

Very positive result for Neue Bank

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Annual Report as of 31 December 2022

Vaduz, 9 March 2023. Neue Bank achieved a profit of CHF 8.8 million in 2022 and an inflow of net new funds in the amount of CHF 166.9 million. Assets under management amounted to CHF 5.8 billion. The Board of Directors is proposing a dividend of 17% on share capital to the General Meeting.

“Fiscal year 2022 was shaped by two opposing earnings effects. On the one hand, Russia’s war against Ukraine had a major negative impact on the global economy and the financial markets. This resulted in an extremely unstable market environment characterised by great uncertainties,” says Prof. Dr. Manuel Ammann, Chairman of the Board of Directors of Neue Bank. “On the other hand, our interest rate business benefited from the lifting of the low interest rate environment that dominated recent years. This had a positive impact on our interest margin so that – despite the adverse circumstances – we were able to increase our profit to an impressive CHF 8.8 million.”

Above-average increase in profit

Neue Bank is accordingly able to report a result that is 15% above the level of the previous year, and also above our budgeted target. The bank also benefited from a further inflow of net new funds in the amount of CHF 166.9 million. Due to the falling prices on the markets, assets under management fell slightly below the CHF 6 billion mark, reaching CHF 5.8 billion at the end of December 2022.

Net interest income in the amount of CHF 8.4 million – an increase of 89.8% – contributed substantially to the positive result. Despite significantly restrained client activities and lower assets under management due to market conditions, Neue Bank was still able to generate commission and fee income amounting to CHF 16.5 million. Income from financial operations reached CHF 5.4 million, not quite as high as the previous year due to valuation losses on the bank’s own investments resulting from the negative price corrections on the financial markets. Together with other ordinary income of CHF 2.4 million, which included a one-off effect, these income components resulted in a 12.7% increase in operating income over the previous year, reaching CHF 32.7 million. On the cost side, operating expenses were CHF 21.0 million. While this amount was 9.9% higher than the previous year due to expenses for strategy implementation, it was still below budget. The cost/income ratio was 64.1% (previous year: 65.7%).

Thanks to the positive result, the Board of Directors is proposing that the General Meeting adopt a dividend of 17% on share capital and an allocation of CHF 1.9 million to other reserves. Subject to approval by the General Meeting, the equity capital of Neue Bank will reach CHF 143.3 million. The bank’s Tier 1 ratio of 29.5% represents a capital base far above the regulatory requirements, guaranteeing a high level of security and stability.

Change in the Executive Committee

In December 2022, Reinhard Malin decided to pursue new challenges in his career. He will be leaving the bank effective 30 June 2023, but will continue to serve us as an advisor. Reinhard Malin has worked for Neue Bank since 2008, and since 2016 as a Member of the Executive Committee, playing a key role in advancing the development of Compliance and Legal. We would like to thank Reinhard Malin for his great dedication to the company and wish him all the best for the future.



**Neue
Bank**

Stefan Tschopp will succeed Reinhard Malin on the Executive Committee effective 1 April 2023, responsible for Legal/Tax. Stefan Tschopp began his career in risk and compliance at major Swiss banks and has worked for many years as head of risk and compliance for several Liechtenstein banks. Most recently, he served in the Executive Management of Neue Privat Bank AG as Head of Legal & Compliance. Neue Bank is pleased to welcome Stefan Tschopp, a proven expert in legal, risk, and compliance with many years of management experience.

Focus on personal client relationships

Technological progress is advancing rapidly, requiring Neue Bank to combine the digital and analogue worlds in a sensible way and to design a hybrid business model. Digitalisation and the pandemic demonstrated the importance of this hybrid approach to business models, but also to client relationships. Client interactions in particular took place almost entirely digitally in recent years. Clients switched to digital channels with hardly any problems. Nevertheless, personal contact with advisors remains crucial for our clients, because portfolio management is a matter of trust. So while our advisors take advantage of the full range of digital opportunities, they do not neglect direct contact. The needs of our clients are always the focus of our attention at Neue Bank.

Attractive employer

Neue Bank strives to further enhance its attractiveness as an employer. Working from home and flexible work solutions are important approaches to changing our everyday working lives, requiring intelligent adjustments to our office concept. Expertise in new technologies must be established, and a networked, cross-departmental vision of work must be promoted. We are approaching these transformations with a clear focus, and we believe it is important to involve our employees and to give them leeway in shaping these changes themselves. To do justice to the rapidly changing environment, we provide our employees with targeted support so that they can flourish at Neue Bank in the best possible way and continue to contribute to Neue Bank's successful further development.

Outlook

The market environment is still challenging. Factors such as the geopolitical uncertainty – especially due to Russia's invasion of Ukraine – and the associated volatility on the financial markets, high inflation, and rising interest rates are creating challenges on the markets and will have an impact on economic development in the coming months. Despite these challenges, Marcel Lüchinger, CEO of Neue Bank, expresses confidence: "We are optimistic about the future. We can build on a solid foundation and pursue a clear, future-oriented strategy focused on our core competencies: customised investment advice and portfolio management for private clients and high-quality custodian bank services for financial intermediaries."

