

**Progress means
developing ideas
for tomorrow.**

Annual Report 2018



**RAIFFEISEN
PRIVATBANK**
Liechtenstein

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The present report is a translation of the German annual report 2018.
In case of doubt the German version shall be legally binding.

**Leaders are always
a step ahead
because they actively
embrace change.**

Dear Shareholders and Business Partners

Report of the Management Board and Board of Directors

Fiscal 2018 was a year of transformation and growth for us. On 28 March the deal was closed that officially marked the transfer of ownership of our bank. It was the end of an era that began with our establishment back in 1998. But it also opened a door to a future that promises us entirely new opportunities for expansion and growth. Our new owner is Mason Group Holdings Limited, which is listed on the Hong Kong stock exchange. They will enable us, among other things, to tap into the world's biggest growth market for private banking: Asia. At the same time, we will remain absolutely true to – and will continue developing – our core markets of Germany, Austria, Liechtenstein and Switzerland.

This journey began for us last year. The new ownership structure offers us opportunities to make our business more independent, dynamic and modern for our customers, and we took advantage of that to launch a whole series of projects. All of them share the same goal: to continuously enhance our customer service and simultaneously optimise it for new clients, whether they be from Europe or Asia.

The projects include, in particular, the creation of a new brand, the comprehensive modernisation of our IT landscape and the further expansion of our independent product offerings. As the change in ownership means we are no longer part of the Raiffeisen Union, we will also relinquish the Raiffeisen name in the near future. We will nevertheless remain the bank that our clients know – personal, individual, reliable and, above all, secure. Even

with a new name and corporate image, we will remain true to these values that are so dear to us. 2018 was a year of preparation; 2019 will be the one in which we change our name.

In the course of our IT project, we will make extensive investments to upgrade, expand and enhance the interactive capabilities we offer all our clients and business partners. The core principle we are committed to here is achieving what IT experts call usability. Our chosen goal is to offer all our clients and business partners convenient, simple and easy-to-use contact options across all digital channels. We want to enhance their enjoyment of interacting with us – whenever they want to and wherever they happen to be. Though we are focusing on our clients and business partners in this context, we have not lost sight of our employees, who will also reap the enormous benefits of the new technology. It will grant them more time to concentrate on what is crucial to us: catering to our clients' needs. We will publish the results of our IT project work in the course of 2019.

In 2018, we made key progress toward enhancing and extending our product offerings. Now, at the start of 2019, we can offer a significantly expanded product universe, both in terms of quantity and quality. In particular, we have created new research services – especially for the Swiss franc region – that form a key component of the hedging strategies we put in place for our clients. Beyond that, our products and services are now capable of reaching into numerous other market areas,

including those of our new owner in the Asia-Pacific region.

We are delighted that our employees, clients and business partners have demonstrated such loyalty to us during the transformation process and that large numbers of them are committed to accompanying us on our journey.

One of our key aims is to earn this loyalty anew every day – and to reciprocate it. Last fiscal year, in particular, was one in which the focus on our core values of stability and security was a key factor in our success. It was a year of change not only for our bank. Turbulence and insecurity became increasingly widespread in the international political arena, ultimately with knock-on effects for global economic growth. Potential scenarios such as a no-deal Brexit, slowing economic growth in established markets and, last but by no means least, a trade war between the United States and China all weighed on financial markets. In an environment like this, our keen understanding of a conservative investment policy paid off. Whereas our key index, the DAX, lost around 15 percent over the year, our clients' securities accounts remained largely stable. After a strong upward trend lasting many years, the value of the securities held in our portfolio declined by just 2.97 percent on average last year – further proof of our success in securing and growing assets.

We are once again proud to look back on a year in which our consistent, reliable performance won praise from more than one independent body. We were not only named

Liechtenstein's "Best Private Bank" for the third time in a row at the ACQ5 Global Awards, we also won the accolade of "Best Private Bank in Liechtenstein" at the Global Private Banking Awards, which are sponsored by *The Banker* and *Private Wealth Management*, two *Financial Times* publications. For us, awards like these are an incentive to do our very best again tomorrow, so that we are always in a position to offer our clients the service they have rightly come to expect from us.

Raiffeisen Privatbank Liechtenstein can look back on a very eventful 2018, a year in which we took important steps forward on our journey into the future. We are confident that – with the support of our new owner and with the strong foundations we have built up over two decades, with our clear client focus and a sound strategy for growth – we are very well equipped to face the challenges that await us in 2019. We look forward to pursuing this path together with you.



Mr. Alex Po Ming Ko
President of the Board of Directors



Dr. Alexander Putzer, MBA
Chairman of the Management Board



Dr. Georg Stöckl
Member of the Management Board

Business development in 2018

Raiffeisen Privatbank Liechtenstein AG on growth trajectory

In the past financial year, market conditions and the political background remained very difficult. Against the backdrop of a persisting negative interest rate environment and increasingly strict regulatory requirements, operating conditions were once again very challenging for Raiffeisen Privatbank Liechtenstein AG in 2018. But despite embarking on a massive spending program to assure the bank's future in the wake of the change of ownership, operating profit was increased once again. The bank closed the financial year with an operating profit of CHF 2,034,271.85, which represents an increase of around 9.8% compared with the previous year.

