

Media communiqué

LLB Group increases profit by 20.4%

Shareholders benefit from higher dividend

Vaduz, 14 March 2017. The LLB Group increased its annual profit in 2016 by 20.4% to CHF 103.9 million. The Board of Directors proposes that the General Meeting of Shareholders increase the dividend to CHF 1.70 per share. At the same time, the Board of Directors nominates Georg Wohlwend as Chairman of the Board of Directors. The LLB Group is consistently pushing ahead with its StepUp2020 strategy.

- ♦ The business volume increased to CHF 58.0 billion.
- ♦ Client loans reached a record high of CHF 11.5 billion.
- ♦ The cost/income ratio improved to 62.8%.
- ♦ With a Tier 1 ratio of 21.0%, the LLB Group stands for security and stability.
- ♦ The State of Liechtenstein will receive a total of CHF 38.4 million from the LLB Group.

"With StepUp2020, we have a clear strategy that is proving itself and that we are implementing dynamically. Despite the demanding economic environment, we were again able to significantly increase our profit in 2016 to CHF 103.9 million", says Dr. Hans Werner Gassner, Chairman of the Board of Directors of the LLB Group. "The focused business model and clear strategy are paying off."

Significantly increased Group net profit

Negative interest rates, volatile financial markets, and increasing regulation continued to challenge banks in 2016. Under these conditions, the LLB Group generated a very positive net profit of CHF 103.9 million, an increase of CHF 17.6 million or 20.4% over the previous year (2015: CHF 86.3 million).

Operating income improved by 18.7% to CHF 371.7 million (2015: CHF 313.2 million). Net interest income increased by 4.2% to CHF 138.1 million (2015: CHF 132.5 million). Net interest income from clients rose by 3.7% over the previous year. Fee and commission income fell by 2.6% to CHF 145.7 million (2015: CHF 149.6 million). The uncertainty on the financial markets made clients more cautious in their market transactions.

Net trading income was CHF 55.9 million (2015: CHF 33.1 million). Client trading in foreign exchange, foreign notes, and precious metals fell by 2.7% to CHF 41.8 million but was still about 30% higher than the long-term average.

Net income from financial investments was +CHF 21.8 million (2015: –CHF 0.7 million).

Strategic personnel expansion

Operating expenses increased by 16.8% over the previous year to CHF 258.2 million (2015: CHF 221.1 million). Personnel expenses rose by CHF 17.1 million to CHF 140.8 million (2015: CHF 123.8 million) due to the strategic expansion to 858 full-time equivalent positions (31 December 2015: 816) as well as accruals for variable compensation. General and administrative expenses rose by 41.2% to CHF 89.9 million (2015: CHF 63.7 million). Without provisions for legal and litigation risks in the amount of CHF 24.4 million, we kept general and administrative expenses stable.

The cost/income ratio was 62.8% (2015: 69.5%).

New money inflows in home and growth markets

Business volume increased to CHF 58.0 billion (31 December 2015: CHF 56.6 billion). Assets under management at the LLB Group were CHF 46.4 billion on 31 December 2016 (31 December 2015: CHF 45.6 billion).

In the home markets and the growth markets, the LLB Group reported gratifying inflows of net new money. Outflows in the traditional markets slowed down. In total, net new money outflows were CHF 65 million (2015: –CHF 206 million).

Client loans rose by 5.0% to CHF 11.5 billion, a record high. Mortgage loans increased by 4.2% to CHF 10.0 billion (31 December 2015: CHF 9.6 billion).

Moody's rating underlines financial strength

With equity of CHF 1.8 billion, the LLB Group has a high level of financial stability and security. The Tier 1 ratio at the end of 2016 was 21.0% (31 December 2015: 20.6%). The return on equity attributable to shareholders increased to 5.9% (2015: 5.0%). The excellent rating that the Liechtensteinische Landesbank received from the rating agency Moody's at the end of April 2016 underlines the solidity of the LLB Group. With its deposit rating of Aa2, the LLB is in the top league of Liechtenstein and Swiss banks, far above the average of European financial institutions.

Attractive dividend yield

The Board of Directors once again proposes a higher dividend to the General Meeting of Shareholders on 12 May 2017, namely CHF 1.70 per LLB share. This corresponds to an attractive dividend yield of 4.2%. The payout ratio is 47.2%. The Board of Directors also proposes that the General Meeting of Shareholders convert the previous bearer shares with a nominal value of CHF 5 each into registered shares with the same nominal value. The conversion is planned for the end of May 2017.

