

Ad hoc announcement pursuant to article 53 LR LLB Group posts best Group business result for more than ten years

Continuing on growth trajectory

Vaduz, 27 February 2023. In spite of a challenging market environment, the LLB Group can look back on a successful 2022 business year. Group net profit rose by 8.4 per cent to CHF 149.4 million, thereby attaining the best business result for over ten years. With a net new money inflow of CHF 3.6 billion, the LLB Group confirmed the continuation of the strong organic growth of recent years. Loans to clients reached CHF 14.4 billion, a new record level. The Cost Income Ratio fell to 64.0 per cent. Since the end of 2022, Bank Linth has been wholly owned by Liechtensteinische Landesbank (LLB). A proposal will be made to the General Meeting of Shareholders to increase the dividend from CHF 2.30 to CHF 2.50.

- ♦ At CHF 149.4 million, Group net profit exceeded the previous year's result (CHF 137.9 million) by 8.4 per cent.
- ♦ The net new money inflow of CHF 3.6 billion represents a growth rate of 3.9 per cent.
- ♦ Loans to clients expanded to CHF 14.4 billion. Net new loans of CHF 0.8 billion represents a growth rate of 5.5 per cent.
- ♦ Operating income exceeded the 500-million francs mark.
- ♦ The Cost Income Ratio stood at 64.0 per cent (-1.8 pp).
- ♦ The tier 1 ratio stood at 19.7 per cent.

- ♦ **A proposal to increase the dividend from CHF 2.30 to CHF 2.50 per share will be made to the General Meeting of Shareholders.**
- ♦ **The Principality of Liechtenstein will receive a total of CHF 52.8 million from the LLB Group.**
- ♦ **Dr. Nicole Brunhart and Dr. Christian Wiesendanger are proposed as new members of the Group Board of Directors.**
- ♦ **Bank Linth is now wholly owned by LLB. Bank Linth shares were delisted on 28 December 2022.**

"The world today is different from the one that existed prior to Russia's invasion of the Ukraine a year ago. Especially in such uncertain times as these, the LLB Group stands firmly at the side of its clients providing them with the highest level of stability and security. This year again, the trust placed in us by our clients is reflected in gratifying growth", summarised Georg Wohlwend, Chairman of the Board of Directors.

Sustainable, profitable growth

In 2022, the LLB Group continued its dynamic growth with further net new money inflows and higher loans to clients contributing to the development. This was reflected in Group net profit. In 2022, the LLB Group achieved its best result for over ten years. At CHF 149.4 million, Group net profit was 8.4 per cent above the previous year. "The LLB Group's business result testifies anew to our success in growing sustainably and profitably but also mindful of risk considerations. It also underlines the quality of our earnings, our cost discipline and the successful start of our new ACT-26 corporate strategy", concluded Group CEO Gabriel Brenna.

Net new money inflow of CHF 3.6 billion

Thanks to intensive sales and marketing efforts, the LLB Group succeeded in generating CHF 3.6 billion in net new money. This corresponds to a growth rate of 3.9 per cent and is confirmation of the continuing trend of high inflows recorded in recent years. Both market divisions, "Retail and Corporate Clients" and "International Wealth Management", as well as all three booking centres in Liechtenstein, Switzerland and Austria contributed to this pleasing development. The largest increase occurred in investment fund business followed by pleasing inflows in private banking in the domestic markets of Liechtenstein and Austria.

The LLB Group was not immune to the fierce turbulence on the markets in 2022. Currency effects and the negative performance of the markets led to a reduction in client assets under administration to CHF 83.9 billion (31.12.2021: CHF 91.9 billion). Good organic growth cushioned the market-related contraction of the business volume to CHF 98.4 billion (31.12.2021: CHF 105.7 billion).