Decades of reliable, consistent results

Operating income in 2018 was on a level with the previous year. The bank's repo and reverse repo business, launched in 2015, developed very positively. Increases in interest income and other ordinary income almost entirely compensated for the decrease in income from commissions. Significant expenses were incurred in connection with the bank's plans for its future, including its brand-renewal project and especially upgrading of its IT landscape. This resulted in a sharp increase in operating expenses.

Strong market capitalisation

At well over 30%, the equity ratio remains exceptionally high and underscores our clear commitment to security, solidity and reliability. Assets under management decreased by CHF 142 million (2017: increased by CHF 21.4 million) to a total of CHF 923,921,997, with a significant portion (CHF 42 million) being attributable to the net outflow of customer funds.

Financial statements

**Be adventurous,
but stay true to
your values.
That's how progress
is achieved.**

Balance sheet as of 31 December 2018

Assets

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
Cash and cash equivalents	45,216	37,801
Receivables due from banks	271,670	194,395
Due on a daily basis	66,569	41,974
Other receivables	205,101	152,421
Receivables due from clients	59,355	79,586
Current account overdrafts	49,419	60,813
Fixed advances and loans	561	1,986
Mortgage loans	9,375	16,787
Bonds and other fixed-interest securities	21,950	18,655
Money market instruments	0	0
From public authority issuers	0	0
From other issuers	0	0
Bonds	21,950	18,655
From public authority issuers	21,950	18,655
From other issuers	0	0
Intangible assets	1,195	176
Fixed assets	35,093	35,795
Bank premises	34,677	35,373
Other property, plant and equipment	416	422
Other assets	5,680	69
Accrued income	4,223	676
Total assets	444,382	367,153

Liabilities

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
Liabilities due to banks	44,004	45,151
Due on a daily basis	4	151
With agreed maturity dates or periods of notice	44,000	45,000
Liabilities due to clients	346,008	273,746
Other liabilities		
Due on a daily basis	229,139	221,658
With agreed maturity dates or periods of notice	116,869	52,088
Other liabilities	6,395	857
Accrued expenses	1,345	979
Provisions	1,533	3,277
Provisions for taxes	103	37
Other provisions	1,430	3,240
Provisions for general bank risks	700	500
Share capital	20,000	20,000
Legal reserves	2,261	2,174
Profit carried forward	20,381	18,740
Profit for the year	1,755	1,729
Total assets	444,382	367,153

Off-balance-sheet transactions

	2018 in CHF 1,000	2017 in CHF 1,000
Contingent liabilities	22	1,714
Of which:		
a) Acceptances and endorsement obligations arising from rediscounted bills of exchange	0	0
b) Liabilities arising from guarantees and warranties, as well as liability arising from the provision of collateral	22	1,714
Credit risks	0	0
Of which:		
a) Irrevocable commitments	0	0
b) Liabilities for calls on shares and other equities	0	0
c) Commitment credits	0	0
d) Liabilities arising from non-genuine repurchase agreements	0	0
Derivative financial instruments		
– Contract volume	24,614	16,377
– Positive replacement values	5,621	48
– Negative replacement values	5,623	46
Fiduciary transactions	0	0

Income statement

	2018 in CHF 1,000	2017 in CHF 1,000
Interest income	3,372	2,431
Of which from fixed-interest securities	128	107
Interest paid*	-625	-1
Net interest income	2,747	2,430
Current income from securities	0	0
a) Equities and other non-fixed-interest securities	0	0
Net commission and fee income	6,747	7,719
a) Commission income from lending business	2	5
b) Commission income from securities and investment business	6,087	6,898
c) Commission income from other services	658	816
Commission paid	-1,432	-1,865
Net income from commissions and services	5,315	5,854
Net income from financial transactions	567	539
Of which from trading business	557	581
Other ordinary income	772	597
a) Income from real estate holdings	406	412
b) Other ordinary income	366	185
Business expenses	-7,017	-6,732
a) Personnel expenses	-4,730	-4,481
b) Administrative expenses	-2,287	-2,251
Amortisation of intangible assets and depreciation of tangible assets	-904	-857
Other ordinary expenses	-38	-46
Value adjustments on receivables and funds allocated to provisions for contingent liabilities and credit risks	-851	-266
Income from the reversal of value adjustments on receivables and from the reversal of provisions for contingent liabilities and credit risks	1,443	335
Amortisation of securities held as non-current assets	0	0
Income from securities held as non-current assets	0	0
Result of ordinary business activity	2,034	1,853
Extraordinary income	0	0
Extraordinary expenses	0	0
Extraordinary result	0	0
Income taxes	-79	-25
Other taxes	0	0
Addition to/reversal of provisions for general bank risks	-200	-100
Profit for the year	1,755	1,729

*According to FINMA Circular Address 15/1, negative interest rates in liabilities transactions are to be recorded as a reduction in interest expenses.

