

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION
AS AT 30 JUNE 2015**



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

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AS AT 30 JUNE 2015

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MANAGEMENT REPORT FOR THE BCEE GROUP ON THE BASIS OF THE SUMMARY INTERIM CONSOLIDATED INFORMATION AT 30 JUNE 2015

Economic growth accelerated in the Eurozone due to the improvement in the business climate during the first half of 2015. The recovery in economic activity, supported by low inflation, helped to boost household consumption.

The vast quantitative easing programme, launched at the start of March 2015 by the European Central Bank in order to counter deflationary pressures and boost lending activity, gave an additional stimulus to prices of assets, and in particular equity prices, with positive effects in the financial sector.

The economy in Luxembourg benefited from the more positive international environment and the performance of its service based activities.

Against this background, the BCEE Group posted a net income of €161,7 million, down 4,6% in comparison with the first half of 2014.

Banking income was €339,7 million, up 5,9% in comparison with the first half of 2014.

Interest income grew by 1,8%, thanks to the dynamism of lending activities to the national economy and to good asset-liability management in an environment of historically low interest rates.

Income from securities increased by 5,9% in comparison with last year, due to the increase in dividends from holdings held by the parent company which do not come within the scope of consolidation.

Net income from commissions was up 12,9%, mainly due to the development of the traditional banking businesses of lending and payments for private and public clients and the equity market business.

Net income from financial instruments increased by 9,6% in comparison with the first half of 2014 to reach €38,6 million. This income also includes the proceeds of the sale of securities from the Bank's own portfolio, both bonds and equities, the results of the valuation of derivative instruments held and the income realised from foreign exchange transactions.

The policy of rigorous budget management limited the increase in overhead expenses to 2,7%. Some major projects for the automation of processes are contributing to continuous improvements in productivity and to offsetting the effect of the structural increase in staff costs.

The prudent strategy in terms of risk management for lending helped to limit the cost of credit risk to €4,4 million at 30 June 2015. However, in the first half of 2014 there was a net reversal of impairments of €8,0 million. This change in the estimate of the cost of risk and provisions for taxes, which were up by 40,7%, explains the 4,6% fall in net income in the first half of 2015.

The balance sheet total for the BCEE Group was up by 5,2% in comparison with 31 December 2014. This increase is due mainly to the increase in deposits by private and public clients and financial institutions.

The volume of client deposits grew by 3,1% in comparison with 31 December 2014. The increase in private client deposits more than offsets the reduction in deposits from the public sector.

Outstanding loans and advances to clients were up 5,5% in comparison with 31 December 2014. This growth was driven by the development of loan activities for housing and investment, thus illustrating the Bank's continuing desire to support individual and business projects.

The Bank has put in place a programme of continuing investment in its network of branches. It has opened two new branches which are configured for optimal customer care, while providing the greatest possible proximity and availability. Equipped with the most modern banking technologies, these branches offer "self-banking" machines inside multifunctional reception areas, with Wi-Fi access and tablets for customer use.

The renovation works on the old "Arbed" building, acquired by the BCEE in January 2015, are underway and will continue until the end of the year. Preserving the general appearance of the listed building, these works will improve its energy efficiency and its internal layout with a view to housing certain departments of the Bank.

In the field of electronic banking services, the S-net Mobile application has been completely rethought, with modern design and navigation. The new version of the S-Digicash application innovates by offering money transfers directly via mobile phones.

In regulatory terms, the Bank has been constantly busy due to numerous projects in progress and the work related to the Single Supervisory Mechanism (SSM) whose purpose is to ensure the safety and soundness of the European banking system as well as strengthening financial stability in Europe.

The SSM is completed by the Single Resolution Mechanism (SRM), whose objective is to ensure the effective resolution of banks which form part of the Banking Union and which may be confronted with serious difficulties, while minimising costs for the taxpayer and the real economy.

Pending the transposition into Luxembourg law of the directive establishing the framework for the recovery and resolution of financial institutions and investment businesses (BRRD), the contribution which will be due by the Bank to the future resolution fund in respect of 2015 is neither included nor provisioned in the financial statements at 30 June 2015.

Outlook for the second half of 2015

At the date of this report, growth indicators for a number of large countries such as China and Brazil have become less favourable. Furthermore, the possible increase in the Fed funds rate in the second half of the year has reversed the flow of investment into the emerging economies.

In Europe, growth in the economy will depend mainly on the robustness of household consumption encouraged by low inflation and the scale of the recovery in investment supported by very accommodating monetary conditions.

In Luxembourg, the growth forecasts for 2015 have been revised upwards thanks to the improvement in the economic situation observed during the first half of the year.

Against this background, the Bank expects to see a continuation of the trend in the evolution of its business activities. The significant drop in the stock markets, which began in mid-August as a result of investors' concerns about the outlook for the world economy, will have an impact on the level of the revaluation reserve on the consolidated balance sheet. This reserve amounted to €942.4 million at 30 June 2015, close to its highest level of €963,4 million at 31 December 2014.

No significant events, which could jeopardise the normal course of business of the BCEE Group, occurred after 30 June 2015.

Luxembourg, 28 August 2015

For the Executive Committee

Michel Birel
Deputy Chief Executive
Officer

Jean-Claude Finck
Chief Executive
Officer

Luxembourg, 28th August 2015

Statement on the compliance of the condensed interim consolidated financial statements and the management report in accordance with the provisions of article 4 of the Luxembourg transparency law ("Loi Transparence")

We hereby declare that to the best of our knowledge, the consolidated financial statements as at 30 June 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34) as adopted by the European Union, and give a true and fair view of the assets and liabilities, the financial position and results, and that the interim management report is an accurate description of the information required pursuant to article 4 (4) of the Luxembourg Transparency Law.

For the Executive Committee

Michel Birel
Deputy Chief Executive Officer

Jean-Claude Finck
Chief Executive Officer



BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT LUXEMBOURG

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

R.C. Luxembourg No. B 30775

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

Condensed Consolidated Interim Financial Statements at 30 June 2015

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

STATUTORY AUDITOR'S REPORT
30 June 2015



Report on review of interim financial information

To the Executive Committee of the
Banque et Caisse d'Epargne de l'Etat, Luxembourg

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Banque et Caisse d'Epargne de l'Etat, Luxembourg and its subsidiaries (the "Group") as of 30 June 2015 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Executive Committee is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union related to Interim Financial Information ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ("ISRE") 2410, "Review of interim financial information performed by the Réviseur d'entreprises agréé of the entity" as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information do not give a true and fair view of the financial position of the Group as of 30 June 2015, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 August 2015

Roxane Haas

Only the French version of the present Report has been reviewed by the auditors. In case of differences between the French version and the translation, the French version should be retained.

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
30 June 2015**

Condensed consolidated balance sheet as at 30 June 2015

ASSETS on the Balance Sheet				
	Notes	30/06/2014	31/12/2014	30/06/2015
in euros				
Cash and cash balances with central banks	3.1.	525.072.403	901.368.001	692.081.365
Loans and advances at amortised cost - Credit institutions	3.9.	8.347.512.066	5.377.819.431	6.760.734.910
Loans and advances at amortised cost - Customers	3.10.	17.889.672.861	18.311.255.394	19.320.283.984
Financial instruments held for trading	3.2.1./3.7.	107.205.079	322.571.774	243.838.964
Hedging derivatives	3.7.	88.221.114	99.240.017	136.383.529
Available-for-sale securities- Fixed-income securities	3.2.2.	9.583.457.555	9.750.181.015	9.844.896.745
Available-for-sale securities - Variable-income securities	3.2.2.	1.084.718.441	1.153.020.266	1.191.810.147
Held-to-maturity securities	3.4.	4.887.680.868	4.699.397.776	4.502.041.694
Investments in associates accounted for using the equity method	3.3.	291.918.088	309.971.611	302.554.501
Change in the fair value of a portfolio of financial instruments hedged against interest-rate risk	3.8	37.172.992	76.670.572	42.365.384
Own use tangible fixed assets	3.11	170.748.246	175.226.447	277.609.707
Investment property		16.365.694	16.114.382	18.928.242
Intangible assets		11.226.750	12.744.140	12.669.022
Other assets	3.12.	48.860.920	5.464.146	10.981.383
TOTAL ASSETS		43.089.833.077	41.211.044.972	43.357.179.577

LIABILITIES on the Balance Sheet				
	Notes	30/06/2014	31/12/2014	30/06/2015
in euros				
Deposits at amortised cost - Credit institutions	3.15.	5.641.438.051	4.144.695.863	5.010.744.114
Deposits at amortised cost - Private customers and public sector	3.16.	24.315.452.457	25.068.145.379	25.852.314.668
Financial instruments held for trading	3.2.1./3.7.	119.255.144	199.899.794	264.213.525
Hedging derivatives	3.7.	878.950.240	991.242.634	888.495.210
Debt securities in issue	3.14.	7.763.565.373	6.276.226.429	6.668.213.529
Provisions	3.18.	3.397.612	4.899.784	5.086.965
Other liabilities	3.19.	93.309.943	40.713.785	74.508.423
Current taxes	3.13.	62.409.197	64.023.799	88.160.556
Deferred taxes	3.13.	117.821.774	117.747.479	118.500.543
Net pension fund commitment	3.17.	111.016.580	139.320.951	115.767.527
Subtotal LIABILITIES to be carried forward (before shareholders' equity)		39.106.616.371	37.046.915.897	39.086.005.060

Condensed consolidated balance sheet as at 30 June 2015 (continued)

SHAREHOLDERS' EQUITY on the Balance Sheet		30/06/2014	31/12/2014	30/06/2015
in euros				
Subtotal LIABILITIES before shareholders' equity		39.106.616.371	37.046.915.897	39.086.005.060
Share capital		173.525.467	173.525.467	173.525.467
Revaluation reserve		886.066.303	963.351.024	942.358.515
• <i>Available-for-sale assets</i>		880.856.805	957.700.507	944.427.066
Consolidated reserves		2.753.792.490	2.751.830.181	2.993.187.255
◦ <i>Equity method adjustment</i>		228.549.879	246.813.280	237.061.465
Income for the financial year/period		168.822.055	273.748.936	160.818.421
Sub-total of equity attributable to the owner of the parent company		3.982.206.315	4.162.455.608	4.269.889.658
Minority interests		1.010.391	1.673.467	1.284.859
Total shareholders' equity		3.983.216.706	4.164.129.075	4.271.174.517
TOTAL LIABILITIES including the EQUITY CAPITAL		43.089.833.077	41.211.044.972	43.357.179.577

