



Gabriel Brenna (Group CEO) and Georg Wohlwend (Chairman of the Board of Directors)

LLB Group reports a successful business year

Dear shareholders, clients and colleagues
Dear ladies and gentlemen

“The secret of success lies in focusing one’s energy on building something new”, as the Greek philosopher Socrates expressed it 2000 years ago. And for us at LLB, development and transformation are important success factors. Accordingly, in 2023 we continued with the consistent realisation of our ACT-26 strategy, which stands for acceleration and transformation. With success.

Substantial increase in profit

In 2023, we once again increased our profitability. At CHF 164.7 million (2022: CHF 149.4 million), Group net profit was 10.2 per cent above the previous year’s figure. Our best result for more than 10 years. Among other factors, we benefitted from higher interest rates in the key currencies. Operating income grew by CHF 38.6 million or 7.7 per cent to CHF 541.8 million (2022: CHF 503.2 million). To ensure the successful implementation of our strategy, we are investing in new technologies and recruiting additional talented personnel. In the 2023 business year, we created around 100 new jobs. Consequently, operating expenses rose by 6.1 per cent to CHF 348.4 million (2022: CHF 328.2 million). With a Cost Income Ratio of 64.3 per cent, in spite of our extensive investments in the future, we were again below our strategic target value of 65.0 per cent (2022: 64.0 %). This reflects our constantly improving efficiency and our higher earnings.

In our lending business we made particular progress with loans to corporate clients. Loans to clients climbed to a new record of CHF 15.3 billion. Net new loans of CHF 954 million were granted, corresponding to a growth rate of 6.6 per cent (2022: 5.5 %). Net new money inflows amounted to CHF 1.4 billion and were therefore under the record value of the previous year (2022: CHF 3.6 billion). This development was largely attributable to the changed market environment, which favoured classical interest rate products over other asset classes such as real estate investment funds. In contrast, we posted pleasing growth in private banking, institutional banking and in business with corporate clients. Thanks to organic growth and positive market effects, the business volume expanded to CHF 102.2 billion, as in 2021, once again exceeding the 100-billion francs mark (2022: CHF 98.4 billion).

Growth in Germany and Switzerland

At the beginning of 2024, we established our presence on the German market for the first time with three new business locations in Munich, Frankfurt and Düsseldorf. The locations offer first-class investment advisory services and asset management. Additionally, in Frankfurt, professional services for independent asset managers are provided. This will enable us in future to care for the steadily increasing number of German clients in place in Germany. Business operations have started with twenty employees, a team that will successively rise to forty. In Switzerland we are also investing in our growth ambitions. During the coming months, we shall open business locations in St. Gallen and Zurich. We aim to build on the foundations of LLB Schweiz to expand private banking and corporate client business, as well as developing new business with external asset managers. For this purpose, we shall strengthen our advisory team with around forty new professionals.

New, uniform brand

In autumn 2023, all our Group companies began to operate under the modern, strong “LLB” brand. Our ACT-26 corporate strategy and our dual positioning as the leading bank in Liechtenstein and in the adjacent region, and as a secure, sustainable, international private bank are reflected in this uniform corporate appearance on the market. We are convinced that operating under the new, uniform brand will enable us to implement our strategy and positioning even more successfully.

Digital transformation

Our corporate strategy focuses specifically on the digitalisation of our product offers and processes. Last year, we once more made good progress towards the realisation of this transformation. We enhanced our digital wiLLBe asset management app and subsequently gained around 13'000 new clients during the following months. At the same time, we derived learning effects and synergies for the LLB Group as a whole. In addition, we completely revised our digital Mobile Banking programme and substantially expanded our digital mortgage lending offer. The introduction of the most widely used mobile payments services (Apple Pay, Google Pay, Samsung Pay as well as Twint in Switzerland) has enabled us to make digital payment transactions even more convenient for our clients.

On course for net zero emissions

In the report year, we reached important milestones on our way to achieving net zero emissions. When making our own investments, we no longer consider investments in fossil fuels and we will withdraw completely from this sector in 2025. We have formulated clear expectations in our guidelines for suppliers for them also to consider environmental and climate protection concerns, as well as sustainability aspects in their business activities. In the mobility concept that we developed in 2023, we encourage the environmentally conducive mobility of our employees. For example, we have increased our subsidies for the use of public transport and reduced the amount of air travel in daily business. Furthermore, sustainable solutions have already been implemented in our own range of investment funds and in discretionary asset management mandates.

