



Investor Presentation

May 2024

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Overview



Leading franchise in a AAA rated country with **stable and resilient economy**



Unique business model with resilient revenue and profit from Luxembourg home market, coupled with growth potential from international wealth management



Attractive revenue mix integrating corporate business and lending capability with wealth management business, resulting in significant contribution from **recurring fee business**



Strong focus on **responsible and sustainable business** considering all stakeholders



Robust balance sheet with strong asset quality, sound capitalisation with significant organic capital generation and resilient funding base



Best-in-class financial profile with profitable growth and **targeted diversification** of revenue sources through the **development of international markets**



Highly experienced management team supported by **motivated and loyal staff**

Overview

A leading bank in the Luxembourg economy



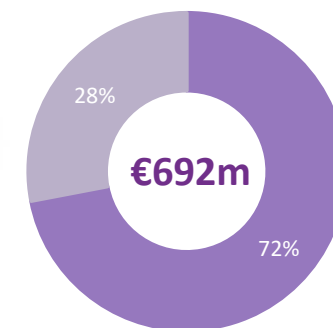
Key Information

- Founded in 1856, BIL is the **oldest multi-business and #1 independent bank** in Luxembourg with local **market shares of 15.3% in lending** and **11.4% in deposits**⁽¹⁾
 - **>150 years of experience** and **systemic importance** in Luxembourg
 - The Group has also **dedicated wealth management offices** in **Switzerland** and **China** as well as **trading floors** in **Luxembourg** and **Zurich**
- Operates under **2 business segments**: (i) Luxembourg Market & CIB and (ii) Wealth Management
- Reputation for **operational excellence** among professionals and **entrepreneurial mindset**
- **Holding financial participations in major national companies**: (i) 13.14% stake in Luxair and (ii) 10% stake in Luxembourg Stock Exchange
- **Strong shareholder backing by Legend Holdings and the Grand Duchy of Luxembourg**

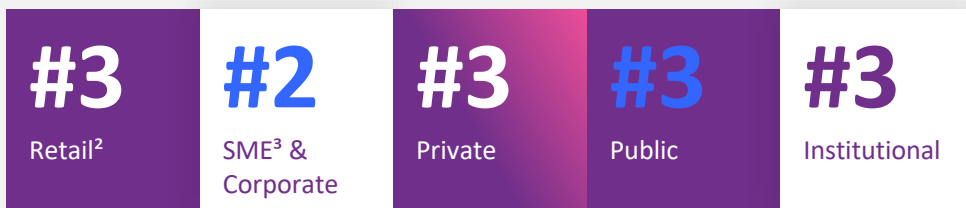
Operating Segments

- **Luxembourg Market & CIB** segment comprises Retail, WM Luxembourg and Corporate and Institutional Banking in Luxembourg as well as the international dimension of the Corporate and Institutional Banking
- **Wealth Management** comprises Wealth Management International activities for international cross-border clients

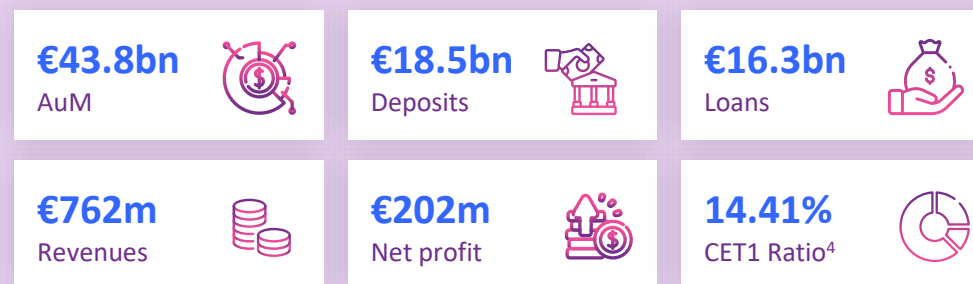
Core Operating Revenues



Leading Independent Bank in Luxembourg



Key Financials as at Year End 2023



(1): Information based on BCL volumes as of December 2023. Local market share in lending from 15.3% (Dec. 2022) to 15.3% (Dec. 2023) and deposits from 12.1% (Dec. 2022) to 11.4% (Dec. 2023)

(2): TNS Ilres banking market survey for retail clients 2023 – market share 13.0%
(3): TNS Luxembourg banking survey 2022 for SMEs and Corporate clients – market share 23%

(4): CET1 after 2023 profit allocation

Overview

Key milestones of the oldest bank in Luxembourg



1856

Banque Internationale à Luxembourg, the first public limited bank in the country, undertook its first issues of banknotes



1963

BIL was underwriter of the first Euro bond listed on the Luxembourg Stock Exchange



1970

BIL is one of the founding members of CEDEL, which grew to become the clearing firm Clearstream International



1985

The Bank commenced its private banking activities in Switzerland



2012

Precision Capital and The Grand Duchy of Luxembourg bought BIL from Dexia



2015

Merger of the private banking business of KBL (Switzerland) into BIL Switzerland



2018

Legend Holdings acquired Precision Capital's stake in BIL



2019

BIL opened the Representative Office in Beijing, China



2020

The bank acquired BIL Wealth Management Ltd. Hong Kong SAR, China

Overview

Broad product and financial services offering



Retail Banking

- ✔ One of the **top Luxembourg retail banks**, delivering **high value added to clients**
- ✔ Providing **clients with daily banking services**, as well as **investment and lending services**
- ✔ **Omni-channel delivery model** combining **high value-added human interactions** with a **digital and remote support**



Corporate & Institutional Banking

- ✔ **One of the top Luxembourg banks** for companies of all sizes, financial institutions and the public sector
- ✔ **Comprehensive range of services and advice**, with tailor-made and flexible financing solutions and corporate finance offering in Luxembourg and Switzerland
- ✔ **Competitive time-to-market** enabled by a **rapid and local decision-making process**



Wealth Management

- ✔ **Wealth Management activities for Luxembourg-based clients**, as well as for **international cross-border clients**
- ✔ **Booking centres in Luxembourg and Switzerland**, and asset management in Hong Kong
- ✔ **Trusted advisor** delivering **high value-added investment services and lending facilities to clients with an entrepreneurial background**



Luxembourg

- Luxembourg Market & CIB (Retail, Corporate and Institutional Banking), Wealth Management and Financial Markets
- BIL Manage Invest (BMI)
- Belair House, real estate boutique
- BIL Lease, financial leasing solutions



Switzerland

- Full-fledged Swiss private bank for international clients, with an increasing exposure to high-growth geographies
- Corporate Advisory services
- Niche private bank with offices in Zurich, Geneva, Lugano



China

- Rep. Office in Beijing conducting market research and promoting the BIL brand in the Chinese market
- BIL Wealth Management Ltd. in Hong Kong SAR, China specialising in securities dealing, advisory and discretionary services

BIL's Outlook

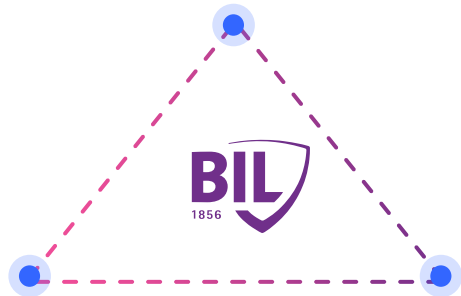
As part of the Energise Create Together 2025 strategy, throughout 2023, BIL continued to pursue the development of international markets to drive future growth

- 1 Leveraging on cross-border capacity in Luxembourg, Switzerland and Hong Kong SAR/China, BIL serves clients by offering them various tailor-made services
- 2 Clients have the choice between booking centres in Luxembourg and Switzerland, where they are offered holistic value-added products and advice
- 3 With the establishment of a representative office in Beijing China and its licensed legal entity¹ in Hong Kong SAR, BIL can benefit from proximity to clients in Chinese markets

(1) The licensed legal entity BIL Wealth Management Ltd. holds licence Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management).

