

CONDENSED  
INTERIM  
CONSOLIDATED  
FINANCIAL  
INFORMATION  
AS AT 30 JUNE 2021



## **CONTENTS**

CONSOLIDATED INTERIM MANAGEMENT REPORT

DECLARATION ON THE CONFORMITY OF THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION AND THE MANAGEMENT REPORT  
AS AT 30 JUNE 2021

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION  
AS AT 30 JUNE 2021

- REPORT OF THE APPROVED COMPANY AUDITOR
- CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
- NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

## **SPUERKEESS GROUP MANAGEMENT REPORT BASED ON THE INTERIM CONDENSED CONSOLIDATED INFORMATION AS AT 30 JUNE 2021**

The United States and the eurozone implemented major stimulus packages, supported by highly accommodative monetary policies, to help economic activity recover in 2021. Uncertainties remain as to the impacts that fiscal measures will have on the economic recovery, the speed at which households' stockpile of savings will be put back into the economy, companies' financial equilibrium, and developments with respect to financial conditions after the sharp increase in government debt.

Luxembourg is one of the countries that best weathered the economic crisis with just a 1,3% decline in GDP in 2020. The package of government measures implemented to support businesses and employees, along with the country's economic specialisations, among others in the financial and information and communication technology sectors, is responsible for the strong performance by Luxembourg's economy in the face of the Covid-19 pandemic.

Growth estimates for 2021 are optimistic. STATEC, the national statistics institute, forecasts volume growth of 6% of GDP in 2021 in its baseline scenario for Luxembourg published in June, while calling for caution given the unusual nature of the health crisis.

The European banking sector is stress tested every two years by the European Banking Authority (EBA), in conjunction with the European Central Bank (ECB), by means of a large-scale stress test exercise designed to measure banks' preparedness for economic and financial shocks. Spuerkeess is very satisfied with the outcome of its 2021 test. It is one of the frontrunners among banks subject to the ECB's stress test and has maintained its stressed common equity tier 1 (CET1) ratio above 14%. This confirms the financial soundness it has demonstrated over the years.

In terms of the business development of the Bank's activities in the first half of 2021, outstanding loans and advances to customers rose by 1,2% compared with 31 December 2020. The retail and corporate customer projects financed by Spuerkeess led to a 3,1% increase in outstandings. In contrast, outstanding loans and advances to public sector customers decreased compared with 31 December 2020.

Customer deposits increased by 3,3% compared with 31 December 2020 and continued to be driven by demand deposits from individuals and businesses. However, the pace of growth in these deposits decelerated compared with last year when the lockdown severely hampered the propensity to consume and invest. Deposits from the public sector, which tend to be more volatile, trended slightly down in the first half of 2021.

The Bank is diversifying its sources of financing by issuing securities intended for institutional customers. This type of funding increased by 34,6% in the first half of the year and reflects Spuerkeess's ongoing appeal as an issuer.

At EUR 332,4 million as of 30 June 2021, the Group's bank margin was up EUR 25,2 million (8,2%) compared with the first half of 2020.

Net interest margin increased by 0,4% amid persistently low interest rates and a decrease in intermediation margins. The reasons for this increase include growth in commercial activity and participation in the European Central Bank's longer-term refinancing operation.

Income from securities benefited from the increase in dividends received for 2020 from some of the strategic holdings that are not included in the scope of consolidation.

Fee income was up by 9,4%, or EUR 8,0 million. The parent company contributed EUR 6,8 million to this increase, due mainly to the expansion of the securities administration and custody activities, the development of investment fund services, and growth in the credit activities. Fees from fully consolidated subsidiaries also rose compared with last year as corporate activities were hit hard by the lockdown in the spring.

Income from financial instruments was driven by foreign exchange income, which was up 20,7% from the first half of 2020. Other income included in this item consisted mostly of positions in financial instruments recognised through profit or loss.

General expenses and depreciation and amortisation rose by 7,0% compared with the first half of 2020, due in part to the lockdown in the spring of 2020 which slowed business and affected the annual comparison of general expenses excluding personnel expenses.

The compulsory contributions to the Resolution and Deposit Guarantee Funds are linked directly to changes in the eligible deposits at Spuerkeess and at all the banks that pay into these two Funds and that do not control the changes in these Funds. Contributions to the Resolution Fund increased by 24,5% and to the Deposit Guarantee Fund by 60,7% between 2020 and 2021. The contributions to the Deposit Guarantee Fund have already been made as at 30 June 2021, while in 2020 this payment was not made until the second half of the year. This timing difference accounts for the increase in this item at 30 June 2021 in addition to the percentage increase for all of financial year 2021.

Income after general expenses at 30 June 2021 was therefore down 11,4% compared with 30 June 2020.

Cost of risk decreased in the first half of 2021 compared with the first half of 2020 as the macroeconomic scenarios used in the model to calculate impairments for credit risk were adjusted to account for the new economic reality and expected credit losses were also re-estimated. Spuerkeess thus recorded write-backs of net allowances for impairment of credit risks of EUR 15,8 million at 30 June 2021 versus net allowances of EUR 13,1 million at 30 June 2020. Net reversals of provisions of EUR 6,3 million were also recorded at 30 June 2021 versus net allowances for provisions of EUR 9,5 million at 30 June 2020.

The share in the profit of equity-accounted associates was EUR 51,4 million at 30 June 2021, up EUR 23,6 million compared with 30 June 2020, thereby contributing to the first-half 2021 performance.

In light of the above, the Spuerkeess Group reported half-yearly net profit of EUR 142,6 million, up 52,3% compared with first-half 2020.

Total equity for the Group at 30 June 2021 was EUR 4.827,5 million compared with EUR 4.605,0 million at 31 December 2020. The increase in equity can be attributed mainly to the integration of half-yearly net income and the increase in the revaluation reserve line compared with 31 December 2020.

Spuerkeess's common equity tier 1 (CET1) ratio was 22,2% at 30 June 2021, versus 21,2% at 31 December 2020. This very high level of solvency and the quality of the loan book have enabled Spuerkeess to continue to grow and to fulfil its social and societal mission, which is to "contribute to the country's economic development through its activities, particularly its financing activities, and promote all forms of savings".

### **Events after the 30 June 2021 reporting period**

After the announcement was made in first-half 2021, German group SMS officially took full control of the Paul Wurth group in two stages, at the end of July and in early August 2021.

Spuerkeess then sold its 10,98% stake in Paul Wurth S.A. and became a shareholder of Paul Wurth Real Estate S.A. with the same ownership percentage. The only impact of this transaction was a reclassification between line items within Spuerkeess's equity as from August 2021.

No significant events occurred after the 30 June 2021 reporting date that could impact the normal course of the Spuerkeess Group's business.

### **Outlook for second-half 2021**

Growth forecasts for the eurozone and Luxembourg have been revised upwards. Economic activity continued to recover in the first half of 2021 and the success of the vaccination campaign led to a decrease in the number of infections and an increase in economic actors' level of confidence. However, the economic outlook for the second half of the year continues to depend on the changing health situation and the emergence of new variants of the virus.

Taking these factors into account, the Spuerkeess Group expects income for full-year 2021 to improve from the 2020 level.

Luxembourg, 27 August 2021

For the Executive Committee

Doris Engel

Executive Vice President

Member of the Executive Committee

Guy Rosseljong

Deputy Chief Executive Officer

Member of the Executive Committee

Luxembourg, August 27, 2021

**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, 2021 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

Guy Rosseljong  
Deputy Chief Executive Officer  
Member of the Executive Committee



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

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

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

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

**Interim condensed consolidated financial information as at 30 June 2021**

# TABLE OF CONTENTS

PAGE

<b>STATUTORY AUDITOR'S REPORT.....</b>	<b>4</b>
<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION .....</b>	<b>6</b>
Condensed consolidated balance sheet as at 30 June 2021 .....	7
Condensed consolidated income statement as at 30 June 2021 .....	9
Condensed consolidated statement of comprehensive income as at 30 June 2021.....	10
Condensed statement of changes in consolidated equity as at 30 June 2021 .....	11
Condensed consolidated statement of cash flows as at 30 June 2021 .....	12
<b>NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION .....</b>	<b>15</b>
<b>1 GENERAL INFORMATION.....</b>	<b>16</b>
<b>2 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION .....</b>	<b>17</b>
2.1 Compliance with general principles .....	17
2.2 Accounting principles and rules.....	18
2.3 Foreign currency transactions .....	25
<b>3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET .....</b>	<b>26</b>
3.1 Cash and sight accounts with central banks .....	26
3.2 Loans and advances at amortised cost – Credit institutions.....	26
3.3 Loans and advances at amortised cost – Customers .....	28
3.4 Assets and liabilities held for trading .....	31
3.5 Financial assets mandatorily recognised at fair value through profit or loss .....	31
3.6 Fixed-income securities recognised at amortised cost.....	32
3.7 Fixed-income securities recognised at fair value through the revaluation reserve.....	35
3.8 Variable-income securities recognised at fair value through the revaluation reserve.....	35
3.9 Investments in associates accounted for using the equity method.....	36
3.10 Securities collateralised .....	38
3.11 Convertible bonds included in the different portfolios .....	38
3.12 Derivatives .....	39
3.13 Change in fair value of a portfolio of financial instruments hedged against interest rate risk.....	43
3.14 Tangible assets for own use .....	43
3.15 Non-current assets and disposal groups classified as held for sale.....	43
3.16 Taxes: Tax assets and liabilities.....	44
3.17 Other assets .....	45
3.18 Deposits at amortised cost – Credit institutions.....	46
3.19 Deposits at amortised cost – Private customers and public sector .....	46
3.20 Financial liabilities designated at fair value through profit or loss .....	46
3.21 Issuance of debt securities.....	47



3.22	Provisions.....	47
3.23	Other liabilities.....	49
3.24	Pension funds - Defined-benefit pension plan .....	50
3.25	Financial instruments that are the subject of a netting agreement .....	51
3.26	Related-party transactions .....	52
3.27	Off-balance sheet items.....	54
<b>4</b>	<b>NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT .....</b>	<b>56</b>
4.1	Interest income.....	56
4.2	Income from securities.....	57
4.3	Fee and commission income .....	57
4.4	Income from financial instruments not recognised at fair value through profit or loss .....	58
4.5	Income from financial instruments held for trading.....	58
4.6	Income from financial instruments designated at fair value through profit or loss.....	58
4.7	Income from financial instruments mandatorily measured at fair value through profit or loss.....	59
4.8	Net income from hedging transactions.....	59
4.9	Other net operating income.....	59
4.10	Personnel expenses.....	60
4.11	Other general and administrative expenses.....	60
4.12	Cash contributions to resolution funds and deposit guarantee systems.....	60
4.13	Impairment of credit risks .....	61
4.14	Provisions and reversal of provisions.....	61
4.15	Tax expense .....	61
<b>5</b>	<b>ANALYSIS OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS.....</b>	<b>62</b>
<b>6</b>	<b>SEGMENT REPORTING.....</b>	<b>70</b>

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

**STATUTORY AUDITOR'S REPORT**  
30 June 2021

## Report on review of interim condensed consolidated financial statements

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Banque et Caisse d'Epargne de l'Etat, Luxembourg and its subsidiaries (the "Group") as of 30 June 2021, 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 1<sup>st</sup> January 2021 to 30<sup>th</sup> June 2021 and the appendix including a summary of the main accounting principles and explanatory notes. The Comité de direction is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Bernard Lhoest

Antoine Le Bars

Luxembourg, 27 August 2021

*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 2021

**Condensed consolidated balance sheet as at 30 June 2021**

ASSETS	Notes	31/12/2020	30/06/2021
Cash and sight accounts with central banks	3.1	7.128.135.655	10.042.738.533
Loans and advances at amortised cost – Credit institutions	3.2	1.833.195.892	1.741.996.901
Loans and advances at amortised cost – Customers	3.3	24.098.937.564	24.388.302.407
Financial instruments held for trading	3.4 3.12	138.717.034	235.969.518
Hedging derivative financial instruments	3.12	72.838.495	94.884.366
Financial assets mandatorily recognised at fair value through profit or loss	3.5	809.036.881	685.033.223
Fixed-income securities recognised at amortised cost	3.6	14.033.530.474	13.970.375.905
Fixed-income securities recognised at fair value through the revaluation reserve	3.7	18.042.494	17.707.075
Variable-income securities recognised at fair value through the revaluation reserve	3.8	858.764.091	917.975.372
Investments in associates accounted for using the equity method	3.9	449.059.026	490.477.011
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.13	373.811.797	218.844.234
Tangible assets for own use	3.14	273.210.953	261.926.531
Investment property		11.238.250	14.024.522
Intangible assets		32.276.745	32.673.482
Non-current assets and disposal groups classified as held for sale	3.15	-	3.133.562
Current taxes	3.16	64.730.961	63.506.276
Deferred taxes	3.16	25.333.516	14.681.298
Other assets	3.17	10.500.452	46.714.692
<b>TOTAL ASSETS</b>		<b>50.231.360.280</b>	<b>53.240.964.908</b>
<b>LIABILITIES</b>			
Deposits at amortised cost – Credit institutions	3.18	5.976.848.197	7.090.530.822
Deposits at amortised cost – Customers	3.19	34.583.084.637	35.732.470.818
Financial instruments held for trading	3.4 3.12	366.643.744	144.237.079
Hedging derivative financial instruments	3.12	1.112.075.207	880.569.713
Financial liabilities designated at fair value through profit or loss	3.20	172.175.873	168.079.252
Issuance of debt securities	3.21	2.959.242.843	3.982.114.704
Provisions	3.22	51.205.454	44.006.436
Other liabilities	3.23	39.157.732	60.339.526
Pension fund	3.24	363.233.280	309.259.679
<b>Sub-total of LIABILITIES (before equity capital) to be carried forward</b>		<b>45.623.666.966</b>	<b>48.411.608.028</b>