Cash flow statement

	2018		2017		
	In CHF 1,000	Source of funds	Use of funds	Source of funds	Use of funds
Cash flow from operating result (internal funding)					
Profit for the year	1,755	0	1,729	0	0
Depreciation of non-current assets	904	0	857	0	0
Amortisation of securities held as non-current assets	645	0	0	0	0
Income from securities held as non-current assets	0	0	0	0	1,360
Value adjustments and provisions	747	2,291	2,332	170	0
Accrued income	0	3,547	69	0	0
Accrued expenses	366	0	0	0	886
Dividends	0	0	0	0	0
Net cash flow from operating result (internal funding)	0	1,421	2,571	0	0
Cash flow from equity capital transactions					
Share capital	0	0	0	0	0
Share premium	0	0	0	0	0
Net cash flow from equity capital transactions	0	0	0	0	0
Cash flow from non-current assets					
Equity interests	0	0	0	0	0
Properties	0	0	0	0	0
Other tangible assets	4	126	34	196	0
Intangible assets	0	1,098	0	104	0
Securities held as non-current assets	0	3,940	1,000	1,938	0
Net cash flow from non-current assets	0	5,160	0	1,204	0
Cash flow from banking operations					
Medium- and long-term business (> 1 year)					
Liabilities due to banks	0	0	0	0	0
Receivables due from banks	47,044	0	0	52,676	0
Receivables due from clients	10	0	7	0	0
(Excluding mortgage loans)	0	0	0	0	0
Net cash flow from medium- and long-term business	47,054	0	0	52,669	0
Short-term business					
Liabilities due to banks	0	1,147	8,712	0	0
Liabilities due to clients	72,263	0	0	14,133	0
Other liabilities	5,536	0	0	61	0
Receivables due from banks	0	124,319	65,935	0	0
Receivables due from clients	12,809	0	14,587	0	0
(Excluding mortgage loans)	7,412	0	0	637	0
Mortgage receivables	0	5,611	49	0	0
Other assets	0	0	0	0	0
Trading positions in securities	0	0	0	0	0
Net short-term business	0	33,057	74,452	0	0
Net cash flow	47,054	39,638	77,023	53,873	0
Liquidity					
Cash and cash equivalents	0	7,416	0	23,150	0
Net liquidity	0	7,416	0	23,150	0

Events after the balance sheet date

There were no events after the balance sheet date that have a material impact on the company's asset, financial and income position.

Related disclosures can be found on the home page of Raiffeisen Privatbank Liechtenstein AG at www.raiffeisen.li/de/impressum.html.

Appendix

Proposal of the Board of Directors

The Board of Directors proposes to the General Meeting on 15 March 2019 to appropriate the balance sheet profit of the 2018 financial year as follows:

Appropriation of balance sheet profit for 2018

	in CHF 1,000	in CHF 1,000
1. Profit for the year for 2018	1,755	
2. Profit carried forward as of 1 January 2018	20,381	
3. Appropriation of profit	0	
a) Dividend payments from profit carried forward		
4. Balance sheet profit for 2018		22,136
5. Appropriation of profit		88
a) Allocation to legal reserves	88	
b) Allocation to statutory reserves	0	
c) Allocation to other reserves	0	
d) Dividend payments from profit carried forward	0	
e) Other profit appropriations		
6. Profit carried forward		22,048

Accounting and valuation principles

General principles and legal basis

The annual financial statements have been prepared in accordance with the provisions of Liechtenstein law on persons and companies and the law on banks and finance companies, as well as the related bank regulation and the relevant accounting guidelines of the Liechtenstein Financial Market Authority. The primary objective of financial reporting is to provide a true and fair view of a company's net assets, financial position and operating results. Statements are prepared on the basis of the going concern assumption. For accounting purposes, amounts are stated in Swiss francs. The following accounting principles are applied with regard to the measurement and presentation of major items in the financial statements:

Recognition of business transactions

All transactions are recognized on the date of fulfilment.

Foreign-currency translation

Balance sheet items denominated in foreign currencies are translated into Swiss francs at the average exchange rate applicable on the reporting date. Realised expense and income items are translated into the functional currency at the exchange rate prevailing on the date of recognition. Exchange rate gains or losses are credited or debited in the income statement on a daily basis.

The following exchange rates were used to translate the most important currencies at the reporting date:

EUR	1.12626
USD	0.98336
GBP	1.25190

Cash and cash equivalents, receivables and liabilities due from/to banks and customers

These items are measured at their nominal amount. Identifiable risks are accounted for by means of valuation adjustments, in accordance with the principle of prudence. The value adjustments are offset directly against the corresponding balance sheet items.

Securities

Fixed-interest securities and equity instruments which are held for the purpose of long-term investment are recognised under financial assets.

Equity instruments are measured at the lower of cost or fair value.

