly impacted over time by residential property prices that are forecasted for five different countries (or zones): Luxembourg, Germany, France, Belgium and the euro area as a whole.

Finally, forward looking LGD curves were implemented in June 2024 for several retail and mid-corporate products, where a significant relationship with macroeconomic factors could be found.

9.2.1.2 Macroeconomic indicators for each scenario

In order to measure ECL as a probability-weighted amount of expected losses, BIL uses three distinct macroeconomic scenarios covering a wide range of potential future economic conditions:

- A baseline (or central) scenario which describes the most likely path of the economy over the projection horizon;
- A downside (or adverse) scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path. More precisely, this downside scenario corresponds to a recession period which is characterised by the following sequence of events: financial asset prices plummet, real GDP growth becomes negative and labour market conditions strongly deteriorate with a surge in unemployment;
- An upside (or optimistic) scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path than in the baseline scenario.

These macroeconomic scenarios are derived from an external database (source: Moody's Analytics). They are built according to a combination of statistical methods and theoretical economic foundations. Moreover, they are updated on a monthly basis and regularly compared with other external (and publicly available) data such as those released by international organisations and national statistical offices (European Central Bank, European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development, STATEC).

Finally, it is important to underline that according to the Moody's statistical methodology, the scenarios have a constant weight (or probability of occurrence) over time: 60% for the baseline scenario and 20% for each of the two alternatives. Accordingly, these are the macroeconomic forecasts – i.e. the dynamics of the projected indicators – which are regularly updated in light of the business cycle fluctuations and the most recent economic events or assumptions. Post-model adjustment may be applied on the weighting of scenarios. Refer to the section on ECL Post-Model Adjustments, Management Overlays and other ECL considerations of this note

In %		LUXEMBOURG						EUROZONE					
		December 2023			December 2024			December 2023			December 2024		
		Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
Real GDP	2023	(0.90)	(0.90)	(0.90)	(1.11)	(1.11)	(1.11)	0.60	0.60	0.60	0.52	0.52	0.52
	2024	1.70	3.60	(2.40)	0.41	0.41	0.41	0.80	2.50	(3.10)	0.76	0.76	0.76
	2025	2.20	2.70	(0.30)	1.46	3.29	(2.08)	1.60	2.10	(0.90)	1.15	2.79	(2.44)
	2026	2.80	2.50	4.40	2.15	2.68	0.04	1.80	1.50	3.30	1.29	1.89	(0.86)
	2027	2.90	2.90	3.50	2.86	2.58	4.27	1.70	1.60	2.20	1.82	1.66	3.26
	2028	3.00	3.00	3.02	3.08	3.05	3.57	1.47	1.45	1.49	1.63	1.58	2.21
Un-employment	2023	5.20	5.20	5.20	5.22	5.22	5.22	6.50	6.50	6.50	6.57	6.57	6.57
	2024	5.40	5.30	6.00	5.71	5.71	5.71	6.70	6.50	7.70	6.39	6.39	6.39
	2025	5.10	5.00	6.20	5.52	5.47	6.18	6.70	6.30	8.80	6.43	6.16	7.06
	2026	5.10	5.00	6.30	5.46	5.39	6.81	6.70	6.40	8.30	6.36	5.90	7.88
	2027	5.20	5.10	6.30	5.44	5.31	6.84	6.60	6.40	7.50	6.25	5.84	7.54
	2028	5.43	5.23	6.23	5.46	5.28	6.67	6.51	6.35	7.01	6.16	5.83	6.98
Consumer Prices	2023	2.90	2.90	2.90	2.94	2.94	2.94	5.50	5.50	5.50	5.49	5.49	5.49
	2024	2.20	2.40	1.50	2.23	2.23	2.23	2.30	2.60	1.80	2.36	2.36	2.36
	2025	2.00	2.20	0.70	1.88	2.12	1.15	1.80	2.00	0.70	1.99	2.28	1.30
	2026	2.00	1.90	1.90	2.42	2.59	1.78	1.80	1.80	1.50	1.89	2.07	1.11
	2027	2.00	2.00	2.00	1.92	1.84	1.79	1.90	1.90	1.60	1.89	1.86	1.73
	2028	2.05	2.08	1.82	2.12	2.11	1.67	1.93	1.94	1.70	2.11	2.15	1.84
Stock Prices	2023	(5.60)	(5.60)	(5.60)	(3.16)	(3.16)	(3.16)	12.00	12.00	12.00	12.53	12.53	12.53
	2024	(3.30)	6.30	(35.80)	(3.71)	(3.71)	(3.71)	4.80	13.40	(24.50)	13.71	13.71	13.71
	2025	19.80	16.00	27.70	9.43	21.71	(25.74)	4.20	5.70	10.10	2.90	12.13	(25.38)
	2026	14.30	18.40	25.00	7.50	8.51	12.76	5.90	4.70	21.40	1.02	2.14	2.33
	2027	7.00	7.40	15.60	7.44	4.57	24.62	5.10	3.00	10.80	3.31	1.35	17.57
	2028	2.65	0.83	5.86	2.07	(1.24)	12.38	3.71	2.40	4.29	3.69	0.94	13.20
Residential Property Prices	2023	(7.80)	(7.80)	(7.80)	(11.01)	(11.01)	(11.01)	(1.40)	(1.40)	(1.40)	(1.17)	(1.17)	(1.17)
	2024	(4.70)	(3.20)	(8.90)	(5.45)	(5.45)	(5.45)	(1.20)	0.40	(6.00)	1.72	1.72	1.72
	2025	6.20	5.60	2.60	3.20	4.70	(1.21)	2.80	3.60	(2.60)	3.27	4.41	(0.76)
	2026	5.10	5.00	6.70	4.38	4.51	0.94	5.10	4.60	4.00	3.44	4.81	(1.82)
	2027	3.80	4.50	4.40	3.06	2.92	4.97	5.10	5.30	5.30	3.89	4.54	3.89
	2028	3.95	3.82	3.97	3.57	3.37	4.29	4.58	4.77	4.99	4.25	4.55	5.50

9.2.1.3 ECL Sensitivity

The following table compares the reported ECL by stage and by different weighting of scenarios.

(in EUR million)	Scenarios weights			31/12/23		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	41.54	23.39	**64.93**
Modelled ECL	60%	20%	20%	38.97	22.80	**61.77**
Stressed ECL	100%	0%	0%	34.93	21.92	**56.84**
	0%	100%	0%	32.14	21.21	**53.35**
	0%	0%	100%	57.92	27.06	**84.97**
	80%	0%	20%	39.52	22.95	**62.47**
	60%	5%	35%	42.83	23.68	**66.51**
	60%	0%	40%	44.12	23.97	**68.09**

(in EUR million)	Scenarios weights			31/12/24		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	23.94	17.20	**41.14**
Modelled ECL	60%	20%	20%	22.68	16.63	**39.31**
Stressed ECL	100%	0%	0%	20.61	15.85	**36.46**
	0%	100%	0%	19.46	14.98	**34.44**
	0%	0%	100%	32.11	20.63	**52.74**
	80%	0%	20%	22.91	16.81	**39.72**
	60%	5%	35%	24.58	17.48	**42.06**
	60%	0%	40%	25.21	17.76	**42.97**

Refer to the section "ECL Post-Model Adjustments and Management Overlays" for details on macroeconomic scenarios weighting.

9.2.1.4 ECL Post-Model Adjustments, Management Overlays and other ECL considerations

ECL models are evolving and may need to be proactively adjusted to capture new events in changing circumstances not yet modelled. The Group has introduced since 2020 "Management Overlays" and "Post-model adjustments" to reflect the new or evolving circumstances such as the COVID-19 pandemic and the deteriorated macroeconomic environment following the Russia-Ukraine conflict. As at 31 December 2024, the macroeconomic environment remains challenging. New circumstances are also directly captured through targeted credit risk management practices.

ECL POST-MODEL ADJUSTMENT – ADJUSTMENT OF THE WEIGHTING OF MACROECONOMIC SCENARIOS

The Group has implemented a Post-Model Adjustment since 30 June 2022 on its modelled ECL where it reviewed the weighting of each macroeconomic scenario:

- The modelled ECL are calculated based on three macroeconomic scenarios (Baseline, Downside and Upside), where the following weightings are applied: 60% for the baseline scenario and 20% for each of the 2 alternative ones. (Refer to section "Macroeconomic indicators for each scenario");
- The Reported ECL are calculated based on a review of the macroeconomic scenarios' weightings, reducing the weight of the upside scenario to 10% and increasing the weight of the downside scenario to 30%.

The implementation of an ECL Post-Model Adjustment (PMA) to the macroeconomic scenario weighting is supported by the current macroeconomic outlook which is surrounded by heightened uncertainty and risks predominantly tilted to the downside, notably with:

- The pursuing Russia-Ukraine military conflict and its adverse spillover effects on the global economy;
- The interest rates that remain high despite the downward trend, and;
- Growing concerns about the euro area financial stability and more specifically in Luxembourg due to the build-up of vulnerabilities in the real estate market and its strong interconnectedness with the whole economy via the banking sector and to the geopolitical challenges (e.g., property prices in Luxembourg have started to decline after a peak in the third quarter of 2022 and households/businesses remain highly indebted comparatively to those in other euro area member countries).

The impact of the Post-Model Adjustment on the modelled ECL (Stage 1 and Stage 2 exposures) as at 31 December 2024 amounts to EUR 1.8 million (EUR 3.2 million as at 31 December 2023) and is calculated at Group level with major contributor being BIL, head office of the Group. Refer to the section "ECL Sensitivity" for the detailed figures between the modelled ECL under the standard weighting of macroeconomic scenarios and the reported ECL after the review of the weighting of the macroeconomic scenarios and to the below table for the details of the adjustments made to modelled ECL. The impact on the Stage 3 modelled ECL (Excluding Expert-Judgment ECL) is EUR 2.9 million (thus a total Post-Model Adjustment of EUR 4.7 million as at 31 December 2024).

ECL POST-MODEL ADJUSTMENT – MACROECONOMIC VARIABLES

During the first half of 2024, the projection of one macroeconomic variable used for the IFRS 9 LGD curves had undergone significant modifications. In the Retail model, which forecasts the real estate LGD curves, one of the sub-variables provided by an external data provider was positively revised following a recalibration of models at the provider's level. This recalibration concerns a geographical area that is larger than Luxembourg, and the reasons that led to this recalibration were not deemed applicable to the Bank. This updated parameter is therefore deemed as not fit for purpose. The Bank has decided to maintain the previous parameter projection. This decision has been treated as a post-model adjustment. As at 31 December 2024, the impact of this post-model adjustment is EUR 8.6 million (of which EUR 7.6 million for Stage 3).

ECL MANAGEMENT OVERLAYS

The Bank's models have been constructed and calibrated using historical data and statistical analyses as well as forward-looking economic scenarios. Additional factors resulting from the various support schemes and regulator guidance could not always be reliably modelled. As a consequence, the existing models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio/segment.

As a result, adjustments to the Modelled ECL are required under the form of management overlays.

ECL Management Overlay (Minimum Disposable Income) (implemented in 2023)

As at 31 December 2023, the Bank has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with an insufficient minimum disposable income, or for which the Bank is currently unable to determine the minimum disposable income due to a lack of sufficient data in the information system. During the year 2024, actions were taken to remedy this, leading to a significant decrease of this management overlay. As at 31 December 2024, the amount is EUR 1.7 million (EUR 11.4 million as at 31 December 2023).

ECL Management Overlay (Outreach programme – bridge loans and maturing fixed-rate loans) (implemented in 2023)

As at 31 December 2023, the Bank has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with a fixed-rate loan whose terms will be reset to current market conditions, and clients with a bridge loan that is approaching maturity. As at 31 December 2024, the total amount is EUR 1.8 million (EUR 0.7 million as at 31 December 2023).

ECL Management Overlay (Acquisition, Development and Construction (ADC) portfolio (implemented in June 2024)

As at 30 June 2024, the Bank introduced a new management overlay within the ADC portfolio targeted at property developers. The rationale behind the introduction of this overlay was based on the uncertainty on near-term recovery prospects for off-plan sales. As at 31 December 2024, the management overlay on ADC amounts to EUR 15.3 million (including Stage 3 exposures for EUR 9.6 million).

This table summarises the impact of the management overlays and post-model adjustments on the stock of ECL (stage 1 and stage 2):

(in EUR million)	Stage	31/12/23	31/12/24
ECL Modelled	Stage 1	39	16
	Stage 2	23	14
ECL Post-Model Adjustment (Scenario Weighting)	Stage 1	3	1
	Stage 2	1	1
Subtotal (reported ECL)	**Stage 1**	**42**	**17**
	Stage 2	**24**	**14**
ECL Post-Model Adjustment (Macroeconomic variables)	Stage 1		1
	Stage 2		0
ECL Management Overlay (Minimum Disposable Income)	Stage 1	8	1
	Stage 2	3	1
ECL Management Overlay (Outreach Programme-Bridge Loans and Maturing Fixed-Rate Loans)	Stage 1	1	1
	Stage 2	0	0
ECL Management Overlay (ADC)	Stage 1		4
	Stage 2		1
TOTAL	Stage 1	50	24
	Stage 2	26	17

OTHER ECL CONSIDERATIONS

ECL models are evolving in order to address new macroeconomic, geopolitical or Environmental, Social and Corporate Governance (ESG) conditions but also to reflect more experience in credit risk management practices.

In 2024 the Bank also proceeded to the following major updates of its IFRS 9 provisioning models:

- LGD curves were implemented in June 2024 for several retail and mid-corporate products, where a significant relationship with macroeconomic factors could be found. These models use forward-looking LGD curves that implicitly incorporate collateral in their estimates. The impact of this change as of 30 June 2024 is a reduction of EUR 17 million in ECL.
- For exposures for which no internal or external ratings is available, assimilation rules are applied in order to associate these exposures to existing models. These assimilation rules for the portfolio treated under the standardised approach for the regulatory capital requirements were revised for the reporting of 30 June 2024. These rules ensure the assignment of IFRS 9 risk parameters to exposures lacking their own models. This revised approach allows for more granular segmentation based on both the Internal Rating System (IRS) and accounting stages. The impact of this change as of 30 June 2024 is a net transfer of EUR 784 million from Stage 2 to Stage 1 exposures, and an overall decrease of EUR 19 million in ECL.

9.2.2. Credit risk exposures

9.2.2.1 Credit Risk Exposures (geographic, counterparty, stage and rating)

Geographic region is determined according to the risk country of the counterparty. Credit risk includes counterparty risk in relation to balance sheet items and confirmed off-balance sheet items. Risks are evaluated after taking into account the effect of guarantees and impairment. The risks relate to all entities in which BIL is a majority shareholder.

Exposures by counterparty (in EUR million)	31/12/23	31/12/24	Variation
Individuals, SME & Self Employed	12,129	11,091	(1,038)
Central Governments	10,173	9,214	(959)
Corporate	6,758	7,031	273
Financial Institutions	3,883	3,865	(18)
Public Sector Entities	675	962	287
Securitisation	292	606	314
Others	10	9	(1)
TOTAL	33,920	32,778	(1,142)

Exposures by geographic region (in EUR million)	31/12/23	31/12/24	Variation
Luxembourg	19,524	17,967	(1,557)
France	3,405	3,939	534
Belgium	2,329	2,304	(25)
Germany	1,585	1,912	327
Switzerland	1,814	1,318	(496)
United States and Canada	1,218	1,191	(27)
Other EU countries	1,311	1,157	(154)
Spain	808	816	8
Others	708	776	68
Rest of Europe	357	466	109
Asia	243	451	208
China	318	248	(70)
Middle East	164	114	(50)
Russia	93	79	(14)
Australia	43	40	(3)
TOTAL	33,920	32,778	(1,142)

Credit risk exposures are shown as follows:

- Balance sheet assets other than derivative contracts are valued at their net value (i.e. the carrying value after deduction of any provision);
- Derivative contracts are recorded at their mark-to-market value plus add-on ("add-on" is an estimate of potential future exposure; this value is not recorded but is added on for regulatory purposes);
- Off-balance sheet items are shown in terms of total commitment.

The total amount of off-balance sheet commitments corresponds to unused lines of credit or to the maximum amount of guarantees granted by BIL to third parties.

9.2.2.2 Exposures by stage and ratings

Stage 1 Credit Risk Exposures	31/12/23						31/12/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	144	270	489	401	0	1,304	14	267	430	275	0	986
Commitments in respect of loans granted	477	846	1,055	582	0	2,960	466	758	942	884	0	3,050
Financial investments at FVOCI (excluding variable income securities)	70	253	0	0	0	323	62	33	0	0	0	95
Financial investments at amortised cost	5,682	2,418	13	40	0	8,153	6,589	2,217	91	15	0	8,912
Loans and advances at amortised cost	3,476	5,843	6,704	1,267	0	17,290	2,458	5,926	5,941	1,486	0	15,811
Other financial instruments at amortised cost	323	70	160	0	0	553	7	42	0	725	0	774
TOTAL Stage 1 Exposures	10,172	9,700	8,421	2,290	0	30,583	9,596	9,243	7,404	3,385	0	29,628

Stage 2 Credit Risk Exposures	31/12/23						31/12/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	3	40	89	29	0	161	1	5	79	75	0	160
Commitments in respect of loans granted	10	57	222	51	0	340	0	56	209	3	0	268
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	37	60	20	0	0	117	0	0	0	0	0	0
Loans and advances at amortised cost	96	207	1,459	85	0	1,847	17	359	1,352	63	0	1,791
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 2 Exposures	146	364	1,790	165	0	2,465	18	420	1,640	141	0	2,219

Stage 3 Credit Risk Exposures (in EUR million)	31/12/23						31/12/24					
	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	2	0	0	0	25	27	0	0	0	0	37	37
Commitments in respect of loans granted	0	0	0	0	16	16	0	0	0	0	1	1
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	17	1	15	10	525	568	13	0	0	0	620	633
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 3 Exposures	19	1	15	10	566	611	13	0	0	0	658	671

Credit Risk Exposures without staging (in EUR million)	31/12/23						31/12/24					
	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Derivatives	11	233	4	12	0	260	18	226	6	10	0	260
Financial assets held-for-trading	1	0	0	0	0	1	0	0	0	0	0	0
TOTAL Exposures without staging	12	233	4	12	0	261	18	226	6	10	0	260
TOTAL All Stages	10,349	10,298	10,230	2,477	566	33,920	9,645	9,889	9,050	3,536	658	32,778

Loans and advances at amortised cost classified under the "Non-investment grade" category are mainly linked to financing facilities granted to Luxembourg SMEs, private individuals and corporates. The non-investment grade ratings related to these exposures are not provided by external credit assessment institutions but derive from the Bank's quantitative models to estimate a counterparty's probability of default. These exposures are largely collateralised but the internal ratings do not take into account the value of the collateral.

9.2.2.3 Collateral and other credit enhancements

31/12/23 (in EUR million)	Gross exposure	Credit Risk Mitigation (CRM)				Total CRM	Net exposure	ECL
		Guarantee	Netting agreements	Financial collateral	Physical collateral			
Financial investments at FVOCI (excluding variable income securities)	323	9	0	0	0	9	314	0
Financial assets held-for-trading	1	0	0	0	0	0	1	0
Loans and advances at amortised cost	20,315	225	9	1,294	8,701	10,229	10,086	270
Financial investments at amortised cost	8,272	1,183	0	0	0	1,183	7,089	3
Derivatives	260	0	0	0	0	0	260	0
Other financial instruments at amortised cost	891	0	338	1	0	339	552	0
Commitments in respect of guarantees given	1,553	6	0	67	18	91	1,462	2
Commitments in respect of loans granted	3,473	298	18	631	434	1,381	2,092	13
TOTAL	35,088	1,721	365	1,993	9,153	13,232	21,856	288

31/12/24 (in EUR million)	Gross exposure	Credit Risk Mitigation (CRM)				Total CRM	Net exposure	ECL
		Guarantee	Netting agreements	Financial collateral	Physical collateral			
Financial investments at FVOCI (excluding variable income securities)	95	0	0	0	0	0	95	0
Financial assets held-for-trading	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	19,927	249	0	2,532	8,221	11,002	8,925	227
Financial investments at amortised cost	8,913	688	0	0	0	688	8,225	2
Derivatives	260	0	0	0	0	0	260	0
Other financial instruments at amortised cost	1,025	0	250	0	0	250	775	0
Commitments in respect of guarantees given	1,257	5	0	74	13	92	1,165	8
Commitments in respect of loans granted	3,492	253	32	479	333	1,097	2,395	5
TOTAL	34,969	1,195	282	3,085	8,567	13,129	21,840	242

Gross exposure: exposure before adjusting any expected credit loss and credit risk mitigation effect.

Credit risk mitigation eligible as per internal policies.

Netting agreements are used for repurchase agreements and derivatives financial instruments, offsetting the value of multiple positions or payments.

9.2.2.4 Past due but not impaired financial assets

	31/12/23		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	58 792 050	8 882 445	10 002
TOTAL	58 792 050	8 882 445	10 002

	31/12/24		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	2 688 041	4 759 134	4 482 508
TOTAL	2 688 041	4 759 134	4 482 508

BIL has defined three types of past due loans:

- "technical" past due financial assets;
- "operational" past due financial assets;
- "credit" past due financial assets.

For reporting purposes, the financial assets in question have exceeded the payment deadline by more than 14 days for an amount of more than EUR 25.

9.2.2.5 Credit risk mitigation for credit-impaired assets

	31/12/23			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	0	0	0	0
Loans and advances measured at amortised cost	775,812,643	(211,779,952)	564,032,691	505,556,001
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	775,812,643	(211,779,952)	564,032,691	505,556,001

	31/12/24			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	9,020,124	(2,097,356)	6,922,768	0
Loans and advances measured at amortised cost	821,130,448	(200,407,322)	620,723,126	566,634,293
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	830,150,573	(202,504,678)	627,645,894	566,634,293

Type of assets obtained during the period by taking possession of the guarantees held	Carrying value	
	31/12/23	31/12/24
Cash	9,259,324	3,854,886
TOTAL	9,259,324	3,854,886

In general, guarantees obtained are immediately converted into cash by BIL.

9.2.2.6 Movements of cash, balances with central banks and other demand deposits, loans and securities by stages (gross carrying amount)

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 1 JANUARY	4,372,824,677	551,401	0	4,373,376,078
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	523,032	(523,032)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0			0
From Stage 3 to Stage 1	0			0
Origination	121,190,201	103,671	0	121,293,872
Derecognition during the period other than write-offs	(1,520,115,074)	(121)	0	(1,520,115,195)
Changes in interest accrual	1,268,033	0	0	1,268,033
Conversion difference (FX change)	5,728,130	0	0	5,728,130
Other movements	0	0	0	0
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 31 DECEMBER	2,981,418,999	131,919	0	2,981,550,918

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 1 JANUARY	2,981,418,999	131,919	0	2,981,550,918
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	0	0		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0			0
From Stage 3 to Stage 1	0			0
Origination	64,866,285	0	0	64,866,285
Purchase	49,145,258	0	0	49,145,258
Derecognition during the period other than write-offs	(1,545,792,481)	(129,105)	0	(1,545,921,586)
Changes in interest accrual	(1,332,637)	0	0	(1,332,637)
Conversion difference (FX change)	(367,397)	0	0	(367,397)
Other movements	(2,463)	0	0	(2,463)
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 31 DECEMBER	1,547,935,564	2,814	0	1,547,938,378

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,231,077,525	3,081,298,679	567,513,387	17,879,889,591
From Stage 1 to Stage 2	(864,359,049)	864,359,049		0
From Stage 2 to Stage 1	1,853,852,766	(1,853,852,766)		0
From Stage 2 to Stage 3		(101,588,473)	101,588,473	0
From Stage 3 to Stage 2		31,834,814	(31,834,814)	0
From Stage 1 to Stage 3	(301,927,050)		301,927,050	0
From Stage 3 to Stage 1	12,032,515		(12,032,515)	0
Origination	3,383,155,498	527,216,978	88,732,109	3,999,104,585
Derecognition during the period other than write-offs	(3,815,874,144)	(566,681,145)	(185,046,610)	(4,567,601,899)
Changes in interest accrual	15,664,926	4,553,563	(329,502)	19,888,987
Changes in fair value (fair value hedge and FVOCI)	0	4,913,028	0	4,913,028
Write-offs	0	0	(54,965,470)	(54,965,470)
Conversion difference (FX change)	40,122,659	(7,468,861)	260,535	32,914,333
Other movements	365,502	0	0	365,502
LOANS AND ADVANCES AS AT 31 DECEMBER	14,554,111,148	1,984,584,866	775,812,643	17,314,508,657

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,554,111,148	1,984,584,866	775,812,642	17,314,508,656
From Stage 1 to Stage 2	(1,043,674,136)	1,043,674,136		0
From Stage 2 to Stage 1	640,291,952	(640,291,952)		0
From Stage 2 to Stage 3		(67,976,980)	67,976,980	0
From Stage 3 to Stage 2		35,393,588	(35,393,588)	0
From Stage 1 to Stage 3	(160,641,415)		160,641,415	0
From Stage 3 to Stage 1	30,880,689		(30,880,689)	0
Origination	4,954,605,996	210,072,753	89,975,719	5,254,654,468
Derecognition during the period other than write-offs	(3,280,531,039)	(723,397,739)	(146,420,662)	(4,150,349,440)
Changes in interest accrual	6,167,331	(493,944)	7,494,143	13,167,530
Changes in fair value (fair value hedge and FVOCI)	(466,100)	3,252,422	0	2,786,322
Write-offs	0	0	(68,093,133)	(68,093,133)
Conversion difference (FX change)	(2,702,049)	(8,317,291)	17,622	(11,001,718)
Other movements	0	0	0	0
LOANS AND ADVANCES AS AT 31 DECEMBER	15,698,042,377	1,836,499,859	821,130,449	18,355,672,685

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,475,102,189	45,590,329	0	8,520,692,518
From Stage 1 to Stage 2	(94,046,112)	94,046,112		0
From Stage 2 to Stage 1	26,847,600	(26,847,600)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Origination / Increase	559,846	0	0	559,846
Purchase	2,145,904,296	33,000,000	0	2,178,904,296
Derecognition during the period other than write-offs	(2,238,959,574)	(26,189,000)	0	(2,265,148,574)
Changes in interest accrual	17,690,901	353,815	0	18,044,716
Changes in premium / discount	22,698,479	514,573	0	23,213,052
Changes in fair value (fair value hedge)	382,330,032	7,107,518	0	389,437,550
Conversion difference (FX change)	11,212,724	464,010	0	11,676,734
DEBT SECURITIES AS AT 31 DECEMBER	8,749,340,381	128,039,757	0	8,877,380,138

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,749,340,381	128,039,757	0	8,877,380,138
From Stage 1 to Stage 2	(5,182,468)	5,182,468		0
From Stage 2 to Stage 1	87,998,400	(87,998,400)		0
From Stage 2 to Stage 3		(100,000)	100,000	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	(8,480,518)		8,480,518	0
From Stage 3 to Stage 1	0		0	0
Origination / Increase	0	0	0	0
Purchase	2,574,084,485	0	0	2,574,084,485
Derecognition during the period other than write-offs	(2,122,648,559)	(29,200,000)	0	(2,151,848,559)
Changes in interest accrual	10,612,881	(826,757)	331,652	10,117,776
Changes in premium / discount	28,554,965	(209,183)	205,928	28,551,710
Changes in fair value (fair value hedge)	181,272,667	0	0	181,272,667
Conversion difference (FX change)	(1,897,951)	(94,190)	109,926	(1,882,215)
DEBT SECURITIES AS AT 31 DECEMBER	9,493,654,283	14,793,695	9,228,024	9,517,676,002