**Condensed consolidated balance sheet as at 30 June 2021 (continued)**

EQUITY	31/12/2020	30/06/2021
<b>Sub-total of LIABILITIES (before equity capital) carried forward</b>	<b>45.623.666.966</b>	<b>48.411.608.028</b>
Share capital	173.525.467	173.525.467
Consolidated reserves	3.766.051.922	3.884.849.929
Other items of comprehensive income	493.388.362	626.496.157
° <i>Variable-income securities recognised at fair value through the revaluation reserve</i>	564.286.341	639.855.119
° <i>Actuarial gains and losses on the pension fund</i>	-372.393.914	-329.463.185
° <i>Equity method adjustment</i>	314.285.500	321.653.480
° <i>Gains or losses on disposals of variable-income securities measured at fair value</i>	-12.699.508	-7.471.777
Income for the year/period	172.000.556	142.621.602
Sub-total of equity attributable to the equity holder of the parent company	4.604.966.307	4.827.493.155
Minority interests	2.727.007	1.863.725
<b>Total equity</b>	<b>4.607.693.314</b>	<b>4.829.356.880</b>
<b>TOTAL LIABILITIES, including EQUITY</b>	<b>50.231.360.280</b>	<b>53.240.964.908</b>

**Condensed consolidated income statement as at 30 June 2021**

in euros	Notes	30/06/2020	30/06/2021
Interest income	4.1	195.571.877	196.450.906
Income from securities	4.2	14.899.036	22.648.600
Fee and commission income	4.3	85.809.141	93.848.061
<b>INCOME FROM INTEREST, DIVIDENDS AND FEES AND COMMISSIONS</b>		<b>296.280.054</b>	<b>312.947.567</b>
Income from financial instruments not recognised at fair value through profit or loss	4.4	-400.938	513.223
Income from financial instruments held for trading	4.5	6.430.657	-5.518.042
Income from financial instruments designated at fair value through profit or loss	4.6	-3.949.847	4.551.895
Income from financial instruments mandatorily measured at fair value through profit or loss	4.7	-13.318.729	5.845.034
Income from hedging transactions	4.8	5.595.621	-1.174.371
Foreign exchange income		9.905.036	11.960.384
Income from derecognition of non-financial assets		97.731	-
Other operating income	4.9	7.829.405	5.237.159
Other operating expenditure	4.9	-1.271.655	-1.999.913
<b>BANK MARGIN</b>		<b>307.197.335</b>	<b>332.362.936</b>
Personnel expenses	4.10	-118.949.110	-122.190.405
Other general and administrative expenses	4.11	-40.304.991	-48.392.314
Cash contributions to resolution funds and deposit guarantee systems	4.12	-17.151.220	-42.132.567
Allowances for impairment of tangible and intangible assets <i>of which allowances for impairment of right-of-use assets in relation to leases</i>		-21.116.664 -1.610.845	-22.423.305 -1.490.973
<b>INCOME AFTER GENERAL EXPENSES</b>		<b>109.675.350</b>	<b>97.224.345</b>
Net allowances for impairment of individual and collective credit risks	4.13	-13.081.202	15.789.547
Provisions	4.14	-9.545.902	6.275.308
Share in the profit of equity-accounted associates		27.792.928	51.352.840
<b>INCOME BEFORE TAXES AND NON-CURRENT ASSETS</b>		<b>114.841.174</b>	<b>170.642.040</b>
Tax on income from continuing operations	4.15	-23.706.758	-34.276.926
Deferred taxes	4.15	3.429.142	7.279.665
<b>INCOME FOR THE PERIOD</b>		<b>94.563.558</b>	<b>143.644.779</b>
<i>OF WHICH INCOME FOR THE PERIOD ATTRIBUTABLE TO</i>			
- <i>MINORITY INTERESTS</i>		942.690	1.023.177
- <i>EQUITY HOLDERS OF THE PARENT COMPANY</i>		93.620.868	142.621.602

**Condensed consolidated statement of comprehensive income as at 30 June 2021**

in euros	30/06/2020	30/06/2021
<b>INCOME FOR THE PERIOD</b>	<b>94.563.558</b>	<b>143.644.779</b>
<b>Items not reclassified in net income subsequently</b>	<b>-244.428.951</b>	<b>118.395.709</b>
Actuarial gains/(losses) on the defined-benefit pension scheme	5.623.311	57.195.215
Contribution of equity-accounted associates	-11.927.336	7.367.980
Variable-income securities recognised at fair value through the revaluation reserve	-239.162.810	68.480.032
- <i>Variation in measurement results</i>	-239.160.259	78.571.449
- <i>Income from sales</i>	-2.551	-10.091.417
Impact of deferred and current taxes	1.037.883	-14.647.518
<b>Items to be reclassified in net income subsequently</b>	<b>-710.318</b>	<b>2.012.577</b>
Fixed-income securities recognised at fair value through the revaluation reserve	-	-330.972
Cash flow hedges	-946.334	3.012.262
Impact of deferred taxes	236.016	-668.713
<b>Total items of comprehensive income for the period - net of tax</b>	<b>-245.139.269</b>	<b>120.408.286</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-150.575.711</b>	<b>264.053.065</b>
<i>share attributable to</i>		
- <i>minority interests:</i>	942.690	1.023.177
- <i>equity holders of the parent company:</i>	-151.518.401	263.029.888



### Condensed statement of changes in consolidated equity as at 30 June 2021

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

in euros	Share capital	Consolidated reserves	Other items of comprehensive income	Net income	Total equity of the parent	Minority interests	Total equity
<b>As at 1 January 2020</b>	<b>173.525.467</b>	<b>3.572.183.228</b>	<b>462.101.585</b>	<b>206.340.539</b>	<b>4.414.150.819</b>	<b>2.780.514</b>	<b>4.416.931.333</b>
Appropriation of 2019 income	-	206.340.539	-	-206.340.539	-	-	-
First-half 2020 net income	-	-	-	93.620.868	93.620.868	942.690	94.563.558
Distribution for FY 2019	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial gains/(losses) on pension fund	-	-	4.220.858	-	4.220.858	-	4.220.858
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	-236.436.673	-	-236.436.673	-	-236.436.673
Net measurement results of cash flow hedges	-	-	-710.318	-	-710.318	-	-710.318
Equity method adjustment	-	-1.699.004	-11.927.336	-	-13.626.340	-	-13.626.340
Adjustments related to equity-accounted values	-	31.209.544	-	-	31.209.544	-	31.209.544
Other	-	-65.466	-96.463	-	-161.929	-1.964.702	-2.126.631
<b>As at 30 June 2020</b>	<b>173.525.467</b>	<b>3.767.968.841</b>	<b>217.151.653</b>	<b>93.620.868</b>	<b>4.252.266.829</b>	<b>1.758.502</b>	<b>4.254.025.332</b>

The profit distribution for financial year 2020 was made to the Luxembourg state in the second quarter of 2021. In light of the Covid-19 pandemic, the decision to pay the State the share of profit for financial year 2019 was deferred pursuant to Recommendation ECB/2020/19 of the European Central Bank (ECB) of 27 March 2020, followed by Recommendations ECB/2020/35 and ECB/2020/62 on dividend distributions during the Covid-19 pandemic.

As the ECB lifted its restrictions as from 30 September 2021 with Recommendation ECB/2021/31, the distribution for financial year 2019 will once again be submitted for the approval of the Board of Directors.

**Condensed consolidated statement of cash flows as at 30 June 2021**

in euros	30/06/2020	30/06/2021
<b>Cash and cash equivalents</b>		
Cash and sight accounts with central banks	9.657.807.285	10.044.671.118
Loans and advances at amortised cost – Credit institutions	2.561.011.650	568.075.016
Loans and advances at amortised cost – Customers	1.688.078.627	1.710.750.312
<b>Total</b>	<b>13.906.897.562</b>	<b>12.323.496.446</b>

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 2021

in euros	30/06/2020	30/06/2021
<b>CASH POSITION AT 1 JANUARY</b>	<b>8.285.173.862</b>	<b>9.428.132.011</b>
Interest received	438.659.624	390.414.160
Interest paid	-229.133.929	-171.784.061
Income from securities	14.899.036	22.648.600
Fees and commissions received/paid	85.809.141	93.848.061
Other operating expenditure/income	6.182.317	4.784.432
Cash contributions to resolution funds and deposit guarantee systems	-17.151.220	-42.132.567
Current taxes	-23.706.758	-34.276.926
Personnel expenses and other general and administrative expenses	-150.668.854	-161.435.997
Financial instruments recognised at fair value	255.192.635	165.849.041
Loans and advances at amortised cost	126.078.259	-240.459.969
Deposits at amortised cost	3.289.196.536	2.253.284.733
Issuance of debt securities	2.014.025.301	1.074.889.028
Other assets and liabilities	-13.481.432	-20.360.684
<b>Total cash flow from operating activities</b>	<b>5.795.900.656</b>	<b>3.335.267.851</b>
Acquisition/disposal of variable-income securities	-	18.189.593
Acquisition/disposal of investments in associates accounted for using the equity method	-2.405.000	-7.766
Acquisition of fixed-income securities	-2.028.561.768	-1.881.657.399
Disposal/redemption of fixed-income securities	1.832.477.841	1.787.577.999
Acquisitions/disposals of intangible and tangible assets	-7.536.222	-12.713.545
<b>Total cash flow from investment activities</b>	<b>-206.025.149</b>	<b>-88.611.118</b>
Proceeds from subordinated liabilities	-	-42.260.000
Expenses related to leases	-1.610.845	-1.490.973
Income distribution	-	-40.000.000
<b>Total cash flow from financing activities</b>	<b>-1.610.845</b>	<b>-83.750.973</b>
<b>NET CHANGE IN CASH</b>	<b>5.588.264.661</b>	<b>3.162.905.760</b>
Effect of exchange rates on cash and cash equivalents	33.459.039	-267.541.325
<b>CASH POSITION AT 30 JUNE</b>	<b>13.906.897.562</b>	<b>12.323.496.446</b>

Reconciliation of cash flows from financing activities:

in euros	01/01/2020	Movements related to cash flow	Movements unrelated to cash flow	30/06/2020
Proceeds from subordinated liabilities	100.025.429	-	-293.686	99.731.743

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

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 2021

## **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 Group's parent company's registered office is located at 1, Place de Metz, L-2954 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 27 August 2021, the Executive Committee of the Group's parent company authorised the publication of the interim condensed consolidated financial information as at 30 June 2021.

The Group had an average headcount as at 30 June 2021 of 1.884 (1.874 as at 31 December 2020).

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 2021 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 2020, which were prepared under IFRS, as adopted by the European Union.

- a) There were no new or revised standards adopted that had a material impact on the Group at 1 January 2021.
- b) New or revised standards that have been adopted and that had no impact or no material impact on the Group at 1 January 2021:
  - The amendments to IFRS 4 "Insurance Contracts" in connection with IFRS 9 "Financial Instruments";
  - The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in connection with Interest Rate Benchmark Reform–Phase 2;
  - The amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as well as to IFRS standards 2018-2020 as part of the annual improvements applicable from 1 January 2022.
- c) New and revised standards and interpretations relevant for the Group, which are not yet compulsory or which have not been adopted by the European Union:
  - IFRS 17: Insurance Contracts;
  - Amendments to IAS 1, IAS 8, IFRS 16 and IAS 12.

## 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 2020.

### 2.2.1 **Adaptation of and changes to the accounting principles and rules since 1 January 2021**

#### 2.2.1.1 *Interest rate benchmark reform*

The Group's parent company has not early adopted Phase 2 of the interest rate reform.

In order to meet the requirements of Phase 2 of this reform, the Group's parent company therefore presents financial instruments by benchmark rate to be transitioned in the table below. The remaining maturity of the instruments included is beyond the date of 30 June 2021, in accordance with the following conventions:

- Financial assets and liabilities excluding derivatives are included based on their outstanding nominal amount;
- Derivatives are presented based on their notional amount.

in EUR thousands as at 30 June 2021	Financial assets	Financial liabilities	Derivatives (notional amounts)
EONIA	-	-	-
EURIBOR	4.674.366	50.000	14.897.346
LIBOR-USD	91.849	-	24.228
LIBOR-JPY	-	-	1.523
LIBOR-other	68	-	-
<b>Total</b>	<b>4.766.283</b>	<b>50.000</b>	<b>14.923.096</b>

#### 2.2.1.2 *Impairment of financial assets*

The Group's parent company has adjusted the weightings of the adverse, baseline and optimistic scenarios as follows:

	Scenario weighting		
	Baseline	Adverse	Optimistic
2020	65%	25%	10%
2021	50%	40%	10%



The weighting of the scenarios has been adjusted to account for both the more optimistic macroeconomic environment and the still high uncertainty as to how the health situation will unfold worldwide.

The scenarios are based on projections by national or international authorities, namely STATEC and the IMF. A decision is made about the source based on the availability of the information and its relevance for the Group's parent company.

The results are reviewed and validated by the appropriate bodies of the Group's parent company.

