

Luxembourg, 31 March 2023

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 allocation¹
- 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 "Solidaritéitspak".

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.

¹ Subject to shareholders' approval at the Annual General Meeting on 27 April 2023

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.



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Marcel Leyers, CEO of BIL, commented: « These are strong results in a context of shocks and transformation. They confirm the relevance of our strategic choices and of our comprehensive and loyal response to the needs of all our clients, be they individuals, entrepreneurs, and businesses. This performance was made possible thanks to the dedication of our teams. We have now started 2023 with determination, a year of transition in many respects. »

The 2022 Financial report will be published on 27 April 2023 following the shareholders' Annual General Meeting.



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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, and China.

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