Semi-annual Report

as at 30 June 2024

BIL 1856

Contents

01. Consolidated management report

Corporate governance
(as of 30 June 2024)

The Corporate Governance Charter of BIL aims to ensure a coherent and efficient corporate governance framework, to enable BIL Group to effectively manage business operations in line with the strategic priorities as defined by the Board. BIL's corporate governance complies with the high standards laid down in the applicable laws and recognises the importance of good and solid corporate governance.

The Corporate Governance defines the functions, responsibilities and authorities of BIL corporate bodies and their members and constitutes BIL Group's primary governance guidelines to be applied to all subsidiaries, branches (if any) and representative offices of BIL Group and which shall prevail in case of conflicting rules, without prejudice to mandatory local law.

The principles set out in the Corporate Governance Charter are applicable groupwide and should be adjusted to the specific situation of the relevant Group entity, taking the proportionality principle into account, without prejudice to approving their own policies based on mandatory local regulations.

In accordance with Luxembourg regulations, BIL has a robust central administration in Luxembourg, which comprises, in a broad sense, the supervision, the management, the execution and the control functions which enable the Bank to retain control over all its activities. The administrative centre of BIL includes in particular a sound administrative, accounting and IT organisation which ensures, at all times, proper administration of securities and assets, accurate and complete recording of operations and production of accurate, complete, relevant and understandable management information available without delay.

The corporate governance of BIL is articulated around the below organs:

GENERAL MEETING OF SHAREHOLDERS (GM)

The GM has the widest powers reserved to it by law to adopt or ratify any action related to BIL.

The annual GM receives a management report from the Board on the Company's activities in the previous financial year and approves the balance sheet and profit and loss account.

The annual GM also proceeds to appoint the directors and, where necessary, their replacements, without prejudice to the legal provisions on the representation of salaried staff or the statutory right for the directors, in case of vacancy, to appoint a new director temporarily.

The extraordinary GM has the authority as described in the applicable laws, among others to amend the Company's corporate object or legal form or to decide on any other amendments to the articles of association, such as those arising from capital increases or reductions.

BOARD OF DIRECTORS (THE BOARD)

The Board has the overall responsibility for BIL. It defines, monitors and bears the responsibility for the implementation of robust central administration, governance and internal control arrangements ensuring a sound and prudent management of the Bank. Among its missions, the Board is responsible for setting and overseeing the overall business and risk strategy including the risk appetite statements and the risk appetite framework of BIL Group.

The Board is assisted by four specialised committees:

Board Audit and Compliance Committee (BACC)

Monitors and controls the effective implementation and proper adherence to the Bank's approved charters, policies and procedures, accounting standards as well as legal and regulatory requirements such as but not limited to the AML Risk Appetite Statement and accordingly makes recommendations to the Board or to the CEO and/or the Management Board.

Board Strategy Committee (BSC)

Assists the Board in setting the strategic direction. It advises the Board on the overall Bank's strategy and budget and gives recommendations to the Board in this respect.

Board Risk Committee (BRC)

Ensures that all material risk matters are addressed and oversees all current and anticipated risks, even indirect, within the BIL Group that could jeopardise the Bank's financial and liquidity capacities and its ability to conduct its activities in a sound manner and in line with the approved risk appetite. Among others, the BRC is responsible for reviewing and challenging the Internal Capital and Liquidity Adequacy Assessment Processes (ICLAAP) and their conclusions for recommendation to the Board, at least on a yearly basis or more often if deemed necessary.

Board Remuneration and Nominations Committee (BRNC)

Sits separately in nomination and remuneration matters. The role of the BRNC is to assist and advise the Board on topics such as the definition of a global remuneration charter of the Bank. It also assists and advises the Board on matters such as the suitability assessment and the appointment/dismissal/revocation process of the members of the Board or Management Board as well as the suitability assessment of the members of the Executive Committee (ExCo).

MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

The Board delegated the daily management of the Bank to the Management Board (MB). The MB consists of the MB members authorised by the Supervisor. The overall objective of the MB is to lead, direct and manage BIL, in order to implement the strategy and achieve the business objectives in line with the risk appetite set by the Board. The MB is collegially responsible for the effective day-to-day management of the Bank. It meets in principle on a weekly basis as an integral part of the Executive Committee (ExCo) and on an ad-hoc basis, as needed.

The ExCo consists of the MB members, as well as designated heads of support functions and business lines. The ExCo and the MB are chaired by the CEO. The Chief Compliance Officer, the Chief Internal Auditor and the Secretary General and General Counsel are permanent invitees to the ExCo. The Chief Compliance Officer and the Chief Internal Auditor have direct reporting lines to the Board Chair and to the Chair of the BACC (amongst other Directors).

The MB Members acting as a collegial body, are jointly responsible for the overall management of the Bank and are co-responsible for all the decisions made by the MB.

MB Members are recommended by the BRNC-N in its sub-meeting dedicated to nomination matters for election by the Board subsequent to a positive suitability assessment carried out in accordance with the standards defined in the Suitability & Succession Charter.

ExCo members are recommended by the BRNC-N in its sub-meeting dedicated to nomination matters for election by the MB subsequent to a positive suitability assessment carried out in accordance with the standards defined in the Suitability & Succession Charter.

MANAGEMENT COMMITTEES

In order to further enhance its effectiveness on transversal topics within the MB scope, which are either technical and/or require a specific emphasis, the MB delegated its decision-making power in certain areas to a number of Management Committees composed of MB members and technical experts.

BOARD OF DIRECTORS

Chair

Marcel Leyers	Non-Executive Director (as from 1 May 2024)
Jing Li	Director, VP, Managing Director of Overseas Investment of Legend Holdings Corporation (Chair ad interim up to 30 April 2024)

Vice-Chair

Jing Li	Director, VP, Managing Director of Overseas Investment of Legend Holdings Corporation (as from 1 May 2024)
Peng Li	Director, Chief Executive Officer of Legend Holdings Corporation (up to 30 April 2024)

Members

Peng Li	Director, Chief Executive Officer of Legend Holdings Corporation
Vincent Thurmes	Director, Luxembourg State Representative
Pierrot Rasqué	Director, Luxembourg State Representative
Maurice Lam	Independent Director
Charles Q. Li	Independent Director
Chris Van Aeken	Independent Director
Marcel Leyers	Executive Director (up to 30 April 2024)
Ashley Glover	Director, Staff Representative
Benoît Migeaux	Director, Staff Representative
Claude Steffen	Director, Staff Representative
Marc Terzer	Director, Staff Representative

BOARD STRATEGY COMMITTEE

Chair	Members
Jing Li	Marcel Leyers (as from 1 May 2024)
	Vincent Thurmes

BOARD AUDIT AND COMPLIANCE COMMITTEE

Chair	Members
Maurice Lam	Jing Li
	Pierrot Rasqué

BOARD RISK COMMITTEE

Chair	Vice-Chair	Members
Chris Van Aeken	Jing Li	Vincent Thurmes
		Charles Q. Li

BOARD REMUNERATION AND NOMINATIONS COMMITTEE

Chair	Members
Jing Li	Peng Li
	Claude Steffen (Remuneration matters)
	Vincent Thurmes
	Charles Q. Li (as from 1 May 2024)

EXECUTIVE COMMITTEE

Chair

Jeffrey Dentzer*	Chief Executive Officer (as from 1 May 2024)
Marcel Leyers**	Chief Executive Officer (up to 30 April 2024)

Members

Hédi Ben Mahmoud*	Chief Risk Officer
Hans-Peter Borgh	Group Head International
Claude Eyschen	Head of Wealth Management
Olivier Gorin	Chief Operations Officer
Emilie Hoël	Head of CEO Office
Helen Liang	Head of China Market
Bernard Mommens*	Member of the Management Board
Jérôme Nèble***	Head of Strategy, Secretary General Office and Balance Sheet Management
Nico Picard*	Chief Financial Officer
Karin Scholtes*	Chief of the Luxembourg Market and Corporate and Institutional Banking

Permanent Invitees

Marie Bourlond	Chief Compliance Officer
Elsa Dorschel	Chief Internal Auditor (as from 1 May 2024)
Pia Haas	Chief Internal Auditor (up to 30 April 2024)
Frédéric Sudret	Secretary General and General Counsel

* Member of the Management Board
** Member of the Management Board up to 30 April 2024
*** Member of the Management Board as from 15 May 2024

Statement of conformity

Luxembourg, 22 August 2024

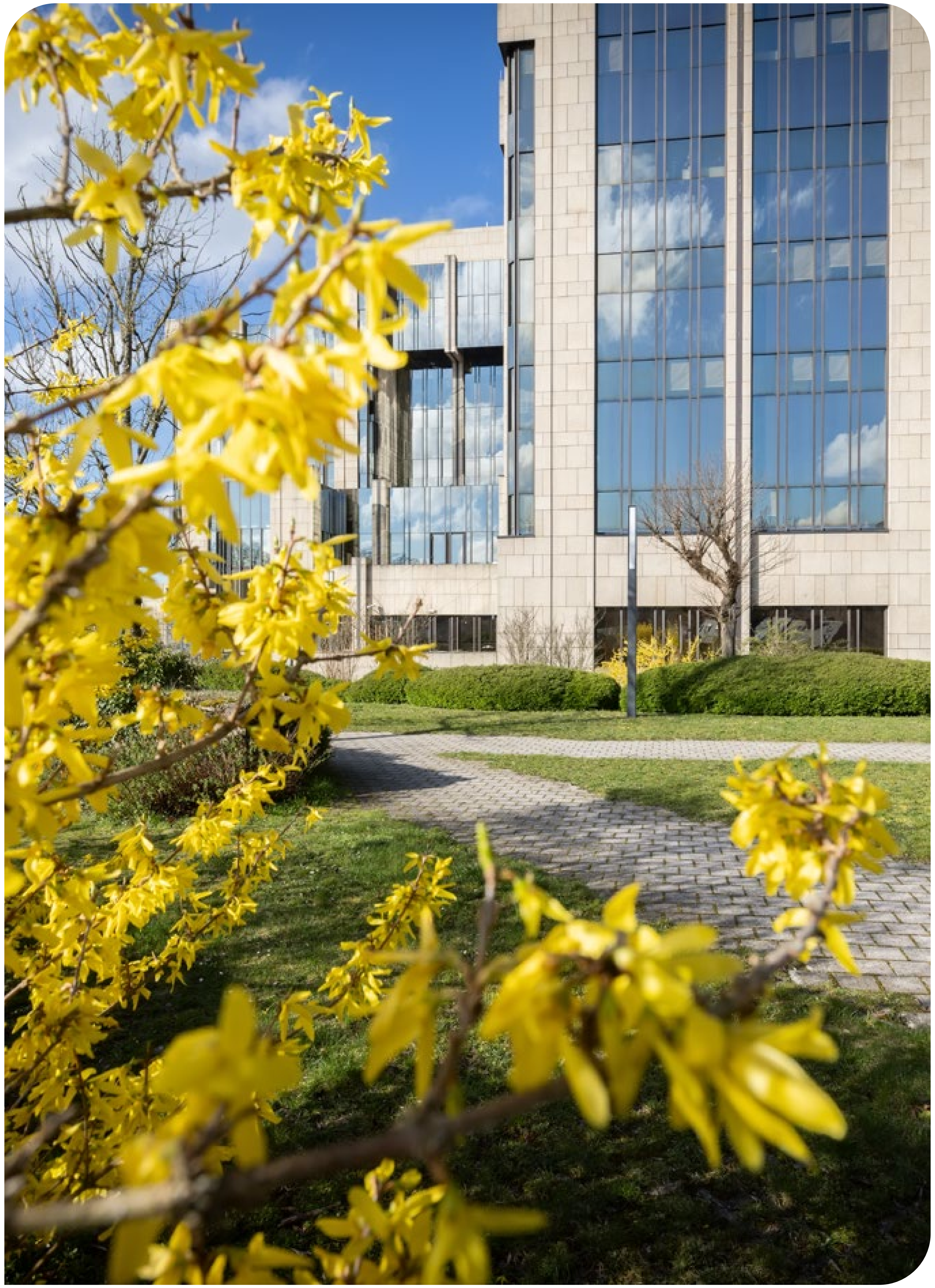
Subject: Statement of conformity in relation to the interim condensed consolidated financial statements and management report in accordance with article 3 of the Transparency Law of 11 January 2008 (as amended).

We hereby inform you that, to the best of our knowledge, the interim condensed consolidated financial statements as at 30 June 2024 of Banque Internationale à Luxembourg, prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union (EU) and endorsed by the European Commission (EC) (up to 31 May 2024), give a true and fair view of the assets, liabilities, financial position and profit and loss, and that the management report includes a fair review of the development and performance of the business and the position of Banque Internationale à Luxembourg and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

On behalf of the Management Board,

Jeffrey Dentzer
Chief Executive Officer

Nico Picard
Chief Financial Officer



Business Review and Results

1. Highlights of the first half of 2024

SUPPORTING THE ECONOMY, SUPPORTING CLIENTS

Throughout the first half of 2024, the global economy continued to recover from pandemic aftershocks, including trade dislocations, outsize monetary and fiscal interventions, a prolonged inflation surge, conflicts at the door of Europe and episodes of severe financial market volatility. High interest rates to tame inflation remained a constant over the past two years. The EU economy staged a comeback at the start of the year, albeit slow, following a prolonged period of stagnation. Inflation across the EU cooled further leading to a first modest reduction in key rates in June 2024 (-25 basis points). Despite this reduction, the European Central Bank's monetary policy has remained restrictive and financing conditions tight since 2022. This resulted in a rise in mortgage rates, leaving a number of households and businesses in the property and construction sectors in disarray, slowing down lending activity.

Faced with this challenging situation, BIL stayed true to its commitment to support the national economy and adopted a set of measures to boost lending activity. In May 2024, BIL joined an initiative led by the Luxembourg Ministry of Finance to support the construction of residential properties and increase the supply of completed homes on the market, through a set of aid mechanisms. To this end, BIL joined forces with four other financial institutions active in the financing of residential property construction in Luxembourg. A real estate special purpose vehicle (SPV) in the form of a limited company called Prolog Luxembourg S.A. was created with a total envelope of EUR 250 million made available by the participants. Operational since the 8 July 2024, Prolog Luxembourg S.A., will help to revive the construction sector by committing to purchase unsold residential properties that developers are unable to market. This will ensure that developers receive the necessary funding to continue with ongoing construction projects which will in turn increase the supply of completed homes on the market and, ultimately, maintain employment in the sector.

In parallel, BIL launched special fixed-rate mortgage loan offers on the market for 10-year and 15-year loans. The objective was to bring predictability to clients who might have preferred to postpone or cancel their real estate projects due to the uncertainty that variable interest rates might entail. These special offers also aimed to revive the real estate market and the Bank's lending activity. To support sales, a first advertising campaign was launched throughout the country spanning February and March 2024, followed by a second campaign, launched in June 2024. In addition, BIL passed on to its clients the cut in interest rates decided by the ECB in June. The Bank reduced its interest rates by 25 basis points, with effect from 1 July 2024, thus bringing relief to clients who had opted for a variable-rate loan. Finally, taking a proactive approach, BIL's teams identified clients most likely to face monthly repayment difficulties to discuss their situation and, when needed, find temporary solutions to avoid exposing them to a risk of default.

BIL also supported the economy and its clients by pursuing its green bond issuance programme. Following the success of the tranches issued in the summer and fall of 2023, BIL continued to bring new responsible investment opportunities during the first half of 2024. Two new products were launched in March, followed by a new subscription window in June, with the bond to be issued in early July. The aim of this programme is to offer responsible investment solutions all the while supporting energy efficient buildings in Luxembourg. These new green bonds are suitable for investors who wish to make a positive impact, as the funds collected are used to finance energy efficient residential housing in Luxembourg.

Finally, BIL's support for the economy and its clients manifested through the development of its Corporate and Wealth Management services. Thanks to the expertise of both its Luxembourg and Switzerland teams, BIL Corporate Finance continued to expand in 2024 with two major deals: one for a client headquartered in Luxembourg operating in the IT services, the other for a French company specialised in management software. BIL Corporate Finance offers lending and advisory services for strategic transactions such as acquisition, major investment, transmission and management buy-out to entrepreneurs and family-owned corporate clients.

PURSUING BIL'S TRANSFORMATION JOURNEY

During the first semester of 2024, BIL continued to build the pillars of its transformation, based on a new IT infrastructure implemented in late 2023 and a new governance and organisation aligned with the vision defined by its strategic plan Energise Create Together 2025.

BIL's new Core Banking System (CBS) was successfully deployed on the 2 October 2023 and represented its most significant undertaking in 2023. After months of development and testing, BIL Luxembourg migrated its legacy CBS to its new banking platform (Temenos T24). During the first months of post go-live operations, at the end of 2023 and beginning of 2024, a comprehensive "Hypercare" organisation was put in place to tackle any potential issues that the Bank had anticipated and to support clients. The "Hypercare" phase was followed by a "Care" phase to fix residual issues, transition to a "Business-as-usual" operating mode and develop essential new features to improve processes and client experience.

To support its commercial drive and leverage all the advantages of its new IT infrastructure, operations and governance were modified. Implementing a new target operating model was one of the five pillars of BIL's Energise Create Together 2025 strategy. The Bank initiated the review, improvement and simplification of its processes at the beginning of the year and will continue throughout 2024. Client-centricity and people-centricity are the driving forces of the new operating model: greater efficiency and robustness will ultimately improve the Bank's services, benefit clients and support staff in their daily work.

In addition to the continuous improvement of its operations, BIL reshuffled its organisation and governance to ensure clarity and strong leadership for the years to come. Commercial franchises were realigned to reflect the Bank's determination to grow its activities. On 1 January 2024, Karin Scholtes was appointed Chief of Luxembourg Market leading BIL's Retail, Corporate and Institutional banking activities. Claude Eyschen was appointed Head of Wealth Management, overseeing all the Bank's Wealth Management domestic and international activities from its Luxembourg hub. Helen Liang joined the Bank and the Executive Committee in November 2023 as Head of China Market, in charge of developing BIL's activities between Europe and China. Hans-Peter Borgh, CEO of BIL Suisse, pursued its strategic plan aiming to develop the Wealth Management and Corporate Advisory and Lending activities of the Group's Swiss hub. After successfully leading the Bank through its transformation, Marcel Leyers' mandate neared its end. To ensure a smooth transition at the head of the Bank, Jeffrey Dentzer was appointed Deputy CEO in January 2024, and CEO on 1 May 2024, when Marcel Leyers stepped down from daily management of the Bank to become the Chair of the Board of Directors.

In a context of everchanging market conditions and regulatory framework, the last building blocks of BIL's five-year strategic plan were laid out. This newly transformed BIL will provide a solid backbone for future developments and bring more agility, reliability, and efficiency to its operations.

2. Geopolitical risk

BIL Group continues to closely monitor global geopolitical risks through the assumptions underlying its stress testing and its annual risk self-assessment exercise.

The Group considers the ongoing conflict between Russia and Ukraine to be its main geopolitical risk and continues to closely monitor the situation.

In response to these events, the Group is rigorously applying the measures necessary to strictly enforce all international sanctions and restrictions as and when they are announced.

From a risk management perspective, BIL's exposure to Russia remains relatively small. The direct impacts of the conflict on BIL Group's interim condensed consolidated financial statements for the first half of 2024 remain limited. Credit exposure towards Russia represents 0.3% of total exposures as at 30 June 2024. All exposures are collateralised and all collateral is located in Western Europe.

3. ESG (Environmental, Social and Governance)

BIL's Executive Committee and Board of Directors recognise the strategic role the Bank must play in transitioning to a sustainable world. Committed to sustainable development, BIL actively enhances its own operations and encourages clients to reduce emissions and invest sustainably.

Since 2021, BIL is progressively implementing its ESG transformation program, addressing regulatory requirements and advancing on ESG initiatives, in line with its sustainability and overall Bank strategy.

2024 is a year of **consolidation**, with a focus on the priorities identified and validated by the ESG Steering Committee in February 2024.

REGULATORY FOCUS & DISCLOSURE REQUIREMENTS

From a regulatory perspective, the priority is to ensure that BIL is ready for the next **Corporate Sustainability Reporting Directive (CSRD)**, which will come into force in 2025. With this in mind, during the first half of the year, BIL finalised its D**ouble Materiality Assessment** and focused on data gaps with relevant stakeholders. In order to strengthen its data collection and validation process, the Bank is currently implementing a specific **data collection tool** that will be used for the year-end exercise.

In terms of **disclosure requirements**, the first half of the year was also devoted to finalising BIL's 2023 non-financial report, BIL's disclosures relating to the requirements of Article 8 of the Taxonomy, ESG-related disclosures in its Pillar 3 report and improvements to its report on Principal Adverse Impacts (PAIs). All this information can be found on BIL's website.

BIL also finalised its 2023 UN Principles of Responsible Banking report and prepared its 'Communication on Progress' report in line with its signature of the United Nations Global Compact in November 2021. This last report was submitted before the end of July.

BIL continued the implementation of its **Market in Financial Instruments Directive (MifID) project** with a more detailed questionnaire to gather clients' sustainability preferences and the consolidation of its **ESG investment processes**.

In terms of investment processes, the focus in 2024 was on internalising ESG data in order to gain full control over our exclusion policy and strengthen the risk management processes. The second half of the year will be devoted to acquiring additional data to strengthen our sustainability risk policy and our ESG-related investment decisions. Finally, BIL continued to implement different elements in its overall **ESG risk management framework**. Please refer to the Risk Management Report key events section for more information on the ESG achievements in the first semester 2024.

PRODUCTS & SERVICES

From a **products and services** perspective, the focus of 2024 is on transforming mass retail investment products into sustainable products, reflecting the Bank's commitment to contribute to global sustainability goals. In this perspective, product management teams are working on ensuring that the Bank's fund savings plan invests exclusively in sustainable investments as of October 2024.

For high-net worth individuals, the **Serenio ESG Discretionary Mandate** is being finalised for a commercial launch by the end of the year.

Green bonds continue to successfully attract investors. The total outstanding raised by BIL via green bonds as at 30 June 2024 amounted to EUR 539 million equivalent.

Finally, the Bank updated its allocation and impact report relating to its 2023 green bond activity. The report has been reviewed by external auditors and is available on the Bank's website: https://www.bil.com/Documents/EMTN/Allocation-and-Impact-Report-31122023.pdf

BIL's Investment Portfolio: in addition to its role as a provider of investment solutions to private and institutional investors, BIL also manages its own portfolio of investment instruments. On 30 June 2024, Green, Social and Sustainable bonds accounted for 22.49% of the total portfolio, for a total amount of EUR 2.1 billion (+16.7% compared to 31 December 2023). BIL is targeting 30% of the Investment Portfolio by the end of 2025.

