

## Ad hoc announcement pursuant to article 53 LR LLB Group reports record growth

Best Group business result for more than ten years

*Vaduz, 25 February 2022.* The LLB Group can look back on a highly successful 2021 business year. Group net profit was increased to CHF 137.9 million, the best business result for over ten years. With a net new money inflow of CHF 7.2 billion, the LLB Group achieved the largest organic growth in its history. In terms of business volume, client assets under management and loans to clients, new record levels were attained.

- ♦ At CHF 137.9 million (+ 25.5 %), Group net profit substantially exceeded the previous year's result.
- ♦ Net new money inflow reached CHF 7.2 billion, corresponding to a growth rate of 9.1 per cent.
- ♦ For the first time, the business volume attained the 100-billion franc level.
- ♦ The Group Board of Directors proposes an increase in the dividend from CHF 2.20 to CHF 2.30 per share.
- ♦ The Principality of Liechtenstein will receive a total of CHF 43.8 million from the LLB Group.
- ♦ Leila Frick-Marxer is proposed as a new member of the Group Board of Directors.
- ♦ LLB has published a prospectus containing a public purchase offer to the shareholders of Bank Linth.

"In spite of many challenges, we succeeded in achieving a very good business result in 2021. The LLB Group has grown robustly. The developments in recent years, the trust of our clients, and our innovative power strengthen our resolve to continue our path to growth with the new ACT-26 strategy", summarised Georg Wohlwend, Chairman of the Board of Directors.

### **Sustainable growth and profitability**

The success of the LLB Group in 2021 was characterised principally by growth. For the first time, the business volume reached and exceeded the 100-billion franc mark – a milestone in the 160-year history of the Liechtensteinische Landesbank. At the end of the year under report, the business volume stood at CHF 105.7 billion (2020: CHF 92.9 billion). Record net new money inflows and higher loans to clients contributed substantially to this rise. The robust growth was also reflected in the Group business result. The LLB Group can look back on the best result for over ten years; at CHF 137.9 million, this was 25.5 per cent above the previous year. "This extremely good result reflects our dynamic growth, the improved quality of our earnings and our strict cost management. Consequently, once again in 2021 we have proven that the LLB Group can grow organically, sustainably and profitably", said Group CEO Gabriel Brenna.

### **Net new money inflow of CHF 7.2 billion**

Net new money inflow proved to be a particularly important driver of business growth. In 2021, the LLB Group generated CHF 7.2 billion of new money. This represents more than double the previous year's figure (2020: CHF 3.3 billion) and corresponds to growth of 9.1 per cent in client assets under management. All market divisions and booking centres contributed to this gratifying development. Growth was especially strong in the domestic markets of Liechtenstein and Austria. A significant proportion of these inflows was attributable to investment fund business. Pleasing growth was also achieved in the growth markets of Central and Eastern Europe, as well as in the Middle East. Inflows of CHF 0.8 billion resulted solely from the referral agreement with Credit Suisse in Austria. In total, therefore, client assets under management soared to a new record of CHF 91.9 billion (31.12.2020: CHF 79.7 billion), the highest organic growth in the history of the LLB Group.

### **New historic high with client loans**

In 2021, loans to clients climbed to CHF 13.8 billion (2020: CHF 13.2 billion). The largest proportion of the volume related to mortgages. These also reached a new high of CHF 12.2 billion (31.12.2020: CHF 11.7 billion). Both LLB AG in Liechtenstein and Bank Linth in eastern Switzerland contributed equally to the Group's risk-aware growth. Other loans to clients increased to CHF 1.6 billion (31.12.2020: CHF 1.5 billion). A clear confirmation by the LLB Group of its dynamic growth.

### **Enhanced earnings quality**

Operating income at the LLB Group rose by 10.7 per cent to CHF 476.4 million (2020: CHF 430.3 million). The record business volume, higher earnings in client business and the very good performance of our asset management and investment advisory products all contributed to this pleasing result.

The LLB Group posted especially good growth in fee and commission business. In total, revenues improved by CHF 34.5 million to CHF 233.6 million. Portfolio-related earnings improved particularly well. The LLB Group succeeded in improving the quality of its largest income driver.

Interest business was again influenced by pressure on margins and the low interest rate environment in 2021. In total, interest business at CHF 154.0 million remained at the previous year's level (2020: CHF 154.1 million) in spite of the challenging basic business conditions.

Client trading business remained stable. In contrast, the valuation gains on interest rate hedging instruments, measured on the reporting date, fell in comparison with the previous year. In total, trading income decreased to CHF 79.0 million (2020: CHF 84.3 million).

Whereas in 2020, higher provisions for expected credit losses were allocated, in 2021, CHF 2.5 million was released in favour of the income statement. This demonstrates the high quality of the LLB Group's loan book and its excellent resilience.

### **Stable operating expenses**

Operating expenses increased by CHF 6.3 million to CHF 313.0 million (2020: CHF 306.7 million). In the previous year an adjustment of the conversion rate of the LLB pension fund led to a one-time credit in favour of the income statement amounting to CHF 6.7 million. Without this basic effect, operating expenses remained stable. The takeover of client advisers as part of the referral

agreement with Credit Suisse in Austria and provisions for restructuring led to an increase in personnel expenses. This was offset by strict cost management and the exploitation of synergies in business processes. In spite of the growth achieved, general and administrative expenses climbed only marginally by CHF 0.1 million. Depreciation and amortisation were nearly CHF 3 million lower than in the previous year.