3 Pillars Underlying The Plan

Net Income After Tax
EUR 201.8 m¹



Core Cost-Income Ratio
65.0%¹

Return on Tangible Equity
10.71%¹

The three pillars will drive BIL's
long term profitability

Energise Create Together 2025

BIL's Ambitions

In May 2021, BIL updated its five-year strategic plan "Energise Create Together 2025" including 5 key levers to become the best bank for Entrepreneurs in Luxembourg. A revision in H2 2023 confirmed this strategic direction

- | | | |
|--|--|--|
| | Develop a unique positioning in the Luxembourg market | Build on our ability to deliver an unmatched business model at the intersection of Retail Banking, CIB and Private Banking to be the best bank for Entrepreneurs in Luxembourg |
| | Develop China business | Become a leading bank for European clients wanting to invest in China, and Chinese clients wanting to invest in Europe, on a step-by-step basis |
| | Wealth Management as growth engine | Bring Wealth Management back to its 2017 levels of revenues and profitability thanks to a fundamental turnaround and growth of our Entrepreneur client base mainly in Luxembourg and the strategic plan in Switzerland |
| | Deliver a new Core Banking System | Deliver a future-proof core banking system to act as backbone for BIL's transformation (<i>delivered in September 2023</i>) |
| | Design and implement a new Target Operating Model | Adapt BIL's operating model and culture to create a robust, future-proof and dynamic bank ready to face the future with confidence |

(1): Figures end of December 2023

Overview

Strong shareholder backing by Legend Holdings as majority owner



Legend Holdings Overview

Strong Entrepreneurial Background...

- Legend Holdings is an **industrial operations and investments group** headquartered in Beijing, **China**, and listed on the **Hong Kong Stock Exchange** since June 2015
- As at 31 December 2023, Legend Holdings had **assets of EUR 84.81 billion¹**, **annual revenues of EUR 56.90 billion²** and **approx. 90,000 employees** worldwide.
- Legend Holdings was founded in 1984 and developed **Lenovo** into a global leader following Lenovo's acquisition of IBM's global PC business in 2004
- Legend Holdings has over a **35-year history** of continued growth and expansion and is rated **AAA in China** (United Credit Ratings Company Limited)

... With an Investment Portfolio with Sustainable Long-Term Growth



BIL Acquisition Overview

- On 2 July 2018, **Legend Holdings Corp.** closed the transaction for the acquisition of Precision Capital's 89.936% stake in **BIL³**
- The Grand Duchy of Luxembourg remains an important shareholder** in BIL with its 9.998% stake
- Legend Holdings considers BIL as a **long-term strategic investment** and intends to **maintain and invest further in the development** of the BIL brand, in Luxembourg, Switzerland and China
- As at December 2023, **Legend Holdings Corp.** holds **89.980%** stake in **BIL⁴** and the **Grand Duchy of Luxembourg** holds **9.998%** stake.

- **Profitable business:** BIL's asset scale, profit and revenue growth potential and business stability
- **BIL's long history** and deep roots in Luxembourg
- **A well-run bank** with a **diversified business** mix and a focused, long-term strategy
- **A well-capitalised bank** with strong corporate governance and risk management
- **Long-term investment horizon** and capital support
- **Access to China:** business opportunities for BIL with Chinese companies and individuals overseas
- Potential business **synergies with other companies** in Legend's portfolio
- **Experience and network** in artificial intelligence, internet, big data and financial technology



(1): Based on EUR/CNY of 0.1274 as at 29 December 2023

(2): Based on 2023 average EUR/CNY of 0.1305

(3): Please refer to BIL press release dated 2 July 2018: "Legend Holdings receives regulatory approval for the acquisition of Banque Internationale à Luxembourg"

(4): After capital increase on 16 December 2019 of EUR 58 million

Overview

2023 key figures¹



Assets Under Management

43.8 EUR billion
+0.7% compared with Dec 2022



Deposits

18.5 EUR billion
-12.3% compared with Dec 2022



Loans

16.3 EUR billion
-0.9% compared with Dec 2022



#3 **2,023**

in Luxembourg
Market share

Employees
(BIL Group)



+200,000

Clients



+20%

Share of sustainable investment in the
Bank's Investment Portfolio



Net Profit BIL Group

202 EUR million after tax
+32% compared with Dec 2022



Total Balance Sheet BIL Group

30.5 EUR billion
-5.8% compared with Dec 2022



Common Equity Tier 1

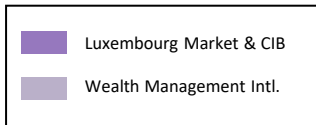
14.41%
CET1 2023 after profit allocation



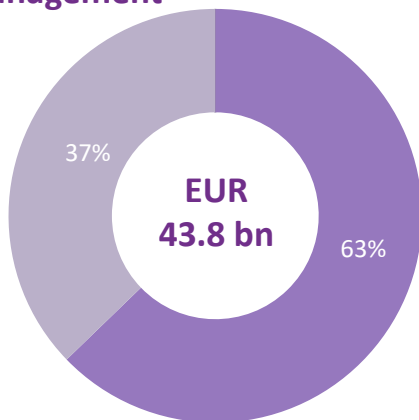
(1): Please refer to the 2023 Annual Report on www.bil.com

Overview

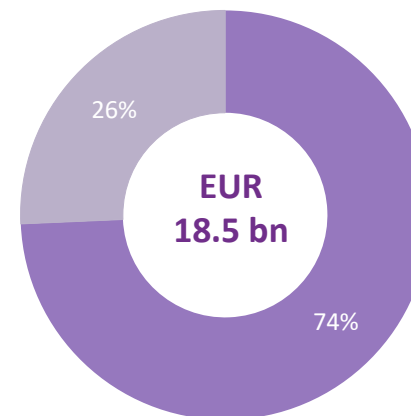
2023 business segments' breakdown



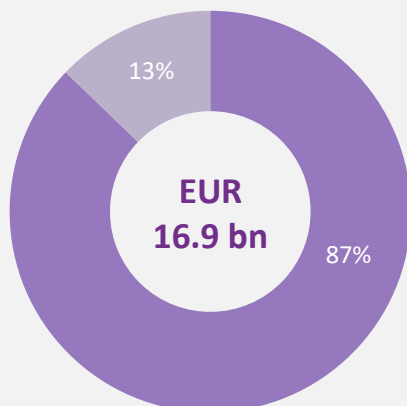
Assets under Management



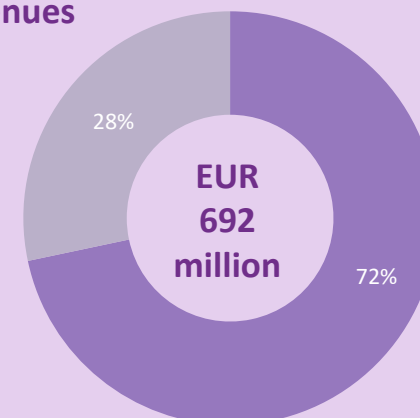
Deposits



Loans¹



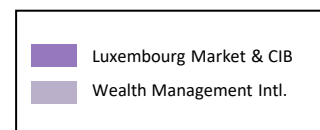
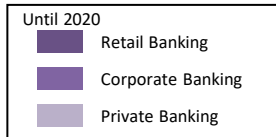
Core operating revenues



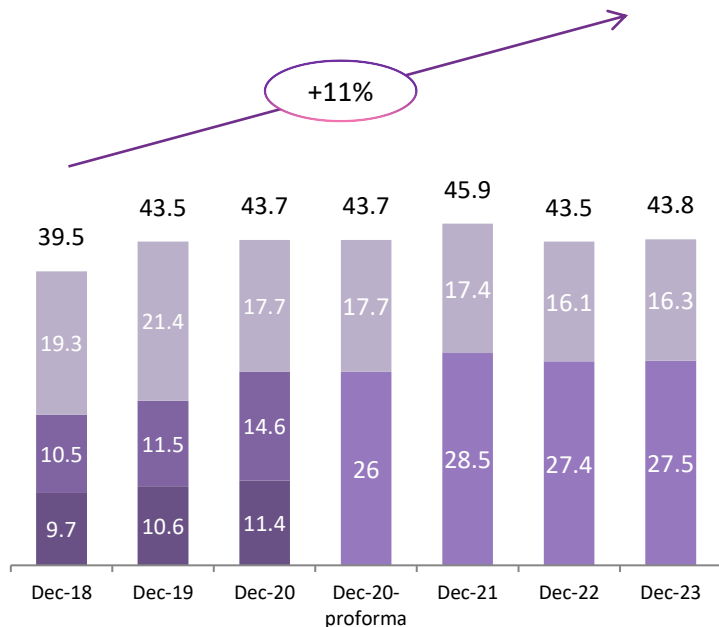
(1): To match with 2023 Balance Sheet figures (cf. slides 12 and 17), please note that this figure is limited to the commercial business lines excluding impairments on loans.