On the lending side, BIL pursued its efforts to promote green loans and renovation opportunities for customers based on its existing offer. A new partnership has been signed with YES GEO SERVICES, active in the geothermal sector, to support our customers in their energy transition.

With regard to **corporate clients**, BIL has finalised the definition of an evaluation grid for its clients' transition plan and has developed an automated internal tool to standardise data collection among the Bank's clients with high greenhouse gas emissions. The ultimate aim is to administer the Low Carbon Maturity Assessment questionnaire to around 50 customers to assess their level of transition maturity by the end of the year, providing specific data for subsequent risk management approaches and analysis.

At the same time, business advisors from the corporates department have been trained in the impact of climate change on customers' businesses and how best to work with them on transition and overall business resilience.

Finally, BIL is actively involved in the "Association des Banques et Banquiers Luxembourg" (ABBL) Data Utility project, which aims to define a collective platform for collecting ESG data from small and midsize enterprises (SMEs).

STRATEGY AND GOVERNANCE

From a **strategy and governance** perspective, this year's priority is to define **BIL's transition plan**, focusing on its loan portfolio. This involves defining a clear strategic approach to ensure that the Bank is ready to adapt to upcoming changes linked to climate evolutions, setting targets and implementing specific initiatives while managing risks and fostering our adaptability.

During the first half of the year, strategic workshops were held with the main stakeholders (Front office, Risk, Strategy, Finance and Sustainability), focusing on the real estate and corporate loan portfolios, to identify and discuss decarbonisation levers for the portfolios concerned.

The first elements of this approach will feed into the next 5-year strategy. It will also enable us to set longer-term objectives than those defined in 2023.

To feed these discussions, BIL finalised the 2023 carbon footprint assessment (operational carbon footprint and financed emissions), complementing these exercises with a portfolio alignment exercise improving the Bank's impact monitoring and climate-risk exposure analysis.

Overall, BIL is continuously working on a more structured approach to **ESG-critical data**. The market is evolving fast and integrating ESG considerations into the Bank's strategy and business model demands a great deal of effort, particularly in terms of ESG data.

CORPORATE INITIATIVES

At corporate level, the emphasis is on a more structured approach to training and awareness: a mandatory ESG awareness training targeting all BIL employees was launched in Q2 2024.

In April, a dedicated Sustainability Week was organised to educate employees and inspire collective action towards sustainability. The sustainability team continues to organise educational workshops such as the calculation of individual carbon footprints, the climate murals, two workshops on renewable energies, organised in collaboration with doctors from the Department of Physics and Materials Science at the University of Luxembourg as part of the Energy4Life project, and a conference with Luxembourg's representative to the Intergovernmental Panel on Climate Change (IPCC) to present the latest report.

4. Key figures

COMMERCIAL FRANCHISES

Despite a complex macroeconomic environment and continued geopolitical uncertainty, the "Lux Market & CIB and Wealth Management" business areas' performance remains resilient.

- Assets under Management (AuM) reached EUR 45.5 billion as at 30 June 2024 compared with EUR 43.8 billion at the end of 2023, up by 3.8%. This increase resulted from Net New Asset (NNA) inflows of EUR 0.70 billion primarily stemming from Retail and Institutional Banking activities and a positive market effect of EUR 0.96 billion.
- Customer deposits amounted to EUR 18.5 billion as at 30 June 2024, a slight increase of EUR 0.1 billion (+ 0.5%) compared with year-end 2023. This occurred mainly in fixed term deposits (EUR 0.9 billion) and savings accounts, partly offset by a decrease in current accounts (EUR -0.9 billion). Since the beginning of 2024, in anticipation of the expected ECB rate cut cycle, clients placed their deposits for a longer duration.
- Customer loans increased by 1.6% to EUR 16.6 billion compared with year-end 2023. In the second quarter of 2024, lending activity began to recover, following signs of a slight improvement in consumer confidence thanks to the start of ECB's long-awaited rate cut cycle and Government measures put in place to aid the real estate sector recover.

PROFITABILITY

BIL Group reported a net income after tax of EUR 83 million in June 2024 compared with EUR 103 million in June 2023, down by EUR 20 million (or 19%).

The key drivers of this decrease stem from the implementation of the Core Banking System with a significant increase in amortisation expenses by EUR 13 million and a decrease of total revenues by EUR 11 million in line with the commercial franchise evolution in a context of multiple macroeconomic challenges.

Non-recurring items before tax remained limited with a positive contribution in June 2024 of EUR 2 million compared with a negative impact of EUR 2 million in June 2023 driven in 2024 by the capital gains on property sales.

Core gross operating income (excluding non-recurring items) amounted to EUR 108 million in June 2024, a decrease of EUR 34 million compared with EUR 141 million in June 2023. This evolution was mainly influenced by an increase in core operating expenses of EUR 18 million and a decrease in core operating revenues of EUR 16 million.

Core operating income before tax totalled EUR 92 million versus EUR 121 million in June 2023, down by EUR 28 million. This evolution was marked by a decrease in core gross operating income of EUR 34 million offset by an improvement in the cost of risk by EUR 3 million and a reversal of provisions for legal litigation of EUR 2 million.

LONG-TERM COUNTERPARTY CREDIT RATINGS

As at the end of June 2024, BIL's ratings by both Moody's and Standard & Poor's remain unchanged compared with 31 December 2023, at A2/Stable/P-1 and A-/Stable/A-2 respectively.

BIL Group	June 2024	Outcome
Moody's	A2 Stable P-1	On 3 April 2024, Moody's Investors Service affirmed BIL's ratings following completion of a review of the Bank's ratings.
S&P	A- Stable A-2	On 20 October 2023, S&P Global Ratings affirmed BIL's ratings and published a fully updated rating analysis on the 30 October 2023.

The most recently published rating agency reports are available on: www.bil.com/en/bil-group/investor-relations.

5. Consolidated statement of income and consolidated balance sheet

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of BIL Group for the first half of 2024 were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union. The main accounting principles are described in Note 1 to the interim condensed consolidated financial statements. Unless stated otherwise, all amounts are expressed in euro (EUR).

ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME[1]

CONSOLIDATED STATEMENT OF INCOME GLOBAL VIEW

(in EUR million)	30/06/23	30/06/24	Change versus June 2023	%
Revenues	**374**	**363**	**(11)**	**(3)%**
Interest and dividend income	271	243	(28)	(10)%
Fees income	106	104	(1)	(1)%
Other income	(2)	15	18	(841)%
Expenses	**(235)**	**(253)**	**(17)**	**7%**
Staff expenses	(127)	(129)	(2)	2%
General expenses	(83)	(85)	(3)	3%
Amortisation	(26)	(39)	(13)	48%
Gross operating income	**139**	**110**	**(29)**	**(21)%**
Cost of risk and provisions for legal litigation	(21)	(16)	5	(24)%
Net income before tax	**118**	**94**	**(24)**	**(20)%**
Tax expenses	(15)	(11)	4	(26)%
Net income	**103**	**83**	**(20)**	**(19)%**

CONTRIBUTION TO THE CONSOLIDATED STATEMENT OF INCOME BY BUSINESS LINE

(in EUR million)	Commercial activities and Financial Markets		Group Center		Total		Change versus June 2023	%
	30/06/23	30/06/24	30/06/23	30/06/24	30/06/23	30/06/24		
Revenues	383	347	(9)	16	374	363	(11)	(3)%
of which core operating revenues	***381***	***345***	***(6)***	***15***	***376***	***360***	***(16)***	***(4)%***
Expenses	(219)	(250)	(16)	(3)	(235)	(253)	(17)	7%
of which core operating expenses	***(219)***	***(250)***	***(15)***	***(2)***	***(234)***	***(252)***	***(18)***	***8%***
Gross operating income	164	97	(26)	14	139	110	(29)	(21)%
of which core gross operating income	***162***	***95***	***(21)***	***13***	***141***	***108***	***(34)***	***(24)%***
Cost of risk and provisions for legal litigation	(21)	(18)	(0)	3	(21)	(16)	5	(24)%
of which core operating cost of risk	***(21)***	***(18)***	***(0)***	***3***	***(21)***	***(15)***	***5***	***(26)%***
Net income before tax	144	78	(26)	16	118	94	(24)	(20)%
of which core operating net income before tax	***142***	***77***	***(21)***	***16***	***121***	***92***	***(28)***	***(24)%***
Tax expenses					(15)	(11)	4	(26)%
Net income					**103**	**83**	**(20)**	**(19)%**

[1] Variation and percentages calculated on exact numbers may bring rounding differences.

REVENUES

As at 30 June 2024, total revenues amounted to EUR 363 million, down by EUR 11 million (-3%) compared with June 2023 (EUR 374 million). Revenue contributions are presented by operating segment and by accounting category in Note 3.

As mentioned in the profitability section core operating revenues (excluding non-recurring items) stood at EUR 360 million, down by EUR 16 million (-4%) compared with EUR 376 million in June 2023.

Commercial activities and Financial Markets core operating revenues amounted to EUR 345 million, down 10% compared with June 2023. Several elements contributed to this decrease such as the initial effects of changes in the interest rate environment, as we head into a period of potential and progressive normalisation of interest rates and signs of moderation in monetary policy restrictions in Europe since the beginning of the year. June 2023 net interest income benefitted fully from high interest rates, contrary to June 2024, which was also influenced by changes in client investment behaviour. In this context, in anticipation of the expected ECB rate cut cycle, clients have placed their deposits for a longer duration since the end of 2023. With regard to Financial Market activities, a large part of the decrease relates to Asset and Liability Management, explained by the non-remuneration of mandatory reserves since September 2023 and by the balance sheet structure which reduced transformation margin income.

Group Center activities generated positive core operating revenues of EUR 15 million in June 2024 compared with negative core operating revenues of EUR 6 million in June 2023. This positive evolution of EUR 21 million compared with June 2023, can mainly be attributed to higher net interest income on the Bank's own funds by EUR 7 million and lower contributions to the DGS & Resolution Funds by EUR 16 million offset by a lower contribution of other income by EUR 2 million.

EXPENSES

Expenses amounted to EUR 253 million, up by 7% compared with June 2023 (EUR 235 million), similar with the evolution of the core operating expenses. Staff costs increased by EUR 2 million mainly at BIL Luxembourg level following the salary indexations applied in February, April and September 2023. General expenses increased by EUR 3 million influenced by the inflation rate. Depreciation and amortisation expenses increased by EUR 13 million compared with June 2023 mainly stemming from the amortisation of intangible assets following the deployment of the new Core Banking System in October 2023.

The cost income ratio[2] reached 69.1% in June 2024 compared with 60.9% in June 2023. The core cost income ratio (excluding non-recurring items) stood at 69.5% compared with 60.4% in June 2023.

GROSS OPERATING INCOME

Gross operating income amounted to EUR 110 million compared with EUR 139 million in June 2023. Excluding non-recurring items, core gross operating income decreased by EUR 34 million, mainly influenced by a core operating revenues decrease of EUR 16 million and an increase in core operating expenses of EUR 18 million.

COST OF RISK

BIL Group recorded net provisions on loans and advances and provisions for legal litigations of EUR 16 million compared with EUR 21 million in June 2023 and EUR 15 million limited to the core cost of risk.

PROVISIONS FOR LEGAL LITIGATIONS

The Group recognised a write back of provisions in June 2024 for EUR 2 million. Based on a court ruling issued in 2012 in Switzerland, pursuant to which local banks managing client assets could have had to return client commissions received from third parties, the Group set aside provisions at the time to cover any potential claims.

EXPECTED CREDIT LOSSES (ECL)

The core cost of risk (excluding non-recurring items and provisions for legal litigations) totalled EUR 17 million compared with EUR 21 million in June 2023.

The Bank continued to adopt a prudent approach anticipating an increase in credit risk, particularly on its residential real estate portfolios.

In H1 2024, the core cost of risk includes a reversal of ECL for EUR 21 million in Stage 1 and Stage 2 exposures mainly driven by the ECL models evolution as described in detail in Note 6.2 Credit risk.

The core cost of risk related to Stage 3 amounted to EUR 38 million at the end of June 2024 influenced by an increase in Stage 3 exposures and the decision to implement a new management overlay in response to the current and short-term macroeconomic environment concerning Acquisition, Development, and Construction (ADC projects) for EUR 16 million as described in detail in Note 6.2 Credit risk.

[1] Cost income ratio annualised to consider DGS & Resolution Funds' contributions at 50 %.

NET INCOME BEFORE TAX

Net income before tax stood at EUR 94 million, down by EUR 24 million (-20%) compared with the first semester of 2023, marked by a decrease in gross operating income of EUR 29 million offset by a decrease in the cost of risk and provisions for legal litigation of EUR 5 million.

TAX EXPENSES

As at the 30 June 2024, tax expenses amounted to EUR 11 million. The change in tax expenses is in line with the decrease in net income before tax.

NET INCOME

BIL Group reported a net income of EUR 83 million in June 2024, compared with June 2023 (EUR 103 million).

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET[3]

(in EUR billion)	31/12/23	30/06/24	Change versus 2023	%
ASSETS	**30.5**	**32.1**	**1.6**	**5.1%**
Cash, balances with central banks and demand deposits	3.0	2.5	(0.5)	(15.9)%
Loans and advances to credit institutions	0.7	1.9	1.3	189.2%
Loans and advances to customers	16.3	16.6	0.3	1.6%
Financial investments	9.2	9.7	0.5	5.4%
Positive fair value of derivative products	0.5	0.6	0.0	5.5%
Other assets	0.8	0.8	(0.0)	(3.2)%
LIABILITIES	**30.5**	**32.1**	**1.6**	**5.1%**
Amounts due to credit institutions	3.7	4.8	1.1	30.0%
Amounts due to customers	18.5	18.5	0.1	0.5%
Negative fair value of derivative products	0.3	0.3	(0.0)	(7.7)%
Debt securities	4.9	5.4	0.5	9.9%
Subordinated debts	0.3	0.3	0.0	(0.4)%
Other liabilities	0.4	0.4	0.1	(13.6)%
Shareholders' equity	2.4	2.4	(0.0)	(1.8)%

ASSET MOVEMENTS

"Loans and advances to credit institutions" amounted to EUR 1.9 billion, up by EUR 1.3 billion. This evolution is mainly influenced by an increase in reverse repurchase agreements of EUR 1.2 billion. The Bank opted for an active collateral management in a favourable market backdrop and actively engaged in collateralised transactions during the first semester 2024. This strategy contributed to the growth in reverse repurchase agreements balances, which involve lending cash against high-quality bonds to enhance our liquidity position while maintaining a robust risk management framework. Market conditions were particularly supportive with a flight-to-quality trend attracting increased demand for reverse repurchase agreements.

"Loans and advances to customers" amounted to EUR 16.6 billion in June 2024 compared with EUR 16.3 billion at the end of 2023, up by 1.6%. In the second quarter of 2024, we saw a slight upturn in lending activity, driven by the anticipation of the rate cut, since confirmed by the ECB, a return to a climate of confidence following the Government measures announced and the continuous commitment of the Bank to support the national economy to boost lending activities.

"Financial investments" rose by EUR 0.5 billion to EUR 9.7 billion in June 2024, as higher new investments were partially offset by sales and maturities generated during the first semester of 2024. Most of these new investments are HQLA eligible securities either Level 1 or Level 2 LCR with Level 1 securities representing nearly 70.3% of the Investment Portfolio as at 30 June 2024. The Investment Portfolio is primarily composed of assets eligible for refinancing by the European Central Bank (ECB) and qualifying as liquidity reserves. These assets enable the Bank to fully comply with liquidity ratio requirements, keeping a comfortable liquidity position translating into a Liquidity Coverage Ratio (LCR) of 191% as at 30 June 2024.

[3] Variation and percentages calculated on exact numbers may bring rounding differences.

LIABILITY MOVEMENTS

"Amounts due to credit institutions" amounted to EUR 4.8 billion, up by EUR 1.1 billion (30.0%) compared to year-end 2023. This increase stems mainly from fiduciary deposits of EUR 800 million to diversify funding.

"Amounts due to customers" amounted to EUR 18.5 billion in June 2024, a slight increase of EUR 0.1 billion (+0.5%) compared with an annual decrease of -12.3% in 2023. This occurred mainly in fixed term deposits (EUR 0.9 billion) and savings accounts, partly offset by a decrease in current accounts (EUR -0.9 billion). Since the beginning of 2024, in anticipation of the expected ECB rate cut cycle, clients placed their deposits for a longer duration.

"Debt securities" increased by 9.9% to EUR 5.4 billion compared with year-end 2023. In the first half of 2024, as part of its long-term funding programme, the Bank raised EUR 1 billion in Euro Medium Term Notes (EMTNs). Market conditions were favourable, particularly in the Floating Rate Notes (FRN) segment. BIL successfully launched two FRN sub benchmark transactions of EUR 300 million with the remainder raised through public and private placements with institutional and retail investors (mainly in EUR).

Shareholders' equity" fell by EUR 43 million (-1.8%). This decrease is mainly due to the half-year net profit of EUR 83 million, offset by the dividend paid on the 2023 year-end net profit of EUR 80 million and by the negative evolution of the revaluation reserves of EUR 41 million.

6. Post-balance sheet events

At the time of preparation of these interim condensed consolidated financial statements, there have been no significant post-balance sheet events that could affect the financial or commercial situation of the Group subsequent to the closing date.

7. Outlook

ENERGISE CREATE TOGETHER 2025: FULL STEAM AHEAD

In the first half of 2024, BIL has placed significant emphasis on client centricity, as efforts have been dedicated to ensuring a smooth transition for clients following the change of our Core Banking System. Clients are gradually returning to a new normal, and their continued satisfaction remains a top priority.

Under the leadership of a new Chair of the Board of Directors and a new Chief Executive Officer, BIL has initiated the rollout of a new organisational structure, aiming to enhance its future-proof capabilities and maximise the benefits derived from the upgraded Core Banking System.

At the same time, the macroeconomic and geopolitical environment continues to weigh on the Luxembourg economy resulting in a decreased momentum in the real estate market. In this challenging context, BIL has demonstrated its commitment to support both the national economy and its clients by participating in various support mechanisms and adapting its client offerings accordingly.

At the halfway point and following one modest rate reduction in early June (-25 basis points), signs remain nevertheless positive that in the second half of the year, the pressure should ease on households and businesses, leading to a slow revival of the real estate sector and a recovery in demand.

Looking forward, as BIL is approaching the end of its Energise Create Together strategic plan, the Bank is developing a new strategic roadmap for the 2025-2030 period. This roadmap will set the stage for long-term growth and business model sustainability.

BIL will continue to deliver value for its clients and to adapt its commercial activities where necessary with a strong focus on diversifying income streams while maintaining cost efficiency.

Risk Management

1. Key events of the first half of 2024

CORPORATE STRUCTURE AND RISK PROFILE

Strategic initiatives are regularly undertaken at Group level. Each initiative is closely monitored by the Bank's risk management department whose main objective is to ensure that risks are identified, continuously monitored, managed and consistent with the Group's risk appetite.

MAIN WORKS REALISED BY THE RISK TEAMS IN LINE WITH THE DIFFERENT REGULATORY REQUIREMENTS

During the first half of 2024, BIL continued to invest significant time and resources in order to strengthen the risk management framework and processes and to ensure continued compliance with the regulatory corpus.

As part of the ongoing work to enhance the Bank's governance arrangements and risk management processes, a new Management-level Audit, Risk and Compliance Committee (ARCC) was established during the first half of 2024, replacing the Internal Control Committee (ICC). The ARCC is mandated by the Management Board to strengthen cooperation between the 3 lines of defence functions through coordination of the activities of each function and decision on transversal matters. From a Risk Management perspective, the ARCC is tasked with providing an aggregated view of the Risk Profile of the Bank while maintaining robust risk management practices, observing best practices around risk management and enhancing the risk culture in the Bank's overall operations.

Credit Risk: Against a backdrop of sluggish economic growth and a marked slowdown in property markets, the Bank has taken strategic steps to strengthen its credit risk selection and monitoring processes. While maintaining its role as a proactive supporter of the domestic economy, the Bank has implemented several key initiatives:

- Business Risk Management Unit: As part of the first line of defence, a dedicated Business Risk Management (BRM) unit has been established. This unit significantly strengthens risk ownership, particularly in the area of credit risk. It includes:
  - Credit Support Unit: Provides support to relationship managers in the preparation, analysis and structuring of credit files.
  - Risk Control & Portfolio Management Unit: Responsible for credit portfolio monitoring and risk control.
  - Soft Collection Centre team: Established in summer 2023 to handle overdue accounts.
- Streamlined deteriorated debt management: The Bank has merged the Intensive and Preventive Management teams with the Debt Recovery teams within Credit Risk Management. The aim of this consolidation is to increase efficiency in the processing of deteriorated debt.
- Credit risk score for mortgages: The Bank has introduced a new decision-making tool for individual mortgages: the Credit Risk Score. This tool incorporates both "physical" and "transition" risks, aligning with the Bank's strategy to integrate environmental, social and governance (ESG) factors into risk assessment.
- Support for the real estate sector: The Bank is actively supporting government initiatives to revive the local real estate market. Key actions include:
  - Ongoing preventive measures: Identifying potentially vulnerable clients and proposing restructuring solutions to meet loan obligations. Please refer to Note 6.2 Credit Risk for more information on customer outreach programmes.
  - Participation in an SPV: Please refer to Section 1 of the Business Review and Results of the consolidated Management report for more information.

On the Credit Risk Pillar I model framework, BIL continued to invest time and resources to ensure that it complies with the European Banking Authority's Internal Ratings Based (IRB) Repair programme:

- In 2022, the Joint Supervisory Team (JST) appointed Internal Model Investigation mission assessed the Retail/Wealth models and LGD Mid Corporate model as well as the new Financial Haircut model, submitted in 2021, for approval by the ECB. In Q3 2023, the Bank received the draft decision letter for approval. The new approaches were deployed at the end of 2023.
- The Bank is currently assessing the way forward regarding the mid-corporate segment in view of new regulations, namely Capital Requirements Regulation III (CRR III).
- In order to further simplify the model landscape, Large Corporate exposures (obligors with turnover above or equal to EUR 250 million) will be monitored using the Standardised approach as per the revised Basel framework (as for Financial Institutions) with the homologation file sent to the ECB at the end of September 2023.
- Beyond regulatory matters, in the first semester of 2023, the Bank launched a new project to redesign the Risk-Adjusted Return on Capital (RAROC) tool. A new web-application is now in production, providing a more agile framework for business and control functions. In this context, other works will be realised: (i) Enhancing the visibility on profitability on different dimensions such as client relationships, sectors, countries, etc., (ii) Including the concept of economic capital in addition to regulatory capital, (iii) Reassessing the hurdle rate, how it is applied in order to ensure that hurdle rates are aligned with strategy (e.g., through different hurdle rates for different sectors) and (iv) Assessing of indirect revenues and their monitoring after the granting of loans.

