



CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION AS AT 30 JUNE 2024



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SPUERKEESS GROUP MANAGEMENT REPORT BASED ON THE INTERIM CONDENSED CONSOLIDATED INFORMATION AS AT 30 JUNE 2024

The business climate in the eurozone in first-half 2024 was marked by sluggish but slightly better economic growth compared with the same period in 2023. Some sectors, including the financial sector, were more resilient than certain other sectors that suffered from falling demand in a high interest rate environment. The construction sector was among the latter. Inflation slowed during the period, however, due mainly to lower energy prices. Economic forecasts project a gradual growth recovery in the second half of 2024, but ongoing uncertainties, such as the war in Ukraine and geopolitical tensions in the Middle East, are adversely affecting the economic environment.

In early June 2024, the European Central Bank (ECB) cut its key interest rates for the first time since 2019. This 0,25% cut was the first step towards easing key rates in the eurozone. However, headline inflation is expected to remain above the ECB's target for much of 2024. Thus, to facilitate the return of inflation to its medium-term target of 2%, key rates will be kept sufficiently restrictive for as long as necessary.

The major international institutions expect average eurozone inflation to exceed 2% in 2024 and 2025, due to a slower decline in consumer prices in the eurozone than previously forecast. The unemployment rate in the eurozone remains stable at 6,4% of the working population.

Despite slowing inflation, STATEC has maintained its inflation forecasts for Luxembourg of 2,3% for this year and 2,6% for 2025. Given the downturn in the construction sector in Luxembourg, the unemployment rate is 5,8%.

After a slight recession in 2023, growth estimates for 2024 are conservative, with GDP projected to increase by about 1,5%. High interest rates are holding back investment, and this modest recovery can be attributed to lacklustre exports.

In terms of the development of Spuerkeess's commercial activities in the first half of 2024, outstanding loans and advances to customers rose by 1,2% compared with 31 December 2023, driven by the change in outstanding corporate and public sector loans and advances, which were up 3,8% compared with end-2023. We are seeing renewed interest in housing loan applications, which have been on a sharp downtrend for more than two years. New loans granted rose significantly in the first half of 2024.

Customer deposit volumes increased by 0,8% compared with 31 December 2023, driven by growth in retail deposits. Deposits from corporates, however, were lower in an economic environment that remains challenging and has affected their cash. Deposits from the public sector, which tend to be more volatile, also declined.

At EUR 559,0 million as of 30 June 2024, the Group's bank margin was up EUR 24,9 million (4,7%) compared with the first half of 2023. This performance was driven mainly by interest margin.

Net interest margin increased by 14,3%, i.e. by EUR 51,4 million, compared with the first half of 2023. This increase was achieved due to business development in the activities in recent years and the rise in interest rates, which made it possible to rebuild margins on savings products after several years of negative margins on these products at a time when the central banks' monetary policy was pushing key rates into negative territory.

Income from securities fell by 20,3%, or EUR 9,0 million. After seeing higher dividends for 2022, the Spuerkeess Group received lower dividends for 2023 from its various holdings.

Fee income was down by 2,2%, or EUR 2,1 million. This decrease can be attributed to fees from fully consolidated subsidiaries due to a time lag in retrocessions compared with last year. However, the parent company made a positive EUR 4,3 million contribution due to an increase in fees on asset management activities, given the development of Private Banking.

Income from financial instruments fell sharply from first-half 2023 to stand at EUR 11,8 million at 30 June 2024. Most of the decrease was due to the impact of the change in long rates on existing economic hedging relationships.

General expenses and depreciation and amortisation fell by 2,9% compared with the first half of 2023, mainly because no contribution was made to the Single Resolution Fund (SRF), which met its funding target at the end of 2023. A EUR 10,0 million contribution was made to the Fonds de Garantie des Dépôts (FGDL, Luxembourg deposit guarantee fund) during the first half of 2024. Excluding the change in FGDL/SRF contributions, this item would have increased by 8,5%. This trend can be explained by the rise in personnel expenses related to the wage indexation in February 2023, April 2023 and September 2023, as well as the increase in depreciation costs for IT investments.

Income after general expenses at 30 June 2024 was up 11,1% compared with 30 June 2023.

The cost of risk was lower than at 30 June 2023. Spuerkeess protected itself from credit risk by recording additional value adjustments and provisions totalling EUR 23,5 million at 30 June 2024, while additions of EUR 50,8 million had been recorded at 30 June 2023. These lower additions can be attributed to the less pronounced deterioration in the economic environment in the first half of 2024 compared with the same period in 2023 and to relatively stable forecasts. Spuerkeess reviews its forecasts and provisioning models on a regular basis, which could result in higher provisioning requirements by the end of the financial year.

The share in the profit of equity-accounted associates was EUR 24,0 million at 30 June 2024, down EUR 1,3 million compared with 30 June 2023. This stability was driven by the normalisation of income at one of the holdings included in the scope of consolidation.

In light of the above, the Spuerkeess Group reported half-yearly net income attributable to equity holders of the parent company of EUR 251,9 million, up 14,5% compared with first-half 2023.

Total equity for the Group at 30 June 2024 attributable to equity holders of the parent company was EUR 5.972,9 million compared with EUR 5.834,8 million at 31 December 2023. The increase in equity can be attributed mainly to the integration of half-yearly net income.

Events after the 30 June 2024 reporting period

In the context of the “Caritas” affair, which was made public in mid-July 2024, Spuerkeess, as one of Caritas’s main banks, is actively participating in the investigations conducted by various authorities to shed light on the circumstances that could have resulted in a significant financial impact through payment transactions and the provision of funds.

On 1 July 2024, Spuerkeess, together with four other financial centre institutions, established Prolog Luxembourg S.A., a specialised firm formed to support the residential real estate market. The Spuerkeess Group owns 43,96% of this entity.

At the time of writing of this report, we are not aware of any significant events that occurred after the 30 June 2024 reporting date and that could impact the normal course of the Spuerkeess Group's business.

Outlook for second-half 2024

Growth forecasts for the eurozone and for Luxembourg look positive but modest for the second half of 2024, with STATEC signalling that inflation will decline in 2024 and 2025 but remain above the 2% mark.

Luxembourg, 16 September 2024

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 16, 2024

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, 2024 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



**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 2024

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

STATUTORY AUDITOR'S REPORT
30 June 2024

Report on review of the interim condensed consolidated financial information

To the Executive Committee 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 2024, 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 2024 to 30th June 2024 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
A Public Limited Company
Approved audit firm

Antoine Le Bars

Luxembourg, 16 September 2024

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

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION
30 June 2024**

Condensed consolidated balance sheet as at 30 June 2024

ASSETS	Notes	31/12/2023	30/06/2024
Cash and sight accounts with central banks	3.1	7.887.777.548	5.785.879.485
Loans and advances at amortised cost – Credit institutions	3.2	3.244.670.787	3.075.715.100
Loans and advances at amortised cost – Customers	3.3	26.967.687.941	27.292.623.888
Financial instruments held for trading	3.4 3.12	178.037.790	149.684.971
Hedging derivative financial instruments	3.12	1.115.570.816	1.262.187.578
Financial assets mandatorily recognised at fair value through profit or loss	3.5	430.875.837	439.644.534
Fixed-income securities recognised at amortised cost	3.6	14.831.125.424	14.819.349.751
Fixed-income securities recognised at fair value through the revaluation reserve	3.7	31.091.835	30.702.584
Variable-income securities recognised at fair value through the revaluation reserve	3.8	755.072.291	734.857.797
Investments in associates accounted for using the equity method	3.9	907.201.359	911.226.822
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.14	-488.436.242	-586.917.549
Tangible assets for own use	3.15	232.899.258	228.084.518
Investment property		10.643.297	10.222.691
Intangible assets		47.321.022	46.154.894
Non-current assets and disposal groups classified as held for sale	3.13	919.434	5.199.854
Current taxes	3.16	2.560.981	-
Other assets	3.17	29.375.923	28.596.615
TOTAL ASSETS		56.184.395.301	54.233.213.533
LIABILITIES			
	Notes	31/12/2023	30/06/2024
Deposits at amortised cost – Credit institutions	3.18	5.424.710.317	4.874.819.742
Deposits at amortised cost – Customers	3.19	40.039.164.316	40.354.031.132
Financial instruments held for trading	3.4 3.12	285.193.752	116.004.494
Hedging derivative financial instruments	3.12	399.928.461	293.161.368
Financial liabilities designated at fair value through profit or loss	3.20	169.491.843	290.109.519
Issuance of debt securities	3.21	3.668.005.029	2.003.953.595
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.14	-	-4.074.637
Provisions	3.22	82.082.237	81.014.028
Other liabilities	3.23	89.917.467	52.805.938
Provision for employee benefits	3.24	183.854.377	146.989.186
Current taxes	3.16	-	39.820.422
Deferred taxes	3.16	4.203.819	11.160.614
Sub-total of LIABILITIES (before equity capital) to be carried forward		50.346.551.618	48.259.795.401

Condensed consolidated balance sheet as at 30 June 2024 (continued)

EQUITY	Notes	31/12/2023	30/06/2024
Sub-total of LIABILITIES (before equity capital) carried forward		50.346.551.618	48.259.795.401
Share capital		173.525.467	173.525.467
Consolidated reserves		4.653.807.232	4.975.824.618
Other items of comprehensive income		558.232.636	571.676.935
° <i>Variable-income securities recognised at fair value through the revaluation reserve</i>	3.8	474.487.166	456.395.647
° <i>Actuarial gains/losses relating to employee benefits</i>		-254.572.242	-239.211.783
° <i>Equity method adjustment</i>		340.144.154	356.647.413
° <i>Gains or losses on disposals of variable-income securities measured at fair value</i>	3.26	6.474	-93.573
° <i>Fixed-income securities recognised at fair value through the revaluation reserve</i>	3.7	-1.842.641	-2.063.728
° <i>Cash flow hedges</i>	3.12	9.725	2.959
Income for the year/period		449.271.403	251.901.611
Sub-total of equity attributable to the equity holder of the parent company		5.834.836.738	5.972.928.631
Non-controlling interests		3.006.945	489.501
Total equity		5.837.843.683	5.973.418.132
TOTAL LIABILITIES, including EQUITY		56.184.395.301	54.233.213.533

Condensed consolidated income statement as at 30 June 2024

in EUR	Notes	30/06/2023	30/06/2024
Interest income	4.1	360.874.543	412.305.496
Income from securities	4.2	44.528.573	35.486.522
Fee and commission income	4.3	95.862.076	93.784.752
INCOME FROM INTEREST, DIVIDENDS AND FEES AND COMMISSIONS		501.265.192	541.576.770
Income from financial instruments not recognised at fair value through profit or loss	4.4	-1.644.690	-566.803
Income from financial instruments held for trading	4.5	8.396.596	-8.675.894
Income from financial instruments designated at fair value through profit or loss	4.6	-3.548.689	3.318.895
Income from financial instruments mandatorily measured at fair value through profit or loss	4.7	7.282.588	6.850.036
Income from hedging transactions	4.8	3.723.599	1.431.747
Foreign exchange income		10.520.908	9.445.183
Income from derecognition of non-financial assets		1.630.152	752.483
Other operating income	4.9	9.481.822	8.819.392
Other operating expenditure	4.9	-2.943.207	-3.911.013
BANK MARGIN		534.164.271	559.040.796
Personnel expenses	4.10	-132.455.989	-142.793.490
Other general and administrative expenses	4.11	-54.563.283	-60.123.305
Cash contributions to resolution funds and deposit guarantee systems	4.12	-34.989.578	-10.030.662
Allowances for impairment of tangible and intangible assets		-24.222.396	-26.211.445
<i>of which allowances for impairment of right-of-use assets in relation to leases</i>		-1.680.156	-1.690.562
INCOME AFTER GENERAL EXPENSES		287.933.025	319.881.894
Net allowances for impairment of individual and collective credit risks	4.13	-44.724.257	-27.791.175
Provisions	4.14	-7.096.373	99.991
Share in the profit of equity-accounted associates		25.353.199	24.036.273
INCOME BEFORE TAXES AND NON-CURRENT ASSETS		261.465.594	316.226.983
Tax on income from continuing operations	4.15	-38.088.005	-62.673.082
Deferred taxes	4.15	-2.345.045	-1.492.710
INCOME FOR THE PERIOD		221.032.544	252.061.191
<i>OF WHICH INCOME FOR THE PERIOD ATTRIBUTABLE TO:</i>			
<i>- MINORITY INTERESTS</i>		<i>994.605</i>	<i>159.580</i>
<i>- EQUITY HOLDERS OF THE PARENT COMPANY</i>		<i>220.037.939</i>	<i>251.901.611</i>

Condensed consolidated statement of comprehensive income as at 30 June 2024

in EUR	30/06/2023	30/06/2024
INCOME FOR THE PERIOD	221.032.544	252.061.191
Items not reclassified in net income subsequently	196.279.889	13.678.626
Actuarial gains/(losses) on the defined-benefit pension scheme	3.898.818	20.464.240
Contribution of equity-accounted associates	179.881.267	16.503.259
Variable-income securities recognised at fair value through the revaluation reserve	13.728.248	-17.779.701
- <i>Variation in measurement results</i>	13.927.397	-17.655.509
- <i>Income from sales</i>	-199.149	-124.192
Impact of deferred and current taxes	-1.228.444	-5.509.172
Items to be reclassified in net income subsequently	147.308	-227.853
Fixed-income securities recognised at fair value through the revaluation reserve	298.705	-294.547
Cash flow hedges	-102.450	-9.014
Impact of deferred taxes	-48.947	75.708
Total items of comprehensive income for the period - net of tax	196.427.197	13.450.773
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	417.459.740	265.511.964
<i>share attributable to</i>		
- <i>non-controlling interests</i>	994.605	159.580
- <i>equity holders of the parent company</i>	416.465.135	265.362.384