Trading positions in securities and precious metals are recognized in the balance sheet at their market value at each reporting date.

FX gains and losses are recognised in the income statement.

Property, plant and equipment

Real estate is recognised at the cost of acquisition, plus capital expenditure that increases the value of the property, less depreciation over the estimated useful life of the asset. A depreciation rate of 2.0% per annum is applied in the case of new builds and refurbishment. Other items of property, plant and equipment are fully depreciated over their estimated economic life (three to ten years).

Intangible assets

Intangible assets are fully amortised over their estimated economic life.

Provisions

Valuation adjustments and provisions are created for all identifiable risks at the reporting date, on a case-by-case basis, according to the principle of prudence.

Taxes

Tax expenses are calculated on the basis of the taxable net income incurred in the reporting year.

Derivative financial instruments

The recoverable amount of individual contracts for derivative financial instruments is presented in the balance sheet and in the notes to the financial statements as a gross amount – the corresponding assets and liabilities are not offset against one another.

The contract volume is presented under off-balance-sheet transactions and in the notes to the financial statements. Trading transactions are measured at fair value, provided that identical or similar contracts are quoted in an active market. If this is not the case, the contracts are measured at the lower of cost or fair value. Hedges are measured in the same manner as the underlying transaction.

The bank acts exclusively as commission agent when transacting options or forward contracts on behalf of customers.

Reverse repurchase agreements (repo transactions)

Raiffeisen Privatbank Liechtenstein AG offers its customers the possibility to create liquidity in exchange for collateral in the form of securities, by means of reverse repurchase agreements (repo transactions). Securities received as collateral are not recognised in the balance sheet. Securities originating from the bank's own resources are recognised in the corresponding balance sheet items.

Risk management

General

The bank's risk management process is based on the set of policy rules defined and enforced by the Board of Directors. Risk reports at group level are issued on a regular basis to the majority shareholder.

A management information system is used to keep the executive bodies informed about the current status of the bank's net assets, financial position and operating results and the associated risks. Information on compliance with disclosure requirements in accordance with EU regulations is provided on the bank's website at www.raiffeisen.li.

Market risks

Market risks, which primarily result from position risks and exchange rate risks in connection with securities trading, are monitored on an ongoing basis and restricted by limits.

Interest rate risks are monitored by means of a system of proactive asset liability management (ALM). The bank does not engage in any long-term transactions other than those involving its own financial resources. The bank's exposure to interest rate risk is controlled and monitored by means of gap analysis.

A conservative approach is applied to the bank's own securities trading activities, which minimises the equity price risk.

Currency risks arising from the bank's open foreign currency positions are immaterial, as these positions are restricted by limits and reviewed daily.

Credit risks

Loans to customers usually take the form of Lombard loans, which are pledged against securities.

The lending process is organised according to the bank's own credit regulations. As a result, loan requests are assessed and evaluated according to uniform criteria. The loan coverage ratio is assessed on a daily basis.

Settlement risks

Settlement risks are mitigated by ensuring that transactions are only carried out with selected, high-grade counterparties.

Country risks

This potential risk can be considered insignificant due to the bank's own restriction of commitments to the European core countries of the OECD.

Operational and legal risks

Operational and legal risks are limited by means of internal rules and instructions embedded in the organisational structure and controlling functions. Compliance with these rules and instructions is verified regularly by the internal audit department.

External legal experts are consulted to mitigate legal risks.

Liquidity risks

Liquidity risks are monitored and controlled in conformance with legal requirements. What is more, liquidity planning is used to ensure that possible gaps are recognised early on and avoided through appropriate measures.

Personnel risks

The bank takes a preventive approach to the management of personnel risks through a strict personnel selection process, security checks on employees both prior to hiring and throughout their period of employment, and regular training and certification courses. The bank's remuneration policy is an additional control element. The fixed component of remuneration consists of a non-performance-related basic salary (paid as 14 monthly salaries). This is complemented by a variable component, the maximum amount of which depends mainly on employee's responsibilities and the importance of their position within the bank's internal control system. The variable remuneration component is paid in the form of a performance bonus. Its amount is based on personal performance criteria, the performance of the department to which the employee belongs, and the operating results of Raiffeisen Privatbank Liechtenstein AG. Both quantitative and qualitative factors are taken into account in this calculation. Consequently, because their remuneration is only dependent on the variable component to a limited extent, employees have little incentive to take disproportionately high risks.

Explanatory notes on business activities

Introduction

Raiffeisen Privatbank Liechtenstein AG is a private bank specialising in investment consulting and wealth management. In 2018, the year in which the bank celebrated its 20th anniversary, its ownership passed from Walser Privatbank AG to Mason Group Holdings Limited, a Hong Kong listed conglomerate. This change of ownership gives Raiffeisen Privatbank Liechtenstein AG the unique opportunity to offer its services to customers in Asia as a custodian bank via the new owner's various fund and asset management companies.

