



NEUE BANK

LIECHTENSTEIN PRIVATE BANK

established 1992

Review of Business Activities 2016



Governing Bodies and Auditors

Board of Directors

lic.oec. Karlheinz Ospelt, Vaduz	Chairman
Josef Quaderer, Schaan	Vice Chairman
Prof. Dr.oec. MSc. Manuel Ammann, Niederteufen	Member
Arthur Bolliger, Teufen	Member (until 22.4.2016)
Hanni Bubendorfer-Kaiser, Schaan	Member (until 22.4.2016)
lic.rer.pol. Alexander Jeeves, Schaan	Member (from 22.4.2016)
Mag.rer.soc.oec. Damian Wille, Vaduz	Member

Honorary Chairman of the Board of Directors

Georg Vogt, Balzers

Honorary Member of the Board of Directors

Jost Pilgrim, Schaan

Executive Committee

Elmar Bürzle	Logistics
Willy Bürzle	Trading, Lending
Pietro Leone	Clients
Dr.iur. Mag.rer.soc.oec. Reinhard Malin	Compliance

Auditors

KPMG AG, Zürich

Board of Directors



Alexander Jeeves, Manuel Ammann, Karlheinz Ospelt, Damian Wille, Josef Quaderer (from left)

Executive Committee



Reinhard Malin, Elmar Bürzle, Pietro Leone, Willy Bürzle (from left)

Report of the Board of Directors and the Executive Committee

As expected, the 24th fiscal year of NEUE BANK AG was marked by personnel changes, new technical and regulatory challenges, and preparation for the 2017 anniversary year, during which NEUE BANK AG will celebrate 25 years of existence.

After Dr. Reinhard Malin joined the Executive Committee as a new member effective 1 January 2016, it was already decided by the Board of Directors months ago and communicated internally that Elmar Bürzle would be succeeded by lic.oeec. Claudia Jehle-Ospelt effective 1 January 2017. With the retirement of Elmar Bürzle on 31 December 2016, only one year after Arnold Wille, another co-founder of NEUE BANK AG left the Bank upon reaching retirement age. This means that on the four-person Executive Committee, only Willy Bürzle remains as a founding member of NEUE BANK AG as of 1 January 2017.

As a Member of the Executive Committee since 1992, Elmar Bürzle had been responsible for Logistics. In charge of Finance and Human Resources, his commitment to NEUE BANK AG over all these years was exemplary, and his service to the Bank will be remembered for a long time. NEUE BANK AG would like to express its warmest gratitude to Elmar Bürzle for nearly 25 years of service, and it is dedicating a separate section in this annual report both to him and to his successor Claudia Jehle-Ospelt.

At the General Meeting on 22 April 2016, the Board of Directors was also reconstituted. Members Hanni Bubendorfer-Kaiser and Arthur Bolliger, who had served on the Board of Directors since 2010, had ex-

pressed their intention not to stand for re-election. The General Meeting approved and elected Mag. Damian Wille and lic.rer.pol. Alexander Jeeves as their successors. NEUE BANK AG would like to thank Hanni Bubendorfer-Kaiser and Arthur Bolliger for their dedication over the past six years and looks forward to working with the newly elected members of the Board of Directors.

Prof. Dr. Manuel Ammann had agreed to represent the interests of the Bank for an additional year as a Member of the Board of Directors, before spending more time on his steadily increasing responsibilities as a full professor at the University of St. Gallen.

In fiscal 2016, the Board of Directors considered his succession and now proposes to the General Meeting on 21 April 2017 to elect Dr.iur. Ernst Walch as a new Member of the Board of Directors.

The technical and regulatory challenges once again did not ease up in fiscal 2016. NEUE BANK AG was called upon to implement automatic exchange of information (AEOI) with the EU members and numerous other countries. As an early adopter, Liechtenstein has committed to implementation one year before Switzerland. After the experiences with FATCA (the Foreign Account Tax Compliance Act) and the associated exchange of tax data with the United States, AEOI was equally required as a further regulatory measure for all banks in the OECD area.