Overview

Commercial franchise evolution

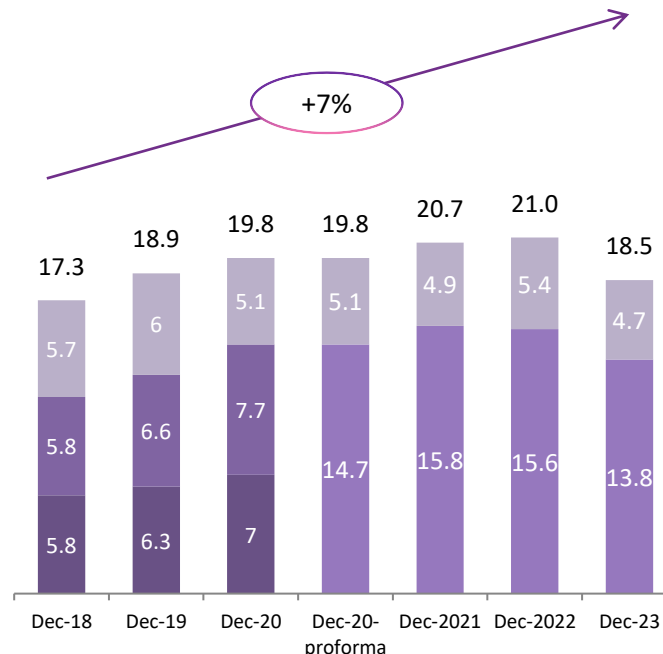


Assets under Management (in EUR billion)



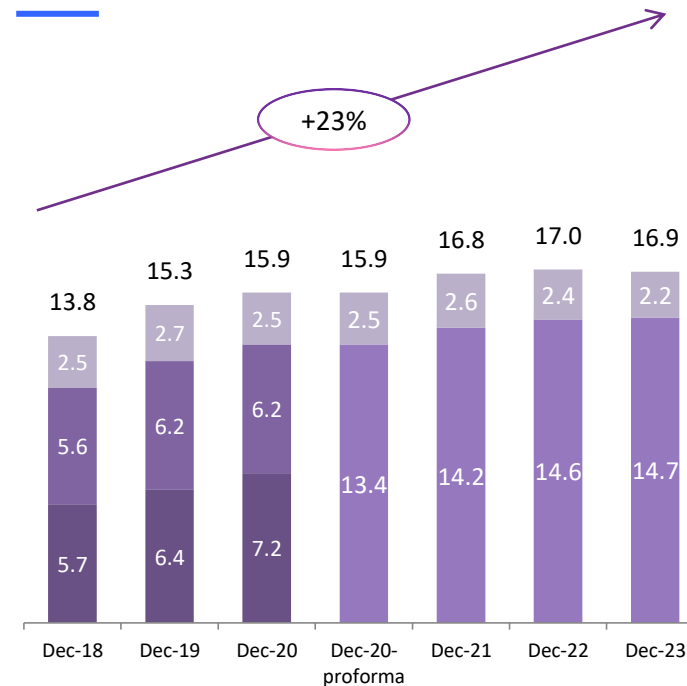
EUR +0.3 billion
 positive market effect EUR 0.7 billion
 negative organic growth EUR 0.4 billion

Deposits (in EUR billion)



EUR -2.5 billion²
 of deposits decrease

Loans¹ (in EUR billion)



EUR -0.1 billion
 of loans decrease

(1): To match with 2023 Balance Sheet figures (c.f. slides 12 and 17), please note that this figure is limited to the commercial business lines excluding impairments on loans

(2): 2023 deposits continued the downward trend already observed in June 2023, as clients moved their deposits to higher return investments and proceeded to the early repayment of their variable rate loans. The Bank also witnessed higher volatility in terms of institutional client depositors depending on their cash management requirements.

Financial Performance

Financial Performance

2023 Income Statement



Income Statement – Global view (in EUR million)

Income Statement	2022	2023
Revenues	645	762
Interests and dividend income	363	538
Fee income	224	212
Other income	57	12
Expenses	(460)	(505)
Gross operating income	185	257
Cost of Risk	(19)	(26)
Net income before tax	165	230
Tax	(12)	(29)
Net income after tax	153	202
Cost-income ratio	71.3%	66.3%

- BIL group reported a net income after tax of EUR 202 million, compared to EUR 153 million in 2022, up by 32%, driven by higher revenues from commercial activities offset by an increase in expenses and cost of risk.

Income Statement – Focus on core operating net income before tax (in EUR million)

Income Statement	2022	2023	Change	
Core operating revenues	599	763	164	27%
Luxembourg Market & CIB	407	496	89	22%
Wealth Management International	182	196	14	8%
Financial Markets	43	53	10	23%
Group center	(33)	17	50	152%
Core operating expenses	(455)	(496)	(40)	9%
Core operating cost of risk	(17)	(28)	(12)	71%
Core operating net income before tax	127	239	112	88%
Core cost-income ratio	76.0%	65.0%		

- BIL group's core operating net income before tax (excluding non-recurring items) amounts to EUR 239 million compared with EUR 127 million in 2022, up by 88%. This evolution was marked by a positive contribution of the core operating revenues of EUR 164 million offset by a negative contribution of the core operating expenses of EUR 40 million and a higher core operating cost of risk by EUR 12 million.

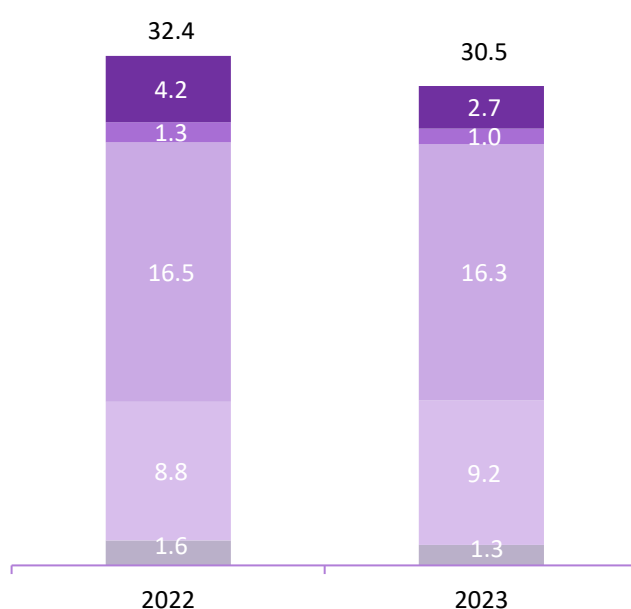
Financial Performance

2023 Balance Sheet



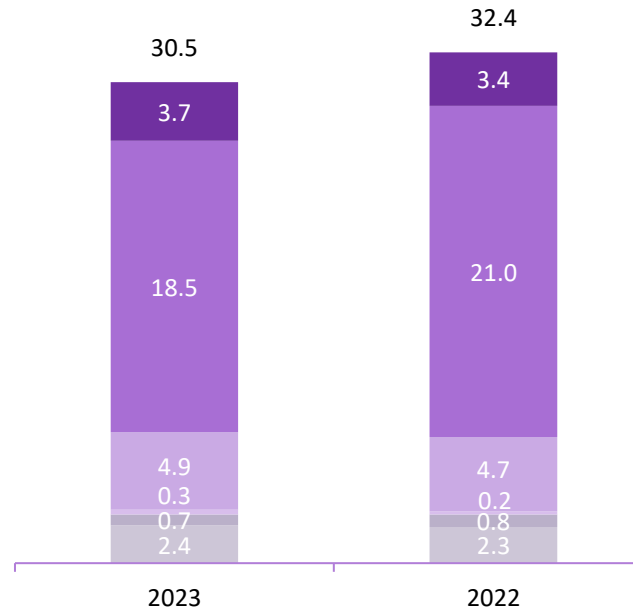
Assets (in EUR billion)

- Cash and Balances with Central Banks
- Loans and Advances to Credit Institutions
- Loans and Advances to Customers
- Financial Investments
- Other assets



Liabilities (in EUR billion)

- Amounts due to Credit Institutions
- Amounts due to Customers
- Debt Securities and Financial Liabilities
- Subordinated Debts
- Other liabilities
- Shareholders' Equity



- Loans and advances to customers amounted to EUR 16.3 billion at the end of 2023 compared with EUR 16.5 billion at the end of 2022 (EUR 0.2 billion or -0.9%). Outstanding mortgage loans decreased by EUR 0.2 billion (-3%). This decrease is linked to the continued general slowdown in mortgage loan production in Luxembourg, impacted by the rapid rise in interest rates and delays in new construction projects caused by the current downturn in the real estate sector and early reimbursement as clients are using their excess liquidity to deleverage their investment portfolios.
- Financial investments increased by EUR 0.4 billion to EUR 9.2 billion, as higher new investments recognised at amortised cost were partially offset by sales and maturities generated in 2023.
- Cash at Central Banks and loans and advances to credit institutions amounted to EUR 3.7 billion, down by EUR 1.8 billion (-33%). This decrease mainly stems from “Amounts due to Customers” down by EUR -2.6 billion which has reduced the Bank’s liquidity excess.