Condensed consolidated income statement as at 30 June 2015

in euros	Notes	30/06/2014	30/06/2015
Interest income	4.1.	188.208.554	191.553.094
Income from variable income securities	4.2.	35.622.678	37.707.787
Commissions	4.3.	59.717.680	67.441.336
NET INCOME FROM INTEREST, DIVIDENDS AND COMMISSIONS		283.548.912	296.702.217
Income from financial instruments not recognised at fair value through profit or loss	4.4.	21.831.084	19.439.466
Income from financial instruments held for trading	4.5.	4.079.574	9.129.006
Net income from hedging transactions	4.6.	6.120.379	3.282.961
Exchange gains or losses		3.153.296	6.723.103
Other operating income	4.7.	2.952.752	5.172.488
Other operating expenses	4.7.	-739.903	-719.247
BANKING INCOME		320.946.094	339.729.994
Personnel expenses	4.8.	-94.197.244	-97.820.406
Other general administrative expenses	4.9.	-35.013.326	-35.257.788
Depreciation allowances for tangible and intangible assets		-11.924.134	-11.889.857
NET INCOME AFTER GENERAL EXPENSES		179.811.390	194.761.943
Net allowances for impairment of individual and collective credit risks	4.10.	7.961.737	-4.436.587
Provisions	4.11.	847.946	-187.180
Share in the profit of equity-accounted associates		8.689.611	10.732.196
NET INCOME BEFORE TAXES AND NON-CURRENT ASSETS		197.310.684	200.870.372
Taxes on net income from continuing activities	4.12.	-20.798.616	-38.474.858
Deferred taxes	4.12.	-7.014.212	-665.781
INCOME FOR THE PERIOD		169.497.856	161.729.733
<i>OF WHICH:</i>			
INCOME FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		675.801	911.312
INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNER OF THE PARENT COMPANY		168.822.055	160.818.421

Condensed consolidated statement of comprehensive income as at 30 June 2015
in euros

	30/06/2014	30/06/2015
INCOME FOR THE PERIOD	169.497.856	161.729.733
Items not reclassified as net income subsequently	-13.972.603	17.410.848
Actuarial gains /(losses) on the defined-benefit-pension scheme	-19.740.891	24.598.543
Impact of deferred taxes	5.768.288	-7.187.695
Items to be reclassified as net income subsequently	133.170.400	-20.992.509
Assets available for sale	141.471.539	-17.187.201
• <i>Variation in measurement results</i>	163.219.799	2.128.205
• <i>Net reclassification to the income statement of realised net gains</i>	-21.748.260	-19.315.406
Cash flow hedges	1.404.204	-10.905.720
Impact of deferred taxes	-9.705.343	7.100.412
Total items of the comprehensive income for the period - net of taxes	119.197.797	-3.581.661
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	288.695.653	158.148.072
<i>of which share attributable to</i>		
- <i>minority interests</i>	675.801	911.312
- <i>the owners of the parent company</i>	288.019.852	157.236.760

Consolidated statement of changes in equity as at 30 June 2015
in euros

	Share capital	Consolidated reserves	Revaluation reserve	Net income	Total equity holders of the parent	Minority interests	Total shareholders' equity
At 1 January 2015	173.525.467	2.751.830.181	963.351.024	273.748.936	4.162.455.608	1.673.467	4.164.129.075
Appropriation of 2014 income	-	273.748.936	-	-273.748.936	-	-	-
2015 semi-annual result	-	-	-	160.818.421	160.818.421	911.312	161.729.733
Distribution for the 2014 financial year	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial variation on pension fund	-	17.410.848	-	-	17.410.848	-	17.410.848
Net measurement results of available-for-sale financial instruments	-	-	-13.273.441	-	-13.273.441	-	-13.273.441
Net measurement results of cash flow hedges	-	-	-7.719.068	-	-7.719.068	-	-7.719.068
Other	-	-9.802.710	-	-	-9.802.710	-1.299.920	-11.102.630
At 30 June 2015	173.525.467	2.993.187.255	942.358.515	160.818.421	4.269.889.658	1.284.859	4.271.174.517

	Share capital	Consolidated reserves	Revaluation reserve	Net income	Total equity holders of the parent	Minority interests	Total shareholders' equity
At 1 January 2014	173.525.467	2.554.079.320	752.895.903	238.346.447	3.718.847.135	818.607	3.719.665.742
Appropriation of 2013 income	-	238.346.447	-	-238.346.447	-	-	-
2014 semi-annual result	-	-	-	168.822.055	168.822.055	675.801	169.497.856
Distribution for the 2013 financial year	-	-40.000.000	-	-	-40.000.000	-	-40.000.000
Actuarial variation on pension fund	-	-13.972.603	-	-	-13.972.603	-	-13.972.603
Net measurement results of available-for-sale financial instruments	-	-	132.176.505	-	132.176.505	-	132.176.505
Net measurement results of cash flow hedges	-	-	993.895	-	993.895	-	993.895
Other	-	15.339.326	-	-	15.339.326	-484.017	14.855.309
At 30 June 2014	173.525.467	2.753.792.490	886.066.303	168.822.055	3.982.206.315	1.010.391	3.983.216.706

Condensed consolidated statement of cash flows as at 30 June 2015

Cash and cash equivalents		
in euros	30/06/2014	30/06/2015
Cash and cash balances with central banks	525.070.851	692.071.976
Loans and advances at amortised cost - Credit institutions	4.712.417.887	2.448.002.823
Loans and advances at amortised cost - Customers	1.131.413.168	1.658.513.248
Total	6.368.901.906	4.798.588.047

The cash flow statement shows the cash inflows and outflows. The cash and cash equivalents include cash balances, balances with the central banks and any assets with an original maturity date less than or equal to 90 days.

The cash flow statement classifies the cash flows for the period into operating, investment and financing activities.

Cash flow generated from operating activities

- Cash flow generated from operating activities before changes in operating assets and liabilities:

in euros	30/06/2014	30/06/2015
Interest received	481.362.990	442.370.017
Interest paid	-261.699.939	-228.324.074
Income from variable-income securities	35.622.678	37.707.787
Commissions received	80.994.672	84.020.088
Commissions paid	-21.276.992	-16.578.752
Other operating income	2.952.752	5.172.488
Current taxes	-20.798.616	-38.474.858
Other general administrative expenses	-124.660.031	-128.173.804
Other operating expenditure	-488.741	-521.499
Subtotal	172.008.773	157.197.392

- Cash flow from changes in operating assets:

Net variations	30/06/2014	30/06/2015
Financial instruments held for trading	4.270.270	367.512
Available-for-sale securities - Fixed-income securities	-168.855.332	-223.894.426
Available-for-sale securities - Variable-income securities	22.845.061	-12.032.205
Loans and advances at amortised cost - Credit institutions	-772.568.630	-1.339.545.063
Loans and advances at amortised cost - Customers	-1.072.641.710	-888.812.297
Hedging derivatives	699.515	537.738
Other assets	81.411.391	-8.894.908
Subtotal	-1.904.839.435	-2.472.273.649

- Cash flow from changes in operating liabilities:

Net variations	30/06/2014	30/06/2015
Financial instruments held for trading	-10.835.814	942.123
Deposits at amortised cost - Credit institutions	260.846.939	866.488.256
Deposits at amortised cost - Customers	-783.283.636	768.568.161
Hedging derivatives	-13.224.111	11.844.824
Other liabilities	34.118.620	41.523.083
Debt securities in issue	2.604.071.206	389.047.855
Subtotal	2.091.693.204	2.078.414.302

Cash flow from operating activities	358.862.542	-236.661.955
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Cash flow from investment activities

in euros	30/06/2014	30/06/2015
Acquisition of available for sale securities - variable-income securities	-14.115.855	-16.342.313
Sale of available-for-sale securities - variable-income securities	22.454.867	18.943.540
Acquisition of held-to-maturity securities	-1.019.374.678	-627.443.438
Sale/redemption of held to maturity securities	883.756.330	793.330.323
Acquisitions/sales of intangible and tangible assets	11.491.551	-117.011.857
Cash flow from investment activities	-115.787.786	51.476.255

Cash flow from financing activities

in euros	30/06/2014	30/06/2015
Proceeds from the issue of subordinated liabilities	-19.892.000	-
Income distribution	-	-
Cash flow from financing activities	-19.892.000	-
Net change	223.182.756	-185.185.700

The distribution of profits to the Luxembourg government with respect to the financial year 2014 was made on July 2, 2015.

Change in the cash and cash equivalents

	30/06/2014	30/06/2015
Position at 1 January	6.290.410.253	4.816.199.514
Net change in cash	223.182.756	-185.185.700
Effect of exchange rates on the cash and cash equivalents	-144.691.103	167.574.233
Position at 30 June	6.368.901.906	4.798.588.047

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
30 June 2015**

1 GENERAL INFORMATION

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

The registered office of the Group's parent company is located at 1, place de Metz, L-2954 Luxembourg.

Within the limits fixed by the laws and regulations applicable to credit institutions, the objective of the Group's parent company is to carry out any banking or financial transactions as well as any transactions which are similar, related or incidental to these.

The condensed consolidated interim financial statements as at 30 June 2015 were authorised for publication by the Executive Committee of the Group's parent company on 28 August 2015.

The average headcount of the Group at 30 June 2015 was 1794 (1800 employees at 31 December 2014).

The Group's business is not subject to seasonal fluctuations.

The company's financial year coincides with the calendar year.

