Semi-annual Report

as at 30 June 2025

Contents

01. Consolidated management report

Corporate governance
(as of 30 June 2025)

BIL's Corporate Governance aims at ensuring 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. It complies with the high standards laid down in the applicable laws and recognises the importance of sound corporate governance and risk culture.

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 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, taking the proportionality principle into account and without prejudice to mandatory local regulations.

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 under Luxembourg law to adopt or ratify any action related to BIL.

BOARD OF DIRECTORS (THE BOARD)

The Board is the management body acting in its supervisory function of and has the overall responsibility for BIL. It defines, monitors and bears the responsibility for the oversight of the implementation of robust central administration, governance and internal control arrangements ensuring a sound and prudent management of the Bank and for the definition and adequate implementation of the strategic objectives.

The Board oversees and regularly challenges the propositions and decisions made by the Management Board and Executive Committee with respect to, amongst others:

- the business strategy (business model) of the Bank, considering its long-term financial interests, solvency, liquidity situation and risk appetite taking into account all material risks, including environmental, social and governance risks;
- the institution's strategy as regards risks, including risk appetite and the global framework for taking up, managing, monitoring and mitigating all the risks to which the institution is or might be exposed, including the risks generated by the macroeconomic environment; and
- the strategy of the institution with respect to regulatory and internal capital and liquidity reserves.

The Board is assisted by four specialised committees:

- the Board Audit and Compliance Committee,
- the Board Remuneration and Nominations Committee,
- the Board Risk Committee, and
- the Board Strategy Committee.

MANAGEMENT BOARD (MB) AND EXECUTIVE COMMITTEE (EXCO)

The Board has delegated the daily management of the Bank to the MB, chaired by the CEO. It meets on a weekly basis as an integral part of the ExCo and on an ad hoc basis, as needed. The role 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 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.

BIL is then run by the ExCo which consists of the MB Members as well as designated heads of support functions and business lines. It meets on a regular basis. The Chief Compliance Officer as well as the Chief Internal Auditor are permanent invitees to the Commercial and Strategy ExCo, with direct reporting lines also to the Board Chair and the Chair of the Board Audit and Compliance Committee (amongst other directors).

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 delegates its decision making power to the Management Committees.

BOARD OF DIRECTORS

Chair

Marcel Leyers	Non-Executive Director

Vice-Chair

Jing Li	Non-Executive Director, VP, Managing Director of Overseas Investment of Legend Holdings Corporation

Members

Peng Li	Non-Executive Director, Chief Executive Officer of Legend Holdings Corporation
Vincent Thurmes	Non-Executive Director, Luxembourg State Representative
Pierrot Rasqué	Non-Executive Director, Luxembourg State Representative
Maurice Lam	Independent Non-Executive Director
Charles Q. Li	Independent Non-Executive Director
Chris Van Aeken	Independent Non-Executive Director
David Pilgrim	Independent Non-Executive Director
Jeffrey Dentzer	Executive Director (as from 24 April 2025)
Ashley Glover	Non-Executive Director, Staff Representative
Benoît Migeaux	Non-Executive Director, Staff Representative
Claude Steffen	Non-Executive Director, Staff Representative
Frank Block	Non-Executive Director, Staff Representative
Claire Monty	Non-Executive Director, Staff Representative (as from 24 April 2025)

BOARD AUDIT AND COMPLIANCE COMMITTEE

Chair	Members
Maurice Lam	Jing Li
	Pierrot Rasqué
	Chris Van Aeken (as from 24 April 2025)

BOARD REMUNERATION AND NOMINATIONS COMMITTEE

Chair	Members
Jing Li	Peng Li
	Vincent Thurmes
	Charles Q. Li
	Maurice Lam (as from 24 April 2025)
	Claude Steffen (Remuneration matters)

BOARD RISK COMMITTEE

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

BOARD STRATEGY COMMITTEE

Chair	Members
Jing Li	Marcel Leyers
	Vincent Thurmes
	David Pilgrim (as from 24 April 2025)

EXECUTIVE COMMITTEE

Chair

Jeffrey Dentzer*	Chief Executive Officer

Members

Hédi Ben Mahmoud*	Chief Risk Officer (up to 20 January 2025)
Hans-Peter Borgh	Group Head International
Anne-Sophie Dufresne**	Head of Corporate and Institutional Banking (as from 16 June 2025)
Claude Eyschen*	Head of Wealth Management
Olivier Gorin*	Chief Operating Officer (up to 2 June 2025) Head of Digital Banking
Emilie Hoël	Head of CEO Office (up to 8 May 2025)
Jérôme Nèble***	Head of Strategy, Secretary General Office and Balance Sheet Management (up to 20 January 2025) Chief Risk Officer (as from 28 April 2025)
Nico Picard*	Chief Financial Officer
Isa Scheunpflug	Chief Operating Officer (as from 2 June 2025)
Karin Scholtes*	Head of Corporate and Institutional Banking (up to 31 March 2025)

Secretary General

Alain Bruneau	Secretary General

Permanent Invitees to the Commercial and Strategy Executive Committee

Marie Bourlond	Chief Compliance Officer
Elsa Dorschel	Chief Internal Auditor

* Member of the Management Board

** Anne-Sophie Dufresne has been appointed as a member of the MB pending ECB approval.

*** Jérôme Nèble was appointed designated Chief Risk Officer as from 20 January 2025 subject to ECB approval which was received on 28 April 2025.

Statement of conformity

Luxembourg, 22 August 2025

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 2025 of Banque Internationale à Luxembourg, established in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, 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,

Nico Picard
Chief Financial Officer

Jeffrey Dentzer
Chief Executive Officer

BIL's business model

BIL is the oldest multi-business bank in Luxembourg. Since its foundation in 1856, the Bank has always played an active role in financing Luxembourg's economy. The Group offers retail, private, corporate and institutional banking as well as treasury and financial market services.

Through its national and international network, BIL offers bespoke and innovative financial services to meet the needs of a broad client base. These services help client wealth and businesses to flourish and support financial professionals in developing their activities.

BIL provides a broad range of services to meet the needs of its clients. As from January 2025, BIL reorganised its business activities in accordance with the new strategic plan "Building Tomorrow Together". These are presented in Note 3 by operating segment. "Digital Banking, Corporate & Institutional Banking (CIB) and Wealth Management" are reported as "Luxembourg & International Activities".

LUXEMBOURG ACTIVITIES

Digital Banking

Digital Banking (previously Retail Banking) serves the diverse retail and personal banking needs of both resident and non-resident individuals. BIL is represented in Luxembourg by a network of branches and advice centres located throughout the country, integrating Personal Banking and Corporate Banking competence centres. In addition to the branch network, BIL also serves its clients through its online digital banking platform (mobile and web applications). BIL is a licensed insurance broker and offers its clients and partners a broad range of solutions, such as life insurance, pension schemes and retirement savings.

The main value proposition encompasses:

- Daily Banking (e.g. savings, payments, cards);
- Financing (e.g. mortgage loans, consumer loans, credit lines);
- Insurance (e.g. loan insurance, life insurance);
- Investment solutions (e.g. brokerage, advisory, discretionary management).

Corporate & Institutional Banking (CIB)

CIB activities serve business owners, start-ups, small – medium – large companies, financial and non-financial institutions and public sector clients in Luxembourg and abroad.

Clients have access to a wide range of products and services and thanks to experts in various fields, the CIB business line can accompany its clients throughout the entire company lifecycle.

While focusing primarily on support for the local economy, international lending is also offered and complies with pre-defined criteria limiting the expansion of the international loan portfolio.

The main value proposition includes:

- Daily Banking and Account management solutions (e.g. cash management, SWIFT, corporate credit cards).
- Financing (e.g. direct lending through credit lines or loans, leasing through BIL Lease, syndicated lending).
- Treasury Management and Global custody (e.g. Direct access to the financial markets, hedging tools, discretionary portfolio management).
- Alternative investment funds depositary (e.g. Safekeeping of assets, oversight duties, treasury solutions).
- Expertise and advice on key topics for entrepreneurs through Corporate Finance services.

BIL also offers a comprehensive range of professional treasury and financial market products and services, including structured products, warrants and investment funds. These services meet the needs of a diverse client base including banks, insurance firms, large corporations and multinationals, state institutions, asset managers and investment funds.

Wealth Management

Wealth Management is organised around our two centres of expertise, Luxembourg and Switzerland and offers a tailor-made approach, drawing on the unique capabilities of different BIL entities (BIL Luxembourg S.A. ("BIL"), BIL (Suisse) S.A. ("BIL Suisse"). As from January 2025, BIL Group reorganised its Wealth Management activities under a two-headed leadership with targeted geographical markets for each business unit as follows:

Wealth Management in Luxembourg provides financial and non-financial products and services to a wide range of clients, both in Luxembourg and in neighbouring countries, namely France, Belgium and Germany.

Wealth Management International provides financial and non-financial products and services to a wide range of clients, from Switzerland, China, the Middle East and other markets within BIL's risk appetite.

The main value proposition for wealth management activities include:

- A full product suite of wealth management products (including execution-only, advisory and discretionary portfolio management investment options, alternative investment options and lending solutions).
- Access to a wide range of financial assets (including direct access to financial markets via the Bank's Transaction Desk) combined with bespoke advice from experts.
- Strong cross-border expertise for entrepreneurial clients with international needs, as well as cross-border lending and secondary home financing.
- Access to prestigious private banking booking centres in Luxembourg and Switzerland.
- Cross-border wealth planning and structuring.
- Set-up, administration, and management of regulated or unregulated structures.

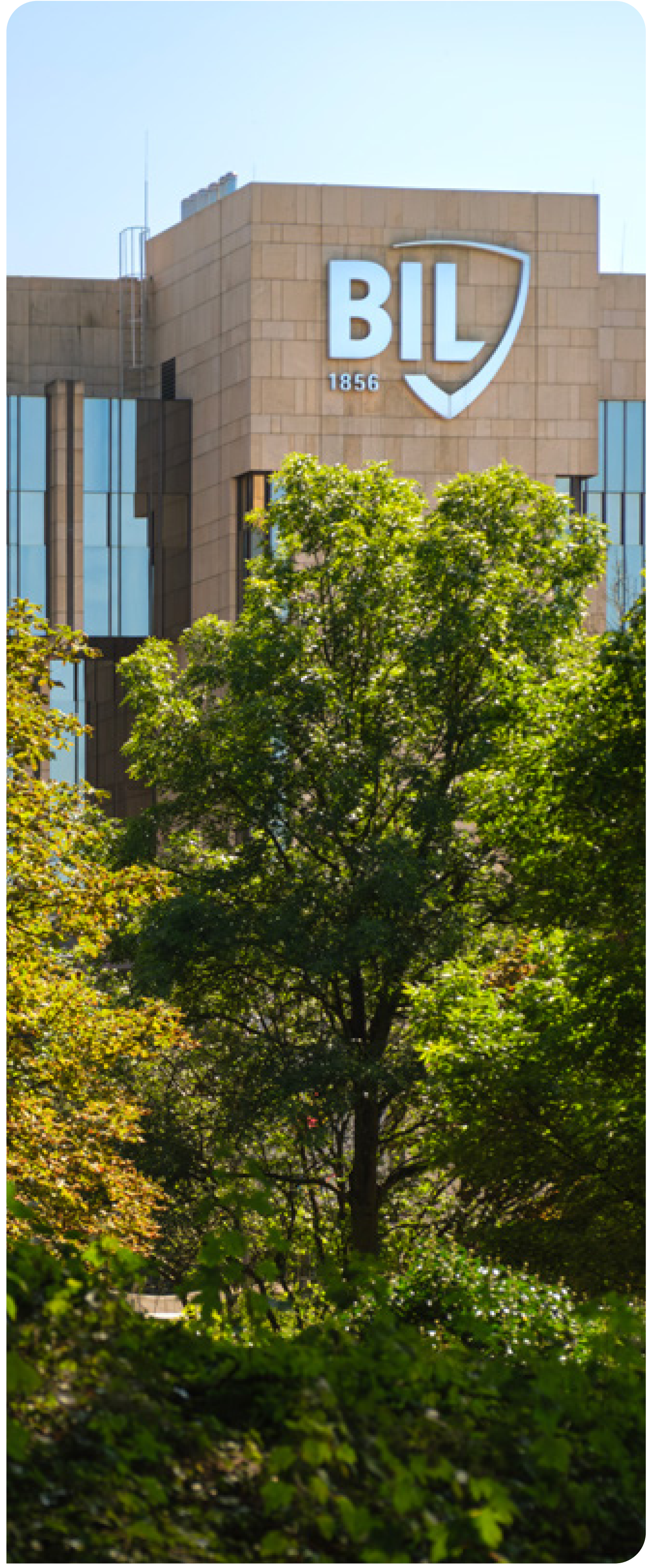
INTERNATIONAL ACTIVITIES

International activities include **Wealth Management International** services (please refer to the **Wealth Management** section above) which provide tailored wealth management services to international clients from Luxembourg and Switzerland and **Global Advisory** services offering bespoke financial advisory and lending services for companies in Switzerland, offered by BIL Suisse S.A.

Balance Sheet Management

Balance Sheet Management (previously Financial Markets) responsibilities include the Investment Portfolio, Treasury (short-term liquidity and secured funding management), Forex, Long-Term Funding (Euro Medium Term Notes (EMTN) and Euro-Commercial Paper (ECP) programmes) and Asset and Liability Management (ALM).

In-house trading floors in Luxembourg and Zurich handle financial market transactions for all business areas of the Bank.



Business Review and Results

1. Highlights of the first half of 2025

SLOW GROWTH AND HEIGHTENED UNCERTAINTIES

During the first half of 2025, the global economy grappled with many challenges, characterised by slow growth, largely due to trade tensions and policy uncertainties. These factors generated significant headwinds, affecting business confidence and investment decisions. Although a global recession is not anticipated, growth projections point towards a low performance compared to previous years, especially within advanced economies. While inflation showed signs of moderation in many areas, core inflation remained a persistent concern in certain regions.

Luxembourg's open economy, sensitive to global economic fluctuations, experienced a similar slow growth at the beginning of 2025 due to the uncertain global environment and lacklustre domestic activity. However, projections for Luxembourg's GDP growth in 2025 suggest an increase to 1.7%, up from 1% in 2024. The real estate and construction sectors witnessed a rebound in activity, albeit limited. Improvements were noted during the first semester, driven by stabilised prices and increased transactions. This positive trend was attributed to favourable tax measures, such as the "Bëllegen Akt," extended until July, alongside lower interest rates. The rise in transactions and mortgage demand is expected to accelerate further in 2026. Despite the financial sector's robust standing, employment growth has decelerated, positioning domestic demand as the principal catalyst of growth for Luxembourg in 2025.

LAUNCHING BUILDING TOMORROW TOGETHER 2025-2030 STRATEGY

Efficiency gains and the reshaping of its business franchise are central to BIL's new strategic plan Building Tomorrow Together 2025-2030. The objective is to make the Bank even stronger financially and to create the conditions to grow its business sustainably. This will ensure it will remain a reliable partner for all its clients and for Luxembourg's economy for the years to come.

The first half of 2025 marks the beginning of the roll out of Building Tomorrow Together 2025-2030. Transformative initiatives have been launched and are already starting to reshape the franchise. The leadership team was strengthened, with the appointments of Anne-Sophie Dufresne as Head of Corporate and Institutional Banking, and Isa Scheunpflug as Chief Operating Officer. A branding campaign designed to embody BIL's identity, values and vision, launched in June marks an important step in the evolution of the brand and the Bank's desire to strengthen its presence in its domestic market.

WEALTH MANAGEMENT – FURTHER GROWTH ON CORE MARKETS

To further grow its wealth management activity, BIL decided to concentrate its resources on a limited number of core markets. Anchored in Luxembourg and Switzerland, this renewed focus will help to better support clients and bring more value. The objective of the transformations operated during the first half of 2025 is to lead to a leaner, more-focused Wealth Management franchise set-up.

The Bank announced in June 2025 the operational launch of its commercial office in France. Located in Paris, the branch offers a bespoke range of services to a customer base of private clients and wealthy families, entrepreneurs and family offices domiciled in France. This move aims to accelerate its commercial development on a key market for which it has extensive experience and knowledge. In similar fashion, BIL is ramping up its efforts on the German market, due to its growing commercial momentum and long-term potential. To accelerate its development and to ensure a consistent client experience across key markets, the Bank accelerated the recruitment of local talents.

This focus on core markets also led to a strategic decision affecting its international set-up. At the end of 2024, BIL decided to close its Hong Kong office in China, BIL Wealth Management Limited, while its representative office in Beijing remains fully operational. BIL dedicated teams continue to serve its Chinese clients from its two Wealth Management hubs located in Luxembourg and Switzerland. In Luxembourg, the Bank decided to cease the activity of its fully owned subsidiary specialising in real estate, Belair House S.A.

In parallel to the transformation of its Wealth Management set-up, the advisory service offering was restructured to better align with evolving client expectations and market standards. A key part of this evolution was the phasing out of the Advisio Classic mandates, which simplified the product range, while promoting its scalable, high-impact advisory models. To ensure top-notch experience, each client is now supported by a main and back-up advisor selected based on cultural fit, language, and product expertise. The objective is to give clients clearer accountability, improved continuity of service, and better alignment with client needs.

Finally, to cater to the needs of its growing entrepreneurial clientele, BIL's Corporate Finance and Wealth Management teams are now approaching clients jointly. The aim is to deliver tailored solutions to entrepreneurial and family-owned clients across Europe.