Finalisation of Basel III framework, also called the Basel IV framework: The Bank continued to analyse the different impacts and participated in the Quantitative Impact Study (QIS) on Basel IV regarding the exposures at year-end 2023. The Bank is also conducting an in-depth assessment to assess the strategic implications brought forth by this regulatory change and is preparing to be ready to navigate the new capital framework when it enters into force on 1 January 2025.

Interest rate risk in the Banking Book (IRRBB): In a context characterised by high interest rate levels, the Bank has maintained the Net Interest Income (NII) sensitivity reduction strategy, designed to limit potential negative Economic Value of Equity (EVE) side effects.

As requested by the ALM Committee, a project dedicated to a structural upgrade of the Non-Maturing Deposits (NMD) model has been set up and is under-way for go live in January 2025.

In line with the new EBA regulatory package on IRRBB and Credit Spread risk in the Banking Book (CSRBB), the Bank has deployed an internal CSRBB framework. In this respect, the Board of Directors has approved the extension of the CSRBB risk appetite indicators, so far focused on the Economic Value credit spread sensitivity, to the earnings perspective.

The ICLAAP process (Internal Capital and Liquidity Adequacy Assessment) is more and more embedded in the Bank's decision-making process and currently covers different components including: (i) Risk Cartography, (ii) Risk Appetite Framework (RAF), (iii) Economic Capital (ECAP) computation and (iv) Capital and Liquidity Planning, in addition to the Capital and Liquidity Adequacy Statements confirmed at Board-level. The ICLAAP process, and specifically its risk cartography workstream, is in line with the Bank's strategy and the various ongoing projects.

The ICLAAP process is nowadays a dynamic exercise that evolves and aligns with the Bank's strategy, builds on current market developments and incorporates different indicators as part of the developed scenarios. It plays a key role in the determination of the Bank's risk profile and includes a comprehensive assessment of capital and liquidity risks.

During H1 2024, the Bank submitted the 2023 annual end-of-cycle report to the regulatory authorities after determining that the Bank is adequately capitalised considering the available management actions at hand that will allow the Bank to manoeuvre different scenarios of increasing severity. The Bank's liquidity position was also assessed as adequate, as demonstrated through the Bank's business strategy and funding plan, its risk identification and quantification process, its strong liquidity indicators, its efficient liquidity tools, its reporting process and the sound quality assurance and validation process.

The Bank has in place sound, effective and complete strategies and processes to assess, maintain and distribute internal capital across the different risks. The amounts, types and distribution of internal capital are adequate to cover the nature and level of risks to which the Bank is exposed or might be exposed to. The Bank also implemented appropriate arrangements, strategies, processes and mechanisms to comply with different regulatory requirements, namely the ECB guide to the ICAAP and ILAAP as well as international best practices.

Moreover, from an ILAAP perspective, the Bank will continue to implement robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons and its liquidity currently provides sufficient coverage of liquidity risks.

The Bank has also launched the 2024 exercise, putting in place a clear roadmap that will allow a proper assessment of the capital adequacy and liquidity position of the Bank in view of the prevalent macroeconomic conditions and considering more severe scenarios.

Bank Recovery and Resolution Directive (BRRD): After the last submission of the 2023 Recovery Plan in September 2023, the Bank is currently working on developing the 2024 Recovery Plan, focusing on key priorities which include continuing to enhance its Overall Recovery Capacity (ORC) and the number of recovery options available in times of stress, while also completing the panel of scenarios with an increasing severity for the stress tests. In this way, the Bank is setting up all the preparatory measures for options it could activate to face different and increasing levels of stress. It should be highlighted that:

- In order to account for the cyber threats affecting the banking industry worldwide, the Bank's idiosyncratic stress scenario will continue to involve a cyber incident with severe financial implications in order to identify the options that are available to counter such events, to assess whether these options are sufficiently robust and if their nature is sufficiently varied to cope with the shock. This scenario is one of four scenarios to be included in the 2024 Recovery Plan which cover, in addition to the idiosyncratic scenario, systemic, combined and real estate scenarios. Given the on-going geopolitical developments, the Bank will also account for a further deterioration in the situation as part of the aforementioned scenarios.
- Moreover, the Bank is continuing to reinforce the operationalisation of the Recovery Plan, notably through a Board-level dry-run exercise, which is part of a formal testing programme. The dry-run exercise will aim at testing different components of the Recovery Plan, in particular the operationalisation of several liquidity and capital recovery

options. The Bank will also focus on synergies between the different crisis management frameworks, especially when it comes to testing.

Regarding the resolution component, in June 2024, a detailed version of BIL's Resolvability Progress Report was provided to the Single Resolution Board (SRB). In accordance with the SRB expectations, the progress achieved was in line with the 2024 work priorities as communicated by the SRB in December 2023.

From a governance and quality control perspective, significant progress continued to be made during 2024 to onboard stakeholders into resolution planning activities and enhance the frameworks in place leading to full resolvability. A detailed training programme was set up and delivered throughout the year. Progress was also achieved, among other things, on the Bail-In Playbook (BIP), the Financial Markets Infrastructure Contingency Plan (FMI CP), the Service Catalogue (including a library of all services, critical staff and systems essential for the continuity of operations in the event of a resolution) and the Separability Analysis Report. The Bank is also working on developing a full-fledged Transfer Playbook, an early version of which was delivered to the SRB in June 2024.

With the Bank reaching a mature stage in terms of documenting its resolution framework, focus was also geared towards testing the various dimensions of resolvability, as part of a detailed testing programme, the Bank conducted two testing exercises (dry-runs) in the first half of 2024 which covered the FMI CP and Internal Execution processes underpinning the bail-in tool. Two other dry-runs are scheduled for the second half of the year and will focus on the operationalisation of the BIP, Communication in resolution and MIS Capabilities for Valuation.

2023 was an important year for the Bank, with solid and steady progress achieved at different levels of the project. In October 2023, the SRB adopted the Group Resolution Plan for BIL and deemed that the Bank is on track to become fully resolvable considering the phase-in of the Expectations for Banks (EfBs) and Minimum Requirement for own funds and Eligible Liabilities (MREL) policy principles. The Bank will continue to work towards enhancing its overall resolvability, in line with its dedicated 2024 Resolvability Work Programme.

With regard the Basel Committee on Banking Supervision (BCBS) 239 principles, the Bank pursued related initiatives in three sections: (i) Overarching governance and infrastructure, (ii) Risk data aggregation capabilities and, (iii) Risk reporting practices. The Bank aims, through this project, at strengthening the data governance framework, enhancing the enterprise-wide risk data aggregation capabilities and optimising the internal risk reporting practices. The roadmap followed by the Bank shows the progress on the overall project, the improvement of the entire reporting architecture and the monitoring of the compliance level of the existing risk reports.

2024 ECB Stress Test Exercise: BIL participated in the ECB Cyber-Risk Stress Test Exercise to assess the digital operational resilience to withstand a severe but plausible cybersecurity event and to take the necessary actions to ensure that the Bank is in a position to address any weakness or deficiency with respect to supervisory expectations. In this context, IT and Risk teams continue to enhance the Bank's operational resilience to cybersecurity events.

Moreover, the Bank participated in a one-off exercise led by the ECB and the EBA to assess the resilience of the financial sector in line with the "Fit-for-55 package", which refers to the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030. The Bank receives the guiding principles for the 2025, ECB Stress Test Exercise and is in the process of putting in place necessary structure to conduct it in line with the ECB expectations.

Environmental, Social and Governance (ESG) matters are of increasing importance in the banking world and continue to be a key focus area for BIL. Since 2021, BIL has been progressively implementing its ESG transformation program, addressing regulatory requirements and advancing on ESG initiatives, in line with its sustainability and overall Bank strategy.

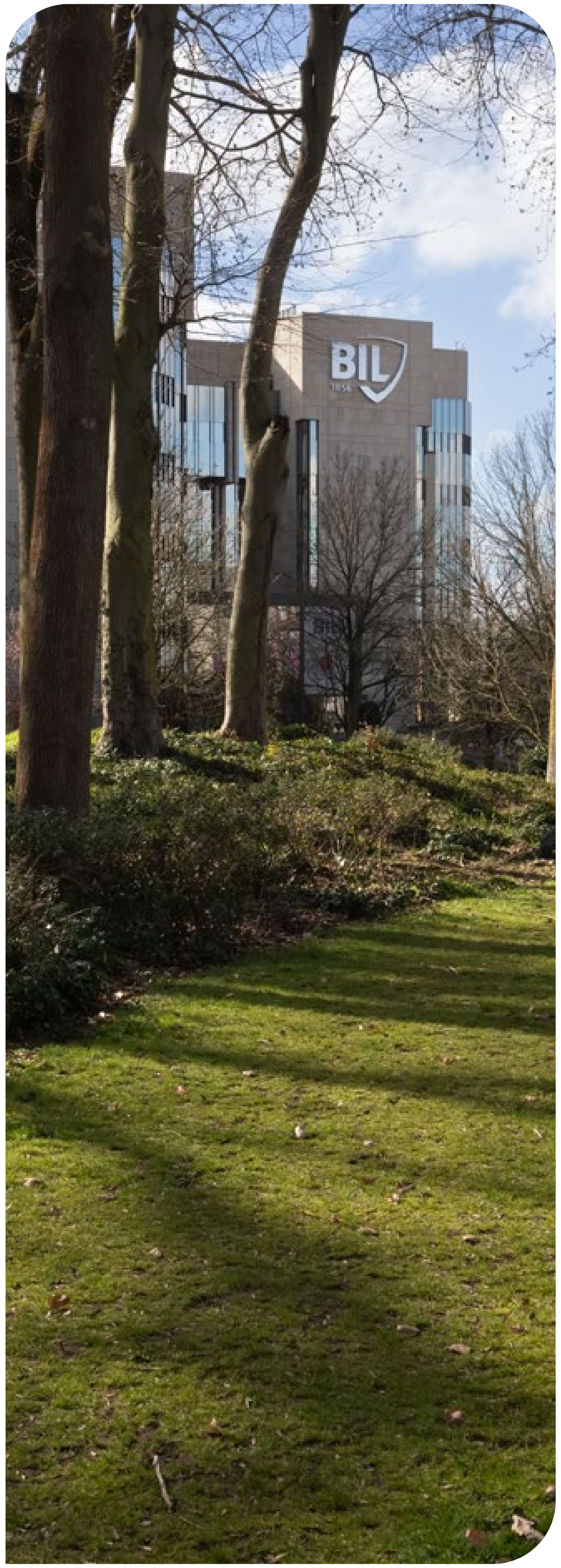
The Bank has strengthened its overall ESG governance and defined initial targets that will be monitored by the Executive Committee and Board of Directors using a dedicated ESG Dashboard. BIL's Risk Management function has progressively integrated the management of ESG risks, with a special focus on climate related risks, throughout the whole organisation using its global risk framework.

2024 is a year of consolidation, with a focus on the priorities identified and validated by the ESG Steering Committee in February 2024.

On the risk management side, the Bank continued to implement the different elements of its ESG risk framework:

- ESG Risk Cartography: The Bank's 2023 Risk Cartography included ESG risk drivers in the overall analysis, to highlight the way they impact all existing risks with the inclusion of considerations related to medium- and long-term horizons. The ESG Risk Cartography was merged with the Global Risk Cartography to have a unified methodology, a common list of stakeholders contributing to the exercise and to set materiality thresholds. The Enterprise Risk Management Department, along with the contribution of the ESG Program stakeholders, designed ESG scenarios to be assessed based on a questionnaire distributed to selected experts from the first and second line of defence. The results of the Global Risk Cartography and the ESG dedicated section were embedded in the 2023 ICLAAP package submitted to the Management Body and the ECB in March 2024 and disclosed in the 2023 Annual Pillar 3 Report. Identified risks that exceed the materiality threshold set by the Board of Directors are then allocated into an ECAP model and monitored through specific indicators.

  The ESG Risk Cartography is also the basis for Double Materiality Assessment (DMA) which is a part of the new Non-Financial report. In this context, during the first half of the year, BIL finalised its DMA. As part of the Global Reporting Initiative (GRI) reporting standard and the upcoming CSRD guidelines, the Bank must regularly engage with its stakeholders to identify material sustainability topics which then form the framework for its sustainability reporting. The topics for the materiality assessment were identified with the help of BIL's previous exercise in 2023, sustainability topics suggested by European Sustainability Reporting Standards (ESRS) and Guidelines (available since December 2023), best market practices and peer analysis. This broad area of research resulted in the identification of 13 material topics, including transition support to clients, Bank profitability, environmental impact of own operations, data protection, privacy & cybersecurity and responsible business conduct.
- ESG Scenarios: The Risk Management Department is presenting, on a quarterly basis, to the Management Body a high-level view of ESG quantitative assessments for all areas of material risk impacted by ESG drivers. These scenarios cover classical financial risks such as Credit Risk, Market Risk and Liquidity Risk, as well as Non-Financial Risks such as Operational Risk and Enterprise Risk. They also serve as the basis for ESG Economic Capital (ECAP) by thoroughly identifying and, if material, quantifying and managing in the ICAAP and ILAAP climate-related transition or physical risks (climate risks) in accordance with the Bank's internal risk taxonomy.
- ESG Pillar III: The 2023 Annual Pillar III Report has been published on the Bank's website, including the disclosure of prudential information based on both qualitative and quantitative data on ESG risks:
  - Tables of qualitative disclosures on ESG risks;
  - Templates with quantitative disclosures on transition risk in relation to climate risk;
  - Template with quantitative disclosures on physical risk in relation to climate risk;
  - Templates with quantitative information and key performance indicators (KPIs) on climate change mitigation measures, including the Green Asset Ratio (GAR) on Taxonomy-aligned activities according to Regulation (EU) 2020/852.



2. Credit Risk

Credit risk exposure refers to the Bank's internal concept of Maximum Credit Risk Exposure (MCRE) which is composed mainly of:

- The net carrying value of balance sheet assets other than derivative products (i.e. the carrying value after deduction of expected credit loss);
- The mark-to-market valuation of derivative products;
- The total off-balance sheet commitments corresponding to unused lines of credit or to the maximum amount that BIL is committed to as a result of guarantees issued to third parties;
- The netting and financial collaterals (including cash, bond and other financial security) are deducted from net carrying amount for repurchase/reverse repurchase agreements; The netting and cash collateral amounts are deducted for other types of products;
- For derivatives a potential future exposure (PFE) add-on is added to account for potential future changes in the value of the trades.

Equity exposures, tangible/intangible assets and deferred tax assets are excluded from this perimeter.

The substitution principle applies where the credit risk exposure is guaranteed by a third party with a lower risk weighting. Therefore, counterparties presented below are final counterparties, i.e. after taking into account any eligible guarantees. As at 30 June 2024, the Bank's total credit risk exposure amounted to EUR 34.22 billion compared with EUR 33.79 billion at the end of 2023. The driver for such an increase is corporate exposures (EUR 515 million).

EXPOSURE BY TYPE OF COUNTERPARTY

As at 30 June 2024, Individuals, SME and Self-Employed exposure weight decreased from 35.9% to 34.5% of the overall exposure compared with year-end, representing the Bank's largest portfolio. The Central Governments segment is the second largest segment of the Bank's portfolio, representing 28.8% of the overall exposure compared with 29.6% at year-end 2023. Finally, it is also worth noting that Corporate exposure weight increased compared with the end of 2023, representing 21.4% (20.1% at the end of 2023) of the overall exposures and the weight of Financial Institutions decreased to 11.4% from 11.5% of the overall exposure.

Exposures by counterparty (in EUR million)	31/12/23	30/06/24	Variation
Individuals, SME & Self Employed	12,133	11,822	(311)
Central Governments	9,997	9,860	(137)
Corporate	6,803	7,318	515
Financial Institutions	3,889	3,886	(3)
Public Sector Entities	675	815	140
Securitisation	291	510	219
Others	10	8	(2)
TOTAL	**33,798**	**34,219**	**421**

EXPOSURE BY GEOGRAPHIC REGION

As at 30 June 2024, the Bank's exposure continued to be mainly concentrated in Europe, primarily in Luxembourg (56.9%), France (10.9%), Belgium (7.0%), Germany (5.5%) and Switzerland (4.7%).

Exposures by geographic region (in EUR million)	31/12/23	30/06/24	Variation
Luxembourg	19,399	19,482	83
France	3,405	3,728	323
Belgium	2,331	2,384	53
Germany	1,587	1,878	291
Switzerland	1,814	1,597	(217)
United States and Canada	1,218	970	(248)
Spain	808	756	(52)
Asia	243	408	165
China	318	337	19
Middle East	164	181	17
Russia	93	90	(3)
Australia	43	39	(4)
Other EU countries	1,312	1,156	(156)
Others	712	888	176
Rest of Europe	351	325	(26)
TOTAL	**33,798**	**34,219**	**421**

LOSSES ON IMMOVABLE PROPERTY

The following table displays the limited losses recorded as at 30 June 2024 on exposures collateralised by residential and commercial immovable property regarding retail counterparties. After booking EUR 27 million in 2023, due to the significant slowdown in the Luxembourg real estate market, the Bank recognised EUR 2 million of additional provisions during the first half of 2024. These exposures are expressed in terms of Exposure-at-Default (EAD) and in millions of euros.

	31/12/23		30/06/24	
Collateralised by:	Sum of overall losses	Sum of the exposures	Sum of overall losses	Sum of the exposures
Residential property	25	7,097	2	6,994
Commercial immovable property	2	393	0	386

3. Market risk

TREASURY AND FINANCIAL MARKETS ACTIVITIES

The following table displays the Value at Risk (VaR) for the Trading and the Treasury activities as at 30 June 2024:

VaR (10 days, 99%) (in EUR million)		31/12/23 Total		30/06/24 Total	
		FOREX (Trading)	Treasury (Banking Book)	FOREX (Trading)	Treasury (Banking Book)
Global Trading	Average	0.12	1.03	0.06	0.96
	Maximum	0.29	1.39	0.17	1.23
	End of period	0.17	1.04	0.03	0.71
	Limit	1.00	6.00	1.00	6.00

Daily Treasury activities are monitored through sensitivity limits, based on a +100bp parallel shift.

As at 30 June 2024, Treasury sensitivity was EUR 1.8 million compared with EUR 3.8 million in December 2023.

Investment Portfolio

The interest rate risk of the Investment Portfolio is managed by the Treasury department or by the Asset and Liability Management (ALM) department, depending on various criteria (i.e. maturity, sector).

The Investment Portfolio had a total nominal exposure of EUR 9.4 billion as at 30 June 2024 (compared with EUR 8.8 billion as at 31 December 2023).

Most of the bonds are classified in the "Hold-to-Collect" (HTC) portfolio measured at amortised cost: EUR 9 billion as at 30 June 2024 (EUR 8.5 billion as at 31 December 2023). The remaining part is classified in the "Hold-to-Collect and Sell" (HTC&S) portfolio measured at fair value through other comprehensive income (OCI): EUR 0.4 billion as at 30 June 2024 (EUR 0.2 billion as at 31 December 2023).

The fair value sensitivity of the HTC&S portfolio to a 1 basis point widening of the spread (booked to the OCI reserve), was EUR 0.2 million as at 30 June 2024 (EUR 0.1 million per basis point as at 31 December 2023).

	Notional amount		+100bps interest rate sensitivity		Spread bpv	
	31/12/23	30/06/24	31/12/23	30/06/24	31/12/23	30/06/24
Treasury	247	433	(0.28)	0.00	(0.10)	(0.18)
ALM	0	0	0.00	0.00	0.00	0.00

BIL's liquidity remained solid throughout the first half of 2024. The consolidated Liquidity Coverage Ratio (LCR) amounted to 191% (as at 30 June 2024) and the Net Stable Funding Ratio (NSFR) amounted to 127% (as at 30 June 2024).

4. Asset quality

(in EUR million)		31/12/23	30/06/24
Net loans and advances to customers	a	16,329	16,590
ECL stage 1, 2, 3	b	274	240
Gross loans and advances to customers	**c=a+b**	**16,603**	**16,830**
ECL stage 1, 2, 3 / Gross loans and advances to customers	b/c	1.65%	1.43%
FOCUS ON STAGE 3			
Total stage 3 outstanding amount	d	776	839
ECL stage 3	e	212	196
Coverage ratio stage 3	**e/d**	**27.32%**	**23.36%**
Total collateral and guarantees	g	423	488
Coverage ratio stage 3 including collateral	**(e+g)/d**	**81.83%**	**81.53%**
Asset quality ratio (stage 3 / Gross loans and advances to customers)	**d/c**	**4.67%**	**4.99%**
ECL stage 3 / total ECL (stage 1, 2, 3)	**e/b**	**77.37%**	**81.67%**
FOCUS ON STAGE 1 AND STAGE 2			
Total stage 1 outstanding amount	f	13,841	14,036
ECL stage 1	h	39	28
Coverage ratio stage 1	**h/f**	**0.28%**	**0.20%**
Total stage 2 outstanding amount	i	1,985	1,956
ECL stage 2	j	23	16
Coverage ratio stage 2	**j/i**	**1.16%**	**0.82%**
ECL (stage 1, 2) / total ECL (stage 1, 2, 3)	**(h+j)/b**	**22.63%**	**18.33%**
FOCUS ON COST OF RISK (ALL STAGES)			
Net impairment on loans and advances to customers	k	31	13
Cost of Risk (in bps – annualised)	**k/c**	**19**	**15**
Non-recurring items		**(2)**	**0**
Net impairment on loans and advances to customers excl. non-recurring items	l	(33)	(13)
Cost of risk excluding non-recurring items (in bps – annualised)	**l/c**	**20**	**15**

Rounding differences and percentages calculated on exact numbers.

5. Solvency monitoring

See Note 6.3 of the interim condensed consolidated financial statements.

Alternative Performance Measures (APMs)

The Consolidated Management Report section of the Semi-Annual Report includes certain financial metrics which BIL considers to constitute "Alternative Performance Measures" (APMs) as specified by CSSF Circular 16/636 and in accordance to ESMA Guidelines. The below APMs are provided in addition and not as an alternative to, the financial performance measures reflected in the Financial Statements and prepared in accordance with the International Financial Reporting Framework Standards (IFRS), as adopted by the European Union.