Best employer in Switzerland and Liechtenstein

How does the saying go? Employees are a company's greatest asset. That is exactly what we think at the LLB Group. We attach great importance to the satisfaction of our employees. For this reason, we regularly hold comprehensive staff surveys. In the report year, the result of the survey was extremely gratifying. In the most important categories “Commitment” and “Satisfaction”, we were even better than in the last survey carried out in 2020. Based on this survey result, we were ranked in first place at

the Swiss Employer Awards 2023 in the category: companies with more than a thousand employees, placing us among the top employers in Switzerland and Liechtenstein.

Higher dividend for shareholders

For many years, our shareholders have benefitted from our long-term, attractive dividend policy. The Board of Directors proposes to the General Meeting of Shareholders on 1 April 2024 that the dividend be increased from CHF 2.50 to CHF 2.70. Based on the closing price of the LLB share on 31 December 2023, this corresponds to a dividend yield of 4.1 per cent.

New faces on the Board of Directors

In May 2023, two members of the Board of Directors stood down due to the legal term of office limitation regulations. As their successors, the General Meeting elected Nicole Brunhart and Christian Wiesendanger, who both possess extensive experience in banking business and a well developed network in the financial services industry. Over recent months, they have been able to employ their professional knowledge successfully in the Board of Directors. No new elections are required at the forthcoming General Meeting in April. Board Chairman Georg Wohlwend, Vice Chairman Richard Senti and Board member Thomas Russenberger are standing for re-election.

Outlook

In the coming years too, uncertainty will continue to be a part of our new reality. Nevertheless, we are still optimistic because rapidly adapting to changing basic conditions is one of our proven strengths. In 2024, the LLB Group will continue to focus on its strategic priorities and firmly pursue its ambitious growth and earnings targets. We expect to achieve a solid result for the 2024 business year.

A note of thanks

As the foundation of our success, we would like to thank our competent and highly motivated team of employees, as well as you, our clients and shareholders. A sincere note of thanks to all of you for your loyalty and trust.

Yours sincerely



Gabriel Brenna
Group CEO



Georg Wohlwend
Chairman of the Board of Directors

Strategy and organisation

LLB has a long tradition as the oldest bank in Liechtenstein. However it is not just our 160 years of history that make us a trusted partner for clients, investors and employees. It is also our clear vision, our ambitious strategy and our values-based corporate culture that make us into “their bank”.

ACT-26 strategy

The ACT-26 strategy is the next logical step in the LLB Group’s development. **ACT**-26 stands for taking action and also for acceleration and transformation (**AC**celerate and **T**ransform).



The strategy is based on three core elements:

- ♦ **Growth:** Over the next five-year strategy period, the LLB Group will once again strive to significantly increase its business volume through a combination of accelerated organic growth and targeted acquisitions. The basis for this expansion is the security and stability of the LLB Group combined with award-winning investment expertise and investment performance for private and institutional clients. In retail and corporate banking business, we also want to expand our position in Liechtenstein.
- ♦ **Efficiency:** Now and in the future, we again place special focus on providing personal advisory services to our clients. We will achieve this by employing a combination of different advisory models, also known as a hybrid advisory model. For this purpose, the digital client platform will be modernised and the range of digital products and services will be expanded for all client groups. We will adopt an agile approach in order to be able to react to the changing needs of clients. At the same time, we will also be streamlining, standardising and automating our core processes to increase efficiency and make the bank more scalable.

- ♦ **Sustainability:** Sustainability has always enjoyed a high priority at LLB. We want to play a leading role in this area and have therefore set ourselves ambitious goals. For example, we want to become completely climate-neutral by 2040 – ten years earlier than most of our competitors. On the way to achieving this goal, we will significantly reduce the carbon emissions of our banking operations and those of our client portfolios. In addition, we will continue with the process of making our products sustainable and add more innovative products to our range. We have already made great progress in realising these objectives.

Ambitious growth and financial objectives

In implementing the core elements of our corporate strategy, we are pursuing ambitious goals:

- ♦ **Growth:** Growth in terms of net new money and net new loans should be at least three per cent annually.
- ♦ **Efficiency:** In 2026, the Cost Income Ratio should not exceed 65 per cent.
- ♦ **Sustainability:** The complete carbon emissions of the LLB Group should be reduced to net zero by no later than 2040.

In addition to this, we are targeting a tier 1 ratio of over 16 per cent.

