



CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION **AS AT 30 JUNE 2022**



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SPUERKEESS GROUP MANAGEMENT REPORT BASED ON THE INTERIM CONDENSED CONSOLIDATED INFORMATION AS AT 30 JUNE 2022

The business climate in first-half 2022 was marked by the war in Ukraine and its impact on the economic environment, against the backdrop of record inflation. Luxembourg's economy has held up well for now, but escalating supply issues and rising prices are starting to weigh on demand and could be a drag on activity.

Growth estimates for 2022 have been revised downwards. Statec projects, in the baseline scenario for Luxembourg published in July, that growth will not exceed 2% in 2022.

In terms of the business development of the Bank's activities in the first half of 2022, outstanding loans and advances to customers rose by 3,3% compared with 31 December 2021. The retail customer projects financed by Spuerkeess led to a 4,5% increase in outstandings. Furthermore, outstanding corporate and public sector loans and advances remained stable compared with end-2021.

Customer deposits increased by 3,7% compared with 31 December 2021, driven by retail and corporate demand deposits for which the pace of growth increased compared with last year. Deposits from the public sector, which tend to be more volatile, trended down in the first half of 2022.

The Group's parent company is diversifying its sources of financing by issuing securities intended for institutional customers. This type of funding increased by 27,2% in the first half of the year and reflects Spuerkeess's ongoing appeal as an issuer.

At EUR 347,9 million as of 30 June 2022, the Group's bank margin was up EUR 15,5 million (4,7%) compared with the first half of 2021.

Net interest margin rose by 6,9% due mainly to the increase in new production of customer loans and advances and deposits. The European Central Bank's targeted longer-term refinancing operations, designed to support the corporate and consumer bank lending activity, also contributed to the positive interest margin performance.

Income from securities rose by 55,9%, i.e., EUR 12,7 million, and benefited from the increase in dividends received for 2021 from some of the strategic holdings that are not included in the scope of consolidation.

Fee income was up by 9,9%, or EUR 9,3 million. The increase was mainly due to fees from the asset management activities resulting from growth in the Private Banking activities, the favourable trend in the capital markets and the increased revenues from means of payment and credit cards thanks to the normalisation of consumption habits in 2022.

Income from financial instruments designated or mandatorily measured at fair value through profit or loss was affected by the widespread fall in market prices, which, on the one hand, caused the valuation of the financial instrument portfolio in question to decline by EUR 12,8 million; on the other, this effect was intensified by the rise in long-term interest rates and credit risk which determine the valuation of fixed-rate securities. These positions, which were economically hedged by derivative financial instruments held for trading for the interest-rate risk component, resulted in net income of EUR -4,8 million.

Income from hedging transactions was EUR -6,1 million as at 30 June 2022. Most of the income related to the impact of rising short-term rates on the valuations of financial instruments subject to hedge accounting.

In contrast, foreign exchange income rose sharply, benefiting from customer activity on the financial markets.

General expenses and depreciation and amortisation fell by 4,1% compared with the first half of 2021 due to a difference in the timing of the payment of the contribution to the Deposit Guarantee Fund between 2021 and 2022. Excluding this timing difference and given both the rise in personnel expenses after the wage indexation in October 2021 and April 2022 and the increase in depreciation costs for IT investments, general expenses and depreciation and amortisation would have increased by 2,7% compared with June 2021.

Income after general expenses at 30 June 2022 was up 25,8% compared with 30 June 2021.

Cost of risk was below the level at 30 June of the previous year. Spuerkeess was thus able to record reversals of value adjustments and provisions of EUR 3,4 million at 30 June 2022 while reversals of EUR 22,1 million had already been recorded at 30 June 2021. Re-estimating credit losses in first-half 2022 made it possible to reduce the management overlays applied in the context of the Covid-19 pandemic and taken into account in addition to the results from the calculation models during the pandemic.

The share in the profit of equity-accounted associates was EUR 75,8 million at 30 June 2022, up EUR 24,4 million compared with 30 June 2021, thereby contributing to the first-half 2022 performance.

In light of the above, the Spuerkeess Group reported half-yearly net profit of EUR 176,9 million, up 24,1% compared with first-half 2021.

Total equity for the Group at 30 June 2022 attributable to the parent company was EUR 5.477,8 million compared with EUR 5.214,4 million at 31 December 2021. The increase in equity can be attributed mainly to the integration of half-yearly net income and the decrease in actuarial gains/losses relating to employee benefits due to the rise in long-term interest rates.

Events after the 30 June 2022 reporting period

No significant events occurred after the 30 June 2022 reporting date that could impact the normal course of the Spuerkeess Group's business.

Outlook for second-half 2022

The war in Ukraine and the uncertain geopolitical and economic climate will continue to have negative impacts on the economy in the second half of 2022. Growth forecasts for the eurozone and for Luxembourg have been revised downwards and inflation will remain high due to the widespread surge in prices.

This outlook will prompt Spuerkeess to review its provisioning models in the second half of the year and, where applicable, to adjust its stock of provisions upwards, which would have an adverse impact on its income growth rate.

Luxembourg, 7 September 2022

For the Executive Committee

Doris Engel
Executive Vice President
Member of the Executive Committee

Françoise Thoma
Chief Executive Officer
President of the Executive Committee



Luxembourg, September 7, 2022

Statement on the compliance of the condensed interim consolidated financial statements and the management report in accordance with the provisions of article 4 of the Luxembourg transparency law ("Loi Transparence")

We hereby declare that to the best of our knowledge, the consolidated financial statements as at June 30, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34) as adopted by the European Union, and give a true and fair view of the assets and liabilities, the financial position and results, and that the interim management report is an accurate description of the information required pursuant to article 4 (4) of the Luxembourg Transparency Law.

For the Executive Committee

Doris Engel
Executive Vice President
Member of the Executive Committee

Françoise THOMA
Chief Executive Officer
President of the Executive Committee



SPUERKEESS

**BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT
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 (Memorandum A, no. 16 of 28 March 1989)

Interim condensed consolidated financial information as at 30 June 2022

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BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT,
LUXEMBOURG

STATUTORY AUDITOR'S REPORT

30 June 2022

Report on review of interim condensed consolidated financial statements

To the Comité de direction of Banque et Caisse d'Epargne de l'Etat, Luxembourg

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Banque et Caisse d'Epargne de l'Etat, Luxembourg and its subsidiaries (the "Group") as of 30 June 2022, which comprise the interim consolidated balance sheet and the related interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated cash flow statement for the period from 1st January 2022 to 30th June 2022 and the appendix including a summary of the main accounting principles and explanatory notes. The Comité de direction is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Bernard Lhoest

Antoine Le Bars

Luxembourg, September 7, 2022

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'ÉPARGNE DE L'ÉTAT,
LUXEMBOURG

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**
30 June 2022

Condensed consolidated balance sheet as at 30 June 2022

ASSETS	Notes	31/12/2021	30/06/2022
Cash and sight accounts with central banks	3.1	9.773.732.257	12.315.508.175
Loans and advances at amortised cost – Credit institutions	3.2	1.346.631.751	1.025.631.193
Loans and advances at amortised cost – Customers	3.3	25.246.693.237	26.072.880.383
Financial instruments held for trading	3.4 3.12	235.242.636	382.681.780
Hedging derivative financial instruments	3.12	90.195.038	880.850.492
Financial assets mandatorily recognised at fair value through profit or loss	3.5	632.455.934	517.919.045
Fixed-income securities recognised at amortised cost	3.6	13.821.928.357	13.534.819.268
Fixed-income securities recognised at fair value through the revaluation reserve	3.7	17.534.901	41.786.295
Variable-income securities recognised at fair value through the revaluation reserve	3.8	1.125.045.988	1.099.329.149
Investments in associates accounted for using the equity method	3.9	571.515.457	594.788.103
Assets - Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.13	156.504.244	-
Tangible assets for own use	3.14	257.157.451	248.142.646
Investment property		10.430.664	9.630.796
Intangible assets		34.200.035	32.550.011
Non-current assets and disposal groups classified as held for sale	3.15	-	19.460.271
Current taxes	3.16	70.166.184	69.000.317
Deferred taxes	3.16	26.057.864	-
Other assets	3.17	9.373.000	19.310.936
TOTAL ASSETS		53.424.864.998	56.864.288.859
LIABILITIES	Notes	31/12/2021	30/06/2022
Deposits at amortised cost – Credit institutions	3.18	6.934.711.998	7.962.737.203
Deposits at amortised cost – Customers	3.19	36.906.630.696	38.287.567.971
Financial instruments held for trading	3.4 3.12	129.935.940	166.636.012
Hedging derivative financial instruments	3.12	827.678.271	440.035.783
Financial liabilities designated at fair value through profit or loss	3.20	165.001.798	138.629.100
Liabilities - Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.13	-	516.201.546
Issuance of debt securities	3.21	2.793.469.938	3.625.517.678
Provisions	3.22	48.103.059	44.503.983
Other liabilities	3.23	33.982.358	38.333.469
Provision for employee benefits	3.24	367.952.878	141.328.145
Deferred taxes	3.16	-	23.014.188
Sub-total of LIABILITIES (before equity capital) to be carried forward		48.207.466.936	51.384.505.076

Condensed consolidated balance sheet as at 30 June 2022 (continued)

EQUITY	31/12/2021	30/06/2022
Sub-total of LIABILITIES (before equity capital) carried forward	48.207.466.936	51.384.505.076
Share capital	173.525.467	173.525.467
Consolidated reserves	3.883.953.142	4.202.071.064
Other items of comprehensive income	827.910.223	925.287.089
◦ <i>Variable-income securities recognised at fair value through the revaluation reserve</i>	844.771.939	826.745.207
◦ <i>Actuarial gains/losses relating to employee benefits</i>	-371.100.157	-198.859.547
◦ <i>Equity method adjustment</i>	326.077.809	298.656.182
◦ <i>Gains or losses on disposals of variable-income securities measured at fair value</i>	27.349.601	1.388
◦ <i>Fixed-income securities recognised at fair value through the revaluation reserve</i>	15.006	-1.979.208
◦ <i>Cash flow hedges</i>	796.025	723.067
Income for the year/period	329.053.453	176.929.891
Sub-total of equity attributable to the equity holder of the parent company	5.214.442.285	5.477.813.511
Non-controlling interests	2.955.777	1.970.272
Total equity	5.217.398.062	5.479.783.783
TOTAL LIABILITIES, including EQUITY	53.424.864.998	56.864.288.859

Condensed consolidated income statement as at 30 June 2022

in euros	Notes	30/06/2021	30/06/2022
Interest income	4.1	196.450.906	210.024.461
Income from securities	4.2	22.648.600	35.311.744
Fee and commission income	4.3	93.848.061	103.136.105
INCOME FROM INTEREST, DIVIDENDS AND FEES AND COMMISSIONS		312.947.567	348.472.310
Income from financial instruments not recognised at fair value through profit or loss	4.4	513.223	69.328
Income from financial instruments held for trading	4.5	-5.518.042	-26.170.655
Income from financial instruments designated at fair value through profit or loss	4.6	4.551.895	26.725.819
Income from financial instruments mandatorily measured at fair value through profit or loss	4.7	5.845.034	-23.366.375
Income from hedging transactions	4.8	-1.174.371	-6.075.410
Foreign exchange income		11.960.384	14.684.111
Income from derecognition of non-financial assets		-	7.411.246
Other operating income	4.9	5.237.159	6.691.294
Other operating expenditure	4.9	-1.999.913	-590.723
BANK MARGIN		332.362.936	347.850.945
Personnel expenses	4.10	-122.190.405	-127.354.205
Other general and administrative expenses	4.11	-48.392.314	-49.788.731
Cash contributions to resolution funds and deposit guarantee systems	4.12	-42.132.567	-25.857.126
Allowances for impairment of tangible and intangible assets		-22.423.305	-22.572.184
<i>of which allowances for impairment of right-of-use assets in relation to leases</i>		-1.490.973	-1.512.326
INCOME AFTER GENERAL EXPENSES		97.224.345	122.278.699
Net allowances for impairment of individual and collective credit risks	4.13	15.789.547	4.247.939
Provisions	4.14	6.275.308	-812.154
Share in the profit of equity-accounted associates		51.352.840	75.784.161
INCOME BEFORE TAXES AND NON-CURRENT ASSETS		170.642.040	201.498.645
Tax on income from continuing operations	4.15	-34.276.926	-31.332.095
Deferred taxes	4.15	7.279.665	7.877.199
INCOME FOR THE PERIOD		143.644.779	178.043.749
<i>OF WHICH INCOME FOR THE PERIOD ATTRIBUTABLE TO</i>			
<i>- MINORITY INTERESTS</i>		1.023.177	1.113.858
<i>- EQUITY HOLDERS OF THE PARENT COMPANY</i>		142.621.602	176.929.891

