

Luxembourg, 24 April 2024

2023, a year of transition and transformation

During the General Assembly held on April 24 2024, shareholders approved Banque Internationale à Luxembourg (BIL) 2023 financial results. The Bank records a robust performance in a year of internal transformation and external challenges. Thanks to solid revenue growth, resilient commercial activities coupled with sound management of its costs and risks throughout 2023, the Bank reported a 202 million euros net income after tax.

Staying resilient in a challenging macroeconomic context

2023 was a complex year, be it for its geopolitical challenges, macroeconomic events or for BIL specific development. After the robust post-pandemic expansion in 2021 and 2022, the economy lost momentum in 2023. Europe faced multiple macroeconomic challenges, induced by on-going conflict in Eastern Europe and in the Middle East. The rate hike campaigns launched in 2022 by monetary authorities to curb inflation reached a peak during the second half of 2023. In the eurozone, higher interest rates had the effect of reducing the financing capacity of households and businesses, thus contributing to the slowdown of economic activity. In Luxembourg, construction has been affected by the current downturn in the real estate sector and as a consequence, slowed down lending activity. In such a challenging environment, the Bank is committed to support its clients and to offer adapted solutions to their projects and situation.

Implementation of a new core banking system to enhance services

In this ever-changing business environment, BIL has risen to these external challenges by staying on track of its transformation and, embracing emerging trends, new technologies and evolving market dynamics to build long-term sustainable growth. In 2023, BIL successfully completed the changeover of its Core Banking System, a project of unprecedented scale, while continuing to cater to clients' needs. BIL has now a strong foundation to develop new services and to improve client experience for the years to come.

Sound performance of commercial activities

BIL Group reported a net income after tax of 202 million euros, driven by solid revenue growth, partly offset by an increase in expenses and cost of risk. This good financial performance can be attributed to the Bank's business resilience and a solid risk management culture. Customer deposits, standing at 18.5 billion euros decreased mainly due to clients moving their deposits to higher return investments and proceeding to the early repayment of their variable rate loans in the context of higher interest rates. Customer loans, at 16.3 billion euros are stable compared to last year, due to the combined effect of a significant slowdown in mortgage loan production in Luxembourg and early mortgage loan repayments which continued throughout

the second half of 2023. In the past year, domestic market housing demand has been hard hit by rapidly rising interest rates, coupled with a sharp reduction in construction activity caused by the downturn in the real estate sector and rising raw material costs. Assets under Management amounted to 43.8 billion euros compared with 43.5 billion euros at year-end 2022, up by +0.7%.

At the end of 2023, BIL showcased sound asset quality and strong capital and liquidity indicators. Its CET-1 ratio stood at 14.41% after profit allocation compared with 14.03% in 2022, and its Liquidity Coverage Ratio also improved compared to 2022, at 174% versus 153%.

2024, ready for the future

As the global economy is changing rapidly, in 2024, BIL's primary focus will be on its clients: fostering robust relationships, reaching a higher level of quality of service and constantly adapting the value proposition to their needs.

The Bank will remain focused on the implementation of the key initiatives of its 2020-2025 strategic plan, whose purpose is to be fit for the future:

- By continuing to enhance its diversified business model .
- By leveraging its new Core Banking System to drive future growth. This solid foundation will allow the Bank to develop new and improved services, combining the best of digital and physical.
- By strengthening and simplifying its operations. Thanks to its new target operating model, BIL will create a robust and dynamic bank ready to face the future with confidence

Marcel Leyers, CEO of BIL, commented: " Our 2023 performance confirms 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. In 2024 and for the years to come, BIL will continue to be the reliable partner it has always been."

BIL's annual report is available on bil.com.



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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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