



## **SECOND SUPPLEMENT DATED 02 May 2023 TO THE BASE PROSPECTUS DATED 6 JULY 2022**

### **BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME**

*(Incorporated with limited liability in Luxembourg)*

#### **Programme for the issue of Structured Notes, Certificates and Warrants**

This supplement (**the “Second Supplement”**) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 6 July 2022 (**the “Base Prospectus”**) and the First Supplement dated 9 September 2022 prepared in relation to the Programme for the issue of Structured Notes, Certificates and Warrants of Banque Internationale à Luxembourg, société anonyme. On 6 July 2022, the Commission de Surveillance du Secteur Financier (the “CSSF”) approved the Base Prospectus as a base prospectus as competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”).

The Base Prospectus has also been approved by the Luxembourg Stock Exchange pursuant to Part IV of the Luxembourg act dated 16 July 2019 on prospectuses for securities (the “**Prospectus Act 2019**”) in respect to the securities to be listed on the Euro MTF Market.

This Second Supplement constitutes a supplement to the Base Prospectus for the purposes of Article 23 (1) of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Second Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement.

To the extent that there is any inconsistency between (a) any statement in this Second Supplement and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus and the First Supplement dated 9 September 2022 since the publication of the Base Prospectus.

This Second Supplement as well as the documents incorporated by reference are available on the Luxembourg Stock Exchange’s website: “[www.luxse.com](http://www.luxse.com)”.

In accordance with Article 23 (2) of Regulation (EU) 2017/1129 paragraph 2 of the Prospectus Regulation, investors who had already agreed to purchase or subscribe for the securities before the supplement was published and where the securities had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted, have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be the **04 May 2023**. Investors should contact their relationship manager for the exercise of the right of withdrawal.

This Second Supplement provides updated information about the Issuer.

## **Press release dated 31 March 2023**

**“Start of the press release”**

### **A year of resilience in an uncertain environment**

**Banque Internationale à Luxembourg (BIL) records a strong performance in a year of many challenges. Thanks to resilient commercial activities, and a favourable interest rate environment, the Bank successfully reported a net income of EUR 153 million.**

#### **Key financial figures**

- Assets under Management : EUR 43.5 billion
- Customer deposits: EUR 21 billion, +1.7%
- Customer loans: EUR 16.5 billion, +0.8%
- Total balance sheet: EUR 32.4 billion
- Total revenues: EUR 645 million, +2%
- Expenses: EUR 460 million, +4%
- Net income: EUR 153 million, +13%
- CET1 ratio: 14.03% after profit allocation
- Liquidity Coverage Ratio (LCR): 153%

#### **Staying the course in turbulent times**

After two years marked by the COVID-19 pandemic and the recessionary shock it caused, the strong economic rebound and the return of inflation in 2021, 2022, marked by the Russia-Ukraine conflict, proved to be no less challenging. This radical change of macroeconomic environment significantly impacted Europe given its exposition to the conflict. However, Luxembourg’s economy proved once again its resilience. Notwithstanding signs of slowing down of the construction sector, and of demand for mortgages, private consumption maintained a good level, supported by additional measures introduced by the Government’s “Solidaritéspak”.

In this challenging context, BIL ensured its clients, entrepreneurs, corporate and individual, of its undivided support to bring their projects to life and to offer them innovative financial solutions. To support the economy, BIL joined the Luxembourg Government’s loan guarantee scheme intended for Luxembourgish companies experiencing difficulties due the substantial rise in commodity and energy prices caused by the conflict in Ukraine. The Bank also stayed on course on the roll out of its transformative five-year strategic plan, Energise Create Together 2025. In 2022, BIL focused on supporting its clients on its key commercial markets, expanding its sustainable product and service offering, and accelerating its bank-wide project, the implementation of its brand new core banking

system.

## **Resilient commercial activities leading to a strong performance**

Despite turbulent times, commercial performance remained resilient during 2022. At 43.5 billion euros, Assets under Management marked a slight decrease compared to 2021. The Bank limited the impact of the negative market effect, attributed to the sharp decline on equity markets, by increasing net new assets under management.