2 PRINCIPLES FOR THE PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Compliance with general principles

The condensed consolidated interim financial statements of the Group as at 30 June 2015 were prepared in accordance with the IAS 34 "Interim Financial Information". It should be read in conjunction with the consolidated annual financial statements as at 31 December 2014, prepared in accordance with the IFRS referential, as adopted by the European Union.

a) New or revised standards adopted by the Bank

The following standards, for which application is compulsory with effect from 1 January 2015, were adopted by the parent company of the Group but did not have any material impact on the interim financial statements. This involved the following standards:

- Interpretation IFRIC 21 "Taxes charged by a government authority"
- "Improvements to the IFRS, 2011-2013 cycle" which are a series of amendments to the existing standards.

b) The following standards, for which application is not compulsory with effect from 1 January 2015 have not been adopted in anticipation by the parent company of the Group:

- IAS 19 (amendment): "Defined benefit schemes: contributions by employees"
- "Improvements to the IFRS, 2010-2012 cycle" which are a series of amendments to the existing standards.

c) New or revised standards or interpretations which are relevant for the parent company of the Group and which are not yet applicable and which have not been adopted by the European Union:

- IFRS 9: "Financial instruments",
- IFRS 14: "Regulatory deferral accounts",
- IFRS 15: "Revenue from contracts with customers",
- IFRS 10, IFRS 12, IAS 28 (amendment): "Exemption from consolidation applicable to investment entities",
- IAS 1 (amendment): "Initiative concerning the information to be supplied",

- "Improvements to the IFRS, 2012-2014 cycle" which are a series of amendments to the existing standards,
- IFRS 10 and IAS 28 (amendment): "Sale or contribution of assets between an investor and its associate or a joint-venture",
- IAS 27 (amendment): "Consolidated and separate financial statements",
- IAS 16 and IAS 38 (amendment): "Clarification concerning acceptable depreciation methods",
- IFRS 11 (amendment): "Accounting recognition of acquisition of interests in a joint-venture".

2.2 Accounting principles and rules

The accounting principles are identical to those applied to the consolidated financial statements as at 31 December 2014 and described in the said statements.

2.2.1 **Scope of consolidation**

2.2.1.1 *Fully consolidated subsidiaries*

The scope of fully consolidated subsidiaries has remained unchanged from 31 December 2014; however, the percentage of voting rights in one's surgery has changed, but in an immaterial way.

Subsidiaries included in the consolidation scope:

Description	Voting rights held as %	
	31/12/2014	30/06/2015
Lux-Fund Advisory S.A.	89,73	89,16
BCEE Asset Management S.A.	90,00	90,00
Bourbon Immobilière S.A.	99,90	99,90
Luxembourg State and Savings Bank Trust Company S.A.	100,00	100,00
Spuerkeess Ré S.A.	100,00	100,00

2.2.1.2 Associated companies accounted for using the equity method

The perimeter of associate companies accounted for using the equity method has not undergone any modification since 31 December 2014.

The associated companies of the Group:

Associated companies	% of capital held	
	31/12/2014	30/06/2015
Direct holdings		
Société Nationale de Circulation Automobile S.à r.l.	20,00	20,00
Luxair S.A.	21,81	21,81
Société de la Bourse de Luxembourg S.A.	22,75	22,75
Europay Luxembourg S.C.	25,40	25,40
FS-B S.à r.l.	28,70	28,70
FS-T S.à r.l.	28,70	28,70
Visalux S.C.	36,26	36,26
La Luxembourgeoise S.A.	40,00	40,00
La Luxembourgeoise-Vie S.A.	40,00	40,00
BioTechCube (BTC) Luxembourg S.A.	50,00	50,00
Indirect holdings		
Pecoma International S.A.	33,33	33,33
EFA Partners S.A.	29,05	29,05

2.3 Foreign currencies transactions

For the main foreign currencies, the following exchange rates have been used for the conversion of the consolidated financial statements.

One Euro is equal to:

	30/06/2014	31/12/2014	30/06/2015
CHF	1,2154	1,2025	1,0403
GBP	0,8026	0,7796	0,7124
JPY	138,4600	145,1200	137,0700
SEK	9,1789	9,3747	9,2194
USD	1,3657	1,2156	1,1196

3 NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET¹ (in euros)

3.1 Cash and cash balances with central banks

The cash balances comprise cash and cash balances with central banks. The obligatory reserve with the Banque centrale du Luxembourg is included under this heading. It consists of the minimum reserves intended to satisfy the reserve requirements imposed by the central bank. Therefore, these funds are not available to finance the ordinary operations of the Group.

Headings	30/06/2014	31/12/2014	30/06/2015
Cash	52.704.716	65.189.494	51.109.353
Reserve requirements	469.939.915	825.527.835	629.425.677
Deposits with central banks	2.427.772	10.650.672	11.546.335
Total	525.072.403	901.368.001	692.081.365

¹ Any minor differences between the figures presented in the notes on the financial statements and those in the different condensed consolidated reports represent only rounding differences.

3.2 Financial instruments

3.2.1 Assets and liabilities held for trading

Assets	30/06/2014	31/12/2014	30/06/2015
Non-derivative financial instruments	702.037	880.603	303.521
Derivative instruments (note 3.7.)	106.503.042	321.691.170	243.535.443
Total	107.205.079	322.571.773	243.838.964

Liabilities	30/06/2014	31/12/2014	30/06/2015
Non-derivative financial instruments	1.179	123.249	811.820
Derivative instruments (note 3.7.)	119.253.965	199.776.545	263.401.703
Total	119.255.144	199.899.794	264.213.523

Assets - non-derivative financial instruments	30/06/2014	31/12/2014	30/06/2015
Debt instruments	702.037	614.035	275.778
<i>Public sector</i>	-	95.731	-
<i>Credit institutions</i>	599.922	272.803	219.077
<i>Corporate customers</i>	102.115	245.501	56.701
Equity instruments	-	266.568	27.743
Total	702.037	880.603	303.521
Unrealised profit/loss at the reporting date	1.601	6.264	1.700

Liabilities - non-derivative financial instruments	30/06/2014	31/12/2014	30/06/2015
Short sales	1.179	123.249	811.820
<i>Bonds</i>	1.179	123.249	811.820
<i>Equities</i>	-	-	-
Total	1.179	123.249	811.820

3.2.2 Available for sale assets

Headings	30/06/2014	31/12/2014	30/06/2015
Debt instruments	9.583.457.555	9.750.181.015	9.844.896.745
<i>Public sector</i>	2.580.797.283	2.692.979.208	2.727.331.730
<i>Credit institutions</i>	4.835.793.003	5.031.231.989	4.954.006.488
<i>Corporate customers</i>	2.166.867.269	2.025.969.818	2.163.558.527
Equity instruments	1.084.718.441	1.153.020.266	1.191.810.147
<i>Credit institutions</i>	2.963.700	4.261.295	4.121.495
<i>Corporate customers</i>	1.081.411.329	1.148.415.559	1.186.955.184
<i>Other</i>	343.412	343.412	733.468
Total	10.668.175.996	10.903.201.281	11.036.706.892
Impairment of financial assets	-61.981.415	-62.874.623	-62.808.669
Unrealised profit/loss at the reporting date	1.318.124.975	1.392.159.403	1.290.059.747

Impairment of available-for-sale financial assets:

	Corporate customers		Credit institutions	Total
	ABS/MBS	Other		
Position as at 1 January 2014	48.737.944	9.717.826	13.699.884	72.155.656
Additions	-	-	-	-
Reversals	- 7.965.056	-	- 2.499.884	- 10.464.940
Exchange gain or loss	253.701	37.000	-	290.701
Position as at 30 June 2014	41.026.589	9.754.826	11.200.000	61.981.417
Position as at 1 July 2014	41.026.589	9.754.826	11.200.000	61.981.417
Additions	-	-	1.749.978	1.749.978
Reversals	- 2.585.138	-	-	- 2.585.138
Write-off of receivables	-	-	-	-
Exchange gain or loss	1.140.681	587.689	-	1.728.370
Position as at 31 December 2014	39.582.130	10.342.515	12.949.978	62.874.623
Position as at 1 January 2015	39.582.130	10.342.515	12.949.978	62.874.623
Additions	-	-	4	4
Reversals	- 1.627.500	-	-	- 1.627.500
Exchange gain or loss	1.103.051	458.491	-	1.561.542
Position as at 30 June 2015	39.057.681	10.801.006	12.949.982	62.808.669
Outstanding at 30 June 2015	75.622.599	10.801.005	17.500.000	103.923.604

Unrealised profit/loss on available-for-sale financial assets:

The breakdown of the unrealised profit/loss at the reporting date is as follows:

o **Debt instruments**

Debt instruments include variable-rate bonds, fixed-rate bonds and structured bonds. Fixed-rate and structured bonds are converted into variable-rate bonds by the use of derivative instruments ("asset swaps"). The Group considers these transactions to be fair value hedges. The prospective and retrospective efficiencies of the hedging transactions are close to 100%.