The following table shows the changes in gross domestic product (GDP) and inflation (the Consumer Price Index, or CPI) factored into the three scenarios for the period ending 30 June 2021:

Type of scenario	Weighting	Macroeconomic variables	2021	2022	2023	2024	2025	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Baseline	50%	Luxembourg GDP	2,75%	3,60%	3,00%	2,70%	2,50%	123	
		Luxembourg CPI	0,90%	1,80%	1,90%	1,90%	1,90%		
		Advanced economies GDP	0,16%	3,60%	1,80%	1,60%	1,50%		
		Advanced economies CPI	1,60%	1,70%	1,80%	1,90%	1,90%		
Adverse	40%	Luxembourg GDP	-1,89%	3,30%	2,20%	2,20%	2,20%	196	152
		Luxembourg CPI	-0,13%	1,65%	1,39%	1,55%	1,67%		
		Advanced economies GDP	-1,38%	3,00%	1,81%	2,00%	1,94%		
		Advanced economies CPI	1,09%	1,42%	1,81%	2,38%	2,46%		
Optimistic	10%	Luxembourg GDP	5,71%	4,30%	3,00%	3,00%	3,00%	122	
		Luxembourg CPI	1,56%	2,15%	1,90%	2,11%	2,28%		
		Advanced economies GDP	0,62%	4,66%	2,00%	1,48%	0,92%		
		Advanced economies CPI	1,75%	2,20%	2,00%	1,76%	1,17%		

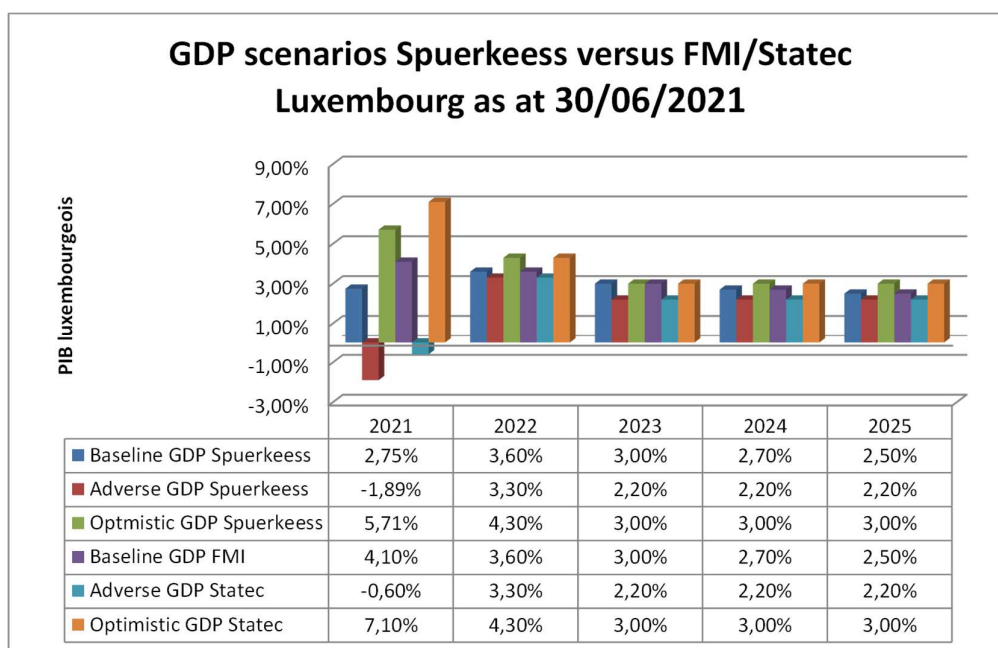
Given the improvement in the macroeconomic environment, expected credit losses (ECLs) at 30 June 2021 are based on the most recent macroeconomic variables published in April 2021 by the IMF for the advanced economies portfolio and in March 2021 by STATEC for the Luxembourg portfolio. The difference between unweighted ECLs in the baseline and optimistic scenarios is small, given that the macroeconomic variables for advanced economies are fairly similar in 2021 and that the Group's parent company decided not to use a rising real estate price scenario for the optimistic scenario.

In light of the ongoing uncertainties about how the Covid-19 pandemic will unfold, including, among others, a belated crisis effect after the government's support measures and the vaccines' effectiveness against virus mutations, the Group's parent company applied the following provisions in the form of input overlays in its IFRS 9 models:

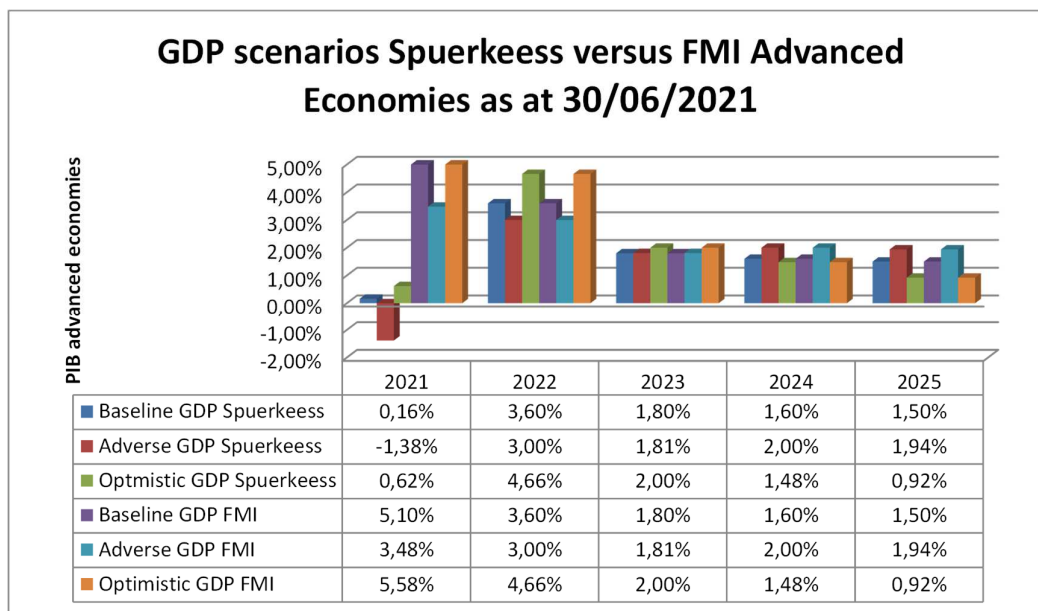
- Economic growth in 2021 is determined by reference to 2019 instead of 2020. The significant 4,7% decline in GDP in 2020 for advanced economies and the significant 5,1% rise expected in 2021 implies that GDP for 2021 will approach the 2019 level. A reversal of value adjustments determined by reference only to the GDP growth rate anticipated for 2021 would run the risk of overestimating the impact of the economic recovery, particularly for advanced economies;
- The internal ratings of wholesale counterparties active in high-risk sectors have been reviewed and further downgraded, if necessary, throughout the health crisis;

- The vulnerabilities of the Global Industry Classification Standard (GICS) sub-industries have been reviewed on a quarterly basis as from 2021;
- The value adjustment determination has systematically taken into account a three-notch downgrade of the behavioural rating of retail customers who work in one of the sectors that have been severely affected by the health crisis.

The Group's parent company provides below a comparison between the three scenarios used relative to the IMF and STATEC scenarios. This comparison shows that, for 2021, the three scenarios used by the Group's parent company are more conservative than those published by the IMF and STATEC. For years 2022 to 2025, the Group's parent company's scenarios reflect those published by the IMF and STATEC.



*Comparison of scenarios used at 30/06/2021 (Luxembourg)*



Comparison of scenarios used at 30/06/2021 (Advanced Economies)

## 2.2.2 Moratoria and public guarantees

Pursuant to EBA guidelines EBA/GL/2020/02 and EBA/GL/2020/07, the Group's parent company publishes information on the moratoria and public guarantees for loans related to the Covid-19 crisis:

- Information on loans and advances at amortised cost, subject to legislative and non-legislative moratoria:

Position as at 30 June 2021	Carrying amount						Stock of provisions, accumulated negative changes in fair value due to credit risk						Nominal amount	
	Performing			Non-performing			Performing			Non-performing				
	of which restructurings	of which instruments with a significant increase in credit risk since origination but not covered by provisions for credit risk (Stage 2)		of which restructurings	of which unlikely to pay that are not past-due or past-due <= 90 days		of which restructurings	of which instruments with a significant increase in credit risk since origination but not covered by provisions for credit risk (Stage 2)		of which restructurings	of which unlikely to pay that are not past-due or past-due <= 90 days			
Loans and advances at amortised cost with moratoria	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which with a mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which with a commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Position as at 31 December 2020	Carrying amount						Stock of provisions, accumulated negative changes in fair value due to credit risk						Nominal amount		
	Performing			Non-performing			Performing			Non-performing					
	of which restructurings	of which instruments with a significant increase in credit risk since origination but not covered by provisions for credit risk (Stage 2)		of which restructurings	of which unlikely to pay that are not past-due or past-due <= 90 days		of which restructurings	of which instruments with a significant increase in credit risk since origination but not covered by provisions for credit risk (Stage 2)		of which restructurings	of which unlikely to pay that are not past-due or past-due <= 90 days				
Loans and advances at amortised cost with moratoria	16.341.391	15.257.015	3.581.995	4.790.198	1.084.376	-	1.084.376	-971.500	-323.477	-230.082	-317.277	-648.023	-	-648.023	-
of which retail	8.985.370	8.985.370	674.174	674.174	-	-	-	-7.009	-7.009	-993	-993	-	-	-	-
of which with a mortgage	8.651.101	8.651.101	468.745	468.745	-	-	-	-6.024	-6.024	-22	-22	-	-	-	-
of which corporate	7.356.021	6.271.645	2.907.821	4.116.024	1.084.376	-	1.084.376	-964.491	-316.469	-229.088	-316.284	-648.023	-	-648.023	-
of which SMEs	2.648.922	1.564.546	-	556.230	1.084.376	-	1.084.376	-648.023	-	-	-	-648.023	-	-648.023	-
of which with a commercial mortgage	5.619.672	5.619.672	2.907.821	3.464.051	-	-	-	-229.273	-229.273	-229.088	-229.088	-	-	-	-

- Breakdown of loans and advances at amortised cost subject to legislative and non-legislative moratoria by residual maturity:

Situation on 30 June 2021	Number of customers	Carrying amount	of which legislative moratoria	of which expired moratoria	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances at amortised cost for which moratoria have been proposed	929	651.113.391							
Loans and advances at amortised cost with moratoria	913	640.436.279	-	640.436.279	-	-	-	-	-
of which retail		128.509.999	-	128.509.999	-	-	-	-	-
of which with a mortgage		121.112.492	-	121.112.492	-	-	-	-	-
of which corporate		511.926.280	-	511.926.280	-	-	-	-	-
of which SMEs		409.089.258	-	409.089.258	-	-	-	-	-
of which with a commercial mortgage		380.188.319	-	380.188.319	-	-	-	-	-

Situation on 31 December 2020	Number of customers	Carrying amount	of which legislative moratoria	of which expired moratoria	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances at amortised cost for which moratoria have been proposed	977	714.336.466							
Loans and advances at amortised cost with moratoria	960	702.946.462	-	686.605.071	15.665.284	676.107	-	-	-
of which retail		138.602.092	-	129.616.722	8.865.494	119.876	-	-	-
of which with a mortgage		129.173.471	-	120.522.370	8.651.101	-	-	-	-
of which corporate		564.344.370	-	556.988.350	6.799.790	556.230	-	-	-
of which SMEs		426.095.304	-	423.446.382	2.092.691	556.230	-	-	-
of which with a commercial mortgage		406.225.435	-	400.605.763	5.063.442	556.230	-	-	-

- Information on newly originated loans and advances at amortised cost covered by public guarantees in response to Covid-19:

Position as at 30 June 2021	Carrying amount		Maximum amount of the guarantees that can be considered	Carrying amount
		of which restructurings	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances at amortised cost subject to the public guarantee principle	41.044.604	7.437.713	34.887.913	59.418
of which retail	560.478			-
of which with a mortgage	-			-
of which corporate	40.484.126	7.437.713	34.411.507	59.418
of which SMEs	39.418.894			59.418
of which with a commercial mortgage	503.322			-

Position as at 31 December 2020	Carrying amount		Maximum amount of the guarantees that can be considered	Carrying amount
		of which restructurings	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances at amortised cost subject to the public guarantee principle	28.644.145	1.002.154	24.347.523	3.836.852
of which retail	165.773			-
of which with a mortgage	-			-
of which corporate	28.478.371	1.002.154	24.206.616	3.836.852
of which SMEs	27.790.460			3.836.852
of which with a commercial mortgage	503.356			-

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

The Group's parent company applied the private moratorium for a period of six months pursuant to the memorandum signed on 16 April 2020 by several financial centre banks in accordance with the criteria established in the European Banking Authority's Guidelines of 2 April 2020 on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis (EBA/GL/2020/02). The moratorium generally covered both principal and interest and targeted corporate customers and the self-employed.

As at 30 June 2021, the Group's parent company no longer provides information on commitments covered by the April 2020 memorandum.

### **2.2.3 Sector-based analysis in the context of Covid-19**

The Covid-19 pandemic that has raged since the beginning of 2020 and its impacts on Luxembourg's economy and on business customers prompted the Group's parent company to categorise its commitments into different sectors based on the international GICS system. This classification starts with 11 key sectors which are then subdivided into three levels (industry groups, industries and sub-industries). The potential impact of the crisis is categorised as high, medium or low at the sub-industry level.

The Group's parent company has thus reviewed the internal rating of various business exposures, giving priority to sectors categorised as high impact. As a result of this analysis, the ratings of 40,9% of exposures have been confirmed, the ratings of 21,5% of exposures have been downgraded and the ratings of 22,5% of exposures have been upgraded since February 2020. The Corporate Banking department is in constant contact with the most affected customers and the Group's parent company adjusts the internal rating based on the most recent information obtained through this close monitoring process. Meanwhile, some 90% of outstandings of domestic business customers in high-impact sectors have been covered by the various reviews.

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

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

At 30 June 2021, the combined exposures of high-impact customers represented EUR 1.905 million in outstandings and the related expected losses recorded stood at EUR 21,1 million. The breakdown of impairments by IFRS stage is as follows:

- 31,8% of impairments come from stage 1 (37,0% at 31 December 2020);
- 30,6% of impairments come from stage 2 (34,4% at 31 December 2020);
- 37,5% of impairments come from stage 3 (28,5% at 31 December 2020).

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

## 2.2.4 Scope of consolidation

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

### 2.2.4.1 Fully consolidated subsidiaries

The scope of fully consolidated subsidiaries was unchanged relative to 31 December 2020.

