



BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG

**Head Office:
1, Place de Metz, Luxembourg**

Luxembourg Trade and Companies Register (R.C.S.) B 30775

Self-governing public institution, established pursuant to the law of 21 February 1856 (Memorandum 1, no. 6 of 10 March 1856) and governed by the constitutional law of 24 March 1989, as amended (Memorandum A, no. 16 of 28 March 1989)

2025 Audited Consolidated Financial Statements

CONTENTS

PAGE

STATEMENT ON THE COMPLIANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS	5
CONSOLIDATED MANAGEMENT REPORT	7
STATUTORY AUDITOR'S REPORT	37
REPORT OF THE "REVISEUR D'ENTREPRISES AGREE"	38
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	46
Consolidated balance sheet as at 31 December 2025	47
Consolidated income statement as at 31 December 2025	49
Consolidated statement of comprehensive income as at 31 December 2025	50
Consolidated statement of changes in equity as at 31 December 2025	51
Consolidated statement of cash flow as at 31 December 2025	53
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	55
1 GENERAL INFORMATION	56
2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	57
2.1 Compliance with general accounting principles	57
2.2 Consolidation	58
2.3 Foreign currency transactions	61
2.4 Accounting judgements and estimates	62
3 INFORMATION ON THE GROUP'S MAIN ACCOUNTING POLICIES	63
3.1 Cash and sight accounts with central banks	63
3.2 Classification and measurement of financial instruments	63
3.3 Banking transactions	72
3.4 Repurchase and reverse repurchase agreements – Lending and borrowing of securities	88
3.5 Interbank market	89
3.6 Tangible assets	89
3.7 Intangible assets	91
3.8 Lease agreements	91
3.9 Employee benefits	92
3.10 Provisions	95
3.11 "Fonds de Garantie des Dépôts Luxembourg" (FGDL, Luxembourg deposit guarantee fund) and "Fonds de Résolution Luxembourg" (FRL, Luxembourg resolution fund)	95
3.12 Deferred taxes	96
4 NOTES TO THE BALANCE SHEET	97
4.1 Cash and sight accounts with central banks	97
4.2 Loans and advances at amortised cost – Credit institutions	98

4.3	Loans and advances at amortised cost – Customers	100
4.4	Assets and liabilities held for trading	102
4.5	Financial assets mandatorily recognised at fair value through profit or loss	103
4.6	Fixed-income securities recognised at amortised cost	104
4.7	Fixed-income securities recognised at fair value through the revaluation reserve	107
4.8	Variable-income securities recognised at fair value through the revaluation reserve	108
4.9	Investments in associates accounted for using the equity method	108
4.10	Securities collateralised	110
4.11	Convertible bonds included in the different portfolios	111
4.12	Derivative instruments	111
4.13	Change in fair value of a portfolio of financial instruments hedged against interest rate risk ..	117
4.14	Tangible assets for own use	118
4.15	Investment property	119
4.16	Intangible assets	121
4.17	Non-current assets and disposal groups classified as held for sale	122
4.18	Taxes: Tax assets and liabilities	122
4.19	Other assets	125
4.20	Deposits at amortised cost – Credit institutions	125
4.21	Deposits at amortised cost – Customers	125
4.22	Financial liabilities designated at fair value through profit or loss	125
4.23	Issuance of debt securities	126
4.24	Provisions	127
4.25	Other liabilities	129
4.26	Provisions for employee benefits – Defined-benefit pension plan	129
4.27	Gains or losses on disposals of variable-income securities recognised at fair value	132
4.28	Related-party transactions	133
4.29	Statutory Auditor’s fees	135
4.30	Direct fees and contributions related to the instruments and mechanisms put in place by the European Banking Union	135
4.31	Off-balance sheet items	136
5	NOTES TO THE INCOME STATEMENT	137
5.1	Interest income	137
5.2	Income from securities	138
5.3	Fee and commission income	138
5.4	Income from financial instruments not recognised at fair value through profit or loss	138
5.5	Income from financial instruments held for trading	139
5.6	Income from financial instruments designated at fair value through profit or loss	139
5.7	Income from financial instruments mandatorily measured at fair value through profit or loss ..	139
5.8	Income from hedging transactions	139
5.9	Foreign exchange income	140
5.10	Income from derecognition of non-financial assets	140
5.11	Other net operating income	140
5.12	Personnel expenses	140
5.13	Other general and administrative expenses	141
5.14	Cash contributions to resolution funds and deposit guarantee systems	141
5.15	Depreciation allowances for tangible assets	141
5.16	Allowances for impairment of investment properties	141
5.17	Allowances for impairment of intangible assets	142
5.18	Net allowances for impairment of credit risks	142
5.19	Provisions	142
5.20	Share in the profit of equity-accounted associates	143
5.21	Tax expense	143
5.22	Return on assets	144
6	RISK MANAGEMENT	145
6.1	Risk management policy	145
6.2	Risk management governance	146

6.3	Main risks to which the Group's parent company is exposed	152
6.4	Capital and liquidity adequacy analysis	195
7	SEGMENT REPORTING	197
7.1	The Group's operations.....	197
7.2	Allocation rules and net bank margin	198

**BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG**

**STATEMENT ON THE COMPLIANCE
OF THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

Luxembourg, 25 March 2026

Statement on the compliance of the consolidated financial statements and management report in accordance with the provisions of article 3 of the coordinated version of the Luxembourg transparency law ("Loi Transparence") of 11 January 2008

We hereby declare that, to the best of our knowledge, the consolidated financial statements of Banque et Caisse d'Epargne de l'Etat, Luxembourg as at 31 December 2025 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities as well as the financial position and results. We also hereby declare that the management report presents an accurate description of the development, results and situation of Banque et Caisse d'Epargne de l'Etat, Luxembourg and of the group of companies included in the consolidated financial statements, taken as a whole, as well as the main risks and uncertainties facing the Bank and the BCEE Group.

For the Executive Committee

Doris Engel
Executive Vice President
Member of the Executive Committee

Françoise Thoma
Chief Executive Officer
President of the Executive Committee

**BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG**

CONSOLIDATED MANAGEMENT REPORT
31 December 2025

SPUERKEESS GROUP CONSOLIDATED MANAGEMENT REPORT

RETAIL & PROFESSIONAL BANKING

Quote: "In an open and demanding Luxembourg market, Spuerkeess confirmed its leadership in retail banking thanks to the onboarding of new customers and the responsible support it provides to both existing customers and newcomers, especially for their real estate projects." — Claude Hirtzig

Objectives

- Consolidate its leadership position in retail in Luxembourg by increasing its attractiveness, improving its service and building relationships on all its channels.
- Support access to housing through high-quality advisory services and a responsible credit policy, including energy renovations.
- Optimise processes and incorporate cutting-edge technologies to deliver seamless and secure end-to-end experiences.

Results

- High level of onboarding of new customers, reflecting the attractiveness of the Bank.
- Sharp rebound in mortgage loan activity, supported by advisory and a more buoyant environment.
- Creation of dedicated teams for professional and self-employed customers, with specialised offers and support.

Challenges

- Manage the large and diverse onboarding volumes associated with highly varied profiles and origins.
- Closely supervise AML/FT requirements while helping customers and advisors with the documentation process.
- Reduce reliance on interest margins by diversifying sources of income and service value.

Solutions

- Tailor our offers to the needs of and channels used by the different customer segments.
- Be more present for our customers at key moments in their lives, such as their arrival in the country, their first job, a real estate purchase, the birth of a child, and preparations for retirement.
- Help customers become proficient in digital uses and cybersecurity through tips, tools and training.

In a fast-changing banking environment, Spuerkeess steadfastly pursued its aim of consolidating its leadership on the Luxembourg retail market in 2025. This aim is reflected in a strategy centred on service quality, close relationships and innovation, so as to meet the needs of an increasingly diverse customer base in both its origins and its expectations and banking practices. The strategy also seeks to ensure an effective and resilient operational model.

One of the year's central pillars was support for access to housing, a major social challenge. The Bank confirmed its role as a trusted partner for real estate projects thanks to its responsible credit policy and customised advice. Its support focused on providing a clear customer experience, explaining the financing mechanisms, and taking properties' energy performance into account. The Bank also improved on this support by offering access to energy coaches. These are certified advisors who can guide customers through the initial steps of an energy renovation and help them estimate the forms of assistance available. Whether these customers are first-time buyers, families or investors, the objective is to offer tailored solutions that incorporate wealth, budget and environmental criteria, and to facilitate the processes involved in energy renovation, when it is necessary.

At the same time, Spuerkeess continued to optimise its processes and incorporate cutting-edge technologies across all channels. These measures aim to create a simple, seamless and consistent customer experience, from initial contact to completion of the transaction, with shorter, better-equipped, and highly secure journeys. The modernisation of the branch network was accompanied by a continuous improvement in remote financial tools and increased digitalisation of banking procedures, which allowed advisors to spend more time on high value-added interactions.

The results are proof that this was the right approach. The onboarding of new customers reached a particularly high level, reflecting the attractiveness of the brand and the trust earned from both local and newly arrived customers. The significant rebound in mortgage activity, supported by advisory and a much more favourable environment, illustrates the strength of the relationship and the Bank's ability to mobilise around key steps in its customers' projects.

The Bank has also rolled out dedicated teams for professional and self-employed customers to fully address the special considerations of certain segments. Expanding the teams has allowed the Bank to offer specialised solutions (payment instruments, financing, insurance, savings/investment) and provide support that is better tailored to the specific needs and timelines of entrepreneurial activities.

However, these dynamics also bring certain challenges. Managing high onboarding volumes, at a time when profiles have become more diverse, requires careful organisation, intensive education and the right tools. AML/FT requirements demand rigorous monitoring and continuous support to improve the customer experience and facilitate the teams' work. Lastly, the reliance on interest margin offers motivation to further diversify the contribution from services income, by promoting advisory, insurance, savings and investment.

To meet these challenges, Spuerkeess is tailoring its offer to customers' preferred segments and channels (branches, mobile, web), and aims to be more present for its customers at key moments in their lives (arrival in Luxembourg, early career, real estate purchase, birth of a child, preparations for retirement). The Bank is also boosting its support for digital uses and cybersecurity, through tips, tools

and awareness-raising programmes, so everyone can feel comfortable in an increasingly digital banking universe.

These foundations (close relationships, quality and security requirements) allow Retail & Professional Banking to head into 2026 with a clear roadmap: continue to simplify the customer experience, boost the value of advisory, and strengthen a service proposition that combines responsibility, innovation and real impact for customers.

PRIVATE BANKING

Quote: "Our growth has been confirmed and is attracting an increasingly demanding customer base. This is a direct reflection of the excellence that we practice every day in private banking." — Alain Uhres

Objectives:

1. Consolidate the customer relationship and continue to move upmarket.
2. Anticipate the intergenerational wealth transfer.
3. Further optimise our processes to free up our relationship managers' time.

Results:

1. Faster growth in securities assets than in all assets.
2. Increase in average assets per customer.
3. Higher number of loan applications processed.

Challenges:

1. More sophisticated and demanding customers, seeking tailor-made solutions.
2. Heavily regulated environment and integration of new technologies.
3. Wealth transfer and emergence of the next generation of investors.

Solutions:

1. Train and develop teams focused on complex cases while also expanding the offer.
2. Turn compliance into a competitive advantage.
3. Strengthen support for family governance and intergenerational alignment.

In 2025, the Private Banking department continued the momentum built in recent years by pursuing the new strategic segmentation, developing tailored financial products and strengthening our relationships with our partners, while also ensuring consistent service quality for our private customers. This focus reinforced our ability to meet more complex wealth-related needs and higher expectations, in the spirit of closeness, rigour and operational excellence.

We moved the offer upmarket by strengthening our training actions for relationship managers, with a special focus on ESG and the application of European sustainable investment requirements. In addition to raising awareness, we adjusted and documented our investment solutions to ensure compliance, from product governance to disclosures to customers, while ensuring the traceability and quality of the data at the core of advisory. These upgrades strengthen transparency and build trust in our recommendations, particularly on long-term themes such as sustainability and succession.

At the operational level, the centralised department for managing financing requests, created in 2024, confirmed its success in 2025, with an increase in the number of loan applications processed. Centralisation has streamlined workflows, improved the completeness of the applications, and allowed more time for strategic advisory. The teams have thus been able to provide broader support for complex wealth situations, whether intergenerational structuring, liquidity needs or real estate development, while maintaining high standards for quality and responsiveness.

At the same time, Private Banking played a key role in coordinating and launching a flexible allocation fund in partnership with Edmond de Rothschild. This successful launch expands the range designed for private customers, and also benefits retail customers. The positioning of this fund, with its flexible relationship between asset classes and risk management discipline, is a response to an economic environment where correlations change quickly and agility remains a key factor in value creation.

Despite the uncertain geopolitical and macroeconomic environment, the year 2025 was a very positive one on the markets. Equities picked up again and supported the overall portfolio performances, although the depreciation of the euro against the dollar reduced some of the performance of the US indices after translation into euros. At the same time, interest in bonds remained moderate, while money-market yields stayed low with inflation close to the ECB's target and an accommodative monetary policy in the eurozone. These parameters guided our active and prudent management, based on rigorous portfolio construction.

In this context, we saw faster growth in securities assets than in the portfolio as a whole, accompanied by an increase in the average amount per customer. In addition to volumes, creating closer relationships (rooted in availability, responsiveness and expertise) was the key to retaining sophisticated customers (entrepreneurs, executives, family offices). More widespread adoption of advanced solutions (mandates, flexible allocation, credit structuring) illustrates this move upmarket.

Structural challenges remain: a more demanding customer base, a changing regulatory framework, and mounting succession issues with the arrival of the next generation of investors. Our response centres on three key areas: teams specialising in complex cases and the continued expansion of the offer; compliance designed to be a lever of trust; and increased support for family governance so as to align wealth-related objectives, values and investment horizons.

Lastly, asset management continues to drive the activity. Buoyed by Spuerkeess's excellent brand image and the professionalism of the relationship managers, the funds placed and the performances achieved showed steady momentum in 2025. Bolstered by these achievements, we head into 2026 with a clear agenda: boost product innovation, increase ESG integration, optimise all our processes, and strengthen support for the families and new investors who are shaping the future of private banking.

CORPORATE BANKING

Quote: "With S-Net Business, in 2026 Spuerkeess will have the most comprehensive transaction solution on the Luxembourg corporate market." — Paolo Vinciarelli

Objectives:

1. Improve the onboarding experience for new customers and make the customer journey more seamless.
2. Support the real estate market with new financing solutions.
3. Move forward with key projects in our strategic plan, including risk financing solutions.

Results:

1. Sharp rise in new professional clients onboarded.
2. Outstanding amounts up 3,4% at end-2025.
3. S-Net Business: double the number of users (> 3.000 active entities; > 10.000 transactions in December 2025).

Challenges:

1. Shortage of personnel qualified to carry out efficiency projects at a fast pace.
2. Ongoing crisis in the real estate market, particularly for off-plan sales.
3. Increasingly stringent regulatory requirements for onboarding new customers and for the operational component.

Solutions

1. Partnership with the EIF under InvestEU.
2. Rollout of the construction loan.
3. Creation of a specialised desk focused on onboarding of corporates.

The 2025 financial year confirmed the acceleration of the transformation initiated with professional clients, with two key trends. First, the ramp-up of S-Net Business, the transaction solution for professionals, significantly improved the digital banking experience for associations, the self-employed and SMEs. Second, alternative financing offers were considered to provide a practical response to a real estate market that remains under pressure, particularly in the off-plan sales segment. These advances are consistent with the SPK2030 roadmap and revolve around a simple principle: simplify, improve and enhance the customer experience, while also improving internal efficiency and compliance.

S-Net Business was launched in 2024 and its adoption increased steadily in 2025. The number of users doubled to exceed 3.000 active entities, with more than 10.000 transactions carried out in December alone. This growth stems as much from its improved ergonomic design as its enhanced functionality. In addition to ease of use, these changes improve the operational management of customers and reduce common friction points with a tangible impact on the financial teams' productivity and on the quality of internal controls.

On the financing side, Spuerkeess worked to finalise a construction loan tailored to developers' needs. At a time when buyers' confidence in the off-plan sales model has eroded, the option of starting work on a site with lower pre-sales, subject to strict conditions, helps boost momentum, better synchronise progress on the work with demand, and mitigate the effect of waiting for buyers, who now prefer to commit when construction is well underway. The mechanism is designed to balance the interests of the various stakeholders: increased visibility for developers, secure flows and milestones, and better compression for future buyers.

The system for welcoming new customers has been reworked to support this growth and absorb the regulatory complexity. A specialised desk focused on onboarding of corporates was created to manage end-to-end onboarding, harmonise documentation requirements, and more closely coordinate interactions between the sales, compliance and operations teams. The goal is twofold: reduce time-to-business while increasing the quality and robustness of AML/FT controls in a challenging compliance context. This model gives customers greater clarity, and they benefit from customised support and identified points of contact from the earliest stages of the relationship.

Spuerkeess also entered into a strategic partnership with the European Investment Fund (EIF) under the InvestEU programme. This cooperation aims to support innovation, sustainability and the growth of companies through tailored guarantee and financing mechanisms. In concrete terms, it helps increase the capacity to support high-impact projects through optimised access to credit and efficient risk-sharing, while aligning with European standards.

The results in 2025 reflect these efforts: sharp rise in new customers onboarded, 3,4% growth in outstanding loans, and increasing use of S-Net Business. Beyond the figures, the main lesson is the overall consistency. The product and digital approach, the capacity for innovation in financing, and the optimisation of onboarding converge to offer a clear value proposition: a well-equipped, reliable and solution-oriented bank that works closely with its professional clients.

The roadmap will leverage this momentum in 2026. It calls for the ongoing expansion of S-Net Business's features to increase corporates' autonomy and flow security, the rollout of the construction loan to support the recovery of the real estate development market, and the continued industrialisation of onboarding to deliver a fast and compliant experience. By combining the customer experience, regulatory rigour and useful innovation, Corporate Banking aims to confirm its position as the leading partner of Luxembourg corporates, from the smallest of entities to the most complex organisations, for all their transaction and financing needs.

INSTITUTIONAL BANKING

Quote: "In an environment characterised by heightened pressure on margins and mounting regulatory complexity, the move upmarket in services and process optimisation are key strategic levers." — Džemal Tomic

Objectives:

1. Strengthen the relationship with strategic customers and partners.
2. Increase visibility among new or potential institutional customers.
3. Provide seamless, fast and compliant onboarding and transactions.

Results:

1. Steady growth in the customer base and in assets under custody.
2. Increase in fee and commission income.
3. Confirmed success of institutional services and financing solutions.

Challenges:

1. Heightened pressure on margins in an increasingly competitive market.
2. Need for responsiveness, flexibility and tailor-made solutions.
3. Mounting regulatory complexity and compliance requirements.

Solutions:

1. Move upmarket for the services offer and income diversification.
2. Continued investment in human capital and expertise.
3. Digitalisation and optimisation of key processes.

In 2025, the institutional customer activity confirmed the attractiveness and resilience of the Luxembourg financial centre, driven by its international positioning and expertise in asset management and cross-border services. The context has remained challenging, with heightened competition and increased pressure on margins in the traditional custody business lines. In this environment, Spuerkeess strengthened its value proposition by combining a move upmarket in services, operational excellence, and close relationships with its customers.

The institutional customer base continued to grow as a result of the higher volumes entrusted by existing customers and the arrival of new players attracted by the high-quality service and robust infrastructure. Assets under custody (AUC) rose by more than 10% to exceed EUR 125 billion, all segments combined (investment funds, banks, (re)insurance, and supranational and public entities). This momentum was accompanied by growth in income from deposits and services, which reinforces the importance of diversifying sources of income.

To accelerate time-to-market in an increasingly complex regulatory context, the Bank continued to optimise and digitalise its processes for onboarding customers and their investment structures. The goal is to provide seamless, transparent and exhaustive experiences while also complying strictly with

AML/FT requirements and traceability standards. The efforts made in recent years have yielded tangible results: greater clarity on the steps, enhanced coordination between the sales, risk and operations teams, and reduction in friction points for customers who structure and manage their assets from Luxembourg.

The success of the financing offer for institutional players was also confirmed. Demand was high for solutions such as equity bridge financing, supplemented by other facilities tailored to the needs of the investment vehicles. These solutions offer flexibility and security in managing the calls for capital and cash cycles of investment funds, including private equity, private debt and infrastructure funds.

Spuerkeess is aware that quality of service depends first and foremost on its people, and it has continued to invest in its human capital. The expansion of the teams, the addition of new expertise, and ongoing training have allowed Spuerkeess to maintain a high level of excellence and availability. This approach places an emphasis on listening, responding quickly and developing tailor-made solutions, which are all key factors in satisfaction and retention.

The financial year 2025 thus showed a proven ability to adapt: pressure on margins partially offset by services income, continuous process improvements, move upmarket for the offer, and strict compliance without compromising the customer experience. In 2026, the roadmap builds on these priorities: further diversify sources of income, accelerate the end-to-end digitalisation of key experiences, and strengthen sector expertise in order to consolidate Spuerkeess's role as the trusted partner of institutional players and in raising the long-term profile of the Luxembourg financial centre.

DIGITAL TRANSFORMATION & DIGITALISATION

Quote: "Spuerkeess has maintained its leadership position and provides high value-added services thanks to its robust and constantly evolving digital infrastructure, in a secure and protected environment." — Tom Goerens

Objectives:

1. Modernise and simplify the digital experience by expanding the features and products available online.
2. Support and strengthen banking processes, while also ensuring a seamless experience that complies with European requirements.
3. Prepare the IT infrastructure and governance for the challenges of the future.

Results:

1. Expansion of the Instant Payment offer and secure transfers through Verification of Payee (VoP).
2. Twofold increase in agreements for S-Net Business, the online banking solution for professionals.
3. Development of the "North Star" plan to define the bank's future IT ecosystem.

Challenges:

1. Meet all the digitalisation needs identified by customers, employees and partners.
2. Guarantee a simple, consistent and reliable digital experience 24/7, and promote its adoption.
3. Ensure a secure IT environment to protect against external threats and dangers.

Solutions:

1. Improve the use of S-Net with an optimised Store, better card management and account statements.
2. Enhance the features available to professionals in S-Net Business.
3. Modernise the data centres and roll out a cyber-resilience site.

The year 2025 marked a key milestone for Spuerkeess's ecosystem, with concrete progress made on ease of use, security and resilience. With the implementation of instant payments, beneficiaries can receive funds in just a few seconds. At the same time, activation of Verification of Payee significantly strengthens the fight against fraud by checking the match between the beneficiary and the account in question before executing a transfer. Taken together, these two developments increase the level of security and streamline everyday uses.

S-Net Business has experienced very strong momentum, driven by the addition of high value-added features for associations, the self-employed and SMEs. Customers can monitor their payment limits themselves, manage cards, aggregate third-party accounts and check their electronic documents (contracts, tax certificates) in the same place. The S-Net Business Store shop front makes it easy to

discover and activate services, which accelerates adoption and the availability of new digital capabilities.

For private customers, S-Net Mobile has consolidated its position as the leading app in Luxembourg. The optimisation of the Store more effectively directs users to the product journeys, while management of debit and credit cards has been enhanced: activation before physical delivery and PIN and Card Verification Value (CVV) management. Management of term deposits has been simplified and access to account statements has been expanded, including for guardians of customers who are minors. This improves transparency and autonomy.

Beyond the customer interfaces, major upgrades to internal applications have strengthened service quality and compliance levels. Loan management has been streamlined to improve the quality of the applications, incorporate more systematic real estate assessments, and revise the process for granting bank guarantees. Flows with central agencies have also evolved, including with the European Collateral Management System (ECMS), which harmonises and centralises at the Eurosystem level the management of the collateral used by the banks, improving operational efficiency and standardisation.

Lastly, Spuerkeess continued to make significant investments in its critical infrastructure. The data centres target very high availability (Tier 4), combining physical security, energy efficiency and robust network connectivity. Cybersecurity has been strengthened through increased threat monitoring, enhanced preventive controls and proactive remediation capabilities. The establishment of an isolated cyber-recovery centre supplements the resilience framework, ensuring business continuity in the event of a major incident.

These accomplishments in 2025 confirm a clear strategy: offer a simple and safe digital experience, accelerate value creation through technology and prepare for more modular, sustainable and resilient IT. In 2026, the teams will continue to expand functionalities, improve key journeys and strengthen the technical foundations to support the growth and trust of all our customers.

DATA & ARTIFICIAL INTELLIGENCE (AI)

Quote: "Data and Artificial Intelligence are major levers for transformation, standing at the intersection of innovation, operational efficiency and compliance." — Rachid M Haouach

Objectives:

1. Implement reliable, ethical and compliant AI governance, with clear rules on roles, supervision and controls, covering the entire life cycle of the models to ensure transparency, security and explainability.
2. Modernise and secure the Data & AI foundations by converging towards a robust, interoperable and resilient target architecture (Data Lake and Data Warehouse) that improves data quality, access and protection.
3. Give priority to rolling out high business value use cases, measured through impact indicators (efficiency, risk, customer experience, income) and strictly aligned with the Bank's strategy.

Results

1. A formal trust framework and AI policy, federating governance and establishing ethical principles and control requirements that secure uses and accelerate responsible rollouts.
2. Employees informed and trained, thereby increasing Data & AI maturity and promoting the adoption of best practices as well as closer collaboration between the business lines and the risk, compliance, security and IT departments.
3. Implementation of the initial foundations of Data Lake and Data Warehouse, offering faster and better-governed access to data, supplemented by traceability and quality mechanisms (data lineage).

Challenges:

1. Strike a balance between rigorous governance and innovation agility, avoid bureaucracy while maintaining a high level of data compliance, security and protection.
2. Increase the organisation's technological and cultural maturity over the long term, by harmonising tools and methods and developing skills.
3. Convert initiatives into measurable and long-term business value, by moving from isolated proofs of concept to authorised, monitored and maintainable solutions, with performance indicators tracked over time.

Solutions:

1. Roll out a data traceability and quality solution (data lineage) that maps flows, improves consistency and auditability, and increases the trust of both business lines and regulators.
2. Modernise the Data & AI platforms and the target architecture by standardising, securing and automating (cataloguing, orchestration, access governance), in order to reduce complexity and facilitate scaling.
3. Introduce a value-driven Data & AI strategy based on the prioritisation of use cases according to their business impact, feasibility and strategic alignment.

In 2025, Data and Artificial Intelligence were central to the Bank's transformation, with a dual imperative: accelerate value creation for the business lines and strengthen risk management, security and compliance. The year was organised around a clear and consistent trajectory: build a trust framework for AI, modernise the technological foundations, and translate these advances into tangible operational gains.

The first pillar involved introducing AI governance into the three lines of defence model. A dedicated policy was formalised, defining the control principles, roles, responsibilities and requirements, from data qualification and the construction of training sets to the monitoring of performance, failures and biases in production. Transparency, quality and security mechanisms were strengthened to ensure the responsible, explainable and traceable use of algorithms.

The second pillar concerned the modernisation of the Data & AI foundations. The choice of architecture was clarified to converge towards a more robust, scalable and secure target, limiting technical complexity and promoting system interoperability. The first Data Lake and Data Warehouse foundations were built to offer faster, better-governed and more consistent access to data in support of analyses, reporting and AI applications. At the same time, a data lineage solution was rolled out to strengthen flow management, quality and end-to-end auditability, helping to make processing more reliable and to facilitate controls.

The third pillar focused on business value creation. Work was done jointly with the operational business lines to consolidate needs to prioritise a use case portfolio based on impact, feasibility and strategic alignment. Several proofs of value were successful, including automated extraction of information from images and documents in order to accelerate recurring processing, as well as the development of a generic conversational agent that was rolled out to our internal infrastructure to facilitate access to knowledge and help the teams with their daily tasks. These tests made it possible to approve the technical approaches, identify the expected gains and prepare for industrialisation.

Beyond technology, the human aspect was a decisive factor. Awareness-raising and training actions have been put in place to increase acculturation to Data and AI, promote best practices (data quality, security and protection) and encourage closer collaboration between the data, risk, compliance, security and business line teams.

The financial year 2025 thus laid a strong foundation: a trust framework for AI, modernised data foundations and a prioritised use case portfolio. In 2026, priority will be given to expanding the most promising uses on a wider scale, with an emphasis on improvements and enhancements to the data catalogue, fine-grained access governance, and systematic measurements of value created. The objective remains the same: provide the business lines with reliable, secure and effective solutions that improve the customer experience, increase operational efficiency and support compliance over the long term.

EMPLOYER OF CHOICE

Quote: "In close partnership with the business lines, HR increases Spuerkeess's attractiveness, develops its talent and supports its cultural transformation to make it a committed, innovative and sustainable employer." — Sandra Schengen

Objectives:

1. Foster an inclusive environment that represents diversity by improving equal access to opportunities.
2. Ensure a safe and balanced workplace that promotes well-being by combining prevention, support and quality of work life.
3. Structure talent development and succession planning to secure key skills and foster cross-functional career paths.

Results:

1. Greater diversity: increase in the number of nationalities from 17 (2023) to 22 (2024) and then 27 (2025), proof of a broader talent pool.
2. Skills development: launch of a mentoring programme (30 pairings) and training of more than 70% of team managers on Corporate Health Management & Business Psychology.
3. Well-being and inclusion: Health Week (approximately 60 events; more than 1.100 registrations) and "Diversity & Inclusion" prize in the "Work Environment and Well-being" category.

Challenges:

1. Increase the Bank's attractiveness on a competitive job market, in particular for rare and specialised profiles.
2. Support employability throughout the employee's career in the face of changing professions, regulations and technologies.
3. Lead a lasting cultural transformation aligned with our values of commitment, impact, authenticity and cohesion.

Solutions:

1. Develop customised career paths and active internal mobility, backed by careful skills management and career gateways.
2. Instil a culture of lifelong learning (self-learning, mentoring, targeted training courses) and empowering managerial practices.
3. Embody our values in our HR practices and day-to-day management by regularly measuring the employee experience and inclusion.

In 2025, Human Resources confirmed its role as a strategic partner in support of the business lines. Its positioning is focused firmly on impact: attract and retain the best talent, develop critical skills, support the teams' health and motivation, and assist in the organisation's cultural transformation. This proactive

and collaborative approach strengthens Spuerkeess's sustainable performance and aligns the HR priorities with operational and regulatory challenges.

For the attractiveness component, the Bank relies on its strong reputation in Luxembourg: stability, professionalism, and service requirement, while increasing its visibility beyond its borders to attract a more diverse pool. This international openness is accompanied by modernised recruitment practices, designed to meet the expectations of the next generations: transparency on the meaning of work and the prospects for advancement, attention to management style and the work/life balance, and simplified application processes. At the same time, the increase in the number of nationalities reflects the trend towards team diversification and enhances intercultural collaboration.

Skills development is a second key priority. Spuerkeess combines the strength of a stable work environment with an innovation framework that encourages role changing and internal mobility. The self-learning platform facilitates autonomous and customised learning, while targeted programmes support managers in their role as team leaders. In 2025, more than 70% of team managers took the Corporate Health Management & Business Psychology programme, focused on the drivers of motivation (autonomy, belonging, skills development) and the prevention of psychosocial risks. The launch of a mentoring programme (30 pairings) strengthens knowledge transfer and accelerates career trajectories.

Well-being and quality of work life remain concrete priorities. Health Week included about 60 events and had more than 1.100 registrations, demonstrating the interest from employees and the relevance of the topics proposed (physical activity, nutrition, sleep, mental health, prevention). These efforts were recognised with the receipt of the "Diversity & Inclusion" prize in the "Work Environment and Well-being" category, which honours the Bank's commitment to a safe and inclusive workplace that is mindful of everyone's needs.

Lastly, skills anticipation lies at the heart of organisational resilience. Changes in professions (driven by digital, data, compliance and the customer relationship) mean that we have to regularly update our frameworks, identify gaps and build retraining pathways. In 2025, the launch of a new talent pool made it possible to identify employees with potential, develop succession plans, and create fast tracks for careers in critical functions. This approach relies on a close collaboration with the operational departments in order to decide on priorities, determine the progression of skills acquisition, and develop a pipeline of managers to fill vacancies.

Beyond the steps taken, the cultural transformation is the common thread. The values of commitment, impact, authenticity and cohesion fuel our daily practices: consistent and constructive feedback, team empowerment, cross-functional cooperation and managerial excellence. The goal is clear: strengthen the bond with a trusted, attractive and demanding employer to create an environment where everyone is able to learn, contribute and advance. In 2026, HR will remain on this trajectory by further customising career paths, more accurately measuring the employee experience, and strengthening inclusion to support a sustainable performance shared by all.

OUR RISK MANAGEMENT POLICY

To ensure effective risk management at all levels, the Bank has implemented governance based on the "three lines of defence" model. The operational entities are the first line, while the Risk Management and Compliance departments provide the second line in the governance system. The Internal Audit department is the third line. The internal control charter, developed jointly by these three functions, defines the steps that must be taken for the system to function properly: risk identification and management within the first line, and continuous and periodic supervision of this management by the second and third lines.

Promoting a healthy risk culture is another pillar of our policy. All staff play an active role in identifying, reporting and monitoring the risks to which Spuerkeess is or might be exposed. The Bank has thus taken a demanding and proactive stance on risk management and internal control.

Spuerkeess has opted for a defensive risk profile defined in its Risk Appetite Framework (RAF). This framework includes indicators covering the Bank's main risk categories and enables the Executive Committee and the Board of Directors to regularly monitor the overall risk situation in detail. The levels of risk to which the Bank is exposed are measured using a set of strategic indicators, operational metrics, and macroeconomic indicators. Risk appetite is broken down into monitoring thresholds established by indicator, then transposed into limits intended to guide and manage Spuerkeess's different risks.

The internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) also aim to ensure that the Bank has the capital and liquidity needed to pursue and grow its business activities. Risk governance relies on dedicated working groups and committees, at both the Executive Committee and Board of Directors level. For a detailed description, please see Note 6 to the annual financial statements for the year ended 31 December 2025.

FINANCIAL RISKS

CREDIT RISK

Each material Bank commitment giving rise to a credit risk is subject to prior analysis of the borrower's credit quality. This quality is assigned an internal rating which is fed directly into the credit risk management system; it is one of the key parameters used to set limits or grant new financing. The Enterprise Risk Management unit within the Risk Management department is responsible for developing the internal rating models and thus acts as the first line of defence for model risk. The Financial Risk Management unit, as the second line of defence for credit risk, produces analyses and reports on credit risk in the Bank's various sub-portfolios. Decisions on loans to the national economy are made by the various credit committees according to the loans' level of risk. Residential mortgage loans account for more than half of Spuerkeess's loan and credit portfolio. Credit risk is assessed in light of the customer's overall solvency and repayment ability as well as the existence of real guarantees. For international commitments, an initial investment is made only with counterparties classified as investment grade (excluding BBB-). For non-financial entities, priority is given to counterparties located in Organisation for Economic Co-operation and Development (OECD) countries, mainly in Europe and North America.

Outstanding amounts are subject to counterparty risk monitoring, sector and systemic risk monitoring and regular checks based on updated financial analyses and proposed adjustments to limits per counterparty. The European Market Infrastructure Regulation (EMIR) requires the use of Central Counterparty Clearing (CCP) for certain derivative financial instrument transactions. To comply with this obligation and to reduce bilateral counterparty risk, Spuerkeess has opted to work through direct clearing broker members.

MARKET RISK

The main market risk to which the Bank is exposed is interest rate risk in the banking book (IRRBB). The ALM unit within the Global Markets department is responsible for the day-to-day management of this risk and has developed models to identify and quantify the impact of customers' behaviour on Spuerkeess's interest rate sensitivity profile. These models have been implemented in a dedicated tool used to manage interest rate risk through specific metrics, in accordance with a predefined limit framework.

Two other material market risks are, first, valuation risk on the Bank's shareholdings and, second, credit spread risk in the banking book (CSRBB). Specific metrics and limits are also used to regularly assess and manage these risks.

Compliance with these limits is monitored by the first line of defence; the Financial Risk Management unit within the Risk Management department, as the second line of defence, is responsible for supervising the system.

LIQUIDITY RISK

Liquidity risk is managed by the Global Markets department. Management of this risk is supervised by the Financial Risk Management unit within the Risk Management department, as the second line of defence. Due to its financial structure, the Bank is in a position of excess liquidity. Spuerkeess constantly monitors liquidity risk by maturity: this involves, first, a very detailed reconciliation of cash inflows and outflows over a six-month horizon and, second, a medium- and long-term vision of structural funding requirements, monitored by the ALM Committee.

NON-FINANCIAL RISKS

OPERATIONAL RISK

Operational risks can materialise across all the Bank's activities; as such, all staff act as the first line of defence and help identify, assess and manage these risks. The Non-Financial Risk Management unit within the Risk Management department serves as the second line of defence for this scope. Spuerkeess aims to reduce operational risk by continuously improving its processes and organisational structures. To that end, the Bank uses a governance, risk and compliance (GRC) tool to coordinate the risk and control self-assessments (RCSAs), manage incidents and monitor action plans.

IT AND CYBER RISKS

As the first line of defence, the IT department is responsible for managing the Bank's information technology (IT) and cyber risks. This management is supervised by the Non-Financial Risk Management unit within the Risk Management department, as the second line of defence. The Chief Information Security Officer (CISO), who is part of the Non-Financial Risk Management unit, is

supervised by the head of the Risk Management department and has a direct reporting line to the Chief Risk Officer (CRO), who is a member of the Executive Committee. The analysis of the risks related to IT projects and changes and the analysis of IT incidents are key processes, shared between the first and second lines of defence.

After two years of adjustments and changes to our IT risk management processes to ensure compliance with the Digital Operational Resilience Act (DORA), this regulation came into force in 2025. In particular, we strengthened our recovery capacity in response to cyber threats with the establishment of a third data centre and the creation of additional system backup capacity. Significant work was also done on third-party risk management in order to identify and assess the security measures implemented by our subcontractors and protect the Bank from supply chain attacks.

With regard to new technologies, the development of artificial intelligence-based solutions led Spuerkeess to adjust its processes for analysing and supervising IT risks to cover the specific threats associated with these uses.

The Bank remained on its multiyear continuous cybersecurity improvement trajectory, as defined in the Cyber Protection Plan. The plan aims to gradually increase the maturity of the processes and systems that protect against threats and to centralise management of all ad hoc IT security initiatives.

Lastly, Spuerkeess increased acculturation to IT and cyber risks by rolling out a multiyear training programme for all staff. At the same time, we regularly raise our customers' awareness of best security practices, mainly through information campaigns focused on fraud risks and threats targeting banking apps. We also develop training modules and educational messages to teach them how to react if they are subject to phishing, identity theft or fraudulent access attempts. These initiatives help strengthen collective resilience in a constantly changing threat landscape.

DATA AND REPORTING RISK

The Bank has adopted a policy that defines the framework for the data aggregation and risk reporting activity. The Bank's governing bodies need comprehensive and reliable reporting in order to oversee the Bank and appropriately cover risk exposures. The governance implemented aims to ensure that the data used in the reports are accurate, comprehensive and up to date and that these reports are used to correctly identify and assess risks. An independent team within the Risk Management department verifies, based on a supervision plan, that the requirements defined are met by the first line of defence.

MODEL RISK

Any Bank entity that develops internal models, including AI models, creates model risk and must manage it as the first line of defence. This risk is supervised by the Non-Financial Risk Management unit within the Risk Management department, as the second line of defence. This role is performed through the processes in place for the initial and periodic validation of the Bank's models. The validation activities are developed and organised as part of a validation plan, and they apply the principles defined in the model risk management policy. All stakeholders involved in Spuerkeess's model scope come together once a month as part of a Model Working Group to ensure consistent practices, the monitoring of the decisions made, and the right relationship between development, implementation and control.

AML/FT RISK

The fight against money laundering and the financing of terrorism (AML/FT) is a constant concern and operational priority for Spuerkeess. The professional obligations applicable to the Bank rely on a conservative AML/FT risk appetite that is revised annually, approved by the Board of Directors and communicated to all staff, as well as the rollout of a robust system grounded in a risk-based approach applicable to all Bank customers.

