

## Media communiqué

# LLB Group continues its growth

## Group net profit 2018 of CHF 85.1 million

**Vaduz, 14 March 2019.** The LLB Group continued its growth in the 2018 business year. The business volume reached CHF 80.1 billion (+28.6 %), a new record. The net new money inflow amounted to CHF 1.3 billion. On account of market effects and integration costs, net profit narrowed to CHF 85.1 million (-23.5 %). The Board of Directors will propose to the General Meeting of Shareholders that the dividend be increased to CHF 2.10 per share. At the same time, it will also propose that Dr. Karl Sevelde be put forward for election to the Board of Directors and that Dr. Patrizia Holenstein be re-elected.

- ◆ Client assets increased by 33.9 percent to CHF 67.3 billion.
- ◆ Client loans rose to a record level of CHF 12.9 billion.
- ◆ The net new money inflow of CHF 1.3 billion is the highest since 2010.
- ◆ With a tier 1 ratio of 19.0 percent, the LLB Group stands for security and stability.
- ◆ The Principality of Liechtenstein benefits with a total sum of CHF 45.5 million.

"In the 2018 business year the LLB Group continued to grow, both organically and through acquisitions", stressed Georg Wohlwend, Chairman of the Board of Directors. "We successfully completed the integration of LB(Swiss) Investment AG and the merger of Semper Constantia Privatbank AG with LLB Österreich to become the new Liechtensteinische Landesbank (Österreich) AG as planned. Consequently, we are now not only the longest established universal bank in Liechtenstein and the largest regional bank in eastern Switzerland, but also the leading asset management bank in Austria."

### **Highest net new money inflow since 2010**

With a total net new money inflow of CHF 1.3 billion (2017: CHF 470 million), the LLB Group grew substantially and sustainably in all three market divisions and in the three booking centres in Liechtenstein, Switzerland and Austria. These were the highest net new money inflows since 2010.

The business volume reached CHF 80.1 billion, a new record (31 December 2017: CHF 62.3 billion).

At 31 December 2018, client assets under management stood at CHF 67.3 billion

(31 December 2017: CHF 50.3 billion). Client loans increased by 6.4 percent to CHF 12.9 billion.

Mortgage loans rose by 5.3 percent to CHF 11.1 billion (31 December 2017: CHF 10.6 billion).

### **Progress in operative business**

In a challenging environment, the LLB Group achieved further operative progress. The primary contributors to this result were interest differential business, as well as fee and commission business.

Net fee and commission income increased by 13.2 percent to CHF 175.3 million (2017: CHF 154.8 million). The rise was attributable to the acquisition of LB(Swiss) Investment AG and Semper Constantia Privatbank AG, successful marketing measures and the launch of innovative products and services.

Interest income before expected credit loss increased, in spite of negative interest rates, by 8.3 percent to CHF 158.0 million (2017: CHF 145.9 million). The improvement was attributable, on the one hand, to lower interest rate hedging costs, and on the other, to higher earnings in interest business in US dollars with banks. Interest income from client business posted a stable development. The growth of mortgage loans and lower refinancing costs compensated for the expected fall in income due to the extension of fixed interest loans at lower conditions.

Net trading income fell to CHF 73.8 million (2017: CHF 82.9 million). Whereas trading in foreign exchange, foreign notes and precious metals expanded in comparison with the previous year by 5.0 percent to CHF 64.4 million, the sideways trend with Swiss franc interest rates led to lower valuation gains with interest rate swaps of CHF 9.4 million (2017: CHF 21.5 million).

Income from financial investments stood at minus CHF 19.4 million (2017: CHF 2.6 million). Higher US dollar interest rates and the associated carrying value losses measured on the reporting date

with the USD bond portfolio, together with the negative stock market development had an adverse effect on the performance of financial investments.

On balance, operating income remained stable at CHF 399.7 million (2017: CHF 399.4 million).

Operating expenses increased relative to the previous year by 14.6 percent to CHF 305.9 million (2017: CHF 267.0 million). The growth in general and administrative expenses, as well as personnel expenses reflects the investments made in our StepUp2020 strategy. Total headcount climbed as a result of the acquisitions and the strategic expansion of personnel to 1'086 (full-time equivalent) positions (31 December 2017: 867). Personnel expenses were up by 17.4 percent to CHF 182.4 million (2017: CHF 155.4 million). General and administrative expenses rose by 9.6 percent to CHF 90.8 million (2017: CHF 82.8 million). One-time integration costs amounted to CHF 14.8 million.

The LLB Group achieved a Group net profit of CHF 85.1 million in 2018. In view of the persisting low interest rate environment and the interest and stock market development, and on account of the integration costs for the acquisitions, net profit was down by 23.5 percent compared with the previous year (2017: CHF 111.3 million). The cost/income ratio increased to 77.7 percent (2017: 69.6 %).

### **Leading asset management bank in Austria**

Thanks to the acquisition of Semper Constantia Privatbank AG and its subsequent merger with LLB Österreich, the LLB Group has been able to establish Austria as its third home market. The merger has created Austria's leading asset management bank with 250 employees and a business volume of over CHF 22 billion. Thanks to its strong position in private banking and in institutional business, it now has in place the essentials for future growth.