- Customer deposits totalled EUR 18.5 billion in December 2023, down by 12.3% versus year-end 2022. This decrease occurred mainly in current accounts (EUR -3.4 billion), partially offset by an increase in fixed term deposits (EUR 1 billion) as favourable interest rates incentivise clients to move their deposits to more remunerative products and clients proceed to the early repayment of their variable rate loans.
- Debt securities increased by 4.3% to reach EUR 4.9 billion compared with year-end 2022. As part of its long-term financing programme, in 2023 the Bank issued EUR 2.1 billion in Senior Preferred and EUR 70 million in Senior Non-Preferred notes. Since the inauguration of its Green Bond Framework in May 2022, BIL issued a total of EUR 440 million in green bonds of which EUR 350 million were issued in 2023.
- Shareholders’ equity increased by EUR 136 million (+5.9%). This increase was mainly due to the 2023 net profit of EUR 202 million and the positive evolution of the revaluation reserves of EUR 3 million offset by the dividend paid on the 2022 net profit of EUR 60 million and by the coupon payments on AT1 instruments.

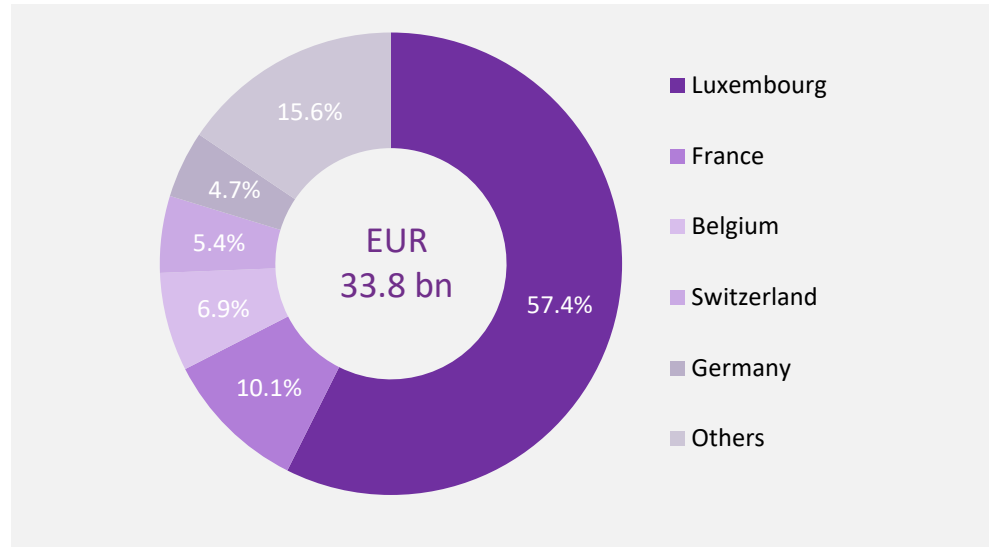
Totals may differ slightly due to rounding

Asset quality

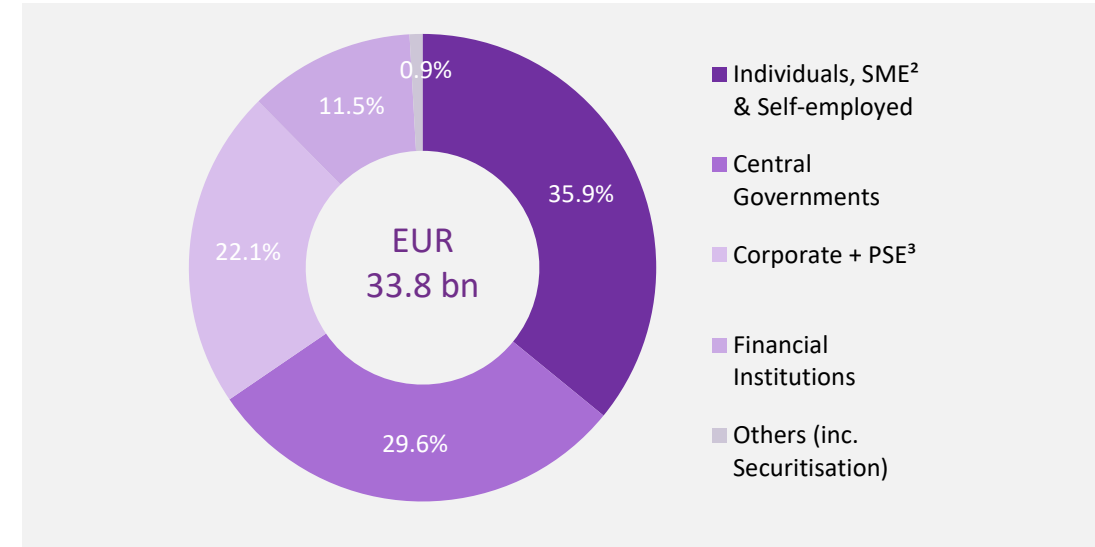
Asset quality

2023 Global Exposure

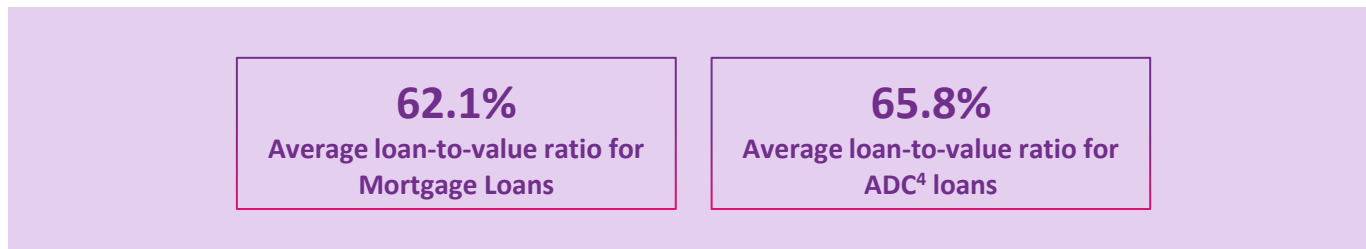
Exposure by Geographic Region (MCRE¹)



Exposure by type of counterparty (MCRE¹)



Loan-to-value ratios



(1): Maximum Credit Risk Exposure (MCRE): • The net carrying value of balance sheet assets other than derivative products (i.e. the carrying value after deduction of expert provisions); • The mark-to-market valuation of derivative products; • The total off-balance sheet commitments corresponding to unused lines of liquidity or to the maximum amount that BIL is committed to as a result of guarantees issued to third parties.

(2): SME – Small and Medium Enterprises (3): PSE – Public Sector Entities

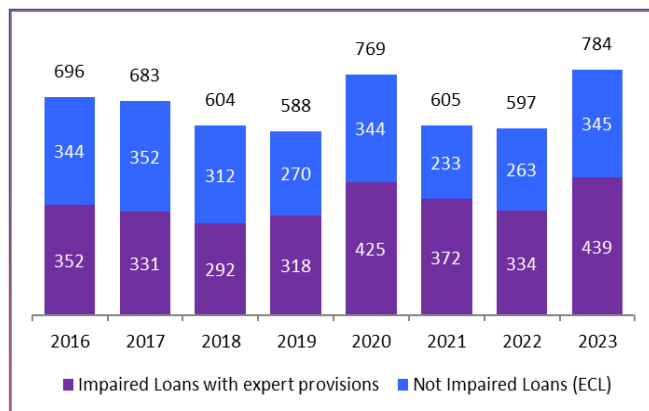
(4): ADC – Acquisition Development and Construction

Asset quality

Non-performing loans and asset quality loans

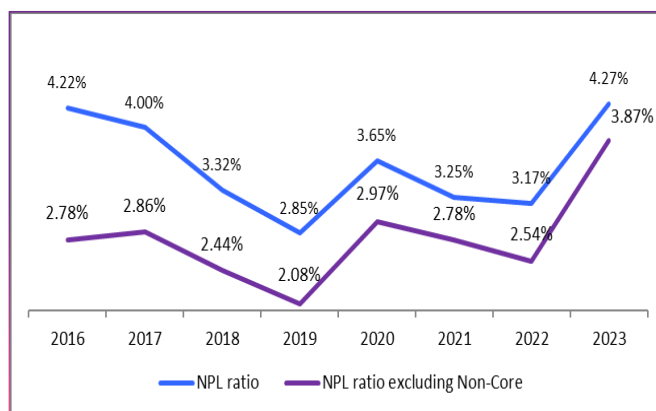


Non-performing loans¹ (exposure, in EUR million)



- Total non-performing loans reversed their downward trend to reach a level comparable to that of the post-pandemic period.