Subsidiaries included in the scope of consolidation:

Name	Business	% of voting rights held	
		31/12/2020	30/06/2021
Lux-Fund Advisory S.A.	Investment advice	89,67	89,55
BCEE Asset Management S.A.	UCI management company	90,00	90,00
Bourbon Immobilière S.A.	Real estate	100,00	100,00
Luxembourg State and Savings Bank Trust Company S.A.	Acquisition of shareholdings	100,00	100,00
Spuerkeess Ré S.A.	Reinsurance	100,00	100,00

#### 2.2.4.2 Investments in associates

The scope of investments in associates was unchanged relative to 31 December 2020.

The Group's investments in associates:

Associates	Business	% of capital held	
		31/12/2020	30/06/2021
Société Nationale de Circulation Automobile S.à r.l.	Automotive services	20,00	20,00
Luxair S.A.	Air transport	21,81	21,81
Société de la Bourse de Luxembourg S.A.	Financial services	22,75	22,75
Europay Luxembourg S.C.	Financial services	30,10	30,10
EFA S.A.	Financial services	31,67	31,67
LuxHub S.A.	Financial services	32,50	32,50
Visalux S.C.	Financial services	34,66	35,36
LaLux Group S.A.	Insurance	40,00	40,00

### 2.3 Foreign currency transactions

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

One euro is equal to:

Currency	31/12/2020	30/06/2021
CHF	1,0815	1,0971
GBP	0,8998	0,8577
JPY	126,6300	131,3600
SEK	10,0212	10,1125
USD	1,2287	1,1889

### 3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET<sup>1</sup> (in euros)

#### 3.1 Cash and sight accounts with central banks

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

Headings	31/12/2020	30/06/2021
Cash	82.782.418	78.029.518
Deposits with central banks	5.389.950.828	8.741.925.946
Other sight deposits	1.655.402.409	1.222.783.069
<b>Total</b>	<b>7.128.135.655</b>	<b>10.042.738.533</b>
<i>of which: Impairment of financial assets</i>	<i>-3.218.289</i>	<i>-1.259.103</i>

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

Headings	31/12/2020	30/06/2021
Interbank loans	1.231.589.845	1.243.093.879
Reverse repurchase/Repurchase agreements	577.461.465	470.616.270
Roll-over loans	-	-
Finance leases	152.764	31.580
Other	23.991.817	28.255.171
<b>Total</b>	<b>1.833.195.891</b>	<b>1.741.996.901</b>
<i>of which: Impairment of financial assets</i>	<i>-1.606.888</i>	<i>-837.948</i>
Undrawn confirmed credits	289.176.718	234.103.264

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 2021. Margin calls on derivative financial instruments under Credit Support Annex (CSA) agreements are included in "Interbank loans".

<sup>1</sup> 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.



Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2020</b>	<b>997.912</b>	<b>10</b>	-	<b>997.922</b>
<b>Changes</b>	<b>608.973</b>	<b>-7</b>	-	<b>608.966</b>
Increase due to acquisition and origination	1.958.201	-	-	1.958.201
Decrease due to repayment	-56.931	-	-	-56.931
Change related to credit risk	-1.292.573	-7	-	-1.292.580
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	276	-	-	276
<b>Position as at 31 December 2020</b>	<b>1.606.885</b>	<b>3</b>	-	<b>1.606.888</b>
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
<b>Impaired loans as at 31 December 2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	1.834.802.696	84	-	1.834.802.780
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Position as at 1 January 2021</b>	<b>1.606.885</b>	<b>3</b>	-	<b>1.606.888</b>
<b>Changes</b>	<b>-768.936</b>	<b>-3</b>	-	<b>-768.940</b>
Increase due to acquisition and origination	1.238.193	-	-	1.238.193
Decrease due to repayment	-40.739	-	-	-40.739
Change related to credit risk	-1.966.188	-3	-	-1.966.192
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	-202	-	-	-202
<b>Position as at 30 June 2021</b>	<b>837.948</b>	-	-	<b>837.948</b>
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<i>Transfer from Stage 1</i>	-	-	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
<b>Impaired loans as at 30 June 2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	1.742.834.849	-	-	1.742.834.849

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

### 3.3 Loans and advances at amortised cost – Customers

Headings	31/12/2020	30/06/2021
Retail customers	16.705.223.139	17.448.049.517
Corporate customers	5.767.602.582	5.713.035.751
Public sector	1.626.111.843	1.227.217.139
<b>Total</b>	<b>24.098.937.564</b>	<b>24.388.302.407</b>
<i>of which: Finance leases</i>	<i>159.584.125</i>	<i>155.344.256</i>
<i>of which: Impairment of financial assets</i>	<i>-123.565.101</i>	<i>-119.852.200</i>
Undrawn confirmed credits	6.184.000.961	6.120.106.664

#### Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2020</b>	<b>18.474.246</b>	<b>25.940.836</b>	<b>68.076.739</b>	<b>112.491.821</b>
<i>of which</i>				
<i>Retail customers</i>	<i>2.844.350</i>	<i>16.194.097</i>	<i>12.167.808</i>	<i>31.206.255</i>
<i>Corporate customers</i>	<i>15.574.586</i>	<i>9.746.685</i>	<i>55.908.931</i>	<i>81.230.202</i>
<i>Public sector</i>	<i>55.310</i>	<i>54</i>		<i>55.364</i>
<b>Changes</b>	<b>20.357.208</b>	<b>8.716.605</b>	<b>-18.000.533</b>	<b>11.073.280</b>
Increase due to acquisition and origination	8.485.010	1.479.452	624.786	10.589.247
Decrease due to repayment	-324.001	-329.136	-436.113	-1.089.250
Change related to credit risk	12.176.809	6.942.769	-15.278.629	3.840.949
Other changes	32.143	623.523	-501.136	154.530
Depreciation	-	-	-2.341.035	-2.341.035
Exchange gain or loss	-12.752	-3	-68.405	-81.160
<b>Position as at 31 December 2020</b>	<b>38.831.454</b>	<b>34.657.441</b>	<b>50.076.206</b>	<b>123.565.101</b>
<i>of which</i>				
<i>Retail customers</i>	<i>2.836.479</i>	<i>12.489.890</i>	<i>11.281.246</i>	<i>26.607.616</i>
<i>Corporate customers</i>	<i>35.860.177</i>	<i>22.167.552</i>	<i>38.794.959</i>	<i>96.822.688</i>
<i>Public sector</i>	<i>134.798</i>	<i>-</i>	<i>-</i>	<i>134.798</i>

Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<b>Retail customers</b>	<b>89.202.494</b>	<b>-125.812.644</b>	<b>36.610.150</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-647.971.764</i>	<i>629.575.502</i>	<i>18.396.262</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>729.568.030</i>	<i>-759.733.768</i>	<i>30.165.738</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>7.606.228</i>	<i>4.345.622</i>	<i>-11.951.850</i>	<i>-</i>
<b>Corporate customers</b>	<b>-282.926.146</b>	<b>225.423.376</b>	<b>57.502.770</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-346.931.914</i>	<i>338.015.790</i>	<i>8.916.124</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>63.638.890</i>	<i>-113.761.762</i>	<i>50.122.871</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>366.878</i>	<i>1.169.348</i>	<i>-1.536.225</i>	<i>-</i>
<b>Public sector</b>	<b>356.929</b>	<b>-356.929</b>	<b>-</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>356.929</i>	<i>-356.929</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG  
Notes to the interim condensed consolidated financial information  
as at 30 June 2021

Impaired loans as at 31 December 2020	Stage 1	Stage 2	Stage 3	Total
Retail customers	15.384.307.943	1.255.748.515	91.774.297	16.731.830.755
Corporate customers	5.057.610.311	616.644.210	190.170.749	5.864.425.270
Public sector	1.626.246.641	-	-	1.626.246.641

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2021</b>	<b>38.831.454</b>	<b>34.657.441</b>	<b>50.076.206</b>	<b>123.565.101</b>
<i>of which</i>				
Retail customers	2.836.479	12.489.890	11.281.246	26.607.616
Corporate customers	35.860.177	22.167.552	38.794.959	96.822.688
Public sector	134.798	-	-	134.798
<b>Changes</b>	<b>-7.441.699</b>	<b>2.009.252</b>	<b>1.719.547</b>	<b>-3.712.900</b>
Increase due to acquisition and origination	5.687.249	2.504.949	163.409	8.355.607
Decrease due to repayment	-196.942	-298.899	-423.256	-919.097
Change related to credit risk	-12.940.787	-244.350	1.841.727	-11.343.410
Other net changes	-	47.552	199.763	247.315
Depreciation	-	-	-	-
Exchange gain or loss	8.781	-	-62.096	-53.315
<b>Position as at 30 June 2021</b>	<b>31.389.755</b>	<b>36.666.693</b>	<b>51.795.753</b>	<b>119.852.200</b>
<i>of which</i>				
Retail customers	4.741.722	19.539.677	11.832.648	36.114.047
Corporate customers	26.574.105	17.127.015	39.963.104	83.664.224
Public sector	73.929	-	-	73.929

Outstanding loan stage transfers	Stage 1	Stage 2	Stage 3	Total
<b>Retail customers</b>	<b>24.200.603</b>	<b>-36.707.409</b>	<b>12.506.806</b>	-
Transfer from Stage 1	-575.338.747	566.253.910	9.084.837	-
Transfer from Stage 2	591.443.009	-608.581.574	17.138.565	-
Transfer from Stage 3	8.096.341	5.620.255	-13.716.596	-
<b>Corporate customers</b>	<b>19.387.064</b>	<b>-28.739.301</b>	<b>9.352.237</b>	-
Transfer from Stage 1	-62.332.714	58.945.941	3.386.773	-
Transfer from Stage 2	80.993.007	-90.236.719	9.243.712	-
Transfer from Stage 3	726.771	2.551.477	-3.278.248	-
<b>Public sector</b>	-	-	-	-

Impaired loans as at 30 June 2021	Stage 1	Stage 2	Stage 3	Total
Retail customers	16.164.764.001	1.226.129.621	93.269.942	17.484.163.564
Corporate customers	5.065.839.314	540.615.281	190.245.381	5.796.699.976
Public sector	1.227.291.068	-	-	1.227.291.068

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

as at 31/12/2020	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	89.446.448	596.372	25.588.178	1.073.831	115.034.626	1.670.203
Corporate customers	37.305.196	5.979.626	146.226.989	12.846.490	183.532.185	18.826.116
<b>Total</b>	<b>126.751.644</b>	<b>6.575.998</b>	<b>171.815.167</b>	<b>13.920.321</b>	<b>298.566.811</b>	<b>20.496.319</b>

as at 30/06/2021	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	118.287.548	692.074	26.465.976	1.576.874	144.753.523	2.268.949
Corporate customers	122.914.465	3.735.552	147.640.222	15.255.977	270.554.687	18.991.528
<b>Total</b>	<b>241.202.013</b>	<b>4.427.626</b>	<b>174.106.197</b>	<b>16.832.851</b>	<b>415.308.210</b>	<b>21.260.477</b>

### 3.4 Assets and liabilities held for trading

Assets	31/12/2020	30/06/2021
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	138.717.034	235.969.518
<b>Total</b>	<b>138.717.034</b>	<b>235.969.518</b>
Liabilities	31/12/2020	30/06/2021
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	366.643.742	144.237.079
<b>Total</b>	<b>366.643.742</b>	<b>144.237.079</b>

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

Headings	31/12/2020	30/06/2021
<b>Debt instruments</b>	<b>790.393.984</b>	<b>668.840.295</b>
<i>Public sector</i>	<i>151.913.360</i>	<i>150.830.378</i>
<i>Credit institutions</i>	<i>477.661.483</i>	<i>396.053.198</i>
<i>Corporate customers</i>	<i>160.819.141</i>	<i>121.956.719</i>
<b>Loans and advances</b>	<b>18.642.898</b>	<b>16.192.927</b>
<i>Public sector</i>	<i>-</i>	<i>-</i>
<i>Credit institutions</i>	<i>-</i>	<i>-</i>
<i>Corporate customers</i>	<i>18.642.898</i>	<i>16.192.927</i>
<b>Total</b>	<b>809.036.882</b>	<b>685.033.222</b>
<i>of which: Unrealised profit/loss</i>	<i>-2.523.896</i>	<i>3.065.657</i>

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	31/12/2020	30/06/2021
<b>Debt instruments</b>	<b>14.033.530.473</b>	<b>13.970.375.905</b>
<i>Public sector</i>	2.945.324.606	2.980.148.538
<i>Credit institutions</i>	6.448.708.374	6.215.147.367
<i>Corporate customers</i>	4.639.497.493	4.775.080.000
<b>Total</b>	<b>14.033.530.473</b>	<b>13.970.375.905</b>
<i>of which: Fair value (interest-rate component) for the purposes of hedge accounting</i>	287.938.638	117.930.487
<i>of which: Impairment of financial assets</i>	-20.988.849	-11.641.692

Debt instruments totalling EUR 2.975,8 million were pledged as part of a deposit transaction with the Banque centrale du Luxembourg.