Alternative Performance Measures (APMs)	Definition	Reason for use
(Core) Operating Revenues	Operating revenues = Interest and dividend income + Fee income + Other income Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance.
(Core) Operating Expenses	Operating expenses = Staff expenses + General expenses + Amortisation Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating cost.
(Core) Gross Operating income	Gross operating income = Operating revenues - Operating expenses Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance.
(Core) Cost of Risk	Net impairment on financial instruments and provisions for credit commitments Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's cost of risk level.
(Core) Operating income	Operating income = Gross operating income net of impairments and provisions for legal litigation Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance before tax.
(Core) Operating net income before tax	Net income = Operating income net of income from associates and before tax expenses Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Representative measure of BIL's operating performance before tax.
(Core) Cost/Income Ratio (CIR)	(Core) Cost to income ratio = (Core) operating expenses divided by (Core) operating revenues Core: excluding non-recurring items as presented in the Management Report Profitability Section.	Measure of operational efficiency in the banking sector.
Asset Quality Ratio	Total Stage 3 outstanding loans and advances to customers divided by total gross loans and advances to customers as presented in the Risk Management Report Asset Quality Section.	Representative measure of the risk level in % of the volume of outstanding loans.
Coverage Ratio	Expected credit losses divided by the total outstanding of related loans to customers by stage as presented in the Risk Management Report Asset Quality Section.	Measure of provisioning for doubtful loans.

02. Interim condensed consolidated financial statements

Audit report

To the Board of Directors of
Banque Internationale à Luxembourg

Report on Review of Interim Condensed Consolidated Financial Statements

We have reviewed the accompanying Interim Condensed Consolidated Financial Statements of Banque Internationale à Luxembourg (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 30 June 2024, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six-month period then ended, and the notes to the Interim Condensed Consolidated Financial Statements that include material accounting policy information and other explanatory information.

BOARD OF DIRECTORS RESPONSIBILITY FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Interim Condensed Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Interim Condensed Consolidated Financial Statements.

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, "Interim Financial Reporting" as adopted by the European Union.

RESTRICTION ON USE

This report, including the conclusion, has been prepared for and only for the Board of Directors in accordance with the terms of our engagement letter and is not suitable for any other purpose.

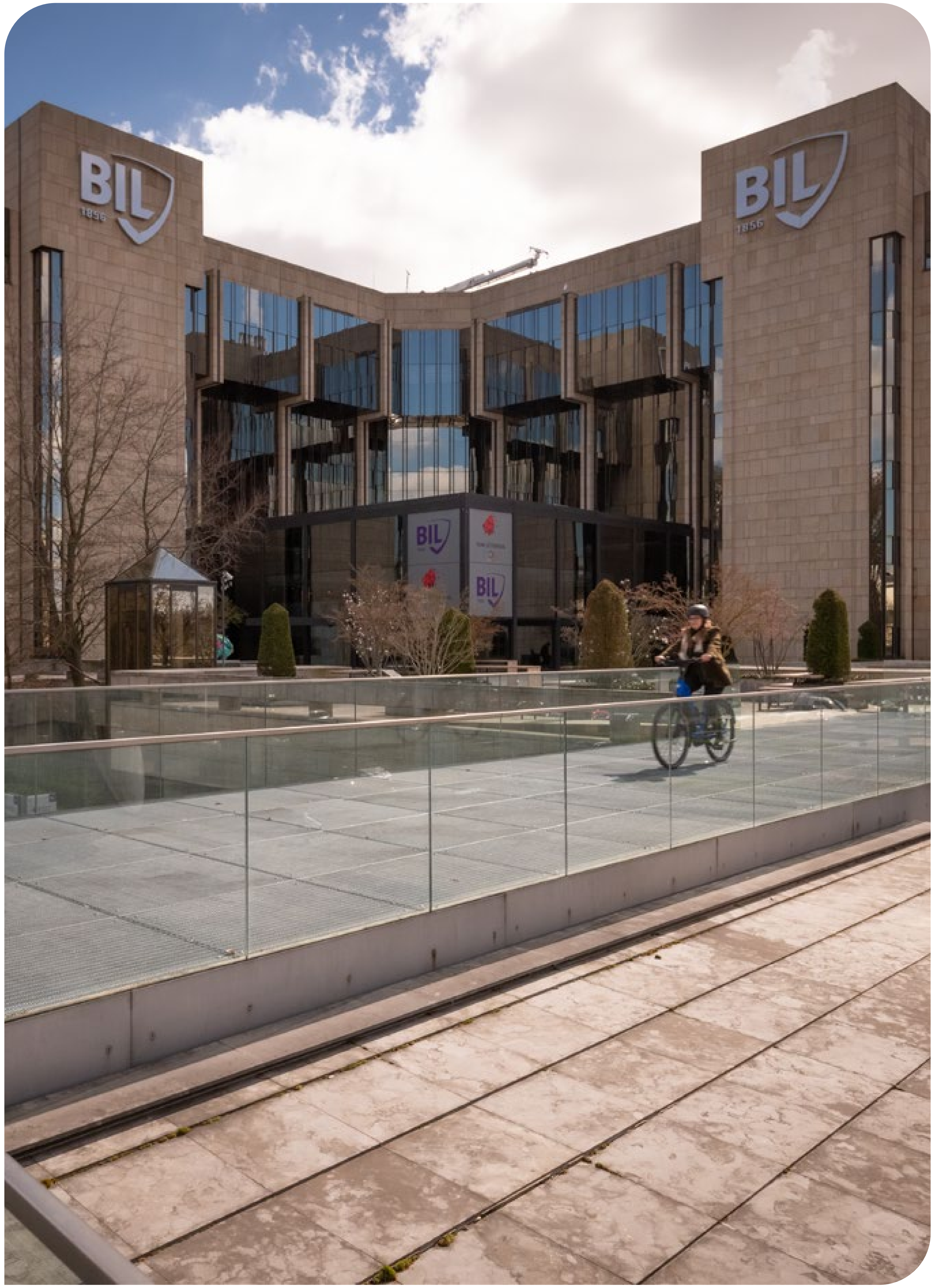
We do not accept any responsibility to any other party to whom it may be distributed.

Luxembourg, 22 August 2024

PricewaterhouseCoopers, Société coopérative
Represented by

Rima Adas
Partner

Antoine Marchon
Partner



Consolidated balance sheet

ASSETS	Notes	31/12/23	30/06/24 *(unaudited)*
Cash, balances with central banks and demand deposits	6.1	2,981,518,726	2,506,356,578
Financial assets held for trading	6.1	19,345,375	27,288,788
Financial investments measured at fair value	6.1	581,678,327	747,359,664
Financial assets at fair value through other comprehensive income	*6.1*	*550,895,485*	*714,022,746*
Non-trading financial assets mandatorily at fair value through profit or loss	*6.1*	*30,782,842*	*33,336,918*
Loans and advances to credit institutions	6.1	674,274,516	1,949,797,009
Loans and advances to customers	6.1	16,328,530,371	16,589,896,409
Financial investments measured at amortised cost	6.1	8,629,112,546	8,959,222,711
Derivatives	6.1	547,153,628	577,138,812
Investment property		39,815,961	40,215,961
Property, plant and equipment		108,214,376	102,178,693
Intangible fixed assets and goodwill		398,800,773	391,651,357
Current tax assets		953,109	1,024,057
Deferred tax assets		128,102,833	121,688,381
Other assets		97,756,938	83,243,089
TOTAL ASSETS		30,535,257,479	32,097,061,509

The notes are an integral part of these interim condensed consolidated financial statements.

LIABILITIES	Notes	31/12/23	30/06/24 *(unaudited)*
Amounts due to credit institutions	6.1	3,720,728,528	4,836,727,249
Amounts due to customers	6.1	18,455,039,645	18,545,397,174
Other financial liabilities		25,908,177	23,175,655
Financial liabilities measured at fair value through profit or loss	4.1, 6.1	2,836,485,340	2,940,935,662
Liabilities designated at fair value	*4.1, 6.1*	*2,836,485,340*	*2,940,935,662*
Derivatives	6.1	316,493,915	292,086,929
Debt securities	4.2, 6.1	2,034,068,527	2,409,721,821
Subordinated debts	4.3, 6.1	345,756,383	344,277,422
Provisions and other obligations		54,265,447	51,234,876
Current tax liabilities		1,063,915	4,876,311
Deferred tax liabilities		11,214,380	12,168,357
Other liabilities		320,867,001	265,728,211
TOTAL LIABILITIES		28,121,891,258	29,726,329,667

SHAREHOLDERS' EQUITY	31/12/23	30/06/24 *(unaudited)*
Subscribed capital	146,108,270	146,108,270
Share premium	760,527,961	760,527,961
Other equity instruments	174,550,419	174,667,701
Reserves and retained earnings	901,002,600	1,018,117,422
Net income	201,767,951	83,204,104
SHAREHOLDERS' EQUITY	**2,183,957,201**	**2,182,625,458**
Gains and losses not recognised in the consolidated statement of income	229,409,020	188,106,384
Financial instruments at fair value through other comprehensive income	*246,006,027*	*206,924,717*
Other reserves	*(16,597,007)*	*(18,818,333)*
GROUP EQUITY	**2,413,366,221**	**2,370,731,842**
TOTAL SHAREHOLDERS' EQUITY	2,413,366,221	2,370,731,842
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,535,257,479	32,097,061,509

The notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of income

	Notes	30/06/23 *(unaudited)*	30/06/24 *(unaudited)*
Interest and similar income	5.1	636,111,159	838,319,609
of which : interest revenue calculated using the effective interest method		*527,096,116*	*670,133,687*
Interest and similar expenses	5.1	(365,601,434)	(596,389,951)
Dividend income		19,763	969,072
Net trading income	5.2	83,667,901	(1,789,870)
Net income on financial instruments measured at fair value and net result of hedge accounting	5.3	(69,685,637)	16,607,976
Net income on derecognition of financial instruments at amortised cost	5.4	3,054,268	938,012
Fee and commission income	5.5	132,092,789	129,485,956
Fee and commission expenses	5.5	(26,477,951)	(24,987,146)
Other net income	5.6	(19,128,411)	(257,385)
REVENUES		**374,052,447**	**362,896,273**
Staff expenses		(126,789,972)	(128,902,951)
General and administrative expenses		(82,528,098)	(85,262,641)
Amortisation of tangible, intangible and right-of-use assets		(26,057,106)	(38,687,813)
EXPENSES		**(235,375,176)**	**(252,853,405)**
GROSS OPERATING INCOME		**138,677,271**	**110,042,868**
Impairments		(20,662,174)	(17,375,078)
Net impairment on financial instruments and provisions for credit commitments	*5.7*	*(20,662,174)*	*(17,375,078)*
Provisions for legal litigations		0	1,755,550
NET INCOME BEFORE TAX		**118,015,097**	**94,423,340**
Tax expenses		(15,087,316)	(11,219,236)
NET INCOME		102,927,781	83,204,104

The notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

	30/06/23 *(unaudited)*	30/06/24 *(unaudited)*
NET INCOME FOR THE PERIOD RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	102,927,781	83,204,104
GAINS (LOSSES) NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	15,802,970	(41,302,635)
Items that will not be reclassified to profit or loss	**18,292,835**	**(39,880,724)**
Actuarial gains (losses) on defined benefit pension plans	1,852,089	309,058
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	483,542	59,496
Fair value changes of equity instruments measured at fair value through other comprehensive income	17,058,756	(40,179,336)
Fair value changes of land and buildings - transfer to investment property	(441,101)	0
Tax on items that will not be reclassified to profit or loss	(660,451)	(69,942)
Items that may be reclassified to profit or loss	**(2,489,865)**	**(1,421,911)**
Translation adjustments	399,271	(1,847,505)
Gains (losses) on cash flow hedge	(1,567,527)	(895,157)
Fair value changes of debt instruments and loans and advances at fair value through other comprehensive income	(2,281,575)	1,462,164
Tax on items that may be reclassified to profit or loss	959,966	(141,413)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	118,730,751	41,901,469
Attributable to equity holders of the parent company	118,730,751	41,901,469
Attributable to non-controlling interests	0	0

The notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

SHAREHOLDERS' EQUITY, GROUP (UNAUDITED)	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/23	146,108,270	760,527,961	174,315,856	817,236,900	152,932,361	2,051,121,348
Dividend paid				(60,008,754)		(60,008,754)
Classification of income				152,932,361	(152,932,361)	0
Coupon on Additional Tier One Instrument			117,282	(4,269,930)		(4,152,648)
Realised performance on equities at fair value through other comprehensive income				(176,946)		(176,946)
Net income for the period					102,927,781	102,927,781
As at 30/06/23	146,108,270	760,527,961	174,433,138	905,713,631	102,927,781	2,089,710,781

GAINS AND LOSSES NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the consolidated statement of income
As at 01/01/23	238,292,334	3,769,310	4,279,712	(19,599,096)	226,742,260
Net change in fair value through equity - fair value through other comprehensive income	15,273,046				15,273,046
Net change in fair value through equity - cash flow hedges		(1,176,586)			(1,176,586)
Translation adjustments	544		(40,603)	399,271	359,212
Net change in other reserves			1,347,299		1,347,299
As at 30/06/23	253,565,924	2,592,724	5,586,408	(19,199,825)	242,545,231

There are no non-controlling interests as at 30 June 2023.

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 issuance is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital Requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The translation adjustments comprise an amount of EUR -41,750,266 relating to net investment hedges linked to foreign exchange differences in consolidated investments.

The notes are an integral part of these interim condensed consolidated financial statements.

SHAREHOLDERS' EQUITY, GROUP (UNAUDITED)	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/24	146,108,270	760,527,961	174,550,419	901,002,600	201,767,951	2,183,957,201
Dividend paid				(79,942,096)		(79,942,096)
Classification of income				201,767,951	(201,767,951)	0
Coupon on Additional Tier One Instrument			117,282	(4,711,033)		(4,593,751)
Realised performance on equities at fair value through other comprehensive income				0		0
Net income for the period					83,204,104	83,204,104
As at 30/06/24	146,108,270	760,527,961	174,667,701	1,018,117,422	83,204,104	2,182,625,458

GAINS AND LOSSES NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)	Financial instruments at fair value through other comprehensive income	Cash flow hedge	Other reserves	Translation adjustments	Gains and losses not recognised in the consolidated statement of income
As at 01/01/24	246,006,027	1,992,645	(1,358,436)	(17,231,216)	229,409,020
Net change in fair value through equity - fair value through other comprehensive income	(39,077,400)				(39,077,400)
Net change in fair value through equity - cash flow hedges		(671,905)			(671,905)
Translation adjustments	(3,910)		253,427	(1,847,506)	(1,597,989)
Net change in other reserves			44,657		44,657
As at 30/06/24	206,924,717	1,320,740	(1,060,352)	(19,078,722)	188,106,383

There are no non-controlling interests as at 30 June 2024.

The "Other equity instruments" are mainly composed of an additional tier 1 instrument (AT1) issued on 14 November 2019 for a gross amount of EUR 175,000,000. This AT1 issuance is classified as an "other equity instrument" in accordance with IAS 32. It is qualified as AT1 regulatory Capital Requirement Directive (CRD). The amount presented is net of issuance costs.

The reserves and retained earnings include a legal reserve of EUR 14.6 million.

The translation adjustments comprise an amount of EUR -44,201,306 relating to net investment hedges linked to foreign exchange differences in consolidated investments.

The notes are an integral part of these interim condensed consolidated financial statements.

Consolidated cash flow statement

	30/06/23 *(unaudited)*	30/06/24 *(unaudited)*
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	102,927,781	83,204,104
Adjustment for :		
- Depreciation and amortisation	26,057,106	38,687,813
- Impairment on bonds, equities and other assets	32,552,438	(11,637,961)
- Net gains / (losses) on investments	(7,836,672)	(1,176,242)
- Provisions (including ECL)	(15,400,339)	(20,395,233)
- Change in unrealised (gains) / losses	11,011,982	(465,105)
- Deferred taxes	13,850,762	7,418,666
- Other adjustments	(131,000)	157,047
Changes in operating assets and liabilities	(1,979,872,469)	745,780,710
Transactions related to interbank and customers transactions	*(1,807,772,830)*	*851,330,526*
Transactions related to other financial assets and liabilities	*(195,696,869)*	*(123,702,892)*
Transactions related to other non-financial assets and liabilities	*23,597,230*	*18,153,076*
NET CASH FLOW FROM OPERATING ACTIVITIES	(1,816,840,411)	841,573,799
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(36,022,279)	(27,473,476)
Sale of fixed assets	16,910,160	1,871,922
Sale of non-consolidated shares	280,014	0
NET CASH FLOW FROM INVESTING ACTIVITIES	(18,832,105)	(25,601,554)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of subordinated debts	100,000,000	0
Payments on lease liabilities	(3,329,306)	(2,040,749)
Dividend paid	(60,008,754)	(79,942,096)
NET CASH FLOW FROM FINANCING ACTIVITIES	36,661,940	(81,982,845)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(1,799,010,576)	733,989,400
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	4,904,108,640	3,352,844,687
Net cash flow from operating activities	(1,816,840,411)	841,573,799
Net cash flow from investing activities	(18,832,105)	(25,601,554)
Net cash flow from financing activities	36,661,940	(81,982,845)
Effect of change in exchange rate and in scope of consolidation on cash and cash equivalents	(81,407)	(2,575,568)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	3,105,016,657	4,084,258,519
ADDITIONAL INFORMATION		
Taxes paid	(613,350)	(241,984)
Dividends received	19,763	969,072
Interest received	617,924,482	809,359,632
Interest paid	(300,847,647)	(544,254,801)

The notes are an integral part of these interim condensed consolidated financial statements.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(unaudited)	As at 01/01/23	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 30/06/23
Subordinated debts	243,755,860	100,000,000	0	(1,725,674)	0	342,030,186
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,315,856	0	0	0	117,282	174,433,138

(unaudited)	As at 01/01/24	Acquisition / Reimbursement	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 30/06/24
Subordinated debts	337,499,841	0	0	2,916,555	0	340,416,396
Subscribed capital	146,108,270	0	0	0	0	146,108,270
Share premium	760,527,961	0	0	0	0	760,527,961
Other equity instruments	174,550,419	0	0	0	117,282	174,667,701

On 1 February 2023, BIL issued a subordinated debt for a notional amount of EUR 100 million, eligible as Tier 2 capital since 27 February 2023.

The notes are an integral part of these interim condensed consolidated financial statements.

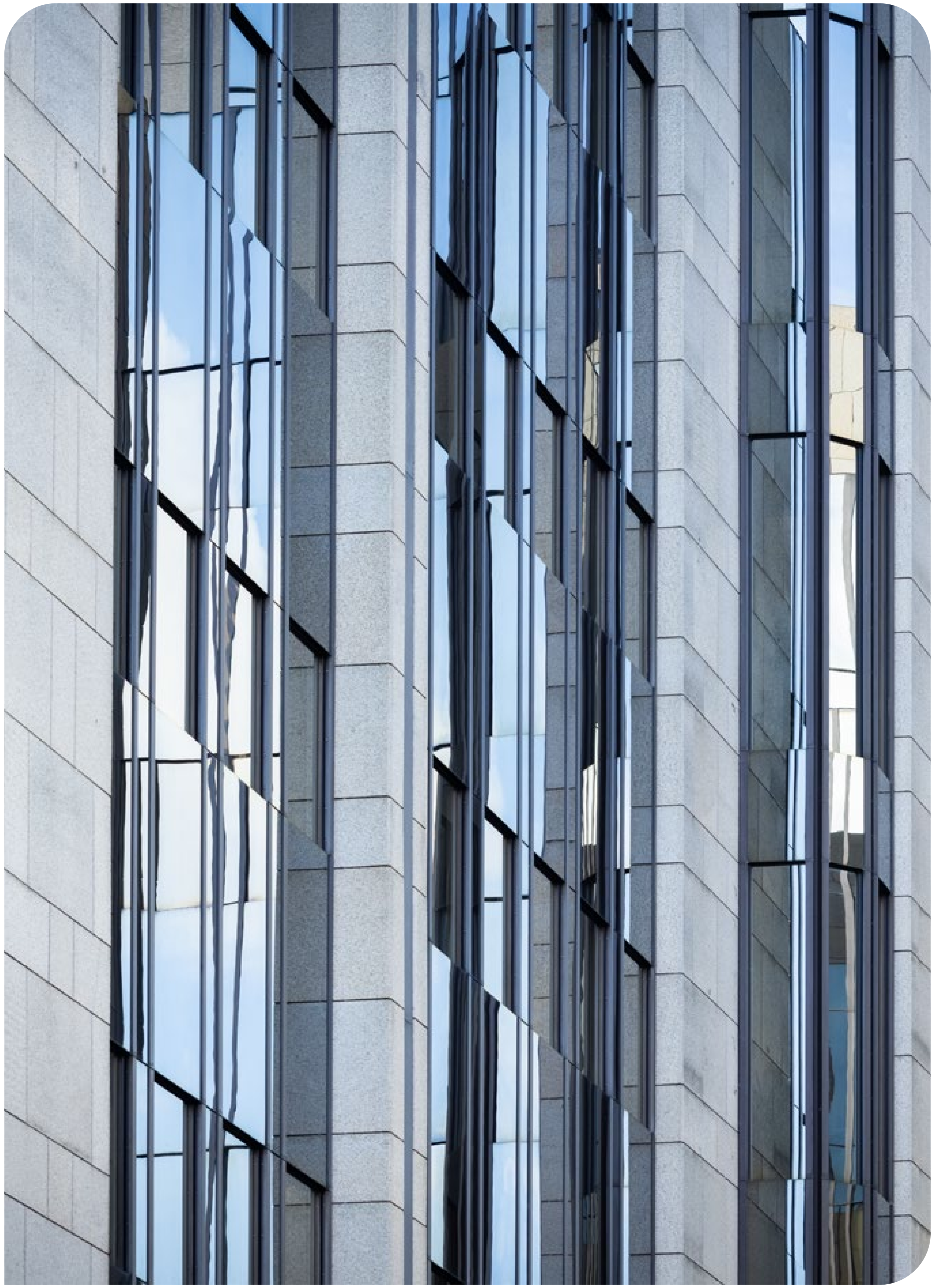
Notes to the interim condensed consolidated financial statements

PRELIMINARY NOTE

Presentation of the interim condensed consolidated financial statements:

If the balance of an item is nil for the period under review as well as for the comparative period, this item may not be included in the interim condensed consolidated financial statements. This rule applies to the presentation of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement as well as to the notes to the interim condensed consolidated financial statements.

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



Note 1: Material accounting policies of the interim condensed consolidated financial statements

GENERAL INFORMATION

The parent company of BIL Group is Banque Internationale à Luxembourg, a Luxembourgish public limited company (hereafter "BIL" or the "Bank"). Its registered office is situated at 69, route d'Esch, L-1470 Luxembourg.

BIL Group is integrated in the consolidated financial statements of Legend Holdings Corporation, comprising the largest body of undertakings of which BIL forms part as a subsidiary. The registered office of Legend Holdings Corporation is located at 1701, B-17, Raycom Info Tech Park, No. 2, Ke Xue Yuan South Road, Haidian District, Beijing 100190. BIL Group is integrated in the consolidated financial statements of Beyond Leap Limited, comprising the smallest body of undertakings of which BIL forms part as a subsidiary. The registered office of Beyond Leap Limited is located at Suite 06, 70/F Two International Finance Centre, No.8 Finance Street, Central, Hong Kong, and its consolidated financial statements are available at the same address.