Customer deposits increased by 1.7% to 21 billion euros, in the context of a favourable interest rate environment and heightened uncertainty compelling clients to be more cautious. Customer loans increased by 0.8% to 16.5 billion euros. This limited growth is linked to a general slowdown in mortgage loan production in Luxembourg, due to the rise in interest rates, delays in new construction projects caused by the rising cost of raw materials and supply chain stress as a result of the Russia-Ukraine conflict.

This commercial performance translated into total revenues of 645 million euros, up by 2% in 2022 and up by 8% excluding non-recurring items. The Bank's commercial activities limited to core operating revenues stood at 589 million euros, compared with 548 million euros at year-end 2021. Commercial activities continued to recover from the impact of COVID-19 supported by the favourable impact of the interest rate environment during the second half of the year. Thanks to the Bank's business model which facilitates cross-fertilisation, all activities contributed positively to this performance.

Expenses amounted to 460 million euros, up by 4%, compared with 2021. BIL continued to invest in talents and technology to be fit for the future. Recruitment and higher labour costs contributed to increase overall staff expenses. In addition, general expenses were impacted by higher energy costs and renewed business travel. To be noted that the Bank actively managed its loan portfolio, significantly improving the quality of its assets which allowed it to reduce the cost of risk, from 38 million euros in 2021 to 19 million euros in 2022.

The Bank reported a net income after tax of 153 million euros, up by 13%.

## ***Starting 2023 with determination***

Uncertainties surrounding the global economy will remain high. The effects of the Russia-Ukraine conflict will still be prevalent. The recent difficulties of a small number of financial institutions in the USA and in Switzerland have caused instability on financial markets. As reaffirmed by the European financial supervisors, the European banking sector is resilient, with robust levels of capital and liquidity. BIL's financial position is robust: its Common Equity Tier 1 ratio stands at 14.03% after 2022 profit allocation and its Liquidity Coverage Ratio at 153%. The Bank has no credit exposure with Credit Suisse and Silicon Valley Bank.

Notwithstanding these uncertainties, BIL will keep its focus on the sound management of its activities, governed by its proven risk management framework. It will remain by the side

of its clients and continue to be the bank of reference for entrepreneurs and private clients with an entrepreneurial mindset. For this, BIL will stay on course of its strategy and focus on finalising its bank-wide project, its new core banking system, while ensuring its ambitious commercial targets are met. It will pursue its journey towards more sustainability, constantly improving its business governance and processes, its direct and indirect environmental impact, and the social well being of its employees to allow them to fully develop their potential.

**“End of the press release”**

## Cross-reference list

This section supplements page 72 of the Base prospectus (section: "Documents incorporated by reference")  
The audited annual report of the Issuer for the year 2022 which has previously been published shall be incorporated by reference in, and form part of, this Second Supplement.

The 2022 annual report is available on <https://www.bil.com/Documents/brochures/annual-report-2022-en.pdf>

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The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Directive. Such excluded parts (i.e. the information not listed in the cross reference list) are either not relevant for investors or covered elsewhere in the Prospectus.

## Selected historical key financial information

This section supplements pages 513 to 516 of the Base Prospectus (section “Financial Information”).

### Consolidated Statement of Income

The table below sets out summary information extracted from the Issuer's audited consolidated statement of income for the years ended 31 December 2021 and 31 December 2022:

(in EUR)	31/12/21	31/12/22
<b>REVENUES</b>	<b>631.952.607</b>	<b>644.683.037</b>
<b>EXPENSES</b>	<b>(442.236.522)</b>	<b>(459.805.495)</b>
<b>GROSS OPERATING INCOME</b>	<b>189.716.085</b>	<b>184.877.542</b>
Impairments	(37.314.673)	(18.714.206)
Provisions for legal litigations	(542.508)	(774.014)
<b>OPERATING INCOME</b>	<b>151.858.904</b>	<b>165.389.322</b>
Net income from associates	2.378.559	0
<b>NET INCOME BEFORE TAX</b>	<b>154.237.463</b>	<b>165.389.322</b>
Tax expenses	(24.218.381)	(12.456.961)
<b>NET INCOME OF CONTINUING OPERATIONS</b>	<b>130.019.082</b>	<b>152.932.361</b>
Discontinued operations, net of tax	5.427.169	0
<b>NET INCOME</b>	<b>135.446.251</b>	<b>152.932.361</b>
Net income - Group share	135.446.251	152.932.361

