

**Lasting values  
are bridges  
of understanding.**

**Annual Report 2017**



**RAIFFEISEN  
PRIVATBANK**  
Liechtenstein

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The present report is a translation of the German annual report 2017.  
In case of doubt the German version shall be legally binding.

**Expertise is  
the bridge to  
trust.**

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# Dear Shareholders and Business Partners

## Report by the Management Board and the Board of Directors

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In 2017, we were once again able to remain faithful to our aim of creating stability and security – and to expand the trust which our clients and partners have in us. When looking back at the past year, the development of the assets entrusted to us by our clients is of particular importance to us. And we can look back proudly: the average performance of assets of our clients was 3.57%. And for the assets we take care of directly as part of private banking, the performance was even better, coming in at an average of 5.12%. We have therefore successfully fulfilled our responsibility to secure and develop assets through conservative investment management.

This success was also rewarded by our clients and partners – we were entrusted with additional assets once again in 2017, which means we have undergone further growth. An examination of our own developed dynamic fund selection product, fund picking, confirms the consistency of our performance. The goal of this product is also constant development through intelligent investment management, with a focus on offering stability and security. We have now been offering this concept for four years, and in the previous year, asset performance was between 2.82% (for the most conservative option) and 5.53% (for the dynamic option). Our team therefore proved in the past year that

they are able to meet the considerably high expectations of our clients and partners with a significant level of consistency.

In addition to fulfilling this primary objective which is a central topic in every phase for us, a special development determined our 2017 financial year: our change in ownership.

On 18 October 2017, the contract for the change in ownership was signed by our current owner, Walser Privatbank AG, and our future owner, Hong Kong-based Mason Group Holdings Limited. This marks the beginning of a new era for us – 20 years after our founding, we are tapping new growth potential and further strengthening our investment potential for the future. Mason Group Holdings Limited is itself a financial company which has been active for decades. Together with us, it is opening the door for its partners and clients to one of the most stable countries and one of the safest banking centres havens in the world. After all, Liechtenstein is still the only country that can show both a AAA rating (with a stable outlook) as well as a complete lack of national debt (in fact, the country has a significant amount of national wealth).

This opens new doors for us as well as Mason Group Holdings Limited – without any old doors being closed. Because, namely, security

and stability are also the central values on which we build our collaboration with our new owners, the DNA of our company remains the same that is known and appreciated by our clients and partners.

As part of the developing partnership, we are experiencing the commitment of Mason Group Holdings Limited to our current business with clients in German-speaking Europe as more than just maintenance of the status quo. Instead, it is our common goal to continue to strengthen and expand this successful business.

For this reason, we will increase investment over the coming months and years into the future of our service for our clients and partners. In doing so, the most important areas will be the success factors of a modern bank – personnel, knowledge and technology. Our clients and partners are therefore welcome to measure us over the coming years based upon how we further expand and develop our service and our familiarity with their needs. We will remain faithful to our central promise – by continuing to offer constant development on the basis of security and stability.

On the whole, Raiffeisen Privatbank Liechtenstein can look back upon a very successful 2017 which was characterised by significant strategic decisions made for our future success. With our new owners, who share our awareness for proximity to our clients and partners, we will continue down our current path.

Additionally, we experienced considerable growth with regard to both the profit for the year as well as the assets under management. The consistency of our method of work-

ing over many years is demonstrated in these figures as well. As a result, the performance of our team was also honoured several times by independent bodies. The Fuchs Report lists Raiffeisen Privatbank Liechtenstein in the excellent place of second on its 'all-time best list' in the entire Swiss franc area. Additionally, the bank was once again named 'Best Private Bank' and 'International Asset Manager of the Year' in Liechtenstein for 2017 by the international bank-rating organisation ACQ5.



Florian Widmer, MBA,  
President of the Board of Directors



Dr Alexander Putzer, MBA,  
Chairman of the Management Board



Dr Georg Stöckl,  
Director

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# Business development in 2017

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## **Raiffeisen Privatbank Liechtenstein remains on a solid and successful course**

In spite of continuously difficult market conditions against the backdrop of the negative interest rate environment and the constantly increasing regulatory requirements, Raiffeisen Privatbank can look back upon a successful financial year. The operating profit increased to CHF 1,728,536, which represents an increase of around 18% compared to the previous year. This result shows once again that the strategic choices made in 2015 and the future-oriented realignment of our company were the right ones.

## **Consistency and change**

Over the past year, the measures aimed at reducing costs were continued as part of a continued focus on the core business. Due to the upcoming change in ownership, business expenses include non-recurring effects which preclude a direct comparison with the previous year. Business expenses increased due to, among other things, an increased depreciation rate for property as well as costs for various consulting services. In spite of the challenging environment as well as a decrease in receivables from clients, income from interest rate business remained approximately unchanged. In contrast, income from Repo-business was further increased and, with a total of CHF 0.9 million (2016: CHF 0.5 million), made a significant contribution to interest income. Income from commissions was nearly the same as the previous year and amounted to CHF 5.9 million.

