

## SPUERKEESS RESULTS AT 31 DECEMBER 2023

### High-level results in an uncertain environment.

*"Thanks to our prudent approach, we have proved resilient in a difficult geopolitical and economic environment. We remain dedicated to continuing our commitment to our customers, employees and partners in the years to come."*

*Françoise Thoma*  
Chief Executive Officer and President of the Executive Committee

Faced with the new economic challenges that have emerged since the beginning of the decade, 2023 continued to test the economies of European Union countries. The European zone showed great resilience at the beginning of the year, and then the situation deteriorated against a backdrop of disruption caused by market uncertainties, inflation and rising interest rates. As in other European countries, the Luxembourg financial centre has had to contend with a contraction in demand for credit from both retail and corporate customers, particularly in the area of real estate financing.

Despite this uncertain economic environment, Spuerkeess's commercial activities proved resilient across all the Bank's business lines.

### Retail Banking

In 2023, Spuerkeess strengthened its customer base, recording net growth of 1,35% in customer numbers and 4,2% in asset volumes. The stability of outstanding real estate loans contrasts with the slowdown in new loan production, due to customers postponing or cancelling their property projects in the face of market uncertainty. Nevertheless, the Bank granted 2.450 mortgages, thus facilitating access to property for the personal needs of its customers.

Faced with the challenges of the property market and the increase in the ECB's key interest rates, Spuerkeess was able to offer attractive conditions to savers and supported its borrowing customers by not passing on these increases in full. Taking a proactive approach, we guided our customers through the necessary adjustments, offering them tailor-made credit solutions. The strong preference for fixed-rate financing reflects our customers' desire for budgetary stability.

In addition, by opening new branches in Rédange and Differdange in 2024, we reaffirmed our commitment to providing quality service. These initiatives are in line with the Bank's mission to support the economy and its stakeholders, while adapting to our customers' expectations and the financial environment.

### **Private Banking**

The Private Banking business has grown, based on a holistic approach to the customer, offering new services and products that provide comprehensive advice, from investment to financing. This was reflected in growth in total assets under management of 11,6%. In addition to our discretionary management and investment advisory services, we have strengthened our offers of term deposits and EMTNs (Euro medium-term notes).

### **Corporate Banking**

The decline in the real estate sector, due to the contraction in housing demand, has had repercussions on the construction and craft sectors, impacting order books. We have stepped up our proactive discussions with our customers to support them in this uncertain environment. Despite an overall decline in financing demand, we were able to continue to support our customers, as evidenced by the 8,6% increase in our outstanding loans. This commitment underlines our determination to facilitate and support economic activity by providing businesses with the resources they need to achieve their objectives.

### **Institutional customers**

The institutional customer business continued to grow, as it has done for several years. In 2023, total assets entrusted to Spuerkeess exceeded EUR 100 billion, an increase of 10%. This increase is mainly due to growth in investment funds, particularly private equity funds. In-depth knowledge of the business and professional guidance, combined with strategic partnerships, are the foundations of success.

### **The Bank's financial results at 31 December 2023**

In 2023, Spuerkeess experienced remarkable growth, with a 42% rise in its banking income, totalling EUR 1.070,88 million. This performance is attributed to an improved interest margin and the positive performance of financial instruments. The net interest margin increased by 59,2%, reflecting the expansion of the customer base and the positive impact of higher interest rates. Although reduced demand for real estate loans resulted in lower commission income, this was offset by income from payment activities and fund administration fees. Income from investments rose by 17,8%, supported by substantial dividends from certain investments, and income from financial instruments increased significantly, from EUR 16,4 million in 2022 to EUR 42,6 million in 2023.

On the expenditure side, general expenses increased by 9,5%, mainly due to higher salaries and the recruitment of 149 new employees. The Bank also contributed EUR 35,0 million to the deposit guarantee and bank resolution schemes, thereby helping to strengthen the financial security of banks in the European Union. To cope with economic uncertainty, Spuerkeess increased its provisions against credit risk by EUR 133,8 million to guard against potential future defaults and thus maintain a strong capacity to be able to actively support Spuerkeess customers in more difficult times.

Net income for the year amounted to EUR 400,8 million, an increase of 70,8%. After distributing profits of EUR 120 million to the Luxembourg State in 2024, the remaining profits will enable the Bank to maintain its regulatory capital at a high level and continue its mission to support the country's economy. This positive result demonstrates Spuerkeess' resilience and adaptability to the economic challenges of 2023.

