

Strategy and organisation

The LLB Group is a universal bank with a strong private banking and institutional business. A clear vision, a transparent strategy and a value-oriented corporate culture make us a trusted partner for clients, investors and our employees.

Structure and organisation of the LLB Group

Business model

The Group structure of LLB follows a clear strategic pattern:

- a bank each in Liechtenstein, in Switzerland and in Austria
- two competence centres: Asset Management and Fund Services
- focused business model with three market divisions: Retail & Corporate Banking, Private Banking and Institutional Clients
- stable, long-term ownership structure and very solid capital base

The three market divisions

The LLB Group's business model is based on three profitable market divisions:

- **Retail & Corporate Banking** comprises the universal banking business in the home markets of Liechtenstein and Switzerland (see chapter "Retail & Corporate Banking", pages 24–27). It provides the full range of universal bank services to private and corporate clients. As the market leader in Liechtenstein, LLB has a strong competitive position. Bank Linth is the largest regional bank in eastern Switzerland.
- **Private Banking** comprises all the private banking activities of the LLB Group: investment advice, asset management, asset structuring as well as financial and pension planning (see chapter "Private Banking", pages 28–31). Its focus is on the onshore markets of Liechtenstein, Switzerland and Austria, on the traditional cross-border markets in Germany and the rest of Western Europe, and on the growth markets of Central and Eastern Europe as well as the Middle East. LLB has become Austria's leading asset management bank (see "Focus topic 2018: Growth", pages 13 and 14).

- **Institutional Clients** comprises the intermediary and fund business as well as the Asset Management Business Area of the LLB Group (see chapter "Institutional Clients", pages 32–25). Clients include fiduciaries, lawyers, asset managers, fund promoters, insurance companies, pension funds and public institutions. With our Asset Management, the largest investment team in Liechtenstein, we have multiple award-winning investment expertise. Through the acquisition of Semper Constantia Privatbank AG and LB(Swiss) Investment AG, we have become a leading fund provider in the market regions of Liechtenstein (FL), Austria (A) and Switzerland (CH) (the so-called FL-A-CH region).

Management structure

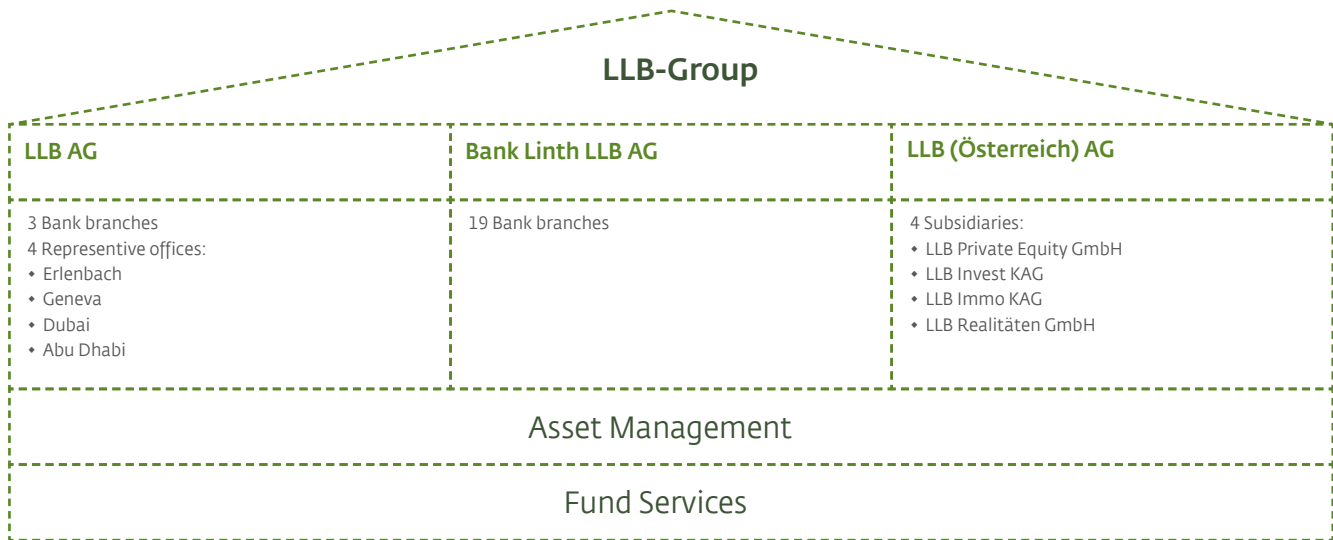
The management structure of the LLB Group is divided into divisions.

