



**CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION AS AT 30 JUNE 2023**



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AS AT 30 JUNE 2023

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Luxembourg, September 4, 2023

**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, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34) as adopted by the European Union, and give a true and fair view of the assets and liabilities, the financial position and results, and that the interim management report is an accurate description of the information required pursuant to article 4 (4) of the Luxembourg Transparency Law.

For the Executive Committee

Doris Engel  
Executive Vice President  
Member of the Executive Committee

Françoise THOMA  
Chief Executive Officer  
President of the Executive Committee

## **SPUERKEESS GROUP MANAGEMENT REPORT BASED ON THE INTERIM CONDENSED CONSOLIDATED INFORMATION AS AT 30 June 2023**

The business climate in first-half 2023 was marked by the continued tightening of monetary policy by central banks in developed countries. The US Federal Reserve has raised its key rates 11 times in the current monetary policy tightening cycle, which is expected to come to an end. Any additional increases will depend on future economic data on the resilience of the US economy and the inflation trend.

The European Central Bank (ECB) has also raised its key rates several times, most recently by 0,25% on 27 July 2023. The ECB's deposit rate now stands at 3,75%. The financial markets expect the ECB's hiking cycle to also come to an end in 2023, as the ECB has moved from a forward guidance approach to data dependence. All further decisions will therefore depend on future statistical data on inflationary pressure and the economic performance of eurozone countries at risk of entering recession in the third quarter of 2023.

Inflation within the eurozone, measured over the last 12 months based on consumer prices, has fallen sharply. It nonetheless remains high and stood at 5,3% at end-July 2023. The unemployment rate remained stable at 6,4% of the labour force.

The Luxembourg economy remained resilient, with an annual inflation rate of 3,7% in July and an unemployment rate of 5,2%, but households' weakened buying intentions are starting to have an impact on economic activity, and on the construction sector in particular.

Growth estimates for 2023 have been revised downwards and Statec projects, in the baseline scenario for Luxembourg published in July, that growth will not exceed 1,5% in 2023.

In terms of the development of Spuerkeess's business activities in the first half of 2023, outstanding loans and advances to customers rose by 0,6% compared with 31 December 2022. Outstanding corporate and public sector loans and advances rose by 2,8% compared with end-2022, offsetting the sharp decline in demand for housing projects from individuals, who are suffering from the combined effect of rising interest rates, higher raw material costs in the construction sector and the overall increase in the cost of living.

Customer deposits remained stable compared with 31 December 2022. Deposits from corporates declined in an economic environment where the cost of materials and energy has increased and thus affected their cash. However, deposits from the public sector, which tend to be more volatile, as well as deposits from retail customers, increased in the first half of 2023.

The Group's parent company continued to diversify its sources of financing through securities issues, which increased by 28,5% in the first half of the year. These issues were intended primarily for institutional investors but also included several issues for private customers. They reflect Spuerkeess's ongoing appeal as an issuer.

At EUR 534,2 million as of 30 June 2023, the Group's bank margin was up EUR 186,3 million (53,6%) compared with the first half of 2022. This performance was driven mainly by interest margin.

Net interest margin rose by 71,8%, or EUR 150,9 million compared with first-half 2022. This increase was achieved due to business development in the activities in recent years and the rise in interest rates, which made it possible to rebuild margins on savings products after several years of negative margins on these

products at a time when the central banks' monetary policy was pushing key rates into negative territory. The Bank is now once again able to offer attractive returns on products such as savings accounts and term deposits.

The ECB's targeted longer-term refinancing operations, designed to support the bank lending activity during the crisis years, had only a minimal impact on interest margin in 2023, as Spuerkeess repaid the last tranche of the amounts borrowed under this mechanism before the end of the first half of 2023.

Income from securities rose by 26,1%, i.e. EUR 9,2 million. The Spuerkeess Group thus benefited from the increase in dividends received for 2022 from some of the holdings that are not included in the scope of consolidation.

Fee income was down 7,1%, or EUR 7,3 million, due mainly to the significant reduction in fees on new real estate loans. Fees received to manage investors' assets also declined, as the performance fees for financial year 2021 recorded in first-half 2022 did not materialise in 2023.

Income from financial instruments stood at EUR 24,7 million at 30 June 2023 and stemmed in large part from unrealised gains recorded in an environment of rising short-term interest rates on hedging derivative financial instruments measured at fair value according to IFRS.

In first-half 2023, Spuerkeess made its contribution to the national compartment of the "Fonds de Résolution Luxembourg" (Luxembourg resolution fund, or FRL), which has gradually merged over an eight-year period with the single resolution fund established by the Single Resolution Mechanism. It also made its contribution to the "Fonds de Garantie des Dépôts" (Deposit Guarantee Fund, or FGDL). These two contributions represented an expense of EUR 35,0 million on the income statement at 30 June 2023.

General expenses and depreciation and amortisation rose by 9,2% compared with the first half of 2022 due to the shift in the payment of the contribution to the Deposit Guarantee Fund between 2022 and 2023. Excluding this shift, this item would have increased by 5,8%. This trend can be explained by the rise in personnel expenses related to the wage indexation in October 2022, February 2023 and April 2023, as well as the increase in depreciation costs for IT investments.

Income after general expenses at 30 June 2023 was up 135,5% compared with 30 June 2022.

Cost of risk increased sharply compared with the level at 30 June 2022 due to the deterioration in the economic environment. Spuerkeess protected itself from credit risk by recording additional value adjustments and provisions totalling EUR 51,8 million at 30 June 2023, while reversals of EUR 3,4 million had been recorded at 30 June 2022.

The share in the profit of equity-accounted associates was EUR 25,4 million at 30 June 2023, down EUR 50,4 million compared with 30 June 2022. This decline was driven by the normalisation of income at one of the holdings included in the scope of consolidation. The holding's performance in 2022 had been affected by a non-recurring item.

In light of the above, the Spuerkeess Group reported half-yearly net profit of EUR 220,0 million, up 24,4% compared with first-half 2022. This increase in income can be attributed mainly to dynamic growth in bank margin.

Total equity for the Group at 30 June 2023 attributable to the parent company was EUR 5.822,5 million compared with EUR 5.472,5 million at 31 December 2022. The increase in equity can be attributed mainly to the integration of half-yearly net income and the increase in the equity method adjustment. The first-

time adoption of IFRS 9 and IFRS 17, applicable to insurance companies since 1 January 2023, translated into a EUR 169,8 million increase in the Group's equity.

### **Events after the 30 June 2023 reporting period**

At the time of writing of this report, we are not aware of any significant events that occurred after the 30 June 2023 reporting date and that could impact the normal course of the Spuerkeess Group's business.

### **Outlook for second-half 2023**

Growth forecasts for the eurozone and for Luxembourg are weak for the second half of 2023, with Statec signalling the virtual stagnation, if not contraction, of the economy in the third quarter. Based on this outlook, Spuerkeess will further boost its resilience to the cost of credit risk by the end of 2023.

Luxembourg, 4 September 2023

For the Executive Committee

Doris Engel  
Executive Vice President  
Member of the Executive Committee

Françoise Thoma  
Chief Executive Officer  
President of the Executive Committee



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

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

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

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

**Interim condensed consolidated financial information as at 30 June 2023**

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

**RAPPORT DU REVISEUR D'ENTREPRISES AGREE**  
30 juin 2023

## 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 2023, 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 2023 to 30<sup>th</sup> June 2023 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

Antoine Le Bars

Luxembourg, 4 of September 2023

*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 2023

### Condensed consolidated balance sheet as at 30 June 2023

ASSETS	Notes	31/12/2022	30/06/2023
Cash and sight accounts with central banks	3.1	10.847.765.699	10.402.122.757
Loans and advances at amortised cost – Credit institutions	3.2	1.457.998.005	1.758.870.764
Loans and advances at amortised cost – Customers	3.3	26.705.358.823	26.866.112.610
Financial instruments held for trading	3.4 3.12	132.075.729	116.003.502
Hedging derivative financial instruments	3.12	1.462.544.131	1.490.236.326
Financial assets mandatorily recognised at fair value through profit or loss	3.5	490.686.909	506.413.376
Fixed-income securities recognised at amortised cost	3.6	13.586.207.982	13.649.456.026
Fixed-income securities recognised at fair value through the revaluation reserve	3.7	29.626.380	29.805.451
Variable-income securities recognised at fair value through the revaluation reserve	3.8	892.667.729	905.334.672
Investments in associates accounted for using the equity method	3.9	687.778.605	870.681.748
Tangible assets for own use	3.14	241.057.335	234.181.117
Investment property		11.343.967	10.959.976
Intangible assets		40.995.209	38.332.408
Current taxes	3.15	78.491.337	21.868.264
Other assets	3.16	10.262.100	29.787.262
<b>TOTAL ASSETS</b>		<b>56.674.859.940</b>	<b>56.930.166.258</b>
LIABILITIES	Notes	31/12/2022	30/06/2023
Deposits at amortised cost – Credit institutions	3.17	5.682.385.528	5.007.938.143
Deposits at amortised cost – Customers	3.18	41.126.287.235	41.137.591.787
Financial instruments held for trading	3.4 3.12	294.865.180	168.696.330
Hedging derivative financial instruments	3.12	307.181.440	274.854.575
Financial liabilities designated at fair value through profit or loss	3.19	131.633.032	140.704.147
Liabilities - Change in fair value of a portfolio of financial instruments hedged against interest rate risk	3.13	752.334.874	688.483.980
Issuance of debt securities	3.20	2.679.078.951	3.443.134.066
Provisions	3.21	64.206.549	73.384.310
Other liabilities	3.22	38.362.362	65.461.833
Provision for employee benefits	3.23	96.253.102	75.082.363
Deferred taxes	3.15	26.734.754	30.419.874
<b>Sub-total of LIABILITIES (before equity capital) to be carried forward</b>		<b>51.199.323.007</b>	<b>51.105.751.408</b>

**Condensed consolidated balance sheet as at 30 June 2023 (continued)**

EQUITY	Notes	31/12/2022	30/06/2023
<b>Sub-total of LIABILITIES (before equity capital) carried forward</b>		<b>51.199.323.007</b>	<b>51.105.751.408</b>
Share capital		173.525.467	173.525.467
Consolidated reserves		4.200.838.422	4.481.823.145
Other items of comprehensive income		765.247.562	947.143.448
° <i>Variable-income securities recognised at fair value through the revaluation reserve</i>	3.8	609.237.755	622.846.385
° <i>Actuarial gains/losses relating to employee benefits</i>	3.23	-174.149.136	-171.222.683
° <i>Equity method adjustment</i>		318.580.104	498.461.371
° <i>Gains or losses on disposals of variable-income securities measured at fair value</i>	3.25	14.531.312	-136.461
° <i>Fixed-income securities recognised at fair value through the revaluation reserve</i>	3.7	-2.956.580	-2.732.373
° <i>Cash flow hedges</i>	3.12	4.107	-72.791
Income for the year/period		332.857.550	220.037.939
Sub-total of equity attributable to the equity holder of the parent company		5.472.469.001	5.822.529.999
Non-controlling interests		3.067.932	1.884.851
<b>Total equity</b>		<b>5.475.536.933</b>	<b>5.824.414.850</b>
<b>TOTAL LIABILITIES, including EQUITY</b>		<b>56.674.859.940</b>	<b>56.930.166.258</b>

**Condensed consolidated income statement as at 30 June 2023**

in euros	Notes	30/06/2022	30/06/2023
Interest income	4.1	210.024.461	360.874.543
Income from securities	4.2	35.311.744	44.528.573
Fee and commission income	4.3	103.136.105	95.862.076
<b>INCOME FROM INTEREST, DIVIDENDS AND FEES AND COMMISSIONS</b>		<b>348.472.310</b>	<b>501.265.192</b>
Income from financial instruments not recognised at fair value through profit or loss	4.4	69.328	-1.644.690
Income from financial instruments held for trading	4.5	-26.170.655	8.396.596
Income from financial instruments designated at fair value through profit or loss	4.6	26.725.819	-3.548.689
Income from financial instruments mandatorily measured at fair value through profit or loss	4.7	-23.366.375	7.282.588
Income from hedging transactions	4.8	-6.075.410	3.723.599
Foreign exchange income		14.684.111	10.520.908
Income from derecognition of non-financial assets		7.411.246	1.630.152
Other operating income	4.9	6.691.294	9.481.822
Other operating expenditure	4.9	-590.723	-2.943.207
<b>BANK MARGIN</b>		<b>347.850.945</b>	<b>534.164.271</b>
Personnel expenses	4.10	-127.354.205	-132.455.989
Other general and administrative expenses	4.11	-49.788.731	-54.563.283
Cash contributions to resolution funds and deposit guarantee systems	4.12	-25.857.126	-34.989.578
Allowances for impairment of tangible and intangible assets		-22.572.184	-24.222.396
<i>of which allowances for impairment of right-of-use assets in relation to leases</i>		-1.512.326	-1.680.156
<b>INCOME AFTER GENERAL EXPENSES</b>		<b>122.278.699</b>	<b>287.933.025</b>
Net allowances for impairment of individual and collective credit risks	4.13	4.247.939	-44.724.257
Provisions	4.14	-812.154	-7.096.373
Share in the profit of equity-accounted associates		75.784.161	25.353.199
<b>INCOME BEFORE TAXES AND NON-CURRENT ASSETS</b>		<b>201.498.645</b>	<b>261.465.594</b>
Tax on income from continuing operations	4.15	-31.332.095	-38.088.005
Deferred taxes	4.15	7.877.199	-2.345.045
<b>INCOME FOR THE PERIOD</b>		<b>178.043.749</b>	<b>221.032.544</b>
<i>OF WHICH INCOME FOR THE PERIOD ATTRIBUTABLE TO:</i>			
<i>- MINORITY INTERESTS</i>		1.113.858	994.605
<i>- EQUITY HOLDERS OF THE PARENT COMPANY</i>		176.929.891	220.037.939