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Interim condensed consolidated financial information
as at 30 June 2024

Condensed statement of changes in consolidated equity as at 30 June 2024

in EUR	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity of the parent	Minority interests	Total equity
As at 1 January 2023	173.525.467	4.200.838.422	765.247.562	332.857.550	5.472.469.001	3.067.932	5.475.536.933
Appropriation of 2022 income	-	332.857.550	-	-332.857.550	-	-	-
Appropriation of 2022 income from sales of variable-income securities	-	14.531.312	-14.531.312	-	-	-	-
First-half 2023 net income	-	-	-	220.037.939	220.037.939	994.605	221.032.544
Distribution for FY 2022	-	-60.000.000	-	-	-60.000.000	-	-60.000.000
Actuarial gains/(losses) on pension fund	-	-	2.926.453	-	2.926.453	-	2.926.453
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	13.832.837	-	13.832.837	-	13.832.837
Net measurement results of cash flow hedges	-	-	-76.899	-	-76.899	-	-76.899
Equity method adjustment	-	-1.997.903	179.881.267	-	177.883.364	-	177.883.364
2022 income from sales of variable-income securities	-	-	-136.461	-	-136.461	-	-136.461
Other	-	-4.406.236	-	-	-4.406.236	-2.177.686	-6.583.922
As at 30 June 2023	173.525.467	4.481.823.145	947.143.448	220.037.939	5.822.529.999	1.884.851	5.824.414.850

in EUR	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity of the parent	Minority interests	Total equity
As at 1 January 2024	173.525.467	4.653.807.232	558.232.636	449.271.403	5.834.836.738	3.006.945	5.837.843.683
Appropriation of 2023 income	-	449.271.403	-	-449.271.403	-	-	-
Appropriation of 2023 income from sales of variable-income securities	-	6.474	-6.474	-	-	-	-
First-half 2024 net income	-	-	-	251.901.611	251.901.611	159.580	252.061.191
Distribution for FY 2023	-	-120.000.000	-	-	-120.000.000	-	-120.000.000
Actuarial gains/(losses) on pension fund	-	-	15.360.459	-	15.360.459	-	15.360.459
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	-18.312.606	-	-18.312.606	-	-18.312.606
Net measurement results of cash flow hedges	-	-	-6.766	-	-6.766	-	-6.766
Equity method adjustment	-	-619.939	16.503.259	-	15.883.320	-	15.883.320
2024 income from sales of variable-income securities	-	-	-93.573	-	-93.573	-	-93.573
Other	-	-6.640.552	-	-	-6.640.552	-2.677.024	-9.317.576
As at 30 June 2024	173.525.467	4.975.824.618	571.676.935	251.901.611	5.972.928.631	489.501	5.973.418.132

The distribution of profit attributable to the equity holder of the parent company for financial year 2023 was made in the second quarter of 2024.

Condensed consolidated statement of cash flows as at 30 June 2024

in EUR	30/06/2023	30/06/2024
Cash and cash equivalents		
Cash and sight accounts with central banks	10.402.297.688	5.784.717.679
Loans and advances at amortised cost – Credit institutions	1.844.846.560	2.441.281.208
Loans and advances at amortised cost – Customers	2.310.005.449	779.246.679
Total	14.557.149.698	9.005.245.566

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 2024

in EUR	30/06/2023	30/06/2024
CASH POSITION AT 1 JANUARY	14.301.732.643	11.426.397.309
Income for the period	221.032.544	252.061.191
Non-cash adjustments relating to:		
Net allowances for impairment of credit risks	44.724.257	27.791.175
Allowances for impairment of tangible and intangible assets	22.730.249	24.702.475
Provisions	5.722.512	-596.183
Unrealised gains/losses	100.866.142	160.621.406
Share in the profit of equity-accounted associates	-25.353.199	-24.027.413
Other adjustments	-3.990.674	-2.838.739
Changes relating to assets and liabilities from operating activities:		
Financial instruments recognised at fair value	-122.597.648	21.794.460
Loans and advances at amortised cost	226.868.033	-518.504.884
Deposits at amortised cost	-948.929.686	-420.995.982
Issuance of debt securities	731.550.928	-1.637.976.506
Other assets and liabilities	-35.040.118	-25.018.942
Total cash flow from operating activities	217.583.340	-2.142.987.942
<i>of which:</i>		
Interest received	1.008.310.066	1.496.538.099
Interest paid	-536.776.629	-928.078.233
Income from securities	44.528.573	35.486.522
Tax on income from continuing operations	-38.088.005	-62.673.082
Acquisition/disposal of variable-income securities	495.894	665.749
Acquisition/disposal of investments in associates accounted for using the equity method	-64.978	117.772
Acquisition of fixed-income securities	-1.860.397.562	-2.290.290.554
Disposal/redemption of fixed-income securities	1.854.221.940	2.240.473.552
Acquisitions/disposals of intangible and tangible assets	-12.965.853	-18.905.741
Total cash flow from investment activities	-18.710.559	-67.939.222
Proceeds from subordinated liabilities	-	-
Expenses related to leases	-1.680.156	-1.690.562
Income distribution	-60.000.000	-120.000.000
Total cash flow from financing activities	-61.680.156	-121.690.562
NET CHANGE IN CASH	137.192.624	-2.332.617.726
Effect of exchange rates on cash and cash equivalents	118.224.431	-88.534.017
CASH POSITION AT 30 JUNE	14.557.149.698	9.005.245.566

Reconciliation of cash flows from financing activities:

in EUR	01/01/2023	Movements related to cash flow	Movements unrelated to cash flow	30/06/2023
Proceeds from subordinated liabilities	-	-	-	-

in EUR	01/01/2024	Movements related to cash flow	Movements unrelated to cash flow	30/06/2024
Proceeds from subordinated liabilities	-	-	-	-

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
30 June 2024**

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 16 September 2024, the Executive Committee of the Group's parent company authorised the publication of the interim condensed consolidated financial information as at 30 June 2024.

The Group had an average headcount as at 30 June 2024 of 1.936 (1.898 as at 31 December 2023).

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 2024 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 2023, which were prepared under IFRS, as adopted by the European Union.

a) New or revised standards adopted by the European Union, applicable since 1 January 2024:

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

- The amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial Instruments: Disclosures" regarding supplier finance arrangements,
- The amendments to IAS 1 "Presentation of Financial Statements" regarding the classification of liabilities as current or non-current liabilities,
- The amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback".

b) New or revised standards not yet adopted by the European Union or not yet applicable as of 1 January 2024:

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

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

The following new standards or amendments to current standards are not expected to have a material impact on the Group:

- The amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" regarding the lack of exchangeability (applicable from 1 January 2025).
- The amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments (applicable from 1 January 2026).

The following new standard will have no impact on the Group:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (applicable from 1 January 2027).

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 2023.

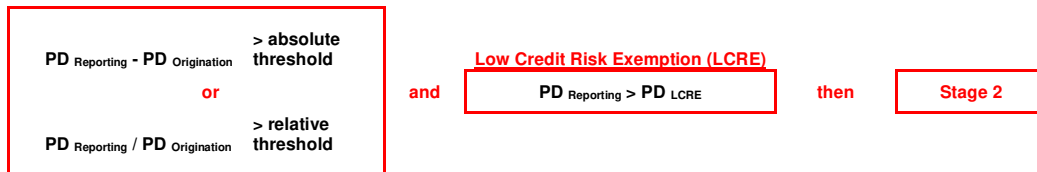
2.2.1 Impairment of financial assets

In accordance with the second phase of IFRS 9, Spuerkeess considers all Hold to Collect (HTC) and Hold to Collect and Sell (HTC&S) model products meeting the Solely Payment of Principal and Interest (SPPI) criterion as well as guarantees and certain commitments recognised off the balance sheet in the calculation of impairment of financial assets.

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

- Stage 1 includes exposures whose credit risk has not deteriorated significantly since the loan was granted or the security was purchased ("at inception").
⇒ **Value adjustment is equal to a 1-year expected credit loss.**

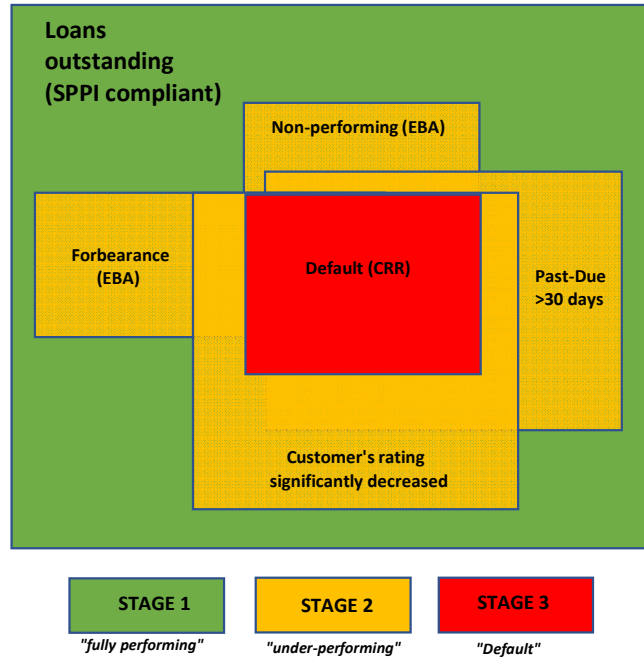
- Stage 2 includes financial instruments whose credit risk has increased significantly since the loan was granted or the security was purchased, i.e. exposures that:
 - have seen a deterioration in their probability of default (PD). This deterioration is based on a comparison (absolute and relative) of the residual lifetime probabilities of default (annualised) on the reference date compared with the origination date. Note that a threshold of 0,3% is applied for the low credit risk exemption (LCRE):



With:

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

The chart below details the consideration of the notions of the EBA in the various stages:



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

The table below summarises the triggers for various events:

Notions	Explanations	IFRS 9 stage
1. Default	No payment arrears, but "unlikelihood to pay" (ULP), in the sense of a serious doubt about the future ability to meet the commitments (e.g. bankruptcy).	STAGE 3
	The absolute threshold (a) and the relative threshold (b) have been exceeded for 90 consecutive days: a) absolute threshold: arrears > EUR 100 (retail) or EUR 500 (wholesale); b) relative threshold: amount of arrears relative to the total amount of exposures to the borrower on the Bank's balance sheet > 1% (retail and wholesale).	
2. "Non-Performing"	Late > ½ monthly instalment for > 90 days, or	STAGE 2
	Overdraft > EUR 100 for 90 days.	
3. "Forbearance/renegotiated due to significant increase in credit risk" (IFRS 9 B.5.5.27)	Restructuring measures granted to the customer during the term of the contract (deferment, extension of due date) <u>and</u> customer in financial difficulty.	STAGE 2
4. "Past-Due"	Late payment > 30 days with certain materiality thresholds (EBA notion).	STAGE 2
5. Probability of default (PD)	Deterioration in PD between its origination date and its reporting date.	STAGE 2
6. Stage override	Potential stage override to account for information not included in the above indicators	STAGE 2

Probationary periods:

Migration	Migration trigger	Probationary period	Conditions
Stage 2 to Stage 1	Forbearance	2 years	- significant amount repaid during the probationary period - investment-grade rating - performing
	Wholesale rating/PD	1 year	The rating is based on the rating assigned by the rating agencies and is reviewed annually.
	Domestic Company Internal rating/PD	6-12 months	The variables considered for the Retail rating are based mainly on historical behaviour in the last 6-12 months: potential impact on the rating for 6-12 months.
	Individual Internal rating/PD	6 months	The variables considered for the Individual Retail rating are based mainly on historical behaviour in the last 6 months: potential impact on the rating for 6 months.
Stage 3 to Stage 2	Non-performing and forbearance	1 year	Parallel non-performing and forbearance status triggers the default. The customer exits non-performing and default if the forbearance start date \geq 1 year. There is therefore a one-year probationary period for non-performing/default status.
	Automatic closure of the default (repayment of outstanding debts) but other ongoing Stage 2 event	min. 3 months	Payment of outstanding debts triggers a 3-month probationary period (or 12 months for forbearance status). After the probationary period, the customer moves from Stage 3 to Stage 2 (in the event of SICR).
	Manual closure of an unlikelihood to pay default, but other ongoing Stage 2 event	min. 3 months	When a default is closed manually, a 3-month probationary period (or 12 months for forbearance status) is also applied.
Stage 3 to Stage 1	Automatic closure of the default (repayment of outstanding debts)	3 months	Payment of outstanding debts triggers a 3-month probationary period (no forbearance). After the probationary period, the customer moves from Stage 3 to Stage 1 (no SICR).
	Manual closure of an unlikelihood to pay default	3 months	When a default is closed manually, a 3-month probationary period (no forbearance) is also applied.