Implementation of the ACT-26 strategy

The implementation of the ACT-26 strategy is progressing according to plan. In 2023, important intermediate targets were also attained with the three strategic core elements – growth, efficiency and sustainability. The only exception was with net new money where the ambitious objective of at least three per cent growth annually was not achieved in 2023. On the other hand, net new loans increased substantially.

Ambitious targets with ACT-26



Core element	Objective		2023	
Growth	Net new money	> 3 % p.a.	1.6 %	~
	Net new loans	> 3 % p.a.	6.6 %	✓
Efficiency	Cost Income Ratio in 2026	65 %	64.3 %	✓
Sustainability	Net zero CO ₂	2040	On track	✓
Security	Tier 1 ratio	> 16 %	19.8 %	✓

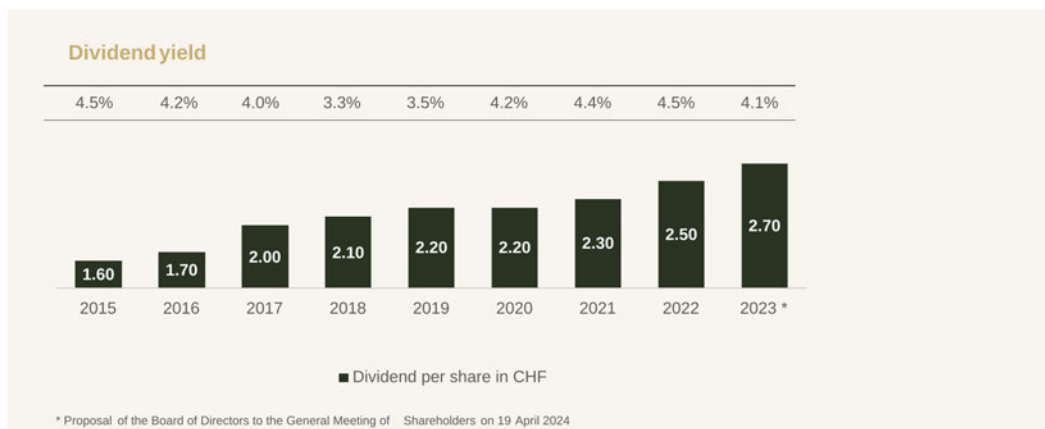
In order to continue growing sustainably, the LLB Group is investing in Switzerland and Germany. We want to exploit the growth potential of both markets by increasing our business presence in both countries. For this purpose, we are opening two new business locations in Switzerland – in St. Gallen and Zurich. Since the beginning of 2024, we now have a business presence for the first time in Germany consisting of a branch office having three business locations in Munich, Frankfurt and Düsseldorf.

We plan expenditure totalling CHF 250 million for the implementation of our ACT-26 corporate strategy. In addition to CHF 100 million for the digital transformation, we shall invest in our building infrastructure, hard and software, as well as in strategic projects.

Attractive and sustainable dividend policy

The LLB Group is continuing to pursue an attractive and sustainable dividend policy. The distribution ratio amounts to more than 50 per cent of the Group net profit. Furthermore, the LLB Group intends to continually increase the dividend.

Sustainable and attractive dividend policy








Structure and organisation of the LLB Group

The strategic focus of ACT-26 will also be consistently implemented at the organisational level. Clients and technological change are at the heart of the transition.

Lean organisation aligned with the new strategy



<p>Urs Müller Corporate Banking</p>  <p>"#1 in Liechtenstein and the region"</p>	<p>Natalie Flatz International Wealth Management</p>  <p>"A secure and sustainable international private bank"</p>	<p>Gabriel Brenna Group CEO</p>  <p>"Sustainability and culture are our top priority"</p>	<p>Patrick Fürer Group CDO</p>  <p>"Efficient, digital and innovative for our clients"</p>	<p>Christoph Reich Group CFO</p>  <p>"Balancing growth, opportunity and risk"</p>
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The LLB Group has a divisional organisational structure. In addition to the two market divisions "Retail & Corporate Banking" and "International Wealth Management", the management structure includes the functions of Group Chief Executive Officer (Group CEO), Group Chief Financial Officer (Group CFO) and Group Chief Digital & Operating Officer (Group CDO).

Dual positioning

We intend to achieve our ambitious growth and financial objectives through a clear dual positioning in the market: a universal bank with strong local ties on the one hand and a sustainable international private bank on the other.

