



NEUE BANK

LIECHTENSTEIN PRIVATE BANK

established 1992



Review of Business Activities 2015

Governing Bodies and Auditors

Board of Directors

lic.oec. Karlheinz Ospelt, Vaduz	Chairman
Josef Quaderer, Schaan	Vice Chairman
Prof. Dr. Manuel Ammann, Niederteufen	Member
Arthur Bolliger, Teufen	Member
Hanni Bubendorfer-Kaiser, Schaan	Member
Damian Wille, Vaduz	Member (since 11.08.2015)

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
Arnold Wille	Administration

Auditors

KPMG AG, Zürich

Board of Directors



Damian Wille, Hanni Bubendorfer-Kaiser, Manuel Ammann, Karlheinz Ospelt, Arthur Bolliger, Josef Quaderer (from left)

Executive Committee



Willy Bürzle, Pietro Leone, Arnold Wille, Elmar Bürzle (from left)

Report of the Board of Directors and the Executive Committee

Fiscal 2015 brought new challenges especially for the Liechtenstein and Swiss banking centres. With the Swiss National Bank's elimination of the minimum exchange rate of the Swiss franc to the euro, the year already got off to a turbulent start on 15 January 2015. Measured in Swiss francs, portfolios lost substantial value. The price for crude oil saw a veritable sell-off, but also other commodities and precious metals suffered considerably from macroeconomic and political developments and not least of all from the SNB decision.

The low interest rate policy and the glut of cheap money in the US, Europe, and Switzerland did their part to ensure that savers and pension schemes turned out to be the biggest losers of the year 2015. The winners are debtors, especially highly indebted governments. For new mortgages, opportunities arose that had not been considered realistic for several decades. NEUE BANK AG took advantage of this fact and expanded its mortgage loans as it already had in previous years, mitigating the additional costs associated with larger bank deposits due to the negative interest rate policy of the Swiss National Bank.

The merger of two Vaduz-based banks involved an important competitor of NEUE BANK AG. As the fourth-oldest Liechtenstein bank, NEUE BANK AG thus became the fourth-largest.

As if this did not suffice, the current regulatory challenges, including the introduction of automatic exchange of information (AEOI) on tax data among the participating countries, the expanded due diligence legislation that now includes tax fraud, the new equity

capital requirements, the various new transparency requirements, and the upcoming EU MiFID II directive, require additional personnel resources in the respective operational segment from all banks, but proportionately especially from the medium-sized and smaller banks. In addition to the personnel resources, IT must also be updated continuously to keep abreast of the new circumstances.

Already in the past, NEUE BANK AG has implemented the relevant legal requirements in a timely manner and will continue to do everything to undertake these changes. A special challenge in this regard is, that the Liechtenstein Government is often an „early adopter“, implementing the new regulations before Switzerland and other countries in order to strengthen the country's reputation on an ongoing basis.

This in turn regularly poses enormous challenges for Liechtenstein banks as well as for the public authorities concerned, especially given that our neighbouring countries – Switzerland and Austria – implement those changes only at a later date, so that process optimisations in implementation and IT cannot be undertaken jointly.

In order to perform well in this environment, we already explained in last year's report: „In order to respond in a decisive manner, it is becoming increasingly important to guarantee consensus that is as broad as possible also among shareholders. Since 2007, different interests have regularly been voiced at the General Meetings. The Board of Directors has thus made a new attempt to bring major shareholders together in order

to define a common orientation for the Bank that is as broad as possible. This orientation should ultimately also be incorporated into the Bank's strategy." We achieved this goal in 2015 and unanimous support for NEUE BANK AG as a renowned private bank was reaffirmed.

23 years after its formation, the governing bodies underwent additional changes. After the founding Board Directors Georg Vogt, Jost Pilgrim, and Paul Büchel left the Board of Directors in 2010, Dr. Reinhard Malin joined the Executive Committee to replace Arnold Wille at the end of 2015.

NEUE BANK AG owes enormous gratitude to Arnold Wille and is dedicating a separate section in this annual report both to him and to the new member of the Executive Committee, Dr. Reinhard Malin.

After six years on the Board of Directors, Hanni Bubendorfer and Arthur Bolliger declared over the course of the year that they would not stand for reelection at the end of their regular term in April 2016. During their tenure, Hanni Bubendorfer and Arthur Bolliger always contributed their expertise and valuable counsel. We would like to express our sincere appreciation for their services. The Board of Directors has already taken steps to ensure their succession. In the interest of continuity and a smooth transition, and in accordance with §8 of our articles of association, the Board of Directors elected Mag. Damian Wille already

in August 2015 as a Director. In accordance with the articles of association, shareholders are being asked to approve his election. With Damian Wille, the son of the co-founder and former Vice-Chairman, Hermann Wille, will join the Board of Directors of the Bank. This will contribute to the strengthening of the important relationships between shareholders and management.