Condensed consolidated statement of comprehensive income as at 30 June 2022

in euros	30/06/2021	30/06/2022
INCOME FOR THE PERIOD	143.644.779	178.043.749
Items not reclassified in net income subsequently	118.395.709	126.793.638
Actuarial gains/(losses) on the defined-benefit pension scheme	57.195.215	229.470.569
Contribution of equity-accounted associates	7.367.980	-27.421.627
Variable-income securities recognised at fair value through the revaluation reserve	68.480.032	-17.443.795
- <i>Variation in measurement results</i>	78.571.449	-17.445.272
- <i>Income from sales</i>	-10.091.417	1.477
Impact of deferred and current taxes	-14.647.518	-57.811.509
Items to be reclassified in net income subsequently	2.012.577	-2.067.172
Fixed-income securities recognised at fair value through the revaluation reserve	-330.972	-2.656.828
Cash flow hedges	3.012.262	-97.200
Impact of deferred taxes	-668.713	686.856
Total items of comprehensive income for the period - net of tax	120.408.286	124.726.466
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	264.053.065	302.770.215
<i>share attributable to</i>		
- <i>non-controlling interests</i>	1.023.177	1.113.858
- <i>equity holders of the parent company</i>	263.029.888	301.656.357

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Interim condensed consolidated financial information
as at 30 June 2022

Condensed statement of changes in consolidated equity as at 30 June 2022

in euros	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity of the parent	Minority interests	Total equity
As at 1 January 2022	173.525.467	3.883.953.142	827.910.223	329.053.453	5.214.442.285	2.955.777	5.217.398.062
Appropriation of 2021 income	-	329.053.453	-	-329.053.453	-	-	-
Appropriation of 2021 income from sales of variable-income securities	-	27.349.601	-27.349.601	-	-	-	-
First-half 2022 net income	-	-	-	176.929.891	176.929.891	1.113.858	178.043.749
Distribution for FY 2021	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial gains/(losses) on pension fund	-	-	172.240.609	-	172.240.609	-	172.240.609
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	-20.020.946	-	-20.020.946	-	-20.020.946
Net measurement results of cash flow hedges	-	-	-72.958	-	-72.958	-	-72.958
Equity method adjustment	-	-377.626	-27.421.627	-	-27.799.253	-	-27.799.253
2022 income from sales of variable-income securities	-	-	1.388	-	1.388	-	1.388
Other	-	2.092.494	-	-	2.092.494	-2.099.363	-6.869
As at 30 June 2022	173.525.467	4.202.071.064	925.287.088	176.929.891	5.477.813.510	1.970.272	5.479.783.783

in euros	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity of the parent	Minority interests	Total equity
As at 1 January 2021	173.525.467	3.766.051.922	493.388.363	172.000.556	4.604.966.308	2.727.007	4.607.693.315
Appropriation of 2020 income	-	172.000.556	-	-172.000.556	-	-	-
Appropriation of 2020 income from sales of variable-income securities	-	-12.699.508	12.699.508	-	-	-	-
First-half 2021 net income	-	-	-	142.621.602	142.621.602	1.023.177	143.644.779
Distribution for FY 2020	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial gains/losses relating to employee benefits	-	-	42.930.728	-	42.930.728	-	42.930.728
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	75.320.351	-	75.320.351	-	75.320.351
Net measurement results of cash flow hedges	-	-	2.261.004	-	2.261.004	-	2.261.004
Equity method adjustment	-	-498.329	7.367.980	-	6.869.651	-	6.869.651
2021 income from sales of variable-income securities	-	-	-7.471.777	-	-7.471.777	-	-7.471.777
Other	-	-4.712	-	-	-4.712	-1.886.459	-1.891.171
As at 30 June 2021	173.525.467	3.884.849.929	626.496.158	142.621.602	4.827.493.156	1.863.725	4.829.356.882

The profit distribution for financial year 2021 was made to the Luxembourg state in the second quarter of 2022.

Condensed consolidated statement of cash flows as at 30 June 2022

in euros	30/06/2021	30/06/2022
Cash and cash equivalents		
Cash and sight accounts with central banks	10.044.671.118	12.317.095.131
Loans and advances at amortised cost – Credit institutions	568.075.016	918.828.117
Loans and advances at amortised cost – Customers	1.710.750.312	1.618.419.373
Total	12.323.496.446	14.854.342.621

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 90 days or less.

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Interim condensed consolidated financial information
as at 30 June 2022

in euros	30/06/2021	30/06/2022
CASH POSITION AT 1 JANUARY	9.428.132.011	12.263.569.848
Income for the period	143.644.779	178.043.749
Non-cash adjustments relating to:		
Net allowances for impairment of credit risks	-15.789.547	-4.247.939
Allowances for impairment of tangible and intangible assets	21.110.330	21.243.630
Provisions	-6.019.017	-6.470.946
Unrealised gains/losses	25.359.899	50.688.435
Share in the profit of equity-accounted associates	-51.352.840	-75.784.161
Other adjustments	-14.887.902	-10.542.769
Changes relating to assets and liabilities from operating activities:		
Financial instruments recognised at fair value	165.849.041	68.150.795
Loans and advances at amortised cost	-240.459.969	-583.776.621
Deposits at amortised cost	2.253.284.733	2.423.556.306
Issuance of debt securities	1.074.889.028	887.936.963
Other assets and liabilities	-20.360.684	-12.918.760
Total cash flow from operating activities	3.335.267.850	2.935.878.682
<i>of which:</i>		
Interest received	390.414.160	422.895.111
Interest paid	-171.784.061	-189.784.611
Income from securities	22.648.600	35.311.744
Tax on income from continuing operations	-34.276.926	-31.332.095
Acquisition/disposal of variable-income securities	18.189.593	-
Acquisition/disposal of investments in associates accounted for using the equity method	-7.766	5.652.108
Acquisition of fixed-income securities	-1.881.657.399	-1.559.073.871
Disposal/redemption of fixed-income securities	1.787.577.999	1.288.781.928
Acquisitions/disposals of intangible and tangible assets	-12.713.545	-7.784.872
Total cash flow from investment activities	-88.611.118	-272.424.707
Proceeds from subordinated liabilities	-42.260.000	-
Expenses related to leases	-1.490.973	-1.512.326
Income distribution	-40.000.000	-40.000.000
Total cash flow from financing activities	-83.750.973	-41.512.326
NET CHANGE IN CASH	3.162.905.760	2.621.941.649
Effect of exchange rates on cash and cash equivalents	-267.541.325	-31.168.876
CASH POSITION AT 30 JUNE	12.323.496.445	14.854.342.621

Reconciliation of cash flows from financing activities:

in euros	01/01/2021	Movements related to cash flow	Movements unrelated to cash flow	30/06/2021
Proceeds from subordinated liabilities	91.019.148	-42.260.000	1.236.339	49.995.487

in euros	01/01/2022	Movements related to cash flow	Movements unrelated to cash flow	30/06/2022
Proceeds from subordinated liabilities	49.997.126	1.610	-	49.998.736

Movements unrelated to cash flow correspond to movements in accrued interest and accrued premiums/discounts.

BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT,
LUXEMBOURG

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 June 2022

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.

The Spuerkeess Group comprises fully consolidated subsidiaries as well as investments in associates (the "Group").

The Group's parent company'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, the objective of the Group's parent company is to perform all financial and banking activities, as well as all similar, related or ancillary operations.

On 7 September 2022, the Executive Committee of the Group's parent company authorised the publication of the interim condensed consolidated financial information as at 30 June 2022.

The Group had an average headcount as at 30 June 2022 of 1.867 (1.881 as at 31 December 2021).

The Group's business is not subject to seasonality.

The financial year coincides with the calendar year.

2 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2.1 Compliance with general principles

The Group's interim condensed consolidated financial information as at 30 June 2022 was prepared in accordance with IAS 34 *Interim Financial Reporting*. It should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021, which were prepared under IFRS, as adopted by the European Union.

- a) There were no new or revised standards adopted by the European Union that had a material impact on the Group at 1 January 2022.
- b) New or revised standards that have been adopted by the European Union and that had no impact or no material impact on the Group at 1 January 2022:
 - The amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as well as to IFRS standards 2018-2020 as part of the annual improvements.
- c) New or revised standards or interpretations not yet applicable as of 1 January 2022 or not yet adopted by the European Union:

The amendments to the following current and new standards will be applicable as of 1 January 2023 and are expected to have little or no impact on the Group:

- The amendments to IAS 12 "Income taxes" regarding deferred tax related to assets and liabilities arising from a single transaction;
- Disclosure of accounting policies amendments to IAS 1 "Presentation of Financial Statements" and IFRS practice statement 2;
- The amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of accounting estimates;
- The amendments to IAS 1 "Presentation of Financial Statements" regarding the classification of liabilities as current or non-current liabilities (not yet adopted by the European Union).

The following new standard and its amendments will be applicable as of 1 January 2023 and will have an impact on the Group due to the use of the equity method for Lalux S.A.:

- IFRS 17: "Insurance Contracts";
- The amendments to IFRS 17 "Insurance Contracts" regarding the initial application of IFRS 17 and IFRS 9 "Comparative Information" (not yet adopted by the European Union).

2.2 **Accounting principles and rules**

With the exception of the items detailed in section 2.2.1, the accounting principles are the same as those applied to the consolidated annual financial statements as at 31 December 2021.

2.2.1 **Adaptation of and changes to the accounting principles and rules since 1 January 2022**

2.2.1.1 *Impairment of financial assets*

The Group's parent company has not changed the weightings of the adverse, baseline and optimistic scenarios since the 31 December 2021 reporting date:

	Scenario weightings		
	Baseline	Adverse	Optimistic
2021	50%	40%	10%
2022	50%	40%	10%

In response to the health crisis and the war in Ukraine and their economic impacts (inflationary trends, supply chain disruptions, impact on the energy sector), Spuerkeess introduced the following provisions as management overlays in its IFRS 9 models:

- Spuerkeess used a management overlay via the weightings of the three scenarios. Under the existing procedure, the weighting of the three scenarios should have been calculated based on a quantitative and qualitative analysis¹. However, Spuerkeess overrode this approach to account for the current uncertainties. The quantitative/qualitative approach was therefore replaced by a more conservative expert-based judgement approach. The weightings used are 50% for the baseline scenario (instead of 65% under the internal procedure), 40% for the adverse scenario (instead of 25% under the internal procedure) and 10% for the optimistic scenario;

¹ Qualitative approach based on an analytical report by a leading European asset manager.

- The value adjustment determination has systematically taken into account an additional three-notch downgrade of the behavioural rating of retail customers who work in one of the high-risk sectors, including the energy-intensive sectors;
- A management overlay was also taken into account for the increase in real estate prices for the baseline and optimistic scenarios. In the baseline scenario, the rise in projected real estate prices (+5% over three years) was not included in the LGD calculation. In the optimistic scenario, the rise in prices was only partially accounted for (+5% instead of +11% projected over three years) in the LGD calculation.

These three measures combined show an impact on the stock of value adjustments of EUR 17,8 million at 30 June 2022 versus EUR 18,2 million at 31 December 2021.

The Group's parent company is currently using iterative processes to review its IFRS 9 impairment models, in order to better account for the mounting inflationary pressure ahead of the financial year end.

The scenarios themselves are based on projections by national or international authorities, namely STATEC and the IMF. A decision is made about the source based on the availability of the information and its relevance for Spuerkeess. If necessary, these projections are supplemented with an expert-based internal scenario (see adverse and optimistic scenarios below).

The baseline scenario was defined using the IMF's projections published in April 2022, except for inflation in Luxembourg (year 2022-2023). For this variable, the Group's parent company uses the STATEC projections published in May 2022.

The adverse scenario is an expert-based scenario, given that the situation in May 2022 was worse than the IMF's projections, which did not yet account for the sanctions on Russia. As a result, the IMF's scenario has been adjusted to reflect a more significant and more protracted slowdown in growth. The adverse scenario therefore assumes an escalation of economic and financial sanctions against Russia. This entails a downward revision to GDP and higher inflation in order to emphasise the stagflation phenomenon relative to the baseline scenario.

The optimistic scenario is also an expert-based scenario, built on a faster-than-expected resolution to the Russia-Ukraine conflict and a reduction in production chain disruptions in Asia. This scenario results in a downward revision to inflation forecasts and a positive impact on growth.

The results have been reviewed and validated by the appropriate bodies at Spuerkeess.

