

Confidently going forward

Dear shareholders

In 2016 the LLB Group has made a robust and dynamic start to implementing its StepUp2020 strategy. We are focusing on the four core elements of growth, profitability, innovation and excellence. In the digital age, our vitally important innovative power enables us to create new opportunities for our clients and for banking business. Thanks to our targeted business model and consistent client focus, we have strengthened our position in our target markets and achieved further operative progress in a challenging economic environment.

Interim result enhanced in a challenging environment

As was expected, the strength of the Swiss Franc, negative interest rates, volatile financial markets and increasing regulation continued to challenge the banking industry in the first half of 2016. The United Kingdom's decision to leave the European Union on 23 June aggravated the situation. The Swiss National Bank (SNB) intervened on the foreign exchange market to stabilise the Swiss Franc exchange rate. Despite the global political and economic uncertainties, as well as the continuing restraint of investors, the LLB Group has attained a good interim result. The Group's net profit improved by 5.5 percent to CHF 43.0 million (see the „Consolidated management report“, pages 14 – 15).

Rating agency confirms financial strength

In April 2016, the rating agency Moody's awarded the Liechtensteinische Landesbank a deposit rating of Aa2. This rating underlines the bank's stability and financial strength and positions us in the premier league of Liechtenstein and Swiss banks, well above the average of European financial institutes. Moody's acknowledged the bank's solid fundamental financial data, especially its strong capital resources, as well as its good liquidity and refinancing situation. Moody's rating creates even more transparency for clients and market participants.

Going forward with innovative power

Our omni-channel strategy is of central importance in driving forward to a successful future. The LLB Group develops both pioneering digital applications as well as new business concepts and innovative offers for IT-supported, personal investment advice. The digitalisation of banking business forms a key element of our StepUp2020 strategy.

We have analysed this process thoroughly and intend to invest around CHF 30 million up to 2020 in innovative, high-quality digital solutions. Our goal is to combine physical and digital points of contact into a seamless client experience. We were the first bank in Liechtenstein to introduce a video identification system for the opening of accounts online at the beginning of March. Despite the radical changes which the banking industry is undergoing, strong client relationships remain the most important success factor of the LLB Group in the long term.

Visionary investment advice

In mid-March 2016, we launched LLB Invest / Bank Linth Invest, a product that offers our clients cutting-edge solutions in investment advice and asset management. This new concept enables the LLB Group to combine its traditional services and leading investment competence with the latest advisory models and pioneering information technology.

For our institutional clients we have expanded our offering under the LLB Xpert Solutions label and increased pricing flexibility. LLB Xpert Monitoring is a further element of our new B2B service offer. It provides individually customised, permanent monitoring of the end client's portfolio risks. Consequently, they also benefit from the LLB Group's investment advisory application.

Excellence in client advisory services

Our innovative, holistic client focus distinguishes us on the market, and our constant pursuit of excellence opens up new opportunities for us. For example, we are investing intensively in the knowledge and expertise of our staff. By the end 2020, all our client advisers will have participated in dedicated training programmes delivered in accordance with the standards of the Swiss Association for Quality (SAQ). These training courses commenced in the first half of 2016. The new programme for the SAQ certification of client advisers will ensure that we can safeguard the long-term excellence of the LLB Group's advisory competence according to uniform quality criteria. As the first banking institute in Liechtenstein and one of the first banks in Switzerland, the LLB Group is implementing the internationally recognised, leading Swiss industry standards for the quality of client advisory services throughout the entire Group.

Through lean management to operational excellence

Within the scope of the StepUp2020 strategy, we are pushing ahead with the embedment of a lean management culture in the LLB Group. To promote excellence we are building up a competence center that will focus on creating value and eliminating wastefulness. By realising this concept, the LLB Group will develop into a learning organisation, striving to enhance benefits for our clients and thus strengthening competitiveness.

Targeted growth

In order to grow organically, we assign top priority to strengthening our client advisory resources. In the first half of 2016, we recruited 20 new client advisers in the growth markets. Outstanding client relationships in all our local and international target markets are the key factor for the sustained success of our bank. By creating trust and providing competence, we generate the potential for the sustainable, profitable growth that is the goal of our StepUp2020 strategy. In addition to organic growth, we shall consider targeted acquisitions in our domestic markets of Liechtenstein, Switzerland and Austria.

Changes on the Group Executive Board

Changes occurred in the composition of the Group Executive Board and the Management Board on 1 July 2016. Heinz Knecht, Head of the Retail & Corporate Banking Division went into retirement. His position was taken over by Urs Müller, formerly Head of the Institutional Clients Division. Natalie Epp, formerly Head of the Fund Services Business Area, was appointed a member of the Group Executive and Management Board and succeeded Urs Müller as Head of the Institutional Clients Division.

Going forward with confidence

It is the combination of tradition and innovation that makes us strong. The LLB Group is a bank that enjoys the trust of its clients. At the beginning of this year, we started our journey to growth, profitability, innovation and excellence. We shall continue to go forward with our StepUp2020 strategy in the second half of 2016. Our goals and our course are clearly defined. We shall strive to maintain the momentum with which we started this new strategy period and forge ahead with our dynamic development.

Security and stability are important to us, and we combine them with the determination to utilise our innovative power to drive our bank forward.

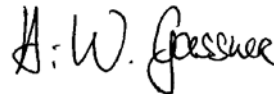
We are confident that, thanks to our stable foundation, focused business model and clear strategy, we can achieve further operative progress and attain a solid business result in the 2016 business year.

We would like to thank our clients for their trust, which is both a tribute and an incentive to us. Whatever the LLB Group achieves is predominantly thanks to the efforts of our employees, who are always ready 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



Dr. Hans-Werner Gassner
Chairman of the Board of Directors