Non-performing loans (ratios)



- The NPL ratio is mainly influenced by an increase in non-performing loans linked to the difficulties exposed to Luxembourg's residential real estate sector. This sector is currently facing a downturn that is tied to a slowdown in economic growth and a higher interest rate environment.

Asset quality loans² (ECL and coverage ratio)

Loans and advances to customers	2022	2023
Stage 1		
Outstanding amount (EUR bn)	13.131	13.841
ECL (EUR m)	47	39
Coverage ratio %	0.36%	0.28%
Stage 2		
Outstanding amount (EUR bn)	3.081	1.985
ECL (EUR m)	33	23
Coverage ratio %	1.07%	1.16%
Stage 3		
Outstanding amount (EUR bn)	0.568	0.776
ECL (EUR m)	217	212
Coverage ratio %	38.20%	27.32%
Asset quality ratio (stage 3 / total gross loans and advances to customers)	3.38%	4.67%
Cost of Risk (in bps) excluding non-recurring items	5bps	20bps

(1): Non-performing loans including off-balance sheet items (in 2023 EUR 23m guarantees)

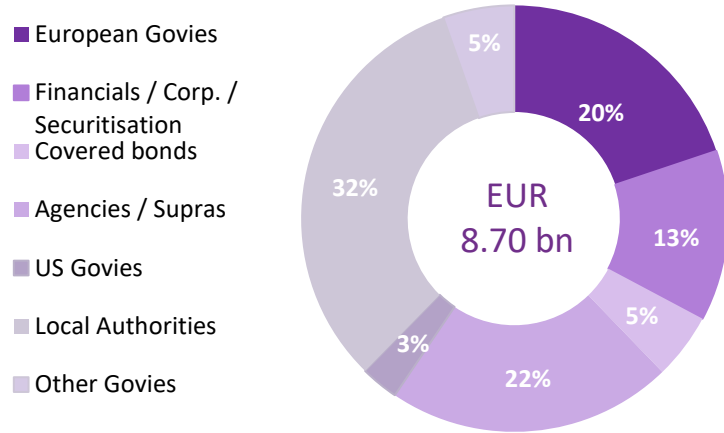
(2): Asset quality ratio limited to loans and advances to customers - Detail in 2023 Annual Report - Risk Management section 3.6 (page 38)

Asset quality

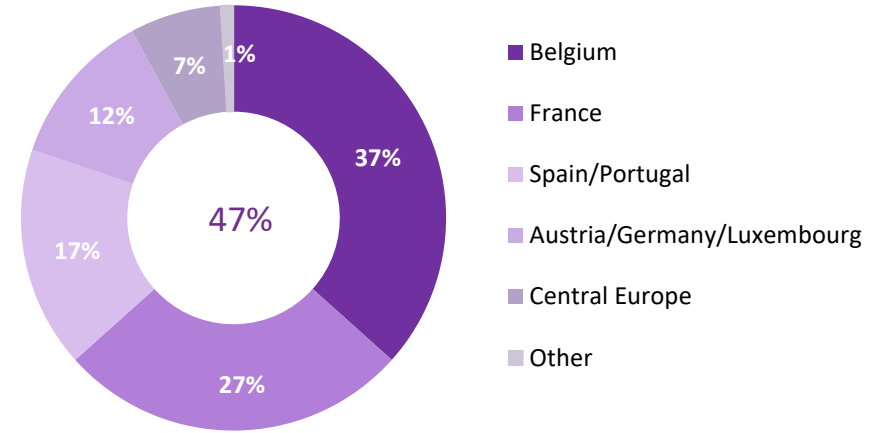
2023 Investment Portfolio



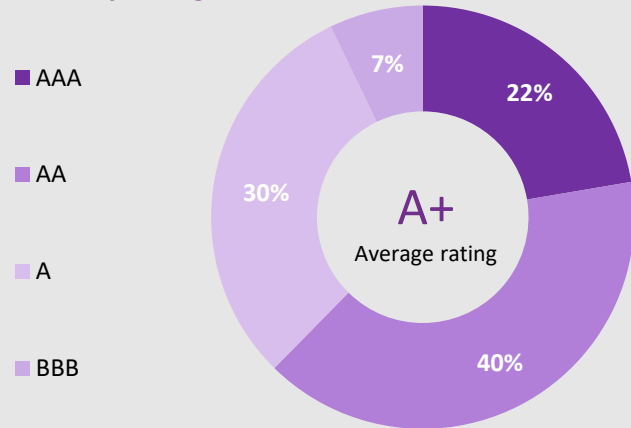
Investment Portfolio by Issuer Type



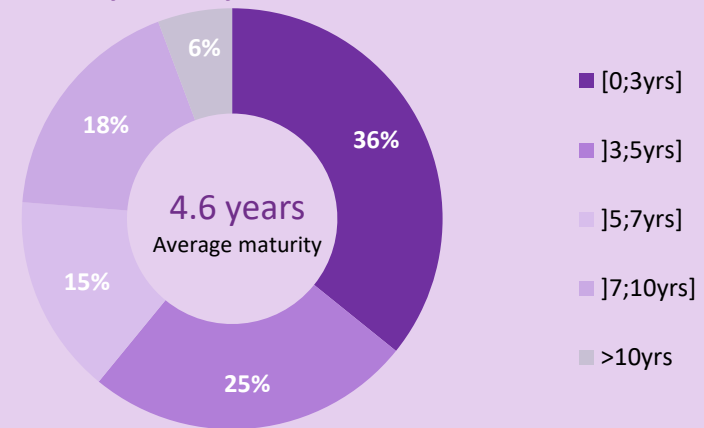
European Govies and Local Authorities (excluding Canada) by Geographic Region



Investment Portfolio by Rating



Investment Portfolio by Maturity



Solvency and Liquidity

Solvency and Liquidity

2023 Solvency Position

Solvency Ratios (figures after profit allocation, in EUR million)

	2022	2023
Weighted risks	10,426	11,451
Credit risk & CVA ¹	9,408	10,273
Market risk	17	24
Operational risk	1,001	1,154
Total capital	1,881	2,159
Common Equity Tier 1	1,463	1,650
Additional Tier 1	175	175
Tier 2	243	334
Solvency ratios		
CET1 ratio	14.03%	14.41%
Tier 1 ratio	15.71%	15.93%
Capital adequacy ratio	18.04%	18.85%

(1): CVA - Credit Value Adjustment

Common Equity Tier 1 (CET1) up by EUR 187 million mainly due to the shareholders' equity increase of EUR 115 million and a reduction of prudential filters of EUR 72 million.