Scenarios used:

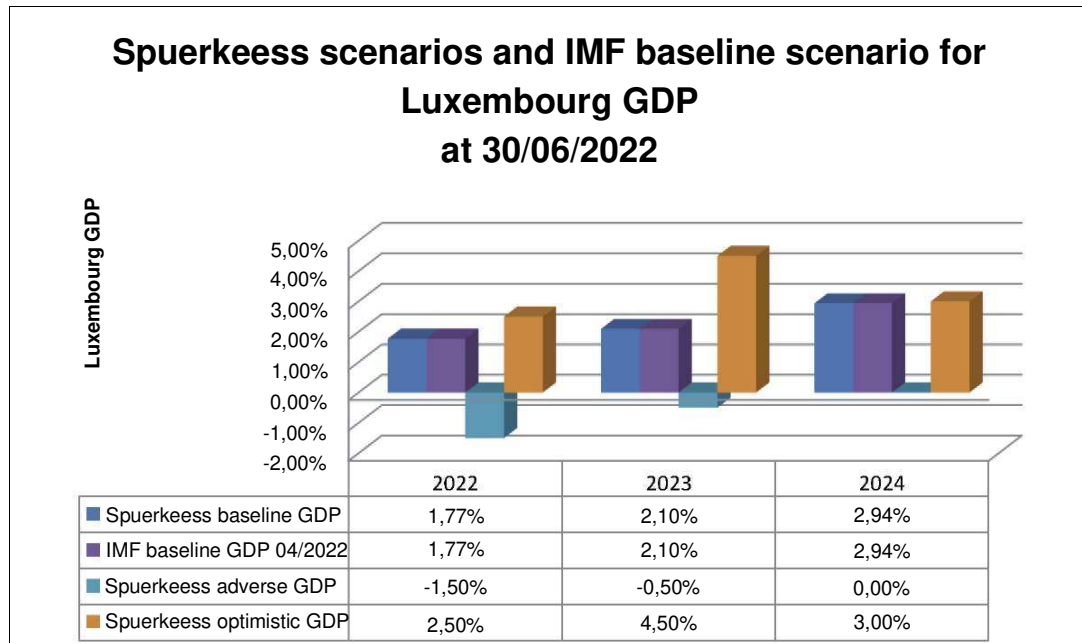
- ECLs and sensitivity scenarios at 30/06/2022:

Type of scenario	Weighting	Macroeconomic variables	2022	2023	2024	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Baseline	50%	Luxembourg GDP	1,77%	2,10%	2,94%	104	
		Luxembourg CPI	5,80%	2,80%	1,99%		
		Advanced economies GDP	3,26%	2,36%	1,70%		
		Advanced economies CPI	5,69%	2,54%	1,97%		
Adverse	40%	Luxembourg GDP	-1,50%	-0,50%	0,00%	184	135
		Luxembourg CPI	6,75%	3,25%	2,00%		
		Advanced economies GDP	-1,00%	0,25%	0,25%		
		Advanced economies CPI	6,75%	3,75%	2,00%		
Optimistic	10%	Luxembourg GDP	2,50%	4,50%	3,00%	98	
		Luxembourg CPI	4,40%	1,75%	1,90%		
		Advanced economies GDP	3,75%	4,50%	2,50%		
		Advanced economies CPI	4,45%	2,00%	2,00%		

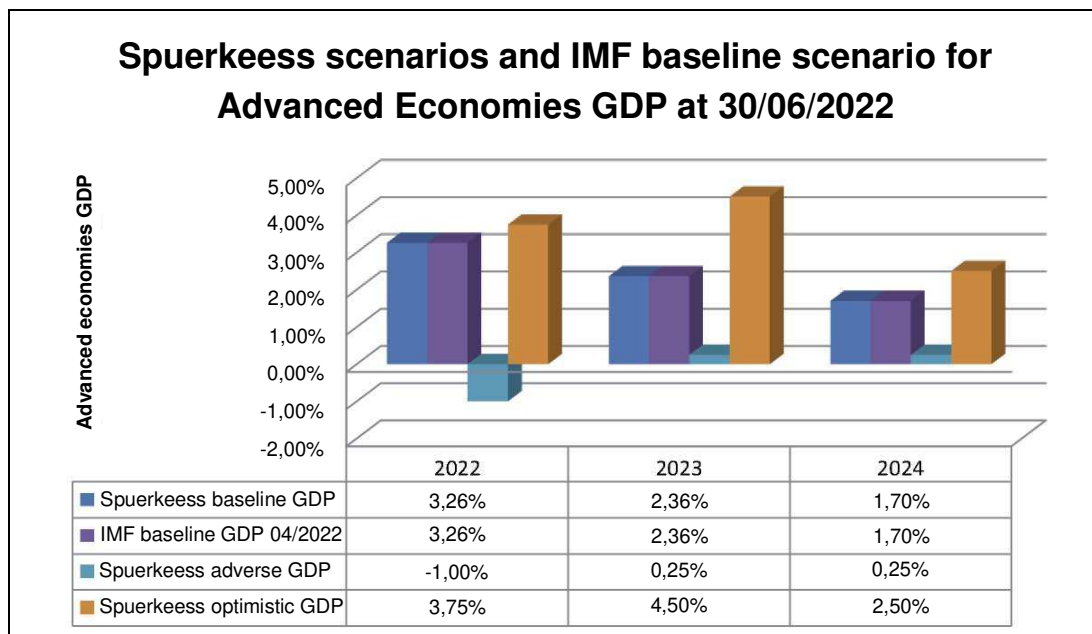
- ECLs and sensitivity scenarios at 31/12/2021:

Type of scenario	Weighting	Macroeconomic variables	2022	2023	2024	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Baseline	50%	Luxembourg GDP	3,60%	3,00%	2,70%	108	
		Luxembourg CPI	1,80%	1,90%	1,90%		
		Advanced economies GDP	4,40%	1,80%	1,60%		
		Advanced economies CPI	2,10%	1,80%	1,90%		
Adverse	40%	Luxembourg GDP	-1,30%	0,50%	3,60%	189	140
		Luxembourg CPI	3,30%	2,40%	2,00%		
		Advanced economies GDP	-4,70%	1,00%	4,40%		
		Advanced economies CPI	3,60%	3,00%	2,50%		
Optimistic	10%	Luxembourg GDP	4,30%	3,00%	3,00%	101	
		Luxembourg CPI	2,15%	1,90%	2,11%		
		Advanced economies GDP	5,46%	2,00%	1,48%		
		Advanced economies CPI	2,61%	2,00%	1,76%		

The tables below compare the internal scenarios used with the IMF's baseline scenario published in April 2022:



Comparison of scenarios used at 30/06/2022 (Luxembourg)



Comparison of scenarios used at 30/06/2022 (Advanced Economies)

2.2.2 Sector-based analysis

The Covid-19 pandemic has prompted the Group's parent company to categorise its commitments into different sectors based on the international GICS (Global Industry Classification Standard) system. This classification starts with 11 key sectors which are then subdivided into three levels (industry groups, industries and sub-industries). The potential impact of the crisis is categorised as high, medium or low at the sub-industry level. This categorisation is regularly reviewed so as to confirm or re-estimate the impact of the Covid-19 pandemic on certain sectors.

The Group's parent company has thus reviewed the internal rating of various business exposures, giving priority to sectors categorised as high risk. From this sector analysis, business customer reviews were prioritised on the basis of the overall impact on the sector. The projected sector impact was also reflected in the rating assigned to the customers in question.

The table below presents the changes in the internal ratings of customers categorised in high-risk sectors at 30 June 2022, 31 December 2021 and 31 December 2020:

Period	Newly allocated customers	Downgraded	Rating confirmed	Upgraded
December 2020	14,40%	20,80%	37,50%	22,60%
December 2021	9,20%	17,60%	49,20%	19,30%
June 2022	3,68%	18,92%	54,76%	16,19%

Ratings were downgraded at 30 June 2022 versus December 2021 for 18,92% of customers active in the most affected sectors, confirmed for 54,76% and upgraded for 16,19%. For 3,68% of newly allocated customers, the Covid-19 impact was considered when assigning the initial rating and in any reviews conducted during the year. At 31 December 2021, the rating had been downgraded for 17,6% of customers, confirmed for 49,2% and upgraded for 19,3% versus December 2020. Compared with the pre-Covid-19 baseline, the ratings at 31 December 2020 were downgraded 20,8% of the time, confirmed 37,5% of the time and upgraded 22,6% of the time.

Sectors currently classified by the Group's parent company as high risk mainly include companies active in the following areas:

- Real Estate Operating Companies;
- Hotels, Resorts & Cruise Lines;
- Restaurants;
- Airport Services;
- Airlines.

At 30 June 2022, the combined exposures of professional customers classified as high risk represented EUR 2.185 million in outstandings (EUR 2.182 million at 31 December 2021) and the related expected credit losses recorded stood at EUR 15 million. The breakdown of provisions by IFRS stage is as follows:

- 42,9% of impairments come from stage 1 (32,9% at 31 December 2021);
- 22,8% of impairments come from stage 2 (30,3% at 31 December 2021);
- 34,3% of impairments come from stage 3 (36,8% at 31 December 2021).

The Group's parent company also pays close attention to the commitments of customers indirectly affected by the high-risk sectors.

In the third quarter of 2022, an integrated strategy will be introduced to cover the credit risk, ESG and specific vulnerability components. It will replace the current concept of Covid-19 vulnerability.

Specific vulnerabilities refer to factors such as risks related to the Russia-Ukraine conflict, inflation and the shortage of certain commodities having a significant impact on certain sub-industries. The positive and negative effects of specific opportunities and vulnerabilities may influence the final sector view. Where applicable, counterparties that operate in a sub-industry classified as vulnerable will be subject to enhanced monitoring. Sub-industry vulnerability will be incorporated into the calculation of sector-based credit limits and internal ratings and will ultimately have a direct impact on how the capital charge and exposure provisioning are determined.

2.2.3 Moratoria and public guarantees

The Group's parent company no longer has any moratoria associated with loans related to the Covid-19 crisis on its books (EBA guidelines EBA/GL/2020/02 and EBA/GL/2020/07).

The Group's parent company provides the following information on loans with a public guarantee in the context of the Covid-19 crisis:

Position as at 30 June 2022	Carrying amount		Maximum amount of the guarantees that can be considered	Carrying amount
		of which restructurings	Public guarantees received	Inflows to non-performing exposures
Loans and advances at amortised cost subject to the public guarantee principle	29.757.174	820.533	25.293.598	200.921
of which retail	117.482			-
of which with a mortgage	-			-
of which corporate	29.639.692	790.955	25.193.738	200.921
of which SMEs	29.639.692			200.921
of which with a commercial mortgage	-			-

Position as at 31 December 2021	Carrying amount		Maximum amount of the guarantees that can be considered	Carrying amount
		of which restructurings	Public guarantees received	Inflows to non-performing exposures
Loans and advances at amortised cost subject to the public guarantee principle	32.732.987	930.986	27.823.039	28.702
of which retail	516.558			-
of which with a mortgage	-			-
of which corporate	32.216.429	888.880	27.383.965	28.702
of which SMEs	32.131.590			28.702
of which with a commercial mortgage	463.239			-

The public guarantee covers only 85% of the amount of loans originated under certain defined conditions. The term of the loans is limited to a maximum of six years.

2.2.4 Scope of consolidation

2.2.4.1 Fully consolidated subsidiaries

The scope of fully consolidated subsidiaries was unchanged relative to 31 December 2021.

Subsidiaries included in the scope of consolidation:

Name	Business	% of voting rights held	
		31/12/2021	30/06/2022
Lux-Fund Advisory S.A.	Investment advice	89,55	89,31
BCEE Asset Management S.A.	UCI management company	90,00	90,00
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

2.2.4.2 Investments in associates

The scope of investments in associates has changed since 31 December 2021. On 12 April 2022, the Group's parent company signed an agreement to sell its stake in European Fund Administration S.A. This sale, which will not take effect until it has been authorised by the CSSF (expected before the end of financial year 2022), led the Group's parent company to remove European Fund Administration S.A. from the investments in associates scope and to record it under non-current assets and disposal groups classified as held for sale.

The Group's investments in associates:

Associates	Business	% of capital held	
		31/12/2021	30/06/2022
Société Nationale de Circulation Automobile S.à r.l.	Automotive 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
Europay Luxembourg S.C.	Financial services	30,10	30,10
European Fund Administration S.A.	Financial services	31,51	na
LuxHub S.A.	Financial services	32,50	32,50
Visalux S.C.	Financial services	35,36	35,36
Lalux Group S.A.	Insurance	40,00	40,00

2.3 Foreign currency transactions

The following exchange rates were used for translation of the main currencies in the consolidated annual financial statements. The Group's functional currency is the euro (EUR).