This system also covers prevention of market abuse (insider trading, market manipulation) and compliance with sanctions and embargoes. As such, Spuerkeess applies the sanctions imposed by the United Nations as well as the restrictive measures provided for by the European Union. With respect to business relationships established with correspondent banks, the Bank also complies with certain regulatory provisions in place in third countries regarding financial sanctions.

Responsibility for implementing AML/FT procedures and controls is shared: the commercial departments and the AML Office unit provide the first line of defence and the Compliance department acts as the second line of defence. The separation between AML/FT risk management and supervision is strictly observed. The AML Office performs the Know Your Customer (KYC) and Know Your Transaction (KYT) documentary and operational tasks for all Bank customers. The Compliance department manages AML/FT risks by defining the applicable standards and policies, advising the other business lines, analysing the customer files brought to its attention, implementing a training plan for all Spuerkeess employees, and supervising the risk management carried out by the first line through the implementation and execution of its control plan.

Lastly, the Bank actively cooperates with the Luxembourg authorities with jurisdiction over AML/FT, for which the Compliance department is the designated point of contact. As such, it analyses files with evidence of money laundering and, where applicable, files suspicious activity reports or responds to the authorities, namely the Financial Intelligence Unit (CRF), the Luxembourg Ministry of Finance and/or the CSSF, depending on the type of issue.

CONDUCT RISK AND PREVENTION OF INTERNAL FRAUD

All employees pledge, on their first day of employment, to strictly comply with the Code of Conduct. Spuerkeess has tasked the Fraud Protection Officer, who reports to the Compliance department, with supervising internal and external fraud risks. This person defines the standards and best practices and coordinates the prevention system for the two lines of defence. Actions are regularly taken to make sure staff are aware of the need to comply with the Code of Conduct.

The Compliance department performs controls aimed at detecting misconduct or fraud and also conducts internal investigations. In addition, the Compliance department analyses all suspicions of fraud reported internally (branches, units) or externally (complaints/whistleblowing).

COMPLIANCE AND REPUTATIONAL RISK

Compliance risk may take the form of legal, administrative or disciplinary sanctions in the event of failure to comply with provisions specific to banking and financial activities. Reputational risk — damage to Spuerkeess's image — may arise not only from the imposition of a sanction, but also from negative rumours, scandals or disputes. To prevent, manage and mitigate these risks, the Compliance department performs a regulatory watch based on a federated model that empowers the different

players and separates the supervisory functions of the second line of defence from the operational functions of the first line of defence.

The year 2025 was characterised by the impacts of the fraud suffered in 2024 by the Caritas Foundation, for which Spuerkeess was one of the main banks. This exceptionally large-scale fraud was widely covered in the media and entered in the adverse media databases used by financial sector participants. Against this backdrop, the Bank communicated proactively to the public and to its customers, employees and counterparties, in order to highlight the role that banks play, the nature of their obligations, and Spuerkeess's commitment to continuously strengthen its AML/FT controls.

The publication, in July 2025, of the sanction imposed by the CSSF for the weaknesses identified in the transaction monitoring system affected third parties' perception of the Bank and may have shaken the sector's trust in Spuerkeess's ability to meet its AML/FT obligations. Significant communication efforts were made to inform and reassure customers and counterparties about the status of the AML/FT system and the enhancement measures implemented, some of which were already underway before the regulator's on-the-spot inspection.

In its press release, the regulator specified that it was not its role to decide on the credit institution's liability regarding the fraud perpetrated against a customer, or to state whether or not a transaction system without deficiencies would have made it possible to detect this fraud. However, given that the administrative penalty and the fraud targeting the Caritas Foundation are sometimes conflated, Spuerkeess will continue to pursue its efforts to strengthen the trust in the Bank and its image. In particular, the AML/FT controls will be continuously adapted to evolving technologies and fraud schemes.

DATA PROTECTION

Protecting the personal data of our customers, employees and suppliers is a core concern for Spuerkeess. The Data Protection team, which reports to the Compliance department, plays a key role in continuing to raise all staff's awareness of this important topic. Its role in project governance is also important, namely to make sure that the principle of data protection by design is integrated when developing each new product or service.

Regular controls and monitoring, backed by clear and widely disseminated procedures, aim to identify and prevent potential risks of this nature. The Data Protection Officer (DPO) is also the Bank's preferred point of contact for discussions with the Luxembourg National Commission for Data Protection (CNPD).

OTHER RISKS

MANAGEMENT AND MONITORING OF RISKS INHERENT IN COMPILING FINANCIAL REPORTING

Spuerkeess has developed procedures and controls to ensure the quality and completeness of its financial information. On a daily basis, the Bank conducts checks on internal account movements, monitors the main headings of the income statement (interest margin, fees, general expenses), and verifies the integrity of the data transmitted by the applications before being fed into the accounting information system. Monthly reconciliations are performed (pending accounts, interest accrual and other internal accounts).

The accounting teams, business lines (first line of defence) and ERM unit (second line of defence) collaborate in a structured way to evaluate portfolio positions and calculate valuation allowances for assets for which there is a risk of impairment. Since the adoption of IFRS 9, the impairment of financial assets has been based on the expected credit loss principle. The calculations are performed monthly.

Besides accounting controls, the Bank monitors its profitability by customer, product and business line and conducts a monthly analysis of the spending budget. The Executive Committee has a Management Information System (MIS) that consolidates business line performance, financial position and budget monitoring.

ACCOUNTING STANDARDS

The annual financial statements are prepared in accordance with applicable legal and statutory obligations in Luxembourg for credit institutions. With the exception of certain specific aspects of Luxembourg accounting principles (mainly the flat-rate provision and the special items with a proportion of the reserves), the annual financial statements have been prepared in accordance with IFRS as adopted by the European Union.

HEDGE ACCOUNTING

Spuerkeess uses derivative financial instruments to hedge against interest-rate, foreign-exchange, and price risks (stock market indices, shares). The most common instruments are interest rate swaps (IRS) and currency swaps (CIRS) for plain vanilla hedging transactions. Hedges with structured components may also be contracted for structured issues and certain bonds with embedded derivatives, when they are closely related.

Derivative financial instruments are deemed to be held for trading except where they are designated as hedging instruments. When entering into a contract, the Bank may document a hedging relationship when the criteria in IAS 39 are met. Spuerkeess primarily uses fair value hedges and, secondarily, cash flow hedges. In addition, the Bank uses IRS to implement fair value macro-hedging on fixed-rate loans and deposits, in accordance with the principles of IAS 39 in its "carve-out" version for the European Union. In accordance with IFRS 9, the Bank continues to apply hedging principles in line with IAS 39.

COMPLIANCE WITH CRR3

Spuerkeess complies with Regulation (EU) 575/2013 ("CRR") and with the applicable updates, in order to disclose to the market the Bank's exposure to the different risk categories. In 2025, the Bank complied with Regulation (EU) 2024/1623, which entered into force on 1 January 2025 and represents a major development in the European prudential framework.

Information on the composition of capital, the risk management strategy and the remuneration policy is published in the Pillar 3 report, in addition to the annual financial statements. The Pillar 3 report for financial year 2025, which describes how Spuerkeess is organised to anticipate, detect, measure, control and report on risks, is available at www.spuerkeess.lu.

OTHER ACTIVITIES

INTRODUCTION

Other activities include back-office and support functions, which play an essential role in achieving the Bank's strategic goals and in its development. Back-office activities make it possible to process growing volumes of payment, credit and securities transactions from the commercial units, while ensuring the control over and security of these transactions, in accordance with the laws in force.

Spuerkeess continues its efforts to improve its systems and processes in order to adapt to market developments and increase its efficiency. Support activities cover a variety of areas, such as Bank finances, legal, organisation, marketing, logistics and IT.

BACK-OFFICE ACTIVITIES

THE OPERATIONS DEPARTMENT

The Operations department manages activities related to payments, the different types of accounts, customer onboarding, transaction monitoring, and building and logistics management. Payment services cover credit transfers, direct debits, debit and credit cards, Payconiq, cash management, withdrawals, cash payments, precious metals, Apple Pay and Google Pay. This also includes management of customer queries (information, complaints) and fraud prevention. Account management covers the Zebra banking packages, current accounts, savings accounts and deposit accounts.

In addition, the department manages the relationships and contracts with external service providers, interbank payment systems and payment schemes. It provides business support for electronic channels such as S-Net, Multiline and Payconiq and acts as Registration Office for the issuer of LuxTrust certificates.

It is also responsible for electronic management of Spuerkeess's documents, including digitalisation and mailings. Activities related to customer onboarding, periodic reviews and transaction monitoring cover the KYC (Know Your Customer), KYP (Know Your Product) and KYT (Know Your Transaction) processes. The AML Office unit serves as the first line of defence, for both the analysis and review of loans/transactions and for the control and monitoring of the supporting documentation.

The department is continuously improving its operational processes and the dedicated IT systems and applications. The department's project and data teams are regularly strengthened so it can meet its regulatory requirements and the activity's growing needs. Lastly, Spuerkeess's real estate (buildings used for its own needs or leased) is operated and managed in a targeted and efficient manner, thereby supporting the banking activity, in accordance with the Organic Law of 24 March 1989.

THE SECURITIES & MARKET OPERATIONS DEPARTMENT

The Securities & Market Operations department covers the pre- and post-trade components of market transactions. First, it is responsible for correspondent and custodian network management, cash management and nostro reconciliation. Second, it handles post-trade for capital market transactions (e.g. trade confirmation, clearing & settlement, delivery of securities, corporate actions, custody services, tax services) and financial market transactions (derivatives, commodities, forex, repos, money market).

Lastly, the department ensures the compliance of regulatory transaction reporting (MiFIR, EMIR, SFTR, etc.) and oversees the administration of the Bank's securities database.

THE LOAN & CREDIT MANAGEMENT DEPARTMENT

The Loan & Credit Management department participates in the processes relating to granting and monitoring loans and credits for individuals, private banking, corporates, the public sector and institutional customers, as well as in the management of credit risk for Spuerkeess's bond portfolio. In the context of origination, it evaluates personal and real property securities, analyses loan applications, and participates in credit decisions and loan contract preparation.

On the credit risk monitoring side, the department updates the sector view and credit limits, coordinates monitoring, handles non-performing exposures, proposes provisions and produces risk monitoring reports.

THE INNOVATION & PROJECT MANAGEMENT DEPARTMENT

The Innovation & Project Management department plays a key role in the Bank's transformation and development. It oversees strategic initiatives, ensures effective project management and incorporates technological and organisational innovations. The teams implement solutions tailored to customers' needs and the market's requirements, ensuring rigorous project execution.

Taking an agile and collaborative approach, the department promotes continuous improvement, the adoption of new technologies, process optimisation and an enhanced customer experience. It combines project management expertise with a culture of innovation to actively contribute to the Bank's modernisation, anticipate future challenges and seize opportunities in the financial sector in order to bolster Spuerkeess's position as a forward-looking banking leader.

THE COMMERCIAL OFFICE DEPARTMENT

The Commercial Office Department (COD) was created in 2025 and represents a structural change in Spuerkeess's commercial operations. Its role is to centralise key cross-functional activities to improve commercial performance, profitability and the customer experience, while also meeting the growing first-line compliance and risk management requirements. The COD is a real strategic lever and seeks to increase the Bank's agility and place the customer at the heart of its actions.

The department comprises several critical functions:

- The Marketing unit, structured around the Communication, Data & Marketing Automation, Marketing Technology and Creatives divisions, takes a cross-functional and omnichannel approach to supporting all the commercial departments.
- The strengthened and expanded Product & Project Management (PRM) unit coordinates and prioritises business initiatives through its product desks (Daily Banking, Investment, Lending) as well as a Business Project desk focused on cross-functional projects outside the product scope.
- The Business Reporting & Control (BRC) unit is responsible, first, for control of the first line on compliance and risk matters and, second, for consolidated reporting in the commercial operations, providing a unified and reliable view for optimal management.

By centralising the marketing, project management, reporting and control expertise, the Commercial Office creates long-term synergies and gives the commercial teams the time to focus fully on their core business: advisory and customer relations. It therefore contributes to the Bank's operational strength and to the achievement of its long-term strategic objectives.

SHAREHOLDINGS

Fulfilling one of its statutory tasks – which involves contributing to the country's economic and social development in all areas through its financing activities, in addition to promoting savings – Spuerkeess holds equity interests, directly or indirectly, in key sectors of Luxembourg's economy. It also supports the start-up and development of businesses with a national interest. As such, Spuerkeess is a 40% shareholder of the La Luxembourgeoise S.A. group and holds 25,35% of the capital of Société de la Bourse de Luxembourg S.A., of which it is a founding member and principal shareholder.

In collaboration with three other players in the Luxembourg financial centre, Spuerkeess participated in the 2018 creation of LuxHub S.A., in which it holds 32,50% of the capital. Since December 2022, Spuerkeess has held a 20% equity interest in i-Hub, a start-up launched by POST Luxembourg that is focused on automating AML/KYC processes. In early December 2023, the Bank participated in the creation of the LuxConstellation S.A. joint venture, taking a 30% stake. This operation brought together six major financial services players in Luxembourg to establish a shared network of ATMs. In June 2024, Spuerkeess responded to the housing crisis by participating, as a 43,96% founding shareholder, in the creation of Prolog S.A., a company whose purpose was to support the recovery of the residential real estate market in Luxembourg.

Media and telecommunications are important sectors for Luxembourg's economy. The Bank is a founding shareholder of SES S.A., one of the world leaders in satellite communications. Spuerkeess holds 10,18% of the share capital of SES S.A. in the form of Class B shares. These shares grant a voting right corresponding to this stake, in accordance with the "one share, one vote" principle. Spuerkeess also holds Fiduciary Depositary Receipts (FDRs) representing 1,28% of the share capital. These FDRs are quoted on the market and are convertible into an equivalent number of SES's Class A shares. The Class A shares also grant a voting right in accordance with the "one share, one vote" principle. From an economic right perspective, SES S.A.'s by-laws specify that a Class B share gives the holder the right to a dividend equal to 40% of the dividend paid for a Class A share.

In the airline sector, Spuerkeess holds 21,81% of the capital of Luxair, Société Luxembourgeoise de Navigation Aérienne S.A., active in air navigation and tour operation, as well as 10,92% of the capital of Cargolux Airlines International S.A., one of the world's largest all-cargo companies.

The Bank also holds 12% of the capital of Encevo S.A., the holding company for Luxembourg's market-leading energy group. Spuerkeess holds 10,98% of Paul Wurth Real Estate S.A. and thus contributes to the development and sale of the properties held by this company in Luxembourg City. Through its 11% stake in the capital of Société Nationale des Habitations à Bon Marché S.A. (S.N.H.B.M.), a national player specialising in the design and construction of single-family homes and apartment buildings at affordable prices (including under long-term leases), Spuerkeess is fulfilling its social mission of facilitating real estate ownership for personal needs.

In addition to these major shareholdings, Spuerkeess contributes to the economic development not only of the country but also of the Greater Region by acquiring minority stakes in Luxembourg and cross-border companies. This mainly includes EUREFI S.A., focused on businesses in the border region, in which the Bank holds an 8,28% stake.

At the European level, Spuerkeess is the only financial institution in Luxembourg to hold a stake in the European Investment Fund (EIF), an institution that is a member of the European Investment Bank (EIB) group and supports SMEs across Europe by issuing bank guarantees. The EIF – and the EIB Group more broadly – has set ambitious targets regarding its role in the fight against climate change, which is also one of the two major pillars of Spuerkeess's sustainable development strategy.

A breakdown of the ownership percentages in investments in associates and subsidiaries is presented in Note 4.9 to the 2025 annual financial statements.

THE SPUERKEESS GROUP'S FINANCIAL RESULTS AS AT 31 DECEMBER 2025

The Spuerkeess Group comprises Spuerkeess, Luxembourg as the parent company and its fully consolidated subsidiaries and associates consolidated using the equity method. At EUR 1.213,6 million as of 31 December 2025, the Group's bank margin was up EUR 50,1 million (+4,3%) compared with the 2024 financial year. This strong performance was driven mainly by interest margin and the sharp growth in fees.

The Group's net interest margin thus rose by 10,1%, or EUR 86,2 million compared with the previous financial year. The improved outlook for the real estate market and the continued decline in interest rates over 2025 contributed to the rise in net interest margin.

The Group's fee and commission income was up 9,9%, due to strong growth momentum in the current account and other deposit activities, the gradual turnaround of the credit activity and the positive trend in asset management and, more specifically, in institutional management, which continued to grow.

Income from shareholdings was EUR 40,2 million at end-2025, down EUR 5,1 million (-11,2%) from the previous year, due to lower dividends received from some of the strategic holdings.

Income from financial instruments decreased from EUR 47,8 million at the end of 2024 to EUR 1,4 million as at 31 December 2025. The decrease in this category can be largely attributed to the decline in income from hedging transactions and in income from financial instruments held for trading due to changes in the yield curves. Derivative financial instruments hedging open interest rate positions on the balance sheet with a residual maturity of less than two years also generated a lower unrealised profit/loss this year compared with the previous year.

Other operating income and expenses fell to EUR 7,3 million at year-end 2025 from EUR 10,0 million at the end of 2024. The nature of its composition makes this item volatile and the change is mainly due to specific non-recurring factors.

Spuerkeess made a EUR 12,3 million contribution to the Fonds de Garantie des Dépôts (FGDL, Luxembourg deposit guarantee fund), which is included in general expenses. No contribution was made to the single resolution fund in 2025 as it reached its target of collecting 1% of European covered deposits. The Single Resolution Board will verify in early 2027 whether it needs to review the level of covered deposits.

Total general expenses were therefore up 13,1%. This can be attributed to the increase in the number of employees, structural wage growth and the April 2024 and May 2025 index bracket payment. The increase in depreciation costs for new IT investments aimed at strengthening cybersecurity and supporting the development of digital services also contributed to higher general expenses.

Income after general expenses was EUR 669,6 million, versus EUR 682,4 million in the previous year, down EUR 12,8 million or 1,9%.

The moderate increase in cost of risk had a considerable influence on the trend in Spuerkeess income in 2025. The Bank recognised value adjustments and net provisions totalling only EUR 45,4 million in 2025 while net allocations of EUR 196,2 million had been recorded for full-year 2024. The change in cost of risk in 2025 stemmed mainly from the real estate market, which showed some signs of recovery. This was particularly beneficial to the portfolio of real estate loans granted to individuals. Given that the off-plan sales market has struggled to recover, the value adjustments recognised are still mainly attributable to professional clients in the real estate sector. Spuerkeess continues to apply adjustments in the form of management overlays in its IFRS 9 models. It should also be noted that "Provisions" includes an allocation for special items with a proportion of the reserves pursuant to Articles 53, 54 and 54 bis of the LIR (Income Tax Act).

The Spuerkeess Group therefore posted net income of EUR 586,8 million for the 2025 financial year, up EUR 144,5 million (+32,7%) from net income of EUR 442,3 million in the prior year, largely due to the more moderate rise in the cost of credit risk compared with financial year 2024.

After distributing part of the net profit for financial year 2025 to the Luxembourg State in 2026, the remaining profits will enable Spuerkeess to strengthen its regulatory capital and invest in its major forward-looking growth and transition projects.

ANALYSIS OF MAIN BALANCE SHEET ITEMS

The balance sheet totalled EUR 59.645,7 million as at 31 December 2025, an increase of EUR 2.772,3 million compared with 31 December 2024.

Customer deposits totalled EUR 43.326,4 million, an increase of EUR 1.232,3 million compared with 31 December 2024. The increase in this item stemmed from the rise in private sector deposits due to the positive trend in this business.

Credit institution deposits increased by EUR 244,7 million and totalled EUR 4.800,8 million. This item also includes bank deposits collateralised with securities and, as such, is subject to significant fluctuations based on changes in these deposits.

Issues of securities increased by EUR 896,6 million to EUR 3.729,8 million at end-2025. This increase stemmed mainly from two Senior Preferred and Senior Non-Preferred benchmark issues aimed at strengthening and diversifying our sources of long-term financing and supporting our MREL regulatory ratio.

On the asset side of the balance sheet, "Cash and sight accounts with central banks" fell by EUR 227,7 million to EUR 7.183,2 million at end-2025. This was largely due to the decrease in assets deposited with the Banque centrale du Luxembourg (BCL).

Compared with 31 December 2024, the outstanding amount of loans to credit institutions increased by EUR 311,0 million to EUR 3.689,4 million at 31 December 2025. This item also includes the Bank's deposits with other banks, whether or not they are collateralised with securities.

Outstanding customer loans totalled EUR 29.247,7 million at 31 December 2025, an increase of EUR 2.056,9 million since 31 December 2024. Outstanding amounts of housing loans continued to grow due to the impact of measures taken by the government to boost the recovery in the real estate market throughout 2025.

Outstanding fixed-income securities recognised at amortised cost amounted to EUR 16.411,9 million, up EUR 801,7 million compared with 31 December 2024. Most of this outstanding amount constituted high-quality liquid assets, within the meaning of banking regulations, and/or European Central Bank eligible securities, such that these fixed-income securities strengthened the Bank's liquidity ratios while also contributing to its profitability.

The outstanding amount of financial assets mandatorily recognised at fair value through profit or loss totalled EUR 150,9 million, a decrease of EUR 149,4 million compared with 31 December 2024. This item includes financial instruments that do not meet the necessary conditions for measurement at amortised cost. The reduction in outstandings can be attributed to the redemption of some of these securities.

The outstanding amount of variable-income securities recognised at fair value through the revaluation reserve was EUR 974,5 million, up EUR 125,2 million compared with 31 December 2024, due to the upward trend in the measurements of certain shareholdings.

Shares in associates increased by EUR 20,7 million for a total outstanding amount of EUR 998,6 million at 31 December 2025, due mainly to the favourable change in measurements in the relevant business sectors.

In accordance with Article 38-4 of the Amended Law of 5 April 1993 on the Financial Sector, the Bank reported its return on assets, which stood at 0,98% versus 0,78% in the prior year.

CHANGE IN OWN FUNDS

The Spuerkeess Group's total equity attributable to the parent company amounted to EUR 6.872,0 million as at 31 December 2025 compared with EUR 6.311,8 million at the end of 2024, i.e. an increase of 8,9%.

This EUR 560,2 million increase in equity consisted of:

- an increase in reserves of EUR 331,6 million, after distribution of part of the profit for financial year 2024;
- a EUR 5,6 million decrease in actuarial gains or losses on the employee pension fund due to the increase in actuarial rates;
- a EUR 122,6 million increase in the revaluation reserve due mainly to an increase in the value of strategic holdings;
- a EUR 28,7 million decrease in the equity method adjustment;
- a EUR 144,7 million increase in 2025 income;
- a EUR 4,4 million decrease in other items.

2026 OUTLOOK

The recent conflict in the Middle East casts doubt on the growth and inflation forecasts for 2026. The geopolitical escalation in the Middle East, in addition to the already below-expectations inflation (due to services inflation and bad weather in the Mediterranean) in early 2026, introduces a high degree of uncertainty, which changes the projected growth and inflation trajectories. Against this backdrop, the ECB has revised its 2026 projections for the eurozone: inflation revised from 1,9% to 2,6% (+0,7%) and GDP growth revised from 1,2% to 0,9% (-0,3%). Despite the greater energy diversification in Europe today versus at the start of the conflict in Ukraine in 2022, changes in European economic conditions will continue to depend on the length of the conflict and on the state of the energy infrastructure when it is over. The next few months will therefore be key to determining the real impact of the conflict. Depending on the progression of the hostilities, the logistics disruptions and the price trends (costs of production, energy, etc.), as well as their impact on economic activity, a range of revisions to economic projections could be considered.

The ECB left its key rates unchanged at its most recent meeting on 19 March. However, the monetary policy outlook changed significantly in March. Market expectations for rate hikes by the ECB increased substantially and, on 23 March, market consensus estimated that key rates would increase from 0,50% to 0,75% by the end of 2026. President Christine Lagarde stressed that the ECB is well positioned to manage the growing risks related to geopolitical tensions, while also warning of upside risks to inflation and downside risks to growth.

Medium- and long-term interest rates were also revised upwards, but to a lesser extent than the rise in short-term rates, consistent with the new inflation outlook and the risks to growth. A stagflation scenario seems likely.

In this context, the Bank will continue to take a vigilant and pragmatic approach to management, focusing on resilience, risk quality and execution discipline in support of sustainable growth.

EVENTS AFTER THE REPORTING PERIOD

As noted in the 2026 outlook, the start of the conflict in the Middle East is the most material event to have occurred since the close of the reporting period. However, it has not, at this stage, had a measurable impact on the Bank's commercial activities. The sudden change in market conditions nevertheless calls into question the most recent multiyear results projection exercise conducted at the end of 2025.

As such, the next results projection exercises, conducted on a quarterly basis, will be used to quantify the impacts of the new macroeconomic conditions and will contribute, in conjunction with the existing risk governance and pricing governance, to dynamic management of the situation.

Luxembourg, 25 March 2026

For the Executive Committee

Doris Engel
Executive Vice President
Member of the Executive Committee

Françoise Thoma
Chief Executive Officer
President of the Executive Committee

**BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG**

STATUTORY AUDITOR'S REPORT
31 December 2025

REPORT OF THE “REVISEUR D’ENTREPRISES AGREE”

To the Executive Committee of
Banque et Caisse d’Epargne de l’Etat, Luxembourg
1, place de Metz
L-2954 Luxembourg

Report on the audit of the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Banque et Caisse d’Epargne de l’Etat, Luxembourg and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated annual accounts give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 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 those Regulation, Law and standards are further described in the section « Responsibilities of “Réviseur d’Entreprises Agréé” for the Audit of the Consolidated Annual Accounts » of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Depreciation of loans and advances at amortized cost for “Corporate” customers

Loans and advances to “Corporate” customers represent a key activity of the Group and are recorded in the consolidated annual accounts under the section “Loans and advances at amortized cost – Customers”. These loans and advances are accounted for at amortized cost, less value adjustment for expected credit losses. They represent on the asset side of the balance sheet a net exposure of EUR 7,3 billion, including a balance of expected credit losses for individual risks of EUR 292,2 million.

The application of value adjustments to such instruments requires judgment by the Executive Committee which is based on a credit analysis prepared by the department in charge of credit risk monitoring following the principles of the IFRS 9 standard regarding the determination of depreciations for expected credit losses. This calculation is based on a categorization of all credits based on the change of their internal ratings (the “staging”) and on estimates primarily related to probabilities of defaults and effective exposures at the moment of default.

The process to determine expected credit losses is based on numerous factors and is inherently complex, and includes a certain degree of judgment in identifying quantitative and qualitative factors of a significant increase in credit risk and to determine the required level of depreciations needed. For the year ended 31 December 2025, this process continued to be impacted by the rise of interest rates, the uncertainties and risks coming from the macro-economic and geopolitical evolution together with the unfavorable evolutions of the real estate market of the country.

We have considered the depreciations of loans and advances to “Corporate” customers as a key audit matter because of the level of judgment required for their determination, the complexity of the modalities to compute value adjustments for expected credit losses as defined by the IFRS 9 standard, the consequences of the macro-economic and geopolitical evolutions and related economic uncertainties impacting hypothesis that are influencing the expected credit losses, as well as because of their importance for the presentation of the financial position and the statement of comprehensive income for the year ended 31 December 2025.

How the matter was addressed in our audit

Within the context of the audit, we proceeded with walkthroughs and test of controls related to the approval and granting process of loans, the internal rating process of “Corporate” clients, to the initial and subsequent valuation of real estate assets brought as guarantee, and to the processes of identification of exposures at risk within the Group, together with the periodical review of these exposures.

We reviewed the internal documentation and conducted interviews with the heads of departments in order to validate the approach applied by the Group to categorize loans and advances to “Corporate” customers (the “staging”) and to estimate the qualitative and quantitative data used as a basis for the computation of credit impairments.

We have examined the internal control environment of the Group related to the appreciation of the level of impairment of loans and advances to “Corporate” customers through interviews, the review of key controls, the review of the governance and decision-making process as well as the validation by the Management of the level of specific impairment for these exposures.

Furthermore, in order to respond to the impacts of the macro-economic evolutions as well as its geopolitical uncertainties, we have reviewed the Group's approach to identify and monitor high-risk sectors and the impact on internal ratings. Our procedures notably included a critical examination of the identified sectors as high-risk as well as the specific reviews carried out by the Group of loans and advances granted to companies in these industries through their integrated strategy relating to vulnerabilities.

In the current adverse environment affecting the real estate market in the Grand Duchy of Luxembourg (construction, sales, development, etc.), our procedures also included a review of the Group's internal control framework related to the assessment of impairment levels for loans secured by real estate assets. This work was performed through interviews, a review of key controls, an assessment of governance and decision-making processes, as well as confirmation by Management of the levels of specific value adjustments for certain defaulted exposures. We reviewed the controls implemented by the Group for the valuation of real estate collateral taken as security in connection with loans granted to Corporate clients, and we independently revalued the real estate assets pledged as collateral for a sample of exposures, primarily focused on defaulted loans.

We have also followed-up the evolution of the forborne loans and of the volume of loans in default to ensure that the latter are reflected in the calculated expected credit losses.

Finally, we assessed the assumptions and macroeconomic factors incorporated into the scenarios used for the calculation of expected credit losses, and we critically reviewed the construction of the ECL modelling, including the use of expert judgement, model adjustments, and management overlays, which are an integral part of the model and, consequently, of the level of expected credit losses. We also performed a review of the models, as well as an examination of the back-testing components of the ECL models (probability of default, macroeconomic projections, and loss given default), and the controls relating to the incorporation of multiple economic scenarios into the ECL models by the Group's Credit Committees and Executive Management. Finally, we also inspected the validation and implementation of management overlays and post-model adjustments performed by the Group.

For loans and advances subject to a specific impairment, we assessed on a sample basis the reasonableness of the amount of impairment. Our procedures have, among others, included the verification of information related to the files and, where applicable, a verification that the existence and valuation of collateral was duly considered.

In addition, based on a sample of loans and advances with low internal ratings, we have ensured that the latter should not have been subject to an impairment due to particular circumstances.

Depreciation of mortgage loans at amortized cost for retail customers

Mortgage loans to retail customers represent a key activity of the Group and are recorded in the consolidated annual accounts under the section “Loans and advances at amortized cost – Customers”. These loans and advances are accounted for at amortized cost, less value adjustment for expected credit losses. They represent on the asset side of the balance sheet a net exposure of EUR 18,7 billion, including a balance of expected credit losses for individual credit risks of EUR 116,3 million.

The application of value adjustments to such instruments requires judgment by the Executive Committee which is based on a credit analysis prepared by the department in charge of credit risk monitoring following the principles of the IFRS 9 standard regarding the determination of depreciations for expected credit losses. This calculation is based on a categorization of all credits based on the change of their internal ratings (the “staging”) and on estimates primarily related to probabilities of defaults and effective exposures at the moment of default.

The process to determine expected credit losses is based on numerous factors and is inherently complex, and includes a certain degree of judgment in identifying quantitative and qualitative factors of significant increase in credit risk and to determine the required levels of depreciations needed. For the year ended 31 December 2025, this process continued to be impacted by the uncertainties and risks coming from the macro-economic and geopolitical evolution together with the unfavorable evolutions of the real estate market of the Grand Duchy of Luxembourg.

We have considered the depreciations of mortgage loans to retail customers as a key audit matter because of their importance in term of presentation in the financial position and the statement of comprehensive income ending on 31 December 2025, and of the level of judgment required for their determination, the complexity of the modalities to compute value adjustments for expected credit losses as defined by the IFRS 9 standard, the consequences of the interest rates environment, uncertainties linked to the evolution of the prices of real estate which serve as guarantees for this type of loan, and macro-economic turbulences resulting in a sharp rise in inflation which impacts the purchasing power of borrowers. All of these events having an impact on the assumptions influencing the expected credit losses.

How the matter was addressed in our audit

Within the context of the audit, we proceeded with walkthroughs and test of controls related to approval and granting process of mortgage loans, the internal rating process of retail clients, to the initial and subsequent valuation of real estate assets brought as guarantee, and to the processes of identification of exposures at risk within the Group, together with the periodical review of these exposures.

We reviewed the internal documentation and conducted interviews with the heads of departments in order to validate the approach applied by the Group to categorize loans and advances to retail customers (the “staging”) and to estimate the qualitative and quantitative data used as a basis for the computation of credit impairments.

We have examined the internal control environment of the Group in connection with the assessment of the level of impairment of mortgage loans through interviews, the review of key controls, the review of governance and decision protocols as well as validation by Management of levels of specific value adjustment for some of these defaulted exposures.

We reviewed the implementation of the internal rating model, its implementation by the Group, the controls put in place on the valuation of real estate guarantees taken by the Group in the context of mortgage loans as well as the automatic revaluation system for mortgage guarantees.

We reviewed the Group's monitoring of the impact of interest rate increases on mortgage loans granted to retail customers. We performed a test of controls over the monitoring of bridge loans and held discussions with the managers responsible for mortgage loan monitoring in order to understand the measures implemented by the Group.

Finally, we assessed the assumptions and macroeconomic factors incorporated into the scenarios used for the calculation of expected credit losses, and we critically reviewed the construction of the ECL modelling, including the use of expert judgement, model adjustments, and management overlays, which are an integral part of the model and, consequently, of the level of expected credit losses. We also performed a review of the models, as well as an examination of the back-testing components of the ECL models (probability of default, macroeconomic projections, and loss given default), and the controls relating to the incorporation of multiple economic scenarios into the ECL models by the Group's Credit Committees and Executive Management. Finally, we also inspected the validation and implementation of management overlays and post-model adjustments performed by the Group.

In addition, with the use of our data analysis tool, we reviewed the portfolio as a whole and selected a sample, based on several qualitative and quantitative factors, of mortgage loans granted to retail customers and performed a test of detail on this same sample including renegotiated credits and monitoring of overruns.

Other information

The Executive Committee is responsible for the other information which is subject to the approval of the Board of Directors. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement but does not include the consolidated annual accounts and our report of "Réviseur d'Entreprises Agréé" thereon.

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

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

Responsibilities of the Executive Committee and the Board of Directors for the consolidated annual accounts

The Executive Committee is responsible for the preparation and fair presentation of the consolidated annual accounts in accordance with IFRS as adopted by the European Union, and for such internal control as the Executive Committee determines is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error. Such consolidated annual accounts are subject to approval by the Board of Directors pursuant the organic Law of 24 March 1989.

The Executive Committee is also responsible for presenting and marking up the consolidated annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the consolidated annual accounts, the Executive Committee 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 Executive Committee 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 annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 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 annual accounts.

As part of an audit in accordance with the EU Regulation N° 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee 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 report of “Réviseur d’Entreprises Agréé” to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of “Réviseur d’Entreprises Agréé”. 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 annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- Assess whether the consolidated annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

We have been appointed as “Réviseur d’Entreprises Agréé” by the Government of the Grand-Duché of Luxembourg on 21 June 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

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

The corporate governance statement, included in the consolidated management report, is the responsibility of the Executive Committee. The information required by article 70bis paragraph 1 of the law of 17 June 1992 relating to the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg, as amended, is consistent with the consolidated annual accounts and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated annual accounts of the Group as at 31 December 2025 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the consolidated annual accounts. For the Group, it relates to:

- Consolidated annual accounts prepared in valid xHTML format;
- The XBRL markup of the consolidated annual accounts using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated annual accounts of the Group as at 31 December 2025, identified as R7CQUF1DQM73HUTV1078-2025-12-31-consolidated, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit and compliance committee.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Antoine Le Bars

Luxembourg, 17 April 2026

Only the French version of the present report has been reviewed by the auditors. In case of differences between the French version and the translation, the French version should be retained.

**BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2025

Consolidated balance sheet as at 31 December 2025

ASSETS in euros	Notes	31/12/2024	31/12/2025
Cash and sight accounts with central banks	4.1	7.410.938.949	7.183.227.647
Loans and advances at amortised cost – Credit institutions	4.2	3.378.406.203	3.689.365.915
Loans and advances at amortised cost – Customers	4.3	27.190.861.623	29.247.731.396
Financial instruments held for trading	4.4 4.12	262.679.628	100.474.684
Hedging derivative financial instruments	4.12	878.147.556	1.118.311.565
Financial assets mandatorily recognised at fair value through profit or loss	4.5	300.327.443	150.926.712
Fixed-income securities recognised at amortised cost	4.6	15.610.191.902	16.411.867.040
Fixed-income securities recognised at fair value through the revaluation reserve	4.7	31.725.784	27.253.041
Variable-income securities recognised at fair value through the revaluation reserve	4.8	849.313.947	974.497.829
Investments in associates accounted for using the equity method	4.9	977.849.535	998.564.136
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	4.13	-350.917.529	-629.787.554
Tangible assets for own use	4.14	233.254.028	255.575.504
Investment property	4.15	9.830.464	8.438.212
Intangible assets	4.16	60.439.853	67.786.988
Non-current assets and disposal groups classified as held for sale	4.17	-	1.044.738
Current taxes	4.18	-	-
Other assets	4.19	30.313.889	40.379.405
TOTAL ASSETS		56.873.363.275	59.645.657.258
LIABILITIES in euros	Notes	31/12/2024	31/12/2025
Deposits at amortised cost – Credit institutions	4.20	4.556.051.065	4.800.760.829
Deposits at amortised cost – Customers	4.21	42.094.113.759	43.326.369.833
Financial instruments held for trading	4.4 4.12	156.765.363	91.431.493
Hedging derivative financial instruments	4.12	513.024.605	305.995.813
Financial liabilities designated at fair value through profit or loss	4.22	340.778.042	307.748.180
Issuance of debt securities	4.23	2.492.402.444	3.422.035.395
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	4.13	12.726.327	3.667.062
Provisions	4.24	126.626.362	130.846.360
Other liabilities	4.25	97.485.832	84.890.600
Current taxes	4.18	62.263.456	208.803.439
Deferred taxes	4.18	6.054.201	11.129.292
Provision for employee benefits	4.26	102.840.708	79.726.921
Sub-total of LIABILITIES (before equity capital) to be carried forward		50.561.132.164	52.773.405.217

Consolidated balance sheet as at 31 December 2025 (continued)

EQUITY in euros	Notes	31/12/2024	31/12/2025
Sub-total of LIABILITIES (before equity capital) carried forward		50.561.132.164	52.773.405.217
Share capital		173.525.467	173.525.467
Consolidated reserves		4.980.798.503	5.312.436.988
Other items of comprehensive income		715.290.688	799.193.275
◦ <i>Variable-income securities recognised at fair value through the revaluation reserve</i>	4.8	572.400.967	694.660.688
◦ <i>Actuarial gains/losses relating to employee benefits</i>	4.26	-232.409.584	-238.034.030
◦ <i>Equity method adjustment</i>		370.246.927	341.542.129
◦ <i>Change in fair value of liabilities measured at fair value through profit or loss attributable to own credit risk</i>	4.22	-	2.029.259
◦ <i>Gains or losses on disposals of variable-income securities measured at fair value</i>	4.27	6.437.369	482
◦ <i>Fixed-income securities recognised at fair value through the revaluation reserve</i>	4.7	-1.398.819	-1.005.253
◦ <i>Cash flow hedges</i>	4.12	13.828	-
Income for the year		442.180.923	586.835.188
Sub-total of equity attributable to equity holders of the parent company		6.311.795.581	6.871.990.918
Non-controlling interests		435.530	261.123
Total equity		6.312.231.111	6.872.252.041
TOTAL LIABILITIES, including EQUITY		56.873.363.275	59.645.657.258

Consolidated income statement as at 31 December 2025

in EUR	Notes	2024	2025
Interest income	5.1	850.723.121	936.901.833
Income from securities	5.2	45.296.705	40.229.229
Fee and commission income	5.3	206.686.914	227.171.914
INCOME FROM INTEREST, DIVIDENDS AND FEES AND COMMISSIONS		1.102.706.740	1.204.302.976
Income from financial instruments not recognised at fair value through profit or loss	5.4	-500.808	49.948
Income from financial instruments held for trading	5.5	5.519.164	-8.646.036
Income from financial instruments designated at fair value through profit or loss	5.6	-2.208.058	-2.655.416
Income from financial instruments mandatorily measured at fair value through profit or loss	5.7	16.131.181	1.078.885
Income from hedging transactions	5.8	6.736.725	-8.889.150
Foreign exchange income	5.9	22.121.071	20.480.860
Income from derecognition of non-financial assets	5.10	2.955.908	540.138
Other operating income	5.11	21.692.103	36.389.716
Other operating expenditure	5.11	-11.658.762	-29.078.914
BANK MARGIN		1.163.495.264	1.213.573.007
Personnel expenses	5.12	-291.880.445	-313.453.520
Other general and administrative expenses	5.13	-124.648.881	-153.758.586
Cash contributions to resolution funds and deposit guarantee systems	5.14	-10.030.662	-12.284.986
Allowances for impairment of tangible and intangible assets	5.15 5.16 5.17	-54.504.118	-64.492.445
INCOME AFTER GENERAL EXPENSES		682.431.158	669.583.470
Net allowances for impairment of individual and collective credit risks	5.18	-164.385.167	-44.039.874
Provisions	5.19	-44.339.568	-1.361.079
Share in the profit of equity-accounted associates	5.20	69.587.106	95.070.870
INCOME BEFORE TAX		543.293.529	719.253.387
Tax on income from continuing operations	5.21	-104.973.307	-134.349.446
Deferred taxes	5.21	3.966.310	1.915.203
INCOME FOR THE YEAR		442.286.532	586.819.144
<i>of which income for the year attributable to</i>			
<i>- non-controlling interests</i>		105.609	-16.044
<i>- equity holders of the parent company</i>		442.180.923	586.835.188

Consolidated statement of comprehensive income as at 31 December 2025

in EUR	Notes	2024	2025
INCOME FOR THE YEAR		442.286.532	586.819.144
Items not reclassified in net income subsequently		160.245.596	89.960.218
Actuarial gains/losses relating to employee benefits	4.26	33.878.435	-7.387.950
Share in the profit of equity-accounted investments in associates	4.9	30.102.773	-28.704.798
Variable-income securities recognised at fair value through the revaluation reserve		98.246.712	130.258.663
◦ <i>Variation in measurement results</i>	4.8	91.839.952	130.258.194
◦ <i>Income from sales</i>	4.8	6.406.760	469
Revaluation of financial liabilities designated at fair value relating to a change in own credit risk	4.22	-	2.665.519
Impact of deferred and current taxes	4.18	-1.982.324	-6.871.216
Items to be reclassified in net income subsequently		447.925	379.739
Fixed-income securities recognised at fair value through the revaluation reserve	4.7	617.483	516.966
Cash flow hedges	4.12	5.207	-18.164
Impact of deferred taxes	4.18	-174.765	-119.063
Total items of comprehensive income for the year - net of tax		160.693.521	90.339.957
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		602.980.053	677.159.101
<i>share attributable to</i>			
- <i>non-controlling interests</i>		105.609	-16.044
- <i>equity holders of the parent company</i>		602.874.444	677.175.145

Consolidated statement of changes in equity as at 31 December 2025

Pursuant to CSSF Regulation No. 14-02 and its September 2024 FAQ relating to the determination of distributable results and reserves of credit institutions applying the fair value measurement of financial instruments in the company financial statements, the Spuerkeess Group's parent company has implemented a dedicated procedure, as described in Note 2.2 to the company financial statements.

in EUR	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity – holders of the parent	Non-controlling interests	Total equity
As at 1 January 2024	173.525.467	4.653.807.232	558.232.636	449.271.403	5.834.836.738	3.006.945	5.837.843.683
Appropriation of 2023 income	-	449.271.403	-	-449.271.403	-	-	-
Appropriation of 2023 income from sales of variable-income securities	-	6.474	-6.474	-	-	-	-
2024 net income	-	-	-	442.180.923	442.180.923	105.609	442.286.532
Distribution for FY 2023	-	-120.000.000	-	-	-120.000.000	-	-120.000.000
Actuarial gains/losses relating to employee benefits net of deferred taxes	-	-	22.162.658	-	22.162.658	-	22.162.658
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	98.357.623	-	98.357.623	-	98.357.623
Measurement results of cash flow hedges net of deferred taxes	-	-	4.103	-	4.103	-	4.103
Equity method adjustment	-	495.196	30.102.773	-	30.597.969	-	30.597.969
2024 income from sales of variable-income securities	-	-	6.437.369	-	6.437.369	-	6.437.369
Other	-	-2.781.802	-	-	-2.781.802	-2.677.024	-5.458.826
As at 31 December 2024	173.525.467	4.980.798.503	715.290.688	442.180.923	6.311.795.581	435.530	6.312.231.111

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Consolidated financial statements as at 31 December 2025

in EUR	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity – holders of the parent	Non-controlling interests	Total equity
As at 1 January 2025	173.525.467	4.980.798.503	715.290.688	442.180.923	6.311.795.581	435.530	6.312.231.111
Appropriation of 2024 income	-	442.180.923	-	-442.180.923	-	-	-
Appropriation of 2024 income from sales of variable-income securities	-	6.437.369	-6.437.369	-	-	-	-
2025 net income	-	-	-	586.835.188	586.835.188	-16.044	586.819.144
Distribution for FY 2024	-	-120.000.000	-	-	-120.000.000	-	-120.000.000
Actuarial gains/losses relating to employee benefits net of deferred taxes	-	-	-5.624.446	-	-5.624.446	-	-5.624.446
Change in fair value of financial liabilities measured at fair value through profit or loss attributable to own credit risk	-	-	2.029.259	-	2.029.259	-	2.029.259
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	122.653.287	-	122.653.287	-	122.653.287
Measurement results of cash flow hedges net of deferred taxes	-	-	-13.828	-	-13.828	-	-13.828
Equity method adjustment	-	3.123.378	-28.704.798	-	-25.581.420	-	-25.581.420
2025 income from sales of variable-income securities	-	-	482	-	482	-	482
Other	-	-103.185	-	-	-103.185	-158.363	-261.548
As at 31 December 2025	173.525.467	5.312.436.988	799.193.275	586.835.188	6.871.990.918	261.123	6.872.252.041

The Spuerkeess Group's parent company will propose the payment of EUR 210 million in distributable profit to its owner, the Luxembourg State, for 2025.

Consolidated statement of cash flow as at 31 December 2025

The statement of cash flows represents the inflow and outflow of cash. Cash and cash equivalents include cash on hand, deposits with central banks, and assets with an original maturity of less than 90 days.

in EUR	31/12/2024	31/12/2025
Cash and cash equivalents		
Cash and sight accounts with central banks	7.410.760.852	7.183.650.927
Loans and advances at amortised cost – Credit institutions	2.352.098.946	2.281.249.816
Loans and advances at amortised cost – Customers	1.068.482.391	2.213.293.450
Total	10.831.342.189	11.678.194.193

The Group uses the indirect method to determine the cash flows. To do this, the Group eliminates from the net result all pure accounting flows that do not translate into an inflow or outflow of liquid funds and directly presents the items of the net result arising from operating activities before changes in operating assets and liabilities.

The cash flow statement classifies the cash flows of the period into operating activities, investment activities and financing activities:

- operating activities are the main income-generating activities. They comprise all activities other than investment or financing. They consist of the operating income and expenses, cash flows relating to financial and other income and expenses, as well as the different categories of taxes paid during the year;
- investing activities comprise the acquisition and disposal of long-term assets and all other investments not included in cash equivalents;
- financing activities comprise activities leading to changes in the breadth and composition of equity, and subordinated capital issued by the Bank.

in EUR	2024	2025
CASH POSITION AT 1 JANUARY	11.426.397.309	10.831.342.189
Income for the year	442.286.532	586.819.144
Non-cash adjustments relating to:		
Net allowances for impairment of credit risks	164.385.167	44.039.874
Allowances for impairment of tangible and intangible assets	51.377.633	60.049.601
Provisions	41.896.243	1.333.524
Unrealised gains/losses	-37.470.584	20.284.031
Share in the profit of equity-accounted associates	-69.587.106	-95.070.870
Other adjustments	-10.631.581	3.737.272
Changes relating to assets and liabilities from operating activities:		
Financial instruments recognised at fair value	205.476.494	51.824.796
Loans and advances at amortised cost	-609.393.937	-1.339.694.098
Deposits at amortised cost	1.192.368.267	1.509.399.951
Issuance of debt securities	-1.166.681.587	935.768.353
Other assets and liabilities	-63.722.507	-60.364.866
Total cash flow from operating activities	140.303.034	1.718.126.712
<i>of which:</i>		
Interest received	2.905.136.402	2.461.777.407
Interest paid	-2.078.097.947	-1.535.464.462
Income from securities	45.296.705	40.229.229
Tax on income from continuing operations	-104.973.307	-134.349.446
Acquisition/disposal of variable-income securities	1.320.842	-780.000
Acquisition/disposal of investments in associates accounted for using the equity method	-7.354.595	5.255.169
Acquisition of fixed-income securities	-3.776.136.981	-3.725.627.318
Disposal/redemption of fixed-income securities	3.265.142.569	2.744.751.211
Acquisitions/disposals of intangible and tangible assets	-72.218.854	-78.430.736
Total cash flow from investment activities	-589.247.019	-1.054.831.674
Expenses related to leases	-3.445.458	-3.445.458
Income distribution	-120.000.000	-120.000.000
Total cash flow from financing activities	-123.445.458	-123.445.458
NET CHANGE IN CASH	-572.389.443	539.849.580
Effect of exchange rates on cash and cash equivalents	-22.665.677	307.002.424
CASH POSITION AT 31 DECEMBER	10.831.342.189	11.678.194.193

The Spuerkeess Group's parent company no longer provides information on subordinated issues for financial years 2024 and 2025.

**BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1 GENERAL INFORMATION

Banque et Caisse d'Epargne de l'Etat, Luxembourg (hereinafter "Spuerkeess" or the "Group's parent company"), established by the law of 21 February 1856 and governed by the law of 24 March 1989, as amended, is a self-governing public law institution, endowed with legal personality. Ultimate responsibility for the institution lies with the Government Minister with responsibility for the Treasury.

Spuerkeess is subject to Luxembourg's banking regulations, particularly the law of 5 April 1993 on the financial sector. Starting on 4 November 2014, with the entry into force of the Single Supervisory Mechanism (SSM), the European Central Bank has taken over prudential supervision of Spuerkeess.

Spuerkeess's registered office is located at 1, Place de Metz, L-1930 Luxembourg.

Within the limits set by the laws and regulations applicable to credit institutions, Spuerkeess's objective is to perform all financial and banking activities, as well as all similar, related or ancillary operations.

The consolidated financial statements concern the Group, of which Banque et Caisse d'Epargne de l'Etat, Luxembourg is the parent company. The Group had an average headcount for financial year 2025 of 2.005 versus 1.952 in 2024.

The Group's commercial activity is carried out from the territory of the Grand Duchy of Luxembourg.

The financial year coincides with the calendar year.

The consolidated financial statements were approved by the Board of Directors meeting on 25 March 2026.

The official version of the consolidated annual financial statements as at 31 December 2025 is the version in the ESEF format, published in accordance with the requirements of Delegated Regulation 2019/815 on the European Single Electronic Reporting Format, available via the Officially Appointed Mechanism (OAM) tool.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Compliance with general accounting principles

The Group's consolidated financial statements for the 2025 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements are stated in euros, the functional currency of the parent company and its subsidiaries. They have been prepared on the basis of historical cost or amortised cost, adjusted to fair value for the recognition of financial assets mandatorily recognised at fair value through profit or loss, financial assets held for trading and derivatives. Variable-income securities, debt instruments included in the hold to collect and sell business model (HTCS, see section 3.2.4.1) and employee benefit provision assets are recognised at fair value through the revaluation reserve.

2.1.1 **New or revised standards adopted by the European Union, applicable since 1 January 2025**

The amendments to the following standard have no impact on the Group:

- The amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" regarding the lack of exchangeability (applicable from 1 January 2025).

2.1.2 **New or revised standards adopted by the European Union and not yet applicable as of 1 January 2025**

The following new standard will have a substantial impact on the presentation of the Group's financial statements:

- IFRS 18 "Presentation and Disclosure in Financial Statements" (applicable from 1 January 2027).

The amendments to the following standards are not expected to have a material impact on the Group's annual financial statements:

- Amendments to IFRS 9 and IFRS 7: renewable electricity contracts (applicable from 1 January 2026),
- Amendments to IFRS 9 and IFRS 7: amendments to the classification and measurement of financial instruments (applicable from 1 January 2026),
- Annual improvements – volume 11 (applicable from 1 January 2026).

2.1.3 New or revised standards not yet adopted by the European Union and not yet applicable as of 1 January 2025

The following new standards and amendments to standards are not expected to have an impact on the Group's annual financial statements:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" regarding translation to a hyperinflationary presentation currency (applicable from 1 January 2027);
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" as well as its amendments (applicable from 1 January 2027).

2.2 Consolidation

2.2.1 Scope of consolidation

The consolidated financial statements comprise the parent company, subsidiaries and associates over which the Group has control when it has rights to variable returns, because of its relationships with those entities, and the ability to affect those returns through its power over those entities. Subsidiaries are consolidated from their date of acquisition, when the acquiror has the power to direct their financial policies. They are deconsolidated on the date such control ceases.

Consolidation has not generated any goodwill as the subsidiaries have been majority Group-owned since their creation.

Acquisitions are recognised at cost, i.e. the amount of cash or cash equivalents paid representing the fair value, plus all costs directly attributable to the acquisition. All intra-group transactions and unrealised gains on transactions between Group companies are eliminated. Unrealised losses on intra-group transactions are also eliminated unless the cost can be recovered.

If a Group subsidiary or associate accounted for under the equity method applies accounting standards different from those applied to the preparation of consolidated financial statements, appropriate restatements are made to ensure consistency with the Group's accounting policies.

If the reporting date for a company within the consolidated group is different from the Group's reporting date, adjustments are made to take into account transactions made and any other significant events that occurred between this closing date and that of the parent company.

The portion of Group equity attributable to minority interests is given on a separate line. Similarly, the portion of Group earnings attributable to minority interests is also shown on a separate line.

2.2.1.1 Fully consolidated subsidiaries

The consolidated financial statements record the assets, liabilities, income and expenditure of the parent company and its subsidiaries. A subsidiary is an entity over which the parent company exercises control. The parent company controls an entity if it is exposed or has the right to variable income from its interest in the entity and if it has the power to influence the amount of this variable income.

Subsidiaries are fully consolidated as of the date on which the Group took control. They are deconsolidated on the date such control ceases.

Subsidiaries	Activity	% of voting rights held	
		31/12/2024	31/12/2025
Lux-Fund Advisory S.A.	Investment advice	88,35	88,35
Spuerkeess Asset Management S.A.	UCI management company	100,00	100,00
Bourbon Immobilière S.A.	Real estate	100,00	100,00
Luxembourg State and Savings Bank Trust Company S.A.	Acquisition of shareholdings	100,00	100,00
Spuerkeess Ré S.A.	Reinsurance	100,00	100,00

2.2.1.2 Investments in associates

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method. Significant influence means the Group has the power to direct a company's financial and operating policies in order to obtain a substantial share of the economic benefits. Significant influence is presumed when the Group holds, directly or indirectly through its subsidiaries, 20% or more of the voting rights.

Investments in associates are recognised at cost, and the book value is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate after the acquisition date. The Group's share of the associate's profit or loss is recognised in the income statement.

Equity-method consolidation ceases when the Group no longer has significant influence over the shareholding, unless the Group has incurred legal or constructive obligations to assume or guarantee commitments on behalf of the associate.

The Group's investments in associates:

Associates	Activity	% of capital held	
		31/12/2024	31/12/2025
Société Nationale de Circulation Automobile S.à r.l.	Automotive services	20,00	20,00
i-Hub S.A.	Financial services	20,00	20,00
Luxair S.A.	Air transport	21,81	21,81
Société de la Bourse de Luxembourg S.A.	Financial services	25,35	25,35
LuxConstellation S.A.	Financial services	30,00	30,00
Europay Luxembourg S.C.	Financial services	30,00	30,00
LuxHub S.A.	Financial services	32,50	32,50
Lalux Group S.A.	Insurance	40,00	40,00
Visalux S.C.	Financial services	40,90	45,20
Prolog Luxembourg S.A.	Financial services	43,96	43,96

The scope of investments in associates was unchanged relative to 31 December 2024.

2.3 Foreign currency transactions

The impact of exchange rate fluctuations on income statement items is detailed below. The Group's functional currency is the euro (EUR).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currency are translated at the closing rate on each balance sheet date.

Non-monetary items recognised at historical cost denominated in a foreign currency are translated using the exchange rate on the transaction date, while non-monetary items recognised at fair value in a foreign currency are translated at the exchange rates prevailing on the date of fair value measurement.

Foreign exchange gains and losses resulting from monetary assets and liabilities are recognised in the income statement, except where the transaction is classified as a cash flow hedge.

For monetary assets measured at fair value through the revaluation reserve, translation differences resulting from the variance between their fair value on the balance sheet date and their acquisition cost are recognised in the revaluation reserve, whereas translation differences relating to the adjustment of the amortised cost relative to the acquisition value are recognised through profit or loss.

Translation differences relating to adjustments in the fair value of non-monetary items are recognised in the same way as the recognition of these changes in fair value.

The following exchange rates were used for translation of the main currencies in the annual financial statements, where EUR 1 is equal to:

Currency	31/12/2024	31/12/2025
CHF	0,9420	0,9314
GBP	0,8306	0,8731
USD	1,0419	1,1741

2.4 Accounting judgements and estimates

The Group's parent company applies judgements or estimates in the treatment of:

- classification of financial instruments in the respective portfolios (Section 3.2) and their impairment (Section 3.3.4);
- determination of the fair value of certain financial instruments (Section 3.3.3);
- determination of the SPPI (solely payments of principal and interest) nature of certain financial instruments (Section 3.2.4.3);
- consideration of a current obligation for the recognition of provisions (Section 3.10);
- determination of value adjustments (CVA/DVA) of derivatives (Section 3.3.2.3);
- determination of own credit risk on financial liabilities designated at fair value through profit or loss (Section 3.2.5);
- determination of the effectiveness of a hedging relationship (Section 3.2.2);
- determination of components related to construction-type tangible assets and their expected useful life (Section 3.6);
- actuarial assumptions used in the calculation of the defined-benefit obligation (Section 3.9.3).

3 INFORMATION ON THE GROUP'S MAIN ACCOUNTING POLICIES

3.1 Cash and sight accounts with central banks

Cash consists essentially of "Cash", the various banks' nostro accounts and cash with central banks.

This item also includes the minimum mandatory reserve funded to satisfy the reserve requirement imposed by the Banque centrale du Luxembourg (BCL). These funds are therefore not available to finance the Group's ordinary operations. The reserve basis is calculated on a monthly basis and is defined according to liability items on the balance sheet, according to Luxembourg accounting principles. The calculation of the basis that determines the reserve requirements is made by the BCL.

3.2 Classification and measurement of financial instruments

Since 1 January 2018, the Group has prepared its consolidated financial statements in accordance with IFRS 9 "Financial Instruments".

The measurement categories established by IFRS 9 are as follows: financial instruments held for trading, hedging derivatives, financial instruments mandatorily recognised at fair value through profit or loss, financial instruments recognised at amortised cost and financial instruments recognised at fair value through the revaluation reserve.

If financial assets mandatorily recognised at fair value through profit or loss, financial instruments recognised at amortised cost, or financial instruments recognised at fair value through the revaluation reserve are transferred to "Non-current assets and disposal groups classified as held for sale", these instruments continue to be measured in accordance with the provisions of IFRS 9.

Off-balance sheet financial instruments include financial guarantees and unused loan commitments in particular. These are recorded in the balance sheet of the Group's parent company as soon as they are disbursed.

3.2.1 Assets and liabilities held for trading

Financial instruments held to make a profit from short-term price fluctuations are classified as assets or liabilities held for trading as appropriate. This category includes certain fixed-income securities, variable-income securities and short sales on these same financial instruments, as well as derivative financial instruments used for trading.

Since the concept of short-term is not defined by IFRS, the Group considers six months as the average duration for non-derivative financial instruments.

Financial Instruments held for trading are initially designated at fair value, with any subsequent gains and losses arising from changes in fair value recognised in the income statement under "Income from financial instruments held for trading". Accrued interest incurred and received is recognised in the income statement under "Interest income", and dividends are recognised under "Income from securities" from the time the right to payment becomes established.

3.2.2 Derivative financial instruments used for hedging purposes

In accordance with IFRS 9, the Group continues to apply hedging principles according to IAS 39. It thus uses derivative financial instruments to hedge interest rate, foreign exchange, credit and price risk such as stock market indices or share prices. The derivatives commonly used are interest rate swaps (IRS) and cross-currency interest rate swaps (CIRS) in standard plain vanilla hedging transactions. In addition to these standardised contracts, the Group uses swaps with structured components to specifically hedge structured "EMTN – Euro Medium Term Notes" issues and acquisitions of structured bonds included in the portfolio of fixed-income securities recognised at amortised cost and containing embedded derivatives. This hedge is eligible only in the following cases:

- for liabilities, the embedded derivatives of the financial instruments must be closely related;
- for assets, the financial instruments must comply with the SPPI principle.

Derivatives are considered as being held for trading except where they are designated as hedging instruments. When entering into a contract, the Group may designate derivative financial instruments as hedging instruments in assets or liabilities on the balance sheet, if the transactions meet the criteria set out in IAS 39.

The Group classifies hedging instruments in the following categories:

- fair value hedge of an asset, a liability or a firm commitment;
- fair value hedge of a portfolio or a sub-portfolio of assets;

- cash flow hedge of future cash flows attributable to a specific asset or liability or future transaction.

The Group primarily uses fair value hedges and, secondarily, cash flow hedges.

Hedge accounting must comply with the following restrictive conditions set out in IAS 39:

- prior to being set up, the hedging relationship is formally designated and documented, including the entity's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;
- the hedging starts with the designation of the derivative instrument used for hedging and ends either at the derecognition of the hedged instrument or if the effectiveness of the hedge is no longer given;
- prospective effectiveness: as soon as the transaction is set up, it is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the hedging period. Prospective effectiveness is established when the main characteristics between hedged items and hedging items are substantially identical (par value, interest rate, maturity and currency) within the hedging period designated by the Group for the transaction. The hedging relationship is considered effective within the meaning of IAS 39 if the prospective hedge ratio remains between 80% and 125%;
- retrospective effectiveness: effectiveness is assessed retrospectively (results within a range of 80% to 125%) at each reporting date.

Changes in the fair value of derivatives designated as fair value hedges which meet the criteria for hedge accounting and have demonstrated their effectiveness relative to the hedged instrument are recognised in profit or loss under "Income from hedging transactions". At the same time, corresponding changes in the fair value of the hedged item are also recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting at a given time, the fair value adjustment to the interest-bearing hedged item must be amortised to profit or loss over the remaining period to maturity as an adjustment to the return on the hedged item.

The ineffectiveness of the hedge is mainly due to:

- the difference in the timing of cash flows;
- the difference on the yield curve.

Changes in the fair value of derivatives designated as cash flow hedges, which meet the criteria for hedge accounting and have proven their effectiveness relative to the underlying instrument to be hedged, are recognised in equity under "Revaluation reserve – cash flow hedges".

If a hedging instrument expires or is sold, terminated, or exercised, or if the hedge no longer meets the hedge accounting criteria, the Group ceases to apply hedge accounting. Any adjustment in the book value of an interest-bearing hedged instrument is amortised through profit or loss and must be totally amortised at maturity. If the item is derecognised, i.e. removed from the balance sheet, the change in fair value is recognised immediately in profit or loss.

The Group's parent company applies fair value macro-hedging on fixed-rate loans in accordance with the principles of IAS 39 in its "carve-out" version for the European Union. Hedging is done exclusively using IRS derivative financial instruments.

3.2.3 Variable-income securities

The Group measures variable-income securities at fair value through the revaluation reserve with the recognition of dividends in the income statement and income on sales in a dedicated equity category, without reclassification through profit or loss.

Changes in own funds of equity-accounted associates are recognised on the assets side of the balance sheet under "Investments in associates accounted for using the equity method", as well as in shareholders' equity under "Equity method adjustment".

3.2.4 Fixed-income financial instruments

The classification of other fixed-income financial instruments is based on the business model and the SPPI test as described below.

3.2.4.1 Business models

The core business model of the Group's parent company provides for the holding of long-term assets, regardless of the product:

- The fixed-income securities acquired are held long term. IFRS 9 introduces the notion of the business model, which, for the bond portfolio held by the Group, is defined by the management method according to the criteria of the holding period of the securities and the type of income generated, i.e., interest income or income on sale. Combined with the SPPI test, which deals with coupon calculation and principal repayment, three types of portfolios are defined:

- **HTC (Hold to collect)** portfolio: the bond portfolio is eligible for the HTC classification, provided that it is held for the long term in order to collect cash flows based on coupons due and repayment of principal. According to IFRS 9, sales are permitted only in the following cases: (i) the impact is non-material, (ii) the impact is material and sales should therefore be infrequent, (iii) they are made as the instrument approaches maturity and (iv) they are related to exceptional circumstances such as a significant deterioration in the credit quality of the counterparty or legal or tax changes.

HTC portfolio bond positions that pass the SPPI test are classified in the portfolio of financial assets recognised at amortised cost and are included in the balance sheet item "fixed-income securities recognised at amortised cost".

- **HTCS (Hold to collect and sell)** portfolio: this involves holding long-term securities, but with the possibility of selling them based on opportunities in the financial markets.

Unlike the HTC portfolio, which is limited to securities held to maturity, the HTCS portfolio is based on management objectives. This portfolio consists of securities that meet the SPPI criteria but do not meet all the criteria defined for the HTC portfolio, provided that they are not considered as trading positions.

Bond positions in the HTCS portfolio are classified in the portfolio of financial assets recognised at fair value through the revaluation reserve.

- **FVTPL (Fair value through profit or loss)** portfolio with revaluation at fair value through profit or loss. For this business model, two different cases can occur:
 - a. Positions in the trading book are part of this portfolio. IFRS 9 defines trading as the intention to buy and sell securities for the purpose of realising a profit in the short term. These are securities generally held for less than 6 months. These instruments are included in the balance sheet category "financial instruments held for trading" without undergoing the SPPI test as explained in section 3.2.1;
 - b. This portfolio also includes positions in financial instruments held for the long term that do not undergo the SPPI test and must therefore be measured through profit or loss. Bond positions in the FVTPL portfolio that are not held for trading and do not pass the SPPI test are classified under the balance sheet item "Financial assets mandatorily recognised at fair value through profit or loss".

- Loans granted by the Group are not intended for a subsequent sale or a securitisation transaction but are retained on the asset side of the balance sheet until final repayment. The Group's parent company does not acquire loan portfolios already active.

The "lending" activity of the Group is therefore assigned to the HTC business model and is based on contractual data and on the principle that loans are granted and held for the purpose of collecting principal and interest until maturity.

Loans granted by the Group and passing the SPPI test are classified in the portfolio of financial assets measured at amortised cost and presented separately in the financial statements of the Group's parent company under "Loans and advances at amortised cost".

However, loans granted by the Group that do not pass the SPPI test are classified in the portfolio of financial assets mandatorily recognised at fair value through profit or loss and presented globally in the balance sheet under the heading "financial assets mandatorily recognised at fair value through profit or loss".

3.2.4.2 *Monitoring of business model compliance*

The thresholds for questioning the business model put in place by the Group's parent company disregard sales and capital gains realised on positions with a residual maturity of 6 months or less.

The threshold for impact has been set at 5% of net bank margin (NBM). The NBM considered is that of the previous financial year. If this threshold is exceeded, and if more than 10% of the outstanding amounts of a portfolio are sold per year, then the portfolio no longer meets the conditions of eligibility for the HTC classification with a measurement at amortised cost.

If the two cumulative thresholds are exceeded, this will launch a procedure to notify the Risk working group. These thresholds will be monitored on a monthly basis.

Beyond these thresholds, the Group's parent company has defined alert thresholds taking into account historical observations with the aim of anticipating the achievement of absolute thresholds:

- a number of 50 transactions;
- a cumulative nominal value of 2%;
- an NBM impact of 3%.

If any one of these thresholds is exceeded, the Risk working group will be notified, followed by a documented deliberation.

In terms of granting or managing loans, any modification of the existing business model as well as any definition of an additional business model must go through the various levels of governance,

which are the ALM/Risk working groups, the ALM and Risk Management Committees, the Executive Committee, the Audit and Compliance/Risk Committees at the Board of Directors level, and the Board of Directors itself.

3.2.4.3 *SPPI test*

In order to undergo the SPPI test, financial instruments in the form of fixed-income securities must include only structures:

- considered non-speculative and/or unleveraged;
- whose return in the form of interest respects the time value of money;
- guaranteeing the payment of interest and repayment of the principal.

The classification of a security as SPPI-compliant or non-SPPI-compliant is reflected in its deal type. This qualitative information is included in the information systems of the Group's parent company and is subject to specific control procedures. When a bond can be assigned more than one deal type, a quantitative analysis is performed to measure the degree of leverage of the instrument compared with a fixed-rate instrument over the same period to determine the final deal type to be applied.

For loans, the SPPI test is based on the following two principles:

- the repayment of principal and interest must be contractually ensured. In principle, this criterion is always met as long as the loans do not contain any embedded derivatives that significantly alter cash flows other than caps/floors or significant early redemption penalties.
- the repayment must be based on the time value of money plus a margin that offsets the credit risk. This criterion implies that there is no leverage.

For SPPI tests on loans, the Group distinguishes two major categories, namely standard loans contracted on the basis of a model contract and "customised" loans involving special conditions and other obligations to be respected by the borrower.

The contracts on which all standard loans are based are subject to a prior compatibility review of their conditions with the SPPI criterion. A contract-by-contract review is not carried out for this type of contract. The contract data for each new loan type belonging to this loan category are subjected to an SPPI test on the basis of a list of specific pre-marketing criteria.

The contracts on which customised loans are based are reviewed individually to determine compliance with the SPPI criterion in accordance with the internal procedures including the criteria of the standard.

3.2.5 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss include instruments with structures that are not closely related but are hedged economically with derivatives. With this designation for the financial liability, the Group offsets the impact of the accounting mismatch with the derivative financial instrument. Derivative financial instruments used for that purpose are exclusively IRS or CIRS instruments. The fair values are simply offset at the Group's profit or loss level under "Income from financial instruments held for trading" and "Income from financial instruments designated at fair value through profit or loss".

The Group determines the portion of fair value attributable to own credit risk and recognises it in own funds as an item not reclassified in net income subsequently.

3.2.6 Non-current assets and disposal groups classified as held for sale

In accordance with IFRS 5, the Group's parent company classifies its financial and non-financial assets as assets held for sale in the following cases:

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable;
- The carrying amount is recovered principally through a sale transaction rather than through continuing use.

The Group must be committed to a plan to sell the asset and an active search for a buyer must have been initiated. The sale generally takes place within 12 months of its initiation.

Assets in this category are measured at the lower of amortised cost or fair value less the cost of the sale.

Non-financial assets classified in this category are not subject to depreciation or amortisation. Financial assets continue to be measured in accordance with IFRS 9.

3.2.7 Other financial assets and liabilities

Other assets comprise short-term receivables. Other liabilities mainly consist of short-term payables, coupons due and other amounts payable on behalf of third parties, debts to preferential creditors and liabilities arising from leases.

3.2.8 Income and expenses relative to financial assets and liabilities

Interest income and expenses are recognised in profit or loss for all financial instruments measured at amortised cost, according to the effective interest rate method.

The effective interest rate is the rate that exactly discounts future cash disbursements or receipts over the expected life of the financial instrument in order to obtain the net book value of the financial asset or liability. The calculation includes transaction costs and income, premiums and discounts. Transaction costs and income that are an integral part of the contract's effective rate, such as loan administration fees for instance, can be treated as additional interest.

Financial instruments held for trading are recorded at their fair value. Changes in their fair value are recognised in the income statement under "Income from financial instruments held for trading". Similarly, financial instruments designated at fair value through profit or loss are recorded at fair value, and changes in fair value are recognised in profit or loss under "Income from financial instruments designated at fair value through profit or loss". Interest is recognised at the effective interest rate in "Interest income".

Dividends are recorded under "Income from securities", while interest is recorded under "Interest income".

The Group recognises fees that are not included in the calculation of the effective interest rate in accordance with IFRS 15, i.e. when the performance obligation is realised depending on whether it is realised at a given time or gradually. This mainly concerns the following fees:

- fees related to performance obligations fulfilled gradually, which are therefore spread over the corresponding period;
- fees related to service obligations fulfilled at a given time and therefore recognised in the income statement when the service is performed.

For certain operations relating to wholesale international customers, commitment and utilisation fees are determined based on a percentage of the credit line. These fees are integrated on a "prorata temporis" base over the life of the credit line, except if the fees should be integrated in the acquisition cost of the balance sheet exposure which may result from the credit line.

3.2.9 Netting financial assets and financial liabilities

For the netting of certain positions relating to repurchase and reverse repurchase agreements, the existence of a Global Master Repurchase Agreement (GMRA) is not a sufficient condition. The balance sheet netting of these agreements takes place only if the counterparties have agreed in

advance and if the transactions meet the same maturity date and liquidation and payment system criteria.

3.3 Banking transactions

3.3.1 Initial valuation

Purchases and sales of financial assets and liabilities whose delivery or settlement is made after the transaction date are recognised on the balance sheet on the delivery or settlement date, respectively.

All financial instruments are recorded at fair value on initial recognition, plus any directly attributable costs when the financial instruments are not recognised at fair value through profit or loss. This initial fair value generally corresponds to the transaction price.

Transactions in financial instruments on the assets and liabilities side in the form of securities are recognised on the transaction date in off-balance sheet items and on the value date on the balance sheet.

Financial derivatives are recognised on the balance sheet at their fair value on the transaction date. The classification of derivative financial instruments on initial recognition depends on their characteristics and purpose. Therefore, they may be classified as "financial instruments held for trading" or as "hedging instruments".

Derivative financial instruments are recognised in assets when the fair value is positive, and in liabilities when it is negative. Fair value here means the "dirty price" of the instruments, i.e. including the accrued interest.

Derivative financial instruments embedded in financial liabilities are separated from the host contract and accounted for at fair value if the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract, and the entire instrument is not classified as held for trading or has not been designated as measured at fair value through profit or loss. Embedded derivative financial instruments that have been separated from their host contract are recognised at fair value in the trading portfolio and changes in fair value are recognised through profit or loss.

Gains or losses on the sale of financial assets that are not subject to revaluation through profit or loss are calculated as the difference between the amount received net of transaction costs and the acquisition cost and amortised cost of the financial asset.

3.3.2 Subsequent measurement

The valuation methods are as follows: historical cost, amortised cost or fair value.

3.3.2.1 *Historical cost*

Financial assets and liabilities recognised at historical cost are valued at the initial recognition amount.

3.3.2.2 *Amortised cost*

The amortised cost corresponds to the amount initially recognised, net of repayments of capital where applicable, adjusted for premiums and discounts, calculated as the difference between the initial amount and the repayment amount on maturity, over the life of the asset, less impairment recognised through value adjustments.

3.3.2.3 *Fair value*

The fair value of the consideration received or tendered can usually be determined by reference to an active market or by using valuation techniques based chiefly on observable market inputs.

To determine a consistent valuation for the financial instruments measured at fair value, the Group uses the following methods and models:

- derivative financial instruments held for trading or hedging: the Group uses the discounted cash flow (DCF) method for plain vanilla contracts, as well as the Hull-White Monte Carlo, Garman-Kohlhagen Monte Carlo and Local Volatility Monte Carlo models for structured contracts. In addition to these fair value measurements, the Group calculates, after application of ISDA-CSA agreements, an adjustment for counterparty risk, or a "Credit Value Adjustment" (CVA), to account for the credit quality of the counterparty for derivative financial instruments recognised on the assets side of the balance sheet, and an adjustment for credit risk specific to the Group's parent company, or a "Debit Value Adjustment" (DVA), for derivative financial instruments recognised on the liabilities side of the balance sheet.
- financial assets:
 - o fixed-income securities:
 - for assets quoted on an active market, the bid price published by an official quotation agent is used;
 - for assets quoted on a market considered inactive, the valuation price is calculated by the Bank's internal valuation model.

- variable-income securities:
 - for assets quoted on an active market, the bid price published by an official quotation agent is used;
 - for unquoted securities or securities listed on an inactive market, the Group determines a measurement value according to a procedure detailed below in Section 3.3.3 "Valuation techniques for determining fair value and fair value hierarchy".
- financial liabilities:
 - EMTNs issued by the Group's parent company classified at amortised cost: these transactions are designated as fair value hedges to avoid an accounting impact on the income statement due to hedging these issues with derivative financial instruments. Thus, the fair value measurement method applied to the issue and the measurement of its hedge are identical, namely the discounted cash flow method and the Monte Carlo models;
 - EMTNs issued by the Group's parent company designated at fair value through profit or loss: the fair value measurement method applied to the issue and the measurement of its hedge are identical, namely the discounted cash flow method and the Monte Carlo models.

3.3.3 Valuation techniques for determining fair value and fair value hierarchy

When the fair value of a financial instrument recognised in the balance sheet cannot be determined based on an active market, it is calculated using valuation techniques mostly based on mathematical models. Insofar as possible, the inputs to mathematical models come from market observations.

The Group uses valuation techniques based on observable and non-observable market data to determine fair value:

- observable data reflect market variations collected from independent sources and reflecting real transactions. Observable market data include:
 - credit spread curves based on CDS prices;
 - interbank interest rates or swap rates;
 - foreign exchange rates;
 - stock indices;
 - share prices;
 - volatilities (forex, swaptions, caps & floors);
 - counterparty credit spreads;

- non-observable data reflect estimates and internal assumptions relating to the market variations adopted by the Group.

A fair value hierarchy was established according to the type of observable and non-observable data. To determine this hierarchy of fair values, the Group's parent company reviewed all financial instruments measured at fair value to assess the importance of observable data directly or indirectly on the markets:

- Level 1 fair value: Level 1 inputs are essentially quoted prices in active markets for identical financial instruments. This level includes equity securities and debt instruments listed on stock exchanges, as well as derivative financial instruments traded on a regulated market. Financial instruments not listed on a market but that were recently involved in a transaction are also included in Level 1.
- Level 2 fair value: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are directly observable for the financial instruments, such as a price, or indirectly observable, i.e. derived from observable prices, such as implied volatilities of a share derived from observable prices of option contracts on this share. This level includes the majority of over-the-counter derivative financial instruments and structured debt securities issued. These inputs, such as "EURIBOR" yield curves or credit spreads, are initially provided by specialised financial data providers.
- Level 3 fair value: This level includes equity instruments or debt securities for which significant parameters used in the valuation models are based on estimations and internal assumptions. Spuerkeess's shareholdings in unlisted companies are valued twice a year, on 30 June and 31 December. The Group's parent company values each shareholding consistently over time using one of the three eligible approaches, namely the market-based approach, an approach based on income or the net assets approach, or at the level of the discounts applied to determine fair value. Preference is given to the market-based approach for the largest shareholdings. In general:
 - in the event of a transaction (capital increase or sale transaction) during the last 12 months prior to the valuation date or if the parties to a future transaction agree on the price of the transaction, on the valuation date, this transaction price serves as a reference for the valuation price for the position, except for duly justified exceptions;
 - when this concerns a company that holds listed assets, the market price of these assets on the valuation date is used to calculate net asset value;

- where there has been no transaction during the last 12 months prior to the valuation date, the stock market ratios for a peer group, meaning a sample of listed companies that are comparable to the unlisted company, allows the fair value of the position to be determined. A discount is applied, where applicable, for illiquidity and/or for restrictions on the security, with documentation of the EV/EBITDA, Price-to-Book, Price-to-Sales and Price-to-Earnings ratios for the listed companies in the peer group;
- the market multiples valuation may be supplemented by multiples based on recent transactions in companies with the same characteristics as the unlisted company held by Spuerkeess, or by a discounted cash flow-type valuation, when the unlisted company regularly draws up a multi-year business plan that is provided to Spuerkeess;
- when the by-laws of the unlisted company set a transaction price or determine the method used to calculate fair value, the price resulting from the by-laws or from application of the calculation method determine the measurement value of the position on each valuation date;
- non-material unlisted positions are valued on the basis of net assets after taking into account any discount for illiquidity and/or for restrictions on the security, and/or the company's dividend on income for the last financial year audited, once the information is available.

