

Media communiqué

LLB Group grows sustainably

At CHF 60.2 million, Group net profit at previous year's level

Vaduz, 25 August 2020. In an extremely challenging environment, characterised by the corona pandemic, the LLB Group remained steadfast and attained an interim business result at the same level as in the previous year. The Group's sustainable growth was confirmed by the inflow of net new money. With a tier 1 ratio of over 20 percent, the LLB Group stands for stability and security which, especially in times of great crisis, creates substantial added value for clients and stakeholders.

- ♦ **Net new money inflow amounted to CHF 1.0 billion**
- ♦ **At CHF 86.5 billion, the business volume continued to develop at a very high level**
- ♦ **Loans to clients increased by 0.2 percent to CHF 13.0 billion**
- ♦ **On account of market performance, client assets under management fell by 3.7 percent to CHF 73.5 billion**
- ♦ **Group net profit stood at CHF 60.2 million**
- ♦ **The tier 1 ratio climbed from 19.6 to 20.4 percent.**

"For the LLB Group too, the first half year of 2020 was marked by the challenges posed by the Covid-19 pandemic. In spite of this difficult operating environment, we achieved a good business result. Throughout the crisis our employees showed exceptional dedication and commitment. We have therefore clearly demonstrated that we can continue to perform at the highest level and be counted on as a reliable partner even in times of crisis", said Georg Wohlwend, Chairman of the Board of Directors.

Net new money inflow of CHF 1.0 billion

The LLB Group has grown organically and thus proven its consistency. With a net new money inflow of CHF 1.0 billion, it grew stably and sustainably in all three market divisions and booking

centres. On account of the negative market performance, client assets under management decreased to CHF 73.5 billion (31.12. 2019: CHF 76.3 billion). Loans to clients rose by 0.2 percent to CHF 13.0 billion. The continuing growth in mortgage lending business was reaffirmed with an increase in loans of over CHF 200 million or about 2 percent. At CHF 86.5 billion, the business volume continued to develop at a high level.

Balanced and stable earnings situation

The LLB Group's earnings situation is balanced and stable. In spite of the difficult environment, net fee and commission income remained constant at the previous year's level. Significantly higher volumes of transaction-based business meant that, despite a lower asset basis, earnings remained stable at CHF 99.4 million (first half 2019: CHF 99.0 million). Net trading income increased substantially to CHF 46.5 million (first half 2019: CHF 26.8 million). However, the significant fall in US-dollar interest rates and the negative interest rate environment had an adverse impact. Interest income before expected credit losses was down by 4.6 percent to CHF 78.8 million. Against the backdrop of the corona crisis, the LLB Group increased its risk provisioning. Allowances for expected credit losses totalling net CHF 13.8 million were allocated (first half 2019: release of CHF 3.7 million).

In total, operating income fell by 5.9 percent to CHF 210.4 million (first half 2019: CHF 223.7 million).

Sharp fall in operating expenses

At CHF 143.1 million, operating expenses were well below the equivalent period in the previous year (first half 2019: CHF 152.2 million). On the one hand, personnel expenses were lower due to the adjustment of the conversion rate of LLB's pension fund, on the other, provisions were released as a result of a settlement being reached in an ongoing legal case. Thanks to further operative cost savings, general and administrative expenses were again reduced, this time by 10.5 percent to CHF 32.9 million.

In the first half of 2020, the LLB Group earned a net profit of CHF 60.2 million. In spite of the challenging environment, this was at the same level as in the equivalent period in the previous year (CHF 61.1 million). The cost/income ratio improved to 65.5 percent (first half 2019: 69.7 %).