The Cost Income Ratio improved to 65.8 per cent (2020: 69.8 %).

### Key figures at a glance

	2021	2020	+/- %
Operating income (in CHF millions)	476.4	430.3	+10.7
Operating expenses (in CHF millions)	-313.0	-306.7	+2.1
Group net profit (in CHF millions)	137.9	109.8	25.5
Net new money inflows (in CHF millions) **	7'212	3'274	120.3
RoE (in %) **	6.3	5.3	
Cost Income Ratio (in %) **	65.8	69.8	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>+/- %</b>
Tier 1 ratio (in %) **	20.3	21.6	
Dividend (in CHF)	* 2.30	2.20	4.5
Earnings per share (in CHF) **	4.25	3.39	+25.2
Business volume (in CHF billions) **	105.7	92.9	13.8
Client assets under management (in CHF billions) **	91.9	79.7	15.4
Client loans (in CHF billions)	13.8	13.2	4.3
Balance sheet total (in CHF billions)	25.1	23.6	6.6

\* Proposal of the Board of Directors to the General Meeting of Shareholders of 6 May 2022

\*\* Definition available at [www.llb.li/investors-apm](http://www.llb.li/investors-apm)

### Attractive dividend yield

With a tier 1 ratio of 20.3 per cent and a Moody's rating of Aa2, the LLB Group continues to stand for security and stability.

At the forthcoming General Meeting of Shareholders on 6 May 2022, the Board of Directors of the LLB Group will propose an increase in the dividend from CHF 2.20 to CHF 2.30. This corresponds to a dividend yield of 4.4 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 43.8 million.

### Elections at the General Meeting

At the General Meeting of Shareholders, Board member Patrizia Holenstein will reach the legally stipulated term of office limit of nine years. The Board of Directors proposes Leila Frick-Marxer for

election as a new member of the Board of Directors. Leila Frick-Marxer is a Liechtenstein lawyer and an acknowledged expert in financial subjects such as investment funds, capital market law and financing facilities. The first three-year term of office of Board member Karl Sevelda ends at the General Meeting. He is proposed for re-election.

### **Outlook**

The market environment remains challenging. Factors such as the risk of inflation, the uncertainties in the geopolitical situation and in the financial markets or the continuing corona pandemic represent a significant risk to economic development in the coming months.

Nevertheless, Group CEO Gabriel Brenna is optimistic: "We are building on a solid foundation and, with ACT-26, we have a clear, forward-driving strategy, which is already being realised with great élan by our dedicated employees. We are, therefore, confident that we can maintain the dynamic progress of the last few years to create sustainable added value for our clients, employees and shareholders." The LLB Group will strive to achieve a solid business result for the 2022 business year.

### **Publication of prospectus regarding the public purchase offer to shareholders of Bank Linth**

In January, an important milestone was already set in implementing the ACT-26 strategy. On 27 January 2022, in an advance announcement, the Liechtensteinische Landesbank announced a public purchase offer for all publicly held registered shares of Bank Linth LLB AG, Uznach. LLB intends to increase its share stake in Bank Linth LLB AG to 100 per cent and, in parallel, have the shares delisted from the Swiss exchange. This step will enable Bank Linth to reduce complexity and, as a retail bank, to focus even more sharply on its clients and their requirements. Moreover, the purchase tender offer also underlines the LLB Group's commitment to Bank Linth and to the Swiss market.

LLB has published the prospectus for the public purchase offer today. This also contains a report from the Board of Directors of Bank Linth, in which the Board comments in detail on the offer. The Board of Directors of Bank Linth recommends the shareholders to accept LLB's offer and on this basis to tender them to LLB. The offer prospectus including the report of the Board of Directors, the fairness opinion, as well as further information about the public purchase offer can be accessed at [www.llb.li/kaufangebot](http://www.llb.li/kaufangebot). The offer period begins on 14 March 2022. The transaction will be provisionally completed on 18 May 2022.

### **Webcast and Conference Call**

The 2021 business result of the LLB Group will be presented as a Webcast and in a conference call on 25 February 2022, at 10.30 a.m. You can participate in the Webcast via the link <https://services.choruscall.com/mediaframe/webcast.html?webcastid=26k0cvtR>. 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).

### **Information on the 2021 annual business result**

The information on the LLB Group's annual business result will be available from 7 a.m. on Friday, 25 February 2022, at [www.llb.li/businessresult2021](http://www.llb.li/businessresult2021). The 2021 annual report will be available in an interactive online version from 25 March 2022.

### **Important dates**

- ♦ 25 February 2022, publication of the prospectus for the public purchase offer
- ♦ 25 March 2022, publication of the 2021 annual report
- ♦ 14 March 2022, start of offer period for the public purchase offer
- ♦ 6 May 2022, 30th ordinary General Meeting of Shareholders (due to the corona pandemic, without the physical participation of shareholders)
- ♦ 10 May 2022, ex-dividend date
- ♦ 12 May 2022, distribution of dividend
- ♦ 18 May 2022, provisional completion of public purchase offer
- ♦ 24 August 2022, presentation of 2022 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 1'056 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 2021, the business volume of the LLB Group stood at CHF 105.7 billion.

## Contact

Liechtensteinische Landesbank AG

Dr. Cyrill Sele, Head Group Corporate Communications & Sustainability

Telephone +423 236 82 09, E-mail [ir@llb.li](mailto:ir@llb.li), Internet [www.llb.li](http://www.llb.li)

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