



NEUE BANK

Your private bank – independent and consistent
for 25 years

Review of Business Activities 2017

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 (until 21.4.2017)
Lic.rer.pol. Alexander Jeeves, Schaan	Member
Dr.iur. Ernst Walch, Planken	Member (from 21.4.2017)
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

Willy Bürzle	Trading/Lending
Lic.oec. Claudia Jehle-Ospelt	Finance/Operations
Pietro Leone	Clients
Dr.iur. Mag.rer.soc.oec. Reinhard Malin	Legal/Risk Management/Compliance

Auditors

KPMG AG, Zürich

Board of Directors



Ernst Walch, Damian Wille, Karlheinz Ospelt, Josef Quaderer, Alexander Jeeves
(from left)

Executive Committee



Willy Bürzle, Claudia Jehle-Ospelt, Pietro Leone, Reinhard Malin (from left)

Report of the Board of Directors and the Executive Committee

The focus of fiscal 2017 was on the 25th anniversary of NEUE BANK AG. With various festivities, we celebrated our anniversary together with our shareholders, clients, and staff. We also took the opportunity to introduce NEUE BANK AG to a broader public with a wide range of communication measures. Through the publication of our own anniversary book "NEUE BANK – Your Private Bank – Independent and consistent for 25 years", television reports, newspaper advertisements, poster advertising, commercials, and much more, NEUE BANK AG was positively perceived in 2017 by the public in Liechtenstein and abroad.

In the anniversary year, the Bank decided to support two social institutions in the country, namely the Gamander Children's Home and Caritas Liechtenstein. H.R.H. Hereditary Princess Sophie von und zu Liechtenstein and Ms Marina Kieber accepted the cheques for the Gamander Children's Home and Caritas Liechtenstein on 8 May 2017.

The opening of our new bank building, which was acquired in the spring of 2016 and is directly adjacent to the existing building, was another highlight of the anniversary year. After several months of conversions and renovations, the ribbon was officially cut on 14 September 2017 in the presence of H.S.H. Hereditary Prince Alois von und zu Liechtenstein, and the building was handed over for use. Many of our clients accepted our invitation to visit the new premises in the following weeks. In the meantime, we have moved into the building, which provides offices for part of our staff.

In terms of personnel, the year 2017 was marked by a change in both the Board of Directors and the Executive Committee of NEUE BANK AG. At the beginning of 2017, lic. oec. Claudia Jehle-Ospelt became the first woman to join the Executive Committee, taking over the Finance/Processing division from Elmar Bürzle – one of the founders – who retired from NEUE BANK AG after almost 25 years on the Executive Committee. At the General Meeting on 21 April 2017, we also had to bid farewell to Prof. Dr. Manuel Ammann as a member of the Board of Directors. Prof. Ammann had been a member of our governing body since March 2008. We will miss his knowledge and dedication. He was succeeded by Dr. Ernst Walch, who is very familiar with the legal and economic conditions in the national and international environment and is an ideal complement to the Board of Directors of NEUE BANK AG.

The regulatory euphoria of the last few years continued in 2017. Apart from the automatic exchange of information, the focus of our administrative efforts was especially on the reporting requirements for securities and OTC derivatives transactions (MiFID, MiFIR). But we also concerned ourselves with the fintech movement, which will continue to be a major preoccupation.

In autumn, NEUE BANK AG published its own app, which now enables our clients to conduct all important banking business by smartphone. With all the efforts and opportunities that arise from these enormous advances, the security and confidentiality of client data

must always remain in focus. Time and again, it must be emphasised how important it is to ensure the protection of clients and their data. The rapidly evolving possibilities to evaluate personal data from all areas of life and to use that data for a wide range of purposes must not be ignored whenever measures are taken.

The central banks of importance to us have continued – with the exception of the US Federal Reserve – their policy of monetary expansion and negative interest rates. Although interest rates remained at a low level again in 2017, NEUE BANK AG was able to further improve its interest income to CHF 5.9 million in fiscal 2017, representing a gain of CHF 0.5 million or 9.9% over the previous year. Commission and fee income was equally gratifying, increasing by CHF 1.2 million or 8.5% over the previous year to almost CHF 15.0 million. Also in terms of income from financial transactions, NEUE BANK AG achieved an excellent result of CHF 6.9 million, which is CHF 1.2 million or 21.8% higher than in the previous year.

As expected, personnel expenses and administrative expenses also increased in the anniversary year 2017: personnel expenses were CHF 0.3 million or 3.6% higher than in the previous year, while administrative expenses rose by CHF 0.6 million or 13.6%.