**Increase in client assets and exceptionally strong capitalisation**

Assets under management increased by CHF 21.4 million to a total of CHF 1,066,077,340 with a significant portion (CHF 14.5 million) being attributable to net inflow of client funds. At far beyond 30%, the equity ratio remains exceptionally high and underscores our clear commitment to security, solidity and reliability.

Financial statements



**Stability:  
the bridge  
to success.**

# Balance sheet as of 31 December 2017

## Assets

	31.12.2017 In CHF 1,000	31.12.2016 In CHF 1,000
<b>Cash and cash equivalents</b>	<b>37,801</b>	<b>14,651</b>
<b>Receivables due from banks</b>	<b>194,395</b>	<b>207,654</b>
Due on a daily basis	41,974	141,025
Other receivables	152,421	66,629
<b>Receivables due from clients</b>	<b>79,586</b>	<b>93,543</b>
Current account overdrafts	60,813	66,562
Fixed advances and loans	1,986	10,831
Mortgage loans	16,787	16,150
<b>Bonds and other fixed-interest securities</b>	<b>18,655</b>	<b>16,357</b>
<b>Money market instruments</b>	<b>0</b>	<b>0</b>
From public authority issuers	0	0
From other issuers	0	0
<b>Bonds</b>	<b>18,655</b>	<b>16,357</b>
From public authority issuers	18,655	16,357
From other issuers	0	0
<b>Intangible assets</b>	<b>176</b>	<b>127</b>
<b>Fixed assets</b>	<b>35,795</b>	<b>36,436</b>
Bank premises	35,373	36,073
Other property, plant and equipment	422	362
<b>Other assets</b>	<b>69</b>	<b>118</b>
<b>Prepaid expenses</b>	<b>676</b>	<b>745</b>
<b>Total assets</b>	<b>367,153</b>	<b>369,631</b>

## Liabilities

	31.12.2017 In CHF 1,000	31.12.2016 In CHF 1,000
<b>Liabilities due to banks</b>	<b>45,151</b>	<b>36,439</b>
Due on a daily basis	151	439
With agreed maturity dates or periods of notice	45,000	36,000
<b>Liabilities due to clients</b>	<b>273,746</b>	<b>287,879</b>
Other liabilities		
Due on a daily basis	221,658	275,535
With agreed maturity dates or periods of notice	52,088	12,344
<b>Other liabilities</b>	<b>857</b>	<b>919</b>
<b>Prepaid expenses</b>	<b>979</b>	<b>1,865</b>
<b>Provisions</b>	<b>3,277</b>	<b>1,216</b>
Provisions for taxes	37	155
Other provisions	3,240	1,061
<b>Provisions for general bank risks</b>	<b>500</b>	<b>400</b>
<b>Share capital</b>	<b>20,000</b>	<b>20,000</b>
<b>Legal reserves</b>	<b>2,174</b>	<b>2,099</b>
<b>Profit carried forward</b>	<b>18,740</b>	<b>17,348</b>
<b>Profit for the year</b>	<b>1,729</b>	<b>1,467</b>
<b>Total assets</b>	<b>367,153</b>	<b>369,631</b>

## Off-balance-sheet transactions

	2017 In CHF 1,000	2016 In CHF 1,000
<b>Contingent liabilities</b>	<b>1,714</b>	<b>389</b>
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	1,714	389
<b>Credit risks</b>	<b>0</b>	<b>0</b>
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
<b>Derivative financial instruments</b>		
– Contract volume	16,377	9,989
– Positive replacement values	48	73
– Negative replacement values	46	71
<b>Fiduciary transactions</b>	<b>0</b>	<b>0</b>