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

Stage	Description	Formula	Explanation
1	Expected loss is calculated over a period of up to one year	$ECL = PD_{M,1} \cdot LGD_1 \cdot Exposures(t_0)$	- $PD_{M,1} = 1 - (1 - PD_1)^M$ and M the residual maturity in number of days/365,25 of the next year, - PD_1 = Probability of default for the first year, which takes into account the actual residual duration (Daily granularity), - LGD_1 = Loss given default during the next year, - $Exposure(t_0)$ = Exposure at the beginning of the period
2	The expected loss is to be estimated over the entire remaining life of the contract (lifetime expected loss)	$ECL = \sum_{k=1}^n ECL_k = \sum_{k=1}^n PD_{M,k} \cdot \frac{(Exposition_{k-1} \cdot LGD_k)}{(1+i)^{k-1}}$	$PD_{M,k}$ takes into account the actual residual duration (Daily granularity) The ECL is the sum of expected losses per year, discounted at the respective contractual rate i. The variable n represents the remaining duration of the exposure expressed in years.
3	The probability of default is 100% for these exposures; the expected loss is therefore a function of the current exposure and the loss rate (LGD), which takes into account the re-estimated future flows and collateral	$ECL = 100\% \cdot LGD_1 \cdot Exposures(t_0)$	- LGD_1 = Loss given default during the next year, - $Exposure(t_0)$ = Exposure at the beginning of the period

The basic principles applied by Spuerkeess are given in the previous table, and the PD and loss given default (LGD) risk parameters are derived from the “through the cycle” (TTC) parameters used for the calculation of capital requirements. To take into account the point-in-time (PIT) and forward-looking aspects, Spuerkeess has applied a PIT index allowing the TTC parameters to be transformed into PIT parameters and the parameters to be projected by considering four economic scenarios:

- optimistic,
- baseline,
- adverse, and
- severely adverse.

In the first half of 2024, a methodological change was implemented that affects PD, namely a new rating model for SME counterparties (IRB approach), in use since April 2024.

The LGD parameter is determined from a decision tree based on the characteristics of the different products. The LGDs of exposures secured by property factor in the future change in the value of the properties defined in the respective macroeconomic scenario. The change in the price index has a direct impact on the haircut calculation. A portion of these haircuts also relates to the cost of realising the collateral when there is recovery (haircuts of 25%). Note, however, that any increase in prices is neutralised (through a management overlay), regardless of the scenario or the year. In addition, given that the most recent internal statistical revaluation of the value of mortgaged residential real estate is from October 2023, the haircuts for the different scenarios are calculated taking into account both the 5% decline in the house price index between November 2023 and December 2023 and the price index projections for the next three years under four scenarios.

The resulting haircuts are as follows:

Scenario	Cost of realisation	Change in the price index (with no increase)				Haircut
		2023/11 2023/12 (observed)	2024	2025	2026	
Optimistic	25,0%	-5,0%	0,0%	0,0%	0,0%	30,0%
Baseline	25,0%	-5,0%	-7,5%	0,0%	0,0%	37,5%
Adverse	25,0%	-5,0%	-15,0%	-5,0%	0,0%	50,0%
Severely adverse	25,0%	-5,0%	-20,0%	-10,0%	0,0%	60,0%

The model used to revalue residential properties utilises energy performance class as the model's explanatory variable. Based on historical price observations, the revaluation model applies a more favourable price indexation for properties with a more efficient energy class. Climate risk (transition risk) can therefore be considered when determining LGD and provisions. For now, the real estate price

scenarios do not yet differentiate between energy classes. However, the expectation is that, in the second half of 2024, this aspect will be considered in the scenarios that affect the change in real estate prices. Exposure to physical risk (i.e. flood risk) is accounted for in the initial valuation of the property, but in general remains insignificant at the portfolio level. At 31 December 2023, only 2,05% of residential properties with a mortgage were in a 100-year floodplain¹ (average probability of a flood occurring).

Spuerkeess uses scenarios that are weighted as follows:

	Scenario weighting			
	Baseline	Adverse	Severely adverse	Optimistic
2023	60%	20%	10%	10%
2024	60%	20%	10%	10%

The weightings remain unchanged compared with 2023. The scenarios are based on projections by national or international authorities, namely STATEC and the International Monetary Fund (IMF). A decision is made about the source based on the availability of the information and its relevance for Spuerkeess, with the European Central Bank's (ECB) forecasts used as the adjustment factor. In addition, these projections are adjusted using expert judgement to account for post-publication developments (see baseline scenario below) or supplemented with internal scenarios (see adverse and severely adverse scenarios below).

The baseline scenario was defined using the IMF's April 2024 projections for advanced economies. It therefore uses 1,7% growth for advanced economies for 2024. The IMF's and STATEC's forecasts from April 2024 were used for Luxembourg GDP, to factor in the downward revision to the IMF's projections, in line with STATEC's most recent projections (+1,6%, +2,9% and +2,5% for 2024, 2025 and 2026, respectively). The projections used remain in line with the projections STATEC published in the meantime in its June 2024 "Note de conjuncture".

The macroeconomic environment in the adverse scenario is based on the plausible adverse risks to the baseline scenario anticipated by the IMF in its April 2024 *World Economic Outlook* (WEO), supplemented by expert judgements. The IMF's macroeconomic scenario assumes, in particular, that geopolitical fragmentation will intensify and inflation will persist. This would help keep interest rates high over time, leading to a rise in default risk, with additional pressure on governments, corporates and households. This scenario is supplemented by expert judgements, namely the impact on the Luxembourg economy, which is slightly greater than the impact on the advanced economy scope, in

¹ The floodplain maps developed by the Ministry of the Environment, Climate and Development as part of its flood risk management plans for the Grand Duchy of Luxembourg were used for this flood risk analysis.

line with the scenario in which Europe is more heavily impacted than the United States. The impact on Luxembourg real estate is assessed in a manner consistent with an upward shock in interest rates and, more generally, more restrictive financing conditions.

The severely adverse scenario defined by Spuerkeess (expert judgement) presents a more unfavourable macroeconomic scenario than the adverse macroeconomic scenario. The severely adverse scenario projects, among others, an aggregate 7,5% decline in GDP over three years for advanced economies, along with a significant decrease in EU State revenues. In this scenario, Luxembourg is not immune to the adverse environment and GDP declines by 4,5% over the three-year period.

The results were reviewed and validated by the appropriate Spuerkeess bodies.

- ECLs and sensitivity scenarios at 31/12/2023:

Type of scenario	Weighting	Macroeconomic variables	2024	2025	2026	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	10%	Luxembourg GDP	2,40%	2,70%	2,50%	216	326
		Advanced economies GDP	1,80%	2,00%	2,00%		
Baseline	60%	Luxembourg GDP	2,00%	2,50%	2,40%	265	
		Advanced economies GDP	1,40%	1,80%	1,90%		
Adverse	20%	Luxembourg GDP	0,60%	1,10%	1,50%	371	
		Advanced economies GDP	1,00%	1,40%	1,50%		
Severely adverse	10%	Luxembourg GDP	-3,00%	-1,00%	-0,50%	719	
		Advanced economies GDP	-4,00%	-3,00%	-0,50%		

- ECLs and sensitivity scenarios at 30/06/2024:

Type of scenario	Weighting	Macroeconomic variables	2024	2025	2026	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	10%	Luxembourg GDP	1,90%	3,40%	3,30%	218	350
		Advanced economies GDP	2,00%	2,30%	2,50%		
Baseline	60%	Luxembourg GDP	1,60%	2,90%	2,50%	275	
		Advanced economies GDP	1,70%	1,80%	1,80%		
Adverse	20%	Luxembourg GDP	0,40%	1,40%	1,00%	424	
		Advanced economies GDP	1,50%	1,30%	1,30%		
Severely adverse	10%	Luxembourg GDP	-3,00%	-1,00%	-0,50%	783	
		Advanced economies GDP	-4,00%	-3,00%	-0,50%		

In the current adverse economic environment (high interest rates and slowing economic growth), Spuerkeess continues to make model adjustments in the form of management overlays in its IFRS 9 models.

Spuerkeess used a management overlay via the weightings of the four scenarios. Under the existing procedure, the weighting of the scenarios should have been calculated based on a quantitative² and qualitative³ analysis. To address the uncertainties related to the macroeconomic environment, Spuerkeess therefore decided to override this approach, given the quantitative component's excessively backward-looking approach. The quantitative/qualitative approach before management overlay (70% baseline, 10% optimistic, and 20% for the adverse component, which breaks down into two sub-scenarios – adverse and severely adverse – each weighted at 10%) is therefore replaced by expert judgements based more on qualitative weightings, defined in the scenario weighting table.

² In the quantitative approach, the historical frequency of macroeconomic crises is used to determine the weightings. The weightings for the quantitative approach are: Optimistic: 16,7%; Adverse: 18,8%; Baseline: 64,6%.

³ Qualitative approach based on an analytical report by a leading European asset manager.

Spuerkeess has downgraded individual customers and corporates classified as “high risk” since 2022. The current approach is as follows:

- Individuals with a significant deterioration in repayment ability due to rising interest rates are downgraded by two notches on a 12-grade scale (unchanged from end-2023);
- Small and medium-sized enterprises in sectors classified as “high risk” are downgraded by one notch following the implementation of the new SME model, which now has eight grades (versus two notches at the end of 2023)⁴; and
- Domestic business customers active in sectors classified as “high risk” are downgraded by one notch following the implementation of the new SME model at the beginning of the year (versus two notches at the end of 2023).

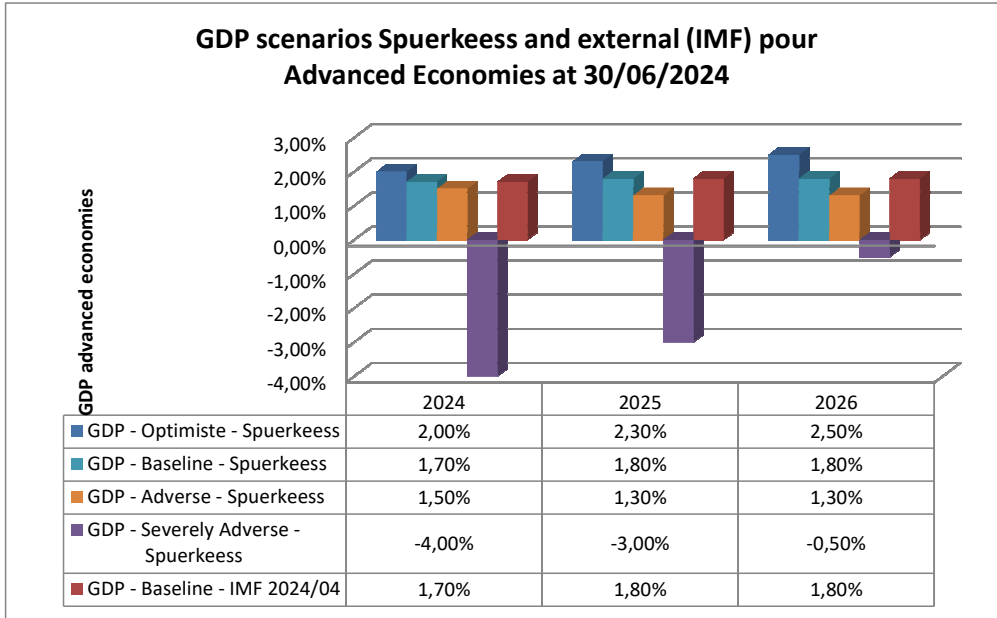
The sector risk classification is based on Spuerkeess's integrated strategy, which aims to assess each sector's risk in a given macroeconomic environment, such as how much energy the sector consumes. Each sector's climate and environmental risks (transition risk) are also taken into consideration in this integrated strategy. For corporates, transition-related climate risk is thus factored into the ECL calculation through the risk classification and the resulting management overlays.

Neither the 5% rise in real estate prices anticipated in the baseline scenario for 2026 nor the 7% aggregate rise (2025 and 2026) in the optimistic scenario has been taken into account in the ECL calculation. An additional management overlay therefore consists of not accounting for the increase in real estate prices in the baseline and optimistic macroeconomic scenarios when calculating LTVs and consequently LGDs. Factoring in the higher prices projected would have led to lower LGDs.

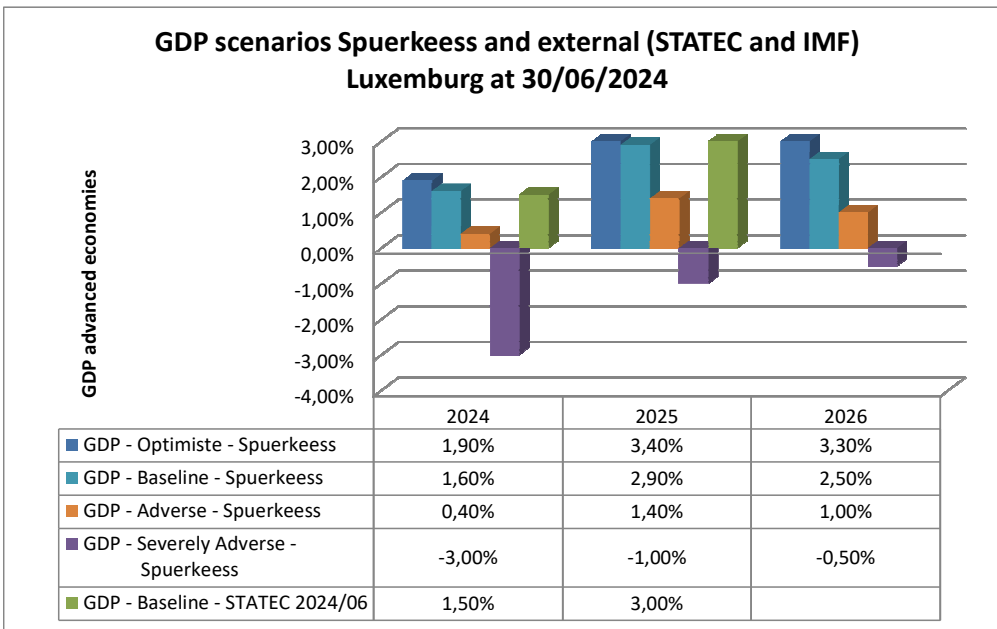
The level of allowances for impairment of credit risks at 30 June 2024 of EUR 349,8 million includes EUR 65,0 million in management overlays (versus EUR 42,7 million in December 2023), of which EUR 15,4 million relates to the scenario weightings, EUR 33,0 million to rating downgrades and EUR 16,6 million to the lack of an increase in real estate prices. The methodological changes implemented in the first half of 2024 had a EUR 13,7 million impact on provisions (new model for small and medium-sized enterprise counterparties).