**Condensed consolidated statement of comprehensive income as at 30 June 2023**

in euros	30/06/2022	30/06/2023
<b>INCOME FOR THE PERIOD</b>	<b>178.043.749</b>	<b>221.032.544</b>
<b>Items not reclassified in net income subsequently</b>	<b>126.793.638</b>	<b>196.279.889</b>
Actuarial gains/(losses) on the defined-benefit pension scheme	229.470.569	3.898.818
Contribution of equity-accounted associates	-27.421.627	179.881.267
Variable-income securities recognised at fair value through the revaluation reserve	-17.443.795	13.728.248
- <i>Variation in measurement results</i>	-17.445.272	13.927.397
- <i>Income from sales</i>	1.477	-199.149
Impact of deferred and current taxes	-57.811.509	-1.228.444
<b>Items to be reclassified in net income subsequently</b>	<b>-2.067.172</b>	<b>147.308</b>
Fixed-income securities recognised at fair value through the revaluation reserve	-2.656.828	298.705
Cash flow hedges	-97.200	-102.450
Impact of deferred taxes	686.856	-48.947
<b>Total items of comprehensive income for the period - net of tax</b>	<b>124.726.466</b>	<b>196.427.197</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>302.770.215</b>	<b>417.459.740</b>
<i>share attributable to</i>		
- <i>non-controlling interests</i>	1.113.858	994.605
- <i>equity holders of the parent company</i>	301.656.357	416.465.135



BANQUE ET CAISSE D'EPARGNE DE L'ETAT, LUXEMBOURG  
Interim condensed consolidated financial information  
as at 30 June 2023

**Condensed statement of changes in consolidated equity as at 30 June 2023**

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 2023</b>	<b>173.525.467</b>	<b>4.200.838.422</b>	<b>765.247.562</b>	<b>332.857.550</b>	<b>5.472.469.001</b>	<b>3.067.932</b>	<b>5.475.536.933</b>
Appropriation of 2022 income	-	332.857.550	-	-332.857.550	-	-	-
Appropriation of 2022 income from sales of variable-income securities	-	14.531.312	-14.531.312	-	-	-	-
First-half 2023 net income	-	-	-	220.037.939	220.037.939	994.605	221.032.544
Distribution for FY 2022	-	-60.000.000	-	-	-60.000.000	-	-60.000.000
Actuarial gains/(losses) on pension fund	-	-	2.926.453	-	2.926.453	-	2.926.453
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	13.832.837	-	13.832.837	-	13.832.837
Net measurement results of cash flow hedges	-	-	-76.899	-	-76.899	-	-76.899
Equity method adjustment	-	-1.997.903	179.881.267	-	177.883.364	-	177.883.364
2022 income from sales of variable-income securities	-	-	-136.461	-	-136.461	-	-136.461
Other	-	-4.406.236	-	-	-4.406.236	-2.177.686	-6.583.922
<b>As at 30 June 2023</b>	<b>173.525.467</b>	<b>4.481.823.145</b>	<b>947.143.448</b>	<b>220.037.939</b>	<b>5.822.529.999</b>	<b>1.884.851</b>	<b>5.824.414.850</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 2022</b>	<b>173.525.467</b>	<b>3.883.953.142</b>	<b>827.910.223</b>	<b>329.053.453</b>	<b>5.214.442.285</b>	<b>2.955.777</b>	<b>5.217.398.062</b>
Appropriation of 2021 income	-	329.053.453	-	-329.053.453	-	-	-
Appropriation of 2021 income from sales of variable-income securities	-	27.349.601	-27.349.601	-	-	-	-
First-half 2022 net income	-	-	-	176.929.891	176.929.891	1.113.858	178.043.749
Distribution for FY 2021	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial gains/(losses) on pension fund	-	-	172.240.609	-	172.240.609	-	172.240.609
Value adjustment on financial instruments measured at fair value through the revaluation reserve net of deferred taxes	-	-	-20.020.946	-	-20.020.946	-	-20.020.946
Net measurement results of cash flow hedges	-	-	-72.958	-	-72.958	-	-72.958
Equity method adjustment	-	-377.626	-27.421.627	-	-27.799.253	-	-27.799.253
2022 income from sales of variable-income securities	-	-	1.388	-	1.388	-	1.388
Other	-	2.092.494	-	-	2.092.494	-2.099.363	-6.869
<b>As at 30 June 2022</b>	<b>173.525.467</b>	<b>4.202.071.064</b>	<b>925.287.088</b>	<b>176.929.891</b>	<b>5.477.813.510</b>	<b>1.970.272</b>	<b>5.479.783.783</b>

The profit distribution for financial year 2022 was made to the Luxembourg state in the second quarter of 2023.

**Condensed consolidated statement of cash flows as at 30 June 2023**

in euros	30/06/2022	30/06/2023
<b>Cash and cash equivalents</b>		
Cash and sight accounts with central banks	12.317.095.131	10.402.297.688
Loans and advances at amortised cost – Credit institutions	918.828.117	1.844.846.560
Loans and advances at amortised cost – Customers	1.618.419.373	2.310.005.449
<b>Total</b>	<b>14.854.342.621</b>	<b>14.557.149.698</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 2023

in euros	30/06/2022	30/06/2023
<b>CASH POSITION AT 1 JANUARY</b>	<b>12.263.569.848</b>	<b>14.301.732.643</b>
Income for the period	178.043.749	221.032.544
Non-cash adjustments relating to:		
Net allowances for impairment of credit risks	-4.247.939	44.724.257
Allowances for impairment of tangible and intangible assets	21.243.630	22.730.249
Provisions	-6.470.946	5.722.512
Unrealised gains/losses	50.688.435	100.866.142
Share in the profit of equity-accounted associates	-75.784.161	-25.353.199
Other adjustments	-10.542.769	-3.990.674
Changes relating to assets and liabilities from operating activities:		
Financial instruments recognised at fair value	68.150.795	-122.597.648
Loans and advances at amortised cost	-583.776.621	226.868.033
Deposits at amortised cost	2.423.556.306	-948.929.686
Issuance of debt securities	887.936.963	731.550.928
Other assets and liabilities	-12.918.760	-35.040.118
<b>Total cash flow from operating activities</b>	<b>2.935.878.682</b>	<b>217.583.340</b>
of which:		
Interest received	422.895.111	1.008.310.066
Interest paid	-189.784.611	-536.776.629
Income from securities	35.311.744	44.528.573
Tax on income from continuing operations	-31.332.095	-38.088.005
Acquisition/disposal of variable-income securities	-	495.894
Acquisition/disposal of investments in associates accounted for using the equity method	5.652.108	-64.978
Acquisition of fixed-income securities	-1.559.073.871	-1.860.397.562
Disposal/redemption of fixed-income securities	1.288.781.928	1.854.221.940
Acquisitions/disposals of intangible and tangible assets	-7.784.872	-12.965.853
<b>Total cash flow from investment activities</b>	<b>-272.424.707</b>	<b>-18.710.559</b>
Proceeds from subordinated liabilities	-	-
Expenses related to leases	-1.512.326	-1.680.156
Income distribution	-40.000.000	-60.000.000
<b>Total cash flow from financing activities</b>	<b>-41.512.326</b>	<b>-61.680.156</b>
<b>NET CHANGE IN CASH</b>	<b>2.621.941.649</b>	<b>137.192.624</b>
Effect of exchange rates on cash and cash equivalents	-31.168.876	118.224.431
<b>CASH POSITION AT 30 JUNE</b>	<b>14.854.342.621</b>	<b>14.557.149.698</b>

Reconciliation of cash flows from financing activities:

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

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

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION  
30 June 2023**

## **1 GENERAL INFORMATION**

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

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

The Group's parent company's registered office is located at 1, Place de Metz, L-1930 Luxembourg. Within the limits set by the laws and regulations applicable to credit institutions, the objective of the Group's parent company is to perform all financial and banking activities, as well as all similar, related or ancillary operations.

On 4 September 2023, the Executive Committee of the Group's parent company authorised the publication of the interim condensed consolidated financial information as at 30 June 2023.

The Group had an average headcount as at 30 June 2023 of 1.877 (1.865 as at 31 December 2022).

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 2023 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 2022, which were prepared under IFRS, as adopted by the European Union.

a) New or revised standards adopted by the European Union, applicable since 1 January 2023:

The amendments to the following current and new standards have an impact on the Spuerkeess Group (see note 2.2):

- IFRS 17 (standard) *Insurance Contracts*, its amendments (issued on 25 June 2020), and the amendments to the standard relating to initial application of IFRS 17 and IFRS 9 (issued on 9 December 2021).

The amendments to the following current and new standards have no impact or no material impact on the Spuerkeess Group:

- The amendments to IAS 12 *Income taxes* regarding deferred tax related to assets and liabilities arising from a single transaction,
- Disclosure of accounting policies amendments to IAS 1 *Presentation of Financial Statements* and IFRS practice statement 2,
- The amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding the definition of accounting estimates.

b) New or revised standards applicable since 1 January 2023 but not yet adopted by the European Union and having no impact on the Spuerkeess Group:

- The amendments to IAS 12 *Income taxes* regarding the introduction of "International Tax Reform – Pillar Two Model Rules".

- c) New or revised standards or interpretations not yet applicable as of 1 January 2023 and not yet adopted by the European Union:

The amendments to the following current and new standards will be applicable as of 1 January 2024 and are expected to have little or no impact on the Group:

- The amendments to IAS 1 *Presentation of Financial Statements* regarding the classification of liabilities as current or non-current liabilities,
- The amendments to IFRS 16 *Leases: Liability arising from an operating lease*,
- The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*.



## 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 2022.

### 2.2.1 **Adaptation of and changes to the accounting principles and rules since 1 January 2023**

#### 2.2.1.1 *Impact of IFRS 17 (standard) Insurance contracts and its various amendments*

IFRS 17 *Insurance contracts*, its amendments (issued on 25 June 2020, and the amendments to the standard relating to initial application of IFRS 17 and IFRS 9 (issued on 9 December 2021) have applied since 1 January 2023.

This standard affects the Spuerkeess Group due to the equity-method consolidation of Groupe Lalux S.A.

The impact of this first-time application is presented in section 3.9 *Investments in associates accounted for using the equity method* for the share held by the parent company only.

#### 2.2.1.2 *Impairment of financial assets*

The Group's parent company has not changed the weightings of the severely adverse, adverse, baseline and optimistic scenarios since the 31 December 2022 reporting date:

	Scenario weighting			
	Baseline	Adverse	Severely adverse	Optimistic
2022	50%	25%	20%	5%
2023	50%	25%	20%	5%

The scenarios are based on growth 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, with the ECB's forecasts used as the adjustment factor. It should be noted that the ECB's forecasts are consistent with the expert judgements applied. In addition, these projections are adjusted to account for developments since their publication (see baseline scenario below) or supplemented with internal scenarios (see adverse and severely adverse scenarios below).

The baseline scenario was defined using the projections for advanced economies in the IMF's April 2023 World Economic Outlook (WEO). Growth in GDP for advanced economies for 2023 has been revised upward by 0,1% (to +1,3%) compared with the projections at end-2022. STATEC's forecasts from March 2023 were used for Luxembourg GDP growth (i.e. +2,2%), namely a decline of 0,3% compared with end-2022, due to the underperformance already seen in the last quarter of 2022.

The macroeconomic environment in the adverse scenario is that of stagflation, i.e. a combination of a lower GDP growth rate and higher inflation in 2023. This macroeconomic scenario is based on the "plausible alternative" scenario published by the IMF in its April 2023 WEO, supplemented with an expert judgement (reduced impact of the central banks' actions to stabilise the economy). The adverse scenario is based on the vulnerabilities laid bare by the bank instability event of March 2023.

The severely adverse scenario defined by the Group's parent company (expert judgement based on the adverse scenario) projects, among others, a 3,3% decline in GDP in 2023 for advanced economies (including the United States, which is nevertheless expected to experience a smaller decline than the EU), along with a significant decrease in EU State revenues. In this scenario, Luxembourg is not immune to the severely adverse environment and GDP declines by 3,2% in 2023. This scenario is also characterised by a rebound in GDP in 2025 due to the sharper decline in 2023 and 2024.