DIGITAL BANKING – ENHANCE SERVICES AND ELEVATING USER EXPERIENCE

BIL continued to advance its phygital strategy by seamlessly integrating physical and digital services across its domestic market. The Bank's goal is to provide clients with tailored contact points based on their preferences and the nature of their banking needs: from in-person consultations with relationship managers for complex services like mortgages, to convenient, on-the-go access via its mobile banking app for everyday transactions. Since the launch of the new core banking system in October 2023, the Bank has invested in cutting-edge technologies, including Artificial Intelligence, to boost operational efficiency and enhance customer experience and responsiveness.

Throughout the first half of 2025, BIL rolled out regular updates to its mobile application, focusing on ease of use, security and user empowerment. These enhancements have expanded the range of digital features, giving clients greater autonomy over their banking activities. Notable additions include:

- Direct management of fixed-term deposits;
- PIN visualisation for debit and credit cards;
- A redesigned interface featuring a carousel of favourite products on the home screen and a "For you" section displaying actions required from the client;
- Easy IBAN sharing, card management, and transaction viewing.

These improvements have significantly boosted user satisfaction, with the BILnet app rating rising from 3.5/5 in mid-2024 to 4.4/5 in mid-2025. In June, BIL also announced its partnership with four other financial institutions to introduce **Wero**, the payment solution developed by EPI (European Payments Initiative). Already available in France, Germany and Belgium, Wero will launch in Luxembourg in 2026, offering clients more flexible payment options. Alongside its digital initiatives, BIL continues to optimise its branch network across Luxembourg, ensuring physical presence where it best serves client convenience.

Additionally, the Bank is integrating the **i-Hub platform** into its BILnet application enabling clients to update personal information and documents in one place and, with consent, share them across multiple banks that are members of the I-Hub platform. For example, a change of address can be updated once and securely distributed to all relevant institutions, simplifying processes and improving efficiency for both clients and the Bank.

CORPORATE AND INSTITUTIONAL BANKING – DEVELOP SCALABLE SOLUTIONS AND TAILORED SUPPORT

Financing is at the core of BIL's activity. The Bank is committed to support the development of Luxembourg's economy for the years to come and it strives to bring best-in-class services to SMEs, large corporations, financial institutions and public entities. Throughout the first half of 2025, BIL launched new commercial initiatives to develop its franchise and implemented strategic decisions leading to a greater focus on its core business.

To further support its clients' growth ambitions, BIL has enhanced its syndicated loan and equity financing capacities. The Bank can mobilise broader funding sources, offer more flexible terms and accelerate execution while maintaining a single point of contact to its clients. In essence, thanks to its extensive syndication network, the Bank can structure and distribute larger financing solutions more efficiently, thus strengthening relationships with clients.

BIL also pursued the development of its Institutional Banking activities in Luxembourg and neighbouring markets, thanks to its unique service offering tailored for public entities and insurance and reinsurance companies.

To enhance its service offering, BIL signed a new partnership with Agicap, a leading treasury management system provider. The aim is to help clients optimise liquidity and cash management thanks to Agicap's solution. This partnership further supports BIL's ambition to be a long-term partner for corporate and institutional clients, offering reliable, scalable and forward-looking solutions.

The strategic decision to focus on core businesses also led to the decision of selling BIL Manage Invest S.A., a fully owned BIL subsidiary to Waystone, a leading provider of specialist services to the global asset management industry. The transaction is still subject to regulatory approval.

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 2025 remain limited. Credit exposure towards Russia represents 0.1% of total exposures as at 30 June 2025 (0.2% of total exposures as at 31 December 2024). All exposures are collateralised and all collateral is located in Western Europe.

3. ESG (Environmental, Social and Governance)

In early 2025, BIL advanced on its Sustainability journey by strengthening regulatory compliance and embedding Environmental, Social and Governance (ESG) principles across its operations. The Bank focused on aligning its sustainability reporting with the Corporate Sustainability Reporting Directive (CSRD), meeting the European Sustainability Reporting Standards (ESRS) by disclosing key non-financial metrics, Key Performance Indicators (KPIs), and material impacts, risks and opportunities based on the principles of EU requirements. Key initiatives included:

- ESG Governance: As of 1 January 2025, the ESG Oversight Committee has replaced the ESG Strategic Steering Committee and provides global guidance on key ESG topics and monitors essential KPIs effectively. This transition involves governance changes, moving from a programme management approach to a "business as usual" ESG Oversight Committee.
- CSRD and Sustainability Report: BIL's 2024 Sustainability Report was published in April. The contents of the Sustainability Report have been based on the principles of the ESRS as given under Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/ EU of the European Parliament and of the Council as regards sustainability reporting standards. Although BIL is not obliged to claim full compliance with the CSRD due to pending national transposition, the ESRS provided a foundational framework for this report. The report adheres to the Non-Financial Reporting Directive (NFRD) in anticipation of the CSRD transposition.
- Transition Plan: BIL's Transition Plan took effect in 2025 with integrated monitoring through the ESG Dashboard, which is presented to the Management bodies every six months.
- Regulatory Compliance: On Article 8 of the EU Taxonomy Regulation EU 2020/852 for the financial year 2024, BIL's Green Asset Ratio (GAR) on stock is 0.62% (vs. 0.06% in 2023) for the Turnover KPI and 0.69% (vs. 0.17% in 2023) for the CAPEX KPI of the counterparties. To meet regulatory requirements under the Sustainable Finance Disclosure Regulation (SFDR), BIL successfully published its annual Principal Adverse Impacts (PAI) statement on its website.
- Data enhancement initiatives: Recognising the importance of reliable and high-quality internal and external data, the Bank launched several initiatives to enhance ESG data collection, storage and exploitation.

As a responsible financial institution, BIL serves a broad range of customers and end-users who may be subject to material impacts through the Bank's operations and value chain. BIL remains committed to developing responsible products and services and plans to launch a new Responsible product – Flexicav (an investment fund savings scheme that provides access to financial markets through six responsible underlying assets) by the end of 2025. As part of the annual review of the Bank's activities under the BIL Green Bond Framework, the 2024 Allocation & Impact Report-accompanied by PwC's external assurance - was successfully finalised and published.

On the lending side, there was a focus on enhancing risk management processes, particularly regarding commercial and residential real estate. Efforts were made to improve data quality, especially in Energy Performance Certificates (EPC) collection and to integrate physical risk assessments into the loan origination process. An indicator was introduced to monitor the collection of EPCs for the Residential Real Estate and an additional indicator is underway for Commercial Real Estate.

At the Investment Portfolio level, BIL continued its efforts to achieve the goal of having 30% of its investments in sustainable assets by 31 December 2025. As at 30 June 2025, Green, Social and Sustainable bonds accounted for 29.18% of the total portfolio. This ongoing commitment highlights the Bank's dedication to aligning its portfolio with sustainable investment principles while actively monitoring market trends in ESG bonds.

From a regulatory perspective, BIL prioritised the implementation of the CSRD in 2024 and early 2025, concentrating on the industrialisation of non-financial data collection while emphasising the coherence between various material risk assessments and CSRD elements. With the introduction of the Omnibus Simplification Package launched by the European Commission in February 2025, BIL has been focusing on polishing its reporting procedures to align with the evolving regulatory expectations, enhance transparency, and ensure timely, accurate and streamlined disclosures under the upcoming sustainability reporting framework.

BIL is committed to achieving net-zero greenhouse gas (GHG) emissions by 2050 across both its own operations and its lending portfolio. Client engagement is a critical lever in this process, particularly for reducing emissions linked to business loans. To date, BIL has held dedicated meetings with clients to discuss their Transition Plans. BIL established a comprehensive framework to evaluate key transition and physical risk factors, integrating these assessments into credit scoring and mortgage pricing. In addition, Risk Appetite Framework (RAF) indicators are being monitored, which include metrics for transition and physical risk assessments across the Bank's exposures. These indicators are designed to monitor the material impacts of ESG factors and to support strategic decision-making.

The first half of 2025 marked steady progress in BIL's sustainability journey. Building on the momentum of 2024, the Bank continued to embed ESG principles into its operations, ensure regulatory compliance and actively engage with clients to support their transition toward more sustainable practices. Looking ahead, BIL remains focused on effectively managing ESG risks while advancing initiatives that contribute to sustainable development.

4. Key figures

COMMERCIAL FRANCHISES

The "Luxembourg & International" business activities performance remained resilient during 2025:

- Assets under Management (AuM) amounted to EUR 47.7 billion compared with EUR 46.8 billion at year-end 2024 up by 2%. This increase resulted primarily from a positive market effect of EUR 1.2 billion offset by a negative currency effect of EUR 0.3 billion. During the first half of 2025, Net New Assets (NNAs) were impacted by outflows stemming from non-strategic and low profitability clients.
- Customer deposits amounted to EUR 18.3 billion as at 30 June 2025, a decrease of EUR 0.4 billion (-2.2%) compared with year-end 2024. This occurred mainly in fixed term deposits (EUR -0.5 billion), a trend largely influenced by the downward trend in interest rates, which prompted clients to invest in more remunerative products.
- Customer loans amounted to EUR 15.9 billion compared with EUR 16.2 billion at year-end 2024, down by 1.8%. During the first semester, the Bank implemented several measures both internally (e.g. the acceleration of credit loan processes) and externally (e.g. a mortgage loan with a pricing incentive). Despite the encouraging new loan production, the volume of early loan repayments accounted for this decrease.

PROFITABILITY

BIL Group reported a net income after tax of EUR 93 million in June 2025 compared with EUR 83 million in June 2024, up by EUR 10 million (or 12%) mainly attributed to effective cost control and a significant improvement in the cost of risk which offset the negative impact on revenues resulting from the rapid decrease in interest rates since the latter half of 2024.

Non-recurring items before tax remained limited and generated a negative impact of EUR 1 million in June 2025 compared with a positive impact of EUR 2 million recorded in June 2024. In the first half of 2025, non-recurring items recognised before tax include EUR 3 million in restructuring costs and an impairment on goodwill of EUR 2 million offset by EUR 3 million of capital gains realised on the Bank's Investment Portfolio and EUR 1 million of capital gains realised on the sale of a property related to the Bank's branch footprint strategy.

Core gross operating income, excluding non-recurring items, amounted to EUR 108 million in June 2025, stable with June 2024.

Core operating revenues witnessed a decrease of EUR 15 million, predominantly due to a reduction in net interest income, which can be attributed to the swift descent in interest rates and constrained commercial franchise growth. Core operating expenses meanwhile decreased by EUR 14 million primarily due to a decrease in staff expenses, including the closures of Belair House S.A. and BIL Wealth Management Limited (BIL WM Ltd.) and the implementation of effective cost control measures.

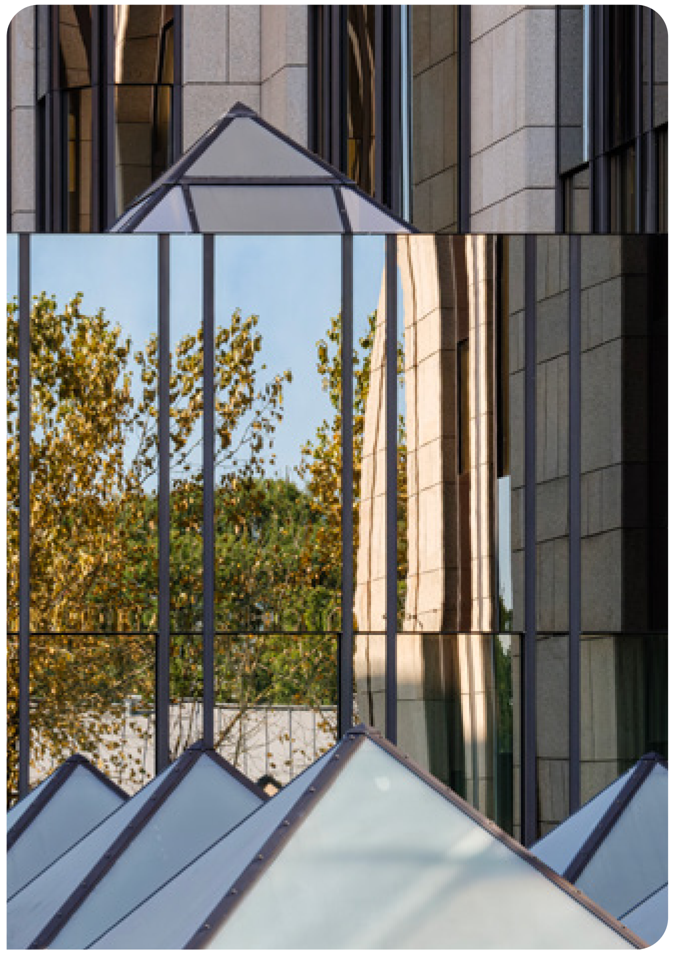
Core operating net income before tax rose to EUR 105 million, an increase of EUR 14 million (15%) compared with June 2024, supported by a broadly stable core gross operating income of EUR 108 million and a EUR 14 million decrease in core cost of risk compared with June 2024.

LONG-TERM COUNTERPARTY CREDIT RATINGS

As at the end of June 2025, BIL's ratings by both Moody's and Standard & Poor's remain unchanged compared with 31 December 2024, standing at A2/Stable/P-1 and A-/Negative/A-2 respectively.

BIL Group	June 2025	Outcome
Moody's	A2 Stable P-1	On 5 February 2025, Moody's Investors Service affirmed BIL's ratings following completion of a periodic review of the Bank's ratings.
S&P	A- Negative A-2	On 30 October 2024, S&P Global Ratings affirmed BIL's ratings with a revised outlook from stable to negative. A fully updated rating analysis was published on the 11 December 2024.

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 as at 30 June 2025 were prepared in accordance with IAS 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)	30/06/24	30/06/25	Change versus June 2024	%
Revenues	**361**	**347**	**(14)**	**(4)%**
Interest and dividend income	243	228	(15)	(6)%
Fees income	101	100	(1)	(1)%
Other income	17	19	1	9%
Expenses	**(250)**	**(238)**	**12**	**(5)%**
Staff expenses	(127)	(117)	10	(8)%
General expenses	(84)	(80)	4	(5)%
Amortisation	(39)	(41)	(2)	6%
Gross operating income	**111**	**109**	**(2)**	**(2)%**
Cost of risk and impairment on goodwill	(17)	(5)	12	(73)%
Net income before tax	**94**	**104**	**10**	**11%**
Tax expenses	(11)	(13)	(2)	16%
Net income of continuing operations	**83**	**91**	**9**	**11%**
Discontinued operations (net of tax)	1	2	1	ns.
Net income	**83**	**93**	**10**	**12%**

CONTRIBUTION TO THE CONSOLIDATED STATEMENT OF INCOME BY BUSINESS LINE

(in EUR million)	Luxembourg & International activities and Balance Sheet Management		Group Center		Total		Change versus June 2024	%
	30/06/24	30/06/25	30/06/24	30/06/25	30/06/24	30/06/25		
Revenues	342	335	19	12	361	347	(14)	(4)%
of which core operating revenues	***340***	***332***	***18***	***11***	***358***	***343***	***(15)***	***(4)%***
Expenses	(247)	(236)	(3)	(2)	(250)	(238)	12	(5)%
of which core operating expenses	***(247)***	***(236)***	***(2)***	***1***	***(249)***	***(235)***	***14***	***(6)%***
Gross operating income	94	98	16	10	111	109	(2)	(2)%
of which core gross operating income	***92***	***96***	***16***	***12***	***108***	***108***	***(1)***	***(1)%***
Cost of risk and impairment on goodwill	(18)	(6)	1	2	(17)	(5)	12	(73)%
of which core operating cost of risk	***(18)***	***(3)***	***1***	***1***	***(17)***	***(3)***	***14***	***(85)%***
Net income before tax	76	92	17	12	94	104	10	11%
of which core operating net income before tax	***75***	***93***	***17***	***12***	***91***	***105***	***14***	***15%***
Tax expenses					(11)	(13)	(2)	16%
Net income of continuing operations					**83**	**91**	**9**	**11%**
Discontinued operations (net of tax)					1	2	1	ns.
Net income					**83**	**93**	**10**	**12%**

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

REVENUES

As at 30 June 2025, total revenues amounted to EUR 347 million, down by EUR 14 million (-4%) compared with June 2024. Revenue contributions are presented by operating segment and accounting category in Note 3.

Net interest income amounted to EUR 228 million compared with EUR 243 million, down by EUR 15 million compared with June 2024. Several elements contributed to this decline, notably the acceleration of interest rate cuts by the ECB since the latter half of 2024. June 2024 net interest income benefitted fully from high interest rates in stark contrast to June 2025.

On the lending side, the Bank continued to provide unwavering support to all of its clients yet the challenging situation in the real estate market in Luxembourg translated into a decrease in new loan production coupled with significant early loan repayments prompted by the decrease in interest rates.

Net fee income totalled EUR 100 million, remaining almost stable compared with June 2024 (EUR 101 million). The slight decrease is attributable to a reduction in net fee income from lending activities as a result of lower new loan production.

Other net income totalled EUR 19 million, an increase of EUR 1 million compared with June 2024, mainly due to higher capital gains by EUR 0.8 million realised on the Bank's Investment Portfolio. Contributions to DGS & Resolution Funds remained stable. Since 2024, the Single Resolution Fund (SRB) shall maintain its level to 1% of covered deposits at EU level. On February 2025, the SRB announced that no contribution was required in 2025 since the Single Resolution Fund still meets its target level (1% of covered deposits in the Banking Union).

EXPENSES

Expenses amounted to EUR 238 million reflecting a decrease of EUR 12 million (-5%) in comparison with EUR 250 million in June 2024, or a decrease of 6% when excluding non-recurring items.