One euro is equal to:

Currency	31/12/2021	30/06/2022
CHF	1,0337	0,9998
GBP	0,8397	0,8589
JPY	130,4400	141,9800
SEK	10,2568	10,7176
USD	1,1331	1,0412

3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET²

(in euros)

3.1 Cash and sight accounts with central banks

Cash consists of cash, cash balances with central banks and other sight deposits with credit institutions. The minimum reserve requirement with the Banque centrale du Luxembourg is included in "Deposits with central banks".

Headings*	31/12/2021	30/06/2022
Cash	69.498.015	76.680.849
Deposits with central banks	8.442.603.071	11.357.004.404
Other deposits at sight	1.261.631.168	881.822.923
Total	9.773.732.255	12.315.508.175
<i>of which impairment of financial assets</i>	<i>-1.161.034</i>	<i>-747.191</i>

* term of less than one year

3.2 Loans and advances at amortised cost – Credit institutions

Headings	31/12/2021	30/06/2022
Interbank loans	987.680.512	781.591.071
Reverse repurchase/Repurchase agreements	319.096.615	195.501.007
Finance leases	182.455	128.373
Other	39.672.170	48.410.742
Total	1.346.631.752	1.025.631.193
<i>of which impairment of financial assets</i>	<i>-541.226</i>	<i>-290.005</i>
Undrawn confirmed credits	238.325.841	356.786.304

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. No security received as collateral was sold as at 30 June 2022. Margin calls on derivative financial instruments under Credit Support Annex (CSA) agreements are included in "Interbank loans".

² Minor differences between the figures in the notes to the financial statements and the figures in the different condensed consolidated statements are rounding differences only.

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Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2021	1.606.885	3	-	1.606.888
Changes	-1.065.663	2	-	-1.065.661
Increase due to acquisition and origination	1.534.811	-	-	1.534.811
Decrease due to repayment	-50.717	-	-	-50.717
Change related to credit risk	-2.550.292	2	-	-2.550.290
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	535	-	-	535
Position as at 31 December 2021	541.222	5	-	541.227
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>	-	-	-	-
Impaired loans as at 31 December 2021	Stage 1	Stage 2	Stage 3	Total
Outstanding	1.347.172.383	595	-	1.347.172.979
	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2022	541.222	5	-	541.227
Changes	-251.249	29	-	-251.221
Increase due to acquisition and origination	194.835	-	-	194.835
Decrease due to repayment	-5.014	-	-	-5.014
Change related to credit risk	-443.156	29	-	-443.128
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	2.086	-	-	2.086
Position as at 30 June 2022	289.972	34	-	290.007
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>	-	-	-	-
Impaired loans as at 30 June 2022	Stage 1	Stage 2	Stage 3	Total
Outstanding	1.025.918.314	2.884	-	1.025.921.198

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

3.3 Loans and advances at amortised cost – Customers

Headings	31/12/2021	30/06/2022
Retail customers	18.231.460.566	19.052.501.293
Corporate customers	5.791.145.133	5.743.400.396
Public sector	1.224.087.539	1.276.978.693
Total	25.246.693.237	26.072.880.383
<i>of which finance leases</i>	<i>154.729.832</i>	<i>148.481.269</i>
<i>of which impairment of financial assets</i>	<i>-112.623.064</i>	<i>-110.489.525</i>
Undrawn confirmed credits	6.306.627.249	6.648.346.640

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2021	38.831.454	34.657.441	50.076.206	123.565.101
<i>of which</i>				
<i>Retail customers</i>	<i>2.836.479</i>	<i>12.489.890</i>	<i>11.281.246</i>	<i>26.607.616</i>
<i>Corporate customers</i>	<i>35.860.177</i>	<i>22.167.552</i>	<i>38.794.959</i>	<i>96.822.688</i>
<i>Public sector</i>	<i>134.798</i>	<i>-</i>	<i>-</i>	<i>134.798</i>
Changes	-9.059.105	-654.952	-1.227.982	-10.942.038
Increase due to acquisition and origination	11.536.658	3.066.847	551.937	15.155.442
Decrease due to repayment	-1.674.545	-2.308.198	-1.872.320	-5.855.063
Change related to credit risk	-18.941.847	-1.521.474	1.514.511	-18.948.809
Other changes	-	107.872	350.124	457.996
Depreciation	-	-	-1.718.045	-1.718.045
Exchange gain or loss	20.630	1	-54.190	-33.559
Position as at 31 December 2021	29.772.349	34.002.490	48.848.223	112.623.064
<i>of which</i>				
<i>Retail customers</i>	<i>4.299.761</i>	<i>17.507.256</i>	<i>10.626.887</i>	<i>32.433.904</i>
<i>Corporate customers</i>	<i>25.399.672</i>	<i>16.495.234</i>	<i>38.221.337</i>	<i>80.116.243</i>
<i>Public sector</i>	<i>72.917</i>	<i>-</i>	<i>-</i>	<i>72.917</i>

Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Retail customers	-13.986.475	1.779.840	12.206.635	-
<i>Transfer from Stage 1</i>	<i>-621.969.848</i>	<i>611.065.352</i>	<i>10.904.496</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>600.459.931</i>	<i>-620.668.134</i>	<i>20.208.203</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>7.523.442</i>	<i>11.382.622</i>	<i>-18.906.064</i>	<i>-</i>
Corporate customers	14.930.648	-29.352.318	14.421.670	-
<i>Transfer from Stage 1</i>	<i>-114.924.016</i>	<i>106.952.506</i>	<i>7.971.510</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>129.500.692</i>	<i>-138.986.626</i>	<i>9.485.933</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>353.972</i>	<i>2.681.801</i>	<i>-3.035.773</i>	<i>-</i>
Public sector	-	-	-	-

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Impaired loans as at 31 December 2021	Stage 1	Stage 2	Stage 3	Total
Retail customers	16.882.727.568	1.295.480.011	85.686.891	18.263.894.470
Corporate customers	5.231.986.175	482.214.358	157.060.842	5.871.261.375
Public sector	1.224.160.456	-	-	1.224.160.456

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2022	29.772.349	34.002.490	48.848.223	112.623.064
<i>of which</i>				
Retail customers	4.299.761	17.507.256	10.626.887	32.433.904
Corporate customers	25.399.672	16.495.234	38.221.337	80.116.243
Public sector	72.917	-	-	72.917
Changes	531.751	1.550.182	-4.215.472	-2.133.539
Increase due to acquisition and origination	4.676.124	1.748.290	62.612	6.487.027
Decrease due to repayment	-196.034	-4.711.254	-73.960	-4.981.249
Change related to credit risk	-3.965.872	4.432.285	-4.155.757	-3.689.344
Other net changes	-	80.861	63.540	144.401
Depreciation	-	-	-	-
Exchange gain or loss	17.534	0	-111.908	-94.374
Position as at 30 June 2022	30.304.102	35.552.672	44.632.751	110.489.524
<i>of which</i>				
Retail customers	3.747.470	20.606.141	10.867.872	35.221.482
Corporate customers	26.481.310	14.946.532	33.764.879	75.192.720
Public sector	75.323	-	-	75.323

Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Retail customers	-88.165.644	69.788.594	18.377.050	-
Transfer from Stage 1	-681.644.110	671.802.670	9.841.441	-
Transfer from Stage 2	591.822.263	-606.578.160	14.755.898	-
Transfer from Stage 3	1.656.204	4.564.085	-6.220.289	-
Corporate customers	-54.695.423	82.101.282	-27.405.859	-
Transfer from Stage 1	-98.336.791	93.450.836	4.885.955	-
Transfer from Stage 2	41.383.063	-42.432.867	1.049.805	-
Transfer from Stage 3	2.258.305	31.083.313	-33.341.618	-
Public sector	-	-	-	-

Impaired loans as at 30 June 2022	Stage 1	Stage 2	Stage 3	Total
Retail customers	17.618.181.930	1.373.285.130	96.255.716	19.087.722.776
Corporate customers	5.218.295.859	507.195.884	93.101.374	5.818.593.116
Public sector	1.277.054.016	-	-	1.277.054.016

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In addition to information on impairments of loans and advances at amortised cost for customers, the Group reports restructured loans by type of customer. According to the EBA's definition, financial restructurings are characterised by a deterioration in the customer's position due to its financial difficulties and the fact that the financing conditions granted to the customer go beyond the concessions the Group would have been willing to accept for a customer under normal circumstances. Included in these new financing conditions are an extension of the final maturity or a partial or total deferment of payment if it is not granted as part of a legislative or private moratorium.

as at 31/12/2021	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Loan	Impairment	Loan	Impairment	Loan	Impairment
Retail customers	113.844.005	427.278	23.841.506	1.176.609	137.685.511	1.603.887
Corporate customers	90.167.985	3.840.454	113.047.835	13.696.264	203.215.820	17.536.718
Total	204.011.990	4.267.732	136.889.341	14.872.873	340.901.331	19.140.605

as at 30/06/2022	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Loan	Impairment	Loan	Impairment	Loan	Impairment
Retail customers	116.063.972	615.062	24.970.185	994.540	141.034.157	1.609.602
Corporate customers	105.159.068	1.308.173	55.034.264	10.334.728	160.193.332	11.642.901
Total	221.223.040	1.923.235	80.004.450	11.329.268	301.227.490	13.252.503

3.4 **Assets and liabilities held for trading**

Assets	31/12/2021	30/06/2022
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	235.242.636	382.681.780
Total	235.242.636	382.681.780

Liabilities	31/12/2021	30/06/2022
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	129.935.939	166.636.012
Total	129.935.939	166.636.012

3.5 **Financial assets mandatorily recognised at fair value through profit or loss**

Headings	31/12/2021	30/06/2022
Debt instruments	602.794.612	493.499.628
<i>Public sector</i>	149.435.148	137.128.541
<i>Credit institutions</i>	240.930.469	220.726.975
<i>Corporate customers</i>	212.428.995	135.644.112
Loans and advances	29.661.322	24.419.416
<i>Public sector</i>	-	-
<i>Credit institutions</i>	-	-
<i>Corporate customers</i>	29.661.322	24.419.416
Total	632.455.934	517.919.045
<i>of which unrealised valuation</i>	7.586.800	-16.032.925

This item includes financial instruments which, depending on their characteristics, do not meet the "Solely Payment of Principal and Interest" (SPPI) criterion and are therefore not eligible for measurement at amortised cost or at fair value through the revaluation reserve. These instruments, because they are measured at fair value through profit or loss, are not subject to an impairment calculation.

3.6 **Fixed-income securities recognised at amortised cost**

This item includes debt instruments in the form of variable-rate, fixed-rate and other interest-rate bonds subject to compliance with the "Solely Payment of Principal and Interest" criterion in the context of the hold-to-collect (HTC) business model. Some fixed-rate bonds are converted into variable-rate bonds using derivative financial instruments (asset swaps). The Group applies fair value hedge accounting to these transactions. Prospective and retrospective effectiveness is close to 100%.

Headings	31/12/2021	30/06/2022
Debt instruments		
<i>Public sector</i>	2.968.488.987	2.795.341.303
<i>Credit institutions</i>	5.917.293.571	5.729.105.879
<i>Corporate customers</i>	4.936.145.798	5.010.372.087
Total	13.821.928.357	13.534.819.269
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	53.366.207	-477.557.001
<i>of which impairment of financial assets</i>	-9.100.190	-7.608.244

Debt instruments totalling EUR 2.979,5 million were pledged as part of a deposit transaction with the Banque centrale du Luxembourg.