## Income statement

	2017 In CHF 1,000	2016 In CHF 1,000
<b>Interest income</b>	<b>2,431</b>	<b>2,200</b>
Of which from fixed-interest securities	107	96
<b>Interest paid*</b>	<b>-1</b>	<b>374</b>
<b>Net interest income</b>	<b>2,430</b>	<b>2,574</b>
<b>Current income from securities</b>	<b>0</b>	<b>0</b>
a) Equities and other non-fixed-interest securities	0	0
<b>Net commission and fee income</b>	<b>7,719</b>	<b>8,146</b>
a) Commission income from lending business	5	4
b) Commission income from securities and investment business	6,898	7,061
c) Commission income from other services	816	1,081
<b>Commission paid</b>	<b>-1,865</b>	<b>-1,928</b>
<b>Net income from commissions and services</b>	<b>5,854</b>	<b>6,218</b>
<b>Net income from financial transactions</b>	<b>539</b>	<b>767</b>
Of which from trading business	581	813
<b>Other ordinary income</b>	<b>597</b>	<b>520</b>
a) Income from real estate holdings	412	411
b) Other ordinary income	185	109
<b>Business expenses</b>	<b>-6,732</b>	<b>-6,662</b>
a) Personnel expenses	-4,481	-4,362
b) Administrative expenses	-2,251	-2,301
<b>Amortisation of intangible assets and depreciation of tangible assets</b>	<b>-857</b>	<b>-676</b>
<b>Other ordinary expenses</b>	<b>-46</b>	<b>-43</b>
<b>Value adjustments on receivables and funds allocated to provisions for contingent liabilities and credit risks</b>	<b>-266</b>	<b>-1,332</b>
<b>Income from the reversal of value adjustments on receivables and from the reversal of provisions for contingent liabilities and credit risks</b>	<b>335</b>	<b>237</b>
<b>Amortisation of securities held as non-current assets</b>	<b>0</b>	<b>0</b>
<b>Income from securities held as non-current assets</b>	<b>0</b>	<b>0</b>
<b>Result of ordinary business activity</b>	<b>1,854</b>	<b>1,603</b>
Extraordinary income	0	0
Extraordinary expenses	0	0
<b>Extraordinary result</b>	<b>0</b>	<b>0</b>
<b>Income taxes</b>	<b>-25</b>	<b>-136</b>
<b>Other taxes</b>	<b>0</b>	<b>0</b>
<b>Addition to/reversal of provisions for general bank risks</b>	<b>-100</b>	<b>0</b>
<b>Profit for the year</b>	<b>1,729</b>	<b>1,467</b>

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

In the 2017 financial year, Raiffeisen Privatbank Liechtenstein AG was able to convert the generally negative interest expenses into a positive result due to the current negative interest rate as part of a refinancing.

## Cash flow statement

			2016		
	In CHF 1,000	2017 Source of funds	2017 Use of funds	2016 Source of funds	2016 Use of funds
<b>Cash flow from operating result (internal funding)</b>					
Profit for the year		1,729	0	1,467	0
Depreciation of non-current assets		857	0	676	0
Amortisation of securities held as non-current assets		0	0	0	0
Income from securities held as non-current assets		0	1,360	0	0
Value adjustments and provisions		2,332	170	1,534	399
Accrued income		69	0	0	527
Accrued expenses		0	886	830	0
Dividends		0	0	0	1,790
<b>Net cash flow from operating result (internal funding)</b>		<b>2,571</b>	<b>0</b>	<b>1,791</b>	<b>0</b>
<b>Cash flow from equity capital transactions</b>					
Share capital		0	0	0	0
Share premium		0	0	0	0
<b>Net cash flow from equity capital transactions</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flow from non-current assets</b>					
Equity interests		0	0	0	0
Properties		0	0	0	0
Other tangible assets		34	196	0	125
Intangible assets		0	104	0	44
Securities held as non-current assets		1,000	1,938	0	15,340
<b>Net cash flow from non-current assets</b>		<b>0</b>	<b>1,204</b>	<b>0</b>	<b>15,509</b>
<b>Cash flow from banking operations</b>					
<b>Medium- and long-term business (&gt; 1 year)</b>					
Liabilities due to banks		0	0	0	0
Receivables due from banks		0	52,676	0	0
Receivables due from clients		7	0	861	0
(Excluding mortgage loans)		0	0	0	0
<b>Net cash flow from medium- and long-term business</b>		<b>0</b>	<b>52,669</b>	<b>861</b>	<b>0</b>
<b>Short-term business</b>					
Liabilities due to banks		8,712	0	0	14,629
Liabilities due to clients		0	14,133	79,724	0
Other liabilities		0	61	0	743
Receivables due from banks		65,935	0	0	70,093
Receivables due from clients					
(Excluding mortgage loans)		14,587	0	13,688	0
Mortgage receivables		0	637	26	0
Other assets		49	0	0	43
Trading positions in securities		0	0	0	0
<b>Net short-term business</b>		<b>74,452</b>	<b>0</b>	<b>7,929</b>	<b>0</b>
<b>Net cash flow</b>		<b>77,023</b>	<b>53,873</b>	<b>10,582</b>	<b>15,509</b>
<b>Liquidity</b>					
Cash and cash equivalents		0	23,150	4,927	0
<b>Net liquidity</b>		<b>0</b>	<b>23,150</b>	<b>4,927</b>	<b>0</b>

# 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.

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**Related disclosures can be found on the home page of Raiffeisen Privatbank Liechtenstein AG at [www.raiffeisen.li/de/impressum.html](http://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 2018 to appropriate the balance sheet profit of the 2017 financial year as follows:

### Appropriation of balance sheet profit for 2017

	In CHF 1,000	In CHF 1,000
<b>1. Profit for the year for 2017</b>	<b>1,729</b>	
<b>2. Profit carried forward as of 1 January 2017</b>	<b>18,740</b>	
<b>3. Appropriation of profit</b>		
a) Dividend payments from profit carried forward	0	
<b>4. Balance sheet profit for 2017</b>		<b>20,468</b>
<b>5. Appropriation of profit</b>		<b>87</b>
a) Allocation to legal reserves	87	
b) Allocation to statutory reserves	0	
c) Allocation to other reserves	0	
d) Dividend payments from profit carried forward	0	
e) Other profit appropriations	0	
<b>6. Profit carried forward</b>		<b>20,381</b>

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# Accounting and valuation principles

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## 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 accounting is to provide a true and fair view of a company's asset, financial and income position. For valuations, the continuation of the company was assumed. Accounts are kept in Swiss francs. Valuation and presentation principles for major items in the financial statements are as follows:

## Recording of transactions

All transactions are recorded on the trade date.

