

Media communiqué

LLB Group – Higher interim net profit Dynamic start to StepUp2020 strategy

Vaduz, 25 August 2016. In a challenging business environment, the LLB Group increased its 2016 interim net profit by 5.5 percent to CHF 43.0 million. The LLB Group has made a robust and dynamic start to implementing its StepUp2020 strategy. The bank stands for stability and safety. This is underlined by its strong equity capital base and its excellent Moody's rating. Georg Wohlwend is to be proposed to the General Meeting of Shareholders on 12 May 2017 as the Chairman of the Board of Directors.

- ♦ **Operating income rose by 5.6 percent to CHF 155.1 million.**
- ♦ **Strategic personnel expansion reflected in operating expenses.**
- ♦ **Business volume stood at CHF 56.3 billion.**
- ♦ **With a tier 1 ratio of 20.3 percent, the LLB Group stands for safety and stability.**

"In an exceptionally low interest rate situation we increased profit in the first half of 2016 to CHF 43.0 million", said Group CEO Roland Matt. "Thanks to our targeted business model and consistent client focus, we have strengthened our position in the target markets. At the same time, as part of our StepUp2020 strategy we have invested pioneering in innovations."

Successful start to StepUp2020 strategy

In 2016, the LLB Group has made a robust and dynamic start to implementing its StepUp2020 strategy. In a challenging business environment, it is pursuing sustainable, profitable growth. The implementation of the four core elements of growth, profitability, innovation and excellence is progressing as planned.

As the first bank in Liechtenstein and Switzerland, LLB Group has introduced a video identification system when opening an account online and put in place an innovative investment advisory model under the label "LLB Invest" / "Bank Linth Invest". To foster excellence, the LLB Group is also investing extensively in the professional education and knowledge of its employees. In March 2016, a training programme was launched for client advisers in accordance with the standards of the Swiss Association for Quality (SAQ).

Higher Group net profit in challenging environment

The strength of the Swiss Franc, volatile financial markets and increasing regulation continued to challenge the banking industry in the first half of 2016. The United Kingdom's decision to leave the European Union aggravated the situation. Against this backdrop the LLB Group attained a good business result in the first half year 2016, which at CHF 43.0 million was 5.5 percent higher than in the previous year (first half 2015: CHF 40.8 million).

Operating income rose by 5.6 percent and amounted to CHF 155.1 million (first half 2015: CHF 146.8 million).

Interest income climbed by 5.2 percent to CHF 68.3 million (first half 2015: CHF 64.9 million).

Interest earnings from client business increased by 7.7 percent compared with the previous year. Net fee and commission income was down by 5.5 percent to CHF 71.3 million (first half 2015: CHF 75.5 million). Persisting uncertainty on the financial markets led to further client restraint in making stock market transactions.

Net trading income was down by minus CHF 0.8 million (first half 2015: plus CHF 10.9 million). As in the previous year, falling interest rates led to valuation losses from the perspective of the reporting date with interest rate hedging instruments of CHF 18.6 million (first half 2015: CHF 10.8 million). Client trading in foreign exchange, foreign notes and precious metals fell by 18.0 percent to CHF 17.7 million. Following the lifting of support for the Euro minimum exchange rate by the Swiss National Bank (SNB), client foreign exchange trading was exceptionally high in the first half of 2015.

Net income from financial investments stood at CHF 10.0 million (first half 2015: minus CHF 22.1 million).

Strategic personnel expansion increases operating expenses

Operating expenses increased by 7.3 percent compared with the previous year to CHF 108.5 million (first half 2015: CHF 101.1 million). Personnel expenses climbed by CHF 8.9 million to CHF 65.3 million (first half 2015: CHF 56.3 million) as a result of a strategic expansion in human resources to 842 full-time positions (31 December 2015: 816) as well as higher variable salary remuneration. General and administrative expenses remained stable at CHF 30.3 million (first half 2015: CHF 30.5 million).

The Cost-Income-Ratio stood at 69.8 percent (first half 2015: 66.6 %). Adjusted to consider the market effects of interest rate swaps and price gains with financial investments it would have stood at 63.2 percent (first half 2015: 58.2 %).

New money inflows in the domestic and growth markets

The business volume stood at CHF 56.3 billion. Client assets under management at the LLB Group as per 30 June 2016 totalled CHF 45.3 billion (31 December 2015: CHF 45.6 billion). Exchange-related factors were responsible for the decrease.

The LLB Group posted gratifying net new money inflows in the domestic and growth markets. Outflows in the traditional markets continued to slow. In total, net new money outflows stood at CHF 42 million (first half 2015: outflow of CHF 166 million).

Loans to customers posted a plus of 0.3 percent to CHF 11.0 billion. Mortgage loans increased by 1.8 percent to CHF 9.8 billion (31 December 2015: CHF 9.6 billion).

