

Media communiqué

LLB Group increases net profit by 39.4 percent

StepUp2020 strategy takes effect

Vaduz, 24 August 2017. The LLB Group increased its 2017 interim net profit by 39.4 percent to CHF 60.0 million. With a net new money inflow of CHF 731 million, the LLB Group has achieved a trend turnaround. The StepUp2020 strategy is taking effect as demonstrated by a significant rise in profitability. 2017 is the year of the LLB Group's digitalisation offensive.

- Operating income climbed by 22.3 percent to CHF 189.7 million.
- Fee and commission business rose by 4.3 percent to CHF 74.4 million.
- Operating expenses increased by 6.9 percent to CHF 116.0 million.
- Business volume expanded by CHF 1.9 billion to around CHF 60 billion.
- With a tier 1 ratio of 21.4 percent, the LLB Group stands for security and stability.

"We have set ourselves the goal of achieving profitable growth with our StepUp2020 strategy. In the first six months of 2017 we have taken great steps towards this and, with a business volume of around CHF 60 billion, we have attained a milestone on our strategic path", said Group CEO Roland Matt. Georg Wohlwend, Chairman of the Board of Directors added: "We shall continue to consistently pursue our strategy, which is based on the four core elements of growth, profitability, innovation and excellence. The excellent interim business result documents our success in implementing the strategy."

Earning power strengthened

Operating income increased by 22.3 percent and amounted to CHF 189.7 million (first half 2016: CHF 155.1 million).

Whereas net interest income was adversely affected by the negative interest rate environment and fell by 3.7 percent to CHF 65.8 million (first half 2016: CHF 68.3 million), net fee and commission

income increased by 4.3 percent to CHF 74.4 million (first half 2016: CHF 71.3 million). Proactive marketing and sales efforts in the markets and the launching of innovative products and services contributed to a plus of over CHF 3 million.

Net trading income climbed to CHF 38.6 million (first half 2016: minus CHF 0.7 million). This was attributable to intensified client trading activity and an improved treasury performance. Due to the rise in long-term interest rates in the first half of 2017, the valuation gain on interest rate hedging instruments amounted to CHF 11.5 million (first half 2016: minus CHF 18.6 million). Net income from financial investments stood at CHF 12.0 million (first half 2016: CHF 10.0 million).

Stable operating expenses

Operating expenses increased relative to the previous year by 6.9 percent to CHF 116.0 million (first half 2016: CHF 108.5 million), but on a comparable basis they remained stable. Personnel expenses climbed to CHF 76.9 million (first half 2016: CHF 65.3 million) on account of the strategic expansion in full-time positions and the absence of the one-time reduction in pension obligations (CHF 10.2 million) posted in the previous year. Thanks to the writing back of provisions for legal and litigation risks, general and administrative expenses decreased by 16.9 percent to CHF 25.1 million (first half 2016: CHF 30.3 million).

Increased profitability

In the first half of 2017, the LLB Group achieved a very good interim business result with net profit reaching CHF 60.0 million, up 39.4 percent on the previous year (first half 2016: CHF 43.0 million). The Cost-Income-Ratio stood at 62.8 percent (first half 2016: 69.8 %).

Business volume reaches CHF 60 billion

The business volume expanded by CHF 1.9 billion to CHF 59.9 billion. Client assets under management at the LLB Group as per 30 June 2017 totalled CHF 48.2 billion (31 December 2016: CHF 46.4 billion). Loans to customers posted a plus of 1.3 percent to CHF 11.7 billion. Mortgage loans rose by 2.9 percent to CHF 10.3 billion (31 December 2016: CHF 10.0 billion).

Trend turnaround with net new money

With a substantial net new money inflow of CHF 731 million (first half 2016: minus CHF 42 million), the LLB Group has successfully initiated a turnaround in trend. This was the highest net new money inflow since 2010.

Strong capital base

The LLB Group has a tier 1 ratio of 21.4 percent (31 December 2016: 21.0 %) demonstrating a high level of financial stability and security. Moody's deposits rating of Aa2 for the LLB signifies that it is in the top range of Liechtenstein and Swiss banks, and ranks well above the average of European financial institutes.