Georg Wohlwend nominated as Chairman of the Board of Directors

At the next General Meeting of Shareholders, Dr. Hans-Werner Gassner will leave the Board of Directors because of the term limit prescribed by law. Georg Wohlwend is being proposed to the General Meeting of Shareholders for election to succeed him as Chairman of the Board of Directors. Georg Wohlwend graduated in business economics from the University of Zurich. Thanks to his many years of work for a Liechtenstein bank, of which 14 years as a member of the management board, he has broadly diversified bank expertise.

The Board of Directors is also proposing that its members Professor Dr. Gabriela Nagel-Jungo and Urs Leinhäuser be re-elected for a second term of three years. Both were elected to the Board of Directors for the first time in 2014. Gabriela Nagel-Jungo is a member of the Strategy Committee, Urs Leinhäuser a member of the Group Audit Committee and the Group Risk Committee.

Contribution to the national economy

With the proposed dividend payout, direct taxes, and compensation for the state guarantee, the State of Liechtenstein will receive a contribution of CHF 38.4 million (2015: CHF 31.7 million) from the LLB Group for 2016.

Key figures of the LLB Group

	2016	2015	+/- %
Operating income (in CHF millions)	371.7	313.2	18.7
Operating expenses (in CHF millions)	-258.2	-221.1	16.8
Group net profit (in CHF millions)	103.9	86.3	20.4
Net new money inflow (in CHF millions)	-65	-206	
RoE (in %)	5.9	5.0	
Cost/income ratio (in %)	62.8	69.5	
	31.12.2016	31.12.2015	+/- %
Tier 1 ratio (in %)	21.0	20.6	
Dividend (in CHF)	* 1.70	1.60	6.3
Earnings per share (in CHF)	3.40	2.87	18.5
Business volume (in CHF billions)	58.0	56.6	2.5
Assets under management (in CHF billions)	46.4	45.6	1.9
Client loans (in CHF billions)	11.5	11.0	5.0
Balance sheet total (in CHF billions)	20.0	19.7	1.5

* Proposal of the Board of Directors to the General Meeting of Shareholders on 12 May 2017

On course with StepUp2020

The LLB Group has resolutely pushed forward with implementation of the StepUp2020 strategy. In a demanding market environment, it is betting on sustainably profitable growth. Implementation of the four core elements – growth, profitability, innovation, and excellence – is proceeding as planned. In 2016, the LLB Group launched innovative products and services in all market divisions and for all client segments. This client orientation can be seen especially clearly with LLB Invest, LLB Xpert Solutions, LLB Combi, and LLB Compass. As the first bank in Liechtenstein and one of the first in Switzerland, the LLB Group has introduced video identification for online account opening. To promote excellence, the company is also investing comprehensively in the expertise of its employees. In December 2016, the first employees completed the client advisor certification programme according to the standards of the Swiss Association for Quality (SAQ).

Outlook

With a high degree of dynamism, the LLB Group is continuing to implement the StepUp2020 strategy. At the beginning of the year, it launched the new Mobile Banking apps of the LLB and Bank Linth. "We are a bank that cultivates its values consistently and at the same time is convincing thanks to its technological innovations," says Group CEO Roland Matt. "In 2017, we will launch an impressive array of digital innovations, intensify our sales activities, and recruit additional client advisors." The LLB Group expects that the economic environment will continue to be demanding. With the StepUp2020 strategy, the LLB Group has a clear timetable for mastering the challenges of the coming years. The LLB Group is confident that thanks to its focused business model, a diversified income structure, and its strategic orientation, it will again generate a solid net profit in 2017.

Information on the 2016 annual result

The information on the 2016 annual result of the LLB Group will be available at <http://www.llb.li/businessresult2016> from 7 a.m. on 14 March 2017. The 2016 annual report will be available in an interactive online version at: <http://ar2016.llb.li>

Important dates

- ♦ Friday, 12 May 2017, 25th Ordinary General Meeting of Shareholders
- ♦ Tuesday, 16 May 2017, Ex-dividend date
- ♦ Thursday, 18 May 2017, Dividend payout date
- ♦ Thursday, 24 August 2017, 2017 Interim Financial Statement
- ♦ Thursday, 8 March 2018, Presentation of the 2017 Annual Result

Brief portrait

The 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 858 employees (full-time equivalent positions), the LLB is represented in Liechtenstein, Switzerland, Austria, and the United Arab Emirates. As per 31 December 2016 the LLB Group managed a business volume of CHF 58.0 billion.

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