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2020</b>	<b>8.588.300</b>	<b>483.944</b>	<b>203.513</b>	<b>9.275.758</b>
<i>of which</i>				
Public sector	454.164	-	-	454.164
Credit institutions	4.892.129	-	-	4.892.129
Corporate customers	3.242.008	483.944	203.513	3.929.465
<b>Changes</b>	<b>11.208.481</b>	<b>504.814</b>	<b>-204</b>	<b>11.713.091</b>
Increase due to acquisition and origination	4.697.200	-	-	4.697.200
Decrease due to repayment	-251.305	-	-	-251.305
Change related to credit risk	6.813.228	504.814	-204	7.317.838
Other changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	-50.642	-	-	-50.642
<b>Position as at 31 December 2020</b>	<b>19.796.781</b>	<b>988.758</b>	<b>203.309</b>	<b>20.988.849</b>
<i>of which</i>				
Public sector	1.076.874	-	-	1.076.874
Credit institutions	10.065.718	-	-	10.065.718
Corporate customers	8.654.189	988.758	203.310	9.846.257
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Public sector</b>	-	-	-	-
<b>Credit institutions</b>	-	-	-	-
<b>Corporate customers</b>	<b>-31.446.712</b>	<b>31.446.712</b>	-	-
Transfer from Stage 1	-34.439.693	34.439.693	-	-
Transfer from Stage 2	2.992.980	-2.992.980	-	-
Transfer from Stage 3	-	-	-	-
<b>Impaired loans as at 31 December 2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Public sector	2.946.401.481	-	-	2.946.401.481
Credit institutions	6.458.774.091	-	-	6.458.774.091
Corporate customers	4.602.151.524	34.439.693	203.310	4.636.794.526

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG  
Notes to the interim condensed consolidated financial information  
as at 30 June 2021

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2021</b>	<b>19.796.781</b>	<b>988.758</b>	<b>203.309</b>	<b>20.988.849</b>
<i>of which</i>				
<i>Public sector</i>	1.076.874	-	-	1.076.874
<i>Credit institutions</i>	10.065.718	-	-	10.065.718
<i>Corporate customers</i>	8.654.189	988.758	203.310	9.846.257
<b>Changes</b>	<b>-9.009.273</b>	<b>-337.876</b>	<b>-7</b>	<b>-9.347.156</b>
Increase due to acquisition and origination	2.131.225	-	-	2.131.225
Decrease due to repayment	-118.329	-	-	-118.329
Change related to credit risk	-11.047.883	-337.876	-7	-11.385.766
Other net changes	-	-	-	-
Depreciation	-	-	-	-
Exchange gain or loss	25.713	-	-	25.713
<b>Position as at 30 June 2021</b>	<b>10.787.508</b>	<b>650.882</b>	<b>203.303</b>	<b>11.641.692</b>
<i>of which</i>				
<i>Public sector</i>	750.973	-	-	750.973
<i>Credit institutions</i>	5.581.621	-	-	5.581.621
<i>Corporate customers</i>	4.454.914	650.882	203.303	5.309.099
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Public sector</b>	-	-	-	-
<b>Credit institutions</b>	-	-	-	-
<b>Corporate customers</b>	<b>-5.156.699</b>	<b>5.156.699</b>	-	-
<i>Transfer from Stage 1</i>	-5.156.699	5.156.699	-	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
<b>Impaired loans as at 30 June 2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Public sector	2.980.899.510	-	-	2.980.899.510
Credit institutions	6.220.728.988	-	-	6.220.728.988
Corporate customers	4.740.987.721	39.198.075	203.303	4.780.389.099



### 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	31/12/2020	30/06/2021
<b>Debt instruments</b>	<b>18.042.494</b>	<b>17.707.075</b>
<i>Public sector</i>	18.042.494	17.707.075
<i>Credit institutions</i>	-	-
<i>Corporate customers</i>	-	-
<b>Total</b>	<b>18.042.494</b>	<b>17.707.075</b>
<i>of which: Unrealised profit/loss through the revaluation reserve</i>	520.533	189.561

### 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	31/12/2020	30/06/2021
<b>Equity instruments</b>	<b>858.764.091</b>	<b>917.975.374</b>
<i>Credit institutions</i>	4.018.037	6.291.316
<i>Corporate customers</i>	854.746.054	911.684.057
<b>Total</b>	<b>858.764.091</b>	<b>917.975.374</b>
<i>of which: Unrealised profit/loss through the revaluation reserve</i>	558.135.840	634.073.299
Dividends received during the period	15.084.878	22.216.001
<i>of which: Dividends from positions sold during the period</i>	-	-
Gains/losses on sales in equity	-13.548.191	-10.091.417

### 3.9 Investments in associates accounted for using the equity method

List of associates:

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 30/06/2021
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	8.713.438
Luxair S.A.	21,81	14.830.609	185.925.116
Société de la Bourse de Luxembourg S.A.	22,75	128.678	28.314.963
Europay Luxembourg S.C.	30,10	188.114	920.405
European Fund Administration S.A.	31,67	5.691.671	5.151.283
Luxhub S.A.	32,50	3.705.000	2.272.627
Visalux S.C.	35,36	373.071	8.257.927
LaLux Group S.A.	40,00	28.904.385	250.921.251
<b>Total</b>		<b>53.846.318</b>	<b>490.477.011</b>

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 31/12/2020
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	8.372.277
Luxair S.A.	21,81	14.830.609	148.032.343
Société de la Bourse de Luxembourg S.A.	22,75	128.678	28.536.009
Europay Luxembourg S.C.	30,10	188.114	869.528
European Fund Administration S.A.	31,67	5.691.671	4.623.648
LuxHub S.A.	32,50	3.700.000	2.242.004
Visalux S.C.	34,66	365.305	6.501.920
LaLux Group S.A.	40,00	28.904.385	249.881.296
<b>Total</b>		<b>53.833.552</b>	<b>449.059.026</b>

With one exception, the financial statements of associates have been restated to comply with IFRS 9. That one exception is the LaLux Group S.A. entity, which refers to Regulation (EU) 2017/1988 published in the official journal on 9 November 2017 and concerning amendments to IFRS 4 *Insurance Contracts*. This regulation introduces certain exemptions for entities that operate in the insurance sector and are consolidated in the financial statements of financial conglomerates under IFRS 9 up to and including financial year 2022.

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

Associates	30/06/2021			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Société Nationale de Circulation Automobile S.à r.l.	353.336	-	-12.175	341.161
Luxair S.A.	36.248.232	-	1.644.541	37.892.773
Société de la Bourse de Luxembourg S.A.	1.041.361	-	28.193	1.069.554
Europay Luxembourg S.C.	23.153	-	27.724	50.877
European Fund Administration S.A.	544.508	-	-16.873	527.635
Luxhub S.A.	-42.584	-	73.207	30.623
Visalux S.C.	20.848	-	1.727.394	1.748.242
LaLux Group S.A.	13.163.986	-	3.895.969	17.059.955
<b>Total</b>	<b>51.352.840</b>	<b>-</b>	<b>7.367.980</b>	<b>58.720.820</b>

Associates	31/12/2020			
	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.	714.462	-	35.675	750.137
Luxair S.A.	16.288.644	-	4.612.101	20.900.745
Société de la Bourse de Luxembourg S.A.	2.909.462	-	-5.296	2.904.166
Europay Luxembourg S.C.	19.502	-	45.343	64.845
European Fund Administration S.A.	-1.172.732	-	-20.642	-1.193.374
Luxhub S.A.	-449.130	-	-7.696	-456.826
Visalux S.C.	20.037	-	-683.394	-663.357
LaLux Group S.A.	27.483.246	-	-9.220.496	18.262.750
BioTechCube (BTC) Luxembourg S.A.	-	-	4.285.601	4.285.601
<b>Total</b>	<b>45.813.491</b>	<b>-</b>	<b>-958.803</b>	<b>44.854.688</b>

### 3.10 **Securities collateralised**

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

Headings	31/12/2020	30/06/2021
Debt instruments issued by the public sector	140.592.716	68.285.205
Debt instruments issued by credit institutions	17.574.070	35.226.160
Debt instruments issued - other	17.667.270	64.446.627
<b>Total</b>	<b>175.834.056</b>	<b>167.957.992</b>

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

#### *Securities lent and other collateral*

Headings	31/12/2020	30/06/2021
<b>Securities lending</b>		
Debt instruments issued by the public sector	145.647.174	302.450.540
Debt instruments issued by credit institutions	253.799.470	-
Debt instruments issued - other	25.771.250	-
<b>Total</b>	<b>425.217.894</b>	<b>302.450.540</b>

### 3.11 **Convertible bonds included in the different portfolios**

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

### 3.12 Derivatives

Categories at 30/06/2021	Assets	Liabilities	Notional
<b>Derivative financial instruments held for trading</b>	<b>235.969.518</b>	<b>144.237.079</b>	<b>18.203.370.090</b>
Operations linked to exchange rates	178.346.804	76.904.225	16.937.347.471
- <i>Foreign exchange swaps and forward exchange contracts</i>	177.724.966	76.904.225	16.907.509.948
- <i>CCIS</i>	621.838	-	29.837.523
- <i>other</i>	-	-	-
Operations linked to interest rates	57.622.715	67.332.853	1.266.022.619
- <i>IRS</i>	57.439.948	66.819.643	1.187.277.408
- <i>other</i>	182.767	513.210	78.745.211
Operations linked to equity	-	-	-
- <i>Equity and index options</i>	-	-	-
<b>Fair value micro-hedges</b>	<b>71.318.817</b>	<b>602.213.725</b>	<b>10.433.353.515</b>
Operations linked to exchange rates	47.044.363	171.604.569	2.242.947.459
- <i>CCIS</i>	47.044.363	171.604.569	2.242.947.459
Operations linked to interest rates	24.274.454	430.609.156	8.190.406.057
- <i>IRS</i>	24.274.454	430.609.156	8.190.406.057
<b>Fair value macro-hedges</b>	<b>17.366.083</b>	<b>272.999.927</b>	<b>3.172.777.156</b>
Operations linked to interest rates	17.366.083	272.999.927	3.172.777.156
- <i>IRS</i>	17.366.083	272.999.927	3.172.777.156
<b>Cash flow hedges</b>	<b>6.199.466</b>	<b>5.356.061</b>	<b>139.444.500</b>
Operations linked to exchange rates	4.791.546	5.356.061	122.544.500
- <i>CCIS</i>	4.791.546	5.356.061	122.544.500
Operations linked to interest rates	1.407.920	-	16.900.000
- <i>IRS</i>	1.407.920	-	16.900.000

Categories at 31/12/2020	Assets	Liabilities	Notional
<b>Derivative financial instruments held for trading</b>	<b>138.717.033</b>	<b>366.643.742</b>	<b>16.283.500.722</b>
Operations linked to exchange rates	61.169.505	286.798.005	14.811.755.505
- <i>Foreign exchange swaps and forward exchange contracts</i>	60.327.401	286.798.005	14.803.109.295
- <i>CCIS</i>	842.104	-	8.646.210
- <i>other</i>	-	-	-
Operations linked to interest rates	76.171.890	78.470.099	1.464.347.976
- <i>IRS</i>	75.804.806	77.772.031	1.356.767.877
- <i>other</i>	367.084	698.068	107.580.099
Operations linked to equity	1.375.638	1.375.638	7.397.241
- <i>Equity and index options</i>	1.375.638	1.375.638	7.397.241
<b>Fair value micro-hedges</b>	<b>67.386.186</b>	<b>693.681.275</b>	<b>10.147.059.414</b>
Operations linked to exchange rates	40.738.470	159.304.476	1.983.666.551
- <i>CCIS</i>	40.738.470	159.304.476	1.983.666.551
Operations linked to interest rates	26.647.716	534.376.799	8.163.392.864
- <i>IRS</i>	26.647.716	534.376.799	8.163.392.864
<b>Fair value macro-hedges</b>	<b>34.238</b>	<b>411.451.127</b>	<b>2.994.527.156</b>
Operations linked to interest rates	34.238	411.451.127	2.994.527.156
- <i>IRS</i>	34.238	411.451.127	2.994.527.156
<b>Cash flow hedges</b>	<b>5.418.070</b>	<b>6.942.805</b>	<b>157.054.734</b>
Operations linked to exchange rates	3.587.998	6.942.805	137.654.734
- <i>CCIS</i>	3.587.998	6.942.805	137.654.734
Operations linked to interest rates	1.830.072	-	19.400.000
- <i>IRS</i>	1.830.072	-	19.400.000

BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG  
Notes to the interim condensed consolidated financial information  
as at 30 June 2021

Fair value hedges at 30/06/2021	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers, Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Micro-hedge	208.082.606	95.856.455	-97.582.250	-1.725.795	101,80%
		Macro-hedge	231.615.983	154.773.551	-154.131.007	642.544	99,58%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-13.242.341	-8.293.880	8.337.060	43.180	100,52%
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	17.614.712	69.681.835	-69.823.135	-141.300	100,20%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-1.051.735	1.414.824	-1.407.823	7.001	99,51%
<b>Cash flow hedges at 30/06/2021</b>							
Fair value hedges at 30/06/2021	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers			421.723	-	-1.405.990	continuity of hedging
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			-3.433.984	-	-965.758	termination of hedging
<b>Fair value hedges at 31/12/2020</b>							
Fair value hedges at 31/12/2020	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
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers, Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Micro-hedge	305.664.856	-44.985.087	48.184.100	3.199.013	107,11%
		Macro-hedge	385.746.991	-155.979.525	159.722.221	3.742.696	102,40%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-21.579.401	7.905.988	-7.974.056	-68.068	100,86%
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	87.437.847	-40.895.026	41.090.470	195.444	100,48%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	356.089	-356.337	354.684	-1.653	99,54%
<b>Cash flow hedges at 31/12/2020</b>							
Fair value hedges at 31/12/2020	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers			746.540	-	-1.827.713	continuity of hedging
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			1.102.713	-	2.468.226	termination of hedging

Income on hedging activities recognised in net income and other comprehensive income at 30/06/2021	Net income or other comprehensive income
<b>Fair value hedges (micro + macro hedges)</b>	<b>-1.174.372</b>
gains (losses) on hedging instruments	314.203.210
gains (losses) on hedged instruments related to the hedged risk	-314.607.156
ineffective part	-770.426
<b>Cash flow hedges</b>	<b>-3.012.261</b>
ineffective part	-
effective part	-3.012.261
reclassified in profit or loss over the period	-
<b>Reconciliation of the equity component at 30/06/2021</b>	<b>Cash flow hedges recognised in revaluation reserve</b>
<b>Balance at 1 January 2021</b>	<b>-640.514</b>
Change in fair value related to hedging of:	3.012.261
<i>interest rate risk</i>	-421.723
<i>foreign exchange risk</i>	3.433.984
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
<b>Balance at 30 June 2021</b>	<b>2.371.747</b>
<b>Income on hedging activities recognised in net income and other comprehensive income at 31/12/2020</b>	<b>Net income or other comprehensive income</b>
<b>Fair value hedges (micro + macro hedges)</b>	<b>7.067.432</b>
gains (losses) on hedging instruments	-235.456.338
gains (losses) on hedged instruments related to the hedged risk	241.377.419
ineffective part	1.146.351
<b>Cash flow hedges</b>	<b>1.849.253</b>
ineffective part	-
effective part	1.849.253
reclassified in profit or loss over the period	-
<b>Reconciliation of the equity component at 31/12/2020</b>	<b>Cash flow hedges recognised in revaluation reserve</b>
<b>Balance at 1 January 2020</b>	<b>1.208.739</b>
Change in fair value related to hedging of:	-1.849.253
<i>interest rate risk</i>	-746.540
<i>foreign exchange risk</i>	-1.102.713
Amount reclassified to profit or loss related to hedging of:	-
<i>interest rate risk</i>	-
<i>foreign exchange risk</i>	-
<b>Balance at 31 December 2020</b>	<b>-640.514</b>



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

Headings	31/12/2020	30/06/2021
Assets: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	373.811.797	218.844.234
<b>Total</b>	<b>373.811.797</b>	<b>218.844.234</b>

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

The change in this item between 2020 and 2021 is due to the impact of the change in the interest-rate curves used to determine fair value and to a volume effect.