Key figures at a glance

	First half 2020	First half 2019	+/- %
Operating income (in CHF millions)	210.4	223.7	-5.9
Operating expenses (in CHF millions)	-143.1	-152.2	-6.0
Group net profit (in CHF)	60.2	61.1	-1.5
Net new money inflow (in CHF millions)	1'028	2'004	-48.7
RoE (in %)	5.9	6.1	
Earnings per share (in CHF)	1.87	1.88	-0.3
Cost/income ratio (in %)	65.5	69.7	
	30.06.2020	31.12.2019	+/- %
Tier 1 ratio (in %)	20.4	19.6	
Business volume (in CHF billions)	86.5	89.3	-3.2
Client assets under management (in CHF billions)	73.5	76.3	-3.7
Loans to clients (in CHF billions)	13.0	13.0	0.2
Total assets (in CHF billions)	24.0	22.7	6.0

Liquidity for SMEs

The LLB Group is well aware of its special importance and responsibility in relation to the regional economy. Accordingly, it acted quickly and unbureaucratically during the corona pandemic to provide corporate clients with liquidity in the form of Covid bridging loans. By the middle of the year, the volume of loans had reached around CHF 70 million. In Liechtenstein, LLB AG granted CHF 16 million, and in eastern Switzerland, Bank Linth provided CHF 54 million of Covid bridging loans. In addition, corporate clients were supported with specific interest and amortisation deferrals in cases where the pursuit of sustainable business models led to a critical liquidity situation. The LLB Group is convinced that, by applying these measures, it is making an important contribution to the economy and supporting its corporate clients as a reliable partner in this crisis.

Extension of the StepUp2020 strategy by one year until the end of 2021

The realisation of the StepUp2020 strategy has been extremely successful. Experience during the Covid-19 crisis has proven the continuing validity and effectiveness of the LLB Group's strategic course based on the four core elements of growth, profitability, innovation and excellence. In the current year, the LLB Group aims to focus on meeting and mastering the effects of the corona virus and the exploitation of tactical opportunities. It expects that the economic consequences will become more clearly visible in 2021 and therefore should provide a more reliable basis on which to

formulate a new strategy. Consequently, the Group will continue to adhere to the StepUp2020 strategy for another year until the end of 2021.

Going forward sustainably

Backed up by its 160-year tradition, LLB regards sustainability as being an integral part of its business success. "By joining the 'Principles for Responsible Investment', an initiative supported by the UN, we are underlining our commitment to actively integrating environmental and social issues, as well as good corporate governance (ESG) in the investment process", explained Roland Matt, Group CEO. In doing so, LLB is building on its sustainable investment concept, which offers institutional investors and private clients a comprehensive range of such products. To take into account the increasing importance of sustainability, not just in the field of investments, the LLB Group is establishing a Sustainability Council and appointing a Sustainability Officer.

Outlook

In the past few months the economic situation has deteriorated severely. In this very challenging environment, the LLB Group will focus primarily on improving profitability during the second half of the year. Further initiatives to increase earnings are planned, while the potentials for more cost savings are to be identified and exploited. Moreover, another priority will be taking advantage of the opportunities presented by further boosts in digitalisation. Greater importance will be attached to the subject of sustainability, both as it affects corporate governance and the range of products. The LLB Group also continues to be open to the possibility of further acquisitions.

It expects to achieve a solid Group business result for the full 2020 business year. "From the present perspective, the LLB Group has effectively met and mastered the challenges presented by the Covid-19 pandemic. Thanks to our tried and tested strategy, our diversified earnings structure, our solid equity base, as well as the focused reaction of our staff to the crisis, we are well prepared for the future", said Roland Matt.

Detailed information on the 2020 interim result

The documents of the 2020 interim financial reporting of the LLB Group will be available from 7.00 a.m. on 25 August 2020 on our website www.llb.li. An interactive online version of the 2020

interim financial reporting will also be available at <http://hb2020.llb.li> (German version) and at <http://hr2020.llb.li> (English version).

Conference Call

The 2020 interim business result of the LLB Group will be presented in a conference call on 25 August 2020, 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) 720 88 25 49 (Austria)

A recording of the conference call can be accessed on 25 August 2020 from 1.00 p.m. as an audio file at our website: www.llb.li

Important dates

- Thursday, 25 February 2021, presentation of the 2020 business result
- Friday, 7 May 2021, 29th ordinary Annual 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 SIX 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 1'075 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 2020, the business volume of the LLB Group stood at CHF 86.5 billion.

Contact

Liechtensteinische Landesbank AG

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

Telephone +423 236 82 09, Fax +423 236 87 71, E-mail ir@llb.li, Internet www.llb.li