⁴ The downgrade has moved from two notches to one because the range of values used in the PDs in the new model is wider and the difference in PD from one rating to the next is greater than in the previous model.

The tables below compare the internal scenarios used with the IMF's and STATEC's baseline scenarios. For Luxembourg GDP, Spuerkeess's baseline scenario is consistent with STATEC's.



Comparison of scenarios used at 30/06/2024 (Advanced Economies)



Comparison of scenarios used at 30/06/2024 (Luxembourg)

2.2.2 Sector-based analysis

The Group's parent company categorises its national and international corporate 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).

An integrated strategy covering the credit risk, ESG and specific vulnerability components determines three levels of vulnerability. Each sub-industry is assigned a low, medium or high vulnerability. Specific vulnerabilities refer to factors such as risks related to the Russia-Ukraine conflict, inflation and the shortage of certain commodities having a continued 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 is 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.

The rapid change in key risk factors, such as inflation, interest rates, economic uncertainty and consumers' loss of purchasing power, led Spuerkeess to revise the vulnerabilities in February 2024.

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

Ratings were downgraded at 30 June 2024 versus December 2023 for 33,16% of customers active in the sectors most affected by the new integrated approach, confirmed for 46,54%, upgraded for 13,37% and left unchanged for 3,83%. For 3,10% of new customers, the impact was considered when assigning the initial rating and in any reviews conducted during the year.

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

- Real estate operating companies;
- Diversified real estate activities;
- Real estate development;
- Homebuilding;
- Building products.

At 30 June 2024, the combined exposures of professional customers classified as high risk represented EUR 4.933 million in outstandings (EUR 5.540 million at 31 December 2023 based on vulnerabilities applicable on that date) and the related expected credit losses recorded stood at EUR 126,8 million (EUR 121,9 million at 31 December 2023). The breakdown of provisions by IFRS stage is as follows:

- 9,68% of impairments come from stage 1 (19,15% at 31 December 2023);
- 42,02% of impairments come from stage 2 (26,97% at 31 December 2023);
- 48,31% of impairments come from stage 3 (53,88% at 31 December 2023).

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

2.2.3 Scope of consolidation

2.2.3.1 Fully consolidated subsidiaries

The scope of fully consolidated subsidiaries was unchanged relative to 31 December 2023. However, the shareholding percentage has changed for Lux-Fund Advisory S.A. and Spuerkeess Asset Management S.A.

Subsidiaries included in the scope of consolidation:

Name	Activity	% of voting rights held	
		31/12/2023	30/06/2024
Lux-Fund Advisory S.A.	Investment advice	89,15	88,35
Spuerkeess Asset Management S.A.	UCI management company	90,00	100,00
Bourbon Immobilière S.A.	Real estate	100,00	100,00
Luxembourg State and Savings Bank Trust Company S.A.	Acquisition of shareholdings	100,00	100,00
Spuerkeess Ré S.A.	Reinsurance	100,00	100,00

2.2.3.2 Investments in associates

The scope of investments in associates was unchanged relative to 31 December 2023.

The Group's investments in associates:

Associates	Activity	% of capital held	
		31/12/2023	30/06/2024
Société Nationale de Circulation Automobile S.à r.l.	Automotive services	20,00	20,00
i-Hub S.A.	Financial services	20,00	20,00
Luxair S.A.	Air transport	21,81	21,81
Société de la Bourse de Luxembourg S.A.	Financial services	25,35	25,35
LuxConstellation S.A.	Financial services	30,00	30,00
Europay Luxembourg S.C.	Financial services	30,10	30,00
LuxHub S.A.	Financial services	32,50	32,50
Visalux S.C.	Financial services	40,90	40,90
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).

EUR 1 is equal to:

Currency	31/12/2023	30/06/2024
CHF	0,9272	0,9623
GBP	0,8692	0,8465
JPY	156,8800	171,8900
SEK	11,0822	11,3647
USD	1,1067	1,0707

3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET⁵ (in EUR)

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	31/12/2023	30/06/2024
Cash	79.367.153	68.524.467
Deposits with central banks	7.073.199.664	4.998.930.198
Other deposits at sight	735.210.731	718.424.820
Total	7.887.777.548	5.785.879.485
<i>of which impairment of financial assets</i>	<i>-651.509</i>	<i>-533.318</i>

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2023	1.496.616	-	-	1.496.616
Changes	-856.334	11.227	-	-845.107
Increase due to acquisition or origination	4.858	-	-	4.858
Decrease due to repayment	-22.628	-	-	-22.628
Change related to credit risk	-840.132	11.227	-	-828.905
Other changes	4.441	-	-	4.441
Depreciation	-	-	-	-
Exchange gain or loss	-2.873	-	-	-2.873
Position as at 31 December 2023	640.282	11.227	-	651.509
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 2023	Stage 1	Stage 2	Stage 3	Total
Outstanding	7.884.925.937	3.503.120	-	7.888.429.057

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.

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	640.282	11.227	-	651.509
Changes	-109.149	-9.042	-	-118.191
Increase due to acquisition or origination	19.933	-	-	19.933
Decrease due to repayment	-20.520	-	-	-20.520
Change related to credit risk	-110.319	-9.042	-	-119.361
Other changes	-1	-	-	-1
Depreciation	-	-	-	-
Exchange gain or loss	1.758	-	-	1.758
Position as at 30 June 2024	531.133	2.185	-	533.318
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 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	5.785.630.636	782.167	-	5.786.412.803

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

Headings	31/12/2023	30/06/2024
Interbank loans	564.884.137	459.258.217
Reverse repos	2.610.598.186	2.588.880.893
Finance leases	67.119	696.738
Other	69.121.345	26.879.252
Total	3.244.670.787	3.075.715.100
<i>of which impairment of financial assets</i>	<i>-35.975</i>	<i>-73.974</i>
Undrawn confirmed credits	257.908.123	552.974.159

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 2024. Margin calls on derivative financial instruments under Credit Support Annex (CSA) agreements are included in "Interbank loans".

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2023	580.875	39	-	580.913
Changes	-544.919	-20	-	-544.939
Increase due to acquisition or origination	52.338	-	-	52.338
Decrease due to repayment	-14.850	-5	-	-14.855
Change related to credit risk	-597.216	-15	-	-597.231
Other changes	14.493	-	-	14.493
Depreciation	-	-	-	-
Exchange gain or loss	316	-	-	316
Position as at 31 December 2023	35.957	19	-	35.975
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	290	-290	-	-
<i>Transfer from Stage 2</i>	-3.827	3.827	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Outstanding	3.244.701.457	5.305	-	3.244.706.762
	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	35.957	19	-	35.975
Changes	38.004	-6	-	37.999
Increase due to acquisition or origination	83.224	-	-	83.224
Decrease due to repayment	-11.586	-	-	-11.586
Change related to credit risk	-33.444	-6	-	-33.450
Other changes	-190	-	-	-190
Depreciation	-	-	-	-
Exchange gain or loss	-	-	-	-
Position as at 30 June 2024	73.961	13	-	73.974
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-899	899	-	-
<i>Transfer from Stage 2</i>	1.914	-1.914	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	3.075.784.518	4.555	-	3.075.789.073

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

3.3 Loans and advances at amortised cost – Customers

Headings	31/12/2023	30/06/2024
Retail customers	19.262.785.634	19.296.231.100
Corporate customers	6.351.125.143	6.512.002.313
Public Sector	1.353.777.164	1.484.390.475
Total	26.967.687.941	27.292.623.888
<i>of which finance leases</i>	<i>201.029.963</i>	<i>213.015.310</i>
<i>of which impairment of financial assets</i>	<i>-277.529.210</i>	<i>-303.564.107</i>
Undrawn confirmed credits	6.098.357.246	6.112.295.733

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2023	41.505.665	59.814.513	54.082.390	155.402.568
<i>of which</i>				
<i>Retail customers</i>	<i>11.597.338</i>	<i>26.393.141</i>	<i>15.985.185</i>	<i>53.975.664</i>
<i>Corporate customers</i>	<i>29.849.764</i>	<i>33.312.073</i>	<i>38.097.205</i>	<i>101.259.041</i>
<i>Public Sector</i>	<i>58.564</i>	<i>109.299</i>	<i>-</i>	<i>167.863</i>
Changes	1.863.369	24.395.489	95.867.784	122.126.642
Increase due to acquisition and origination	16.823.766	2.496.293	5.285.123	24.605.182
Decrease due to repayment	-1.349.922	-1.094.964	-535.014	-2.979.900
Change related to credit risk	-21.869.766	26.566.955	87.761.274	92.458.463
Other changes	8.262.695	-3.567.227	4.514.365	9.209.832
Depreciation	-	-2.228	-1.050.728	-1.052.956
Exchange gain or loss	-3.404	-3.339	-107.235	-113.978
Position as at 31 December 2023	43.369.034	84.210.002	149.950.174	277.529.210
<i>of which</i>				
<i>Retail customers</i>	<i>12.319.570</i>	<i>44.387.431</i>	<i>53.089.560</i>	<i>109.796.561</i>
<i>Corporate customers</i>	<i>30.567.614</i>	<i>39.753.172</i>	<i>96.860.614</i>	<i>167.181.400</i>
<i>Public Sector</i>	<i>481.850</i>	<i>69.399</i>	<i>-</i>	<i>551.249</i>
Outstanding loan stage transfers				
Retail customers	-776.810.573	612.271.245	164.539.328	-
<i>Transfer from Stage 1</i>	<i>-1.268.020.771</i>	<i>1.158.736.438</i>	<i>109.284.333</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>488.744.770</i>	<i>-563.525.855</i>	<i>74.781.085</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>2.465.428</i>	<i>17.060.662</i>	<i>-19.526.090</i>	<i>-</i>
Corporate customers	-460.948.811	293.379.429	167.569.382	-
<i>Transfer from Stage 1</i>	<i>-686.370.144</i>	<i>601.625.926</i>	<i>84.744.218</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>223.596.923</i>	<i>-309.849.177</i>	<i>86.252.254</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>1.824.410</i>	<i>1.602.680</i>	<i>-3.427.090</i>	<i>-</i>
Public Sector	3.271.977	-3.271.977	-	-
<i>Transfer from Stage 1</i>	<i>-1.561.051</i>	<i>1.561.051</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>4.833.028</i>	<i>-4.833.028</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

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Retail customers	17.168.139.432	1.947.370.702	257.072.061	19.372.582.195
Corporate customers	4.981.458.985	1.242.032.566	294.814.993	6.518.306.544
Public Sector	1.323.902.253	30.426.160	-	1.354.328.413
	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	43.369.034	84.210.002	149.950.174	277.529.210
<i>of which</i>				
Retail customers	12.319.570	44.387.431	53.089.560	109.796.561
Corporate customers	30.567.614	39.753.172	96.860.614	167.181.400
Public Sector	481.850	69.399	-	551.249
Changes	-2.735.297	13.588.995	15.181.199	26.034.897
Increase due to acquisition or origination	6.273.137	5.040.076	8.112.375	19.425.588
Decrease due to repayment	-482.334	-1.394.409	-3.530.772	-5.407.515
Change related to credit risk	-627.588	-21.963.388	9.841.025	-12.749.951
Other changes	-7.900.508	31.902.829	840.013	24.842.334
Depreciation	-	-	-	-
Exchange gain or loss	1.996	3.887	-81.442	-75.559
Position as at 30 June 2024	40.633.737	97.798.997	165.131.373	303.564.107
<i>of which</i>				
Retail customers	13.381.823	45.093.234	65.588.531	124.063.588
Corporate customers	26.828.719	52.640.666	99.542.842	179.012.227
Public Sector	423.195	65.097	-	488.292
	Stage 1	Stage 2	Stage 3	Total
Outstanding loan stage transfers				
Retail customers	-130.760.536	29.747.848	101.012.688	-
Transfer from Stage 1	-622.806.687	585.068.872	37.737.815	-
Transfer from Stage 2	489.784.207	-581.323.812	91.539.605	-
Transfer from Stage 3	2.261.944	26.002.788	-28.264.732	-
Corporate customers	-353.481.897	303.511.573	49.970.324	-
Transfer from Stage 1	-653.960.848	630.310.339	23.650.509	-
Transfer from Stage 2	300.296.613	-328.641.117	28.344.504	-
Transfer from Stage 3	182.339	1.842.350	-2.024.689	-
Public Sector	1.777.533	-1.777.533	-	-
Transfer from Stage 1	-	-	-	-
Transfer from Stage 2	1.777.533	-1.777.533	-	-
Transfer from Stage 3	-	-	-	-
	Stage 1	Stage 2	Stage 3	Total
Impaired loans as at 30 June 2024				
Retail customers	17.209.316.884	1.877.440.337	333.537.467	19.420.294.688
Corporate customers	4.770.570.434	1.591.839.812	328.604.294	6.691.014.540
Public Sector	1.454.946.723	29.932.044	-	1.484.878.767

The “Other changes” item mainly reflects changes in the impairment calculation methodology. Please refer to note 2.2.1 for further explanations.