- **The Board of Directors** is responsible for overall management, supervision and control; it sets the basis for the Group's strategy, organisation and finances (see chapter "Corporate governance", pages 79–93).
- **The Group Executive Board** comprises the heads of the six divisions – three market divisions and Group CEO, Group CFO and Group COO – (see organisational structure, pages 70 and 71).

Group structure

The LLB Group has a presence through its three banks in the market regions of Liechtenstein (Liechtensteinische Landesbank AG), Switzerland (Bank Linth LLB AG) and Austria (Liechtensteinische Landesbank (Österreich) AG). With LLB Asset Management AG and LLB Fund Services AG, our Group has two competence centres in the areas of asset management and fund services respectively.

Group structure



	Retail & Corporate Banking	Private Banking	Institutional Clients
Objectives and markets	<ul style="list-style-type: none"> • Market leader in Liechtenstein and largest provider in eastern Switzerland 	<ul style="list-style-type: none"> • Leading provider in Liechtenstein and Austria, growth and expansion in Switzerland • Stable position in the traditional offshore markets of Germany and the rest of Western Europe • Expansion and recognised market position in the growth markets of Central and Eastern Europe (CEE) as well as the Middle East (ME) 	<ul style="list-style-type: none"> • Preferential partner for fiduciaries and lawyers, asset managers, fund promoters, insurance companies, pension funds and public institutions in Liechtenstein, Switzerland and Austria • Fund powerhouse in the FL-A-CH region
Focus markets	<ul style="list-style-type: none"> • Private and corporate clients in Liechtenstein and in eastern Switzerland 	<ul style="list-style-type: none"> • Onshore: Liechtenstein, Switzerland, Austria • Cross-border: Switzerland, Germany, rest of Western Europe • Growth markets: CEE and ME 	<ul style="list-style-type: none"> • Financial intermediaries • Public institutions • Fund Services • Asset Management
Core elements of the StepUp2020 strategy	<ul style="list-style-type: none"> • Efficient market penetration • Leading bank branch concept • Refinement of SME and retail offerings 	<ul style="list-style-type: none"> • Increased product penetration • Development of central product management and pricing • Expansion in growth markets of CEE and ME 	<ul style="list-style-type: none"> • Intensification of dialogue using "LLB Xpert Views" • New pricing and offering structure • Expansion of fund services

StepUp2020 strategy

With the StepUp2020 strategy, we signalled in 2016 a phase of sustainable, profitable growth. Prior to that, the LLB Group had successfully repositioned itself with the Focus2015 strategy. The StepUp2020 strategy extends over five years (2016 to 2020).

Strategic success factors

The LLB Group's success is based on a number of factors, the most important being:

- a clear strategy with high-quality implementation
- a client-oriented business model
- a strong competitive position
- innovative, client-oriented products and services
- security and stability
- a stable management structure
- highly effective employees
- efficient processes
- interplay of digitalisation and personal contact
- a unique corporate culture

The four core elements

Always with an eye to the clients, we will concentrate on our strengths. Up to 2020, we will focus on four core elements:

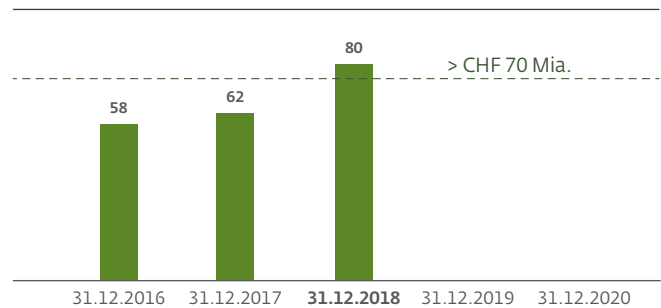
- **Growth:** We want to achieve this in two ways. Firstly, we want to grow organically by building on our own strengths. To this end, we will increase resources available for client advisory services. Secondly, we will target acquisitions in our home markets of Liechtenstein, Switzerland and Austria.
- **Profitability:** We intend to increase our margins by offering outstanding products and services. Efficient market penetration will help to generate profitable income. Maintaining strict cost management will be key.
- **Innovation:** We will invest in the future in a targeted manner. On the one hand, we will develop pioneering digital solutions and, on the other, we will provide our clients with an optimised and personalised service. We will automate standard business and individualise trust-based business. The planned investment volume amounts to CHF 100 million, of which CHF 30 million is earmarked for digital solutions.
- **Excellence:** We will continually improve processes throughout the organisation using lean management principles. Our aim is to increase the benefit to clients and boost added value. Given increasing regulation, we will strive to maintain strict compliance standards.

Our structure and focus markets as well as the initiatives under our StepUp2020 strategy are summarised in the table (page 10 below).