Dual positioning reflects the strength of the LLB Group



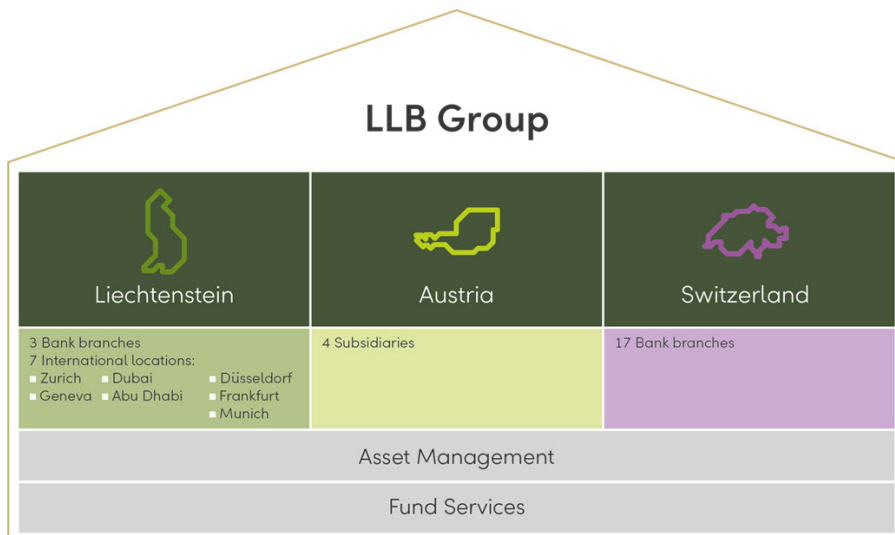
The LLB Group's business model is based on two profitable market divisions:

- ♦ The "Retail & Corporate Banking Division" services locally oriented private banking clients in Liechtenstein, Switzerland and Germany, as well as corporate and private clients in Liechtenstein and Switzerland (see chapter [Retail & Corporate Banking](#)).
- ♦ The "International Wealth Management Division" cares for Austrian and international private banking clients, as well as institutional and investment fund clients (see chapter [International Wealth Management](#)).

Group structure

We have a presence in the market regions of Liechtenstein, Switzerland and Austria with one bank each: Liechtensteinische Landesbank AG, LLB (Schweiz) AG and LLB (Österreich) AG. In addition, the LLB Group has two competence centres in the areas of asset management and fund services.

Group structure



With Liechtensteinische Landesbank in Vaduz and LLB Schweiz in eastern Switzerland, the LLB Group already has two successful universal banks. We want to expand this strong position and establish ourselves as the market leader in Liechtenstein and as a “trustworthy bank” in the German-speaking region of Switzerland (see chapter [Retail & Corporate Banking](#)). In terms of wealth management, the LLB Group wants to expand its position as a leading asset management bank in Austria, a unique fund powerhouse in the German-speaking regions, a reliable partner in institutional business and as an international private bank in Central and Eastern Europe and the Middle East.

Corporate culture

In addition to strategy and structure, the culture of a company is one of the most important factors in its success. The LLB Group is committed to a concept of banking with a binding system of values (see chapter [LLB brand](#)).

Our vision of banking is based on the idea of managing material values with a clearly defined system of principles.

It is only through living and living up to a (corporate) culture that a company can achieve success. For this reason, at the LLB Group we implement various measures to ensure that our culture is firmly established in the minds of employees and managers (see chapter [Values and corporate management](#)).

Finance and risk management

All risks a bank is exposed to are identified, assessed and monitored as part of risk and finance management, whereby credit, market and operational risks in particular are taken into account. The aim is to minimise these risks as far as possible and at the same time to ensure the financial stability of the bank.

We attach great importance to sustainable financial and forward-looking risk management at all levels of our organisation. In doing so, we pursue a holistic approach that has proven its worth. Risk management therefore also includes the management of legal and compliance risks as well as information security. The competences for the various areas of finance and risk management are bundled together in the Group CFO division. The central task of the division is that of maintaining a balance between growth, opportunities and risks.

Strategic expansion

As part of the ACT-26 corporate strategy, finance and risk management is being developed further with the main focus being on the:

- ◆ improvement in the efficiency of processes;
- ◆ targeted strengthening of risk management;
- ◆ scaling up of cyber defence;
- ◆ expansion of data protection.

Responsibility for the management of operational risks has lain since 2022 with the Business Risk Management Department. It covers the areas of information security, data protection and cyber defence as well as the internal control system. The 2024 business year also sees the creation of our new business area, "Group Financial Crime Compliance", which bundles together measures to combat money laundering and the financing of terrorism and criminal activities as well as to comply with international sanctions. Its creation reflects the high priority we assign to these processes in the LLB Group.



