



NEUE BANK

Liechtenstein Private Bank
independent and consistent since 1992

Review of Business Activities 2020



Governing Bodies and Auditors

Board of Directors

Prof. Dr. Manuel Ammann, Niederteufen	Chairman from 2 November 2020
Lic.oec. Karlheinz Ospelt, Vaduz	Chairman until 2 November 2020
Dr. iur. Ernst Walch, Planken	Member, Vice Chairman from 2 November 2020
Josef Quaderer, Schaan	Vice Chairman until 2 November 2020
Willy Bürzle, Balzers	Member
Lic. iur. Marc-André Sola, Triesenberg	Member from 2 November 2020
Mag. rer. soc. oec. Damian Wille, Vaduz	Member
Lic. rer. pol. Alexander Jeeves, Schaan	Member until 24 April 2020

Honorary Chairman of the Board of Directors

Georg Vogt, Balzers

Honorary Member of the Board of Directors

Jost Pilgrim, Schaan

Executive Committee

Pietro Leone (Chairman)	Investment/Lending
Thomas Hemmerle	Clients/Trading
Lic. oec. Claudia Jehle-Ospelt	Finance/Operations
Dr. iur. Mag. rer. soc. oec. Reinhard Malin	Legal/Risk Controlling/Compliance

Auditors

KPMG AG, Zürich

Board of Directors



Damian Wille, Ernst Walch, Manuel Ammann, Willy Bürzle, Marc-André Sola (from left)

Executive Committee



Thomas Hemmerle, Claudia Jehle-Ospelt, Reinhard Malin, Pietro Leone (from left)

Report of the Board of Directors and the Executive Committee

Fiscal 2020 posed an enormous challenge not only for NEUE BANK AG, but also for the entire world.

Covid-19 pandemic

The global outbreak of the new respiratory disease Covid-19 showed all of us how susceptible our health and economic system is to extraordinary events. The coronavirus spread around the entire globe in a very short time and demanded a complete change in behaviour from all of us, in both our private and professional lives. What was initially thought to be a temporary interruption turned out to be a tough endurance test over the course of the year. NEUE BANK management took initial measures at the beginning of March already and then continued by splitting up departments and instituting work from home. Thanks to the bank's technological infrastructure, combined with the additional office space made available through acquisition of the neighbouring building in 2016, these changes were accomplished within a few days. To prevent the spread of infection and the potential inability of entire departments to do their work, the departments of systemic importance were split into up to three different locations, followed by employees of the remaining departments relocating to new workspaces. Although infection rates fell dramatically in June, the management team decided not to ease restrictions, which turned out to be the correct decision once case numbers started rising again.

Donation to public-benefit organisations

Government restrictions announced in spring 2020 and the negative impact on large parts of the population prompted the Board of Directors and the Executive Committee, in consultation with major shareholders, to make a donation of CHF 500 000 already in mid-April. This supported roughly 40 public-interest organisations in the Principality of Liechtenstein and the region with urgently needed funds. In doing so, NEUE BANK AG remained true to its principle of supporting cultural and social institutions, in line with its long-standing business strategy.

Changes in the Board of Directors

Chairman Karlheinz Ospelt and Vice Chairman Josef Quaderer left the Board of Directors in the autumn. For more than 13 years, NEUE BANK AG was able to count on these leaders, who exercised management responsibility with a high level of expertise, foresight, and commitment and who contributed substantially to the success of the bank during an especially challenging period marked by major changes. Alexander Jeeves, who had been a Member of the Board of Directors of NEUE BANK AG since 22 April 2016, likewise announced that he would step down in spring 2020. He enriched the Board of Directors with his knowledge and expertise. NEUE BANK AG would like to thank Karlheinz Ospelt, Josef Quaderer, and Alexander Jeeves for their dedication.

A new Chairman of the Board of Directors has been found in Prof. Dr. Manuel Ammann, who already helped shape the development of the bank as a member of the Board of Directors from 2008 to 2017. His profound knowledge and broad experience ensured a smooth transition when he rejoined NEUE BANK AG in November 2020. Marc-André Sola, a lawyer and insurance expert, also made himself available for appointment to the Board of Directors. Dr. Ernst Walch, who had already served on the Board of Directors of NEUE BANK AG since 2017, was appointed Vice Chairman.