CET1 ratio evolution



Risk Weighted Assets (RWA)

Risk Weighted Assets growth (EUR 1,206 million) is mainly driven by credit risk (EUR 866 million) due to the implementation of the new retail models, the commercial loans' portfolio evolution and the prudential treatment of intangible software assets (after go-live implementation of the new Core Banking System)

14.41%³
CET1 ratio

9.40%
OCR requirements⁴

5.33%
Leverage ratio

(3): 13.37% before 2023 profit allocation

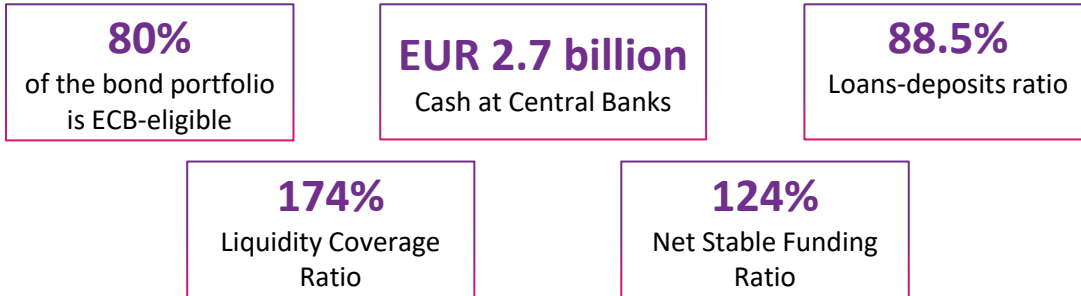
(4): CET1 requirement 4.5%, conservation buffer 2.5%, O-SII buffer 0.5%, countercyclical buffer 0.5%, P2R 1.4% (as of 1 Jan. 2024)

Solvency and Liquidity

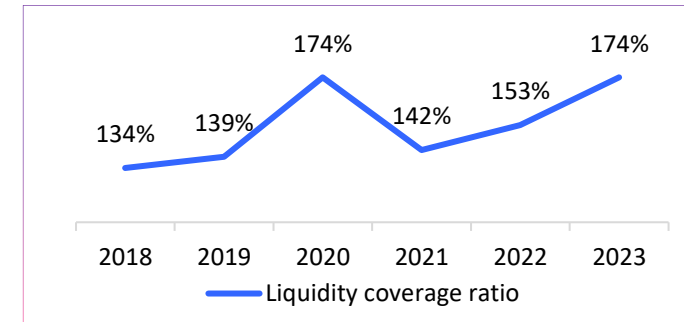
Liquidity and Funding



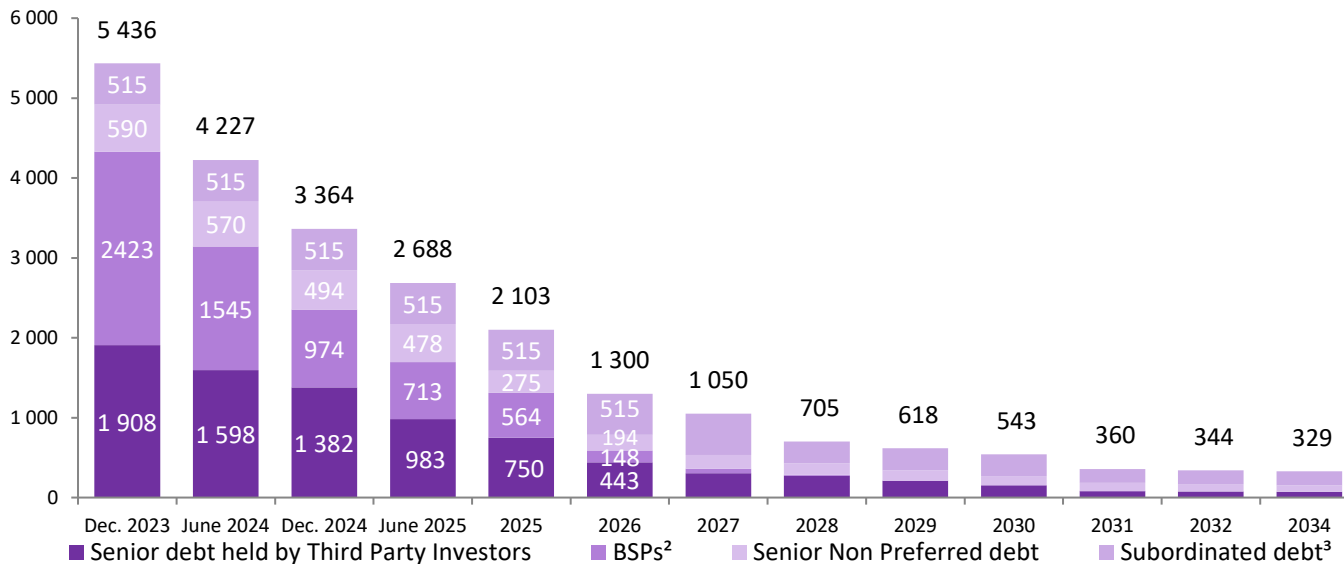
Liquidity



Evolution of the Liquidity Coverage Ratio



BIL debt maturity profile¹ (in EUR million)



BIL's diversified sources of funding

- Standard:
 - Deposits: Retail, Private Banking, Institutional, Corporate
- EMTN Programme:
 - Senior debt to Third Party Investors
 - BSPs (BIL Structured Products): Debt issuances distributed in BIL's own network (Retail, Private Banking, Corporate)
 - Senior Non-Preferred debt
 - Subordinated debt (Tier 2 and AT1)
- Structured Note Issuance Programme:
 - Senior debt issuance programme distributed in BIL's network or through Leonteq's platform
- Swiss Programme:
 - Partnership to join Leonteq's technology platform to leverage on their expertise to create and distribute structured products

(1): Excluding Corporate deposits

(2): BSPs – BIL Structured Products (incl. BSPs sold through Leonteq Platform)

(3): EUR 175 million AT1, EUR 50 million Tier 2, USD 100 million Tier 2 maturing 2028, EUR 100 million Tier 2 (callable 2026 and maturing 2031) and EUR 100 million Tier2 (callable 2028 and maturing 2033)

Solvency and Liquidity

BIL's Credit Ratings



S&P Global Ratings

	A-/Stable/A-2
Standalone Rating (SACP)	bbb+
ALAC Support	+1 notch
Last rating action	03 Nov 2019
Ratings affirmed	20 Oct 2023

MOODY'S INVESTORS SERVICE

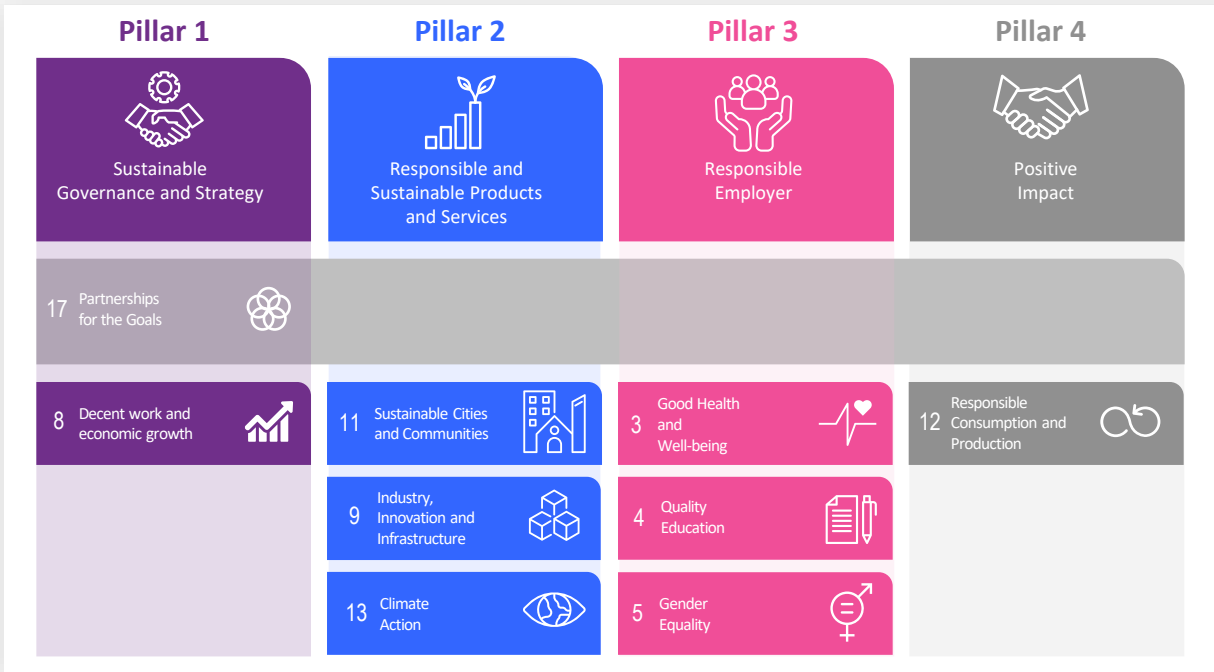
	A2/Stable/P-1
Standalone Rating (BCA)	baa2
Government uplift	+1 notch
Loss Given Failure (LGF)	+2 notches
Last rating action	03 April 2024

