

Media communiqué

LLB Group reports robust growth

Group net profit of CHF 61.1 million in first half of 2019

Vaduz, 27 August 2019. The LLB Group continued its successful growth in the first half of 2019 posting new record levels of client assets under management and loans to clients. The business volume increased per 30 June 2019 by CHF 5.4 billion to CHF 85.6 billion. In comparison with the equivalent period in the previous year, Group net profit climbed by 33.3 percent to CHF 61.1 million. The acquisitions made last year, Semper Constantia Privatbank AG in Austria and LB(Swiss) Investment AG in Switzerland, also made positive contributions to the Group's interim business result.

- ♦ **New record levels with client assets of CHF 72.6 billion and loans to clients of CHF 13.0 billion**
- ♦ **Net new money inflow of CHF 2.0 billion**
- ♦ **Operating income rose by 20.1 percent to CHF 223.7 million.**
- ♦ **Fee and commission business expanded by 27.5 percent to CHF 99.0 million.**
- ♦ **In line with the Group's strategy, operating expenses increased by 16.1 percent to CHF 152.2 million.**
- ♦ **With a tier 1 ratio of 19.0 percent, the LLB Group stands for financial strength and stability.**

"Our acquisitions are paying off. By expanding LLB Österreich we have strengthened our market position. Thanks to these steps, we have become not just the most important universal bank in Liechtenstein and the largest regional bank in eastern Switzerland, but also the leading asset management bank in Austria. Our investment fund management companies in Switzerland and Austria open up new possibilities for us in fund business. Our growth is now beginning to bear fruit", stressed Georg Wohlwend, Chairman of the Board of Directors.

Net new money inflow of CHF 2.0 billion

The LLB Group has also grown organically. With a net new money inflow of CHF 2.0 billion, the Group grew sustainably and substantially in all three market divisions and booking centres. Both as regards client assets under management and loans to clients, the LLB Group recorded new record values. Client assets under management rose to CHF 72.6 billion. Loans to clients climbed to CHF 13.0 billion. As was expected, growth in mortgage lending business slowed somewhat: the mortgage volume increased by 1.0 percent to CHF 11.2 billion.

Higher revenues from operative business

The economic and political environment remained challenging in the first half of 2019. Swiss franc interest rates again fell to historically low levels, which further increased the pressure on margins in interest differential and commissions business. Nevertheless, the LLB Group's operative result continued to develop positively. The expansion in business volume played a significant role here. Operating income climbed in the first half of 2019 by 20.1 percent to CHF 223.7 million (first half 2018: CHF 186.3 million).

Interest income before expected credit loss increased by 7.6 percent, or CHF 5.8 million, to CHF 82.6 million compared with the previous year (first half 2018: CHF 76.8 million). Interest income from client business decreased slightly. Risk-conscious growth with mortgage loans and lower refinancing costs were not quite able to compensate for the expected fall in income due to the extension of fixed interest loans at lower conditions.

Net fee and commission income increased by 27.5 percent, or CHF 21.3 million, to CHF 99.0 million (first half 2018: CHF 77.6 million). Active sales and marketing efforts, as well as the acquisitions made in the previous year contributed to the positive performance.

Net trading income stood at CHF 26.8 million in the first half of 2019 (first half 2018: CHF 34.4 million). Compared with the previous year, trading in foreign exchange, foreign notes and precious metals declined by 7.6 percent to CHF 26.7 million. In comparison with the previous year, the downward trend with Swiss franc interest rates, measured on the reporting date, led to lower valuation gains with interest rate swaps of CHF 0.1 million in the first half of 2019 (first half 2018: CHF 5.5 million). In contrast, the financial markets posted a positive performance in the first half of

2019, which led to accounting gains with financial investments, as measured on the reporting date, of CHF 4.5 million (first half 2018: loss of CHF 10.9 million).

Higher operating expenses in line with strategy

In the first half of 2019, operating expenses rose by 16.1 percent to CHF 152.2 million (first half 2018: CHF 131.1 million). Personnel expenses amounted to CHF 95.0 million. On account of the acquisitions made, and the strategic expansion of advisory capacities, they increased in comparison with the previous year by 16.6 percent (first half 2018: CHF 81.5 million).

General and administrative expenses were up by CHF 1.9 million to CHF 36.8 million (first half 2018: CHF 34.9 million). The higher costs were also largely attributable to the takeovers made in the previous year. The net release of provisions for legal and litigation risks totalling CHF 1.2 million in connection with the former LLB Switzerland had a positive impact on operating expenses.

In the first half of 2019, the LLB Group earned a net profit of CHF 61.1 million (first half 2018: CHF 45.8 million), 33.3 percent higher than the previous year's result. The Cost-Income-Ratio improved to 69.7 percent (first half 2018: 72.8 %).