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

- Expected credit losses (ECLs) and sensitivity scenarios at 31/12/2022:

Type of scenario	Weighting	Macroeconomic variables	2023	2024	2025	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	5%	Luxembourg GDP	3,50%	3,00%	3,00%	121	194
		Advanced economies GDP	2,30%	3,00%	3,00%		
Baseline	50%	Luxembourg GDP	2,50%	2,40%	2,10%	136	
		Advanced economies GDP	0,90%	1,50%	1,50%		
Adverse	25%	Luxembourg GDP	-0,45%	0,50%	0,50%	235	
		Advanced economies GDP	-0,50%	0,30%	0,30%		
Severe	20%	Luxembourg GDP	-2,45%	-0,50%	1,50%	303	
		Advanced economies GDP	-1,50%	-0,20%	1,00%		

- Expected credit losses (ECLs) and sensitivity scenarios at 30/06/2023:

Type of scenario	Weighting	Macroeconomic variables	2023	2024	2025	Unweighted ECLs (in EURm)	Weighted ECLs (in EURm)
Optimistic	5%	Luxembourg GDP	2,60%	2,80%	2,30%	142	244
		Advanced economies GDP	1,70%	1,80%	1,70%		
Baseline	50%	Luxembourg GDP	2,20%	2,40%	2,10%	178	
		Advanced economies GDP	1,30%	1,40%	1,50%		
Adverse	25%	Luxembourg GDP	1,80%	2,00%	1,90%	219	
		Advanced economies GDP	0,90%	1,00%	1,30%		
Severe	20%	Luxembourg GDP	-3,20%	-0,30%	2,10%	469	
		Advanced economies GDP	-3,30%	0,30%	1,50%		

In response to the current geopolitical crisis and its economic impacts (inflation, rising interest rates, crisis in the real estate market and slowing economic growth), the Group's parent company introduced the following provisions as management overlays in its IFRS 9 models:

The Group's parent company used a management overlay via the weightings of the four scenarios. Under the existing procedure, the weighting of the scenarios is based on a quantitative<sup>1</sup> and qualitative<sup>2</sup> analysis. To address the uncertainties related to the macroeconomic environment, the Group's parent company decided, as it did at the end of 2022, to override this approach, given the excessively backward-looking nature of the quantitative component. The quantitative/qualitative approach (70% baseline/15% optimistic/15% for the two adverse and severely adverse scenarios) has therefore been replaced by expert judgements alone, based on the weighting of the qualitative approach, in order to weight the adverse scenarios more heavily.

Since end-November 2020, the Group's parent company has already downgraded Retail customers, i.e. individuals and SMEs, classified as "high risk" by a whole letter rating notch. Given the current context, the Group's parent company has taken the following approach:

- Retail SMEs active in a "high risk" sector: two-notch whole letter rating downgrade instead of one notch applied at end-2021;
- Corporates active in a "high risk" sector: one-notch downgrade;
- For individual Retail customers, the criterion for the two-notch downgrade was revised in the first half of 2023 compared with the criterion in place at 31 December 2022. The Group's parent company only considers cases where the amount of income minus expenses and the living wage

<sup>1</sup> In the quantitative approach, the historical frequency of macroeconomic crises is used to determine the weightings.

<sup>2</sup> Qualitative approach based on an analytical report by a leading European asset manager.

required is negative after the Bank conducts a stress test simulating a 75-basis-point increase in rates compared with the situation at 31 December 2022.

The sector risk classification is based on the Group's parent company's integrated strategy, which aims to assess each sector's risk in a given macroeconomic environment, such as rising energy prices. Each sector's climate and environmental risks are also taken into consideration in this integrated strategy. To account for developments in the real estate sector, the Group's parent company revised the assessment of the real estate sector's risk and reclassified some of the sub-industries from medium to high vulnerability during the second quarter of 2023.

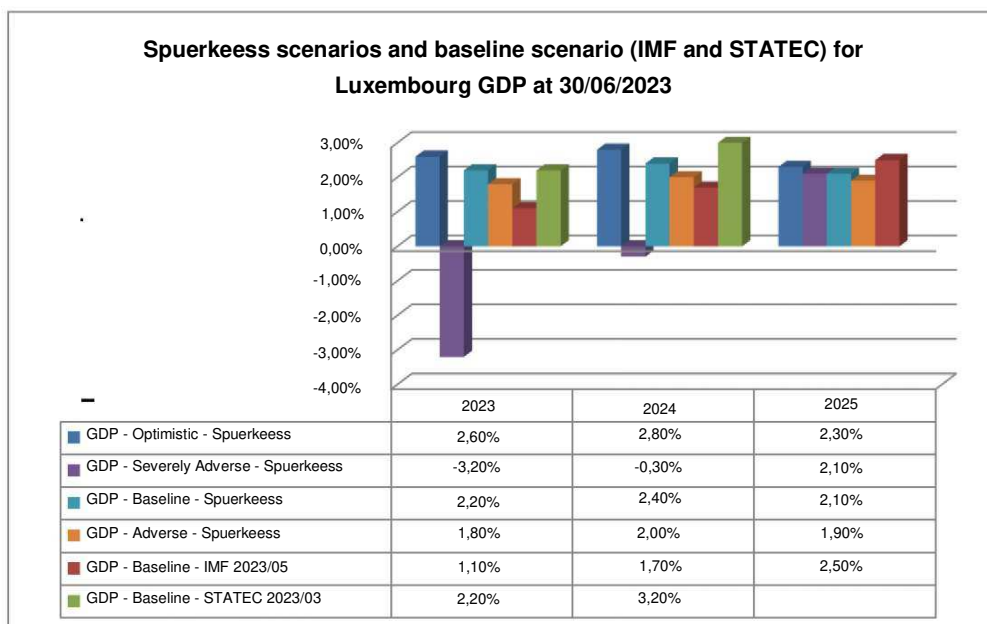
Given households' higher cost of living and rising interest rates, the Group's parent company expects real estate prices to decline. The Group's parent company has applied a new price indexation to residential properties offered as security to account for price developments in the first five months of 2023.

The EUR 50 million increase in value adjustments in the first half of 2023 can be attributed mainly to:

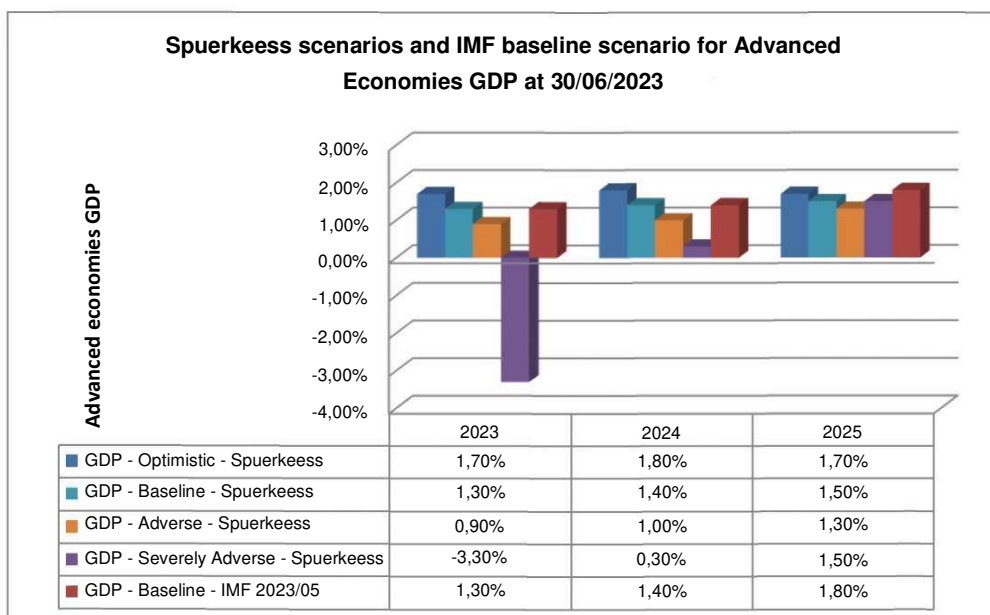
- the increase in individual value adjustments related to idiosyncratic factors (EUR 27 million);
- the decline in the real estate prices expected in the macroeconomic scenarios (EUR 13 million);
- the revision to the management overlay criteria, the implementation of new models for specialised and sovereign financing, and the change in GDP expected in the macroeconomic scenarios (EUR 8 million);
- the implementation of new models and scenarios and the revision of the criteria used to apply ratings to the individual customer portfolio (EUR 2 million).

The stock of value adjustments of EUR 244 million at 30 June 2023 therefore includes EUR 57 million in management overlays (versus EUR 51 million at the end of the year), of which EUR 32 million for the scenario weighting and EUR 25 million for downgrades.

The tables below compare the internal scenarios used with the IMF's baseline scenario. The Group's parent company's baseline scenario is more favourable than the IMF's because it accounts for the Luxembourg Tripartite's agreement in principle of 20 September 2022. These agreements provide for a more than EUR 1 billion anti-inflation "shield" by freezing electricity prices, capping the rise in gas prices and increasing energy assistance for SMEs.



*Comparison of scenarios used at 30/06/2023 (Luxembourg)*



*Comparison of scenarios used at 30/06/2023 (Advanced Economies)*

### 2.2.2 Sector-based analysis

The Group's parent company has categorised its commitments into different sectors based on the international GICS (Global Industry Classification Standard) system. This classification starts with 11 key sectors which are then subdivided into three levels (industry groups, industries and sub-industries). An integrated strategy was introduced in the third quarter of 2022 to cover the credit risk, ESG and specific vulnerability components. It replaced the previous concept of Covid-19 vulnerability. Each sub-industry is assigned a low, medium or high vulnerability.

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

In March 2023, the Group's parent company revised the previously assigned vulnerabilities due to the rapid changes in the key risk factors, such as inflation, interest rates, economic uncertainty and consumers' loss of purchasing power.

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

Ratings were downgraded at 30 June 2023 versus December 2022 for 17,56% of exposures to customers active in the sectors most affected by the new integrated approach, confirmed for 55,31%, and upgraded for 14,95%. For 2,72% of commitments to new customers, the impact was considered when assigning the initial rating and in any reviews conducted during the year.

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

- Real Estate Operating Companies;
- Diversified Real Estate Activities;
- Electric Utility Companies;
- Real Estate Development;
- Specialised Consumer Services.

At 30 June 2023, the combined exposures of professional customers classified as high risk represented EUR 6.821 million in outstandings (EUR 3.141 million at 31 December 2022 based on the vulnerabilities applicable at that date) and the related expected credit losses recorded stood at EUR 84 million (EUR 42 million at 31 December 2022). The breakdown of value adjustments by IFRS stage is as follows:

- 34,9% of impairments come from Stage 1 (39,3% at 31 December 2022);
- 35,6% of impairments come from Stage 2 (52,0% at 31 December 2022);
- 29,5% of impairments come from Stage 3 (8,7% at 31 December 2022).

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

## 2.2.3 Scope of consolidation

### 2.2.3.1 Fully consolidated subsidiaries

The scope of fully consolidated subsidiaries was unchanged relative to 31 December 2022.

Subsidiaries included in the scope of consolidation:

Name	Activity	% of voting rights held	
		31/12/2022	30/06/2023
Lux-Fund Advisory S.A.	Investment advice	89,31	89,15
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

### 2.2.3.2 Investments in associates

The scope of investments in associates was unchanged relative to 31 December 2022.

The Group's investments in associates:

Associates	Activity	% of capital held	
		31/12/2022	30/06/2023
Société Nationale de Circulation Automobile S.à r.l.	Automotive services	20,00	20,00
Luxair S.A.	Air transport	21,81	21,81
Société de la Bourse de Luxembourg S.A.	Financial services	25,35	25,35
Europay Luxembourg S.C.	Financial services	30,10	30,10
LuxHub S.A.	Financial services	32,50	32,50
i-Hub S.A.	Financial services	20,00	20,00
Visalux S.C.	Financial services	35,36	35,50
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	31/12/2022	30/06/2023
CHF	0,9847	0,9775
GBP	0,8866	0,8584
JPY	140,7800	156,8900
SEK	11,1313	11,8043
USD	1,0683	1,0844

### 3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET<sup>3</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	31/12/2022	30/06/2023
Cash	75.845.803	70.560.971
Deposits with central banks	9.795.349.796	9.598.046.419
Other deposits at sight	976.570.100	733.515.367
<b>Total</b>	<b>10.847.765.699</b>	<b>10.402.122.757</b>
<i>of which impairment of financial assets</i>	<i>-1.496.616</i>	<i>-758.410</i>

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2022</b>	<b>1.161.034</b>	-	-	<b>1.161.034</b>
<b>Changes</b>	<b>335.583</b>	-	-	<b>335.583</b>
Increase due to acquisition and origination	28	-	-	28
Decrease due to repayment	-100	-	-	-100
Change related to credit risk	-97.295	-	-	-97.295
Other changes	423.228	-	-	423.228
Depreciation	-	-	-	-
Exchange gain or loss	9.721	-	-	9.721
<b>Position as at 31 December 2022</b>	<b>1.496.616</b>	-	-	<b>1.496.616</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 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	10.849.262.315	-	-	10.849.262.315

<sup>3</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.

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2023</b>	<b>1.496.616</b>	-	-	<b>1.496.616</b>
<b>Changes</b>	<b>-738.206</b>	-	-	<b>-738.206</b>
Increase due to acquisition and origination	4.720	-	-	4.720
Decrease due to repayment	-22.628	-	-	-22.628
Change related to credit risk	-723.099	-	-	-723.099
Other changes	4.439	-	-	4.439
Depreciation	-	-	-	-
Exchange gain or loss	-1.638	-	-	-1.638
<b>Position as at 30 June 2023</b>	<b>758.410</b>	-	-	<b>758.410</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 2023</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	10.402.881.167	-	-	10.402.881.167

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

Headings	31/12/2022	30/06/2023
Interbank loans	1.199.005.263	727.618.458
Reverse repos	235.407.555	987.958.338
Finance leases	99.536	83.277
Other	23.485.651	43.210.690
<b>Total</b>	<b>1.457.998.005</b>	<b>1.758.870.764</b>
<i>of which impairment of financial assets</i>	<i>-580.913</i>	<i>-99.421</i>
Undrawn confirmed credits	233.202.789	174.473.763

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 2023. Margin calls on derivative financial instruments under Credit Support Annex (CSA) agreements are included in "Interbank loans".