Sustainability

There was good news right at the beginning of the year: Our PRIMUS-ETHICS equities mandate was awarded the highest rating of AAA by the “yourSRI” reporting platform, exceeding the rating of more than 30 000 investment funds worldwide. The evaluation assessed the portfolio risks according to environmental, social, and governance (ESG) criteria and provided information on greenhouse gas emissions.

PRIMUS-ETHICS introduced by NEUE BANK AG more than ten years ago continues to be a pioneering sustainable asset management solution. Investors putting their money in companies that act sustainably are not only doing good for our world and future generations, but can also achieve an attractive investment return, as the impressive performance of the equities mandate shows. For NEUE BANK AG, it is clear that companies that take care of the environment, assume social responsibility, and treat their employees fairly have a competitive advantage.

With the introduction of an individualised sustainability report, every client will be shown the opportunities and risks in this field in the coming year. This underscores NEUE BANK's leading role in sustainability and already meets future regulatory requirements. In addition to the positive development in portfolio management, further sustainability measures were also taken at the bank itself, such as the installation of a photovoltaic system on the roof of our office building.

Further awards

The Fuchsbriefer testers also recognised NEUE BANK's focus on sustainability. In their test report, they emphasised that NEUE BANK's profile is both entrepreneurial and sustainable and that the bank can cite highly profitable figures. According to the testers, NEUE BANK advisors do everything right, from their high quality of service to their professional expertise and their strong focus on the key client concern – sustainable investing. According to the Fuchsbriefer test, NEUE BANK's advisory services and portfolio management have been at the highest level for years.

The Elite Report likewise recognised NEUE BANK's outstanding performance. NEUE BANK AG was again included in the pyramid of excellent asset managers, further improving its ranking from “cum laude” to “magna cum laude” since the previous year. The experts praised the bank for the strength of its services,

client focus, performance, and research. According to the Elite Report, discerning clients appreciate Liechtenstein and strong wealth concepts.

Investments in expansion

Our financial planning services were further expanded, allowing us to provide holistic support to private clients in Liechtenstein and Switzerland. Our establishment of a new Family Office unit has already borne fruit. In addition to our staff expansion in this field, we have also made investments in modern, high-performance information technology. Our ongoing further development of IT for automation and increased efficiency has also allowed us to provide more options for working from home while maintaining the highest security standards. Especially in regard to support for professional financial market participants, our investments in digitalisation have paid off. With the launch of our new website in December, NEUE BANK AG also modernised its market presence on the internet. For the coming year, we will implement further initiatives to increase efficiency, strengthen our brand, and raise public awareness.

Business results

After a positive start to the year, the coronavirus crisis triggered a striking correction on international equity markets. In just a bit more than a month, the Dow Jones Industrial Average dropped 37%, the Swiss Market Index 28%, and the German DAX 39%. Market fears that corporate earnings would collapse, combined with fears of a recession, triggered panic selling. This entailed that shares bought on credit were no longer covered at lower prices, so that liquidity had to be injected and other portfolio positions had to be sold. These margin calls further accelerated the downward trend. However, many investors seized the opportunity and bought stocks at low prices. Our clients traded more on the equity market as well, with a positive impact on our income statement in the first half of the year.

The difficult situation in the interest margin business worsened, however. After already suffering since 2015 from the negative interest rates of -0.75% introduced by the Swiss National Bank, interest income was further burdened by the negative rate on EUR balances, which is now at -0.5%. In mid-March 2020, USD key rates were then also lowered to between 0% and 0.25% as a result of the Covid-19 pandemic. This low interest rate level, and in particular the negative interest rates, have caused the interest margin to slide to a many-year low, which not only affects NEUE BANK AG, but also the entire banking industry. Our income from interest business fell significantly in fiscal 2020 by CHF 1.2 million or 18.3% from the previous year.

Despite the adverse market conditions and our donation to public-interest organisations, we generated a gross operating profit of CHF 9.6 million, a drop of CHF 1.0 million or 9.8% from the previous year. Our net annual profit was CHF 7.3 million, 17.6% below the previous year's result.

In light of the result in fiscal 2020, the Board of Directors proposes to the General Meeting to be convened on 23 April 2021 to adopt a dividend of 16%, which corresponds to a payout ratio of 87.3% of the net annual profit. The dividend in the previous year was 17% with a payout ratio of 76.4%. Subject to the proposed dividend distribution of 16% in the amount of CHF 6.4 million, CHF 1.0 million – compared with CHF 2.1 million in the previous year – will be allocated to other reserves and CHF 0.1 million carried forward.