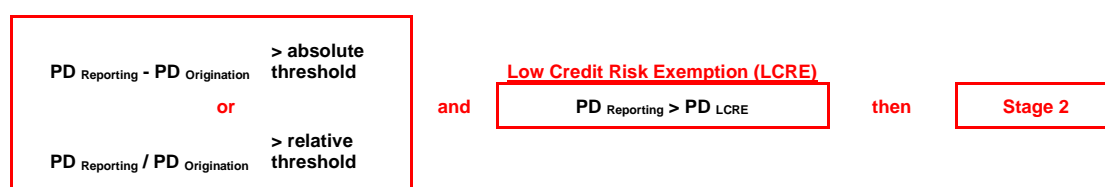
The data used in the valuation process are derived from the company accounts or are estimated based on the latest figures available. The peer group's market multiples and the accounting data of the companies making up each peer group refer to the closing price for the valuation date, i.e. 30 June or 31 December of the respective year. The process for measuring fair value on the valuation dates is systematically controlled by the first line of defence (data quality) and the second line of defence (methodology, models and accuracy of the first line's work).

3.3.4 Impairment of financial assets

In accordance with the second phase of IFRS 9, Spuerkeess considers all HTC model products meeting the SPPI criterion as well as guarantees and certain commitments recognised off the balance sheet in the calculation of impairment of financial assets.

These exposures are classified according to three stages determining the calculation of the value adjustments:

- Stage 1 includes exposures whose credit risk has not deteriorated significantly since the loan was granted or the security was purchased ("at inception").
⇒ **Value adjustment applied is equal to a 1-year expected credit loss.**
- Stage 2 includes financial instruments whose credit risk has increased significantly since the loan was granted or the security was purchased, i.e. exposures that:
 - have seen a deterioration in their probability of default (PD). Since November 2023, the approach based on a deterioration in PD, which takes greater account of the forward-looking aspect, has replaced the method based on ratings downgrades¹. This deterioration is now based on a comparison (absolute and relative) of the residual lifetime probabilities of default (annualised) on the reference date compared with the origination date. A probability of default (PD) threshold of 0,3% is applied for the low credit risk exemption (LCRE):



With:

- PD threshold to define the LCRE: 0,3%;
- choice of relative threshold: threshold of "x 3" compared with PD at origination;
- choice of absolute threshold: 5%.
- are past due for 30 days but less than 90 days;
- have been restructured according to the definition introduced by the European Banking Authority (EBA) and adopted by the European Union in Regulation (EU) 2015/227;
- are manually assigned to Stage 2 to account for qualitative criteria not considered in the previous points;
- ⇒ **Value adjustment applied is equal to a lifetime expected credit loss.**
- Stage 3 includes non-performing exposures as well as those in default according to Article 178 of the CRR.
⇒ **Value adjustment applied is equal to a lifetime expected credit loss (with probability of default = 1)**

As Spuerkeess applies the definition of default at the debtor level, all the exposures of a customer in default are found in Stage 3. This "contagion" is not automatically applied for Stage 2. The same customer can therefore have commitments classified in Stage 1 and Stage 2.

¹ Internal rating downgraded by ≥ 3 notches (≥ 2 notches for exposures to individuals) since initial recognition.

The table below summarises the triggers for various events:

Notions	Explanations	IFRS 9 stage
1. Default	No payment arrears, but "unlikeliness to pay" (ULP), in the sense of a serious doubt about the future ability to meet the commitments (e.g. bankruptcy).	STAGE 3
	The absolute threshold (a) and the relative threshold (b) have been exceeded for 90 consecutive days: a) absolute threshold: arrears > EUR 100 (retail) or EUR 500 (wholesale); b) relative threshold: amount of arrears relative to the total amount of exposures to the borrower on the Bank's balance sheet > 1% (retail and wholesale).	
2. Watchlist	Identification number monitored through inclusion on the watchlist.	STAGE 2
3. Forbearance/renegotiated due to significant increase in credit risk (IFRS 9 B.5.5.27)	Restructuring measures granted to the customer during the term of the contract (deferment, extension of due date) <u>and</u> customer in financial difficulty.	STAGE 2
4. Past due	Payment more than 30 days late with materiality thresholds (a) and (b) (see default thresholds) crossed.	STAGE 2
5. Deterioration in PD	Deterioration in PD between its origination date and its reporting date.	STAGE 2
6. Stage override	Potential reclassification of the stage to account for information not included in the above indicators.	STAGE 2

Probationary periods:

Migration	Migration trigger	Probationary period	Conditions
Stage 2 to Stage 1	Forbearance	2 years	- significant amount repaid during the probationary period - investment-grade rating - performing
	Wholesale rating	1 year	the variables considered for the Wholesale rating are based on the financial statements published annually (in addition to behavioural data): potential impact on the rating for 12 months
	Retail internal rating	6 months	the variables considered for the Retail rating are based on historical behaviour in the last 6 months: potential impact on the rating for 6 months
Stage 3 to Stage 2	Forbearance and Past due	1 year	Parallel past due and forbearance status triggers the default. A one-year probationary period therefore starts when the past due event begins and is added chronologically to the forbearance event
	Automatic closure of the default (repayment of outstanding debts), but other ongoing Stage 2 event	min. 3 months	Payment of outstanding debts triggers a 3-month probationary period (or 12 months for forbearance status). After the probationary period, the customer moves from Stage 3 to Stage 2
	Manual closure of an unlikelihood to pay default, but other ongoing Stage 2 event	min. 3 months	When a default is closed manually, a 3-month probationary period (or 12 months for forbearance status) is also applied
Stage 3 to Stage 1	Automatic closure of the default (repayment of outstanding debts)	min. 3 months	Payment of outstanding debts triggers a 3-month probationary period (no forbearance). After the probationary period, the customer moves from Stage 3 to Stage 1 (no significant increase in credit risk – SICR)
	Manual closure of an unlikelihood to pay default	min. 3 months	When a default is closed manually, a 3-month probationary period (no forbearance) is also applied

Determination of "Expected Credit Loss": for each stage, the calculation method used is different:

Stage	Description	Formula	Explanation
1	Expected loss is calculated over a period of up to one year.	$ECL = PD_{M,1} \cdot LGD_1 \cdot Exposures(t_0)$	<ul style="list-style-type: none"> - $PD_{M,1} = 1 - (1 - PD_1)^M$ and M the residual maturity in number of days/365,25 of the next year - PD_1 = Probability of default for the first year, which takes into account the actual residual duration (Daily granularity) - LGD_1 = Loss given default during the next year - $Exposure(t_0)$ = Exposure at the beginning of the period
2	The expected loss is to be estimated over the entire remaining life of the contract (lifetime expected loss).	$ECL = \sum_{k=1}^n ECL_k = \sum_{k=1}^n PD_{M,k} \cdot \frac{(Exposition_{k-1} \cdot LGD_k)}{(1+i)^{k-1}}$	<ul style="list-style-type: none"> - $PD_{M,k}$ takes into account the actual residual duration (Daily granularity) - The ECL (expected credit loss) is the sum of expected losses per year, discounted at the respective contractual rate i - The variable n represents the remaining duration of the exposure expressed in years
3	The probability of default is 100% for these exposures; the expected loss is therefore a function of the current exposure and the loss rate (LGD), which takes into account the re-estimated future flows.	$ECL = 100\% \cdot LGD_1 \cdot Exposures(t_0)$	<ul style="list-style-type: none"> - LGD_1 = Loss given default occurring within 12 months - $Exposure(t_0)$ = Exposure at the beginning of the period

The basic principles applied by Spuerkeess are given in the previous table, and the PD and LGD risk parameters are derived from the "through the cycle" (TTC) parameters used for the calculation of capital requirements. To take into account the point-in-time (PIT) and forward-looking aspects, Spuerkeess has developed models based on macroeconomic variables that are projected according to four scenarios:

- Optimistic,
- Baseline,
- Adverse, and
- Severely Adverse.

The parameter of the "Loss Given Default" (LGD) is determined from a decision tree based on the characteristics of the different products. The LGDs of exposures secured by property factor in the future change in the value of the properties defined in the respective macroeconomic scenario (including the management overlay). The change in the price index has a direct impact on the haircut calculation. A portion of these haircuts, which are larger for the most adverse scenarios, also relates to the cost of realising the collateral when there is recovery. They were recalibrated in August 2025: haircuts of 0%, 26%, 49% or 60% depending on the scenario (these values were previously 15%, 30%, 35% and 50%, respectively).

The model used to revalue residential properties utilises energy performance class as the model's explanatory variable. Based on historical price observations, the revaluation model applies a more favourable price indexation for properties with a more efficient energy class. Climate risk (transition risk) can therefore be considered when determining LGDs and value adjustments. For now, the real estate price scenario does not yet differentiate between energy classes. Exposure to physical risk (primarily flood risk) is accounted for in the initial valuation of the property, but in general remains insignificant at the portfolio level. Only 3,85% of residential properties with a mortgage are in a 100-year floodplain² (average probability of a flood occurring).

Spuerkeess therefore uses scenarios that are weighted as follows:

	Scenario weighting			
	Baseline	Adverse	Severely adverse	Optimistic
2025	52,5%	24,5%	13%	10%
2024	60%	20%	10%	10%

As of April 2025, the forward-looking values of the macroeconomic factors used to estimate forward-looking risk parameters (GDP, property price index, etc.) are provided by Moody's Analytics for the Baseline, Adverse and Optimistic scenarios, and are based on an in-house assessment by the relevant Bank unit for the Severely Adverse scenario. One exception is Luxembourg commercial real estate (CRE) prices, which are provided by the relevant Bank unit for the Baseline, Adverse and Optimistic scenarios, as projections for this measurement are not available from Moody's.

The forward-looking values from Moody's scenarios, as well as the narrative that accompanies them, incorporate different geopolitical events and impacts. The projections used to calculate the December 2025 provisions take into account, for example, uncertainties related to tariffs and to the conflict between Russia and Ukraine and its impacts on the energy market, as well as tensions in the Middle East and relations between China and the United States.

² The floodplain maps developed by the Ministry of the Environment, Climate and Development as part of its flood risk management plans for the Grand Duchy of Luxembourg were used for this flood risk analysis.

Under the existing procedure, the scenarios are weighted based on the level of confidence assigned to them by Moody's Analytics for the Optimistic (90%), Baseline (50%) and Adverse (25%) scenarios. The level of confidence for the Severely Adverse scenario which, as a reminder, was determined based on expert estimates by the Bank, has been set at 1% as it is far more severe than Moody's "S4 – Protracted Slump" scenario, with a level of confidence of 4%. Based on the new "mid-point" methodology, the weightings of the Optimistic, Baseline, Adverse and Severely Adverse scenarios are respectively 30%, 32,5%, 24,5% and 13%. These weightings were taken from Amundi's publications as at 31 December 2024.

To account for climate risk in our forward-looking views, we applied an add-on to the GDP projections for the Adverse and Severely Adverse scenarios. The add-on is based on three climate scenarios from the Network for Greening the Financial System (NGFS), referred to as "Net Zero 2050", "Current policies" and "Delayed transition" for the "Advanced economies" region:

Climate add-on to GDP														
Net zero 2050					Current policies					Delayed transition				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
-1,1	-0,6	-0,5	-0,4	-0,4	-0,5	-0,4	-0,3	-0,3	-0,3	-0,4	-0,4	-0,3	-0,3	-0,3

A weighting (20/45/35) was then determined using expert judgements based on current climate policy developments and scientific observations relating to changes in climate objectives. The add-on applied to the 31 December 2025 and 31 December 2024 ECL calculation was based on NGFS's new data published at the end of 2024 (Phase 5) and used the following values:

Weighting (20/45/35)				
Year 1	Year 2	Year 3	Year 4	Year 5
-0,59	-0,44	-0,34	-0,32	-0,32

ECLs and sensitivity scenarios at 31/12/2024:

Type of scenario	Weighting	Macroeconomic variables	2025	2026	2027	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	10%	Luxembourg GDP	3,02%	3,07%	3,24%	220	508
		Advanced economies GDP	1,72%	2,07%	2,54%		
Baseline	60%	Luxembourg GDP	2,52%	2,27%	2,44%	319	
		Advanced economies GDP	1,22%	1,37%	1,74%		
Adverse	20%	Luxembourg GDP	1,02%	0,77%	1,44%	473	
		Advanced economies GDP	0,42%	0,57%	1,14%		
Severely Adverse	10%	Luxembourg GDP	-3,48%	-1,33%	-0,67%	2.000	
		Advanced economies GDP	-4,48%	-3,33%	-0,67%		

ECLs and sensitivity scenarios at 31/12/2025:

Type of scenario	Weighting	Macroeconomic variables	2025	2026	2027	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	10%	Luxembourg GDP	3,95%	2,83%	2,51%	216	549
		Advanced economies GDP	3,05%	2,53%	1,93%		
Baseline	52,5%	Luxembourg GDP	2,11%	2,31%	2,79%	314	
		Advanced economies GDP	1,55%	1,78%	1,93%		
Adverse	24,5%	Luxembourg GDP	-0,25%	1,40%	3,50%	613	
		Advanced economies GDP	-0,91%	0,72%	2,24%		
Severely adverse	13%	Luxembourg GDP	-3,60%	-1,40%	-0,80%	1.639	
		Advanced economies GDP	-4,60%	-3,40%	-0,80%		

To address the identified weaknesses that could result from the forward-looking aspect of the modelling parameters, Spuerkeess continues to apply adjustments in the form of management overlays (and in-model adjustments) in its IFRS 9 models.

To compensate for the uncertainties related to the macroeconomic environment, Spuerkeess has applied a management overlay to the scenario weighting. The weighting of the Optimistic scenario has been reduced by 20% (i.e. from 30% to 10%) in order to increase the weighting of the Baseline scenario (from 32,5% to 52,5%).

Since 2022, Spuerkeess has applied a management overlay, which has entailed downgrading the rating of certain counterparties. The rules for identifying counterparties subject to this management overlay and the severity of the downgrade remained unchanged in 2025 and are as follows:

- small-, medium- and large-sized Luxembourg companies rated by the Bank's internal rating model active in a "high risk" sector, excluding the real estate sector, are downgraded by one notch;
- individuals or small-sized companies treated as Retail with a significant deterioration in repayment ability due to rising interest rates are downgraded by two notches on a 12-grade scale.

Given the weak momentum in the real estate sector, as from November 2024 specific downgrades have been applied to counterparties in the real estate sector as follows:

- small-, medium- and large-sized Luxembourg companies rated by the Bank's internal rating model active in real estate according to their Global Industry Classification Standard (GICS) code are downgraded by two notches;
- these measures also extend to Specialised Lending entities (SPLs) active in real estate, which Spuerkeess downgrades by one notch (the rating scale has fewer grades).

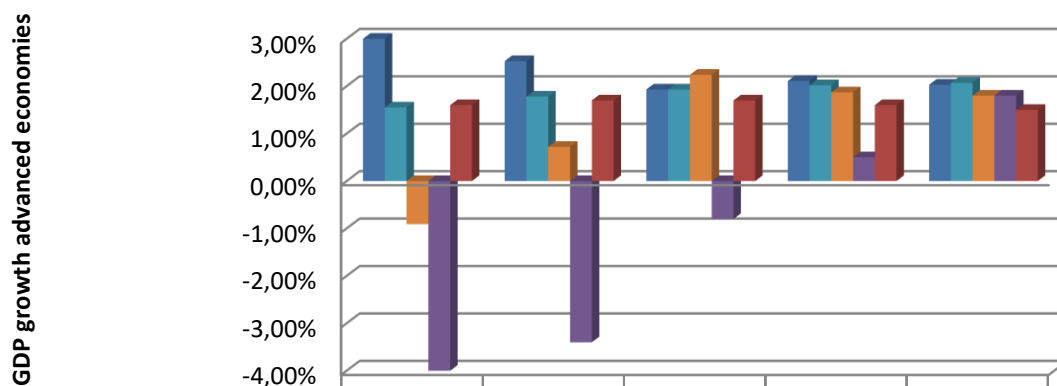
The sector risk level classification is based on an integrated strategy, which aims to assess each sector's risk in a given macroeconomic environment. Each sector's climate and environmental risks (transition risk) are also taken into consideration in this Spuerkeess strategy.

At 31 December 2025, the stock of value adjustments of EUR 549,5 million included management overlays and in-model adjustments in the amount of EUR 123,3 million versus EUR 126,2 million at 31 December 2024, broken down as follows:

- rating downgrade (management overlay): the impact was EUR 73,6 million versus EUR 93,5 million at end-2024;
- climate add-on (in-model adjustment): the impact was EUR 32,1 million versus EUR 21,0 million at end-2024;
- scenario weighting (management overlay): the impact was EUR 17,6 million versus EUR 11,7 million at end-2024.

The tables below compare the internal scenarios used with the IMF's and STATEC's Baseline scenarios.

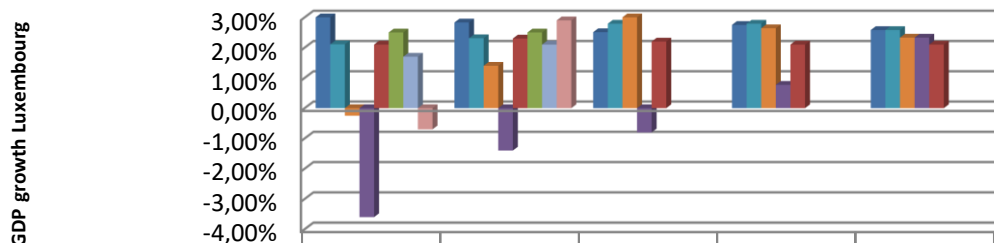
GDP scenarios Spuerkeess and externals (IMF) Advanced Economies at 31/12/2025



	2026	2027	2028	2029	2030
■ GDP growth - Spuerkeess - Optimiste	3,05%	2,53%	1,93%	2,11%	2,03%
■ GDP growth - Spuerkeess - Baseline	1,55%	1,78%	1,93%	2,02%	2,07%
■ GDP growth - Spuerkeess - Adverse	-0,91%	0,72%	2,24%	1,87%	1,80%
■ GDP growth - Spuerkeess - Severly Adverse	-4,60%	-3,40%	-0,80%	0,50%	1,80%
■ GDP growth - FMI - Baseline	1,60%	1,70%	1,70%	1,60%	1,50%

Comparison of scenarios used at 31/12/2025 (Advanced Economies)

GDP scenarios Spuerkeess and externals (STATEC and IMF) Luxembourg at 31/12/2025



	2026	2027	2028	2029	2030
GDP growth - Spuerkeess - Optimiste	3,95%	2,83%	2,51%	2,75%	2,58%
GDP growth - Spuerkeess - Baseline	2,11%	2,31%	2,79%	2,79%	2,58%
GDP growth - Spuerkeess - Adverse	-0,25%	1,40%	3,50%	2,64%	2,33%
GDP growth - Spuerkeess - Severly Adverse	-3,60%	-1,40%	-0,80%	0,77%	2,33%
GDP growth - FMI - Baseline	2,10%	2,30%	2,20%	2,10%	2,10%
GDP growth - STATEC - Optimiste	2,50%	2,50%			
GDP growth - STATEC - Baseline	1,70%	2,10%			
GDP growth - STATEC - Adverse	-0,70%	2,90%			

Comparison of scenarios used at 31/12/2025 (Luxembourg)³

3.3.4.1 Write-off of receivables measured at amortised cost

Only Stage 3 assets can be the subject of a write-off of receivables.

The decision to write off a receivable is made by Spuerkeess's Executive Committee based on its documented assessment that the probability of recovering such a debt is near zero.

If appropriate, the entirety of the targeted asset is written off.

3.3.5 Sector-based analysis

The Group's parent company categorises its national and international corporate commitments based on the international GICS (Global Industry Classification Standard) system. This classification is divided into 11 key sectors, each of which is subdivided into industry groups, industries and sub-industries.

The analysis of the risks and opportunities specific to each sector and sub-industry is part of an integrated sector strategy, which takes several components into account: credit risks, ESG issues

³ STATEC data not available from 2028.

and the vulnerabilities specific to each area. Each sub-industry is assigned a level of vulnerability, which may be characterised as low, medium or high.

Vulnerabilities include factors such as geopolitical risks, supply chain disruptions and pressures on profitability, which can have a significant impact on certain sub-industries. These factors have a direct impact on the sector assessment and, where applicable, counterparties in sub-industries that are viewed as vulnerable are subject to enhanced monitoring. Vulnerability is also incorporated into the calculation of sector-based credit limits and internal ratings, which has an impact on exposure provisioning.

Due to the rapid changes in certain macroeconomic and geopolitical risks — mainly ongoing international tensions, long-term supply chain weaknesses, the rise of protectionist measures, and uncertainty around trade policies — Spuerkeess reassessed the vulnerabilities in September 2025.

The Group's parent company therefore revised the internal rating for various business exposures to give priority to sectors categorised as high risk under the new approach and account for the importance of the borrowers for the national economy and the extent of their commitments to Spuerkeess. Sector risk is also taken into account when assigning ratings to the customers in question.

Ratings were downgraded at 31 December 2025 versus 31 December 2024 for 21,7% of customers active in the sectors most affected by the new integrated approach, confirmed for 57,7%, upgraded for 15,5% and left unchanged for 0,1% of these customers. For 5,0% of new customers in these sectors, the impact was considered when assigning the initial rating and in any reviews conducted during the year.

Sectors currently classified as high risk mainly include companies active in the following areas:

- Real estate operating companies;
- Diversified real estate activities;
- Real estate development;
- Homebuilding;
- Health care facilities.

At 31 December 2025, the combined exposures of professional customers classified as high risk represented EUR 5.766 million in outstandings (EUR 5.242 million at 31 December 2024 based on vulnerabilities applicable on that date) and the related expected credit losses recorded stood at

EUR 267,1 million (EUR 221,5 million at 31 December 2024). The breakdown of provisions by stage is as follows:

- 7,1% of impairments come from stage 1 (4,7% at 31 December 2024);
- 45,5% of impairments come from stage 2 (50,7% at 31 December 2024);
- 47,4% of impairments come from stage 3 (44,6% at 31 December 2024).

3.4 Repurchase and reverse repurchase agreements – Lending and borrowing of securities

3.4.1 Repurchases and reverse repurchases

Securities subject to a sale agreement with a repurchase commitment (sale/buyback transactions) for the same or substantially identical asset remain on the balance sheet. The amount owed to the counterparty is entered in liabilities under "Deposits at amortised cost".

In the main, the Group enters into firm repurchase agreements relating to the same or substantially identical assets.

By analogy, securities purchased subject to resale agreements (reverse repo) relating to the same or a substantially identical asset are not recorded in the balance sheet. The consideration for securities purchased under reverse repo agreements is entered under "Loans and advances at amortised cost". This type of instrument is part of an HTC business model and respects the characteristics of the SPPI test.

The Group carries out tri-party repo and tri-party reverse repo transactions with counterparties rated "A" or higher. The structure involves a third-party intermediary throughout the life of the tri-party repo to manage delivery versus payment, control the eligibility criteria of securities, calculate and manage margin calls and manage substitutions of securities. Maturity varies from overnight to 12 months.

Income and expenses from repurchase and reverse repurchase agreements are entered under "Interest income" in the income statement.

3.4.2 Lending and borrowing of securities

Securities lent remain on the balance sheet, while securities borrowed are not entered on the balance sheet.

3.5 Interbank market

3.5.1 Borrowings

Borrowings are initially recognised at fair value net of transaction costs. Subsequently, borrowings are recognised at amortised cost and any difference between the net amount received and the amount repaid is recorded in the income statement over the duration of the loan, using the effective interest rate method.

3.5.2 Issuance of debt securities

Debt issued by the Group is classified at amortised cost. However, as part of its EMTN programmes, the Group issues a large number of structured bonds containing embedded derivative financial instruments whose price fluctuations are hedged by swaps with a structure identical to that of the swap contained in the bond.

The Group has designated closely related transactions as fair value hedge relationships. This allows it to offset the impact of changes in market prices at the income statement level.

For transactions that are not closely related, the Group applies the fair value option by including them under "Financial liabilities designated at fair value through profit or loss". As the heading indicates, they are measured at fair value through profit of loss. Own credit risk is recorded in other items of comprehensive income; this risk is deemed immaterial for the Group's parent company.

3.6 Tangible assets

Tangible assets for own use as well as investment property are recorded at acquisition cost. Costs related directly to the acquisition are capitalised as an integral part of the acquisition cost.

Tangible assets for own use consist of land and buildings, facilities and installations, computer hardware and other equipment. They also include right-of-use assets whose underlyings are tangible assets.

Tangible assets are recognised at historical cost less accumulated amortisation and possible impairment. Costs related directly to the acquisition are capitalised and amortised as an integral part of the acquisition cost at the same pace as for the principal asset. The amortisable amount of these assets is calculated after deduction of their residual value. The Group applies the component approach to depreciation according to IAS 16 on tangible construction assets. Components related

to tangible assets are amortised over their estimated useful life using the straight-line method. Land is recognised at cost.

Useful life for the main types of tangible assets:

- buildings:

- | | |
|-------------------------------|---------------|
| - structural works components | 30 - 50 years |
| - finishing component 1 | 30 years |
| - finishing component 2 | 10 years |
| - other components | 10 - 20 years |

- computer hardware:

4 years

- office fixtures, furniture and other equipment:

2 to 10 years

- vehicles:

4 years

Finishing component 1 includes, among other things, lightweight partitions, screeds, tiles and joinery, whereas finishing component 2 includes resilient floor coverings and paint. "Other" consists of, among others, electrical facilities, plumbing, and heating and air-conditioning facilities.

Investments on leased buildings are amortised over the remaining term of the lease. If the term is not fixed, amortisation takes place over 10 years.

Maintenance and repairs that do not increase the economic benefits of the tangible asset are accounted for in the income statement when incurred.

If the recoverable amount of an asset falls below its book value, an impairment must be recognised to adjust the book value on the balance sheet to the estimated recoverable amount.

Expenses incurred for the purpose of increasing the economic benefits generated by a tangible asset or real estate asset, or which extend its useful life, are recognised in assets on the balance sheet and amortised over the underlying asset's estimated useful life.

Gains or losses arising from the removal from active use or disposal of tangible assets are determined by the difference between the proceeds of the disposal and the residual value of the assets and are recognised in profit or loss under "Profit from non-current assets and disposal groups classified as held for sale and not qualifying as discontinued operations" as at the date of disposal or removal from active use.

The acquisition cost of equipment and furniture whose normal useful life is less than one year is recognised directly in profit or loss for the period under "Other general and administrative expenses".

Recognition under this heading of right-of-use assets under a lease is explained in Section 3.8.1.

3.7 Intangible assets

The Group considers software, whether acquired or internally generated, as well as the related development and set-up expenses, as intangible assets. Software is amortised over a 3-year period using the straight-line method.

3.8 Lease agreements

Where a lessor assigns to a lessee the right to use an asset for a specified period under an agreement in exchange for payment(s), that agreement is considered a lease.

3.8.1 A Group entity is a lessee

IFRS 16 "Leases" has been applied since 1 January 2019.

The Group has entered into leases mainly for buildings, car parks and S-BANK automated teller machines.

These leases led to the:

- recognition of a "right-of-use asset" on the assets side. The cost of the asset includes the initial amount of the lease liability as well as, where applicable, rent payments already made, initial direct costs and dismantling costs. This right of use is recognised under the asset item where the corresponding underlying assets would have been presented, i.e., the "tangible assets" item;
- recognition of a "lease liability" on the liabilities side: the lease liability represents the present value of the lease payments that have not yet been made. This lease liability is recognised on the liabilities side under "other liabilities". The Group has opted to recognise the undiscounted value of the lease payments given that the impact of this discounting would be immaterial. As a result, no interest expense is recognised on liabilities arising from leases;
- recognition in the income statement of "lease payments" and any "penalties" to be paid for early termination of a lease; penalties are recognised as expenses for the year in which the lease is terminated.

3.8.2 A Group entity is a lessor

When a Group entity is the lessor, a distinction must be made between finance leases and operating leases.

A lease agreement that transfers substantially all the risks and advantages incidental to ownership of an asset is a finance lease, otherwise it is an operating lease.

When a Group entity leases an asset within the framework of a finance lease, the net present value of the lease payments is recognised as a receivable under "Loans and advances at amortised cost" for customers or credit institutions respectively. The difference between the payments due and their present value is recognised as unrealised financial income under "Interest income" in the income statement. The lease payments and the arrangement costs for the lease are spread over the term of the agreement so that the income generates a constant effective interest rate.

When a Group entity leases an asset under an operating lease, the underlying asset is recognised on the balance sheet according to its nature. The Group's operating leases are for buildings and are recognised as investment property.

3.9 Employee benefits

Employee benefits are measured in accordance with IAS 19. The benefits granted to employees by the Group are divided into the three categories described hereafter.

3.9.1 Short-term benefits

Short-term benefits mainly comprise wages, annual holidays and bonuses paid within twelve months of the end of the financial year in respect of that financial year. They are recognised in the income statement under "Personnel expenses", including amounts remaining due on the reporting date.

3.9.2 Long-term benefits

Long-term benefits are benefits generally related to seniority, paid to active employees more than twelve months after the closing of the financial year. These commitments are provisioned based on the value on the reporting date. They are measured using the same actuarial method as that applied to post-employment benefits.

Long-term benefits include in particular the "Time Savings Account", set up by the Group's parent company on 1 October 2018. The time savings account allows the beneficiary to:

- accumulate a maximum of 8 hours per week and a total maximum of 1.800 hours;
- accumulate unused holidays beyond 25 days per year up to a maximum of 1.800 hours;
- use the accumulated hours as leave or, only upon definitive termination of the employment relationship, as compensation.

3.9.3 Post-employment benefits

The Group's parent company's staff members are entitled to the pension scheme for civil servants as applicable to them in accordance with the legal provisions based on their respective status and entry into service, pursuant to the Organic Law of 24 March 1989, as amended.

The amount of the benefit covered by the parent company for an agent who is not a civil servant is based on the difference between the amount of the said benefit as provided by the civil service pension scheme and the amount of the benefit under the pension scheme for private sector employees.

Pension supplements payable in this regard concern the following benefits:

- old age pension;
- disability pension;
- surviving spouse/partner pension;
- surviving orphan pension;
- three-month additional pension.

Pensions for employees who are classified as civil servants are also paid for by the Bank.

Thus, this scheme is inherently a defined-benefit plan which finances commitments relating to the first pillar.

Members of the Executive Committee are civil servants and are consequently eligible for the same pension scheme for civil servants as Spuerkeess's other staff members.

Because of their mandate as a director of Spuerkeess, members of the parent company's Board of Directors are not eligible for the pension scheme for civil servants or a pension supplement pursuant to the aforementioned Organic Law of 24 March 1989.

On 1 December 2009, the pension fund was outsourced to the BCEE sub-fund of the "Compagnie Luxembourgeoise de Pension (CLP)", established as a retirement saving association ("association d'épargne-pension" - ASSEP). Therefore, the amount entered in the balance sheet is the present value of the defined-benefit obligation as at the reporting date, net of plan assets and of adjustments related to unrecognised actuarial gains and losses and past services costs.

The defined benefit obligation is calculated each year by independent actuaries according to the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future cash disbursements based on the interest rate of high-quality corporate bonds, denominated in the currency of the payment of the benefit, the term of which is close to the estimated average term of the post-employment benefit obligation.

The sum total of the following amounts represents the parent company's annual pension expenses:

- the current service cost;
- interest cost resulting from the application of the discount rate;
- the change in actuarial gains and losses;
- these amounts are net of the expected return on plan assets.

Actuarial gains and losses and fair value gains and losses are systematically recognised under "Other items of comprehensive income" in equity.

The calculation of the defined-benefit obligation has, since 2015, been based on the DAV2004R generation tables which most closely resemble the longevity of Luxembourg's white-collar population. In prior years, the calculation of the defined-benefit obligation had been based on the IGSS (General Inspectorate of Social Security) mortality tables with an allowance made for a five-year improvement.

3.9.4 Investment policy of the Compagnie Luxembourgeoise de Pension (CLP)

The management objective of the "CLP-BCEE" sub-fund is threefold: to coordinate the various cash flows, to minimise the portfolio's volatility and thus the probability of an extraordinary contribution request, and to match the actual yield with the induced yield. To achieve these objectives, the "CLP-BCEE" sub-fund is authorised to invest in the following instruments:

- conventional financial instruments:
 - securities negotiable on the capital market:
 - shares in companies or other equivalent securities,
 - bonds and other debt securities,
 - money market instruments such as treasury bills, certificates of deposit, commercial paper and treasury notes,
 - shares and units in undertakings for collective investment, including Exchange Traded Funds.
- derivative financial instruments: options, futures, swaps, rate agreements and all other derivatives related to securities, money market instruments, undertakings for collective investment, currencies, interest rates, exchange rates, commodities, yields, other derivative financial instruments, financial indices or financial measures.
- liquidity: all forms of conventional sight and term deposits.
- other instruments: this category includes instruments that do not fall under one of the above-referenced categories, for example, but not limited to, units in investment or professional specialised investment funds, alternative investment funds, venture capital firms and

unlisted Luxembourg public limited companies (SOPARFIs (financial holding companies) or others), as well as land and real estate.

The "CLP-BCEE" sub-fund invests a minimum of 50% of its gross assets in bonds, debt securities and money market financial instruments. "CLP-BCEE" may invest up to 50% of its assets in equities, equivalent securities and other instruments, but may not exceed the limit of 15% of gross assets for other instruments and units and shares of UCIs that do not have daily liquidity, that use leverage strategies or whose underlying assets are bonds or high-yield debt. There is an additional special restriction on the high-yield portfolio, made up of UCIs, bonds and money-market instruments, whose weight is limited to 7,5% of the sub-fund's gross assets.

Investments in the same issuer or with the same counterparty may not exceed 25% of gross assets. The use of derivative financial instruments is permitted by the investment policy for the purpose of hedging and/or efficient management of the portfolio.

The CLP-BCEE sub-fund's investment policy authorises securities lending and repo transactions.

The CLP-BCEE sub-fund's investment strategy takes environmental, climate, social and governance factors into account, in line with Spuerkeess's general policy.

3.10 Provisions

According to IAS 37, a provision is a liability of uncertain timing or amount, but which represents an obligation towards a third party arising from past events and the settlement of which is more than 50% likely to result in an outflow of resources embodying economic benefits.

The Group recognises a provision at the present value when a reliable estimate can be made of the amount of the obligation.

3.11 "Fonds de Garantie des Dépôts Luxembourg" (FGDL, Luxembourg deposit guarantee fund) and "Fonds de Résolution Luxembourg" (FRL, Luxembourg resolution fund)

On 18 December 2015, Luxembourg passed the law on the resolution, recovery and liquidation measures of credit institutions and some investment firms and on deposit guarantee and investor compensation schemes (the "Law"), transposing into Luxembourg law Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as well as Directive 2014/49/EU on deposit guarantee and investor compensation schemes.

The Law replaced Luxembourg's deposit guarantee and investor compensation scheme, implemented by the AGDL, with a contribution-based deposit guarantee and investor compensation

scheme. This scheme covers all eligible deposits by a single depositor up to EUR 100.000 and investments up to EUR 20.000. In addition, the Law requires that deposits arising from specific transactions, fulfilling a social objective, or relating to particular life events be covered above the limit of EUR 100.000 for a 12-month period.

The first target level of funding of the "Fonds de Garantie des Dépôts Luxembourg" (FGDL) was set at 0,8% of the covered deposits (as defined in Article 163(8) of the Law) of member institutions. In principle, this target was reached at the end of 2018 thanks to the annual contributions made in 2016 to 2018.

In principle, and until 2026, Luxembourg credit institutions will continue to contribute annually to provide an additional cushion of 0,8% of covered deposits as defined in Article 163(8) of the Law.

Contributions to the FGDL and the FRL are made through the income statement in a dedicated line within general expenses.

3.12 Deferred taxes

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax base of assets and liabilities and their book values or when there are adjustments related to the accounting framework of the subsidiaries. Deferred tax assets and liabilities are calculated using the comprehensive calculation method, which takes into account all temporary differences, regardless of the date on which the tax will become payable or recoverable.

The rates used and tax laws applied to calculate deferred taxes are those that will apply when the tax becomes payable or recoverable.

Deferred tax assets are recognised to the extent that it is probable that the entity will recover the asset within a given timeframe. Deferred taxes relating to unrealised gains or losses on variable-income securities recognised at fair value through the revaluation reserve and to changes in the value of derivative financial instruments designated as cash flow hedges are recognised in equity under "Revaluation reserve". Deferred taxes on actuarial gains and losses related to the Group's pension plan commitments are recognised in equity under "Other items of comprehensive income".

4 NOTES TO THE BALANCE SHEET⁴ (in euros)

4.1 Cash and sight accounts with central banks

Cash consists of cash, cash balances with central banks and other deposits at sight with banks. The minimum reserve requirement with the Banque centrale du Luxembourg is entered under "Deposits with central banks".

Headings*	31/12/2024	31/12/2025
Cash	63.914.459	71.361.200
Deposits with central banks	6.645.051.674	6.291.415.760
Other deposits at sight	701.972.816	820.450.686
Total	7.410.938.949	7.183.227.647
<i>of which impairment of financial assets</i>	<i>-889.062</i>	<i>-691.948</i>

* term of less than one year

Changes in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	640.282	11.227	-	651.509
Changes	-176.985	414.538	-	237.553
Increase due to acquisition or origination	128	-	-	128
Decrease due to repayment	-20.633	-	-	-20.633
Change related to credit risk	-14.018	414.538	-	400.520
Other changes	-146.123	-	-	-146.123
Depreciation	-	-	-	-
Exchange gain or loss	3.661	-	-	3.661
Position as at 31 December 2024	463.297	425.765	-	889.062
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	7.378.488.011	33.340.000	-	7.411.828.011

⁴ Minor differences between the figures in the notes to the consolidated financial statements and the figures in the different consolidated statements are rounding differences only.

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2025	463.297	425.765	-	889.063
Changes	228.652	-425.766	-	-197.114
Increase due to acquisition or origination	114.821	-	-	114.821
Decrease due to repayment	-	-	-	-
Change related to credit risk	86.331	-425.766	-	-339.435
Other changes	23.979	-	-	23.979
Depreciation	-	-	-	-
Exchange gain or loss	3.521	-	-	3.521
Position as at 31 December 2025	691.949	-	-	691.948
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Outstanding	7.183.919.595	-	-	7.183.919.595

"Other changes" in the previous tables reflect changes in methodology made to the expected credit losses model (see section 3.3.4).

4.2 **Loans and advances at amortised cost – Credit institutions**

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Interbank loans	630.633.760	51.307.069	681.940.829	718.737.142	-	718.737.142
Reverse repurchase/ Repurchase agreements	2.246.973.696	412.377.775	2.659.351.471	2.624.922.468	292.903.895	2.917.826.363
Finance leases	214.818	1.189.566	1.404.384	-	802.033	802.033
Other	35.709.518	-	35.709.518	52.000.376	-	52.000.376
Total	2.913.531.792	464.874.410	3.378.406.203	3.395.659.987	293.705.928	3.689.365.915
<i>of which impairment of financial assets</i>	<i>-117.847</i>	<i>-33.260</i>	<i>-151.107</i>	<i>-119.444</i>	<i>-9.714</i>	<i>-129.158</i>
Undrawn confirmed credits			184.479.941			374.161.660

In the case of reverse repurchase transactions, the Group becomes the legal owner of the securities received as collateral and has the right to sell or collateralise these securities. In 2025 and 2024, the Group's parent company reused securities from reverse repurchase transactions.