### Consolidated Balance Sheet:

The table below sets out summary information extracted from the Issuer's audited consolidated balance sheet as of 31 December 2021 and 31 December 2022:

<b>ASSETS</b>	31/12/21	31/12/22
(in EUR)		
Cash, balances with central banks and demand deposits	5.989.034.370	4.373.270.737
Financial assets held for trading	24.469.219	15.786.368
Financial investments measured at fair value	1.138.003.882	952.672.603
<i>Financial investments at fair value through other comprehensive income</i>	<i>1.093.443.120</i>	<i>924.933.017</i>
<i>Non-trading financial investments mandatorily at fair value through profit or loss</i>	<i>44.560.762</i>	<i>27.739.586</i>
Loans and advances to credit institutions	737.231.429	1.098.751.999
Loans and advances to customers	16.346.232.744	16.482.938.323
Financial investments measured at amortised cost	7.383.330.597	7.883.172.234
Derivatives	131.527.726	840.231.612
Fair value revaluation of portfolios hedged against interest rate risk	93.194	11.872
Investments in associates	676.682	0
Investment property	30.975.736	59.748.312
Property, plant and equipment	107.570.001	116.724.076
Intangible fixed assets and goodwill	305.857.276	357.525.588
Current tax assets	996.264	1.295.968

Deferred tax assets	163.256.912	151.927.538
Other assets	86.459.608	78.253.205
<b>TOTAL ASSETS</b>	<b>32.445.715.640</b>	<b>32.412.310.435</b>

<b>LIABILITIES</b>	<b>31/12/21</b>	<b>31/12/22</b>
(in EUR)		
Amounts due to credit institutions	4.103.871.221	3.397.961.782
Amounts due to customers	20.688.150.882	21.040.952.316
Other financial liabilities	22.757.968	30.997.505
Financial liabilities measured at fair value through profit or loss	1.467.315.688	2.014.665.341
<i>Liabilities designated at fair value</i>	<i>1.467.315.688</i>	<i>2.014.665.341</i>
Derivatives	350.859.788	418.687.606
Fair value revaluation of portfolios hedged against interest rate risk	70.504	0
Debt securities	3.200.417.795	2.654.048.520
Subordinated debts	237.127.187	243.236.959
Provisions and other obligations	54.365.347	49.391.972
Current tax liabilities	1.383.500	1.129.834
Deferred tax liabilities	10.205.589	10.091.719
Other liabilities	207.644.441	273.283.273
<b>TOTAL LIABILITIES</b>	<b>30.344.169.910</b>	<b>30.134.446.827</b>

<b>SHAREHOLDERS' EQUITY</b>	<b>31/12/21</b>	<b>31/12/22</b>
(in EUR)		
Subscribed capital	146.108.270	146.108.270
Share premium	760.527.961	760.527.961
Other equity instruments	174.081.292	174.315.856
Reserves and retained earnings	709.178.093	817.236.900
Net income	135.446.251	152.932.361
<b>SHAREHOLDERS' EQUITY</b>	<b>1.925.341.867</b>	<b>2.051.121.348</b>
Gains and losses not recognised in the consolidated statement of income	176.203.863	226.742.260
<i>Financial instruments at fair value through other comprehensive income</i>	<i>196.346.769</i>	<i>238.292.334</i>
<i>Other reserves</i>	<i>(20.142.906)</i>	<i>(11.550.074)</i>
<b>GROUP EQUITY</b>	<b>2.101.545.730</b>	<b>2.277.863.608</b>
Non-controlling interests	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2.101.545.730</b>	<b>2.277.863.608</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>32.445.715.640</b>	<b>32.412.310.435</b>