### 3.14 Tangible assets for own use

Headings	31/12/2020	30/06/2021
Tangible assets for own use	261.978.774	251.626.736
Right-of-use assets arising from leases	11.232.177	10.299.795
<b>Total</b>	<b>273.210.951</b>	<b>261.926.531</b>

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

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

Type of instrument/type of asset	31/12/2020	30/06/2021
Variable-income securities recognised at fair value through the revaluation reserve <i>corporate</i>	-	3.133.562
<b>Total</b>	<b>-</b>	<b>3.133.562</b>
<i>of which: Unrealised profit/loss through the revaluation reserve</i>	-	2.633.991

The positions recognised concern one of the Group's parent company's strategic holdings following implementation of a buyback programme. The transaction will be irrevocably closed before the end of 2021. Measurement is at the average transaction price for this buyback programme.

### 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 2021, the Group posted a deferred tax asset of EUR 129.086.334, and a deferred tax liability of EUR 114.405.036.

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	01/01/2020	Movements in equity	Movements in income statement	31/12/2020
Deferred tax assets	149.322.883	9.279.610	-9.985.298	148.617.197
Deferred tax liabilities	-128.499.977	-4.406.606	9.622.902	-123.283.681
<b>Net deferred tax assets / liabilities</b>	<b>20.822.906</b>	<b>4.873.004</b>	<b>-362.396</b>	<b>25.333.516</b>

Headings	01/01/2021	Movements in equity	Movements in income statement	30/06/2021
Deferred tax assets	148.617.197	-14.076.097	-5.454.767	129.086.334
Deferred tax liabilities	-123.283.681	-3.855.786	12.734.431	-114.405.036
<b>Net deferred tax assets/liabilities</b>	<b>25.333.516</b>	<b>-17.931.882</b>	<b>7.279.665</b>	<b>14.681.298</b>

#### 3.16.1 **Tax assets**

Headings	31/12/2020	30/06/2021
Current tax	64.730.960	63.506.274
<i>Income tax</i>	<i>52.377.969</i>	<i>51.660.781</i>
<i>Municipal business tax</i>	<i>12.373.857</i>	<i>11.866.359</i>
<i>Wealth tax</i>	<i>-20.866</i>	<i>-20.866</i>
Deferred taxes	148.617.197	129.086.334
<b>Tax assets</b>	<b>213.348.157</b>	<b>192.592.608</b>

Breakdown of deferred tax assets according to origin:

Headings	31/12/2020	30/06/2021
Derivative financial instruments - application of fair value	615.576	55.153
Debt instruments - application of fair value	-	-
Equity instruments - application of fair value	2.398.713	-633.455
Pension funds - actuarial gain or loss	135.503.948	124.615.156
Deferred tax assets due to FTA	10.098.960	5.049.480
<b>Deferred tax assets</b>	<b>148.617.197</b>	<b>129.086.334</b>

**3.16.2 Tax liabilities**

Headings	31/12/2020	30/06/2021
Deferred taxes	123.283.681	114.405.036
<b>Tax liabilities</b>	<b>123.283.681</b>	<b>114.405.036</b>

Breakdown of deferred tax liabilities according to origin:

Headings	31/12/2020	30/06/2021
Derivative instruments - application of fair value	455.832	646.667
Debt instruments - application of fair value	129.821	47.276
Equity instruments - application of fair value	1.429.917	3.110.775
Pension funds - fair value gain/loss	11.769.546	15.145.241
Regulatory and other provisions	102.042.599	91.727.094
Deferred tax liabilities due to FTA	7.455.966	3.727.983
<b>Deferred tax liabilities</b>	<b>123.283.681</b>	<b>114.405.036</b>

**3.17 Other assets**

Headings	31/12/2020	30/06/2021
Operational outstandings	9.977.159	45.215.003
Preferential or secured borrowers	522.292	1.033.535
Other	1.001	466.154
<b>Total</b>	<b>10.500.452</b>	<b>46.714.692</b>

"Operational outstandings" includes settlement accounts for transactions in financial instruments, interest receivable on the TLTRO III, and other accrued income.

### 3.18 Deposits at amortised cost – Credit institutions

Headings	31/12/2020	30/06/2021
Interbank deposits	5.796.950.477	6.923.359.787
<i>of which: Central bank deposits</i>	3.298.153.151	3.595.988.223
Repurchase/Reverse repurchase agreements	37.199.154	-
Other financial liabilities	142.698.566	167.171.032
<b>Total</b>	<b>5.976.848.197</b>	<b>7.090.530.819</b>

In first-half 2020, the Group's parent company participated in the ECB's TLTRO III (targeted longer-term refinancing operations) programme for a nominal amount of EUR 3.200 million. The Group's parent company met the conditions for the TLTRO programme's first special period. The Group's parent company thus benefited from a preferential interest rate while recording additional interest income of EUR 10,3 million in interest margin, as the excess interest related to this preferential rate for 2020 is prorated over the remaining term of the TLTRO III. The Group's parent company increased its participation in the TLTRO III by EUR 250 million in June 2021.

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	31/12/2020	30/06/2021
<b>Private sector</b>	<b>28.606.480.728</b>	<b>29.868.710.147</b>
- Demand deposit and notice accounts	13.191.854.902	14.247.325.093
- Time deposit accounts	1.291.944.749	1.460.628.487
- Savings	14.122.681.077	14.160.756.567
- Repurchase/Reverse repurchase agreements	-	-
<b>Public sector</b>	<b>5.976.603.909</b>	<b>5.863.760.671</b>
<b>Total</b>	<b>34.583.084.637</b>	<b>35.732.470.818</b>

### 3.20 Financial liabilities designated at fair value through profit or loss

Headings	31/12/2020	30/06/2021
Unsubordinated notes	172.175.873	168.079.252
<b>Total</b>	<b>172.175.873</b>	<b>168.079.252</b>
<i>of which: Unrealised profit/loss at the reporting date</i>	15.026.358	10.474.463

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 its stable rating.

### 3.21 Issuance of debt securities

Headings	31/12/2020	30/06/2021
Certificates of deposit	42.418.036	29.363.405
Commercial paper	2.457.679.693	3.518.970.155
Medium Term Notes and other securities issued	459.145.114	433.781.144
<b>Total</b>	<b>2.959.242.843</b>	<b>3.982.114.704</b>
<i>of which: Subordinated notes</i>	<i>91.019.148</i>	<i>49.995.487</i>

In first-half 2021, Spuerkeess issued Euro Medium Term Notes (EMTNs) for a nominal amount of EUR 50 million.

### 3.22 Provisions

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

Movements:

	2020			
	Risks and charges	Provisions Time savings account	IFRS 9	Total
<b>Position as at 1 January</b>	<b>2.083.093</b>	<b>10.273.033</b>	<b>11.740.207</b>	<b>24.096.333</b>
Additions	2.607.019	-	20.740.023	23.347.043
Reversals	-	-	-3.578.208	-3.578.208
Foreign exchange income	-	-	-16.419	-16.419
Expense included in personnel expenses	-	7.356.705	-	7.356.705
<b>Position as at 31 December</b>	<b>4.690.112</b>	<b>17.629.738</b>	<b>28.885.603</b>	<b>51.205.454</b>
	<b>2021</b>			
<b>Position as at 1 January</b>	<b>4.690.112</b>	<b>17.629.738</b>	<b>28.885.603</b>	<b>51.205.454</b>
Additions	4.600.525	-	3.573.284	8.173.809
Reversals	-141.750	-	-14.307.372	-14.449.122
Foreign exchange income	-	-	209	209
Use	-1.539.300	-	-	-1.539.300
Expense included in personnel expenses	-	615.384	-	615.384
<b>Position as at 30 June</b>	<b>7.609.587</b>	<b>18.245.122</b>	<b>18.151.724</b>	<b>44.006.434</b>

Change in impairments of off-balance sheet commitments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2020</b>	<b>8.629.968</b>	<b>1.984.643</b>	<b>1.125.599</b>	<b>11.740.209</b>
<b>Changes</b>	<b>12.996.796</b>	<b>3.441.182</b>	<b>707.416</b>	<b>17.145.395</b>
Increase due to acquisition and origination	8.069.254	207.338	76.748	8.353.340
Decrease due to repayment	-3.023.406	-228.561	-326.217	-3.578.184
Change related to credit risk	7.967.368	3.462.432	956.885	12.386.685
Other changes	-	-24	-	-24
Exchange gain or loss	-16.420	-2	-	-16.422
<b>Position as at 31 December 2020</b>	<b>21.626.764</b>	<b>5.425.825</b>	<b>1.833.015</b>	<b>28.885.603</b>
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Transfer from Stage 1	-101.353.014	100.170.892	1.182.122	-
Transfer from Stage 2	42.880.063	-46.353.973	3.473.910	-
Transfer from Stage 3	1.027.659	510.969	-1.538.628	-
<b>Impaired loans as at 31 December 2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	7.404.927.563	231.290.603	12.502.457	7.648.720.623
<b>Position as at 1 January 2021</b>	<b>21.626.764</b>	<b>5.425.825</b>	<b>1.833.015</b>	<b>28.885.603</b>
<b>Changes</b>	<b>-9.393.806</b>	<b>-1.381.404</b>	<b>41.331</b>	<b>-10.733.879</b>
Increase due to acquisition and origination	2.823.903	59.401	688.891	3.572.195
Decrease due to repayment	-2.880.661	-489.561	-1.010.258	-4.380.480
Change related to credit risk	-9.337.242	-951.259	361.610	-9.926.891
Other net changes	-	-	1.088	1.088
Exchange gain or loss	194	15	-	209
<b>Position as at 30 June 2021</b>	<b>12.232.958</b>	<b>4.044.421</b>	<b>1.874.346</b>	<b>18.151.724</b>
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Transfer from Stage 1	-35.142.248	33.682.125	1.460.122	-
Transfer from Stage 2	29.067.247	-29.553.809	486.562	-
Transfer from Stage 3	487.850	94.077	-581.927	-
<b>Impaired loans as at 30 June 2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	7.218.036.340	206.841.792	47.930.089	7.472.808.221

### 3.23 **Other liabilities**

Headings	31/12/2020	30/06/2021
Operational outstandings	2.718.715	23.459.110
Preferential or secured creditors	20.555.510	11.967.078
Other financial liabilities at amortised cost	11.232.177	10.299.794
Other	4.651.330	14.613.544
<b>Total</b>	<b>39.157.732</b>	<b>60.339.526</b>

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	31/12/2020	30/06/2021
Discount rate for active employees	0,80%	1,00%
Discount rate for beneficiaries	0,70%	0,90%
Salary increases (including indexation)	3,25%	3,25%
Pension increases (including indexation)	2,25%	2,25%
Induced yield	0,75%	0,75%

Under revised IAS 19, the induced yield for 2020 corresponds to the weighted-average discount rate at end-2019.

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

Components	31/12/2020	30/06/2021
Current service cost	14.081.002	7.787.186
Interest cost	7.686.246	3.263.055
Induced yield	-4.596.753	-1.903.519
<b>Total</b>	<b>17.170.495</b>	<b>9.146.722</b>

Pension commitments:

	31/12/2020	30/06/2021
<b>Commitments at the beginning of the period</b>	<b>816.237.677</b>	<b>871.804.452</b>
Current service cost	14.081.002	7.787.186
Interest cost	7.686.246	3.263.055
Benefits paid or payable	-13.652.221	-10.936.330
Actuarial gains or losses	47.451.748	-43.659.954
<b>Commitments on the last day of the month</b>	<b>871.804.452</b>	<b>828.258.409</b>

Pension plan assets:

	31/12/2020	30/06/2021
<b>Position at the beginning of the period</b>	<b>488.150.315</b>	<b>508.571.172</b>
Pension payments	-13.652.221	-10.936.330
Contribution	11.996.344	5.925.108
Induced yield	4.596.753	1.903.519
Fair value gain / loss	17.479.982	13.535.261
<b>Total</b>	<b>508.571.172</b>	<b>518.998.730</b>



Net pension commitments under IAS 19:

	31/12/2020	30/06/2021
Pension commitments	871.804.452	828.258.409
Plan assets measured at fair value	-508.571.172	-518.998.730
<b>Unfunded liabilities/overfunding</b>	<b>363.233.280</b>	<b>309.259.679</b>

**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:

30/06/2021	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase/Repurchase agreements	519.017.910	39.314.762	479.703.148	-	477.555.824	2.147.325
Derivatives	153.811.255	-	153.811.255	57.701.924	81.653.250	14.456.081
<b>Total assets</b>	<b>672.829.165</b>	<b>39.314.762</b>	<b>633.514.403</b>	<b>57.701.924</b>	<b>559.209.074</b>	<b>16.603.406</b>

31/12/2020	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	839.841.692	40.399.470	799.442.223	1.731.443	796.258.264	1.452.516
Derivatives	29.000.763	-	29.000.763	12.613.514	15.901.409	485.840
<b>Total assets</b>	<b>868.842.455</b>	<b>40.399.470</b>	<b>828.442.986</b>	<b>14.344.957</b>	<b>812.159.673</b>	<b>1.938.356</b>

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

30/06/2021	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase/Reverse repurchase agreements	129.089.070	-	129.089.070	-	128.489.032	600.039
Derivatives	960.375.471	-	960.375.471	161.781.017	778.601.733	19.992.721
<b>Total liabilities</b>	<b>1.089.464.541</b>	<b>-</b>	<b>1.089.464.541</b>	<b>161.781.017</b>	<b>907.090.764</b>	<b>20.592.759</b>

31/12/2020	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	135.184.771	99.721.952	35.462.820	-	34.372.611	1.090.209
Derivatives	918.118.371	-	918.118.371	78.044.062	831.760.345	8.313.964
<b>Total liabilities</b>	<b>1.053.303.142</b>	<b>99.721.952</b>	<b>953.581.191</b>	<b>78.044.062</b>	<b>866.132.956</b>	<b>9.404.173</b>

### 3.26 Related-party transactions

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

All transactions with related parties are completed under market conditions.