After appropriation of earnings, our bank will have eligible equity capital amounting to CHF 137.6 million. Our Tier 1 ratio is 37.5% as at the end of 2020 – compared with 36.9% in the previous year – and our leverage ratio dropped slightly from 10.2% to 10.0% as at 31 December 2020.

Gratifying inflow of new funds

The inflow of new funds to NEUE BANK AG was gratifying. Net new funds in the amount of CHF 281.8 million during the year helped to partially compensate for the decline in asset-based income due to the lower valuations of client assets. Compared with the previous year, assets under management increased from CHF 5.7 billion to CHF 5.8 billion as at the end of 2020, despite the market corrections.

NEUE BANK AG – a reliable partner also in difficult times

The reliability, flexibility, and performance of our employees were highly appreciated by our clients especially in this year under review. We would like to thank our employees for their great dedication and you, our valued shareholders and clients, for your trust and loyalty to our bank.

Vaduz, February 2021



Prof. Dr. Manuel Ammann
*Chairman of the
Board of Directors*



Pietro Leone
CEO

Statement of Assets and Liabilities as at December 31, 2020

Assets

in thousands CHF	31.12.20	31.12.19	Change	
			absolute	in %
Liquid Funds	481'188	408'426	72'762	17.8
Due from Banks	327'791	396'980	-69'189	-17.4
a) on demand	159'176	158'571	605	0.4
b) other claims	168'615	238'409	-69'794	-29.3
Due from clients	389'610	403'331	-13'721	-3.4
of which mortgages	266'137	262'372	3'765	1.4
Bonds and other fixed interest securities	112'042	85'608	26'434	30.9
a) money market instruments	35'351	23'282	12'069	51.8
aa) of public authority issuers	35'351	18'432	16'919	91.8
bb) of other issuers	0	4'850	-4'850	n.a.
b) bonds	76'691	62'326	14'365	23.0
aa) of public authority issuers	8'184	8'071	113	1.4
bb) of other issuers	68'507	54'255	14'252	26.3
Shares and other non-fixed interest securities	5'010	2'412	2'598	107.7
Intangible assets	8	13	-5	-38.5
Fixed assets	20'568	20'906	-338	-1.6
Other assets	10'378	4'543	5'835	128.4
Accrued and deferred items	1'824	2'228	-404	-18.1
Total assets	1'348'419	1'324'447	23'972	1.8

Liabilities

in thousands CHF	31.12.20	31.12.19	Change	
			absolute	in %
Due to banks	63'127	5'806	57'321	n.a.
a) on demand	63'127	5'806	57'321	n.a.
Due to clients	1'120'007	1'158'901	-38'894	-3.4
a) other liabilities	1'120'007	1'158'901	-38'894	-3.4
aa) on demand	1'102'563	881'595	220'968	25.1
bb) with agreed maturity or period of notice	17'444	277'306	-259'862	-93.7
Certified liabilities	425	965	-540	-56.0
of which medium term notes	425	965	-540	-56.0
Other liabilities	13'916	9'032	4'884	54.1
Accrued and deferred items	2'358	1'516	842	55.5
Provisions	2'054	2'227	-173	-7.8
a) tax provisions	2'054	2'227	-173	-7.8
Provisions for general banking risks	15'980	15'980	0	0.0
Capital subscribed	40'000	40'000	0	0.0
Capital surplus	83'054	80'954	2'100	2.6
a) legal reserves	8'000	8'000	0	0.0
b) other reserves	75'054	72'954	2'100	2.9
Surplus carried forward	166	170	-4	-2.4
Net income	7'332	8'896	-1'564	-17.6
Total liabilities	1'348'419	1'324'447	23'972	1.8

Off balance sheet transactions

in thousands CHF	31.12.20	31.12.19	Change	
			absolute	in %
Contingent liabilities	8'208	8'339	-131	-1.6
of which liabilities arising from guarantees and performance contracts as well as liabilities arising from collateralizations	8'208	8'339	-131	-1.6
Credit risks	180	6'654	-6'474	-97.3
of which irrevocable commitments	180	6'654	-6'474	-97.3
Derivative financial instruments				
- volume of contracts	1'131'634	992'968	138'666	14.0
- positive replacement values	10'167	4'452	5'715	128.4
- negative replacement values	12'823	8'000	4'823	60.3
Fiduciary transactions	301'950	332'124	-30'174	-9.1

