

Media communiqué

LLB Group increases profit to CHF 111.3 million

Vaduz, 8 March 2018 In 2017, the LLB Group increased its annual profit by 7.1 percent to CHF 111.3 million. The Board of Directors will propose to the General Meeting of Shareholders that the dividend be increased to CHF 2.00 per share. At the same time, it will also propose that Thomas Russenberger and Dr. Richard Senti be put forward for election as members of the Board of Directors. With acquisitions in Austria and Switzerland, the LLB Group has taken a quantum leap forward with the implementation of its StepUp2020 strategy.

- ◆ Client assets increased by 8.2 percent to CHF 50.3 billion
- ◆ Client loans rose by 4.7 percent to CHF 12.1 billion
- ◆ With net new money inflows of CHF 470 million, the turnaround has been accomplished.
- ◆ With a tier 1 ratio of 22.2 percent, the LLB Group represents security and stability.
- ◆ The Principality of Liechtenstein benefits with a total sum of CHF 46.4 million.

"With a focus on our clients, we are concentrating on our strengths with the StepUp2020 strategy. We have succeeded in increasing our profit for the fourth time in succession. In 2017, we generated a Group net profit of CHF 111.3 million," says Georg Wohlwend, Chairman of the Board of Directors. "Our focussed business model and the systematic implementation of our strategy are having a sustained impact."

Pleasing Group net profit

In a challenging environment, the LLB Group posted a pleasing Group net profit of CHF 111.3 million, thus exceeding the prior-year result by CHF 7.4 million or 7.1 percent (2016: CHF 103.9 million).

Operating income increased by 7.5 percent to CHF 399.4 million (2016: CHF 371.7 million). Net fee and commission income rose by 6.2 percent to CHF 154.8 million (2016: CHF 145.7 million). This can be attributed to successful market cultivation as well as the launch of new products and new pricing models. Due to the decline in business with banks, net interest income fell by 4.3 percent to CHF 132.1 million (2016: CHF 138.1 million). Net interest income from clients remained stable at CHF 148.5 million. The growth in mortgages, underpinned by a risk-conscious approach, compensated for the expected decline in earnings owing to the extension of fixed-rate loans at lower conditions.

Net trading income increased to CHF 83.0 million (2016: CHF 55.9 million). Client trading in foreign exchange, foreign notes and precious metals rose significantly by 46.7 percent to CHF 61.3 million. This rise is attributable to an improved treasury result and increased client activity.

Net income from financial investments stood at CHF 16.3 million (2016: CHF 21.8 million).

Strategic personnel expansion

Operating expenses increased relative to the previous year by 3.4 percent to CHF 267.0 million (2016: CHF 258.2 million). Personnel expenses rose by CHF 14.6 million to CHF 155.4 million (2016: CHF 140.8 million) due to a one-time reduction in expenses in the previous year and the strategic expansion to 867 full-time equivalent positions (31 December 2016: 858). General and administrative expenses fell by 7.8 percent to CHF 82.8 million (2016: 89.9 million).

The cost/income ratio was 69.6 percent (2016: 62.8 percent).

Business volume increases by 8 percent

The business volume reached a milestone and stood at CHF 62.3 billion (31 December 2016: CHF 58.0 billion). Client assets at the LLB Group amounted to CHF 50.3 billion as at 31 December 2017 (31 December 2016: CHF 46.4 billion). At CHF 470 million (2016: minus CHF 65 million), net new money inflows were at their highest level since 2011, providing confirmation that the turnaround has been accomplished. The primary contributors to this result were inflows in the institutional business and the private banking area. Client loans increased by 4.7 percent to CHF 12.1 billion. Mortgage loans rose by 5.7 percent to CHF 10.6 billion (31 December 2016: CHF 10.0 billion).

Moody's rating underlines financial strength

With equity of CHF 1.9 billion, the LLB Group has a high level of financial stability and security. The tier 1 ratio at the end of 2017 was 22.2 percent (31 December 2016: 21.0 percent). The return on equity attributable to LLB shareholders increased to 6.1 percent (2016: 5.9 percent). The excellent rating that the Liechtensteinische Landesbank received from the rating agency Moody's in April 2017 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.

Dividend increases by 18 percent

For the third time in succession, the Board of Directors will propose a higher dividend to the General Meeting of Shareholders on 9 May 2018. The increase of 17.6 percent to CHF 2.00 per LLB share equates to an attractive dividend yield of 4.0 percent. The distribution ratio stands at 52 percent.

New members of the Board of Directors nominated

On 9 May, the term of office of three long-standing members of the Board of Directors will come to a close due to the term limit defined under the law concerning the Liechtensteinische Landesbank. Markus Büchel, Markus Foser and Roland Oehri will leave the Board of Directors. The Board of Directors thanks them for their many years of commitment. Over the past nine years, they have contributed significantly to strengthening the LLB Group and the company's focus on sustained profitable growth.

The Board of Directors will propose to the General Meeting of Shareholders – subject to approval from the supervisory authority – that Thomas Russenberger and Dr. Richard Senti be put forward for election as new members for a term of office of three years.