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Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2021	19.796.781	988.758	203.310	20.988.849
<i>of which</i>				
<i>Public sector</i>	1.076.874	-	-	1.076.874
<i>Credit institutions</i>	10.065.718	-	-	10.065.718
<i>Corporate customers</i>	8.654.189	988.758	203.310	9.846.257
Changes	-11.397.921	-493.202	-14	-11.891.137
Increase due to acquisition and origination	2.842.526	-	-	2.842.526
Decrease due to repayment	-195.750	-	-	-195.750
Change related to credit risk	-14.079.671	-493.202	-14	-14.572.887
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	34.974	-	-	34.974
Position as at 31 December 2021	8.398.860	495.556	203.296	9.097.712
<i>of which</i>				
<i>Public sector</i>	760.685	-	-	760.685
<i>Credit institutions</i>	4.219.731	-	-	4.219.731
<i>Corporate customers</i>	3.420.923	495.556	203.296	4.119.775
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public sector	-	-	-	-
Credit institutions	-	-	-	-
Corporate customers	-5.164.207	5.164.207	-	-
<i>Transfer from Stage 1</i>	-5.164.207	5.164.207	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 31 December 2021	Stage 1	Stage 2	Stage 3	Total
Public sector	2.969.249.672	-	-	2.969.249.672
Credit institutions	5.921.513.302	-	-	5.921.513.302
Corporate customers	4.900.871.591	39.190.685	203.296	4.940.265.572

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	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2022	8.398.860	495.556	203.296	9.097.712
<i>of which</i>				
<i>Public sector</i>	760.685	-	-	760.685
<i>Credit institutions</i>	4.219.731	-	-	4.219.731
<i>Corporate customers</i>	3.420.923	495.556	203.296	4.119.775
Changes	-1.408.201	-78.174	47	-1.486.328
Increase due to acquisition and origination	1.347.166	-	-	1.347.166
Decrease due to repayment	-49.571	-747	-	-50.318
Change related to credit risk	-2.736.883	-77.427	47	-2.814.262
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	31.087	-	-	31.087
Position as at 30 June 2022	6.990.659	417.381	203.344	7.611.383
<i>of which</i>				
<i>Public sector</i>	1.014.775	-	-	1.014.775
<i>Credit institutions</i>	2.915.017	-	-	2.915.017
<i>Corporate customers</i>	3.060.868	417.381	203.344	3.681.593
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public sector	-	-	-	-
Credit institutions	-	-	-	-
Corporate customers	-24.890.083	24.890.083	-	-
<i>Transfer from Stage 1</i>	<i>-24.890.083</i>	<i>24.890.083</i>	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 30 June 2022	Stage 1	Stage 2	Stage 3	Total
Public sector	2.796.356.077	-	-	2.796.356.077
Credit institutions	5.732.020.897	-	-	5.732.020.897
Corporate customers	4.958.822.530	55.027.806	203.344	5.014.053.680

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

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

Headings	31/12/2021	30/06/2022
Debt instruments		
<i>Public sector</i>	17.534.900	26.698.775
<i>Credit institutions</i>	-	15.087.520
<i>Corporate customers</i>	-	-
Total	17.534.900	41.786.295
<i>of which unrealised valuation through the revaluation reserve</i>	18.260	-2.636.835

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

This item includes the equity instruments held by the Group. These instruments are measured at fair value through the revaluation reserve. Gains and losses on the sale of these instruments are recognised on a separate line in equity.

Headings	31/12/2021	30/06/2022
Equity instruments		
<i>Credit institutions</i>	6.502.040	7.051.288
<i>Corporate customers</i>	1.118.543.948	1.092.277.862
Total	1.125.045.988	1.099.329.150
<i>of which unrealised valuation through the revaluation reserve</i>	841.675.375	811.755.453
Dividends received during the period	22.229.900	35.311.743
<i>of which dividends from positions sold during the period</i>	206.315	-
Gains/losses on sales in equity	20.391.135	-52

3.9 Investments in associates accounted for using the equity method

List of associates:

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 30/06/2022
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	9.149.617
Luxair S.A.	21,81	14.830.609	345.355.509
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	26.888.102
Europay Luxembourg S.C.	30,10	188.114	938.285
Luxhub S.A.	32,50	3.705.000	2.044.280
Visalux S.C.	35,36	373.071	4.543.385
Lalux Group S.A.	40,00	28.904.385	205.868.925
Total		55.005.875	594.788.103

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 31/12/2021
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	8.885.220
Luxair S.A.	21,81	14.830.609	251.275.986
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	33.127.925
Europay Luxembourg S.C.	30,10	188.114	921.826
European Fund Administration S.A.	31,51	5.652.108	5.134.048
LuxHub S.A.	32,50	3.705.000	2.158.214
Visalux S.C.	35,36	373.071	4.517.070
Lalux Group S.A.	40,00	28.904.385	265.495.168
Total		60.657.983	571.515.457

With one exception, the financial statements of associates have been restated to comply with IFRS 9. That one exception is the Lalux Group S.A. entity, which refers to Regulation (EU) 2017/1988 published in the official journal on 9 November 2017 and concerning amendments to IFRS 4 *Insurance Contracts*. This regulation introduces certain exemptions for entities that operate in the insurance sector and are consolidated in the financial statements of financial conglomerates under IFRS 9 up to and including financial year 2022³.

³ See also note 2.2.4.2

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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	30/06/2022			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Société Nationale de Circulation Automobile S.à r.l.	273.838	-	-9.441	264.397
Luxair S.A.	67.419.431	-	26.660.092	94.079.523
Société de la Bourse de Luxembourg S.A.	-3.900.459	-	-901.584	-4.802.043
Europay Luxembourg S.C.	11.872	-	4.587	16.459
European Fund Administration S.A.	-	-	518.060	518.060
Luxhub S.A.	-119.312	-	5.378	-113.934
Visalux S.C.	77.390	-	-51.075	26.315
Lalux Group S.A.	12.021.401	-	-53.647.644	-41.626.243
Total	75.784.161	-	-27.421.627	48.362.534

Associates	31/12/2021			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Société Nationale de Circulation Automobile S.à r.l.	531.516	-	-18.573	512.943
Luxair S.A.	90.612.491	-	12.631.152	103.243.643
Société de la Bourse de Luxembourg S.A.	2.854.568	-	-3.823.281	-968.713
Europay Luxembourg S.C.	7.687	-	44.611	52.298
European Fund Administration S.A.	549.738	-	225	549.963
Luxhub S.A.	-156.997	-	73.207	-83.790
Visalux S.C.	63.016	-	-2.055.631	-1.992.615
Lalux Group S.A.	26.693.273	-	4.940.599	31.633.872
Total	121.155.292	-	11.792.309	132.947.601

3.10 Securities collateralised

Securities collateralised in the framework of bilateral repurchase agreements, including contracts offset against reverse repurchase agreements:

Headings	31/12/2021	30/06/2022
Debt instruments issued by the public sector	106.494.613	285.328.706
Debt instruments issued by credit institutions	100.864.180	164.638.007
Debt instruments issued - other	106.482.665	136.112.215
Total	313.841.458	586.078.928

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

Securities lent and other collateral

Headings	31/12/2021	30/06/2022
Securities lending		
Debt instruments issued by the public sector	531.834.490	531.070.395
Debt instruments issued by credit institutions	-	-
Debt instruments issued - other	81.903.436	-
Total	613.737.926	531.070.395

3.11 Convertible bonds included in the different portfolios

The Group has no convertible bond positions in its different portfolios.

3.12 Derivatives

Categories at 30/06/2022	Assets	Liabilities	Notional
Derivative financial instruments held for trading	382.681.780	166.636.012	17.492.280.085
Operations linked to exchange rates	361.226.263	119.933.431	15.496.131.836
- Foreign exchange swaps and forward exchange contracts	361.193.883	115.283.101	15.459.714.207
- CCIS	32.380	4.650.330	36.417.629
- other	-	-	-
Operations linked to interest rates	21.455.517	46.702.581	1.996.148.249
- IRS	21.455.517	46.702.581	1.996.148.249
- other	-	-	-
Operations linked to equity	-	-	-
- Equity and index options	-	-	-
Fair value micro-hedges	384.616.671	416.850.813	11.320.903.280
Operations linked to exchange rates	60.351.872	229.827.220	2.556.847.800
- CCIS	60.351.872	229.827.220	2.556.847.800
Operations linked to interest rates	324.264.799	187.023.593	8.764.055.480
- IRS	324.264.799	187.023.593	8.764.055.480
Fair value macro-hedges	495.307.484	18.476.843	3.721.613.903
Operations linked to interest rates	495.307.484	18.476.843	3.721.613.903
- IRS	495.307.484	18.476.843	3.721.613.903
Cash flow hedges	926.336	4.708.127	64.302.178
Operations linked to exchange rates	494.543	4.708.127	52.152.178
- CCIS	494.543	4.708.127	52.152.178
Operations linked to interest rates	431.793	-	12.150.000
- IRS	431.793	-	12.150.000

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Derivative financial instruments held for trading	235.242.636	129.935.939	16.053.773.594
Operations linked to exchange rates	179.171.805	72.393.846	14.941.716.202
- <i>Foreign exchange swaps and forward exchange contracts</i>	178.720.366	70.370.571	14.907.947.024
- <i>CCIS</i>	451.439	2.023.276	33.769.178
- <i>other</i>	-	-	-
Operations linked to interest rates	56.070.831	57.542.093	1.112.057.392
- <i>IRS</i>	56.070.831	57.211.750	1.108.582.066
- <i>other</i>	-	330.343	3.475.326
Operations linked to equity	-	-	-
- <i>Equity and index options</i>	-	-	-
Fair value micro-hedges	59.488.017	598.771.617	10.542.855.840
Operations linked to exchange rates	25.497.492	236.300.114	2.275.312.909
- <i>CCIS</i>	25.497.492	236.300.114	2.275.312.909
Operations linked to interest rates	33.990.525	362.471.503	8.267.542.932
- <i>IRS</i>	33.990.525	362.471.503	8.267.542.932
Fair value macro-hedges	28.618.629	224.026.873	3.303.471.808
Operations linked to interest rates	28.618.629	224.026.873	3.303.471.808
- <i>IRS</i>	28.618.629	224.026.873	3.303.471.808
Cash flow hedges	2.088.394	4.879.779	116.944.118
Operations linked to exchange rates	1.058.407	4.879.779	102.544.118
- <i>CCIS</i>	1.058.407	4.879.779	102.544.118
Operations linked to interest rates	1.029.987	-	14.400.000
- <i>IRS</i>	1.029.987	-	14.400.000

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Fair value hedges at 30/06/2022	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 asset instruments	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	-383.926.945	502.575.976	-506.221.679	-3.645.703	100,73%
		Macro-hedge	-502.197.472	670.509.746	-671.893.723	-1.383.977	100,21%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	53.632.034	-60.050.121	60.393.288	343.167	100,57%
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-136.345.636	153.184.057	-154.574.666	-1.390.609	100,91%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-504.479	-437.525	439.237	1.711	100,39%
Cash flow hedges at 30/06/2022	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments		
						continuity of hedging	termination of hedging
Interest rate risk							
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers			-597.576	-	430.518	-
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			500.375	-	532.800	-
Fair value hedges at 31/12/2021	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 asset instruments	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	122.558.653	181.984.928	-183.106.203	-1.121.275	100,62%
		Macro-hedge	169.696.251	217.239.017	-215.654.849	1.584.168	99,27%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-6.761.254	-14.768.733	14.818.147	49.414	100,33%
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	17.965.112	69.349.513	-69.472.736	-123.223	100,18%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-943.716	1.308.248	-1.299.804	8.444	99,35%
Cash flow hedges at 31/12/2021	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments		
						continuity of hedging	Termination of hedging
Interest rate risk							
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers			799.619	-	-1.028.094	-
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			-2.500.651	-	-32.425	-

Income on hedging activities recognised in net income and other comprehensive income at 30/06/2022	Net income or other comprehensive income
Fair value hedges (micro + macro hedges)	-6.075.411
gains (losses) on hedging instruments	1.273.718.528
gains (losses) on hedged instruments related to the hedged risk	-1.271.857.543
ineffective part	-7.936.395
Cash flow hedges	-97.201
ineffective part	-
effective part	-97.201
reclassified in profit or loss over the period	-
Reconciliation of the equity component at 30/06/2022	Cash flow hedges recognised in revaluation reserve
Balance at 1 January 2022	1.060.518
Change in fair value related to hedging of:	-97.201
<i>interest rate risk</i>	-597.576
<i>foreign exchange risk</i>	500.375
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 30 June 2022	963.317
Income on hedging activities recognised in net income and other comprehensive income at 31/12/2021	Net income or other comprehensive income
Fair value hedges (micro + macro hedges)	397.528
gains (losses) on hedging instruments	455.189.934
gains (losses) on hedged instruments related to the hedged risk	-454.715.444
ineffective part	-76.961
Cash flow hedges	-1.701.032
ineffective part	-
effective part	-1.701.032
reclassified in profit or loss over the period	-
Reconciliation of the equity component at 31/12/2021	Cash flow hedges recognised in revaluation reserve
Balance at 1 January 2021	-640.514
Change in fair value related to hedging of:	1.701.032
<i>interest rate risk</i>	-799.619
<i>foreign exchange risk</i>	2.500.651
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 31 December 2021	1.060.518

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

Headings	31/12/2021	30/06/2022
Assets: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	156.504.244	-
Liabilities: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-	516.201.546

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

The change in this item between 2021 and 2022, and thus the shift from assets to liabilities, is due primarily to the impact of the change in the interest-rate curves used to determine fair value.

3.14 Tangible assets for own use

Headings	31/12/2021	30/06/2022
Tangible assets for own use	247.928.526	239.186.531
Right-of-use assets arising from leases	9.228.924	8.956.115
Total	257.157.449	248.142.646

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

This category includes financial and non-financial assets held for short-term resale.

Type of instrument/type of asset	31/12/2021	30/06/2022
Variable-income securities recognised at fair value through the revaluation reserve	-	19.460.271
<i>Corporate customers</i>	-	19.460.271
Total	-	19.460.271
<i>of which unrealised valuation through the revaluation reserve</i>	-	12.474.651

The positions recognised concern one of the Group's parent company's strategic holdings following the signature of a sale agreement. The transaction will close once it has been authorised by the regulator⁴.