Key figures at a glance

	First half 2017	First half 2016	+/- %
Operating income (in CHF millions)	189.7	155.1	22.3
Operating expenses (in CHF millions)	-116.0	-108.5	6.9
Group net profit (in CHF millions)	60.0	43.0	39.4
Net new money inflow (in CHF millions)	731	-42	
RoE (in %)	6.7	5.2	
Earnings per share (in CHF)	1.98	1.47	35.4
Cost-Income-Ratio (in %)	62.8	69.8	
	30.06.2017	31.12.2016	+/- %
Tier 1 ratio (in %)	21.4	21.0	
Business volume (in CHF billions)	59.9	58.0	3.3
Client assets under administration (in CHF billions)	48.2	46.4	3.8
Loans to clients (in CHF billions)	11.7	11.5	1.3
Total assets (in CHF billions)	20.5	20.0	2.7

StepUp2020 strategy takes effect

Thanks to the launch of innovative products and services, the LLB Group substantially increased its profitability. The volumes of asset management mandates and investment advisory mandates expanded by around CHF 1 billion within a year. In addition, the Lean Management Group Programme is making a major contribution to aligning the company's focus even more strongly on client requirements. In its standard mortgage lending business, the LLB's throughput times have been significantly reduced and its process quality improved.

2017 is the year of the LLB's digitalisation offensive. In February, the LLB Group introduced new Mobile Banking apps with touch ID, designed in accordance with the latest technical standards. In summer, it launched its new web portal with integrated Online Banking in a more modern layout with completely responsive features. At the same time, the LLB Group is setting a new standard with a modern concept for the bank branch of the future. In June this year, the headquarters of Bank Linth in Uznach followed suit in implementing this innovative concept.

Outlook

In the second half of 2017, the LLB Group will continue to drive forward with the realisation of its StepUp2020 strategy and endeavour to maintain the momentum of its development. With the implementation of a lean initiative in all its market divisions, it will strive to gain additional time for the care and servicing of its clients.

At the same time, the LLB is working intensively on the implementation of the EU's "Markets in Financial Instruments Directive" - MiFID II for short. In doing so, it will also take advantage of the opportunities presented by this directive, position itself as an innovative partner for professional clients and continue to develop pioneering asset management and investment advisory products .

"Digitalisation will remain a key focus", explained Group CEO Roland Matt. "Our new internet portal offers an excellent basis on which to continually expand online services, making them more sophisticated and attractive for our clients." By maintaining a sharp focus on clients, efficiently utilising resources and pursuing clear strategic goals, the LLB Group is confident of achieving further operative progress and attaining a solid business result for the full year.

Detailed information about the 2017 interim result

The documents of the 2017 interim financial reporting of the LLB Group will be available from 7.00 a.m. on 24 August 2017 on our website: www.llb.li. An interactive online version of the 2017 interim financial reporting will also be available at: <http://hb2017.llb.li> for the German version and at: <http://hr2017.llb.li> for the English version.

Conference Call

The 2017 interim business result of the LLB Group will be presented in a conference call on 24 August 2017, at 10.30 a.m. The conference call will be held in German. Please use the following telephone numbers to dial in to the conference:

+41 (0)58 310 50 00 (Switzerland / Liechtenstein and all other countries)

+43 (0)1 25 302 1402 (Austria)

A recording of the conference call can be accessed on 24 August 2017 from 1.00 p.m. as an audio file at our website: www.llb.li

Important dates

- Thursday, 8 March 2018, presentation of the 2017 business result
- Wednesday, 9 May 2018, 26th ordinary Annual General Meeting of Shareholders

Brief portrait

Liechtensteinische Landesbank AG (LLB) is the longest established financial institute in the Principality of Liechtenstein. The Principality of Liechtenstein holds the majority of the company's share capital. The LLB's shares are listed on the SIX Swiss Exchange (symbol: LLB). The LLB Group offers its clients comprehensive wealth management services, as a universal bank, in private banking, asset management and fund services. With 853 employees (full-time equivalent positions), the LLB is represented in Liechtenstein, Switzerland, Austria and the United Arab Emirates (Abu Dhabi and Dubai). As per 30 June 2017, the business volume of the LLB Group stood at CHF 59.9 billion.

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