

BIL's 2018 financial results: a good business performance in a challenging environment

Luxembourg, 26 April 2019: Banque Internationale à Luxembourg SA (BIL) announced its financial results for the year 2018. BIL recorded a good performance of all business lines with a 5% increase in net income after tax compared to 2017.

- Net income after tax: EUR 131 million, +5% (EUR 124 million in 2017 after restatement¹)
- Assets under Management: EUR 39.5 billion, +0.2% (EUR 39.4 billion in 2017)
- Customer deposits: EUR 17.3 billion, +5.8% (EUR 16.3 billion in 2017)
- Customer loans: EUR 13.4 billion, with a +5.2% increase in commercial loans
- Common Equity Tier 1 Capital Ratio: 12.04%
- Capital Adequacy Ratio: 15.62%

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BIL reported a solid net income after tax of EUR 131 million in 2018, compared with EUR 124 million in 2017 after restatement (+5%). The positive evolution in 2018 mainly results from:

- a stability of the core operating income from the commercial business lines of EUR 500 million despite a challenging macroeconomic environment with low interest rates and regulatory changes such as the introduction of MiFID II,
- the revaluation of investment properties resulting from an alignment of BIL's accounting policies with those of its majority shareholder Legend Holdings generated a positive impact of EUR 35 million on BIL's accounts, compared with EUR 10 million in 2017.

All business areas (Retail & Digital Banking, Corporate & Institutional Banking, and Wealth & Investment Management) delivered a good performance in 2018, although the assets under management were impacted by negative market conditions:

- Assets under Management (AuM) increased by 0.2%, reaching EUR 39.5 billion compared with EUR 39.4 billion in 2017. This increase resulted from new net inflows of EUR 0.95 billion. However, this growth was dented by a negative market effect of EUR 0.87 billion due to corrections in equity markets in the last quarter of 2018,
- Customer deposits increased by 5.8%, reaching EUR 17.3 billion compared with EUR 16.3 billion at year-end 2017,
- Commercial activities' loans increased by EUR 0.68 bn (+5.2% compared with year-end 2017), once again demonstrating BIL's support for the Luxembourgish economy. This was offset by a decrease of maturing institutional clients' loans from Treasury and Financial Markets which positioned the annual growth at 0.3% to EUR 13.4 billion.

¹ In the financial statements as at December 31, 2018, BIL changed the measurement of property held for investment and amended the calculation of provisions for pensions. The impacts of these changes have been applied retrospectively to the 2017 published results.

“We again delivered good results in 2018 despite challenging market conditions. Looking back at my time as CEO of BIL, I must say that I am very proud of what we have achieved as a team at the Bank over the last five years. I would like to thank the shareholders and the BIL employees for their support and commitment” commented Hugues Delcourt, outgoing CEO.

Marcel Leyers, incoming CEO of BIL, commented: “Going forward, even though global growth is currently slowing, market fundamentals remain strong and we generally retain a positive outlook on the macroeconomic environment. We will continue to invest in strategic areas and to foster innovation and we are confident that our performance will remain robust in the coming years.”

Luc Frieden, Chairman of the Board of Directors of BIL Group, added: “2018 was marked by the completion of the acquisition of Precision Capital’s majority stake in BIL by Legend Holdings. The combination of the two shareholders, the State of Luxembourg and Legend Holdings, is excellent for BIL and its clients, as it combines a strong and a stable anchoring in Luxembourg and Europe with the technological and international know how of Legend Holdings.”

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2018 HIGHLIGHTS

Against the background of a shareholder change and new regulatory requirements, BIL continued to implement its BIL2020 strategy in 2018 with a particular focus on the constant improvement of its client experience, including its digital offering and onboarding as well as the launch of new in-house investment funds. These efforts were recognised externally by the “Best Bank in Luxembourg” award by Global Finance for the third time in a row.

• NEW INVESTMENT PRODUCTS

Regulatory change continued to be a major topic in 2018. MiFID II and PRIIPs entered into force on January 2018 bringing profound changes to the way in which BIL interacts with clients. As a result, clients have been able to benefit from a new, simplified suite of investment products with a new accompanying pricing grid since the beginning of 2018.

As part of its new investment offering, BIL launched 12 new in-house BIL INVEST investment funds in March for use in mandated products and for distribution through execution-only and advisory services. The funds match BIL's asset allocation model and are open for subscription to all clients in Luxembourg, Belgium, France and Germany. These funds will help BIL achieve its BIL 2020 strategy objective of becoming a well-known investment fund brand also available through digital channels in all core markets.

Thanks to the new shareholder Legend Holdings, BIL now has Legend Capital, an outstanding Venture Capital fund manager as a sister company. In order to give its clients the opportunity to benefit from Legend Capital's proven track record, extensive network and unique experience in the Chinese private equity market the bank launched BIL PE I fund of funds that was incorporated in the form of a Reserved Alternative Investment Fund (RAIF) in September 2018. The aim is to offer clients long-term capital appreciation by capturing all Legend Capital's private equity know-how within one single diversified fund.

- **FURTHER STRENGTHENING OF THE DIGITAL OFFER**

Digitalisation is a key focus of the BIL2020 strategy as it enables the Bank to tailor services to the clients' needs and to increase efficiency. Over 70% of our clients use our BILnet online banking platform and over half of them do so using our app on their mobile devices.

A key digitalisation milestone was met in April 2018 when BIL launched a more innovative, simple and secure version of its BILnet app. Clients can now carry out simple banking transactions via biometric fingerprint or PIN. BIL was also the first Luxembourgish bank to offer online account opening entirely from a smartphone or tablet in a matter of minutes via the new app. By answering a few questions, prospects can be identified during a webcam session, and the process ends with the electronic signature of the banking contract and the issuance of an International Bank Account Number (IBAN).

- **SUPPORTING INNOVATIVE COMPANIES IN LUXEMBOURG**

In addition to the Bank's ongoing efforts to provide clients with innovative services, BIL encourages entrepreneurship in Luxembourg. For example, BIL launched a dedicated innovation website (www.bil.com/innovation) in April which lists services, subsidy schemes and partnerships for innovative companies seeking a sponsor.

BIL is also a key sponsor of local start-up contests such as the regional semi-final of the Startup World Cup 2018 that took place in March and the 4th annual Pitch Your Start-Up competition in May. Of course BIL also continued to support its more traditional client base of established companies. For example, BIL structured and distributed a EUR 180 million syndicated loan in January 2018 by acting as the sole arranger, agent and security agent. This transaction was notable as it was the first time BIL combined equity bridge financing with a loan syndication process. BIL has the only dedicated syndication team in Luxembourg and specialises in syndicated lending under 200 million Euros.

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About Banque Internationale à Luxembourg (BIL):

Founded in 1856, Banque Internationale à Luxembourg (BIL) is the oldest multi-business bank in the Grand Duchy. It has always played an active role in the main stages of development of the Luxembourg economy. It currently operates in retail, private and corporate banking, as well as on financial markets. Employing more than 2,000 people, BIL is present in the financial centres of Luxembourg, Switzerland (since 1984), Denmark (since 2000) and the Middle East (since 2005).

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For more information, please contact:

Vincent Pelletier
Banque Internationale à Luxembourg SA
69, route d'Esch, L-2953 Luxembourg
Tel.: +352 4590 5046 - Email: vincent.pelletier@bil.com