

Media communiqué

LLB Group achieves new record result

CHF 123.4 million Group net profit – 45 per cent above the previous year

Vaduz, 12 March 2020. In 2019, the LLB Group continued its profitable growth. At CHF 89.3 billion, the business volume attained a new all-time high. The record inflow of net new money totalling CHF 4.1 billion contributed to this increase. The Board of Directors will propose to the General Meeting of Shareholders that the dividend be increased to CHF 2.20 per share, the fifth rise in the dividend in succession.

- ♦ Group net profit rose in comparison with the previous year by 44.9 per cent to CHF 123.4 million.
- ♦ Client assets under management climbed by 13.4 per cent to CHF 76.3 billion.
- ♦ Client loans increased by 0.8 per cent to CHF 13.0 billion.
- ♦ With a tier 1 ratio of 19.6 per cent, the LLB Group stands for security and stability.
- ♦ The Principality of Liechtenstein will receive a total of CHF 49.3 million from the LLB Group.

"Four years ago, we set our course with the StepUp2020 strategy. Our Group continues to grow profitably. Thanks to broad diversification and targeted acquisitions, we have significantly improved our earning power and quality. And we have achieved this in spite of a very challenging market environment," said a very pleased Georg Wohlwend, Chairman of the Board of Directors.

"The net profit for the year of CHF 123.4 million was the highest attained by the LLB Group for ten years."

Record net new money inflows of CHF 4.1 billion

All three booking centres in Liechtenstein, Austria and Switzerland, as well as the three market divisions – Retail & Corporate Banking, Private Banking and Institutional Clients – contributed to the outstanding net new money inflow of CHF 4.1 billion (2018: CHF 1.3 billion). The Group's investment fund business, in particular, proved to be a key driver of business growth. The business volume (client assets under management and loans to clients) rose by 11.4 per cent to CHF 89.3 billion. In mortgage lending business, the LLB Group reached a volume of CHF 11.3 billion, corresponding to an increase of 1.8 per cent.

Higher earnings from fee and commission business

Furthermore, the LLB Group has improved the quality of its earnings streams. For example, operating income rose by 13 per cent to CHF 453 million. Fee and commission income posted a gratifying gain of around CHF 34 million. The increase was attributable, in addition to higher volumes, to further operative efficiencies and performance fees. In contrast, interest differential business was slightly lower than in the previous year, largely as a result of higher interest expenses with client assets in foreign currencies. Thanks to the performance of the stock and interest markets, the market effects were CHF 24.5 million higher than in the previous year. Above all, price gains with financial investments were up significantly higher.

LLB Group's profitability sharply improved

On account of the acquisitions made in 2018, as was expected, operating expenses climbed in the year under report to CHF 311 million. However, thanks to specific cost management measures, the LLB Group was able to achieve operative cost savings. Personnel expenses rose by CHF 10 million, conversely, general and administrative expenses fell by CHF 14 million. In the 2019 business year, provisions allocated for legal and litigation risks amounting to net CHF 5 million were released. Furthermore, the previous year's result included one-time integration costs. The cost / income ratio decreased to 70.0 per cent. Consequently, in comparison with the previous year, the Group's profitability improved sharply.

Successful IT migration by LLB Österreich

The Avaloq core banking system has been in operation at LLB Österreich since the beginning of 2020. Accordingly, all three LLB Group banks now operate the same IT platform. From now on, our

clients at LLB Österreich will also be able to benefit from the entire product range of the parent company – including, for example, our ground-breaking Online and Mobile Banking applications, as well as the "LLB Invest" investment advisory and asset management system. This uniform system enhances the efficiency of our internal processes and also helps to further improve growth and profitability at the LLB Group.