Staff expenses decreased by EUR 10 million, primarily at BIL Luxembourg level following a reduction in headcount and a lower variable remuneration compared to June 2024. The closures of Belair House S.A. and BIL WM Ltd. contributed to this trend for EUR 2 million.

General expenses contracted by EUR 4 million compared to the first half of 2024, mainly due to lower outsourced IT costs at BIL Suisse S.A. for EUR 2 million and the closures of Belair House S.A. and BIL WM Ltd. for EUR 1 million.

Depreciation and amortisation expenses increased by EUR 2 million compared with June 2024, mainly arising from new investments in relation to the strategy "Building Tomorrow Together".

The cost income ratio improved to 68.7% in June 2025 compared with 69.3% in June 2024, mainly driven by lower operating expenses. The core cost income ratio (excluding non-recurring items) stood at 68.6% compared with 69.7% in June 2024.

GROSS OPERATING INCOME

Gross operating income totalled EUR 109 million, marking a slight decrease from EUR 111 million in June 2024.

COST OF RISK

BIL Group recorded a cost of risk and impairment on goodwill of EUR 5 million compared with EUR 17 million in June 2024.

IMPAIRMENT ON GOODWILL

Following the reorganisation of the wealth management activities during the first semester of 2025 at BIL Group level, a reassessment of the goodwill allocation to the cash-generating units (CGU) has been performed leading to the following evolution:

The CGU "Wealth Management" was maintained and renamed "Wealth Management - BIL Luxembourg" covering the wealth management activities operated from BIL Luxembourg S.A.

The CGU "Ex-KBLS" was reallocated to a new CGU "Wealth Management - BIL Suisse" covering all the wealth management activities operated from BIL Suisse S.A.

Before its reallocation, an impairment test was performed on the former CGU "Ex-KBLS" that led to an impairment of EUR 2 million as at 30 June 2025 and is considered as a non-recurring item. Please refer to Note 5.8 Impairment on goodwill.

EXPECTED CREDIT LOSSES (ECL)

The cost of risk totalled EUR 3 million in June 2025 compared with 17 million in June 2024. The negative non-recurring items were minimal at the end of June 2025 and limited to the recovery on a legacy loan offset by the forced sale of one non-performing loan.

The core cost of risk includes a reversal of EUR 7 million in Stage 1 and EUR 1 million in Stage 2 exposures end of June 2025 mainly driven by the loans and advances to customers evolution while the allocation related to Stage 3 exposures amounts to EUR 11 million. These figures include Post-Model Adjustments (PMA) and Management Overlays (MO).

In the case of any events arising from the fundamentally difficult economic and geopolitical backdrop, the Bank closely ensures that such events are timely translated into its cost of risk. When not appropriately captured by its provisioning model, the Bank may use PMA and MO to cover emerging risks. As at 30 June 2025, the Bank reversed the PMA and MO for respectively EUR 6 million in Stage 1, EUR 2 million in Stage 2 and EUR 8 million in Stage 3. These PMA and MO reversals were progressively reflected in the model outcomes. The main Management Overlay on the property development portfolio was maintained.

Asset quality indicators concerning loans and advances are described in the Risk Management report section 4. "Asset Quality". Please also refer to the section Credit risk of the Interim condensed financial statements for more details on loan provisioning models and assumptions.

NET INCOME BEFORE TAX

Net income before tax stood at EUR 104 million, up by EUR 10 million (11%) compared with June 2024, negatively influenced by a slight decrease in gross operating income of EUR 2 million offset by a significant decrease in the cost of risk by EUR 12 million.

TAX

As at 30 June 2025, tax expenses stood at EUR 13 million, up by EUR 2 million compared with June 2024. The evolution of tax expenses is in line with the higher net income before tax result.

DISCONTINUED OPERATIONS

Net income from discontinued operations (net of tax) amounted to EUR 2 million in June 2025 compared with EUR 1 million in June 2024. This corresponds to the strategic divestiture of BIL Manage Invest S.A. ("BMI S.A.") a wholly owned subsidiary of BIL Group, to Waystone, which was officially announced on the 7 May 2025.

BIL Manage Invest S.A. activities are therefore classified as a "disposal group" meeting the definition of discontinued operations under IFRS 5 "Non-current assets held for sale and discontinued operations" as at 30 June 2025 (please refer to Note 1.17. of the 2024 Annual Report and Note 5.10 Discontinued operations.)

NET INCOME

In June 2025, BIL Group reported a net income of EUR 93 million, a good achievement that demonstrates BIL's steadfast commitment to its clients during challenging times and highlights early positive indicators in the context of the newly implemented strategy.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET[2]

(in EUR billion)	31/12/24	30/06/25	Change versus 2024	%
ASSETS	30.7	30.1	(0.6)	(2.0)%
Cash, balances with central banks and demand deposits	1.4	1.1	(0.4)	(25.4)%
Loans and advances to credit institutions	1.9	1.8	(0.1)	(5.9)%
Loans and advances to customers	16.2	15.9	(0.3)	(1.8)%
Financial investments	9.8	10.0	0.2	2.4%
Positive fair value of derivative products	0.5	0.4	(0.1)	(27.5)%
Other assets	0.9	0.9	0.1	6.2%
LIABILITIES	30.7	30.1	(0.6)	(2.0)%
Amounts due to credit institutions	2.8	2.8	0.0	0.4%
Amounts due to customers	18.8	18.3	(0.4)	(2.2)%
Negative fair value of derivative products	0.4	0.4	(0.0)	0.1%
Debt securities	5.7	5.3	(0.4)	(6.6)%
Subordinated debts	0.4	0.3	0.0	(3.7)%
Other liabilities	0.3	0.3	0.0	(7.9)%
Shareholders' equity	2.4	2.6	0.2	7.9%

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

ASSET MOVEMENTS

"Cash, balances with central banks and demand deposits" amounted to EUR 1.1 billion, down by EUR 0.4 billion (-25.4%). This item consists mainly of overnight deposits with Central Banks. This change in BIL's excess liquidity can be attributed to the dynamic evolution of the balance sheet, as well as loans, deposits and funding developments.

"Loans and advances to credit institutions" amounted to EUR 1.8 billion, down by EUR 0.1 billion. This evolution was mainly influenced by a slight decrease in reverse repurchase agreements. The Bank opted for active collateral management in a favourable market backdrop and actively engaged in collateralised transactions since 2024. This strategy involves 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 15.9 billion in June 2025 compared with EUR 16.2 billion at the end of 2024, down by 1.8% mainly due to significant early loan repayments which more than offset the new loan production. In a bid to support the national economy and further stimulate lending activities, the Bank optimised its loan processes across all business lines in the first half of 2025 to provide clients with faster loan approvals in a competitive housing market.

"Financial investments" amounted to EUR 10.0 billion up by EUR 0.2 billion or 2.4% in June 2025 to optimise excess cash. Most of these new investments are HQLA eligible securities either Level 1 or Level 2 LCR with Level 1 securities representing nearly 86% of the Investment Portfolio as at 30 June 2025. The Investment Portfolio is made up mainly of assets eligible for refinancing by the European Central Bank (ECB) and qualifying as liquidity reserves under the regulatory framework. 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 171%.

LIABILITY MOVEMENTS

"Amounts due to customers" totalled EUR 18.3 billion in June 2025, representing a decrease of EUR 0.4 billion (-2.2%) since the end of 2024. This decrease occurred mainly in fixed term deposits (EUR -0.5 billion), as the deposit migration trend reversed in early 2025, prompting clients to move their deposits and invest in more remunerative products.

"Debt securities" decreased by 6.6% compared with year-end 2024 to reach EUR 5.3 billion representing a decrease of EUR 0.4 billion mainly due to maturities and called deals. In 2024, favourable market conditions enabled the Bank to raise some prefunding for 2025, long-term liquidity ratios remain comfortable.

"Shareholders' equity" increased by EUR 193 million (+7.9%). This increase can mainly be attributed to the half-year net profit of EUR 93 million, the new AT1 issuance for EUR 300 million on 7 March 2025 and the positive evolution of the revaluation reserves of EUR 15 million, which were partially offset by the March Liability Management Exercise on the 2019 AT1 for EUR 113 million, the dividend paid on the 2024 net profit of EUR 34 million and the coupon payments on the AT1. The residual position of the 2019 AT1 EUR 62 million was reimbursed on 15 May 2025 following the call execution.

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

BUILDING TOMORROW TOGETHER 2030: FIRST FOUNDATIONS

In December 2024, BIL's Board of Directors validated the new strategic plan "Building Tomorrow Together", covering the 2025-2030 period. This plan aims to build the LEAD bank (Lean, Efficient, Agile, Data-driven and Digital) in two phases. The first phase focuses on gaining efficiency by resetting the cost trajectory to a sustainable level, reshaping the business franchise to support capital efficiency and ability to deliver fee revenues, while also implementing digital foundations for long-term scalable and cost-efficient growth in retail banking. The second phase will focus on achieving scalable and cost-efficient growth by maintaining an efficient cost-base, gaining scale and growing the commission share of overall revenues.

In this context, during the first half of 2025, the Bank continued to adapt its organisation and put in place a new governance framework for management. It also strengthened its Executive Committee with a new Chief Operating Officer and a new Head of Corporate and Institutional Banking.

To support the ambitious cost-reset, key business and support departments were adapted. The Bank furthermore simplified its business by reducing non-core activities: a partnership with Waystone was agreed to take over the activities of BIL Manage Invest S.A. (pending regulatory approval) and wind-down operations are ongoing for Belair House S.A. and for BIL WM Ltd.

The reshaping of the business franchise towards capital efficient and scalable growth also gained traction. To be well-positioned within the new regulatory environment under CRR III, the Bank is adapting its loan portfolio and is in the process of shifting some of its lending portfolios towards the Standardised Approach to benefit from further simplification.

In terms of scalable growth, a major digital milestone was achieved with the launch of a fully renewed mobile banking application, which significantly improved customer satisfaction. Furthermore, loan processes are being optimised for all business lines to improve handling speed and efficiency. Finally, in early July 2025, BIL stepped up its Wealth Management activities in the French market by setting up a private banking branch in Paris. The local team will be working closely with the Group's centre of expertise in Luxembourg.

Risk Management

1. Key events of the first half of 2025

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 PROGRESS ACHIEVED BY THE RISK TEAMS IN LINE WITH THE DIFFERENT REGULATORY REQUIREMENTS

During the first half of 2025, BIL continued to invest significant time and resources to strengthen its risk management framework and processes and to ensure continued compliance with regulatory requirements.

In the specific area of credit risk, the Bank has taken several decisive actions:

- Strategic strengthening of the credit function: the creation of the Credit Risk Efficiency Team, a dedicated unit within the second line of defence, tasked with optimising credit processes and leading a comprehensive Credit Programme aimed at modernising the Bank's credit risk management infrastructure;
- Deployment of a targeted NPL reduction strategy: formalisation of a clear roadmap to reduce non-performing loan exposures, translated into concrete preventive and remedial actions under the close supervision of an NPL Taskforce bringing together both first and second lines of defence; and
- Dynamic and proactive credit portfolio management: intensified monitoring of sensitive exposures, reinforced early warning mechanisms, and the launch of a dedicated outreach program to real estate developer clients, in a context where the recovery of the domestic property market remains fragile.

Entry into force of CRR III: On 1 January 2025, the revised Capital Requirements Regulation (CRR III) entered into force, marking a significant milestone in the ongoing implementation of the Basel III final reforms (also known as Basel IV) within the European Union. CRR III introduces substantial changes to the calculation of risk-weighted assets, particularly through the revised standardised and Internal Ratings-Based (IRB) approaches and includes an output floor to ensure greater comparability and consistency in capital requirements across institutions. The Bank has successfully implemented the new capital framework (first reporting date as at 31 March 2025) and continues to actively align its risk and capital management strategies to the "post-Basel IV world".

On the Credit Risk Pillar I model framework, and in line with the decision to further simplify the IRB model landscape, the Bank received the ECB's non-objection to the reversion of the Large Corporate, Mid-Corporate and Specialised Lending exposures to the standardised approach, effective 30 September 2025 and in line with the requirements stipulated under Articles 149 and 494d of the Capital Requirements Regulation (CRR). The Bank continues to invest in its IRB Retail models, ensuring they remain robust and adaptive to the changing operating environment and dynamic regulatory landscape.

Interest rate risk in the Banking Book (IRRBB): The Bank developed its Non-Maturing Deposits (NMD), prepayment and stress test models and risk follow-up tools. The Bank conducted a structural review of the NMD model in the new interest rate paradigm. The revised version of the model has been implemented in 2025, under the supervision of the ALM Committee.

The ICLAAP (Internal Capital and Liquidity Adequacy Assessment Process) is strongly 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 is 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 risk profile of the Bank and includes a comprehensive assessment of capital and liquidity risks.

During 2025, the Bank submitted the 2024 annual end-of-cycle report to the regulatory authorities after determining that the Bank is adequately capitalised, further supported by the available management actions at the Bank's disposal to respond to stress scenarios of particularly elevated severity. The Bank's liquidity position was also assessed as adequate, as demonstrated through the Bank's robust 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 allocate internal capital across the different risks. The amounts, types and allocations of internal capital are considered 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. Finally, the Bank is also working on enhancing the Economic Capital framework by considering a review of the approaches utilised with an aim of having an improved economic perspective of the Bank's risks.

Bank Recovery and Resolution Directive (BRRD): After the last submission of the 2024 Recovery Plan in September 2024, the Bank is currently working on developing the 2025 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.

Regarding the resolution component, in May 2025, a detailed version of BIL's Resolvability Progress Report was provided to the Single Resolution Board (SRB). The progress achieved was in line with the SRB's 2025 working priorities for the Bank.

2025 EU-wide Stress Test Exercise: BIL successfully participated in the 2025 EU-wide stress test, coordinated by the European Banking Authority (EBA) and aimed at assessing the Bank's resilience in the current uncertain and changing macroeconomic environment. The stress test was based on a narrative of hypothetical worsening of geopolitical tensions, with large, negative and persistent trade and confidence shocks having strong adverse effects on private consumption and investments, both domestically and globally.

With regard the Basel Committee on Banking Supervision (BCBS) 239 principles, the Bank continued to enhance its overall data governance framework. The enhancements included the establishment of a structured community of Data and Report Owners, a Business Glossary featuring uniform data definitions, clear data ownership and metadata management. Additionally, the Bank reinforced its data quality rules, lineage tracking, data quality dashboards as well as the centralised data quality register to monitor and address data quality problems. Building on these elements, the Bank has defined the next steps of its Data Strategy to further improve its data capture, data storage and reporting capabilities.

The **Digital Operational Resilience Act (DORA)**, formally recognised as Regulation (EU) 2022/2554, is applicable since 17 January 2025. Its primary objective is to establish a cohesive regulatory framework at the European level for the management of risks associated with Information and Communication Technology (ICT) and its suppliers. In response, BIL has undertaken a meticulous gap assessment to evaluate the Bank's compliance with this recently enacted regulation and is diligently working to strengthen the framework to ensure complete adherence.

Environmental, Social and Governance (ESG) matters and risks are of increasing importance in the banking world, and they continue to be a key focus area for BIL. During the first half of 2025, the Bank worked on the following matters:

- CSRD: BIL's Sustainability Report of 2024 was based on the principles of the European Sustainability Reporting Standards (ESRS). The report adheres to the Non-Financial Reporting Directive (NFRD) in anticipation of the national transposition of the Corporate Sustainability Reporting Directive (CSRD);
- BIL's Transition Plan: The Bank developed a Transition Plan by reviewing its strategy and business model to align itself to achieving net-zero greenhouse gas emissions by 2050 for its own operations and its lending portfolio. The Transition Plan was approved by the Executive Committee and then the Board of Directors in October 2024 and took effect in 2025;
- ESG Dashboard: The dashboard was updated to provide a comprehensive overview of BIL's climate change impact through its carbon footprint and financed emissions, risks and opportunities associated with the Bank's activities (real estate portfolio, corporate loan portfolio, the Bank's Investment Portfolio, customer investment portfolio) and corporate-level insights, including social impact metrics and Green Asset Ratio;
- In 2025, the Bank's ESG Oversight Committee replaced the existing ESG Strategic Steering Committee, providing an overall view of all ESG-related activities and projects across the organisation, with the aim of continuously monitor the integration of ESG factors into pertinent processes across the Bank;
- The outcome of the Global Risk Cartography, including ESG scenarios, were embedded in the 2024 ICLAAP package submitted to the Management Body and to the ECB in March 2025, with the aim to ensure that all material risks are considered in the assessment of the Bank's internal capital and liquidity adequacy; and
- ESG RAF Indicators: Beyond the indicators on Transition and Physical risks for Residential and Commercial Real Estate portfolios, the Bank enhanced its RAF with new indicators covering the Bank's investment portfolio, fee & net interest income and non-financial risks.

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 2025, the Bank's total credit risk exposure amounted to EUR 31.52 billion compared with EUR 32.78 billion at the end of 2024. The drivers for such a decrease are Individuals, SME & Self-Employed (EUR -653 million) and Corporate (EUR -421 million).