3.16 **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.

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 as income. The overall tax burden of corporations at the nominal tax rate has been 24,94% since financial year 2019.

As at 30 June 2022, the Group posted a deferred tax asset of EUR 67.094.386, and a deferred tax liability of EUR 90.108.574.

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	01/01/2021	Movements in equity	Movements in income statement	31/12/2021
Deferred tax assets	148.617.197	1.838.353	-9.816.145	140.639.406
Deferred tax liabilities	-123.283.681	-5.617.578	14.319.719	114.581.540
Net deferred tax assets/liabilities	25.333.516	-3.779.225	4.503.574	26.057.865

Headings	01/01/2022	Movements in equity	Movements in income statement	30/06/2022
Deferred tax assets	140.639.406	-73.226.367	-318.653	67.094.386
Deferred tax liabilities	-114.581.540	16.277.116	8.195.850	-90.108.574
Net deferred tax assets/liabilities	26.057.865	-56.949.250	7.877.197	-23.014.188

⁴ See also note 2.2.4.2

3.16.1 Tax assets

Headings	31/12/2021	30/06/2022
Current tax	70.166.184	69.000.317
<i>Income tax</i>	<i>9.735.348</i>	<i>-3.362.894</i>
<i>Municipal business tax</i>	<i>60.451.701</i>	<i>72.363.212</i>
<i>Wealth tax</i>	<i>-20.865</i>	-
Deferred taxes	140.639.406	67.094.386
Tax assets	210.805.590	136.094.703

Breakdown of deferred tax assets according to origin:

Headings	31/12/2021	30/06/2022
Derivative financial instruments - application of fair value	1.415	-
Debt instruments - application of fair value	6.682	338.974
Equity instruments - application of fair value	55.464	680.843
Actuarial gains/losses relating to employee benefits	140.575.845	66.074.569
Deferred tax assets	140.639.406	67.094.386

3.16.2 Tax liabilities

Headings	31/12/2021	30/06/2022
Deferred taxes	114.581.542	90.108.574
Tax liabilities	114.581.542	90.108.574

Breakdown of deferred tax liabilities according to origin:

Headings	31/12/2021	30/06/2022
Derivative financial instruments - application of fair value	265.908	240.251
Debt instruments - application of fair value	4.496.709	-371.231
Equity instruments - application of fair value	541.472	2.691.290
Actuarial gains/losses relating to employee benefits	17.271.316	-
Regulatory and other provisions	92.006.136	87.548.263
Deferred tax liabilities	114.581.542	90.108.574

3.17 Other assets

Headings	31/12/2021	30/06/2022
Operational outstandings	9.105.526	17.963.083
Preferential or secured borrowers	84.050	1.029.750
Other	183.424	318.103
Total	9.373.000	19.310.936

"Operational outstandings" includes settlement accounts for transactions in financial instruments as well as other accrued income.

3.18 **Deposits at amortised cost – Credit institutions**

Headings	31/12/2021	30/06/2022
Interbank deposits	6.591.116.436	7.399.332.639
<i>of which central bank deposits</i>	<i>3.515.941.347</i>	<i>3.507.782.288</i>
Repurchase/Reverse repurchase agreements	274.918.033	407.895.452
Other financial liabilities	68.677.529	155.509.113
Total	6.934.711.998	7.962.737.204

The Group's parent company participated in the European Central Bank's Targeted Longer-Term Refinancing Operations (TLTRO) in 2020 and 2021.

The Group's parent company borrowed a notional amount of EUR 3,2 billion under the fourth tranche of TLTRO III for the three-year period from 24 June 2020 to 28 June 2023 with an early repayment option as from September 2021, as well as a notional amount of EUR 250 million under the eighth tranche of TLTRO III for the three-year period from 24 June 2021 to 28 June 2024 with an early repayment option as from September 2022.

With TLTRO III, the ECB modified its conditions and introduced optional special reference periods, along with special conditions regarding the growth rates required in the targeted loan categories and the return on the notional amount borrowed by the banks.

The Group's parent company is providing this additional information while also noting that it does not consider the TLTRO to be a direct subsidy instrument but rather an instrument that provides access to liquidity if necessary.

The amounts of the TLTRO III deposits included in "Deposits at amortised cost – Credit institutions" are EUR 3.386.067.778. The Group's parent company has calculated accrued interest in the amount of EUR 18.681.010, included on the 2022 income statement under interest income.

Margin calls on derivative financial instruments under Credit Support Annex (CSA) agreements are included in "Interbank deposits".

3.19 Deposits at amortised cost – Private customers and public sector

Headings	31/12/2021	30/06/2022
Private sector	30.282.506.948	32.105.573.253
- Demand deposit and notice accounts	14.930.291.692	16.241.402.658
- Time deposit accounts	1.473.303.896	1.889.663.474
- Savings	13.878.911.359	13.974.507.121
Public sector	6.624.123.748	6.181.994.718
Total	36.906.630.696	38.287.567.971

3.20 Financial liabilities designated at fair value through profit or loss

Headings	31/12/2021	30/06/2022
Unsubordinated notes	165.001.798	138.629.100
Total	165.001.798	138.629.100
<i>of which unrealised valuation</i>	<i>6.047.038</i>	<i>-20.678.781</i>

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 amortised cost. The Group's parent company applies an own credit risk equal to zero in light of the quality of its rating.

3.21 Issuance of debt securities

Headings	31/12/2021	30/06/2022
Certificates of deposit	25.827.396	22.878.608
Commercial paper	2.304.743.639	3.153.421.607
Medium Term Notes and other securities issued	462.898.904	449.217.463
Total	2.793.469.939	3.625.517.678
<i>of which subordinated notes</i>	<i>49.997.126</i>	<i>49.998.736</i>

In first-half 2022, Spuerkeess issued Euro Medium Term Notes (EMTNs) for a nominal amount of EUR 50 million.

3.22 Provisions

This item comprises three main types of provisions: provisions to be established under IAS 37, provisions for the time savings account, and impairments of Group off-balance sheet commitments in accordance with IFRS 9.

Movements:

2021	Provisions			Total
	Risks and charges	Time savings account	IFRS 9	
Position as at 1 January	4.690.112	17.629.738	28.885.603	51.205.453
Additions	6.041.051	-	5.683.967	11.725.019
Reversals	-499.830	-	-18.218.053	-18.717.884
Foreign exchange income	-	-	-	-
Use	-1.539.300	-	388	-1.538.913
Expense included in personnel expenses	-	5.429.381	-	5.429.381
Position as at 31 December	8.692.032	23.059.119	16.351.905	48.103.057
2022				
Position as at 1 January	8.692.032	23.059.119	16.351.905	48.103.057
Additions	1.040.529	-	3.118.524	4.159.053
Reversals	-	-	-3.346.905	-3.346.905
Foreign exchange income	-	-	50	50
Use	-5.431.051	-	-	-5.431.051
Expense included in personnel expenses	-	1.019.775	-	1.019.775
Position as at 30 June	4.301.510	24.078.894	16.123.574	44.503.980

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Change in impairments of off-balance sheet commitments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2021	21.626.764	5.425.825	1.833.015	28.885.603
Changes	-10.407.048	-1.935.439	-191.211	-12.533.697
Increase due to acquisition and origination	4.908.182	53.482	722.304	5.683.967
Decrease due to repayment	-4.657.123	-623.201	-1.066.158	-6.346.483
Change related to credit risk	-10.658.456	-1.365.757	151.646	-11.872.566
Other changes	-	-	997	997
Exchange gain or loss	350	38	-	388
Position as at 31 December 2021	11.219.717	3.490.386	1.641.804	16.351.905
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Transfer from Stage 1	-52.856.043	51.459.010	1.397.033	-
Transfer from Stage 2	40.898.213	-41.352.169	453.955	-
Transfer from Stage 3	478.690	109.076	-587.766	-
Impaired loans as at 31 December 2021	Stage 1	Stage 2	Stage 3	Total
Outstanding	7.368.599.476	242.422.160	11.435.513	7.622.457.148
Position as at 1 January 2022	11.219.717	3.490.386	1.641.804	16.351.905
Changes	856.033	-470.441	-613.922	-228.330
Increase due to acquisition and origination	3.069.304	14.247	34.973	3.118.524
Decrease due to repayment	-1.308.513	-214.316	-1.127.269	-2.650.098
Change related to credit risk	-904.766	-270.416	478.375	-696.807
Other net changes	-	-	-	-
Exchange gain or loss	7	43	-	50
Position as at 30 June 2022	12.075.749	3.019.945	1.027.882	16.123.575
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Transfer from Stage 1	-44.466.833	42.912.088	1.554.745	-
Transfer from Stage 2	32.028.118	-32.440.909	412.791	-
Transfer from Stage 3	921.475	1.706.068	-2.627.543	-
Impaired loans as at 30 June 2022	Stage 1	Stage 2	Stage 3	Total
Outstanding	7.814.780.845	236.563.025	11.835.186	8.063.179.056

3.23 Other liabilities

Headings	31/12/2021	30/06/2022
Operational outstandings	2.059.389	3.511.390
Preferential or secured creditors	19.860.534	13.295.891
Other financial liabilities at amortised cost	9.228.924	8.956.115
Other	2.833.511	12.570.073
Total	33.982.358	38.333.469

Under IFRS 16, the "Other financial liabilities at amortised cost" item includes lease liabilities arising from leases. Year-end bonuses payable are included in "Other".

3.24 Pension funds - Defined-benefit pension plan

Main estimates used to determine pension commitments:

Variables	31/12/2021	30/06/2022
Discount rate for active employees	1,10%	3,20%
Discount rate for beneficiaries	0,95%	2,95%
Salary increases (including indexation)	3,25%	3,25%
Pension increases (including indexation)	2,25%	2,25%
Induced yield	1,03%	1,03%

Under revised IAS 19, the induced yield for 2022 corresponds to the weighted-average discount rate at end-2021.

Net pension fund allowance as entered under "Personnel expenses" in the income statement:

Components	31/12/2021	30/06/2022
Current service cost	15.574.371	7.961.174
Interest cost	6.526.110	4.617.004
Induced yield	-3.807.037	-2.729.364
Total	18.293.444	9.848.813

Pension commitments:

	31/12/2021	30/06/2022
Commitments on 1 January	871.804.452	899.980.920
Current service cost	15.574.371	7.961.174
Interest cost	6.526.110	4.617.004
Benefits paid or payable	-14.260.407	-11.245.186
Actuarial gains or losses	20.336.394	-303.888.776
Commitments on the last day of the month	899.980.920	597.425.135

Pension plan assets:

	31/12/2021	30/06/2022
Assets on 1 January	508.571.172	532.028.042
Benefits paid	-14.260.407	-11.245.186
Contribution	11.850.216	7.002.977
Induced yield	3.807.037	2.729.364
Fair value gain / loss	22.060.024	-74.418.207
Assets end of period	532.028.042	456.096.990

Net pension commitments under IAS 19:

	31/12/2021	30/06/2022
Pension commitments	899.980.920	597.425.135
Plan assets measured at fair value	-532.028.042	-456.096.990
Unfunded liabilities/overfunding	367.952.878	141.328.145

The decrease in net commitments stems directly from the increase in actuarial rates.

3.25 Financial instruments that are the subject of a netting agreement

Financial assets that are the subject of a legally enforceable netting framework agreement or a similar agreement:

30/06/2022	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	195.494.842	-	195.494.842	10.838.227	182.744.595	1.912.020
Derivatives	1.147.286.122	-	1.147.286.122	197.457.277	904.339.007	45.489.838
Total assets	1.342.780.964	-	1.342.780.964	208.295.504	1.087.083.602	47.401.858

31/12/2021	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	319.094.536	-	319.094.536	16.968.278	301.102.185	1.024.074
Derivatives	170.594.979	-	170.594.979	58.292.732	107.819.199	4.483.048
Total assets	489.689.515	-	489.689.515	75.261.010	408.921.383	5.507.121

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Financial liabilities that are the subject of a legally enforceable netting framework agreement or a similar agreement:

30/06/2022	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	591.038.385	193.988.355	397.050.030	-	377.152.899	19.897.131
Derivatives	397.098.366	-	397.098.366	105.749.244	248.496.503	42.852.619
Total liabilities	988.136.751	193.988.355	794.148.396	105.749.244	625.649.402	62.749.750

31/12/2021	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	297.246.463	39.300.859	257.945.604	-	256.484.372	1.461.232
Derivatives	890.276.316	-	890.276.316	138.286.619	741.276.975	10.712.723
Total liabilities	1.187.522.780	39.300.859	1.148.221.920	138.286.619	997.761.347	12.173.955

3.26 Related-party transactions

The related parties of the Group's parent company are the consolidated subsidiaries, investments in associates, governmental institutions and the Group's key management personnel.