## Foreign-currency translation

Balance sheet items denominated in foreign currencies are translated and evaluated at average exchange rates applicable on the balance sheet date. Realised expenses and income are recorded at the current exchange rates on the day they are booked. Exchange gains or losses are credited or debited in the income statement on a daily basis.

The following balance sheet exchange rates were used for the most important currencies:

EUR	1.17057
USD	0.97460
GBP	1.31741

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

Accounting for these items is carried out at nominal value. For recognisable risks, value adjustments are made in accordance with the principle of prudence. The value adjustments are offset directly with the relevant 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.

Valuation of the equity instruments is carried out using the lowest-value principle.

Trading positions in securities and precious metals are entered in the balance sheet at the market value as of the balance sheet date.



Exchange gains and losses are recognised in the income statement.

#### **Fixed assets**

Properties are recognised at acquisition cost, plus any value-increasing investments, less any economically necessary depreciation. New builds and remodels depreciate at a rate of 2.0% (previous year: 1.5%) from the acquisition value. Other fixed assets depreciate completely according to economic criteria over the estimated useful life (three to ten years).

#### **Intangible assets**

Intangible assets are completely amortised according to economic criteria over the estimated useful life.

#### **Provisions**

For all recognisable risks on the balance sheet date, individual value adjustments and individual provisions are created according to the principle of prudence.

#### **Taxes**

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

#### **Derivative financial instruments**

The gross replacement values – positive and negative replacement values are not offset –

of the individual contracts for derivative financial instruments are shown in the balance sheet and the appendix.

The contract volume is presented under the off-balance-sheet transactions and in the appendix. Trading transactions are presented at market value, provided that the contracts are listed on a stock exchange or a representative market exists. If this is not the case, the contracts are valued according to the lowest-value principle. Hedges are valued in the same manner as the underlying transaction.

Option and futures transactions for clients are carried out exclusively as commission agent.

#### **Reverse repurchase agreements (repo transactions)**

As part of a reverse repurchase (repo) transaction, Raiffeisen Privatbank Liechtenstein AG offers the possibility to create liquidity in exchange for collateral in the form of securities. Securities received as collateral are not recognised in the balance sheet. Securities provided from the company's own stock are recognised accordingly in the balance sheet item.

## **Risk management**

### **General**

The risk regulations enacted by the Board of Directors serve as the basis for risk management. Risk reporting is carried out regularly at a group level to the majority shareholders.

Management bodies are regularly informed about the asset, financial and income situation as well as the associated risks by means of a management information system.

### **Market risks**

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

Interest rate risks are monitored via active balance sheet structure management. With the exception of investing the company's own resources, no long-term transactions are carried out. Interest rate risk is controlled and monitored using a fixed-interest balance sheet.

Securities trading on the company's own account is carried out conservatively, which keeps securities price risk at a minimum.

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

### **Credit risks**

Loans to clients are primarily secured in the form of lombard loan.

The lending process is organised using the company's own credit regulations. As a result, lending and credit valuation are carried out according to a unified scheme. The coverage assessment is carried out on a daily basis.

### **Settlement risks**

Settlement risks are limited due to the fact that transactions are only carried out with selected and first-class counterparties.

### **Country risks**

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

**Operational and legal risks**

Operational and legal risks are limited by means of internal regulations and directives on the internal organisation and control. Compliance with these regulations and directives is audited regularly by the internal audit department.

External legal consultants are consulted to limit legal risks.

**Liquidity risks**

Liquidity risks are monitored and controlled as part of the legal requirements. What is more, liquidity planning is used to ensure that possible shortages are recognised early on and avoided through appropriate measures.

**Personnel risks**

The bank preventively controls personnel risks through a qualified personnel selection process, reliability tests prior to the start and during the employment relationship, as well as regular training and qualification of the employees. The remuneration policy of the company is an additional control element. The fixed non-performance-related component of remuneration consists of a basic salary (14 monthly salaries). In particular, the maximum portion of the variable component is set in accordance with the department, under consideration of the position within the internal control system of the bank. The variable remuneration component is distributed in the form of bonus payments. In general, these are based on the personal performance of the employee, the department and the economic success of Raiffeisen Privatbank Liechtenstein AG. For this, both quantitative as well as qualitative factors are taken into account. Dependence on the variable remuneration and incentives to take disproportionately high risks are therefore avoided.