Income statement from 2020

in thousands CHF	2020	2019	Change	
			absolute	in %
Interest income				
Interest earned	5'463	10'359	-4'896	-47.3
of which from fixed interest securities	1'127	1'389	-262	-18.9
Interest paid	-9	-3'683	3'674	-99.8
Net interest income	5'454	6'676	-1'222	-18.3
Income from securities	13	3	10	n.a.
a) shares and other non-fixed interest securities	13	3	10	n.a.
of which from trading activities	13	3	10	n.a.
Commission and fee income				
Commission and fee income	19'133	15'982	3'151	19.7
a) loan related commission income	72	71	1	1.4
b) securities and investment related income	17'525	14'120	3'405	24.1
c) other commission and fee income	1'536	1'791	-255	-14.2
Commission paid	-2'962	-1'516	-1'446	95.4
Net commission and fee income	16'171	14'466	1'705	11.8
Income from financial transactions	6'694	6'081	613	10.1
of which from trading activities	6'569	5'665	904	16.0
Other ordinary income	250	63	187	n.a.
a) income from real estate	59	58	1	1.7
b) other ordinary income	191	5	186	n.a.
Business expenses	-19'003	-16'672	-2'331	14.0
a) personnel expenses	-12'340	-10'836	-1'504	13.9
of which:				
aa) salaries	-10'262	-8'959	-1'303	14.5
bb) social levies and pension contributions	-1'877	-1'775	-102	5.7
of which for pension contributions	-1'118	-1'007	-111	11.0
b) administrative expenses	-6'663	-5'836	-827	14.2
Gross operating profit	9'579	10'617	-1'038	-9.8
Amortisation of intangible assets and depreciation of fixed assets	-649	-726	77	-10.6
Other ordinary expenses	-837	-64	-773	n.a.
Result of ordinary operations	8'093	9'827	-1'734	-17.6
Income taxes	-761	-931	170	-18.3
Net profit	7'332	8'896	-1'564	-17.6

Our solutions



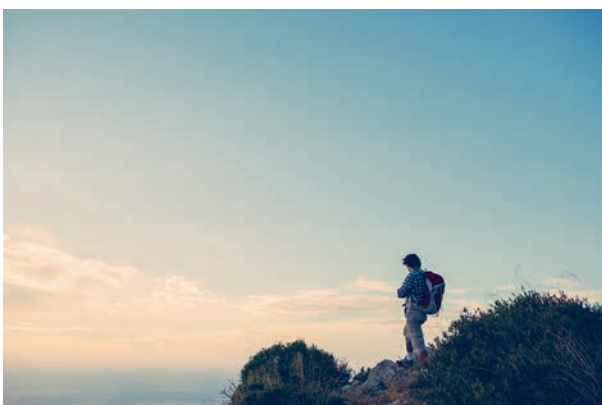
PRIMUS-ACTIVE

- 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
- AAA by “yourSRI”



PRIMUS-PASSIVE

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

Distribution of available earnings 2020

Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on April 23, 2021

2020

The Board of Directors proposes to the General Meeting to appropriate available earnings for fiscal 2020 consisting of:

Net profit	CHF	7'331'930
Carry-forward	CHF	166'276
Total	CHF	7'498'206

as follows:

Distribution of a dividend of 16%	CHF	6'400'000
Allocation to other reserves	CHF	1'000'000
Carry-forward to the new fiscal year	CHF	98'206

Significant shareholders and groups of shareholders linked by voting rights

in thousands CHF	31.12.20		31.12.19	
	nominal	voting share in %	nominal	voting share in %
with voting right:				
Hermann Wille Family Foundation	12'421	33.8	12'421	33.8
Peregrinus Family Foundation	2'179	10.3	2'179	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 2020, established in accordance with Liechtenstein Banking Law and Regulations. The complete German language Annual Report 2020 will be filed in the Office of Justice of Liechtenstein (Number FL-1.502.960).



“With our socially responsible actions, we have endowed the word ‘sustainability’ with meaning since the founding of our bank.”

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