9.2.2.7 Movements in allowances for credit losses

	As at 01/01/23	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 31/12/23	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**(57,303,887)**	**(15,746,177)**	**10,509,107**	**10,690,647**	**0**	**10,812,134**	**0**	**(561,127)**	**(41,599,303)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(55,806)	(949)	0	29,762	0	0	0	(1,645)	(28,638)	n.a.	n.a.
Debt securities at amortised cost	(8,710,756)	(2,063,424)	913,261	5,615,470	0	1,372,926	0	57,603	(2,814,920)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(239,600)	(45,789)	35,706	203,586	0	0	0	212	(45,885)	n.a.	n.a.
Loans and advances at amortised cost	(48,297,725)	(13,636,015)	9,560,140	4,841,829	0	9,439,208	0	(617,297)	(38,709,860)	n.a.	n.a.
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(33,173,665)**	**0**	**5,077,231**	**(15,522,335)**	**0**	**19,924,848**	**0**	**511,502**	**(23,182,419)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(49,535)	0	0	45,607	0	0	0	374	(3,554)	n.a.	n.a.
Debt securities at amortised cost	(463,404)	0	1,984	(2,249,858)	0	2,104,360	0	(26,909)	(633,827)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	0	0	0	(113,271)	0	113,255	0	16	0	n.a.	n.a.
Loans and advances at amortised cost	(32,660,726)	0	5,075,247	(13,204,813)	0	17,707,233	0	538,021	(22,545,038)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(217,240,818)**	**(8,398,728)**	**1,676,533**	**(36,199,000)**	**0**	**(7,460,262)**	**54,965,471**	**876,852**	**(211,779,952)**	**2,458,905**	**(55,506,524)**
Debt securities at amortised cost	0	0	0	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	(217,240,818)	(8,398,728)	1,676,533	(36,199,000)	0	(7,460,262)	54,965,471	876,852	(211,779,952)	2,458,905	(55,506,524)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	**(307,718,370)**	**(24,144,905)**	**17,262,871**	**(41,030,688)**	**0**	**23,276,720**	**54,965,471**	**827,227**	**(276,561,674)**	**2,458,905**	**(55,506,524)**
Commitments and financial guarantees given (Stage 1)	(7,995,140)	(4,562,503)	754,920	6,249,845	0	(2,510,208)	0	9,743	(8,053,344)	0	0
Commitments and financial guarantees given (Stage 2)	(2,231,318)	(898,632)	713,987	4,054,366	0	(4,708,957)	0	(4,656)	(3,075,210)	0	0
Commitments and financial guarantees given (Stage 3)	(3,017,487)	(818,442)	19,286	(4,258,613)	0	2,702,671	0	2,677	(5,369,908)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(13,243,945)	(6,279,577)	1,488,193	6,045,598	0	(4,516,494)	0	7,763	(16,498,462)	0	0

	As at 01/01/24	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 31/12/24	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**(41,599,303)**	**(11,975,898)**	**9,376,938**	**11,635,482**	**0**	**11,934,312**	**0**	**(284,092)**	**(20,912,560)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(28,638)	0	0	(2,958)	0	0	0	21,768	(9,828)	n.a.	n.a.
Debt securities at amortised cost	(2,814,920)	(1,182,617)	325,170	1,445,938	0	414,339	0	2,683	(1,809,407)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(45,885)	(103,029)	117,040	10,311	0	0	0	(50)	(21,613)	n.a.	n.a.
Loans and advances at amortised cost	(38,709,860)	(10,690,252)	8,934,728	10,182,191	0	11,519,973	0	(308,493)	(19,071,713)	n.a.	n.a.
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(23,182,419)**	**0**	**5,778,825**	**(9,524,597)**	**0**	**12,966,796**	**0**	**(193,721)**	**(14,155,116)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(3,554)	0	0	3,551	0	0	0	(59)	(62)	n.a.	n.a.
Debt securities at amortised cost	(633,827)	0	39,249	465,219	0	118,432	0	1,413	(9,514)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	n.a.	n.a.
Loans and advances at amortised cost	(22,545,038)	0	5,739,576	(9,993,367)	0	12,848,364	0	(195,075)	(14,145,540)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(211,779,952)**	**0**	**10,452,541**	**(72,967,061)**	**0**	**6,635,071**	**68,609,907**	**(3,455,184)**	**(202,504,678)**	**3,495,932**	**(76,952,086)**
Debt securities at amortised cost	0	0	0	(2,275,071)	0	0	0	177,715	(2,097,356)	0	0
Loans and advances at amortised cost	(211,779,952)	0	10,452,541	(70,691,990)	0	6,635,071	68,609,907	(3,632,898)	(200,407,322)	3,495,932	(76,952,086)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	**(276,561,674)**	**(11,975,898)**	**25,608,304**	**(70,856,176)**	**0**	**31,536,179**	**68,609,907**	**(3,932,997)**	**(237,572,355)**	**3,495,932**	**(76,952,086)**
Commitments and financial guarantees given (Stage 1)	(8,053,344)	(5,089,846)	1,593,826	5,423,268	0	2,970,843	0	59,287	(3,095,966)	0	0
Commitments and financial guarantees given (Stage 2)	(3,075,210)	(1,656,487)	854,792	(3,961,398)	0	4,736,195	0	81,958	(3,020,150)	0	0
Commitments and financial guarantees given (Stage 3)	(5,369,908)	(3,286,788)	4,116,111	(2,636,537)	0	176,082	0	63,134	(6,937,906)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(16,498,462)	(10,033,121)	6,564,729	(1,174,667)	0	7,883,120	0	204,379	(13,054,022)	0	0

9.2.2.8 Own credit risk linked to financial liabilities designated at fair value through profit or loss

	As at 31/12/23			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	2,836,485,340	(868,083)	(2,414,252)	(84,143,647)

	As at 31/12/24			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	3,218,662,440	729,638	(1,684,614)	(104,748,270)

In 2023 and in 2024, no change in the fair value of BIL's financial liabilities is attributable to changes in the credit risk relating to liabilities, except for liabilities designated at fair value through profit or loss. For liabilities revalued at fair value against profit or loss, BIL's own credit risk was determined on the basis of changes in financing costs. Own credit risk refers to changes in the issue costs under current conditions compared to initial conditions.

9.2.2.9 Information on forborne exposures

BIL monitors closely its forborne exposures, in respect of the regulatory requirements.

Forborne exposures are debt contracts in respect of which forbearance measures have been extended.

Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). These measures include in particular the granting of extensions, postponements, renewals or changes in credit terms and conditions, including the repayment schedule.

When these criteria are met, the credit files are flagged as being restructured and are added to a list closely followed by the "Gestion Intensive et Particulière" (GIP) team.

In order to comply with the regulatory requirements, BIL Group has set up procedures (1) to identify the criteria leading to the forborne classification, (2) to classify the Bank's existing exposures between forborne and non-forborne and (3) implementing these criteria across the systems.

For all counterparties, dedicated analyses are carried out at single credit files level in order to identify those that should be classified as forborne according to the regulatory definition. The granting of forbearance measures is likely to constitute an impairment trigger aligned with IFRS 9 requirements.

For credit files in forbearance and in case of early repayment, the costs related to these transactions are either borne by the debtor (in one shot or spread over the term of the new loan) or recognised directly in the Bank's profit and loss.

	31/12/23	31/12/24
Debt securities	10,289,058	8,590,447
Loans and advances	511,434,060	585,887,657
Given banking guarantees	3,848,396	8,397,010
FORBORNE EXPOSURES	525,571,515	602,875,114

9.3. Encumbered assets

9.3.1. Collateral received by the reporting institution

	As at 31/12/23			
	Fair value of collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*	Fair value of encumbered collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*
Cash collateral	369,606,300	*369,606,300*	0	*0*
Debt securities	332,713,890	*332,713,890*	0	*0*
TOTAL	702,320,190	*702,320,190*	0	*0*

	As at 31/12/24			
	Fair value of collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*	Fair value of encumbered collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*
Cash collateral	262,376,756	*262,376,756*	0	*0*
Debt securities	1,532,577,332	*1,532,577,332*	0	*0*
TOTAL	1,794,954,088	*1,794,954,088*	0	*0*

9.3.2. Encumbered assets

	31/12/23			
	Carrying amount of encumbered assets	*of which: central bank eligible*	Fair value of encumbered assets	*of which: central bank eligible*
Debt securities at amortised cost	**310,161,025**	***228,289,903***	**307,405,708**	***226,298,352***
of which: issued by general governments	*74,772,852*	*74,772,852*	*73,360,300*	*73,360,300*
of which: issued by other financial corporations	*223,600,394*	*153,517,051*	*222,289,947*	*152,938,052*
of which: issued by non-financial corporations	*11,787,779*	*0*	*11,755,461*	*0*
Debt securities at fair value through other comprehensive income	**109,239,293**	***97,813,379***	**109,239,293**	***97,813,379***
of which: issued by other financial corporations	*109,239,293*	*97,813,379*	*109,239,293*	*97,813,379*
Loans and advances other than loans on demand	**299,086,163**	***276,445,710***	**299,086,163**	***276,445,710***
TOTAL	718,486,481	*602,548,992*	715,731,164	*600,557,441*

	31/12/24			
	Carrying amount of encumbered assets	*of which: central bank eligible*	Fair value of encumbered assets	*of which: central bank eligible*
Debt securities at amortised cost	**303,929,202**	***276,750,857***	**300,968,950**	***273,673,174***
of which: issued by general governments	*64,604,947*	*64,604,947*	*61,239,012*	*61,239,012*
of which: issued by other financial corporations	*239,324,255*	*212,145,910*	*239,729,938*	*212,434,162*
of which: issued by non-financial corporations	*0*	*0*	*0*	*0*
Debt securities at fair value through other comprehensive income	**0**	***0***	**0**	***0***
of which: issued by other financial corporations	*0*	*0*	*0*	*0*
Loans and advances other than loans on demand	**305,818,773**	***298,062,717***	**305,818,773**	***298,062,717***
TOTAL	609,747,975	*574,813,574*	606,787,723	*571,735,891*

9.3.3. Sources of encumbrance

	31/12/23		
	Matching liabilities, contingent liabilities or securities lent	Assets or collateral received encumbered	*of which: collateral received re-used*
Derivatives	316,493,915	299,086,163	*0*
Repurchase agreements	353,449,872	377,682,156	*0*
Collateralised deposits other than repurchase agreements	456,272	456,272	*0*
of which: central banks	*456,272*	*456,272*	*0*
Fair value of securities borrowed with non cash collateral	19,873,385	41,261,890	*0*
TOTAL	690,273,444	718,486,481	*0*

	31/12/24		
	Matching liabilities, contingent liabilities or securities lent	Assets or collateral received encumbered	*of which: collateral received re-used*
Derivatives	392,130,132	305,818,773	*0*
Repurchase agreements	287,455,151	300,080,017	*0*
Collateralised deposits other than repurchase agreements	2,591,776	2,591,776	*0*
of which: central banks	*2,591,776*	*2,591,776*	*0*
Fair value of securities borrowed with non cash collateral	0	1,257,409	*0*
TOTAL	682,177,059	609,747,975	*0*

9.3.4. Offsetting financial assets and liabilities

Offsetting policy is described in Note 1.4 to the consolidated financial statements.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreements are not presented on a net basis in the consolidated financial statements. BIL may have conditional rights to set-off that are enforceable only in the event of default, or insolvency or bankruptcy of any of the counterparts. Such arrangements do not meet the conditions for offsetting according to IAS 32.

Guarantees are obtained within the framework of reverse repos, securities lending and derivatives activities.

Guarantees are given within the framework of repos, securities borrowing and derivatives activities.

The conditions for using and returning pledged assets or pledged liabilities are defined either in Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA) and Credit Support Annexes Agreements (CSA), amended, when appropriate, by the Legal Department, or in agreements drafted directly by this department.

Cash collateral received or given relates to derivatives of CSA agreements.

FINANCIAL ASSETS RECOGNISED AT END OF REPORTING PERIOD	31/12/23				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	547,153,628	0	547,153,628	369,606,300	177,547,328
Reverse repurchase agreements	313,546,016	0	313,546,016	312,840,505	705,511
TOTAL	860,699,644	0	860,699,644	682,446,805	178,252,839

FINANCIAL ASSETS RECOGNISED AT END OF REPORTING PERIOD	31/12/24				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	517,156,129	0	517,156,129	262,376,756	254,779,373
Reverse Repurchase agreements	1,535,840,262	0	1,535,840,262	1,532,577,332	3,262,930
TOTAL	2,052,996,391	0	2,052,996,391	1,794,954,088	258,042,303

FINANCIAL LIABILITIES RECOGNISED AT END OF REPORTING PERIOD	31/12/23				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	316,493,915	0	316,493,915	299,086,163	17,407,752
Repurchase agreements	353,449,872	0	353,449,872	353,449,872	0
Collateralised deposits other than repurchase agreements	456,272	0	456,272	456,272	0
TOTAL	670,400,059	0	670,400,059	652,992,307	17,407,752

FINANCIAL LIABILITIES RECOGNISED AT END OF REPORTING PERIOD	31/12/24				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	392,130,132	0	392,130,132	305,818,773	86,311,359
Repurchase agreements	287,455,151	0	287,455,151	287,455,151	0
Collateralised deposits other than repurchase agreements	2,591,776	0	2,591,776	2,591,776	0
TOTAL	682,177,059	0	682,177,059	595,865,700	86,311,359

9.4. Interest rate risk

ASSETS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	2,981,518,726	0	0	0	0	0	**2,981,518,726**
Financial assets held for trading	0	9,690,548	2,184,330	5,067,294	2,403,203	0	**19,345,375**
Financial investments measured at fair value	0	892,845	3,229,804	153,600,957	87,049,353	336,905,368	**581,678,327**
Financial investments measured at fair value through other comprehensive income	*0*	*892,845*	*3,229,804*	*153,600,957*	*87,049,353*	*306,122,526*	***550,895,485***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*30,782,842*	***30,782,842***
Loans and advances to credit institutions	303,503,524	368,155,511	19,424,401	0	0	0	**691,083,436**
Loans and advances to customers	1,932,842,911	3,107,819,348	946,817,338	2,481,223,133	7,881,687,642	0	**16,350,390,372**
Financial investments measured at amortised cost	22,624,434	1,444,488,376	1,158,929,636	3,489,365,545	2,513,704,555	0	**8,629,112,546**
Derivatives	391,497	3,263,554	12,593	0	0	543,485,984	**547,153,628**
TOTAL	5,240,881,092	4,934,310,182	2,130,598,102	6,129,256,929	10,484,844,753	880,391,352	29,800,282,410

ASSETS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	1,547,928,488	0	0	0	0	0	**1,547,928,488**
Financial assets held for trading	0	18,263,289	2,675,830	8,330,470	814,414	0	**30,084,003**
Financial investments measured at fair value	0	1,798,110	7,411,962	285,188,560	69,514,275	298,675,760	**662,588,667**
Financial investments measured at fair value through other comprehensive income	*0*	*1,798,110*	*7,411,962*	*285,188,560*	*69,514,275*	*265,642,354*	***629,555,261***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*33,033,406*	***33,033,406***
Loans and advances to credit institutions	126,061,456	1,536,869,740	248,875,309	0	0	0	**1,911,806,505**
Loans and advances to customers	2,030,993,448	6,694,393,617	767,463,359	711,342,076	5,967,380,186	0	**16,171,572,686**
Financial investments measured at amortised cost	349,137,856	1,471,475,152	874,052,020	3,575,745,940	2,879,414,237	0	**9,149,825,205**
Derivatives	155,244	3,214,756	0	0	0	513,786,129	**517,156,129**
TOTAL	4,054,276,492	9,726,014,664	1,900,478,480	4,580,607,046	8,917,123,112	812,461,889	29,990,961,683

LIABILITIES	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	591,713,731	2,096,644,664	1,009,797,470	4,492,955	18,079,708	0	**3,720,728,528**
Amounts due to customers	12,915,011,310	4,346,668,353	1,190,990,928	2,369,054	0	0	**18,455,039,645**
Other financial liabilities	0	1,949,964	5,690,616	10,667,530	7,600,066	0	**25,908,176**
Financial liabilities measured at fair value through profit or loss	11,745,166	1,097,502,226	589,344,468	889,930,078	247,963,402	0	**2,836,485,340**
Liabilities designated at fair value	*11,745,166*	*1,097,502,226*	*589,344,468*	*889,930,078*	*247,963,402*	*0*	***2,836,485,340***
Derivatives	0	1,732,147	7,967	0	0	314,753,802	**316,493,916**
Debt securities	5,048,835	495,105,777	324,680,197	991,161,817	218,071,901	0	**2,034,068,527**
Subordinated debts	0	0	49,431,006	91,417,119	204,908,258	0	**345,756,383**
TOTAL	13,523,519,042	8,039,603,131	3,169,942,652	1,990,038,553	696,623,335	314,753,802	27,734,480,515

LIABILITIES	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	733,014,764	1,332,803,084	660,101,556	2,537,930	67,230,342	0	**2,795,687,676**
Amounts due to customers	12,005,928,016	5,319,533,013	776,909,745	639,578,371	19,758,462	0	**18,761,707,607**
Other financial liabilities	0	920,099	2,739,633	8,962,181	6,071,337	0	**18,693,250**
Financial liabilities measured at fair value through profit or loss	1,342,137	250,733,619	899,487,057	1,844,352,158	222,747,469	0	**3,218,662,440**
Liabilities designated at fair value	*1,342,137*	*250,733,619*	*899,487,057*	*1,844,352,158*	*222,747,469*	*0*	***3,218,662,440***
Derivatives	0	2,829,199	786	0	0	389,300,147	**392,130,132**
Debt securities	0	255,806,835	452,631,992	1,413,786,469	309,520,203	0	**2,431,745,499**
Subordinated debts	0	0	0	146,345,600	205,407,610	0	**351,753,210**
TOTAL	12,740,284,917	7,162,625,849	2,791,870,769	4,055,562,709	830,735,423	389,300,147	27,970,379,814

NET POSITION	31/12/23					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Balance sheet sensitivity gap	(8,282,637,950)	(3,105,292,949)	(1,039,344,550)	4,139,218,376	9,788,221,418	565,637,550

NET POSITION	31/12/24					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Balance sheet sensitivity gap	(8,686,008,425)	2,563,388,815	(891,392,289)	525,044,337	8,086,387,689	423,161,742

Demand deposits and savings deposits are declared in the "At sight or on demand" column as the information shown above takes into account the remaining maturity until the next date on which interest rates are repriced on an accounting basis rather than according to assumptions based on observed behavioural data. The latter approach is used in the context of ALM sensitivity (see Note 9.5).

9.5. Market risk and Assets & Liabilities Management (ALM)

9.5.1. Treasury and financial markets activities

BIL's treasury and financial markets activities support the Bank's commercial activities.

Financial markets and treasury activities are subject to Value at Risk (VaR) and / or sensitivity limits.

TREASURY AND FINANCIAL MARKETS VALUE AT RISK – 99 %, 10 DAYS

In 2024, BIL has calculated:

- a trading VaR based on a historical approach (99%,10 days) limited to FOREX activities;
- a treasury VaR based on a historical approach (99%,10 days), notably to complement the treasury interest rate sensitivity (+100 bp).

The VaR calculated for treasury and financial markets activities are detailed below. The average trading VaR was EUR 0.04 million in 2024, compared with EUR 0.12 million in 2023.

VaR (10 days, 99%) (in EUR million)		2023							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.12	0.14	0.08	0.16	0.90	0.98	1.19	1.05
	Maximum	0.25	0.29	0.24	0.20	1.16	1.39	1.28	1.20
Global Trading	Average	0.12				1.03			
	Maximum	0.29				1.39			
	End of period	0.17				1.04			
	Limit	1.00				6.00			

VaR (10 days, 99%) (in EUR million)		2024							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.07	0.04	0.03	0.02	1.01	0.91	0.66	1.53
	Maximum	0.17	0.06	0.05	0.17	1.23	1.21	0.75	3.69
Global Trading	Average	0.04				1.03			
	Maximum	0.17				3.69			
	End of period	0.01				0.91			
	Limit	1.00				6.00			

TREASURY: +1% SENSITIVITY

The treasury activity is subject to sensitivity limits.

Sensitivity (in EUR million)		2023				2024			
		+100 bp interest rate sensitivity				+100 bp interest rate sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Treasury	Sensitivity	7.70	2.54	3.20	3.78	3.43	2.08	1.52	(0.83)
	Limit	(9.00)				(9.00)			

9.5.2. ALM interest rate risk and credit spread risk

The ALM perimeter is subject to an interest-rate sensitivity limit.

In addition, positions within the investment portfolio perimeter are subject to a credit spread sensitivity measure.

ALM

The ALM interest rate and credit spread sensitivities are disclosed below (own funds included):

Sensitivity (in EUR million)		2023							
		+100 bp Interest rate sensitivity				+1 bp credit spread sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ALM	Sensitivity	(31)	(32)	(31)	(41)	(1)	(1)	(1)	(1)
	Limit	(90)							

Sensitivity (in EUR million)		2024							
		+100 bp Interest rate sensitivity				+1 bp credit spread sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ALM	Sensitivity	(26)	(23)	(20)	(43)	(1)	(1)	(1)	(1)
	Limit	(90)							

The sensitivity of the interest rate is around (+1%) of ALM perimeter (own funds included).

The sensitivity of the credit spread is around (+1 bp).

9.6. Liquidity risk: breakdown by residual maturity

BIL's approach to liquidity risk management is described under section 4 "Market and Liquidity Risk" of the Consolidated Management Report.

The maturity analysis does not include the remaining contractual maturities for derivatives. The Bank considers that their contractual maturity is not essential for an understanding of the timing of the cash flows as liquidity for derivatives is managed on a daily basis according to the cash collateral posted or received. Presented by residual maturity, excluding derivatives and off-balance sheet

ASSETS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	2,981,518,726	0	0	0	0	0	**2,981,518,726**
Financial assets held for trading	0	1,847,105	17,498,270	0	0	0	**19,345,375**
Financial investments measured at fair value	0	892,845	3,229,804	153,600,957	87,049,353	336,905,368	**581,678,327**
Financial investments measured at fair value through other comprehensive income	*0*	*892,845*	*3,229,804*	*153,600,957*	*87,049,353*	*306,122,526*	***550,895,485***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*30,782,842*	***30,782,842***
Loans and advances to credit institutions	323,071,852	368,011,584	0	0	0	0	**691,083,436**
Loans and advances to customers	2,081,269,833	726,319,022	1,066,348,232	3,327,050,196	9,149,403,089	0	**16,350,390,372**
Financial investments measured at amortised cost	22,624,435	493,071,838	753,620,500	3,756,291,698	3,603,504,075	0	**8,629,112,546**
Derivatives	391,497	38,937,497	28,920,205	196,720,839	282,183,590	0	**547,153,628**
TOTAL	5,408,876,343	1,629,079,891	1,869,617,011	7,433,663,690	13,122,140,107	336,905,368	29,800,282,410

ASSETS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	1,547,857,270	71,218	0	0	0	0	**1,547,928,488**
Financial assets held for trading	0	6,322,951	6,046,502	16,900,127	814,423	0	**30,084,003**
Financial investments measured at fair value	0	1,798,110	7,411,962	285,188,558	69,514,275	298,675,762	**662,588,667**
Financial investments measured at fair value through other comprehensive income	*0*	*1,798,110*	*7,411,962*	*285,188,558*	*69,514,275*	*265,642,356*	***629,555,261***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*33,033,406*	***33,033,406***
Loans and advances to credit institutions	253,717,350	1,539,054,978	119,034,177	0	0	0	**1,911,806,505**
Loans and advances to customers	1,962,275,633	707,486,803	1,235,454,762	3,081,070,716	9,185,284,772	0	**16,171,572,686**
Financial investments measured at amortised cost	0	411,161,324	883,242,315	3,751,949,263	4,103,472,303	0	**9,149,825,205**
Derivatives	155,244	77,802,726	37,205,152	160,412,360	241,580,647	0	**517,156,129**
TOTAL	3,764,005,497	2,743,698,110	2,288,394,870	7,295,521,024	13,600,666,420	298,675,762	29,990,961,683

LIABILITIES	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	592,759,086	2,625,160,748	419,920,966	6,867,656	76,020,072	0	**3,720,728,528**
Amounts due to customers	8,234,361,525	8,578,757,080	1,195,719,485	442,656,999	3,544,556	0	**18,455,039,645**
Other financial liabilities	0	1,949,965	5,646,238	10,711,908	7,600,066	0	**25,908,177**
Financial liabilities measured at fair value through profit or loss	378,785	111,919,182	752,924,128	1,715,865,500	255,397,745	0	**2,836,485,340**
Liabilities designated at fair value	*378,785*	*111,919,182*	*752,924,128*	*1,715,865,500*	*255,397,745*	*0*	***2,836,485,340***
Derivatives	0	65,197,879	33,190,375	103,157,497	114,948,164	0	**316,493,915**
Debt securities	0	211,541,554	375,141,565	1,224,330,940	223,054,468	0	**2,034,068,527**
Subordinated debts	0	0	0	140,848,125	204,908,258	0	**345,756,383**
TOTAL	8,827,499,396	11,594,526,408	2,782,542,757	3,644,438,625	885,473,329	0	27,734,480,515

LIABILITIES	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	710,146,947	1,355,670,900	660,101,556	2,537,931	67,230,342	0	**2,795,687,676**
Amounts due to customers	12,005,928,016	5,319,622,348	776,909,745	639,489,036	19,758,462	0	**18,761,707,607**
Other financial liabilities	0	919,872	2,739,860	8,962,181	6,071,337	0	**18,693,250**
Financial liabilities measured at fair value through profit or loss	1,342,137	250,733,619	899,487,057	1,844,352,158	222,747,469	0	**3,218,662,440**
Liabilities designated at fair value	*1,342,137*	*250,733,619*	*899,487,057*	*1,844,352,158*	*222,747,469*	*0*	***3,218,662,440***
Derivatives	0	28,594,339	40,744,649	150,823,380	171,967,764	0	**392,130,132**
Debt securities	0	255,806,834	452,631,993	1,413,786,469	309,520,203	0	**2,431,745,499**
Subordinated debts	0	0	0	146,345,599	205,407,611	0	**351,753,210**
TOTAL	12,717,417,100	7,211,347,912	2,832,614,860	4,206,296,754	1,002,703,188	0	27,970,379,814

The column "At sight or on demand" corresponds to the sight deposits and savings accounts that are included in this item even though the reimbursement date is undetermined.

For amounts due to credit institutions, amounts due to customers, other financial liabilities, debt securities and subordinated debts: The amounts are presented discounted for financial assets and liabilities measured at amortised cost.

NET POSITION	31/12/23					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Net liquidity gap	(3,418,623,053)	(9,965,446,517)	(912,925,746)	3,789,225,065	12,236,666,778	336,905,368

NET POSITION	31/12/24					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Net liquidity gap	(8,953,411,603)	(4,467,649,802)	(544,219,990)	3,089,224,270	12,597,963,232	298,675,762

CONTINGENT LIABILITIES AND COMMITMENTS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Regular way trade	0	1,719,986,717	59,411,277	52,492,852	1,282,929	0	1,833,173,775
Guarantees	72,230,550	111,349,268	354,275,319	332,197,455	780,479,028	82,190,392	1,732,722,012
Loan commitments	547,280,959	110,093,252	415,859,867	736,395,449	1,785,629,363	282,741,883	3,878,000,773
Other commitments	3,181,634,887	794,555,215	1,462,230,850	1,802,341,133	8,454,868,799	245,070,670,691	260,766,301,575
TOTAL	3,801,146,396	2,735,984,452	2,291,777,313	2,923,426,889	11,022,260,119	245,435,602,966	268,210,198,135

CONTINGENT LIABILITIES AND COMMITMENTS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Regular way trade	0	1,533,949,003	10,860,320	656,461	14,424,000	0	1,559,889,784
Guarantees	67,135,054	35,236,429	219,244,892	223,214,369	874,815,263	110,993,077	1,530,639,084
Loan commitments	469,325,402	145,798,407	497,156,173	658,130,490	1,754,746,918	256,489,184	3,781,646,574
Other commitments	3,145,097,467	646,715,785	830,651,750	1,621,858,688	8,001,802,861	232,238,862,416	246,484,988,967
TOTAL	3,681,557,923	2,361,699,624	1,557,913,135	2,503,860,008	10,645,789,042	232,606,344,677	253,357,164,409

The column "At sight or on demand" corresponds to the sight deposits and savings accounts that are included in this item even though the reimbursement date is undetermined.