The pressure to disclose tax data should be seen in connection with the international recognition of the

Liechtenstein financial centre and the additional requirements arising from the Due Diligence Act and Ordinance. This leads to a level of transparency that has likely never been seen before. It is associated with massive restrictions on the use of cash in numerous European countries. Other measures such as MiFID II (the Markets in Financial Instruments Directive) for the further harmonisation of the European financial market, the new reporting obligation for securities and OTC derivative transactions (MIFIR, EMIR), BEPS (Base Erosion and Profit Shifting) to prevent abusive tax structuring, and the new Qualified Intermediary agreement with the United States for levying withholding taxes on US securities will further increase the administrative burden on banks.

For smaller banks with international clients, as is traditionally the case in Liechtenstein and Switzerland, measures like these are steadily and dramatically increasing the workload, and more human resources are needed to administer them. Not only the staff working directly in these areas are called upon to update their knowledge continually in accordance with the new developments and to spend an increasing amount of effort dealing with international demands – the pressure is increasing for all departments, and it remains to be seen how efficient this enormous glut of legislation will turn out to be for the achievement of the envisaged goals. There should be a reasonable relationship between costs and benefits!

In any event, NEUE BANK AG was under increasing pressure to create the technical and organisational preconditions for these new regulatory frameworks. Apart from continuing training and specialised studies, an increase in personnel was unavoidable. The full-time equivalent number of positions increased from 49 to 55 over the past six years as of the end of 2016.

This caused the Board of Directors to take another look at the office premises, after an expansion of the existing bank building was already analysed a few years ago. Thanks to the opportunity to acquire the building directly adjacent to the Bank, the optimal conditions for the future have been created. On 4 February 2016, the purchase agreement was signed. The purchase was entered in the Land Register on 10 May 2016. In the first half of 2017, the structural adjustments will be made to accommodate future use, after the planning basis was already developed in 2016.

We are pleased to report that as in the previous year, NEUE BANK AG received awards from the two internationally renowned testing institutes Elite Report Handelsblatt and Fuchsbrieft in its core businesses of investment advice and portfolio management. In the Elite Report, the Bank continues to be considered one of the leading and recommended banks in German-speaking Europe, and in the Fuchs Report, it received the sought-after highest mark, “very good”. The fact that NEUE BANK AG has received these desirable

accolades regularly since 2009 confirms its efforts to continue to rely on quality and continuity for the benefit of its clients.

Last but not least, a project group was established in February 2016 to prepare the activities for the 2017 anniversary year. Over the course of fiscal 2016, the project group held a total of 14 meetings and prepared several events and surprises.

Despite the unfavourable international situation, the annual profit in 2016 rose by a gratifying CHF 1.6 million or 20.0% to CHF 9.2 million from CHF 7.6 million in the previous year.

In fiscal 2016, NEUE BANK AG recorded a net inflow of new funds in the amount of CHF 74.6 million. Assets under management as of the end of 2016 were CHF 4.73 billion, compared with CHF 4.45 billion as of the end of 2015, reaching the highest level since the founding of the Bank.

We would therefore like to express our warmest gratitude to our entire staff for their great effort and their extraordinary dedication. But none of this would have been possible without our loyal clients and our shareholders.

In light of the result in fiscal 2016 as well as in view of the 2017 anniversary year, the Board of Directors

recommends to the General Meeting convened on 21 April 2017 to pay a dividend of 20% – including a 5% anniversary dividend. The dividend amounted to 13% in 2015 and 11% in 2014.

Subject to approval by the General Meetings of the proposed distribution of dividends of 20% in the amount of CHF 8 million, the payout ratio will be 87.4% of the annual profit; last year, the payout ratio was 68.2%, and in the 2014 fiscal year, it was 66.1%. CHF 1.1 million is proposed to be allocated to other reserves and CHF 0.2 million to be carried forward.