Successful bond issue strengthens refinancing structure

The very successful bond issue carried out in May represented another important step taken during the first half of 2019. The subscription register was over-subscribed after only a few minutes. The successful issue has enabled the LLB Group to optimise its refinancing structure and gain access to the capital market.

The LLB Group is superbly capitalised and still has plenty of scope to fulfil its growth ambitions. Its financial security and stability remain unchanged at a very high level. At 30 June 2019, equity totalled CHF 2.0 billion and the tier 1 ratio stood at 19.0 percent.

Key figures at a glance

	First half 2019	First half 2018	+/- %
Operating income (in CHF millions)	223.7	186.3	20.1
Operating expenses (in CHF millions)	-152.2	-131.1	16.1
Group net profit (in CHF millions)	61.1	45.8	33.3
Net new money inflow (in CHF millions)	2'004	1'119	79.0
RoE (in %)	6.1	4.8	
Earnings per share (in CHF)	1.88	1.46	28.8
Cost-Income-Ratio (in %)	69.7	72.8	
	30.06.2019	31.12.2018	+/- %
Tier 1 ratio (in %)	19.0	19.0	
Business volume (in CHF billions)	85.6	80.1	6.8
Client assets under management (in CHF billions)	72.6	67.3	7.8
Loans to clients (in CHF billions)	13.0	12.9	1.3
Total assets (in CHF billions)	23.1	22.9	1.0

StepUp2020 strategy on course

Within the LLB Group, the StepUp2020 strategy is taking full effect. Thanks to its focused business model and a broadly diversified earnings structure, the LLB Group is well prepared for the challenges it faces in future. The acquisitions made in 2018 contributed positively to the Group's performance in the first half of 2019. Thanks to the four investment fund management companies in the three domestic markets, Liechtenstein (FL), Austria (A) and Switzerland (CH), the LLB Group can operate in the FL/A/CH region as a fund powerhouse and offer its clients the optimal benefits of the individual business locations. In another step to strengthen the interconnection of the three banks, at the beginning of 2020, LLB Österreich will migrate to the Group's Avaloq core banking system. In future, therefore, all three banks will operate the same platform. These measures will enable synergies to be exploited and enhance the groupwide implementation of efficient processes. Consequently, the clients of LLB Österreich will be able to benefit from the entire spectrum of products and services offered by LLB Group, including the LLB Online and Mobile Banking programmes. In combination with the move into the Dubai International Financial Centre (DIFC), the Representative Office in Dubai was upgraded to a branch. The relocation represents the opening up of new growth potential for the LLB Group, as well as an important step in further developing and expanding the Group's activities in the Middle East.

Outlook

"In the current challenging business environment, we are placing the focus on further increasing our profitability", emphasised Group CEO Roland Matt. "Thanks to the growth we have achieved, we have put in place the essentials for this. In addition, various measures have been implemented to further enhance earnings from operative business. In parallel, we are maintaining our tried and tested cost management system, which demands a strict prioritisation of expenditure." In 2019, the LLB Group expects to attain further operative progress and a solid business result.

Detailed information about the 2019 interim result

The documents of the 2019 interim financial reporting of the LLB Group will be available from 7.00 a.m. on 27 August 2019 on our website www.llb.li. An interactive online version of the 2019 interim financial reporting will also be available at <http://hb2019.llb.li> for the German version and at <http://hr2019.llb.li> for the English version.

Conference Call

The 2019 interim business result of the LLB Group will be presented in a conference call on 27 August 2019, at 10.30 a.m.

A recording of the conference call can be accessed on 27 August 2019 from 1.00 p.m. as an audio file at our website: www.llb.li

Important dates

- ♦ Thursday, 12 March 2020, presentation of the 2019 business result
- ♦ Friday, 8 May 2020, 28th ordinary General Meeting of Shareholders

Brief portrait

Liechtensteinische Landesbank AG (LLB) is the longest established financial institute in the Principality of Liechtenstein. The majority of the company's share capital is held by the Principality of Liechtenstein. LLB's shares are listed on the SIX (symbol: LLBN). The LLB Group offers its clients comprehensive wealth management services, as a universal bank, in private banking, in asset management and fund services. With 1'092 employees (full-time equivalent positions), LLB is represented in Liechtenstein, Switzerland, Austria and the United Arab Emirates (Abu Dhabi and Dubai). As per 30 June 2019, the business volume of the LLB Group stood at CHF 85.6 billion.

Contact

Liechtensteinische Landesbank AG

Dr. Cyrill Sele, Head Group Corporate Communications & General Secretary

Telephone +423 236 82 09, E-mail ir@llb.li, Internet www.llb.li