9.7. Currency risk

	31/12/23				
	EUR	Other EU currencies	USD	Other	Total
Assets	26,507,917,035	240,734,181	2,210,038,654	1,576,567,609	30,535,257,479
Liabilities	24,036,142,225	901,746,510	4,253,763,407	1,343,605,337	30,535,257,479
NET ON-BALANCE SHEET POSITION	2,471,774,810	(661,012,329)	(2,043,724,753)	232,962,272	0
Off-balance sheet - receivable	2,036,972,960	929,278,726	3,174,525,383	784,907,876	6,925,684,945
Off-balance sheet - payable	4,551,541,506	252,024,296	1,009,083,656	1,140,819,632	6,953,469,090
NET OFF-BALANCE SHEET POSITION	(2,514,568,546)	677,254,430	2,165,441,727	(355,911,756)	(27,784,145)

	31/12/24				
	EUR	Other EU currencies	USD	Other	Total
Assets	26,845,667,074	121,279,338	2,217,254,067	1,559,783,681	30,743,984,160
Liabilities	25,114,150,994	605,331,822	3,895,487,375	1,129,013,969	30,743,984,160
NET ON-BALANCE SHEET POSITION	1,731,516,080	(484,052,484)	(1,678,233,308)	430,769,712	0
Off-balance sheet - receivable	1,927,568,683	906,026,410	3,037,361,396	646,519,828	6,517,476,317
Off-balance sheet - payable	4,095,395,198	305,413,900	904,042,674	1,168,002,032	6,472,853,804
NET OFF-BALANCE SHEET POSITION	(2,167,826,515)	600,612,510	2,133,318,722	(521,482,204)	44,622,513

9.8. Capital Management

As a credit institution, the Group manages its capital according to Basel framework (Pillar 1 Regulatory Capital and Pillar 2 Economic Capital). For its regulatory capital, it shall comply with the EU regulatory framework (Capital Requirements Regulation or CRR).

The Group is subject to the minimum capital requirements for its Pillar 1 Regulatory Capital in accordance with the Regulatory applicable to the Group.

The management of the Group continually monitors the capital adequacy and the respect of regulatory requirements.

The objectives of the Group regarding the management of its regulatory capital are to comply with the capital requirements set by the regulators and to ensure the ability of the Group to continue as a going concern.

CAPITAL ADEQUACY AND SOLVENCY

Under the Pillar 1 framework, the regulatory eligible capital of the Group is composed of two tiers:

- Tier 1 capital, composed of the Common Equity Tier 1 and Additional Tier 1 capital, based on Shareholders' equity, minus any deduction as defined by the CRR. Additional Tier 1 may take the form of equity instruments (other equity instruments) or subordinated debt, depending on its legal form.
- Tier 2 capital, composed of subordinated loans, as defined in the CRR.

During the year 2024, no change in circumstances regarding capital management occurred and at any time the Group complied with the regulatory capital requirements.

For more details on the capital management of the Group, please refer to the section "Risk Management" of the Consolidated Management Report. More details on the regulatory capital are provided in the Pillar 3 Report published on the website of the Bank.

Note 10: Additional information

10.1. Litigation

BANQUE INTERNATIONALE À LUXEMBOURG S.A. AND BANQUE INTERNATIONALE À LUXEMBOURG (SUISSE) S.A.

Following the bankruptcy of Bernard Madoff's investment vehicle, Bernard L. Madoff Investment Securities ("BLMIS"), the official receivers of BLMIS and the liquidators of certain feeder funds, ultimately invested in BLMIS, instituted legal proceedings against numerous financial institutions and institutional investors that had purchased Madoff securities and investment products linked to B. Madoff, and based on the "clawback principle", claim the return of profits and redemptions obtained on these investments over a period of several years until the discovery of the fraudulent set-up put in place by BLMIS that culminated in its collapse. Some of these clawback actions were brought against Banque Internationale à Luxembourg S.A. and its subsidiary Banque Internationale à Luxembourg (Suisse) S.A., the plaintiffs claiming the reimbursement of an amount in principal estimated at approximately USD 72 million, most of which corresponds to investments made by Banque Internationale à Luxembourg S.A. on behalf of third parties.

With regards to the legal proceedings initiated by the liquidators of certain feeder funds: the Bankruptcy Court dismissed all claims (including Common Law Claims, Contract Claims and BVI Insolvency Claims) except for claims for constructive trust against so-called Knowledge Defendants, i.e., specific defendants alleged to have had knowledge of the Madoff fraud. BIL is alleged to be Knowledge Defendant in two cases because, it is alleged, the knowledge of a specific intermediary should be attributed to BIL (among many other defendants). The decision to dismiss other claims was appealed to the District Court (Judge Broderick) and Judge Broderick has affirmed the dismissals, in favour of BIL. The liquidators have appealed this decision to the Second Circuit Court of Appeals.

The only claim remaining against BIL is a claim for constructive trust (based on the allegation that BIL is a Knowledge Defendant). The Knowledge Defendants as a group appealed the decision declining to dismiss this claim, which was affirmed by the District Court. The Second Circuit Court of Appeals has accepted interlocutory appeal on this issue and consolidated this appeal with the earlier appeal so that they may be heard together. Briefing on these appeals was completed in November 2023 and oral argument was heard in April 2024. We are currently awaiting a decision from the Court of Appeals.

In addition, in November 2021, BIL filed a motion in the Bankruptcy Court to dismiss the constructive trust claim for lack of personal jurisdiction. In connection with that motion, the Bankruptcy Court has allowed limited discovery on the issue of personal jurisdiction. The Liquidators have served discovery requests on BIL, amongst other banks, and BIL has produced documents in response to those requests. The Bankruptcy Court has in this respect ordered the deposition of a representative of the Bank to testify under oath about document preservation measures taken by the bank both at the time Madoff collapsed (December 2008) and at the time the Bank learned of the lawsuit (November 2010). The deposition, which is not unusual in US litigation, took place on the 14 December 2022. On 17 March 2023, the Bankruptcy Court granted certain motions for discovery sanctions with respect to, amongst others, BIL. On 2 May 2023, the Liquidators filed their opposition to BIL's motion to dismiss. That motion remains pending before the Bankruptcy Court.

With regards to the Madoff subsequent transferee action: This action had been dismissed by the Bankruptcy Court on the grounds of comity/extraterritoriality but the Second Circuit Court of Appeals reversed the decision in February 2019. Following an unsuccessful petition for certiorari (permission to appeal) to the US Supreme Court, this action has been returned to the Bankruptcy Court for further proceedings. The Bank filed a motion to dismiss with the Bankruptcy Court for lack of personal jurisdiction on 2 September 2022, which was denied on 14 March 2023. This case is now in a discovery phase. Pursuant to a Case Management Plan agreed between the parties, fact discovery will continue until September 2025.

At this time, Banque Internationale à Luxembourg S.A. and Banque Internationale à Luxembourg (Suisse) S.A. are not able to express a reasonable opinion on the duration or outcome of actions or on any potential financial impact.

As at 31 December 2024, no material provision for clawback actions has been made.

10.2. Post-balance sheet events

Please refer to point 9 "Post-balance sheet events" of the Business Review and Results section of the Consolidated Management Report for events affecting BIL Group.

03. Financial statements of the parent company

Audit report

To the Board of Directors of
Banque Internationale à Luxembourg

Report on the audit of the financial statements

OUR OPINION

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

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Bank's financial statements comprise:

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

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs)

as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF).

Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

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

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

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

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 7.10 to the financial statements.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER

Impairment of loans and advances to customers

At 31 December 2024, the gross

loans and advances to customers of the Bank amount to EUR 15,815.63 million against which an impairment of EUR 225.39 million is recorded (see Note 3.4. to the financial statements).

A post-model adjustment for EUR 4.7 million remains applicable in 2024 (introduced in 2022) to consider the uncertainties linked to the actual economic environment by increasing the weight of the downside Expected Credit Loss ("ECL") scenario (see Note 8.2.1.3 to the financial statements).

In 2024, a second post-model adjustment of EUR 8.6 million was introduced. The projection for a macroeconomic variable used in the IFRS 9 Loss Given Default (LGD) curves - specifically the retail real estate LGD curve - was positively revised following a recalibration of the models by the external data provider. However, the Bank deemed the revised projection to be optimistic and chose to retain the previous parameter projection, prior to the recalibration (see Note 8.2.1.3 to the financial statements).

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We tested on a sample basis the design and operating effectiveness of key controls across the processes relevant to the ECL calculation and impairment assessment.

This included testing of:

- Entity level controls (including IT controls) and governance process over the ECL modelling process, including model review as well as the review of back-testing ECL model components (Probability of Default, macro-economic projection, loss rates) and ECL level;
- Controls over the incorporation of multiple economic scenarios related to ECL models by the Bank's Credit and Executive Committees;
- Controls over quarterly ECL variation analysis;
- Controls over the loan origination and monitoring processes;
- Controls over the specific provision process and monitoring (as well as write-offs);
- Controls over the monitoring of internal credit limits;
- Controls over the monitoring of loans in litigation;
- Controls over the monitoring of credit collateral coverage;
- Inspection of default committee minutes and Special Mention List/Watch list; and
- Inspection over the validation of ECL Management overlays and post-model adjustment by the Bank.

KEY AUDIT MATTER

Impairment of loans and advances to customers (cont.)

The Bank has introduced since 2023 (in the context of successive increases in key rates since 2022) 2 Management Overlays. These are maintained in 2024:

- The first one, named "Minimum Disposable Income" ("MDI"), for EUR 1.71 million aimed at anticipating the risks of default on customers for which the MDI information is either missing or below the minimum threshold required by the Bank (see Note 8.2.1.3 to the financial statements); and
- The second one named "Outreach programme - bridge loans and maturing fixed-rate loans", for EUR 1.75 million which was implemented to anticipate the risks of default over bridge/bullet loans exposed to variable interest rates and over fixed-rate loan which rates will reset to prevailing market conditions during 2025 (see Note 8.2.1.3 to the financial statements).

A third Management Overlay "Acquisition, Development and Constructions (ADC) portfolio", for EUR 15.3 million, was introduced in 2024 against the backdrop of the uncertainty on near-term recovery prospects for off-plan sales impacting property developers (see Note 8.2.1.3. to the financial statements).

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We also performed the following substantive audit procedures:

- With the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models, as well as challenging the forward looking macro-economic scenarios especially considering the macro-economic context. This also included the assessment of updates made in the models during the year;
- We tested some key parameters to ensure accuracy of data inputs supporting the ECL models used by the Bank.

We tested a sample of loans and advances (including but not only an extended sample of loans included into the Bank Credit Watchlist and/or classified in stage 3 (including forborne exposures)) as follows:

- Form our own assessment as to whether they are classified in the appropriate stage. We examined in a critical manner the assumptions used by the Bank to determine estimated recovery from any underlying collateral;
- Perform testing over the accuracy of a sample of key input data linked to the credit activity (nominal, interest rates, beneficiaries);
- Perform testing on the valuation and validity of guarantees and collateral received by the Bank to secure its exposures; and
- Perform testing over the allocation of loans and advances into stages, including quarterly movements between stages, and the identification of defaulted loans and advances.

KEY AUDIT MATTER

Impairment of loans and advances to customers (cont.)

We considered this as a Key Audit Matter as the measurement of impairment under IFRS 9 requires complex and subjective judgments and estimates by the Bank's Management. The Bank uses the following methods to assess the required impairment allowance:

- The ECL allowance is measured for all loans and advances based on the principles laid down by IFRS 9 and adapted by the Bank in its ECL calculation process, model and tool; and
- For defaulted loans and advances, impairment is assessed individually on a regular basis.

In particular, the determination of impairment against loans and advances to customers requires:

- Accounting interpretations and modelling assumptions used to build the models that serve as a basis to calculate the ECL;
- Inputs and assumptions to estimate the impact of multiple economic scenarios;
- The use of expert judgments and estimates for the design and setup of the internal rating system which form the basis of the allocation of loans and advances within the 3 stages (stage 1, stage 2, stage 3) foreseen by IFRS 9; and
- The use of expert judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances.

Refer to the Accounting policy Note 1.6.5. to the consolidated financial statements and to the Notes 3.4. and 8.2. to the financial statements as well as Sections 2 and 6 of the Business Review and Results and Section 3 of the Risk Management parts of the consolidated management report.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

In light of the credit events linked to the current macro-economic context, and in addition to the above, we also performed specific procedures as follows:

- Test of a sample of credit files under the scope of Management overlays to verify the accuracy and completeness of the underlying population; and
- Assessment of the ECL Management overlays and post-model adjustments methodology (including the mathematical accuracy of the amounts).

KEY AUDIT MATTER

Deferred tax assets recognition and impairment

As at 31 December 2024, the deferred tax assets on tax losses carried forward (resulting from the loss incurred in 2011 by one of the former branches of the Bank in a foreign country) recognised in the balance sheet amounts to EUR 110.8 million (see Note 5.2. to the financial statements).

We considered this as a key audit matter as the Bank makes forecast to determine the amount of tax losses carried forward which will be resorbed by future taxable profits. Those forecasts are based on subjective Bank's assumptions.

Refer to the Accounting policy Note 1.22. to the consolidated financial statements and to Note 5.2. to the financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the analysis supporting the recognition of deferred tax assets (arising on the tax losses carried forward) and the forecasts which serves as the basis to impair the deferred tax assets.

We performed the following substantive audit procedures:

- We obtained the Bank's budget for the year 2025, approved by the Board of Directors, and the business plan prepared by the Bank for the period 2026-2030 as well as the assumptions made by the Bank to extrapolate the net income before tax beyond the horizon of the business plan;
- We assessed, with the assistance of our specialists, the consistency and reasonableness of these assumptions by taking into account the impacts of the macro-economic environment, including back-testing of the assumptions made at prior year end;
- We evaluated whether updates in the Luxembourg tax laws and regulations may have an impact on the assumptions made by the Management;
- We inspected the documentation supporting the conditions for the tax losses to be incorporated to the basis of the tax losses carried forward; and
- We tested the arithmetical accuracy of the computations, including the corporate income tax rate used.

KEY AUDIT MATTER

Impairment of participation in Banque Internationale à Luxembourg (Suisse) SA

As at 31 December 2024, the Bank holds investment in its subsidiary Banque Internationale à Luxembourg (Suisse) SA for EUR 173.7 million which is impaired for an amount

of EUR 112.1 million and thus presenting a carrying amount of EUR 61.6 million (EUR 139.3 million after considering the fair value hedge adjustment) (see Note 3.8. to the financial statements).

The Bank uses a combination of income and market approach to determine the recoverable amount. The assumptions are made by the Bank considering a three-year period forecast with a terminal value on the net distributable dividend, among others.

We considered the impairment of this subsidiary as a key audit matter as the Bank makes complex and subjective judgements in the determination of the recoverable amount of the subsidiary.

Refer to the Accounting policy Note 1.2. to the financial statements and to Note 3.8. to the financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the models used, the back-testing of inputs/assumptions and of the recoverable amount determined at year end.

We performed the following substantive audit procedures:

- We obtained the impairment valuation methodology applied by the Bank (including consideration of the current economic uncertainties);
- We assessed through the use of our valuation experts whether or not the valuation methodology used by the Bank was in line with industry practice given the nature of the activities of the investment;
- We reconciled the inputs used in the model of the Bank to supporting documentation;
- We assessed through the use of our valuation experts the reasonableness of the assumptions used by the Bank in the model;
- We tested the arithmetical accuracy of the recoverable amount determined by the Bank; and
- We benchmarked the Bank's valuation results against other methodologies commonly used.

KEY AUDIT MATTER

Fair value measurement using of level 3 inputs for equity investments measured at fair value through other comprehensive income

Fair value measurement using of level 3 inputs for equity investments measured at fair value through other comprehensive income

As at 31 December 2024, the fair value of level 3 equity investments measured at fair value through other comprehensive income amount to EUR 265.5 million (see Notes 3.6.1. to the financial statements).

We consider the valuation of such investments as inherently complex due to the unavailability of prices on an active market, the limited or unavailability of observable data and the impact of the current macro-economic uncertainties which increases uncertainty in some industries (including the airline industry).

Refer to the Accounting policy Notes 1.6.3.2. - 1.6.3.3. to the consolidated financial statements and to Notes 3.6.1., 3.8. and 8.1.2. to the financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As test of controls, we inspected the Bank's approval of the models used, the back-testing of inputs/assumptions and of the fair value determined at year end.

We performed the following substantive audit procedures:

- We obtained the fair valuation methodology applied by the Bank, specifically for an investment which operates in the airline industry. The latter valuation was mainly based on "Sum Of The Parts" approach;
- We assessed through the use of our valuation experts whether or not the valuation methodology used by the Bank was in line with industry practice given the industry and structure of the investments;
- We reconciled the inputs used in the model of the Bank to supporting documentation;
- We assessed through the use of our valuation experts the reasonableness of the assumptions used by the Bank in the model which included, interalia, benchmarking key metrics; and
- We tested the arithmetical accuracy of the calculation performed by the Bank.

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 consolidated management report and the Corporate Governance Statement but does not include the financial statements and our audit report thereon.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

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

The Corporate Governance Statement is included in the consolidated management report.

The information required by Article 70bis Paragraph (1) Letters c) and d) of the amended Law of 17 June 1992 on the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 13 December 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

Luxembourg, 28 March 2025

PricewaterhouseCoopers, Société coopérative
Represented by

Rima Adas — Antoine Marchon

Balance sheet

ASSETS	Notes	31/12/23	31/12/24
Cash, balances with central banks and demand deposits	3.2	2,901,120,265	1,420,502,037
Financial assets held for trading	3.5	19,345,375	30,084,003
Financial investments measured at fair value	3.6	539,413,704	618,081,122
Financial assets at fair value through other comprehensive income	*3.6.1*	*535,848,247*	*614,498,749*
Non-trading financial assets mandatorily at fair value through profit or loss	*3.6.2*	*3,565,457*	*3,582,373*
Loans and advances to credit institutions	3.3	1,012,252,840	2,232,303,767
Loans and advances to customers	3.4	15,773,869,140	15,590,234,024
Financial investments measured at amortised cost	3.7	8,389,047,608	9,007,653,876
Derivatives	5.1	546,535,513	514,211,480
Investments in subsidiaries and associates	3.8	166,136,742	151,586,195
Investment property	3.10	39,815,961	39,615,961
Property, plant and equipment	3.9	91,331,774	98,889,946
Intangible fixed assets and goodwill	3.11	342,169,972	347,665,737
Current tax assets	3.12	2,006	2,006
Deferred tax assets	3.12/5.2	127,237,269	116,040,397
Other assets	3.13	49,508,840	73,686,240
TOTAL ASSETS		29,997,787,009	30,240,556,791

The notes are an integral part of these financial statements.

LIABILITIES	Notes	31/12/23	31/12/24
Amounts due to credit institutions	4.1	4,708,518,126	3,655,361,868
Amounts due to customers	4.2	17,099,485,721	17,586,343,448
Other financial liabilities	4.3	10,544,690	7,539,784
Financial liabilities measured at fair value through profit or loss	4.4	2,836,485,340	3,218,662,440
Liabilities designated at fair value		*2,836,485,340*	*3,218,662,440*
Derivatives	5.1	315,303,064	389,611,733
Debt securities	4.5	2,034,068,527	2,431,745,499
Subordinated debts	4.6	345,756,383	351,753,210
Provisions and other obligations	4.7	48,553,076	44,612,371
Current tax liabilities	4.8	0	7,152,998
Other liabilities	4.9	289,826,350	223,550,975
TOTAL LIABILITIES		27,688,541,277	27,916,334,326

SHAREHOLDERS' EQUITY	Notes	31/12/23	31/12/24
Subscribed capital	5.4	146 108 270	146 108 270
Share premium		760 527 961	760 527 961
Other equity instruments		174 550 419	174 781 918
Reserves and retained earnings		760 932 140	859 185 641
Net income		187 617 661	147 360 537
SHAREHOLDERS' EQUITY		**2 029 736 451**	**2 087 964 327**
Gains and losses not recognised in the statement of income		279,509,281	236,258,138
Financial instruments at fair value through other comprehensive income		*272,346,951*	*226,833,138*
Other reserves		*7,162,330*	*9,425,000*
EQUITY		**2,309,245,732**	**2,324,222,465**
TOTAL SHAREHOLDERS' EQUITY		2,309,245,732	2,324,222,465
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,997,787,009	30,240,556,791

The notes are an integral part of these financial statements.

Statement of income

	Notes	31/12/23	31/12/24
Interest and similar income	7.1	1,425,159,652	1,657,447,559
of which: Interest revenue calculated using the effective interest method		*1,157,284,625*	*1,304,751,541*
Interest and similar expenses	7.1	(916,720,228)	(1,205,924,626)
Dividend income	7.2	2,845,931	2,445,931
Net trading income	7.3	118,500,359	(4,170,099)
Net income on financial instruments measured at fair value and net result of hedge accounting	7.4	(101,901,032)	12,922,050
Net income on derecognition of financial instruments at amortised cost	7.5	8,285,066	2,485,552
Fee and commission income	7.6	208,393,483	192,785,998
Fee and commission expenses	7.6	(32,585,045)	(30,302,172)
Other net income	7.7	(19,743,991)	8,472,900
REVENUES		**692,234,195**	**636,163,093**
Staff expenses	7.8	(227,291,983)	(208,961,710)
General and administrative expenses	7.9	(172,397,455)	(157,293,048)
Amortisation of tangible, intangible and right-of-use assets	7.11	(51,369,446)	(70,812,036)
EXPENSES		**(451,058,884)**	**(437,066,794)**
GROSS OPERATING INCOME		**241,175,311**	**199,096,299**
Impairments	7.12	(27,927,909)	(33,598,343)
Net impairment on financial instruments and provisions for credit commitments	*7.12.1*	*(26,726,690)*	*(21,883,662)*
Net impairment on participations in consolidated companies	*7.12.2*	*0*	*(11,714,681)*
Net impairment of tangible, intangible and right-of-use assets		*(1,201,219)*	*0*
NET INCOME BEFORE TAX		**213,247,402**	**165,497,956**
Tax expenses	7.13	(25,629,741)	(18,137,419)
NET INCOME		**187,617,661**	**147,360,537**
Return on assets		0.63%	0.49%

The notes are an integral part of these financial statements.

Statement of comprehensive income

	31/12/23	31/12/24
NET INCOME RECOGNISED IN THE STATEMENT OF INCOME	187,617,661	147,360,537
GAINS (LOSSES) NOT RECOGNISED IN THE STATEMENT OF INCOME	2,070,693	(43,251,143)
Items that will not be reclassified to profit or loss	**4,289,161**	**(40,973,849)**
Actuarial gains (losses) on defined benefit pension plans	(5,486,304)	5,524,803
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk	868,083	(729,638)
Fair value changes of equity instruments measured at fair value through other comprehensive income	8,108,464	(44,830,095)
Fair value changes of land and buildings - transfer to investment property	(441,101)	0
Tax on items that will not be reclassified to profit or loss	1,240,019	(938,919)
Items that may be reclassified to profit or loss	**(2,218,468)**	**(2,277,294)**
Translation adjustments	0	0
Gains (losses) on cash flow hedge	(2,366,993)	(1,957,165)
Fair value changes of debt instruments and loans and advances at fair value through other comprehensive income	(588,600)	(1,049,662)
Tax on items that may be reclassified to profit or loss	737,125	729,533
TOTAL COMPREHENSIVE INCOME, NET OF TAX	189,688,354	104,109,394

The notes are an integral part of these financial statements.

Statement of changes in equity

SHAREHOLDERS' EQUITY	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/23	146,108,270	760,527,961	174,315,856	731,138,277	98,960,523	1,911,050,887
Dividend paid	0	0	0	(60,008,754)	0	(60,008,754)
Classification of income	0	0	0	98,960,523	(98,960,523)	0
Coupon on Additional Tier One Instrument	0	0	0	(9,187,500)	0	(9,187,500)
Other movements	0	0	234,563	206,539	0	441,102
Realised performance on equities at fair value through other comprehensive income	0	0	0	(176,945)	0	(176,945)
Net income	0	0	0	0	187,617,661	187,617,661
As at 31/12/23	146,108,270	760,527,961	174,550,419	760,932,140	187,617,661	2,029,736,451

GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the statement of income
As at 01/01/23	264,702,067	3,769,310	8,967,211	0	277,438,588
Net change in fair value through equity - fair value through other comprehensive income	7,644,884	0	0	0	7,644,884
Net change in fair value through equity - cash flow hedges	0	(1,776,665)	0	0	(1,776,665)
Revaluation of investment properties upon reclassification from property, plant and equipment	0	0	(331,090)	0	(331,090)
Net change in other reserves	0	0	(3,466,436)	0	(3,466,436)
As at 31/12/23	272,346,951	1,992,645	5,169,685	0	279,509,281

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The notes are an integral part of these financial statements.

SHAREHOLDERS' EQUITY	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/24	146,108,270	760,527,961	174,550,419	760,932,140	187,617,661	2,029,736,451
Dividend paid	0	0	0	(79,942,096)	0	(79,942,096)
Classification of income	0	0	0	187,617,661	(187,617,661)	0
Coupon on Additional Tier One Instrument	0	0	0	(9,187,500)	0	(9,187,500)
Other movements	0	0	231,499	(234,564)	0	(3,065)
Net income	0	0	0	0	147,360,537	147,360,537
As at 31/12/24	146,108,270	760,527,961	174,781,918	859,185,641	147,360,537	2,087,964,327

GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the statement of income
As at 01/01/24	272,346,951	1,992,645	5,169,685	0	279,509,281
Net change in fair value through equity - fair value through other comprehensive income	(45,513,813)	0	0	0	(45,513,813)
Net change in fair value through equity - cash flow hedges	0	(1,461,584)	0	0	(1,461,584)
Revaluation of investment properties upon reclassification from property, plant and equipment	0	0	86,674	0	86,674
Net change in other reserves	0	0	3,637,580	0	3,637,580
As at 31/12/24	226,833,138	531,061	8,893,939	0	236,258,138

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The notes are an integral part of these financial statements.

Cash flow statement

	Notes	31/12/23	31/12/24
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		187,617,661	147,360,537
Adjustment for:			
- Depreciation and amortisation	3.9/3.11/7.11	51,369,446	70,812,036
- Impairment on tangible assets, intangible assets, right-of-use assets and goodwill		1,201,219	0
- Impairment on bonds and other assets	7.12	(3,519,749)	(7,365,358)
- Net gains / (losses) on investments	7.4/7.5	(4,220,559)	5,375,632
- Provisions (including ECL)	4.7/7.12	(22,931,022)	(33,255,387)
- Change in unrealised gains / (losses)	7.3	5,403,222	538,839
- Deferred taxes	7.13	25,629,741	10,984,421
- Changes in operating assets and liabilities		(1,581,748,185)	(350,224,209)
Transactions related to interbank and customers transactions		*(1,684,482,297)*	*(491,694,735)*
Transactions related to other financial assets and liabilities		*22,221,437*	*119,207,999*
Transactions related to other non-financial assets and liabilities		*80,512,675*	*22,262,527*
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,341,198,226)	(155,773,489)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	3.9/3.11	(89,319,705)	(84,765,494)
Sale of fixed assets	3.9/3.11	4,600,660	2,680,407
Purchase of shares		(1,121,667)	(3,382,320)
Sale of shares		280,014	0
Capital increase on subsidiaries		(1,500,000)	(5,744,096)
Sale/Liquidation of subsidiaries		7,503,668	87,329
NET CASH FLOW FROM INVESTING ACTIVITIES		(79,557,030)	(91,124,174)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of subordinated debts		100,000,000	0
Payments on lease liabilities		(2,793,165)	(3,004,906)
Dividend paid		(60,008,754)	(79,942,096)
NET CASH FLOW FROM FINANCING ACTIVITIES		37,198,081	(82,947,002)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(1,383,557,175)	(329,844,665)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		4,758,748,421	3,375,191,246
Net cash flow from operating activities		(1,341,198,226)	(155,773,489)
Net cash flow from investing activities		(79,557,030)	(91,124,174)
Net cash flow from financing activities		37,198,081	(82,947,002)
Effect of change in exchange rate on cash and cash equivalents		0	0
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	3.1	3,375,191,246	3,045,346,581
ADDITIONAL INFORMATION			
Dividends received	7.2	2,845,931	2,445,931
Interest received		1,357,243,998	1,615,874,899
Interest paid		(827,995,932)	(1,184,457,796)

The notes are an integral part of these financial statements.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 01/01/23	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 31/12/23
Subordinated debts	243,755,860	100,000,000	0	(6,256,019)	0	337,499,841
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,315,856	0	0	0	234,563	174,550,419

	As at 01/01/24	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 31/12/24
Subordinated debts	337,499,841	0	0	5,757,918	0	343,257,759
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,550,419	0	0	0	231,499	174,781,918

The notes are an integral part of these financial statements.