In numerous meetings in 2014 and 2015, the Board of Directors, the Strategy Committee, and the Executive Committee have discussed the strategic options for NEUE BANK AG and adopted the new Strategy 2015, also in consultation with an external expert. Several scenarios were considered in this regard.

The appraisal showed that, due to its size and given its structures, NEUE BANK AG remains rooted in the Liechtenstein banking centre and will abstain from establishing subsidiaries abroad. NEUE BANK AG continues to see its target markets primarily in Europe while the focus will be maintained on Liechtenstein and Switzerland.

Of crucial importance to the Bank is excellent client care, which – depending on the opportunities and as a consequence of new legal requirements – may open up additional advisory areas. Lending in general and mortgage lending in particular have been expanded continuously over the past years, helping us buffer the impact of the negative interest rate policy of the Swiss

National Bank. NEUE BANK AG continues to regard a measured risk policy as indispensable, limiting its lending to the Principality of Liechtenstein and Switzerland.

It is gratifying to note that annual profit rose in 2015 by CHF 1.0 million or 14.5% over the previous year to CHF 7.6 million.

Also gratifying is the fact that once again in 2015, NEUE BANK AG recorded a net inflow of new funds in the amount of CHF 36.8 million. Due to market corrections, and despite the net inflow of new funds, assets under management fell to CHF 4.5 billion as of the end of 2015, compared with CHF 4.6 billion as of the end of 2014.

In 2015, as in the past, the staff of NEUE BANK AG were guarantors of performance and reliability, which is very much appreciated by our clients. We would like to warmly thank them, our clients and our shareholders, for their loyalty to our Bank.

In light of the result in fiscal 2015, the Board of Directors recommends to the General Meeting convened on 22 April 2016 to pay a dividend of 13% – last year, the dividend amounted to 11%.

Subject to approval by the General Meeting of the proposed distribution of dividends of 13% in the amount of CHF 5.2 million, the payout ratio will be 68.2% of the annual profit; last year, the payout ratio was 66.1%,

and in the 2013 fiscal year, it was 59.4%. CHF 2.4 million are proposed to be allocated to other reserves and CHF 0.14 million to be carried forward.

After appropriation of earnings our Bank will have equity capital amounting to CHF 130.9 million, compared with CHF 128.5 million in the previous year. The Tier 1 ratio is 35.29% as of the end of 2015, and the leverage ratio rose from 9.81% in the previous year to 10.98% as of the end of 2015.

Vaduz, February 2016



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

Elmar Bürzle
*Member of the Executive
Committee*

Statement of Assets and Liabilities as at December 31, 2015

Assets

in thousands CHF	31.12.2015	31.12.2014	Change
Liquid Funds	188'481	138'389	50'092
Due from Banks	684'337	937'804	-253'467
a) on demand	128'901	218'011	-89'110
b) other claims	555'436	719'793	-164'357
Due from clients	245'410	187'707	57'703
of which mortgages	164'553	128'347	36'206
Bonds and other fixed interest securities	35'495	18'546	16'949
a) bonds	35'495	18'546	16'949
aa) of public authority issuers	1'257	749	508
ab) other issuers	34'238	17'797	16'441
Stocks and other non fixed interest securities	1'284	1'136	148
Intangible assets	200	286	-86
Fixed assets	14'745	15'115	-370
Other assets	7'103	9'413	-2'310
Accrued and deferred items	1'744	1'412	332
Total assets	1'178'799	1'309'808	-131'009

Liabilities

in thousands CHF	31.12.2015	31.12.2014	Change
Due to banks	4'603	726	3'877
a) on demand	4'603	726	3'877
Due to clients	1'018'221	1'147'942	-129'721
a) other liabilities	1'018'221	1'147'942	-129'721
aa) on demand	963'614	1'125'898	-162'284
ab) with agreed maturity or period of notice	54'607	22'044	32'563
Certified liabilities	8'610	14'946	-6'336
of which medium term notes	8'610	14'946	-6'336
Other liabilities	8'498	10'766	-2'268
Accrued and deferred items	653	580	73
Provisions	2'098	1'960	138
a) tax provisions	2'098	1'950	148
b) other provisions	0	10	-10
Provisions for general banking risks	16'026	16'026	0
Capital subscribed	40'000	40'000	0
Capital surplus	72'354	70'054	2'300
a) legal reserves	8'000	8'000	0
b) other reserves	64'354	62'054	2'300
Surplus carried forward	108	148	-40
Net income	7'628	6'660	968
Total liabilities	1'178'799	1'309'808	-131'009