Sustainability Strategy

Sustainability Strategy Overview



« WE ARE AN INTERNATIONAL BANK THAT STRONGLY SUPPORTS THE LOCAL ECONOMY AND COMMUNITIES. WE ENGAGE WITH OUR EMPLOYEES TO TRANSITION TOWARDS SUSTAINABLE BANKING, CONSCIOUS OF OUR RESPONSIBILITY AND WILLING TO DEVELOP PRODUCTS THAT ALLOW US, TOGETHER WITH OUR CLIENTS, TO MAKE A POSITIVE IMPACT AND TO PREPARE SOLID GROUND FOR FUTURE GENERATIONS »



Pillar 1¹ – Sustainable governance and strategy

Structure the organisation to face ESG (Environment, Societal, Governance) challenges and to support the bank’s long-term growth and stability

Pillar 2¹ – Responsible and sustainable products and services

Develop a responsible product and service offering to both create value for clients and support the transition to sustainability

Pillar 3¹ – Responsible employer

With a view to making its employment practices sustainable, BIL is committed to promoting inclusive workplaces, offering training and mobility opportunities to all employees

Pillar 4¹ – Positive impact

Continue to make a positive impact on the local economy and communities and prepare solid ground for future generations

BIL has made 19 commitments to anchor these pillars and translate them into a business strategy, embedded into business-as-usual processes, and then monitored and managed across a wide range of departments

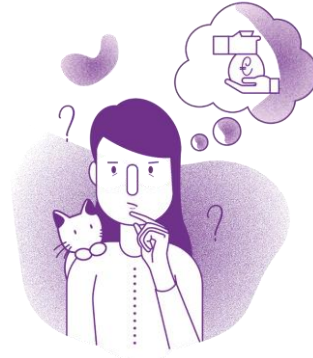
(1): For detailed information on each Pillar of our SustainaBILity Strategy please visit our [website](#) , consult our latest [Sustainability Report](#) or contact us (contact details on the last page of this presentation)

Sustainability Strategy

Exclusion policy and ESG integration in investments

Exclusion Policy

BIL investment services are using an exclusion list targeting individual companies (and their respective bonds and equities) and countries (sovereign debt). Excluded companies are defined as companies presenting unacceptable harm to our society and where engagement makes little sense (ineffective).



Thermal Coal

Companies that generate more than 10% of their revenues from coal extraction and/or power generation from coal



Oil Sand

All companies that derive more than 5% of their revenues from oil sand extraction



Controversial Weapons

Zero tolerance towards investing in companies involved in controversial weapons activities.



Controversial Behaviour

Companies that violate the United Nations Global Compact Principles covering human rights, labor rights, environment and corruption & bribery considerations



Serious Violations

Countries that have serious violations with regard to political stability or where the governance structure is deemed as unsustainable

ESG Integration

- Integrating environmental, social and governance (ESG) factors results in better-informed investment decisions and/or recommendations
- BIL investment services apply ESG non-financial factors as part of their analysis to identify material risks and growth opportunities



Sustainability Strategy

Recent Achievements & 2024 Targets



2023 Achievements

- ✓ **Focus on regulatory compliance:** SFDR, MIFID, Integration of climate risks, CSRD.
- ✓ Development of **article 8** in-house funds.
- ✓ **Integration of ESG considerations** in lending and investment activities and development of risk assessment framework.
- ✓ **1st ESG Risk Rating** (Sustainalytics).
- ✓ **1st ESG targets** and Board oversight of ESG Dashboard.
- ✓ Systematic integration of **EPC** in mortgage processes.
- ✓ Systematic **sustainability preferences** collection.

2024 Targets

- 🎯 Pursue reflections on **climate strategy**, sectorial implications and impact on business model and strategy.
- 🎯 Reflect on long-term **targets** and bank ambitions.
- 🎯 Ensure **transparency** on bank's governance and ESG policies.
- 🎯 Create **client awareness** on ESG products & services.
- 🎯 Continue to develop **ESG offering and linked pricing reflections**.
- 🎯 Continue to develop **ESG Risk Framework**.
- 🎯 Address **regulatory requirements** with focus on MIFID, Risk roadmap, CSRD and SFDR.
- 🎯 Work on **Culture & Training**.

ESG Frameworks & Labels



BIL conducted an ESG Risk Rating which measures the company's exposure to industry-specific material ESG risks and how well the company is managing those risks.

BIL was awarded a score of **11.2** (15/09/2023):

- Low risk
- Strong overall management of material ESG issues
- Strong performance on Data Privacy & Security, Human Capital, Product Governance, ESG Integration, Corporate Governance and Business Ethics

Green Bond Framework

Rationale

- Opportunity to promote and support the long-term development of sustainable solutions through financing sustainable innovations and services in line with the UN Sustainable Development Goals (SDG) 2030 agenda
- Ensure that clients have access to financing that helps them to pursue the transition to an environmentally sustainable future
- Commitment to support the growth of the sustainable finance market, a critical tool to meet the commitments of the Paris Agreement on global climate action and to address investors' willingness to finance sustainable activities
- **Primary focus to channel financing towards energy-efficient real estate in Luxembourg**

Green Bond Principles

Use of Proceeds

Green Buildings

- Financing of refurbishment, acquisition and ownership of existing or future energy-efficient residential buildings in Luxembourg

An independent advisory firm has been mandated to define robust eligibility criteria in Luxembourg

Management of Proceeds

- Proceeds managed on portfolio basis
- Allocation period of 2 years on best effort basis
- Lookback period of 3 years
- Unallocated proceeds held in accordance with BIL's investment guidelines



Process for Asset Evaluation and Selection

- Dedicated process for eligible loan identification, selection and monitoring according to Use of Proceeds criteria
- Green Bond Committee chaired by Chief Financial Officer in charge of allocation of Green Bond proceeds to Eligible Portfolio

Reporting

- Annual allocation and impact report published on BIL's website
- Eligible Portfolio environmental impact assessment performed by independent advisory firm



Has provided a Second Party Opinion on the Framework and is of the opinion that the Banque Internationale à Luxembourg Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021



Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11

BIL's Green Bond Committee will be responsible for the managing and tracking of proceeds via an internal tracking system. This is in line with market practice

Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11

BIL has also committed to an independent review of its annual reporting, which is in line with best market practice

Eligible Project Category



Eligibility Criteria

- ✓ Buildings either with an **Energy Performance Certificate (EPC) level at least equal to “A” or belonging to the top 15% most energy-efficient buildings** of the national building stock and demonstrated by adequate evidence¹
- ✓ Buildings with **Primary Energy Demand (PED) at least 10% lower than the relevant national threshold** set for nearly zero-energy building (NZEB) requirements
- ✓ Buildings that will achieve or have achieved, after refurbishment, a reduction of **primary energy demand (PED) of at least 30 % in comparison to the performance of the building before renovation** or comply with the applicable requirements for major renovations of the EPBD (Energy Performance of Buildings Directive)



UN SDGs



Environmental Objective

Substantially contribute to EU Taxonomy environmental objective n°1 “Climate Change Mitigation” (Article 10) by improving energy efficiency, except for power generation activities²

Exclusion Criteria

- ✗ **Nuclear or fossil fuel generation** notably including thermal coal (extraction & power generation) and oil sands extraction
- ✗ **Controversial weapons** anti-personnel landmines, cluster bombs, depleted uranium weapons, chemical weapons, biological weapons and white phosphorous weapons
- ✗ **Gambling, casinos and related businesses**
- ✗ **Tobacco**

(1): BIL has engaged an external consultant to define the top 15% of the national building stock and NZEB-10% in Luxembourg. The results of the assessment will be published on BIL’s website in the following section:

<https://www.bil.com/en/bil-group/investor-relations/Pages/index.aspx>

(2): as referred to in Article 19(3) <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

Green Bond Framework

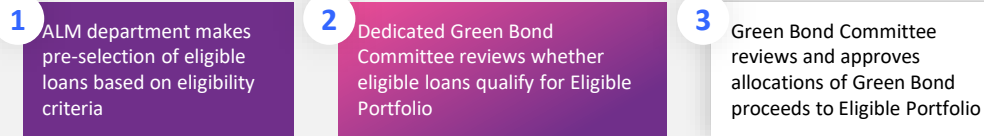
Process for project selection, evaluation and management of proceeds