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.

31/12/2023	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	331.243.777	-4.029.419	105.974.061	-20.673.163	437.217.838	-24.702.582
Corporate customers	121.629.665	-2.829.805	153.277.729	-44.759.609	274.907.394	-47.589.413
Total	452.873.442	-6.859.224	259.251.790	-65.432.771	712.125.233	-72.291.995

30/06/2024	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	287.399.631	-3.553.469	130.475.972	-22.701.550	417.875.603	-26.255.019
Corporate customers	131.092.608	-5.252.460	169.454.460	-46.845.879	300.547.068	-52.098.339
Total	418.492.239	-8.805.929	299.930.432	-69.547.429	718.422.671	-78.353.358

3.4 **Assets and liabilities held for trading**

Assets	31/12/2023	30/06/2024
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	178.037.790	149.684.971
Total	178.037.790	149.684.971
Liabilities	31/12/2023	30/06/2024
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	285.193.752	116.004.494
Total	285.193.752	116.004.494

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

Headings	31/12/2023	30/06/2024
Debt instruments	386.773.675	400.188.995
<i>Public Sector</i>	44.125.154	44.757.943
<i>Credit institutions</i>	230.762.590	234.188.970
<i>Corporate customers</i>	111.885.932	121.242.082
Loans and advances	44.102.162	39.455.539
<i>Public Sector</i>	-	-
<i>Credit institutions</i>	-	-
<i>Corporate customers</i>	44.102.162	39.455.539
Total	430.875.837	439.644.534
<i>of which unrealised valuation</i>	-13.027.463	1.283.417

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	31/12/2023	30/06/2024
Debt instruments		
<i>Public Sector</i>	2.704.923.331	2.731.738.614
<i>Credit institutions</i>	6.422.964.427	6.326.253.662
<i>Corporate customers</i>	5.703.237.667	5.761.357.475
Total	14.831.125.424	14.819.349.751
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-333.352.498	-432.992.299
<i>of which impairment of financial assets</i>	-10.370.761	-12.153.022

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2023	10.211.691	409.117	204.134	10.824.942
<i>of which</i>				
<i>Public Sector</i>	1.011.249	-	-	1.011.249
<i>Credit institutions</i>	4.947.711	-	-	4.947.711
<i>Corporate customers</i>	4.252.731	409.117	204.134	4.865.982
Changes	-407.450	6.806	-53.536	-454.181
Increase due to acquisition and origination	2.552.928	35.772	150.598	2.739.298
Decrease due to repayment	-152.602	-1.989	-	-154.591
Change related to credit risk	-7.703.414	-26.651	-204.134	-7.934.200
Other changes	4.911.033	0	-	4.911.033
Depreciation	-	-	-	-
Exchange gain or loss	-15.395	-326	-	-15.721
Position as at 31 December 2023	9.804.240	415.923	150.598	10.370.761
<i>of which</i>				
<i>Public Sector</i>	3.998.994	-	-	3.998.994
<i>Credit institutions</i>	2.943.098	11.729	-	2.954.828
<i>Corporate customers</i>	2.862.148	404.194	150.598	3.416.940
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public Sector	-	-	-	-
Credit institutions	-2.875.186	2.875.186	-	-
<i>Transfer from Stage 1</i>	-2.875.186	2.875.186	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Corporate customers	-33.517.569	33.517.569	-	-
<i>Transfer from Stage 1</i>	-46.648.544	46.648.544	-	-
<i>Transfer from Stage 2</i>	13.130.975	-13.130.975	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Public Sector	2.708.922.324	-	-	2.708.922.324
Credit institutions	6.423.044.069	2.875.186	-	6.425.919.255
Corporate customers	5.590.567.660	115.859.903	227.044	5.706.654.606

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	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	9.804.240	415.923	150.598	10.370.761
<i>of which</i>				
<i>Public Sector</i>	3.998.994	-	-	3.998.994
<i>Credit institutions</i>	2.943.098	11.729	-	2.954.828
<i>Corporate customers</i>	2.862.148	404.194	150.598	3.416.940
Changes	174.089	43.247	1.564.925	1.782.261
Increase due to acquisition or origination	2.283.891	-	-	2.283.891
Decrease due to repayment	-84.459	-5.652	-	-90.111
Change related to credit risk	-2.042.612	47.520	1.564.925	-430.167
Other changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	17.269	1.379	-	18.648
Position as at 30 June 2024	9.978.329	459.170	1.715.523	12.153.022
<i>of which</i>				
<i>Public Sector</i>	4.157.415	-	-	4.157.415
<i>Credit institutions</i>	3.031.644	6.826	-	3.038.470
<i>Corporate customers</i>	2.789.270	452.344	1.715.523	4.957.137
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Public Sector	-	-	-	-
Credit institutions	-	-	-	-
Corporate customers	-	-7.628.193	7.628.193	-
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-7.628.193	7.628.193	-
<i>Transfer from Stage 3</i>	-	-	-	-
Impaired loans as at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
Public Sector	2.735.896.029	-	-	2.735.896.029
Credit institutions	6.326.371.436	2.920.696	-	6.329.292.132
Corporate customers	5.674.221.955	84.237.420	7.855.237	5.766.314.612

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	31/12/2023	30/06/2024
Debt instruments		
<i>Public Sector</i>	26.417.285	26.051.984
<i>Credit institutions</i>	4.674.550	4.650.600
<i>Corporate customers</i>	-	-
Total	31.091.835	30.702.584
<i>of which unrealised valuation through the revaluation reserve</i>	-2.481.984	-2.775.582

The amount shown in equity items for unrealised valuation is net of taxes and comes to -EUR 2.063.728 at 30 June 2024 and -EUR 1.842.641 at 31 December 2023.

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	31/12/2023	30/06/2024
Equity instruments		
<i>Credit institutions</i>	8.025.523	8.066.061
<i>Corporate customers</i>	747.046.768	726.791.736
Total	755.072.291	734.857.797
<i>of which unrealised valuation through the revaluation reserve</i>	471.330.066	450.145.246
Dividends received during the period	44.437.715	35.486.522
<i>of which dividends from positions sold during the period</i>	-	-
Gains/losses on sales in equity	-241.250	-39

The amount shown in equity items in relation to the unrealised valuation of variable-income securities recognised at fair value through the revaluation reserve is net of taxes and comes to EUR 456.395.647 at 30 June 2024 and EUR 474.487.166 at 31 December 2023.

3.9 Investments in associates accounted for using the equity method

List of associates:

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 31/12/2023
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	10.229.185
i-Hub S.A.	20,00	8.750.000	1.639.430
Luxair S.A.	21,81	14.830.609	402.702.054
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	71.475.594
LuxConstellation S.A.	30,00	75.000	75.000
Europay Luxembourg S.C.	30,10	188.114	1.069.163
LuxHub S.A.	32,50	3.705.000	1.893.216
Lalux Group S.A.	40,00	28.904.385	414.026.274
Visalux S.C.	40,90	438.049	4.091.443
Total		63.895.853	907.201.359

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 30/06/2024
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	10.672.049
i-Hub S.A.	20,00	8.750.000	1.045.665
Luxair S.A.	21,81	14.830.609	419.477.800
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	75.349.366
LuxConstellation S.A.	30,00	75.000	373.132
Europay Luxembourg S.C.	30,00	70.342	1.117.217
LuxHub S.A.	32,50	3.705.000	1.747.367
Lalux Group S.A.	40,00	28.904.385	397.212.209
Visalux S.C.	40,90	438.049	4.232.016
Total		63.778.082	911.226.822

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	31/12/2023			
	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.	835.098	-	36.167	871.265
i-Hub S.A.	-1.507.521	-	-	-1.507.521
Luxair S.A.	27.592.123	-	-9.182.451	18.409.672
Société de la Bourse de Luxembourg S.A.	2.664.067	-	1.158.762	3.822.829
LuxConstellation S.A.	-	-	-	-
Europay Luxembourg S.C.	-6.038	-	105.470	99.432
LuxHub S.A.	-24.995	-	-4.970	-29.965
Lalux Group S.A.	18.413.296	-	30.244.885	48.658.181
Visalux S.C.	192.895	-	-793.813	-600.918
Total	48.158.925	-	21.564.050	69.722.975

Associates	30/06/2024			
	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.	441.386	-	1.478	442.864
i-Hub S.A.	-593.765	-	-	-593.765
Luxair S.A.	5.912.126	-	10.863.620	16.775.746
Société de la Bourse de Luxembourg S.A.	682.598	-	5.587.474	6.270.072
LuxConstellation S.A.	306.990	-	-8.860	298.130
Europay Luxembourg S.C.	-6.353	-	172.179	165.826
Luxhub S.A.	-143.705	-	-2.144	-145.849
Lalux Group S.A.	15.786.568	-	1.399.367	17.185.935
Visalux S.C.	1.650.428	-	-1.509.855	140.573
Total	24.036.273	-	16.503.259	40.539.532

3.10 Securities collateralised

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

Headings	31/12/2023	30/06/2024
Debt instruments issued by the public sector	38.912.190	66.774.494
Debt instruments issued by credit institutions	281.170.376	216.224.724
Debt instruments issued - other	150.937.315	104.706.980
Total	471.019.881	387.706.198

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

Securities lent and other collateral

Headings	31/12/2023	30/06/2024
Securities lending		
Debt instruments issued by the public sector	399.736.830	271.564.000
Debt instruments issued by credit institutions	-	207.427.577
Debt instruments issued - other	-	20.103.000
Total	399.736.830	499.094.577

3.11 Convertible bonds included in the different portfolios

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

3.12 Derivative financial instruments

Categories as at 30/06/2024	Assets	Liabilities	Notional
Derivative financial instruments held for trading	149.684.971	116.004.494	25.718.129.125
Operations linked to exchange rates	112.867.128	77.949.914	16.177.870.490
- <i>Foreign exchange swaps and forward exchange contracts</i>	112.867.128	74.401.255	16.150.758.279
- <i>CCIS</i>	-	3.548.659	27.112.211
- <i>other</i>	-	-	-
Operations linked to interest rates	36.817.843	38.054.580	9.540.258.635
- <i>IRS</i>	36.817.843	38.054.580	9.540.258.635
- <i>other</i>	-	-	-
Operations linked to equity	-	-	-
- <i>Equity and index options</i>	-	-	-
Fair value micro-hedges	648.304.375	261.076.339	13.291.363.620
Operations linked to exchange rates	165.013.949	106.630.230	2.705.607.338
- <i>CCIS</i>	165.013.949	106.630.230	2.705.607.338
Operations linked to interest rates	483.290.426	154.446.109	10.585.756.282
- <i>IRS</i>	483.290.426	154.446.109	10.585.756.282
Fair value macro-hedges	613.879.310	32.085.029	6.293.195.015
Operations linked to interest rates	613.879.310	32.085.029	6.293.195.015
- <i>IRS</i>	613.879.310	32.085.029	6.293.195.015
Cash flow hedges	3.893	-	3.900.000
Operations linked to exchange rates	-	-	-
- <i>CCIS</i>	-	-	-
Operations linked to interest rates	3.893	-	3.900.000
- <i>IRS</i>	3.893	-	3.900.000

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Categories as at 31/12/2023	Assets	Liabilities	Notional
Derivative financial instruments held for trading	178.037.790	285.193.752	26.198.771.655
Operations linked to exchange rates	139.702.847	255.802.676	16.772.571.233
- Foreign exchange swaps and forward exchange contracts	139.702.847	253.859.231	16.746.218.552
- CCIS	-	1.943.445	26.352.681
- other	-	-	-
Operations linked to interest rates	38.334.943	29.391.076	9.426.200.423
- IRS	38.334.943	29.391.076	9.426.200.423
- other	-	-	-
Operations linked to equity	-	-	-
- Equity and index options	-	-	-
Fair value micro-hedges	578.027.876	353.463.971	13.525.428.462
Operations linked to exchange rates	145.411.777	105.866.141	2.664.023.740
- CCIS	145.411.777	105.866.141	2.664.023.740
Operations linked to interest rates	432.616.098	247.597.830	10.861.404.722
- IRS	432.616.098	247.597.830	10.861.404.722
Fair value macro-hedges	537.518.855	45.711.209	4.821.274.170
Operations linked to interest rates	537.518.855	45.711.209	4.821.274.170
- IRS	537.518.855	45.711.209	4.821.274.170
Cash flow hedging derivatives	24.086	753.281	17.802.934
Operations linked to exchange rates	-	753.281	12.402.934
- CCIS	-	753.281	12.402.934
Operations linked to interest rates	24.086	-	5.400.000
- IRS	24.086	-	5.400.000