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# Explanatory notes on business activities

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## **Introduction**

Raiffeisen Privatbank Liechtenstein AG is active in the investment advisory and asset management industry. On the one hand, the bank offers the individual management of client assets and, on the other hand – thanks to the Group structure with Walser Privatbank AG – is able to offer a comprehensive range of services both in funds transactions as well as asset management.

## **Asset management**

Under the principles of security, professionalism and individuality, Raiffeisen Privatbank Liechtenstein AG offers its clients various asset management models. The offer in asset management namely is WALSER Asset Management, which enables clients to choose from six different investment strategies based upon their personal risk appetite. Accounts under WALSER Asset Management are managed as part of strategy funds. Furthermore, personalised asset management on the basis of individual securities is of course also available.

## **Funds**

Thanks to the Group structure with Walser Privatbank AG, Raiffeisen Privatbank Liechtenstein AG is able to offer its clients the entire range of WALSER funds – which includes bond funds, equity funds and mixed funds – practically as its own funds. The asset managers of Walser Privatbank AG are responsible for the professional management. In addition, clients of Raiffeisen Privatbank Liechtenstein AG can of course benefit from all funds of the bank's partners at any time.

## **Lending**

As a bank whose core expertise is in private banking, Raiffeisen Privatbank Liechtenstein AG has specialised in advising wealthy private clients. For this reason, loans are generally issued in the form of lombard and policy loan in compliance with the corresponding loan-to-value limits.

**Personnel**

The staff figures of Raiffeisen Privatbank Liechtenstein AG remained unchanged compared to the previous year (33 employees). In the 2017 financial year, 26.50 full-time equivalents (FTE; previous year: 25.65) were employed by Raiffeisen Privatbank Liechtenstein AG.

## 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
<b>Loans</b>					
Receivables due from clients (excluding mortgage loans)		0	61,454	1,345	62,799
Mortgage receivables		16,787	0	0	16,787
– Residential properties		15,987	0	0	15,987
– Office and commercial buildings		0	0	0	0
– Commercial and industrial		0	0	0	0
– Other		800	0	0	800
<b>Total loans</b>	<b>2017</b>	<b>16,787</b>	<b>61,454</b>	<b>1,345</b>	<b>79,586</b>
	<b>2016</b>	<b>16,150</b>	<b>74,417</b>	<b>2,976</b>	<b>93,543</b>
<b>Off-balance-sheet items</b>					
Contingent liabilities		0	1,714	0	1,714
Irrevocable commitments		0	0	0	0
Liabilities for calls on shares and other equities		0	0	0	0
Commitment credits		0	0	0	0
<b>Total off-balance-sheet items</b>	<b>2017</b>	<b>0</b>	<b>1,714</b>	<b>0</b>	<b>1,714</b>
		<b>0</b>	<b>389</b>	<b>0</b>	<b>389</b>
		<b>Gross liabilities</b>	<b>Estimated liquidation proceeds from collateral</b>	<b>Net liabilities</b>	<b>Individual value adjustment</b>
<b>Impaired receivables</b>	<b>2017</b>	<b>6,712</b>	<b>10</b>	<b>6,702</b>	<b>2,124</b>
	<b>2016</b>	<b>4,281</b>	<b>153</b>	<b>4,128</b>	<b>4,105</b>

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	Reason for deposit	2017		2016	
		Book value	Of which utilised	Book value	Of which utilised
Receivables due from banks	Collateral for derivative financial instruments	1,171	0	0	0
Receivables due from banks	Collateral for securities trading	1,271	0	1,172	0
Bonds and other fixed-interest securities	Collateral for derivative financial instruments	0	0	0	0
<b>Total</b>		<b>2,442</b>	<b>0</b>	<b>1,172</b>	<b>0</b>

## Lending transactions and repurchase agreements with securities

In CHF 1,000	2017 Balance sheet value	2017 Actual liability	2016 Balance sheet value	2016 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	3,092	3,118	14,411	13,310
– Of which the right of resale or pledging has been granted without restriction	3,092	3,118	14,411	13,310
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	62,412	0	7,975
– Of which securities pledged or resold	0	39,968	0	7,975
<b>Total</b>	<b>3,092</b>	<b>65,530</b>	<b>14,411</b>	<b>21,285</b>

## Trading positions in securities and precious metals

In CHF 1,000	Book value 2017	Book value 2016	Acquisition value 2017	Acquisition value 2016	Market value 2017	Market value 2016
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
	2017	2016	value 2017	value 2016	2017	2016
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
	2017	2016	value 2017	value 2016	2017	2016
Bonds	18,655	16,357	18,677	16,411	18,774	16,588
– 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	18,655	16,357	18,677	16,411	18,774	16,588
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
<b>Total</b>	<b>18,655</b>	<b>16,357</b>	<b>18,677</b>	<b>16,411</b>	<b>18,774</b>	<b>16,588</b>
Of which marketable securities	0	0	0	0	0	0