All transactions with related parties are completed under market conditions.

3.26.1 Relationships between the Group's parent company and equity-accounted associates

	31/12/2021	30/06/2022
Deposits from associates	198.991.874	140.325.811
Total	198.991.874	140.325.811

	31/12/2021	30/06/2022
Loans to associates	33.717.677	14.762.334
Total	33.717.677	14.762.334

3.26.2 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 which, as a result, must comply with the requirements of IAS 24. The Group applies the exemption provided for in paragraph 25 of IAS 24.

The Group makes the following disclosures concerning its commercial relationship with the Luxembourg State and other governmental institutions.

ASSETS	31/12/2021	30/06/2022
Loans and advances at amortised cost	1.221.754.276	1.286.522.274
Fixed-income securities recognised at amortised cost	685.116.872	604.687.665
Fixed-income securities recognised at fair value through the revaluation reserve	12.493.250	21.890.425
Other	642.069	446.690
TOTAL ASSETS	1.920.006.467	1.913.547.055
LIABILITIES	31/12/2021	30/06/2022
Deposits at amortised cost	5.744.859.908	5.733.483.888
TOTAL LIABILITIES	5.744.859.908	5.733.483.888

3.26.3 Remuneration paid to the members of the management and administrative bodies

Remuneration paid to the members of the Group's governing bodies breaks down as follows:

	30/06/2021	30/06/2022
Board of Directors (nine members)	197.000	254.500
Executive Board (five members)	478.477	444.564
Total	675.477	699.064

Like all civil servants, the members of the Executive Committee participate in the Luxembourg civil service pension scheme. These government pensions are paid out by the pension fund of the Group's parent company.

3.26.4 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:

	30/06/2021	30/06/2022
Board of Directors (nine members)	4.304.970	4.630.500
Executive Board (five members)	40.056	43.971
Total	4.345.026	4.674.470

3.27 Off-balance sheet items

Type of guarantees issued:

Headings	31/12/2021	30/06/2022
Completion bonds	490.596.629	454.682.282
Letters of credit	92.675.362	100.855.218
Counter-guarantees	437.305.139	450.799.240
Other	29.262.164	24.021.239
Total	1.049.839.294	1.030.357.979

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Commitments:

Headings	31/12/2021	30/06/2022
Amounts subscribed and unpaid on securities, equity interests and shares in affiliated companies	12.564.764	12.588.133
Undrawn confirmed credits	6.544.953.090	7.005.132.945
<i>Financing</i>	<i>3.659.754.908</i>	<i>3.885.444.582</i>
<i>Current accounts</i>	<i>2.264.636.988</i>	<i>2.347.654.105</i>
<i>Money market contracts</i>	<i>-</i>	<i>75.000.000</i>
<i>Other</i>	<i>620.561.194</i>	<i>697.034.258</i>
Documentary credits	15.100.000	15.100.000
Total	6.572.617.854	7.032.821.077

Management of third-party assets:

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

4 NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT⁵

(in euros)

4.1 Interest income

Interest received and similar income	30/06/2021	30/06/2022
Financial assets held for trading	50.518.448	74.990.941
Financial assets mandatorily recognised at fair value through profit or loss	1.880.779	2.723.036
Financial assets recognised at fair value through the revaluation reserve	4.126	50.867
Loans and advances at amortised cost	188.720.188	198.073.047
Fixed-income securities recognised at amortised cost	48.311.752	44.877.835
Derivatives - Hedge accounting, interest rate risk	60.035.513	55.974.788
Other assets	629.457	1.016.283
Interest received on liability instruments	40.175.395	49.686.443
Total	390.275.658	427.393.240
<i>of which interest calculated based on the effective interest rate</i>	<i>364.347.548</i>	<i>393.621.121</i>
Interest paid and similar expenses	30/06/2021	30/06/2022
Financial liabilities held for trading	-22.107.135	-31.962.393
Financial liabilities designated at fair value through profit or loss	-1.420.306	-1.439.955
Liabilities at amortised cost - Deposits	-5.983.578	-10.469.638
Liabilities at amortised cost - Debt certificates	-5.427.881	-11.136.250
Liabilities at amortised cost - Subordinated loans	-6.768	-18.157
Derivatives - Hedge accounting, interest rate risk	-140.115.546	-135.651.713
Other liabilities	-44.105	-3.377
Interest paid on asset instruments	-18.719.433	-26.687.296
Total	-193.824.752	-217.368.779
<i>of which interest calculated based on the effective interest rate</i>	<i>-179.527.929</i>	<i>-194.368.488</i>
Interest income	196.450.906	210.024.461
Total interest received and similar income on financial instruments not recognised at fair value through profit or loss	277.840.918	293.704.475
Total interest paid and similar expenses on financial instruments not recognised at fair value through profit or loss	-30.181.765	-48.314.718

Net interest income increased by 6,9% to EUR 210,0 million as at 30 June 2022 compared with EUR 196,5 million in the previous year.

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

4.2 Income from securities

Headings	30/06/2021	30/06/2022
Variable-income securities recognised at fair value through the revaluation reserve	22.648.600	35.311.744
Income from securities	22.648.600	35.311.744

4.3 Fee and commission income

Headings	30/06/2021	30/06/2022
Loan activities	30.399.630	28.611.141
Asset management	32.516.431	39.946.028
Investment fund activities	27.486.700	29.775.052
Demand deposit accounts and related activities	18.795.397	21.257.011
Insurance premiums	1.285.471	1.290.404
Other (*)	7.764.235	4.258.852
Total commissions received	118.247.864	125.138.488
Loan activities	-1.731.447	-1.983.958
Asset management	-11.777.924	-9.962.729
Investment fund activities	-4.975.857	-5.348.352
Demand deposit accounts and related activities	-3.484.419	-4.107.551
Other (*)	-2.430.156	-599.793
Total commissions paid	-24.399.803	-22.002.383
TOTAL COMMISSIONS	93.848.061	103.136.105

(*) mostly fees on derivative financial instruments

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

Headings	30/06/2021	30/06/2022
Fixed-income securities recognised at fair value through the revaluation reserve	-	100
Loans and advances (at amortised cost)	91.171	1.864
Fixed-income securities recognised at amortised cost	422.052	67.364
Total	513.223	69.329

4.5 **Income from financial instruments held for trading**

Headings	30/06/2021	30/06/2022
Equity instruments and related derivatives	-394.729	107
Foreign exchange instruments and related derivatives	-1.353.935	-6.224.952
Interest rate instruments and related derivatives	-3.769.378	-19.945.808
Total	-5.518.042	-26.170.653

The decrease in this item in first-half 2022 mainly reflects the unrealised valuation of interest-rate instruments and related derivatives.

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

Headings	30/06/2021	30/06/2022
Financial liabilities designated at fair value	4.551.895	26.725.819
Total	4.551.895	26.725.819

The positive value adjustment for this item should be assessed in conjunction with the negative value adjustment for item 4.5, given the existence of an economic hedge relationship.

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

Headings	30/06/2021	30/06/2022
Fixed-income securities	88.446	-9.418.366
Units of UCITS and ETFs	5.927.401	-12.767.001
Loans and advances	-170.813	-1.181.008
Total	5.845.034	-23.366.375

The negative income reported for this item as at 30 June 2022 stems primarily from the change in valuation prices due mainly to the change in interest-rate curves and market prices during first-half 2022.

4.8 **Net income from hedging transactions**

Headings	30/06/2021	30/06/2022
Fair value hedges		
Debt instruments (assets) hedged by derivative financial instruments	-553.563	-5.867.359
Debt issues hedged by derivative financial instruments	50.181	344.879
Loans hedged by derivative financial instruments	-670.989	-552.930
Total	-1.174.371	-6.075.410
Value adjustment on hedged instruments	-314.607.156	-1.271.857.543
Value adjustment on hedging instruments	313.432.785	1.265.782.133
Total	-1.174.371	-6.075.410

Interest rate risk hedging operations are highly effective.

4.9 **Other net operating income**

Headings	30/06/2021	30/06/2022
Other operating income	5.237.159	6.691.294
Other operating expenditure	-1.999.913	-590.723
Other net operating income	3.237.246	6.100.571

"Other operating income and expenditure" mainly includes:

- the rent from property rented and miscellaneous advances from tenants;
- VAT repayments relating to previous financial years;
- income on amortised loans.

4.10 Personnel expenses

Headings	30/06/2021	30/06/2022
Remuneration	100.345.055	104.378.644
Social security charges	2.972.497	3.235.029
Pensions and similar expenses	7.045.949	6.828.342
Pension fund expense	9.146.722	9.848.813
Other personnel expenses	2.680.182	3.063.377
Total	122.190.405	127.354.205

4.11 Other general and administrative expenses

Headings	30/06/2021	30/06/2022
Expenses related to property and furniture	11.640.640	9.660.505
Rents and maintenance of software	16.190.423	18.167.164
Operating expenditure related to the banking business	16.819.644	18.596.615
Other	3.741.607	3.364.447
Total	48.392.314	49.788.731

4.12 Cash contributions to resolution funds and to the deposit guarantee system

Headings	30/06/2021	30/06/2022
FGDL contribution	20.780.741	-
FRL contribution	21.351.826	25.857.126
Total	42.132.567	25.857.126

The significant decrease in this item is due to the shift in the payment of the contribution to the Luxembourg Deposit Guarantee Fund to first-half 2021. The payment of the contribution to the Luxembourg Deposit Guarantee Fund for financial year 2022 was made in July in the amount of EUR 15.881.346.

4.13 Impairment of credit risks

	30/06/2021			30/06/2022		
	Additions	Reversals	Total	Additions	Reversals	Total
Fixed-income securities recognised at amortised cost	-1.444.048	10.817.447	9.373.399	-1.652.956	3.175.968	1.523.012
Fixed-income securities recognised at fair value through the revaluation reserve	-	744	744	-9.151	-	-9.151
Loans and advances	-33.447.250	39.862.654	6.415.404	-28.976.236	31.710.314	2.734.078
Total	-34.891.298	50.680.845	15.789.547	-30.638.343	34.886.282	4.247.939

4.14 Provisions and reversal of provisions

Headings	30/06/2021	30/06/2022
Provisions	-10.409.901	-7.443.523
Reversal of provisions	16.685.209	6.631.369
Total	6.275.308	-812.154

4.15 Tax expense

Headings	30/06/2021	30/06/2022
Tax on income from continuing operations	-34.276.926	-31.332.095
Deferred taxes	7.279.665	7.877.199
Tax on profit/(loss) for the period	-26.997.261	-23.454.896

The tax expense was calculated on the basis of the 30 June 2022 figures, on a same-methodology basis.

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5 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 financial instruments included in the consolidated financial statements.

Categories as at 30/06/2022	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
Financial assets						
Cash and sight accounts with central banks	12.315.508.175	12.315.508.175	-	-	-	-
Loans and advances at amortised cost	27.098.511.576	25.773.311.399	-1.325.200.176	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.088.826.965</i>	<i>1.088.826.965</i>	-	-	-	-
Financial instruments held for trading	382.681.780	382.681.780	-	-	-	-
Hedging derivative financial instruments	880.850.492	880.850.492	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	517.919.045	517.919.045	-	-	-	-
Fixed-income securities recognised at amortised cost	13.534.819.268	13.320.122.781	-214.696.487	78,1%	21,9%	0,0%
Fixed-income securities recognised at fair value through the revaluation reserve	41.786.295	41.786.295	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	1.099.329.149	1.099.329.149	-	-	-	-
Investments in associates accounted for using the equity method	594.788.103	594.788.103	-	-	-	-
Non-current assets and disposal groups classified as held for sale	19.460.271	19.460.271	-	-	-	-
TOTAL	56.485.654.153	54.945.757.490	-1.539.896.664			
Financial liabilities						
Deposits at amortised cost	46.250.305.174	45.485.886.294	-764.418.880	0,0%	100,0%	0,0%
Financial instruments held for trading	166.636.012	166.636.012	-	-	-	-
Hedging derivative financial instruments	440.035.783	440.035.783	-	-	-	-
Financial liabilities designated at fair value through profit or loss	138.629.100	138.629.100	-	-	-	-
Debt securities in issue	3.625.517.678	3.611.059.533	-14.458.145	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>399.218.726</i>	<i>399.218.726</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	516.201.546	516.201.546	-	-	-	-
TOTAL	51.137.325.292	50.358.448.267	-778.877.025			
Categories as at 31/12/2021						
Financial assets						
Cash and sight accounts with central banks	9.773.732.257	9.773.732.257	-	-	-	-
Loans and advances at amortised cost	26.593.324.988	26.740.784.991	147.460.003	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.196.048.047</i>	<i>1.196.048.047</i>	-	-	-	-
Financial instruments held for trading	235.242.636	235.242.636	-	-	-	-
Hedging derivative financial instruments	90.195.038	90.195.038	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	632.455.934	632.455.934	-	-	-	-
Fixed-income securities recognised at amortised cost	13.821.928.357	13.856.974.974	35.046.617	79,6%	20,4%	0,0%
Fixed-income securities recognised at fair value through the revaluation reserve	17.534.901	17.534.901	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	1.125.045.988	1.125.045.988	-	-	-	-
Investments in associates accounted for using the equity method	571.515.457	571.515.457	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	156.504.244	156.504.244	-	-	-	-
TOTAL	53.017.479.800	53.199.986.420	182.506.619			
Financial liabilities						
Deposits at amortised cost	43.841.342.694	43.947.987.600	106.644.906	-	100,00%	-
Financial instruments held for trading	129.935.940	129.935.940	-	-	-	-
Hedging derivative financial instruments	827.678.271	827.678.271	-	-	-	-
Financial liabilities designated at fair value through profit or loss	165.001.798	165.001.798	-	-	-	-
Debt securities in issue	2.793.469.938	2.792.741.929	-728.009	-	100,00%	-
<i>of which measured at fair value for hedging purposes</i>	<i>412.901.778</i>	<i>412.901.778</i>	-	-	-	-
TOTAL	47.757.428.641	47.863.345.538	105.916.897			

Hierarchy of financial assets and liabilities at fair value

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 (e.g., a three-year swap rate);
- non-observable data reflect estimates and internal assumptions adopted by Spuerkeess relating to market variations (e.g., an estimation of the payment plan of an MBS).