Asset management

Raiffeisen Privatbank Liechtenstein AG offers its customers reliable, professional and personalised services based on a broad spectrum of portfolio management models. The wide range of asset management products allows customers to choose among different investment strategies depending on their personal risk appetite or, alternatively, opt for a bespoke asset management solution comprising individually selected securities.

Fund management

Raiffeisen Privatbank Liechtenstein AG is able to offer its customers access to a comprehensive range of investment funds, independently of the issuer, including bond funds, private equity funds and mixed investment funds.

Lending

With its core expertise in private banking, Raiffeisen Privatbank Liechtenstein AG specialises in providing loan consulting services to high-net-worth private customers. For this reason, loans are generally issued in the form of Lombard and policy loans in compliance with the corresponding loan-to-value limits.

Number of employees

In 2018, Raiffeisen Privatbank Liechtenstein AG had a permanent staff of 33 employees (unchanged compared with 2017). Taking part-time positions into account, this corresponded to 26.60 full-time equivalents (FTE) in 2018 (2017: 26.50).

Overview of coverage

	In CHF 1,000	Type of coverage	Type of coverage	Type of coverage	Type of coverage
		Mortgage coverage	Other coverage	Without coverage	Total
Loans					
Receivables due from clients (excluding mortgage loans)		0	45,879	4,101	49,980
Mortgage receivables		9,375	0	0	9,375
– Residential properties		8,575	0	0	8,575
– Office and commercial buildings		0	0	0	0
– Commercial and industrial		0	0	0	0
– Other		800	0	0	800
Total loans	2018	9,375	45,879	4,101	59,355
	2017	16,787	61,454	1,345	79,586
Off-balance-sheet items					
Contingent liabilities		0	22	0	22
Irrevocable commitments		0	0	0	0
Liabilities for calls on shares and other equities		0	0	0	0
Commitment credits		0	0	0	0
Total off-balance-sheet items	2018	0	22	0	22
		0	1,714	0	1,714
Impaired receivables					
	2018	6,711	4	6,707	2,649
	2017	6,712	10	6,702	2,124

Additional collateral is available to the bank for loan commitments contained in impaired receivables.

Pledged or assigned assets as well as assets subject to retention of title, excluding lending transactions and repurchase agreements with securities

In CHF 1,000	Type of assets not freely available	Reason for deposit	2018		2017	
			Book value	Of which utilised	Book value	Of which utilised
	Receivables due from banks	Collateral for derivative financial instruments	1,126	0	1,171	0
	Receivables due from banks	Collateral for securities trading	1,216	0	1,271	0
	Bonds and other fixed-interest securities	Collateral for derivative financial instruments	0	0	0	0
Total			2,342	0	2,442	0

Lending transactions and repurchase agreements with securities

in CHF 1,000	2018 Balance sheet value	2018 Actual liability	2017 Balance sheet value	2017 Actual liability
Receivables from cash collateral in connection with securities borrowing and reverse repurchase agreements	0	0	0	0
Liabilities from cash collateral in connection with securities lending and repurchase agreements	0	0	0	0
Own securities lent as part of securities lending or provided as collateral as part of securities borrowing, or transferred as part of repurchase agreements	0	0	3,092	3,118
– Of which the right of resale or pledging has been granted without restriction	0	0	3,092	3,118
Securities borrowed as collateral in connection with securities lending or received as part of reverse repurchase agreements for which the right of resale or pledging has been granted without restriction	0	144,716	0	62,412
– Of which securities pledged or resold	0	44,174	0	39,968
Total	0	144,716	3,092	65,530

Trading positions in securities and precious metals

In CHF 1,000	Book value 2018	Book value 2017	Acquisition value 2018	Acquisition value 2017	Market value 2018	Market value 2017
Debt securities	0	0	0	0	0	0
– Exchange-listed (traded on a recognised stock exchange)	0	0	0	0	0	0
– Non-exchange-listed	0	0	0	0	0	0
– Of which own bonds and medium-term bonds	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
– Of which own equity instruments	0	0	0	0	0	0
– Exchange-listed (traded on a recognised stock exchange)	0	0	0	0	0	0
– Non-exchange-listed	0	0	0	0	0	0
Precious metals	0	0	0	0	0	0
Total	0	0	0	0	0	0
Of which marketable securities	0	0	0	0	0	0

Securities and precious metals positions in current assets (Without trading positions)

In CHF 1,000	Book value	Book value	Acquisition	Acquisition	Market value	Market value
	2018	2017	value 2018	value 2017	2018	2017
Bonds	0	0	0	0	0	0
– Of which own bonds and medium-term bonds	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
– Of which qualified equity interests(at least 10% of capital or voting rights)	0	0	0	0	0	0
Precious metals	0	0	0	0	0	0
Total	0	0	0	0	0	0
Of which marketable securities	0	0	0	0	0	0

