

PARTICIPATION STRATEGY

LIECHTENSTEINISCHE LANDESBANK AG

PARTICIPATION STRATEGY OF THE GOVERNMENT OF THE
PRINCIPALITY OF LIECHTENSTEIN FOR ITS PARTICIPATION IN THE

Liechtensteinische Landesbank AG

30 January 2024

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1. BASIS

This Participation Strategy is issued by the Government pursuant to Article 16 of the Law of 19 November 2009 on the Control and Supervision of Public Enterprises (ÖUSG) and Article 15(2)(b) of the Law of 21 October 1992 on the Liechtensteinische Landesbank (LLBG).

Pursuant to Article 6(2) LLBG, the Principality of Liechtenstein holds at least 51% of the shares of the Liechtensteinische Landesbank AG. The shares are listed on the SIX Swiss Exchange.

The shareholder interests of the State as the majority shareholder are exercised by the Government. The Government represents the shareholder interests of the State within the framework of the shareholders' powers of the General Meeting of Shareholders, the supreme governing body of the Liechtensteinische Landesbank AG. In this regard, the Government respects the entrepreneurial autonomy of the Liechtensteinische Landesbank AG as well as the rights and duties arising from its market listing, and in its capacity as a shareholder the Government recognises the freedom of decision of the Board of Directors with regard to corporate strategy and policy.

As part of its ultimate oversight pursuant to Article 15 LLBG, the Government is responsible not only for determining and amending the Participation Strategy and representing the State as the majority shareholder, but also for submitting the annual report of the Liechtensteinische Landesbank AG to Parliament for its attention.

2. PURPOSE OF THE PARTICIPATION STRATEGY

The Participation Strategy provides clear guidelines for defining the corporate strategy. Within these guidelines, the Board of Directors defines in particular the vision, mission statement, and strategy of the undertaking.

The Participation Strategy defines the role of the Principality of Liechtenstein as the majority shareholder of the Liechtensteinische Landesbank AG. By setting out how the State intends to handle its majority shareholding in the medium and long term, it offers minority shareholders planning security.

The Participation Strategy defines the Government's expectations of the strategic management level of the Liechtensteinische Landesbank AG. The requirements set out in the Participation Strategy must be observed by the Board of Directors and the Board of Management in their activities.

The Government undertakes to derogate from the Participation Strategy only after careful consideration, where doing so is necessary, and after consultation with the strategic management level of the Liechtensteinische Landesbank AG.

The Participation Strategy is intended to provide certainty for all stakeholders of the undertaking with regard to the undertaking's entrepreneurial orientation.

3. GOALS DEFINED BY THE GOVERNMENT

3.1 Political goals

The Government is committed to the majority shareholding of the Principality of Liechtenstein in the Liechtensteinische Landesbank AG.

The Government expects the Liechtensteinische Landesbank AG to contribute to maintaining and promoting the attractiveness and credibility of Liechtenstein as a financial market location. In this context, the Liechtensteinische Landesbank AG has a special role to play in pursuing the State's financial centre strategy.

The Government expects the Liechtensteinische Landesbank AG to be politically neutral in its actions and statements.

3.2 Entrepreneurial goals

The Government expects the Liechtensteinische Landesbank AG to be managed as an independent undertaking guided by the principles of profit orientation, competitiveness, business economics, and client orientation and based on a clear corporate strategy and policy defined by the strategic management level. The Government also expects the Liechtensteinische Landesbank AG to sustainably increase its enterprise value and to set medium-term targets for growth, cost efficiency, and capital efficiency.

3.3 Economic goals

The Government expects the Liechtensteinische Landesbank AG to sustainably ensure its economic viability and also supports the undertaking's international growth strategy, which encompasses strengthening its home market of Liechtenstein, expanding activities in Switzerland and Austria, and developing new markets. Pursuant to Article 3(2) LLBG, the Liechtensteinische Landesbank AG must in particular:

- promote the national economic development of the Principality of Liechtenstein, taking account of sound bank management and commercial principles;
- strive for appropriate profits, taking account of its responsibility to the national economy; appropriately satisfy the public and private needs for credit; and
- allow domestic and foreign clients to invest in a secure and profitable way and to have their assets taken care of accordingly.

3.4 Ethical, social, and environmental goals

The Government expects the Liechtensteinische Landesbank AG to base its corporate governance on the UN's Sustainable Development Goals (SDGs) and to

implement them to the extent possible. The SDGs relevant to the undertaking must be reflected in the corporate strategy. The impact of business activities must be analysed and presented in relation to the SDGs on an ongoing basis. Information on the achievement of these goals must be provided each year as part of the annual report.

When defining and implementing the corporate strategy, the governing bodies of the Liechtensteinische Landesbank AG must fulfil their ethical and social responsibility towards employees, business partners, clients, and Liechtenstein society. This applies in particular to:

- ensuring gender equality;
- promoting the health and physical and mental integrity of employees;
- ensuring the occupational safety of employees;
- establishing and securing its position as an attractive employer;
- ensuring ongoing development and continuing training of employees;
- fostering employee satisfaction.

With regard to the Climate Strategy 2050, the Government expects ambitious climate targets to be defined. Climate neutrality (for Greenhouse Gas Protocol Scope 1, 2, and 3) must be achieved by 2040 at the latest. The Board of Directors must therefore define appropriate measures as part of the undertaking's corporate strategy. The Liechtensteinische Landesbank AG must support the promotion of biodiversity to the extent possible.

The Government expects contracts to be awarded within the domestic economy and linked to environmental criteria to the extent possible.