A fair value hierarchy was established according to the type of observable and non-observable data:

- 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 internal estimations and assumptions. The shareholdings of the Group's parent company in non-material unlisted companies are valued on the basis of net assets after taking into account the dividend for the current year. Material holdings are measured as follows:
 - o in the event of a transaction (capital increase or sale transaction) during the last six months or if the parties to a future transaction agree on the price of the transaction, this transaction price constitutes the basis for the measurement value of the position, taking into consideration a discount, provided that the shareholding is deemed strategic for the Group's parent company and that no paragonovernmental shareholders, such as Spuerkeess, participate in the transaction;
 - o for the three six-month periods following a transaction, the price of the last transaction remains an important reference but does not exclusively determine the valuation price;
 - o the price of the historical transaction is adjusted in relation to a number of stock market ratios established on the basis of a peer group consisting of a sample of listed companies with a commercial and/or industrial activity comparable with the unlisted company, valued by the Group's parent company;

- o when the last transaction is more than two years old, a valuation based on the market ratios of this peer group is preferred. It allows the value of the position held by the Group's parent company to be determined. A discount to the valuation of unlisted assets may be applied;
- o The following ratios are documented for the unlisted company, owned by the Group's parent company, and for all listed companies of the peer group:
 - Enterprise Value to EBITDA (except insurance companies);
 - Price-to-Book, Price-to-Sales and Price-to-Earnings;
 - ratios supplemented by information on business growth prospects, operating margins, return on equity (ROE), debt and credit quality;
 - the data used are derived from the company accounts. The peer group's multiples derived from the stock market ratios and the accounting data of the companies making up each peer group are taken from Bloomberg with reference to the closing prices on the valuation day, i.e. 30 June or 31 December of the respective year;
 - to supplement this market-multiples valuation, the Group's parent company may use multiples based on recent transactions in companies with the same characteristics as the unlisted company, held by the parent company.

A change in level may occur in the event that market characteristics change.

To determine this hierarchy of fair values, the Group reviewed all financial instruments measured at fair value to assess the importance of observable data directly or indirectly on the markets. Observable market data include:

- credit spread curves based on CDS prices;
- interbank interest rates or swap rates;
- foreign exchange rates;
- stock indices;
- counterparty credit spreads.

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Financial assets and liabilities at fair value:

Categories as at 30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	382.681.780	-	382.681.780
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	382.681.780	-	382.681.780
- <i>IRS</i>	-	21.455.517	-	21.455.517
- <i>CIRS/outright</i>	-	361.226.263	-	361.226.263
- <i>other</i>	-	-	-	-
Hedging derivative financial instruments	-	880.850.491	-	880.850.491
- <i>IRS</i>	-	820.004.076	-	820.004.076
- <i>CIRS</i>	-	60.846.415	-	60.846.415
Financial assets mandatorily recognised at fair value through profit or loss	-	517.898.787	20.257	517.919.044
- Debt instruments	-	493.479.371	20.257	493.499.628
- <i>Public sector</i>	-	137.128.541	-	137.128.541
- <i>Credit institutions</i>	-	220.726.975	-	220.726.975
- <i>Corporate customers</i>	-	135.623.855	20.257	135.644.112
- Other financial instruments	-	24.419.416	-	24.419.416
- <i>Corporate customers</i>	-	24.419.416	-	24.419.416
Variable-income securities recognised at fair value through the revaluation reserve	39.828.205	161.807.369	897.693.576	1.099.329.150
- <i>Public sector</i>	-	-	-	-
- <i>Credit institutions</i>	-	-	7.051.288	7.051.288
- <i>Corporate customers</i>	39.828.205	161.807.369	890.642.288	1.092.277.862
Fixed-income securities recognised at fair value through the revaluation reserve	41.786.295	-	-	41.786.295
- <i>Credit institutions</i>	15.087.520	-	-	15.087.520
- <i>Public sector</i>	26.698.775	-	-	26.698.775
Non-current assets and disposal groups classified as held for sale	19.460.271	-	-	19.460.271
- <i>Corporate customers</i>	19.460.271	-	-	19.460.271
TOTAL	101.074.771	1.943.238.427	897.713.833	2.942.027.031
Financial liabilities				
Derivative financial instruments held for trading	-	166.636.012	-	166.636.012
- <i>IRS</i>	-	46.702.581	-	46.702.581
- <i>CIRS/outright</i>	-	119.933.431	-	119.933.431
- <i>other</i>	-	-	-	-
Hedging derivative financial instruments	-	440.035.782	-	440.035.782
- <i>IRS</i>	-	205.500.435	-	205.500.435
- <i>CIRS</i>	-	234.535.347	-	234.535.347
Financial liabilities designated at fair value through profit or loss	-	138.629.100	-	138.629.100
TOTAL	-	745.300.894	-	745.300.894

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Categories as at 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	235.242.632	-	235.242.632
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	235.242.632	-	235.242.632
- IRS	-	56.070.831	-	56.070.831
- CIRS/outright	-	179.171.801	-	179.171.801
- other	-	-	-	-
Hedging derivative financial instruments	-	90.195.040	-	90.195.040
- IRS	-	63.639.141	-	63.639.141
- CIRS	-	26.555.899	-	26.555.899
Financial assets mandatorily recognised at fair value through profit or loss	-	632.449.813	6.121	632.455.934
- Debt instruments	-	602.788.491	6.121	602.794.612
- Public sector	-	149.435.149	-	149.435.149
- Credit institutions	-	240.930.468	-	240.930.468
- Corporate customers	-	212.422.874	6.121	212.428.995
- Other financial instruments	-	29.661.322	-	29.661.322
- Corporate customers	-	29.661.322	-	29.661.322
Variable-income securities recognised at fair value through the revaluation reserve	33.395.284	135.233.874	956.416.829	1.125.045.986
- Public sector	-	-	-	-
- Credit institutions	-	-	6.502.040	6.502.040
- Corporate customers	33.395.284	135.233.874	949.914.789	1.118.543.947
Fixed-income securities recognised at fair value through the revaluation reserve	17.534.900	-	-	17.534.900
- Credit institutions	-	-	-	-
- Public sector	17.534.900	-	-	17.534.900
TOTAL	50.930.184	1.093.121.359	956.422.950	2.100.474.492
Financial liabilities				
Derivative financial instruments held for trading	-	129.935.939	-	129.935.939
- IRS	-	57.211.750	-	57.211.750
- CIRS/outright	-	72.393.846	-	72.393.846
- other	-	330.343	-	330.343
Hedging derivative financial instruments	-	827.678.270	-	827.678.270
- IRS	-	586.498.376	-	586.498.376
- CIRS	-	241.179.894	-	241.179.894
Financial liabilities designated at fair value through profit or loss	-	165.001.798	-	165.001.798
TOTAL	-	1.122.616.007	-	1.122.616.007

Changes in the breakdown between the different levels from one period to the next stem primarily from changes in fair value.

Thus, 3,44% of financial assets measured at fair value, presented above, are classified as Level 1 (versus 2,42% at 31 December 2021), 66,05% as Level 2 (versus 52,04% at 31 December 2021) and 30,51% as Level 3 (versus 45,53% at 31 December 2021).

For financial liabilities, all financial instruments were allocated to Level 2 as at 30 June 2022 and 31 December 2021. 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 as at 30 June 2022.

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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	Equity instruments		
Total as at 1 January 2022	6.122	-	956.416.828	956.422.950
Total gains / losses	28.910	-	-62.926.339	-62.897.429
- <i>Income statement</i>	28.910	-	-	28.910
- <i>Revaluation reserve</i>	-	-	-62.926.339	-62.926.339
Purchases	3.684	-	-	3.684
Reimbursements/sales	-19.909	-	-13.552	-33.461
Other changes	1.453	-	4.216.637	4.218.090
Transfers from Level 1 to Level 3	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Total as at 30 June 2022	20.259	-	897.693.575	897.713.834
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 30 June 2022	46.631	-	20.829.898	20.876.529

	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	Equity instruments		
Total as at 1 January 2021	7.320	-	657.800.780	657.808.100
Total gains / losses	1.486.640	-	370.270.910	371.757.550
- <i>Income statement</i>	1.486.640	-	-	1.486.640
- <i>Revaluation reserve</i>	-	-	370.270.910	370.270.910
Purchases	-	-	2.672.958	2.672.958
Reimbursements/sales	-1.854.402	-	-78.046.851	-79.901.253
Other changes	366.564	-	3.719.031	4.085.595
Transfers from Level 1 to Level 3	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Total as at 31 December 2021	6.122	-	956.416.828	956.422.950
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2021	40.464	-	10.234.766	10.275.230

The total volume of Level 3 financial assets corresponds to 30,51% of total financial assets measured at fair value as at 30 June 2022, compared with 45,53% as at 31 December 2021. This change stemmed mainly from the decrease in certain valuations.

Sensitivity analysis of Level 3 financial instruments:

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 2022 and 2021.

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;
- 10% decrease or increase in net income;
- 10% decrease or increase in real estate prices in Luxembourg.

The fair value sensitivity for Level 3 instruments is therefore quantified as follows:

Headings	Level 3 fair value as at 30/06/2022	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	642.350.546	-84.070.819	86.265.591

Headings	Level 3 fair value as at 31/12/2021	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	874.734.187	-96.971.157	96.990.656

The sensitivity analysis was performed on the two largest shareholdings, i.e. the same two as at 30 June 2022 and 31 December 2021.

6 SEGMENT REPORTING

6.1 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 changed its management view approach with a shift from a department-based organisational view to a "pillars" view based on key customer segments. This new view makes it easier to monitor the Group's parent company's strategic and business objectives and provide better 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 Bank'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 "Selfinvest" investment, structured 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 financial 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 cash position management (Money Market) 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, 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 and the contributions made to the FRU and FGDL.

6.2 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 Asset and Liability Management entity. 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.

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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.

The Group therefore publishes its segment reporting (management view) according to a "pillar" view in accordance with IFRS 8. In order to provide a YTD comparison, the Group's parent company has restated the figures as at 30 June 2021. Activity monitoring in accordance with this new view has only been implemented as of financial year 2022.

In euros 30/06/2022	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net bank margin	181.149.998	83.741.897	35.319.464	41.539.014	341.750.374
Income before tax	47.218.817	46.675.980	27.642.094	78.847.896	200.384.787
Income/(loss)	33.727.637	33.339.897	19.744.301	90.118.056	176.929.891

In euros 30/06/2021	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net bank margin	166.842.362	70.782.677	50.636.706	40.863.945	329.125.690
Income before tax	30.911.547	53.577.912	54.076.682	31.052.722	169.618.863
Income/(loss)	19.607.362	33.984.761	34.301.133	54.728.345	142.621.602

Income before tax for the Investments and Corporate Center segment factors in the share in the profit of equity-accounted associates, in addition to the revenue included in net bank margin. The "Income" line has been positively affected by a deferred tax effect related to expenses included in the Corporate Center segment.

Neither one individual customer nor any consolidated group of customers generates more than 10% of the Group's NBM.



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