Notes to the financial statements of the parent company

PRESENTATION OF THE FINANCIAL STATEMENTS

If the balance of an item is nil for the period under review as well as for the comparative period, this item may not be included in the financial statements. This rule applies to the presentation of the balance sheet, the statement of income, the statement of comprehensive income, the statement of changes in equity, the cash flow statement as well as to the notes to the financial statements.

Note 1: Material accounting policies of the financial statements

The material accounting policies applying to the parent company's financial statements are explained in detail in the Note 1 to the consolidated financial statements herein except for specific information hereunder that applies solely to the parent's financial statements.

PRESENTATION OF THE FINANCIAL STATEMENTS:

If the balance of an item is nil for the period under review as well as for the comparative period, this item may not be included in the financial statements. This rule applies to the presentation of the balance sheet, the statement of income, the statement of comprehensive income, the statement of changes in equity, the cash flow statement as well as to the notes to the financial statements.

Minor differences between the figures in the notes to the financial statements and the figures in the different primary statements are rounding differences only.

SPECIFIC INFORMATION RELATING TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY:

1.1. Statement of compliance

BIL's financial statements (parent company) have been prepared in accordance with all IFRS accounting standards as adopted by the European Union (EU) and endorsed by the European Commission (EC) up to 31 December 2024 in accordance with the regulation applicable in Luxembourg and in particular the modified law of 17 June 1992 on the annual accounts of credit institutions.

The financial statements are prepared on a "going-concern basis" and are presented in euro (EUR) unless otherwise stated.

1.2. Investment in subsidiaries and associates

MEASUREMENT OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries fully consolidated are measured at cost and investments in associates are measured at fair value through other comprehensive income in accordance with IAS 27. The requirements of IAS 36 Impairment of assets apply to investments in subsidiaries measured at cost.

HEDGING OF CONSOLIDATED PARTICIPATIONS DENOMINATED IN FOREIGN CURRENCY MEASURED AT COST

For its consolidated participations denominated in foreign currency and measured at cost, the Bank applied the fair value hedge in accordance with IAS 39 to hedge against the currency risk.

The carrying values of consolidated participations that are measured at cost and that are hedged items in fair value hedges are adjusted to record changes in fair value attributable to the currency risks that are hedged.

1.3. Reclassifications made in accordance with IAS 8

Compared to the previous financial statements, BIL has made reclassifications in the statement of income and the balance sheet in order to align with the regulatory reporting classification.

- Reclassifications in the balance sheet:

Three reclassifications were made in the balance sheet in 2024 and impact the financial position as at 31 December 2023 as illustrated in the below table:

- One reclassification from other assets to loans and advances to customers for an amount of EUR 21.9 million corresponding to an advance made to a credit card provider.
- One reclassification from other assets to loans and advances to credit institutions for an amount EUR 16.8 million corresponding to a margin call linked to derivatives.
- One reclassification from amounts due to customers to amounts due to credit institutions for an amount of EUR 973 million and corresponding to fiduciary deposits made to BIL S.A. by its banking subsidiary.

ASSETS	31/12/23	31/12/23 restated	Impact of reclassification
Loans and advances to credit institutions	995,443,920	1,012,252,840	16,808,920
Loans and advances to customers	15,752,009,139	15,773,869,140	21,860,001
Other assets	88,177,761	49,508,840	(38,668,921)
TOTAL ASSETS	29,997,787,009	29,997,787,009	0

LIABILITIES	31/12/23	31/12/23 restated	Impact of reclassification
Amounts due to credit institutions	3,735,451,909	4,708,518,126	973,066,217
Amounts due to customers	18,072,551,938	17,099,485,721	(973,066,217)
TOTAL LIABILITIES	27,688,541,277	27,688,541,277	0

- Reclassification in the statement of income

Provisions for legal litigation were reclassified in 2024 from Impairment and Provisions for legal litigation line items to other net income in order to align with the regulatory reporting classification and impact the statement of income for the year 2023 as follows:

STATEMENT OF INCOME	31/12/23	31/12/23 restated	Impact of reclassification
Other net income	(19,703,925)	(19,743,991)	(40,066)
REVENUES	692,274,261	692,234,195	(40,066)
EXPENSES	(451,058,884)	(451,058,884)	0
GROSS OPERATING INCOME	241,215,377	241,175,311	(40,066)
Impairments	(27,929,196)	(27,927,909)	1,287
Net impairment on financial instruments and provisions for credit commitments	*(26,727,977)*	*(26,726,690)*	*1,287*
Provisions for legal litigations	*(38,779)*		*38,779*
NET INCOME BEFORE TAX	213,247,402	213,247,402	0
NET INCOME	187,617,661	187,617,661	0

- Correction of the disclosures related to credit risk mitigation

In addition to the reclassification made in the primary financial statements, the Notes 8.2.2.3 and 8.2.2.5 were corrected due to underestimated collateral. These changes also impact the Credit Risk Exposures amounts in the Notes 8.2.2.1 and 8.2.2.2 which are presented net of effect of cash collateral.

Note 2: List of subsidiaries and associates

NAME	Country	Activity	31/12/23 % of capital held	31/12/24 % of capital held	Ref
Head office and branches					
Banque Internationale à Luxembourg S.A.	Luxembourg	bank			
Subsidiaries					
Banque Internationale à Luxembourg (Suisse) S.A.	Switzerland	bank	100	100	
Belair House S.A.	Luxembourg	financial services	100	100	(1)
BIL Manage Invest S.A.	Luxembourg	financial services	100	100	
BIL Private Invest Management S.à r.l.	Luxembourg	financial services	100	100	
BIL Reinsurance S.A.	Luxembourg	financial services	100	100	
BIL Wealth Management Limited	China	financial services	100	100	(2)
Biltrust Limited	Guernsey	financial services	100	100	
Private II Wealth Management S.à r.l.	Luxembourg	financial services	100	100	
Société du 25 juillet 2013 S.A. (liquidated)	France	financial services	100		(3)
Société Luxembourgeoise de Leasing - BIL-LEASE S.A.	Luxembourg	leasing	100	100	
Associates					
Europay Luxembourg, société coopérative	Luxembourg	financial services	46.67	46.67	
LuxConstellation S.A.	Luxembourg	financial services		24.67	(4)

(1) As of 17 January 2024, Belair House S.A. is no longer licensed as a Family Office. The Board of Belair House S.A. decided to cease the activity of Belair House S.A. as at 20 December 2024.

(2) The Board of BIL Wealth Management Limited decided to cease the activity of BIL Wealth Management Limited as at 19 December 2024.

(3) Société du 25 Juillet 2013 S.A. was liquidated on 7 August 2024.

(4) The Bank has acquired shares in LuxConstellation S.A. on 4 July 2024.

Note 3: Notes on the assets of the balance sheet

3.1. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents may be broken down as follows (balances with initial maturity less than 90 days):

ANALYSIS BY NATURE	31/12/23	31/12/24
Cash and balances with central banks	2,684,454,399	1,268,304,512
Other demand deposits	215,190,522	152,032,164
Loans and advances to credit institutions	475,546,325	1,625,009,905
TOTAL	3,375,191,246	3,045,346,581

3.2. Cash and balances with central banks and demand deposits

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Cash in hand	67,699,978	0	67,699,978
Balances with central banks other than mandatory reserve deposits	2,452,486,728	(949)	2,452,485,779
Mandatory reserve deposits	165,775,209	0	165,775,209
Other demand deposits	215,190,542	(31,243)	215,159,299
TOTAL	2,901,152,457	(32,192)	2,901,120,265
of which included in cash and cash equivalents	*2,899,644,921*	*0*	*2,899,644,921*

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Cash in hand	132,712,090	0	132,712,090
Balances with central banks other than mandatory reserve deposits	950,767,226	0	950,767,226
Mandatory reserve deposits	185,000,000	0	185,000,000
Other demand deposits	152,032,611	(9,890)	152,022,721
TOTAL	1,420,511,927	(9,890)	1,420,502,037
of which included in cash and cash equivalents	*1,420,336,676*	*0*	*1,420,336,676*

"Cash and balances with central banks" include the mandatory reserves deposited by credit institutions with the Central Bank of Luxembourg or other central banks. The average minimum requirement amounts to EUR 219,015,678 for the period from 20 December 2023 to 30 January 2024 and amounts to 218,302,125 for the period from 18 December 2024 to 4 February 2025.

ANALYSIS BY STAGE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	2,901,020,538	(28,638)	2,900,991,900
Stage 2	131,919	(3,554)	128,365
Stage 3	0	0	0
TOTAL	2,901,152,457	(32,192)	2,901,120,265

ANALYSIS BY STAGE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	1,420,509,113	(9,828)	1,420,499,285
Stage 2	2,814	(62)	2,752
Stage 3	0	0	0
TOTAL	1,420,511,927	(9,890)	1,420,502,037

3.3. Loans and advances to credit institutions

All loans and advances to credit institutions are held under the business model held-to-collect and are measured at amortised cost.

ANALYSIS BY NATURE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Cash collateral	259,690,405	0	259,690,405
Reverse repurchase agreements	313,546,016	0	313,546,016
Loans and other advances	439,137,977	(121,558)	439,016,419
Impaired loans and other advances	0	0	0
TOTAL	1,012,374,398	(121,558)	1,012,252,840
of which included in cash and cash equivalents	*475,546,325*	*0*	*475,546,325*

ANALYSIS BY NATURE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Cash collateral	219,593,876	0	219,593,876
Reverse repurchase agreements	1,535,840,262	0	1,535,840,262
Loans and other advances	476,945,378	(75,774)	476,869,604
Impaired loans and other advances	29	(4)	25
TOTAL	2,232,379,545	(75,778)	2,232,303,767
of which included in cash and cash equivalents	*1,625,009,905*	*0*	*1,625,009,905*

ANALYSIS BY STAGE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	1,012,372,696	(121,478)	1,012,251,218
Stage 2	1,702	(80)	1,622
Stage 3	0	0	0
TOTAL	1,012,374,398	(121,558)	1,012,252,840

ANALYSIS BY STAGE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	2,232,378,552	(75,769)	2,232,302,783
Stage 2	964	(5)	959
Stage 3	29	(4)	25
TOTAL	2,232,379,545	(75,778)	2,232,303,767

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

Cash collateral is primarily paid or received based on the market value of collateralised derivatives.

The collateralised derivatives used by the Bank are mainly derivatives that hedge fixed rate assets and liabilities and financial liabilities designated at fair value.

The cash collateral is not considered as a cash equivalent as it fluctuates in the short term. It has therefore been excluded from cash equivalents.

3.4. Loans and advances to customers

All loans and advances to customers are held under the business model held-to-collect and are measured at amortised cost.

ANALYSIS BY COUNTERPART	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	36,939,146	(133,040)	36,806,106
Other	16,005,888,800	(268,825,766)	15,737,063,034
TOTAL	16,042,827,946	(268,958,806)	15,773,869,140

ANALYSIS BY COUNTERPART	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	100,088,145	(960)	100,087,185
Other	15,715,538,569	(225,391,730)	15,490,146,839
TOTAL	15,815,626,714	(225,392,690)	15,590,234,024

ANALYSIS BY NATURE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
On demand and short notice	1,537,421,579	(107,435,750)	1,429,985,829
Other term loans	14,505,406,367	(161,523,056)	14,343,883,311
of which: loans collateralised by immovable property	*11,419,580,318*	*(109,634,837)*	*11,309,945,481*
of which: consumer credits	*211,910,320*	*(9,419,023)*	*202,491,297*
TOTAL	16,042,827,946	(268,958,806)	15,773,869,140

ANALYSIS BY NATURE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
On demand and short notice	1,447,315,317	(104,128,910)	1,343,186,407
Other term loans	14,368,311,397	(121,263,780)	14,247,047,617
of which: loans collateralised by immovable property	*10,772,916,144*	*(122,513,060)*	*10,650,403,084*
of which: consumer credits	*188,657,278*	*(10,320,155)*	*178,337,123*
TOTAL	15,815,626,714	(225,392,690)	15,590,234,024

ANALYSIS BY STAGE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	13,426,807,192	(37,840,240)	13,388,966,952
Stage 2	1,846,371,587	(22,147,905)	1,824,223,682
Stage 3	769,649,167	(208,970,661)	560,678,506
TOTAL	16,042,827,946	(268,958,806)	15,773,869,140

ANALYSIS BY STAGE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	13,236,834,010	(18,330,004)	13,218,504,006
Stage 2	1,778,751,547	(14,057,554)	1,764,693,993
Stage 3	800,041,157	(193,005,132)	607,036,025
TOTAL	15,815,626,714	(225,392,690)	15,590,234,024

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

3.5. Financial assets held for trading

ANALYSIS BY COUNTERPART	31/12/23	31/12/24
Public sector	992,584	0
Credit institutions	18,352,791	30,084,003
Other	0	0
TOTAL	19,345,375	30,084,003

ANALYSIS BY NATURE	31/12/23	31/12/24
Bonds issued by public bodies	992,584	0
Other bonds and fixed-income instruments	18,352,791	30,084,003
TOTAL	19,345,375	30,084,003

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 9.4, 9.5 and 9.6

3.6. Financial investments measured at fair value

	31/12/23	31/12/24
Financial investments at fair value through other comprehensive income	535,848,247	614,498,749
Non-trading financial investments mandatorily at fair value through profit or loss	3,565,457	3,582,373
TOTAL	539,413,704	618,081,122

3.6.1. Financial investments at fair value through other comprehensive income

ANALYSIS BY COUNTERPART	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	0	0	0
Debt securities	*0*	*0*	*0*
Credit institutions	189,939,978	(24,209)	189,915,769
Debt securities	*189,939,978*	*(24,209)*	*189,915,769*
Other	345,938,446	(5,968)	345,932,478
Debt securities	*40,016,425*	*(5,968)*	*40,010,457*
Equity instruments	305,922,021		305,922,021
TOTAL	535,878,424	(30,177)	535,848,247

ANALYSIS BY COUNTERPART	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	287,542,671	(10,625)	287,532,046
Debt securities	*287,542,671*	*(10,625)*	*287,532,046*
Credit institutions	30,579,659	(7,848)	30,571,811
Debt securities	*30,579,659*	*(7,848)*	*30,571,811*
Other	296,395,599	(707)	296,394,892
Debt securities	*30,899,827*	*(707)*	*30,899,120*
Equity instruments	265,495,772		265,495,772
TOTAL	614,517,929	(19,180)	614,498,749

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	0	0	0
Other bonds and fixed-income instruments	229,956,403	(30,177)	229,926,226
Equity and variable-income instruments	305,922,021		305,922,021
TOTAL	535,878,424	(30,177)	535,848,247

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	287,542,671	(10,625)	287,532,046
Other bonds and fixed-income instruments	61,479,486	(8,555)	61,470,931
Equity and variable-income instruments	265,495,772		265,495,772
TOTAL	614,517,929	(19,180)	614,498,749

ANALYSIS BY STAGE (DEBT INSTRUMENTS)	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	229,956,403	(30,177)	229,926,226
Stage 2	0	0	0
Stage 3	0	0	0
TOTAL	229,956,403	(30,177)	229,926,226

ANALYSIS BY STAGE (DEBT INSTRUMENTS)	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	349,022,157	(19,180)	349,002,977
Stage 1	0	0	0
Stage 1	0	0	0
TOTAL	349,022,157	(19,180)	349,002,977

QUALITATIVE ANALYSIS

see Note 8.1

ANALYSIS BY MATURITY

see Notes 8.6

3.6.2. Non-trading financial investments mandatorily at fair value through profit or loss

ANALYSIS BY COUNTERPART	31/12/23	31/12/24
Public sector	0	0
Credit institutions	0	0
Other	3,565,457	3,582,373
TOTAL	3,565,457	3,582,373

ANALYSIS BY NATURE	31/12/23	31/12/24
Bonds issued by public bodies	0	0
Other bonds and fixed-income instruments	0	0
Equity and variable-income instruments	3,565,457	3,582,373
TOTAL	3,565,457	3,582,373

QUALITATIVE ANALYSIS

see Note 8.1

ANALYSIS BY MATURITY

see Notes 8.6

3.7. Financial investments measured at amortised cost

ANALYSIS BY COUNTERPART	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	5,333,976,327	(1,297,143)	5,332,679,184
Credit institutions	1,824,721,399	(166,634)	1,824,554,765
Other	1,233,681,504	(1,867,845)	1,231,813,659
TOTAL	8,392,379,230	(3,331,622)	8,389,047,608

ANALYSIS BY COUNTERPART	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Public sector	5,748,367,389	(559,594)	5,747,807,795
Credit institutions	2,019,192,182	(90,312)	2,019,101,870
Other	1,241,903,391	(1,159,180)	1,240,744,211
TOTAL	9,009,462,962	(1,809,086)	9,007,653,876

ANALYSIS BY NATURE	31/12/23 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	5,333,976,326	(1,297,143)	5,332,679,183
Other bonds and fixed-income instruments	3,058,402,904	(2,034,479)	3,056,368,425
TOTAL	8,392,379,230	(3,331,622)	8,389,047,608

ANALYSIS BY NATURE	31/12/24 Gross carrying amount	Accumulated impairment	Net carrying amount
Bonds issued by public bodies	5,748,367,388	(559,593)	5,747,807,795
Other bonds and fixed-income instruments	3,261,095,574	(1,249,493)	3,259,846,081
TOTAL	9,009,462,962	(1,809,086)	9,007,653,876

ANALYSIS BY STAGE	31/12/23		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	8,274,251,195	(2,737,394)	8,271,513,801
Stage 2	118,128,035	(594,228)	117,533,807
Stage 3	0	0	0
TOTAL	8,392,379,230	(3,331,622)	8,389,047,608

ANALYSIS BY STAGE	31/12/24		
	Gross carrying amount	Accumulated impairment	Net carrying amount
Stage 1	9,009,260,007	(1,788,048)	9,007,471,959
Stage 2	101,595	(64)	101,531
Stage 3	101,360	(20,974)	80,386
TOTAL	9,009,462,962	(1,809,086)	9,007,653,876

3.8. Investments in subsidiaries (measured at cost)

	31/12/23	31/12/24
NET CARRYING VALUE	166,136,742	151,586,195

	31/12/23		
	Banks	Other	Total
Gross carrying amount	173,670,993	33,924,301	207,595,294
Fair value hedge adjustment	79,995,292	(32,151)	79,963,141
Impairment	(112,089,610)	(9,332,083)	(121,421,693)
NET CARRYING AMOUNT	141,576,675	24,560,067	166,136,742

	31/12/24		
	Banks	Other	Total
Gross carrying amount	173,670,993	32,348,701	206,019,694
Fair value hedge adjustment	77,708,886	1,164,757	78,873,643
Impairment	(112,089,610)	(21,217,532)	(133,307,142)
NET CARRYING AMOUNT	139,290,269	12,295,926	151,586,195

In December 2020, the Bank booked an impairment on its fully-owned subsidiary, BIL Suisse, of EUR -53,289,978. At 31 December 2022, the Bank booked an additional impairment of EUR -58,799,637, bringing the total impairment to EUR -112,089,610. The recoverable amount of BIL Suisse was based on a discounted cash-flows model ("dividend discount model" valuation methodology) (which effectively represents a fair value less costs of disposal approach). The trigger for impairment at 31 December 2022 is related to a review of the business plan of BIL Suisse and the increase of the cost of equity (discount rate) used in the dividend discount model. There is no trigger identified in 2024 for an additional impairment or reversal of impairment of the participation in BIL Suisse.

As 31 December 2024 the Bank has booked an additional impairment on its fully-owned subsidiary Belair House S.A., of EUR -3,481,296. The total impairment booked as at 31 December 2024 amounts to EUR -5,352,582. The recoverable amount of Belair House S.A. was based on the net equity model. The trigger of impairment as at 31 December 2024 is related to the decision of the Board of Directors as at 20 December 2024 to cease the activity of Belair House S.A.

As 31 December 2024 the Bank has booked an impairment on its fully-owned subsidiary BIL Wealth Management Limited, of EUR -15,864,950. The recoverable amount of BIL Wealth Management Limited was based on the net equity model. The trigger of impairment as at 31 December 2024 is related to the decision of the Board of Directors as at 19 December 2024 to cease the activity of BIL Wealth Management Limited.

As at 31 December 2024 the Bank has booked a reversal of impairment of EUR 7,631,565 following the liquidation of Société du 25 juillet 2013 S.A..

3.9. Property, plant and equipment

	Land and buildings		Office furniture and other equipment	Total
	Own use owner	Right-of-use	Own use owner	
ACQUISITION COST AS AT 01/01/23	314 632 760	21 710 289	133 424 058	469 767 107
- Acquisitions	5,051,714	405,166	2,166,331	7,623,211
- Disposals	(1,542,020)	0	(42,968)	(1,584,988)
- Cancellations	0	0	0	0
- Other transfers	0	(86,883)	0	(86,883)
ACQUISITION COST AS AT 31/12/23 (A)	318,142,454	22,028,572	135,547,421	475,718,447
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/23	(241,727,364)	(9,027,059)	(120,340,018)	(371,094,441)
- Booked	(4,429,264)	(4,148,400)	(3,574,125)	(12,151,789)
- Written-off	0	0	0	0
- Other transfers	(1,245,089)	82,056	22,590	(1,140,443)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/23 (B)	(247,401,717)	(13,093,403)	(123,891,553)	(384,386,673)
NET CARRYING VALUE AS AT 31/12/23 (A) + (B)	70,740,737	8,935,169	11,655,868	91,331,774

	Land and buildings		Office furniture and other equipment	Total
	Own use owner	Right-of-use	Own use owner	
ACQUISITION COST AS AT 01/01/24	318,142,454	22,028,572	135,547,421	475,718,447
- Acquisitions	2,612,025	929,742	15,941,157	19,482,924
- Disposals	(588,724)	(1,471,070)	0	(2,059,794)
- Cancellations	(3,520,027)	(5,273,767)	0	(8,793,794)
- Other transfers	0	0	0	0
ACQUISITION COST AS AT 31/12/24 (A)	316,645,728	16,213,477	151,488,578	484,347,783
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/24	(247,401,717)	(13,093,403)	(123,891,553)	(384,386,673)
- Booked	(4,524,057)	(2,674,885)	(3,867,039)	(11,065,981)
- Written-off	0	1,201,219	0	1,201,219
- Cancellations	3,520,027	5,273,767	0	8,793,794
- Other transfers	107,965	(107,965)	(196)	(196)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/24 (B)	(248,297,782)	(9,401,267)	(127,758,788)	(385,457,837)
NET CARRYING VALUE AS AT 31/12/24 (A) + (B)	68,347,946	6,812,210	23,729,790	98,889,946

The impairment of EUR 1,201,219 booked in 2023 was reversed in 2024.

3.10. Investment property

NET CARRYING VALUE	2023	2024
ACQUISITION COST AS AT 1 JANUARY	22,154,953	19,990,215
- Acquisitions	0	41,462
- Disposals	(2,164,738)	0
ACQUISITION COST AS AT 31 DECEMBER (A)	19,990,215	20,031,677
FAIR VALUE ADJUSTMENTS AS AT 1 JANUARY	30,293,359	19,825,746
- Revaluation Investment Property	(5,462,476)	(241,462)
- Transfers and cancellations	(5,005,137)	0
FAIR VALUE ADJUSTMENTS AS AT 31 DECEMBER (B)	19,825,746	19,584,284
NET CARRYING VALUE AS AT 31 DECEMBER (A) + (B)	39,815,961	39,615,961

As at 31 December 2024, Investment properties are mostly composed of land plots for a total amount of EUR 39.6 million (EUR 39.8 million as at 31 December 2023) and are all classified as Level 3 under IFRS 13. Main evolutions in 2024 are related to:

- The revaluation of the Investment properties for EUR -0,2 million that occurred during the year ended 31 December 2024 is mainly related to the remeasurement of a land classified under Investment property which forms part of the headquarter perimeter of the Group. The revaluation made in 2022 was related to an increase of the building potential of this Investment property, adjusted downwards in 2023 for EUR 5.5 million to reflect market conditions in 2023. The fair value of the main property amounts to EUR 37 million as at 31 December 2024 (EUR 37.2 million as at 31 December 2023) including an acquisition cost of EUR 10.3 million (EUR 10.3 million as at 31 December 2023). Its remeasurement is based on the valuation report of a mandated external expert and is made in application of the "highest and best use for non-financial assets" principle of IFRS 13 and is reviewed at each reporting period.
- The valuation techniques used to estimate the fair value are based on the fair value of the building potential less estimated construction costs. The valuation techniques used are the comparison method and the capitalisation method and the main unobservable inputs used are the following:
  - Rental market prices;
  - Price per square metre;
  - Constructions costs;
  - Capitalisation rate.
- A decrease (increase) in the rental market prices and/or in the price per square metre will decrease (increase) the fair value. An increase (decrease) in the capitalisation rate and/or in the constructions costs will decrease (increase) the fair value.
- The other investment properties are measured at fair value based on independent valuation expert and are composed of residential property for sale which form part of former own-use properties or property or received by taken possession of collateral on the credit activity.

3.11. Intangible fixed assets

	Software / internally developped	Other intangible fixed assets	Total
ACQUISITION COST AS AT 01/01/23	492,227,375	121,583,968	613,811,343
Acquisitions	77,245,113	4,451,381	81,696,494
ACQUISITION COST AS AT 31/12/23 (A)	569,472,488	126,035,349	695,507,837
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/23	(232,679,022)	(79,157,546)	(311,836,568)
Booked	(32,278,407)	(8,140,469)	(40,418,876)
Transfers and cancellations	(1,082,421)	0	(1,082,421)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/23 (B)	(266,039,850)	(87,298,015)	(353,337,865)
NET CARRYING VALUE AS AT 31/12/23 (A) + (B)	303,432,638	38,737,334	342,169,972

	Software / internally developped	Other intangible fixed assets	Total
ACQUISITION COST AS AT 01/01/24	569,472,488	126,035,349	695,507,837
Acquisitions	56,790,366	8,450,742	65,241,108
ACQUISITION COST AS AT 31/12/24 (A)	626,262,854	134,486,092	760,748,946
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 01/01/24	(266,039,850)	(87,298,015)	(353,337,865)
Booked	(53,345,880)	(6,400,175)	(59,746,055)
Transfers and cancellations	712	0	712
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS AT 31/12/24 (B)	(319,385,018)	(93,698,191)	(413,083,209)
NET CARRYING VALUE AS AT 31/12/24 (A) + (B)	306,877,836	40,787,901	347,665,737

"Other intangible fixed assets" include, inter alia purchased softwares.

The line "Acquisitions" corresponds to software internally generated that are mainly linked to the continuing development of the new core banking system of the Bank.

3.12. Tax assets

ANALYSIS BY NATURE	31/12/23	31/12/24
Current tax assets	2,006	2,006
Deferred tax assets (see Note 5.2)	127,237,269	116,040,397
TOTAL	127,239,275	116,042,403

3.13. Other assets

	31/12/23	31/12/24
Other assets *	49,508,840	73,686,240
TOTAL	49,508,840	73,686,240

* ANALYSIS BY NATURE	31/12/23	31/12/24
Receivables	9,795,088	9,732,996
Prepaid fees	3,315,481	3,738,061
Other receivables	16,502,211	39,103,831
Pension plan assets	13,683,000	20,616,001
Precious metals	1,155	0
Operating taxes	3,589,788	89,013
Other assets	2,622,117	406,338
TOTAL	49,508,840	73,686,240

The line items "Other receivables" and "Other assets" are mainly composed of transactions linked to current business awaiting settlement.