30/06/2015	Fair value adjustment of debt instruments		Fair value adjustment of the swag leg hedging the asset	
	Changes in unhedged risk (credit and liquidity spread")	Changes in hedged risk (interest rate and price)	Change in hedge risk	Retrospective efficiency rate
Fixed-rates and structured bonds	43.322.786	329.416.180	-329.416.180	100,00%
Variable-rate bonds	6.769.329			

31/12/2014	Fair value adjustment of debt instruments		Fair value adjustment of the swag leg hedging the asset	
	Changes in unhedged risk (credit and liquidity spread")	Changes in hedged risk (interest rate and price)	Change in hedge risk	Retrospective efficiency rate
Fixed-rates and structured bonds	58.164.031	414.328.634	-416.144.603	100,44%
Variable-rate bonds	10.239.788			

30/06/2014	Fair value adjustment of debt instruments		Fair value adjustment of the swag leg hedging the asset	Retrospective efficiency rate
	Changes in unhedged risk (credit and liquidity spread")	Changes in hedged risk (interest rate and price)	Change in hedge risk	
Fixed-rate and structured bonds	46.025.762	409.352.079	-410.254.616	100,22%
Variable-rate bonds	600.555			

o **Equity instruments**

Headings	30/06/2014	31/12/2014	30/06/2015
Equity instruments	1.084.718.441	1.153.020.266	1.191.810.147
Total	1.084.718.441	1.153.020.266	1.191.810.147
Impairment of financial assets	-9.754.824	-10.342.514	-10.801.005
Unrealised profit/loss at the reporting date	862.146.579	909.426.950	910.551.454

3.3 Investments in associates accounted for using the equity method

	30/06/2014	31/12/2014	30/06/2015
Acquisition value at 1 January	50.102.635	50.102.635	54.227.635
Creations	4.108.487	4.125.000	-
Disposals	-	-	-
Total (at acquisition value)	54.211.122	54.227.635	54.227.635

List of associates:

Associates	% of capital held	Acquisition Value	Equity accounting value 2015
Société Nationale de Circulation Automobile S.à r. l.	20,00	24.789	5.373.703
Luxair S.A.	21,81	14.830.609	88.497.795
Société de la Bourse de Luxembourg S.A.	22,75	128.678	21.990.998
Europay Luxembourg S.C.	25,40	96.279	384.060
FS-B S.à.r.l.	28,70	3.003.694	3.584.848
FS-T S.à.r.l.	28,70	1.104.793	1.055.370
Visalux S.C.	36,26	412.506	520.317
La Luxembourgeoise S.A.	40,00	16.856.760	98.950.441
La Luxembourgeoise-Vie S.A.	40,00	12.047.625	80.611.526
BioTechCube (BTC) Luxembourg S.A.	50,00	5.000.000	766.842
Subtotal direct holdings		53.505.735	301.735.900
Pecoma International S.A.	33,33	170.000	217.706
EFA Partners S.A.	29,05	551.900	600.894
Subtotal indirect holdings		721.900	818.600
Total		54.227.635	302.554.500

Associates	% of capital held	Acquisition value	Equity accounting value 2014
Société Nationale de Circulation Automobile S.à r. l.	20,00	24.789	5.397.760
Luxair S.A.	21,81	14.830.609	84.772.995
Société de la Bourse de Luxembourg S.A.	22,75	128.678	22.803.518
Europay Luxembourg S.C.	25,40	96.279	505.076
FS-B S.à.r.l.	28,70	3.003.694	3.550.915
FS-T S.à.r.l.	28,70	1.104.793	1.046.077
Visalux S.C.	36,26	412.506	877.787
La Luxembourgeoise S.A.	40,00	16.856.760	103.395.081
La Luxembourgeoise-Vie S.A.	40,00	12.047.625	85.997.493
BioTechCube (BTC) Luxembourg S.A.	50,00	5.000.000	762.861
Subtotal direct holdings		53.505.735	309.109.564
Pecoma International S.A.	33,33	170.000	255.906
EFA Partners S.A.	29,05	551.900	606.141
Subtotal indirect holdings		721.900	862.047
Total		54.227.635	309.971.611

In application of IFRS 12 standard "Information to be supplied about interests held in other entities", the Group considers all its interests held in other companies as insignificant and provides the following information:

Associates	2015 share			
	Net income from continuing activities	Net income after taxes from discontinued activities	Other items of comprehensive income	Total comprehensive income
Direct holdings				
Société Nationale de Circulation Automobile S.à r. l.	0,0%	0,0%	0,0%	0,0%
Luxair S.A.	-0,2%	0,0%	0,0%	-0,2%
Société de la Bourse de Luxembourg S.A.	1,4%	0,0%	0,0%	1,4%
Europay Luxembourg S.C.	0,0%	0,0%	0,0%	0,0%
FS-B S.à.r.l.	0,0%	0,0%	0,0%	0,0%
FS-T S.à.r.l.	0,0%	0,0%	0,0%	0,0%
Visalux S.C.	0,0%	0,0%	0,0%	0,0%
La Luxembourgeoise S.A.	4,4%	0,0%	0,0%	4,5%
La Luxembourgeoise-Vie S.A.	1,4%	0,0%	0,0%	1,4%
BioTechCube (BTC) Luxembourg S.A.	0,0%	0,0%	0,0%	0,0%
Indirect holdings				
Pecoma International S.A.	0,0%	0,0%	0,0%	0,0%
EFA Partners S.A.	0,0%	0,0%	0,0%	0,0%

Associates	2014 share			
	Net income from continuing activities	Net income after taxes from discontinued activities	Other items of comprehensive income	Total comprehensive income
Direct holdings				
Société Nationale de Circulation Automobile S.à r. l.	0,1%	0,0%	0,0%	0,1%
Luxair S.A.	-0,2%	0,0%	0,0%	-0,1%
Société de la Bourse de Luxembourg S.A.	1,1%	0,0%	0,0%	0,7%
Europay Luxembourg S.C.	0,0%	0,0%	0,0%	0,0%
FS-B S.à.r.l.	0,0%	0,0%	0,0%	0,0%
FS-T S.à.r.l.	0,0%	0,0%	0,0%	0,0%
Visalux S.C.	0,0%	0,0%	0,0%	0,0%
La Luxembourgeoise S.A.	3,1%	0,0%	0,0%	1,9%
La Luxembourgeoise-Vie S.A.	0,6%	0,0%	0,0%	0,4%
BioTechCube (BTC) Luxembourg S.A.	-1,4%	0,0%	0,0%	-0,9%
Indirect holdings				
Pecoma International S.A.	0,0%	0,0%	0,0%	0,0%
EFA Partners S.A.	0,0%	0,0%	0,0%	0,0%

3.4 Securities held-to-maturity

Headings	30/06/2014	31/12/2014	30/06/2015
Debt instruments			
Public sector	535.868.255	725.968.744	823.250.320
Credit institutions	3.439.385.844	3.275.586.741	2.840.107.479
Corporate customer	912.426.769	697.842.291	838.683.895
Total	4.887.680.868	4.699.397.776	4.502.041.694
Impairment of financial assets	-5.000.000	-	-

3.5 Pledges of securities

- Securities pledged under repurchase agreements

Headings	30/06/2014	31/12/2014	30/06/2015
Debt instruments issued by the public sector	495.346.497	331.666.372	355.276.955
Debt instruments issued by Credit institutions	644.619.683	576.288.531	35.021.631
Debt instruments issued - other	543.026.195	-	180.000.000
Equity instruments	-	100.719	4.806.009
Total	1.682.992.375	908.055.622	575.104.595

The debt instruments originate mainly from available-for-sale assets' portfolio as well as from held-to-maturity assets' portfolio. The decrease in the level of debt instruments results from a less intensive use of this type of secured contracts.

- **Securities lent and other pledges**

Headings	30/06/2014	31/12/2014	30/06/2015
Securities lending			
Debt instruments issued by the public sector	2.973.892	2.923.374	14.465.647
Debt instruments issued by Credit institutions	241.050.999	248.225.491	2.228.145
Debt instruments issued - other	3.984.750	3.989.417	934.862
Other pledges			
Debt instruments issued by the public sector	108.703.972	37.794.400	37.094.720
Total	356.713.614	292.932.682	54.723.374

3.6 Convertible bonds included in the various portfolios

Heading	30/06/2014	31/12/2014	30/06/2015
Convertible bonds	7.992.516	9.007.436	-

3.7 Derivative instruments

Headings	Asset	Liability	Notional
Balances at 30/06/2015			
Derivative instruments held for trading	243.535.444	263.401.704	19.130.643.853
Transactions related to exchange rates	190.641.446	179.501.026	13.128.573.322
- <i>Foreign exchange swaps and forward exchange contracts</i>	190.618.162	179.477.790	12.937.150.922
- <i>other</i>	23.284	23.236	191.422.401
Transactions related to interest rates	51.274.145	82.270.127	2.185.118.295
- <i>IRS</i>	49.610.451	80.334.297	1.972.459.576
- <i>other</i>	1.663.693	1.935.830	212.658.719
Transactions related to equity	1.619.853	1.619.853	3.794.622.832
- <i>Equity and index options</i>	1.619.853	1.619.853	3.794.622.832
Transactions related to credit risk	-	10.698	22.329.403
- <i>Credit derivatives (CDS)</i>	-	10.698	22.329.403
Fair value hedging (micro)	118.444.787	794.192.219	9.558.155.739
Transactions related to exchange rates	100.558.583	184.479.506	2.323.197.211
- <i>CCIS</i>	100.558.583	184.479.506	2.323.197.211
Transactions related to interest rates	9.749.884	525.462.375	6.002.337.761
- <i>IRS (interest rates)</i>	9.749.884	525.462.375	6.002.337.761
Transactions related to other indices	8.136.320	84.250.338	1.232.620.767
- <i>IRS (other indices)</i>	8.136.320	84.250.338	1.232.620.767
Fair value hedging (macro)	10.440.869	79.239.118	747.980.931
Transactions related to interest rates	10.440.869	79.239.118	747.980.931
- <i>IRS (interest rates)</i>	10.440.869	79.239.118	747.980.931
Cash flows hedge	7.497.873	15.063.873	383.435.933
Transactions related to exchange rates	815.863	15.063.873	335.935.933
- <i>CCIS</i>	815.863	15.063.873	335.935.933
Transactions related to interest rates	6.682.010	-	47.500.000
- <i>IRS</i>	6.682.010	-	47.500.000
Headings	Balances at 31/12/2014		
Derivative instruments held for trading	321.691.170	199.776.545	15.009.874.345
Transactions related to exchange rates	252.004.034	92.124.749	10.464.420.562
- <i>Foreign exchange swaps and forward exchange contracts</i>	251.929.937	92.033.363	10.282.689.960
- <i>other</i>	74.097	91.386	181.730.602
Transactions related to interest rates	68.472.178	106.404.602	2.702.241.929
- <i>IRS</i>	65.909.902	103.646.776	2.484.960.501
- <i>other</i>	2.562.276	2.757.826	217.281.429
Transactions related to equity	1.214.959	1,214.914	1,822.645.879
- <i>Equity and index options</i>	1,214.959	1,214.914	1,822.645.879
Transactions related to credit risk	-	32.280	20.565.976
- <i>Credit derivatives (CDS)</i>	-	32.280	20.565.976
Fair value hedging (micro)	91.252.055	888.634.467	9.918.815.985
Transactions related to exchange rates	77.368.171	127.481.920	2,411.331.779
- <i>CCIS</i>	77.368.171	127.481.920	2,411.331.779
Transactions related to interest rates	5,440.495	660.662.438	6,165.325.833
- <i>IRS (interest rates)</i>	5,440.495	660.662.438	6,165.325.833
Transactions related to other indices	8,443.388	100,490.108	1,342.158.374
- <i>IRS (other indices)</i>	8,443.388	100,490.108	1,342.158.374
Fair value hedging (macro)	-	102.608.167	567.821.796
Transactions related to interest rates	-	102.608.167	567.821.796
- <i>IRS (interest rates)</i>	-	102.608.167	567.821.796
Cash flows hedge	7.987.964	-	50.200.000
Transactions related to interest rates	7.987.964	-	50.200.000
- <i>IRS</i>	7.987.964	-	50.200.000