Securities and precious metals positions in non-current assets

In CHF 1,000	Book value	Book value	Acquisition	Acquisition	Market value	Market value
	2018	2017	value 2018	value 2017	2018	2017
Bonds	21,950	18,655	21,951	18,677	22,091	18,774
– Of which own bonds and medium-term bonds	0	0	0	0	0	0
– Of which valued according to the accrual method	0	0	0	0	0	0
– Of which valued according to the lowest-value method	21,950	18,655	21,951	18,677	22,091	18,774
Equity instruments	0	0	0	0	0	0
– Of which qualified equity interests(at least 10% of capital or voting rights)	0	0	0	0	0	0
– Exchange-listed (traded on a recognised stock exchange)	0	0	0	0	0	0
– Non-exchange-listed	0	0	0	0	0	0
Precious metals	0	0	0	0	0	0
Total	21,950	18,655	21,951	18,677	22,091	18,774
Of which marketable securities	0	0	0	0	0	0

Statement of changes in fixed assets

In CHF 1,000	Acquisition value	Accrued depreciation	2017	Investments 2018	Divestments 2018	Reclassifications 2018	Appreciation 2018	Depreciation 2018	Book value 2018
Total shares in affiliated companies	0	0	0	0	0	0	0	0	0
Total securities held as non-current assets	18,677	22	18,655	3,940	0	0	0	-645	21,950
Intangible assets									
Software	1,981	-1,805	176	1,099	0	0	0	-80	1,195
Total intangible assets	1,981	-1,805	176	1,099	0	0	0	-80	1,195
Tangible assets									
Properties – bank premises	40,399	-5,026	35,373	4	0	0	0	-700	34,677
Other property, plant and equipment	2,510	-2,088	422	122	-5	0	0	-123	416
Total tangible assets	42,909	-7,114	35,795	126	-5	0	0	-823	35,093
Fire insurance value of the properties									32,700
Fire insurance value of the other property, plant and equipment									2,187
Liabilities: Future lease instalments from operational leasing									0

Value adjustments and provisions/ Provisions for general bank risks

In CHF 1,000	2017	Use in conformity with purpose	Reclassification*	Recoveries of overdue interest and currency differences	Additions recognised in the income statement	Reversals recognised in the income statement	Status End of 2018
Value adjustments for default risks							
– Individual value adjustments	2,124	140	0	-4	677	147	2,510
– Generalised individual value adjustments (including those for country risks)	0	0	43	0	0	0	43
– General value adjustments	0	0	130	0	0	33	97
Value adjustments only permissible by tax law	0	0	0	0	0	0	0
Provisions for contingent liabilities and credit risks	0	0	0	0	0	0	0
Provisions for other business risks	625	0	1,471	0	0	900	1,196
Provisions for taxes and deferred taxes	37	37	0	0	105	2	103
Other provisions	2,615	771	-1,644	0	615	581	235
Total value adjustments and provisions	5,401	948	0	-4	1,397	1,663	4,183
Less:							
Value adjustments	2,124	140	173	-4	677	180	2,650
Total provisions according to the balance sheet	3,277	808	-173	0	720	1,483	1,533
Provisions for general bank risks	500				200	0	700

*The line item "Other provisions" was restated as "Other provisions and value adjustments".

Share capital

	2018	2018	2018	2017	2017	2017	
	In CHF 1,000	Total nominal value	Number of shares	Capital entitled to dividends	Total nominal value	Number of shares	Capital entitled to dividends
Share capital		20,000	200,000	20,000	20,000	200,000	20,000
Total share capital		20,000	200,000	20,000	20,000	200,000	20,000

Significant shareholders and groups of shareholders with voting rights

	in CHF 1,000	2018	2018	2017	2017
		Nominal	Share in %	Nominal	Share in %
With voting right					
Walser Privatbank AG		0	0	3,000	15
Raiffeisenbank Kleinwalsertal Beteiligungsm.-GmbH		0	0	17,000	85
Mason Strategic Investment Company Limited		20,000	100	0	0

In March 2018, a closing and settlement statement was established in connection with the change of ownership from Walser Privatbank AG and Raiffeisenbank Kleinwalsertal Beteiligungsmanagement-GmbH to Mason Strategic Investment Company Limited, BVI. The transfer of share certificates took place at the same date.

Statement of shareholders' equity

	2018
	in CHF 1,000
Shareholders' equity at the beginning of the financial year	0
Paid-in share capital	20,000
Capital reserves	0
Legal reserve	2,174
Reserve for own shares	0
Statutory reserves	0
Other reserves	0
Provisions for general bank risks	500
Balance sheet profit	20,468
Total shareholders' equity at the beginning of the financial year (Before profit appropriation)	43,142
+/- Capital increase/decrease	0
+ Share premium	0
+/- Allocation to provisions for general bank risks	200
- Dividends and other distributions	0
+ Profit for the financial year	1,755
Total shareholders' equity at the end of the financial year (Before profit appropriation)	45,097
Of which	
Paid-in share capital	20,000
Capital reserves	0
Legal reserve	2,261
Reserve for own shares	0
Statutory reserves	0
Other reserves	0
Provisions for general bank risks	700
Balance sheet profit	22,136