EXPOSURE BY TYPE OF COUNTERPARTY

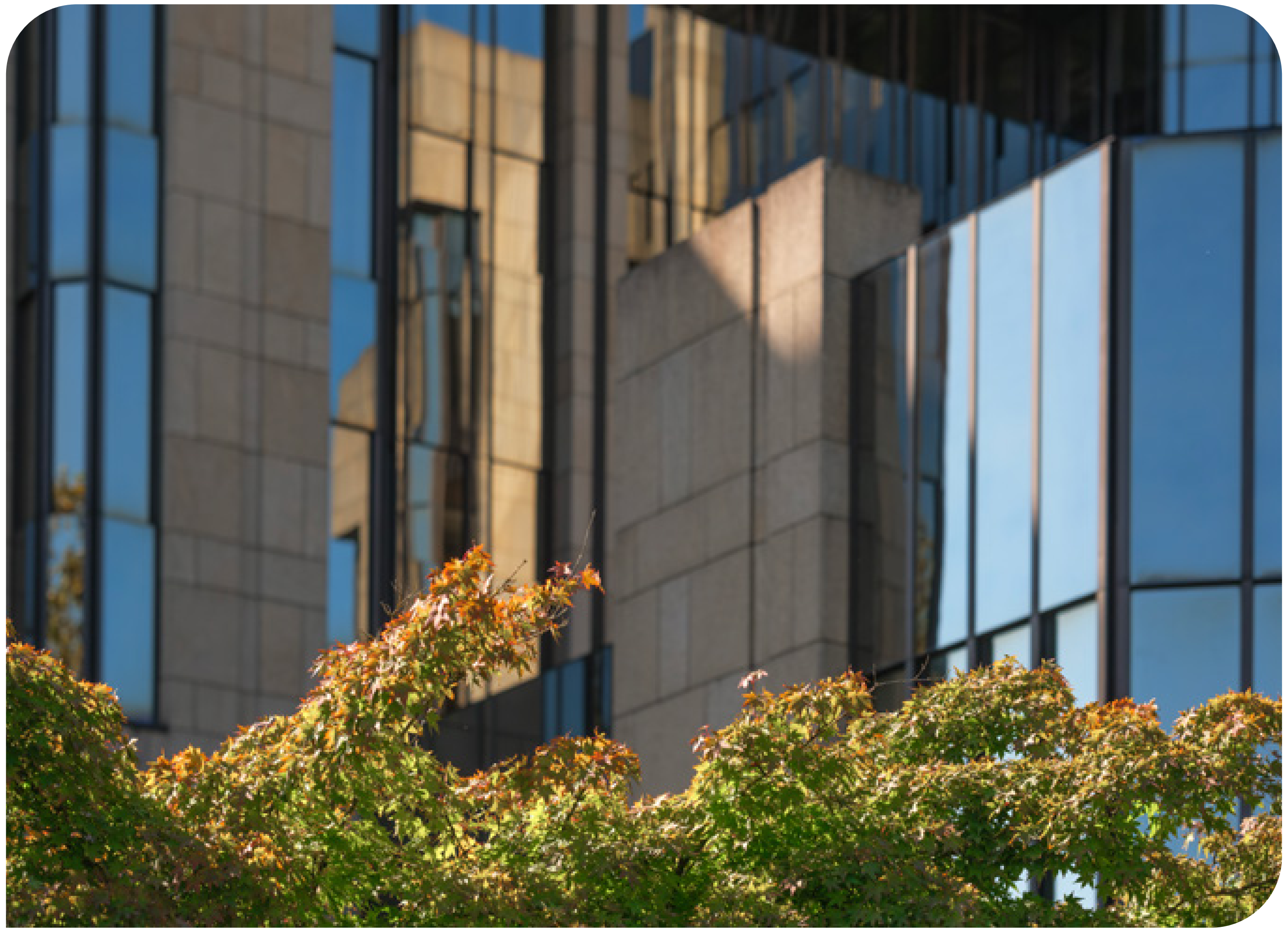
As at 30 June 2025, Individuals, SME and Self-Employed exposure weight decreased from 33.8% to 33.1% of the overall exposure compared with year-end, representing the Bank's largest portfolio. The Central Governments segment is the second largest segment of the Bank's portfolio, representing 28.5% of the overall exposure compared with 28.1% at year-end 2024. Finally, it is also worth noting that Corporate exposure weight decreased compared with the end of 2024, representing 21.0% (21.5% at the end of 2024) of the overall exposures. The weight of Financial Institutions remains unchanged and represents 11.8% of the overall exposure.

Exposures by counterparty (in EUR million)	31/12/24	30/06/25	Variation
Individuals, SME & Self-Employed	11,091	10,438	(653)
Central Governments	9,214	8,987	(227)
Corporate	7,031	6,610	(421)
Financial Institutions	3,865	3,717	(148)
Public Sector Entities	962	1,124	162
Securitisation	606	646	40
Others	9	3	(6)
TOTAL	**32,778**	**31,525**	**(1,253)**

EXPOSURE BY GEOGRAPHIC REGION

As at 30 June 2025, the Bank's exposure continued to be mainly concentrated in Europe, primarily in Luxembourg (52.9%), France (13.0%), Belgium (7.7%), Germany (5.3%) and Switzerland (3.7%).

Exposures by geographic region (in EUR million)	31/12/24	30/06/25	Variation
Luxembourg	17,967	16,669	(1,298)
France	3,939	4,102	163
Belgium	2,304	2,432	128
Germany	1,912	1,676	(236)
Switzerland	1,318	1,167	(151)
Other EU countries	1,157	1,147	(10)
United States and Canada	1,191	1,037	(154)
Spain	816	919	103
Rest of Europe	466	848	382
Others	776	789	13
Asia	451	364	(87)
China	248	233	(15)
Middle East	114	75	(39)
Russia	79	46	(33)
Australia	40	21	(19)
TOTAL	**32,778**	**31,525**	**(1,253)**



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 2025:

VaR (10 days, 99%) (in EUR million)		31/12/24 Total		30/06/25 Total	
		FOREX	Treasury	FOREX	Treasury
Global Trading	Average	0.04	1.03	0.02	1.36
	Maximum	0.17	3.69	0.07	1.84
	End of period	0.01	0.91	0.04	1.01
	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 2025, Treasury sensitivity was EUR -3.1 million compared with EUR -0.8 million in December 2024.

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 9.5 billion as at 30 June 2025 (compared with EUR 9.3 billion as at 31 December 2024).

Most of the bonds are classified in the "Hold-to-Collect" (HTC) portfolio measured at amortised cost: EUR 9.2 billion as at 30 June 2025 (EUR 8.9 billion as at 31 December 2024). The remaining part is classified in the "Hold-to-Collect and Sell" (HTC&S) portfolio measured at Fair Value through Other Comprehensive Income (FVOCI): EUR 0.3 billion as at 30 June 2025 (EUR 0.3 billion as at 31 December 2024).

The fair value sensitivity of the HTC&S portfolio to a one basis point widening of the spread (booked to the OCI reserve), was EUR 0.1 million as at 30 June 2025 (EUR 0.1 million per basis point as at 31 December 2024).

	Notional amount		+100bps interest rate sensitivity		Spread bpv	
(in EUR million)	31/12/24	30/06/25	31/12/24	30/06/25	31/12/24	30/06/25
Treasury	342	258	(0.43)	(0.32)	(0.14)	(0.11)
ALM	0	0	0.00	0.00	0.00	0.00

BIL's liquidity remained solid throughout the first half of 2025. The consolidated Liquidity Coverage Ratio (LCR) amounted to 171% (as at 30 June 2025) and the Net Stable Funding Ratio (NSFR) amounted to 128% (as at 30 June 2025).

4. Asset quality

Focus on asset quality ratio and coverage ratio		31/12/24	30/06/25
Net loans and advances to credit institutions	a	1,912	1,800
Net loans and advances to customers	b	16,172	15,878
ECL Stage 1,2,3	c	(233)	(230)
Gross loans and advances	**d=a+b-c**	**18,317**	**17,908**
ECL Stage 1,2,3 / Gross loans and advances	c/d	1.27%	1.28%

Focus on Stage 3			
Total Stage 3 outstanding amount	e	821	799
ECL Stage 3	f	(200)	(205)
Coverage ratio Stage 3	**f/e**	**24.36%**	**25.66%**
Total collateral and guarantees	g	567	539
Coverage ratio Stage 3 including collateral	**(f+g)/e**	**93.42%**	**93.12%**
Non-Performing Loans (NPL) ratio (Stage 3 / Gross loans and advances)	**e/d**	**4.48%**	**4.46%**
ECL Stage 3 / total ECL (Stage 1,2,3)	**f/c**	**85.84%**	**89.13%**

Focus on Stage 1 and Stage 2			
Total Stage 1 outstanding amount	h	15,659	15,428
ECL Stage 1	i	(19)	(13)
Coverage ratio Stage 1	**i/h**	**0.12%**	**0.08%**
Total Stage 2 outstanding amount	j	1,836	1,682
ECL Stage 2	k	(14)	(12)
Coverage ratio Stage 2	**k/j**	**0.76%**	**0.71%**
ECL (Stage 1,2) / total ECL (Stage 1,2,3)	**(i+k)/c**	**14.16%**	**10.87%**

Focus on Cost of Risk on loans and advances to customers		31/12/24	30/06/25
Net impairment on loans and advances to customers	l	(32)	(6)
Cost of Risk (in bps - annualised)	**l/(b-c)**	**20**	**7**
Non-recurring items	**m**	**(4)**	**(0)**
Net impairment on loans and advances to customers excl. non-recurring items	n=l-m	(28)	(6)
Cost of risk excluding non-recurring items (in bps - annualised)	**n/(b-c)**	**17**	**7**

As at June 2025, the total amount of non-performing loans (NPLs) decreased to EUR 799 million, down from EUR 821 million at the end of 2024.

The confluence of geopolitical tensions and rising interest rates have severely impacted on the economic outlook, leading to a significant deterioration in credit quality over the past two years. This adverse effect was particularly pronounced due to the deterioration in the real estate and construction sectors in Luxembourg, which play a pivotal role in the country's economic landscape.

The NPL ratio stood at 4.46% lower compared to the year-end 2024. In order to mitigate the increase in NPLs, BIL proactively implemented a series of robust measures in 2024, including enhancing preventative strategies, intensifying monitoring as soon as loans are classified in Stage 2, redefining policies and governance frameworks and disposing of NPLs on the secondary market as part of a forward-looking NPL strategy.

5. Solvency monitoring

(in EUR million)	31/12/24	30/06/25	Variation (%)
Risk Weighted Assets	10,970	10,987	0%
Credit risk	9,774	9,821	0%
Market risk	28	2	(94)%
Operational risk	1,151	1,148	(0)%
Credit Value Adjustment risk	17	16	(5)%

Regulatory Capital	31/12/24	30/06/25	Variation (%)
Common Equity Tier 1 (CET 1) Capital	1,562	1,523	(2)%
+ Additional Tier 1	175	300	71%
Tier 1 capital	1,737	1,823	5%
Tier 2 capital	313	289	(8)%
Total regulatory capital	2,049	2,112	3%

Solvency ratios	31/12/24	30/06/25	Variation (%)
Common Equity Tier 1 (CET 1) ratio	14.24%	13.86%	(3)%
Tier 1 ratio	15.83%	16.59%	5%
Capital Adequacy Ratio	18.68%	19.22%	3%

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 Accounting Standards), 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 net income before tax	Net income before tax = Gross Operating income net of impairments 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.
Non-Performing Loans Ratio	Total Stage 3 outstanding loans and advances divided by total gross loans and advances 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 by stage as presented in the Risk Management Report Asset Quality Section.	Measure of provisioning for 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 2025, 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 a summary of 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.

A review of Interim Condensed Consolidated Financial Statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Bank, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

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

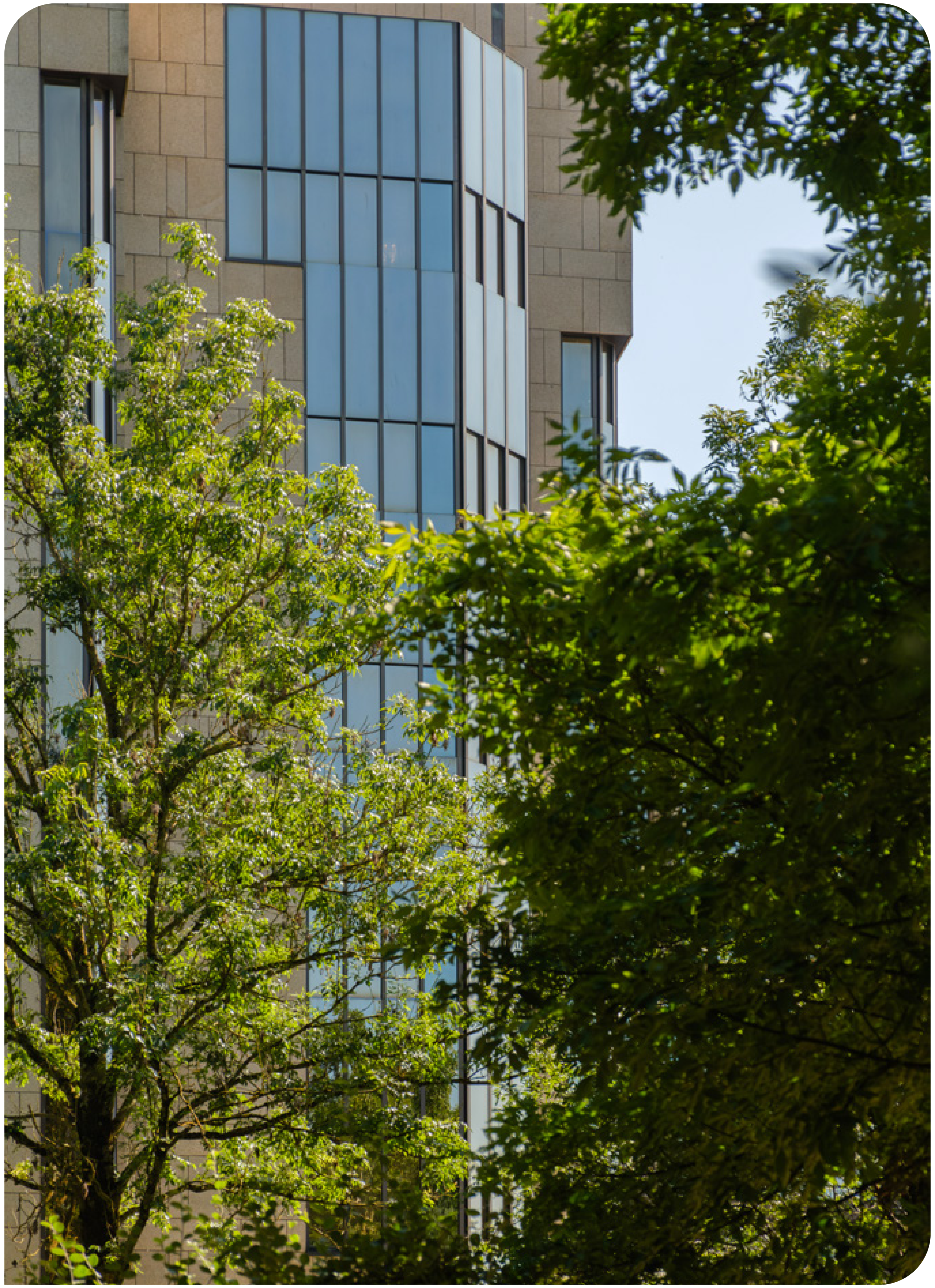
This report, including the conclusion, has been prepared for and only for the Board of Directors in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

Luxembourg, 22 August 2025

PricewaterhouseCoopers, Société coopérative
Represented by

Rima Adas
Partner

Antoine Marchon
Partner



Consolidated balance sheet

ASSETS	Notes	31/12/24	30/06/25 (unaudited)
Cash, balances with central banks and demand deposits	6.1	1,444,074,073	1,076,628,315
Financial assets held for trading	6.1	30,084,003	18,997,458
Financial investments measured at fair value	6.1	662,588,667	604,405,219
Financial assets at fair value through other comprehensive income	*6.1*	*629,555,261*	*565,388,691*
Non-trading financial assets mandatorily at fair value through profit or loss	*6.1*	*33,033,406*	*39,016,528*
Loans and advances to credit institutions	6.1	1,911,806,505	1,799,742,014
Loans and advances to customers	6.1	16,171,572,686	15,878,453,759
Financial investments measured at amortised cost	6.1	9,149,825,205	9,439,923,843
Derivatives	6.1	517,156,129	374,953,018
Investment property		39,615,961	39,615,961
Property, plant and equipment		112,882,242	108,043,950
Intangible fixed assets and goodwill	5.8	401,339,277	391,629,813
Current tax assets		645,934	137,421
Deferred tax assets		117,163,483	111,426,104
Other assets		185,229,995	263,712,758
Non-current assets and disposal groups held for sale	5.10	0	8,318,653
TOTAL ASSETS		30,743,984,160	30,115,988,286

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

LIABILITIES	Notes	31/12/24	30/06/25 (unaudited)
Amounts due to credit institutions	6.1	2,795,687,676	2,807,531,618
Amounts due to customers	6.1	18,761,707,607	18,340,020,871
Other financial liabilities		18,693,250	16,548,463
Financial liabilities measured at fair value through profit or loss	4.1, 6.1	3,218,662,440	3,217,447,724
Liabilities designated at fair value	*4.1, 6.1*	*3,218,662,440*	*3,217,440,697*
Derivatives	6.1	392,130,132	392,459,596
Debt securities	4.2, 6.1	2,431,745,499	2,061,981,735
Subordinated debts	4.3, 6.1	351,753,210	338,773,161
Provisions and other obligations		52,626,423	44,432,202
Current tax liabilities		8,749,868	13,338,203
Deferred tax liabilities		12,000,695	12,969,201
Other liabilities		252,587,101	224,925,523
Liabilities included in disposal groups held for sale	5.10	0	5,128,039
TOTAL LIABILITIES		28,296,343,901	27,475,556,336