Rubriques	Asset	Liability	Notional
Balances at 30/06/2014			
Derivative instruments held for trading	106.503.042	119.253.966	12.194.689.585
Transactions related to exchange rates	54.894.923	16.612.168	8.815.501.576
- Foreign exchange swaps and forward exchange contracts	54.493.090	16.391.327	8.531.497.528
- other	401.833	220.841	284.004.048
Transactions related to interest rates	51.200.761	102.140.292	2.625.653.600
- IRS	48.849.021	99.651.448	2.404.394.313
- other	2.351.740	2.488.843	221.259.287
Transactions related to equity	407.358	407.358	735.228.779
- Equity and index options	407.358	407.358	735.228.779
Transactions related to credit risk	-	94.148	18.305.631
- Credit derivatives (CDS)	-	94.148	18.305.631
Fair value hedging (micro)	80.856.031	816.454.455	9.602.620.886
Transactions related to exchange rates	63.748.752	78.895.013	1.870.866.152
- CCIS	63.748.752	78.895.013	1.870.866.152
Transactions related to interest rates	4.255.252	593.803.913	6.171.322.194
- IRS (interest rates)	4.255.252	593.803.913	6.171.322.194
Transactions related to other indices	12.852.027	143.755.528	1.560.432.540
- IRS (other indices)	12.852.027	143.755.528	1.560.432.540
Fair value hedging (macro)	-	62.495.785	533.617.563
Transactions related to interest rates	-	62.495.785	533.617.563
- IRS (interest rates)	-	62.495.785	533.617.563
Cash flows hedge	7.365.082	-	53.100.000
Transactions related to interest rates	7.365.082	-	53.100.000
- IRS	7.365.082	-	53.100.000

3.8 Change in fair value of a portfolio of financial instruments hedged against the interest-rate risk

Headings	30/06/2014	31/12/2014	30/06/2015
Assets: Change in fair value of the portfolio of financial instruments hedged against interest rate risk	37.172.992	76.670.572	42.365.384
Total	37.172.992	76.670.572	42.365.384

This heading covers the fair value of a portfolio of loans and advances at amortised cost - Customers covered against interest rate risk by a strategy of fair value macro-hedging. The hedge exclusively concerns fixed interest rate loans hedged by IRS derivative instruments.

The significant change in this heading from 2014 to 2015 is primarily due to variations of the interest rate curves used to determine the fair value.

3.9 Loans and advances at amortised cost – Credit institutions

Headings	30/06/2014	31/12/2014	30/06/2015
Interbank loans	4.158.467.436	3.300.747.485	4.496.749.430
Reverse repos	4.186.483.492	2.016.946.487	2.132.529.725
Roll-over loans	2.200.478	1.646.396	41.415.149
Finance leases	360.660	317.725	325.948
Fixed-income securities	-	-	26.584.389
Other	-	58.161.338	63.130.270
Sub-total	8.347.512.066	5.377.819.431	6.760.734.911
Undrawn confirmed loans	1.400.720.015	1.319.002.095	530.193.346
Impairments of financial assets	-56.834	-48.631	-2.019

In the case of the reverse repurchase transactions, the Group becomes the legal owner of securities received as collateral and has the right to both sell and collateralise these securities. As at 30 June 2015, no securities have been sold. However reverse repurchase transactions for an amount of €410.064.781 have been collateralised.

Impairment of loans and advances – Credit institutions:

	Credit institutions
Position as at 1 January 2014	514.429
Additions	8.786
Reversals	-
Write-off of receivables	- 466.381
Exchange gain/loss	-
Position as at 30 June 2014	56.834
Position as at 1 July 2014	56.834
Additions	-
Reversals	- 8.203
Write-off of receivables	-
Exchange gain/loss	-
Position as at 31 December 2014	48.631
Position as at 1 January 2015	48.631
Additions	-
Reversals	- 46.612
Write-off of receivables	-
Exchange gain/loss	-
Position as at 30 June 2015	2.019

Outstanding amount of impaired loans: €4.037 at 30 June 2015 compared with €97.261 at 31 December and €113.669 at 30 June 2014.

For this category of loans and advances, the Group does not provide information about outstanding amounts as defined by the European Banking Authority (EBA) on restructured debts.

3.10 Loans and advances at amortised cost – Customers

Headings	30/06/2014	31/12/2014	30/06/2015
Retail customers	10.996.533.770	11.321.995.706	11.807.496.492
Corporate customers	4.702.189.579	4.636.238.684	5.256.321.806
Public sector	2.190.949.512	2.353.021.001	2.256.465.684
Sub-total	17.889.672.861	18.311.255.392	19.320.283.982
Undrawn confirmed loans	3.020.448.496	3.670.251.784	3.843.666.322
Impairment of financial assets	-104.693.607	-112.977.594	-119.757.961

Of which finance leases:

Headings	30/06/2014	31/12/2014	30/06/2015
Finance leases	95.141.025	94.880.927	103.128.385
Total	95.141.025	94.880.927	103.128.385

- Impairments on loans and advances

	Retail customers	Corporate	Total
Position as at 1 January 2014	24.935.186	81.497.349	106.432.535
Additions	6.451.662	9.701.501	16.153.163
Reversals	- 2.115.195	- 15.815.227	- 17.930.422
Exchange gain/loss	-	38.331	38.331
Position as at 30 June 2014	29.271.653	75.421.954	104.693.607
Impairments of assets - individual risks	14.775.666	75.421.954	90.197.620
Impairment of assets - collective risks	14.495.987	-	14.495.987
Total	29.271.653	75.421.954	104.693.607
Position as at 1 July 2014	29.271.653	75.421.954	104.693.607
Additions	3.996.502	9.909.242	13.905.744
Reversals	- 861.101	- 2.546.068	- 3.407.169
Write-off of receivables (*)	- 516.982	- 2.208.288	- 2.725.270
Exchange gain/loss	-	510.681	510.681
Position as at 31 December 2014	31.890.072	81.087.521	112.977.594
Impairments of assets - individual risks	18.340.135	81.087.521	99.427.656
Impairment of assets - collective risks	13.549.937	-	13.549.937
Total	31.890.072	81.087.521	112.977.593
Position as at 1 January 2015	31.890.072	81.087.521	112.977.593
Additions	4.917.013	11.548.331	16.465.344
Reversals	- 4.765.595	- 5.589.055	- 10.354.649
Exchange gain/loss	-	669.674	669.674
Position as at 30 June 2015	32.041.490	87.716.471	119.757.961
Impairments of assets - individual risks	16.369.158	87.716.471	104.085.629
Impairment of assets - collective risks	15.672.332	-	15.672.332
Total	32.041.490	87.716.471	119.757.961

(*) Write-off of receivables represents the amounts considered as permanently lost on impaired assets.

Outstanding balances of impaired loans: €317.909.784 at 30 June 2015 compared with €335.238.871 at 31 December 2014 and €306.166.965 at 30 June 2014.

Value adjustments cover the principal amount and the interest.

In addition to the item on impairment of loans and advances to customers at amortised cost, the Group breaks down restructured outstanding debt per type of client. Financial restructurings are defined in accordance with EBA's definition and are characterised by a deterioration of a client's financial position as a result of financial difficulties and the fact that new financing conditions are granted to the customer, including in form of an extension of the loan's final maturity beyond six months, or a partial or total suspension of payment above the concessions that the Group would have been willing to accept for a customer under normal circumstances.

at 30/06/2015	Unimpaired restructured debt	Impaired restructured outstanding debts			Total restructured outstanding debt
		Outstanding	Impairment	Total	
Retail customers	53.174.942	9.226.221	1.010.360	8.215.860	61.390.803
Corporate customers	150.941.111	113.379.350	35.967.527	77.411.823	228.352.933
Total	204.116.053	122.605.570	36.977.887	85.627.683	289.743.736

at 31/12/2014	Unimpaired restructured debt	Impaired restructured outstanding debts			Total restructured outstanding debt
		Outstanding	Impairment	Total	
Retail customers	35.223.993	4.451.912	585.638	3.866.274	39.090.267
Corporate customers	147.563.298	115.924.333	36.539.768	79.384.565	226.947.863
Total	182.787.291	120.376.245	37.125.406	83.250.839	266.038.130

at 30/06/2014	Unimpaired restructured debt	Impaired restructured outstanding debts			Total restructured outstanding debt
		Outstanding	Impairment	Total	
Retail customers	27.857.124	1.658.186	342.186	1.315.999	29.173.123
Corporate customers	150.623.733	111.284.217	32.860.047	78.424.171	229.047.904
Total	178.480.857	112.942.403	33.202.233	79.740.170	258.221.027

3.11 Own use tangible fixed assets

Headings	30/06/2014	31/12/2014	30/06/2015
Own use tangible fixed assets	170.748.246	175.226.447	277.609.707

The significant growth in this heading between the 2014 and 2015 financial years is mainly explained by the acquisition of the former "Arbed" building in the first quarter of 2015.

3.12 Other assets

Headings	30/06/2014	31/12/2014	30/06/2015
Sundry debtors (1)	19.300.317	-	4.482
Other short-term receivables (2)	788.121	-	-
Other	28.772.482	5.464.146	10.976.901
Total	48.860.920	5.464.146	10.981.383

(1) Mainly transactions in securities and coupons

(2) Mainly transactions on credit cards and cheques.