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Fair value hedges at 30/06/2024	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
Interest rate risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-381.698.539	88.189.197	-87.333.976	855.221	99,03%
	Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Macro-hedge	-577.018.011	98.466.329	-98.006.657	459.672	99,53%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	59.172.806	-8.201.820	8.432.060	230.240	102,81%
	Deposits at amortised cost	Macro-hedge	4.074.637	-4.116.543	4.074.637	-41.906	98,98%
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-120.789.989	28.770.793	-28.858.436	-87.643	100,30%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-839.428	744.371	-728.208	16.163	97,83%
Cash flow hedges at 30/06/2024	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			-20.838	-	3.943	-
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			11.825	-	-	-
Fair value hedges at 31/12/2023	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	Micro-hedge	-294.364.562	-414.463.731	420.883.132	6.419.400	101,55%
	Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Macro-hedge	-477.452.432	-259.490.719	265.014.791	5.524.072	102,13%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	50.740.746	25.433.310	-26.360.002	-926.692	103,64%
Currency risk							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-91.931.553	-92.766.225	95.385.454	2.619.228	102,82%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-111.220	-320.419	322.924	2.505	100,78%

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Cash flow hedges at 31/12/2023	Balance sheet categories	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
				Continuity of hedging	Termination of hedging
Interest rate risk					
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers	-29.552	-	24.782	-
Currency risk					
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost	37.036	-	-11.825	-

Income on hedging activities recognised in net income and other comprehensive income at 30/06/2024	Net income or other comprehensive income
Fair value hedges (micro + macro hedges)	1.431.747
gains (losses) on hedging instruments	204.029.052
gains (losses) on hedged instruments related to the hedged risk	-202.420.580
ineffective part	-176.724
Cash flow hedges	-9.013
ineffective part	-
effective part	-9.013
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 30/06/2024	Cash flow hedges recognised in revaluation reserve
Balance at 1 January 2024	12.956
Change in fair value related to hedging of:	-9.013
<i>interest rate risk</i>	-20.838
<i>foreign exchange risk</i>	11.825
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 30 June 2024	3.943

Income on hedging activities recognised in net income and other comprehensive income at 31/12/2023	Net income or other comprehensive income
Fair value hedges (micro + macro hedges)	13.638.514
gains (losses) on hedging instruments	-756.515.203
gains (losses) on hedged instruments related to the hedged risk	755.246.299
ineffective part	14.907.418
Cash flow hedges	7.484
ineffective part	-
effective part	7.484
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 31/12/2023	Cash flow hedges recognised in revaluation reserve
Balance at 1 January 2023	5.472
Change in fair value related to hedging of:	7.484
<i>interest rate risk</i>	-29.552
<i>foreign exchange risk</i>	37.036
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
Balance at 31 December 2023	12.956

The amount shown in equity items for cash flow hedges is net of taxes and comes to EUR 2.959 at 30 June 2024 and EUR 9.725 at 31 December 2023.

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

Type of instrument/type of asset	31/12/2023	30/06/2024
Variable-income securities recognised at fair value through the revaluation reserve		
<i>Corporate customers</i>	919.434	5.199.854
Total	919.434	5.199.854
<i>of which unrealised valuation through the revaluation reserve</i>	697.602	4.226.913

This item includes tangible assets and financial assets held for sale in the near term in keeping with the provisions of IFRS 5.

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

Headings	31/12/2023	30/06/2024
Assets: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-488.436.242	-586.917.549
Liabilities: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-	-4.074.637

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

The change in this item between 2023 and 2024 is due primarily to the impact of the change in the interest-rate curves used to determine fair value.

3.15 Tangible assets for own use

Headings	31/12/2023	30/06/2024
Tangible assets for own use	225.342.232	221.255.034
Right-of-use assets arising from leases	7.557.025	6.829.484
Total	232.899.258	228.084.518

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 2024, the Group posted a deferred tax asset of EUR 81.291.751, and a deferred tax liability of EUR 92.452.365.

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	01/01/2023	Movements in equity	Movements in income statement	31/12/2023
Deferred tax assets	59.897.657	27.963.795	-1.084.611	86.776.841
Deferred tax liabilities	-86.632.411	-1.966.313	-2.381.937	-90.980.661
Net deferred tax assets/liabilities	-26.734.754	25.997.482	-3.466.548	-4.203.820

Headings	01/01/2024	Movements in equity	Movements in income statement	30/06/2024
Deferred tax assets	86.776.841	-5.186.653	-298.437	81.291.751
Deferred tax liabilities	-90.980.661	-277.431	-1.194.273	-92.452.365
Net deferred tax assets/liabilities	-4.203.820	-5.464.084	-1.492.710	-11.160.614

3.16.1 Tax assets

Headings	31/12/2023	30/06/2024
Current tax	2.560.981	-
<i>Income tax</i>	-14.138.434	-
<i>Municipal business tax</i>	16.720.280	-
<i>Wealth tax</i>	-20.865	-
Deferred taxes	86.776.842	81.291.751
Tax assets	89.337.823	81.291.751

Breakdown of deferred tax assets according to origin:

Headings	31/12/2023	30/06/2024
Derivative financial instruments - application of fair value	2.949	-
Debt instruments - application of fair value	-203.767	-428.744
Equity instruments - application of fair value	820.336	911.783
Actuarial gains/losses relating to employee benefits	86.157.324	80.808.712
Deferred tax assets	86.776.842	81.291.751

3.16.2 Tax liabilities

Headings	31/12/2023	30/06/2024
Current tax	-	39.820.422
<i>Income tax</i>	-	13.597.134
<i>Municipal business tax</i>	-	26.202.423
<i>Wealth tax</i>	-	20.865
Deferred taxes	90.980.661	92.452.365
Tax liabilities	90.980.661	132.272.787

Breakdown of deferred tax liabilities according to origin:

Headings	31/12/2023	30/06/2024
Derivative financial instruments - application of fair value	6.181	984
Debt instruments - application of fair value	1.628.313	2.369.862
Equity instruments - application of fair value	2.886.387	3.413.844
Actuarial gains/losses relating to employee benefits	84.888.543	1.326.406
Regulatory and other provisions	1.571.237	85.341.269
Deferred tax liabilities	90.980.661	92.452.365

3.17 Other assets

Headings	31/12/2023	30/06/2024
Operational outstandings	17.682.512	25.916.029
Preferential or secured borrowers	9.986.766	2.532.596
Other	1.706.645	147.990
Total	29.375.923	28.596.615

"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	31/12/2023	30/06/2024
Interbank deposits	4.890.043.877	4.319.879.607
<i>of which central bank deposits</i>	48.627	20.389
Repurchase agreements	460.368.372	389.515.166
Other financial liabilities	74.298.068	165.424.969
Total	5.424.710.317	4.874.819.742

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	31/12/2023	30/06/2024
Private sector	32.557.290.189	33.368.596.351
- Demand deposit and notice accounts	11.633.928.002	11.585.913.225
- Time deposit accounts	8.973.058.099	9.316.512.037
- Savings	11.950.304.089	12.466.171.089
Public Sector	7.481.874.127	6.985.434.781
Total	40.039.164.316	40.354.031.132

3.20 Financial liabilities designated at fair value through profit or loss

Headings	31/12/2023	30/06/2024
Unsubordinated notes	169.491.843	290.109.519
Total	169.491.843	290.109.519
<i>of which unrealised valuation</i>	-17.581.150	-20.900.045

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	31/12/2023	30/06/2024
Certificates of deposit	12.968.471	11.044.527
Commercial paper	2.537.079.223	1.178.929.002
Medium Term Notes and other securities issued	1.117.957.335	813.980.066
Total	3.668.005.029	2.003.953.595
<i>of which subordinated notes</i>	-	-
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-50.629.526	-58.333.378

In first-half 2024, Spuerkeess issued Euro Medium Term Notes (EMTNs) for a nominal amount of EUR 106,0 million versus EUR 338,2 million in first-half 2023.

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:

	Provisions			Total
	Risks and charges	Time savings account	IFRS 9	
Position as at 1 January 2023	10.226.115	28.705.503	25.274.931	64.206.549
Additions	2.648.772	-	21.153.348	23.802.120
Reversals	-3.900.000	-	-8.670.108	-12.570.108
Use	-1.885.917	-	-	-1.885.917
Exchange gain or loss	-	-	237	237
Expense included in personnel expenses	-	8.529.358	-	8.529.358
Position as at 31 December 2023	7.088.969	37.234.861	37.758.409	82.082.239
Position as at 1 January 2024	7.088.969	37.234.861	37.758.409	82.082.239
Additions	4.185.430	-	5.977.361	10.162.791
Reversals	-	-	-10.262.803	-10.262.803
Use	-1.940.764	-	-	-1.940.764
Exchange gain or loss	-	-	694	694
Expense included in personnel expenses	-	971.871	-	971.871
Position as at 30 June 2024	9.333.635	38.206.732	33.473.661	81.014.028

Change in impairments of off-balance sheet commitments:

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2023	16.817.637	7.246.744	1.210.551	25.274.931
Changes	-162.387	1.478.050	11.167.814	12.483.477
Increase due to origination	7.702.381	814.421	5.616.228	14.133.030
Decrease due to use or reversal	-5.823.137	-1.691.088	-1.155.883	-8.670.108
Change related to credit risk	-3.196.928	2.453.252	7.335.002	6.591.326
Other changes	1.155.305	-98.534	-627.534	429.237
Exchange gain or loss	-8	-1	-	-8
Position as at 31 December 2023	16.655.251	8.724.794	12.378.364	37.758.409
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
Transfer from Stage 1	-345.426.393	335.822.593	9.603.800	-
Transfer from Stage 2	77.386.252	-82.314.707	4.928.454	-
Transfer from Stage 3	225.439	371.940	-597.379	-
Impaired loans as at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Outstanding	6.553.562.654	699.788.693	73.121.831	7.326.473.178

	Stage 1	Stage 2	Stage 3	Total
Position as at 1 January 2024	16.655.251	8.724.794	12.378.364	37.758.409
Changes	-5.405.424	3.328.581	-2.207.905	-4.284.748
Increase due to origination	2.479.331	1.139.920	2.358.111	5.977.362
Decrease due to use or reversal	-2.314.313	-751.770	-2.765.865	-5.831.948
Change related to credit risk	1.458.551	-4.005.645	-1.803.278	-4.350.371
Other changes	-7.029.684	6.946.073	3.127	-80.484
Exchange gain or loss	691	3	-	694
Position as at 30 June 2024	11.249.827	12.053.375	10.170.459	33.473.661
Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<i>Transfer from Stage 1</i>	-373.145.655	372.071.891	1.073.764	-
<i>Transfer from Stage 2</i>	166.903.356	-167.899.522	996.166	-
<i>Transfer from Stage 3</i>	117.458	626.824	-744.282	-
Impaired loans as at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
Outstanding	6.619.127.152	884.692.639	58.605.317	7.562.425.108

3.23 Other liabilities

Headings	31/12/2023	30/06/2024
Operational outstandings	11.907.624	10.083.495
Privileged or guaranteed creditors	69.516.722	17.789.865
Other financial liabilities at amortised cost	7.557.025	6.829.484
Other	936.096	18.103.094
Total	89.917.467	52.805.938

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	31/12/2023	30/06/2024
Discount rate for active employees	3,40%	3,50%
Discount rate for beneficiaries	3,30%	3,50%
Salary increases for persons entitled before 1999 (including indexation)	3,00%	3,00%
Salary increases for persons entitled after 1999 (including indexation)	4,25%	4,25%
Pension increases (including indexation)	3,25%	3,25%
Induced yield	3,34%	3,34%

Under revised IAS 19, the induced yield for 2024 corresponds to the weighted-average discount rate at end-2023.

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

Components	31/12/2023	30/06/2024
Current service cost	8.159.458	4.976.987
Interest cost	19.788.480	11.759.338
Induced yield	-16.364.436	-8.687.963
Total	19.697.627	8.048.362

Pension commitments:

	31/12/2023	30/06/2024
Commitments on 1 January	556.272.806	703.921.052
Current service cost	8.159.458	4.976.987
Interest cost	19.788.480	11.759.338
Benefits paid or payable	-16.144.740	-13.110.938
Actuarial gains or losses	135.845.048	-21.445.918
Commitments on the last day of the month	703.921.052	686.100.521

Pension plan assets:

	31/12/2023	30/06/2024
Assets on 1 January	460.019.704	520.066.675
Benefits paid	-16.144.740	-13.110.938
Contribution	31.127.320	24.449.313
Induced yield	16.364.436	8.687.963
Fair value gain / loss	28.699.955	-981.677
Assets on the last day of the month	520.066.675	539.111.336

Net pension commitments under IAS 19:

	31/12/2023	30/06/2024
Pension commitments	703.921.052	686.100.521
Plan assets measured at fair value	-520.066.675	-539.111.336
Unfunded liabilities/overfunding	183.854.377	146.989.186

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:

30/06/2024	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase/Repurchase agreements	2.588.888.251	-	2.588.888.251	79.206.470	2.509.925.352	-
Derivatives	1.357.923.226	-	1.357.923.226	258.382.576	1.063.148.722	36.391.929
Total assets	3.946.811.477	-	3.946.811.477	337.589.046	3.573.074.074	36.391.929

31/12/2023	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase/Repurchase agreements	2.610.606.897	-	2.610.606.897	20.870.760	2.469.086.889	20.649.248
Derivatives	1.220.761.133	-	1.220.761.133	413.982.778	751.531.293	55.247.062
Total assets	3.831.368.030	-	3.831.368.030	534.853.538	3.220.618.182	75.896.310

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

30/06/2024	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase/Reverse repurchase agreements	310.308.986	-	310.308.986	-	308.649.333	1.659.653
Derivatives	143.932.075	-	143.932.075	34.536.813	102.099.545	7.295.717
Total liabilities	454.241.061	-	454.241.061	34.536.813	410.748.878	8.955.370

31/12/2023	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	339.497.612	-	339.497.612	-	330.097.647	9.399.965
Derivatives	262.724.864	-	262.724.864	52.349.408	203.750.741	6.624.715
Total liabilities	602.222.476	-	602.222.476	52.349.408	533.848.388	16.024.680

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

Headings	31/12/2023	30/06/2024
Variable-income securities recognised at fair value through the revaluation reserve	-241.249	-39
Shares in associates and subsidiaries	185.023	-124.153
Non-current assets and disposal groups classified as held for sale	-	-
Total	-56.226	-124.192

The amount shown in equity items is net of taxes and comes to -EUR 93.573 at 30 June 2024 versus EUR 6.474 at 31 December 2023.