After appropriation of earnings, our Bank will have equity capital amounting to CHF 132.0 million, compared with CHF 130.9 million in the previous year. The Tier 1 ratio is 36.3% as of the end of the year, up from 35.3% in the previous year, and the leverage ratio rose from 11.0% in the previous year to 11.3% as of the end of 2016.

Vaduz, February 2017



lic.oec. Karlheinz Ospelt
*Chairman of the Board
of Directors*



Willy Bürzle
*Member of the Executive
Committee*

Statement of Assets and Liabilities as at December 31, 2016

Assets

in thousands CHF	31.12.2016	31.12.2015	Change
Liquid Funds	271'909	188'481	83'428
Due from Banks	511'296	684'337	-173'041
a) on demand	148'011	128'901	19'110
b) other claims	363'285	555'436	-192'151
Due from clients	288'676	245'410	43'266
of which mortgages	187'710	164'553	23'157
Bonds and other fixed interest securities	46'689	35'495	11'194
a) Money market instruments	3'032	0	3'032
aa) of public authority issuers	3'032	0	3'032
b) Bonds	43'657	35'495	8'162
ba) of public authority issuers	3'533	1'257	2'276
bb) other issuers	40'124	34'238	5'886
Stocks and other non fixed interest securities	1'278	1'284	-6
Intangible assets	141	200	-59
Fixed assets	21'094	14'745	6'349
Other assets	6'253	7'103	-850
Accrued and deferred items	1'944	1'744	200
Total assets	1'149'280	1'178'799	-29'519

Liabilities

in thousands CHF	31.12.2016	31.12.2015	Change
Due to banks	6'253	4'603	1'650
a) on demand	6'253	4'603	1'650
Due to clients	986'717	1'018'221	-31'504
a) other liabilities	986'717	1'018'221	-31'504
aa) on demand	926'716	963'614	-36'898
ab) with agreed maturity or period of notice	60'001	54'607	5'394
Certified liabilities	5'804	8'610	-2'806
of which medium term notes	5'804	8'610	-2'806
Other liabilities	7'353	8'498	-1'145
Accrued and deferred items	829	653	176
Provisions	2'301	2'098	203
a) tax provisions	2'301	2'098	203
Provisions for general banking risks	15'980	16'026	-46
Capital subscribed	40'000	40'000	0
Capital surplus	74'754	72'354	2'400
a) legal reserves	8'000	8'000	0
b) other reserves	66'754	64'354	2'400
Surplus carried forward	136	108	28
Net income	9'153	7'628	1'525
Total liabilities	1'149'280	1'178'799	-29'519

Off balance sheet transactions

in thousands CHF	31.12.2016	31.12.2015	Change
Contingent liabilities	8'131	7'768	363
of which liabilities arising from guarantees and performance contracts as well as liabilities arising from collateralizations	8'131	7'768	363
Derivative financial instruments			
- volume of contracts	1'016'857	848'541	168'316
- positive replacement values	6'217	7'063	-846
- negative replacement values	6'299	6'919	-620
Fiduciary transactions	393'552	348'479	45'073