Starting October 2023 and following the migration to the new core banking system, receivables include commissions that are paid at the beginning of each period subsequent to the period to which they are related. Before the migration, such commissions were paid at the beginning of each period to which they are related.

The pension plan assets disclosed is the amount in excess of benefit obligation.

3.14. Leasing

3.14.1. BIL as lessor

The Bank did not act as a lessor for financial or operational leases.

3.14.2. BIL as lessee

FINANCE LEASE

The Bank is not involved in any financial lease.

OPERATING LEASE

FUTURE NET MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE	31/12/23	31/12/24
Less than 1 year	251,501	236,472
Between 1 year to 2 years	169,628	110,607
Between 2 years to 3 years	144,355	83,462
Between 3 years to 4 years	118,270	66,670
Between 4 years to 5 years	93,458	48,169
More than 5 years	131,271	38,940
TOTAL	908,483	584,320
Lease and sublease payments recognised as an expense during the financial year:		
- lease payments	344,739	217,038
TOTAL	344,739	217,038

Note 4: Notes on the liabilities of the balance sheet

4.1. Amounts due to credit institutions

ANALYSIS BY NATURE	31/12/23	31/12/24
On demand	230,530,897	148,152,390
Term	3,041,692,790	2,751,887,271
Cash collateral	369,355,680	262,101,315
Repurchase agreements	353,449,872	287,455,151
Central banks	456,272	2,591,776
Other borrowings	713,032,615	203,173,965
TOTAL	4,708,518,126	3,655,361,868

ANALYSIS OF THE FAIR VALUE

see Note 8.1

QUALITATIVE ANALYSIS

see Note 8.3

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

The line item "Other borrowings" represents day-to-day cash management operations.

4.2. Amounts due to customers

ANALYSIS BY NATURE	31/12/23	31/12/24
Demand deposits	7,825,112,393	6,917,612,852
Saving deposits	2,949,196,507	3,087,984,465
Term deposits	6,324,926,201	7,580,470,690
Cash collateral	250,620	275,441
TOTAL	17,099,485,721	17,586,343,448

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

4.3. Other financial liabilities

ANALYSIS BY NATURE	31/12/23	31/12/24
Other financial liabilities	10,544,690	7,539,784
of which lease liabilities	*10,544,690*	*7,539,784*
TOTAL	10,544,690	7,539,784

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

4.4. Financial liabilities measured at fair value through profit or loss

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-subordinated liabilities	2,836,485,340	3,218,662,440
TOTAL	2,836,485,340	3,218,662,440

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

BIL Group primarily uses the fair value option (FVO) to eliminate or at least significantly reduce the measurement or recognition inconsistency (also known as the accounting mismatch) that would arise from measuring financial assets or liabilities or recognising the gains and losses on these assets and liabilities on a different basis.

The fair value of unlisted financial instruments was determined using pricing tools and procedures established by Group Risk Management. These pricing tools are discounted cash flow models that allow the current value to be determined on the basis of an interest rate curve that is applicable to similar securities and takes into account the Bank's own credit rating.

The evolution between 31 December 2023 and 31 December 2024 is explained both by net new issuance of structured products and fair value changes.

4.5. Debt securities

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-convertible bonds	2,034,068,527	2,431,745,499
TOTAL	2,034,068,527	2,431,745,499

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

4.6. Subordinated debts

ANALYSIS BY NATURE	31/12/23	31/12/24
Non-convertible subordinated debts	345,756,383	351,753,210
TOTAL	345,756,383	351,753,210

ANALYSIS OF THE FAIR VALUE

see Note 8.1

ANALYSIS BY MATURITY AND INTEREST RATE

see Notes 8.4, 8.5 and 8.6

The list of "Non-convertible subordinated debt" is available upon request.

On 1 February 2023, BIL issued a subordinated debt for a notional of EUR 100 million, eligible as Tier 2 capital since 27 February 2023. During 2024, no subordinated debt eligible as Tier 2 capital was issued.

4.7. Provisions and other obligations

4.7.1. Analysis by nature

	31/12/23	31/12/24
Litigation	7,967,024	7,005,821
Restructuring (including garden leave)	4,758,541	7,799,543
Other long-term employee benefits (including jubilee and time saving account)	18,231,229	16,796,694
Provision for off-balance sheet credit commitments	15,978,914	13,010,313
Onerous contracts	1,617,368	0
TOTAL	48,553,076	44,612,371

The provisions for litigation, include those for staff and tax-related litigation.

4.7.2. Analysis by movement

	Litigation	Restructuring	Pensions and other employee benefits	Provision for off-balance sheet credit commitments	Other provisions and onerous contracts
AS AT 01/01/23	9,021,612	3,453,985	16,377,002	12,933,967	1,617,368
Exchange differences	29,518	0	0	(36,313)	0
Additional provisions	298,779	4,184,860	4,792,249	0	0
Changes due to change in credit risk	0	0	0	(6,226,618)	0
Changes due to update in the institution's methodology for estimation	0	0	0	4,516,494	0
Increases due to origination or acquisition	0	0	0	6,279,577	0
Decreases due to derecognition	0	0	0	(1,488,193)	0
Unused amounts reversed	(160,000)	(115,641)	(1,351,201)	0	0
Used during the year	(1,222,885)	(2,764,663)	(3,386,821)	0	0
Transfers	0	0	1,800,000	0	0
AS AT 31/12/23	7,967,024	4,758,541	18,231,229	15,978,914	1,617,368

	Litigation	Restructuring	Pensions and other employee benefits	Provision for off-balance sheet credit commitments	Other provisions and onerous contracts
AS AT 01/01/24	7,967,024	4,758,541	18,231,229	15,978,914	1,617,368
Exchange differences	0	0	0	(190,003)	0
Additional provisions	403,932	6,918,102	2,758,879	0	0
Changes due to change in credit risk	0	0	0	1,636,130	0
Changes due to update in the institution's methodology for estimation	0	0	0	(7,883,120)	0
Increases due to origination or acquisition	0	0	0	10,033,121	0
Decreases due to derecognition	0	0	0	(6,564,729)	0
Unused amounts reversed	0	0	(545,620)	0	0
Used during the year	(1,365,135)	(3,877,100)	(3,647,794)	0	0
Transfers	0	0	0	0	(1,617,368)
AS AT 31/12/24	7,005,821	7,799,543	16,796,694	13,010,313	0

For the line item "Revaluation through reserves" refer to point 1.23 of Note 1 of the Consolidated financial statements.

4.7.3. Provision for pension

RECONCILIATION OF BENEFIT OBLIGATIONS	2023	2024
Defined benefit obligations at the beginning of the year	131,140,000	126,885,000
Current service cost	2,290,271	2,179,200
Interest cost	4,169,721	3,403,770
Past service cost and gains and losses arising from settlements	346,000	203,000
Actuarial gains / (losses)	9,689,026	(5,956,498)
Stemming from changes in demographic assumptions	0	(3,015,000)
Stemming from changes in financial assumptions	5,918,000	(1,194,000)
Stemming from experience adjustments	3,771,026	(1,747,498)
Benefits paid	(20,248,000)	(14,690,000)
Other	(502,018)	(461,472)
DEFINED BENEFIT OBLIGATION AS AT THE END OF THE YEAR	126,885,000	111,563,000

RECONCILIATION OF FAIR VALUE OF PENSION PLAN ASSETS	2023	2024
Fair value of pension plan assets at the beginning of the year	148,634,000	140,568,000
Actual return on pension plan assets	9,055,000	3,437,000
Expected return on pension plan assets	4,852,278	3,868,695
Actuarial gains / (losses)	4,202,722	(431,695)
Employer contributions	3,629,018	3,325,473
Benefits paid	(20,248,000)	(14,690,000)
Other	(502,018)	(461,472)
FAIR VALUE OF PENSION PLAN ASSETS AS AT THE END OF THE YEAR	140,568,000	132,179,001

RECONCILIATION OF THE EFFECT OF THE ASSET CEILING	2023	2024
Effect of the asset ceiling at the beginning of the year	0	0
Interest on the effect of the asset ceiling	0	0
Change in the effect of the asset ceiling	0	0
EFFECT OF THE ASSET CEILING AT THE END OF THE YEAR	0	0

NET ASSET / (NET LIABILITY)	13,683,000	20,616,001

FUNDED STATUS	31/12/23	31/12/24
Pension plan assets in excess of benefit obligation	(13,683,000)	(20,616,001)
Unrecognised assets	0	0

MOVEMENT IN NET DEFINED BENEFIT PENSION LIABILITY OR ASSET	31/12/23	31/12/24
Net Asset / (Net liability) at the beginning of the year	17,494,000	13,683,000
Net periodic pension cost recognised in the income statement	(1,953,714)	(1,917,275)
Remeasurements recognised in OCI	(5,486,304)	5,524,803
Employer contributions	3,629,018	3,325,473
NET ASSET / (NET LIABILITY) AT THE END OF THE YEAR	13,683,000	20,616,001

MOVEMENT IN THE IAS 19 REMEASUREMENT RESERVE IN EQUITY	2023	2024
Recognised reserve at the beginning of the year	1,859,041	(3,627,263)
Remeasurements recognised in OCI	(5,486,304)	5,524,803
RECOGNISED RESERVE AT THE END OF THE YEAR	(3,627,263)	1,897,540

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	31/12/23	31/12/24
Current service cost	2,290,271	2,179,200
Net interest on the defined benefit liability/asset	(682,557)	(464,925)
Past service cost and gains and losses arising from settlements	346,000	203,000
ACTUARIALLY DETERMINED NET PERIODIC PENSION COST	1,953,714	1,917,275

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	31/12/23	31/12/24
Actuarial gains/losses on the defined benefit obligation	9,689,026	(5,956,498)
Actual return on plan assets (excluding amounts included in interest income)	(4,202,722)	431,695
TOTAL OTHER COMPREHENSIVE INCOME	5,486,304	(5,524,803)

Expected contributions for next year		3,115,106

BREAKDOWN OF DEFINED BENEFIT OBLIGATION	31/12/23	31/12/24
Actives	73,042,000	64,845,000
Deferred (including pending payments)	10,522,000	11,072,000
Retirees (incl. disabled)	43,321,000	35,646,000
TOTAL DEFINED BENEFIT OBLIGATION	126,885,000	111,563,000

ACTUAL RETURN ON PENSION PLAN ASSETS (%)	31/12/23	31/12/24
	6.26%	2.52%

BREAKDOWN OF PENSION PLAN ASSETS	31/12/23	31/12/24
Fixed-income		
Quoted market price on an active market	83.75%	85.92%
Unquoted	0.00%	0.00%
Equities		
Quoted market price on an active market	9.70%	10.57%
Unquoted	0.00%	0.00%
Alternatives		
Quoted market price on an active market	5.06%	2.37%
Unquoted	0.00%	0.00%
Cash	1.49%	1.13%
Real estate	0.00%	0.00%
Other	0.00%	0.00%
TOTAL	100.00%	100.00%

The assets do not include any own transferable financial instruments issued by the Bank nor any assets occupied or used by the Bank itself.

Significant actuarial assumptions used (at the end of the year)

	31/12/23	31/12/24
Discount rate	3.00%	3.00%
Salary increase	0.75% - 2.50%	0.75% - 1.75%
Inflation	2.50%	2.10%

ADDITIONAL DESCRIPTIONS

Description of the plan - Events in the financial year - Focus on risk exposures

For active people, two hybrid pension plans are valued as defined benefit ("DB") pension plans under IAS19. For retirees, the pension plan is a DB plan. No specific event occurred in Luxembourg during the year 2024.

The plan dedicated to "retirees" provides indexed lifelong benefits: this plan generates an inflation risk as well as a longevity risk. The other plans generate a risk exposure to salary growth increase and to inflation. They generate a longevity risk as well, however the lumpsum payment option reduces this impact.

All these plans generate an exposure to financial risk, on the pension asset side (market volatility of the pension fund assets) as well as on the pension liability side, as the projected benefits are discounted using corporate bond yields.

Methods and assumptions used in preparing the sensitivity analysis

DBO sensitivity to changes in discount rate	
Scenario DR -0.5 %	2.45%
Scenario DR +0.5 %	-2.26%

DBO sensitivity to changes in expected rate of salary increase	
Scenario SR -0.5 %	-0.93%
Scenario SR +0.5 %	1.20%

The duration of the pension plans DBO as of 31 December 2024 is 5.37.

A full recalculation with alternative assumptions is performed to obtain the above-mentioned sensitivities and duration.

Description of Asset-Liability Management ("ALM") strategies

In Luxembourg, pension fund investment strategy is based on ALM objectives, trying to align as far as possible assets maturities with liabilities profile and is also based on return objectives, with limited risks exposures.

Part of the portfolio is invested in inflation-linked bonds to cover the inflation risk.

Description of funding arrangements

In Luxembourg, part of the closed pension plans are funded through pension fund arrangements.

In the pension plans for "active people" hired before 1 November 2007 (and having decided not to move to a DC plan in 2007), employer contributions are calculated according to an Aggregate Cost method.

In the pension plans for "retirees", pensions are fully funded.

For these plans, minimum funding applies according to the legislation in force, and the employer is due to make additional contributions in case assets do not meet the funding requirements.

Asset ceiling under IAS 19 does not apply.

4.8. Tax liabilities

ANALYSIS BY NATURE	31/12/23	31/12/24
Current tax liabilities	0	7,152,998
Deferred tax liabilities (see Note 5.2)	0	0
TOTAL	0	7,152,998

4.9. Other liabilities

	31/12/23	31/12/24
Other liabilities*	289,826,350	223,550,975
TOTAL	289,826,350	223,550,975

*ANALYSIS BY NATURE	31/12/23	31/12/24
Accrued costs	0	0
Deferred income	3,901,720	7,542,592
Other payables	169,375,318	109,778,389
Other granted amounts received	418,229	372,508
Salaries and social security costs (payable)	74,731,037	71,753,896
Other operating taxes	32,241,433	29,317,050
Other liabilities	9,158,613	4,786,540
TOTAL	289,826,350	223,550,975

The line item "Other payables" mainly comprises the amounts of the coupons to be paid to clients of the Bank, the amounts of stock exchange transactions and transactions being liquidated.

Note 5: Other notes on the balance sheet

5.1. Derivatives and hedging activities

Derivatives instruments are split in two categories:

- Derivatives held for trading;
- Derivatives designated in a hedge relationship.

The Bank applies hedge accounting in four separate strategies where derivatives and non-derivatives instruments are used as hedging elements. Refer to Note 6.1 of the Consolidated financial statements for a description of hedging strategies.

5.1.1. Analysis by nature

	31/12/23		31/12/24	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	102,596,755	210,510,034	139,473,488	200,944,073
Derivatives designated as fair value hedge	437,464,116	103,624,375	362,156,918	187,377,882
Derivatives designated as cash flow hedge	6,474,642	1,168,655	12,581,074	1,289,778
TOTAL	546,535,513	315,303,064	514,211,480	389,611,733

5.1.2. Detail of derivatives held for trading

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**5,843,646,132**	**5,868,678,690**	**41,909,631**	**82,212,578**
FX forward	5,696,341,312	5,706,477,171	38,547,701	56,103,195
Cross currency swap	147,304,820	162,201,519	3,361,930	26,109,383
Interest rate derivatives	**1,403,131,520**	**1,406,515,130**	**13,586,830**	**65,048,924**
IRS	1,403,131,520	1,404,231,520	13,586,830	65,048,924
Interest futures	0	2,283,610	0	0
Equity derivatives	**1,621,356,165**	**1,427,987,780**	**47,100,294**	**63,248,532**
Equity futures	214,752,385	0	0	0
Equity options	25,006,982	25,006,982	10,767,763	9,512,362
Other equity derivatives	1,381,596,798	1,402,980,798	36,332,531	53,736,170
TOTAL	8,868,133,817	8,703,181,600	102,596,755	210,510,034

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**5,482,622,639**	**5,444,451,573**	**82,670,992**	**54,712,248**
FX forward	5,323,548,350	5,266,311,429	73,682,104	23,788,349
Cross currency swap	158,573,287	177,640,144	8,988,063	30,923,899
FX options	501,002	500,000	825	0
Interest rate derivatives	**1,530,430,182**	**1,532,894,382**	**20,388,860**	**46,478,467**
Options-Caps-Floors-Collars-Swaptions	0	0	0	0
IRS	1,530,430,182	1,530,430,182	20,388,860	46,478,467
Interest futures	0	2,464,200	0	0
Equity derivatives	**2,067,547,774**	**1,763,747,652**	**36,413,636**	**99,753,358**
Equity futures	303,223,530	748,800	0	0
Equity options	63,700,390	63,700,390	7,016,876	1,042,330
Other equity derivatives	1,700,623,854	1,699,298,462	29,396,760	98,711,028
TOTAL	9,080,600,595	8,741,093,607	139,473,488	200,944,073

5.1.3. Detail of derivatives designated as fair value hedge

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**6,396,725**	**7,742,145**	**12,761**	**1,558,869**
Cross currency swap	6,396,725	7,742,145	12,761	1,558,869
Interest rate derivatives	**5,999,679,832**	**5,958,254,492**	**437,451,355**	**102,065,506**
IRS	5,999,679,832	5,958,254,492	437,451,355	102,065,506
TOTAL	6,006,076,557	5,965,996,637	437,464,116	103,624,375

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**6,132,712**	**7,742,145**	**12,177**	**1,779,362**
Cross currency swap	6,132,712	7,742,145	12,177	1,779,362
Interest rate derivatives	**6,170,390,580**	**6,170,390,580**	**362,144,741**	**185,598,520**
IRS	6,170,390,580	6,170,390,580	362,144,741	185,598,520
TOTAL	6,176,523,292	6,178,132,725	362,156,918	187,377,882

5.1.4. Detail of derivatives designated as cash flow hedge

	31/12/23			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**91,292,760**	**90,370,284**	**3,856,130**	**521,014**
FX forward	795,022	788,630	4,689	0
Cross currency swap	90,497,738	89,581,654	3,851,441	521,014
Interest rate derivatives	**189,196,921**	**189,196,921**	**2,618,512**	**647,641**
IRS	189,196,921	189,196,921	2,618,512	647,641
TOTAL	280,489,681	279,567,205	6,474,642	1,168,655

	31/12/24			
	Notional amount		Assets	Liabilities
	To be received	To be delivered		
Foreign exchange derivatives	**96,255,655**	**89,581,654**	**7,928,963**	**528,353**
Cross currency swap	96,255,655	89,581,654	7,928,963	528,353
Interest rate derivatives	**181,900,000**	**181,900,000**	**4,652,111**	**761,425**
IRS	181,900,000	181,900,000	4,652,111	761,425
TOTAL	278,155,655	271,481,654	12,581,074	1,289,778

Cash flows in respect of the hedging instruments relating to the statement of income are recorded therein on a continual basis as interest is paid.

5.1.5. Breakdown of derivatives designated as cash flow hedge by residual maturity

31/12/23	Less than 1 year	Between 1 year and 5 years	Between 5 years and 10 years	More than 10 years	Total
Assets	4,689	6,469,953	0	0	**6,474,642**
Liabilities	0	1,168,655	0	0	**1,168,655**

31/12/24	Less than 1 year	Between 1 year and 5 years	Between 5 years and 10 years	More than 10 years	Total
Assets	4,652,111	7,928,963	0	0	**12,581,074**
Liabilities	761,425	528,353	0	0	**1,289,778**

5.1.6. Maturity profile of hedging instruments used in micro fair value hedge relationship

31/12/23	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Micro FVH for fixed rate corporate loans (notional amount)	0	80,547,724	0	80,547,724
Micro FVH for fixed rate FVTOCI debt instruments (notional amount)	0	171,079,638	76,000,000	247,079,638
Micro FVH for fixed rate amortised cost debt instruments (notional amount)	147,254,514	2,439,725,729	2,678,646,887	5,265,627,130
Micro FVH for fixed rate amortised cost debt instruments issued (notional amount)	0	260,742,145	112,000,000	372,742,145
Non-derivatives instruments				
Deposits in CHF	0	0	141,576,674	141,576,674
Deposits in HKD	0	0	13,485,417	13,485,417
TOTAL	147,254,514	2,952,095,236	3,021,708,978	6,121,058,728

31/12/24	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Micro FVH for fixed rate corporate loans (notional amount)	0	0	50,000,000	50,000,000
Micro FVH for fixed rate FVTOCI debt instruments (notional amount)	0	277,120,000	64,800,000	341,920,000
Micro FVH for fixed rate amortised cost debt instruments (notional amount)	174,096,265	1,900,202,225	2,944,872,090	5,019,170,580
Micro FVH for fixed rate amortised cost debt instruments issued (notional amount)	0	599,642,145	167,400,000	767,042,145
Non-derivatives instruments				
Deposits in CHF	0	0	139,290,269	139,290,269
Deposits in HKD	0	0	3,519,572	3,519,572
TOTAL	174,096,265	2,776,964,370	3,369,881,931	6,320,942,566

5.1.7. Maturity profile of hedging instruments used in micro cash flow hedge relationship

31/12/23	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Cross-currency interest rate swaps - Notional	0	89,581,654	0	89,581,654
Cross-currency interest rate swaps - Average fixed rate		5.01%		
Other currency derivatives - Notional	788,630	0	0	788,630
TOTAL	788,630	89,581,654	0	90,370,284

31/12/24	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Derivatives instruments				
Cross-currency interest rate swaps - Notional	0	89,581,654	0	89,581,654
Cross-currency interest rate swaps - Average fixed rate		5.01%		
Other currency derivatives - Notional	0	0	0	0
TOTAL	0	89,581,654	0	89,581,654

5.1.8. Hedged items in a fair value hedge relationship

31/12/23	Carrying amount of hedged items	Accumulated amount of fair value adjustments on hedged items
Micro fair value hedges		
Loans and advances measured at amortised cost	78,440,728	(3,252,422)
Participations in consolidated companies	155,062,091	(32,151)
Debt securities measured at FVTOCI	229,926,226	(13,325,003)
Debt securities measured at amortised cost	4,941,589,092	(366,369,359)
TOTAL ASSETS	5,405,018,137	(382,978,935)
Debt instruments issued	215,390,369	(7,645,253)
Borrowings and deposits	55,238,469	1,026,901
TOTAL LIABILITIES	270,628,838	(6,618,352)

31/12/24	Carrying amount of hedged items	Accumulated amount of fair value adjustments on hedged items
Micro fair value hedges		
Loans and advances measured at amortised cost	49,642,506	(466,100)
Participations in consolidated companies	142,809,841	1,164,757
Debt securities measured at FVTOCI	349,002,976	5,251,940
Debt securities measured at amortised cost	4,866,738,960	(202,761,837)
TOTAL ASSETS	5,408,194,283	(196,811,240)
Debt instruments issued	321,543,706	(2,990,586)
Borrowings and deposits	456,974,328	3,737,594
TOTAL LIABILITIES	778,518,034	747,008

5.1.9. Hedge effectiveness for fair value hedge relationship

	31/12/23		
	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
	Hedged instrument	Hedging instrument	
Micro fair value hedge relationships	381,507,192	(381,447,437)	59,755
Portfolio fair value hedge	(11,872)	11,371	(501)
TOTAL	381,495,320	(381,436,066)	59,254

	31/12/24		
	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
	Hedged instrument	Hedging instrument	
Micro fair value hedge relationships	180,003,354	(180,300,731)	(297,377)
Portfolio fair value hedge	0	0	0
TOTAL	180,003,354	(180,300,731)	(297,377)

5.1.10. Hedge effectiveness for cash flow hedge relationship

	31/12/23					
	Notional amount	Carrying value		Change in fair value of hedging instruments in the year used for ineffectiveness measurement		
		Assets	Liabilities	Total	Effective portion	Hedge ineffectiveness
Derivatives instruments						
Macro cash flow hedge	189,196,921	2,618,512	647,641	690,879	690,879	0
Micro cash flow hedge	90,370,284	3,856,130	521,014	(3,057,872)	(3,057,872)	0
Non-derivatives instruments						
Macro cash flow hedge	0	0	0	0	0	0
TOTAL	279,567,205	6,474,642	1,168,655	(2,366,993)	(2,366,993)	0

	31/12/24					
	Notional amount	Carrying value		Change in fair value of hedging instruments in the year used for ineffectiveness measurement		
		Assets	Liabilities	Total	Effective portion	Hedge ineffectiveness
Derivatives instruments						
Macro cash flow hedge	181,900,000	4,652,111	761,425	(321,532)	(321,532)	0
Micro cash flow hedge	89,581,654	7,928,963	528,353	(1,635,633)	(1,635,633)	0
Non-derivatives instruments						
Macro cash flow hedge	0	0	0	0	0	0
TOTAL	271,481,654	12,581,074	1,289,778	(1,957,165)	(1,957,165)	0

5.1.11. Hedging activities impact on equity

	2023		
EQUITY RECONCILIATION	Cash flow hedging reserve	Translation reserve	Net investment hedge reserve
OPENING BALANCE AS AT 1 JANUARY	3,769,310	0	0
Cash flow hedges			
Effective portion of change in fair value arising from:			
Cross currency interest rate swaps	*(3,057,872)*		
Interest rate swaps	*690,879*		
Loans and deposits			
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Others (including FX translation)			
Net investment hedges			
Foreign currency reevaluation on the hedging financial investments			
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Foreign currency reevaluation on the unhedged net foreign operations			
Tax impact on the above	**590,328**		
CLOSING BALANCE AS AT 31 DECEMBER	1,992,645	0	0

	2024		
EQUITY RECONCILIATION	Cash flow hedging reserve	Translation reserve	Net investment hedge reserve
OPENING BALANCE AS AT 1 JANUARY	1,992,645	0	0
Cash flow hedges			
Effective portion of change in fair value arising from:			
Cross currency interest rate swaps	*(1,750,685)*		
Interest rate swaps	*(206,480)*		
Loans and deposits			
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Following utilisation			
Others (including FX translation)			
Net investment hedges			
Foreign currency reevaluation on the hedging financial investments			
Net amount reclassified to profit or loss			
Following hedge discontinuation			
Foreign currency reevaluation on the unhedged net foreign operations			
Tax impact on the above	**495,581**		
CLOSING BALANCE AS AT 31 DECEMBER	531,061	0	0

5.2. Deferred tax

ANALYSIS	31/12/23	31/12/24
Net deferred tax assets	127,237,269	116,040,397
DEFERRED TAX	127,237,269	116,040,397

MOVEMENTS	2023	2024
AS AT 1 JANUARY	150,831,073	127,237,269
Movements during the financial year:		
- Amounts recognised in the statement of income	(25,629,741)	(3,865,441)
- Items directly computed by equity	1,867,133	(158,117)
- Effect of change in tax rates - statement of income	0	(7,118,980)
- Effect of change in tax rates - equity	0	(54,334)
- Other movements	168,804	0
AS AT 31 DECEMBER	127,237,269	116,040,397

DEFERRED TAX COMING FROM ASSETS	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Cash loans and loss provisions	14,999,386	(9,078,550)	7,741,010	(7,258,376)
Securities	4,444,659	685,541	4,410,296	(400,308)
Derivatives	(662,091)	0	(166,510)	0
Tangible and intangible fixed assets	(3,354,956)	2,800,773	(3,181,910)	86,372
TOTAL	15,426,998	(5,592,236)	8,802,886	(7,572,312)

DEFERRED TAX COMING FROM LIABILITIES	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Borrowings, deposits and issuance of debt securities	(642,968)	(82,036)	(530,827)	(84,790)
Provisions	2,645,886	(257,032)	1,449,483	(1,196,403)
Pensions	(3,015,091)	(352,510)	(4,475,492)	(109,292)
TOTAL	(1,012,173)	(691,578)	(3,556,836)	(1,390,485)

DEFERRED TAX COMING FROM OTHER ITEMS	31/12/23		31/12/24	
	Balance sheet	P&L	Balance sheet	P&L
Tax losses carried forward	194,961,351	(43,945,927)	161,183,907	(33,770,971)
less: impairments	(82,138,907)	24,600,000	(50,389,560)	31,749,347
TOTAL	112,822,444	(19,345,927)	110,794,347	(2,021,624)

The net amount of EUR 116.0 million of deferred tax assets comprises mainly deferred tax assets of EUR 161.2 million related to the tax losses carried forward following the liquidation of a former foreign branch and impaired for an amount of EUR 50.4 million.