SHAREHOLDERS' EQUITY	31/12/24	30/06/25 (unaudited)
Subscribed capital	146,108,270	146,108,270
Share premium	760,527,961	760,527,961
Other equity instruments	174,781,918	300,000,000
Reserves and retained earnings	1,013,406,394	1,142,360,533
Net income	169,788,790	92,852,714
SHAREHOLDERS' EQUITY	**2,264,613,333**	**2,441,849,478**
Gains and losses not recognised in the consolidated statement of income	183,026,926	198,582,472
Financial instruments at fair value through other comprehensive income	*200,550,561*	*215,881,053*
Other reserves	*(17,523,635)*	*(17,298,581)*
GROUP EQUITY	**2,447,640,259**	**2,640,431,950**
TOTAL SHAREHOLDERS' EQUITY	2,447,640,259	2,640,431,950
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,743,984,160	30,115,988,286

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

Consolidated statement of income

	Notes	30/06/24 *(unaudited)*	30/06/25 *(unaudited)*
Interest and similar income	5.1	838,319,609	687,661,891
of which: interest revenue calculated using the effective interest method		*671,260,353*	*539,254,320*
Interest and similar expenses	5.1	(596,612,362)	(460,992,148)
Dividend income		969,072	962,623
Net trading income	5.2	(1,789,870)	18,995,033
Net income on financial instruments measured at fair value and net result of hedge accounting	5.3	16,607,976	(5,848,867)
Net income on derecognition of financial instruments at amortised cost	5.4	938,012	3,619,055
Fee and commission income	5.5	118,608,340	119,942,201
Fee and commission expenses	5.5	(17,809,969)	(19,648,994)
Other net income	5.6	1,509,653	1,968,951
REVENUES		**360,740,461**	**346,659,745**
Staff expenses		(127,079,766)	(116,897,281)
General and administrative expenses		(84,377,283)	(80,335,301)
Amortisation of tangible, intangible and right-of-use assets		(38,636,849)	(40,769,711)
EXPENSES		**(250,093,898)**	**(238,002,293)**
GROSS OPERATING INCOME		**110,646,563**	**108,657,452**
Impairments		(17,071,447)	(4,593,201)
Net impairment on financial instruments and provisions for credit commitments	*5.7*	*(17,071,447)*	*(2,860,794)*
Impairment on goodwill	*5.8*	*0*	*(1,732,407)*
NET INCOME BEFORE TAX		**93,575,116**	**104,064,251**
Tax expenses		(10,999,269)	(12,788,287)
NET INCOME OF CONTINUING OPERATIONS		**82,575,847**	**91,275,964**
Discontinued operations, net of tax	5.10	628,257	1,576,750
NET INCOME		83,204,104	92,852,714

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

Consolidated statement of comprehensive income

	30/06/24 *(unaudited)*	30/06/25 *(unaudited)*
NET INCOME FOR THE PERIOD RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	83,204,104	92,852,714
GAINS (LOSSES) NOT RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME	(41,302,635)	15,555,545
Items that will not be reclassified to profit or loss	**(39,880,724)**	**13,899,843**
Actuarial gains (losses) on defined benefit pension plans	309,058	(87,389)
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	59,496	(533,217)
Fair value changes of equity instruments measured at fair value through other comprehensive income	(40,179,336)	14,365,611
Tax on items that will not be reclassified to profit or loss	(69,942)	154,838
Items that may be reclassified to profit or loss	**(1,421,911)**	**1,655,702**
Translation adjustments	(1,847,505)	202,260
Gains (losses) on cash flow hedge	(895,157)	521,068
Fair value changes of debt instruments and loans and advances at fair value through other comprehensive income	1,462,164	1,388,090
Tax on items that may be reclassified to profit or loss	(141,413)	(455,716)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	41,901,469	108,408,259
Attributable to equity holders of the parent company	41,901,469	108,408,259
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 01/01/24	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 14,600,000.

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.

SHAREHOLDERS' EQUITY, GROUP (UNAUDITED)	Subscribed capital	Share premium	Other equity instruments	Reserves and retained earnings	Net income	Shareholders' equity
As at 01/01/25	146,108,270	760,527,961	174,781,918	1,013,406,394	169,788,790	2,264,613,333
Dividend paid				(33,959,736)		(33,959,736)
AT1 net movement			125,000,000			125,000,000
Classification of income				169,788,790	(169,788,790)	0
Coupon on Additional Tier One Instrument			218,082	(6,878,572)		(6,660,490)
Realised performance on equities at fair value through other comprehensive income				3,657		3,657
Net income for the period					92,852,714	92,852,714
As at 30/06/25	146,108,270	760,527,961	300,000,000	1,142,360,533	92,852,714	2,441,849,478

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 01/01/25	200,550,561	531,061	517,951	(18,572,647)	183,026,926
Net change in fair value through equity - fair value through other comprehensive income	15,330,102				15,330,102
Net change in fair value through equity - cash flow hedges		396,689			396,689
Translation adjustments	390		(48,866)	202,260	153,784
Net change in other reserves			(325,029)		(325,029)
As at 30/06/25	215,881,053	927,750	144,056	(18,370,387)	198,582,472

There are no non-controlling interests as at 30 June 2025.

The "Other equity instruments" were mainly composed of an additional tier 1 instrument (AT1) issued on 26 February 2025 for a gross amount of EUR 300,000,000. 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.

At the same time, BIL initiated a tender offer and open market buy back for the existing AT1 notes of EUR 175,000,000, issued in 2019. The Bank ultimately repurchased a total nominal of EUR 113,400,000. The outstanding principal amount of these notes amounting to EUR 61,600,000 was called in May 2025.

The reserves and retained earnings include a legal reserve of EUR 14,600,000.

The translation adjustments comprise an amount of EUR - 48,650,477 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

	30/06/24 *(unaudited)*	30/06/25 *(unaudited)*
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	83,204,104	92,852,714
Adjustment for:		
- Depreciation and amortisation	38,687,813	40,827,036
- Impairment on tangible assets, intangible assets, right-of-use assets and goodwill	0	1,732,407
- Impairment on bonds, equities and other assets	(11,637,961)	4,491,440
- Net gains / (losses) on investments	(1,176,242)	(542,814)
- Provisions (including ECL)	(20,395,233)	(12,844,098)
- Change in unrealised (gains) / losses	(465,105)	(467,920)
- Deferred taxes	7,418,666	7,396,489
- Other adjustments	157,047	114,512
Changes in operating assets and liabilities	674,537,175	(725,094,636)
Transactions related to interbank and customers transactions	*818,770,953*	*(61,752,745)*
Transactions related to other financial assets and liabilities	*(123,702,892)*	*(453,281,862)*
Transactions related to other non-financial assets and liabilities	*(20,530,886)*	*(210,060,029)*
NET CASH FLOW FROM OPERATING ACTIVITIES	770,330,264	(591,534,870)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(27,473,476)	(28,249,243)
Sale of fixed assets	1,871,922	542,814
Purchase of non-consolidated shares	0	(750,000)
Sale of non-consolidated shares	0	16,151
NET CASH FLOW FROM INVESTING ACTIVITIES	(25,601,554)	(28,440,278)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of other equity instruments	0	300,000,000
Reimbursement of other equity instruments	0	(175,000,000)
Payments on lease liabilities	(2,040,749)	(2,748,776)
Dividend paid	(79,942,096)	(33,959,736)
NET CASH FLOW FROM FINANCING ACTIVITIES	(81,982,845)	88,291,488
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	662,745,865	(531,683,660)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	3,352,844,687	3,113,215,784
Net cash flow from operating activities	770,330,264	(591,534,870)
Net cash flow from investing activities	(25,601,554)	(28,440,278)
Net cash flow from financing activities	(81,982,845)	88,291,488
Effect of change in exchange rate and in scope of consolidation on cash and cash equivalents	(2,575,567)	1,190,403
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	4,013,014,985	2,582,722,527
ADDITIONAL INFORMATION		
Taxes paid	(22,017)	(29,028)
Dividends received	969,072	962,623
Interest received	809,359,632	713,046,157
Interest paid	(544,477,212)	(490,167,108)

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

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(unaudited)	As at 01/01/24	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

(unaudited)	As at 01/01/25	Acquisition / (Reimbursement)	Changes resulting from the acquisition or loss of subsidiary control	Foreign exchange movement	Other changes	As at 30/06/25
Subordinated debts	343,257,759	0	0	(10,931,423)	0	332,326,336
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	174,781,918	125,000,000	0	0	218,082	300,000,000

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

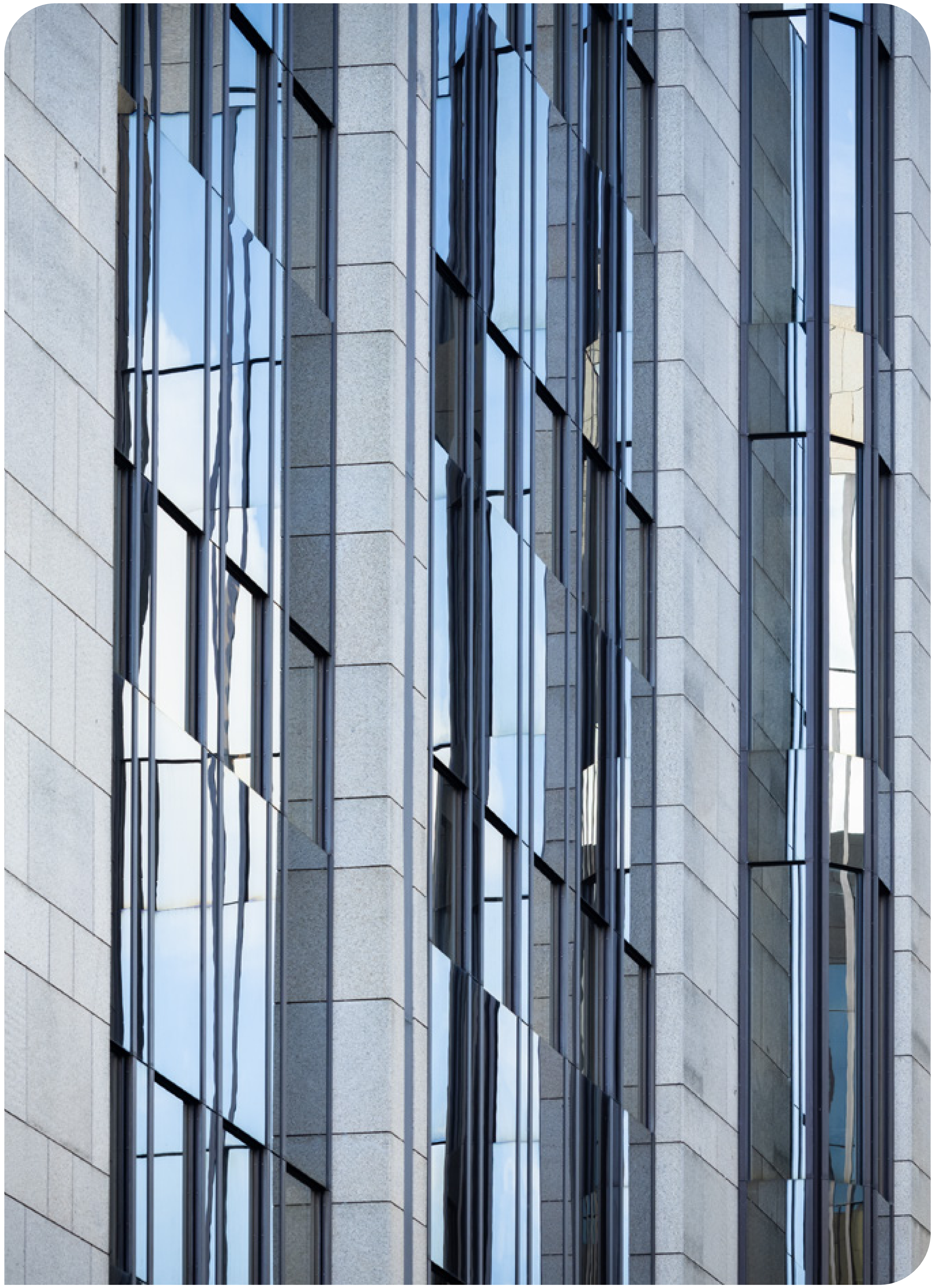
Notes to the interim condensed consolidated financial statements

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 13 August 2025 and by the Board of Directors on 21 August 2025.

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.

MATERIAL ACCOUNTING POLICIES AND METHODS

1.1. Basis of accounting

1.1.1. Statement of compliance

BIL's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU) and endorsed by the European Commission (EC) (up to 10 July 2025).

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 2024.

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

1.1.2. 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 notes 1.7* and 9.1*);
- Determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets and determination of the lease term of lease contracts (refer to notes 1.15*, 1.16*, 1.20*, 4.8*, 4.9*, 4.10* and 8.11*); and
- Existence of a present obligation with probable outflows in the context of litigation (refer to notes 1.24* and 5.7*).

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 (refer to notes 1.6.5*, 8.12* and 9.2*);
- 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 9.1*);
- The measurement of hedge effectiveness in hedging relations (refer to notes 1.12* and 6.1*);
- Estimation of the recoverable amount of cash-generating units for goodwill impairment (refer to notes 1.18* and 4.10*);
- Estimation of future taxable profit for the recognition and measurement of deferred tax assets (refer to notes 1.22* and 8.13*); and
- Actuarial assumptions related to the measurement of employee benefits obligations and plan assets (refer to notes 1.23* and 5.7*).

*Above references are made to the notes to the consolidated financial statements included in the 2024 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 Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going-concern basis.

1.2. 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 2025.

1.2.1. IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2025

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

1.2.2. IASB and IFRIC texts issued during previous periods but neither endorsed nor applicable as at 1 January 2025

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024). BIL is assessing the impact.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024).
- 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.
- Annual Improvements Volume 11 (issued on 18 July 2024). No impact for BIL.
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024). No impact for BIL.

1.3. Reclassifications in the balance sheet and in the statement of income

Compared to the previous consolidated financial statements, BIL has made a reclassification in the balance sheet in order to be aligned with the following considerations:

- IFRS guidance, as well as practices of central banks, emphasise that precious metals, although highly liquid, is not a contractual right to receive cash or another financial asset (IFRS 9 IG B.1).
- The European System of Central Banks (ESCB) and other frameworks recommend separating precious metals reserves from cash due to their nature as strategic assets rather than operational liquidity.
- Precious metals are increasingly recognised as a distinct class of assets, separate from cash and cash equivalents.

Given these considerations, and in line with best practices observed among central banks and financial institutions, BIL reclassified the amount related to gold and precious metals from "Cash, balances with central banks and demand deposits" to "Other assets" in order to ensure consistency with IFRS Accounting Standards requirements.

	31/12/24 as published	31/12/24 after reclassification	Impact of reclassification
Cash, balances with central banks and demand deposits	1,547,928,488	1,444,074,073	103,854,415
Other assets	81,375,580	185,229,995	(103,854,415)
TOTAL ASSETS	30,743,984,160	30,743,984,160	0

Compared with the main accounting policies presented in Note 1 of the Consolidated Financial Statements as at 31 December 2024, the Group updated its accounting policies related to the other assets (Note 1.19 of the Consolidated Financial Statements as at 31 December 2024) following the reclassification of precious metals from cash and cash equivalents to other assets as follows:

"Other assets" mainly include precious metals, accrued income (non-interest related), prepayments, operational taxes and other accounts receivable as well as insurance products (reinsurance, insurance premiums receivable, etc), and plan assets relating to employee benefit obligations. These other assets are measured in accordance with the applicable standards, less any allowance for impairment if applicable. Plan assets are recognised in accordance with IAS 19 requirements. Precious metals are measured at fair value through profit or loss.

- Reclassification in the statement of income

Provisions for legal litigation were reclassified in 2024 from "Provisions for legal litigations" line items to "Other net income" in order to align with the regulatory reporting classification and impact the statement of income for the year 2024 as follows:

STATEMENT OF INCOME	30/06/24	30/06/24 restated	Impact of reclassification
Other net income	(234,409)	1,509,653	1,744,062
REVENUES	358,996,399	360,740,461	1,744,062
EXPENSES	(250,093,898)	(250,093,898)	0
GROSS OPERATING INCOME	108,902,501	110,646,563	1,744,062
Provisions for legal litigations	1,744,062		-1,744,062
NET INCOME BEFORE TAX	93,575,116	93,575,116	0
Tax expenses	**(10,999,269)**	**(10,999,269)**	**0**
Discontinued operations, net of tax	**628,257**	**628,257**	**0**
NET INCOME	83,204,104	83,204,104	0

Note 2: Scope of consolidation

				31/12/24		30/06/25		
NAME	Country	Activity	Reason for non-inclusion	Consolidation method	% of capital held	Consolidation method	% of capital held	Ref
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	1
BIL Manage Invest S.A.	Luxembourg	financial services		full consolidation	100	full consolidation	100	2
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	3
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	
LuxConstellation S.A.	Luxembourg	financial services		not consolidated	24.67	not consolidated	24.67	
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	

(1) As of 17 January 2024, Belair House S.A. is no longer licensed as Family Office. The Board of Belair House S.A. has decided to cease the activity of Belair House S.A. as at 20 December 2024.

(2) BIL announced on 7 May 2025 that its subsidiary BIL Manage Invest S.A. will be sold to Waystone Group before the end of the year 2025.

(3) The Board of BIL Wealth Management Limited has decided to cease the activity of BIL Wealth Management Limited as at 19 December 2024.

On 15 April 2025, BIL was authorised to operate in France through a branch "BIL France" which was registered on 25 June 2025. As at 30 June 2025, the Branch had not yet started its activities.