Process for project selection and evaluation

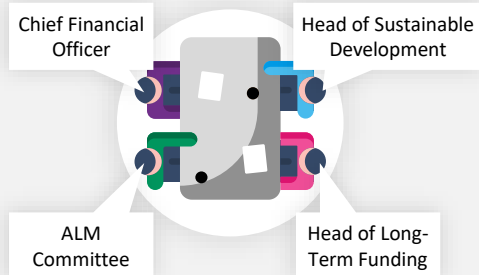
Governance Guidelines

- Loans included in the Eligible Portfolio must comply with BIL's internal policies aimed at mitigating known material social risks and BIL's regular credit policies

Eligible loans identification process



Green Bond Committee

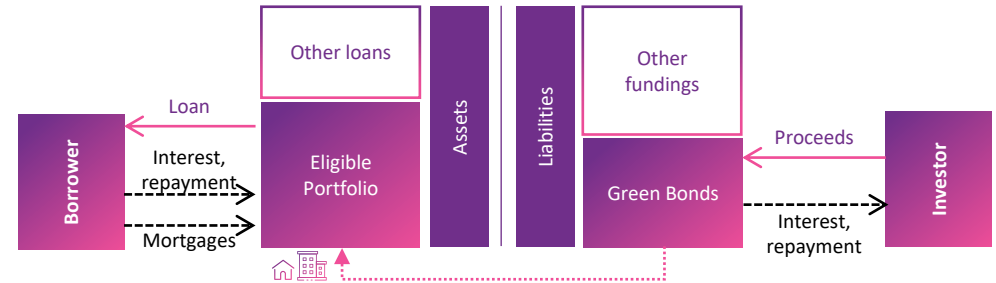


Responsibilities

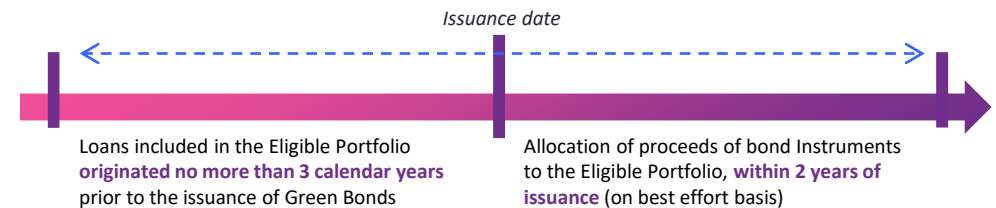
- Review and approve the selection of eligible loans included in the Eligible Portfolio
- Monitor external reviews
- Review and approve Green Bond reporting
- Address changes in Eligible Portfolio and put forward potential alternative eligible loans
- Monitor evolutions of sustainable finance regulation

Management of Proceeds

Aggregated Portfolio Approach



- BIL will strive to maintain an aggregate amount of eligible loans in the Eligible Portfolio that matches or exceeds the balance of net proceeds of all outstanding green bonds
- Pending allocation, unallocated proceeds will temporarily be invested in accordance with BIL's investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments



Allocation Report


- Overview of green bonds outstanding
- Size of the Eligible Portfolio
- Balance of unallocated proceeds
- Share of new and existing eligible loans including split by year of origination and share of financing vs refinancing

Impact Report

- Estimated annual financed GHG emissions and avoided GHG emissions (tCO₂e)
- Estimated ex-ante annual energy consumption and energy savings (KWh/sqm)
- Number of buildings and estimated total floor area (sqm) financed

BIL will aim to align its reporting with the model proposed by the Handbook - Harmonised Framework for Impact Reporting as published by the International Capital Markets Association (ICMA)

External Review

- Second Party Opinion provided by  SUSTAINALYTICS
- Verification of annual Green Bond report by an external auditor until full allocation of the proceeds and in case of any material changes to the allocation
- External auditor's assurance reports included in the annual reporting as disclosed on BIL's website

Environmental impact evaluation

- National reference benchmarks to determine the environmental impact of the Eligible Portfolio and assessment of the Eligible Portfolio and impact reporting provided by Drees & Sommer
- BIL commits to publish annually a Green Bond Report which is made of an allocation report and an impact report on an aggregated basis
- The annual report will be made available on BIL website and updated annually at least until full allocation

Key takeaways

Key Takeaways

—
Systemic bank in the Grand Duchy of Luxembourg **rated AAA (S&P / Moody's / Fitch)**

—
Leading independent bank in Luxembourg with an excellent brand

—
Long-term commitment from both shareholders

—
Strong capital and liquidity positions

—
Solid profitability with a 10.71% return on tangible equity in 2023

—
Official signatory of the **UN Principles for Responsible Banking (UNPRBs)** and UN Global Compact



Appendix

Governance

Board of Directors as at 31 December 2023



Jing Li^{1 2}
Chair



Peng Li¹
Vice-Chair



Marcel Leyers
Director/CEO



Maurice Lam
Director



Charles Q. Li
Director



Pierrot Rasqué³
Director

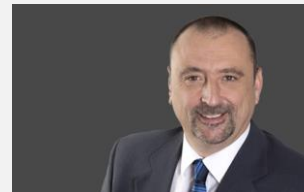


Vincent Thurmes³
Director



Chris van Aeken
Director

Staff Representatives



Ashley Glover
Director
Staff Representative



Benoît Migeaux
Director
Staff Representative



Claude Steffen
Director
Staff Representative



Marc Terzer
Director
Staff Representative

(1): Legend Holdings' directors
(3): Grand Duchy of Luxembourg directors

(2): Interim chair of the Board of Directors as of 17 March 2023 following the resignation of Luc Frieden

Glossary

List of acronyms and specific terms



Acronym	Definition
ALAC	Additional Loss-Absorbing Capacity
BCA	Baseline Credit Assessment
BSP	BIL Structured Products
CET1	Common Equity Tier 1
CEDEL	Centre de Livraison des Valeurs Mobilières
CSRD	Corporate Sustainability Reporting Directive
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Value Adjustment
ECB	European Central Bank
EIF	European Investment Fund
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas
LGF	Loss Given Failure
MCRE	Maximum Credit Risk Exposure
MiFID	Markets in Financial Instruments Directive

Acronym	Definition
NPL	Non-Performing Loans
OCR	Overall Capital Requirement
O-SII	Other Systemically Important Institution
PSE	Public Sector Entities
P2R	Pillar II Requirement Buffer
RWA	Risk Weighted Assets
SACP	Standalone Credit Profile
SFDR	Sustainable Finance Disclosure Regulation
SME	Small and Medium Enterprises
SREP	Supervisory Review and Evaluation Process
SRI	Socially Responsible Investment
TLTRO	Targeted Long Term Refinancing Operations

Glossary

Alternative Performance Measures (APM)



APM	Definition	Reason for use
(Core) Operating Revenues	Operating revenues = Interest and dividend income + Fee income + Other income Core = operating revenues excluding non-recurring items as presented on slide 16 and slide 37.	Representative measure of BIL's operating performance.
(Core) Operating Expenses	Operating expenses = Staff expenses + General expenses + Amortisation Core = operating expenses excluding non-recurring items as presented on slide 16 and slide 37.	Representative measure of BIL's operating cost.
(Core) Gross Operating income	Gross operating income = Operating revenues - Operating expenses Core = gross operating income excluding non-recurring items as presented on slide 16 and slide 37.	Representative measure of BIL's operating performance.
(Core) Cost of Risk	Cost of risk : net impairment on financial instruments and provisions for credit commitments Core = cost of risk excluding non-recurring items as presented on slide 16 and slide 37.	Representative measure of BIL's cost of risk level
(Core) Operating income	Operating income = Gross operating income net of impairments and provisions for legal litigation Core = operating income excluding non-recurring items as presented on slide 16.	Representative measure of BIL's operating performance.
(Core) Operating net income before tax	Net income = Operating income net of income from associates and before tax expenses Core = net income excluding non-recurring items as presented on slide 16.	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 = cost to income ratio excluding non-recurring items as presented on slide 16 and slide 37.	Measure of operational efficiency in the banking sector.
Asset Quality Ratio	Total Stage 3 outstanding loans and advances to customers divided by total gross loans and advances to customers as presented on slide 20.	Representative measure of the risk level in % of the volume of outstanding loans.
Coverage Ratio	Expected credit losses divided by the total outstanding of related loans to customers by stage as presented on slide 20.	Measure of provisioning for doubtful loans
Return on Tangible Equity (ROTE)	Net income after tax less other equity instruments divided by the average shareholders' equity at the beginning of the year and the end of the period less intangible assets, goodwill and other equity instruments as presented on slide 10.	Measure of profitability in relation to shareholders' equity.

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