Changes in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	35.957	19	-	35.975
Changes	101.896	13.236	-	115.132
Increase due to acquisition or origination	239.041	2	-	239.043
Decrease due to repayment	-9.557	-9	-	-9.566
Change related to credit risk	-66.067	10.368	-	-55.699
Other changes	-61.521	2.875	-	-58.646
Depreciation	-	-	-	-
Exchange gain or loss	-	-	-	-
Position as at 31 December 2024	137.853	13.254	-	151.107
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-89.195	89.195	-	-
<i>Transfer from Stage 2</i>	4.101	-4.101	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	3.377.706.838	850.472	-	3.378.557.310
Position as at 1 January 2025	137.853	13.254	-	151.107
Changes	-13.433	-8.516	-	-21.949
Increase due to acquisition or origination	123.072	-	-	123.072
Decrease due to repayment	-4.268	-122	-	-4.390
Change related to credit risk	-147.528	-8.772	-	-156.300
Other changes	15.275	378	-	15.653
Depreciation	-	-	-	-
Exchange gain or loss	16	-	-	16
Position as at 31 December 2025	124.420	4.738	-	129.158
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	29.181	-29.181	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Outstanding	3.689.126.736	368.336	-	3.689.495.072

"Other changes" in the previous tables reflect changes in methodology made to the expected credit losses model (see section 3.3.4).

The Group does not include in this category of loans and advances outstanding loans that are defined as restructured loans according to the EBA.

4.3 Loans and advances at amortised cost – Customers

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Retail customers	775.849.890	18.964.444.608	19.740.294.498	812.096.375	20.127.802.920	20.939.899.296
Corporate customers	2.241.093.975	4.150.417.599	6.391.511.574	3.142.196.084	4.114.089.091	7.256.285.175
Public sector	106.762.237	952.293.314	1.059.055.551	96.787.735	954.759.191	1.051.546.926
Total	3.123.706.102	24.067.155.521	27.190.861.623	4.051.080.194	25.196.651.202	29.247.731.396
<i>of which finance leases</i>	13.762.168	196.866.846	210.629.014	14.491.673	218.530.167	233.021.840
<i>of which impairment of financial assets</i>	-117.774.264	-310.445.108	-428.219.372	-157.809.537	-307.996.549	-465.806.086
Undrawn confirmed credits			6.327.057.103			6.193.242.566

Impairment of loans and advances – Customers

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	43.369.034	84.210.002	149.950.174	277.529.210
<i>of which:</i>				
Retail customers	12.319.570	44.387.431	53.089.560	109.796.561
Corporate customers	30.567.614	39.753.172	96.860.614	167.181.400
Public sector	481.850	69.399	-	551.249
Changes	4.269.254	111.679.853	34.741.055	150.690.162
Increase due to acquisition and origination	13.662.687	16.366.613	11.399.675	41.428.975
Decrease due to repayment	-2.463.841	-3.914.309	-4.808.235	-11.186.384
Change related to credit risk	-18.885.862	-15.056.042	11.640.554	-22.301.350
Other changes	11.955.242	114.280.625	24.170.988	150.406.855
Depreciation	-	-	-7.626.018	-7.626.018
Exchange gain or loss	1.028	2.966	-35.909	-31.915
Position as at 31 December 2024	47.638.288	195.889.855	184.691.229	428.219.372
<i>of which:</i>				
Retail customers	26.083.783	84.794.813	65.540.055	176.418.651
Corporate customers	21.493.151	111.037.868	119.151.174	251.682.193
Public sector	61.354	57.174	-	118.528
Outstanding loan stage transfers				
Retail customers	-114.953.163	-36.843.481	151.796.644	-
Transfer from Stage 1	-833.095.598	729.733.955	103.361.643	-
Transfer from Stage 2	712.690.104	-821.059.772	108.369.668	-
Transfer from Stage 3	5.452.331	54.482.336	-59.934.667	-
Corporate customers	-1.110.039.621	894.204.417	215.835.204	-
Transfer from Stage 1	-1.424.447.130	1.320.781.807	103.665.323	-
Transfer from Stage 2	313.550.517	-435.590.208	122.039.691	-
Transfer from Stage 3	856.992	9.012.817	-9.869.809	-
Public sector	1.575.222	-1.575.222	-	-
Transfer from Stage 1	-	-	-	-
Transfer from Stage 2	1.575.222	-1.575.222	-	-
Transfer from Stage 3	-	-	-	-

Outstanding excluding impairment at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Retail customers	17.809.024.453	1.734.140.413	373.548.283	19.916.713.149
Corporate customers	3.655.647.911	2.485.594.263	501.951.592	6.643.193.766
Public sector	1.029.325.814	29.848.265	-	1.059.174.079
	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2025	47.638.288	195.889.855	184.691.229	428.219.372
<i>of which:</i>				
<i>Retail customers</i>	26.083.783	84.794.813	65.540.055	176.418.651
<i>Corporate customers</i>	21.493.151	111.037.868	119.151.174	251.682.193
<i>Public sector</i>	61.354	57.174	-	118.528
Changes	8.515.308	-26.487.198	55.558.605	37.586.715
Increase due to acquisition and origination	22.330.469	20.711.481	10.242.279	53.284.229
Decrease due to repayment	-1.504.435	-2.394.608	-2.910.354	-6.809.397
Change related to credit risk	-26.225.415	-194.076	364.547	-26.054.944
Other changes	13.917.018	-44.610.052	49.601.281	18.908.247
Depreciation	-	-	-1.637.852	-1.637.852
Exchange gain or loss	-2.329	57	-101.296	-103.568
Position as at 31 December 2025	56.153.596	169.402.657	240.249.834	465.806.086
<i>of which:</i>				
<i>Retail customers</i>	31.336.812	48.549.627	93.592.518	173.478.957
<i>Corporate customers</i>	24.785.494	120.797.644	146.657.064	292.240.202
<i>Public sector</i>	31.291	55.386	252	86.929
	Stage 1	Stage 2	Stage 3	Total
Outstanding loan stage transfers				
Retail customers	-130.042.743	105.690.329	24.352.414	-
<i>Transfer from Stage 1</i>	-823.128.224	782.295.441	40.832.783	-
<i>Transfer from Stage 2</i>	690.854.864	-731.842.332	40.987.468	-
<i>Transfer from Stage 3</i>	2.230.617	55.237.220	-57.467.837	-
Corporate customers	188.947.892	-267.009.045	78.061.153	-
<i>Transfer from Stage 1</i>	-442.297.439	437.315.673	4.981.766	-
<i>Transfer from Stage 2</i>	626.776.084	-785.173.179	158.397.095	-
<i>Transfer from Stage 3</i>	4.469.247	80.848.461	-85.317.708	-
Public sector	-8.586	8.586	-	-
<i>Transfer from Stage 1</i>	-8.586	8.586	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
	Stage 1	Stage 2	Stage 3	Total
Outstanding excluding impairment at 31 December 2025				
Retail customers	18.954.210.337	1.808.552.684	350.615.231	21.113.378.252
Corporate customers	4.787.106.664	2.228.622.539	532.796.174	7.548.525.377
Public sector	1.019.782.789	31.850.686	379	1.051.633.854

"Other changes" in the previous tables reflect changes in methodology made to the expected credit losses model (see section 3.3.4).

In addition to information on impairments of "loans and advances at amortised cost – Customers", the Group reports restructured loans by type of customer. Financial restructurings follow the EBA's

definition and are characterised by a deterioration in financial position due to the customer's financial difficulties and the fact that new financing conditions are granted to the customer, including in the form of an extension of the final maturity by more than six months or a partial or total deferment of payment beyond the concessions the Group would have been willing to accept for a customer under normal circumstances.

As at 31/12/2024	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	273.297.493	-8.978.600	112.629.782	-13.516.168	385.927.275	-22.494.768
Corporate customers	103.724.699	-3.201.209	205.773.696	-49.577.255	309.498.395	-52.778.464
Total	377.022.192	-12.179.809	318.403.478	-63.093.423	695.425.670	-75.273.232

As at 31/12/2025	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	183.937.731	-3.626.270	111.087.994	-23.271.741	295.025.725	-26.898.011
Corporate customers	145.186.508	-12.703.667	315.105.009	-71.983.744	460.291.517	-84.687.411
Total	329.124.239	-16.329.937	426.193.003	-95.255.485	755.317.242	-111.585.422

4.4 Assets and liabilities held for trading

Financial instruments held for trading are analysed by counterparty and type, differentiating between the instruments with a residual maturity of up to one year and those with a residual maturity of more than one year.

Assets	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Derivative financial instruments (note 4.12.)	224.449.601	38.230.027	262.679.628	66.480.129	33.994.555	100.474.684
Total	224.449.601	38.230.027	262.679.628	66.480.129	33.994.555	100.474.684

Liabilities	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Derivative financial instruments (note 4.12.)	122.287.953	34.477.410	156.765.363	54.550.207	36.881.286	91.431.493
Total	122.287.953	34.477.410	156.765.363	54.550.207	36.881.286	91.431.493

4.5 Financial assets mandatorily recognised at fair value through profit or loss

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Debt instruments	182.393.145	77.237.160	259.630.305	32.725.050	78.523.494	111.248.544
<i>Public sector</i>	24.073.646	-	24.073.646	-	-	-
<i>Credit institutions</i>	53.105.740	60.392.849	113.498.589	-	61.675.698	61.675.698
<i>Corporate customers</i>	105.213.759	16.844.311	122.058.070	32.725.050	16.847.796	49.572.846
Loans and advances	34.327.209	6.369.928	40.697.138	30.555.334	9.122.834	39.678.168
<i>Public sector</i>	-	-	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-
<i>Corporate customers</i>	34.327.209	6.369.928	40.697.138	30.555.334	9.122.834	39.678.168
Total	216.720.355	83.607.088	300.327.443	63.280.384	87.646.328	150.926.712
<i>of which unrealised valuation</i>	19.787.135	-9.245.930	10.541.205	7.257.404	-6.976.609	280.795

This item includes financial instruments that, according to IFRS 9, do not pass the SPPI test and are therefore to be measured at fair value through profit or loss.

Breakdown of changes in carrying amount of debt instruments:

Debt instruments	2024	2025
Position as at 1 January	386.773.675	259.630.305
Acquisitions	15.973.751	568.693
Sales/Repayments	-158.439.602	-142.294.787
Realised profit/(loss)	1.416.492	314.407
Pro-rata interest	789.416	4.421.255
Unrealised valuations	12.901.344	-11.132.179
Exchange gain or loss	215.229	-259.151
Position as at 31 December	259.630.305	111.248.544

4.6 Fixed-income securities recognised at amortised cost

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Debt instruments						
Public sector	229.265.255	2.672.843.771	2.902.109.026	305.633.639	3.085.559.028	3.391.192.667
Credit institutions	1.808.766.716	4.834.197.138	6.642.963.854	1.526.127.452	4.900.393.520	6.426.520.972
Corporate customers	637.112.069	5.428.006.953	6.065.119.022	840.100.112	5.754.053.289	6.594.153.401
Total	2.675.144.040	12.935.047.862	15.610.191.902	2.671.861.203	13.740.005.837	16.411.867.040
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-9.449.298	-127.538.836	-136.988.134	-6.289.511	-167.440.326	-173.729.837
<i>of which impairment of financial assets</i>	-970.504	-13.582.157	-14.552.661	-1.204.697	-18.004.756	-19.209.453

Breakdown of changes in carrying amount:

Debt instruments	2024	2025
Position as at 1 January	14.831.125.424	15.610.191.902
Acquisitions	3.707.665.399	3.737.700.479
Sales/Repayments	-3.260.917.309	-2.775.395.359
Realised profit/(loss)	-491.859	91.238
Pro-rata interest	65.033.949	76.224.801
Unrealised valuations	196.856.223	-36.832.942
Impairment	-4.181.900	-4.656.791
Exchange gain or loss	75.101.975	-195.456.288
Position as at 31 December	15.610.191.902	16.411.867.040

Table detailing the provisioning:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	9.804.240	415.923	150.598	10.370.761
<i>of which:</i>				
<i>Public sector</i>	3.998.994	-	-	3.998.994
<i>Credit institutions</i>	2.943.098	11.729	-	2.954.828
<i>Corporate customers</i>	2.862.148	404.194	150.598	3.416.940
Changes	3.143.606	1.038.294	-	4.181.900
Increase due to acquisition and origination	3.058.688	-	-	3.058.688
Decrease due to repayment	-100.679	-2.825	-1.564.925	-1.668.429
Change related to credit risk	-1.946.952	127.647	1.564.925	-254.380
Other net changes	2.091.858	910.841	-	3.002.699
Depreciation	-	-	-	-
Exchange gain or loss	40.691	2.631	-	43.322
Position as at 31 December 2024	12.947.846	1.454.217	150.598	14.552.661
<i>of which</i>				
<i>Public sector</i>	5.134.884	-	-	5.134.884
<i>Credit institutions</i>	3.162.767	67.253	-	3.230.020
<i>Corporate customers</i>	4.650.195	1.386.964	150.598	6.187.757
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public sector	-	-	-	-
Credit institutions	-2.018.068	2.018.068	-	-
<i>Transfer from Stage 1</i>	-4.999.107	4.999.107	-	-
<i>Transfer from Stage 2</i>	2.981.039	-2.981.039	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Corporate customers	1.992.363	-1.992.363	-	-
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	1.992.363	-1.992.363	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Public sector	2.907.243.911	-	-	2.907.243.911
Credit institutions	6.641.194.767	4.999.107	-	6.646.193.874
Corporate customers	5.990.589.695	80.490.040	227.044	6.071.306.779

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2025	12.947.846	1.454.217	150.598	14.552.661
<i>of which:</i>				
<i>Public sector</i>	5.134.884	-	-	5.134.884
<i>Credit institutions</i>	3.162.767	67.253	-	3.230.020
<i>Corporate customers</i>	4.650.195	1.386.964	150.598	6.187.757
Changes	4.135.853	520.939	-	4.656.792
Increase due to acquisition and origination	3.106.837	-	-	3.106.837
Decrease due to repayment	-103.098	-771	-	-103.869
Change related to credit risk	-1.354.459	457.924	-	-896.535
Other net changes	2.660.098	71.948	-	2.732.046
Depreciation	-	-	-	-
Exchange gain or loss	-173.525	-8.163	-	-181.688
Position as at 31 December 2025	17.083.699	1.975.155	150.598	19.209.453
<i>of which:</i>				
<i>Public sector</i>	8.232.161	-	-	8.232.161
<i>Credit institutions</i>	3.810.845	-	-	3.810.845
<i>Corporate customers</i>	5.040.693	1.975.156	150.598	7.166.447
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public sector	-	-	-	-
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Credit institutions	-	-	-	-
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Corporate customers	-23.238.876	23.238.876	-	-
<i>Transfer from Stage 1</i>	-32.656.745	32.656.745	-	-
<i>Transfer from Stage 2</i>	9.417.869	-9.417.869	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Outstanding excluding impairment at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Public sector	3.399.424.828	-	-	3.399.424.828
Credit institutions	6.430.331.817	-	-	6.430.331.817
Corporate customers	6.502.274.606	98.818.198	227.044	6.601.319.848

"Other net changes" in the previous tables reflect changes in methodology made to the expected credit losses model (see section 3.3.4).

4.7 Fixed-income securities recognised at fair value through the revaluation reserve

This item includes debt instruments in the form of floating rate, fixed-rate and other interest-rate bonds subject to compliance with the SPPI criterion in the context of the hold-to-collect-and-sell (HTC&S) business model.

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Debt instruments						
Public sector	4.935.987	21.975.034	26.911.021	4.911.000	17.431.329	22.342.329
Credit institutions	-	4.814.763	4.814.763	-	4.910.712	4.910.712
Total	4.935.987	26.789.797	31.725.784	4.911.000	22.342.041	27.253.041
<i>of which unrealised valuation at the reporting date</i>	-65.783	-1.783.117	-1.848.900	-99.736	-1.221.757	-1.321.493

The amount shown in equity items for unrealised valuation is net of taxes and comes to -EUR 1.005.253 for 2025 and -EUR 1.398.818 for the previous financial year.

Breakdown of changes in carrying amount:

Debt instruments	2024	2025
Position as at 1 January	31.091.835	31.725.783
Sales/Repayments	-	-5.004.800
Pro-rata interest	864	4.651
Unrealised valuations	633.084	527.407
Position as at 31 December	31.725.783	27.253.041

4.8 Variable-income securities recognised at fair value through the revaluation reserve

Headings	31/12/2024	31/12/2025
Equity instruments		
Credit institutions	8.309.625	8.824.035
Corporate customers	841.004.322	965.673.794
Total	849.313.947	974.497.829
<i>of which unrealised valuation through the revaluation reserve</i>	563.867.620	694.125.816
Dividends received during the period	42.545.832	38.319.938
<i>of which dividends from positions sold during the period</i>	-	-
Gains/losses on sales in equity	-66	469

The amount shown in equity items in relation to the unrealised valuation of variable-income securities recognised at fair value through the revaluation reserve is net of taxes and comes to EUR 694.660.688 for financial year 2025 and EUR 572.400.967 for the previous financial year.

Breakdown of changes in carrying amount:

Equity instruments	2024	2025
Position as at 1 January	755.072.291	849.313.947
Acquisitions	85.360	780.000
Sales/Repayments	-1.420.222	-11.937
Profit/(loss) realised through own funds	-66	469
Unrealised valuations	92.537.620	130.257.727
Exchange gain or loss	3.038.964	-5.842.377
Position as at 31 December	849.313.947	974.497.829

4.9 Investments in associates accounted for using the equity method

	31/12/2024	31/12/2025
Acquisition value on 1 January	63.895.852	71.250.448
Establishment	7.472.368	1.557.871
Disposals	-117.772	-6.813.040
Total (as acquisition value)	71.250.448	65.995.279

List of associates:

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 2024
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	11.053.053
i-Hub S.A.	20,00	8.750.000	507.355
Luxair S.A.	21,81	14.830.609	461.379.439
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	76.802.908
LuxConstellation S.A.	30,00	75.000	95.954
Europay Luxembourg S.C.	30,00	70.342	1.117.440
LuxHub S.A.	32,50	3.705.000	1.739.921
Lalux Group S.A.	40,00	28.904.385	412.718.175
Visalux S.C.	40,90	438.049	4.935.260
Prolog Luxembourg S.A.	43,96	7.472.367	7.500.030
Total		71.250.448	977.849.535

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 2025
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	12.014.072
i-Hub S.A.	20,00	10.250.000	1.113.497
Luxair S.A.	21,81	14.830.609	454.987.187
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	75.080.624
LuxConstellation S.A.	30,00	75.000	125.112
Europay Luxembourg S.C.	30,00	70.342	376.316
LuxHub S.A.	32,50	3.705.000	2.059.312
Lalux Group S.A.	40,00	28.904.385	449.895.647
Visalux S.C.	45,20	495.920	2.539.267
Prolog Luxembourg S.A.	43,96	659.327	373.102
Total		65.995.279	998.564.136

The activities of Prolog Luxembourg S.A., in which Spuerkeess holds a 43,96% stake, are limited and the company does not plan to develop new operations beyond financial year 2025.

Pursuant to the provisions of IFRS 12 "Disclosure of Interests in Other Entities", the Group considers all interests in other companies to be immaterial and therefore provides the following information:

Associates	2024			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Direct interests				
Société Nationale de Circulation Automobile S.à r.l.	768.665	-	55.203	823.868
i-Hub S.A.	-1.132.075	-	-	-1.132.075
Luxair S.A.	36.433.427	-	22.243.958	58.677.385
Société de la Bourse de Luxembourg S.A.	1.692.925	-	6.030.687	7.723.612
LuxConstellation S.A.	46.823	-	-25.869	20.954
Europay Luxembourg S.C.	-7.995	-	174.044	166.049
LuxHub S.A.	-151.049	-	-2.246	-153.295
Lalux Group S.A.	26.931.799	-	5.760.102	32.691.901
Visalux S.C.	5.054.984	-	-4.211.167	843.817
Prolog Luxembourg S.A.	-50.398	-	78.061	27.663
Total	69.587.106	-	30.102.773	99.689.879

Associates	2025			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Direct interests				
Société Nationale de Circulation Automobile S.à r.l.	740.758	-	220.261	961.019
i-Hub S.A.	-893.858	-	-	-893.858
Luxair S.A.	29.850.479	-	-36.242.731	-6.392.252
Société de la Bourse de Luxembourg S.A.	1.265.913	-	-591.895	674.018
LuxConstellation S.A.	68.553	-	-39.395	29.158
Europay Luxembourg S.C.	-9.778	-	-731.346	-741.124
LuxHub S.A.	330.685	-	-11.294	319.391
Lalux Group S.A.	56.384.380	-	18.793.092	75.177.472
Visalux S.C.	7.713.668	-	-10.167.532	-2.453.864
Prolog Luxembourg S.A.	-379.930	-	66.042	-313.888
Total	95.070.870	-	-28.704.798	66.366.072

4.10 Securities collateralised

- Securities collateralised in the framework of repurchase agreements

Headings	31/12/2024	31/12/2025
Debt instruments issued by the public sector	131.796.438	63.833.381
Debt instruments issued by credit institutions	208.521.126	64.467.689
Debt instruments issued - other	83.098.795	72.659.872
Total	423.416.359	200.960.942

The debt instruments issued are primarily "fixed-income securities recognised at amortised cost".

- **Securities lent and other collateral**

Headings	31/12/2024	31/12/2025
Securities lending		
Debt instruments issued by the public sector	426.944.800	282.204.124
Debt instruments issued by credit institutions	299.036.198	118.448.358
Debt instruments issued - other	18.006.300	-
Total	743.987.298	400.652.482

4.11 Convertible bonds included in the different portfolios

The Group did not hold any convertible bonds as at 31 December 2025 or 31 December 2024.

4.12 Derivative instruments

With regard to financial derivatives, the Group distinguishes between financial instruments held for trading and hedging derivatives. Financial derivatives held for trading are held exclusively against transactions (economic hedging) and not for speculative purposes. Hedging derivatives should be separated into:

- Fair value hedges: the Group's fair value hedging consists in hedging against changes in the fair value of the interest rate component of debt instruments. Hedged items consist of loans, deposits, securities and issues of EMTN at fixed rates. Loans can be micro- or macro-hedged. The revaluation of fair value for interest rate risk of these hedged instruments impacts the income statement. This hedging is achieved through the use of IRS.
- Cash flow hedges: the Group applies cash flow hedges to freeze the cash flows of variable-rate loans. This hedging is achieved through the use of IRS. Revaluation of the fair value of these derivatives impacts comprehensive income through the cash flow hedging reserve.

The measurement of the effectiveness of fair value and cash flow hedging is described in paragraph 3.2.2.

Categories as at 31/12/2024	Assets	Liabilities	Notional
Derivative financial instruments held for trading	262.679.628	156.765.363	26.035.539.101
Operations linked to exchange rates	222.823.345	131.107.896	18.388.641.256
- <i>Foreign exchange swaps and forward exchange contracts</i>	222.823.345	125.524.997	18.360.883.631
- <i>CCIS</i>	-	5.582.899	27.757.625
Operations linked to interest rates	39.856.283	25.657.467	7.646.897.844
- <i>IRS</i>	39.791.317	25.557.986	7.602.897.844
- <i>other</i>	64.966	99.481	44.000.000
Fair value micro-hedges	425.195.653	410.712.614	13.472.575.172
Operations linked to exchange rates	135.640.824	143.663.060	2.734.309.329
- <i>CCIS</i>	135.640.824	143.663.060	2.734.309.329
Operations linked to interest rates	289.554.829	267.049.554	10.738.265.843
- <i>IRS</i>	289.554.829	267.049.554	10.738.265.843
Fair value macro-hedges	452.933.771	102.311.991	7.003.578.867
Operations linked to interest rates	452.933.771	102.311.991	7.003.578.867
- <i>IRS</i>	452.933.771	102.311.991	7.003.578.867
Cash flow hedging derivatives	18.132	-	2.400.000
Operations linked to interest rates	18.132	-	2.400.000
- <i>IRS</i>	18.132	-	2.400.000

Categories as at 31/12/2025	Assets	Liabilities	Notional
Derivative financial instruments held for trading	100.474.684	91.431.493	23.484.262.398
Operations linked to exchange rates	67.693.674	67.853.839	14.898.710.298
- <i>Foreign exchange swaps and forward exchange contracts</i>	67.693.674	66.522.547	14.873.654.393
- <i>CCIS</i>	-	1.331.292	25.055.905
Operations linked to interest rates	32.781.010	23.577.654	8.585.552.100
- <i>IRS</i>	32.774.915	23.573.606	8.541.992.100
- <i>other</i>	6.095	4.048	43.560.000
Fair value micro-hedges	474.581.706	270.512.144	15.713.354.896
Operations linked to exchange rates	196.864.402	50.154.252	2.464.319.768
- <i>CCIS</i>	196.864.402	50.154.252	2.464.319.768
Operations linked to interest rates	277.717.304	220.357.892	13.249.035.128
- <i>IRS</i>	277.717.304	220.357.892	13.249.035.128
Fair value macro-hedges	643.729.858	35.483.669	7.855.224.441
Operations linked to interest rates	643.729.858	35.483.669	7.855.224.441
- <i>IRS</i>	643.729.858	35.483.669	7.855.224.441
Cash flow hedging derivatives	-	-	-
Operations linked to interest rates	-	-	-
- <i>IRS</i>	-	-	-

Fair value hedges at 31/12/2024	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
Interest rate risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost, loans and advances at amortised cost – Customers, change in fair value of a portfolio of financial instruments hedged against interest rate risk	Micro-hedge	-87.980.497	-203.351.640	206.384.065	3.032.425	101,49%
		Macro-hedge	-341.108.811	-135.506.558	138.426.441	2.919.883	102,15%
Fixed-rate liabilities	Issuance of debt securities	Micro-hedge	36.002.472	14.810.270	-14.738.274	71.996	99,51%
	Deposits at amortised cost	Macro-hedge	-12.726.327	12.609.062	-12.726.327	-117.264	100,93%
Currency risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost, loans and advances at amortised cost – Customers	Micro-hedge	-81.807.194	-9.255.695	10.124.359	868.664	109,39%
Fixed-rate liabilities	Issuance of debt securities	Micro-hedge	892.037	-1.042.237	1.003.256	-38.981	96,26%
Cash flow hedges at 31/12/2024	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
						Continuity of hedging	Termination of hedging
Interest rate risk							
Fixed-rate assets	Loans and advances at amortised cost – Customers			-6.617	-	18.164	-
Currency risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost			11.825	-	-	-

Fair value hedges at 31/12/2025	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
Interest rate risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost, loans and advances at amortised cost – Customers, change in fair value of a portfolio of financial instruments hedged against interest rate risk	Micro-hedge	-183.743.731	89.876.185	-95.763.234	-5.887.049	106,55%
		Macro-hedge	-623.451.891	276.292.287	-278.251.424	-1.959.137	100,71%
Fixed-rate liabilities	Issuance of debt securities	Micro-hedge	60.103.757	-24.013.670	24.101.284	87.614	100,36%
	Deposits at amortised cost	Macro-hedge	-3.667.062	-8.962.646	9.059.265	96.619	101,08%
Currency risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost, loans and advances at amortised cost – Customers	Micro-hedge	-37.256.687	-45.824.918	44.550.507	-1.274.411	97,22%
Fixed-rate liabilities	Issuance of debt securities	Micro-hedge	-829.976	1.769.226	-1.722.012	47.214	97,33%
Cash flow hedges at 31/12/2025	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
							Continuity of hedging
							Termination of hedging
Interest rate risk							
Fixed-rate assets	Loans and advances at amortised cost – Customers			-18.164	-	-	-
Currency risk							
Fixed-rate assets	Fixed-income securities recognised at amortised cost			-	-	-	-

The amount shown in equity items for cash flow hedges is net of taxes and comes to EUR 13.828 for financial year 2024. At 31 December 2025, the Group no longer provides information on cash flow hedges.

Income on hedging activities recognised in net income and other comprehensive income at 31/12/2024	Net income or other comprehensive income
---	---

Fair value hedges (micro + macro hedges)	6.736.723
gains (losses) on hedging instruments	-327.959.201
gains (losses) on hedged instruments related to the hedged risk	328.473.522
ineffective part	6.222.402
Cash flow hedges	5.208
ineffective part	-
effective part	5.208
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 31/12/2024	Cash flow hedges recognised in revaluation reserve
---	---

Balance at 1 January 2024	12.956
Change in fair value related to hedging of:	5.208
<i>interest rate risk</i>	-6.617
<i>foreign exchange risk</i>	11.825
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 31 December 2024	18.164

Income on hedging activities recognised in net income and other comprehensive income at 31/12/2025	Net income or other comprehensive income
---	---

Fair value hedges (micro + macro hedges)	-8.889.149
gains (losses) on hedging instruments	297.215.435
gains (losses) on hedged instruments related to the hedged risk	-298.025.614
ineffective part	-8.078.971
Cash flow hedges	-18.164
ineffective part	-
effective part	-18.164
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 31/12/2025	Cash flow hedges recognised in revaluation reserve
---	---

Balance at 1 January 2025	18.164
Change in fair value related to hedging of:	-18.164
<i>interest rate risk</i>	-18.164
<i>foreign exchange risk</i>	-
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 31 December 2025	-

4.13 Change in fair value of a portfolio of financial instruments hedged against interest rate risk

Headings	31/12/2024	31/12/2025
Assets: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-350.917.529	-629.787.554
Liabilities: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	12.726.327	3.667.062

This item includes the fair value of the "Loans and advances at amortised cost – Customers" and "Deposits at amortised cost – Customers" portfolios hedged against interest rate risk using a fair value macro-hedging strategy. The hedging relates solely to a portfolio of fixed-rate loans and deposits hedged by IRS derivative financial instruments.

The change in this item between 2024 and 2025 is due primarily to the change in the interest-rate curves used to determine fair value.

4.14 Tangible assets for own use

	Land and buildings			Total
	Property for own use	Right-of-use assets arising from leases	Other equipment and furniture	
Position as at 1 January 2024	374.016.934	23.374.511	58.868.303	456.259.748
Inflows	5.606.414	1.616.765	18.430.121	25.653.300
Exceptional transfers	-	-	-	-
Outflows	-2.272.897	-	-12.396.819	-14.669.716
Position as at 31 December 2024	377.350.451	24.991.276	64.901.605	467.243.332
Accumulated depreciation				
Position as at 1 January 2024	170.897.002	15.817.486	36.646.002	223.360.490
Depreciation	-1.458.628	-	-12.395.666	-13.854.294
Exceptional transfers	-	-	-	-
Depreciation expense	11.466.982	3.445.458	9.570.667	24.483.108
Position as at 31 December 2024	180.905.356	19.262.944	33.821.004	233.989.304
Net book value				
Position as at 1 January 2024	203.119.932	7.557.025	22.222.301	232.899.258
Position as at 31 December 2024	196.445.095	5.728.332	31.080.601	233.254.028

	Land and buildings			Total
	Property for own use	Right-of-use assets arising from leases	Other equipment and furniture	
Position as at 1 January 2025	377.350.451	24.991.276	64.901.605	467.243.332
Inflows	19.188.873	15.200.642	16.764.186	51.153.701
Exceptional transfers	-1.027.732	-	-	-1.027.732
Outflows	-3.774.701	-	-15.373.648	-19.148.349
Position as at 31 December 2025	391.736.891	40.191.918	66.292.143	498.220.951
Accumulated depreciation				
Position as at 1 January 2025	180.905.356	19.262.944	33.821.004	233.989.304
Depreciation	-3.982.989	-	-14.783.286	-18.766.275
Exceptional transfers	-511.252	-	-	-511.252
Depreciation expense	11.691.487	4.777.060	11.465.123	27.933.671
Position as at 31 December 2025	188.102.602	24.040.004	30.502.841	242.645.448
Net book value				
Position as at 1 January 2025	196.445.095	5.728.332	31.080.601	233.254.028
Position as at 31 December 2025	203.634.288	16.151.914	35.789.301	255.575.504

4.15 Investment property

Position as at 1 January 2024	29.806.540
Increases (acquisitions)	-
Increases (investment expenditure)	-3.679
Exceptional transfers	-
Outflows	-511.350
Position as at 31 December 2024	29.291.511

Accumulated depreciation

Position as at 1 January 2024	19.163.245
Depreciation	-591.019
Exceptional transfers	-
Depreciation expense	888.823
Position as at 31 December 2024	19.461.048

Net book value

Position as at 1 January 2024	10.643.297
Position as at 31 December 2024	9.830.464

Position as at 1 January 2025	29.291.511
Increases (acquisitions)	-
Increases (investment expenditure)	1.044
Exceptional transfers	-1.077.487
Outflows	-548.766
Position as at 31 December 2025	27.666.302

Accumulated depreciation

Position as at 1 January 2025	19.461.048
Depreciation	-548.766
Exceptional transfers	-549.230
Depreciation expense	865.038
Position as at 31 December 2025	19.228.090

Net book value

Position as at 1 January 2025	9.830.464
Position as at 31 December 2025	8.438.212

Rental income from rented investment property amounted to EUR 2.595.476 for the 2025 financial year, versus EUR 2.654.891 for the previous financial year. Maintenance costs related to investment property were EUR 161.288 in 2025, compared with EUR 153.159 for the previous financial year.

The fair value of investment property stood at EUR 96.257.842 at year-end 2025, compared with EUR 99.283.609 at end-2024. This fair value measurement is categorised as Level 2 in the fair value hierarchy.

This fair value is estimated by a Spuerkeess appraiser according to the following criteria:

- geographical location of the buildings;
- general condition of the building;
- use for residential or commercial purposes;
- surface area of the object.

Investment properties are exclusively located on the national territory.

4.16 Intangible assets

Position as at 1 January 2024	101.450.343
Inflows	41.986.069
Outflows	-19.965.898
Position as at 31 December 2024	123.470.514
Accumulated depreciation	
Position as at 1 January 2024	54.129.321
Depreciation	-19.965.898
Depreciation expense	28.867.238
Position as at 31 December 2024	63.030.661
Net book value	
Position as at 1 January 2024	47.321.022
Position as at 31 December 2024	60.439.853
Position as at 1 January 2025	123.470.514
Inflows	43.375.089
Outflows	-22.602.707
Position as at 31 December 2025	144.242.896
Accumulated depreciation	
Position as at 1 January 2025	63.030.661
Depreciation	-22.602.707
Depreciation expense	36.027.954
Position as at 31 December 2025	76.455.908
Net book value	
Position as at 1 January 2025	60.439.853
Position as at 31 December 2025	67.786.988

The depreciation expense related to intangible assets is recognised under "Depreciation allowances for tangible and intangible assets" in the income statement.

4.17 Non-current assets and disposal groups classified as held for sale

The Group recognises tangible assets and financial assets held for sale in the near term under this heading in keeping with the provisions of IFRS 5.

For financial year 2025, one building was classified under non-current assets held for sale, in accordance with IFRS 5. The decision was taken to dispose of this asset and its sale is highly probable within 12 months. It is therefore measured at the lower of its carrying value and fair value less costs to sell.

Headings	31/12/2024	31/12/2025
Variable-income securities recognised at fair value through the revaluation reserve		
Corporate customers	-	1.044.738
Total	-	1.044.738
<i>of which unrealised valuation through the revaluation reserve</i>	-	-
	2024	2025
Position as at 1 January	919.434	-
Sales	-919.434	-
Transfers	-	1.044.738
Profit/(loss) realised through equity	6.530.979	-
Unrealised valuations	-6.530.979	-
Position as at 31 December	-	1.044.738

4.18 Taxes: Tax assets and liabilities

Whereas current tax is a current liability, deferred taxes are the amounts of income taxes that may be payable in the future in respect of taxable temporary differences.

The Group posted a net current tax liability of EUR 208.803.438 as at 31 December 2025 versus a net current tax receivable of EUR 62.263.456 in the previous year.

As no tax law incorporating IFRS standards has been passed in Luxembourg, the Group calculates the tax liability payable based on the change in net assets of the balance sheet items valued through profit or loss and in income from the sale of securities not reclassified in the income statement. The overall tax burden of corporations at the nominal tax rate has been 24,94% since financial year 2019. In 2024, the Luxembourg government decided to lower the rate to 23,87% for financial year 2025. This rate was used to determine deferred taxes given the future nature of this tax.

As at 31 December 2025, the Group posted a deferred tax asset of EUR 77.744.931, and a deferred tax liability of EUR 88.874.223.

The table below gives a breakdown of the changes to deferred tax assets and liabilities, depending on whether the changes relate to items that are charged or credited to equity, or relate to items that are charged or credited to the income statement:

Headings	01/01/2024	Movements in equity	Movements in income statement	31/12/2024
Deferred tax assets	86.776.841	-987.073	-465.463	85.324.305
Deferred tax liabilities	-90.980.661	-4.829.618	4.431.773	-91.378.506
Net deferred tax assets / liabilities	-4.203.820	-5.816.691	3.966.310	-6.054.201

Headings	01/01/2025	Movements in equity	Movements in income statement	31/12/2025
Deferred tax assets	85.324.305	-8.860.854	1.281.480	77.744.931
Deferred tax liabilities	-91.378.506	1.870.562	633.721	-88.874.223
Net deferred tax assets / liabilities	-6.054.201	-6.990.292	1.915.201	-11.129.292

4.18.1 Tax assets

Headings	31/12/2024	31/12/2025
Current taxes	-	-
<i>Income tax</i>	-	-
<i>Municipal business tax</i>	-	-
<i>Wealth tax</i>	-	-
Deferred taxes	85.324.305	77.744.931
Tax assets	85.324.305	77.744.931

Breakdown of deferred tax assets according to origin:

Headings	31/12/2024	31/12/2025
Derivative financial instruments - application of fair value	-	-
Debt instruments - application of fair value	-842.891	393.317
Equity instruments - application of fair value	9.197.066	2.717.799
Actuarial gains/losses relating to employee benefits	76.970.130	74.633.815
Deferred tax assets	85.324.305	77.744.931

4.18.2 Tax liabilities

Headings	31/12/2024	31/12/2025
Current taxes	62.263.456	208.803.439
<i>Income tax</i>	28.977.044	137.561.624
<i>Municipal business tax</i>	33.265.547	71.220.949
<i>Wealth tax</i>	20.865	20.865
Deferred taxes	91.378.506	88.874.223
Tax liabilities	153.641.962	297.677.662

Breakdown of deferred tax liabilities according to origin:

Headings	31/12/2024	31/12/2025
Derivative financial instruments - application of fair value	4.336	-
Debt instruments - application of fair value	2.079.962	2.391.120
Equity instruments - application of fair value	6.132.204	6.708.474
Regulatory and other provisions	79.062.185	79.774.629
Actuarial gains/losses relating to employee benefits	4.099.819	-
Deferred tax liabilities	91.378.506	88.874.223

4.18.3 Global minimum tax

The Spuerkeess Group is subject to the amended law of 22 December 2023 (the "Pillar 2 law") on minimum effective taxation transposing Council Directive (EU) 2022/2523 of 15 December 2022 on ensuring a minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union. This law transcribes into national law the OECD pillar 2 model rules for the global minimum tax.

The Spuerkeess Group has only one place of business in Luxembourg. However, the Group exceeded the threshold of EUR 750 million in turnover in its consolidated financial statements for financial years 2022 and 2023. As a result, the Group falls within the scope of the Pillar 2 law as from financial year 2024, in accordance with applicable regulatory requirements.

The Spuerkeess Group launched an initiative to determine its obligations under the Pillar 2 law and concluded that it is subject to Articles 44 and 55. These articles specify that the new top-up tax is reduced to zero in the first five years, starting from the first day of the fiscal year in which a large-scale domestic group falls within the scope of the law for the first time.