The object of BIL is to undertake all banking and financial operations, for its own account or for the account of third parties, in Luxembourg or abroad - including the establishment of subsidiaries, branches and representative offices - and to carry out all financial, industrial and commercial operations, as well as to take deposits of funds and to hold items of value on deposit.

These interim condensed consolidated financial statements were approved by the Management Board on 19 August 2024 and by the Board of Directors on 22 August 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements are set out below.

The commonly used abbreviations below are:

- IASB: International Accounting Standards Board;
- IFRIC: International Financial Reporting Interpretations Committee;
- IFRS Accounting Standards: International Financial Reporting Standards.

ACCOUNTING RULES AND METHODS

Basis of accounting

Statement of compliance

BIL's interim condensed consolidated financial statements are prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union (EU) and endorsed by the European Commission (EC) (up to 31 May 2024).

The interim report does not include all of the notes normally included in an annual consolidated financial statement. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements are prepared on a "going- concern basis" and are presented in euro (EUR) unless otherwise stated.

Accounting estimates and judgments

In preparing the interim condensed consolidated financial statements, Management is required to make estimates and assumptions that affect the amounts reported. To make these assumptions and estimates, Management uses information available at the date of preparation of the interim condensed consolidated financial statements and exercises its judgment. While Management believes that it has considered all available information in developing these estimates, actual results may differ from the estimates and the differences could be material to the interim condensed consolidated financial statements.

Judgments are made principally in the following areas:

- Determination on whether BIL controls the investee, including special purpose entities (refer to note 1.3*);
- Financial instruments for which no quoted market prices on active markets are available are valued by means of valuation techniques. The determination as to whether or not there is an active market is based on criteria such as number of contributors, bid offer spread and issue size (refer to note 1.7* and refer to note 6.1);
- Investment properties for which no quoted market prices on active markets are available are valued by means of valuation techniques (refer to note 5.6);
- Determination of the useful life and the residual value of property, plant and equipment, and intangible assets and determination of the lease term of lease contracts (refer to notes 1.15*, 1.16*, 1.20*); and
- Existence of a present obligation with probable outflows in the context of litigation (refer to notes 1.24* and 7.1).

These judgments are entered into the corresponding sections of the accounting policies.

Estimates are principally made in the following areas:

- Measurement of the expected credit loss allowance (see note 1.6.5* and refer to note 6.2);
- Determination of fair value for financial instruments measured at fair value by means of valuation techniques and determination of the market value correction to adjust for market value and model uncertainty (refer to note 1.7* and refer to note 6.1);
- Determination of fair value for investment properties measured at fair value by means of valuation techniques (refer to note 1.15* and 5.6);
- The measurement of hedge effectiveness in hedging relations (refer to notes 1.12*);
- Estimation of the recoverable amount of cash-generating units for goodwill impairment (refer to notes 1.18*);
- Estimation of future taxable profit for the recognition and measurement of deferred tax assets (refer to note 1.22*); and
- Actuarial assumptions related to the measurement of employee benefits obligations and plan assets (refer to note 1.23*).

*Above references are made to Note 1 to the consolidated financial statements included in the 2023 Annual Report.

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going-concern basis.

Changes in accounting principles and policies since the previous annual publication that may impact BIL Group

The overview of the texts below is made up to the reporting date of 30 June 2024.

IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2024

- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
  - Non-current Liabilities with Covenants (issued on 31 October 2022). No impact for BIL.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022). No impact for BIL.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). No impact for BIL.

IASB and IFRIC texts endorsed during previous periods but not yet applicable as from 1 January 2024

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023. No impact for BIL.

IASB and IFRIC texts Issued during the current period but neither endorsed nor applicable from 1 January 2024

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024). BIL is assessing the impact.
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024). BIL is assessing the impact.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024). BIL is assessing the impact.

Note 2: Scope of consolidation

				31/12/23		30/06/24	
NAME	Country	Activity	Reason for non-inclusion	Consolidation method	% of capital held	Consolidation method	% of capital held
Head office and branches							
Banque Internationale à Luxembourg S.A.	Luxembourg	bank					
Consolidated subsidiaries							
Banque Internationale à Luxembourg (Suisse) S.A.	Switzerland	bank		full consolidation	100	full consolidation	100
Belair House S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100
BIL Manage Invest S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100
BIL Reinsurance S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100
BIL Wealth Management Limited	China	financial services		full consolidation	100	full consolidation	100
Société du 25 juillet 2013 S.A. (in liquidation)	France	financial services		full consolidation	100	full consolidation	100
Société Luxembourgeoise de Leasing - BIL-LEASE S.A.	Luxembourg	leasing		full consolidation	100	full consolidation	100
Non material associates							
Europay Luxembourg, société coopérative	Luxembourg	financial services		not consolidated	46.67	not consolidated	46.67
Non-consolidated subsidiaries							
BIL Private Invest Management S.à r.l.	Luxembourg	financial services	insignificant	not consolidated	100	not consolidated	100
Biltrust Limited	Guernsey	financial services	insignificant	not consolidated	100	not consolidated	100
Private II Wealth Management S.à r.l.	Luxembourg	financial services	insignificant	not consolidated	100	not consolidated	100

As of 17 January 2024, Belair House S.A. is no longer licensed as Family Office.

Note 3: Information by operating segment

A segment is a distinguishable component of BIL that is engaged either in providing specific products or services (operating segment) or in providing specific products or services within a particular economic environment (geographic segment), which is subject to risks and returns that differ from those of other segments. Segments for which a majority of their revenue is earned from sales to external customers and for which income, income before tax or assets represent 10% or more of the total are reported separately.

In January 2024, BIL defined a new organisation and governance aligned with the vision defined by its strategic plan Energise Create Together 2025:

- **"Retail Banking, Corporate & Institutional Banking and Wealth Management"** are now reported as "Luxembourg Market & CIB" and "Wealth Management" and divided into two business lines: "Luxembourg Market & CIB" including the international dimension of the CIB business line and "Wealth Management" including wealth management services for both domestic and international cross border clients from Luxembourg and Switzerland. This redefinition of business lines does not impact the disclosure of the figures by operating segment below.
- **"Financial Markets"** includes Balance Sheet Management (namely the Investment Portfolio, Treasury, Long-Term Funding and Asset & Liability Management) and Market activities (Investment Management and Market Access) and BIL Manage Invest S.A. (BMI).
- **"Group Center"** mainly includes dividends from unconsolidated shareholdings and the results of non-operating entities as well as certain types of costs not attributable to the other business lines mentioned above such as DGS, Resolution Funds' contributions and funding costs (such as senior non-preferred and subordinated debts).

From the 1 January 2024 the following changes have occurred: BIL Manage Invest S.A. was transferred from the "Luxembourg Market & CIB" and "Wealth Management" operating segment to the "Financial Markets" operating segment and the "Forex and Warrants" activities were transferred from the "Financial Markets" operating segment to the "Luxembourg Market & CIB" and "Wealth Management" operating segment. Comparative information as at 30 June 2023 is not restated due to the non-material effect of these changes on the operating segments, representing a gross transfer of EUR 2.3 million income for the first change and EUR 4.3 million for the second one.

INCOME (in EUR thousands)	30/06/23				
	Revenues	*of which interest and dividend income*	*of which fees income*	*of which other net income*	Net income before tax
Luxembourg Market & CIB and Wealth Management	344,109	*233,871*	*103,956*	*6,282*	119,085
Financial Markets	39,215	*27,628*	*1,030*	*10,556*	24,564
Group Center	(9,272)	*9,030*	*629*	*(18,930)*	(25,634)
TOTAL	374,052	*270,529*	*105,615*	*(2,092)*	118,015
Net income before tax					118,015
Tax expenses					(15,087)
NET INCOME					102,928

INCOME (in EUR thousands)	30/06/24				
	Revenues	*of which interest and dividend income*	*of which fees income*	*of which other net income*	Net income before tax
Luxembourg Market & CIB and Wealth Management	326,076	*212,017*	*103,991*	*10,069*	72,348
Financial Markets	20,532	*12,760*	*1,747*	*6,025*	5,896
Group Center	16,288	*18,122*	*(1,239)*	*(595)*	16,179
TOTAL	362,896	*242,899*	*104,499*	*15,499*	94,423
Net income before tax					94,423
Tax expenses					(11,219)
NET INCOME					83,204

ASSETS AND LIABILITIES (in EUR thousands)	31/12/23		30/06/24	
	Assets	Liabilities	Assets	Liabilities
Luxembourg Market & CIB and Wealth Management	16,328,530	21,533,445	16,589,896	22,030,256
Financial Markets	13,096,224	5,307,861	14,468,018	6,398,828
Group Center	1,110,503	1,280,585	1,039,148	1,297,246
TOTAL	30,535,257	28,121,891	32,097,062	29,726,330

Note 4: Notes on the interim condensed consolidated balance sheet

4.1. Other financial liabilities designated at fair value ("FV") through profit or loss

ANALYSIS BY NATURE	31/12/23	30/06/24
Non-subordinated liabilities	2,836,485,340	2,940,935,662
TOTAL	2,836,485,340	2,940,935,662

BIL Group primarily uses the fair value option (FVO) to eliminate or at least significantly reduce the measurement or recognition inconsistency (also known as the accounting mismatch) that would arise from measuring financial assets or liabilities or recognising the gains and losses on these assets and liabilities on a different basis. The fair value of unlisted financial instruments was determined using pricing tools and procedures established by Group Risk Management. These pricing tools are discounted cash flow models that allow the current value to be determined on the basis of an interest rate curve that is applicable to similar securities and takes into account the Bank's own credit rating. The evolution between 31 December 2023 and 30 June 2024 is explained both by net new issuance of structured products and fair value changes.

4.2. Debt securities

ANALYSIS BY NATURE	31/12/23	30/06/24
Non-convertible bonds	2,034,068,527	2,409,721,821
TOTAL	2,034,068,527	2,409,721,821

4.3. Subordinated debts

ANALYSIS BY NATURE	31/12/23	30/06/24
Non-convertible subordinated debts	345,756,383	344,277,422
TOTAL	345,756,383	344,277,422

The list of non-convertible subordinated debts is available upon request.

Note 5: Notes on the interim condensed consolidated statement of income

5.1. Interest and similar income – Interest and similar expenses

	30/06/23	30/06/24
INTEREST AND SIMILAR INCOME	636,111,159	838,319,609
a) Interest and similar income of assets not measured at fair value through profit or loss	**414,578,087**	**515,875,233**
Cash and balances with central banks	33,604,730	32,437,550
Loans and advances to credit institutions	18,424,700	22,810,474
Loans and advances to customers	280,718,015	347,033,563
Financial investments measured at fair value	12,485,616	7,816,744
Financial investments measured at amortised cost	69,164,831	104,650,235
Other	180,195	1,126,666
b) Interest and similar income of assets measured at fair value through profit or loss	**220,490,629**	**322,386,450**
Financial assets held for trading	108,992	844,477
Derivatives held for trading	107,683,415	166,156,853
Derivatives used for hedging purposes	112,698,222	155,385,120
c) Interest income on liabilities	**1,042,443**	**57,926**
INTEREST AND SIMILAR EXPENSES	(365,601,434)	(596,389,951)
a) Interest and similar expenses of liabilities not measured at fair value through profit or loss	**(196,157,890)**	**(321,814,422)**
Amounts due to credit institutions	(63,988,778)	(117,223,981)
Amounts due to customers	(106,452,848)	(169,119,843)
Debt securities	(18,124,869)	(27,437,336)
Subordinated debts	(7,412,524)	(7,890,663)
Lease liability	(174,447)	(142,003)
Other	(4,424)	(596)
b) Interest and similar expenses of liabilities measured at fair value through profit or loss	**(169,351,970)**	**(274,570,470)**
Financial liabilities held for trading	0	(942)
Financial liabilities designated at fair value through profit or loss	(57,926,760)	(65,468,093)
Derivatives held for trading	(59,827,420)	(139,356,192)
Derivatives used for hedging purposes	(51,597,790)	(69,745,243)
c) Interest expenses on assets	**(91,574)**	**(5,059)**
NET INTEREST INCOME	270,509,724	241,929,658

5.2. Net trading income

	30/06/23	30/06/24
Net income from trading transactions	6,383,587	9,138,435
of which income from trading securities	*1,534,094*	*4,874,911*
of which income from trading derivatives	*4,849,493*	*4,263,524*
Net income from hedging derivatives classified in the accounts as trading derivatives (accounting mismatch)	71,856,562	(14,898,402)
Net foreign exchange gain/(loss)	5,427,752	3,970,097
TOTAL	83,667,901	(1,789,870)

The net income from hedging derivatives classified in the accounts as trading derivatives is mainly impacted by derivatives hedging financial liabilities designated at fair value through profit or loss (refer to note 5.3).

The important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

5.3. Net income on financial instruments measured at FV and net result of hedge accounting

	30/06/23	30/06/24
Net income on financial investments measured at fair value through other comprehensive income	1,916,061	696,602
Net income on financial investments at fair value through profit or loss	1,541,173	2,344,997
of which financial investments mandatorily fair value through profit or loss	*1,541,173*	*2,344,997*
Net income on financial liabilities designated at fair value through profit or loss	(72,799,147)	13,501,272
NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE	(69,341,913)	16,542,871
Fair value hedge	**(343,405)**	**65,105**
Change in the fair value of the hedged item attributable to the hedged risk	141,051,697	(30,962,483)
Fair value revaluation (+: gains/ -: losses) / Derivative Financial Instruments / Derivative Financial Instruments - Fair Value Hedge	(141,395,102)	31,027,588
Portfolio hedge against interest rate risk	**(319)**	**0**
Fair value revaluation - Portfolio hedge - Hedged items	(7,720)	0
Fair value revaluation - Derivatives - Portfolio hedge	7,401	0
NET RESULT OF HEDGE ACCOUNTING	(343,724)	65,105
TOTAL	(69,685,637)	16,607,976

The important variances in the net income from hedging derivatives classified as trading derivatives (accounting mismatch) and in the net income on financial liabilities designated at fair value through profit or loss from year to year or period to period may arise due to market conditions and their impacts on the fair value of structured bonds issued and related hedging derivatives.

5.4. Net income on derecognition of financial instruments measured at amortised cost

	30/06/23	30/06/24
Net income on loans and advances measured at amortised cost	**144,352**	**127,336**
Gains on loans and advances measured at amortised cost	*144,352*	*127,336*
Losses on loans and advances measured at amortised cost	*0*	*0*
Net income on financial investments measured at amortised cost	**2,864,842**	**779,404**
Gains on financial investments measured at amortised cost	*50,712,722*	*1,061,682*
Losses on financial investments measured at amortised cost	*(47,847,880)*	*(282,278)*
Net income on financial liabilities at amortised cost	**45,074**	**31,272**
Gains on financial liabilities at amortised cost	*45,074*	*31,272*
Losses on financial liabilities at amortised cost	*0*	*0*
TOTAL	3,054,268	938,012

5.5. Fee and commission income and expenses

	30/06/23			30/06/24		
	Income	Expenses	Net	Income	Expenses	Net
Management of unit trusts and mutual funds	15,077,429	(5,979,134)	9,098,295	16,108,730	(7,173,852)	8,934,878
Insurance activity	2,616,078	(527,604)	2,088,474	2,471,637	(615,537)	1,856,100
Credit activity	13,996,771	(710,262)	13,286,509	11,837,419	(468,369)	11,369,050
Purchase and sale on securities	7,826,934	(2,183,097)	5,643,837	9,206,501	(847,426)	8,359,075
Purchase and sale of unit trusts and mutual funds	2,418,898	(170,337)	2,248,561	845,799	0	845,799
Payment services[1]	23,018,362	(260,922)	22,757,440	21,679,901	(11,726)	21,668,175
Commissions to non-exclusive brokers	0	(60,180)	(60,180)	0	(136,743)	(136,743)
Financial engineering	116,829	(8,040)	108,789	261,732	(29,162)	232,570
Services on securities other than safe keeping	2,642,635	(198,780)	2,443,855	1,666,951	(470,058)	1,196,893
Custody	13,925,484	(2,596,971)	11,328,513	14,812,749	(2,747,845)	12,064,904
Issues and placements of securities	12,424,599	(8,388,203)	4,036,396	13,292,452	(10,210,253)	3,082,199
Private banking[1]	21,381,583	(3,118,555)	18,263,028	20,257,390	(889,682)	19,367,708
Clearing and settlement	10,258,291	(1,635,638)	8,622,653	8,604,974	(1,011,957)	7,593,017
Securities lending	40,594	(47,723)	(7,129)	0	(23,639)	(23,639)
Other	6,348,303	(592,506)	5,755,797	8,439,721	(350,897)	8,088,824
TOTAL	132,092,789	(26,477,951)	105,614,838	129,485,956	(24,987,146)	104,498,809

[1] 2023 figures have been restated to get comparable figures.

5.6. Other net income

	30/06/23	30/06/24
Operating taxes	340,227	0
Rental income	101,628	160,038
Other rental income	0	0
Gains on tangible fixed assets	768,414	1,192,784
Technical margins insurance companies (income)	3,498,903	2,533,585
Fair value adjustments on investment property	0	400,000
Other income on other activities	11,716,238	6,879,860
OTHER INCOME	16,425,410	11,166,267
Operating taxes	(3,083,384)	(3,263,646)
Other bank charges	(18,575,095)	(3,013,324)
Losses on tangible fixed assets	0	(16,542)
Technical margins insurance companies (expenses)	(3,532,262)	(2,607,400)
Fair value adjustments on investment property	(3,600,000)	0
Other expenses on other activities	(6,763,081)	(2,522,740)
OTHER EXPENSES	(35,553,821)	(11,423,652)
TOTAL	(19,128,411)	(257,385)

The line item "Other income on other activities" consists primarily of write-backs of provisions and extraordinary operating income.

The line item "Other bank charges" consist of contributions paid to the Fonds de garantie des dépôts Luxembourg, the Single Resolution Fund and the Fonds de résolution Luxembourg.

The line item "Other expenses on other activities" consist primarily of provisions for litigation and extraordinary loss.

The fair value of the main investment property amounts to EUR 37.6 million as at 30 June 2024 (EUR 37.2 million as at 31 December 2023) including an acquisition cost of EUR 10.3 million and is based on the valuation report of a mandated external expert. The valuation method from the expert is based on the cost approach and the valuation inputs are mainly sensitive to the following assumptions:

- Rental market prices;
- Price per square metre; and
- Construction costs.

This revaluation was done in application of the "highest and best use for non-financial assets" principle of IFRS 13 considering an increase of the constructible potential of this investment property.

5.7. Net impairment on financial instruments and provisions for credit commitment

	30/06/23			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and other demand deposits	**22,561**	**33,466**	**0**	**56,027**
Financial assets measured at amortised cost	**20,568,634**	**(8,655,157)**	**(34,340,206)**	**(22,426,729)**
Loans and advances to credit institutions measured at amortised cost	981,321	(5,368)	(30,180)	945,773
Loans and advances to customers measured at amortised cost	16,269,495	(7,635,730)	(34,310,026)	(25,676,261)
Debt securities measured at amortised cost	3,317,818	(1,014,059)	0	2,303,759
Financial assets measured at fair value through other comprehensive income	**87,213**	**(64,900)**	**0**	**22,313**
Debt securities measured at fair value through other comprehensive income	87,213	(64,900)	0	22,313
Other receivables	**0**	**0**	**326,325**	**326,325**
Off-balance sheet commitments	**3,163,155**	**(2,078,981)**	**275,716**	**1,359,890**
TOTAL IMPAIRMENTS	23,841,563	(10,765,572)	(33,738,165)	(20,662,174)

	30/06/24			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and other demand deposits	**415**	**3,551**	**0**	**3,966**
Financial assets measured at amortised cost	**11,887,452**	**7,043,852**	**(36,024,810)**	**(17,093,506)**
Loans and advances to credit institutions measured at amortised cost	(40,931)	1,795	(73)	(39,209)
Loans and advances to customers measured at amortised cost	11,290,501	6,647,600	(30,807,871)	(12,869,770)
Debt securities measured at amortised cost	637,882	394,457	(5,216,866)	(4,184,527)
Financial assets measured at fair value through other comprehensive income	**(48,366)**	**0**	**0**	**(48,366)**
Debt securities measured at fair value through other comprehensive income	(48,366)	0	0	(48,366)
Other receivables	**0**	**0**	**0**	**0**
Off-balance sheet commitments	**1,896,992**	**477,012**	**(2,611,176)**	**(237,172)**
TOTAL IMPAIRMENTS	13,736,493	7,524,415	(38,635,986)	(17,375,078)

The expected credit losses measurement is detailed in the note 6.2.1.

5.8. Income Taxes - Global Minimum Tax

BIL Group, as part of Legend Holdings Group, is within the scope of the OECD Pillar 2 model rules instituting a minimum corporate income tax for international groups. Pillar 2 model rules as transposed in European Directive of 22 December 2022 were enacted in Luxembourg, the jurisdiction in which the group parent company is incorporated, under the law of 22 December 2023, effective for fiscal years starting as from 31 December 2023. BIL Group applies the mandatory and temporary exception to the accounting recognition of the deferred taxes assets and liabilities related to Pillar 2 regulation, according to the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per tax jurisdiction and the 15% minimum rate.

A preliminary calculation of the "Transitional Safe Harbors" for Pillar 2 exposures has been performed following OECD rules on "Safe Harbor and Penalty Relief" issued on 21 December 2022, which are intended as "qualifying international agreement on safe harbors" for the purposes of the European Directive and Luxembourg law. On the basis of the preliminary calculation based on the accounting data for the first semester of fiscal year 2024, the only jurisdiction in which a potential exposure to top-up-tax may exist is Switzerland. The Group is still assessing whether the safe harbor relief would ultimately apply. However, based on the financial data of the first semester 2024, no significant impact in terms of potential top up tax is expected.

