

Press Release

BENDURA BANK AG holds its ground in a challenging market environment

Bendern, 31 March 2020. **BENDURA BANK AG, a private bank owned by Citychamp Watch & Jewellery Group Ltd., Cayman Islands, which is listed on the Hong Kong stock exchange, had client assets under management totalling CHF 3.7 billion at the end of 2019. It generated a profit after taxes of CHF 19.7 million (previous year: CHF 23.0 million). Removing the online gaming, adult entertainment and cryptocurrency trading elements from its client portfolio had a negative effect on earnings. The representative office in Hong Kong, which opened in autumn 2018, has now proved itself a real gateway to Asia.**

Against the backdrop of the challenging market environment, BENDURA BANK AG can look back on a pleasing financial year. Negative interest rates and the continuously dense regulatory jungle also stretched the bank in 2019. Nevertheless, the ambitious targets were met. At CHF 261.9 million, lending activity performed positively (2018: CHF 200.5 million). Net profit of CHF 19.7 million was 14.4% lower than the previous year (2018: CHF 23.0 million). The gross operating income of CHF 55.8 million came in 3.4% lower year on year. Stringent cost management also ensured a still highly attractive cost/income ratio (CIR) of 54.5% (previous year: 48.5%).

In interest-related business, the bank continues to face negative interest rates in Swiss francs and euros. However, thanks to a further expansion of the loan portfolio, net interest income rose from CHF 22.6 million in the previous year to CHF 23.3 million. Net commission and fee income stood at CHF 23.7 million, down 9.7% on the previous year (CHF 26.3 million). As expected, the self-restraint imposed within the scope of the de-risking strategy initiated in the previous year had a negative impact on income from the Transaction Banking business segment. Income from financial transactions amounted to CHF 7.1 million, roughly CHF 1 million below the previous year's figure. This decline is due to lower income from foreign exchange transactions for clients and treasury activities. Business expenses came to CHF 30.4 million in the year under review, up 8.6% on the previous year (CHF 28.0 million). This was due partly to higher personnel costs resulting from the increased headcount, while operating expenses also rose by 7.6% year on year.

Total assets amounted to CHF 1,634.3 million, CHF 68.7 million less than in the 2018 financial year (CHF 1,703.0 million). Client assets under management climbed by CHF 174.4 million year on year, ending 2019 at CHF 3,672.4 million (2018: CHF 3,498.0 million).

The positive operating result for 2019 will enable the bank to strengthen its capital base substantially by approximately CHF 9.8 million following its distribution of profits. BENDURA BANK AG had a total capital ratio of some 20.5% at year-end 2019 (previous year: 23.2%), which continues to be above average for the banking sector. Liquidity also remains very high. The bank's substantial holdings of liquid assets gave it an LCR of 175% on the balance sheet date (previous year: 197%), well above the regulatory threshold. In accordance with the bank's business policy, no financial services whatsoever are provided to the benefit of its sister companies or the holding company in Hong Kong, thus preventing conflicts of interest.

Outlook

Liechtenstein's fourth-largest banking institution measured by profit after taxes will move into its extension in Bendern in late spring of 2021 and will thus double its available space. Our rigorous focus on expanding our core markets will be honed further by our representative office in Hong Kong in particular. Our expertise in the extremely attractive Asian markets is also being continuously enhanced in the Asset Management and Investment Consulting departments, benefiting our clients above all.

Despite the considerable macroeconomic implications of COVID-19 around the world, the bank is confident that it will continue to achieve profitable growth in 2020. A key factor for success here is employee participation (15%) in the bank's capital.

BENDURA BANK AG at a glance

Founded in 1998, BENDURA BANK AG is a fully licensed bank based in the Principality of Liechtenstein. The company is a subsidiary of Citychamp Watch & Jewellery Group Ltd., a luxury goods group listed on the Hong Kong stock exchange. BENDURA BANK AG provides tailored financial services to high-net-worth entrepreneurial families and wealthy private individuals. The groups of advisors are organised into 20 different language regions.

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