Receivables and liabilities due from / to related and affiliated companies and qualified equity interests; loans to executives and transactions with related persons

	2018 in CHF 1,000	2017 in CHF 1,000
Receivables due from affiliated companies and qualified participants (banks)	86	24,326
Of which affiliated companies	86	24,326
Of which qualified participants	0	0
Liabilities due to affiliated companies and qualified participants (banks)	9,873	151
Of which affiliated companies	9,873	151
Of which qualified participants	0	0
Loans to executives	0	0

Assets and liabilities denominated in foreign currencies

	2018 in CHF 1,000	2017 in CHF 1,000
Assets	322,460	250,416
Liabilities	322,098	249,263

Maturity structure of assets as well as liabilities and provisions

	Demand deposit		puttable	Within three months	maturing			Immobilised	Total
					In 3 to 12 months	In 12 months to 5 years	In more than 5 years		
In CHF 1,000									
Assets									
Cash and cash equivalents	45,216		0	0	0	0	0	0	45,216
Bonds issued by public-sector borrowers and bills of exchange eligible for refinancing with central banks	0		0	1,955	10,736	9,260	0	0	21,950
Receivables due from banks	65,922		647	136,005	63,465	5,631	0	0	271,670
Receivables due from clients	0		49,419	548	872	6,114	2,402	0	59,355
Of which mortgage receivables	0		0	0	872	6,101	2,402	0	9,375
Trading positions in securities and precious metals	0		0	0	0	0	0	0	0
Securities and precious metal positions in current assets (Without trading positions)	0		0	0	0	0	0	0	0
Securities and precious metal positions in non-current assets	0		0	0	0	0	0	0	0
Other assets	0		0	4,334	36	5,533	0	36,287	46,190
Total assets	2018	111,138	50,066	140,887	66,328	28,014	11,662	36,287	444,382
	2017	79,057	61,531	89,468	13,927	68,036	19,163	35,971	367,153
Liabilities and provisions									
Liabilities due to banks	4		0	44,000	0	0	0	0	44,004
Liabilities due to clients	229,140		83	103,215	13,570	0	0	0	346,008
a) Savings accounts	0		0	0	0	0	0	0	0
b) Other liabilities	229,140		83	103,215	13,570	0	0	0	346,008
Securitised liabilities	0		0	0	0	0	0	0	0
a) Bonds issued	0		0	0	0	0	0	0	0
Of which medium-term bonds	0		0	0	0	0	0	0	0
b) Other securitised liabilities	0		0	0	0	0	0	0	0
Provisions (excluding provisions for general bank risks)	0		0	0	212	1,321	0	0	1,533
Subordinated liabilities	0		0	0	0	0	0	0	0
Other liabilities	0		0	2,157	57	5,526	0	0	7,740
Total liabilities and provisions	2018	229,144	83	149,372	13,839	6,847	0	0	399,285
	2017	221,980	0	96,910	4,040	1,080	0	0	324,010

Itemisation of other assets

	In CHF 1,000	2018	2017
Tax assets from business activities		0	0
Other assets		59	21
Positive replacement values for foreign exchange transactions		5,621	48
Total other assets		5,680	69

Itemisation of other liabilities

	In CHF 1,000	2018	2017
Liabilities due to social security and post-employment benefits		216	151
Payroll liabilities		0	0
Tax liabilities from business activities		556	660
Creditors with debit accounts		0	0
Other liabilities		0	0
Negative replacement values for foreign exchange transactions		5,623	46
Total other liabilities		6,395	857

Disclosure of equity capital

	In CHF 1,000	2018	2017
Required equity capital			
For credit risks		6,592	6,947
For non-counterparty risk		0	0
For market risks		70	102
For operational risks		1,481	1,494
Total required equity capital		8,143	8,543
Allowable equity capital		42,148	41,237
Equity capital requirements			
Common equity tier 1 capital ratio		41.41 %	38.62 %
Tier 1 capital ratio		41.41 %	38.62 %
Total capital ratio		41.41 %	38.62 %
Return on capital*		0.39 %	0.47 %

* Calculated as the quotient of the profit for the year and total assets

Contingent liabilities

	In CHF 1,000	2018	2017
Collateral securities and the like		22	1,714
Total contingent liabilities		22	1,714

Outstanding derivative financial instruments

	In CHF 1,000	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange				
Futures contracts		5,621	5,623	24,614
Total*		5,621	5,623	24,614
Previous year*		48	46	16,377

* There are no netting agreements in place

Fiduciary transactions

	in CHF 1,000	2018	2017
Total fiduciary investments		0	0

Itemisation of trading income

	In CHF 1,000	2018	2017
Income from trading with foreign exchange		557	581
Income from trading with securities		10	-43
Total trading income		567	538

Itemisation of personnel expenses

In CHF 1,000	2018	2018	2017	2017
Wages and salaries		3,900		3,669
– Of which Management Board members				
– Of which Board of Directors members	204		0	
Social security contributions and expenses for pensions and assistance		775		758
– Of which pension contributions	641		623	
Other personnel costs		55		54
Total personnel expenses		4,730		4,481

At 31 December 2018, the Management Board consisted of two members. In accordance with Article 1092, Paragraph 9 d) of the Liechtenstein Persons and Companies Act (PGR), we refrain from specifying the total remuneration of the Management Board, because this information could be used to determine the remuneration of an individual member. Please refer to the disclosures on remuneration policy at www.raiffeisen.li.