Note 6: Notes on risk management and other information on financial instruments

6.1. Fair value

6.1.1. Breakdown of fair value

FAIR VALUE OF ASSETS	31/12/23			30/06/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and balances with central banks and demand deposits	2,981,518,726	2,981,518,726	0	2,506,356,578	2,506,356,578	0
Financial assets held for trading	19,345,375	19,345,375	0	27,288,788	27,288,788	0
Financial investments measured at fair value	581,678,327	581,678,327	0	747,359,664	747,359,664	0
Financial assets at fair value through other comprehensive income	*550,895,485*	*550,895,485*	*0*	*714,022,746*	*714,022,746*	*0*
Non-trading financial assets mandatorily at fair value through profit or loss	*30,782,842*	*30,782,842*	*0*	*33,336,918*	*33,336,918*	*0*
Loans and advances to credit institutions	674,274,516	674,262,219	(12,297)	1,949,797,009	1,949,789,334	(7,675)
Loans and advances to customers	16,328,530,371	15,792,410,896	(536,119,475)	16,589,896,409	15,992,191,622	(597,704,787)
Financial investments measured at amortised cost	8,629,112,546	8,559,448,464	(69,664,082)	8,959,222,711	8,882,269,004	(76,953,707)
Derivatives	547,153,628	547,153,628	0	577,138,812	577,138,812	0
TOTAL	29,761,613,489	29,155,817,635	(605,795,854)	31,357,059,971	30,682,393,802	(674,666,169)

FAIR VALUE OF LIABILITIES	31/12/23			30/06/24		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Amounts due to credit institutions	3,720,728,528	3,720,727,734	(794)	4,836,727,249	4,831,121,423	(5,605,826)
Amounts due to customers	18,455,039,645	18,443,262,388	(11,777,257)	18,545,397,174	18,536,564,538	(8,832,636)
Financial liabilities measured at fair value through profit or loss	2,836,485,340	2,836,485,340	0	2,940,935,662	2,940,935,662	0
Derivatives	316,493,915	316,493,915	0	292,086,929	292,086,929	0
Debt securities	2,034,068,527	1,979,456,238	(54,612,289)	2,409,721,821	2,352,828,070	(56,893,751)
Subordinated debts	345,756,383	322,142,429	(23,613,954)	344,277,422	322,569,520	(21,707,902)
TOTAL	27,708,572,338	27,618,568,044	(90,004,294)	29,369,146,257	29,276,106,142	(93,040,115)

In accordance with our valuation rules, the fair value of certain items is equal to their carrying value.

With the exception of the items "Financial liabilities held for trading" and "Financial liabilities designated at fair value", the yield differential due to our own credit quality was deemed unchanged for the purpose of calculating the fair value.

6.1.2. Analysis of the fair value of financial assets and liabilities

The table below provides an analysis of the fair value of financial instruments measured at fair value after their initial recognition, grouped in three levels from 1 to 3, according to the degree of observability of the fair value:

- Level 1: fair value measurements are based on (unadjusted) prices quoted on active markets for similar assets or liabilities.
- Level 2: fair value measurements are based on data other than the quoted prices included in Level 1, which are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives).
- Level 3: fair value measurements are based on valuation techniques that include assets or liabilities data that are not based on observable market data (non-observable data).

Fair value of financial instruments which are not fair valued according to their classification and nature is considered as Level 2.

	31/12/23			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	674,262,219	0	674,262,219
Loans and advances to customers	0	15,792,410,896	0	15,792,410,896
Financial investments measured at amortised cost	0	8,559,448,464	0	8,559,448,464
Financial assets measured at fair value				
Financial assets held for trading	0	15,601,889	3,743,486	19,345,375
Financial investments measured at fair value	229,926,226	42,064,118	309,687,983	581,678,327
Financial assets at fair value through other comprehensive income	*229,926,226*	*14,846,733*	*306,122,526*	*550,895,485*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*27,217,385*	*3,565,457*	*30,782,842*
Derivatives	0	521,865,776	25,287,852	547,153,628
TOTAL	229,926,226	25,605,653,362	338,719,321	26,174,298,909

	30/06/24			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	1,949,789,334	0	1,949,789,334
Loans and advances to customers	0	15,992,191,622	0	15,992,191,622
Financial investments measured at amortised cost	0	8,882,269,004	0	8,882,269,004
Financial assets measured at fair value				
Financial assets held for trading	0	21,750,286	5,538,502	27,288,788
Financial investments measured at fair value	431,754,499	46,108,123	269,497,042	747,359,664
Financial assets at fair value through other comprehensive income	*431,754,499*	*16,365,352*	*265,902,895*	*714,022,746*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*29,742,771*	*3,594,147*	*33,336,918*
Derivatives	0	553,124,729	24,014,083	577,138,812
TOTAL	431,754,499	27,445,233,098	299,049,627	28,176,037,224

LIABILITIES	31/12/23 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	3,720,727,734	0	3,720,727,734
Amounts due to customers	0	18,443,262,388	0	18,443,262,388
Debt securities	0	1,979,456,238	0	1,979,456,238
Subordinated debts	0	322,142,429	0	322,142,429
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,729,239,842	1,107,245,498	2,836,485,340
Derivatives	0	274,397,897	42,096,018	316,493,915
TOTAL	0	26,469,226,528	1,149,341,516	27,618,568,044

LIABILITIES	30/06/24 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	4,831,121,423	0	4,831,121,423
Amounts due to customers	0	18,536,564,538	0	18,536,564,538
Debt securities	0	2,352,828,070	0	2,352,828,070
Subordinated debts	0	322,569,520	0	322,569,520
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0	1,929,568,230	1,011,367,432	2,940,935,662
Derivatives	0	242,198,418	49,888,511	292,086,929
TOTAL	0	28,214,850,199	1,061,255,943	29,276,106,142

The fair value may also be calculated by the interpolation of market prices.

Level 3 financial assets measured at fair value are composed mainly of equity instruments.

6.1.3. Transfer between Level 1 and Level 2

No transfer was made between Level 1 and Level 2 on financial assets and financial liabilities in 2023 and in the first half of 2024.

6.1.4. Level 3 reconciliation

ASSETS	31/12/23 Opening	Total gains and losses in consolidated statement of income	Gains and losses in other comprehensive income- realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Conversion differences	Closing
Financial assets designated held for trading	2,660,405	40,304	0	2,295,750	(1,252,973)	0	0	0	3,743,486
Financial assets measured at fair value	300,319,940	72,003	7,805,857	1,948,793	(100)	(470,554)	0	12,044	309,687,983
Derivatives	6,697,829	(4,625,828)	0	23,215,851	0	0	0	0	25,287,852
TOTAL	309,678,174	(4,513,521)	7,805,857	27,460,394	(1,253,073)	(470,554)	0	12,044	338,719,321

	30/06/24 Opening	Total gains and losses in consolidated statement of income	Gains and losses in other comprehensive income- realised & unrealised	Purchase	Sale	Settlement	Transfer to Level 3	Conversion differences	Closing
Financial assets designated held for trading	3,743,486	(638,844)	0	5,230,109	(2,796,249)	0	0	0	5,538,502
Financial assets measured at fair value	309,687,983	28,690	(40,211,776)	0	0	0	0	(7,855)	269,497,042
Derivatives	25,287,852	(12,390,314)	0	11,116,545	0	0	0	0	24,014,083
TOTAL	338,719,321	(13,000,468)	(40,211,776)	16,346,654	(2,796,249)	0	0	(7,855)	299,049,627

LIABILITIES	31/12/23 Opening	Total gains and losses in consolidated statement of income	Purchase	Sale	Settlement	Transfer to Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	746,719,924	18,162,318	932,622,439	(588,936,589)	0	0	(1,322,594)	1,107,245,498
Derivatives	78,082,292	(61,555,808)	25,569,534	0	0	0	0	42,096,018
TOTAL	824,802,216	(43,393,490)	958,191,973	(588,936,589)	0	0	(1,322,594)	1,149,341,516

LIABILITIES	30/06/24 Opening	Total gains and losses in consolidated statement of income	Purchase	Sale	Settlement	Transfer to Level 3	Conversion differences	Closing
Financial liabilities designated at fair value	1,107,245,498	(15,674,428)	612,941,479	(699,268,270)	0	0	6,123,153	1,011,367,432
Derivatives	42,096,018	(6,443,387)	14,235,880	0	0	0	0	49,888,511
TOTAL	1,149,341,516	(22,117,815)	627,177,359	(699,268,270)	0	0	6,123,153	1,061,255,943

6.1.5. Valuation techniques used for Level 2 and Level 3 instruments

Description	Valuation techniques (Level 2 and Level 3 instruments)
Unlisted equity securities	- Unobservable transaction prices - Net asset method - Income approach (Discounted Cash Flow method) - Market approach (Comparable company valuation multiples)
Derivatives and Structured Bonds	- Use of quoted market prices or dealer quotes for similar instruments - Discounted cash-flow models - For interest rate swaps, present value of the estimated future cash flows based on observable yield curves - For foreign currency forwards, present value of future cash flows based on the forward exchange rates at the balance sheet date - For foreign currency options, options pricing models (Black-Scholes, Garman-Kohlhagen and others models)

6.1.6. Valuation techniques, valuation inputs and relationships used for Level 3 instruments

Description	Unobservable inputs (Level 3 instruments)	Impact on valuation and sensitivity of level (Level 3 instruments)
Unlisted equity securities	- multiples of comparable - discount rate used for discounting cash-flows - expected cash-flows - discount / haircut	The most significant stand-alone Level 3 equity instruments is BIL's participation into Luxair group whose valuation is determined based on observable and unobservable inputs.
Derivatives and Structured Bonds	- credit spreads - liquidity premiums - illiquidity adjustment	The effects of sensitivity mostly impact structured issuances recognised at fair value through profit or loss (Fair-value option). These effects are however offset by a reverse sensitivity at the level of the economic hedge measured at fair value through profit or loss (no accounting mismatch). The net sensitivity to unobservable inputs is not considered as significant.

The Bank has developed a procedure to define the notions of an active market (such as the bid & ask) spread, the issuance size, the number of prices, contributors and of observable and non-observable inputs.

Level 3 financial assets held for trading are the result of buy backs of the Bank's structured bonds issued.

6.2. Credit risk

6.2.1. Expected credit losses measurement

6.2.1.1 Expected Credit Losses (ECL) methodology

DEFINITION OF CREDIT RISK

Credit risk is the risk that a borrower will default on any type of debt by failing to make the required payments. The risk includes loss of principal and interest, disruption of cash flows, and increased collection costs. Facilities can be analysed by the nature of the client/counterparty's obligations or by the following characteristics:

- Type and purpose of the facility;
- Funded vs. unfunded;
- Committed vs. uncommitted;
- Secured vs. unsecured;
- Direct vs. contingent;
- Outstanding vs. undrawn;
- IFRS 9 classification (stages 1, 2 or 3).

DEFINITION OF DEFAULT

Default is defined as the inability of a borrower or guarantor to meet its obligations vis-à-vis one or more creditors at any given time or on a continuing basis. The Bank must include all products and positions that are potentially at risk. Default is defined in the Basel II context (Art. 178 CRR) as follows:

"A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse to actions such as the realisation of the collateral (if held);
- The obligor is more than 90 days past due on any material credit obligation to the Bank Group. The materiality of a past due credit obligation is assessed using a threshold, which comprises two components: an absolute component and a relative component. The past due credit obligation is considered material when both the absolute and relative components are exceeded for more than 90 consecutive days."

The absolute component is a limit in terms of the sum of all past due amounts owed by the obligor to BIL Group (hereinafter the past due 'credit obligation') and is set at:

- EUR 100 for retail exposures;
- EUR 500 for exposures other than retail exposures.

The relative component is a limit in terms of the amount of the past due credit obligation in relation to the total amount of all on-balance sheet exposures to that obligor for BIL Group, excluding equity exposures and is set at 1%.

WRITE-OFF POLICY

Problem loans are written off, in full or in part, as soon as the Bank considers that there is no reasonable expectation of recovery of the outstanding balance (or part thereof), whether or not the legal claim against the borrower remains. Write-offs are normally made by using previously recognised provisions for loan losses. Write-offs are approved by the Default Committee.

IFRS 9 STAGING ASSESSMENT

The transition to the IFRS 9 credit loss provisioning standard has impacted the way the Bank classifies a financial instrument according to its credit risk dynamics over time – the so-called Staging process. Basically, there are three IFRS 9 Stages, which can be broadly conceptualised as follows:

- Stage 1 groups financial instruments that have a performing status and for which no significant deterioration in credit quality has occurred since their origination;
- Stage 2 comprises financial instruments that have experienced a significant increase in credit risk (SICR) since their origination;
- Stage 3 covers financial instruments having a credit-impaired status.

This classification requires BIL to clearly define both quantitative and qualitative approaches for assessing a significant increase in credit risk and a credit-impaired status for its financial instruments which are within the scope of IFRS 9.

SIGNIFICANT INCREASE IN CREDIT RISK

Since 31 December 2023, the Group has implemented a new quantitative SICR mechanism which is based on the comparison of IFRS 9 Lifetime PD parameters – instead of a purely rating-based approach – between the origination and a given reporting date. Following this new (PD-based) approach, a SICR will be triggered if the (annualised) IFRS 9 Lifetime PD has increased by more than a pre-determined threshold which depends on the type of exposure (e.g. retail, corporates…). These thresholds correspond to the expected average PD multiples (in case of deteriorated creditworthiness between the origination and the reporting date) that have been determined by means of a statistical approach on historical data.

Moreover, some qualitative elements and backstop indicators are also used to determine the SICR of a particular exposure, counterparty, portfolio or sub-portfolio as set out in the BIL Group IFRS 9 Staging policy. These qualitative and/or backstop indicators are based on internal credit risk management practices which aim at targeting exposures that are subject to (i) forbearance measures, (ii) the occurrence of past-due events (higher than 30 days), and (iii) potential financial difficulties. In particular, the client outreach programmes and other proactive credit risk management measures aim to identify qualitative elements that could trigger a SICR.

LOW CREDIT RISK EXEMPTION

The Bank applies the low credit risk exemption (LCRE) which allows to maintain an exposure in Stage 1 even though a SICR has occurred between the origination and a given reporting date. The LCRE is effective as soon as one of the two following conditions is satisfied (at the reporting date):

- The (annualised) IFRS 9 Lifetime PD is lower than 30 bps;
- The external rating (if available) is higher than BBB- (i.e. within the investment-grade category).

CREDIT-IMPAIRED STATUS

As for Stage 2 assessment, some qualitative or backstop indicators are used to identify credit-impaired (or Stage 3) exposures. Basically, an exposure will be classified in Stage 3 when either (or both) of the two following conditions are met:

- The exposure is in default (or non-performing) considering the trigger of unlikeliness-to-pay (UTP) criteria, and;
- The exposure is past due more than 90 days.

CURE PERIOD

Conversely, if the quantitative and/or qualitative factors of a given exposure improve, its corresponding IFRS 9 Stage may improve over time. Nevertheless, some cure (or probation) periods may apply, particularly in the following circumstances:

- Exit from forborne non-performing to forborne performing status: a one-year period has elapsed since the extension of forbearance;
- Exit from forbearance: a minimum two-year period has elapsed from the date the forborne exposure was considered as performing;
- Exit from Stage 2 (resp. Stage 3) due to a 30 (resp. 90) days past due: a cure period of 30 (resp. 90) days is applied.

MEASUREMENT OF ECL – EXPLANATION OF INPUTS, ASSUMPTIONS AND ESTIMATION TECHNIQUES

Modelled ECL (Stage 1, Stage 2 and certain Stage 3 credit risk exposures)

In addition to Pillar I models which focus on the unexpected credit loss, IFRS 9 also defines principles to estimate the Expected Credit Loss (ECL). Under IFRS 9, the ECL is a probability-weighted average of credit losses, considering the respective weight of several representative macroeconomic scenarios. Moreover, two types of ECL are proposed:

- 12-month ECL: representing the ECL resulting from default events within 12 months on a financial instrument – applicable to Stage 1 exposures only;
- Lifetime ECL: representing the ECL resulting from all possible default events over the expected lifetime of a financial instrument – applicable to both Stage 2 and Stage 3 exposures.

The Expected Credit Loss (ECL) is computed as follows:

$$ECL = \sum_{i=1}^{3}\sum_{t=1}^{M} \omega_i \times \left(CPD_{i,t} - CPD_{i,t-1}\right) \times EAD_{i,t} \times LGD \times D_t$$

Where:

- ω_i is the weight (or probability of occurrence) assigned to the macroeconomic scenario i (three distinct scenarios are calibrated: baseline, upside and downside);
- $CPD_{i,t}$ represents the cumulative probability of default at the date t in the scenario i;
- $EAD_{i,t}$ (Exposure At Default) represents the amount of a credit that the Bank is exposed to at the date t in the scenario i;
- LGD (Loss Given Default) is defined as the loss rate in the event of default;
- D_t represents the discount factor at the date t, and;
- M represents the residual maturity of the financial instrument (M is capped at a 12-month horizon for Stage 1 exposures).

Every key parameter has been estimated based on BIL internal models.

IFRS 9 ECL parameter approaches

IFRS 9 credit risk parameters must exhibit the following properties:

- Incorporate forward-looking information by relying on a relevant set of business/financial cycle indicators that are projected according to several macroeconomic scenarios;
- Remain unbiased (i.e. neither too prudent, nor too optimistic) with respect to ex-post observed credit risk parameters.

Firstly, for the Probability of Default (PD) parameters, one may indicate that the two previous properties are satisfied. On the one hand, forward-looking information is incorporated by relying on both econometric models and the calibration of three distinct macroeconomic scenarios. On the other hand, the historical observation of average default rates is used as an essential component in forecasting IFRS 9 PDs.

Secondly, the Loss Given Default (LGD) parameters are not biased in that they do not include either conservatism margins or downturn effects (contrary to the regulatory parameters). For retail and mid-corporates, secured LGD curves were developed where statistically significant correlation with macroeconomic indicators could be observed. In the specific case of mortgage loans, a forward-looking mechanism operates in a distinct way according to the Stage of the underlying exposure:

- For Stage 1 and Stage 2 exposures, an unsecured (constant) LGD parameter is used for the real estate exposures since the eligible collaterals are deducted from the EAD parameters. For the other products in the retail and mid-corporate segment, a secured forward-looking LGD curve is used where a statistically significant relationship was found – otherwise a long run average LGD is used. CF below for the description of the underlying forward-looking mechanism;
- For Stage 3 exposures, a secured LGD parameter is applied by means of a calibrated macroeconometric model.

Finally, the Exposure At Default (EAD) parameters are partially in line with the two IFRS 9 principles. They rely on regulatory Credit Conversion Factor (CCF) parameters for the measurement of the undrawn part of a financial instrument. Furthermore, a forward-looking mechanism is effective in the case of mortgage loans with the application of scenario-conditional forecasts of property prices (at country-level) to modify the collateral values over time.

BIL's overview of active models for IFRS 9 impairment

The Bank has 6 active PD models:

- 1 for Retail (with 3 distinct segments);
- 3 for Corporates (small, medium and large);
- 1 for Banks, and;
- 1 for Sovereigns.

LGD models were considered for 8 retail products and 5 mid-corporate products. In the end, statistically significant relationships between LGD and macroeconomic variables were found for 3 retail products and for 3 mid-corporate products. The other products receive a long run average LGD.

Finally, the Bank uses Pillar I models for both the credit conversion factor (CCF) parameters and the financial haircuts which are applied for the calculation of EAD parameters.

EXPERT-JUDGMENT ECL (STAGE 3 CREDIT EXPOSURES ONLY)

BIL Group estimates provisions for some credit impaired exposures within Stage 3 that are not measured through models. These exposures are assessed individually within the dedicated committees and the related provisions are calculated using expert judgment to take into account the specifics of each exposure and associated collateral and other credit enhancements.

The provisions are calculated using the discounted expected future cash flow method. Cash flows from collateral and other credit enhancements are included in the measurement of ECL of the related financial asset when it is a part or integral to the contractual terms of the financial asset. Due to individual assessment, specific factors are taken into consideration and have a larger impact than macroeconomic factors.

FORWARD-LOOKING PARAMETERS

In accordance with the IFRS 9 requirements, BIL Group considers forward-looking information for measuring Expected Credit Losses (ECL). Basically, this consists in using a combination of relevant macro-financial indicators (i.e. useful for explaining the dynamics of IFRS 9 credit risk parameters) and several representative macroeconomic scenarios that are regularly updated over time.

BIL has mainly identified strong dependencies between certain macroeconomic factors and historical default rates (or PD models) by distinguishing high- and low-default risk portfolios.

High Default Portfolios (HDP) consider retail counterparts and small and mid-size enterprises using internal default data. The main macroeconomic indicators for forecasting the occurrence of default events for the HDP segment being (i) labour market indicators (unemployment) and (ii) opinion surveys data from Luxembourgish private economic agents (households and the manufacturing sector).

Low Default Portfolios (LDP) consider three distinct types of exposures (large corporates, banking institutions and sovereigns) using external default data (source: Moody's Analytics). In this regard, the cyclical dynamics of corporate and banking default rates can be apprehended by means of equity prices measured at both the Eurozone and US levels, as well as by using monetary aggregates and market-based risk measures reflecting the build-up or the materialisation of financial vulnerabilities in the euro area notably. For sovereign exposures, the IFRS 9 PD parameters are projected according to scenario-conditional forecasts of three macroeconomic indicators in the eurozone: the real GDP growth, the unemployment rate and the public debt to GDP ratio.

Additional forward-looking components are considered in the ECL modelling process, especially for addressing some credit risk mitigation effects in the case of residential and commercial mortgage loans. Specifically, collateral valuation is directly impacted over time by residential property prices that are forecasted for five different countries (or zones): Luxembourg, Germany, France, Belgium and the euro area as a whole.

Finally, forward looking LGD curves were implemented in June 2024 for several retail and mid-corporate products, where a significant relationship with macroeconomic factors could be found.

6.2.1.2 Macroeconomic indicators for each scenario

In order to measure ECL as a probability-weighted amount of expected losses, BIL uses three distinct macroeconomic scenarios covering a wide range of potential future economic conditions:

- A baseline (or central) scenario which describes the most likely path of the economy over the projection horizon;
- A downside (or adverse) scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path. More precisely, this downside scenario corresponds to a recession period which is characterised by the following sequence of events: financial asset prices plummet, real GDP growth becomes negative and labour market conditions strongly deteriorate with a surge in unemployment;
- An upside (or optimistic) scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path than in the baseline scenario;
- These macroeconomic scenarios are derived from an external database (source: Moody's Analytics). They are built according to a combination of statistical methods and theoretical economic foundations. In addition, they are updated on a monthly basis and regularly compared with other external (and publicly available) data, such as those released by international organisations and national statistical offices (European Central Bank, European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development, STATEC).

Finally, it is important to underline that, according to the Moody's statistical methodology, the scenarios have a constant weight (or probability of occurrence) over time: 60% for the baseline scenario and 20% for each of the two alternatives. Accordingly, these are the macroeconomic forecasts – i.e. the dynamics of the projected indicators – which are regularly updated in light of the business cycle fluctuations and the most recent economic events or assumptions. Post-model adjustment may be applied on the weighting of scenarios. Refer to the section on ECL Post-Model Adjustments, Management Overlays and other ECL considerations of this note.