Considering that :

- A large part of the unused tax losses results from identifiable causes which are unlikely to recur (the significant amount of 2011 losses result indeed from the sale of the Legacy portfolio, from sales of participations and from deleveraging impacts);
- BIL decided to re-focus on its historical business which is unlikely to generate such losses in the future but rather a stable to increasing profitability over the next years;
- BIL new strategies are clear with a limited risk appetite. which again limits the risk that significant unexpected losses may occur in the future.

BIL analysis on future taxable profit over the next years concludes that the Bank will be able to use the unused tax losses over a medium-term period (no time restriction applied in Luxembourg on tax losses generated before the tax reform).

Based on these considerations, BIL recognises the amount of tax losses that can be used over this medium term period.

The line item "Tax losses carried forward" comprise EUR 110.8 million after impairment as at 31 December 2024 (EUR 108.3 million after impairment as at 31 December 2023) which are related to the liquidation of the former foreign branch.

During 2024, the Bank started to consume the tax losses carried forward generated from the liquidation of the former foreign branch. Until 2023, the Bank used the tax losses carried forward related to the head office, BIL Luxembourg.

As at 31 December 2024 BIL had an amount of deferred tax assets related to tax losses carried forward amount to EUR 161 million (EUR 195 million as at 31 December 2023 of which EUR 2 million not recognised).

As at 31 December 2024, the deferred tax assets related to investment tax credits carried forward amounts to EUR 4 million (EUR 3 million as at 31 December 2023) which have not been recognised as a Deferred Tax Asset because the relevant recognition criteria under IFRS have not been met.

Investment tax credits can be used in Luxembourg in the tax year during which the investment is made and the remaining investment tax credit can be carried forward for the ten subsequent tax years.

5.3. Related party transactions

	31/12/23				
	Key management	Parent and entities with joint control or significant influence	Subsidiaries	Associates and joint ventures	Other related parties
Loans and advances	6,658,966	79,383,730	608,683,814	0	0
Equity instruments	0	0	86,167	594,782	0
Deposits	4,332,348	575,194	70,319,823	431,537	1,361,121
Notional amount of derivatives	0	0	197,385,252	0	0
Loan commitments, financial guarantees and other commitments given	45,530	0	142,068	2,500,000	0
Loan commitments, financial guarantees and other commitments received	0	0	8,067,687	0	0
Interest received	46,312	2,916,709	10,507,813	1,911	0
Interest paid	(1,643)	0	(4,190,491)	(1,134)	0
Fee and commission expenses	(7)	326	(2,046,589)	0	0
Fee and commission income	4,638	75,342	2,396,529	20	0

	31/12/24				
	Key management	Parent and entities with joint control or significant influence	Subsidiaries	Associates and joint ventures	Other related parties
Loans and advances	14,372,044	80,146,262	629,586,909	1,689,300	0
Equity instruments	0	0	86,167	594,782	0
Deposits	8,698,331	360,485	66,360,781	1,151,399	1,353,093
Notional amount of derivatives	0	0	186,357,267	4,163,874	0
Loan commitments, financial guarantees and other commitments given	0	0	4,284,475	0	8,790,800
Loan commitments, financial guarantees and other commitments received	1,193,604	0	3,020,000	0	0
Interest received	634,774	5,022,656	17,387,423	0	0
Interest paid	(283,726)	0	(3,398,501)	0	(13,329)
Fee and commission expenses	(629)	0	(2,767,888)	0	0
Fee and commission income	42,237	553	1,917,413	0	35,017

For the details regarding the Remuneration of Board members and Management members, please refer to Note 7.8 “Staff expenses”.

All loans with related parties are granted at market conditions. No Stage 3 impairment was recorded on loans to the related parties.

5.4. Subscribed and authorised capital

BY SHARE CATEGORY	31/12/23	31/12/24
Number of shares authorised and not issued	2,927,025	2,927,025
Number of shares issued and fully paid up	2,087,261	2,087,261
Capital	146,108,270	146,108,270
Value per share (accounting par value)	EUR 70	EUR 70

Following the extraordinary general meeting of 25 April 2024, and in accordance with the articles of association, the Board of Directors of the Bank is authorised to increase the share capital to a maximum of EUR 351 million, without prejudice to possible renewals, until 24 April 2029.

Note 6: Notes on the off-balance sheet items

6.1. Regular way trade

	31/12/23	31/12/24
Loans to be delivered	917,305,545	779,215,938
Borrowings to be received	938,411,965	787,890,871

6.2. Guarantees

	31/12/23	31/12/24
Guarantees given to credit institutions	150,674,666	18,987,083
Guarantees given to customers	661,666,604	605,126,388
Guarantees received from credit institutions	13,572,055	11,628,952
Guarantees received from customers	842,513,644	832,060,131

6.3. Loan commitments

	31/12/23	31/12/24
Unused credit lines granted to credit institutions	195,840,239	156,380,431
Unused credit lines granted to customers	3,169,469,394	3,155,940,741

6.4. Other commitments

	31/12/23	31/12/24
Banking activity - Other commitments given	42,909,144,280	51,548,982,480
Banking activity - Other commitments received	214,613,191,843	184,174,809,892
of which Assets held on behalf of third parties	*202,646,266,065*	*171,314,140,569*

The line items "Banking activity - Other commitments" given are mainly composed of assets entrusted to third parties.

Note 7: Notes on the statement of income

7.1. Interest and similar income – Interest and similar expenses

	31/12/23	31/12/24
INTEREST AND SIMILAR INCOME	1,425,159,652	1,657,447,559
Interest and similar income of assets not measured at fair value through profit or loss	**897,756,882**	**1,011,058,788**
Cash and balances with central banks	84,824,210	71,712,083
Loans and advances to credit institutions	39,088,358	49,982,889
Loans and advances to customers	598,827,493	655,923,497
Financial investments measured at fair value	15,815,278	10,795,646
Financial investments measured at amortised cost	157,925,693	218,868,556
Other	1,275,850	3,776,117
Interest and similar income of assets measured at fair value through profit or loss	**526,387,939**	**645,910,010**
Financial assets held for trading	281,245	2,164,276
Derivatives held for trading	265,303,101	346,276,864
Derivatives used for hedging purposes	260,803,593	297,468,870
Interest income on liabilities	**1,014,831**	**478,761**
INTEREST AND SIMILAR EXPENSES	(916,720,228)	(1,205,924,626)
Interest and similar expenses of liabilities not measured at fair value through profit or loss	**(489,810,739)**	**(640,057,419)**
Amounts due to credit institutions	(164,506,327)	(225,819,238)
Amounts due to customers	(272,712,493)	(332,835,375)
Debt securities	(37,524,973)	(65,514,716)
Subordinated debts	(14,891,454)	(15,756,113)
Lease liability	(168,891)	(131,381)
Other	(6,601)	(596)
Interest and similar expenses of liabilities measured at fair value through profit or loss	**(425,663,483)**	**(565,349,910)**
Financial liabilities held for trading	(47,862)	(3,800)
Financial liabilities designated at fair value through profit or loss	(136,366,667)	(134,797,516)
Derivatives held for trading	(160,167,288)	(282,930,735)
Derivatives used for hedging purposes	(129,081,666)	(147,617,859)
Interest expenses on assets	**(1,246,006)**	**(517,297)**
NET INTEREST INCOME	508,439,424	451,522,933

In order to ensure the comparability with the figures for the year 2024, the amounts of "Cash and balances with central banks" and "Loans and advances to credit institutions" have been reclassified for the year 2023.

7.2. Dividend income

	31/12/23	31/12/24
Financial investments measured at fair value	945,931	945,931
Subsidiaries and associates	1,900,000	1,500,000
TOTAL	2,845,931	2,445,931

7.3. Net trading income

	31/12/23	31/12/24
Net income from trading transactions	8,716,363	15,059,851
of which income from trading securities	*1,793,787*	*5,399,439*
of which income from trading derivatives	*6,922,576*	*9,660,412*
Net income from hedging derivatives classified in the accounts as trading derivatives (accounting mismatch)	107,794,113	(21,992,206)
Net foreign exchange gain/(loss)	1,989,883	2,762,256
TOTAL	118,500,359	(4,170,099)

The "Net income from hedging derivatives" is mainly impacted by derivatives hedging financial liabilities designated at fair value through profit or loss (see Note 7.4). Important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

7.4. Net income on financial instruments measured at FV and net result of hedge accounting

	31/12/23	31/12/24
Net income on financial investments measured at fair value through other comprehensive income	4,184,451	(6,919,225)
Net income on financial investments at fair value through profit or loss	88,348	(11,500)
of which financial investments mandatorily fair value through profit or loss	*88,348*	*(11,500)*
Net income on financial liabilities designated at fair value through profit or loss	(106,233,085)	20,150,152
NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE	(101,960,286)	13,219,427
Fair value hedge	**59,755**	**(297,377)**
Change in the fair value of the hedged item attributable to the hedged risk	381,507,192	180,003,354
Fair value revaluation (+: gains/ -: losses) / Derivative Financial Instruments / Derivative Financial Instruments - Fair Value Hedge	(381,447,437)	(180,300,731)
Portfolio hedge against interest rate risk	**(501)**	**0**
Fair value revaluation - Portfolio hedge - Hedged items	(11,872)	0
Fair value revaluation - Derivatives - Portfolio hedge	11,371	0
NET RESULT OF HEDGE ACCOUNTING	59,254	(297,377)
TOTAL	(101,901,032)	12,922,050

Important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

7.5. Net income on derecognition of financial instruments measured at amortised cost

	31/12/23	31/12/24
Net income on loans and advances measured at amortised cost	2,446,972	808,019
of which: gains on derecognition on loans and advances	*2,446,972*	*808,019*
Net income on financial investments measured at amortised cost	5,780,584	1,469,869
of which: losses on derecognition on debt securities	*(12,052,497)*	*(916,319)*
of which: gains on derecognition on debt securities	*17,833,081*	*2,386,188*
Net income on financial liabilities at amortised cost	57,510	207,664
TOTAL	8,285,066	2,485,552

7.6. Fee and commission income and expenses

	31/12/23			31/12/24		
	Income	Expenses	Net	Income	Expenses	Net
Management of unit trusts and mutual funds	11,322,080	(827,040)	10,495,040	11,072,478	(568,436)	10,504,042
Insurance activity	5,125,224	(1,122,144)	4,003,080	4,526,976	(1,180,331)	3,346,645
Credit activity	28,223,796	(1,117,751)	27,106,045	21,902,219	(1,109,074)	20,793,145
Purchase and sale on securities	12,106,759	(2,967,064)	9,139,695	29,870,734	(1,179,414)	28,691,320
Payment services	39,096,251	(368,645)	38,727,606	46,629,494	(22,937)	46,606,557
Commissions to non-exclusive brokers	0	(173,455)	(173,455)	0	(237,655)	(237,655)
Services on securities other than safe keeping	4,779,298	(541,619)	4,237,679	3,058,453	(1,308,684)	1,749,769
Custody	16,833,928	(4,236,404)	12,597,524	17,742,388	(4,725,987)	13,016,401
Issues and placements of securities	14,014,667	(11,086,403)	2,928,264	875,000	(14,485,227)	(13,610,227)
Private banking	42,732,575	(5,683,959)	37,048,616	30,433,689	(3,380,567)	27,053,122
Clearing and settlement	21,012,223	(1,915,511)	19,096,712	16,955,687	(1,471,983)	15,483,704
Securities lending	60,766	(58,461)	2,305	0	(35,394)	(35,394)
Other	10,308,453	(2,035,085)	8,273,368	9,718,880	(596,483)	9,122,397
TOTAL	208,393,483	(32,585,045)	175,808,438	192,785,998	(30,302,172)	162,483,826

7.7. Other net income

	31/12/23	31/12/24
Operating taxes	1,513,111	0
Rental income	80,047	325,137
Gains on tangible fixed assets	764,051	2,046,454
Other income on other activities	15,452,652	19,085,712
OTHER INCOME	17,809,861	21,457,303
Operating taxes	(3,263,079)	(3,459,240)
Other bank charges	(18,575,096)	(3,013,324)
Losses on tangible fixed assets	0	(224,622)
Fair value adjustments on investment property	(5,462,476)	(241,462)
Loss on other assets	(1,287)	0
Provisions - Legal litigation claims - Other Operational	(38,779)	(403,932)
Other expenses on other activities	(10,213,135)	(5,641,823)
OTHER EXPENSES	(37,553,852)	(12,984,403)
TOTAL	(19,743,991)	8,472,900

The line item “Other income on other activities” primarily consists of write-backs of accrued expenses and provisions related to previous reporting periods.

The line item “Other bank charges” consists of contributions paid to the Fonds de garantie des dépôts Luxembourg, the Single Resolution Fund and the Fonds de résolution Luxembourg.

The line item “Other expenses on other activities” consists primarily of provisions for litigation and extraordinary loss.

7.8. Staff expenses

7.8.1. Staff expenses

	31/12/23	31/12/24
Wages and salaries	(189,089,610)	(166,764,684)
Social security and insurance costs	(21,434,165)	(23,366,557)
Staff benefits	(9,796,991)	(9,003,933)
Restructuring expenses	(4,069,219)	(6,918,102)
Other expenses	(2,901,998)	(2,908,434)
TOTAL	(227,291,983)	(208,961,710)

7.8.2. Workforce

(in average FTE)	2023	2024
Senior management	41	43
Employees	1,802	1,736
TOTAL	1,843	1,779

7.8.3. Remuneration of the administrative and managerial bodies

During the financial year, the Bank granted emoluments to the current Board members of senior management and has made contributions in respect of retirements pensions on their behalf as follows:

	Remuneration		Retirement pensions	
	31/12/23	31/12/24	31/12/23	31/12/24
Board members	1,398,774	1,764,833	0	0
Senior Management	16,706,364	19,762,120	1,469,059	1,726,257
TOTAL	18,105,138	21,526,953	1,469,059	1,726,257

7.8.4. Defined contribution plan expenses

	31/12/23	31/12/24
Defined contribution plan expenses	6,931,055	7,222,375
TOTAL	6,931,055	7,222,375

7.9. General and administrative expenses

	31/12/23	31/12/24
Occupancy	(11,044,837)	(8,728,682)
Operating leases	(703,556)	(217,038)
Professional fees	(38,870,250)	(29,124,253)
Marketing, advertising and public relations	(5,958,822)	(6,057,943)
Technology and system costs	(44,349,568)	(42,154,929)
Software costs and maintenance expenses	(28,399,796)	(25,249,853)
Operational taxes	3,778,015	3,566,664
Other general and administrative expenses	(46,848,641)	(49,327,014)
TOTAL	(172,397,455)	(157,293,048)

The line item “Other general and administrative expenses” primarily comprises the cost of financial information, of payment cards issued, professional contributions, insurance covers and the transport of valuables.

7.10. Independent auditor's fees

The fees for the services by the independent auditor (including network firms) for the years 2023 and 2024 are as follows (VAT excluded).

	2023	2024
Statutory audit	2,048,706	1,678,757
Audit-related fees	96,945	99,369
Tax services	61,720	4,500
Other services	141,018	350,500
TOTAL	2,348,389	2,133,126

The non-audit services that the independent auditor have provided to the Bank and its controlled undertakings for the year then ended are the following:

- Issuance of reports required by the regulators;
- Issuance of agreed upon procedures reports;
- Issuance of comfort letters on debt instruments issuance;
- Provision of generic trainings;
- Provision of tax advice;
- Provision of advice on onboarding of third-party fund.

7.11. Amortisation of tangible, intangible and right-of-use assets

	31/12/23	31/12/24
Depreciation on land and buildings	(4,429,264)	(4,524,057)
Depreciation on other tangible fixed assets	(515,432)	(603,152)
Depreciation on IT equipment	(3,058,693)	(3,263,887)
Depreciation on intangible fixed assets	(40,418,876)	(59,746,055)
Depreciation on right-of-use	(2,947,181)	(2,674,885)
TOTAL	(51,369,446)	(70,812,036)

7.12. Impairment

7.12.1. Impairment on financial instruments and provisions for credit commitments

	31/12/23			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and demand deposits	**28,813**	**45,607**	**0**	**74,420**
Financial assets measured at amortised cost	**14,762,727**	**9,631,424**	**(48,257,085)**	**(23,862,934)**
Loans and advances to credit institutions measured at amortised cost	1,046,595	6,995	1,569	1,055,159
Loans and advances to customers measured at amortised cost	8,186,426	9,730,196	(48,258,654)	(30,342,032)
Debt securities measured at amortised cost	5,529,706	(105,767)	0	5,423,939
Financial assets measured at fair value through other comprehensive income	**0**	**0**	**0**	**0**
Debt securities measured at fair value through other comprehensive income	0	0	0	0
Other receivables	**143,100**	**(16)**	**0**	**143,084**
Off-balance sheet commitments	**24,303**	**(750,465)**	**(2,355,098)**	**(3,081,260)**
TOTAL IMPAIRMENTS	14,958,943	8,926,550	(50,612,183)	(26,726,690)

	31/12/24			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and demand deposits	**(2,958)**	**3,551**	**0**	**593**
Financial assets measured at amortised cost	**20,822,577**	**8,879,638**	**(54,376,115)**	**(24,673,900)**
Loans and advances to credit institutions measured at amortised cost	(29,139)	1,730	(26)	(27,435)
Loans and advances to customers measured at amortised cost	19,903,098	8,284,141	(54,355,115)	(26,167,876)
Debt securities measured at amortised cost	948,618	593,767	(20,974)	1,521,411
Financial assets measured at fair value through other comprehensive income	**11,047**	**0**	**0**	**11,047**
Debt securities measured at fair value through other comprehensive income	11,047	0	0	11,047
Other assets	**0**	**0**	**0**	**0**
Off-balance sheet commitments	**4,513,213**	**(103,483)**	**(1,631,132)**	**2,778,598**
TOTAL IMPAIRMENTS	25,343,879	8,779,706	(56,007,247)	(21,883,662)

As at 31 December 2023:

- Loans and advances to customers classified under Stage 1 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -8.19 million and (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.5 million. Refer to the section "ECL Management Overlays" of Note 8.2.1 on Expected Credit Losses measurement.
- Loans and advances to customers classified under Stage 2 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -2.73 million and (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.1 million. Refer to the section "ECL Management Overlays" of Note 8.2.1 on Expected Credit Losses measurement.

As at 31 December 2024:

- Loans and advances to customers classified under Stage 1 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -1.01 million, (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -1.28 million and (iii) the "Acquisition, Development and Construction portfolio" Management Overlay for an amount of EUR -4.18 million. Refer to the section "ECL Management Overlays" of Note 8.2.1 on Expected Credit Losses measurement.
- Loans and advances to customers classified under Stage 2 include (i) the "Minimum Disposable Income" Management Overlay for an amount of EUR -0.70 million, (ii) the "Outreach Programme – Bridge Loans and Maturing Fixed-Rate Loans" Management Overlay for an amount of EUR -0.47 million and (iii) the "Acquisition, Development and Construction portfolio" management overlay for an amount of EUR -1.48 million. Refer to the section "ECL Management Overlays" of Note 8.2.1 on Expected Credit Losses measurement.

7.12.2. Impairment on participations in consolidated companies

	31/12/23	31/12/24
Net impairment on participations in consolidated companies	0	(11,714,681)
TOTAL	0	(11,714,681)

The net impairment disclosed is detailed as follows:

- an impairment on its fully-owned subsidiary Belair House S.A., of EUR -3,481,296.
- an impairment on its fully-owned subsidiary BIL Wealth Management Limited, of EUR -15,864,950.
- a reversal of impairment of EUR 7,631,565 following the liquidation of Société du 25 juillet 2013 S.A.

7.13. Tax expenses

	31/12/23	31/12/24
Income tax for current financial year	0	(7,152,998)
Deferred taxes	(25,363,402)	(10,984,421)
Tax on current financial year result (A)	**(25,363,402)**	**(18,137,419)**
Income tax for previous year	0	0
Deferred taxes for previous year	(266,339)	0
Other tax expenses (B)	**(266,339)**	**0**
TOTAL (A)+(B)	(25,629,741)	(18,137,419)

EFFECTIVE CORPORATE INCOME TAX RATE

The standard tax rate applicable in Luxembourg was 24.94% in 2023 and 2024.

The effective BIL tax rate was 11.89% in 2023 and 10.96% in 2024.

The difference between both rates may be analysed as follows:

	31/12/23	31/12/24
NET INCOME BEFORE TAX	213,247,402	165,497,956
Tax base	**213,247,402**	**165,497,956**
Applicable tax rate at year-end	24.94%	24.94%
Theoretical corporate income tax at standard rate	**(53,183,902)**	**(41,275,190)**
Effect of different tax rates in other countries	0	0
Tax effect of non-deductible expenses	(875,867)	(1,244,572)
Tax effect of non-taxable income	1,865,146	611,310
Effect of change in tax rates	0	(7,118,980)
Tax effect on the use of previous tax losses not recognised in the assets	24,600,000	28,600,000
Other	2,231,221	2,290,013
Tax on current financial year result	**(25,363,402)**	**(18,137,419)**
EFFECTIVE TAX RATE	11.89%	10.96%

The accounting effective tax rate does not take into account adjustments under Pillar 2 model rules.

The specific adjustments envisaged in the Pillar Two model rules give rise to a different GloBE effective tax rate.

BIL S.A., as part of BIL Group included in Legend Holdings Group, is within the scope of the EU/OECD Pillar 2 model rules. Pillar 2 legislation was enacted in Luxembourg, the jurisdiction in which the Bank is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023.

Under the legislation, the Bank is liable to pay a top-up tax for the difference between its Pillar 2 effective tax rate per jurisdiction and the 15% minimum tax rate.

The Group performed an impact assessment of the OECD transitional safe harbour rules and the full Pillar 2 rules. The Group concluded that it should not be subject to top-up tax for the current year.

BIL S.A. applies the mandatory and temporary exception to the accounting recognition of the deferred taxes assets and liabilities related to Pillar 2 regulation, according to the amendments to IAS 12 issued in May 2023.

Note 8: Notes on risk exposures and other information on financial instruments

8.1. Fair value of financial instruments

8.1.1. Breakdown of fair value

FAIR VALUE OF ASSETS	31/12/23			31/12/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and balances with central banks and demand deposits	2,901,120,265	2,901,120,265	0	1,420,502,037	1,420,502,037	0
Financial assets held for trading	19,345,375	19,345,375	0	30,084,003	30,084,003	0
Financial investments measured at fair value	539,413,704	539,413,704	0	618,081,122	618,081,122	0
Financial assets at fair value through other comprehensive income	*535,848,247*	*535,848,247*	*0*	*614,498,749*	*614,498,749*	*0*
Non-trading financial assets mandatorily at fair value through profit or loss	*3,565,457*	*3,565,457*	*0*	*3,582,373*	*3,582,373*	*0*
Loans and advances to credit institutions	1,012,252,840	1,012,252,840	0	2,232,303,767	2,232,303,767	0
Loans and advances to customers	15,773,869,140	15,237,674,763	(536,194,377)	15,590,234,024	15,199,276,091	(390,957,933)
Financial investments measured at amortised cost	8,389,047,608	8,330,232,643	(58,814,965)	9,007,653,876	8,899,914,698	(107,739,178)
Derivatives	546,535,513	546,535,513	0	514,211,480	514,211,480	0
TOTAL	29,181,584,445	28,586,575,103	(595,009,342)	29,413,070,309	28,914,373,198	(498,697,111)

FAIR VALUE OF LIABILITIES	31/12/23			31/12/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Amounts due to credit institutions	4,708,518,126	4,708,518,126	0	3,655,361,868	3,650,143,154	(5,218,714)
Amounts due to customers	17,099,485,721	17,087,707,670	(11,778,051)	17,586,343,448	17,587,773,649	1,430,201
Financial liabilities measured at fair value through profit or loss	2,836,485,340	2,836,485,340	0	3,218,662,440	3,218,662,440	0
Liabilities designated at fair value	2,836,485,340	2,836,485,340	0	3,218,662,440	3,218,662,440	0
Derivatives	315,303,064	315,303,064	0	389,611,733	389,611,733	0
Debt securities	2,034,068,527	1,979,456,238	(54,612,289)	2,431,745,499	2,410,832,456	(20,913,043)
Subordinated debts	345,756,383	322,142,429	(23,613,954)	351,753,210	332,855,477	(18,897,733)
TOTAL	27,339,617,161	27,249,612,867	(90,004,294)	27,633,478,198	27,589,878,909	(43,599,289)

In accordance with our valuation rules, the fair value of certain items is equal to their carrying value.

With the exception of the items "Financial liabilities held for trading" and "Financial liabilities designated at fair value", the yield differential due to our own credit quality was deemed unchanged for the purpose of calculating the fair value.

8.1.2. Analysis of the fair value of financial assets and liabilities

The table below provides an analysis of the fair value of financial instruments measured at fair value after their initial recognition, grouped in three levels from 1 to 3, according to the degree of observability of the fair value:

- Level 1: fair value measurements are based on (unadjusted) prices quoted on active markets for similar assets or liabilities.
- Level 2: fair value measurements are based on data other than the quoted prices included in Level 1, which are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives).
- Level 3: fair value measurements are based on valuation techniques that include assets or liabilities data that are not based on observable market data (non-observable data).

Fair value of financial instruments which are not fair valued according to their classification and nature is considered as Level 2.

	31/12/23			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	1,012,252,840	0	1,012,252,840
Loans and advances to customers	0	15,237,674,763	0	15,237,674,763
Financial assets measured at fair value				
Financial assets held for trading	0	15,601,889	3,743,486	19,345,375
Financial investments measured at fair value	229,926,226	0	309,487,478	539,413,704
Financial assets at fair value through other comprehensive income	*229,926,226*	*0*	*305,922,021*	*535,848,247*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*0*	*3,565,457*	*3,565,457*
Derivatives	0	521,247,661	25,287,852	546,535,513
TOTAL	229,926,226	16,786,777,153	338,518,816	17,355,222,195

	31/12/24			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	2,232,303,767	0	2,232,303,767
Loans and advances to customers	0	15,199,276,091	0	15,199,276,091
Financial assets measured at fair value				
Financial assets held for trading	0	28,538,689	1,545,314	30,084,003
Financial investments measured at fair value	349,002,977	0	269,078,145	618,081,122
Financial assets at fair value through other comprehensive income	*349,002,977*	*0*	*265,495,772*	*614,498,749*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*0*	*3,582,373*	*3,582,373*
Derivatives	0	492,196,429	22,015,051	514,211,480
TOTAL	349,002,977	17,952,314,976	292,638,510	18,593,956,463

Fair value may also be calculated by the interpolation of market prices.

Level 3 financial assets measured at fair value are composed mainly of equity instruments.

LIABILITIES	31/12/23 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	4,708,518,126	0	4,708,518,126
Amounts due to customers	0	17,087,707,670	0	17,087,707,670
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,729,239,842	1,107,245,498	2,836,485,340
Derivatives	0	273,207,046	42,096,018	315,303,064
TOTAL	0	23,798,672,684	1,149,341,516	24,948,014,200

LIABILITIES	31/12/24 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	3,650,143,154	0	3,650,143,154
Amounts due to customers	0	17,587,773,649	0	17,587,773,649
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,999,450,082	1,219,212,358	3,218,662,440
Derivatives	0	320,396,995	69,214,738	389,611,733
TOTAL	0	23,557,763,880	1,288,427,096	24,846,190,976

Fair value may also be calculated by the interpolation of market prices.

8.1.3. Transfer between Level 1 and Level 2

ASSETS

No transfer was made between Level 1 and Level 2 on assets in 2023 and 2024.

LIABILITIES

No transfer was made between Level 1 and Level 2 on liabilities in 2023 and 2024.