“The banking business is naturally associated with risks. That is why we attach great importance to forward-looking financial and risk management at all levels of our organisation.”

Christoph Reich, Group CFO

Financial management

The aim of our financial management is to create transparency at all levels of management in order that costs and income can be managed in line with corporate strategy in an efficient and timely manner. The key instruments are medium-term planning, the annual budgeting process, the key performance indicators from the Group’s management information system, and the planning and management of capital and liquidity.

The tasks of financial management also include preparing the annual financial statements in accordance with local law and the International Financial Reporting Standards (EU-IFRS) applicable in the European Union (EU) as well as ensuring regulatory reporting.

Risk management

We, as the LLB Group, have a prudent approach to risk. This is of paramount importance when it comes to protecting our reputation, maintaining our excellent financial strength and safeguarding our sustainable profitability. Based on our risk policy, our risk management encompasses the systematic identification and assessment, reporting, management and monitoring of credit, market, liquidity and operational risks, as well as asset liability management (ALM). The LLB Group uses an appropriate organisational and methodological framework for assessing and managing risk (see chapter [Risk management in the financial section](#)).

Combating money laundering and the financing of terrorist or criminal activities as well as complying with international sanctions are given the highest priority in the LLB Group. Creating a dedicated business area in 2024 in which to bundle these activities together demonstrates our commitment to minimise regulatory risks.

Liquidity management

The LLB Group has in place robust strategies, policies, processes and systems that enable it to identify, measure, manage and monitor liquidity risk. The internal liquidity adequacy assessment process (ILAAP) is set down in internal regulations and guidelines and is reviewed annually (see chapter [Risk management in the financial section](#)). Key liquidity figures are published in the chapter [Regulatory disclosures](#). The Group Treasury manages risks in the banking book that result from banking activities, especially liquidity, interest rate and foreign currency risks.

Capital management

The LLB Group has in place sound, comprehensive and effective processes to assess and maintain adequate equity capital on an ongoing basis. The internal capital adequacy assessment process (ICAAP) is a key risk management instrument. The ICAAP is documented in internal regulations and guidelines and is reviewed and revised annually on the basis of overall bank stress tests.

Solid equity base

A good equity capital base not only protects its reputation, but is also part of the economic and financial credibility of a bank. Having an equity base that is of a sufficiently high quality is therefore

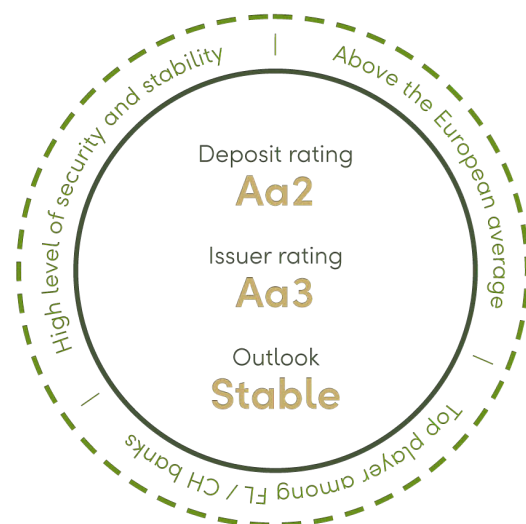
integral to our identity. Our financial strength shall remain, as far as possible, unaffected by fluctuations in the capital markets.

Since LLB is considered systemically important in Liechtenstein, we are subject to a regulatory minimum capital adequacy ratio of 13.7 per cent. We are targeting a tier 1 ratio of over 16 per cent as a strategic objective. We report our capital ratio in the chapter [Regulatory disclosures](#).

Thanks to our solid equity base, which consists entirely of hard core capital, we, as the LLB Group, continue to enjoy a high level of financial stability and security. This comfortable capital situation gives us scope for further acquisitions.

Rating confirms financial strength

Liechtensteinische Landesbank has a deposits rating of Aa2 from rating agency Moody's. The rating was reaffirmed in autumn of the reporting year. This makes us, according to Moody's, one of the highest-rated banks in the world and places us in the top league of Liechtenstein and Swiss banks and ranks us well above the average for European financial institutions. The rating underlines LLB's stability and financial strength. It is proof of our prudent finance and risk management.



Credit management

We help private individuals, companies and public institutions to finance and realise their plans for the future.