Once again, our portfolio management solutions PRIMUS-ACTIVE, PRIMUS-PASSIVE, and PRIMUS-ETHICS were convincing. As in previous years, NEUE BANK AG received awards from Fuchsbriefe and the Elite Report Handelsblatt in 2017. According to Fuchsbriefe, our advisors convinced clients by the fact

that “their training is evidently comprehensive and strong, and they are very engaged when conducting client talks.” Emphasis was also placed on the thoroughness with which all relevant questions were clarified in order to fully address the clients’ needs. The conclusion: “NEUE BANK AG gives the credible impression that the well-being of its clients is an important concern.” The Elite Report’s renewed inclusion of NEUE BANK AG in its pyramid of distinguished asset managers cited the Bank’s three individually managed portfolio mandates, along with other factors. The experts underscored the impressive performance of NEUE BANK AG, despite its relative size. Their conclusion: “Altogether a recommended institution, which stands at the client’s side as a positive and exemplary partner.”

After depreciation and amortisation, which were higher not only as a result of the new bank building but also increased investments in other fixed assets, and after deducting tax expenses and provisions, the annual profit for fiscal 2017 amounted to more than CHF 10.6 million. Compared with the previous year, this represents an increase of almost CHF 1.5 million or 16.3% – the best result since 2008 and the sixth-best result since the founding of the Bank.

After a net inflow of new funds in the amount of CHF 36.8 million in 2015 and CHF 74.6 million in 2016, NEUE BANK AG was able to acquire net new funds in the amount of CHF 170.6 million in 2017; assets under management as of 31 December 2017 were nearly CHF 5.5 billion. This number is a milestone. For many years, we had been working toward the CHF 5 billion

mark. In the anniversary year 2017, it has now been exceeded for the first time, and quite decisively so at nearly CHF 5.5 billion. This represents an increase of CHF 732.0 million over the previous year. In addition to the great efforts of our staff, this was also due to the very good situation on the financial markets.

Anchoring NEUE BANK AG in the Liechtenstein financial centre has proven to be a good decision, given the Bank's size and structures, and we still do not intend to establish any branches abroad. NEUE BANK AG continues to see its target markets primarily in Europe, and the Liechtenstein and Swiss markets will continue to play a key role in future. It should be noted that two banks in Liechtenstein were acquired by Chinese owners in 2016 and 2017, and that once again after 2015, a further bank was bought by another Liechtenstein institution in 2017. As already announced at the General Meeting in April 2015 and after consultation with the most important shareholders, NEUE BANK AG is not for sale and is therefore a dependable employer. Organic growth has proven to be robust. However, NEUE BANK AG also has sufficient equity capital at its disposal should a suitable acquisition opportunity arise.

Once again, we would like to express our sincere thanks to our staff for their tremendous dedication in challenging times and to our clients and shareholders for their loyalty to our bank.

In light of the result in fiscal 2017, the Board of Directors recommends to the General Meeting convened on 20 April 2018 to pay a dividend of 20% and thus reward the loyalty of our shareholders. The

amount of the dividend corresponds to the previous year – which, however, reached 20% only thanks to the anniversary bonus of 5 %. It is the highest dividend payment since 2007.

Subject to the approval by the General Meeting of the proposed distribution of dividends of 20% in the amount of CHF 8.0 million, the payout ratio will be about 75 % of the net profit. CHF 2.7 million is proposed to be allocated to other reserves and CHF 0.1 million to be carried forward.

After appropriation of earnings, our Bank will have equity capital amounting to CHF 134.7 million. The Tier 1 ratio is 33.3 % as of the end of 2017, and the leverage ratio is 10.6 %. This ensures that NEUE BANK AG is well positioned for the future.

Vaduz, February 2018



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, 2017

Assets

in thousands CHF	31.12.2017	31.12.2016	Change	
			absolute	in %
Liquid Funds	337'786	271'909	65'877	24.2
Due from Banks	438'495	511'296	-72'801	-14.2
a) on demand	126'845	148'011	-21'166	-14.3
b) other claims	311'650	363'285	-51'635	-14.2
Due from clients	366'333	288'676	77'657	26.9
of which mortgages	215'625	187'710	27'915	14.9
Bonds and other fixed interest securities	63'199	46'689	16'510	35.4
a) Money market instruments	8'753	3'032	5'721	188.7
aa) of public authority issuers	8'753	3'032	5'721	188.7
b) Bonds	54'446	43'657	10'789	24.7
ba) of public authority issuers	5'078	3'533	1'545	43.7
bb) of other issuers	49'368	40'124	9'244	23.0
Shares and other non-fixed interest securities	1'687	1'278	409	32.0
Intangible assets	108	141	-33	-23.4
Fixed assets	21'829	21'094	735	3.5
Other assets	6'613	6'253	360	5.8
Accrued and deferred items	2'182	1'944	238	12.2
Total assets	1'238'232	1'149'280	88'952	7.7