8.1.4. Level 3 reconciliation

ASSETS	31/12/23 Opening	Total gains and losses in statement of income	Gains and Losses in other comprehensive income- realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Transfer from Level 3	Conversion differences	Other	Closing
Financial assets held for trading	2,660,405	40,304	0	2,295,750	(1,252,973)	0	0	0	0	0	3,743,486
Financial investments measured at fair value	300,124,647	72,003	7,812,689	1,948,793	(100)	(470,554)	0	0	0	0	309,487,478
Derivatives	6,697,829	(4,625,828)	0	23,215,851	0	0	0	0	0	0	25,287,852
TOTAL	309,482,881	(4,513,521)	7,812,689	27,460,394	(1,253,073)	(470,554)	0	0	0	0	338,518,816

ASSETS	31/12/24 Opening	Total gains and losses in statement of income	Gains and Losses in other comprehensive income- realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Transfer from Level 3	Conversion differences	Other	Closing
Financial assets held for trading	3,743,486	67,640	0	843,274	(3,109,086)	0	0	0	0	0	1,545,314
Financial investments measured at fair value	309,487,478	16,916	(44,639,196)	4,212,947	0	0	0	0	0	0	269,078,145
Derivatives	25,287,852	(23,747,392)	0	20,474,591	0	0	0	0	0	0	22,015,051
TOTAL	338,518,816	(23,662,836)	(44,639,196)	25,530,812	(3,109,086)	0	0	0	0	0	292,638,510

LIABILITIES	31/12/23 Opening	Total gains and losses in statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Transfer from Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	746,719,924	18,162,318	932,622,439	(588,936,589)	0	0	0	(1,322,594)	1,107,245,498
Derivatives	78,082,292	(61,555,808)	25,569,534	0	0	0	0	0	42,096,018
TOTAL	824,802,216	(43,393,490)	958,191,973	(588,936,589)	0	0	0	(1,322,594)	1,149,341,516

LIABILITIES	31/12/24 Opening	Total gains and losses in statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Transfer from Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	1,107,245,498	(9,910,751)	1,070,996,177	(951,519,153)	0	0	0	2,400,587	1,219,212,358
Derivatives	42,096,018	(15,657,240)	42,775,960	0	0	0	0	0	69,214,738
TOTAL	1,149,341,516	(25,567,991)	1,113,772,137	(951,519,153)	0	0	0	2,400,587	1,288,427,096

8.1.5. Valuation techniques used for Level 2 and Level 3 instruments

Description	Valuation techniques (Level 2 and Level 3 instruments)
Unlisted equity securities	- Unobservable transaction prices - Net asset method - Income approach (Discounted Cash Flow method) - Market approach (Comparable company valuation multiples)
Derivatives and Structured Bonds	- Use of quoted market prices or dealer quotes for similar instruments - Discounted cash-flow models - For interest rate swaps, present value of the estimated future cash flows based on observable yield curves - For foreign currency forwards, present value of future cash flows based on the forward exchange rates at the balance sheet date - For foreign currency options, options pricing models (Black-Scholes, Garman-Kohlhagen and others models)

8.1.6. Valuation techniques, valuation inputs and relations to fair value for Level 3 instruments

Description	Unobservable inputs (Level 3 instruments)	Impact on valuation and sensitivity of level (Level 3 instruments)
Unlisted equity securities	- multiples of comparable - discount rate used for discounting cash-flows - expected cash-flows - discount / haircut	The most significant stand-alone level 3 equity instrument is BIL's participation in the Luxair group whose valuation is determined based on observables and unobservable inputs.
Derivatives and Structured Bonds	- credit spreads - liquidity premiums - illiquidity adjustment	The effects of sensitivity mostly impact structured issuances recognised at fair value through profit or loss (Fair-value option). These effects are, however, offset by a reverse sensitivity at the level of the economic hedge measured at fair value through profit or loss (no accounting mismatch). The net sensitivity to unobservable inputs is not considered as significant.

The Bank has developed a procedure to define the notions of an active market (such as the bid & ask spread), the issuance size, the number of prices, contributors and of observable and non-observable inputs.

Level 3 financial assets held for trading are the result of buy backs of the Bank's structured bonds issued.

8.2. Credit risk

8.2.1. Expected credit losses measurement

8.2.1.1 Expected Credit Losses (ECL) methodology

DEFINITION OF CREDIT RISK

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

DEFINITION OF DEFAULT

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

WRITE-OFF POLICY

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

LOW CREDIT RISK EXEMPTION

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

IFRS 9 STAGING ASSESSMENT

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

SIGNIFICANT INCREASE IN CREDIT RISK

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

CREDIT-IMPAIRED STATUS

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

CURE PERIOD

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

MEASUREMENT OF ECL – EXPLANATION OF INPUTS, ASSUMPTIONS AND ESTIMATION TECHNIQUES

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

FORWARD-LOOKING PARAMETERS

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

MACROECONOMIC INDICATORS FOR EACH SCENARIO

Refer to the Note 9.2 of the Consolidated financial statements included in this report.

8.2.1.2 ECL Sensitivity

The following table compares the reported ECL by stage and by different weighting of scenarios:

(in EUR million)	Scenarios weights			31/12/23		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	39.97	22.89	62.86
Modelled ECL	60%	20%	20%	37.45	22.33	59.78
Stressed ECL	100%	0%	0%	33.49	21.48	54.96
	0%	100%	0%	30.76	20.80	51.56
	0%	0%	100%	56.01	26.43	82.43
	80%	0%	20%	37.99	22.47	60.46
	60%	5%	35%	41.23	23.18	64.41
	60%	0%	40%	42.50	23.46	65.95

(in EUR million)	Scenarios weights			31/12/24		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	22.92	17.09	40.01
Modelled ECL	60%	20%	20%	21.69	16.53	38.22
Stressed ECL	100%	0%	0%	19.66	15.75	35.41
	0%	100%	0%	18.56	14.88	33.44
	0%	0%	100%	30.89	20.50	51.39
	80%	0%	20%	21.91	16.70	38.61
	60%	5%	35%	23.54	17.37	40.91
	60%	0%	40%	24.15	17.65	41.80

8.2.1.3 ECL Post-Model Adjustments and Management Overlays

Refer to the Note 9.2 of the consolidated financial statements included in this report.

This table summarises the impact of the management overlays and post-model adjustments on the stock of ECL (Stage 1 and Stage 2):

(in EUR million)	Stage	31/12/23	31/12/24
ECL Modelled	Stage 1	37	15
	Stage 2	22	14
ECL Post-Model Adjustment (Scenario Weighting)	Stage 1	3	1
	Stage 2	1	1
Subtotal (Reported ECL)	**Stage 1**	**40**	**16**
	Stage 2	**23**	**14**
ECL Post-Model Adjustment (Macroeconomic variables)	Stage 1		1
	Stage 2		0
ECL Management Overlay (Minimum Disposable Income)	Stage 1	8	1
	Stage 2	3	1
ECL Management Overlay (Outreach Programme-Bridge Loans and Maturing Fixed-Rate Loans)	Stage 1	1	1
	Stage 2	0	0
ECL Management Overlay (ADC)	Stage 1		4
	Stage 2		1
TOTAL	Stage 1	48	23
	Stage 2	26	17

The reported ECL exclude ECL Management Overlays.

The impact of the Post-Model Adjustment on the modelled ECL (Stage 1 and Stage 2 exposures) as at 31 December 2024 amounts to EUR 1.8 million (EUR 3.1 million as at 31 December 2023). The impact of the Post-Model Adjustment on the Stage 3 modelled ECL (excluding Expert-judgement ECL) is EUR 2.9 million (thus a total Post-Model Adjustment of EUR 4.7 million as at 31 December 2024).

The impact of the Post-Model Adjustment on the Macroeconomic variables on the Stage 3 exposures is EUR 7.6 million (thus a total of EUR 8.6 million as at 31 December 2024).

The Management Overlays "Minimum Disposable Income" and "Outreach Programme Bridge Loans and Maturing Fixed Rate Loans" have a nil impact on the Stage 3 exposures (thus a total of EUR 1.71 million and EUR 1.75 million respectively as at 31 December 2024). The Management Overlay "ADC" has an impact of EUR 9.6 million on the Stage 3 exposures (thus a total of EUR 15.3 million as at 31 December 2024). Refer to the Note 9.2 of the Consolidated financial statements included in this report for further details.

8.2.2. Credit risk exposures

8.2.2.1 Credit risk exposures (geographic, counterparty, stage and rating)

Geographic region is determined according to the risk country of the counterparty. Credit risk includes counterparty risk in relation to balance sheet items and confirmed off-balance sheet items. Risks are evaluated after taking into account the effect of guarantees and impairment. The risks relate to all entities in which BIL is a majority shareholder.

Exposures by counterparty (in EUR million)	31/12/23	31/12/24	Variation
Individuals, SME & Self Employed	11,262	10,277	(985)
Central Governments	9,931	8,981	(950)
Corporate	6,830	7,047	217
Financial Institutions	4,137	4,133	(4)
Public Sector Entities	668	948	280
Securitisation	292	600	308
Others	1	0	(1)
TOTAL	33,121	31,986	(1,135)

Exposures by geographic region (in EUR million)	31/12/23	31/12/24	Variation
Luxembourg	19,870	18,246	(1,624)
France	3,363	3,904	541
Belgium	2,299	2,274	(25)
Germany	1,585	1,912	327
United States and Canada	1,218	1,191	(27)
Other EU countries	1,311	1,155	(156)
Spain	808	810	2
Others	705	774	69
Rest of Europe	351	461	110
Asia	243	451	208
Switzerland	753	342	(411)
China	318	248	(70)
Middle East	164	107	(57)
Russia	90	71	(19)
Australia	43	40	(3)
TOTAL	33,121	31,986	(1,135)

Credit risk exposures are shown as follows:

- Balance sheet assets other than derivative contracts are valued at their net value (i.e. the carrying value after deduction of any provision);
- Derivative contracts are recorded at their mark-to-market value plus add-on ("add-on" is an estimate of potential future exposure; this value is not recorded but is added on for regulatory purposes);
- Off-balance sheet items are shown in terms of total commitment.

The total amount of off-balance sheet commitments corresponds to unused lines of credit or to the maximum amount of guarantees granted by BIL to third parties.

8.2.2.2 Exposures by stage and ratings

Stage 1 Credit Risk Exposures (in EUR million)	31/12/23 AAA to AA-	31/12/23 A+ to BBB-	31/12/23 Non investment grade	31/12/23 Unrated	31/12/23 Default	31/12/23 TOTAL	31/12/24 AAA to AA-	31/12/24 A+ to BBB-	31/12/24 Non investment grade	31/12/24 Unrated	31/12/24 Default	31/12/24 TOTAL
Commitments in respect of guarantees given	144	271	478	401	0	1,294	14	268	423	272	0	977
Commitments in respect of loans granted	477	846	906	543	0	2,772	466	748	756	839	0	2,809
Financial investments at FVOCI (excluding variable income securities)	70	253	0	0	0	323	62	33	0	0	0	95
Financial investments at amortised cost	5,682	2,418	13	40	0	8,153	6,583	2,217	91	15	0	8,906
Loans and advances at amortised cost	3,228	6,028	6,248	1,247	0	16,751	2,252	6,145	5,575	1,448	0	15,420
Other financial instruments at amortised cost	323	70	154	0	0	547	7	42	0	681	0	730
TOTAL Stage 1 Exposures	9,924	9,886	7,799	2,231	0	29,840	9,384	9,453	6,845	3,255	0	28,937

Stage 2 Credit Risk Exposures (in EUR million)	31/12/23 AAA to AA-	31/12/23 A+ to BBB-	31/12/23 Non investment grade	31/12/23 Unrated	31/12/23 Default	31/12/23 TOTAL	31/12/24 AAA to AA-	31/12/24 A+ to BBB-	31/12/24 Non investment grade	31/12/24 Unrated	31/12/24 Default	31/12/24 TOTAL
Commitments in respect of guarantees given	3	40	88	29	0	160	1	5	79	75	0	160
Commitments in respect of loans granted	10	57	214	51	0	332	0	56	204	3	0	263
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	37	60	20	0	0	117	0	0	0	0	0	0
Loans and advances at amortised cost	96	195	1,428	85	0	1,804	17	343	1,309	63	0	1,732
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 2 Exposures	146	352	1,750	165	0	2,413	18	404	1,592	141	0	2,155

Stage 3 Credit Risk Exposures	31/12/23						31/12/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	2	0	0	0	25	27	0	0	0	0	37	37
Commitments in respect of loans granted	0	0	0	0	15	15	0	0	0	0	1	1
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	17	2	15	10	520	564	13	0	0	0	592	605
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 3 Exposures	19	2	15	10	560	606	13	0	0	0	630	643

Credit Risk Exposures without staging	31/12/23						31/12/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Derivatives	11	235	3	12	0	261	10	228	3	10	0	251
Financial assets held-for-trading	1	0	0	0	0	1	0	0	0	0	0	0
TOTAL Exposures without staging	12	235	3	12	0	262	10	228	3	10	0	251
TOTAL All Exposures	10,101	10,475	9,567	2,418	560	33,121	9,425	10,085	8,440	3,406	630	31,986

"Loans and advances at amortised cost" classified under the "Non-investment grade" category are mainly linked to financing facilities granted to Luxembourg SMEs, private individuals and corporates. The non-investment grade ratings related to these exposures are not provided by external credit assessment institutions but derive from the Bank's quantitative models to estimate a counterparty's probability of default. These exposures are largely collateralised but the internal ratings do not take into account the value of the collateral.

8.2.2.3 Collateral and other credit enhancements

31/12/23		Credit Risk Mitigation (CRM)						
(in EUR million)	Gross exposure	Guarantee	Netting agreements	Financial collateral	Physical collateral	Total CRM	Net exposure	ECL
Financial investments at FVOCI (excluding variable income securities)	323	9	0	0	0	9	314	0
Financial assets held-for-trading	1	0	0	0	0	0	1	0
Loans and advances at amortised cost	19,685	227	9	994	8,567	9,797	9,888	268
Financial investments at amortised cost	8,272	1,183	0	0	0	1,183	7,089	3
Derivatives	261	0	0	0	0	0	261	0
Other financial instruments at amortised cost	886	0	338	1	0	339	547	0
Commitments in respect of guarantees given	1,536	6	0	55	15	76	1,460	2
Commitments in respect of loans granted	3,207	298	18	445	433	1,194	2,013	12
TOTAL	34,171	1,723	365	1,495	9,015	12,598	21,573	285

31/12/24		Credit Risk Mitigation (CRM)						
(in EUR million)	Gross exposure	Guarantee	Netting agreements	Financial collateral	Physical collateral	Total CRM	Net exposure	ECL
Financial investments at FVOCI (excluding variable income securities)	95	0	0	0	0	0	95	0
Financial assets held-for-trading	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	19,410	242	0	2,159	8,178	10,579	8,831	226
Financial investments at amortised cost	8,907	688	0	0	0	688	8,219	2
Derivatives	251	0	0	0	0	0	251	0
Other financial instruments at amortised cost	981	0	250	0	0	250	731	0
Commitments in respect of guarantees given	1,240	5	0	60	13	78	1,162	8
Commitments in respect of loans granted	3,246	253	32	479	330	1,094	2,152	5
TOTAL	34,130	1,188	282	2,698	8,521	12,689	21,441	241

Gross exposure: exposure before adjusting any expected credit loss and credit risk mitigation effect.

Credit risk mitigation eligible as per internal policies.

Netting agreements are used for repurchase agreements and derivatives financial instruments, offsetting the value of multiple positions or payments.

8.2.2.4 Past due but not impaired financial assets

	31/12/23		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	43,926,059	8,882,445	10,002
TOTAL	43,926,059	8,882,445	10,002

	31/12/24		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	2,367,530	1,939,801	4,471,699
TOTAL	2,367,530	1,939,801	4,471,699

BIL has defined three types of past due loans:

- "technical" past due financial assets;
- "operational" past due financial assets;
- "credit" past due financial assets.

For reporting purposes, the financial assets in question have exceeded the payment deadline by more than 14 days for an amount of more than EUR 25.

8.2.2.5 Credit risk mitigation for credit-impaired assets

	31/12/23			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	0	0	0	0
Loans and advances measured at amortised cost	769,649,167	(208,970,661)	560,678,506	502,201,816
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	769,649,167	(208,970,661)	560,678,506	502,201,816

	31/12/24			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	101,360	(20,974)	80,386	0
Loans and advances measured at amortised cost	800,041,186	(193,005,136)	607,036,050	560,097,660
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	800,142,546	(193,026,110)	607,116,436	560,097,660

Type of assets obtained during the period by taking possession of the guarantees held	Carrying value	
	31/12/23	31/12/24
Cash	9,259,324	3,854,886
TOTAL	9,259,324	3,854,886

In general, guarantees obtained are immediately converted into cash by BIL.

8.2.2.6 Movements of loans and securities by stages (gross carrying amount)

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 1 JANUARY	4,209,408,678	551,401	0	4,209,960,079
From Stage 1 to Stage 2	0	0		**0**
From Stage 2 to Stage 1	523,032	(523,032)		**0**
From Stage 2 to Stage 3		0	0	**0**
From Stage 3 to Stage 2		0	0	**0**
From Stage 1 to Stage 3	0		0	**0**
From Stage 3 to Stage 1	0		0	**0**
Origination	118,194,460	103,671	0	**118,298,131**
Derecognition during the period other than write-offs	(1,428,373,670)	(121)	0	**(1,428,373,791)**
Changes in interest accrual	1,268,038	0	0	**1,268,038**
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 31 DECEMBER	2,901,020,538	131,919	0	2,901,152,457

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 1 JANUARY	2,901,020,538	131,919	0	2,901,152,457
From Stage 1 to Stage 2	0	0		**0**
From Stage 2 to Stage 1	0	0		**0**
From Stage 2 to Stage 3		0	0	**0**
From Stage 3 to Stage 2		0	0	**0**
From Stage 1 to Stage 3	0		0	**0**
From Stage 3 to Stage 1	0		0	**0**
Origination	66,590,273	0	0	**66,590,273**
Derecognition during the period other than write-offs	(1,545,769,413)	(129,105)	0	**(1,545,898,518)**
Changes in interest accrual	(1,332,285)	0	0	**(1,332,285)**
CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS AS AT 31 DECEMBER	1,420,509,113	2,814	0	1,420,511,927

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	13,826,698,428	3,065,782,806	559,465,396	17,451,946,630
From Stage 1 to Stage 2	(850,164,690)	850,164,690		0
From Stage 2 to Stage 1	1,853,852,766	(1,853,852,766)		0
From Stage 2 to Stage 3		(101,588,473)	101,588,473	0
From Stage 3 to Stage 2		31,834,814	(31,834,814)	0
From Stage 1 to Stage 3	(301,927,050)		301,927,050	0
From Stage 3 to Stage 1	9,973,799		(9,973,799)	0
Origination	3,962,668,063	470,731,462	86,791,042	4,520,190,567
Derecognition during the period other than write-offs	(4,084,140,011)	(617,975,275)	(184,285,196)	(4,886,400,482)
Changes in interest accrual	16,555,971	4,529,563	(373,467)	20,712,067
Changes in fair value (fair value hedge and FVOCI)	0	4,913,028	0	4,913,028
Write-offs	0	0	(53,694,686)	(53,694,686)
Conversion difference (FX change)	5,662,612	(8,166,560)	39,168	(2,464,780)
LOANS AND ADVANCES AS AT 31 DECEMBER	14,439,179,888	1,846,373,289	769,649,167	17,055,202,344

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,400,510,967	1,846,373,289	769,649,167	17,016,533,423
From Stage 1 to Stage 2	(1,032,361,355)	1,032,361,355		0
From Stage 2 to Stage 1	640,291,952	(640,291,952)		0
From Stage 2 to Stage 3		(62,498,083)	62,498,083	0
From Stage 3 to Stage 2		35,393,588	(35,393,588)	0
From Stage 1 to Stage 3	(151,588,104)		151,588,104	0
From Stage 3 to Stage 1	30,880,689		(30,880,689)	0
Origination	5,171,304,001	210,072,753	87,871,814	5,469,248,568
Derecognition during the period other than write-offs	(3,603,313,093)	(637,585,974)	(144,959,909)	(4,385,858,976)
Changes in interest accrual	7,872,751	(469,944)	7,538,044	14,940,851
Changes in fair value (fair value hedge and FVOCI)	(466,100)	3,252,422	0	2,786,322
Write-offs	0	0	(67,910,170)	(67,910,170)
Conversion difference (FX change)	6,080,854	(7,854,943)	40,330	(1,733,759)
LOANS AND ADVANCES AS AT 31 DECEMBER	15,469,212,562	1,778,752,511	800,041,186	18,048,006,259

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,178,367,048	45,590,329	0	8,223,957,377
From Stage 1 to Stage 2	(84,598,400)	84,598,400		0
From Stage 2 to Stage 1	26,847,600	(26,847,600)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Purchase	2,002,048,828	33,000,000	0	2,035,048,828
Derecognition during the period other than write-offs	(2,039,900,776)	(26,189,000)	0	(2,066,089,776)
Changes in interest accrual	17,077,750	353,815	0	17,431,565
Changes in premium / discount	22,126,668	514,573	0	22,641,241
Changes in fair value (fair value hedge and FVOCI)	382,238,880	7,107,518	0	389,346,398
DEBT SECURITIES AS AT 31 DECEMBER	8,504,207,598	118,128,035	0	8,622,335,633

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,504,207,598	118,128,035	0	8,622,335,633
From Stage 1 to Stage 2	(100,000)	100,000		0
From Stage 2 to Stage 1	87,998,400	(87,998,400)		0
From Stage 2 to Stage 3		(100,000)	100,000	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Purchase	2,500,811,241	0	0	2,500,811,241
Derecognition during the period other than write-offs	(1,953,910,909)	(29,200,000)	0	(1,983,110,909)
Changes in interest accrual	11,744,224	(826,757)	3,332	10,920,799
Changes in premium / discount	26,395,737	(1,283)	(1,972)	26,392,482
Changes in fair value (fair value hedge and FVOCI)	181,135,873	0	0	181,135,873
DEBT SECURITIES AS AT 31 DECEMBER	9,358,282,164	101,595	101,360	9,358,485,119

8.2.2.7 Movements in allowances for credit losses

	As at 01/01/23	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 31/12/23	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**(55,187,921)**	**(15,746,177)**	**10,509,107**	**9,359,576**	**0**	**10,812,134**	**0**	**(504,646)**	**(40,757,927)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(55,806)	(949)	0	29,762	0	0	0	(1,645)	(28,638)	n.a.	n.a.
Debt securities at amortised cost	(8,333,466)	(2,063,424)	913,261	5,306,943	0	1,372,926	0	66,366	(2,737,394)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(173,489)	(45,789)	35,706	153,183	0	0	0	212	(30,177)	n.a.	n.a.
Loans and advances at amortised cost	(46,625,160)	(13,636,015)	9,560,140	3,869,688	0	9,439,208	0	(569,579)	(37,961,718)	n.a.	n.a.
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(32,937,376)**	**0**	**5,077,231**	**(15,325,064)**	**0**	**19,924,848**	**0**	**514,594**	**(22,745,767)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(49,535)	0	0	45,607	0	0	0	374	(3,554)	n.a.	n.a.
Debt securities at amortised cost	(463,404)	0	1,984	(2,212,111)	0	2,104,360	0	(25,057)	(594,228)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	0	0	0	(113,271)	0	113,255	0	16	0	n.a.	n.a.
Loans and advances at amortised cost	(32,424,437)	0	5,075,247	(13,045,289)	0	17,707,233	0	539,261	(22,147,985)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(213,536,282)**	**(8,398,728)**	**1,676,533**	**(35,992,480)**	**0**	**(7,460,262)**	**53,694,686**	**1,045,872**	**(208,970,661)**	**2,458,905**	**(54,235,739)**
Debt securities at amortised cost	0	0	0	0	0	0	0	0	0	n.a.	n.a.
Loans and advances at amortised cost	(213,536,282)	(8,398,728)	1,676,533	(35,992,480)	0	(7,460,262)	53,694,686	1,045,872	(208,970,661)	2,458,905	(54,235,739)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(301,661,579)	(24,144,905)	17,262,871	(41,957,968)	0	23,276,720	53,694,686	1,055,820	(272,474,355)	2,458,905	(54,235,739)
Commitments and financial guarantees given (Stage 1)	(7,685,357)	(4,562,503)	754,920	6,342,094	0	(2,510,208)	0	33,920	(7,627,134)	0	0
Commitments and financial guarantees given (Stage 2)	(2,231,123)	(898,632)	713,987	4,143,137	0	(4,708,957)	0	(284)	(2,981,872)	0	0
Commitments and financial guarantees given (Stage 3)	(3,017,487)	(818,442)	19,286	(4,258,613)	0	2,702,671	0	2,677	(5,369,908)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(12,933,967)	(6,279,577)	1,488,193	6,226,618	0	(4,516,494)	0	36,313	(15,978,914)	0	0

	As at 01/01/24	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 31/12/24	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**(40,757,927)**	**(11,975,898)**	**9,376,938**	**11,495,314**	**0**	**11,934,312**	**0**	**(295,568)**	**(20,222,829)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(28,638)	0	0	(2,958)	0	0	0	21,768	(9,828)	n.a.	n.a.
Debt securities at amortised cost	(2,737,394)	(1,182,617)	325,170	1,391,726	0	414,339	0	728	(1,788,048)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(30,177)	(103,029)	117,040	(2,964)	0	0	0	(50)	(19,180)	n.a.	n.a.
Loans and advances at amortised cost	(37,961,718)	(10,690,252)	8,934,728	10,109,510	0	11,519,973	0	(318,014)	(18,405,773)	n.a.	n.a.
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(22,745,767)**	**0**	**5,778,825**	**(9,862,432)**	**0**	**12,966,796**	**0**	**(195,107)**	**(14,057,685)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(3,554)	0	0	3,551	0	0	0	(59)	(62)	n.a.	n.a.
Debt securities at amortised cost	(594,228)	0	39,249	436,086	0	118,432	0	397	(64)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	n.a.	n.a.
Loans and advances at amortised cost	(22,147,985)	0	5,739,576	(10,302,069)	0	12,848,364	0	(195,445)	(14,057,559)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(208,970,661)**	**0**	**10,452,541**	**(65,917,743)**	**0**	**6,635,071**	**67,910,170**	**(3,135,488)**	**(193,026,110)**	**3,495,932**	**(76,952,086)**
Debt securities at amortised cost	0	0	0	(20,974)	0	0	0	0	(20,974)	n.a.	n.a.
Loans and advances at amortised cost	(208,970,661)	0	10,452,541	(65,896,769)	0	6,635,071	67,910,170	(3,135,488)	(193,005,136)	3,495,932	(76,952,086)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(272,474,355)	(11,975,898)	25,608,304	(64,284,861)	0	31,536,179	67,910,170	(3,626,163)	(227,306,624)	3,495,932	(76,952,086)
Commitments and financial guarantees given (Stage 1)	(7,627,134)	(5,089,846)	1,593,826	5,038,390	0	2,970,843	0	47,411	(3,066,510)	0	0
Commitments and financial guarantees given (Stage 2)	(2,981,872)	(1,656,487)	854,792	(4,037,983)	0	4,736,195	0	79,458	(3,005,897)	0	0
Commitments and financial guarantees given (Stage 3)	(5,369,908)	(3,286,788)	4,116,111	(2,636,537)	0	176,082	0	63,134	(6,937,906)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(15,978,914)	(10,033,121)	6,564,729	(1,636,130)	0	7,883,120	0	190,003	(13,010,313)	0	0

8.2.2.8 Own credit risk linked to financial liabilities designated at fair value through profit or loss

	As at 31/12/23			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	2,836,485,340	(868,083)	(2,414,252)	(84,143,647)

	As at 31/12/24			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	3,218,662,440	729,638	(1,684,614)	(104,748,270)

In 2023 and in 2024, no change in the fair value of BIL's financial liabilities is attributable to changes in the credit risk relating to liabilities, except for liabilities designated at fair value through profit or loss. For liabilities revalued at fair value against profit or loss, BIL's own credit risk was determined on the basis of changes in financing costs. Own credit risk refers to changes in the issue costs under current conditions compared to initial conditions.

