

Media communiqué

LLB Group achieves new record business volume

Group net profit of CHF 110 million

Vaduz, 11 March 2021. Even in the corona year 2020, the LLB Group continued its pleasing and sustainable growth. At CHF 93 billion, the business volume reached a new record at the end of the year. The continued high net new money inflow of CHF 3.3 billion and an increase of CHF 410 million with mortgage loans contributed to this record. The Board of Directors proposes an unchanged dividend of CHF 2.20 per share to the General Meeting of Shareholders.

- ◆ At CHF 92.9 billion, the business volume reached a new record level.
- ◆ Client loans increased to CHF 13.2 billion.
- ◆ At CHF 109.8 million Group net profit remained solid.
- ◆ With a tier 1 ratio of 21.6 per cent, the LLB Group stands for security and stability.
- ◆ The Principality of Liechtenstein will receive a total of CHF 47.2 million from the LLB Group.

"In 2020, the corona pandemic confronted both society and the economy with serious challenges. The crisis last year confirmed the correctness of our strategic course", said Gabriela Nagel-Jungo, Vice Chairwoman of the Board of Directors. "With a net profit of CHF 109.8 million for the business year, we have attained profitable growth and achieved a solid business result despite the difficult basic situation."

Sustainable growth – record business volume

In 2020, the business volume of the LLB Group grew by 4.0 per cent to reach a new record of CHF 92.9 billion. Net new money inflows in all three market segments totalled CHF 3.3 billion (2019: CHF 4.1 billion) attesting once again in this year to the Group's uninterrupted growth momentum. At the end of the 2020 business year, client assets under management attained a volume of CHF 79.7 billion, 4.4 per cent higher than in the previous year and also a new record. Loans to clients rose by 2.1 per cent to CHF 13.2 billion. In mortgage lending business, the increase amounted to around CHF 410 million, corresponding to growth of 3.6 per cent. The LLB Group therefore grew more strongly than the market.

COVID bridging loans

The LLB Group is well aware of its special economic status and responsibility. During the corona pandemic, therefore, it was able to make available liquidity in the form of COVID bridging loans to its corporate clients in Liechtenstein and Switzerland quickly and unbureaucratically. The corresponding credit applications were approved for a total of around 750 companies. In total, the LLB Group provided CHF 71 million in liquidity support. In addition, further support was provided to corporate clients by deferring interest or amortisation payments in cases where, in spite of a sustainable business model, liquidity problems were experienced. The intensive positive feedback from clients confirmed that the LLB Group had made an important contribution to the regional economy and its corporate clients as a partner throughout the crisis.

Balanced and stable earnings situation

Following the excellent business result attained in the 2019 financial year, the Group posted a solid net profit of CHF 109.8 million (minus 11 %) in the extremely challenging year under report. Operating income fell by 5.0 per cent to CHF 430.3 million (2019: CHF 452.7 million). The significant fall in US dollar interest rates, the negative interest rate environment in Switzerland and Europe and the higher provisions for credit risks had an adverse impact on earnings. For this reason, the LLB Group also posted reduced revenues in other interest business on its US dollar investments. Interest business with clients benefitted from targeted growth with mortgage loans and lower refinancing costs. Consequently, it was therefore possible to compensate for the

persisting pressure on margins in mortgage lending business and the extension of fixed interest loans at lower conditions.

In total, net interest income climbed by 1.9 per cent or CHF 2.8 million to CHF 154.1 million in comparison with the previous year.

On account of the corona pandemic, the LLB Group carried out a systematic, risk-based analysis of its credit positions. This revealed, on the whole, that the Group's credit portfolio was in a very healthy state. Nevertheless, risk provisions were increased slightly. Allowances for expected credit losses amounting to net CHF 11.6 million were allocated (2019: release of CHF 1.0 million). This corresponds to 9 basis points of the entire loan book of around CHF 13.2 billion.

At CHF 199.1 million, net fee and commission income was down year on year (2019: CHF 209.2 million). Net brokerage rose compared to the previous year by 21.0 per cent to CHF 42.1 million (2019: CHF 34.8 million). Higher transaction-related earnings compensated for the lower portfolio-related revenues and lower performance-dependent fees.

Operating expenses in the 2020 business year stood at CHF 306.7 million, 1.5 per cent below the previous year (2019: CHF 311.3 million). This was largely attributable to a decrease in personnel expenses as a result of an adjustment of the conversion rate of the LLB pension fund in the 2020 business year. General and administrative expenses at CHF 83.4 million were higher than in the previous year (2019: CHF 76.5 million). Additional costs were incurred especially with IT because of the expansion of infrastructure to permit working from home due to the corona pandemic. Moreover, investments continued to be made in projects for the future. In contrast, savings were made with marketing and occupancy expenses.