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2022</b>	<b>541.222</b>	<b>5</b>	<b>-</b>	<b>541.227</b>
<b>Changes</b>	<b>39.654</b>	<b>33</b>	<b>-</b>	<b>39.687</b>
Increase due to acquisition and origination	454.160	-	-	454.160
Decrease due to repayment	-12.299	-	-	-12.299
Change related to credit risk	-634.341	7	-	-634.334
Other changes	229.465	26	-	229.491
Depreciation	-	-	-	-
Exchange gain or loss	2.669	-	-	2.669
<b>Position as at 31 December 2022</b>	<b>580.875</b>	<b>39</b>	<b>-</b>	<b>580.913</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 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	1.458.577.330	1.588	-	1.458.578.918
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Position as at 1 January 2023</b>	<b>580.875</b>	<b>39</b>	<b>-</b>	<b>580.913</b>
<b>Changes</b>	<b>-481.505</b>	<b>13</b>	<b>-</b>	<b>-481.493</b>
Increase due to acquisition and origination	77.864	-	-	77.864
Decrease due to repayment	-11.334	-	-	-11.334
Change related to credit risk	-562.586	13	-	-562.573
Other net changes	14.491	-	-	14.491
Depreciation	-	-	-	-
Exchange gain or loss	60	-	-	60
<b>Position as at 30 June 2023</b>	<b>99.370</b>	<b>52</b>	<b>-</b>	<b>99.421</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 2023</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	1.758.964.720	5.464	-	1.758.970.184

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

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

Headings	31/12/2022	30/06/2023
Retail customers	19.482.960.533	19.444.846.996
Corporate customers	5.920.922.773	6.077.738.551
Public Sector	1.301.475.517	1.343.527.063
<b>Total</b>	<b>26.705.358.823</b>	<b>26.866.112.610</b>
<i>of which finance leases</i>	<i>164.404.152</i>	<i>204.700.696</i>
<i>of which impairment of financial assets</i>	<i>-155.402.568</i>	<i>-197.957.475</i>
Undrawn confirmed credits	6.178.159.623	5.970.316.579

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2022</b>	<b>29.772.350</b>	<b>34.002.490</b>	<b>48.848.223</b>	<b>112.623.064</b>
<i>of which:</i>				
<i>Retail customers</i>	<i>4.299.761</i>	<i>17.507.256</i>	<i>10.626.887</i>	<i>32.433.904</i>
<i>Corporate customers</i>	<i>25.399.672</i>	<i>16.495.234</i>	<i>38.221.337</i>	<i>80.116.243</i>
<i>Public Sector</i>	<i>72.917</i>	<i>-</i>	<i>-</i>	<i>72.917</i>
<b>Changes</b>	<b>11.733.314</b>	<b>25.812.023</b>	<b>5.234.166</b>	<b>42.779.504</b>
Increase due to acquisition and origination	12.610.946	2.432.895	642.824	15.686.665
Decrease due to repayment	-524.427	-4.952.445	-267.369	-5.744.241
Change related to credit risk	-9.863.938	22.229.447	5.867.668	18.233.178
Other changes	9.499.754	6.100.342	62.981	15.663.076
Depreciation	-	-	-968.854	-968.854
Exchange gain or loss	10.980	1.784	-103.084	-90.320
<b>Position as at 31 December 2022</b>	<b>41.505.665</b>	<b>59.814.513</b>	<b>54.082.390</b>	<b>155.402.568</b>
<i>of which:</i>				
<i>Retail customers</i>	<i>11.597.338</i>	<i>26.393.141</i>	<i>15.985.185</i>	<i>53.975.664</i>
<i>Corporate customers</i>	<i>29.849.764</i>	<i>33.312.073</i>	<i>38.097.205</i>	<i>101.259.041</i>
<i>Public Sector</i>	<i>58.564</i>	<i>109.299</i>	<i>-</i>	<i>167.863</i>
<b>Outstanding loan stage transfers</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Retail customers</b>	<b>72.067.532</b>	<b>-95.527.611</b>	<b>23.460.079</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-813.286.710</i>	<i>798.964.551</i>	<i>14.322.159</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>883.065.374</i>	<i>-904.363.009</i>	<i>21.297.635</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>2.288.868</i>	<i>9.870.847</i>	<i>-12.159.715</i>	<i>-</i>
<b>Corporate customers</b>	<b>-546.835.778</b>	<b>542.410.435</b>	<b>4.425.343</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-616.455.187</i>	<i>595.607.249</i>	<i>20.847.938</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>67.561.340</i>	<i>-88.023.402</i>	<i>20.462.062</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>2.058.069</i>	<i>34.826.588</i>	<i>-36.884.657</i>	<i>-</i>
<b>Public Sector</b>	<b>-5.174.638</b>	<b>5.174.638</b>	<b>-</b>	<b>-</b>
<i>Transfer from Stage 1</i>	<i>-5.174.638</i>	<i>5.174.638</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Transfer from Stage 3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

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Retail customers	18.074.209.654	1.366.819.539	95.907.003	19.536.936.197
Corporate customers	4.877.594.195	1.023.308.159	121.279.460	6.022.181.814
Public Sector	1.296.468.741	5.174.638	-	1.301.643.380
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Position as at 1 January 2023</b>	<b>41.505.665</b>	<b>59.814.513</b>	<b>54.082.390</b>	<b>155.402.568</b>
<i>of which</i>				
Retail customers	11.597.338	26.393.141	15.985.185	53.975.664
Corporate customers	29.849.764	33.312.073	38.097.205	101.259.041
Public Sector	58.564	109.299	-	167.863
<b>Changes</b>	<b>-127.400</b>	<b>14.690.363</b>	<b>27.991.945</b>	<b>42.554.908</b>
Increase due to acquisition and origination	7.349.218	1.504.531	1.897.772	10.751.521
Decrease due to repayment	-702.929	-542.319	-68.665	-1.313.913
Change related to credit risk	-8.136.621	15.108.119	22.188.108	29.159.605
Other net changes	1.361.381	-1.378.204	4.082.068	4.065.244
Depreciation	-	-	-	-
Exchange gain or loss	1.551	-1.764	-107.337	-107.550
<b>Position as at 30 June 2023</b>	<b>41.378.264</b>	<b>74.504.876</b>	<b>82.074.335</b>	<b>197.957.475</b>
<i>of which</i>				
Retail customers	13.194.528	31.161.057	27.239.469	71.595.054
Corporate customers	27.618.657	43.243.772	54.834.866	125.697.295
Public Sector	565.079	100.047	-	665.126
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Outstanding loan stage transfers</b>				
<b>Retail customers</b>	<b>-54.239.197</b>	<b>-8.841.275</b>	<b>63.080.472</b>	-
Transfer from Stage 1	-607.424.161	572.639.386	34.784.775	-
Transfer from Stage 2	547.652.744	-592.991.016	45.338.272	-
Transfer from Stage 3	5.532.220	11.510.354	-17.042.575	-
<b>Corporate customers</b>	<b>-401.019.992</b>	<b>289.431.846</b>	<b>111.588.145</b>	-
Transfer from Stage 1	-445.110.323	390.155.612	54.954.712	-
Transfer from Stage 2	43.827.671	-102.389.207	58.561.536	-
Transfer from Stage 3	262.661	1.665.442	-1.928.102	-
<b>Public Sector</b>	-	-	-	-
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impaired loans as at 30 June 2023</b>				
Retail customers	18.066.274.862	1.298.027.324	152.139.864	19.516.442.050
Corporate customers	4.678.372.822	1.272.740.810	252.322.214	6.203.435.846
Public Sector	1.339.190.248	5.001.942	-	1.344.192.189

In addition to information on impairments of loans and advances at amortised cost for customers, the Group reports restructured loans by type of customer. According to the EBA's definition, financial restructurings are characterised by a deterioration in the customer's position due to its financial difficulties and the fact that the financing conditions granted to the customer go beyond the concessions the Group would have been willing to accept for a customer under normal

circumstances. Included in these new financing conditions are an extension of the final maturity or a partial or total deferment of payment if it is not granted as part of a legislative or private moratorium.

31/12/2022	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	107.555.057	1.304.243	27.642.743	2.244.345	135.197.801	3.548.588
Corporate customers	132.746.295	3.566.522	65.575.310	11.545.505	198.321.605	15.112.027
<b>Total</b>	<b>240.301.352</b>	<b>4.870.765</b>	<b>93.218.053</b>	<b>13.789.849</b>	<b>333.519.406</b>	<b>18.660.614</b>

30/06/2023	Performing restructured loans		Non-performing restructured loans		Total restructured loans	
	Outstanding	Impairment	Outstanding	Impairment	Outstanding	Impairment
Retail customers	324.863.884	2.450.217	55.276.670	7.580.427	380.140.554	10.030.644
Corporate customers	112.148.709	4.719.827	140.749.291	19.660.539	252.898.000	24.380.365
<b>Total</b>	<b>437.012.593</b>	<b>7.170.044</b>	<b>196.025.961</b>	<b>27.240.965</b>	<b>633.038.553</b>	<b>34.411.009</b>

### 3.4 Assets and liabilities held for trading

Assets	31/12/2022	30/06/2023
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	132.075.729	116.003.502
<b>Total</b>	<b>132.075.729</b>	<b>116.003.502</b>
Liabilities	31/12/2022	30/06/2023
Non-derivative financial instruments	-	-
Derivative financial instruments (note 3.12)	294.865.180	168.696.330
<b>Total</b>	<b>294.865.180</b>	<b>168.696.330</b>

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

Headings	31/12/2022	30/06/2023
<b>Debt instruments</b>	<b>461.905.543</b>	<b>482.885.473</b>
<i>Public Sector</i>	133.647.777	133.965.986
<i>Credit institutions</i>	209.690.369	230.770.554
<i>Corporate customers</i>	118.567.396	118.148.933
<b>Loans and advances</b>	<b>28.781.367</b>	<b>23.527.903</b>
<i>Public Sector</i>	-	-
<i>Credit institutions</i>	-	-
<i>Corporate customers</i>	28.781.367	23.527.903
<b>Total</b>	<b>490.686.910</b>	<b>506.413.376</b>
<i>of which unrealised valuation</i>	-24.842.327	-16.872.916

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	31/12/2022	30/06/2023
<b>Debt instruments</b>		
<i>Public Sector</i>	2.778.119.441	2.608.855.175
<i>Credit institutions</i>	5.937.256.870	5.898.463.036
<i>Corporate customers</i>	4.870.831.671	5.142.137.815
<b>Total</b>	<b>13.586.207.982</b>	<b>13.649.456.026</b>
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-798.739.447	-734.692.950
<i>of which impairment of financial assets</i>	-10.824.942	-14.070.035

Change in impairments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2022</b>	<b>8.401.338</b>	<b>495.556</b>	<b>203.296</b>	<b>9.100.190</b>
<i>of which:</i>				
<i>Public Sector</i>	760.685	-	-	760.685
<i>Credit institutions</i>	4.219.731	-	-	4.219.731
<i>Corporate customers</i>	3.420.923	495.556	203.296	4.119.775
<b>Changes</b>	<b>1.810.353</b>	<b>-86.439</b>	<b>838</b>	<b>1.724.752</b>
Increase due to acquisition and origination	2.214.346	-	-	2.214.346
Decrease due to repayment	-81.861	-747	-	-82.609
Change related to credit risk	-3.039.460	-189.638	838	-3.228.260
Other net changes	2.697.345	103.946	-	2.801.292
Depreciation	-	-	-	-
Exchange gain or loss	19.983	-	-	19.983
<b>Position as at 31 December 2022</b>	<b>10.211.691</b>	<b>409.117</b>	<b>204.134</b>	<b>10.824.942</b>
<i>of which</i>				
<i>Public Sector</i>	1.011.249	-	-	1.011.249
<i>Credit institutions</i>	4.947.711	-	-	4.947.711
<i>Corporate customers</i>	4.252.731	409.117	204.134	4.865.982
<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>-21.718.772</b>	<b>21.718.772</b>	-	-
<i>Transfer from Stage 1</i>	-24.564.836	24.564.836	-	-
<i>Transfer from Stage 2</i>	2.846.063	-2.846.063	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
<b>Impaired loans as at 31 December 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Public Sector	2.779.130.689	-	-	2.779.130.689
Credit institutions	5.942.204.581	-	-	5.942.204.581
Corporate customers	4.820.997.379	54.496.140	204.134	4.875.697.653

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	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2023</b>	<b>10.211.691</b>	<b>409.117</b>	<b>204.134</b>	<b>10.824.942</b>
<i>of which</i>				
<i>Public Sector</i>	1.011.249	-	-	1.011.249
<i>Credit institutions</i>	4.947.711	-	-	4.947.711
<i>Corporate customers</i>	4.252.731	409.117	204.134	4.865.982
<b>Changes</b>	<b>1.155.005</b>	<b>-108.453</b>	<b>2.198.541</b>	<b>3.245.093</b>
Increase due to acquisition and origination	1.377.000	1.578	4.330	1.382.908
Decrease due to repayment	-74.007	-1.989	-	-75.995
Change related to credit risk	-5.033.985	-108.024	2.194.211	-2.947.797
Other net changes	4.897.241	-	-	4.897.241
Depreciation	-	-	-	-
Exchange gain or loss	-11.244	-19	-	-11.264
<b>Position as at 30 June 2023</b>	<b>11.366.696</b>	<b>300.663</b>	<b>2.402.675</b>	<b>14.070.035</b>
<i>of which</i>				
<i>Public Sector</i>	4.754.448	-	-	4.754.448
<i>Credit institutions</i>	3.395.382	-	-	3.395.382
<i>Corporate customers</i>	3.216.866	300.663	2.402.675	5.920.205
<b>Outstanding loan stage transfers</b>				
<b>Public Sector</b>	-	-	-	-
<b>Credit institutions</b>	-	-	-	-
<b>Corporate customers</b>	<b>-48.666.774</b>	<b>39.100.901</b>	<b>9.565.873</b>	-
<i>Transfer from Stage 1</i>	-48.666.774	39.100.901	9.565.873	-
<i>Transfer from Stage 2</i>	-	-	-	-
<i>Transfer from Stage 3</i>	-	-	-	-
<b>Impaired loans as at 30 June 2023</b>				
Public Sector	2.613.609.623	-	-	2.613.609.623
Credit institutions	5.901.858.418	-	-	5.901.858.418
Corporate customers	5.064.072.036	70.234.796	13.751.188	5.148.058.021