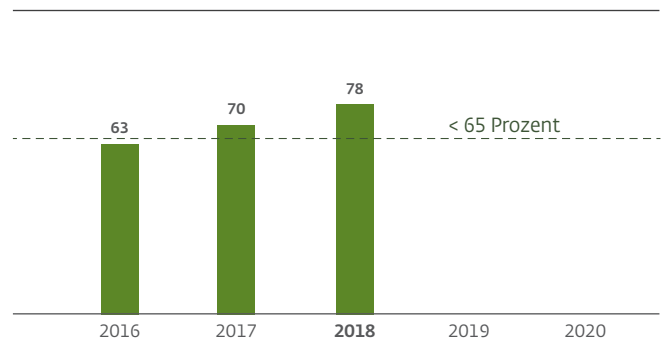
Growth and financial targets

Under the StepUp2020 strategy, the LLB Group set itself four clear and measurable targets. These are: a business volume of more than CHF 70 billion, a Tier 1 ratio of over 14 per cent, a Cost-Income-Ratio of under 65 per cent and a cumulative Group net profit of more than CHF 500 million. While we have already exceeded the targets for business volume and the Tier 1 ratio, we are on track to achieve the target for cumulative Group net profit. There is still room to improve the Cost-Income-Ratio and therefore our focus over the coming years will be on the core element of profitability. We will be concentrating on maintaining cost discipline and achieving income targets.

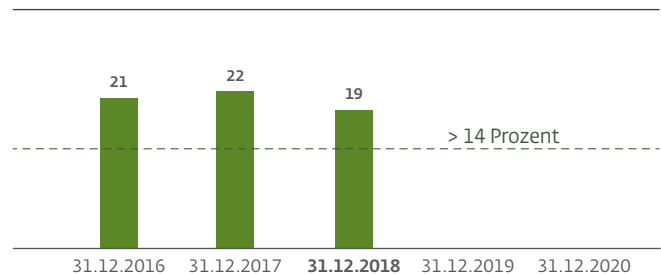
1. Business volume



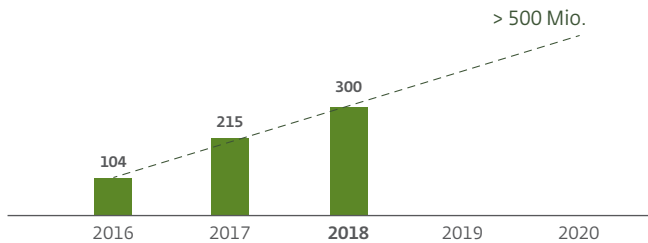
2. Cost-Income-Ratio



3. Tier 1 ratio



4. Cumulative Group net profit



Corporate culture

Vision and guiding principles

Besides strategy and structure, the culture of a company is a critical factor in its success. The LLB Group is committed to a concept of banking with a binding system of values.

Our **vision** is encapsulated in the motto: “We set standards for banking with values.” Our vision of banking is based on the idea of managing material values with a clearly defined value system. The resulting **guiding principles** refer to a binding system of values, which mean the following to us:

- **integrity** – We create clarity and stand by our word.
- **respectfulness** – We believe in partnership and hold both clients and colleagues in high esteem.
- **excellence** – We set standards through performance and passion.
- **pioneering** – We play an active role in creating a sustainable future.

Vision, guiding principles, strategy and targets drive our thinking and our actions within the LLB Group in a sustainable way. We take various measures to ensure that our vision and guiding principles are firmly established in the minds of the employees and managers. To this end, we started, among other things, the hashtag #wertvollhandeln to encourage employees to live the corporate values. And also the cultural journey started in 2018 is intended to make employees question their actions, exchange views and rethink processes (see chapter “Employees”, page 64).

Code of Conduct

We believe that responsible, forward-looking management practices are critical to our success. As a trustworthy and respectful partner, we want to be measured by our vision, our guiding principles and our Code of Conduct, which we updated during the reporting year.

Precisely because of our regional roots, we have our finger on our clients’ pulse. That is why we set high standards when it comes to responsibility – both for us as a company and for every individual. The Code of Conduct lays down these standards in a binding set of guidelines. It reflects our values and clarifies what we expect of the Boards of Directors, the Group Executive Board, the managers and the employees. It shows how to handle potential issues or difficult situations that affect our business practices or our dealings with each other.

The LLB Group is present in many countries – where the laws, regulations and rules of conduct are as different as the history, language and culture. The Code of Conduct helps us to implement our company’s values Group-wide in our target markets and thereby strengthen the trust of our clients, investors and partners. Further information can be found at www.llb.li/en/the-llb/governance#verhaltenskodex.