		LUXEMBOURG						EUROZONE					
In %		December 2023			June 2024			December 2023			June 2024		
		Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
Real GDP	2023	(0.90)	(0.90)	(0.90)	(1.11)	(1.11)	(1.11)	0.60	0.60	0.60	0.58	0.58	0.58
	2024	1.70	3.60	(2.40)	0.51	1.13	(0.58)	0.80	2.50	(3.10)	0.79	1.36	(0.31)
	2025	2.20	2.70	(0.30)	1.90	3.73	(3.22)	1.60	2.10	(0.90)	1.55	3.16	(3.53)
	2026	2.80	2.50	4.40	2.60	2.34	3.35	1.80	1.50	3.30	1.64	1.49	2.33
	2027	2.90	2.90	3.50	2.79	2.65	3.95	1.70	1.60	2.20	1.58	1.45	2.77
	2028				2.72	2.72	2.86				1.44	1.42	1.60
Un-employment	2023	5.20	5.20	5.20	5.23	5.23	5.23	6.50	6.50	6.50	6.55	6.55	6.55
	2024	5.40	5.30	6.00	5.45	5.43	5.62	6.70	6.50	7.70	6.51	6.43	6.69
	2025	5.10	5.00	6.20	5.28	5.23	6.44	6.70	6.30	8.80	6.58	6.19	8.11
	2026	5.10	5.00	6.30	5.24	5.13	6.63	6.70	6.40	8.30	6.55	6.18	8.26
	2027	5.20	5.10	6.30	5.26	5.10	6.59	6.60	6.40	7.50	6.49	6.27	7.57
	2028				5.43	5.23	6.49				6.41	6.28	7.09
Consumer Prices	2023	2.90	2.90	2.90	2.95	2.95	2.95	5.50	5.50	5.50	5.49	5.49	5.49
	2024	2.20	2.40	1.50	2.60	2.67	2.40	2.30	2.60	1.80	2.32	2.35	2.16
	2025	2.00	2.20	0.70	2.27	2.58	0.86	1.80	2.00	0.70	1.87	2.05	0.74
	2026	2.00	1.90	1.90	2.25	2.22	1.59	1.80	1.80	1.50	1.80	1.86	1.11
	2027	2.00	2.00	2.00	2.14	2.09	1.82	1.90	1.90	1.60	1.95	1.98	1.58
	2028				2.11	2.12	1.69				2.04	2.08	1.72
Stock Prices	2023	(5.60)	(5.60)	(5.60)	(3.16)	(3.16)	(3.16)	12.00	12.00	12.00	12.52	12.52	12.52
	2024	(3.30)	6.30	(35.80)	(0.34)	4.35	(13.68)	4.80	13.40	(24.50)	14.57	18.76	2.05
	2025	19.80	16.00	27.70	16.14	21.87	(9.06)	4.20	5.70	10.10	3.41	10.16	(19.05)
	2026	14.30	18.40	25.00	11.82	13.54	23.94	5.90	4.70	21.40	3.96	2.48	17.91
	2027	7.00	7.40	15.60	6.69	6.16	20.12	5.10	3.00	10.80	3.86	1.54	16.41
	2028				1.87	(0.50)	10.12				3.23	1.38	9.11
Residential Property Prices	2023	(7.80)	(7.80)	(7.80)	(10.99)	(10.99)	(10.99)	(1.40)	(1.40)	(1.40)	(1.12)	(1.12)	(1.12)
	2024	(4.70)	(3.20)	(8.90)	(8.54)	(7.99)	(9.65)	(1.20)	0.40	(6.00)	0.30	0.85	(1.09)
	2025	6.20	5.60	2.60	6.97	7.97	0.65	2.80	3.60	(2.60)	2.25	4.11	(5.07)
	2026	5.10	5.00	6.70	4.41	4.00	4.78	5.10	4.60	4.00	3.76	4.04	1.36
	2027	3.80	4.50	4.40	3.28	3.43	4.94	5.10	5.30	5.30	4.16	4.21	5.21
	2028				3.39	3.34	3.44				3.95	3.93	4.91

6.2.1.3 ECL Sensitivity

The following table compares the reported ECL broken down by stage and by different weighting of scenarios.

(in EUR million)	Scenarios weights			31/12/23		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	41.54	23.39	64.93
Modelled ECL	60%	20%	20%	38.97	22.80	61.77
Stressed ECL	100%	0%	0%	34.93	21.92	56.84
	0%	100%	0%	32.14	21.21	53.35
	0%	0%	100%	57.92	27.06	84.97
	80%	0%	20%	39.52	22.95	62.47
	60%	5%	35%	42.83	23.68	66.51
	60%	0%	40%	44.12	23.97	68.09

(in EUR million)	Scenarios weights			30/06/24		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	21.85	15.19	37.04
Modelled ECL	60%	20%	20%	20.26	14.64	34.91
Stressed ECL	100%	0%	0%	17.72	13.88	31.60
	0%	100%	0%	16.13	13.06	29.19
	0%	0%	100%	32.02	18.53	50.55
	80%	0%	20%	20.58	14.81	35.39
	60%	5%	35%	22.65	15.46	38.11
	60%	0%	40%	23.44	15.74	39.18

Refer to the section "ECL Post-Model Adjustments, Management Overlays and other ECL considerations" for details on macroeconomic scenarios weighting.

6.2.1.4 ECL Post-Model Adjustments, Management Overlays and other ECL considerations

ECL models are evolving and may need to be proactively adjusted to capture new events in changing circumstances not yet modelled. The Group has introduced since 2020 "Management Overlays" and "Post-model adjustments" to reflect the new or evolving circumstances such as the COVID-19 pandemic and the deteriorated macroeconomic environment following the Russia-Ukraine conflict. As at 30 June 2024, the macroeconomic environment remains challenging. New circumstances are also directly captured through targeted credit risk management practices.

ECL POST-MODEL ADJUSTMENT

ECL Post-Model Adjustment – Adjustment of the weighting of Macroeconomic Scenarios

The Group has implemented a Post-Model Adjustment since 30 June 2022 on its modelled ECL where it reviewed the weighting of each macroeconomic scenario:

- The modelled ECL are calculated based on three macroeconomic scenarios (Baseline, Downside and Upside), where the following weightings are applied: 60% for the baseline scenario and 20% for each of the 2 alternative ones. (Refer to section "Macroeconomic indicators for each scenario");
- The Reported ECL are calculated based on a review of the macroeconomic scenarios' weightings, reducing the weight of the upside scenario to 10% and increasing the weight of the downside scenario to 30%.

The implementation of an ECL Post-Model Adjustment (PMA) to the macroeconomic scenario weighting is supported by the current macroeconomic outlook which is surrounded by heightened uncertainty and risks predominantly tilted to the downside, notably with:

- The pursuing Russia-Ukraine military conflict and its adverse spillover effects on the global economy;
- The rapidly rising interest rates driven by the tightening of monetary policies by central banks in a prolonged inflationary environment, and;
- Growing concerns about the euro area financial stability and more specifically in Luxembourg due to the build-up of vulnerabilities in the real estate market and its strong interconnectedness with the whole economy via the banking sector (e.g. property prices in Luxembourg have started to decline after a peak in 2022 Q3 and the households/businesses remain highly indebted comparatively to those in other euro area member countries).

The impact of the Post-Model Adjustment on the modelled ECL (Stage 1 and Stage 2 exposures) as at 30 June 2024 amounts to EUR 2.1 million (EUR 3.2 million as at 31 December 2023) and is calculated at Group level with major contributor being BIL, head office of the Group. Refer to the section "ECL Sensitivity" for the detailed figures between the modelled ECL under the standard weighting of macroeconomic scenarios and the reported ECL after the review of the weighting of the macroeconomic scenarios. Also refer to the below table for the details of the adjustments made to the modelled ECL. The impact on the Stage 3 modelled ECL (excluding Expert-judgement ECL) is EUR 2.7 million (thus a total Post-Model Adjustment of EUR 4.8 million as at 30 June 2024).

ECL Post-Model Adjustment - Macroeconomic variables

As at 30 June 2024, the projection of one macroeconomic variable used for the IFRS 9 LGD curves had undergone significant modifications. In the Retail model, which forecasts the real estate LGD curves, one of the sub-variables provided by an external data provider was positively revised following a recalibration of models at the provider's level. This recalibration concerns a geographical area that is larger than Luxembourg, and the reasons that led to this recalibration were not deemed applicable to the Bank. This updated parameter is therefore deemed as not fit for purpose. The Bank has decided to maintain the previous parameter projection. This decision has been treated as a post-model adjustment. The impact as of 30 June 2024 is an increase of EUR 17.4 million in ECL (of which EUR 15.6 million for Stage 3).

ECL MANAGEMENT OVERLAYS

The Bank's models have been constructed and calibrated using historical data and statistical analyses as well as forward-looking economic scenarios. Additional factors resulting from the various support schemes and regulatory guidance could not be always reliably modelled. As a consequence, the existing models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio/segment.

As a result, adjustments to the Modelled ECL are required under the form of management overlays.

ECL Management Overlay (Minimum Disposable Income) (implemented in 2023 – maintained in 06/2024)

As at 31 December 2023, the Bank has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with an insufficient minimum disposable income, or for which the Bank is currently unable to determine the minimum disposable income due to a lack of sufficient data in the information system. As at 30 June 2024, the amount is EUR 7.9 million (EUR 11.4 million as at 31 December 2023) (including Stage 3 exposures).

ECL Management Overlay (Outreach programme – bridge loans and maturing fixed-rate loans) (implemented in 2023 – maintained in 06/2024)

As at 31 December 2023, the Bank has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with a fixed-rate loan maturing before 30 June 2024 whose terms will be reset to current market conditions, and clients with a bridge loan maturing before 30 June 2024. As at 30 June 2024, the total amount is EUR 1.38 million (EUR 0.65 million as at 31 December 2023) (including Stage 3 exposures).

ECL Management Overlay (Acquisition, Development and Construction portfolio) (implemented in June 2024)

As at 30 June 2024, the Bank has introduced a new management overlay within the ADC portfolio targeted at property developers. The rationale behind the introduction of this overlay is based on the current uncertainty on near-term recovery prospects for off-plan sales. As at 30 June 2024, the management overlay on ADC amounts to EUR 15.8 million (including Stage 3 exposures for EUR 8.8 million).

This table summarises the impact of the management overlays and post-model adjustments on the stock of ECL (Stage 1 and Stage 2) (in EUR million):

(in EUR million)	Stage	31/12/23	30/06/24
Modelled ECL	Stage 1	39	20
	Stage 2	23	15
ECL Post-Model Adjustment (Scenario Weighting)	Stage 1	3	2
	Stage 2	1	1
Subtotal (Reported ECL)	**Stage 1**	**42**	**22**
	Stage 2	**24**	**15**
ECL Post-Model Adjustment (Macroeconomic variables)	Stage 1		1
	Stage 2		0
ECL Management Overlay (Minimum Disposable Income)	Stage 1	8	7
	Stage 2	3	1
ECL Management Overlay (Outreach Programme- Bridge Loans and Maturing Fixed-Rate Loans)	Stage 1	1	1
	Stage 2	0	0
ECL Management Overlay (ADC)	Stage 1		5
	Stage 2		2
TOTAL	Stage 1	50	36
	Stage 2	26	19

OTHER ECL CONSIDERATIONS

ECL models are evolving in order to address new macroeconomic, geopolitical or Environmental, Social and Corporate Governance (ESG) conditions but also to reflect more experience in credit risk management practices.

The Bank also proceeded to the following major updates of its IFRS 9 provisioning models:

- LGD curves were implemented in June 2024 for several retail and mid-corporate products, where a significant relationship with macroeconomic factors could be found. These models utilise forward-looking LGD curves that implicitly incorporate collateral in their estimates. The impact of this change as of 30 June 2024 a reduction of EUR 17 million in ECL.
- For exposures for which no internal or external ratings is available, assimilation rules are applied in order to associate these exposures to existing models. These assimilation rules for the portfolio treated under the standardised approach for the regulatory capital requirements were revised for the reporting of 30 June 2024. These rules ensure the assignment of IFRS 9 risk parameters to exposures lacking their own models. This revised approach allows for more granular segmentation based on both the Internal Rating System (IRS) and accounting stages. The impact of this change as of 30 June 2024 is a net transfer of EUR 784 million from Stage 2 to Stage 1 exposures, and an overall decrease of EUR 19 million in ECL.

6.2.2. Credit risk exposures

The geographic region is determined according to the country of risk of the counterparty. Credit risk includes the counterparty risk associated with on-balance sheet and confirmed off-balance sheet items. Credit risks are evaluated after taking into account the effect of guarantees and collateral received as well as impairment. The risks cover all entities in which BIL is a majority shareholder.

Exposures by counterparty (in EUR million)	31/12/23	30/06/24	Variation
Individuals, SME & Self Employed	12,133	11,822	(311)
Central Governments	9,997	9,860	(137)
Corporate	6,803	7,318	515
Financial Institutions	3,889	3,886	(3)
Public Sector Entities	675	815	140
Securitisation	291	510	219
Others	10	8	(2)
TOTAL	33,798	34,219	421

Exposures by geographic region (in EUR million)	31/12/23	30/06/24	Variation
Luxembourg	19,399	19,482	83
France	3,405	3,728	323
Belgium	2,331	2,384	53
Germany	1,587	1,878	291
Switzerland	1,814	1,597	(217)
United States and Canada	1,218	970	(248)
Spain	808	756	(52)
Asia	243	408	165
China	318	337	19
Middle East	164	181	17
Russia	93	90	(3)
Australia	43	39	(4)
Other EU countries	1,312	1,156	(156)
Others	712	888	176
Rest of Europe	351	325	(26)
TOTAL	33,798	34,219	421

Credit risk exposures are shown as follows:

- Balance sheet assets other than derivative contracts are valued at their net value (i.e. the carrying value after deduction of any provision);
- Derivative contracts are recorded at their mark-to-market value plus add-on ("add-on" is an estimate of potential future exposure; this value is not recorded but is added on for regulatory purposes);
- Off-balance sheet items are shown in terms of total commitment.

The total amount of off-balance sheet commitments corresponds to unused lines of credit or to the maximum amount of guarantees granted by BIL to third parties.

6.2.2.1 Exposures by stage and ratings

Stage 1 Credit Risk Exposures	31/12/23						30/06/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	145	290	488	395	0	1,318	12	323	446	405	0	1,186
Commitments in respect of loans granted	477	879	1,058	582	0	2,996	493	838	1,102	796	0	3,229
Financial investments at FVOCI (excluding variable income securities)	70	253	0	0	0	323	61	31	0	0	0	92
Financial investments at amortised cost	5,682	2,418	13	40	0	8,153	6,041	2,265	61	0	0	8,367
Loans and advances at amortised cost	3,450	5,877	6,665	1,267	0	17,259	3,407	6,095	6,237	1,523	0	17,262
Other financial instruments at amortised cost	326	70	6	0	0	402	34	43	0	799	0	876
TOTAL Stage 1 Exposures	10,150	9,787	8,230	2,284	0	30,451	10,048	9,595	7,846	3,523	0	31,012

Stage 2 Credit Risk Exposures	31/12/23						30/06/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	3	40	91	27	0	161	1	10	48	10	0	69
Commitments in respect of loans granted	10	57	222	51	0	340	0	59	280	1	0	340
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	37	60	20	0	0	117	0	0	33	0	0	33
Loans and advances at amortised cost	96	200	1,464	94	0	1,854	7	364	1,312	63	0	1,746
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 2 Exposures	146	357	1,797	172	0	2,472	8	433	1,673	74	0	2,188

Stage 3 Credit Risk Exposures	31/12/23						30/06/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Commitments in respect of guarantees given	2	0	0	0	25	27	0	0	0	0	38	38
Commitments in respect of loans granted	0	0	0	0	16	16	0	0	0	0	22	22
Financial investments at FVOCI (excluding variable income securities)	0	0	0	0	0	0	0	0	0	0	0	0
Financial investments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	17	1	64	10	478	570	9	0	0	0	647	656
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 3 Exposures	19	1	64	10	519	613	9	0	0	0	707	716

Credit Risk Exposures without staging	31/12/23						30/06/24					
(in EUR million)	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL	AAA to AA-	A+ to BBB-	Non investment grade	Unrated	Default	TOTAL
Derivatives	11	234	4	12	0	261	38	222	8	35	0	303
Financial assets held-for-trading	1	0	0	0	0	1	0	0	0	0	0	0
TOTAL Exposures without staging	12	234	4	12	0	262	38	222	8	35	0	303

TOTAL All Stages	10,327	10,379	10,095	2,478	519	33,798	10,103	10,250	9,527	3,632	707	34,219

The loans and advances at amortised cost classified under the "non-investment grade" category are mainly linked to financing facilities granted to Luxembourg SMEs, private individuals and corporates. The non-investment grade ratings related to these exposures are not provided by external credit assessment institutions but derive from the Bank's quantitative models to estimate a counterparty's probability of default. In some cases, the output of these models has been modified by the competent decision-making authority ("rating overrides"). These exposures are largely collateralised but the internal ratings do not take into account the value of the collateral.

6.2.2.2 Collateral and other credit enhancements

31/12/23 (in EUR million)	Gross exposure	Credit Risk Mitigation (CRM)				Total CRM	Net exposure	ECL
		Guarantee	Netting agreements	Financial collateral	Physical collateral			
Financial investments at FVOCI (excluding variable income securities)	323	9	0	0	0	9	314	0
Financial assets held-for-trading	1	0	0	0	0	0	1	0
Loans and advances at amortised cost	20,280	225	9	1,311	7,988	9,533	10,747	270
Financial investments at amortised cost	8,271	1,183	0	0	0	1,183	7,088	3
Derivatives	261	0	0	0	0	0	261	0
Other financial instruments at amortised cost	741	0	338	1	0	339	402	0
Commitments in respect of guarantees given	1,569	6	0	66	11	83	1,486	2
Commitments in respect of loans granted	3,519	298	18	643	375	1,334	2,185	13
TOTAL	34,965	1,721	365	2,021	8,374	12,481	22,484	288

30/06/24 (in EUR million)	Gross exposure	Credit Risk Mitigation (CRM)				Total CRM	Net exposure	ECL
		Guarantee	Netting agreements	Financial collateral	Physical collateral			
Financial investments at FVOCI (excluding variable income securities)	92	0	0	0	0	0	92	0
Financial assets held-for-trading	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	21,471	343	817	1,829	7,786	10,775	10,696	235
Financial investments at amortised cost	8,401	768	0	0	0	768	7,633	2
Derivatives	302	0	0	0	0	0	302	0
Other financial instruments at amortised cost	1,445	0	569	1	0	570	875	0
Commitments in respect of guarantees given	1,368	5	0	79	9	93	1,275	6
Commitments in respect of loans granted	3,777	278	79	444	364	1,165	2,612	12
TOTAL	36,856	1,394	1,465	2,353	8,159	13,371	23,485	255

The gross exposure is defined as the exposure before adjusting any expected credit loss and credit risk mitigation effect.

Credit risk mitigation is eligible as per internal policies.

Netting agreements are used for repurchase agreements and derivatives financial instruments, offsetting the value of multiple positions or payments.

6.2.2.3 Past due but not impaired financial assets

	31/12/23		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	58,792,054	8,882,445	10,002
TOTAL	58,792,054	8,882,445	10,002

	30/06/24		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	1,837,927	4,463,876	2,829,526
TOTAL	1,837,927	4,463,876	2,829,526

BIL has defined three types of past due loans:

- "Technical" past due financial assets;
- "Operational" past due financial assets;
- "Credit" past due financial assets.

For reporting purposes, the financial assets in question have exceeded the payment deadline by more than 14 days for an amount of more than EUR 25.

6.2.2.4 Credit risk mitigation for credit-impaired assets

	31/12/23			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	0	0	0	0
Loans and advances measured at amortised cost	775,812,643	(211,779,952)	564,032,691	423,266,376
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	775,812,643	(211,779,952)	564,032,691	423,266,376

	30/06/24			
	Effect of collateral and other credit enhancements on amount of allowances for credit-impaired debt instruments			
	Gross exposure	Impairments	Carrying amount	Collateral held and guarantees received
Debt securities measured at amortised cost	8,793,841	(5,130,750)	3,663,092	0
Loans and advances measured at amortised cost	838,511,165	(196,474,020)	642,037,145	488,194,499
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	847,305,006	(201,604,769)	645,700,237	488,194,499

Type of assets obtained during the period by taking possession of the guarantees held	Carrying value	
	31/12/23	30/06/24
Equity instrument	378,000	74,637
Other assets	8,881,324	2,811,795
TOTAL	9,259,324	2,886,432

In general, guarantees obtained are immediately converted into cash by BIL.