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 2025, BIL defined a new organisation and governance aligned with the vision defined by its new strategic plan "Building Tomorrow Together":

- **"Digital Banking, Corporate & Institutional Banking and Wealth Management"** are now reported as described in "BIL's Business Model". "Luxembourg Activities" include the business lines of Digital Banking, Corporate & Institutional Banking and Wealth Management, which provides wealth management services to both domestic and cross-border clients. "International Activities" include Wealth Management International services, which provide tailored wealth management solutions to international clients from Luxembourg and Switzerland, alongside Global Advisory services offered by BIL Suisse S.A.
- **"Balance Sheet Management"** includes the Investment Portfolio, Treasury and Forex activities as well as Long-Term Funding and Asset & Liability Management.
- **"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).

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 & International activities	324,947	*211,409*	*101,850*	*11,688*	**71,219**
Balance Sheet Management	16,586	*12,695*	*(413)*	*4,303*	**5,014**
Group Center	19,207	*18,572*	*(639)*	*1,275*	**17,342**
TOTAL	360,740	*242,676*	*100,798*	*17,267*	93,575
Net income before tax					**93,575**
Tax expenses					**(10,999)**
Discontinued Operations (net of tax)					**628**
NET INCOME					83,204

INCOME (in EUR thousands)	30/06/25				
	Revenues	*of which interest and dividend income*	*of which fees income*	*of which other net income*	Net income before tax
Luxembourg & International activities	320,532	*206,516*	*102,416*	*11,599*	**88,724**
Balance Sheet Management	14,250	*8,892*	*(1,116)*	*6,475*	**3,387**
Group Center	11,878	*12,224*	*(1,007)*	*660*	**11,953**
TOTAL	346,660	*227,632*	*100,293*	*18,734*	104,064
Net income before tax					**104,064**
Tax expenses					**(12,788)**
Discontinued operations (net of tax)					**1,577**
NET INCOME					92,853

ASSETS AND LIABILITIES (in EUR thousands)	31/12/24		30/06/25	
	Assets	Liabilities	Assets	Liabilities
Luxembourg & International activities	16,171,573	20,410,368	15,878,454	19,989,350
Balance Sheet Management	13,416,880	6,600,187	12,995,690	6,255,605
Group Center	1,155,531	1,285,789	1,241,844	1,230,601
TOTAL	30,743,984	28,296,344	30,115,988	27,475,556

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	31/12/24	30/06/25
Non-subordinated liabilities	3,218,662,440	3,217,440,697
TOTAL	3,218,662,440	3,217,440,697

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.

4.2. Debt securities

ANALYSIS BY NATURE	31/12/24	30/06/25
Non-convertible bonds	2,431,745,499	2,061,981,735
TOTAL	2,431,745,499	2,061,981,735

4.3. Subordinated debts

ANALYSIS BY NATURE	31/12/24	30/06/25
Non-convertible subordinated debts	351,753,210	338,773,161
TOTAL	351,753,210	338,773,161

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

	30/06/24	30/06/25
INTEREST AND SIMILAR INCOME	838,319,609	687,661,891
Interest and similar income of assets not measured at fair value through profit or loss	**515,875,233**	**430,483,466**
Cash and balances with central banks	32,437,550	13,173,046
Loans and advances to credit institutions	22,810,474	15,771,676
Loans and advances to customers	347,033,563	278,253,731
Financial investments measured at fair value	7,816,744	5,538,526
Financial investments measured at amortised cost	104,650,235	115,181,257
Other	1,126,666	2,565,230
Interest and similar income of assets measured at fair value through profit or loss	**322,386,450**	**257,044,908**
Financial assets held for trading	844,477	311,687
Derivatives held for trading	166,156,853	147,962,367
Derivatives used for hedging purposes	155,385,120	108,770,854
Interest income on liabilities	**57,926**	**133,517**
INTEREST AND SIMILAR EXPENSES	(596,612,362)	(460,992,148)
Interest and similar expenses of liabilities not measured at fair value through profit or loss	**(322,036,833)**	**(213,281,692)**
Amounts due to credit institutions	(117,223,981)	(49,005,567)
Amounts due to customers	(169,342,254)	(124,813,413)
Debt securities	(27,437,336)	(31,784,618)
Subordinated debts	(7,890,663)	(7,575,105)
Lease liability	(142,003)	(102,989)
Other	(596)	0
Interest and similar expenses of liabilities measured at fair value through profit or loss	**(274,570,470)**	**(247,311,462)**
Financial liabilities held for trading	(942)	(47)
Financial liabilities designated at fair value through profit or loss	(65,468,093)	(77,840,895)
Derivatives held for trading	(139,356,192)	(95,956,533)
Derivatives used for hedging purposes	(69,745,243)	(73,513,987)
Interest expenses on assets	**(5,059)**	**(398,994)**
NET INTEREST INCOME	241,707,247	226,669,742

5.2. Net trading income

	30/06/24	30/06/25
Net income from trading transactions	9,138,435	9,662,721
of which income from trading securities	*4,874,911*	*(647,652)*
of which income from trading derivatives	*4,263,524*	*10,310,373*
Net income from hedging derivatives classified in the accounts as trading derivatives (accounting mismatch)	(14,898,402)	7,191,442
Net foreign exchange gain/(loss)	3,970,097	2,140,870
TOTAL	(1,789,870)	18,995,033

The "Net income from hedging derivatives" is mainly impacted by derivatives hedging financial liabilities designated at fair value through profit or loss (refer to note 5.3.).

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

	30/06/24	30/06/25
Net income on financial investments measured at fair value through other comprehensive income	696,602	300,200
Net income on financial investments at fair value through profit or loss	2,344,997	1,464,470
of which financial investments mandatorily fair value through profit or loss	*2,344,997*	*1,464,470*
Net income on financial liabilities designated at fair value through profit or loss	13,501,272	(8,082,836)
NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE	16,542,871	(6,318,166)
Fair value hedge	**65,105**	**469,299**
Change in the fair value of the hedged item attributable to the hedged risk	(30,962,483)	31,140,087
Fair value revaluation (+: gains/ -: losses) / Derivative Financial Instruments / Derivative Financial Instruments - Fair Value Hedge	31,027,588	(30,670,788)
NET RESULT OF HEDGE ACCOUNTING	65,105	469,299
TOTAL	16,607,976	(5,848,867)

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

	30/06/24	30/06/25
Net income on loans and advances measured at amortised cost	**127,336**	**555,534**
of which: gains on loans and advances	*127,336*	*555,534*
Net income on financial investments measured at amortised cost	**779,404**	**3,051,088**
of which: gains on financial investments	*1,061,682*	*3,079,835*
of which: losses on financial investments	*(282,278)*	*(28,747)*
Net income on financial liabilities at amortised cost	**31,272**	**12,433**
of which: gains on financial liabilities	*31,272*	*12,433*
TOTAL	938,012	3,619,055

5.5. Fee and commission income and expenses

	30/06/24			30/06/25		
	Income	Expenses	Net	Income	Expenses	Net
Management of unit trusts and mutual funds	5,454,026	(290,631)	5,163,395	5,784,075	(263,614)	5,520,461
Insurance activity	2,471,637	(615,537)	1,856,100	2,782,875	(521,662)	2,261,213
Credit activity	11,837,419	(468,369)	11,369,050	11,671,637	(258,841)	11,412,796
Purchase and sale on securities	9,206,501	(847,426)	8,359,075	23,752,332	(921,194)	22,831,138
Payment services	21,679,901	(11,726)	21,668,175	22,888,237	(6,012)	22,882,225
Commissions to non-exclusive brokers	0	(136,743)	(136,743)	0	(145,768)	(145,768)
Financial engineering	261,732	(29,162)	232,570	168,583	(64,798)	103,785
Services on securities other than safe keeping	1,666,951	(470,058)	1,196,893	1,362,635	(625,126)	737,509
Custody	14,812,749	(2,747,845)	12,064,904	15,243,896	(2,403,726)	12,840,170
Issues and placements of securities	13,292,452	(10,210,253)	3,082,199	160,916	(11,725,960)	(11,565,044)
Private banking	20,257,390	(889,682)	19,367,708	17,650,742	(282,573)	17,368,169
Clearing and settlement	8,604,974	(1,011,957)	7,593,017	8,387,297	(790,713)	7,596,584
Securities lending	0	(23,639)	(23,639)	0	(30,802)	(30,802)
Other	8,216,809	(56,941)	8,159,867	10,088,976	(1,608,205)	8,480,771
TOTAL	117,762,541	(17,809,969)	99,952,571	119,942,201	(19,648,994)	100,293,207

5.6. Other net income

	30/06/24	30/06/25
Rental income	160,038	160,486
Gains on tangible fixed assets	1,192,784	557,035
Technical margins insurance companies (income)	2,533,585	3,025,260
Fair value adjustments on investment property	400,000	0
Other income on other activities	8,911,404	10,374,739
OTHER INCOME	13,197,811	14,117,520
Operating taxes	(3,252,158)	(3,341,806)
Other bank charges	(3,013,324)	(3,013,324)
Losses on tangible fixed assets	(16,542)	(14,221)
Technical margins insurance companies (expenses)	(2,607,400)	(2,713,795)
Fair value adjustments on investment property	0	(1,379)
Provisions - Legal litigation claims - other operational	1,755,550	(168,984)
Other expenses on other activities	(4,554,284)	(2,895,060)
OTHER EXPENSES	(11,688,158)	(12,148,569)
TOTAL	1,509,653	1,968,951

The line item "Other income on other activities" primarily consists of write-backs of accrued expenses and provisions related to previous reporting periods.

The line item "Other bank charges" consists of contributions to the Fonds de garantie des dépôts Luxembourg.

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

The fair value of the main investment property amounts to EUR 37 million as at 30 June 2025 (EUR 37.6 million as at 30 June 2024) 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

	30/06/24			
	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**	**(35,721,179)**	**(16,789,875)**
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	(30,504,240)	(12,566,139)
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	(38,332,355)	(17,071,447)

	30/06/25			
	Stage 1	Stage 2	Stage 3	Total
Cash, balances with central banks and other demand deposits	**(2,540)**	**7**	**0**	**(2,533)**
Financial assets measured at amortised cost	**6,785,137**	**1,266,924**	**(12,414,326)**	**(4,362,265)**
Loans and advances to credit institutions measured at amortised cost	59,013	(2)	(11)	59,000
Loans and advances to customers measured at amortised cost	6,220,674	1,261,628	(12,414,315)	(4,932,013)
Debt securities measured at amortised cost	505,450	5,298	0	510,748
Financial assets measured at fair value through other comprehensive income	**3,506**	**0**	**0**	**3,506**
Debt securities measured at fair value through other comprehensive income	3,506	0	0	3,506
Other receivables	**0**	**0**	**(22,659)**	**(22,659)**
Off-balance sheet commitments	**173,322**	**(265,402)**	**1,615,237**	**1,523,157**
TOTAL IMPAIRMENTS	6,959,425	1,001,529	(10,821,748)	(2,860,794)

The expected credit losses measurement is detailed in Note 6.2.1.

5.8. Impairment on goodwill

In January 2025, BIL Group announced a new organisation of its wealth management activities that will operate under a two-headed leadership with targeted geographical markets for each business units in accordance with the new Strategic Plan "Building Tomorrow Together". This reorganisation performed at Group level led to a review of the allocation of the goodwill to the cash-generating units ("CGU") "Wealth Management" (BIL Luxembourg S.A.) and "Ex-KBLS" (BIL Suisse) where the goodwill originally allocated to "Ex-KBLS" CGU has been reassigned to a new CGU "Wealth Management – BIL Suisse" in accordance with IAS 36 with effect 30 June 2025 aligning with management decision on the organisation of Wealth Management activities.

BIL carried out an impairment test as at 30 June 2025 based on the former CGU "Ex-KBLS" (represented by Ex-KBL Assets under Management (AuM)) before the goodwill reallocation. The impairment test aimed to identify any potential impairment indicators under the former CGU prior to reallocation and leads to an impairment of the goodwill as at 30 June 2025 of EUR 1.7 million (CHF 1.6 million), as the recoverable amount is below the carrying amount. The goodwill from the acquisition of KBL (Switzerland) Ltd is measured at EUR 20.5 million (CHF 19.2 million) as at 30 June 2025 (after impairment) against EUR 22.1 million (CHF 20.8 million) as at 31 December 2024.

The total impairment that has been recorded amounts to EUR 3.9 million (CHF 3.7 million).

The impairment test is based on the valuation of the related AuM through multiples observed from transactions related to comparable business. The sensitivity test of +/- 10 bps on multiples generates a EUR +/- 1.5 million increase/decrease of goodwill valuation and +/- 5% on AuM generates EUR +/- 1 million increase/decrease of goodwill valuation.

5.9. Income Taxes – Global Minimum Tax

BIL Group, as part of Legend Holdings Group, is within the scope of the OECD/EU Pillar Two model rules instituting a minimum corporate income tax for international groups. Pillar Two legislation has been enacted or substantively enacted in the jurisdictions in which BIL Group operates. The legislation came into effect for the BIL Group's financial year beginning on or after 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 Two regulation, according to the amendments to IAS 12 issued in May 2023.

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

BIL Group performed an impact assessment of the OECD transitional safe harbour rules and the full Pillar Two rules and concluded that it should not be subject to top-up tax in any jurisdiction, except for Hong Kong, where a potential exposure may exist. However, on the basis of the preliminary calculation based on the financial data for the first semester of 2025, no significant impact in terms of potential top-up tax is expected.

5.10. Discontinued operations

On 7 May 2025, BIL signed a Sale Purchase Agreement with Waystone for the sale of the subsidiary BIL Manage Invest S.A. (BMI S.A.) with a completion date expected for year-end.

BMI S.A. activities are therefore classified as a "disposal group" meeting the definition of discontinued operations under IFRS 5 "Non-current assets held for sale and discontinued operations" as at 30 June 2025.

	30/06/24	30/06/25
Interest income	222,411	150,331
Interest expenses	0	0
Net trading income	0	84
Fee and commission income	10,877,616	15,213,570
Fee and commission expenses	(7,177,177)	(10,590,388)
Other net income	(11,488)	3,503
Staff expenses	(1,823,185)	(1,744,360)
General and administrative expenses	(885,358)	(891,488)
Amortisation of tangible, intangible and right-of-use assets	(50,964)	(57,325)
Net impairment on financial instruments and provisions for credit commitments	(303,631)	(497,331)
Tax expenses	(219,967)	(9,846)
DISCONTINUED OPERATIONS, NET OF TAX	628,257	1,576,750

Net Cash Flow from discontinued operations is presented hereafter:

	30/06/24	30/06/25
NET CASH FLOW FROM OPERATING ACTIVITIES	107,085	70,804
NET CASH FLOW FROM INVESTING ACTIVITIES	(107,085)	(70,804)
NET CASH FLOW FROM FINANCING ACTIVITIES	0	0
NET INCREASE IN CASH GENERATED BY THE DISCONTINUED OPERATIONS	0	0

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	31/12/24			30/06/25		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and balances with central banks and demand deposits	1,444,074,073	1,444,074,073	0	1,076,628,315	1,076,628,315	0
Financial assets held for trading	30,084,003	30,084,003	0	18,997,458	18,997,458	0
Financial investments measured at fair value	662,588,667	662,588,667	0	604,405,219	604,405,219	0
Financial assets at fair value through other comprehensive income	*629,555,261*	*629,555,261*	*0*	*565,388,691*	*565,388,691*	*0*
Non-trading financial assets mandatorily at fair value through profit or loss	*33,033,406*	*33,033,406*	*0*	*39,016,528*	*39,016,528*	*0*
Loans and advances to credit institutions	1,911,806,505	1,912,218,847	412,342	1,799,742,014	1,799,739,099	(2,915)
Loans and advances to customers	16,171,572,686	15,833,961,468	(337,611,218)	15,878,453,759	15,518,666,874	(359,786,885)
Financial investments measured at amortised cost	9,149,825,205	9,035,335,854	(114,489,351)	9,439,923,843	9,377,266,719	(62,657,124)
Derivatives	517,156,129	517,156,129	0	374,953,018	374,953,018	0
TOTAL	29,887,107,268	29,435,419,041	(451,688,227)	29,193,103,626	28,770,656,702	(422,446,924)

FAIR VALUE OF LIABILITIES	31/12/24			30/06/25		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Amounts due to credit institutions	2,795,687,676	2,790,468,962	(5,218,714)	2,807,531,618	2,802,060,254	(5,471,364)
Amounts due to customers	18,761,707,607	18,763,137,808	1,430,201	18,340,020,871	18,337,659,440	(2,361,431)
Financial liabilities measured at fair value through profit or loss	3,218,662,440	3,218,662,440	0	3,217,447,724	3,217,447,724	0
Derivatives	392,130,132	392,130,132	0	392,459,596	392,459,596	0
Debt securities	2,431,745,499	2,410,832,456	(20,913,043)	2,061,981,735	2,029,352,061	(32,629,674)
Subordinated debts	351,753,210	332,855,477	(18,897,733)	338,773,161	324,072,652	(14,700,509)
TOTAL	27,951,686,564	27,908,087,275	(43,599,289)	27,158,214,705	27,103,051,727	(55,162,978)

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.