At CHF 13.8 billion, the lion's share of loans made during the reporting year, namely 90.3 per cent (31.12.2022: 89.2 %), comprised loans secured by mortgages. We continued to successfully grow our market share of loans to clients. At the end of 2023, the volume of loans had increased to CHF 15.3 billion (31.12.2022: CHF 14.4 billion). We extend mortgages primarily in the market regions of Liechtenstein, north-eastern Switzerland and the region of Zurich.

Independent credit decisions

At the LLB Group, authorisation to grant loans is based on level of knowledge and experience and type of loan. With the exception of standard business transactions, the authority to grant credit lines lies with the back office, i.e. Group Credit Management and the superordinate Credit Committees. Credit decisions are thus made independently of market pressures and market targets. In this way, we are able to avoid conflicts of interest and ensure that risks in each and every case are assessed in an objective and independent manner.

High standards with lending

We, as the LLB Group, pursue a risk-conscious credit policy. To this belongs the differentiated and separate evaluation of loan applications, the conservative assessment of collateral values, the individual assessment of affordability as well as consideration of standard equity requirements. The

various control processes help us to reliably fulfil our performance mandate and to act in a risk-oriented manner (see chapter [Our understanding of sustainability](#)).

Compliance risks

The LLB Group's compliance organisation focuses on dealing with legal risks and three other areas:

- ◆ Combating money laundering and financing of terrorism as well as complying with international sanctions;
- ◆ Implementing tax compliance within the framework of international agreements and complying with local tax legislation;
- ◆ Complying with regulatory requirements, monitoring employee transactions and dealing with conflicts of interest.

The compliance organisation is part of risk management at the LLB Group. There are three lines of defence against risks:

- ◆ The first line of defence covers all functions that are involved in conducting day-to-day business operations and, as a rule, have results-based objectives.
- ◆ The second line of defence – this includes the LLB Group's compliance organisation – carries out, independently of the market and the results, monitoring and control functions, and is responsible for ensuring compliance with applicable internal and external regulations.
- ◆ In the third line of defence, the internal audit ensures the effectiveness of the controls.

Combating money laundering and terrorist financing

We address the risks of money laundering and terrorist financing with a strict, IT-supported process. This applies both when establishing new or monitoring existing business relationships. Transactions are controlled systematically and according to risk. The importance of these processes is underlined by our creation of a new business area in 2024.

We restrict our active market development to our home markets of Liechtenstein, Switzerland and Austria and for our cross-border business to regions that are strategically and economically significant to LLB. This means the markets of Germany and the rest of Western Europe, the growth markets of Central and Eastern Europe, as well as the Middle East.

Through internal regulations and training, we ensure that within the LLB Group employees are regularly informed about regulatory changes, sensitised to indications of possible money laundering, and know and comply with the regulations of the respective target country when engaging in cross-border activities.

Rules of conduct

We expect our corporate bodies and employees to comply with applicable laws, regulations and guidelines, professional standards and our rules of conduct. These contain information on which transactions in financial instruments are not permitted for employees and corporate bodies. They also set out the general principles for employee transactions and for dealing with conflicts of interest. The acceptance of inducements and the exercise of secondary employment are also clearly regulated.

Dealing with cyber risks

Protection against attacks from the internet continues to be a high priority for us. It is ensured through IT systems and trained and aware employees. The information security requirements are set out in guidelines that apply throughout the company and implemented through technical and organisational measures. Our data is protected by robust processes and advanced systems. Specialists continuously analyse new cyber threats and, depending on the risk, take appropriate defensive measures. These measures are constantly being expanded by the LLB Group's Cyber Defence Center. Through targeted vulnerability management and penetration tests we ensure a consistently high level of security.

Internal control system

The internal control system (ICS) is as an integral part of our Group-wide risk management. It contributes to increasing risk transparency in the company by monitoring the risks in the relevant business processes through effective control processes. These controls are guided by industry standards.

Business continuity management (BCM)

In a crisis or catastrophe, decisions have to be made that cannot be dealt with using the resources ordinarily available to management. Business continuity management (BCM) comes into play whenever preventative measures defined in the risk management process do not work and the level of damage from an event could assume a scale that threatens the existence of the company. It identifies business-critical processes within the whole LLB Group, establishes BCM crisis teams, draws up emergency plans and keeps senior management up to date with regular reports. This was the case in the recent past in connection with the electricity shortage and before that with the corona pandemic. The LLB Group's BCM has been shown in these instances to be crisis-proof, efficient and comprehensive.