### 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	31/12/2022	30/06/2023
<b>Debt instruments</b>		
<i>Public Sector</i>	25.146.780	25.316.551
<i>Credit institutions</i>	4.479.600	4.488.900
<i>Corporate customers</i>	-	-
<b>Total</b>	<b>29.626.380</b>	<b>29.805.451</b>
<i>of which unrealised valuation through the revaluation reserve</i>	-3.947.350	-3.672.207

### 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	31/12/2022	30/06/2023
<b>Equity instruments</b>		
<i>Credit institutions</i>	7.894.054	7.894.054
<i>Corporate customers</i>	884.773.675	897.440.618
<b>Total</b>	<b>892.667.729</b>	<b>905.334.672</b>
<i>of which unrealised valuation through the revaluation reserve</i>	606.425.744	620.353.143
Dividends received during the period	35.333.027	44.415.144
<i>of which dividends from positions sold during the period</i>	-	-
Gains/losses on sales in equity	-101	-241.199

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

List of associates:

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 30/06/2023
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	9.568.459
i-Hub S.A.	20,00	6.630.000	189.161
Luxair S.A.	21,81	14.830.609	390.108.182
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	70.628.974
Europay Luxembourg S.C.	30,10	188.114	1.033.723
Luxhub S.A.	32,50	3.705.000	1.759.776
Visalux S.C.	35,50	438.049	3.330.326
Lalux Group S.A.	40,00	28.904.385	394.063.147
<b>Total</b>		<b>61.700.853</b>	<b>870.681.748</b>

Associates	Fraction of capital held (%)	Acquisition value	Equity-accounted value 31/12/2022
Société Nationale de Circulation Automobile S.à r.l.	20,00	24.789	9.357.920
i-Hub S.A.	20,00	6.630.000	1.026.951
Luxair S.A.	21,81	14.830.609	384.292.382
Société de la Bourse de Luxembourg S.A.	25,35	6.979.907	70.049.065
Europay Luxembourg S.C.	30,10	188.114	969.731
LuxHub S.A.	32,50	3.705.000	1.923.181
Visalux S.C.	35,36	373.071	4.627.383
Lalux Group S.A.	40,00	28.904.385	215.531.991
<b>Total</b>		<b>61.635.875</b>	<b>687.778.605</b>

The financial statements of associates have been restated to comply with IFRS 9. Since 1 January 2023, Lalux Group S.A. has applied both IFRS 9 and IFRS 17. Application of these standards has translated into a EUR 169,8 million impact on own funds, of which EUR 158,9 million for the first-time application of IFRS 17 and EUR 10,9 million for the first-time application of IFRS 9.

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	30/06/2023			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Société Nationale de Circulation Automobile S.à r.l.	219.649	-	-9.110	210.539
i-Hub S.A.	-837.790	-	-	-837.790
Luxair S.A.	4.636.426	-	1.179.374	5.815.800
Société de la Bourse de Luxembourg S.A.	2.028.073	-	948.136	2.976.209
Europay Luxembourg S.C.	-3.353	-	67.345	63.992
Luxhub S.A.	-158.438	-	-4.967	-163.405
Visalux S.C.	101.859	-	-1.463.894	-1.362.035
Lalux Group S.A.	19.366.773	-	179.164.383	198.531.156
<b>Total</b>	<b>25.353.199</b>	<b>-</b>	<b>179.881.267</b>	<b>205.234.466</b>

Associates	31/12/2022			
	Net income from continuing operations	Net income after tax from discontinued operations	Other items of comprehensive income	Total comprehensive income
Société Nationale de Circulation Automobile S.à r.l.	476.295	-	-3.595	472.700
i-Hub S.A.	-1.433.818	-	-4.169.231	-5.603.049
Luxair S.A.	113.428.109	-	19.588.287	133.016.396
Société de la Bourse de Luxembourg S.A.	-6.728.830	-	45.087.750	38.358.920
Europay Luxembourg S.C.	5.675	-	42.230	47.905
European Fund Administration S.A.	-	-	518.060	518.060
LuxHub S.A.	-240.401	-	5.368	-235.033
Visalux S.C.	64.500	-	45.813	110.313
Lalux Group S.A.	36.649.210	-	-68.612.387	-31.963.177
<b>Total</b>	<b>142.220.740</b>	<b>-</b>	<b>-7.497.705</b>	<b>134.723.035</b>

### 3.10 Securities collateralised

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

Headings	31/12/2022	30/06/2023
Debt instruments issued by the public sector	101.736.165	52.171.400
Debt instruments issued by credit institutions	93.550.066	117.927.440
Debt instruments issued - other	161.575.334	116.197.717
<b>Total</b>	<b>356.861.565</b>	<b>286.296.557</b>

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

#### *Securities lent and other collateral*

Headings	31/12/2022	30/06/2023
<b>Securities lending</b>		
Debt instruments issued by the public sector	333.806.228	248.378.722
Debt instruments issued by credit institutions	-	-
Debt instruments issued - other	5.229.854	4.946.250
<b>Total</b>	<b>339.036.082</b>	<b>253.324.972</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 as at 30/06/2023	Assets	Liabilities	Notional
<b>Derivative financial instruments held for trading</b>	<b>116.003.502</b>	<b>168.696.330</b>	<b>24.533.896.991</b>
Operations linked to exchange rates	80.725.404	123.895.610	14.541.950.062
- Foreign exchange swaps and forward exchange contracts	80.725.404	121.976.373	14.515.132.838
- CCIS	-	1.919.237	26.817.224
- other	-	-	-
Operations linked to interest rates	35.278.099	44.800.720	9.991.946.929
- IRS	35.278.099	44.800.720	9.991.946.929
- other	-	-	-
Operations linked to equity	-	-	-
- Equity and index options	-	-	-
<b>Fair value micro-hedges</b>	<b>804.703.931</b>	<b>269.242.904</b>	<b>12.667.403.259</b>
Operations linked to exchange rates	160.436.259	99.942.407	2.525.408.818
- CCIS	160.436.259	99.942.407	2.525.408.818
Operations linked to interest rates	644.267.672	169.300.497	10.141.994.441
- IRS	644.267.672	169.300.497	10.141.994.441
<b>Fair value macro-hedges</b>	<b>684.949.562</b>	<b>5.108.796</b>	<b>4.446.315.413</b>
Operations linked to interest rates	684.949.562	5.108.796	4.446.315.413
- IRS	684.949.562	5.108.796	4.446.315.413
<b>Cash flow hedges</b>	<b>582.832</b>	<b>502.874</b>	<b>101.767.647</b>
Operations linked to exchange rates	582.824	502.860	94.117.647
- CCIS	582.824	502.860	94.117.647
Operations linked to interest rates	8	15	7.650.000
- IRS	8	15	7.650.000



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Categories as at 31/12/2022	Assets	Liabilities	Notional
<b>Derivative financial instruments held for trading</b>	<b>132.075.729</b>	<b>294.865.180</b>	<b>21.218.813.373</b>
Operations linked to exchange rates	95.941.566	240.929.951	13.285.291.750
- Foreign exchange swaps and forward exchange contracts	95.728.944	238.426.173	13.255.318.884
- CCIS	212.622	2.503.777	29.972.866
- other	-	-	-
Operations linked to interest rates	36.134.163	53.935.229	7.933.521.623
- IRS	36.134.163	53.935.229	7.933.521.623
- other	-	-	-
Operations linked to equity	-	-	-
- Equity and index options	-	-	-
<b>Fair value micro-hedges</b>	<b>735.387.874</b>	<b>300.490.923</b>	<b>11.966.992.484</b>
Operations linked to exchange rates	99.734.446	123.391.648	2.440.066.168
- CCIS	99.734.446	123.391.648	2.440.066.168
Operations linked to interest rates	635.653.428	177.099.275	9.526.926.316
- IRS	635.653.428	177.099.275	9.526.926.316
<b>Fair value macro-hedges</b>	<b>725.963.579</b>	<b>4.070.839</b>	<b>4.271.199.907</b>
Operations linked to interest rates	725.963.579	4.070.839	4.271.199.907
- IRS	725.963.579	4.070.839	4.271.199.907
<b>Cash flow hedging derivatives</b>	<b>1.192.678</b>	<b>2.619.678</b>	<b>121.604.920</b>
Operations linked to exchange rates	1.138.575	2.619.678	111.704.920
- CCIS	1.138.575	2.619.678	111.704.920
Operations linked to interest rates	54.103	-	9.900.000
- IRS	54.103	-	9.900.000

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Fair value hedges at 30/06/2023	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-645.015.462	-69.204.554	70.232.232	1.027.678	101,48%
	Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Macro-hedge	-677.222.264	-62.523.888	64.431.805	1.907.917	103,05%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	74.617.726	2.419.931	-2.483.022	-63.091	102,61%
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-182.233.435	-4.239.520	5.083.572	844.051	119,91%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-694.581	267.479	-260.437	7.043	97,37%
Cash flow hedges at 30/06/2023	Balance sheet categories			Change in fair value of hedging instruments	Change in fair value of hedged instruments	Continuity of hedging	Termination of hedging
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers			-54.334	-	-	-
<b>Currency risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost			-48.118	-	-96.979	-
Fair value hedges at 31/12/2022	Balance sheet categories	Type of hedge	Fair value of hedged instruments	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Ineffectiveness	Effectiveness rate
<b>Interest rate risk</b>							
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost, Loans and advances at amortised cost – Customers	Micro-hedge	-715.247.694	833.894.714	-837.542.429	-3.647.715	100,44%
	Change in fair value of a portfolio of financial instruments hedged against interest rate risk	Macro-hedge	-740.135.506	905.976.623	-907.289.664	-1.313.041	100,14%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	77.100.748	-83.427.056	83.862.002	434.946	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	-187.317.007	203.685.939	-205.546.036	-1.860.098	100,91%
Fixed-rate liability instruments	Issuance of debt securities	Micro-hedge	-434.144	-527.000	509.572	-17.429	96,69%

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Cash flow hedges at 31/12/2022	Balance sheet categories	Change in fair value of hedging instruments	Change in fair value of hedged instruments	Cash flow hedging reserve	
				Continuity of hedging	Termination of hedging
<b>Interest rate risk</b>					
Fixed-rate asset instruments	Loans and advances at amortised cost – Customers	-973.760	-	54.334	-
<b>Currency risk</b>					
Fixed-rate asset instruments	Fixed-income securities recognised at amortised cost	-81.286	-	-48.861	-

Income on hedging activities recognised in net income and other comprehensive income at 30/06/2023	Net income or other comprehensive income
<b>Fair value hedges (micro + macro hedges)</b>	<b>3.723.599</b>
gains (losses) on hedging instruments	-138.165.460
gains (losses) on hedged instruments related to the hedged risk	137.004.151
ineffective part	4.884.908
<b>Cash flow hedges</b>	<b>-102.452</b>
ineffective part	-
effective part	-102.452
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 30/06/2023	Cash flow hedges recognised in revaluation reserve
<b>Balance at 1 January 2023</b>	<b>5.472</b>
Change in fair value related to hedging of:	-102.452
<i>interest rate risk</i>	-54.334
<i>foreign exchange risk</i>	-48.118
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 2023</b>	<b>-96.980</b>

Income on hedging activities recognised in net income and other comprehensive income at 31/12/2022	Net income or other comprehensive income
<b>Fair value hedges (micro + macro hedges)</b>	<b>-6.403.337</b>
gains (losses) on hedging instruments	1.869.849.028
gains (losses) on hedged instruments related to the hedged risk	-1.866.006.555
ineffective part	-10.245.809
<b>Cash flow hedges</b>	<b>-1.055.046</b>
ineffective part	-
effective part	-1.055.046
reclassified in profit or loss over the period	-

Reconciliation of the equity component at 31/12/2022	Cash flow hedges recognised in revaluation reserve
<b>Balance at 1 January 2022</b>	<b>1.060.518</b>
Change in fair value related to hedging of:	-1.055.046
<i>interest rate risk</i>	-973.760
<i>foreign exchange risk</i>	-81.286
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 2022</b>	<b>5.472</b>

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

Headings	31/12/2022	30/06/2023
Assets: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	-	-
Liabilities: Change in fair value of a portfolio of financial instruments hedged against interest rate risk	752.334.874	688.483.980

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 2022 and 2023 is due primarily to the impact of the change in the interest-rate curves used to determine fair value.

### 3.14 Tangible assets for own use

Headings	31/12/2022	30/06/2023
Tangible assets for own use	232.496.882	225.302.299
Right-of-use assets arising from leases	8.560.453	8.878.818
<b>Total</b>	<b>241.057.335</b>	<b>234.181.117</b>

### 3.15 **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 2023, the Group posted a deferred tax asset of EUR 58.691.161, and a deferred tax liability of EUR 89.111.035.