8.2.2.9 Information on forborne exposures

BIL monitors closely its forborne exposures, in respect of the regulatory requirements.

Forborne exposures are debt contracts in respect of which forbearance measures have been extended.

Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). These measures include in particular the granting of extensions, postponements, renewals or changes in credit terms and conditions, including the repayment schedule.

When these criteria are met, the credit files are flagged as being restructured and are added to a list that is closely followed by the "Gestion Intensive et Préventive" (GIP) team.

In order to comply with the regulatory requirements, BIL Group has set up procedures (1) to identify the criteria leading to the forborne classification, (2) to classify the Bank's existing exposures between forborne and non-forborne and (3) implementing these criteria across the systems.

For all counterparties, dedicated analyses are carried out at single credit files level in order to identify those that should be classified as forborne according to the regulatory definition. The granting of forbearance measures is likely to constitute an impairment trigger aligned with IFRS 9 requirements.

For credit files in forbearance and in case of early repayment, the costs related to these transactions are either borne by the debtor (in one shot or spread over the term of the new loan) or recognised directly in the Bank's profit and loss.

	31/12/23	31/12/24
Debt securities	0	0
Loans and advances	500,502,352	585,887,657
Given banking guarantees	3,848,396	8,397,010
FORBORNE EXPOSURES	504,350,748	594,284,667

8.3. Encumbered assets

8.3.1. Collateral received by the reporting institution

	As at 31/12/23			
	Fair value of collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*	Fair value of encumbered collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*
Cash collateral	369,606,300	*369,606,300*	0	*0*
Debt securities	332,713,890	*332,713,890*	0	*0*
TOTAL	702,320,190	*702,320,190*	0	*0*

	As at 31/12/24			
	Fair value of collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*	Fair value of encumbered collateral received or own debt securities issued available for encumbrance	*of which: central bank eligible*
Cash collateral	262,376,756	*262,376,756*	0	*0*
Debt securities	1,532,577,332	*1,532,577,332*	0	*0*
TOTAL	1,794,954,088	*1,794,954,088*	0	*0*

8.3.2. Encumbered assets

	31/12/23			
	Carrying amount of encumbered assets	*of which: central bank eligible*	Fair value of encumbered assets	*of which: central bank eligible*
Debt securities at amortised cost	**310,161,025**	***228,289,903***	**307,405,708**	***226,298,352***
of which: issued by general governments	*74,772,852*	*74,772,852*	*73,360,300*	*73,360,300*
of which: issued by other financial corporations	*223,600,394*	*153,517,051*	*222,289,947*	*152,938,052*
of which: issued by non-financial corporations	*11,787,779*	*0*	*11,755,461*	*0*
Debt securities at fair value through other comprehensive income	**109,239,293**	***97,813,379***	**109,239,293**	***97,813,379***
of which: issued by other financial corporations	*109,239,293*	*97,813,379*	*109,239,293*	*97,813,379*
Loans and advances other than loans on demand	**293,254,630**	***276,445,710***	**293,254,630**	***276,445,710***
TOTAL	712,654,948	*602,548,992*	709,899,631	*600,557,441*

	31/12/24			
	Carrying amount of encumbered assets	*of which: central bank eligible*	Fair value of encumbered assets	*of which: central bank eligible*
Debt securities at amortised cost	**303,929,202**	***276,750,857***	**300,968,950**	***273,673,174***
of which: issued by general governments	*64,604,947*	*64,604,947*	*61,239,012*	*61,239,012*
of which: issued by other financial corporations	*239,324,255*	*212,145,910*	*239,729,938*	*212,434,162*
of which: issued by non-financial corporations	*0*	*0*	*0*	*0*
Debt securities at fair value through other comprehensive income	**0**	***0***	**0**	***0***
of which: issued by other financial corporations	*0*	*0*	*0*	*0*
Loans and advances other than loans on demand	**298,062,717**	***298,062,717***	**298,062,717**	***298,062,717***
TOTAL	601,991,919	*574,813,574*	599,031,667	*571,735,891*

8.3.3. Sources of encumbrance

	31/12/23		
	Matching liabilities, contingent liabilities or securities lent	Assets or collateral received encumbered	*of which : collateral received re-used*
Derivatives	315,303,064	293,254,630	*0*
Repurchase agreements	353,449,872	377,682,156	*0*
Collateralised deposits other than repurchase agreements	456,272	456,272	*0*
of which: central banks	*456,272*	*456,272*	*0*
Fair value of securities borrowed with non cash collateral	19,873,385	41,261,890	*0*
TOTAL	689,082,593	712,654,948	*0*

	31/12/24		
	Matching liabilities, contingent liabilities or securities lent	Assets or collateral received encumbered	*of which : collateral received re-used*
Derivatives	389,611,733	298,062,717	*0*
Repurchase agreements	287,455,151	300,080,017	*0*
Collateralised deposits other than repurchase agreements	2,591,776	2,591,776	*0*
of which: central banks	*2,591,776*	*2,591,776*	*0*
Fair value of securities borrowed with non cash collateral	0	1,257,409	*0*
TOTAL	679,658,660	601,991,919	*0*

8.3.4. Offsetting financial assets and liabilities

Offsetting policy is described in Note 1.4 to the Consolidated financial statements.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreements are not presented on a net basis in the financial statements. BIL may have conditional rights to set-off that are enforceable only in the event of default, or insolvency or bankruptcy of any of the counterparts. Such arrangements do not meet the conditions for offsetting according to IAS 32.

Guarantees are obtained within the framework of reverse repos, securities lending and derivatives activities.

Guarantees are given within the framework of repos, securities borrowing and derivatives activities.

The conditions for using and returning pledged assets or pledged liabilities are defined either in Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA) and Credit Support Annexes Agreements (CSA), amended, when appropriate, by the Legal Department, or in agreements drafted directly by this department.

Cash collateral received or given relates to derivatives CSA agreements.

FINANCIAL ASSETS RECOGNISED AT END OF REPORTING PERIOD	31/12/23				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	546,535,513	0	546,535,513	369,606,300	176,929,213
Reverse repurchase agreements	313,546,016	0	313,546,016	312,840,505	705,511
TOTAL	860,081,529	0	860,081,529	682,446,805	177,634,724

FINANCIAL ASSETS RECOGNISED AT END OF REPORTING PERIOD	31/12/24				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	514,211,480	0	514,211,480	262,376,756	251,834,724
Reverse Repurchase agreements	1,535,840,262	0	1,535,840,262	1,532,577,332	3,262,930
TOTAL	2,050,051,742	0	2,050,051,742	1,794,954,088	255,097,654

FINANCIAL LIABILITIES RECOGNISED AT END OF REPORTING PERIOD	31/12/23				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	315,303,064	0	315,303,064	293,254,630	22,048,434
Repurchase agreements	353,449,872	0	353,449,872	353,449,872	0
Collateralised deposits other than repurchase agreements	456,272	0	456,272	456,272	0
TOTAL	669,209,208	0	669,209,208	647,160,774	22,048,434

FINANCIAL LIABILITIES RECOGNISED AT END OF REPORTING PERIOD	31/12/24				
	Gross carrying amounts before offsetting	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet IAS 32 criteria	Net exposures
Derivatives	389,611,733	0	389,611,733	298,062,717	91,549,016
Repurchase agreements	287,455,151	0	287,455,151	287,455,151	0
Collateralised deposits other than repurchase agreements	2,591,776	0	2,591,776	2,591,776	0
TOTAL	679,658,660	0	679,658,660	588,109,644	91,549,016

8.4. Interest rate risk

ASSETS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	2,901,120,265	0	0	0	0	0	**2,901,120,265**
Financial assets held for trading	0	9,690,548	2,184,330	5,067,294	2,403,203	0	**19,345,375**
Financial investments measured at fair value	0	0	0	143,049,193	86,877,033	309,487,478	**539,413,704**
Financial investments measured at fair value through other comprehensive income	*0*	*0*	*0*	*143,049,193*	*86,877,033*	*305,922,021*	***535,848,247***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*3,565,457*	***3,565,457***
Loans and advances to credit institutions	297,515,825	553,913,844	127,854,912	32,968,259	0	0	**1,012,252,840**
Loans and advances to customers	1,856,632,279	2,761,475,266	771,434,893	2,526,402,821	7,857,923,881	0	**15,773,869,140**
Financial investments measured at amortised cost	22,624,434	1,353,337,738	1,078,362,789	3,420,110,721	2,514,611,926	0	**8,389,047,608**
Derivatives	0	0	0	0	0	546,535,513	**546,535,513**
TOTAL	5,077,892,803	4,678,417,396	1,979,836,924	6,127,598,288	10,461,816,043	856,022,991	29,181,584,445

ASSETS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	1,420,502,037	0	0	0	0	0	**1,420,502,037**
Financial assets held for trading	0	18,263,289	2,675,830	8,330,470	814,414	0	**30,084,003**
Financial investments measured at fair value	0	0	0	282,644,992	66,357,986	269,078,144	**618,081,122**
Financial investments measured at fair value through other comprehensive income	*0*	*0*	*0*	*282,644,992*	*66,357,986*	*265,495,771*	***614,498,749***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*3,582,373*	***3,582,373***
Loans and advances to credit institutions	245,854,251	1,737,574,207	248,875,309	0	0	0	**2,232,303,767**
Loans and advances to customers	1,910,255,578	6,419,711,555	528,078,114	808,041,487	5,924,147,290	0	**15,590,234,024**
Financial investments measured at amortised cost	349,137,856	1,418,418,986	827,742,693	3,532,494,317	2,879,860,024	0	**9,007,653,876**
Derivatives	0	0	0	0	0	514,211,480	**514,211,480**
TOTAL	3,925,749,722	9,593,968,037	1,607,371,946	4,631,511,266	8,871,179,714	783,289,624	29,413,070,309

LIABILITIES	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	897,811,924	2,752,490,973	1,035,642,566	4,492,955	18,079,708	0	**4,708,518,126**
Amounts due to customers	12,188,792,891	3,710,418,212	1,197,905,564	2,369,054	0	0	**17,099,485,721**
Other financial liabilities	0	980,884	2,778,383	5,001,971	1,783,452	0	**10,544,690**
Financial liabilities measured at fair value through profit or loss	11,745,166	1,097,502,226	589,344,468	889,930,078	247,963,402	0	**2,836,485,340**
Liabilities designated at fair value	*11,745,166*	*1,097,502,226*	*589,344,468*	*889,930,078*	*247,963,402*	*0*	***2,836,485,340***
Derivatives	0	0	0	0	0	315,303,064	**315,303,064**
Debt securities	5,048,835	495,105,777	324,680,197	991,161,817	218,071,901	0	**2,034,068,527**
Subordinated debts	0	0	49,431,006	91,417,119	204,908,258	0	**345,756,383**
TOTAL	13,103,398,816	8,056,498,072	3,199,782,184	1,984,372,994	690,806,721	315,303,064	27,350,161,851

LIABILITIES	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	726,637,281	2,125,662,655	733,293,660	2,537,930	67,230,342	0	**3,655,361,868**
Amounts due to customers	11,639,550,030	4,575,508,234	711,948,351	639,578,371	19,758,462	0	**17,586,343,448**
Other financial liabilities	0	429,115	1,266,681	4,620,664	1,223,324	0	**7,539,784**
Financial liabilities measured at fair value through profit or loss	1,342,137	250,733,619	899,487,057	1,844,352,158	222,747,469	0	**3,218,662,440**
Liabilities designated at fair value	*1,342,137*	*250,733,619*	*899,487,057*	*1,844,352,158*	*222,747,469*	*0*	***3,218,662,440***
Derivatives	0	0	0	0	0	389,611,733	**389,611,733**
Debt securities	0	255,806,835	452,631,992	1,413,786,469	309,520,203	0	**2,431,745,499**
Subordinated debts	0	0	0	146,345,600	205,407,610	0	**351,753,210**
TOTAL	12,367,529,448	7,208,140,458	2,798,627,741	4,051,221,192	825,887,410	389,611,733	27,641,017,982

NET POSITION	31/12/23					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Balance sheet sensitivity gap	(8,025,506,013)	(3,378,080,676)	(1,219,945,260)	4,143,225,294	9,771,009,322	540,719,927

NET POSITION	31/12/24					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Balance sheet sensitivity gap	(8,441,779,726)	2,385,827,579	(1,191,255,795)	580,290,074	8,045,292,304	393,677,891

Demand deposits and savings deposits are declared in the "At sight or on demand" column as the information shown above takes into account the remaining maturity until the next date on which interest rates are repriced on an accounting basis rather than according to assumptions based on observed behavioural data. The latter approach is used in the context of ALM sensitivity (see Note 8.5).

8.5. Market risk and Assets & Liabilities Management (ALM)

8.5.1. Treasury and financial markets activities

BIL's treasury and financial markets activities support the Bank's commercial activities.

Financial markets and treasury activities are subject to Value at Risk (VaR) and / or sensitivity limits.

TRADING: VALUE AT RISK – 99%, 10 DAYS

In 2024, BIL calculated:

- a trading VaR based on a historical approach (99%, 10 days), which was limited to FOREX activities notably following the discontinuation of the Fixed Income trading activity;
- a treasury VaR based on a historical approach (99%, 10 days) notably to complement the treasury interest rate sensitivity (+100 bp).

The VaR calculated for treasury and financial markets activities are detailed below. The average trading VaR was EUR 0.04 million in 2024, compared with EUR 0.12 million in 2023.

VaR (10 days, 99%) (in EUR million)		2023							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.12	0.14	0.08	0.16	0.90	0.98	1.19	1.05
	Maximum	0.25	0.29	0.24	0.20	1.16	1.39	1.28	1.20
Global Trading	Average	0.12				1.03			
	Maximum	0.29				1.39			
	End of period	0.17				1.04			
	Limit	1.00				6.00			

VaR (10 days, 99%) (in EUR million)		2024							
		Forex (Trading)				Treasury (Banking Book)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By risk factor	Average	0.07	0.04	0.03	0.01	0.99	0.91	0.67	1.56
	Maximum	0.17	0.06	0.05	0.04	1.19	1.19	0.79	3.76
Global Trading	Average	0.04				1.03			
	Maximum	0.17				3.76			
	End of period	0.01				0.97			
	Limit	1.00				6.00			

TREASURY: 1% SENSIVITY

The treasury activity is subject to sensitivity limits.

Sensitivity (in EUR million)		2023				2024			
		+100 bp interest rate sensitivity				+100 bp interest rate sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Treasury	Sensitivity	7.70	2.54	3.20	3.78	3.43	2.08	1.52	(0.83)
	Limit	(9.00)				(9.00)			

8.5.2. ALM interest rate risk and credit risk spread risk

The ALM activity is subject to an interest-rate sensitivity limit.

In addition, positions within the Investment Portfolio perimeter are subject to a credit spread sensitivity measure.

ALM

The ALM interest rate and credit spread sensitivities are disclosed below (own funds included):

Sensitivity (in EUR million)		2023							
		+100 bp Interest rate sensitivity				+1 bp credit spread sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ALM	Sensitivity	(33)	(32)	(34)	(41)	(1)	(1)	(1)	(1)
	Limit	(90)							

Sensitivity (in EUR million)		2024							
		+100 bp Interest rate sensitivity				+1 bp credit spread sensitivity			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ALM	Sensitivity	(26)	(23)	(20)	(43)	(1)	(1)	(1)	(1)
	Limit	(90)							

8.6. Liquidity risk: Breakdown by residual maturity

BIL's approach to liquidity risk management is described under point 4 of the consolidated management report. The maturity analysis does not include the remaining contractual maturities for derivatives. The Bank considers that their contractual maturities are not essential for an understanding of the timing of the cash flows as liquidity for derivatives is managed on a daily basis according to the cash collateral posted or received. Presented by residual maturity, excluding derivatives and off-balance sheet.

ASSETS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	2,901,120,265	0	0	0	0	0	**2,901,120,265**
Financial assets held for trading	0	1,847,105	17,498,270	0	0	0	**19,345,375**
Financial investments measured at fair value	0	0	0	143,049,193	86,877,033	309,487,478	**539,413,704**
Financial investments measured at fair value through other comprehensive income	*0*	*0*	*0*	*143,049,193*	*86,877,033*	*305,922,021*	***535,848,247***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*3,565,457*	***3,565,457***
Loans and advances to credit institutions	317,042,826	553,820,827	108,424,535	32,964,652	0	0	**1,012,252,840**
Loans and advances to customers	2,005,058,953	379,974,940	890,938,847	3,372,278,646	9,125,617,754	0	**15,773,869,140**
Financial investments measured at amortised cost	22,624,434	401,921,200	673,053,651	3,687,036,877	3,604,411,446	0	**8,389,047,608**
Derivatives	0	38,723,472	28,907,612	196,720,839	282,183,590	0	**546,535,513**
TOTAL	5,245,846,478	1,376,287,544	1,718,822,915	7,432,050,207	13,099,089,823	309,487,478	29,181,584,445

ASSETS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Cash and balances with central banks and demand deposits	1,420,430,819	71,218	0	0	0	0	**1,420,502,037**
Financial assets held for trading	0	6,322,951	6,046,502	16,900,127	814,423	0	**30,084,003**
Financial investments measured at fair value	0	0	0	282,644,990	66,357,986	269,078,146	**618,081,122**
Financial investments measured at fair value through other comprehensive income	*0*	*0*	*0*	*282,644,990*	*66,357,986*	*265,495,773*	***614,498,749***
Non-trading financial investments mandatorily at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*3,582,373*	***3,582,373***
Loans and advances to credit institutions	245,854,251	1,736,571,765	249,877,751	0	0	0	**2,232,303,767**
Loans and advances to customers	1,841,585,566	432,804,741	996,069,517	3,177,770,128	9,142,004,072	0	**15,590,234,024**
Financial investments measured at amortised cost	0	360,172,877	836,932,988	3,706,629,921	4,103,918,090	0	**9,007,653,876**
Derivatives	0	75,227,744	36,990,729	160,412,360	241,580,647	0	**514,211,480**
TOTAL	3,507,870,636	2,611,171,296	2,125,917,487	7,344,357,526	13,554,675,218	269,078,146	29,413,070,309

LIABILITIES	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	915,468,788	3,290,240,644	419,920,966	6,867,656	76,020,072	0	**4,708,518,126**
Amounts due to customers	7,508,143,106	7,942,506,939	1,202,634,121	442,656,999	3,544,556	0	**17,099,485,721**
Other financial liabilities	0	980,884	2,778,383	5,001,971	1,783,452	0	**10,544,690**
Financial liabilities measured at fair value through profit or loss	378,785	111,919,182	752,924,128	1,715,865,500	255,397,745	0	**2,836,485,340**
Liabilities designated at fair value	*378,785*	*111,919,182*	*752,924,128*	*1,715,865,500*	*255,397,745*	*0*	***2,836,485,340***
Derivatives	0	64,014,995	33,182,408	103,157,497	114,948,164	0	**315,303,064**
Debt securities	0	211,541,554	375,141,565	1,224,330,940	223,054,468	0	**2,034,068,527**
Subordinated debts	0	0	0	140,848,125	204,908,258	0	**345,756,383**
TOTAL	8,423,990,679	11,621,204,198	2,786,581,571	3,638,728,688	879,656,715	0	27,350,161,851

LIABILITIES	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Amounts due to credit institutions	726 637 279	2 125 662 656	733 293 660	2 537 931	67 230 342	0	**3 655 361 868**
Amounts due to customers	11 639 550 030	4 575 597 569	711 948 351	639 489 036	19 758 462	0	**17 586 343 448**
Other financial liabilities	0	428 888	1 266 908	4 620 664	1 223 324	0	**7 539 784**
Financial liabilities measured at fair value through profit or loss	1 342 137	250 733 619	899 487 057	1 844 352 158	222 747 469	0	**3 218 662 440**
Liabilities designated at fair value	*1 342 137*	*250 733 619*	*899 487 057*	*1 844 352 158*	*222 747 469*	*0*	***3 218 662 440***
Derivatives	0	25 860 837	40 959 752	150 823 380	171 967 764	0	**389 611 733**
Debt securities	0	255 806 834	452 631 993	1 413 786 469	309 520 203	0	**2 431 745 499**
Subordinated debts	0	0	0	146 345 599	205 407 611	0	**351 753 210**
TOTAL	12 367 529 446	7 234 090 403	2 839 587 721	4 201 955 237	997 855 175	0	27 641 017 982

The column "At sight or on demand" corresponds to the sight deposits and savings accounts that are included in this item even though the reimbursement date is undetermined.

For amounts due to credit institutions, amounts due to customers, other financial liabilities, debt securities and subordinated debts: The amounts are presented discounted for financial assets and liabilities measured at amortised cost.

NET POSITION	31/12/23					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Net liquidity gap	(3,178,144,201)	(10,244,916,654)	(1,067,758,656)	3,793,321,519	12,219,433,108	309,487,478

NET POSITION	31/12/24					
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity
Net liquidity gap	(8,859,658,810)	(4,622,919,107)	(713,670,234)	3,142,402,289	12,556,820,043	269,078,146

CONTINGENT LIABILITIES AND COMMITMENTS	31/12/23						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Regular way trade	0	1,742,530,452	59,411,277	52,492,852	1,282,929	0	1,855,717,510
Guarantees	8,820	111,349,268	354,134,319	332,197,455	780,479,028	90,258,079	1,668,426,969
Loan commitments	34,562,819	110,093,252	415,859,867	736,395,449	1,785,629,363	282,768,883	3,365,309,633
Other commitments	0	794,555,215	1,399,900,285	1,802,341,133	8,454,868,799	245,070,670,691	257,522,336,123
TOTAL	34,571,639	2,758,528,187	2,229,305,748	2,923,426,889	11,022,260,119	245,443,697,653	264,411,790,235

CONTINGENT LIABILITIES AND COMMITMENTS	31/12/24						
	At sight or on demand	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined maturity	Total
Regular way trade	0	1,541,166,028	10,860,320	656,461	14,424,000	0	1,567,106,809
Guarantees	0	36,407,671	219,244,892	225,385,814	875,771,100	110,993,077	1,467,802,554
Loan commitments	0	145,798,407	497,156,173	658,130,490	1,754,746,918	256,489,184	3,312,321,172
Other commitments	0	646,715,785	800,036,779	1,621,858,688	8,001,802,861	224,653,378,259	235,723,792,372
TOTAL	0	2,370,087,891	1,527,298,164	2,506,031,453	10,646,744,879	225,020,860,520	242,071,022,907

The column "At sight or on demand" corresponds to the sight deposits and savings accounts that are included in this item even though the reimbursement date is undetermined.

8.7. Currency risk

	31/12/23				
	EUR	Other EU currencies	USD	Other	Total
Assets	26,236,862,819	233,022,364	2,106,751,640	1,421,150,186	29,997,787,009
Liabilities	23,930,126,282	883,561,092	4,092,309,085	1,091,790,550	29,997,787,009
NET ON-BALANCE SHEET POSITION	2,306,736,537	(650,538,728)	(1,985,557,445)	329,359,636	0
Off-balance sheet – receivable	1,904,085,970	920,073,275	3,096,887,391	878,490,519	6,799,537,155
Off-balance sheet – payable	4,423,824,358	246,242,280	1,014,665,265	1,141,583,989	6,826,315,892
NET OFF-BALANCE SHEET POSITION	(2,519,738,388)	673,830,995	2,082,222,126	(263,093,470)	(26,778,737)

	31/12/24				
	EUR	Other EU currencies	USD	Other	Total
Assets	26,779,189,493	113,683,827	2,107,098,965	1,240,584,506	30,240,556,791
Liabilities	24,414,885,978	708,352,777	4,209,461,314	907,856,722	30,240,556,791
NET ON-BALANCE SHEET POSITION	2,364,303,515	(594,668,950)	(2,102,362,349)	332,727,784	0
Off-balance sheet – receivable	1,879,802,678	881,347,537	2,906,446,403	681,712,081	6,349,308,699
Off-balance sheet – payable	4,118,011,361	285,375,629	785,498,136	1,117,775,725	6,306,660,851
NET OFF-BALANCE SHEET POSITION	(2,238,208,683)	595,971,908	2,120,948,267	(436,063,644)	42,647,848

8.8. Capital management

As a credit institution, the Bank manages its capital according to Basel framework (Pillar 1 Regulatory Capital and Pillar 2 Economic Capital). For its regulatory capital, it shall comply with the EU regulatory framework (Capital Requirements Regulation or CRR).

The Bank is subject to minimum capital requirements for its Pillar 1 Regulatory Capital in accordance with the Regulatory applicable to the Bank.

The management of the Bank continually monitors the capital adequacy and the respect of regulatory requirements.

The objectives of the Bank regarding the management of its regulatory capital are to comply with the capital requirements set by the regulators and to ensure the ability of the Bank to continue as a going concern.

CAPITAL ADEQUACY AND SOLVENCY

Under the Pillar 1 framework, the regulatory eligible capital of the Bank is composed of two tiers:

- Tier 1 capital, composed of the Common Equity Tier 1 and Additional Tier 1 capital, based on Shareholders' equity, minus any deduction as defined by CRR. Additional Tier 1 may take the form of equity instruments (other equity instruments) or subordinated debt, depending on its legal form.
- Tier 2 capital, composed of subordinated loans, as defined in the CRR.

During the year 2024, no change in circumstances regarding the management capital occurred and at any time the Bank complied with the regulatory capital requirements.

For more details on the capital management of the Bank, please refer to the section "Risk Management" of the Management Report. More details on the regulatory capital are provided in the Pillar 3 Report published on the website of the Bank.

8.9. Additional information

8.9.1. Litigation

Please refer to Note 10 of the Consolidated financial statements that includes the litigation affecting BIL S.A..

8.9.2. Post-balance sheet events

Please refer to Note 10 of the Consolidated financial statements that includes the post-balance sheet events affecting BIL S.A.

Available Distributable Items

BIL S.A. FIGURES - IN EUR	31/12/24
Number of shares	2,087,261
Total Equity	2,324,222,465
Distributable Reserves* (Available Distributable Items)	834,308,440

**based on the law of 10 August 1915, CSSF regulation 14-02 and the company articles of association.*

Total Equity	
Subscribed Capital	**146,108,270**
Share Premium	**760,527,961**
Equity instrument other than subscribed capital	**174,781,918**
Reserves	**1,242,804,316**
Legal reserve	14,610,827
Statutory reserves	0
Reserves for treasury shares	0
Reserves for prudential provisions - lump sum provision	0
Reserve for net wealth tax	0
Other available reserves	174,977,595
Other comprehensive income (OCI) Reserves	236,258,138
Retained earnings	669,597,219
Net income of the year	147,360,537
TOTAL EQUITY	2,324,222,465

Reserves	**1,242,804,316**
of which undistributable reserves	*(408,495,876)*
Legal reserve	**(14,610,827)**
Undistributable reserves from retained earnings and net income of the year (net-of-tax basis)	**(142,060,654)**
Investment Properties measured at fair value: Unrealised capital gains	(14,909,515)
Derivatives held for trading: Unrealised capital gains	(24,997,158)
Debt instruments classified at fair value option: Unrealised capital gains	(102,153,980)
Undistributable reserves from OCI (net-of-tax basis)	**(251,824,395)**
Financial instruments at fair value through OCI: Unrealised capital gains	(242,399,395)
Cash flow hedge reserve	(531,061)
Defined benefit pension plans: Actuarial gains	(1,444,597)
Transfer to investment properties: Unrealised capital gains	(6,166,845)
Own credit risk: Unrealised capital gains	(1,282,497)
AVAILABLE DISTRIBUTABLE ITEMS	834,308,440

Proposed allocation of 2024 net income – Unaudited

EUR	
Net income for the year	147,360,537
Dividend[1]	(33,959,736)
Allocation to "Legal reserve"[2]	0
Allocation to "Retained earnings"	(113,400,801)
TOTAL	0

[1] Dividend of EUR 16.27 per share on 2,087,261 shares.
[2] No additional allocation is required since the legal reserve already amounts to 10% of the subscribed capital.

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