## Key figures

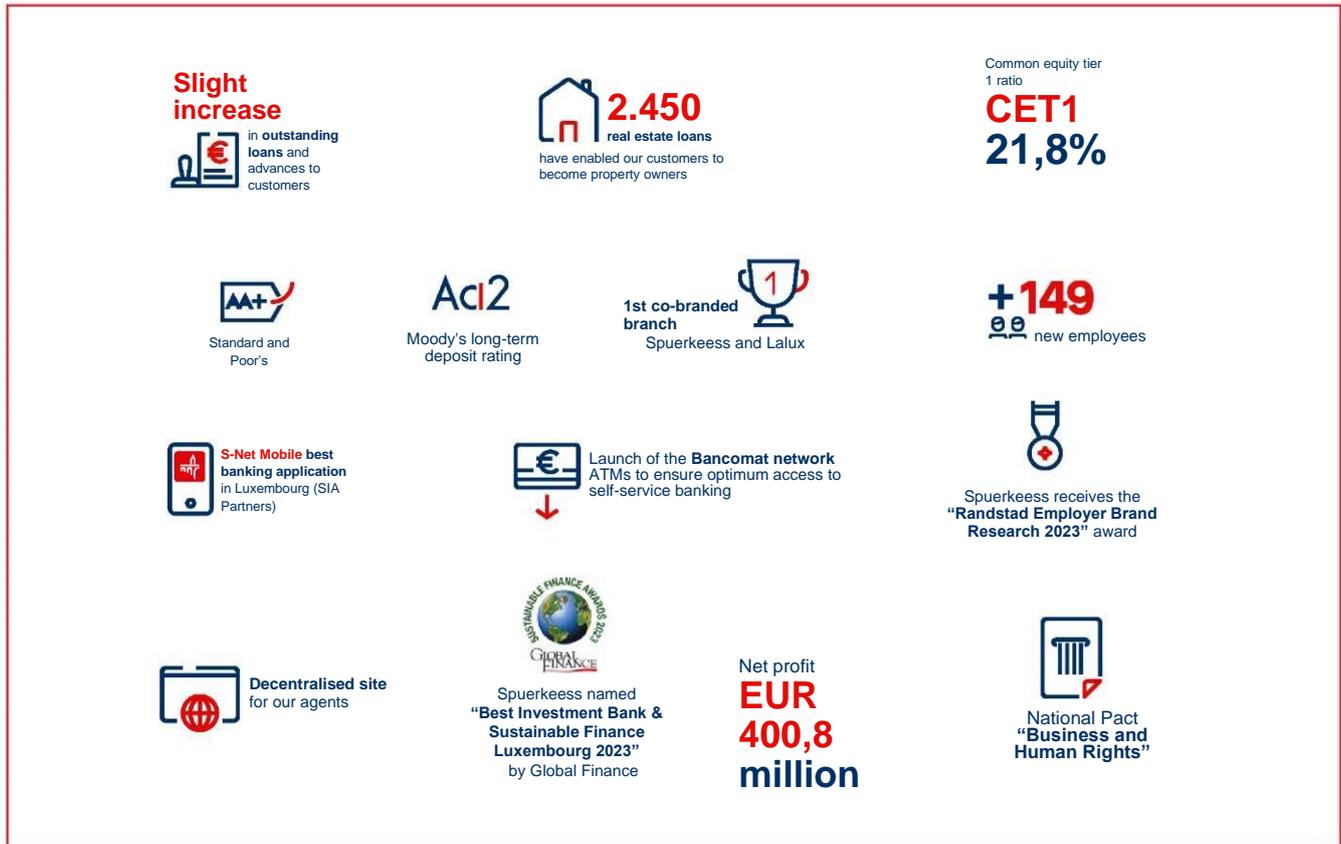
	31.12.2022	31.12.2023	Change in % 2023/2022
	in thousands of euros	in thousands of euros	
<b>TOTAL BALANCE SHEET</b>	56.153.283	56.324.165	+0,3%
Deposits at amortised cost – Credit institutions	5.682.386	5.424.710	-4,5%
Deposits at amortised cost – Customers	41.214.949	40.142.930	-2,6%
Issuance of securities	2.810.712	3.837.497	+36,5%
Loans and advances at amortised cost – Credit institutions	1.457.998	3.244.671	+122,5%
Loans and advances at amortised cost – Customers	26.705.351	26.967.688	+1,0%
Fixed-income securities recognised at amortised cost	13.571.434	14.816.722	+9,2%
<b>CORE EQUITY CAPITAL</b>			
(CET1) (1)	5.250.771	4.815.504	-8,3%
<b>BANK MARGIN (2)</b>	753.892	1.070.788	+42,0%
Total general expenses (3)	424.728	465.169	+9,5%
<b>NET PROFIT</b>	234.685	400.781	+70,8%
<b>COMMON EQUITY TIER 1 (CET1) RATIO (1)</b>	22,0%	21,8%	
<b>AVERAGE WORKFORCE (in number of contracts)</b>	1.841,0	1.876,5	+1,9%
<b>AVERAGE WORKFORCE (in work units)</b>	1.638,0	1.666,0	+1,7%

(1) Common Equity Tier 1 (CET1) and the regulatory own fund capital ratios were established in accordance with Regulation (EU) No. 575/2013 on prudential requirements for credit institutions.

(2) Interest income, dividend income, fee and commission income, income from financial instruments, other operating income and expenses.

(3) General administrative expenses, value adjustments on intangible and tangible assets as well as contributions to resolution funds and deposit guarantee schemes.

## MAIN DEVELOPMENTS IN 2023



For any further information or to request a meeting, please do not hesitate to contact us.

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