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	01/01/2022	Movements in equity	Movements in income statement	31/12/2022
Deferred tax assets	140.639.406	-81.010.343	268.594	59.897.657
Deferred tax liabilities	-114.581.540	16.711.166	11.237.964	-86.632.411
<b>Net deferred tax assets/liabilities</b>	<b>26.057.865</b>	<b>-64.299.178</b>	<b>11.506.558</b>	<b>-26.734.754</b>

Headings	01/01/2023	Movements in equity	Movements in income statement	30/06/2023
Deferred tax assets	59.897.657	-972.177	-234.319	58.691.161
Deferred tax liabilities	-86.632.411	-367.899	-2.110.726	-89.111.035
<b>Net deferred tax assets/liabilities</b>	<b>-26.734.754</b>	<b>-1.340.076</b>	<b>-2.345.045</b>	<b>-30.419.874</b>

### 3.15.1 Tax assets

Headings	31/12/2022	30/06/2023
Current tax	78.491.337	21.868.262
<i>Income tax</i>	8.996.980	-2.681.139
<i>Municipal business tax</i>	69.515.222	24.570.266
<i>Wealth tax</i>	-20.865	-20.865
Deferred taxes	59.897.657	58.691.161
<b>Tax assets</b>	<b>138.388.994</b>	<b>80.559.422</b>

Breakdown of deferred tax assets according to origin:

Headings	31/12/2022	30/06/2023
Derivative financial instruments - application of fair value	36.398	24.186
Debt instruments - application of fair value	1.250.970	907.878
Equity instruments - application of fair value	746.188	867.360
Actuarial gains/losses relating to employee benefits	57.864.101	56.891.736
<b>Deferred tax assets</b>	<b>59.897.657</b>	<b>58.691.161</b>

### 3.15.2 Tax liabilities

Headings	31/12/2022	30/06/2023
Deferred taxes	86.632.411	89.111.035
<b>Tax liabilities</b>	<b>86.632.411</b>	<b>89.111.035</b>

Breakdown of deferred tax liabilities according to origin:

Headings	31/12/2022	30/06/2023
Derivative financial instruments - application of fair value	37.763	-
Debt instruments - application of fair value	224.096	1.669.925
Equity instruments - application of fair value	2.459.727	2.865.391
Actuarial gains/losses relating to employee benefits	83.910.825	84.575.720
Regulatory and other provisions	-	-
<b>Deferred tax liabilities</b>	<b>86.632.411</b>	<b>89.111.035</b>

### 3.16 Other assets

Headings	31/12/2022	30/06/2023
Operational outstandings	9.075.980	22.998.610
Preferential or secured borrowers	109.823	5.397.674
Other	1.076.297	1.390.978
<b>Total</b>	<b>10.262.100</b>	<b>29.787.262</b>

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

### 3.17 Deposits at amortised cost – Credit institutions

Headings	31/12/2022	30/06/2023
Interbank deposits	5.135.265.084	4.619.105.962
<i>of which central bank deposits</i>	<i>1.450.251.625</i>	<i>21.626</i>
Repurchase agreements	373.059.026	294.175.590
Other financial liabilities	174.061.418	94.656.591
<b>Total</b>	<b>5.682.385.528</b>	<b>5.007.938.143</b>

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

The Group's parent company still had outstandings at 31 December 2022, but these were fully repaid in the first half of 2023. The amounts of the TLTRO III deposits have been included in “Deposits at amortised cost – Credit institutions”.

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

### 3.18 Deposits at amortised cost – Private customers and public sector

Headings	31/12/2022	30/06/2023
<b>Private sector</b>	<b>32.783.591.858</b>	<b>32.226.630.676</b>
- Demand deposit and notice accounts	14.716.587.693	12.721.715.804
- Time deposit accounts	4.791.919.423	7.034.442.080
- Savings	13.275.084.743	12.470.472.791
<b>Public Sector</b>	<b>8.342.695.376</b>	<b>8.910.961.112</b>
<b>Total</b>	<b>41.126.287.235</b>	<b>41.137.591.787</b>

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

Headings	31/12/2022	30/06/2023
Unsubordinated notes	131.633.032	140.704.147
<b>Total</b>	<b>131.633.032</b>	<b>140.704.147</b>
<i>of which unrealised valuation</i>	<i>-29.000.583</i>	<i>-25.451.894</i>

This item includes financial instruments which, depending on their characteristics, incorporate derivative components that are not directly related and are therefore not eligible for measurement at amortised

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

### 3.20 Issuance of debt securities

Headings	31/12/2022	30/06/2023
Certificates of deposit	19.261.376	16.433.472
Commercial paper	2.022.188.043	2.447.665.300
Medium Term Notes and other securities issued	637.629.532	979.035.295
<b>Total</b>	<b>2.679.078.951</b>	<b>3.443.134.066</b>
<i>of which subordinated notes</i>	-	-
<i>of which unrealised valuation (interest-rate component) for the purposes of hedge accounting</i>	-76.666.605	-73.923.145

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



### 3.21 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:

	2022			
	Risks and charges	Time savings account	IFRS 9	Total
<b>Position as at 1 January 2022</b>	<b>8.692.032</b>	<b>23.059.119</b>	<b>16.351.906</b>	<b>48.103.057</b>
Additions	8.727.237	-	13.175.863	21.903.101
Reversals	-1.417.499	-	-4.252.859	-5.670.358
Use	-5.775.656	-	-	-5.775.656
Exchange gain or loss	-	-	21	21
Expense included in personnel expenses	-	5.646.384	-	5.646.384
<b>Position as at 31 December 2022</b>	<b>10.226.115</b>	<b>28.705.503</b>	<b>25.274.931</b>	<b>64.206.549</b>
	2023			
<b>Position as at 1 January 2023</b>	<b>10.226.115</b>	<b>28.705.503</b>	<b>25.274.931</b>	<b>64.206.549</b>
Additions	970.382	-	10.894.719	11.865.101
Reversals	-	-	-4.768.725	-4.768.725
Foreign exchange income	-	-	-10	-10
Use	-1.773.417	-	-	-1.773.417
Expense included in personnel expenses	-	3.854.813	-	3.854.813
<b>Position as at 30 June 2023</b>	<b>9.423.080</b>	<b>32.560.316</b>	<b>31.400.915</b>	<b>73.384.310</b>

Change in impairments of off-balance sheet commitments:

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2022</b>	<b>11.219.717</b>	<b>3.490.387</b>	<b>1.641.804</b>	<b>16.351.906</b>
<b>Changes</b>	<b>5.597.920</b>	<b>3.756.358</b>	<b>-431.253</b>	<b>8.923.025</b>
Increase due to acquisition and origination	6.581.442	592.079	14.579	7.188.101
Decrease due to repayment	-2.679.590	-414.625	-1.158.644	-4.252.859
Change related to credit risk	-2.413.961	3.009.625	712.813	1.308.477
Other changes	4.110.038	569.249	-	4.679.286
Exchange gain or loss	-9	30	-	21
<b>Position as at 31 December 2022</b>	<b>16.817.637</b>	<b>7.246.744</b>	<b>1.210.551</b>	<b>25.274.931</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	-172.926.541	172.061.142	865.399	-
Transfer from Stage 2	46.749.362	-47.363.322	613.961	-
Transfer from Stage 3	525.778	2.550.338	-3.076.117	-
<b>Impaired loans as at 31 December 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	6.904.105.775	573.945.331	7.041.833	7.485.092.939

	Stage 1	Stage 2	Stage 3	Total
<b>Position as at 1 January 2023</b>	<b>16.817.637</b>	<b>7.246.744</b>	<b>1.210.551</b>	<b>25.274.931</b>
<b>Changes</b>	<b>2.254.459</b>	<b>201.973</b>	<b>3.669.552</b>	<b>6.125.984</b>
Increase due to acquisition and origination	4.458.519	351.752	672.246	5.482.518
Decrease due to repayment	-2.133.959	-508.389	-2.126.377	-4.768.725
Change related to credit risk	-1.091.410	449.859	5.751.217	5.109.667
Other net changes	1.021.306	-91.237	-627.535	302.534
Exchange gain or loss	1	-11	-	-10
<b>Position as at 30 June 2023</b>	<b>19.072.095</b>	<b>7.448.717</b>	<b>4.880.103</b>	<b>31.400.915</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>	-107.244.857	101.764.553	5.480.305	-
<i>Transfer from Stage 2</i>	39.306.058	-60.325.096	21.019.039	-
<i>Transfer from Stage 3</i>	183.289	329.163	-512.452	-
<b>Impaired loans as at 30 June 2023</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Outstanding	6.596.969.827	571.235.862	49.340.599	7.217.546.288

### 3.22 Other liabilities

Headings	31/12/2022	30/06/2023
Operational outstandings	2.473.035	19.875.120
Privileged or guaranteed creditors	24.733.687	19.953.979
Other financial liabilities at amortised cost	8.560.453	8.878.818
Other	2.595.187	16.753.916
<b>Total</b>	<b>38.362.362</b>	<b>65.461.833</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”.

### 3.23 Pension funds - Defined-benefit pension plan

Main estimates used to determine pension commitments:

Variables	31/12/2022	30/06/2023
Discount rate for active employees	3,50%	3,60%
Discount rate for beneficiaries	3,60%	3,60%
Salary increases (including indexation)	3,25%	3,25%
Pension increases (including indexation)	2,25%	2,25%
Induced yield	3,56%	3,56%

Under revised IAS 19, the induced yield for 2023 corresponds to the weighted-average discount rate at end-2022.

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

Components	31/12/2022	30/06/2023
Current service cost	15.922.348	4.079.729
Interest cost	9.234.007	9.894.240
Induced yield	-5.458.728	-8.182.218
<b>Total</b>	<b>19.697.627</b>	<b>5.791.751</b>

Pension commitments:

	31/12/2022	30/06/2023
<b>Commitments on 1 January</b>	<b>899.980.920</b>	<b>556.272.806</b>
Current service cost	15.922.348	4.079.729
Interest cost	9.234.007	9.894.240
Benefits paid or payable	-14.821.663	-12.141.679
Actuarial gains or losses	-354.042.806	10.056.854
<b>Commitments on the last day of the month</b>	<b>556.272.806</b>	<b>568.161.950</b>

Pension plan assets:

	31/12/2022	30/06/2023
<b>Assets on 1 January</b>	<b>532.028.042</b>	<b>460.019.704</b>
Benefits paid	-14.821.663	-12.141.679
Contribution	29.005.954	23.063.660
Induced yield	5.458.728	8.182.218
Fair value gain / loss	-91.651.357	13.955.684
<b>Assets on 31 December</b>	<b>460.019.704</b>	<b>493.079.587</b>

Net pension commitments under IAS 19:

	31/12/2022	30/06/2023
Pension commitments	556.272.806	568.161.950
Plan assets measured at fair value	-460.019.704	-493.079.587
<b>Unfunded liabilities/overfunding</b>	<b>96.253.102</b>	<b>75.082.363</b>

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

**3.24 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:

30/06/2023	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase / Repurchase agreements	987.960.065	-	987.960.065	14.682.473	968.801.446	4.476.146
Derivatives	1.540.868.826	-	1.540.868.826	226.278.724	1.301.187.938	13.402.165
<b>Total assets</b>	<b>2.528.828.892</b>	<b>-</b>	<b>2.528.828.892</b>	<b>240.961.197</b>	<b>2.269.989.384</b>	<b>17.878.311</b>

31/12/2022	Financial assets that are the subject of netting			Potential netting not recognised on the balance sheet		Financial assets after taking potential netting into account
	Financial assets before balance sheet netting	Balance sheet netting with financial liabilities	Financial assets recorded on the balance sheet	Financial liabilities	Collateral received	
Reverse repurchase / Repurchase agreements	235.409.659	-	235.409.659	2.501.802	231.315.739	1.592.118
Derivatives	1.474.403.358	-	1.474.403.358	214.731.724	1.206.771.746	52.899.888
<b>Total assets</b>	<b>1.709.813.017</b>	<b>-</b>	<b>1.709.813.017</b>	<b>217.233.526</b>	<b>1.438.087.485</b>	<b>54.492.006</b>

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

30/06/2023	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase / Reverse repurchase agreements	279.493.095	-	279.493.095	-	271.444.720	8.048.375
Derivatives	209.298.946	-	209.298.946	56.190.181	147.652.268	5.456.497
<b>Total liabilities</b>	<b>488.792.041</b>	<b>-</b>	<b>488.792.041</b>	<b>56.190.181</b>	<b>419.096.987</b>	<b>13.504.872</b>

31/12/2022	Financial liabilities that are the subject of netting			Potential netting not recognised on the balance sheet		Financial liabilities after taking potential netting into account
	Financial liabilities before balance sheet netting	Balance sheet netting with financial assets	Financial liabilities recorded on the balance sheet	Financial assets	Collateral given	
Repurchase / Reverse repurchase agreements	370.557.224	-	370.557.224	-	368.306.310	2.250.914
Derivatives	378.697.438	-	378.697.438	108.769.340	252.672.524	17.255.575
<b>Total liabilities</b>	<b>749.254.662</b>	<b>-</b>	<b>749.254.662</b>	<b>108.769.340</b>	<b>620.978.834</b>	<b>19.506.489</b>

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

Headings	31/12/2022	30/06/2023
Variable-income securities recognised at fair value through the revaluation reserve	-108	-241.199
Shares in associates and subsidiaries	1.528	42.050
Non-current assets and disposal groups classified as held for sale	14.529.966	-
<b>Total</b>	<b>14.531.386</b>	<b>-199.149</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**

	31/12/2022	30/06/2023
Deposits from associates	320.498.495	277.988.252
<b>Total</b>	<b>320.498.495</b>	<b>277.988.252</b>

	31/12/2022	30/06/2023
Loans to associates	13.279.587	11.765.693
<b>Total</b>	<b>13.279.587</b>	<b>11.765.693</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.