Income statement from 1.1. - 31.12.2016

in thousands CHF	2016	2015	Change
Interest income			
Interest earned	5'684	4'312	1'372
of which from fixed interest securities	647	449	198
Interest paid	-273	-202	-71
Net interest income	5'411	4'110	1'301
Income from securities	18	11	7
a) Stocks and other non fixed interest securities	18	11	7
Commission and fee income			
Commission and fee income	16'388	16'829	-441
a) loanrelated commission income	69	73	-4
b) securities and investment related income	14'406	14'716	-310
c) other commission and fee income	1'913	2'040	-127
Commission paid	-2'602	-3'085	483
Net commission and fee income	13'786	13'744	42
Income from financial transactions	5'678	5'414	264
of which from trading activities	5'525	5'493	32
Business expenses	-14'093	-14'134	41
a) personnel expenses	-9'354	-9'431	77
of which:			
aa) salaries	-7'832	-7'882	50
ab) social levies and pension contributions	-1'458	-1'457	-1
of which for pension contributions	-734	-731	-3
b) administrative expenses	-4'739	-4'703	-36
Gross operating profit	10'800	9'145	1'655
Amortization of intangible assets and depreciation of fixed assets	-691	-608	-83
Other ordinary expenses	-114	-62	-52
Earnings from write-ups on participations, shares in associated companies and securities treated as long-term investments	151	0	151
Result of ordinary operations	10'146	8'475	1'671
Income taxes	-993	-847	-146
Net profit	9'153	7'628	1'525

Personal



Elmar Bürzle

Effective the end of the 2016 fiscal year, Elmar Bürzle – who had been a Member of the Executive Committee since the founding of NEUE BANK AG in 1992 – left the Bank upon reaching retirement age. As a co-founder of the Bank and in his capacity as head of Finance/Human Resources he influenced and shaped all the important decisions of the Bank during 25 years. With a high degree of competence, level-headedness, diligence, and great personal commitment, he contributed substantially to the success of NEUE BANK AG. With Elmar Bürzle, an experienced Member of the Executive Committee is leaving our Bank who set exemplary professional standards and served as a role model. Elmar Bürzle was equally dedicated to our staff, the Bank, and our clients. We would like to express our warmest gratitude to Elmar Bürzle for his service and wish him satisfaction, good health, and all the best in his future activities.

Claudia Jehle-Ospelt

The Board of Directors has appointed Claudia Jehle-Ospelt, lic.oec.HSG, as a new Member of the Executive Committee effective 1 January 2017. She will take over Elmar Bürzle's responsibilities. Claudia Jehle-Ospelt graduated in business economics from the University of St. Gallen and is a certified auditor. Since 1 January 2002, she has served as head of Internal Audit at NEUE BANK AG. Thanks to her qualifications and her extensive expertise in banking and finance as well as her many years of competent work at NEUE BANK AG, Claudia Jehle-Ospelt has the ideal prerequisites to ensure continuity as a new Member of the Executive Committee and to live up to the steadily growing demands.

Distribution of available earnings 2016

Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on April 21, 2017

in CHF	31.12.2016
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The Board of Directors proposes to the General Meeting to appropriate available earnings for fiscal 2016 consisting of:

Net profit 2016	CHF 9'152'959
Carry-forward from 2015	CHF 136'247
Total	CHF 9'289'206

as follows:

Distribution of a dividend of 15 %	CHF 6'000'000
Distribution of an anniversary dividend of 5 %	CHF 2'000'000
Allocation to other reserves	CHF 1'100'000
Carry-forward to the new fiscal year	CHF 189'206

Significant shareholders and groups of shareholders linked by voting rights

in thousands CHF	31.12.2016		31.12.2015	
	nominal	voting share in %	nominal	voting share in %
with voting right:				
Hermann Wille Familienstiftung	11'191	31.6	0	0.0
Hermann Wille	0	0.0	10'285	27.1
Peregrinus Family Trust	2'160	10.3	2'010	9.3
Elmar Bürzle	1'700	8.2	1'700	8.2
Fanama Foundation	1'670	8.2	1'670	8.2
Dylai Foundation	3'228	6.2	3'228	6.2

The statutory auditors issued an unqualified audit opinion on the Annual Report 2016, established in accordance with Liechtenstein Banking Law and Regulations. The complete German language Annual Report 2016 will be filed in the Public Registry of Liechtenstein (Number FL-1.502.960-6).



Asset management: Patrick Kindle, Marina Kohler, Thomas Manhart (from left)

«What's most important when investing money is to define a strategy and to implement it in a disciplined way – even when times are turbulent.»