## Statement of changes in fixed assets

In CHF 1,000	Acquisition value	Accrued depreciation	2016	Investments 2017	Divestments 2017	Reclassifications 2017	Appreciation 2017	Depreciation 2017	Book value 2017
<b>Total shares in affiliated companies</b>	0	0	0	0	0	0	0	0	0
<b>Total securities held as non-current assets</b>	16,411	-54	16,357	1,938	-1,000	0	1,360	0	18,655
<b>Intangible assets</b>									
Software	1,877	-1,750	127	104	0	0	0	-55	176
<b>Total intangible assets</b>	1,877	-1,750	127	104	0	0	0	-55	176
<b>Tangible assets</b>									
Properties – bank premises	40,399	-4,326	36,073	0	0	0	0	-700	35,373
Other property, plant and equipment	2,598	-2,236	362	196	-34	0	0	-102	422
<b>Total tangible assets</b>	42,997	-6,562	36,435	196	-34	0	0	-802	35,795
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	2016	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 2017
Value adjustments for default risks							
– Individual value adjustments	4,105	0	-1,748	10	92	335	2,124
– Generalised individual value adjustments (including those for country risks)	0	0	0	0	0	0	0
– General value adjustments	0	0	0	0	0	0	0
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	0	0	0	0	625
Provisions for taxes and deferred taxes	155	30	0	0	24	112	37
Other provisions	436	27	1,748	0	460	0	2,616
<b>Total value adjustments and provisions</b>	<b>5,321</b>	<b>57</b>	<b>0</b>	<b>10</b>	<b>576</b>	<b>448</b>	<b>5,402</b>
Less:							
Value adjustments	4,105	0	1,748	10	92	335	2,124
<b>Total provisions according to the balance sheet</b>	<b>1,215</b>	<b>57</b>	<b>1,748</b>	<b>0</b>	<b>484</b>	<b>113</b>	<b>3,277</b>
<b>Provisions for general bank risks</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>500</b>

\* Individual value adjustments for loans which are no longer needed were reclassified to other provisions.

## Share capital

	2017		2016				
	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
<b>Total share capital</b>		<b>20,000</b>	<b>200,000</b>	<b>20,000</b>	<b>20,000</b>	<b>200,000</b>	<b>20,000</b>

## Significant shareholders and groups of shareholders with voting rights

	In CHF 1,000	2017		2016	
		Nominal	Share in %	Nominal	Share in %
With voting right					
Walser Privatbank AG		3,000	15	3,000	15
Raiffeisenbank Kleinwalsertal Beteiligungs-GmbH		17,000	85	17,000	85

The books of Walser Privatbank AG can be viewed in the office of the responsible board member, Mr Erhard Tschmelitsch, or in the register court in Feldkirch.

A sales contract was concluded in October of the financial year between Mason Group Holdings Limited, Hong Kong (new owner), and Walser Privatbank AG and Raiffeisenbank Kleinwalsertal Beteiligungs-GmbH (previous owner). The share transfer is planned for the first half of 2018. After the share transfer, Mason Group Holdings Limited, Hong Kong, will own 100% of the shares.

## Statement of shareholders' equity

	2017
	In CHF 1,000
<b>Shareholders' equity at the beginning of the financial year</b>	<b>0</b>
Paid-in share capital	20,000
Capital reserves	0
Legal reserve	2,099
Reserve for own shares	0
Statutory reserves	0
Other reserves	0
Provisions for general bank risks	400
Balance sheet profit	18,815
<b>Total shareholders' equity at the beginning of the financial year</b> (Before profit appropriation)	<b>41,314</b>
+/- Capital increase/decrease	0
+ Share premium	0
+/- Allocation to provisions for general bank risks	100
- Dividends and other distributions	0
+ Profit for the financial year	1,729
<b>Total shareholders' equity at the end of the financial year</b> (Before profit appropriation)	<b>43,142</b>
Of which	
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

## Receivables and liabilities due from / to affiliated companies and qualified participants as well as loans to executives

	2017 In CHF 1,000	2016 In CHF 1,000
Receivables due from affiliated companies and qualified participants (banks)	<b>24,326</b>	<b>77,901</b>
Of which affiliated companies	24,326	77,901
Of which qualified participants	0	0
Liabilities due to affiliated companies and qualified participants (banks)	<b>151</b>	<b>356</b>
Of which affiliated companies	151	356
Of which qualified participants	0	0
Loans to executives	<b>0</b>	<b>0</b>