<b>ASSETS</b>	<b>31/12/2022</b>	<b>30/06/2023</b>
Loans and advances at amortised cost	1.316.707.717	1.352.843.930
Fixed-income securities recognised at amortised cost	588.616.141	581.290.738
Fixed-income securities recognised at fair value through the revaluation reserve	20.494.980	20.646.600
Other	-	-
<b>TOTAL ASSETS</b>	<b>1.925.818.837</b>	<b>1.954.781.267</b>

<b>LIABILITIES</b>	<b>31/12/2022</b>	<b>30/06/2023</b>
Deposits at amortised cost	6.350.806.619	8.069.238.542
<b>TOTAL LIABILITIES</b>	<b>6.350.806.619</b>	<b>8.069.238.542</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:

	<b>30/06/2022</b>	<b>30/06/2023</b>
Board of Directors (ten members)	254.500	261.000
Executive Board (five members)	444.564	475.854
<b>Total</b>	<b>699.064</b>	<b>736.854</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:

	<b>30/06/2022</b>	<b>30/06/2023</b>
Board of Directors (ten members)	4.630.500	3.950.133
Executive Board (five members)	43.971	33.552
<b>Total</b>	<b>4.674.470</b>	<b>3.983.685</b>

### 3.27 **Off-balance sheet items**

Type of guarantees issued:

Headings	31/12/2022	30/06/2023
Completion bonds	385.941.047	329.519.490
Letters of credit	102.977.116	101.448.223
Counter-guarantees	497.708.187	496.983.546
Other	59.423.353	117.127.032
<b>Total</b>	<b>1.046.049.703</b>	<b>1.045.078.291</b>

Commitments:

Headings	31/12/2022	30/06/2023
Amounts subscribed and unpaid on securities, equity interests and shares in affiliated companies	12.580.824	12.576.654
Undrawn confirmed credits	6.411.362.412	6.144.790.342
<i>Financing</i>	3.322.360.445	3.005.279.862
<i>Current accounts</i>	2.500.613.655	2.664.943.258
<i>Money market contracts</i>	-	8.131.500
<i>Other</i>	588.388.313	466.435.722
Documentary credits	15.100.000	15.100.000
<b>Total</b>	<b>6.439.043.236</b>	<b>6.172.466.997</b>

#### **Management of third-party assets:**

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



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

##### 4.1 Interest income

Interest received and similar income	30/06/2022	30/06/2023
Financial assets held for trading	74.990.941	177.338.189
Financial assets mandatorily recognised at fair value through profit or loss	2.723.036	5.568.849
Financial assets recognised at fair value through the revaluation reserve	50.867	101.846
Loans and advances at amortised cost	198.073.047	546.179.357
Fixed-income securities recognised at amortised cost	44.877.835	84.571.336
Derivatives - Hedge accounting, interest rate risk	55.974.788	382.806.956
Other assets	1.016.283	10.579.743
Interest received on liability instruments	49.686.443	378.049
<b>Total</b>	<b>427.393.240</b>	<b>1.207.524.325</b>
<i>of which interest calculated based on the effective interest rate</i>	<i>393.621.121</i>	<i>1.165.160.818</i>
Interest paid and similar expenses	30/06/2022	30/06/2023
Financial liabilities held for trading	-31.962.393	-99.653.879
Financial liabilities designated at fair value through profit or loss	-1.439.955	-1.490.425
Liabilities at amortised cost - Deposits	-10.469.638	-399.170.462
Liabilities at amortised cost - Debt certificates	-11.136.250	-76.238.817
Liabilities at amortised cost - Subordinated loans	-18.157	-
Derivatives - Hedge accounting, interest rate risk	-135.651.713	-267.559.601
Other liabilities	-3.377	-12.960
Interest paid on asset instruments	-26.687.296	-2.523.636
<b>Total</b>	<b>-217.368.779</b>	<b>-846.649.781</b>
<i>of which interest calculated based on the effective interest rate</i>	<i>-194.368.488</i>	<i>-669.784.542</i>
Interest income	210.024.461	360.874.544
Total interest received and similar income on financial instruments not recognised at fair value through profit or loss	293.704.475	641.810.331
Total interest paid and similar expenses on financial instruments not recognised at fair value through profit or loss	-48.314.718	-477.945.875

Net interest income increased by 71,8% to EUR 360,9 million as at 30 June 2023 compared with EUR 210,0 million in the previous year.

##### 4.2 Income from securities

Headings	30/06/2022	30/06/2023
Variable-income securities recognised at fair value through the revaluation reserve	35.311.744	44.528.573
<b>Income from securities</b>	<b>35.311.744</b>	<b>44.528.573</b>

<sup>4</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.

#### 4.3 **Fee and commission income**

Headings	30/06/2022	30/06/2023
Loan activities	23.138.186	16.988.424
Asset management	39.946.028	32.362.920
Investment fund activities	29.775.052	29.535.269
Demand deposit accounts and related activities	26.729.966	31.441.411
Insurance premiums	1.290.404	1.289.096
Other (*)	4.258.852	4.131.993
<b>Total commissions received</b>	<b>125.138.488</b>	<b>115.749.113</b>
Loan activities	-856.932	-835.158
Asset management	-9.962.729	-6.947.864
Investment fund activities	-5.348.352	-5.369.838
Demand deposit accounts and related activities	-5.234.577	-6.274.464
Other (*)	-599.793	-459.713
<b>Total commissions paid</b>	<b>-22.002.383</b>	<b>-19.887.037</b>
<b>TOTAL COMMISSIONS</b>	<b>103.136.105</b>	<b>95.862.076</b>

(\*) mostly fees on derivative financial instruments

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

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

Headings	30/06/2022	30/06/2023
Fixed-income securities recognised at fair value through the revaluation reserve	100	-
Loans and advances (at amortised cost)	1.864	81
Fixed-income securities recognised at amortised cost	67.364	-1.644.771
<b>Total</b>	<b>69.328</b>	<b>-1.644.690</b>

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

Headings	30/06/2022	30/06/2023
Equity instruments and related derivatives	107	-1.461
Foreign exchange instruments and related derivatives	-6.224.952	-951.867
Interest rate instruments and related derivatives	-19.945.808	9.349.923
<b>Total</b>	<b>-26.170.653</b>	<b>8.396.596</b>

The increase in this item in first-half 2023 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	30/06/2022	30/06/2023
Financial liabilities designated at fair value	26.725.819	-3.548.689
<b>Total</b>	<b>26.725.819</b>	<b>-3.548.689</b>

The positive value adjustment for this item in 2022 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	30/06/2022	30/06/2023
Fixed-income securities	-9.418.366	779.481
Units of UCITS and ETFs	-12.767.001	6.320.927
Loans and advances	-1.181.008	182.180
<b>Total</b>	<b>-23.366.375</b>	<b>7.282.588</b>

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

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

Headings	30/06/2022	30/06/2023
<b>Fair value hedges</b>		
Debt instruments (assets) hedged by derivative financial instruments	-5.867.359	3.499.339
Debt issues hedged by derivative financial instruments	344.879	-56.047
Loans hedged by derivative financial instruments	-552.930	280.307
<b>Total</b>	<b>-6.075.410</b>	<b>3.723.599</b>
Value adjustment on hedged instruments	-1.271.857.543	137.004.152
Value adjustment on hedging instruments	1.265.782.133	-133.280.553
<b>Total</b>	<b>-6.075.410</b>	<b>3.723.599</b>

Interest rate risk hedging operations are highly effective.

#### 4.9 Other net operating income

Headings	30/06/2022	30/06/2023
Other operating income	6.691.294	9.481.822
Other operating expenditure	-590.723	-2.943.207
<b>Other net operating income</b>	<b>6.100.571</b>	<b>6.538.615</b>

"Other operating income and expenses" mainly include:

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

#### 4.10 Personnel expenses

Headings	30/06/2022	30/06/2023
Remuneration	104.378.644	112.812.255
Social security charges	3.235.029	3.294.970
Pensions and similar expenses	6.828.342	7.356.695
Pension fund expense	9.848.813	5.791.751
Other personnel expenses	3.063.377	3.200.318
<b>Total</b>	<b>127.354.205</b>	<b>132.455.989</b>

#### 4.11 Other general and administrative expenses

Headings	30/06/2022	30/06/2023
Expenses related to property and furniture	9.660.505	7.370.191
Rents and maintenance of software	18.167.164	19.551.774
Operating expenditure related to the banking business	18.596.615	22.117.954
Other	3.364.447	5.523.364
<b>Total</b>	<b>49.788.731</b>	<b>54.563.283</b>

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

Headings	30/06/2022	30/06/2023
FGDL contribution	-	13.088.010
FRL contribution	25.857.126	21.901.568
<b>Total</b>	<b>25.857.126</b>	<b>34.989.578</b>

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

#### 4.13 Impairment of credit risks

	30/06/2022			30/06/2023		
	Additions	Reversals	Total	Additions	Reversals	Total
Fixed-income securities recognised at amortised cost	-1.652.956	3.175.968	1.523.012	-7.691.247	4.434.891	-3.256.356
Fixed-income securities recognised at fair value through the revaluation reserve	-9.151	0	-9.151	-24.674	1.113	-23.561
Loans and advances	-28.976.236	31.710.314	2.734.078	-79.510.383	38.066.042	-41.444.341
<b>Total</b>	<b>-30.638.343</b>	<b>34.886.282</b>	<b>4.247.939</b>	<b>-87.226.304</b>	<b>42.502.045</b>	<b>-44.724.258</b>

#### 4.14 Provisions and reversal of provisions

Headings	30/06/2022	30/06/2023
Provisions	-7.443.523	-17.677.703
Reversal of provisions	6.631.369	10.581.330
<b>Total</b>	<b>-812.154</b>	<b>-7.096.373</b>

#### 4.15 Tax expense

Headings	30/06/2022	30/06/2023
Tax on income from continuing operations	-31.332.095	-38.088.005
Deferred taxes	7.877.199	-2.345.045
<b>Tax on profit/(loss) for the period</b>	<b>-23.454.896</b>	<b>-40.433.050</b>

The tax expense was calculated on the basis of the 30 June 2023 figures, on a same-methodology basis.

## 5 ANALYSIS OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the comparison by category of the carrying amounts and fair values of the Group's financial instruments included in the consolidated financial statements.

Categories as at 30/06/2023	Carrying amount	Fair value	Unrealised valuation	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Cash and sight accounts with central banks	10.402.122.757	10.402.122.757	-	-	-	-
Loans and advances at amortised cost	28.624.983.374	26.683.948.668	-1.941.034.706	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>1.040.487.323</i>	<i>1.040.487.323</i>	-	-	-	-
Financial instruments held for trading	116.003.502	116.003.502	-	-	-	-
Hedging derivative financial instruments	1.490.236.326	1.490.236.326	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	506.413.376	506.413.376	-	-	-	-
Fixed-income securities recognised at amortised cost	13.649.456.026	13.427.290.346	-222.165.680	84,1%	15,9%	-
<i>of which measured at fair value for hedging purposes</i>	<i>9.931.298.676</i>	<i>9.931.298.676</i>	-	-	-	-
Fixed-income securities recognised at fair value through the revaluation reserve	29.805.451	29.805.451	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	905.334.672	905.334.672	-	-	-	-
Investments in associates accounted for using the equity method	870.681.748	870.681.748	-	-	-	-
<b>TOTAL</b>	<b>56.595.037.231</b>	<b>54.431.836.846</b>	<b>-2.163.200.386</b>			
<b>Financial liabilities</b>						
Deposits at amortised cost	46.145.529.930	44.800.170.816	-1.345.359.115	-	100,0%	-
Financial instruments held for trading	168.696.330	168.696.330	-	-	-	-
Hedging derivative financial instruments	274.854.575	274.854.575	-	-	-	-
Financial liabilities designated at fair value through profit or loss	140.704.147	140.704.147	-	-	-	-
Debt securities in issue	3.443.134.066	3.405.815.508	-37.318.559	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>980.063.367</i>	<i>980.063.367</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	688.483.980	688.483.980	-	-	-	-
<b>TOTAL</b>	<b>50.861.403.029</b>	<b>49.478.725.356</b>	<b>-1.382.677.673</b>			
<b>Categories as at 31/12/2022</b>						
<b>Financial assets</b>						
Cash and sight accounts with central banks	10.847.765.699	10.847.765.699	-	-	-	-
Loans and advances at amortised cost	28.163.356.828	25.947.556.668	-2.215.800.160	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>1.041.425.865</i>	<i>1.041.425.865</i>	-	-	-	-
Financial instruments held for trading	132.075.729	132.075.729	-	-	-	-
Hedging derivative financial instruments	1.462.544.131	1.462.544.131	-	-	-	-
Financial assets mandatorily recognised at fair value through profit or loss	490.686.909	490.686.909	-	-	-	-
Fixed-income securities recognised at amortised cost	13.586.207.982	13.348.826.009	-237.381.973	77,0%	23,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>9.500.754.376</i>	<i>9.500.754.376</i>	-	-	-	-
Fixed-income securities recognised at fair value through the revaluation reserve	29.626.380	29.626.380	-	-	-	-
Variable-income securities recognised at fair value through the revaluation reserve	892.667.729	892.667.729	-	-	-	-
Investments in associates accounted for using the equity method	687.778.605	687.778.605	-	-	-	-
<b>TOTAL</b>	<b>56.292.709.992</b>	<b>53.839.527.859</b>	<b>-2.453.182.133</b>			
<b>Financial liabilities</b>						
Deposits at amortised cost	46.808.672.763	45.566.472.302	-1.242.200.460	-	100,0%	-
Financial instruments held for trading	294.865.180	294.865.180	-	-	-	-
Hedging derivative financial instruments	307.181.440	307.181.440	-	-	-	-
Financial liabilities designated at fair value through profit or loss	131.633.032	131.633.032	-	-	-	-
Debt securities in issue	2.679.078.951	2.650.576.722	-28.502.229	-	100,0%	-
<i>of which measured at fair value for hedging purposes</i>	<i>637.629.532</i>	<i>637.629.532</i>	-	-	-	-
Change in fair value of a portfolio of financial instruments hedged against interest rate risk	752.334.874	752.334.874	-	-	-	-
<b>TOTAL</b>	<b>50.973.766.240</b>	<b>49.703.063.551</b>	<b>-1.270.702.689</b>			