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

	31/12/2020	30/06/2021
Deposits from associates	176.259.137	144.898.816
<b>Total</b>	<b>176.259.137</b>	<b>144.898.816</b>

	31/12/2020	30/06/2021
Loans to associates	20.073.540	35.144.779
<b>Total</b>	<b>20.073.540</b>	<b>35.144.779</b>

### 3.26.2 Government institutions

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

Therefore, the Luxembourg 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	31/12/2020	30/06/2021
Loans and advances at amortised cost	2.092.719.269	1.688.352.388
Fixed-income securities recognised at amortised cost	555.053.434	585.217.985
Fixed-income securities recognised at fair value through the revaluation reserve	-	12.647.125
Other	2.197.142	1.590.686
<b>TOTAL ASSETS</b>	<b>2.649.969.845</b>	<b>2.287.808.184</b>
LIABILITIES	31/12/2020	30/06/2021
Deposits at amortised cost	4.442.226.255	5.110.275.177
<b>TOTAL LIABILITIES</b>	<b>4.442.226.255</b>	<b>5.110.275.177</b>

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

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

	30/06/2020	30/06/2021
Board of Directors (nine members)	190.500	197.000
Executive Committee (five members)	478.934	478.477
<b>Total</b>	<b>669.434</b>	<b>675.477</b>

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

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

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

	30/06/2020	30/06/2021
Board of Directors (nine members)	3.686.106	4.304.970
Executive Committee (five members)	34.057	40.056
<b>Total</b>	<b>3.720.163</b>	<b>4.345.026</b>

### 3.27 Off-balance sheet items

Type of guarantees issued:

Headings	30/06/2020	30/06/2021
Completion bonds	497.787.227	475.482.853
Letters of credit	81.374.447	88.325.724
Counter-guarantees	557.177.856	487.611.700
Other	16.759.254	44.525.679
<b>Total</b>	<b>1.153.098.783</b>	<b>1.095.945.956</b>

Commitments:

Headings	30/06/2020	30/06/2021
Amounts subscribed and unpaid on securities, equity interests and shares in affiliated companies	12.344.160	12.552.338
Undrawn confirmed credits	6.473.177.679	6.354.209.928
<i>Financing</i>	<i>3.612.402.169</i>	<i>3.644.778.960</i>
<i>Current accounts</i>	<i>2.061.451.441</i>	<i>2.103.062.941</i>
<i>Money market contracts</i>	-	-
<i>Other</i>	<i>799.324.069</i>	<i>606.368.027</i>
Documentary credits	10.100.000	10.100.000
<b>Total</b>	<b>6.495.621.840</b>	<b>6.376.862.265</b>

**Management of third-party assets:**

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

#### 4 NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT<sup>2</sup> (in euros)

##### 4.1 Interest income

<b>Interest received and similar income</b>	<b>30/06/2020</b>	<b>30/06/2021</b>
Financial assets held for trading	133.569.114	50.518.448
Financial assets mandatorily recognised at fair value through profit or loss	140.279	1.880.779
Financial assets recognised at fair value through the revaluation reserve	1.071	4.126
Loans and advances at amortised cost	190.820.447	188.720.188
Fixed-income securities recognised at amortised cost	66.840.077	48.311.752
Derivatives - Hedge accounting, interest rate risk	46.944.559	60.035.513
Other assets	898.918	629.457
Interest received on liability instruments	16.691.376	40.175.395
<b>Total</b>	<b>455.905.841</b>	<b>390.275.658</b>
<i>of which interest calculated based on the effective interest rate</i>	<i>437.007.350</i>	<i>364.347.548</i>
<b>Interest paid and similar expenses</b>	<b>30/06/2020</b>	<b>30/06/2021</b>
Financial liabilities held for trading	-57.968.127	-22.107.135
Financial liabilities designated at fair value through profit or loss	-1.365.753	-1.420.306
Liabilities at amortised cost - Deposits	-24.480.792	-5.983.578
Liabilities at amortised cost - Debt certificates	-36.888.801	-5.427.881
Liabilities at amortised cost - Subordinated loans	32.451	-6.768
Derivatives - Hedge accounting, interest rate risk	-128.251.666	-140.115.546
Other liabilities	-53.437	-44.105
Interest paid on asset instruments	-11.357.839	-18.719.433
<b>Total</b>	<b>-260.333.964</b>	<b>-193.824.752</b>
<i>of which interest calculated based on the effective interest rate</i>	<i>-253.777.872</i>	<i>-179.527.929</i>
<b>Interest income</b>	<b>195.571.877</b>	<b>196.450.906</b>
Total interest received and similar income on financial instruments not recognised at fair value through profit or loss	275.251.889	277.840.918
Total interest paid and similar expenses on financial instruments not recognised at fair value through profit or loss	-72.748.418	-30.181.765

Net interest income increased by 0,4% to EUR 196,5 million as at 30 June 2021 compared with EUR 195,6 million in the previous year.

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

#### 4.2 Income from securities

Headings	30/06/2020	30/06/2021
Variable-income securities recognised at fair value through the revaluation reserve	14.899.036	22.648.600
<b>Income from securities</b>	<b>14.899.036</b>	<b>22.648.600</b>

#### 4.3 Fee and commission income

Headings	30/06/2020	30/06/2021
Loan activities	29.760.191	30.399.630
Asset management	31.659.108	32.516.431
Investment fund activities	25.034.405	27.486.700
Demand deposit accounts and related activities	18.322.454	18.795.397
Insurance premiums	1.291.698	1.285.471
Other (*)	4.286.484	7.764.235
<b>Total commissions received</b>	<b>110.354.340</b>	<b>118.247.864</b>
Loan activities	-1.685.091	-1.731.447
Asset management	-11.439.849	-11.777.924
Investment fund activities	-5.482.685	-4.975.857
Demand deposit accounts and related activities	-4.665.819	-3.484.419
Other (*)	-1.271.755	-2.430.156
<b>Total commissions paid</b>	<b>-24.545.199</b>	<b>-24.399.803</b>
<b>TOTAL COMMISSIONS</b>	<b>85.809.141</b>	<b>93.848.061</b>

(\*) mostly fees on derivative financial instruments

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

Headings	30/06/2020	30/06/2021
Fixed-income securities recognised at fair value through the revaluation reserve	1.740	-
Loans and advances (at amortised cost)	42.226	91.171
Fixed-income securities recognised at amortised cost	-444.904	422.052
<b>Total</b>	<b>-400.938</b>	<b>513.223</b>

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

Headings	30/06/2020	30/06/2021
Equity instruments and related derivatives	2.771.088	-394.729
Foreign exchange instruments and related derivatives	-85.165	-1.353.935
Interest rate instruments and related derivatives	3.744.734	-3.769.378
<b>Total</b>	<b>6.430.657</b>	<b>-5.518.042</b>

The decrease in this item in first-half 2021 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	30/06/2020	30/06/2021
Financial liabilities designated at fair value	-3.949.847	4.551.895
<b>Total</b>	<b>-3.949.847</b>	<b>4.551.895</b>

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



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

Headings	30/06/2020	30/06/2021
Fixed-income securities	-2.620.369	88.446
Units of UCITS and ETFs	-10.997.092	5.927.401
Loans and advances	298.732	-170.813
<b>Total</b>	<b>-13.318.729</b>	<b>5.845.034</b>

The negative income from units of UCITS and ETFs as at 30 June 2020 stemmed from the loss in value of these securities during the first half of 2020, which resulted in the sale of most of the positions held through these portfolios.

#### 4.8 **Net income from hedging transactions**

Headings	30/06/2020	30/06/2021
<b>Fair value hedges</b>		
Debt instruments (assets) hedged by derivative financial instruments	2.059.972	-553.563
Debt issues hedged by derivative financial instruments	-168.040	50.181
Loans hedged by derivative financial instruments	3.703.688	-670.989
<b>Total</b>	<b>5.595.620</b>	<b>-1.174.371</b>
Value adjustment on hedged instruments	245.655.858	-314.607.156
Value adjustment on hedging instruments	-240.060.237	313.432.785
<b>Total</b>	<b>5.595.620</b>	<b>-1.174.371</b>

Interest rate risk hedging operations are highly effective.

#### 4.9 **Other net operating income**

Headings	30/06/2020	30/06/2021
Other operating income	7.829.405	5.237.159
Other operating expenditure	-1.271.655	-1.999.913
<b>Other net operating income</b>	<b>6.557.750</b>	<b>3.237.246</b>

"Other operating income and expenditure" mainly includes:

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

#### 4.10 **Personnel expenses**

Headings	30/06/2020	30/06/2021
Compensation	98.323.761	100.345.055
Social security charges	2.934.577	2.972.497
Pensions and similar expenses	6.347.617	7.045.949
Pension fund expense	8.585.247	9.146.722
Other personnel expenses	2.757.908	2.680.182
<b>Total</b>	<b>118.949.110</b>	<b>122.190.405</b>

#### 4.11 **Other general and administrative expenses**

Headings	30/06/2020	30/06/2021
Expenses related to property and furniture	9.031.985	11.640.640
Rents and maintenance of software	12.002.468	16.190.423
Operating expenditure related to the banking business	15.520.158	16.819.644
Other	3.750.380	3.741.607
<b>Total</b>	<b>40.304.991</b>	<b>48.392.314</b>

#### 4.12 **Cash contributions to resolution funds and deposit guarantee systems**

Headings	30/06/2020	30/06/2021
FGDL contribution	-	20.780.741
FRL contribution	17.151.220	21.351.826
<b>Total</b>	<b>17.151.220</b>	<b>42.132.567</b>

The significant increase in this item was driven by the deferral to the second half of 2020 of the payment of the contribution to the Luxembourg Deposit Guarantee Fund, as well as by higher costs due to the growth in the customer deposits in question.

#### 4.13 Impairment of credit risks

	30/06/2020			30/06/2021		
	Additions	Reversals	Total	Additions	Reversals	Total
Fixed-income securities recognised at amortised cost	-9.711.065	1.229.093	-8.481.972	-1.444.048	10.817.447	9.373.399
Fixed-income securities recognised at fair value through the revaluation reserve	-2.285	-	-2.285	-	744	744
Loans and advances	-42.388.756	37.791.811	-4.596.945	-33.447.250	39.862.654	6.415.404
<b>Total</b>	<b>-52.102.106</b>	<b>39.020.904</b>	<b>-13.081.202</b>	<b>-34.891.298</b>	<b>50.680.845</b>	<b>15.789.547</b>

#### 4.14 Provisions and reversal of provisions

Headings	30/06/2020	30/06/2021
Provisions	-14.011.913	-10.409.901
Reversal of provisions	4.466.011	16.685.209
<b>Total</b>	<b>-9.545.902</b>	<b>6.275.308</b>

#### 4.15 Tax expense

Headings	30/06/2020	30/06/2021
Tax on income from continuing operations	-23.706.758	-34.276.926
Deferred taxes	3.429.142	7.279.665
<b>Tax on profit/(loss) for the period</b>	<b>-20.277.616</b>	<b>-26.997.261</b>

The tax expense was calculated on the basis of the 30 June 2021 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 at 30/06/2021	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Cash and sight accounts with central banks	10.042.738.533	10.042.738.533	-	-	-	-
Loans and advances at amortised cost	26.130.299.308	26.532.397.976	402.098.668	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.191.747.673</i>	<i>1.191.747.673</i>	-	-	-	-
Financial instruments held for trading	235.969.518	235.969.518	-	-	-	-
Hedging derivative financial instruments	94.884.366	94.884.366	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	685.033.223	685.033.223	-	-	-	-
Fixed-income securities recognised at amortised cost	13.970.375.905	14.068.144.400	97.768.495	81,3%	18,7%	0,0%
Fixed-income securities recognised at fair value through the revaluation reserve	17.707.075	17.707.075	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	917.975.372	917.975.372	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	218.844.234	218.844.234	-	-	-	-
<b>TOTAL</b>	<b>52.313.827.534</b>	<b>52.813.694.697</b>	<b>499.867.163</b>			
<b>Financial liabilities</b>						
Deposits at amortised cost	42.823.001.640	43.065.924.039	242.922.399	0,0%	100,0%	0,0%
Financial instruments held for trading	144.237.079	144.237.079	-	-	-	-
Hedging derivative financial instruments	880.569.713	880.569.713	-	-	-	-
Financial liabilities designated at fair value through profit or loss	168.079.252	168.079.252	-	-	-	-
Debt securities in issue	3.982.114.704	3.982.896.673	781.969	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>383.785.656</i>	<i>383.785.656</i>	-	-	-	-
<b>TOTAL</b>	<b>47.998.002.387</b>	<b>48.241.706.755</b>	<b>243.704.368</b>			