3.27 **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.

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

	31/12/2023	30/06/2024
Deposits from associates	297.465.558	220.516.043
Total	297.465.558	220.516.043

	31/12/2023	30/06/2024
Loans to associates	10.222.821	8.649.173
Total	10.222.821	8.649.173

3.27.2 **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 Government 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	31/12/2023	30/06/2024
Loans and advances at amortised cost	1.361.898.124	1.495.082.349
Fixed-income securities recognised at amortised cost	510.201.324	493.205.043
Fixed-income securities recognised at fair value through the revaluation reserve	21.630.635	21.224.035
Other	-	1.962.532
TOTAL ASSETS	1.893.730.082	2.011.473.959

LIABILITIES	31/12/2023	30/06/2024
Deposits at amortised cost	6.028.746.070	6.633.775.362
Other	-	153.957
TOTAL LIABILITIES	6.028.746.070	6.633.929.319

3.27.3 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:

	30/06/2023	30/06/2024
Board of Directors (ten members)	261.000	253.335
Executive Board (five members)	475.854	528.999
Total	736.854	782.334

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.

3.27.4 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:

	30/06/2023	30/06/2024
Board of Directors (ten members)	3.950.133	4.634.543
Executive Board (five members)	33.552	1.313.143
Total	3.983.685	5.947.686

3.28 Off-balance sheet items

Type of guarantees issued:

Headings	31/12/2023	30/06/2024
Completion bonds	279.471.260	190.423.130
Letters of credit	99.394.597	102.736.528
Counter-guarantees	526.676.050	549.887.094
Other	36.989.823	34.052.910
Total	942.531.729	877.099.662

Commitments:

Headings	31/12/2023	30/06/2024
Amounts subscribed and unpaid on securities, equity interests and shares in affiliated companies	12.571.080	20.052.554
Undrawn confirmed credits	6.356.265.369	6.665.269.892
<i>Financing</i>	<i>3.207.630.189</i>	<i>3.064.922.703</i>
<i>Current accounts</i>	<i>2.629.927.369</i>	<i>2.858.764.823</i>
<i>Money market contracts</i>	-	<i>278.740.000</i>
<i>Other</i>	<i>518.707.812</i>	<i>462.842.366</i>
Documentary credits	15.100.000	-
Total	6.383.936.449	6.685.322.446

Management of third-party assets:

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

The Group's parent company thus recognised EUR 7,0 million for fiduciary agreements at 30 June 2024 and 31 December 2023.

4 NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT⁶ (in EUR)

4.1 Interest income

Interest received and similar income	30/06/2023	30/06/2024
Financial assets held for trading	177.338.189	124.719.828
Financial assets mandatorily recognised at fair value through profit or loss	5.568.849	4.710.974
Financial assets recognised at fair value through the revaluation reserve	101.846	102.271
Loans and advances at amortised cost	546.179.357	631.640.079
Fixed-income securities recognised at amortised cost	84.571.336	146.648.202
Derivatives - Hedge accounting, interest rate risk	382.806.956	696.112.124
Other assets	10.579.743	5.725.011
Interest received on liability instruments	378.049	87.883
Total	1.207.524.325	1.609.746.372
<i>of which interest calculated based on the effective interest rate</i>	<i>1.165.160.818</i>	<i>1.560.685.235</i>
Interest paid and similar expenses	30/06/2023	30/06/2024
Financial liabilities held for trading	-99.653.879	-82.660.451
Financial liabilities designated at fair value through profit or loss	-1.490.425	-3.135.466
Liabilities at amortised cost - Deposits	-399.170.462	-551.629.932
Liabilities at amortised cost - Debt certificates	-76.238.817	-64.489.694
Liabilities at amortised cost - Subordinated loans	-	-
Derivatives - Hedge accounting, interest rate risk	-267.559.601	-494.561.720
Other liabilities	-12.960	-48.407
Interest paid on asset instruments	-2.523.636	-915.206
Total	-846.649.781	-1.197.440.876
<i>of which interest calculated based on the effective interest rate</i>	<i>-669.784.542</i>	<i>-966.290.705</i>
Interest income	360.874.544	412.305.496
Total interest received and similar income on financial instruments not recognised at fair value through profit or loss	641.810.331	784.101.176
Total interest paid and similar expenses on financial instruments not recognised at fair value through profit or loss	-477.945.875	-617.083.239

Net interest income increased by 14,3% to EUR 412,3 million as at 30 June 2024 compared with EUR 360,9 million in the previous year.

4.2 Income from securities

Headings	30/06/2023	30/06/2024
Variable-income securities recognised at fair value through the revaluation reserve	44.528.573	35.486.522
Income from securities	44.528.573	35.486.522

⁶ 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.

4.3 **Fee and commission income**

Headings	30/06/2023	30/06/2024
Loan activities	16.988.424	17.915.371
Asset management	32.362.920	37.821.804
Investment fund activities	29.535.269	26.268.881
Demand deposit accounts and related activities	31.441.411	29.193.560
Insurance premiums	1.289.096	1.301.104
Other (*)	4.131.993	4.122.853
Total commissions received	115.749.113	116.623.573
Loan activities	-835.158	-843.424
Asset management	-6.947.864	-8.852.373
Investment fund activities	-5.369.838	-6.735.668
Demand deposit accounts and related activities	-6.274.464	-6.056.402
Other (*)	-459.713	-350.954
Total commissions paid	-19.887.037	-22.838.821
TOTAL COMMISSIONS	95.862.076	93.784.752

(*) mostly fees on derivative financial instruments

Fees on credit cards have been reallocated from “Loan activities” to “Demand deposit accounts and related activities”.

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

Headings	30/06/2023	30/06/2024
Fixed-income securities recognised at fair value through the revaluation reserve	-	-
Loans and advances (at amortised cost)	81	-25
Fixed-income securities recognised at amortised cost	-1.644.771	-587.870
Financial liabilities (at amortised cost)	-	21.092
Total	-1.644.690	-566.803

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

Headings	30/06/2023	30/06/2024
Equity instruments and related derivatives	-1.461	-90
Foreign exchange instruments and related derivatives	-951.867	-3.192.037
Interest rate instruments and related derivatives	9.349.923	-5.483.767
Total	8.396.596	-8.675.894

The change in this item in first-half 2024 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	30/06/2023	30/06/2024
Financial liabilities designated at fair value	-3.548.689	3.318.895
Total	-3.548.689	3.318.895

The positive value adjustment for this item in 2024 should be assessed in conjunction with the negative value adjustment for note 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	30/06/2023	30/06/2024
Fixed-income securities	779.481	516.055
Units of UCITS and ETFs	6.320.927	6.047.140
Loans and advances	182.180	286.841
Total	7.282.588	6.850.036

4.8 **Net income from hedging transactions**

Headings	30/06/2023	30/06/2024
Fair value hedges		
Debt instruments (assets) hedged by derivative financial instruments	3.499.339	-376.443
Debt issues hedged by derivative financial instruments	-56.047	246.403
Loans hedged by derivative financial instruments	280.307	1.603.693
Deposits hedged by derivative financial instruments	-	-41.906
Total	3.723.599	1.431.747
Value adjustment on hedged instruments	137.004.152	-202.420.580
Value adjustment on hedging instruments	-133.280.553	203.852.327
Total	3.723.599	1.431.747

Interest rate risk hedging operations are highly effective.

4.9 **Other net operating income**

Headings	30/06/2023	30/06/2024
Other operating income	9.481.822	8.819.392
Other operating expenditure	-2.943.207	-3.911.013
Other net operating income	6.538.615	4.908.379

"Other operating income and expenses" mainly include:

- 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	30/06/2023	30/06/2024
Remuneration	112.812.255	119.688.033
Social security charges	3.294.970	3.587.749
Pensions and similar expenses	7.356.695	8.053.839
Pension fund expense	5.791.751	8.048.362
Other personnel expenses	3.200.318	3.415.507
Total	132.455.989	142.793.490

4.11 **Other general and administrative expenses**

Headings	30/06/2023	30/06/2024
Expenses related to property and furniture	7.370.191	7.741.410
Rents and maintenance of software	19.551.774	20.854.934
Operating expenditure related to the banking business	22.117.954	25.582.178
Other	5.523.364	5.944.783
Total	54.563.283	60.123.305

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

Headings	30/06/2023	30/06/2024
FGDL contribution	13.088.010	10.030.662
Resolution Fund contribution	21.901.568	-
Total	34.989.578	10.030.662

No contribution to the Resolution Fund will be required in 2024, as the fund reached its target size of 1% of covered deposits of credit institutions in Banking Union countries at the end of 2023.

4.13 Impairment of credit risks

	30/06/2023			30/06/2024		
	Additions	Reversals	Total	Additions	Reversals	Total
Fixed-income securities recognised at amortised cost	-7.691.247	4.434.891	-3.256.356	-3.352.078	1.588.466	-1.763.612
Fixed-income securities recognised at fair value through the revaluation reserve	-24.674	1.113	-23.561	-	950	950
Loans and advances	-79.510.383	38.066.042	-41.444.341	-107.957.697	81.929.184	-26.028.513
Total	-87.226.304	42.502.045	-44.724.258	-111.309.775	83.518.600	-27.791.175

4.14 Provisions and reversal of provisions

Headings	30/06/2023	30/06/2024
Provisions	-17.677.703	-19.699.322
Reversal of provisions	10.581.330	19.799.313
Total	-7.096.373	99.991

4.15 Tax expense

Headings	30/06/2023	30/06/2024
Tax on income from continuing operations	-38.088.005	-62.673.082
Deferred taxes	-2.345.045	-1.492.710
Tax on profit/(loss) for the period	-40.433.050	-64.165.792

The tax expense was calculated on the basis of the 30 June 2024 figures, on a same-methodology basis.

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 30/06/2024	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
Financial assets						
Cash and sight accounts with central banks	5.785.879.485	5.785.879.485	-	-	-	-
Loans and advances at amortised cost	30.368.338.988	28.941.490.382	-1.426.848.606	-	-	100,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.144.603.877</i>	<i>1.144.603.877</i>	-	-	-	-
Financial instruments held for trading	149.684.971	149.684.971	-	-	-	-
Hedging derivative financial instruments	1.262.187.578	1.262.187.578	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	439.644.534	439.644.534	-	-	-	-
Fixed-income securities recognised at amortised cost	14.819.349.751	14.641.464.264	-177.885.487	89,1%	10,8%	0,1%
<i>of which measured at fair value for hedging purposes</i>	<i>10.871.468.700</i>	<i>10.871.468.700</i>	-	-	-	-
Fixed-income securities recognised at fair value through the revaluation reserve	30.702.584	30.702.584	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	734.857.797	734.857.797	-	-	-	-
Investments in associates accounted for using the equity method	911.226.822	911.226.822	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-586.917.549	-586.917.549	-	-	-	-
TOTAL	53.914.954.961	52.310.220.868	-1.604.734.093			
Financial liabilities						
Deposits at amortised cost	45.228.850.874	44.522.613.144	-706.237.730	-	100,0%	-
Financial instruments held for trading	116.004.494	116.004.494	-	-	-	-
Hedging derivative financial instruments	293.161.368	293.161.368	-	-	-	-
Financial liabilities designated at fair value through profit or loss	290.109.519	290.109.519	-	-	-	-
Debt securities in issue	2.003.953.595	2.003.438.307	-515.288	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>815.718.838</i>	<i>815.718.838</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-4.074.637	-4.074.637	-	-	-	-
TOTAL	47.928.005.213	47.221.252.195	-706.753.018			
Categories as at 31/12/2023						
Financial assets						
Cash and sight accounts with central banks	7.887.777.548	7.887.777.548	-	-	-	-
Loans and advances at amortised cost	30.212.358.728	29.035.225.347	-1.177.133.381	-	-	100,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.128.894.628</i>	<i>1.128.894.628</i>	-	-	-	-
Financial instruments held for trading	178.037.790	178.037.790	-	-	-	-
Hedging derivative financial instruments	1.115.570.816	1.115.570.816	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	430.875.837	430.875.837	-	-	-	-
Fixed-income securities recognised at amortised cost	14.831.125.424	14.631.297.990	-199.827.434	88,0%	12,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>10.964.568.516</i>	<i>10.964.568.516</i>	-	-	-	-
Fixed-income securities recognised at fair value through the revaluation reserve	31.091.835	31.091.835	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	755.072.291	755.072.291	-	-	-	-
Investments in associates accounted for using the equity method	907.201.359	907.201.359	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-488.436.242	-488.436.242	-	-	-	-
TOTAL	55.860.675.386	54.483.714.572	-1.376.960.814			
Financial liabilities						
Deposits at amortised cost	45.463.874.633	44.575.685.210	-888.189.423	-	100,0%	-
Financial instruments held for trading	285.193.752	285.193.752	-	-	-	-
Hedging derivative financial instruments	399.928.461	399.928.461	-	-	-	-
Financial liabilities designated at fair value through profit or loss	169.491.843	169.491.843	-	-	-	-
Debt securities in issue	3.668.005.029	3.631.374.549	-36.630.480	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>1.121.534.733</i>	<i>1.121.534.733</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-	-	-	-	-	-
TOTAL	49.986.493.718	49.061.673.816	-924.819.902			

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. Observable market data include:
 - credit spread curves based on CDS prices;
 - interbank interest rates or swap rates;
 - foreign exchange rates;
 - stock indices;
 - share prices;
 - volatilities (forex, swaptions, caps & floors);
 - counterparty credit spreads;
- non-observable data reflect estimates and internal assumptions relating to the market variations adopted by the Group.