4.19 Other assets

Headings	31/12/2024	31/12/2025
Operational outstandings	27.391.196	39.043.293
Preferential or secured borrowers	2.916.189	1.095.809
Other	6.504	240.303
Total	30.313.889	40.379.405

4.20 Deposits at amortised cost – Credit institutions

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Interbank deposits	4.099.564.939	-	4.099.564.939	4.403.686.686	-	4.403.686.686
<i>of which central bank deposits</i>	165.906	-	165.906	139.302	-	139.302
Repurchase/Reverse repurchase agreements	421.113.912	-	421.113.912	200.263.969	-	200.263.969
Other financial liabilities	35.372.214	-	35.372.214	196.810.174	-	196.810.174
Total	4.556.051.065	-	4.556.051.065	4.800.760.829	-	4.800.760.829

4.21 Deposits at amortised cost – Customers

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Private sector	34.394.989.049	371.267.878	34.766.256.927	36.944.908.507	489.282.412	37.434.190.920
<i>Demand deposit and notice accounts</i>	11.549.101.285	-	11.549.101.285	13.344.670.580	-	13.344.670.580
<i>Time deposit accounts</i>	9.677.220.555	371.267.878	10.048.488.433	9.296.140.335	489.282.412	9.785.422.747
<i>Build up savings</i>	13.168.667.209	-	13.168.667.209	14.303.064.183	-	14.303.064.183
<i>Repurchase/Reverse repurchase agreements</i>	-	-	-	1.033.410	-	1.033.410
Public sector	6.210.513.702	1.117.343.131	7.327.856.832	5.079.866.377	812.312.536	5.892.178.913
Total	40.605.502.751	1.488.611.009	42.094.113.759	42.024.774.885	1.301.594.948	43.326.369.833

4.22 Financial liabilities designated at fair value through profit or loss

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Issues	8.949.672	331.828.370	340.778.042	32.763.200	274.984.980	307.748.180
Total	8.949.672	331.828.370	340.778.042	32.763.200	274.984.980	307.748.180
<i>of which unrealised valuation</i>	-2.649.801	-12.723.290	-15.373.091	497.665	-15.927.325	-15.429.660

This item includes financial instruments which, depending on their characteristics, incorporate derivative components that are not directly related and are therefore not eligible for measurement at fair value through the revaluation reserve.

Breakdown of changes in carrying amount:

Issues	2024	2025
Position as at 1 January	169.491.843	340.778.042
Issues	179.822.476	84.787.254
Repayments/redemptions	-14.220.000	-118.553.917
Realised profit/(loss)	-	-46.466
Pro-rata interest	3.599.652	1.461.868
Unrealised valuations	2.208.058	-10.103
Exchange gain or loss	-123.987	-668.500
Position as at 31 December	340.778.042	307.748.180

4.23 Issuance of debt securities

Headings	31/12/2024			31/12/2025		
	=< 1 year	> 1 year	Total	=< 1 year	> 1 year	Total
Certificates of deposit	9.492.263	-	9.492.263	7.403.276	-	7.403.276
Commercial paper	1.836.862.829	-	1.836.862.829	1.609.173.300	-	1.609.173.300
Medium Term Notes and other securities issued	31.031.906	615.015.446	646.047.352	71.451.804	1.734.007.015	1.805.458.819
Total	1.877.386.998	615.015.446	2.492.402.444	1.688.028.380	1.734.007.015	3.422.035.395
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-116.497	-36.778.012	-36.894.509	-802.324	-58.471.457	-59.273.781

"Medium Term Notes" issues are exclusively listed on the Luxembourg Stock Exchange.
Since 2015, certificates of deposit are no longer marketed and are managed in run-off mode.
Spuerkeess no longer presents subordinated issues.

Breakdown of changes in carrying amount of medium-term notes:

Issues	2024	2025
Position as at 1 January	1.117.957.335	646.047.352
Issues	213.989.251	1.205.112.500
Repayments/redemptions	-695.402.166	-34.839.620
Realised profit/(loss)	24.808	-
Pro-rata interest	-4.347.708	18.139.704
Unrealised valuations	13.710.209	-22.379.272
Exchange gain or loss	115.623	-6.621.845
Position as at 31 December	646.047.352	1.805.458.819

4.24 Provisions

This item comprises two main types of provisions: provisions to be established under IAS 37 and provisions on Group off-balance sheet commitments according to IFRS 9.

Changes during the financial year:

	Provisions			Total
	Risks and charges	Time savings account	IFRS 9	
Position as at 1 January 2024	7.088.970	37.234.861	37.758.409	82.082.239
Additions	20.899.186	-	44.283.950	65.183.136
Reversals	-3.015.000	-	-17.828.605	-20.843.605
Use	-3.625.764	-	-	-3.625.764
Exchange gain or loss	-	-	1.121	1.121
Expense included in personnel expenses	-	3.829.235	-	3.829.235
Position as at 31 December 2024	21.347.392	41.064.096	64.214.875	126.626.362
Position as at 1 January 2025	21.347.392	41.064.096	64.214.875	126.626.362
Additions	2.140.512	-	41.015.168	43.155.680
Reversals	-679.413	-	-41.115.188	-41.794.600
Use	-2.140.513	-	-469.955	-2.610.467
Exchange gain or loss	-	-	-3.847	-3.847
Expense included in personnel expenses	-	5.473.232	-	5.473.232
Position as at 31 December 2025	20.667.978	46.537.328	63.641.054	130.846.360

The provisions established under IAS 37 are provisions for risks and charges which include provisions for risks related to disputes and the provisions for charges on personnel costs not covered by other standards.

Breakdown of expected credit losses on off-balance sheet commitments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	16.655.251	8.724.794	12.378.364	37.758.409
Changes	-5.918.464	14.972.136	17.402.794	26.456.466
Increase due to acquisition or origination	3.169.513	4.309.338	2.520.139	9.998.990
Decrease due to repayment	-3.461.421	-3.613.330	-5.488.261	-12.563.012
Change related to credit risk	-2.475.806	7.319.820	19.939.959	24.783.973
Other changes	-3.151.861	6.956.298	430.957	4.235.394
Exchange gain or loss	1.111	10	-	1.121
Position as at 31 December 2024	10.736.787	23.696.930	29.781.158	64.214.875
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Transfer from Stage 1	-313.647.872	274.436.767	39.211.105	-
Transfer from Stage 2	138.379.747	-158.627.072	20.247.325	-
Transfer from Stage 3	268.539	910.523	-1.179.062	-
Outstanding excluding impairment at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	6.227.957.805	1.120.013.741	128.045.818	7.476.017.364
Position as at 1 January 2025	10.736.787	23.696.930	29.781.158	64.214.875
Changes	-65.841	2.301.452	-2.809.433	-573.822
Increase due to acquisition or origination	4.759.896	5.436.402	1.116.434	11.312.732
Decrease due to repayment	-2.416.904	-5.845.395	-6.687.111	-14.949.411
Change related to credit risk	-1.413.692	1.316.478	4.582.729	4.485.514
Other changes	-991.281	1.393.967	-1.821.484	-1.418.797
Exchange gain or loss	-3.860	-	-	-3.860
Position as at 31 December 2025	10.670.946	25.998.382	26.971.726	63.641.054
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Transfer from Stage 1	-168.667.586	167.161.467	1.506.119	-
Transfer from Stage 2	194.247.198	-227.301.989	33.054.791	-
Transfer from Stage 3	323.108	5.138.345	-5.461.453	-
Outstanding excluding impairment at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Outstanding	6.390.161.091	996.340.612	123.232.767	7.509.734.469

"Other changes" in the previous tables reflect changes in methodology made to the expected credit losses model (see section 3.3.4).

4.25 Other liabilities

Headings	31/12/2024	31/12/2025
Operational outstandings	13.685.217	3.243.590
Privileged or guaranteed creditors	74.323.864	52.077.610
Liabilities arising from leases	5.728.333	16.151.914
Other	3.748.418	13.417.485
Total	97.485.832	84.890.599

4.26 Provisions for employee benefits – Defined-benefit pension plan

Main estimates used to determine provisions for employee benefits:

Variables	31/12/2024	31/12/2025
Discount rate for active employees	3,50%	4,10%
Discount rate for beneficiaries	3,30%	3,90%
Salary increases for persons entitled before 1999 (including indexation)	3,00%	3,00%
Salary increases for persons entitled after 1999 (including indexation)	4,25%	4,25%
Pension increases (including indexation)	3,25%	3,25%
Induced yield	3,38%	3,98%

The induced yield of 3,98% in 2025 corresponds to the weighted average of the discount rates for working people and for annuitants as fixed at the end of the 2025 financial year.

Net provisions for employee benefits entered under "Personnel expenses" in the income statement:

Components	31/12/2024	31/12/2025
Current service cost	9.953.974	9.304.354
Interest cost	23.518.675	23.521.922
Induced yield	-17.375.925	-20.051.103
Total	16.096.724	12.775.173

Pension commitments:

	2024	2025
Commitments on 1 January	703.921.052	696.956.893
Current service cost	9.953.974	9.304.354
Interest cost	23.518.675	23.521.922
Benefits paid	-17.433.921	-18.430.464
Actuarial gains or losses	-23.002.887	-10.298.526
Commitments on 31 December	696.956.893	701.054.179

Civil servants' pension payments are initially made directly by the State to civil servants. Spuerkeess only recognises the payments when the amounts are repaid to the State. Hence, "Benefits paid" amounting to EUR 18.430.464 include the repayments to the Luxembourg State of civil servants' pensions in respect of the 2025 financial year.

Breakdown of actuarial gains and losses:

	2024	2025
Actuarial gains and losses arising from changes in actuarial assumptions		
- <i>financial assumptions</i>	-6.559.869	-79.832.278
- <i>demographic assumptions</i>	-	-
Actuarial gains and losses arising from experience adjustments	-16.443.018	69.533.752
Total actuarial gains and losses	-23.002.887	-10.298.526

Sensitivity analysis of pension commitments:

Impact of changes in actuarial assumptions on the pension commitment on 31/12/2024	Decrease	Increase
Change in average actuarial rate (-/+ 50 bps)	68.635.699	-59.459.986
Change in wage increase rate (-/+ 50 bps)	-38.386.280	45.683.191
Change in pension increase rate (-/+ 25 bps)	-26.933.471	28.588.734
Change in mortality tables (-/+ 1 year)	21.087.464	-20.905.740

Impact of changes in actuarial assumptions on the pension commitment on 31/12/2025	Decrease	Increase
Change in average actuarial rate (-/+ 50 bps)	65.564.315	-57.091.411
Change in wage increase rate (-/+ 50 bps)	-31.960.901	36.947.225
Change in pension increase rate (-/+ 25 bps)	-26.051.541	27.612.173
Change in mortality tables (-/+ 1 year)	19.379.430	-19.330.694

Maturity analysis of pension commitments:

	31/12/2024	31/12/2025
Average duration of the pension commitment	18,80 years	17,87 years
Analysis of maturities of commitments to be paid	696.956.892	701.054.179
pensions outstanding for the year	9.076.908	9.100.483
commitments to be paid within 12 months	18.116.136	19.571.559
commitments to be paid in 1-3 years	38.194.719	41.650.176
commitments to be paid in 3-6 years	61.356.552	66.334.194
commitments to be paid in 6-11 years	104.722.832	110.835.025
commitments to be paid in 11-16 years	98.884.576	101.757.978
commitments to be paid after 16 years	366.605.169	351.804.763

Pension plan assets:

	2024	2025
Assets on 1 January	520.066.675	594.116.185
Benefits paid	-17.433.921	-18.430.464
Contribution	63.231.958	43.276.910
Induced yield	17.375.925	20.051.103
Fair value gain / loss	10.875.548	-17.686.476
Assets on 31 December	594.116.185	621.327.258

In 2025, Spuerkeess made an annual contribution of EUR 43.276.910 versus an annual contribution of EUR 63.231.958 in the previous year.

Pension plan investments:

2024	Credit institutions	Public sector	Corporate	Total
Fixed-income securities	50.022.610	140.750.767	97.785.471	288.558.848
Variable-income securities	-	-	257.443.393	257.443.393
Real estate investment	-	-	-	-
Other assets (primarily deposits)	48.113.945	-	-	48.113.945
Total	98.136.555	140.750.767	355.228.863	594.116.185

2025	Credit institutions	Public sector	Corporate	Total
Fixed-income securities	41.481.781	151.284.348	113.110.282	305.876.411
Variable-income securities	-	-	293.586.842	293.586.842
Real estate investment	-	-	-	-
Other assets (primarily deposits)	21.864.005	-	-	21.864.005
Total	63.345.786	151.284.348	406.697.124	621.327.258

Net pension commitments:

	2023	2024	2025
Pension commitments	703.921.052	696.956.893	701.054.179
Plan assets measured at fair value	-520.066.675	-594.116.185	-621.327.258
Unfinanced commitments	183.854.377	102.840.708	79.726.921

Stock of actuarial gains and losses:

Stock as at 1 January 2024	339.158.325
2024 Net change	-33.878.435
Stock as at 31 December 2024	305.279.890
Stock as at 1 January 2025	305.279.890
2025 Net change	7.387.950
Stock as at 31 December 2025	312.667.840

The amount shown in equity items is net of deferred taxes and comes to EUR 238.034.030 for financial year 2025 and EUR 232.409.584 for the previous financial year.

Spuerkeess's total contribution to provisions for employee benefits for 2026 is estimated at EUR 46.621.546.

4.27 Gains or losses on disposals of variable-income securities recognised at fair value

This heading under other items of other comprehensive income within equity includes the gains or losses on financial instrument transactions measured at fair value through the revaluation reserve.

Headings	31/12/2024	31/12/2025
Variable-income securities recognised at fair value through the revaluation reserve	-67	469
Shares in associates and subsidiaries	-124.152	-
Non-current assets and disposal groups classified as held for sale	6.530.979	-
Total	6.406.760	469

The amount shown in equity items is net of taxes and comes to EUR 482 for financial year 2025 and EUR 6.437.369 for the previous financial year.

4.28 Related-party transactions

The related parties of the Group's parent company are equity-accounted associates, governmental institutions and the Group's key management personnel.

All transactions with related parties are completed under market conditions.

4.28.1 Relationships between the group's parent company and equity-accounted associates

	31/12/2024	31/12/2025
Deposits from associates	327.900.791	835.314.645
Total	327.900.791	835.314.645

	31/12/2024	31/12/2025
Loans from associates	9.847.969	345.927.582
Total	9.847.969	345.927.582

At 31 December 2025, the Group initiated a review of its methodology in order to identify exposures with related parties.

4.28.2 Government institutions

The Group's parent company, established by the law of 21 February 1856 and governed by the organic law of 24 March 1989, as amended, is a self-governing public law institution endowed with legal personality. Ultimate responsibility for the institution lies with the Government Minister with responsibility for the Treasury.

Therefore, the Luxembourg State controls the Group and the Group must, as a result, comply with the requirements of IAS 24.

The Group makes the following disclosures concerning its commercial relationship with the Luxembourg State and other governmental institutions while applying the provisions of paragraph 25 of IAS 24:

ASSETS	31/12/2024	31/12/2025
Loans and advances at amortised cost	1.064.092.329	1.733.850.236
Fixed-income securities recognised at amortised cost	536.085.337	423.963.082
Fixed-income securities recognised at fair value through the revaluation reserve	21.975.034	22.342.329
TOTAL ASSETS	1.622.152.700	2.180.155.647

LIABILITIES	31/12/2024	31/12/2025
Deposits at amortised cost	6.467.162.750	5.731.196.783
Other	622.141	1.549.190
TOTAL LIABILITIES	6.467.784.891	5.732.745.973

The "State and other government institutions" scope includes the various institutions that depend directly or indirectly on the State's budget.

4.28.3 Compensation paid to the members of the management and administrative bodies

Compensation paid for offices held within the Group's parent company breaks down as follows:

	31/12/2024	31/12/2025
Board of Directors (nine members) and supervisory commissioner	525.585	588.000
Executive Board (five members)	1.397.517	1.287.563
Total	1.923.102	1.875.563

4.28.4 Loans and advances granted to members of the Group's management and administrative bodies

Loans and advances granted to members of the Group's management and administrative bodies are as follows:

	31/12/2024	31/12/2025
Board of Directors (nine members) and supervisory commissioner	3.300.873	3.191.913
Executive Board (five members)	1.304.101	1.033.202
Total	4.604.974	4.225.115

4.29 Statutory Auditor's fees

	2024	2025
Statutory audit of the company and consolidated annual financial statements	756.779	867.625
Other assurance services	218.818	347.489
Other	209.938	105.507
Total	1.185.535	1.320.621

The amounts included in the above item are exclusive of VAT.

4.30 Direct fees and contributions related to the instruments and mechanisms put in place by the European Banking Union

Headings	2024	2025
European Central Bank supervision charges ⁽¹⁾	2.170.860	2.140.512
CSSF supervision charges	794.477	770.176
Single Resolution Board charges	1.248.719	1.234.672
Total	4.214.056	4.145.360
FGDL contribution	10.030.662	12.284.986
FRL contribution	-	-
Total	10.030.662	12.284.986

(1) The Group's parent company paid the invoice for 2024 in 2025.

4.31 Off-balance sheet items

Type of guarantees issued

Headings	31/12/2024	31/12/2025
Completion bonds	238.928.271	203.519.485
Letters of credit	105.576.351	93.688.783
Counter-guarantees	538.964.666	540.119.410
Other	48.443.928	92.447.047
Total	931.913.216	929.774.725

Commitments

Headings	31/12/2024	31/12/2025
Amounts subscribed and unpaid on securities, equity interests and shares in affiliated companies	12.587.939	12.555.519
Undrawn confirmed credits	6.511.537.044	6.567.404.226
<i>Financing</i>	<i>3.439.557.770</i>	<i>3.264.551.432</i>
<i>Current accounts</i>	<i>2.677.167.082</i>	<i>2.840.750.254</i>
<i>Money market contracts</i>	-	<i>150.000.000</i>
<i>Other</i>	<i>394.812.192</i>	<i>312.102.539</i>
Total	6.524.124.983	6.579.959.745

An amount of EUR 63.641.054 related to the calculation of expected credit losses was recorded in "Provisions" for financial year 2025, versus EUR 64.214.875 for the previous year.

Management of third-party assets

The Group provides management and representation services to third parties, particularly asset management services, custody and administration of securities, hire of safe deposit boxes, fiduciary representation and agent functions.

5 NOTES TO THE INCOME STATEMENT ⁵ (in euros)

5.1 Interest income

Interest received and similar income	2024	2025
Financial assets held for trading	238.498.090	316.432.958
Financial assets mandatorily measured at fair value through profit or loss	6.861.060	5.306.228
Financial assets recognised at fair value through the revaluation reserve	192.114	191.100
Fixed-income securities recognised at amortised cost	311.139.864	375.787.266
Loans and advances at amortised cost	1.236.257.843	1.060.180.312
Derivatives - Hedge accounting, interest rate risk	1.269.973.907	847.622.026
Other assets	10.928.471	8.828.761
Interest received on liability instruments	223.168	167.935
Total	3.074.074.517	2.614.516.585
<i>of which interest calculated based on the effective interest rate</i>	<i>2.980.294.690</i>	<i>2.547.350.601</i>
Interest paid and similar expenses	2024	2025
Financial liabilities held for trading	-151.094.872	-202.837.321
Financial liabilities designated at fair value through profit or loss	-8.422.922	-8.747.709
Liabilities at amortised cost - Deposits	-1.031.395.800	-605.415.991
Liabilities at amortised cost - Debt certificates	-119.481.975	-120.286.417
Derivatives - Hedge accounting, interest rate risk	-911.265.383	-740.206.752
Other liabilities	-83.607	-51.036
Interest paid on asset instruments	-1.606.837	-69.526
Total	-2.223.351.396	-1.677.614.752
<i>of which interest calculated based on the effective interest rate</i>	<i>-1.797.671.166</i>	<i>-1.453.683.208</i>
Interest income	850.723.121	936.901.833
Total interest received and similar income not recognised at fair value through the income statement	1.558.549.346	1.444.964.273
Total interest paid and similar expenses not recognised at fair value through the income statement	-1.152.568.219	-725.822.970

⁵ Minor differences between the figures in the notes to the annual financial statements and the figures in the different annual statements are rounding differences only.

5.2 Income from securities

Headings	2024	2025
Variable-income securities recognised at fair value through the revaluation reserve	45.296.705	40.229.229
Income from securities	45.296.705	40.229.229

5.3 Fee and commission income

Headings	2024	2025
Loan activities	58.013.675	65.955.572
Asset management	75.953.612	87.908.701
Investment fund activities	53.422.716	57.927.661
Demand deposit accounts and related activities	46.118.510	50.019.741
Insurance premiums	2.614.764	2.900.545
Other (*)	8.078.907	7.336.892
Total commissions received	244.202.184	272.049.112
Loan activities	-5.066.627	-5.234.846
Asset management	-13.583.795	-18.239.584
Investment fund activities	-4.530.959	-3.429.992
Demand deposit accounts and related activities	-9.932.453	-10.626.489
Other (*)	-4.401.436	-7.346.287
Total commissions paid	-37.515.270	-44.877.198
Total commissions	206.686.914	227.171.914

(*) mostly fees on derivative financial instruments.

5.4 Income from financial instruments not recognised at fair value through profit or loss

Headings	2024	2025
Fixed-income securities recognised at amortised cost	-491.859	91.237
Loans and advances at amortised cost	-33.757	-41.289
Financial liabilities at amortised cost	24.808	-
Total	-500.808	49.948

5.5 Income from financial instruments held for trading

Headings	2024	2025
Equity instruments and related derivatives	-276	-1.086
Foreign exchange instruments and related derivatives	-4.228.560	3.802.081
Interest rate instruments and related derivatives	9.748.000	-12.447.031
Total	5.519.164	-8.646.036

5.6 Income from financial instruments designated at fair value through profit or loss

Headings	2024	2025
Financial liabilities designated at fair value through profit or loss	-2.208.058	-2.655.416
Total	-2.208.058	-2.655.416

5.7 Income from financial instruments mandatorily measured at fair value through profit or loss

Headings	2024	2025
Fixed-income securities	4.871.021	1.127.141
UCI units	10.863.307	-605.617
Loans and advances	396.853	557.361
Total	16.131.181	1.078.885

5.8 Income from hedging transactions

Headings	2024	2025
Fair value hedges		
Debt instruments (assets) hedged by derivative financial instruments	4.137.240	-5.538.069
Debt issues hedged by derivative financial instruments	33.017	134.828
Loans hedged by derivative financial instruments	2.683.732	-3.582.528
Deposits hedged by derivative financial instruments	-117.264	96.619
Total	6.736.725	-8.889.150
Value adjustment on hedged instruments	328.473.524	-298.025.614
Value adjustment on hedging instruments	-321.736.799	289.136.464
Total	6.736.725	-8.889.150

Market risk hedging operations are highly efficient. Loans are hedged by derivative financial instruments in the form of micro-hedging or macro-hedging transactions, in accordance with IAS 39.

Information on the effectiveness rate is included in Note 4.12.

5.9 Foreign exchange income

Headings	2024	2025
Foreign exchange income	22.121.071	20.480.860
Total	22.121.071	20.480.860

5.10 Income from derecognition of non-financial assets

Headings	2024	2025
Income from derecognition of non-financial assets	2.955.908	540.138
Total	2.955.908	540.138

5.11 Other net operating income

Headings	2024	2025
Other operating income	21.692.103	36.389.716
Other operating expenditure	-11.658.762	-29.078.914
Other net operating income	10.033.341	7.310.802

"Other operating income and expenses" mainly include:

- valuations of precious metals,
- the rent from property rented and miscellaneous advances from tenants,
- VAT repayments relating to previous financial years,
- an administrative penalty imposed by the CSSF in the amount of EUR 4.968.780 for non-compliance with professional obligations related to transaction monitoring for anti-money laundering and combating the financing of terrorism,
- income on amortised loans.

Income on amortised loans stood at EUR 1.848 for 2025 and at EUR 9.612 for 2024.

5.12 Personnel expenses

Headings	2024	2025
Remuneration	242.000.860	265.276.451
Social security charges	9.093.706	9.398.242
Pensions and similar expenses	18.497.770	19.554.555
Provisions for employee benefits	16.096.724	12.775.173
Other personnel expenses	6.191.385	6.449.099
Total	291.880.445	313.453.520

5.13 Other general and administrative expenses

Headings	2024	2025
Expenses related to property and furniture	17.165.175	16.854.874
Rents and maintenance of software	40.788.733	46.950.574
Operating expenditure related to the banking business	53.784.027	77.136.449
Other	12.910.946	12.816.689
Total	124.648.881	153.758.586

5.14 Cash contributions to resolution funds and deposit guarantee systems

Headings	2024	2025
FGDL contribution	10.030.662	12.284.986
FRL contribution	-	-
Total	10.030.662	12.284.986

5.15 Depreciation allowances for tangible assets

- Depreciation expense

Headings	2024	2025
Depreciation expense - buildings	11.466.982	11.691.487
Depreciation expense - equipment and furniture	10.154.590	11.465.122
Depreciation expense - right-of-use assets in relation to leases	3.126.485	4.442.844
Depreciation expense for tangible assets	24.748.057	27.599.453

- Impairment

No impairment of tangible assets according to IAS 36 was recognised by the Group in 2025 or 2024.

5.16 Allowances for impairment of investment properties

- Depreciation expense

Headings	2024	2025
Depreciation expense	888.823	865.038
Depreciation expense for investment property	888.823	865.038

- **Impairment**

No impairment of investment properties according to IAS 36 was recognised by the Group in 2025 or 2024.

5.17 Allowances for impairment of intangible assets

- **Depreciation expense**

Headings	2024	2025
Depreciation expense	28.867.238	36.027.954
Depreciation expense for intangible assets	28.867.238	36.027.954

- **Impairment**

No impairment of intangible assets according to IAS 36 was recognised by the Group in 2025 or 2024.

5.18 Net allowances for impairment of credit risks

	2024			2025		
	Additions	Reversals	Total	Additions	Reversals	Total
Fixed-income securities recognised at amortised cost	-9.043.152	3.339.650	-5.703.502	-7.054.711	2.216.231	-4.838.480
Fixed-income securities recognised at fair value through the revaluation reserve	-	15.601	15.601	-	10.442	10.442
Loans and advances	-268.131.925	109.434.659	-158.697.266	-229.511.090	190.299.254	-39.211.836
Total	-277.175.077	112.789.910	-164.385.167	-236.565.801	192.525.927	-44.039.874

Interest on financial assets impaired in Stage 3	2024	2025
Interest on impaired fixed-income securities recognised at amortised cost	26.269	-
Interest on impaired loans and advances	40.486.734	33.392.764
Total	40.513.003	33.392.764

5.19 Provisions

Headings	2024	2025
Provisions	-71.592.953	-43.155.680
Reversal of provisions	27.253.385	41.794.601
Total	-44.339.568	-1.361.079

5.20 Share in the profit of equity-accounted associates

Equity-accounted associates	2024	2025
Société Nationale de Circulation Automobile S.à r.l.	768.665	740.758
i-Hub S.A.	-1.132.075	-893.858
Luxair S.A.	36.433.427	29.850.479
Société de la Bourse de Luxembourg S.A.	1.692.925	1.265.913
LuxConstellation S.A.	46.823	68.553
Europay Luxembourg S.C.	-7.995	-9.778
LuxHub S.A.	-151.049	330.685
Lalux Group S.A.	26.931.799	56.384.380
Visalux S.C.	5.054.984	7.713.668
Prolog Luxembourg S.A.	-50.398	-379.930
Total	69.587.106	95.070.870

The significant contribution from Luxair Group S.A. stems mainly from the inclusion in the scope of consolidation of its 35,1% interest in Cargolux S.A.

5.21 Tax expense

Headings	2024	2025
Tax on income from continuing operations	-104.973.307	-134.349.446
Deferred taxes	3.966.310	1.915.203
Tax on profit/(loss) for the period	-101.006.997	-132.434.243

The nominal tax rate applicable in Luxembourg was 23,87% as at 31 December 2025 and 24,94% as at 31 December 2024. The Group's effective tax rate was 18,4% in 2025 and 18,6% in the prior year, given the differences between the Luxembourg tax base and the accounting principles for annual financial statements in force in Luxembourg.

The difference between these two rates may be analysed as follows:

	2024	2025
Income before tax	543.293.529	719.253.387
Tax rate	24,94%	23,87%
Theoretical tax at the standard rate	135.497.406	171.685.783
Tax impact of non-deductible expenses	131.081	140.356
Tax impact of non-taxable income	-10.599.050	-9.134.202
Share in the income of equity-accounted associates	-17.355.024	-22.693.417
Tax rebates and reductions	-7.243.696	-6.840.221
Change in deferred tax rate	-3.233.400	-
Minority interests	-26.339	3.830
Other	3.836.018	-727.886
Tax on profit/(loss) for the period	101.006.997	132.434.243

The tax impact of non-taxable income largely stems from the collection of dividends from the Group's strategic shareholdings in resident companies, fully subject to tax, which enable it to apply the principle of parent companies and subsidiaries in accordance with Article 166 LIR (Income Tax Act) in order to avoid double economic taxation of such income. Excluding this non-taxable income for the Group, the Group's effective tax rate would be 19,7% in 2025, versus 20,5% in 2024.

For financial years 2024 and 2025, the Group's parent company took advantage of the options provided under the LIR (Income Tax Act) with regard to the investment tax allowance.

Taxation does not occur overall at the Group level but individually for each company within the Group.

5.22 Return on assets

In accordance with Article 38-4 of the Law on the Financial Sector, the Group reported its return on assets, which stood at 0,98% for financial year 2024 versus 0,78% in the prior year.

6 RISK MANAGEMENT⁶

6.1 Risk management policy

6.1.1 Definition of risk appetite

The Group's parent company's objective is to contribute to the development of Luxembourg's economy and to generate enough profit to strengthen its financial position.

The Group's parent company has adopted a defensive risk profile which is defined in the Risk Appetite Framework (RAF) and in a set of limits that are intended to manage and control the various risks to which the Group's parent company is or might be exposed. These limits are indicated in the Group's parent company's Limit Handbook.

Risk appetite is defined as the level of risk that the Group's parent company is willing and able to bear in the pursuit of its strategic objectives. The levels of risk to which the Group's parent company is exposed are measured through a set of strategic indicators, operational metrics, and macroeconomic indicators. Risk appetite is expressed through the surveillance levels set by the Group's parent company for these indicators.

The RAF also enables the Board of Directors and the Executive Committee to regularly monitor the Group's parent company's overall risk situation in detail.

6.1.2 Risk culture

Staff at the Group's parent company play an active role in identifying, reporting and monitoring the risks to which it is or might be exposed. The Group's parent company thus takes a positive approach to risk management and internal control.

The three internal control functions have drawn up an internal control charter with the goal of:

- establishing the principles and the requirements needed for the Group's parent company's internal control system to function effectively;
- establishing the rules governing the organisation, responsibilities and scope of action of the internal control players, as well as their coordination.

⁶ Minor differences between the figures in the notes to the annual financial statements and the figures in the different annual statements are rounding differences only.

Staff can use a dedicated portal to access this charter and the policies that describe how the Group's parent company manages different types of risks.

At their information sessions, the Executive Committee and other management bodies promote a healthy risk culture as well as the values of the Group's parent company ("tone from the top").

The pay grid for the Group's parent company's agents does not encourage risk-taking.

6.1.3 Capital management policy

The Group's parent company's capital management policy meets the objectives of the missions defined in its organic law, including the mission to finance Luxembourg's economy to support its development. The Group's parent company aims to retain moderate leverage, which is reflected in a high target solvency ratio.

6.2 Risk management governance

6.2.1 Role of the Board of Directors

Pursuant to the Organic Law of 1989, as amended, and to legal obligations or obligations arising from applicable national or European regulations, "the Board of Directors defines the Bank's general policy and is responsible for management control of the Executive Committee". To do so, the Board considers the liquidity and solvency of the Group's parent company as well as the medium- and long-term sustainability of the latter's business model.

In this context, the Board defines the overall strategy of the Group's parent company, on the basis of proposals from the Executive Committee, and oversees the implementation of the related objectives, as well as the administrative, functional and risk management structure resulting from implementation of the strategy. The Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) are incorporated into these oversight functions to evaluate the strategy and business development in terms of impacts on the Group's parent company's liquidity and solvency.

The various risks identified in the Group's parent company's risk mapping are subject to a materiality and likelihood of occurrence assessment, and a supervisory framework is developed to manage them.

6.2.2 Role of the Risk Committee

The Risk Committee advises the Board of Directors (the Board) in its supervisory function and thus prepares the decisions to be adopted by the Board. It provides support in the specific areas relating to the multiple aspects of risks incurred by the Group's parent company that are inherent in the execution of its business model, in its strategic objectives, in legal, regulatory and technological changes and in changes in the social, commercial and competitive environment in which the Group's parent company operates. It consists of four members of the Board of Directors.

The Chief Executive Officer, Deputy Chief Executive Officer, Chief Risk Officer and Chief Internal Auditor are invited to all meetings of the Risk Committee.

6.2.3 Role of the Audit and Compliance Committee

The Audit and Compliance Committee advises the Board of Directors in its supervisory role and thus prepares the decisions to be adopted by the Board. In particular, it assists the Board in the areas of financial reporting, regulatory compliance, internal control including internal audit, and control exercised by the statutory auditor.

The Audit and Compliance Committee thus facilitates the implementation of a sound internal governance framework.

The Audit and Compliance Committee consists of five members of the Board of Directors, including a majority of members considered independent within the meaning of the applicable laws and regulations.

The Chief Executive Officer, Deputy Chief Executive Officer, Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor are invited to all meetings of the Audit and Compliance Committee. The audit firm responsible for the statutory audit of the Group's parent company's financial statements may be invited to Audit and Compliance Committee meetings at the request of this Committee.

6.2.4 Role of the Appointment and Compensation Committee

The Appointment and Compensation Committee consists of five members of the Board of Directors, the majority of whom are independent within the meaning of the applicable laws and regulations. For specific matters relevant to aspects of compensation for staff at Spuerkeess, this committee meets as the Compensation Committee and is joined, as members of this Compensation Committee, by the two members of the Board of Directors who represent Spuerkeess's staff.

6.2.5 Role of the Financial Crime Committee

The Financial Crime Committee (FCC) focuses on supervision of the Bank's anti-money laundering and combating the financing of terrorism (AML/FT) system and on the controls currently implemented within that framework. The FCC consists of six members, including the chairmen of the Board of Directors, the Risk Committee and the Audit and Compliance Committee.

6.2.6 Role of the Technological Strategy and Innovation Committee

The primary mission of the Technological Strategy and Innovation Committee (STI) is to assist and support the Board of Directors on topics related to technological innovation in banking processes and the pooling of banking activities. The STI Committee consists of four members.

6.2.7 Role of the Executive Committee

Pursuant to the Organic Law of 1989, as amended, and in accordance with the general policy and overall economic strategy of the Group's parent company defined by the Board of Directors on a proposal from the Committee, all administrative acts and measures necessary or relevant to the Group's parent company's purpose fall within the responsibility of the Executive Committee.

The Executive Committee is responsible for the effective, sound and prudent management of activities and the risks inherent to them. This management is done in keeping with the strategies and guiding principles established by the Board of Directors and applicable European and national laws and regulations. The Executive Committee thus makes proposals to the Board of Directors to enable it to define the overall risk strategy, including the Group's parent company's risk appetite and risk management framework.

In 2022, the Group's parent company established Extended Management ("Direction élargie"), made up of members of the Executive Committee and 11 Senior Vice Presidents. This is a cross-functional decision-making body that develops opinions and proposals for structured monitoring of the Group's parent company and for the strategy and overall organisation. Effective cross-functional coordination is needed to develop and take action on these issues.

6.2.8 Role of the internal control functions

6.2.8.1 Role of the Risk Management Department

From an organisational point of view, the risk control function is delegated to the Risk Management department (DRM). This function operates independently from all commercial and operational activities within the Group's parent company. The Risk Management department is therefore part of the second line of defence. The DRM reports to the Chief Risk Officer, who is a member of the Executive Committee and also has a reporting relationship with the Board of Directors. To this end, he may communicate directly and at his own initiative with the Chairman of the Audit and Compliance Committee, the Chairman of the Risk Committee and the Chairman of the Board of Directors.

The Group's parent company has a set of risk monitoring committees made up of the heads of various units at the operational level.

To fulfil its supervisory duties, the Risk Management department is tasked mainly with:

At the Enterprise Risk Management (ERM) unit level:

- defining and updating the Risk Appetite Framework;
- developing the internal models used to manage risks;
- coordinating the work related to the recovery plan and the resolution plan.

At the Financial Risk Management (FRM) unit level:

- monitoring changes in the quality of the credit risk of all of the Group's parent company's portfolios;
- monitoring other financial risks such as interest rate risk and liquidity risk;
- projecting the risk indicators and conducting stress tests.

At the Non-Financial Risk Management (NRM) unit level:

- independently validating internal models and supervising model risk in general;
- serving as the second line of defence for data and reporting quality (validation function as provided for in the BCBS 239 standard);
- monitoring and analysing operational incidents;
- monitoring and analysing IT risks and incidents;
- monitoring the Cyber Protection Plan implemented by the first line of defence;
- overseeing the Group's parent company's IT security.

Cross-functional issues:

- identifying and assessing the risks to which the Group's parent company is or might be exposed;
- drafting opinions for new products and other strategic changes to help the management bodies in their decision-making;
- implementing and using the ICAAP and ILAAP processes;
- reviewing the control system implemented by the first lines of defence and, where applicable, performing second line of defence controls;
- defining and updating the risk management policies and standards.

6.2.8.2 Role of the Compliance department

Compliance risk – also called non-conformity risk – generally refers to the risk of loss stemming from activities not carried out in accordance with current standards and regulations.

The Compliance department is, together with the Risk Management department, the second line of defence. It reports to the Executive Committee. There is also a direct reporting relationship between the Chief Compliance Officer (CCO) and the Board of Directors. It is within this framework that the CCO may communicate directly and at his own initiative with the Chairman of the Audit and Compliance Committee, the Chairman of the Risk Committee and the Chairman of the Board of Directors. The Compliance function operates independently from all commercial and operational activities within the Group's parent company.

The areas and responsibilities of the Compliance department are mainly:

- anti-money laundering and counter-terrorist financing activities;
- the prevention of market abuse and the integrity of financial instrument markets;
- the protection of the interests of customers and investors;
- the application of regulations on the protection of personal data;
- the prevention and management of conflicts of interests;
- the identification and monitoring of the standards to which the Group's parent company is subject in the course of its activities;
- the monitoring of internal and external fraud.

In addition to the Compliance department, the Compliance function also consists of the Compliance Committee, the Financial Crime Committee (FCC) and the Acceptance Committee. The Compliance Committee is responsible for cross-functional compliance questions, while the FCC is focused on projects and topics related to anti-money laundering and combating the financing of terrorism. The

Acceptance Committee is responsible for establishing and terminating certain business relationships.

6.2.8.3 Role of the Internal Audit department

The "Internal Audit" department is responsible for periodically assessing the proper functioning and adequacy of the Group's parent company's internal control system.

The Internal Audit department is the third line of defence and the Chief Internal Auditor is accountable to the Executive Committee and to the Board of Directors for the performance of his duties. The Chief Internal Auditor thus also has a reporting relationship with the Board of Directors and may communicate directly and at his own initiative with the Chairman of the Audit and Compliance Committee, the Chairman of the Risk Committee, the Chairman of the Board of Directors and even with the supervisors of the Group's parent company.

The objectives are the following:

- protect the Group's parent company's assets;
- promote the efficiency and effectiveness of the implemented resources in order to ensure the quality of services;
- ensure the protection, integrity, reliability, and rapid dissemination of operational and financial information;
- ensure the correct application of internal procedures, instructions, Luxembourg's laws and regulations, as well as the regulator's prudential requirements;
- ensure compliance with the objectives set by the decision-making bodies of the Group's parent company;
- ensure the adequacy of the segregation of duties and the execution of operations;
- ensure compliance with the procedures governing the adequacy of capital and internal liquidity reserves;
- guarantee the adequacy of risk management;
- ensure the operation and effectiveness of the compliance and risk control functions.

Audit missions are carried out on the basis of a multi-year audit plan drawn up by the Internal Audit department and approved by the Audit and Compliance Committee and the Board of Directors.

