

Spuerkeess results at 31 December 2019

Increase in financial results

At EUR 603,6 million as of 31 December 2019, Spuerkeess's bank margin was up EUR 66,6 million (12,4%) compared with the 2018 financial year. Spuerkeess's income from interest, dividends and fees and commissions thus stood at EUR 553,8 million, up approximately 7,3% on 2018. This increase can be broken down more specifically into a 5,9% increase in interest margin and a 10,4% rise in fees and commissions compared with 2018.

Total general expenses rose by 4,2%, due both to the increase in personnel expenses resulting from wage indexation and other adjustments to the legal treatment regime for Spuerkeess employees and to the increase in allowances for impairment of tangible and intangible assets. These allowances stemmed mainly from the Bank's substantial investments in both IT, including the development of digital tools available to Bank customers, and the optimisation of its branch network.

Own funds rose by 1,9%, from EUR 4.007,1 million at 31 December 2018 to EUR 4.085,0 million at 31 December 2019. Spuerkeess's capital ratio stood at 21,1% at 31 December 2019, compared with 21,9% at 31 December 2018, reflecting its high level of solvency.

The profit generated in 2019 enabled Spuerkeess to decide, in principle, to pay a dividend of EUR 40 million to the State owner, the same amount as in 2019. In accordance with the European Central Bank's recommendations of 27 March 2020 on dividend distributions during the COVID-19 pandemic, the dividend will not actually be paid until the Bank has conducted a conclusive assessment of the situation once the uncertainties associated with the COVID-19 pandemic have receded. This assessment will be made after 1 October 2020.

Surplus profit will be recognised in the Bank's reserves.

Key figures at 31 December 2019

Key figures from the company financial statements (in millions of euros)

Balance sheet	31.12.2018	31.12.2019	Change
Total assets	46.128,2	48.063,2	+4,2%
Customer deposits	31.988,0	33.484,9	+4,7%
Issuance of debt securities	3.798,2	3.981,2	+4,8%
Loans and advances to customers	21.796,2	22.857,1	+4,9%
Own funds	4.007,1	4.085,0	+1,9%
Capital ratio	21,9%	21,1%	
Income statement	31.12.2018	31.12.2019	
Bank margin	537,0	603,6	+12,4%
General expenses	342,3	356,8	+4,2%
Net income	175,4	183,9	+4,9%

Key events in 2019

Spuerkeess notes more specifically the following banking activity highlights in 2019.

At the retail customer level, the Bank – as the Luxembourg financial centre's leader in housing loans, with volumes up 6,1% – continued to adapt to ongoing market developments while creating synergies with various real estate sector professionals. Particularly close attention was paid to the quality of advice provided on housing by its dedicated advisors.

Spuerkeess also developed a special offer for expat customers newly arrived in Luxembourg. Given these customers' specific needs and consistent with the Bank's goal of providing high-quality, customised assistance to all its clients, this new offer is marketed by dedicated representatives who can best advise and support this particular segment.

The Bank pursued its ambition to expand its Private Banking activities by retaining existing customers and winning new domestic and international customers in search of a stable and expert banking partner. This strategy is consistent with Spuerkeess's Private Banking business model.

Spuerkeess continued to support young people with a 6,9% increase in student loans.

On the business customer side, funding granted by Spuerkeess to Luxembourg companies in 2019 was once again well above the EUR 2 billion mark.

Spuerkeess also signed a collaboration agreement with Nyuko in 2019 to promote entrepreneurship and start-up creation. This initiative targets companies active in new technologies as well as those operating in the traditional trade and craft sectors.

The Bank worked with its partner Lalux to launch a supplemental pension insurance product to support self-employed customers seeking to accumulate private pension capital while enjoying significant tax benefits over the course of their working life.

At the institutional client level (banks, investment funds and financial sector professionals), the Bank's total assets stood at EUR 69,1 billion, including EUR 46 billion in third-party assets in the form of securities and EUR 13,6 billion in liquid funds. Private Equity fund assets reached EUR 9,6 billion.

As the leading Luxembourg financial centre bank, Spuerkeess signed on to the United Nations Principles for Responsible Banking (UNEP FI) in 2019. In light of the economic and social mandates it has been given since its founding, Spuerkeess is particularly sensitive to environmental, social and governance (ESG) issues and aims to be the standard-bearer in this area for the various economic actors in Luxembourg. With its commitment to these six principles, Spuerkeess undertakes to strengthen its contribution to achieving the United Nations Sustainable Development Goals as well as the targets set by the Paris Climate Agreement.

COVID-19-related developments

Buoyed by the increase in its 2019 results and its financial strength, the Bank is already addressing the challenges that will arise from the economic impacts of the COVID-19 pandemic.

Concurrent with the immediate implementation of the measures needed to ensure continuity of service to its customers, Spuerkeess would like to stress that the Bank's advisors stand ready to meet its customers' needs. To that end, Spuerkeess Direct staffing levels have been substantially increased to optimise the remote response to customers' every need. The Spuerkeess Direct centre of expertise can be reached Monday to Friday from 07:00 to 19:00 by phone on (+352) 4015-1, or by email at sdi@spuerkeess.lu.



SPUERKEESS

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More specifically, Spuerkeess has made a series of decisions aimed at supporting its base of SME, large company and self-employed customers who are dealing with the financial impacts of this pandemic. Spuerkeess recently redoubled its efforts by granting business customers, on request, a moratorium on repayments on outstanding financing, or additional financing based on eligibility criteria and the defined approval conditions. Spuerkeess's teams will give these requests priority.

Spuerkeess thus confirms its role as a responsible financial partner serving Luxembourg's real economy through the support provided by the comprehensive government aid scheme and the initiatives put in place by other financial centre actors.