

## Going forward with innovative strength

### Dear shareholders

The LLB Group can look back on a very successful first half year 2017. Our StepUp2020 strategy is taking effect and we successfully continued our dynamic development. We have worked intensively on our core elements of growth, profitability, innovation and excellence. We have in place a client-focused business model and a diversified earnings structure.

#### Gratifying growth

With the StepUp2020 strategy, we set ourselves the goal of achieving profitable growth. In the first six months of 2017 we have taken great steps towards reaching this objective and have attained a business volume of CHF 59.9 billion. The LLB Group has also initiated a turnaround in the trend with assets under management, posting a net new money inflow of CHF 731 million. This reflects the trust that our clients place in us. We attach top priority to strengthening our resources in client advisory services in order to achieve further self-generated organic growth.

The Group's net profit rose compared with the previous year by 39.4 percent to CHF 60.0 million with all the key indicators posting a positive development (see the "Consolidated interim management report", pages 16 – 17). This interim result was attained in spite of the persistently challenging political and economic environment, the strength of the Swiss Franc, negative interest rates, volatile financial markets and the increasing regulatory demands made on the banking industry.

#### Launch of digitalisation offensive

During the last two years, the LLB Group has invested in the development of innovative products and services. We are showing that banking with values and technologically innovative offerings belong together. And our clients recognise this fact. 2017 is the year of our digitalisation offensive. In February, we introduced new Mobile Banking apps with touch ID for the LLB and Bank Linth. Designed in line with the latest technical standards, our Mobile Banking is a striking example of how we utilise digitalisation for the benefit of our clients.

In summer 2017, we presented our new web portal with integrated Online Banking in a more modern layout with completely responsive features. In future, client advisers can support their clients faster and more easily using new technologies for chatting, co-browsing and social media. Our clients can utilise all services simply by logging in. The new web portal complies with all the latest security standards and puts in place the basis for further digital developments and services.

#### Bank branch of the future

At the same time, the LLB Group is setting a new standard with a modern concept for the bank branch of the future. For the last two years, Bank Linth has provided a particularly positive client experience at its bank branch in Sargans. In June 2017, the headquarters of Bank Linth in Uznach followed suit in implementing the new concept. Over the next few years, the LLB will also adapt its branches to suit changes in client behaviour such as their increased desire to utilise various channels in parallel and to forego obtaining personal advice. In our bank branch of the future, advice is provided as a special experience in a multi-media client zone, while self-service will become the efficient norm for banking and financial transactions.

### **Excellence ensures quality**

In striving to achieve excellence, we also create opportunities for the future. By the end of 2020, all our 300 client advisers will have participated in dedicated training programmes delivered in accordance with the standards of the Swiss Association for Quality. At the same time, the Lean Management Group Programme will make an important contribution to aligning our Group's focus even more intensively on the requirements of our clients. We are launching a lean initiative in the market divisions with the aim of gaining additional time to care for our clients.

### **Financial security and stability**

Our strong levels of financial security and stability remain unchanged. Our equity capital is totalled CHF 1.8 billion at 30 June 2017, the tier 1 ratio stood at 21.4 percent. This ratio substantially exceeded the legal requirements and represents a very sound capital base in international comparison. The LLB Group is superbly capitalised. The Group's pleasing interim result makes a major contribution to ensuring continued stability.

### **Moody's rating underlines financial power**

In April 2017, the rating agency Moody's reaffirmed the Liechtensteinische Landesbank's deposits rating of Aa2, which underlines our stability and financial power. Accordingly, the LLB is among the top range of Liechtenstein and Swiss banks and ranks well above the average of European financial institutions.

### **New Chairman of the Board of Directors**

As proposed by the Group Board of Directors, Georg Wohlwend was elected as the new Chairman of the Board of Directors at the General Meeting of Shareholders on 12 May 2017. Shareholders also re-elected the board members Prof. Dr. Gabriela Nagel-Jungo and Urs Leinhäuser for a second term of office.

### **Good performance of the LLB share**

The price of the LLB share rose encouragingly. On 30 June 2017, the share closed at CHF 49.00. This corresponds to a plus of 25.3 percent compared with 31 December 2016. The STOXX Europe 600 Banks index in CHF stood at 12.6 percent at the end of June. The conversion of the previous bearer shares into registered shares was carried out at the end of May 2017. Accordingly, the LLB is complying with international developments calling for more transparency regarding the share ownership situation with legal entities.

### **StepUp2020 strategy on course**

In the first half of 2017, we continued to make consistent progress in implementing our StepUp2020 strategy. We successfully maintained the dynamic momentum of our corporate development. Thanks to our innovative products and excellent client advisory services, we once again increased profitability. Through our strategic initiatives we have been able to further expand earnings and more than compensate for the investments made in connection with StepUp2020. We shall continue to concentrate on attaining sustainable, profitable growth. We are convinced that by clearly focusing on our clients, efficiently utilising our resources and keeping our strategic goals in sight, we shall make further operative progress and achieve a solid business result by the end of the year.

We would like to thank our clients for their loyalty. Whatever the LLB Group achieves is predominantly thanks to the efforts of our employees, who are always willing to accept the challenge of change and give their best every day. We want to express our thanks to you, our esteemed shareholders, for the trust you place in us.

Yours sincerely



**Roland Matt**  
Group CEO



**Georg Wohlwend**  
Chairman of the Board of Directors