The significant change in this heading between 30 June 2014 and 31 December 2014 originates from the reclassification of financial assets to the heading "Loans and advances at amortised cost" following the requirements of new reports to the supervisory authorities.

3.13 Taxes: Tax assets and liabilities

Whereas current tax is a current liability, deferred taxes are the amounts of income taxes that may be payable in the future in respect of taxable temporary differences.

As no new tax law incorporating IFRS standards has been passed in Luxembourg, the Group calculates the tax liability payable based on the increase in net assets of the balance sheet items valued through the income statement.

At 30 June 2015, the Group recognised a deferred tax asset of €69.218.791 and a deferred tax liability of €187.719.334.

3.13.1 Tax assets

Headings	30/06/2014	31/12/2014	30/06/2015
Deferred taxes	58.426.739	67.991.244	69.218.791
Tax assets	58.426.739	67.991.244	69.218.791

Breakdown of the deferred tax assets by origin:

Headings	30/06/2014	31/12/2014	30/06/2015
Derivative instruments - cash flows hedge	-	-	2.805.059
Debt instruments - application of fair value	6.590.307	4.481.462	10.945.787
Equity instruments - application of fair value	279.785	849.735	527.522
Pension fund - actuarial variation	51.556.647	62.660.047	54.940.423
Deferred tax assets	58.426.739	67.991.244	69.218.791

3.13.2 Tax liabilities

Headings	30/06/2014	31/12/2014	30/06/2015
Tax due	62.409.197	64.023.799	88.160.556
<i>Income tax</i>	38.675.105	36.417.515	53.975.999
<i>Municipal business tax</i>	23.734.092	27.606.284	34.163.157
<i>Wealth tax</i>	-	-	21.400
Deferred taxes	176.248.513	185.738.723	187.719.334
Tax liabilities	238.657.710	249.762.522	275.879.890

Breakdown of the deferred tax liabilities by origin:

Headings	30/06/2014	31/12/2014	30/06/2015
Derivative instruments-application of fair value	2.150.630	2.332.695	1.951.102
Debt instruments-application of fair value	20.214.517	24.469.057	25.582.703
Equity instruments-application of fair value	14.571.665	5.519.083	6.633.789
Pension fund-actuarial gain/loss	3.139.098	5.892.237	5.360.308
Prudential and other provisions	136.172.603	147.525.651	148.191.432
Deferred tax liabilities	176.248.513	185.738.723	187.719.334

The table below sets out a breakdown of movements of deferred tax assets and liabilities, based on whether the change occurred by the shareholders' equity or by the income statement.

Deferred tax assets/liabilities	01/01/2014	Movements in shareholders' equity	Movements in income statement	30/06/2014
Deferred tax assets	59.832.877	-1.406.138	-	58.426.739
Deferred tax liabilities	-166.703.385	-2.530.915	-7.014.212	-176.248.512
Deferred tax assets (+) / liabilities (-) net	-106.870.508	-3.937.053	-7.014.212	-117.821.774

Deferred tax assets/liabilities	01/07/2014	Movements in shareholders' equity	Movements in income statement	31/12/2014
Deferred tax assets	58.426.739	9.564.505	-	67.991.244
Deferred tax liabilities	-176.248.512	42.519	-9.532.730	-185.738.723
Deferred tax assets (+) / liabilities (-) net	-117.821.773	9.607.024	-9.532.730	-117.747.479

Deferred tax assets/liabilities	01/01/2015	Movements in shareholders' equity	Movements in income statement	30/06/2015
Deferred tax assets	67.991.244	1.227.547	-	69.218.791
Deferred tax liabilities	-185.738.723	-1.314.830	-665.781	-187.719.334
Deferred tax assets (+) / liabilities (-) net	-117.747.479	-87.283	-665.781	-118.500.543

3.14 Debt securities in issue

Headings	30/06/2014	31/12/2014	30/06/2015
Certificates of deposit	669.334.687	567.673.270	516.359.170
Commercial paper	5.776.252.433	3.995.528.887	4.673.485.761
Medium Term Notes and other issues	1.317.978.255	1.713.024.272	1.478.368.598
Total	7.763.565.373	6.276.226.429	6.668.213.529

of which:

- Subordinated notes 153.351.337 152.582.368 151.918.598

The Bank issued Euro Medium Term Notes (EMTN) for a nominal amount of €593.189.861 during the first half of 2015, compared with €766.084.471 during the first half of the previous year.

The new issues are mainly related to a specific institutional demand.

New issues	First half 2014	First half 2015
maturing in < 2 years	617.056.317	522.267.102
maturing in 2 - 5 years	57.500.000	-
maturing in > 5 years	91.528.154	70.922.759
Total	766.084.471	593.189.861

of which:

- Structured notes (issue value) 751.084.471 522.004.572

The main structures issued are of the "interest-linked type".

Issues maturing and redeemed early during, respectively, the first half of 2014 and 2015:

	First half 2014	First half 2015
Maturity dates/redemptions	477.188.429	949.923.880
Total	477.188.429	949.923.880

of which:

- Structured notes (issue value) 457.188.429 940.703.880

During the first half of 2015, the Group repurchased own issues for a value of €460.000, compared to €750.000 in the same period of 2014.

3.15 Deposits at amortised cost – Credit institutions

Headings	30/06/2014	31/12/2014	30/06/2015
Interbank deposits	3.950.565.734	3.266.357.983	4.387.254.665
Repurchase transactions	1.690.872.317	878.337.880	623.489.449
Total	5.641.438.051	4.144.695.863	5.010.744.114

3.16 Deposits at amortised cost – Private customers and public sector

Headings	30/06/2014	31/12/2014	30/06/2015
Private customers	20.831.822.449	20.788.138.069	22.084.388.545
- <i>Sight and notice accounts</i>	5.820.086.667	5.860.371.077	6.985.284.458
- <i>Time deposit accounts</i>	4.566.789.629	4.801.476.938	4.833.204.677
- <i>Savings accounts</i>	10.444.946.153	10.126.185.613	10.260.610.251
- <i>Repurchase transactions</i>	-	104.441	5.289.159
Public sector	3.483.630.008	4.280.007.310	3.767.926.123
Total	24.315.452.457	25.068.145.379	25.852.314.668

3.17 Pension fund – Defined benefit pension plan

Principal estimates used in the determination of the pension commitments:

Variables	30/06/2014	31/12/2014	30/06/2015
Discount rate for active employees	2,85%	2,00%	2,30%
Discount rate for pensioners	2,30%	1,60%	1,85%
Increase in salaries (including indexation)	3,50%	3,50%	3,50%
Increase in pensions (including indexation)	2,50%	2,50%	2,50%
Induced yield	2,96%	1,75%	1,75%

In application of the revised IAS 19 standard, the induced yield for 2015 corresponds to the weighted average discount rate at the end of 2014. This rate is applied to the difference between the pension commitments and the assets of the pension fund at 31 December 2014.

Net contribution to the pension fund as detailed under the heading "Personnel expenses" in the income statement:

Components	30/06/2014	31/12/2014	30/06/2015
Current service costs	3.196.818	6.393.635	3.682.390
Net interest	1.353.722	2.707.443	1.222.000
<i>Interest cost</i>	<i>6.212.339</i>	<i>12.424.677</i>	<i>4.348.304</i>
<i>Induced yield</i>	<i>-4.858.617</i>	<i>-9.717.234</i>	<i>-3.126.304</i>
Total	4.550.539	9.101.078	4.904.390

Pension commitments:

	30/06/2014	31/12/2014	30/06/2015
Commitments opening position	420.123.658	450.901.317	495.752.808
Current service costs	3.196.818	3.196.818	3.682.390
Interest cost	6.212.339	6.212.338	4.348.304
Benefits paid and to be paid	-9.176.312	-2.556.980	-9.204.868
Actuarial gains/losses	30.544.815	37.999.315	-26.418.972
Commitments closing position	450.901.317	495.752.808	468.159.662

Pension plan assets:

	30/06/2014	31/12/2014	30/06/2015
Opening position	328.575.131	339.884.737	356.431.857
Pension payment	-9.176.312	-2.556.980	-9.204.868
Contributions	4.823.378	4.823.377	3.859.271
Induced yield	4.858.617	4.858.617	3.126.304
Fair value gain/loss	10.803.922	9.422.108	-1.820.430
Total	339.884.737	356.431.857	352.392.135

Net commitments / overfunded on pension schemes as per IAS 19:

	30/06/2014	31/12/2014	30/06/2015
Pension commitment	450.901.317	495.752.808	468.159.662
Fair value of plan asset	-339.884.737	-356.431.857	-352.392.135
Unfunded/overfunded commitments	111.016.580	139.320.951	115.767.527

3.18 Provisions

Movements:

Position as at 1 January 2014	5.945.558
Additions	72.699
Reversals	-920.645
Application	-1.700.000
Position as at 30 June 2014	3.397.612
Position as at 1 July 2014	3.397.612
Additions	2.411.221
Reversals	-803.865
Application	-105.183
Position as at 31 December 2014	4.899.785
Position as at 1 January 2015	4.899.785
Additions	995.600
Reversals	-808.421
Application	-
Position as at 30 June 2015	5.086.964

The item "Provisions" includes provisions for risks that are liabilities of uncertain timing or amount.

3.19 Other liabilities

Headings	30/06/2014	31/12/2014	30/06/2015
Short-term payables (1)	82.345.816	13.054.322	62.622.751
Privileged or guaranteed creditors	10.964.127	27.659.464	11.885.672
Total	93.309.943	40.713.786	74.508.423

- (1) The amounts to be paid in the short-term mainly represents amounts to be settled by the Group in its capacity as a service provider, relating with cheques, coupons, securities, bank transfers, etc.

3.20 Transactions with related parties

The related parties of the Banque et Caisse d'Epargne de l'Etat, Luxembourg, are the consolidated companies, the associated companies accounted for using the equity method, government institutions and the Group's key management personnel.

All transactions with related parties are completed under market conditions.

3.20.1 Government institutions

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

Consequently, the Luxembourg Government controls the Group, which must therefore comply with the requirements of IAS 24.