Fund powerhouse – concentrated power

With four investment fund management companies in its three domestic markets, Liechtenstein, Austria and Switzerland, the LLB Group has positioned itself as a competent investment fund powerhouse providing access to the European and Swiss economic areas. In the year under report, the fund volume expanded substantially: at the end of 2019, our 80 staff administered around 650 funds having assets of CHF 36.6 billion (2018: CHF 30.5 billion). With their extensive experience and multifaceted range of services, the fund managers we took over in 2018 in Austria and Switzerland made a significant contribution to the strength of our fund powerhouse and complemented the LLB Group's long established, successful fund business in Liechtenstein ideally.

Higher dividend once again

For the fifth time in succession, the Board of Directors will propose a higher dividend to the General Meeting of Shareholders on 8 May 2020. The proposal envisages an increase of around 5 per cent in the dividend to CHF 2.20. This corresponds to a dividend yield of 3.5 per cent. Moreover, it is not just investors and private shareholders, who benefit from this dividend distribution; the Principality of Liechtenstein as the majority shareholder will receive an amount, including taxes and duties, of CHF 49.3 million (2018: CHF 45.5 million).

Continuity in the Board of Directors

At the forthcoming General Meeting of Shareholders on 8 May 2020, the three-year terms of office of three members of the Board of Directors come to an end. Chairman of the Board Georg Wohlwend, Vice Chairwoman Dr. Gabriela Nagel-Jungo and Urs Leinhäuser are standing for re-election and therefore for continuity in the Board of Directors.

Key figures at a glance

	2019	2018	+/- %
Operating income (in CHF millions)	452.7	399.7	13.3
Operating expenses (in CHF millions)	-311.3	-305.9	1.8
Group net profit (in CHF millions)	123.4	85.1	44.9
Net new money inflow (in CHF millions)	4'142	1'278	224.2
RoE (in %)	6.0	4.3	
Cost/income ratio (in %)	70.0	77.7	
	31.12.2019	31.12.2018	+/- %
Tier 1 ratio (in %)	19.6	19.0	
Dividend (in CHF)	* 2.20	2.10	4.8
Earnings per share (in CHF)	3.77	2.62	43.9
Business volume (in CHF billions)	89.3	80.1	11.4
Client assets under management (in CHF billions)	76.3	67.3	13.4
Client loans (in CHF billions)	13.0	12.9	0.8
Balance sheet total (in CHF billions)	22.7	22.9	-1.0

* Proposal of the Board of Directors to the General Meeting of Shareholders of 8 May 2020

Outlook

"Our three banks in Liechtenstein, Austria and Switzerland all have a competitive size. Thanks to our uniform core banking system, we operate efficiently and can take full advantage of synergies that occur. In addition, our stable foundation, broadly diversified earnings structure and focused business model provide us with a solid basis for the further development of our corporate Group", emphasised Group CEO Roland Matt in reviewing the successful business year.

The market environment remains extremely difficult. Restrained business growth, negative interest rates, the volatile financial markets and the incalculable effects of a further spread of the corona virus continue to present a major challenge. Nevertheless, on the basis of its sound start to the year, the LLB Group expects to achieve further operative progress and a solid Group business result in 2020.

Information on the 2019 annual business result

The information on the LLB Group's annual business result will be available from 7 a.m. on Thursday, 12 March at www.llb.li/businessresult2019. The 2019 annual report will be available in an interactive online version at: ar2019.llb.li.

Conference Call

The 2019 business result of the LLB Group will be presented in a conference call on 12 March 2020, at 10.30 a.m. Participants may call the following numbers: +41 (0)58 310 50 00 (Switzerland / Liechtenstein and all other countries) / +43 (0)720 88 25 49 (Austria). The audio file of the conference call as well as the latest photographic material can be downloaded from our website: www.llb.li from 1 p.m. on 12 March 2020.

Important dates

- ♦ Friday, 8 May 2020, 28th ordinary General Meeting of Shareholders
- ♦ Tuesday, 12 May 2020, ex-dividend date
- ♦ Thursday, 14 May 2020, distribution of dividend
- ♦ Tuesday, 25 August 2020, presentation of the 2020 interim 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 1'077 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 2019, the business volume of the LLB Group stood at CHF 89.3 billion.

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