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

- Level 1 fair value: Level 1 inputs are essentially quoted prices in active markets for identical financial instruments. This level includes equity securities and debt instruments listed on stock exchanges, as well as derivative financial instruments traded on a regulated market. Financial instruments not listed on a market but that were recently involved in a transaction are also included in Level 1.
- Level 2 fair value: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are directly observable for the financial instruments, such as a price, or indirectly observable, i.e. derived from observable prices, such as implied volatilities of a share derived from observable prices of option contracts on this share. This level includes the majority of over-the-counter derivative financial instruments and structured debt securities issued. These inputs, such as "EURIBOR" yield curves or credit spreads, are initially provided by specialised financial data providers.
- Level 3 fair value: This level includes equity instruments or debt securities for which significant parameters used in the valuation models are based on estimations and internal assumptions. Spuerkeess's shareholdings in unlisted companies are valued twice a year, on 30 June and

31 December. The Group's parent company values each shareholding consistently over time using one of the three eligible approaches, namely the market-based approach, an approach based on income or the net assets approach, or at the level of the discounts applied to determine fair value. Preference is given to the market-based approach for the largest shareholdings. In general:

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

The data used in the valuation process are derived from the company accounts or are estimated based on the latest figures available. The peer group's market multiples and the accounting data of the companies making up each peer group come from Bloomberg with reference to the closing price for the valuation date, i.e. 30 June or 31 December of the respective year. The process for measuring

fair value on the valuation dates is systematically controlled by the first line of defence (data quality) and the second line of defence (methodology, models and accuracy of the first line's work).

Financial assets and liabilities at fair value:

Categories as at 30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	149.684.971	-	149.684.971
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	149.684.971	-	149.684.971
- <i>IRS</i>	-	36.817.843	-	36.817.843
- <i>CIRS/outright</i>	-	112.867.128	-	112.867.128
- <i>other</i>	-	-	-	-
Hedging derivative financial instruments	-	1.262.187.578	-	1.262.187.578
- <i>IRS</i>	-	1.097.173.629	-	1.097.173.629
- <i>CIRS</i>	-	165.013.949	-	165.013.949
Financial assets mandatorily recognised at fair value through profit or loss	-	439.628.974	15.559	439.644.533
- Debt instruments	-	400.173.435	15.559	400.188.994
- <i>Public sector</i>	-	44.757.942	-	44.757.942
- <i>Credit institutions</i>	-	234.188.970	-	234.188.970
- <i>Corporate customers</i>	-	121.226.523	15.559	121.242.081
- Other financial instruments	-	39.455.539	-	39.455.539
- <i>Corporate customers</i>	-	39.455.539	-	39.455.539
Variable-income securities recognised at fair value through the revaluation reserve	22.437.862	88.695.814	623.724.121	734.857.797
- <i>Public sector</i>	-	-	-	-
- <i>Credit institutions</i>	-	-	8.066.061	8.066.061
- <i>Corporate customers</i>	22.437.862	88.695.814	615.658.060	726.791.736
Fixed-income securities recognised at fair value through the revaluation reserve	30.702.585	-	-	30.702.585
- <i>Credit institutions</i>	26.051.985	-	-	26.051.985
- <i>Public sector</i>	4.650.600	-	-	4.650.600
Non-current assets and disposal groups classified as held for sale	-	5.199.854	-	5.199.854
- <i>Corporate customers</i>	-	5.199.854	-	5.199.854
TOTAL	53.140.447	1.945.397.191	623.739.679	2.622.277.317
Financial liabilities				
Derivative financial instruments held for trading	-	116.004.494	-	116.004.494
- <i>IRS</i>	-	38.054.580	-	38.054.580
- <i>CIRS/outright</i>	-	77.949.914	-	77.949.914
- <i>other</i>	-	-	-	-
Hedging derivative financial instruments	-	293.161.368	-	293.161.368
- <i>IRS</i>	-	186.531.138	-	186.531.138
- <i>CIRS</i>	-	106.630.230	-	106.630.230
Financial liabilities designated at fair value through profit or loss	-	290.109.519	-	290.109.519
TOTAL	-	699.275.381	-	699.275.381

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG
Notes to the interim condensed consolidated financial information
as at 30 June 2024

Categories as at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	-	178.037.790	-	178.037.790
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	178.037.790	-	178.037.790
- IRS	-	38.334.943	-	38.334.943
- CIRS/outright	-	139.702.847	-	139.702.847
- other	-	-	-	-
Hedging derivative financial instruments	-	1.115.570.816	-	1.115.570.816
- IRS	-	970.159.039	-	970.159.039
- CIRS	-	145.411.777	-	145.411.777
Financial assets mandatorily recognised at fair value through profit or loss	-	430.814.528	61.310	430.875.838
- Debt instruments	-	386.712.366	61.310	386.773.675
- Public sector	-	44.125.154	-	44.125.154
- Credit institutions	-	230.762.590	-	230.762.590
- Corporate customers	-	111.824.622	61.310	111.885.932
- Other financial instruments	-	44.102.162	-	44.102.162
- Corporate customers	-	44.102.162	-	44.102.162
Variable-income securities recognised at fair value through the revaluation reserve	28.118.094	114.588.678	612.365.518	755.072.291
- Public sector	-	-	-	-
- Credit institutions	-	-	8.025.523	8.025.523
- Corporate customers	28.118.094	114.588.678	604.339.995	747.046.768
Fixed-income securities recognised at fair value through the revaluation reserve	31.091.835	-	-	31.091.835
- Credit institutions	4.674.550	-	-	4.674.550
- Public sector	26.417.285	-	-	26.417.285
Non-current assets and disposal groups classified as held for sale	-	919.434	-	919.434
- Corporate customers	-	919.434	-	919.434
TOTAL	59.209.929	1.839.931.246	612.426.828	2.511.568.003
Financial liabilities				
Derivative financial instruments held for trading	-	285.193.752	-	285.193.752
- IRS	-	29.391.076	-	29.391.076
- CIRS/outright	-	255.802.676	-	255.802.676
- other	-	-	-	-
Hedging derivative financial instruments	-	399.928.461	-	399.928.461
- IRS	-	293.309.039	-	293.309.039
- CIRS	-	106.619.422	-	106.619.422
Financial liabilities designated at fair value through profit or loss	-	169.491.843	-	169.491.843
TOTAL	-	854.614.056	-	854.614.056

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

Thus, 2,0% of financial assets measured at fair value, presented above, are classified as Level 1 (versus 2,4% at 31 December 2023), 74,2% as Level 2 (versus 73,3% at 31 December 2023) and 23,8% as Level 3 (versus 24,3% at 31 December 2023).

For financial liabilities, all financial instruments were allocated to Level 2 as at 30 June 2024 and 31 December 2023.

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 2024.

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	Hedging derivative financial instruments	Total financial assets
	Debt instruments	Equity instruments			
Total as at 1 January 2024	61.310	-	612.365.518	-	612.426.828
Total gains / losses	-193.692	-	9.637.169	-	9.443.477
- <i>Income statement</i>	-193.692	-	-	-	-193.692
- <i>Revaluation reserve</i>	-	-	9.637.169	-	9.637.169
Purchases	39.959	-	85.360	-	125.319
Reimbursements/sales	-	-	-6.827	-	-6.827
Other changes	107.981	-	1.642.900	-	1.750.881
Transfers from Level 1 to Level 3	-	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-
Total as at 30 June 2024	15.559	-	623.724.121	-	623.739.678
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 30 June 2024	-693.885	-	29.955.870	-	29.261.984

	Financial assets mandatorily recognised at fair value through profit or loss		Variable-income securities recognised at fair value through the revaluation reserve	Hedging derivative financial instruments	Total financial assets
	Debt instruments	Equity instruments			
Total as at 1 January 2023	53.171	-	745.810.347	-	745.863.518
Total gains / losses	978.865	-	-131.166.903	-	-130.188.038
- Income statement	978.865	-	-	-	978.865
- Revaluation reserve	-	-	-131.166.903	-	-131.166.903
Purchases	60.249	-	-	-	60.249
Reimbursements/sales	-1.110.001	-	-520.671	-	-1.630.672
Reclassification	-	-	-	-	-
Other changes	79.026	-	-1.757.254	-	-1.678.228
Transfers from Level 1 to Level 3	-	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-
Total as at 31 December 2023	61.310	-	612.365.518	-	612.426.828
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2023	478.671	-	29.955.870	-	30.434.540

The total volume of Level 3 financial assets corresponds to 23,8% of total financial assets measured at fair value as at 30 June 2024, compared with 24,3% as at 31 December 2023.

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 2024 and 2023.

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 30/06/2024	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	586.273.843	-59.548.900	59.567.722

Headings	Level 3 fair value as at 31/12/2023	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	535.843.820	-63.324.958	63.312.495

The sensitivity analysis was performed on the three largest shareholdings, i.e. the same three as at 30 June 2024 and 31 December 2023.

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 adopted a pillar-based management view determined on the basis of the main customer segments. This view makes it possible to monitor the Group's parent company's strategic and business objectives and better support different types of customers.

The segments break down as follows:

- Retail Banking and Private Banking:

This segment comprises the activities of the Retail and Private pillars and covers all of the Group's parent company's retail customers:

- The Retail pillar consists of the branch network, with deposit-taking, loan distribution, advice on housing, investments and private pensions, and management of means of payment for retail customers, self-employed professionals and small businesses. These products and services are sold through the branch network, by Spuerkeess Direct, and through the digital channels that serve Spuerkeess's customers;
- The Private pillar manages relationships with customers who have purchased one of the "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 finance centres.

- Corporate, Public Sector and Institutional Client Banking:

This segment comprises the activities of the Corporate, Institutional and Public Sector pillars and thus covers all business customers:

- The Corporate pillar manages relationships with business customers, which are categorised as either large companies or small and medium-sized companies. Specialised teams provide services to these customers in respect of loans and credits, investing, leasing and other financial advice;
- The Institutional pillar manages relationships with institutional customers, investment funds, banks and other financial intermediaries, insurance and reinsurance companies, financial companies and private equity and multi-family office entities. The institutional client relationship managers are the key contacts for these customers;

- The Public Sector pillar manages government customers, other public sector entities and regional and local administrations. This pillar also covers relationships with the embassies of other countries located in Luxembourg.
- Financial Markets:
This segment comprises the activities of the Financial Markets and ALM pillars:
 - The Financial Markets pillar covers the money market position management activity as well as management of the inventory of all securities held by Spuerkeess (the Collateral Management component). This pillar also manages the Global Credit Investment activity, i.e. management of Spuerkeess's investment portfolio through bond investments. Alongside these Spuerkeess proprietary trading activities, the pillar covers a broad range of services such as financial instrument order execution (equities, bonds and derivatives), as well as foreign-exchange transactions for customers in other segments;
 - The ALM pillar covers Spuerkeess's Asset and Liability Management activity, which involves quantifying and managing interest rate risk (IRRBB), structural liquidity risk and balance sheet balances.
- Investments and Corporate Center:
This segment comprises income from investments, whether or not they are consolidated, Spuerkeess's own activities that cannot be allocated to customers in other pillars, such as the gains from sales of buildings and other income, as well as Management and secretary general overheads.

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 unit. This entity is responsible for interest rate risk and liquidity risk management and for asset/liability management for Spuerkeess as a whole.

Back-office department, support activity and overhead costs are rebilled to the different pillars using an activity-based costing analytical cost allocation mechanism that reflects the economic consumption of the products and services provided to these segments.

The Group's net bank margin (NBM) consists of these main products:

- deposits from Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- loans and advances to Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- other products for Retail customers, Private Banking, and Corporate, Public Sector and Institutional Client Banking;
- other products.

The Group therefore publishes its segment reporting (management view) according to a "pillar" view in accordance with IFRS 8:

In EUR 30/06/2024	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net bank margin	298.313.101	182.605.960	2.968.939	70.244.417	554.132.417
Income before tax	128.432.433	123.935.830	-9.728.114	73.427.255	316.067.403
Income/(loss)	95.753.138	92.707.810	-7.072.244	70.512.907	251.901.611

In EUR 30/06/2023	Retail Banking and Private Banking	Corporate, Public Sector and Institutional Client Banking	Financial Markets	Investments and Corporate Center	Total
Net bank margin	295.888.861	145.718.589	4.656.931	81.361.275	527.625.656
Income before tax	125.674.574	53.069.885	-10.245.414	91.971.944	260.470.989
Income/(loss)	100.300.570	42.354.945	-8.176.840	85.559.263	220.037.939

Revising the internal transfer pricing models (FTP) allowed the Financial Markets segment to significantly increase its net interest margin despite the less favourable conditions for deposits with the ECB. Income for the business line nonetheless remained negative at 30 June 2024, due mainly to the unrealised valuation of interest rate-linked derivative financial instruments and to foreign exchange income.

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



SPUERKEESS

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