The Chief Internal Auditor (CIA) guarantees application of the international standards of the Institute of Internal Auditors and compliance with the regulatory requirements by the Internal Audit department.

6.3 **Main risks to which the Group's parent company is exposed**

6.3.1 **Credit risk**

6.3.1.1 *Definition*

Credit risk is the risk of financial loss on receivables for the Group's parent company when a borrower is unable to meet its contractual obligations.

This risk mainly concerns the loan and credit activities, as well as the activities involving investments in financial debt instruments on the capital markets.

6.3.1.2 *Credit risk management*

The Group's parent company's main decision-making bodies for credit risk are as follows: the Board of Directors (BD), the Executive Committee (EC) and the Risk Committee (RC). Their duties are described briefly below.

The Board of Directors defines the strategic objectives and risk appetite for credit origination. In addition, it approves the credit risk management policy and any changes thereto, as well as the strategic credit risk limits. It is also periodically informed of the use of the limits, certain credit risk indicators, and the outlook for the real estate market.

The Risk Committee reviews the documents submitted for approval to the Board of Directors.

The Executive Committee approves the strategic objectives and risk appetite for credit origination, the credit risk management policy and any changes thereto, as well as the strategic and operational credit risk limits. It also approves the credit granting criteria, provisions, certain financing requests, the strategy, and the sector performance, etc. In addition, it is periodically informed of the status of certain credit risk indicators and of the outlook for the real estate market. The Executive Committee delegates some or all of its decision-making powers to subordinate entities through the charters in force, depending on the risk criteria.

The roles and responsibilities regarding credit risk management are organised around the three lines of defence. This approach ensures sound credit risk management while also identifying the interactions between each player within and between the three lines of defence. Their respective roles are presented briefly below:

The first line of defence (1LoD) consists of the "business units which take or are exposed to risks, which are responsible for their management and which monitor compliance with the policies, procedures and limits imposed on them, on a permanent basis".

With respect to credit, apart from the commercial or market units that initiate the risk-taking, 1LoD consists of the department in charge of credit risk management (the Loan & Credit Management department) which is, in particular, responsible for the analysis and granting processes (according to the charters in force); the valuation and revaluation of personal property and real estate; credit risk monitoring; and the coordination of the prevention and handling of non-performing exposures.

The second line of defence (2LoD), consisting of the Risk Management and Compliance departments, ensures that the operational units anticipate, detect, assess, measure, monitor, manage and duly report the credit risks to which Spuerkeess is or might be exposed. The role of 2LoD is focused on four priorities (non-exhaustive):

- Defining the credit risk management framework through this Policy, standards and specific procedures, in particular;
- Questioning 1LoD on the risk appetite definition, certain individual loan decisions, the monitoring of the portfolio and sub-portfolios and with respect to the approval of new products. This is consistent with its role as advisor to the management bodies;
- Supervising changes in the credit risk borne by the Bank, as well as the robustness of and compliance, by 1LoD, with the credit risk management framework in force, through assessments or controls of the system in place (including the controls) in line with its control plan;
- Supporting and advising the Bank's various stakeholders on credit risk-related topics.

The third line of defence (3LoD), represented by the Internal Audit department, independently and objectively analyses the level of control over operations and consults on how to add value and improve them. It helps Spuerkeess accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

6.3.1.3 Credit risk management approach

Counterparty risk is a subcategory of credit risk and is defined as:

- the risk that the counterparty to a market transaction could default before the final settlement of the transaction's cash flows; and
- a potential change in the measurement of the exposure, which depends on the intrinsic creditworthiness of a given counterparty (CVA risk).

The Group's parent company has negotiated International Swaps and Derivatives Association, Inc. (ISDA) framework agreements including Credit Support Annexes (CSAs) designed to limit

counterparty risk on derivative financial instrument trades with a positive mark-to-market valuation. At end-2025, 93,8% of derivative financial instrument transaction outstandings were covered by such agreements.

Alongside the ISDA-CSA framework agreements, the Group's parent company makes use of central counterparties (CCPs) to limit counterparty risk. At end-2025, 5,7% of outstanding amounts of derivative transactions were liquidated through these CCPs.

6.3.1.4 Concentration risk management approach

Concentration risk is the risk resulting from an excessive exposure with regard to one single borrower, a group of borrowers, an economic sector or a country. To avoid this risk, the Group's parent company has implemented a set of procedures to efficiently manage the limits set. Concentration risk can be measured either from the commitment point of view or from the point of view of the resources of the Group's parent company. In the latter case, the risk is correlated with liquidity risk.

The Group's parent company reviews at least annually the different types of limits affecting the components of concentration risk.

It has therefore invested in appropriate risk management tools in line with the range of risk profiles and different financing techniques.

In addition to counterparty limits, the Group's parent company has set up a system of limits by country and sector to contain concentration risk.

Generally speaking, commitments are concentrated in high credit ratings (AAA, AA and A) to limit exposure to risk and volatility, systematically avoiding riskier segments of the market.

6.3.1.5 Exposure to credit and counterparty risk

Maximum exposure to credit risk	31/12/2024	31/12/2025
Cash and sight accounts with central banks	7.410.938.949	7.183.227.647
Loans and advances at amortised cost – Credit institutions	3.378.406.203	3.689.365.915
Loans and advances at amortised cost – Customers	27.190.861.623	29.247.731.396
Financial instruments held for trading	262.679.628	100.474.684
Hedging derivative financial instruments	878.147.556	1.118.311.565
Financial assets mandatorily recognised at fair value through profit or loss	300.327.443	150.926.712
Fixed-income securities recognised at amortised cost	15.610.191.902	16.411.867.040
Fixed-income securities recognised at fair value through the revaluation reserve	31.725.784	27.253.041
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-350.917.529	-629.787.554
Exposure of balance sheet commitments	54.712.361.559	57.299.370.446
Completion bonds	238.928.271	203.519.485
Letters of credit	105.576.351	93.688.783
Counter-guarantees	538.964.666	540.119.410
Other	48.443.928	92.447.047
Undrawn confirmed credits	6.511.537.044	6.567.404.226
Documentary credits	-	-
Exposure of off-balance sheet commitments	7.443.450.260	7.497.178.951
Total exposure	62.155.811.819	64.796.549.397

The Group's parent company uses the following standard techniques to mitigate credit and counterparty risk:

- collateral:

Breakdown by type of collateral	31/12/2024	31/12/2025
Mortgages	21.554.055.882	22.694.151.386
Reverse repurchase agreements	2.638.489.057	3.460.745.290
Pledge through cash or securities deposits	99.241.908	85.253.947

- personal guarantees stood at EUR 507.970.752 at 31 December 2025 compared with EUR 498.960.968 for the previous year,
- ISDA – CSA contracts,
- Global Master Repurchase Agreements (GMRA).

Financial assets that are the subject of a legally enforceable netting framework agreement or a similar agreement:

31/12/2024	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase/ Repurchase agreements	2.659.357.754	-	2.659.357.754	98.260.538	2.556.219.285	4.877.931
Derivatives	1.009.660.582	-	1.009.660.582	409.843.103	590.063.839	9.753.640
Total assets	3.669.018.337	-	3.669.018.337	508.103.642	3.146.283.124	14.631.571

31/12/2025	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase/ Repurchase agreements	3.498.726.992	-	3.498.726.992	59.859.458	3.437.647.837	1.219.698
Derivatives	1.176.393.730	-	1.176.393.730	283.049.299	877.153.387	16.191.044
Total assets	4.675.120.722	-	4.675.120.722	342.908.757	4.314.801.224	17.410.742

Financial liabilities that are the subject of a legally enforceable netting framework agreement or a similar agreement:

31/12/2024	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase/Reverse repurchase agreements	322.853.374	-	322.853.374	-	319.735.454	3.117.920
Derivatives	253.109.413	-	253.109.413	112.881.592	134.708.944	5.518.877
Total liabilities	575.962.787	-	575.962.787	112.881.592	454.444.398	8.636.797

31/12/2025	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase/Reverse repurchase agreements	141.437.921	-	141.437.921	-	140.566.211	871.710
Derivatives	111.555.478	-	111.555.478	28.714.190	80.246.245	2.595.043
Total liabilities	252.993.399	-	252.993.399	28.714.190	220.812.456	3.466.754

Pursuant to IFRS, the Group's parent company assesses its exposure to financial asset credit risk as the book value.

In the "Quantitative tables of exposures and concentrations" section, exposure to credit risk is indicated at book value before collateralisation. Collateralisation is a technique for reducing the risk of the underlying asset.

Credit risk is shown according to exposures:

- by geography,
- by counterparty category,
- by risk class (internal ratings).

Exposure by geographical area:

Geographical area as at 31/12/2024 (in thousands of euros)	European Union and Switzerland	Other European countries	North America	Asia and Oceania	Supra-national	Other	Total
Cash and sight accounts with central banks	6.998.967	306.793	63.418	41.562	199	-	7.410.939
Loans and advances at amortised cost	30.141.714	249.988	13.081	159.358	108	5.019	30.569.268
Financial instruments held for trading and hedging derivative instruments	278.127	780.105	82.596	-	-	-	1.140.827
Financial assets mandatorily recognised at fair value through profit or loss	242.318	4.550	-	-	53.459	-	300.327
Fixed-income securities recognised at amortised cost	8.493.490	1.281.478	2.556.374	1.453.895	1.824.955	-	15.610.192
Financial instruments recognised at fair value through the revaluation reserve	872.731	-	-	-	8.309	-	881.040
Investments in associates accounted for using the equity method	977.850	-	-	-	-	-	977.850
Other	-17.079	-	-	-	-	-	-17.079
Total	47.988.117	2.622.914	2.715.468	1.654.815	1.887.030	5.019	56.873.363

Geographical area as at 31/12/2025 (in thousands of euros)	European Union and Switzerland	Other European countries	North America	Asia and Oceania	Supra-national	Other	Total
Cash and sight accounts with central banks	6.648.270	296.372	178.138	60.446	3	-	7.183.228
Loans and advances at amortised cost	32.327.980	351.107	97.385	153.870	59	6.696	32.937.097
Financial instruments held for trading and hedging derivative instruments	200.194	943.250	75.342	-	-	-	1.218.786
Financial assets mandatorily recognised at fair value through profit or loss	120.361	4.692	-	-	25.874	-	150.927
Fixed-income securities recognised at amortised cost	9.160.883	1.294.339	2.549.935	1.667.397	1.739.312	-	16.411.867
Financial instruments recognised at fair value through the revaluation reserve	992.928	-	-	-	8.823	-	1.001.751
Investments in associates accounted for using the equity method	998.564	-	-	-	-	-	998.564
Other	-256.563	-	-	-	-	-	-256.563
Total	50.192.617	2.889.760	2.900.801	1.881.713	1.774.071	6.696	59.645.657

In the following table, to meet the requirements of IFRS 7 "Financial Instruments: Disclosures", exposure to credit risk as at 31 December 2025 and 2024 is presented according to internal ratings.

The average collateralisation ratio recorded is defined as the ratio of collateral received to outstanding amounts.

Exposure by counterparty category and risk class:

	31/12/2024			31/12/2025		
	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio
Cash and sight accounts with central banks						
High grade	616.173.041	615.766.118	-	724.030.234	723.496.373	-
Standard grade	31.704	31.644	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	6.795.623.266	6.795.141.187	-	6.459.889.362	6.459.731.274	-
Total of categories	7.411.828.011	7.410.938.949		7.183.919.595	7.183.227.647	
Loans and advances at amortised cost						
Banks						
High grade	3.245.897.506	3.245.799.815	80,09%	3.543.051.800	3.542.958.060	79,50%
Standard grade	1.416.298	1.400.909	-	813.257	805.953	-
Sub-standard grade	-	-	-	-	-	-
Past due not in default	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	131.243.505	131.205.479	29,73%	145.630.015	145.601.902	44,00%
Corporates						
High grade	1.475.489.260	1.444.969.983	79,62%	1.323.627.260	1.313.964.385	83,11%
Standard grade	2.225.927.887	2.186.974.614	50,15%	2.231.600.401	2.193.139.180	54,95%
Sub-standard grade	1.225.013.506	1.170.486.590	74,05%	1.407.939.026	1.322.224.334	62,37%
Past due not in default	86.270.081	63.079.555	55,12%	254.577.750	228.480.057	57,86%
Default	485.761.038	382.542.187	90,16%	516.657.806	385.905.597	82,59%
Not rated	1.144.731.994	1.143.458.645	-	1.814.123.134	1.812.571.622	28,01%
Sovereigns						
High grade	124.125	124.069	-	30.844	30.815	-
Standard grade	1.220.227	1.218.129	95,85%	1.146.077	1.140.571	92,96%
Sub-standard grade	-	-	-	1	1	-
Past due not in default	1.117.003	1.117.003	-	1.115.357	1.114.261	-
Default	-	-	-	379	127	-
Not rated	1.056.712.724	1.056.596.349	-	1.049.341.196	1.049.261.150	-
Retail						
High grade	17.597.667.527	17.545.840.280	93,45%	18.725.652.677	18.689.111.978	93,53%
Standard grade	1.239.347.852	1.210.995.765	77,93%	1.382.651.437	1.362.281.659	80,15%
Sub-standard grade	601.369.318	575.205.163	81,15%	500.733.460	482.210.470	80,76%
Past due not in default	76.788.191	72.259.731	87,06%	131.117.625	126.671.233	58,80%
Default	373.230.189	307.690.134	93,85%	350.301.981	256.709.475	94,42%
Not rated	28.310.072	28.303.425	1,30%	22.921.071	22.914.481	2,13%
Total of categories	30.997.638.304	30.569.267.826		33.403.032.554	32.937.097.311	

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Notes to the consolidated financial statements as at 31 December 2025

	31/12/2024			31/12/2025		
	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio
Financial instruments held for trading and hedging derivative instruments						
Banks						
High grade	1.029.533.506	1.029.533.506	52,54%	1.155.242.267	1.155.242.267	71,05%
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	4.472.525	4.472.525	16,10%	12.788.748	12.788.748	70,69%
Corporates						
High grade	25.480.217	25.480.217	48,70%	29.618.645	29.618.645	80,69%
Standard grade	4.930.498	4.930.498	-	10.171.692	10.171.692	-
Sub-standard grade	8.002.046	8.002.046	12,00%	2.274.336	2.274.336	-
Default	-	-	-	-	-	-
Not rated	66.237.167	66.237.167	88,17%	8.649.415	8.649.415	23,24%
Sovereigns						
High grade	-	-	-	-	-	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	1.669.900	1.669.900	-	-	-	-
Retail						
High grade	-	-	-	-	-	-
Standard grade	100.119	100.119	-	41.145	41.145	-
Sub-standard grade	401.206	401.206	-	-	-	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Total of categories	1.140.827.184	1.140.827.184		1.218.786.249	1.218.786.249	
Financial assets mandatorily recognised at fair value through profit or loss						
Banks						
High grade	113.498.589	113.498.589	-	61.675.699	61.675.699	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Corporates						
High grade	13.266.262	13.266.262	-	10.145.000	10.145.000	-
Standard grade	20.284.315	20.284.315	-	35.569.855	35.569.855	-
Sub-standard grade	18.128.579	18.128.579	-	6.927.725	6.927.725	-
Default	-	-	-	-	-	-
Not rated	111.070.843	111.070.843	-	36.603.465	36.603.465	-
Sovereigns						
High grade	24.073.646	24.073.646	-	-	-	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Securitisation						
High grade	-	-	-	-	-	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	5.209	5.209	-	4.969	4.969	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Total of categories	300.327.443	300.327.443		150.926.712	150.926.712	

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Notes to the consolidated financial statements as at 31 December 2025

	31/12/2024			31/12/2025		
	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio	Outstanding excluding impairment	Outstanding with impairment	Average collateralisation ratio
Fixed-income securities recognised at amortised cost						
Banks						
High grade	6.646.193.874	6.642.963.854	-	6.430.331.816	6.426.520.972	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Corporates						
High grade	4.387.085.735	4.385.047.246	-	5.182.288.655	5.179.488.386	-
Standard grade	1.584.505.732	1.581.090.576	-	1.355.440.312	1.351.964.476	-
Sub-standard grade	15.198.779	14.847.969	-	23.717.191	23.064.071	-
Default	-	-	-	-	-	-
Not rated	76.239.467	76.070.838	-	33.807.108	33.766.965	-
Sovereigns						
High grade	2.509.881.744	2.506.293.922	-	3.148.133.243	3.140.475.855	-
Standard grade	232.055.852	230.684.861	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	165.306.315	165.130.243	-	251.291.585	250.716.812	-
Securitisation						
High grade	8.050.022	7.985.947	-	5.839.538	5.793.058	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	227.044	76.446	-	227.044	76.446	-
Not rated	-	-	-	-	-	-
Total of categories	15.624.744.564	15.610.191.902		16.431.076.492	16.411.867.040	
Financial instruments recognised at fair value through the revaluation reserve and investments in associates accounted for using the equity method						
Banks						
High grade	4.814.763	4.814.763	-	4.910.712	4.910.712	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	8.309.625	8.309.625	-	8.824.035	8.824.035	-
Corporates						
High grade	-	-	-	-	-	-
Standard grade	805.868.289	805.868.289	-	815.552.577	815.552.577	-
Sub-standard grade	505.995.902	505.995.902	-	662.397.540	662.397.540	-
Default	561.793	561.793	-	-	-	-
Not rated	506.427.873	506.427.873	-	486.287.813	486.287.813	-
Sovereigns						
High grade	26.911.020	26.911.020	-	22.342.329	22.342.329	-
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Default	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Total of categories	1.858.889.265	1.858.889.265		2.000.315.006	2.000.315.006	
Other (*)	-17.079.295	-17.079.295	-	-256.562.707	-256.562.707	-
Total of categories	-17.079.295	-17.079.295		-256.562.707	-256.562.707	
Total	57.317.175.475	56.873.363.275		60.131.493.902	59.645.657.258	

(*) The "Other" item comprises "Change in fair value of a portfolio of financial instruments hedged against interest rate risk", "Tangible assets for own use", "Investment property", "Intangible assets", "Non-current assets and disposal groups classified as held for sale", "Current taxes" and "Other assets".

The Group's parent company enters outstanding amounts where the contractual payment due date has passed by at least one day on the line "Past due not in default" under "Loans and advances at

amortised cost". In "Fixed-income securities recognised at amortised cost", the Group's parent company does not record any items in the "Past due not in default" line and uses objective evidence of impairment to determine individual impairments.

The average collateralisation ratio gives the average hedging ratio of outstanding amounts by collateral held. An indication of the level of impairment is provided in the columns "Outstanding excluding impairment" and "Outstanding including impairment".

Banks, Corporates, Sovereigns:

The grouping according to internal risk category corresponds, for example, with the following Standard & Poor's (S&P) equivalents:

High grade : from AAA to A+

Standard grade : from A to BBB-

Sub-standard grade : from BB+ to CCC

Outstanding amounts described as "Default" relate to outstanding amounts showing objective impairment evidence.

Securitisation:

The grouping according to internal risk category corresponds, for example, with the following "S&P" equivalents:

High grade : from AAA to A+

Standard grade : from A to BBB-

Sub-standard grade : from BB+ to CCC

Retail:

The grouping according to internal risk category is made as follows for the Retail exposures, for example, using the following "S&P" equivalents:

High grade : from AAA to A+

Standard grade : from A to BBB-

Sub-standard grade : from BB+ to CCC

Outstanding amounts described as "Default" relate to outstanding amounts showing objective impairment evidence.

For interbank markets and international loans, contracts are recognised in the balance sheet under "Loans and advances at amortised cost - Credit institutions", "Loans and advances at amortised cost - Customers", "Fixed-income securities recognised at amortised cost" and "Financial assets mandatorily recognised at fair value through profit or loss"; a large majority of counterparties consist

of banking and financial institutions. The Group's parent company pursued its prudent investment policy in 2025, resulting in:

- a large proportion of investments in covered bonds, which offer more security than senior unsecured bonds;
- investments in debt issued or guaranteed by the European Union or some of its member States.

With regard to international loans to non-financial entities recognised in the balance sheet under "Loans and advances at amortised cost - Customers", "Fixed-income securities recognised at amortised cost" and "Financial assets mandatorily recognised at fair value through profit or loss", priority is given to commitments in OECD countries rated as at least Investment Grade.

6.3.2 Market risk

6.3.2.1 *Definition*

Market risk is generally the risk of the Group's parent company suffering financial loss on the instruments it holds as a result of unfavourable developments in market parameters, such as interest rates, credit spreads (credit spread risk in the banking book, CSRBB), foreign exchange rates and share prices.

The market risks arising from the Group's parent company's business model are mainly interest rate risk and price risk on its strategic holdings.

6.3.2.2 *Market risk management governance*

The purpose of risk management is to ensure that the risk incurred matches the Group's parent company's risk appetite. To that end, the parent company has introduced several market risk indicators subject to limits that reflect risk appetite.

The Financial Markets department and, more specifically, the Financial Markets (FIM) and Asset and Liability Management (ALM) units are responsible for operational management of market risks.

First-level controls are carried out by the Support, Reporting and Financial Valuation (SRF) unit.

This unit verifies compliance with a number of procedures and limits relating to the activities of each trading floor desk (open positions, counterparty risk, money-market limits, interest rate risk in the banking book (IRRBB), liquidity, etc.). Automated control reports have been developed to that end, and their results are archived and communicated to management every night.

ALM and the Money Market desk take note of these reports, along with the reports they can access independently. If a limit is exceeded, these two units provide an explanation of the situation, take appropriate management actions or suggest a change in the limit framework.

For ALM, whenever thresholds are exceeded or management actions are taken, the details are included in the monthly ALM report for the Executive Committee. Management is monitored by the ALM Subcommittee and the ALM Committee.

Second-line controls are carried out by the Financial Risk Management unit, which monitors every instance of a threshold being exceeded through the Risk working group, the Executive Committee and the Risk Committee.

6.3.2.3 Market risk management approach

The Group's parent company takes a day-to-day integrated approach to managing interest rate risk for its entire banking book. This integrated approach can also be broken down into the money-market and ALM scopes. The money-market scope covers the trading floor positions with an initial rate term of less than two years, while the ALM scope covers all other positions sensitive to interest rate risk. A dedicated tool gives the Group's parent company a more accurate view of the nature of its interest rate risk and provides a breakdown of its various components, namely:

- maturity transformation risk;
- options risk (automatic options such as caps/floors, and behavioural options such as early repayments and outflows of liabilities with no maturity);
- basis risk (arising from differences in the benchmark indices for variable-rate instruments, on the one hand, and disparities between the nature of the indices and the frequency of coupon payments, on the other).

The indicators produced by the tool to analyse interest rate risk sensitivity are as follows:

- rate schedule grouped according to different time buckets;
- the impact of different rate scenarios on the economic value of the banking book positions sensitive to interest rate risk (delta EVE);
- the impact of different rate scenarios on net interest margin (delta NII).

Delta EVE, for standard stress tests, i.e. a linear 200-basis-point increase in rates, is as follows:

Date	Scope	Scenario	Delta EVE	Delta EVE/Equity
31/12/2024	Entire banking book excluding equity	+200 bp	-345.460.000	-6,38%
31/12/2025	Entire banking book excluding equity	+200 bp	-321.945.319	-5,52%

Delta NII, for standard stress tests, i.e. a linear 200-basis-point increase in rates, is as follows:

Date	Scope	Scenario	Horizon	Delta NII	Delta NII/Equity
31/12/2024	ALM-gap + MM-treasury portfolio	+200 bp	1 year	-65.140.000	-1,20%
31/12/2025	ALM-gap + MM-treasury portfolio	+200 bp	1 year	-24.316.507	-0,42%

6.3.2.4 Variable-income securities price risk management approach

Shareholding valuation risk is measured using a Value-at-Risk (VaR) approach. This approach measures both the risk arising from the asset itself (equity risk) and the risk arising from the currency (foreign exchange risk).

This metric supplements the stress testing analysis conducted on a quarterly basis as part of the ICAAP.

6.3.2.5 Exposure to credit risk

6.3.2.5.1 *Analysis of the fair value of financial instruments*

The following table presents the comparison by category of the carrying amounts and fair values of the Group's parent company's financial instruments included in the consolidated financial statements.

Categories as at 31/12/2024	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
Financial assets						
Cash and sight accounts with central banks	7.410.938.949	7.410.938.949	-	-	-	-
Loans and advances at amortised cost	30.569.267.826	29.639.880.322	-929.387.504	-	-	100,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.116.043.120</i>	<i>1.116.043.120</i>	-	-	-	-
Financial instruments held for trading	262.679.628	262.679.628	-	-	-	-
Hedging derivative financial instruments	878.147.556	878.147.556	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	300.327.443	300.327.443	-	-	-	-
Fixed-income securities recognised at amortised cost	15.610.191.902	15.405.422.756	-204.769.146	80,1%	19,9%	-
<i>of which measured at fair value for hedging purposes</i>	<i>11.644.315.217</i>	<i>11.644.315.217</i>	-	-	-	-
Fixed-income securities recognised at fair value through the revaluation reserve	31.725.784	31.725.784	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	849.313.947	849.313.947	-	-	-	-
Investments in associates accounted for using the equity method	977.849.535	977.849.535	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-350.917.529	-350.917.529	-	-	-	-
TOTAL	56.539.525.041	55.405.368.391	-1.134.156.650			
Financial liabilities						
Deposits at amortised cost	46.650.164.824	46.186.924.150	-463.240.674	-	100,0%	-
Financial instruments held for trading	156.765.363	156.765.363	-	-	-	-
Hedging derivative financial instruments	513.024.605	513.024.605	-	-	-	-
Financial liabilities designated at fair value through profit or loss	340.778.042	340.778.042	-	-	-	-
Debt securities in issue	2.492.402.444	2.493.304.420	901.976	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>646.047.353</i>	<i>646.047.353</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	12.726.327	12.726.327	-	-	-	-
TOTAL	50.165.861.605	49.703.522.907	-462.338.698			

Categories as at 31/12/2025	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
Financial assets						
Cash and sight accounts with central banks	7.183.227.647	7.183.227.647	-	-	-	-
Loans and advances at amortised cost	32.937.097.311	31.704.843.398	-1.232.253.913	-	-	100,0%
<i>of which measured at fair value for hedging purposes</i>	<i>945.323.532</i>	<i>945.323.532</i>	-	-	-	-
Financial instruments held for trading	100.474.684	100.474.684	-	-	-	-
Hedging derivative financial instruments	1.118.311.565	1.118.311.565	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	150.926.712	150.926.712	-	-	-	-
Fixed-income securities recognised at amortised cost	16.411.867.040	16.358.004.020	-	-	-	-
<i>of which measured at fair value for hedging purposes</i>	<i>11.938.472.333</i>	<i>11.938.472.333</i>	<i>-53.863.020</i>	<i>85,9%</i>	<i>14,1%</i>	-
Fixed-income securities recognised at fair value through the revaluation reserve	27.253.041	27.253.041	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	974.497.829	974.497.829	-	-	-	-
Investments in associates accounted for using the equity method	998.564.136	998.564.136	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-629.787.554	-629.787.554	-	-	-	-
TOTAL	59.272.432.411	57.986.315.478	-1.286.116.933			
Financial liabilities						
Deposits at amortised cost	48.127.130.662	47.682.848.385	-444.282.277	-	100,0%	-
Financial instruments held for trading	91.431.493	91.431.493	-	-	-	-
Hedging derivative financial instruments	305.995.813	305.995.813	-	-	-	-
Financial liabilities designated at fair value through profit or loss	307.748.180	307.748.180	-	-	-	-
Debt securities in issue	3.422.035.395	3.423.484.946	1.449.551	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>1.805.458.819</i>	<i>1.805.458.819</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.667.062	3.667.062	-	-	-	-
TOTAL	52.258.008.605	51.815.175.879	-442.832.726			

The fair value of financial instruments not recognised at fair value in the balance sheet is determined according to the methods and estimates described below.

The fair value measurements in "Securities recognised at amortised cost", "Deposits at amortised cost" and "Debt securities in issue" are categorised as Levels 1 and 2 in the fair value hierarchy. The fair value measurements in "Loans and advances at amortised cost" are assigned to Level 3 fair value.

Assets and liabilities at amortised cost in the balance sheet with a fair value close to the book value

In respect of financial assets and liabilities with a maturity date of 6 months or less, the Group's parent company estimates their fair value as very close to their carrying amount. The credit risk is considered to be immaterial due to the Group's parent company's prudent policy and the imminent maturity. The low residual duration also means that the rate risk is immaterial.

Similarly, the fair value of assets collateralised is very close to their book value, since the credit risk is hedged. These are essentially repurchase agreements, secured loans and equipment loans.

Financial assets and liabilities at amortised cost in the balance sheet with a fair value different from the carrying amount

For the purpose of the fair value calculation, the Group's parent company distinguishes between:

- Financial assets and liabilities in the form of deposits and loans: the Group's parent company calculates fair value using the modelled discounted cash flow method;
- Financial instruments included in the portfolio of fixed-income securities recognised at amortised cost and categorised as Level 1 of the fair value hierarchy: these instruments are measured at their market price;
- Financial instruments included in the portfolio of fixed-income securities recognised at amortised cost and categorised as Level 2 of the fair value hierarchy: these instruments are measured at fair value using the discounted cash flow method based on:
 - a. credit risk data such as the customer's risk classification, probability of default and loss given default. These criteria were established based on historical observations of defaults and are used to determine credit risk premiums (credit spreads) by risk class, duration and type of financial instrument,
 - b. a reference yield curve.

Hierarchy of financial assets and liabilities at fair value

Categories as at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	262.679.628	-	262.679.628
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	262.679.628	-	262.679.628
- <i>IRS</i>	-	39.791.317	-	39.791.317
- <i>CIRS/outright</i>	-	222.823.346	-	222.823.346
- <i>other</i>	-	64.966	-	64.966
Hedging derivative financial instruments	-	878.147.556	-	878.147.556
- <i>IRS</i>	-	742.506.731	-	742.506.731
- <i>CIRS</i>	-	135.640.825	-	135.640.825
Financial assets mandatorily recognised at fair value through profit or loss	-	300.313.376	14.067	300.327.443
- Debt instruments	-	259.616.238	14.067	259.630.305
- <i>Public sector</i>	-	24.073.646	-	24.073.646
- <i>Credit institutions</i>	-	113.498.589	-	113.498.589
- <i>Corporate customers</i>	-	122.044.003	14.067	122.058.070
- Other financial instruments	-	40.697.138	-	40.697.138
- <i>Corporate customers</i>	-	40.697.138	-	40.697.138
Variable-income securities recognised at fair value through the revaluation reserve	14.427.035	55.490.371	779.396.541	849.313.947
- <i>Public sector</i>	-	-	-	-
- <i>Credit institutions</i>	-	-	8.309.625	8.309.625
- <i>Corporate customers</i>	14.427.035	55.490.371	771.086.916	841.004.322
Fixed-income securities recognised at fair value through the revaluation reserve	25.151.826	6.573.958	-	31.725.784
- <i>Public sector</i>	20.337.064	6.573.958	-	26.911.022
- <i>Credit institutions</i>	4.814.763	-	-	4.814.763
TOTAL	39.578.862	1.503.204.889	779.410.608	2.322.194.359
Financial liabilities				
Derivative financial instruments held for trading	-	156.765.363	-	156.765.363
- <i>IRS</i>	-	25.557.986	-	25.557.986
- <i>CIRS/outright</i>	-	131.107.896	-	131.107.896
- <i>other</i>	-	99.481	-	99.481
Hedging derivative financial instruments	-	513.024.605	-	513.024.605
- <i>IRS</i>	-	369.361.546	-	369.361.546
- <i>CIRS</i>	-	143.663.060	-	143.663.060
Financial liabilities designated at fair value through profit or loss	-	340.778.042	-	340.778.042
TOTAL	-	1.010.568.010	-	1.010.568.010

Categories as at 31 December 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	100.474.684	-	100.474.684
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	100.474.684	-	100.474.684
- <i>IRS</i>	-	32.774.915	-	32.774.915
- <i>CIRS/outright</i>	-	67.693.674	-	67.693.674
- <i>other</i>	-	6.095	-	6.095
Hedging derivative financial instruments	-	1.118.311.565	-	1.118.311.565
- <i>IRS</i>	-	921.447.163	-	921.447.163
- <i>CIRS</i>	-	196.864.402	-	196.864.402
Financial assets mandatorily recognised at fair value through profit or loss	-	150.914.916	11.796	150.926.712
- Debt instruments	-	111.236.748	11.796	111.248.544
- <i>Public sector</i>	-	-	-	0
- <i>Credit institutions</i>	-	61.675.700	-	61.675.700
- <i>Corporate customers</i>	-	49.561.048	11.796	49.572.844
- Other financial instruments	-	39.678.169	-	39.678.169
- <i>Corporate customers</i>	-	39.678.169	-	39.678.169
Variable-income securities recognised at fair value through the revaluation reserve	26.089.440	120.897.205	827.511.185	974.497.829
- <i>Public sector</i>	-	-	-	-
- <i>Credit institutions</i>	-	-	8.824.035	8.824.035
- <i>Corporate customers</i>	26.089.440	120.897.205	818.687.150	965.673.794
Fixed-income securities recognised at fair value through the revaluation reserve	27.253.041	-	-	27.253.041
- <i>Public sector</i>	22.342.329	-	-	22.342.329
- <i>Credit institutions</i>	4.910.712	-	-	4.910.712
TOTAL	53.342.481	1.490.598.369	827.522.981	2.371.463.832
Financial liabilities				
Derivative financial instruments held for trading	-	91.431.493	-	91.431.493
- <i>IRS</i>	-	23.573.606	-	23.573.606
- <i>CIRS/outright</i>	-	67.853.839	-	67.853.839
- <i>other</i>	-	4.048	-	4.048
Hedging derivative financial instruments	-	305.995.813	-	305.995.813
- <i>IRS</i>	-	255.841.561	-	255.841.561
- <i>CIRS</i>	-	50.154.252	-	50.154.252
Financial liabilities designated at fair value through profit or loss	-	307.748.180	-	307.748.180
TOTAL	-	705.175.486	-	705.175.486

Changes in outstanding financial assets from one year to the next stem primarily from the change in the valuation prices of variable-income and fixed-income securities.

A comparison of the breakdown of financial assets by level at end-2025 shows that 2,2% (1,7% in 2024) of financial assets are classified as Level 1, 62,9% (64,7% in 2024) as Level 2 and 34,9% (33,6% in 2024) as Level 3. The changes in the breakdown between the different levels were minimal in financial year 2025.

The Group's parent company used measurement models based on market data to calculate the fair value of Level 2 positions and measurement models based on estimates and market data to calculate the fair value of Level 3 positions.

All the financial instruments in the liability categories continue to be at level 2.

Level 3 breakdown:

	Financial assets mandatorily recognised at fair value through profit or loss		Variable-income securities recognised at fair value through the revaluation reserve	Total financial assets
	Debt instruments	Other financial instruments		
Total as at 1 January 2024	61.310	-	612.365.518	612.426.828
Total gains / losses	-313.666	-	163.920.719	163.607.053
- <i>Income statement</i>	-313.666	-	-	-313.666
- <i>Revaluation reserve</i>	-	-	163.920.719	163.920.719
Purchases	79.293	-	85.360	164.653
Reimbursements/sales	-	-	-14.020	-14.020
Other changes	187.130	-	3.038.964	3.226.094
Transfers from Level 1 to Level 3	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Total as at 31 December 2024	14.067	-	779.396.540	779.410.607
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2024	49.994	-	22.608.394	22.658.388

	Financial assets mandatorily recognised at fair value through profit or loss		Variable-income securities recognised at fair value through the revaluation reserve	Total financial assets
	Debt instruments	Other financial instruments		
Total as at 1 January 2025	14.067	-	779.396.540	779.410.607
Total gains / losses	142.623	-	67.293.043	67.435.666
- <i>Income statement</i>	142.623	-	-	142.623
- <i>Revaluation reserve</i>	-	-	67.293.043	67.293.043
Purchases	-	-	780.000	780.000
Reimbursements/sales	-	-	-11.937	-11.937
Other changes	-144.894	-	-5.842.376	-5.987.270
Transfers from Level 1 to Level 3	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-
Transfers from Level 3	-	-	-14.104.085	-14.104.085
Total as at 31 December 2025	11.796	-	827.511.184	827.522.981
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2025	449.619	-	24.619.808	25.069.426

For financial year 2025, the increase in Level 3 stemmed mainly from the fair value measurements applied to variable-income securities recognised at fair value through the revaluation reserve.

Methods used for the Level 3 valuation:

Category	Method
- Debt instruments	For securitisations, the fair value measurement is based on an estimate of future flows and on a dedicated basis spread (J.P. Morgan Int ABS & CB Research or SIFMA Markit). Some positions include an impairment that does not result solely from a determination based on the cash flow method but also takes an appraiser assessment into account.
- Equity instruments	The valuation methods applied are detailed in Section 3.3.3 Valuation techniques for determining fair value and the fair value hierarchy

Sensitivity analysis for Level 3:

Given the small amount recognised for debt instruments, the Group's parent company does not provide a sensitivity analysis for Level 3 for financial years 2025 and 2024.

For equity instruments, the Group's parent company has performed a sensitivity analysis using the following methods:

- 10% decrease or increase in EBITDA, with a simulation of the impact on net income and on liquid funds on the assets side of companies' balance sheets;
- decrease or increase in profit of 10% of the carrying amount;
- 10% decrease or increase in real estate prices in Luxembourg.

The fair value sensitivity for Level 3 instruments is therefore quantified as follows:

31/12/2024	Level 3 fair value	Impact on fair value	
		10% decrease depending on the methodology used	10% increase depending on the methodology used
Variable-income securities recognised at fair value through the revaluation reserve	741.656.233	-77.679.262	78.103.637

31/12/2025	Level 3 fair value	Impact on fair value	
		10% decrease depending on the methodology used	10% increase depending on the methodology used
Variable-income securities recognised at fair value through the revaluation reserve	803.282.047	-78.144.776	78.100.912

The sensitivity analysis is performed on the three most material shareholdings.

6.3.2.6 Analysis of foreign exchange risk

As at 31/12/2024	Net balance sheet position
AUD	-4.800.784
CHF	-6.900.011
GBP	3.134.118
RON	3.134.473
USD	25.372.691
XAU	-14.328.912
Other	-216.012
Total	5.395.563

As at 31/12/2025	Net balance sheet position
AUD	104.080.876
CHF	-2.187.326
GBP	2.159.819
RON	3.007.842
USD	40.061.370
XAU	-23.275.046
Other	1.114.291
Total	124.961.826

Only currencies with a net currency position exceeding EUR 2 million are recorded on a separate line.

6.3.3 **Liquidity risk**

6.3.3.1 Definition

Liquidity risk results from a problem in recognition of financial inflows and outflows on a specific date. The risk for a financial institution is that it may be unable to meet its payment obligations at a given point in time as a result of having insufficient liquid assets relative to its maturing liabilities. By virtue of its financial structure, the Group's parent company is generally in a position of excess liquidity.

6.3.3.2 Liquidity risk management governance

The Group's parent company constantly monitors liquidity risk on the basis of maturities. This monitoring includes both a very detailed reconciliation of cash inflows and outflows over a six-month horizon and a medium- and long-term assessment of structural funding requirements. Short-time financing needs in the main currencies are subject to specific limits.

The Group's parent company conducts a stress test on a monthly basis to show that it would have sufficient liquid assets to cope with unexpected large-scale withdrawals over an extended period.

Under normal circumstances, the Group's parent company has stable and diversified liabilities, notably in the form of a very solid customer deposit base and Euro Commercial Paper (ECP), US Commercial Paper (USCP) and Euro Medium Term Note (EMTN) refinancing programmes, which ensure a comfortable liquidity position. Furthermore, due to its high-quality fixed-income securities portfolio, the Group's parent company would be able, if necessary, to access the repo market or participate in the ECB's money-market operations.