Off balance sheet transactions

in thousands CHF	31.12.2015	31.12.2014	Change
Contingent liabilities	7'768	10'156	-2'388
of which liabilities arising from guarantees and performance contracts as well as liabilities arising from collateralizations	7'768	10'156	-2'388
Derivative financial instruments			
- volume of contracts	848'541	1'089'978	-241'437
- positive replacement values	7'063	9'329	-2'266
- negative replacement values	6'919	9'119	-2'200
Fiduciary transactions	348'479	82'683	265'796

Income statement from 1.1. - 31.12.2015

in thousands CHF	2015	2014	Change
Interest income			
Interest earned	4'312	4'459	-147
of which from fixed interest securities	449	373	76
Interest paid	-202	-389	187
Net interest income	4'110	4'070	40
Income from securities	11	11	0
a) Stocks and other non fixed interest securities	11	11	0
Commission and fee income			
Commission and fee income	16'829	16'390	439
a) loanrelated commission income	73	78	-5
b) securities and investment related income	14'716	15'266	-550
c) other commission and fee income	2'040	1'046	994
Commission paid	-3'085	-3'836	751
Net commission and fee income	13'744	12'554	1'190
Income from financial transactions	5'414	5'043	371
of which from trading activities	5'493	5'098	395
Other ordinary income	0	0	0
Business expenses	-14'134	-13'548	-586
a) personnel expenses	-9'431	-8'851	-580
of which:			
aa) salaries	-7'882	-7'478	-404
ab) social levies and pension contributions	-1'457	-1'330	-127
of which for pension contributions	-731	-696	-35
b) administrative expenses	-4'703	-4'697	-6
Gross operating profit	9'145	8'130	1'015
Amortization of intangible assets and depreciation of fixed assets	-608	-680	72
Other ordinary expenses	-62	-86	24
Result of ordinary operations	8'475	7'364	1'111
Income taxes	-847	-704	-143
Net profit	7'628	6'660	968

Personal



Arnold Wille

At the end of fiscal 2015, Arnold Wille – who had been a Member of the Executive Board since the founding of the Bank – left NEUE BANK AG upon reaching retirement age. As a co-founder of the Bank, he served since 1992, for more than 23 years with foresight, a high level of conscientiousness, and considerable personal commitment and, thus, made a substantial contribution to the success of the Bank. With Arnold Wille, a Member of the Executive Board is leaving our Bank who demonstrated exemplary professional competence and served as a role model. At the same time, Arnold Wille was dedicated to our staff, the Bank, and our clients. We would like to express our warmest gratitude to Arnold Wille and wish him good health and happiness in all his future activities.



Dr. Reinhard Malin

The Board of Directors has appointed Dr. Reinhard Malin as a new Member of the Executive Committee effective 1 January 2016. His scope of responsibility covers “Legal/Risk Management/Compliance”. Dr. Reinhard Malin, a resident of Schaan, studied business management and law and has worked at NEUE BANK AG since May 2008. Thanks to his qualifications and experience in his previous banking activities, Dr. Malin brings the ideal background as a new Member of the Executive Committee to ensure continuity but also – thanks to his profound specialised expertise – to take account of the steadily growing demands on our Bank.

Distribution of available earnings 2015

Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on April 22, 2016

in CHF 31.12.2015

The Board of Directors proposes to the General Meeting to appropriate available earnings for fiscal 2015 consisting of:

Net profit 2015	CHF	7'628'222
Carry-forward from 2014	CHF	108'025
Total	CHF	7'736'247

as follows:

Distribution of a dividend of 13 %	CHF	5'200'000
Allocation to other reserves	CHF	2'400'000
Carry-forward to the new fiscal year	CHF	136'247

Significant shareholders

in thousands CHF	31.12.2015		31.12.2014	
	nominal	voting share in %	nominal	voting share in %
with voting right:				
Hermann Wille	10'285	27.1	9'730	26.3
Peregrinus Family Trust	2'010	9.3	2'010	9.3
Elmar Bürzle	1'700	8.2	1'700	8.2
Fanama Foundation	1'670	8.2	1'670	8.2
Voluntatis Foundation	N/A	N/A	1'476	8.0
Dylai Foundation	3'228	6.2	N/A	N/A

The statutory auditors issued an unqualified audit opinion on the Annual Report 2015, established in accordance with Liechtenstein Banking Law and Regulations. The complete German language Annual Report 2015 will be filed in the Public Registry of Liechtenstein (Number FL-1.502.960-6).



Investment advisory team: Marco Vogt, Chantal Loher, Karl Schädler, Natalie Sigrist, Thomas Hemmerle, Markus Schlegel, Michael Scotece (from left)

«We offer a high quality of service at fair terms and conditions, focusing our thought and action on client satisfaction.»

Thomas Hemmerle, investment advisor



NEUE BANK

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established 1992

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