Since 2013, Thomas Russenberger has been the Global Head of Human Resources of the globally successful automotive supplier and technology leader thyssenkrupp Presta, which is headquartered in Eschen. The graduate in Business Administration with specialist knowledge in the field of information systems also holds a master's degree in Business Administration in Entrepreneurship. As the Head of Human Resources at Liechtenstein's biggest employer, he is responsible for more than 7'000 employees.

Dr. Richard Senti has been Chief Financial Officer and a member of the group Executive Management of the Hoval Group in Vaduz since 2003. Some 16 group companies worldwide belong to the manufacturer of technologically superior room climate solutions. Previously, he was Head of Finance and Accounting at the infratec group division of vonRoll infratec (holding) Ltd in Zurich for three years. Richard Senti completed a degree in Economics and earned his doctorate at the University of St.Gallen.

Both nominees combine a high level of expertise with many years of management experience in the areas of human resources, finance and risk management, and also possess an in-depth understanding of strategy issues and culture development.

Contribution to the national economy

With the proposed dividend distribution, direct taxes and compensation for the government guarantee, the Principality of Liechtenstein will receive a contribution of CHF 46.4 million for 2017 (2016: CHF 38.4 million).

The most important figures at a glance

	2017	2016	+/- %
Operating income (in CHF million)	399.4	371.7	7.5
Operating expenses (in CHF million)	-267.0	-258.2	3.4
Group net profit (in CHF million)	111.3	103.9	7.1
Net new money inflow (in CHF million)	470	-65	
RoE (in %)	6.1	5.9	
Cost/income ratio (in %)	69.6	62.8	

	31.12.2017	31.12.2016	+/- %
Tier 1 ratio (in %)	22.2	21.0	
Dividend (in CHF)	* 2.00	1.70	17.6
Earnings per share (in CHF)	3.66	3.40	7.6
Business volume (in CHF billion)	62.3	58.0	7.5
Client assets (in CHF billion)	50.3	46.4	8.2
Client loans (in CHF billion)	12.1	11.5	4.7
Balance sheet total (in CHF billion)	20.0	20.0	0.3

* Proposal of the Board of Directors to the General Meeting of Shareholders on 9 May 2018.

Acquisitions in Austria and Switzerland

With its StepUp2020 strategy, the LLB Group is aiming to generate organic growth and make acquisitions in its home markets of Liechtenstein, Switzerland and Austria. At the end of December 2017, it announced the takeover of Semper Constantia Privatbank AG in Vienna. This is a major step, as it will allow for the business in Austria to be expanded significantly and for Austria to be positioned as a third strong home market. With the acquisition of Semper Constantia Privatbank, the LLB Group will in 2018 already surpass its objective of increasing the business volume to above CHF 70 billion.

In February 2018, the Liechtensteinische Landesbank signed a purchase agreement to acquire the shares of LB(Swiss) Investment Ltd, Zurich. This strategic takeover will enable the LLB Group to access the Swiss fund market and significantly expand its fund business, which it will in future operate from its three locations of Liechtenstein, Austria and Switzerland. In doing so, it will become a fund powerhouse in these regions.

Even after both transactions, the capital structure remains strong. The LLB Group still has around CHF 400 million in surplus capital.

Outlook

"The takeovers of Semper Constantia Privatbank AG and LB(Swiss) Investment Ltd represent a quantum leap forward in the implementation of the StepUp2020 strategy", says Group CEO Roland Matt. "Both acquisitions are important building blocks for generating faster growth. With our strategic objectives in mind, we will keep the LLB Group on the road to success in a responsible and sustainable manner during 2018." Digitalisation remains a focus topic. The training

programme for client advisor certification and the Group's lean management programme will make a significant contribution to further strengthening the company's focus on client needs.

The LLB Group is confident that it will generate a solid Group net profit in 2018 thanks to its focussed business model, diversified income structure and clear strategic focus.

Information on the annual results for 2017

The information on the LLB Group's 2017 annual results will be made available on 8 March 2018 from 7 a.m. at <http://www.llb.li/businessresult2017>. The 2017 Annual Report will be made available in an interactive online version at <http://ar2017.llb.li>

Important dates

- ♦ Wednesday, 9 May 2018, 26th General Meeting of Shareholders
- ♦ Monday, 14 May 2018, ex-dividend date
- ♦ Wednesday, 16 May 2018, distribution of dividend
- ♦ Thursday, 23 August 2018, presentation of the interim results for 2018
- ♦ Thursday, 14 March 2019, presentation of the annual results for 2018

Brief portrait

Liechtensteinische Landesbank AG (LLB) is the longest-established financial institute in the Principality of Liechtenstein. The majority shareholder is the Principality of Liechtenstein. The LLB's shares are listed on the SIX Swiss Exchange (symbol: LLBN). The LLB Group offers its clients comprehensive wealth management services: as a full-service bank as well as in private banking, asset management and fund services. With 867 employees (in full-time positions), the Group is represented in Liechtenstein, Switzerland, Austria and the United Arab Emirates. As of 31 December 2017, the LLB Group managed a business volume totalling CHF 62.3 billion.

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