Strong capital base

With equity capital of CHF 1.7 billion, the LLB Group possesses a high level of financial stability and security. The tier 1 ratio stood at 20.3 percent (31 December 2015: 20.6 %). The excellent rating that the Liechtensteinische Landesbank received at the end of April 2016 from the rating agency Moody's underlines the solidity of the LLB Group. With its deposit rating of Aa2, the LLB belongs in the premier league of Liechtenstein and Swiss banks, well above the average of European financial institutes. Moody's paid tribute to the LLB's solid fundamental financial data and, especially, to its strong capital base as well as the good liquidity and refinancing situation.

Key figures at a glance

	First half 2016	First half 2015	+/- %
Operating income (in CHF millions)	155.1	146.8	5.6
Operating expenses (in CHF millions)	-108.5	-101.1	7.3
Group net profit (in CHF millions)	43.0	40.8	5.5
Net new money inflow (in CHF millions)	-42	-166	
RoE (in %)	5.2	4.6	0.6 pp
Earnings per share (in CHF)	1.47	1.31	12.2
Cost-Income-Ratio (in %)	69.8	66.6	3.2 pp
	30.06.2016	31.12.2015	+/- %
Tier 1 ratio (in %)	20.3	20.6	-0.3 pp
Business volume (in CHF billions)	56.3	56.6	-0.5
Client assets under management (in CHF billions)	45.3	45.6	-0.6
Loans to clients (in CHF billions)	11.0	11.0	0.3
Total assets (in CHF billions)	19.6	19.7	-0.4

Georg Wohlwend nominated as Chairman of the Board of Directors

At the next General Meeting of Shareholders, Dr. Hans-Werner Gassner will step down from the Board of Directors on account of the legal provisions regarding the limitation of periods of office. As his successor, Georg Wohlwend is to be proposed to the General Meeting of Shareholders on 12 May 2017 as the Chairman of the Board of Directors. Georg Wohlwend studied economics at the University of Zurich. Thanks to his long and distinguished career at a Liechtenstein bank, during which he spent 14 years as a member of the Management Board and the Group Executive Management, he possesses broadly-based banking expertise. As a member of the board of directors of a Liechtenstein SME, and its former chairman, he can call on many years of experience as a director and on his entrepreneurial expertise in strategic management. "I'm delighted that with Georg Wohlwend we can propose an extremely competent person to the General Meeting as the next Chairman of the Board of Directors", Dr. Hans-Werner Gassner was pleased to say about the nomination of his successor.

Outlook

The LLB Group believes that the economic environment will continue to be challenging. "In the second half of 2016, we shall continue to drive forward with the implementation of our StepUp2020 strategy. Our goals and our course are clearly defined and we shall strive to maintain the momentum", said Group CEO Roland Matt. Following its dedicated box offers for SMEs, and the LLB Invest and LLB Xpert Solutions offers, the LLB Group realised another major market

initiative in mid-August with an innovative retail service package for private clients. At the same time, it is expanding its financial planning service, a business area in which it possesses unique expertise. And, by the beginning of 2017, it intends to launch new mobile banking apps at LLB and Bank Linth.

The LLB Group is confident that, thanks to its stable foundation, focused business model and clear strategy, it can achieve further operative progress and attain a solid business result in the 2016 business year.

Detailed information about the 2016 interim result

The documents of the 2016 interim financial reporting of the LLB Group will be available from 7.00 a.m. on 25 August 2016 on our website: www.llb.li. An interactive online version of the 2016 consolidated interim financial reporting will also be available at: <http://hb2016.llb.li> for the German version and at: <http://hr2016.llb.li> for the English version (also for mobile devices).

Conference Call

The presentation of the 2016 interim business result of the LLB Group will be made on Thursday, 25 August 2016, 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)1 25 302 1402 (Austria)

A recording of the conference call can be accessed on 25 August 2016 from 1.00 p.m. as an audio file at our website: www.llb.li

Important dates

- Thursday, 9 March 2017, presentation of the 2016 business result
- Friday, 12 May 2017, 25th ordinary Annual General Meeting of Shareholders

Brief portrait

Liechtensteinische Landesbank AG (LLB) is the longest established financial institute in the Principality of Liechtenstein. The Principality of Liechtenstein holds the majority of the company's share capital. The LLB's shares are listed on the SIX Swiss Exchange (symbol: LLB). The LLB Group offers its clients comprehensive wealth management services, as a universal bank, in private banking, asset management and fund services. With 842 employees (full-time equivalent positions), the LLB is represented in Liechtenstein, Switzerland, Austria and the United Arab Emirates (Abu Dhabi and Dubai). As per 30 June 2016, the business volume of the LLB Group stood at CHF 56.3 billion.

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