	31/12/24			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	1,912,218,847	0	1,912,218,847
Loans and advances to customers	0	15,833,961,468	0	15,833,961,468
Financial investments measured at amortised cost	82,097,778	8,953,238,076	0	9,035,335,854
Financial assets measured at fair value				
Financial assets held for trading	0	28,538,689	1,545,314	30,084,003
Financial investments measured at fair value	349,002,977	44,360,962	269,224,728	662,588,667
Financial assets at fair value through other comprehensive income	*349,002,977*	*14,909,929*	*265,642,355*	*629,555,261*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*29,451,033*	*3,582,373*	*33,033,406*
Derivatives	0	495,141,078	22,015,051	517,156,129
TOTAL	431,100,755	27,267,459,120	292,785,093	27,991,344,968

	30/06/25			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
Loans and advances to credit institutions	0	1,799,739,099	0	1,799,739,099
Loans and advances to customers	0	15,518,666,874	0	15,518,666,874
Financial investments measured at amortised cost	99,654,223	9,277,612,496	0	9,377,266,719
Financial assets measured at fair value				
Financial assets held for trading	0	11,669,171	7,328,287	18,997,458
Financial investments measured at fair value	266,350,260	54,588,254	283,466,705	604,405,219
Financial assets at fair value through other comprehensive income	*266,350,260*	*19,077,429*	*279,961,002*	*565,388,691*
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*35,510,825*	*3,505,703*	*39,016,528*
Derivatives	0	349,541,211	25,411,807	374,953,018
TOTAL	366,004,483	27,011,817,105	316,206,799	27,694,028,387

LIABILITIES	31/12/24 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	2,790,468,962	0	2,790,468,962
Amounts due to customers	0	18,763,137,808	0	18,763,137,808
Debt securities	0	2,410,832,456	0	2,410,832,456
Subordinated debts	0	332,855,477	0	332,855,477
Financial liabilities measured at fair value				
Financial liabilities held for trading	0	0	0	0
Financial liabilities designated at fair value	0	1,999,450,082	1,219,212,358	3,218,662,440
Derivatives	0	322,915,394	69,214,738	392,130,132
TOTAL	0	26,619,660,179	1,288,427,096	27,908,087,275

LIABILITIES	30/06/25 Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value				
Amounts due to credit institutions	0	2,802,060,254	0	2,802,060,254
Amounts due to customers	0	18,337,659,440	0	18,337,659,440
Debt securities	0	2,029,352,061	0	2,029,352,061
Subordinated debts	0	324,072,652	0	324,072,652
Financial liabilities measured at fair value				
Financial liabilities held for trading	0	0	7,027	7,027
Financial liabilities designated at fair value	0	1,940,373,452	1,277,067,245	3,217,440,697
Derivatives	0	322,254,204	70,205,392	392,459,596
TOTAL	0	25,755,772,063	1,347,279,664	27,103,051,727

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 2024 and in the first half of 2025.

6.1.4. Level 3 reconciliation

ASSETS	31/12/24 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	67,640	0	843,274	(3,109,086)	0	0	0	1,545,314
Financial assets measured at fair value	309,687,983	16,916	(44,689,232)	4,212,947	0	0	0	(3,887)	269,224,728
Derivatives	25,287,852	(23,747,392)	0	20,474,591	0	0	0	0	22,015,051
TOTAL	338,719,321	(23,662,836)	(44,689,232)	25,530,812	(3,109,086)	0	0	(3,887)	292,785,093

ASSETS	30/06/25 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	1,545,314	63,144	0	6,538,250	(818,421)	0	0	0	7,328,287
Financial assets measured at fair value	269,224,728	(76,670)	13,463,779	870,000	(16,151)	0	0	1,019	283,466,705
Derivatives	22,015,051	(9,866,648)	0	13,263,404	0	0	0	0	25,411,807
TOTAL	292,785,093	(9,880,174)	13,463,779	20,671,654	(834,572)	0	0	1,019	316,206,799

LIABILITIES	31/12/24 Opening	Total gains and losses in consolidated statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Conversion differences	Closing
Financial liabilities held for trading	0	0	0	0	0	0	0	0
Financial liabilities designated at fair value	1,107,245,498	(9,910,751)	1,070,996,177	(951,519,153)	0	0	2,400,587	1,219,212,358
Derivatives	42,096,018	(15,657,240)	42,775,960	0	0	0	0	69,214,738
TOTAL	1,149,341,516	(25,567,991)	1,113,772,137	(951,519,153)	0	0	2,400,587	1,288,427,096

LIABILITIES	30/06/25 Opening	Total gains and losses in consolidated statement of income	Purchase	Settlement	Sale	Transfer to Level 3	Conversion differences	Closing
Financial liabilities held for trading	0	0	7,027	0	0	0	0	7,027
Financial liabilities designated at fair value	1,219,212,358	1,769,463	650,115,873	(563,830,416)	0	0	(30,200,033)	1,277,067,245
Derivatives	69,214,738	(12,247,690)	13,238,344	0	0	0	0	70,205,392
TOTAL	1,288,427,096	(10,478,227)	663,361,244	(563,830,416)	0	0	(30,200,033)	1,347,279,664

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 other models)

6.1.6. Valuation techniques, valuation inputs and relations to fair value 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 instrument is BIL's participation in the 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;
- Classification in IFRS 9 staging (1, 2 or 3).

DEFINITION OF DEFAULT

Default is defined as the inability of a borrower or guarantor to meet 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 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 Group Deteriorated Debt 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

The Group has implemented a 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 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. Refer 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 only 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. Moreover, 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 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. The scenario weights may be subject to post-model adjustments following management decisions. Please refer to note 6.2.1.4.

		LUXEMBOURG						EUROZONE					
In %		December 2024			June 2025			December 2024			June 2025		
		Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
Real GDP	2024	0.41	0.41	0.41	1.02	1.02	1.02	0.76	0.76	0.76	0.83	0.83	0.83
	2025	1.46	3.29	(2.08)	1.04	1.66	0.11	1.15	2.79	(2.44)	0.93	1.49	(0.03)
	2026	2.15	2.68	0.04	2.11	3.94	(2.23)	1.29	1.89	(0.86)	0.82	2.48	(3.59)
	2027	2.86	2.58	4.27	2.46	2.20	3.09	1.82	1.66	3.26	1.95	1.83	2.57
	2028	3.08	3.05	3.57	2.73	2.59	3.70	1.63	1.58	2.21	1.94	1.83	3.00
	2029				2.61	2.61	2.73				1.76	1.72	1.92
Un-employment	2024	5.71	5.71	5.71	5.75	5.75	5.75	6.39	6.39	6.39	6.37	6.37	6.37
	2025	5.52	5.47	6.18	5.76	5.74	5.81	6.43	6.16	7.06	6.36	6.26	6.50
	2026	5.46	5.39	6.81	5.49	5.23	6.10	6.36	5.90	7.88	6.46	6.04	7.56
	2027	5.44	5.31	6.84	5.45	5.04	6.24	6.25	5.84	7.54	6.32	5.84	7.69
	2028	5.46	5.28	6.67	5.48	5.23	6.12	6.16	5.83	6.98	6.20	5.79	7.12
	2029				5.56	5.43	6.01				6.11	5.80	6.66
Consumer Prices	2024	2.23	2.23	2.23	2.27	2.27	2.27	2.36	2.36	2.36	2.36	2.36	2.36
	2025	1.88	2.12	1.15	2.14	2.21	1.83	1.99	2.28	1.30	2.02	2.14	1.76
	2026	2.42	2.59	1.78	2.08	2.40	1.15	1.89	2.07	1.11	1.95	2.27	0.90
	2027	1.92	1.84	1.79	1.77	1.74	1.89	1.89	1.86	1.73	1.92	1.97	1.65
	2028	2.12	2.11	1.67	2.04	1.99	1.86	2.11	2.15	1.84	2.05	2.06	1.82
	2029				1.97	1.98	1.65				2.10	2.14	1.90
Stock Prices	2024	(3.71)	(3.71)	(3.71)	(5.01)	(5.01)	(5.01)	13.71	13.71	13.71	13.74	13.74	13.74
	2025	9.43	21.71	(25.74)	8.83	14.06	(5.97)	2.90	12.13	(25.38)	12.92	17.10	0.90
	2026	7.50	8.51	12.76	12.26	21.60	(13.34)	1.02	2.14	2.33	4.29	11.58	(19.04)
	2027	7.44	4.57	24.62	8.95	6.77	27.33	3.31	1.35	17.57	3.85	2.48	17.45
	2028	2.07	(1.24)	12.38	1.93	(1.27)	15.73	3.69	0.94	13.20	3.32	0.83	15.93
	2029				1.91	(0.58)	7.29				2.96	0.91	8.66
Residential Property Prices	2024	(5.45)	(5.45)	(5.45)	(5.73)	(5.73)	(5.73)	1.72	1.72	1.72	2.00	2.00	2.00
	2025	3.20	4.70	(1.21)	3.40	3.98	2.24	3.27	4.41	(0.76)	4.13	4.49	3.23
	2026	4.38	4.51	0.94	3.16	4.32	(2.94)	3.44	4.81	(1.82)	4.13	5.74	(2.45)
	2027	3.06	2.92	4.97	2.92	2.29	3.30	3.89	4.54	3.89	4.37	5.02	1.79
	2028	3.57	3.37	4.29	3.11	3.21	4.76	4.25	4.55	5.50	4.21	4.56	4.99
	2029				3.12	3.27	3.17				3.74	4.06	4.87

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			31/12/24		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	10%	30%	23.94	17.20	41.14
Modelled ECL	60%	20%	20%	22.68	16.63	39.31
Stressed ECL	100%	0%	0%	20.61	15.85	36.46
	0%	100%	0%	19.46	14.98	34.44
	0%	0%	100%	32.11	20.63	52.74
	80%	0%	20%	22.91	16.81	39.72
	60%	5%	35%	24.58	17.48	42.06
	60%	0%	40%	25.21	17.76	42.97

(in EUR million)	Scenarios weights			30/06/25		
	Baseline	Upside	Downside	Stage 1	Stage 2	Total
Reported ECL	60%	20%	20%	16.95	15.74	32.69
Modelled ECL	60%	10%	30%	18.22	16.33	34.55
Stressed ECL	100%	0%	0%	14.95	14.94	29.89
	0%	100%	0%	13.65	14.00	27.65
	0%	0%	100%	26.29	19.90	46.19
	80%	0%	20%	17.21	15.93	33.14
	60%	5%	35%	18.85	16.63	35.48
	60%	0%	40%	19.48	16.92	36.40

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, the deteriorated macroeconomic environment following the Russia-Ukraine conflict or the deteriorated real estate development sector. These adjustments are closely followed up and are by nature temporary before these circumstances are being captured within the ECL process. New circumstances are also directly captured through targeted credit risk management practices.

ECL POST-MODEL ADJUSTMENT

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

Since 30 June 2022 and until 31 December 2024, the Group had implemented a Post-Model Adjustment on its modelled ECL where it reviewed the weighting of each macroeconomic scenario:

- The modelled ECL were 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 were 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%.

As at 30 June 2025, the Group has decided to remove this Post-Model Adjustment and to remove the overweight of the downside scenario. The ECL reported are calculated by applying following weightings to the three macroeconomic scenarios: 60% for the baseline scenario and 20% for each of the 2 alternative ones, aligned with the model principles.

The removal of the Post-Model Adjustment is motivated by the fact that the Russia-Ukraine conflict and the challenging macroeconomic environment are now considered as a key assumption fully integrated in the Baseline scenario. An increase in the weight of the downside scenario to 30% is deemed inappropriate given the revision of the scenarios.

As at 31 December 2024, the impact of the Post-Model Adjustment on the modelled ECL for the Stage 1 and Stage 2 exposures was EUR 1.8 million. The impact of the Stage 3 modelled ECL (excluding Expert-Judgement ECL) was EUR 2.9 million, thus a total Post-model Adjustment of EUR 4.7 million as at 31 December 2024. It was calculated at Group level with major contributor being BIL, head office of the Group.

Refer to the section "ECL Sensitivity" for the detailed figures of the modelled ECL for the reported ECL and for different scenario weightings of the macroeconomic scenarios.

ECL Post-Model Adjustment - Macroeconomic variables

During the first half of 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 was therefore deemed as not fit for purpose, and the Bank had decided to maintain the previous parameter projection.

As at 30 June 2025, the Bank has decided to remove this Post-Model Adjustment as the data as at 30 June 2025 did not show significant deviations and are therefore deemed fit for purpose. As at 31 December 2024, the impact of this post-model adjustment was EUR 8.6 million, of which EUR 7.6 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 may be required under the form of management overlays.

ECL Management Overlay (Minimum Disposable Income) (implemented in 2023 – removed in June 2025)

As at 31 December 2023, the Bank had 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 was unable to determine the minimum disposable income due to a lack of sufficient data in the information system.

As at 30 June 2025, the Bank has chosen to remove this management overlay following remediation measures to collect lacking information on clients. As at 31 December 2024, the impact of this management overlay was EUR 1.7 million.

ECL Management Overlay (Outreach programme – bridge loans and maturing fixed-rate loans)
(implemented in 2023 – removed in June 2025)

As at 31 December 2023, the Bank had chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with a fixed-rate loan whose terms will be reset to current market conditions and clients with a bridge loan that is approaching maturity.

As at 30 June 2025, the Bank has chosen to remove this management overlay as the interest rates have significantly decreased compared to the period when this management overlay was implemented. As at 31 December 2024, the impact of this management overlay was EUR 1.8 million.

ECL Management Overlay (Acquisition, Development and Construction portfolio)
(implemented in June 2024 – maintained in June 2025)

As at 30 June 2024, the Bank introduced a new management overlay within the ADC portfolio targeted at property developers. The rationale behind the introduction of this overlay was based on the current uncertainty on near-term recovery prospects for off-plan sales. As at 30 June 2025, the situation of the real estate development sector in Luxembourg is still complex and uncertain. For this reason, the Bank has decided to maintain this management overlay. The impact of this management overlay amounts to EUR 16.2 million as at 30 June 2025 (including Stage 3 exposures for EUR 11.9 million) (EUR 15.3 million as at 31 December 2024 of which Stage 3 exposures for EUR 9.6 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)	Stage	31/12/24	30/06/25
ECL Modelled	Stage 1	16	14
	Stage 2	14	14
ECL Post-Model Adjustment (Scenario Weighting)	Stage 1	1	
	Stage 2	1	
Subtotal	**Stage 1**	**17**	**14**
	Stage 2	**15**	**14**
ECL Post-Model Adjustment (Macroeconomic variables)	Stage 1	1	
	Stage 2	0	
ECL Management Overlay (Minimum Disposable Income)	Stage 1	1	
	Stage 2	1	
ECL Management Overlay (Outreach Programme- Bridge Loans and Maturing Fixed-Rate Loans)	Stage 1	1	
	Stage 2	0	
ECL Management Overlay (ADC)	Stage 1	4	3
	Stage 2	1	2
TOTAL	Stage 1	24	17
	Stage 2	17	16

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 did not proceed to any major update of its IFRS 9 provisioning models that would have a material impact on the financial statements as at 30 June 2025.

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 impairment. The risks cover all entities in which BIL is a majority shareholder.

Exposures by counterparty (in EUR million)	31/12/24	30/06/25	Variation
Individuals, SME & Self-Employed	11,091	10,438	(653)
Central Governments	9,214	8,987	(227)
Corporate	7,031	6,610	(421)
Financial Institutions	3,865	3,717	(148)
Public Sector Entities	962	1,124	162
Securitisation	606	646	40
Others	9	3	(6)
TOTAL	32,778	31,525	(1,253)

Exposures by geographic region (in EUR million)	31/12/24	30/06/25	Variation
Luxembourg	17,967	16,669	(1,298)
France	3,939	4,102	163
Belgium	2,304	2,432	128
Germany	1,912	1,676	(236)
Switzerland	1,318	1,167	(151)
Other EU countries	1,157	1,147	(10)
United States and Canada	1,191	1,037	(154)
Spain	816	919	103
Rest of Europe	466	848	382
Others	776	789	13
Asia	451	364	(87)
China	248	233	(15)
Middle East	114	75	(39)
Russia	79	46	(33)
Australia	40	21	(19)
TOTAL	32,778	31,525	(1,253)

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 (in EUR million)	31/12/24						30/06/25					
	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	14	267	430	275	0	986	2	225	337	198	0	762
Commitments in respect of loans granted	466	758	942	884	0	3,050	427	901	827	973	0	3,128
Financial investments at FVOCI (excluding variable income securities)	62	33	0	0	0	95	282	0	0	0	0	282
Financial investments at amortised cost	6,589	2,217	91	15	0	8,912	7,500	1,802	46	31	0	9,379
Loans and advances at amortised cost	2,458	5,926	5,941	1,486	0	15,811	1,625	6,027	5,333	1,752	0	14,737
Other financial instruments at amortised cost	7	42	0	725	0	774	3	7	0	321	0	331
TOTAL Stage 1 Exposures	9,596	9,243	7,404	3,385	0	29,628	9,839	8,962	6,543	3,275	0	28,619

Stage 2 Credit Risk Exposures (in EUR million)	31/12/24						30/06/25					
	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	1	5	79	75	0	160	1	17	140	0	0	158
Commitments in respect of loans granted	0	56	209	3	0	268	0	63	168	4	0	235
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	15	0	0	0	15
Loans and advances at amortised cost	17	359	1,352	63	0	1,791	17	311	1,229	79	0	1,636
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 2 Exposures	18	420	1,640	141	0	2,219	18	406	1,537	83	0	2,044

Stage 3 Credit Risk Exposures (in EUR million)	31/12/24						30/06/25					
	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	0	0	0	0	37	37	0	0	0	0	40	40
Commitments in respect of loans granted	0	0	0	0	1	1	0	0	0	0	0	0
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	9	9
Loans and advances at amortised cost	13	0	0	0	620	633	12	2	0	0	583	597
Other financial instruments at amortised cost	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Stage 3 Exposures	13	0	0	0	658	671	12	2	0	0	632	646

Credit Risk Exposures without staging (in EUR million)	31/12/24						30/06/25					
	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	18	226	6	10	0	260	13	191	3	9	0	216
Financial assets held-for-trading	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Exposures without staging	18	226	6	10	0	260	13	191	3	9	0	216
TOTAL All Stages	9,645	9,889	9,050	3,536	658	32,778	9,882	9,561	8,083	3,367	632	31,525

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. 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

31/12/24 (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)	95	0	0	0	0	0	95	0
Financial assets held-for-trading	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	19,927	249	0	2,532	8,221	11,002	8,925	227
Financial investments at amortised cost	8,913	688	0	0	0	688	8,225	2
Derivatives	260	0	0	0	0	0	260	0
Other financial instruments at amortised cost	1,025	0	250	0	0	250	775	0
Commitments in respect of guarantees given	1,257	5	0	74	13	92	1,165	8
Commitments in respect of loans granted	3,492	253	32	479	333	1,097	2,395	5
TOTAL	34,969	1,195	282	3,085	8,567	13,129	21,840	242

30/06/25 (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)	282	0	0	0	0	0	282	0
Financial assets held-for-trading	0	0	0	0	0	0	0	0
Loans and advances at amortised cost	18,674	166	0	2,405	8,239	10,810	7,864	224
Financial investments at amortised cost	9,403	1,055	0	0	0	1,055	8,348	1
Derivatives	217	0	0	0	0	0	217	0
Other financial instruments at amortised cost	545	0	5	209	0	214	331	0
Commitments in respect of guarantees given	1,033	2	0	75	17	94	939	7
Commitments in respect of loans granted	3,579	250	0	637	375	1,262	2,317	4
TOTAL	33,733	1,473	5	3,326	8,631	13,435	20,298	236

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

	31/12/24		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	53,278,235	34,516,146	20,264,811
TOTAL	53,278,235	34,516,146	20,264,811

	30/06/25		
	Past due but not impaired assets		
	< 30 days	30 days <> 90 days	> 90 days
Loans and advances	96,426,833	27,453,071	2,000,799
TOTAL	96,426,833	27,453,071	2,000,799

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.