New record level of loans to clients

In 2022 loans to clients rose to CHF 14.4 billion (2021: CHF 13.8 billion). Net new loans, i.e. credit growth adjusted to consider non-operative factors such as currency effects, stood at CHF 0.8 billion, corresponding to a growth rate of 5.5 per cent. Mortgage loans account for the largest proportion of loan volume. At CHF 12.9 billion (31.12.2021: CHF 12.2 billion), an increase of 5.2 per cent, these also attained a new record level. Both LLB in Liechtenstein and Bank Linth in eastern Switzerland contributed to this risk-sensitive growth. Other loans to clients remained stable at CHF 1.6 billion (31.12.2021: CHF 1.6 billion). The quality of the loan book – despite the challenging times characterised by rising interest rates, as well as inflation and recession anxieties – remained high. Around 90 per cent of loans to clients are secured by mortgages. The average collateral value amounted to around 50 per cent.

Operating income exceeds the 500-million francs mark

"Our diversified business model based on our dual positioning as a regional universal bank and an international private bank helped operating income to surge to over 500 million Swiss francs", a pleased Group CFO Christoph Reich commented on the robust increase in operating income by almost 6 per cent to CHF 503.2 million (2021: CHF 476.4 million).

In 2022, the interest rate environment underwent a sea change. After years of negative interest rates, a sharp rise in interest rates in all the major currencies occurred within the shortest time. Interest income before expected credit losses remained stable at CHF 152.2 million (2021: CHF 154.0 million). Income from interest business with clients fell because a large proportion of negative interest rates no longer applied. In addition, LLB paid attractive interest on client deposits leading to higher interest expense. In other interest business, thanks to the interest rate environment, the LLB Group increased earnings.

As a result of swap transactions as part of the treasury activities, a large proportion of the positive effect generated by the rise in interest rates – thanks largely to the increase in US dollar interest rates – switched to trading business. Accordingly, net trading income climbed substantially by more than 70 per cent to CHF 136.1 million (2021: CHF 79.0 million).

In contrast, in 2022 net fee and commission income fell to CHF 210.9 million in comparison with the very strong result attained in the previous year (2021: CHF 233.6 million). This was attributable to the expected decrease in performance-related commission business. On the one hand, the average volume of client assets contracted leading to a fall in the portfolio-related revenues. On the other, the income generated by higher performance-dependent fees in the previous year was absent.

Strategy-related rise in operating expenses

As expected, operating expenses climbed by nearly 5 per cent to CHF 328.2 million (2021: CHF 313.0 million). In focusing on the future, the LLB Group is investing in the implementation of its new ACT-26 strategy. In 2022, this involved a selective expansion of personnel by around 60 full-time equivalent positions, particularly in the areas of "Digital Transformation". Accordingly, personnel expenses rose by CHF 6.2 million. In addition, investments were made in the successful launch of the "LLB.ONE" Group programme to forge ahead with the Group's digital transformation. This was one of the main drivers of the increase in general and administrative expenses by CHF 12.6 million.

In spite of these investments, the Cost Income Ratio improved again to 64.0 per cent (2021: 65.8 %). This reflects the LLB Group's continually improving efficiency levels and its strict cost controls.

Key figures at a glance

	2022	2021	+/- %
Operating income (in CHF millions)	503.2	476.4	+5.6
Operating expenses (in CHF millions)	-328.2	-313.0	+4.9
Group net profit (in CHF millions)	149.4	137.9	+8.4
Net new money inflow (in CHF millions) **	3'609	7'212	-50.0
Net new loans (in CHF millions)**	762	633	+20.4
RoE (in %) **	7.2	6.3	
Cost Income Ratio (in %) **	64.0	65.8	
	31.12.2022	31.12.2021	+/- %
Tier 1 ratio (in %) **	19.7	20.3	
Dividend (in CHF)	* 2.50	2.30	+8.7
Earnings per share (in CHF) **	4.82	4.25	+13.4
Business volume (in CHF billions) **	98.4	105.7	-6.9
Client assets under administration (in CHF billions) **	83.9	91.9	-8.7
Loans to clients (in CHF billions)	14.4	13.8	+4.6
Balance sheet total (in CHF billions)	25.2	25.1	+0.3

* Proposal of the Board of Directors to the General Meeting of Shareholders of 5 May 2023

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

Attractive dividend yield

With a tier 1 ratio of 19.7 per cent, sound capital resources and a Moody's rating of Aa2, the LLB Group stands for security and stability.

The return on equity was increased to 7.2 per cent (2021: 6.3 %). This was attributable to the improved business result and the consolidation of profit resulting from the complete takeover of the minority interests in Bank Linth.