4. REQUIREMENTS DEFINED BY THE GOVERNMENT FOR IMPLEMENTING THE GOALS

4.1 Business activity requirements

The Liechtensteinische Landesbank AG conducts banking business of all kinds as a universal bank. In accordance with Article 4 LLBG, the Landesbank's scope of business includes in particular:

- the acceptance of deposits and other repayable assets;
- domestic and foreign lending with institutional, commercial, and private clients;
- money and capital market transactions on the primary and secondary financial markets;
- investment advice and asset management with institutional, commercial, and private clients;
- services for clients relating to procurement of deposits and payment transactions;
- the establishment and exercise of the function of management, underwriting agent, and custodian bank for investment funds.

The governing bodies of the Liechtensteinische Landesbank AG must ensure that the applicable legal provisions are complied with in the conduct of business activities. The Landesbank must have its business activities audited by an auditor in accordance with the Law on Banks and Investment Firms (Banking Act). The General Meeting of Shareholders appoints the auditors.

4.2 Financial requirements

In addition to sustainably ensuring its economic viability, the Liechtensteinische Landesbank AG must align major investments in such a way that they are made

carefully and in a risk-weighted manner, have a long-term orientation, and contribute to value creation in line with the strategy.

The Liechtensteinische Landesbank AG forms the legally required and operationally necessary reserves. The Government expects the bank to pursue a sustainable and attractive dividend policy.

The Liechtensteinische Landesbank AG may, within the scope of its financial and personnel capabilities and in accordance with legal requirements, enter into participations (takeovers, cooperations, alliances, formation of companies, and other forms of cooperation) if these are in line with the core competencies of the undertaking, support the core business, and contribute to the achievement of the strategic goals and the sustainable safeguarding or increase of enterprise value. Participations must be in line with the undertaking's risk capacity and demonstrably meet the above requirements. The Board of Directors ensures that the necessary clarifications, analyses, and evaluations are carried out and a comprehensive risk assessment is performed before a participation is entered into. It must be ensured that the risks incurred do not substantially jeopardise the undertaking's core mission in Liechtenstein, especially in the case of participations abroad.

4.3 Risk management requirements

The Liechtensteinische Landesbank AG must operate appropriate and comprehensive risk management. In addition to an internal control system (ICS), risk management includes appropriate liquidity and capital planning as well as medium-term planning.

The Government expects the core competencies of the Liechtensteinische Landesbank to include a conscious assumption of risks associated with the activities of a universal bank and a profitable management of those risks. The Government also expects the governing bodies of the Liechtensteinische

Landesbank AG to take special account of the national economic importance of the bank for the Principality of Liechtenstein and the reputation thereof. The basic principles of risk management as well as the responsibility and procedure for the approval of risky transactions are to be set out in a regulation.

The Liechtensteinische Landesbank AG must protect its IT systems and information from digital attacks by implementing appropriate cybersecurity standards and raising employee awareness accordingly.

4.4 Organisational requirements

The Liechtensteinische Landesbank AG must have a clear organisational structure designed for continuity. The performance and skills of employees and managers must be promoted, and the stability of the undertaking's workforce and identification with the undertaking must be fostered.

The undertaking promotes both the skills and management responsibilities of young talent. The Liechtensteinische Landesbank AG must provide committed and up-to-date apprenticeship training.

The organisation must be designed in such a way that sufficient specialist knowledge is available at all times to ensure corporate stability and information security.

The remuneration rules for the Board of Directors are determined by the Board of Directors itself and brought to the attention of the Government as part of the remuneration report. The division of responsibilities between the Board of Directors and the Board of Management must ensure appropriate monitoring of business management.

4.5 Communication requirements

As an undertaking listed on the SIX Swiss Exchange, the Liechtensteinische Landesbank AG is required to comply with the disclosure obligation relating to ad

hoc publicity. This disclosure obligation demands that all actual and potential market participants receive information in a non-discriminatory manner to ensure transparency and equal treatment for all investors.

The Government expects the external communication of the Liechtensteinische Landesbank AG to also take account of the fact that the Principality of Liechtenstein is the majority shareholder, and that the bank thus also safeguards the interests of the Government as the majority shareholder.

Communication must not run counter to the overall interests of the Principality of Liechtenstein.

4.6 Other requirements defined by the Government

The Board of Directors of the Liechtensteinische Landesbank AG and the Government meet once a year to exchange information with each other, especially concerning corporate strategy and policy as well as implementation of the Participation Strategy.

The Chairman of the Board of Directors of the Liechtensteinische Landesbank AG periodically informs the Prime Minister about significant developments and incidents, taking account of the ad hoc publicity rules of the SIX Swiss Exchange and other legal requirements.

In addition, information must be exchanged at least every six months between the Chairman of the Board of Directors and the Prime Minister, especially regarding the strategic orientation of the Liechtensteinische Landesbank AG.

5. FINAL PROVISIONS

5.1 Derogations and exceptions

Derogations from this Participation Strategy may be made only in justified cases and where necessary.

5.2 Amendments and additions

The Participation Strategy must be reviewed periodically by the Government to ensure that it is complete and up to date.

If the strategic management level considers a provision of the Participation Strategy to be unclear or it considers a requirement to be unworkable, it must propose corresponding amendments or additions to the Government on its own initiative.

5.3 Entry into effect

This Participation Strategy enters into effect on 30 January 2024. It is submitted to the Board of Directors of the Liechtensteinische Landesbank AG for information and implementation.

Vaduz, 30 January 2024

GOVERNMENT OF THE PRINCIPALITY OF LIECHTENSTEIN



Dr. Daniel Risch
Prime Minister