### **Fund powerhouse in the FL/A/CH region**

As a result of its acquisitions in Zurich and Vienna, the LLB Group has expanded its investment fund business in terms of geographic area and scope of content. Accordingly, the LLB Group is positioned as an investment fund powerhouse in its three home markets of Liechtenstein, Austria and Switzerland. "With four fund management companies, we have massively expanded our market position. We can take best advantage of the various legal framework conditions in the

three countries to offer our clients individual structuring solutions", commented Group CEO Roland Matt. The range of products encompasses more than 600 funds with a volume of more than CHF 30 billion.

### **Higher dividend**

For the fourth time in succession, the Board of Directors will propose a higher dividend to the General Meeting of Shareholders on 3 May 2019. The increase of 5.0 percent from CHF 2.00 to CHF 2.10 per LLB share equates to an attractive dividend yield of 3.3 percent. The distribution ratio stands at 75.7 percent.

### **New member of the Board of Directors nominated**

The Board of Directors will propose to the General Meeting of Shareholders – subject to approval from the Liechtenstein Financial Market Authority (FMA) – that Dr. Karl Sevelda be elected as a new member of the Board for a term of office of three years. As the former CEO of Raiffeisen Bank International in Vienna – a banking group with around 50'000 employees worldwide – he is an acknowledged top banker and expert on the Austrian financial centre. In addition, the Board of Directors will propose that the previous member, Dr. Patrizia Holenstein, be re-elected for a term of office of three years.

### **Revocation of the state guarantee**

On 27 February 2019, the Liechtensteinische Landtag (parliament) resolved to revoke the state guarantee from 1 July 2019. The limited state guarantee defined in Article 5 of the Law on the Liechtensteinische Landesbank (LLBG) previously stipulated that the Principality should be liable for savings account deposits and medium-term notes (cash bonds) of LLB. The Landesbank welcomes this step. With equity totalling CHF 2.0 billion and a tier 1 ratio of 19.0 percent, it has a very strong capital base. The unchanged Moody's deposit rating of Aa2 underlines that, independent of the limited state guarantee, the Liechtensteinische Landesbank stands for stability and security.

## Contribution to the national economy

With the proposed dividend distribution, direct taxes and compensation for the state guarantee, the Principality of Liechtenstein will receive a contribution of CHF 45.5 million for 2018 from the LLB Group (2017: CHF 46.4 million).

## Key figures at a glance

	2018	2017	+/- %
Operating income (in CHF millions)	399.7	399.4	0.1
Operating expenses (in CHF millions)	-305.9	-267.0	14.6
Group net profit (in CHF millions)	85.1	111.3	-23.5
Net new money inflow (in CHF millions)	1'278	470	
RoE (in %)	4.3	6.1	
Cost/income ratio (in %)	77.7	69.6	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>+/- %</b>
Tier 1 ratio (in %)	19.0	21.6	
Dividend (in CHF)	* 2.10	2.00	5.0
Earnings per share (in CHF)	2.62	3.66	-28.4
Business volume (in CHF billions)	80.1	62.3	28.6
Client assets under administration (in CHF billions)	67.3	50.3	33.9
Client loans (in CHF billions)	12.9	12.1	6.4
Balance sheet total (in CHF billions)	22.9	20.0	14.4

\* Proposal of the Board of Directors to the General Meeting of Shareholders of 3 May 2019

## Outlook

"We have in place a focused business model and a diversified earnings structure. We have set ourselves clear goals with our StepUp2020 strategy and we are well on course to achieve them within the strategy period", emphasised Group CEO Roland Matt. "In the remaining two years of that period, we shall make every effort to maintain our strict cost management and increase profitability." The LLB Group still has available around CHF 400 million for strategic acquisitions. In 2019, the LLB Group expects to achieve further operative progress, a confirmation of the growth trend, a positive contribution to profit from the acquisitions, and a solid Group business result.

### **Information on the 2018 annual business result**

The information on the LLB Group's 2018 annual business result will be available from 7.00 a.m. on Thursday, 14 March 2019, at <http://www.llb.li/businessresult2018>. The 2018 annual report will be available in an interactive online version at: <http://ar2018.llb.li>

### **Important dates**

- ♦ Friday, 3 May 2019, 27th ordinary General Meeting of Shareholders
- ♦ Tuesday, 7 May 2019, ex-dividend date
- ♦ Thursday, 9 May 2019, distribution of dividend
- ♦ Tuesday, 27 August 2019, presentation of the 2019 interim business result
- ♦ Thursday, 12 March 2020, presentation of the 2019 annual business result

### **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 Swiss Exchange (symbol: LLBN). The LLB Group offers its clients comprehensive wealth management services, as a universal bank, in private banking, asset management and fund services. With 1'086 employees (full-time equivalent positions), LLB is represented in Liechtenstein, Switzerland, Austria and the United Arab Emirates (Abu Dhabi and Dubai). As per 31 December 2018, the business volume of the LLB Group stood at CHF 80.1 billion.

### **Contact**

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