At the forthcoming General Meeting of Shareholders on 5 May 2023, the Board of Directors of the LLB Group will propose an increase in the dividend from CHF 2.30 to CHF 2.50. This corresponds to a dividend yield of 4.5 per cent. It is not only investors and private shareholders who benefit from this dividend distribution, also the Principality of Liechtenstein as the majority shareholder. In 2022, dividends, taxes and duties of CHF 52.8 million were credited to the state. This corresponds to a contribution of around CHF 1'350.- per Liechtenstein resident.

Elections at the General Meeting

On 5 May 2023, the terms of office of Vice Chair of the Board of Directors, Prof. Dr. Gabriela Nagel-Jungo, and of the Board member Urs Leinhäuser, come to an end due to the term of office limitation legally stipulated in the Landesbank Law. Chairman of the Board, Georg Wohlwend, paid tribute to their great service to the LLB Group: "Gabriela Nagel-Jungo and Urs Leinhäuser have

made a significant contribution to the successful development of the LLB Group since 2014. They have always provided our company with unwavering support, great enthusiasm and sound judgement. On behalf of the Board of Directors, the Group Executive Board and all our employees, I would like to thank them both for their many years of dedication and commitment to the LLB Group."

As their successors, the Board of Directors proposes the Liechtenstein/Swiss dual national, Dr. Nicole Brunhart, and Dr. Christian Wiesendanger from Switzerland, to the General Meeting of Shareholders. Nicole Brunhart works as the Head of Transformation on the executive board of a leading European investment fund distribution platform in Zurich. She possesses many years of experience in strategy consulting and asset management, as well as acknowledged expertise in sustainability issues. She has a broad network of contacts in the financial services industry in Switzerland and the rest of Europe. Christian Wiesendanger has many years of global experience in wealth management and is known as one of the best experts in Swiss wealth management business. He possesses vast knowledge of the banking industry.

Delisting of Bank Linth

On 27 January 2022, LLB announced a public purchase offer for all publicly held shares of Bank Linth. The LLB's goal was to increase its 74.9 per cent stake in Bank Linth, which it had held since 2007, to 100 per cent. In a parallel step, LLB and Bank Linth announced their joint intention of delisting the shares of Bank Linth from the exchange. The public purchase offer was well received thus enabling LLB to increase its stake, following the completion of the corresponding legal procedure, to 100 per cent. Bank Linth was delisted from the SIX exchange on 28 December 2022.

Many Bank Linth shareholders decided to take advantage of the partial exchange offer and are now LLB shareholders. The LLB Group regards this as a testimony to the high degree of trust in the stability and security and confirm them in placing the strategic focus of Bank Linth on being a successful retail bank.

Outlook

An exceptional degree of uncertainty clouds economic and business prospects. Russia's war against Ukraine continues unabated. Persisting high inflation, the tense situation on the energy market and a possible recession continue to represent risk factors. Nevertheless, Group CEO Gabriel Brenna remains optimistic: "The LLB Group stands for the highest level of stability and security, and therefore enjoys a great degree of trust from our clients. With ACT-26, we are pursuing a clear, forward-driving strategy, which focuses on client benefits and the sustained technological transformation of the LLB Group. We are confident that with our diversified business model we can continue to grow robustly and sustainably."

Information on the 2022 annual business result

The information on the LLB Group's annual business result will be available from 7 a.m. on Monday, 27 February 2023, at www.llb.li/businessresult2022. The 2022 annual report will be available in an interactive online version from 23 March 2023.

Media and analyst conference

The LLB Group's 2022 annual business result will be presented at the media and analyst conference at 10.30 a.m. on 27 February 2023, at the Hotel Widder, Zurich. You can download the latest photos from around 12 pm here: www.llb.li/mm-businessresult2022.

Important dates

- ♦ 23 March 2023, publication of the 2022 annual report
- ♦ 5 May 2023, 31st ordinary General Meeting of Shareholders
- ♦ 9 May 2023, ex-dividend date
- ♦ 11 May 2023, distribution of dividend
- ♦ 24 August 2023, presentation of the 2023 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 1'116 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 2022, the business volume of the LLB Group stood at CHF 98.4 billion.

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