The Group makes the following disclosures concerning its commercial relationship with the Luxembourg Government and other government institutions:

in euros	30/06/2014	31/12/2014	30/06/2015
ASSETS (mainly loans at amortised cost)	3.501.398.110	3.558.439.790	2.833.750.614

in euros	30/06/2014	31/12/2014	30/06/2015
LIABILITIES (deposits at amortised cost)	2.815.403.425	3.276.311.324	2.828.691.769

3.20.2 Compensation paid to the members of the management and administrative bodies

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

	30/06/2014	31/12/2014	30/06/2015
Board of Directors (nine members)	57.900	118.700	59.150
Executive Board (five members)	440.973	987.379	456.267
Total	498.873	1.106.079	515.417

Members of the management body are eligible for benefits associated with the defined-benefit pension plan in the same way as employees of the Bank.

3.20.3 Advances and loans granted to the members of the Group's parent company's management and administrative bodies

The advances and loans granted to the members of the Group's parent company's management and administrative bodies are as follows:

	30/06/2014	31/12/2014	30/06/2015
Board of Directors (nine members)	2.650.818	2.614.118	2.769.808
Executive Board (five members)	1.290.393	1.236.653	1.863.221
Total	3.941.210	3.850.771	4.633.029

3.21 Off-balance sheet items

Type of the guarantees issued:

Headings	30/06/2014	31/12/2014	30/06/2015
Completion bonds	292.450.647	300.138.107	312.869.987
Letters of credit	40.272.388	45.245.146	40.192.926
Counter-guarantees	392.890.587	412.772.996	376.325.341
Documentary credits	20.813.339	19.329.722	15.664.318
Other	31.076.586	10.280.916	10.252.732
Total	777.503.546	787.766.887	755.305.304

Commitments:

Headings	30/06/2014	31/12/2014	30/06/2015
Amounts subscribed and unpaid on securities, equity interest and shares in associated companies	10.382.603	10.503.882	10.253.882
Undrawn confirmed loans	4.421.168.511	4.989.253.879	4.373.859.668
Other	31.658.871	33.745.926	34.622.990
Total	4.463.209.985	5.033.503.687	4.418.736.540

Management of third-party assets:

The Group provides management and representation services to third parties, particularly wealth management, preservation and administration of securities, rental of safe-deposit boxes, fiduciary representation and agency functions.

4 NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT²

(in euros)

4.1 Interest income

Interest received and similar income	30/06/2014	30/06/2015
Assets repayable on demand	359.278	52.017
Financial assets held for trading	8.126.365	28.271.331
Available-for-sale financial assets	135.961.626	109.413.935
Receivables at amortised cost - Debt instruments	-	19.371
Receivables at amortised cost - Loans and receivables	198.126.042	197.322.372
Investments held-to-maturity at amortised cost	48.521.205	39.526.093
Derivatives - Hedge accounting, interest rate risk	98.919.794	75.804.409
Other assets	433.357	82.265
Total	490.447.667	450.491.793
Interest paid and similar expenses	30/06/2014	30/06/2015
Financial liabilities held for trading	-3.833.306	-9.483.272
Liabilities at amortised cost - Deposits	-48.498.819	-32.943.373
Liabilities at amortised cost - Debt certificates	-12.254.775	-20.684.461
Liabilities at amortised cost - Subordinated loans	-1.037.271	-551.856
Derivatives - Hedge accounting, interest rate risk	-236.068.922	-194.350.758
Other liabilities	-546.020	-924.979
Total	-302.239.113	-258.938.699
Net interest income	188.208.554	191.553.094
<i>Total interest received and similar income which are not generated by instruments recognised at their fair value through profit or loss</i>	383.401.508	346.416.053
<i>Total of interest paid and similar expenses which are not generated by instruments recognised at their fair value through profit or loss</i>	-62.336.885	-55.104.669

Net interest income at 30 June 2015 amounts to €191,6 million, compared to €188,21 million a year earlier, or an increase of 1,8%.

² Any minor differences between the figures presented in the notes on the financial statements and those in the various condensed consolidated reports represent only rounding differences.

4.2 Income from variable-income securities

Headings	30/06/2014	30/06/2015
Available-for-sale financial assets	35.622.678	37.707.787
Income from variable-income securities	35.622.678	37.707.787

4.3 Commissions

Headings	30/06/2014	30/06/2015
Loan activities	15.442.730	19.348.548
Asset management	10.875.961	12.382.984
Investment funds activities	15.650.481	18.644.520
Demand accounts and related activities	11.247.071	11.623.689
Insurance premiums	1.905.866	1.905.583
Other	4.595.571	3.536.012
Commissions received and paid	59.717.680	67.441.336

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

Headings	30/06/2014	30/06/2015
Available-for-sale financial instruments	21.748.260	19.315.406
Loans and advances at amortised cost	70.071	61.918
Financial liabilities at amortised cost	12.753	62.142
Total	21.831.084	19.439.466

4.5 Income from financial instruments held for trading

Headings	30/06/2014	30/06/2015
Equity instruments and related derivative instruments	989.151	2.329.191
Foreign exchange instruments and related derivative instruments	-4.923.679	-2.862.158
Interest rate instruments and related derivative instruments	7.410.616	10.591.928
Credit derivatives	37.353	21.589
Commodities and related derivative instruments	566.133	-951.544
Total	4.079.574	9.129.006

4.6 Net income from hedging operations

Headings	30/06/2014	30/06/2015
Fair value hedge		
Debt securities (assets) hedged by derivative instruments	288.683	1.750.511
Debt issues hedged by derivative instruments	-276.391	21.941
Loans hedged by derivative instruments	6.108.087	1.510.509
Total	6.120.379	3.282.961
Value adjustment on hedged instruments	116.700.502	-165.360.183
Value adjustment on hedging instruments	-110.580.123	168.643.144
Total	6.120.379	3.282.961

Market risk hedging operations are highly efficient.

4.7 Other net operating income

Headings	30/06/2014	30/06/2015
Other operating income	2.952.752	5.172.488
Other operating expenses	-739.903	-719.247
Other net income from operations	2.212.849	4.453.241

"Other operating income and expenses" mainly include:

- rents from leased buildings and miscellaneous advances from lessees;
- VAT reimbursements in respect of prior years;
- income on amortised loans.

4.8 Personnel expenses

Headings	30/06/2014	30/06/2015
Compensation	78.600.983	81.816.357
Social Security charges	3.814.893	3.941.372
Pensions and similar expenses	5.142.385	5.263.271
Pension fund expenses	4.550.539	4.904.390
Other personnel expenses	2.088.444	1.895.016
Total	94.197.244	97.820.406

4.9 Other general administrative expenses

Headings	30/06/2014	30/06/2015
Expenses related to property and furniture	8.871.034	9.019.986
Rents and maintenance of IT applications	7.817.457	7.972.582
Operating expenditure related to the banking business	11.871.141	12.003.517
Other	6.453.694	6.261.703
Total	35.013.326	35.257.788

4.10 Net allowances for impairment of individual and collective credit risks

	30/06/2014			30/06/2015		
	Additions	Reversals	Total	Additions	Reversals	Total
Available-for-sale securities	-	10.464.940	10.464.940	-4	1.627.500	1.627.496
Held-to-maturity securities	-5.000.000	-	-5.000.000	-	-	-
Loans and advances	-16.161.949	18.658.746	2.496.797	-16.465.345	10.401.262	-6.064.083
<i>of which individual impairment</i>	<i>-13.361.313</i>	<i>18.628.283</i>	<i>5.266.970</i>	<i>-14.333.534</i>	<i>10.391.846</i>	<i>-3.941.688</i>
<i>of which collective impairment</i>	<i>-2.800.636</i>	<i>30.463</i>	<i>-2.770.173</i>	<i>-2.131.811</i>	<i>9.416</i>	<i>-2.122.395</i>
Total	-21.161.949	29.123.686	7.961.737	-16.465.349	12.028.762	-4.436.587

4.11 Provisions and reversal of provisions

Headings	30/06/2014	30/06/2015
Provisions	-72.699	-995.600
Reversal of provisions	920.645	808.420
Total	847.946	-187.180

4.12 Tax expense

Headings	30/06/2014	30/06/2015
Tax on income from continuing activities	-20.798.616	-38.474.858
Deferred tax	-7.014.212	-665.781
Tax charge on the net income for the period	-27.812.828	-39.140.639

The tax liability has been calculated based on figures as at 30 June 2015, using constant methodology.

5 HIERARCHY OF FINANCIAL INSTRUMENTS AT FAIR VALUE

5.1 Methodologies applied

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

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

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

- Level 1 fair value: level 1 inputs are essentially quoted prices in active markets for identical financial instruments. This level includes equity securities and debt instruments listed on stock exchanges, as well as derivatives traded on a regulated market.
- Level 2 fair value: level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the financial instruments, either directly or indirectly, i.e. derived from observable prices, such as implied volatilities of a share derived from observable prices of option contracts on this share. This level includes the majority of over-the-counter derivatives and structured debt securities issued. These inputs, such as “EURIBOR” yield curves or credit spreads, are initially provided by specialised financial data providers.
- Level 3 fair value: level 3 inputs are mainly unobservable inputs for the asset or liability on a market. This level includes equity instruments or debt securities for which significant parameters used in the valuation models are based on internal estimations and assumptions.

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

Observable market data include:

- credit spread curves based on CDS prices,
- interbank interest rates or swap rate,
- foreign exchange rates,
- stock indices,
- credit spreads from various counterparties.