The figures as at 31 December 2024 have been restated compared with the consolidated financial statements as at 31 December 2024. The current note now discloses the carrying amount of non-impaired financial assets, whereas previously only the past-due cash-flows of such financial assets were disclosed.

6.2.2.4 Credit risk mitigation for credit-impaired assets

	31/12/24			
	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	9,020,124	(2,097,356)	6,922,768	0
Loans and advances measured at amortised cost	821,130,448	(200,407,322)	620,723,126	566,634,293
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	830,150,573	(202,504,678)	627,645,894	566,634,293

	30/06/25			
	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	8,803,379	(2,097,356)	6,706,023	0
Loans and advances measured at amortised cost	798,550,777	(204,832,657)	593,718,120	539,104,393
TOTAL CREDIT-IMPAIRED DEBT INSTRUMENTS	807,354,156	(206,930,012)	600,424,143	539,104,393

Type of assets obtained during the period by taking possession of the guarantees held	Carrying value	
	31/12/24	30/06/25
Cash	11,052,073	16,261,207
TOTAL	11,052,073	16,261,207

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)

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 1 JANUARY	2,941,588,452	131,919	0	2,941,720,371
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	0	0		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	64,866,285	0	0	64,866,285
Purchase	0	0	0	0
Derecognition during the period other than write-offs	(1,560,671,091)	(129,105)	0	(1,560,800,196)
Changes in interest accrual	(1,332,637)	0	0	(1,332,637)
Conversion difference (FX change)	(367,397)	0	0	(367,397)
Other movements	(2,463)	0	0	(2,463)
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 31 DECEMBER	1,444,081,149	2,814	0	1,444,083,963

	2025			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 1 JANUARY	1,444,081,149	2,814	0	1,444,083,963
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	0	0		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	805,174,949	637	0	805,175,586
Purchase	0	0	0	0
Derecognition during the period other than write-offs	(1,173,300,664)	0	0	(1,173,300,664)
Changes in interest accrual	(151,419)	0	0	(151,419)
Write-offs	0	0	0	0
Conversion difference (FX change)	834,940	0	0	834,940
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS AS AT 30 JUNE	1,076,638,955	3,451	0	1,076,642,406

	2024			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	14,554,111,148	1,984,584,866	775,812,642	17,314,508,656
From Stage 1 to Stage 2	(1,043,674,136)	1,043,674,136		0
From Stage 2 to Stage 1	640,291,952	(640,291,952)		0
From Stage 2 to Stage 3		(67,976,980)	67,976,980	0
From Stage 3 to Stage 2		35,393,588	(35,393,588)	0
From Stage 1 to Stage 3	(160,641,415)		160,641,415	0
From Stage 3 to Stage 1	30,880,689		(30,880,689)	0
Origination	4,915,937,075	210,072,753	89,975,719	5,215,985,547
Derecognition during the period other than write-offs	(3,280,531,039)	(723,397,739)	(146,420,662)	(4,150,349,440)
Changes in interest accrual	6,167,331	(493,944)	7,494,143	13,167,530
Changes in fair value	(466,100)	3,252,422	0	2,786,322
Write-offs	0	0	(68,093,133)	(68,093,133)
Conversion difference (FX change)	(2,702,050)	(8,317,289)	17,621	(11,001,718)
Other movements	0	0	0	0
LOANS AND ADVANCES AS AT 31 DECEMBER	15,659,373,455	1,836,499,861	821,130,448	18,317,003,764

	2025			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
LOANS AND ADVANCES AS AT 1 JANUARY	15,659,373,455	1,836,499,861	821,130,448	18,317,003,764
From Stage 1 to Stage 2	(449,409,293)	449,409,293		0
From Stage 2 to Stage 1	329,592,437	(329,592,437)		0
From Stage 2 to Stage 3		(72,183,537)	72,183,537	0
From Stage 3 to Stage 2		9,021,091	(9,021,091)	0
From Stage 1 to Stage 3	(72,010,739)		72,010,739	0
From Stage 3 to Stage 1	10,685,474		(10,685,474)	0
Origination	3,389,249,654	108,235,132	82,887,807	3,580,372,593
Derecognition during the period other than write-offs	(3,427,958,682)	(317,936,513)	(220,720,327)	(3,966,615,522)
Changes in interest accrual	(4,474,641)	(837,603)	(1,668,363)	(6,980,607)
Changes in fair value	(1,355,361)	0	0	(1,355,361)
Write-offs	0	0	(6,682,142)	(6,682,142)
Conversion difference (FX change)	(6,234,905)	(403,218)	(884,357)	(7,522,480)
LOANS AND ADVANCES AS AT 30 JUNE	15,427,457,399	1,682,212,069	798,550,777	17,908,220,245

	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	(5,182,468)	5,182,468		0
From Stage 2 to Stage 1	87,998,400	(87,998,400)		0
From Stage 2 to Stage 3		(100,000)	100,000	0
From Stage 3 to Stage 2		0	0	0
From Stage 1 to Stage 3	(8,480,518)		8,480,518	0
From Stage 3 to Stage 1	0		0	0
Origination	0	0	0	0
Purchase	2,574,084,485	0	0	2,574,084,485
Derecognition during the period other than write-offs	(2,122,648,559)	(28,992,100)	(207,900)	(2,151,848,559)
Changes in interest accrual	10,612,881	(826,757)	331,652	10,117,776
Changes in premium / discount	28,554,965	(209,183)	205,928	28,551,710
Changes in fair value	181,272,667	0	0	181,272,667
Conversion difference (FX change)	(1,897,951)	(94,190)	109,926	(1,882,215)
Other movements	0	0	0	0
DEBT SECURITIES AS AT 31 DECEMBER	9,493,654,283	15,001,595	9,020,124	9,517,676,002

	2025			
	Outstanding amounts			
	Stage 1	Stage 2	Stage 3	Total
DEBT SECURITIES AS AT 1 JANUARY	9,493,654,283	15,001,595	9,020,124	9,517,676,002
From Stage 1 to Stage 2	0	0		0
From Stage 2 to Stage 1	100,000	(100,000)		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	1,586,239,487	0	0	1,586,239,487
Derecognition during the period other than write-offs	(1,386,411,622)	0	0	(1,386,411,622)
Changes in interest accrual	(944,695)	21,592	(218,717)	(1,141,820)
Changes in premium / discount	(21,140,601)	(699,462)	1,968	(21,838,095)
Changes in fair value	33,950,221	0	0	33,950,221
Conversion difference (FX change)	357,639	(62,887)	4	294,756
Other movements	(876,438)	876,438	0	0
DEBT SECURITIES AS AT 30 JUNE	9,704,928,274	15,037,276	8,803,379	9,728,768,929

6.2.2.6 Movements in allowances for credit losses

	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 31/12/24	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)**	**(11,975,898)**	**9,376,938**	**11,635,482**	**0**	**11,934,312**	**0**	**(284,092)**	**(20,912,560)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(28,638)	0	0	(2,958)	0	0	0	21,768	(9,828)	n.a.	n.a.
Debt securities at amortised cost	(2,814,920)	(1,182,617)	325,170	1,445,938	0	414,339	0	2,683	(1,809,407)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(45,885)	(103,029)	117,040	10,311	0	0	0	(50)	(21,613)	n.a.	n.a.
Loans and advances at amortised cost	(38,709,860)	(10,690,252)	8,934,728	10,182,191	0	11,519,973	0	(308,493)	(19,071,713)	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**	**5,778,825**	**(9,524,597)**	**0**	**12,966,796**	**0**	**(193,720)**	**(14,155,116)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(3,554)	0	0	3,551	0	0	0	(59)	(62)	n.a.	n.a.
Debt securities at amortised cost	(633,828)	0	39,249	465,219	0	118,432	0	1,414	(9,515)	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	5,739,576	(9,993,367)	0	12,848,364	0	(195,075)	(14,145,540)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(211,779,952)**	**0**	**10,452,541**	**(72,967,061)**	**0**	**6,635,071**	**68,609,907**	**(3,455,184)**	**(202,504,678)**	**3,495,932**	**(76,952,086)**
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	(2,275,071)	0	0	0	177,715	(2,097,356)	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	10,452,541	(70,691,990)	0	6,635,071	68,609,907	(3,632,898)	(200,407,322)	3,495,932	(76,952,086)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(276,561,675)	(11,975,898)	25,608,304	(70,856,176)	0	31,536,179	68,609,907	(3,932,996)	(237,572,355)	3,495,932	(76,952,086)
Commitments and financial guarantees given (Stage 1)	(8,053,344)	(5,089,846)	1,593,826	5,423,268	0	2,970,843	0	59,287	(3,095,966)	0	0
Commitments and financial guarantees given (Stage 2)	(3,075,210)	(1,656,487)	854,792	(3,961,398)	0	4,736,195	0	81,958	(3,020,150)	0	0
Commitments and financial guarantees given (Stage 3)	(5,369,908)	(3,286,788)	4,116,111	(2,636,537)	0	176,082	0	63,134	(6,937,906)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(16,498,462)	(10,033,121)	6,564,729	(1,174,667)	0	7,883,120	0	204,379	(13,054,022)	0	0

	As at 01/01/25	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 30/06/25	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)	**(20,912,560)**	**(3,265,964)**	**1,658,628**	**8,393,440**	**0**	**0**	**0**	**73,406**	**(14,053,050)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(9,828)	0	0	(2,540)	0	0	0	(1,662)	(14,030)	n.a.	n.a.
Debt securities at amortised cost	(1,809,407)	(28,284)	0	533,734	0	0	0	6,271	(1,297,686)	n.a.	n.a.
Debt securities at fair value through other comprehensive income	(21,613)	(877)	0	4,383	0	0	0	1	(18,106)	n.a.	n.a.
Loans and advances at amortised cost	(19,071,712)	(3,236,803)	1,658,628	7,857,863	0	0	0	68,796	(12,723,228)	n.a.	n.a.
Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**(14,155,116)**	**0**	**1,515,823**	**(248,892)**	**0**	**0**	**0**	**415,290**	**(12,472,896)**	**n.a.**	**n.a.**
Cash, balances with central banks and demand deposits	(62)	0	0	7	0	0	0	(6)	(61)	n.a.	n.a.
Debt securities at amortised cost	(9,515)	0	0	5,298	0	0	0	(31)	(4,248)	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	(14,145,540)	0	1,515,823	(254,197)	0	0	0	415,327	(12,468,586)	n.a.	n.a.
Allowances for credit-impaired debt instruments (Stage 3)	**(202,504,678)**	**0**	**3,023,783**	**(14,191,571)**	**0**	**0**	**6,699,007**	**43,447**	**(206,930,012)**	**206,714**	**(8,113,714)**
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	(2,097,356)	0	0	0	0	0	0	1	(2,097,356)	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	(200,407,322)	0	3,023,783	(14,191,571)	0	0	6,699,007	43,447	(204,832,657)	206,714	(8,113,714)
TOTAL ALLOWANCES FOR DEBT INSTRUMENTS	(237,572,354)	(3,265,964)	6,198,234	(6,047,023)	0	0	6,699,007	532,143	(233,455,959)	206,714	(8,113,714)
Commitments and financial guarantees given (Stage 1)	(3,095,965)	(1,321,582)	470,793	1,024,111	0	0	0	37,022	(2,885,621)	0	0
Commitments and financial guarantees given (Stage 2)	(3,020,150)	(114,538)	156,923	(307,787)	0	0	0	(18,696)	(3,304,248)	0	0
Commitments and financial guarantees given (Stage 3)	(6,937,906)	(484)	598,210	1,017,511	0	0	0	307	(5,322,362)	0	0
TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES	(13,054,021)	(1,436,604)	1,225,926	1,733,835	0	0	0	18,633	(11,512,231)	0	0

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

	31/12/24			
	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	3,218,662,440	729,638	(1,684,614)	(104,748,270)

	30/06/25			
	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	3,217,440,697	533,217	(1,151,397)	(95,021,864)

In 2024 and the first half of 2025, 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, postponements, 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.

	31/12/24	30/06/25
Debt securities	8,691,807	8,691,590
Loans and advances	585,887,657	620,121,078
Given banking guarantees	8,397,010	22,433,328
FORBORNE EXPOSURES	602,976,474	651,245,997

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 payments totalling approximately USD 55 million, 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.

Following these decisions, the only claim remaining against BIL was 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 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. On 5 August 2025, the Court of Appeals issued its decision on the appeals, holding that all claims brought by the liquidators, including the constructive trust claims, must be dismissed.

While these appeals were underway, 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 served discovery requests on BIL, amongst other banks, and BIL 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. On 3 June 2025, the Bankruptcy Court entered an order denying this motion to dismiss. However, in light of the 5 August 2025 Court of Appeals decision, this action is now expected to be dismissed.

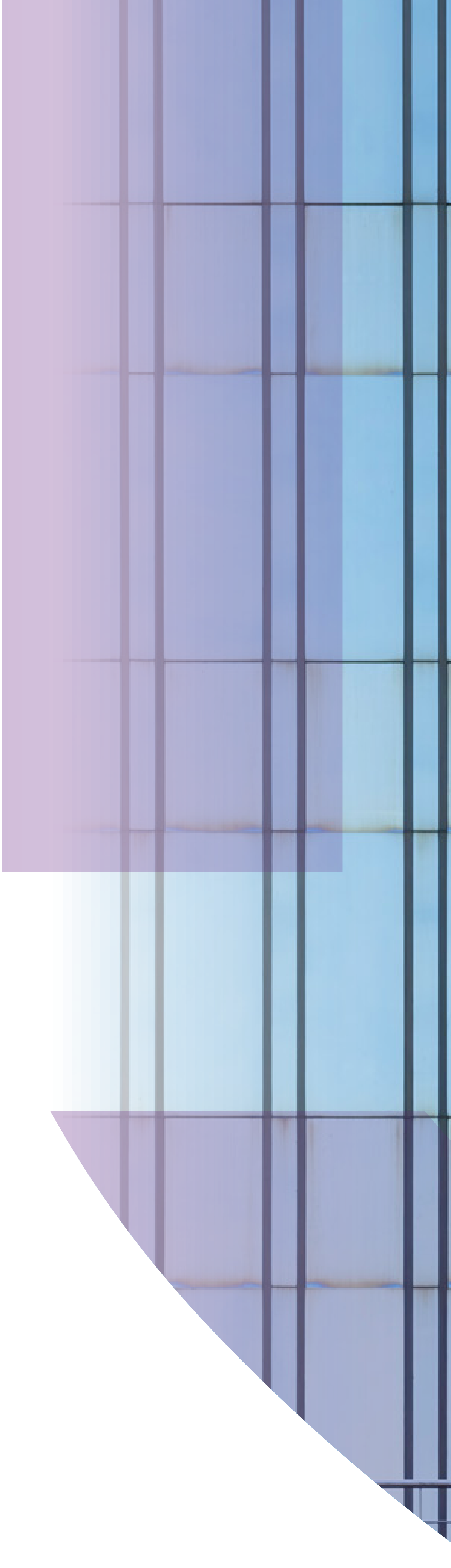
With regards to the Madoff subsequent transferee action: This action had been dismissed by the Bankruptcy Court on the grounds of comity/extraterritoriality, but the Second Circuit Court of Appeals reversed the decision in February 2019. Following an unsuccessful petition for certiorari (permission to 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 the current Case Management Plan, fact discovery will continue through March 2026.

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 2025, 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.



Banque Internationale
à Luxembourg SA
69, route d'Esch
L-2953 Luxembourg
RCS Luxembourg B-6307
T (+352) 4590-1
www.bil.com