Itemisation of administrative expenses

In CHF 1,000	2018	2017
Expenses for premises	159	171
Expenses for IT	513	504
Other operating expenses	1,615	1,575
Total administrative expenses	2,287	2,250

Itemisation of client assets

In CHF 1,000	2018	2017
Type of client assets:		
Assets in own-managed funds (investment companies)	0	0
Assets with management mandates	91,725	107,701
Other client assets	832,197	958,376
Total client assets (incl. double counts)	923,922	1,066,077
Of which double counts	0	0
Net inflow/outflow of new money	-42,010	14,481

List of exchange rates for the most important foreign currencies

	2018	2017
EUR	1.12626	1.17057
USD	0.98336	0.9746
GBP	1.2519	1.31741

Report of the auditors on the financial statements 2018

To the general meeting of Raiffeisen Privatbank Liechtenstein AG, 9490 Vaduz

As statutory auditors, we have audited the financial statements (balance sheet, income statement, cash flow statement and notes) and the annual report of Raiffeisen Privatbank Liechtenstein AG for the year ended December 31, 2018.

These financial statements and the annual report are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the annual report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position, the financial performance and the results of operations in accordance with the Liechtenstein law. Furthermore, the financial statements and the annual report as well as the proposed appropriation of available earnings comply with the Liechtenstein law and the company's articles of incorporation.

The annual report is in conformity with the financial statements.

We recommend that the financial statements submitted to you be approved.

Schaan, February 25, 2019
ReviTrust Grant Thornton AG



ppa Thomas Rügsegger
Chartered Accountant
Lead Auditor



ppa Michael Schöb
Certified Auditor

Outlook 2019

Progress paves the way to our future

Fiscal 2018 was a year of change and transformation. Now, 2019 is to be the year in which we build on our new foundations to grow and to continue unlocking value.

With that in mind, we will celebrate our company's 20th anniversary this year with the public launch of our newly created brand. We also intend to expand and enhance our array of digital options for interacting and communicating with our clients and partners. In all this, our aim is to achieve substantial improvements for our clients (with state-of-the-art, user-friendly online banking systems) and for our institutional partners (with dynamic, highly flexible interaction options).

Another way in which we intend to utilise and build on the foundations created and groundwork completed in 2018 is by developing our target markets in Germany, Austria, Liechtenstein and Switzerland. By investing in our portfolio of products and services, we have achieved improvements that we now need to persuade our customers of in our day-to-day dealings with them. At the same time, we will move into new markets, especially in Asia, on the basis of the preparatory work carried out in 2018. Together with our strong owner, we will strive to make the convincing, highly professional portfolio we offer

international clients here in Vaduz even better known in these new target markets. Our motto is "Security for tomorrow today" and, in line with that, we offer our clients finely crafted strategies to ensure the stability and reliability of their assets going forward.

The key objective we pursue in all our endeavours is to maintain a constant focus on the needs of our clients and partners. After all, they are the ones for whom we are continuously improving and enhancing our portfolio. That is why we look forward to your ongoing support on our company's journey forward. It is your confidence in us that makes us strong.

**The managing bodies of
Raiffeisen Privatbank Liechtenstein AG**

Board of Directors

Alex Po Ming Ko, President – from 28 March 2018
Dipl.-Volkswirt Florian Widmer, MBA – President until 27 March 2018
Dipl.-Volkswirt Florian Widmer, MBA – from 28 March 2018
Dr. Klaus Tschütscher, Vice President – from 28 March 2018
MMag. Erhard Tschmelitsch – Vice President until 27 March 2018
John Sian-Zu Lin – from 28 March 2018
Philip Cheuk Hang Lau – from 28 March 2018
Eric Lu Cao – from 28 March 2018
Bob Jian Guo – from 28 March 2018 until 21 June 2018
Mag. Regina Reitter, MBA, CMC – until 27 March 2018
Dr. Andreas Gapp – until 27 March 2018

Management Board

Dir. Dr. Alexander Putzer, MBA, Chairman
Dir. Dr. Georg Stöckl

Shareholders

Mason Strategic Investment Company Limited – from 28 March 2018
Walser Privatbank AG, Hirschegg – until 27 March 2018
Raiffeisenbank Kleinwalsertal Beteiligungsmanagement-GmbH, Riezlern – until 27 March 2018

Internal auditors

Internal Group auditors of Walser Privatbank AG, Hirschegg

External auditors

ReviTrust Grant Thornton AG, Schaan



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