Contact for questions

Julia Berchtold, Tel. +423 236 07 34, medienstelle@neuebankag.li

Statement of Assets and Liabilities as at December 31, 2022

Assets

in thousands CHF	31.12.22	31.12.21	Change absolute	Change in %
Liquid Funds	188'494	440'552	-252'058	-57.2
Due from Banks	404'338	249'889	154'449	61.8
a) on demand	187'008	41'027	145'981	355.8
b) other claims	217'330	208'862	8'468	4.1
Due from clients	357'732	368'207	-10'475	-2.8
of which mortgages	257'839	248'358	9'481	3.8
Bonds and other fixed interest securities	211'350	142'105	69'245	48.7
a) money market instruments	31'062	36'564	-5'502	-15.0
aa) of public authority issuers	31'062	36'564	-5'502	-15.0
b) bonds	180'288	105'541	74'747	70.8
aa) of public authority issuers	17'591	9'516	8'075	84.9
bb) of other issuers	162'697	96'025	66'672	69.4
Shares and other non-fixed interest securities	4'313	5'324	-1'011	-19.0
Intangible assets	0	5	-5	-100.0
Fixed assets	20'268	20'137	131	0.7
Other assets	8'322	8'960	-638	-7.1
Accrued and deferred items	3'549	1'883	1'666	88.5
Total assets	1'198'366	1'237'062	-38'696	-3.1

Liabilities

in thousands CHF	31.12.22	31.12.21	Change absolute	Change in %
Due to banks	47'010	27'528	19'482	70.8
a) on demand	44'277	21'502	22'775	105.9
b) with agreed maturity or period of notice	2'733	6'026	-3'293	-54.6
Due to clients	984'833	1'043'560	-58'727	-5.6
a) other liabilities	984'833	1'043'560	-58'727	-5.6
aa) on demand	647'148	1'036'773	-389'625	-37.6
bb) with agreed maturity or period of notice	337'685	6'787	330'898	n.a.
Certified liabilities	1'400	175	1'225	n.a.
of which medium term notes	1'400	175	1'225	n.a.
Other liabilities	10'051	13'832	-3'781	-27.3
Accrued and deferred items	2'530	2'123	407	19.2
Provisions	2'417	2'088	329	15.8
a) tax provisions	2'317	2'028	289	14.3
b) other provisions	100	60	40	66.7
Provisions for general banking risks	15'980	15'980	0	0.0
Capital subscribed	40'000	40'000	0	0.0
Capital surplus	85'254	84'054	1'200	1.4
a) legal reserves	8'000	8'000	0	0.0
b) other reserves	77'254	76'054	1'200	1.6
Surplus carried forward	122	98	24	24.5
Net income	8'769	7'624	1'145	15.0
Total liabilities	1'198'366	1'237'062	-38'696	-3.1

Off balance sheet transactions

in thousands CHF	31.12.22	31.12.21	Change absolute	Change in %
Contingent liabilities	10'860	10'283	577	5.6
of which liabilities arising from guarantees and performance contracts as well as liabilities arising from collateralizations	10'860	10'283	577	5.6
Credit risks	1'980	750	1'230	164.0
of which irrevocable commitments	1'980	750	1'230	164.0
Derivative financial instruments				
- volume of contracts	1'170'022	1'555'402	-385'380	-24.8
- positive replacement values	7'560	8'857	-1'297	-14.6
- negative replacement values	8'814	11'860	-3'046	-25.7
Fiduciary transactions	403'502	279'679	123'823	44.3

Income statement from 2022

in thousands CHF	2022	2021	Change absolute	Change in %
Interest income				
Interest earned	10'222	3'703	6'519	176.0
of which from fixed interest securities	2'110	1'041	1'069	102.7
Interest paid	-1'811	729	-2'540	-348.4
Net interest income	8'411	4'432	3'979	89.8
Income from securities	37	31	6	19.4
a) shares and other non-fixed interest securities	37	31	6	19.4
of which from trading activities	16	21	-5	-23.8
Commission and fee income				
Commission and fee income	18'707	21'274	-2'567	-12.1
a) loan related commission income	97	84	13	15.5
b) securities and investment related income	17'071	19'675	-2'604	-13.2
c) other commission and fee income	1'539	1'515	24	1.6
Commission paid	-2'193	-2'578	385	-14.9
Net commission and fee income	16'514	18'696	-2'182	-11.7
Income from financial transactions	5'375	5'700	-325	-5.7
of which from trading activities	5'680	5'529	151	2.7
Other ordinary income	2'359	150	2'209	n.a.
a) income from real estate	59	59	0	0.0
b) other ordinary income	2'300	91	2'209	n.a.
Business expenses	-20'954	-19'058	-1'896	9.9
a) personnel expenses	-13'268	-12'682	-586	4.6
of which:				
aa) salaries	-10'968	-10'580	-388	3.7
bb) social levies and pension contribution	-2'084	-1'906	-178	9.3
of which for pension contributions	-1'179	-1'151	-28	2.4
b) administrative expenses	-7'686	-6'376	-1'310	20.5
Gross operating profit	11'742	9'951	1'791	18.0
Amortisation of intangible assets and depreciation of fixed assets	-804	-698	-106	15.2
Other ordinary expenses	-241	-801	560	-69.9
Allowance for impaired receivables and additions to provisions for contingent liabilities and credit risks	-904	-97	-807	n.a.
Result of ordinary operations	9'793	8'355	1'438	17.2
Income taxes	-1'024	-731	-293	40.1
Net profit	8'769	7'624	1'145	15.0