6.2.2.5 Movements cash, balances with central banks and other demand deposits, loans and securities by stages (gross carrying amount)

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 1 JANUARY	4,372,824,677	551,401	0	4,373,376,078
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	523,032	(523,032)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Origination	121,190,201	103,671	0	121,293,872
Derecognition during the period other than write-offs	(1,520,115,074)	(121)	0	(1,520,115,195)
Changes in interest accrual	1,268,033	0	0	1,268,033
Conversion difference (FX change)	5,728,130	0	0	5,728,130
Other movements	0	0	0	0
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 31 DECEMBER	2,981,418,999	131,919	0	2,981,550,918

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 1 JANUARY	2,981,418,999	131,919	0	2,981,550,918
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	131,919	(131,919)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Origination	73,264,583	0	0	73,264,583
Derecognition during the period other than write-offs	(544,974,797)	0	0	(544,974,797)
Changes in interest accrual	(446,129)	0	0	(446,129)
Write-offs	0	0	0	0
Conversion difference (FX change)	(3,009,774)	0	0	(3,009,774)
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 30 JUNE	2,506,384,801	0	0	2,506,384,801

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,231,077,525	3,081,298,679	567,513,387	17,879,889,591
From Stage 1 to Stage 2	(864,359,049)	864,359,049		0
From Stage 2 to Stage 1	1,853,852,766	(1,853,852,766)		0
From Stage 2 to Stage 3		(101,588,473)	101,588,473	0
From Stage 3 to Stage 2		31,834,814	(31,834,814)	0
From Stage 1 to Stage 3	(301,927,050)		301,927,050	0
From Stage 3 to Stage 1	12,032,515		(12,032,515)	0
Origination	3,344,486,577	527,216,978	88,732,109	3,960,435,664
Derecognition during the period other than write-offs	(3,815,874,144)	(566,681,145)	(185,046,610)	(4,567,601,899)
Changes in interest accrual	15,664,926	4,553,563	(329,502)	19,888,987
Changes in fair value	0	4,913,028	0	4,913,028
Write-offs	0	0	(54,965,470)	(54,965,470)
Conversion difference (FX change)	40,122,659	(7,468,861)	260,535	32,914,333
Other movements	365,502	0	0	365,502
LOANS AND ADVANCES AS AT 31 DECEMBER	14,515,442,227	1,984,584,866	775,812,643	17,275,839,736

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,515,442,227	1,984,584,866	775,812,643	17,275,839,736
From Stage 1 to Stage 2	(925,547,546)	925,547,546		0
From Stage 2 to Stage 1	660,744,236	(660,744,236)		0
From Stage 2 to Stage 3		(50,029,015)	50,029,015	0
From Stage 3 to Stage 2		16,527,458	(16,527,458)	0
From Stage 1 to Stage 3	(101,481,677)		101,481,677	0
From Stage 3 to Stage 1	19,221,625		(19,221,625)	0
Origination	3,773,598,899	129,170,802	77,482,555	3,980,252,256
Derecognition during the period other than write-offs	(1,941,322,673)	(391,055,256)	(91,263,622)	(2,423,641,551)
Changes in interest accrual	7,603,701	(1,915,555)	5,804,600	11,492,746
Changes in fair value	0	3,252,422	0	3,252,422
Write-offs	0	0	(44,927,053)	(44,927,053)
Conversion difference (FX change)	(22,386,690)	295,528	(159,567)	(22,250,729)
LOANS AND ADVANCES AS AT 30 JUNE	15,985,872,102	1,955,634,560	838,511,165	18,780,017,827

	2023			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,475,102,189	45,590,329	0	8,520,692,518
From Stage 1 to Stage 2	(94,046,112)	94,046,112		0
From Stage 2 to Stage 1	26,847,600	(26,847,600)		0
From Stage 2 to Stage 3		0	0	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Origination	0	0	0	0
Purchase	2,146,464,142	33,000,000	0	2,179,464,142
Derecognition during the period other than write-offs	(2,238,959,574)	(26,189,000)	0	(2,265,148,574)
Changes in interest accrual	17,690,901	353,815	0	18,044,716
Changes in premium / discount	22,698,479	514,573	0	23,213,052
Changes in fair value	382,330,032	7,107,518	0	389,437,550
Conversion difference (FX change)	11,212,724	464,010	0	11,676,734
DEBT SECURITIES AS AT 31 DECEMBER	8,749,340,381	128,039,757	0	8,877,380,138

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	8,749,340,381	128,039,757	0	8,877,380,138
From Stage 1 to Stage 2	(8,200,000)	8,200,000		0
From Stage 2 to Stage 1	87,998,400	(87,998,400)		0
From Stage 2 to Stage 3		(9,613,281)	9,613,281	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	0		0	0
From Stage 3 to Stage 1	0		0	0
Origination	0	0	0	0
Purchase	1,929,528,839	0	0	1,929,528,839
Derecognition during the period other than write-offs	(1,349,782,434)	(4,200,000)	(712,070)	(1,354,694,504)
Changes in interest accrual	1,798,339	(517,812)	112,323	1,392,850
Changes in premium / discount	10,510,726	(1,283)	(232,330)	10,277,113
Changes in fair value	(39,497,283)	0	0	(39,497,283)
Conversion difference (FX change)	(9,024,741)	(398,441)	12,637	(9,410,545)
DEBT SECURITIES AS AT 30 JUNE	9,372,672,227	33,510,540	8,793,841	9,414,976,608

6.2.2.6 Movements in allowances for credit losses

	As at 01/01/23	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 31/12/23	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)	**(57,303,887)**	**(15,746,177)**	**10,509,107**	**10,690,648**	**0**	**10,812,134**	**0**	**(561,128)**	**(41,599,303)**	**n.a**	**n.a**
Cash, balances with central banks and demand deposits	(55,806)	(949)	0	29,762	0	0	0	(1,645)	(28,638)	n.a	n.a
Debt securities at amortised cost	(8,710,756)	(2,063,424)	913,261	5,615,470	0	1,372,926	0	57,602	(2,814,920)	n.a	n.a
Debt securities at fair value through other comprehensive income	(239,600)	(45,789)	35,706	203,586	0	0	0	212	(45,885)	n.a	n.a
Loans and advances at amortised cost	(48,297,725)	(13,636,015)	9,560,140	4,841,829	0	9,439,208	0	(617,297)	(38,709,860)	n.a	n.a
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(33,173,665)**	**0**	**5,077,231**	**(15,522,334)**	**0**	**19,924,848**	**0**	**511,500**	**(23,182,420)**	**n.a**	**n.a**
Cash, balances with central banks and demand deposits	(49,535)	0	0	45,607	0	0	0	374	(3,554)	n.a	n.a
Debt securities at amortised cost	(463,404)	0	1,984	(2,249,858)	0	2,104,360	0	(26,911)	(633,828)	n.a	n.a
Debt securities at fair value through other comprehensive income	0	0	0	(113,271)	0	113,255	0	16	0	n.a	n.a
Loans and advances at amortised cost	(32,660,726)	0	5,075,247	(13,204,813)	0	17,707,233	0	538,021	(22,545,037)	n.a	n.a
Allowances for credit-impaired debt instruments (Stage 3)	**(217,240,818)**	**(8,398,728)**	**1,676,533**	**(36,199,000)**	**0**	**(7,460,262)**	**54,965,471**	**876,851**	**(211,779,952)**	**2,458,905**	**(55,506,524)**
Cash, balances with central banks and demand deposits	0	0	0	0	0	0	0	0	0	n.a	n.a
Debt securities at amortised cost	0	0	0	0	0	0	0	0	0	0	0
Debt securities at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	n.a	n.a
Loans and advances at amortised cost	(217,240,818)	(8,398,728)	1,676,533	(36,199,000)	0	(7,460,262)	54,965,471	876,851	(211,779,952)	2,458,905	(55,506,524)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(307,718,369)	(24,144,905)	17,262,871	(41,030,686)	0	23,276,720	54,965,471	827,224	(276,561,675)	2,458,905	(55,506,524)
Commitments and financial guarantees given (Stage 1)	(7,995,140)	(4,562,503)	754,920	6,249,845	0	(2,510,208)	0	9,743	(8,053,343)	0	0
Commitments and financial guarantees given (Stage 2)	(2,231,318)	(898,632)	713,987	4,054,366	0	(4,708,957)	0	(4,656)	(3,075,210)	0	0
Commitments and financial guarantees given (Stage 3)	(3,017,487)	(818,442)	19,286	(4,258,613)	0	2,702,671	0	2,677	(5,369,908)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(13,243,945)	(6,279,577)	1,488,193	6,045,598	0	(4,516,494)	0	7,764	(16,498,461)	0	0

	As at 01/01/24	Increases due to origination or acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Changes due to modification without derecognition (net)	Changes due to update in the institution's methodology for estimation (net)	Decreases in allowance account due to write-offs	Other adjustments	As at 30/06/24	Recoveries directly recognised in profit or loss	Charge-offs directly recognised in profit or loss
Allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)	**(41,599,303)**	**(7,888,154)**	**5,164,949**	**2,628,395**	**0**	**11,934,312**	**0**	**(331,791)**	**(30,091,592)**	**n.a**	**n.a**
Cash, balances with central banks and demand deposits	(28,638)	0	0	415	0	0	0	0	(28,223)	n.a	n.a
Debt securities at amortised cost	(2,814,920)	(501,562)	111,884	613,222	0	414,339	0	5,425	(2,171,612)	n.a	n.a
Debt securities at fair value through other comprehensive income	(45,885)	(72,396)	32,018	(7,988)	0	0	0	(49)	(94,300)	n.a	n.a
Loans and advances at amortised cost	(38,709,860)	(7,314,196)	5,021,047	2,022,746	0	11,519,973	0	(337,167)	(27,797,457)	n.a	n.a
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(23,182,420)**	**0**	**3,035,441**	**(8,954,835)**	**0**	**12,966,796**	**0**	**(155,300)**	**(16,290,318)**	**n.a**	**n.a**
Cash, balances with central banks and demand deposits	(3,554)	0	0	3,551	0	0	0	3	0	n.a	n.a
Debt securities at amortised cost	(633,828)	0	39,249	236,776	0	118,432	0	1,988	(237,384)	n.a	n.a
Debt securities at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	n.a	n.a
Loans and advances at amortised cost	(22,545,037)	0	2,996,192	(9,195,161)	0	12,848,364	0	(157,291)	(16,052,934)	n.a	n.a
Allowances for credit-impaired debt instruments (Stage 3)	**(211,779,952)**	**0**	**5,935,660**	**(45,762,195)**	**0**	**6,635,071**	**44,829,425**	**(1,462,778)**	**(201,604,769)**	**0**	**(47,359,140)**
Cash, balances with central banks and demand deposits	0	0	0	0	0	0	0	0	0	n.a	n.a
Debt securities at amortised cost	0	0	0	(5,216,866)	0	0	0	86,116	(5,130,750)	0	0
Debt securities at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	n.a	n.a
Loans and advances at amortised cost	(211,779,952)	0	5,935,660	(40,545,329)	0	6,635,071	44,829,425	(1,548,894)	(196,474,020)	0	(47,359,140)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(276,561,675)	(7,888,154)	14,136,050	(52,088,635)	0	31,536,179	44,829,425	(1,949,869)	(247,986,678)	0	(47,359,140)
Commitments and financial guarantees given (Stage 1)	(8,053,343)	(3,799,475)	952,286	1,773,338	0	2,970,843	0	73,644	(6,082,707)	0	0
Commitments and financial guarantees given (Stage 2)	(3,075,210)	(1,656,487)	654,624	(3,257,320)	0	4,736,195	0	83,886	(2,514,312)	0	0
Commitments and financial guarantees given (Stage 3)	(5,369,908)	(3,286,788)	3,091,230	(2,591,700)	0	176,082	0	62,973	(7,918,111)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(16,498,461)	(8,742,750)	4,698,140	(4,075,682)	0	7,883,120	0	220,503	(16,515,130)	0	0

6.2.2.7 Own credit risk linked to financial liabilities designated at fair value through profit or loss

	31/12/23			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	2,836,485,340	(868,083)	(2,414,252)	(84,143,647)

	30/06/24			
	Carrying value	Variation in fair value due to change in credit risk		Difference between the carrying value of the financial liability and the contractual amount due on maturity
		During the period	Aggregate amount	
Banque Internationale à Luxembourg	2,940,935,662	(59,496)	(2,473,748)	(98,891,591)

In 2023 and the first half of 2024, no change in the fair value of BIL's financial liabilities is attributable to changes in the credit risk relating to liabilities, except for liabilities designated at fair value through profit or loss. For liabilities revalued at fair value against profit or loss, BIL's own credit risk was determined on the basis of changes in financing costs. Own credit risk refers to changes in the issue costs under current conditions compared to initial conditions.

6.2.2.8 Information on forborne exposures

BIL closely monitors its forborne exposures, in accordance with regulatory requirements.

Forborne exposures are debt contracts for which forbearance measures have been extended.

Forbearance measures consist of concessions to a debtor that is experiencing or is about to experience difficulties in meeting its financial commitments ("financial difficulties"). These measures include, in particular, the granting of extensions, deferrals, renewals or changes in credit terms and conditions, including the repayment schedule.

When these criteria are met, the credit files are flagged as being restructured and are added to a list that is closely monitored by the "Gestion Intensive et Préventive" (GIP) team.

In order to comply with the regulatory requirements, BIL Group has set up procedures (1) to identify the criteria leading to the forborne classification, (2) to classify the Bank's existing exposures between forborne and non-forborne and (3) implementing these criteria across the systems.

For all counterparties, dedicated analyses are carried out at single credit files level to identify those that should be classified as forborne under the regulatory definition. The granting of forbearance measures is likely to constitute an impairment trigger aligned with IFRS 9 requirements.

For credit files in forbearance and in the case of early repayment, the costs related to these transactions are either borne by the debtor (in one shot or spread over the term of the new loan) or recognised directly in the Bank's profit and loss.

	31/12/23	30/06/24
Debt securities	10,289,058	8,693,425
Loans and advances	511,434,060	523,390,595
Given banking guarantees	3,848,396	8,733,101
FORBORNE EXPOSURES	525,571,515	540,817,122

6.3. Solvency ratios

	31/12/23	30/06/24
TOTAL REGULATORY CAPITAL (CET1 + AT1 + T2)	2,158,586,615	2,075,928,689
COMMON EQUITY TIER 1 CAPITAL (CET1)	1,649,674,394	1,585,738,060
Capital, share premium and own shares	906,636,231	906,636,231
Reserves, retained earnings and eligible result	1,248,789,406	1,206,223,806
Regulatory and transitional adjustments	(505,751,243)	(527,121,977)
ADDITIONAL TIER 1 CAPITAL (AT1)	175,000,000	169,979,654
Other equity instruments	175,000,000	175,000,000
Regulatory and transitional adjustments	0	(5,020,346)
TIER 2 CAPITAL (T2)	333,912,221	320,210,975
Subordinated liabilities	333,912,221	320,210,975
RISK WEIGHTED ASSETS	11,451,115,846	11,421,694,738
Credit Risk	10,261,248,486	10,215,241,725
Market Risk	24,473,927	30,860,557
Operational Risk	1,153,604,348	1,153,604,348
Credit Value Adjustments	11,789,085	21,988,108
SOLVENCY RATIOS		
Common Equity Tier 1 Capital ratio	14.41%	13.88%
Tier 1 ratio	15.93%	15.37%
Capital Adequacy ratio	18.85%	18.18%

REGULATORY AND TRANSITIONAL ADJUSTMENTS - COMMON EQUITY TIER 1	31/12/23	30/06/24
Goodwill and intangible assets	(105,840,232)	(132,423,267)
Deferred tax assets that rely on future probability	(106,106,399)	(104,214,570)
Fair value reserves related to gains or losses cash flow hedges	(1,992,645)	(1,320,740)
Gains or losses on liabilities at fair value resulting from own credit risk	(1,812,138)	(1,856,795)
Other regulatory adjustments	(74,889,347)	(81,017,476)
Additional Value Adjustment	(71,510,339)	(57,747,450)
Transitional provisions related to introduction of IFRS 9	0	0
IRB shortfall	(129,917,143)	(133,901,308)
Defined benefit pension fund assets	(13,683,000)	(14,640,372)
TOTAL REGULATORY AND TRANSITIONAL ADJUSTMENTS - COMMON EQUITY TIER 1	(505,751,243)	(527,121,978)

The figures are computed in accordance with the Basel III rules, the Capital Requirements Regulation (CRR) 575/2013 as amended and the CSSF Regulation 18-03. The solvency ratios are calculated in accordance with the transitory prescriptions of the article 473bis of the EU Regulation 2017/2395 (as modified by the EU Regulation 2020/873) applied starting 30 September 2020.

The solvency ratios as at 31 December 2023 and published in the Consolidated Financial Statements as at 31 December 2023 were restated following the subsequent formal decision of the relevant body in charge on 24 April 2024, confirming the final profit or loss and the dividend distribution and allowing inclusion in Common Equity Tier 1 (CET1), the eligible result for the year 2023 for an amount of EUR 118,377,786.

Note 7: Additional information

7.1. Litigation

BANQUE INTERNATIONALE À LUXEMBOURG S.A. AND BANQUE INTERNATIONALE À LUXEMBOURG (SUISSE) S.A

Following the bankruptcy of Bernard Madoff's investment vehicle, Bernard L. Madoff Investment Securities ("BLMIS"), the official receivers of BLMIS and the liquidators of certain feeder funds, ultimately invested in BLMIS, instituted legal proceedings against numerous financial institutions and institutional investors that had purchased Madoff securities and investment products linked to B. Madoff, and based on the "clawback principle", claim the return of profits and redemptions obtained on these investments over a period of several years until the discovery of the fraudulent set-up put in place by BLMIS that culminated in its collapse. Some of these clawback actions were brought against Banque Internationale à Luxembourg S.A. and its subsidiary Banque Internationale à Luxembourg (Suisse) S.A., the plaintiffs claiming the reimbursement of an amount in principal estimated at approximately USD 72 million, most of which corresponds to investments made by Banque Internationale à Luxembourg S.A. on behalf of third parties.

With regards to the legal proceedings initiated by the liquidators of certain feeder funds: the Bankruptcy Court dismissed all claims (including Common Law Claims, Contract Claims and BVI Insolvency Claims) except for claims for constructive trust against so-called Knowledge Defendants, i.e., specific defendants alleged to have had knowledge of the Madoff fraud. BIL is alleged to be Knowledge Defendant in two cases because, it is alleged, the knowledge of a specific intermediary should be attributed to BIL (among many other defendants). The decision to dismiss other claims was appealed to the District Court (Judge Broderick) and Judge Broderick has affirmed the dismissals, in favour of BIL. The liquidators have appealed this decision to the Second Circuit Court of Appeals.

The only claim remaining against BIL is a claim for constructive trust (based on the allegation that BIL is a Knowledge Defendant). The Knowledge Defendants as a group appealed the decision declining to dismiss this claim, which was affirmed by the District Court. The Second Circuit Court of Appeals has accepted interlocutory appeal on this issue and consolidated this appeal with the earlier appeal so that they may be heard together. Briefing on these appeals was completed in November 2023 and oral argument was heard in April 2024. We are currently awaiting a decision from the Court of Appeals.

In addition, in November 2021, BIL filed a motion in the Bankruptcy Court to dismiss the constructive trust claim for lack of personal jurisdiction. In connection with that motion, the Bankruptcy Court has allowed limited discovery on the issue of personal jurisdiction. The Liquidators have served discovery requests on BIL, amongst other banks, and BIL has produced documents in response to those requests. The Bankruptcy Court has in this respect ordered the deposition of a representative of the Bank to testify under oath about document preservation measures taken by the bank both at the time Madoff collapsed (December 2008) and at the time the Bank learned of the lawsuit (November 2010). The deposition, which is not unusual in US litigation, took place on the 14 December 2022. On 17 March 2023, the Bankruptcy Court granted certain motions for discovery sanctions with respect to, amongst others, BIL. On 2 May 2023, the Liquidators filed their opposition to BIL's motion to dismiss. That motion remains pending before the Bankruptcy Court.

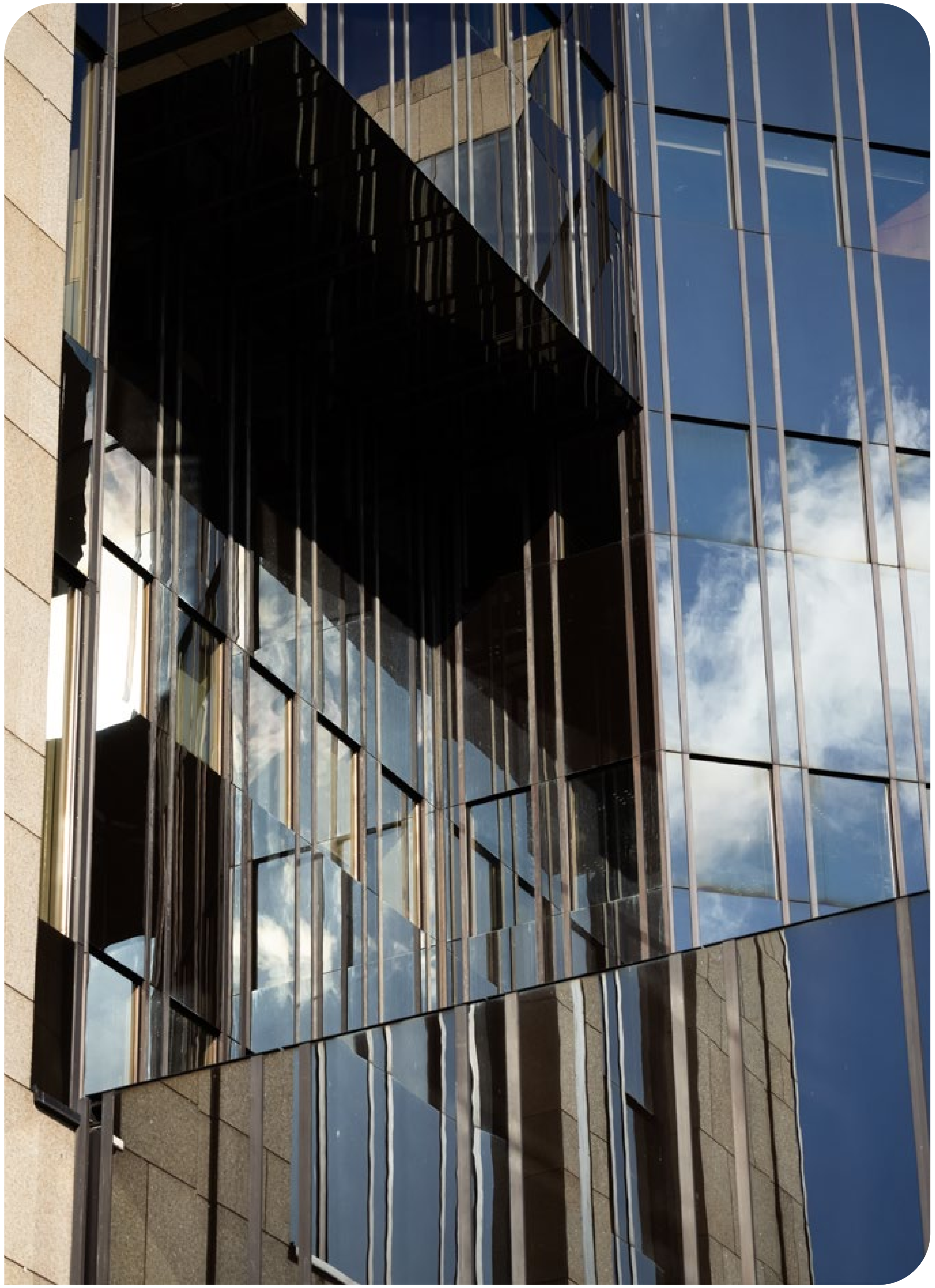
With regards to the Madoff subsequent transferee action: This action had been dismissed by the Bankruptcy Court on the grounds of comity/extraterritoriality but the Second Circuit Court of Appeals reversed the decision in February 2019. Following an unsuccessful petition for certiorari (permission to appeal) to the US Supreme Court, this action has been returned to the Bankruptcy Court for further proceedings. The Bank filed a motion to dismiss with the Bankruptcy Court for lack of personal jurisdiction on 2 September 2022, which was denied on 14 March 2023. This case is now in a discovery phase. Pursuant to a Case Management Plan agreed between the parties, fact discovery will continue until September 2025.

At this time, Banque Internationale à Luxembourg S.A. and Banque Internationale à Luxembourg (Suisse) S.A. are not able to express a reasonable opinion on the duration or outcome of actions or on any potential financial impact.

As at 30 June 2024, no material provision for clawback actions has been made.

7.2. Post-balance sheet events

At the time of preparation of these interim condensed consolidated financial statements, there have been no significant post-balance sheet events that could affect the financial or commercial situation of the Group subsequent to the closing date.



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