

Strategy and organisation

The LLB Group is a universal bank with a strong private banking and institutional banking business. It has a client-oriented business model and under its StepUp2020 strategy is targeting growth, profitability, innovation and excellence.

Group structure and organisation

Three market divisions

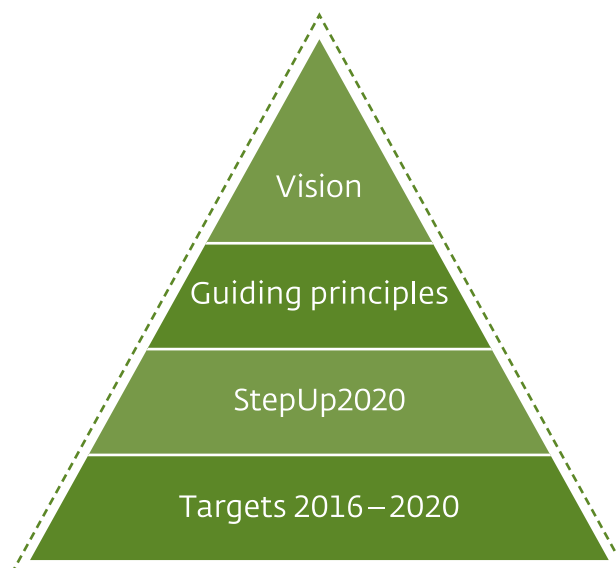
The LLB Group's business model is based on three profitable market divisions:

- **Retail & Corporate Banking** comprises the universal banking business in the home markets of Liechtenstein and Switzerland (see chapter "Retail & Corporate Banking", pages 18–21). 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.
- **Private Banking** encompasses all the LLB Group's private banking activities: investment advice, asset management, asset structuring as well as financial and retirement planning (see chapter "Private Banking", pages 22–25). 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 on the Middle East.
- **Institutional Clients** encompasses the intermediary and investment fund business as well as the LLB Group's Asset Management Business Area (see chapter "Institutional Clients", pages 26–29). Clients include fiduciaries, lawyers, asset managers, fund promoters, insurance companies, pension funds and public institutions. The target markets are Liechtenstein and Switzerland. With our Asset Management unit, the largest investment team in Liechtenstein, we have multiple award-winning investment expertise.

Governance and management structure

The LLB Group has a stable governance and management structure and an efficient organisation.

- 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 70–84).
- The Group Executive Board comprises the heads of the six divisions: the three market divisions and the Group CEO, Group CFO and Group COO divisions (see organisational structure, pages 66–67).
- The LLB Group includes the three banks Liechtensteinische Landesbank AG, Bank Linth LLB AG and LLB (Österreich) AG as well as the two competence centres LLB Asset Management AG and LLB Fund Services AG.



Corporate culture, strategy and objectives

Vision and guiding principles

The LLB Group has a unique corporate culture. It is committed to a concept of banking with a binding system of values. We have enhanced our profile by redefining our vision and guiding principles in 2014 and firmly establishing them in the minds of the employees and managers in 2015/2016 (see chapter "Employees", pages 42–43).

Our **vision** is encapsulated in the sentence: "We set standards for banking with values". Our vision of banking is based on the idea that we can excel at managing material values if we have a clearly defined system of values. 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.

Rules of conduct

We are convinced that responsible and forward-looking management is decisive when it comes to sustaining business success. The LLB

Group wants to be measured by its vision and its guiding principles. Its objective is to be a trusted and respectful partner to its clients.

Our values convey orientation, project reliability and promote trustworthiness. We expect the LLB Group's corporate bodies and employees to comply with the applicable laws, regulations, directives, guidelines and professional standards as well as our rules of conduct, which we constantly adapt to the prevailing circumstances and to act with integrity.

StepUp2020 strategy

Strengthened after successfully refocusing, the LLB Group entered a new phase of strategic repositioning in 2016. It is actively addressing the challenges of the future world of banking. The geopolitical and economic environment remains difficult: the strength of the Swiss franc, negative interest rates, volatile financial markets and stricter regulation are challenging the financial sector's resilience. At the same time, digitalisation is on the rise. We are convinced that the combination of man and machine will determine success in a world in which digitalisation and innovation are the motors of growth and prosperity.

	Retail & Corporate Banking	Private Banking	Institutional Clients
Objectives and markets	<ul style="list-style-type: none"> • Market leader in Liechtenstein and leading provider in eastern Switzerland 	<ul style="list-style-type: none"> • Leading provider in Liechtenstein as well as expansion in Switzerland and Austria • 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 in 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 and Switzerland
Strategic initiatives in 2016	<ul style="list-style-type: none"> • LLB Combi: Individual product packages • LLB Compass: 360-degree financial planning • SME Box: Perfecting the SME offerings • Efficient credit processes • Bank branches of the future 	<ul style="list-style-type: none"> • LLB Invest: Asset management / investment advisory services of the future • Transparent pricing model • Strengthen Group Product Management • Increase client advisers in the CEE and ME growth markets 	<ul style="list-style-type: none"> • LLB Xpert Solutions: Innovative B2B solutions • Dialogue / knowledge transfer using LLB Xpert Views • New organisation
Corporate initiatives	<ul style="list-style-type: none"> • Innovative services and products • Digital solutions • Lean management • Certification for all client advisers • Further excellence in distribution 		

With the StepUp2020 strategy, we are targeting sustainable, profitable growth. Up to 2020, the main focus will be 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. We will give high priority to dedicating additional resources to our client advisory services. The LLB Group will recruit more client advisers. 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, in turn, help to generate profitable income. Maintaining strict cost management is also central to StepUp2020.
- **Innovation:** We will invest in the future in a targeted manner, on the one hand, to develop pioneering digital solutions and, on the other, to provide our clients with an optimised and personalised service. We will automate our standard business and take a personalised approach to our business based on trust.
- **Excellence:** We will optimise processes throughout the organisation using lean management principles. Our aim is to increase the benefit to clients, boost added value and omit the unnecessary. Growing regulation is a big challenge for all financial market participants. We make it a point to set and live up to high compliance standards. We believe that an outstanding level of expertise is a key success factor and therefore promote focused certified training programmes for our client advisers.

Four financial targets

Under the StepUp2020 strategy, the LLB Group will pursue four financial targets until the end of 2020:

Business volume > CHF 70 bn
Cumulative Group net profit 2016–2020 > CHF 500 m
Cost-Income-Ratio < 65 %
Tier 1 ratio > 14 %