With a tier 1 ratio of 21.6 per cent and a Moody's rating of Aa2, the LLB Group continues to stand for security and stability.

Key figures at a glance

	2020	2019	+/- %
Operating income (in CHF millions)	430.3	452.7	-5.0
Operating expenses (in CHF millions)	-306.7	-311.3	-1.5
Group net profit (in CHF millions)	109.8	123.4	-11.0
Net new money inflow (in CHF millions) **	3'274	4'142	-21.0
RoE (in %) **	5.3	6.0	
Cost/income ratio (in %) **	69.8	70.0	
	31.12.2020	31.12.2019	+/- %
Tier 1 ratio (in %) **	21.6	19.6	
Dividend (in CHF)	* 2.20	2.20	0.0
Earnings per share (in CHF) **	3.39	3.77	-10.0
Business volume (in CHF billions) **	92.9	89.3	4.0
Client assets under management (in CHF billions) **	79.7	76.3	4.4
Client loans (in CHF billions)	13.2	13.0	2.1
Balance sheet total (in CHF billions)	23.6	22.7	4.0

* Proposal of the Board of Directors to the General Meeting of Shareholders of 7 May 2021

** Definition available at www.llb.li/investors-apm

Going forward sustainably

In 2020, the LLB Group made rapid progress in formulating a strict sustainability strategy. As an important step, in the summer, the LLB Group signed the UN Principles for Responsible Investment (UN PRI) initiative, thereby underlining its commitment to the core sustainability principles in the environmental, social and corporate governance fields. During the summer, it also successfully launched a sustainable gold investment fund.

The LLB Group has already converted its range of investment funds to “light green” – even before the respective EU directive comes into force in Liechtenstein. Light green funds take into consideration ecological and social factors as part of the investment decision and represent a sustainable alternative to traditional funds for investors. Overall, the LLB Group will have transformed all its main investment products in line with its new sustainability concept during spring 2021.

Attractive dividend yield

The Board of Directors will propose a stable dividend of CHF 2.20 to the General Meeting of Shareholders on 7 May 2021. This corresponds to a dividend yield of 4.2 per cent. It is not only investors and private shareholders who benefit from this dividend distribution; the Principality of Liechtenstein as the majority shareholder will receive an amount of CHF 38.9 million. Including taxes and duties, the State will be credited with a total of CHF 47.2 million (2019: CHF 49.3 million).

Elections at the General Meeting

At the General Meeting of Shareholders on 7 May 2021, a decision will also be made on the composition of the Board of Directors. Georg Wohlwend will again be nominated as Chairman. The three-year term of office of the Board members Thomas Russenberger und Richard Senti ends at the General Meeting. They are standing for re-election.

Outlook

Once again in 2021, growth, profitability, innovation and excellence will form the core strategic elements of the LLB Group's corporate development. The focus continues to be placed on profitable growth and strict cost discipline. The LLB Group will endeavour to achieve a solid business result again in 2021 in order to offer its shareholders a sustainable, attractive dividend.

"Thanks to our diversified business model, our proven strategy and our solid equity capital base, we have met and mastered the corona crisis. Especially in these challenging times, we are focusing on close relations with our clients. This year we also want to make further innovations in the areas of sustainability and digitalisation", said Group CEO Gabriel Brenna. "I would like to express my thanks to our employees for their outstanding dedication and flexibility in this very demanding environment."

Information on the 2020 annual business result

The Information on the LLB Group's annual business result will be available from 7 a.m. on Thursday, 11 March 2021, at www.llb.li/businessresult2020. The 2020 annual report will be available in an interactive online version at ar2020.llb.li.

Conference Call

The 2020 business result of the LLB Group will be presented in a conference call on 11 March 2021, at 10.30 a.m. 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).

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 11 March 2021.

Important dates

- ♦ Friday, 7 May 2021, 29th ordinary General Meeting of Shareholders (due to the corona pandemic without the physical participation of shareholders)
- ♦ Tuesday, 11 May 2021, ex-dividend date
- ♦ Thursday, 13 May 2021, distribution of dividend
- ♦ Tuesday, 24 August 2021, presentation of the 2021 interim business result

Disclaimer

To measure our performance, we employ alternative financial key figures, which are not defined in the International Financial Reporting Standards (IFRS). Details can be found at www.llb.li/investors-apm.

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 1'064 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 2020, the business volume of the LLB Group stood at CHF 92.9 billion.

Contact

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