Liabilities

in thousands CHF	31.12.2017	31.12.2016	Change	
			absolute	in %
Due to banks	4'504	6'253	-1'749	-28.0
a) on demand	4'504	6'253	-1'749	-28.0
Due to clients	1'075'721	986'717	89'004	9.0
a) other liabilities	1'075'721	986'717	89'004	9.0
aa) on demand	944'946	926'716	18'230	2.0
ab) with agreed maturity or period of notice	130'775	60'001	70'774	118.0
Certified liabilities	3'374	5'804	-2'430	-41.9
of which medium term notes	3'374	5'804	-2'430	-41.9
Other liabilities	8'584	7'353	1'231	16.7
Accrued and deferred items	878	829	49	5.9
Provisions	2'507	2'301	206	9.0
a) tax provisions	2'507	2'301	206	9.0
Provisions for general banking risks	15'980	15'980	0	0.0
Capital subscribed	40'000	40'000	0	0.0
Capital surplus	75'854	74'754	1'100	1.5
a) legal reserves	8'000	8'000	0	0.0
b) other reserves	67'854	66'754	1'100	1.6
Surplus carried forward	189	136	53	39.0
Net income	10'641	9'153	1'488	16.3
Total liabilities	1'238'232	1'149'280	88'952	7.7

Off balance sheet transactions

in thousands CHF	31.12.2017	31.12.2016	Change	
			absolute	in %
Contingent liabilities	8'043	8'131	-88	-1.1
of which liabilities arising from guarantees and performance contracts as well as liabilities arising from collateralizations	8'043	8'131	-88	-1.1
Credit risks	12'732	0	12'732	N/A
of which irrevocable commitments	12'732	0	12'732	N/A
Derivative financial instruments				
- volume of contracts	1'235'065	1'016'857	218'208	21.5
- positive replacement values	6'550	6'217	333	5.4
- negative replacement values	7'345	6'299	1'046	16.6
Fiduciary transactions	330'479	393'552	-63'073	-16.0

Income statement from 1.1. - 31.12.2017

in thousands CHF	2017	2016	Change	
			absolute	in %
Interest income				
Interest earned	6'403	5'684	719	12.6
of which from fixed interest securities	781	647	134	20.7
Interest paid	-457	-273	-184	67.4
Net interest income	5'946	5'411	535	9.9
Income from securities	3	18	-15	-83.3
a) Shares and other non-fixed interest securities	3	18	-15	-83.3
Commission and fee income				
Commission and fee income	17'809	16'388	1'421	8.7
a) loan related commission income	76	69	7	10.1
b) securities and investment related income	15'816	14'406	1'410	9.8
c) other commission and fee income	1'917	1'913	4	0.2
Commission paid	-2'852	-2'602	-250	9.6
Net commission and fee income	14'957	13'786	1'171	8.5
Income from financial transactions	6'915	5'678	1'237	21.8
of which from trading activities	6'746	5'525	1'221	22.1
Other ordinary income				
Income from real estate	25	0	25	N/A
Business expenses				
a) personnel expenses	-9'689	-9'354	-335	3.6
of which:				
aa) salaries	-8'150	-7'832	-318	4.1
ab) social levies and pension contributions	-1'467	-1'458	-9	0.6
of which for pension contributions	-758	-734	-24	3.3
b) administrative expenses	-5'382	-4'739	-643	13.6
Gross operating profit	12'775	10'800	1'975	18.3
Amortization of intangible assets and depreciation of fixed assets	-887	-691	-196	28.4
Other ordinary expenses	-54	-114	60	-52.6
Earnings from write-ups on participations, shares in associated companies and securities treated as long-term investments	0	151	-151	-100.0
Result of ordinary operations	11'834	10'146	1'688	16.6
Income taxes	-1'193	-993	-200	20.1
Net profit	10'641	9'153	1'488	16.3

Our solutions



PRIMUS-ACTIVE

- Actively managed
- Daily monitoring of market movements
- Optimisation of investment opportunities



PRIMUS-ETHICS

- Consideration of environmental and social aspects
- Investment in companies which are ethically and morally beyond reproach
- Positive effects of sustainability on economic success



PRIMUS-PASSIVE

- Long term asset management mandate with a strategic asset allocation
- Automatic rebalancing
- Attractive all-in fee

Distribution of available earnings 2017

Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on April 20, 2018

2017		
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The Board of Directors proposes to the General Meeting to appropriate available earnings for fiscal 2017 consisting of:

Net profit	CHF	10'641'156
Carry-forward	CHF	189'206
Total	CHF	10'830'362

as follows:

Distribution of a dividend of 20 %	CHF	8'000'000
Allocation to other reserves	CHF	2'700'000
Carry-forward to the new fiscal year	CHF	130'362

Significant shareholders and groups of shareholders linked by voting rights

in thousands CHF	31.12.2017		31.12.2016	
	nominal	voting share in %	nominal	voting share in %
with voting right:				
Hermann Wille Family Foundation	11'891	33.2	11'191	31.6
Peregrinus Family Foundation	2'160	10.3	2'160	10.3
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 2017, established in accordance with Liechtenstein Banking Law and Regulations. The complete German language Annual Report 2017 will be filed in the Office of Justice of Liechtenstein (Number FL-1.502.960).



IT/Organisation: Roman Vogt, Emil Eugster, Stefano Manco (from left)

«Specifically focusing on our clients' needs when designing our digital services is the crucial element of our successful digitalisation strategy.»



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