## Assets and liabilities denominated in foreign currencies

	2017 In CHF 1,000	2016 In CHF 1,000
Assets	250,416	265,708
Liabilities	249,263	265,293

## Maturity structure of assets as well as liabilities and provisions

					maturing			Immobi- lised	Total
	Demand deposit	puttable	Within three months	In 3 to 12 months	In 12 months to 5 years	In more than 5 years			
In CHF 1,000									
<b>Assets</b>									
Cash and cash equivalents	37,801	0	0	0	0	0	0	0	37,801
Bonds issued by public-sector borrowers and bills of exchange eligible for refinanc- ing with central banks	0	0	0	0	9,047	9,608	0	0	18,655
Receivables due from banks	41,256	718	86,117	13,628	52,676	0	0	0	194,395
Receivables due from clients	0	60,813	2,665	285	6,300	9,523	0	0	79,586
Of which mortgage receivables	0	0	702	285	6,277	9,523	0	0	16,787
Trading positions in securities and precious metals	0	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	0
Securities and precious metal positions in non-current assets	0	0	0	0	0	0	0	0	0
Other assets	0	0	686	14	13	32	35,971	0	36,716
<b>Total assets</b>	<b>2017</b>	<b>79,057</b>	<b>61,531</b>	<b>89,468</b>	<b>13,927</b>	<b>68,036</b>	<b>19,163</b>	<b>35,971</b>	<b>367,153</b>
	2016	130,611	91,627	62,284	19,069	9,455	20,022	36,563	369,631
<b>Liabilities and provisions</b>									
Liabilities due to banks	151	0	45,000	0	0	0	0	0	45,151
Liabilities due to clients	221,829	0	50,074	1,843	0	0	0	0	273,746
a) Savings accounts	0	0	0	0	0	0	0	0	0
b) Other liabilities	221,829	0	50,074	1,843	0	0	0	0	273,746
Securitised liabilities	0	0	0	0	0	0	0	0	0
a) Bonds issued	0	0	0	0	0	0	0	0	0
Of which medium-term bonds	0	0	0	0	0	0	0	0	0
b) Other securitised liabilities	0	0	0	0	0	0	0	0	0
Provisions (excluding provisions for general bank risks)	0	0	0	2,197	1,080	0	0	0	3,277
Subordinated liabilities	0	0	0	0	0	0	0	0	0
Other liabilities	0	0	1,836	0	0	0	0	0	1,836
<b>Total liabilities and provisions</b>	<b>2017</b>	<b>221,980</b>	<b>0</b>	<b>96,910</b>	<b>4,040</b>	<b>1,080</b>	<b>0</b>	<b>0</b>	<b>324,010</b>
	2016	275,974	198	39,862	11,573	711	0	0	328,318

## Itemisation of other assets

	In CHF 1,000	2017	2016
Tax assets from business activities		0	0
Other assets		21	45
Positive replacement values for foreign exchange transactions		48	73
<b>Total other assets</b>		<b>69</b>	<b>118</b>

## Itemisation of other liabilities

	In CHF 1,000	2017	2016
Liabilities due to social security and post-employment benefits		151	192
Payroll liabilities		0	0
Tax liabilities from business activities		660	656
Creditors with debit accounts		0	1
Other liabilities		0	0
Negative replacement values for foreign exchange transactions		46	71
<b>Total other liabilities</b>		<b>857</b>	<b>919</b>

## Disclosure of equity capital

	In CHF 1,000	2017	2016
<b>Required equity capital</b>			
For credit risks		6,947	8,910
For non-counterparty risk		0	0
For market risks		102	53
For operational risks		1,494	1,579
<b>Total required equity capital</b>		<b>8,542</b>	<b>10,542</b>
<b>Allowable equity capital</b>		<b>41,237</b>	<b>39,720</b>
<b>Equity capital requirements</b>			
Common equity tier 1 capital ratio		38.62%	30.14%
Tier 1 capital ratio		38.62%	30.14%
Total capital ratio		38.62%	30.14%
<b>Return on capital*</b>		<b>0.47%</b>	<b>0.40%</b>

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

## Contingent liabilities

	In CHF 1,000	2017	2016
Collateral securities and the like		1,713	389
<b>Total contingent liabilities</b>		<b>1,713</b>	<b>389</b>

## Outstanding derivative financial instruments

	In CHF 1,000	Positive replacement values	Negative replacement values	Contract volume
<b>Foreign exchange</b>				
Futures contracts		48	46	16,377
<b>Total*</b>		<b>48</b>	<b>46</b>	<b>16,377</b>
Previous year*		73	71	9,989

\* There are no netting agreements in place

## Fiduciary transactions

	In CHF 1,000	2017	2016
<b>Total fiduciary investments</b>		<b>0</b>	<b>0</b>

## Itemisation of trading income

	In CHF 1,000	2017	2016
Income from trading with foreign exchange		581	813
Income from trading with securities		-43	-47
<b>Total trading income</b>		<b>538</b>	<b>767</b>