In the event of an urgent need for large amounts of liquidity, the Group's parent company has an intraday and overnight credit line with the Banque centrale du Luxembourg (BCL) secured by pledges of eligible securities. To this end, the Group's parent company aims to continually have an immediately available minimum BCL liquidity reserve of EUR 3 billion. This reserve may consist of pledged securities and cash available with the BCL. The pledged securities component must represent at least EUR 2 billion at all times. On 31 December 2025, the amount of the liquidity reserve immediately available with the BCL was EUR 7,86 billion, of which EUR 5,78 billion in cash. At year-end 2025, the amount of the portfolio of assets eligible for refinancing with the BCL (excluding BCL cash) or usable on the interbank market reached EUR 14,04 billion.

Amended CSSF Circular 07/301, § II.1. "Risk identification" explicitly mentions the securitisation risk of which the credit institution is the originator or sponsor. Securitisation is one of the techniques used to manage liquidity, since it allows a bank to remove assets from the balance sheet to raise funds. The Group's parent company did not participate as originator or sponsor in such a transaction during the 2025 financial year.

6.3.3.3 *Exposure to liquidity risk*

6.3.3.3.1 *Schedule of liabilities*

Tables showing the balance sheet liabilities over the remaining residual life until repayment according to contractual data:

Headings	On demand - 3 months	3 months - 1 year	Sub-total < 1 year	1 - 5 years	> 5 years	Sub-total > 1 year	Total 2024
Issuance of securities*	1.067.631.974	843.058.591	1.910.690.565	468.843.548	714.847.321	1.183.690.870	3.094.381.435
Deposits at amortised cost -							
Credit institutions	4.269.101.573	291.115.319	4.560.216.892	3.401.876	-	3.401.876	4.563.618.769
Customers	33.983.380.881	4.979.274.006	38.962.654.887	2.982.610.215	242.796.103	3.225.406.317	42.188.061.205
Liabilities arising from leases	812.482	2.437.445	3.249.927	2.464.906	13.500	2.478.406	5.728.333
Total	39.320.926.911	6.115.885.361	45.436.812.272	3.457.320.546	957.656.924	4.414.977.469	49.851.789.741

Headings	On demand - 3 months	3 months - 1 year	Sub-total < 1 year	1 - 5 years	> 5 years	Sub-total > 1 year	Total 2025
Issuance of securities*	917.647.064	844.868.091	1.762.515.155	488.001.492	1.889.573.604	2.377.575.096	4.140.090.251
Deposits at amortised cost -							
Credit institutions	4.678.541.622	136.784.237	4.815.325.859	2.766.573	-	2.766.573	4.818.092.431
Customers	35.431.045.362	4.666.907.212	40.097.952.574	3.218.441.716	81.515.743	3.299.957.459	43.397.910.033
Liabilities arising from leases	1.214.147	3.641.294	4.855.441	6.591.518	4.704.955	11.296.473	16.151.914
Total	41.028.448.195	5.652.200.834	46.680.649.029	3.715.801.299	1.975.794.302	5.691.595.601	52.372.244.630

* including financial liabilities designated at fair value through profit or loss

Table showing balance sheet liabilities according to "expected" maturity dates determined in accordance with the ALM policy:

Headings	On demand - 3 months	3 months - 1 year	Sub-total < 1 year	1 - 5 years	> 5 years	Sub-total > 1 year	Total 2024
Issuance of securities*	1.089.397.661	846.636.439	1.936.034.101	480.100.338	726.656.889	1.206.757.227	3.142.791.328
Deposits at amortised cost -							
Credit institutions	4.462.646.885	85.318.419	4.547.965.304	10.308.004	1.261.649	11.569.653	4.559.534.956
Customers	23.362.692.316	5.127.418.325	28.490.110.640	8.288.864.686	6.034.672.380	14.323.537.066	42.813.647.706
Total	28.914.736.861	6.059.373.183	34.974.110.045	8.779.273.028	6.762.590.918	15.541.863.945	50.515.973.990

Headings	On demand - 3 months	3 months - 1 year	Sub-total < 1 year	1 - 5 years	> 5 years	Sub-total > 1 year	Total 2025
Issuance of securities*	949.425.623	844.710.526	1.794.136.149	1.063.626.906	1.424.138.433	2.487.765.339	4.281.901.488
Deposits at amortised cost -							
Credit institutions	4.770.613.774	27.975.579	4.798.589.353	948.365	511.420	1.459.785	4.800.049.138
Customers	20.608.940.173	6.155.434.129	26.764.374.302	10.672.314.201	6.640.631.442	17.312.945.643	44.077.319.945
Total	26.328.979.570	7.028.120.234	33.357.099.804	11.736.889.472	8.065.281.295	19.802.170.767	53.159.270.571

* including financial liabilities designated at fair value through profit or loss

6.3.3.3.2 Schedule of derivative instruments

Tables showing derivative financial instruments settled in gross cash flows:

In view of the fact that residual life is calculated on the basis of contractual data, the optional feature of some contracts has not been taken into account.

Amounts are shown in euros at the exchange rates on 31 December 2025 and 31 December 2024.

Headings	On demand - 3 months	3 months - 1 year	1 - 5 years	> 5 years	Total 2024
Derivative financial instruments held for trading					
Foreign exchange swaps and forward exchange contracts					
Inflows	13.708.809.032	1.922.007.156	32.713.285	3.063.162	15.666.592.635
Outflows	-13.665.291.744	-1.894.479.944	-35.617.561	-4.350.208	-15.599.739.457
Derivative financial instruments used for hedging purposes					
CCIS					
Inflows	11.159.202	83.442.625	1.838.558.051	576.236.465	2.509.396.344
Outflows	-42.347.637	-159.789.156	-2.095.420.045	-616.667.006	-2.914.223.844
Total inflows	13.719.968.235	2.005.449.781	1.871.271.336	579.299.627	18.175.988.978
Total outflows	-13.707.639.381	-2.054.269.100	-2.131.037.607	-621.017.214	-18.513.963.301

Headings	On demand - 3 months	3 months - 1 year	1 - 5 years	> 5 years	Total 2025
Derivative financial instruments held for trading					
Foreign exchange swaps and forward exchange contracts					
Inflows	12.215.295.049	2.474.026.617	185.025.344	2.718.869	14.877.065.879
Outflows	-12.249.951.029	-2.460.884.099	-184.897.743	-4.115.381	-14.899.848.253
Derivative financial instruments used for hedging purposes					
CCIS					
Inflows	44.569.023	277.511.646	1.617.115.612	439.823.856	2.379.020.137
Outflows	-69.758.859	-370.557.961	-1.839.335.635	-455.634.827	-2.735.287.282
Total inflows	12.259.864.072	2.751.538.263	1.802.140.956	442.542.725	17.256.086.016
Total outflows	-12.319.709.888	-2.831.442.060	-2.024.233.379	-459.750.208	-17.635.135.535

Tables showing derivative financial instruments settled in net cash flows:

Net cash flow liabilities from derivative financial instruments settled net are as follows:

Headings	On demand - 3 months	3 months - 1 year	1 - 5 years	> 5 years	Total 2024
Derivative financial instruments held for trading					
IRS	-2.070.811	3.113.090	9.122.754	13.584.613	23.749.646
Derivative financial instruments used for hedging purposes					
IRS	-43.065.014	-108.960.504	-325.747.364	-345.418.950	-823.191.831
Total outflows	-45.135.825	-105.847.414	-316.624.610	-331.834.337	-799.442.186

Headings	On demand - 3 months	3 months - 1 year	1 - 5 years	> 5 years	Total 2025
Derivative financial instruments held for trading					
IRS	108.125	-12.540.596	-3.275.410	11.122.035	-4.585.846
Derivative financial instruments used for hedging purposes					
IRS	-10.837.814	-46.130.663	-70.152.687	10.855.552	-116.265.612
Total outflows	-10.729.689	-58.671.259	-73.428.097	21.977.587	-120.851.458

6.3.4 Settlement and delivery risk

6.3.4.1 Definition

Settlement risk is the risk that transactions in debt securities, equities, currencies and commodities will not be settled on the delivery date.

Delivery risk refers to the risk that a transaction in a transactional system will not be executed as intended. In general, this occurs when:

- one of the counterparties is not able to meet its obligations in a timely manner (missed deadline, transaction error, technical issue);
- one of the counterparties to the transaction defaults.

Delivery risk may be assessed from a default risk perspective as well as from a liquidity perspective.

6.3.4.2 Settlement and delivery risk management approach

The Group's parent company is an indirect member of the CLS (Continuous-Linked Settlement) foreign exchange transaction settlement system. The overwhelming majority of foreign-exchange transactions are now handled by the CLS. Transaction date flows of overnight transactions are not processed through CLS. For these transactions, the settlement of initial flows, i.e. those that took place on the transaction date, is done in the conventional manner through correspondent banks. Maturity date flows for these same transactions are in principle settled through CLS.

Membership in the CLS system virtually eliminates counterparty risk (settlement risk) arising from foreign-exchange transactions through the payment-versus-payment principle and reduces the Group's parent company's liquidity risk by netting transactions, which considerably reduces settlement volumes.

6.3.5 **Operational risk**

6.3.5.1 Definition

Operational risk is defined as the risk of losses resulting from an inadequacy or a failure of processes, personnel, internal systems, or external events, including legal risk.

6.3.5.2 Operational risk management governance

To ensure effective management of operational risk at all levels, the Group's parent company has implemented governance based on the concept of the three lines of defence.

The roles and responsibilities of the internal control functions as well as the first line of defence are clearly highlighted in the Internal Control Charter and the Operational Risk Management Policy.

Operational risk management is supervised by various committees, including the Risk Oversight Committee at the Executive Committee level and the Risk Committee at the Board of Directors level. The guidelines as well as the ultimate supervision and definition of operational risk appetite come directly from the Board of Directors, and implementation is ensured by the Executive Committee.

6.3.5.3 Operational risk management approach

The operational risk management approach includes an assessment of risk levels to determine whether they are acceptable or tolerable. The approach also involves analysing the operational incidents observed and defining the related mitigation measures.

The identification, analysis, assessment, and monitoring of operational risks within the Group's parent company constitute an integrated set of activities and methods that help the Group's parent company to measure and manage operational risk. The activities are implemented in a structured, diligent, dynamic, and iterative manner. The choice whether to implement them results from a consistent approach and is based on exposure to the various risks incurred. The various methods and practices of operational risk management can implement a dual dynamic: ex-ante, for example, through Key Risk Indicators, or ex-post, for example, through the collection of incident data.

The various information is used in the determination of the economic capital allocation performed as part of the Internal Capital Adequacy Assessment Process (ICAAP). Regarding the calculation of regulatory capital requirements, the Group's parent company adopts the standard approach.

Process and control improvements are actions taken to strengthen the control environment and thus the implementation of measures to reduce the operational risks inherent in the processes. A treatment measure may be initiated by the first line of defence as part of its responsibility for day-to-day management of inherent risks. A treatment measure may also be initiated following a recommendation from the second line of defence or a decision of Senior Management on the treatment of the risk (accept, reduce, avoid, transfer).

The Group's parent company ensures that it has solid continuity plans, in particular the Business Continuity Plan (BCP), which aims to ensure the continuity of critical activities in the event of a major operational incident (involving property, computers, or other resources), and the Disaster Recovery Plan (DRP), which aims to ensure the continued operation of critical information systems, supporting the critical processes of the BCP or their timely recovery in the event of a major IT incident. The DRP also aims to restore data in the event of large-scale loss or corruption, based on healthy backups to allow for recovery (possibly in degraded mode).

Proper management of operational risk requires the promotion of a strong risk control culture.

The Group's parent company thus:

- ensures that employees respect the values and rules of professional ethics. The Group's parent company defines these standards in the staff code of conduct;
- ensures that employees have the necessary information and knowledge at the end of the training courses organised at regular intervals;
- ensures that the Group's parent company's employees do not have incentives to behave in a manner not in line with the Group's parent company's risk culture.

In addition, the Group's parent company applies several key principles:

- The principle of segregation of duties within the meaning of Article 71 of CSSF Circular 12/552; tasks and responsibilities are assigned so as to ensure that their performance by the same person is not incompatible in order to avoid potential conflicts of interest.
- Four eyes validation principle: actions requiring a decision, validation, or approval are taken according to the "four eyes" principle in order to avoid errors and irregularities.

6.3.6 IT and cyber risks

6.3.6.1 Definition

IT and cyber risk is defined as the risk of loss arising from an inadequate information system organisation, an information system malfunction or insufficient information system security.

6.3.6.2 IT and cyber risk management governance

IT and cyber risk governance is closely tied to the governance in place for operational risks. This includes the three lines of defence concept as well as the decision-making bodies, such as the Risk Oversight Committee.

A "Security Policy" defines the different roles and responsibilities as well as the guidelines applicable to oversight of IT and cyber risk management.

This "Security Policy" is further supplemented by a set of security standards that details the specific requirements applicable to the areas and sub-areas within the IT scope.

6.3.6.3 IT and cyber risk management approach

The practices used to identify and assess IT and cyber risks are also incorporated into and compatible with the entire operational risk supervision and management system.

The Group's parent company has established processes for identifying and assessing IT and cyber risks in the event of changes or the introduction of new products. Proactive cyber-threat monitoring is also in place. These practices are further supplemented by an annual risk assessment and control process covering the IT activities scope.

The various information gathered through IT and cyber risk identification and assessment practices is used in the determination of the economic capital allocation performed as part of the Internal Capital Adequacy Assessment Process (ICAAP).

The Risk Management team responsible for supervising IT and cyber risks also monitors the action plans that aim to improve the Group's parent company's protection system.

6.3.7 **Climate and environmental risks**

6.3.7.1 Definition

Climate change and environmental degradation are sources of structural changes that can influence economic activity and thus the financial system. Climate-related and environmental risks consist of two main risk factors:

- **Physical risk** refers to the financial effects of climate change, including more frequent extreme climate events and gradual changes in climate, as well as the financial effects of environmental degradation due to air, water and land pollution, water stress, biodiversity loss and deforestation.
- **Transition risk** is defined as the financial loss an institution might incur, directly or indirectly, from the process of adjusting to a low-carbon and more environmentally sustainable economy.

6.3.7.2 Climate and environmental risk management governance and approach

The Group's parent company does not view climate-related and environmental risks as a new risk category, but rather as an aggravating factor (risk driver) for the other risk categories, such as credit risk, market risk, operational risk, and reputational risk. Climate and environmental (C&E) risk

management governance therefore falls within the governance implemented to manage the other risk categories.

6.3.7.3 Climate and environmental risk management approach

6.3.7.3.1 Credit risk

Climate and environmental risks are identified and measured as part of the risk identification and assessment process. Under the approach used to identify and assess climate-related and environmental credit risks, the Group's parent company's portfolio is divided into three parts:

- the domestic portfolio (retail customers, mortgage loans, financing for domestic companies, shareholdings);
- the international portfolio (investment portfolio, custodian bank);
- the Group's parent company's own operations.

For each of these segments, the Group's parent company assesses the climate and environmental risks (physical and transition) to which it is directly or indirectly exposed through transmission channels.

Transmission channels are the causal chains that link climate risk factors to the financial risks faced by banks. They help explain how climate and environmental risks might materialise as a source of instability for the Group's parent company. These channels distinguish between:

- microeconomic channels: direct impacts on counterparties, assets and exposures;
- macroeconomic transmission channels: direct impacts on the Group's parent company due to the effects of climate and environmental risks on economic indicators such as productivity and/or economic growth.

To better manage climate-related and environmental risks, the Group's parent company has defined its first climate and environmental risk management framework. This framework focuses on both transition climate risks and physical climate and environmental risks. The Group's parent company has incorporated various key risk indicators relating to climate and the environment into its Risk Appetite Framework, reflecting, among other things, the goal of reducing its portfolio's carbon intensity. In addition, efforts have been made to reduce transition risk by limiting exposures related to domestic companies active in the seven NACE sectors that are particularly vulnerable to this risk.

6.3.7.3.2 Liquidity risk

The Group's parent company's liquidity risk profile may be affected by C&E risk factors both directly, through the Group's parent company's inability to obtain financing or liquidate assets under normal market conditions, or indirectly, through its customers' increased need for liquidity. The risk is measured by calculating the survival period and the LCR after 60 days for different climate scenarios. As its liabilities have limited exposure to sectors that are exposed to climate variations or are located in regions associated with physical risk, the Group's parent company considers its liquidity risk to be low.

6.3.7.3.3 Market risk

C&E risk factors can lead to higher volatility and lower asset values on certain markets with particularly high exposure to physical risks and/or transition risks. These price adjustments can be sudden and significant when climate risk has not yet been incorporated into market prices. The Bank's bond portfolio is, in principle, held to maturity and the vast majority of the securities are recognised at amortised cost. For these bonds, the market risk resulting from climate and environmental risk has been assessed as low.

6.3.8 Geopolitical risk

6.3.8.1 Definition

Geopolitical risk is the risk related to the threat, realisation, and escalation of adverse events associated with wars, terrorism, and any tensions among States and political actors that affect the peaceful course of international relations. Geopolitical risks can spread to banks via financial and non-financial risks.

6.3.8.2 Geopolitical risk management governance and approach

The Group's parent company takes geopolitical risks into account when defining the macroeconomic scenarios used to calculate its IFRS 9 provisions and in the ICLAAP. An analysis of transmission channels also allows geopolitical risk to be factored into the idiosyncratic stress tests included in the ICAAP.

The main transmission channels and mitigation actions can be summarised as follows:

- Credit risk (direct exposure): The Bank closely monitors exposures related to counterparties that are directly affected by wars or geopolitical tensions. Credit exposure at 31 December 2025 was limited to counterparties that are indirectly impacted by the current geopolitical tensions. This exposure does not, however, represent a material risk for the Bank. The credit portfolio is diversified at the sector and geographic level, with a preference for more defensive sectors and for the most stable countries and economies.
- Credit risk (indirect exposure): The current geopolitical tensions could lead to unanticipated changes in growth and inflation rates and thus have a negative impact on the European economy, including Luxembourg's. For example, higher inflation can lead to higher interest rates or credit spreads. A significant rise in interest rates would hamper new real estate loan production and increase the credit risk of holders of a variable-rate real estate loan and of real estate developers. However, when a new variable-rate loan is granted, the Bank makes sure that the holder can also repay the loan if rates move higher by conducting a stress test based on interest rate movement expectations.
- Market and liquidity risk: Interest rate volatility is monitored closely and management actions are taken if necessary. In terms of liquidity risk, the Bank makes sure that the liquidity indicators remain at comfortable levels at all times.

Non-financial risks: The main non-financial risks associated with geopolitical risks are cyberattacks on the Bank and disruptions to the Bank's activities if an external service provider is unavailable. Ongoing investments in the Bank's resilience help mitigate these risks.

6.3.9 Sanction and reputational risk

6.3.9.1 Definition

By sanction and reputational risk, we mean the risk of legal, administrative or disciplinary sanctions arising from failure to comply with provisions specific to banking and financial activities as well as the risk incurred by the Group's parent company with respect to its brand image and reputation, which could be damaged by rumours, scandals, disputes or the imposition of a sanction.

The risk of regulatory non-compliance with the provisions specific to banking and financial activities, whether they are legislative or regulatory in nature or concern professional or ethical standards, is directly related to sanction risk.

6.3.9.2 Sanction and reputational risk management governance and approach

The Group's parent company has adopted a regulatory watch policy which aims to ensure the bank is in compliance with all applicable regulations, in particular those related directly to the financial sector. The first step was for a dedicated team to identify and create a list of these regulations. These texts are made available to all staff. For each new text, a report and a gap analysis are prepared in collaboration with the topic owners, who are business line specialists in the areas covered by the texts in question. Monthly work meetings are held to support and monitor the progress made on the new obligations to be taken into account in order to remain compliant. A detailed report, including monitoring indicators and alerts, is sent to the Compliance Committee and the executive board every quarter.

In accordance with the provisions of Circular CSSF 12/552, as amended, the Group's parent company has adopted guidelines for implementing the guiding principles formalised by the Board of Directors with respect to the approval of new products (and new activities). An internal procedure defines the key factors to be taken into consideration when assessing the potential new risks related to the new products or activities under review, and when defining mitigation measures.

The Group's parent company has opted for a federated governance model in terms of regulatory watch. In this type of model, standards are defined centrally and implemented locally, within the Group's parent company's units. This federated model empowers the different players and separates the verification functions (second line of defence) from the operational functions (first line of defence), in accordance with the requirements of Circular CSSF 12/552, as amended. This model ensures the overall consistency of the regulatory watch at the Group's parent company level and relies on a centralised team that has a complete picture of all current and future regulations. This team is also responsible for disseminating this information across the Group's parent company and for monitoring it for compliance by the business line units.

The second line of defence is responsible for a series of controls, documented in a control plan established annually, with the goal of evaluating the presence and robustness of the systems in place to ensure compliance with the current obligations and regulations applicable to each of the Group's parent company's activities. These controls help identify the risk factors that should be given priority, and result in recommendations calling for action plans within a set deadline. These plans should be followed to mitigate these risks and thus avoid instances of non-compliance that could result in sanctions and/or damage the Group's parent company's reputation.

6.3.10 Money laundering and financing of terrorism risk

6.3.10.1 Definition

"Money laundering" should be understood to mean "any act, in particular concealment, disguise, acquisition, possession, use, or transfer, to which the law expressly confers, in relation to the crimes or misdemeanours specified therein, the character of a specific criminal offense and which relates to the proceeds, that is, any economic advantage, derived from another criminal offence". All crimes and misdemeanours constitute a "primary" offence. These traditionally include, among others, drug trafficking, forgery, environmental crimes and misdemeanours, fraud against the State's financial interests, bribery, aggravated tax evasion, market abuse, failure to comply with restrictive financial measures, acts of terrorism, etc.

"Financing of terrorism" is defined as the act of "directly or indirectly, unlawfully and wilfully, providing or collecting funds or assets of any nature with the intention that they should be used to commit one or more of the offences defined as an act of terrorism or as hostage-taking, even if they have not actually been used to commit one of these offences".

Financing of the proliferation of weapons of mass destruction is defined as direct or indirect financial support for the illegal manufacture, acquisition development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical, or biological weapons and their means of delivery and related materials (including dual-use goods and technologies used for non-legitimate purposes).

6.3.10.2 Money laundering and financing of terrorism risk management governance

The Group's parent company has implemented a system for anti-money laundering, combating the financing of terrorism (AML/FT), and countering the financing of the proliferation of weapons of mass destruction. This system follows the three lines of defence model.

The commercial functions are responsible for customer business relationships and gather the necessary information and documents both at the start of and over the course of the relationship or during periodic reviews.

The AML Office unit is in charge of the first-level Know Your Customer and Know Your Transaction controls both at the start of the relationship and when monitoring the business relationship or during periodic reviews.

Also, in accordance with Article 4 (1) of the law of 12 November 2004 (as amended), the Group's parent company has appointed an officer responsible for compliance with professional obligations ("Responsable du respect des obligations professionnelles", or RR) as well as an officer responsible for control of professional obligations ("Responsable du contrôle des obligations professionnelles", or RC).

The role of RR was thus assigned to the member of the Executive Committee with responsibility for the Compliance department and that of RC to the Chief Compliance Officer (CCO), who heads the Compliance department which houses the Financial Crime Compliance unit.

The latter unit is responsible for all second line of defence tasks and controls relating to AML/FT themes, including intervening in onboarding approval flows for high-risk applications and in their reviews, as well as compliance with financial sanctions, customer tax compliance, and detection of market abuse and insider trading, and for relationships with the competent authorities in the context of reporting suspicious activity related to AML/FT. Training on AML/FT is organised for all staff, both for new hires and on an ad hoc basis for topics that are of particular concern to certain business lines. In-house newsletters are also regularly published to raise the business lines' awareness of more specialised AML/FT topics (Russian sanctions, non-profit organisations, bribery, etc.).

The Compliance function has also established a Compliance Monitoring Plan with the aim of conducting second-level controls on various topics, including the anti-money laundering and combating the financing of terrorism system.

Lastly, Internal Audit must also audit the system every year as part of its control plan.

6.3.10.3 Money laundering and financing of terrorism risk management approach

In accordance with Article 4 (4) of amended CSSF Regulation 12-02 and with the risk-based approach required by the amended law of 12 November 2004 on anti-money laundering and combating the financing of terrorism (AML/FT) included in Chapter 3 of amended CSSF Regulation 12-02, the Group's parent company has defined its risk appetite with respect to AML/FT. This "Definition of AML/FT Risk Appetite" policy is approved every year by the Board of Directors: compliance with the limits is determined every year.

The Group's parent company has adopted a "conservative" profile, which takes into account its status as State Bank and which defines the type of acceptable customers, as well as the authorised or prohibited geographic regions (each country is assessed from the perspective of AML/FT), the products that may be offered, and the distribution channels accepted.

The Group's parent company has also adopted a risk-based approach to assess its customers' AML/FT risk. This assessment is carried out when the request is made to enter into the business relationship and is reassessed over the course of the relationship as part of ongoing due diligence.

This risk assessment results in the implementation of various due diligence measures which fall into three categories: standard, simplified or enhanced due diligence measures. They are applied both to requests to enter into relationships and as part of ongoing due diligence to monitor the relationship.

In the context of the assessment of customers' AML/FT risk, the Group's parent company developed a calculation algorithm based on several risk factors related, among others, to the types of customers, the countries and geographic regions, the products, services and transactions carried out, and the distribution channels used.

The Group's parent company also ensures that the transactions carried out by its customers are suited to its customers' knowledge, their activities, their financial situation and their risk profile.

To that end, various controls are performed on a daily basis to monitor and identify transactions that are problematic or complex or involve a high or unusual amount, given the customer's risk profile.

In 2025, the Group's parent company undertook a review of the tools used in anti-money laundering and combating the financing of terrorism, including the transaction monitoring and transaction filtering tool. The anti-money laundering and combating the financing of terrorism system is constantly evolving.

6.3.11 Fraud risk

6.3.11.1 Definition

By fraud, we mean any practice prohibited by and/or contrary to the laws or rules⁷ of the Group's parent company, including omission, concealment or misrepresentation which, knowingly or through gross negligence, maliciously or with intent to defraud, misleads a party with the aim of obtaining a financial or other benefit, or of avoiding an obligation. The fraud may be against the Group's parent company and/or its customers. Fraud also covers actions justified by non-financial motivations, if these are carried out in violation of laws, regulations or internal procedures applicable within the Group's parent company. Legally, fraud is defined as an act carried out using unfair means intended to deceitfully obtain consent or obtain an undue material or moral advantage, or that is carried out with the intent to avoid enforcement of the law.

The Group's parent company makes a distinction between internal fraud and external fraud:

- internal fraud: act of fraud committed by a member of the Group's parent company's staff. External staff working for the Group's parent company under a contract (e.g. consultants, suppliers or contractors) should be considered members of the Group's parent company's staff in the context of this policy.
- external fraud: act of fraud committed by any external actor (e.g. potential customer, existing customer, unidentified third party, etc.) who is not a member of the Group's parent company's staff.

6.3.11.2 Fraud risk management governance and approach

The fraud risk management system is based on the principle of the three lines of defence applied under the federated model, meaning that decisions are made centrally and implemented locally (at the first line of defence entities).

The roles and responsibilities of the players in the three lines of defence are explained in a Fraud Risk Management Policy. They are supervised by the Audit and Compliance Committee and managed by the Executive Committee, the Compliance Committee and a Fraud Protection Officer in the control function.

⁷ By Spuerkeess rules, we mean the Spuerkeess staff code of conduct and the security policy.

The first line of defence (1LoD) is responsible for:

- managing the fraud risks generated by its activity.

The second line of defence (2LoD) is responsible for:

- defining the Fraud Risk Management Policy and the anti-fraud standards;
- supervising the fraud risk management practiced by the first line of defence;
- raising awareness of fraud risk.

The third line of defence (3LoD) is responsible for:

- performing an independent control of the first two lines of defence.

In accordance with the guiding principles, the 1LoD and 2LoD players collaborate to ensure effective management of fraud risk based on prevention, detection and resilience.

The Fraud Protection Officer (FPO) is at the centre of fraud risk management and is responsible for defining both the Fraud Risk Management Policy and the fraud risk management standards.

He coordinates the fraud risk management activities and any investigations and is responsible for organising and leading the weekly Tactical Fraud Meeting with the control function players.

In July 2023, the Executive Committee decided to also centralise the monitoring of its sanctions decisions within the Fraud Protection Office.

In conjunction with the FPO, the IT component of internal and external fraud management is handled by the Information Security Officer (ISO) covered by the teams from the Non-Financial Management (NRM) unit, while the Inspection division housed in the Conduct & Controls unit is responsible for non-IT operational anti-fraud control and compliance with the code of conduct and regulatory constraints.

6.3.12 Conduct risk

6.3.12.1 Definition

Conduct risk is reflected in the loss of reputation or sanction risk arising from failure to comply with the provisions of the Spuerkeess Staff Code of Conduct.

6.3.12.2 Conduct risk governance

This is an integral part of fraud risk management and is ensured by non-IT operational anti-fraud control and compliance with the code of conduct and regulatory constraints within the Conduct & Controls unit.

The Spuerkeess Staff Code of Conduct:

- informs staff of the rules and values to be respected in the performance of their duties;
- highlights our bank's values and conveys its image and principles;
- unites all staff in a common set of values.

6.3.12.3 Conduct risk management governance and approach

The Inspection division within the Conduct & Controls unit carries out controls to detect misconduct by using patterns of fraud established based on actual experience and on the activities' residual risks.

The Inspection division works closely with the 1LoD units, for example the HR & People Management unit, to monitor compliance with aspects of the code of conduct.

At the same time, suspicious activity reports, customer complaints and whistleblower reports can trigger analyses and internal investigations.

The activity and the key figures used by the Inspection division are reflected in their contribution to the Risk Appetite Framework (RAF) through quarterly reports as well as in the activity report prepared by the Fraud Protection Officer and sent to the Compliance Committee and the Audit and Compliance Committee.

6.4 Capital and liquidity adequacy analysis

6.4.1 Internal Capital Adequacy Assessment Process (ICAAP)

The Group's parent company pays particularly close attention to its capital management, which is a key factor in its financial stability. It ensures it has enough capital to develop its business and withstand an adverse economic environment. The capital allocated to the Group's different business lines is appropriate to the Group's parent company's risk profile. Risk identification, the result of an ongoing process, allows material vulnerabilities to be incorporated into the economic capital allocation.

As part of the ICAAP exercise, the Group's parent company develops a multi-year projection, over three years, for the change in regulatory capital, in order to evaluate the impact on the regulatory ratios of at least two macroeconomic scenarios. To supplement these normative perspectives, a one-year economic perspective is developed to present an economic capital allocation in accordance with internal methodologies while taking account of material risks.

The economic quantification of the different risks is based on a conservative vision, with a confidence level of 99,95%. Internal methodologies have been developed to precisely measure all of the Group's parent company's material risks. The latter may result in an increase in capital requirements or have an impact on economic capital.

6.4.2 Internal Liquidity Adequacy Assessment Process (ILAAP)

The Group's parent company's business model means that it is exposed to liquidity risk. The transformation of short-term deposits into long-term credit creates a significant maturity mismatch between assets and liabilities. The main source of the Group's parent company's financing, namely retail customer deposits, often has no contractual maturity, which means the Group's parent company is exposed to a contractual liquidity gap.

As part of the ILAAP process, the Group's parent company adopts a robust financing plan to guarantee the financial stability of the Group's parent company and the fulfilment of its strategic objectives.

In the normative perspective, a number of the indicators used to measure liquidity risk are projected over a three-year horizon using at least two scenarios. In the economic perspective, an internal liquidity stress test is used to identify the impacts of the internal strategy and an adverse environment on the Group's parent company's liquidity.

These projections are used to ensure that the Group's parent company has the liquidity resources it needs in the face of adverse conditions.

6.4.3 ICAAP and ILAAP governance

The ICAAP and ILAAP processes are important instruments for the Group's parent company's risk management. A quarterly report is thus presented to and discussed within the Risk Management Committee and the Risk Committee. The ICAAP and ILAAP processes are used by the Group's parent company to analyse the impacts of strategic changes and multi-year budget forecasts.

7 SEGMENT REPORTING

7.1 The Group's operations

The Group's activities are carried out from the territory of the Grand Duchy of Luxembourg and are broken down into four major segments, each with comparable profitability and risk characteristics. Spuerkeess also owns stakes in companies in Luxembourg, which are included in a separate segment.

The Group's parent company has adopted a pillar-based management view determined by the main customer segments. This view makes it possible to monitor the Group's parent company's strategic and business objectives and provide the best possible support to different types of customers.

The segments break down as follows:

- Retail Banking and Private Banking:

This segment comprises the activities of the Retail and Private pillars and covers all of the Group's parent company's retail customers:

- The Retail pillar consists of the branch network, with deposit-taking, loan distribution, advice on housing, investments and private pensions, and management of means of payment for retail customers, self-employed professionals and small businesses. These products and services are sold through the branch network, by Spuerkeess Direct, and through the digital channels that serve Spuerkeess's customers;
- The Private pillar manages relationships with customers who have purchased one of the execution-only investment, investment advice or discretionary management solutions. These products and services are sold by dedicated Private Banking advisors at both the head office and Spuerkeess's finance centres.

- Corporate, Public Sector and Institutional Client Banking:

This segment comprises the activities of the Corporate, Institutional and Public Sector pillars and thus covers all business customers:

- The Corporate pillar manages relationships with business customers, which are categorised as either large companies or small and medium-sized companies. Specialised teams provide services to these customers in respect of loans and credits, investing, leasing and other financial advice;
- The Institutional pillar manages relationships with institutional customers, investment funds, banks and other financial intermediaries, insurance and reinsurance companies,

financial companies and private equity and multi-family office entities. The institutional client relationship managers are the key contacts for these customers;

- The Public Sector pillar manages government customers, other public sector entities and regional and local administrations. This pillar also covers relationships with the embassies of other countries located in Luxembourg.

- Financial Markets:

This segment comprises the activities of the Financial Markets and ALM pillars:

- The Financial Markets pillar covers the money market position management activity as well as management of the inventory of all securities held by Spuerkeess (the Collateral Management component). This pillar also manages the Global Credit Investment activity, i.e. management of Spuerkeess's investment portfolio through bond investments. Alongside these Spuerkeess proprietary trading activities, the pillar covers a broad range of services such as financial instrument order execution (equities, bonds and derivatives), as well as foreign-exchange transactions for customers in other segments;
- The ALM pillar covers Spuerkeess's Asset and Liability Management activity, which involves quantifying and managing interest rate risk (IRRBB), structural liquidity risk and balance sheet balances.

- Investments and Corporate Center:

This segment comprises income from investments, whether or not they are consolidated, Spuerkeess's own activities that cannot be allocated to customers in other pillars, such as the gains from sales of buildings and other income, as well as Management and secretary general overheads.

7.2 Allocation rules and net bank margin

The sector reporting is produced from analytical balance sheet allocation rules, an internal transfer pricing system and general expense allocation methods.

The internal transfer pricing system (FTP) reflects the transfer of interest rate risk and liquidity risk which are assumed by Spuerkeess's ALM unit. This entity is responsible for interest rate risk and liquidity risk management and for asset/liability management for Spuerkeess as a whole.

Back-office department, support activity and overhead costs are rebilled to the different pillars using an activity-based costing analytical cost allocation mechanism that reflects the economic consumption of the products and services provided to these segments.

The Group's net bank margin (NBM) consists of these main products:

- deposits from Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- loans and advances to Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- other products for Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- other products.

31/12/2024 In thousands of euros	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net interest margin	518.767	270.650	24.062	37.243	850.723
Income from securities	-	-	-	45.297	45.297
Fee and commission income	112.423	77.179	1.644	15.442	206.687
Income from financial instruments and foreign exchange	5.039	20.904	12.222	12.590	50.755
Net Banking Income	636.229	368.734	37.927	110.572	1.153.462
Other operating income and expenses	-	-	-	10.033	10.033
Banking income	636.229	368.734	37.927	120.606	1.163.495
General administrative expenses plus valuation allowances in respect of intangible and tangible assets	-307.495	-104.946	-24.877	-43.746	-481.064
Net allowances for valuation and impairment	-74.436	-109.703	-6.446	-18.140	-208.725
Income from associates	-	-	-	69.587	69.587
Income before tax	254.299	154.085	6.604	128.307	543.294
Tax on income for the period and deferred taxes	-63.209	-38.300	-1.641	2.144	-101.007
Minority interests	-	-	-	-106	-106
Income for the year attributable to equity holders of the parent	191.089	115.785	4.962	130.345	442.181
Assets	20.052.317	7.008.922	27.903.346	1.908.779	56.873.363
Liabilities	26.800.493	21.141.946	6.534.080	2.396.844	56.873.363

31/12/2025 In thousands of euros	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net interest margin	588.895	253.103	54.284	40.620	936.902
Income from securities	-	-	-	40.229	40.229
Fee and commission income	131.697	84.587	-38	10.926	227.172
Income from financial instruments and foreign exchange	8.195	16.574	-23.725	915	1.959
Net Banking Income	728.787	354.265	30.520	92.690	1.206.262
Other operating income and expenses	-	-	-	7.311	7.311
Banking income	728.787	354.265	30.520	100.001	1.213.573
General administrative expenses plus valuation allowances in respect of intangible and tangible assets	-344.141	-122.623	-29.291	-47.935	-543.990
Net allowances for valuation and impairment	876	-40.207	-4.480	-1.589	-45.401
Income from associates	-	-	-	95.071	95.071
Income before tax	385.522	191.434	-3.251	145.548	719.253
Tax on income for the period and deferred taxes	-88.374	-43.883	745	-923	-132.434
Minority interests	-	-	-	16	16
Income for the year attributable to equity holders of the parent	297.149	147.552	-2.506	144.641	586.835
Assets	21.375.353	7.175.579	29.366.658	1.728.067	59.645.657
Liabilities	28.393.022	21.303.826	7.362.895	2.585.914	59.645.657

Contribution by product to net bank margin:

in thousands of euros	31/12/2024	31/12/2025
Deposits from retail and private customers	322.876	389.707
Loans and advances to retail and private customers	223.766	225.187
Other products for retail and private customers	89.587	113.893
Deposits from corporate, public sector and institutional customers	202.176	160.471
Loans and advances to corporate, public sector and institutional customers	83.905	84.280
Other products for corporate, public sector and institutional customers	82.652	109.514
Other products	148.499	123.210
Total Net Bank Margin	1.153.462	1.206.262

Neither one individual customer nor any consolidated group of customers generates more than 10% of the Group's NBM.

SPUERKEESS'S GOVERNING BODIES

The organisation of Banque et Caisse d'Epargne de l'Etat, Luxembourg, the leading national financial institution, founded in 1856, is governed by the law of 24 March 1989, as amended, which defined the respective powers of the Board of Directors and the Executive Committee. Pursuant to Article 8 of this organic law, "the Board of Directors defines the Bank's general policy and is responsible for management control of the Executive Committee. All administrative acts and measures necessary or relevant to Spuerkeess's purpose fall within the responsibility of the Executive Committee, subject to such approvals as are required by virtue of this law".

BOARD OF DIRECTORS AS AT 31 DECEMBER 2025

CHAIRMAN	Camille Fohl
VICE-CHAIRMAN	Nima Ahmadzadeh
BOARD MEMBERS	Bettina Blinn
	Pierre Krier
	Chantal Schumacher
	François Thill
	Jean-Pierre Zigrand
BOARD MEMBERS- STAFF REPRESENTATIVES	Carmen Jaffke
	Marilène Marques

SUPERVISORY COMMISSIONER

Luc Feller

EXECUTIVE COMMITTEE AS AT 31 DECEMBER 2025

CHAIRMAN	Françoise Thoma	Chief Executive Officer
MEMBERS	Aly Kohll	Deputy Chief Executive Officer
	Romain Wehles	Executive Vice President
	Doris Engel	Executive Vice President
	Olivier Wantz	Executive Vice President

STATUTORY AUDITOR

Ernst & Young, Public Limited Company, Luxembourg

Approved by the Board of Directors during its meeting of 25 March 2026.

Luxembourg, 25 March 2026

For the Board of Directors

Camille Fohl
Chairman