Categories at 31/12/2020	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Cash and sight accounts with central banks	7.128.135.655	7.128.135.655	-	-	-	-
Loans and advances at amortised cost	25.932.133.456	26.750.622.184	818.488.728	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>1.291.588.076</i>	<i>1.291.588.076</i>	-	-	-	-
Financial instruments held for trading	138.717.034	138.717.034	-	-	-	-
Hedging derivative financial instruments	72.838.495	72.838.495	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	809.036.881	809.036.881	-	-	-	-
Fixed-income securities recognised at amortised cost	14.033.530.474	14.103.864.932	70.334.458	80,1%	19,8%	0,1%
Fixed-income securities recognised at fair value through the revaluation reserve	18.042.494	18.042.494	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	858.764.091	858.764.091	-	-	-	-
Investments in associates accounted for using the equity method	449.059.026	449.059.026	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	373.811.797	373.811.797	-	-	-	-
<b>TOTAL</b>	<b>49.814.069.403</b>	<b>50.702.892.589</b>	<b>888.823.185</b>			
<b>Financial liabilities</b>						
Deposits at amortised cost	40.559.932.834	40.994.311.892	434.379.058	0,0%	100,0%	0,0%
Financial instruments held for trading	366.643.744	366.643.744	-	-	-	-
Hedging derivative financial instruments	1.112.075.207	1.112.075.207	-	-	-	-
Financial liabilities designated at fair value through profit or loss	172.175.873	172.175.873	-	-	-	-
Debt securities in issue	2.959.242.843	2.959.371.665	128.822	0,0%	100,0%	0,0%
<i>of which measured at fair value for hedging purposes</i>	<i>368.125.966</i>	<i>368.125.966</i>	-	-	-	-
<b>TOTAL</b>	<b>45.170.070.501</b>	<b>45.604.578.381</b>	<b>347.855.576</b>			

### *Hierarchy of assets and liabilities at fair value*

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

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

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

- Level 1 fair value: Level 1 inputs are essentially quoted prices in active markets for identical financial instruments. This level includes equity securities and debt instruments listed on stock exchanges, as well as derivative financial instruments traded on a regulated market. Financial instruments not listed on a market but that were recently involved in a transaction are also included in Level 1.
- Level 2 fair value: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are directly observable for the financial instruments, such as a price, or indirectly observable, i.e. derived from observable prices, such as implied volatilities of a share derived from observable prices of option contracts on this share. This level includes the majority of over-the-counter derivative financial instruments and structured debt securities issued. These inputs, such as "EURIBOR" yield curves or credit spreads, are provided by specialised financial data providers.
- Level 3 fair value: This level includes equity instruments or debt securities for which significant parameters used in the valuation models are based on internal estimations and assumptions. The shareholdings of the Group's parent company in non-material unlisted companies are valued on the basis of net assets after taking into account the dividend for the current year. Material holdings are measured as follows:
  - in the event of a transaction (capital increase or sale transaction) during the last six months or if the parties to a future transaction agree on the price of the transaction, this transaction price constitutes the basis for the measurement value of the position, taking into consideration a discount, provided that the shareholding is deemed strategic for the Group's parent company and that no paragonovernmental shareholders, such as Spuerkeess, participate in the transaction;

- for the three six-month periods following a transaction, the price of the last transaction remains an important reference but does not exclusively determine the valuation price;
- the price of the historical transaction is adjusted in relation to a number of stock market ratios established on the basis of a peer group consisting of a sample of listed companies with a commercial and/or industrial activity comparable with the unlisted company, valued by the Group's parent company;
- when the last transaction is more than two years old, a valuation based on the market ratios of this peer group is preferred. It allows the value of the position held by the Group's parent company to be determined. A discount to the valuation of unlisted assets may be applied;
- The following ratios are documented for the unlisted company, owned by the Group's parent company, and for all listed companies of the peer group:
  - Enterprise Value to EBITDA (except insurance companies);
  - Price-to-Book, Price-to-Sales and Price-to-Earnings;
  - ratios supplemented by information on business growth prospects, operating margins, return on equity (ROE), debt and credit quality;
  - the data used are derived from the company accounts. The peer group's multiples derived from the stock market ratios and the accounting data of the companies making up each peer group are taken from Bloomberg with reference to the closing prices on the valuation day, i.e. 30 June or 31 December of the respective year;
  - to supplement this market-multiples valuation, the Group's parent company may use multiples based on recent transactions in companies with the same characteristics as the unlisted company, held by the parent company.

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

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

Observable market data include:

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

Assets and liabilities at fair value:

Categories at 30 June 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial assets held for trading</b>	-	<b>235.969.518</b>	-	<b>235.969.518</b>
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	235.969.518	-	235.969.518
- IRS	-	57.439.948	-	57.439.948
- CIRS/outright	-	178.346.804	-	178.346.804
- other	-	182.767	-	182.767
<b>Hedging derivative financial instruments</b>	-	<b>94.884.366</b>	-	<b>94.884.366</b>
- IRS	-	43.048.457	-	43.048.457
- CIRS	-	51.835.909	-	51.835.909
<b>Financial assets mandatorily recognised at fair value through profit or loss</b>	-	<b>685.026.166</b>	<b>7.056</b>	<b>685.033.222</b>
- Debt instruments	-	668.833.239	7.056	668.840.295
- Public sector	-	150.830.378	-	150.830.378
- Credit institutions	-	396.053.198	-	396.053.198
- Corporate customers	-	121.949.663	7.056	121.956.719
- Other financial instruments	-	16.192.927	-	16.192.927
- Corporate customers	-	16.192.927	-	16.192.927
<b>Variable-income securities recognised at fair value through the revaluation reserve</b>	<b>30.896.739</b>	<b>126.517.846</b>	<b>760.560.789</b>	<b>917.975.374</b>
- Public sector	-	-	-	-
- Credit institutions	-	-	6.291.316	6.291.316
- Corporate customers	30.896.739	126.517.846	754.269.473	911.684.057
<b>Fixed-income securities recognised at fair value through the revaluation reserve</b>	<b>17.707.075</b>	-	-	<b>17.707.075</b>
- Credit institutions	-	-	-	-
- Public sector	17.707.075	-	-	17.707.075
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>3.133.562</b>	-	-	<b>3.133.562</b>
- Corporate customers	3.133.562	-	-	3.133.562
<b>TOTAL</b>	<b>51.737.376</b>	<b>1.142.397.896</b>	<b>760.567.845</b>	<b>1.954.703.117</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments held for trading</b>	-	<b>144.237.079</b>	-	<b>144.237.079</b>
- IRS	-	66.819.643	-	66.819.643
- CIRS/outright	-	76.904.225	-	76.904.225
- other	-	513.210	-	513.210
<b>Hedging derivative financial instruments</b>	-	<b>880.569.713</b>	-	<b>880.569.713</b>
- IRS	-	703.609.083	-	703.609.083
- CIRS	-	176.960.630	-	176.960.630
<b>Financial liabilities designated at fair value through profit or loss</b>	-	<b>168.079.252</b>	-	<b>168.079.252</b>
<b>TOTAL</b>	-	<b>1.192.886.044</b>	-	<b>1.192.886.044</b>



BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT, LUXEMBOURG  
Notes to the interim condensed consolidated financial information  
as at 30 June 2021

Categories at 31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial assets held for trading</b>	-	<b>138.717.034</b>	-	<b>138.717.034</b>
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	138.717.034	-	138.717.034
- IRS	-	75.804.806	-	75.804.806
- CIRS/outright	-	61.169.505	-	61.169.505
- other	-	1.742.723	-	1.742.723
<b>Hedging derivative financial instruments</b>	-	<b>72.838.495</b>	-	<b>72.838.495</b>
- IRS	-	28.512.027	-	28.512.027
- CIRS	-	44.326.468	-	44.326.468
<b>Financial assets mandatorily recognised at fair value through profit or loss</b>	-	<b>809.029.562</b>	<b>7.320</b>	<b>809.036.882</b>
- Debt instruments	-	790.386.664	7.320	790.393.984
- Public sector	-	151.913.360	-	151.913.360
- Credit institutions	-	477.661.483	-	477.661.483
- Corporate customers	-	160.811.820	7.320	160.819.140
- Other financial instruments	-	18.642.898	-	18.642.898
- Corporate customers	-	18.642.898	-	18.642.898
<b>Variable-income securities recognised at fair value through the revaluation reserve</b>	<b>46.463.330</b>	<b>154.499.982</b>	<b>657.800.780</b>	<b>858.764.091</b>
- Public sector	-	-	-	-
- Credit institutions	-	-	4.018.037	4.018.037
- Corporate customers	46.463.330	154.499.982	653.782.743	854.746.055
<b>Fixed-income securities recognised at fair value through the revaluation reserve</b>	<b>18.042.494</b>	-	-	<b>18.042.494</b>
- Credit institutions	-	-	-	-
- Public sector	18.042.494	-	-	18.042.494
<b>TOTAL</b>	<b>64.505.824</b>	<b>1.175.085.073</b>	<b>657.808.100</b>	<b>1.897.398.996</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments held for trading</b>	-	<b>366.643.742</b>	-	<b>366.643.742</b>
- IRS	-	77.772.031	-	77.772.031
- CIRS/outright	-	286.798.005	-	286.798.005
- other	-	2.073.706	-	2.073.706
<b>Hedging derivative financial instruments</b>	-	<b>1.112.075.207</b>	-	<b>1.112.075.207</b>
- IRS	-	945.827.926	-	945.827.926
- CIRS	-	166.247.281	-	166.247.281
<b>Financial liabilities designated at fair value through profit or loss</b>	-	<b>172.175.873</b>	-	<b>172.175.873</b>
<b>TOTAL</b>	-	<b>1.650.894.822</b>	-	<b>1.650.894.822</b>

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

Thus, 2,65% of financial assets are classified as Level 1 (versus 3,40% at 31 December 2020), 58,44% as Level 2 (versus 61,93% at 31 December 2020) and 38,91% as Level 3 (versus 34,67% at 31 December 2020).

For financial liabilities, all financial instruments were allocated to Level 2 as at 30 June 2021 and 31 December 2020.

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 2021.

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			
<b>Total as at 1 January 2021</b>	<b>7.320</b>	<b>-</b>	<b>657.800.780</b>		<b>657.808.100</b>
Total gains / losses	760.852	-	98.851.302	-	<b>99.612.154</b>
- Income statement	760.852	-	-	-	<b>760.852</b>
- Revaluation reserve	-	-	98.851.302	-	<b>98.851.302</b>
Purchases	-	-	2.515.458	-	<b>2.515.458</b>
Reimbursements/sales	-1.016.603	-	-12.215	-	<b>-1.028.818</b>
Other changes	255.486	-	1.475.632	-	<b>1.731.118</b>
Transfers from Level 1 to Level 3	-	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-70.167	-	<b>-70.167</b>
<b>Total as at 30 June 2021</b>	<b>7.056</b>	<b>-</b>	<b>760.560.790</b>	<b>-</b>	<b>760.567.845</b>
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 30 June 2021	27.425	-	10.317.218	-	10.344.643

	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			
<b>Total as at 1 January 2020</b>	<b>19.483</b>	<b>-</b>	<b>420.525.993</b>	<b>-</b>	<b>420.545.477</b>
Total gains / losses	1.660.905	-	241.505.428	-	<b>243.166.333</b>
- Income statement	1.660.905	-	-	-	<b>1.660.905</b>
- Revaluation reserve	-	-	241.505.428	-	<b>241.505.428</b>
Purchases	-	-	-	-	-
Reimbursements/sales	-1.171.773	-	-27.572	-	<b>-1.199.345</b>
Other changes	-501.296	-	-4.203.069	-	<b>-4.704.365</b>
Transfers from Level 1 to Level 3	-	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-
<b>Total as at 31 December 2020</b>	<b>7.320</b>	<b>-</b>	<b>657.800.780</b>	<b>-</b>	<b>657.808.102</b>
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2020	113.160	-	3.013.500	-	3.126.660

The total volume of Level 3 financial assets corresponds to 38,91% of total financial assets measured at fair value as at 30 June 2021, compared with 34,67% as at 31 December 2020. This change stemmed mainly from the increase in certain valuations.

*Sensitivity analysis of Level 3 financial instruments:*

Given the small amount recognised for debt instruments, the Group's parent company does not provide a sensitivity analysis for Level 3 for financial years 2021 and 2020.

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 30/06/2021	Impact on fair value	
		10% decrease depending on the methodology used	10% increase depending on the methodology used

Variable-income securities recognised at fair value through the revaluation reserve	650.735.069	-81.777.138	81.778.735
---	-------------	-------------	------------

Headings	Level 3 fair value as at 31/12/2020	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	550.625.130	-73.993.942	72.199.179
---	-------------	-------------	------------

The sensitivity analysis was performed on the two largest shareholdings, which were the same at 30 June 2021 and 31 December 2020.

## 6 SEGMENT REPORTING

In accordance with IFRS 8, segment reporting is presented in line with the Group's internal organisation by department and its financial reporting system (management approach).

In euros 30/06/2021	Retail, Professional, Corporate and Public Sector Banking	Financial Markets and Institutional Clients	Other	Total
Bank Margin	206.702.506	94.682.989	30.977.441	332.362.936
Income before tax	91.847.510	80.722.858	-2.951.505	169.618.863
Income/(loss)	91.847.510	80.722.858	-29.948.766	142.621.602

In euros 30/06/2020	Retail, Professional, Corporate and Public Sector Banking	Financial Markets and Institutional Clients	Other	Total
Bank Margin	216.743.792	64.359.349	26.094.192	307.197.333
Income before tax	89.089.727	23.965.185	843.571	113.898.484
Income/(loss)	89.089.727	23.965.185	-19.434.045	93.620.868

The significant increase in the Financial Markets and Institutional Clients segment stems mainly from the TLTRO III operation as well as from a change in the methodology used to determine the Group's parent company's internal transfer pricing.



**SPUERKEESS**

Banque et Caisse d'Epargne de l'Etat, Luxembourg, établissement public autonome  
1, Place de Metz, L-2954 Luxembourg, R.C.S. Luxembourg B30775