## Itemisation of personnel expenses

In CHF 1,000	2017	2017	2016	2016
Wages and salaries		3,669		3,524
– Of which Management Board members				
– Of which Board of Directors members	0		0	
Social security contributions and expenses for pensions and assistance		758		759
– Of which pension contributions	623		613	
Other personnel costs		54		79
<b>Total personnel expenses</b>		<b>4,481</b>		<b>4,362</b>

As of 31 December 2017, the Management Board consisted of two members. In accordance with Article 1092, Paragraph 9 d), of the 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](http://www.raiffeisen.li)

## Itemisation of administrative expenses

In CHF 1,000	2017	2016
Expenses for premises	171	180
Expenses for IT	504	537
Other operating expenses	1,575	1,584
<b>Total administrative expenses</b>	<b>2,250</b>	<b>2,301</b>

## Itemisation of client assets

In CHF 1,000	2017	2016
Type of client assets:		
Assets in own-managed funds (investment companies)	0	0
Assets with management mandates	107,701	94,123
Other client assets	958,376	950,590
<b>Total client assets (incl. double counts)</b>	<b>1,066,077</b>	<b>1,044,713</b>
Of which double counts	0	22
Net inflow/outflow of new money	14,481	56,330

## List of exchange rates for the most important foreign currencies

	2017	2016
EUR	1.17057	1.07276
USD	0.9746	1.01914
GBP	1.31741	1.25496

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# Report of statutory auditors

## To the General Meeting of Raiffeisen Privatbank Liechtenstein AG, 9490 Vaduz

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As statutory auditors, we have audited the annual financial statements (balance sheet, income statement, cash flow statement and appendix) and the annual report of Raiffeisen Privatbank Liechtenstein AG for the financial year concluded on 31 December 2017.

The Board of Directors is responsible for the financial statements and the annual report, while 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 profession in Liechtenstein, which require that an audit be planned and executed in such a way that any significant errors in the annual financial statements and in the annual report be identified with a reasonable degree of certainty. We audited the items and disclosures of the annual financial statements by means of analysis and enquiry on the basis of random sampling.

We also assessed the application of authoritative accounting principles, the significant estimates made as well as the presentation of the annual financial statements as

a whole. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the asset, financial and income position of the company in accordance with the laws of Liechtenstein. In addition, the annual financial statements and the annual report, as well as the proposals for the appropriation of the balance sheet profit, correspond to the Liechtenstein laws and the statutes.

The annual report is consistent with the annual financial statements.

We recommend that the annual financial statements submitted be approved.

Schaan, Liechtenstein, 2 March 2018  
ReviTrust Grant Thornton AG



Egon Hutter  
Chartered Accountant



ppa Thomas Rügsegger  
Chartered Accountant  
Lead Auditor/Leitender Revisor



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# Outlook 2018

## Those who build bridges can travel new paths.

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Once again, we are facing major changes. The good news is that, together with our clients and partners, we will be shaping these processes ourselves. Thanks to our new owners, we will be in a position to increase investment in our independence as a financial services provider, in our employees and their expertise as well as in the continuous development of our technical infrastructure – and therefore in the quality of services provided to our clients and partners as a result. In doing so, one focus will be on expanding our philosophy of an independent, open product architecture in private banking. In addition, our image will be given a makeover and our online banking systems will be brought up to the state of the art. Furthermore, we intend to provide our partners in asset management with a technical update focused on efficiency and convenience, to name just a few of the upcoming projects.

All measures will not only benefit our existing clients and the expansion of our business with new clients in German-speaking Europe, but will also serve the expansion of our business with investors from South East Asia, currently the world's fastest-growing market for private banking. Here, too, we will remain faithful to ourselves within the meaning of our values of stability and security, and will build

this new line of business upon the networks built up over decades by Mason Group Holdings Limited as well as their tried-and-tested business structures. With all the things coming in the new year, we will keep an eye on the most important thing for us: our clients and their deservedly high standards.

It is important to remain as close as possible to the financial markets this year. After all, the markets which have benefited from monetary policy thus far are likely to undergo larger and broader fluctuations if a noticeable reversal becomes apparent. In keeping with our motto 'Security today for tomorrow', we offer our clients sophisticated strategies to secure the future of their assets.

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

**Board of Directors**

Florian Widmer, MBA – President since 1 June 2017

Erhard Tschmelitsch – President until 31 May 2017, Vice President since 1 June 2017

Regina Reitter, MBA, CMC

Dr Andreas Gapp

Ralf Messenkopf – until 31 May 2017

**Management Board**

Dr Alexander Putzer, MBA, Chairman

Dr Georg Stöckl

**Shareholders**

Walser Privatbank AG, Hirschegg, Austria

Raiffeisenbank Kleinwalsertal Beteiligungs-GmbH, Riezlern, Austria

**Internal auditors**

Internal Group auditors of Walser Privatbank AG, Hirschegg, Austria

**External auditors**

ReviTrust Grant Thornton AG, Schaan, Liechtenstein



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