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

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

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

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

- Level 1 fair value: Level 1 inputs are essentially quoted prices in active markets for identical financial instruments. This level includes equity securities and debt instruments listed on stock exchanges, as well as derivative financial instruments traded on a regulated market. Financial instruments not listed on a market but that were recently involved in a transaction are also included in Level 1.
- Level 2 fair value: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the financial instruments, either directly or indirectly, i.e. derived from observable prices, such as implied volatilities of a share derived from observable prices of option contracts on this share. This level includes the majority of over-the-counter derivative financial instruments and structured debt securities issued. These inputs, such as “EURIBOR” yield curves or credit spreads, are initially provided by specialised financial data providers.
- Level 3 fair value: This level includes equity instruments or debt securities for which significant parameters used in the valuation models are based on internal estimations and assumptions. The shareholdings of the Group’s parent company in non-material unlisted companies are valued on the basis of net assets after taking into account any discount for illiquidity and/or for restrictions on the security, adjustments for structural losses, and/or the company’s dividend on income for the last financial year audited, once the information is available. Material unlisted holdings are measured as follows:
  - in the event of a transaction (capital increase or sale transaction) during the last 12 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 the Group’s parent company, participate in the transaction;

- when this concerns a company that holds listed assets, the market price of these assets on the valuation date is used to calculate net asset value;
- when the last capital transaction was more than 12 months ago, the measurement is made based on the stock market ratios of a peer group, meaning a sample of listed companies that are comparable, in terms of economic activity, asset size and/or financing structure, to the unlisted company, measured by the Group's parent company. This allows the fair 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 for illiquidity and/or for restrictions on the security;
- 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.
- the data used in the valuation process are derived from the company accounts or are estimated based on the latest figures available. The peer group's market multiples, described in the previous paragraph, and the accounting data of the companies making up each peer group are obtained from Bloomberg at the closing price on the valuation day, i.e. 30 June or 31 December of the year and the reporting period;
- 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 Group's 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 as at 30 June 2023	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial assets held for trading</b>	-	<b>116.003.502</b>	-	<b>116.003.502</b>
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	116.003.502	-	116.003.502
- IRS	-	35.278.099	-	35.278.099
- CIRS/outright	-	80.725.404	-	80.725.404
- other	-	-	-	-
<b>Hedging derivative financial instruments</b>	-	<b>1.490.236.326</b>	-	<b>1.490.236.326</b>
- IRS	-	1.329.217.242	-	1.329.217.242
- CIRS	-	161.019.083	-	161.019.083
<b>Financial assets mandatorily recognised at fair value through profit or loss</b>	-	<b>506.344.240</b>	<b>69.135</b>	<b>506.413.374</b>
- Debt instruments	-	482.816.338	69.135	482.885.472
- Public sector	-	133.965.986	-	133.965.986
- Credit institutions	-	230.770.554	-	230.770.554
- Corporate customers	-	118.079.798	69.135	118.148.933
- Other financial instruments	-	23.527.902	-	23.527.902
- Corporate customers	-	23.527.902	-	23.527.902
<b>Variable-income securities recognised at fair value through the revaluation reserve</b>	<b>25.452.536</b>	<b>104.645.260</b>	<b>775.236.876</b>	<b>905.334.672</b>
- Public sector	-	-	-	-
- Credit institutions	-	-	7.894.054	7.894.054
- Corporate customers	25.452.536	104.645.260	767.342.822	897.440.618
<b>Fixed-income securities recognised at fair value through the revaluation reserve</b>	<b>29.805.450</b>	-	-	<b>29.805.450</b>
- Credit institutions	25.316.550	-	-	25.316.550
- Public sector	4.488.900	-	-	4.488.900
<b>Non-current assets and disposal groups classified as held for sale</b>	-	-	-	-
- Corporate customers	-	-	-	-
<b>TOTAL</b>	<b>55.257.986</b>	<b>2.217.229.327</b>	<b>775.306.011</b>	<b>3.047.793.324</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments held for trading</b>	-	<b>168.696.330</b>	-	<b>168.696.330</b>
- IRS	-	44.800.720	-	44.800.720
- CIRS/outright	-	123.895.610	-	123.895.610
- other	-	-	-	-
<b>Hedging derivative financial instruments</b>	-	<b>274.854.575</b>	-	<b>274.854.575</b>
- IRS	-	174.409.308	-	174.409.308
- CIRS	-	100.445.267	-	100.445.267
<b>Financial liabilities designated at fair value through profit or loss</b>	-	<b>140.704.147</b>	-	<b>140.704.147</b>
<b>TOTAL</b>	-	<b>584.255.052</b>	-	<b>584.255.052</b>

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Notes to the interim condensed consolidated financial information  
as at 30 June 2023

Categories as at 31 December 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial assets held for trading</b>	-	<b>132.075.729</b>	-	<b>132.075.729</b>
- Debt instruments	-	-	-	-
- Equity instruments	-	-	-	-
- Derivative financial instruments	-	132.075.729	-	132.075.729
- <i>IRS</i>	-	36.134.163	-	36.134.163
- <i>CIRS/outright</i>	-	95.941.566	-	95.941.566
- <i>other</i>	-	-	-	-
<b>Hedging derivative financial instruments</b>	-	<b>1.462.544.130</b>	-	<b>1.462.544.130</b>
- <i>IRS</i>	-	1.361.671.110	-	1.361.671.110
- <i>CIRS</i>	-	100.873.021	-	100.873.021
<b>Financial assets mandatorily recognised at fair value through profit or loss</b>	-	<b>490.633.739</b>	<b>53.171</b>	<b>490.686.910</b>
- Debt instruments	-	461.852.372	53.171	461.905.543
- <i>Public sector</i>	-	133.647.777	-	133.647.777
- <i>Credit institutions</i>	-	209.690.369	-	209.690.369
- <i>Corporate customers</i>	-	118.514.225	53.171	118.567.396
- Other financial instruments	-	28.781.367	-	28.781.367
- <i>Corporate customers</i>	-	28.781.367	-	28.781.367
<b>Variable-income securities recognised at fair value through the revaluation reserve</b>	<b>28.731.408</b>	<b>118.125.974</b>	<b>745.810.347</b>	<b>892.667.728</b>
- <i>Public sector</i>	-	-	-	-
- <i>Credit institutions</i>	-	-	7.894.054	7.894.054
- <i>Corporate customers</i>	28.731.408	118.125.974	737.916.293	884.773.675
<b>Fixed-income securities recognised at fair value through the revaluation reserve</b>	<b>29.626.380</b>	-	-	<b>29.626.380</b>
- <i>Credit institutions</i>	25.146.780	-	-	25.146.780
- <i>Public sector</i>	4.479.600	-	-	4.479.600
<b>TOTAL</b>	<b>58.357.788</b>	<b>2.203.379.572</b>	<b>745.863.518</b>	<b>3.007.600.877</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments held for trading</b>	-	<b>294.865.180</b>	-	<b>294.865.180</b>
- <i>IRS</i>	-	53.935.229	-	53.935.229
- <i>CIRS/outright</i>	-	240.929.951	-	240.929.951
- <i>other</i>	-	-	-	-
<b>Hedging derivative financial instruments</b>	-	<b>307.181.440</b>	-	<b>307.181.440</b>
- <i>IRS</i>	-	181.170.115	-	181.170.115
- <i>CIRS</i>	-	126.011.326	-	126.011.326
<b>Financial liabilities designated at fair value through profit or loss</b>	-	<b>131.633.032</b>	-	<b>131.633.032</b>
<b>TOTAL</b>	-	<b>733.679.653</b>	-	<b>733.679.653</b>

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

Thus, 1,8% of financial assets measured at fair value, presented above, are classified as Level 1 (versus 1,9% at 31 December 2022), 72,8% as Level 2 (versus 73,3% at 31 December 2022) and 25,4% as Level 3 (versus 24,8% at 31 December 2022).

For financial liabilities, all financial instruments were allocated to Level 2 as at 30 June 2023 and 31 December 2022.

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 2023.

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 2023</b>	<b>53.171</b>	-	<b>745.810.347</b>	-	<b>745.863.518</b>
Total gains / losses	-120.961	-	30.686.984	-	<b>30.566.022</b>
- <i>Income statement</i>	-120.961	-	-	-	<b>-120.961</b>
- <i>Revaluation reserve</i>	-	-	30.686.984	-	<b>30.686.984</b>
Purchases	23.717	-	-	-	<b>23.717</b>
Reimbursements/sales	-	-	-508.537	-	<b>-508.537</b>
Other changes	113.208	-	-751.916	-	<b>-638.708</b>
Transfers from Level 1 to Level 3	-	-	-	-	-
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-
<b>Total as at 30 June 2023</b>	<b>69.135</b>	-	<b>775.236.876</b>	-	<b>775.306.011</b>
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 30 June 2023	99.332	-	29.933.299	-	30.032.631

	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 2022</b>	<b>6.122</b>	-	<b>956.416.828</b>	-	<b>956.422.950</b>
Total gains / losses	218.430	-	-213.601.256	-	<b>-213.382.826</b>
- <i>Income statement</i>	<b>218.430</b>	-	-	-	<b>218.430</b>
- <i>Revaluation reserve</i>	-	-	<b>-213.601.256</b>	-	<b>-213.601.256</b>
Purchases	11.216	-	-	-	<b>11.216</b>
Reimbursements/sales	-27.137	-	-26.416	-	<b>-53.554</b>
Reclassification	-	-	-	-	-
Other changes	-155.459	-	2.897.790	-	<b>2.742.331</b>
Transfers from Level 1 to Level 3	-	-	123.402	-	<b>123.402</b>
Transfers from Level 2 to Level 3	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-
<b>Total as at 31 December 2022</b>	<b>53.171</b>	-	<b>745.810.347</b>	-	<b>745.863.518</b>
Total gains/losses for the period included in the income statement for financial assets and liabilities held as at 31 December 2022	89.773	-	20.851.182	-	<b>20.940.955</b>

The total volume of Level 3 financial assets corresponds to 25,4% of total financial assets measured at fair value as at 30 June 2023, compared with 24,8% at 31 December 2022.

*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 2023 and 2022.

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 30/06/2023	Impact on fair value	
		10% decrease depending on the methodology used	10% increase depending on the methodology used
Variable-income securities recognised at fair value through the revaluation reserve	699.280.788	-70.008.124	69.994.721

Headings	Level 3 fair value as at 31/12/2022	Impact on fair value	
		10% decrease depending on the methodology used	10% increase depending on the methodology used
Variable-income securities recognised at fair value through the revaluation reserve	664.113.109	-59.433.462	59.422.571

The sensitivity analysis was performed on the two largest shareholdings, i.e. the same two as at 30 June 2023 and 31 December 2022.

## 6 SEGMENT REPORTING

### 6.1 The Group's operations

The Group's activities are carried out from the territory of the Grand Duchy of Luxembourg and are broken down into four major segments, each with comparable profitability and risk characteristics. Spuerkeess also owns stakes in companies in Luxembourg, which are included in a separate segment.

The Group's parent company has adopted a "pillar"-based management view defined on the basis of key customer segments. This view facilitates the monitoring of the Group's parent company's strategic and business objectives and ensures close supervision of the activities of different types of customers.

The segments break down as follows:

- Retail Banking and Private Banking:

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

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

- Corporate, Public Sector and Institutional Client Banking:

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

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

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

## 6.2 Allocation rules and net bank margin

The sector reporting is produced from analytical balance sheet allocation rules, an internal transfer pricing system and general expense allocation methods.

The internal transfer pricing system (FTP) reflects the transfer of interest rate risk and liquidity risk which are assumed by Spuerkeess's Asset and Liability Management entity. This entity is responsible for interest rate risk and liquidity risk management and for asset/liability management for Spuerkeess as a whole.

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

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

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

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

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

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

The loss reported for the “Financial Markets” segment in first-half 2023 can be attributed, first, to the fast-rising interest rate environment and its impact on internal transfer prices (FTP), which are not well suited to these circumstances. The income from certain categories of deposits in the other business segments was therefore overestimated at the expense of ALM income at 30 June 2023. Second, the ECB's unexpected revision of the conditions for the targeted longer-term refinancing operations (TLTRO) had negative impacts on interest margin.

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





**SPUERKEESS**

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