5.2 Levels of hierarchy for financial instruments measured at fair value

Financial assets and liabilities at fair value:

Headings at 30 June 2015	Level 1	Level 2	Level 3	total
Financial assets				
Financial assets held for trading	303.521	243.535.443	-	243.838.964
- <i>Debt instruments</i>	275.778	-	-	275.778
- <i>Equity instruments</i>	27.743	-	-	27.743
- <i>Derivative instruments</i>	-	243.535.443	-	243.535.443
Available-for-sale financial assets	7.119.781.656	3.556.613.485	360.311.748	11.036.706.889
- <i>Debt instruments</i>	6.837.595.681	2.814.062.975	193.238.090	9.844.896.746
- <i>Equity instruments</i>	282.185.975	742.550.510	167.073.658	1.191.810.143
Hedging derivatives	-	136.383.529	-	136.383.529
TOTAL	7.120.085.177	3.936.532.457	360.311.748	11.416.929.382
Financial liabilities				
Financial instruments held for trading	811.820	-	-	811.820
Derivative instruments held for trading	-	263.401.703	-	263.401.703
Hedging derivatives	-	888.495.211	-	888.495.211
TOTAL	811.820	1.151.896.914	-	1.152.708.734

Headings at 30 June 2014	Level 1	Level 2	Level 3	total
Financial assets				
Financial assets held for trading	702.037	106.503.042	-	107.205.080
- <i>Debt instruments</i>	702.037	-	-	702.037
- <i>Equity instruments</i>	-	-	-	-
- <i>Derivative instruments</i>	-	106.503.042	-	106.503.042
Available-for-sale financial assets	6.736.397.709	3.539.322.789	392.455.498	10.668.175.996
- <i>Debt instruments</i>	6.404.235.102	2.928.927.627	250.294.826	9.583.457.555
- <i>Equity instruments</i>	332.162.607	610.395.162	142.160.672	1.084.718.441
Hedging derivatives	-	88.221.114	-	88.221.114
TOTAL	6.737.099.746	3.734.046.946	392.455.498	10.863.602.190
Financial liabilities				
Financial instruments held for trading	1.179	-	-	1.179
Derivative instruments held for trading	-	119.253.965	-	119.253.965
Hedging derivatives	-	878.950.240	-	878.950.240
TOTAL	1.179	998.204.204	-	998.205.383

Financial assets value adjustments in the table above are mainly due to an increase in the accounting value following the continuing recovery on the financial markets during the first half of 2015.

A comparison of the breakdown in the financial assets at the end of 2014 and at the end of the first half of 2015 does not reveal any significant change: 62,4% of the financial assets are classified as level 1 (compared with 62,0% in 2014), 34,5% as level 2 (compared with 34,4% in 2014) and 3,2% as level 3 (compared with 3,6% in 2014).

The Group's parent company made use of valuation models based on market data in order to determine the fair value of positions classified as level 2 and valuation models based on estimates and market data in order to determine the fair value of positions classified as level 3 at 30 June 2015.

Details of level 3:

	Financial assets available-for-sale			Total financial assets	Financial liabilities		Total financial liabilities
	Debt instruments	Equity instruments	Hedging derivatives		Debt securities in issue	Hedging derivatives	
Total at 1 January 2015	206.544.431	140.014.417	-	346.558.848	-	-	-
Total gains/losses	455.573	- 5.468.728	-	- 5.013.155	-	-	-
- <i>Income statement</i>	561.258	- 458.491	-	102.767	-	-	-
- <i>Revaluation reserve</i>	- 105.686	- 5.010.237	-	- 5.115.923	-	-	-
Purchases	1.486.943	30.123.874	-	31.610.817	-	-	-
Issues	-	-	-	-	-	-	-
Reimbursements/sales	- 30.210.143	-	-	- 30.210.143	-	-	-
Transfers from or to level 3	14.961.285	2.404.095	-	17.365.380	-	-	-
Total at 30 June 2015	193.238.089	167.073.658	-	360.311.747	-	-	-
Total gain/loss for the period included in the income statements for financial assets and liabilities held at 30 June 2015	561.258	- 458.491	-	102.767	-	-	-

	Financial assets available-for-sale			Total financial assets	Financial liabilities		Total financial liabilities
	Debt instruments	Equity instruments	Hedging derivatives		Debt securities in issue	Hedging derivatives	
Total at 1 January 2014	115.435.483	136.445.100	185	251.880.768	-	-	-
Total gains/losses	2.568.150	- 10.234.157	- 185	- 7.666.192	-	-	-
- <i>Income statement</i>	10.300.769	- 37.000	- 185	10.263.584	-	-	-
- <i>Revaluation reserve</i>	- 7.732.619	- 10.197.158	-	- 17.929.776	-	-	-
Purchases	-	16.697.778	-	16.697.778	-	-	-
Issues	-	-	-	-	-	-	-
Reimbursements/sales	- 49.292.256	- 748.049	-	- 50.040.305	-	-	-
Transfers from or to level 3	181.583.449	-	-	181.583.449	-	-	-
Total at 30 June 2014	250.294.826	142.160.672	-	392.455.497	-	-	-
Total gain/loss for the period included in the income statements for financial assets and liabilities held at 30 June 2014	10.300.769	- 37.000	- 185	10.263.584	-	-	-

Level 3 financial assets' volume corresponds to 3,2% of total financial assets at fair value at 30 June 2015, compared with 3,6% at 30 June 2014. The Group did not recognise any financial liabilities at fair value at 30 June 2015 and 2014.

Methods used for the valuation of level 3:

Heading	method
- Debt instruments	For securitisations, the fair value measurement is based on an estimate of future flows as well as on a dedicated base spread (J.P. Morgan Int ABS & CB Research or SIFMA Markit). Certain positions incorporate an impairment not resulting exclusively from a determination using the cash flow method, but also by taking into account expert judgement.
- Equity instruments	Fair value method of estimation applies net assets methodology. Net assets are based on the recent financial statements and a discount, determined by expert judgement. In the case of a fair value lower than the acquisition cost, the Group's parent company applies an impairment charge to the concerned position.

Sensitivity analysis of financial instruments classified as level 3:

The sensitivity analysis was computed exclusively for debt instruments. For this purpose, the Group's parent company did not change the assumptions used for cash flow modelling, but simulated a one basis point upward change for the credit risk:

Heading	Fair value at 30/06/2015	Credit risk sensitivity to an increase of one basis point
Debt instruments	193.238.090	-41.712

6 ANALYSIS OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets out a comparison by heading of the accounting values and the fair values of the Group's financial instruments in the consolidated financial statements.

Headings at 30/06/2015	Accounting value	Fair value	Unrealised valuation
Financial assets			
Cash and cash balances with central banks	692.081.365	692.081.365	-
Loans and advances at amortised cost - Credit institutions	6.760.734.910	6.769.406.446	8.671.536
Loans and advances at amortised cost - Customers	19.320.283.984	19.493.167.636	172.883.652
<i>of which at fair value for hedging purposes</i>	<i>2.086.089.815</i>	<i>2.086.089.815</i>	-
Financial instruments held for trading	243.838.964	243.838.964	-
Hedging derivatives	136.383.529	136.383.529	-
Available-for-sale securities - fixed-income securities	9.844.896.745	9.844.896.745	-
Available-for-sale securities - variable-income securities	1.191.810.147	1.191.810.147	-
Held-to-maturity securities	4.502.041.694	4.723.574.799	221.533.105
TOTAL	42.692.071.338	43.095.159.631	403.088.293
Financial liabilities			
Deposits at amortised cost - Credit institutions	5.010.744.114	5.010.744.114	-
Deposits at amortised cost - Customers and public sector	25.852.314.668	27.910.347.778	2.058.033.110
Financial instruments held for trading	264.213.525	264.213.525	-
Hedging derivatives	888.495.210	888.495.210	-
Debt securities in issue	6.668.213.529	6.668.213.529	-
<i>of which at fair value for hedging purposes</i>	<i>1.478.368.598</i>	<i>1.478.368.598</i>	-
TOTAL	38.683.981.046	40.742.014.156	2.058.033.110

Headings at 31/12/2014	Accounting value	Fair value	Unrealised valuation
Financial assets			
Cash and cash balances with central banks	901.368.001	901.368.001	-
Loans and advances at amortised cost - Credit institutions	5.377.819.431	5.377.819.431	-
Loans and advances at amortised cost - Customers	18.311.255.394	18.425.957.181	114.701.787
<i>of which at fair value for hedging purposes</i>	<i>2.022.424.141</i>	<i>2.022.424.141</i>	-
Financial instruments held for trading	322.571.774	322.571.774	-
Hedging derivatives	99.240.017	99.240.017	-
Available-for-sale securities - fixed-income securities	9.750.181.015	9.750.181.015	-
Available-for-sale securities - variable-income securities	1.153.020.266	1.153.020.266	-
Held-to-maturity securities	4.699.397.776	4.956.077.391	256.679.615
TOTAL	40.614.853.674	40.986.235.077	371.381.403
Financial liabilities			
Deposits at amortised cost - Credit institutions	4.144.695.863	4.144.695.863	-
Deposits at amortised cost - Customers and public sector	25.068.145.379	26.355.632.823	1.287.487.444
Financial instruments held for trading	199.899.794	199.899.794	-
Hedging derivatives	991.242.634	991.242.634	-
Debt securities in issue	6.276.226.429	6.276.223.419	- 3.010
<i>of which at fair value for hedging purposes</i>	<i>1.586.624.554</i>	<i>1.586.624.554</i>	-
TOTAL	36.680.210.098	37.967.694.533	1.287.484.434

7 SEGMENT INFORMATION

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

In euros 30/06/2015	Retail, Professional, Corporate and Public Sector Banking	Financial Markets and Investment Funds	Other	Reconciliation	Total
Banking Income	154.441.102	106.521.066	74.484.107	-169.521	335.276.754
Net income before taxes	66.596.195	93.110.239	40.422.148	-169.521	199.959.061
Net income	66.596.195	93.110.239	1.281.509	-169.521	160.818.422

In euros 30/06/2014	Retail, Professional, Corporate and Public Sector Banking	Financial Markets and Investment Funds	Other	Reconciliation	Total
Banking Income	145.005.869	91.408.553	80.511.853	1.806.970	318.733.245
Net income before taxes	68.922.343	82.958.340	42.947.230	1.806.970	196.634.883
Net income	68.922.343	82.958.340	15.134.402	1.806.970	168.822.055

The difference observed between the figures from the various segments and the figures in the consolidated balance sheet arises from interest margin.

The main divergences originate from the methodology related to the transfer price rates.

At 30 June 2015, the methodological variance observed on the interest margin is -€0,2 million.



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