



FACTSHEET

Liechtenstein's banking centre offers security and stability with 10 good arguments:

1. Banks with the best capitalization in Europe and worldwide

Thanks to their high equity capital, Liechtenstein banks offer stability. With a core capital ratio (tier 1 ratio) of over 20 per cent, Liechtenstein banks on average voluntarily hold more than double the equity required under Basel III and respectively to the capital requirements directive (CRD) IV. Thus, they are among the best capitalized banks in Europe and worldwide.

2. Banking center without state aid

The own funds of Liechtenstein banks mainly consist of so-called common equity. This is comprised of capital stock and retained earnings. This involves the highest quality form of equity, because it can fully carry losses and is available at any time. An important consequence of this high equity ratio is: that not a single bank in Liechtenstein had to take advantage of state aid since the start of the financial crisis up to date.

3. Market access to Switzerland and the European Economic Area

The parallel access to two major domestic markets is unique worldwide. Liechtenstein belongs to the customs and currency union of Switzerland and the direct market access to the EEA allows Liechtenstein banks to approach over 500 million customers in different currency zones. This offers globally aligned investors in Liechtenstein interesting options for diversification.

4. Concentration on core competencies in Private Banking

Another important reason for the stability of the banking center is the prudent business strategy pursued for decades which is based on a long tradition in private banking. As a small, specialized financial center, Liechtenstein combines a tradition of practical experience with expertise in private banking. Professional advisory services is the traditional strength and success factor of the Liechtenstein banks. The assets managed by Liechtenstein banks have doubled since joining the EEA in 1995, thanks to organic growth. High risk investment and credit business are not operated by any Liechtenstein bank.

5. Liechtenstein's AAA-rating

Due to the abstinence of high-risk investment and credit business, Liechtenstein was once more acknowledged to be a stable financial center. In 2016, Standard & Poor's (S&P's) re-confirmed the AAA country-rating for Liechtenstein. Thus, Liechtenstein has outstanding creditworthiness and is among the few countries that still retains such a rating. This clearly shows that the trust towards the banking center Liechtenstein and its stability remains unchanged. The efforts for a balanced state budget also find positive award. S&P's also examined the Liechtenstein banking sector. In the Banking Industry Country Risk Assessment (BICRA) Liechtenstein is allocated to Group 2 – together with Switzerland, Luxembourg, Hong Kong and Singapore. The banking centre is thus among the countries with the lowest risk.

6. Strongly diversified national economy combined with a Financial centre that adds high value

The Liechtenstein business location is strongly diversified and thus relatively protected from concentration risks. At 40 per cent, the industry sector contributes to value added as the most important macro-economic sector; the finance centre makes an important contribution to the overall economy with a gross value added of 24 per cent.



LIECHTENSTEINISCHER BANKENVERBAND

Another 28 per cent is borne by general services such as consulting, marketing and architecture and even still 8 per cent of GDP is generated in agriculture. Liechtenstein's financial industry is optimal diversified. The overall share of 24 per cent of GDP is distributed over banks, trust companies, insurance companies, funds and other financial service providers.

7. Stable political framework conditions

Liechtenstein carries with its direct democracy and its constitutional hereditary monarchy a stable political framework condition and – irrespective of the coalition governing – political consensus when it comes to financial policy.

8. Consistent, predictable and credible international cooperation in tax matters

Liechtenstein pursues a strategy of an intensive international integration, cooperation in tax matters and a consistent tax compliance. As one of the early adopters, Liechtenstein has created the legal basis for the automatic exchange of information (AIA) in 2017, based on the fiscal year 2016 and thereafter annually recurring, to exchange financial data of customers with tax residence in one of EU Member States (excluding Austria) automatically. The Global Forum of the OECD has recognized Liechtenstein's effort rated the country, by end of October 2015 in the OECD peer review with "largely compliant". This confirms that Liechtenstein not only legally implements the OECD standards, but also effectively applies them in practice. On 27 January 2016 the OECD MCAA (Multilateral Competent Authority Agreements) for introducing the country-by-country reporting in the field of corporate taxation was signed.

9. Recognized supervision and regulated financial center

The Liechtenstein Financial Market Authority (FMA) is a active in globally important supervision authorities. The memberships comprise: International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS) and the international Organization of Pension Supervisors (IOPS). The relation to the Basel Committee on Banking Supervision (BCBS) are especially maintained in the course of the international conference for banking supervision organizations (ICBS). Furthermore, the FMA holds observer status within the European Banking Authority (EBA), the Securities and Markets Authority (ESMA) and the Insurance Supervisory Authority (EIOPA). This shows that Liechtenstein and its financial center and supervision is recognized as an equal partner within the international and European community. Simultaneously, the integration of the financial market will further be strengthened and facilitates Liechtenstein intermediaries to access foreign markets. The Liechtenstein financial center is actively involved in the fight against money laundering, corruption and terrorist financing and has fully implemented the third EU directive on combating money laundering. In addition, the International Monetary Fund (IMF) confirmed "high standards in financial market supervision and measures against money laundering".

10. Highly competitive and sustainable, innovative location

In September 2015, the Liechtenstein financial center was listed in the Global Financial Centers Index (GFCI) for the first time. Due to its sustainable and innovative orientation, the financial and banking center of Liechtenstein is ranked 16th in Europe (and ranked 60th worldwide) of the GFCI, which rates international financial centers based on their competitiveness.

That Liechtenstein is one of the most sustainable and innovative countries was confirmed in the Global Sustainability Competitiveness Index. Liechtenstein reached the 3rd place behind China and South Korea in the overall classification and 6th place in the category intellectual capital.

LBV, 04.2016