

Luxembourg, 22nd April 2022

SPUERKEESS RESULTS AS OF DECEMBER 31, 2021

A year marked by improved results and the launch of the new SPUERKEESS 2025 strategic plan

In 2021, we launched our five-year strategic plan SPUERKEESS 2025 in which we redefined our strategic framework. Emphasis was placed on personalised customer experience (commercial strategy), digital transformation (online banking) and ecological transition (ESG). One of our main objectives is to continue to contribute to the country's economic and social development. In this context, we have set up a dedicated team to enable business transfers. Indeed, it appears from various statistics that many businesses will be subject to a transfer in the years to come and it turns out that SME's often lack support in this crucial phase of their life cycle. This is why we have given ourselves the means to provide assistance to sellers and buyers through close support by a team specialised in this area.

After two years of global pandemic, the war in Ukraine brings new uncertainties also for the banking sector in 2022. However 2021 turned out to be a very good year. Despite the challenges posed by the new Omicron variant of the Covid-19 pandemic, Spuerkeess recorded an excellent result, an increase by 74,9% compared to the previous year, i.e. a net profit of EUR 236,8 million.

The Bank's financial results as of December 31, 2021

Our banking margin reached EUR 647,1 million as of 31 December 2021, an increase of 8,7% compared to the 2020 financial year. The Bank's net interest margin increased by 2,4%, still impacted by the increase in deposits in a context of low rates or negative interest. The longer-term refinancing operations of the European Central Bank, "targeted longer-term refinancing operations" (TLTRO), helped to support the activity of bank loans to businesses and consumers. With regard to market activities, the context of persistently low or even negative interest rates continued to weigh on the Bank's investment and maturity transformation opportunities in 2021. Income from commissions rose by 15,1% mainly due to the growth in client securities activities, the advantageous trend in income from current accounts and credit cards, asset management and securities administration and custody fees.

Income from the Bank's participations amounted to EUR 48,9 million at the end of 2021, an increase of EUR 14,3 million or 41,4% compared to the previous financial year, due to higher dividends compared to the past received from certain strategic holdings of the Bank in the field of aviation and insurance.

Spuerkeess paid its contribution to the national compartment of the Luxembourg Resolution Fund (FRL), which was gradually merged over a period of 8 years with the Single Resolution Fund set up by the Single Resolution Mechanism. The contribution to the Deposit Guarantee Fund (FGDL) was also made during the 2021 financial year. Spuerkeess is financing these two contributions by gradually using the existing AGDL provision in its corporate accounts. The two contributions for the 2021 financial year amount to EUR 42,1 million.

Total general expenses increased by 6,1%, which is largely explained by the strengthening of IT investments and the resumption of certain activities in 2021 which had been sharply reduced during the containment in the spring of 2020. Structural growth personnel costs and value adjustments on tangible and intangible fixed assets contribute to a lesser extent to this change.

The cost of risk exerts a significant influence on the evolution of Spuerkeess' results in 2021. Following the improvement in the economic context, the Bank was able to carry out reversals of value adjustments and provisions in the amount of EUR 31,6 million compared to an allocation of EUR 66,8 million in 2020. This change reflects the prudent approach applied to provisioning by the Bank, which resulted in the constitution of additional value adjustments in the form of "input- overlays" in the calculation models in 2020. Given the economic improvement in 2021, these "management overlays" could be significantly reduced.

Thus, the Bank posted a net result of EUR 236,8 million for the 2021 financial year compared to a net result of EUR 135,4 million a year earlier, i.e. an increase of EUR 101,4 million or 74,9 %. This increase in earnings should be assessed in the light of the exceptional events that characterized the two financial years as well as the exceptional measures implemented by monetary policy to respond to them. Notwithstanding these facts, the performance of the various Spuerkeess business lines is reflected in the increase in interest income and income on commissions, and progress in the field of digital transformation serves to stem the increase in overheads.

After distribution of EUR 40,0 million of the net profit for the year 2021 to the Luxembourg State during 2022, the remaining result will enable the Bank to strengthen its regulatory capital, the level of which is largely sufficient to meet European standards in matter of solvency.

To conclude, the rating agency "Standard & Poor's" confirmed its very high rating of AA+ and the agency "Moody's" assigned the excellent rating "Long Term Deposit Rating" Aa2 to deposits with a stable outlook.

KEY FIGURES AS OF DECEMBER 31, 2021

Key figures of the non-consolidated annual accounts (in millions of euros)

	31.12.2020	31.12.2021	Variation
Total assets	50 435,8	53 764,0	+6,6%
Customer deposits	34 694,8	36 993,0	+6,6%
Securities issues	3 131,4	2 958,5	-5,5%
Customer loans and advances	24 098,9	25 246,7	+4,8%
Equity	4 324,4	5 137,1	+18,8%
Equity ratio	21,4%	22,1%	
Assets under management / administration	75 249,8	88 222,4	+17,2%
Income statement	31.12.2020	31.12.2021	
Bank margin	595,5	647,1	+8,7%
General expenses	366,0	388,3	+6,1%
Net income	135,4	236,8	+74,9%

Should you need more information, please feel free to contact us. Best regards,

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